



INDOOR TRACK DELAWARE

FEASIBILITY STUDY FOR A NEW INDOOR TRACK & SPORTS EVENTS CENTER IN DELAWARE

EXECUTIVE SUMMARY OF THE FINAL REPORT // MARCH 24, 2021

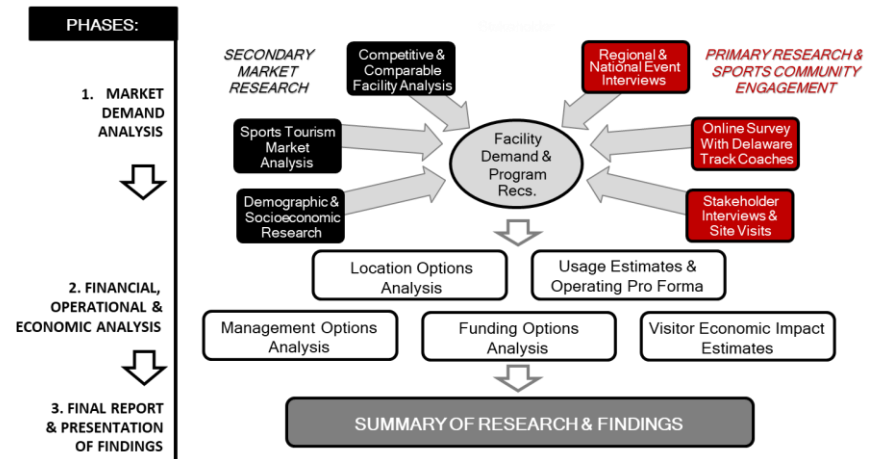


Study Background - Victus Advisors LLC (“Victus Advisors” or “Victus”) was engaged by Indoor Track Delaware (or “ITD”) to conduct a market feasibility study for a new indoor track and sports events center in the State of Delaware. Indoor Track Delaware is a non-profit comprised of coaches, parents, and concerned citizens. Some of ITD’s initial goals for the proposed venue include:

- Meet the unmet demand of high school indoor track athletes and local college indoor track teams, since there is currently no indoor, banked track in the State of Delaware;
- Arena seating capacity to host world-class indoor track meets (typically at least 3,500 seats);
- Via multi-use venue configurations, attract sports tourism dollars and economic impacts from the Mid-Atlantic region for a wide variety of indoor sports and events (such as basketball, volleyball, wrestling, cheer, etc.).

In order to complete this study, Victus Advisors utilized a mixture of market research methods, operating analysis, financial modeling, and economic analysis to develop conservative and reasonable estimates for the proposed new indoor track and sports events center in the State of Delaware.

Study Methodology -



Disclaimer: Please note that this Executive Summary contains a high-level overview of some of Victus Advisors’ research, analysis, and recommendations, however our full report should be read for a complete presentation of findings and detailed understanding of underlying methodologies, findings, assumptions, and estimates.

Our reports rely on a variety of information and assumptions to develop market, financial, and economic projections. Sources of information and assumptions include, but may not be limited to, information provided by ITD, input and opinions provided by relevant third parties and stakeholders, Victus’ industry experience and relevant studies, and publicly available data from various industry sources. Any such information collected by Victus Advisors has not been audited or verified and has been assumed to be correct. There will be differences between actual events and the projections contained herein, and we express no assurances of any kind related to any projected information. Differences between projections and actual events may be material.

Delaware - The State of Delaware has an estimated population of 1,004,879 across three counties - New Castle, Kent, and Sussex.

New Castle County - New Castle County is the northernmost of the three counties in Delaware and has an estimated population of 570,346. It is the most populated county in the State of Delaware.

Kent County - Kent County has an estimated population of 184,286. The State capital of Dover is in Kent County, centrally-located within the State.

Sussex County - Sussex County has an estimated population of 250,247. It is the southernmost county in the State of Delaware.

Population Data - Since 2000, the State of Delaware population has grown at a higher rate (1.3% annually) than the nationwide U.S. average of 0.9% annual growth. The median age for both New Castle and Kent County is near the national average. A lower median age tends to represent a large presence of working-age populations, which can be a positive indicator for youth/amateur sports and community recreation demand.

Household Data - Kent County has a higher percentage of households with children than its neighboring counties, the State of Delaware, and the national average. A high percentage of households with children can be a positive indicator for sports, entertainment, and event demand in the region. When adjusted for cost of living, the median household income in New Castle County is higher than its neighboring counties and the U.S. median income. Higher median income reflects greater disposable income that can be spent on various forms of entertainment.

Delaware High Schools: Indoor Sports Participation - Basketball has the highest number of high school boy participants in Delaware, while Volleyball has the highest number of high school girl participants. Indoor Track has the second largest total participation of any indoor sport in Delaware high schools.

Sports Tourism Drive-Time Zones - There is a population of over 18.5 million people within a 2.5-hour drive time of Dover, and over 50.6 million people within a 5-hour drive time of Dover.

2019 Hotel Data: State of Delaware - Delaware hotel ADRs ranged from \$98 to \$154 per night throughout the calendar year, with occupancy rates ranging from approximately 44% in winter (December and January) to 72% in the summer (June-August).

2019 Hotel Data: New Castle County - From January through November, hotel ADR ranged between \$112 and \$130 per night, with occupancy rates between 52% and 72%. December is the only month where occupancy fell below 50% in 2019.

2019 Hotel Data: Kent County - Kent County hotel activity peaked above 70% during the summer (June, July, and August). Whereas in January, occupancy was as low 40% and ADR as low as \$82.

2019 Hotel Data: Sussex County - Sussex County has the largest variance in summer vs. winter hotel data. Occupancy (82%) and ADR (\$204) both peak in July and August, which is consistent with summer beach demand. However, winter occupancy reached as low as 32% in January 2019.

Overview - As part of our market demand analysis, Victus Advisors conducted in-person and telephone interviews with the following three types of organizations and individuals:

- **Stakeholders** - Potential interested parties or project partners.
- **USA Track & Field and NCAA Track & Field Event Organizers** - Professional and collegiate event organizers that could potentially bring major track and field events to the State of Delaware.
- **Youth Sports Event Organizers** - Local, regional, and national amateur event organizers that could potentially bring youth track and field and other youth sports events to a new indoor track and sports events center.

Stakeholder Interviews -

- Since the indoor track at the University of Delaware was covered over with an artificial turf field in 2013, there is no 200-meter indoor track facility in the State of Delaware. As a result, the Delaware DAAA Indoor State Championships have been held in Prince George's Sports and Learning Complex in Maryland.
- There was near consensus among interviewees that there is a significant lack of space for indoor sports in the State of Delaware. Interviewees also stated that there is a lack of large indoor space to host large events and tournaments.

Track & Field Event Interviews -

- There are strict facility requirements for NCAA Indoor Track & Field Championships, which include at least 3,500 seats (5,000 recommended), lane widths of 42", and a banked 200-meter track. NCAA representatives also stressed that other required aspects for any facility to host their meets include ancillary space for support staff, trainers, teams, and athlete warmups; as well as meeting space for larger meetings (coaches' meetings) and hospitality space for event officials.
- NCAA DI, DII, and DIII Indoor Track and Field Championships all expressed some level of interest in using a new indoor track facility in the state of Delaware. Some collegiate athletics conferences also expressed interest in using a new indoor track facility for their conference championships.

User Group & Event Interviews -

- Tournament organizers indicated that a new facility in the state could host tournaments year-round. One group said they could organize 10 to 14 events per year while another group said that they could organize 30 tournaments per year
- Several groups that were interviewed expressed interest in using a new indoor sports facility in Delaware. Groups' usage ranged from weekday use for games and practices to weekend tournament usage.

Overview - In addition to interviews with stakeholders and user groups conducted in July and August 2020, Victus Advisors also conducted online surveys with 31 Delaware area track coaches, utilizing Indoor Track Delaware's existing database of approximately 60 in-state coaches. The survey link was distributed by the ITD Board. Our survey topics included, but were not limited to:

- Frequency of travel out of the State of Delaware for training/local meets and regional/multi-state competitions
- Indoor track venues that their team frequently uses during the indoor track season
- Ideal location for an indoor track and sports events center in the State of Delaware
- Interested in hosting weekly training and/or local meets at proposed venue in the future

Weekend Travel - Respondents indicated that their teams traveled out-of-state (on average) six weekends per season for regional/multi-state meets.

Weeknight Travel - Respondents indicated that traveled out-of-state on a weeknight at least once a week (on average) throughout the season for training and smaller meets.

Overall Travel - Respondents indicated that their teams spent about (on average) 40 hours traveling to/from indoor track events held outside of Delaware each season.

Indoor Track Venues Frequently Visited - Prince George's Sports & Learning Complex in Landover, Maryland was the indoor track venue that was most visited by respondents and their teams for track events. Respondents also indicated that their teams paid (on average) about \$942 per day in rent for use of indoor track venues outside of Delaware.

Driving Time To The Most Frequently Visited Track Venues - The estimated driving distance to the most frequent indoor track venues visited by Delaware track teams can range from over 1 hour to nearly 3-and-a-half hours each way.

Annual Spending During Travel - Teams spent (on average) over \$5,600 per year on transportation (gas, bus rental, etc.) while traveling outside of Delaware for indoor track events.

Interest in New Indoor Track in Delaware - If a new banked, 200-meter, 6-lane indoor track (including jump pits, throwing cages, and other such state-of-the-art amenities) were to be built in the State of Delaware, 86% of respondents would "Definitely use" the facility for weekly training and/or local meets. 72% of respondents would "Definitely use" the facility for hosting weekend regional/multi-state meets and competitions.

Overview - This section is intended to profile comparable local, regional, and national facilities that may be relevant for benchmarking the potential building program, operations, and impacts of a new indoor track and sports events center in Delaware. This section is divided into three sub-sections, as follows:

- **Local Sports & Event Facilities:** These are local (in-state) indoor and outdoor sports and event facilities that were mentioned and/or used by stakeholders, user groups, and event organizers during interviews for practices, games, and/or tournaments. Due to lack of 200-meter track, all teams must travel out of state.

Facilities (Alphabetical Order)*

- 1 Chase Fieldhouse Powered by BPG|Sports
- 2 Bob Carpenter Center
- 3 Chase Center
- 4 DE Turf
- 5 Memorial Hall
- 6 Sandhill Fields
- 7 Tower Hill High School

- **Regional Indoor Sports Centers:** These are a sample of facilities within the Atlantic Coast with at least 4 total indoor courts. However, please note that any sports centers that also featured an indoor track were profiled in the following 'Indoor Track Facilities' section.

**Note: This facility list only includes facilities mentioned by local and regional sports user groups interviewed by Victus Advisors.*

Facilities (Alphabetical Order)

- 1 Adventist Healthcare Fieldhouse
- 2 Competitive Edge Sports
- 3 Maryland Junior Sports Center
- 4 *Southfields of Elkton (Proposed Venue)*
- 5 Spooky Nook Sports
- 6 United Sports Center

- **Regional Indoor Track Facilities:** These are a sample of indoor track facilities within the Atlantic Coast and Southeast regions that host high school, collegiate, and professional events. It should be noted that some of these selected facilities also feature indoor courts and/or fields, in addition to indoor tracks.

Facilities (Alphabetical Order)

- 1 Armory Track
- 2 Birmingham CrossPlex
- 3 Boston University Track & Tennis Center
- 4 Corps Indoor Training Facility
- 5 Coxe Cage
- 6 Gately Indoor Track & Field
- 7 Horace Ashenfelter III Indoor Track
- 8 Liberty Indoor Track Complex
- 9 Ocean Breeze Track & Field Complex
- 10 Prince George's Sports & Learning Complex*
- 11 Reggie Lewis Center
- 12 The Track at New Balance
- 13 Virginia Beach Sports Center
- 14 Wesley A. Brown Fieldhouse

PROGRAM DEMAND ANALYSIS & FACILITY RECOMMENDATIONS

Overview - Our facility recommendation is based primarily upon the following primary and secondary research conducted by Victus Advisors over the course of this study:

- Analysis of the State of Delaware's unique market characteristics.
- Analysis of stakeholder and event organizer interviews and survey responses.
- Review of comparative regional sports and track facilities.

Based on customized research and our extensive industry experience, we have identified that demand exists for a new indoor track & sports events center in the State of Delaware. Indoor Track Delaware should consider the development of an indoor, multi-court/multi-use, tournament-caliber sports and events facility with a hydraulic banked track.

Facility Recommendation - Based upon the results of our market and facility analysis, Victus Advisors recommends that a new indoor sports and events center could include:

- **Indoor Track:** 200-meter hydraulic banked track, six (6) lanes, sprint lanes, jump pits, and throwing cages. Fixed seating capacity should be at least 3,500 to 4,000 fixed seats to accommodate NCAA events. Outside track season, the arena floor could be used for other sports such as volleyball, basketball, cheer, wrestling, etc. via portable flooring solutions.

- **Hardwood Courts:** 8 to 10 basketball courts, typically convertible to at least 1.5x volleyball courts. These column-free, hardwood surfaces could also be used by wrestling (potentially hold up to 20 mats), esports, cheer, field hockey, futsal, etc. During the week, these courts could be used primarily for local practices and games, with weekends dedicated to attracting sports tournament activity.
- **Other Support Areas & Amenities:** Lobby, restrooms, concessions, flex/team rooms, offices, HVAC, mechanical/electrical, storage, circulation, etc.

ITD should consider two (2) potential building models:

- **Option 1 (Single Multi-Use Events Space):** This facility model would be a dedicated space for track use between December and March, and used for multi-use sports the rest of the year. An example we have chosen to highlight is the Birmingham Crossplex. This model could be the most affordable option from a construction cost perspective.
- **Option 2 (Separate Dedicated Court Space):** This facility model would involve separate court and indoor track spaces. Allowing for multiple events to be held at the same time under one roof. This model could be the most expensive option from a construction cost perspective.

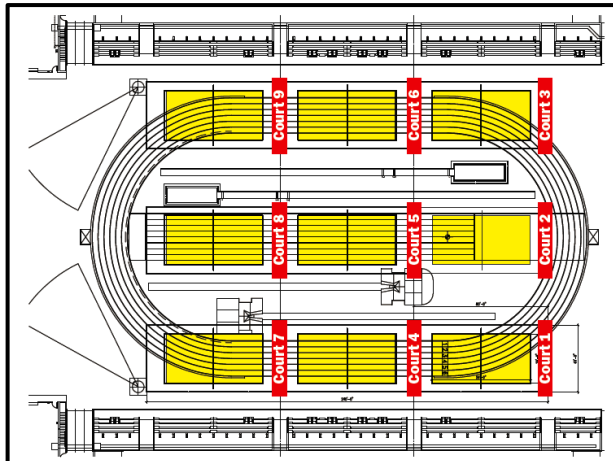
Potential comparable models for each venue option are shown on the next page.

FACILITY RECOMMENDATIONS: SAMPLE VENUE OPTIONS

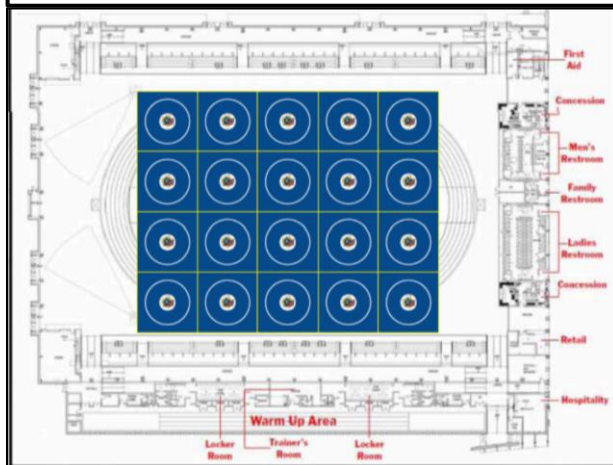
Venue Option 1 (Single Multi-Use Events Space) -

- **Comparable Model - Birmingham Crossplex:** The indoor track at the Birmingham Crossplex can hold nine (9) volleyball courts or twenty (20) wrestling mats when the banked track is down.

Volleyball
Overlay
(9 courts)

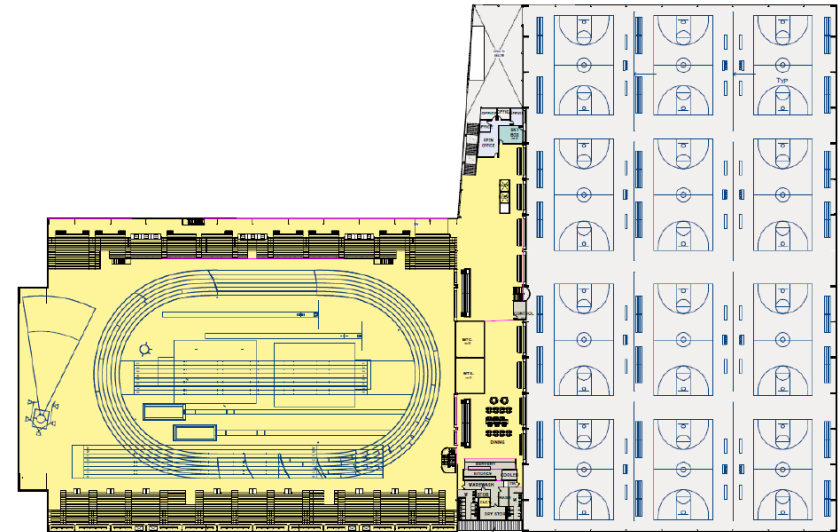


Wrestling
Overlay
(20 mats)



Venue Option 2 (Separate Court & Track Spaces) -

- **Comparable Facility - Virginia Beach Sports Center:** The Virginia Beach Sports Center's configuration allows for indoor track and other sports events to be hosted simultaneously on different sides of the venue, as shown below.



Track Facility

Sports Courts

Overview - Victus Advisors was tasked with completing a location analysis for the proposed indoor track and sports events center. As part of this analysis, Victus Advisors toured New Castle County, Kent County, and Sussex County and spoke with stakeholders and potential sports user groups for their feedback on ideal locations. In analyzing potential locations, we considered the following key factors:

- **Population Distribution** - Primary attendance for an event venue (especially for weekday events) is typically drawn from within a 30- to 45-minute drive radius. Tournament attendance will typically be drawn from outside this drive radius.
- **Proximity and Availability/Affordability of Hotels** - Convenient, affordable, family-friendly lodging (preferably within a 5- to 10-minute drive from an event venue) is an important component of attracting and hosting multi-day tournament, tourism and event activity.
- **Highway Access** - Convenient access to major highways and interstates would be a key factor in attracting regional tournament activity by ensuring that families can reach the sports facility easily.
- **Airport Access** - Convenient access to a Commercial Service Airport would be a key factor in attracting national tournament activity.

- **Proximity to Family Entertainment/Attractions** - Convenient access to additional entertainment amenities such as parks, museums, and hiking trails, etc. can enhance a sports tourism destination for families looking to do other activities while in town for a sports tourism event.

Each county has significant strengths relative to these five (5) key factors, as summarized in the matrix shown on the next page.

LOCATION OPTIONS ANALYSIS (CONT.)

	Potential Locations		
	New Castle County	Kent County	Sussex County
Local Use Population & High School Teams	There is a population of just under 2.5 million people within a 45-minute drive time of Wilmington. There are also 43 high school track teams.	There is a population of over 403,000 people within a 45-minute drive time of Dover. There are also 9 high school track teams.	There is a population of nearly 490,000 people within a 45-minute drive time of Georgetown. There are also 13 high school track teams.
Regional Tournament Population	There is a population of over 38.4 million people within a 3-hour drive time of Wilmington.	There is a population of over 26.6 million people within a 3-hour drive time of Dover.	There is a population of just under 19 million people within a 3-hour drive time of Georgetown.
Proximity to Hotels	Victus Advisors found significant hotel inventory in New Castle County between Wilmington and Newark along I-95.	Victus Advisors found significant hotel inventory in Dover. There is limited hotel inventory in the rest of Kent County.	Victus Advisors found significant hotel inventory in throughout Sussex County, but principally near the beach.
Hotel Availability & Affordability	New Castle County hotel ADRs ranged from \$106 per night in the winter to \$130 per night in the summer, with occupancy rates ranging from approximately 49% in the winter to 72% in the summer.	Kent County hotel ADRs ranged from \$80 in the winter to \$151 per night in the summer, with occupancy rates ranging from approximately 40% in the winter to 70% in the summer.	Sussex County has the highest variance between summer and winter hotel data. ADRs ranged from \$80 (winter) to \$204 (summer) per night, with occupancy rates ranging from 32% (winter) to 82% (summer).
Highway Access	I-95 is the main highway in the eastern United States. The Interstate leads to Philadelphia and New York City north of Wilmington and Baltimore and Washington D.C. to the south.	Kent County sees the heaviest traffic flows on U.S. Route 1 and U.S. Route 13. Dover essentially serves as the junction between northern and southern Delaware.	U.S. Route 1 is the main highway that provides access to the beach from travelers coming north in the State of Delaware.
Airport/Train/Ferry Access	The County seat of Wilmington is 21 miles away from the Philadelphia International Airport which is the nearest major airport. Wilmington Station is one of Amtrak's busiest train stops in the Northeast Corridor.	The County seat of Dover is 71 miles away from the Philadelphia International Airport which is the nearest major airport.	The County seat of Georgetown is 92 miles away from the Baltimore/Washington International Thurgood Marshall Airport which is the nearest major airport. Cape May-Lewes Ferry also connects Delaware to New Jersey.
Proximity to Family/Entertainment Attractions	New Castle County attractions are highlighted by numerous museums, historical landmarks/sites, and tax-free shopping at Christiana Mall.	Kent County attractions are highlighted by Dover Downs and Dover International Speedway.	Sussex County attractions are highlighted by the beaches and tax-free shopping at the outlets.

Overview - In this section, Victus Advisors will project both the sustainable daily usage (local group usage) and the number of special or recurring events and attendance (sports tourism events) at a new indoor track and sports events center in the State of Delaware. We have created the following two models :

- **Single Multi-Use Events Space (or “Option 1”):** In a stabilized year of operations, it is estimated that, under Option 1, the operations of the new indoor track and sports events center could operate at an approximately \$469,000 annual operating loss (before interest, taxes, depreciation, and amortization).

	Stabilized Year
Operating Revenues:	
Rental Income (Tournaments, Other Events, etc.)	\$365,000
Programming (Leagues, Camps, Clinics)	\$240,000
Concessions & Merchandise (Net)	\$256,000
Parking Fees (Net)	\$834,000
Advertising & Sponsorship	\$58,000
Other	\$20,000
Total Revenues:	\$1,773,000
Operating Expenses:	
Salaries, Wages, & Benefits	\$1,186,000
Management Fee	\$150,000
Program Expenses	\$96,000
Utilities	\$215,000
Advertising, Marketing, & Promotion	\$275,000
General, Administrative, & Other	\$160,000
Maintenance/Repair	\$95,000
Materials/Supplies	\$65,000
Total Expenses:	\$2,242,000
EBITDA	(\$469,000)
ESTIMATED OPERATING MARGIN	-26%

- **Separate Dedicated Court Space (or “Option 2”):** In a stabilized year of operations, it is estimated that, under Option 2, the operations of the new indoor track and sports events center could operate at an approximately \$247,000 annual operating loss (before interest, taxes, depreciation, and amortization). Relative to Option 1, it is estimated that the annual operating margin could improve from -26% to -8% in Option 2.

	Stabilized Year
Operating Revenues:	
Rental Income (Tournaments, Other Events, etc.)	\$909,000
Programming (Leagues, Camps, Clinics)	\$480,000
Concessions & Merchandise (Net)	\$397,000
Parking Fees (Net)	\$1,157,000
Advertising & Sponsorship	\$77,000
Other	\$20,000
Total Revenues:	\$3,040,000
Operating Expenses:	
Salaries, Wages, & Benefits	\$1,294,000
Management Fee	\$150,000
Program Expenses	\$192,000
Utilities	\$550,000
Advertising, Marketing, & Promotion	\$275,000
General, Administrative, & Other	\$413,000
Maintenance/Repair	\$248,000
Materials/Supplies	\$165,000
Total Expenses:	\$3,287,000
EBITDA	(\$247,000)
ESTIMATED OPERATING MARGIN	-8%

Overview - The purpose of this section is to present an overview of various options regarding the management and operations of the proposed new indoor track and sports events center in the State of Delaware. Each management structure for the proposed facility has its own unique advantages and disadvantages, which should be considered when making decisions regarding the management of the venue.

Public Management -

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • Owner control • Financial support • Coordinating/sharing of staff/support functions • Bulk-price purchasing • No management fees 	<ul style="list-style-type: none"> • Lack of outside/private sector financial support • Civic service restraints • Contract approval requirements • Changing political policies • Lack of incentives • Limited flexibility • Possible lack of expertise and access in sports and event industry

Private Management -

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • Incentives for efficiency or performance • Network of relationships to leverage event bookings • Internal network of facility knowledge/experience • More independence in negotiations • Greater staffing resources • More objective criteria for accountability • More efficient procurement process • Pre-opening and start-up services • Less financial risk for owner 	<ul style="list-style-type: none"> • Potential loss of direct control by owner • Profit motive versus community benefit motive... for example, potential misaligned purpose and goals between a community-focused owner and profit-focused management firm • Less access for affordable or free public/non-profit use • Facility management fees • Management personnel turnover • Corporate resources spread among several facilities

Non-Profit Management -

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • Community's best interests at heart • Aligned vision with key stakeholders and facility user groups • Long-term operations and maintenance can potentially be supported via non-profit fundraising 	<ul style="list-style-type: none"> • Risks alienating groups in community if they are not included on the Board • Requires non-profit group to substantially ramp up staffing, including both facility operations and fundraising (for up-front capital and on-going operations and maintenance)

Management Options Summary - The primary facility management options to be reviewed and discussed by ITD and their potential municipal partners are summarized below:

- **If the Facility is Publicly Owned by a City or County:**
 - **Public Management (e.g., Birmingham CrossPlex, Ocean Breeze)** - Typically by the municipality that owns the facility, or by an affiliated public agency.
 - **Private For-Profit Management (e.g., Virginia Beach Sports Center)** - Typically via contract with an experience third-party management company.
 - **Private Non-Profit Management** - Typically via negotiated agreement with a non-profit such as ITD.
- **If the Facility is Privately Owned by Indoor Track Delaware:**
 - **Outsourced Management** - ITD could contract with an experienced third-party management company.
 - **In-House Management (e.g., The Armory)** - Indoor Track Delaware could hire their own staff to operate the venue.

One-Time Construction Impact - Victus Advisors estimates that direct one-time construction expenditures within the State of Delaware could generate the following approximate impacts:

- **\$15.0 million (Option 1) or \$29.7 million (Option 2)** in total economic output
- **118 (Option 1) or 234 (Option 2)** short-term jobs
- **\$6.6 million (Option 1) or \$13.1 million (Option 2)** in wages
- **\$27,000 (Option 1) or \$54,000 (Option 2)** in State Gross Receipts Tax
- **\$363,000 (Option 1) or \$719,000 (Option 2)** in State Income Tax

Estimated Net Annual Economic Impacts Of Ongoing Operations - It is estimated that the operations of a new indoor track and sports events center could generate the following impacts within the State of Delaware on an annual basis:

- **\$41.3 million (Option 1) or \$58.0 million (Option 2)** in annual economic output
- **550 (Option 1) or 775 (Option 2)** sustainable annual jobs
- **\$15.7 million (Option 1) or \$22.0 million (Option 2)** in annual labor income

Estimated Net Annual Economic Impacts of Ongoing Operations (By Economic Sector) - It is estimated that Food & Beverage, Lodging, and Shopping in Delaware would benefit the most from the new Complex (approximately 36%, 23%, and 16% of incremental output for Options 1 and 2, respectively).

Estimated Net Annual Fiscal Impacts of Ongoing Operations - It is estimated that the operations of a new indoor track and sports events center could generate the following impacts within the State of Delaware on an annual basis:

- **50,000 (Option 1) or 69,000 (Option 2)** in incremental annual hotel nights
- **\$1.8 million (Option 1) to \$2.6 million (Option 2)** in incremental income, annual gross receipts and State and local lodging taxes

Estimated Net Annual Fiscal Impacts of Ongoing Operations - Over a 30-year period, it is estimated that a new indoor track and sports events center could generate overall long-term impacts within the State of Delaware with a net present value (NPV) of:

- **\$975 million (Option 1) or \$1.4 billion (Option 2)** in total economic output
- **550 (Option 1) or 775 (Option 2)** sustainable annual jobs
- **\$370.8 million (Option 1) or \$524.0 million (Option 2)** in total labor income
- **\$43.1 million (Option 1) or \$60.3 million (Option 2)** in total incremental income tax, annual gross receipts and State and local lodging taxes

Health & Wellness Benefits - A new indoor track and sports events center in Delaware could encourage an increase in healthy and active participation for children, youth, and adults which could contribute to lower obesity rates and overall improved physical health.

One-Time Construction Impact - The purpose of this section is to provide an overview of the various funding sources that may be available to fund construction and operations of a new indoor track and sports events center in Delaware.

Public Debt Financing Tools -

- **General Obligation Bonds:** A City or County in Delaware may use the full faith and credit of the municipality to issue General Obligation (GO) Bonds to pay for all or part of construction of the proposed indoor track and sports events facility. GO bonds are secured by the issuing government entity's pledge to use all legally available resources, including tax revenues, to pay debt service.
- **Revenue Bonds:** Revenue Bonds are payable solely from a dedicated revenue source, often: a) an available tax source, or b) from the revenues of the public project that is being financed. Since debt service is tied to particular revenue streams, rather than the general obligation of the taxing authority, revenue bonds are considered to have a much higher risk of default than GO bonds and thus carry a higher interest rate.
- **Special Tax Districts and/or Tax Increment Financing (TIF):** Tax Increment Financing (TIF) involves capturing assessed valuation growth within a specific area (e.g. a "TIF District") related to a particular development project.

Potential Funding Sources for Debt or Equity -

- **General Funds:** The State, a County, and/or a City could choose to support the construction of the proposed sports and event facility with an allocation of general funds from the public entity's coffers.
- **Tax Revenues:** The State of Delaware is one of only five (5) states in the United States that does not have a sales and use tax at the state or local level. The following other potential tax sources that may be relevant when considering a new indoor track and sports event center project in Delaware: State Gross Receipts Tax, State & Local Lodging Tax, County Real Estate & Property Tax
- **Public-Private Development:** Some similar venue projects across the country recently have been funded with a combination of public and private funds. These public-private partnerships, commonly referred to as "P3" development, usually involve a contract between a public sector agency and a private party, and the contract is typically structured so the private party assumes substantial project development and/or financial operations risk (typically in exchange for profit opportunity).
- **Private Fundraising:** ITD could engage in private fundraising efforts (as well as public grant programs, if applicable) to pay for a portion of the projected costs of constructing a new indoor track and sports events center in Delaware.



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