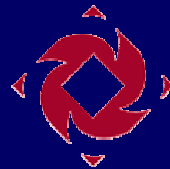


“If You Build It, Will They Come?”
January 18, 2001

“Critiquing the Deal”

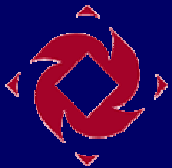
Presented by
Christopher S. Dunlavey, AIA
President



BRAILSFORD & DUNLAVEY

Brief History

- 1995: The Browns Leave Town
- Ohio Legislature Takes Action
 - Chapter 3383 of Ohio Revised Code
 - 15% of All Eligible Project Costs
 - Ohio Arts & Sports Facilities Commission
- Commission Resolution R-97-07 Sets Criteria
- B&D Retained as Sports Facility Consultant



Project Criteria

- Eligibility of Project Sponsor
- Need for Facility (“No Relocation” Clause)
- State Property Interest
- Demonstration of Ability to Fund 85%
- Meeting of Project Milestones
- Compliance with State Construction Laws



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Aspects of the Deal

1. Who pays for what?

Q. What is the franchise's "Fair Share"?

Capital Investmt  Rent/Rev Sharing

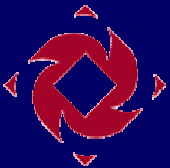
A. WHATEVER THEY CAN AFFORD!

2. Who takes the risk?



Four Areas of Project Risk

- Capital Cost Risk
- Revenue Risk
- Operating Cost Risk
- Financing Risk



Project Basics: The New Cleveland Browns Stadium



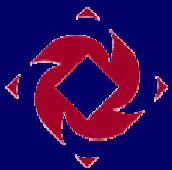
Project Basics:

The New Cleveland Browns Stadium

- **Applied for Funding in 1997**
- **Recently Completed Gateway Developments**
 - “Sin Tax” Funding Mechanism Extended in 1996
- **Commitment from N.F.L.**
 - \$48 m Funding
 - Franchise Guaranteed by Year 2000
- **Stadium Design by HOK Sport**
- **Huber, Hunt & Nichols as Construction Manager**
- **Multiple Prime Contract Approach**



Project Basics: Paul Brown Stadium



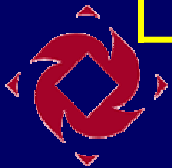
Project Basics: Paul Brown Stadium

- **Applied for Funding in 1998**
- **Both Bengals and M.L.B. Reds Planned**
- **New Sales Tax Increase Approved**
- **Anchor to Riverfront Redevelopment**
- **Innovative NBBJ Design**
- **Turner/Barton Malow/D.A.G. as C.M.**
- **Construction Manager with GMP Approach**



Comparative Sources of Funds

<i>Source</i>	<i>Cleveland</i>	<i>Cincinnati</i>
NFL/Team	\$48 million	\$0
Facility Licensing	\$0	\$25 million
State of Ohio	\$37.5 million	\$65 million
Tax Revenue Bonds	\$157.4 million	\$391 million
City Dept/Gen Fund	\$39 million	\$7.9 million
Investment Income	\$7.6 million	\$13.5 m
Total Sources	\$289.5 million	\$502.7 m



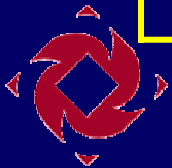
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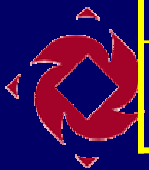
Comparative Uses of Funds

<i>Use</i>	<i>Cleveland</i>	<i>Cincinnati</i>
Stadium Hard Costs	\$187 million	\$253.5 m
Contingencies	\$14.3 million	\$8.4 million
Other Soft Costs	\$48.7 million	\$73.7million
Parking Structure	\$0	\$72 million
Site Acquisition	\$0	\$68.2 m
Related Roadways, etc.	\$0	\$26.8 m
Interest, Fina. Costs	\$39.5 million	\$ 0
Total Uses	\$289.5 million	\$502.7 mill



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Other Soft Costs	<i>\$48.7 million</i>	<i>\$73.7million</i>
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Comparative Lease Terms

Cleveland

- \$250,000 / Year Rent
- Franchise Responsible for Operating Costs

Cincinnati

- \$1.7 million / Yr Rent (Declining to \$900k)
- Operating Cost Sharing by Categories
- Team Guaranteed 50,000 Tickets for 1st 2 years



Capital Cost Risk: New Cleveland Browns Stadium

Result:
Contingencies and NFL Funds
Covered Final \$283 Million Budget



Capital Cost Risk: Paul Brown Stadium

Results:

Severe cost overruns,
County shouldering costs through
debt capacity of Sales Tax Revenue Stream



Revenue Risk & Operating Cost Risk

Cleveland

- No Revenue Risk
- No Operating Cost Risk

Cincinnati

- Risk of Ticket Sale Shortfall
- Risk of Operating Cost Inflation



Financing Risk

Cleveland

- “Sin Tax” Revenues Understood
- No Other Demands on Financing Structure

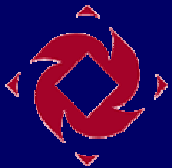
Cincinnati

- Debt Service on Bengals, Reds, and Related
- Operating Costs
- Enormous Sales Tax Capacity Strained



Lessons Learned

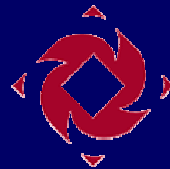
- Keep Project Scope Clear and Simple
- Don't Co-Mingle Areas of Risk
- Design Innovation and Speed Are Enemies
- Build In Healthy Contingencies
- Get Your Partner Committed With Capital
- Give Your Partner the Risk & the Upside



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