

KANSAS CITY ROYALS BASEBALL CLUB

Stadium Lease Discussion

November 20, 2023

Confidential Information - Subject to Change

Agenda

1. Area Benefits Discussion

2. Project Sources & Uses

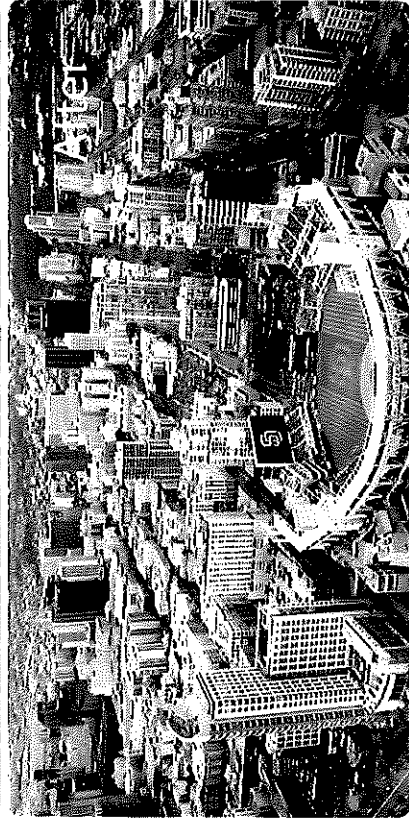
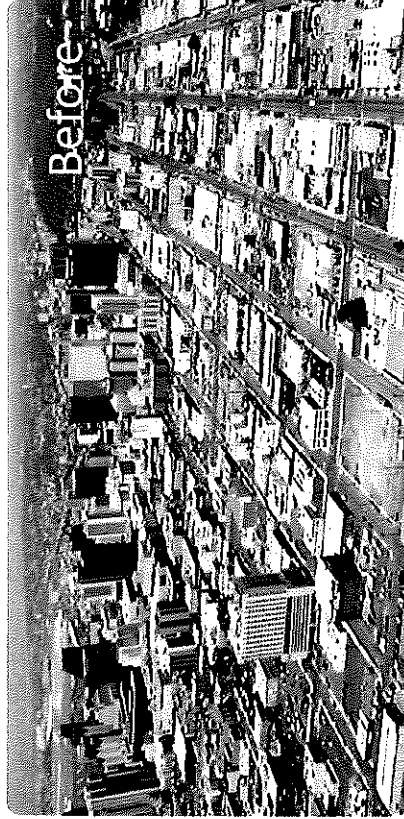
3. Financing Discussion
Items



Recent Stadium/Development Examples

San Diego Petco Park

- Opened 2004
- \$5.25 private investment for every \$1 of public investment; investment from Padres and 3rd parties outside team's footprint
- \$1.8B of ancillary development had occurred by 2009



Atlanta Truist Field & The Battery

- Opened 2017 2017
- 397 non-baseball events last 12 months
- Estimated 10mm visitors annually; for comparison, other US attractions:
 - Caesar's Palace - 17.4mm visitors
 - Magic Kingdom - 14.6mm visitors
 - Epcot - 11mm visitors
 - Disney's Hollywood Studios - 10mm



Area Benefits from Professional Sports Franchise and Associated Real Estate Development

- Clay County could be home to 1 of 30 MLB franchises
 - Clay County/NKC civic pride in addition to positive economic impact including national recognition from among other items:
 - All Star Game
 - Playoffs including World Series
- An MLB ballpark and associated real estate development drive economic expansion
 - Estimating approximate \$3.2B investment in stadium and development
 - **\$2B or ~2/3rds** of that in form of Private Investment
 - Property values in NKC and resulting property tax across the area would increase
 - Includes large spending on area infrastructure to support the stadium and development that benefits the broader community as well
 - 365-day activation
 - Catalytic for even greater growth than the stadium and ballpark district
 - San Diego, Washington, D.C. and Atlanta are examples
 - Driver for regional talent – new residential and office spaces
 - 2,850 residential units
 - 648,000 square feet of commercial office space
 - Ballpark is the fastest path to developing the Northland with safety as a priority
 - Clay County Voters will ultimately decide on approval of tax for stadium



Total Tax Revenues Generated by Ballpark & Balpark District

Annual Tax Revenues Stabilized Year of 2041 (2027S)

	Property Tax Revenue	Sales Tax Revenue	Tourism Tax Revenue	Income Tax Revenue	TOTAL
City	\$2.7 million	\$7.3 million	\$415,000		\$10.5 million
County	\$390,000	\$4.2 million	-		\$4.6 million
State	\$85,000	\$15.9 million	-	\$7.0 million	\$23.0 million
School District	\$16.3 million	-	-		\$16.3 million
TOTAL	\$19.5 million	\$27.4 million	\$415,000	\$7.0 million	\$54.3 million

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30-Year Net Present Value of Tax Revenues (2027S), Varied by Delivery Timeline

	30-Year NPV of Tax Revenues: 20-Year Conservative Delivery	30-Year NPV of Tax Revenues: 15-Year Baseline Delivery	30-Year NPV of Tax Revenues: 10-Year Aggressive Delivery
City	\$170.2 million	\$187.7 million	\$192.6 million
County	\$75.9 million	\$83.4 million	\$85.5 million
State	\$377.8 million	\$422.6 million	\$430.6 million
School District	\$228.6 million	\$264.1 million	\$271.9 million
TOTAL	\$852.4 million	\$957.8 million	\$980.6 million



Property Taxes

Market Assumptions	GSF (Total)	Assumed Rent PSF	Estimated Near-Term Cap Rates
Residential	2,565,000 (2,850 units)	\$2.80	5.00%
Office	648,000	\$2.17	6.75%
Retail	276,000	\$2.08	7.50%
Hotel	162,500 (250 keys)	-	7.50%

Property Tax Findings	Annual Property Tax Revenue at Stabilization, 2041 (2027\$)	30-Year NPV (2027\$); 15-Year Baseline Delivery
City	\$2.7 million	\$44.0 million
County	\$390,000	\$6.4 million
State	\$85,000	\$1.4 million
School District	\$16.3 million	\$264.1 million
TOTAL	\$19.5 million	\$315.9 million



In-Stadium Revenues & Sales Tax Revenues Generated

Revenue Assumptions	Ticket Sales	Food & Beverage	Retail
Total Fans, Year 1		2.2 million	
Total Fans, Year 10		1.9 million	
Taxable Spending per Fan, per Game, Year 1	\$49.80	\$19.90	\$5.50
Taxable Spending per Fan, per Game, Year 10 ²	\$59.50	\$23.80	\$6.60
Total Ballpark Taxable Revenue, Year 1	\$107.9 million	\$43.2 million	\$11.9 million
Total Ballpark Taxable Revenue, Year 10	\$110.5 million	\$44.3 million	\$12.2 million

Ballpark Sales Findings	Annual Sales Tax Revenue at District Stabilization, 2041 (2027\$)	30-Year NPV (2027\$); 15-Year Baseline Delivery
City	\$2.8 million	\$55.8 million
County	\$1.6 million	\$31.4 million
State	\$5.9 million	\$117.9 million
TOTAL	\$10.2 million	\$205.1 million



Ballpark District Retail Revenues & Taxes Generated

Retail Use Type & Assumptions	Assumed Share of Retail Program	Net Square Footage	Annual Sales per Square Foot at Stabilization
Food and Beverage Stores	12.50%	28,750	\$777
General Merchandise	25.00%	57,500	\$1,220
Dining (Full Service)	43.75%	100,625	\$962
Dining (Limited Service)	18.75%	43,125	\$702
Total	100.00%	230,000	\$915

There is a total of \$238 million in annual taxable sales from the retail program once the district is completed in 2041 (2027\$). This translates to a total of **\$15.4 million in annual sales tax at full buildout (2027\$)** across jurisdictions annually after construction, or **\$272.0 million in net present value (2027\$) over the initial 30-year life of the district.**

Onsite Retail Sales Tax Revenue	Sales Tax Rate	Annual Sales Tax Revenue at Stabilization, 2041 (2027\$)	30-Year NPV (2027\$) 15-Year Baseline Delivery
City	2.000%	\$4.2 million	\$74.1 million
County	1.125%	\$2.4 million	\$41.7 million
State	4.225%	\$8.9 million	\$156.3 million
Total		\$15.4 million	\$272.0 million



Spending & Taxes Generated Outside of District

Annual Spending By Group, at Stabilization	Spending Outside of District (2027\$) in the City	Spending Outside of District (2027\$) in the County	Spending Outside of District (2027\$) in the State
Residents	\$10.6 million	\$12.7 million	\$16.9 million
Office Workers	\$2.4 million	\$2.9 million	\$3.8 million
Retail Workers	\$260,000	\$310,000	\$420,000
Hotel Workers	\$60,000	\$75,000	\$100,000
Hotel Visitors	\$4.2 million	\$5.1 million	\$6.8 million

Annual Sales Tax Revenue at Stabilization, 2041 - Offsite Spending (2027\$)	30-Year NPV (2027\$); 15-Year Baseline Delivery
City	\$350,000
County	\$240,000
State	\$1.2 million
Total	\$1.8 million
	\$5.8 million
	\$3.9 million
	\$19.6 million
	\$29.3 million



Other Area Benefits

Construction Impact

- Construction impacts from the ballpark development will spur at least:
 - 20,000 total job-years
 - \$1.4B income generated from these jobs
 - \$2.8B total economic output from construction and labor
 - Plan is to develop area over 10-20 year period; while one-time in nature, this activity will persist for an extended period of time

Source: HR&A and Implan

Ballpark Impact

- VisitKC estimates Royals provide ~**\$250mm** in annual visitor spending impact to the community
- 81 home games per year plus concerts and other events
 - In competitive years, Royals attendance can exceed 2mm+ per year
 - Actual attendance of 1.9mm (2014), 2.7mm (2015), 2.6mm (2016) and 2.2mm (2017)
 - The experience provided by a ballpark district is expected to enhance these trends
- New stadium will allow greater investment in on-field performance – enhance in-park attendance as well as ballpark district visitors
- New stadium will be better draw for popular concerts

*This park year
1.3 million
attendance*



Other Area Benefits (cont.)

Ballpark Development

- A \$3.2+B investment over 10-20 year period
- ~2/3rds (or approximately \$2B) of which is expected to be private investment
- Year-round driver of entertainment, tourism and civic pride comprised of:
 - 2,850 new multi-family units
 - 648,000 net rentable square feet of Class A Office Space
 - 276,000+ net rental square feet of retail space
 - 250 rooms of top-tier hotel space
 - Significant flex event and exhibition space

Community Benefits

- Royals would expect to enter into a CBA or similar arrangement which would include benefits such as those provided alongside Kansas City Zoo financing potentially including the following, among others:
 - Discounted game tickets for Clay County residents
 - Early access to purchase “special event” games and concert tickets
 - Tours/other events for Clay County schoolchildren
 - Access to event spaces for community events such as graduations
 - Appropriate public recognition of Clay County as owner/landlord of stadium
 - Availability of suite/premium seating for Clay County and North Kansas City
 - Consideration for donation from Royals Charities to Clay County designated charitable recipient
 - CBA also expected to include workforce and supplier diversity and inclusion



Preliminary North Kansas City Baseball Stadium & Development Sources and Uses

(in \$ millions)

	Stadium	Infrastructure	Development	Total
Sources of Funds				
Clay County Sales Tax	\$490.0	\$0.0	\$0.0	\$490.0
City Contribution	-	350.0	-	350.0
State Contribution	215.2	134.8	-	350.0
Team/Partner Contribution	617.0	-	1,429.9	2,046.9
Total Sources	\$1,322.2	\$484.8	\$1,429.9	\$3,236.9
Team % of Contribution	47%	0%	100%	63%
Uses of Funds				
Stadium Cost	\$993.8	\$0.0	\$0.0	\$993.8
Ballpark Infrastructure	-	33.8	-	33.8
District Off-Site Improvements	-	77.5	-	77.5
Abandon & Relocate Streets & Utilities	-	18.2	-	18.2
District Traffic & Control	-	8.8	-	8.8
MoDOT Improvements	-	81.6	-	81.6
Central Park & Public Plazas	-	48.0	-	48.0
Garage and On Grade Parking	-	120.0	-	120.0
Multi-Family Development	-	-	846.5	846.5
Office Development	-	-	272.2	272.2
Retail Development	-	-	99.4	99.4
Hotel Development	-	-	75.1	75.1
Flex/Exhibition Space	-	-	21.8	21.8
Land	35.0	-	115.0	150.0
Soft Costs	248.4	97.0	-	345.4
Financing Costs	45.0	-	-	45.0
Total Uses	\$1,322.2	\$484.8	\$1,429.9	\$3,236.9

Confidential Information - Subject to Change



Key Finance Considerations - Clay County

1. Royals Propose: 7/8 Cent Sales Tax for 40 years
 - No backstop from County - secured only by sales tax collections
 - Expected to produce \$490mm toward stadium construction
2. Royals agree to explore mechanism(s) suggested by Commissioners, such as a Ballpark CID or similar, which could provide direct economic benefit to county
 - Royals will research similar structures, if any, around MLB and other sports
3. RMO is an important factor in this proposal; needs discussion

Next Steps

