CITY OF FAYETTEVILLE

MINOR LEAGUE BASEBALL FEASIBILITY STUDY
VOLUME I OF II (EXECUTIVE SUMMARY)

PREPARED BY:
BARRETT SPORTS GROUP, LLC
POPULOUS
HUNT CONSTRUCTION GROUP

JUNE 17, 2016

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I. INTRODUCTION

Introduction

- The Consulting Team is pleased to present our preliminary findings in connection with the proposed baseball stadium project to be located at the Catalyst Site 1 (CAT 1). The Consulting Team consists of the following firms
  - Barrett Sports Group (BSG)
  - Populous
  - Hunt Construction Group
- The City of Fayetteville, North Carolina (City) retained the Consulting Team to provide advisory services in connection with evaluating the feasibility of a new minor league baseball stadium and team in Fayetteville
- The Consulting Team has completed a comprehensive evaluation of the potential feasibility and demand for a new stadium that would host an affiliated minor league baseball team and other athletic events, concerts, family shows, and other community events

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I. INTRODUCTION

Summary of Tasks Completed

- Analyzed demographics of local and comparable market areas
- Analyzed facility characteristics of competitive facilities
- Evaluated facilities in comparable markets
- Prepared preliminary program for a new stadium
- Refined preliminary program with market surveys
- Interviewed minor league baseball executives and team officials
- Developed stadium renderings for two potential sites
- Prepared preliminary construction cost estimates for two potential sites
- Developed cash flow models to estimate operating revenues and expenses for two potential sites
- Performed economic and fiscal impact analysis
- Evaluated potential funding options (to be further refined)

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II. MARKET ANALYSIS

Median Market Overview

- CBSA Designation
  - Stadium/arena seat inventory
- Geographic Ring Comparison – based on primary ballpark in each market (Appendix A)
  - 20 mile ring statistics
  - 30 mile ring statistics
- Drive Time Comparison – based on primary ballpark in each market (Appendix A)
  - 30 minute statistics
- High level minor league baseball demographics characteristics were also evaluated (South Atlantic League and Carolina League summary included in this report)

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II. MARKET ANALYSIS

General Market Overview – Population

	City of Fayetteville	Cumberland County	CBSA	Geographic Rings 20 Miles	Geographic Rings 30 Miles	Drive Time 30 Minutes
Population						
2021 Projection	213,973	346,312	403,493	467,520	668,830	365,711
2016 Estimate	206,892	332,426	385,288	443,591	636,891	350,293
2010 Census	200,564	319,431	366,383	415,714	601,289	335,263
2000 Census	189,462	302,963	336,610	350,354	517,410	296,259
Growth 2016-2021	3.4%	4.2%	4.7%	5.4%	5.0%	4.4%
Growth 2010-2016	3.2%	4.1%	5.2%	6.7%	5.9%	4.5%
Growth 2000-2010	5.9%	5.4%	8.8%	18.7%	16.2%	13.2%

Source: Nielsen 2016.

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II. MARKET ANALYSIS

Median Market Overview

- Comprehensive review of demographic characteristics of comparable markets
  - Comparable market selection based on 2016 population
  - 30 markets compared to Fayetteville, NC CBSA (Fayetteville)
    - 15 markets ranking immediately above and below Fayetteville by population

- 12 of the 30 median comparable markets host MiLB teams (14 markets if short season is included)

- Demographic comparison focuses on several key factors that impact market demand for stadium projects

Markets Above Fayetteville	Markets Below Fayetteville
Salinas, CA	Davenport-Moline et al, IA-IL
Myrtle Beach-Conway et al, SC-NC	Savannah, GA
Killeen-Temple, TX	Tallahassee, FL
Fort Wayne, IN	Peoria, IL
Brownsville-Harlingen, TX	Trenton, NJ
Mobile, AL	Montgomery, AL
Reading, PA	Hickory-Lenoir-Morganton, NC
Salem, OR	Huntington-Ashland, WV-KY-OH
Beaumont-Port Arthur, TX	Eugene, OR
Flint, MI	Ann Arbor, MI
Manchester-Nashua, NH	Naples-Immokalee et al, FL
Canton-Massillon, OH	Ocala, FL
Anchorage, AK	Rockford, IL
Salisbury, MD-DE	Kalamazoo-Portage, MI
Gulfport-Biloxi-Pascagoula, MS	Fort Collins, CO

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II. MARKET ANALYSIS

Median Market Comparison
CBSA Designation (Summary)

- Fayetteville's population is growing rapidly
- Fayetteville's income levels are below the average of the median comparable markets
- Fayetteville has a high unemployment rate relative to the comparable markets
- Fayetteville's GDP is near the average
- Fayetteville ranks more favorably in terms of companies with a high number of employees than in terms of companies with a high sales volume – both are below average

Median Comparable Market Summary - CBSA Designation Overview

Statistical Measure	Fayetteville	Rank of 31	Average - (1)
2016 Population (000s)	385.3	16	388.3
2021 Population (000s)	403.5	16	400.0
Est. % Growth 2016-21	4.73%	8	2.99%
2016 Households (000s)	149.5	15	149.6
2021 Households (000s)	157.8	13	154.6
Est. % Growth 2016-21	5.53%	6	3.31%
Average Household Income	$55,669	27	$69,604
Median Household Income	$43,860	27	$52,049
High Income Households (000s)	19.0	28	30.8
Average Age	34.9	3	39.3
Median Age	32.4	3	38.6
Unemployment Rate	7.2%	24	6.0%
Economy Size (GDP - Billions)	$17.3	11	$17.2
TV Population (000s)	2,643.5	9	1,737.8
TV Households (000s)	1,131.5	9	734.4
Radio Population (000s)	383.0	10	514.2
Companies w/ $20+mm Sales	40	31	127
Companies w/ 500+ Employees	27	17	29

(1) - Average excludes Fayetteville.
Source: Nielsen 2015/16, BLS 2016, Hoovers 2016, and U.S. BEA.

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II. MARKET ANALYSIS

Market Analysis
Median Market Comparison
Key Market Ratios (Summary)

- For illustrative purposes, this chart assumes a new baseball stadium in Fayetteville with 5,000 seats, 10 luxury suites, and 150 club seats
- We have included scenarios that include and exclude J.P. Riddle Stadium
- Fayetteville is currently below the average of the median comparable markets in terms of population per seat, large companies per suite, and high income households per club seat

CBSA	Population per Seat	*Rank*	Companies w/ $20mm Sales	*Rank*	Companies w/ 500+ Employees	*Rank*	High Income Households per Club Seat	*Rank*
Killeen-Temple, TX	72.5	*1*	NA	*NA*	NA	*NA*	NA	*NA*
Salem, OR	46.1	*2*	NA	*NA*	NA	*NA*	NA	*NA*
Salisbury, MD-DE	36.7	*3*	15.0	*4*	2.5	*5*	122.2	*1*
Rockford, IL	35.0	*4*	NA	*NA*	NA	*NA*	NA	*NA*
Hickory-Lenoir-Morganton, NC	29.0	*5*	25.8	*2*	4.8	*2*	NA	*NA*
Anchorage, AK	27.8	*6*	NA	*NA*	NA	*NA*	NA	*NA*
Gulfport-Biloxi-Pascagoula, MS	27.4	*7*	7.3	*6*	2.2	*6*	NA	*NA*
Flint, MI	27.2	*8*	NA	*NA*	NA	*NA*	NA	*NA*
Reading, PA	25.6	*9*	9.0	*5*	1.6	*10*	51.1	*8*
Trenton, NJ	24.6	*10*	5.2	*10*	1.8	*9*	43.1	*9*
Manchester-Nashua, NH	24.6	*11*	2.8	*17*	0.5	*20*	94.1	*4*
Davenport-Moline et al, IA-IL	23.0	*12*	3.8	*14*	0.8	*18*	114.7	*3*
Peoria, IL	20.4	*13*	7.1	*8*	1.8	*8*	13.9	*16*
Salinas, CA	20.1	*14*	NA	*NA*	NA	*NA*	NA	*NA*
Myrtle Beach-Conway et al, SC-NC	16.9	*15*	7.3	*6*	2.1	*7*	NA	*NA*
Fort Wayne, IN	16.2	*16*	5.0	*11*	0.9	*15*	58.7	*7*
Current Situation	**14.1**	***17***	**4.0**	***13***	**2.7**	***4***	**28.8**	***12***
New Ballpark without J.P. Riddle Stadium	**12.9**	***18***	**2.0**	***20***	**1.4**	***11***	**23.4**	***13***
Canton-Massillon, OH	12.2	*19*	92.5	*1*	21.0	*1*	NA	*NA*
New Ballpark with J.P. Riddle Stadium	**11.9**	***20***	**2.0**	***20***	**1.4**	***11***	**23.4**	***13***
Beaumont-Port Arthur, TX	9.5	*21*	17.1	*3*	4.6	*3*	NA	*NA*
Savannah, GA	8.5	*22*	NA	*NA*	NA	*NA*	NA	*NA*
Kalamazoo-Portage, MI	7.1	*23*	5.3	*9*	1.0	*13*	74.1	*5*
Huntington-Ashland, WV-KY-OH	6.6	*24*	4.9	*12*	0.9	*16*	5.5	*18*
Fort Collins, CO	6.3	*25*	2.2	*19*	0.9	*17*	30.8	*11*
Mobile, AL	6.3	*26*	3.0	*16*	0.5	*19*	121.4	*2*
Eugene, OR	4.8	*27*	2.8	*18*	0.4	*21*	6.1	*17*
Montgomery, AL	4.4	*28*	3.0	*15*	0.9	*14*	33.6	*10*
Tallahassee, FL	2.7	*29*	0.7	*23*	0.4	*23*	61.6	*6*
Ann Arbor, MI	2.1	*30*	1.7	*22*	0.4	*22*	14.1	*15*
Brownsville-Harlingen, TX	NA	*NA*	NA	*NA*	NA	*NA*	NA	*NA*
Naples-Immokalee et al, FL	NA	*NA*	NA	*NA*	NA	*NA*	NA	*NA*
Ocala, FL	NA	*NA*	NA	*NA*	NA	*NA*	NA	*NA*
Average (Ex. Fayetteville)	20.1		11.1		2.5		56.3	
Average (Ex. Fayetteville and Outliers) - (1)	22.3		12.7		2.9		63.6	

(1) Outliers include CBSAs with college football stadiums over 50,000 in capacity: Eugene, Tallahassee, and Ann Arbor.
Source: Nielsen 2016, Hoovers 2016, Industry Research.

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II. MARKET ANALYSIS

Comparable Stadiums
Carolina League

- Carolina League is Class A-Advanced
- Average number of fixed seats is 5,675

Team	Stadium	Opened/ Renovated	Fixed Seats	Total Capacity	Luxury Suites	Club Seats
Wilmington Blue Rocks	Daniel S. Frawley Stadium	1993/2017	6,404	6,404	16	0
Winston-Salem Dash	BB&T Ballpark	2010	5,500	6,500	17	740
Lynchburg Hillcats	Calvin Falwell Field	1940/2004	4,281	4,281	14	0
Myrtle Beach Pelicans	TicketReturn.com Field at Pelicans Ballpark	1999	4,800	6,559	9	0
Carolina Mudcats	Five County Stadium	1991/1999	6,500	8,500	9	0
Salem Red Sox	Salem Memorial Baseball Stadium	1995	6,415	6,415	10	50
Frederick Keys	Harry Grove Stadium	1990	5,500	5,500	12	0
Potomac Nationals	G. Richard Pfitzner Stadium	1984	6,000	6,000	0	0
Average			5,675	6,270	11	99

Source: Resource Guide Live, Industry Research.

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II. MARKET ANALYSIS

Carolina League Demographic Overview
CBSA Designation

- Fayetteville would be below the average of Carolina League teams in terms of population, households, income, economy size, media market, and corporate base
- Carolina League average population drops to 589,000 when team in Philadelphia CBSA and two teams in Washington, D.C. CBSA are excluded

Carolina League Summary - CBSA Designation Overview

Statistical Measure	Fayetteville	Rank of 9	Carolina League Average - (1)
2016 Population (000s)	385.3	7	2,663.8
2021 Population (000s)	403.5	7	2,795.9
Est. % Growth 2016-2021	4.73%	5	5.18%
2016 Households (000s)	149.5	7	1,005.4
2021 Households (000s)	157.8	7	1,057.0
Est. % Growth 2016-2021	5.53%	5	5.36%
Average Household Income	$55,669	9	$83,585
Median Household Income	$43,860	9	$62,555
High Income Households (000s)	19.0	8	378.8
Average Age	34.9	1	39.7
Median Age	32.4	1	39.8
Unemployment Rate	7.20%	8	4.94%
Economy Size (GDP - Billions)	$17.3	6	$184.1
TV Population (000s)	2,643.5	4	3,189.8
Radio Population (000s)	383.0	8	2,282.4
Companies w/ $20+mm Sales	40	9	1,259
Companies w/ 500+ Employees	27	6	316

(1) - Average excludes Fayetteville

Sources: Nielsen 2015/16, BLS 2016, Hoovers 2016, & U.S. BEA.

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Comparable Stadiums
South Atlantic League

- South Atlantic League is Class A
- Average number of fixed seats is 5,212

Team	Stadium	Opened/ Renovated	Fixed Seats	Total Capacity	Luxury Suites	Club Seats
Columbia Fireflies	Spirit Communications Park	2016	6,410	9,000	16	135
Greenville Drive	Fluor Field at the West End	2006	5,700	5,700	18	TBD
Greensboro Grasshoppers	Yadkin Bank Park	2005	5,300	7,499	16	0
West Virginia Power	Appalachian Power Park	2005	4,500	6,200	14	0
Rome Braves	State Mutual Stadium	2003	5,105	5,105	14	0
Lakewood BlueClaws	FirstEnergy Park	2001	6,588	8,000	20	0
Lexington Legends	Whitaker Bank Ballpark	2001	6,994	6,994	24	785
Charleston RiverDogs	Joseph P. Riley, Jr. Park	1997	5,549	5,549	8	0
Delmarva Shorebirds	Arthur W. Perdue Stadium	1996	5,200	8,500	6	258
Kannapolis Intimidators	CMC-NorthEast Stadium	1995	4,700	4,700	6	0
Augusta GreenJackets	Lake Olmstead Stadium	1995	4,322	4,822	0	1,000
Hagerstown Suns	Municipal Stadium	1930/1995	4,600	6,100	2	0
Hickory Crawdads	L.P. Frans Stadium	1993	4,000	5,062	6	0
Asheville Tourists	McCormick Field	1924/1992	4,000	4,000	1	57
Average			5,212	6,231	11	172

Source: Resource Guide Live, Industry Research.

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II. MARKET ANALYSIS

South Atlantic League Demographic Overview CBSA Designation

- Fayetteville would be below the average of South Atlantic League teams in terms of population, households, income, economy size, media market, and corporate base
- South Atlantic League average population drops to 506,000 when teams in New York CBSA and Charlotte CBSA are excluded

South Atlantic League Summary - CBSA Designation Overview

Statistical Measure	Fayetteville	Rank of 15	South Atlantic League Average - (1)
2016 Population (000s)	385.3	11	2,054.9
2021 Population (000s)	403.5	11	2,127.4
Est. % Growth 2016-2021	4.73%	7	4.00%
2016 Households (000s)	149.5	11	769.5
2021 Households (000s)	157.8	11	798.6
Est. % Growth 2016-2021	5.53%	5	4.22%
Average Household Income	$55,669	13	$67,925
Median Household Income	$43,860	13	$50,218
High Income Households (000s)	19.0	12	230.0
Average Age	34.9	1	39.7
Median Age	32.4	1	39.4
Unemployment Rate	7.20%	13	5.58%
Economy Size (GDP - Billions)	$17.3	9	$140.4
TV Population (000s)	2,643.5	6	3,075.8
Radio Population (000s)	383.0	11	2,203.6
Companies w/ $20+mm Sales	40	14	939
Companies w/ 500+ Employees	27	11	175

(1) - Average excludes Fayetteville

Sources: Nielsen 2015/16, BLS 2016, Hoovers 2016, & U.S. BEA.

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II. MARKET ANALYSIS

General Observations

- Fayetteville is generally comparable to several MiLB markets in terms of population
  - Below average sized market for Carolina League and South Atlantic League
- Fayetteville is a natural geographic fit for the Carolina League and South Atlantic League
- Limited competition in terms of baseball in the local and regional market
  - Nearest MiLB team is approximately 80 miles away (Zebulon)
- Fayetteville has income levels well below the average for similarly sized markets – area of concern
  - Particular concern relative to club seat sales – we have considered this and recommended a limited number of club seats
- After a review of market demographics and survey results, the market would appear capable of supporting a MiLB team

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III. MARKET SURVEYS

Overview

- Over 60,000 web-based surveys distributed – 1,348 completed
  - Crown Coliseum Complex (57,000)
  - Chamber of Commerce (4,600)
  - Social Media (City)
- Given the nature of the surveys and distribution methods, the research does not focus on development of a specific probability percentage or margin of error, but utilizes results as a guide and comparative tool
- Results included herein are provided for illustrative purposes

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III. MARKET SURVEYS

Summary of Results

- 97% of respondents live or work in greater Fayetteville region
- Baseball had the highest average interest rating among those surveyed
  - Football – second highest rating
  - Basketball – third highest rating
- In the last year, Crown Coliseum had attracted the most visits from those surveyed
- 59% of those surveyed had attended a game at J.P. Riddle Stadium in the past year
- 49% of those that took the survey had attended a minor league baseball game in the past year
  - The most popular team among survey takers was the Durham Bulls (Triple-A)

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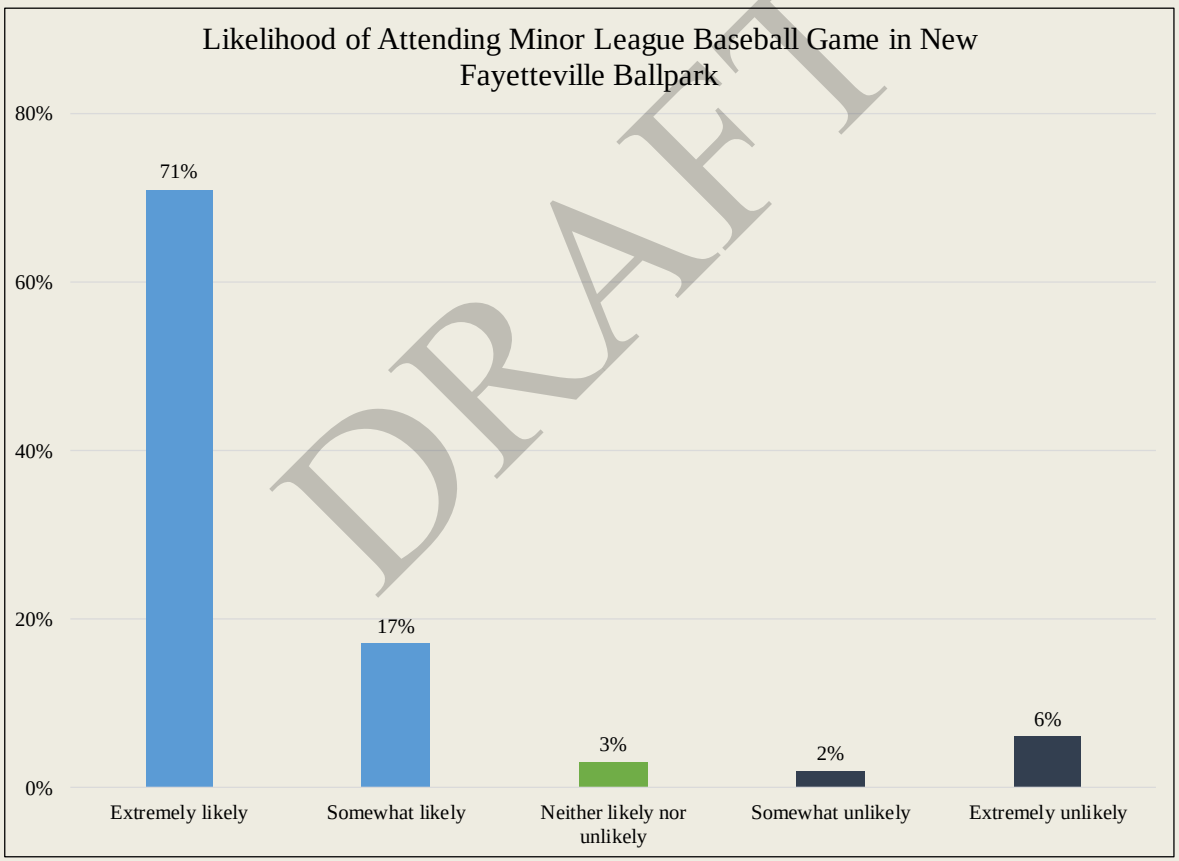
Summary of Results (continued)

- 88% of survey takers indicated they would likely attend a game at the new ballpark



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III. MARKET SURVEYS

Summary of Results (continued)

- 74% of survey takers indicated they would consider buying season tickets
  - Potential interest in season tickets increases significantly at lower price points studied ($900/$750/$500)
  - Potential season ticket buyers indicated that they would be most likely to buy two season tickets each season
- 94% of survey takers indicated they would consider buying single game tickets
  - A very high percentage of all survey takers indicated that they would buy single game tickets at any of the price points studied (provided they indicated initial interest) ($17.50/$12.50/$7.50)
- Other than baseball, the most popular other events desired by survey takers were concerts, community events, and football games

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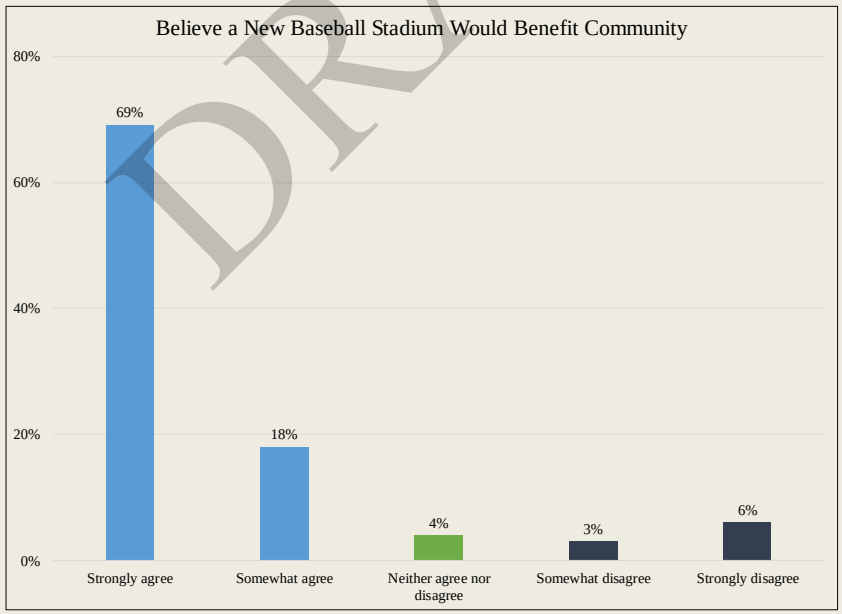
III. MARKET SURVEYS

Summary of Results (continued)

- 72% of survey takers were aware that a minor league baseball stadium was being studied
- 63% of survey takers do not believe Fayetteville's current entertainment facilities meet the needs of the community
- 87% of survey takers believe a new baseball stadium would benefit the community



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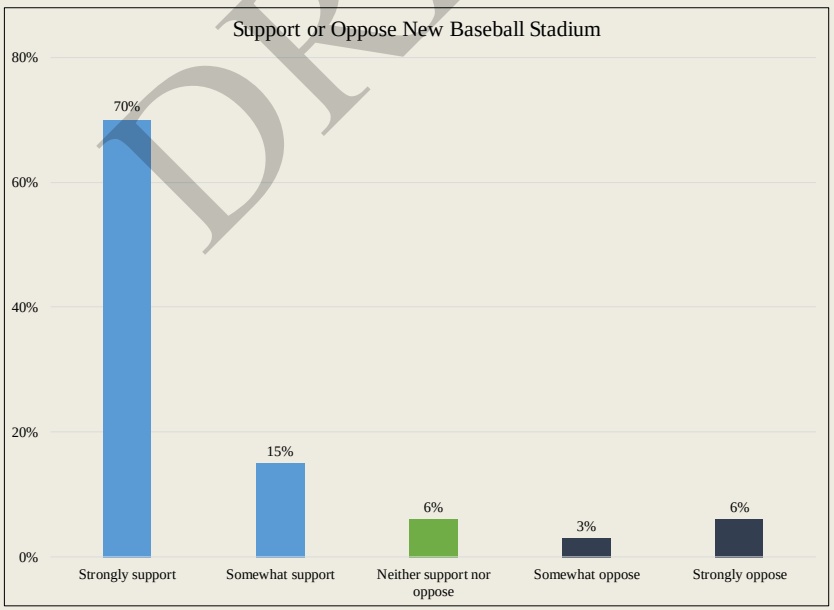
III. MARKET SURVEYS

Summary of Results (continued)

- 75% of survey takers indicated that a new stadium would cause them to spend more time at downtown restaurants, bars, or retailers
- 85% of survey takers believe that a new stadium would contribute to the development of more downtown restaurants, bars, retailers, and hotels
- 85% of survey takers support a new baseball stadium (funding options not discussed/evaluated)



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III. MARKET SURVEYS

Summary of Results (continued)

- Survey takers indicated that ticket prices, parking prices, and food & beverage prices would be the most important team factors for baseball to be successful in Fayetteville
- Survey takers indicated that parking availability, stadium location, and stadium amenities would be the most important stadium factors for baseball to be successful in Fayetteville
- 35% of survey takers were active or retired military personnel or dependents
  - 76% of military-affiliated survey takers are currently or once were stationed at Fort Bragg

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III. MARKET SURVEYS

Summary of Results (continued)

- Approximately 360 respondents provided comments
- Comments were generally positive
  - Additional entertainment
  - Economic catalyst
  - Civic/community pride
- Concerns
  - Location concerns – traffic/crime/walkability to downtown
  - Opposition to public funding

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IV. PRELIMINARY STADIUM CHARACTERISTICS

Preliminary Program Recommendation

- Ballpark Characteristics
  - Capacity – Fixed Seats 4,500 – 5,500
  - Capacity – Total (Including Standing Room/Berm Seating) 5,500 – 6,500
  - Luxury Suites 10 – 15
  - Club Seats 150 – 200
  - Parking 1,650 – 1,950

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Fayetteville Program

- Our preliminary program includes:
  - Seating
    - 4,110 lower bowl seats
    - 362 group seats
    - 1,000 berm seats
    - 450 suite level seats
    - 550 standing room only seats
  - Luxury Suites
    - 10
  - Club Seats
    - 150

	Fayetteville
Fixed Seating	
Total Lower Bowl	4,110
Total Group Seating	362
Total Suite Level	450
Total Fixed Seating	4,922
Non-Fixed Seating	
Total Berm Seating	1,000
Standing Room Only	550
Total Non-Fixed Seating	1,550
Capacity	6,472

Note: Fixed Seating includes high tops.
Source: Populous.

	Fayetteville
Lower Bowl	
All Star Seats	2,200
Reserved Seats	1,700
Legacy Seats	150
ADA	60
Total Lower Bowl	4,110
Group Seating	
4 Tops (1st Base)	136
Concourse Suites	50
Field Boxes (3rd Base)	176
Total Group Seating	362
Berm Seating	
Berm-Right Field	660
Terraced Berm-Left Field	340
Total Berm Seating	1,000
Suite Level	
Suite Seats (10 Suites)	160
Club Seats	150
Party Deck	140
Total Suite Level	450
Total Seats	5,922
Standing Room Only	550
Capacity	6,472

Note: ADA included in Fayetteville group and berm seating counts.
Source: Populous.

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Fayetteville Program

- Program also offers the potential for expansion

	Expansion
Fixed Seating	
Total Lower Bowl	6,844
Total Group Seating	50
Total Suite Level	642
Total Fixed Seating	7,536
Non-Fixed Seating	
Total Berm Seating	1,000
Standing Room Only	550
Total Non-Fixed Seating	1,550
Capacity	9,086

Note: Fixed Seating includes high tops.
Source: Populous.

Lower Bowl			
All Star Seats	2,200		2,200
Reserved Seats	1,700		1,700
Legacy Seats	150		150
Concourse Bleacher Seating	0	900	900
Group Area Conversion	0	1,794	1,794
ADA	60	40	100
Total Lower Bowl	4,110	2,734	6,844
Group Seating			
4 Tops (1st Base)	136	(136)	0
Concourse Suites	50		50
Field Boxes (3rd Base)	176	(176)	0
Total Group Seating	362	(312)	50
Berm Seating			
Berm-Right Field	660		660
Terraced Berm-Left Field	340		340
Total Berm Seating	1,000	0	1,000
Suite Level			
Suite Seats (10+12 Suites)	160	192	352
Club Seats	150		150
Party Deck (Moved)	140		140
Total Suite Level	450	192	642
Total Seats	5,922	2,614	8,536
Standing Room Only	550		550
Capacity	6,472	2,614	9,086

Note: ADA included in Fayetteville group and berm seating counts.
Source: Populous.

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CATALYST SITE 1

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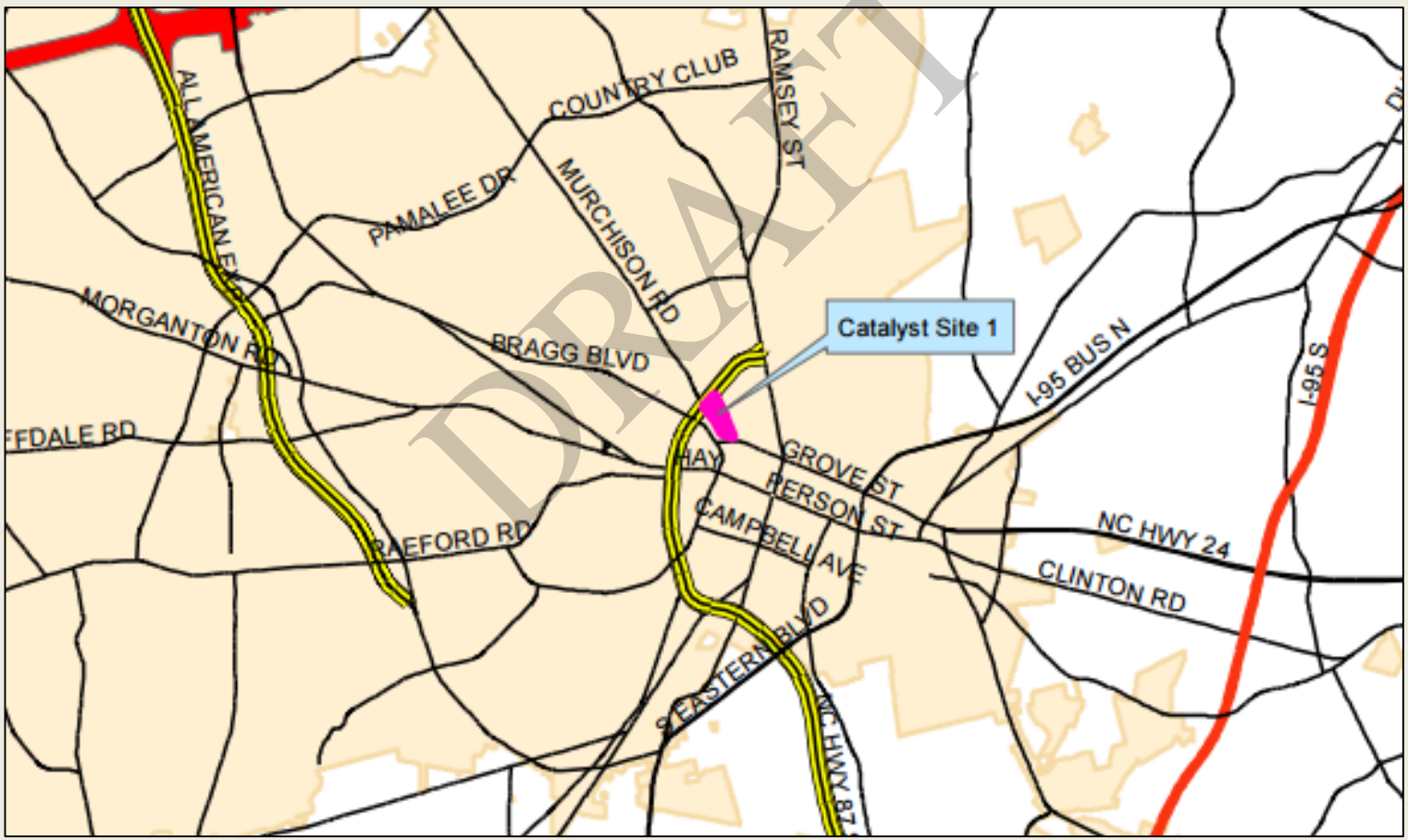
V. ARCHITECTURAL PROGRAM

Catalyst Site 1

- The potential stadium will be located just north of Rowan St. and east of Murchison Rd.



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V. ARCHITECTURAL PROGRAM

Overhead View – Phase 1

V. ARCHITECTURAL PROGRAM

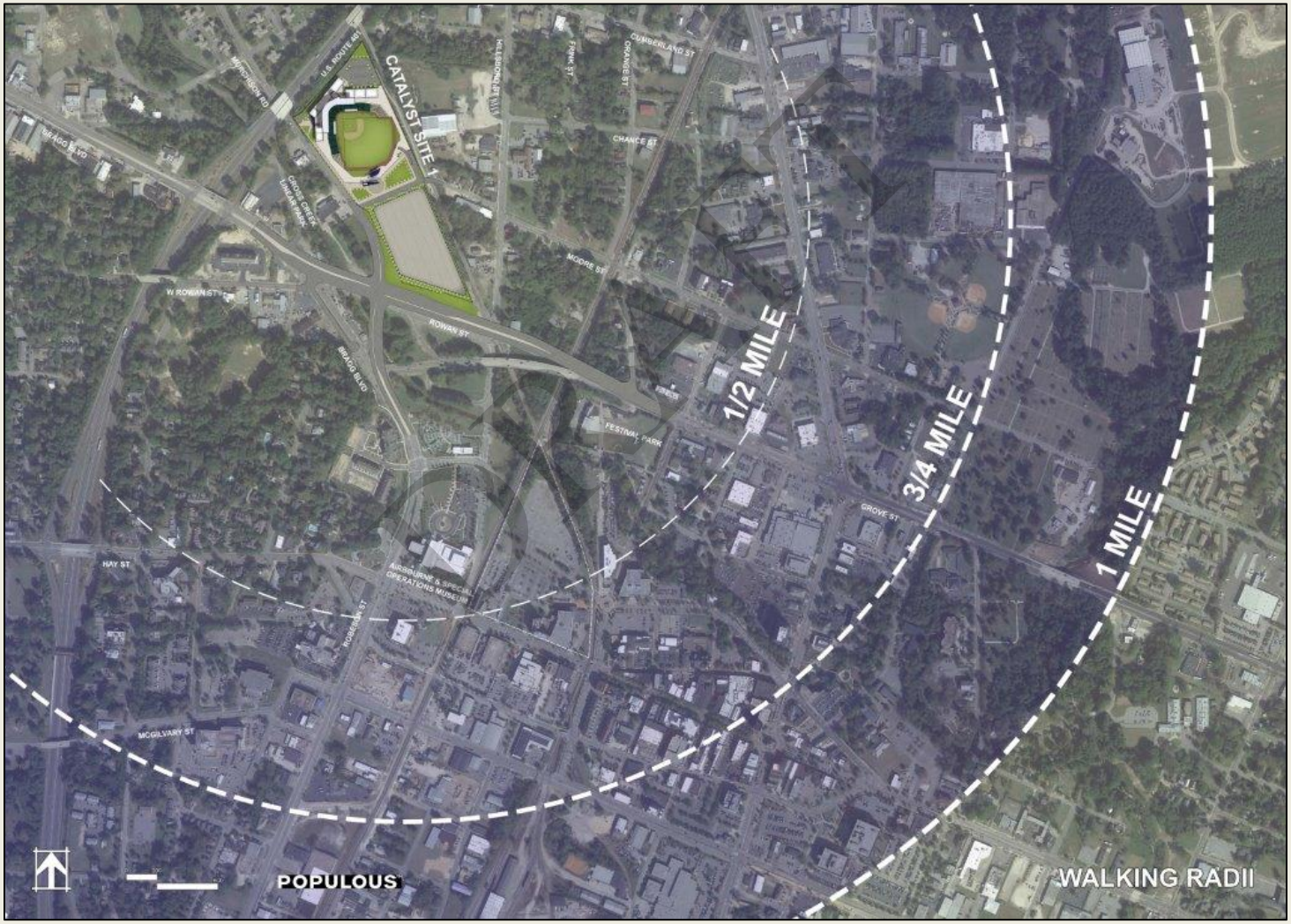
Overhead View – Phase 2

V. ARCHITECTURAL PROGRAM

Overhead View – Phase 3

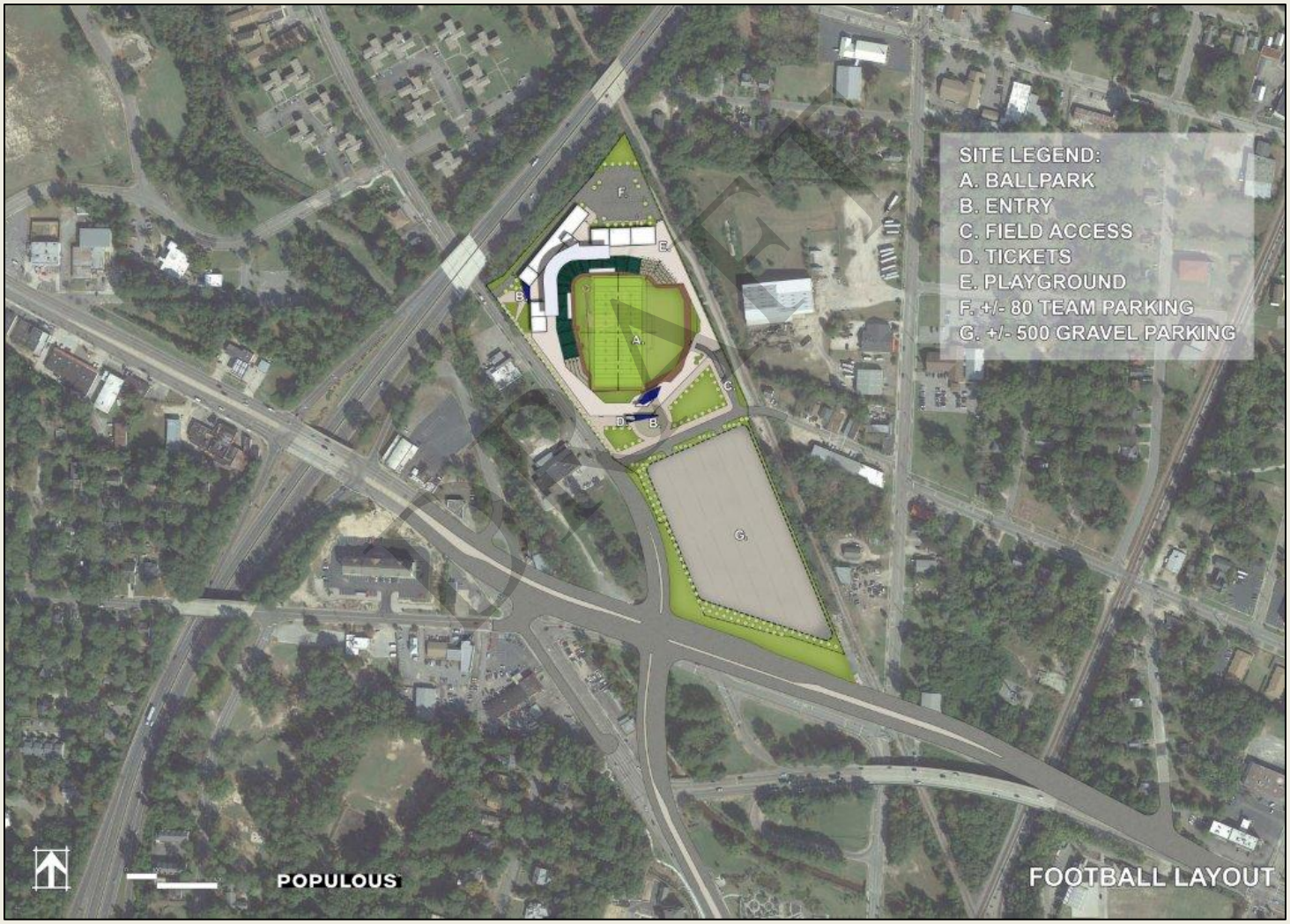
V. ARCHITECTURAL PROGRAM

Overhead View – Phase 1 Walking Radii



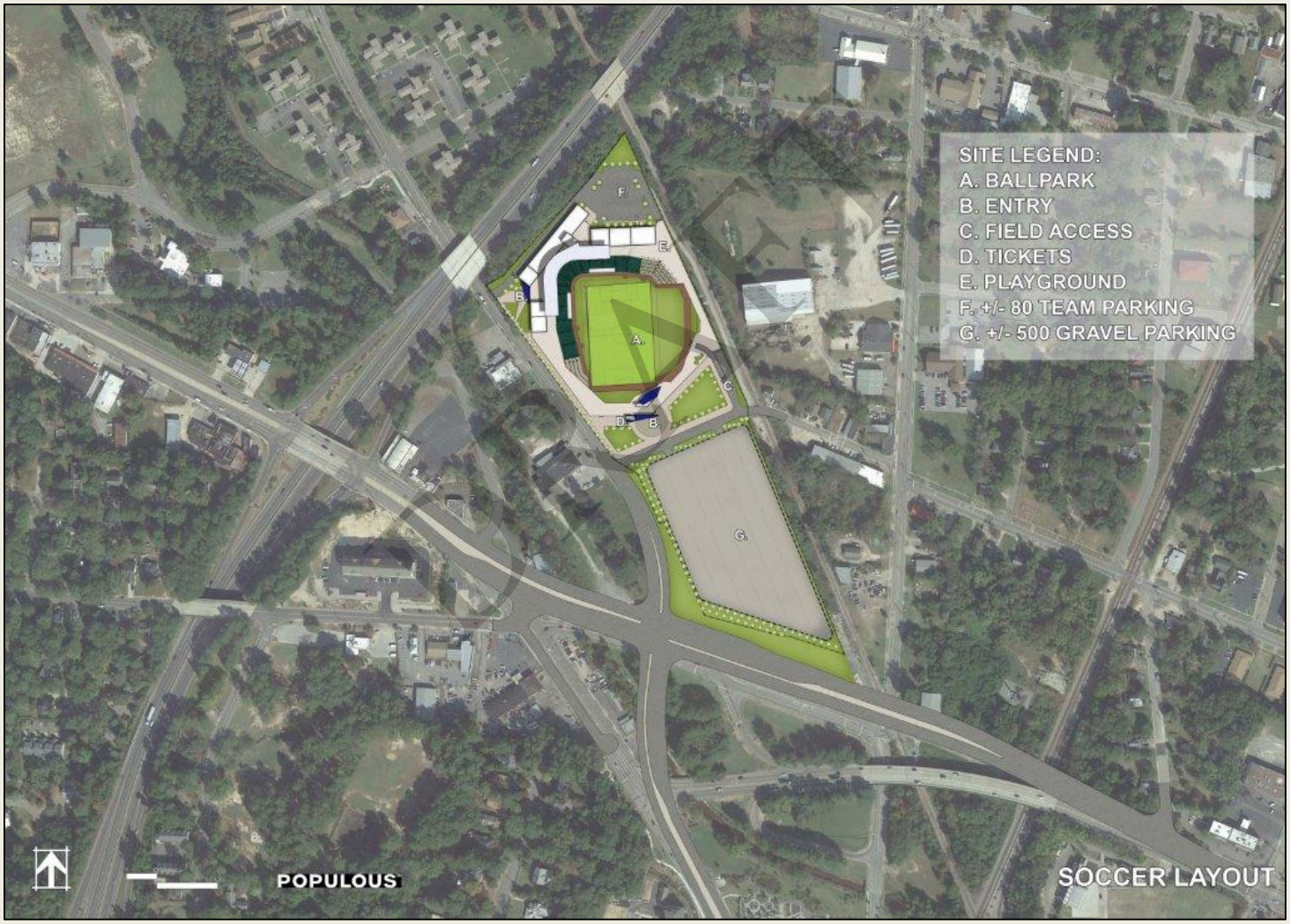
V. ARCHITECTURAL PROGRAM

Overhead View – Football



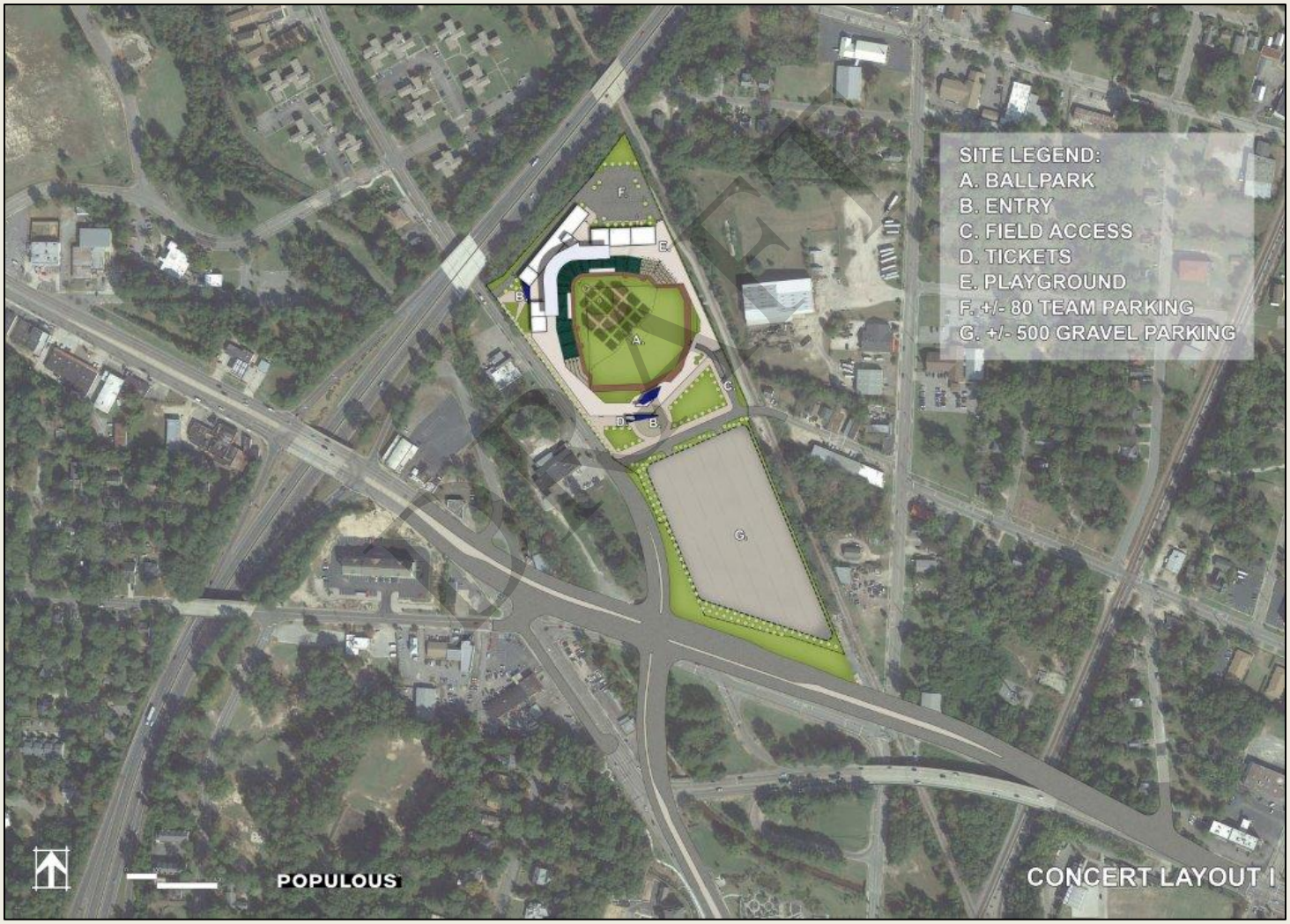
V. ARCHITECTURAL PROGRAM

Overhead View – Soccer

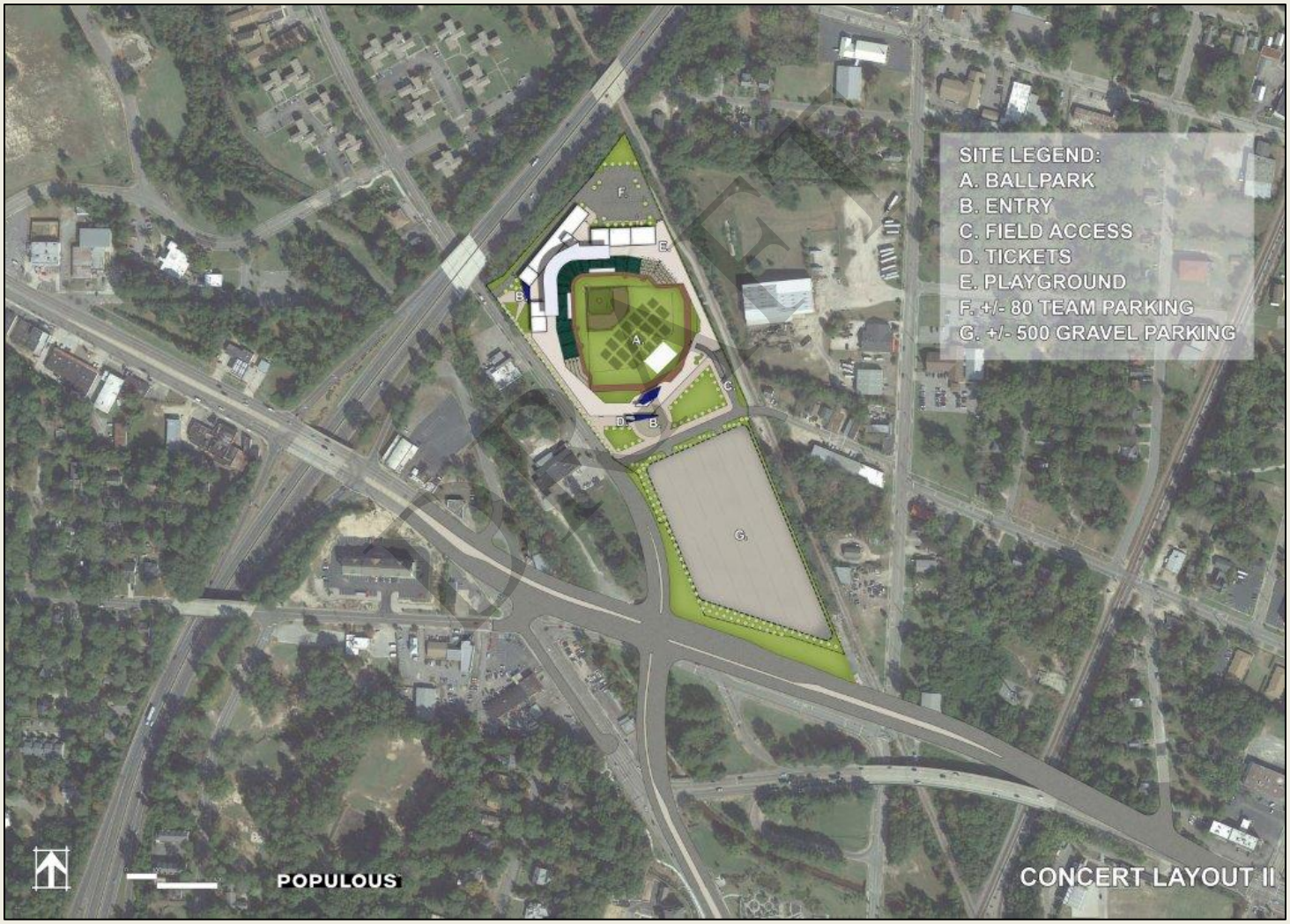


V. ARCHITECTURAL PROGRAM

Overhead View – Concert Layout 1



Overhead View – Concert Layout 2



Aerial View – Right Field

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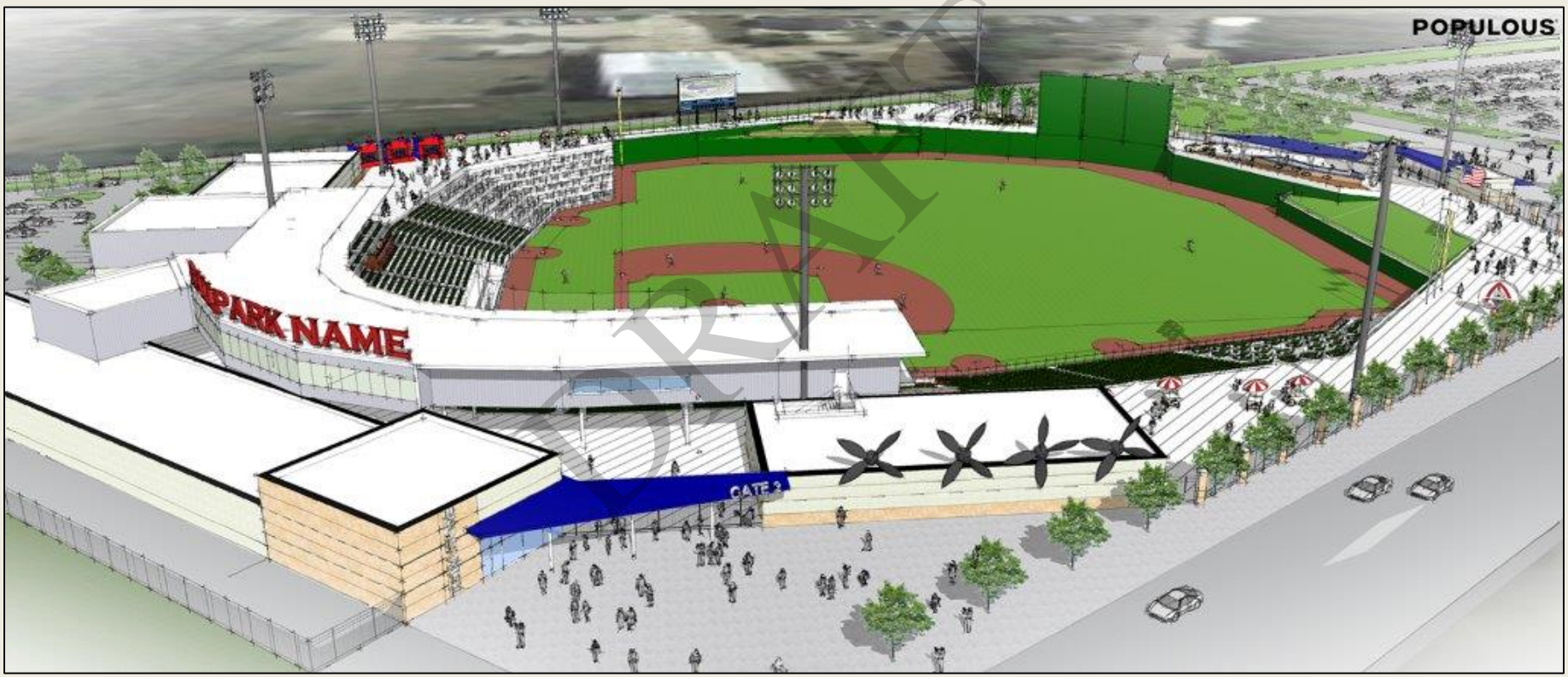
V. ARCHITECTURAL PROGRAM

Aerial View – First Base Line



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V. ARCHITECTURAL PROGRAM

Aerial View – Ballpark and Development

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Aerial View – Left Field

Left Field Concourse View

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Gate 1 View

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Team Store View

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Section View

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ALTERNATIVE STADIUM SITE – PRINCE CHARLES SITE

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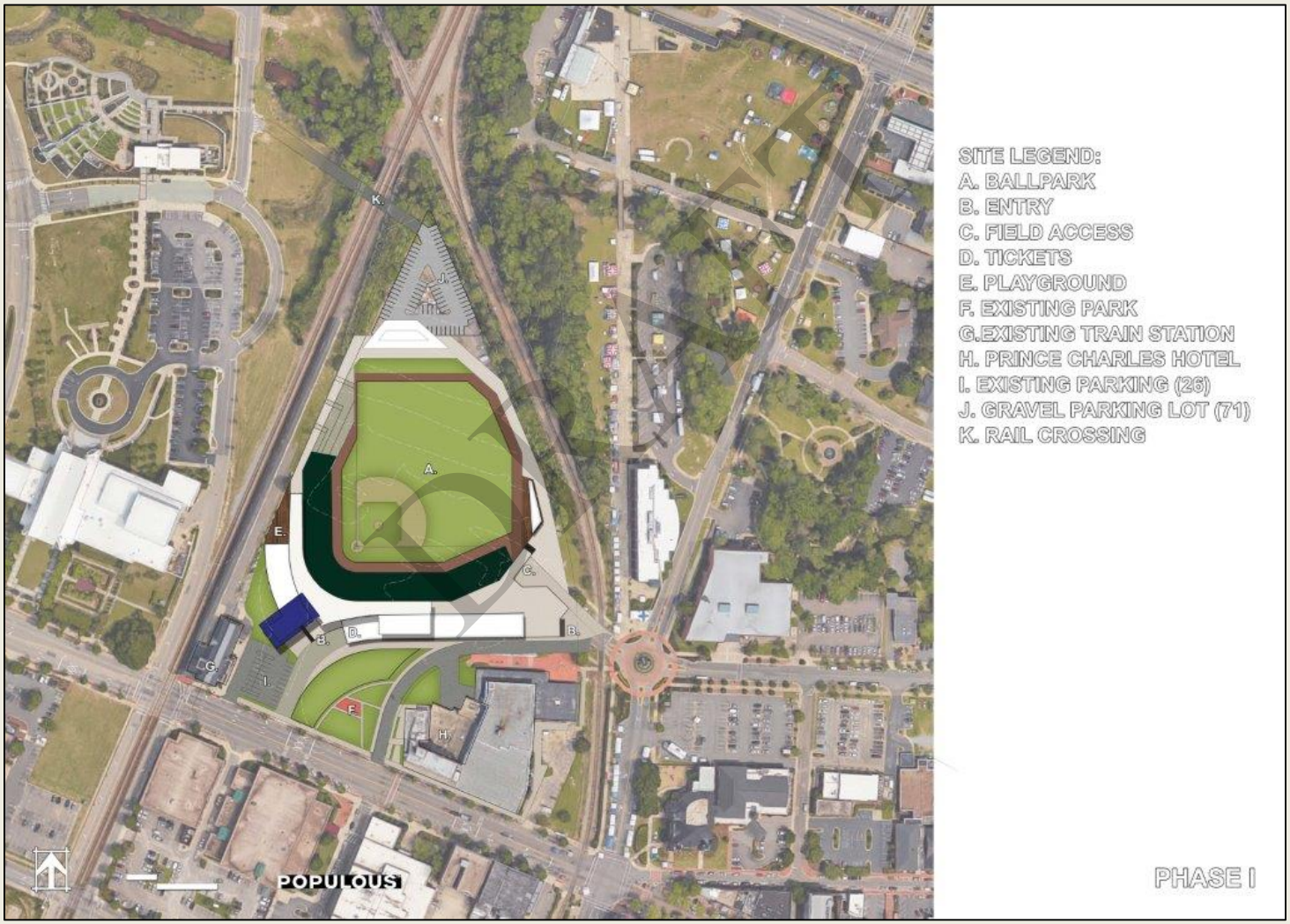
V. ARCHITECTURAL PROGRAM

Prince Charles Site

V. ARCHITECTURAL PROGRAM

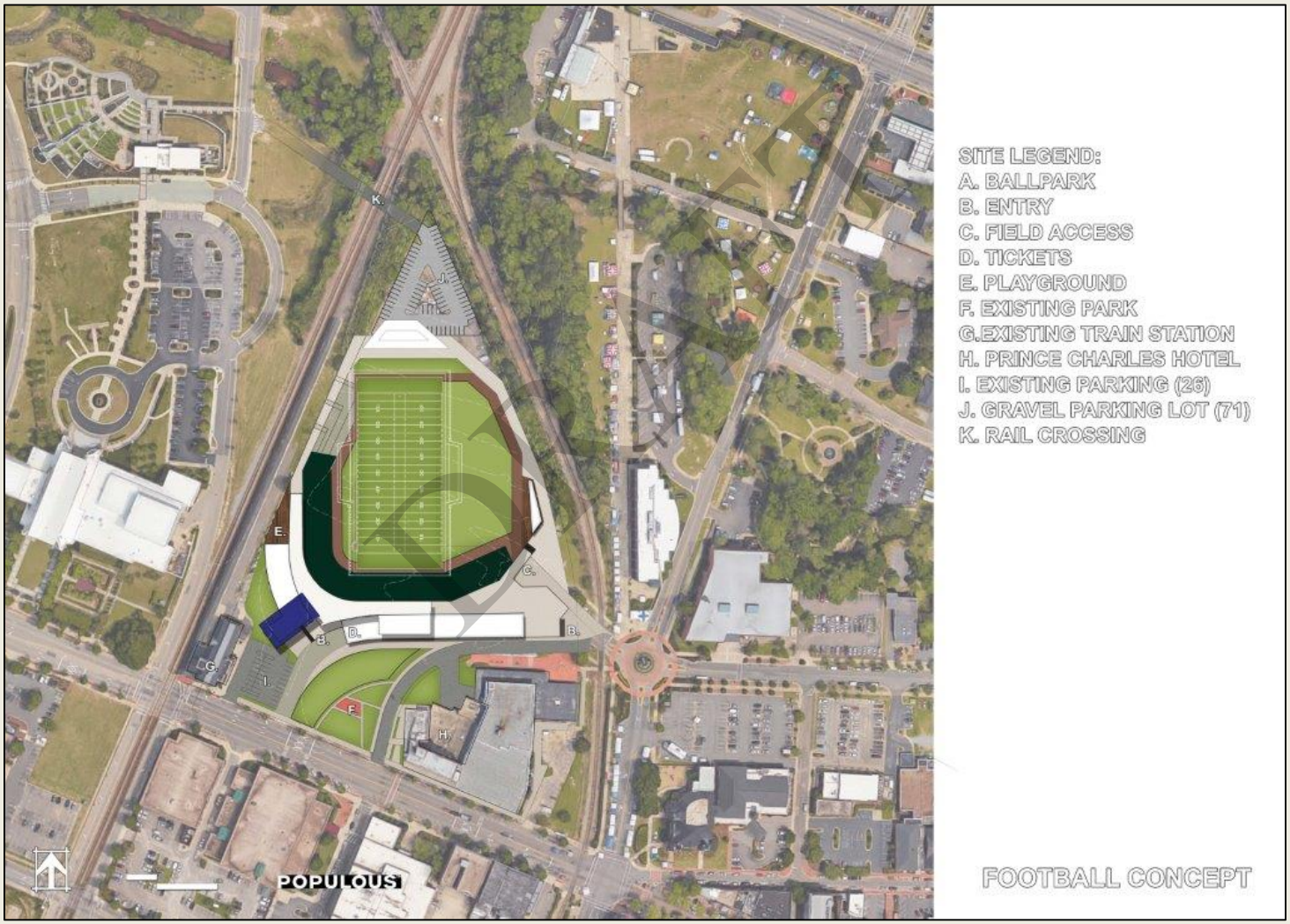
Overhead View – Phase 1



V. ARCHITECTURAL PROGRAM

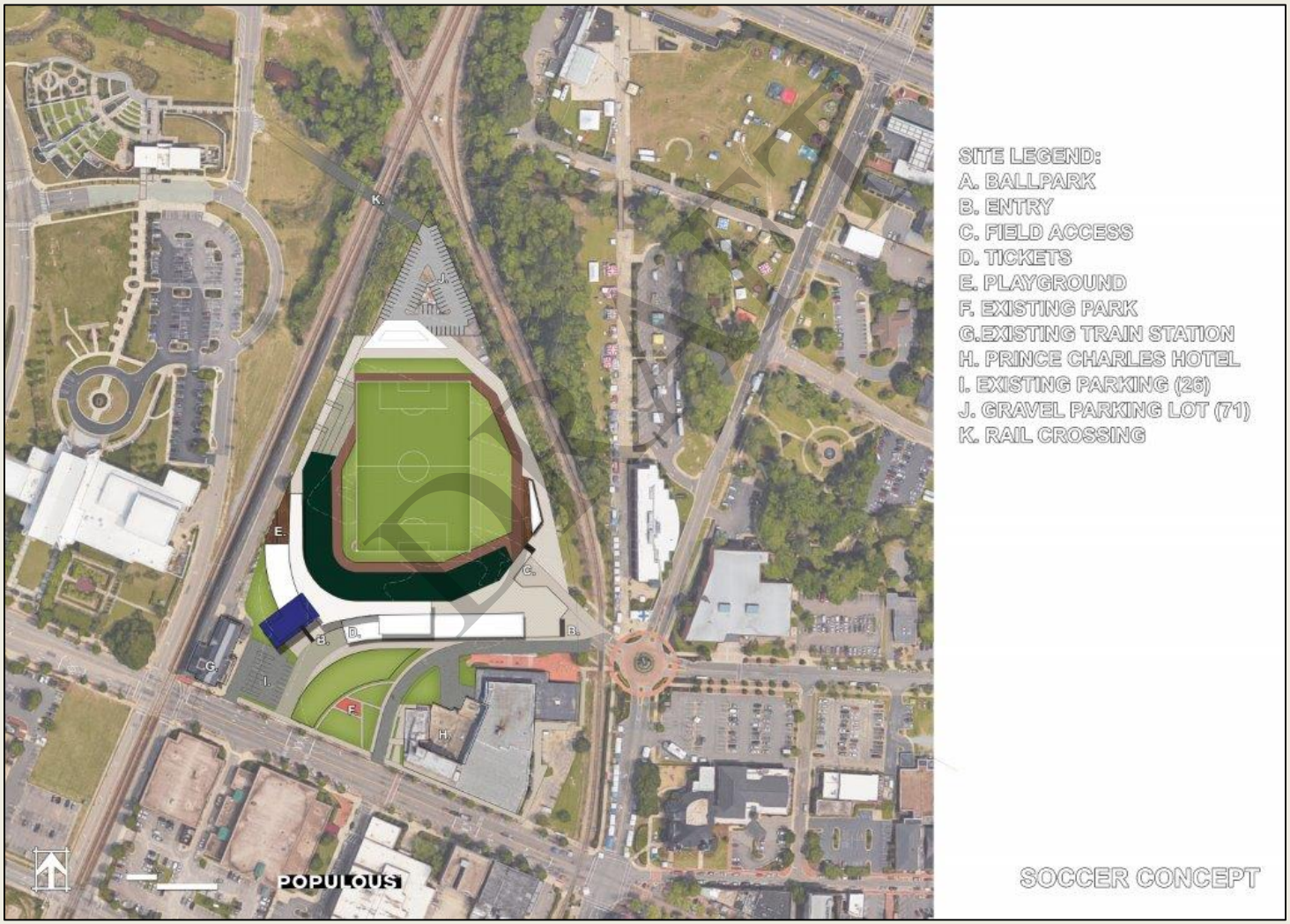
Overhead View – Phase 2

Overhead View – Football



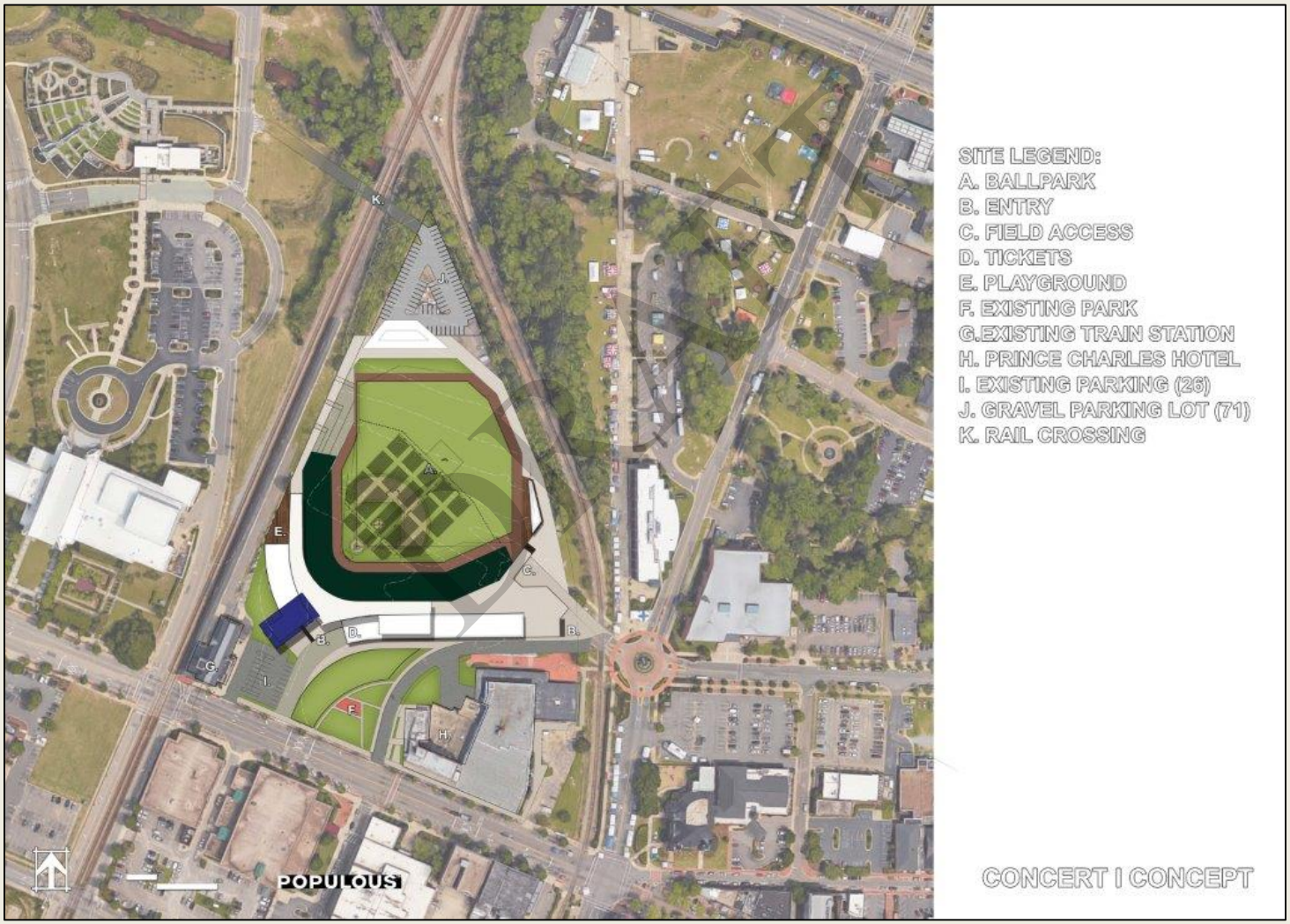
V. ARCHITECTURAL PROGRAM

Overhead View – Soccer

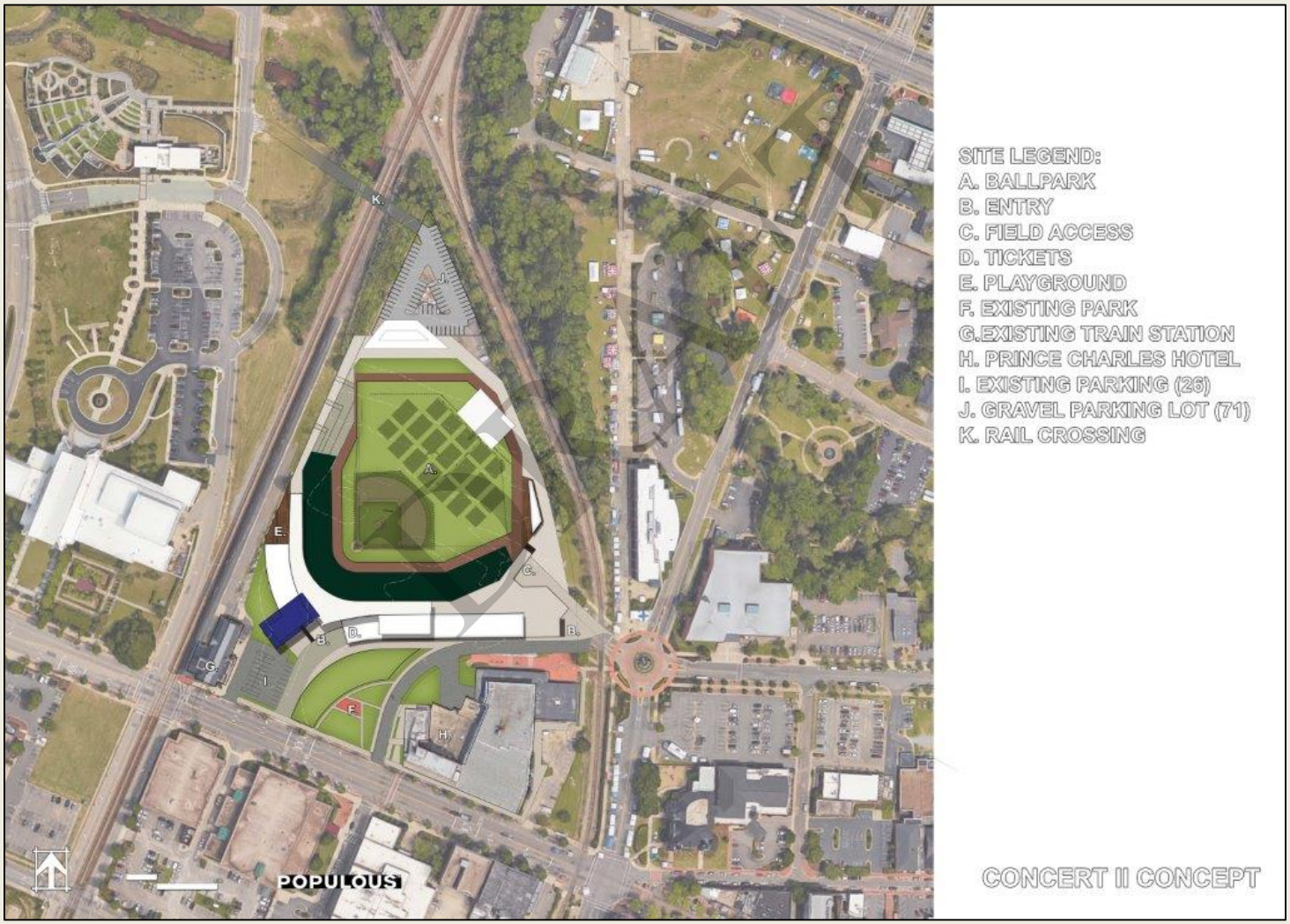


V. ARCHITECTURAL PROGRAM

Overhead View – Concert Layout 1



Overhead View – Concert Layout 2



Aerial View – Phase 1

V. ARCHITECTURAL PROGRAM

Aerial View – Phase 2

V. ARCHITECTURAL PROGRAM

Home Plate View

Aerial View – Left Field

V. ARCHITECTURAL PROGRAM

Left Field View

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Entry View

Right Field Concourse View

Section View

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VI. CONSTRUCTION COST ESTIMATES

Preliminary Cost Estimate

Catalyst Site 1

- The proposed ballpark is estimated to cost $43.8 million

Foundations/Basement	$4,551,978
Exterior	$6,458,420
Interior	$3,556,382
Systems	$5,398,124
Equipment/Furnishings	$1,423,506
Special Construction/Demolition	$1,236,678
Site Preparation/Improvements	$3,811,593
General Requirements	$660,917
Cost of Work	$27,097,598
General Conditions	$2,076,449
Insurance	$783,832
Contingency	$1,647,683
Fee	$1,343,236
Preconstruction Services	$140,865
Total Design/Build Cost	$33,089,663
Architectural/Engineering/Reimbursables	$2,541,000
Concessions Equipment/Carts/Suites	$1,800,000
Video Board and Related Equipment	$1,500,000
Signage and Architectural Graphics Design	$500,000
Stadium Seating	$645,000
FF&E	$900,000
Miscellaneous/Other	$1,785,777
Owner Contingency	$1,000,000
Total Soft Costs/Other	$10,671,777
Total Cost	$43,761,440

Source: Hunt Construction Group.

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VI. CONSTRUCTION COST ESTIMATES

Preliminary Cost Estimate

Prince Charles Site

- The proposed ballpark is estimated to cost $46.9 million

Foundations/Basement	$4,397,290
Exterior	$8,153,392
Interior	$4,053,655
Systems	$5,963,856
Equipment/Furnishings	$1,892,062
Special Construction/Demolition	$1,299,170
Site Preparation/Improvements	$3,056,801
General Requirements	$720,406
Cost of Work	$29,536,631
General Conditions	$2,185,643
Insurance	$853,483
Contingency	$1,791,667
Fee	$1,460,615
Preconstruction Services	$146,091
Total Design/Build Cost	$35,974,130
Architectural/Engineering/Reimbursables	$2,772,000
Concessions Equipment/Carts/Suites	$1,800,000
Video Board and Related Equipment	$1,500,000
Signage and Architectural Graphics Design	$500,000
Stadium Seating	$645,000
FF&E	$900,000
Miscellaneous/Other	$1,785,777
Owner Contingency	$1,000,000
Total Soft Costs/Other	$10,902,777
Total Cost	$46,876,907

Source: Hunt Construction Group.

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VII. FINANCIAL ANALYSIS

Overview

- BSG developed financial and operating assumptions for a potential minor league baseball team and stadium in Fayetteville at the CAT 1 site to understand the potential net cash flow from operations
- BSG has assumed the following stadium program
  - 6,472 capacity (4,922 fixed seats)
  - 10 luxury suites
  - 150 club seats
  - 580 controlled parking spaces
- BSG has made significant assumptions related to the team and stadium operating revenues and expenses

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VII. FINANCIAL ANALYSIS

Overview (Continued)

- BSG reviewed and evaluated comparable team/stadium information from our internal database to develop key assumptions as well as our industry knowledge
- Information obtained from numerous sources including teams, comparable facilities, industry sources, etc.
- In order to obtain accurate and relevant information, we agreed to maintain confidentiality of data provided by teams/facilities
- Comparable data adjusted to reflect impact of key variables on performance
  - Market demographics
  - Cost of living
  - Number of professional and collegiate sports teams
  - Other entertainment alternatives
  - Local market conditions
  - Tenant/event mix
  - Climate
  - Other

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VII. FINANCIAL ANALYSIS

Overview (Continued)

- BSG has assumed the following lease terms
- Analysis does not include
  - Stadium rent (to be determined)
  - Admission surcharge
  - Capital replacement reserve

Stadium Rent		**Amount Paid by Team**
Minimum Rent		To be Determined
Base Rent		To be Determined
Percentage Rent		To be Determined
Taxes/Surcharges		
Ticket Sales Tax		7.00%
Revenue Sharing	**Stadium Share**	**Team Share**
Concessions	0%	100%
Novelties	0%	100%
Advertising – Game Day	0%	100%
Advertising – Permanent	0%	100%
Television	0%	100%
Naming Rights	0%	100%
Parking	0%	100%
Luxury Suites – Tickets	0%	100%
Luxury Suites – Premium	0%	100%
Club Seats – Tickets	0%	100%
Club Seats – Premium	0%	100%
Stadium Expenses		
Game Day Operating Expenses	0%	100%
Annual Operating Expenses	0%	100%
Capital Repairs/Improvements	To be Determined	To be Determined
Other Events	0%	100%

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VII. FINANCIAL ANALYSIS

Assumptions Summary
Catalyst Site 1

- Below is a summary of key cash flow model assumptions

Fayetteville	Year 1	Year 2	Year 3	Year 4	Year 5
Baseball Games (Regular Season)	70	70	70	70	70
Paid Attendance (Regular Season)					
Average	2,732	2,732	2,732	2,482	2,482
Total	191,254	191,254	191,254	173,754	173,754
Complimentary Attendance (General Seating)	15.0%	15.0%	15.0%	15.0%	15.0%
No-Show Attendance (General Seating)	20.0%	20.0%	20.0%	20.0%	20.0%
Turnstile Attendance (Regular Season)					
Average	2,561	2,561	2,561	2,323	2,323
Total	179,253	179,253	179,253	162,628	162,628
Average Ticket Price (Weighted Average)	$7.34	$7.56	$7.73	$8.34	$8.59
Concessions Per Capita					
Gross	$8.00	$8.24	$8.49	$8.74	$9.00
Net	$3.60	$3.71	$3.82	$3.93	$4.05
Novelties Per Capita					
Gross	$1.50	$1.55	$1.59	$1.64	$1.69
Net	$0.45	$0.46	$0.48	$0.49	$0.51
Sponsorship (Gross)					
Stadium Advertising	$750,000	$772,500	$795,675	$819,545	$844,132
Naming Rights	$175,000	$180,250	$185,658	$191,227	$196,964
Luxury Suites					
Total Available for Lease	10	10	10	10	10
Number Reserved	1	1	1	1	1
Number Leased	8	8	8	8	8
Gross Price	$22,500	$23,063	$23,639	$24,230	$24,836
Club Seats					
Total Available	150	150	150	150	150
Number Leased	135	135	135	135	135
Gross Price (Per Seat)	$1,500	$1,545	$1,591	$1,639	$1,688
Expenses					
Stadium and Game Expenses	$1,000,000	$1,030,000	$1,060,900	$1,092,727	$1,125,509
Team Expenses	$225,000	$231,750	$238,703	$245,864	$253,239
General and Administrative	$1,300,000	$1,339,000	$1,379,170	$1,420,545	$1,463,161
Other	$25,000	$25,750	$26,523	$27,318	$28,138

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Cash Flow Summary – Catalyst Site 1

- Net cash flow reflects consolidated team / stadium operation – does not include stadium rent or admission surcharge (to be determined)

($ in 000s)	Estimated				
	Year 1	Year 2	Year 3	Year 4	Year 5
OPERATING REVENUES					
Tickets (Net)	$1,214	$1,250	$1,278	$1,252	$1,290
Luxury Suites (Premium)	$114	$117	$120	$123	$126
Club Seats (Premium)	$100	$103	$106	$109	$113
Advertising/Sponsorship (Net)	$638	$657	$676	$697	$718
Naming Rights (Net)	$149	$153	$158	$163	$167
Concessions (Net)	$645	$665	$685	$640	$659
Novelties (Net)	$81	$83	$86	$80	$82
Parking (Net)	$103	$106	$109	$113	$116
Other (Special Events/Promotions/Programs/Etc.)	$86	$89	$92	$94	$97
TOTAL OPERATING REVENUES	**$3,129**	**$3,223**	**$3,310**	**$3,270**	**$3,368**
OPERATING EXPENSES					
Stadium and Game Expenses	$1,000	$1,030	$1,061	$1,093	$1,126
Team Expenses	$225	$232	$239	$246	$253
General and Administrative	$1,300	$1,339	$1,379	$1,421	$1,463
Management Fee	$0	$0	$0	$0	$0
Other	$25	$26	$27	$27	$28
TOTAL OPERATING EXPENSES	**$2,550**	**$2,627**	**$2,705**	**$2,786**	**$2,870**
NET CASH FLOW FROM OPERATIONS	**$579**	**$597**	**$605**	**$484**	**$498**
Less: Stadium Rent	TBD	TBD	TBD	TBD	TBD
Less: Capital Improvements	TBD	TBD	TBD	TBD	TBD
NET CASH FLOW FROM OPERATIONS - ADJUSTED	**$579**	**$597**	**$605**	**$484**	**$498**

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VIII. ECONOMIC IMPACT ANALYSIS

Overview

- Construction and operation of the proposed stadium will generate economic and fiscal impacts in the Fayetteville region
- Economic impacts typically measured by
  - Direct spending (initial spending)
  - Indirect spending (dollars spent through interaction of local industries)
  - Induced spending (dollars spent through household spending patterns)
  - Tax impacts
  - Employment impacts
  - Labor income impacts
- Although assumptions appear reasonable based on current and anticipated market conditions, actual results depend on actions of stadium, management, team, events, and other factors both internal and external to project, which frequently vary
- It is important to note that because events and circumstances may not occur as expected, there may be significant differences between actual results and those estimated in this analysis, and those differences may be material

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VIII. ECONOMIC IMPACT ANALYSIS

Construction Economic Impact

- Construction of the proposed stadium will generate considerable economic impacts during the construction period (presented in 2016 dollars)

- Figures reflect gross impacts

Construction Operations (2016 Dollars)	
Direct Economic Output	$15,317,000
Indirect Economic Output	$2,839,000
Induced Economic Output	$2,042,000
Total Economic Output	$20,198,000
Jobs - (1)	149
Labor Income - (2)	$6,503,000
Tax Impacts - (3)	$494,000

(1) - Includes full time and part time employment.
(2) - Includes all forms of employment income, including employee compensation (wages/benefits) and proprietor income.
(3) - Includes state and local tax revenue generated by the total economic output (excluding taxes on employee compensation and corporation profit taxes/dividends).

- Note: 35% of labor/materials expenditures sourced in the local market based on local construction industry input

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VIII. ECONOMIC IMPACT ANALYSIS

Summary of Results – Operations

- Ongoing operations of the stadium will generate considerable new spending and resulting economic impacts on an annual basis (presented in 2016 dollars)
  - Annual stadium operations
  - Non-resident/new spending

Annual Operations (2016 Dollars)	
Direct Economic Output	$4,947,000
Indirect Economic Output	$1,707,000
Induced Economic Output	$532,000
Total Economic Output	$7,186,000
Jobs - (1)	91
Labor Income - (2)	$1,728,000
Tax Impacts - (3)	$365,000

(1) - Includes full time and part time employment.
(2) - Includes all forms of employment income, including employee compensation (wages/benefits) and proprietor income.
(3) - Includes state and local tax revenue generated by the total economic output (excluding taxes on employee compensation and corporation profit taxes/dividends).

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VIII. ECONOMIC IMPACT ANALYSIS

Intangible Benefits

- Proposed stadium generates other significant impacts for Fayetteville that are less explicit and more difficult to quantify
  - Catalyst for economic development (attract/retain businesses)
  - Ancillary redevelopment opportunities
  - National (and potentially international) exposure
  - Civic/community pride and identity
  - Prestige associated with facility/teams/events
  - Improved quality of life/additional entertainment alternatives
  - Contributions and donations to local charities/causes
  - Marketing/advertising opportunities for local (and national) businesses
  - Other

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IX. FINANCING ALTERNATIVES

General Trends in Stadium/Arena Facility Finance and Construction

- Market conditions and political environment play critical role in developing financing structure
- Increasingly difficult to fund construction of sports facilities – public resistance/high costs
- Combination of both public and private participation is cornerstone of current financing structures
- Planning and construction of public facilities can take many years due to typical construction risks, voter approval, political debate, etc.
- Public sector participation can come in numerous forms
  - Equity investment
  - New or increased taxes
  - Tax rebates (property, payroll, etc.)
  - Conduit financing
  - Credit enhancement/guarantees

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IX. FINANCING ALTERNATIVES

General Trends in Stadium/Arena Facility Finance and Construction

- Private sector participation typically comes in the form of equity and debt secured by facility operations and/or corporate guarantees
- Private sector participation through non-traditional sources (i.e., PSLs, premium seating, naming rights, vendor rights) can be an important part of financing plans
- In some instances, private sector grants and donations have been utilized to fund facilities
- Private sector participation in minor league facilities is often limited due to economics of franchise and stadium operations
- Franchises and private management firms have increasingly taken over management and operations of sports facilities

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IX. FINANCING ALTERNATIVES

Public Sector Participation

- Municipalities may generate wide assortment of revenues that could potentially be used to fund development of sports facilities
- Feasibility of introducing, increasing, or redirecting revenue from taxes and fees depends on unique political/tax environment
- Typically, revenue streams shown to benefit from facility's development and operation will be more successful in gaining public support
- Taxes and fees levied on selected groups may receive less resistance (i.e., hotel tax, car rental tax)

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IX. FINANCING ALTERNATIVES

Financing Mechanisms/Funding Sources

- Illustrated herein is a summary of revenue streams
  - Admissions surcharge/facility fee
  - Stadium rent
  - Property tax
  - Motor vehicle rental tax
  - Debt service redirect
- It is important to note that selected revenue sources discussed herein will require legislative approval and may require some form of additional credit enhancement
- Information contained herein has been obtained from sources believed to be reliable. Figures have not been audited or further verified. Figures provided are subject to accounting/reporting policies and interpretation.
- ***Financial and political feasibility of potential public revenue streams to be further evaluated***

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IX. FINANCING ALTERNATIVES

Financing Mechanisms/Funding Sources

- State of North Carolina is a Dillon Rule State
  - Provides uniform control in local jurisdictions (tax structure)
  - Limits ability of local cities/counties to pass legislation
  - Cities/counties need approval from General Assembly
- Local Government Commission (North Carolina Department of State Treasurer) is the issuer of debt in North Carolina – Potential sources of revenue would need to be further evaluated with department
- Referendum Requirements
  - General Obligation Debt requires 50% +1 voter approval
  - Asset backed debt (general fund) does not require voter referendum

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Financing Sources

- Key Assumptions

	SCENARIO A	SCENARIO B	SCENARIO C
Tax Revenue Growth Rate	2.00%	2.00%	2.00%
Debt Service Coverage			
Public Funding Sources	1.25	1.25	1.25
Stadium Funding Sources	1.50	1.50	1.50
Tax Exempt Interest Rate			
Public Funding Sources	5.00%	4.00%	3.00%
Taxable Interest Rate			
Stadium Funding Sources	6.50%	5.50%	4.50%
Costs of Issuance	1.50%	1.50%	1.50%
Bond Insurance	0.00%	0.00%	0.00%
Debt Service Reserve Fund	Yes	Yes	Yes
Debt Service Reserve Fund Interest Earnings	3.00%	3.00%	3.00%
Surety	NA	NA	NA
Construction Period Interest Earnings	NA	NA	NA
Capitalized Interest (Years)	0	0	0
Final Maturity (Years)	25	25	25

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IX. FINANCING ALTERNATIVES

Annual Debt Service

- Table below summarizes a number of scenarios based on various levels of private investment
- Figures are presented for illustrative purposes only – deal structure to be negotiated

	Scenario A	Scenario B	Scenario C	Scenario D
Project Cost - Cat 1 Site	$43,761,440			
Project Cost (Rounded)	$43,800,000	$43,800,000	$43,800,000	$43,800,000
Less: Private Investment - (1)	$0	$2,500,000	$5,000,000	$10,000,000
Adjusted Project Cost	$43,800,000	$41,300,000	$38,800,000	$33,800,000
Annual Debt Service Needed to Fund Adjusted Project Cost - (2)	**$3,035,000**	**$2,865,000**	**$2,690,000**	**$2,345,000**
Dollar Change from Preceding Scenario	**NA**	**($170,000)**	**($175,000)**	**($345,000)**
Potential Bond Proceeds (Gross)	$48,600,000	$45,800,000	$43,000,000	$37,500,000
Potential Bond Proceeds (Net) - (3)	$43,800,000	$41,300,000	$38,800,000	$33,800,000
Surplus/(Deficit)	$0	$0	$0	$0

(1) Assumed for illustrative purposes only.
(2) Estimated. Tax-exempt assumptions modeled.
(3) Net of debt service reserve fund, cost of issuance, bond insurance, and capitalized interest fund.

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IX. FINANCING ALTERNATIVES

Financing Sources – City of Fayetteville

- Summary of Potential Sources of Funds – Feasibility to be Determined
  - Summary table does not include potential Synthetic TIF revenue
- It is important to note that selected revenue sources discussed herein will require legislative approval and may require some form of additional credit enhancement

Estimates	City of Fayetteville
Admissions Surcharge/Facility Fee	
Rate Increase	$1.00
Revenue	$190,000
Gross Bond Proceeds	$2,100,000
Net Bond Proceeds	$1,900,000
Stadium Rent	
Revenue	$200,000
Gross Bond Proceeds	$2,200,000
Net Bond Proceeds	$2,000,000
Property Tax	
Rate Increase	$0.010
Revenue	$1,410,000
Gross Bond Proceeds	$22,600,000
Net Bond Proceeds	$20,400,000
Motor Vehicle Rental Tax	
Rate Increase	1.00%
Revenue	$330,000
Gross Bond Proceeds	$5,300,000
Net Bond Proceeds	$4,800,000
Debt Service Redirect (Festival Park Plaza)	
Revenue	$420,000
Gross Bond Proceeds	$6,700,000
Net Bond Proceeds	$6,000,000
Land Sale	
Revenue	To be Determined

Notes: Reflects mid-case.

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IX. FINANCING ALTERNATIVES

Financing Sources – Cumberland County

- BSG has estimated potential funding sources for Cumberland County
- It is important to note, we have not had conversations with the County as a potential partner (per City staff direction)
- County could be approached as a potential gap funding source, if needed
- Illustrated herein is a summary of revenue streams – County
  - Room occupancy tax
  - Prepared food and beverage tax
  - Sales tax
  - Motor vehicle rental tax
- Any of the above sources require legislation approval to increase tax rate
- Additional sources were considered but not included (e.g. property tax, beer and wine tax, etc.)

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IX. FINANCING ALTERNATIVES

Financing Sources

- Summary of Potential Sources of Funds – Feasibility to be Determined
- It is important to note that selected revenue sources discussed herein will require legislative approval

Estimates	Cumberland County
Room Occupancy Tax	
Rate Increase	1.50%
Revenue	$690,000
Gross Bond Proceeds	$11,000,000
Net Bond Proceeds	$9,900,000
Prepared Food and Beverage Tax	
Rate Increase	0.25%
Revenue	$1,570,000
Gross Bond Proceeds	$25,100,000
Net Bond Proceeds	$22,600,000
Sales Tax	
Rate Increase	0.05%
Revenue	$1,110,000
Gross Bond Proceeds	$17,800,000
Net Bond Proceeds	$16,000,000
Motor Vehicle Rental Tax	
Rate Increase	1.00%
Revenue	$330,000
Gross Bond Proceeds	$5,300,000
Net Bond Proceeds	$4,800,000

Notes: Reflects mid-case.

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IX. FINANCING ALTERNATIVES

Additional Funding Sources

- Other Funding Sources
  - Potential conduit sources
    - Fayetteville Public Works Commission (PWC)
    - Housing Authority
    - Redevelopment Commission
    - Other
- Potential funding sources that require additional research/confirmation
  - New Market Tax Credits – Economic development initiative designed to encourage investment in qualified areas
  - Community Development Block Grants
  - Enterprise Zones
  - Historic Tax Credits (not applicable)

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IX. FINANCING ALTERNATIVES

Additional Funding Sources

- Tax increment financing (synthetic TIF) – public infrastructure projects can be funded with incremental growth in property taxes

Synthetic TIF Illustration			
Incremental Property Value	$25,000,000	$50,000,000	$75,000,000
Property Tax Rate (per $100)	$0.4995	$0.4995	$0.4995
Property Tax Revenue	$124,875	$249,750	$374,625
Potential Bond Proceeds Per Increase (Gross)	$1,900,000	$4,000,000	$5,900,000
Potential Bond Proceeds Per Increase (Net) - (1)	$1,700,000	$3,600,000	$5,300,000

(1) Net of debt service reserve fund, cost of issuance, bond insurance, and capitalized interest fund.

- Does not include incremental revenue from Municipal Service District
- Does not include potential revenue from County portion of property tax

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IX. FINANCING ALTERNATIVES

Additional Funding Sources

- Private Sources
  - MiLB Franchise Investment
  - Corporate Support
    - Naming Rights Partner
    - Premium Seating
    - Advertising/Sponsorships
  - Donations/Contributions
    - Individuals
    - Corporations
    - Community Foundations
  - Personal Seat Licenses (Insufficient Demand)
  - Other

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X. GENERAL OBSERVATIONS

General Observations – Opportunities

- New stadium appears to be a viable project in terms of market and financial feasibility
- Quality of life benefits
  - Potential to add entertainment alternatives to market
  - Minor league baseball provides a relatively affordable form of entertainment
- Potential catalyst for redevelopment
  - Opportunity to add mixed-use destination oriented development
- Market shows a strong interest in baseball
- Minor league baseball indicated strong interest in a Fayetteville team
- Fayetteville appears to be a “good-fit” for the Carolina League
- Limited competition in the immediate market
- Economic impact associated with construction and ongoing operations

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X. GENERAL OBSERVATIONS

General Observations – Challenges

- Market income levels, and corresponding disposable income, are lower than comparable markets
- Market corporate base size is a concern
  - Premium seating
  - Advertising/sponsorship/naming rights
- Funding sources – additional research/confirmation required
- CAT 1 site location issues
  - Floodplain
  - Connectivity to downtown
  - Parking

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XI. NEXT STEPS

- City Council to make “Go” or “No Go” decision regarding stadium project
  - “No Go” – Consulting Team finalizes report
  - “Go” – Consulting Team to continue analysis
    - Conduct community charrette
    - Finalize draft report
      - Refine preliminary stadium program and construction cost estimates
      - Refine financing alternative options
- Develop strategy to generate consensus/support for project
- Evaluate viability of mixed-use development
- Develop private sector outreach plan

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XI. NEXT STEPS

- Evaluate deal structure with potential MiLB team
- Assemble negotiating team and begin negotiations with MiLB/Team
- Finalize definitive sources/uses of funds
- Approve financing for stadium project
- Assemble development team to design and construct stadium

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LIMITING CONDITIONS AND ASSUMPTIONS

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- Our work has been based in part on review and analysis of information provided by unrelated sources which are believed accurate, but cannot be assured to be accurate. No audit or other verification has been completed.
- Current and anticipated market conditions are influenced by a large number of external factors. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors which might influence the operating potential of the facility. Due to rapid changes in the external factors, the actual results may vary significantly from estimates presented in this report.
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