

Eagan Gaming Proposal

This proposal involves passage of enabling legislation authorizing a gaming license for a proposed entertainment complex on a four-hundred acre site three miles from the Mall of America on the northeast quadrant of Cedar/13 in Eagan. The Met Council owns approximately 140 acres within the site. The gaming revenue will not only fund the construction of the complex and provide \$280M+ annually to the State of Minnesota but also finances construction of a Minnesota Vikings football stadium, funds future rail construction, both light and commuter, and provides a significant amount of funding for various charitable concerns as well as the Minnesota Zoo, the City of Eagan and Dakota County.

The complex will contain a \$4.2B theme park with brand name licensing; hotels; stylized streets containing restaurants, live theatres, cinemas, shops and nightclubs; a football stadium for the Minnesota Vikings; an entertainment/sports/historical museum; an RV park and picnic area; a world-class convention facility; and a monorail system that will connect all elements to a light rail station located within the complex. It will also create 25,000+ new permanent jobs.

The complex will be connected to the Mall of America via an extension of the current Hiawatha Line. This extension will eventually continue south of the complex, including a station near the Minnesota Zoo. The development will capitalize on its proximity to the Mall of America, the largest tourist attraction in the country drawing 50,000,000+ visitors annually, including 12,000,000+ from out-of-state.

Passage of the legislation involves overcoming the current Native American lobby, aggressive in its protection of their current monopoly. The involvement of an iconic brand name for the theme park, combined with a united front from the Minnesota Vikings would increase the odds of passage substantially. Recent gasoline prices have created a sense of urgency in funding mass transit. Unemployment is at high levels. There is a projected \$6.0B+ budget deficit for the State. The Minnesota Vikings are in need of a new facility when their current lease expires or the team may relocate to another city. All of these elements make passage a stronger possibility than at any other time in recent history.

1. **Rail Construction & Operations**

Rail transportation construction will receive 40% of the non-gaming revenue generated by the complex, approximately \$240,000,000 annually. It will fund all lines currently planned for the metro area and beyond, including an extension of the *Hiawatha Line from the MOA to the Apple Valley Transit Station, the Southwest Corridor, the Red Rock Line, the Rush Line, an expansion of the Northstar Corridor, the Dan Patch Line, the Bethel Corridor and the Norwood/Young America Corridor*. Provides funding for operational expenses, future expansions and repairs. The connection to the Eagan complex, including the theme park, will increase utilization of rail as the 25,000+ new employees are presented with incentives to commute.

2. **State General Fund**

Prior to the retirement of the complex's debt and the stadium bonds, the State will receive approximately \$280,000,000 annually in current dollars (20% of the gaming win). Once the bonds and debt are retired, the State will receive 100% of gaming net, **approximately \$650,000,000 annually in current dollars.**

The creation of 25,000+ new jobs will generate additional tax revenue for the State directly through taxes and indirectly through the trickle down effect of the additional spending by the employees.

3. **Construction Spending**

Generates \$ 9,400,000,000 in construction spending when the Vikings' stadium is included.

Creates billions of dollars of ongoing rail construction with the permanent flow of dedicated funding from non-gaming revenues.

4. **Vikings Stadium & State Capitol Improvement**

Provides \$650,000,000 in funding for the new Vikings stadium.

The balance of the stadium financing, \$350,000,000, will come from the team, not taxpayers.

Site acquisition and site prep for the stadium is included in the complex budget creating more funding for actual construction. Bonds will be issued and serviced by the gaming revenue.

5. **Mall of America**

The close proximity to the Eagan complex and its attractions will benefit the MOA as guests commute to the Mall via the Hiawatha extension.

6. **Minnesota Zoo**

Provides approximately \$21,000,000 annually to the Minnesota Zoo for capital improvements and operating costs.

Complex hotel guests will be given free admission to the zoo in return.

Will increase zoo attendance dramatically with the light rail connection between the Zoo and the Eagan complex, just a few miles away with its 14,000+ daily guests and visitors. Allows easy access for metro residents and zoo employees with the extension of the Hiawatha Line.

7. **City of Eagan**

Provides approximately \$15,000,000 annually to the City of Eagan, 2.5% of the non-gaming revenue.

8. **Dakota County**

Dakota County will also receive approximately \$15,000,000 annually by receiving 2.5% of the non-gaming revenue.

9. **Minnesota Horsemen's Benevolent & Protective Association**

2.0% of the non-gaming revenue will be dedicated to the Minnesota Horsemen's Benevolent & Protective Association to be used exclusively for purses. This \$12,000,000 annual payment will contribute substantially to the financial health of the local horse-racing industry.

10. **National Charitable Concerns**

The Association of Hole in the Wall Camps will receive approximately \$21,000,000 annually. 50% of this figure will be dedicated to a new Hole in the Wall Camp to be located in Washburn County, Wisconsin, adjacent to the Tomahawk Scout reservation which serves Scouts in the metro area. Hole in the Wall Camps serve children with serious and life-threatening diseases. The new camp in Wisconsin will serve not only the metro area but the entire Midwest.

The Multiple Sclerosis Society of Scotland will also receive approximately \$21,000,000 annually for research only. Author J.K. Rowling is the primary funding source for this organization. Our goal is to have an enclosed area of the theme park dedicated to original ongoing creations from Ms. Rowling, "The World of J.K. Rowling". The contribution to MSS Scotland makes our proposal more attractive.

11. **Financing/\$8.3B Complex (exclusive of Vikings' stadium)**

\$ 1,800,000,000 will be generated from the temporary casino which will be housed in the future home of the complex museum during the four-year construction period. The structure is a large open-space "horseshoe" currently located at Silver Belle & Highway 13 within the proposed complex site.

\$ 1,500,000,000 will be financed through hotel companies franchising their brands for the complex. They will hold a 1st position on the hotels carrying their brands. Hotel revenues will service the annual minimum payments for hotel debt before contributing to complex's total annual non-gaming revenue.

\$ 5,000,000,000 will be financed through lenders that will hold a 1st position on all elements of the complex with the exception of the hotels where they will hold a 2nd. 1st source of debt service is the gaming net after the stadium bonds are serviced. The complex's non-gaming revenue functions as a back-up should gaming revenues fall below 50% of projections.

Notes:

- a) *The contribution from the temporary casino is the equivalent of a 26% down payment.*
- b) *On a 25 year amortization, approximately \$337,500,000 would be needed annually to service the complex debt.*
- c) *On a 25 year amortization, approximately \$39,000,000 would be needed annually to service and retire the stadium bonds.*
- d) *A conservative estimate of the gaming "win" that will be generated from the seven casinos located in all but one of the complex's hotels is \$1,400,000,000 annually.*
- e) *The annual operating expenses for the gaming operation will be approximately \$400,000,000.*
- f) *After deducting the State's 20% and the operating expenses, there will be approximately \$720,000,000 available annually to service the stadium*

bonds and the complex debt. This leaves a “cushion” of \$343,500,000 should gaming projections fall below projections. If projections are met, stadium bonds and complex debt would be retired at an accelerated pace.

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12. **Theme Park**

A \$4.2B theme park, the cornerstone of the complex, would be named ***Dreamworks Park*** with five proposed distinct areas:

Dreamworks Studios
The World of J.K. Rowling
ToonTown Disney
Boogabagaville;
The Classic World of Disney

The World of J.K. Rowling will be completely enclosed with ceiling F/X contributing to the illusion of a unique experience in a world of make believe as guests enjoy an original story created by J.K. Rowling. The seventy-five (75) minute attraction will be divided into five parts, each approximately fifteen minutes long. Guests may view the entire *story* continuously or stop after each segment to visit shops, restaurants and of course restrooms. The attraction will utilize cutting-edge technology transporting guests through and into the story via computerized transports that operate three-dimensionally.

Dreamworks Studios will also be enclosed including studio sound stages containing costume, sound f/x, special f/x and stunt shows as well as a tram tour of the various stages necessary to animate a feature film. It will also be the starting point for the proposed *Polar Express* attraction. Budgeted at \$500M, *The Polar Express* will be the most expensive and elaborate single attraction in the history of theme parks and will be built underneath all areas of the complex including locations underneath non-theme park entities. This area will also contain the combination animatronic/live action attraction based on MGM’s *Tom Thumb* as well as a multi-element tram ride through reproductions of all sets in *The Wizard of Oz*.

ToonTown Disney will feature rides targeting younger children and include elements from the current area of Disneyland as well as original attractions and rides.

Boogabagaville will contain twelve original attractions without brand names, including *The Island*, a water transport “dark” ride where guests experience a Ghost Ship that emerges from the sea complete with animatronic occupants

that spring to life, a prehistoric “Jurassic” jungle, a volcano, a sudden drop over a waterfall....and a few other surprises! An attempt will be made to license two retired UNIVERSAL STUDIOS attractions, *Back to the Future: The Ride* and *ET Adventure*.

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The Classic World of Disney will include six retired attractions, *America Sings*, *Circle-Vision 360/America the Beautiful*, *Captain EO*, *Swiss Family Treehouse*, *County Bear Jamboree* and *Honey, I Shrunk the Audience* as well as 4-6 **current Disneyland attractions** plus the Enchanted Tiki Room.

13. **Complex Elements**

In addition to the theme park, the complex will include a world-class convention facility containing 2,000,000 sq. ft. of exhibition space designed to compete with the *Orange County Convention Center* in Orlando and *McCormick Place* in Chicago. It will attract events to the Twin Cities with exhibitors that currently do not consider our area for their shows. The Mall of America, in-house hotels, theme park and close proximity to the airport are significant selling points.

There will be ***eight hotels*** catering to a wide clientele with a total of 9,600 rooms.

Also included will be ***numerous theaters***, both live and cinema, as well as ***restaurants, shops and nightclubs***. They will be incorporated into stylized streets from different eras and classic locations including “Old Chicago”, “Bourbon Street”, “Champs-Elysees” and “Chinatown”.

Casinos will be located in seven of the eight hotels. They will not be visible from the outside and have no outside signage. The eighth hotel, a proposed “family” facility with a brand name will not contain a casino. **They will not be marketed or promoted in any way within the theme park.**

An ***Entertainment/Sports Museum*** will be developed in the warehouse/retail rental property within the site that will be the temporary home of the gaming operations during the four-year build-out. The museum will also house a new *Madame Tussaud’s Wax Museum*.

The complex will also have a ***picnic/RV Area*** and a ***monorail system*** connecting all elements of the complex with its transit station where guests can enjoy the light rail and travel north to the MOA, airport and points beyond

as well as south to the Minnesota Zoo.....all without being exposed to the elements.

Two parking structures connected to the monorail system will service the complex and its guests.

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14. **Division of Gaming Revenues/Prior to Retirement of Complex Debt**

- a) State will receive 20% of the gross gaming win.
- b) Minimum annual payments for the stadium bonds have the **1st position** on gaming revenues after casino expenses, including the State percentage. An estimated \$720,000,000 will be available annually for debt service from net gaming revenues after the State percentage and operational expenses are deducted.
- c) Minimum complex debt payments have the **2nd position**.
- d) Any deficit in hotel minimum payments has the **3rd position**.
- e) Early retirement of stadium bonds has the **4th position**.
- f) Early retirement of the hotel debt will hold the **5th position**.
- g) Any remaining gaming revenues will be used to early retire complex debt.

15. **Division of Gaming Revenues/After Retirement of Complex Debt**

- a) 100% of gaming net to the State. Complex receives 5% of the gaming win as a management fee and is included in the calculation and subsequent distribution of non-gaming revenues.

16. **Division of Non-Gaming Revenues**

35%	Complex Ownership, including theme park licensors/designers/managers
40%	Light Rail/Commuter Rail (construction/operation)
3.5%	Hole in the Wall Camps
3.5%	Multiple Sclerosis of Scotland (research only)
3.5%	Minnesota Zoo
7.5%	Minnesota Vikings
2.0%	Minnesota Horsemen's Benevolent & Protective Association
2.5%	City of Eagan
2.5%	Dakota County

Notes:

1. Additionally, both Dakota County and the City of Eagan will receive 1% of the gaming *win*. This will generate approximately \$14M annually for each.
2. When rail construction is completed, dedicated rail funds will be used for transportation needs...bridge repair/construction, etc.
3. The contribution to MS Scotland is tied to the licensing agreement with J.K. Rowling whose mother died from MS and who is a major supporter of MS Scotland.

In addition to the percentages of non-gaming revenue due as a partner in the ownership group (**each would receive 20% of the entire complex**), Disney and Dreamworks would receive the following:

Disney

\$200,000,000 (payable during construction period for overseeing design/construction; additionally, out of pocket expenses, labor and design would be on a cost plus 10 basis)

10% of theme park gross receipts

20% of theme park gross receipts after deducting the following expenses:

- Labor
- Merchandise, Food & Beverages
- Marketing & Sales
- Repairs/Maintenance
- Entertainment
- Depreciation

(An estimated \$220-230M annually as compensation for designing the park; overseeing construction; licensing; management)

In total, Disney should receive \$250-265M annually.

It's important to note that 100% of the theme park debt will be serviced by net gaming revenues, not theme park receipts.

Dreamworks

\$10,000,000 (payable during construction for brand name & licensing assistance with other corporations)

5.0% of theme park gross receipts

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Complex Cost Breakdown (exclusive of stadium)

Theme Park	\$ 4,200,000,000
Hotels	2,000,000,000
Convention Facility	500,000,000
Theatres	200,000,000
“Old Chicago” (theatres, cinemas, nightclubs	400,000,000
“Bourbon Street” restaurants, shops)	
“Chinatown”	
“Champs-Elysees”	
Museum (entertainment; sports; historical; Madame Tussaud’s Wax Museum; Titanic artifacts)	25,000,000
Complex Monorail System	250,000,000
Parking Facilities	200,000,000
RV Park	25,000,000
Light Rail Extension from MOA	350,000,000
Landscaping	50,000,000
Site Acquisition	100,000,000

TOTAL

\$ 8,300,000,000