

# POWERplex



## *POWERplex Progress Report - June 2017*



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May 30, 2017

Mayor Bob Nation and Chesterfield City Council  
69 Chesterfield Parkway West  
Chesterfield, MO 63017

Dear Mayor Nation and City Council,

We are excited to share the key milestones and progress we've made with the POWERplex development and how we have met the 4 major deliverables outlined in Section IV of the Development Agreement.

Enclosed in this packet are numerous documents, commitment letters and contracts that address the four key areas of progress that the council requested to see by June 1<sup>st</sup>, 2017. Some of the requested deliverables, including requirements in the contract requiring the city to purchase their additional land tract, are directly connected and tied to St. Louis County's commitment to bring the vital utilities and infrastructure to the site (item is outlined in article 4.1, (b) (iii) for your review). This vital element of support by the county is a "trigger" for ALL the deliverables outlined. No bank, no investors, no partners or tenants involved in this project are going to move forward to binding agreements until we are assured that the ground is developable and there is a FIRM commitment and enforceable timeline on these vital utilities and road improvements to the site. The project cannot and will not move forward in Chesterfield or St. Louis County without this assurance. Additionally, we will not commit the hundreds of thousands of dollars in design and final engineering drawings for this site (which is what the levee district will require to generate a letter of approval for our footings and design plans) until we have the utility issues finalized.

As you will see in the attached documents, all the development criteria and commitments are in place, including \$23,765,000 in private lending support (\$18 million philanthropic equity loan from Simmons Bank and a \$5.76 million development loan from First State Bank), a private-backed, tax exempt bond issued by St. Louis County of an additional \$16 million, and the pending approval of a \$12 million funding plan to complete the infrastructure. As you will see, the county is requesting an extension from the city to complete their funding plan for the roads, sewers and water lines to the North side of I-64.

Here are the 4 main criteria outlined in the development agreement and our supporting documentation that addresses each milestone requirement:

- (i) Firm and binding written commitments for the financing and constructing of the Development Project (the "Financing Commitment"), which Financing Commitment shall consist of (y) binding, irrevocable philanthropic commitments to fund at least \$23,000,000.00 toward the costs of the Development Project, and (z) letters of intent from banks or other financial institutions to finance the remaining costs of the Development Project;

Letter of Financing Commitment (BASE) – Simmons Bank \$18,000,000

Letter of Financing Commitment (BSP) - First State Bank \$5,765,000

Private-Backed Bond Issuance (BASE) – St. Louis County \$16,000,000



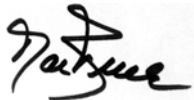
- (ii) Preliminary written confirmation from the Monarch Chesterfield Levee District (the “Levee District”) regarding the permissibility of raising the elevation of the ground where the Development Project is to be located and to confirm that necessary pierings and other structural elements to support the Sports Dome and other Projects will be permitted;  
[Construction Letter of Opinion – Impact Strategies](#)  
[Engineering Letter of Opinion - Stock & Associates](#)
- (iii) Preliminary written confirmation from St. Louis County regarding St. Louis County’s support of the Development Project and what binding financial or other support St. Louis County is willing to provide to the Development Project; and  
[Request for Extension from St. Louis County - \\$12 million infrastructure funding package](#)
- (iv) Written evidence that the Developer has closed on the purchase of Developer’s Property, which may be in the form of a recorded deed or a fully executed closing statement.  
[Letter of Purchase Commitment - Randy Lipton, Chesterfield Group LLC](#)

We trust that the enclosed documentation and proof of funding, financing, engineering and construction opinions will suffice to meet the objectives of the council that the project is ready to move forward. The significant outlying issue of the infrastructure to the site is completely out of our control. We have had numerous meetings and provided substantial details and information to St. Louis County officials over the past 5 months and remain confident that they will deliver this significant piece of funding. With \$39,765,000 in secured funding sources identified, we trust the city council will patiently wait a few more weeks to give the county time to complete their funding package.

County executive Steve Stenger and county councilman Mark Harder have been strong supporters of the project and continue to work with the St. Louis Economic Development Partnership to build a viable funding plan for the infrastructure to make sure this project stays in St. Louis County. We are excited to work with the Chesterfield city council and city administration in the months ahead to build the most diverse, multi-sports complex in the Midwest that will generate over \$60 million in economic stimulus. Additionally, the POWERplex will generate \$5.7 million per year in **new** taxable income to Missouri, St. Louis County, our school districts, and various municipal entities, including a direct taxable benefit to Chesterfield of over \$500,000 (in retail and utility taxes). See the complete Economic Impact Report and Taxation calculations included in this progress report.

Don’t hesitate to call or request follow-up meetings at any time during the duration of the pre-development, zoning and planning or construction periods.

Sincerely,



Dan Buck  
Managing Partner  
Big Sports Properties





**Simmons Bank**

LETTER OF FINANCING COMMITMENT

May 17, 2017

Dan Buck, Managing Partner Big Sports Properties, LLC  
Rick Sems, President BASE Foundation  
190 Corondelet Plaza – Suite 1200  
St. Louis, MO 63105

Dear Mr Buck and Mr. Sems,

Simmons Bank is excited to be a key funding partner in the proposed POWERplex in Chesterfield Valley. While we continue to wait for St. Louis County to make their commitment for the vital utilities, road and sewer infrastructure needed on the north side of Highway 64/40, we continue to push forward the approvals for the equity loan and capital line-of-credit to assist BASE Foundation in the completion of the sports and education facilities of the POWERplex.

This letter of commitment is to express our intent to fund up to **\$18 Million of Equity Commitments** to the POWERplex project subject to final Bank committee approval. This capital loan, on a 15-year term, will be backed 100% by a wide-range of philanthropic commitments and annual sponsorship pledges from A-rated companies and generous individuals in our community. Among those commitments that will be applied to this capital loan, include multi-million dollar gifts and binding pledges from Rex and Jeanne Sinquefield, the St. Louis Cardinals, Major League Baseball, Ryan Kelley, Arizon Structures, Heartland Coca-Cola, Big Sports Properties and many more St. Louis and Midwest based companies involved in this important endeavor.

All of our financing support will require more due diligence and guarantees from the city of Chesterfield and St. Louis County that the land is under control and the required infrastructure is indeed being brought to the site. We need government assurances that these utilities will be provided to the proposed site in a timely manner. We will not be able to issue loan documents until the city of Chesterfield closes on the additional 20 acres involved in the project.

We look forward to working closely with the Board of Directors of the BASE Foundation and Big Sports Properties in the years ahead. Please don't hesitate to reach out at any time and we will continue to await word on the county and city support, which will greatly impact our level of potential tax-exempt bond support.

Sincerely,

Steven J. Landry, Senior Vice President  
Commercial Lending  
Simmons Bank

# First State Bank

Member FDIC

May 26, 2017

Big Sports Properties, LLC  
Base Foundation  
190 Carondelet Plaza, Suite 1200  
Clayton, MO 63105  
Attn: Dan Buck

Re: Conditional Loan Commitment for the acquisition and development of  
approximately 29 acres of land in Chesterfield, MO

Dear Mr. Buck,

First State Bank is pleased to notify you that the Loan Approval Committee of First State Bank of St. Charles (the "Lender") has recommended your loan request for approval. The Loan Approval Committee recommended a loan of up to \$5,765,000.00 to Big Sports Properties, LLC for the acquisition and development of approximately 29 acres of land in Chesterfield, Missouri, which is adjacent to the property to be leased to BASE Foundation. This Conditional Loan Commitment is conditioned on the final approval of our Board of Directors and the terms and conditions set forth.

This letter also represents our intent to provide the financing based on the anticipated commitment from the County of St. Louis on the needed utilities, road, and sewer infrastructure on the north side of Hwy 40/64, which would service this development. Those assurances will be a key component of the success of the project.

Our financing support will require more due diligence and is also predicated on the City of Chesterfield closing on the adjacent land acquisition which is pending and to be included in the lease to BASE Foundation, the execution of the lease, and the zoning of the subject property.

We are excited to be a part of the sports and education facilities of the POWERplex, and anticipate working closely with BASE Foundation and Big Sports Properties for many years to come.

Let me know if I can further assist you as we are eagerly await the City of Chesterfield, and St. Louis County's critical support pieces for this incredible development.

Very Truly Yours,



Thomas E. Lloyd  
Assistant Vice President/ Commercial Lending  
First State Bank of St. Charles

Main (636) 940-5555  
[www.fsbfinancial.com](http://www.fsbfinancial.com)

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**ST. LOUIS** ECONOMIC  
DEVELOPMENT  
PARTNERSHIP  
serving st. louis city and county

May 31, 2017

Dan Buck  
President, Buck Innovation Group  
Managing Partner, Big Sports Properties, LLC  
190 Carondelet Plaza, Suite 1200  
St. Louis, MO 63105

Dear Mr. Buck,

Thank you for your efforts on the POWERplex project proposed for the Chesterfield Valley. After review of your funding requests, I am pleased to offer our support for the Industrial Development Authority, (IDA), issuance of bonds in the amount of Sixteen Million Dollars, (\$16,000,000.00). However, we will need at least thirty more days to review the issuance and for the board to vote on preliminary approval.

St. Louis County is also pleased to consider other funding requests, as is the St. Louis Economic Development Partnership. But given the time frame, both of these entities also will require more time to assess the proposal and availability of funding. Should the City of Chesterfield be willing to extend your contract on the land, we will use the additional time to work toward successful funding sources, but cannot commit them at this point.

Again, thank you for all of your efforts and we hope to continue to work with you on this excellent project.

Kind regards,



Sheila Sweeney  
CEO

May 30, 2017

Dan Buck, Managing Partner  
Big Sports Properties, LLC  
190 Carondelet Plaza, Suite 1200  
Clayton, MO 63105

Dear Dan,

We are excited to have been chosen to lead your construction management team for the POWERplex sports campus in Chesterfield Valley. In our preliminary planning and engineering schematic meetings, we have concluded to what we believe to be a successful solution and alternate design for the deep footings required by the main dome and seasonal dome slated for the campus near the Monarch levee.

We have foundation options that the engineering firms (EDSI and Stock and Associates) believe will be successful upon their consultation with the Monarch Levee District to develop a workable strategy for the large footings for the massive sports structures (90" deep by 36" wide). Both firms have experience working with the levee district and feel this project poses no threat to the integrity of the Monarch Levee system. In fact, both firms feel the site work to be done will strengthen and improve the levee in this area by getting the vast amount of standing water away from the levee when the grade near the levee is raised in elevation.

The plan consists of raising the grade elevation at the dome locations by 42 to 48 inches from current grade. This will keep the penetration of the footing elevation at a higher level. It is the opinion of the engineering consultants that with only a 45" to 48" inch vertical footing depth, we will not create any risk of hydrostatic water leaks. The proposed footing depth is less than the existing light poles on Quad F of the existing sports complex (that are approximately 58" deep concrete footings). Additionally, it is our understanding that the new Top Golf site has concrete peers for their massive netting system that go 120" deep, and both the corps of engineers and Monarch Levee District gave their approvals. These poles are also much closer to the actual levee than our planned domes.

The Levee District should also be pleased to know that we will raise the site elevation significantly with between 150,000 to 300,000 cubic yards of dirt and will be creating surface parking on the seepage berm, which adds more stability and weight to levee system in this area. We are told that additional dirt and payment helps to keep hydrostatic pressure minimized along the levee.

It is our understanding that there is an elevation penetration zone that is measured from the centerline of the levee out into the site 1,000 feet. The design teams fully understand that they will keep the Monarch Levee District officials informed on all planned penetrations that fall inside this zone. The Levee District is not able to give us a letter of approval until they see actual construction drawings and the final engineering details. It is our opinion, as your construction management advisor, that until it is confirmed that St. Louis County is committed to bringing the necessary utilities and road improvements to the site, the investment in site engineering design work may not be a prudent use of project funds. Additionally, it is our understanding that you may not purchase the ground until this infrastructure requirement is met.

We are excited and enthused to continue to work with you to build this world-class multi-sport complex, whether in Chesterfield or in the other communities that have been identified. This project will be a great asset to our entire region.

Sincerely,



Nicholas P. Walker, AIA  
Director, Development and Construction Services



**STOCK & ASSOCIATES**  
**Consulting Engineers, Inc.**

May 31, 2017

**Via E-Mail: ([dbuck@buckinnovationgroup.com](mailto:dbuck@buckinnovationgroup.com))**

Big Sports Properties, LLC  
190 Carondelet Plaza, Suite 1200  
Clayton, MO 63105

Attention: Mr. Dan Buck, Managing Partner

Re: Proposed PowerPlex Development at 178878 N. Outer 40 Road, City of Chesterfield, MO  
(Stock Project No. 215-5729)

Dear Dan:

We appreciate the opportunity to be your selected civil engineering and land surveying firm for the PowerPlex Development in Chesterfield, MO. We understand the many challenges and requirements for developing and building Mixed-Use Campuses in the Chesterfield Valley, and look forward to working with your Architectural Design and Construction Team on the Planning/Zoning and Permitting process of this large sports complex.

One of the major challenges we will face in your project will be meeting the U.S. Army Corp of Engineers and Monarch-Chesterfield Levee District (MCLD) drainage and construction requirements. It is our understanding that the large domes on your campus require large footings to resist the uplift forces of the structures (we are told the footings are 90" deep by 36" wide). We have extensive experience working with the Levee District and The U.S. Army Corp of Engineers on projects adjacent to the levee. Typically, Midwest Testing, Inc. provides the Geotechnical and Underseepage Analysis, in conjunction with our Civil Design. My understanding is that Midwest Testing, Inc. is part of this Design Team.

Recently we designed, along with Midwest Testing, the TopGolf Project. The TopGolf Project requires 20' penetrations for support of the netting poles. In addition, the outfield targets are concrete structures, which penetrate the ground surface. This is akin to the dome foundations for the PowerPlex Project, although the dome footings will be shallower than the poles. I'm told that the plan is to bring in an estimated 300,000 plus cubic yards of clean fill onto the backside of the PowerPlex Property (within 200 feet of levee center) and raise the ground 42 to 48 inches to reduce the depth of the dome footing penetrations. As the Civil Engineering Firm who recently obtained the U.S. Army Corp of Engineers and Levee District's approval of

**257 Chesterfield Business Parkway, St. Louis, MO 63005**  
**636.530.9100 – Main | 636.530.9130 – Fax**  
**[www.stockassoc.com](http://www.stockassoc.com) | [general@stockassoc.com](mailto:general@stockassoc.com)**

May 31, 2017  
BIG SPORTS PROPERTIES, LLC  
Page 2 of 2

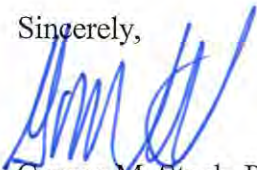
20' deep poles for TopGolf's tall netting poles, we are confident that approval of your building footings for the two domes is feasible. This is conditioned that the combination of import fill and proper backfill techniques of the footings are in accordance with the underseepage and geotechnical analysis recommendations that will be set forth by Midwest Testing, Inc. and reviewed and approved by the U.S. Army Corp of Engineers and The Monarch-Chesterfield Levee District.

The Levee District likes to see additional fill added atop and adjacent to their seepage berm easement, as this decreases the likelihood of sand boils created by hydrostatic pressure when flood waters are above the levee base on the river side. Your preliminary plan to add fill, roads, and parking areas on the seepage berm are common and should be approved by the Levee District, similar to what we experienced in the planning, designing, and permitting of the Taubman Prestige Outlet Mall, TopGolf, Junior Achievement, Jim Lynch Hummer, Scott Properties, Beyond Self Storage, and Blue Valley Development.

The Levee District will not give any recommendation or approvals without seeing final engineering and full design drawings. We understand that this critical pre-development work will not be completed until the project has some assurance from St. Louis County that the vital infrastructure needs will be completed in a timely manner. We have done a lot of this pre-development planning to bring the sewers and waterlines under Highway 40, and are very confident that we can get this completed in a timely manner once the County commits to the funding of this vital infrastructure to the north side of I-64.

Thank you for selecting us to be a part of your team, and we look forward to helping you build this world-class sports complex in Chesterfield Valley.

Sincerely,



George M. Stock, P.E.,  
President

# ST. LOUIS ECONOMIC DEVELOPMENT PARTNERSHIP

serving st. louis city and county

May 31, 2017

Mayor Bob Nation and Chesterfield City Council  
Chesterfield City Hall  
690 Chesterfield Pkwy W  
Chesterfield, MO 63017-0670

Dear Mayor and Chesterfield City Council Members,

I am writing to ask for your agreement to extend the time that you have currently agreed to regarding the contract between the City of Chesterfield and Big Sports Properties, LLC.

The St. Louis Economic Development Partnership and the Industrial Development Authority (IDA), have been in discussion with Big Sports and we are pleased to offer our support for Sixteen Million Dollars, (\$16,000,000) in an IDA issuance of bonds. While we are completely supportive of the issuance, we need more time to take the project to our board for its approval. Additionally, we need to extend the time to assist the developers with other funding streams.

Thank you for your consideration. We hope that you are able to accommodate an extension and this important project is able to move forward in Chesterfield Valley.

Please do not hesitate to contact me with any questions.

Kind regards,



Sheila Sweeney  
CEO

## THE CHESTERFIELD GROUP, LLC

May 30, 2017

Chesterfield City Council Members and Mayor Bob Nations  
City Hall  
69 Chesterfield Parkway West  
Chesterfield, MO 63017

Re: 17733 N. Outer 40 Road, Chesterfield, MO

Mayor Nation and Chesterfield City Council,

This letter is to confirm the purchase commitment and sales contract between the current ownership group, The Chesterfield Group, LLC, and the purchasing group Big Sports Properties LLC. The purchase agreement is active and all extensions have been implemented to date for the 29+ acres being purchased along the N. Highway 40 Outer Road. Big Sports Properties has remained in active communications with our group during this pre-development period and we remain hopeful that we will close on this property by June 30<sup>th</sup>, 2017. They have shared a letter of financing commitment from First State Bank for the purchase of our ground which in addition to the contract extensions they have exercised, provides us comfort that they are committed to the project.

There is one remaining issue preventing us from getting to closing and a final deed transfer. The developer needs government assurance from St. Louis County that the required infrastructure (storm and sanitary sewers as well as a new water line) will be brought to the site. This significant infrastructure need is the final piece to complete the land purchase and it is our understanding that final approval for this funding should be received before the end of this week.

We have granted the buyer several extensions so that they could successfully bring all of the moving parts together because we know that it could be many years before another development comes along of this size and impact. We've seen many proposals and business models for the north side of highway 64/40 over the years and this is by far the most viable and innovative project we've seen to date and also the one we believe will be most beneficial to the City of Chesterfield. We trust the city will give this group the necessary time to complete their due diligence and gain the required funding support from St. Louis County to make this project a reality.

Sincerely,

By: The Lipton Group, Inc., its Manager



Randy Lipton  
President

## AMENDMENT TO SPECIAL SALES CONTRACT

This Amendment to the Special Sales Contract is made as of March 28, 2017 (“Amendment”), by and between **The Chesterfield Group, LLC**, a Missouri limited liability company (“Seller”), and **Big Sports Properties, LLC**, a Missouri limited liability company (“Buyer”).

### RECITALS:

A. Buyer and Seller are parties to that certain Special Sales Contract dated September 20, 2016, (the “Contract”) for the purchase of certain real property in Chesterfield, Missouri.

B. Buyer and Seller desire to confirm their Contract (other capitalized terms not otherwise defined in this Amendment are defined in the Contract) and to modify the Contract in accordance with the provisions of this Amendment.

NOW, THEREFORE, in consideration of mutual covenants and other good and valuable consideration, the legal sufficiency and receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Section 5 of the Contract is hereby deleted in its entirety and replaced with the following new Section 5.

**“5. CLOSING AND POSSESSION.** The “Closing” is the exchange of the Seller’s deed for the total purchase/sale price. The Closing of this sale shall take place thirty (30) days after the earlier of (i) the waiver by Buyer of Buyer’s Conditions as defined in Exhibit A attached to the Contract, or (ii) 210 days after the date of the Contract. Buyer will close at St. Louis Title Co., the title company which provides title insurance. Regardless of who closes for Buyer, Seller may close at the title company of Seller’s choice. **Note: If the Seller does not close at the same title company as the Buyer, or the Seller’s choice of title company does not have a common underwriter with the Buyer’s title company, then the Seller will be required to sign a Notice of Closing or Settlement Risk acknowledging that their settlement funds are not protected by the title insurance underwriter.** Title will pass when the sale is closed. Seller to deliver possession of the property and keys to Buyer no later than 5pm of Closing but in no event prior to Closing as defined above. All parties agree to sign Closing documents at a time that facilitates this possession. **Note: If possession is to be delivered on a day other than Closing, as defined above, parties should complete the appropriate rider.** Deed as directed by Buyer. Except for tenants lawfully in possession, Seller warrants that the property will be vacant and free of personal property (except as otherwise provided herein) and debris, at time of possession. Buyer and Seller authorize title company and/or Closing agent to release to broker(s) signed copies of the Closing statements.”

2. Section 5 of Exhibit A is hereby deleted in its entirety and replaced with the following new Section 5.

**“5.** This contract shall be contingent upon Buyer’s satisfaction that all of the following conditions have been satisfied within one hundred twenty (120) days after the date of this contract (“Buyer’s Conditions”):

(i) That Buyer has obtained a lease satisfactory to Buyer with the City of Chesterfield for the property currently owned by The Successful Investors, LLC and located west of the

property that is the subject of this contract;

(ii) That the City of Chesterfield will permit Buyer's desired use of the property; and

(iii) That Buyer's anticipated development costs are determined by Buyer to be in amounts satisfactory to Buyer.

If by the end of such 120-day period Buyer has not either (a) terminated this contract by written notice delivered to Seller prior to the expiration of such 120-day period, or (b) delivered written notice to Seller electing to extend such 120-day period for an additional ninety (90) days and caused the escrow agent to deliver the entire \$25,000.00 earnest money to Seller (which earnest money shall then be non-refundable), each prior to the expiration of such 120-day period, then Buyer shall be deemed to have waived the foregoing contingencies, and the parties shall proceed to closing. If Buyer terminates this contract by written notice delivered to Seller prior to the expiration of the foregoing 120-day period, then this contract shall terminate, escrow agent shall return the earnest money to Buyer in accordance with the terms of this contract, and Seller and Buyer shall have no further rights or obligations under this contract, except those which have accrued prior to such termination. If Buyer has delivered written notice to Seller electing to extend such 120-day period for an additional ninety (90) days and has caused the escrow agent to deliver the entire \$25,000.00 earnest money to Seller, each prior to the expiration of such 120-day period, then Buyer's contingency period will be extended for an additional ninety (90) days and Seller shall in all events be entitled to retain the earnest money. If at the end of such additional 90-day period Buyer needs additional time to satisfy Buyer's Conditions, Buyer shall have three (3) additional options to extend, each for an additional 30-day period, the contingency period set forth in this section. If by the end of the foregoing 90-day period or the applicable 30-day option period, as applicable, Buyer has not either (a) terminated this contract by written notice delivered to Seller prior to the expiration of such period, or (b) delivered written notice to Seller (plus the applicable \$5,000.00 extension payment described below) electing to extend Buyer's contingency period for the next 30-day option period, if any such 30-day option period is remaining, then Buyer shall be deemed to have waived the foregoing contingencies, and the parties shall proceed to closing. If Buyer terminates this contract by written notice delivered to Seller prior to the expiration of the foregoing 90-day period or applicable 30-day option period, as applicable, then this contract shall terminate, and Seller and Buyer shall have no further rights or obligations under this contract, except those which have accrued prior to such termination. If Buyer timely and properly exercises a 30-day option period, then Buyer's contingency period will be extended for an additional thirty (30) days. If by the end of such additional 90-day period or the last 30-day option period exercised by Buyer, Buyer has not terminated this contract by written notice delivered to Seller prior to the expiration of such period, then Buyer shall be deemed to have waived the foregoing contingencies, and the parties shall proceed to closing. In such event, if Buyer defaults by failing to close on the property, then the payment of the earnest money to Seller shall **not** constitute liquidated damages, and Seller shall be entitled to all damages suffered by Seller due to Buyer's default in failing to close. Buyer may only exercise a 30-day option period by delivery to Seller of (a) written notice to Seller electing to exercise such 30-day extension option, together with (b) the sum of five thousand dollars (\$5,000.00), each prior to the expiration of the foregoing 90-day period or the immediately preceding 30-day period, as applicable. Each such five thousand dollar (\$5,000.00) amount shall be non-refundable and shall not be applied to the Purchase Price at Closing.

3. In connection with Section 1 of Exhibit A of the contract, Buyer agrees that Seller may enter into a new Farming Lease for the 2017 growing season, and Seller and Buyer agree that the proceeds from such 2017 Farming Lease shall be payable to whoever owns the Property when the rent, if any, is paid in early 2018.

IN WITNESS WHEREOF, we have hereunto set our hands to this Amendment on the dates set forth below.


Seller:

Buyer:

**The Chesterfield Group, LLC, a Missouri  
Limited Liability Company**

**Big Sports Properties, LLC, a Missouri Limited  
Liability Company**

By: The Lipton Group, Inc., its Manager

  
\_\_\_\_\_  
By: Randall H. Lipton, President

  
\_\_\_\_\_  
By: Dan Buck, Manager

Date: 3.28.17



# POWERplex

## ECONOMIC IMPACT REPORT

*A dynamic partnership between public, private & non-profit organizations*

*Updated May 2017 – Presented by Big Sports Properties LLC*





## PROJECT OVERVIEW

The POWERplex will be a two-phased, 74+ acre sports community development in Chesterfield, MO that will be unrivaled in the Midwest. This multi-sport, multi-use development brings over \$55 million dollars of capital development to the community of Chesterfield on a tract of land that has been undeveloped for over 60 years. The unique, family focused campus will feature both for-profit developments (hotels, restaurants and retail), along with a significant non-profit sports complex complete with 6 new, turfed ball fields, two domes, 12 hardcourts and a state-of-the-art education and health literacy center.

The Chesterfield City Parks Department also has invested over \$15 million in capital improvements on the adjacent 300+ acre sports complex. This existing campus that features 16 ballfields, 8 soccer fields and 10 football fields costs the taxpayers over \$2.2 million per year to operate, and it generates less than \$400,000 annually in ballpark leases, concessions and event fees, leaving the city with a significant shortfall that is funded by the city's 1% parks and recreation sales tax.

The POWERplex, on the other hand, does not put any operational expenses on the city budget. Taxpayers not only won't have to fund any capital, they also will not have one dollar in operational expenses at the new sports complex. All local and area sports clubs will be able to gain full access to the POWERplex, and will pay appropriate user fees, practice fees, tournament and league entry fees to help off-set the annual operating budget and debt on the facility. These "user fees" and annual tournament fees and revenues from the anticipated 1.25 million annual visitors will help the development pay the city for a 50-year land lease, as part of the overall project financial plan.

### ***There are four important elements and distinct advantages for the City of Chesterfield in this long-term lease agreement:***

- 1.** By providing favorable lease terms for their 50 acres (\$76,000 years 1-5, \$128,000 years 6-15, and \$310,000 years 16 through 50) the city is able to get a world-class, weather resistant sports complex with no capital or operating risk. The early favorable terms gives the non-profit time to pay down their \$30 million in equity and bond debt.
- 2.** The city gains a massive economic engine for their retailers, restaurants and local hotels as this facility that will draw multi-sports tournaments 50 weekends per year, bringing more than 1.25 million visitors to their community each and every year.
- 3.** A perfect complimentary use of adjacent land to their existing sports complex. The POWERplex brings YEAR-ROUND play to a park that is normally dormant five months of the year. Not to mention, the project brings vital infrastructure to the north side of Interstate 64/40 for extensive future commercial development.
- 4.** The land being developed has been vacant and an eyesore in the heart of the regions largest commercial district. This dormant land will now be a magnet for thousands of new visitors who will shop, stay and play in the community.

## A SPORTS DESTINATION CAMPUS

To make this business model work, the facility will be heavily dependent on out-of-town visitors each and every weekend. However, because of the flexibility of the complex, the vast array of competitive sports and the various peak seasons of each sport, the management team of the POWERplex is very confident in their marketing and sales ability to create a “sold out” environment that will draw teams from a 9-state region on a consistent basis. Based on extensive surveys with clubs and colleges from Missouri, Illinois, Iowa, Nebraska, Kansas, Arkansas, Indiana, Kentucky and Tennessee, we anticipate sellouts at all tournaments ranging in age from 8U to 18U.

The campus will offer the only permanent hardcourt facility in the Midwest with 12 volleyball and 8 basketball courts all within the same space. This first-class facility, featuring the best floors, nets, goals and standards in the industry, can host up to 96 volleyball teams or 64 basketball teams on any given weekend. Additionally, for larger regional and national tournaments, temporary rental courts can be put on the adjacent turfed fields and accommodate an additional 20 volleyball courts (32 total) and can host 256 teams from across the Midwest.



What makes the POWERplex most unique, is the baseball and softball facilities, including the only complex in the country featuring 4 indoor NCAA-sized softball fields and little league fields up to age 14 (250 ft. fences). This allows for the site to host up to 48 teams in a given winter weekend, making the POWERplex a “must visit” complex for club teams, school teams, and dozens of college softball teams from all over the upper Midwest. The ability to host weekday college tournaments and weekend youth invitationals, provides for a unique year- round draw to Chesterfield Valley.

During any given winter weekend, the POWERplex plans to have a minimum of 40 baseball or softball teams on site and an average of 72 volleyball or basketball teams all playing at the same time. That’s 112 teams each weekend, with 65% traveling from more than 50 miles away (tournaments will have a 35% local team limit as the out of town wait list will be extremely high on weekends). Assuming each team brings a minimum of 25 people (players, coaches, parents, siblings and grandparents), that’s an annual daily visitor count of 2,800, or 8,400 visitors in a 3-day weekend. Assuming each team will take 10 hotel rooms and stay two nights (the national average), and 65% of the teams will require hotels, that equates to 728 rooms per night, or 1,456 hotel rooms per weekend.

**What makes the POWERplex most unique, is the baseball and softball facilities, including the only complex in the country featuring 4 INDOOR NCAA-sized softball fields and little league fields up to age 14 (250 ft. fences)**

While those winter weekend numbers might sound impressive, that is during our non-peak season, when only 4 fields are available. During warm weather months the site can offer 10 to 22 baseball/softball fields on a single property (while still hosting hardcourt tournaments inside), the number of teams on the campus can range from 160 to 280 teams in a single weekend (Baseball + Volleyball). Some tournaments can last for up to 5 days during the summer months. It is not hard to see how an estimated 60,000 hotel rooms can be booked directly through the POWERplex “Stay & Play” registration website. In a spring tourney with only 120 teams on 14 fields for a 2-night stay event, it is estimated that 2,400 nights would be filled that weekend. In addition, a 60-team volleyball tournament could be held simultaneously, which would generate another 1,200 rooms that weekend or 3,600 room nights in a two-day period. This demonstrates the great significance of the visitor economic impact numbers.



The campus will be a true destination, with interactive games, educational workshops, coaches seminars, character development programs, sportscasting simulator (a broadcasting booth where “*You make the call*”), PGA golf simulators, a ninja-style ropes course, water features/splash park, cool restaurants, sand volleyball and pickleball courts, a sporting goods store and “pro shop row” (a series of small shops featuring all the major retailers – Rawlings, Dimarini, Adidas, Nike, Wilson, Louisville Slugger, etc.) **The goal is to create a dynamic space and place that families will want to come back to because they have access to everything they need and more fun than they can handle!**

## KEY PARTNERSHIPS TO MAKE IT WORK

This development is a shining example of how public and municipal entities can maximize their available, under-development land with non-profit organizations and for-profit companies wishing to develop that ground.

In the POWERplex Chesterfield model it has taken several entities working together to make this great regional complex a reality. Beyond the land lease from the city (favorable terms during the debt reduction period), the land development company Big Sports Properties LLC also had a significant challenge in terms of vital infrastructure to the site. The north side of I-64/40 has been a desert and undeveloped track of land for one very significant reason, no sanitary sewer lines or adequate waterlines for any commercial developments. There are significant storm sewer deficiencies, which is vitally important in a levee-protected zone. Chesterfield Valley has a sophisticated pumping system that gets water out of the flood plain quickly to avoid back up. However, the nearest pump station to the site is over a mile away, meaning long storm sewer drains were required.

Additionally, 1.25 million new visitors each year to the site also require upgrades to the county outer road, which needs turn lanes, shoulders and better drainage systems as well in order to accommodate this massive new sports destination.

Thanks to generous support from St. Louis County, cooperation with MSD and the Monarch Levee District, a viable system and infrastructure plan is in the works and will also likely need funding from the local TDD in Chesterfield Valley, which is created exactly for this purpose— *to bring vital utilities and transportation infrastructure to help promote and advance the growth of commerce and economic growth.*

In the early stages of the project, naysayers and skeptics questioned why the city, county, levee district, St. Louis County and the Transportation Development District would give lower leases and provide infrastructure support to this project. The simple answer is because of the immediate payback in the form of huge amounts of new taxes being generated.

A key to this financial plan is community and corporate support. The POWERplex needs over \$15 million in philanthropic commitments in naming rights of domes, stadium, fields, theatres to make this project fiscally viable and sustainable. To date there are nearly \$10 million in firm commitments.

## THE ECONOMY OF YOUTH SPORTS

According to a 2013 study by the Sports and Fitness Industry Association, there are 53 million children involved in travel sports (participating on teams that travel more than 2 times per year for competition). The youth sports world (equipment, uniforms, league fees, coaching/instructors, etc.) is a \$5 Billion dollar industry in America and that doesn't include the \$7 billion youth sports travel spending annually. Families actually spend *more* on travel (hotel, lodging, fuel) than they do on the actual sports activities.

In the past 6 years alone, many Midwest cities have invested millions in new sports complexes.

- The Louisville Slugger Complex in Peoria, IL is a \$31 million complex.

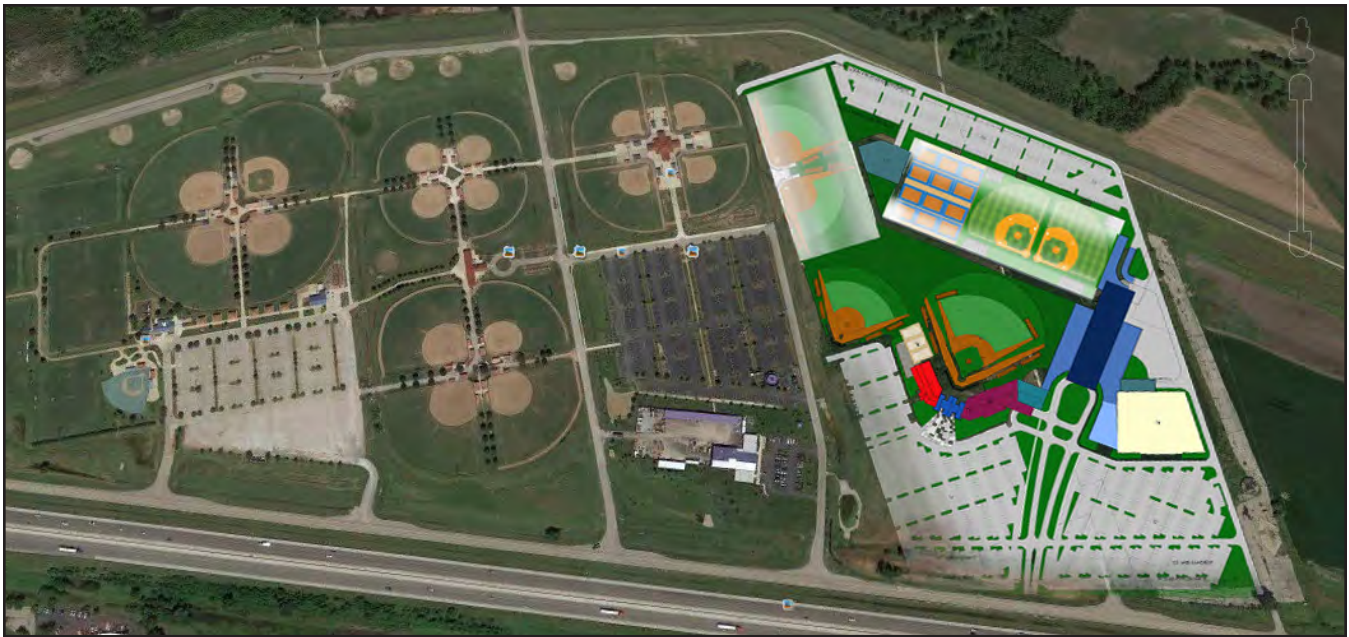


- The new mega-sports plex, Grand Park, in Carmel, IN (north of Indianapolis) is a \$110 million publicly funded bond initiative.



- The city of South Haven, Mississippi (just south of Memphis, TN) spent \$40 million to build a 13 field, world-class complex, Snowden Grove Park that generates over \$50 million per year to that community.





The fact is, dozens of other communities and cities from Chattanooga to Kansas City are investing high dollars in youth sports because they want a share of that \$12 billion sports tourism pie. They want those youth tournaments from ages 8 to 18 to come to their community and fill their hotels, stores and restaurants. Why? Because it creates *new* tax revenue that is not being paid by their local taxpayers. It's *new* dollars coming into their market to stimulate business, improve retail, stabilize their restaurants and enhance their community. This is an industry that, unfortunately, the St. Louis region isn't capitalizing on. This region hasn't hosted a major National baseball or softball tournament from a leading association for over 15 years. Each USA, NSA, USSSA National championship will last 5 days, draw 200+ teams from 40 states and generate over \$5 million in economic impact from the 12,000 visitors.

While existing fields at the Chesterfield Athletic Association (CAA) complex will draw over 1.3 million visitors each year to their 300-acre campus, most of that athletic competition is local, meaning *local* teams playing in *local* leagues and *local* tournaments. Most tournaments played at CAA, with the exception of a few college exposure softball tournaments, are 80 to 90% teams from within a 50 mile radius. This still creates great weekend "day traffic" to local businesses and restaurants, but the real dollars come when you can attract out-of-town teams who stay, play, eat, shop, visit and sleep in hotels for 3 or 4 days.

Very few facilities can promote a "games guaranteed" site, especially in the Midwest where the weather is often unpredictable, stormy and wet during prime playing times.

At the POWERplex, because of its unique weather resistant, artificial turfed environment and indoor options, the demand will be constant. Very few facilities can promote a "games guaranteed" site, especially in the Midwest where the weather is often unpredictable, stormy and wet during prime playing times. Not to mention great family activities, attractions, major sports teams, amusement parks and a wide-range of restaurant and hotel options that many smaller cities can't offer. If you had a chance to go to Peoria, South Haven, Chattanooga or St. Louis, which would your family choose?

The bottom line is **the bottom line!** The POWERplex will be a remarkable facility for sports, recreation, retail, restaurants and hotels. But what is perhaps most appealing to civic leaders, community economic development officials and most lawmakers in the region, is the remarkable economic impact and tax generating revenue the complex will deliver for decades to come.

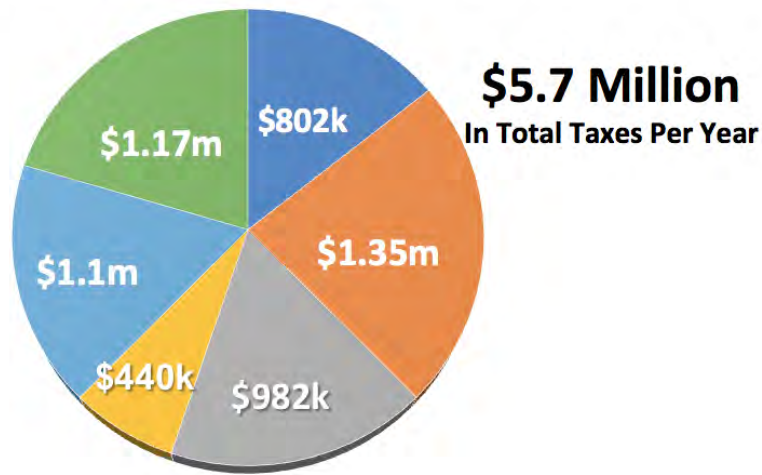
A study completed in 2016 by the St. Louis Sports Commission (SLSC), reported that the economic opportunities of a major youth sports complex like the POWERplex were ever growing. SLSC estimated that the annual economic return to the region would be between \$60 million and \$75 million each year. Unlike a professional team or stadium, the vast majority of this new revenue is being pumped directly into the community and existing businesses, not into the coffers of a professional sports team that can pack up and leave the city taking their billions in profits with them. Thankfully, the Cardinals and Blues are local owners who are deeply committed to our St. Louis region. They also reinvest in their communities, including a \$500,000 commitment by the Cardinals to help build the POWERplex.

Several misconceptions on the POWERplex project were being spread by bloggers and citizens who had drawn false conclusions based on vague media reports. One false claim is that the project would generate no property taxes because the complex was on city ground. What they failed to read or understand, is that the city contract calls for a mandatory “land replatting” after the master site plan is complete, when all the for-profits entities (hotels, restaurants, retailers) will be placed on for-profit acreage – not on the city land. Only the non-profit (BASE Foundation) and their fields, domes, courts, recreation and educational spaces will not be subject to property tax (just as the city and their non-profit tenants do not pay property taxes on the adjacent property). This means that every for-profit company located on the property will pay the normal Chesterfield Valley retail sales taxes, hotel taxes, tourism taxes, levee taxes, utility taxes and property taxes to the 13 entities who receive those annual tax revenues.

As an addendum to this economic impact report, a complete tax report has been compiled of the anticipated taxes generated by the POWERplex. These estimates are based on a modest level of retail sales (\$32m) and hotel revenues (\$6.6m) as well as conservative commercial property value assessments (\$30m). All together, the taxable income paid and or generated directly by the POWERplex and its visitors will exceed \$5.6 million per year. Over the course of the first 10 years of operations, the POWERplex will create a tax boom for the State of Missouri, St. Louis County, Chesterfield, Rockwood School District, the Monarch Fire District and 11 other taxing entities in excess of \$56 Million! If St. Louis County invests \$10 million in the initial road and sewer infrastructure, their payback from new taxes directly to the county will be 5.8 years (with the county’s share of property tax, hotel tax and sales tax revenue alone).

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## Total Annual Taxation Generated



- Property Taxes
- State of Missouri - Sales Tax
- St. Louis Co. - Sales Tax
- Chesterfield City - Sales Tax
- Hotel Tax - County/Tourism
- Other Taxes (Fuel, Utility, etc.)

That tax figure estimate of \$5.6 million per year does not take into account the significant amount of federal and state income tax generated by more than 300 employees working on the campus in stores, restaurants, hotels and inside the sports complex. Additionally, corporate and retail net earnings taxes will also apply to all the for-profit companies and service providers on the campus.

These tax revenue estimates are definitely conservative and only based on proven revenue models at other sports facilities in the US. If the POWERplex site secures one major big box sporting goods retailer, these retail sales figures would greatly increase. Also, if a large indoor water park lodge comes in with a 14-acre purchase and a 300-room hotel, revenues and real estate values will soar. What this tax report also does not factor is the additional acres that are NOT part of the POWERplex project, but are adjacent acres and prime for future development and NEW businesses and additional tax generating companies.

This facility is pioneering a new business plan that takes the burden of youth sports facilities off taxpayers and the local park districts, and transfers those capital and operating expenses onto the users of the complex and the companies and service providers who benefit the most from the business of youth sports...



## SUMMARY STATEMENT

Clearly, the POWERplex is a unique, one-of-a-kind business model. This facility is pioneering a new business plan that takes the burden of youth sports facilities off taxpayers and the local park districts, and transfers those capital and operating expenses onto the users of the complex and the companies and service providers who benefit the most from the business of youth sports (tournament operators, concessionaires, hotels, restaurants, sporting goods retailers, etc.). The unique revenue-share model with self-imposed property support fees (1 to 2% of gross) that all restaurants, hotels and tenants on the property pay is what sustains and retires the significant tax-exempt privately backed bond that helps to build it. NO public funds, no CID, no TIF funding is involved on this project site. St. Louis County is wisely investing in vital infrastructure to make sure this facility is located in their taxing district and helping to make the entire north side of I-64/40 explode with economic development.

This is a true COMMUNITY project, not government controlled or parks department run. It is fans, families and companies who love youth sports and donors who know the tremendous value sports can bring to young lives, all coming together and doing something remarkable. This project can and will galvanize the St. Louis sports community. It will be a remarkable place for lacrosse, volleyball, basketball, pickleball, and many other growing sports. But most importantly, it will be known as one of the most remarkable softball and baseball complexes in America, built and sustained by the Best Baseball Fans in America! The entire St. Louis region will be proud to play and visit the POWERplex on a regular basis. This remarkable facility and sports destination campus will be a true celebration of how businesses, government and non-profit organizations can collaborate and do something special for hundreds of thousands of young athletes and their families each and every year without having to increase taxes or use public subsidy to build and sustain such a world-class facility.

Let's Play Ball!





## Chesterfield Property Tax Rates - December 2016

Source: St. Louis County Dec -2017 Rate Book

<u>\$30,000,000 Est. value of POWERplex Developments</u>	<u>x .32 /100 x Rate</u>	<u>\$30,000,000</u>
<u>Property Taxing Entity</u>	<u>Commercial Rate</u>	<u>Annual Est. Property Tax</u>
State of Missouri	\$0.0300	\$2,880
St. Louis County	\$0.5130	\$49,248
City of Chesterfield	\$0.0000	\$0
County Library District	\$0.2630	\$25,248
St. Louis Community College	\$0.2185	\$20,976
Parkway School District	\$4.6796	
Rockwood School District	\$4.6678	\$448,109
Special School District	\$1.2409	\$119,126
Sheltered Workshop	\$0.0900	\$8,640
Metropolitan Zoo & Museum District	\$0.2795	\$26,832
Monarch Fire District	\$0.9420	\$90,432
Metro West Fire District	\$1.0720	
Metropolitan Sewer District (MSD) Extension	\$0.1196	\$11,482
<b>TOTAL ANNUAL PROPERTY TAX</b>		<b>\$802,973</b>

<u>Chesterfield Sales Tax Rates as of June 1, 2015</u>	<u>\$32,000,000 Retail Sales</u>	
	<u>Sales Tax Rate</u>	<u>Sales Taxes Generated</u>
State of Missouri	4.225	\$1,352,000
St. Louis County	2.938	\$940,160
City of Chesterfield (All TDD, CID & TIF)	1.375	\$440,000
<b>TOTAL ANNUAL RETAIL TAXES GENERATED</b>	<b>8.538</b>	<b>\$2,732,160</b>

\*Retail purchases within the Chesterfield Valley have an additional .375% sales tax which funds transportation improvements (TDD)

<u>Estimated 60,000 Hotel Rooms at avg. of \$110 per night</u>		<u>\$6,600,000 in Hotel Revenue</u>
<u>St. Louis County Lodging &amp; Tourism Taxes</u>	<u>Tax Rate</u>	<u>Annual Taxes Generated</u>
Convention and Tourism Tax	3.750	\$247,500
St. Louis Co. Hotel Tax	11.115	\$734,250
<b>TOTAL HOTEL AND TOURISM TAXES CREATED</b>	<b>14.865</b>	<b>\$981,750</b>

### Additional Commerce Generated Taxes

<b>City Utility Tax</b> Estimated Campus Utility Costs of \$1.4 million	<b>\$0.0500</b>	<b>\$70,000</b>
<b>Motor Fuel Tax</b> - Based on 325,000 visiting vehicles x 20 Gallons per	<b>.17 per gallon</b>	<b>\$1,105,000</b>

**TOTAL ANNUAL TAXES PAID AND GENERATED BY THE POWERplex** **\$5,691,882.80**