

ERA

Economics Research Associates

Memorandum Report

Stockton Arena

Prepared for

City of Stockton

Submitted by

Economics Research Associates

Los Angeles, California

February 16, 2004

ERA Project No. 15268

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Economics Research Associates

Memorandum

Date: February 16, 2004
To: Mr. Jim Rinehart
City of Stockton
From: Economics Research Associates
RE: Stockton Arena
ERA No.: 15268

The City of Stockton (City) is developing a major project on the north shore of Banner Island consisting of approximately 24 acres. The projects plans include a 10,000 seat arena, a 5,000-seat Class-A League baseball stadium, a 150 room hotel/conference center, a parking garage, and approximately 50,000 square feet of retail.

It is our understanding that Regent Development, Inc. (Regent) is the developer of the arena, and International Facilities Group (IFG) will own two of the franchises (minor league hockey and football) and will operate the arena, as well as operate the baseball stadium for non-baseball events.

The City retained Economics Research Associates (ERA) to update the arena portion of the feasibility study that was completed on April 12, 2002. This memorandum is a summary update of the arena portion of the feasibility analysis and includes among other items, an arena sizing recommendation and a 3rd party 'Base Case' cash flow. For any detailed demographic information, our original study should be referenced. This memorandum is divided into the following eight sections:

1. Executive Summary
2. Introduction
3. Stockton Overview
4. Potential Anchor Tenants and Sports Leagues
5. Comparable National Arenas
6. Arena Size Recommendations
7. Financial Analysis - Base Case Cash Flow
8. Sensitivities

The 'Base Case' cash flow discussed throughout this memorandum is a 3rd party analysis. It should be noted that we have not reviewed any estimated pro formas from Regent, IFG, or the City, although we have had discussions with them. We have reviewed the arena schematic design narrative (dated November 20, 2003).

1. Executive Summary

The City of Stockton (City) is developing a major project on the north shore of Banner Island consisting of approximately 24 acres. The projects plans include a 10,000 seat arena, a 5,000-seat Class-A League baseball stadium, a 150 room hotel/conference center, a parking garage, and approximately 50,000 square feet of retail.

Understanding of Project

It is our understanding that Regent Development, Inc. (Regent) is the developer of the arena, and International Facilities Group (IFG) will own two of the franchises (minor league hockey and football) and will operate the arena, as well as operate the baseball stadium for non-baseball events.

The City retained Economics Research Associates (ERA) to update the arena portion of the feasibility study that was completed on April 12, 2002. This memorandum is a summary update of the arena portion of the feasibility analysis and includes among other items, an arena sizing recommendation and a 3rd party 'Base Case' cash flow. For any detailed demographic information, our original study should be referenced.

Based on our conversations with you, IFG, and representatives of the sports leagues listed below, it is our understanding that you have not received any formal agreements with any tenants to date, although you are anticipating the following three tenants:

1. An East Coast Hockey League (ECHL) franchise to be owned and operated by IFG.
2. An Arena Football 2 (AF2) franchise to be owned and operated by IFG.
3. A Major Indoor Soccer League (MISL) franchise.

Downtown Stockton

The City has established three core entertainment districts to achieve its long-term redevelopment goals. They include:

1. The Entertainment District
2. North Shore Waterfront Area
3. South Shore Waterfront Area

Stockton Employment Base

San Joaquin County is home to a number of major industries and service organizations. The county's predominant industries are trade, transportation and utilities, government, and educational and health service. San Joaquin industry employment has shown strong growth since 1998, with the greatest year-over change occurring in 1999, when more than 8,000 jobs were gained. In 2002, the county added 3,200 new jobs, an increase of 1.5 percent from the previous year.

Arena Size Recommendations

It should be noted that we have reviewed the arena schematic design narrative (dated November 20, 2003).

Based on our review of the Stockton marketplace, discussions with City officials, with IFG, various sports leagues who are anticipated to be anchor tenants, local promoters, etc., we are in concurrence with the following basic building parameters:

- Approximately 10,500 seats
 - As stated later in the analysis, the average per event attendance is approximately 4,800. In order to attract the major concerts, professional exhibitions and other major events, the larger venue is necessary.
 - Even though the minor league sports average attendance is projected to be in the 4,500 to 6,000 range, higher attendance can be anticipated on certain promotional and weekend nights.
 - For some of the events that do not attract large numbers of attendees, a first-rate curtain system, or the like, is suggested.
- Approximately 24 suites (12 seats per suite)
- Approximately 500 club seats
- Arena club area
- Clear exhibition space for trade shows
- Approximately 5,000 square feet of meeting rooms

Financial Results

Table 1-1 presents a summary of the forecasted number and type of events and the estimated paid attendance per event for year 1 (2006) of the cash flow. It should be noted that certain events are not assumed to occur each year.

**Table 1-1
Base Case Events and Attendance – Year 1**

Event	Number of Events	Average Paid Attendance - (1)	Total Paid Attendance
Anchor Tenants			
Hockey	36	4,702	169,272
Soccer	18	4,452	80,136
Football	9	5,952	53,568
Other	0	0	0
Concerts			
Major	3	7,702	23,106
Minor	3	5,702	17,106
Ethnic	3	5,202	15,606
Family Shows			
Motor Related	2	6,632	13,264
Circus	10	4,562	45,616
Ice Shows	6	4,562	27,370
Stage Shows	4	4,062	16,246
Other	0	3,562	0
Other Sports			
Boxing	4	4,632	18,527
NCAA	1	8,202	8,202
High School	3	2,921	8,764
Professional Exhibitions	0	9,702	0
Miscellaneous	1	3,241	3,241
Trade Show			
Trade/Exhibits	3	2,000	6,000
Other	0	750	0
Averages/Totals	106	4,774	506,024

(1) - Includes luxury suite and club seat seating.

The base case cash flow model developed for the proposed Stockton arena utilizes assumptions that were developed based on our preliminary review of the Stockton market, surveys with comparable arenas, our internal data base, among others. Although these assumptions appear reasonable based on the current and anticipated market conditions, actual results depend on the actions of management and other factors both internal and external to the project, which frequently vary. It is important to note that because events and circumstances may not occur as expected, there may be substantial significant differences between the actual results and those estimated in this analysis. The key assumptions and estimated base case arena cash flows are presented in detail at the conclusion of this report (Appendix A). Table 1-2 provides cash flow summaries for the proposed Stockton arena for the first five years of operation.

Table 1-2
Base Case – Proposed Stockton Arena

Base Case (in 000's)	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$635	\$605	\$625	\$649	\$669
Other Revenues	\$3,250	\$3,270	\$3,354	\$3,412	\$3,509
Total Operating Revenues	\$3,885	\$3,875	\$3,979	\$4,061	\$4,178
Total Operating Expenses	\$3,974	\$4,048	\$4,155	\$4,248	\$4,340
Surplus/Deficit from Operations (before debt service)	(\$89)	(\$174)	(\$176)	(\$186)	(\$163)

Sensitivities

We have prepared the following 12 sensitivity analyses (6 positive and 6 negative) in order to test the impact of fluctuating key assumptions. The sensitivity analyses are intended to identify those variables that have the most significant impact on the overall operations of the proposed Stockton Arena. The key factors include the following (base case remains constant with the following exceptions):

1. Increase the number of concerts and family shows by 25 percent
2. Increase of paid attendance by 20 percent to all events (up to maximum seating capacity)
3. Increase average ticket prices by 20 percent to all events
4. Increase luxury suite and club seat gross prices by 20 percent
5. Increase of advertising and naming rights by 20 percent
6. Decrease of operating expenses by 10 percent
7. Decrease the number of concerts and family shows by 25 percent
8. Decrease of paid attendance by 20 percent to all events
9. Decrease average ticket prices by 20 percent to all events
10. Decrease luxury suite and club seat gross prices by 20 percent
11. Decrease of advertising and naming rights by 20 percent
12. Increase of operating expenses by 10 percent

2. Introduction

The City of Stockton (City) is developing a major project on the north shore of Banner Island consisting of approximately 24 acres. The projects plans include a 10,000 seat arena, a 5,000-seat Class-A League baseball stadium, a 150 room hotel/conference center, a parking garage, and approximately 50,000 square feet of retail.

The location of the proposed project is to be on the North Shore Waterfront Area bounded by Oak Street to the north, Commerce Street to the east, Interstate 5 to the west, and Stockton Deep Water Channel (Stockton Channel) to the south. Situated adjacent to the City's central business district, the North Shore Waterfront Area encompasses prime waterfront land that is being considered for various mixed-use development projects. Planned as part of a comprehensive downtown revitalization plan, the proposed Stockton project is intended to help reposition Downtown Stockton as the City's entertainment hub with new retail shops, restaurants and public facilities.

It is our understanding that Regent Development, Inc. (Regent) is the developer of the arena, and International Facilities Group (IFG) will own two of the franchises (minor league hockey and football) and will operate the arena, as well as operate the baseball stadium for non-baseball events.

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Within this memorandum is our assessment of the Stockton Arena project.

3. Stockton Overview

In this section is an update to Downtown Stockton as well as the Stockton employment base and large businesses.

The location of the proposed project is to be on the North Shore Waterfront Area bounded by Oak Street to the north, Commerce Street to the east, Interstate 5 to the west, and Stockton Deep Water Channel (Stockton Channel) to the south. Situated adjacent to the City's central business district, the North Shore Waterfront Area encompasses prime waterfront land that is being considered for various mixed-use development projects. Planned as part of a comprehensive downtown revitalization plan, the proposed Stockton project is intended to help reposition Downtown Stockton as the City's entertainment hub with new retail shops, restaurants and public facilities.

Downtown Stockton

The City of Stockton is undergoing a revitalization plan to reposition downtown Stockton into the City's center of commerce, entertainment, and civic identity. Similar to many major cities across the United States, downtown Stockton has experienced decades of urban decay caused by the out-migration of local citizens, cultural resources and monetary support to the outlying suburbs. As a result, the City has formed collaborative alliances with the public sector, downtown businesses, and private developers in order to address the long-term strategic goals for the downtown district.

Downtown Stockton is connected to the San Joaquin River and the San Francisco Bay by the Stockton Deep Water Channel (Stockton Channel), home to the largest California inland port and the symbolic heart of Stockton. The Stockton Channel and the surrounding waterfront areas have been identified by the City as vital components to stimulating local economic growth and community pride. At present, the waterfront area provides for a marina and various park areas that local residents use for recreational activities including boating, fishing, water skiing and sailing. Situated on the western border of downtown, the waterfront area offers prime development opportunities that can reposition Downtown Stockton into a strong entertainment center with new retail shops, restaurants and public facilities.

The City has established three core districts to achieve its long-term redevelopment goals. They include:

1. The Entertainment District
2. North Shore Waterfront Area
3. South Shore Waterfront Area

The key projects that have been planned and proposed for each district area as follows:

1. **Entertainment District** – The entertainment district is bound by Lindsay Street to the north, Stockton Channel to the west, Weber Avenue to the south, and San

Joaquin Avenue to the east. The project will be one of the main entertainment components and will serve as an anchor development in the revitalization of downtown Stockton. Centered in a pedestrian-friendly quarter-mile radius, the district will include the development of the new (December 2003) 16-screen Cineplex and retail complex, the renovation of Fox Theatre, and the historic restoration of Hotel Stockton. The district will also feature existing office buildings, restaurants, retail shops, and open public spaces such as the Weber Point Events Center, Martin Luther King, Jr. Plaza, Hunter's Square, and the Dean DiCarli Waterfront Square. These developments are intended to add more energy and visualization to the overall downtown area, and therefore, induce increased visitation and commercial activity within the City.

- **City Centre Cinema** – This facility opened in December 2003. It is located at the corner of El Dorado and Center Streets, the primary design concept for the 16-plex theatre and 18,500 square feet of retail space is the Rotunda – 80 feet in diameter and 54 feet high. The design is inspired by the rotunda shape of the historic Fox Theatre lobby, also part of the Entertainment District revitalization effort.
 - **Historic Fox Theatre** - Downtown Stockton's historic Fox Theatre is one of only two "movie palaces" in the Central Valley. Since the theatre first opened in 1930, it has been used for movies and live performances. In May of 2003, Stockton resident and developer Alex G. Spanos donated \$500,000 toward the renovation of the historical theatre. Due to the extensive renovation project, the theatre is currently closed and is scheduled to reopen on September 18, 2004.
 - **Hotel Stockton** - The restoration of Hotel Stockton is also part of the Entertainment District redevelopment. Built in 1910 as a 252 guest room hotel, the hotel is a historic landmark nominated and inducted into the National Register of Historic Places in 1981. The proposed restoration will consist of a mixed use development, incorporating ground floor retail and restaurant uses into the apartment complex. The project has received funding from the California Tax Credit Allocation Committee, the Federal Historic Tax Credit, the City of Stockton, and private investments.
 - **Weber Points Event Center Revitalization** - Weber Point Events Center, also part of downtown Stockton's redevelopment, is a 9.7 acre site available for rent throughout the year for festivals, concerts and other community activities. The Center was completed in June of 2000. Since then, the City, in cooperation with the San Joaquin Regional Transit District, has applied for and received a \$1.9 million Transportation Enhancement Activities (TEA) Grant for streetscape improvements along a 10-block portion of Weber Avenue. Construction started in the summer of 2003. The Weber Point Grill Restaurant will also be added on West Weber Avenue along the Stockton Channel.
2. **North Shore Waterfront Area** – Bound by Oak Street to the north, Commerce Street to the east, Interstate 5 to the west, and the Stockton Channel to the south, the North Shore Waterfront offers many opportunities for mixed-use, high-end land

uses. Planned and proposed projects on the north short waterfront area include the Marina Tower renovation and expansion, the Edison Street Office project, a 175 to 200-room, upscale hotel, and the proposed Stockton arena/meeting center project.

- **Marina Renovation and Expansion** - The City of Stockton's Redevelopment Agency has been in the process of acquiring the deteriorating downtown marina for several years. A feasibility study has concluded that a new marina with 298 full service slips, a 150 space dry storage facility, ample day docks, a harbormasters office, restrooms, fuel dock, public access piers and other amenities would prove beneficial to the City's downtown revitalization effort. The State Department of Boating and Waterways awarded the City a \$13.3 million loan for the construction of the marina, and a \$2.2 million grant for the renovation and upgrade of the adjacent Morelli Boat Ramp in September of 2002.
- **Stockton Arena/Meeting Center** - As previously stated, the City has plans to build a sports complex and meeting area that would occupy up to 19 acres of the downtown area. This approximate \$150 million project is to be located on the north side of the Stockton slip channel. The complex, which will include a Class-A league minor league baseball stadium (will be the new home of the Stockton Ports) on one end, and an arena for minor league hockey, football and soccer on the other end. The arena and meeting center will accommodate various sporting events, concerts and conventions. In order to deal with the potential influx of visitors to the area, the City of Stockton also has plans for a 150 room, hotel on the North Shore.

3. **South Shore Waterfront Area** - The South Shore Waterfront area is bound by the Stockton Channel to the north, Cellar Street to the east, and Interstate 5 to the south. Developments on the South Shore Waterfront Area include a mixed-use commercial development and the Washington Street Office project.

Stockton Employment Base

San Joaquin County is home to a number of major industries and service organizations. The county's predominant industries are trade, transportation and utilities, government, and educational and health service. San Joaquin industry employment has shown strong growth since 1998, with the greatest year-over change occurring in 1999, when more than 8,000 jobs were gained. In 2002, the county added 3,200 new jobs, an increase of 1.5 percent from the previous year.

Trade, transportation and utilities is the county's largest employer, providing over 21 percent of jobs. The industry grew at a rate of 1.6 percent, gaining 700 new jobs in 2002. Wholesale and retail trade have also grown consistently, with most jobs being added in the retail trade side of the industry. Government, San Joaquin's second largest industry employer, accounts for 40,100 jobs, with more than 78 percent of government employment in local government. This number includes employment in local education, city and county government, and Indian tribal government. Education and health services provided more than 11 percent of total employment.

Table III-1 illustrates San Joaquin County's industry employment totals. The totals are given from the period 1998-2002. Employment grew in most industries, except agriculture and manufacturing. Agriculture totals fell by 1,200 during the period, but the industry still accounts for 7.6 percent of employment. Despite a decline of 1,900 jobs, manufacturing industries continue to provide 10 percent of the total employment. In the year 2002, trade, transportation and utilities, government, and educational and health services were the largest industry employers in San Joaquin. Together, these industries accounted for more than 51 percent (107,700) of the county's total industry employment. Trade, transportation and utilities provided the largest share, with most of the jobs in the retail trade sector.

Table III-1

Employment by Industry	1998	1999	2000	2001	2002
Agriculture	17,100	18,100	16,700	15,700	16,000
Natural Resources and Mining	100	100	200	200	200
Construction	8,800	10,500	11,600	13,200	13,400
Manufacturing	22,900	23,800	24,700	22,500	21,000
Trade, Transportation and Utilities	38,700	40,400	41,700	43,600	44,300
Information	2,500	2,700	3,000	3,300	3,100
Financial Activities	8,200	8,400	8,500	8,900	9,200
Professional and Business Services	15,000	16,100	16,800	16,900	17,200
Educational and Health Services	21,200	21,500	22,000	22,300	23,300
Leisure and Hospitality	13,700	13,800	14,400	15,300	15,900
Other Services	5,600	5,700	5,900	6,100	6,400
Government	34,800	35,600	37,000	38,800	40,100
Industry Employment Total*	188,600	196,700	202,600	206,800	210,000

* Totals may not add, due to rounding.

Sources: California Employment Development Department and Economics Research Associates

Large Stockton Businesses

The number of businesses in a market area provides an indication of the potential demand for luxury suites, club seats, advertising, and sponsor sources for the proposed Stockton arena. The corporate base of the market area is important for projecting the proposed demand for higher-tier services and amenities. Table III-2 lists the major private sector employers in the Stockton and their approximate total number of employees.

Table III-2

Company Name	Industry	Employees
St. Joseph's Health Care	Health Care	2,920
University of the Pacific	Education	1,606
Dameron Hospital	Health Care	1,126
Pacific Gas & Electric	Utility	1,100
Port Stockton Foods	Distribution	930
Kaiser Permanente	Health Care	760
California Cedar Products	Wood Mfg.	750
In Shape Health Clubs	Fitness Center	575
A.G. Spanos	Developer	550
The Grupe Company	Developer	550

Sources: The Business Journal 2003 Book of Lists
and Economics Research Associates

4. Potential Anchor Tenants and Sports Leagues

Based on our conversations with you, the developer, and representatives of the sports leagues listed below, it is our understanding that you have not received any formal agreements with any tenants to date, although you are anticipating the following three tenants:

1. An East Coast Hockey League (ECHL) franchise to be owned and operated by IFG.
2. An Arena Football 2 (AF2) franchise to be owned and operated by IFG.
3. A Major Indoor Soccer League (MISL) franchise.

It should be noted that representatives that we have spoken to are very optimistic about the Stockton marketplace and the proposed new arena. Below is some detail about the above mentioned tenants and leagues, as well as some information about other leagues that may be added at a future date. As previously noted, none of these tenants have officially committed to the Stockton project, but based on our conversations with you, the developer as well as representatives of the above mentioned sports leagues, we feel very comfortable that they will be the anchor sports tenants to the proposed Stockton arena..

East Coast Hockey League

The ECHL merged with the West Coast Hockey League (WCHL) two seasons ago. The ECHL is currently in its 16th season. With 33 teams coast to coast, it is the largest minor hockey league in North America. The ECHL plays a 72 game regular season schedule from October through March and the league concludes in May with the Riley Cup Championship.

Table 4-1 illustrates the name of the franchise, the city and venue that they play, the year built, the number of seats, number of luxury suites, number of club seats and their National Hockey League (NHL) affiliate.

Table 4-1
2003-04 East Coast Hockey League Franchises

Franchise	City	Arena	Year Built	Seating Capacity	Suites	Club Seats	NHL Affiliate
Anchorage Aces	Anchorage, AS	Sullivan Arena	1983	6,251	0	0	Independent
Augusta Lynx	Augusta, GA	Augusta-Richmond County Civic Center	1979	6,604	0	0	Florida Panthers
Bakersfield Condors	Bakersfield, CA	Bakersfield Centennial Arena	1998	9,000	27	1,000	Independent
Atlantic City Boardwalk Bullies	Atlantic City, NJ	Boardwalk Hall	1929	6,597	0	0	Independent
Charlotte Checkers	Charlotte, NC	Cricket Arena	1955	9,634	0	0	NY Rangers
Cincinnati Cyclones	Cincinnati, OH	U.S. Bank Arena	1948	6,955	39	0	Independent
Columbia Inferno	Columbia, SC	Carolina Coliseum	1968	6,231	0	0	Vancouver Canucks
Columbus Cottonmouths	Columbus, GA	Columbus Civic Centre Arena	1994	7,500	3	0	Edmonton Oilers and Montreal Canadiens
Dayton Bombers	Dayton, OH	Ervin J. Nutter Center	1991	9,950	26	0	Columbus Blue Jackets
Florence Pride	Florence, SC	Florence City-County Civic Center	1993	7,426	8	0	Chicago Blackhawks
Florida Everblades	Esteros, FL	TECO Arena	1998	7,080	26	0	Carolina Hurricanes
Fresno Falcons	Fresno, CA	Save Mart Center	2003	13,800	34	108	San Jose Sharks
Greensboro Generals	Greensboro, NC	Greensboro Coliseum	1959	8,570	24	1,300	Independent
Greenville Grrrowl	Greenville, SC	Bi-Lo Center	1998	7,479	30	840	Independent
Gwinnett Gladitors	Duluth, GA	The Arena at Gwinnett Center	2003	11,355	36	0	Atlanta Thrashers
Idaho Steelheads	Boise, ID	Bank of America Centre	1997	5,006	38	1,000	Dallas Stars
Johnstown Chiefs	Johnstown, PA	Cambria County War Memorial Arena	1950	4,001	0	0	San Jose Sharks
Las Vegas Wranglers	Las Vegas, NV	Orleans Arena	2003	7,773	22	220	Calgary Flames
Long Beach Ice Dogs	Long Beach, CA	Long Beach Arena	1962	6,176	0	0	Independent
Louisiana Icegators	Lafayette, LA	Cajundome	1986	11,473	22	0	Minnesota Wild
Mississippi Sea Wolves	Biloxi, MS	Mississippi Coast Coliseum	1977	9,150	4	0	Independent
Pensacola Ice Pilots	Pensacola, FL	Pensacola Civic Center	1984	8,150	0	0	Tampa Bay Lightning
Peoria Rivermen	Peoria, IL	Peoria Civic Center Arena	1982	9,919	0	0	St. Louis Blues
Reading Royals	Reading, PA	Sovereign Center	2001	7,215	20	700	Los Angeles Kings
Roanoke Express	Roanoke, VA	Roanoke Civic Center	1971	8,642	0	0	Independent
San Diego Gulls	San Diego, CA	San Diego Sports Arena	1966	12,920	0	0	Mighty Ducks of Anaheim
South Carolina Stingrays	North Charleston, SC	North Charleston Coliseum	1993	10,529	8	0	Edmonton Oilers
Texas Wildcatters	Beaumont, TX	Ford Arena	2003	7,500	15	750	Independent
Toledo Storm	Toledo, OH	Toledo Sports Arena	1947	5,361	0	0	Detroit Red Wings and Nashville Predators
Trenton Titans	Trenton, NJ	Sovereign Bank Arena	1999	7,605	34	1,150	Philadelphia Flyers
Wheeling Nailers	Wheeling, WV	WesBanco Arena	1976	5,406	0	0	Pittsburgh Penguins

Sources: East Coast Hockey League, Revenues from Sports Venues 2003, and Economics Research Associates.

Table 4-2 illustrates the historic ECHL attendance since 1998-99. It should be noted that we have included the current ECHL franchises who were part of the WCHL prior to the merger of the two leagues prior to the 2002-03 season. Average per game attendance has dropped in the ECHL from a high of nearly 5,000 in 1998-99 to a low of 3,908 last season. It should be noted that the average per game attendance of the six home WCHL teams (those located near the Stockton Arena) last season was over 4,600 and this season there has been an additional western franchises added to the league, the Las Vegas Renegades who are playing in an new arena.

Being located in close proximity of several franchises it allows the franchise owner to minimize its travel costs. Based on our conversations with the league, many games throughout the season are played against the close proximity franchises.

Table 4-2
Historic Attendance – East Coast Hockey League

ECHL Franchises	Season 1998-99	1999-00	2000-01	2001-02	2002-03	Average
Anchorage Aces	5,152	4,460	3,873	3,772	3,049	4,061
Arkansas RiverBlades		3,976	3,414	2,952	3,212	3,389
Atlantic City Boardwalk Bullies				3,795	3,205	3,500
Augusta Lynx	5,443	4,768	4,468	4,280	3,836	4,559
Bakersfield Condors	4,622	5,977	5,629	5,304	5,600	5,426
Baton Rouge Kingfish	4,432	3,786	3,003	2,483	1,723	3,085
Birmingham Bulls	4,457	4,281				4,369
Charlotte Checkers	5,098	4,501	4,664	4,567	4,437	4,653
Cincinnati Cyclones		7,190	4,637	3,069	3,642	4,635
Colorado Gold Kings	3,045	3,772	3,449			3,422
Columbia Inferno				4,178	3,907	4,043
Columbus Cottonmouths		3,725	3,400	3,020	2,893	3,260
Dayton Bombers	4,528	4,202	4,051	4,274	3,462	4,103
Florence Pride	5,719	5,165	4,013	3,339	2,991	4,245
Florida Everblades	6,370	7,121	7,086	6,619	6,245	6,688
Fresno Falcons	2,568	3,249	5,301	5,957	5,236	4,462
Greensboro Generals		3,272	2,786	2,850	3,416	3,081
Greenville Grrrowl	9,269	8,000	7,015	6,148	5,302	7,147
Hampton Roads Admirals	6,149					6,149
Huntington Blizzard	5,780					5,780
Idaho Steelheads	4,906	4,954	4,811	4,785	4,737	4,839
Jackson Bandits		4,108	3,968	3,361	2,182	3,405
Jacksonville Lizard Kings	4,087					4,087
Johnstown Chiefs	2,404	2,411	2,370	2,243	2,244	2,334
Lexington Men 'O War					2,368	2,368
Long Beach Ice Dogs	4,163		4,265	4,162	3,034	3,906
Louisiana Icegators	9,857	7,938	6,294	4,990	4,001	6,616
Macon Whoopee			3,107			3,107
Mississippi Sea Wolves	5,000	4,736	4,036	3,549	3,099	4,084
Mobile Mysticks	3,874	4,178	3,542			3,865
New Orleans Brass	3,898	6,272	4,778			4,983
Pensacola Ice Pilots	6,105	5,029	4,115	3,809	3,586	4,529
Peoria Rivermen	4,587	4,846	5,154	4,686	5,394	4,933
Phoenix Mustangs	2,399	3,562				2,981
Reading Royals				6,045	5,789	5,917
Richmond Renegades	5,524	4,799	4,456	4,440	3,547	4,553
Roanoke Express	4,740	4,536	3,240	3,034	2,564	3,623
San Diego Gulls	6,518	6,864	6,512	6,832	6,081	6,561
South Carolina Stingrays	6,592	6,097	6,003	5,657	5,706	6,011
Tacoma Sabercats	4,878	4,595	3,534			4,336
Tallahassee Tiger Sharks	3,898	2,729				3,314
Toledo Storm	4,960	4,737	4,669	4,243	4,257	4,573
Trenton Titans		7,083	6,695	5,932	5,299	6,252
Wheeling Nailers	3,461	2,977	2,746	3,250	2,935	3,074
Average	4,984	4,854	4,444	4,301	3,908	

Former WCHL franchises are in bold.

Sources: East Coast Hockey League, Revenues from Sports Venues 2003, and Economics Research Associates.

Arena Football 2

The first arena football game was played in 1986 in Rockford, Illinois and the Arena Football League played its inaugural season in 1987 with four teams. The league evolved over the years with annual attendance reaching over 1,000,000 several times in the mid to late 1990's.

With the popularity of the sport evolving, Arena Football 2 (AF2) was formed in late 1999 to early 2000. While AF2's inaugural season consisted of 15 franchises located primarily in the southeastern United States, the league had 26 franchises in the 2003 season. The league is set up as a single entity league, with all of the players and coaches actually employed by the league. Historically, these franchises have averaged approximately 5,000 to 8,000 attendees per game. Table 4-3 lists the 26 franchises and their respective arenas for the 2003 season:

**Table 4-3
Arena Football 2**

Franchise	City	Arena	Seating Capacity ¹
Albany Conquest	Albany, NY	Pepsi Arena	17,500
Arkansas Twisters	North Little Rock, AR	Alltel Arena	16,500
Bakersfield Blitz	Bakersfield, CA	Centennial Garden	10,400
Birmingham Steeldogs	Birmingham, AL	Birmingham - Jefferson Convention Center	19,000
Bossier City Battle Wings	Bossier City, LA	CenturyTel Arena	14,000
Cape Fear Wild Cats	Fayetteville, NC	Cumberland County Crown Coliseum	13,500
Charleston Swamp Foxes	North Charleston, SC	North Charleston Coliseum	14,500
Cincinnati Swam	Cincinnati, OH	US Bank Arena	17,000
Columbus Wardogs	Columbus, GA	Columbus Civic Center	10,000
Florida Firecats	Esteros, FL	TECO Arena	7,500
Greensboro Prowlers	Greensboro, NC	Greensboro Coliseum	23,830
Hawaiian Islanders	Honolulu, HI	Neal S. Blaisdell Center Arena	8,730
Louisville Fire	Louisville, KY	Freedom Hall	19,800
Macon Knights	Macon, GA	Macon Coliseum	9,280
Memphis Xplorers	Southaven, MS	De Soto Civic Center	10,000
Norfolk Nighthawks	Norfolk, VA	Scope Arena	13,300
Peoria Pirates	Peoria, IL	Peoria Civic Center	12,150
Quad City Steamwheelers	Moline, IL	The Mark of the Quad Cities	12,200
Richmond Speed	Richmond, VA	Richmond Coliseum - Arena	13,550
Roanoke Steam	Roanoke, VA	Roanoke Civic Center	11,000
Rochester Brigade	Rochester, NY	Blue Cross Arena at the War Memorial	14,000
San Diego Riptide	San Diego, CA	San Diego Sports Arena	14,500
Tennessee Valley Vipers	Huntsville, AL	Von Braun Center	8,740
Tulsa Talons	Tulsa, OK	Tulsa Convention Center	9,140
Wichita Stealth	Valley City, KS	Kansas Coliseum	11,740
Wilkes Barre/Scranton Pioneers	Wilkes Barre, PA	First Union Arena at Casey Plaza	10,500

Sources: Arena Football 2, AudArena Stadium Guide (2003), and Economics Research Associates.

(1) Total capacity including permanent and portable seating.

Major Indoor Soccer League

In 2001, the National Professional Soccer League (NPSL) reorganized into the new Major Indoor Soccer League (MISL) with seven NPSL franchises. Established in 1984 with six franchises, the NPSL became the major league of professional indoor soccer in North America, with teams in the United States and Canada. The following NPSL teams joined

the current MISL: Baltimore Blast; Cleveland Crunch; Detroit Rockers; Harrisburg Heat; Milwaukee Wave; Philadelphia Kixx; and Toronto Thunderhawks.

In December 2001, the MISL agreed to merge with the four-year World Indoor Soccer League (WISL) to form began a single entity under the MISL banner beginning with the 2002-03 season. The WISL began after the Continental Indoor Soccer League (CISL) ceased its operation with four of the CISL franchises. The WISL had six franchises during the 2000-01 season and averaged nearly 5,000 paid attendees per game with an average ticket price of \$10.00. The MISL season consists of 36 games (18 home and 18 road), operating from late September through late March, when many arenas have open dates. Table 4-4 lists the current MISL franchises and their respective arenas for the current 2003-04 season.

Table 4-4
2003-04 Major Indoor Soccer League Franchises and Arenas

Franchise	City	Arena	Seating Capacity ¹
Baltimore Blast	Baltimore, MD	Baltimore Arena	14,000
Cleveland Force	Cleveland, OH	CSU Convocation Center	15,500
Dallas Sidekicks	Dallas, TX	Reunion Arena	18,187
Harrisburg Heat	Harrisburg, PA	Farm Show Arena	9,800
Monterrey Fury	Monterrey, Mexico	Monterrey Arena	17,000
Milwaukee Wave	Milwaukee, WI	The Bradley Center	20,000
Philadelphia Kixx	Philadelphia, PA	Wachovia Spectrum	19,000
St. Louis Steamers	St. Charles, MO	Family Arena	10,500
San Diego Sockers	San Diego, CA	San Diego Sports Arena	13,100

Sources: World Indoor Soccer League, and Economics Research Associates.

Note: (1) Total capacity including permanent and portable seating.

Below is a listing of other potential leagues that you may want to consider at a later date if one should be needed.

In assessing the potential demand for the proposed Stockton Arena as a sports venue, ERA identified several leagues that show potential for utilizing the arena as their home. There can be arguments made as to the positives and negatives to each of the different professional sports league options available. These leagues include: National Indoor Football League (NIFL); Continental Basketball Association (CBA); National Lacrosse League (NLL); and National Basketball Development League (NBDL). This list is not intended to be inclusive, rather it is a representation of possible leagues to be considered as tenants. We have had preliminary discussions with representatives of a majority of the previously mentioned leagues and they have all indicated that they would be interested in potentially expanding to the Stockton marketplace.

National Indoor Football League

The National Indoor Football League (NIFL) is a similar league to the AF2. The NIFL was founded in 2001 with 18 franchises. After the Indoor Professional Football League

(IPFL) ceased its operations in 2001, the Omaha Beef, the River City Renegades, and the Tennessee Thundercats of the former IPFL has joined the new NIFL. The league has 24 franchises in the 2003 season. Historically, these franchises have averaged approximately 2,500 to 7,000 attendees per game. Table 4-5 below illustrates the NIFL franchises for the 2003 season and their respective arenas.

Table 4-5
2003 National Indoor Football League

Franchise	City	Arena	Seating Capacity ¹
Austin Rockers	Austin, TX	Travis County Expo Center	7,500
Beaumont Drillers	Baumont, TX	Beaumont Civic Center	6,200
Billings Outlaws	Billings, MT	MetraPark Arena	11,750
Bismarck Roughriders	Bismarck, ND	Bismarck Civic Center	10,140
Evansville Blue Cats	Evansville, IN	Roberts Municipal Stadium	11,150
Fort Wayne Freedom	Fort Wayne, IN	Allen County Memorial Coliseum	9,533
Houma Bayou Bucks	Houma, LA	Houma-Terrebonne Civic Center	5,000
La Crosse Night Train	La Crosse, WI	La Crosse Center	5,560
Lake Charles Landsharks	Lake Charles, LA	Lake Charles Civic Center	8,000
Lexington Horsemen	Lexington, KY	Rupp Arena	21,998
Lincoln Capitols	Lincoln, NB	Pershing Center	5,000
Myrtle Beach Stingrays	Myrtle Beach, SC	Myrtle Beach Convention Center	4,500
Ohio Valley Greyhounds	Wheeling, WV	Wheeling Civic Center	7,600
Oklahoma Crude	Enid, OK	Chisolm Trail Expo Center	6,000
Omaha Beef	Omaha, NE	Omaha Civic Auditorium	8,000
Rapid City Red Dogs	Rapid City, SD	Rushmore Plaza Civic Center	6,000
Show Me Believers	St. Charles, MO	Family Arena	10,000
Sioux City Bandits	Sioux City, IA	Sioux City Municipal Auditorium	2,259
Sioux Falls Storm	Sioux Falls, SD	Commerce Center	8,000
Tennessee Riverhawks	Knoxville, TN	Knoxville Civic Coliseum	5,000
Tri City Diesel	Kearney, NE	Tri City Arena	4,800
Tupelo Fireants	Tupelo, MS	BancorpSouth Center	7,529
Utah Warriors	West Valley City, UT	West Valley E-Center	7,500
Wyoming Cavalry	Casper, WY	Casper Events Center	10,450

Sources: International Professional Football League, AudArena Stadium Guide (2002), and Economics Research Associates.
Note: (1) Total capacity including permanent and portable seating.

Continental Basketball Association

The original Continental Basketball Association (CBA) operated for over 50 years as an unofficial minor league/feeder program to the National Basketball Association (NBA). The CBA seized its operations in February 2001. In late 2001, the league formed a new LLC. The league has the same name with new opportunities. The league began play in mid-November 2001. The league averaged approximately 2,373 persons per game during the regular 2001-02 season and reports are that the attendance was approximately the same for the past two seasons. Table 4-6 illustrates the new CBA franchises, their home arenas, and seating capacity.

Table 4-6
2003-04 Continental Basketball Association Franchises

Franchise	City	Arena	Seating Capacity ¹
Dakota Wizards	Bismarck, ND	Bismarck Civic Center	9,090
Gary Steelheads	Gary, IN	Genesis Convention Center	6,900
Great Lakes Storm	Birch Run, MN	Birch Run Expo Center	N/A
Idaho Stampede	Nampa, ID	Idaho Center Arena	12,600
Rockford Lightning	Rockford, IL	Rockford MetroCentre	8,900
Sioux Falls Skyforce	Sioux Falls, SD	Sioux Falls Arena	6,400
Yakima Sun Kings	Yakima, WA	Yakima Sun Dome	5,300

Sources: Continental Basketball Association, AudArena Stadium Guide (2003), and Economics Research Associates.

Note: (1) Maximum capacity for basketball games.

National Lacrosse League

Lacrosse as a sport was invented in the 1300s by North American Indians and is considered to be the oldest existing sport in North America. The National Lacrosse League (NLL) played its inaugural season in 1998. The history of lacrosse as a competitive sport can be traced to the late 1880s when collegiate level lacrosse was first introduced in the Ivy League. Professional lacrosse began in the mid to late 1960s with the formation of the National Lacrosse Association (NLA). In 1987, Russ Cline and Chris Fritz introduce the Major Indoor Lacrosse League (MILL). In the next ten years, the MILL increased in popularity and attendance.

Lacrosse is played on a hockey rink covered by an artificial turf playing surface, which is usually referred to as the floor or the carpet (as opposed to the field). There must be boards around the sides of a minimum height of 3 feet high. Dimensions are 200 feet by 85 feet but may be altered. The goals are 4 feet high and 4 and one-half feet wide. The circle around the goal known as the crease is 9 feet in diameter. A 30-second clock begins (counting down) when a team assumes possession of the ball. The offensive team must put a shot on goal during that time or they will lose possession. If they do shoot on goal (without scoring) and recover possession of the ball (via rebound/loose ball recovery), the clock is reset for a new 30 seconds.

Table 4-7 lists the ten NLL franchises (2003-2004 season), their respective home arenas, and seating capacities.

**Table 4-7
National Lacrosse League Franchises and Arenas**

Franchise	Arena	Seating Capacity
Anaheim Storm	Arrowhead Pond	19,400
Arizona Sting	Glendale Arena	19,023
Buffalo Bandits	HSBC Arena	21,500
Calgary Roughnecks	Pengrowth Saddledome	20,240
Colorado Mammoth	Pepsi Center	20,000
Philadelphia Wings	Wachovia Center	17,500
Rochester Knighthawks	Blue Cross Arena	9,337
Toronto Rock	Air Canada Centre	19,800
San Jose Stealth	HP Pavilion	20,000
Vancouver Ravens	General Motors Place	19,193

Sources: National Lacrosse League, and Economics Research Associates.

National Basketball Development League

The NBA recently started a new development league known as the National Basketball Development League (NBDL). The NBDL tipped off its inaugural season in November 2001 with teams based in eight Southeastern U.S. cities and a 56-game regular season schedule that ran from mid-November through March, followed by playoffs.

Players must be 20 years of age or older to play in the NBDL. Although NBDL teams do not have direct affiliation with specific NBA teams, development league players are eligible to play for any NBA team.

Designed to help grow the sport of basketball both domestically and internationally, the NBDL offers players the opportunity to develop their talent in a highly competitive atmosphere under the NBA's umbrella. In addition to being a source of on-court talent for the NBA's 29 teams, the NBDL also serves as a diverse human resource pool for the NBA and its teams, as it trains employees in management, operations, public relations and marketing positions in each NBDL city.

Table 4-8 lists the six NBDL franchises, their corresponding arenas, and seating capacity for the 2003-04 season. The league averages under 2,000 persons per game.

**Table 4-8
National Basketball Development League Franchises**

Franchise	City	Arena	Seating Capacity¹
Columbus Riverdragons	Columbus, GA	Columbus Civic Center	8,720
Fayetteville Patriots	Fayetteville, NC	Cumberland County Crown Coliseum	4,980
Huntsville Flight	Huntsville, AL	Von Braun Center	6,700
Charleston Lowgators	North Charleston, SC	Charleston Coliseum	12,000
Roanoke Dazzle	Roanoke, VA	Roanoke Civic Center - Coliseum	10,100
Asheville Attitude	Asheville, NC	Asheville Civic Center	6,860

Sources: National Basketball Development League, AudArena Stadium Guide (2003), and ERA

Note: (1) Maximum capacity for basketball games.

Again, the above leagues are only examples of potential sports leagues to be used as additional anchors. Other leagues may form in the coming years. A second franchise could potentially be a major asset to the proposed new arena from a date and revenue perspective. An unsuccessful anchor tenant could be a liability to the proposed arena.

5. Comparable National Arenas

This section provides an overview of the physical and operational characteristics of 19 comparable arenas located throughout the United States. The primary purpose of this overview is to illustrate the trends and characteristics of the selected comparable arenas. The data utilized in this section was accumulated from our existing database, information received from various publications, and interviews with facility management.

This comparative analysis was prepared to gain a perspective from which to evaluate the potential operating performance and event levels of the proposed Stockton Arena relative to similar, recently built facilities.

Table 5-1 presents the arena name, location, year built, seating capacity, number of luxury suites and club seats, and existing anchor tenants. Additional descriptions of each of the comparable facilities follow the table.

**Comparable Arenas
Table 5-1**

Arena	Location	Year Built	Seating Capacity	Luxury Suites	Club Seats	25-Mile Population	Anchor Tenant(s)
Alltel Arena	Little Rock, Arkansas	2000	16,500	28	--	496,720	Arkansas Twisters (AF2) University of Arkansas - Little Rock's Men's/Women's Basketball
Bank of America Centre	Boise, Idaho	1997	5,500	40	--	402,439	Idaho Steelheads (ECHL)
Bi-Lo Center	Greenville, South Carolina	1997	16,000	30	840	630,331	Greenville Grrrowl (ECHL) Carolina Rhinos (AF2)
Bridgeport Arena at Harbor Yards	Bridgeport, Connecticut	2001	10,000	42	1,300	1,847,766	Bridgeport Sound Tigers (AHL) Fairfield University Men's/Women's Basketball
Centennial Garden	Bakersfield, California	1998	10,400	27	1,000	455,800	Bakersfield Condors (WCHL) Bakersfield Blitz (AF2) California State University Bakersfield Men's/Women's Basketball
Cintas Center	Cincinnati, Ohio	2000	10,250	22	1,200	1,695,706	Xavier University Men's/Women's Basketball
Crown Coliseum	Fayetteville, North Carolina	1997	13,500	10	--	408,345	Fayetteville Patriots (NBDL) Cape Fear Wild Cats (AF2) Cape Fear Fireants (SEHL)
Desoto Civic Center	Southaven, Mississippi	2000	10,000	12	--	993,678	Memphis RiverKings (CHL) Memphis Xplorers (AF2)
Dodge Arena	Hidalgo, Texas	2003	6,800	24	500	541,508	Rio Grande Valley Killer Bees (CHL)
The "E" Center	West Valley City, Utah	1997	10,500	40	540	1,161,504	Utah Grizzlies (AHL) Wasatch Wolverines (NIFL)
Family Arena	St Charles, Missouri	1999	11,200	44	300	1,866,521	Missouri River Otters (UHL) St. Louis Steamers (MISL) Show Me Believers (NIFL)
Giant Center	Hershey, Pennsylvania	2002	10,500	40	688	936,760	Hershey Bears (AHL)
Mark of the Quad Cities	Moline, Illinois	1993	12,200	15	--	346,391	Quad City Mallards (UHL) Quad City Steamwheelers (AF2)
Sovereign Bank Arena	Trenton, New Jersey	1999	10,000	34	1,150	2,336,732	Trenton Titans (ECHL)
Sovereign Center	Reading, Pennsylvania	2001	9,000	20	700	786,061	Reading Royals (ECHL)
Spokane Arena	Spokane, Washington	1995	12,000	16	--	439,342	Spokane Chiefs (WHL)
Stockton Arena (proposed)	Stockton, California	Proposed	10,500	24	500	817,645	ECHL - proposed AF2 - proposed MISL - proposed
TECO Arena	Estero, Florida	1998	7,500	26	11	577,121	Florida Everblades (ECHL) Florida Firecats (AF2)
Waxhovia Arena	Wilkes-Barre, Pennsylvania	1999	10,500	32	624	556,786	Wilkes-Barre/Scranton Penguins (AHL) Wilkes-Barre/Scranton Pioneers (AF2)
Van Andel Arena	Grand Rapids, Michigan	1996	12,500	44	1,800	768,423	Grand Rapids Rampage (AFL) Grand Rapids Griffins (AHL)

Sources: AudArena Stadium - 2003 International Guide, CACI, Inc., and Economics Research Associates.
Note: (1) Minor League Abbreviations: American Hockey League (AHL); Central Hockey League (CHL); East Coast Hockey League (ECHL); United Hockey League (UHL); Western Hockey League (WHL); Arena Football League (AFL); Arena Football 2 (AF2); National Basketball Development League (NBDL); Major Indoor Soccer League (MISL); National Indoor Football League (NIFL).

Alltel Arena

Alltel Arena is located in Little Rock, Arkansas. Opened in 2000, the multi-purpose facility features approximately 16,500 seats and 28 private suites and four party suites, ranging in price from \$21,900 to \$50,000 annually, excluding tickets. The arena is currently home to the Arkansas Twisters of the Arena Football League 2's (AF2), and the University of Arkansas-Little Rock men's and women's basketball teams. The Alltel Arena also hosts events such as concerts, high school sporting events, other professional sporting events, family shows, meetings, and other events. The facility is owned by the Pulaski County and is operated by SMG Management.

Bank of America Centre

Bank of America Centre is located in Boise, Idaho. Built in 1997, the facility has approximately 5,500 seats and 40 luxury suites. Luxury suite prices average approximately \$35,000 annually. The facility is home to the East Coast Hockey League's (ECHL) Idaho Steelheads. In its first five years of operation, the building averaged approximately 90 events. The Bank of America Centre also hosts a variety of family shows and concerts.

The Bi-Lo Center

The Bi-Lo Center is located in Greenville, South Carolina. Built in 1998, the Bi-Lo Center has a seating capacity of approximately 16,000 for hockey and basketball. The Center incorporates 30 suites that range in price from \$45,000 to \$55,000 a year and includes tickets to all Bi-Lo Center events. In addition to the private suites, there are approximately 840 club seats, which are leased on an annual basis for \$1,500. The club seats include hockey and football season tickets, and the right to purchase tickets to all other events.

The Center is home to the ECHL Greenville Grrrowl and the AF2 Carolina Rhinos. The Bi-Lo Center is used for a variety of other events besides the professional athletic teams' home games. In 1999, the Center hosted 47 Grrrowls games, eight Rhino games, 27 concerts, six family shows, 14 other sporting events, 14 collegiate events, one high school graduation, and 15 banquets and meetings throughout the year.

The facility is currently owned by the Greenville Memorial Auditorium District (District) and is operated by Volume Services America (VSA). The District, along with the City of Greenville and the County of Greenville, entered into an operating agreement with VSA. Pursuant to the agreement, VSA was appointed the sole and exclusive manager of the Bi-Lo Center for an initial term equal to fifteen years.

VSA has all of the District's rights and powers to manage, maintain and improve the Bi-Lo Center. As compensation for its services, VSA receives a base management fee equal to \$500,000 per year (subject to inflation adjustment) plus a percentage of suite premium seat and advertising revenues. In any year in which operating and seat tax revenues of the Bi-Lo Center equal or exceed a base amount (initially \$4,000,000 subject to adjustment as provided in the Agreement), VSA receives an incentive management fee equal to \$200,000 (subject to inflation adjustment).

Even though the Bi-Lo Center is considerably larger than the proposed Stockton Arena, it attracts comparable events. A curtain system is used at many of the events due to the size of the attendance.

Bridgeport Arena at Harbor Yards

The Bridgeport Arena at Harbor Yards is located adjacent to the minor league baseball Stadium at Harbor Yards in Bridgeport, Connecticut. Opened in April 2001, the arena has a seating capacity of 8,500 for hockey and 10,000 for concerts. The \$58 million arena features 42 luxury suites, three party suites, 1,300 club seats, and 16 loges. Excluding the 2 luxury suites reserved for the naming right sponsor and the City, the remaining luxury suites lease for \$35,000 to \$65,000 annually. Club seats are leased for \$1,900 annually. The loges were designed to meet the needs of people who desire a compromise between the environments of the luxury suites and the club seats. Similar to mini-press boxes with drink rails and four bar stools, the loges lease for \$12,500 per year.

The arena is home to the Bridgeport Sound Tigers of the American Hockey League (AHL) and Fairfield University men's and women's basketball teams. Facility management projects that the arena will host approximately 100 events during its first operating year, of which is anticipated to include 40 hockey games, 12 to 15 Fairfield University games, and national family shows and concerts.

Development of the Bridgeport Arena was a collaborative effort between the state of Connecticut, City of Bridgeport, and VSA. Of the total \$58 million, the State granted \$35 million, VSA invested \$8 million, and the City contributed the remaining \$15 million. The facility is owned by the City and is managed by VSA. VSA has also retained the food and beverage contracts for both the Arena and the Stadium at Harbor Yards.

Centennial Garden

The Centennial Garden is located in Bakersfield, California. Opened in 1998, the \$38 million arena seats approximately 10,400 and features 27 luxury suites, which are leased on three to seven-year terms for \$25,000 to \$75,000 a year. There are 1,000 club seats that are leased on a two-year term for \$585 a year. The club seat package includes in-seat wait service, parking, private club and the right to purchase tickets to other events.

The arena is home to the ECHL Bakersfield Condors, the AF2 Bakersfield Blitz, and California State University, Bakersfield (CSUB) men's and women's basketball teams. The facility is owned by the city of Bakersfield and is managed by SMG. Besides hosting athletic games, the Centennial Garden also houses concerts, family shows and large conferences.

Cintas Center

The Cintas Center is located on the campus of Xavier University in Cincinnati, Ohio. Opened in July 2000, the \$46 million arena has a maximum seating capacity of 10,250. The venue features 22 luxury suites, 1,200 club seats, and 3,800 premium seats. Designed to be a multi-use event venue, Cintas Center also houses a 27,000 square foot conference and banquet facility, and a student-dining hall capable of seating 450 people. Cintas Center is home to Xavier University men's and women's basketball teams, as well as two nationally televised prizefights, USA wrestling, local high school events, and three major religious events. During its first operating year, the Cintas Center hosted a total of 65 events in the arena and 929 events in the conference and banquet facility, drawing an estimated 350,000 attendees.

The Cumberland County Crown Coliseum

The Cumberland County Crown Coliseum (Crown Coliseum) is located in Fayetteville, North Carolina. Opened in 1997, the \$55 million arena is part of a four-building Civic Center complex, which includes a 60,000 square foot expo center, a 5,200-seat arena, and

an 11,250 square foot ballroom and hospitality room. The Crown Coliseum has a total seating capacity of 13,500 (10,000 permanent and 3,500 portable), in addition to 10 private suites, which are leased for approximately \$35,000.

The facility is home to the Southeast Hockey League's (SEHL) Cape Fear Fireantz. The arena is currently home to the NBDL Fayetteville Patriots as well as the AF2 Cape Fear Wild Cats.

DeSoto County Civic Center

DeSoto County Civic Center is located in Southhaven, Mississippi, approximately 15 miles from Memphis, Tennessee. The \$32 million facility opened in August of 2000. The facility has a seating capacity of 10,000 seats and 12 luxury suites. Ranging from 10 to 16 seats in maximum capacity, luxury suites are leased on three- to seven-year terms and are priced from \$35,000 to \$45,000 per year. Primarily built for hockey, the facility is home to the CHL Memphis RiverKings and the AF2 Explorers. The facility also includes approximately 20,000 square feet of convention center space and a performing arts center with approximately 400-seats. DeSoto County Civic Center is owned and managed by the DeSoto County Convention and Visitors Bureau.

Dodge Arena

The Dodge Arena is located in Hidalgo, Texas. Developed by International Coliseum Company, the Dodge Arena opened in 2003. The \$20 million venue is home to a new CHL expansion franchise, the Rio Grande Valley Killer Bees and to an unnamed AF2 franchise. The state-of-the-art arena has a capacity of 6,800 seats and features 25 luxury suites and 500 club seats. The luxury suites are being leased for 3 to 7 year lease terms at \$20,000 to \$33,000 per year, while the club seats are leasing for an average of \$900 per year for 2 to 5 year lease terms. Dodge Arena, a group of six regional Dodge dealers, reportedly purchased the building's naming rights for \$1.0 million over a five-year term. The Dodge Arena is being managed by Global Spectrum.

The "E" Center

The "E" Center is located in West Valley City, Utah, approximately 10 miles from Salt Lake City. Opened in 1997, the arena has approximately 10,500 and 11,600 seats for hockey and basketball, respectively, and incorporates 40 suites ranging in price from \$35,000 to \$50,000 per year. Luxury suites include tickets to only the Grizzlies games. In addition to the private suites, there are 540 club seats priced at \$1,200 annually for Grizzlies' games only.

The "E" Center is home to the AHL Utah Grizzlies, and the National Indoor Football League's (NIFL) Wasatch Wolverines. The facility is owned by West Valley City and is operated by Centennial Management Group.

Family Arena

Family Arena is located in St. Charles, Missouri, approximately 25 miles from downtown St. Louis. Opened in September 1999, the arena seats approximately 10,100 and 11,200 for hockey and basketball, respectively. The arena incorporates 44 private suites, all of which are leased on three- to seven-year terms, and two party suites. The suites range in price from \$25,000 to \$75,000 a year, depending on suite location and whether the suites include tickets to sports-only or all events at the arena. In addition to the private suites, there are 300 club seats that are leased on a two-year basis for \$888 annually per seat.

The arena is home to the United Hockey League's (UHL) Missouri River Otters, the MISL St. Louis Steamers, and the NIFL Show Me Believers. The new \$39 million arena is owned by St. Charles County and is operated by Family Arena Management Enterprises.

Giant Center

The State of Pennsylvania granted \$25 million toward the construction of a new \$75 million arena to replace Hersheypark Arena as the main event center at Hersheypark. The facility is named the *Giant Center* and features 10,500 seats for hockey in addition to 40 luxury suites and 688 club seats. Thirty-four of the luxury suites lease for \$40,000 to \$55,000 annually, while the remaining six luxury suites are designated as founders' suites.

Hersheypark Arena is located in the town of Hershey, Pennsylvania. Built in 1936, the arena seats approximately 7,225 for hockey and 9,062 for concerts. Owned and managed by the Hershey Entertainment & Resort Company, Hersheypark Arena does not offer luxury suites or club seats. The arena has been the home to the AHL Hershey Bears since 1938, and is also utilized for a variety of events, including Disney on Ice, Ringling Bros. and Barnum & Bailey, the Harlem Globetrotters, and popular music concerts.

Although the Giant Center is used to host all hockey games and other annual large events, the existing Hersheypark Arena will remain operating to house smaller events and team practices. Based on the past programming performance of Hersheypark Arena, the Giant Center is expected to host approximately 125 to 140 sporting games, family shows, concerts, and special events annually.

Named after the Giants food chain, naming rights for the facility was negotiated for \$4.5 million over a 10-year term. The venue will be owned by Dauphin County and managed by the Hershey Entertainment & Resort Company. With construction beginning in 2000, the Giant Center opened in 2002.

The Mark of the Quad Cities

The Mark of the Quad Cities is located in Moline, Illinois. Built in 1993, the arena has a capacity of approximately 12,200 seats. In addition, the Mark has 15 skyboxes, 14 of which are leased to the public and one retained by management. The primary tenants of the facility include the UHL Quad City Mallards and the AF2 Quad City Steamwheelers. The two teams host a combined total of approximately 50 home games annually.

The arena is owned and managed by the Quad City Civic Center Authority (QCCCA), which represents the Cities of Moline (IL), Rock Island (IL), Davenport (IA) and Bettendorf (IA).

Sovereign Bank Arena

Sovereign Bank Arena is located in Trenton, New Jersey. Built in 1999, the \$53 million state-of-the-art sports and family entertainment facility seats approximately 8,100 for hockey, 8,600 for basketball, and up to 10,000 for concerts and special events. The arena offers 34 private luxury suites that cost \$45,000 to \$60,000 per lease contract, which includes tickets to all events. The facility's 1,150 club seats are priced at approximately \$925 per seat for all sporting events. The arena also features a fully equipped in-house television system with a LED video scoreboard. The Sovereign Bank Arena is home to the ECHL Titans and managed by Global Spectrum.

Sovereign Center

The Sovereign Center is located in Reading, Pennsylvania and was completed in 2001. The \$32 million arena has a maximum seating capacity of 9,000 seats. The Sovereign Center also offers 20 luxury suites, 700 club seats, 25,000 square feet of exhibit space, and 7,500 square feet of meeting space. Luxury suites lease from \$34,000 to \$37,000 annually and are leased on 3 to 5 year terms. Club seats are leased on 2 to 3 year terms for \$799 per year. The arena is home to the ECHL Reading Royals and is utilized for other large shows, including concerts, circuses, and other special events.

Development of the Sovereign Center was fully funded by state money and bonds backed by local hotel/motel tax revenues. Naming rights to the arena was purchased by Sovereign Bank at a reported cost of \$2 million for 5 years. The Sovereign Center is owned by the City of Reading and is managed by SMG.

Spokane Arena

Spokane Arena is located in Spokane, Washington. Opened in September 1995, the facility has a basketball and hockey seating capacity of 12,000 and 10,440, respectively. The arena incorporates 16 suites, which are leased on a five-year basis, with annual lease prices ranging from \$25,000 to \$35,000. The suite lease price includes tickets to all arena events.

The arena's primary tenant is the Western Hockey League's (WHL) Spokane Chiefs. In general, the arena hosts a significant number of hockey games, concerts, family shows, area high school and other sporting events, as well as a variety of other events. Approximately one-half of the annual events utilize the arena's ice sheet. The arena is currently owned by the Spokane Public Facilities District and is operated by the City of Spokane.

TECO Arena

TECO Arena is located in Estero, Florida. The \$22 million arena opened in 1998 with a maximum seating capacity of 7,500. TECO Arena features 26 luxury suites, which are leased on 3 to 7 year terms for \$35,000 to \$60,000 per year. Major anchor tenants include the Florida ECHL Everblades, and the AF2 Florida Firecats.

The new facility was built by a group of private investors headed by the leadership of the National Hockey League (NHL) Carolina Hurricanes. TECO Arena was entirely privately financed as no public funds were utilized for construction of the building. TECO Energy purchased the naming rights for the building at a reported cost of \$7 million for 20 years. The arena is currently owned by KTB Sports and is managed by the Florida Everblades hockey club.

Van Andel Arena

Van Andel Arena is located in Grand Rapids, Michigan. Built in 1996, the arena has a total seating capacity of 12,500 for concerts (10,500 permanent and 2,000 portable). The arena has 44 private suites and 1,800 club seats. The facility is home to the Arena Football League's (AFL) Grand Rapids Rampage as well as the AHL Grand Rapids Griffins.

The arena is owned by the City of Grand Rapids and is operated by SMG. Under the agreement, the City paid SMG a base management fee of \$150,000 in 1996, which increased to a base of \$240,000 in 1997. From 1997 to the present, the base management fee has increased each fiscal year by the percentage change in the Consumer Price Index (CPI), which is not to exceed 5 percent. In addition to the base management fee, SMG also

receives an incentive fee based on the results of operations of the arena compared to certain revenue thresholds. To qualify for the incentive fee, operating revenues must exceed operating expenses by at least \$750,000.

Wachovia Arena

Wachovia Arena at Casey Place (formerly named First Union Arena and prior to that the Northeastern Pennsylvania Arena) is located in Wilkes-Barre, Pennsylvania. The \$44 million venue opened in November 1999, and seats 10,500 for concerts, 8,700 for basketball and 8,500 for hockey and other ice events. First Union Arena incorporates 32 luxury seats that are leased on three- to five-year terms for \$35,000 to \$37,500 a year, which includes tickets for hockey only. The arena also incorporates 624 club seats that are leased on one- to five-year terms for \$1,000 to \$1,500 a year.

Wachovia Arena is home to the AHL Wilkes-Barre/Scranton Penguins and the AF2 Wilkes-Barre/Scranton Pioneers. Since its opening, the arena has also hosted a variety of other events from inaugural events, concerts, family shows and trade shows. The facility is currently owned by Lucerne County Convention Center Authority and is operated by SMG.

6. Arena Size Recommendations

It should be noted that we have reviewed the arena schematic design narrative (dated November 20, 2003).

Based on our review of the Stockton marketplace, discussions with City officials, with IFG, various sports leagues who are anticipated to be anchor tenants, local promoters, etc., we are in concurrence with the following building parameters:

- Approximately 10,500 seats
 - As stated later in the analysis, the average per event attendance is approximately 4,800. In order to attract the major concerts, professional exhibitions and other major events, the larger venue is necessary.
 - Even though the minor league sports average attendance is projected to be in the 4,500 to 6,000 range, higher attendance can be anticipated on certain promotional and weekend nights.
 - For some of the events that do not attract large numbers of attendees, a first-rate curtain system, or the like, is suggested.
- Approximately 24 suites (12 seats per suite)
- Approximately 500 club seats
- Arena club area
- Clear exhibition space for trade shows
- Approximately 5,000 square feet of meeting rooms
- Large Production Kitchen
- Team Offices
- Administrative Offices
- Team Store
- Locker Rooms
- Auxiliary Dressing Rooms
- Trainers Room

7. Financial Analysis – Base Case

As previously described, the 'Base Case' cash flow discussed throughout this memorandum is a 3rd party analysis. It should be noted that we have not reviewed any estimated pro formas from Regent, IFG, or the City, although we have had discussions with them. We have reviewed the arena schematic design narrative (dated November 20 2003). We have prepared the project's financial analyses based on the following primary facility uses:

- Anchor Sports Tenants
- Concerts
- Family Shows
- Other Sports
- Trade Shows

The assumptions discussed in this section of the memorandum reflect the 'Base Case' scenario, unless otherwise noted. The base case model utilizes assumptions developed based on our understanding of the Stockton market, discussions with the developer, business leaders, sports league representatives, promoters, and surveys of comparable arenas throughout the United States. These assumptions appear reasonable based on the current and anticipated market conditions. It is important to note that because events and circumstances frequently do not occur as expected, there may be significant differences between the actual results and those estimated in this analysis. We have had discussions with IFG regarding their operating assumptions, but not physically reviewed their economic projections, nor the City's economic projections.

The base-year assumptions in the cash flow are stated in 2006 dollars. Comparable data has been gathered in current dollars (when available) and have been adjusted when used in the cash flow to account for inflation. The figures reflect an annual inflation rate of 2.5 percent, unless otherwise noted.

The major determinants of a financial feasibility for the proposed Stockton arena include:

- Operating Revenue Assumptions
 - Potential Utilization of the Proposed Arena
 - Type of Events
 - Key Arena Lease Terms
 - Sales Tax
 - Estimated Number and Types of Events
 - Estimated Paid Attendance
 - Event Related Revenues (including tickets, concessions, novelties, and parking)
 - Contractually Obligated Income
 - Luxury Suite Premium Revenues
 - Club Seat Premium Revenues
 - Naming Rights and Arena Sponsorships
 - Advertising Revenues
 - Additional Revenues

- **Operating Expense Assumptions**
 - Staffing Expenses
 - Utility Expenses
 - Non-Recoverable Event-Related Expenses
 - Management Expense
 - Other Arena Operating Expenses (including administrative costs, building expenses, professional fees, property/real estate taxes, and capital replacement reserve, etc.)
 - Property/Real Estate Taxes
 - Capital Replacement Reserves

Contemporary Market Conditions

The terrorism attacks of September 11, 2001 in New York City and Washington DC have significantly altered the state of the United States' travel and tourism industry. At present, all sectors of the industry, ranging from airlines to hotels and ancillary services, are undergoing a severe contraction. It is unclear at this time whether this is a short-term phenomena that is likely to last for the next 12 to 18 months, or if it represents a new equilibrium or baseline from which the industry will need to recover from over the longer term.

In formulating these assumptions, ERA has looked to the past performance of comparable arenas throughout the United States. If the basic underlying structure of the industry has been altered by these events, it is likely that the results of any analysis based on past conditions will be materially different from the results eventually achieved.

Arena Forecast

The forecast of the market potential for the proposed Stockton arena is summarized in the following section.

Operating Revenue Assumptions

In developing the estimated cash flow from operations, ERA has made significant assumptions related to the proposed Stockton arena's operating revenues, including: securing the minor league sports franchises and arena management agreement; number and type of events; average attendance; average ticket prices; concessions; novelties; club seats, luxury suites; advertising; naming rights and sponsorships. ERA utilized information obtained from our market analysis, information provided by the City, interviews with community leaders and representatives from comparable arenas, and our internal database.

In order to obtain information while conducting these surveys, ERA agreed to maintain the confidentiality of the participants and, as a result, cannot identify the comparable arenas in conjunction with some of their responses. Arenas and franchises providing information presented in this report are referred to as Arena A, B, C, etc. in order to conceal their identity. The following section details the key revenue-related assumptions utilized in our analysis.

Potential Utilization of the Proposed Arena

The following forecasts the estimated number and type of events to be held at the proposed multi-purpose Stockton arena, the estimated average attendance, and the estimated total

attendance. Utilized in the preliminary financial analysis section of this report, the assumptions are based on data from comparable arenas, data from comparable leagues, ERA's in-house database and the results of the facility interviews.

Type of Events

The following is what we have assumed as the tenant mix at the proposed Stockton Arena:

- Anchor Tenants
 - Anchor Hockey
 - Anchor Soccer
 - Anchor Football
 - Anchor Other
- Concerts:
 - Major
 - minor
 - Ethnic
- Family Shows
 - Motor Related
 - Circus
 - Ice Shows
 - Stage Shows
 - Other
- Other Sports
 - Boxing
 - NCAA Events
 - High School Events
 - Professional Exhibition Sports
 - Miscellaneous
- Trade Shows
 - Trade/Exhibits
 - Other

Key Arena Lease Terms

Throughout the industry, there are several different variations in sports leases and other event leases, ranging from a 'flat' base rent level to different percentages of gate receipts. Leases can vary significantly if the operator of the arena also owns the sports franchises. For purposes of this analysis, we have assumed that the sports franchises are owned independently and do not have any arena affiliation. There are also variations in the different revenue sources as well as the different expenses. Based on our conversations with several sports leagues, management companies, and promoters, we have forecasted the following lease terms as illustrated in Table 7-1, which we believe are reasonable for purposes of this analysis. A variance in these terms can impact the results of this analysis.

**Table 7-1
Proposed Stockton Arena – Lease Terms**

Revenue/Event	Base Rent	Net General Tickets	Net Club Tickets	Net Suite Tickets	Net Concessions	Net Novelties	Net Parking
Luxury Suite Premium	100%	N/A	N/A	N/A	N/A	N/A	N/A
Club Seat Premium	100%	N/A	N/A	N/A	N/A	N/A	N/A
Advertising	100%	N/A	N/A	N/A	N/A	N/A	N/A
Naming Rights	100%	N/A	N/A	N/A	N/A	N/A	N/A
Taxes and Surcharges							
Sales Tax	N/A	0.00%	0.00%	0.00%	7.50%	7.50%	N/A
Ticket Surcharge	N/A	\$1.00	\$1.00	\$1.00	N/A	N/A	N/A
Admission Tax	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A
Anchor Tenants							
Hockey	N/A	8%	8%	8%	50%	0%	0%
Soccer	N/A	8%	8%	8%	50%	0%	0%
Football	N/A	8%	8%	8%	50%	0%	0%
Other	N/A	8%	8%	8%	100%	0%	0%
Concerts							
Major	N/A	5%	5%	100%	100%	0%	0%
Minor	N/A	8%	8%	100%	100%	0%	0%
Ethnic	N/A	8%	8%	100%	100%	0%	0%
Family Shows							
Motor Related	N/A	10%	10%	100%	100%	0%	0%
Circus	N/A	10%	10%	100%	100%	0%	0%
Ice Shows	N/A	8%	8%	100%	100%	0%	0%
Stage Shows	N/A	10%	10%	100%	100%	0%	0%
Other	N/A	10%	10%	100%	100%	0%	0%
Other Sports							
Boxing	N/A	10%	10%	100%	100%	0%	0%
NCAA	N/A	10%	10%	100%	100%	0%	0%
High School	N/A	10%	10%	100%	100%	0%	0%
Professional Exhibitions	N/A	5%	5%	100%	100%	0%	0%
Miscellaneous	N/A	10%	10%	100%	100%	0%	0%
Trade Show							
Trade/Exhibits	\$2,500	N/A	N/A	N/A	100%	0%	0%
Other	N/A	10%	10%	N/A	100%	0%	0%

Sales Tax

Per conversations with the City of Stockton, sales tax does not apply to ticket sales, yet it does apply to concessions and novelty sales. If this should change, significant changes to the base case cash flow may occur. We have applied a 7.5 percent sales taxes to concessions and novelty sales. Based on the assumptions utilized in the Base Case cash flow described below, the combined sales taxes generated in year 1 of the proposed Stockton arena is approximately \$257,000.

Estimated Number and Type of Events

Based on our market analysis, and the information presented above, we have forecasted that the proposed Stockton arena is anticipated to host between approximately 94 and 98 annual events in the first 5 years of operation. Table 7-2 is a summary of different event mixes (paid events) at 14 selected comparable arenas. These 14 comparable arenas and all have seating capacities in the 5,000 to 12,000 seat range. Many of the miscellaneous events are not revenue producing events, and we have not included them in our analysis.

**Table 7-2
Comparable Arena Facilities Event Breakdown – (1)**

	Collegiate/Minor League		Concerts	Family Shows	Other Sports	Miscellaneous Events	Total
	Basketball	Hockey					
Arena #1	0	35	20	35	5	35	130
Arena #2	17	35	22	5	23	17	119
Arena #3	28	40	19	14	20	25	146
Arena #4	0	47	21	21	28	20	137
Arena #5	14	47	18	19	11	8	117
Arena #6	30	45	12	21	15	17	140
Arena #7	0	35	14	24	21	38	132
Arena #8	35	39	14	3	12	16	119
Arena #9	0	36	11	9	22	13	91
Arena #10	0	45	12	26	32	25	140
Arena #11	0	45	21	24	27	23	140
Arena #12	0	40	6	17	28	19	110
Arena #13	38	36	14	19	12	0	119
Arena #14	0	36	5	13	10	45	109
Average	15	40	17	22	21	22	125

Sources: Facility Interviews and Economics Research Associates.

Note: (1) Data presented in latest available fiscal year. In some cases, figures represent planned number of estimated number of events.

Estimated Paid Attendance

Forecasts for the average paid attendance (including luxury suite seating and club-seat seating) and total attendance assumptions utilized in the cash flow model for each major event category have been made. We have forecasted that the total paid attendance at the proposed Stockton arena will be approximately 506,000 in the first year of operation, fluctuating to approximately 464,000 in year 5. This includes a reduction in attendance for the anchor tenants after the first year (honeymoon period). Anchor tenant attendance is assumed to stabilize at approximately 88 percent of the year 1 attendance in the fourth year of operation.

We have also forecasted the percentage of complimentary tickets per event as well as the percentage of no-shows (unused paid tickets). These also directly correlate to the "honeymoon period." We have concluded through our numerous arena studies that each sports tenant/franchise discounts and/or distributes complimentary tickets differently (depending on market characteristics/demand).

Table 7-3 presents a summary of the forecasted number and type of events and the estimated paid attendance per event for year 1 (2006) of the cash flow. It should be noted that certain events are not assumed to occur each year.

**Table 7-3
Base Case Events and Attendance – Year 1**

Event	Number of Events	Average Paid Attendance - (1)	Total Paid Attendance
Anchor Tenants			
Hockey	36	4,702	169,272
Soccer	18	4,452	80,136
Football	9	5,952	53,568
Other	0	0	0
Concerts			
Major	3	7,702	23,106
Minor	3	5,702	17,106
Ethnic	3	5,202	15,606
Family Shows			
Motor Related	2	6,632	13,264
Circus	10	4,562	45,616
Ice Shows	6	4,562	27,370
Stage Shows	4	4,062	16,246
Other	0	3,562	0
Other Sports			
Boxing	4	4,632	18,527
NCAA	1	8,202	8,202
High School	3	2,921	8,764
Professional Exhibitions	0	9,702	0
Miscellaneous	1	3,241	3,241
Trade Show			
Trade/Exhibits	3	2,000	6,000
Other	0	750	0
Averages/Totals	106	4,774	506,024

(1) - Includes luxury suite and club seat seating.

Event Related Revenues

Below is a listing of event related revenues which consist of tickets, concessions, novelties, and parking. These revenues are a direct relationship to the number of attendees at the respective events to be performed at the proposed Stockton arena.

Average Ticket Prices

We have evaluated industry data, reviewed price points at comparable arenas, and interviewed professional and collegiate sports tenants/franchises, as well as event promoters. Typically, minor league sports tenants/franchises present ticket prices within their respective year books, media guides, internet web pages, etc. These ticket prices are based on full value, excluding any discounting for store coupons, season tickets, students, seniors, etc. Therefore, the presented ticket prices are often an overstatement of what the individual franchises or arenas actually collect from each paid patron. These prices are announced ticket prices prior to any discounting.

Based on the Stockton market area and our data base, we have forecasted the following general seating ticket prices (net of the assumed discounting) for the individual events in year 1 (2006) as illustrated in Table 7-4:

**Table 7-4
Base Case Events and Average Ticket Prices – Year 1**

Event	Number of Events	Average General Ticket Price	Average Premium Ticket Price
Anchor Tenants			
Hockey	36	\$12.00	\$12.00
Soccer	18	\$11.00	\$11.00
Football	9	\$13.00	\$13.00
Other	0	\$0.00	\$0.00
Concerts			
Major	3	\$37.50	\$56.25
Minor	3	\$25.00	\$37.50
Ethnic	3	\$27.50	\$41.25
Family Shows			
Motor Related	2	\$25.00	\$37.50
Circus	10	\$15.00	\$22.50
Ice Shows	6	\$25.00	\$37.50
Stage Shows	4	\$15.00	\$22.50
Other	0	\$15.00	\$22.50
Other Sports			
Boxing	4	\$20.00	\$30.00
NCAA	1	\$25.00	\$37.50
High School	3	\$10.00	\$15.00
Professional Exhibitions	0	\$50.00	\$75.00
Miscellaneous	1	\$10.00	\$15.00
Trade Show			
Trade/Exhibits	3	\$20.00	\$20.00
Other	0	\$15.00	\$15.00
Total	106		

Based on the leases illustrated in Table 1, the proposed Stockton arena is forecasted to receive approximately \$635,000 in ticket revenues in Year 1, fluctuating to approximately \$669,000 in Year 5.

Ticket Surcharge

Based on the local statute, a ticket surcharge is a fee (or rent) taken from the ticket price with the revenues being awarded to the facility. Comparable venues have similar fees ranging from approximately \$0.25 per to over \$2.00 per ticket. Others are a percentage of the ticket price ranging from ½ of 1.0 percent to nearly 5.0 percent.

For all events within the City of Stockton to which an admission fee is charged, a license tax (entertainment tax) of \$0.01 for each admission sold for \$0.49 or less and a tax of \$0.02 for each admission sold for \$0.50 or more is charged to the facility. For the purpose of this analysis, \$0.02 has been included for each paid ticket to all events. All complimentary tickets are assumed to be taxed at a rate of \$0.01. Events that do not charge for admission, such as recreational/community events and parking lot events, are not subject to the entertainment tax. Because the entertainment tax applies to adult admissions only,

assumptions have been made for each event type regarding the percentage of arena patrons that are adults.

Although the local statute indicates an entertainment tax of only \$0.02 per ticket, we have included a ticket surcharge (or its equivalent) of \$1.00 per ticket. Total ticket surcharges is forecasted to equate to approximately \$506,000 to \$464,000 in the first five years of operation.

Concession and Novelty Revenues

Concessions and novelties are anticipated to provide a significant source of revenue at the proposed Stockton arena. Concession and novelty spending typically increases at newer facilities due to the increased number of points-of-sale and the improved location of the concession and novelty stands throughout the arena. To develop appropriate concession and novelty per capita assumptions, we have conducted comparable facility interviews, reviewed historical industry data, and utilized ERA's internal database. Table 7-5 details the gross concession per capitass from comparable facilities. These comparable arenas range in seating capacities from 5,000 to 12,000 seats.

Table 7-5
Comparable Arena Concession Per Capita

	Collegiate/Minor League			Family	Other
	Basketball	Hockey	Concerts	Shows	Sports
Arena #1	N/A	\$5.71	\$6.05	\$5.38	\$4.70
Arena #2	\$4.37	N/A	\$5.87	\$4.70	\$2.22
Arena #3	\$4.13	N/A	\$5.11	\$3.73	\$1.68
Arena #4	\$5.31	\$5.15	\$6.00	\$4.24	\$1.86
Arena #5	\$4.53	\$5.42	\$3.66	\$5.49	\$4.47
Arena #6	N/A	\$4.76	\$3.78	\$2.22	\$2.53
Arena #7	\$4.60	\$5.25	\$4.00	\$4.50	\$2.50
Arena #8	N/A	\$4.39	\$5.00	\$2.50	\$1.90
Arena #9	\$5.85	\$6.10	N/A	N/A	N/A

Sources: Facility Interviews and Economics Research Associates.

Based on the comparable data as well as the demographics of the proposed Stockton arena, we have estimated average concession and novelty per capitass stated in 2006 dollars.

Table 7-6 details our assumptions per event.

Concessions will be subject to cost of goods sold (COGS), concession operating expenses, sales taxes and distributions. Based on interviews with comparable arenas and several concessionaires, concession COGS typically range from 45 percent to 65 percent of gross concession revenue. These expenses, however, vary significantly depending on the local market area, policies implemented by the facility, and the strategy for concession pricing. For analytical purposes, concession expenses (including operator profit margin) are assumed to be 50 percent of gross concession sales, which are reasonable for purposes of this analysis. Net concessions revenues (less sales tax and distributions) range from approximately \$793,000 to approximately \$845,000 in the first five years of operation.

Novelties will be subject to COGS, novelty operating expenses, sales taxes and distributions. Based on interviews with comparable arenas and several concessionaires, novelty COGS typically range from 65 percent to 80 percent of gross novelty revenue. For analytical purposes, novelty expenses (including operator profit margin) are assumed to be 75 percent of gross novelty sales, which are reasonable for purposes of this analysis. As illustrated in Table 7-1, we have assumed that all net novelty revenue will be distributed to the anchor tenants / other acts. Therefore, the proposed Stockton arena is not projected to receive any net novelty revenues in the first five years of operation.

**Table 7-6
Base Case Gross Concession and Novelty Per Capitas – Year 1**

Event	Number of Events	Concessions Per Caps - (1)	Novelties Per Caps - (1)
Anchor Tenants			
Hockey	36	\$6.50	\$1.25
Soccer	18	\$6.00	\$1.25
Football	9	\$6.00	\$1.25
Other	0	\$0.00	\$0.00
Concerts			
Major	3	\$10.00	\$3.00
Minor	3	\$8.00	\$2.00
Ethnic	3	\$8.00	\$5.00
Family Shows			
Motor Related	2	\$6.00	\$2.00
Circus	10	\$2.50	\$2.00
Ice Shows	6	\$3.00	\$2.00
Stage Shows	4	\$2.50	\$2.00
Other	0	\$3.00	\$2.00
Other Sports			
Boxing	4	\$8.00	\$1.50
NCAA	1	\$7.00	\$2.00
High School	3	\$3.00	\$1.00
Professional Exhibitions	0	\$10.00	\$3.00
Miscellaneous	1	\$5.00	\$1.00
Trade Show			
Trade/Exhibits	3	\$5.00	\$0.50
Other	0	\$4.00	\$1.50
Averages/Totals	106		

(1) - Includes luxury suite and club seat seating.

Parking Revenues

We have assumed for purposes of this analysis that the arena will not have control of any parking revenues generated by the events held at the proposed Stockton arena. Assuming that all of the available parking will be owned and/or operated by the City or private land owners, ERA did not incorporate parking revenues into the base case financial model. We have assumed that each automobile will be charged approximately \$5.00 for parking. The number of persons per automobile varies from event to event, as presented in the detailed base case cash flow. If parking revenues should become part of the proposed Stockton arena revenue stream, a significant change to the cash flow will occur. If parking revenues should be part of the proposed Stockton arena revenue stream, a significant change to the cash flow will obviously occur.

Contractually Obligated Income

ERA has assumed that a significant portion of revenues from operations will be generated from sources of contractually obligated income (COI) inventory which are secured by multi-year contracts for luxury suites, club seats, advertising, and naming rights. It should be noted that there have not been any pre-sales of these products, nor any record of letters of intent to purchase.

Luxury Suite Premium Revenues

Luxury suites represent an increasingly important revenue source for many anchor tenants and venues. Luxury suites offer the potential to provide a steady, contractually guaranteed source of revenue and are typically used for corporate marketing and entertaining. Based on review of the architectural plans, we have assumed that the proposed Stockton arena will include 24 luxury suites with approximately 12 seats per suite. Luxury suite prices in comparable arenas lease for an average of \$25,000 to \$75,000 annually. Many of the arenas, which include the lower priced luxury suites, do not include tickets to the events. However, some arenas do include tickets to some of the events, while others include tickets to all of the events.

For purposes of this analysis, we have assumed that tickets to all anchor tenant events would be included in the luxury suite price. The lessees of the luxury suites will be provided with the first option to purchase tickets (factored at 1.50 times the general seat ticket) to the 12 seats in their respective luxury suites for all other arena events.

We have assumed that 22 of the 24 luxury suites would be available for lease, and that approximately 21 (95.8 percent) of the luxury suites would be leased at an average year 1 (2006) gross price of approximately \$35,000. The premium luxury suite revenue ranges from approximately \$547,000 to \$619,000 in the first five years of operation.

Club Seat Premium Revenues

Based on our analysis of the Stockton marketplace, we have assumed that the proposed Stockton arena will offer approximately 500 club seats. Club-seats are typically located in the best locations in the arena, which vary from event to event, and are targeted to season ticket holders. Not all of the comparable arenas offer club seating. The number of club seats range from approximately 200 to 2,000 and average prices (including tickets to all or a majority of the events) range from \$250 to \$2,000 (annually).

The club seats are applicable for the anchor tenant events at the proposed Stockton arena. These seats include the right of first option to purchase tickets to all of the other events at the proposed arena (factored at 1.50 times the general seat ticket).

We have assumed that all of the club seats would be available for lease, and that 90 percent of the club seats would be leased at approximately \$1,200 per seat. Total club seat premium revenues (less distributions) attributed to the arena in years 2006 through 2009 range from approximately \$204,000 to \$229,000 per year.

Naming Rights and Arena Sponsorships

Historically, arenas and stadiums were named after the city, county or, in some instances, to honor or memorialize a significant individual or group. Selling the naming rights of a facility to an unrelated corporation was, and can still be, a political issue, but there has been a definite trend towards the sale of naming rights to the private corporation. Naming rights have typically been sold to corporations in the following industries:

- Financial Services
- Airline
- Beverage
- Energy
- Automobile
- Retail
- Consumer Product
- Computer
- Internet
- Other

Several sports facilities have recently licensed the name of the facility to major corporations. We have obtained arena naming rights information from recently constructed (or under construction) comparables. It is often difficult to gather complete information regarding naming rights as some of the recent deals do not necessarily reflect 'arms-length' transactions. For example, naming rights sold to a family or a bank may have other provisions, which could result in misleading conclusions. Furthermore, some transactions include significant advertising opportunities or other amenities, thus inflating the reported price. We have attempted to adjust for those considerations in our assumptions.

These naming rights deals in comparable arenas range from a low of \$270,000 to a high of approximately \$1,000,000 annually. A majority of these naming rights deals are for 10-to 15 year periods. Naming rights licensing fees vary considerably and are typically based on the amount of media coverage the arena will receive (e.g. television, radio, print, etc.), arena attendance and prestige. Table 7-7 illustrates some recent 5,000 to 12,000 seat arena naming rights deals.

Table 7-7
Naming Rights

Arena	Total	Term	Annual
Arena #1	\$14,000,000	15	\$933,333
Arena #2	\$11,500,000	20	\$575,000
Arena #3	\$11,400,000	15	\$760,000
Arena #4	\$10,000,000	10	\$1,000,000
Arena #5	\$8,300,000	10	\$830,000
Arena #6	\$8,000,000	10	\$800,000
Arena #7	\$5,300,000	10	\$530,000
Arena #8	\$5,000,000	10	\$500,000
Arena #9	\$2,700,000	10	\$270,000

Sources: ERA and Sports Publications

For purposes of this analysis, we have forecasted that the proposed Stockton arena would generate approximately \$500,000 in 'net' naming rights revenue in year 1, increasing approximately 3.0 percent per year. Net naming rights include potential trade, barter, and commissions.

Advertising Revenues

Arena advertising revenues are generated by the following sources:

- *Display Advertising:* Signage throughout the concourses, concession stands and other common areas in the building.
- *Scoreboard Advertising:* Fixed signage, electronic advertising on the scoreboard and video message boards.
- *Football/Basketball/Soccer Advertising:* Advertising on the football/basketball/soccer standards, football/basketball/soccer floor, ball carts, scorers' table and players benches.
- *Dasherboard Advertising:* Signage on the hockey/soccer/football dasherboards.

It is important to note that direct comparison of advertising revenue among arenas often includes trades and/or barter arrangements. Gross advertising revenue may be significantly higher than net advertising revenue depending on the additional benefits associated with the particular deal.

The current gross annual advertising revenues for the comparable arenas range from approximately \$250,000 to \$2.25 million. The advertising revenue figures were obtained through the primary tenants, arena management or our internal database.

We have assumed that the proposed Stockton arena would offer advertising packages to approximately 10 to 12 founding partners. Target founding partners typically include companies from the following industries:

- | | |
|--------------------------------------|---------------------|
| • Airline | • Grocery |
| • Automotive | • HVAC/GE/York |
| • Automotive After parts | • Health / Hospital |
| • Beer | • Hotel |
| • Cable | • Insurance |
| • Computers | • Internet/ISP |
| • Credit Card | • Newspaper |
| • Electronics | • Pharmacy |
| • Family Restaurant | • Soft Drink |
| • Fast Food | • TV/Radio Rights |
| • Financial – Bank and/or investment | • Telecom |
| • Gas/Convenience | • Utility |

Based on the demographics and the number of expected events and tenant mix, we have forecasted that the proposed Stockton arena would gross approximately \$700,000 in annual advertising revenue, net of trades, barter, and commissions, etc., increasing 3.0 percent annually.

Additional Revenues

For the purpose of this base case analysis, we have not assumed any additional revenues. Below is a listing of some additional revenue sources. These additional revenues could have significant impact on the proposed Stockton pro forma.

- Public skating
- Tickets.com/Ticketmaster
- Box office
- Sports bar/restaurant
- Amusement game area
- Party suite(s)
- Large novelty store

Total Operating Revenues

Total operating revenues for the proposed Stockton arena is forecasted to range between \$3.89 million to \$4.18 million in the first five years of operation.

Operating Expenses Assumptions

ERA developed assumptions regarding the operating expenses for the proposed Stockton arena based on surveys with comparable arenas and ERA's internal database. The following section summarizes the results of our analysis and the operating expense assumptions utilized in the cash flow model. All operating expense information related to comparable arenas are presented in 2006 dollars based on an annual inflation rate of 2.5 percent, unless otherwise noted.

Staffing Expense

In order to estimate the staffing requirements and the expenses to be incurred by the proposed Stockton arena, we surveyed comparable arenas to determine the number and positions of full-time "equivalent" employees. These arenas have full-time staffs ranging from 17 to 29, and average 24 full-time employees. Table 7-8 below summarizes the number of full-time "equivalent" employees for selected comparable arenas:

**Table 7-8
Comparable Arenas
Full-Time Employees**

Arena	Full-Time Employees
Arena #1	28
Arena #2	22
Arena #3	17
Arena #4	25
Arena #5	21
Arena #6	29
Arena #7	28
Arena #8	18
Arena #9	24
Average	24

Sources: Facility interviews and ERA.

Based on a review of this information and the operating assumptions detailed in this report, we have assumed that the arena's operations will require approximately 25 full-time "equivalent" employees. We have used the term "equivalent" only to estimate the salary and wage expenses likely to be attributed to the arena. It should be noted that these do not include any game day event related staff.

Table 7-9 illustrates the total staffing expenses for comparable arenas, escalated to 2006 dollars.

**Table 7-9
Comparable Arenas
Staffing Expense**

Arena	Total Arena Salaries
Arena #1	\$1,602,476
Arena #2	\$1,219,187
Arena #3	\$889,152
Arena #4	\$1,909,781
Arena #5	\$1,338,533
Arena #6	\$1,148,853
Arena #7	\$703,297
Arena #8	\$1,774,882
Arena #9	\$1,426,073
Arena #10	\$1,134,535
Average	\$1,314,677

Sources: Facility interviews and ERA.

- Total staffing expenses (including benefits) for the comparable facilities range from a low of approximately \$890,000 to a high of approximately \$1.9 million, with an average of approximately \$1.3 million. The variance between these facilities is due to several factors, including: local wage levels; event mix and schedules and the reimbursement policies for game/event related staffing expenses.
- The total wage expense (including overhead fees, but excluding benefit costs) for the proposed arena is estimated to be approximately \$1.29 million (year 1). We have forecasted that benefits and indirect staffing expenses are estimated to be approximately 30 percent of gross wages. Based on these assumptions, the total annual staffing expense in 2006 dollars have been forecasted to be approximately \$1.68 million (year 1). This figure is for the arena's operations only and does not include concession/novelty or event related staffing requirements.

Utility Expenses

Utility expenses typically differ among arenas due to the number of events that the arena hosts, the local climate, and other factors. Table 7-10 below details the utility expenses among comparable arenas and illustrates that these differences may be material:

Table 7-10
Comparable Arenas
Utility Expenses

Arena	Total Utilities
Arena #1	\$664,627
Arena #2	\$244,382
Arena #3	\$640,012
Arena #4	\$650,227
Arena #5	\$476,865
Arena #6	\$439,842
Arena #7	\$297,514
Arena #8	\$395,028
Arena #9	\$472,778
Average	\$475,697

Sources: Facility interviews and ERA.

Total utility expenses for the comparable arenas surveyed ranged from a low of approximately \$300,000 to a high of approximately \$665,000, with an average of approximately \$476,000.

Due to the anticipated use of the arena in addition to our review of the utility expenses of comparable arenas, we have forecasted approximately \$650,000 for utility expenses in year 1 of operations.

Non-Recoverable Event-Related Expenses

Game-day and event-related expenses typically include event set-up and tear down, staffing of ushers, ticket takers, security, cleaning and other expenses directly related to the game or event. Total game-day expenses at comparable arenas with hockey tenants currently range from \$2,000 to \$3,000 per event. Other event related expenses varied significantly among the comparable arenas depending on the unique requirements of the event. Although a majority of event related expenses are assumed to be passed through to the tenant, some of the change-over costs between concerts and events as well as certain other event-day expenses are typically not reimbursed as a result of rental negotiations. For analytical purposes, the non-recoverable event related expenses are forecasted to be approximately \$3,000 per event, or approximately \$318,000 in year 1 of operations.

Management Expense

Not all of the comparable arenas engage a management company to operate their respective arena. Comparable arena management agreements vary depending on base fee, incentives, as well as other managed facilities owned by the same municipality/owner, etc. Base fees (excluding incentives) for the comparable arenas range from approximately \$100,000 to \$300,000 per year.

It is our understanding that IFG will operate the proposed area. For purposes of this analysis, we have assumed that the base fee for this service will be approximately \$250,000 per year. This forecast does not include management incentive fees.

Other Arena Operating Expenses

The arena will incur other expenses as a result of general operations. These expenses include a variety of items, including: administrative; building; insurance; professional fees; among others. Based on interviews with comparable arenas, we have forecasted that other operating expenses will total approximately \$879,000 in the first year of operations.

Property/Real Estate Taxes

Property/real estate tax expenses vary significantly among comparable facilities depending on the specific arrangements negotiated with the local municipalities. For purposes of this analysis, we have not included property/real estate taxes. If the property/real estate structure is different for this proposed Stockton arena, potential significant variations may occur to the base case cash flow.

Capital Replacement Reserve

Capital replacement expenses vary significantly among comparable arenas and on a year-by-year comparison. Typically, however, comparable arenas set aside annual amounts in order to fund required capital replacement expenditures. The amount set aside is generally a function of the cost of the facility. For analytical purposes, the annual payments required to fund capital replacement expenses are assumed to be ½ of one percent of the hard arena

construction costs (estimated \$40 million) or approximately \$200,000 in year 1, which are reasonable for purposes of this analysis.

Total Operating Expenses

As illustrated in Table 7-11, the comparable facilities surveyed, the total operating expenses range from a low of approximately \$2.10 million to a high of over \$5.94 million, with an average of approximately \$3.35 million in current dollars. The range in total arena operating expenses is due to a number of factors, the most significant being: event mix and schedule; climate; cost of living; and lease agreements. Many of these comparable arenas do not include management expenses, or capital reserve refunds in their total expenses. Total operating expenses are forecasted to be approximately \$3.97 million in Year 1 (2006) ranging to approximately 4.74 million in Year 5 (2010).

**Table 7-11
Comparable Arenas
Total Expenses**

Arena	Total Arena Expenses
Arena #1	\$2,912,449
Arena #2	\$2,241,700
Arena #3	\$2,173,951
Arena #4	\$4,916,517
Arena #5	\$3,082,370
Arena #6	\$3,207,224
Arena #7	\$2,088,107
Arena #8	\$3,427,203
Arena #9	\$3,326,991
Arena #10	\$4,372,402
Arena #11	\$5,941,910
Arena #12	\$3,127,022
Arena #13	\$2,751,814
Average	\$3,351,512

Sources: Facility interviews and ERA.

Summary of Preliminary Financial Results

The base case cash flow model developed for the proposed Stockton arena utilizes assumptions that were developed based on our preliminary review of the Stockton market, surveys with comparable arenas, our internal data base, among others. Although these assumptions appear reasonable based on the current and anticipated market conditions, actual results depend on the actions of management and other factors both internal and external to the project, which frequently vary. It is important to note that because events and circumstances may not occur as expected, there may be substantial significant differences between the actual results and those estimated in this analysis. The key assumptions and estimated base case arena cash flows are presented in detail at the conclusion of this report (Appendix A). Table 7-12 provides cash flow summaries for the proposed Stockton arena for the first five years of operation.

Table 7-12
Base Case – Proposed Stockton Arena

Base Case (in 000's)	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$635	\$605	\$625	\$649	\$669
Other Revenues	\$3,250	\$3,270	\$3,354	\$3,412	\$3,509
Total Operating Revenues	\$3,885	\$3,875	\$3,979	\$4,061	\$4,178
Total Operating Expenses	\$3,974	\$4,048	\$4,155	\$4,248	\$4,340
Surplus/Deficit from Operations (before debt service)	(\$89)	(\$174)	(\$176)	(\$186)	(\$163)

8. Sensitivities

We have prepared 12 sensitivity analyses (6 positive and 6 negative) in order to test the impact of fluctuating key assumptions. The sensitivity analyses are intended to identify those variables that have the most significant impact on the overall operations of the proposed Stockton Arena. The key factors include the following (base case remains constant with the following exceptions):

Positive Sensitivities

13. Increase the number of concerts and family shows by 25 percent
14. Increase of paid attendance by 20 percent to all events (up to maximum seating capacity)
15. Increase average ticket prices by 20 percent to all events
16. Increase luxury suite and club seat gross prices by 20 percent
17. Increase of advertising and naming rights by 20 percent
18. Decrease of operating expenses by 10 percent

Negative Sensitivities

19. Decrease the number of concerts and family shows by 25 percent
20. Decrease of paid attendance by 20 percent to all events
21. Decrease average ticket prices by 20 percent to all events
22. Decrease luxury suite and club seat gross prices by 20 percent
23. Decrease of advertising and naming rights by 20 percent
24. Increase of operating expenses by 10 percent

Below are the summaries of the Base Case cash flow (first five years of operation). All variables remain constant unless identified.

Sensitivity #1 – (Positive)

- Increase the number of concerts and family shows by 25 percent

Sensitivity #1	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$708	\$653	\$675	\$700	\$721
Other Revenues	3,367	3,350	3,432	3,495	3,592
Total Operating Revenues	\$4,075	\$4,003	\$4,107	\$4,196	\$4,314
Total Operating Expenses	\$3,997	\$4,062	\$4,168	\$4,261	\$4,354
Surplus/Deficit from Operations (before debt service)	\$77	(\$59)	(\$61)	(\$65)	(\$40)

Sensitivity #2 – (Positive)

- Increase of paid attendance by 20 percent to all events (up to maximum seating capacity)

Sensitivity #2	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$635	\$605	\$625	\$649	\$669
Other Revenues	3,250	3,270	3,354	3,412	3,509
Total Operating Revenues	\$3,885	\$3,875	\$3,979	\$4,061	\$4,178
Total Operating Expenses	\$4,232	\$4,313	\$4,425	\$4,525	\$4,625
Surplus/Deficit from Operations (before debt service)	(\$347)	(\$438)	(\$447)	(\$464)	(\$447)

Sensitivity #3 – (Positive)

- Increase average ticket prices by 20 percent to all events

Sensitivity #3	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$740	\$705	\$728	\$756	\$780
Other Revenues	3,473	3,488	3,569	3,628	3,731
Total Operating Revenues	\$4,213	\$4,193	\$4,297	\$4,385	\$4,511
Total Operating Expenses	\$3,974	\$4,048	\$4,155	\$4,248	\$4,340
Surplus/Deficit from Operations (before debt service)	\$239	\$145	\$143	\$137	\$171

Sensitivity #4 – (Positive)

- Increase luxury suite and club seat gross prices by 20 percent

Sensitivity #4	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$635	\$605	\$625	\$649	\$669
Other Revenues	3,490	3,517	3,608	3,674	3,779
Total Operating Revenues	\$4,125	\$4,122	\$4,233	\$4,324	\$4,448
Total Operating Expenses	\$3,974	\$4,048	\$4,155	\$4,248	\$4,340
Surplus/Deficit from Operations (before debt service)	\$151	\$74	\$79	\$76	\$108

Sensitivity #5 – (Positive)

- Increase of advertising and naming rights by 20 percent

Sensitivity #5	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$635	\$605	\$625	\$649	\$669
Other Revenues	3,490	3,517	3,608	3,674	3,779
Total Operating Revenues	\$4,125	\$4,122	\$4,233	\$4,324	\$4,448
Total Operating Expenses	\$3,974	\$4,048	\$4,155	\$4,248	\$4,340
Surplus/Deficit from Operations (before debt service)	\$151	\$74	\$79	\$76	\$108

Sensitivity #6 – (Positive)

- Decrease of operating expenses by 10 percent

Sensitivity #6	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$635	\$605	\$625	\$649	\$669
Other Revenues	3,250	3,270	3,354	3,412	3,509
Total Operating Revenues	\$3,885	\$3,875	\$3,979	\$4,061	\$4,178
Total Operating Expenses	\$3,716	\$3,784	\$3,884	\$3,970	\$4,056
Surplus/Deficit from Operations (before debt service)	\$168	\$91	\$95	\$91	\$122

Sensitivity #7 – (Negative)

- Decrease the number of concerts and family shows by 25 percent

Sensitivity #7	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$562	\$556	\$575	\$598	\$616
Other Revenues	3,134	3,190	3,272	3,332	3,427
Total Operating Revenues	\$3,696	\$3,747	\$3,847	\$3,930	\$4,043
Total Operating Expenses	\$3,951	\$4,035	\$4,141	\$4,234	\$4,327
Surplus/Deficit from Operations (before debt service)	(\$255)	(\$288)	(\$294)	(\$304)	(\$283)

Sensitivity #8 – (Negative)

- Decrease of paid attendance by 20 percent to all events

Sensitivity #8	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$529	\$504	\$522	\$542	\$558
Other Revenues	3,025	3,053	3,129	3,193	3,284
Total Operating Revenues	\$3,554	\$3,557	\$3,651	\$3,735	\$3,842
Total Operating Expenses	\$3,974	\$4,048	\$4,155	\$4,248	\$4,340
Surplus/Deficit from Operations (before debt service)	(\$420)	(\$491)	(\$504)	(\$513)	(\$498)

Sensitivity #9 – (Negative)

- Decrease average ticket prices by 20 percent to all events

Sensitivity #9	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$514	\$489	\$506	\$526	\$543
Other Revenues	3,355	3,378	3,465	3,526	3,626
Total Operating Revenues	\$3,869	\$3,867	\$3,971	\$4,052	\$4,168
Total Operating Expenses	\$3,974	\$4,048	\$4,155	\$4,248	\$4,340
Surplus/Deficit from Operations (before debt service)	(\$105)	(\$181)	(\$184)	(\$195)	(\$172)

Sensitivity #10 – (Negative)

- Decrease luxury suite and club seat gross prices by 20 percent

Sensitivity #10	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$635	\$605	\$625	\$649	\$669
Other Revenues	2,995	3,007	3,083	3,133	3,222
Total Operating Revenues	\$3,630	\$3,612	\$3,708	\$3,783	\$3,891
Total Operating Expenses	\$3,974	\$4,048	\$4,155	\$4,248	\$4,340
Surplus/Deficit from Operations (before debt service)	(\$344)	(\$436)	(\$446)	(\$465)	(\$450)

Sensitivity #11 – (Negative)

- Decrease of advertising and naming rights by 20 percent

Sensitivity #11	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$635	\$605	\$625	\$649	\$669
Other Revenues	3,010	3,023	3,099	3,150	3,238
Total Operating Revenues	\$3,645	\$3,628	\$3,724	\$3,799	\$3,908
Total Operating Expenses	\$3,974	\$4,048	\$4,155	\$4,248	\$4,340
Surplus/Deficit from Operations (before debt service)	(\$329)	(\$421)	(\$430)	(\$449)	(\$433)

Sensitivity #12 – (Negative)

- Increase of operating expenses by 10 percent

Sensitivity #12	Year				
	1	2	3	4	5
Operating Revenues					
Ticket Revenues	\$635	\$605	\$625	\$649	\$669
Other Revenues	3,250	3,270	3,354	3,412	3,509
Total Operating Revenues	\$3,885	\$3,875	\$3,979	\$4,061	\$4,178
Total Operating Expenses	\$4,232	\$4,313	\$4,425	\$4,525	\$4,625
Surplus/Deficit from Operations (before debt service)	(\$347)	(\$438)	(\$447)	(\$464)	(\$447)

APPENDIX A

STOCKTON ARENA

BASE CASE CASH FLOW

Table 1
CASH FLOW SUMMARY (000)
SCENARIO #1 - BASE CASE - STOCKTON ARENA

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	Year				
	1	2	3	4	5
Number of Events	106	100	104	103	101
Annual Paid Attendance (000)	506	475	476	467	464
OPERATING REVENUES					
Ticket					
Anchor Tenants	\$264	\$266	\$262	\$257	\$264
Concerts	114	132	139	127	159
Family Shows	178	135	165	169	160
Other Sports	70	64	52	89	78
Trade Shows	8	8	8	8	8
Total Ticket Revenue	\$635	\$605	\$625	\$649	\$669
Other Revenue Sources					
Ticket Surcharge	\$506	\$473	\$476	\$466	\$464
Concessions (net)	793	787	806	812	845
Novelties (net)	0	0	0	0	0
Parking (net)	0	0	0	0	0
Luxury Suite Premium	547	564	582	600	619
Club Seat Premium	204	210	216	223	229
Naming Rights	500	515	530	546	563
Advertising	700	721	743	765	788
Box Office Fee	0	0	0	0	0
Total Other Revenue Sources	\$3,250	\$3,270	\$3,354	\$3,412	\$3,509
TOTAL OPERATING REVENUES	\$3,885	\$3,875	\$3,979	\$4,061	\$4,178
OPERATING EXPENSES					
Arena Operating Expenses					
Staffing	\$1,677	\$1,719	\$1,762	\$1,806	\$1,851
Utilities	650	666	683	700	717
Non-Recoverable Event Related Expenses	318	300	312	309	303
Management Expense	250	256	263	269	276
Other	879	902	925	948	972
Property Taxes	0	0	0	0	0
Capital Replacement Reserve	200	205	210	215	221
Total Arena Operating Expenses	\$3,974	\$4,048	\$4,155	\$4,248	\$4,340
SURPLUS/(DEFICIT) FROM OPERATIONS	(\$89)	(\$174)	(\$176)	(\$186)	(\$163)

Table 2
TOTAL ARENA OPERATING REVENUE SUMMARY (000)
SCENARIO #1 - BASE CASE - STOCKTON ARENA

	Year				
	1	2	3	4	5
Number of Events	106	100	104	103	101
Annual Paid Attendance (000)	506	475	476	467	464
Gross Ticket Revenues					
Anchor Tenants	\$3,609	\$3,620	\$3,553	\$3,488	\$3,575
Concerts	1,818	2,170	2,383	2,117	2,672
Family Shows	2,061	1,599	1,920	1,968	1,874
Other Sports	738	679	555	1,193	1,088
Trade Shows	120	194	199	167	132
Total Gross Ticket Revenues	\$8,346	\$8,263	\$8,610	\$8,933	\$9,341
Less: Sales Tax	0	0	0	0	0
Less: Ticket Surcharge	506	473	476	466	464
Less: Admissions Tax	0	0	0	0	0
Less: Share to Promoter/Franchise/Tenant	7,206	7,185	7,509	7,818	8,208
Ticket Revenue to Arena	\$635	\$605	\$625	\$649	\$669
Total Luxury Suite Premium Revenue	\$547	\$564	\$582	\$600	\$619
Less: Share to Promoter/Franchise/Tenant	0	0	0	0	0
Luxury Suite Premium Revenue to Arena	\$547	\$564	\$582	\$600	\$619
Total Club Seat Premium Revenue	\$204	\$210	\$216	\$223	\$229
Less: Share to Promoter/Franchise/Tenant	0	0	0	0	0
Club Seat Premium Revenue to Arena	\$204	\$210	\$216	\$223	\$229
Gross Advertising Revenue	\$700	\$721	\$743	\$765	\$788
Less: Share to Promoter/Franchise/Tenant	0	0	0	0	0
Advertising Revenue to Arena	\$700	\$721	\$743	\$765	\$788
Total Building Name Revenue	\$500	\$515	\$530	\$546	\$563
Less: Share to Promoter/Franchise/Tenant	0	0	0	0	0
Building Name Revenue to Arena	\$500	\$515	\$530	\$546	\$563
Gross Concessions Revenue	\$3,073	\$3,061	\$3,077	\$3,067	\$3,168
Less: Sales Tax	214	219	218	220	229
Less: COGS/Operating Expenses/Distributions	2,065	2,055	2,052	2,035	2,094
Net Concessions Revenue to Arena	\$793	\$787	\$806	\$812	\$845
Gross Novelty Revenue	\$839	\$773	\$806	\$818	\$856
Less: Sales Tax	59	56	60	60	63
Less: COGS/Distributions	780	717	746	758	793
Net Novelty Revenue to Arena	\$0	\$0	\$0	\$0	\$0
Gross Parking Revenue	\$809	\$791	\$799	\$794	\$803
Less: Operating Expenses/Distributions	809	791	799	794	803
Net Parking Revenue to Arena	\$0	\$0	\$0	\$0	\$0
Ticket Surcharge	\$506	\$473	\$476	\$466	\$464
Box Office Fee	\$0	\$0	\$0	\$0	\$0
TOTAL ARENA OPERATING REVENUE	\$3,885	\$3,875	\$3,979	\$4,061	\$4,178

Table 3
NET TICKET REVENUE SUMMARY (000)
SCENARIO #1 - BASE CASE - STOCKTON ARENA

	Year				
	1	2	3	4	5
Anchor Tenants					
Hockey	\$149	\$150	\$147	\$145	\$149
Soccer	64	65	63	63	64
Football	51	52	51	50	51
Other	0	0	0	0	0
Total Anchor Tenant Events	\$264	\$266	\$262	\$257	\$264
Concerts					
Major	\$44	\$60	\$77	\$63	\$81
Minor	35	60	49	50	52
Ethnic	35	12	12	13	26
Total Concert Events	\$114	\$132	\$139	\$127	\$159
Family Shows					
Motor Related	\$33	\$34	\$35	\$36	\$37
Circus	68	28	43	44	38
Ice Shows	52	54	55	57	58
Stage Shows	24	19	26	26	27
Other	0	0	6	6	0
Total Family Show Events	\$178	\$135	\$165	\$169	\$160
Other Sports					
Boxing	\$38	\$28	\$37	\$27	\$19
NCAA	21	21	0	22	23
High School	8	9	9	9	9
Professional Exhibitions	0	0	0	27	27
Miscellaneous	3	7	7	3	0
Total Other Sporting Events	\$70	\$64	\$52	\$89	\$78
Trade Shows					
Trade/Exhibits	\$8	\$8	\$8	\$8	\$8
Other	0	0	0	0	0
Total Trade Show Events	\$8	\$8	\$8	\$8	\$8
TOTAL TICKET/RENT REVENUE TO ARENA	\$635	\$605	\$625	\$649	\$669

**Table 4
OTHER ARENA REVENUE SUMMARY (000)
SCENARIO #1 - BASE CASE - STOCKTON ARENA**

		Year				
		1	2	3	4	5
LUXURY SUITES						
Total Number of Suites		24	24	24	24	24
Suites Not Available for Lease - (1)		2	2	2	2	2
Suites Leased	Utilization	21	21	21	21	21
Gross Lease Price		\$35,000	\$36,050	\$37,132	\$38,245	\$39,393
Less: Ticket Revenues		8,964	9,188	9,418	9,653	9,895
Luxury Suite Premium	Escalation	\$26,036	\$26,862	\$27,714	\$28,592	\$29,498
Net Premium Revenue		\$547	\$564	\$582	\$600	\$619
Percentage to Arena		100.0%	100.0%	100.0%	100.0%	100.0%
Net Arena Luxury Suite Revenue		\$547	\$564	\$582	\$600	\$619
CLUB SEATS						
Number of Seats		500	500	500	500	500
Seats Unavailable for Lease		0	0	0	0	0
Seats Leased	Utilization	450	450	450	450	450
Gross Lease Price		\$1,200	\$1,236	\$1,273	\$1,311	\$1,351
Less: Ticket Revenues		747	769	792	816	841
Rental Premium	Escalation	\$453	\$467	\$481	\$495	\$510
Gross Revenue		\$204	\$210	\$216	\$223	\$229
Percentage to Arena		100.0%	100.0%	100.0%	100.0%	100.0%
Net Arena Club Seat Revenue		\$204	\$210	\$216	\$223	\$229
ADVERTISING						
Total Revenues	Escalation	\$700	\$721	\$743	\$765	\$788
Percentage to Arena		100.0%	100.0%	100.0%	100.0%	100.0%
Net Arena Advertising Revenue		\$700	\$721	\$743	\$765	\$788
NAMING RIGHTS						
Total Revenues	Escalation	\$500	\$515	\$530	\$546	\$563
Percentage to Arena		100.0%	100.0%	100.0%	100.0%	100.0%
Net Naming Rights Revenue (000)		\$500	\$515	\$530	\$546	\$563
NET CONCESSIONS						
Anchor Tenants		\$375	\$372	\$360	\$348	\$352
Concerts		187	222	241	215	269
Family Shows		121	92	112	114	107
Other Sports		98	89	80	122	104
Trade Show		12	12	13	13	13
Total Net Arena Concession Revenue (000)		\$793	\$787	\$806	\$812	\$845
NET NOVELTIES						
Anchor Tenants		\$0	\$0	\$0	\$0	\$0
Concerts		0	0	0	0	0
Family Shows		0	0	0	0	0
Other Sports		0	0	0	0	0
Trade Show		0	0	0	0	0
Total Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
NET PARKING						
Anchor Tenants		\$0	\$0	\$0	\$0	\$0
Concerts		0	0	0	0	0
Family Shows		0	0	0	0	0
Other Sports		0	0	0	0	0
Trade Show		0	0	0	0	0
Total Net Arena Parking Revenue (000)		\$0	\$0	\$0	\$0	\$0
BOX OFFICE FEE						
		\$0	\$0	\$0	\$0	\$0

(1) - Includes complimentary suites to teams and/or municipality.

Table 5
ARENA OPERATING EXPENSES
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year					
		1	2	3	4	5	
Operating Expenses							
Salaries and Wages							
	Full-Time Salaries and Wages	1.0	\$1,290	\$1,322	\$1,355	\$1,389	\$1,424
	Benefits	30.0%	387	397	407	417	427
	Total Salaries and Wages		\$1,677	\$1,719	\$1,762	\$1,806	\$1,851
Utilities							
	Electric		\$350	\$359	\$368	\$377	\$386
	Gas		200	205	210	215	221
	Water & Sewer		100	103	105	108	110
	Total Utilities	1.0	\$650	\$666	\$683	\$700	\$717
	Non-Reimbursed Event Expenses	1.0	\$318	\$300	\$312	\$309	\$303
	Management Expense	1.0	\$250	\$256	\$263	\$269	\$276
Other Expenses							
	Administrative Expenses		\$233	\$239	\$245	\$251	\$257
	Building Expenses		434	445	456	467	479
	Insurance Expense		107	110	113	116	119
	Professional Fees		105	108	111	114	117
	Total Other Expenses	1.0	\$879	\$902	\$925	\$948	\$972
TOTAL OPERATING EXPENSES			\$3,774	\$3,843	\$3,944	\$4,032	\$4,120

Table 6
ANCHOR HOCKEY
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		36	36	36	36	36
Average Paid Attendance - (General)		4.0	3.9	3.7	3.5	3.5
Avg. Club Seat Attendance		0.3	0.3	0.3	0.3	0.3
Avg. Luxury Suite Attend.		0.5	0.5	0.5	0.5	0.5
Total Paid Attendance (000)		169.3	165.7	158.7	152.0	152.0
Average Ticket Price General Seating		\$12.00	\$12.30	\$12.61	\$12.92	\$13.25
Average Ticket Price Luxury Box/Club		12.00	12.30	12.61	12.92	13.25
Gross Ticket Revenue (000)		\$2,031	\$2,038	\$2,000	\$1,964	\$2,013
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	169	166	159	152	152
Admissions Tax	0.0%	0	0	0	0	0
Net Ticket Revenue (000)		\$1,862	\$1,872	\$1,841	\$1,812	\$1,861
Facility Rent	8.0%	\$149	\$150	\$147	\$145	\$149
Less: No Show Percentage		5.0%	7.5%	10.0%	12.5%	15.0%
Add: Complimentary		10.0%	10.0%	10.0%	10.0%	10.0%
Concessions						
Actual Attendance		177.7	169.8	158.7	148.2	144.4
Per Capita - (2)		\$6.50	\$6.66	\$6.83	\$7.00	\$7.17
Gross Revenue (000)		\$1,155	\$1,131	\$1,083	\$1,037	\$1,036
Sales Tax	7.5%	81	79	76	72	72
Less: COGS/Operating Expenses	55.0%	635	622	596	570	570
Net Concession Revenue (000)		\$439	\$430	\$412	\$394	\$394
Less: Distribution to Franchise	50.0%	220	215	206	197	197
Net Concession Revenue (000)		\$220	\$215	\$206	\$197	\$197
Novelties						
Actual Attendance		177.7	169.8	158.7	148.2	144.4
Per Capita		\$1.25	\$1.28	\$1.31	\$1.35	\$1.38
Gross Revenue (000)		\$222	\$218	\$208	\$199	\$199
Sales Tax	7.5%	15	15	15	14	14
Less: COGS/Operating Expenses	75.0%	167	164	156	149	149
Net Novelty Revenue (000)		\$40	\$39	\$37	\$36	\$36
Less: Distribution to Franchise	100.0%	40	39	37	36	36
Net Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance		177.7	169.8	158.7	148.2	144.4
Patrons Per Car		3.00	3.00	3.00	3.00	3.00
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$296	\$290	\$278	\$266	\$266
Less: Parking Expenses	20.0%	59	58	56	53	53
Net Parking Revenue (000)		\$237	\$232	\$222	\$213	\$212
Less: Distribution to Other	100.0%	237	232	222	213	212
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 7
ANCHOR - SOCCER
SCENARIO #1 - BASE CASE - STOCKTON ARENA

	Year				
	1	2	3	4	5
Tickets					
Games/Performances	18	18	18	18	18
Average Paid Attendance - (General)	3.8	3.7	3.5	3.3	3.3
Avg. Club Seat Attendance	0.3	0.3	0.3	0.3	0.3
Avg. Luxury Suite Attend.	0.5	0.5	0.5	0.5	0.5
Total Paid Attendance (000)	80.1	78.4	75.2	72.0	72.0
Average Ticket Price General Seating	\$11.00	\$11.28	\$11.56	\$11.85	\$12.14
Average Ticket Price Luxury Box/Club	11.00	11.28	11.56	11.85	12.14
Gross Ticket Revenue (000)	\$881	\$885	\$869	\$853	\$875
Sales Tax	0.0%	0	0	0	0
Ticket Surcharge	\$1.00	80	78	75	72
Admissions Tax	0.0%	0	0	0	0
Net Ticket Revenue (000)	\$801	\$807	\$794	\$781	\$803
Facility Rent	8.0%	\$64	\$65	\$63	\$63
Less: No Show Percentage	10.0%	10.0%	12.5%	13.5%	15.0%
Add: Complimentary	10.0%	10.0%	13.5%	16.0%	17.5%
				18.5%	20.0%
Concessions					
Actual Attendance	80.1	79.2	75.9	72.8	72.8
Per Capita - (2)	\$6.00	\$6.15	\$6.30	\$6.46	\$6.62
Gross Revenue (000)	\$481	\$487	\$479	\$470	\$482
Sales Tax - (1)	7.5%	34	34	33	34
Less: COGS/Operating Expenses	55.0%	265	268	263	259
Net Concession Revenue (000)	\$183	\$185	\$182	\$179	\$183
Less: Distribution to Franchise	50.0%	91	93	91	89
Net Concession Revenue (000)	\$91	\$93	\$91	\$89	\$92
Novelties					
Actual Attendance	80.1	79.2	75.9	72.8	72.8
Per Capita	\$1.25	\$1.28	\$1.31	\$1.35	\$1.38
Gross Revenue (000)	\$100	\$102	\$100	\$98	\$100
Sales Tax - (1)	7.5%	7	7	7	7
Less: COGS/Operating Expenses	75.0%	75	77	75	74
Net Novelty Revenue (000)	\$18	\$18	\$18	\$18	\$18
Less: Distribution to Franchise	100.0%	18	18	18	18
Net Novelty Revenue (000)	\$0	\$0	\$0	\$0	\$0
Parking					
Actual Attendance	80.1	79.2	75.9	72.8	72.8
Patrons Per Car	3.00	3.00	3.00	3.00	3.00
Rate Per Car	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)	\$134	\$135	\$133	\$131	\$134
Less: Parking Expenses	20.0%	27	27	27	26
Net Parking Revenue (000)	\$107	\$108	\$106	\$104	\$107
Less: Distribution to Other	100.0%	107	108	106	104
Parking Revenue to Arena (000)	\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 8
ANCHOR - FOOTBALL
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		9	9	9	9	9
Average Paid Attendance - (General)		5.3	5.1	4.9	4.6	4.6
Avg. Club Seat Attendance		0.3	0.3	0.3	0.3	0.3
Avg. Luxury Suite Attend.		0.5	0.5	0.5	0.5	0.5
Total Paid Attendance (000)		53.6	52.4	50.1	47.9	47.9
Average Ticket Price General Seating		\$13.00	\$13.33	\$13.66	\$14.00	\$14.35
Average Ticket Price Luxury Box/Club		13.00	13.33	13.66	14.00	14.35
Gross Ticket Revenue (000)		\$696	\$698	\$684	\$671	\$687
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	54	52	50	48	48
Admissions Tax	0.0%	0	0	0	0	0
Net Ticket Revenue (000)		\$642	\$646	\$634	\$623	\$639
Facility Rent	8.0%	\$51	\$52	\$51	\$50	\$51
Less: No Show Percentage		5.0%	7.5%	10.0%	12.5%	15.0%
Add: Complimentary		10.0%	12.5%	15.0%	17.5%	20.0%
Concessions						
Actual Attendance		\$6.2	\$5.0	\$2.6	\$0.3	\$0.3
Per Capita - (2)		\$6.00	\$6.15	\$6.30	\$6.46	\$6.62
Gross Revenue (000)		\$337	\$338	\$331	\$325	\$333
Sales Tax - (1)	7.50%	24	24	23	23	23
Less: COGS/Operating Expenses	55.0%	185	186	182	179	183
Net Concession Revenue (000)		\$128	\$129	\$126	\$124	\$127
Less: Distribution to Franchise	50.0%	64	64	63	62	63
Net Concession Revenue (000)		\$64	\$64	\$63	\$62	\$63
Novelties						
Actual Attendance		\$6.2	\$5.0	\$2.6	\$0.3	\$0.3
Per Capita		\$1.25	\$1.28	\$1.31	\$1.35	\$1.38
Gross Revenue (000)		\$70	\$70	\$69	\$68	\$69
Sales Tax - (1)	7.50%	5	5	5	5	5
Less: COGS/Operating Expenses	75.0%	53	53	52	51	52
Net Novelty Revenue (000)		\$13	\$13	\$12	\$12	\$12
Less: Distribution to Franchise	100.0%	13	13	12	12	12
Net Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance		\$6.2	\$5.0	\$2.6	\$0.3	\$0.3
Patrons Per Car		3.00	3.00	3.00	3.00	3.00
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$94	\$94	\$92	\$90	\$93
Less Parking Expenses	20.0%	19	19	18	18	19
Net Parking Revenue (000)		\$75	\$75	\$74	\$72	\$74
Less: Distribution to Other	100.0%	75	75	74	72	74
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 9
ANCHOR - OTHER
SCENARIO #1 - BASE CASE - STOCKTON ARENA

	Year				
	1	2	3	4	5
Tickets					
Games/Performances	0	0	0	0	0
Average Paid Attendance - (General)	0.0	0.0	0.0	0.0	0.0
Avg. Club Seat Attendance	0.0	0.0	0.0	0.0	0.0
Avg. Luxury Suite Attend.	0.0	0.0	0.0	0.0	0.0
Total Paid Attendance (000)	0.0	0.0	0.0	0.0	0.0
Average Ticket Price General Seating	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Average Ticket Price Luxury Box/Club	0.00	0.00	0.00	0.00	0.00
Gross Ticket Revenue (000)	\$0	\$0	\$0	\$0	\$0
Sales Tax	0.0%	0	0	0	0
Ticket Surcharge	\$1.00	0	0	0	0
Admissions Tax	0.00%	0	0	0	0
Net Ticket Revenue	\$0	\$0	\$0	\$0	\$0
Facility Rent	8.0%	\$0	\$0	\$0	\$0
No Show Percentage	10.0%	10.0%	10.0%	10.0%	10.0%
Add: Complimentary	10.0%	10.0%	10.0%	10.0%	10.0%
Concessions					
Actual Attendance (000)	0.0	0.0	0.0	0.0	0.0
Per Capita - (2)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Revenue (000)	\$0	\$0	\$0	\$0	\$0
Sales Tax - (1)	7.5%	0	0	0	0
Less: COGS/Operating Expenses	55.0%	0	0	0	0
Net Arena Concession Revenue (000)	\$0	\$0	\$0	\$0	\$0
Less: Distribution to Franchise	0.0%	0	0	0	0
Net Arena Concession Revenue (000)	\$0	\$0	\$0	\$0	\$0
Novelties					
Actual Attendance (000)	0.0	0.0	0.0	0.0	0.0
Per Capita	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Revenue (000)	\$0	\$0	\$0	\$0	\$0
Sales Tax - (1)	7.5%	0	0	0	0
Less: COGS/Operating Expenses	75.0%	0	0	0	0
Net Novelty Revenue	\$0	\$0	\$0	\$0	\$0
Less: Distribution to Franchise	100.0%	\$0	\$0	\$0	\$0
Net Arena Novelty Revenue (000)	\$0	\$0	\$0	\$0	\$0
Parking					
Actual Attendance (000)	0.0	0.0	0.0	0.0	0.0
Patrons Per Car	3.0	3.0	3.0	3.0	3.0
Rate Per Car	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)	\$0	\$0	\$0	\$0	\$0
Operating Expenses	20.0%	0	0	0	0
Net Arena Parking Revenue (000)	\$0	\$0	\$0	\$0	\$0
Less: Distribution to Other	100.0%	0	0	0	0
Parking Revenue to Arena (000)	\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 10
CONCERTS - MAJOR
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		3	4	5	4	5
Average Paid Attendance - (General)		7.0	7.0	7.0	7.0	7.0
Avg. Club Seat Attendance		0.5	0.5	0.5	0.5	0.5
Avg. Luxury Suite Attend.		0.3	0.3	0.3	0.3	0.3
Total Paid Attendance (000)		23.1	30.8	38.5	30.8	38.5
Average Ticket Price General Seating		\$37.50	\$38.44	\$39.40	\$40.38	\$41.39
Average Ticket Price Luxury Box/Club		56.25	57.66	59.10	60.58	62.09
Gross Ticket Revenue (000)		\$906	\$1,180	\$1,512	\$1,240	\$1,588
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	23	31	39	31	39
Admissions Tax	0.00%	0	0	0	0	0
Net Ticket Revenue		\$883	\$1,207	\$1,547	\$1,270	\$1,628
Facility Rent	5.0%	\$44	\$60	\$77	\$63	\$81
No Show Percentage		5.0%	5.0%	5.0%	5.0%	5.0%
Add: Complimentary		5.0%	5.0%	5.0%	5.0%	5.0%
Concessions						
Actual Attendance (000)		23.1	30.8	38.5	30.8	38.5
Per Capita - (2)		\$10.00	\$10.25	\$10.51	\$10.77	\$11.04
Gross Revenue (000)		\$231	\$316	\$405	\$332	\$425
Sales Tax - (1)	7.5%	16	24	30	25	32
Less: COGS/Operating Expenses	55.0%	127	174	223	183	234
Net Arena Concession Revenue (000)		\$88	\$118	\$152	\$124	\$159
Less: Distribution to Promoter	0.0%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$88	\$118	\$152	\$124	\$159
Novelties						
Actual Attendance (000)		23.1	30.8	38.5	30.8	38.5
Per Capita		\$3.00	\$3.08	\$3.15	\$3.23	\$3.31
Gross Revenue (000)		69	95	121	100	128
Sales Tax - (1)	7.5%	5	7	9	8	10
Less: COGS/Operating Expenses	75.0%	52	71	91	75	96
Net Novelty Revenue		\$12	\$17	\$21	\$17	\$22
Less: Distribution to Promoter	100.0%	12	17	21	17	22
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		23.1	30.8	38.5	30.8	38.5
Patrons Per Car		3.0	3.0	3.0	3.0	3.0
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$39	\$53	\$67	\$55	\$71
Operating Expenses	20.0%	8	11	13	11	14
Net Arena Parking Revenue (000)		\$31	\$42	\$54	\$44	\$57
Less: Distribution to Other	100.0%	31	42	54	44	57
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 11
CONCERTS - MINOR
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		3	5	4	4	4
Average Paid Attendance - (General)		5.0	5.0	5.0	5.0	5.0
Avg. Club Seat Attendance		0.5	0.5	0.5	0.5	0.5
Avg. Luxury Suite Attend.		0.3	0.3	0.3	0.3	0.3
Total Paid Attendance (000)		17.1	28.5	22.8	22.8	22.8
Average Ticket Price General Seating		\$25.00	\$25.63	\$26.27	\$26.92	\$27.60
Average Ticket Price Luxury Box/Club		37.50	38.44	39.40	40.38	41.39
Gross Ticket Revenue (000)		\$454	\$727	\$596	\$611	\$626
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	17	29	23	23	23
Admissions Tax	0.00%	0	0	0	0	0
Net Ticket Revenue		\$437	\$747	\$613	\$629	\$645
Facility Rent	8.0%	\$35	\$60	\$49	\$50	\$52
No Show Percentage		5.0%	5.0%	5.0%	5.0%	5.0%
Add: Complimentary		5.0%	5.0%	5.0%	5.0%	5.0%
Concessions						
Actual Attendance (000)		17.1	28.5	22.8	22.8	22.8
Per Capita - (2)		\$8.00	\$8.20	\$8.41	\$8.62	\$8.83
Gross Revenue (000)		\$137	\$234	\$192	\$196	\$201
Sales Tax - (1)	7.5%	10	18	14	15	15
Less: COGS/Operating Expenses	55.0%	75	129	106	108	111
Net Arena Concession Revenue (000)		\$52	\$87	\$72	\$73	\$75
Less: Distribution to Promoter	0.0%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$52	\$87	\$72	\$73	\$75
Novelties						
Actual Attendance (000)		17.1	28.5	22.8	22.8	22.8
Per Capita		\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Gross Revenue (000)		34	58	48	49	50
Sales Tax - (1)	7.5%	2	4	4	4	4
Less: COGS/Operating Expenses	75.0%	26	44	36	37	38
Net Novelty Revenue		\$6	\$11	\$8	\$8	\$9
Less: Distribution to Promoter	100.0%	6	11	8	8	9
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		17.1	28.5	22.8	22.8	22.8
Patrons Per Car		3.0	3.0	3.0	3.0	3.0
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$29	\$49	\$40	\$41	\$42
Operating Expenses	20.0%	6	10	8	8	8
Net Arena Parking Revenue (000)		\$23	\$39	\$32	\$33	\$34
Less: Distribution to Other	100.0%	23	39	32	33	34
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 12
CONCERTS - ETHNIC
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		3	1	1	1	2
Average Paid Attendance - (General)		4.5	4.5	4.5	4.5	4.5
Avg. Club Seat Attendance		0.5	0.5	0.5	0.5	0.5
Avg. Luxury Suite Attend.		0.3	0.3	0.3	0.3	0.3
Total Paid Attendance (000)		15.6	5.2	5.2	5.2	10.4
Average Ticket Price General Seating		\$27.50	\$28.19	\$28.89	\$29.61	\$30.35
Average Ticket Price Luxury Box/Club		41.25	42.28	43.34	44.42	45.53
Gross Ticket Revenue (000)		\$458	\$146	\$150	\$153	\$314
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	16	5	5	5	10
Admissions Tax	0.00%	0	0	0	0	0
Net Ticket Revenue		\$442	\$152	\$155	\$159	\$327
Facility Rent	8.0%	\$35	\$12	\$12	\$13	\$26
No Show Percentage		5.0%	5.0%	5.0%	5.0%	5.0%
Add: Complimentary		5.0%	5.0%	5.0%	5.0%	5.0%
Concessions						
Actual Attendance (000)		15.6	5.2	5.2	5.2	10.4
Per Capita - (2)		\$8.00	\$8.20	\$8.41	\$8.62	\$8.83
Gross Revenue (000)		\$125	\$43	\$44	\$45	\$92
Sales Tax - (1)	7.5%	9	3	3	3	7
Less: COGS/Operating Expenses	55.0%	69	24	24	25	51
Net Arena Concession Revenue (000)		\$48	\$16	\$17	\$17	\$34
Less: Distribution to Promoter	0.0%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$48	\$16	\$17	\$17	\$34
Novelties						
Actual Attendance (000)		15.6	5.2	5.2	5.2	10.4
Per Capita		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		78	27	27	28	57
Sales Tax - (1)	7.5%	5	2	2	2	4
Less: COGS/Operating Expenses	75.0%	59	20	20	21	43
Net Novelty Revenue		\$14	\$5	\$5	\$5	\$10
Less: Distribution to Promoter	100.0%	14	5	5	5	10
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		15.6	5.2	5.2	5.2	10.4
Patrons Per Car		4.5	4.5	4.5	4.5	4.5
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$17	\$6	\$6	\$6	\$13
Operating Expenses	20.0%	3	1	1	1	3
Net Arena Parking Revenue (000)		\$14	\$5	\$5	\$5	\$10
Less: Distribution to Other	100.0%	14	5	5	5	10
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 13
FAMILY - MOTOR RELATED
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		2	2	2	2	2
Average Paid Attendance - (General)		6.0	6.0	6.0	6.0	6.0
Avg. Club Seat Attendance		0.4	0.4	0.4	0.4	0.4
Avg. Luxury Suite Attend.		0.2	0.2	0.2	0.2	0.2
Total Paid Attendance (000)		13.3	13.3	13.3	13.3	13.3
Average Ticket Price General Seating		\$25.00	\$25.63	\$26.27	\$26.92	\$27.60
Average Ticket Price Luxury Box/Club		37.50	38.44	39.40	40.38	41.39
Gross Ticket Revenue (000)		\$347	\$339	\$347	\$356	\$365
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	13	13	13	13	13
Admissions Tax	0.00%	0	0	0	0	0
Net Ticket Revenue		\$334	\$343	\$352	\$361	\$370
Facility Rent	10.0%	\$33	\$34	\$35	\$36	\$37
No Show Percentage		5.0%	5.0%	5.0%	5.0%	5.0%
Add: Complimentary		5.0%	5.0%	5.0%	5.0%	5.0%
Concessions						
Actual Attendance (000)		13.3	13.3	13.3	13.3	13.3
Per Capita - (2)		\$6.00	\$6.15	\$6.30	\$6.46	\$6.62
Gross Revenue (000)		\$80	\$82	\$84	\$86	\$88
Sales Tax - (1)	7.5%	6	6	6	6	7
Less: COGS/Operating Expenses	55.0%	44	45	46	47	48
Net Arena Concession Revenue (000)		\$30	\$31	\$32	\$33	\$33
Less: Distribution to Promoter/Tenant	0.0%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$30	\$31	\$32	\$33	\$33
Novelties						
Actual Attendance (000)		13.3	13.3	13.3	13.3	13.3
Per Capita		\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Gross Revenue (000)		27	27	28	29	29
Sales Tax - (1)	7.5%	2	2	2	2	2
Less: COGS/Operating Expenses	75.0%	20	20	21	22	22
Net Novelty Revenue		\$5	\$5	\$5	\$5	\$5
Less: Distribution to Promoter/Tenant	100.0%	5	5	5	5	5
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		13.3	13.3	13.3	13.3	13.3
Patrons Per Car		4.5	4.5	4.5	4.5	4.5
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$15	\$15	\$15	\$16	\$16
Operating Expenses	20.0%	3	3	3	3	3
Net Arena Parking Revenue (000)		\$12	\$12	\$12	\$13	\$13
Less: Distribution to Other	100.0%	12	12	12	13	13
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 14
FAMILY - CIRCUS
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		10	4	6	6	5
Average Paid Attendance - (General)		4.0	4.0	4.0	4.0	4.0
Avg. Club Seat Attendance		0.4	0.4	0.4	0.4	0.4
Avg. Luxury Suite Attend.		0.2	0.2	0.2	0.2	0.2
Total Paid Attendance (000)		45.6	18.2	27.4	27.4	22.8
Average Ticket Price General Seating		\$15.00	\$15.38	\$15.76	\$16.15	\$16.56
Average Ticket Price Luxury Box/Club		22.50	23.06	23.64	24.23	24.84
Gross Ticket Revenue (000)		\$726	\$279	\$429	\$440	\$376
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	46	18	27	27	23
Admissions Tax	0.00%	0	0	0	0	0
Net Ticket Revenue		\$680	\$280	\$431	\$442	\$378
Facility Rent	10.0%	\$68	\$28	\$43	\$44	\$38
No Show Percentage		10.0%	10.0%	10.0%	10.0%	10.0%
Add: Complimentary		10.0%	10.0%	10.0%	10.0%	10.0%
Concessions						
Actual Attendance (000)		45.6	18.2	27.4	27.4	22.8
Per Capita - (2)		\$2.50	\$2.56	\$2.63	\$2.69	\$2.76
Gross Revenue (000)		\$114	\$47	\$72	\$74	\$63
Sales Tax - (1)	7.5%	8	4	5	6	5
Less: COGS/Operating Expenses	55.0%	63	26	40	41	35
Net Arena Concession Revenue (000)		\$43	\$17	\$27	\$27	\$23
Less: Distribution to Promoter/Tenant	0.0%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$43	\$17	\$27	\$27	\$23
Novelties						
Actual Attendance (000)		45.6	18.2	27.4	27.4	22.8
Per Capita		\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Gross Revenue (000)		91	37	58	59	50
Sales Tax - (1)	7.5%	6	3	4	4	4
Less: COGS/Operating Expenses	75.0%	68	28	44	44	38
Net Novelty Revenue		\$16	\$6	\$11	\$11	\$9
Less: Distribution to Promoter/Franchise	100.0%	16	6	11	11	9
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		45.6	18.2	27.4	27.4	22.8
Patrons Per Car		4.5	4.5	4.5	4.5	4.5
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$51	\$21	\$32	\$33	\$28
Operating Expenses	20.0%	10	4	6	7	6
Net Arena Parking Revenue (000)		\$41	\$17	\$26	\$26	\$22
Less: Distribution to Other	100.0%	41	17	26	26	22

Table 15
FAMILY - ICE SHOWS
SCENARIO #1 - BASE CASE - STOCKTON ARENA

Table 15
FAMILY - ICE SHOWS
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		6	6	6	6	6
Average Paid Attendance - (General)		4.0	4.0	4.0	4.0	4.0
Avg. Club Seat Attendance		0.4	0.4	0.4	0.4	0.4
Avg. Luxury Suite Attend.		0.2	0.2	0.2	0.2	0.2
Total Paid Attendance (000)		27.4	27.4	27.4	27.4	27.4
Average Ticket Price General Seating		\$25.00	\$25.63	\$26.27	\$26.92	\$27.60
Average Ticket Price Luxury Box/Club		37.50	38.44	39.40	40.38	41.39
Gross Ticket Revenue (000)		\$726	\$698	\$715	\$733	\$752
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	27	27	27	27	27
Admissions Tax	0.00%	0	0	0	0	0
Net Ticket Revenue		\$699	\$718	\$736	\$755	\$775
Facility Rent	7.5%	\$52	\$54	\$55	\$57	\$58
No Show Percentage		10.0%	10.0%	10.0%	10.0%	10.0%
Add: Complimentary		10.0%	10.0%	10.0%	10.0%	10.0%
Concessions						
Actual Attendance (000)		27.4	27.4	27.4	27.4	27.4
Per Capita - (2)		\$3.00	\$3.08	\$3.15	\$3.23	\$3.31
Gross Revenue (000)		\$82	\$84	\$86	\$88	\$91
Sales Tax - (1)	7.5%	6	6	6	7	7
Less: COGS/Operating Expenses	55.0%	45	46	47	48	50
Net Arena Concession Revenue (000)		\$31	\$32	\$33	\$33	\$34
Less: Distribution to Promoter/Tenant	0.0%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$31	\$32	\$33	\$33	\$34
Novelties						
Actual Attendance (000)		27.4	27.4	27.4	27.4	27.4
Per Capita		\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Gross Revenue (000)		55	56	58	59	60
Sales Tax - (1)	7.5%	4	4	4	4	5
Less: COGS/Operating Expenses	75.0%	41	42	44	44	45
Net Novelty Revenue		\$10	\$10	\$11	\$11	\$10
Less: Distribution to Promoter/Franchise	100.0%	10	10	11	11	10
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		27.4	27.4	27.4	27.4	27.4
Patrons Per Car		4.5	4.5	4.5	4.5	4.5
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$30	\$31	\$32	\$33	\$34
Operating Expenses	20.0%	6	6	6	7	7
Net Parking Revenue (000)		\$24	\$25	\$26	\$26	\$27
Less: Distribution to Other	100.0%	24	25	26	26	27
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 16
FAMILY - STAGE SHOWS
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		4	3	4	4	4
Average Paid Attendance - (General)		3.5	3.5	3.5	3.5	3.5
Avg. Club Seat Attendance		0.4	0.4	0.4	0.4	0.4
Avg. Luxury Suite Attend.		0.2	0.2	0.2	0.2	0.2
Total Paid Attendance (000)		16.2	12.2	16.2	16.2	16.2
Average Ticket Price General Seating		\$15.00	\$15.38	\$15.76	\$16.15	\$16.56
Average Ticket Price Luxury Box/Club		22.50	23.06	23.64	24.23	24.84
Gross Ticket Revenue (000)		\$261	\$186	\$255	\$261	\$268
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	16	12	16	16	16
Admissions Tax	0.00%	0	0	0	0	0
Net Ticket Revenue		\$245	\$188	\$258	\$265	\$272
Facility Rent	10.0%	\$24	\$19	\$26	\$26	\$27
No Show Percentage		10.0%	10.0%	10.0%	10.0%	10.0%
Add: Complimentary		10.0%	10.0%	10.0%	10.0%	10.0%
Concessions						
Actual Attendance (000)		16.2	12.2	16.2	16.2	16.2
Per Capita - (2)		\$2.50	\$2.56	\$2.63	\$2.69	\$2.76
Gross Revenue (000)		\$41	\$31	\$43	\$44	\$45
Sales Tax - (1)	7.5%	3	2	3	3	3
Less: COGS/Operating Expenses	55.0%	23	17	24	24	25
Net Arena Concession Revenue (000)		\$16	\$12	\$16	\$17	\$17
Less: Distribution to Promoter/Tenant	0.0%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$16	\$12	\$16	\$17	\$17
Novelties						
Actual Attendance (000)		16.2	12.2	16.2	16.2	16.2
Per Capita		\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Gross Revenue (000)		32	25	34	35	36
Sales Tax - (1)	7.5%	2	2	3	3	3
Less: COGS/Operating Expenses	75.0%	24	19	26	26	27
Net Novelty Revenue		\$6	\$4	\$6	\$6	\$6
Less: Distribution to Promoter/Franchise	100.0%	6	4	6	6	6
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		16.2	12.2	16.2	16.2	16.2
Patrons Per Car		3.0	3.0	3.0	3.0	3.0
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$27	\$21	\$28	\$29	\$30
Operating Expenses	20.0%	5	4	6	6	6
Net Arena Parking Revenue (000)		\$22	\$17	\$23	\$23	\$24
Less: Distribution to Other	100.0%	22	17	23	23	24
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 17
FAMILY - OTHER
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		0	0	1	1	0
Average Paid Attendance - (General)		3.0	3.0	3.0	3.0	3.0
Avg. Club Seat Attendance		0.4	0.4	0.4	0.4	0.4
Avg. Luxury Suite Attend.		0.2	0.2	0.2	0.2	0.2
Total Paid Attendance (000)		0.0	0.0	3.6	3.6	0.0
Average Ticket Price General Seating		\$15.00	\$15.38	\$15.76	\$16.15	\$16.56
Average Ticket Price Luxury Box/Club		22.50	23.06	23.64	24.23	24.84
Gross Ticket Revenue (000)		\$0	\$0	\$56	\$57	\$0
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	0	0	4	4	0
Admissions Tax	0.00%	0	0	0	0	0
Net Ticket Revenue		\$0	\$0	\$57	\$58	\$0
Facility Rent	10.0%	\$0	\$0	\$6	\$6	\$0
No Show Percentage		15.0%	15.0%	15.0%	15.0%	15.0%
Add: Complimentary		15.0%	15.0%	15.0%	15.0%	15.0%
Concessions						
Actual Attendance (000)		0.0	0.0	3.6	3.6	0.0
Per Capita - (2)		\$3.00	\$3.08	\$3.15	\$3.23	\$3.31
Gross Revenue (000)		\$0	\$0	\$11	\$12	\$0
Sales Tax - (1)	7.5%	0	0	1	1	0
Less: COGS/Operating Expenses	55.0%	0	0	6	7	0
Net Arena Concession Revenue (000)		\$0	\$0	\$4	\$4	\$0
Less: Distribution to Promoter/Tenant	0.0%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$0	\$0	\$4	\$4	\$0
Novelties						
Actual Attendance (000)		0.0	0.0	3.6	3.6	0.0
Per Capita		\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Gross Revenue (000)		0	0	7	8	0
Sales Tax - (1)	7.5%	0	0	1	1	0
Less: COGS/Operating Expenses	75.0%	0	0	5	6	0
Net Novelty Revenue		\$0	\$0	\$1	\$1	\$0
Less: Distribution to Promoter/Franchise	100.0%	0	0	1	1	0
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		0.0	0.0	3.6	3.6	0.0
Patrons Per Car		4.5	4.5	4.5	4.5	4.5
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$0	\$0	\$4	\$4	\$0
Operating Expenses	20.0%	0	0	1	1	0
Net Arena Parking Revenue (000)		\$0	\$0	\$3	\$3	\$0
Less: Distribution to Other	100.0%	0	0	3	3	0
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 18
OTHER - BOXING
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		4	3	4	3	2
Average Paid Attendance - (General)		4.0	3.8	3.6	3.4	3.4
Avg. Club Seat Attendance		0.4	0.4	0.4	0.4	0.4
Avg. Luxury Suite Attend.		0.2	0.2	0.2	0.2	0.2
Total Paid Attendance (000)		18.5	13.3	17.0	12.2	8.1
Average Ticket Price General Seating		\$20.00	\$20.50	\$21.01	\$21.54	\$22.08
Average Ticket Price Luxury Box/Club		30.00	30.75	31.52	32.31	33.11
Gross Ticket Revenue (000)		\$396	\$271	\$354	\$261	\$178
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	19	13	17	12	8
Admissions Tax	0.00%	0	0	0	0	0
Net Ticket Revenue		\$377	\$279	\$366	\$271	\$185
Facility Rent	10.0%	\$38	\$28	\$37	\$27	\$19
No Show Percentage		10.0%	10.0%	10.0%	10.0%	10.0%
Add: Complimentary		15.0%	15.0%	15.0%	15.0%	15.0%
Concessions						
Actual Attendance (000)		19.5	14.0	17.8	12.8	8.5
Per Capita - (2)		\$8.00	\$8.20	\$8.41	\$8.62	\$8.83
Gross Revenue (000)		\$156	\$114	\$150	\$110	\$75
Sales Tax - (1)	7.5%	11	9	11	8	6
Less: COGS/Operating Expenses	55.0%	86	63	83	61	41
Net Arena Concession Revenue (000)		\$59	\$42	\$57	\$42	\$28
Less: Distribution to Promoter/Tenant	0.0%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$59	\$42	\$57	\$42	\$28
Novelties						
Actual Attendance (000)		19.5	14.0	17.8	12.8	8.5
Per Capita		\$1.50	\$1.54	\$1.58	\$1.62	\$1.66
Gross Revenue (000)		29	21	28	21	14
Sales Tax - (1)	7.5%	2	2	2	2	1
Less: COGS/Operating Expenses	75.0%	22	16	21	16	11
Net Novelty Revenue		\$5	\$3	\$5	\$3	\$3
Less: Distribution to Promoter/Franchise	100.0%	5	3	5	3	3
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		19.5	14.0	17.8	12.8	8.5
Patrons Per Car		3.0	3.0	3.0	3.0	3.0
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$32	\$24	\$31	\$23	\$16
Operating Expenses	20.0%	6	5	6	5	3
Net Parking Revenue (000)		\$26	\$19	\$25	\$18	\$13
Less: Distribution to Other	100.0%	26	19	25	18	13
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 19
OTHER - NCAA EVENTS
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		1	1	0	1	1
Average Paid Attendance (000) - (General Seating)		7.5	7.5	7.5	7.5	7.5
Avg. Club Seat Attendance		0.5	0.5	0.5	0.5	0.5
Avg. Luxury Suite Attend.		0.3	0.3	0.3	0.3	0.3
Total Paid Attendance (000)		8.2	8.2	0.0	8.2	8.2
Average Ticket Price General Seating		\$25.00	\$25.63	\$26.27	\$26.92	\$27.60
Average Ticket Price Luxury Box/Club		37.50	38.44	39.40	40.38	41.39
Gross Ticket Revenue (000)		\$214	\$209	\$0	\$220	\$226
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	8	8	0	8	8
Admissions Tax	0.0%	0	0	0	0	0
Net Ticket Revenue		\$206	\$211	\$0	\$222	\$228
Facility Rent	10.0%	\$21	\$21	\$0	\$22	\$23
No Show Percentage		5.0%	5.0%	5.0%	5.0%	5.0%
Add: Complimentary		5.0%	5.0%	5.0%	5.0%	5.0%
Concessions						
Actual Attendance (000)		8.2	8.2	0.0	8.2	8.2
Per Capita - (2)		\$7.00	\$7.18	\$7.35	\$7.54	\$7.73
Gross Revenue (000)		\$57	\$59	\$0	\$62	\$63
Sales Tax - (1)	7.50%	4	4	0	5	5
Less: COGS/Operating Expenses	55.0%	31	32	0	34	35
Net Concession Revenue (000)		\$22	\$23	\$0	\$23	\$23
Less: Distribution to Promoter/Tenant	0.00%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$22	\$23	\$0	\$23	\$23
Novelties						
Actual Attendance (000)		8.2	8.2	0.0	8.2	8.2
Per Capita		\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Gross Revenue (000)		\$16	\$17	\$0	\$18	\$18
Sales Tax - (1)	7.5%	1	1	0	1	1
Less: COGS/Operating Expenses	75.0%	12	13	0	14	14
Net Novelty Revenue		\$3	\$3	\$0	\$4	\$4
Less: Distribution to Promoter/Franchise	100.0%	3	3	0	4	4
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		8.2	8.2	0.0	8.2	8.2
Patrons Per Car		3.0	3.0	3.0	3.0	3.0
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$14	\$14	\$0	\$15	\$15
Operating Expenses	20.0%	3	3	0	3	3
Net Arena Parking Revenue (000)		\$11	\$11	\$0	\$12	\$12
Less: Distribution to Other	100.0%	11	11	0	12	12
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 20
OTHER - HIGH SCHOOL SPORTS
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		3	3	3	3	3
Average Paid Attendance (000) - (General Seating)		2.5	2.5	2.5	2.5	2.5
Avg. Club Seat Attendance		0.3	0.3	0.3	0.3	0.3
Avg. Luxury Suite Attend.		0.2	0.2	0.2	0.2	0.2
Total Paid Attendance (000)		8.8	8.8	8.8	8.8	8.8
Average Ticket Price General Seating		\$10.00	\$10.25	\$10.51	\$10.77	\$11.04
Average Ticket Price Luxury Box/Club		15.00	15.38	15.76	16.15	16.56
Gross Ticket Revenue (000)		\$94	\$89	\$92	\$94	\$96
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	9	9	9	9	9
Admissions Tax	0.00%	0	0	0	0	0
Net Ticket Revenue		\$85	\$87	\$90	\$92	\$95
Facility Rent	10.0%	\$8	\$9	\$9	\$9	\$9
No Show Percentage		5.0%	5.0%	5.0%	5.0%	5.0%
Add: Complimentary		15.0%	15.0%	15.0%	15.0%	15.0%
Concessions						
Actual Attendance (000)		9.6	9.6	9.6	9.6	9.6
Per Capita - (2)		\$3.00	\$3.08	\$3.15	\$3.23	\$3.31
Gross Revenue (000)		\$29	\$30	\$30	\$31	\$32
Sales Tax - (1)	7.5%	2	2	2	2	2
Less: COGS/Operating Expenses	55.0%	16	17	17	17	18
Net Arena Concession Revenue (000)		\$11	\$12	\$12	\$12	\$12
Less: Distribution to Promoter/Tenant	0.0%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$11	\$12	\$12	\$12	\$12
Novelties						
Actual Attendance (000)		9.6	9.6	9.6	9.6	9.6
Per Capita		\$1.00	\$1.03	\$1.05	\$1.08	\$1.10
Gross Revenue (000)		\$10	\$10	\$10	\$10	\$11
Sales Tax - (1)	7.5%	1	1	1	1	1
Less: COGS/Operating Expenses	75.0%	8	8	8	8	8
Net Novelty Revenue		\$2	\$2	\$2	\$2	\$2
Less: Distribution to Promoter/Franchise	100.0%	2	2	2	2	2
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		9.6	9.6	9.6	9.6	9.6
Patrons Per Car		3.0	3.0	3.0	3.0	3.0
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$16	\$16	\$17	\$17	\$18
Operating Expenses	20.0%	3	3	3	3	4
Net Arena Parking Revenue (000)		\$13	\$13	\$14	\$14	\$14
Less: Distribution to Other	100.0%	13	13	14	14	14
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 21
OTHER - PROFESSIONAL EXHIBITION SPORTS
SCENARIO #1 - BASE CASE - STOCKTON ARENA

	Year				
	1	2	3	4	5
Tickets					
Games/Performances	0	0	0	1	1
Average Paid Attendance (000) - (General Seating)	9.0	9.0	9.0	9.0	9.0
Avg. Club Seat Attendance	0.5	0.5	0.5	0.5	0.5
Avg. Luxury Suite Attend.	0.3	0.3	0.3	0.3	0.3
Total Paid Attendance (000)	0.0	0.0	0.0	9.7	9.7
Average Ticket Price General Seating	\$50.00	\$51.25	\$52.53	\$53.84	\$55.19
Average Ticket Price Luxury Box/Club	75.00	76.88	78.80	80.77	82.79
Gross Ticket Revenue (000)	\$0	\$0	\$0	\$521	\$534
Sales Tax	0.0%	0	0	0	0
Ticket Surcharge	\$1.00	0	0	10	10
Admissions Tax	0.00%	0	0	0	0
Net Ticket Revenue	\$0	\$0	\$0	\$531	\$545
Facility Rent	5.0%	\$0	\$0	\$27	\$27
No Show Percentage	5.0%	5.0%	5.0%	5.0%	5.0%
Add: Complimentary	5.0%	5.0%	5.0%	5.0%	5.0%
Concessions					
Actual Attendance (000)	0.0	0.0	0.0	9.7	9.7
Per Capita - (2)	\$10.00	\$10.25	\$10.51	\$10.77	\$11.04
Gross Revenue (000)	\$0	\$0	\$0	\$104	\$107
Sales Tax - (1)	7.5%	0	0	8	8
Less: COGS/Operating Expenses	55.0%	0	0	57	59
Net Arena Concession Revenue (000)	\$0	\$0	\$0	\$39	\$40
Less: Distribution to Promoter/Tenant	0.0%	0	0	0	0
Net Arena Concession Revenue (000)	\$0	\$0	\$0	\$39	\$40
Novelties					
Actual Attendance (000)	0.0	0.0	0.0	9.7	9.7
Per Capita	\$3.00	\$3.08	\$3.15	\$3.23	\$3.31
Gross Revenue (000)	\$0	\$0	\$0	\$31	\$32
Sales Tax - (1)	7.5%	0	0	2	2
Less: COGS/Operating Expenses	75.0%	0	0	23	24
Net Novelty Revenue	\$0	\$0	\$0	\$6	\$6
Less: Distribution to Promoter/Franchise	100.0%	\$0	\$0	\$6	\$6
Net Arena Novelty Revenue (000)	\$0	\$0	\$0	\$0	\$0
Parking					
Actual Attendance (000)	0.0	0.0	0.0	9.7	9.7
Patrons Per Car	3.0	3.0	3.0	3.0	3.0
Rate Per Car	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)	\$0	\$0	\$0	\$17	\$18
Operating Expenses	20.0%	0	0	3	4
Net Arena Parking Revenue (000)	\$0	\$0	\$0	\$14	\$14
Less: Distribution to Other	100.0%	0	0	14	14
Parking Revenue to Arena (000)	\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 22
OTHER - MISCELLANEOUS EVENTS
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Tickets						
Games/Performances		1	2	2	1	0
Average Paid Attendance (000) - (General Seating)		2.8	2.8	2.8	2.8	2.8
Avg. Club Seat Attendance		0.3	0.3	0.3	0.3	0.3
Avg. Luxury Suite Attend.		0.2	0.2	0.2	0.2	0.2
Total Paid Attendance (000)		3.2	6.5	6.5	3.2	0.0
Average Ticket Price General Seating		\$10.00	\$10.25	\$10.51	\$10.77	\$11.04
Average Ticket Price Luxury Box/Club		15.00	15.38	15.76	16.15	16.56
Gross Ticket Revenue (000)		\$35	\$66	\$68	\$35	\$0
Sales Tax	0.0%	0	0	0	0	0
Ticket Surcharge	\$1.00	3	6	6	3	0
Admissions Tax	0.00%	0	0	0	0	0
Net Ticket Revenue		\$32	\$65	\$67	\$35	\$0
Facility Rent Per Event (000s)	10.0%	\$3	\$7	\$7	\$3	\$0
No Show Percentage		10.0%	10.0%	10.0%	10.0%	10.0%
Add: Complimentary		10.0%	10.0%	10.0%	10.0%	10.0%
Concessions						
Actual Attendance (000)		3.2	6.5	6.5	3.2	0.0
Per Capita - (2)		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$16	\$33	\$34	\$17	\$0
Sales Tax - (1)	7.5%	1	2	3	1	0
Less: COGS/Operating Expenses	55.0%	9	18	19	9	0
Net Arena Concession Revenue (000)		\$6	\$13	\$12	\$7	\$0
Less: Distribution to Promoter/Tenant	0.0%	0	0	0	0	0
Net Arena Concession Revenue (000)		\$6	\$13	\$12	\$7	\$0
Novelties						
Actual Attendance (000)		3.2	6.5	6.5	3.2	0.0
Per Capita		\$1.00	\$1.03	\$1.05	\$1.08	\$1.10
Gross Revenue (000)		3	7	7	3	0
Sales Tax - (1)	7.5%	0	1	1	0	0
Less: COGS/Operating Expenses	75.0%	2	5	5	2	0
Net Novelty Revenue		\$1	\$1	\$1	\$1	\$0
Less: Distribution to Promoter/Franchise	100.0%	1	1	1	1	0
Net Arena Novelty Revenue (000)		\$0	\$0	\$0	\$0	\$0
Parking						
Actual Attendance (000)		3.2	6.5	6.5	3.2	0.0
Patrons Per Car		3.0	3.0	3.0	3.0	3.0
Rate Per Car		\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)		\$5	\$11	\$11	\$6	\$0
Operating Expenses	20.0%	1	2	2	1	0
Net Parking Revenue (000)		\$4	\$9	\$9	\$5	\$0
Less: Distribution to Other	100.0%	4	9	9	5	0
Parking Revenue to Arena (000)		\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 23
TRADE SHOWS - TRADE/EXHIBITS
SCENARIO #1 - BASE CASE - STOCKTON ARENA

	Year				
	1	2	3	4	5
Tickets					
Games/Performances	3	3	3	3	3
Average Paid Attendance (000) - (General Seating)	2.0	2.0	2.0	2.0	2.0
Avg. Club Seat Attendance	0.0	0.0	0.0	0.0	0.0
Avg. Luxury Suite Attend.	0.0	0.0	0.0	0.0	0.0
Total Paid Attendance (000)	6.0	6.0	6.0	6.0	6.0
Average Ticket Price General Seating	\$20.00	\$20.50	\$21.01	\$21.54	\$22.08
Average Ticket Price Luxury Box/Club	20.00	20.50	21.01	21.54	22.08
Gross Ticket Revenue (000)	\$120	\$123	\$126	\$129	\$132
Sales Tax	0.0%	0	0	0	0
Ticket Surcharge	\$1.00	6	6	6	6
Admissions Tax	0.0%	0	0	0	0
Net Ticket Revenue (000)	\$114	\$117	\$120	\$123	\$126
Facility Rent	\$2,500	\$8	\$8	\$8	\$8
Less: No Show Percentage	5.0%	5.0%	5.0%	5.0%	5.0%
Add: Complimentary	10.0%	10.0%	10.0%	10.0%	10.0%
Concessions					
Actual Attendance	6.3	6.3	6.3	6.3	6.3
Per Capita - (2)	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)	\$32	\$32	\$33	\$34	\$35
Sales Tax - (1)	7.5%	2	2	2	2
Less: COGS/Operating Expenses	55.0%	18	18	19	19
Net Concession Revenue (000)	\$12	\$12	\$13	\$13	\$13
Less: Distribution to Franchise	0.0%	0	0	0	0
Net Concession Revenue (000)	\$12	\$12	\$13	\$13	\$13
Novelties					
Actual Attendance	6.3	6.3	6.3	6.3	6.3
Per Capita	\$0.50	\$0.51	\$0.53	\$0.54	\$0.55
Gross Revenue (000)	\$3	\$3	\$3	\$3	\$3
Sales Tax - (1)	7.5%	0	0	0	0
Less: COGS/Operating Expenses	75.0%	2	2	2	2
Net Novelty Revenue (000)	\$1	\$1	\$1	\$1	\$1
Less: Distribution to Franchise	100.0%	1	1	1	1
Net Novelty Revenue (000)	\$0	\$0	\$0	\$0	\$0
Parking					
Actual Attendance	6.3	6.3	6.3	6.3	6.3
Patrons Per Car	3.0	3.0	3.0	3.0	3.0
Rate Per Car	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)	\$11	\$11	\$11	\$11	\$12
Less: Parking Expenses	20.0%	2	2	2	2
Net Parking Revenue (000)	\$8	\$9	\$9	\$9	\$9
Less: Distribution to Other	100.0%	8	9	9	9
Parking Revenue to Arena (000)	\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 24
TRADE SHOWS - OTHER
SCENARIO #1 - BASE CASE - STOCKTON ARENA

	Year				
	1	2	3	4	5
Tickets					
Games/Performances	0	0	0	0	0
Average Paid Attendance (000) - (General Seating)	0.0	0.0	0.0	0.0	0.0
Avg. Club Seat Attendance	0.0	0.0	0.0	0.0	0.0
Avg. Luxury Suite Attend.	0.0	0.0	0.0	0.0	0.0
Total Paid Attendance (000)	0.0	0.0	0.0	0.0	0.0
Average Ticket Price General Seating	\$15.00	\$15.38	\$15.76	\$16.15	\$16.56
Average Ticket Price Luxury Box/Club	15.00	15.38	15.76	16.15	16.56
Gross Ticket Revenue (000)	\$0	\$0	\$0	\$0	\$0
Sales Tax	0.0%	0	0	0	0
Ticket Surcharge	\$1.00	0	0	0	0
Admissions Tax	0.0%	0	0	0	0
Net Ticket Revenue (000)	\$0	\$0	\$0	\$0	\$0
Facility Rent	10.0%	\$0	\$0	\$0	\$0
Less: No Show Percentage	5.0%	5.0%	5.0%	5.0%	5.0%
Add: Complimentary	10.0%	10.0%	10.0%	10.0%	10.0%
Concessions					
Actual Attendance	0.0	0.0	0.0	0.0	0.0
Per Capita - (2)	\$4.00	\$4.10	\$4.20	\$4.31	\$4.42
Gross Revenue (000)	\$0	\$0	\$0	\$0	\$0
Sales Tax - (1)	7.5%	0	0	0	0
Less: COGS/Operating Expenses	55.0%	0	0	0	0
Net Concession Revenue (000)	\$0	\$0	\$0	\$0	\$0
Less: Distribution to Franchise	0.0%	0	0	0	0
Net Concession Revenue (000)	\$0	\$0	\$0	\$0	\$0
Novelties					
Actual Attendance	0.0	0.0	0.0	0.0	0.0
Per Capita	\$1.50	\$1.54	\$1.58	\$1.62	\$1.66
Gross Revenue (000)	\$0	\$0	\$0	\$0	\$0
Sales Tax - (1)	7.5%	0	0	0	0
Less: COGS/Operating Expenses	75.0%	0	0	0	0
Net Novelty Revenue (000)	\$0	\$0	\$0	\$0	\$0
Less: Distribution to Franchise	100.0%	0	0	0	0
Net Novelty Revenue (000)	\$0	\$0	\$0	\$0	\$0
Parking					
Actual Attendance	0.0	0.0	0.0	0.0	0.0
Patrons Per Car	3.0	3.0	3.0	3.0	3.0
Rate Per Car	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Gross Revenue (000)	\$0	\$0	\$0	\$0	\$0
Less: Parking Expenses	20.0%	0	0	0	0
Net Parking Revenue (000)	\$0	\$0	\$0	\$0	\$0
Less: Distribution to Other	100.0%	0	0	0	0
Parking Revenue to Arena (000)	\$0	\$0	\$0	\$0	\$0

(1) - Gross revenues are assumed to include sales tax.

(2) - Assumes weighted average for general seating, premium seating and catered food and beverage sales.

Table 25
ASSUMPTIONS - TOTAL EVENTS
SCENARIO #1 - BASE CASE - STOCKTON ARENA

	Sensitivity Factor	Year				
		1	2	3	4	5
Anchor Tenants						
Hockey	1.00	36	36	36	36	36
Soccer	1.00	18	18	18	18	18
Lacrosse	1.00	9	9	9	9	9
Other	1.00	0	0	0	0	0
Total Anchor Tenants		63	63	63	63	63
Concerts						
Major	1.00	3	4	5	4	5
Minor	1.00	3	5	4	4	4
Ethnic	1.00	3	1	1	1	2
Total Concerts		9	10	10	9	11
Family Shows						
Motor Related	1.00	2	2	2	2	2
Circus	1.00	10	4	6	6	5
Ice Shows	1.00	6	6	6	6	6
Stage Shows	1.00	4	3	4	4	4
Other	1.00	0	0	1	1	0
Total Family Show Events		22	15	19	19	17
Other Sports						
Boxing	1.00	4	3	4	3	2
NCAA	1.00	1	1	0	1	1
High School	1.00	3	3	3	3	3
Professional Exhibitions	1.00	0	0	0	1	1
Miscellaneous	1.00	1	2	2	1	0
Total College Sporting Events		9	9	9	9	7
Trade Shows						
Trade/Exhibiits	1.00	3	3	3	3	3
Other	1.00	0	0	0	0	0
Total Trade Show Events		3	3	3	3	3
TOTAL EVENTS		106	100	104	103	101

Table 26
ASSUMPTIONS - AVERAGE TICKET PRICE - (General Seating)
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
	Sensitivity Factor					
Anchor Tenants						
Hockey	1.00	\$12.00	\$12.30	\$12.61	\$12.92	\$13.25
Soccer	1.00	\$11.00	\$11.28	\$11.56	\$11.85	\$12.14
Football	1.00	\$13.00	\$13.33	\$13.66	\$14.00	\$14.35
Other	1.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Concerts						
Major	1.00	\$37.50	\$38.44	\$39.40	\$40.38	\$41.39
Minor	1.00	\$25.00	\$25.63	\$26.27	\$26.92	\$27.60
Ethnic	1.00	\$27.50	\$28.19	\$28.89	\$29.61	\$30.35
Family Shows						
Motor Related	1.00	\$25.00	\$25.63	\$26.27	\$26.92	\$27.60
Circus	1.00	\$15.00	\$15.38	\$15.76	\$16.15	\$16.56
Ice Shows	1.00	\$25.00	\$25.63	\$26.27	\$26.92	\$27.60
Stage Shows	1.00	\$15.00	\$15.38	\$15.76	\$16.15	\$16.56
Other	1.00	\$15.00	\$15.38	\$15.76	\$16.15	\$16.56
Other Sports						
Boxing	1.00	\$20.00	\$20.50	\$21.01	\$21.54	\$22.08
NCAA	1.00	\$25.00	\$25.63	\$26.27	\$26.92	\$27.60
High School	1.00	\$10.00	\$10.25	\$10.51	\$10.77	\$11.04
Professional Exhibitions	1.00	\$50.00	\$51.25	\$52.53	\$53.84	\$55.19
Miscellaneous	1.00	\$10.00	\$10.25	\$10.51	\$10.77	\$11.04
Trade Show Related						
Trade/Exhibits	1.00	\$20.00	\$20.50	\$21.01	\$21.54	\$22.08
Other	1.00	\$15.00	\$15.38	\$15.76	\$16.15	\$16.56

Table 27
ASSUMPTIONS - AVERAGE TICKET PRICE - (Premium Seating)
SCENARIO #1 - BASE CASE - STOCKTON ARENA

	Year				
	106	100	104	103	101
Anchor Tenants					
Hockey	\$12.00	\$12.30	\$12.61	\$12.92	\$13.25
Soccer	\$11.00	\$11.28	\$11.56	\$11.85	\$12.14
Football	\$13.00	\$13.33	\$13.66	\$14.00	\$14.35
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Concerts					
Major	\$56.25	\$57.66	\$59.10	\$60.58	\$62.09
Minor	\$37.50	\$38.44	\$39.40	\$40.38	\$41.39
Ethnic	\$41.25	\$42.28	\$43.34	\$44.42	\$45.53
Family Shows					
Motor Related	\$37.50	\$38.44	\$39.40	\$40.38	\$41.39
Circus	\$22.50	\$23.06	\$23.64	\$24.23	\$24.84
Ice Shows	\$37.50	\$38.44	\$39.40	\$40.38	\$41.39
Stage Shows	\$22.50	\$23.06	\$23.64	\$24.23	\$24.84
Other	\$22.50	\$23.06	\$23.64	\$24.23	\$24.84
Other Sports					
Boxing	\$30.00	\$30.75	\$31.52	\$32.31	\$33.11
NCAA	\$37.50	\$38.44	\$39.40	\$40.38	\$41.39
High School	\$15.00	\$15.38	\$15.76	\$16.15	\$16.56
Professional Exhibitions	\$75.00	\$76.88	\$78.80	\$80.77	\$82.79
Miscellaneous	\$15.00	\$15.38	\$15.76	\$16.15	\$16.56
Trade Show					
Trade/Exhibits	\$20.00	\$20.50	\$21.01	\$21.54	\$22.08
Other	\$15.00	\$15.38	\$15.76	\$16.15	\$16.56

Table 28
ASSUMPTIONS - AVERAGE PAID ATTENDANCE (000) - (General Seating)
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year					
		1	2	3	4	5	
Sensitivity							
Anchor Tenants							
	Factor						
	Hockey	1.00	4.0	3.9	3.7	3.5	3.5
	Soccer	1.00	3.8	3.7	3.5	3.3	3.3
	Football	1.00	5.3	5.1	4.9	4.6	4.6
	Other	1.00	0.0	0.0	0.0	0.0	0.0
Concerts							
	Major	1.00	7.0	7.0	7.0	7.0	7.0
	Minor	1.00	5.0	5.0	5.0	5.0	5.0
	Ethnic	1.00	4.5	4.5	4.5	4.5	4.5
Family Shows							
	Motor Related	1.00	6.0	6.0	6.0	6.0	6.0
	Circus	1.00	4.0	4.0	4.0	4.0	4.0
	Ice Shows	1.00	4.0	4.0	4.0	4.0	4.0
	Stage Shows	1.00	3.5	3.5	3.5	3.5	3.5
	Other	1.00	3.0	3.0	3.0	3.0	3.0
Other Sports							
	Boxing	1.00	4.0	3.8	3.6	3.4	3.4
	NCAA	1.00	7.5	7.5	7.5	7.5	7.5
	High School	1.00	2.5	2.5	2.5	2.5	2.5
	Professional Exhibitions	1.00	9.0	9.0	9.0	9.0	9.0
	Miscellaneous	1.00	2.8	2.8	2.8	2.8	2.8
Trade Shows							
	Trade/Exhibits	1.00	2.0	2.0	2.0	2.0	2.0
	Other	1.00	0.8	0.8	0.8	0.8	0.8

Table 29
ASSUMPTIONS - TOTAL PAID ATTENDANCE (000)
SCENARIO #1 - BASE CASE - STOCKTON ARENA

	Year				
	1	2	3	4	5
Anchor Tenants					
Hockey	169.3	165.7	158.7	152.0	152.0
Soccer	80.1	78.4	75.2	72.0	72.0
Football	53.6	52.4	50.1	47.9	47.9
Other	0.0	0.0	0.0	0.0	0.0
Total Anchor Tenants	303.0	296.5	283.9	271.9	271.9
Concerts					
Major	23.1	30.8	38.5	30.8	38.5
Minor	17.1	28.5	22.8	22.8	22.8
Ethnic	15.6	5.2	5.2	5.2	10.4
Total Concert Events	55.8	64.5	66.5	58.8	71.7
Family Shows					
Motor Related	13.3	13.3	13.3	13.3	13.3
Circus	45.6	18.2	27.4	27.4	22.8
Ice Shows	27.4	27.4	27.4	27.4	27.4
Stage Shows	16.2	12.2	16.2	16.2	16.2
Other Events	0.0	0.0	3.6	3.6	0.0
Total Family Shows	102.5	71.1	87.8	87.8	79.7
Other Sports					
Boxing	18.5	13.3	17.0	12.2	8.1
NCAA	8.2	8.2	0.0	8.2	8.2
High School	8.8	8.8	8.8	8.8	8.8
Professional Exhibitions	0.0	0.0	0.0	9.7	9.7
Miscellaneous	3.2	6.5	6.5	3.2	0.0
Total Other Sports	38.7	36.7	32.2	42.1	34.8
Trade Shows					
Trade/Exhibits	6.0	6.0	6.0	6.0	6.0
Other	0.0	0.0	0.0	0.0	0.0
Total Trade Shows	6.0	6.0	6.0	6.0	6.0
TOTAL PAID ATTENDANCE	506.0	474.8	476.4	466.6	464.1

Table 30
ASSUMPTIONS - PER CAPITA EXPENDITURES - (1)
CONCESSIONS - FOOD AND BEVERAGE
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Anchor Tenants		Sensitivity				
	Factor					
Hockey	1.00	\$6.50	\$6.66	\$6.83	\$7.00	\$7.17
Soccer	1.00	\$6.00	\$6.15	\$6.30	\$6.46	\$6.62
Football	1.00	\$6.00	\$6.15	\$6.30	\$6.46	\$6.62
Other	1.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Concerts						
Major	1.00	\$10.00	\$10.25	\$10.51	\$10.77	\$11.04
Minor	1.00	\$8.00	\$8.20	\$8.41	\$8.62	\$8.83
Ethnic	1.00	\$8.00	\$8.20	\$8.41	\$8.62	\$8.83
Family Shows						
Motor Related	1.00	\$6.00	\$6.15	\$6.30	\$6.46	\$6.62
Circus	1.00	\$2.50	\$2.56	\$2.63	\$2.69	\$2.76
Ice Shows	1.00	\$3.00	\$3.08	\$3.15	\$3.23	\$3.31
Stage Shows	1.00	\$2.50	\$2.56	\$2.63	\$2.69	\$2.76
Other	1.00	\$3.00	\$3.08	\$3.15	\$3.23	\$3.31
Other Sports						
Boxing	1.00	\$8.00	\$8.20	\$8.41	\$8.62	\$8.83
NCAA	1.00	\$7.00	\$7.18	\$7.35	\$7.54	\$7.73
High School	1.00	\$3.00	\$3.08	\$3.15	\$3.23	\$3.31
Professional Exhibitions	1.00	\$10.00	\$10.25	\$10.51	\$10.77	\$11.04
Miscellaneous	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Trade Shows						
Trade/Exhibits	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Other	1.00	\$4.00	\$4.10	\$4.20	\$4.31	\$4.42

(1) - Reflects weighted average for general seating, premium seating and catered food and beverage sales.

Table 31
ASSUMPTIONS - PER CAPITA EXPENDITURES - (1)
NOVELTIES
SCENARIO #1 - BASE CASE - STOCKTON ARENA

	Sensitivity Factor	Year				
		1	2	3	4	5
Anchor Tenants						
Hockey	1.00	\$1.25	\$1.28	\$1.31	\$1.35	\$1.38
Soccer	1.00	\$1.25	\$1.28	\$1.31	\$1.35	\$1.38
Football	1.00	\$1.25	\$1.28	\$1.31	\$1.35	\$1.38
Other	1.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Concerts						
Major	1.00	\$3.00	\$3.08	\$3.15	\$3.23	\$3.31
Minor	1.00	\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Ethnic	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Family Shows						
Motor Related	1.00	\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Circus	1.00	\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Ice Shows	1.00	\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Stage Shows	1.00	\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Other	1.00	\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
Other Sports						
Boxing	1.00	\$1.50	\$1.54	\$1.58	\$1.62	\$1.66
NCAA	1.00	\$2.00	\$2.05	\$2.10	\$2.15	\$2.21
High School	1.00	\$1.00	\$1.03	\$1.05	\$1.08	\$1.10
Professional Exhibitions	1.00	\$3.00	\$3.08	\$3.15	\$3.23	\$3.31
Miscellaneous	1.00	\$1.00	\$1.03	\$1.05	\$1.08	\$1.10
Trade Shows						
Trade/Exhibits	1.00	\$0.50	\$0.51	\$0.53	\$0.54	\$0.55
Other	1.00	\$1.50	\$1.54	\$1.58	\$1.62	\$1.66

(1) - Arena may receive portion of novelty sales. Figure is expected to be minimal and is not included in this cash flow model.

Table 32
ASSUMPTIONS - PARKING RATE PER CAR
SCENARIO #1 - BASE CASE - STOCKTON ARENA

		Year				
		1	2	3	4	5
Anchor Tenants	Sensitivity Factor					
Hockey	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Soccer	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Football	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Other	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Concerts						
Major	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Minor	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Ethnic	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Family Shows						
Motor Related	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Circus	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Ice Shows	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Stage Shows	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Other	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Other Sports						
Boxing	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
NCAA	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
High School	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Professional Exhibitions	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Miscellaneous	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Trade Shows						
Trade/Exhibits	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52
Other	1.00	\$5.00	\$5.13	\$5.25	\$5.38	\$5.52