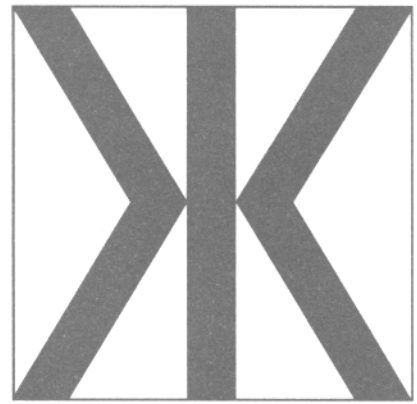




KLODT INCORPORATED
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January 7, 2004

Commissioner Dan McElroy
Minnesota Department of Finance
400 Centennial Building
658 Cedar Street
St. Paul, MN 55155

Dear Commissioner McElroy:

Governor Pawlenty notified us that he had forwarded to you our letter proposal for the construction of new stadiums for the Twins and Vikings which would be funded by the proceeds of a casino in downtown Minneapolis. We would like to expand on our original letter and provide you with a pro forma.

Our idea addresses a long-time Minneapolis desire to add a prominent convention hotel; it solves the on-going issue of keeping the Vikings and Twins in Minnesota by providing financing for a new stadium for each; it assists the U of M in constructing a new football stadium; it provides many jobs during the construction phase; and it provides many permanent jobs once the project is operational.

Our plan is as follows:

- 1) A substantial contribution will be made toward a new stadium to be constructed on the U of M campus which will enable the Vikings to play there during the construction of their new stadium.
- 2) The HHH Metrodome will be razed, but the new 70,000 person domed stadium will be constructed on the same site, thus cutting costs of land acquisition and infrastructure. We are assuming that we will have to increase the current stadium square footage by approximately 50%, and that in order to do this, we must design vertically.
- 3) A new retractable-roof stadium with capacity for 40,000 will be constructed for the Twins on the proposed site on the northwest side of downtown Minneapolis.

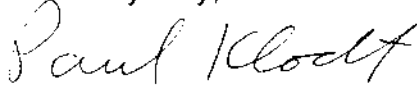
- 4) A 1,000 room downtown convention hotel with a 100,000 square foot casino will be constructed. This hotel and casino will enable Minneapolis to be competitive with other cities that have already allowed gaming in their downtowns, i.e., Chicago, Kansas City, St. Louis, New Orleans, and, of course, Las Vegas.
- 5) Approximately sixty percent of the net gambling revenue will go to support the debt service on all the new construction and provide for a full pay-off of principal within ten years. The remainder will be available to fund a reserve for the Twins, Vikings, Timberwolves and the Wild; to provide an annual endowment for below market housing; to subsidize the income of those Native American tribes in the State that do not own casinos; or for any other worthwhile projects.
- 6) After the debt is repaid, all net gambling revenue will be available to fund the reserve to keep Minnesota sports healthy and for worthwhile social programs.
- 7) None of the gambling revenue, other than that needed to pay the fair market rent and operations of the hotel casino, will go to us. The casino operations will be managed by a nationally-known casino management firm.

We have researched our numbers carefully and are using very conservative numbers for casino revenue. This proposal makes economic sense in that it is self-funding, and it provides a positive long-term economic impact for Minnesota.

As head of the Stadium Screening Committee, you are being sent this proposal first. Within several days we will send similar letters to the following individuals who are also involved in stadium issues: John C. Hottinger, Senate Majority Leader; Steve Sviggum, Speaker of the House; R.T. Rybak, Mayor of Minneapolis; City Council President Paul Ostrow; Council Member Lisa Goodman; Mark J. Stenglein, Hennepin County Commissioner; Greg Ortale, Greater Minneapolis Convention & Visitors Association; Sam Grabarski, Minneapolis Downtown Council; Todd Klingel, Minneapolis Regional Chamber of Commerce; Kent Warden, Greater Minneapolis Building Owners & Managers Association; and Sid Hartman, Minneapolis Star Tribune.

We look forward to meeting with you to discuss our proposal in detail. Please choose a date and time that is acceptable to you for this meeting and notify me at 612-374-8280. Thank you for your time and consideration.

Yours very truly,



Paul Klodt, President

Enclosure

cc: Governor Tim Pawlenty

CONVENTION HOTEL AND CASINO
DOWNTOWN MINNEAPOLIS
PROFORMA

Cost to construct components

Contribution to new U of M stadium	\$ 100,000,000
Domed football stadium, capacity 70,000	\$ 600,000,000
Retractable-roof baseball stadium, capacity 40,000	\$ 450,000,000
Hotel and casino	
1,000 guest rooms	\$ 250,000,000
100,000 square foot casino	\$ <u>70,000,000</u>
	\$ 1,470,000,000

Annual income generated

Gross casino receipts	\$ 800,000,000
Less operational costs	\$ <u>(400,000,000)</u>
Net casino receipts	\$ 400,000,000
Debt service on \$1,470,000,000 at 10% with 10 year amortization *	\$ <u>(233,142,000)</u>
Net casino receipts after debt service	\$ 166,858,000

*This proforma uses "junk bond" rates for the debt service.
If government-backed funds are used, the rate would be substantially lower.