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**Small Parks and
Attractions Committee**

What's Next for Your Small Park or
Attraction?

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- Difficult Economic Times
- Still a challenge to find financing
- Traditional vehicles may not be available
- What alternatives do you really have?

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- Three speakers today
- Leave about 20 minutes for Q&A at end
- Enjoy the coffee and refreshments
- Session is being recorded
- Available for purchase later

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- Introductions
 - Paul Nelson
 - Waldameer Park

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- Introductions
 - Edward Bolluijt
 - CFO Great City Attractions

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■ Introductions

■ Dan Aylward

- Currently, President and CEO of Worldwide Leisure Management LLC
 - Consulting for operations
 - Consulting for Wall Street firms
 - Contract operations management
 - Potentially acquiring operations
- Started at Kings Island
 - Great time in industry
 - Breaking new ground
- My experience primarily in domestic and international turn around projects

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- Items we have addressed
 - Conventional Financing
 - Banks
 - Other
 - Rental / Leasing
 - Leasing companies

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- Address several unconventional approaches
 - Revenue Sharing
 - Sale / Leaseback
 - Outright Sale

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- Revenue Sharing
 - Supplier provides asset
 - Operating costs offset versus revenue
 - Profits are split

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- Benefits of Revenue Sharing
 - New attraction without cash outlay
 - Attraction maintenance included in operating cost
 - Labor charged against operating cost of attraction
 - No direct cash outlay for operations
 - Depending on how it is structured

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- Drawbacks of Revenue Sharing
 - Control of operations can be compromised
 - Reduces operating profit for park
 - Requires careful negotiation and consideration

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- Challenges of Revenue Sharing
 - Does not work with rides in a pay one price environment
 - POP parks typically lease or rent
 - Requires ability to promote the attraction internally and/or externally
 - Ideal for add-on attractions

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- Protections for Owner
 - Clearly define contract
 - Contractually mandate that you are in control
 - Require supplier staff to follow park rules
 - Assign supervisors and management to monitor supplier compliance

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- Sale / Leaseback
 - Sell asset to investor
 - Lease back assets for operations
 - Typically, pay 8 to 11% of purchase price as lease
 - Typically, have controls for maintenance and lease payments

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- Benefits of Sale / Leaseback
 - Investors / owners get their money out
 - Keep operation and benefit from the upside
 - Frees cash for other purposes
 - Can negotiate future capital into purchase contract
 - Can sell lease in future

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- Drawbacks of Sale / Leaseback
 - Lose control of asset
 - Significant deposits are required
 - Subject to outside influence on operations
 - Non-industry personnel often involved in transactions

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- Challenges of Sale / Leaseback
 - Must make payments on regular schedule
 - Must hold funds on deposit
 - Lease payments
 - Must set up capital maintenance fund
 - May be required to maintain a level of equity in the company
 - Lease amount never drops
 - Subject to covenants of lease forever

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■ Protections for Seller

- Insist on financial statements
- Require long term capital commitment
- Minimize buyers approval rights in event you sell the lease
- Eliminate long term payments on purchase price, if possible
- Minimize deposit and equity requirements on operator
- Contractually restrict the amount of control landlord has over operating issues

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■ Outright Sale

■ Find buyer

- Broker or other source

■ Negotiate your price

- Asking 8 to 10 times cash flow
- Offering 5 to 7 times cash flow

■ Sign on the bottom line

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- Benefits of Sale
 - Frees cash from operation
 - Eliminates existing debt obligations
 - Frees any contingent liabilities
 - Personal Guarantees
 - Owners walk away from operation
 - Management contract
 - Transition of ownership

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■ Drawbacks of Sale

- Often the park has been in family for generations
- Lose control of operations of facility
- Community still looks to previous owners if there is a problem
- Safeguards for previous owners reputation are a matter of concern

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■ Challenges of Sale

- Many buyers want an earn out clause
 - Should be treated like a loan to the buyer
- Some buyers want to give a lower price with upside bonus
 - Difficult to manage
- Some buyers are not adequately funded to support the acquisition

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■ Protections for Seller

- Look at the financial strength of the buyer
 - Do they pay their bills?
 - Are they current with their ride suppliers?
 - Will they be able to get parts?
 - What is the likelihood they can operate effectively in the future?

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- Protections for Seller
 - What is history of buyer?
 - Have they operated parks before?
 - Were they successful?
 - What references can they give you?

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■ Protections for Seller

- Get complete financial package from buyer
 - Why do they want to pay over time?
 - Are they current with all their suppliers?
 - Do they have a reputation of treating their local suppliers fairly?
 - Three years of financial statements

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■ Protections for Sellers

■ Know the buyer

- Who is the key management person?
- What personal references can be given?
- Talk to past sellers

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■ Protections for Seller

■ Non-disclosure Agreement

- Monitor media
- Challenge erroneous statements
- Protect your image from the buyer's comments
- Remain responsive to your past suppliers and clients

