



January 4, 2016

Mr. Jeff Mosley
Louisville Metro Government
Office of the Mayor
527 W. Jefferson Street
Louisville, KY 402020

Dear Mr. Mosley:

This letter ("Letter") sets forth our understanding of the terms and objectives of a detailed planning study for the potential development of a professional soccer stadium in the Louisville market. This Letter also provides the nature and limitations of the services to be provided and the related fee arrangement.

Scope of Services

The purpose of this scope of services is to address the City of Louisville's (City) interest in exploring the feasibility of developing an 8,000 to 10,000-seat soccer stadium to become the new home of the Louisville City FC, a professional soccer team that began playing in the United Soccer League (USL) in 2015, a third division professional soccer league. It is envisioned that the new Stadium would be designed to be expandable to approximately 20,000-seats to position the City to potentially attract a Major League Soccer (MLS) franchise, the top professional soccer league in the U.S.

It is also envisioned the stadium would be designed as multi-purpose in nature and host a variety of other events such as international soccer matches, college and high school soccer matches, college and high school football games, concerts, festivals, and other community events. In addition, the new Stadium site could include additional facilities such as team offices, team training facilities and academy program facilities.

We have developed a proposed scope of services to address the City's soccer stadium objectives, consisting of the following tasks:

- | | |
|---------|-------------------------------------|
| Task 1. | Market Demand Analysis |
| Task 2. | Building Program and Cost Estimates |
| Task 3. | Site Analysis |
| Task 4. | Financial Operating Analysis |
| Task 5. | Economic and Fiscal Impact Analysis |
| Task 6. | Funding and Management Options |

At the outset of the engagement, we will establish the organizational framework of the study. Specifically, we will conduct an initial planning meeting with City and other project representatives to establish communication channels, confirm the goals and objectives of the study, finalize the scope of the engagement, tour potential stadium site(s), discuss the information needed to complete the report, agree on the format and content of the report and establish major study milestones and timing.

Task 1. Market Demand Analysis

We will use a market-based approach to assess the demand potential for both an 8,000 to 10,000-seat stadium to accommodate Louisville City FC as well as the long-term prospect of attracting MLS to Louisville via an expanded stadium.

Specifically, we will analyze local market characteristics and operations of regional competitive facilities, assess the operations of comparable USL and MLS facilities, interview potential facility users and survey local Louisville residents and companies regarding their interest in USL and MLS soccer and potential support of a new stadium.

The results of the market analysis will provide the City with an understanding of the potential support for a new 8,000 to 10,000-seat USL stadium and the ability to attract an MLS franchise to an expanded stadium in the future.

Step 1. Professional Soccer Overview

As an initial step in the feasibility process, CSL will provide an overview of the history of USL and MLS to serve as a foundation in understanding the scope and scale of professional soccer in the United States.

The overview of professional soccer will include a review of the USL and MLS teams, stadiums, geographic footprint, attendance, league structure, team values, finances, expansion/relocation history, future expansion plans, and other relevant data.

As part of this step, we will also analyze the historical operations of Louisville City FC in the Louisville market to date. Information analyzed will include, but is not limited to current lease terms, attendance history, zip code reports from historical ticket sales, financial performance, ownership structure and other metrics to assess the initial success of the franchise in the market.

Step 2. Local Market Conditions

In assessing the potential level of market support for professional soccer and a new stadium development in Louisville, we will assess variables such as population, households, ethnicity, age, income, cost of living and related factors that will impact future Stadium performance.

In addition, we will study various corporate base, unemployment and other economic indicators that may impact the project. These data will be analyzed based on the typical geographic drawing power of USL and MLS franchises and will be compared to other current and prospective USL and MLS markets to provide a comparative basis from which to assess the Louisville market.

In addition to traditional demographic and socioeconomic analyses, CSL will also research and compile statistics regarding the strength of the Louisville soccer market by analyzing metrics such



as youth and adult soccer participation rates, television soccer viewership (World Cup, MLS matches, international soccer matches) and other soccer-centric data points relative to other current and prospective USL and MLS markets.

An assessment of these characteristics will serve as a key component of our analysis of market demand, as these indicators often serve as a gauge for anticipated demand in the marketplace.

Step 3. Sports and Entertainment Venue Landscape

The sports and entertainment event market potential for a new Stadium in Louisville will be affected by the number and type of existing venues competing in these markets. In addition, local sporting venues will compete for corporate sponsors within the marketplace.

In this step, we will analyze both existing and planned local and regional facilities to assess the relation, interaction and impact they may have on potential support for new stadium events and sponsors.

Locally-based sports and entertainment venues that would be assessed for their impact on new Stadium event, sponsorship and other areas include, but are not limited to the following:

- KFC Yum! Center;
- Louisville Slugger Field;
- Papa John's Stadium;
- Churchill Downs;
- Broadbent Arena;
- Freedom Hall;
- Jim Patterson Stadium;
- Louisville Gardens; and
- Other venues, as identified.

In addition to Louisville area venues, CSL will also assess the potential regional competitive landscape extending to nearby markets such as Cincinnati and Lexington.

Through this analysis, we will assess the relevant market area (both local and regional) for professional soccer and a new Stadium and also provide a basis of comparison for utilization estimates. This analysis will also explore reasons for financial success and difficulties at competitive facilities.

Step 4. Comparable New Stadium Benchmarking

In this step, we will assess the physical, operational and financial characteristics of new professional soccer stadiums (USL, NASL and MLS) to provide general informational background and to gain a programmatic perspective from which to assess the market potential for a new Stadium in Louisville.

The comparable data set for benchmarking purposes could include, but is not limited to, the following stadiums that have been developed in the modern era of professional soccer in the U.S.

United Soccer League or NASL

Soccer-Specific Stadium:

Team:

Atlanta Silverback Park (2006)	Atlanta Silverbacks
Bonney Field (2014)	Sacramento Republic FC
Highmark Stadium (2013)	Pittsburgh Riverhounds
MUSC Health Stadium (1999)	Charleston Battery
Sahlen's Stadium (2006)	Rochester Rhinos
Toyota Field (2013)	San Antonio Scorpions
WakeMed Soccer Park (2002)	Carolina Railhawks

Major League Soccer

Soccer-Specific Stadium:

Team:

Avaya Stadium (2015)	San Jose Earthquakes
BBVA Compass Stadium (2012)	Houston Dynamo
BMO Field (2007)	Toronto FC
Crew Stadium (1999)	Columbus Crew
D.C. United Stadium (2018)	D.C. United
Dick's Sports Goods Park (2007)	Colorado Rapids
LAFC Stadium (2018)	Los Angeles Football Club
Orlando City Stadium (2016)	Orlando City FC
Providence Park (2011)	Portland Timbers
PPL Park (2010)	Philadelphia Union
Red Bull Arena (2010)	NY Red Bull
Rio Tinto Stadium (2008)	Real Salt Lake
Saputo Stadium (2012)	Montreal Impact
Sporting Park (2011)	Sporting Kansas City
StubHub Center (2003)	Los Angeles Galaxy
Toyota Park (2006)	Chicago Fire
Toyota Stadium (2005)	FC Dallas

Various information will be gathered for comparable facilities including but not limited to stadium location, stadium owner, stadium operator, year opened, seating capacity, construction project costs, funding sources, lease terms, event activity, attendance, premium seating, naming rights, on-site parking, and, to the extent available, financial operating data including revenues and expenses.



The benchmark analysis will serve to educate City representatives regarding the development and operations of similar stadiums in other communities including best practices and lessons learned.

Step 5. Event Organizer Interviews

As part of this task, CSL will conduct interviews with event organizers to estimate potential event activity that could be attracted to a new Stadium. This analysis will be critical in assessing the market potential for various events specific to Louisville and serve as a basis in estimating Stadium utilization under both an 8,000 to 10,000-seat stadium and a 20,000-seat stadium scenario.

We will work with project representatives to identify a list of organizations to contact regarding the prospect of booking events into a potential new Stadium in Louisville. These organizations may include, but are not limited to:

- United Soccer League;
- Major League Soccer;
- National Women's Soccer League;
- U.S. Soccer;
- Major League Lacrosse;
- National Collegiate Athletic Association;
- Kentucky High School Athletic Association;
- Jefferson County Public Schools;
- Major concert promoters (including Live Nation and AEG); and
- Others.

Information gathered will include venues currently used, advantages and disadvantages of existing facilities, interest in using a new Stadium, building program requirements, estimated utilization, general rental terms and other relevant information.

Step 6. Estimated Demand

Based on research results, estimates will be made regarding the potential market support for USL and MLS soccer in Louisville and a new Stadium including the estimated number and types of events that could be accommodated in a new Stadium, estimated paid and turnstile attendance, premium seating demand, and other such factors. Demand estimates will be depicted for both an 8,000 to 10,000-seat USL stadium and a 20,000-seat MLS stadium.

Task 2. Building Program and Cost Estimates

Based on the results of the market analysis, CSL will make recommendations regarding the appropriate seating capacity, seating mix (general admission, reserved, premium, etc.) and



primary fan amenities (concessions, restrooms, merchandise shop, parking, etc.) that should be included in the project. We will also list other typical spaces included in professional soccer stadium program such as team support facilities (administrative offices, locker rooms, practice facilities), media facilities, food service and retail support, maintenance areas, circulation, and mechanical/electrical requirements, among other areas.

We will develop a matrix that identifies each building program element, their required square footage and the associated stadium footprint. This will serve as the basis for developing project cost estimates that will include hard and soft construction costs, contingencies, FF&E, financing and other such costs.

Project cost estimates per square foot will be based on an analysis of the historical per square foot costs to develop similar stadiums, adjusted to the Louisville marketplace and the anticipated date of construction.

Task 3. Site Analysis

In this step, up to four (4) potential sites for the new Stadium in or near downtown Louisville will be evaluated to determine the most appropriate location for the Stadium. The analysis will include an evaluation of each potential site in relation to specific site selection criteria such as:

- Site ownership;
- Acreage;
- Topography;
- Zoning;
- Visibility;
- Accessibility;
- Existing parking infrastructure;
- Other existing infrastructure (utilities, sewer, water, etc.);
- Potential to attract private sector investment to the facility and surrounding property;
- Impact on stakeholders and residents;
- Costs associated with land acquisition and/or infrastructure improvements; and
- Other criteria as identified.

We will develop a matrix comparing each potential site based on these criteria, providing a summary of the positives and negatives associated with each site. The matrix will incorporate a weighting system reflecting the relative importance of each evaluation criteria. This will allow for direct comparisons between the various sites, which will assist in identifying the most appropriate location for the prospective Stadium.

Task 4. Financial Operating Analysis

Anticipated financial operations are an important component in assessing the overall feasibility of USL and MLS soccer and a new Stadium in Louisville. As part of this study, CSL will develop

Excel-based models capable of extensive sensitivity analysis for the various facility development scenarios, sizes and configurations as identified in the previous tasks.

The model assumptions will be based on the estimated levels of event utilization and attendance derived from the market analysis. Operating revenues and expenditures related to the soccer team and stadium will be quantified for the initial years of operations (start-up through mature operations) by the following types of sources:

Operating Revenues – Team / Stadium:

- Ticket Sales;
- Rent;
- General Concessions;
- Premium Concessions;
- Merchandise;
- Parking;
- Premium Seating;
- Sponsorships;
- Naming Rights;
- Youth Development;
- Broadcasting;
- Ticket Rebates; and,
- Other Revenues.

Operating Expenses – Team / Stadium:

- General & Administrative;
- Team Operations;
- Advertising & Marketing;
- Ticket Sales;
- Communications;
- Corporate Sales;
- Stadium Operations;
- Youth Development;
- Ticket Services;
- Merchandise;
- Stadium Rent;
- Taxes;
- League Subsidy; and,
- Other expenses.

The results of this analysis will provide project stakeholders with an understanding of the potential financial operations of professional soccer and a new Stadium, the risks involved and the ability of the facility and team to make contributions toward construction funding and/or a capital reserve account.

Task 5. Economic and Fiscal Impact Analysis

The presence of a professional soccer team and the construction and operations of stadium will have quantifiable, tangible benefits to the Louisville community. Quantifiable effects that the team and Stadium will have on the local economy can be characterized in terms of their

economic and fiscal impacts. Economic impacts are conveyed through measures of direct spending, total output (direct, indirect and induced spending), jobs and personal earnings. Fiscal impacts are measured in terms of the tax revenues.

Direct Spending Analysis

A new stadium will generate economic impacts and fiscal impacts from spending associated with the construction and on-going operations of the Stadium and its tenants. Spending will be generated during construction on materials, supplies, labor and professional fees and during operations on salaries and wages, general and administrative functions, materials and supplies, maintenance, utilities, insurance, marketing, contract services, event and other expenses. Spending is also expected to occur in the local area by visiting participants and spectators throughout their stay on transportation, hotel accommodations, restaurants, bars, service establishments, retail, entertainment, and other establishments.

The level of direct spending estimated in this task would be based on construction cost estimates, estimates for attendance and spending patterns, estimates for event levels, and estimates of other related expenditures.

Indirect Economic Impact Analysis

The progression from direct to both indirect and induced spending is achieved through a process that involves applying spending multipliers. The appropriate multipliers to be used are dependent upon certain regional characteristics and also the nature of the expenditure. The use of multipliers allows calculation of the full economic and fiscal impacts by industry throughout the economy. In the input-output model, multipliers are mathematically derived which uniquely describe the total output for each industry as a result of direct spending taking place.

Our project team has extensive experience working with the IMPLAN economic impact model. We will use this experience to apply the direct spending estimates to the model and interpret the economic data generated.

Each of the measures of economic impact which will be generated in this analysis is further defined as follows:

- **total output** represents the total of the direct, indirect and induced effects of estimated direct spending;
- **personal earnings** represent the wages and salaries earned as a result of the estimated total spending; and
- **employment** represents the number of jobs generated as a result of the estimated total spending (jobs may be full- or part-time).

Fiscal Impact Analysis

In addition to generating direct and indirect spending, earnings and employment, the operations of the proposed Stadium can generate taxes to state and local governments. The primary purpose of this task will be to quantify the level of taxes that are generated from proposed stadium construction and operations including, but not limited to sales taxes, hotel taxes, income taxes, property taxes and other applicable taxes.



This study will provide a comparative analysis of the economic and fiscal impacts associated with the initial construction and operations of an 8,000 to 10,000-seat USL stadium compared to the potential subsequent expansion to a 20,000-seat MLS stadium.

The impacts will be presented for a time period that is consistent with the public sector's investment time horizon (typically the initial lease term with the tenant franchise which is often co-terminus with the term of the stadium debt). The data will be shown annually and on a cumulative and net present value basis over the investment time horizon so that the public's potential return on investment can be measured.

Task 6. Funding and Management Options

The primary purpose of this phase is to assess potential sources of funding for the project, and to outline potential Stadium operating models relative to public and private sector participation.

Based on a review of comparable project funding and operational mechanisms, combined with an assessment of conditions unique to the Louisville market, we will identify potential sources of revenue and bonding mechanisms that may be viable. Potential private sector sources could include naming rights, sponsorships, premium seating, ticket surcharges, seat licenses, concessionaire participation, stadium revenue and owners' equity.

Public sector sources can include various tax revenues (restaurant, sales, property), tax increment financing mechanisms, land contribution, new market tax credits, EB-5 programs and general fund allocations.

We will develop a summary of these sources, and their ability to contribute to funding and operating the Stadium.

We will also assess potential operating models for the Stadium, focusing on various public operating models, team or private sector models, and various forms of contract management. Examples of operational models at successful Stadiums around the country will be provided.

Professional Fees, Expenses and Timing

Total professional fees for any engagement will depend on the number of hours required to complete the project and skill levels of the assigned personnel. We have prepared a breakdown of project costs for the Professional Soccer Stadium study. These cost estimates (inclusive of expenses) are based on the scope of services described herein, and could be modified if various scope elements are excluded or other elements are added.

Task 1	Market Demand Analysis	\$20,000
Task 2	Building Program and Cost Estimates	10,000
Task 3	Site Analysis	13,000
Task 4	Financial Operating Analysis	10,000
Task 5	Economic and Fiscal Impact Analysis	13,000
Task 6	Funding and Management Options	9,000
	Total Fees - Professional Soccer Stadium	\$75,000

As noted above, professional fees and expenses for the Professional Soccer Stadium study are capped at \$75,000. Professional fees and out-of-pocket expenses will be billed and are payable on a monthly basis. Should additional work be required beyond the scope of services detailed herein, professional fees will be billed on an hourly rate basis.

Conditions of Work

Information and Data. CSL is entitled to assume, without independent verification, the accuracy of all information and data that the Client provides to CSL. All information and data to be supplied will be complete and accurate to the best of the Client's knowledge. CSL will use information and data furnished by others if CSL in good faith believes such information and data to be reliable; however, CSL shall not be responsible for, and CSL shall provide no assurance regarding, the accuracy of any such information or data. CSL shall be providing advice and recommendations to the Client; however, all decisions in connection with the implementation of such advice and recommendations shall be the Client's responsibility. CSL shall have no responsibility for any decisions made by the Client relating to CSL's services hereunder. CSL shall have no responsibility for any assumptions provided by the Client, which assumptions shall be the Client's responsibility. The reports may include estimates of annual operating results based upon courses of action that the Client expects to take prior to and during the period under analysis. The Client is responsible for representations about its plans and expectations, and for the disclosure of significant information that might affect the estimated results.

Reports. Any reports prepared by CSL are valid only when presented in their entirety and only for the purpose stated therein. It is expressly understood that (a) CSL's reports, suggestions, analyses and conclusions, if any, do not, in whole or in part, constitute a fairness or solvency opinion and (b) CSL will not perform any review, audit or other attestation procedures with respect to financial information as defined by the American Institute of Certified Public Accountants and will not issue any opinion, report or other form of assurance with respect to any financial information. There will usually be differences between the estimated and actual results



because events and circumstances frequently do not occur as expected, and those differences may be material. Should the Client have any reservations with regard to the estimates, we will discuss them with the Client before the report is issued. Any partially completed work products and drafts presented to the Client are for internal use only.

Confidentiality. CSL will preserve the confidential nature of information received from the Client in accordance with CSL's established policies and practices. The Client agrees not to reference CSL's name or any reports, analyses or other documents prepared by CSL, in whole or in part, in any document distributed to third parties without CSL's prior written consent. The Client agrees that any reports, analyses or other documents prepared by CSL will be used only in compliance with these terms, conditions, applicable laws, and regulations.

Property. To the extent that CSL utilizes any of its property (including, without limitation, proprietary databases, proprietary information, any hardware or software) in connection with its services, such property shall remain the property of CSL, and the Client shall not acquire any right or interest in such property. CSL shall have ownership (including, without limitation, copyright ownership) and all rights to use and disclose its ideas, concepts, know-how, methods, techniques, processes and skills, and adaptations thereof (including, without limitation, generalized features of the sequence, structure and organization of any works of authorship) in conducting its business, and the Client shall not assert or cause to be asserted against CSL or its personnel any prohibition or restraint from so doing.

Limitations on Warranties. This is a consulting services agreement. Due to the inherent uncertainty involved with predicting future events and local/industry conditions, CSL makes no representations or warranties as to the findings or recommendations contained within any of its analysis, including estimates and disclaims.

Limitation on Damages. CSL, its members, principals, directors, officers, employees, parent company and affiliates shall not be liable to the client for any losses, damages, claims, liabilities, costs or expenses in any way arising out of or relating to this engagement for an aggregate amount in excess of the fees paid by the client to CSL for its services.

Subsequent Work. CSL, by reason of the performance of its services, is not required to furnish additional work or services, or to give testimony, or to be in attendance in court with reference to the assets, properties, or business interests in question. CSL will have no responsibility to update any report, analysis, or other document relating to its services for any events or circumstances occurring subsequent to the date of such report, analysis, or other document.

Cooperation. The Client shall cooperate with CSL in connection with the performance of its services hereunder, including providing CSL with reasonable and timely access to the Client's information, data, and personnel.

Non-Exclusivity. Nothing in this Letter shall be construed as precluding or limiting in any way the right of CSL to provide consulting or other services of any kind or nature whatsoever to any person or entity as CSL in its sole discretion deems appropriate.

Force Majeure. CSL shall not be liable for any delays or failures to perform its services resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war, or other violence, or any law, order, or requirement of any governmental agency or authority.



Independent Contractor. CSL is an independent contractor and not an employee, Agent or partner of Client. CSL is not authorized directly or indirectly to represent to any person that Consultant has the authority to bind the Client to any agreement or course of conduct. However, CSL shall have the right to use subcontractors, as necessary.

Inconsistencies. In the event of any conflict or inconsistency between the provisions set forth in this Letter and any other documents, the provisions of this Letter shall govern.

Complete Agreement. This Letter constitutes the entire agreement between the Client and CSL with respect to the subject matter thereof and hereof, and supersedes all other oral or written representations, understandings, and agreements between the Client and CSL relating to the subject matter thereof and hereof. This Letter cannot be changed, except by written instrument signed by both the Client and CSL. This Letter shall be binding on the Client and CSL, and the Client's and CSL's permitted successors and assigns; however, neither the Client nor CSL may assign this Letter without the prior written consent of the other, except that the Client and CSL may assign this Letter to any successor to all or substantially all of the business or assets of such party.

Counterparts. This Letter may be executed in counterparts, or by facsimile or telecommunicated counterparts, each of which shall be deemed an original and both of which, when taken together, shall constitute the same agreement.

Consent and Good Faith Dealings. The parties hereby covenant, each to the other, that each will deal with the other equitably, and will take into account the reasonable commercial expectations of the other in the exercise of rights and obligations hereunder. When consent or approval is requested for any action, the party from whom approval is sought shall give full and fair consideration to the financial issues raised by the other party and shall act in a fair, timely and non-capricious manner. Unless other indicated specifically in this Letter, consent and approvals shall not be unreasonably withheld, delayed or conditioned.



If you are in agreement with the aforementioned, please indicate by signing in the space provided below, and returning this letter to CSL International. If you would like to discuss this letter, please contact John Kaatz at (612) 294-2001 or jkaatz@cslintl.com.

Very truly yours,

CSL International

CONVENTION SPORTS & LEISURE INTERNATIONAL, LLC,
a Delaware limited liability company

By: John Kaatz

Title: Principal

Date: 1/4/16

The arrangements described above are acceptable to us and set forth the satisfactory basis which to proceed with this engagement.

By: E. Jeffrey Mosley

Title: Deputy CHIEF, LF

Date: 1/6/16

