

# Crown Investments Corporation of Saskatchewan

Analysis of a Possible Business Relationship  
between the Saskatchewan Roughrider Football  
Club Inc. and a New Multi-Purpose Entertainment  
Facility in Regina

Phase 1 Report

December 2, 2009



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# Executive summary

*This report contains the results of phase 1 of our project to assist Crown Investments Corporation of Saskatchewan ("CIC") in analyzing the existing business relationship between the Saskatchewan Roughrider Football Club (the "Roughriders") and the City of Regina (the "City").*

## **A) Stadium operations**

### **1) Lease and Licence Agreement**

The existing business relationship between the Roughriders and the City is largely built around the existing lease agreement for Mosaic Stadium.

Under the terms of the existing lease between the Roughriders and the City the annual rent is **the lesser of \$200,000 or 25% of annual net profits**. All revenues, costs and expenses from any Grey Cup game are excluded in the calculation of rent under the lease. In exchange, the City grants to the Roughriders:

- Use of the stadium as required on game days and the right to use the playing field area of the stadium for purposes of practices and certain special promotions;
- Use of the practice field;
- Use of certain parking areas around the stadium on game days;
- The exclusive right to sell food and beverage concessions at the stadium and the practice field;
- A license to use and occupy the club seating areas; and
- An exclusive licence to sell souvenirs and retail products in respect to the retail sales area as shown in the agreement.

The City is responsible for structural repairs to the premises except the structure supporting the eastside club seating and all other improvements constructed by the Roughriders, maintenance with respect to practice field, the synthetic turf, as well as structural components and mechanical systems at the facility. The City is also responsible for maintaining the seating and landscaping and all necessary cleanup and maintenance other than with respect to the premises (as defined in Lease and License Agreement as described on page 6).

The Roughriders are responsible for their share of utility charges for the stadium and the cost of security for all games and other events. In addition, the Roughriders must maintain general liability and tenant's legal liability insurance.

With respect to playing field and facility upgrades, the City allocates all rents received by the City to the cost of playing field and stadium upgrades. In addition, the City and the Roughriders agreed that the two dollar surcharge on game admission tickets is used exclusively for capital improvements (the surcharge was increased to three dollars in 2008).

It is important to note that the Roughriders are the principal tenant of the stadium and as such they generally have unrestricted access to the stadium, the playing field area of the stadium and the practice field.

## **2) Financial information with respect to stadium operations**

The following summarizes the financial impacts of the lease and business relationship between the Roughriders and the City related to stadium operations. KPMG analyzed two different years, 1997 and 2007, to determine the financial impact of the lease and business relationship under what might be termed worst case and better case financial scenarios.

Stadium operations (unaudited)	2007	1997
<b>Sales</b>		
Tickets and club seating	\$ 8,704,256	\$ 4,068,355
Merchandise	3,685,173	552,708
Sponsorship and signage	3,414,146	386,000
Concessions	2,081,399	762,310
Green and white lounge	293,564	*
Parking	89,374	39,150
<b>Total</b>	<b>18,267,912</b>	<b>5,808,883</b>
<b>Expenses</b>		
Merchandise	2,542,769	491,910
Concessions	1,027,114	346,555
Sponsorships and signage	310,657	6,026
Rent	200,000	-
Video board operation	195,684	-
Security	180,584	50,990
Utilities	175,186	110,404
Green and white lounge	114,143	*
Other	198,888	18,646
<b>Total</b>	<b>4,945,025</b>	<b>1,024,531</b>

\* In 1997 the Green and White Lounge information was lumped in with the other income and expenses

### **B) Stadium naming rights**

The Roughriders, with approval from the City, have sold to Mosaic Canada certain sponsorship rights, most notably, naming rights to Mosaic Stadium which includes signage on the exterior of the stadium and turf signage for a ten year period for a total fee of \$3,750,000 of which \$562,500 has been allocated to a Stadium Improvement Fund. The sponsorship agreement contains cancellation, default and termination clauses but does not specifically contemplate a scenario of the Roughriders moving into a new stadium.

### **C) Capital contributions and leasehold improvements**

Since 1995 the Roughriders have spent approximately \$6.2 million on improvements to the stadium. This includes funding all construction costs for the

East Side Club Seating built in 1995 and West Side Club seating renovations, sharing a portion of the costs of turf replacements with the City in 2000 and 2007 and paying for all construction and installation costs associated with video and score boards (MaxTron and north media tower). Furthermore, the Roughriders have made leasehold improvements on the stadium including concessions, locker rooms, offices, club seating and press box areas, the Green & White Lounge, the south end zone, the concourse and stadium façade and signage.

#### **D) Special events**

The Roughriders have generated net profits from special events held at Mosaic Stadium. In 1995 the Roughriders hosted the 83rd Grey Cup which generated \$1,120,685 of profit for the Roughriders. In addition, in 2003 the Roughriders hosted the 91st Grey Cup which generated \$1,911,777 of profit for the Roughriders. For both Grey Cups the Roughriders were not required to pay a portion of the profits to the City.

In addition, the Roughriders have generated net profits from concert events held at Mosaic Stadium, being the Rolling Stones Bigger Bang Tour concerts, and most recently the AC/DC Black Ice World Tour concert. These concert events generated total net profits of \$405,126 for the Roughriders. The City received commission payments totaling \$137,186 on concession sales for these events.

#### **E) Other material aspects to the relationship**

We also noted the following material aspects to the relationship:

- In order to address the space constraints of Mosaic Stadium the Roughriders have entered into additional non-stadium leases for Roughrider business operations, including business office space, warehouse space and a fitness facility. The current annual base rent for these additional leases total \$207,200. The total projected capital costs and leasehold improvements for the fitness facility are \$480,000. The fitness facility is expected to be ready for use by December 2009.
- The Roughriders provide the University of Regina Rams (the "Rams") with full access to Mosaic Stadium and adjoining areas for the sale of 50/50 tickets at all Roughrider home games. In exchange, the Rams pay the Roughriders an annual facility rental charge. It is our understanding that during the twelve month periods ended December 31, 2007 and 2008 respectively, the Roughriders received cash of \$80,633 and \$123,785 from the Rams for the 50/50 facility rental charges. It is also our understanding that the Roughriders donated \$100,000 of the \$123,785 collected in 2008 to support the University of Saskatchewan Huskies, Saskatoon Hilltops, Regina Prairie Thunder and Football Saskatchewan (\$25,000 each).
- Over the years, non-profit organizations have been given the opportunity to fundraise by working for the organizations that sell concessions at the stadium. In addition, the Roughriders pay honorariums to the Regina Lions Band for ticket taking.



# Scope of the analysis and key project activities

## Scope

The government of Saskatchewan, through CIC, is undertaking a feasibility study into the construction of a new all weather multipurpose entertainment facility in central Regina. The Roughriders would be expected to be a major tenant of the facility. As a result, it is necessary that the feasibility study considers all major aspects of the lease and business relationship between the City and the Roughriders.

CIC engaged KPMG LLP to analyze the existing business relationship between the Roughriders and the City including:

- Examine all aspects of the existing Mosaic stadium lease and arrangements for parking revenues, concessions, and food services;
- Examine the rights and obligations of the Roughriders in relation to the existing stadium naming rights agreement;
- Examine historic and contractual relationships and practices between the City and the Roughriders, in relation to capital contributions to Mosaic Stadium and tenant leasehold improvements, if applicable;
- Examine the historical financial relationship between the Roughriders and the City, in relation to special events such as periodically hosting the Grey Cup;
- Identify and examine any other material aspects of the financial relationship between the Roughriders and the City that are not otherwise listed above; and
- Obtain a thorough understanding of the Roughriders' current business model including source of revenues and expenses.

## Key Project Activities

### *Inquiries and discussions*

- We held meetings with CIC and the Roughrider Board Chair and management to gain an understanding of the scope of our analysis;
- We held meetings with Roughrider management to discuss the existing business relationship with the City and obtain and understand information.

### *Agreements and documents*

- We obtained agreements and other documents from Roughrider management. We reviewed the agreements and documents provided to us and summarized significant matters.

### *Financial information*

- We obtained financial information from Roughrider management with respect to stadium operations, stadium naming rights, capital contributions and leasehold improvements, special events, and other matters;
- We compiled the financial information provided by Roughrider management. We have not performed an audit or a review engagement in respect of the financial information and, accordingly, we express no assurance thereon.



# Stadium operations

Examine all aspects of the existing Mosaic stadium lease and arrangements for parking revenues, concessions, and food services.

Obtain a thorough understanding of the Roughriders' current business model including source of revenues and expenses.

## **1) Lease and Licence Agreement**

On December 14, 2005 the Roughriders and the City entered into a five year lease and licence agreement. Under the terms and conditions of the lease and licence agreement:

- The annual rent is **the lesser of \$200,000 or 25% of annual net profits**. All revenues, costs and expenses from any Grey Cup game are excluded in the calculation of rent under the lease.
- The Roughriders are also responsible for payment, as additional rent, of all taxes as may be assessed and imposed by the City from time to time in its capacity as a taxing authority.
- The lease and licence agreement is silent with respect to property taxes; however, Bylaw 2005-82 – The Saskatchewan Roughrider Football Club Inc. Tax Exemption Bylaw provides a tax exemption for the property owned by the City of Regina and occupied by the Roughriders, being Mosaic Stadium. The tax exemption commenced on January 1, 2006 and ends on December 31, 2009.
- The City grants to the Roughriders:
  - A licence to occupy and use the practice field. The City shall, at its cost, cut, water, aerate, fertilize and mark the practice field, in addition to, maintenance and repair of the perimeter fencing and storage building. The Roughriders are responsible for the cost of repairs for all damage to the practice field caused by the Roughriders from other than ordinary usage;
  - A license to occupy the stadium as required on game days and the right and licence to use the playing field area of the stadium for purposes of practices and certain special promotions;
  - The right and licence to occupy on game days, certain parking areas around the stadium;
  - The exclusive right to sell food and beverage concessions at the stadium and the practice field during game days and further during Junior, High School, and University of Regina Rams football games and special events. This does not apply to community events sponsored or promoted by the City at the facility;
  - A license to use and occupy the club seating areas; and
  - An exclusive licence to sell souvenirs and retail products in respect to the retail sales area as shown in the agreement.

- o The City pays all charges with respect to utility services, excluding telephone services, and subsequently invoices the Roughriders for their proportionate share. This includes electricity, natural gas, water and sewer charges and drainage levies.
- o The City is responsible for:
  - Structural repairs to the “premises” except the structure supporting the eastside club seating and all other improvements constructed by the Roughriders. The premises as defined in the lease and licence agreement as the portion of the stadium and the improvements that have been authorized by the City that is used and exclusively occupied by the Roughriders in relation to office space and its day-to-day football operations. This includes administrative and coaching offices, the Roughriders team’s dressing room, weight room, physio room, therapist’s office, film room and retail sales outlet, storage area, alumni lounge, green & white lounge, food concession areas, and certain parking spaces for the exclusive use of the Roughriders.
  - Maintenance with respect to practice field, the synthetic turf, as well as structural components and mechanical systems at the facility, excluding the mechanical systems at the premises and the mechanical and structural components of club seating; and
  - Maintaining the seating and landscaping and all necessary cleanup and maintenance other than respect to the premises.
- o The Roughriders shall not make or erect improvements without submission to and approval by the City. Except as otherwise agreed by the City in writing, all improvements made by the Roughriders become the City’s property, without compensation to the Roughriders upon termination or expiration of the lease. All improvements shall be maintained and repaired by the Roughriders. No improvements can be removed by the Roughriders without approval from the City.
- o The Roughriders may occupy the facility or portions thereof for the purpose of conducting special events, in accordance with the conditions of approval of each special event established by the City under Bylaw No. 2005-79 being The Taylor Field Sale and Consumption of Alcohol Authorization Bylaw, 2005 (No. 2). Alcohol sales are also governed by Bylaw 2005-79.
- o The Roughriders are responsible for the cost of all necessary and adequate security for all games and other events held on the premises sponsored by or under the control of the Roughriders.
- o The lease and licence agreement includes the following provisions with respect to playing field and facility upgrades:
  - The City agrees it shall allocate, to the cost of playing field and stadium upgrades, all rents received by the City during the term of the agreement, excluding additional rents;
  - The City Manager may approve to exclude the proceeds received from special fund-raising efforts conducted by or on behalf of the

Roughriders for authorized capital improvements from the calculation of annual rent;

- The City and the Roughriders agree that the two dollar surcharge on game admission tickets shall be used exclusively for capital improvements (Note that the surcharge was increased to three dollars in 2008). It is our understanding that the surcharges belong to the Roughriders and under the terms of the lease and license agreement the Roughriders have agreed to use them exclusively for capital improvements; and
- The City agrees that if the existing turf is sold for value, any significant proceeds will be contributed towards the cost of the new turf.
  - The Roughriders agree to secure and maintain a \$5,000,000 general liability insurance policy and \$500,000 tenant’s legal liability insurance. The Roughriders pay all premiums and other moneys for maintaining the insurance and assign to the City the benefit of all policies and contracts of insurance which covers the premises.

It is important to note that the Roughriders are the principal tenant of the stadium and as such they generally have unrestricted access to the stadium, the playing field area of the stadium and the practice field.

**2) Financial information with respect to stadium operations**

The following provides analysis with respect the financial impacts of the lease and business relationship between the Roughriders and the City related to stadium operations.

KPMG examined two different years, 1997 and 2007, to explore the financial impact of the lease and business relationship under what might be termed worst case and best case financial scenarios.

The following financial information was provided by the Roughriders. We have not performed an audit or a review engagement with respect to the financial information and, accordingly, we express no assurance thereon.

**1) Merchandise**

Under the Lease and Licence Agreement with the City the Roughriders have the exclusive licence to sell souvenirs and retail products in respect to the retail sales area as shown in the agreement.

The Roughriders sell merchandise through the Rider Store located at the stadium and stores located in malls in both Regina and Saskatoon. The following table relates to merchandise sold at the Rider Store only. The Roughriders track sales by each individual store but not costs. As a result, in order to estimate the merchandise costs related to the Rider Store, we applied the overall net profit percentage earned on merchandise sales as a whole (31% in 2007 and 11% in 1997).

Merchandise sales (stadium only) (unaudited)	2007	1997
Sales	\$3,685,173	\$552,708
Costs	2,542,769	491,910
<b>Net profit</b>	<b>\$1,142,404</b>	<b>\$60,798</b>

## 2) Concessions

Under the Lease and Licence Agreement with the City the Roughriders have the exclusive right to sell food and beverage concessions at the stadium and the practice field during game days and further during Junior, High School, University of Regina Rams football games and special events (excluding community events sponsored by the City).

For 37 years the Roughriders had a Concession Agreement with Rider Snack (Earl and Lyn Stuart) for provision of concession services. Under the last agreement with Rider Snack, which expired in 2007, the Roughriders granted the concessionaire exclusive concession rights for the stadium, practice field and club seating areas in return for:

- 32% of gross sales for home games under 24,000 and 34% for over 24,000;
- 25% of gross sales for all other events at the stadium and practice field events; and
- 10% of gross sales for East Club Seating and 0% for West Club Seating.

In 2008, the Roughriders engaged Aramark Canada Ltd. ("Aramark") on a one year renewable contract to provide management services for the stadium, practice field and club seating concessions. Aramark receives a management fee of 8.5% of total sales.

The Roughriders also have an agreement with Aramark through 2011 to provide alcohol concession services for the stadium and services for the Green & White Lounge. The management service fee for alcohol concession services is 10% of alcohol sales and the management fee for the Green & White Lounge is \$12,000 per annum. The Roughriders incur all costs associated with providing alcohol concessions and Green & White Lounge services. The following table provides some details with respect to concession sales.

Concession sales (unaudited)	2008-09 (note 1)	2007	1997
Sales	\$3,355,376	\$2,081,399	\$762,310
Costs			
Alcohol & Food (note 2)	1,037,662	574,942	151,280
Labour	270,431	39,723	23,386
Commissions	569,946	299,502	89,231
Other	82,856	112,947	82,658
<b>Net profit to the Roughriders</b>	<b>\$1,394,481</b>	<b>\$1,054,285</b>	<b>\$415,755</b>

**Note 1** – Relates to the 12 month period ended December 31, 2008. Concession information for this period is being included as it was the first year of the concession agreement with Aramark.

**Note 2** – For 2007 and 1997 the concessions were operated under the agreement with Rider Snack. Under this agreement, the Roughriders paid for alcohol but did

not pay for food, but instead received a percentage of gross revenues from Rider Snack.

There are also food and alcohol sales and expenses associated with the Green and White lounge. These amounts are not included in the above information but are outlined in the other stadium operations table on page 10.

### 3) Sponsorships and signage

The Roughriders generate revenues from sponsorships and signage. In 2007, the total sponsorship and signage revenue was \$3,414,146 compared to \$386,000 in 1997. The current lease and license agreement is silent with respect to in-stadium sponsorships and signage. The Roughriders do not pay any portion of in-stadium sponsorship and signage revenues to the City.

Sponsorships and signage revenue (unaudited)	2007	1997
Local radio and television rights	\$ 410,000	\$239,000
Non-monetary sponsorships (note 1)	926,212	-
Other sponsorships (note 2)	1,565,434	147,000
SaskTel and DirectWest sponsorship (note 3)	325,000	-
Annual Mosaic sponsorship (does not include portion placed into Stadium Improvement Fund – see page 14)	187,500	-
<b>Total</b>	<b>\$ 3,414,146</b>	<b>\$386,000</b>

Total sponsorship and signage costs were \$310,657 in 2007 and \$6,026 in 1997.

**Note 1** – Data not available for 1997

**Note 2** – It is our understanding that a portion of these sponsorship revenues relate to in-stadium signage, promotions and video board advertising. Due to the nature of sponsorships, it is our understanding that the Roughriders will often charge one fee in exchange for both in-stadium signage, promotions and video board advertising and other sponsorship activities. As a result, the Roughriders were not able to provide information on the value of in-stadium signage.

**Note 3** – \$100,000 relates to a ten year, \$1,000,000 sponsorship agreement with SaskTel for the MaxTron. The remaining \$225,000 relates to annual sponsorship fees related to in-stadium signage and other sponsorship activities.

### 4) Parking

Under the Lease and Licence Agreement with the City the Roughriders have the right and licence to occupy on game days, certain parking areas around the stadium. The following revenues were generated from parking in 2007 and 1997.

Parking revenue (unaudited)	2007	1997
Parking	89,374	39,150

## 5) Payments to the City

The Roughriders pay the City for various expenses under the terms and conditions of the Lease and Licence Agreement. This includes stadium rent, stadium utilities, certain repairs and maintenance and other costs. Per review of the financial information provided by the Roughriders, the following expenditures were paid to the City in 2007 and 1997.

Amounts paid to the City (stadium only) (unaudited)	2007	1997
Rent (not including GST)	\$200,000	\$ -
Utilities	175,186	110,403
Other	15,484	16,134
<b>Total</b>	<b>\$390,670</b>	<b>\$126,537</b>

In addition, in 2007, the Roughriders paid \$599,545 to the City for the Roughriders' portion of costs for the FieldTurf. Note that the City does have turf signage on the FieldTurf ("I Love Regina" logo in the south end zone). No amounts have been paid by the City to the Roughriders for this turf signage.

## 6) Other stadium operations

The following table illustrates other revenues derived and costs incurred from operating the stadium under the existing lease agreement. Facility fees are addressed on page 14 and in-stadium concessions were previously described on page 8.

Stadium operations (unaudited)	2007	1997
<b>Revenue:</b>		
Ticket sales	\$8,357,284	\$4,068,355
Club seating	346,972	*
Green and white lounge		
Membership	155,462	**
Alcohol and food	138,102	**
<b>Expenses:</b>		
Video board operation	195,684	-
Security	180,584	50,990
Utilities	175,186	110,404
Maintenance and renovations	55,733	4,298
Other game day expenses	143,155	14,348
Green and white lounge		
Food and Alcohol	58,343	**
Aramark fee	13,782	**
Labour	30,891	**
Other	11,127	**

\* - Club seating is included in ticket sales for 1997

\*\* In 1997 the Green and White Lounge information was lumped in with the other income and expenses



## Stadium naming rights

Examine the rights and obligations of the Roughriders in relation to the existing stadium naming rights agreement

On June 23, 2006, the Roughriders and Mosaic Canada ("Mosaic") entered into a Sponsorship Agreement expiring on December 31, 2015. In exchange for an annual sponsorship fee of \$375,000 the Roughriders granted Mosaic certain sponsorship rights, most notably, naming rights to Mosaic Stadium which includes signage on the exterior of the stadium and turf signage.

On June 26, 2006, City of Regina council adopted a resolution to endorse the Mosaic sponsorship for the revitalization and renewal of Mosaic Stadium in principle and authorized the Roughriders to name the stadium Mosaic Stadium for the period of ten years effective on or about June 23, 2006.

On August 31, 2006 the Roughriders and the City entered into an agreement to formally permit the stadium to be named Mosaic Stadium and to consent to the turf and stadium signage. In addition, the Roughriders agreed to use a minimum of one half of the sponsorship fees to assist in improving the football facilities, ticket office, Riders' store, business offices and enhanced seating. It was also agreed that after the expiration of three years of the agreement, the parties would determine whether the one half minimum funding required adjustment.

Per review of financial statements and discussion with Roughrider management, it is our understanding that in the first three years of the agreement with the City the Roughriders allocated \$187,500 per year (half of the \$375,000 annual sponsorship fee) to the Stadium Improvement Fund (established in 2005 for the purpose of stadium renewal, including the purchase of property, plant and equipment relating to the facility). It is also our understanding that after the expiration of three years of the agreement, the Roughriders and City determined that the one half minimum funding requirements would no longer be required.

The Sponsorship Agreement includes a "first refusal rights" clause that states at least twelve months prior to the expiration of the term of the agreement the Roughriders shall negotiate in good faith and first with Mosaic regarding the renewal of the agreement upon substantially the same terms and conditions with the exception of the sponsorship fee payable.

The Sponsorship Agreement contains cancellation, default and termination clauses but does not specifically contemplate a scenario of the Roughriders moving into a new stadium.



# Capital contributions and leasehold improvements

Examine historic and contractual relationships and practices between the City and the Roughriders, in relation to capital contributions to Mosaic Stadium and tenant leasehold improvements, if applicable

The Roughriders hosted the Grey Cup for the first time in 1995. In order to host the Grey Cup a number of renovations were needed to meet CFL requirements. The press box area located on the west stands was renovated as a VIP area for purposes of the Grey Cup and was subsequently transformed into corporate club seating. In addition, the east club seating area was built on top of the east side stands. The Roughriders were responsible for the construction and payment of the Eastside club seating.

In 2000 the OmniTurf was replaced with AstroTurf. The City and the Roughriders shared the costs of the AstroTurf. In order to fund their share of the costs, the Roughriders were able to secure donations from various corporations totaling \$794,627. The entire amount was paid to the City.

In 2005 the SaskTel MaxTron was installed to improve the fan game experience. The cost of the MaxTron was \$946,301 and was paid for by the Roughriders; however, the costs were offset by payments received as a result of sponsorship agreement between the Roughriders, Saskatchewan Telecommunications and DirectWest. Furthermore, in 2005, a new media tower was installed and paid for by the Roughriders as well as many improvements to the eastside concessions and press box. Further improvements were made by the Roughriders to the club seating in 2006.

The field playing surface was upgraded again in 2007 when FieldTurf was installed with the Roughriders paying for a portion of the cost, being \$599,545.

Also, in 2007 the Roughriders paid for the "Leader-Post" video board located in the north end zone at a cost of \$224,840, as well as significant improvements to club seating, stadium signage, locker rooms, concessions and the Rider Store.

The Roughriders have also paid for various leasehold improvements over the years.

## **Stadium Capital Additions (1995-2004)**

The following table outlines the significant capital expenditures paid for by the Roughriders from 1995 through 2004 prior to the Stadium Improvement Fund being established in 2005. There were no significant additions in this time period with the exception of the eastside club seating which was constructed for the 1995 Grey Cup.

<b>Stadium Capital Expenditures (1995-2004)</b> <b>(unaudited)</b>	
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<b>1995</b>	
• Eastside club seating construction and Westside club seating renovation	\$1,275,808
<b>1996 -1998</b>	
• None *	-
<b>1999</b>	
• Leasehold improvements – Office, Green and White Lounge and Concourse	33,959
<b>2000</b>	
• Leasehold improvements – Office, Green and White Lounge and Concourse	34,315
• AstroTurf**	794,627
<b>2001</b>	
• Leasehold improvements – Office, Green and White Lounge and Concourse	46,904
<b>2003</b>	
• Leasehold improvements – Office, Green and White Lounge and Concourse	33,167
<b>2004</b>	
• Leasehold improvements – Office, Green and White Lounge and Concourse	63,964
<b>Total Stadium Additions 1995-2004</b>	<b>\$ 2,282,744</b>

\* During 1996-1998 there were capital additions, per the audited financial statements, however these additions did not relate to the stadium as they related to computer, video, weight room and ticket office equipment.

\*\* The City and the Roughriders shared the costs of the AstroTurf. In order to fund their share of the costs, the Roughriders were able to secure donations from various corporations totaling \$794,627 which were then paid to the City.

### Stadium Improvement Fund (including internally restricted net assets)

The Stadium Improvement Fund, originally called the Centennial Fund, was established in 2005 for the purpose of stadium renewal, including the purchase of property, plant and equipment relating to the facility. Facility fees and other contributions restricted for this purpose are allocated to this fund. In 2005 facility fees were comprised of a two dollar surcharge on certain game admission tickets. In 2008 these fees were increased to three dollars. The following table illustrates amounts contributed to the fund and amounts spent.

Stadium Improvement Fund (unaudited)	2005	2006	2007	2008-09 (15 month period) (note 3)	Total
<b>Contributions:</b>					
Facility fees	494,678	468,908	459,686	832,000	2,255,272
SaskTel sponsorship	1,000,000	-	-	-	1,000,000
Harvard sponsorship (note 1)	1,055,000	-	-	-	1,055,000
Mosaic sponsorship	-	187,500	187,500	187,500	562,500
Loan forgiveness (note 2)	2,800,000	-	-	-	2,800,000
<i>Total contributions</i>	<i>5,349,678</i>	<i>656,408</i>	<i>647,186</i>	<i>1,019,500</i>	<i>7,672,772</i>
<b>Capital Purchases:</b>					
Scoreboard	946,301	-	224,840	-	1,171,141
Concessions	197,996	83,957	-	-	281,953
Locker room	68,562	10,584	-	-	79,146
Club seating and press box	183,384	4,348	18,820	25,000	231,552
North media tower	218,229	-	-	-	218,229
Green & White Lounge	-	-	-	25,000	25,000
South end zone	-	175,007	-	15,558	190,565
Stadium façade & signage	-	126,627	132,569	-	259,196
Stadium signage	-	24,842	-	-	24,842
Concourse lighting	-	-	26,589	-	26,589
Stadium redevelopment	-	-	95,587	-	95,587
FieldTurf	-	-	599,545	-	599,545
Miscellaneous and consulting	46,564	27,181	-	-	73,745
<i>Total capital purchases</i>	<i>1,661,036</i>	<i>452,546</i>	<i>1,097,950</i>	<i>65,558</i>	<i>3,277,090</i>
<b>Total Unspent Contributions</b>	<b>\$3,688,642</b>	<b>\$203,862</b>	<b>\$ (450,764)</b>	<b>\$953,942</b>	<b>\$4,395,682</b>

**Note 1** – \$1,000,000 of this contribution was made by Harvard in exchange for the exclusive naming rights to the Green and White Lounge. The additional \$55,000 was to fund the construction of a new camera platform in the north end-zone of the stadium.

**Note 2** - Note that on March 29, 2005, the Government of Saskatchewan forgave the loan to the Roughriders in the amount of \$2,800,000. In 2005, the Roughriders internally restricted the \$2,800,000 for stadium improvements.

**Note 3** - During 2006 through 2009 there were capital purchases that did not get accounted for under the Stadium Improvement Fund which appear to be related to the common areas of the stadium. These include:

- **2006** - \$25,000 for stadium signage, \$46,000 for club seating and \$41,000 for camera platforms
- **2007** - \$212,000 for locker room renovations, \$72,000 for concession equipment buyout, and \$39,000 for west side level 2 concession renovations
- **2008-2009** - \$102,000 for concessions, \$53,000 for locker rooms, and \$49,000 for concession and stadium operations offices

These capital purchases total \$639,000.

**Overall, the Roughriders have made stadium capital expenditures totaling \$6,198,834 since 1995:**

- 1995 to 2004 - \$2,282,744
- 2005 to 2009 (Stadium Improvement Fund) - \$3,277,090
- 2005 to 2009 (Note 3 above) - \$639,000



# Special events

Examine the historical financial relationship between the Roughriders and the City in relation to special events such as periodically hosting the Grey Cup.

Under the terms of the Lease and Licence Agreement the Roughriders may occupy the facility or portions thereof for the purpose of conducting special events, in accordance with the conditions of approval of each special event established by the City under Bylaw No. 2005-79 being The Taylor Field Sale and Consumption of Alcohol Authorization Bylaw, 2005 (No. 2) (the "Bylaw"). Per review of the bylaw,

"Special Event" means all exhibitions, promotions, entertainment, performances, or athletic competitions (excluding Home Games) at which the sale and consumption of beverage alcohol is proposed, conducted with the prior approval of the City Manager or his designate. Beverage Alcohol may be sold and consumed at Taylor Field:

- (a) at any Special Event, provided that there shall be no more than six Special Events during any calendar year; and
- (b) by or on behalf of the Saskatchewan Roughrider Football Club, the University of Regina Rams or the Regina Thunder Football Club at any Home Game;

The City Manager is hereby authorized to consider and in his judgment to approve or deny applications for Special Events. The City Manager is further authorized to delegate such authority to a department head, manager or supervisor of that civic department charged with the operation and maintenance of Taylor Field.

A number of special events have been held at Mosaic Stadium including the 1995 and 2003 CFL Grey Cups, the Rolling Stones Bigger Bang Tour concerts, and most recently the AC/DC Black Ice World Tour concert. These events have provided both financial and non-financial benefits to the City. In addition, these events have provided financial benefits to the Roughriders through profits made on the 1995 and 2003 Grey Cups and the sale of merchandise, concessions, and parking. The following examines the historical financial relationship between the Roughriders and the City in relation to special events.

## **A) 1995 Grey Cup**

In 1995 the Roughriders (supported by financial guarantees from the Province of Saskatchewan), hosted the 83rd Grey Cup. Per review of the Roughriders' 1995 and 1996 audited financial statements the event generated \$1,120,685 (\$1,309,918 of profit accounted for in 1995 and \$189,233 of losses accounted for in 1996) for the Roughriders. The Roughriders were not required to pay a portion of the profits to the City.

## **B) 2003 Grey Cup**

The Roughriders (supported by financial guarantees from the Province of Saskatchewan), hosted the 91<sup>st</sup> Grey Cup in 2003. Per review of the Roughriders' 2003 and 2004 audited financial statements the event generated \$1,911,777

(\$2,002,205 of profit accounted for in 2003 and \$90,428 of losses accounted for in 2004) for the Roughriders. The Roughriders were not required to pay a portion of the profits to the City.

**C) Rolling Stones Bigger Bang Tour Concerts**

In October 2006, the Roughriders partnered with the City and Ipsco Place to present two Rolling Stone’s concerts at Mosaic Stadium as part of their Bigger Bang concert tour. It is our understanding that as part of these concerts there was an agreement to share concession profits equally (33.3%) amongst the Roughriders, Aramark Canada Ltd., and Regina Exhibition Association Ltd. Profits were defined as gross receipts less the sum of (a) cost of operations and (b) commission payments made to subcontracted service provides, the concert promoter, and the City of Regina. The City of Regina received a 11.5% commission on total sales. Furthermore, the Roughriders received 10% of all merchandise sales in exchange for the physical selling, reconciliation, and other services.

Overall, the Roughriders earned \$247,543 related to the Rolling Stones Bigger Bang Tour concerts after a commission payment to the City of \$101,292.

**D) AC/DC Black Ice World Tour Concert**

In August 2009, AC/DC held a concert at Mosaic Stadium as part of their Black Ice World Tour concert tour. Consistent with the Rolling Stones concerts, it is our understanding that there was an agreement to share concession profits equally (33.3%) amongst the Roughriders, Aramark Canada Ltd., and Regina Exhibition Association Ltd. Profits were defined as gross receipts less the sum of (a) cost of operations and (b) commission payments made to subcontracted service provides, the concert promoter, and the City of Regina. The City of Regina received 5% and 7.5% commission payments on food and alcohol sales respectively. Furthermore, the Roughriders received 20% of all merchandise sales in exchange for the physical selling, reconciliation, and other services.

Overall, the Roughriders earned \$157,583 related to the AC/DC Black Ice World Tour concert after a commission payment to the City of \$35,894.

The following table shows the total net profits earned by the Roughriders and commissions paid to the City on these special events.

Special events (unaudited)	
<b>Net profits to Roughriders</b>	
1995 Grey Cup	\$ 1,120,685
2003 Grey Cup	1,911,777
Rolling Stones Bigger Bang Tour	247,543
AC/DC Black Ice World Tour	157,583
<b>Total</b>	<b>3,437,588</b>
<b>Commissions to the City</b>	
Rolling Stones Bigger Bang Tour	101,292
AC/DC Black Ice World Tour	35,894
<b>Total</b>	<b>137,186</b>



# Other material aspects of the relationship

Identify and examine any other material aspects of the financial relationship between the Roughriders and the City that are not otherwise listed above

## **1) Additional non-stadium leases related to Roughrider business operations**

In order to address the space constraints of Mosaic Stadium the Roughriders have entered into additional leases. In March 2008, the Roughriders secured a lease for office space located outside of Mosaic Stadium. It provides approximately 5,200 of finished square feet on the main floor and 1,900 of finished square feet in the basement. The lease is for three years and is renewable by one year increments. The annual base rent is \$115,920. The total leasehold improvements incurred were \$65,992.

In May 2008 the Roughriders entered into a lease for offsite warehouse space for annual rent of \$37,200. Furthermore on July 15, 2009, the Roughriders entered into a lease for a fitness facility for annual rent \$54,080, not including operating costs. The total projected capital costs and leasehold improvements for the fitness facility are \$480,000. The fitness facility is expected to be ready for use by December 2009.

## **2) University of Regina Ram's (the "Rams") 50/50 Draw**

The Roughriders provide the Rams with full access to Mosaic Stadium and adjoining areas for the sale of 50/50 tickets at all Roughrider home games, both prior to and during game times.

Under the terms of the current agreement between the Roughriders and the Rams, the Rams have agreed to pay the Roughriders, as an annual facility rental charge, an amount equal to:

- a) 14% of gross sales on the first \$300,000 of gross sales
- b) 19% of gross sales on the next \$200,000 of gross sales
- c) 25% of gross sales on sales over \$500,000

Of these facility rental charges \$22,000 (including taxes) will consist of a combination of Roughrider ticket packages, shares and merchandise as may, at the Roughrider's option in consultation with the Rams, be suitable for subsidiary prizing. The remaining balance will be paid in cash.

It is our understanding that during the twelve month periods ended December 31, 2007 and 2008 respectively, the Roughriders received cash of \$80,633 and \$123,785 from the Rams for the 50/50 facility rental charges. It is also our understanding that the Roughriders donated \$100,000 of the \$123,785 collected in 2008 to support the University of Saskatchewan Huskies, Saskatoon Hilltops, Regina Prairie Thunder and Football Saskatchewan (\$25,000 each).

### **3) Volunteer honorariums**

Over the years, non-profit organizations have been given the opportunity to fundraise by working for the organizations that sell concessions at the stadium. Although this arrangement is not specifically addressed in the current concession agreement with Aramark and the former concession agreement with Rider Snack, it is our understanding that Aramark (as did Rider Snack) pays certain non-profit organizations (by way of an honorarium) in exchange for working at the concession booths. The Roughriders do not have information on the quantum of the honorariums.

It is also our understanding that the Roughriders pay honorariums to the Regina Lions Band for ticket taking. In 2008 the Roughriders paid \$11,000 for ticket taking at all home games, including the home playoff game.

# Crown Investments Corporation of Saskatchewan

Analysis of a Possible Business Relationship  
between the Saskatchewan Roughrider Football  
Club Inc. and a New Multi-Purpose Entertainment  
Facility in Regina

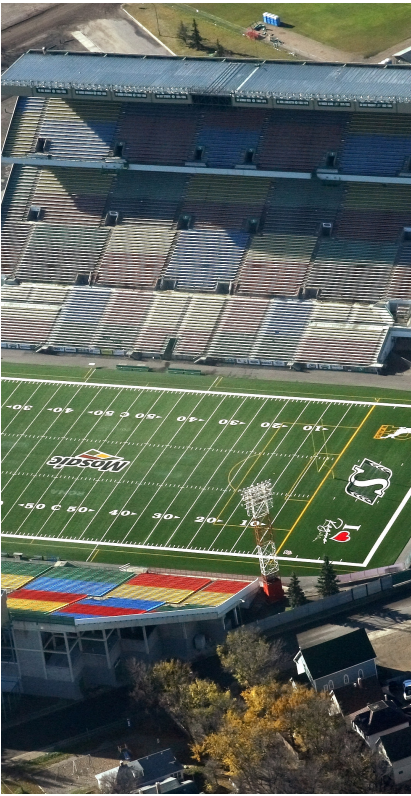
Phase 2 Report

February 10, 2010



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# Executive summary

*This report contains the results of phase 2 of our project to assist Crown Investments Corporation of Saskatchewan ("CIC") in performing an analysis of a possible business relationship (the "Representative Business Relationship") between the Saskatchewan Roughrider Football Club Inc. (the "Roughriders") and a new multi-purpose entertainment facility (the "Facility") in Regina.*

***The Representative Business Relationship outlined in this report is meant to provide a framework within which the impact of the Facility on the financial health of the Roughriders could be examined. The assumptions and overall model do not represent any form or type of agreement or understanding between the parties involved and an actual lease agreement would need to be negotiated between the Roughriders and the operator of the Facility if the Facility proceeds to construction and could represent more or less risk sharing amongst the parties.***

## **Representative Business Relationship**

The following summarizes the possible financial impacts of a potential lease and business relationship between the Roughriders and the operator of the Facility related to revenues and expenses that would be determined in accordance with the potential lease and business relationship and for this analysis is referred to as Stadium Operations.

The Representative Business Relationship is based on initial assumptions provided by Global Spectrum in their Pro Forma ("Pro Forma") financial information and modified through discussions with CIC, the Roughriders and the City of Regina.

Paid attendance is a key assumption as it directly impacts general seating, club seating, suites, commissions on the sale of club seats and sites merchandise sales and costs, concession and catering commissions, parking, facility fees and facility rent. In addition, pricing over tickets, concessions, catering and facility fees impacts a number of revenues and expenses.

**It is important to note that the Representative Business Relationship includes a home playoff game.**

**Appendix A summarizes the sensitivity of the Representative Business Relationship to changes in assumptions.**

**The following table provides a comparison to the lease and business relationship with respect to Mosaic Stadium between the Roughriders and the City for the period ended March 31, 2008-09 and the year ended December 31, 2007.**

Stadium operations (unaudited)	Representative Business Relationship	2008-09	2007
Revenue			
General seating	\$12,790,278	\$ 9,363,094	\$ 8,357,284
Club seating	1,374,450	430,748	346,972
Suites	371,250	-	-
Commissions on sale of club seating and suites	841,410	-	-
Sponsorships, signage and naming rights	2,355,000	2,938,086	2,487,934
Commissions on sale of sponsorships and signage	500,000	-	-
Merchandise	4,117,173	4,117,173	3,685,173
Concessions	-	3,355,376	2,081,399
Concession and catering commissions	741,928	-	-
Green and White Lounge	-	326,838	293,564
Parking	22,000	83,485	89,374
Facility fees (note 2)	1,826,286	832,000	459,686
<b>Total revenue</b>	<b>24,939,775</b>	<b>21,446,800</b>	<b>17,801,386</b>
Expenses			
Merchandise	3,046,708	3,046,708	2,542,769
Concessions and catering	-	1,960,895	1,027,114
Sponsorships and signage (note1)	1,998,690	298,923	310,657
Rent	1,744,317	200,000	200,000
Video board operation	-	224,499	195,684
Security	-	216,957	180,584
Utilities	-	292,015	175,186
Green and White Lounge	-	119,719	114,143
Facility fees (note 2)	1,826,286	832,000	459,686
<b>Total expenses</b>	<b>8,616,001</b>	<b>7,191,716</b>	<b>5,205,823</b>
<b>Revenues in excess of expenses from Stadium Operations</b>	<b>16,323,774</b>	<b>14,255,084</b>	<b>12,595,563</b>
Net expenses related to non-stadium operations (note 3)	(12,626,477)	(12,626,477)	(10,841,914)
<b>Roughrider net income</b>	<b>\$ 3,697,297</b>	<b>\$ 1,628,607</b>	<b>\$ 1,753,649</b>

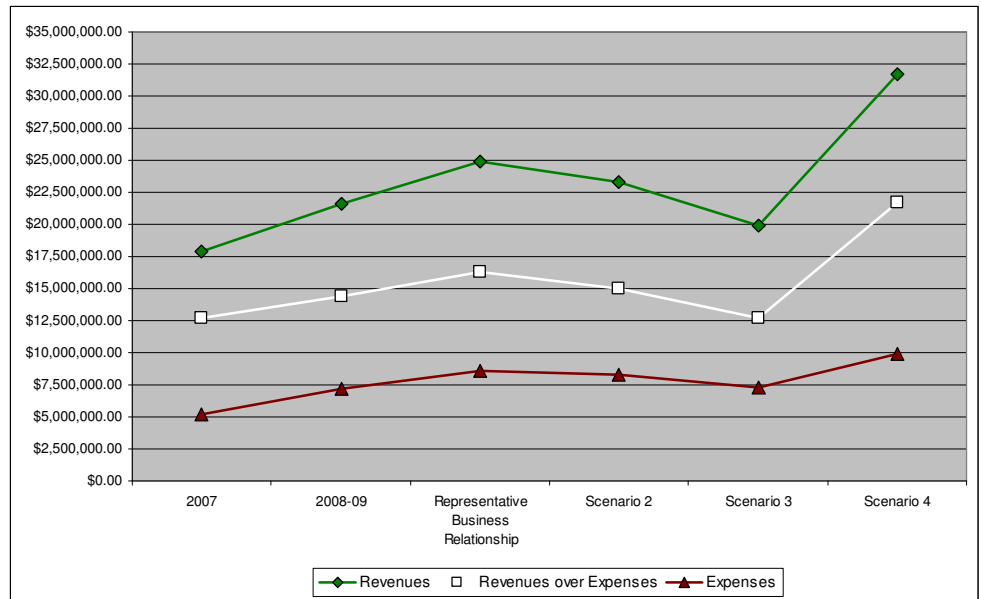
**Note 1** – Based on information provided by Global Spectrum, typically the cost of tickets included in sponsorship packages is recorded as ticket revenue with the related cost being recorded within sponsorship and signage costs. In 2008-09 and 2007 the Roughriders have not included general and club seating tickets included in sponsorship packages in revenue from general and club seating. Based on information provided by the Roughriders it has been assumed that 12% of the available general and club seats are used in sponsorship packages for a cost of \$1,699,767 (\$14,164,728 total sales x 12%). In addition, it has been assumed that the Roughriders will incur costs similar to those incurred in 2008-09 to sell sponsorship packages which were \$298,923.

**Note 2** - The Stadium Improvement Fund, originally called the Centennial Fund, was established in 2005 for the purpose of Mosaic Stadium renewal, including the purchase of property, plant and equipment relating to Mosaic Stadium. In 2008-9 and 2007 facility fees and other contributions restricted for this purpose were allocated to this fund. Under a Representative Business Relationship Global Spectrum has assumed that all facility fees generated are for the benefit of the Facility and no amount would be provided to the Roughriders.

**Note 3** –It has been assumed that the net expenses related to non-stadium operations under the Representative Business Relationship is similar to 2008-09.

**Graphic presentation of Roughrider Stadium Operations**

The following depicts the actual Roughrider’s revenues, expenses and revenues over expenses related to stadium operations under the current business relationship for 2007 and 2008-09 and it depicts the estimated financial impact of the Facility to the Roughriders under the Representative Business Relationship as well as scenarios 2, 3 and 4 as outlined in Appendix A.



## **Key project activities**

In the following analysis of the current and Representative Business Relationship and incorporated therein we:

- used data and analysis provided by Global Spectrum and other applicable industry sources and identified relevant typical terms and conditions for sports team stadium leases and business relationships;
- identified and quantified other opportunities and expenses in the Facility;
- identified potential business models within the sports and entertainment industry and their applicability to a potential new relationship;
- assessed the extent to which a new lease and business relationship between the stadium entity can be modeled on a typical commercial model;
- held meetings with CIC, the Roughrider Board of Directors and management and the City of Regina to obtain input and information for our analysis and to assist in analyzing the information provided by Global Spectrum; and
- held discussions with Global Spectrum with respect to their data and analysis.

## **Framework agreement**

In forming a new relationship between the Roughriders and the Facility there are a number of principles that need to be agreed on in order to reach a framework agreement that ultimately leads to a fully developed and executed lease agreement between the Roughriders and the Facility.

These principles include and are incorporated into the assumptions used in preparing the Representative Business Relationship as summarized in the Executive Summary on page 2 and will include agreement on:

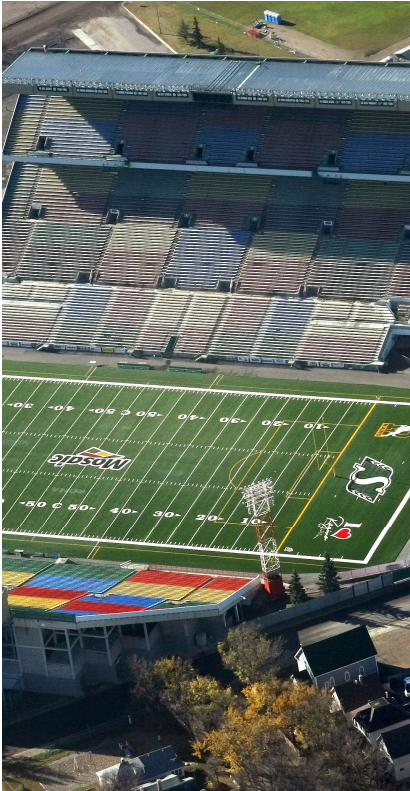
- 1) seating capacity and configuration (including general seating, club seating and suites) to optimize revenue potential to the Roughriders and the Facility;
- 2) minimum pricing for general seating, club seating and suites and on the amount due the Roughriders for game day tickets included in club seating and suites;
- 3) who is solely or primarily responsible for sales of club seats and suites and that a percentage will be paid as commissions on sales of club seats and suites and who else would be permitted to sell these;
- 4) who sells sponsorships and advertising packages (and on stadium inventory that is available for sale in sponsorship and advertising packages) and that a percentage will be paid as commissions;
- 5) revenues from facility naming rights will be for the benefit solely of the Facility;
- 6) the assumption that Roughriders do not pay any fees related to merchandise sales in the Facility;
- 7) concession commissions to Roughriders to be a percentage of gross concession sales at Roughrider events;
- 8) catering commissions to Roughriders from sale of concessions in suites to be a percentage of gross catering sales at Roughrider events;
- 9) the Roughriders would receive a percentage of game day parking revenue;
- 10) the amount of facility fee for Roughrider events (including Grey Cup games) and agreement that facility fee is for the benefit of the Facility and not the Roughriders and that facility fee is charged on tickets included in sponsorship packages;

- 11) the Roughriders to pay rent based on a percentage of gross ticket sales (including Grey Cup games) and agreement on type and level of services provided and paid for by the Facility including security, ticket takers, ushers, utilities, video board operations and cleaning; and
- 12) that 50/50 draws are for the benefit of the beneficiaries and the Roughriders.

### **Conclusion**

Based on the information provided by Global Spectrum, CIC, the Roughriders and the City of Regina and the assumptions agreed upon by CIC, the Roughriders and the City of Regina, the suggested business model as included in the column titled "Representative Business Relationship" results in a typical commercial model between the Roughriders and the Facility.

In addition and based on assumptions discussed and agreed on by CIC, the Roughriders and City of Regina the proposed new business relationship between the Roughriders and the Facility will maintain the financial sustainability of the Roughriders and will allow for increased financial benefits to the Roughriders and the Facility based on assumptions regarding attendance and pricing.



# Scope of the analysis and key project activities

## Scope

The Government of Saskatchewan, through CIC, is undertaking a feasibility study into the construction of a new all weather multipurpose entertainment facility in central Regina. The Roughriders would be expected to be a major tenant of the Facility.

CIC has engaged KPMG LLP to assist in performing an analysis of a possible business relationship between the Roughriders and a new multi-purpose entertainment facility in Regina. In Phase 1 of the engagement, KPMG analyzed the existing business relationship between the Roughriders and the City which is largely built around the existing lease agreement for Mosaic Stadium.

The scope of the analysis referred to in the Terms of Reference, as discussed and agreed to by CIC, the Roughriders and KPMG and forms Phase 2 of the KPMG analysis includes:

- Identify and quantify other opportunities and expenses in a new facility needing to be considered in a new business relationship;
- Using data and analysis provided by Global Spectrum and other applicable industry sources to identify all relevant typical terms and conditions for sports team stadium leases and business relationships;
- In addition to examining all relevant typical terms and conditions for sports team stadium leases, identify potential business models within the sports and entertainment industry, and their applicability to a potential new relationship; and
- Assess the extent to which a new lease and business relationship between the stadium entity can be modeled on a typical commercial model, identify and quantify, to the extent possible, where variances from the model may be required to address financial sustainability of the Roughriders, and options for addressing these variances.

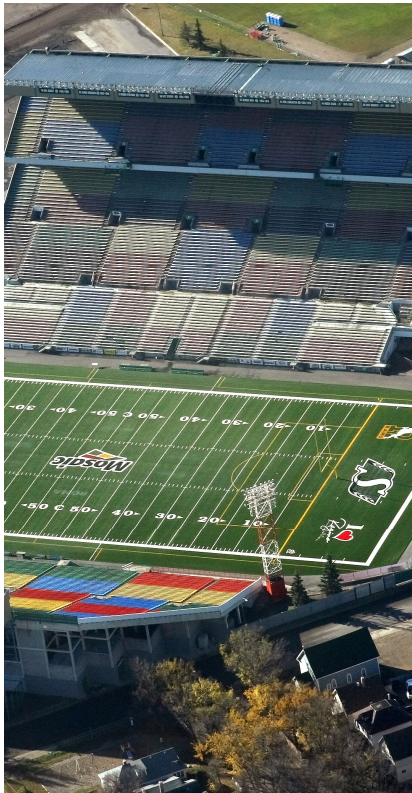
## Key Project Activities

### *Inquiries and discussions*

- We held meetings with CIC, the Roughrider Board of Directors and management and the City of Regina to obtain input and information for our analysis and to assist in analyzing the information provided by Global Spectrum;
- We held discussions with Global Spectrum with respect to their data and analysis.

### *Financial information*

- We reviewed the Pro Forma information with respect to the Facility provided by Global Spectrum;
- We obtained financial information from the Roughrider Board of Directors and management with respect to assumptions for a new multipurpose entertainment facility;
- We compiled the financial information provided by Global Spectrum and the Roughrider Board of Directors and management. We have not performed an audit or a review engagement in respect of the financial information and, accordingly, we express no assurance thereon;
- We gathered information from the Canadian Football League ("CFL") with respect to stadium leases.



# Analysis of current and representative business relationship

KPMG has reviewed the terms and conditions and related revenues and expenses analyzed in Phase 1 and compared it to how a Representative Business Relationship between the Roughriders and the Facility may impact these areas. To assess the financial impact of the Representative Business Relationship as compared to the existing business relationship with the City of Regina related to Mosaic Stadium, KPMG analyzed the Pro Forma information prepared by Global Spectrum, modified it through discussions with CIC, the Roughriders and the City of Regina and compared it to two different previous years, 2008-09 and 2007.

We have not performed an audit or a review engagement with respect to the financial information and, accordingly, we express no assurance thereon.

**It is important to note that the Representative Business Relationship includes a home playoff game.**

**Appendix A summarizes the sensitivity of the Representative Business Relationship to changes in assumptions.**

## 1) General seating, club seating and suites

### Current business relationship

Under the current business relationship the Roughriders generate revenues through general seating ticket sales and club seating at Mosaic Stadium.

#### **General seating**

The total current permanent general seating capacity of Mosaic Stadium is 27,924. In addition, in 2008 2,124 temporary seats were added to provide total seating capacity of 30,048. Ticket pricing levels are based on relative position to the field. Ticket prices do not vary depending on whether or not a seat is placed in the lower or upper half of Mosaic Stadium.

In 2008, the average paid general seating attendance for the pre-season and regular season was 24,633. The average general seating ticket price was approximately \$29.00 plus facility fees of \$3.00 per paid ticket.

In 2008, the paid general seating attendance for the home post-season game was 27,660 and the average general seating ticket price was approximately \$51.00 plus facility fees of \$3.00 per paid ticket.

#### **Club seating**

Currently, there are club seating areas located on both the west side and east side areas of Mosaic Stadium. Both West Side and East Side Club Seating are considered premium seating areas with upscale concession items which generate additional revenues for the Roughriders.

The current total club seating capacity is 453 seats. In 2008, the average paid club seating attendance for the pre-season and regular season was 300. Per discussion with Roughrider management the remaining club seating was used for sponsorships and for complimentary tickets. The standard club seating price in 2008 was \$1,500 plus \$30.00 of facility fees which includes pre-season and regular season games, however, some seats were discounted for group purchases resulting in an average of \$1,405 per seat plus facility fees.

In 2008, the paid club seating attendance for the home post-season game with was 352 and the ticket price was \$150.00 plus a \$3.00 facility fee.

## **Suites**

Mosaic Stadium does not contain any suites. As a result, the Roughriders do not generate this type of revenue.

### **Representative business relationship**

Under the Representative Business Relationship the Roughriders would continue to generate revenues through general seating ticket sales and club seating. In addition, it is our understanding that the Facility being proposed contains a number of suites.

Based on information prepared by Stadium Consultants International the proposed permanent seating capacity for Roughrider games is 33,000 in the Facility. The permanent seating capacity of 33,000, less 255 seats for media and coaches, consists of the following:

- 1) General seating – 30,065 (29,270 general seats, 525 restaurant, 270 group sales)
- 2) Club seating – 1,960
- 3) Suites – 720 (40 proposed suites each containing 18 seats)

### **General seating**

It is our understanding that the Facility would have an increased number of permanent seats as well as additional capacity for temporary seating. Also, there may be opportunities to revise the ticket pricing structure to allow for more flexible pricing such as charging increased prices for aisle seats.

Based on information provided by the Roughriders it has been assumed that the average paid general seating attendance is approximately 85% of general seating capacity for all Roughrider home games, including a post-season game. As a result, the average paid general seating attendance is estimated to be 25,555, based on general seating capacity of 30,065 as noted above.

The Roughriders have performed an analysis with respect to ticket pricing based on a revised pricing structure in the Facility when the Facility might be available for use. Based on information provided by the Roughriders it has been assumed that the average ticket price will be \$45.50, excluding facility fees.

It is estimated that the Roughriders would receive total annual gross ticket revenue of \$12,790,278 (281,105 total attendance x \$45.50) based on these assumptions.

### **Club seating**

Based on information prepared by Stadium Consultants International the Facility contains 1,960 club seats. Based on information provided by the Roughriders it has been assumed that 85% of club seats will be sold or 1,666 (1,960 x 85%).

Based on information provided by the Roughriders it has been assumed that club seats will be priced at \$1,925 (\$175 per game), excluding facility fees and includes tickets to the pre-season, regular season and a post-season game. This provides total estimated revenues of \$3,207,050 (1,666 side-line club seats x \$1,925).

Based on information provided by the Roughriders it has been assumed that the Roughriders would receive a portion of the club seating revenues based on \$75 per ticket per game or \$825 for the pre-season and regular and post-season. These amounts are based upon the Roughrider's estimated ticket price for seats in that section of the Facility.

As a result, it is estimated that the Roughriders would receive total annual gross club seating revenue of \$1,374,450 (\$75 x 1,666 side-line club seats x 11 total games) based on these assumptions.

Historically, the Roughriders have been responsible for the sale of club seating. Under a Representative Business Relationship the Roughriders would prefer to stay connected with their fan base and therefore to have responsibility for the sale of club seats. Global Spectrum has assumed that a 20% commission would be paid to the organization that is responsible for the sale of club seating. Based on total estimated club seating revenues of \$3,207,050 the total commissions to the Roughriders would be \$641,410.

For purposes of this analysis it has been assumed that the Roughriders will be responsible for the sale of club seating and will earn commission revenue.

### Suites

Based on information prepared by Stadium Consultants International it is proposed that the Facility contains 40 suites containing 18 tickets each. Based on information provided by the Roughriders it has been assumed that they can sell 25 suites at an average suite price of \$40,000, excluding facility fees. This provides total estimated revenues of \$1,000,000 (25 suites x \$40,000).

Based on information provided by the Roughriders it has been assumed that the Roughriders would receive a portion of suite revenues based on \$75 per suite ticket per game or \$825 for the pre-season and regular and post-season. These amounts are based upon the Roughrider's estimated ticket price for seats in that section of the Facility.

As a result, it is estimated that the Roughriders would receive total annual suite revenue of \$371,250 (\$75 x 25 suites x 18 tickets per suite x 11 total games) based on these assumptions.

Under a Representative Business Relationship the Roughriders would prefer to stay connected with their fan base and therefore to have the opportunity to sell suites. Global Spectrum has assumed that a 20% commission would be paid to the organization that is responsible for the sale of suites. Based on total estimated suite revenues of \$1,000,000 the total commissions to the Roughriders would be \$200,000. There is potential that the Facility could sell the remaining 15 suites.

For purposes of this analysis it has been assumed that the Roughriders will be responsible for the sale of 25 suites and will earn commission revenue.

**The following table provides financial information with respect to revenue from ticket sales, club seating and suites for the benefit of the Roughriders:**

General seating, club seating and suites (unaudited)	Representative business relationship	2008-09	2007
General seating (note 1)	\$12,790,278	\$ 9,363,094	\$ 8,357,284
Club seating (note 1)	1,374,450	430,748	346,972
Suites (note 1)	371,250	-	-
Commissions on sale of club seating and suites	841,410	-	-
<b>Total</b>	<b>\$15,377,388</b>	<b>\$ 9,793,842</b>	<b>\$ 8,704,256</b>

**Note 1** – In 2007 and 2008-09 the Roughriders hosted a home playoff game. As a result, general and club seating and suites includes ticket revenue from one playoff game. The Representative Business Relationship includes a home playoff game.

Overall, under the Representative Business Relationship the Roughriders would generate increased general seating, club seating and suites revenues in the Facility as compared to the revenues generated in 2007 and 2008-09 in Mosaic Stadium.

## 2) Sponsorships, signage and facility naming rights

### Current business relationship

Under the current business relationship the Roughriders do not pay any portion of the in-stadium sponsorship and signage revenues to the City. In addition, the Roughriders, with approval from the City, have sold certain sponsorship rights to Mosaic Canada, most notably, naming rights to Mosaic Stadium which includes signage on the exterior of the stadium and turf signage for a ten year period for a total fee of \$3,750,000 of which \$562,500 has been allocated to a Stadium Improvement Fund.

### Representative business relationship

Global Spectrum has forecasted an overall increase in revenues related to sponsorships, signage and facility naming rights.

Based on information provided by the Roughriders it has been assumed the annual revenues derived from sponsorship and signage will be \$5,000,000. Global Spectrum has assumed that the sponsorship and signage revenues will be equally shared by the Facility and Roughriders after payment of a 20% commission based on gross sponsorship and signage sales. As a result, it is estimated that the Roughrider's share of the Facility's sponsorship and signage revenues are \$2,000,000 (\$5,000,000 less a 20% commission of \$1,000,000 x 50%).

Based on information provided by CIC and the Roughriders, revenues derived from facility naming rights will be for the benefit of the Facility with no amounts being provided to the Roughriders.

Historically, the Roughriders have been responsible for the sale of sponsorship and signage. Under a Representative Business Relationship it has been assumed that the Roughriders would continue to be included in the selling of sponsorships and signage. Based on information provided by the Roughriders it has been assumed that the Roughriders will sell 50% of the total sponsorship and signage packages in the Facility. Global Spectrum has assumed that a 20% commission would be paid to the organization that is responsible for the sale of sponsorships, signage and facility naming rights. Based on the estimated gross advertising revenue of \$5,000,000 the total commissions to the Roughriders are estimated to be \$500,000 (\$5,000,000 x 50% X 20%).

**The following table provides details with respect to the Roughrider's share of sponsorship, signage and facility naming rights:**

Sponsorships, signage and facility naming rights revenue (unaudited)	Representative business relationship	2008-09	2007
Sponsorships, signage and facility naming rights (note 1)	\$ -	\$ 2,583,086	\$ 2,077,934
Local radio and television rights (note 2)	355,000	355,000	410,000
Roughrider's share of Facility sponsorships and signage	2,000,000	-	-
Commissions on sale of sponsorships and signage	500,000	-	-
<b>Total</b>	<b>\$ 2,855,000</b>	<b>\$ 2,938,086</b>	<b>\$ 2,487,934</b>

**Note 1** – Does not include non-monetary sponsorships (2008-09 - \$849,303, 2007 - \$926,212).

**Note 2** – Based on information provided by the Roughriders it has been assumed that local radio and television rights would be similar to 2008-09.

Overall, under the Representative Business Relationship the Roughrider’s share of sponsorships, signage and facility naming rights revenue would decrease from what is currently being generated at Mosaic Stadium.

### 3) Merchandise

#### **Current business relationship**

Currently, the Roughriders sell merchandise through the Rider Store located at Mosaic Stadium. Under the current business relationship, the Roughriders do not pay a fee based on a percentage of sales (which would be standard for retail operations) to the City on merchandise sales.

#### **Representative business relationship**

Global Spectrum has made the assumption that the Facility will not receive a fee based on a percentage of Roughrider merchandise sales. As a result, there is no change with respect to this revenue stream for the Roughriders.

However, it is our understanding that the proposed square footage for a Roughrider store in the Facility is larger as compared to the current Rider Store in Mosaic Stadium. In addition, the Roughrider store in the Facility will be modernized. This will provide the Roughriders a greater opportunity to generate increased merchandise revenues over and above what is currently being generated from the Rider Store at Mosaic Stadium.

Global Spectrum has assumed that the Roughriders will not be required to pay the Facility any rent for a Roughrider store.

The Roughriders track sales by each individual store but not costs. As a result, in order to estimate the merchandise costs related to the Rider Store, we applied the overall net profit percentage earned on merchandise sales as a whole (26% in 2008-09 and 31% in 2007).

**The following table provides financial information with respect to merchandise sales made at Mosaic Stadium for the Roughriders.**

Merchandise sales (stadium only) (unaudited)	Representative business relationship (note1)	2008-09	2007
Sales	\$ 4,117,173	\$ 4,117,173	\$ 3,685,173
Costs	3,046,708	3,046,708	2,542,769
<b>Gross margin</b>	<b>\$ 1,070,465</b>	<b>\$ 1,070,465</b>	<b>\$ 1,142,404</b>

**Note 1** - As per above, Global Spectrum has assumed that the Facility will not receive a fee based on a percentage of Roughrider merchandise sales. As a result, it is assumed that these amounts would be similar to 2008-09.

### 4) Concessions and catering

#### **Current business relationship**

Under the current business relationship, the Roughriders have the exclusive right to sell food and beverage through concessions at Mosaic Stadium and the practice field during game days and further during Junior, High School, University of Regina Rams football games and special events (excluding community events sponsored by the City).

In 2008, the Roughriders engaged Aramark Canada Ltd. ("Aramark") on a one year renewable contract to provide management services for the stadium, practice field and club seating concessions. Aramark receives a management fee of 8.5% of total sales.

In 2008, the average concession sales per person attending Roughrider home games were approximately \$10.00.

### **Representative business relationship**

#### **a) Concessions**

Global Spectrum has increased the concession sales per person with the expectation that new, efficient facilities will generate increased sales as compared to what is currently being experienced.

Based on information provided by the Roughriders it has been assumed that the average concession sales per person attending Roughrider home games at the Facility will be \$15.00 for general seating and \$35.00 for club seating. Furthermore, assumptions have been made with respect to attendance at Roughrider home games (see discussion with respect to paid attendance on page 8). It is estimated that the gross concession sales would be \$4,857,985 (281,105 total general seating paid attendance x \$15.00 and 18,326 total club seating paid attendance x \$35.00) based on these assumptions.

Global Spectrum has made the assumption that concessions would be operated by a concessionaire. In addition, Global Spectrum assumed that the concessionaire would pay the Facility a commission based on 30% of gross concession sales on Roughrider home games and the Facility would share 50% of these commissions with the Roughriders. As a result, the Roughriders would receive concession commission revenue equal to 15% of gross concession sales or \$728,698 (\$4,857,985 x 15%).

Global Spectrum has assumed that the Roughriders will not receive commissions earned on concessions with respect to non-Roughrider events.

#### **b) Catering**

As mentioned above, it has been assumed that the Roughriders will sell 25 suites each containing 18 tickets. Global Spectrum has assumed that 75% of the available suite tickets would be used for pre-season and regular season games (3,375 tickets out of a total of 4,500 tickets) and 90% for home playoff games (405 tickets out of a total of 450 tickets).

Global Spectrum has assumed that the Roughriders will not receive commissions earned on catering with respect to non-Roughrider events.

Based on information provided by the Roughriders it has been assumed that the average suite catering sales per person attending Roughrider home games in the Facility will be \$35.00. It is estimated that the gross catering sales would be \$132,300 (3,375 total attendance for pre-season and regular season games and 405 attendance for a home playoff game x \$35.00) based on these assumptions.

Global Spectrum has made the assumption that catering would be operated by a concessionaire. In addition, Global Spectrum assumed that the concessionaire would pay the Facility a commission based on 20% of gross catering sales on Roughrider home games and the Facility would share 50% of these commissions with the Roughriders. As a result, the Roughriders would receive catering commission revenue equal to 10% of gross catering sales or \$13,230 (\$132,300 x 10%).

**The following table provides financial information with respect to concession and catering for the Roughriders.**

Concession and catering (unaudited)	Representative business relationship (note1)	2008-09	2007
		Concession sales	\$ -
Concession commission (15% of gross sales)	728,698	-	-
Catering commission (10% of gross sales)	13,230	-	-
Expenses	-	1,960,895	1,027,114
<b>Net profit to the Roughriders</b>	<b>\$ 741,928</b>	<b>\$ 1,394,481</b>	<b>\$ 1,054,285</b>

Note 1 – Roughrider home games only and includes a home play-off game.

Overall, under the Representative Business Relationship the Roughrider's net profit on concession and catering sales represents a decrease over what is currently being generated at Mosaic Stadium.

**5) Green and White Lounge (VIP Lounge)**

**Current business relationship**

Under the current business relationship the Roughriders also generate profits through the Green and White Lounge. The Roughriders have an agreement with Aramark through 2011 to provide alcohol concession services for the stadium and services for the Green and White Lounge. The management service fee for alcohol concession services is 10% of alcohol sales and the management fee for the Green and White Lounge is \$12,000 per annum. The Roughriders incur all costs associated with providing alcohol concessions and Green and White Lounge services.

For the 2008 season the Green and White Lounge had 94 tables with a total of 416 seats. The tables are priced as follows and include a membership and advertising component:

- i) 78 tables of 4 @ \$2,000 per table
- ii) 12 tables of 6 @ \$3,000 per table
- iii) 4 tables of 8 @ \$4,000 per table

**Representative business relationship**

Based on information prepared by Stadium Consultants International there will no longer be a separate Green and White Lounge as it currently exists at Mosaic Stadium. Rather, the Facility will have a VIP lounge, with capacity of 1,600 people, attached to the club seating area. **As a result, there is not a separate revenue stream for the Roughriders as it is included in revenues from club seating.**

**The following table provides financial information with respect to the Green and White Lounge (VIP Lounge):**

Green and White Lounge (VIP Lounge) (unaudited)	Representative business relationship	2008-09	2007
Revenues			
Membership and advertising	\$ -	\$ 168,758	\$ 155,462
Alcohol and food	-	158,080	138,102
Expenses			
	-	119,179	114,143
<b>Net profit to the Roughriders</b>	<b>\$ -</b>	<b>\$ 207,659</b>	<b>\$ 179,421</b>

**6) Parking (game day)**

**Current business relationship**

Under the current business relationship with the City the Roughriders have the right and licence to occupy on game days, certain parking areas around the stadium.

**Representative business relationship**

Under the Representative Business Relationship the Roughriders would be entitled to parking revenues related to home games. Based on information provided by the Roughriders it has been assumed that 200 spaces will be sold for \$20 per Roughrider home game.

The Pro Forma information assumes that under a Representative Business Relationship the Facility would receive 50% of game day parking revenues with the remaining 50% being received by the Roughriders. This revenue is estimated at \$22,000 for pre-season, regular season and post-season games (200 x \$20 x 11 games x 50%).

The Pro Forma analysis does not address the cost of non-game day parking to the Roughriders.

**The following table provides details with respect to parking revenues:**

Parking revenue (unaudited)	Representative business relationship	2008-09	2007
Parking	\$ 22,000	\$ 83,485	\$ 89,374

Based on the Representative Business Relationship, the Roughrider's share of parking revenue would decrease from what is currently being generated at Mosaic Stadium.

## 7) Facility fee revenue

### **Current business relationship**

Currently, facility fees are being charged for the purpose of Mosaic Stadium renewal, including the purchase of property, plant and equipment relating to Mosaic Stadium. In 2005 facility fees were comprised of a \$2.00 surcharge on certain game admission tickets. In 2008 these fees were increased to \$3.00. The Roughriders have increased these fees for the 2010 season to \$5.00. The facility fee surcharge is not charged on non-paid tickets including tickets provided via sponsorships, player and staff tickets and other complimentary tickets.

In 2008, total facility fees of \$832,000 were generated from pre-season, regular season and post-season games.

### **Representative business relationship**

The Roughriders have increased the facility fee to \$5.00 in 2010. Based on information provided by the Roughriders it has been assumed the facility fee will be \$6.00 in the Facility. Based on the assumptions with respect to total paid attendance (281,105 total general seating paid attendance, 18,326 total club seating paid attendance and 4,950 suite attendance) a \$6.00 facility fee would generate \$1,826,286. It has been assumed that the facility fee is charged on tickets included in sponsorship packages.

Global Spectrum has assumed that all facility fees generated are for the benefit of the Facility and no amount would be provided to the Roughriders.

**The following table provides financial information with respect to facility fees revenue:**

Facility fee revenue (unaudited)	Representative business relationship	2008-09	2007
Facility fees (note 1)	\$1,826,286	\$ 832,000	\$459,686

**Note 1** – Based on the Representative Business Relationship, facility fee revenue would exceed the amounts generated in 2007 and 2008-09.

## 8) Facility rent

### **Current business relationship**

The annual rent for Mosaic Stadium is the lesser of \$200,000 or 25% of annual net profits. All revenues, costs and expenses from any Grey Cup game are excluded in the calculation of rent under the current lease agreement.

### **Representative business relationship**

Based on information provided by Global Spectrum and CIC, it has been assumed that the Roughriders would pay rent based on 12.0% of gross ticket sales to the Roughriders. Based on the assumed Roughrider gross ticket sales as noted previously in this report (general seating of \$12,790,278, club seating of \$1,374,450 and suites of \$371,250) it is estimated that facility rent would be \$1,744,317.

**The following table provides financial information with respect to facility rent expense:**

Facility rent expense (unaudited)	Representative business relationship	2008-09	2007
Rent	\$1,744,317	\$ 200,000	\$200,000

Based on the Representative Business Relationship, the Roughrider's facility rent would exceed the current rent being paid for Mosaic Stadium.

## **9) Other non-stadium leases related to Roughrider business operations**

### **Current business relationship**

In order to address the space constraints of Mosaic Stadium the Roughriders have entered into additional non-stadium leases for Roughrider business operations, including business office space, warehouse space and a fitness facility. The current annual base rent for these additional leases total \$207,200.

### **Representative business relationship**

It is our understanding that in the design of the Facility the Roughriders will be provided undeveloped space for a business office, ticket office, locker rooms, other coach and player facilities, a VIP lounge, a Roughrider store and other Roughrider only areas. It is also our understanding that the proposed space exceeds the space that the Roughriders currently use and should meet the Roughrider's current and future growth needs. This might allow the Roughriders to reduce or eliminate offsite leases to decrease leasing costs in the amount of \$207,200 per year.

## **10) Leasehold improvements**

### **Current business relationship**

The Roughriders have paid for various leasehold improvements at Mosaic Stadium over the years including the Roughrider's business office, locker rooms, other coach and player facilities, club seating and press boxes, Green & White Lounge, the concourse, the Rider Store and other areas.

### **Representative business relationship**

It is our understanding that on the Facility the Roughriders will be provided undeveloped space for a business office, locker rooms, other coach and player facilities, a Roughrider store and other Roughrider only areas. The Roughriders will be responsible for the costs to develop this space to meet their needs and specifications.

The Roughriders have established a Stadium Improvement Fund for the purpose of Mosaic Stadium facility renewal, including the purchase of property, plant and equipment relating to the Facility. At March 31, 2009 the balance in this fund was approximately \$4.5 million which could be used by the Roughriders to fund the development of the Roughrider space within the Facility.

Based on information provided by CIC and the Roughriders it has been assumed that the Roughriders would be responsible for the costs of temporary seating.

## **11) Practice field**

### **Current business relationship**

Under the current business relationship the City is responsible for maintenance of the practice field (cut, water, aerate, fertilize and mark the practice field), in addition to, maintenance and repair of the perimeter fencing and storage building. The Roughriders are responsible for the cost of repairs for all damage to the practice field caused by the Roughriders from other than ordinary usage.

### **Representative business relationship**

It is our understanding that the initial draft design of the Facility and surrounding area includes space for a practice field. Based on discussions with CIC, the Roughriders and the City of Regina, the Facility will not be responsible for the cost of constructing and maintaining a new practice field.

## **12) Grey Cup events**

### **Current business relationship**

Under the current business relationship all revenues, costs and expenses from any Grey Cup game are excluded in the calculation of rent.

The Roughriders have generated net profits from special events held at Mosaic Stadium. In 1995 the Roughriders hosted the 83rd Grey Cup which generated \$1,120,685 of profit for the Roughriders. In addition, in 2003 the Roughriders hosted the 91st Grey Cup which generated \$1,911,777 of profit for the Roughriders. For both Grey Cups the Roughriders were not required to pay a portion of the profits to the City.

### **Representative business relationship**

Global Spectrum has not addressed the situation where the Roughriders host a Grey Cup game that is held in the Facility. Based on information prepared by Stadium Consultants International it is proposed that 12,000 temporary seats can be added for a Grey Cup game bringing total seating capacity to 45,000 less 255 seats for media and coaches.

Based on assumptions previously noted in this report with respect to facility rent it has been assumed that the Roughriders would pay rent based on 12.0% of gross ticket sales. We understand that ticket prices for a Grey Cup game would be increased from prices for pre-season, regular season and post-season games, however, for purposes of this analysis it has been assumed that ticket prices are consistent with those prices as previously noted in this report. In addition, it has been assumed that the Grey Cup game is sold out.

It is estimated that gross ticket sales to the Roughriders would be \$2,114,958 (general seating paid attendance of 42,065 x \$45.50, club seating paid attendance of 1,960 x \$75, suite attendance of 720 x \$75) based on these assumptions. As a result, it is estimated that the Roughriders would pay rent of \$253,795 ( $\$2,114,958 \times 12.0\%$ ) based on these assumptions.

In addition, based on assumptions previously noted in this report with respect to facility fees it has been assumed that a \$6.00 facility fee would be charged on Grey Cup game tickets. Based on the above assumptions with respect to Grey Cup game attendance it is estimated that the Facility would receive facility fees of \$268,470 ( $44,745 \text{ total attendance} \times \$6.00$ ).

## **13) Facility access**

### **Current business relationship**

It is important to note that the Roughriders are the principal tenant of Mosaic Stadium and as such they generally have unrestricted access to the stadium and the playing field area of the stadium.

### **Representative business relationship**

It is our understanding that the level of access for the Roughriders is expected to change in the Facility. The Roughriders would still be the principal tenant of the Facility but would only have unrestricted access to their specific areas of the stadium.

#### **14) Special events (concerts and other)**

##### **Current business relationship**

Under the current business relationship, the Roughriders have generated net profits from concert events held at Mosaic Stadium, being the Rolling Stones Bigger Bang Tour concerts, and most recently the AC/DC Black Ice World Tour concert. These concert events generated total net profits of \$405,126 for the Roughriders. The City received commission payments totaling \$137,186 on concession sales for these events.

##### **Representative business relationship**

It is our understanding that Global Spectrum has assumed that the Roughriders will not receive any portion of concession, catering, parking or merchandise sales at any non-Roughrider events.

#### **15) Security**

##### **Current business relationship**

The Roughriders are currently responsible for the cost of all necessary and adequate security for all games and other events held at Mosaic Stadium sponsored by or under the control of the Roughriders.

##### **Representative business relationship**

Global Spectrum has assumed that the Facility will be responsible for the cost of security for all home games.

#### **16) University of Regina Ram's (the "Rams") 50/50 Draw**

##### **Current business relationship**

Under the current business relationship the Roughriders provide the University of Regina Rams (the "Rams") with full access to Mosaic Stadium and adjoining areas for the sale of 50/50 tickets at all Roughrider home games. In exchange, the Rams pay the Roughriders an annual facility rental charge. It is our understanding that during the twelve month periods ended December 31, 2007 and 2008 respectively, the Roughriders received cash of \$80,633 and \$123,785 from the Rams for the 50/50 facility rental charges. It is also our understanding that the Roughriders donated \$100,000 of the \$123,785 collected in 2008 to support the University of Saskatchewan Huskies, Saskatoon Hilltops, Regina Prairie Thunder and Football Saskatchewan (\$25,000 each).

##### **Representative business relationship**

Global Spectrum has not addressed this arrangement. Per discussion with Global Spectrum typically 50/50 monies would be split between the team and the beneficiaries with no amounts being paid to the Facility.

#### **17) Volunteer honorariums**

##### **Current business relationship**

Under the current business relationship non-profit organizations have been given the opportunity to fundraise by working for the organizations that sell concessions at the stadium. In addition, the Roughriders pay honorariums to the Regina Lions Band for ticket taking.

**Representative business relationship**

Global Spectrum has not addressed this arrangement. Per discussion with Global Spectrum, if a third party concessionaire was used the concessionaire agreement could require them to use non-profit organizations.

**18) Insurance**

**Current business relationship**

The Roughriders agree to secure and maintain a \$5,000,000 general liability insurance policy and \$500,000 tenant's legal liability insurance. The Roughriders pay all premiums and other moneys for maintaining the insurance and assign to the City the benefit of all policies and contracts of insurance which covers the premises.

**Representative business relationship**

Under a Representative Business Relationship, it is our understanding that the Roughriders would continue to secure and maintain general liability and tenant's legal liability insurance.

**19) Other operating expenses**

**Current business relationship**

The Roughriders currently pay the City for various expenses with respect to Mosaic Stadium under the terms and conditions of the lease agreement. This includes stadium rent, stadium utilities, certain repairs and maintenance and other costs.

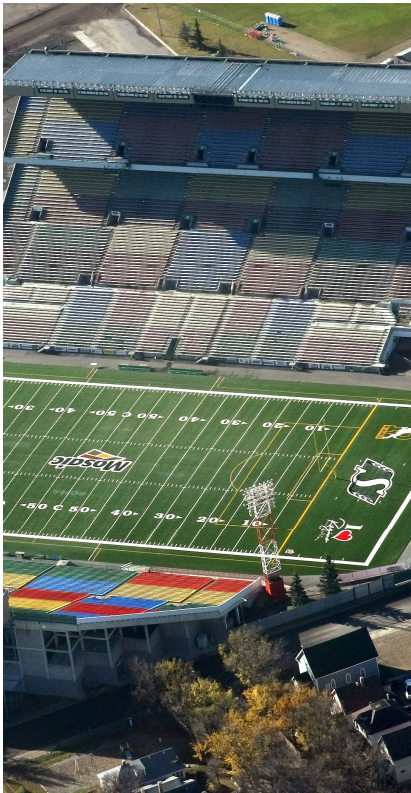
**Representative business relationship**

Under the Representative Business Relationship the Roughriders would be required to pay facility rent.

Under the Representative Business Relationship Global Spectrum has assumed that game day costs are \$75,000 per home game or \$825,000 in total for pre-season, regular season and post-season games. Based on discussions with Global Spectrum this includes game day costs including ticket takers, ushers, security, utilities, basic video board operation and cleaning.

**Based on information provided by Global Spectrum, it has been assumed that the Roughriders will not be required to pay for these expenses and therefore these will be a cost to the Facility.**

In addition, it would be expected that repairs and maintenance costs would be lower in the initial years of the Facility.



# Appendix A: Sensitivity analysis

The Representative Business Relationship contains a number of assumptions. Paid attendance is a key assumption as it directly impacts general seating, club seating, suites, commissions on the sale of club seats and sites merchandise sales and costs, concession and catering commissions, parking, facility fees and facility rent. In addition, pricing over tickets, concessions, catering and facility fees impacts a number of revenues and expenses.

The following table summarizes the sensitivity of the Representative Business Relationship to changes in assumptions.

Stadium operations (unaudited)	Representative business relationship	Scenario 2 (note 2)	Scenario 3 (note 3)	Scenario 4 (note 4)
<b>Revenues</b>				
General seating	\$ 12,790,278	\$ 11,627,525	\$ 9,575,703	\$ 17,515,352
Club seating	1,374,450	1,249,500	1,029,000	1,940,400
Suites	371,250	337,500	337,500	445,500
Commissions on sale of club seating and suites	841,410	783,100	680,200	1,105,520
Sponsorships and signage	2,355,000	2,355,000	2,355,000	2,355,000
Commissions on sale of sponsorships and signage	500,000	500,000	500,000	500,000
Merchandise	4,117,173	4,117,173	3,499,597	4,117,173
Concession and catering commissions	741,928	674,265	557,366	1,160,732
Parking	22,000	20,000	20,000	22,000
Facility fees	1,826,286	1,660,260	1,372,050	2,500,589
<b>Total</b>	<b>24,939,775</b>	<b>23,324,323</b>	<b>19,926,416</b>	<b>31,662,266</b>
<b>Expenses</b>				
Merchandise	3,046,708	3,046,708	2,589,702	3,046,708
Sponsorships and signage	1,998,690	1,998,690	1,998,690	1,998,690
Rent	1,744,317	1,585,743	1,313,064	2,388,150
Facility fees	1,826,286	1,660,260	1,372,050	2,500,589
<b>Total</b>	<b>8,616,001</b>	<b>8,291,401</b>	<b>7,273,506</b>	<b>9,934,137</b>
<b>Revenues in excess of expenses from Stadium Operations</b>	<b>16,323,774</b>	<b>15,032,922</b>	<b>12,652,910</b>	<b>21,728,129</b>
Net expenses related to non-stadium operations	(12,626,477)	(12,626,477)	(12,626,477)	(12,626,477)
<b>Roughrider net income (loss)</b>	<b>\$ 3,697,297</b>	<b>\$ 2,406,445</b>	<b>\$ 26,433</b>	<b>\$ 9,101,652</b>

**Note 1** – Based on assumptions as outlined previously in this report including the assumption that paid attendance is 85% of capacity for general and club seating and there is a home play-off game.

**Note 2** - Based on assumptions as outlined previously in this report including the assumption that paid attendance is 85% of capacity for general and club seating, however there is no home play-off game.

**Note 3** – Changes from scenario 1 - Paid attendance is assumed to be 70% of capacity for general and club seating and there is no home play-off game. In addition, merchandise sales and expenses decrease by 15%.

**Note 4** - Changes from scenario 1 - Paid attendance is assumed to be 97% of capacity for general seating and 100% of club seats are sold. In addition, ticket prices, concession and catering prices and facility fees increase by 20%.