University of Central Florida

Market and Financial Feasibility Analysis for the Development of a New Football Stadium

SUBMITTED TO:

The UCF Athletic Association, Inc.
UCF Main Campus, Orlando, FL

SUBMITTED BY:

C.H. Johnson Consulting, Inc.

March 2005

JOHNSON CONSULTING

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I. REPORT LETTER

C.H. JOHNSON CONSULTING, INC.
EXPERTS IN CONVENTION, SPORT AND REAL ESTATE CONSULTING

March 31, 2005

Mr. Steve Orsini, Director of Athletics
Executive Vice President
University of Central Florida
PO Box 163555
Orlando, FL 32816-3555

Dear Mr. Orsini:

C.H. Johnson Consulting, Inc. (Johnson Consulting) has prepared a market and financial analysis for the development of a new football stadium for the University of Central Florida (UCF). This report includes estimates of market potential, demand, and projected financial performance. The attached report explains the methods used to develop the estimates and discusses the results of the report.

Johnson Consulting has no responsibility to update this report for events and circumstances that occur after the date of this report. The findings presented herein reflect analysis of primary and secondary sources of information. Johnson Consulting utilized sources deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analysis presented in this study are based on trends and assumptions, which usually result in differences between the projected results and actual results. And because events and circumstances frequently do not occur as expected, those differences may be material.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,

C.H. Johnson Consulting, Inc.

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II. INTRODUCTION AND EXECUTIVE SUMMARY

INTRODUCTION

C.H. Johnson Consulting (Johnson Consulting) is a nationally recognized authority on stadiums, arenas, and university development projects. The firm works nationally for universities, cities and counties, and private sector developers. Locally, Johnson Consulting has worked on projects in Osceola County (Osceola Heritage Park) and Daytona Beach (Ocean Center). Johnson Consulting has also been working on the new Osceola County Convention Center and hotel project, and a conference center for Embry Riddle Aeronautics University, located in Daytona Beach.

Nationally, the firm is working on a university football stadium and arena for Delaware State University in Dover, Delaware and recently completed work on a new football stadium for The Citadel in Charleston, SC and the University of Northern Iowa's new McLeod Center, a 6,500 seat multi-purpose arena. Johnson Consulting is one of the top sports consulting firms nationally, serving universities and municipalities.

Johnson Consulting is submitting this report presenting a market and financial analysis for the proposed on-campus football stadium at the University of Central Florida (UCF) main campus in Orange County, Florida. The football stadium will complement the other developments occurring on campus including student housing, retail, and a new Convocation Center. The analysis includes estimates of demand for the proposed on-campus football stadium as well as its projected operating financial performance.

Objectives of the Study

Johnson Consulting has undertaken a program of services designed to accomplish the following major objectives:

- To communicate the transaction structure, in order to isolate demand, revenue and expense factors pertinent to the Stadium project specifically,
- To provide an evaluation of UCF Athletics as well as demand and market support patterns within the competitive area for the regional stadium marketplace,
- To identify and evaluate the competitive environment for the proposed stadium, should UCF decide to allow for other events within the facility besides university football games,

- To independently estimate achievable demand potential for the proposed football stadium's elements on behalf of the UCF Athletics Association, Inc.(UCFAA) and UCF, and
- To present a ten year projection of revenue, expenses, debt service and funds available for other purposes and coverage ratios.

In addition to this introduction and methodology review, the report contains the following sections:

- **Section 3** presents an economic and demographic overview of the local market. The information in this section is an essential component in understanding the economic and market framework that will support a new facility.
- **Section 4** presents an overview of trends and factors in the stadium and entertainment industry, with specific consideration given to conditions in the college and university development that may impact the development and performance of facilities at UCF, as well as case studies on comparable sports facilities located in markets that offer emerging or successful sports programming that could serve as models for development for UCF.
- **Section 5** presents a financial and demand projection for the football stadium. It reflects Johnson Consulting's opinion of demand and UCFAA's business model combined with our assessment of market demand.

Approach / Methodology

In order to accomplish these objectives, the program of analysis conducted by Johnson Consulting has undertaken the following research tasks:

- Interviewed stakeholders to understand the deal structure, project interrelationships, and distribution of cash flows,
- Analyzed the proposed site and surrounding on- and off-campus development patterns and transportation access relative to factors which influence market support and demand penetration,
- Examined and projected regional economic trends relevant to population growth and changes in entertainment options for consumers who may use stadium facilities,
- Interviewed current management, athletics officials, and other university representatives in order to gather information about expectations for the future of UCF athletics programming,
- Identified and examined relevant competitive and/or comparable stadium projects, both within and outside of Conference USA,

- Conducted surveys of possible suite, advertising, branding, and naming rights partners and assessed the level of interest expected from these partners,
- Revised management's internal analysis and reflected on management's assumptions. Key staff at UCF has worked on football programs at Georgia Tech and others, and have a working knowledge of stadium operations. As such, their input was a key determinant in our analysis, and
- Reviewed our projections with Global Spectrum staff, who operate facilities on the UCF campus and who are familiar with football stadium operations in similar markets.
- This report is the result of this evaluation, together with supporting data and documentation including projected results of financial operations.

Terms of Assignment

This report is based on estimates, assumptions, and other information obtained from our research, our prior experience with similar assignments, and information received from UCF, Global Spectrum, Aramark, and other sources. The sources of information and basis of estimates and assumptions are stated herein. Projections of stadium demand, attendance, contractual relationships, operating revenues, operating expenses, debt service and coverage ratios presented within this report are based Johnson Consulting's assessment of various data, market characteristics, extensive discussions with UCF and documented assumptions. Projections of other revenues and expenses are based on input from UCF officials and UCFAA's financial team. Since certain estimates and assumptions are inherently subject to variation depending on evolving conditions, we cannot represent our projections as results that will actually be achieved.

In accordance with our engagement letter, Johnson Consulting did not ascertain the legal or regulatory requirements applicable to this project, including zoning or other state and local government regulations, permits, and licenses. Furthermore, no effort has been made to determine the possible effect on this project of present or future federal, state, or local legislation, including those related to jurisdictional, environmental, or ecological matters or interpretations thereof.

Description of the Project

The proposed football stadium project has been recommended to be located on the northeast side of the main campus area proximate to the campus' main circumferential roadway (Gemini Boulevard). While a final building program is not in place, working with 360 Architects, we assume the stadium will have a capacity of 45,000 seats, 21 leasable luxury suites, and 1,000 leasable club seats. We have assumed that there will be 9,588 parking spaces and an area for 75 RVs and buses. The stadium will be owned by the University of Central Florida and operated by the Athletics Department, meaning that cash flows through the Athletics Department.

The recommended on site campus location affords the proposed project accessibility and visibility to prospective and existing students. Moreover, all of the existing and planned campus amenities, including the proposed Convocation Center, available to students effectively represent project amenities appealing to both students and athletic recruits alike. The end product will be highly appealing, and from both an athletics and urban planning standpoint, will distinguish the campus within Florida, within its conference, and nationally. The recreation, fitness and leisure facilities, and programs on the UCF campus are extensive and include the following:

- Recreation Center
- Multi-purpose gymnasium
- Jogging track
- Cardiovascular fitness and weight areas
- Climbing tower
- Group exercise areas
- Locker rooms
- Wellness suite
- Exterior pool and deck
- Exterior sand volleyball courts
- New free-form 230,000 gallon outdoor pool
- 18-hole disc golf course
- Softball/baseball fields/9-acre multipurpose field
- Outdoor recreation areas (picnic facilities, watercraft, and nature trails)

The proposed football stadium on the campus of UCF will provide a facility that will not only enhance the athletics program at UCF, but also serve the needs of a growing university. The facility will help enrich the profile of football program, as it currently uses the off-campus Citrus Bowl. The development of the stadium, along with the Convocation Center, will help transition UCF out of the Atlantic Sun and Mid-American Conferences (football only) and into Conference USA, which will occur on July 1, 2005.

Executive Summary

The Orlando market continues to grow as a destination. It has begun to expand and support a second tier of destination venues, such as the Disney Wide World of Sports Complex and Osceola Heritage Park Silver Spurs Arena. Its corporate presence is solid and growing. Even though the market has a very high ratio of professional sports facility seats on a per-capita basis, the market generally supports its many sports teams, whether major, minor, or university based. The area has sustained continued growth in population albeit with a reduced rate of increase from prior years and can draw on increasing population centers in both Volusia and Brevard Counties.

As detailed above, the proposed football stadium is recommended to be located on the northeast side of the main campus area proximate to the campus' main roadway. A collection of projects is currently affecting the overall face of the UCF campus, which includes the football stadium, the proposed Convocation Center, a renovated UCF Arena, housing, retail, parking, and an array of other athletics facilities. With the development of these projects, UCF will have the critical mass of attractions, easy access via two limited access/toll road facilities (SR 417 and SR 408), and proximity to downtown Orlando to support a new football stadium. Other sections in this report will investigate the sports and event market to support the building design and program, as well as make projections of demand and financial performance.

Currently, there is a national trend towards upgrading, expanding, and improving public assembly facilities such as stadiums and sports complexes. This has led to the development of new and renovated facilities throughout the country, not only in major professional sports but also at minor league and collegiate levels. This development is a response to increased demand by the sports and entertainment markets, which have grown in recent years. Also, the construction of new facilities can lead to improvement in the athletics programs at universities, with newer venues that offer better opportunities. The addition of new facilities will likely allow UCF to attract better athletes and more students, bring more events into the area, as well as provide area citizens with better public facilities, and increased entertainment options.

The recent growth of facility development has also led to private-sector investment, as new revenue streams such as naming rights and premium seating have allowed facilities to generate a better return on investment. In the past, stadiums were almost entirely developed and subsidized by the public sector as a community service, without an emphasis on generating financial returns. However, even in the case of a privately-developed facility, public-sector participation is often necessary in order to make a project viable in the long run. While owners of a privately-developed sports facility will have an incentive to maximize profits, public investment in infrastructure or tax relief, for example, are often necessary both financially as well as to enable the public sector to become more of a partner in the project.

Although the Orlando area has the Citrus Bowl as its major stadium facility, numerous markets with 1.5 to 5.0 million residents have multiple offerings. In comparison to other markets that are similar in size to Orlando, the area is above average in terms of its representation of disposable income and the number of business establishments.

It is recommended that an on-campus football stadium for UCF with a capacity of 45,000 people is appropriate for the market and the university. Additionally, approximately 21 suites and 1,000 club seats are recommended. This type of facility will be able to host a wide range of events, such as sporting events, concerts, and community events. At the present time, the stadium will only host UCF football events. However it is important that the facility be designed with the flexibility to host these other types of events at a future date, should these event types be determined suitable within the community.

How Much Business Will the Stadium Generate?

Based on these assumptions, once the stadium opens in 2006, a total of six UCF football games. This number is projected to stay the same throughout the projections. Total facility attendance is projected to range from 138,000 in the first year of operation to more than 155,000 per year. Based on the projected demand, the stadium is projected to generate a net operating income of approximately $4 million in 2006-07, after consideration of operating revenues and expenses, but before debt service payments. The projected net operating income increases to approximately $5 million in 2015-16. The operating revenue does not take into consideration UCF fundraising efforts, which generate an additional $750,000 per year and can be pledged to debt service.

III. MARKET ANALYSIS

MARKET ANALYSIS

In order to analyze the market opportunity for a new football stadium on the campus of the University of Central Florida (UCF), in conjunction with development of an overall innovative masterplan on campus which includes housing, retail, and a new Convocation Center and athletics complex, Johnson Consulting reviewed market conditions and characteristics within the greater Orlando Metropolitan Statistical Area (MSA). While characteristics such as population, employment, and income are not strict predictors of performance for sports facilities, they provide insight into the capacity of a market to support facilities or activities. In addition, the size and role of a marketplace, recent or historical development trends, as well as competing or complementary attractions and venues all affect the scale or quality of facilities developed for a particular market. The objective of this analysis is to identify factors that may affect the level of support that would exist for an additional sports facility at UCF. This section also presents an overview of the university and its athletics department and facilities.

University of Central Florida

Johnson Consulting assessed various conditions and characteristics of UCF that will impact the planned football stadium. Characteristics such as current and projected student enrollment, athletics programs offered, resource support for entertainment programming, and the quality of existing facilities will impact the performance of the new and existing sports facilities.

The University of Central Florida, a member institution of the Florida State University System, was formerly named Florida Technological University. Florida Tech officially began operations on June 10, 1963, when the State Legislature passed Bill No. 125 and Governor Farris Bryant signed it into law: "An ACT authorizing the state board of education to establish a state university or a branch of an existing state university in the east central part of Florida." The name was changed from Florida Technological University to University of Central Florida by action of the Florida Legislature on December 6, 1978.

The UCF campus is located 13 miles east of downtown Orlando and contains a full range of facilities developed over UCF's 40-year history and in a manner consistent with the scope of facilities of a large metropolitan university. The 1,415-acre campus currently contains 115 buildings with more than 5.4 million gross square feet of space. The construction of the UCF campus first began in January, 1967.

The campus is within approximately 2.5 miles of two limited access/toll road facilities (SR 417 and SR 408) affording excellent regional accessibility. The Central

Florida Greenway (another name for SR 417) is a major limited access toll facility, located just 2.5 miles from the UCF campus, serving the eastern part of the Orlando urban area providing direct linkages to Interstate 4 to the north and south, Orlando's East-West expressway (SR 408), the Beeline Expressway (SR 528), and Florida's Turnpike to the south. The UCF campus is approximately 18 miles from Orlando International Airport and about 40 miles from the Atlantic coast.

The construction of the UCF campus first began in January, 1967, and first classes began in October, 1968, with original enrollment of 1,948 students. In recent years, UCF's expansion has been a critical factor influencing the growth and development of the East Orange County area. UCF has been a magnet for major national research and technology companies, capitalizing on and spawning development of surrounding corporate parks as well as general business tenants that have contributed to an expanding population base along with extensive commercial and residential development.

One of Florida's 11 public universities, UCF offers 86 Baccalaureate programs, 68 Master's programs, three Specialist programs, and 24 Doctoral programs in nine colleges. In addition to the 1,400 acre main campus in Orlando, UCF has 12 regional campuses: Daytona, Deland, and Sanford/Lake Mary (Eastern Region); Downtown Orlando (Central Region); Cocoa, Melbourne, and Palm Bay (Southern Region); and South Lake, MetroWest, Ocala, Osceola, and South Orlando (Western Region).

From the original enrollment of 1,948 students in October, 1968 when UCF began its first classes, the university's total student population has grown to 42,837 in the Fall of 2004, including 35,385 undergraduate students and 7,452 graduate students. Table 3-1 shows the historical enrollment at UCF since 1995.

Table 3-1

Historical Enrollment By Level*

	Under-graduate	Graduate	Total
1995	22,426	3,899	26,325
1996	23,445	3,966	27,411
1997	24,281	4,021	28,302
1998	25,859	4,150	30,009
1999	27,270	4,202	31,472
2000	29,152	4,301	33,453
2001	31,124	4,889	36,013
2002	33,331	5,464	38,795
2003	34,400	7,285	41,685
2004	35,385	7,452	42,837
Annual Growth (%)	*5.20%*	*7.46%*	*5.56%*

** Final fall term, includes full- and part-time students.*
Source: UCF, Johnson Consulting

As the table shows, enrollment has progressively increased over the last ten academic years. In 1995, total undergraduate and graduate enrollment was 26,325. In subsequent years, the annual growth rate has been approximately 5.56 percent. While graduate students comprise a small share of total enrollment, the number of student in graduate degree program has increased by more than seven percent per year.

Strategic Planning

The 2002-07 UCF Strategic Plan: Pathways to Prominence, offers a framework for the University of Central Florida to realize its vision of becoming the "nation's leading metropolitan research university recognized for its intellectual, cultural, technological, and professional contributions and renowned for its outstanding programs and partnerships." Twelve strategic initiatives form the foundation of the strategic plan. The following points provide background information about each initiative, outlining the objectives that support each activity.

- Pathway One: Enhance UCF's Academic Mission
  - Strategic Initiative 1: Promote Excellence in Undergraduate Education
  - Strategic Initiative 2: Increase Prominence in Graduate Studies
  - Strategic Initiative 3: Foster Excellence in Research and Creative Activities

  - Strategic Initiative 4: Promote Visual and Performing Arts*

- Pathway Two: Serve The Central Florida Metropolitan Region
  - Strategic Initiative 5: Contribute to Regional Economic Development*
  - Strategic Initiative 6: Expand Access to Educational Excellence
  - Strategic Initiative 7: Enhance Collaboration
  - Strategic Initiative 8: Expand Partnerships with Schools*

- Pathway Three: Strengthen UCF's Services and Processes
  - Strategic Initiative 9: Increase Operational Excellence*
  - Strategic Initiative 10: Enhance the UCF Community*
  - Strategic Initiative 11: Increase Visibility*
  - Strategic Initiative 12: Enhance University Resources*

* Initiatives that are enhanced by improved athletics and improved facilities for them.

UCF Athletics

UCF currently has 17 men's and women's athletics teams that compete at the NCAA Division I level in the Atlantic Sun Conference (ASC). As not all ASC schools offer football programs, in this sport UCF currently competes in the Mid-American Conference, at the Division I level. Table 3-2 lists the sanctioned intercollegiate athletics teams offered at UCF.

Table 3-2

UCF Athletics

Men's Athletics	Women's Athletics
Baseball	Basketball
Basketball	Cross Country
Cross Country	Golf
Football	Rowing
Golf	Soccer
Soccer	Softball
Tennis	Tennis
	Indoor Track & Field
	Outdoor Track & Field
	Volleyball

Source: UCF, Johnson Consulting

On July 1, 2005, UCF will transition out of the Atlantic Sun Conference and Mid-American Conference and into the more competitive Conference USA. While Conference USA celebrates its 10th anniversary in 2004-05, it is preparing to embark on a new era in its history. Marshall University, Rice University, Southern Methodist University, University of Tulsa, UCF, and University of Texas – El Paso will join East Carolina University, University of Houston, University of Memphis, University of Southern Mississippi, Tulane University, and University of Alabama - Birmingham in a 12-team conference with competition beginning in 2005-06. Current members' University of Cincinnati, DePaul University, University of Louisville, Marquette University, and University of South Florida will become members of the BIG EAST, while Texas Christian University goes to the Mountain West and University of North Carolina - Charlotte and Saint Louis University will join the Atlantic 10. Conference USA sponsors 19 sports - baseball, basketball, cross country, football, golf, soccer, tennis, and track and field (indoor and outdoor) for men and basketball, cross country, golf, soccer, softball, swimming and diving, tennis, track and field (indoor and outdoor), and volleyball for women. In our opinion, the shift to Conference USA will be a big move for UCF, and complements the other efforts by UCFAA in their effort to build new on-site facilities and develop talent by recruiting top student athletes administrators and coaches with national reputations.

UCF Facilities

Figure 3-1 on the following page, graphically portrays the on-campus offerings, specifically showing the proposed site for the football stadium.

Figure 3-1

The following text describes other facilities on the UCF campus:

- ***Wayne Densch Sports Center*** - Opened in August of 2003, Wayne Densch Sports Center is the newest addition to the UCF athletics facilities. The 44,000 square foot facility is home to the UCF football program and features a 11,200 square foot Strength and Conditioning Center, 5,000 square foot Sports Medicine Center, 4,000 square foot locker room, theater-style meeting auditorium, and coaches offices. All of UCF's student athletes can utilize the Sports Medicine Center and Strength and Conditioning Center.

- ***Jay Bergman Field*** – This baseball stadium has a seating capacity of 1,000 with berm seating for an additional 1,000 fans. The facility also includes office space for the UCF baseball coaching staff, a reception area, a small conference area, the UCF Athletics Hall of Fame, and an indoor facility that features three batting cages and two pitching mounds. The facility opened in January, 2001.

- ***Florida Citrus Bowl*** - The current home to the UCF Golden Knights football program. The 65,438 seat facility, located just west of downtown Orlando, has a long history of renovations and additions. The Citrus Bowl's history dates to 1936, when President Franklin D. Roosevelt started a WPA Project that would put people to work during the depression. The original cost of the Orlando Stadium was approximately $115,000.

In 1947, the Orlando Stadium was renamed the Tangerine Bowl. The stadium at the time only consisted of 10,000 seats. By 1952, the stadium was expanded to 12,000 seats. Another expansion took place in 1968 with the addition of 5,000 more seats bringing the total to 17,000. That expansion also saw the erection of the first press box.

Between 1974 and 1976, the Tangerine Bowl underwent more renovation. The addition of more seats brought the total capacity to 52,000. In 1976, the name of the stadium was changed to the Citrus Bowl and altered again in 1977 to Orlando Stadium. By 1983, the facility as well as the New Year's Day college football bowl game held in Orlando annually, was changed to the Florida Citrus Bowl in conjunction with an annual sponsorship agreement of $250,000 with the Florida Department of Citrus.

In 1989, a major $30 million dollar renovation project added upper decks to both sides of the field. Each single upper deck contained 9,000 seats. Four concrete ramp towers at the corners of the stadium were also constructed to allow easier access to the upper decks. The look gave the Florida Citrus Bowl a coliseum like appearance, but still expanded an older facility and does not meet the standards seen in better collegiate or professional stadiums.

The expansion also included 30 private suites on the east side of the upper deck, individually leased by Orlando businesses and individuals. A new press box was also constructed to accommodate 250 writers. The press box houses 14 individual booths, including two for television and four for radio. After the renovation, the seating capacity was raised to 66,438. With the addition of temporary bleachers in the north end zone, the capacity exceeds 70,000.

In the summer of 1999, the stadium was again improved with the addition of contour seating and two escalators. The new scoreboard and video replay screen, measuring 35 feet high by 107 feet, was installed in the fall of 2002. The $3 million project also added two full-color displays on the facing of the upper deck, a new auxiliary scoreboard, and a new sound system.

Other features in the Florida Citrus Bowl include two 9,000 square foot locker rooms, adjacent practice facilities, and 50 concession stands and restrooms.

In addition, the facility includes the Citrus Bowl Centre, which is adjacent to the south end zone of the stadium. The ground level of the building includes a 5,000 square foot conference center and the upper part of the building houses the executive offices of Florida Citrus Sports Association, which hosts the annual Capital One Bowl and Champs Sports Bowl.

Other events that have taken place at the Citrus Bowl include motorcycle races, rock concerts, and other various sporting events. One such sporting event was World Cup Soccer in 1994. The Citrus Bowl was one of eight sites chosen in the United States to host the soccer matches. After the month long event, the Citrus Bowl was chosen as the best site by tournament organizers.

The Citrus Bowl again hosted world class soccer when the 1996 Olympic Games came to Orlando.

- ***Stoneybrook Golf Course*** – Home to the UCF women's golf team. The par 72 course was designed by the widely renowned Clifton, Ezell & Clifton Golf Design Group.

- ***Rio Pinar Country Club*** – Home to UCF men's golf. Rio Pinar was designed in 1957 by Mark Mahanna. The tree-lined golf course provides 6,978 yards of championship golf. From 1966-78, Rio Pinar hosted the Citrus Open, one of the events on the PGA Tour. Following the 1978 event, the course hosted the Ladies Citrus Classic from 1978-81, an LPGA Tour event.

Orlando Metro Area Overview

Orlando lies in central Florida, encompassing approximately 3,490 square miles. The United States Office of Management and Budget (OMB) defines the Orlando MSA to include Lake County, Orange County, Osceola County, and Seminole County. Due to the proximity of UCF to the east coast, the MSA also has economic and transportation ties to both Volusia and Brevard Counties.

Population

The population of the Orlando metropolitan area grew by an estimated average of approximately 46,000 persons per year from 1996 to 2003. The current estimated population in the Orlando metropolitan area is approximately 1.88 million. The area has sustained continued growth in population albeit with a reduced rate of increase from prior years. The population of the Orlando MSA is projected to increase at an average annual rate of about 2.2 percent or approximately 40,000 persons per year from 2004 to 2006, climbing to more than 1.9 million by 2006, as shown in Table 3-3.

Table 3-3

Orlando MSA Population

Year	Population (000's)	Annual % Change
1996	1,469.6	--
1997	1,520.1	3.4%
1998	1,567.9	3.1%
1999	1,608.0	2.6%
2000	1,656.0	3.0%
2001	1,707.2	3.1%
2002	1,753.4	2.7%
2003	1,793.2	2.3%
2004*	1,835.1	2.3%
2005*	1,875.2	2.2%
2006*	1,913.0	2.0%
Average Annual Percent Growth, 1996 - 2006		***2.7%***

** Projections*

Source: U.S. Census Bureau, Regional Financial Associates

Population growth in the Orlando area has exceeded state and national growth rates over the past 20 years and is expected to remain well above state and national levels in the foreseeable future. In-migration accounted for nearly 80 percent of the area's population gain over the past ten years. In-migration driven by job growth will continue to represent the dominant component of population in the future with retiree migration representing a relatively small, but significant secondary component of in-migration.

Table 3-4 presents extended population projections for the MSA through the year 2025.

Table 3-4

Orlando MSA Population Projections, 2010 - 2025

Year	Population (000's)	Annual % Change
2010	1,963.1	--
2015	2,139.6	1.8%
2025	2,480.2	1.6%
Average Annual Percent Growth, 2010 - 2025		***1.6%***

Source: Bureau of Economic Analysis

Average annual population growth in the Orlando MSA is expected to decrease slightly to 1.8 percent between 2010 and 2015, and then decrease to 1.6 percent between 2015 and 2025. The projected overall average annual growth for the MSA between 2010 and 2025 is 1.6 percent, with the population projected to reach nearly 2.5 million in 2025.

While not part of the Orlando MSA, nearby Volusia and Brevard Counties provide access to an additional 920,000 people. Volusia County (including Daytona Beach), located just 50 miles northeast of Orlando, has long been known for its tourism and recreational activities. Volusia County is the home of the women's LPGA and NASCAR. More than eight million tourists travel to Volusia County each year to take advantage of its natural attractions, golf courses, historic sites, special events, and Daytona Beach's "World's Most Famous Beach." Also located in close proximity to Orlando, Brevard County is best known as the home to NASA's Kennedy Space Center, and as a result of the Center's presence, the area has a strong base of technology businesses and corporations. These areas' historical and increasing connection to Orlando and UCF's proximity and accessibility to those counties via SRS28 and I-95 supplement the Orlando MSA's population base. As such, both of these counties provide additional sources of attendee demand for events that take place at all of UCF's venues.

The success of an football stadium, or any public assembly facility, lies in its ability to develop a programming strategy that appeals to a broad cross-section in the marketplace. Nonetheless, the composition of the local population base must also display appealing characteristics at various segments such as age and income. A market's age composition can be a factor in determining potential event demand, as attendees for many types of events vary. Certain event types have various characteristics that appeal to different age groups. Concerts target teenagers to more mature adults, while family shows are primarily aimed at adults with younger children. Table 3-5 summarizes the Orlando MSA's age composition by group from 1998 through 2002.

Table 3-5

Orlando MSA Population Distribution

Year	Median Age	Total MSA Population (000's)	% Population by Age Bracket			
			18-24	25-34	35-49	50+
2001	36.3	1,676.1	9.1%	14.7%	23.2%	28.9%
2002	35.5	1,739.1	9.8%	14.6%	23.4%	27.5%
2003	na	1,793.2	9.6%	14.5%	23.4%	27.8%
2004	na	1,851.7	9.4%	14.3%	23.3%	28.1%
U.S. Average 2001-04	***35.8***	***na***	***9.7%***	***13.8%***	***22.9%***	***28.3%***

Source: Sales and Marketing Management, Johnson Consulting

In 2002, the median age of the MSA was 35.5, compared to the country's average median age of 35.8. The market's share of permanent residents that are in the 18-to-24 age group is significantly lower than that of the U.S. as a whole. The Orlando MSA has noticeably more people in both the 25-to-34 and the 35-to-49 age groups; however, the overall age composition of the MSA is fairly similar to that of the rest of the country, and this does not appear to help or inhibit the potential demand of a new on-campus football stadium.

Income and Employment

The strength of a market's income and employment can be an indicator of its potential ability to support public assembly facilities. In general, higher income levels lead to greater amounts of disposable income, which can be spent on non-essential items such as recreation and entertainment. Less wealthy markets will have less disposable income available to spend on event tickets, for example, and would be expected to provide a lower level of attendee demand. Indicators of a market's overall wealth and growth can include trends in certain sectors of income and employment, such as construction, manufacturing, services, as well as finance, insurance, and real estate (FIRE). For many university-based events such as football games, attendance is largely independent of a market's wealth, and will depend heavily on student support.

A healthy and diversified economy provides not only employment and disposable income for a market's residents, but it also helps to insulate an area from economic downturns. Markets that have historically relied on one sector, such as manufacturing, have often had difficulty recovering from market shifts to other sectors, which leads to an overall loss of local income and employment. Household income levels by county within the Orlando MSA are illustrated in Table 3-6.

Table 3-6

Orlando Metro Area - Household Income Characteristics by County

County	Year 1980	1990	2000
Orange	$15,298	$30,252	$41,920
Seminole	$18,289	$35,637	$49,593
Osceola	$12,984	$27,260	$38,971
Lake	$12,489	$23,395	$35,372

Source: U.S. Census Bureau, Scarbourough Report, Charles Wayne Consulting, Johnson Consulting

As shown, Orange County and Seminole County households have the highest incomes in the Metro Area, reflecting greater percentages of professional and managerial employees among these area's household heads than in Osceola and Lake Counties, which house larger numbers of low-wage service employees.

The distributions of income by household for the Orlando MSA are shown in Table 3-7.

Table 3-7

Orlando MSA Household Distribution By Income

Income Level	Percent
Less than $25,000	22.0%
$25,000 to $34,999	18.0%
$35,000 to $49,999	26.0%
$50,000 to $74,999	17.0%
$75,000 and greater	17.0%

Source: U.S. Census Bureau, Scarbourough Report, Charles Wayne Consulting, Johnson Consulting

More than 25 percent of households in the Orlando MSA have annual incomes between $35,000 and $49,999 with approximately 34 percent of households having annual incomes of $50,000 or greater. While this demonstrates the affluent nature of the Orlando MSA, a number of households, at approximately 22 percent, have annual incomes of $25,000 or less.

Table 3-8 displays total non-farm income by sector for the Orlando MSA from 1996 to 2000.

Table 3-8

Orlando MSA Non-Farm Income By Sector ($Millions)

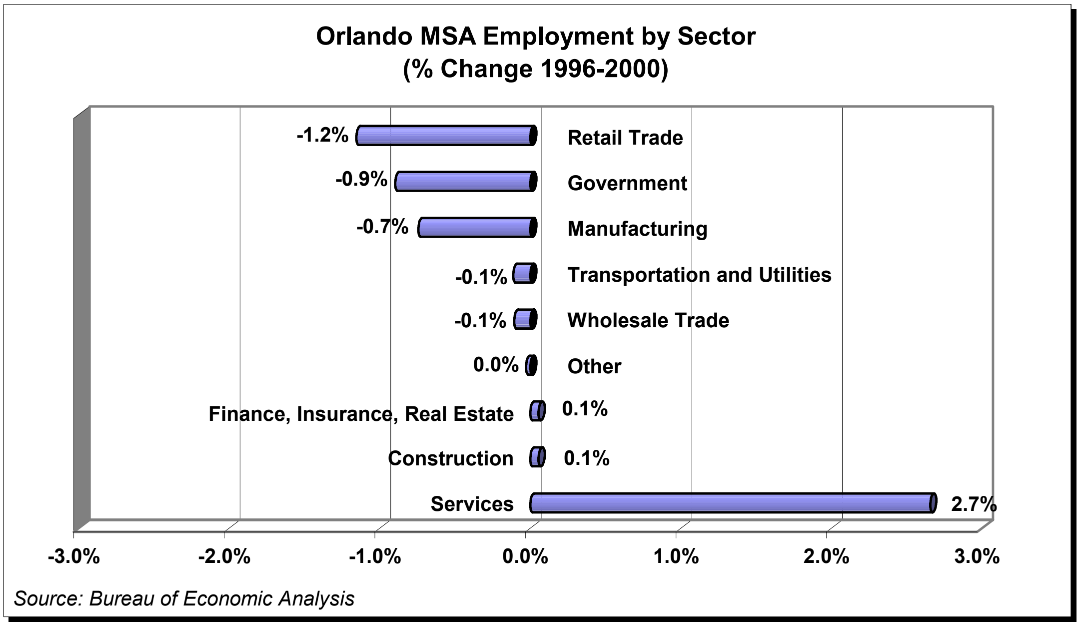
Sector	1996	1997	1998	1999	2000
Construction	1,712.3	1,760.9	1,951.8	2,130.8	2,360.0
Percent of Total	*7.0%*	*6.7%*	*6.7%*	*6.7%*	*6.8%*
Manufacturing	2,142.4	2,261.2	2,404.8	2,519.9	2,632.5
Percent of Total	*8.8%*	*8.6%*	*8.2%*	*7.9%*	*7.6%*
Transport and Utilities	1,640.3	1,766.1	1,937.4	2,131.1	2,247.9
Percent of Total	*6.8%*	*6.7%*	*6.6%*	*6.7%*	*6.5%*
Wholesale Trade	1,725.4	1,838.5	2,037.1	2,297.4	2,516.9
Percent of Total	*7.1%*	*7.0%*	*7.0%*	*7.2%*	*7.2%*
Retail Trade	2,869.3	3,102.2	3,290.2	3,527.5	3,735.5
Percent of Total	*11.8%*	*11.8%*	*11.3%*	*11.1%*	*10.7%*
FIRE*	1,968.6	2,192.4	2,545.5	2,809.5	2,851.1
Percent of Total	*8.1%*	*8.3%*	*8.7%*	*8.9%*	*8.2%*
Services	9,106.4	10,057.5	11,268.7	12,177.8	13,580.5
Percent of Total	*37.5%*	*38.2%*	*38.5%*	*38.4%*	*39.1%*
Government	3,125.5	3,339.5	3,533.7	3,634.1	3,998.6
Percent of Total	*12.9%*	*12.7%*	*12.1%*	*11.5%*	*11.5%*
Other	-	-	264.0	495.2	828.7
Percent of Total	*0.0%*	*0.0%*	*0.9%*	*1.6%*	*2.4%*
Total	**24,290.2**	**26,318.4**	**29,233.2**	**31,723.3**	**34,751.7**
Percent Growth	**--**	***8.3%***	***11.1%***	***8.5%***	***9.5%***

**Finance, Insurance and Real Estate*
Source: Bureau of Economic Analysis

The services sector is by far the largest contributor to income in the MSA, with 39.1 percent of the total in 2000. This is largely due to the tourism industry, driven by the area's theme parks and the millions of tourists they attract. Government (11.5 percent) and retail trade (10.7 percent) comprise the second and third largest shares of income in the MSA.

Table 3-9 displays gains and losses in employment by sector in the MSA from 1996 to 2000.

Table 3-9



As the table shows, the services sector is the driving force in job growth in the MSA and had the largest increase in its share of employment, with 2.7 percent growth from 1996 to 2000. This is consistent with most of the U.S., where the services sector has generally experienced the largest job growth. No other industry compares to the services sector in terms of growth; however FIRE and construction grew relative to other sectors. On the other hand, retail trade saw a steady decline in employment (1.2 percent) within the MSA.

Table 3-10 compares the MSA's unemployment rate and per capita income.

Table 3-10

Unemployment and Per Capita Income in Orlando MSA

Year	Average Monthly Unemployment Rate		Per Capita Income	
	Orlando MSA	US	Orlando MSA	US
1990	5.5%	5.6%	$18,456	$19,572
1991	6.7%	6.9%	$18,565	$20,023
1992	7.5%	7.5%	$19,193	$20,960
1993	6.1%	6.9%	$19,765	$21,539
1994	5.6%	6.1%	$20,282	$22,340
1995	4.5%	5.6%	$21,209	$23,255
1996	3.8%	5.4%	$22,176	$24,270
1997	3.4%	4.9%	$23,236	$25,412
1998	3.0%	4.5%	$24,508	$26,893
1999	2.7%	4.2%	$25,692	$27,880
2000	2.6%	4.0%	$26,974	$29,760
2001	4.0%	4.8%	$27,003	$30,413
2002	5.3%	5.8%	na	na
2003	4.9%	6.0%	na	na
2004	4.3%	5.5%	na	na
Compounded Annual Growth Rate				
1990-2001	***-1.7%****	***-0.1%****	***3.5%***	***4.1%***
Average				
1990-2001	***4.7%****	***5.6%****	***$22,255***	***$24,360***

**From 1990 through 2004*

Source: Bureau of Economic Analysis, Bureau of Labor Statistics

The MSA's unemployment rate decreased from a high of 7.5 percent in 1992 to a low of 2.6 percent in 2000. The unemployment rate in 2004 for the MSA was 4.3 percent. Between 1990 and 2004, unemployment rate averaged 4.7 percent; lower than the country-wide average of 5.6 percent between the same period. In 2001, the MSA's per capita income was approximately $27,003, which was approximately $3,400 lower than that of the U.S.'s per capita income of $30,413. Additionally, from 1990 through 2001, the MSA's per capita income grew at a lower annual rate of 3.5 percent than that of the U.S.'s growth rate of 4.1 percent. The low per capita income may indicate that there is a lower level of discretionary income within the MSA to be spent on recreational activities; however, this is mitigated in part by the historically lower than national unemployment rate.

Residents' effective buying income (EBI) also helps to demonstrate the amount of disposable income that is available locally, and this data is shown in Table 3-11.

Table 3-11

Orlando MSA Effective Buying Income (EBI) 2004

	Total EBI ($Millions)	Median Hsld EBI	% of Hslds by EBI Group		
			$20,000 - $34,999	$35,000 - $49,999	$50,000 +
Lake County	$4,665	$35,018	27.0%	20.2%	29.8%
Orange County	$18,849	$38,353	24.9%	19.8%	35.1%
Osceola County	$3,133	$35,098	28.1%	21.8%	28.4%
Seminole County	$9,219	$45,797	20.6%	19.9%	44.7%
Orlando MSA	$35,866	$38,998	24.6%	20.1%	35.7%
U.S.	$5,466,880	$38,201	23.3%	19.0%	35.4%

Source: Sales and Marketing Management

As the table shows, the MSA had a total EBI of nearly $35.9 billion and a median household EBI of $39,000 in 2004. Similar to per capita income, the median household EBI of the Orlando MSA was greater than that of the US ($38,200).

Transportation

Location and physical characteristics of the subject property are important factors which influence development opportunities, project marketing, and attractiveness for entertainment and recreational events. Such factors as access, surrounding land uses, support services, and physical site features will impact either positively or negatively upon overall development opportunities and market potential. Observations and key findings relevant to the subject site are discussed below.

As discussed earlier, the proposed site is on the University of Central Florida's main campus in east Orange County, Florida. The campus is located approximately 13 miles east of downtown Orlando and is within approximately 2.5 miles of two limited access/toll road facilities (SR 417 and SR 408) affording excellent regional accessibility.

The Central Florida Greenway (another name for SR417) is a major limited access toll facility, located just 2.5 miles from the UCF campus serving the eastern part of the Orlando urban area providing direct linkages to Interstate 4 to the north and south, Orlando's East-West expressway (SR408), the Beeline Expressway (SR528), and Florida's Turnpike to the south. The UCF campus is approximately 18 miles from Orlando International Airport and about 40 miles from the Atlantic coast (the location of Volusia and Brevard County). UCF's expansion has been a critical factor influencing the growth and development of the East Orange County area.

UCF has the nation's seventh largest research park and the largest in the state. It boasts more than 9,000 employees. UCF has been a magnet for major national research and technology companies, spawning development of surrounding corporate parks as well as general business tenants that have contributed to an expanding population base along with extensive commercial and residential development.

UCF's shuttle services provide free transportation services to/from on-campus residential communities and all areas and facilities on campus. Shuttles run from 7:00 am to 10:00 pm daily on 15-minute headways. Additionally, UCF operates shuttle service to off campus student-oriented apartments within approximately one mile of the campus as part of its effort to alleviate inconvenience forced to live off-campus due to the shortage of on campus housing capacity.

The Orlando International Airport is the 13th largest airport in the U.S., and the 19th largest in the world. The growth of the metro area and its location has helped to make the airport a busy regional hub for air service, and it is currently planning an expansion project to double its size. In 2003, the airport served more than 27.3 million domestic and international travelers. The facility is served by 16 domestic and 18 international airlines, providing 72 non-stop/13 true-direct US destinations and to 13 non-stop/9 true-direct international destinations.

In addition to the Orlando International Airport, Orlando Sanford International Airport provides both commercial and charter service, and the majority of its commercial operation is international (in 2003, 63 percent of its 1.25 million passengers were international). The area also has four general aviation airports, including the Kissimmee Airport, which is the closest general aviation facility to Disney World and other theme parks, as well as the Orange County Convention Center. Also, although the Orlando area is not on Florida's coast, the region is nevertheless within a fairly short distance to a number of ports and waterways, including Sanford (20 miles from Orlando), Port Canaveral (40 miles), Tampa (84 miles), and Jacksonville (139 miles). The Port of Jacksonville is the 13th largest container port in the country.

Corporate Presence

In general, a strong corporate and business presence can also be an important factor in the success of a new athletics venue because local businesses can attract residents to an area, provide disposable income to residents, and can support facilities through donations, advertising, and their requirement for event space. In addition, local companies are also a common source of demand for premium seating in sports facilities. Because of central Florida's economic reliance on tourism and hospitality, a relatively large share of its employment serves this industry. Many of the area's largest employers are attractions and resorts, and the Walt Disney Company is by far the area's largest employer. However, as Orlando and the surrounding areas are a large, growing metropolitan market with a major airport, the area also has an increasingly strong and diversified corporate presence especially in the aerospace, banking and technology sectors. Table 3-12 shows the largest employers in the Orlando MSA, Brevard County, and Volusia County, by number of full-time employees, in 2004.

Table 3-12

Largest Employers Metro Orlando Area, Brevard County, and Volusia County - 2004

Name	Location	Number of Employees
Walt Disney World	Lake Buena Vista	53,500
Orange County Public Schools	Orlando	22,807
State of Florida Government	Orlando MSA	17,200
Adventist Health System	Winter Park	17,059
Wal-Mart*	Orlando MSA/Volusia Co.	15,345
Florida Hospital	Orlando	14,225
Orlando Regional Healthcare	Orlando	12,754
Universal Orlando	Orlando	12,000
Federal Government	Orlando MSA	10,800
Publix Supermarkets	Orlando MSA	9,927
Volusia County Schools	DeLand	8,998
Brevard County Schools	Viera	8,535
Seminole County Public Schools	Sanford	8,490
University of Central Florida	Orlando	8,250
Orange County Government	Orlando	7,426
Lockheed Martin	Orlando	7,350
Marriott International*	Orlando MSA	6,468
Harris Corporation	Melbourne	6,391
Halifax Staffing, Inc.	Daytona Beach	6,330
United Space Alliance	Cape Canaveral	6,300
Central Florida Investments	Orlando	6,200
Health First, Inc.	Rockledge	6,000
Osceola County Public Schools	Kissimmee	5,480
Darden Restaurants, Inc.	Orlando	5,000

**2002 information.*

Source: Metro Orlando Economic Development Corporation, Economic Development Commission of Florida's Space Coast, Volusia County Department of Economic Development, Johnson Consulting

As the table shows, Disney employs approximately 54,000 people, more than double that of Orange County Public Schools which is the second largest in the area. Other main employers in the MSA are in a variety of industries, such as tourism and hospitality, healthcare, finance, technology, and others. In Osceola County, nine organizations employ 300 or more people, led by McLane/Suneast, Inc. with 900 employees. Although not included in the table, Osceola County's Gaylord Palms Resort and Convention Center, which opened in January 2002, employs approximately 1,400 people. While the table only lists non-governmental employers, many local governmental organizations, such as school districts and municipalities, are also major employers in the area, and these organizations also regularly hold meetings and events in area facilities.

Table 3-13 lists the major corporate headquarters that are located in the MSA, some of which are also listed in the previous table. These corporations will be larger contributors to events and sponsorship in UCF facilities.

Table 3-13

Company/Corporate Headquarters Located in the Orlando MSA

Company	Industry	Company	Industry
A. Duda & Sons, Inc.	Agriculture	Jardon & Howard Technologies, Inc.	Multimedia Services
Acousti Engineering Co. of FL	Comm. Interior Construction	Keene Construction Company	General Contracting
Adventist Health System*	Healthcare Mgt.	Mears Transportation Group	Transportation and Hospitality Services
AirTran Holdings	Air Transport	Orlando Regional Healthcare	Healthcare
Attorney's Title Insurance Fund	Title Insurance	Priority Healthcare Corporation	Medical Supplies
Bairnco Corp.	Engineered Materials, Food Products	Recreational Factory Warehouse	Leisure Products Retailer
Barnie's Coffee & Tea Co.	Coffee/Tea Distributor & Retailer	Regal Marine Industries, Inc.	Boat Manufacturer
Cambridge Homes	Residential Construction	RKC Construction, Inc.	General Construction
Central FL Investments, Inc.	Resort Development	Rosen Hotels and Resorts*	Hospitality
Coleman Technologies, Inc.	Computer Engineering Services	Schenck Company*	Beverage Distributor
Collegis, Inc.	Education Services	Smart City Holdings	Communications
Color Wheel Paints & Coatings	Paint Supplier	Sonny's Franchise, Inc.	Restaurants
Commercial Net Lease Realty	REIT	Sunniland Corp.	Roofing, Lawn, and Garden Supplies
ContraVest Construction Co.	General Contracting	Tri-City Electrical Contractors, Inc.	Electrical Contractor
Darden Restaurants Inc.	Restaurants	Tropical Ford*	Automobile Dealership
Dixon Ticonderoga Co.	Office and Art Supplies	Truly Nolen of America, Inc.	Pest Control Service
Dynetech Corp.	Contracting & Marketing Services	Tupperware Corporation	Plastic
ELXSI Corporation	Water Supply Inspection and Repair	United Medical Corp.	Hospital Network Operator
Epoch Properties Inc.	Real Estate and Contracting	Villages of Lake-Sumter, Inc.	Retirement Community
FARO Technologies	3-D Measuring Systems	Walker & Co. Construction, Inc.	General Construction
FDN Communications	Communication Services	WELBRO Constructors, Inc.	General Construction
Finfrock Design-Manufacture-Construct, Inc.	Concrete Construction	Wharton-Smith, Inc.	General Contractor
Florida Extruders International, Inc.	Aluminum Extrusion	Wiginton Corp.	Fire Protection Services
Global Travel International	Travel	Williams Company of Orlando, Inc.	General Contractor, Const. Manager
H.J. High Construction Co.	General Construction	Winter Park Construction Co.*	General Contractor
Hammond Electronics, Inc.	Electronic Component Distribution	Workers Temporary Staffing	Temporary Staffing Services
Heller Brothers Packaging Corp.	Agribusiness	Yesawich Pepperdine Brown & Russell	Public Relations Services
Hughes Supply, Inc.	Construction Supplies		

** UCF sponsor or major donor.*
Source: Metro Orlando Economic Development Corporation

The Orlando MSA has become a popular destination for technology firms. In the last 10 years, employment in high-tech industries has more than doubled, and nearly 80 percent of total manufacturing growth since 1980 has occurred in technology. Sponsors of, and major donors to, UCF are highlighted in the above table as well.

The above list does not include corporations located in Volusia and Brevard County, which add to the depth of the regional corporate base.

Other Colleges and Universities

Table 3-14 displays a summary of the institutions of higher learning in the Orlando MSA, including community colleges, and their respective student enrollments. While many schools have their own facilities for meetings, seminars, banquets, sporting events, and other events, they often use local facilities as well.

Table 3-14

Academic Institutions in the Orlando MSA

Institution	Location	Full-Time Equivalent Undergraduate Enrollment
Univ. of Central Florida	Orlando	35,385
Seminole Community College	Sanford	28,326 *
Valencia Community College	Orlando	14,277 *
Lake-Sumpter Community College	Leesburg	6,300
Rollins College	Winter Park	1,485
Total Enrollment		***85,773***

**Includes other campuses and programs, such as GED and adult education.*
Source: Individual institutions.

The area has a total of five, four-year universities and community colleges, with a total of approximately 86,000 undergraduate students (although this total includes some students at campuses outside of the local area). The largest four-year university in the area is UCF, which has more than 35,000 undergraduate students. In addition to the institutions listed in the table, the area is also home to other technical and vocational schools, and institutions such as the University of Orlando, which only offers graduate programs.

Proposed Initiatives in the Orlando Metro Area

Numerous proposed developments in the central Florida would add to the infrastructure of the area, improving accessibility, destination appeal, and providing a foundation for future complementary development, including:

- ***Downtown Orlando 2020 Vision*** – Presents a long-term strategic plan for downtown Orlando including development of mixed-use commercial and residential buildings. The plan also emphasizes re-orienting downtown Orlando towards pedestrians. Approximately $1.3 billion in capital investment is currently in process or proposed for downtown Orlando.
- ***U.S. Federal Courthouse Expansion*** – An $82.7 million project that began in mid-2004 and is expected to be completed in early 2007. The expansion will

include a six-story addition with 336,000 square feet of additional office space and will be located adjacent to the new $22 million Florida A&M Law School that will be completed in late 2005.

- ***Performing Arts Center* –** In late 2004, a non-profit group was formed to study the possible development of a Performing Arts Center in downtown Orlando. No dates have been set as of yet for the project, which is anticipated to cost between $150 million to $200 million.
- ***Renovations to Citrus Bowl* -** Efforts are currently underway to renovate the Citrus Bowl as outlined by a March 2004 study conducted by HNTB Sports Architecture. While just a proposal at this point, the plan would include the renovation of 7,500 seats, including 2,500 club seats would be added to the stadium. The renovation would upgrade and enhance all areas of the facility with the goal of seamlessly incorporating past additions to create a top notch sports facility.
- ***TD Waterhouse Centre* –** Current Orlando Mayor Buddy Dyer has pitched the idea of a full-scale renovation of TD Waterhouse Centre, hoping to convince the NBA Orlando Magic that a brand-new arena is not needed. The plan is in the very early stages, as a development company and an architectural firm are taking a look at the proposal. It would be the first major renovation since the arena opened its doors in 1989 and includes amenities team officials say they need to make their business more profitable. Costs associated with the renovation are expected to be $75 million.

Competitive Facilities within 100 Miles

While the Orlando area currently has several facilities that serve the athletics, recreational, and entertainment markets, there are few that are actually designed as football venues. In fact, within 100 miles, there are only two major football venues, the Citrus Bowl in Orlando and Raymond James Stadium in Tampa. The following discussion provides an overview of football facilities within the area. As the Citrus Bowl was discussed in detail above, it is not discussed here.

- ***Bragg Memorial Stadium*** – Home of the Florida A&M University football team, Bragg Memorial Stadium is a 48 year old facility with a capacity of 25,500. Located in Tallahassee, the venue offers no premium seating and no renovations or upgrades are planned.

- ***Doak Campbell Stadium*** – As home to the prominent Florida State University football program, Doak Campbell Stadium offers one of the largest capacities in Florida, with 80,000 seats. Located in Tallahassee, the facility was built in 1950 and now offers 70 luxury suites that cost approximately $130,000 per year and no club seats. No current renovation is planned for Doak Campbell Stadium.

- ***Ben Hill Griffin Stadium*** – As home to another prominent university football program in Gainesville (University of Florida), Ben Hill Griffin Stadium offers a capacity of 83,000. The facility also offers 74 luxury suites priced between $26,000 and $48,000 per year and 1,972 club seats that cost $1,163 per seat per year. In 2004, the University of Florida spent $55 million to build 28 suites atop of Ben Hill Griffin Stadium.

- ***Raymond James Stadium*** – As home of the NFL Tampa Bay Buccaneers and the University of South Florida, Raymond James Stadium is a premier venue located in Tampa, approximately 90 miles from UCF. The venue was built in 1998 at a cost of $168.5 million and offers 65,000 seats, 195 suites, and 12,000 club seats. The suites cost between $30,000 and $150,000 per year and the club seats are sold for a price between $925 and $1,118 per year. In addition, the facility also sold Personal Seat Licenses, which required season ticket holders to pay a price equal to the price of a season ticket for one year, just to have the right to purchase the tickets.

- ***Alltel Stadium*** – Located in Jacksonville, approximately 150 miles from UCF, Alltel Stadium is the home of the NFL Jacksonville Jaguars. Built in 1955 and reconstructed in 1995 at a cost of $135 million, the facility has a seating capacity of 73,000, 90 luxury suites, and 10,500 club seats. The luxury suites are priced between $75,000 and $135,000 per year and the club seats cost $1,925 per year. In 2005, Alltel Stadium hosted the NFL's Super Bowl.

Most of the other "stadiums" that exist within a 100-mile radius of UCF are designed as minor league baseball stadiums that also serve as spring training homes for Major League Baseball teams. Some of those facilities include:

- Bright House Networks Field, Clearwater, FL;
- Jackie Robinson Ballpark, Daytona Beach, FL;
- Knology Park, Dunedin, FL;
- Disney's Wide World of Sports, Lake Buena Vista, FL;
- Joker Marchant Stadium, Lakeland, FL;
- Space Coast Stadium, Melbourne, FL;
- Legends Field, Tampa, FL; and
- Holman Stadium, Vero Beach, FL.

While these stadiums do not compete directly with a proposed football stadium on the campus of UCF, some of them do host smaller entertainment events throughout the year that may compete with events held at the football stadium, should UCF decide that these events are appropriate for the new stadium. However, the current business plan calls for only UCF football within the stadium.

Other venues in the Orlando area that host sporting events, concerts, family shows, performing arts events, and other special events, include:

- ***TD Waterhouse Centre*** – Located in downtown Orlando, the TD Waterhouse Centre is home to the NBA's Orlando Magic, AFL's Orlando Predators, the ACHL Orlando Seals, as well concerts and family shows. The facility opened in 1989 at a cost of $102 million and features a seating capacity of approximately 17,500 for basketball and concerts as well as 26 luxury suites. TD Waterhouse paid $7.8 million for the naming rights to the venue over a five-year period, expiring in 2005. This is one of the premier venues in the Orlando area and is approximately 15 miles from the campus of UCF. The NBA Orlando Magic are seeking a new arena. It is our expectation that if such an arena is built, this facility will be demolished.

- ***Bob Carr Performing Arts Centre*** – The Bob Carr Performing Arts Centre is an older functional theatre/concert hall that features continental style seating for 2,518. Events at the facility include concerts, recitals, symphony, and ballet, among others.

- ***Expo Centre*** – The Expo Centre, located in downtown Orlando, is a flat floor space that offers a 65,136 square foot exhibit hall, a 24,444 square foot ballroom, and seven meeting rooms.

- ***RDV Sportsplex*** – RDV Sportsplex is the outgrowth of Florida Hospital and RDV Sports. The result is a 365,000 square foot facility in Orlando that is comprised of an athletic club, medical complex, two ice rinks, conference space, and other recreational areas. RDV Sportsplex is also the training facility for the NBA's Orlando Magic.

- ***Hard Rock Live Orlando*** - Hard Rock Live Orlando is a 3,000-seat concert venue located at Universal Studios CityWalk. The facility opened in 1999 and showcases music from national acts to emerging artists. Hard Rock Live and the 600 seat Hard Rock Cafe Orlando are situated in a 140,000 square foot building designed as a retro interpretation of the Roman Coliseum.

- ***House of Blues*** – Located in Lake Buena Vista, the House of Blues features a two-story concert venue with a seating capacity of 2,000. Driven by the House of Blues nationwide brand, this facility is able to draw national and regional acts on an annual basis as has been the case in Cleveland, Chicago, and other markets.

- ***Disney's Wide World of Sports*** - Disney's Wide World of Sports Complex, located in Kissimmee, is a $100 million, 200-acre privately financed, multi-purpose amateur and professional sports complex that opened in 1997. In particular, the Milk House is a 30,000 square foot arena with a seating capacity of 5,000. Disney has been very successful at luring nationally and internationally prominent events to Orlando. It has also attracted the headquarters for the Amateur Athletic Union. While competitive on some fronts, both Disney and the AAU, along with efforts by the Central Florida Sports Commission will use UCF facilities in their inventory of venues for athletic events.

- ***Kissimmee Civic Center*** – The Kissimmee Civic Center is a 3,600 seat arena that hosts athletic and community events as well as some concert activity. This is a municipal recreation center that will not compete directly with new venues at UCF.

- ***Osceola Heritage Park*** – Located in Kissimmee, Osceola Heritage Park is a 120-acre multipurpose complex which includes the 8,300 seat Silver Spurs Arena, an approximate 48,000 square feet exhibition hall, a 5,300 seat baseball stadium, and several meeting rooms, among other facilities. This facility serves the Southern tier of the Orlando MSA in the same way that UCF's offerings will serve the Eastern tier of the community. This is a fairly inexpensive arena aimed towards agricultural, fair, and musical events. The facility has made increases in the truck, Latin concert and fair related concert markets.

- ***Ocean Center*** – Located in Daytona Beach, the Ocean Center is a convention, athletic, and entertainment complex featuring a 46,000 square foot arena and 14,000 square feet of conference space. The facility hosts meetings, trade shows, sporting events, and concerts, among others. Ocean Center seats 9,440 for concerts.

- ***The Lakeland Center*** – Similar to Ocean Center, the Lakeland Center is a convention, athletic, and entertainment venue. Located between Orlando and Tampa, the facility offers 100,000 square feet of convention and exhibit space, a 10,000 seat arena, a 2,296 seat theatre, a grand ballroom, and on-site hotel accommodations. The venue has capacity to host a variety of athletic and entertainment events. The arena is heavily used during city-wide event periods such as NASCAR races, Bikeweek, and Spring Break and is also a summer home to the London Symphony Orchestra.

- ***University of South Florida*** – Just 100 miles from UCF, the University of South Florida has two main venues that could potentially compete with UCF for on-campus events. The SunDome opened in 1990 and has a seating capacity of approximately 11,000. The venue hosts USF athletics, concerts, and special events. The campus also has a Special Events Center that has a seating capacity of 2,000.

- ***St. Pete Times Forum*** – Located in downtown Tampa the facility is home to the NHL's Tampa Bay Lightning. The St. Pete Times Forum is a ten year old arena with a capacity of 19,758, 80 luxury suites, and 3,000 club seats. The $153 million venue is a premier entertainment venue located approximately 100 miles from UCF. In addition to the Lightning, the venue is home to the AFL Tampa Bay Storm and hosts many other entertainment events throughout the year.

IV. COMPARABLE STADIUM AND COMPARATIVE MARKET ANALYSIS

COMPARABLE STADIUM AND COMPARATIVE MARKET ANALYSIS

This section analyzes various factors that will affect the demand and performance of a new football stadium on the campus of the University of Central Florida. The section includes an overview of collegiate sports facilities, a comparison of Conference USA facilities, an analysis of other comparable facilities, and other relevant issues.

Stadium Industry Overview

Football stadiums are different than arenas, in as much as they are generally single tenant oriented. Additionally, many stadiums have been expanded and upgraded, rather than built new. As a result, there has not been a tremendous amount of new stadium development at the NCAA Division I-A level. According to industry research, only five I-A football venues have been built in the last 15 years, including facilities for the University of Connecticut, Southern Methodist University, University of Louisville, Rutgers University, and Marshall University. In these markets, the facilities have been developed to replace completely obsolete stadiums, address new entrees into the football realm, or as in Southern Methodist University's case, to reestablish the school's football program after its NCAA sanctions. At both the pro and collegiate level, new stadium construction in large markets has mainly served to replace existing facilities that have become functionally worn out and financial drains for long-term tenants.

Universities are becoming more cognizant of the multiple benefits of new athletics facility development based on the proven value of new revenue streams and the increased expectation from spectators, students, alumni, and the general community for more comfort and amenities. Historically, a typical university stadium facility was relatively sparse, with few modern amenities, and no emphasis on the fan experience. However, institutions of various sizes across the country have recently developed, or are planning to develop, stadiums and arenas that are based on the professional facility model, with premium seating, numerous advertising opportunities, private clubs, and other amenities that generate revenue and can improve attendees' event experience.

Arenas have led the way, but more football stadiums will be built. UCF is a classic example of a university in need. It uses the off-campus, declining Citrus Bowl, but as a University, it is moving upward, into a new conference. It is developing in-state rivalries and must compete with the University of Florida, Florida State University and the University of Miami, among many other national schools for talent. UCF, as it evolves into one of the State's largest school, has correctly made athletics development a priority. This is a key tool to grow the Campus's identity within the

State and nationally. In a university setting, these new and redesigned facilities can have a wide variety of benefits. In terms of recruiting, prospective student-athletes place a great deal of importance on a school's training and competition facilities, and this can have a direct impact on the quality of a school's athletics program. The success of an athletics department, in turn, can positively affect a university's exposure, and it has been shown that there is often a correlation between athletics success and increased applications for student enrollment. In addition, in most cases, the development of a new facility with amenities such as luxury suites is not simply perceived as a new method to leverage dollars from alumni and other supporters, but is seen as providing a product that supporters are willing to pay for, take pride in, and value greatly. It also serves as vehicle to keep alumni, the community, and other supporters connected to a university and its campus.

More recently, budgetary limitations and decreased public funding (and in many cases, private donations) have forced institutions to be more creative and aggressive in developing new revenue streams to support programs and services. Depending on a number of factors, such as capital costs, new athletics facilities can potentially be one method of increasing both operating revenues as well as alumni donations.

Throughout the country, these new building models have also shown they can generate revenues that had previously only been found in major event and professional sports venues. Prior to recent years, it was uncommon for a minor-league or collegiate facility to feature luxury suites, club seats, or premium restaurants and clubs. These features are now ubiquitous in new or retrofitted facilities, regardless of market or venue size.

In addition, naming rights and sponsorship programs have also become more common among minor league and collegiate facilities. Whereas in the past, facility development and ownership was primarily the responsibility of the public sector, the availability of these revenue streams has made private ownership a viable option. Given the right circumstances, these facilities can generate an acceptable return on investment to public or private owners, rather than serving purely as a public service to a municipality's citizens or a university's students. Typically, common circumstances include strong management, effective event programming and the presence of anchor tenants, public-sector investment such as tax rebates, and other funding support for infrastructure and related features such as parking.

New Collegiate Stadium Analysis

Detailed analysis of specific football stadium's that are comparable and relevant to the one planned at UCF appear later in this section. The number of new stadiums is limited due to the fact that only five Division 1-A football stadiums have been built in the last 15 years or so. Three of the most recently completed stadiums are discussed below in the comparable section, with the remaining having been completed over 10 years ago. The majority of collegiate football programs look to renovations in order to meet the requirements of additional seats and improved amenities, due to space requirements and limited available funds. However, some programs have determined that a new facility would be able to better meet the needs of their football programs as is the case with UCF. Table 4-1 summarizes the five new Division 1-A football stadiums completed within the last 15 years.

Table 4-1

Recent University Stadium Development

Facility	University	Location	Year Opened	Capacity	# of Luxury Suites	# of Club Seats
Rentschler Field	University of Connecticut	East Hartford, CT	2003	40,000	38	4,480
Gerald J. Ford Stadium	Southern Methodist University	Dallas, TX	2000	32,000	24	537
Papa John's Cardinal Stadium	University of Louisville	Louisville, KY	1998	42,000	26	0
Rutgers Stadium	Rutgers University	Piscataway, NJ	1994	45,000	0	0
Marshall University Football Stadium	Marshall University	Huntington, WV	1991	40,000	21	0

Source: Revenues from Sports Venues, Johnson Consulting

Completed in 2003, Rentschler Field is the newest of Division 1-A stadiums at 40,000 seats. None of the recently constructed stadiums are near to being the largest in Division 1-A, with a number of stadiums with capacities of over 100,000 people. The newer Division 1-A stadiums have capacities that are slightly greater than the NCAA's minimum requirement of 30,000 seats for Division 1-A programs. As will be discussed for several of the facilities below, reasons other than simply expanding/improving facilities were behind several of these new facilities, including bringing football games back to a more intimate, on-campus location as is the case in UCF.

Collegiate Stadium Analysis

Universities and colleges across the country have recently begun to take advantage of designs and amenities that have been developed for the latest generation of professional sports facilities. As a result, new and planned collegiate facilities are incorporating premium seating, upgraded finishes, and other characteristics that improve revenue generation, potential event and attendee demand, and the overall attendee experience. From a university's perspective, in addition to new revenue opportunities, these improved facilities also help to recruit student-athletes and provide students with better facilities for entertainment and recreation. The following text describes characteristics of stadiums of schools in Conference USA, in order to summarize the offerings of comparable schools and athletics programs, which are those that will compete directly with UCF for student-athletes.

While UCF's football program has historically been a member of the Mid-American Conference, it will join Conference USA in July 2005, along with six other schools that are asterisked in Table 4-2 below. The table shows the capacity and 2004 average attendance figures for the stadiums that will be Conference USA's 2005 football programs. While we understand that other schools participated in Conference USA's football program in 2004, those schools will move on to other conferences in 2005 and will no longer shape the future of Conference USA.

Table 4-2

Conference USA Stadium Capacity and Average Attendance

School	Stadium	Enrollment	Year Facility Opened	Facility Capacity	2004 Average Attendance	Attendance % of Capacity	# of Luxury Suites	# of Club Seats
University of Alabama at Birmingham	Legion Field	16,693	1927	83,091	20,606	24.8%	15	517
Tulane University	Louisiana Superdome	12,676	1975	72,000	22,829	31.7%	137	15,000
University of Central Florida *	**Florida Citrus Bowl**	**42,837**	**1936**	**70,188**	**19,952**	28.4%	**30**	**0**
Rice University *	Rice Stadium	4,785	1950	68,500	17,652	25.8%	0	0
University of Memphis	Liberty Bowl Memorial Stadium	20,332	1965	62,384	41,175	66.0%	40	2,400
University of Texas at El Paso *	Sun Bowl	18,542	1963	52,000	41,209	79.2%	0	0
East Carolina University	Dowdy-Ficklen Stadium	21,797	1963	42,000	30,684	73.1%	0	1,440
University of Tulsa *	Skelly Stadium	4,100	1930	40,385	16,906	41.9%	0	0
Marshall University *	Marshall University Football Stadium	16,551	1991	40,000	25,933	64.8%	21	0
University of Houston	Robertson Stadium	30,757	1940	33,000	21,167	64.1%	26	0
University of Southern Mississippi	M.M. Roberts Stadium	15,259	1976	33,000	28,964	87.8%	0	0
Southern Methodist University *	Gerald R. Ford Stadium	10,038	2000	32,000	17,706	55.3%	24	537
Average		***17,864***	**--**	***52,379***	***25,399***	***53.6%***	***24***	***1,658***

** New to Conference USA in 2005.*
Source: Revenues from Sports Venues, US College Search, Johnson Consulting

While UCF currently plays in one of the bigger stadiums in the conference, it is also one of the oldest. In addition, UCF does not own the Citrus Bowl and therefore has very limited access to enhanced revenues opportunities which are limited at the facility, such as luxury suites. While most facilities in the conference do not currently have luxury suites or club seats, several schools have recently completed renovations, are in the midst of a renovation, or are in the planning stage of a renovation. In 1998, East Carolina University put $14 million into renovating its facility, which added 8,000 seats and 1,440 club seats. The University of Houston recently completed a $10 million upgrade and is now considering the addition of club seats. The University of Southern Mississippi is currently in the middle of a $40 million renovation to M. M. Roberts Stadium that will increase its capacity to 38,000 and provide for 30 luxury suites and 1,352 club seats. Finally, the University of Alabama, Birmingham has been debating a new stadium for several years. So, while many of these facilities appear to be old, there is a movement within the Conference to upgrade and enhance the football stadiums.

Comparable Facilities

Johnson Consulting has analyzed a set of facilities in order to help demonstrate the potential for the planned stadium at UCF. Generally, the operations of university athletics facilities such as stadiums are combined with those of other university assets, and operating data for these facilities is not often available. In general, football stadiums are not utilized by many events other than a football tenant, and as a result, their operations are often not separated from other university athletic facilities. However, when available, operating data for football stadiums are shown in this section.

Although these facilities are located in various types of markets and have slightly different missions and orientations, each exhibit has characteristics that are relevant to the planned stadium at UCF. For this analysis, the following facilities are analyzed:

- Rentschler Field, University of Connecticut in East Hartford, Connecticut,
- Gerald J. Ford Stadium at Southern Methodist University in Dallas, Texas, and
- Papa John's Cardinal Stadium at the University of Louisville in Louisville, Kentucky.

Rentschler Field, University of Connecticut in East Hartford, Connecticut.

Home of the University of Connecticut (UConn) football program, Rentschler Field (Rentschler), located in East Hartford, Connecticut, is approximately 24 miles east of the main UConn campus. Rentschler was completed in 2003 at a cost of $91.2 million and is the newest collegiate football stadium in the U.S. Named for Pratt & Whitney founder, Frederick Rentschler, the land for the field was donated by Pratt & Whitney's parent company, United Technologies Corporation. Rentschler is owned by the State of Connecticut (State) and is managed by Madison Square Garden (MSG).

The playing field at Rentschler is natural grass and has a large enough playing area to fit a regulation international soccer field. Rentschler has 40,000 seats, including 726 indoor and 3,754 outdoor club suites. The indoor club suites cost $40 per game on top of an annual $1,400 donation. The indoor club suites are serviced by a 325-seat lounge, which is also used for approximately 15 to 20 other events throughout the year. The outdoor club seats cost $35 per game with a $625 annual donation. Thirty-eight luxury suites are available at an annual price of $50,000 for a term of five years. Concessions for all Rentschler functions are provided by Sodexho.

The original intention was to build a football stadium to lure the NFL's New England Patriots and host the UConn football program. After the Patriots decided to stay in Massachusetts, the State of Connecticut and the town of East Hartford were able to modify the plans and funding for UConn. UConn has a lease agreement with the State, in which UConn agrees to host ten events annually at

Rentschler, with a monetary penalty being levied if this is not fulfilled. Memorial Stadium was the previous home of UConn football, which, with only 16,200 seats, did not have sufficient seating capacity to meet the 30,000-seat requirement of the NCAA for a football program to be eligible to compete in Division 1-A. UConn football is now a member of the Big East conference.

Table 4-3 summarizes the event and average attendance demand at Rentschler.

Table 4-3

Rentschler Field
Event and Average Attendance Data

Type of Event	Fiscal Year 2003 Number of Events	Fiscal Year 2003 Average Attendance	Fiscal Year 2004 Number of Events	Fiscal Year 2004 Average Attendance
UCONN Football	6	37,059	7	39,304
Concerts	2	na	0	0
H.S. Football	1	3,500	1	1,000
Soccer	0	0	2	15,000
Rugby	0	0	1	5,800
Other Sports	3	na	1	na
Total	12	--	12	--

Source: UCONN, Madison Square Garden, Johnson Consulting

As the table shows, Rentschler has hosted 12 events in each of its first two years of operation. The majority of events are UConn football games, with six to seven games hosted annually at Rentschler with average per game attendance of approximately 37,000 people. In 2002, the year prior to opening of Rentschler, the average attendance at a UConn football game was approximately 15,800. In its first year of operation, Rentschler hosted two Bruce Springsteen concerts, which according to management, was the result of a unique circumstance provided through MSG, the stadium management firm, and does not represent the type of events targeted by Rentschler. This is evident in event information for the most recent year of operation for Rentschler. In fiscal year 2004, Rentschler hosted only events that were sports oriented. In addition to seven UConn football games, Rentschler hosted a U.S.A. Women's vs. China Soccer match, an international soccer match, a U.S.A. vs. France rugby match, and a high school football game. In addition, MSG has been in discussion with a second-tier outdoor soccer league to possibly host games at Rentschler.

Table 4-4 summarizes the operating revenues and expenses of Rentschler for fiscal year 2003.

Table 4-4

Rentschler Field

Operating Proforma

	Fiscal Year 2003
Operating Revenue	
Event Revenue	$2,652,195
Suites & Club Seats[1]	135,206
Advertising and Sponsorship	14,581
Concessions[2]	858,150
Parking[3]	762,535
Other	1,039
Total Operating Revenue	$4,423,706
Operating Expenses	
Event Operations	$1,844,759
Facility Operations	874,672
Suites & Clubs	38,004
Parking	224,865
Administration	311,114
Other	41,466
Total Operating Expenses	$3,334,880
Management Fee & Incentives	$892,441
Net Operations Income	$196,385

[1] *Non University events.*
[2] *Total net concession revenue.*
[3] *All events.*
Source: Madison Square Garden, Johnson Consulting

As the table shows, total operating revenue for Rentschler in fiscal year 2003 was approximately $4.4 million with total operating expenses of approximately $3.3 million. All tickets revenues and sales for UConn football games are handled by the university. MSG charges an annual management fee of $175,000, with other incentives given depending on performance of the facility. Total management fees and incentives totaled approximately $890,000 in fiscal year 2003, for an approximate $200,000 net operations income. The net operations income is available to the State to pay for debt service and other capital items for Rentschler. A cost saving measure of Rentschler was to use the State's insurance to cover the facility itself and also to absorb a portion of MSG's insurance liability to operate the facility as well.

Table 4-5 shows the estimated per capita for concession sales for Rentschler.

Table 4-5

Rentschler Field Estimated Concessions Per Cap	
Net Concession Revenue[1]	$858,150
Estimated Gross Concession Revenue[2]	$2,145,375
Estimated Total Attendance	330,000
Concessions Per Cap	$6.50

[1] *Includes sale of alcoholic beverages.*
[2] *Net concession revenues divided by 40 percent.*
Source: Johnson Consulting

Concessions per capita are estimated to be $6.50. This is based on estimated gross concession revenues of $2.1 million and estimated total attendance of 330,000 people. Rentschler serves alcohol at is events, as evident by the high concession per cap figure.

Rentschler provides an excellent example of how a well-managed and positioned facility is able to operate at a profit with a limited number of types events that it is able to host. By hosting emerging sports and having a flexible field, Rentschler has been able to operate efficiently, even with a limited potential number of events it can host.

Gerald J. Ford Stadium at Southern Methodist University in Dallas, Texas

Gerald J. Ford Stadium (Ford Stadium) is host to the Southern Methodist University (SMU) football program and is located in Dallas, Texas. Ford Stadium was completed in August 2000 for a total cost of $58 million, of which $24 million was donated by Gerald J. Ford, with the remainder being raised from other private donations. SMU owns and manages Ford Stadium with concessions being contacted to Sodexho.

Like UCF, the intention of Ford Stadium was to bring renewed interest to SMU football by bringing home games back to campus. SMU's football program was suspended in the 1980's for numerous violations. SMU had played its home games at the Cotton Bowl and Texas Stadium (home of NFL's Dallas Cowboys). Ownby Stadium was the SMU's on-campus facility with seating for approximately 15,000. A $32 million renovation of Ownby was passed on in favor of demolishing the old stadium and replacing it with Ford Stadium.

Ford Stadium has seating for 32,000 with 537 club seats and 24 suites. The new stadium has generated re-newed interest in SMU football with season ticketholders of 9,000. Suites are available for $25,000 for a term of three to five years. Club seats are available for $500 annually. The design of Ford Stadium allows for future expansion for a total of 45,000 seats.

The number of events hosted at Ford Stadium is severely restricted by local ordinances. Ford Stadium is located in a residential area of north Dallas and is bordered by two affluent north Dallas suburbs. Only SMU sponsored, intercollegiate events, two regular season high school football games, and an unlimited number of high school playoff games may be hosted at Ford Stadium. Approximately six SMU football games are hosted annually. Attendance for SMU football games varies widely, with regional opponents, such as Texas Tech drawing capacity crowds of 34,000 people; however, average attendance for all SMU football games is approximately 18,000 people. In 2004, Ford Stadium hosted 3 high school games, with average attendance for each games ranging from 12,000 to 14,000. SMU selectively markets high schools to help SMU lure top prospects or draw large crowds for teams with other top prospects.

Since Ford Stadium is restricted in terms of hosting events outside of SMU football, specific financial detail is very limited, especially in terms of revenues. However, Table 4-6 displays a total of game day expenditures for Ford Stadium for fiscal year 2003.

Table 4-6

Gerald J. Ford Stadium
Game Day Expenditures

	Fiscal Year 2003
Game Day Expenditures	
Building Services	$157,083
Security	44,625
Paramedics/Fire	16,290
Rentals	8,727
Chain crew/ball boys/etc.	5,453
Concessions	4,255
Trash	3,935
Other	15,306
Total Game Day Expenditures	$255,673

Source: Southern Methodist University, Johnson Consulting

Over half of all expenditures are for building services, which includes any cosmetic repairs made to Ford Stadium. The second largest game day expenditure category is security which includes payments made to four separate police departments for traffic control around Ford Stadium on game days. The above expenditures are for seven SMU football games and two other SMU events.

While specific data on Ford Stadium is limited, it does set the precedent for returning home football games to facilities on campus. Benefits of relocating the SMU football team to campus increased overall interest in SMU football, particularly in terms of season ticket sales.

Papa John's Cardinal Stadium at the University of Louisville in Louisville, Kentucky

The University of Louisville's (U of L) Papa John's Cardinal Stadium (Cardinal Stadium) was completed in September of 1998 for a total cost of $63 million. Naming rights were sold for Cardinal Stadium to Papa John's for $5.0 million for a period of ten years. The University owns and manages Ford Stadium with concessions being contacted to Centerplate.

Cardinal Stadium was built for the purpose of giving the U of L football team a designated facility. Previously, the football team shared a facility with a minor league baseball team in Louisville. Cardinal Stadium has seating for 42,000 with the capacity to be expanded to include a total of 80,000 seats. A unique feature of Cardinal Stadium is that all 42,000 seats are of the chair-back type, a feature touted by the U of L as being one-of-a-kind for collegiate stadiums. Cardinal Stadium includes 26 luxury suites each with 16 seats, costing $30,000 per year excluding tickets for a term of five years. The on-site Brown & Williamson Club offers seating for 550 people and is available on all non-U of L home football game dates for wedding receptions, banquets, and other functions. This portion of Cardinal Stadium is managed and marketed by Centerplate. Centerplate also provides concession services within the stadium.

The number of events hosted at Cardinal Stadium has become restricted by several factors in recent years. When first opened, Cardinal Stadium was designed and intended to be a multi-use facility, as evident by its early event scheduled which included a George Strait Country Music Festival and a Billy Graham event (a four day event that drew over 200,000 people). The hosting of these types of events has been restricted by the changing of the playing surface to artificial turf (too costly to protect for alternate events) and the decline in the entertainment/concert industry post-9/11. In addition, soccer events have been less willing to host events at Cardinal Stadium since the switch to artificial turf. According to management, prior to these events Cardinal Stadium had a dedicated marketing team to attract alternate events to the facility; now, only the aforementioned Brown & Williamson Club is actively marketed. Table 4-7 displays the average historical event demand and attendance since the opening of Cardinal Stadium in 1998.

Table 4-7

Papa John's Cardinal Stadium
Average Historical Event Demand and Attendance*

Type of Event	Number of Events	Average Attendance
U of L Football	6	42,000
Band competition	3	5,000
High School Football Playoffs	4	30,000
High School Football - Local Game	1	10,000
National Women's Football Association Superbowl	1	20,000
Soccer	1	40,000
Concert	1	40,000
Total	17	--

**Average since opening of facility in 1998.*
Source: University of Louisville, Johnson Consulting

Cardinal Stadium has hosted an average of 17 events annually since its opening. Average attendance for U of L football games has been at or near capacity since the opening of the facility. As noted above, recent events have caused decreased activity for some events, especially concerts.

In 2004, Cardinal Stadium hosted 18 events, including five U of L football games, five high school football games (including a local rivalry game, drawing over 30,000 fans), three marching band competitions, and several other smaller events. Average attendance at U of L home football games for 2004 was 40,531 people, including four sold out games. Before the Cardinal Stadium was opened the average per game attendance was approximately 31,700 people. The U of L football team finished with a 10-1 record and ranked number seven in the U.S. by the Associated Press.

While Cardinal Stadium has seen some erosion in types of events hosted in recent years, it still serves as a good example as to how the number of useful days can be expanded through non-traditional events such as band competitions and women's football. While the creation of a multi-use facility is not a main goal of the proposed UCF stadium, Cardinal Stadium is illustrative of the potential for additional revenue by targeting other events at its facility.

Comparative Market Statistics

Johnson Consulting compiled market statistics of the communities where the above referenced comparable facilities are located and also local competitive facilities, as presented in Table 4-8. The largest market is Dallas-Fort Worth with 5.2 million, while Gainesville is the smallest market with approximately 220,000 people. Table 4-8 presents demographic and economic characteristics for these markets, including MSA population, media market size, total business establishments, households with effective buying income of more than $150,000, and large firms (those with over 100 employees or $10 million or more in sales annually).

Table 4-8

Comparative Market Statistics

Market	Stadium	Size	Media Market Size (2004)	Media Penetration	Total Business Establishments	Households with EBI of $150,000+	Households w/$150K+ per 1,000 capita	Businesses per 100 Capita	Large Businesses*	Large Businesses* per 100,000 capita
Dallas-Ft. Worth, TX	Ford Stadium	5,221,801	6,332,900	121%	226,622	71,200	13.6	4.3	4,276	82
Tampa/St. Petersburg, FL	Raymond James Stadium	2,395,997	3,965,300	165%	101,846	24,700	10.3	4.3	2,393	100
Orlando, FL*	**Proposed Stadium**	**1,644,561**	**3,244,300**	**197%**	**82,547**	**16,900**	**10.3**	**5.0**	**1,849**	**112**
Hartford, CT	Rentschler Field	1,182,400	2,595,500	220%	55,828	10,600	9.0	4.7	1,371	116
Jacksonville, FL	Alltel Stadium	1,100,491	1,587,000	144%	47,284	11,800	10.7	4.3	1,113	101
Louisville, KY	Papa John's Cardinal Stadium	1,025,598	1,586,200	155%	45,238	10,300	10.0	4.4	1,177	115
Tallahassee, FL	Doak Campbell Stadium/Bragg Memorial Stadium	287,312	651,200	227%	14,731	2,500	8.7	5.1	287	100
Gainesville, FL	Ben Hill Griffin Stadium	220,344	298,800	136%	9,572	1,900	8.6	4.3	223	101
Minimum		220,344	298,800	121%	9,572	1,900	8.6	4.3	223	82
MEDIAN		1,141,446	2,091,250	160%	51,556	11,200	10.2	4.4	1,274	101
Maximum		5,221,801	6,332,900	227%	226,622	71,200	13.6	5.1	4,276	116

**Businesses w/ 100+ Employees OR $10+ million Sales*
***Brevard and Volusia Counties would add an additional 975,000 people.*
Source: Sales and Marketing Management, U.S. Census Bureau, Dun & Bradstreet, Johnson Consulting

Observations regarding Orlando in relation to this competitive set are provided below:

- Market populations range from 220,000 to 5.2 million in terms of population. Media market size ranges from 300,000 (Gainesville) to 6.3 million (Dallas-Fort Worth). Media market size in relation to population is a measure of regionality for a community. Markets with higher media market penetration can be expected to have a better base of support than their market size would suggest. The median market penetration is approximately 160 percent. Hartford has a media market over twice as large as its MSA, although a portion of this can be accounted for the densely populated area and the resulting overlapping media markets. Alternately, Dallas-Fort Worth has a media market that is only slightly larger than its MSA size, giving it a relative disadvantage compared to the other markets. Orlando has a media market penetration much higher than that of the median of the comparable markets, giving it an advantage over the other comparable markets.

- The number of business establishments is important when considering the sale of season tickets, suites, and advertising. Many businesses buy season tickets in order to entertain clients or reward employees. The more businesses, the greater the opportunity to sell not only tickets, but advertising and suites. We measured the number of businesses per 100 people and found the median to be 4.4 businesses per 100 people. Orlando is above the median and is second only to Tallahassee within the comparable markets with 5.0 businesses per 100 people. The range is fairly tight in this measure, with the high of 5.1 in Tallahassee and a three-way tie for the low of 4.3 between Dallas-Fort Worth, Tampa-Saint Petersburg, and Gainesville. For Central Florida, this measure does not include Volusia or Brevard Counties, which would add approximately 40,000 additional business establishments, bringing the total per 100 capita number of business establishments to approximately 7.5 for Central Florida, well above the comparable market set.

- We performed a separate analysis regarding a subset of large businesses. Large businesses are defined as having either more than 100 employees or $10 million in sales. The presence of large companies is very important to the success of sports franchises and their facilities. Large companies are counted on to lease luxury suites, purchase the majority of advertising, rally civic and political support during difficult times, and purchase naming rights. Cities with more large businesses can support more teams, suites, and facilities. The city with the greatest number of large businesses is the largest city in the set, Dallas-Fort Worth, with 4,276. The city with the least number is the smallest city in the set, Gainesville, with 223. Orlando has 1,849 large businesses, substantially higher than the 1,274 median. Volusia and Brevard Counties would add an additional 715 large businesses for a total of 2,564 for Central Florida.

  The number of large businesses per capita (measured per 100,000) shows the relative strength of a market to support suites at a higher lease rate, as more would be expected to bid for the right to use the suites. The city with the highest rate of large businesses per capita is Hartford. The lowest rates of large firms per capita is Dallas-Fort Worth. While Hartford and Louisville have more large businesses per 100,000 capita, with 116 and 115, respectively, Orlando trails by a slim margin with 112. This suggests that Orlando should be able to support a similar number of suites as to those supported by the facilities within the Hartford and Louisville facilities.

- Households with $150,000 or more of effective buying income by definition have more disposable income from which to purchase tickets to events. In addition, they have a greater ability to afford season tickets to events. Markets with more high-income households have a greater ability to support sports teams (and other arena events), and those with a greater proportion of these households have a relative advantage over those with a lesser proportion. The market with the most households in this category is Dallas-Fort Worth with 71,200 and the lowest is Gainesville, with 1,900. The median for the group is 11,200 and Orlando is well above that figure with 16,900. On a per capita basis, the median is 10.2 per 1,000 people. Orlando has 10.3 high-income households per 1,000 people, or an approximately equal number of high-income households as the median. Again Dallas-Fort Worth has the highest rate of high-income households in the set, with 13.6 per 1,000, a figure that supports its having four major league professional sports teams. The lowest rate is 8.6 in Gainesville. All markets examined in terms of the number of households earning $150,000 and greater that have less than the median do not have, coincidentally, any professional sports teams. While this may be due to small market size in the case of Tallahassee and Gainesville, this is a more significant measure for Hartford and Louisville.

Conclusions

Stadiums are traditionally limited in the number and types of events they can host due to either lack of events or restrictions of the facility. The building of a new collegiate stadium is generally undertaken to fill a perceived gap in a program by the limitations of the existing facility, as outlined in each of the comparable facilities. By building a stadium on campus, UCF will be able to spark additional interest in its continually emerging football program. By having its own designated stadium, UCF will be able to further formulate its own identity in a stadium it can truly call home. In addition, with the offering of increased amenities, such as luxury suites, UCF will be able to draw further corporate and sponsor dollars by offering the types of facilities that these groups expect and often demand.

Football, like auto racing, defies demographics. Small cities, like Lincoln, Nebraska, Tallahassee, and Gainesville each attract full stadiums. It becomes the event for the community during college weekends. Orlando has other entertainment options and UCF's program is in its infancy. Historic average attendance at games at UCF has been approximately 22,000 people since 1998. If a higher quality stadium is added at UCF and the program builds as expected, we anticipate a significant level of attendance growth over a ten year period. We expect average attendance to be 23,000 in fiscal year 2006-07 and grow to approximately 26,000 in fiscal year 2015-16.

V. FACILITY DEMAND AND FINANCIAL PROJECTION

FACILITY DEMAND AND FINANCIAL PROJECTION

Johnson Consulting projected the demand for the football stadium and also developed financial projections for the stadium over a 10 year period. The projection is based on comparable facilities' operations, the transition into Conference USA, the evolving characteristics of the university and the expected surrounding development, and trends that are likely to affect the facility in the future. It is assumed that the stadium will have a permanent seating capacity of approximately 45,000 people. The projection also assumes that the stadium will open in the fall of 2006. The first year of the projection is FY 2006-07, which will accommodate an entire college football schedule.

Confirmation of Facility Offerings

In order to support our projections that appear later in this section, Johnson Consulting first confirmed the potential size of the proposed football stadium on the campus of UCF, including number of seats, luxury suites, and club seats by comparing the building program as it currently exists, to other Conference USA venues as well as the comparable examples discussed in Section 4.

The proposed football stadium project is located on the northeast side of the main campus area proximate to the campus' main circumferential roadway (Gemini Boulevard). While a final building program has not been confirmed, from preliminary work with 360 Architecture, we assume the stadium will have a capacity of 45,000 seats, 21 leasable luxury suites, and 1,000 leasable club seats. In addition, the stadium will be owned by UCF and operated by UCFAA, Inc., meaning that cash flows through the Athletics Department.

Based on the building program provided by 360 Architecture, the new stadium on the campus of UCF is proposed to consist of the following elements:

- 45,000 seats,
- **Level 1**: Club level,
- **Level 2**: Suite level with 12 suites,
- **Level 3**: Suite level with 10 Suites, and
- **Level 4**: Media, video, and stadium operations level. This level will service the needs of the press, video requirements, and stadium operations and include a suite for the home Athletics Director, a suite for the home coach, and a suite for the visiting Athletics Director.

In order to compare the building program at UCF with other collegiate stadium developments, Table 5-1 displays the capacity, average attendance, number of luxury suites, number of club seats, and the occupancy rates for the premium seats for stadiums in the newly aligned Conference USA as well as the comparable venues previously discussed.

Table 5-1

Conference USA & Comparable Stadium Premium Seating

School	Enrollment	Stadium	Year Facility Opened	Facility Capacity	2004 Average Attendance	Attendance % of Capacity	# of Luxury Suites	% Luxury Suites Sold	# of Club Seats	% Club Seats Sold
University of Alabama at Birmingham	16,693	Legion Field	1927	83,091	20,606	24.8%	15	75%	517	100%
Tulane University [2]	12,676	Louisiana Superdome	1975	72,000	22,829	31.7%	137	0%	15,000	0%
University of Central Florida [1, 3]	**42,837**	**Florida Citrus Bowl**	**1936**	**70,188**	**19,952**	**28.4%**	**30**	**0%**	**0**	**-**
Rice University [1]	4,785	Rice Stadium	1950	68,500	17,652	25.8%	0	-	0	-
University of Memphis	20,332	Liberty Bowl Memorial Stadium	1965	62,384	41,175	66.0%	40	63%	2,400	94%
University of Texas at El Paso [1]	18,542	Sun Bowl	1963	52,000	41,209	79.2%	0	-	0	-
East Carolina University	21,797	Dowdy-Ficklen Stadium	1963	42,000	30,684	73.1%	0	-	1,440	94%
University of Louisville	21,500	Papa John's Cardinal Stadium	1998	42,000	40,531	96.5%	26	100%	0	-
University of Tulsa [1]	4,100	Skelly Stadium	1930	40,385	16,906	41.9%	0	-	0	-
Marshall University [1]	16,551	Marshall University Football Stadium	1991	40,000	25,933	64.8%	21	100%	0	-
University of Connecticut	19,500	Rentschler Field	2003	40,000	39,304	98.3%	38	60%	4,480	62%
University of Houston	30,757	Robertson Stadium	1940	33,000	21,167	64.1%	26	73%	0	-
University of Southern Mississippi	15,259	M.M. Roberts Stadium	1976	33,000	28,964	87.8%	0	-	0	-
Southern Methodist University [1]	10,038	Gerald R. Ford Stadium	2000	32,000	17,706	55.3%	24	88%	537	100%
Average	***18,241***		***1966***	***50,753***	***27,473***	***59.8%***	***26***	***62%***	***1,741***	***75%***

[1] New to Conference USA in 2005.
[2] Suites are not leased by the University.
[3] Suites are not leased by the University. UCF only receives ticket revenue if suite holder purchases tickets for UCF events.
Source: Revenues from Sports Venues, US College Search, Johnson Consulting

As the table shows, these facilities vary in size from 32,000 to 83,100 seats. While many of these venues do not offer premium seating, the trend in newer stadium development is to include these types of revenue producing items to increase the amount of contractually obligated income for the stadium. The new UCF football stadium will have a total capacity that is slightly below the average capacity of this competitive set, with approximately 45,000 seats. In addition, the facility will also offer fewer premium seating opportunities than the average, but this is acceptable as it does not yet have a proven football program as some of the other competitive schools do. In comparing the UCF football stadium with these other facilities, it appears the components are of the appropriate size for the demand it will host, especially given the ambition of UCF's athletics program development. It is expected that the program will gain in stature and future expansion must be contemplated.

Demand Projection

Johnson Consulting projected the demand for the football stadium for a 10-year period. The projection is based on comparable facilities' operations, the proposed ground lease agreement with UCF, the existing UCF football schedule (currently using the Citrus Bowl), the presence of other UCF sports and their practice facilities, and reflects on the unique environment evolving around the university campus. It is anticipated that the football stadium will open in the fall of 2006, therefore this projection analyzes the demand for the building starting in Fiscal Year 2006-07 (Fiscal Year runs from July 1 through June 31).

We have assumed that the football stadium will be used only for UCF football games. While not shown, it is typical that such stadiums are used for high school football events and limited special events throughout the year such as a soccer match, concert, or festival. However, due to the location of the stadium within the community there is no current plan to host these types of events. While UCF may become interested in hosting these events in the future, we did not factor them into this projection. Table 5-2 summarizes the projected event schedule for the football stadium from FY 2006-07 through 2015-16, by event type.

Table 5-2

UCF Football Stadium
Projected Schedule of Events by Category and Year

	'06-07*	'07-08	'08-09	'09-10	'10-11	'11-12	'12-13	'13-14	'14-15	'15-16
UCF Football Games	6	6	6	6	6	6	6	6	6	6
Total	6	6	6	6	6	6	6	6	6	6

**Fiscal Year runs from July 1 through June 30.*
The new Football Stadium is expected to begin operation in the Fall of 2006.
Source: Johnson Consulting

We anticipate that once the football stadium opens in the fall of 2006, the facility will operate at maximum efficiency. For this projection, we assume that the football stadium will host six UCF football games. However, the NCAA is currently contemplating a 12-game season for its' Division I-A football programs. Should the NCAA pass this legislation, then UCF will have seven home games in FY 2006-07, as it has a conditional verbal agreement in place to host an additional game with another member institution.

Table 5-3 summarizes the projected paid attendance at the football stadium for a ten-year period. Actual turnstile attendance at ticketed events is slightly lower than paid attendance because of no-shows, and projected turnstile attendance is considered in projections of event-related revenues such as concessions sales and novelties.

Table 5-3

UCF Football Stadium
Projected Total Attendance by Category and Year

	'06-07*	'07-08	'08-9	'09-10	'10-11	'11-12	'12-13	'13-14	'14-15	'15-16	Stabilized Year Avrg Attendance
UCF Football Games	138,000	142,200	146,400	150,600	155,400	155,400	155,400	155,400	155,400	155,400	25,900
Total	138,000	142,200	146,400	150,600	155,400	155,400	155,400	155,400	155,400	155,400	25,900

**Fiscal Year runs from July 1 through June 30.*
The new Football Stadium is expected to begin operation in the Fall of 2006.
Source: Johnson Consulting

Total paid attendance at the football stadium is projected to be approximately 138,000 in 2006-07 and stabilizing at 155,400 in 2010-11 with the increase in average attendance. Average attendance for a UCF football event is described in more detail below.

- ***UCF Football*** – is currently held in the Citrus Bowl, but will move to the UCF Football Stadium once it opens in the fall of 2006 (FY 2006-07). The new stadium is expected to host six football games each season. Based on the lure of a new stadium, an improving football program, and the average attendance from the Conference USA and comparable universities, average attendance is projected to stabilize at 25,900 per game in 2010-11.

Operating Projection

Similar to the demand projection above, Johnson Consulting projected the financial performance of the new football stadium for the first ten years of operation, based on comparable facilities' operations, the unique characteristics of the local market area, and the surrounding development on the UCF Campus Masterplan. The projection assumes that the stadium will open in the fall of 2006 (FY 2006-07). Other assumptions include:

- Revenues include all revenues of the facility that can be used for operations and debt service.
- Expenses are categorized into two groups: 1) *Fixed operating expenses*, which are incurred regardless of the level of activity at the facility, and 2) *Variable operating expenses*, which are expenses related directly to the operation and demand of the facility that vary depending on the volume of activity. Some expenses have both a fixed and variable component.
- As the football stadium will only be used for six events per year, many of the expenses will be the responsibility of the broader Athletics Department.

However, the projection does include allocations for utilization items that will be borne by the stadium during its operation.

- The stadium's projection uses inflated dollars and accrual-based accounting, wherein revenues are recognized when they are earned and expenses are recognized when they are incurred.
- All revenues and expenses are adjusted for inflation at a 2.5 percent annual rate, unless noted elsewhere in the projection.

Table 5-4 shows the projected operating statement for the first ten full years of operation.

Table 5-4

UCF Football Stadium Financial Projection ($000's, Inflated)

		Fiscal Year*									
Ref		**'06-07***	**'07-08**	**'08-09**	**'09-10**	**'10-11**	**'11-12**	**'12-13**	**'13-14**	**'14-15**	**'15-16**
	Operating Revenue										
1	Ticket Sales Revenue	$1,967	$2,077	$2,192	$2,311	$2,445	$2,506	$2,568	$2,633	$2,699	$2,766
2	Net Concessions	372	393	414	437	462	474	486	498	510	523
3	Net Catering	40	41	42	43	44	45	46	47	48	49
4	Net Novelties	34	36	38	40	43	44	45	46	47	48
5	Net Parking	495	495	495	518	518	518	540	540	540	563
6	Premium Seating, less 7% fulfillment	1,632	1,658	1,685	1,713	1,741	1,880	1,910	1,940	1,971	2,003
7	Advertising and Sponsorship	180	189	194	199	204	209	214	219	225	230
8	Naming Rights less 7% fulfillment	733	687	704	721	739	758	777	796	816	836
9	Facility Fee/ Rebates	138	142	146	151	155	155	155	155	155	155
10	Other Revenue	95	96	97	98	100	106	107	108	110	111
11	**Total Revenue**	$5,661	$5,789	$5,982	$6,206	$6,426	$6,670	$6,823	$6,957	$7,096	$7,259
	Operating Expense										
	Fixed										
12	Salary - Permanent Staff	$250	$256	$263	$269	$276	$283	$290	$297	$305	$312
13	Benefits - Permanent Staff	63	64	66	67	69	71	72	74	76	78
14	General and Administrative	180	185	189	194	199	204	209	214	219	225
15	Utilities	150	154	158	162	166	170	174	178	183	187
16	Repairs and Maintenance	240	246	252	323	331	339	348	357	366	375
17	Insurance	55	58	61	65	68	70	72	74	76	77
18	Communications	80	82	84	86	88	91	93	95	97	100
19	Advertising	27	28	29	30	31	31	32	33	34	35
20	Misc.	50	51	53	54	55	57	58	59	61	62
	Variable										
21	Gameday Expenses	275	291	307	324	342	351	360	369	378	387
22	**Total Expenses**	$1,370	$1,415	$1,462	$1,574	$1,626	$1,667	$1,708	$1,750	$1,795	$1,839
23	**Net Operating Income (Deficit)**	$4,291	$4,374	$4,521	$4,632	$4,801	$5,004	$5,116	$5,207	$5,302	$5,421
24	**Deposit to Maintenance Reserve Account**	$340	$347	$359	$372	$386	$400	$409	$417	$426	$436
25	**Management Fee**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
26	**Net Operating Income (Deficit) Avail. for Debt**	$3,951	$4,027	$4,162	$4,260	$4,415	$4,604	$4,706	$4,790	$4,876	$4,985
27	**Debt Service**		$3,051	$3,051	$3,051	$3,051	$3,051	$3,051	$3,051	$3,051	$3,051
28	**Coverage Ratio**		132%	136%	140%	145%	151%	154%	157%	160%	163%
	Other Non Operating Revenue										
29	**Fundraising**										
30	Capital Gifts	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750
31	**Total Fundraising**	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750
32	**Net Operating Income Avail. For Debt Service****	$4,701	$4,777	$4,912	$5,010	$5,165	$5,354	$5,456	$5,540	$5,626	$5,735
33	**Coverage Ratio including Fundraising**		157%	161%	164%	169%	175%	179%	182%	184%	188%

**Fiscal Year runs from July 1 through June 30*
*** This includes fundraising revenue*
The new Football Stadium is expected to begin operation in the Fall of 2006
Source: Johnson Consulting

The following text describes the projections of individual line items in more detail.

Operating Revenue

- ***Ticket Sales Revenue*** –The projections assume all ticket sales to UCF games will be pledged to the stadium project fund. Other Athletics Department revenues would be used to pay for visiting team expenses and Conference USA fees. In order to determine the total ticket sales revenue, we have taken the total attendance figure and multiplied it by the average ticket price. However, UCF students do not pay to attend university sanctioned athletics events. Instead, students are required to pay a substantial athletics fee to UCF per semester based on their total number of credit hours. Among other things, this fee allows students to attend the athletics events without having to purchase a ticket. In addition, in order to build the athletics program and its fan base, UCF also provides comp tickets to a variety of attendees. Based on discussions with UCF officials, approximately 10,000 tickets are not paid for on a per game basis. However, these people are counted in the total attendance figures. As a result, the projection takes a weighted ticket price average of the actual face value of the ticket ($24) combined with 10,000 people (confirmed by UCF officials) who do not pay for football tickets to determine the projected revenue from ticket sales. While ticket prices may in actuality increase on a periodic basis, for projection purposes, we assigned a 2.5 percent annual inflation.

- ***Food and Beverage*** – The operation and management of food and beverage concession sales are generally handled by one of two methods. The first method, which is the most common, allows an independent concessionaire exclusive rights to facility events with the team and/or facility taking a percentage of gross sales. The second method allows for the facility owner to own and operate the concessions. Under this method, the facility owner will capture 100 percent of concession sales but will also incur expense items related to purchase and maintenance of equipment, labor costs, and costs of goods sold. For purposes of this analysis, concessions and novelty revenue estimates assume that facility management will choose to contract for these operations to a third party concessionaire.

  The current campus food service provider is Aramark, who may also be contracted to provide food and beverage at the football stadium. The parameters for food service deals are fairly well established for football stadiums and the approach taken can follow either a percentage rent to the building or a management agreement. While a management agreement is usually preferred because it engages the contractor to a greater extent and may yield some investment for the football stadium being managed, the net economics of a percentage fee arrangement are similar. As such, for planning purposes, we have used a percentage approach for our projections.

Crucial to the derivation of concessions revenue is the per capita sales figure. Per capita sales vary from event to event and by the seating area. For purposes of this analysis, the per capita concession spending is estimated to average $5.50 for concessions at UCF football games. This assumption is based on information provided by Aramark, Global Spectrum, as well as current operating data from the University of Connecticut's Rentschler Field. It is assumed that the facility will receive 40 percent of concessions revenue.

- ***Catering –*** The stadium concessionaire would also typically provide luxury suite and club seat catering services to the facility and the stadium receives a percentage of gross sales from each event. It is assumed that the gross per capita spending assumptions for catering are $25.00 for UCF football games. Again, based on data provided by Aramark, Global Spectrum, and other industry data, the stadium's commission is assumed to be 20 percent of gross catering sales, because catering has a higher cost structure than concession services.

- ***Novelties –*** The projection assumes that stadium management will contract with an outside provider for novelty sales. Novelty revenue is projected to be 10 percent of gross novelty sales for all events at the facility. Similar to concessions revenue, the per capita projections are based on information provided by Aramark. It is assumed that $2.50 per attendee will be sold within the stadium or on a per capita basis for UCF football games. This assumption does not take into consideration the sale of merchandise at off-site locations, which may be substantial.

- ***Parking –*** The parking projections are based on data provided by Gameday Management Group (Gameday), an expert in transportation development and implementation for high profile sporting events. Gameday has been working with UCF officials to develop the parking plan for the football stadium. While not final at this point, Gameday has assumed that there will be 9,588 total parking spaces available for general parking, not taking into account parking spots for premium seat holders, as that revenue will not be captured in this category, but rather in their ticket prices. While these general parking spaces will have different cost structures (ranging from $5 to $15), for this projection we have assumed an average parking fee of $10.74 per space. In addition, the projection assumes that there will be 75 spots available for RV's and buses. Again, while there will be different cost structures for RV's and buses (ranging from $25 to $50), the projection assumes an average cost of $37.50 per space. Gameday also assumed that all spaces will be filled. The revenue number is discounted by 22 percent to include the expense associated with operating the lots. It is assumed that there will be 33 lots with 3.5 staff people per lot, earning an average of $20 per hour over a ten hour day. No assumption has been made regarding how UCF could allocate some parking revenue earned from other parking spots not near the stadium to the stadium project fund.

- ***Premium Seating –*** The projections assume that the stadium has 21 leasable luxury suites and 1,000 leasable club seats. Table 5-5 shows the pricing structure for stadiums in Conference USA and of the comparable set that offer premium seating.

Table 5-5

Conference USA & Comparable Premium Seating Pricing

School	Stadium	# of Luxury Suites	Price of Luxury Suites		# of Club Seats	Price of Club Seats	
			Low	High		Low	High
University of Alabama at Birmingham	Legion Field	12	$ 6,000	$ 6,000	0	-	-
Tulane University	Louisiana Superdome	137	49,000	101,500	15,000	$ 630	$ 700
University of Central Florida *	**UCF Football Stadium**	**21**	**30,000**	**30,000**	**1,000**	**1,250**	**1,250**
University of Memphis	Liberty Bowl Memorial Stadium	40	12,500	18,500	2,400	2,400	2,400
East Carolina University	Dowdy-Ficklen Stadium	0	-	-	1,440	6,250	20,000
University of Louisville	Papa John's Cardinal Stadium	26	30,000	30,000	0	-	-
Marshall University *	Marshall University Football Stadium	21	12,000	40,000	0	-	-
University of Connecticut	Rentschler Field	38	50,000	50,000	4,480	835	835
University of Houston	Robertson Stadium	26	15,000	15,000	0	-	-
Southern Methodist University *	Gerald R. Ford Stadium	24	25,000	25,000	537	500	500
Average		***35***	***$25,500***	***$35,111***	***2,486***	***$1,978***	***$4,281***

** New to Conference USA in 2005.*
Source: Revenues from Sports Venues, Johnson Consulting

As the table shows, the average price for a luxury suite ranges from approximately $25,500 to $35,100 and the average price for a club seat ranges from approximately $2,000 to $4,300. Based on this representation, as well as the nature of the Orlando market, we assume the pricing structure to lease a luxury suite to be $30,000 per year, and $1,250 per year to lease a club seat, which appear right in line with the other venues listed in the table. In addition, we have assumed that the luxury suites will be 100 percent occupied, while the club seats will be 90 percent occupied.

Furthermore, there are two ways to sell the premium seating. One is to hire a firm to market and sell these higher priced seating options. The other is to take these operations in-house. Under either scenario, there will be a fulfillment cost that may include brokerage fees, advertising, legal, etc. Based on discussions with ISP Sports, these fulfillment costs usually cost about 15 percent of the revenue. UCF will handle the operation in-house and have discounted the fulfillment cost down to seven percent.

Premium Seating Survey Overview

In order to understand the level of interest in premium seating opportunities within the university and Orlando markets at the proposed on campus football stadium at UCF, Johnson Consulting conducted a Web-based survey of a sample of selected community members. In line with discussions with UCF officials and other interested stakeholders, the survey sample included UCF Golden Knights Club Members and Orlando Regional Chamber of Commerce members. In total, Johnson Consulting sent 340 surveys to the Golden Knights Club, based on email addresses that were randomly provided by the university. In addition, 4,200 Chamber of Commerce members, also randomly selected, were surveyed. As a result, a total of 4,540 surveys were distributed. Table 5-6 shows the size of the sample and the response rate of the survey participants.

Table 5-6

Survey Sample

	# of Surveys Sent	# of Surveys Returned	Response Rate
Golden Knights	340	133	39.1%
Chamber of Commerce	4,200	201	4.8%
Total	***4,540***	***334***	***7.4%***

Source: Johnson Consulting

As the table shows, 4,540 people were contacted for this study and approximately 7.4 percent responded. While the response rate may appear low, it is a sufficient sample to accurately interpret the findings.

The survey consisted of questions regarding luxury suites, loge box seats, and club seats for the proposed football stadium. Below are some key findings based on the responses.

Chamber of Commerce Survey

- 83% of respondents are not season ticket holders for UCF athletics. Of the 17% that are, the majority are football season ticket holders.
- 20% characterized their interest in purchasing a luxury suite as *fair*, 17% responded that they had a *poor* interest, 8% had a *strong* interest, and 2% had a *definite* interest.

- 89% of the respondents had a price ceiling of below $30,000 for the purchase of a luxury suite. 8% had a price ceiling between $30,000 and $35,000 and 3% had a ceiling between $35,000 and $40,000. This is presumed to be a good foreshadow of things to come, as there are 21 leaseable suites that need to be sold and these Chamber members already have interest at the appropriate price levels, between $30,000 and $40,000.
- The most appealing term for a lease on a luxury suite was three years, with 80% interest, followed by five years with 18% interest.
- 28% characterized their interest in purchasing a club seat as *fair,* 19% responded that they had a *strong* interest, 16% had a *poor* interest, and 5% had a *definite* interest.
- 61% of the respondents had a price ceiling of below $500 per club seat, 23% had a price ceiling between $500 and $750, 12% had a price ceiling between $750 and $1,000, and 4% had a price ceiling between $1,000 and $1,500.
- 54% responded that a one year lease term was most appealing for a club seat, 38% responded that three years was most appealing, and 8% responded that five years was most appealing.
- The critical concern regarding the purchase of premium seating for this group of respondents is the cost with a 37% response rate, followed by quality of teams at 32% and understanding what premium seating is at 11%.
- 88% responded that they would NOT be interested in purchasing premium seats in the new Convocation Center over the new football stadium. 88% also responded that they would NOT be interested in purchasing premium seats in both facilities.
- 37% of the respondents said that the purchase of premium seating would not impact their current level of donations to the University. 48% of the respondents do not currently donate to the University.
- 25% responded that advertising opportunities associated with the purchase of premium seating would be of interest. 18% responded that the advertising threshold of $10,000+ would be of interest, while 79% responded that $5,000+ would be of interest.

Golden Knights Club Members

- 97% of respondents are season ticket holders for UCF athletics. The majority are football season ticket holders.

- 23% characterized their interest in purchasing a luxury suite as *poor,* 17% responded that they had a *fair* interest, 7% had a *strong* interest, and 2% had a *definite* interest.
- 89% of the respondents had a price ceiling of below $30,000 for the purchase of a luxury suite. 8% had a price ceiling between $30,000 and $35,000, and 2% had a ceiling between $35,000 and $40,000. Similar to the Chamber members, we are encouraged by the price points for the potential sale of luxury suites to Golden Knights members.
- The most appealing term for a lease on a luxury suite was three years, with 71% interest, followed by five years with 23% interest.
- 36% characterized their interest in purchasing a club seat as *strong,* 26% responded that they had a *fair* interest, 10% had a *poor* interest, and 9% had a *definite* interest.
- 37% of the respondents had a price ceiling between $500 and $750 per club seat, 32% had a price ceiling of below $500, 21% had a price ceiling between $750 and $1,000, and 10% had a price ceiling between $1,000 and $1,500.
- 36% responded that a one year lease term was most appealing for a club seat, 33% responded that three years was most appealing, and 31% responded that five years was most appealing.
- The critical concern regarding the purchase of premium seating for this group of respondents is the cost with a 53% response rate, followed by understanding what premium seating is at 20%, and quality of teams at 11%.
- 93% responded that they would NOT be interested in purchasing premium seats in the new Convocation Center over the new football stadium. However, 31% of the respondents said they WOULD be interested in purchasing premium seats in both facilities. This makes the concept of offering a combination ticket package for football and basketball events a lucrative program for both facilities, assuming a cost effective price point.
- 53% of the respondents said that the purchase of premium seating would not impact their current level of donations to the University.

As the above illustrates we feel optimistic about the potential sale of premium seating at the proposed football stadium on the campus of UCF. As there are only 21 luxury suites, 1,000 club seats, and a high interest of both Chamber members and Golden Knights members, we project an efficient sale of those seats. UCF must only attract a limited number of these potential attendees as well as other members of the corporate community to obtain maximum capacity on the premium seats. In addition, while the market may be price sensitive, members of the Golden Knights Club have really expressed interest in being a higher-end attendee at the football stadium and appear willing to pay for it. Luxury suites are typically the hardest sell for a football stadium, but UCF has at least one year to pre-sell them, which could include providing some added value in terms of partnerships, tickets to current events, or other items of inventory that may be available.

- ***Advertising and Sponsorship –*** revenues are generated from the inventory of signage located within the facility, including those located in the concourses and on permanent scoreboards. Based on data provided by Global Spectrum, as well as discussions with ISP Sports, experts in college marketing and revenue enhancement programs currently contracted with UCF, we assume a total advertising and sponsorship inventory valued at $200,000. Of this amount, 100 percent is assumed to be sold each year. Many advertising contracts are long-term and maintain either a constant or escalating annual amount until renewal, but for the purposes of this projection, advertising revenues are inflated each year.

  Again, based on input from ISP Sports, it is assumed that expenses related to the procurement of advertising revenue are ten percent of gross revenue sold.

- ***Naming Rights –*** revenues from a corporate partner that takes title to the name of the stadium. Table 5-7 shows comparable naming rights at college football stadiums throughout the country.

Table 5-7

Comparabale Stadium Naming Rights Agreements

School	Enrollment	Stadium	Year Facility Opened	Capacity	Naming Rights Value ($000's)	Length of Contract (years)	Payment per Year ($000's)
University of Minnesota	50,954	TCF Bank Stadium	2008	TBD	$ 35,000	25	$ 1,400
Southern Methodist University	11,200	Gerald J. Ford Stadium	2000	32,000	24,000	indefinite	na
Texas Tech University	25,875	Jones SBC Stadium	1947	50,500	20,000	20	1,000
Oregon State University	17,920	Reser Stadium	1953	35,000	12,500	20	625
University of Louisville	21,500	Papa John's Cardinal Stadium	1998	42,000	5,000	10	500
Troy State University	24,000	Movie Gallery Veterans Stadium	1950	30,000	5,000	20	250
Syracuse University	18,247	Carrier Dome	1980	51,000	2,500	Indefinite	na
Average	***24,242***		***1977***	***40,083***	***$ 14,857***	***19***	***$ 755***
Schools Who Play in Major League Venues:							
Temple University	33,000	Lincoln Financial Field	2003	66,000	$ 139,600	20	$ 6,980
University of Pittsburgh	34,000	Heinz Field	2001	64,450	57,000	20	2,850
University of South Florida	35,561	Raymond James Stadium	1998	65,000	32,500	13	2,500
San Diego State University	27,345	Qualcomm Stadium	1967	71,000	18,000	20	900
Average	***32,477***		***1992***	***66,613***	***$ 61,775***	***18***	***$ 3,308***

Source: Revenues from Sports Venues, US College Search, Johnson Consulting

As the table shows, only a few stadiums across the country have actually sold naming rights to their on-campus facilities. For stadiums on college campuses, the average annual payment is approximately $755,000 and the average length of these contracts is 19 years. The value of naming rights deals at the professional level are much higher, also shown above, but the schools that play in these facilities rarely obtain any of the revenue generated by the contract.

Based on these naming rights contracts, the projection assumes that the UCF football stadium will secure a naming rights sponsor that will generate a gross annual amount of $750,000 per year, less a seven percent fulfillment fee, as UCF will handle this operation in-house. At this time, UCF Athletics has been in discussions with two potential corporate partners, although no agreement is in place. Based on these negotiations, UCF Athletics feels it will be able to obtain a 15-year naming rights contract, valued at approximately $1 million per year. However, in order to be conservative, we have used $750,000 in our projection.

- ***Facility Service Fee / Box Office Rebates –*** Facility service fees are often found in stadiums and other public-assembly facilities as a way to financially support operations and debt service payments, particularly in privately-owned facilities that require a return on investment. Such fees are commonly $0.50 to $1.50, and appear at numerous major professional, collegiate, and minor league facilities.

- ***Other Revenue*** – consists of interest earned from club seat and luxury suite deposits and other cash balances. Other incidental revenue will also be earned.

Operating Expenses

Fixed Expenses

As mentioned previously, fixed expenses are those that do not vary based on the specific number of events or attendees at the stadium. These expenses are salaries and benefits, general and administrative, the stadium management fee, a portion of utilities, repairs and maintenance, insurance, advertising, communications, and miscellaneous expenses.

- ***Salaries*** – Based on discussions with UCF officials, the infrequent use of the stadium does not necessarily justify hiring a complement of full-time staff. It is expected that at least five people will be dedicated to the stadium on a full-time basis. Those positions include an Associate Athletics Director/General Manager, Director of Sales, Sales Associate, Advertising Associate, and a Senior Grounds person. These employees will, in fact, be additions to the overall Department, so it becomes a matter of policy on how salaries are ultimately treated. For projection purposes, we have assumed five people at an average annual salary of $50,000 for a total of $250,000 as the cost to the stadium. Other payroll costs will either be recognized within game day expenses or as departmental overhead for the Athletics Department.
- ***Salary Benefits*** – Benefits for full-time staff members are projected to be 25 percent of salary expense throughout the projection.
- ***General and Administrative –*** This category consists of general and administrative expenses such as office-related expenses, travel, accounting, legal and consulting services, postage, etc.
- ***Utilities –*** As with the salary and wage expenses, it is imperative that the management passes through to the user, to the extent possible, utility costs related to a particular event. In many facilities, these costs are handled as an expense that is reimbursed or partially reimbursed by the tenant. For purposes of this analysis, it is assumed that the utility cost shown represents the total unreimbursable costs, net of any pass through arrangements. Based on preliminary discussions with the UCF Physical Plant Department, we have assumed utility costs to be $150,000 per year. It should also be noted that actual utility expenses would also depend on facility design and decisions concerning energy systems and management. At this point, it is assumed that 54,000 square feet of space will be air conditioned.

- ***Repairs and Maintenance*** – This line item includes various expenses that will be incurred related to building maintenance, equipment maintenance, and ground and turf maintenance. These expenses will include both in-house activities as well as contractual services for outsourced third party contractors. Expense allocations for repair and maintenance are highly dependent upon the owner/management philosophy relative to upkeep of the facility. We have assumed that in Years 1 through 3, expenses for this item will be lower due to projected construction warranties.
- ***Insurance –*** Based on insurance expense of stadiums of similar size and level of activity, the projection estimates insurance expense to be $0.40 per person based on total paid attendance. In 2006-07 we project this expense to be $55,000 and is inflated thereafter.
- ***Communications –*** expense is related to telephone services throughout the stadium, as well as television service and Internet access.
- ***Advertising -*** Advertising expense is primarily related to advertising in industry publications and local media outlets, as well as various promotions. This item does not include fulfillment costs for certain revenue-generating items, such as premium seating, that have been presented earlier in this section.
- ***Miscellaneous Expenses*** – include taxes and licenses, publications, uniforms, and other various expenditures.

Variable Expenses

Variable expenses are those that fluctuate based on the usage of the stadium. These expenses include gameday expenses and funding of a maintenance reserve account, as discussed below.

- ***Gameday Expense*** - The cost of hosting a home game for UCF football will also be borne by the stadium. In 2003, Global Spectrum conducted an analysis of professional football gameday expenses and found the expenses to be $2.15 per head in the south east, $2.63 in the north east, and $2.50 per head in the west. Based on this input, and the fact the UCF football stadium is a college facility with only six annual events, we have assumed an expense of $2.00 per turnstile attendee.
- ***Deposit to Maintenance Reserve Account –*** The maintenance reserve account funds major planned projects such as carpet, equipment, and roof replacement, as well as other scheduled maintenance programs that are not routine or paid for by the facility's repairs and maintenance account. Although facilities often have unique schedules for funding their maintenance reserve account, the annual amount deposited generally

increases as a facility ages. The deposit to the maintenance reserve account is assumed to be six percent of gross revenue.

Extraordinary Revenue

- ***Fundraising*** – is an important portion of revenue generated for the Athletics Department. The Capital Gifts Fund is a fundraising effort, with campaign contributions going directly to the football stadium project. Again, with input from the UCF Foundation, Inc., we have assumed an annual rate of $750,000 over the 10-year projection.

Debt Service

UCF has provided Johnson Consulting with an assumption of a $42 million bond issue over 30 years. The annual debt service, at six percent per year, is approximately $3.051 million annually, which has been reflected in Table 5-4.

Coverage Ratio

Applying net operating income before the fundraising revenues to debt service, the year one debt coverage ratio is 132 percent. This increases to 163 percent at the tenth year of the projection. By putting the fundraising revenue towards debts service, the coverage ratio increases to 157 percent in year one, increasing to 188 percent in the tenth year of the projection.