



December 17, 2009

Mr. William J. Lester  
Executive Director  
Metropolitan Sports Facilities Commission  
900 South Fifth Street  
Minneapolis, MN 55415

Dear Mr. Lester,

This letter report provides a comparison of potential future development scenarios for the existing Hubert H. Humphrey Metrodome ("Metrodome"). The following analysis compares and contrasts three development scenarios against the existing Metrodome facility based on primary revenue generating program elements, the potential for revenue generation, estimated development costs and other benefits associated with each option. The analysis is an update of a previous analysis completed in July, 2008.

The information contained in this letter report is based on estimates, assumptions, and other information developed from research of the market, knowledge of the entertainment facility industry, and other factors, including certain information provided by other parties, including the Metropolitan Sports Facilities Commission, Ellerbe Becket, and HKS. It is important to note that a detailed market study has not been conducted in conjunction with this letter report and the estimates and assumptions set forth herein. All information provided by outside sources was not audited or verified, and was assumed to be correct. Because procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this letter report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results. This is because events and circumstances frequently do not occur as expected, and those differences may be material.

We sincerely appreciate the opportunity to assist you with this project and would be pleased to be of further assistance in the interpretation and application of the report findings.

Very truly yours,

CSL International

## Comparison of Potential Metrodome Development Scenarios

The Hubert H. Humphrey Metrodome (“Metrodome”) opened in 1982 as a multi-purpose facility designed to accommodate a broad range of events including collegiate football, Major League Baseball (“MLB”) and National Football League (“NFL”) games. The Metrodome is operated by the Metropolitan Sports Facilities Commission (“Commission”). The facility’s current design is, in part, a result of accommodating the required footprint of the seating bowl while addressing the needs of the tenant baseball and football teams. Due to recent facility developments, the Metrodome’s former MLB and collegiate football tenants no longer play at the Metrodome. Although the current facility can still accommodate the basic needs of its NFL tenant and other events that are currently held at the Metrodome, the potential revenue generating capabilities of the Metrodome fall well short of modern facility and current NFL standards. Several development scenarios have been proposed over the past several years to address this issue. We have compared three of those scenarios to the existing Metrodome facility, using common year dollars (2009\$), in an effort to evaluate the revenue generating potential of these primary development options as it relates to the facility’s NFL tenant. The potential scenarios to be examined throughout this analysis are:

- **Scenario One – Status Quo**: Maintain the Metrodome without significant improvement.
- **Scenario Two – Renovation**: Renovate the existing facility as per a study conducted in 2001. The basic footprint of the Metrodome’s seating configuration will remain the same, while the concourses would be widened, concession and restroom facilities would be added, club seating would be developed by segregating the lowest rows of seating from the other general seating in the existing upper deck and a new ring of suites would be added on the upper level of the upper deck.
- **Scenario Three – Reconstruction**: Reconstruct the existing facility as per a 2007 proposal by Ellerbe Becket by reusing a 13,000-seat portion of the existing Metrodome structure while constructing a generally new stadium around that base. Specific amenities contained within the reconstructed stadium would include a retractable roof, new suites and club seats as well as stadium updates such as wider concourses and additional concessions and restrooms commensurate with current NFL standards.
- **Scenario Four – New Stadium**: Development of a newly constructed stadium as per a proposal presented by HKS. The new stadium would consist of a retractable-roof facility offering premium seating, concessions, restrooms, concourse circulation and other amenities commensurate with current NFL standards. The new stadium would be an entirely new structure located on the current Metrodome site, taking advantage of the existing infrastructure and excavation.

## Comparison of Potential Metrodome Development Scenarios

The following exhibit presents specific facility characteristics associated with each of the four scenarios and their respective development cost projections in 2010 dollars.

### Potential Development Scenario Facility Characteristic Comparison

	<u>Scenario One</u> Existing Metrodome	<u>Scenario Two</u> Renovated Metrodome	<u>Scenario Three</u> Reconstructed Metrodome	<u>Scenario Four</u> New Stadium
Capacity	63,500	69,000	65,000	65,000
Club Seats	242 <sup>(1)</sup>	8,900	8,200	7,500
Suites	99 <sup>(1)</sup>	155	159	148 <sup>(2)</sup>
Suite Capacity	1,500	n/a	2,500	2,677
Building Area (total sq. ft.)	900,000	1,060,000	1,650,000	1,650,000
<b>Estimated Development Cost <sup>(3)</sup></b>	<b>-</b>	<b>\$967.4M <sup>(4)</sup></b>	<b>\$771.7M <sup>(5)</sup></b>	<b>\$870.0M <sup>(6)</sup></b>

(1) The Metrodome underwent a renovation in which 16 suites were removed and converted into club seating, effectively decreasing the total suite inventory from 115 total suites to 99 suites and increasing the club seating inventory from 0 club seats to 242 club seats.

(2) Potential suite inventory at full build-out. A reduced number of suites may be developed initially to reflect current market conditions. The plan presented by HKS indicated initial build-out of 118 suites, with the ability to construct 30 additional suites.

(3) Estimated development costs are based on 2010 start.

(4) Cost estimate is based on Mortenson's 2008 review of the 2001 plan for a renovated stadium incorporating a retractable roof, adjusted for negative inflation and excluding Vikings soft costs.

(5) Based on cost estimate presented in the 2007 Ellerbe Becket report, adjusted for negative inflation, the exclusion of Vikings soft costs and the addition of \$16 million in broadcast cabling and furniture, fixtures & equipment costs.

(6) Based on cost estimate developed by HKS/Mortenson, adjusted for negative inflation and excluding Vikings soft costs.

The 900,000-square foot Metrodome facility currently offers approximately 63,500 total seats, including 242 club seats and 99 suites incorporating a total of 1,500 seats. If the Metrodome were to be renovated in accordance with the 2001 plan, the facility would offer approximately 69,000 total seats, including 8,900 club seats and 155 suites. The total cost for renovating the Metrodome under this proposed scenario is estimated to be approximately \$967.4 million assuming a retractable roof would be incorporated as a part of the facility, as it is under the other potential development scenarios.

The reconstruction of the Metrodome (as set forth in the 2007 Ellerbe Becket proposal) would offer approximately 65,000 total seats, including 8,200 club seats and 159 suites. The Reconstruction Scenario development cost estimate is approximately \$771.7 million. If a new stadium were to be constructed per the proposal of HKS, the new facility would offer approximately 65,000 total seats, including 7,500 club seats and up to 148 suites, with an estimated development cost of \$870.0 million.

In order to estimate the revenue generating potential for each of the four scenarios set forth herein, a set of specific assumptions were made for ticket, premium seating, game day and stadium revenue generation. These assumptions were based largely on conditions in comparable facilities in similar markets and their relationship to the various scenarios examined. A detailed market study has not been performed and further analysis should be completed in order to further refine the assumptions set forth within this document. Further, revenue generation related to ancillary revenues and other potential facility users has not been included in this evaluation.

## Comparison of Potential Metrodome Development Scenarios

Figures related to the Status Quo Scenario were based on estimated 2009 revenues generated at the Metrodome. Assumptions related to the Renovation Scenario were made based on the notion that, although the facility’s revenue generation capacity would be significantly improved, it would still be constrained by the limitations of the renovation.

As it relates to scenarios three and four, the Reconstruction and development of a New Stadium, both scenarios appear to meet the NFL tenant’s program requirements and the standards for a modern NFL facility. Therefore, at this point in design, it was assumed that the Reconstruction and New Stadium Scenarios would be capable of producing revenues similar to facilities in comparable markets and, therefore, common revenue assumptions have been estimated for the two development options. Throughout the remainder of this document, these development scenarios are collectively referred to as “Metrodome Next”.

	<b><u>Scenario One</u></b> <b>Existing Metrodome</b>	<b><u>Scenario Two</u></b> <b>Renovated Metrodome</b>	<b><u>Scenarios Three and Four</u></b> <b>Metrodome Next</b>
<b>Total Seating Capacity</b>	63,500	69,000	65,000
<b>Average Ticket Price (net of taxes and excluding premiums)</b>	\$67.50	\$69.00	\$74.00
	Current average ticket price for an NFL game at the Metrodome.	The seating arrangement at the Metrodome currently offers relatively good sightlines for NFL games. Since the renovation would not dramatically alter the mixture of available seats, it is assumed that the average general ticket price would realize only a slight increase due to an improvement outside of the seating bowl, wider concourses and ingress and egress to seating.	Metrodome Next is expected to significantly increase the number of high quality seating along each of the sidelines. Currently the Metrodome has approximately 46 percent of its seating along the sidelines. Sideline seating would increase significantly under both the Reconstruction and New Stadium Scenarios (69 percent and 74 percent, respectively). In addition, ingress and egress to the various levels would be greatly enhanced.

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## Comparison of Potential Metrodome Development Scenarios

(cont'd)	<u>Scenario One</u> Existing Metrodome	<u>Scenario Two</u> Renovated Metrodome	<u>Scenarios Three and Four</u> Metrodome Next
<b>Club Seating Capacity</b>	242	8,900	7,500
<b>Club Seat Pricing</b>	\$4,500	\$2,000	\$2,750
<b>Percentage Sold</b>	96%	90%	95%
<b>Club Seating</b>	Through the conversion of existing suites, 242 club seats are offered at the Metrodome. On average, these seats generate \$4,500 per seat in revenue. The club seat price includes food and beverage and reflects the limited inventory of available seats.	8,900 new club seats would be developed. The lowest rows of the upper deck would be segregated from the upper rows. Additionally, 1,500 seats would be developed by adding three rows to the front edge of the upper deck. It is estimated that club seats would generate approximately \$2,000 per seat in revenue and sell approximately 90 percent of capacity.	A minimum of 7,500 new club seats would be constructed in a manner that provides exclusive club access and lounge areas with a high level of finish and upscale food and beverage offerings. These seats would be commensurate with the standards of similar facilities in comparable NFL markets. It is estimated that these seats would generate upwards of \$2,750 per seat in revenue and sell approximately 95 percent of capacity.

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## Comparison of Potential Metrodome Development Scenarios

(cont'd)	<u>Scenario One</u> Existing Metrodome	<u>Scenario Two</u> Renovated Metrodome	<u>Scenarios Three and Four</u> Metrodome Next
<b>Available Suites</b>	99	155	150
<b>Suite Pricing (includes tickets)</b>	\$68,100	\$86,500	\$110,000
<b>Percentage Sold</b>	81%	80%	85%
<b>Suites</b>	<p>Suites at the Metrodome are currently located on the main concourse and generally maintain a basic level of finish. They currently generate, on average, \$68,100 per sold suite in annual revenue, with a current occupancy rate of 81 percent of inventory.</p>	<p>Renovated suites would provide a higher level of finish than the current suites, but would not be able to provide the exclusivity of being on their own seating level. The majority of suites would continue to be distributed 360-degrees around the field on the main level of the concourse, with additional new suites located in the upper part of the upper deck along the sidelines. It is anticipated that suites under the renovation scenario could generate approximately \$86,500 per suite in revenue. It is further assumed that sales would represent 80 percent of inventory, reflecting current market conditions and available inventory.</p>	<p>Upwards of 150 suites would provide a high level of finish, exclusive access to a suite level and large floor plans. They would all be located in prime areas on multiple locations and would not be limited by the existing Metrodome footprint as they would be under the Renovation Scenario. The suites would be similar to those offered at NFL stadiums in comparable markets. It is estimated that these suites could generate approximately \$110,000 per suite in annual revenue. It is further assumed that sales would represent 85 percent of inventory, reflecting current market conditions and available inventory.</p>
<b>Concessions Per Cap</b>	\$12.25	\$14.00	\$16.50
<b>Novelties Per Cap</b>	\$2.00	\$2.25	\$2.75
	<p>Current per cap concession and novelty rates. Novelty rates are significantly higher than in years past due to factors such as team performance and personnel.</p>	<p>Concourses would be somewhat wider and concessions and restrooms would be added to improve traffic flow and convenience.</p>	<p>Wider concourses and higher ratio of concessions and restrooms per cap than the Renovation Scenario. The incorporation of a Club Lounge adjacent to club level seating would greatly increase accessibility to concessions and other amenities. Would be similar to new stadiums in comparable NFL markets.</p>

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## Comparison of Potential Metrodome Development Scenarios

(cont'd)	<u>Scenario One</u> <b>Existing Metrodome</b>	<u>Scenario Two</u> <b>Renovated Metrodome</b>	<u>Scenarios Three and Four</u> <b>Metrodome Next</b>
<b>Advertising/ Naming Rights Revenue</b>	\$4,100,000	\$9,000,000	\$14,000,000
	Estimated revenue generated through existing advertising and other corporate sponsorship deals, including naming rights. Includes revenue retained by the MSFC and the Vikings.	Wider concourses would increase visibility and the number of locations for potential advertising placement. However, the renovation would still be limited by the existing footprint of the Metrodome.	New development areas, improved concourses, in stadium view/display areas are all expected to increase potential advertising opportunities. Additional building amenities such as club lounges provide opportunity for corporate naming. Both the Reconstruction and New Stadium Scenarios would incorporate the latest technology with a strategic marketing and development plan integrated into the design of the venue.

Based on the proposed seating capacities, facility characteristics and subsequent assumptions, estimates of gross and net revenue (net revenue generated by the NFL tenant) anticipated to be generated under each of the potential scenarios have been projected. A summary of these estimated total revenues is presented below.

## Comparison of Potential Metrodome Development Scenarios

### Potential Development Scenario Estimated Revenue Comparison

	<u>Scenario One</u> Existing Metrodome	<u>Scenario Two</u> Renovated Metrodome	Scenarios Three and Four Metrodome Next
<u>Gross Revenues</u>			
Ticket Revenues	\$41,230,000	\$45,230,000	\$45,700,000
Suite Revenue	4,590,000	9,360,000	12,520,000
Club Seat Revenue	390,000	10,650,000	14,460,000
Concession Revenues	6,650,000	9,180,000	10,190,000
Novelty Revenues	1,090,000	1,470,000	1,700,000
Advertising/Naming Rights Revenues	4,100,000 <sup>(1)</sup>	9,000,000	14,000,000
<b>Estimated Total Gross Revenue</b>	<b><u>\$58,050,000</u></b>	<b><u>\$84,890,000</u></b>	<b><u>\$98,570,000</u></b>
<u>Net Revenues</u>			
Ticket Revenues	\$27,210,000	\$29,850,000	\$30,160,000
Suite Revenue (Premiums)	4,590,000	9,360,000	12,520,000
Club Seat Revenue (Premiums)	260,000	7,030,000	9,550,000
Concession Revenues	3,320,000	4,130,000	4,580,000
Novelty Revenues	330,000	440,000	510,000
Advertising/Naming Rights Revenues	4,100,000 <sup>(1)</sup>	9,000,000	14,000,000
<b>Estimated Total Net Revenue</b>	<b><u>\$39,810,000</u></b>	<b><u>\$59,810,000</u></b>	<b><u>\$71,320,000</u></b>
<u>Estimated Incremental Team Revenues</u>			
<b>Compared to Existing Metrodome</b>	-	<b>\$20,000,000</b>	<b>\$31,510,000</b>
<b>Compared to Renovated Metrodome</b>	-	-	<b>\$11,510,000</b>

(1) NFL tenant's direct advertising revenue and advertising revenue allocated to the NFL tenant per the Commission.

In total, it is estimated that the current Metrodome generates approximately \$58.1 million in annual gross facility related revenue and \$39.8 million in annual net revenue associated with the NFL tenant.

Assuming the Renovation Scenario, in which the current Metrodome facility would be updated to include club seating, wider concourses, improved suites and other stadium amenities while not dramatically altering the current footprint of the facility, it is estimated that the renovated Metrodome would generate approximately \$84.9 million in annual gross revenue and \$59.8 million in annual net revenue. Therefore, this scenario is expected to generate approximately \$20.0 million in additional net revenue over what is generated currently at the Metrodome.

## **Comparison of Potential Metrodome Development Scenarios**

Under the Metrodome Next scenario, the annual gross revenue is anticipated to increase to approximately \$98.6 million, while the annual net revenue is expected to grow to approximately \$71.3 million. This equates to approximately \$31.5 million in net revenue above what is currently generated at the Metrodome and an additional \$11.5 million more than is estimated to be generated under the Renovation Scenario.

The Use Agreement between the Metropolitan Sports Facilities Commission and its current NFL tenant expires following the 2011 season (January 2012) and without significant improvement to the facility it is unlikely that the team would resign a long-term agreement with the Commission. When comparing the development options that have been considered to provide for the long-term agreement with the NFL tenant, the Metrodome Next scenario comes to the forefront. The estimated construction costs associated with the Metrodome Next scenarios are estimated to be lower than the estimated cost of the Renovation Scenario. Further, the Metrodome Next scenario, as presented herein, is estimated to generate approximately 20 percent more in annual revenue than the Renovation Scenario.

It should be noted that the design elements of the various development scenarios are preliminary in nature. Further refinement of the development scenarios will be required to provide more detailed estimates of the revenue generating capabilities of the various scenarios.