CONFIDENTIAL | 9 NOVEMBER 2011

DISCUSSION MATERIALS

LAZARD

Preliminary Observations

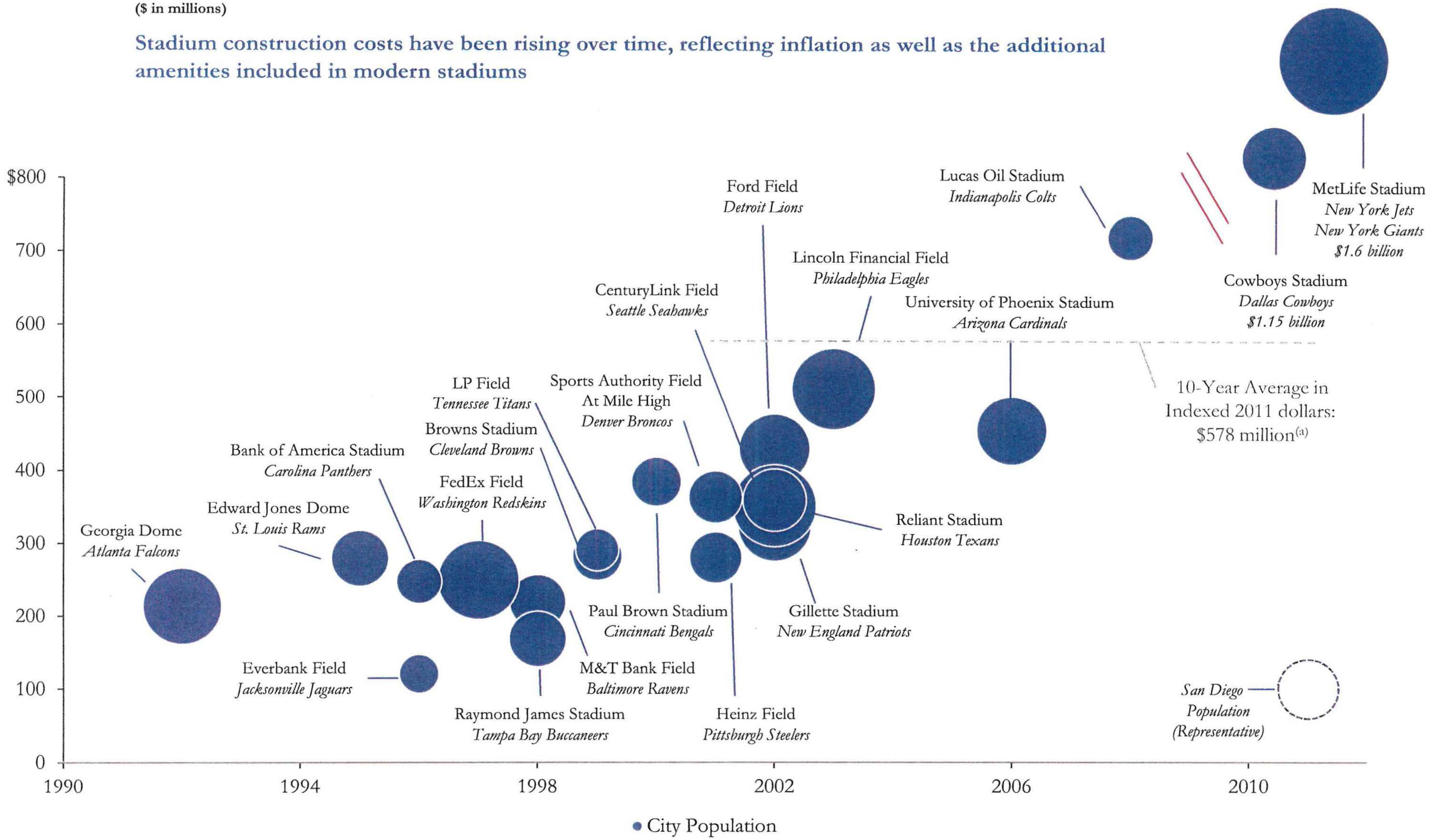
Lazard is pleased to work with the City of San Diego to find a structural and funding solution to aid in construction of a new downtown football stadium that keeps the Chargers in San Diego

- **As Lazard understands it, the City is seeking a way to finance the stadium without recourse to tax increases or general fund obligations**
- **Stadium construction will be funded through contributions from the City, the Chargers organization, the NFL and potentially from San Diego County**
  - Qualcomm Stadium's existing land/asset value can, and should, help fund the new stadium
- **All municipal support directed to the stadium must be funded from sources specifically generated by, or otherwise made available from, the stadium project**
  - New excise taxes are difficult due to a supermajority vote requirement and should be avoided if possible
  - On preliminary review, there appear to be many potential sources of up-front proceeds or ongoing revenue support available
  - Negotiating an arrangement with the Chargers organization to share proceeds of these revenue sources will be critical to the project's success
  - Qualcomm Stadium is currently losing \$10 – \$12 million a year; these avoided losses could also be used to support a new stadium
- **The new stadium will be both physically separate and financially independent from the Convention Center**
- **Detailed negotiations with the Chargers have been minimal to date limited to high level, conceptual discussions**
- **Efforts to hire engineers/consultants regarding the project design have not proceeded beyond a basic site study; therefore, estimates around costs are not necessarily reliable**
- **Taxpayers will want a favorable return on any public investment in the facility**

History of New Stadium Construction

($ in millions)

Stadium construction costs have been rising over time, reflecting inflation as well as the additional amenities included in modern stadiums



(a) Excludes MetLife Stadium.

Potential Sources of Capital/Capital Support

A number of potential sources of capital/revenue streams exist to support private and/or public sector contributions

- Select private sector components can be leveraged for use by the public to support capital contributions (e.g., rent can offset revenue bond interest/repayment)

PRIVATE SECTOR

- Direct Rent
- Naming Rights
- PSLs
- NFL Loans
- Ticket Surcharge/Tax
- Luxury Box Sales
- Concessions
- Advertising
- Parking
- Pouring Rights
- Others?

PUBLIC SECTOR

- Avoided Costs at Qualcomm
- Property Taxes Received from Redevelopment Agency
- Sales Taxes
- General Hotel Taxes
- On-site Hotel Development Rights/Occupancy Tax
- Car Rental Taxes
- Restaurant Taxes
- "Sin" Taxes
- Admissions Tax
- Lottery/Leasing Revenues
- Land Sales/Leases
- Other Asset Sales
- Others?

Indicative Scope of Work

We envision a process comprised of four distinct phases, following which the City and Lazard will enter into detailed negotiations with the Chargers to develop a new stadium

ILLUSTRATIVE TIMELINE

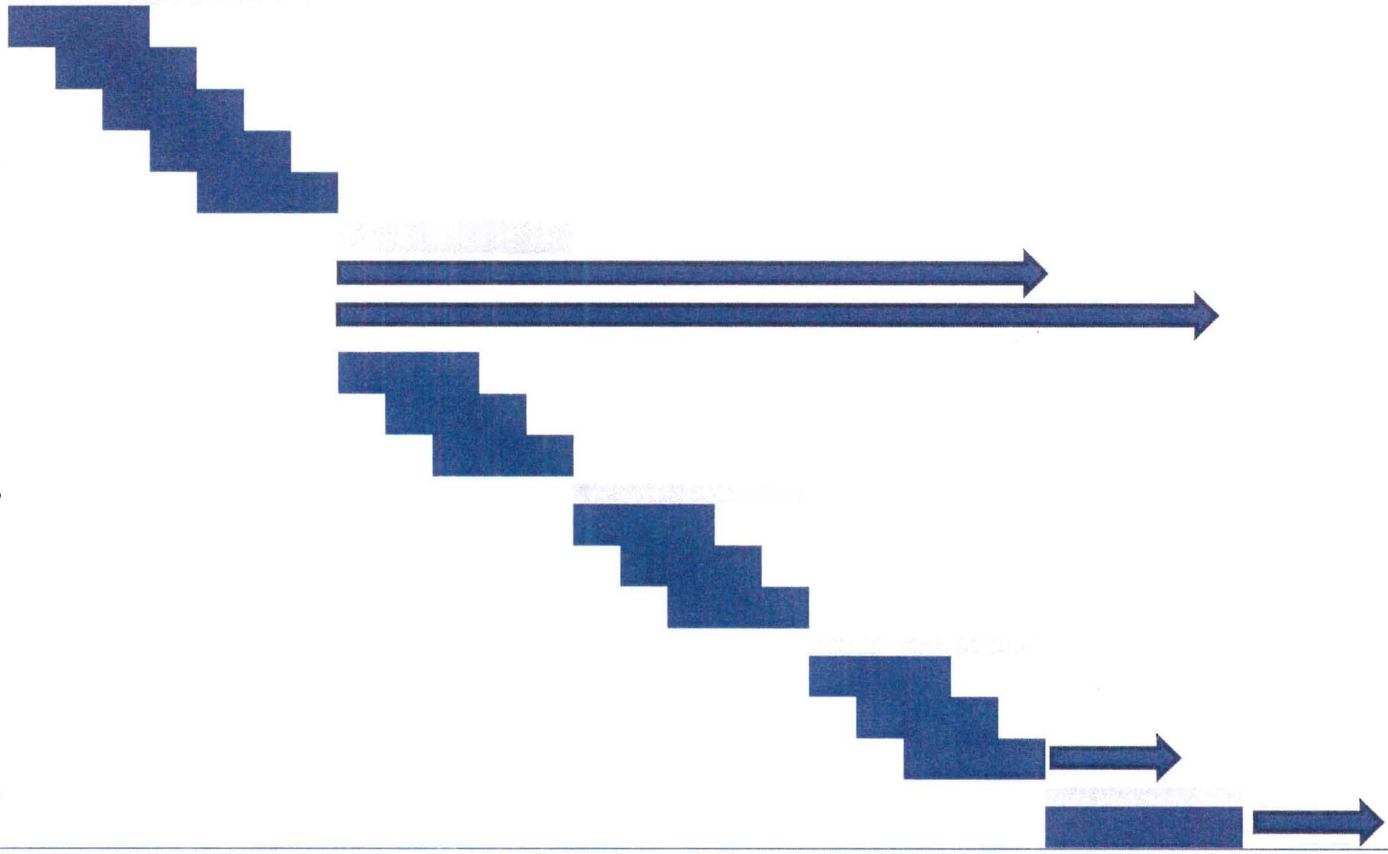
Phase I - Understanding the City's Objectives
- Determine desired outcome of Lazard engagement
- Understand current status of negotiations
- Review of City's strategic options and Chargers' potential alternatives
- Initial interaction with interested parties (e.g., Chargers, NFL, County, others)
- Determine and implement public relations strategy

Phase II - Valuing and Financing a Stadium
- Ongoing interaction with interested parties (e.g., Chargers, NFL, County, others)
- Ongoing refinement and implementation of public relations strategy
- Review of precedent financings
- Sources of capital; level of public contribution
- Sources of revenue and sharing arrangement

Phase III – Structuring Alternatives for the City of San Diego
- Potential sources of funding available to the City
- Alternative finance options
- Political considerations

Phase IV – Determine Negotiating Position
- Review desired outcome of negotiations
- Determine list of "wants" vs. "needs"
- Enlist partners

Phase V – Initiate Discussions with the Chargers and Others
- Lazard to assist in ongoing negotiations



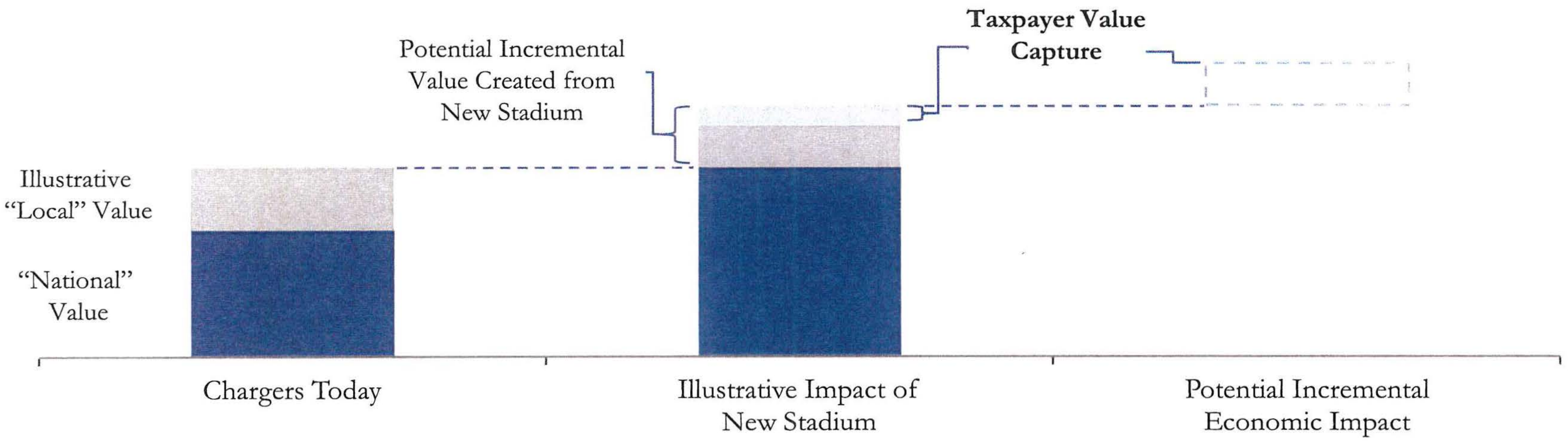
Identifying Value Drivers

Within the scope of this assignment, Lazard envisions an analysis which assesses the potential value impact of a new stadium on the Chargers, with the goal of agreeing on an equitable division of value between the stakeholders driven by the relative levels of capital contribution by each party

- The "national" portion of the value of the Chargers is attributed to the league affiliation, TV rights, etc.
- A portion of the value of the team is driven by local factors, including the current arrangement at Qualcomm Stadium

- **The goal of our engagement is to identify sources of value and create a structure which provides strong upside to the Chargers while equitably sharing value with taxpayers**

- A portion of the economic benefit realized by the City and County of San Diego will be in the form of wider economic impact
- Redevelopment of "blighted" land leads to increased tax revenue and other sources of affiliated value



Lazard Role and Strategy

Lazard will act on the City and County's behalf to develop and negotiate a cost-effective solution to finance a new downtown football stadium

- Intent is to keep the Chargers in San Diego while minimizing the tax impact of the stadium development and maximizing the value realized by taxpayers

CHARGERS SOURCES OF REVENUE

- Direct Rent
- Naming Rights
- PSLs
- NFL Loans
- Ticket Surcharge/Tax
- Luxury Box Sales
- Concessions
- Advertising
- Parking
- Pouring Rights

Negotiate on behalf of the City/County to maximize value capture to support stadium build & operation

PUBLIC SOURCES OF VALUE

- Traditional Sources
  - e.g., Excise and Use Taxes
- Additional Stadium Utilization
  - e.g., SDSU, Commercial Leases
- Alternative Public Sources
  - e.g., Entertainment District

Minimize traditional tax-driven solutions and rely on a funding strategy which maximizes value from alternative sources

LAZARD

Next Steps Between the City of San Diego, San Diego County Supervisors and Lazard

In order to continue to advance the dialogue between the City, County and other key stakeholders, Lazard proposes the following:

- **Approach the NFL to open dialogue with goal of gathering information**
  - Begin information gathering to facilitate detailed stadium planning
  - Understand details of new loan program, other forms of assistance
- **Approach the Chargers and their financial advisors, Goldman Sachs**
  - Open dialogue to show that the City is serious about reaching a mutually beneficial agreement
- **Arrange further initial meetings with key constituents**
  - Key potential partners (SANDAG, MTS, others) to open dialogue and understand concerns over process
  - Construction firms (e.g., Clark, Turner, Bucknall) to refine construction cost estimates, determine variables
  - Other potential users/interested parties (e.g., Convention Center, SDSU, NCAA) to understand intended/desired use and ancillary revenue potential of the stadium
  - Local corporations and relocation candidates (Qualcomm, Sempra, others) to determine interest and potential level of support
- **Create a detailed model of a theoretical new stadium**
  - Understand the value created by the new development for the City and facility users
  - Inform decision making in negotiations
- **Refine proposed timeline for November 2012 ballot initiative**

Appendix

A Update on Other NFL Stadium Developments

NFL Stadium Development in Los Angeles

Two competing proposals for an NFL stadium in Los Angeles have achieved key development milestones and present both positives and negatives to the City and the NFL

- **It is expected that the first development to secure a relocation commitment from an NFL team will succeed**

DOWNTOWN LOS ANGELES (AEG)

The Anschutz Entertainment Group has put forth a $1.4 billion proposal to construct a new stadium in downtown Los Angeles

- **The stadium would be located in AEG's existing L.A. Live entertainment district, across the street from the Staples Center**
  - 72,000 seats capacity; 15,000 club seats; retractable roof
- **The estimated cost of $1.2 – 1.4 billion has already been partially funded through a $700 million naming rights deal with Farmers Insurance Group**
  - The remainder of the stadium would be financed privately, including an AEG commitment of $450 million; contingent financing commitments are already in place
  - AEG would commit to renovate the Convention Center, but funds would be provided by City bond issuance
- **AEG has proposed a "Landlord/Tenant" relationship which is uncommon in the NFL**
  - Similar to the Staples Center, where AEG controls all ticketing, advertising and sponsorship rights and retains a portion of all proceeds

CITY OF INDUSTRY (MAJESTIC REALTY)

Real estate developer Edward Roski has presented a competing proposal to construct a suburban stadium on land he already owns, but has not yet received any specific financing commitments

- **Roski's firm Majestic Realty would develop the stadium in the City of Industry, approximately 20 miles east of downtown LA**
  - 75,000 seats capacity; 15,000 club seats; open air
- **Majestic believes it could build the stadium, tentatively called "Grand Crossing," for as little as $800 million, without any additional costs for relocation or redevelopment**
- **The stadium would be built on a 600 acre parcel already controlled by Majestic**
  - The site would be "totally devoted to football" and include a wider entertainment district and 25,000 on-site parking spaces

Other Current NFL Stadium Discussions

SAN FRANCISCO 49ers

- **Candlestick Park is the oldest stadium in the NFL**
- **The 49ers have been actively seeking a new stadium solution, either in downtown San Francisco or in the suburb of Santa Clara**
  - The 49ers' lease expires in May 2015 and a new stadium could be ready in time for the 2016 season
- **Santa Clara voters approved $114 million in public funds to support construction of a $1 billion, 68,000 seat stadium**
  - Initial estimates suggested a public contribution of $160 million, plus quasi-public Stadium Authority revenue bonds
  - The team contribution (including NFL funds) could be over $360 million

MINNESOTA VIKINGS

- **The Metrodome is the second-oldest unrenovated stadium in the NFL and was recently damaged in a winter storm**
- **The Vikings are pressing for a stadium to be built in the suburb of Arden Hills**
  - Estimated cost of $791 million
  - The Vikings would contribute $264 million in return for a 40-year lease
  - Public contribution would be funded through a tax increase on sports memorabilia (7%), hotels (1.5%) and rental cars
  - Lottery revenues from a new scratch-off game would be directed to the team
- **The team has argued for its share to be based on a roofless stadium design, which would lower its obligation to $210 million**
- **A competing proposal would construct a stadium at the Metrodome site and renovate the Target Center, which could save up to $200 million**

OAKLAND RAIDERS

- **The O.co Coliseum is the sixth-oldest stadium and is believed to contribute to the lagging financial performance of the Raiders**
  - The Raiders are last in the league in average attendance and total estimated revenues
- **The Raiders' lease expires after the 2013 season and the NFL has suggested that the Raiders jointly finance a stadium with the 49ers, similar to the Jets/Giants arrangement in the Meadowlands**
- **Former team owner Al Davis refused to sell an interest in his team and repeatedly advocated for a new stadium at the Coliseum site**
  - His recent death has led to speculation that his son Mark may sell his interest in the team to AEG, facilitating a return to Los Angeles

B Precedent Stadium Financing Detail

NFL Stadium Overview

($ in millions)

27 of the 32 NFL teams are playing in stadiums which were built or renovated in the past 15 years

- **Of the 5 additional teams, both Minnesota and San Francisco are petitioning for new stadiums**

Date	Facility	Team	Construction Cost	Indexed Cost 2011$[a]	% Public Contribution	Private Contribution Nominal	Private Contribution 2011$[a]
2010	Arrowhead Stadium *(Renovation - Built 1972)*	Kansas City Chiefs	$375	$391	66.7%	$125	$130
2010	MetLife Stadium	New York Jets/Giants	1,600	1,666	0.0%	1,600	1,666
2009	Cowboys Stadium	Dallas Cowboys	1,150	1,234	28.3%	825	885
2008	Lucas Oil Stadium	Indianapolis Colts	720	758	92.6%	53	56
2007	Sun Life Stadium *(Renovation - Built 1987)*	Miami Dolphins	250	280	0.0%	250	280
2006	Superdome *(Refurbishment - Built 1975)*	New Orleans Saints	336	395	95.5%	15	18
2006	Univ. of Phoenix Stadium	Phoenix Cardinals	455	535	67.7%	147	173
2003	Soldier Field *(Renovation - Built 1924)*	Chicago Bears	660	939	68.2%	210	299
2003	Lincoln Financial Field	Philadelphia Eagles	512	729	44.5%	284	404
2003	Lambeau Field *(Renovation - Built 1957)*	Green Bay Packers	295	420	85.1%	44	63
2002	Ford Field	Detroit Lions	430	627	50.9%	211	308
2002	Gillette Stadium	Boston Patriots	325	474	10.2%	292	426
2002	Reliant Stadium	Houston Texans	352	513	63.9%	127	185
2002	CenturyLink Stadium	Seattle Seahawks	360	525	55.8%	159	232
2001	Sports Authority Field at Mile High	Denver Broncos	364	545	75.2%	90	135
2001	Heinz Field	Pittsburgh Steelers	281	421	53.4%	131	196
2000	Paul Brown Stadium	Cincinnati Bengals	385	584	100.0%	0	0
1999	Ralph Wilson Stadium *(Renovation - Built 1973)*	Buffalo Bills	63	98	0.0%	63	98
1999	Browns Stadium	Cleveland Browns	283	439	90.1%	28	43
1999	LP Field	Nashville Titans	292	453	75.3%	72	112
1998	M&T Bank Stadium	Baltimore Ravens	220	347	80.0%	44	69
1998	Raymond James Stadium	Tampa Buccaneers	169	267	100.0%	0	0
1997	Qualcomm Stadium *(Renovation - Built 1967)*	San Diego Chargers	78	125	76.9%	18	29
1997	FedEx Field	Washington Redskins	250	399	28.0%	180	287
1996	Bank of America Stadium	Charlotte Panthers	248	405	21.0%	196	320
1996	Everbank Field	Jacksonville Jaguars	121	197	49.6%	61	100
1996	O.co Coliseum *(Renovation - Built 1966)*	Oakland Raiders	200	326	100.0%	0	0
1995	Edward Jones Dome	St. Louis Rams	280	467	100.0%	0	0
1992	Georgia Dome	Atlanta Falcons	214	389	100.0%	0	0
1987	Sun Life Stadium	Miami Dolphins	115	240	0.0%	115	240
1982	Metrodome	Minnesota Vikings	68	155	100.0%	0	0
1960	Candlestick Park	San Francisco 49ers	25	184	100.0%	0	0
	Average - All		$319	$460	65.0%	$147	$225
	New Stadium		*$329*	*$485*	*66.0%*	*$162*	*$257*
	Renovation		*$282*	*$372*	*61.5%*	*$91*	*$114*

Source: *Team financing documents, Marquette University, North American Association of Sports Economists.*

(a) Real 2011 dollar construction cost estimates per Army Corps of Engineers' Civil Works Construction Cost Index System.

NFL Stadium Loan Programs

($ in millions)

The NFL "G-3" loan program was instituted in 1999 to provide teams with capital to assist in stadium development

- **Teams building new stadiums were eligible for up to $150 million each**
- **The program is funded through a contribution of media revenues and a percentage of the visiting team's club seat revenues**
- **As the funds diverted into the program would otherwise be split with players, it is subject to union approval and was eliminated in the latest collective bargaining agreement**
  - A replacement fund is thought to be in the works

G-3 PROGRAM LOAN RECIPIENTS

Date	Facility	G-3 Loan Amount	% Construction Cost
2010	Arrowhead Stadium *(Renovation - Built 1972)*	$43	11.3%
2010	MetLife Stadium	300	18.8%
2009	Cowboys Stadium	76	6.6%
2008	Lucas Oil Stadium	33	4.6%
2007	Sun Life Stadium *(Renovation - Built 1987)*	0	0.0%
2006	Superdome *(Refurb - Built 1975)*	0	0.0%
2006	Univ. of Phoenix Stadium	42	9.2%
2003	Soldier Field *(Renovation - Built 1924)*	100	15.2%
2003	Lincoln Financial Field	125	24.4%
2003	Lambeau Field *(Renovation - Built 1957)*	13	4.4%
2002	Ford Field	103	24.0%
2002	Gillette Stadium	141	43.4%
2002	Reliant Stadium	0	0.0%
2002	CenturyLink Stadium	63	17.5%
2001	Sports Authority Field at Mile High	48	13.2%
2001	Heinz Field	0	0.0%
	Average[(a)]	**$91**	**16.0%**

Source: NFL, Marquette University.
(a) Represents average for those teams that received G-3 funds.

Naming Rights Deals

($ in millions)

Naming rights are one of the leading sources of private sector value in new stadium construction, with multi-year deals routinely worth over $100 million in total value

- **Rights deals are generally paid on an annual basis, though on occasion (e.g. Qualcomm's 1997 deal) they can be paid in a lump sum to fund stadium development costs**

STADIUM NAMING RIGHTS SOLD

Date	Name	Team	Total Value	Term (Years)	Annual Payment
2011	Farmers Insurance	Los Angeles (New Team TBD)	$700	30	$23.3
2011	Mercedes Benz	New Orleans Saints	55	10	5.5
2011	Sports Authority	Denver Broncos	150	25	6.0
2011	Overstock.com	Oakland Raiders	7	6	1.2
2010	Metlife Insurance	New York Jets/Giants	400	25	16.0
2010	Sun Life	Miami Dolphins	38	5	7.5
2010	EverBank	Jacksonville Jaguars	17	5	3.4
2010	Mall of America	Minnesota Vikings	6	3	2.0
2008	Lucas Oil	Indianapolis Colts	122	20	6.1
2006	Univ. of Phoenix	Phoenix Cardinals	154	26	5.9
2006	Louisiana-Pacific	Nashville Titans	30	10	3.0
2004	CenturyLink	Seattle Seahawks	75	15	5.0
2004	Bank of America	Charlotte Panthers	140	20	7.0
2003	Gillette	Boston Patriots	120	15	8.0
2003	M&T Bank	Baltimore Ravens	75	15	5.0
2002	Lincoln Financial	Philadelphia Eagles	140	20	7.0
2002	Ford	Detroit Lions	40	20	2.0
2002	Reliant Energy	Houston Texans	300	30	10.0
2002	Edward Jones	St. Louis Rams	32	12	2.7
2001	Heinz	Pittsburgh Steelers	57	20	2.9
1999	FedEx	Washington Redskins	205	27	7.6
1998	Raymond James	Tampa Bay Buccaneers	33	13	2.5
1998	Network Associates	Oakland Raiders	6	5	1.2
1997	Qualcomm	San Diego Chargers	18	20	N/A
1996	Invesco	Denver Broncos	120	20	6.0
1996	Ericsson	Charlotte Panthers	20	10	2.0
1996	Pro Player	Miami Dolphins	20	10	2.0
Average			$110	16	$5.6

Personal Seat Licenses

Personal Seat Licenses are sold to fans in return for the right to purchase season tickets in a specific seat. PSLs are attractive as they provide up-front capital, allowing teams to finance new stadiums directly

- Fourteen teams in the NFL currently have PSLs, the most of any major professional sports league in the United States

PERSONAL SEAT LICENSE PROGRAMS

Team	Stadium	Year Opened	Stadium Capacity	# of Seat Licenses	PSLs as % of Capacity	PSL Price Range	Est. Total PSL Revenue
Dallas Cowboys	Cowboys Stadium	2009	80,000	56,314	70.4%	$2,000 - 150,000	$470,000,000
New York Giants	MetLife Stadium	2010	82,500	75,261	91.2%	$1,000 - 20,000	$400,046,000
New York Jets	MetLife Stadium	2010	82,500	47,804	57.9%	$2,500 - 30,000	$325,879,000
Carolina Panthers	Bank of America Stadium	1996	71,215	62,400	87.6%	$600 - 5,400	$195,000,000
St. Louis Rams	Edward Jones Dome	1995	65,419	57,800	88.4%	$250 - 3,000	$78,000,000
Tennessee Titans	LP Field	1999	68,402	61,500	89.9%	$250 - 4,500	$71,000,000
Philadelphia Eagles	Lincoln Financial Field	2003	67,502	29,000	43.0%	$1,500 - 3,145	$70,000,000
Chicago Bears	Soldier Field	2003	61,500	27,500	44.7%	$900 - 10,000	$70,000,000
Oakland Raiders	*O.co Coliseum*	*1996*	*63,026*	*45,000*	*71.4%*	*$250 - 4,000*	*$68,000,000*
Baltimore Ravens	M&T Bank Stadium	1998	68,447	65,700	96.0%	$250 - 3,000	$65,000,000
Houston Texans	Reliant Stadium	2002	67,120	45,420	67.7%	$600 - 4,200	$50,000,000
Pittsburgh Steelers	Heinz Field	2001	64,128	49,533	77.2%	$250 - 2,700	$37,000,000
Cincinnati Bengals	Paul Brown Stadium	2000	64,521	42,000	65.1%	$300 - 1,500	$26,000,000
Cleveland Browns	Browns Stadium	1999	69,405	49,733	71.7%	$300 - 2,350	$25,000,000
Seattle Seahawks	Qwest Field	2002	64,897	8,356	12.9%	$2,000 - 3,000	$17,000,000
Average			**69,825**	**48,452**	**68.8%**	**$900 - 17,625**	**$135,708,929**

Raiders' PSL program (administered by Oakland County) was cancelled in 2006 following poor ticket sales

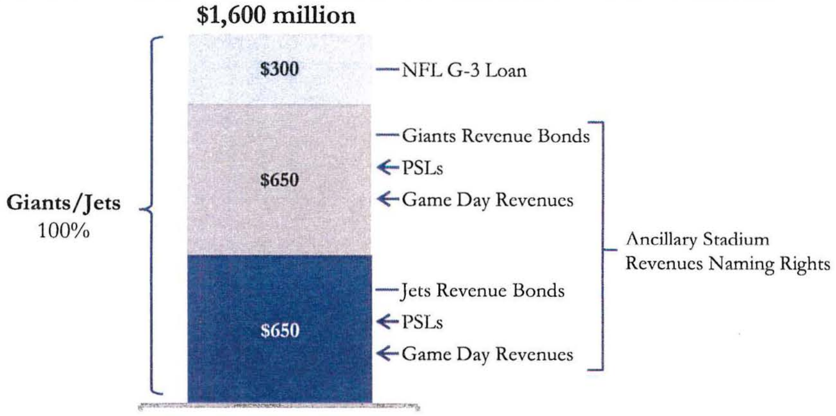
MetLife Stadium – Meadowlands, NJ (2010)

($ in millions)

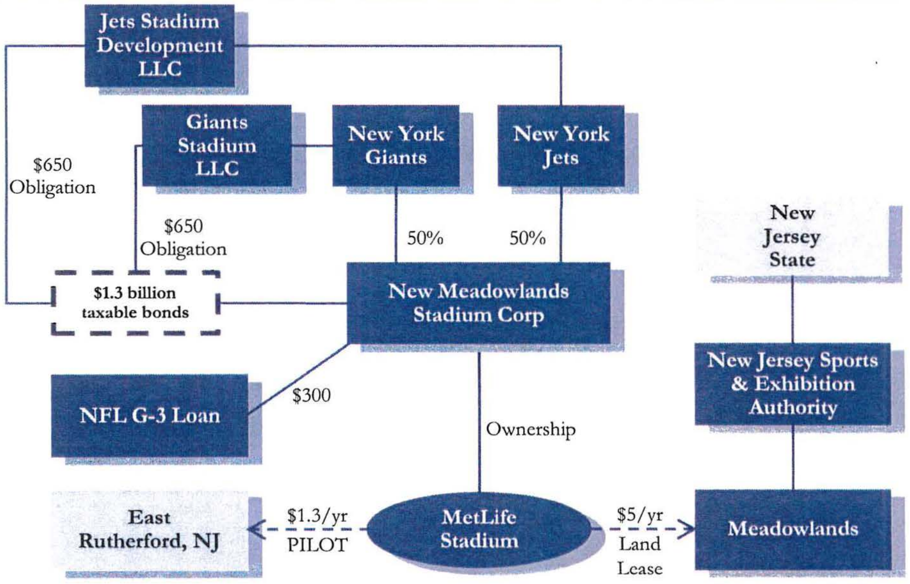
DESCRIPTION

- **MetLife Stadium was completed in 2010 to replace the existing Giants Stadium at the Meadowlands in New Jersey**
- **The stadium is home to both the New York Giants and the New York Jets**
  - The stadium includes features allowing the stadium to completely change its branding overnight
- **MetLife is the largest and most expensive NFL stadium ever constructed, at a cost of $1.6 billion**
  - Permanent seating capacity of 82,566, including 10,005 club seats and 218 luxury boxes
- **The stadium is the only NFL stadium developed without any public support**
  - The stadium was built at the existing Giants Stadium site with critical infrastructure already in place
  - The ownership joint venture leases the land from the public New Jersey Sports & Exhibition Authority for $5 million/year
- **Construction costs were split evenly between the teams**
  - The NFL committed a record $300 million from the G-3 program
  - Each team issued revenue bonds and sold PSLs to cover their portion

SOURCES OF FUNDING



FINANCING STRUCTURE



Source: NJSEA, CS&L, Vanderbilt University.

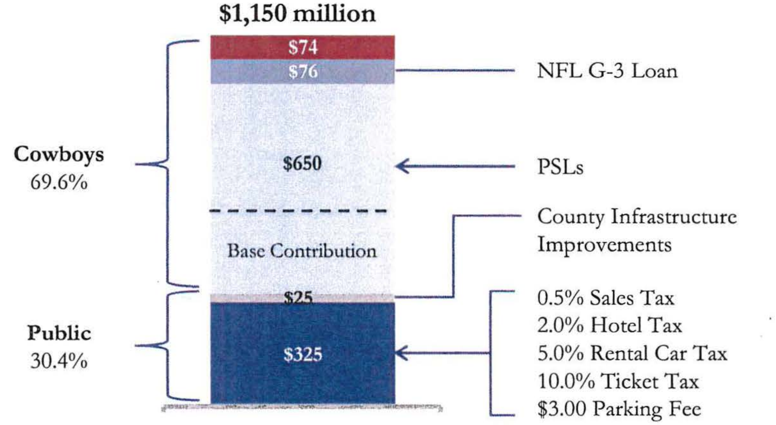
Cowboys Stadium – Dallas, TX (2009)

($ in millions)

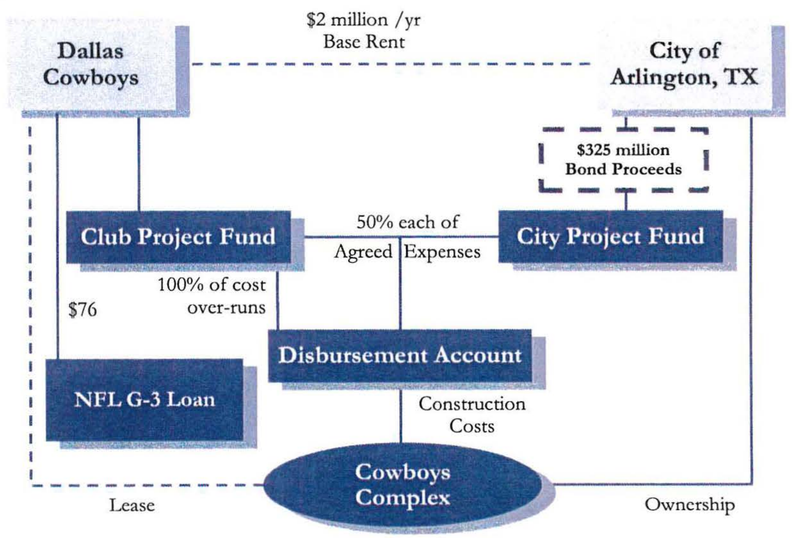
DESCRIPTION

- **The Cowboys Complex was completed in 2009 and financed through agreement between the City of Arlington, TX and the Dallas Cowboys**
- **Estimated construction costs of $650 million were split equally between the parties, with cost overruns borne by the team**
  - Voter approval was granted to impose various incremental taxes to fund the City's capped contribution of $325 million
  - Total costs amounted to approximately $1,150 million
- **The Cowboys operate the stadium under lease from the City and pay $2 million a year in rent**
  - They also pay an additional $500,000 a year up to $16.5 million in aggregate to fund youth sports programs in the community
  - The Cowboys retain naming rights, however they must pay 5.0% of any proceeds to the City
- **The Team set a record for Personal Seat Licenses, selling for up to $150,000 and raising $650 million of their $800 million cost**
  - The Cowboys offered PSL financing of up to 30 years at 8% fixed interest
- **Cowboys Stadium is considered the most profitable in the NFL, with non-football events generating over $12 million in annual revenues**

SOURCES OF FUNDING



FINANCING STRUCTURE



Source: Master Agreement Regarding Dallas Cowboys Complex Development Project, dated August 2004.

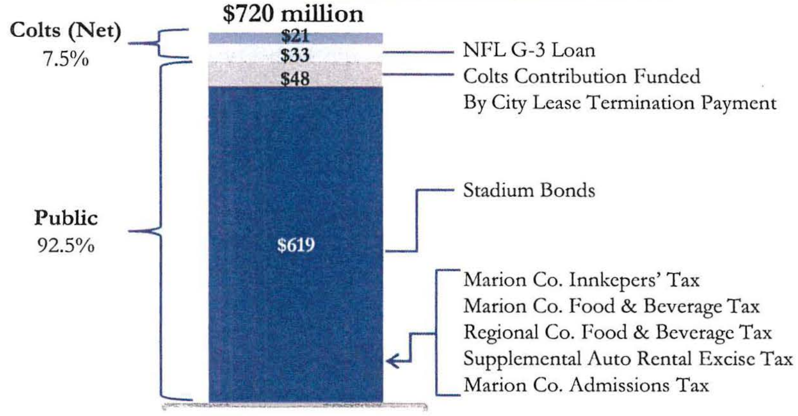
Lucas Oil Stadium – Indianapolis, IN (2008)

($ in millions)

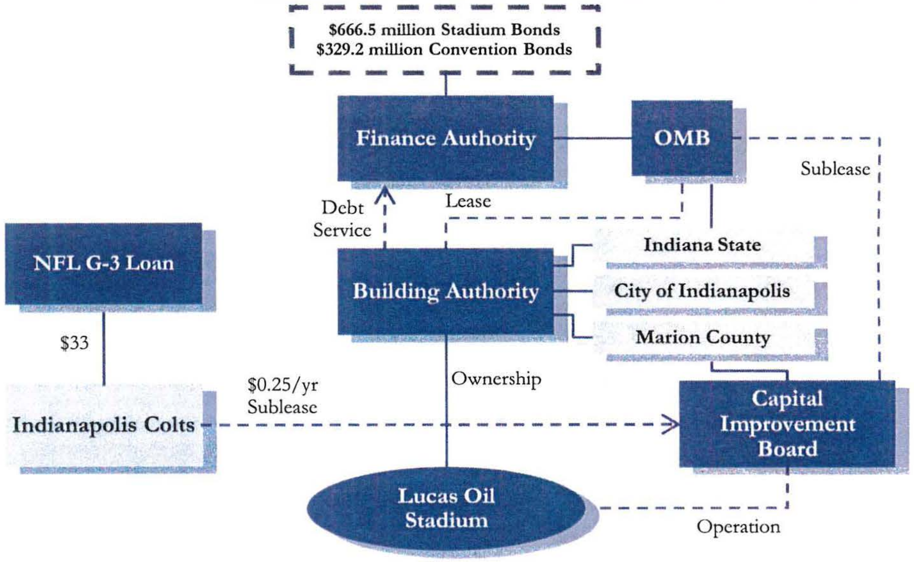
DESCRIPTION

- **In 2006, the City of Indianapolis completed construction on the Colts' Lucas Oil Stadium**
  - The stadium features a retractable roof which allows it to be used for NCAA and other events
- **The stadium was developed in conjunction with an expansion of the Indiana Convention Center and the project was funded jointly**
  - Funding was primarily provided from $666.5 million in Stadium Bonds issued by the Indiana State Finance Authority, in addition to $329.2 million in Convention Center Bonds
  - Debt service is ultimately funded by the State Office of Management & Budget (OMB)
- **The Colts contributed $100 million to the construction, however $48 million was funded via a lease termination payment from the City**
- **The team retains all game day revenues and the City bears all operating expenses**
  - The Colts retain naming rights and receive half of revenue from non-Colts events up to $3.5 million
  - Colts pay $250,000 annual rent

SOURCES OF FUNDING



FINANCING STRUCTURE



Source: Indiana Finance Authority Bond Indenture.

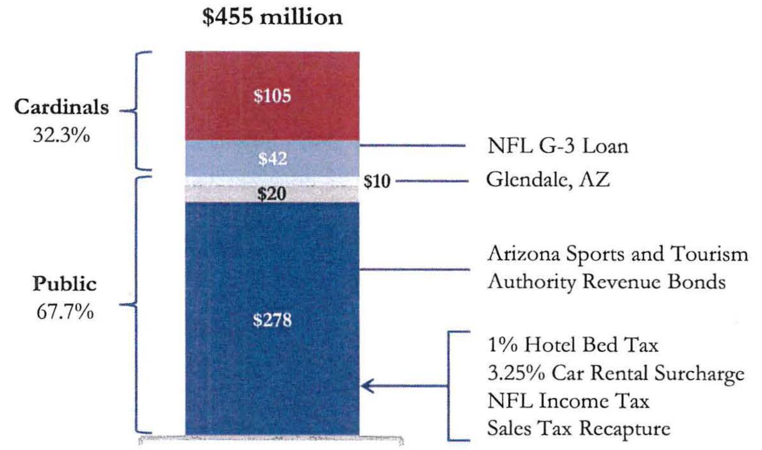
University of Phoenix Stadium – Phoenix, AZ (2006)

($ in millions)

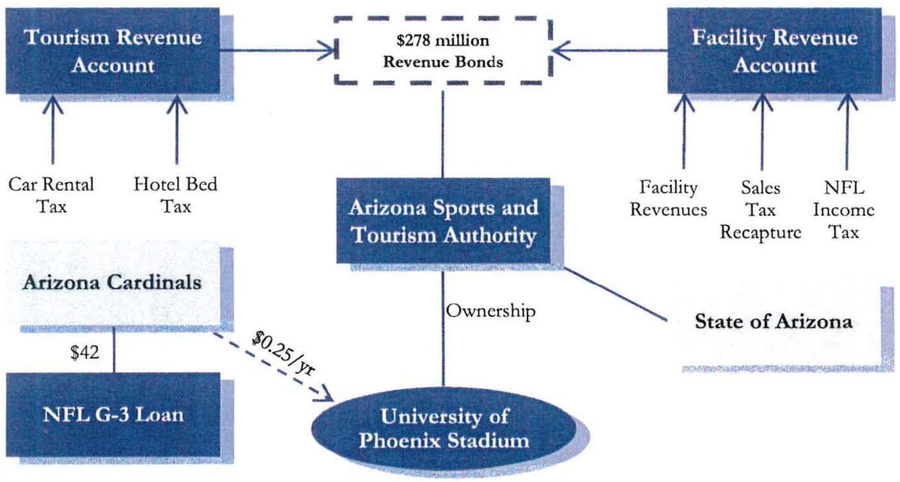
DESCRIPTION

- **The Arizona Sports and Tourism Authority ("ASTA") was created by the Arizona Senate in April 2000 to build and operate a multipurpose facility and provide funding for tourism promotion in Maricopa County**
- **The ASTA brought a stadium financing package to voters in Maricopa County in November 2000 which was approved by a 52% vote**
- **Total construction cost: $455 million**
  - Cardinals agreed to pay $109.3 million, plus any cost overruns, and the land cost, for which it would be reimbursed via foregone taxes ($147 million total cost)
  - The ASTA issued an initial bond of $224.5 million and a subsequent bond in 2005 of $53.5 million, for total debt of $278 million
  - Car rental, hotel and NFL income taxes as well as sales tax recapture were collected starting in 2001 contributing more than $25 million annually
- **The ASTA services its debt utilizing five revenue sources**
  - 1% hotel bed tax and 3.25% car rental surcharge into a Tourism Revenue Account
  - All facility revenues, NFL income tax (income tax paid by Cardinals players and employees) and sales tax recapture (sales tax related to construction) into a Facility Revenue Account
  - Bond holders have a priority lien against both reserve accounts with additional revenue going to the ASTA
- **Cardinals agreed to pay ASTA $250,000 annually with 2% annual increases**
- **The Cardinals sold the naming rights to the University of Phoenix for $154.5 million over 20 years**

SOURCES OF FUNDING



FINANCING STRUCTURE



 Source: Arizona Tourism and Sports Authority annual filings.

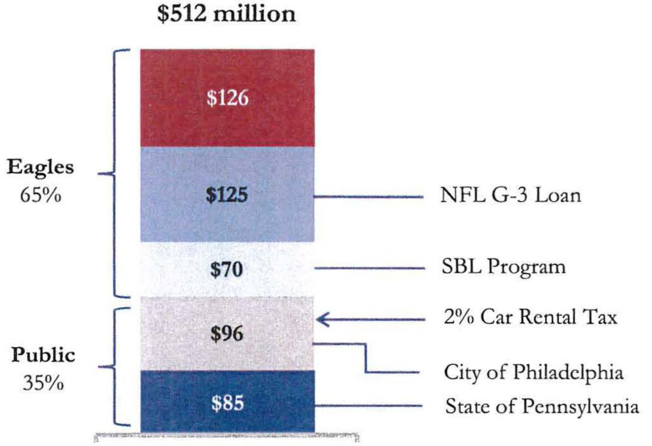
Lincoln Financial Field – Philadelphia, PA (2003)

($ in millions)

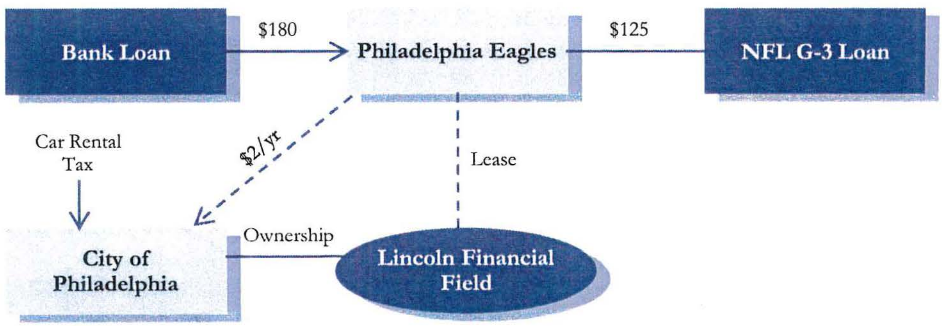
DESCRIPTION

- **Lincoln Financial Field, which opened in August 2003, was financed through contributions from the City of Philadelphia, the State of Pennsylvania and the Philadelphia Eagles**
- **Total construction cost: $512 million ($360 million for stadium construction and $152 million for land acquisition)**
  - State of Pennsylvania funded $85 million structured as a grant
  - City of Philadelphia funded $96.2 million
    - Funded with ongoing 2% car rental tax
  - Philadelphia Eagles raised $375 million to fund their $331 million obligation
    - $180 million bank loan
    - $125 million NFL G-3 loan
    - ~$70 million raised from Stadium Builder License ("SBL") Program
- **Lincoln Financial acquired the naming rights for $139.6 million over 20 years**
- **Lease Arrangement**
  - Eagles pay $1/year over the course of their 30-year lease
  - Eagles pay $2 million per season to city as part of PILOT Program
  - Eagles are responsible for all taxes except real estate taxes as well as stadium maintenance

SOURCES OF FUNDING



FINANCING STRUCTURE



 Source: 2004 Inside the Ownership of Pro Sports.

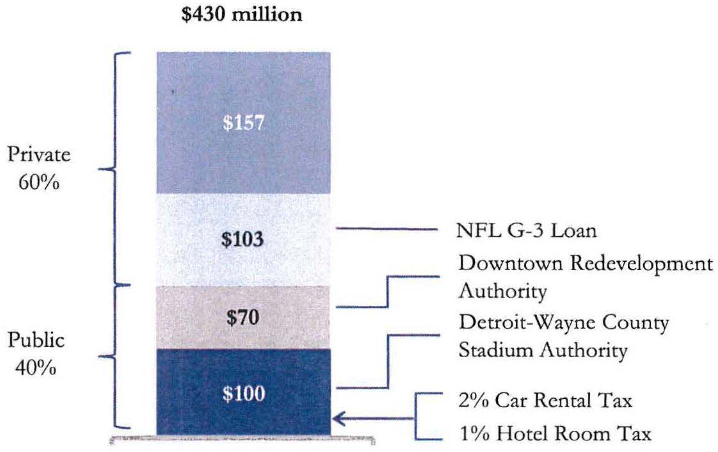
Ford Field – Detroit, MI (2002)

($ in millions)

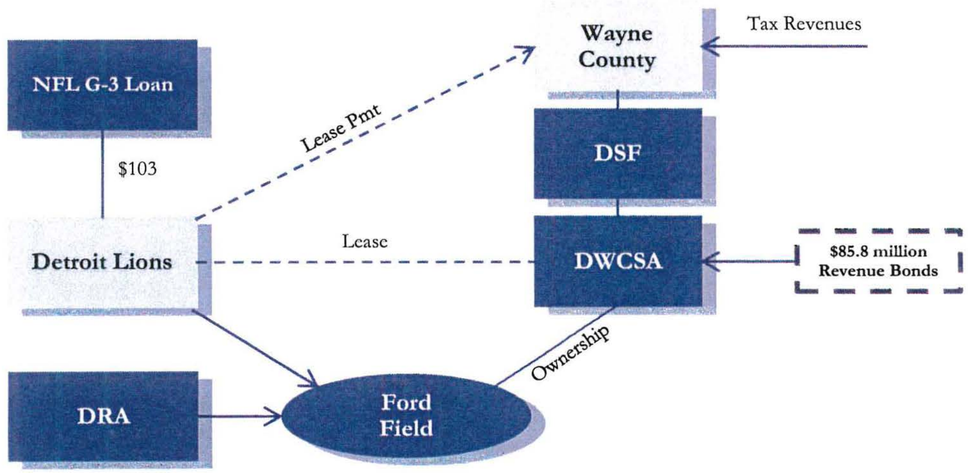
DESCRIPTION

- The Detroit-Wayne County Stadium Authority ("DWCSA") was established in 1996 to build and maintain one or more stadia in Wayne County
- Ford Field, which opened in 2002, was financed through contributions from DWCSA, the Downtown Redevelopment Authority ("DRA"), private corporations and the Detroit Lions
- Total construction cost: $430 million
  - Detroit-Wayne County Stadium Authority issued $85.8 million of revenue bonds which it used to fund most of its $100 million contribution
    - Funded with ongoing 2% car rental tax and 1% hotel room tax
  - Downtown Redevelopment Authority provided $70 million
  - Detroit Lions provided $260 million of which $103 was an NFL G-3 loan
- Ford acquired the naming rights for $40 million over 20 years

SOURCES OF FUNDING



FINANCING STRUCTURE



 Source: Detroit-Wayne County Stadium Authority annual filings and Minnesota State Stadium Screening Committee.

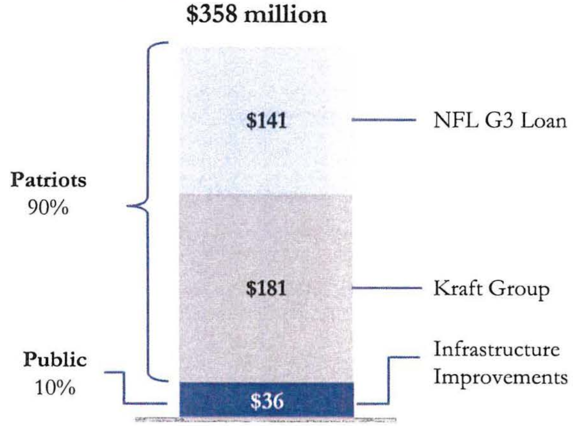
Gillette Stadium – Foxboro, MA (2002)

($ in millions)

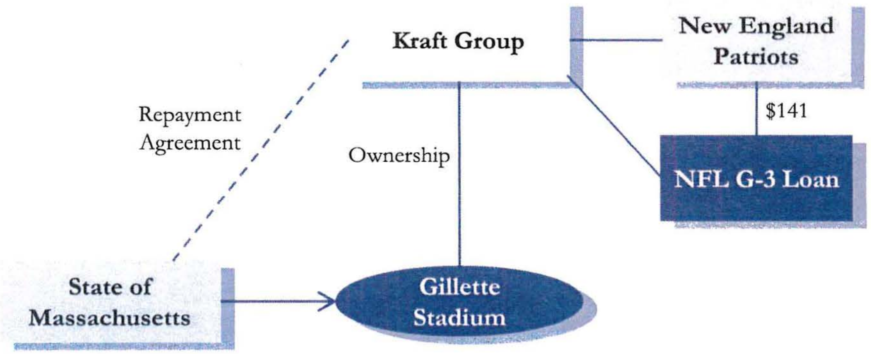
DESCRIPTION

- **In 2002, the owner of the Patriots, Robert Kraft, independently financed Gillette Stadium, which was the only NFL football stadium to be entirely privately funded at the time**
  - The NFL is rumored to have financed up to half of the stadium cost
- **The State of Massachusetts reportedly provided $75 – $100 million investment in surrounding infrastructure to entice Kraft to remain in Foxboro**
  - Reliable estimates put the public contribution at 10% of total costs, or approximately $33 million
  - The Patriots are required to reimburse the state for their entire contribution over time
- **The stadium's naming rights were originally sold to CMGI Investments for $120 million for 15 years. Gillette bought the rights from CMGI during the dot-com bubble for an undisclosed amount, but assumed to be on the same terms**
- **In 2007, Kraft developed the land around Gillette stadium, creating a $350 million, 1.3 million sq. ft. retail and lifestyle development called "Patriot Place"**
- **In total, Kraft borrowed $452 million to finance the entire development**

SOURCES OF FUNDING



FUNDING STRUCTURE



 Source: Pittsburgh Tribune-Review.

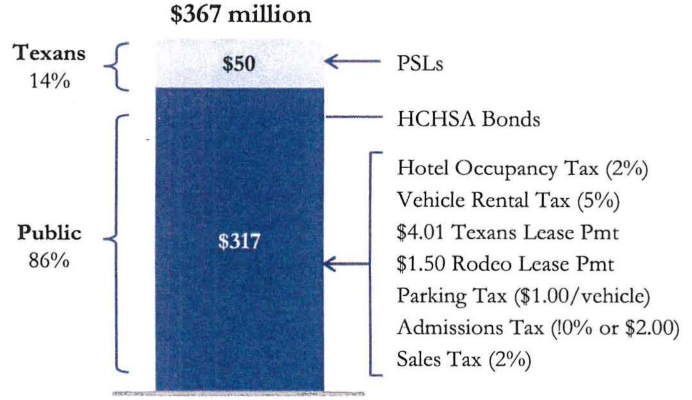
Reliant Stadium – Houston, TX (2002)

($ in millions)

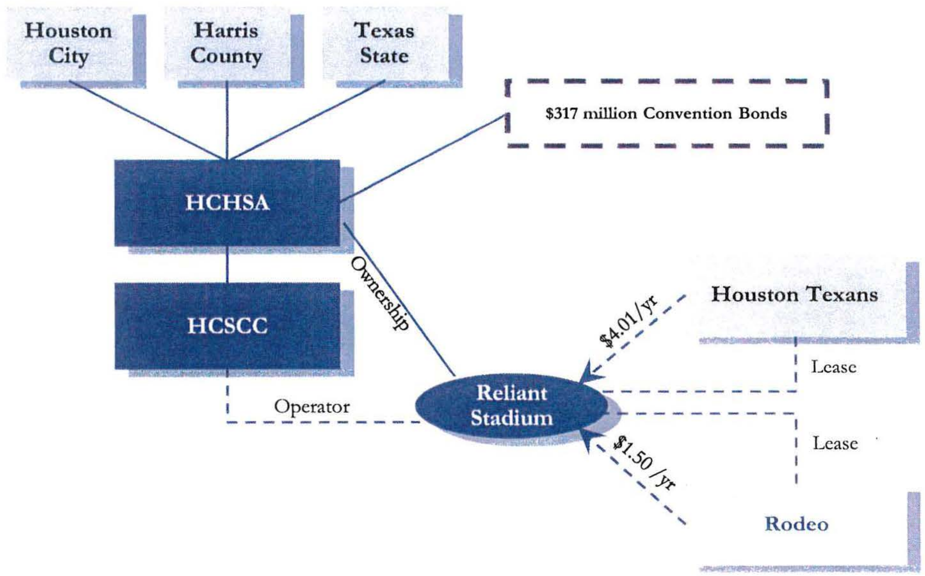
DESCRIPTION

- **The Harris County-Houston Sports Authority ("HCHSA") was created in 1997 for the public planning, development and construction of sporting venue projects in the Houston area**
  - The venue is primarily used by the Houston Texans and the Houston Livestock Show and Rodeo ("Rodeo")
- **The Harris County Sports & Convention Corp. ("HCSCC") is a non-profit local government corporation that acts on behalf of the HCHSA in constructing, managing, operating and maintaining Reliant Stadium**
- **HCSCC is responsible for all cost overruns incurred under the construction of the complex**
- **Non-event related taxes to support the HCHSA bonds include a Hotel Occupancy Tax (2%) and a Vehicle Rental Tax (5%)**
- **The stadium is leased to both the Texans and the Rodeo under a Tri-Party Agreement, whereby;**
  - Texans and Rodeo are responsible for annual lease payments of $4.01 million and $1.50 million, respectively
  - HCSCC charges lessors taxes on parking ($1.00/vehicle), admissions (not to exceed 10% of ticket or $2.00) and sales taxes (2%) for their respective events
  - HCSCC is responsible for all capital repair expenses necessary to operate and maintain the stadium
  - Texans receive all net concession revenues generated from its events
  - Texans have right to market and sell all branding and service rights within the stadium, its surround plaza and parking areas
  - Naming rights revenues are split between the Texans (83%), Rodeo (12%) and HCSCC (5%)
  - Texans and Rodeo, acting jointly, have the right to market and sell all fixed permanent signage under the following revenue split: Texans (47.5%), Rodeo (47.5%) and HCSCC (5%)
  - Texans and Rodeo retain all suite revenues generated from their respective events

SOURCES OF FUNDING



FUNDING STRUCTURE



Note: The Authority retains the ability to pledge certain revenues received from the Astros against the Stadium Special Revenue Bonds.
Source: Harris County-Houston Sports Authority bond indenture (Series 2000A) and Reliant Stadium Funding Agreement.

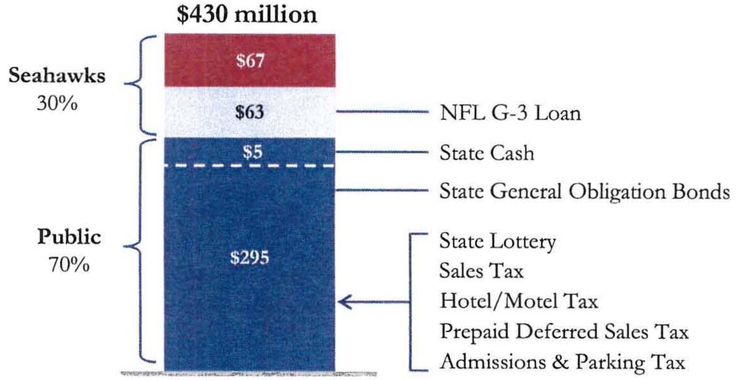
CenturyLink Stadium – Seattle, WA (2002)

($ in millions)

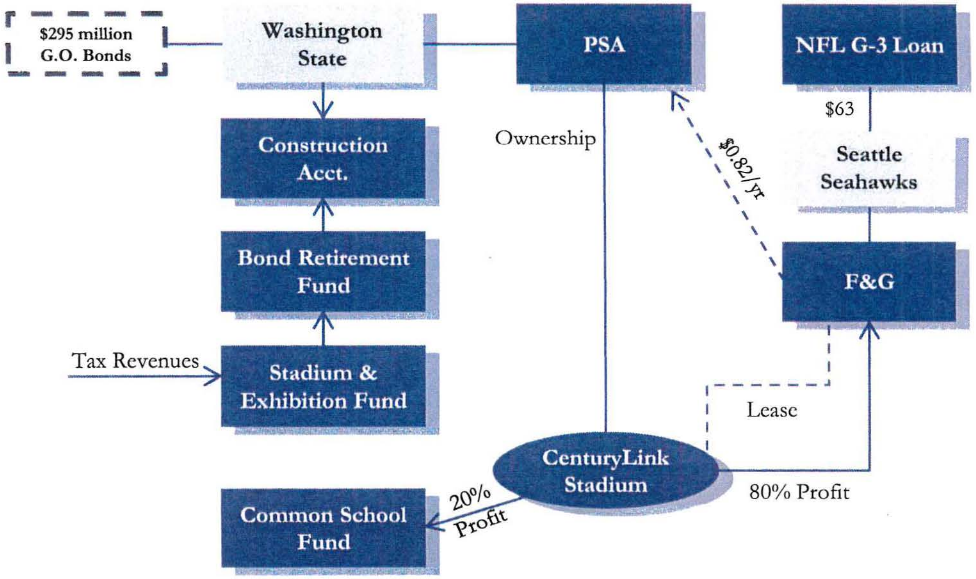
DESCRIPTION

- The Washington State Public Stadium Authority ("PSA") was created by voters in 1997 authorizing public financing for a stadium and exhibition center
- The PSA partnered with First & Goal Inc. ("F&G"), an affiliate of the Seattle Seahawks, to establish a Public Private Partnership charged with overseeing the siting, design, construction and operation of the $430 million complex
- Public contribution to PSA capped at $300 million, which was funded though Washington State General Obligation Bonds
- F&G provided the balance of $130 million to the PSA, and assumed responsibility of any construction cost overruns
- Total construction cost: $430 million
  - Stadium – $360 million
  - Event Center – $44 million
  - Parking – $26 million
- CenturyLink Stadium is owned by PSA, while F&G operates and maintains the facility pursuant to a 30 year lease
  - F&G pays an annual rent of $815,000 to PSA
  - F&G is responsible for scheduling events, ticketing, operations, maintenance and parking
- 20% of the stadium's net profit is allocated to the Washington Permanent Common School Fund ("CSF"); the remaining 80% is attributable to F&G
  - CSF capital is earmarked for public schools across the state
- Naming rights are held by F&G, under the condition that revenues from the sale of the naming rights may only be used for costs associated with the modernization and maintenance of the stadium and exhibition
  - Naming rights sold to Qwest for $75 million for 15 years
  - In April 2011, Qwest was acquired by CenturyLink and Qwest Field was subsequently renamed to CenturyLink Field

SOURCES OF FUNDING



FUNDING STRUCTURE



 Source: Washington State Public Stadium Authority website.

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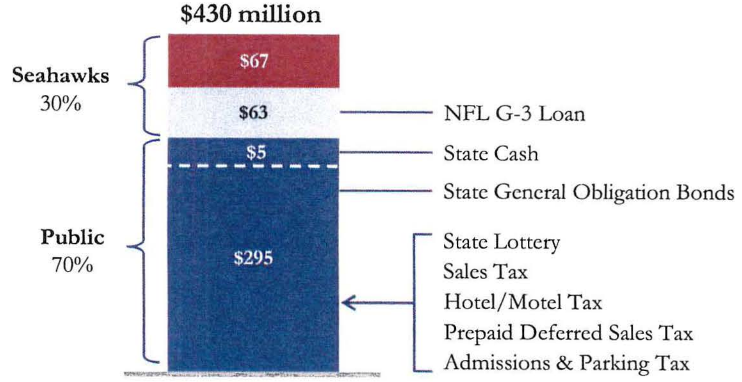
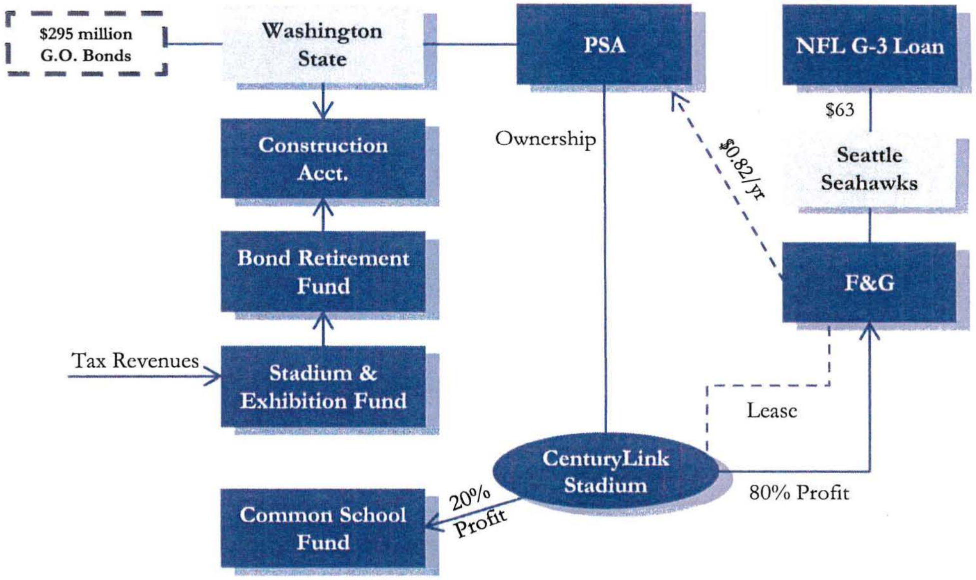


FUNDING STRUCTURE



 Source: Washington State Public Stadium Authority website.

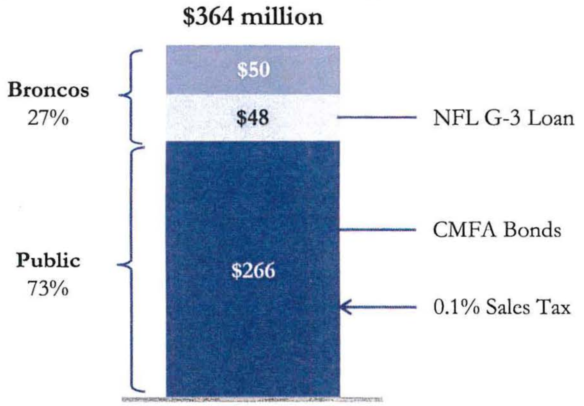
Sports Authority Field at Mile High – Denver, CO (2001)

($ in millions)

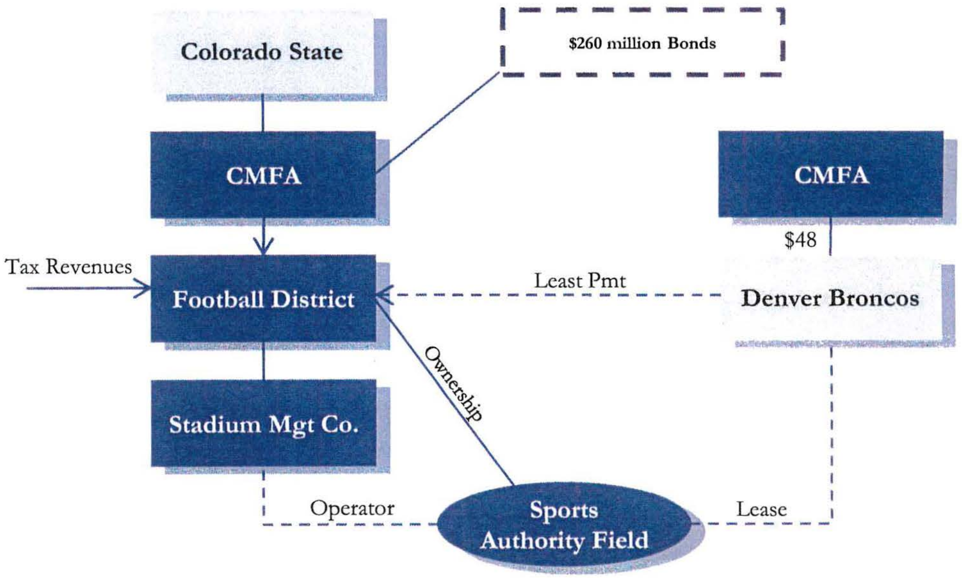
DESCRIPTION

- **In 1996, the Colorado State General Assembly enacted legislation creating the Metropolitan Football Stadium District ("Football District")**
- **In 1998, voters authorized the Football District to incur a maximum of $260 million in debt to finance the construction of a new NFL stadium**
  - Colorado Metropolitan Football Authority ("CMFA") issued the bonds
  - Voters also approved an extension of the 0.1% sales tax previously imposed to fund the construction of Denver's MLB stadium, Rockies/Coors Field
- **The Broncos were responsible for any cost overruns associated with the construction of the stadium**
- **Under the 30 year lease, the Broncos retain the rights to sponsorships, club seats and concession revenues**
- **Naming rights were originally granted to Invesco in 2001 for $120 million. Under the 20 year agreement, Invesco paid $60 million for the naming rights and an additional $60 million to secure other in-stadium promotional rights**
  - In August 2011, The Sports Authority purchased the remaining 10 years on the Invesco contract and will pay the remaining $32 million still owed
  - Proceeds from both deals are split between the team (50%), and the stadium district (50%)

SOURCES OF FUNDING



FUNDING STRUCTURE



 Source: City and County of Denver, Colorado filings.

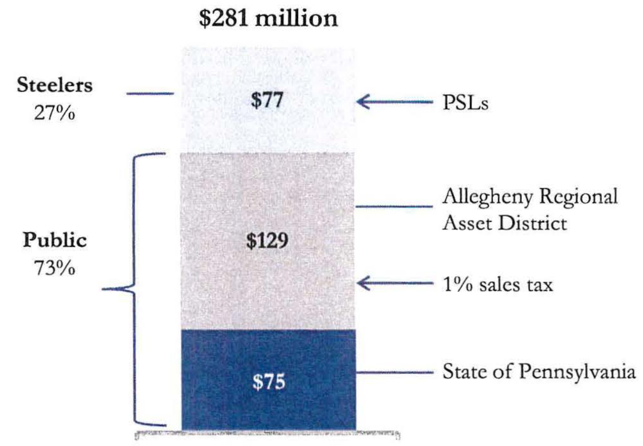
Heinz Stadium – Pittsburgh, PA (2001)

($ in millions)

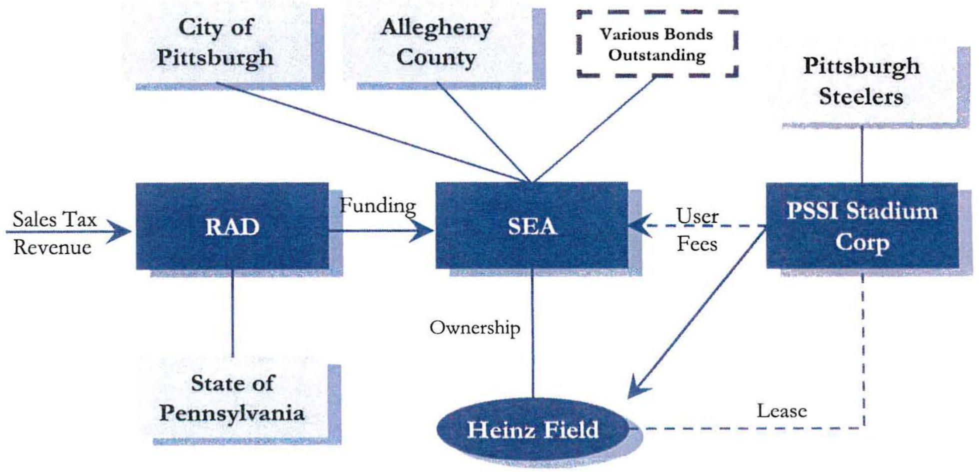
DESCRIPTION

- **Heinz Stadium was constructed in 2001 by tthe Sports and Exhibition Authority of Pittsburgh and Allegheny County ("SEA")**
  - Joint venture between the City of Pittsburgh and Allegheny County established to own public use assets, including Heinz Field, PNC Park, Consol Energy Center, the Convention Center and the Civic Arena
  - Partially funded by the State-run Allegheny Regional Asset District ("RAD")
- **The SEA funds its obligations through taxing authority, including hotel taxes, sales tax and ticket surcharges**
- **The SEA leases Heinz Field to PSSI, an affiliate of the Steelers, for 29.5 years**
  - The SEA imposes a 5% ticket surcharge on all events; PSSI keeps the first $1.4 million from NFL events
  - SEA receives all Visitor's Club Seat Revenues beginning 2016
  - PSSI must also pay 15% of net revenues from non-sporting events
- **Steelers retain all naming rights, advertising, broadcasting and other rights, plus retain an interest in leasehold improvements**
  - Heinz paid $57 million for a 20 year naming rights contract

SOURCES OF FUNDING



FINANCING STRUCTURE



 Source: Sports & Exhibition Authority of Pittsburgh and Allegheny County filings and Marquette University Law School Research.

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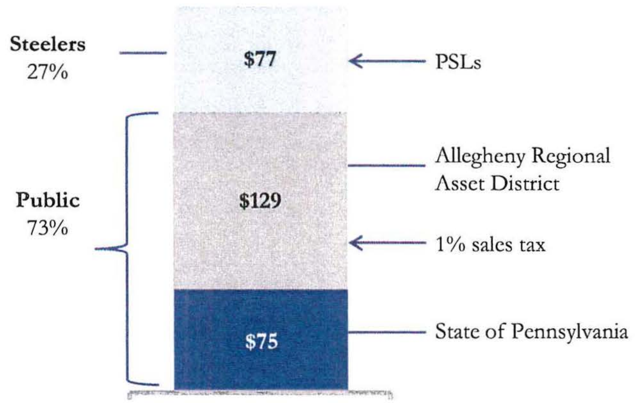
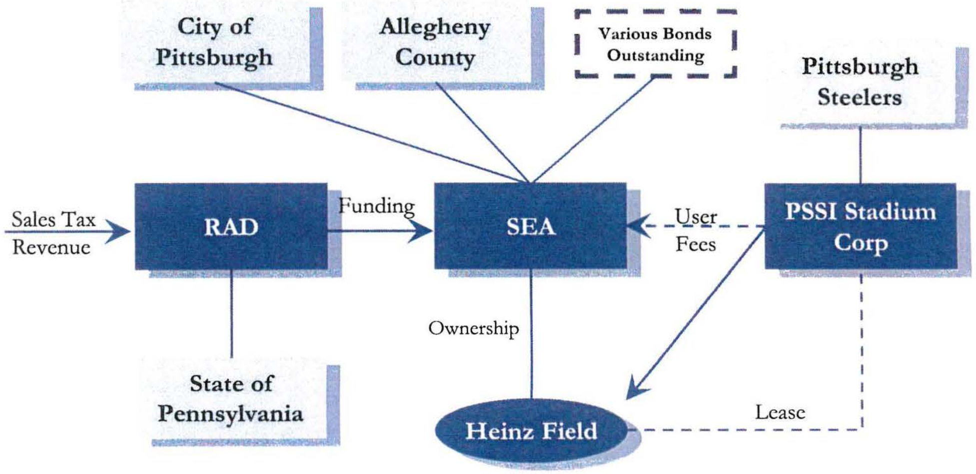


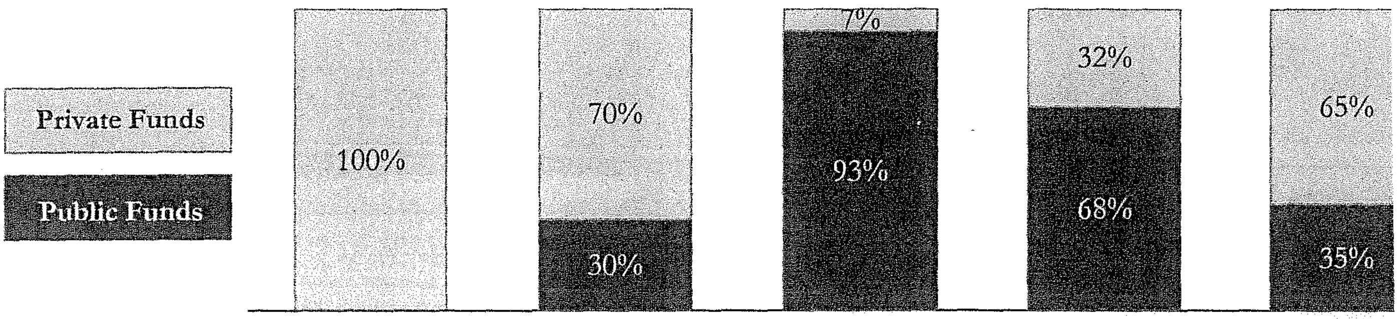
FINANCING STRUCTURE



 Source: Sports & Exhibition Authority of Pittsburgh and Allegheny County filings and Marquette University Law School Research.

Summary of Most Recent NFL Stadium Financings

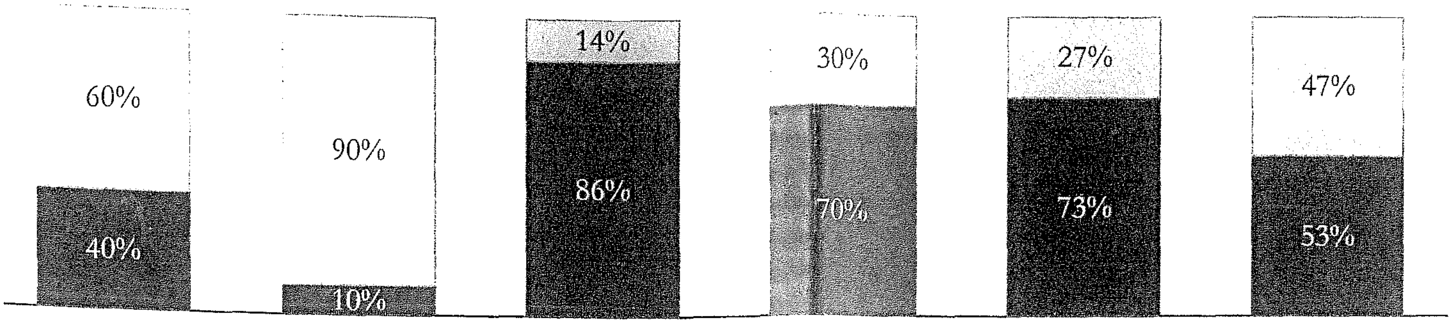
($ in millions)



YEAR BUILT	2010	2009	2008	2006	2003
COST	$1,600	$1,150	$720	$455	$512
CAPACITY	82,566	80,000	63,000	63,030	69,144
LEASE EXPIRATION	2032	2038	2034	2034	2032
NFL G-3 LOANS	✓	✓	✓	✓	✓
NAMING RIGHTS	✓		✓	✓	✓
PSLs	✓	✓			✓
G.O. FUNDS					✓
REVENUE BONDS		✓	✓	✓	
SALES TAX		✓		✓	
HOTEL TAX		✓	✓	✓	
CAR RENTAL TAX		✓	✓	✓	✓
OTHER EXCISE TAX		✓	✓		
LOTTERY					

Source: *Team and Public Authority documents, Marquette University, Vanderbilt University.*

(a) Figures represent stadium construction costs only. Public/private split includes infrastructure improvements and other project contributioi



2002	2002	2002	2002	2001	2001
$430	$325[a]	$352[a]	$360[a]	$364	$281
64,500	68,756	71,054	67,000	76,125	65,050
2034	2026	2031	2031	2028	2030
✓	✓			✓	
✓	✓	✓	✓	✓	✓
		✓	✓		✓
			✓		✓
✓		✓		✓	
		✓	✓	✓	✓
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