

DECISION POINT #2

Section 23 | Special Provisions on the Funding, Financing and Allocation of Available Funds Sourced to the Stadium Project

ALTERNATIVE A

Note: Limits total investment to the lesser of \$750,000,000 or the amount that can be bonded from the incremental transient lodging tax authorized by the act. Limits the public investment to 39 percent of the total NFL stadium project cost. Sets developers' preferred return at 10 percent on up to \$650,000,000 million of private capital investment. Requires a 50/50 split of free cash flow after the preferred return between the developer and a capital improvement fund for NFL stadium project. Does not allow operating shortfalls or construction cost overruns to be added to the developers' basis for the preferred return calculation. Requires that distributions in excess of the 10 percent preferred return be consider a return of capital, thereby reducing the developers' investment basis for subsequent preferred return calculations.

SECTION 23. 1. *Any development agreement entered into pursuant to subsection 2 of section 16 of this act, any lease agreement(s) entered into pursuant to subsection 3 of section 16 of this act and any and all other agreements of any kind entered into between the stadium authority and one or more developer partners, NFL team, or any affiliate, subsidiary or related entity of a developer partner or NFL team, shall include the following:*

(a) The stadium authority's contribution to the construction cost of the NFL stadium project shall not:

(1) Exceed \$750,000,000 exclusive of the proceeds realized from the sale of personal seat licenses or similar instruments and from other NFL stadium project assets sold by or on behalf of the stadium authority, which proceeds shall be used to pay costs of construction of the NFL stadium project and any capital improvements thereto; or

(2) The maximum amount that can be raised from the issuance of bonds pursuant to section 24 of this act, secured by revenues generated by the tax imposed in subsection 2 of section 16 of this act, Whichever is less.

(b) The total debt undertaken by the county on behalf of the stadium authority shall not, at any given point in time, exceed the stadium authority's contribution limits set forth in paragraph (a) of subsection 1.

(c) The stadium authority's contribution to the construction and development cost of the NFL stadium project shall not exceed 39 percent of the total cost of the stadium project.

(1) The following shall be included in determining the total cost of the NFL stadium project:

(I) All design, development, and construction costs related to the NFL stadium project;

(II) Land costs;

(III) All infrastructure costs on and around the NFL stadium project site paid funded through the capital contributions made by the developer partners and/or the stadium authority;

(IV) NFL practice facility costs, regardless of whether such facility is constructed in the same site as the stadium project so long as it is constructed within the stadium district, up to \$100,000,000; and

(V) Other soft costs related to the stadium project.

(2) The stadium authority's contribution to the construction and development cost of the NFL stadium project shall be exclusive of the proceeds realized from the sale of personal seat licenses or similar instruments and from other NFL stadium project assets sold by or on behalf of the stadium authority, which proceeds shall be used to pay costs of construction of the NFL stadium project and any capital improvements thereto.

(3) All land, improvements and other property of any kind included in the total cost of the NFL stadium project pursuant to subparagraph (c)(1) shall be the sole and exclusive property of the stadium

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authority and shall be exempt from ad valorem property taxes in this State. The developer partners and NFL team shall be responsible for ensuring that any required transfer of property interest occurs within a reasonable period of time. The sole exception to this provision shall be any capital expenditures that the stadium authority and the Stadium Events Company agree are made solely by the Stadium Events Company. In the case of this exception, such property shall be transferred to the stadium authority at the end of lease agreement, at which time it will become the sole and exclusive property of the stadium authority, unless the stadium authority and the Stadium Events Company agree otherwise.

(d) Unless otherwise provided for in this act, the stadium authority's contribution to the construction and development cost of the NFL stadium project shall be proportional in terms of amount, contemporaneous in terms of timing and similar in terms of risk profile to the developer partners' contribution to the construction and development costs of the NFL stadium project.

(e) The developer partners shall be entitled to receive a preferred return of not more than 10% annually on the amount of their capital contribution to the NFL stadium project.

(f) The amount upon which the preferred return shall be calculated shall not exceed \$650,000,000.

(g) Operating losses, construction cost overruns or any other losses incurred by the developer partners or the NFL team shall not be added to or otherwise adjust the basis upon which the preferred returns described in paragraph (e) of subsection 1, or any other payments to the developer partners or the NFL team, are calculated.

(h) The preferred return as set forth in paragraph (e) of subsection 1 shall be paid annually out of the net operating income of the Stadium Events Company. The net operating income shall be the difference between normal operating revenues and normal operating expenditures of the Stadium Events Company. Net operating income shall not include depreciation or any other noncash items. Notwithstanding any other provision of this section, the revenues of Stadium Events Company shall include only those NFL event revenues that the NFL team as agreed will be paid to the Stadium Events Company and in no event shall any other distribution of NFL team or NFL event revenues be otherwise included in this calculation.

(i) Should any net operating income of the Stadium Event Company remain after the payment of the preferred return made to the developer partners pursuant to paragraph (e) of subsection 1, the residual amount shall be distributed equally between the developer partners and a stadium capital construction improvement fund.

(j) Any return to the developer partners in excess of the preferred return set forth in paragraph (e) shall be considered return of capital and shall lower the developer partners' basis used to calculate preferred returns in later years.

(k) No payments of any kind shall be due to the developer partners or the NFL team after the term of the master lease agreement(s) set forth in subsection 3 of section 16 of this act expires.

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ALTERNATIVE B

Note: Requires a total public investment of \$750,000,000. In the event that the bond proceeds are insufficient to produce a \$750,000,000 public investment, the public sector would need to make up the shortfall via priority distributions from the transient lodging tax waterfall, including principal and interest payments due to the developer partners for any supplemental incremental capital contribution they were required to make. Eliminates the 39 percent contribution cap, replacing it with a “premier National Football League facility” standard. All profits from the stadium are allocated to the developer during the lease period.

SECTION 23. 1. Any development agreement entered into pursuant to subsection 2 of section 16 of this act, any lease agreement(s) entered into pursuant to subsection 3 of section 16 of this act and any and all other agreements of any kind entered into between the stadium authority and one or more developer partners, NFL team, or any affiliate, subsidiary or related entity of a developer partner or NFL team, shall include the following:

(a) The stadium authority’s contribution to the construction cost of the NFL stadium project shall not:
(1) Exceed \$750,000,000 exclusive of the proceeds realized from the sale of personal seat licenses or similar instruments and from other NFL stadium project assets sold by or on behalf of the stadium authority, which proceeds shall be used to pay costs of construction of the NFL stadium project and any capital improvements thereto; or

(2) The maximum amount that can be raised from the issuance of bonds issued pursuant to section 24 of this act, secured by revenues generated by the tax imposed in subsection 2 of section 16 of this act, whichever is less.

(b) The total debt undertaken by the stadium authority shall not, at any given point in time, exceed the stadium authority’s contribution limits set forth in paragraph (a) of subsection 1.

(c) The construction and development of the NFL stadium project shall be consistent with first class, premier National Football League facilities currently in operation or approved for construction by National Football League.

(d) All land, improvements and other property of any kind included in the total cost of the NFL stadium project pursuant to subparagraph (c)(1) shall be the sole and exclusive property of the stadium authority and shall be exempt from ad valorem property taxes in this State. The developer partners and NFL team shall be responsible for ensuring that any required transfer of property interest occurs within a reasonable period of time. The sole exception to this provision shall be any capital expenditures that the stadium authority and the Stadium Events Company agree are made solely by the Stadium Events Company. In the case of this exception, such property shall be transferred to the stadium authority at the end of lease agreement, at which time it will become the sole and exclusive property of the stadium authority, unless the stadium authority and the Stadium Events Company agree otherwise.

(e) Unless otherwise provided for in this act, the stadium authority’s contribution to the construction and development cost of the NFL stadium project shall be proportional in terms of amount, contemporaneous in terms of timing and similar in terms of risk profile to the developer partners’ contribution to the construction and development costs of the NFL stadium project.

TECHNICAL NOTES:

If Alternative B is selected:

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1. Section 22 (Financing Waterfall) will need to be adjusted to reflect the priority payment for any public funding shortfall, including both principal and interest.

“(x) In the event that proceeds generated from tax revenues defined in section 23 and bonds or other securities to which the receipts of that tax are pledged generate less than \$750,000,000 for the stadium authority’s contribution to the construction of the stadium project and Stadium Events Company funds the difference, a payment to Stadium Events Company for the difference plus interest based on a payment schedule agreed to by the stadium authority in the development agreement or lease.”