

**Stadium Briefing**  
**Term Sheet Status, City Funding Model**  
**July 22, 2014**

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**City Guiding Principles**

1. The City does not desire to take operating risk associated with the operations of a multipurpose stadium. Operating risk should be borne by Cordish/Findlay.
2. The City is willing to offer special purpose (restricted use) funds to the extent funds are available and warranted by the project.
3. The City does not want to spend any General Fund monies to fund the stadium.
4. The City is willing to credit enhance private revenue (through GO Bond), to the extent appropriate coverage is available to mitigate risk. City GO Bond has to be in a senior position and receive priority payment from all revenue generated by stadium.

**City Funding Model**

1. Pro Team Ownership (Cordish-Findlay) commits \$3.5 million annually in Team Rent. Additional guarantees will be sought by city.
2. Stadium net income is projected to be \$4.3 million annually, based on non-MLS events. Income is modeled after analysis done by AECOM under retainer by Developer. City negotiating team believes this to be on the aggressive (high) side.
3. City of Las Vegas would contribute \$3.0 million cash annually using available funds. Intent is to use revenue collected annually from the LVCVA as a room tax rebate. Currently, the city receives \$6.1 million annually from this source. These funds can only be used for recreational purposes and the funds are not statutorily obligated and thus not guaranteed to the City.
4. City would issue taxable GO bonds to monetize above three revenue streams at 1.5x coverage. C-Tax pledge is needed to cover debt service.
5. Developer would provide equity of \$44.3M into project.
6. City would issue STAR Bonds, monetizing Tourism Improvement District funds estimated at \$1.8 million annually.
7. City would offer cash, not-to-exceed \$14 million, from City Parkway V, Inc. infrastructure funds, to support environmental remediation expenses and infrastructure expenses (street build out, box culvert for drainage).

**Term Sheet Open Issues**

1. Future Development. The City will be seeking a cash development commitment from Cordish-Findlay for the future development parcels. This deal structure is successfully being used in the Detroit Red Wings project.
2. Property Taxes. Given that private uses are contemplated for the stadium, the facility likely will have property tax liability estimated at \$900,000 annually. This reduces funds available to service debt.
3. Lease and Operating Structure. Further legal review is needed to determine the best lease and operating structure.

## Stadium Briefing (Continued)

### Sources & Uses Budget Using City Funding Model/ Sensitivity Analysis

#### SOURCES

City GO (Stadium Rev, Team Rent, \$3.0M CTX/Room Tax) – Net Proceeds	98.6
STAR Bonds – Net Proceeds	15.2
City Parkway Cash Infrastructure Contribution, not-to-exceed	14.0
Developer Equity, Hard Costs	28.0
<b>Funds Available for Construction</b>	<b>155.8</b>

Developer Equity, Soft Costs	16.3
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<b>Total Sources</b>	<b>172.1</b>
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#### USES (Developer-stated, subject to negotiation)

Stadium Hard Cost	138.8
Stadium Systems & Equipment	8.8
Contingency	15.5
<b>Hard Cost</b>	<b>163.1</b>

Design & Engineering	7.4
Legal and MBE/WBE/DBE Compliance	3.2
Permitting	4.5
Insurance/Financing/Legal	11.2
Project Admin/ Developer Fee	6.0
Pre-Opening	1.0
Soft Cost Contingency	4.3
<b>Soft Costs</b>	<b>37.6</b>

<b>Total Uses</b>	<b>200.7</b>
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<b>GAP/Cost Overrun</b>	<b>(28.6)</b>
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#### Notes:

1. GO Coupon Rate is 5.0%, at 1.5x coverage. Every 0.5% increase would reduce funds available for construction by \$6 - \$7 MM.
2. STAR Bonds assumes a 6.5% coupon rate at 1.75x coverage.
3. City Parkway funds are cash on hand.
4. City is working to negotiate Developer's development budget. Some figures, particularly soft costs, may be higher than what is needed.