

VIRGINIA BEACH TOURNAMENT & EVENT CENTER



*PPEA Proposal to Design, Construct, Operate, and
Maintain the Virginia Beach Tournament and Event Center*

19th and Jefferson Ave, Virginia Beach, Virginia

Volume 1



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Virginia Beach Tournament and Event Center

Executive Summary

Eastern Sports Management (“ESM”) proposes to design, construct, operate, and maintain the Virginia Beach Tournament and Event Center (the “Center”) adjacent to the Virginia Beach Convention Center (“VBCC”) on land owned by the City of Virginia Beach (the “City”). Allowing nine months to come to an agreement with the City and 20 months to design, permit, and build the Center, doors will open by Thanksgiving 2019 in time for the busiest part of the tournament season. ESM will design and build the Center, then lease it back for 20 years to operate and maintain, with rent determined as a split of net profit. ESM will assume all design, construction, operation and capital maintenance risks for the Center.

ESM will partner with the Convention and Visitors Bureau (“CVB”) to fill as many weekends as possible with tournaments and events that draw visitors to the City. ESM will program the Center as a local sports, fitness, and recreation asset from Monday through Thursday and on weekends not otherwise filled by the CVB and ESM. ESM has assembled the strongest, most experienced team to execute this project. We can deliver the Center at a lower cost and with a better design than other groups because of our experience. Our Center business model projects the City earning back more than twice its investment over the life of the lease.

Description of Project

- We propose a structure that extends 372’ x 579’ (198,190-sqft ground floor footprint) that will have 75,120 sf of mezzanine space for a total of 273,300 sf of finished space.
- The space plan will be as follows:
 - The central open play area for the courts will measure 252’ x 464’ or 116,928 sf. It will accommodate 12 basketball courts, 9 to 12 futsal courts depending on age groups playing, 24 volleyball courts, and 9 indoor field hockey courts.
 - The mezzanine will consist of sitting and “team camping” area that will be re-purposed during the week for turf field sports. The mezzanine will also have fixed “stadium” seating for 1,786 spectators. Depending on the sport played, there will be additional bleacher seating for 1,440 spectators on the floor.
 - Below the mezzanine will be play areas for children, meeting rooms, hospitality rooms, kitchen and dining areas, and a large reception and tournament operations area.
 - The front of the Center will have a large team and personal training area and an open area for children’s play structures.
 - Outside of the kids play area will be a play structure and an outside seating area near the front entrance.
 - The back of the Center will have utility rooms, storage areas, bathrooms and service closets.
- The scope of work for the project includes:
 - Site Design
 - Center Design
 - Permitting
 - Construction
 - Center Planning
 - Center Operation
 - Capital Maintenance
- The Center will be constructed using City funds. ESM as tenant will have a separate start-up budget for marketing, pre-opening wages, and tenant Furniture, Fixtures, and Equipment (FFE).

- ESM will deliver the Center within 20 months from the date of an Interim Agreement with the City, assuming the execution of a Comprehensive Agreement three months later.
- A subsidiary of ESM, ESM VBTEC, LLC, will lease the Center from the City or the City's Economic Development Authority ("EDA") and operate the Center, paying rent to the City or EDA based on a split of net profit generated by the Center.
- The City will save on development time and construction, total project costs, and operating costs. In addition, the City will receive a share of net profit generated by the Center as opposed to subsidizing the cost of a City-operated recreational facility.



Capabilities of the Proposal Team

The proposal team has the unique skills and experience to design, construct and manage the new Center for the enjoyment of Virginia Beach residents and the financial benefit of the City.

- ESM has a 13-year track record with four facilities and 13 outdoor fields under management.
- ESM personnel are sports and recreation professionals with long individual histories of facility and program management, including all the operational elements present in the new Center: event and tournament management, recreation, membership and fitness, team sports, youth programming, and food and beverage service.
- ESM has participated in the development and construction of seven recreation projects, including 325,000 sf of indoor space and 11 outdoor courts and fields.
- Price Simpson Harvey ("PSH") and its principals have designed many sports and recreation facilities both for municipalities and for colleges and universities.

- VHB has designed civil plans for numerous athletic facilities including the Virginia Beach Field House (“VBFH”), and the City’s own Sportsplex, and has a strong working relationship with the City. VHB has extensive local public and private civil design experience.
- Hirschler Fleischer (“HF”) has extensive PPEA experience and negotiated VBFH’s current agreement with the City, and has represented numerous owners in the acquisition, construction, and leasing of recreation and sports facilities.
- Wack General Contractor (“Wack GC”) built the Fredericksburg Field House (“FFH”), the Virginia Beach Field House, and has built several large-scale recreation projects at Kings Dominion. They built VBFH in 8.5 months.
- The Proposal Team will work with the City to design the right Center and business plan for Virginia Beach. ESM will work with the City and the CVB to fill the Center.

Financing Plan

Funding for the project will come in two stages: Pre-opening and Post-opening. The total project budget is detailed in Volume 2. The Tenant’s total includes all business start-up costs, sports FFE for the operating business, and all marketing and pre-opening wages.

- Pre-opening
 - The City will fund design and permitting costs through the PPEA Interim Agreement.
 - Through the PPEA Comprehensive Agreement, the City will engage Wack GC in an American Institute of Architects (AIA) contract to construct the building and site, to which ESM will be a party as tenant.
 - ESM will obtain all funds necessary for Tenant’s portion of the total budget using vendor financing, bank debt, and third-party loans.
 - Land owned by the City will be the site of the project.
- Post-opening
 - Under the terms of the lease, ESM VBTEC, LLC will be responsible for all operating and capital expenses of the Center.
 - ESM VBTEC, LLC will pay a defined share of the net profit (60%) generated by the Center as rent paid to the City or EDA.

Lease Structure and Relationship with the City

The central legal agreement in this project will be a lease covering the design, construction, operation, maintenance, and lease of the Center between the City or EDA and ESM VBTEC, LLC.

ESM agrees with the City’s vision for this Tournament and Event Center to be a magnet to attract sports participants, spectators, and their families to Virginia Beach so that their visit will have a positive economic impact on the local economy and the City. ESM VBTEC, LLC agrees to work closely with the City and the CVB to book tournaments and events that have the greatest economic impact on the City. They will meet weekly to review marketing efforts of both groups and to schedule and reserve dates for contracted and potential tournaments and events. ESM will agree to reserve all weekends (Friday through Sunday) for the booking of events and tournaments by both ESM’s and the CVB’s marketing staffs. They will work with the CVB to adjust any Monday to Thursday schedules in order to accommodate any week-long tournaments or events that may be attracted to the Center. The CVB and ESM will agree on any booking that is made more than nine months in advance of the event. Within nine months of any future weekend, ESM will book tournaments or other events at its discretion with the goal of maximizing utilization of the Center.

Key Benefits to the City of Virginia Beach

- Meets Demand. The demand for a regional tournament Center has been long-standing, consistent, and strong. The City has indicated a desire for a Center to be constructed based on recent conversations with City officials, the Victus study commissioned by the City, and press accounts concerning a field house at the oceanfront. This proposal and this proposal team can bring the desired Center to Virginia Beach in the shortest amount of time under the structure best suited for long-term viability of the project.
- Best Structure to Fill the Center and Maximize Economic Impact. ESM is in the business of filling sports facilities and has excelled at this task. The CVB also has a sports marketing department. By having ESM manage the Center, two marketing departments will be leveraged to maximize utilization and dollars to the local economy and City.
- Risk Shifted to ESM. Design, construction, operating, and capital maintenance risk will be borne by ESM, not the City.
- Community Involvement. The proposal team understands the necessity and benefits of involving, informing, and developing strong working relationships with the citizens of the City and the surrounding region. We will be good neighbors that meet our commitments and keep our promises.
- Expedited Process. The Proposal Team has already begun the design process because of its submission in June 2017 of an unsolicited PPEA proposal. We have now taken that design to another level of detail for this solicited PPEA submission and are best positioned to move expeditiously towards construction drawings.
- Local Economic Impacts. The Proposal Team intends to maximize the participation of local contractors and service providers, including small, woman-owned and minority businesses. The Center will attract approximately 100,000 annual visitors whose spending will benefit the local economy and the City.
- Community Health Benefits. The City's commitment to establishing the Center will promote the health and well-being of its citizens. The Center will be open to all who find its recreational offerings attractive.
- Cost Savings. Using the PPEA procurement method in conjunction with the City's land should result in a net project cost savings of approximately \$30,000,000.
- Quality Control. Under the Lease, the Center will be maintained and managed to a high-performance standard agreed upon by ESM VBTEC, LLC and the City.
- Operational Savings. The City will *receive* rental income rather than outlaying funds annually to subsidize operations as typically required for a municipal recreation and event center. The City will also receive other revenues such as leasehold estate, business license, business property, admissions, meals, and hotels taxes. Our forecasts show the City receiving approximately \$56,000,000 over 20 years for their initial investment.
- Hurricane Shelter. If the City chooses, the Center could be designed and utilized as a shelter in the same manner as VBFH.
- Improves City's Competitive Profile for Sports Tourism Business. Municipalities across the Country are investing in assets to attract sports tourism dollars. This Center will put the City in a much better position to compete for that business.

Income and Economic Impact

- The Center will likely generate approximately \$6MM in gross revenue when it approaches capacity in year 4 or 5 of operation. Approximately \$1.4 MM in net income will be from tournaments and events and approximately \$1.2MM in concessions.

- Local revenue will include approximately \$900,000 each in leagues and in youth programming and \$200k in rentals.
- Direct economic impact from out-of-town visitors will be around \$16MM at year five and almost \$30MM in year 20.
- Revenue to the City per year through rent, fees, and taxes will amount to approximately \$2.5MM annually by year five and \$3.8 MM annually by year 20.

Our proposal is structured around the PPEA submission guidelines issued by the City of Virginia Beach as “Procedures Regarding Requests Made Pursuant to the Public-Private Education Facilities and Infrastructure Act of 2002” (“PPEA Guidelines”). Each section begins with italicized text that has been pulled from that document and to which this submission is responsive. Proprietary and confidential information is included in Volume 2. A reference guide to where we have addressed Section V of the PPEA Guidelines, “Proposal Evaluation and Selection Criteria” is included as an Appendix 5 to Volume 2.

1. Qualifications and Experience

a. Legal Structure

Identify the legal structure of the firm or consortium of firms making the proposal. Identify the organizational structure for the project, the management approach and how each partner and major subcontractor in the structure fits into the overall team.

Legal Structure of Proposing Team

We have assembled an extremely well qualified and experienced team of firms demonstrating the highest levels of excellence in their respective specialties. Eastern Sports Management (Developer/Operator), in association with Price Simpson Harvey (Architect), VHB (Civil Engineer), Hirschler Fleischer (Legal), and Wack General Contractor (Construction) (collectively, “the Team”) will work as a consortium to design, develop, construct, and operate the Center. The Team will work as separate entities pursuant to a series of contracts, and will not combine into a partnership or other entity. ESM is the entity that will serve as the primary contractual counterparty with the City and as developer of the project. The lease of the Center will be held by ESM VBTEC, LLC, a wholly-owned subsidiary of ESM.

The Proposal Team’s designated professionals possess the precise combination of highly-developed skill sets, financial resources, and a shared vision to develop, design, construct, and deliver the Virginia Beach Tournament and Event Center on-time and at the quoted price.

Each firm and the principal management personnel assigned for each phase of the planned work were selected for their individual records of excellence as well as their exceptional and proven track-records in forging effective working relationships in the local communities they serve, in both the private and the public sectors. They share the City’s vision and look forward to continuing their long-term relationships with its staff and residents as they work to deliver this meaningful project.

As the owner of the Center, the City will be in a position to ensure a high-quality Center for its citizens. The development, design and construction team is headed by ESM. ESM VBTEC, LLC will be the manager and operator of the Center after it is completed.

b. Experience

Describe the experience of the firm or consortium of firms making the proposal and the key principals involved in the proposed project including experience with projects of comparable size and complexity, and prior experience bringing similar projects to completion on budget and in compliance with design, land use, service and other standards. Describe the length of time in business, business experience, public sector experience and other

engagements of the firm or consortium of firms. Include the identity of any firms that will provide design, construction and completion guarantees and warranties and a description of such guarantees and warranties.

Eastern Sports Management

In 2004, ESM President John Wack wrote the business plan for an indoor sport facility in Fredericksburg, VA. He raised \$645,000 and borrowed \$2,200,000. Using Wack GC, a development and construction firm owned by siblings Cathy and Tom Wack, he designed and built a 37,500-sq ft facility with two indoor turf fields, the Fredericksburg Field House. The facility was so successful, ESM decided to expand the building, doubling it to 75,000-sq ft in 2006. Wack privately funded this expansion leveraging equity in the project with \$2,800,000 in additional debt capital. After another five years, he expanded the business again, adding an 80-yard x 120-yard, lighted, outdoor artificial turf field. He also upgraded the kitchen to add additional cooking and better food preparation capabilities. This was accomplished using an additional \$1,200,000 of commercial debt. Wack operates FFH through Fredericksburg Field House, Inc., an S corporation, and a real estate company, Rappahannock Sports, LLC.



The success of the business led Wack to seek other sports facility opportunities. He compiled a needs analysis for markets in the mid-Atlantic and saw that Virginia Beach was the largest market in the region without a first-class sports facility. He participated in a public bid process and earned the right to lease 12 acres of City land adjacent to the 6,000-seat Sportsplex, a multi-use artificial turf field, and across the parking lot from the National Field Hockey Training Center. Wack GC was again tasked with construction and delivered in eight-and-a-half months the Virginia Beach Field House, a 175,000-sq ft building. The budget of \$15,700,000 was funded through a commercial real estate loan from Union First Market Bank of \$6,900,000, an SBA loan of \$4,000,000, private debt of \$1,200,000, partner equity of \$3,100,000, and a contribution from the City of \$500,000 for upgrades to make the building hurricane resistant. It opened in September of 2010.



In late 2012, ESM was contacted by United Sports Training Center in Downingtown, PA (“USTC”) to take over management of its facility. USTC boasts a 127,000-sq ft building and 11 outdoor fields, four of which are artificial turf with lights. ESM was tasked with growing Net Operating Income (“NOI”) at USTC. ESM raised United’s NOI from \$700,000 to \$1,434,000 in four years, enabling United to secure \$11,000,000 in permanent debt financing in June 2016.



In 2014, ESM responded to a Request for Proposal from Stafford County (the “County”) for operation and maintenance of the Jeff Rouse Swim and Sport Center (“Rouse Center”), a 76,000-sq ft fitness and aquatics center built by the county for \$14,235,000. In a competitive process, ESM was awarded a 20-year lease with the County, with rent based on a split of net profits between the County and ESM. ESM opened this facility in May 2016 and is well ahead of its public membership goals. After only one year of operation, the facility is well ahead of forecasts, has crossed the breakeven point, and has begun to generate positive net cash flow benefitting both the County and ESM.

ESM Facilities					
	FFH	VBFH	USTC	Rouse	Total
Opened	2005	2010	1999	2016	
Building Size	75,000	175,000	126,000	76,000	452,000
Large Indoor Turf Fields	2	4	2	-	8
Small Indoor Turf Fields	3	2	1	-	6
Volleyball/Basketball Courts	3/1	8/4	8/4	2/2	21/10
Sport Courts	2	0	1	-	3
Sand Volleyball Courts	0	8	-	-	8
Site Acreage	8.5	12.7	60.0	10.0	91.2
Outdoor Turf Fields	2	-	4	-	6
Outdoor Grass Fields	-	-	7	-	7
Full Time Employees	7	12	14	10	43
Part Time Employees	50	70	86	115	321
Sports Management Degrees	4	8	4	3	19
Sports Management Degree Interns/Year	12	30	24	12	78

Each ESM facility is unique, but all are involved in sports, recreation, events, and fitness. The chart above highlights some of the key metrics for each facility. The Rouse Center opened just last year. In short, ESM creates, markets, and manages sports and recreation programs of all types.

We have approximately 10,000 teams and nearly 100,000 athletes participating at our facilities annually. Some of the offerings are team-sport oriented. Some are camp and recreation-focused. Others are very large events. They cover adult customers and youth customers, indoor and outdoor activities. They are an indication of the breadth and depth of experience that equips ESM with the tools to manage the Center.

Beyond sports, ESM has also managed and hosted many events at each facility whenever there is a gap in the annual sports schedule. These events demonstrate ESM's philosophy of maximizing use of assets under management in order to realize a return on investment. A sports and recreation facility is not an obvious choice for a dog show or a children's consignment sale, but when we have a gap in the schedule, care is taken to fill it.

Below are events held at our facilities:

- **Bridal Expo.** This event transforms VBFH into any bride's vision and dream. The event features wedding planners, catering sampling, live bands, craft beer tastings, wedding fashions and fashion shows.
- **Charity Ping Pong Tournament.** In 2017, the Virginia Beach Field House hosted the 9th annual Ping Pong for Charity Table Tennis Tournament and SLAMFest kickoff event. The Virginia Beach Field House has been home to this event since 2013. The event has gained a reputation in the region as unique, creative, and having "something for everyone", regardless of age, gender or skill level. SLAMfest kicked off the weekend with in-house prepared catering and drinks, a live band, and roller derby entertainment. The event includes appearances from world renowned ping-pong players and enthusiasts such as Christian Laettner (former NBA player), Ioanna Papadimitriou (Greek National Champion and Super Model) as well as former US Olympic Festival Gold Medalist Kim Gilbert.
- **Habitat for Humanity Toolbox Bash.** This "construction chic" gala took place on one of VBFH's four Large Fields distinguishing the event from a traditional gala. The space was uniquely transformed using lighting effects, AV, a stage, dance floor, and banquet tables. The event featured a custom buffet, prepared in-house to complement the event as well as satellite drink stations. This unconventional red-carpet event with a twist showcased the facility's many possibilities.
- **Dog Shows.** Fredericksburg hosts five shows annually that take over the entire facility for the weekend. These are usually held on holiday weekends such as Memorial Day and Labor Day. We earn a facility rental fee and serve concessions to the 300-500 attendees.

- **Benefit Concerts.** For many years, FFH held a benefit concert featuring Keller Williams with a portion of the proceeds going to the SPCA. 800-1,000 tickets are sold each year.
- **Field Days.** All of our facilities host local schools for field days. Some of the events involve a rental fee and others are accommodated free-of-charge. Usually students are fed lunch. We serve approximately 4,000-5,000 students each year.
- **Consignment Sales.** Twice annually, FFH and USTC lease their facilities to businesses that hold children's clothing consignment sales. In addition to the rental fees, the businesses bring 1,000-2,000 families with children to whom we market our products and programs while we have them in our building.
- **Fireworks Show.** For nearly ten years, USTC held a Fourth of July fireworks show that was free to the community. Another great opportunity to market to families with children. They are bringing this event back in 2018.
- **Political Rallies.** VBFH has hosted campaign kick-off and election night parties for several local politicians. President George W. Bush came to speak to a capacity crowd at USTC shortly after 9/11.
- **D.A.R.E. Day.** FFH serves as the celebration/graduation venue for students participating in the local police departments drug and alcohol education program. More than 1,000 students and their parents attend each year.
- **Disaster Training and Hurricane Shelter.** The City of Virginia Beach has an agreement with VBFH to utilize our facility at \$10,000 per day for disaster shelter training for its staff and as a medical friendly shelter in the event of an actual emergency. In its first three years of operation, the City used VBFH once for training and once as an actual shelter during Hurricane Irene.
- **Movie Nights.** USTC erects a giant screen on an outdoor field to host community Movie Nights. Over the summer, these events draw more than 1,000 viewers.
- **Circus.** USTC brought in 250 guests for a small traveling circus.
- **Church Services.** More than 3,500 worshippers from different faiths have utilized three of our facilities for services.

ESM Team

President



John M. Wack leads ESM, overseeing business operations and development. John has management, sales, real estate development, start-up, and finance experience. He owned and managed a data center equipment installation company and was a top sales performer for the manufacturer. He co-founded and raised approximately \$1 million for a technology real estate company. For the last 14 years, he has led ESM, writing the business plans for four ground-up projects and three expansions, attracting financing, managing construction and directing the operations teams in the four locations.

He has been active in the lacrosse community, playing in high school, for Dartmouth College, and for various clubs for the last 33 years. The English Lacrosse Union in Bath, England and the Melbourne Cricket Club in Australia have employed him as a player and coach. He has been associated with the Washington DC Lacrosse club for the past 33 years and currently plays for their Super Grand Masters team. He coached boys' lacrosse for the Spotsylvania County Lacrosse Club and also served as their Boys Commissioner. He coaches girls' lacrosse at James Monroe High School. He served as chairman of the Executive Committee of the Friends of the Rappahannock, a non-profit environmental advocacy, restoration and education group.

John earned a B.A. in English from Dartmouth College in 1985, and an M.A.L.S. from St. John's College in Annapolis.

ESM Director of Human Resources and Finance



Courtney Davis works as the Director of Human Resources and Finance for ESM, overseeing training, policies and procedures and financial processes for ESM facilities.

A native of Virginia Beach, VA, Courtney moved to Maryland after college where she cheered six seasons for the NFL Baltimore Ravens. Simultaneously, Courtney worked on growing her career in the human resources field. She has an extensive background in HR, working in the senior living and hospitality arenas for more than 14 years. In July 2010, Courtney joined the Eastern Sports Management team as the Director of Human Resources and Finance for the Virginia Beach Field House. She quickly demonstrated her leadership role and was promoted to Assistant General Manager in August 2011. During her time at VBFH, she successfully ran the Internship Program and helped to develop the program in the other ESM facilities. Courtney was promoted to her current role with ESM in Fall 2015.

Courtney graduated from Radford University with a Bachelor's degree in Psychology.

ESM Director of Youth Programming



Leigh Davenport is the Director of Youth Programming for ESM and previously the General Manager of the Virginia Beach Field House. She has been a part of the sports world throughout the course of her life, starting basketball at age 5 and softball at age 7. Leigh continued to play through every level of school through college. After college, she began working for Chesapeake Parks and Recreation as a Recreational Specialist, focusing on Recreation Center programming and camps. She was promoted to Recreation Specialist II allowing her to function as a Director of a Chesapeake Community Center, focusing on Recreation Center operations, finances, employee

development, programming and budget projections. Leigh advanced her career to Virginia Beach Parks and Recreation where she worked for ten years. From there, Leigh joined the Virginia Beach Field House as a Sports Director. In only two-and-half years Leigh was promoted to Assistant General Manager – Director of Leagues and eventually to General Manager. The sports industry and Parks and Recreation have always been an integral part of Leigh’s life. She transitioned to her full-time responsibilities at ESM in charge of Youth Programming across all facilities in September 2017.

Leigh completed her undergraduate degree in Recreation and Leisure Management at Virginia Wesleyan College and her Master’s in Business Administration with a concentration in Public Administration from the University of Phoenix.

ESM Tournament Director/USTC General Manager



John Hatt is the General Manager of United Sports Training Center and a Director at Atlantic Premier Tournaments. John supports other ESM facilities in the creation and operation of tournaments. John joined United Sports Training Center in October, 1998. He has been working full time in the sports management industry for more than 18 years, with a focus specifically in the sport of soccer. Throughout his tenure at United Sports, John has managed or directed such prestigious events as the NIKE International Premier Cup, co-founded the FC DELCO Player's Cup and many other events. In addition to tournament management, John has spent a number of years coaching in the FC DELCO and Spirit United organizations, currently coaching in Continental FC.

He also coaches at Downingtown West High School where he has experienced tremendous success.

John earned a B.S. in Marketing and played collegiate soccer for Indiana University of PA. He resides in East Fallowfield, PA with his wife and two daughters.

ESM Maintenance Director/Fredericksburg Field House General Manager



Gary Blakesley leads the Fredericksburg Field House, bringing to ESM a strong sense of team leadership and operational management. He is an accomplished business professional with more than 35 years of experience in the military and public sector. Gary has over 25 years of experience running aircraft and production line maintenance. His approach of "safety first" is the premise for all of ESM maintenance. His extensive background as an aircraft mechanic and manager, lead to his selection as the ESM Director of Maintenance and ensures our facilities are running at peak proficiency. He came to ESM from the defense industry as a senior project manager for several multi-million-dollar programs. Gary has held executive level positions making significant contributions to bottom line and processes for the organizations of which he has been a member.

Gary received a bachelor's degree in Business Management from the University of La Verne and a Masters Certificate in Project Management from The George Washington University. He has also attended numerous DoD and civil technical, quality and leadership schools and maintains an active security clearance.

Jeff Rouse Swim and Sport Center General Manager



Kristen Loescher leads the Rouse Center with over 15 years of experience in the fitness industry and youth programming, with many of those years working in administration and management in the YMCA. She has worked to open one other fitness center prior to coming to the Rouse Center. Kristen has worked with all ages of youth from teaching preschool classes and running school age camps, to leading an after-school program for middle school students and teen nights. She established a youth running club for kindergarten-5th graders that served over 600 children over the course of four years and eight seasons and will be launching the youth running program at the Rouse Center in the fall of 2017.

Kristen was a three-sport high school athlete and was the all-time leading scorer in basketball and garnered the most all-time points in track at Lake Linden-Hubbell High School. She ran track and cross country at Cedarville University. Kristen has completed several half-marathons and marathons and enjoys running in local races. Kristen received her Bachelor of Arts in Elementary Education from Cedarville University and is also a certified American Red Cross Instructor. Kristen is originally from Michigan, and enjoys cross country skiing, running, and, of course, taking group exercise classes! She, her husband, Ken, and their three daughters currently reside in Stafford, VA.

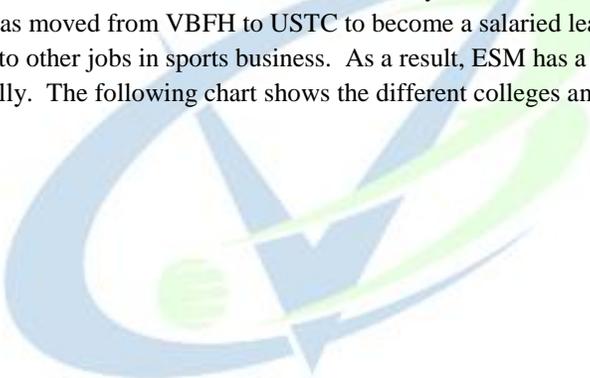
ESM Internship Program

All four ESM facilities participate in an internship program. Across the country there has been dramatic growth in the number of undergraduate and graduate degree programs focused on the various facets of Sports Business: Marketing, Finance, and Management. These candidates are typically required to participate in a 400-hour internship to earn their degree.

Through its extensive experience in the sports management business, ESM knows that it needs to employ those who are interested in long-term careers in the industry and who are committed to the appropriate education and training.

The ESM Internship Program takes advantage of the growth in Sports and Recreation Management degree candidates by taking on 10 to 20 interns for 10-week periods throughout the year across all four current facilities. These internships are unpaid, though they do provide some housing facilities to out-of-town students. The interns log 400 hours of learning the business and working in the various sub-specialties that match their degrees. Some assist the finance manager, some the marketing director, and many work in youth services, league, camp, and tournament operations.

They receive 300-400 applications for our program each year. Of this number, they bring on 30 to 40 annually. They hire 4-5 to be hourly workers when their internship is done. Of those they promote 1-2 to entry level management with a few of those progressing to mid-level management. When opportunities come available ESM, will hire interns in one location that served their internship in a different location. As an example, the leagues manager at USTC started as an intern at VBFH, was hired as an hourly assistant to a league director, was promoted to league director, and then was moved from VBFH to USTC to become a salaried league manager. Most of the interns graduate and move onto other jobs in sports business. As a result, ESM has a broad network of sports industry relationships nationally. The following chart shows the different colleges and universities that have sent interns into our program.



University	# of Students	University	# of Students
Belmont University	2	North Carolina Central University	2
California University of Pennsylvania	5	North Carolina State University	2
Chowan University	1	North Dakota State University	2
Colorado State University	1	Ohio University	1
East Carolina University	2	Old Dominion University	34
Eastern Illinois University	2	Radford University	1
Eastern Kentucky University	1	Rogers State University	1
Eastern Michigan University	2	Shepherd University	1
Elon University	1	South Dakota State University	1
Florida A&M University	2	State University of NY at Cortland	7
Full Sail University	2	State University of NY at Fredonia	2
George Mason University	3	Syracuse University	1
George Southern University	1	Technische Universitat Darmstadt	1
George Washington University	1	Temple University	2
Grand Canyon University	1	Towson University	1
Hampton University	1	University of Arizona	1
High Point University	1	University of Connecticut	1
Indiana University	1	University of Dayton	1
James Madison University	17	University of Florida	1
Johnson & Wales University	2	University of Georgia	1
Kent State University	1	University of Louisville	1
Liberty University	6	University of Minnesota	1
Lock Haven University	3	University of North Florida	1
Lynchberg College	2	University of South Carolina	6
Manchester University	1	University of Tampa	1
Maranatha Baptist University	1	University of Tennessee	1
Marquette University Law School	1	University of Virginia	2
Michigan State University	4	Virginia Tech	3
Minnesota State University-Mankato	1	Virginia Wesleyan College	4
Mississippi State University	3	Washington State University	2
Nebraska Wesleyan University	1	West Virginia University	1
Norfolk State University	1	Winston-Salem State University	1
162			

ESM hired 40 of these 162.

Through the Internship Program, ESM has the ability to attract the best upcoming sports and recreation business talent to our ranks, they thoroughly vet these candidates through 400 hours of training and initial work, and pick the best to join the team. Each employee is familiar with the culture, processes and procedures, and ESM's emphasis on guest service.

Architecture Firm - Price Simpson Harvey

Price Simpson Harvey (PSH) is a 20+ person design firm located in Richmond, Virginia with a long working relationship with Wack General Contractors and significant experience in designing recreational facilities.



Established in 2009, they are a young firm, relatively speaking, but they bring to the table years of combined experience on a variety of project types. They share a commitment to service and high-quality design and emphasize including the client in the design process from start to finish. This partnership allows expectations and goals to be completely understood, and ultimately enhances the delivered product.

PSH were asked to provide five bullet points to highlight why they are a good fit for the project. They think these provide great insight into who they are and why they believe they are the right team to design the Tournament and Event Center:

Recreational Design Experience - They have the skilled team needed to successfully deliver the project. Their group has significant experience in the planning and design of recreational facilities, including the development of recreational facilities for both educational/municipal institutions and private developers. They know the building type and understand opportunities and limitations of this type of construction.

Responsiveness – While their team has a depth of experience in the design of large recreational facilities from years in the industry, they are a relatively small and nimble group. They come without a lot of the overhead and associated baggage that encumbers larger design firms that they successfully compete with. They consistently bring a “client first”, responsive approach to their projects, relying on reputation and repeat business rather than heavy marketing to win projects.

Client Inspired Design - Their design focus is always client inspired. They work collaboratively with clients to develop the best solutions to satisfy what are often conflicting goals, quickly developing design options for review and input. Their aim is to never dictate a design direction, but rather to assist clients in developing solutions that meet both their functional and project cost goals. They work WITH their clients to make their vision a reality.

Experienced Design-Build Partner - They have a history of successful design-build projects with Wack GC and other contractors, even under challenging circumstances. Currently, they are involved with several local contractors on design-build projects at a variety of scales. Their relationships with the contractor community are a testimony to their cooperative attitude and willingness to modify the traditional design/bid/build approach as dictated by project schedule and budgetary constraints. Along with the owner and contractor, they recently received the 2016 Teamwork Award from the Virginia Society of Healthcare Engineers for a fast track developed design-build project for Centra Health in Lynchburg.

Reputation Builders - They love what they do and take great pride in what their relatively young firm has accomplished so far. They’ve grown four-fold in four years and hope to continue that trend with significant projects such as the Virginia Beach Tournament and Event Center. They recognize that this project could lead to future opportunities and will devote the attention necessary to make this a very successful development for Eastern Sports Management and the City of Virginia Beach.

PSH Team



ROHN K. PRICE AIA, NCARB, LEED AP, Principal

Rohn is well-respected throughout the architectural industry for his creative designs that marry the demands of function with the flavor of the local context. Rohn has more than 30 years of experience and has won over a dozen AIA Design Awards for a wide variety of building types. Rohn began his career with RTKL in Baltimore as a Project Designer followed by several years as Director of Design for Fleming Corporation in St. Louis. He spent 22 years with Odell Associates where he served as the Design Director leading teams that successfully completed an extensive array of projects throughout the United States.

His educational background includes undergraduate work at the University of Illinois and a Master of Architecture from Texas A&M.



STEVE HARVEY, AIA, Principal

Steve is one of the Firm's managing principals and is a licensed architect with over 32 years of experience in commercial architecture, including many years as a sole practitioner. His resume includes a variety of building types, including sports/recreation, healthcare, hospitality, and religious facilities. Steve's skills range from programming and conceptual design through construction administration. He has managed many large, institutional projects and brings our clients a breadth of design, organizational and project management expertise.

His educational background includes an undergraduate degree from Clemson University and graduate work in Virginia Tech's Master of Architecture program.



JEFF LOINETTE, AIA, NCARB, LEED AP, Principal

Jeff will be the project manager and architect for the design and construction of this project. He's an award-winning architect and recognized industry professional. He began his architectural career at HKS's Dallas office, where he fine-tuned his design and presentation capabilities using the latest techniques in 3D rendering. Jeff utilizes this skill set to communicate intentions and coordinate all aspects of design. His passion for design is evident throughout the firm's portfolio. Jeff has over 20 years of comprehensive industry experience in a variety of commercial building types including higher education, aviation, corporate, healthcare and entertainment venues.

Jeff earned his Bachelor of Architecture degree from Oklahoma State University in 1995. He leads the Visualization and Building Information Management efforts for Price Simpson Harvey.



AUDREY VODA, NCIDQ, Interior Designer

Audrey has extensive experience in interior design, space planning, and furnishings, fixtures and equipment planning for a variety of building types. She works closely with clients to provide innovative, functional spaces within their budget. She has worked closely for several years with the Greater Richmond YMCA on renovation projects and development of their Interior Finish standards.

Audrey heads our Interior Design Studio in Richmond. She received her undergraduate degree from Virginia Commonwealth University in 2005.



CHRISTINE SIMPSON, LEED AP, Architectural Designer

Christine is an architectural designer with several years' experience in sports facility planning and design. Christine understands the unique challenges and opportunities involved in sports and entertainment design, working with clients to meet the needs of the multitude of people who are invested in and who will engage with the project. Her experience includes site master planning, programming, conceptual design and feasibility studies, space planning, and construction documentation for sports projects ranging from complex renovations to comprehensive stadium design. Christine was an integral part of the AECOM Sports and Entertainment group in Richmond prior to joining PSH.

Her educational background includes an undergraduate degree from the University of Virginia and a Master of Architecture from Clemson University in 2010.

PSH Project Experience

Uptown Alley Manassas is a 38,000-square-foot facility that includes bowling, an arcade, laser tag and a live performance theater. The planned Uptown Alley Virginia Beach entertainment venue is coming soon. The project includes 42,000 square feet of renovated and newly constructed space in Pembroke Mall. In addition to 22 bowling lanes, it will include a live theater, arcade and laser tag.



Uptown Alley: PSH have partnered with Uphoff Ventures since 2012 to deliver several multipurpose recreational facilities. Among those projects is their Changzhou China location, the largest bowling facility in Asia at 64,000 square feet, located in a mega shopping mall. It features a unique blend of public and exclusive bowling, live theater, arcades and karaoke rooms.

River City Roll: This first facility for a new player in the entertainment market will be located in Richmond and is designed to appeal to the young professional market. It will feature 20 bowling alleys with an emphasis on high-end food and finishes. The newly constructed 25,000-square-foot facility is designed to blend with the neighboring historic industrial buildings, many of which have been adapted to multi-family housing.



PINZ: Located in Plymouth Massachusetts, Pinz is a 36,000-square-foot entertainment venue featuring 16 bowling lanes, an arcade, a sports lounge, and a live performance venue.

Lucky Strike: Lucky Strike is a 50,000-square-foot entertainment facility located in Albany New York. The entertainment venue brings together bowling, a sports bar, an auditorium that seats up to 900 and a casino style arcade with prizes geared towards adults as well as children.



HCA Sports Medicine – Boulders: Included within the OrthoVa Medical Office Building, the project completed in 2011 included 15,000 square feet of space for an HCA Sports Medicine practice. The program included a therapy pool and both indoor and outdoor training spaces for rehabilitation and sports performance enhancement.

SportsQuest Indoor Sports & Fitness Center: In 2010, PSH assisted a privately-owned sports group in planning a multi-sport indoor fieldhouse and aquatics center to complement their existing outdoor complex located in Chesterfield County, Virginia. The 250,000-square foot facility was planned to include multi-use court space with 15 basketball courts, a full aquatics training area with an Olympic-sized pool, and a fitness area and support spaces. It has not yet been constructed.

YMCA Greater Richmond: The Richmond area YMCA organization is a long-standing client of PSH. They have assisted them in renovations to 14 of their local facilities and developed durable and cost effective interior finish standards for application in all 17 of their locations to reinforce their brand.



Waterford Park: The 105 acres of mixed use development in Chesterfield County, Virginia will include residential, commercial, and a 35-acre Water Adventure Park, the “anchor” tenant of the development. PSH was part of a team that developed multiple options for the development master plan. The planning included conceptual designs for the whitewater course, including the public facilities and service buildings.

Veteran’s Memorial Park, Softball Seating Expansion – James Madison University: Through a term contract at James Madison, PSH are planning and designing approximately 7,000 square feet of new spectator bleacher space to expand the University’s existing softball stadium. The project proposes to add approximately 800 additional seats, more than doubling the stadium’s current capacity.

Joe Bush Indoor Athletic Complex– Hampden Sydney College: Working with an alumni group, PSH are planning a multi-sport indoor athletic facility for Hampden Sydney College. The 90,000-square-foot complex is planned to include six indoor tennis courts, an indoor golf practice area, lockers, and team spaces for the College tennis and golf teams. Funds are still being raised to construct the facility.

Primary & Urgent Care Clinics: To date PSH have assisted Wack General Contractors with three facilities for the Fredericksburg, Virginia based Primary & Urgent Care (PUC) medical group. The clinics were all delivered using a Design-Build model, two of which were new construction projects and one adaptive reuse of a retail space.

PSH Previous Project Experience

PSH Team Leaders Steve Harvey and Jeff Loinette also developed the following projects prior to coming to PSH, demonstrating additional sports and recreation design experience as well as municipal and institutional experience:

Virginia Military Institute Physical Training Facility: Jeff Loinette was the architect and programing architect of Virginia Military Institute’s Cormack and Cocke Hall renovation project. Jeff, working closely with VMI athletics and facilities staff, developed the concepts for the complex \$32 million dollar renovation project. The project provided modernization of the wrestling facilities, indoor track and field, and a new state of the art weight training facility.



Virginia State University, University Multipurpose Center: Jeff Loinette was the project architect for the new multi-use event center at VSU, which provides 5,100 seats for basketball and 6,500 for convocation. The facility includes a main arena, two practice courts, locker rooms, an academic center, and support spaces.



Christopher Newport University Freeman Athletics and Convocation Center: Steve Harvey was the managing architect for CNU’s 5,000 seat multipurpose athletic and recreation facility. The Freeman Center includes multiple practice and competition basketball courts, a 200-meter indoor track, 10,000 square feet of fitness and wellness space and a full-service café.

Civil Engineer - VHB

VHB’s passionate professionals include engineers, scientists, planners, and designers who partner with public and private clients in the transportation, real estate, institutional, and energy industries, as well as federal, state, and local governments. Together, they work to improve mobility, enhance communities and economic vitality, and balance development and infrastructure needs with environmental stewardship. VHB is a team—1,300 strong—eager to deliver value by embracing the clients’ goals, anticipating challenges, building lasting partnerships, and always providing an exceptional experience. With 24 offices along the East Coast, VHB offers the understanding of a small local firm combined with the resources of a large national firm.



With an open-minded approach to projects, VHB is committed to listening and truly understanding the clients’ needs. VHB integrates the right places and resources from four core services, Transportation Planning & Engineering, Land Development, Planning & Design, and Environmental, to help clients initiate and complete intricate, challenging, and significant projects.

VHB has five offices in the Mid-Atlantic region, with four in Virginia (Virginia Beach, Williamsburg, Richmond, Tysons Corner) and one in Raleigh, North Carolina. VHB’s key personnel have been working for and in the City of Virginia Beach for their entire careers. VHB has collaborated with the City for more than a decade, providing services for several on-calls and task orders including the Annual Services Contract for General Civil Engineering. Additionally, VHB partnered with Wack Development to provide the City civil engineering design and permitting for both the Virginia Beach Field House and the Virginia Beach Sportsplex.

VHB Team

J.D. Hines, PE, Associate

The VHB team will be led by J.D. Hines, PE, LEED Green Associate. J.D. serves as a Project Manager for site development, transportation, storm water, and utility engineering projects. His experience on multiple private and public-sector efforts enables him to contribute effectively to design teams. J.D.'s land development experience includes municipal, residential, commercial, and institutional projects. He has also contributed on limited access and urban roadways for the Virginia Department of Transportation (VDOT). J.D. is skilled in master planning, hydrologic/hydraulic analysis, water distribution, wastewater collection systems, sewage pumping station design, and sports field designs. He served as Project Engineer for civil engineering design and permitting for the Virginia Beach Field House, a 150,000-square-foot indoor sports facility. Additionally, J.D. was Project Manager for the City of Virginia Beach Strategic Growth Area Office Infrastructure Planning, where he informed planners in areas of water distribution, wastewater collection and distribution, drainage conveyance, and storm water management and treatment.



J.D. received a BS in Civil Engineering from Old Dominion University in 2000, PE (Water Resources) VA in 2005, and his LEED GA in 2016

Kenneth E. Rodman, PE, Principal

The VHB Principal in Charge will be Kenneth E. Rodman, Jr., PE. Ken has extensive experience in land development planning and design as well as transportation planning and design. He manages all aspects of projects from the initial planning and site investigation through surveying and design, to the completion of final construction documents. He also assists in construction administration, including bid assistance, review of contractor pay requests, review of shop drawings, and construction observation. Ken was Principal-in-Charge and performed several QA/QC work orders for two consecutive term contracts for the City of Virginia Beach Annual On-Call Traffic Engineering Services Contract. Additionally, he served as Project Principal for Landstown Commons, a 500,000-square-foot mixed-use development.



Ken received his BS, Civil Engineering from Old Dominion University in 1988, PE VA in 1993, and his OSHA-CSH in 2010.

VHB Projects

VHB coordinated the civil engineering design and permitting of 12 acres of farm field that would become a 175,000-sf indoor sports facility. The Virginia Beach Field House will ultimately provide outdoor sand volleyball, and six rectangular fields in future development phases. The design required on-site and off-site improvements, including hydrologic and hydraulic analysis, public/private storm water management, public/private water and sewer system design, and intersection modifications at Landstown Road and Sportsplex Way. Paving of the Sportsplex's existing 12-acre gravel parking lot was also part of the project delivery. Success was due mostly to excellent collaboration among VHB, Wack General Contractor, and the City of Virginia Beach.



The City of Virginia Beach selected VHB to serve as its general civil engineering on-call consultant. Under this contract, VHB provides a variety of engineering, surveying, inspection, project management, and other technical and support services, including studies, design, transportation planning and analysis, incidental land surveys, environmental services, testing and analysis, structural and geotechnical engineering, and landscape design. We are providing these services on an annual basis and the contract is renewable for a total term of five years. Our recent work includes providing survey, storm water, roadway, and traffic engineering services on two sidewalk improvements projects and one intersection improvement project.



VHB provided master planning, site/civil engineering, transportation planning and design, and landscape architectural/urban design services on the Sentara Princess Anne Health Campus. VHB engaged an initial master planning exercise and developed a land use strategy informed in the opportunities and constraints associated with natural resources, soils, utilities storm water runoff, and transportation linkages. On a fast-track schedule, VHB met numerous milestone challenges, including securing required variances from the City of Virginia Beach for waiving building-specific water-metering and siting public water mains within public easements. VHB secured approvals for erosion and sediment control and storm water management plans ahead of schedule, allowing construction to commence prior to the scheduled construction start date. Recipient of 2012 ACEC Engineering Excellence Honor Award.



VHB was retained by The Goodman Company to provide site and landscape design for the Landstown Commons Mixed Use Development. The building elements consist of pilasters, arches, canopies, brick details, stone facades, and many more features that distinguish this center from others in the area. The hardscape and landscape package complements the architecture, providing various textured surfaces at the paved areas, abundant species of landscape material, a welcoming and soothing centerpiece fountain, combined with elegant site furniture and lighting. The project at full build out provides over 500,000-square-feet of mixed-use floor space. Commercial uses included retail, restaurant, and office space.

VHB was retained to provide engineering services for the development of the Virginia Beach Sportsplex, a multi-sport facility design to provide an athletic outlet for the youth of the City. VHB developed site and master development plans and obtained site plan approval from the City. Work for this project was divided into four areas:

1. Replacement of natural turf with synthetic turf in the existing stadium,
2. Design of the field house site and on-site utility and storm water improvements,
3. Design of the turf fields and associated parking lot expansion, and
4. Design of off-site improvements required to support the field house and turf field sites and paving of the existing Sportsplex gravel parking lots.



For more than 5 years, VHB has been assisting the City of Virginia Beach in designing the infrastructure for the Burton Station Strategic Growth Area. VHB has been responsible for transportation master planning and traffic impact analyses, determining rights-of-way alignments, typical sections, and traffic signal locations. In addition, VHB has provided storm water management master planning, design of a 1500 linear foot concrete channel outfall channel, and a 2800 GPM sewage pumping station (wet well/dry well configuration). VHB has also assisted the City with the feasibility of development yield, taking into consideration the infrastructure constraints.



VHB Sports Facility Practice

Since 1979, VHB has incorporated an interdisciplinary, sustainable design approach to achieve excellence in recreational facilities development. VHB's team of skilled professionals are experienced in the planning, design, and permitting of complex recreation facilities for private and public clients that are focused "outside-the-building-walls." VHB implements a sustainable design approach with more than 85 LEED Accredited Professionals and more than 100 Envision™ Sustainability Professionals (ENV SPs) representing the major physical design disciplines.

As a dedicated team of nationally recognized professionals with extensive experience in both recreation projects and collegiate sports, VHB's engineers, landscape architects, and scientists work collaboratively with architects, partners, and owners to provide context-sensitive solutions that create a sense of place.

Whether it involves designing an innovative water reuse solution to achieve a LEED goal or strategically locating support facilities to creatively address local permitting and code requirements, VHB is here to help every step of the way. VHB has successfully navigated the challenges of steeply sloping topography, poor soils, aging public infrastructure, high groundwater, and environmental constraints, to help our clients realize their project goals.

VHB's passionate professionals bring a broad understanding to each sports and recreation project—skills and experience that extend beyond the playing field. Understanding sports and recreation in the context of programming, operation demands, and daily experience is essential to successful sports design.

Having worked on hundreds of assignments across the full range of municipal and campus projects—from master planning through construction—our sports planning and design practice is informed by this knowledge. VHB asks questions, listens, and works to make the most of project opportunities.

VHB Stakeholder Engagement

Having stakeholder buy-in is a critical component to success in any project. VHB has experience offering custom outreach plans that account for a project's and stakeholders' needs, while balancing important planning goals. VHB has a range of techniques, from low- to high-tech, to obtain input, educate, and disseminate information, as a means of generating interest and enthusiasm to get the community involved. These include the use of interactive workshops, project websites, newsletters, and questionnaires. VHB uses innovative polling techniques that can be used to collect public comments, concerns, and observations at public meetings.

Workshops and public meetings are often a key component of any public participation plan. VHB has several professionals on staff who have been trained by the National Charrette Institute. In meetings, VHB listens closely to input and communicates effectively, translating what we have heard into our understanding of the issues facing a project. VHB encourages interaction in meetings so attendees leave with an understanding of the project and its issues and concerns. Additionally, VHB's workshops and public meetings often have break-out sessions and report-back sessions so that participants can learn from one another.

To date, VHB has completed numerous projects requiring extensive outreach and participation with stakeholder groups during the design process, such as neighborhood steering committees, citizen advisory boards, the general public, and government agencies at all levels. VHB's project experience ranges from small group interviews to active design workshops as well as charrettes, public hearings, and presentations. Many of these projects have had aggressive schedules with strict deadlines to complete the design tasks so that construction could begin and be completed to meet prearranged commitments.

VHB's role is to serve as the liaison among these groups, the client, and the design team, gathering data and identifying the major milestones to keep the project on schedule. VHB will take a hands-on approach through effective communication, technical expertise, leadership abilities, and appropriate design solutions. VHB has the capability of producing all forms of visual aids and written communication as well as the demonstrated ability to deliver a successful project.

The key to effective public engagement is:

- Providing opportunities for all interested people
- Clearly explaining project goals and design through effective graphics and presentations
- Listening and documenting input

The strategy needs to consider the effectiveness of the various methods for seeking input. VHB will work with the City to identify the stakeholders, public interest groups, and neighborhood groups to develop this strategy for eliciting meaningful public input. VHB's approach will be to develop the alternatives prior to engaging the public in soliciting their ideas and concerns. Successful strategies VHB has recently used include:

- Group presentations—a PowerPoint presentation in explaining the project goals and concepts
- Open houses—printed boards with team representatives talking one-on-one to the stakeholders
- Small table discussions—facilitated discussions at round tables
- Advisory group meetings—invited group presentation and facilitated discussion

Legal Firm-Hirschler Fleischer

Hirschler Fleischer is a multispecialty law firm with more than 75 lawyers serving clients throughout the Commonwealth of Virginia the United States. Clients choose Hirschler for its ability to deliver sophisticated legal advice while maintaining the more personal experience of a boutique law firm. The goal of the firm's representation is simple: provide clients with advice that is strategic, practical and cost effective. Standing toe-to-toe with larger firms on talent and experience, Hirschler competes on value and the level of personal attention its lawyers devote to each and every client.

**HIRSCHLER
FLEISCHER**
ATTORNEYS AT LAW

Top ranked by Chambers USA since 2003, Hirschler's real estate practice group is involved in many of Virginia's most significant real estate developments, transactions, and financings. Firm lawyers represent developers, property owners, and tenants in connection with the acquisition, development, financing, and leasing of income-producing property and raw land for office complexes, corporate headquarters, planned unit developments, hotel properties, retail projects, and mixed-use urban development projects. Firm clients benefit from the firm's niche practices in hospitality; land use, zoning and permitting; commercial leasing; shopping center and retail transactions; and loan pool sale transactions (both the buy and sell sides).

Legal Team Leader

John McManus, a partner and board member at Hirschler Fleischer, will lead the engagement with ESM. John has extensive experience in a number of practice areas including commercial real estate law, leasing, zoning and land use law, financing, development, and corporate and general business law. He represents developers, homebuilders, contractors, financial institutions, defense contractors, business owners, not-for-profit organizations, medical practitioners and individuals.



John represented the owners in the acquisition, development, construction and leasing of FFH and VBFH, as well as ESM in the leasing and operational matters for the Rouse Center and USTC. John has extensive experience working with local governments in the acquisition, construction or expansion of recreational and athletic facilities, including the Rappahannock Area YMCA's facilities in Stafford, VA, Spotsylvania, VA, King George, VA and Caroline, VA, and the Fredericksburg Area Soccer Association's soccer complex in Spotsylvania County, VA.

John earned his B.A. in History from Bowdoin College in 1986; his J.D. from Washington and Lee School of Law in 1989; and his M.S. in Real Estate from Johns Hopkins University in 1996. A member of the Board of Governors for the Community Foundation of the Rappahannock River Region, and a former member of the Board of Directors of Rappahannock Goodwill Industries, Inc., John, along with wife Deborah, are actively involved in their community.

Builder-Wack General Contractor

Wack General Contractor has served Fredericksburg, Richmond and Hampton Roads since 1992. They have successfully completed work for sports and recreational facilities, office, industrial warehouse, and retail projects. They provide a wide range of project management and construction services. These services include:



- Pre-construction
- Project feasibility analysis
- Preliminary budgeting
- Site Analysis & selection
- Design team selection
- Constructability review
- Identification and implementation of value engineering items
- Development of project schedules

Construction Management & General Contracting

- Cost control
- Change management
- Vendor selection and procurement
- Tracking and maintenance of project schedules

- Coordination between designers, engineers, and consultants
- Liaison with local and state governments for permits, inspections, and utilities
- Liaison and coordination with utility companies
- Coordination with third party inspections

Wack GC Team



Mike Hamann serves as the Vice President of Preconstruction at Wack. Mike works closely with project managers overseeing pre-construction services including conceptual estimating, competitive bidding, building layout, renderings, and scheduling. Mike is a 4th generation contractor with more than 15 years managing commercial construction projects, as well as the valuable knowledge of computer and management systems that enable Wack General Contractor to maximize their responsiveness to client needs.

Mike received his BS in Construction from the University of Wisconsin and his Master of Business Administration from University of Richmond



Chris Alburger serves as Vice President of Construction at Wack GC. Chris Alburger oversees all Wack General Contractor project management and management of all field staff. He is also actively involved in project development and contract negotiation. With more than 17 years of experience managing large commercial construction projects and teams, Chris specializes in delivering multi-million dollar projects on time and on budget.

Chris studied Business Administration at Howard County Community College.

Wack GC Projects

Wack Developed and constructed several buildings for military use.

The NSCBT Building I 45,000 SF, NSCBT Building III 95,000 SF and NSCBT Building V 105,000 SF - DOD AT/FP Compliant Building were all completed with aggressive schedules and allowed for a quick owner occupancy.

Wack has completed hundreds of projects for Kings Dominion, in Doswell, VA over a 15 year span and continues work each year.

Projects include:

- The Dominiator - Worlds Longest Floorless Coaster
- Planet Snoopy - Phase I
- Planet Snoopy - Phase II
- Camp Wilderness Renovation
- Camp Wilderness Cabins - 32 Cabin Installation and related sitework
- Waterpark Expansion - Plunge Slide



- Waterpark Expansion - Tornado, Lazy River Reconfiguration, Kids Zone
- Club Blood I - Haunted Maze Building and Site Development
- Club Blood II - Haunted Maze Building and Site Development
- Club Blood III - Haunted Maze Building and Site Development
- Dormitory - 100 Room New Dormitory for Seasonal Employees
- Delirium - Swinging Ride
- Juke Box Diner - Renovation
- Volcano Mountain Repair
- Border Cafe
- Pavillion Renovation
- Soak City Renovation
- Tower Pizza Renovation
- Aunti Annies
- Bandstand
- Family Care Center
- Sharky's Restaurant



Wack has extensive experience in Pre-Engineered Metal buildings, as will be used for the VB Tournament and Event Center, and is a direct dealer for Nucor and Butler Pre-Engineered Metal Buildings. Experience Includes:

- Virginia Beach Field House
- Fredericksburg Field House
- Fredericksburg Field House Expansion
- Hilldrup Moving and Storage - Building F
- Hilldrup Moving and Storage - 30,000 SF Warehouse
- Hilldrup Moving and Storage - (2) 10,000 Warehouse Additions
- RGI Laundry Facility
- Ashland Auto Auctions
- Kings Dominion Club Blood I
- Kings Dominion Club Blood II
- Kings Dominion Club Blood III
- Longwood
- Precision Door
- Pierson Drive Condos
- Tommy Wallace Electrical



Wack GC Sports Projects

Wack Developed and constructed the original 37,500 sqft Fredericksburg Field House in 2005. Two years later they completed a 37,500-sqft addition to bring the facility to 75,000 sqft. Both projects were brought in on time and under budget. In 2012, Wack managed the design, land development and construction of the outdoor artificial turf project at the Fredericksburg Field House.



Wack developed the 175,000 SF Virginia Beach Field House in conjunction with the City of Virginia Beach. Wack GC worked closely with the City to fulfill its desire to utilize the facility as an emergency Hurricane Shelter. The facility was constructed under budget and within the aggressive 8-month schedule.



Wack coordinated with Eastern Sports Management to design build 12 outdoor volleyball courts, concession stand, and site development at the Virginia Beach Field House in 2015. The courts were completed under budget and within the project schedule.

c. Points of Contact

Provide the names, street and mailing addresses, as well as email addresses and telephone numbers of all persons within the firm or consortium of firms who will be directly involved in the project or who may be contacted for further information.

Eastern Sports Management, LLC

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President
Eastern Sports Management
3411 Shannon Park Drive
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Cell (540) 841-3378
Fax (540) 371-2868
mhamann@wackgc.com

d. Financial Statements

Provide current or most recently audited financial statements of the firm or firms and each partner with an equity interest of twenty percent or greater.

See Volume Two, which is incorporated by this reference and contains confidential information protected from disclosure under the Virginia Freedom of Information Act.

e. Officers and Directors

Identify the officers and directors of the firm or firms submitting the proposal.

ESM

John Wack, President

Price Simpson Harvey

Price Simpson Harvey is a Limited Liability Partnership (Price Studios, LLC dba Price Simpson Harvey) with six members: Rohn K. Price, Matthew H. Simpson, Stephen W. Harvey, J. Sydnor Tetterton, Amy K. Fox, Jeffery M. Loinette.

VHB

VHB Board of Directors: Robert S. Brustlin, Chairman, Michael J. Carragher, Michael S. McArdle, John M. Stronach, Matthew J. Kennedy, Gerry Salontai, Michelle Cavucci, Keri L. Kocur, Steven J. Anderson

VHB Elected Corporate Officers: Robert S. Brustlin, Chairman of the Board, Michael J. Carragher, President and CEO, John B. Jackson, Treasurer, Robert M. Dubinsky, Clerk, William J. Roache, Assistant Clerk, Khristopher Gregoire, General Counsel, Maureen Hogan, Chief Compliance Officer.

VHB Board Appointed Officers: Michael J. Carragher, James L. Diorio, Christopher J. Brown

Hirschler Fleischer

HF Board of Directors: S. Brian Farmer, Andrew M. Lohmann, John F. McManus, Courtney M. Paulk, Charles H. Rothenberg, Michael H. Terry, Wayne G. Travell, and James L. Weinberg

HF Officers: Jay M. Weinberg, Chairman Emeritus, James W. Theobald, Chairman, James L. Weinberg, President, Michael H. Terry, Executive Vice President, S. Brian Farmer, Treasurer, Andrew M. Lohmann, Secretary

Wack General Contractor

Wack GC Officers: Catherine M. Wack, President, Thomas J. Wack, Vice President, Christopher Alburger, Vice President Construction, Stephen E. King, Secretary, Catherine M. Wack, Treasurer

f. Affiliates

Identify all business that have a parent-subsidary or affiliated entity relationship with the firm or firms submitting the proposal

- ESM, LLC is a single member LLC with no ownership in any other entities currently, other than ESM VBTEC, LLC. In the near future, it will have interests in Fredericksburg Field House, Inc., Rappahannock Sports, LLC, Chesapeake Sports Group, LLC, and ESM Embrey Mill, LLC through a transfer of interests by John Wack to ESM, LLC.
- ESM VBTEC, LLC is a single member LLC owned by ESM, LLC.
- Price Simpson Harvey has no affiliates.
- VHB Engineering NC, P.C. operates in North Carolina and is a VHB affiliate, VHB Engineering, Surveying and Landscape Architecture, P.C. operates in New York and is a VHB affiliate. These Professional Corporations were created due to state law in order to provide professional services in each state.
- Hirschler Fleischer has no affiliates.
- Wack GC has no affiliates.

g. Contractors and Service Providers

Identify all known contractors or service providers, including but not limited to the providers of architectural services, real estate services, financial services, and legal services

- Eastern Sports Management, LLC and ESM VBTEC, LLC will be the lead proposers on this team and will be the Center operators upon opening. All other contractors or service providers will be under contract to these entities.
- Price Simpson Harvey will provide architectural and other design services.
- VHB will provide site engineering and design services.
- Hirschler Fleischer will provide legal advice.
- Wack General Contractor will provide construction and development services.
- Fidelity National Title Insurance Corporation will provide title work and title insurance.

2. Project Characteristics

a. Project Description

Provide a description of the project, including the conceptual design and describe the proposed project in sufficient detail so that type, quality, value and intent of the project, the location, preliminary value of the land to be acquired, and the communities that may be affected are clearly identified.

Project Site

The City has indicated in the PPEA documents a site at the oceanfront just west of the Virginia Beach Convention Center (“VBCC”) on an existing parking lot at the corner of 19th Street and Jefferson Avenue. The City also requested that ground be left available for expansion of the VBCC. We therefore defined the lot as bounded by 19th street on the south, Jefferson Ave on the east, the I-264 Right-of Way (“ROW”) on the north, and the Doubletree property on the west. We felt that keeping Jefferson Avenue active improved traffic flow around the VBCC and also allowed expansion of VBCC.

Existing Site Conditions

The existing land use is a surface parking lot for the Convention Center with landscape islands and adjacent hardscape for pedestrians. The site is relatively flat with slopes in the range of 1-5%. Although excavation and filling of the site may be necessary for the proposed project, impacts to existing topography are expected to be minimal.

Environmental

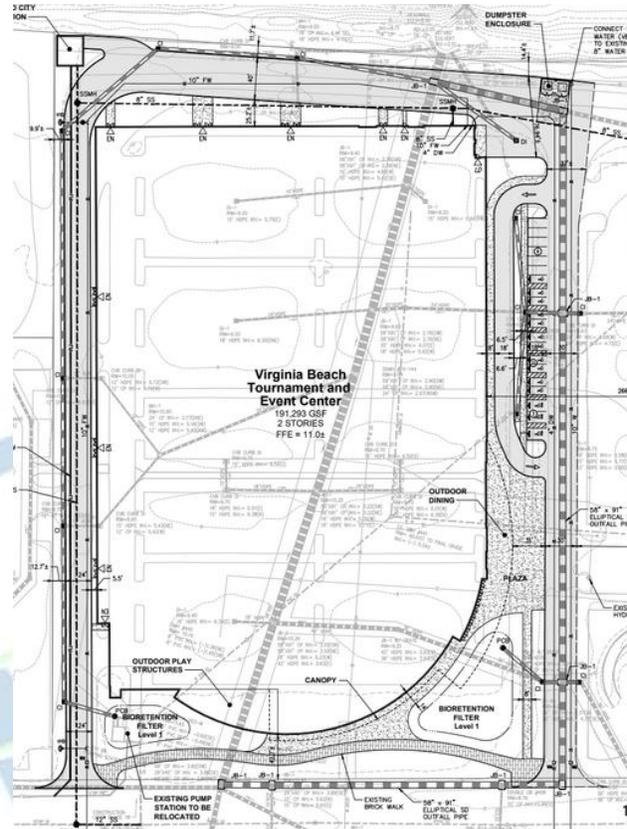
Per the U.S. Fish and Wildlife Service National Wetlands Inventory, there are no registered wetlands on the proposed project site or on the adjacent properties. The proposed project is not expected to have a negative impact on environmentally or historically sensitive areas.

Soils

According to the United States Department of Agriculture (USDA) Natural Resource Conservation Service (NRCS), the site is generally comprised of Urban Land. Urban land is identified as mostly covered by streets, parking lots, buildings, and other infrastructure. Hydrologic Soil Group ‘D’ will be used in the storm water analysis, which indicates soils that have a very slow infiltration rate (high runoff potential) when thoroughly wet.

Floodplain

The project is located outside the regulated floodplain, or Flood Hazard Areas, as shown on the National Flood Insurance Program Flood Insurance Rate Map for the City of Virginia Beach, Virginia Community Panel Number 5155310126G, effective date January 16, 2015. The site is currently classified as “Zone X”. Flood zone X is defined to be areas outside of the 500-year floodplain, and therefore, not subject to flooding.



Site Layout

The site will be comprised of a two-story 198,190 sqft athletic center with indoor recreational fields, parking lot, walkways, lawn, and additional supporting hardscape and landscape areas. Accessible pathways will be provided to the Center entrances as required by ADA Accessibility Guidelines (ADAAG) (2010). General parking needs for this Center will be per the City of Virginia Beach Oceanfront Resort District Form Based Code. The site is classified as Mixed Use (Section 6.2.2 Required Parking) and will require 3.5 parking spaces/1,000 sqft, therefore requiring 955 parking spaces. Due to size of the existing lot and the Center footprint, the required parking spaces cannot be met onsite, and therefore will be met on existing City surface parking south of the site. Emergency and maintenance vehicular accessibility will be provided for the Center. The City has made clear in the Scope that parking will be handled offsite.

Site Utilities

Sanitary Sewer

- Currently, a City pump station is located within the site and will need to be relocated. It serves the VBCC as well as other adjacent properties. The pump station should be relocated to the northwest corner of the site, behind the new Center. A 12” Force Main is proposed to exit the pump station and connect to the existing force main within 19th Street. The 12” Sanitary Sewer Gravity Main into the pump station from 19th Street will be abandoned, and a proposed 12” gravity main is proposed to run from 19th Street northward, along the west drive aisle to the relocated pump station.
- The Center Gravity Sanitary Sewer: A proposed 8” gravity sanitary sewer lateral will exit the Center North and discharge into the relocated Sanitary Sewer Pump Station.
- The Center will ultimately connect to the relocated pump station.

Potable Water

- Center Water: The proposed water service will connect to the existing 12-inch water main in 19th Street.
- VBCC Water: A relocated 10” main will service the existing conference center.

Franchise Utilities

- Franchise Utilities: Several franchise utility services such as electric, telephone, gas, and telecommunication service, are available adjacent to the project site. An underground utility survey will be completed to confirm service availability.

Dust and Erosion Control

Dust and erosion control will be considered an integral part of the design. All structural and vegetative erosion and sediment control practices will be constructed and maintained according to minimum standards and specifications of the Virginia Erosion and Sediment Control Handbook, 1992. The following erosion and sedimentation controls will be employed during the earthwork and construction phases of the project, but are not limited to: silt fence, inlet protection, and seeding measures. The site will be surrounded by construction safety fence to prevent the conflict of public and construction traffic. Site work will disturb more than one acre and will require a Virginia Storm Water Management (VSMP) Construction General Permit (CGP).



Storm Water Management

The proposed development will slightly increase the impervious footprint of the site and therefore increase the runoff and pollutant loading. Much of the site drains via overland flow to a series of drainage inlets onsite as part of the onsite storm sewer system. A 58"x91" culvert extends through the site which outfalls into Little Neck Creek, which ultimately discharges into Lynnhaven River (HUC CB25), a tributary within the Chesapeake Bay Watershed. The proposed drainage patterns will emulate the existing to the maximum extent possible. Due to the location of the Center footprint, the culvert and the existing drainage easement will be required to be relocated around the proposed Center.

Storm water will be reviewed for both water quantity (9VAC25-870-66) and water quality (9VAC25-870-63). Water quantity will be met onsite by using bio-retention basins in accordance with the requirements for Channel Protection and Flood Protection. Water quality will be addressed via the Virginia Runoff Reduction Method for re-development sites. Due to the increase in the impervious footprint and large site area, a 20% reduction of phosphorous removal is required. A pollutant removal of 4.31 lbs. of phosphorus per year will be required. Water quality will be provided using the bio-retention basins and supplemented with water quality credits. Bio-retention Basins will be designed in accordance with the BMP Clearinghouse Specification.

Site Logistics

The VBCC neighborhood may have as many as three construction projections ongoing simultaneously towards the end of 2018. Additionally, the VBCC will remain open for business during this time. If all three projects happen, ESM is committed to constructing the Center utilizing the lot provided with little to no need for additional space. It will be as if this site is in the middle of a crowded urban area.

Wack GC has strong experience in working on tight sites and completing projects in urban environments. Projects include:

- Virginia Beach Field House - Virginia Beach, VA - Constructed entirely on the pad site and logistics were planned to prevent disruption to the adjacent Sportsplex facility.
- Fredericksburg Field House Expansion - Fredericksburg, VA - Completed an addition and renovation which doubled the size of the facility while not impacting ongoing operations.
- Fredericksburg Field House - Outdoor Field and Food Service Expansion - Fredericksburg, VA - Installed outdoor field and food operations abutting existing facility with no disruption.
- Henrico Doctors Hospital - Richmond, VA - Renovations completed on existing, fully operation hospital with no disruptions to patients.
- Patient First, Various Locations (10) - Urban locations were built on constrained downtown locations with no impact to adjacent properties.
- Kings Dominion - Doswell, VA - Several complete site redevelopments have been constructed during full time park operation.
- Ashland Auto Auctions - Ashland VA - Completed a new facility and paving for a 40 acre auto lot. The facility used the 40 acres site during construction but Wack successfully stages hundreds of vehicles each week of the 7 months schedule to allow for continuous owner auctions.

For the Center, it is understood that the site is constrained and located in an urban environment. To prevent disruption to the adjacent properties, site personnel, project deliveries, and equipment will all be carefully staged to ensure a smooth flow of operations.

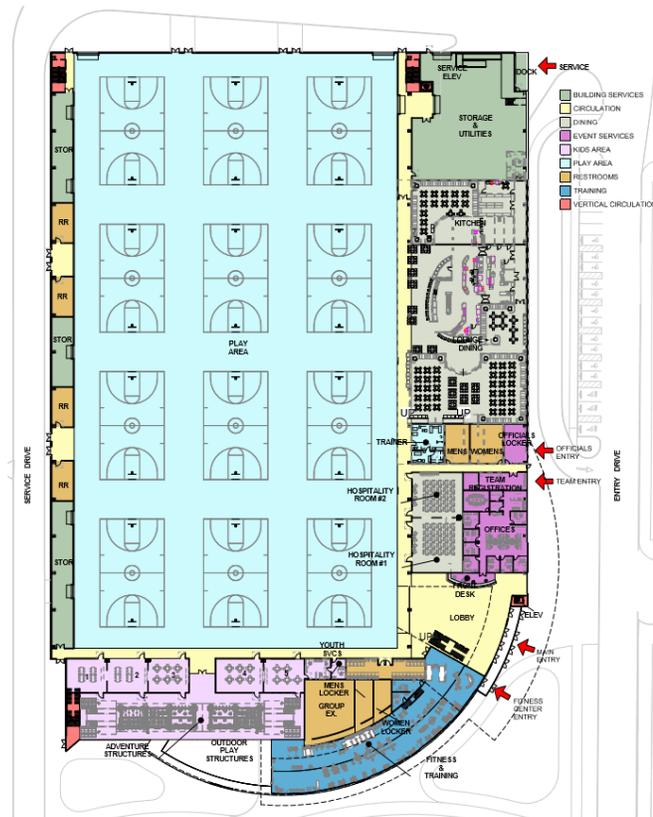
Our general logistics plan includes the following:

- Site Personnel - Subcontractor employees will arrive on site with limited vehicles. Workers will car-pool or be dropped off at the site to limit vehicle congestion
- Project Deliveries - Project deliveries will be scheduled to be received at limited on site location
- Equipment - Most of the building components will be installed utilizing telescoping forklifts, JLG man lifts and scaffolding. Cranes will be limited to setting the pre-engineering building frame and structural steel. The clear span truss joists will be assembled on site and lifted into place before the slab on grade is poured.

Center Size and Layout

Through its management of VBFH, ESM has acquired a unique understanding of the indoor sports facility market in South Hampton Roads. We have seven years of operating history in South Hampton Roads and 13 years in Virginia. We have first-hand knowledge of the sports offerings people want and do not want. We are engaged with local neighborhood groups who have advocated for a tournament facility. Through our operation of sports tournaments and meets both indoor and outdoor we aware of what type of facility operators are looking for and what elements it needs to be successful.

Municipalities have tasted from the cup of sports tourism. Tournament Centers have been built or are being discussed in other markets like the City. Virginia Beach needs a facility to remain relevant in the sports event market. To lead the market, it needs the right facility. We have designed the facility that will bring the events to the City, will keep them coming back because of the quality of their experience, and will maximize income per guest while they are in the facility. And we have designed it so that during the week, residents will have a recreation and health center.



The design philosophy guiding the proposal team was to have a first-class, national tournament facility that could also be used by local residents during the week for sports and fitness activities. Based on our judgment of market demand and the dictates of the City’s Scope of Work, we have designed the facility shown here for the Center. The number of hard courts reflects regional and national demand for a 12/24-court basketball/volleyball facility. The team and player staging areas are designed to accommodate the expected number of teams as well as serve as playing surfaces for local athletes.

Many factors influenced the decisions we made when sizing and designing the Center:

1. Site Dimensions. The lot presented by the City has a fixed geometry. To maintain travel lanes and setbacks, the building could only be so large in each dimension.
2. Size of the Main Playing Area. How do we configure the courts?
3. What support space does the Scope require? What other space is required to satisfy our local use mission?
4. How do we size and configure necessary support space?
 - a. How are our other facilities designed?
 - b. Do they have adequate space to support activity on their courts?

Building Size on the Site

The site as defined above in the site discussion would permit a building about 375’ east to west, if we were to leave a travel lane for VBCC truck traffic on the west side and room for VBCC expansion on the east,. Allowing for truck traffic and loading doors on the north side of the building and a reasonable set back in anticipation of arena foot

traffic on the south side of the building, allows for a building about 575' north to south for a maximum ground floor footprint of 215,625 sqft.

Court Layout

Because the main playing surface is the central revenue producing area of the building, we had to make a decision on how to organize the twelve basketball courts that are required by the Scope. We know the best way to situate volleyball courts in relation to basketball courts is to place them perpendicular (length of volleyball court at 90 degrees to length of the basketball court) so that you can have two volleyball courts per basketball court. Volleyball Courts are 60' long and basketball courts are 84' long. Including space for player safety, player benches, bleachers, and circulation adds about 24' on the 60' dimension and about 32' on the 84' dimension for a basic court building block of about 84' x 116'.

Twelve of these blocks can be organized in six different ways. Defining a "row" of courts as basketball courts side by side, the space could be organized as follows:

- A. 1 row of 12 (1,392' x 84')
- B. 12 rows of 1 (116' x 1,008')
- C. 2 rows of 6 (504' x 232')
- D. 6 rows of 2 (168' x 696')
- E. 3 rows of 4 (336' x 348')
- F. 4 rows of 3 (252' x 464')

Options A, B, and D can be rejected immediately as they would not fit on the site as defined above. To choose between the remaining three configurations, we have to consider the other Scope requirement of maximizing futsal and field hockey courts. The ideal field hockey court size indoors is 70' x 140'. We know this from our long history of operating field hockey tournaments and from the feedback of our customers who attend tournaments all across the mid-Atlantic. The official range of sizes for courts is 60'x 120' to 72' x 144'. 70' x 140' is at the high end of this range as would be expected of a first-class facility. Add player bench and bleacher areas to each side and player safety and circulation to each end and you have an indoor field hockey court building block of about 84' x 155'. In option C, only six of these blocks can fit; the length at 504' could easily fit three but the width at 232' is too narrow to fit more than two. Therefore you could only fit six courts. Option E cannot fit the length of the field hockey building block at 155' any more than twice in either dimension, so it too is limited to 6 courts. Option F can fit three wide and three long for nine courts. Futsal can either be played on the field hockey courts for a total of nine courts, or at the younger ages on the basketball courts for a total of 12 futsal courts. Therefore we elected to use the four rows of three court configuration. We align them north to south on the lot as the 464' dimension would not fit on the east to west dimension of the lot.

Support Space Sizing

The next task was to size and configure support space around or along the main court area. The Scope of Work mandates support space of certain descriptions and capacities, but does not call out dimensions or square footage. Among the requirements are seats for 3,000, "camping" capacity of 5,000, kitchen and dining to feed all of these people, the right amount of offices for the employees to attract and manage this volume of guests, as well as sufficient bathrooms and storage for all of the above. (For a full listing of the Scope and how we meet all requirements, see Appendix 6 of Volume 2.)

As we considered each support space element required by the Scope, we tried to keep in mind how to shape and configure these areas to maximize weekday revenue potential.

The size of the support space for the courts is driven by the volume of guests anticipated for the events ESM and the City are going to attract to the Center. Given the number of courts in the Center, we can expect daily guest throughput of 4,000 to 6,000. A rough calculation of this would be:

- 200 teams x 10 players = 2,000 players
- 1.5 guests per player = 3,000 spectators
- 100 Fitness Center users
- 50 play structure guests
- 75 employees

This totals 5,250 Guests. We know this number will be sometimes more, sometimes less, depending on the sport, weekend, and season of the year.

With our food and beverage service experience at our four facilities, we know that facilities sufficient to serve this number of guests must be significant. We confirmed our ideas for the kitchen and dining areas necessary for such a crowd with the professionals at Food Service Design Consultants who provided us with a preliminary layout for the ground level kitchen, serving area, and dining areas. This space comes to 17,160 sqft. The Scope also requires mezzanine level food service. We decided to place the main dining area on the first floor and a secondary kitchen on the mezzanine level. The second kitchen and dining area come to 3,330 sqft up on the mezzanine.

Bathrooms are dictated by code according to use groups. We also know what has worked practically in our other facilities. Given the number of guests we have provided a quantity in excess of that required by code with but consistent with our experience, eight locations distributed throughout the facility. Total bathroom sqft is 6,560.

The broad array of sports that will be held in the Center leads us to provide five storage areas, most of which are intended to support the main courts area. We know we will have to store field hockey goals, futsal goals, basketball goals (for the NCAA size courts), volleyball stanchions, referee stands and nets, and a variety of floorings such as mats for wrestling and grappling, and possibly stages and other platforms. Storage area provided is 14,160 sqft. There are separate storage areas within the kitchen, the offices, youth programming offices and fitness.

In our business plan for the Center we lay out the staffing plan. Find this in Appendix 1 of Volume 2. We anticipate at least 13 full time staff. We have planned 10 private offices and cubicles for 11. We have a staff conference room and break room. Upstairs we have created a first class “skybox” suite that will have the main marketing conference room, three private offices for ESM, and three private offices for CVB. The CVB offices will have windows looking down into the front lobby and will be the premier office locations in the building. Total office sqft is 5,810.

We provided 6,837 sqft of team meeting and hospitality rooms and 9,200 sqft of fitness center space.

From our long experience of athletic event management, we are aware of the need for generous space to accommodate the teams who are between games waiting for their time to play on the courts. Given the number of courts, this number could range anywhere from 500 to 3,000 players depending on the sport and how the organizers have organized the tournament schedule. The Scope calls for “Camping” capacity of 5,000. From experience we know that youth players tend to sit on the floor, spread out blankets, and make little campsites. Their siblings or friends may join them. If adults stay with the teams, they tend to bring their own chairs and sit somewhat apart from the players. When adults have the opportunity to sit elsewhere, they mostly do. A 5,000-person requirement would demand 50,000 sqft of open space at a somewhat cramped 10 sqft per guest. Given the other square footage of support space required to serve the customers, and additional 50,000 sqft at the mezzanine level would make the building too large from both a site and budget perspective.

We decided to plan the “camping” area in the following manner. We knew we wanted to keep offices, hospitality rooms, main restrooms, loading and primary storage, and the food and beverage area on the first floor. None of these features required any particular ceiling height. The fitness and play structure areas both required high ceiling or clear all the way to roof deck, like the main play area, and would not be good areas to play under a mezzanine. Grouping them together and placing these rooms just to the east of the main play area yielded a footprint of about 36,000. We placed a mezzanine over this grouping and added to it additional bathrooms, offices, and storage, leaving about 31,600 of open space. We decided to carpet this area with artificial turf (not the kind with the rubber pellet infill; rather the “astroturf” kind), and re-use the space Monday to Thursday for field sports league play and practice time. This works out well as the space could be divided into two play areas of 80’ x 160’ which is similar to our VBFH fields of 90’ x 180’.

This yields 3,160 “camping” guests on the turf fields. We believe this is sufficient for “camping” but realize that we have to have somewhere for the other 2,000 or so guests. This we do with the 1,786 mezzanine seats, 1,440 bleacher seats, 550 dining seats downstairs and 96 dining seats upstairs, 240 courtside participant seating, and 340 meeting room seats, for a total of 7,612 places for people to sit in the facility.

Facility Support Space Comparison with VBFH

How do these support spaces compare to what we have at other facilities? To make that comparison we had to perform an analysis of the most similar facility, the Virginia Beach Field House, and decide whether the program and support space we have there are sufficient to serve the number of guests we usually have, and what the ratio of VBFH guests would be to those we expect in the Center.

On a busy Saturday, VBFH will have in the facility at any given time about 32 teams. That’s made up of four teams for each turf field for league play (two coming and two going) and about four teams for each basketball court. At the Center, we would expect that number to be about 72 to 144 depending on the sport. Tournaments organize their schedules differently, but many have two playing on each court with four waiting to play; a one-game-on, two-games-off schedule. We think the ratio of teams visiting on a busy day for the Center to VBFH would be roughly 3 to 1. To get a rough idea then of what we would need at the Center, we multiply the VBFH spaces by 3 (ratio of teams Center/VBFH). These are crude tools, but they help us to inform our scaling and sizing for the Center.

Below is a chart of the square footages of support space at VBFH, what we would project for the Center based on a greater number of teams, and what we have provided:

VBFH vs Center Support Space			
	VBFH	Projected for the Center	Provided
Storage	5,100	15,300	14,160
Bathrooms	2,500	7,500	6,560
Office	2,000	6,000	5,810
Kitchen and Dining	5,000	15,000	20,490
Meeting Rooms	3,000	9,000	6,837

Overall Dimensions

The Center dimensions and area square footages are as follows:

- The Center Extends East-West 372’, within the maximum of 375’.
- The Center extends North-South 537’ to the south face of the Kids Area. The curved Training Area extends another 36’ south for a Total Dimension of 573’, within the maximum of 575’.
- Footprint is 198,100 sqft .

- Mezzanine is 75,120 sqft.
- Total sqft is 273,220.
- Outdoor Play Structures = 2,272 sqft.
- Outdoor Dining Area = 2,122 sqft.
- Outdoor Dock Area = 795 sqft.
- The open play area is 252 feet x 464 feet = 116,928 sqft.

Fitness Center

It is critical to have a Fitness Area for the Center to attract high-level events and to fully maximize local utilization of the courts during the week. Some participants and many spectators will use this amenity when their child or partner is participating in playing at the Center. We anticipate heavy weekday practice usage of the Center courts. Again, parents and siblings can work out during these times. Fitness staff or a third-party speed strength and agility company will offer team training and group fitness to local and visiting teams using the group exercise rooms and our sophisticated equipment.

The Fitness Center will have five components:

- A cardio and weight machine area
- A team functional training area
- A group exercise and spinning room
- Lockers and showers
- Sales and administrative offices

Access to this area will be on a public membership basis and entrances and exits will be controlled.

We designed the Fitness Center to have high visibility to street traffic. There is an internal mezzanine intended for the majority of the cardio exercise equipment that will afford users views of 19th street through the glass façade of the facility.

In addition to being an amenity to tournament visitors, the Fitness Centers membership revenue is critical to the financial health of the Center, contributing about 20% to gross income. 9,200 sqft is the right amount of space for this important product.

Food and Beverage

Combined local visits with out-of-town visits will total about 300,000 annually by year five. Imagine if each visitor spent \$10 on a meal. That's \$3,000,000 in annual Food and Beverage revenue. We won't sell a meal to everybody, but we are compelled for the financial health of the Center to try.

Our kitchen, servery and dining area design is of the highest quality and is intended to offer the widest variety of food as quickly as possible. The Achilles heel of large event food service is throughput. Our "cafeteria" design where guests help themselves to prepared and hot foods, serve themselves drinks, and then proceed to cashiers, solves this throughput problem. Our design is similar to what you might find in a large hospital or an amusement park. The kitchen will be a full commercial operation, capable of handling normal food service operations as well as large athletic and other events. Equipment will include fryers, deck ovens, baking ovens, grills, griddles, walk-in coolers, walk-in freezers, and all code-required sink and wash areas.

Minimizing food service areas in building design completely misses the opportunity that is created by bringing the guests to the Center with tournaments and events. During our tour of the Myrtle Beach facility we were shocked to see the modest nature of their kitchen and seating areas. The \$1.6MM in gross revenue they earned is a reflection of this inadequate design. 17,160 sqft we have dedicated to this income stream is necessary for the business.



Climbing Structure/"Warrior" Course

In addition to attempting feed everyone in the building, we try to keep participants and their siblings amused while they are between games. The "warrior" course with a clip-and-climb ropes course above accomplishes. Placed at the front of the building with maximum street visibility, the course will be on a pay-per-use basis and will be sold for non-exclusive party packages. Adventure Solutions is a national leader in the design and construction of these courses and provided a preliminary design and budget appropriate to the anticipated traffic and space. This structure is also used by adults and will be a driver of Fitness Center revenue as well. The 6,343 sqft dedicated is a good investment of space to ensure a great experience for guests and increase sales to them on a per person basis.



Trainer's Room

We will be partnering with Children's Hospital of the Kings Daughters Sports Medicine ("CHKD") to provide trainer service to the at the Center. This room will be about 800 sqft and will be just off the courts for quick trainer access to the players. The room will have a private office, a private exam room, and a main trainer's area with equipment. Here is the list of the FFE and supplies with which CHKD is going to equip the room:

Cybox 600IC Indoor Cycle (does not have to be this specific model, just wanted to give you an idea)

- Body Blade Classic
- Exercise Ball 45 cm
- Exercise Ball 55 cm
- Exercise Ball 65cm
- Ball rack for exercise balls
- Foam Rollers 6 x 36
- 1/2 foam roller 6 x 36
- Foam Roller 1/2 12"x3
- Foam Roller 12 x 6"
- Airex Balance Pads (2)
- Scissors
- Heavy Duty Shears
- Bag Dispenser/Bags for ice
- Game Ready with wraps for ankle, knee, shoulder
- Theraband Yellow, Red, Green, Blue, Black
- Theraband Loops, all colors
- 46" TV w/wall mount bracket
- Water Cooler
- Stethoscope/BP Cuff kit
- Misc. First Aid supplies
- Misc. Medical Supplies
- SAM Splints set
- AED
- Emergency Oxygen
- EpiPen Kit





Center Structural and Construction Details

The interior slab will consist of 4" concrete on 4" of porous fill. The slab on grade will include a vapor barrier and 6x6 WWF reinforcing. The mezzanine slab will consist of a 4" composite deck. All exposed concrete surfaces will be sealed to limit dust and for maintenance. The first-floor interior walls will consist of CMU to help support the mezzanine composite decks and for durability. Exposed masonry surfaces will be treated with block fill and painted. The mezzanine, stair towers, and lower front portion of the Center will be supported by a structural steel frame and steel deck. The main building will be constructed out of a clear span Pre-Engineered Building. The roof system will consist of purlins or truss-purlins and be skinned by a standing seam metal panel for superior leak resistance. The wall will be skinned with an architectural, concealed faster panel.

General casework will be laminate with 3mm edge banding for durability. Food service counters, main counters, and other high traffic areas will be granite or other solid surfaces. The lower front building will have TPO roof with tapered insulation. All insulation will comply with the new energy code. Portions of the front and side elevations will include sleek composite aluminum panels as well as internally lit CPI Walls. The main entrance will feature a substantial canopy. The doors will be hollow metal steel doors and the door systems will include options for a variety of glazing and configurations. The exterior storefront systems will feature energy efficient glazing and a clear anodized finish. Large masses of glass will be curtain wall to maximize visibility and to provide a sleek look.

Mezzanine walls, other than the restrooms, will include metal stud framing with drywall. All other miscellaneous framed walls will be metal stud. The lower front building will have exterior structural studs and either composite metal panels or CPI walls, depending on the elevation. All exposed steel, drywall, and CMU will be painted in a custom color scheme. Flooring includes: rubber tiles for training and play area, Luxury Vinyl Planking in lounge, party, and group room, commercial carpet tile in the offices, epoxy flooring in the kitchen, and all bathroom floors and walls to be ceramic. The budget includes a generous allowance for custom interior and exterior signage.

The perimeter event seating will feature 1,786 stadium-style and bar stool rail chairs for long-term comfort of participant viewers. An elevator to comply with ADA regulations and allow for easy access between floors will service the 2-story Center.

The plumbing and HVAC systems will be appropriate to support a facility of this magnitude. Commercial plumbing fixtures will be provided and sized for maximum occupant load. The HVAC systems will be energy efficient and provide adequate heating, cooling, and indoor air quality. The Center will have a full fire suppression sprinkler system and comply with all national and local fire codes. Lighting fixtures will be energy efficient LED and rooms will include occupancy sensors.

Emergency Preparedness and Sheltering

Our experience of such municipal athletic facilities has shown the desire and benefit of a structure such as the Virginia Beach Tournament and Event Center to also serve as an Emergency Shelter for the surrounding community both during and following an emergency event.

To withstand an Emergency Storm event, such facilities can be designed to structurally resist wind speeds such as a Category 2 hurricane for example. During such design efforts, we would increase the lateral and uplift capacities of the building's foundation and structural systems, increase the strengths of any roll up garage doors and install hurricane resistant glazing in the building. These sort of facility improvements are meant to provide a safer structure during an event.

Following an emergency event, an emergency shelter such as this may be needed to house community residents for several days or weeks while local power supplies are restored to the area. In this event, we would design the Center to accommodate temporary, mobile generators that can be positioned and plugged in just before or after an event to provide power to the building and its users. Additionally, we have found that surrounding our Center with increased power outlets and dedicated circuits allows for the accommodation of large amounts of persons with medical-related equipment to be housed in the Center in times of need. Food storage capabilities will be required, and space layout will also be considered as we anticipate the safe and comfortable containment of the community in times of need.

ESM's experience in designing, creating the business plan for, and actively managing facilities such as the Virginia Beach Field House, uniquely qualifies us to assist the City of Virginia Beach in the development of a recreational facility that also serves as a shelter. The Virginia Beach Field House is one of a few facilities in the country whose purpose from the outset was both recreational and emergency management. Working with the City of Virginia Beach, ESM developed a design and layout that satisfied local recreational goals and sports opportunities while meeting the City's need for evacuation facilities for medically needy in time of emergency.

Cost of Emergency Preparedness

Drawing on our experience in preparing VBFH to include the upgrades listed above for shelter needs, we estimate doing the same for the Center would increase the cost of construction by \$690,000. This amount is higher than the \$500,000 that was necessary to upgrade VBFH. The design of the Center includes extensive glass and steel along the front elevations and entrance to match the Convention Center and the proposed arena design. If a more utilitarian aesthetic were chosen for the building, the hurricane upgrade number would be less.

Additionally, the added staffing and operational needs of the Center during and following an event will cost the City \$20,000/day if managed and maintained by ESM.

b. Work to be Performed by the City.

Identify and fully describe any work to be performed by the City or any other public entity.

The following work will be required of the City:

- Review and analysis of this PPEA proposal
- Administration of PPEA process

- Negotiation of Interim and Comprehensive Agreement
- Negotiation of the Lease Agreement
- Normal permitting and review required of the development covered below
- Funding construction of the Center.

c. Permits & Approvals.

Include a list of all federal, state, and local permits and approvals required for the project and a schedule for obtaining such permits and approvals.

- The building site is located on 19th Street in Virginia Beach adjacent to the Virginia Beach Convention Center. Zoning for the site is Oceanfront Resort (OR) and development criteria will be based on the Form-Based City Code for the Oceanfront Resort District dated March 7, 2017. This location is a part of the Resort Strategic Growth Area (SGA) for the City of Virginia Beach. Strategic Growth Areas are identified to be developed to accommodate future growth by utilizing innovative land use planning.
- Site plans for the Center will be submitted to the Development Services Center (DSC) of the City of Virginia Beach for approval.
- Pump Station plans for the Center will be submitted to the DSC of the City of Virginia Beach for approval.
- Site and Pump Station Plans will be submitted to Hampton Roads Sanitation District (HRSD) for approval.
- Pump Station Plans will be submitted to Department of Environmental Quality (DEQ) for approval.
- Land disturbance permitting will be obtained following site plan approval.
- Storm water management requirements and any environmental permitting will be met through the overall development plans.
- Building plans will be submitted to the City for building permit.
- Timing for permits and approvals will be as outlined in Section 2.f of this Volume 1.

d. Adverse Impacts.

Identify any anticipated adverse social, economic and environmental impacts of the project. Specify any strategies or actions to mitigate known impacts of the project.

ESM does not anticipate any significant adverse social, economic or environmental impacts of the project. Impacts from the development and construction are expected to be mitigated by compliance with existing federal, state and City regulations and guidelines.

e. Positive Impacts

Identify the projected positive social, economic and environmental impacts of the project.

Project Savings to the City

Working with ESM, the project will be delivered at a lower cost than what could be accomplished by a municipality through a traditional procurement process. ESM proposes to execute the design and construction phases in approximately 20 months at a lower per-square-foot cost than similar public projects. Moreover, we will pay the City rent from the Center's net profits, in contrast to most public recreation centers which require ongoing public subsidies to continue operating.

Operational Savings for the City

Under our proposal, the City will not bear the expense of operating the Center or hiring management and staff to the new programs like those offered by ESM; on the contrary, the City will receive rent payments. While some of the offerings at the Center will be similar to City Parks and Recreation programs, much of the programming will be new to the City.

Shortest Path to a Virginia Beach Tournament and Event Center

The PPEA process, combined with a private design and construction process, should take approximately 29 months. By way of comparison, the Rouse Center took nearly four years for Stafford County to design and construct. Stafford first proposed of the project in mid-2012, secured funding later that year, designed it in 20 months, and constructed it over 21 months. The Rouse Center finally opened in May of 2016 by which time ESM had been selected to operate the facility.

Recreational Opportunities for Adult and Youth Residents

Oceanfront residents must currently drive to the Virginia Beach Field House, Hampton, or Williamsburg to enjoy the recreational opportunities that the new Center will provide. Similar facilities become wellness, recreation, and social hubs for their communities. There are customers in our Fredericksburg and Pennsylvania facilities who have been coming since those facilities' opening, 13 and 19 years ago respectively.

Health and Fitness Benefits for Local Residents

Weekly participation in team sport activities is consistent with recommended fitness and health initiatives promoted by local, state and national wellness organizations. By its third year of operation, the Center will host approximately 80,000 individual hours of team sport activities. That's a little more than 1,500 people working out for an hour every week. Additionally, with approximately 6,000 sf of fitness area in the Center with a projected membership of 3,000, weekly workouts will be in excess of 2,500.

Revenue to the City

The City will see approximately seven different revenue streams from the project including:

- Rental payments made by ESM to the City based on a split of net profits.
- Business License fees based on gross receipts.
- Hotel taxes from visitors attending tournaments and events.
- Meal taxes generated in the Center and from visitors dining elsewhere in Virginia Beach.
- Leasehold estate taxes directly from the Center and from increased home values near the facility.
- Admission taxes whenever the Center charges admission for events and tournaments.
- Business Property taxes.

ESM estimates that the Center will generate approximately \$1,200,000 in annual food and beverage revenue by the third year, all subject to the City's meals tax. The Center will host between 40 to 45 annual events that will attract customers from far enough away to require hotel visits, generating hotel tax revenue.

Economic Impacts

The Center will have approximately 13 full-time and 100 part-time employees, most of whom are expected to be Virginia Beach residents. Most vendors serving the Center will be local. Visitors to the Center from out-of-town will likely stay in Virginia Beach and dine locally, generating hotel and meal tax revenue for the City.

f. Schedule

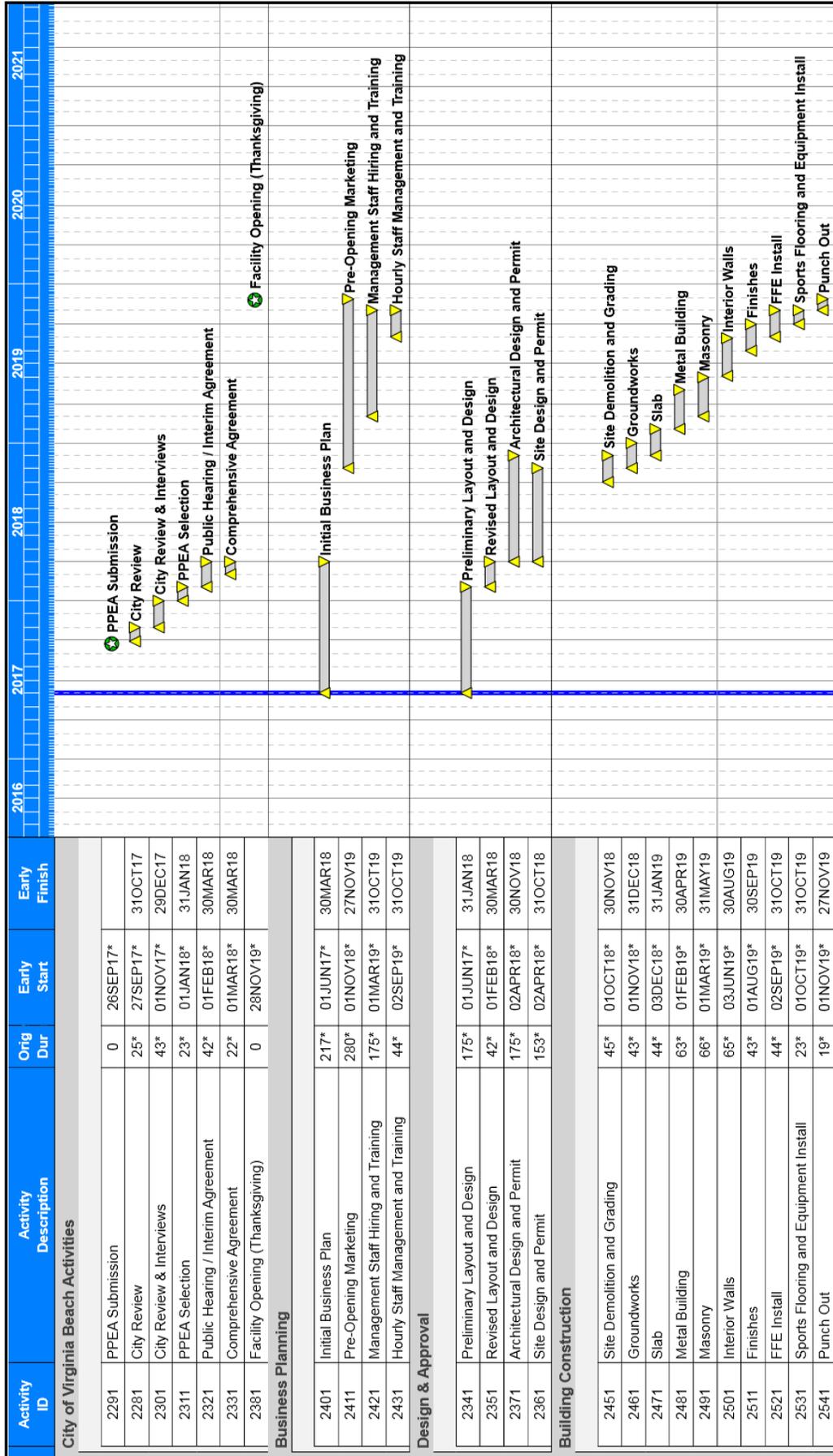
Identify the proposed schedule for the work on the project, including the estimated time for completion.

The schedule for this project is very aggressive. The time from the date of this submission to doors open on the Center is 26 months. That is broken very roughly into:

- Six months to come to a signed Comprehensive Agreement with the City.
- Seven months to design and obtain permits for the building and site.
- 13 months to build it.

Meeting the proposed deadlines and completion date will require extensive planning, collaboration and involvement between City decision makers and the team. The team looks forward to working with the City to review the schedule shown here and establish a completion date that accomplishes the City's goals for this project. Our proposal assumes that the City will be willing and able (after any necessary public hearing and comment process) to enter into an Interim Agreement with ESM on or before February 1, 2018 and a Comprehensive Agreement shortly thereafter. Some of the key milestones from the schedule are shown on the next page.





g. Allocation of Risk for Delays

Propose allocation of risk and liability for work completed beyond the agreement's completion date, and assurances for timely completion of the project.

The risks of delays in design and/or construction are borne by ESM as it carries all design, development and construction risks of the project pre-opening. After opening, ESM and the City will share the benefits of fluctuations in net profits, but ESM will exclusively bear the risk of negative cash flow. The City will be able to alleviate some of the risk for delays through timely management of the PPEA process and the site and building permit review process.

h. Assumptions to Ownership, Operation, and Use

State assumptions related to ownership, legal liability, law enforcement and operation of the project and the existence of any restrictions on the public entity's use of the project.

The City or its EDA will own the Center and will have the same legal liability and law enforcement rights and responsibilities for the new Center as it does for any public facility. ESM will manage operations of the Center pursuant to the Lease. City use of the Center will be covered under the Lease. The Lease will include performance standards for the operation of the Center. ESM as tenant will provide all the normal protections for a landlord standard in commercial real estate leases.

i. Phased Openings

Provide information relative to phased or partial openings of the proposed project prior to completion of the entire work proposed.

No phased openings are anticipated, assuming sufficient funding to execute the project.

j. Standards

Describe any architectural, building, engineering, or other applicable standards that the proposed project will meet. Define applicable quality standards to be adhered to for achieving the desired product outcome(s).

VHB will be designing to ADAAG 2010 standards, current CVB Public Works and Public Utility standards, HRSD Technical standards, and the DEQ Sewage Collection and Treatment regulations.

PSH will be designing to the following standards:

- VIRGINIA UNIFORM STATEWIDE BUILDING CODE (USBC) 2012 EDITION.
- THE ICC MODEL CODES REFERENCED IN THE 2012 USBC ARE AS FOLLOWS:
 - 2012 ICC INTERNATIONAL BUILDING CODE
 - 2012 ICC INTERNATIONAL PLUMBING CODE
 - 2012 ICC INTERNATIONAL MECHANICAL CODE
 - 2012 ICC INTERNATIONAL ENERGY CONSERVATION CODE
 - 2011 NATIONAL ELECTRICAL CODE (NFPA 70)
 - 2009 ICC/ANSI A117.1 FOR ACCESSIBILITY STANDARDS
 - 2010 STANDARD FOR THE INSTALLATION OF SPRINKLER SYSTEMS (NFPA 13-10)
 - 2010 NATIONAL FIRE ALARM CODE (NFPA 72-10).

- ASME A17.1 SAFETY CODE FOR ELEVATORS AND ESCALATORS.

3. Project Financing

a. Estimated Cost by Phase

Provide a preliminary estimate and estimating methodology of the cost of the work by phase, segment, or both.

See Volume Two, which is incorporated by this reference and contains confidential information protected from disclosure under the Virginia Freedom of Information Act.

b. Plans for Development

Submit a plan for the development, financing, and operation of the project showing the anticipated schedule on which funds will be required. Describe the anticipated schedule on which funds will be required. Describe the anticipated costs of and proposed sources and uses for such funds.

We have broken the response to this PPEA Submission requirement into three sections: the Development Plan is below, the Financing Plan is included in Volume 2, and the Operations Plan is included as Appendix 3 to Volume 2.

Development Plan

The Site Plan submitted will be the general development plan for the lot and the Center. Necessarily, it will have to conform with other plans being submitted for the Arena and for any parking structures contemplated for the Convention Center District. The Center will provide accessible and VIP spaces in close proximity to the entrance, however, the standard parking spaces will be provided in the new parking garage (if built) associated with the Arena development and/or on existing surface parking on the south side of 19th street. The Center will include general storm water management and utility plans for the proposed development. Accordingly, some storm water management will be provided on the nine-acre lot planned for the Center, and some of the requirements will be supplemented with offsite storage and credits. Sanitary sewer, power, natural gas and communication utilities are accessible. Per the schedule discussed above, site plans will be submitted for approval in the 2nd quarter of 2018 with permits issued by the Fall of the year. With construction starting in the fourth quarter, the site and building pad will need to be stabilized prior to the winter weather. A more rapid PPEA and permitting process will aid in contracting the schedule. With the utilities already on the lot, the planned opening will be achievable.

c. Assumptions

Include a list and discussion of assumptions underlying all major elements of the plan.

The list of assumptions that are the foundation of the proposed project budget and the eventual operation of the Center can be found in Volume 2 which is incorporated by this reference and contains confidential information protected from disclosure under the Virginia Freedom of Information Act.

d. Risk Factors

Identify the proposed risk factors and methods for dealing with these factors

The construction risk on this project is borne by ESM. The construction risk will be mitigated by several factors:

- The site and the condition of the soils are known, with a long history of City construction at the site. The soils should not pose a risk to the budget or the schedule.

- The building frame is a pre-engineered metal building.
- The building as a whole is not a complicated design and does not have a high level of finishes.
- The construction schedule is planned to avoid exposure to lengthy weather delays by securing the site prior to the wetter time of year.
- The Team has substantial experience in the development and construction of similar facilities.
- Wack General Contractor has extensive metal building experience.
- Risks could be further mitigated by adding the cost of a performance bond to the project at \$219,507.

ESM is responsible for obtaining financing for its portion of the budget. ESM VBTEC, LLC, will service this financing through operations. Different portions of ESM financing will have different rates. An average rate is assumed for Tenant's debt service in the pro forma. Financing risk exists because of potential increases in interest rates between the date of this proposal and the anticipated date of closing financing. The schedules we have included are based upon current market conditions. Interest rates fluctuate daily and cannot be mitigated until documentation is complete and all entities are prepared to finalize their respective agreements. Currently the interest rate environment remains extremely attractive for borrowers. The rates assumed for this financing are included in the Assumptions section of Volume Two.

To the extent that the City or the EDA incurs any indebtedness to fund the construction of the Center, the City or EDA will have risk exposure for repayment of that indebtedness. Although the Lease Agreement between the City or EDA and ESM VBTEC, LLC will provide a split of net profits from the Center's operation, there is no assurance that the City's (or EDA's) share of that cash flow will be sufficient to pay debt service on any indebtedness incurred to fund construction of the Center.

In addition to the foregoing risks, ESM recognizes that general and local economic conditions may also affect the ability of ESM to construct or operate the Center. Risks may include currently unforeseen conditions such as regional, national or global recession, the effect of wars or terrorist attacks, the effects from any changes in laws or regulations, future trends in cultural and sporting activities, changes in public tastes and attitudes, or changes in demographic trends. In addition, the Center may face future competition from sports facilities and other venues within its geographic region.

e. Public Resources

Identify any local, state, or federal resources that the proposer contemplates requesting for the project along with an anticipated schedule of resource requirements. Describe the total commitment, if any, expected from government sources (and identify each such source) and the timing of any anticipated commitment.

This proposal requires the City to fund construction of the Center for the construction budget amount discussed in Volume 2. No state or federal resources are contemplated to be used for the construction of the Center or the infrastructure that will serve the Center. The obligations of the City will be limited to those which will be set forth in the Lease whereby the City or the EDA will fund construction of the Center. The construction funding will be in stages and will be covered by an AIA agreement between the City and ESM, with monthly applications for progress payments.. Except for the City's or the EDA's funding of construction, there will be no direct or indirect pledge, commitment or guarantee of the City's revenues or resources, nor will the City be required to furnish any financial guarantee or "moral obligation" of ESM's financing of the project.

f. Third Party Revenue Sources

Identify any third parties that the private entity contemplates will provide financing for the project and describe the nature and timing of each such commitment.

All revenues necessary to operate the Center will be generated by the Center. No external sources of revenue are necessary. The amounts required to operate are shown in the Three-Year Income and Expense statement in Volume Two which is incorporated by this reference and contains confidential information protected from disclosure under the Virginia Freedom of Information Act.

g. Ratings

Any debt issuance should be expected to receive an investment grade rating from a nationally recognized statistical rating agency. If the natural rating is not investment grade, the City may require the use of credit enhancements.

The debt incurred by ESM for its portion of the overall budget will be a standard commercial, vendor, or private financing and its issuance will depend on several factors:

- Creditworthiness of ESM and its principal.
- Existence of a Lease Agreement from the City or EDA for the Center.
- Evidence of the City's ability to fund the construction of the Center.

If the City chooses to issue bonds in order to construct the Center, the ratings on the bonds should be tied to the ratings for the City, not the viability of the project, as we propose no direct connection between the Center operation and the servicing of any City debt. The City will be the best judge of its ability to utilize tax exempt financing to fund the purchase of the Center by the City or the EDA. Based on ESM's experience in Stafford County and advice of counsel, tax-exempt bonds normally cannot be used to purchase or construct a public facility that will be leased by a private, for-profit entity or that involves a share of net revenues.

h. Financial Penalties for Early Termination

Outline the financial penalties, if any, that would result should the City wish to terminate a project early or restructure the cash flows for some reason of its own choosing.

ESM acknowledges that the City's obligation to fund construction of the Center under the Lease Agreement will be subject to appropriation if the obligation is not to be considered a debt of the City. To the extent the EDA is the obligated party, the City will nevertheless be the party providing credit support. In the event of termination or non-appropriation, ESM will be faced with the problem of making whole all lenders to the project in addition to other penalties to compensate for work not yet billed. Therefore, the Lease with the City or EDA will include provisions that, to the maximum extent permitted by law, will protect ESM and its lenders from such losses in the event of termination or non-appropriation.

i. Fees to Underwriting Firms

Provide a breakout of the fees to any underwriting firm(s) and the type of obligation the firm(s) are using with a financing component. Be specific as to tax-exempt, taxable, floating rate, fixed rate, etc.

The financing to be acquired by the proposers will not require underwriting beyond that normally employed in commercial, vendor, and private loans for which there is no fee (other than a customary commitment fee that is not a material cost in the overall financing). The financing will be contingent upon the execution of the Lease. The funds necessary for the tenant's portion of the overall budget will be sourced as they were in ESM's project in Stafford: a mix of equity, private debt, commercial debt, and vendor financing. The rates and terms on these different sources vary considerably. Details of what we have done previously and our assumptions for this proposal are found in the Financing Section of Volume 2.

j. Letter of Interest or Commitment

Provide a letter of interest or commitment from the financial institution which proposer has identified as a financial partner in the project.

ESM has sourced a combined \$30,500,000 in debt and equity in the last two years to finance recreation facilities. As the PPEA process progresses, prior to the execution of the Lease, ESM will secure commitment letters for all funds necessary for the project.

4. Project Benefit and Compatibility

a. Beneficiaries and Benefits

Describe the anticipated benefits to the community, region or state, including anticipated benefits to the economic condition of the City, and identify who will benefit from the project and how they will benefit.

- Residents of Virginia Beach and the region should be able to derive benefits from the acceleration of the project contemplated in our proposal through safer, more convenient, and greatly improved recreational facilities represented by the Center. The PPEA process itself typically shortens the delivery time for such projects over traditional public capital project procurement procedures for projects of similar size and complexity. This reduced delivery schedule decreases the overall project costs that in turn results in taxpayer savings over the length of the project.
- The City will benefit from increased tax revenues.
- Local businesses, especially hotels and restaurants, will benefit from increased visitors to the City.
- National and regional tournament operators will benefit from having a professional, purpose-built tournament and event center which will make their events more efficient and allow them to grow.
- ESM will benefit from additional sports management business from its operation of the Center.
- Proposal team members will benefit from fees earned in the development and construction of the Center.
- Youth and adult athletes regionally will benefit from having a first-class facility in which to participate.
- Virginia Beach resident will benefit from having a first class fitness, sports and recreation center located at the Oceanfront.

b. Anticipated Support or Opposition

Identify any anticipated public support or opposition, as well as any anticipated government support or opposition, for the project.

We anticipate strong public support for several reasons. With no facility like the proposed building in the City, the public will enjoy new recreational opportunities without leaving their community. The PPEA process will be supported because of the probability that residents will enjoy the new Center sooner than later. The proposed business plan combined with ESM as the experienced operator should not make the Center a financial burden on the City

Those who do not think the government should spend money on economic development projects or recreational assets for its citizens may oppose the project. Those who do not feel there should be further development at the oceanfront may oppose the project.

c. Plans for Public, Business Community, and Government Involvement

Explain the strategy and plans to involve and inform the general public, business community, and governmental agencies in areas affected by the project.

The proposal team has already started the process of involving the general public by communicating with various groups and individuals from the community. ESM conducted a survey of existing customers at its Virginia Beach location to solicit feedback about which elements will be desired for a Tournament and Event Center in Virginia Beach. In the weeks immediately following the submission of this proposal, we will be reaching out again to community leaders to brief them on the details of our submittal. We will continue to meet community groups throughout the PPEA process, soliciting feedback on every aspect of our proposal. As the process moves forward, we will begin establishing partnerships with local businesses to support the growth in programs benefitting the residents of Virginia Beach. The Proposal Team has also communicated with national tournament operators to discuss amenities, layout, and price points.

d. Anticipated Benefits

Explain whether and, if so, how the project is critical to attracting or maintaining competitive industries and businesses to the City or the surrounding region.

The benefits to the residents of Virginia Beach and to the City have been covered above in the sections “Benefits and Beneficiaries” and also “Positive Impacts”. The project will be an asset to the quality of life for Virginia Beach residents. Any such asset acts as a magnet for new residents and thereby for businesses that employ them.

e. Compatibility with Local Plans

Explain whether and, if so, how the project is compatible with the City’s comprehensive plan, infrastructure development plans, capital improvements budget, or other government-spending plan.

This project is compatible with the 19th Street Infrastructure Plans, established for the Arena. This project is also compatible with the VBCC and the Arena uses.

f. Standards

Explain how quality standards of the project will be satisfied in comparison with the qualities anticipated or proposed by the City of Virginia Beach for the project.

This submission is a Conceptual PPEA submission. As such, there are no quality standards currently set out for this project other than those listed in the Scope of Work and other documents posted by the City for this solicitation. The City maintains strict standards of quality in all of its public facilities, especially its recreation centers. As part of its Business Plan for the Center, ESM will incorporate standards of care for the building and for the operation of the Center. The Center Business Plan will be included by reference in the Lease Agreement with the City.

g. Participation Efforts

Provide a statement setting forth participation efforts that are intended to be undertaken in connection with this project with regard to the following types of businesses:

(i) minority-owned businesses; (ii) woman-owned businesses; and (iii) small businesses.

Throughout the course of the construction and operation of the Center, ESM will endeavor to involve women-owned and minority-owned service providers. We share the City's commitment to engaging a diverse and talented group of service providers. The FFH and VBFH were both constructed by small, women-owned businesses.

