

DOWNTOWN ENTERTAINMENT AND SPORTS CENTER

Interlocal Funds Presentation
March 14, 2019



DOWNTOWN ENTERTAINMENT AND SPORTS CENTER ("DESC")

- 3rd major destination in Wake County (together with Raleigh Convention Center and PNC Arena) for a wide variety of sports, entertainment, and assembly events
- \$1.5 billion downtown multi-use development comprised of stadium, 1.5M sf office space, 200K sf retail and service space, two 300-room hotels, and 2,400 multi-family housing units
- No current downtown destination venue in Wake County with the spectator and multi-use capacity like the proposed DESC



DOWNTOWN ENTERTAINMENT AND SPORTS CENTER

- 24/7 activation in downtown driving Wake County hotel room nights and visitor spending
 - 75 major events annually:
 - Primary Tenants: North Carolina FC (men's professional soccer team) and North Carolina Courage (women's professional soccer team)
 - Concerts, theater, graduations, and special events
 - Championship-level sporting events such as international pro soccer exhibition games and tournaments, U.S. Men's and Women's National Teams soccer games, football, lacrosse, rugby, field hockey, esports, etc.
 - Opportunity for local colleges (WPU, SAU, NCSU, Shaw) to use stadium for various college sporting needs
 - 100s of smaller events each year utilizing the complex:
 - Small conferences or offsite meetings, general sessions and catered events
 - Consumer or public shows, trade shows, job fairs, and exhibitions
 - Large-scale faith-based events



LARGEST U.S. YOUTH SOCCER CLUB

- Over 14,000 NCFC Youth soccer players, ~25,000 Wake County parents
- 40+ year history in the Triangle
- Host 7 prominent national youth soccer tournament series events with substantial positive impact on Interlocal Funds revenues
 - Over 1,800 teams participate from 34 states, Canada, and Guatemala
 - 68K total attendees (athletes, coaches, spectators, college coaches and referees)
 - Generated 22K+ total hotel room nights in Wake County in 2018 (33K+ total in the Triangle in 2018)
 - \$22 million in total estimated direct visitor spending in 2018
- DESC would be important additional attractive location for NCFC Youth tournament series events
 - Help solidify, enhance and grow these large tournaments going forward
 - Needed central hub for tournament registrations, hospitality, tournament social events, coach and referee instruction meetings, trade show opportunities at tournament registration, sponsor activation, etc.



FUNDING REQUEST

- Stadium estimated to cost \$150 million (remaining DESC development will be privately funded)
- Seeking interlocal funds of \$11 million per year (\$10 million for debt service, \$1 million for annual maintenance) for 30 years beginning in fiscal year 2022



OPERATING PRINCIPLES AND JLL REPORT

- DESC is aligned with Wake County Operating Principles regarding Interlocal Funds, including that major projects receiving Interlocal Funds:
 - “...drive measurable, regular overnight visitation or positive ROI”
- JLL’s 2018 “Destination Strategic Plan: A 10-Year Transition Plan for Wake County” prepared for the GRCVB stated that a downtown
 - “stadium could be a catalytic development for downtown...If the stadium is built, the positive impact on the community could be significant...”



REGIONAL/NATIONAL DRAW

- 90 minute drive-time population of 3.9 million (Conventions, Sports & Leisure International report dated 5/7/16)
- Ticket buyers from 46 states and 638 counties for 2018 NCFC and NC Courage regular season/international games
- International Examples:
 - **United States**
 - USWNT 10/7/18 - 69% of tickets purchased outside of Wake County (attendance: 7,532)
 - USMNT 3/27/18 - 58% of tickets purchased outside of Wake County (attendance: 9,825)
 - West Ham 7/12/16 - 43% of tickets purchased outside of Wake County (attendance: 10,125)



SUMMARY ROI OF DESC

- DESC projected to deliver the following to Wake County during its first 30 years of operations (original proposed location):
 - **\$2 billion in economic impact** (Source: Economic Impact of DESC by Economic Leadership LLC, Raleigh - 2017)
 - **\$180 million in new tax revenues**
 - **\$40+ million in new Interlocal Funds revenues**
 - **1.2 million overnight stays**
 - **500K hotel room nights**
 - **\$630 million in hotel room income**
 - **\$310 million in restaurant sales**
 - **18 million spectators**
 - **\$735 million in new construction**
 - **1,470 jobs**



SUMMARY OF ANNUAL COST/BENEFIT

(ORIGINAL PROPOSED LOCATION)

Raleigh and Wake County Annual ROI		
<u>Benefits to Raleigh and Wake County</u>		\$12,866,666
Raleigh/Wake Local Property Taxes	10,500,000	
Annual Rental Income	1,000,000	
Interlocal Funds Contribution	1,366,666	
<u>Investment from Raleigh and Wake County</u>		\$11,000,000
DESC Debt Service	10,000,000	
DESC Maintenance Fund	1,000,000	
Net Positive Benefits to Raleigh and Wake County		\$1,866,666



DESC LEAD ORGANIZATION AND PROJECT TIMELINE

- Organizations leading DESC project: North Carolina Football Club (owned by Steve Malik) and Kane Realty Corporation (real estate development partner owned by John Kane)
- Establishment of the Entertainment & Sports Center Authority (similar to Centennial Authority with PNC Arena), to plan, design, construct, own, and operate the DESC
- North Carolina Football Club to be the contracted operator of the DESC (similar to Gale Force Holdings with PNC Arena)
- Timeline:
 - Preliminary DESC designs: complete
 - Finalize location: Mid 2019
 - Design development: Late 2019
 - Break ground: Early 2020
 - Complete construction: Early 2022 (for start of 2022 season)





The Best Women's Pro Club in the World

VIDEO