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AEM / ALPHA NEWS

Amusement Entertainment Management, LLC provides the most complete line of consulting services aimed directly at the development of bowling hybrid centers, family entertainment venues, amusement parks, waterpark complexes, hotels, resorts and casino properties.

Our firm has assisted in the development of more than 250 award winning and successful entertainment centers throughout the world.

www.AEMLLC.com
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Alpha-Omega Sales (AOS) is an independent distributor offering the highest quality and greatest selection of new and fully reconditioned coin-operated video and amusement games including redemption and merchandising games.

Since 1981, AOS has been known as the premier game reconditioning facility, because of the time, effort, and parts put into each game.

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Small Idea Grows Into BIG Thrills for Minnetonka, Minnesota

What started out as an idea for a mini-golf venture, turned into a \$4.2 million, 45,000 sq. ft. family entertainment complex with an additional 14,000 sq. ft. outdoor attraction mix that includes an 18-hole miniature golf course, trampoline portfolio, three-story climbing wall and a 25-foot spider climb and slide.

Barry Zelickson, Sr. Vice President at Border Foods and former owner/operator of the award winning Halloween Theme Park, has always loved the entertainment business. Almost three years ago he and Big Thrill Factory co-owner, Michelle Lynch, began the process of visiting entertainment centers across the country and attending industry trade shows and educational programs like Foundations Entertainment University. They interviewed several consulting firms during that time, including Amusement Entertainment Management (AEM), later hiring AEM to perform their market feasibility study and guide them from concept to completion.

Like many new businesses were experiencing, obtaining financing was a major hurdle. The poor economic conditions caused many banks to focus their efforts on working through problem loans within their current portfolio instead of writing new loans. Jerry Merola, CFO and managing partner of AEM, performed the group's market feasibility study, which would later prove critical in raising the \$1.5 million in private capital and \$2.7 million in bank financing. It also provided the foundation necessary to obtain backing by the SBA.

"It took over nine months to find a lender and get a deal that was agreeable. Having an experienced third-party industry consultant working with us became very instrumental in obtaining funding," said Zelickson. "Jerry provided us with an iron clad, investment-grade financial package to present to the investors and lenders, which clearly made a difference in the outcome."

At this time, Barry decided to retain AEM as a partner through to opening. Under the **Development Service Program**, AEM served as the project liaison for lease negotiations, equipment procurement, design and integration, and development of the early stage operating plan, working side-by-side with the client through every aspect of the project.

Over the course of 18-months, the team pursued a number of real estate



A FOUNDATION FOR SUCCESS

Want to build a family entertainment center? Start with a solid strategy.

Opening a new business is far from easy, particularly during the slow economic cycle that haunts America.

In general, a new business always carries a degree of risk, whether it is market risk, obsolescence risk, or management risk. Despite this, the U.S. has managed to cultivate 27.5 million small business entities that operate today, controlled by 10 percent of the resident population, each of whom classify themselves as self-employed.

Consider further that more than 550,000 new businesses are started each year, of which the financial services industry provides nearly \$700 billion in new loans to finance their existence.

From a downside perspective, 600,000 businesses close each year, 10 percent of which end in bankruptcy. Survival of the fittest rules apply here...

Read the full article at www.alphaomegasales.com/articles.

Jerry Merola
Managing Partner/CFO

Big Thrill Factory...continued

options before selecting the former K-Mart location that the center is now housed within.

"Finding a location for an indoor/outdoor center was a challenge," said Zelickson. "Jerry was instrumental in selecting the real estate and negotiating the lease deal."

Zelickson and Lynch had done a lot of sourcing of attractions beforehand, but still looked to AEM as a resource to help with the layout, provide advice on the best attraction mix, and negotiate the best deals.



Zelickson commented, "Jerry walked the floor with us at IAA PA, introducing us to vendors and making suggestions for attractions. We negotiated the deals together and worked well through the process."

When it came down to purchasing the game equipment, Barry admitted it was the one area he knew very little about. They hadn't spent a lot of time learning about this attraction, so they were really relying on the vendor to help them understand this area.

"We bid several companies and spent a good deal of time deciding on a game vendor" said Zelickson. "We chose Alpha-Omega Sales in conjunction with Alpha-BET Entertainment because of their financial approach to the

process. Their evaluation of games was based on the concept 'if this is the number you want to reach (in sales), these are the games you need' - it wasn't about buying the newest or trendiest games. It was about buying the one's that would provide us with the best ROI."

The Alpha-Omega crew was on site for more than a week, coordinating installation and programming of the equipment, at times working through the night to offset the late delivery of carpet tiles.

"At the end of the day, it was the way AEM and Alpha-Omega Sales stepped up and met the many challenges along the way that impressed me most," said Zelickson. "No matter



what you plan or how much you plan, things are going to change. You can deal with it in a negative or positive fashion. Jerry, Joseph and the Alpha-Omega team approached everything in a positive fashion asking how can we solve it and how do we move forward. They were a great partner and were as invested as we were in getting this done."

Big Thrill factory opened in March 2013 and features bowling, arcade games, laser tag, a black-lit ropes course, bump n' spin cars, climbing walls, party rooms and more.

www.bigthrillfactory.com



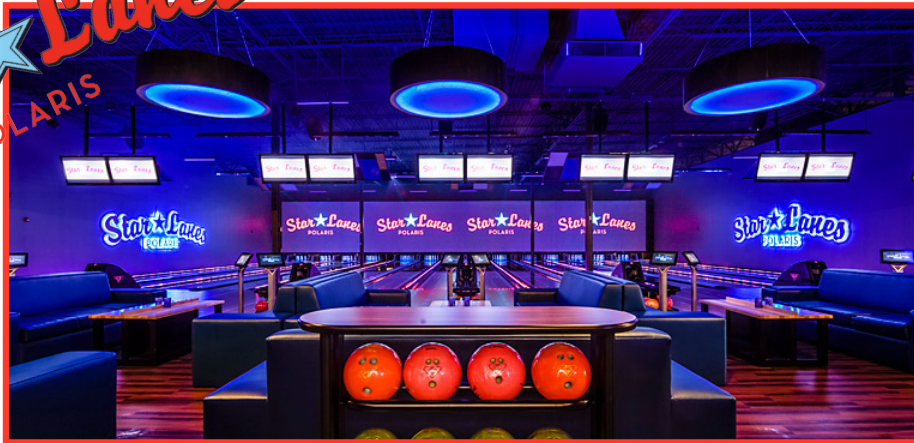
The V celebrated its Grand Opening in Omaha, NE, on July 17, 2013. The 46,000 sqft upscale, state of the art bowling anchored entertainment center boasts a 16-lane upscale bowling lounge, 4 lane private suite, 150 seat restaurant,

Café, 2 bars, 5 meeting/party rooms, 20,000 sqft of high quality family amusement including; Clip N Climb™ climbing attraction, 100 arcade games, Atomic Rush™, Highway 66™ mini-bowling, and a 4,000 sqft laser tag arena.

AEM provided full development services for The V, including early stage market analysis, development of the business case, assistance with capital fundraising and debt financing, and coordination of the project's construction phase.

www.thevomaha.com

Star Lanes
POLARIS



Brothers Doug and Jeff Mechling, along with their father Mike, have certainly proven that drive and

determination are key in achieving your goals.

Star Lanes Polaris opened on May 5, 2013 and offers 20 lanes of bowling, a full game center, restaurant and bar, private function rooms, billiards and more. The 35,000 square foot boutique bowling center is a tribute to the perseverance and ‘can do’ attitude of the Mechling family.

In early 2007, Doug was approached with the idea of opening a family entertainment center in a vacant commercial space in Sunbury, OH. With Doug’s background in retail, food service, and residential contracting, along with Jeff’s twenty years of experience as a restaurateur, the Mechlings felt they had a great foundation from which to start. What they believed they lacked was the knowledge of the entertainment industry and what it would take to get a venture like this off the ground.

Doug met Jerry Merola in late 2007 at the encouragement of several bowling vendors. Jerry provided the Mechlings with an in-depth overview of the industry and laid out a path they could take if indeed interested.

“Jerry walked us through each stage of the project, beyond just the initial feasibility study,” said Doug. “Looking back, it was invaluable information for someone who does not know the industry.”

In March 2008, AEM completed the team’s market feasibility study, and over the next three years worked alongside the Mechlings in raising the necessary investment capital.

“Every step in this process was an eye-opening experience,” said Doug. “We hit a lot of hurdles, but we were learning how to position ourselves with the lenders and were gaining knowledge about the industry.”

While trying to negotiate a lease deal, the

property in Sunbury went into foreclosure, leaving much of the team’s hard work in jeopardy.

It was during this time that Doug and Jeff’s mother passed away unexpectedly. With their partner unable to invest anything further and having to move on from the project, Doug was unsure of their future.

“After my mother died, Jerry sent me a note that really helped me to decide how to move forward. It explored each of the options, including project abandonment. But it was Jerry’s commitment to stand by us that provided me with the resolve to persevere, and ultimately develop a project that both my mom and my family could be proud of. For me, that note was the turning point from an otherwise dark day.”

Doug knew Jerry was right and had already started looking at nearby properties. He approached the landlord at a vacant Circuit City property in Polaris in March 2011. After some initial demographic polls and a commitment to a very favorable rent structure, Doug went back to his dad. Mike agreed that pushing forward was the right thing to do and something his wife would have supported.

The Mechling’s realized that much of the pushback they had received from the lenders the first time around had to do with their lack of experience in developing and operating a bowling and gaming center. With Jerry’s assistance, they approached Lucky Strike to be their operating arm for the new location. The format was also changed to be more of a high-end boutique bowling center, in keeping with the upscale nature of the location.

“Jerry was able to get the lenders to see past the word ‘bowling’ and get them comfortable with the format,” explained Doug. “They were very concerned about lending to a ‘bowling anchored’ facility.”

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AEM Client
wins the Ottawa
Tourism Award for
“New Company
of the Year”

Funhaven, owned and operated by Dave and Hugh Ellis, is a 36,000 sq. ft. family entertainment center that opened in Ottawa, Canada in December 2011.

“This recognition has made us extremely proud of what we have accomplished since opening and reflects our constant effort to reach our goal of providing quality family entertainment here in Ottawa.”

The Ottawa Tourism Awards celebrate the individuals, organizations and events that have set high standards and demonstrated outstanding achievement, contributing to the growth and development of tourism in Ottawa and Canada’s Capital Region.

Funhaven was a “concept to completion” project for AEM and we are proud to have been part of this award winning and critically acclaimed endeavor.

www.funhaven.com

**COMING
in 2015**

marblemedia
www.marblemedia.com

Toronto-based attorney, John Barrack, in partnership with **marblemedia**, also of Toronto, will be working closely with AEM to launch Toronto's largest indoor entertainment complex in 2015. The \$60 million project, boasting 70,000 square feet of indoor waterpark, 20,000 square feet of traditional entertainment, and 10,000 square feet of television production space, is intended to combine **marblemedia's** television production studios with a fully-immersive entertainment experience. Barrack serves as the entity's Managing Partner and core developer.



TreePaad Renovates After Fire

On August 9, 2012, TreePaad Fun Center was closed due to a devastating fire. Read about their challenges, lessons learned, and Alpha-Omega's rewarding experience while working with TreePaad's amazing owners and staff.

(August 2013 edition of PlayMeter magazine.)

To read the article, visit www.AlphaOmegaSales.com/articles

FlipSide

FlipSide is a \$6 million, 52,000 sq. ft. bowling entertainment complex located in Gilbert, AZ, that came about as part of a well thought-out business plan to invest in an industry that would thrive in a challenging economy.

In 2009, co-owners Nathan Crane II and Ryan Owens met with Jerry Merola to begin the three-year relationship that would make the plan a reality.

AEM was retained to conduct a full-scope market feasibility study focused primarily on the greater Phoenix market. Ultimately, AEM established a master development plan mainly driven by the study results which identified the East Valley as largely underserved, with population densities rivaling major metropolitan markets.

"We chose AEM because we wanted a third-party evaluation that we knew would be objective," said Crane. "AEM brought credibility to the table, especially when we started looking for financing."

Soon after the plan was put in motion, the economy collapsed, which created a near shutdown of bank lending. AEM, along with Crane and Owens, met with more than fifteen regional banks in order to acquire the necessary capital to begin the project. During that same time period, AEM led



the team in successfully negotiating a suitable lease agreement that supported strong landlord participation through provision of tenant improvement dollars.

Flipside opened in February 2013 and was an instant hit. It's an excellent example of how a well-conceived, well-executed entertainment concept can be brought to life through patience, perseverance, and planning.

www.exploreflipside.com

Star Lanes Polaris...continued

Jerry guided them through the lender, lease, and the management deal negotiations with Lucky Strike. The team proved successful in convincing the bank to orchestrate an SBA-backed loan in the amount of \$3 million to support the project. By May 2012 they had a lender commitment letter in hand; by July the lease was negotiated and signed, and by October, construction was under way.

"I spent many years in the corporate world before retiring and have worked with some terrific people," shared Mike Mechling. "However, Jerry Merola is easily the most exceptional business person I have ever encountered. There is absolutely no way we could have opened Star Lanes without his mentoring and tutelage. The ALPHA team was also great and the install was perfect."

"For three and a half years, we never hit traction on the project," explained Doug. "Through all the ups and downs though, Jerry was there to guide and encourage us. We talked weekly, if not daily at times. There was not a piece of this project that Jerry was not a part of and I truly believe that we would have given up if it had not been for him. From an operational standpoint, this project would not have happened without AEM and Jerry's knowledge and experience. We are forever indebted to the entire staff at AEM and Alpha-Omega Sales; every one of them went above and beyond for us and genuinely cared about what happened."

www.starlanespolaris.com

