

UNIVERSITY OF MINNESOTA

Twin Cities Campus

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January 21, 2004
Stadium Screening Committee
Minnesota Department of Finance
400 Centennial Office Building
658 Cedar Street
St. Paul, Minnesota 55155

Dear Committee Members:

At your January 6, 2004 Stadium Screening Committee meeting I briefly outlined a hypothetical financing strategy for funding an on-campus gopher stadium. It is my understanding that the committee has requested further information regarding those comments. As such, the information provided below illustrates more fully comments I made during the meeting based upon questions from committee members.

In December 2003 the University of Minnesota completed a stadium feasibility study that identified a total cost of a new on-campus stadium of approximately \$222.2 million. This cost estimate includes site preparation costs of \$16.8 million, district infrastructure improvements of \$25.1 million and stadium construction of \$180.1million. The project costs include approximately \$10.0 million for inflation assuming that the stadium would open in the fall of 2008.

At the time of the release of the feasibility study the President and the Board of Regents articulated the principle that the University must raise a significant portion of the overall cost of the stadium from non-state revenue sources. The University's approach to the development of a comprehensive financing framework has been to assess the viability of raising at least 60% of the total cost of the stadium from non-state revenue sources. We feel that a unique opportunity exists for private support, stadium sponsorships and potential student support for a gophers-only stadium that would not be forthcoming in a joint Vikings/Gophers scenario. Based upon extensive work done during the prior analysis of a joint stadium both organizations learned that our individual program requirements, stadium needs and overall mission were not a good match.

We have publicly acknowledged that a funding gap is likely and the University has not precluded further discussions with public officials on additional financing mechanisms. The table below highlights the potential funding gap.

Total Stadium Costs:	\$222.2 million
University Share – 60%	\$133.0 million
Funding Gap – 40%	\$ 89.2 million

The following information provides additional detail regarding our strategy to identify the University's 60% share of the total project costs and to outline our thoughts with regard to financing the remaining 40% gap.

University Share – 60% (\$133.0 Million)

The University is actively pursuing several sources of revenue that were outlined in the stadium feasibility study release in December 2003. The sources include 1) private contributions/sponsorships, 2) legal claims and settlements, 3) stadium-derived revenue, 4) student contributions, and 5) game day parking revenues. No single source of revenue will be sufficient to fund a new stadium and it is very likely that all of the sources listed will be called upon to play a role in the University's goal of identifying at least 60% of the total cost. At the present time, we have not assigned a specific target to any one of the individual revenue sources listed above. However, we anticipate that the majority of the University's share will come from a) private contributions, b) stadium related sponsorships and c) students. As I stated during the Stadium Screening Committee meeting, any resources from students will need to translate into a specific and tangible benefit to students in exchange for the financial contribution. Stadium derived revenues, while a potential source for construction of the stadium, are being targeted to support the operation of the stadium and to improve the financial condition of Gopher athletics.

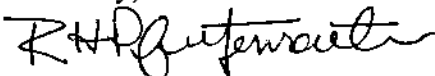
Funding Gap – 40% (\$89.2 million)

The remaining gap of \$89.2 million could be financed through the issuance of construction bonds backed by a revenue source from non-university identified revenues. During the Stadium Screening Committee meeting I outlined an annual principal and interest cost of approximately \$7.0 million assuming the issuance of \$89.2 million of construction bonds for 30 years at a cost of roughly 5.5%. In this example, I stated that it would be possible for the University to issue this debt if a stable revenue source was identified that would provide the University with an amount equal to the required annual payment.

As you know, the idea of bringing Gopher football back to campus is an exciting possibility. An on-campus stadium would strengthen connections to the University, create a lifetime of memories for generations to come, and be an invaluable, enduring asset for the citizens of Minnesota. We believe that the University needs to be given the opportunity to determine whether it is possible to raise at least 60% of the cost of the stadium project. If the University of Minnesota can attain this measure of financial support we believe a partnership with the citizens of Minnesota to finance the remaining financial gap is a worthwhile long-term investment.

Thank you for the opportunity to further outline our financial strategy. If you require any additional information please do not hesitate to call.

Sincerely,



Richard H. Pfutzenreuter
CFO/Treasurer University of Minnesota