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MISSOURI DEVELOPMENT FINANCE BOARD

DATE: December 5, 2016

TO: Missouri Development Finance Board

FROM: Robert V. Miserez *RVM*

SUBJECT: Tax Credit for Contribution Application from the Land Clearance for Redevelopment Authority of the City of St. Louis for a Major League Soccer Stadium Facility

Attached is an application received December 1, 2016 from the Land Clearance for Redevelopment Authority of the City of St. Louis ("LCRA") requesting \$40 million in CY 2016 and 2017 contribution tax credits to assist in the acquisition of real estate and construction of new infrastructure and facilities related to the efforts by the City and private investors to obtain a professional, major league soccer franchise. Total estimated projects costs are \$405 million and briefly described in the Application.

The request is for \$5 million of the Board's annual \$10 million cap and the entire \$15 million discretionary cap above \$10 million in each of 2016 and 2017. The Board has \$5.7 million remaining from its 2016 \$10 million cap.

Included with the application is an economic and fiscal analysis prepared by Missouri Wonk. We have asked the LCRA to provide MERIC the underlying assumptions provided by the St. Louis Sports Commission, MLS, and any other assumptions used so MERIC can prepare a REMI analysis on its impact assessment to the State.

There are many questions regarding the application which will not be answered by Thursday. These include the proposal regarding structuring the contributions from the Applicant to us, the exact composition of the ownership group, how to quantify or assess the actual need for and sizing of the credit request, and impact to the State.

And, any subsequent approval of credits would be contingent on, among other things, passage of a local public vote approving local tax support for the project, approval of the City and this ownership group for a franchise, the franchise entering into a lease of at least 30 years with the LCRA or other local public entity that would hold title to the facility including the obligation to maintain the team and operations for this period, receipt of contributions, etc.

Please note the upcoming meeting is a preliminary presentation only by the LCRA and representatives of the prospective team ownership group. No action is to be taken.

RVM/vth

Attachment

December 1, 2016
2:58 p.m.

Missouri Development Finance Board

**TAX CREDIT FOR CONTRIBUTION PROGRAM
APPLICATION**

**NEW MAJOR LEAGUE SOCCER STADIUM
IN
ST. LOUIS, MISSOURI**

**Submitted by the Land Clearance for Redevelopment Authority of the City of St. Louis
November 2016**



MISSOURI DEVELOPMENT FINANCE BOARD

TAX CREDIT FOR CONTRIBUTION PROGRAM APPLICATION

The undersigned Applicant hereby submits this Application and requests the Missouri Development Finance Board (the "Board") accept a Contribution, and, to the extent described herein, apply the proceeds of such Contribution for the purpose of financing the Project described below (the "Project") pursuant to the Board's Tax Credit for Contribution Program.

The undersigned has read the Board's Tax Credit for Contribution Program Description and Guidelines.

Date: November 2016

Total Estimated Project Budget/Cost: **\$405,000,000**

Total Amount of Proposed Contribution: **\$80,000,000**

Total Tax Credit Amount (50% of Contribution): **\$40,000,000 (½ in 2016; ½ in 2017)**

*Note: To the extent possible, credits would be approved immediately but not issued until 2017/2018 following satisfaction of those contingencies described in **Exhibit D** (attached), which include a vote of the public approving the City's participation in the financing of the Project, entering into a financing agreement detailing the same, and formal award of an MLS franchise.*

Name:	Land Clearance Redevelopment Authority of the City of St. Louis				
Address:	1520 Market St., Suite 2000				
City:	St. Louis	County:	N/A	Zip Code:	63103
Contact:	Otis Williams	Telephone:	314-657-3771		
Title:	Executive Director	Fax:			
E-mail:	Williamsot@stlouis-mo.gov				

A. THE APPLICANT

1. Organization:

What type of governmental entity is the Applicant?

The Land Clearance Redevelopment Authority of the City of St. Louis ("LCRA") is a public body created under Chapter 99 of the Missouri Revised Statutes. The purpose of the LCRA is to acquire property and facilitate projects that will remediate unsanitary or blighted conditions, and undertake other such actions that are in the public interest. The LCRA acts as an economic development authority for the City of St. Louis. The LCRA is governed by a five (5) member Board of Commissioners, all of whom are appointed by the mayor of the City of St. Louis.

2. Legal or In-House Counsel to the Applicant:

Firm Name:	Law Department, St. Louis Development Corporation			
Address:	1520 Market St., Suite 2000			
City:	St. Louis	County:	N/A	Zip Code: 63103
Contact:	Leslye Mitchell-Yancey	Telephone:	(314) 657-3728	
Title:	Associate City Counselor	Fax:	(314) 613-7011	
E-mail:	MitchellL@StLouis-MO.gov			

3. What is the total population of the Applicant? N/A

4. In which state legislative District(s) is the Project located:

House: 79th Senate: 5th

In which U.S. Congressional District: 1st

5. Taxpayer Identification Number: _____

6. Facility's NAICS* Number: 711211

(Use the NAICS number for the facility(s) to be constructed or improved with the contribution.)

*NAICS — North American Industry Classification System. The Federal Office of Management and Budget (OMB) adopted the NAICS as the industry classification system used by the statistical agencies of the United States. NAICS replaces the 1987 Standard Industrial Classification (SIC). The NAICS is used for classifying business establishments to assist with gathering data related to measuring productivity, unit labor costs, and the capital intensity of production, employment and other information. Missouri businesses are assigned a NAICS when the company files a "Report to Determine Liability Status" with the Missouri Department of Labor and Industrial Relations, Division of Employment Security to determine Unemployment Tax Liability. Normally, a general business employer becomes liable for the tax and responsible for providing unemployment insurance for its workers when it:

- Pays \$1,500 in wages (cash and in-kind) in a calendar quarter, or
- Has an employee in some portion of a day in each of 20 different weeks, or
- Becomes liable under the Federal Unemployment Tax Act (FUTA) and employs a worker in Missouri, or
- Acquires and continues without interruption substantially all the business of a liable employer.

B. THE PROJECT

1. Project

Description: Type
of Project:

- ☒ Construction of new infrastructure
- ☒ Acquisition of real estate
- ☒ Construction of new facilities
- ☐ Acquisition of existing facilities
- ☐ Additions or improvements to existing
- ☐ facilities Acquisition of equipment

Business Address/Location of Project Site:

See Exhibit A (attached)

Legal Description of Property:

See Exhibit A (attached)

What is the expected date of commencement of construction of the Project?

Date: Early 2018

What is the date the Project is expected to commence operations?

Date: March 2020

2. Project Costs:

On the following table, state the costs reasonably necessary for the acquisition of the site and/or construction of the proposed Project together with any machinery and equipment in connection therewith, including any utilities hook-up, access roads, or appurtenant structures.

See Exhibit B (attached)

Description of Estimated Project Costs

	Non- Contribution Amount	Cost Financed With Contribution Proceeds
A. Acquisition of Land	\$ _____	\$ _____
Acquisition of Existing Buildings	\$ _____	\$ _____
B. Infrastructure Costs:		
1. Filling, grading and provision of drainage	\$ _____	\$ _____
2. Storm water retention	\$ _____	\$ _____
3. Installation and extension of utilities (offsite):	\$ _____	\$ _____
a. water	\$ _____	\$ _____
b. sewer	\$ _____	\$ _____
c. sewage treatment	\$ _____	\$ _____
d. gas	\$ _____	\$ _____
e. electricity	\$ _____	\$ _____
f. communications and similar facilities	\$ _____	\$ _____
4. Installation and extension of utilities (onsite):	\$ _____	\$ _____
a. water	\$ _____	\$ _____
b. sewer	\$ _____	\$ _____
c. sewage treatment	\$ _____	\$ _____
d. gas	\$ _____	\$ _____
e. electricity	\$ _____	\$ _____
f. communications and similar facilities	\$ _____	\$ _____
5. Construction, Extension or Improvement of Roads and/or Rail Lines	\$ _____	\$ _____
6. Extension of sidewalks and curbing	\$ _____	\$ _____
7. Elimination of Blight (please describe)	\$ _____	\$ _____
8. Other (please describe)	\$ _____	\$ _____
C. Facility Construction Costs (exclude inventory and working capital):		
1. Architectural and Engineering	\$ _____	\$ _____
2. Site Preparation	\$ _____	\$ _____
3. Materials	\$ _____	\$ _____
4. Labor	\$ _____	\$ _____
5. Construction Contracts	\$ _____	\$ _____
6. Utilities Connection	\$ _____	\$ _____
7. Paving and Landscaping	\$ _____	\$ _____
D. Renovation Costs	\$ _____	\$ _____
E. Machinery and Equipment	\$ _____	\$ _____
F. Furniture and Fixtures	\$ _____	\$ _____
G. Interest During Construction		
From _____ To _____	\$ _____	\$ _____
H. Accounting, Legal, Miscellaneous	\$ _____	\$ _____
I. Contingency	\$ _____	\$ _____
TOTAL PROJECT COSTS	\$ _____	\$ _____

Source of Funds:

State amount and sources of financing for all of the Project costs listed above.

See Exhibit B (attached)

<u>Sources</u>	<u>Amount</u>
Contribution Proceeds	\$ _____
Applicant's Funds (Describe Sources)	\$ _____
Federal Funds (Describe Sources)	\$ _____
State Funds (Describe Sources)	\$ _____
Private Funds (non-Contributions)	\$ _____
Other (Describe Sources)	\$ _____
TOTAL	\$ _____

Provide a detailed description for all State, Federal, Private or Other funding sources listed above. Include agency and program name, respective amounts if more than one source is involved on the same line, and a copy of the funding commitment or approval setting forth the terms of funding. If approval has not been received, provide an explanation of where the application or request is in the review process, and the expected date of approval. The ability to demonstrate a high level of certainty in obtaining all funding identified to complete the project as presented is a factor the Board considers.

See Exhibit B (attached)

3. Certified Minority (MBE) and Women-Owned Business Enterprise (WBE) Participation

The Board encourages the involvement of minority and women-owned businesses as certified by either the Missouri Office of Administration (OA) for state agency applications, or the municipality submitting the application for local projects. If the application is from a local government, please attach a copy of the Applicant's MBE/WBE Policy and Procedures pertaining to this subject, or the link to the local government's web site where this information can be obtained. If the Applicant has policies and procedures in place, adherence to these policies and procedures will be a stipulation of the use of Contributions. If policies are not in place, please denote same and note that you will be required to contact OA to develop a plan to address this matter. The Office of Administration list of certified businesses by region can be found at <http://oeo.mo.gov/> for those communities that do not maintain their own certification program.

Please estimate the number of each type business the Applicant and/or Principal User expects to utilize in the construction and equipping of the Project.

	<u>No. of Firms</u>	<u>Amount</u>
Minority Business Enterprise (MBE)	<u>TBD</u>	<u>\$ TBD</u>
Women Business Enterprise (WBE)	<u>TBD</u>	<u>\$ TBD</u>

While exact MBE/WBE participation is yet to be determined, the Applicant will require that construction of the Project be subject to a workforce and business inclusion plan which shall seek to ensure compliance with all applicable federal, state and local laws and executive orders regarding contracting, hiring and employment, including applicable executive orders setting goals for minority- and women-owned business participation and minority hiring, including, but not limited to, the City of St. Louis Mayor's Executive Orders #28, #33, #34, #36, #39, #44, #46, #47, and #51, and Ordinance No. 69427 establishing apprenticeship training, workforce diversity, and city resident programs, all as may be amended, to implement the findings of the "City of St. Louis Disparity Study" and the "City of St. Louis Workforce Study" completed in 2015 by Mason Tillman Associates, Ltd., for the City of St. Louis and the St. Louis Development Corporation

Please note that the MDFB will require the Applicant, or Principal User if different from the Applicant, to submit a written report upon the completion of the Project providing the number of firms used, dollar amount of contracted value, and brief description of the type work or services contacted for each category above.

4. Ownership:

Present legal owner of Project site:

Currently, several parties own parcels within the Project area. The primary property owner for the Project site is currently the Missouri Highways and Transportation Commission.

If presently owned by Applicant, indicate date of purchase, reason for purchase, and current use of site:

The Project site is not currently owned by the Applicant. However, the Applicant is currently negotiating sale/option agreements with owners, including that certain Option Agreement dated as of September 1, 2016 between the Applicant and the Missouri Highways and Transportation Commission, and expects to have control over the entire Project area upon commencement of the Project.

Is there a relationship legally or by virtue of common control between either the current Project user or owner or the proposed Project owner and user or seller of the Project:

☐ Yes ☒ No If yes, please give details.

5. Employment:

For further information about employment estimates, see Exhibit C (attached)

New Full-Time and Part-Time Jobs 538 permanent jobs Average Wage TBD

Temporary Jobs 1,345 Average Wage TBD

Jobs during Construction 1,345

Average Wage TBD

Estimated length of Construction period: Two (2) years

C. FINANCIAL INFORMATION

1. Financial Statements:

Attach audited financial statements for at least the last three (3) fiscal years, including the most recent interim statement (not more than 90 days old).

Audited financial statements for the City of St. Louis can be found at the following website:

<https://www.stlouis-mo.gov/government/departments/comptroller/investor-relations/city-information/Current-CAFR.cfm>

2. Financial Difficulties:

Has the Applicant, or any corporation formed by or on behalf of the Applicant, ever defaulted on its debt obligations, been involved in bankruptcy, creditor's rights, or receivership proceedings, or been involved in criminal proceedings bearing on the handling of financial matters?

☐ Yes ☒ No If yes, please give details.

3. Litigation:

Is the Applicant presently involved in any litigation which could have a material effect on its financial solvency?

☐ Yes ☒ No If yes, please give details.

4. Please list the Applicant's general fund and other key fund surpluses (or deficits) for the last four years.

See link provided above

5. Has the Applicant ever defaulted on any obligation or failed to appropriate for any lease or any other annual appropriation obligation during the last 20 years?

☐ Yes ☒ No If yes, please give details.

D. PROJECT REVENUES (Not required for projects in small cities/rural areas)

Attach a cost benefit analysis showing the total tax revenues generated that will be collected by the local governmental jurisdictions and the state as a result of the Project, and the cost of all local and state governmental assistance provided to the Project.

Revenues and costs should be identified by each recipient or payee (private and governmental).

See Exhibit C (attached)

E. IDENTIFICATION OF CONTRIBUTORS

Has the Applicant identified who the contributors would be?

☐ Yes ☒ No

If Yes, please list below or attach a list of names of potential contributors.

If No, please explain why the Applicant believes such Contributions are likely to be obtained.

The necessary Contributions will consist of private cash contributions and/or contribution of real property from the Applicant. The Applicant has engaged individuals and/or organizations with experience in tax credit-based financing, including members of the Project working group with significant experience in the same, to structure all contributions for the Project in order to leverage the requested tax credits.

Provide a timeline of fundraising activities. Include when you expect the first contribution to be made and when you expect to have the fundraising for this project complete. Please be as specific as possible.

Traditional fundraising is not anticipated for this Project. Required contributions of real property and/or cash will be made at such time as tax credit financing or MDFB requirements dictate.

F. USE OF THE PROJECT

If the Project will be used for (or will substantially benefit) an entity in addition to the Applicant, please complete Exhibit E for such user of beneficiary.

G. CERTIFICATION OF APPLICANT

The undersigned hereby represents and certifies that, to the best knowledge and belief of the undersigned, this Application contains no information or data, contained herein or in the exhibits or attachments, that is false or incorrect.

Dated this 1st day of DECEMBER, 20 16

SIGNATURE: _____

NAME: _____

TITLE: _____

Otis Williams
Otis Williams
Executive Director

Certification

- I certify that I am an authorized representative of the applicant and as such am authorized to make the statement of affirmation contained herein.
- I certify that the applicant does NOT employ illegal aliens and that the applicant has complied with federal law (8 U.S.C. § 1324a) requiring the examination of an appropriate document or documents to verify that an individual is not an unauthorized alien.
- I understand that if the applicant is found to have employed an illegal alien in Missouri and did not for that employee examine the document(s) required by federal law, that the applicant shall be ineligible for any state-administered or subsidized tax credit, tax abatement or loan for a period of five years following any such finding.
- I attest that I have read and understand the Missouri Development Finance Board Tax Credit for Contribution Program guidelines, specifically as it relates to the Tax Credit Accountability Act of 2004 (SB 1099).
- I hereby agree to allow representatives of the Department and Board access to the property and applicable records as may be necessary for the administration of this program.

Program Assessment and Administrative Fees are due upon execution of a Tax Credit Agreement in an amount equal to 4% of the amount of all authorized Contributions.

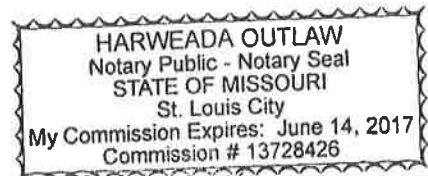
STATE OF MISSOURI

COUNTY/CITY OF St. Louis (SS)

On this 1st day of December, 20 16, before me, Harweada Outlaw, a Notary Public in and for said state, personally appeared Otis Williams, known to me to be the person who executed the Certification and acknowledged and states on his/~~her~~ oath to me that he/~~she~~ executed the same for the purposes therein stated.

Harweada Outlaw Notary Public

(SEAL)



My commission expires

6/14/2017

EXHIBIT A
Anticipated Project Site Location



Vicinity Map



EXHIBIT B

Estimated Project Costs **and** **Anticipated Financing Sources**

ESTIMATED PROJECT COSTS:

<i>Cost Type</i>	<i>Estimated Cost</i>
Stadium Design/Construction	\$150,000,000
Stadium Site Work/Clearance/Parking	\$30,000,000
Land Acquisition	\$15,000,000
MLS Expansion Fee ¹	\$200,000,000
Soft Costs (including team start-up costs, miscellaneous costs)	\$10,000,000
<i>Total Estimated Costs:</i>	\$405,000,000

ESTIMATED FINANCING SOURCES:

MLS Team Owner Group Private Equity/Debt ¹	\$280,000,000
Proceeds From Sale of MDFB Tax Credits (\$40,000,000)	\$36,000,000
MODOT Site Work ²	\$9,000,000
City of St. Louis Funding Sources ³	\$80,000,000
<i>Total Estimated Sources:</i>	\$405,000,000

¹ The exact MLS expansion fee is currently confidential, but is estimated to be between \$150,000,000 and \$200,000,000. It will be paid exclusively from private sources.

² This will not be a direct financial payment, but is an estimate of the costs that will be required to prepare the land for development, which would occur prior to the contemplated land sale.

³ Actual sources yet to be determined but any funding will be contingent on a public vote.

EXHIBIT C

Cost-Benefit Analysis by Missouri Work (10/7/16)

October 7, 2016



MLS2STL – MISSOURI

ECONOMIC AND FISCAL ANALYSIS

BRIAN SCHMIDT

MISSOURI WONK

4240 Duncan Ave, Suite 200 St. Louis, MO 63110



October 7, 2016

MLS2STL,

Missouri Wonk is happy to present the findings of the economic and fiscal analysis of the proposed Major League Soccer team and new stadium in St. Louis, Missouri.

The estimates and projections contained in this analysis are based on information provided by MLS2STL and the St. Louis Sports Commission. This analysis assumes that the information provided is accurate and correct. Additionally, actual results will differ from the estimates provided in the analysis, as activities associated with the project will change and underlying assumptions about the project and the economy will change during the course of the time period analyzed.

We appreciate the opportunity to provide this analysis and hope it serves as a resource in your efforts.

Sincerely,

Brian Schmidt
Missouri Wonk

Executive Summary

MLS2STL is pursuing the creation of a Major League Soccer (MLS) team and the construction of a stadium in the City of St. Louis that will be home to the MLS games. Between 2017 and 2049, the project will construct a stadium, operate the team and venue, and host sporting games and other events that will attract visitors from outside the City.

These activities will have a significant impact on the economy, creating an estimated 1,345 jobs during the course of the start-up and construction period and 538 permanent jobs from ongoing operations of the team and stadium. These economic activities will add more than \$677 million (net present value) in labor income and \$917 million (net present value) in value to the Missouri economy and will generate about \$45 million (net present value) in state taxes, about \$37.4 of which will be general revenue dollars.

About the Project

MLS2STL engaged Missouri Wonk to do an economic impact and fiscal analysis of the creation of a Major League Soccer expansion team in St. Louis and the construction of a 20,000 seat soccer stadium at Union Station to host the team's games. The stadium will eventually expand to include seating for 26,000.

The expansion team and stadium will attract new visitors and activities to the St. Louis region through MLS games and other events that will be held at the stadium.

To conduct the analysis, Missouri Wonk relied on information supplied by MLS2STL and the St. Louis Sports Commission. This report focuses on the following activities that are expected to occur during the course of the project:

- Construction of the Stadium
- Team and Stadium Operations
- Ancillary Community Spending from Hosting MLS Games
- Hosting Other Events at the Stadium
- Hosting MLS All Star Games

The St. Louis Sports Commission supplied a list of events that may occur at the new stadium over a ten-year period, including NCAA games, Olympic matches and other special events. This list was accompanied by estimates of the percentage of non-local attendees, average ticket prices to the events and total estimated amounts spent by visitors.

Per information provided by MLS2STL, Missouri Wonk assumed the stadium would host a MLS All Star Game in years 2022 and 2044 and relied on estimates provided by the St. Louis Sports

Commission to calculate percentage of non-local attendees, average ticket prices and their estimated spending resulting from the event.

Assumptions

Missouri Wonk relied on the following assumptions to conduct the economic and fiscal impact analysis:

- The timeframe of the analysis spans 33 years, from 2017 through 2049.
- The stadium and surrounding amenities will be constructed between 2017 and 2021, with preparation work primarily occurring in 2017 and actual construction occurring during years 2018 through 2021. For purposes of this analysis, 50% of the construction expenditures would be spent with construction firms in Missouri. Costs associated with land or financing costs are excluded from these estimates.
- Team and stadium operations will be entirely located within Missouri. Missouri Wonk conducted an analysis of the expected revenues and expenditures of the team, and analyzed revenue from ticket sales, sponsorships, and other sources and excluded revenues estimated to be derived from local sources as well as expenditures estimated to be spent outside of Missouri. The team will have a roster of 28 players, 25 of which will have salaries paid by MLS. The remaining three players will be paid by the team (as so-called designated players). Missouri Wonk assumed 90% of the team's MLS players will live and spend their incomes in Missouri.
- The stadium will host 20 MLS games per year: 17 regular season games and 3 exhibition games. Attendees residing outside of Missouri will purchase 30% of tickets sold to these events. Projecting the activity resulting from the MLS games, Missouri Wonk estimated:
 - Visitors from the metropolitan area will spend:
 - \$12 per person on dining and
 - \$15 per person on other activities (such as shopping or recreation and amusement activities) outside of the stadium; and
 - Overnight visitors will spend:
 - \$56 per person on dining and
 - \$65 per person on other activities outside the stadium.

Missouri Wonk assumed 7.5% of visitors to MLS games would stay at a hotel or other lodging facility (2.5 persons per room at an average price of \$112 per night).

- Over a 10-year period, the new stadium will host a total of 15 different types of events, attracting visitors to the City. These visitors will make expenditures at the stadium, at restaurants, at retail stores, at recreation and amusement venues, and at parking garages. The amount and type of spending differs based on the type of event held. The projected number of visitors, ticket prices and spending estimates for these events were

supplied by the St. Louis Sports Commission. Missouri Wonk assumed that spending estimates provided by the commission would be static over the ten-year period and would increase by 5% in each subsequent ten-year period. Missouri Wonk assumes these events would not be held in Missouri but for the construction of the stadium.

- In years 2022 and 2044, the stadium will host an MLS All Star Event. Ticket prices, length of event, and estimated spending on restaurants, lodging, retail, recreation and amusement activities and parking, as well as the number of visitors were supplied by the St. Louis Sports Commission.
- Missouri Wonk uses a 4% discount rate to calculate net present value of the impacts.

Economic Impact

Using the data provided by MLS2STL and the St. Louis Sports Commission, and applying the assumptions previously described, Missouri Wonk developed estimates of the economic impact of the project for Missouri.

To develop the estimates, Missouri Wonk relied on IMPLAN's economic impact software and data. IMPLAN provides information the interrelationships between industries, employees, and households. The firm's products contain information on 440 sectors of the US economy, and uses data collected by federal government agencies to apply the information to specific geographic areas, including states and counties. IMPLAN provides an input-output model for analyzing changes to regional economies. When given a set of estimated changes in the economy, the software projects how those changes will affect the broader economy, providing estimates of new jobs, labor incomes (which include employment taxes and benefits), value added to the economy (similar to the national measure for GDP), and output (value added to the economy plus the cost of raw materials).

The analysis accounts for both leakage and displacement. Leakage is spending that occurs outside of Missouri, such as an industry that imports a business input from outside the state. Displacement is the concept that, in the absence of an event, money would have been spent on another activity within the regional economy. In this instance, a Missouri resident would likely find another way to spend income in Missouri if the project were to not occur.

Economic effects can be divided into three distinct categories:

- Direct Effects, which are the primary economic impacts of a project. These are the inputs to the economic impact model. This would include, for instance, the change in spending on a particular industry or the number of new jobs created in an industry;
- Indirect Effects, which are the impacts associated with the business-to-business transactions of the industry of interest that realizes the direct impacts. For instance, the

MLS team may hire a local firm to handle its marketing and social media, resulting in additional jobs for the region;

- Induced Effects, which are the spending of incomes by new employees in the local economy. When the industry realizing the direct effects hires new employees, those employees will spend their incomes in the region. The money cycles through the local economy as consumers spend their incomes. Eventually, the money leaks out of the region

When combined, these effects create the total effects of the project.

The following tables provide a summary of the economic impact of the project split into the five activities previously discussed and also the total effects of all activities, which combine the effects from the activities. When fully phased-in, the project is expected to result in a total of 1,345 one-time jobs from the start-up and construction period and 538 new permanent jobs from the team and stadium operations. Additionally, over the thirty-three-year period of the analysis, the project will add a net present value of more than \$677 million in labor income and \$917 million of value to Missouri's economy.

Table 1: Start-Up & Construction Total Effects

Year	Employment	Labor Income	Value Added	Output
2017	37	\$1,482,311	\$2,484,464	\$3,833,797
2018	232	\$13,419,447	\$18,696,798	\$37,349,658
2019	745	\$38,208,708	\$51,367,061	\$103,809,317
2020	289	\$15,108,477	\$20,668,594	\$40,812,473
2021	42	\$2,121,606	\$2,850,539	\$5,821,334

Table 2: Stadium & Team Operations

Year	Employment	Labor Income	Value Added	Output
2017				
2018				
2019				
2020	179	\$20,916,679	\$27,652,163	\$28,862,533
2021	180	\$21,034,796	\$27,808,575	\$29,026,714
2022	174	\$22,081,252	\$28,535,872	\$27,461,403
2023	166	\$21,698,615	\$27,847,525	\$26,096,415
2024	177	\$22,646,647	\$29,215,406	\$27,930,046
2025	179	\$22,857,169	\$29,499,048	\$28,244,980
2026	196	\$24,432,526	\$31,749,377	\$31,187,851
2027	196	\$25,043,339	\$32,543,112	\$31,967,548
2028	196	\$25,669,423	\$33,356,690	\$32,766,736
2029	196	\$26,311,158	\$34,190,607	\$33,585,905
2030	196	\$26,968,937	\$35,045,372	\$34,425,552
2031	216	\$30,340,054	\$39,426,044	\$38,728,746
2032	216	\$31,098,556	\$40,411,695	\$39,696,965
2033	216	\$31,876,019	\$41,421,987	\$40,689,389
2034	216	\$32,672,920	\$42,457,537	\$41,706,624
2035	216	\$33,489,743	\$43,518,975	\$42,749,289
2036	216	\$34,326,987	\$44,606,950	\$43,818,022
2037	216	\$35,185,161	\$45,722,123	\$44,913,472
2038	216	\$36,064,790	\$46,865,176	\$46,036,309
2039	216	\$36,966,410	\$48,036,806	\$47,187,217
2040	216	\$37,890,570	\$49,237,726	\$48,366,897
2041	216	\$38,837,834	\$50,468,669	\$49,576,070
2042	216	\$39,808,780	\$51,730,386	\$50,815,471
2043	216	\$40,804,000	\$53,023,645	\$52,085,858
2044	216	\$41,824,100	\$54,349,237	\$53,388,004
2045	216	\$42,869,702	\$55,707,967	\$54,722,705
2046	216	\$43,941,445	\$57,100,667	\$56,090,772
2047	216	\$45,039,981	\$58,528,183	\$57,493,042
2048	216	\$46,165,981	\$59,991,388	\$58,930,368
2049	216	\$47,320,130	\$61,491,173	\$60,403,627

Table 3: Ancillary Community Activity

Year	Employment	Labor Income	Value Added	Output
2017				
2018				
2019				
2020	134	\$3,676,108	\$5,578,245	\$10,410,461
2021	148	\$3,768,010	\$5,717,701	\$10,670,723
2022	148	\$3,862,210	\$5,860,643	\$10,937,491
2023	136	\$3,562,889	\$5,406,443	\$10,089,835
2024	136	\$3,651,961	\$5,541,604	\$10,342,081
2025	136	\$3,743,260	\$5,680,144	\$10,600,633
2026	153	\$4,304,749	\$6,532,166	\$12,190,728
2027	153	\$4,412,368	\$6,695,470	\$12,495,496
2028	153	\$4,522,677	\$6,862,857	\$12,807,884
2029	153	\$4,635,744	\$7,034,429	\$13,128,081
2030	153	\$4,751,638	\$7,210,289	\$13,456,283
2031	176	\$5,606,933	\$8,508,141	\$15,878,414
2032	176	\$5,747,106	\$8,720,845	\$16,275,374
2033	176	\$5,890,784	\$8,938,866	\$16,682,259
2034	176	\$6,038,053	\$9,162,338	\$17,099,315
2035	176	\$6,189,005	\$9,391,396	\$17,526,798
2036	176	\$6,343,730	\$9,626,181	\$17,964,968
2037	176	\$6,502,323	\$9,866,835	\$18,414,092
2038	176	\$6,664,881	\$10,113,506	\$18,874,444
2039	176	\$6,831,503	\$10,366,344	\$19,346,305
2040	176	\$7,002,291	\$10,625,503	\$19,829,963
2041	176	\$7,177,348	\$10,891,140	\$20,325,712
2042	176	\$7,356,782	\$11,163,419	\$20,833,855
2043	176	\$7,540,701	\$11,442,504	\$21,354,701
2044	176	\$7,729,219	\$11,728,567	\$21,888,569
2045	176	\$7,922,449	\$12,021,781	\$22,435,783
2046	176	\$8,120,510	\$12,322,325	\$22,996,678
2047	176	\$8,323,523	\$12,630,384	\$23,571,595
2048	176	\$8,531,611	\$12,946,143	\$24,160,884
2049	176	\$8,744,902	\$13,269,797	\$24,764,907

Table 4: Economic Activity - Other Events

Year	Employment	Labor Income	Value Added	Output
2017				
2018				
2019				
2020	149	\$4,009,065	\$6,054,151	\$11,238,032
2021	146	\$3,980,297	\$5,988,205	\$11,193,362
2022	146	\$3,980,297	\$5,988,205	\$11,193,362
2023	146	\$3,980,297	\$5,988,205	\$11,193,362
2024	146	\$3,980,297	\$5,988,205	\$11,193,362
2025	146	\$3,980,297	\$5,988,205	\$11,193,362
2026	146	\$3,980,297	\$5,988,205	\$11,193,362
2027	146	\$3,980,297	\$5,988,205	\$11,193,362
2028	146	\$3,980,297	\$5,988,205	\$11,193,362
2029	146	\$3,980,297	\$5,988,205	\$11,193,362
2030	146	\$4,179,312	\$6,287,615	\$11,753,030
2031	146	\$4,179,312	\$6,287,615	\$11,753,030
2032	146	\$4,179,312	\$6,287,615	\$11,753,030
2033	146	\$4,179,312	\$6,287,615	\$11,753,030
2034	146	\$4,179,312	\$6,287,615	\$11,753,030
2035	146	\$4,179,312	\$6,287,615	\$11,753,030
2036	146	\$4,179,312	\$6,287,615	\$11,753,030
2037	146	\$4,179,312	\$6,287,615	\$11,753,030
2038	146	\$4,179,312	\$6,287,615	\$11,753,030
2039	146	\$4,179,312	\$6,287,615	\$11,753,030
2040	146	\$4,388,278	\$6,601,995	\$12,340,681
2041	146	\$4,388,278	\$6,601,995	\$12,340,681
2042	146	\$4,388,278	\$6,601,995	\$12,340,681
2043	146	\$4,388,278	\$6,601,995	\$12,340,681
2044	146	\$4,388,278	\$6,601,995	\$12,340,681
2045	146	\$4,388,278	\$6,601,995	\$12,340,681
2046	146	\$4,388,278	\$6,601,995	\$12,340,681
2047	146	\$4,388,278	\$6,601,995	\$12,340,681
2048	146	\$4,388,278	\$6,601,995	\$12,340,681
2049	146	\$4,388,278	\$6,601,995	\$12,340,681

Table 5: MLS All Star Game

Year	Employment	Labor Income	Value Added	Output
2017				
2018				
2019				
2020				
2021				
2022	134	\$3,979,214	\$6,509,910	\$11,861,150
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044	134	\$4,387,083	\$7,177,176	\$13,076,918
2045				
2046				
2047				
2048				
2049				

Table 6: Total - All Activities

Year	Employment	Labor Income	Value Added	Output
2017	37	\$1,482,311	\$2,484,464	\$3,833,797
2018	232	\$13,419,447	\$18,696,798	\$37,349,658
2019	745	\$38,208,708	\$51,367,061	\$103,809,317
2020	752	\$43,710,328	\$59,953,153	\$91,323,499
2021	516	\$30,904,709	\$42,365,020	\$56,712,132
2022	602	\$33,902,973	\$46,894,630	\$61,453,406
2023	449	\$29,241,802	\$39,242,173	\$47,379,612
2024	459	\$30,278,905	\$40,745,215	\$49,465,488
2025	461	\$30,580,727	\$41,167,397	\$50,038,975
2026	496	\$32,717,572	\$44,269,748	\$54,571,941
2027	496	\$33,436,004	\$45,226,787	\$55,656,406
2028	496	\$34,172,397	\$46,207,751	\$56,767,982
2029	496	\$34,927,200	\$47,213,240	\$57,907,347
2030	496	\$35,899,887	\$48,543,276	\$59,634,865
2031	538	\$40,126,299	\$54,221,800	\$66,360,190
2032	538	\$41,024,974	\$55,420,154	\$67,725,369
2033	538	\$41,946,115	\$56,648,468	\$69,124,677
2034	538	\$42,890,285	\$57,907,489	\$70,558,968
2035	538	\$43,858,060	\$59,197,986	\$72,029,117
2036	538	\$44,850,028	\$60,520,745	\$73,536,019
2037	538	\$45,866,796	\$61,876,573	\$75,080,594
2038	538	\$46,908,983	\$63,266,297	\$76,663,783
2039	538	\$47,977,225	\$64,690,764	\$78,286,552
2040	538	\$49,281,138	\$66,465,224	\$80,537,541
2041	538	\$50,403,460	\$67,961,805	\$82,242,463
2042	538	\$51,553,840	\$69,495,800	\$83,990,007
2043	538	\$52,732,979	\$71,068,145	\$85,781,241
2044	673	\$58,328,679	\$79,856,975	\$100,694,173
2045	538	\$55,180,429	\$74,331,744	\$89,499,169
2046	538	\$56,450,233	\$76,024,988	\$91,428,131
2047	538	\$57,751,782	\$77,760,562	\$93,405,317
2048	538	\$59,085,869	\$79,539,527	\$95,431,933
2049	538	\$60,453,309	\$81,362,965	\$97,509,215

Fiscal Benefits

These economic impacts will produce new tax revenues for Missouri.

Missouri Wonk identified the following taxes levied by Missouri, which are likely to generate revenue from the MLS team and stadium. Short descriptions of each of these taxes follow.

Sales Tax

This is a tax on the sale of tangible personal property and taxable services. The total state sales tax rate is 4.225%. A breakdown of these purposes that comprise this tax is provided in Table 7 below.

Table 7: State Sales Taxes

Sales Tax Purpose	Sales Tax Rate
General Revenue	3%
Education	1%
Parks and Soil	0.225%
Total	4.225%

Income Tax

The state levies an income tax with a maximum rate of 6%. Missouri income taxes rely on federal income tax definitions for determining taxable income. The state also levies an athletes and entertainers tax on nonresident performances of athletes and entertainers. The tax is 2% on income earned the day of the performance.

The total estimated revenue from taxes by tax type and year is contained in Table 8. The total estimated revenue by purpose is contained in Table 9.

Over 33 years, Missouri is estimated to collect a net present value of \$44.8 million in state taxes. Of that amount, over \$37 million is expected to be general revenue dollars and over \$7 million is expected to be other revenue dollars.

Table 8: Total Taxes Collected by Tax

Year	GR Sales Tax	Education Sales Tax	Parks, Soil and Water Sales Tax	Income Tax	Total Tax
2017	\$9,561	\$3,187	\$717	\$27,156	\$40,621
2018	\$70,724	\$23,575	\$5,304	\$322,067	\$421,670
2019	\$200,995	\$66,998	\$15,075	\$871,159	\$1,154,227
2020	\$892,024	\$297,341	\$66,902	\$1,143,658	\$2,399,926
2021	\$825,315	\$275,105	\$61,899	\$838,667	\$2,000,985
2022	\$1,322,937	\$440,979	\$99,220	\$902,605	\$2,765,741
2023	\$808,297	\$269,432	\$60,622	\$865,139	\$2,003,491
2024	\$835,321	\$278,440	\$62,649	\$893,503	\$2,069,913
2025	\$847,457	\$282,486	\$63,559	\$904,517	\$2,098,018
2026	\$940,958	\$313,653	\$70,572	\$961,273	\$2,286,455
2027	\$955,003	\$318,334	\$71,625	\$982,829	\$2,327,791
2028	\$977,613	\$325,871	\$73,321	\$1,004,924	\$2,381,729
2029	\$992,535	\$330,845	\$74,440	\$1,027,571	\$2,425,391
2030	\$1,030,096	\$343,365	\$77,257	\$1,055,736	\$2,506,455
2031	\$1,142,219	\$380,740	\$85,666	\$1,164,953	\$2,773,579
2032	\$1,170,589	\$390,196	\$87,794	\$1,191,478	\$2,840,057
2033	\$1,189,521	\$396,507	\$89,214	\$1,218,665	\$2,893,907
2034	\$1,219,478	\$406,493	\$91,461	\$1,246,532	\$2,963,963
2035	\$1,239,619	\$413,206	\$92,971	\$1,275,096	\$3,020,893
2036	\$1,271,269	\$423,756	\$95,345	\$1,304,374	\$3,094,744
2037	\$1,292,707	\$430,902	\$96,953	\$1,334,383	\$3,154,946
2038	\$1,326,163	\$442,054	\$99,462	\$1,365,144	\$3,232,824
2039	\$1,348,995	\$449,665	\$101,175	\$1,396,673	\$3,296,507
2040	\$1,397,721	\$465,907	\$104,829	\$1,434,189	\$3,402,646
2041	\$1,420,933	\$473,644	\$106,570	\$1,467,314	\$3,468,461
2042	\$1,455,588	\$485,196	\$109,169	\$1,501,267	\$3,551,220
2043	\$1,481,915	\$493,972	\$111,144	\$1,536,070	\$3,623,100
2044	\$2,077,925	\$692,642	\$155,844	\$1,680,893	\$4,607,303
2045	\$1,544,974	\$514,991	\$115,873	\$1,608,306	\$3,784,144
2046	\$1,585,567	\$528,522	\$118,918	\$1,645,784	\$3,878,792
2047	\$1,613,616	\$537,872	\$121,021	\$1,684,199	\$3,956,709
2048	\$1,654,978	\$551,659	\$124,123	\$1,723,575	\$4,054,335
2049	\$1,686,512	\$562,171	\$126,488	\$1,763,934	\$4,139,105

Table 9: Total Taxes Collected by Fund

Year	Total GR Tax	Total Other Tax	Total Tax
2017	\$36,717	\$3,904	\$40,621
2018	\$392,791	\$28,879	\$421,670
2019	\$1,072,154	\$82,073	\$1,154,227
2020	\$2,035,683	\$364,243	\$2,399,926
2021	\$1,663,982	\$337,004	\$2,000,985
2022	\$2,225,542	\$540,199	\$2,765,741
2023	\$1,673,436	\$330,055	\$2,003,491
2024	\$1,728,824	\$341,089	\$2,069,913
2025	\$1,751,973	\$346,045	\$2,098,018
2026	\$1,902,231	\$384,224	\$2,286,455
2027	\$1,937,832	\$389,960	\$2,327,791
2028	\$1,982,537	\$399,192	\$2,381,729
2029	\$2,020,106	\$405,285	\$2,425,391
2030	\$2,085,833	\$420,623	\$2,506,455
2031	\$2,307,172	\$466,406	\$2,773,579
2032	\$2,362,066	\$477,990	\$2,840,057
2033	\$2,408,186	\$485,721	\$2,893,907
2034	\$2,466,010	\$497,953	\$2,963,963
2035	\$2,514,715	\$506,178	\$3,020,893
2036	\$2,575,642	\$519,101	\$3,094,744
2037	\$2,627,091	\$527,855	\$3,154,946
2038	\$2,691,307	\$541,517	\$3,232,824
2039	\$2,745,667	\$550,840	\$3,296,507
2040	\$2,831,910	\$570,736	\$3,402,646
2041	\$2,888,247	\$580,214	\$3,468,461
2042	\$2,956,855	\$594,365	\$3,551,220
2043	\$3,017,985	\$605,115	\$3,623,100
2044	\$3,758,817	\$848,486	\$4,607,303
2045	\$3,153,280	\$630,864	\$3,784,144
2046	\$3,231,352	\$647,440	\$3,878,792
2047	\$3,297,815	\$658,893	\$3,956,709
2048	\$3,378,552	\$675,783	\$4,054,335
2049	\$3,450,446	\$688,659	\$4,139,105

EXHIBIT D

Project Narratives

Please address each of the following statements. (Provide separate attachments as necessary.)

1. Provide a description of the project, including land, buildings, improvements, machinery and equipment to be acquired or constructed, and the principal use of the facilities once complete.

The Project includes the planning, development, and construction of a state-of-the-art professional sports stadium suitable for professional soccer games, including a Major League Soccer franchise based in St. Louis, as well as other sports, entertainment, and tourism-related activities. The proposed stadium will feature approximately 20,000 seats, with the ability to expand to 28,500 seats. The Project will also include new public infrastructure such as improved streets and newly-built structured and surface parking facilities. For the planned location of the Project site, see Exhibit A (attached).

2. Describe the public policy objective(s) that will be supported by the Project.

The Project is required to facilitate the acquisition of a Major League Soccer franchise. Major League Soccer officials have unequivocally stated that a soccer-specific stadium located in an urban city center is a necessity for any city seeking to acquire a Major League Soccer expansion team. MLS Commissioner Don Garber has confirmed the league's strong interest in expanding in the St. Louis market and has described the Project site as "the ideal location for a new stadium."

The recent loss of a local NFL franchise has resulted in the loss of millions of dollars in yearly tax revenue for the State and the St. Louis region. Acquisition of an MLS franchise will help to offset some of these losses. The Project will also promote and enhance economic development in the State and the St. Louis region in multiple respects. Construction of the new stadium and the other planned aspects of the Project will generate new construction and bring hundreds of construction-related jobs in the St. Louis region. The acquisition of an MLS franchise will stimulate and energize the region's corporate base, particularly in a State and city with such a rich and enduring soccer tradition. Because St. Louis serves as an important center of commerce, population, and revenue for the State, any business and economic benefits to the St. Louis region will inure to the entire State.

Additionally, the Project will promote and increase tourism to the State and the St. Louis area. A St. Louis-based MLS franchise will enjoy ready-made rivalries with MLS teams in Kansas City, Chicago, and other Midwestern cities, attracting visitors from both other parts of the country and other parts of the State to the greater St. Louis region's hotels, restaurants, and retail establishments.

The Project also provides the St. Louis region an unprecedented opportunity for development of youth soccer. Part of the Project start-up costs include acquisition of the Saint Louis FC team, Gallagher youth soccer club and St. Louis Soccer Park assets to align these entities under the MLS team to create a player development pipeline of local players. A foundation will also be funded to fund youth soccer programs in St. Louis with specific emphasis on developing and coaching players from underprivileged communities in the region.

3. Describe and quantify the project's primary beneficiaries or targeted audience/clientele served.

The Project will be owned by the Applicant and ground leased to an MLS Ownership Group (the "Owner Group"). The Owner Group will construct the Project and be the primary operator and user of the completed facility.

The Project will also serve as the anchor for revitalizing an underutilized area of the City, helping to attract new economic activity in and adjacent to the area occupied by the Project. The Project is expected to create a significant number of jobs directly associated with the Major League Soccer franchise, including highly-paid jobs for players, coaches, and staff, as well as permanent, part-time and temporary jobs associated with MLS games and other sporting and entertainment events in the new stadium facility. The Project will also produce significant numbers of new construction jobs. Residents of the St. Louis region and the State will be the primary beneficiaries of this new economic activity and job creation.

The acquisition of a Major League Soccer franchise by the Owner Group and the construction of the Project will have a positive impact on the State and the St. Louis region. The team and the new venue will help retain and attract businesses and employment and enhance quality of life in the State and the St. Louis region.

Further, construction of the new facility and attraction of an MLS franchise will bolster the State and the region's national and regional reputation by allowing St. Louis to once again boast three major professional sports franchises.

Finally, the targeted audience served by the Project—sports and entertainment fans in the St. Louis region, the State, and across the country—will provide direct benefits to the State and region by virtue of the thousands of Major League Soccer fans and other visitors from outside the region that patronize the region's restaurants, hotels and other attractions when they attend MLS games or other events at the new stadium, as well as the direct and indirect tax revenues that may be generated by such events.

4. Explain the economic impact this project will have on the State of Missouri and the community in which it is located.

The Project will produce direct and indirect economic benefit for the State and the St. Louis region, primarily by virtue of State and local tax revenues associated with an MLS team and new jobs created by the Project. The Project is expected to generate an estimated 1,345 jobs during the course of the start-up and construction period and 538 permanent jobs from ongoing operations of the team and stadium. These economic activities will add more than \$677 million (net present value) in labor income and \$917 million (net present value) in value to the Missouri economy and will generate about \$45 million (net present value) in state taxes, about \$37.4 of which will be general revenue dollars. A detailed breakdown of the economic impact is attached as **Exhibit C**.

In addition to the quantifiable economic impact, the presence of an MLS team will have a positive impact on the reputation of the State and the St. Louis region, which in turn will help the region retain existing businesses and employees and attract new business and development. This effect, combined with the construction of a new stadium facility, may also result in attraction of other new sporting and entertainment events producing new jobs and new tax revenues for the State and taxing jurisdictions in the St. Louis region.

In addition to estimated direct economic benefits, the Project is expected to produce indirect economic benefits that have not been quantified, including taxes on sales of goods and services to players, coaches, and team personnel, and additional spending by soccer fans and others on hotels and restaurants in the St. Louis region. Indirect economic benefits may also include taxes on profits earned by businesses participating in operation of the new stadium.

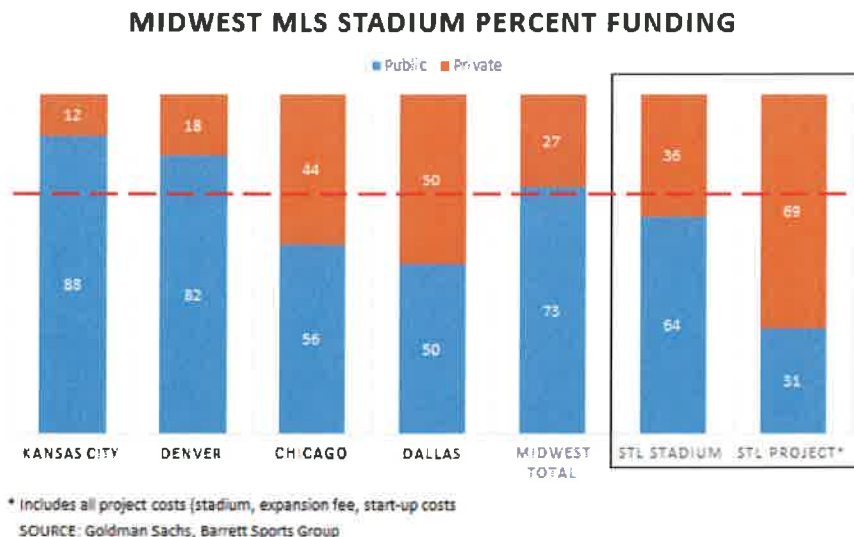
5. Explain the non-economic benefits this project will have on the community and state.

As noted above, the Project will enable the St. Louis region to reclaim its regional and national reputation as a three-sport, “first-class” city and permit Missouri to again be one of only 11 states with five professional sports franchises (not including the Kansas City MLS franchise, which plays in Kansas). The recent loss of the St. Louis NFL franchise has resulted in a reduction of tax revenues for the St. Louis region and the State, but a new MLS franchise is likely to regenerate a portion of those lost revenues. This Project and attendant acquisition of an MLS franchise would also increase civic pride, particularly given the rich local soccer tradition and popularity of the sport among citizens of St. Louis and Missouri.

The Project will also complete one of the great corridors of sports, culture, and entertainment in the nation. Within one mile, residents and visitors will be able to visit the Gateway Arch grounds, Kiener Plaza, Busch Stadium, Ballpark Village, Scottrade Center, Peabody Opera House, St. Louis Union Station (currently being reimagined and renovated to include mixed-use and an aquarium), and the Project.

6. Describe the local Governmental financial support for the project, both direct and indirect.

The Applicant anticipates financial support from the City of St. Louis in the amount shown in **Exhibit B** (attached) in addition to the participation of MDFB contemplated by this Application. The Owner Group has, in coordination with the Applicant, made significant effort to minimize the public financing component of the Project to the minimum amount necessary to make the Project feasible. As the following chart shows, the four MLS stadiums in closest proximity to St. Louis (Denver, Dallas, Chicago and Kansas City) received public funding for an average of over 72% of their project costs. Kansas City alone received approximately 88% public funding.



In fact, even with the proposed public financing commitments contemplated for this Project, the *private* contribution to the Project will be the 7th largest ever for an MLS stadium, even though St. Louis will be the 18th largest MLS market by population. Factoring in the potential expansion fee shown on **Exhibit B**, even at the bottom of the expected range, the total private contributions to the Project will be the 3rd largest among current MLS teams and facilities.

The public financing commitments of the State the City of St. Louis will also be dependent on the satisfaction of a number of contingencies. The Owner Group will commit to a significant economic investment expected to span a lease term of 30 or more years for use of the Project. The public funding components for the Project will be publicly owned, but cost overruns will be covered privately and the vast majority of maintenance will be privately funded. Additionally, the City's participation in the financing of the Project is expected to be subject to a public vote. There will also need to be a financing agreement entered into by the City of St. Louis, the Applicant and the Owner Group detailing the terms of public financing of the Project. Major League Soccer must also formally award a franchise to the Owner Group. Upon voter approval of the City's financial participation, a financing agreement detailing the same, awarding of the MLS franchise and satisfaction of other contingencies, the Applicant and the Owner Group expects to confirm final financing terms and determine the exact amount of local governmental financial support.

7. How did you determine the amount of local city/county cash or local non-profit cash to be dedicated to the project?

As discussed elsewhere, the exact amounts of cash and or property to be contributed for the Project are being derived from discussions with financial experts and representatives of the State.

8. Describe the fundraising history of the organization and how they intend to be successful in raising funds for this project using tax credits.

The necessary contributions will consist of private cash contributions and/or contribution of real property from the Applicant. The Applicant has engaged individuals and/or organizations with experience in tax credit-based financing, including members of the Project working group with significant experience in the same, to structure all contributions for the Project in order to leverage the requested tax credits. The Applicant also has a history of successful partnerships with MDFB on projects such as Busch Stadium the St. Louis Convention Hotel.

9. Explain how this project will be financially self-sustainable upon completion.

Once in operation, the new stadium is expected to generate recurring revenue from rents and "user fees" paid by an MLS team and other users of the facility, but the facility is projected to operate at a negative net income through the first twelve years of the Project. The Owner Group does not expect to see positive cash flow until year nine. This is not uncommon among Major League Soccer franchises. According to Forbes, more than half of MLS teams make \$1,000,000 or less per year in operating income.⁴ The initial financial sustainability of the Project is therefore

⁴ See Forbes.com, *Major League Soccer's Most Valuable Teams 2016: New York, Orlando Thrive In First Seasons*, September 7, 2016, available at: <http://www.forbes.com/sites/chris-smith/2016/09/07/major-league-soccer's-most-valuable-teams-2016-new-york-orlando-thrive-in-first-seasons>

dependent on public investment and the leveraging of the significant resources of an Owner Group eager to make this long term financial investment in this Project, the State and the St. Louis region.