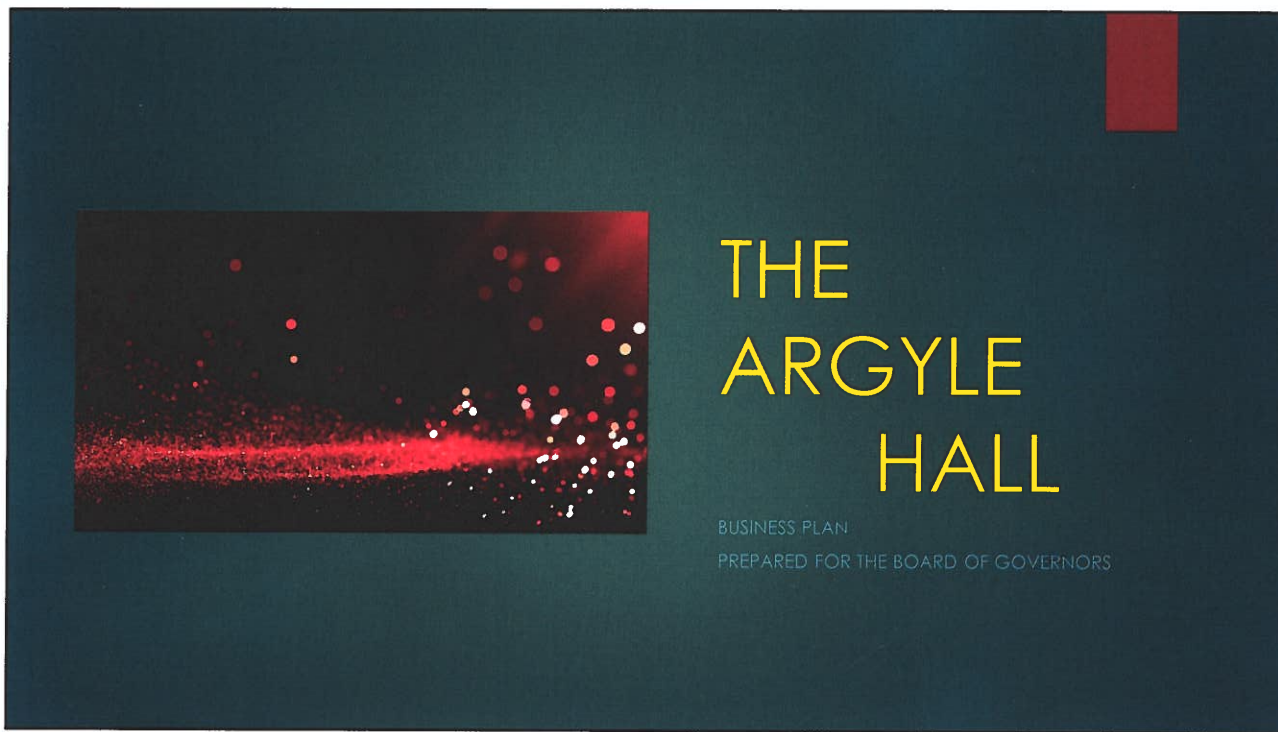


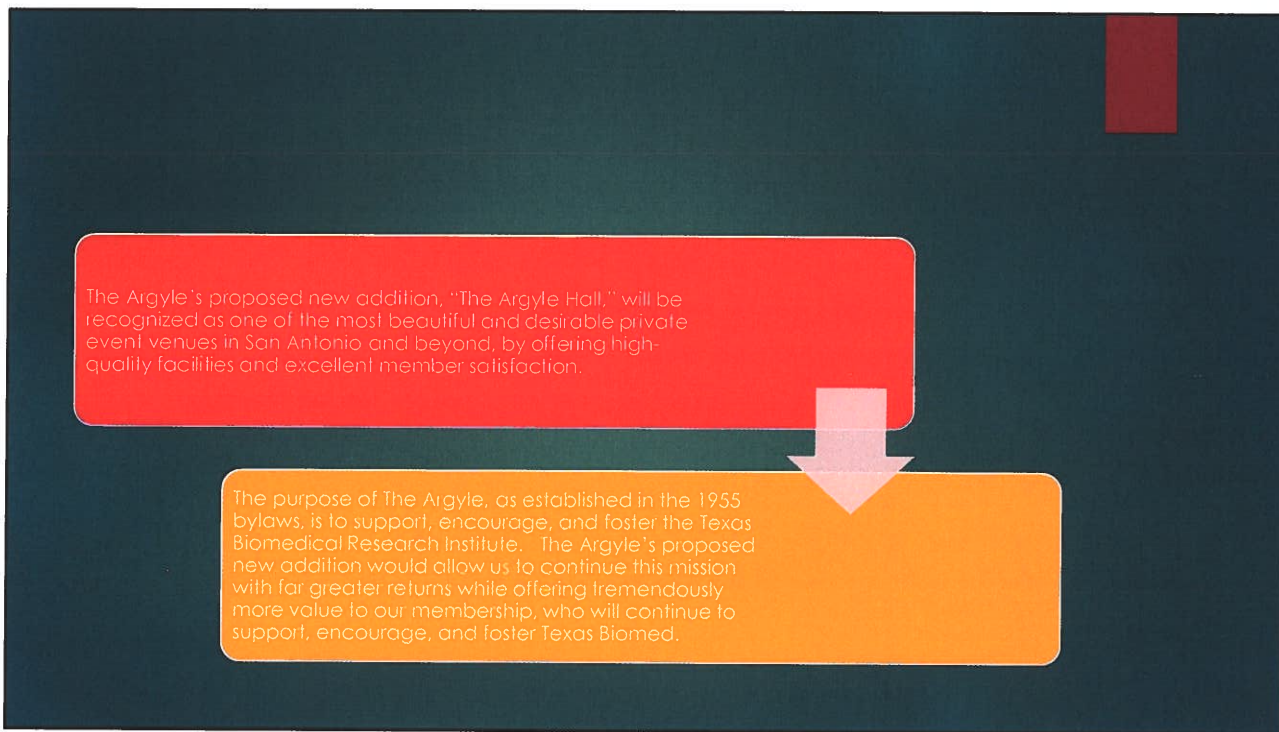
S.A.N



THE ARGYLE HALL

BUSINESS PLAN
PREPARED FOR THE BOARD OF GOVERNORS

1



The Argyle's proposed new addition, "The Argyle Hall," will be recognized as one of the most beautiful and desirable private event venues in San Antonio and beyond, by offering high-quality facilities and excellent member satisfaction.

The purpose of The Argyle, as established in the 1955 bylaws, is to support, encourage, and foster the Texas Biomedical Research Institute. The Argyle's proposed new addition would allow us to continue this mission with far greater returns while offering tremendously more value to our membership, who will continue to support, encourage, and foster Texas Biomed.

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- ▶ Our vision is to create an event planning brand that will become the number one choice for our members in the entire San Antonio area and beyond. Our vision reflects our values: integrity, excellence, and support of our membership community through exquisite service, food and beverage offerings.
- ▶ We are positioning ourselves to become the leading brand in private event planning in San Antonio by offering the following to our members and guests: wedding planning, corporate events planning, sporting events gatherings, musical performances, general meetings, lectures, and social gatherings, as well as act as an extension of the current clubhouse for Easter, Christmas, Texas Biomed Annual Gala, and many other large gatherings.
- ▶ Our purpose is to offer significant additional value to our membership, who in return will continue to support, encourage, and foster the Texas Biomedical Research Institute.

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concept

- ▶The Argyle Hall will provide multiple opportunities for our members to host events from 50 people to 500 people in a sophisticated setting which can be relaxed or formal.
- ▶The concept design for the proposed new venue addition is rooted in the traditions of the Argyle where sophisticated and classical styles are reflected in its interior and exterior architecture.
- ▶Beginning with a redesigned arrival court that maintains the wonderful canopy of live oaks, our members and guests will encounter a beautiful drop-off destination with the historic Greek Revival-style architecture blending seamlessly with the Argyle's existing facilities.

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concept

- ▶ Once inside, guests enter a beautiful foyer and pre-function space that connects the many function spaces. The room has an impressive 16-foot ceiling, large windows, and exquisite marble floors. Large, modern men's and ladies' restrooms flank both ends of the pre-function hall.
- ▶ Not only will the 6,600 square foot ballroom provide a wonderful 450-seat wedding venue, but the main ballroom can be divided into multiple private rooms to allow events of varying sizes.
- ▶ Careful attention has been paid to connecting the indoor and the outdoor areas. Windows are designed to provide ample sunlight to interior spaces. The main ballroom contains three expansive windows and doors which open onto a spacious terrace to take full advantage of the spectacular views to the west.
- ▶ In addition to public spaces, the new addition also provides substantial new support for back-of-the-house functions, storage, and service capabilities to all areas.

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concept

- ▶ Furniture storage, a banquet preparation room, and other modern, state-of-the-art ancillary service functions are scheduled in the concept. Finally, there is a beautiful wine room for member dining on the lower level, with substantial additional wine storage areas adjacent, all serviced by an elevator.

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SWOT ANALYSIS

STRENGTHS

- Provides a very desirable and unique private dining venue that will encourage members hosting 50- to 500-person gatherings to socialize, entertain and dine.
- Exquisite service and food and beverage offerings have been in our culture since inception. This presents a unique opportunity for the Argyle to redefine our marketing edge and strategy over any other establishment in San Antonio and continue to offer value to our membership.
- Historically, our highest financial profitability has always been derived from private events. We are positioning ourselves to continue to attract a very large segment of the membership through private gatherings, social events, corporate events, club events, and other occasions, many of which are lost to other venues due to present capacity limitations.

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STRENGTHS

- The Argyle Hall will add approximately 6,600 feet of usable space which will increase the total occupancy of the building by over 450 people, almost double our current occupancy.
- Based on a significant increase in square footage and capacity, The Argyle could potentially increase the number of resident members from 1100 to over 1300, thereby increasing contributions to Texas Biomed without overcrowding our facilities.
- For the first time, we will be able to host several large gatherings (100 people or more at a time) under one roof and without the use of a tent.
- The club will no longer have to completely shut down all services in order to accommodate a large gathering, a practice which has caused inconvenience and disappointment for our members.

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STRENGTHS

- With only slight and inexpensive modifications and equipment, our existing expanded kitchen will easily accommodate this new facility, especially with the new staging and delivery areas included in the design of the Argyle Hall.
- This facility will eliminate the need for renting tents, a high cost for the members. The deletion of the line-item expense for the tent is expected to increase members' gross expenditures on other event details.
- The Argyle Hall will add an additional seating capacity of 450+ which, in addition to the 450 main Argyle seating capacity, 400 front lawn, and 100+ in the Coates-Kelso Garden, will bring the total capacity to 1400. This will allow us to seat more than 1200 for Easter (and save our costs of renting tent structures), eliminate the long waitlist for Christmas, and similarly reduce costs for the annual Texas Biomed Gala while increasing contributions significantly.

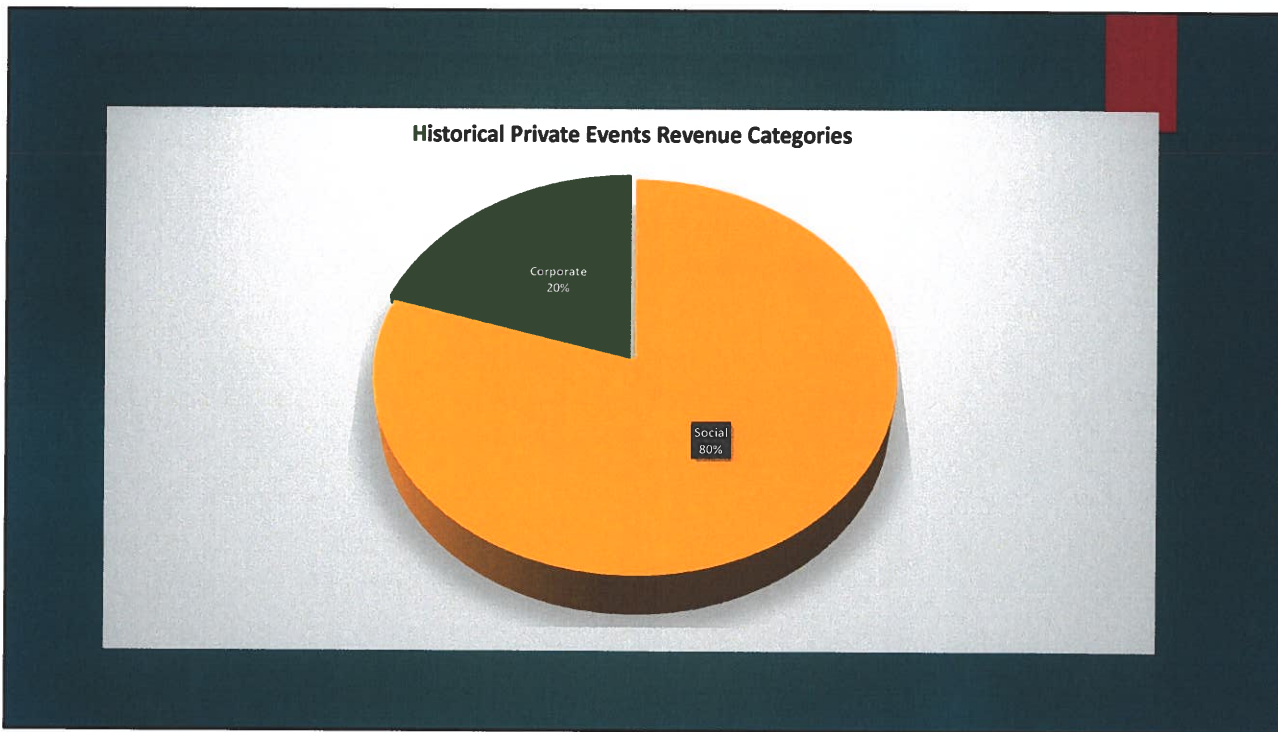
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The Argyle Hall will be recognized as the leading venue in private event planning in San Antonio and beyond and will continue to add tremendous member value for decades to come. It will also become a valuable feature to attract new generations of members.

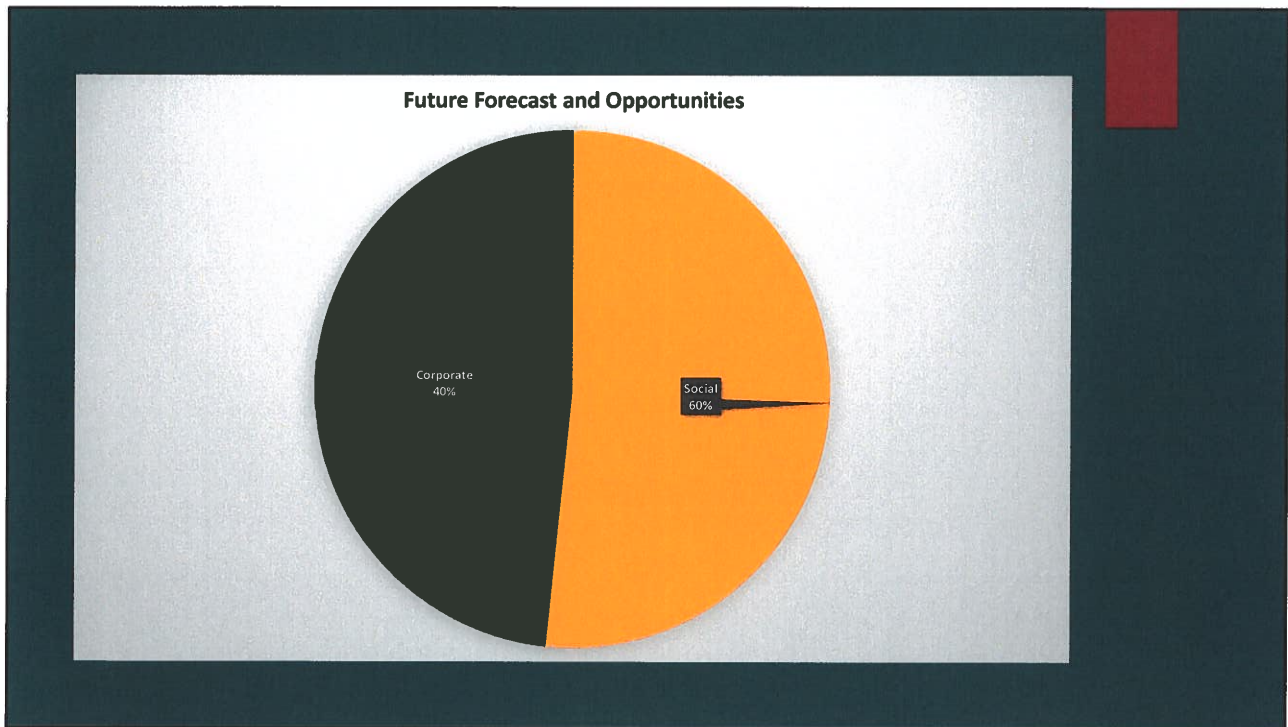
All costs associated with the planning and construction of the Argyle Hall will be funded by private contributions from members and not by dues increases or assessments. This will continue to add and increase member value and support.

With the addition of the Argyle Hall, the Club will continue to attract, engage, and increase usage among younger members by providing the best private club membership value in San Antonio and beyond.

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Weaknesses

- During the time of construction, we will not be able to tent the parking lot for large event gatherings.
- Ongoing construction noise and reduced visual appeal may be a deterrent for some of our members and an inconvenience to our immediate neighbors.

Opportunities

- Increase club usage for members' social, corporate, or special event gatherings.
- Create a new revenue stream that will directly impact long-range capital planning expenses and attract new candidates for membership.
- Capture new business from members who, due to The Argyle's current limited space and logistics, book their events at different venues.

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Opportunities

- Increase our fundraising opportunities for Texas Biomed by increasing the size of our facilities to capture more and directly-driven fundraising events.
- Become the leading place of choice for all private social, corporate, fundraising, or special event gatherings.
- Add additional value without member assessments or dues increases.

Threats

- Operating costs will increase, but they will be offset by the new revenue stream.
- The noise level will increase during construction time. We will control this carefully to the maximum extent possible to maintain our fine reputation, our good relations with our neighbors and the City of Alamo Heights, and our excellent service to our members and guests.

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PRIVATE DINING HISTORY		2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	5-YEAR TTL
FOOD		970,445	1,007,010	1,049,917	963,002	1,136,835	5,137,209
WINE & BEER		312,528	317,654	363,177	346,096	414,011	1,753,466
ALCOHOL		185,497	203,736	170,036	157,327	253,295	889,891
	SUB-TOTAL	1,468,470	1,528,400	1,583,130	1,466,425	1,804,141	7,850,566
SERVICE CHARGE		251,125	312,647	308,193	293,295	340,302	1,505,562
	TOTAL PRIVATE DINING	1,719,595	1,841,047	1,891,323	1,759,720	2,144,443	9,356,128
	DEPARTMENT NET REVENUE	464,314	538,504	529,977	504,772	642,435	2,680,002
PD + BALLROOM REVENUE							
		2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	5-YEAR TTL
FOOD	65%	1,691,979	1,812,109	1,924,460	2,024,532	2,091,342	9,544,423
WINE & BEER	65%	578,644	619,727	658,151	692,374	715,223	3,264,119
ALCOHOL	65%	320,064	342,789	364,041	382,972	395,610	1,805,475
	SUB-TOTAL	2,590,687	2,774,626	2,946,652	3,099,878	3,202,174	14,614,017
SERVICE CHARGE		492,230	527,179	559,864	588,977	608,413	2,776,663
	TOTAL PRIVATE DINING	3,082,917	3,301,804	3,506,516	3,688,855	3,810,587	17,390,680
	TTL VARIANCE YR OVER YR	1,211,692	218,887	204,712	182,339	121,732	8,034,552
		77%	7%	6%	5%	3%	86%
GROSS RECEIPTS TAX	6.7%	60,213	64,489	68,487	72,048	74,426	339,663
COST OF FOOD	32%	541,433	579,875	615,827	647,850	669,229	3,054,215
COST OF WINE/BEER	37%	214,098	229,299	243,516	256,179	264,632	1,207,724
COST OF LIQUOR	20%	64,013	68,558	72,808	76,594	79,122	361,095
	COST OF F&B	819,544	877,732	932,151	980,623	1,012,984	4,623,034
COST OF PREP & SER.							
WAGES - KITCHEN	37%	629,416	674,105	715,899	753,126	777,979	3,550,525
WAGES - PRIVATE DINING	19%	318,092	340,677	361,799	380,612	393,172	1,794,351
EMPLOYEE MEALS	3%	45,683	48,927	51,960	54,662	56,466	257,699
LAUNDRY	2%	33,840	36,242	38,489	40,491	41,827	190,888
UNIFORMS	2%	25,380	27,182	28,867	30,368	31,370	143,166
PAYROLL TAX	8%	129,436	138,626	147,221	154,877	159,988	730,148
HEALTH INSURANCE	4%	60,911	65,236	69,281	72,883	75,288	343,599
OCCUPATIONAL INS.	0%	3,384	3,624	3,849	4,049	4,183	19,089
CHINA, GLASS, & SILVER	1%	16,581	17,759	18,860	19,840	20,495	93,535
SUPPLIES	3%	49,067	52,551	55,809	58,711	60,649	276,788
	TOTAL COST	1,311,791	1,404,928	1,492,034	1,569,620	1,621,417	7,399,791
	DEPARTMENT NET REVENUE	891,368	954,655	1,013,844	1,066,564	1,101,761	5,028,192

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- Neither the Argyle nor Texas Biomed will absorb direct expenses with the development of The Argyle Hall as it will be underwritten through private member contributions.
- The 5-YEAR current private dining historical trends have been generating an average of \$1,871,226 per fiscal year in total private dining food and beverage or \$9,356,128 over the past 5 years.
- **Revenue Projections**
With the addition of over 6,600 square feet of usable space and 450+ potential new covers, **at 65% occupancy**, we forecast an annual private dining food and beverage revenue of \$3,478,136 (5-YEAR FORECASTED AVERAGE) from \$1,871,226 (5-YEAR CURRENT AVERAGE) or **\$17,390,680** from \$9,356,128 currently, over the next 5 years.

This represents a yearly increase in private dining revenues of almost 77% (YEAR-1) and 86% by (YEAR-5).

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□ Profitability

- After all costs associated with operational expenses, we forecast a NET YEARLY AVERAGE PROFIT of \$1,005,638, up from \$536,000 currently, which represents **an increase in net profitability of 88% from current levels.**
- The projected construction budget is \$8,250,000. **Based on an annual average net profit of \$891,368 (YEAR-1) and \$1,101,761 (Year-5), the return on the investment is 11%, increasing to 13% by YEAR-5.**
- The additional profit will allow the Argyle to re-invest in capital replacements, betterments, and other improvements without requiring as much financial assistance from Texas Biomed. This is tantamount to additional financial contributions to Texas Biomed, our core mission.

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Other assumptions:

With a potential increase in revenues of 77%+, we estimate that labor-related expenses will increase by about 15% per year.

We have budgeted to hire 3 full-time culinary staff, 1 full-time houseman, 1 part-time employee in sales and catering, and 1 banquet manager.

The Argyle owns the parking lot where The Argyle Hall is proposed to be built, so there will be no costs associated with the purchasing of an additional property.

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THANK YOU !

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