

# ST. CHARLES CHILL

Executive Summary | August, 2014

## KEY FACTS AT A GLANCE

### *Operations:*

- Exclusive CHL franchise market of Greater St. Louis.
- Market size (St. Charles/St. Louis) ranks in U.S. Top 20.
- Limited travel costs, plus other league expense caps.

### *Revenue & Expenses:*

- Revenue from ticket sales, merchandise sales and sponsorships.
- Major expenses include rent, marketing and payroll costs.

### *League and Team:*

- 10 teams participate in the Central Hockey League.
- The Chill play at home in Family Arena (seats 10,000).

### *Potential and Challenges:*

- The St. Charles/St. Louis county area is growing in both population & business.
- A myriad of youth & high school hockey leagues offer the ideal market for the Chill.
- The Chill were challenged by limited mass media exposure in Greater St. Louis.
- Team hindered by short time between startup and season.



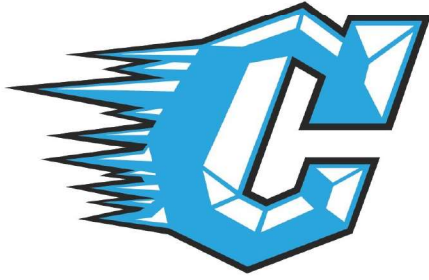
## Overview

The St. Charles Chill is a professional hockey team and franchise of the Central Hockey League (CHL). The team was announced on August 1, 2012 and played its first season in 2013-2014.

## Contacts:

**WITNESS**

**WITNESS**



## FACTS & FIGURES

The St. Charles Chill operate in one of the largest and most diverse markets in the CHL. The market size and exclusive franchise territory size is a 25 mile radius from the center of St. Charles, MO.

- Market Size (St. Charles/St. Louis-market size ranks in Top 20 in the U.S.)
- Capped Travel Costs (close proximity of opponents)
- League-wide Salary Cap (\$10,000 per week for 18 man roster) and other league-wide operating expense caps.



# BUSINESS CONCEPT

## *Operating Strengths and Efficiencies*

The Chill generate revenue by providing enjoyable family entertainment at an affordable price. Revenue is generated from the sale of game tickets, advertising and sponsorship packages, merchandise, and other ancillary business ventures.

Revenue is maximized through a commitment to consumers to provide the ultimate entertainment value, relentless and aggressive sales strategies, and a commitment to embed the Chill within the local community.

The Chill established numerous community programs; the players, ownership and management contribute to the community through public appearances, speaking engagements, fund raising, and developing youth hockey programs.

## Revenue Sources

- Ticket Sales
- Sponsorship Sales
- Merchandise, Other Sales
- Community Partnerships

## Major Operating Expenses

- Hockey Operations: *Player Payroll, Equipment, Travel, Per Diems, etc.*
- Front Office Payroll and Benefits
- Front Office and Arena Rent
- Insurance and Medical Payments
- Marketing, Advertising, Printing

## Operating Challenges:

- Mass media coverage in the greater St. Louis market
- Start-up beginning six months prior to the following season

# CENTRAL HOCKEY LEAGUE



# GROWTH OPPORTUNITIES

This past season was a season of new changes in the CHL. Ten teams participated in the CHL.

The league welcomed one expansion franchise (the Brampton Beast) to become the leagues' first Canadian club.

Most of the clubs play in new multi-purpose venues which have been built within the last decade. All of these facilities are \$40 million-plus entertainment centers equipped with the latest amenities including luxury suites, loge seats, video boards, ribbon boards, and other signage opportunities.

With the population and business growth in the St. Charles/St. Louis County area, the potential to grow the Chill revenues is unlimited. Hockey has become a very popular sport in the St. Louis area and aided by the success of the St. Louis Blues and the numerous hockey rinks (and youth hockey leagues) that have been built in the St. Louis area.

Efficiencies of scale and experience will contribute to lower operating costs which could be further reduced in the future.

In addition, the St. Charles Chill will have an attractive lease in the 10,000 seat Family Arena which houses approximately 40 suites, one Season Ticket Holder/Sponsor club and a \$1million capital improvement of new ribbon boards and video boards completed in 2013 in conjunction with St. Charles County.

## TEAM PHILOSOPHY



The Chill offer affordable family entertainment for fans throughout St. Charles and St. Louis Counties.

The team offers a myriad of season ticket and sponsorship opportunities in addition to a tremendous number of community programs benefiting both the corporate partners and non-profit organizations in the greater St. Louis region.

## FACILITY

The Chill will play home games at the Family Arena located in St. Charles, MO. The 9,600 seat arena is located directly south of Highway 70 immediately west of the Missouri River.



The 14-year-old building is a multipurpose venue hosting professional and amateur sporting events in addition to concerts and other activities.

The Chill home office is currently located at the Arena but will have an opportunity to be provided additional office space in St. Charles at a County owned property and will also include office furniture and telecommunications needs.



In addition, the St. Charles Chill could consider a smaller, 6,000 seat facility within the next decade. Such a facility would create the potential for the Chill to generate additional annual revenue with no increase in operating

expenses by also owning and managing its own venue.





## OWNERSHIP BENEFITS & SUMMARY

The St. Charles Chill are members of the Central Hockey League and will be located in the perfect central geographic area in the United States.

The team will be playing in the AA level CHL, two steps from the NHL. The operating costs and general geography are benefits from a travel and marketing standpoint. From St. Louis, there are teams in Independence, MO, Tulsa, OK, and Wichita, KS in addition to the Quad Cities area in Illinois.

The St. Louis market is obviously a hotbed for hockey with a myriad of amateur and high school leagues in addition to multiple ice practice and rinks in the metro area. St. Louis born and bred players are playing at the highest levels of junior and college hockey in addition to multiple players having made it to the National Hockey League. The rise of the St. Louis Blues has brought further interest in hockey in the market.

Owners of a Central Hockey League franchise have multiple benefits. In the case of the Chill, a new ownership group will be able to purchase an existing franchise with brand name recognition without having to purchase a new expansion franchise in a new market. In addition, ownership of a current CHL team will also mean owning a portion of the league. All league owners will be members of Central Partners, LLC which purchased the Central Hockey League in the Summer of 2013. This also allows owners to make decisions on behalf of their own franchise and the league.

In addition, franchise markets become valuable. By owning a team in a strong market for multiple years, the franchise gains value which enhances the investment.

The passion for hockey and business is intertwined as part of this investment. The enjoyment of being part of the wins and losses in addition to operating a professional sports franchise is exhilarating and challenging at the same time. Commitment is a key ingredient along with a love of the sport.

