



Michigan Athletic Department Michigan Stadium Project

May, 2006



Background

- Addressing Stadium infrastructure and press box deficiencies have been studied extensively
- Potential market for premium seating areas have been studied and revenue potential estimated
- Guiding principles for the project were established as follows:
 - Positively impact fan experience & safety
 - Be of appropriate quality
 - Be financially feasible
 - Not decrease existing capacity
 - Not limit future opportunities for additional expansion or other modifications



Action Request

- We have developed broad objectives for this project to positively effect safety, accessibility, and the overall fan experience
- Athletic Department, University and professionals have studied many alternatives;
 - The Department recommends building new structures with club seating and private suites to provide revenues to offset capital costs of stadium renovation
 - The project is financially feasible and consistent with maintaining the long term financial health of the University and Athletic Department
 - The project will respect the tradition and character of Michigan Stadium and be of appropriate quality



Project Description

- New Structures on both sidelines
 - West side structure includes:
 - New elevated concourse
 - 600+ new chairback seats that fills notch of old press box
 - New press box for media and game operations
 - 47 private suites
 - East side structure includes:
 - Expanded elevated concourse with new concessions and restrooms
 - Level with 1,900+ outdoor club seats and club lounge
 - Level with 450+ indoor club seats and 700+ outdoor club seats
 - Level with 36 private suites
- Wider aisles and seats in seating bowl
- New free standing buildings for new concession stands and restrooms
- Renovate selective restrooms and concession areas
- New ADA seating at top of west sideline seating bowl (new concourse level)



Summary of Key Elements

- Improved concourse circulation on east and west side
- Improved bowl circulation, comfort, with wider aisles and seats
- New concessions and restrooms
 - Increase in concession points of sale
 - Significant increase in women's restrooms
 - Increase in men's restrooms
- 70+ ADA seats along elevated west concourse (with no loss of bench seats); represents a 78% increase in ADA seating
- New press box
- Hospitality areas for University development
- 83 private suites
- 2,700 outdoor club seats & 480 indoor club seats on east side
- 650 chairback seats on west side
- Estimated project cost - \$226 million



Estimated capacity, project costs, cash flow

Capacity:		
Current capacity	107,501	
Widen aisles for fan circulation	(4,300)	
Demolish press box and construct "infill" chair back seats	650	
Suite seats	1,300	
Club seats	3,100	
Adjusted total capacity	108,251	
Estimated project cost		\$ 226,000,000
Amount dedicated from reserves (10%)		<u>(22,600,000)</u>
Project debt		203,400,000
Estimated additional gross revenues - (year 1)		\$ 14,090,000
Revenue loss from bench seats		(1,290,000)
Project debt service		<u>(13,230,000)</u>
Net cash flow *		\$ (430,000)

* Does not include any estimate for major gifts



Impact

- Improves concourse circulation on east and west sidelines; improves circulation inside bowl
 - (relocation of some season ticket holders required to widen seats and aisles)
- Improves ADA capacity without eliminating prime sideline season ticket locations
- Offers premium seating to alumni and fans who want enhanced experience
 - (premium seating generates new revenue to offset project costs)
- Private support opportunities can further offset project costs
- Growth in revenue streams over time creates the maximum strategic leveraging of the stadium
 - (provides resources to assist with capital needs of all sports over time)