

**Public/Private-Nonprofit Partnership Proposal
to Lease
Sports Fields and a Proposed Office/Recreational Building**



TEXAS RUSH SOCCER CLUB

February 1, 2016



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Introduction

Texas Rush Soccer (or the “Club”) is pleased to present the following proposal to The Woodlands Township (the “Township” or “TWT”) for: i.) the renewal of its field utilization agreement covering certain sports fields located throughout the community and ii.) the establishment of a lease covering the development of a recreational office building at Bear Branch Sports Fields in the Village of Cochran’s Crossing. TWT’s recent investments of millions of dollars into the conversion and development of natural turf fields and all-weather fields at both Bear Branch and Gosling sports fields is a testament to the guidance and commitment of the Township Board of Directors and staff to provide high quality sports related venues with our community. Texas Rush Soccer’s programming is directly impacted by the additional inventory of fields and has responded by accommodating more players within its programming as a result. This proposal is believed to be a natural extension of the desire to renew the Club’s commitment to the fields and add an additional, unique element in support of organized sports and recreational programming in The Woodlands. Texas Rush Soccer is prepared to commit to a long term lease to evidence its commitment to the Township and to collateralize and fund a portion of a community office building dedicated to sports programming and, in doing so, bring forth a structure that other Woodlands sports clubs can utilize to enhance their major events and thereby drive additional economic development into the community. This facility would fulfill the needs of the growing community, meeting the demands for office and training space for Texas Rush Soccer while being operated by the Club under a typical net lease structure.

Upon receiving a positive response from the Township, Texas Rush Soccer is prepared to discuss long-term lease agreements and work closely with staff to develop and implement the necessary details to complete the office/recreational building project.

Background

Rush Soccer’s primary objective is to develop a national level club cooperative system that offers substantial opportunities for national corporate sponsorship and foundation support, provides the framework for a national coach and player development network, and serves as a significant centralized talent pool for consideration by European, South American, MLS, NCAA, US National and Olympic soccer programs. With 34 clubs and 45,000 youth soccer players worldwide, the club’s conservative goal is to grow the organization to include over 60,000 players by the year 2018.

For a number of years, Texas Rush Soccer has been the largest organized youth sports program in Montgomery County, Texas. Nearly 3,200 male and female players compete within 320 teams ranging from the youngest of recreational players to the highly competitive Premier League and Division I, Super II, and Division II levels.

Management

Don Gemmell is the Club's Technical Director. Previously, he was the Director of Coaching for the Michigan Youth Soccer Association. He is an "A- licensed" national instructor for US Youth Soccer, Region 2 Olympic Development Head Coach for the U16B and Head Coach for the USL-Professional Development League Michigan Bucks.

Previously, Don was involved with two of the Top 20 youth soccer programs in the US - Michigan Wolves/Hawks and Vardar. He and his wife Brooke (an all American goalie herself) reside in The Woodlands.

Texas Rush Soccer at a Glance:

Number of Participating Families: ~2,000

Players:

Competitive*/Youth Academy	1,540
Recreational	<u>1,660</u>
Total:	3,200

Teams:

Competitive*/Youth Academy	114
Recreational	<u>206</u>
Total:	320

Professional & Licensed Coaches: 53

Current Major Woodlands Area Economic Development Events:

Tournaments	
Rush Cup	240 teams
Winter Blast	212 teams
Turf Cup	142 teams
Memorial Day Classic	40 teams

Fund Raising (Woodforest Golf Course)	94 golfers
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*Competitive calculations include ECNL, USSDA, and TEPAL.

Field Utilization

Needs Assessment - Texas Rush Soccer proposes that a long term lease agreement be entered into for the sports fields contemplated in the extensive field utilization data supplied to Township staff for calendar year 2016 and synopsized below.

Grass Fields	6,765 hours
All Weather Fields	4,473 hours
Lighted Fields	4,492 hours

The majority of the fields are located at Bear Branch and Gosling Road as well as certain pocket and neighborhood parks throughout The Woodlands.

Payment - In exchange for access and use of the fields, Texas Rush Soccer proposes to remunerate the Township in the following fashion:

Annual Base Fee Lease Payment:	\$120,000
Annual Economic Impact Contribution:	<u>\$230,538</u>
Total Annual Consideration for Field Utilization:	\$350,538

The term of the Field Utilization agreement would be fifteen (15) years and the Annual Base Fee Lease Payment shall be modified over time via changes to the composition of hourly rates for the three varying types of fields provided (i.e. Grass - \$4.56/hr., All Weather – \$9.12/hr. and Lighted – \$10.77/hr.). The Annual Base Fee Lease Payment shall be remitted to TWT consistent with the prior MOU governing field access and use.

The \$230,538 Annual Economic Impact Contribution shall be received by TWT via the Club’s ongoing programming and events as detailed on Page 16 of the attached Economic Impact Report (Exhibit A) commissioned through The Sports Facilities Advisory, LLC.

Proposed Office/Recreational Building

Needs Assessment - Texas Rush Soccer proposes that TWT develop a 7,600 square foot, two-story community sports office building at Bear Branch Sports Complex - Field 7, hereinafter referred to as the "Sports Building" (Please refer to Exhibit B). At this location, Texas Rush Soccer and other sporting clubs (i.e. Cross Country, Lacrosse, etc.) would be provided a venue to meet with players, coaches, and tournament organizers in a professional setting. The sports building would also provide overflow capacity that is more efficient for meetings slated to occur afterhours than reserving like-space within the current Township administrative building.

It was determined that the Bear Branch location would not only afford Texas Rush Soccer the possibility of profiling the community's championship field, it also boasts existing infrastructure. The Sports Building would provide for community meeting space, offices, and locker/training rooms supporting highly productive, localized sporting events which drive economic development dollars into the community. Preliminary floor plans of the interior layout and an elevation plan of the exterior of the building are attached hereto as exhibits B-1 and B-2 respectively. Texas Rush Soccer proposes to relocate its administrative office and occupy, by way of an operating lease, the entirety of the second floor and partial first floor of the Sports Building. Currently, the Club leases approximately 2,262 square feet of commercial office space located at 2204 Timberloch Place and prefers to refocus its occupancy cost obligation to supporting a building dedicated to Woodlands sports. The two-story building would have a similar elevation to that of Bear Branch's current concession and public restroom structure with attractive painted split faced block exterior and standing seam metal roof. With its presence, the Club will be informal stewards of the Bear Branch Sports Fields in support of TWT staff and contractors.

Project Capital Costs - Texas Rush Soccer has prepared the following summarized estimates of project capital costs. The schematic design concept was created with the assistance of the Kevin Young Designers, Inc. group who has extensive experience with recreational facilities. The concept elevation ties into the existing park aesthetic with similar materials and construction techniques. Schematic concept drawings and renderings are available in Exhibit B-2.

PROJECT COST ANALYSIS							
BEAR BRANCH - SPORTS BUILDING							
(PRELIMINARY - FOR DISCUSSION & BUDGET PURPOSES ONLY)							
						Date Originated	28-Apr-15
	7,600	GROSS				Date Modified	19-Jan-16
	7,600	RENTABLE				Date Printed	19-Jan-16
						Time	4:00:51 PM
PRO FORMA ITEM					LOAN BUDGET	% OF TOTAL	COST PER SF GROSS
LAND ACQUISITION					-	0.00%	\$ -
HARD COSTS:							
Aggregated Cost Items - Refer to Appendix II for detailed cost breakdown					1,254,000	83.09%	\$ 165.00
Including: Tenant Improvements for entire bldg							
Hard Cost Contingency					62,700	4.15%	\$ 8.25
TOTAL HARD COST					1,316,700	87.24%	\$ 173.25
SOFT COSTS:							
A & E					79,002	5.23%	\$ 10.40
3RD PARTY - PROJECT/CONSTRUCTION MANAGEMENT FEE					69,785	4.62%	\$ 9.18
PERMITS, IMPACT FEES & UTILITY CONNECTIONS:					10,000	0.66%	\$ 1.32
CLOSING COSTS							
TITLE:					9,267	0.61%	\$ 1.22
SURVEYING:					4,000	0.27%	\$ 0.53
LEGAL					10,000	0.66%	\$ 1.32
INSURANCE & TAXES					5,000	0.33%	\$ 0.66
OTHER					1,000	0.07%	\$ 0.13
SOFT COST CONTINGENCY					4,500	0.30%	\$ 0.59
TOTAL SOFT COSTS					192,554	12.76%	\$ 25.34
TOTAL LAND, HARD (NET) & SOFT COSTS					1,509,254	100.00%	\$ 198.59
CONSTRUCTION INTEREST					-	0.00%	\$ -
TOTAL PROJECT COST					1,509,254	100.00%	\$ 198.59

The first floor of the sports building contains Township administrative space, meeting rooms, locker rooms, restrooms, showers as well as support and storage space for staff and Texas Rush Soccer. The second floor is designed to house Texas Rush Soccer's administrative offices under a NNN lease structure.

Estimated Costs of Ownership - The Sports Building’s dual purpose is to house Texas Rush Soccer’s administrative offices as well as provide for community-wide recreational meeting space and locker rooms (the “Common Areas”) for a variety of sports venues. Given Texas Rush Soccer’s NNN lease structure, no operating costs associated with the lease accrue to The Township. The only incremental expenses (i.e. common area utilities, maintenance and repairs, janitorial and insurance) would be associated with the Common Area. Janitorial costs to service the locker rooms can be billed as part of the reservation and use of the facilities. Approximately \$4.00 per square foot of these costs were estimated based upon small office building standard expense categories within The Woodlands community.

Payment – In exchange for use and occupancy of the Sports Buidling, Texas Rush Soccer proposes to remunerate the Township in the following fashion:

Annual Gross Lease Payment (NNN Base + OpEx):	\$87,750
Annual Economic Impact Contribution:	<u>\$24,273</u>
Total Annual Consideration for Sports Building:	\$112,023

The Annual Gross Lease Payment General terms of the operating Lease are proposed as follows:

- Landlord: The Woodlands Township
- Tenant: Youth Soccer Club of Montgomery County, Inc., d/b/a Texas Rush Soccer
- Premises: Approximately 4,500 sf of the Bear Branch Sports Building
- Initial Term: 15 years with two (2), five (5)-year renewal options
- Lease Structure: \$12.00 psf - Triple Net (NNN Base) wherein the Tenant is responsible for a prorate share of the utilities, ad valorem taxes, insurance and other common area maintenance charges estimated at \$7.50 psf – Year 1.
- Base Lease Escalator: Upon the first anniversary of the Lease and for every subsequent year thereafter during the Initial Term, the NNN Base shall increase by 1.5%.

The \$24,273 Annual Economic Impact Contribution is the numerical average of the minimum Tax Revenue projected to be received by TWT as a result of programming and events associated with the Sports Building. Please refer to Page 14 of the attached Economic Impact Report (Exhibit A) commissioned through The Sports Facilities Advisory, LLC.

The total rent payment from all sources to TWT equates to approximately \$24.89 per square foot per year for the initial year. Employing the assumptions and data points discussed, the resulting cash flow analysis concludes approximately \$65,873 per year annual net operating income (Year 1) to The Woodlands Township. This income stream equates to a Net Operating Income / Cost return of approximately 4.36% in the initial year trending to 4.57% in Year 5.

PROJECT CASH FLOW ANALYSIS							
BEAR BRANCH - SPORTS BUILDING							
(PRELIMINARY - FOR DISCUSSION & BUDGET PURPOSES ONLY)							
			YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NET RENTABLE SQUARE FEET			7,600	7,600	7,600	7,600	7,600
ANNUAL RENTS:							
GROSS RENT REVENUE			\$ 87,750	\$ 89,066	\$ 90,402	\$ 91,758	\$ 93,135
HOT/SALES TAX REVENUE			\$ 24,273	\$ 24,637	\$ 25,007	\$ 25,382	\$ 25,762
VACANCY FACTOR		0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL GROSS REVENUE	577,172		\$ 112,023	\$ 113,703	\$ 115,409	\$ 117,140	\$ 118,897
	38.24%						
OPERATING EXPENSES (Total Building)		2.00%	(46,150)	(47,073)	(48,014)	(48,975)	(49,954)
NET OPERATING INCOME	337,006		65,873	66,630	67,394	68,165	68,943
	22%						
NOI/COST RETURN			4.36%	4.41%	4.47%	4.52%	4.57%

Conclusion

The proposed field utilization renewal and development of the Sports Building at Bear Branch will afford The Woodlands community with consistent youth soccer programming and another mechanism upon which to generate untapped economic development revenue. The proposed Sports Building specifically will support alternative sports venues and house the Texas Rush Soccer club's administrative offices in an economically productive and self-sustaining fashion.

This document was prepared by Texas Rush Soccer with assistance from the Parks and Recreation Staff. While care has been taken in the preparation of this proposal, Texas Rush Soccer does not represent or warrant that the contents of this document are accurate or complete, as further refinements and changes to this proposal may be made during implementation.

EXHIBIT A
ECONOMIC IMPACT REPORT

EXHIBIT B

AERIAL VIEW OF THE PROPOSED BUILDING LOCATION



EXHIBIT C-1

PRELIMINARY FLOOR PLANS

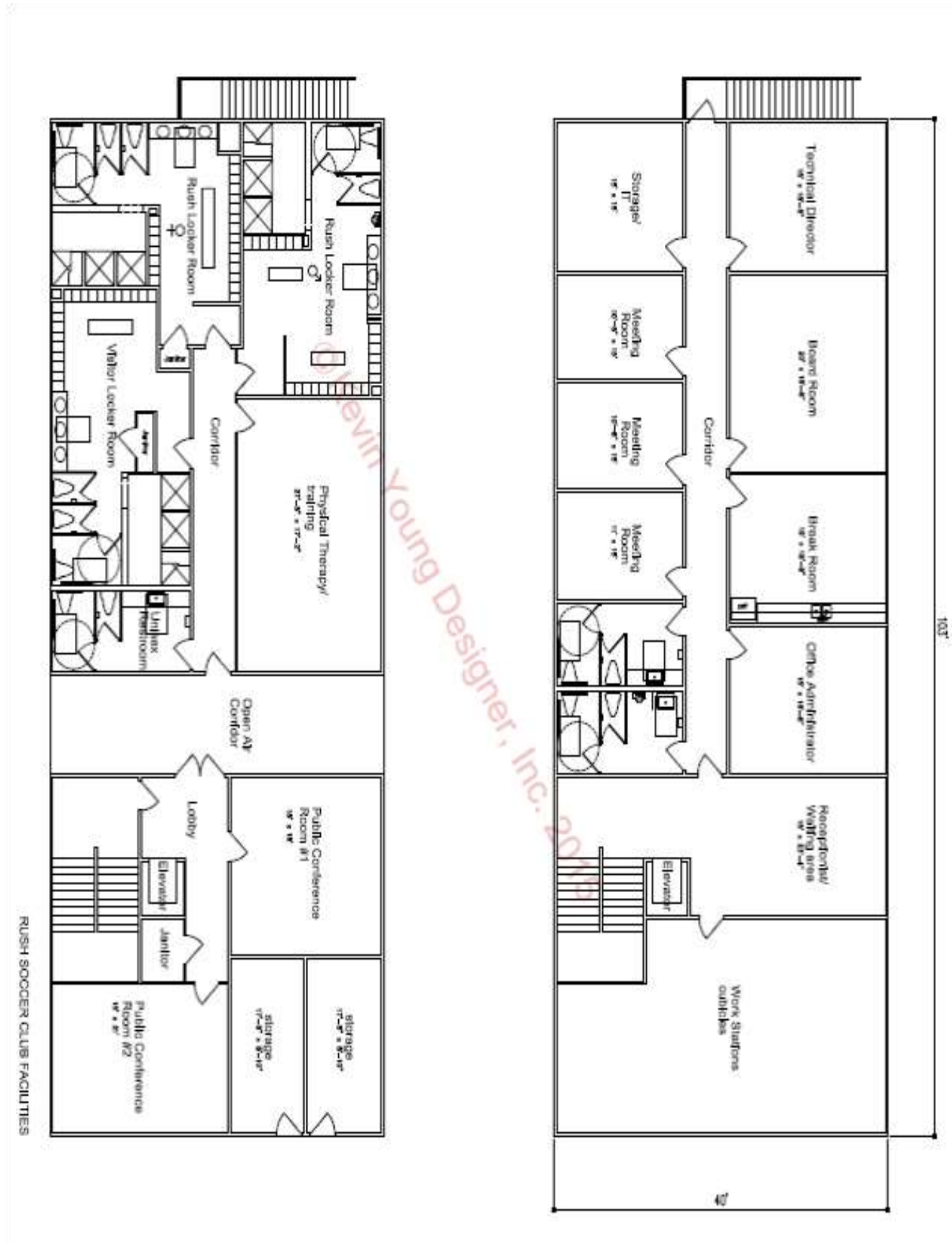


EXHIBIT C-2

PRELIMINARY ELEVATION RENDERING

