IMPROVING COMMUNITIES THROUGH SPORT

THE SPORTS FACILITIES ADVISORY

MARKET OPPORTUNITY REPORT

PREPARED FOR: DISCOVER KALISPELL – KALISPELL TOURISM BUSINESS IMPROVEMENT DISTRICT

REPORT DELIVERY DATE: DECEMBER 2022

THIS PROJECT IS REPRESENTED BY THE SPORTS FACILITIES ADVISORY FOR MORE INFORMATION VISIT WWW.SPORTSFACILITIES.COM

TABLE OF CONTENTS

EXECUTIVE SUMMARY

DEFINITIONS OF SUCCESS

In July of 2022, Discover Kalispell in Kalispell, Montana (henceforth, the “Client”) engaged Sports Facilities Advisory, LLC (SFA) to complete a market opportunity report related to the development of new sports and recreation assets in Kalispell. The Client’s primary intent is to explore options for an indoor sports tourism complex in Kalispell, as well as improve sports and recreation opportunities for the residents of Kalispell and surrounding areas.

In order to understand the Client’s desired outcomes, SFA facilitated an exercise to define success for the project. Based on that exercise, SFA created those desired outcomes as the “definitions of success.” As such, this project must meet the following criteria to be deemed successful:

- Become a tournament and event destination facility that attracts non-local visitation during the off-peak season to Flathead Valley
- Build a tournament quality facility that will generate economic impact and direct spending for the Flathead Valley and the surrounding marketplace
- Serve as a community asset that provides a sense of place and enhances the quality of life for residents by creating access to top quality sports and recreation assets
- Feature diverse and flexible programming for sports, activities, and events to serve a wide variety of potential partners and stakeholders that reaches the Flathead Valley
- Become a catalyst for ancillary development as well as the redevelopment of existing hotels, retail, and restaurants in the marketplace

THE SPORTS FACILITIES ADVISORY

EXECUTIVE SUMMARY

RECOMMENDATIONS FOR NEXT STEPS

Based on the work completed to date, SFA believes that an opportunity exists to develop a premium sports tourism complex in Kalispell, MT with the capability of meeting the Client's objectives. SFA has detailed the recommendations for the new complex that has the highest likelihood to achieve the Client's goals. The recommended facility program is what SFA believes has the potential to meet the Client's definitions of success with individual asset types that are right sized to meet local demand, the sports tourism opportunity, and flexible to meet the needs of non-sport, flat-floor events.

It is important to note that the Kalispell market may hold some challenges due to the location, socio-economic conditions, and limited number of participants. A first-class facility that offers exceptional sports tournaments and events may draw from outside of the local market and could service participants inside the 60-minute drive time locally, including reaching participants beyond the traditional four-hour drive time window, that could include residents that live up to six hours from Kalispell. SFA emphasizes the consideration of additional assets that will improve guest experience, although these assets (indoor turf, indoor aquatics, family entertainment and more) may not contribute to the Client's goal of driving tourism and economic impact in the market. SFA evaluated the opportunity for an indoor aquatics component and concluded that a need exists, but based on the substantial cost to operate, recommended that the Client consider aquatics as a part of a future phase.

SFA PROJECTS THE FACILITY TO COST APPROXIMATELY $59.8 MILLION, NOT INCLUDING LAND ACQUISITION COSTS, AND REQUIRE APPROXIMATELY 12 TOTAL ACRES OF LAND.

SFA PROVIDES A DETAILED OPINION OF COST WITHIN THE "FACILITY PROGRAM & OPINION OF COST" SECTION OF THIS REPORT.

RECOMMENDED FACILITY PROGRAM

INDOOR SPORTS FACILITY

- 4 Basketball Courts
- 8 Volleyball Courts (Over Basketball Courts)
- Primary Ice Rink
- Secondary Ice Rink
- 6,000 sq. ft. Sports Performance Turf Training Area
- 3 Batting Cages/Pitching Tunnels (Over Turf)
- 2,000 sq. ft. of Leased Space (Possible Medical Lessee)
- Kitchen and Café/Seating Area
- Training/Physical Therapy Room
- Mezzanine (Court Area)
- Support Office Area, Restrooms, etc.

INDOOR SPORTS FACILITY – NEXT STEPS

- Explore and define the potential for funding mechanisms, development incentives, and/or strategic partnerships that could create a viable investment in the construction and operation of enhancing existing and/or building new facilities.
- The exploration of funding mechanisms, development incentives, and strategic partnerships will assist in answering questions such as how the facility be utilized, if it makes more sense to develop new facilities, and how the development will get funded.
- Determine if the location(s)/site option(s) have the highest likelihood of supporting the best path forward for development.
- Complete a detailed financial forecast (pro forma). The financial model will help to understand the operational realities of the recommendations and assist in determining which amenities will best contribute to the Client's definitions of success.
- Create the optimized facility program and business model(s).
- Complete a narrative document summarizing the optimized facility program and business model, financial forecast, and economic impact analysis.

INTRODUCTION

In July of 2022, Discover Kalispell in Kalispell, Montana (henceforth, the "Client") engaged Sports Facilities Advisory, LLC (SFA) to complete a market opportunity report related to the development of new sports and recreation assets in Kalispell. The Client's primary intent is to explore options for an indoor sports tourism complex in Kalispell, as well as improve sports and recreation opportunities for the residents of Kalispell and surrounding areas.

In order to understand the Client's desired outcomes, SFA facilitated an exercise to define success for the project. Based on that exercise, SFA created those desired outcomes as the "definitions of success." As such, this project must meet the following criteria to be deemed successful:

- Become a tournament and event destination facility that attracts non-local visitation during the off-peak season to Flathead Valley
- Build a tournament quality facility that will generate economic impact and direct spending for the Flathead Valley and the surrounding marketplace
- Serve as a community asset that provides a sense of place and enhances the quality of life for residents by creating access to top quality sports and recreation assets
- Feature diverse and flexible programming for sports, activities, and events to serve a wide variety of potential partners and stakeholders that reaches the Flathead Valley
- Become a catalyst for new ancillary development as well as the redevelopment of existing hotels, retail, and restaurants in the marketplace

INTRODUCTION

SCOPE OF WORK

THE FULL SCOPE OUTLINED IN THE AGREEMENT CONSISTS OF THE FOLLOWING SEVEN (7) STEPS:

- **Step 1: Project Kick-Off Call**
  - In this step, SFA facilitated an initial phone call to cover six topics such as project history, existing data, potential partners, etc.
- **Step 2: Existing Data Review and Market Analysis**
  - SFA discussed the current facilities used for local programming and sports tourism with the Client. SFA then conducted market research on various local sports and recreation assets, as well as sports tourism assets in the region.
- **Step 3: On-Site Development Planning Session (DPS), Facilities Tour, Market Tour, and Stakeholder Meetings**
  - SFA facilitated a "deep dive" planning and strategy session with the Client that focused on defining success and refining the Client's vision, value propositions, financial resources, core competencies, products and services, strategic alliances, and financial success metrics.
- **Step 4: Detailed Market and Needs Analysis**
  - During the initial site visit and throughout the assessment process, the Advisory Team will research and assess existing and potential new facilities, programs, and opportunities for both community-based sports groups and sports tourism, identified in conjunction with the Client Team. Ultimately, this assessment will evaluate the system as a whole and create detailed insights related to indoor sports assets within Kalispell and Flathead County. The goal of the needs analysis is to evaluate current assets and programs to identify opportunities for improvement as well as to utilize the information gathered in the steps above to establish recommendations for new assets and programs. All resulting recommendations will be intended to meet the current and future demands for local sports groups as well as optimize the opportunity to generate economic impact and support economic development resulting from sports tourism.
  - The market needs assessment will create recommendations based on three categories:
    - 1. Data-Based Insights – equitable access (location), usage and participation rates, participation trends by activity, population, and socioeconomic trends in the community with anticipated impacts on future participation/demand, and benchmarks/gap analysis for community-based sports groups.
    - 2. Physical Condition – quality and useful life of existing facilities, number of playing areas and layout, playing surfaces, and amenities for indoor sports assets.
    - 3. Operations – equitable access (programs and fees), cost/benefit for existing and future assets and programs, staffing requirements and future needs, financial performance, economic impact, and more

- 4. The Advisory Team will conduct a Comparative Market Analysis and create facility profile and benchmark summaries for similar size and use facilities within competitive destinations surrounding Kalispell. The profile and benchmarks will include as much of the following as possible:
    - Summary/Overview
    - Facility Description, Characteristics & Features
    - Target markets
    - Hotel Infrastructure
    - Operations overview
- In addition to the specific facilities in the comparative market analysis, the Advisory Team will create a database of regional tournaments and events that will inform the recommendations for the size, assets, and potential performance of a new facility.

- **Step 5: Regional Tournament and Event Seasonal Schedule**
    - Utilizing the research conducted in Step 4, SFA will create a simple schedule to demonstrate when key economic impact generating sports are in peak season, shoulder season, and off-season periods. This schedule will demonstrate the range of opportunities for a year-round sports tourism program while informing the recommendations for a new facility that maximizes the opportunity meet local demand and host sports tourism events.

- **Step 6: Market Opportunity and Recommended Facility Report**
    - To finalize Phase I of the Client's engagement with SFA, SFA prepared the Market Opportunity Report that outlines the Client's opportunity based on SFA's expertise and experience in the industry. The report features various substantive sections, including:
        - Market Overview
        - Key Data: Demographic and Socioeconomic Analysis
        - Key Data: Sports in the Region
        - Key Data: Existing Local and Regional Service Providers
        - Facility Overview – Facility Program(s) and Opinion of Cost
        - Business Model Overview
        - Example Facility Performance Benchmarks
        - Potential Funding Sources
        - Conclusion and Next Steps

- **Step 7: Potential Economic Impact Analysis of Recommended Facility**
  - Utilizing its proprietary economic impact calculator that is based on economic impact data from thousands of sports tourism events, the Advisory Team will provide three key pieces of information related to the potential economic impact of the recommended facility:
    - A projection of Average Daily Expenditure (ADE) - this will establish the amount of money that will be spent in market each day by each non-local visitors who travel to the destination for a tournament or event. Spending categories include:
      - Lodging
      - Meals/Food and Beverage
      - Retail
      - Entertainment
      - Transportation
      - Other
    - A Sample Event Impact Projection – based on the ADE projection and reflective of the events that currently taking place in the region, the Advisory Team will create a sample event impact projection for at least three different tournament types/sizes to demonstrate the economic impact they would generate if they were held at the new facility.
    - A range of annual economic impact that should be expected to be generate if the new facility is developed

PROCESS & WORK COMPLETED

OUTLINE OF PROCESS USED TO FORM RECOMMENDATIONS

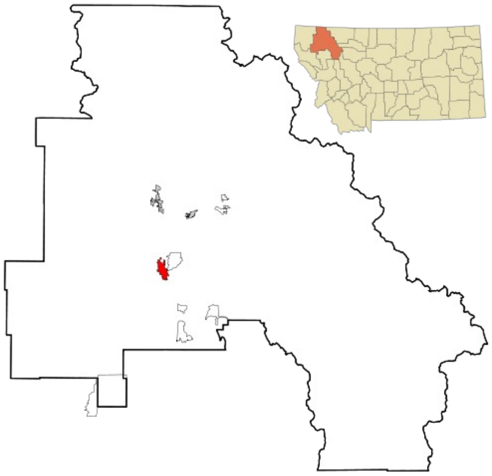
In order to create the recommendations detailed in this report, SFA utilized a proven process to develop an in-depth understanding of goals, opportunities, and viable strategies for improving Discover Kalispell's access to quality sport and recreation facilities and enhance the local youth and amateur sports tourism position. While the process included dozens of steps and was not linear, it can be summarized as a six-phase process that begins with developing a contextual understanding of desired outcomes and ends with recommendations to achieve those outcomes. The "SFA Funnel Model" depicted below demonstrates SFA's process to develop and refine recommendations for Discover Kalispell.

OUTLINE OF WORK PERFORMED

IN ORDER TO COMPLETE ITS WORK, SFA PERFORMED THE FOLLOWING STEPS:

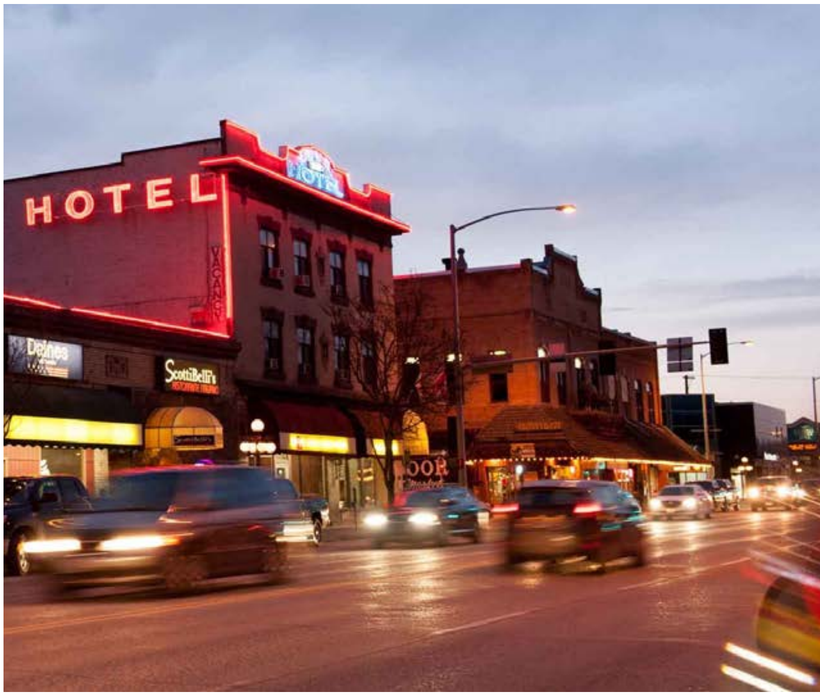
- **Reviewed existing data, including:**
  - High School Athletics Data
  - Short-Term Rental Data
  - STR Reports
  - 2021 Nonresident Visitation Expenditures
  - Kalispell 2019-2022 Hotel Data
  - Possible Indoor Facility Site Location Data
  - And more
- **Conducted a market analysis, including:**
  - Demographics and socioeconomics
  - Sports participation
  - Sports tourism industry, participation, and competition trends
- **Researched existing local recreation and fitness/training assets including:**
  - Facility amenities
  - Facility quality
  - Event seasonality
- **Researched existing sports and events and tournaments, including:**
  - Location
  - Length
  - Number of teams
  - Pricing
  - And more
- **Detailed Market and Needs Analysis**
- **Regional Tournament and Event Seasonal Schedule**
- **Potential Economic Impact analysis of recommended Facility**
- **Created a facility program plan and opinion of cost for the development of new facilities**
- **Identified preliminary funding sources that should be considered in determining the opportunities to invest in sports tourism assets**

MARKET OVERVIEW
KALISPELL, MONTANA



Kalispell is located in the northwestern corner of Montana and maintains proximity to southern Alberta and British Columbia, Canada. The area had an estimated population of 24,558 people, according to census estimates from 2020. With a total land area of approximately 12.56 square miles, Kalispell has a population density of approximately 1,955 people per square mile.

Kalispell is accessible by US-93 and US-2, which connects the area to surrounding communities. Glacier Park International Airport services the area, offering frequent routes to Denver, CO, Salt Lake City, UT, and Seattle, WA, connecting the market to the west and Pacific Northwest metro areas. The airport serves over 400,000 passengers annually.



Kalispell thrives from local seasonal mountain resort destinations and the number of championship golf courses within the area. Kalispell offers a downtown area with a small-town feel while also providing residents and visitors alike access to Glacier National Park. The largest employers in the area include Logan Health Medical Center, Weyerhaeuser, and Health Center Northwest, among others.

KEY DATA: DEMOGRAPHIC & SOCIOECONOMIC ANALYSIS

SFA conducted an in-depth demographic and socioeconomic analysis of the local, sub-regional, and regional market. The goal of this portion of the analysis is to determine the key characteristics of the most regular users of new facilities and existing facilities during non-tournament and event times. SFA also determined the characteristics of those users who would participate in tournaments and events in Kalispell, MT. SFA has included comprehensive local and regional demographic reports in the Appendix of this document.

As previously mentioned, SFA has not recommended a specific site to position the new facilities, but rather made recommendations that best meet the definitions of success set forth by the Client, that also match the market opportunity, research, and analysis, regardless of site. In doing so, SFA has utilized a central position of Kalispell, MT as the basis for the demographic and socioeconomic insights.

The chart that follows displays some of the key demographic factors used in analyzing the utilization of facilities by the local, sub-regional, and regional population; these customers will be the most frequent users of a sports and recreation facility during non-tournament and event times. While these statistics do not serve as strict predictors of a facility's opportunity to meet its objectives, SFA has developed a proprietary analytical process which considers these factors and several others as an integral part of the financial forecast, sports participation projections, and other analyses required in SFA's study.

KEY LOCAL, SUB-REGIONAL, AND REGIONAL DEMOGRAPHIC FACTORS

Category	10 Minutes (Local)	15 Minutes (Local)	30 Minutes (Local)	60 Minutes (Sub-Regional)	90 Minutes (Sub-Regional)	240 Minutes (Regional)	300 Minutes (Regional)
Total Population	39,069	46,558	92,860	122,634	156,723	1,230,098	1,703,864
Projected 5-Year Population Trend	+3.95%	+4.35%	+5.65%	+5.40%	+4.65%	+4%	+3.90%
Median Age (U.S. Median: 38.5)	38.9	39.6	42.9	44.3	44.6	41.7	40.8
Median HH Income (U.S. Median: $70,784)	$61,758	$64,519	$69,311	$67,350	$61,386	$60,803	$62,697
Adjusted Median HH Income % (Above/Below Cost of Living – Index: 97.6)	-10.61%	-6.61%	+0.33%				
Fees for Recreational Lessons	$108.80	$112.71	$118.58	$117.33	$106.78	$116.74	$119.58

KEY DATA: DEMOGRAPHIC & SOCIOECONOMIC ANALYSIS

POPULATION SIZE

SFA uses drive times from the potential facility site to analyze the population of the possible participants that a sports complex would seek to capture. The immediate area of Kalispell, within the 30-minute drive-time window, is made up of approximately 92,860 people, while the overall region (300 minutes) is made up of approximately 1.7 million people.

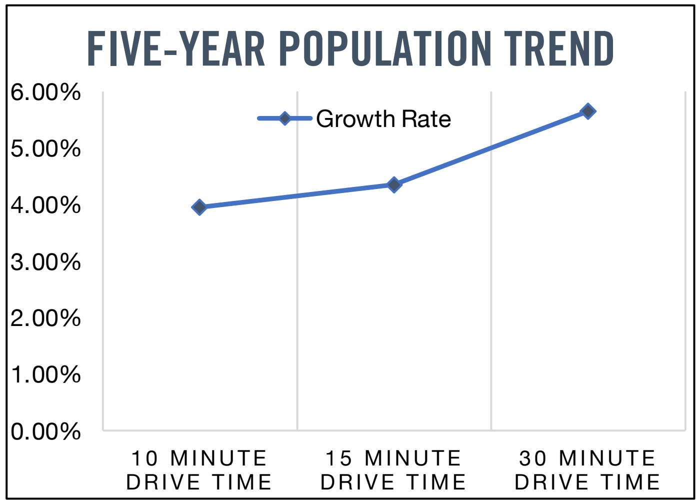
The local market can be viewed as a neutral factor for local programming, since the assets are right-sized to meet local utilization needs. The regional population presents additional challenges due to the geographic isolation of the community. However, no multi-purpose indoor sports tourism complex currently operates within the state or the region. Therefore, the proposed complex could draw a substantial portion of the population from the standard region (240 minutes) and beyond up to 360 minutes; this extends the potential market capture to markets like Calgary, Alberta and Missoula, Montana.

POPULATION TREND

The population is expected to increase in the immediate area, with estimates up to an approximate 5.65-percent increase per year in the 30-minute drive time interval.

AGE:

The median age within all drive time intervals is greater than the national median of approximately 38.5. Based on SFA's experience, markets with a below average median age typically suggests that there are a high percent of children and young adults in the market, which are key age segments for sports and recreation. Because the median age is higher than the national median in all drive times, SFA views the median age as a challenging factor in determining the market opportunity.



MEDIAN HOUSEHOLD INCOME:

The median household income levels in all drive time intervals appear to sit below the national median, which is approximately $70,784. SFA adjusted the median household income based on the cost of living in Kalispell. Based on these adjustments, SFA calculated that the adjusted median household income falls between -10.61-percent below and up to 0.33-percent above the median in Kalispell. As a result, SFA views median household income as a challenging factor in determining the market opportunity. SFA also notes that Montana has experienced a recent increase in high-net worth individuals that could positively impact this factor in the coming years.

FEES FOR RECREATIONAL LESSONS:

The surrounding communities have slightly below average spending on recreational lessons when compared to the national average, which is approximately $143. Based on SFA's experience, communities with above-average level of household expenditures on fees for recreational lessons displays the willingness to purchase recreation-based programs and services in the immediate area. Because fees (spending) for recreational lessons are lower than average, SFA views spending on recreation as a challenging factor for the local market opportunity and as a neutral factor for sports tourism facility development.

KEY DATA: DEMOGRAPHIC & SOCIOECONOMIC INSIGHTS

Within the local Kalispell market, the population is approximately 92,860, however the market size expands to over 122,000 within an hour drive of the center point used in this analysis. Noting the remote location of Kalispell, it is understandable and may be expected that the participant draw for a first-class sports and fitness facility may expand beyond the local market. In addition, the regional capture may draw from greater than the traditional four-hour drive time population, to a larger radius of a six-hour drive time from Kalispell. This presents a positive opportunity for sports tourism facility development in the market.

While rural areas consistently see aging and often declining total population trends, these markets can offer loyal and dedicated users of businesses developed and operated by local citizens. This is a market where personal connections and interactions are key and need to be developed and protected. A new sports and fitness facility may help to retain or even draw people to Kalispell. The facility has the potential to be an economic driver for other businesses, by bringing new people into the Kalispell market, especially through sports tourism during tournament and event times.

Noting that the amount paid by participants for sport specific lessons falls below the national average, it will be essential to price the programs, memberships, and classes at the new facility within a range that is competitive in the market, but also practical to achieve the goal of facility financial sustainability.

KEY DATA: SPORTS IN THE REGION

As part of the process of analyzing the opportunity for the development in Kalispell, SFA determined the total number of sports participants in the local, sub-regional, and regional markets.

SFA calculates sports participation using a blend of national and regional sports participation rates as reported by the National Sporting Goods Association (NSGA) and the Sports and Fitness Industry Association (SFIA). The projections consider only active sports participants who play their respective sport in an organized format a specific number of times per year. The qualifying participation threshold varies by sport and is intended to separate casual participants from core participants; core participants are more likely to be customers at the facility because they play consistently enough to consider paying for and participating in an organized program on a regular basis.

The following table lists the “primary” sports and activities that could be accommodated within the facility types that most regularly drive a high volume and frequency of indoor court, ice, and turf field participants and events, as well as the number of potential participants that could be attracted from the local, sub-regional, and regional marketplaces. “Primary” sports are those identified as having regular competitive seasons or a large base of participants to draw from the market. The listed activities include a high concentration of school-sponsored sports with proportionately strong participation figures in non-school sponsored sports like ice skating and ice hockey.

KEY DATA: SPORTS IN THE REGION

POTENTIAL CORE SPORTS PARTICIPANTS

Sport/Activity	Core Participation Rate	Local (30 min.) Participants	Sub-Regional (60 min.) Participants	Regional (240 min.) Participants
Basketball	6.60%	6,125	8,089	81,135
Volleyball	2.57%	2,386	3,151	31,610
Ice Skating	2.12%	1,965	2,595	26,025
Gymnastics	1.15%	1,064	1,405	14,093
Martial Arts	1.13%	1,045	1,381	13,850
Wrestling	0.91%	848	1,120	11,235
Pickleball	0.91%	845	1,115	11,189
Ice Hockey	0.81%	753	994	9,973
Cheerleading	0.69%	642	848	8,509
Futsal	0.69%	637	841	8,441
Lacrosse	0.58%	540	713	7,157

Potential participants are calculated by multiplying each primary sport's core participation rate with each drive time population.

It should be noted that this calculation does not factor in existing service providers.

KEY DATA: SPORTS IN THE REGION

As a preliminary step in determining the market opportunity for certain sports and recreation services, SFA groups core participation rates and potential participants in the region by asset type. As shown in the charts below, there is a sizable base of potential participants that new indoor court and indoor ice assets could capture, while indoor baseball-softball training space can accommodate additional participants.

Sport/Activity	Core Participation Rate	Local (30 min.) Participants	Sub-Regional (60 min.) Participants	Regional (240 min.) Participants
Basketball	6.60%	6,125	8,089	81,135
Volleyball	2.57%	2,386	3,151	31,610
Gymnastics	1.15%	1,064	1,405	14,093
Martial Arts	1.13%	1,045	1,381	13,850
Wrestling	0.91%	848	1,120	11,235
Pickleball	0.91%	845	1,115	11,189
Cheerleading	0.69%	642	848	8,509
Futsal	0.69%	637	841	8,441
Total	14.65%	13,592	17,950	180,062

Grouping court sports together, new court-based assets in Kalispell could serve approximately 15-percent of the regional population totaling over 180,000 players of various sports including basketball, volleyball, and gymnastics.

Sport/Activity	Core Participation Rate	Local (30 min.) Participants	Sub-Regional (60 min.) Participants	Regional (240 min.) Participants
Ice Skating	2.12%	1,965	2,595	26,025
Ice Hockey	0.81%	753	994	9,973
Total	2.93%	2,718	3,589	35,998

Grouping ice sports together, new indoor ice assets in Kalispell could serve approximately 3-percent of the regional core sport participant population totaling almost 36,000 ice skaters and ice hockey players in the region.

Sport/Activity	Core Participation Rate	Local (30 min.) Participants	Sub-Regional (60 min.) Participants	Regional (240 min.) Participants
Baseball	3.16%	2,934	3,875	38,869
Softball	2.36%	2,196	2,900	29,090
Total	5.52%	5,130	6,775	67,959

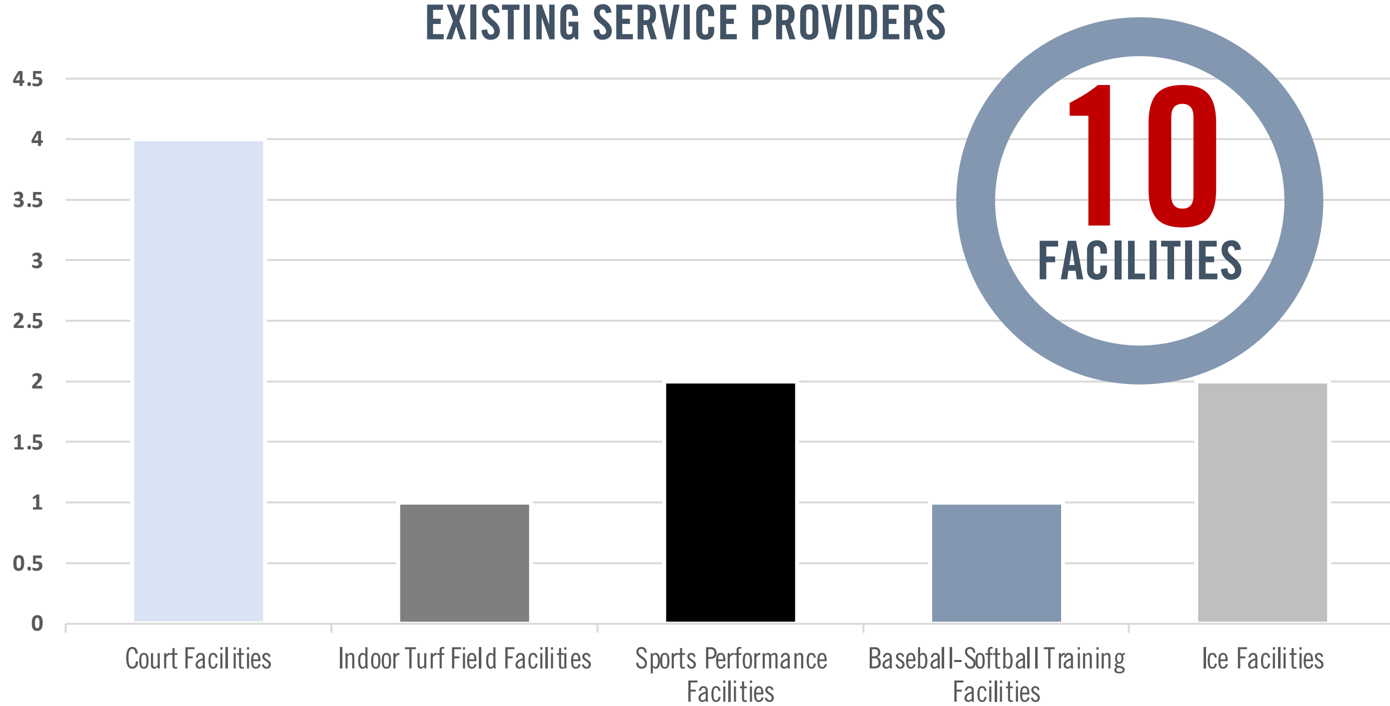
Combining baseball and softball, new indoor batting cage assets in Kalispell could serve approximately 6-percent of the regional core sport participant population totaling almost 68,000 baseball and softball players in the region.

KEY DATA: EXISTING SERVICE PROVIDERS - LOCAL

As a preliminary step in determining the market opportunity for certain sports and recreation services, SFA reviews the local and regional market for existing service providers. SFA analyzes specific asset types based on the Client's vision and direction for the facility. In addition, SFA conducts a standard review of the market to identify additional areas of focus for a new facility in the market. SFA researched the following asset types in Kalispell:

- INDOOR COURT FACILITIES
- INDOOR TURF FIELD FACILITIES
- SPORTS PERFORMANCE FACILITIES
- BASEBALL/SOFTBALL TRAINING FACILITIES
- ICE FACILITIES

EXISTING SERVICE PROVIDERS



KEY DATA: EXISTING SERVICE PROVIDERS - LOCAL

The tables that follow show a sampling of the indoor court, indoor turf field, sports performance, baseball-softball training, and ice facilities analyzed by SFA. SFA has presented these facilities in order of proximity rather than similarity to the Kalispell project. An expanded list of facilities in the local market analyzed by SFA has been included in the Appendix. SFA has included Glacier Ice Rink due to the uniquely low volume of ice facilities in the local market, the expanded reach that facilities maintain in the Kalispell market and since it drives regional traffic to the market.

Indoor Court Facilities	Drive Time (Minutes)
Logan Health Medical Fitness Center	7
The Jewel Basin Center	19
The Wave Aquatic and Fitness Center	21

Ice Facilities	Drive Time (Minutes)
Woodland Ice Center	5
Stumptown Ice Den	30
Glacier Ice Rink	137

Indoor Turf Field Facilities	Drive Time (Minutes)
Blades Athletic Performance Academy	11

Baseball-Softball Training Facilities	Drive Time (Minutes)
Blades Athletic Performance Academy	11

Sports Performance Facilities	Drive Time (Minutes)
Blades Athletic Performance Academy	11
Montana Athletic Club	24

KEY DATA: EXISTING SERVICE PROVIDERS

Although SFA is not engaged for a financial forecast, it is important to note that SFA conducts additional analyses during the pro forma development to determine each competing facility's effect on the ability of new youth and amateur sport assets to achieve operational success. The facilities researched represent potential competitors in the market that are currently hosting programs, tournaments, or other events that may impact the operations at a new facility. The factors SFA will use to perform this analysis include, but are not limited to:

EXISTING SPORTS AND RECREATION INVENTORY:
SFA analyzes existing facility inventory in terms of the quantity of existing sports assets, the quality of those assets, and their proximity to critical supporting structures and businesses.

PROXIMITY TO THE FACILITY:
SFA determines the proximity of existing sports and recreation assets to the new facility, recognizing that closer assets will have a larger impact from a competitive standpoint than assets that are farther away.

PRICING:
SFA examines the market prices of user fees, rental rates, registration fees, etc. Unless otherwise directed, SFA sets prices in its financial forecast that are either in line with or slightly above current-year market rates.

SEASONALITY:
SFA utilizes its experience in managing similar facilities to determine the optimized seasonality for hosting programs and events. In addition, SFA recommends asset types based on their ability to flexibly support year-round programming, especially in climate-challenged markets.

MARKETING REACH AND CAPTURE RATE:
SFA bases the ability of a new facility to effectively market and capture sports and recreation participants, tournaments, and events on market factors such as demographics and socioeconomics, competitive factors such as the quality of existing facilities in the region, and destination factors such as site accessibility and the reputation of the destination.

PROGRAM MIX AND SERVICE OFFERINGS:
SFA creates a financial forecast that reflects a robust, detailed set of revenue streams for the facility based on the type, size, quantity, and quality of assets.

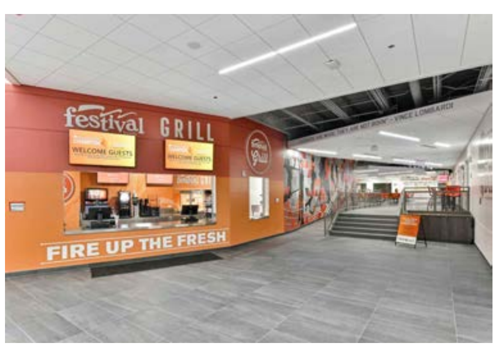
KEY DATA: EXISTING SERVICE PROVIDERS (BEST-IN-CLASS)

The sub-section that follows includes details on three best-in-class facilities located within the same regional market as Kalispell and an additional facility profile on the most comparable tournament-focused facility located outside of the regional market. The facilities offer similar assets to the assets identified by SFA as those assets that most align with the Client’s vision and the market opportunity: indoor courts, indoor ice, and sports performance, as well as indoor baseball-softball training space.

While competing for regional events is a goal of the Kalispell, MT project, it is important to recognize how some of the regional and national, top-tier, tournament complexes in the United States were developed and how they have performed historically. To provide insight to some of those facilities, SFA has identified and described national elite sports complexes that overlap with the traditional sports tourism facility models researched and analyzed by SFA for the project at hand.

1. COMMUNITY FIRST CHAMPION CENTER: FOX CITIES, WISCONSIN

The Community First Champion Center opened in 2019 as the premiere indoor youth and amateur sports tourism facility in Wisconsin. The facility serves the entire state, as well as the greater Midwest. The versatile venue offers over 160,000 square feet of space, including four basketball courts or eight volleyball courts, a year-round ice rink with seating for 1,000 guests, and a seasonal arena that converts to one ice rink or four additional hard courts.
The venue programs over 20 basketball and volleyball tournaments annually, while also hosting private events. In addition to regional-focused programming, camps, clinics, leagues, and private training also operate out of the facility to provide critical revenue streams during non-event times.



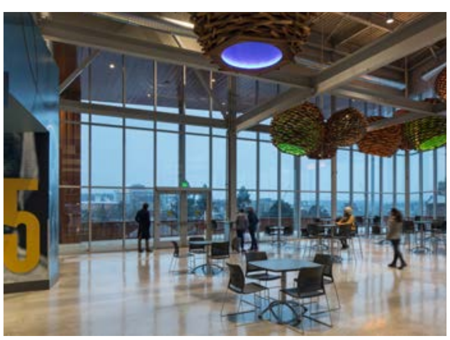
KEY DATA: EXISTING SERVICE PROVIDERS (BEST-IN-CLASS)

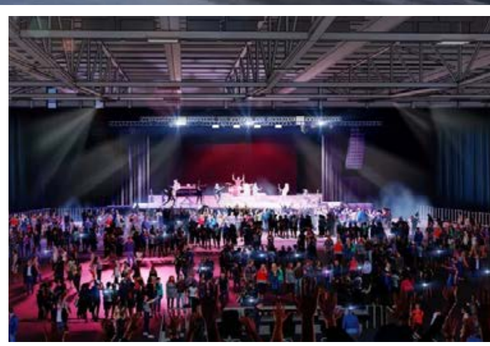
2.THE PODIUM: SPOKANE, WASHINGTON

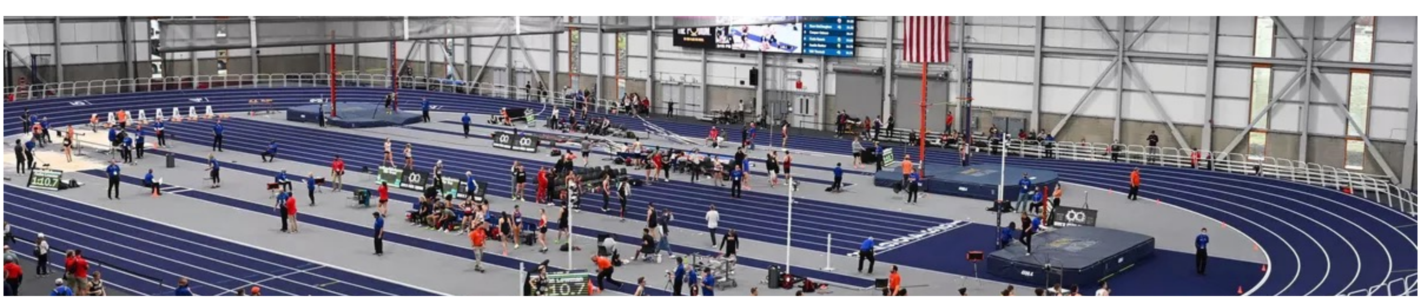
The Podium opened in 2021 in Spokane, Washington, is an indoor multi-asset, multi-sport facility focused on attracting year-round tournaments and events to the eastern Washington marketplace.

The Podium consists of a 135,000 square foot facility that features 75,000 square feet of uninterrupted space for sports, banquets, tradeshows, exhibits, and social events. The venue offers nine basketball or 16 volleyball courts, also usable as 21 wrestling mats, a 200M banked track, and seating capacity of over 4,200.

Immediately following the grand opening of the $53 million complex, the venue has already hosted various concerts, private events, and the 2022 Indoor Track and Field Nationals. The venue plans to host events year-round for the foreseeable future to generate an estimated $100 million annually in economic impact.







KEY DATA: EXISTING SERVICE PROVIDERS (BEST-IN-CLASS)

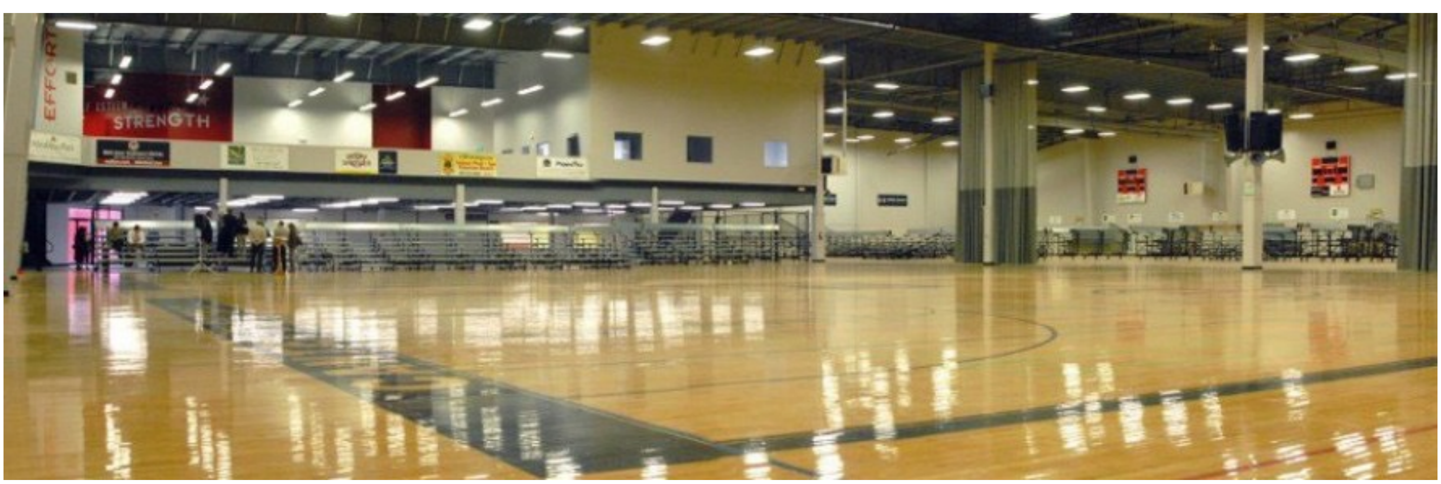
3. GLACIER ICE RINK: MISSOULA, MONTANA

Glacier Ice Rink operates as a two-sheet ice facility at the Missoula County Fairgrounds. The facility provides local and regional ice sport participants with one of the only multi-sheet complexes in the region. Missoula Area Youth Hockey Association operates the facility that can seat approximately 1,000 guests during events. The rinks feature regular public skate sessions, youth and adult hockey at various recreational and competitive levels, parties and rentals, as well as over 10 tournaments annually.

4. HUB SPORTS CENTER: LIBERTY LAKE, WASHINGTON

HUB Sports Center opened in 2003, serving the greater Spokane market and the surrounding region. The facility offers participants and guests over 66,000 square feet of youth and amateur sport spaces. The facility includes various configurations, with the most prominent featuring five full-size basketball courts, reception and greeting areas, concessions for tournaments and events, and three studios (fitness, dance, classrooms, etc.).

This venue hosts and has previously hosted events like the NAIA Volleyball Regional Tournament, AAU Basketball Regional Tournaments, USA Boxing National Championships, as well as regular basketball, volleyball, wrestling, judo, and similar flat-floor athletic events. Further, the facility regularly serves local at-risk middle school students, Police Activity League events, and similar community-oriented gatherings. In total, the facility generates an estimated $7 million in economic impact annually.



KEY DATA: EXISTING SERVICE PROVIDERS (EVENTS)

In addition to analyzing the local and regional service providers, SFA also analyzed the events programmed tournament-capable venues in the market. SFA concentrated the tournament and event research on the facilities in the market that offer similar youth and amateur sports tourism assets to those included in the Facility Program section of this report: indoor courts and ice.

EVENTS AND SEASONALITY:

SFA analyzes tournaments and events held at existing facilities in the marketplace. Based on the event calendars of similar established sports tourism facilities, SFA constructed a seasonality chart to visualize the primary and secondary (shoulder) seasons of sports that could be programmed at the complex. The seasonality of the programmable activities in Kalispell show primary sports could reliably occupy the venue between January and July (darker shaded colors in adjacent chart) before a brief shoulder period from August to September (lighter or non-shaded colors in adjacent chart), before resuming programming for the remainder of the year. In addition to the seasonality of these events, SFA compiled tournament and event data from the regional facilities and, in combination with SFA's industry insights, estimated the approximate number of teams a facility can accommodate per sport, per event. SFA has included a summary of key tournament and event data from regional facilities below. Furthermore, SFA has provided economic impact ranges and an approximate average daily expenditure calculation in the corresponding section at the end of this report.

Basketball Seasonality	Volleyball Seasonality	Ice Seasonality
January	January	January
February	February	February
March	March	March
April	April	April
May	May	May
June	June	June
July	July	July
August	August	August
September	September	September
October	October	October
November	November	November
December	December	December

KEY INSIGHTS:

- The market for indoor turf and indoor baseball-softball training facilities within Kalispell is currently limited to one facility within the greater Kalispell area. This facility offers one of only two HitTrax devices in the state of Montana and functions primarily as an indoor baseball-softball training facility, as opposed to offering general indoor sports and sports performance programming.
- The new facility will exceed the square footage of all current local and sub-regional facilities, offering indoor courts, indoor ice, and sports performance space within one facility.
- Indoor court facilities are also very limited in the area (four facilities within an hour drive time, approximately) although some existing service providers, like the Montana Athletic Club and The Wave Aquatic and Fitness Center, offer additional amenities to make up for the lack of volume in a single asset. The lack of noted facilities currently available confirm the need for new first-class facilities in Kalispell. Based on SFA's research, small indoor court events in the market could host between 28 and 34 teams, while large events could accommodate approximately 96 teams.
- SFA identified approximately 19 ice facilities within six hours of Kalispell. The majority of these facilities offer just a single ice sheet, although larger tournament-focused facilities offer between two and four ice sheets within one complex. SFA notes that the largest existing service providers provide three and four sheets respectively and operate in Calgary. These facilities operate within five to six hours from Kalispell, MT. Small indoor ice events in the region can accommodate between 14 and 18 teams, while large ice events in the region could include approximately 24 teams.
- In addition to team sports, individual performance events in sports like wrestling, judo, etc., could host 150 individuals for small events and 400 individuals for large competitions.

SPORTS TOURISM: INDUSTRY INSIGHTS

Based on the desire of the Client to develop assets that drive non-local visitation to the community through sports tourism that generates economic impact in addition to providing high-quality local recreation and training spaces, SFA has provided insights related to the sports tourism industry. As a focus of potential sports tourism assets in Kalispell, sports tourism could help drive economic impact and non-local spending in the market, benefitting the entire community, including those who may never utilize the facility itself.

GENERAL OVERVIEW

According to survey data collected by the Sports Events & Tourism Association (Sports ETA) published in its most recent "State of the Industry Report" in May of 2022, the sports tourism industry continues to grow and be an impactful part of life in the United States:

- In 2021 nearly 175 million people traveled to a sports tournament or event.
- In 2021 there was approximately $39.7 billion spent on travel for sports related tournaments and events.
  - $9.7 billion was spent on transportation.
  - $8.4 billion was spent on lodging and accommodations.
  - $7.5 billion was spent on food, beverage, and dining.
  - $5.3 billion was spent on entertainment.
  - $5.0 billion was spent on retail.
  - $3.7 billion was spent on tournament operations.
- For the past five years spending related to travel for sports tournaments and events has increased by 0.80-percent with total spending yet to reach pre-pandemic levels. However, year-over-year total spending has increased by 89.20-percent to reach 88-percent of pre-pandemic spending levels.
- In 2021, spending related to travel sports tournaments and events resulted in approximately 635,000 jobs generated in total with an additional $12.9 billion in tax revenue generation.

INDUSTRY GROWTH

The sustained growth in the youth and amateur sports tourism industry over the last 10+ years is one of the most compelling reasons to consider sports tourism as a reliable, attractive industry. In fact, sports tourism is the only segment of the tourism industry that did not decline in any quarter of the Great Recession, allowing it to be considered "recession resistant" and therefore of increased interest to communities across the country.

SPORTS TOURISM: INDUSTRY INSIGHTS

COVID-19 RESPONSE AND INDUSTRY IMPACT STATEMENT

The COVID-19 pandemic interrupted sports and recreation activities beginning in March 2020 and had an unprecedented impact on the industry. With the implementation of nationwide quarantine policies, sports-related businesses had mandated closures across the United States. The Sports Facilities Management (SFM) manages venues in 16 different states, and all of the facilities in the SFM portfolio closed at some point in 2020. At the time this report was written, SFM-managed facilities in 12 states were fully open, facilities in three states were partially open, and facilities in one state were not open.

That said, there are three reasons that The Sports Facilities Companies (SFC) is optimistic about the sports and recreation industry in 2021 and beyond, despite the COVID-19 pandemic:

1. SFM developed standard operating procedures that have proven to be highly effective in mitigating risks related to COVID-19:
    - SFM-managed facilities have hosted more than 1 million visitors since reopening began in May. In total, SFM had 22 positive cases reported to our venues.
        - 13 were SFM staff/team members, 4 were parents/coaches/officials, 5 were youth participants.
        - 0 cases have been transmitted because of contact in our venues.
    - Since SFM-managed facilities began reopening in May, SFM has hosted more than 300 events that have generated more than $60 million in economic impact.
    - Of all the events that were cancelled during mandated closures, more than 50 percent were rescheduled (i.e., they were not cancelled, they simply moved dates).
2. Sports tourism has proven to be recession resistant in the past.
    - During the Great Recession, sports tourism was the only segment of the tourism industry that did not decline in two consecutive quarters.
    - Since the Great Recession, economic impact and sports travel spending has grown every year.
    - Sports tourism is now a $45+ billion industry annually.
3. Team sports participation rates were on the rise prior to the COVID-19 interruption.
    - In 2019, team sports participation rates in the United States increased for the first time in several years.
    - The rate of inactivity in children aged 5-18 was lower in 2019 than in any year since 2013.
    - Registration rates at SFM-managed facilities suggest that the 2018 to 2019 upward trend will continue after the pandemic is controlled.

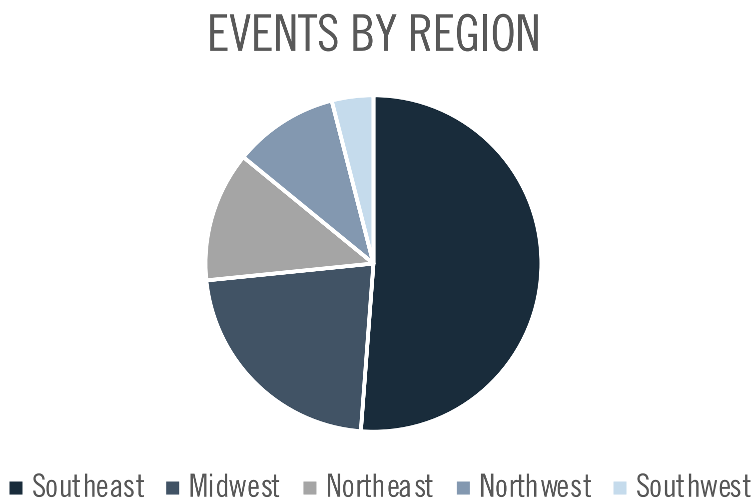
Based on this information, SFC recognizes the impact and concerns related to the COVID-19 pandemic and potential future interruptions but is confident that implementing best practices for operations will mitigate the risk to participants at youth and amateur sports and recreation facilities.

EVENTS AND SPENDING BY REGION

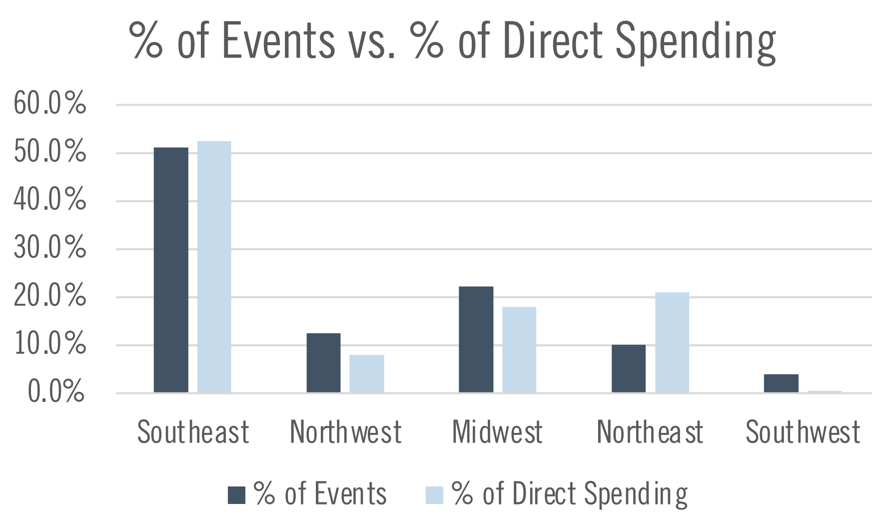
In addition to overall growth, Sports ETA research breaks down youth and amateur sports tourism spending by region to demonstrate where activity has taken place.

The chart that follows shows the distribution of events across five regions of the United States.

SPORTS TOURISM: INDUSTRY INSIGHTS



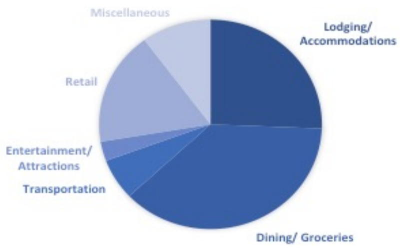
The chart that follows demonstrates the percent of events and direct spending occurring in each region of the United States, with approximately 12-percent of events, and about 8-percent of direct spending taking place in the Northwest.

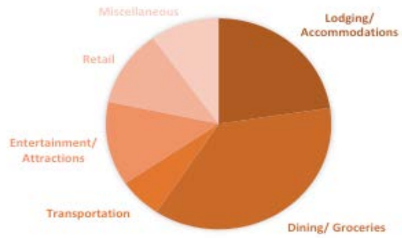


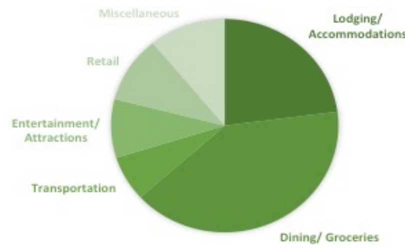
AVERAGE EXPENDITURES

Based on data from hundreds of events, SFA analyzed how individuals and families typically spend when traveling for youth and amateur sports events by type of destination. The graphs that follow demonstrate the average individual spending per day and family spending per weekend for travelers attending events in standard and tourism destination markets. A standard market is categorized as a location that does not have a significant, established tourism industry while a tourism destination is defined as a location that generates significant activity through tourism outside of youth and amateur sports.

SPORTS TOURISM: INDUSTRY INSIGHTS







Standard Market	Tourism – Off-Peak	Tourism - Peak
$110.37/Person/Day	*$150.58/Person/Day*	*$185.82/Person/Day*
$883/Family/Weekend	*$1,205/Family/Weekend*	*$1,487/Family/Weekend*

As demonstrated in a standard market, families currently spend approximately $883 per weekend of travel for youth and amateur sports tournaments and events.

SPORTS TOURISM DESTINATION AND OPERATIONAL SUCCESS FACTORS

To capitalize on the opportunities created by youth and amateur sports tourism activities as described above, SFA highlights several destination and operational success factors that are important in the industry today.

DESTINATION FACTORS

- **High Quality, Large Facilities and Assets**
  - The success of youth and amateur sports tourism starts with facilities. With the proliferation of competitive destination facilities, amenity quality is increasingly important as well as the number of spaces available to host teams, participants, and spectators. Additionally, supporting amenities like food and beverage services, entertainment options, etc. create a competitive advantage for facilities that feature them.
- **Variety of Lodging, Dining, and Entertainment Options**
  - Outside of the facility, decisions related to events to attend are often made in part on the lodging, dining, and entertainments options in the market. For players and teams traveling regularly, having known brands and affordable options to choose from is often important. For players and teams traveling infrequently or for families opting to create a vacation around a tournament, having unique and exciting lodging, dining, and entertainment is critical.
- **Desirable Competition**
  - One of the primary reasons to travel for tournaments and events is to compete against unfamiliar teams. Tournaments that feature a mix of teams from a large geographic range and have a well-defined competitive level structure are best able to draw teams and to bring them back year after year.
- **Affordability**
  - Affordability continues to be a top concern of coaches, parents, and participants as they decide which events to attend and how many times to travel. The increase in number of competitive events and the expansion of traditional seasons has created a need to be cost conscious when selecting events.
- **Reputation of the Destination**
  - Establishing and maintaining a reputation as a great place to visit is a critical factor for attracting and retaining events and participants.

SPORTS TOURISM: INDUSTRY INSIGHTS

OPERATIONAL SUCCESS FACTORS

- **Program-Driven Design**
  - In today's climate where new special-purpose sports tourism facilities are being opened regularly across the country, facilities must be built for and operated to create a best-in-class experience for visitors. To successfully attract, host, and retain events and participants, the facility must have been designed with event operations and participant satisfaction in mind.
- **Dedicated Marketing and Business Development Personnel and Budget**
  - With so many communities and facilities seeking to capture a portion of the sports tourism industry, it is imperative to dedicate people and money to marketing and selling opportunities. While the recommended organization structure and budget varies significantly from location to location, all successful destinations have some level of dedicated personnel and money available to secure business.
- **Dedicated Management**
  - Similar to dedicated resources to selling the facility, successful venues have a dedicated and specialized management team to ensure the investment into the facility is protected and the reputation within the industry is built and maintained.
- **Collaboration**
  - The youth and amateur sports tourism industry consists of a variety of existing destinations and events across activities, levels of competition, governing bodies, rules of play, etc. The increasingly mature industry now features an environment in which it is often difficult to build new events and attract visitors to events that are not already established. This necessitates collaboration with tournament and events rights holders to attract existing events, working with existing facilities to grow events that demand greater capacity, and maximizing visitation and economic impact during early years of operations.
- **Owner, Member, and Community Buy-In**
  - Sustainable facilities often feature a balance of tournaments/events and local leagues, camps, clinics, etc. To set expectations for how an optimal balance is achieved and to execute on a well-rounded, sustainable business plan, the facility must educate all stakeholders and communicate the purpose as well as the schedule for tournaments and events on a regular and ongoing basis.

FACILITY PROGRAM AND OPINION OF COST

FACILITY OVERVIEW

Based on the data and insights stated previously, SFA has provided facility program recommendations for the development of a new sports tourism complex in Kalispell, MT. The facility program outlines the recommended indoor amenities and space requirements. The facility also maintains a high degree of flexibility to accommodate non-sport events.

IN TOTAL SFA PROJECTS THE FACILITY WILL REQUIRE A TOTAL OF 12 TOTAL ACRES OF DEVELOPABLE LAND AND COST APPROXIMATELY $59.8 MILLION NOT INCLUDING LAND ACQUISITION COSTS.

INDOOR ATHLETIC FACILITY

Indoor Athletic Facility

Space	Indoor Programming Product/Service	Count	Dimensions L (')	Dimensions W (')	Approx. SF each	Total SF	% of Footprint
Courts	Basketball Courts (actual courts 84' x 50')	4	104	80	8,320	33,280	21.0%
	Volleyball Courts	8	60	30	Over Basketball Courts		0.0%
	Total Court Sq. Ft.					33,280	21.0%
Ice	Primary Ice Rink	1	220	115	25,300	25,300	15.9%
	Secondary Ice Rink	1	220	132	29,040	29,040	18.3%
	Temporary Basketball Courts (84' x 50')	4	100	66	Over Ice		0.0%
	Temporary Volleyball Courts (30' x 60')	4	80	50	Over Basketball Courts		0.0%
	Locker Rooms	8	25	20	500	4,000	2.5%
	Ref Locker Rooms	4	20	15	300	1,200	0.8%
	Zamboni Storage	1	25	40	1,000	1,000	0.6%
	Ice Plant Room	1	25	50	1,250	1,250	0.8%
	Total Ice Sq. Ft.					61,790	38.9%
SP	Sports Performance Training Area	1	120	50	6,000	6,000	3.8%
	Sports Performance Turf Area	1	75	50	Over Training Area		0.0%
	Sports Performance Fitness Area	1	45	50	Over Training Area		0.0%
	Batting Cages/Pitching Tunnels	3	75	15	Over Turf		0.0%
	Total Sports Performance Sq. Ft.					6,000	3.8%
Flex Space	Lobby/Welcome Area	1	-	-	1,500	1,500	0.9%
	Control Room	1	10	10	100	100	0.1%
	Ticket Office	2	10	10	100	200	0.1%
	Manager's Offices	4	10	10	100	400	0.3%
	Office Area	1	-	-	1,600	1,600	1.0%
	Kitchen	1	40	40	1,600	1,600	1.0%
	Café Seating Area	1	50	50	2,500	2,500	1.6%
	Secondary Concessions	1	30	25	750	750	0.5%
	Flex/Team Rooms	2	60	25	1,500	3,000	1.9%
	Conference Room	1	40	25	1,000	1,000	0.6%
	Ref Rooms	1	10	10	100	100	0.1%
	Training/Physical Therapy Room	1	20	15	300	300	0.2%
	Skate Rental	1	12	30	360	360	0.2%
	Skate Storage	1	15	30	450	450	0.3%
	Temporary Court Storage	1	-	-	4,800	4,800	3.0%
	Restrooms	4	30	20	600	2,400	1.5%
	Leased Space - Medical	1	-	-	2,000	2,000	1.3%
	Mezzanine (Court Area)	1	208	16	3,328	3,328	2.1%
	Total Flex Space Sq. Ft.					26,388	16.6%
	Required SF for Products and Services					127,458	80.3%
	Mechanical, Electrical, Storage, etc.	10% of P&S SF (Excl. Leased Space)				12,546	7.9%
	Common Area, Stairs, Circulation, etc.	15% of P&S SF (Excl. Leased Space)				18,819	11.8%
	Total Estimated Indoor Athletic Facility SF					**158,823**	100%
	Estimated Building Footprint					**142,940**	
	Total Building Acreage					**3.28**	

FACILITY PROGRAM AND OPINION OF COST

INDOOR ATHLETIC FACILITY

By developing four (4) basketball courts with the capability to overlay eight (8) volleyball courts, the complex will have the potential to host a wide range of court-based events (basketball, volleyball, pickleball, wrestling, cheer, dance, and more) and flat floor activities like meetings, trade shows, small conventions, proms, and additional community-focused events. The limited competition within Kalispell provides a viable market opportunity for Discover Kalispell to develop a significant client base within the local, sub-regional, and regional market.

SFA recommends the development of two ice rinks in this facility with one primary permanent ice rink and one secondary ice rink. SFA recommends utilizing the second rink as a seasonal ice rink that can host an additional four basketball and/or volleyball courts during the months in which travel hockey is not in session and travel basketball and volleyball are in session.

In addition to the indoor court and indoor ice rinks, there is a 6,000 sq. ft. Sports Performance Training Area that includes areas for speed, power and agility training, adult fitness training, as well as premium space for Batting Cages and Pitching Tunnels.

It is also important to note that within the indoor facility there are spaces to host and offer coaches clinics, training opportunities, team film reviews, and other team/coach/player development opportunities. These spaces could also be used to host outside events/rentals, trainings, meetings, parties, etc. Maximum utilization of these spaces will further help the Client achieve revenue and occupancy goals.

SITE DEVELOPMENT

Site Development

		Quantity	Dimensions L (')	W (')	Approx. SF each	Total SF	% of Total
Parking Spaces Total	Parking Spaces Total (10'x18') (20' x 20' Inc. aisles)	636	20	20	400	254,400	71.9%
	Setbacks, Green Space, Trails, etc.		25% Indoor SF, 50% Outdoor			99,335	28.1%
	Total Estimated Site Development SF					**353,735**	100%
	Total Site Development Acreage					**8.12**	
	Total Complex Acreage					**11.40**	

SFA recommends 636 total parking spaces to meet the expected demand at the indoor sports facility in Kalispell. In addition to parking, SFA expects additional space requirements for setbacks, green space, trails, etc. to set the total complex acreage size at approximately 12 acres of land.

FACILITY PROGRAM AND OPINION OF COST

SUMMARY OF DEVELOPMENT COSTS

Based on SFA's experience in developing sports and recreation facilities, the table below summarizes the opinion of cost for the new sports tourism complex. The total use of funds for the sports tourism complex amounts to approximately $59.8 million. Full details on the construction and start-up cost estimates can be found in the facility program and opinion of cost document, which has been delivered as an associated document. The image below demonstrates an example model, not a rendering for the current project.

USES OF FUNDS	
LAND COST	TBD
HARD COST	$38,952,594
FIELD AND SPORTS EQUIPMENT COST	$7,479,249
FURNITURE, FIXTURES, AND EQUIPMENT	$2,372,547
SOFT COSTS CONSTRUCTION	$6,600,369
SOFT COSTS OPERATIONS	TBD
WORKING CAPITAL RESERVE	$4,392,395
TOTAL USES OF FUNDS	$59,797,155

BUSINESS MODEL OVERVIEW

As mentioned throughout this report, one key area of focus for a new sports and events complex will be to provide a youth and amateur sports tourism opportunity serving the Kalispell and greater Northwest market.

The information below is based on the Client's vision, as well as SFA's recommendation to establish a balance between serving the local community through local programs and the regional market through hosting sports tourism tournaments and events. SFA has first detailed the sports tourism operating model, followed by the local programming operating model. SFA has arranged the information in this order based on the Client's goals, since a larger sports tourism facility will drive more revenue than a local-focused facility.

SPORTS TOURISM MODEL

To more clearly define the goal of generating economic impact through sports tourism events, SFA has described the sports tourism operating model below.

The goal of a sports tourism model is to attract out-of-town teams, players, coaches, and spectators to the market to generate revenue for the facility and to create economic impact through non-local visitors staying in hotels, eating at restaurants, shopping at stores, purchasing gas, etc. Within the sports tourism model, there are two primary ways of developing tournaments: creating in-house tournaments and outsourcing tournaments to existing organizers/rights holders.

In-house tournaments require a significant amount of time, energy, and human resources to develop and execute. This type of event requires the facility to market the event, register teams, secure hotels, train staff, hire officials, manage play, etc. As such, significant revenue can be generated, but the cost of doing business is high. Additionally, tournaments typically take multiple years to grow, and as a result first year (and often second year) events are small, marginally profitable, and create a minimal economic impact.

Outsourced tournaments require much less work on the part of the facility because inventory is rented to a tournament provider who oversees securing teams and running the event. Additionally, they often provide greater economic impact in the early years of operation because they are not first-year events, and therefore there are more teams in attendance. However, the amount of revenue the facility can generate on an outsourced tournament is limited because team registration fees go to the rights-holder, as do other revenue streams (e.g., hotel rebates, gate fees, etc.).

SFA has found that it is typical for facilities with a sports tourism business model to accomplish their goals by generating large amounts of economic impact rather than relying solely on the operational performance of the facility to determine success. Because large sports tourism-focused facilities generally depend on hosting events that generate economic impact, these provide the facility with one-off revenue streams that occur a limited number of times each year but require large facilities that are generally overbuilt for the local market opportunity. For facilities that pursue sports tourism as an economic driver, room night generation, direct spending, and new tax revenues earned from events are viewed as an attractive return on the investment relative to potential subsidization of operations. As such, these types of facilities serve as a driver of traffic and spending to other businesses in the adjacent area such as hotels, restaurants, retail stores, etc. These facilities often function as an anchor to mixed-use projects that benefit the community alongside additional development.

BUSINESS MODEL OVERVIEW

LOCAL PROGRAMMING MODEL

The local programming model is designed to make any facility development a year-round sports and recreation hub by serving as a community asset providing sports, physical health, recreation, and youth development programming, regardless of skill levels or abilities. By creating a fun, active space with high-quality programming and amenities, the spaces detailed in the facility program will be able to host a multitude of activities and serve a wide range of community pursuits.

Based on conversations with the Client, SFA's recommendations for the spaces and amenities detailed in the facility program, a sports tourism complex has the potential to offer programming for any or all of the following activities from in-house and/or partner organizations: practices, camps, clinics, leagues, showcases, tournaments, private individual and group training, and more.

PROGRAM MIX

The programs listed above offer a robust programming model to be featured at the Kalispell complex including in-house and partner organization offerings. While a model more heavily focused on partner and rental programming typically takes less time to grow revenues and guarantees revenue for the model, it limits the long-term revenue growth opportunities.

SFA recommends a facility program mix that includes internal or in-house programs in addition to rental or outside service provider programs, however, believes that an in-house local programming model will delivery the best results to achieve the Client's goals. In-house programming presents the complex with the following growth and business development opportunities:

BUSINESS MODEL OVERVIEW

PROGRAM MIX

The programs listed above offer a robust programming model to be featured at the Kalispell complex including in-house and partner organization offerings. While a model more heavily focused on partner and rental programming typically takes less time to grow revenues and guarantees revenue for the model, it limits the long-term revenue growth opportunities. SFA recommends a facility program mix that includes internal or in-house programs in addition to rental or outside service provider programs, however, believes that an in-house local programming model will deliver the best results to achieve the Client's goals. In-house programming presents the complex with the following growth and business development opportunities:

GREATER OWNERSHIP OF THE BUSINESS:

- Running in-house programs will allow the management team to dictate all aspects of the products and services being offered in the facility. This ownership provides the ability to make decisions regarding marketing, sales, and operations of all programs. Furthermore, the facility will rely less on the skills, experience, and relationships of outside people or organizations and therefore strengthen the complex's ability to offer best-in-class services to its customers.

CONTROL OF THE CUSTOMER EXPERIENCE:

- All programs are a reflection of the facility and affect customer perception of the brand. With a rental model, a facility has a minimal level of control over program quality and customer experience. If a program run by an outside organization does not meet customer expectations, the facility will be directly associated with that bad experience. On the other hand, internal programs allow the facility to control the quality of customers' experiences.

HIGHER FINANCIAL RETURNS:

- Rental programs are limited in the level of revenue they are able to generate. This relatively flat revenue restricts the ability to capitalize on growth opportunities. An internal program business model creates the opportunity for the facility to grow programs and increase the amount of revenue that can be generated per hour. With the proper investment in and development of in-house programs, the facility will be able to generate significantly higher levels of revenue.

FACILITY DATABASE AND CROSS MARKETING:

- Internal programming presents the facility with the opportunity to build an extensive internal database of its customers. Owning and running in-house programs will allow the facility to capture and retain important customer contact information. This internal database will create a platform for the management team to cross-market appropriate programs to people who are already customers and invested in taking part in the products and services that the facility has to offer. The ability to cross-market to an internal database is substantially more effective than many traditional marketing initiatives.

ABILITY TO MAXIMIZE SCHEDULING:

- A rental-only model restricts the management team's ability to maximize program scheduling. This is a result of the desire of outside programmers and rentals to purchase only the best and prime time hours in the facility. With an in-house program model, the management team will be able to dictate the day and time that programs are run and therefore allow the facility to maximize the use of available scheduling time.

BUSINESS MODEL OVERVIEW

A gradual transition towards a higher level of internal programming after opening will allow the facility to maintain relationships and utilize outside programming during the maturation process. As the facility matures, shifting to an increased percentage of internal programs will allow the facility to capitalize on opportunities to grow programs and contribute to a higher level of financial sustainability.

Based on the vision of the Client, SFA believes that there will be a hybrid business model between the local programming model and the sports tourism operating model in order to maximize sustainability. As such, the level of financial and economic impact performance will depend on the type of assets, mix of assets, and business model within any facility that is developed.

EXAMPLE FACILITY PERFORMANCE BENCHMARKS

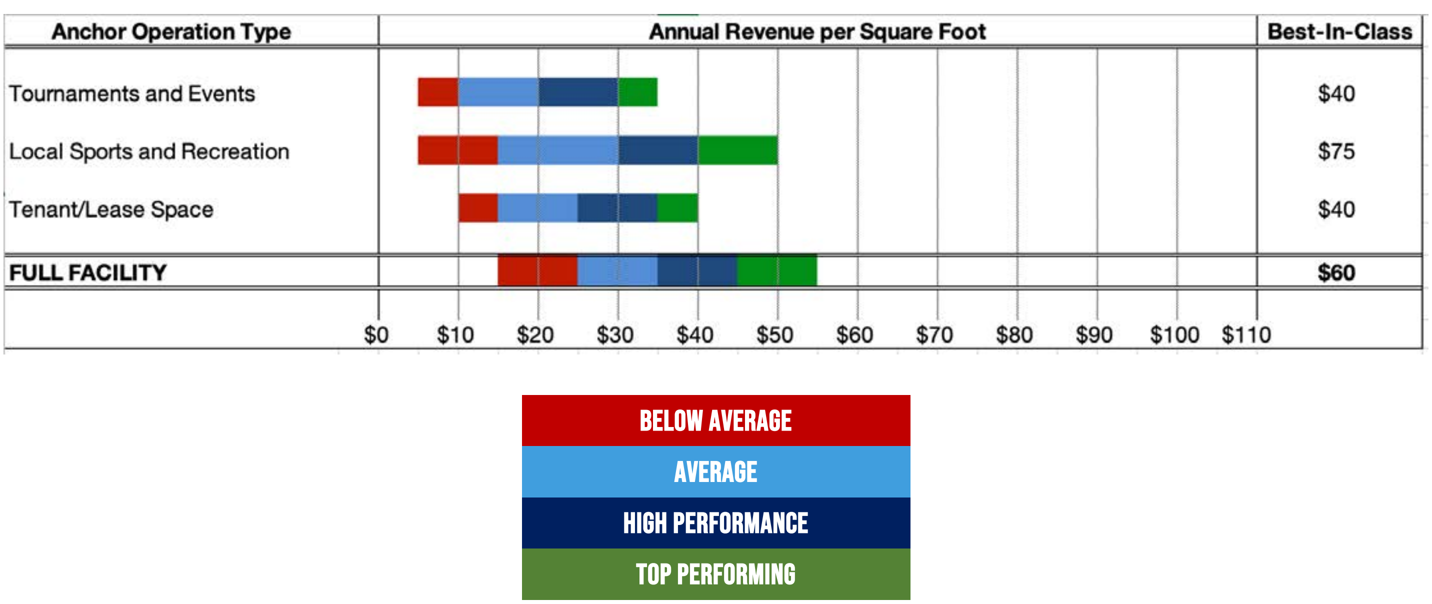
SUMMARY OF FINANCIAL PERFORMANCE

While SFA has yet to complete a full, detailed five-year financial forecast for the spaces in the facility program for the new sports complex, it has evaluated the preliminary financial performance opportunities based on industry benchmarks for financial performance. Taking the vision for the new complex into account, as well as the general opportunity for local sports programming, tournaments, events, and recreation in the market, SFA is able to provide data and information related to industry benchmarks for facility financial performance. These benchmarks are derived from case studies and relevant data collected from existing operations similar to the desired business models planned for the new sports complex.

As part of this preliminary analysis, SFA has applied industry benchmarks to the assets outlined in the facility program. The financial performance ranges below are not intended to represent a full set of projections or to be used in place of a detailed pro forma, but rather to demonstrate how the assets and spaces included in the facilities recommended for full analysis could perform if they achieved financial performance benchmarks from the youth and amateur sports and recreation industry. SFA would develop a full five-year projection of revenue and detailed pro forma should the Client engage SFA for Phase II.

REVENUE PER SQUARE FOOT BENCHMARKS AND TOTAL APPROXIMATE REVENUE PROJECTION

As described earlier in the “Business Model Overview” section of this report, the complex could feature a business model focused on sports tourism with emphasis on each programming type depending on the desire to maintain in-house or third-party programming. Based on the mix of assets in the facility program, the new indoor facilities could offer multiple revenue types under the outlined business models. The chart below shows industry average ranges for annual revenue per square foot. The chart also demonstrates the best-in-class performance threshold for the main revenue types within the indoor facility: tournament and events, local sports and recreation, and tenant/lease space.



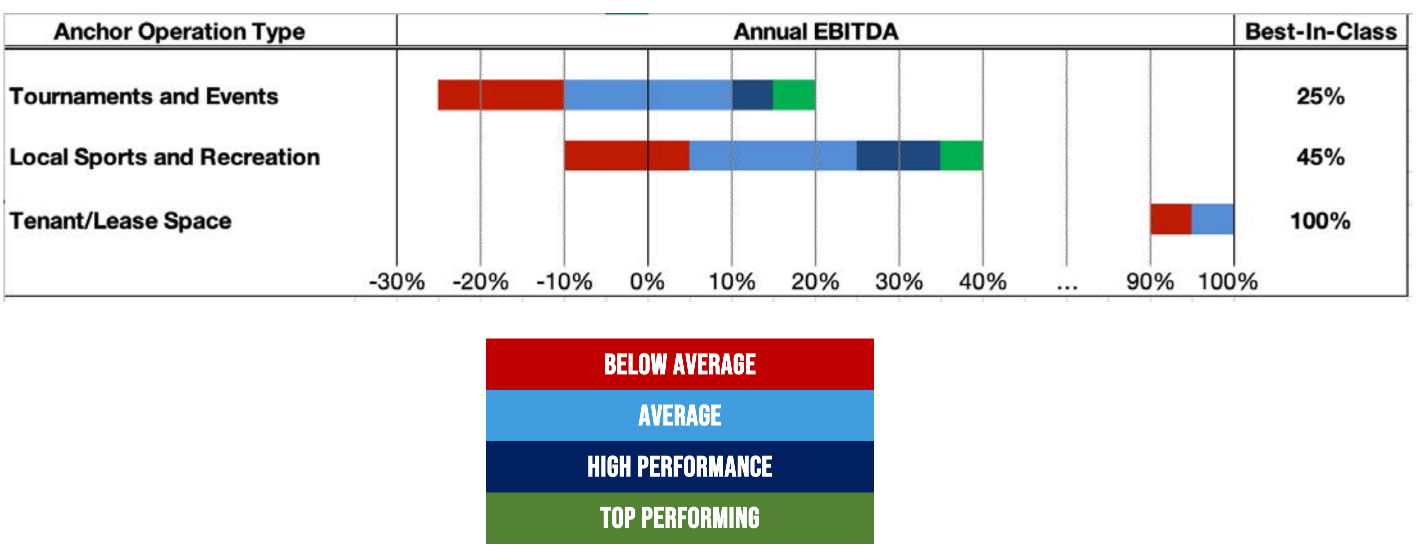
EXAMPLE FACILITY PERFORMANCE BENCHMARKS

As demonstrated by the previous chart, tournaments and events generate less revenue per square foot than operations focused on local programming. Local sports and recreation programs such as leagues, camps, and clinics are often programmed over the same spaces as tournaments and events. However, these programs do not require the same volume of facility space to operate.

When combined with the ability to develop in-house programming, those characteristics create opportunities to generate greater revenue per square foot over sports and recreation spaces. Additionally, SFA expects the included leased/tenant space to perform at the average level in revenue per square foot. SFA believes a facility based on the included facility program will generate between $5-$20 per square foot and result in a range of revenue of approximately $794,000 to $3.2 million annually.

FACILITY EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AND AMORTIZATION (EBITDA) PERFORMANCE RANGE AND OPERATING INCOME MATRIX

The chart that follows demonstrates the annual EBITDA performance range benchmarks for relevant anchor operation types and their corresponding spaces included in the facility program. Similar to the potential revenue generated based on the facility operating model, facilities that rely on tournaments and events as their main source of revenue perform with negative EBITDA, if they operate at the below average to low-average level. Additionally, below average performing local sports and recreation-based facilities can also achieve negative EBITDA.



EXAMPLE FACILITY PERFORMANCE BENCHMARKS

Based on the size of the facility, the preliminary revenue projections, SFA's market analysis, and the operating model, SFA expects the entire facility to perform in the below average to average range, resulting in an EBITDA as a percent of revenue range of between -15 and 10-percent.

The following operational performance matrix shows a range of EBITDA as a percent of revenue based on the previous benchmarks. SFA expects the facility would achieve a negative EBITDA of between -$119,117 to -$476,469 at -15-percent, between -$39,706 to -$158,823 at -5-percent and a positive annual EBITDA of between $79,412 to $317,646 at 10-percent.

OPERATING INCOME MATRIX

		Rev per Square Foot			
		$5.00	$10.00	$15.00	$20.00
EBITDA as a Percent of Revenue	-15%	-$119,117	-$238,235	-$357,352	-$476,469
	-5%	-$39,706	-$79,412	-$119,117	-$158,823
	0%	$0	$0	$0	$0
	10%	$79,412	$158,823	$238,235	$317,646

ECONOMIC IMPACT RANGES

Based on the Client's plan to develop an indoor sports tourism destination complex, SFA analyzed the potential room night generation on a per event basis to demonstrate the potential demand for on-site room nights. This analysis is based on standard industry data and market specific expectations to establish a potential projection; however, it is not based on the detailed development of a full financial forecast (pro forma).

SFA created a facility program option for the indoor facility based on the total number of courts and ice sheets, as well as the potential to host additional flat-floor events in sports like wrestling and cheerleading. The chart below demonstrates the potential impact of an event for each facility option if all fields are fully utilized during that potential event.

Facility Event Option	Number of Days	Number of Teams	Percent Non-Local	Non-Local Days in Market	New Economic Impact	Room Nights Generated
Ice						
Small	2	16	60%	972	$123,949	288
Large	3	24	75%	2633	$335,696	810
Courts						
Small	2	32	50%	1080	$137,722	320
Large	3	96	80%	7488	$954,870	2304
Individual Performance						
Small	2	150	50%	506	$64,557	150
Large	2	400	80%	2160	$275,443	640

As demonstrated above, a small ice event could host a total of 16 teams and could generate a total of 288 room nights during the event which would require 144 rooms to be available each night. A large ice event could host a total of 24 teams and could generate a total of 810 room nights during the event which would require 270 rooms to be available each night.

As demonstrated above, a small indoor court event could host a total of 32 teams and could generate a total of 320 room nights during the event which would require 160 rooms to be available each night. A large court event could host a total of 96 teams and could generate a total of 2,304 room nights during the event which would require 1,152 rooms to be available each night.

As demonstrated above, a small individual performance event could host a total of 150 individuals and could generate a total of 150 room nights during the event. A large individual performance event could host a total of 400 individuals and could generate a total of 640 room nights during the event.

The potential room night generation per event is based on standard industry data and market specific expectations for the factors below:

- Teams per Court – 2
- Players per Team – 10
- Spectators per Player – 1.5
- Percent Non-Local – 50-80%
- Tournament Days – 2-3 days
- Tournament Nights – 2-3 nights
- People per Room - 3
- Average Daily Expenditure - $127.52

- Teams per Ice Sheet – 2
- Players per Team – 18
- Spectators per Player – 1.5
- Percent Non-Local – 60-75%
- Tournament Days – 2-3 days
- Tournament Nights – 2-3 nights
- People per Room - 3
- Average Daily Expenditure - $127.52

While SFA was not engaged for a full feasibility analysis, which would include the development of a financial forecast (pro forma) and economic impact study, to project the anticipated number of tournaments, visitors, and room nights that could be generated through the development of a facility, SFA created a range for the potential to attract room nights on an annual basis. SFA believes that the Kalispell Tournament Complex could expect to host between 15-20 tournaments annually which could result in the potential for between 6,300 and 14,700 room nights on an annual basis being brought to the area. The total room night range will ultimately depend on the size facility and amenities that are developed.

ECONOMIC IMPACT RANGES – AVERAGE DAILY EXPENDITURE

SFA projected per-person spending in the categories in which visitors to Kalispell, MT are expected to spend for regional youth and amateur tournaments and events. The chart below shows that overnight visitors are expected to spend an average of $127.52 per person per day when traveling for tournaments and events. The estimates for per person spending are based on conservative estimates for how non-local visitors will spend while in market. SFA believes that these are reliable estimates, and that it is unlikely that per person spending will fall below the projected amounts.

Per Person Spending By Category - Overnight		
	Amount	% of Total
Lodging/Accommodations	$32.00	25.10%
Dining/Groceries	$48.00	37.60%
Transportation	$8.16	6.40%
Entertainment/Attractions	$3.84	3.00%
Retail	$22.56	17.70%
Miscellaneous	$12.96	10.20%
Total	**$127.52**	**100%**

This analysis is based on standard industry data and market specific expectations to establish a potential projection; however, it is not based on the detailed development of a full financial forecast (pro forma).

POTENTIAL FUNDING SOURCES

Based on SFA's experience in planning and funding facilities similar to the facilities included in the included facility program, communities and private clients have deployed the following funding mechanisms successfully in recent projects across the country. It should be noted that in today's development climate, most projects have a diverse set of funding sources and often rely on public-private partnerships.

BORROWING

- **Private Loan**
  - A loan is taken out by a business to fund the development and early-stage operation of the facility.

SPECIAL DISTRICTS

- **Tax Increment Financing (TIF)**
  - A district is developed specifically for the purpose of incentivizing development. Upon establishment, the tax base of the district is frozen and any increase to the tax base as a result of new developments are used to pay the TIF bonds.
- **Taxes on Business Improvement Districts (BIDs)**
  - A district is developed where businesses are required to pay an additional tax to fund projects within the boundaries of the district.
- **Opportunity Zones**
  - An economically distressed community where new investments, under certain conditions, become eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the state and that nomination has been certified by the Secretary of the U.S. Treasury via their delegation of authority to the Internal Revenue Service.

PURCHASE OF DEVELOPMENT RIGHTS

  - Private landowners relinquish their right to build on their land but retain the title to the property. This is most commonly applied to agricultural and farmland, but land laws vary by state.

PARTNERSHIPS

- **Public-Private Partnerships**
  - Development and/or operational commitments are made both public and private organizations in order to provide capital, credit, or long-term income to secure or back a loan. Private sector partners are most commonly developers, medical sector organizations, for-profit sports or wellness organizations, and non-profit sports or wellness organizations. The Public-Private Partner relationship can encompass a few or all of the following facility development phases: design, build, finance, operate, and/or manage.

- **Public-Public Partnerships**
  - Development and/or operational commitments are made two public sector organizations in order to provide capital, credit, or long-term income to secure or back a loan. Public sector partners are most commonly Cities/Towns/ Villages, Counties, Parks & Recreation Departments, Chamber/CVB/Tourism Departments, and School Districts.

CONCLUSION AND NEXT STEPS

Based on the work completed to date, SFA believes that an opportunity exists to develop an Indoor Sports facility in Kalispell, MT with the capability of meeting the Client's objectives that will:

- Become a tournament and event destination facility that attracts non-local visitation during the off-peak season to Flathead Valley
- Build a tournament quality facility that will generate economic impact and direct spending for the Flathead Valley and the surrounding marketplace
- Serve as a community asset that provides a sense of place and enhances the quality of life for residents by creating access to top quality sports and recreation assets
- Feature diverse and flexible programming for sports, activities, and events to serve a wide variety of potential partners and stakeholders that reaches the Flathead Valley
- Become a catalyst for ancillary development as well as the redevelopment of existing hotels, retail, and restaurants in the marketplace

Taking those definitions of success into account, SFA has detailed the initial recommendations for a facility program of spaces for the development of a new 158,823 sq. ft. indoor and 11.4 total acres that has the highest likelihood to achieve the Client's goals. The included facility program is what SFA believes has the potential to meet the Client's definitions of success through the individual asset types (ice, court and sports performance spaces, along with leased space) and ensuring that those assets are right sized to meet the local market opportunities.

Challenges in the market, including population, socioeconomics, and the rural location all need to be considered when determining the potential for the success of the facility. These challenges may be offset by the lack of competition in the area for sports performance training, as well as ice, court, field and turf assets. A facility such as the one recommended would be unique to the area and may have a market reach that expands to the sub-regional market (60 minutes) and if tournaments and events are programmed could contribute to additional economic impact into the Kalispell area.

The determination to build a new sports tourism facility and identifying the best path forward among other exercises, is crucial to fully analyzing the opportunity for Discover Kalispell. These evaluations will take place during the full financial forecast and economic impact analysis development in the next phase of work, dependent on the Client's decision to engage SFA for Phase II.

CONCLUSION AND NEXT STEPS

If the Client chooses to move forward with Phase II, SFA recommends that the Client:

- Explore and define the potential for funding mechanisms, development incentives, and/or strategic partnerships that could create a viable investment into the construction and operation of enhancing existing and/or building new facilities.
- The exploration of funding mechanisms, development incentives, and strategic partnerships will assist in answering questions such as: how the facility will be utilized, does it make more sense to enhance existing facilities or develop new facilities, and how the development will be funded.
- Determine if the location(s)/site option(s) noted by the Client have the highest likelihood of supporting the best path forward for development.
- Complete a detailed financial forecast (pro forma).

IT IS CRITICAL THAT, PRIOR TO MOVING FORWARD WITH THE DEVELOPMENT, THE CLIENT CONSIDER THE FINDINGS AND RECOMMENDATIONS IN THIS DOCUMENT. EACH OF THE RECOMMENDATIONS SHOULD BE ADDRESSED THROUGHOUT THE NEXT PHASES OF WORK.

- The financial model will help to understand the operational realities of the recommendations and what amenities and will best contribute to the definitions of success of the Client.
- Create the optimized facility program and business model(s).
- Complete a narrative document summarizing the optimized facility program and business model, financial forecast, and economic impact analysis.

In conclusion, SFA believes that there is an opportunity to develop a new indoor Sports Facility that has the ability to achieve the Client's goals. SFA has recommended facility program spaces for new facilities/spaces with the highest likelihood of success. SFA recommends exploring the potential funding mechanisms, development incentives, and strategic partnership opportunities while consecutively moving forward with a formal feasibility analysis (Phase II) of the development, operations, and impact of a new sports and fitness facility.

SFA is available to assist in any or all of the above steps and welcomes the opportunity to discuss these findings with the Client in order to support the formulation of a decision related to the development of a new sports and performance facility that will help achieve the Client's mission and vision in Kalispell, MT.


ABOUT THE SPORTS FACILITIES COMPANIES
THE SPORTS FACILITIES COMPANIES
THE SPORTS FACILITIES COMPANIES
OUR MISSION
IMPROVE THE
HEALTH & ECONOMIC VITALITY OF THE COMMUNITIES
WE SERVE
$15 Billion
IN PLANNED & FUNDED FACILITIES
3000 COMMUNITIES SERVED
25 Million
VISITS AT SFM FACILITIES
• Institutional Grade Financial Forecasting
• Economic Impact Projections
• Strategic Program Planning
• Project Finance Support Services
• Outsourced Management
• National Network of Venues
• Operational Efficiency and Effectiveness
ICMA
INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION
THE ASPEN INSTITUTE
PROJECT PLAY
2020
FRPA
FLORIDA RECREATION & PARK ASSOCIATION
SFM NETWORK
THE SINGLE LARGEST SPORTS TOURISM NETWORK
WWW.SFMNETWORK.COM

THE SPORTS FACILITIES COMPANIES

LEADING THE INDUSTRY SINCE 2003

PLANNING

- Market Opportunity
- Feasibility
- Facility Program Plans
- Site Selection
- Institutional-Grade Financial Modeling

FINANCE SUPPORT

- Partnership Prospecting & Development
- Negotiations
- Funding Strategy
- Development Partners
- P3 Development
- Project Management

DEVELOPMENT

- Owner's Representation
- FFE/OSE Procurement
- Venue Planning
- Operational Readiness
- Vendor Negotiations
- Sport Comfort & Compliance

OPENING

- Turn-Key Management
- Daily Operations
- Brand Development & Marketing Strategies
- Strategic Partnerships
- Event Booking & Sales
- Legal & Risk Management

SFNETWORK

- Largest Sports Tourism Network in the US
- National Marketing
- Event Booking Platform
- Industry Expertise & Analytics
- Vendors & Partners

ADVISORY **DEVELOPMENT** **MANAGEMENT**

DISCOVER THE POWER OF THE SF NETWORK

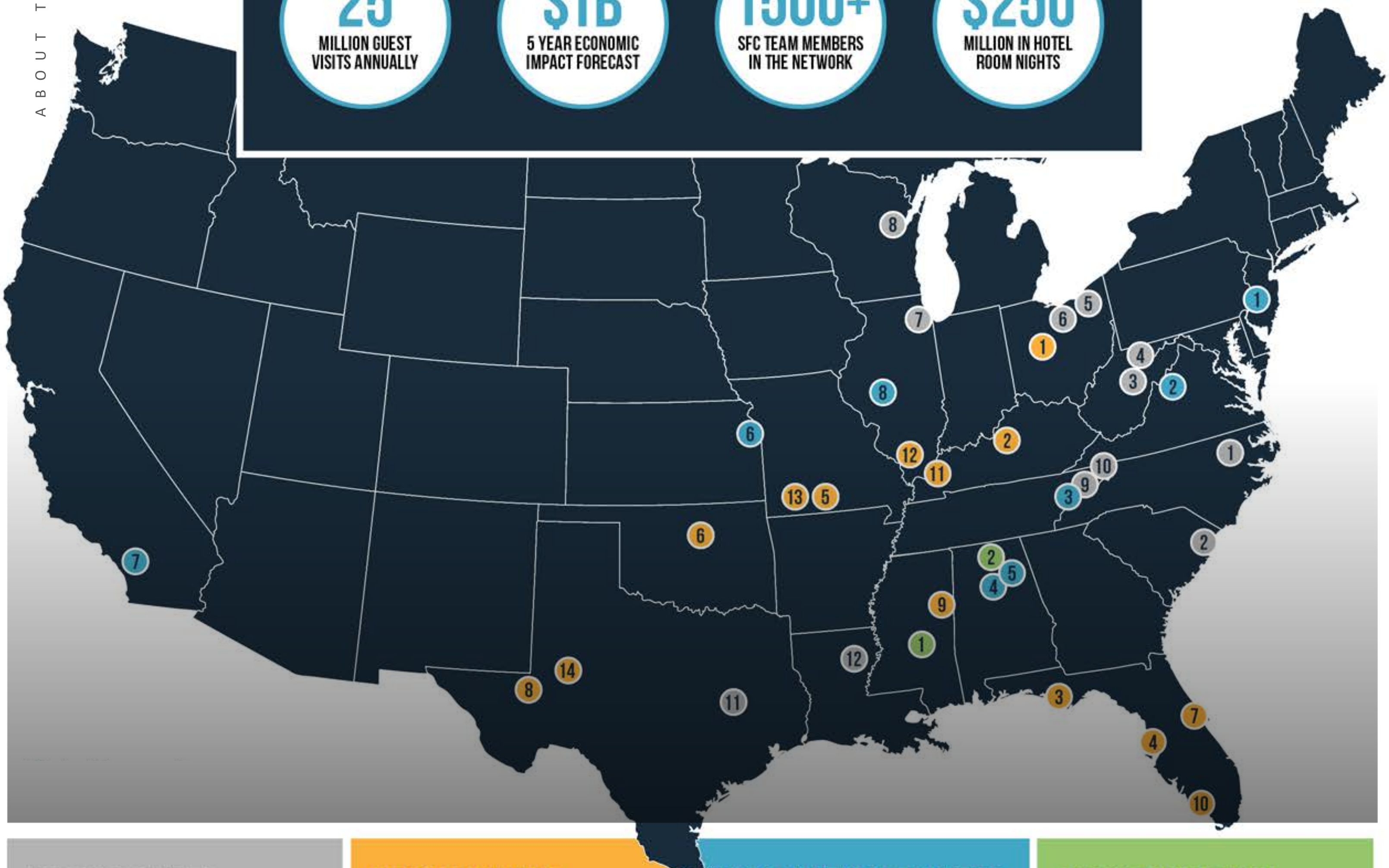
JOIN A CLIENT PORTFOLIO OF THE NATION'S BEST SPORTS AND RECREATION DESTINATIONS.

25 MILLION GUEST VISITS ANNUALLY

$1B 5 YEAR ECONOMIC IMPACT FORECAST

1500+ SFC TEAM MEMBERS IN THE NETWORK

$250 MILLION IN HOTEL ROOM NIGHTS



INDOOR FACILITIES

1	ROCKY MOUNT, NC	ROCKY MOUNT EVENT CENTER
2	MYRTLE BEACH, SC	MYRTLE BEACH SPORTS CENTER
3	BRIDGEPORT, WV	THE BRIDGE SPORTS COMPLEX
4	WHEELING, WV	HIGHLANDS SPORTS COMPLEX
5	HILLIARD, OH	BO JACKSON'S ELITE SPORTS
6	SANDUSKY, OH	CEDAR POINT SPORTS CENTER
7	BEDFORD PARK, IL	WINTRUST SPORTS COMPLEX
8	GRAND CHUTE, WI	COMMUNITY FIRST CHAMPIONS CENTER
9	MORRISTOWN, TN	MORRISTOWN LANDING
10	KINGSPORT, TN	TNT SPORTSPLEX
11	BRYAN, TX	LEGENDS EVENT CENTER
12	WEST MONROE, LA	WEST MONROE SPORTS & EVENTS

OUTOOR FACILITIES

1	XENIA, OH	ATHLETES IN ACTION
2	ELIZABETHTOWN, KY	ELIZABETHTOWN SPORTS PARK
3	PANAMA CITY BEACH, FL	PUBLIX SPORTS PARK
4	OLDSMAR, FL	EMPOWER ADVENTURES
5	BRANSON, MO	BALLPARKS OF AMERICA
6	EDMOND, OK	PELICAN BAY AQUATICS
7	COCOA, FL	LAUNCHPAD SPORTS COMPLEX
8	PECOS, TX	CYCLONE BALLPARKS
9	STARKVILLE, MS	CORNERSTONE SPORTS COMPLEX
10	NAPLES, FL	PARADISE COAST SPORTS COMPLEX
11	PADUCAH, KY	MCCRACKEN COUNTY SPORTS COMPLEX
12	MARION, IL	MARION STADIUM
13	REEDS SPRING, MO	SHO-ME BASEBALL CAMP
14	ODESSA, TX	THE BASIN SPORTS COMPLEX

INDOOR/OUTDOOR FACILITIES

1	HILLSBOROUGH, NJ	IRON PEAK SPORTS & EVENTS
2	HARRISONBURG, VA	HORIZONS EDGE SPORTS CAMPUS
3	GATLINBURG, TN	ROCKYTOP SPORTS WORLD
4	HOOVER, AL	HOOVER MET COMPLEX
5	ALBERTVILLE, AL	SAND MOUNTAIN PARK & AMPHITHEATER
6	OVERLAND PARK, KS	BLUHAWK MULTI-SPORT
7	CARSON, CA	CREEK AT DOMINGUEZ HILLS
8	SPRINGFIELD, IL	SCHEELS SPORTS PARK AT LEGACY POINTE

PARKS & RECREATION

1	BRANDON, MS	BRANDON PARKS & RECREATION
2	GARDENDALE, AL	BILL NOBLE PARK

THE SPORTS FACILITIES ADVISORY ™

TO IMPROVE THE HEALTH & ECONOMIC VITALITY • OF THE COMMUNITIES WE SERVE •

THE SPORTS FACILITIES COMPANIES

FOUNDED IN 2003

727.474.3845

sportsfacilities.com | thesfnetwork.com
info@sportsfacilities.com

600 Cleveland St., Suite 910
Clearwater FL 33755

THE SPORTS FACILITIES ADVISORY

APPENDIX – LOCAL DEMOGRAPHIC AND SOCIOECONOMIC DATA

Demographic Highlights	10 minutes	15 minutes	30 minutes
Total Population	39,069	46,558	92,860
2022 Median Age (Esri)	38.9	39.6	42.9
2022 Median Household Income (Esri)	$61,758	$64,519	$69,311
2022 Average Household Income (Esri)	$81,114	$84,288	$88,556
2022 Per Capita Income (Esri)	$32,958	$33,921	$36,137
2022 Household Population (Esri)	38,277	45,765	91,704
2010-2017 Population: Annual Growth Rate (Esri)			
2017-2022 Population: Annual Growth Rate (Esri)	0.79	0.87	1.13
2017-2022 Median Household Income: Annual Growth Rate (Esri)	1.28	1.87	2.45
2017-2022 Per Capita Income: Annual Growth Rate (Esri)	1.65	1.87	2.23
2022 Total Households (Esri)	15,874	18,669	37,713
2022 Total Family Households (Esri)	9,620	11,614	23,992
2022 Average Household Size (Esri)	2.41	2.45	2.43
Age Breakdown	**10 minutes**	**15 minutes**	**30 minutes**
2022 Total Population Age 0-4 (Esri) (%)	6.69%	6.48%	5.72%
2022 Total Population Age 5-9 (Esri) (%)	6.65%	6.54%	5.99%
2022 Total Population Age 10-14 (Esri) (%)	6.56%	6.51%	6.15%
2022 Total Population Age 15-19 (Esri) (%)	5.88%	5.87%	5.56%
2022 Total Population Age 20-24 (Esri) (%)	5.57%	5.44%	4.94%
2022 Total Population Age 25-29 (Esri) (%)	6.78%	6.57%	5.99%
2022 Total Population Age 30-34 (Esri) (%)	6.63%	6.44%	5.93%
2022 Total Population Age 35-39 (Esri) (%)	6.78%	6.63%	6.25%
2022 Total Population Age 40-44 (Esri) (%)	6.11%	6.04%	6.01%
2022 Total Population Age 45-49 (Esri) (%)	5.33%	5.46%	5.68%
2022 Total Population Age 50-54 (Esri) (%)	5.35%	5.58%	6.05%
2022 Total Population Age 55-59 (Esri) (%)	6.11%	6.45%	7.16%
2022 Total Population Age 60-64 (Esri) (%)	6.55%	6.92%	7.85%
2022 Total Population Age 65-69 (Esri) (%)	6.14%	6.41%	7.34%
2022 Total Population Age 70-74 (Esri) (%)	4.55%	4.65%	5.38%
2022 Total Population Age 75-79 (Esri) (%)	3.20%	3.23%	3.55%
2022 Total Population Age 80-84 (Esri) (%)	2.26%	2.17%	2.18%
2022 Total Population Age 85+ (Esri) (%)	2.86%	2.61%	2.26%
2022 Total Population Age 18+ (Esri) (%)	76.57%	76.92%	78.72%
Household Income Breakdown	**10 minutes**	**15 minutes**	**30 minutes**
2022 Household Income less than $15,000 (Esri) (%)	6.00%	5.70%	5.90%
2022 Household Income $15,000-$24,999 (Esri) (%)	6.30%	6.00%	5.90%
2022 Household Income $25,000-$34,999 (Esri) (%)	10.50%	10.10%	8.40%
2022 Household Income $35,000-$49,999 (Esri) (%)	16.40%	15.70%	15.10%
2022 Household Income $50,000-$74,999 (Esri) (%)	18.80%	18.60%	17.70%
2022 Household Income $75,000-$99,999 (Esri) (%)	15.50%	15.60%	15.60%
2022 Household Income $100,000-$149,999 (Esri) (%)	16.00%	16.30%	18.30%
2022 Household Income $150,000-$199,999 (Esri) (%)	8.00%	9.10%	9.70%
2022 Household Income $200,000 or greater (Esri) (%)	2.40%	2.80%	3.40%
Spending: Recreation	**10 minutes**	**15 minutes**	**30 minutes**
2022 Membership Fees for Social/Recreation/Civic Clubs (Avg)	213.44	220.01	225.72
2022 Fees for Participant Sports excluding Trips (Avg)	100.30	102.67	103.37
2022 Fees for Recreational Lessons (Avg)	108.80	112.71	118.58
2022 Camp Fees (Avg)	21.43	22.77	25.12

THE SPORTS FACILITIES ADVISORY

APPENDIX – REGIONAL DEMOGRAPHIC AND SOCIOECONOMIC DATA

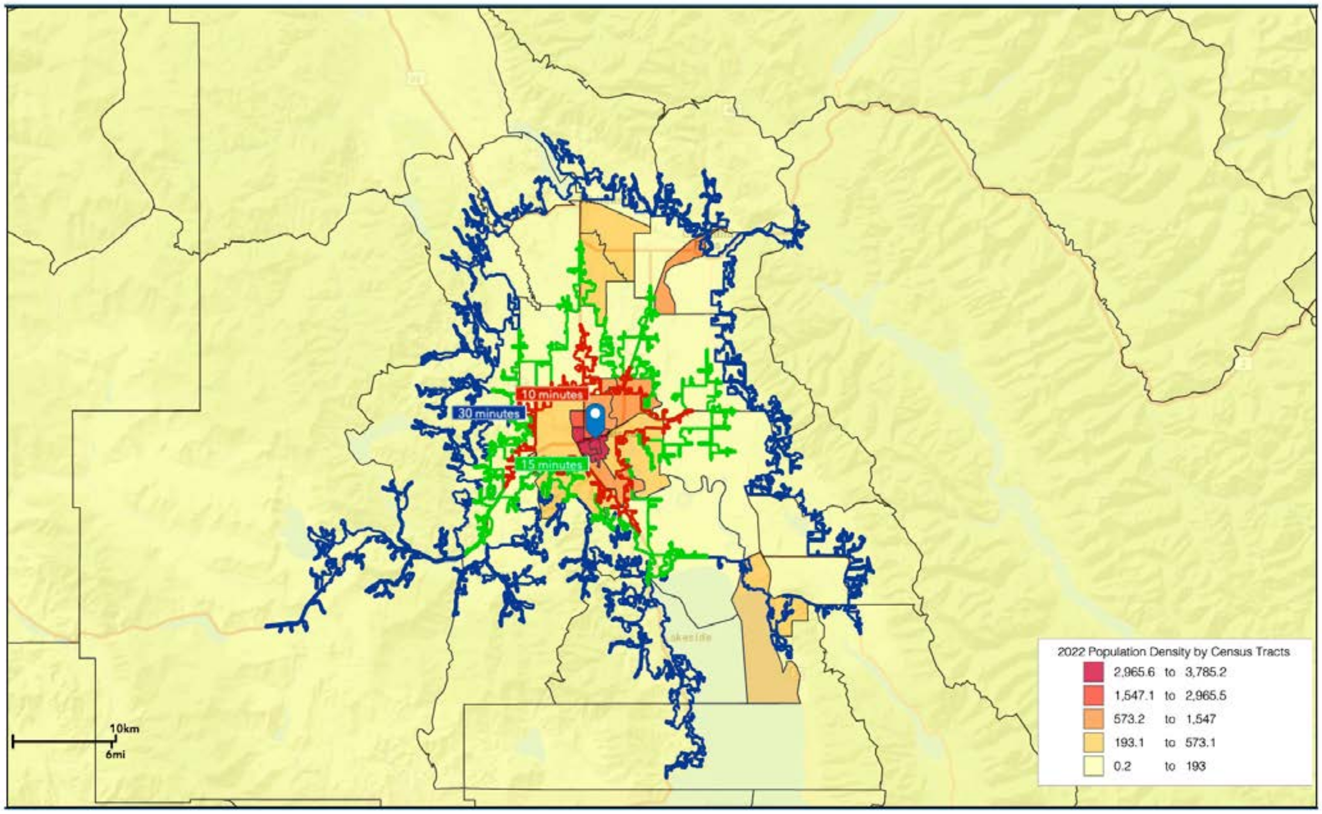
Demographic Highlights	60 minutes	90 minutes	240 minutes
Total Population	122,634	156,723	1,230,098
2022 Median Age (Esri)	44.3	44.6	41.7
2022 Median Household Income (Esri)	$67,350	$61,386	$60,803
2022 Average Household Income (Esri)	$88,003	$82,773	$84,787
2022 Per Capita Income (Esri)	$36,094	$34,037	$34,884
2022 Household Population (Esri)	121,312	154,953	1,201,814
2010-2017 Population: Annual Growth Rate (Esri)			
2017-2022 Population: Annual Growth Rate (Esri)	1.08	0.93	0.80
2017-2022 Median Household Income: Annual Growth Rate (Esri)	2.63	2.41	3.40
2017-2022 Per Capita Income: Annual Growth Rate (Esri)	2.28	2.26	3.06
2022 Total Households (Esri)	50,324	64,418	504,773
2022 Total Family Households (Esri)	32,302	41,202	310,691
2022 Average Household Size (Esri)	2.41	2.41	2.38

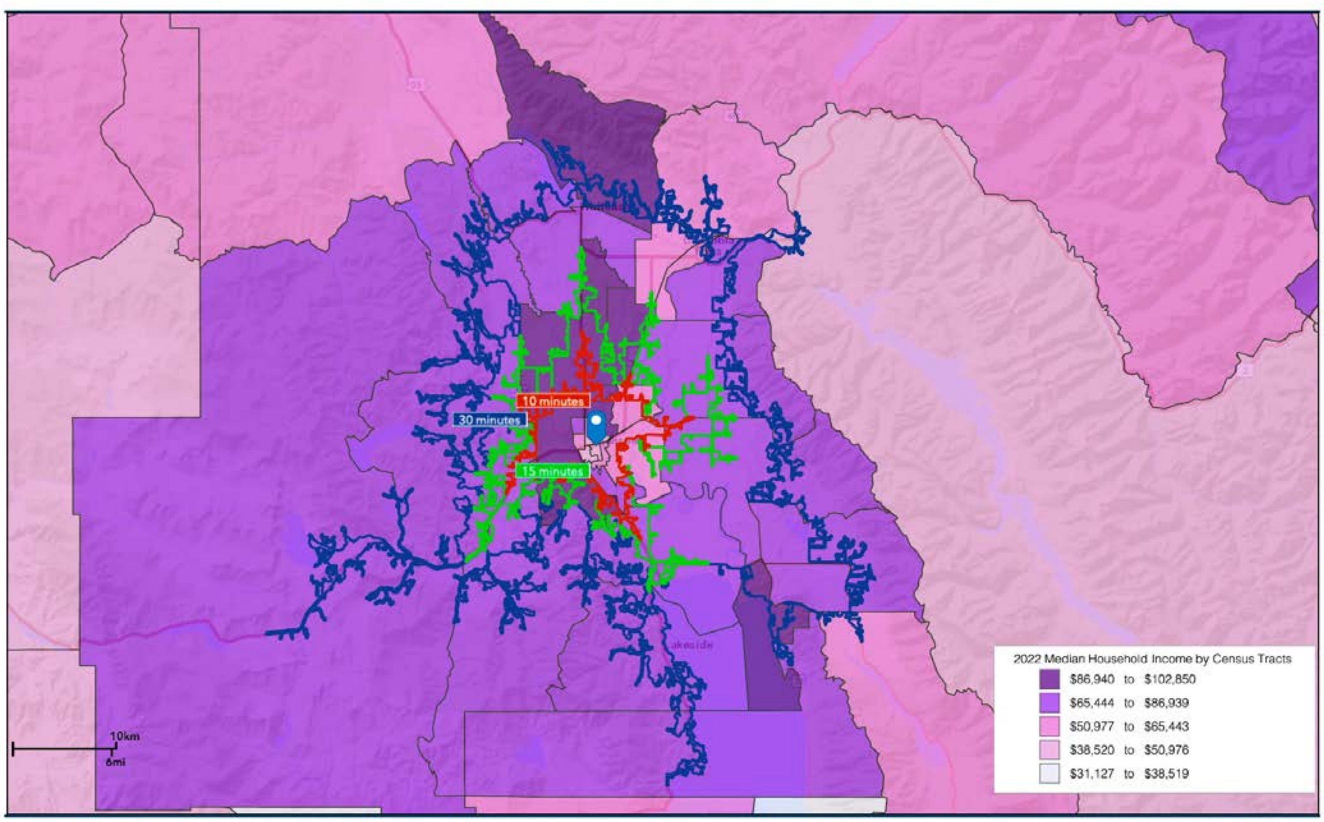
Age Breakdown	60 minutes	90 minutes	240 minutes
2022 Total Population Age 0-4 (Esri) (%)	5.56%	5.63%	5.55%
2022 Total Population Age 5-9 (Esri) (%)	5.84%	5.88%	5.71%
2022 Total Population Age 10-14 (Esri) (%)	6.03%	6.04%	5.85%
2022 Total Population Age 15-19 (Esri) (%)	5.45%	5.45%	5.77%
2022 Total Population Age 20-24 (Esri) (%)	4.75%	4.65%	6.07%
2022 Total Population Age 25-29 (Esri) (%)	5.75%	5.70%	6.57%
2022 Total Population Age 30-34 (Esri) (%)	5.68%	5.61%	6.39%
2022 Total Population Age 35-39 (Esri) (%)	5.92%	5.73%	6.16%
2022 Total Population Age 40-44 (Esri) (%)	5.89%	5.71%	5.77%
2022 Total Population Age 45-49 (Esri) (%)	5.60%	5.51%	5.57%
2022 Total Population Age 50-54 (Esri) (%)	6.11%	6.12%	5.99%
2022 Total Population Age 55-59 (Esri) (%)	7.36%	7.46%	6.97%
2022 Total Population Age 60-64 (Esri) (%)	8.26%	8.30%	7.39%
2022 Total Population Age 65-69 (Esri) (%)	7.83%	7.92%	6.80%
2022 Total Population Age 70-74 (Esri) (%)	5.82%	5.99%	5.37%
2022 Total Population Age 75-79 (Esri) (%)	3.75%	3.86%	3.59%
2022 Total Population Age 80-84 (Esri) (%)	2.22%	2.27%	2.21%
2022 Total Population Age 85+ (Esri) (%)	2.19%	2.17%	2.28%
2022 Total Population Age 18+ (Esri) (%)	79.20%	79.06%	79.53%

Household Income Breakdown	60 minutes	90 minutes	240 minutes
2022 Household Income less than $15,000 (Esri) (%)	6.40%	8.20%	8.70%
2022 Household Income $15,000-$24,999 (Esri) (%)	6.50%	8.10%	8.60%
2022 Household Income $25,000-$34,999 (Esri) (%)	8.80%	9.20%	8.60%
2022 Household Income $35,000-$49,999 (Esri) (%)	14.30%	14.70%	13.80%
2022 Household Income $50,000-$74,999 (Esri) (%)	18.10%	17.60%	19.40%
2022 Household Income $75,000-$99,999 (Esri) (%)	15.10%	14.40%	14.00%
2022 Household Income $100,000-$149,999 (Esri) (%)	17.90%	16.40%	15.50%
2022 Household Income $150,000-$199,999 (Esri) (%)	9.10%	7.90%	6.60%
2022 Household Income $200,000 or greater (Esri) (%)	3.70%	3.40%	4.80%

Spending: Recreation	60 minutes	90 minutes	240 minutes
2022 Membership Fees for Social/Recreation/Civic Clubs (Avg)	221.38	203.99	220.55
2022 Fees for Participant Sports excluding Trips (Avg)	100.71	92.52	101.47
2022 Fees for Recreational Lessons (Avg)	117.33	106.78	116.74
2022 Camp Fees (Avg)	25.12	23.55	24.60

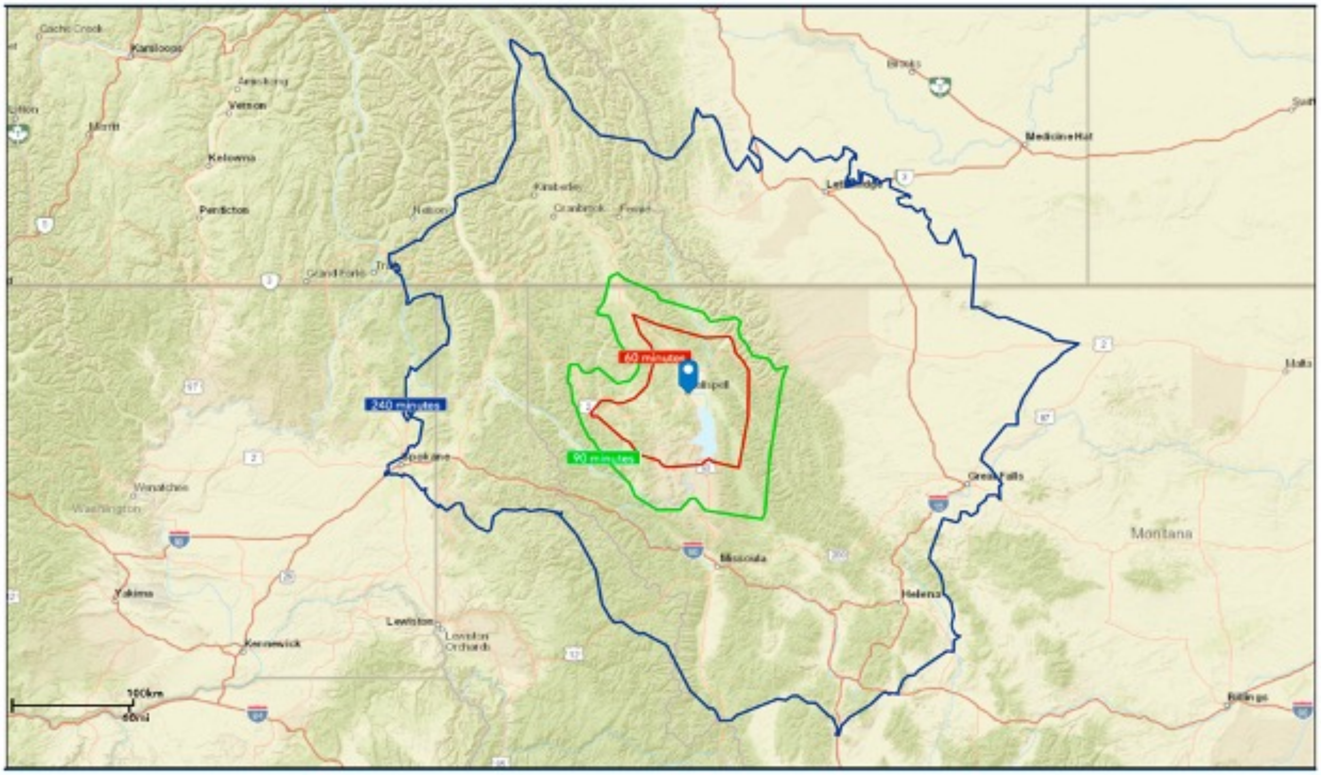
APPENDIX – LOCAL DEMOGRAPHIC AND SOCIOECONOMIC MAPS





THE SPORTS FACILITIES ADVISORY

APPENDIX – REGIONAL DRIVETIME MAP



APPENDIX – LOCAL FACILITIES

Indoor Court Facilities	Drive Time (Minutes)
Logan Health Medical Fitness Center	7
The Jewel Basin Center	19
The Wave Aquatic and Fitness Center	21
Montana Athletic Club	24

Indoor Turf Field Facilities	Drive Time (Minutes)
Blades Athletic Performance Academy	11

Ice Facilities	Drive Time (Minutes)
Woodland Ice Center	5
Stumptown Ice Den	30

Sports Performance Facilities	Drive Time (Minutes)
Blades Athletic Performance Academy	11
Montana Athletic Club	24

Baseball-Softball Training Facilities	Drive Time (Minutes)
Blades Athletic Performance Academy	11

APPENDIX – REGIONAL FACILITIES

Indoor Court Facilities	City, State	Drive Time (Minutes)
University of Montana Campus Recreation Center	Missoula, MT	133
HUB Sports Center	Liberty Lake, WA	227
The Podium - Spokane	Spokane, WA	243

Ice Facilities	City, State	Drive Time (Minutes)
Glacier Ice Rink	Missoula, MT	137
Butte Community Ice Center	Butte, MT	222
Great Falls Ice Plex	Great Falls, MT	225
Haynes Pavilion	Bozeman, MT	294
Jimmie Condon and Rose Kohn Arenas	Calgary, Alberta, Canada	302
Max Belle Centre	Calgary, Alberta, Canada	304
East Calgary Twin Arena	Calgary, Alberta, Canada	305
Flames Community Arena	Calgary, Alberta, Canada	305
Village Center Arena #1 and Wally Kozak Center	Calgary, Alberta, Canada	309
Father David Bauer and Norman Bush Arenas	Calgary, Alberta, Canada	311
Banff Recreation Center	Banff, Alberta, Canada	311
Hockey Development Centre	Calgary, Alberta, Canada	314
WinSports Arenas	Calgary, Alberta, Canada	316
Canmore Recreation Center	Canmore, Alberta, Canada	328