

# Feasibility Study Examining the Return of Major League Baseball to Montreal

Presented to the Board of Trade of Metropolitan Montreal  
and Montreal Homerun Project Inc.





Ernst & Young Orenda Corporate Finance Inc.  
800 boul. René-Lévesque West  
Suite 1900  
Montréal, Québec  
H3B1X9  
Tel : +1 514 875 6060  
ey.ca

Mr. Michel Leblanc  
President and CEO, Board of Trade of Metropolitan Montreal  
380, Saint-Antoine Street West, Suite 6000  
Montréal, QC, H2Y 3X7, Canada

December 12, 2013

**Re: Feasibility Study Examining the Return of Major League Baseball to Montreal**

Dear Mr. Michel Leblanc,

We have prepared this confidential report (the "Document") in accordance with our engagement letter with the *Chambre de commerce du Montréal métropolitain* ("CCMM", "you" or "Client") dated 26 July 2013. We have developed our analysis and this report in accordance with the objectives and methods agreed with you and the steering committee during our working meetings.

Our findings may be of use to you in the context of the development of Montreal Homerun Project Inc. ("MHP"). The Document covers the matters agreed with you. It should be read and used in its entirety. For the avoidance of doubt, where we refer to work undertaken by or information provided by any other parties, we have not independently verified this work or information.

In carrying out our work and preparing this Document, we have worked solely on the instructions of CCMM for the purposes of MHP, and should not be relied upon for any other purpose. Our Document may not have considered issues relevant to any third parties. Any use such third parties may choose to make of this Document is entirely at their own risk and we shall have no responsibility whatsoever in relation to any such use.

The information and opinions contained in this document are derived from public and private sources which we believe to be reliable and accurate but which, without further investigation, cannot be warranted as to their accuracy, completeness or correctness. This information is supplied on the condition that EY, and any partner or employee of EY and its affiliates, are not liable for any error or inaccuracy contained herein, whether negligently caused or otherwise, or for loss or damage suffered by any person due to such error, omission or

inaccuracy as a result of such supply. In particular any numbers and schedules contained in this document are preliminary and are for discussion purposes only. Our work has been limited in scope and time and we stress that a more detailed review may reveal material issues that this review has not.

Furthermore, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

This document is confidential and is not to be reproduced or distributed. The information contained herein, while obtained from sources which we believe to be reliable, has not been independently verified and no representation, expressed or implied, is given as to its accuracy or completeness. Delivery of this document does not constitute an offer to sell or a solicitation of an offer to purchase securities under the securities laws of any jurisdiction, including the Securities Act of 1933, as amended, or any state securities laws, or a solicitation to enter into any other transaction.

We assume no responsibility for any financial and tax reporting decisions, which are appropriately those of management. It is our understanding that management accepts the responsibility for any financial statement and tax reporting issues with respect to the activities covered by our analysis, and for the ultimate use of our analysis and Document.

If you would like to clarify any aspect of this report or discuss other related matters then please do not hesitate to contact us.

Yours faithfully,

*Ernst & Young Orenda  
Corporate Finance Inc.*

---

# Table of Contents

---

▶ Executive Summary	3
▶ The Minnesota Twins and Target Field: A Good Model for Montreal?	4
▶ Summary Report	8
▶ Financing and Corporate Structure	24
▶ Stadium Construction Financial Analysis	29
▶ Stadium and Team Operations Financials	34
▶ Public Sector Financials	42
▶ Overall Summary of Results	47
▶ Economic and Urban Impact Analysis	51
▶ Other: Stadium Development Models	56
▶ Glossary	59

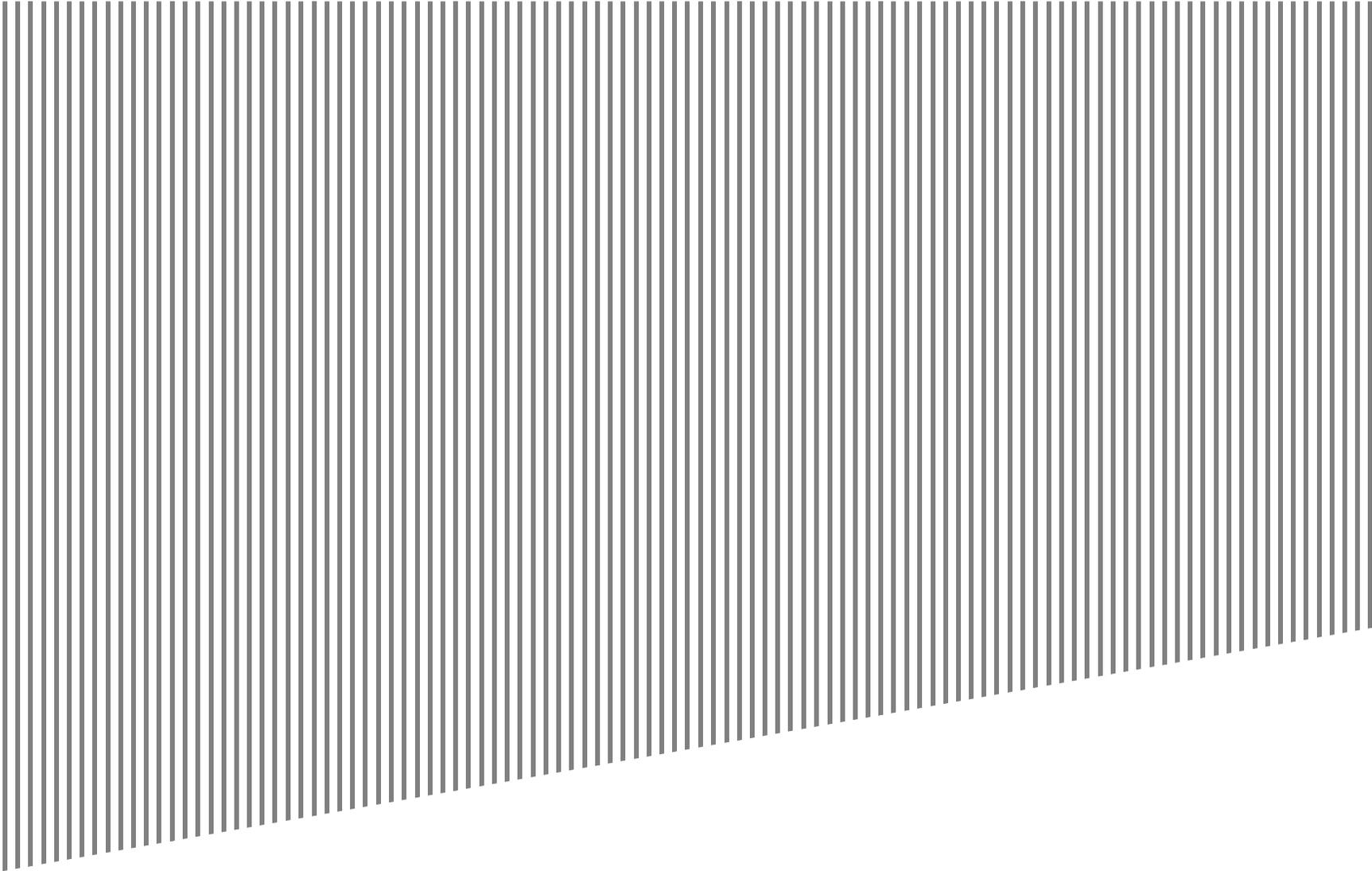
---

# Executive Summary

---

- ▶ Following the favourable results of the preliminary survey undertaken by Leger Marketing in May 2013, EY was mandated to perform a financial feasibility study on the viability of a return of Major League Baseball (MLB) to Montreal, as well as to examine the possibility of building a new, centrally located ballpark within close proximity to downtown Montreal.
- ▶ Based on the information collected and a conservative analysis, the return of Major League Baseball to Montreal would be financially viable under a set of realistic assumptions, including a modest but competitive payroll, average ticket prices in line with league averages, a local broadcasting rights deal in line with other similar MLB markets, other innovative sponsorships and partnerships, and the revenue distributed to all teams through the multiple facets of the MLB revenue sharing model.
- ▶ Based on Leger Marketing's work, the return of professional baseball to Montreal would be embraced by both fans and the business community, with average attendance reasonably expected to reach approximately 28,500 fans per game.
  - ▶ With a population of over 3.8 million people, Montreal is the 15th largest market in North America, and the largest without a team in the MLB (which has 30 teams).
- ▶ A new dedicated baseball facility would seat 36,000, with up to 60 luxury boxes, and would ideally be located within approximately 2km of downtown Montreal
- ▶ It would be designed with public transit connectivity and developed so as to stimulate property and economic development in the area, as such ballparks have succeeded in doing in several other cities.
  - ▶ The stadium is estimated to cost \$467M, including estimates for project management and construction financing.
- ▶ Of the total deal cost of \$1.025 B, 67% (\$690M) would be financed by the team ownership group, while 33% (\$335M) would come from government. Government would retain ownership of the stadium, but the team would be responsible for all aspects of construction and operation, including cost overruns, and would retain revenue streams from all commercial activities and as well as all inherent financial risk.
- ▶ The government's share of costs would be recouped through direct tax payments generated in the construction phase (\$55.6M) and during each year of operation (\$23M annually), as well as by dedicating sales taxes generated annually by stadium activities (\$18M) and income tax on part of players' salaries (\$10M). Municipal infrastructure investment would be recouped through property taxes.
- ▶ A single-purpose open-air ballpark would therefore be financially viable with an MLB team, and could be constructed within 3 years after finalizing the transaction to acquire the team.
- ▶ The Minnesota Twins and Target Field, opened for the 2010 season, is a good model for Montreal to follow.
  - ▶ The centrally located, open-air stadium (in a similar climate) was essential to retaining the Twins in Minneapolis, and the stadium has been a success for the MLB, for the fans and for the city's development.

# The Minnesota Twins and Target Field: A Good Model for Montreal?



# The Minnesota Twins and Target Field: a good model for Montreal?

**Before examining the feasibility of a new team and ballpark in Montreal, reviewing the success story of the Minnesota Twins and Target Field provides important insights.**

## **Minnesota Twins**

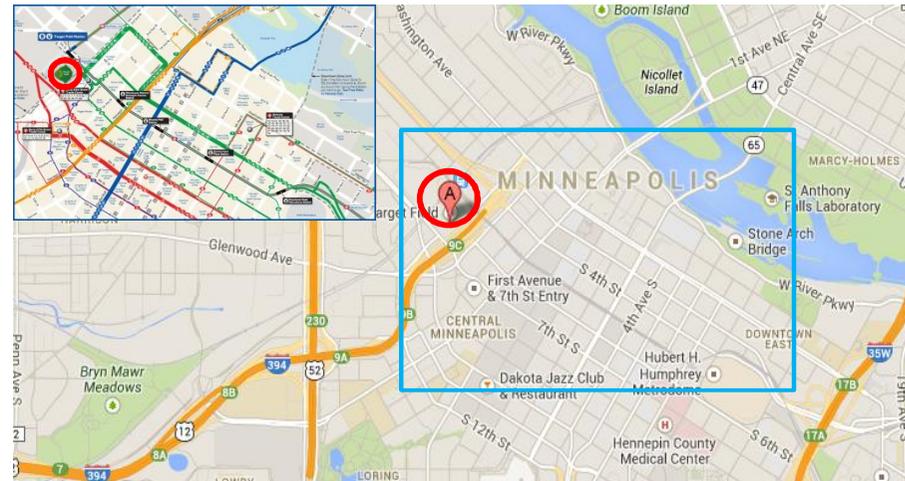
- ▶ Owners: The Polhad Family

## **Target Field**

- ▶ Construction start date: August 30, 2007
- ▶ Date opened: January 4, 2010
- ▶ Architect: Populous/Hammel, Green and Abrahamson
- ▶ Capacity: 39,021
  - ▶ 54 suites, 2 mega suites
- ▶ Funding: Combination of Minnesota Ballpark Authority (64%) and Minnesota Twins (36%)
- ▶ Ballpark construction cost: \$390M
- ▶ City infrastructure cost: \$155M

## **About Minneapolis-St. Paul**

- ▶ Metro population: 3.4M (vs. 3.8M for Montreal)
- ▶ Other pro sports teams: Minnesota Wild (NHL), Timberwolves (NBA), Vikings (NFL)
- ▶ **Relevance to Montreal:**  
*Similar market size, similar climate*



# The Minnesota Twins and Target Field: a good model for Montreal

- ▶ In 2002, because of spotty financial performance and a lack of progress toward building a new ballpark, MLB identified two franchises as being likely candidates to be folded, or “contracted” – these two teams were the Montreal Expos and the Minnesota Twins
- ▶ At the time, the Twins played in a similar ballpark to Montreal’s Olympic Stadium – the Metrodome (a 46,564 seat stadium built in 1982)
- ▶ Contraction was taken off the table only after the Minnesota Court of Appeals upheld the injunction that forced the Twins to uphold their 2002 lease on the Metrodome
- ▶ While MLB appealed the decision to the Minnesota Supreme Court, that Court refused to consider MLB's appeal of the injunction
- ▶ The threat of losing the team spurred the Minnesota House to vote in favor of stadium legislation funding, which also garnered support from then-Governor Jesse Ventura – the Twins finally got their new ballpark approved in 2006
- ▶ The ballpark was funded 36% by the Twins, with the remainder being paid for by a 0.15% Hennepin County sales tax increase (the ballpark is located in Hennepin County)
- ▶ Target Field opened in 2010 to rave reviews and was ranked the #1 ballpark for fan experience by ESPN
- ▶ The ballpark has great ambience and an “old time” feeling, especially under the summer sun with a hot dog and beer in hand
- ▶ Target Field has been a success story for the Twins – each season since the park’s opening, the Twins have had an average attendance of between 30,000 – 39,000 fans per game
- ▶ Over a period of ten years, the Twins went from being nearly contracted to being one of the most successful and secure franchises in MLB
- ▶ The construction of a new ballpark significantly contributed to this success
- ▶ In a weather climate very similar to Montreal, Target Field was built without a retractable roof – at the time, a retractable roof was expected to add an additional \$100M to the construction cost of the ballpark, plus unspecified maintenance costs and risk

## Minneapolis and Montreal: Similar Weather Patterns

April to October Season	Montreal	Minneapolis
Average temperature (°C)	15.5	16.2
Average precipitation (mm)	91.8	82.8

Source: Minneapolis data from <http://www.usclimatedata.com/climate/>; Montreal data from <http://climate.weather.gc.ca>

---

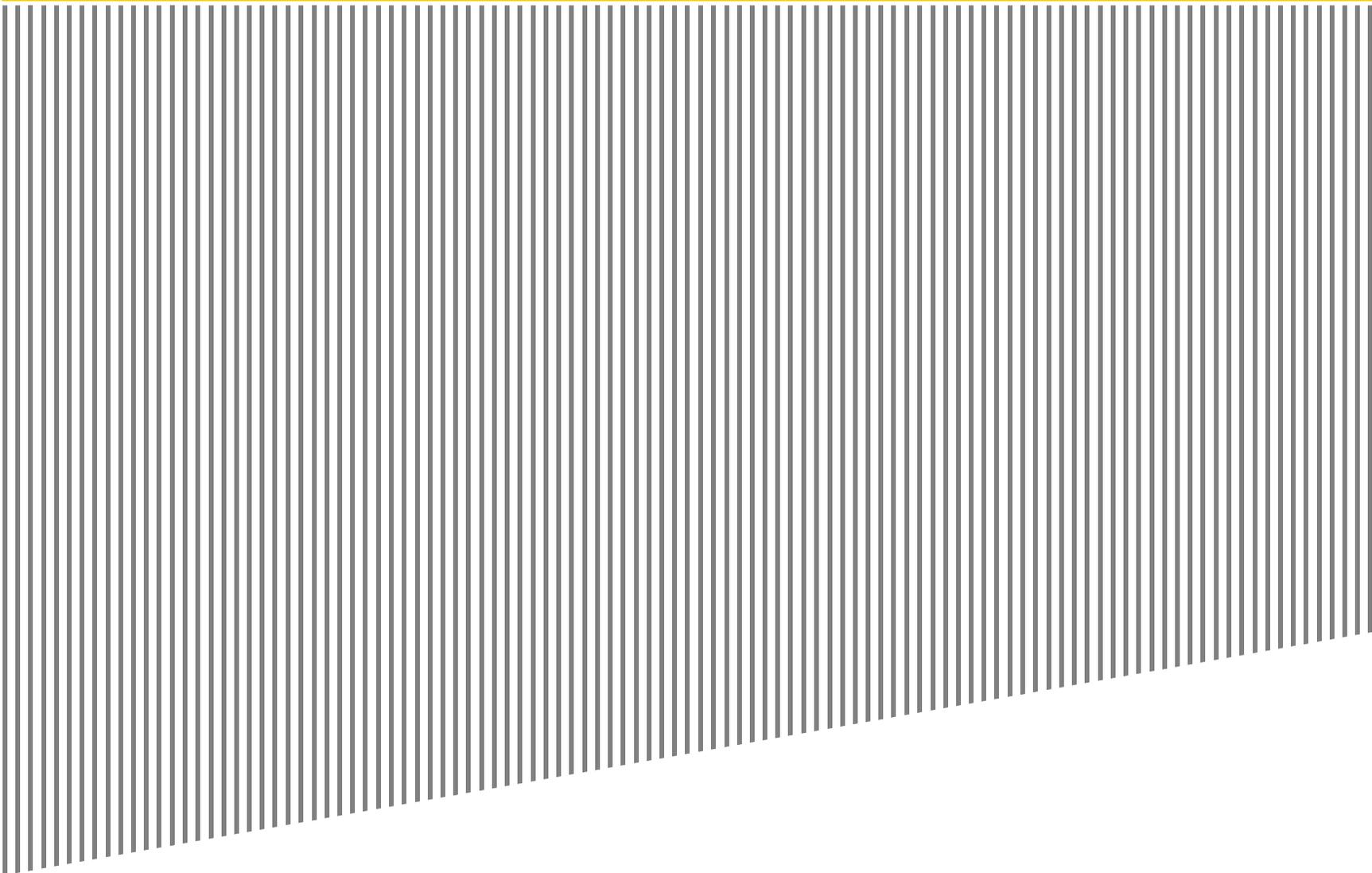
# The Minnesota Twins: the positive urban impact of Target Field

---

- ▶ Built in 2010 and located in Hennepin County, Target Field was the culmination of nearly 13 years of lobbying and negotiating by the Twins to build a new ballpark
- ▶ The ballpark was built in the heart of downtown and is walking distance from the business centre of the city
- ▶ Being “more than a ballpark” defined the project from the start – the public partners invested in the project wanted to ensure that their tax dollars generated benefits beyond baseball
- ▶ The Twins wanted to ensure that they created a destination that was more than just about baseball – the Twins created a large plaza in the outfield that would connect the ballpark to the downtown core
- ▶ Ingress and egress were critical factors in designing an urban ballpark:
  - ▶ Two major freeways and a grid of streets surround the site with more than 7,000 parking spots available just beyond the outfield walls, and 20,000 more available within  $\frac{3}{4}$  of a mile
  - ▶ More than 20 metro bus lines connect to the ballpark
  - ▶ Several hundred bike racks are nearby
- ▶ In just 15 months after the ballpark’s opening:
  - ▶ \$36M in new construction permits were issued within 5 blocks of Target Field
  - ▶ Occupancy in downtown Minneapolis hotels around the stadium was up 19.4 percent during the first 6 months after opening
  - ▶ Ridership of the light rail to attend games is up nearly 7 percent.
- ▶ In the 2010 inaugural season, total sale and use tax revenue collected at the ballpark was \$18.6M. The figure dropped to \$17M in 2011 and dropped again to around \$15.5M in 2012. The 2011 total of \$17M was still nearly three times the \$6M collected in the Twins final year at the Metrodome
- ▶ According to an independent economic impact analysis, Target Field also generated at least \$169.3 million in economic activity in its first year of operation
- ▶ Recent urban development news in the area saw the Hennepin County Board approve a plan to add a public plaza with an amphitheater, giant display screen and new stores and offices to the rail hub being built in the area
- ▶ Target Field Station, which will provide access to four light-rail lines and a commuter line, will include a 60,000-square-foot plaza. According to the North Loop Association, the transit station project’s \$79 million in funding includes \$17 million in state bonding authority, up to \$22 million from county taxpayers, \$20 million in federal grants, \$1.8 million from the Minnesota Ballpark Authority, \$500,000 from the city.

---

# Summary Report



---

## Scope of EY mandate

---

- ▶ Following the favourable results of the preliminary survey undertaken by Leger Marketing in May 2013, EY was mandated to perform a financial feasibility study on the viability of a return of Major League Baseball in Montreal, as well as the possibility of building a new, centrally located ballpark within close proximity to downtown Montreal
- ▶ EY's mandate included studying the following :
  - ▶ Financial feasibility of team ownership and operations from the perspective of a local ownership consortium
  - ▶ Financial feasibility of ballpark operations
  - ▶ Financial feasibility of a new downtown ballpark
    - ▶ Retractable roof
    - ▶ Fixed roof
    - ▶ Open air
  - ▶ Financing structures of a new downtown ballpark
    - ▶ Privately owned and constructed ballpark
    - ▶ Publicly funded with private equity contribution (controlled by team)
    - ▶ Publicly funded with private equity contribution (controlled by Stadium Authority)
  - ▶ A high-level analysis of potential locations for a new downtown ballpark
  - ▶ The examination of the urban development and economic impact of other new ballparks across MLB
- ▶ We collected our data through research, interviews and the examination of best practices
  - ▶ We met with senior executives at several MLB teams to discuss the business model of baseball franchise ownership
  - ▶ We met with city officials in several MLB markets to discuss the role of the Stadium Authority – a municipal entity tasked with the construction, and sometimes ongoing maintenance, of sports facilities – as well as the urban and economic impact that occurred following the construction of a new ballpark

---

# Major League Baseball would be viable under the right conditions

---

## Is Major League Baseball viable in Montreal?

- ▶ Based on the information collected and a conservative set of assumptions, the return of Major League Baseball to Montreal is financially viable. This assumes certain conditions, as presented below, using an approach followed in many other baseball markets similar to Montreal
- ▶ The team would be viable based on a set of realistic assumptions, including:
  - ▶ A strong and engaged season ticket base
  - ▶ Average ticket prices in line with league averages
  - ▶ A modest but competitive payroll
  - ▶ A local broadcasting rights television deal that is in line with what other MLB teams receive playing in markets similar to Montreal
  - ▶ Use of sponsorships and partnerships to maximize revenue
  - ▶ Revenue distributed by MLB to all teams plus participation in the revenue sharing model
- ▶ Some of the essential conditions for success are:
  - ▶ A new, centrally located ballpark with close ties to the local business community
  - ▶ A new ballpark responding to modern baseball requirements, with a partial public investment (explored later in this document), and the most cost-effective approach to the Montreal climate: the absence of a retractable roof
  - ▶ A well capitalized, civically minded and strong ownership group to underpin the on-field success of the franchise
- ▶ The new franchise should ideally play in the American League East – the team would have natural rivalries with several cities including Toronto, Boston and New York. The presence of these teams in Montreal would enhance the business case as well as the local television broadcasting rights deal – playing against more popular teams results in a larger television audience
- ▶ The benefits to the city of Montreal of playing in the American League East would be significant to tourism and to the city receiving positive exposure in key northeastern U.S. cities

# Several factors suggest the timing is right

## Why would this time be different than the last?

- ▶ The business of baseball has changed fundamentally over the last 10 years with all teams sharing significant revenue from a new national television broadcast deal, new advanced media revenues and shared merchandising revenues
- ▶ The alienation of the team's fan base due to various factors over the last years of the Expos' existence resulted in a significant drop-off in attendance – a local and civically-minded ownership group could bring the Expos back to their popularity of the 80's and early 90's
- ▶ The Olympic Stadium would not be the franchise's home – it was not designed for baseball, it is poorly located and requires significant maintenance and upgrade
  - ▶ MLB has made it clear that a team returning to play at the Olympic Stadium would not be acceptable
- ▶ It is expected that a franchise in Montreal would likely be a receiver of MLB's revenue-sharing as a smaller market team, but that the team would receive less revenue sharing dollars than what some other small market teams are receiving today
- ▶ A stronger Canadian dollar, which has been trading at or near par to the U.S. dollar over the past few years, a level significantly higher than the \$0.62-\$0.84 range seen between 1994 and 2004 (see Reuters data in chart below)
- ▶ MLB revenue streams (MLB Central Fund, MLB Advanced Media, MLB Properties and MLB revenue sharing) have increased significantly since the Expos left Montreal; these are paid to teams in U.S. dollars, and therefore serve as a hedge against the financial impact of U.S. dollar player payrolls in the event of a future drop in the Canadian dollar
- ▶ The exchange rate for the purpose of the study is assumed to be at par (\$1.00); a decline to \$0.90 (CAD/USD) is included as a sensitivity analysis, and shows little impact on the viability of the project

Evolution of CAD/USD exchange rate from 1994 to 2013



---

# Support for a return of baseball appears strong

---

## Could the city of Montreal support another sports team?

- ▶ All three of Montreal's existing sports teams (Montreal Canadiens, Montreal Alouettes and Montreal Impact) are playing at nearly 100% of capacity – there is a significant appetite for live sports in Montreal
- ▶ Other similar metropolitan areas such as Minneapolis, Denver and Phoenix support four major sports teams whereas Cleveland, St. Louis, Tampa Bay, Pittsburgh and Kansas City are significantly smaller metropolitan areas supporting three major sports team, including an MLB franchise
- ▶ With a metropolitan population of over 3.8 million people, Montreal is the 15th largest market in North America, and the largest without an MLB team

## Would the general population and business community support the team?

- ▶ According to Leger Marketing's survey work undertaken for this study, the return of professional baseball to Montreal would be embraced by both fans and the business community
  - ▶ Nearly 70% of Quebecers are in favour of professional baseball returning to Montreal; only 11% of Quebecers are opposed
  - ▶ Among corporations, 81% support a return of professional baseball
  - ▶ Business executives are interested in participating in financing the project. More specifically, 31% of respondents are interested in buying a brick, and 24% are likely to own a seat license to help finance the future stadium in Montreal
  - ▶ Among companies who are likely to buy MLB tickets in Montreal, 24% would be interested in advertising in the new stadium
  - ▶ Léger Marketing has forecasted as their realistic scenario an average attendance ranging from approximately 27,600 to 31,600 people per game (including corporate suites)
  - ▶ Léger Marketing determined significant willingness to purchase tickets at prices from \$25 to \$75, with season ticket purchasers representing approximately 60% of total tickets sold per game

# Léger Marketing's attendance projections

## What would be the projected attendance (tickets sold)?

- ▶ Léger Marketing conducted a survey of the general population, as well as small and medium enterprises and large corporations, to estimate average attendance
- ▶ The table below presents the average attendance per game for the realistic forecast for the two market segments surveyed as well as the price points representing the willingness to pay (no relation with the stadium configuration and available seats at particular prices)

Léger's Realistic Forecast	General Population		Corporate		Total	
Ticket value range:	Low	High	Low	High	Low	High
\$25 tickets	6,936	7,928	522	596	7,459	8,524
\$50 tickets	6,679	7,633	5,115	5,845	11,794	13,478
\$75 tickets	1,096	1,253	6,784	7,755	7,880	9,008
Total tickets sold	14,712	16,814	12,421	14,196	27,133	31,010
Average ticket price	\$40.08		\$62.60		\$50.39	
Number of suites	-	-	45	52	45	52
People per suite	-	-	12	12	12	12
<b>Total attendance</b>	<b>14,712</b>	<b>16,814</b>	<b>12,961</b>	<b>14,820</b>	<b>27,673</b>	<b>31,634</b>

Sources : Léger Executive Summary (Nov. 2013). Sales at each price point are mutually exclusive. Ticket values in 2014 dollars.

- ▶ Attendance figures in this table represents tickets sold, and exclude complimentary tickets
- ▶ Tickets sold include regular tickets, season tickets as well as 20 and 40 game packages
- ▶ Léger projections do not include demand from outside the Greater Montreal Area, including group sales and large corporations headquartered elsewhere

---

# Definition of this study's forecast

---

## **This study applies relatively conservative assumptions**

- ▶ The forecasted attendance for the purposes of this feasibility study includes conservative assumptions based on the survey results:
  - ▶ Léger has prepared three forecasts: Pessimistic, Realistic and Optimistic
  - ▶ The forecast used by EY corresponds to the low end of Léger's Realistic forecast
- ▶ This study models attendance on the basis of the stadium's capacity: two types of seats, regular and premium, plus corporate suites
  - ▶ Léger's willingness to pay metrics have been mapped to the seat types
- ▶ Benchmarking across the MLB has shown that approximately 15% of tickets are premium seats
  - ▶ Based on a total capacity of 36,000 seats, this gives 5,400 premium seats and 30,600 regular seats
- ▶ This study uses an average price for regular seats of \$25 and for premium seats of \$50 which results in an average ticket price for this study of \$29.57 (2014 dollars)
  - ▶ However, willingness to pay determined by Léger is 69% higher at \$50.39, thus allowing owners to maximize pricing structure and ticket sales revenues
- ▶ A no-show rate of 5% was applied to the tickets sold, in order to reflect actual attendance at the game, which is used to calculate concessions and merchandise revenues
- ▶ Projections for demand from outside the Greater Montreal Area would make up approximately 5 to 10% of total attendance, as estimated by the Conference Board of Canada
- ▶ The table on the next page presents the average tickets sold and attendance per game for the Realistic forecast as well as for the two following reference points:
  - ▶ MLB average attendance per game over the last three seasons
  - ▶ Comparable teams average attendance for the past three seasons. The comparable teams selection is based on similar sized markets and includes : Seattle, Minnesota, Milwaukee, San Diego and Arizona

## Summary of ballpark attendance

### What would be the projected attendance (tickets sold)?

	Total capacity	% tickets sold	Tickets sold per game	Annual tickets sold	Average price	% no shows	Attendance	MLB average (2011-2013)	Comparables average (2011-2013)
Regular seats	30,600	75%	22,950	1,858,950	\$25.00	5%	21,802	<b>30,574 per game</b>	<b>29,011 per game</b>
Premium seats	5,400	95%	5,130	415,530	\$50.00	5%	4,874		
Sub-total	36,000	78%	<b>28,080</b>	2,274,480	<b>\$29.57</b>	5%	<b>26,676</b>	2,476,494 annually	2,349,913 annually
Number of suites	60	92%	n/a	n/a	n/a	n/a	55		
Seats per suite	12	100%	n/a	n/a	n/a	5%	11		
<b>Total attendance</b>	36,720	78%	<b>28,742</b>	2,328,102	n/a	5%	<b>27,281</b>		

Source for MLB and Comparables: ESPN.com. Comparables include: Seattle, Minnesota, Milwaukee, San Diego and Arizona.

Note: Montreal projected attendance figures in this table exclude complimentary tickets. Values are in 2014 dollars.

- ▶ Projections for tickets sold include demand from outside the Greater Montreal Area
- ▶ Average ticket price of \$29.57 is slightly higher than the league average of \$27.73, but similar to cities like Miami (\$29.27) or Houston (\$30.09) and lower than Minnesota (\$32.59); average of comparables is \$22.95

(Source: <http://www.kshb.com/dpp/sports/baseball/mlb-average-ticket-price--fan-cost-index-for-all-30-baseball-teams>)

# The Ballpark

## How much would a new ballpark cost and what would be its capacity?

- ▶ Based on MLB benchmarks, market size and financial feasibility, we have concluded that the best option for Montreal would be an open air ballpark with a capacity of approximately 36,000 people
- ▶ Despite a climate that can result in cold temperatures in the months of April and October, the financial business case is viable without the construction of a retractable roof on the new ballpark
  - ▶ Almost all rainouts (and snowouts) are rescheduled to other dates during the season
- ▶ In a weather climate very similar to Montreal, Minnesota’s Target Field was built without a retractable roof

Postponed Games Since Twins Move to Target Field	
2010	1
2011	3
2012	1
2013	3

Source: EY analysis, public information  
 • Season of 81 games

Minneapolis and Montreal: Similar Weather Patterns		
April to October Season	Montréal	Minneapolis
Average temperature (°C)	15.5	16.2
Average precipitation (mm)	91.8	82.8

**Source**

- Minneapolis: <http://www.usclimatedata.com/climate>
- Montreal: <http://climate.weather.gc.ca>

- ▶ A retractable roof would add an estimated additional \$150M - \$180M to the construction cost of the ballpark, plus unspecified roof-related maintenance costs and risk
- ▶ Baseball is a game that is meant to be played outdoors, enjoying the fresh air and warm weather – watching baseball under the lights at Target Field evokes the feeling of the glory days of Jarry Park in Montreal
- ▶ The ballpark should be public transport-connected, sustainable and have many green amenities – community programs would be integrated into the financing plan and agreement
- ▶ **The cost for an open air stadium with a capacity of 36,000 people in Montreal would be approximately \$426M (in 2015 dollars, excluding inflation during the construction period, financing costs and land acquisition)**

---

# A viable business case with an open-air ballpark

---

## Would the ballpark have a retractable roof, be open air or entirely closed?

- ▶ We have concluded that the best and most financially viable option is an open air ballpark
- ▶ With a climate similar to Montreal's, the Minnesota Twins are thriving in an open air ballpark. In addition, the climate in Montreal during the month of April is similar to other major MLB cities in the Northeast of the US with open air ballparks
- ▶ The business case for a retractable roof ballpark (with an incremental cost of \$150M-\$180M) plus additional maintenance is difficult to justify
  - ▶ The technology to keep the field dry and in good condition in the event of precipitation has improved dramatically over the last several years – rainouts or snowouts would be minimal and cold would only be a factor in the first few weeks of the season
  - ▶ Most cancelled games are rescheduled and revenue from these games is ultimately received, even if marginally lower than what the original game would have brought in because of no-shows or refunds
  - ▶ Even if a small number of games are completely cancelled and the revenue lost entirely, lost revenue would still be significantly lower than construction cost for a new roof and ongoing maintenance costs
  - ▶ In addition, retractable roofs, as residents of Montreal know all too well, are prone to failure, and the ongoing maintenance costs could be onerous
- ▶ Our model has assumed an insignificant amount of “additional revenues” for the ballpark from other events – the ballpark is viable alone with the presence of an MLB team as an anchor tenant. Any additional revenues that the ballpark could derive would be considered a bonus
  - ▶ The construction of an open air ballpark would not put the new venue in competition with the Olympic Stadium and thus, the presence of a facility dedicated for baseball would not cannibalize any future vocation for the Olympic Stadium
  - ▶ There are very few large stadium-style musical acts that tour North American cities and these acts still would not produce enough revenue on an annual basis to justify the construction of a retractable roof
- ▶ Given Montreal's long winters and propensity to be outside in the summer months, a closed ballpark would negatively impact attendance and is not recommended

---

# About the Ballpark

---

## What are some of the amenities and components of the ballpark?

- ▶ According to architects experienced in ballpark design, the following are some highlights of the elements to be included in the ballpark:
  - ▶ 880,000 square feet footprint
  - ▶ Stadium Seating Capacity : 36,000 +/-
    - ▶ Lower Seating Bowl: 19,000 to 20,000
    - ▶ Club Level Seating: 3,000 to 3,500
    - ▶ Suite Level Seating: 1,100 to 1,200
    - ▶ Upper Level Seating: 9,000 to 10,000
    - ▶ 44-60 luxury suites
    - ▶ 2-4 party suites and super suites with seating for 50-100 people
  - ▶ 5,000 sq. ft. retail boutique within the stadium
  - ▶ 30,000 – 35,000 sq. ft. of office space
  - ▶ Natural grass playing field
  - ▶ State of the art scoreboard and videoboard

# Ballpark benchmarks

- ▶ The table below provides a high-level overview of potential configurations:

Montreal Ballpark Construction Costs*		
Seating Capacity	Open Air	With Retractable Roof
35,000	\$500.8M	\$680.8M
37,000	\$535.9M	\$726.8M
40,000	\$571.5M	\$762.4M

\* Source: Populous. These costs were provided in 2017 dollars. The costs include contractor financing and provisions for inflation.

- ▶ Benchmarks of recent stadium construction costs are presented in the table below:

Ballpark Benchmarks*				
City	Type	Cost	Capacity	Year
Miami	Retractable roof	\$515M	36,700	2012
Minneapolis	Open air	\$390M	39,500	2010
Washington	Open air	\$498M	41,800	2008

\* Source: EY Research

- ▶ It is important to note that the smallest capacity in MLB is in Tampa (31,042). The smallest ballpark among recent constructions is Miami (36,700)

# Recently constructed ballparks

**2010: Target Field (Minneapolis) \$390M  
(Stadium Only) / \$545M (Total Cost)**



**2012: Marlins Park (Miami) \$519M  
(Stadium Only) / \$619M (Total Cost)**



**2008: Nationals Park (Washington) \$498M  
(Stadium Only) / \$611M (Total Cost)**



**2009: Citi Field (New York) \$695M  
(Stadium Only) / \$850M (Total Cost)**



Note: These figures are in dollar values of the year constructed. Total cost includes infrastructure improvements.

---

# The design and location of the ballpark is an important success factor

---

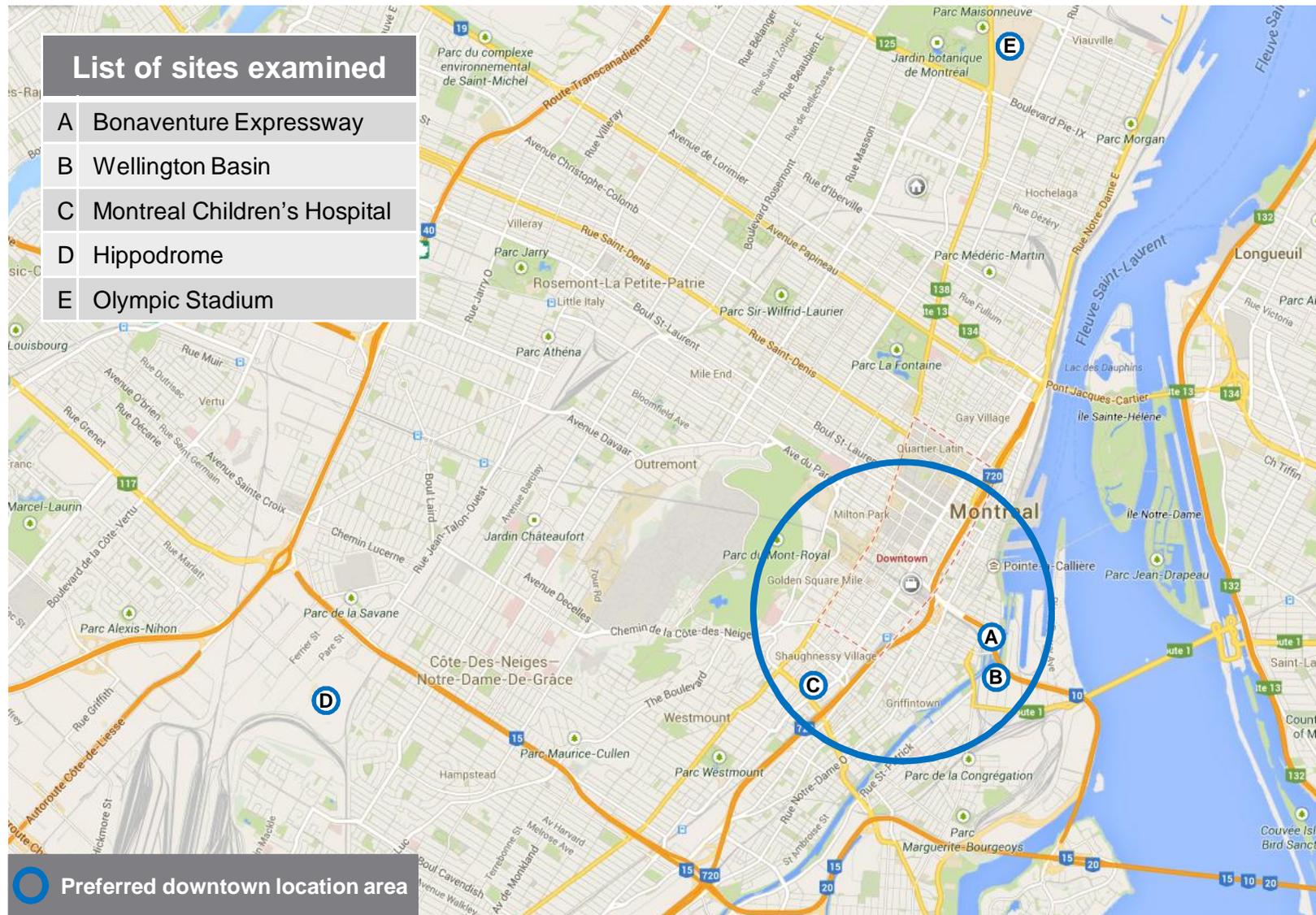
## Where would the team play?

- ▶ Two locations in particular would result in an enhanced fan engagement:
  - ▶ The Wellington Basin, situated South of Downtown Montreal in Griffintown
  - ▶ The Montreal Children's Hospital with a potential integration of the Pepsi Forum
- ▶ While land acquisition, cleanup costs and infrastructure investment required at either location would be significant, the project remains viable with participation from various funding sources
- ▶ This feasibility analysis is not suggesting that the ballpark be constructed on a speculative basis. Rather, a franchise should first be secured from MLB with a ballpark construction agreement and financing already in place – the construction of a new ballpark is not viable without the presence of a professional baseball team as an anchor tenant
- ▶ This study did not consider the possibility of complicated land assembly transactions in the downtown core. However, a potential ownership group could certainly explore this option

## Why is the Olympic Stadium not a viable option?

- ▶ Major League Baseball has communicated the importance of a downtown ballpark as a key element to perhaps one day secure the return of an MLB franchise
- ▶ There are relatively few dining amenities or evening activities surrounding the Olympic Stadium, a key ingredient to making a baseball game an event and an attraction
- ▶ The Olympic Stadium today continues to run a deficit with a non-functioning retractable roof and inherent structural problems that hinder its use
- ▶ Most Major League Baseball teams do not currently play in a stadium of the same vintage as the Olympic Stadium, a facility that was not designed or intended for baseball
- ▶ The Stadium is not centrally located and watching baseball there does not provide the positive fan experience enjoyed in other cities

# Five sites have been examined



## Site characteristics assessment

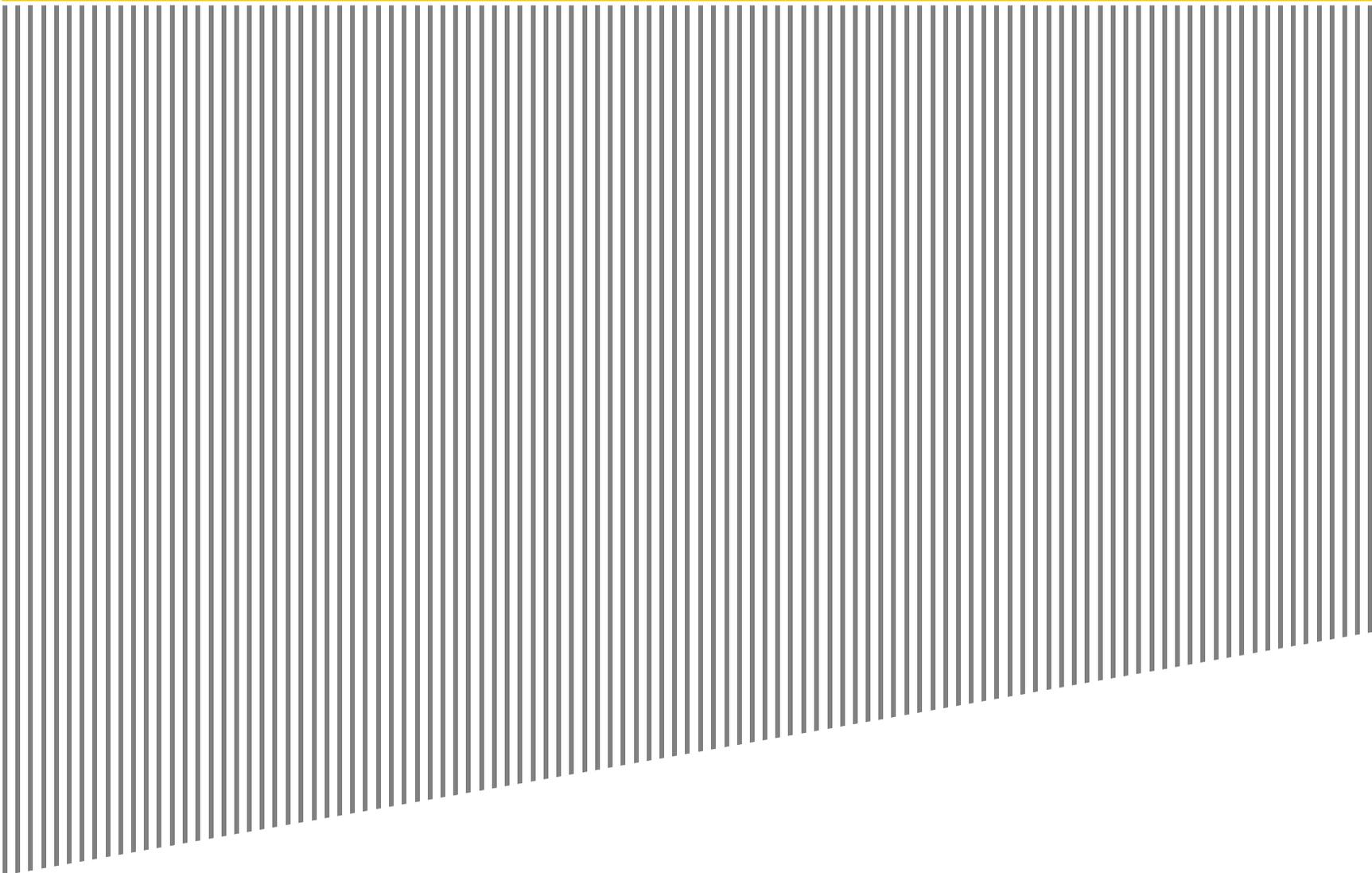
- ▶ While each potential site has its challenges, minimizing the cost of land acquisition and the cost of infrastructure improvements would be important drivers to the financial viability of a new ballpark
- ▶ Accessibility to public transportation is also an important characteristic

Site		Proximity to Downtown		Public transit available	Demolition / Expropriation Required	Parking Available	Likelihood of land contamination	Municipal infrastructure in place today	Space available	Urban integration / renewal potential
		km	Walking distance							
A	Bonaventure Expressway	1.6	✓	Future Champlain SLR	✓	Probable	✓	Partial	✓	✓
B	Wellington Basin	1.9	✓	Future Champlain SLR		Probable	✓		✓	✓
C	Montreal Children's Hospital	2.0	✓	✓	✓	✓		✓	✓	✓
D	Hippodrome	10.1		✓		✓	✓		✓	✓
E	Olympic Stadium	10.2		✓		✓		✓		

- ▶ Sites are presented in order of their proximity to downtown core (Place Ville-Marie)
- ▶ Municipal infrastructure costs are typically justified as a result of anticipated urban regeneration and property development around the site

---

# Financing and Corporate Structure



# Three typical models for the development of a ballpark

## 1. Fully Private

- ▶ Of 30 MLB teams, only AT&T Park in San Francisco and Busch Stadium in St. Louis were built almost entirely with private funds
- ▶ In a private funding model, the team builds and maintains the ballpark entirely on its own
- ▶ However, even in this model, the team has obtained some financial assistance from public bodies
- ▶ For example, the San Francisco Giants benefited from Tax Increment Financing (TIF) of approximately \$15M
- ▶ For the construction of Busch Stadium in St. Louis, the City provided relief from a local admissions tax on tickets, while the state helped with public infrastructure costs to clear and prepare the site for development
- ▶ Our modelling has concluded that it would be very difficult if not impossible for the fully privately-funded stadium model to be financially viable in Montreal for a team owner

## 2. MLB Hybrid – PREFERRED MODEL

- ▶ Most MLB teams are presently using this model
- ▶ This model typically involves the team ownership group financing a portion of the construction costs to build the stadium and signing a long-term lease to govern its relationship going forward
- ▶ The team owner retains control over the operations of the ballpark – this includes the scheduling of other events. The majority of revenue from other events go to the team owner; a small portion would go to the Stadium Authority
- ▶ The team owner also typically pays for operation and maintenance costs – although in most cases, there would be a maintenance reserve fund that is jointly capitalized by the team owner and the Authority
- ▶ From the perspective of the team, this model is the ideal structure to ensure a harmonious relationship going forward
- ▶ Our modelling has concluded that this structure would be the most viable for the Montreal market

## 3. Stadium Authority

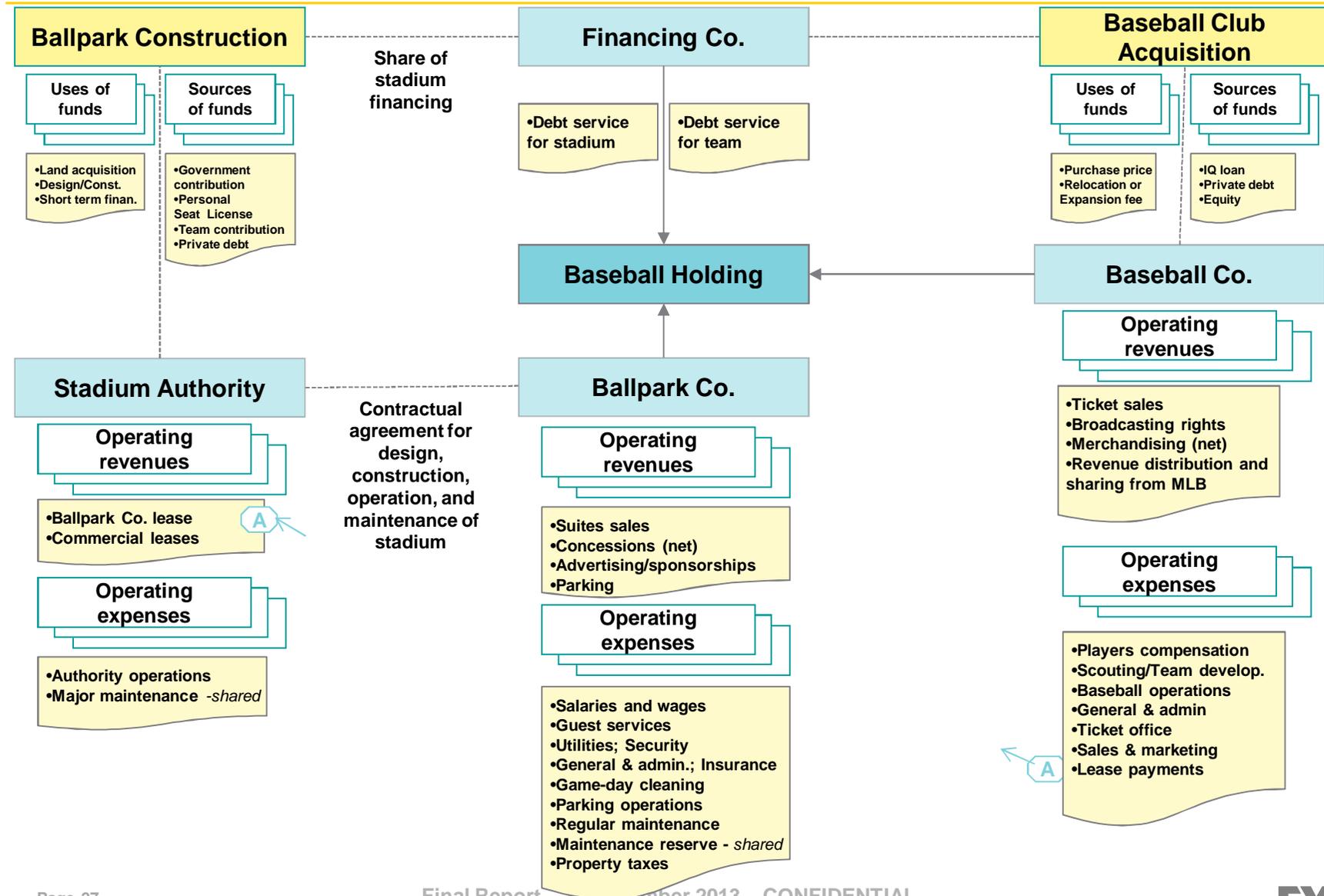
- ▶ The Baltimore Orioles are an example of a franchise using this model
- ▶ This model typically involves the team ownership group putting up a portion of the construction costs to build the stadium and signing a long-term lease to govern relationship going forward
- ▶ The Authority retains control over the operations of the ballpark – this includes the scheduling of other events
- ▶ The Authority also typically pays operation and maintenance costs
- ▶ The first new-retro ballpark to be built was Oriole Park at Camden Yards in 1992 – the Authority has full control of the ballpark for the 30 year lease term
- ▶ This model is not popular in MLB and is often looked at as the “lesson learned” of the sort of structure to not put into place
- ▶ It is neither preferred by the Authority (financial risks retained) nor by the team owner (low influence on stadium quality and ambiance)

Model	Sample MLB Teams
Fully Private	San-Francisco Giants, St. Louis Cardinals
MLB Hybrid	Minnesota Twins, Milwaukee Brewers, San Diego Padres, Seattle Mariners
Stadium Authority	Baltimore Orioles

# Discussion of the three development models

Scenarios	Fully Private	MLB Hybrid – Preferred model	Stadium Authority
<b>Financing</b>	<ul style="list-style-type: none"> <li>▶ 100% privately financed, usually with some contribution from public via land or infrastructure costs</li> </ul>	<ul style="list-style-type: none"> <li>▶ 67%-75% publicly financed via taxes, grants, loans, land or infrastructure</li> <li>▶ Includes a minority equity contribution from team owner/anchor tenant</li> </ul>	
<b>Ownership</b>	<ul style="list-style-type: none"> <li>▶ 100% owned by private company, usually the team owner</li> </ul>	<ul style="list-style-type: none"> <li>▶ Usually 100% owned by municipality, but equity stake could be given to team owner depending on its contribution to construction costs</li> </ul>	
<b>Operations</b>	<ul style="list-style-type: none"> <li>▶ All operating costs and management at sole discretion of private ownership group</li> </ul>	<ul style="list-style-type: none"> <li>▶ The team owner is in complete control of operating the facility for baseball as well as other events</li> <li>▶ Operating costs borne entirely by the team owner</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Authority and the team owner share the operations of the facility as stipulated in the terms of the lease agreement between them</li> <li>▶ Operating costs are split, per lease provisions</li> </ul>
<b>Strengths and Weaknesses</b>	<ul style="list-style-type: none"> <li>▶ Government has little to no project risk, but does not share in the financial success of the project or scheduling of events (e.g., community focused events)</li> <li>▶ Private entity controls calendar and is focused on the profitability of ballpark.</li> <li>▶ If financed and owned by anchor team, smaller probability of team leaving the city</li> </ul>	<ul style="list-style-type: none"> <li>▶ As owner, the public ultimately takes risk. However, design and construction cost risks can be effectively transferred to the team ownership group.</li> <li>▶ Open competition among promoters potentially results in increased events and profitability</li> <li>▶ Private entity is motivated by return on investment and the financial success of the arena</li> <li>▶ Public-private entities tend to have better business partnerships with promoters than public-only</li> <li>▶ Exclusive promoter can be deterred by the presence of an anchor tenant who reserves premium calendar dates</li> </ul>	
		<ul style="list-style-type: none"> <li>▶ If maintenance provisions are not property defined in the lease, the Authority is at risk of receiving a run-down facility at the end of the lease term</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Authority controls the ballpark and can dictate its use for the benefit of the city's population and/or economic impact</li> <li>▶ The Authority may not have expertise to manage and monitor promotion of the stadium</li> </ul>

# Organizational chart for MLB Hybrid – Preferred Model



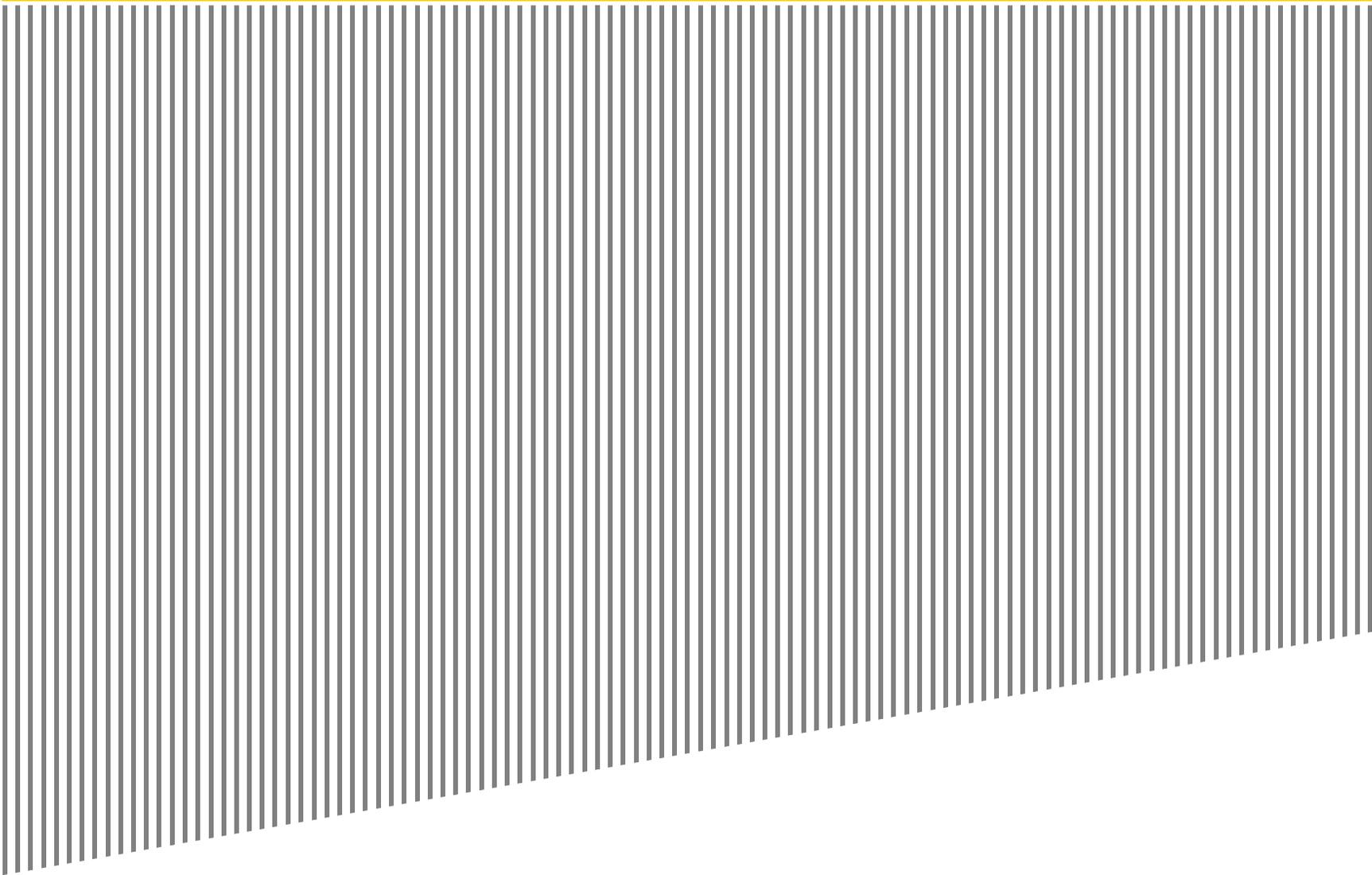
## Summary of Results – MLB Hybrid

	<u>Total Investment</u>			<u>Government Financing</u>			
	in \$M	Cost sharing Team owner    Government		in \$M	Investment	Annual Gov't Revenues	Repaid in # of years*
Total Construction Cost	467	157	310	Government Contribution	335		
Land Acquisition and other costs	33	8	25	<i>Share of Total Deal</i>	33%		
Total Stadium Cost	500	165	335	In-Stadium QST		18	
<i>Share of Stadium Cost</i>		33%	67%	<i>Includes QST on ticket sales, concessions and merchandise to game attendees as well as broadcasting, advertising and sponsorship contracts</i>			
Team Acquisition Cost	525	525	0	Fiscal Impact		26	
<i>Share of Acquisition Cost</i>		100%	0%	<i>Includes tax on revenues generated by employees and tourism during operation</i>			
Total Deal Cost	1025	690	335	<i>Fiscal impact during construction estimated at \$56M</i>			
<i>Share of Deal Cost</i>		67%	33%	Income tax on Montreal team's players' salaries		10	
				<i>In addition, visiting players playing at Montreal's home ballgames will also be subject to a Quebec income tax withholding. The amount has not yet been estimated, but could approach the same amount again as that indicated above</i>			
				Total Financing	335	54	8
				<i>Assumes all Annual Gov't Revenues used to accelerate investment repayment</i>			
				Cumulative revenues after repayment*			1188
				<i>Based on Annual Gov't Revenues from year 9 to year 30, representing the end of the contractual lease between the team and the Stadium Authority</i>			

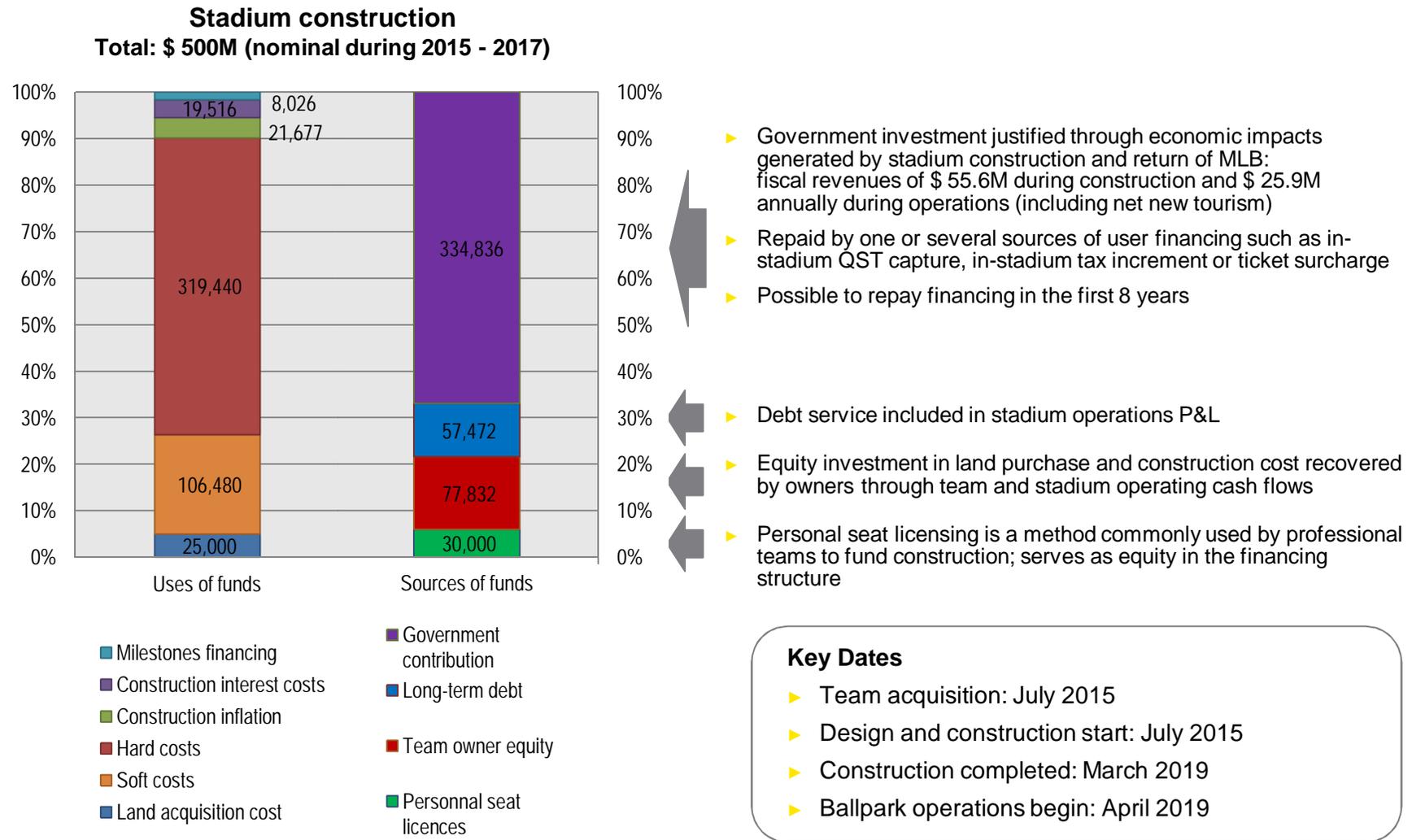
\*Includes cost of financing the investment, and excludes inflation on annual Gov't Revenues.

---

# Stadium Construction Financial Analysis



# The ballpark's financing will come from public and private sources with no new taxes outside of the ballpark



Note: Percentage under uses of funds calculated based on total uses of funds and for sources of funds, based on total sources of funds

---

# The ballpark's financing will come from public and private sources with no new taxes outside of the ballpark

---

## Who would pay for the new ballpark and who would own it?

- ▶ The ballpark can be financed in part by each of the team owner, the government and baseball fans
- ▶ The ballpark would be wholly or majority owned by a newly-created, not-for-profit Stadium Authority
- ▶ The team owner would contribute 33% of the total stadium cost including land acquisition and would be responsible for all cost overruns. The team owner should be responsible for managing and delivering the construction
  - ▶ The team owner would also pay an annual lease payment to the Stadium Authority – the higher the team owner's contribution towards construction costs, the lower the annual lease payment by the team owner
- ▶ Fans would contribute to ballpark construction through the purchase of Personal Seat Licenses (PSL, “bricks and clicks”) and through a surcharge on ticket sales
  - ▶ In 1999, the Expos amassed financial commitments totalling approximately \$30M in PSL – our model has assumed that today, the franchise could collect approximately \$30M in PSL revenue to fund construction
- ▶ As a contribution to the project, the provincial government would contribute 67% of the total stadium cost including land acquisition
  - ▶ There are recent precedents for the provincial government providing financial assistance for the construction of sports facilities: the province granted the Montreal Impact \$23M in 2012 to expand Saputo Stadium, and also granted \$200M to Quebec City towards the new hockey arena – this assistance was in the form of a non-reimbursable subsidy
- ▶ The provincial contribution would be partially offset by sources of revenue dedicated to the construction of the stadium and the operation of the baseball team
  - ▶ QST (9.975%) generated by all in-stadium purchases (tickets, merchandise, concessions, parking, local broadcasting contract, advertising and sponsorships
  - ▶ The income and sales tax from direct and indirect economic impacts resulting from the construction and operation of the stadium, and the team operations, plus new tourism dedicated to baseball (see below)
  - ▶ Allocating QST payments in this way would be a first for Quebec – however, the precedent does exist in other MLB cities, most notably in Washington DC, where the Washington Nationals (former Expos) play
  - ▶ An alternative or additional funding source to consider is a \$2 ticket surcharge imposed on each ticket sold, until the combined dedicated revenues fully recoup the total contribution amount – this alternative is not part of the base case but could be considered to accelerate public sector debt repayment

## Construction cost – Sources of funds – MLB Hybrid

Sources of funds	'000 \$	%	
Concession contract	-	0.0%	Potential for up-front payment from the stadium concessionaires; lowers net revenues per game
Naming rights	-	0.0%	Potential for monetization of naming rights annual payment. Included in team P&L to not put pressure on operating results
Personal seat licences	30,000	6.0%	Sale of 10,000 personal seat license priced at \$3,000. Twice the amount of Quebec Amphitheater and equivalent to Expos PSL sales in the 90`s
Team owner equity	77,832	15.5%	Team owner equity based on 35% leverage of long term refinancing of construction costs less public sector contribution, PSL and land acquisition equity
Long-term debt	57,472	11.5%	Long term refinancing based on 50% of the private sector's contribution to the total construction cost
Government contribution	334,836	67.0%	Public sector contribution equivalent to 67% of stadium costs including inflation and interest as well as land acquisition (\$25M), financed by the government with long term debt repaid by in-stadium sales taxes and also justified through economic (fiscal) impact
<b>Total</b>	<b>500,140</b>	<b>100.0%</b>	

Total sources of funds must equal the total uses of funds

## Construction cost – Uses of funds – MLB Hybrid

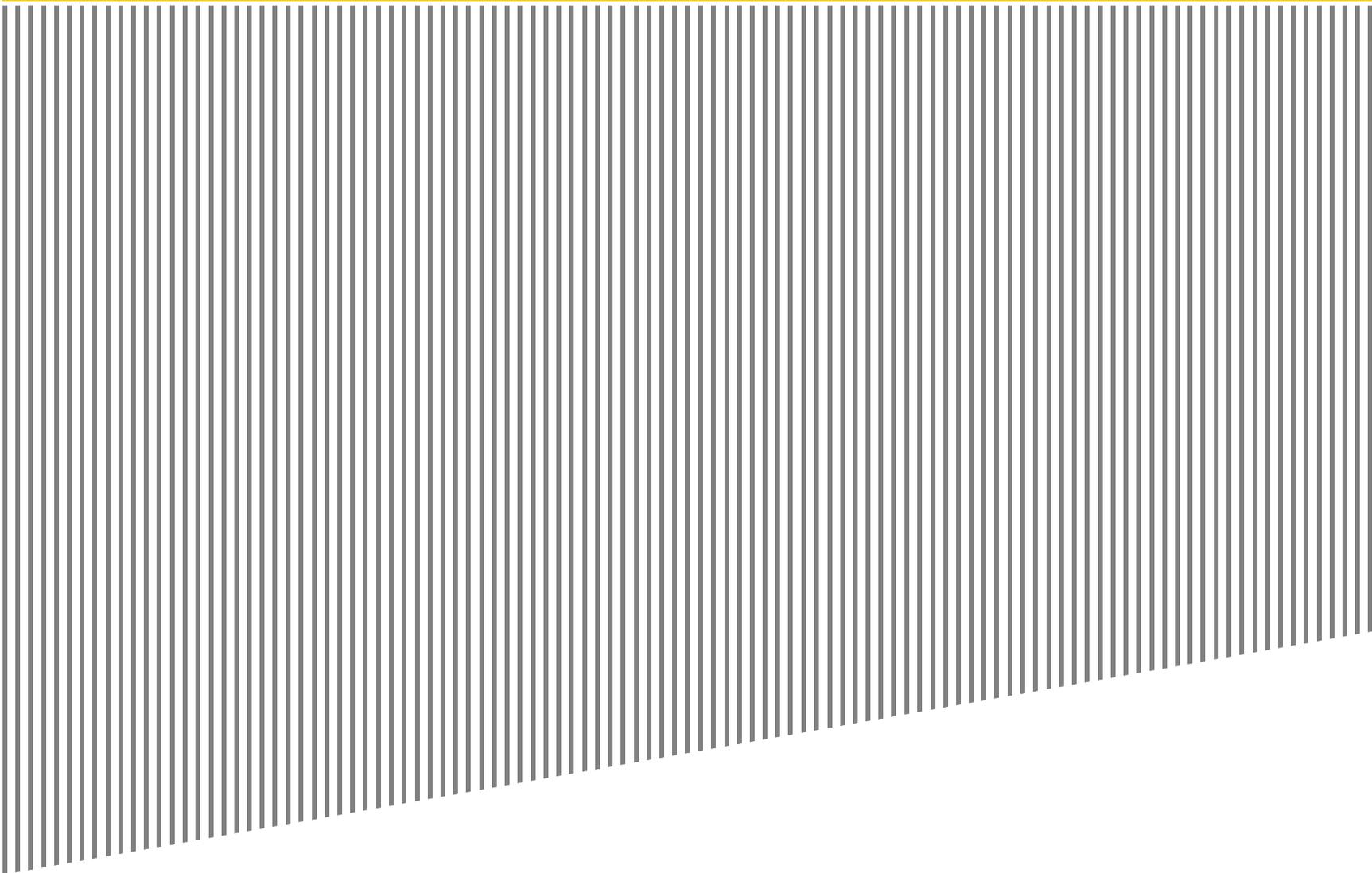
Uses of funds	'000 \$	%	<b>This table presents a break down of the various uses of fund required to complete the construction of the ballpark</b>
Land acquisition cost	25,000	5.0%	Estimated land acquisition cost for 1 million sq. ft. site
Soft costs	106,480	21.3%	25% of total stadium costs excluding land and infrastructure estimated at \$426 M selected from benchmarks
Hard costs	319,440	63.9%	75% of \$426 M in Q2 2015 dollars (start of construction July 1, 2015)
Construction inflation	21,677	4.3%	Provision for inflation based on annual rate of 2.68% for non residential construction calculated until the end of the construction period
Construction interest costs	19,516	3.9%	Financing costs paid by the general contractor included in the turnkey (DBF) contractual price; short term construction revolving credit line
Milestones financing	8,027	1.6%	Financing costs paid by the team during the construction period to finance 50% of three milestone payments made to the general contractor during construction
Total	500,140	100.0%	Infrastructure costs are assumed to be covered by the municipal sector and are excluded from the total construction costs

At the end of the construction period, the uses of funds are refinanced into long term debt

Total uses of funds must equal the total sources of funds

---

# Stadium and Team Operations Financials



---

# The team would sign a long-term lease with a newly-formed Stadium Authority, which would own the ballpark

---

## How would the relationship between the Stadium Authority and the team work?

- ▶ The following presents the base case regarding the lease between the Stadium Authority and the team and reflects the prevailing model in MLB
- ▶ While the monetary amounts are calibrated based on the present model, other variations of these assumptions are possible

<b>Stadium cost (team owner)</b>	Owner would contribute approximately 33% of total stadium costs, representing approximately \$165M
<b>Lease Term</b>	30 years, two 5 year renewal options
<b>Rental payments</b>	Fixed rental payment of \$2.3M per year (enough to cover expenses of the Stadium Authority)
<b>Control</b>	The prevailing model is that the team owner controls the ballpark and therefore is also in charge of the day-to-day operations. The team owner typically keeps all revenue streams that come into the ballpark. The team owner typically is in charge of organizing other events at the ballpark. The team owner is allowed to use the ballpark for baseball and other events
<b>Stadium operations</b>	The team owner, as tenant, is responsible for all operating costs associated with the ballpark including maintenance, repairs, etc. The team owner, as tenant, has an obligation to keep the facility in reasonable condition, “First-class condition, and in a manner reasonably consistent with other MLB facilities”
<b>Capital improvements and maintenance reserve</b>	The team owner, as tenant, would contribute 33% of 1% of total construction costs to a capital cost reserve account. The Authority would contribute 67% of 1% of total construction costs. This amount averages to about \$3.4M per year The concern here from the Authority perspective is that the team owner may otherwise neglect the upkeep of the facility that is owned by the Stadium Authority. The contribution of these funds is intended to ensure the stadium is adequately maintained to deliver a good quality asset to the Authority at the term of the lease Regardless of the above, there should be a stipulation requiring both team owner and Stadium Authority to contribute to an “Asset Renewal and Replacement Fund” to ensure that the facility remains in good shape

---

## Other key operations assumptions

---

### Revenues

- ▶ There are essentially three distinct categories for key revenue drivers for an MLB team today, with each category representing, at a high-level, approximately one-third of total revenues (excluding revenue distributed or shared by MLB):
  - ▶ Ticket sales
  - ▶ Local broadcasting rights deal
  - ▶ Concessions, merchandising, sponsorships and advertising
- ▶ The support of the business community through the purchase of season tickets and suites is essential to the viability of a team in Montreal
- ▶ A local broadcasting deal that is in line with deals in similar MLB markets to Montreal is integral to the financial success of the franchise
- ▶ While it's somewhat dependent on the scenario (whether entirely private or owned by a Stadium Authority), the team owner typically keeps all revenue streams generated by the team and the ballpark
- ▶ Regarding sponsorships and advertising, there are typically several revenue streams available to an MLB franchise:
  - ▶ Stadium naming rights
  - ▶ Pouring rights
  - ▶ In-stadium signage / behind home plate signage and advertising / partnerships with other brands
- ▶ This report makes assumptions, in-line with other MLB teams, regarding concession and merchandising revenue per head per game
- ▶ This report also assumes that merchandising revenue will be higher in the first year of the team's existence
- ▶ Regarding revenues from other events, most ballparks in MLB are facilities that are dedicated almost exclusively to baseball and there is little other revenue being derived from additional events at the ballpark. Other event revenue is usually considered to be negligible to team operations, and since the present base case assumes that the ballpark will have no retractable roof, the assumptions have been adjusted accordingly
- ▶ As previously mentioned, revenue streams received from MLB (discussed previously) are a very important component of overall revenues

### Expenses

- ▶ Not surprisingly, the key expense items for an MLB team relate to player salaries and player development costs
- ▶ In 2013, MLB team payrolls ranged from \$24.3M (Houston Astros) to \$228.9M (New York Yankees)
- ▶ The present model has conservatively assumed that payroll would be in line with smaller market teams
- ▶ Conversely, the model assumes higher than average player development costs, as for smaller market teams, developing talent in-house is a key success factor. Signing big-name free agents to pricey contracts is often difficult and elusive
- ▶ It should be noted that, with the right baseball operations management team, a team can still enjoy success with a payroll that is on the lower end of the spectrum. Tampa Bay, Pittsburgh and Oakland, ranked 28th, 27th and 26th respectively in the league in payroll although each made it to the post-season in 2013. The New York Yankees did not make the post-season.
- ▶ Other key expenses relate to ballpark operations and rent, administrative staff, management of the ticket office, taxes (both property and corporate)

---

# MLB revenue sharing

---

## **MLB revenue streams**

- ▶ While revenue sharing to assist smaller market teams in MLB has existed for several years, MLB also shares certain other revenue streams with each of its teams, and these revenue sources are considerable. Based on our research and interviews, we have developed the following estimates:
  - ▶ MLBAM (Advanced Media – MLB.com, team websites): this figure currently represents approximately \$3M-\$4M per year per team
  - ▶ MLB Properties (Merchandise sales split by all 30 teams across the league): this figure represents approximately \$8M-\$9M per year per team
  - ▶ MLB Central Fund (National broadcasting rights deal, satellite radio deal): With a new national broadcasting deal taking effect for the 2014 season, it is expected that this stream will represent approximately \$35M-\$40M per year per team

## **MLB revenue sharing**

- ▶ MLB has a formula in place to ensure parity and competitive balance among smaller market teams in the league
- ▶ The EY model has a conservative revenue sharing assumptions of \$20M based on EY's understanding of the process (research and interviews)
- ▶ The following is a high-level primer on how the plan works\*:
  - ▶ All clubs contribute 34 percent of net local revenue (including local broadcasting revenues) to the base plan, which is then distributed back to all clubs in equal 1/30th split shares
  - ▶ Clubs with higher revenues contribute an additional percentage of their net local revenue to a supplemental plan
  - ▶ Low revenue clubs receive an additional percentage from money secured from the high revenue clubs from the supplemental plan
  - ▶ As of the 2013 season, large market teams will forfeit an increasing percentage of revenue-sharing proceeds. The forfeited funds will be shared among the high revenue generating teams based on a performance factor derived by MLB
  - ▶ Any high revenue team that would otherwise receive a refund forfeits an increasing percentage of that refund if it exceeds the competitive balance tax threshold for two consecutive years or more

\*Source: MLB Collective Bargaining Agreement /Big Leagues Magazine, February 2013

# Team acquisition price

- ▶ The model assumes a team relocation, rather than a team expansion, for a return of MLB to Montreal
  - ▶ At present, MLB has no expansion plans
- ▶ The following is a high-level overview of recent team transactions within MLB, as well as the ten lowest team valuations in MLB today

Most Recent Team Transactions				
Team	Principal owner(s)	Year	Purchase price*	Value as of March 2013 (Forbes)**
Cincinnati Reds	Robert Castellini	2005	\$270 million	\$546 million
Milwaukee Brewers	Mark Attanasio	2005	\$223 million	\$562 million
Oakland Athletics	Lewis Wolff	2005	\$180 million	\$468 million
Washington Nationals	Lerner Enterprises	2006	\$450 million	\$631 million
Atlanta Braves	Liberty Media	2007	\$450 million	\$629 million
Chicago Cubs	Thomas S. Ricketts	2009	\$900 million	\$1 billion
Texas Rangers	Nolan Ryan	2010	\$590 million	\$764 million
Houston Astros	Jim Crane	2011	\$615 million	\$626 million
Los Angeles Dodgers	Guggenheim Baseball Management	2012	\$2 billion	\$1.6 billion
San Diego Padres	Ron Fowler	2012	\$800 million	\$600 million

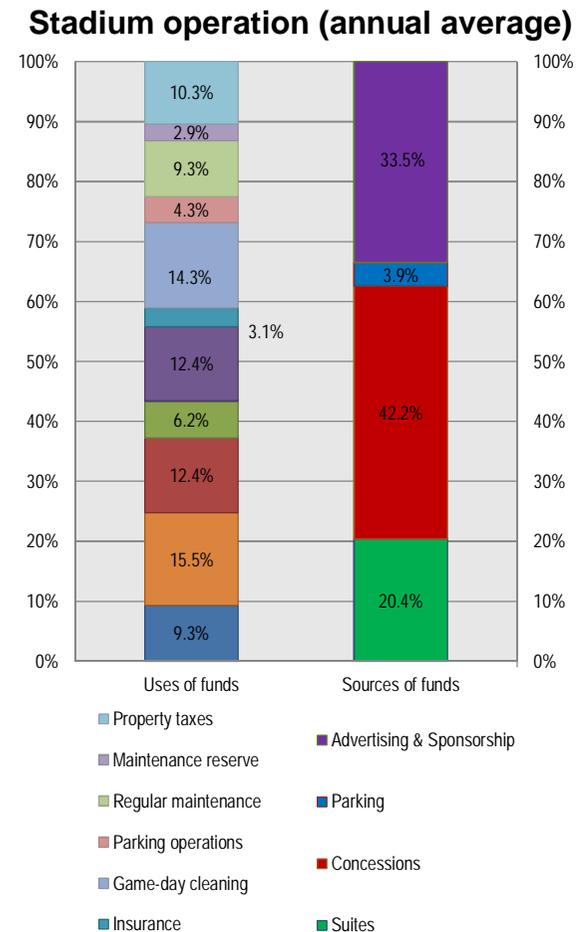
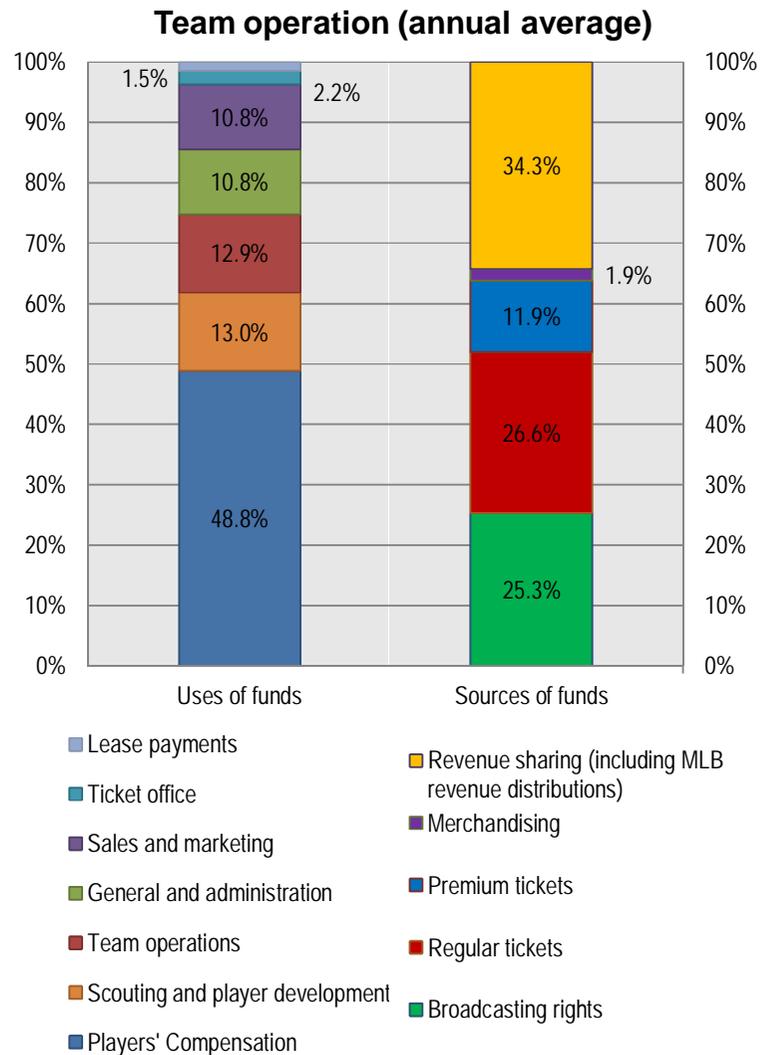
Teams valuations as of March 2013	
Team	Team values**
Toronto Blue Jays	\$568 million
Milwaukee Brewers	\$562 million
Cleveland Indians	\$559 million
Cincinnati Reds	\$546 million
Colorado Rockies	\$537 million
Miami Marlins	\$520 million
Pittsburgh Pirates	\$479 million
Oakland Athletics	\$468 million
Kansas City Royals	\$457 million
Tampa Bay Rays	\$451 million

Sources :

\* Team websites and baseball publications

\*\* Forbes data as of March 2013

# Sources and uses of team operating funds



Note: Percentage under uses of funds calculated based on total uses of funds (expenses) and for sources of funds, based on total sources of funds (revenues)  
 This assumes MLB Hybrid model where team owner pays lease payments, and stadium naming rights are paid to the team as part of sponsorship revenue

## Team operations overview – MLB Hybrid

Line Items	Year 1* ('000\$)	Year 11* ('000\$)	Description
<b>Revenues</b>			
Baseball related revenues	129,155	157,437	<ul style="list-style-type: none"> <li>▶ Includes broadcasting rights, ticket sales and merchandising.</li> <li>▶ Tickets sold per game: 28,080, Average attendance : 26,676 per game (excluding suites)</li> <li>▶ Average ticket price: \$25 (regular), \$50 (premium)</li> <li>▶ Net merchandising revenue per head per game of \$1.50</li> </ul>
MLB revenue streams	72,157	83,579	▶ Share of MLB revenues including central fund, properties and advance media as well as revenue sharing
<b>Total revenues</b>	<b>201,312</b>	<b>241,016</b>	▶ Several sources of revenue are based on a review of comparable team historical Financial Statements as well as confidential discussions with MLB executives
<b>Expenses</b>			
Payroll and player development	106,985	130,415	▶ Includes players' salaries as well as scouting and player development
Team operations	66,008	80,463	▶ Includes all expenses on game-day as well as those necessary to run the baseball team
<b>Total expenses</b>	<b>172,993</b>	<b>210,878</b>	▶ Several sources of expense are based on a review of comparable team historical Financial Statements as well as confidential discussions with MLB executives
<b>Operating income</b>	<b>28,319</b>	<b>30,138</b>	▶ Equivalent to Earnings before interest, taxes, depreciation and amortization (EBITDA)
Debt service	21,086	8,957	▶ For 10-year loan and for long-term amortizing debt (therefore only long-term debt in year 11)
<b>Net Cash Flow before tax</b>	<b>7,232</b>	<b>21,182</b>	▶ Net Cash Flow before tax included in IRR calculation

\* Year 1 represents calendar year 2019 (year 11: 2029) for financial modeling purposes. These figures are on a before tax basis

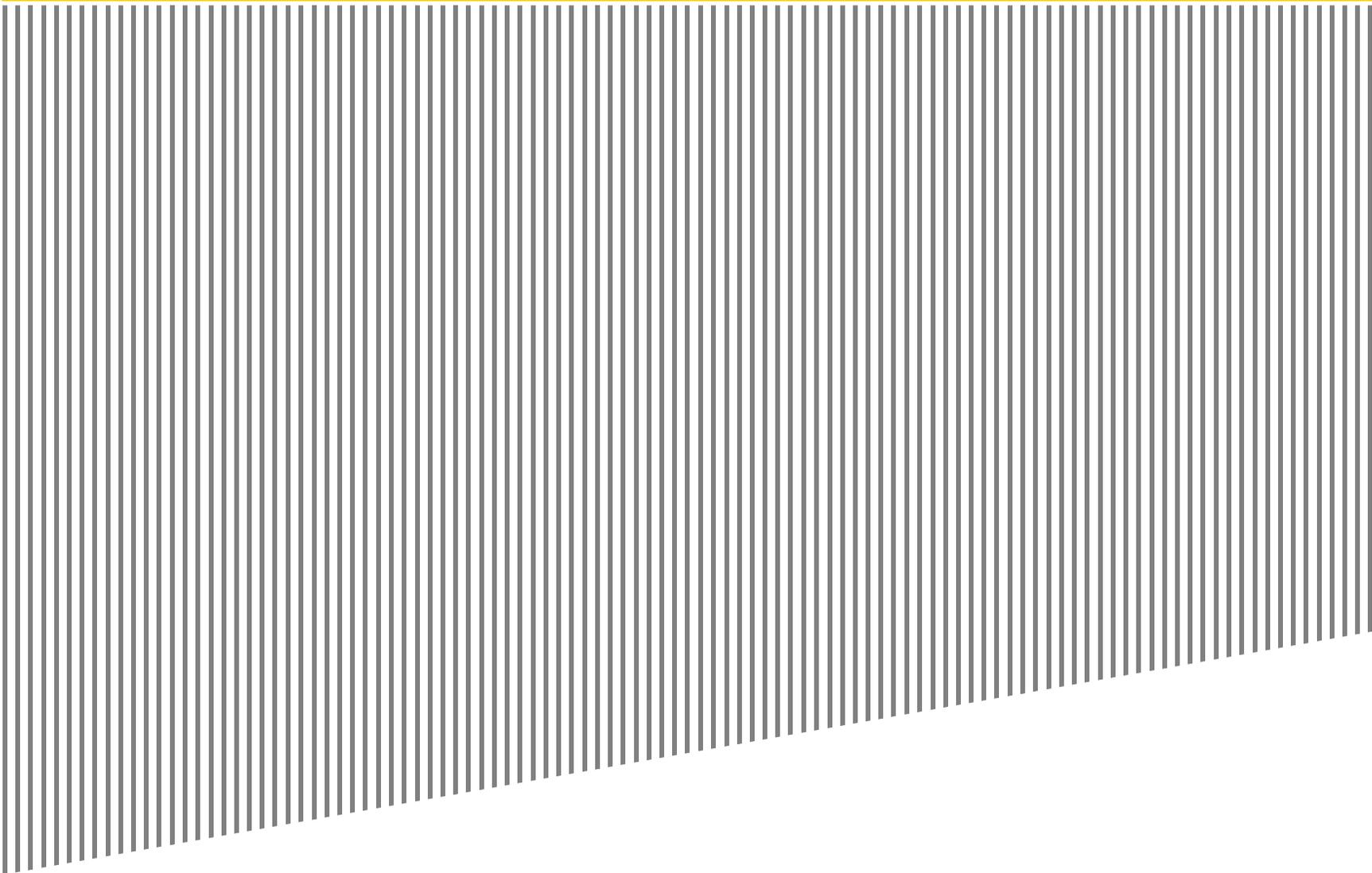
## Stadium operations overview – MLB Hybrid

Line Items	Year 1* ('000\$)	Year 11* ('000\$)	Description
<b>Revenues</b>			
Suites, concessions and parking	32,854	40,049	<ul style="list-style-type: none"> <li>Average suites rented: 55 of 60 (92%)</li> <li>Average suite price excluding catering: \$2,000</li> <li>Net concessions revenue per head per game: \$7.50 (regular seats), \$45.00 (suites)</li> <li>Average parking occupancy: 1,425 of 1,500 spaces (95%) at \$15 parking fare</li> </ul>
Advertising & sponsorship	16,561	20,188	<ul style="list-style-type: none"> <li>Includes naming rights, stadium advertising and sponsorship</li> </ul>
<b>Total revenues</b>	<b>49,415</b>	<b>60,237</b>	<ul style="list-style-type: none"> <li>Several sources of revenue are based on a review of comparable team historical Financial Statements as well as confidential discussions with MLB executives</li> </ul>
<b>Expenses</b>			
Stadium operations and maintenance	15,843	20,056	<ul style="list-style-type: none"> <li>Includes game-day expenses as well as stadium operations (utilities, insurance, administration, etc.)</li> <li>Regular maintenance of \$1.5M annually (in 2013 \$) and share of maintenance reserve of 1% of construction cost</li> </ul>
Property taxes	2,157	2,383	<ul style="list-style-type: none"> <li>Value equivalent to construction cost discounted by 40% and tax rate of 4%</li> </ul>
<b>Total expenses</b>	<b>18,000</b>	<b>22,439</b>	<ul style="list-style-type: none"> <li>Several sources of expense are based on a review of comparable team historical Financial Statements as well as confidential discussions with MLB executives</li> </ul>
<b>Operating income</b>	<b>31,415</b>	<b>37,798</b>	<ul style="list-style-type: none"> <li>Equivalent to Earnings before interest, taxes, depreciation and amortization (EBITDA)</li> </ul>
Debt service	3,103	6,279	<ul style="list-style-type: none"> <li>Year 1 includes only 1 semi-annual payment</li> </ul>
<b>Net Cash Flow before tax</b>	<b>28,312</b>	<b>31,519</b>	<ul style="list-style-type: none"> <li>Net Cash Flow before tax included in IRR calculation</li> </ul>

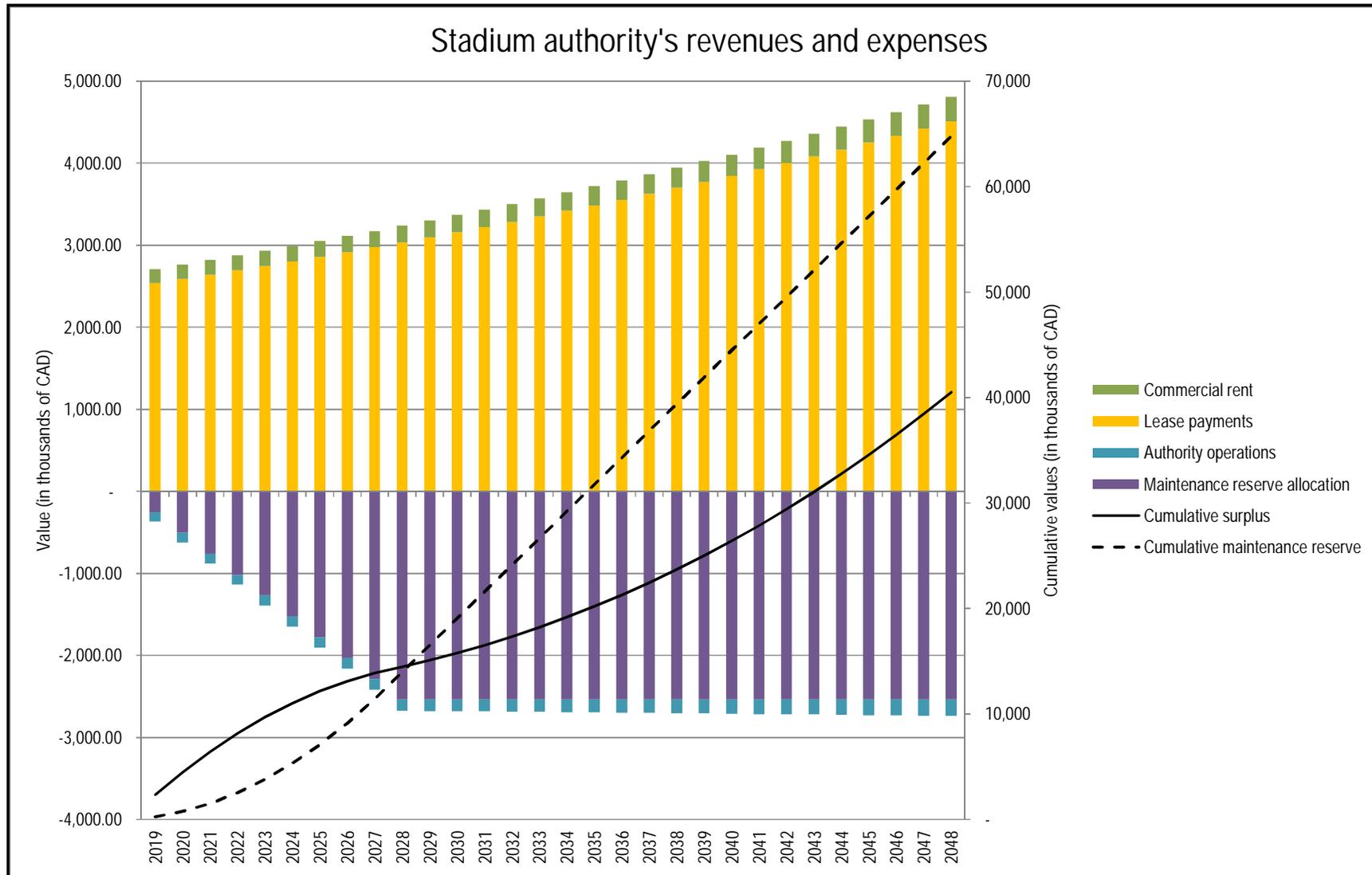
\* Year 1 represents calendar year 2019 (year 11: 2029) for financial modeling purposes. These figures are on a before tax basis

---

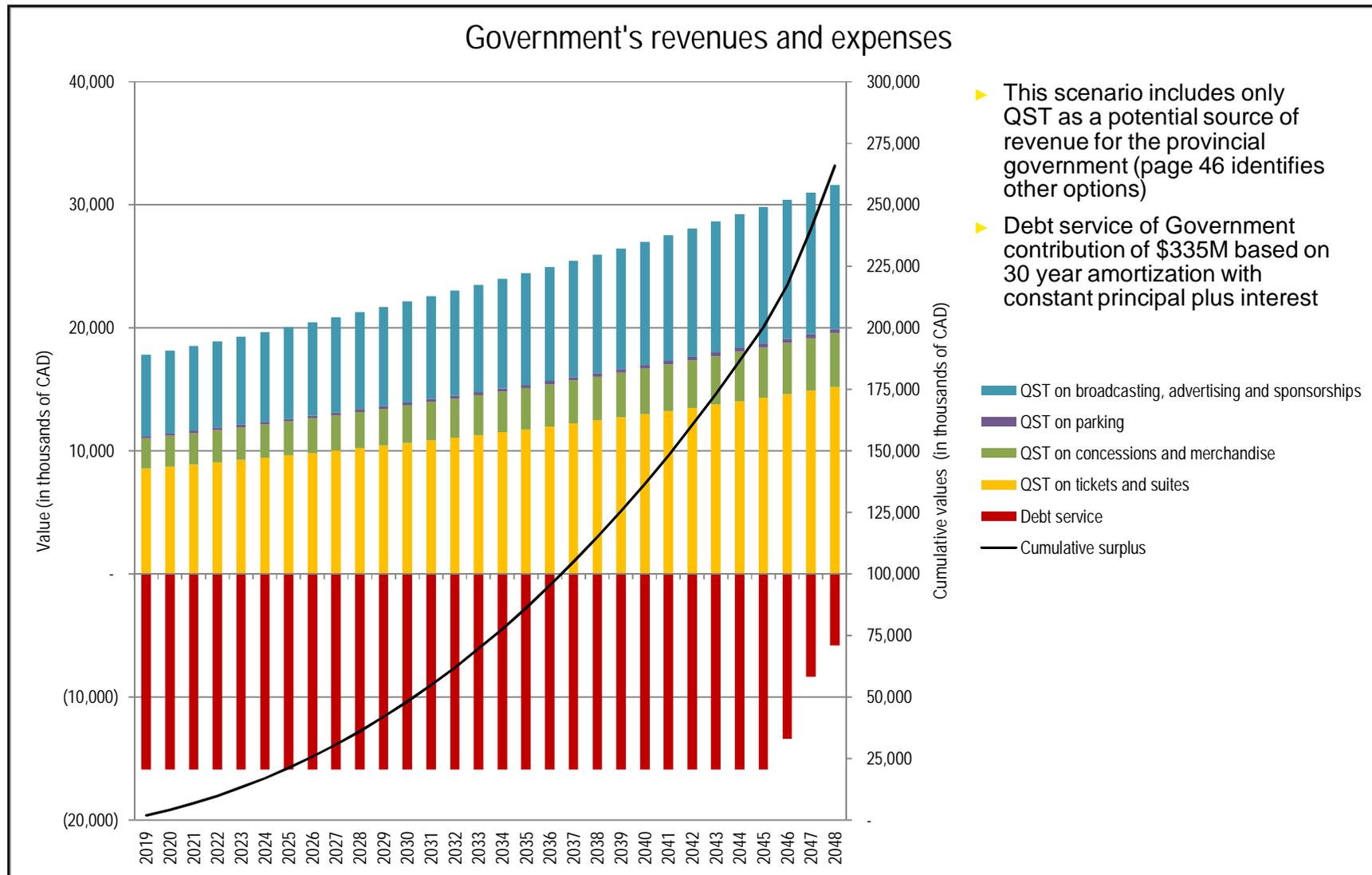
# Public Sector Financials



# Revenues and expenses for the Stadium Authority – MLB Hybrid



# Revenues and expenses for Provincial Government – MLB Hybrid



## Stadium Authority and public sector operations – MLB Hybrid

### ▶ Stadium Authority operations

Revenue/Expense line item	Year 1* ('000\$)	Year 11* ('000\$)	Description
Lease payments	2,539	3,095	▶ Based on lease term sheet and coming from the team P&L
<b>Commercial rent</b>	169	206	▶ 5,000 s.f. at 30\$/s.f.
<b>Total revenues</b>	<b>2,708</b>	<b>3,301</b>	
Maintenance reserve	254	2,541	▶ Maintenance reserve of 1% (incremental by 10% per year in the first 10 years)
Salaries and wages	113	137	▶ 1 employee with an average annual salary of \$100,000 (in \$2013)
<b>Total expenses</b>	<b>367</b>	<b>2,678</b>	
<b>Operating results</b>	<b>2,341</b>	<b>623</b>	

### ▶ Public sector operations\*\*

Revenue/Expense line item	Year 1* ('000\$)	Year 11* ('000\$)	Description
QST on baseball activities	17,812	21,713	▶ QST on tickets, suites, concessions, merchandise, parking and team contracts
<b>Total revenues</b>	<b>17,812</b>	<b>21,713</b>	
Debt service	15,894	15,894	▶ Debt service on Government contribution of \$335M towards total stadium costs including inflation, financing and land acquisition based on 30 year amortization with constant payment plus interest
<b>Total expenses</b>	<b>15,894</b>	<b>15,894</b>	
<b>Operating results</b>	<b>1,917</b>	<b>5,818</b>	▶ Operating results are increasing given a constant debt service and inflated revenues used to determine QST

\*Year 1 represents calendar year 2019 (year 11: 2029) for financial modeling purposes. These figures are on a before tax basis

\*\*This scenario includes only QST as a potential sources of revenues for the provincial government (page 46 identifies other options)

# Alternative repayment options for provincial Government financing

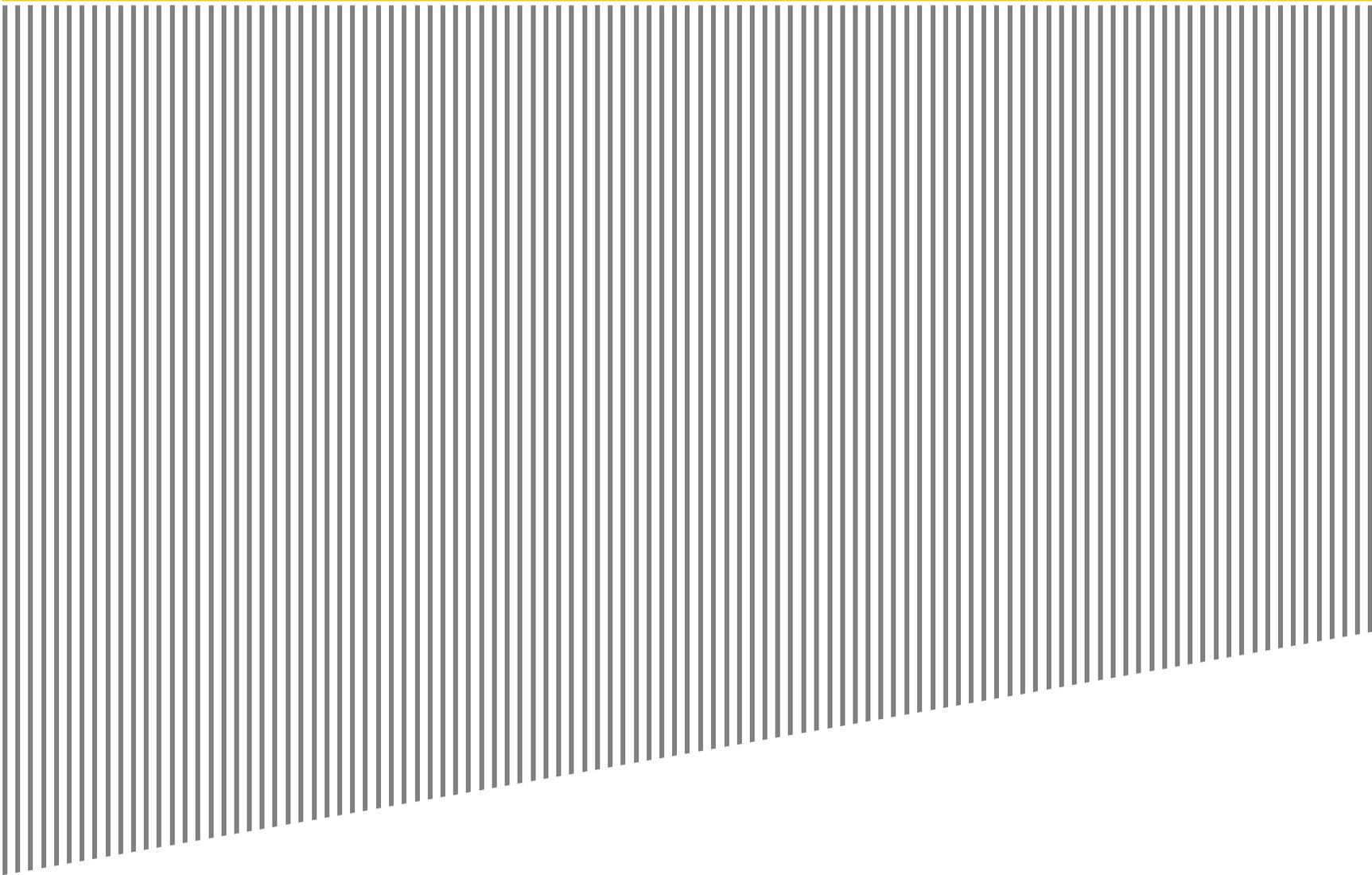
- ▶ The following table presents different user financing sources used by public authorities to recover their initial investments, as observed for several stadium construction projects in MLB and other professional sports
- ▶ One or a combination of these sources could be considered by the provincial government to recoup its portion of the funding of the construction of the stadium
- ▶ This report's base case uses the in-stadium QST capture; years to recover government contribution shown below excludes financing costs

Sources of revenues	In-stadium QST capture	Hotel tax	In-stadium special tax	Ticket surcharge
Description	<ul style="list-style-type: none"> <li>▶ Quebec sales tax of 9.975% from revenues generated by the team and the ballpark</li> <li>▶ Calculated on tickets and suites sold, concessions, merchandise and parking revenues as well as broadcasting, advertising and sponsorship contracts</li> </ul>	<ul style="list-style-type: none"> <li>▶ Additional tax on hotel room rentals in the City of Montreal</li> <li>▶ 1% based on other stadium construction comparables</li> </ul>	<ul style="list-style-type: none"> <li>▶ Additional tax on in-stadium revenues during games</li> <li>▶ 1% surcharge applied on ticket sold, concessions, merchandise and parking revenues</li> </ul>	<ul style="list-style-type: none"> <li>▶ 2\$ ticket surcharge on each regular and premium ticket sold</li> </ul>
Annual contribution	Year 1 (2019): \$ 17.8M Year 30 (2048): \$ 31.6M	Year 1 (2019): \$ 11.9M Year 30 (2048): \$ 43.2M	Year 1 (2019): \$ 1.1M Year 30 (2048): \$ 1.2M	\$ 4.4M
Years to recover Government contribution of \$335M*	16 years	19 years	Repays \$44M in 30 year horizon	Repays \$132M in 30 year horizon
Additional comments	<ul style="list-style-type: none"> <li>▶ For concessions and merchandise, calculated on net revenue</li> </ul>	Based on the following assumptions (in 2012): <ul style="list-style-type: none"> <li>▶ 27,873 rooms increasing by 1%</li> <li>▶ Av. revenue of \$86 increasing by 3.5%</li> </ul> Source: <a href="http://veilletourisme.ca/2013/06/26/comment-se-porte-le-marche-hotelier-canadien/">http://veilletourisme.ca/2013/06/26/comment-se-porte-le-marche-hotelier-canadien/</a>	<ul style="list-style-type: none"> <li>▶ For concessions and merchandise, calculated on net revenue</li> </ul>	<ul style="list-style-type: none"> <li>▶ Number of tickets sold assumed constant for purpose of modelling</li> <li>▶ Ticket surcharge is fixed at \$2 (no inflation)</li> </ul>

\*Excludes financing costs

---

# Overall Summary of Results



# Overall Summary of Ballpark Models

Fully Private				MLB Hybrid				Stadium Authority			
	in \$M	Cost sharing			in \$M	Cost sharing			in \$M	Cost sharing	
		Team owner	Government			Team owner	Government			Team owner	Government
Total Stadium Cost	514	514	0	Total Stadium Cost	500	165	335	Total Stadium Cost	500	165	335
Share of Stadium Cost		100%	0%	Share of Stadium Cost		33%	67%	Share of Stadium Cost		33%	67%
Team Acquisition Cost	525	525	0	Team Acquisition Cost	525	525	0	Team Acquisition Cost	525	525	0
Share of Acquisition Cost		100%	0%	Share of Acquisition Cost		100%	0%	Share of Acquisition Cost		100%	0%
Total Deal Cost	1039	1039	0	Total Deal Cost	1025	690	335	Total Deal Cost	1025	690	335
Share of Deal Cost		100%	0%	Share of Deal Cost		67%	33%	Share of Deal Cost		67%	33%
Team owner				Team owner				Team owner			
Equity investment	799	Pre-tax IRR		Equity investment	450	Pre-tax IRR		Equity investment	434	Pre-tax IRR	
Debt financing	240	3%		Debt financing	240	8%		Debt financing	256	9%	
Stadium authority's				Stadium authority's		Cumulative results		Stadium authority's		Cumulative results	
Average annual revenues		N/A		Average annual revenues	3.7	Surplus	Maint. Reserve	Average annual revenue	3.7	Surplus	Maint. Reserve
Average annual expenses				Average annual expenses	2.3	41	65	Average annual expenses	2.3	41	65
Government financing	0	Cumulative revenues		Government financing	335	Cumulative revenues		Government financing	335	Cumulative revenues	
Annual Gov't Revenues	54	after repayment*		Annual Gov't Revenues	54	after repayment*		Annual Gov't Revenues	54	after repayment*	
Repaid in # of years	N/A	1605		Repaid in # of years	8	1188		Repaid in # of years	8	1188	

\*Calculated for years 1 to 30 for Fully Private model, and years 9 to 30 for MLB Hybrid and Stadium Authority models

## Sensitivity Analysis

- ▶ Sensitivity analyses have been performed to identify the key drivers of financial viability, using the pre-tax IRR of the integrated (team and stadium) business as a metric
- ▶ The following table presents a summary of the main sensitivities:

Key Inputs	Base case value	Sensitivity	Fully private	MLB Hybrid	Stadium Authority
Base case			3%	8%	9%
Average tickets sold	28,080	22,410	-1%	4%	5%
		25,090	2%	6%	7%
		31,250	5%	10%	10%
Public sector contribution	67%	50%	n/a	7%	7%
Long term interest rate	-	1% increase	3%	8%	8%
		1% decrease	4%	8%	9%
Average ticket price	-	10% increase	5%	9%	10%
		10% decrease	2%	7%	7%
Average suite price	\$2,000	\$4,000	5%	10%	10%
Stadium construction costs	\$426M	\$375M	4%	8%	9%
		\$500M	2%	7%	8%
Team acquisition price	\$525M	\$475M	4%	9%	9%
		\$575M	3%	7%	8%
CAD/USD exchange rate	\$1.00 (par)	\$0.90	3%	7%	8%

- ▶ Based on these sensitivities, inputs related to tickets sales have the biggest impact on the pre-tax IRR
- ▶ Acquisition costs as a slightly bigger impact than stadium costs because of the cost sharing with the public sector during the construction phase, although marginal given the size of the investments are already significant
- ▶ Long term financing costs and CAD/USD exchange rate have a minimal impact given the 30 year horizon of the analysis and the positive operating results

---

## Items not considered in the financial results

---

### **Infrastructure costs**

- ▶ Because the final site of the ballpark has not been settled, estimating infrastructure costs at this time is not possible
- ▶ The City of Montreal would normally evaluate a business case for infrastructure investment based on projected property tax revenue from the site and surrounding development
- ▶ Municipal infrastructure costs are typically a function of urban regeneration and property development around the site

### **Team operations between acquisition and new stadium opening**

- ▶ No “bridge” period has been accounted for between team acquisition and stadium construction, during which the team would play at a different location while the ballpark was being built
- ▶ If such a bridging period were required due to timing, it should be anticipated that this period would generate positive operating results, because any rent would not need to cover stadium amortization (new stadium construction period financing costs are included in the projections of this study)

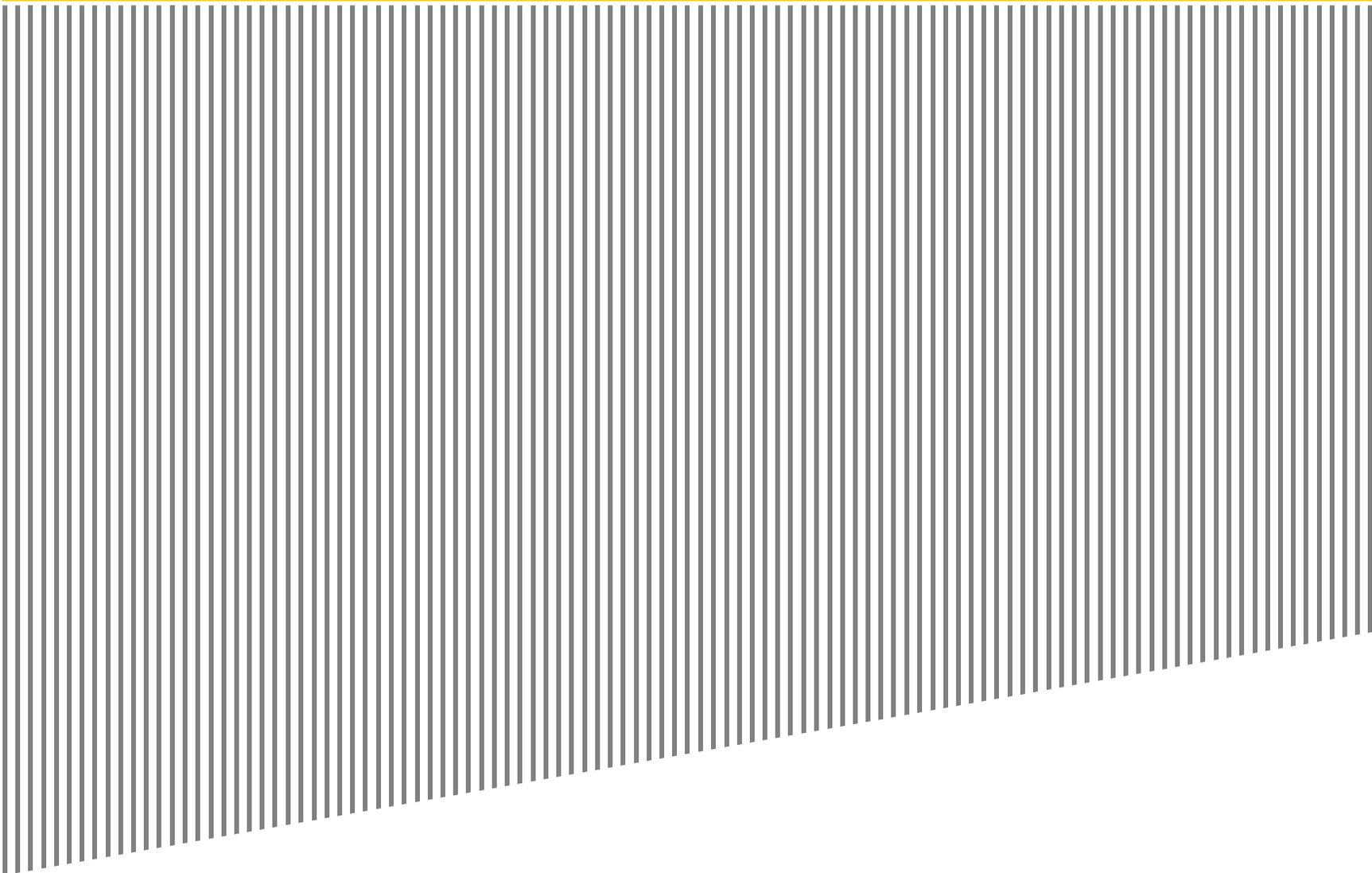
### **Non-baseball event revenues**

- ▶ The model considers revenue derived from other events at the stadium to be insignificant for several reasons, most notably:
  - ▶ Given that the ballpark will be an open air facility, deriving additional revenue from other events during the off-season will be difficult
  - ▶ The presence of the Bell Centre in close proximity, one of the busiest concert venues in North America, will likely limit the number of other events at the new ballpark
  - ▶ These days, there are very few large stadium musical acts touring North America – usually, there are one or two per year (at best). Forecasting these revenues would be difficult if not impossible
  - ▶ The ballpark needs to be viable with an MLB team on its own – and it is. An entrepreneurial-minded team owner could certainly enhance the revenue streams of the venue by holding other events. The projections of the revenues in this report remain conservative

---

# Economic and Urban Impact Analysis

---



# Economic impact on the City and the Province

## What would the economic impact be?

- ▶ Total economic impact as measured by the overall increase in GDP and supported jobs for Montreal and the province is presented in the tables below
- ▶ Annual impact during construction is for 3 years; annual impact during operation is for 30 years (including tourism)

GDP	During construction (annual)			During operation (annual)			Tourism (annual)		
	M\$	Montreal	Rest of QC	Total QC	Montreal	Rest of QC	Total QC	Montreal	Rest of QC
Direct	64.5	0	64.5	50.3	0	50.3	11.0	1.4	12.4
Indirect	23.1	15.3	38.4	14.3	8.0	22.3	2.4	3.1	5.5
(Induced)	17.1	10.0	27.1	14.7	5.3	23.0	2.6	2.0	4.6
<b>Total</b>	<b>104.7</b>	<b>25.3</b>	<b>130.0</b>	<b>79.3</b>	<b>13.3</b>	<b>95.6</b>	<b>16.1</b>	<b>6.5</b>	<b>22.5</b>

Jobs	During construction (annual)			During operation (annual)			Tourism (annual)		
	#	Montreal	Rest of QC	Total QC	Montreal	Rest of QC	Total QC	Montreal	Rest of QC
Direct	720	0	720	825	0	825	295	36	331
Indirect	292	179	471	269	36	305	42	30	72
(Induced)	271	77	348	245	50	295	34	25	59
<b>Total</b>	<b>1,283</b>	<b>256</b>	<b>1,539</b>	<b>1,339</b>	<b>86</b>	<b>1,425</b>	<b>371</b>	<b>91</b>	<b>462</b>

- ▶ In total, the new ballpark would support approximately 1,500 jobs annually in Quebec during the construction phase with the impact on GDP being approximately \$130M annually – two thirds of this effect would be in Montreal
- ▶ Operation of a new ballpark would support (annually) 825 direct jobs, plus 600 indirect and induced jobs, with an approximate contribution of \$96M to Quebec GDP

Source: Conference Board of Canada economic and financial impact analysis

# Fiscal impact for the Provincial and Federal governments

## What would the fiscal impact be?

- ▶ Income tax on **revenues from employment** of team employees (not including players) and benefits to employers, as well as sales tax generated by their spending, will generate the following revenues to the Government during construction and operation:

In M\$	During construction (total)		During operation (annual)		Tourism (annual)	
	Provincial	Federal	Provincial	Federal	Provincial	Federal
Revenues	55.6	51.3	19.621	18.275	6.281	6.384

Source: Conference Board of Canada economic and financial impact analysis

- ▶ Annual tourism revenues include benefits to employers as well as sales tax that can be assigned to tourists attending baseball games

## What about player salaries?

- ▶ The income tax benefit in relation to **player salaries** will have a significant impact on both provincial and federal income tax revenues, in addition to the figures presented in the table above
- ▶ The income tax benefit can be estimated based on a player payroll of \$75M (2013 dollars), and considering that half of the team’s games would be played within Quebec
  - ▶ Nearly \$9.8M in income tax revenue for the provincial government
  - ▶ Nearly \$9.1M in income tax revenue for the federal government
- ▶ In addition, foreign players playing at Montreal’s home ballgames will also be subject to a Quebec income tax withholding
  - ▶ The amount has not yet been estimated, but could approach the same amount again as that indicated above
- ▶ It should be noted that this is income that would be **net new income** for both levels of government



---

# The construction and operation of an MLB ballpark could bring substantial urban development benefits to the City

---

## How would a new ballpark spur urban development in the surrounding area of Montreal?

- ▶ Many cities that have built new ballparks over the last several years have experienced urban renewal and regrowth within the vicinity of the ballpark
- ▶ The opportunity is to not simply build a ballpark, but to build a destination that would be a source of pride for all Quebecers
- ▶ The economic impact that new ballparks have fostered on their urban settings over the past couple of decades has been well documented.
- ▶ The downtown areas of Minneapolis, San Francisco, Denver, St. Louis and San Diego exemplify the positive impact and financial gains that can be attributed to a strategic planning, programming and urban design process for integrating a ballpark into a city's downtown core
- ▶ Economic impact can be quantified through the increase in hotel occupancies, tax proceeds, increased property values and new housing as well as through the increased sales and revenue from adjacent retail and restaurant business
- ▶ In many cities, the construction of a new ballpark has served as a catalyst to stimulate a previously dilapidated or run-down area of the city
- ▶ With the ability to continuously draw crowds of tens of thousands more than a hundred times a year, the area surrounding a stadium grows to accommodate visitors
- ▶ Restaurants, bars and hotels usually go where stadiums go – office buildings will tend to move closer to these new districts and housing ultimately develops to meet the needs of residents
- ▶ The stadium plays an integral role in the life, work, play equation, often encouraging development of the life and work portions by offering pedestrian-friendly connections to transit, frequent events and vibrant nightlife surrounding the stadium. These projects give downtowns defined purpose to connect, communicate and share great experiences
- ▶ The common denominator is an urban stadium that serves as an anchor for a bustling downtown, which has been accomplished by placing viable, authentic, architecturally appealing venues in urban neighborhoods, leaving a lasting impact on the people, the businesses and the future of the city

Source: Populous

# Urban Development Case Studies: Some Highlights

## San Francisco

- ▶ From 2000 to 2009, nearly a third of all the city's new housing - almost 7,200 residential units - was built in the census tracts closest to the ballpark.
- ▶ The area has been transformed. The population has grown more than tenfold to 6,570, according to the Planning Department. Median household income in the area in 2000 was \$34,500. Today the Planning Department estimates it is \$175,000.
- ▶ "The Giants' ballpark is one of the great success stories in America of urban revitalization," - Gabriel Metcalf, executive director of the San Francisco Planning and Urban Research Association, a nonprofit public policy group)
- ▶ Between the beginning of 1996 and the middle of 1998, city officials recorded 215 real estate transactions in the China Basin area that borders Mission Bay - equaling the number from the previous quarter century.
- ▶ Sources: *SFGate*, April 11, 2010, *Bloomberg News*, October 2010)



## Denver

- ▶ Coors Field provided 7,000 construction jobs. More than 6,500 of them went to Coloradans.
- ▶ In 1990, the chief economist for the Denver Chamber put together a projected economic impact study. In 1990 dollars, the projected impact was \$90.5 million. In 1994, that figure was amended to \$194.22 million.
- ▶ Downtown has 5,329 hotel rooms, an increase of 25.1% from 1995.
- ▶ 270 housing units existed in LoDo before baseball, 1,374 units are currently in existence (a 408% increase), 110 units are under construction and 300 new housing units are planned.
- ▶ The City of Denver reported more than \$4.7 million in sales tax collections in LoDo for 1995, an 86% increase from 1994.
- ▶ Retail sales tax collection figures for LoDo show an 8.30% increase for 1996.
- ▶ Food and beverage collections make up 70.89% of LoDo sales tax collections compared to 61.2% for all Downtown.
- ▶ Source: *Downtown Denver Partnership, Inc.*, March 2000.



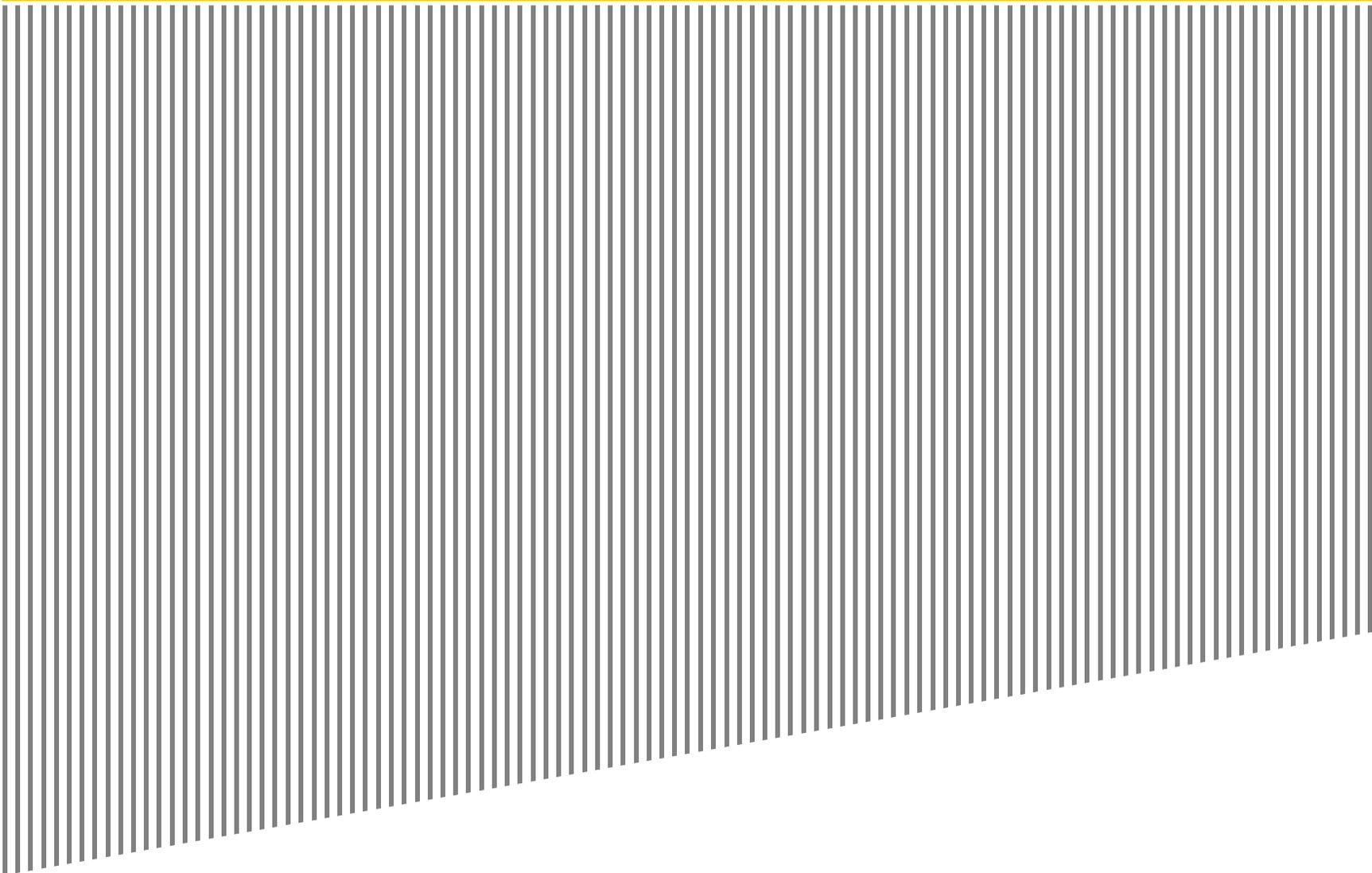
## San Diego

- ▶ Area land values have soared from \$35 to \$200 per sq ft. Economists project \$3 billion in development by 2020 in the surrounding 100-block East Village.
- ▶ JMI Realty has either self-developed or engaged others to develop \$593.3 million worth of hotel, residential, retail and parking structures. Its obligation is for only \$311 million. To date, there are 11 projects either complete, under construction or planned. These include a \$172-million Omni hotel-condominium set to open April 8; a \$51.9-million hotel set to open in mid-2005; nearly 800 residential units in projects valued at \$327 million; a 1,109-vehicle garage; and a \$15-million chilled water plant.
- ▶ The integrated ballpark/redevelopment project in San Diego was an enormous success. The Padres had an exceptional new ballpark that had become an important downtown destination. The blighted East Village had been transformed. The public investment of \$300 million had helped stimulate more than \$4 billion of private investment by 2007. What had previously been a cash drain for the city was now the source of substantial tax revenue.
- ▶ Source: *Engineering News-Record*, March 8, 2004, *Stanford University Case Study*



---

# Other: Stadium Development Models



## Shared Revenues and Expenses – Team Operations

	Fully private			MLB Hybrid			Stadium Authority		
	Team	Ballpark	Authority	Team	Ballpark	Authority	Team	Ballpark	Authority
<b>Revenues</b>									
Broadcasting rights	✓			✓			✓		
Ticket sales	✓			✓			✓		
Suites		✓			✓		✓		
Premium seating	✓			✓			✓		
Concessions		✓			✓		✓		✓
Parking	✓			✓					✓
Merchandising	✓			✓			✓		
Naming rights		✓			✓		✓		✓
Other advertising & sponsorship	✓			✓			✓		
MLB Revenue Sharing	✓			✓			✓		
<b>Expenses</b>									
Player's compensation	✓			✓			✓		
Scouting and player dvpt	✓			✓			✓		
Team operations	✓			✓			✓		
General & admin	✓			✓			✓		
Sales & marketing	✓			✓			✓		
Lease payments (rent)	✓			✓			✓		

## Shared Revenues and Expenses – Ballpark Operations

	Fully private			MLB Hybrid			Stadium Authority		
	Team	Ballpark	Authority	Team	Ballpark	Authority	Team	Ballpark	Authority
<b>Revenues</b>									
Lease revenues (rent)		✓				✓			✓
Other commercial rent		✓				✓			✓
<b>Expenses</b>									
Salaries and wages		✓			✓				✓
Guest services		✓			✓				✓
Utilities		✓			✓				✓
Security		✓			✓				✓
General & Admin		✓			✓				✓
Insurance		✓			✓				✓
Game-day costs		✓			✓				✓
Regular maintenance		✓			✓				✓
Maintenance reserve		✓			✓	✓	✓		✓
Property taxes		✓			✓	✓	✓		✓

---

# Glossary

---

<b>Acronym</b>	<b>Definition</b>
DBF	Design Build Finance
Capex	Capital Expenditure
GDP	Gross Domestic Product
IRR	Internal Rate of Return
MLB	Major League Baseball
MLBAM	Major League Baseball Advanced Media
NBA	National Basketball Association
NFL	National Football League
NHL	National Hockey League
P&L	Profit and loss statement / Income statement
PSL	Personal Seat Licenses
QST	Quebec Sales Tax

---

# Acknowledgements

---

- ▶ EY would like to thank all those who contributed to this study (listed in alphabetical order):
  - ▶ BCF LLP
  - ▶ Conference Board of Canada
  - ▶ External peer reviewers (not named to respect confidentiality)
  - ▶ Leger Marketing
  - ▶ MLB team staff (not named to respect confidentiality)
  - ▶ Populous
  - ▶ Provencher Roy
  - ▶ Stadium authority staff (not named to respect confidentiality)

© 2013 Ernst & Young Orenda Corporate Finance Inc.

Assurance | Tax | Transactions | Advisory

[ey.com/ca/corpfinance](http://ey.com/ca/corpfinance)

## **IMPORTANT NOTICE**

The information in this presentation pack is confidential and contains proprietary information of Ernst & Young Orenda Corporate Finance Inc. It should not be provided to anyone other than the intended recipients without our written consent. Anyone who receives a copy of this presentation pack other than in the context of our oral presentation of its contents should note the first two points above, and that we shall not have any responsibility to anyone other than our client in respect of the information contained in this document.

This preliminary document has been prepared by Ernst & Young. The information and opinions contained in this document are derived from public and private sources which we believe to be reliable and accurate but which, without further investigation, cannot be warranted as to their accuracy, completeness or correctness. This information is supplied on the condition that Ernst & Young, and any partner or employee of Ernst & Young, are not liable for any error or inaccuracy contained herein, whether negligently caused or otherwise, or for loss or damage suffered by any person due to such error, omission or inaccuracy as a result of such supply. In particular any numbers, initial valuations and schedules contained in this document are preliminary and are for discussion purposes only.