

**BOND GUARANTY PROGRAM  
DEVELOPMENT FINANCE**

**SAMPLE APPLICATION**

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**PLEASE RETURN TO:**

**ADFA**  
**ATTENTION: DEVELOPMENT FINANCE**  
P.O. Box 8023  
LITTLE ROCK, AR 72203

## SUMMARY SHEET

COMPANY NAME: A. Doubleday & Sons, Inc.

PROJECT AMOUNT: \$5,000,000

ADFA LOAN AMOUNT: \$4,000,000

The company is requesting a ten year term with level debt service payments. (Real Estate is limited to 15 years and equipment is limited to 10 years or 120% of useful life.)

COLLATERAL FOR ADFA LOAN/BOND ISSUE:

First mortgage : buildings, equipment and land in Project;  
First mortgage : \$2,380,000 in equipment to be moved to new plant;  
Corporate and personal guarantees of the Bodine family.

PURPOSE FOR PROJECT:

Funds will be used to construct and equip a plant in Helena, AR. Plant will manufacture baseball bats under the company's "Ty Cobb Model" line, as well as our private label model for retailers.

EMPLOYMENT PROJECTIONS:

The company plans to hire 25 skilled employees initially, and it has the potential to hire up to 25 more skilled positions over the next three years. Average salary for new jobs will be \$30,000 annually.

### SOURCE AND USE OF FUNDS

SOURCES

	ADFA	\$4,000,000
	Doubleday	\$1,000,000
<b>Total</b>		<u>\$5,000,000</u>

USES

Land (10 acres)	\$ 250,000
Building(100,000 sf)	\$2,500,000
New Equipment	\$2,380,000
ADFA Guaranty Fee ***	\$ 200,000
Cost of Issuance **	\$ 90,000
Debt Service Reserve *	<u>\$ 80,000</u>
<b>Total</b>	<u>\$5,000,000</u>

\* 2 monthly payments held in reserve by Trustee

\*\* estimate, generally 2% - 2.5% of the bond issue

\*\*\* 5% of bond issue

## **PROJECT DESCRIPTION**

A. Doubleday & Sons, Inc. is currently producing all of its baseball bats in the Cleveland, Ohio facility. All wood raw materials for the bats are from the company-owned mill in Helena, AR. As demand has risen, we have decided to expand our production capacity by opening a manufacturing facility at the Arkansas mill site.

The Helena, AR facility is to be located on 10 acres of land next to our existing lumber mill. We plan to erect a 36,300 sf metal building (200'x181'x27'). The building is fairly standard, yet we will need some additional electrical work for the machinery. We are planning two production lines, the primary line composed of all new equipment, and the secondary line will be moved from our Cleveland facility. The building is designed to allow for a third line as demand dictates.

The benefits of the expansion are threefold. Our transportation costs will be reduced dramatically. We plan to manufacture some of our less expensive models in Helena, because transporting the wood from Helena to Cleveland can represent 5 to 10% of our total costs. Labor costs in Arkansas are much less than Ohio. Moving one complete production line to Helena will free up space in our Cleveland facility, allowing us to increase our efforts at producing a prototype aluminum bat.

## **BUSINESS HISTORY**

### **SEQUENCE OF EVENTS**

A. Doubleday & Sons, Inc. was founded in 1927 in Cleveland Ohio by Jed Clampet, who took his famous uncle's name for his small manufacturing firm. At that time, the company produced a wide range of sports equipment, with an emphasis on baseball. The product line included baseball bats, gloves, and balls, as well as footballs and golf clubs. The company never enjoyed great success in any line, except the baseball equipment.

During World War II, the company was retooled in the interest of national security, and the company produced wooden crates for ammunition boxes. At the war's end, the company returned to producing sports equipment, however, the decision was made to specialize in wooden products. This was to take advantage of the expertise gained during the war.

From 1946 to 1972, the company made only baseball bats and golf club heads. 1972 was to become a turning point for A. Doubleday & Sons, as the golf division was sold, and the company acquired the rights to the "Ty Cobb Model" trade-mark. The company has continued to grow and concentrate on improving product quality. Plant expansions in Cleveland have occurred in 1979 & 1983. We currently have 5 production lines, and on the average, they each produce 2,160 BPD (bats per day).

The company is privately held by members of the Clampett family. Doubleday's current president is J.D. Clampett IV. As of this application, the company employs 43 hourly and 10 salaried employees.

### **PRODUCTS AND SERVICES**

The company currently produces two lines of baseball bats in a variety of sizes. The "Ty Cobb Model" comprises 45% of sales and it is sold through sporting goods stores coast to coast. Private label baseball bats make up an additional 40% of the company's sales. The remaining 15% of revenues is from a specialty line of chest protectors for umpires sold under the "A. Doubleday" brand name through sporting goods stores.

A copy of the company's illustrated sales brochure is attached.

## **MAJOR CUSTOMERS AND SUPPLIERS**

### *Major Customers*

#### **"Ty Cobb Model" baseball bats & "Doubleday" Chest Protectors:**

- ? ? Big Daddy's Surf Hut and Baseball Supply Store, 25 locations through out Florida, 10% of sales;
- ? ? Texas Sporting Goods, 33 locations in the Southwest USA, 10% of sales;
- ? ? Holy Cow Sports Supply, 17 stores in the Chicago area; 5% of sales;
- ? ? Avalanche Sports, Denver, 4% of sales ;
- ? ? Balls, Bats and Gloves, 42 locations in California and Arizona, 11% of sales

### Private Label Sales

Sears (2%), Wal-Mart (6%), K-Mart (2%), & Target (5%) all distribute our bats either coast to coast or regionally.

### *Major Suppliers*

- ? ? Island 62 Lumber Company, 22 Columbia, Helena, AR 72342, 24% of raw materials
- ? ? MJJT Lumber, Inc., 777 Main St., Friars Point, MS 70003, 20% of raw materials
- ? ? Keefer Wood Products, 222 Beech, Stamford, CN 21107, 12 % of raw materials
- ? ? Progressive Equipment Co., 12 Park Ave, Toledo, OH 39908, 5% of raw materials
- ? ? Brooks Cotton Co., 334 River front, Memphis, TN 38103, 9% of raw materials

## **INDUSTRY ANALYSIS**

Baseball bat demand has risen dramatically over the past seven years. Until that time, sales had remained fairly level since the early 1950's. The health and fitness boom of the early 1980's, and younger organized baseball leagues have helped to almost double sales in the past 8 years.

On the whole, the industry has benefited from these factors. Total bat sales are estimated to be \$650 million (retail sales). Of this amount, approximately 1/2 are wooden, the rest aluminum. Of the \$325 million wooden bat market, A. Doubleday & Sons sales make up 10% or \$32.5 million. The market leaders are H.B.- 38%, and MacGregor - 26%. Several Japanese firms have recently entered the market, but they have had no significant impact. By continuing to develop a prototype aluminum bat, and continuing to reduce our costs, we believe we can be competitive well into the next century.

## **ANNUAL FINANCIAL STATEMENTS**

Annual financial statements for the past 3 years. If the company has not been operating 3 years, please provide as many as possible.

Should include the following:

- Balance sheet
- Income Statement
- Statement of Cash Flows (if one is available)
- Notes to financial statements

## **INTERIM FINANCIAL STATEMENT**

Borrower should provide interim financial statements current to within past 90 days. Should include the following:

Balance Sheet  
Income Statement

### **PRO-FORMA FINANCIAL STATEMENTS**

Projections should be prepared by an independent Certified Public Accountant or the University of Arkansas-Little Rock Small Business Development Center, after consultation with ADFA staff. Statements should include the following:

Balance Sheet  
Income Statement  
Statement of Cash Flows

Monthly for year 1, Quarterly for year 2 with annual totals for each year.

### **BUILDING COST ESTIMATES**

(If Applicable)

Should be copy of contractors bid or quote and should include the cost of the payment and performance bond which will be required by ADFA.

### **EQUIPMENT QUOTES**

(If Applicable)

Should include quotes or proposals on all equipment to be purchased for the project. The quotes or proposals should be no more than 90 days old.

### **APPRAISAL**

(If Applicable)

For existing property to be used as collateral. The appraisal should be completed by a state certified or M.A.I. appraiser.

### **RÉSUMÉS OF OWNERS AND KEY MANAGEMENT**

Informal paragraph style, should include time and positions held within the company, related work experience, special activities, honors and awards, and education.

Example:

J.D. Clampet IV, A. Doubleday & Sons, Inc.  
President of the Company since 1980, previous positions held within the company - Vice President, Marketing 1977-80; Sales Manager, 1973-77; Plant Foreman, 1970-73; Production Line, 1969.  
U.S. Marine Corps, 1966-68.

President, Baseball Equipment Manufactures Association, 1986-87.  
 Treasurer, Shaker Heights Rotary Club, 1984.  
 Graduate, Ohio Valley College, 1965.  
 Personal Interest: softball, running, gardening, sailing.

## SUMMARY OF EXISTING DEBT

Can be provided in chart format. Should include the following:

Original Date, Lender, Original Balance, Outstanding Balance, Payment Terms, Collateral, Maturity Date.

Example:

Original Balance	Lender	Date	Outstanding Balance	Payment Terms	Collateral	Maturity
\$5,000,000	Beverly Hills Bank	3/15/90	\$3,100,000	\$35,000/mo	All Mill Equipment	3/15/10
\$1,500,000	Bank of Cleveland	6/1/98	\$1,000,000	\$15,000/mo	Sanding machine	6/1/08

## PERSONAL FINANCIAL STATEMENTS

For all guarantors - form enclosed\*.

*\*(Please use the ADEA Personal Financial Statement Form provided in your package of IDB Information)*