

**STATEMENT OF REASONS
IN SUPPORT OF THE RAMS' APPLICATION
TO RELOCATE TO LOS ANGELES**



JANUARY 4, 2016

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STATEMENT OF REASONS IN SUPPORT OF THE RAMS' APPLICATION TO RELOCATE TO LOS ANGELES

The Member Clubs of the National Football League should approve the Rams' application to relocate to the Los Angeles, California metropolitan area. In June 2012, Commissioner Roger Goodell wrote all Member Clubs outlining the process for returning NFL football to Los Angeles. The Rams proposal to build a stadium and NFL Campus in Inglewood, California meets every objective in the Commissioner's June 2012 memorandum, and the Rams' application meets each and every relocation guideline and policy.

The Rams' Inglewood Project presents the League and all of the Member Clubs with the best opportunity for successful long-term operations in Los Angeles. The NFL has previously approved the Inglewood site to build a NFL stadium. Rams' ownership has purchased approximately 300 acres for the stadium and additional development to house NFL Network studios and to build an entertainment district. HKS Sports architects have designed and completed construction drawings for an iconic NFL football stadium to host two NFL teams. Surveys of NFL fans in Los Angeles show greater demand for the return of the Rams than any NFL team. The Rams ownership has the finances and experience to ensure that the project will succeed to the benefit of all NFL Member Clubs. At every step of the Rams' Inglewood Project, Rams ownership has kept Commissioner Goodell and League staff apprised of the Rams' efforts.

This Statement of Reasons is in three parts. Part I sets forth the reasons why the Rams Inglewood, California project provides the League with the best opportunity for success in Los Angeles. Part II addresses the Rams' contract right to relocate from St. Louis. Part III compares the St. Louis market to the markets in San Diego and Oakland, California. Since all are agreed that Los Angeles is a market the NFL wants to

be in, the relevant issue is which of these three markets are most likely to sustain viable NFL franchises long term given economic and demographic trends and realities. Collectively, this Statement of Reasons, along with Appendix One filed herewith, addresses the factors in the NFL Policy and Procedures for Proposed Franchise Relocations.

I. THE RAMS INGLEWOOD, CALIFORNIA PROJECT PROVIDES THE LEAGUE WITH THE BEST OPPORTUNITY FOR SUCCESS IN LOS ANGELES.

A. The Rams' Inglewood Project Is Centrally Located.

The Rams Inglewood Project site was previously approved as the site of a NFL stadium in 1995. The location of the Inglewood Stadium is well-known to Los Angeles sports fans as the Forum and Hollywood Park racetrack were among the most iconic sporting venues in Southern California for years. Our site sits in between four major freeways and the site has a history of handling over 100,000 fans for events.



Parking. The Rams' Hollywood Park site is the most central, parking-rich sporting site in Southern California. The Inglewood stadium will have 12,675 dedicated surface parking spaces. There are 32,000 parking spaces available within one mile of

the stadium and just under 42,000 available within two miles for large events such as the Super Bowl.

Public Transportation. To take advantage of Los Angeles' growing public transportation system, a Metro stop is being built less than a mile from the stadium which will allow public transportation to serve fans from nearly all points in Los Angeles. The site is in close proximity to the digital media industry.



B. The Rams' New Stadium Is A World-Class, Iconic Structure.

HKS Sports has designed the Rams new stadium, and the construction drawings are complete. HKS Sports designed AT&T's stadium in Dallas, Lucas Oil in Indianapolis and U.S. Bank Stadium in Minneapolis.



The Rams' Inglewood project is designed to host two NFL teams and can open by 2019. The stadium has 70,240 fixed seats and is designed to accommodate an additional 30,000 people in standing room only capacity for large events. The stadium has 274 suites and 16,300 premium seats. The design incorporates a clear ETFE roof over the entire building but is open-air on all sides to allow for an outdoor fan experience with protection from the elements. Fans will be covered in any inclement weather and the seating bowl will be four degrees cooler on average for patrons than an outdoor stadium without the covering. Adjacent to the stadium is an 11-acre covered fan plaza, Champions Plaza, to provide pre-game entertainment and activation opportunities.



The stadium footprint is nearly three million square feet, which makes the proposed stadium the largest in the NFL. This size is necessary to provide both teams with the suitable space to operate on game day. The design of the stadium is equitable to both home teams as the size and location of the owners' suites, locker rooms, support areas and team offices are identical. The signage within the stadium is completely digital, meaning each team can host a unique game day experience and each team can sell sponsorship opportunities completely independent of one another to maximize local revenues.

C. The Rams' Project Presents The League With The Best Economic Opportunity In Los Angeles.

The League's economic opportunity within the Inglewood stadium is greater than the League's economic opportunity in Carson. The Inglewood stadium project has more general admission seats, suites, club seats and premium spaces to provide greater revenue opportunities to the two Clubs and the NFL. More specifically, the economic

upside for the NFL in hosting Super Bowls at the Inglewood Stadium is far superior. The Inglewood stadium can host an additional 30,000 fans on a standing room only basis, which allows for much greater shared ticketing revenue for regular season, post-season and Super Bowl. We believe an Inglewood Super Bowl could generate as much as \$50 million more in League revenue than the Carson proposed stadium based on increases in seat capacity, premium seating and total number of suites.

The stadium serves as the epicenter for a NFL retail and entertainment district that includes a 6,000 seat theatre and up to 8.5 million square feet of office space, hotel retail and dining options. The flexibility of the district allows for the NFL to develop office and studio space for NFL Network, NFL Media and NFL Digital, allowing them dynamic new space to grow just three miles from their current Culver City location.

The performance venue can serve as a home for the NFL Draft, NFL Honors and other NFL-themed events such as NFL Films premieres. The roof over the stadium would allow the NFL to move events such as the Pro Bowl, NFL Combine and other annual events to the NFL campus as well.



Other potential NFL opportunities on the campus include an NFL retail store, a West Coast wing of the Pro Football Hall of Fame and NFL-themed hotels.

D. Fans Overwhelmingly Favor The Rams Return Over Any Other Applicant.

The Rams have the longest and strongest identification with the NFL Los Angeles fan base. Los Angeles was the Rams' home territory from 1946 to 1994. Survey research and polling of Los Angeles fans have shown the Rams with significantly more support than either of the other potential applicants. A January 30, 2015 Los Angeles Times poll showed that 62% of more than 35,000 Los Angeles fans wanted the Rams to move to Los Angeles, with the Raiders receiving 33% of the vote and the Chargers receiving 5% of the vote. A month later, another Los Angeles Times poll was conducted after the Carson project announcement that included the option to vote for one team or combination of teams. In this poll, 53% of the votes wanted the Rams only to relocate to Los Angeles as compared to 17% for the Raiders and 6% for the Chargers. When adding in combinations with the other two franchises, 60% of fans wanted the Rams to return as compared to 30% for the Raiders and 20% for the Chargers. The announcement of a new stadium project for the other two relocation candidates had virtually no impact on the team that Angelenos wanted to return.

These poll results were strengthened by similar sentiment shared in the NFL's Los Angeles marketing focus group held in August. In those focus groups, 30 out of 53 respondents preferred the Rams to relocate, followed by 17 votes for the Chargers and 6 for the Raiders. The same focus group sessions identified that over 90% of the attendees preferred the Inglewood location for a NFL stadium.

This sentiment has not changed over the past year. A December 2015 poll on ESPN LA showed 51% of fans supporting the return of the Rams, as compared with 32%

for the Raiders and 17% for the Chargers. **Polling throughout the relocation process has consistently shown the Rams as a single team have more fan support than the Chargers and Raiders combined.**

E. The Inglewood Project Site Is Shovel Ready.

The Project is fully entitled and Mr. Kroenke owns all of the land. The project will be built over 298 acres making it the largest proposed Los Angeles site. The Inglewood site has all necessary environmental approvals. The site has been graded and cleared over the past year and is ready for immediate construction.

F. “This Is What We Do” – E. Stanley Kroenke Has The Knowledge, Experience And Finances To Complete This Project.

Mr. Kroenke, as developer of the Inglewood project, has a demonstrated ability to deliver on large real estate development projects. The financing of the Inglewood Project has been reviewed with the NFL Stadium and Finance Committees and is consistent with financing of similar projects of this size. The Rams owner will invest over \$800 million in equity in the project and has the ability to service the debt on the facility. The Rams owner has the ability and is willing to pay a reasonable relocation fee.

The Rams have engaged Legends to assist with the sales and marketing efforts in the new Stadium and have spent considerable time with local marketing agencies in Los Angeles to coordinate a marketing campaign for the team’s return. The Club has worked with the NFL on temporary stadium options and is comfortable with the likely arrangement to play games in the Coliseum. Per the request of the NFL International Committee, the Rams have agreed to play in the NFL International Series each year the team is playing in a temporary stadium in Los Angeles. The team has spent extensive time researching permanent training facility options and will look to design a state-of-the-art training complex upon relocation.

Accordingly, the Rams Inglewood project meets or exceeds every objective set forth in Commissioner Goodell's June 2012 memorandum.

II. THE RAMS HAVE A CONTRACT RIGHT TO RELOCATE FROM ST. LOUIS.

A. St. Louis Promised The Rams A First Tier NFL Stadium For 30 Years.

The Rams have a contract right to relocate and leave St. Louis. The Rams' contract right is specifically set forth in the Rams' St. Louis Stadium lease and was acknowledged and agreed to by the Regional Convention and Sports Complex Authority ("RSA") and the St. Louis Convention & Visitors Commission ("CVC").¹ The RSA owns the Edward Jones Dome, and the CVC is Rams' landlord. The RSA and CVC are public bodies created by Missouri statute. The RSA and CVC are governed by boards populated with appointees of the Governor of Missouri, the Mayor of St. Louis and the County Executive of St. Louis County. The State, the City and County are identified and defined as the "Sponsors" in the Lease.

In 1995, the Sponsors, the RSA and the CVC contracted to provide the Rams with a First Tier NFL stadium ("the First Tier Promise") for the 30 year term of the Rams' St. Louis Stadium Lease ("the Lease") – until March 2025. The Sponsors, the RSA and the CVC made the First Tier Promise to induce the Rams to relocate and move the Rams' NFL franchise from Los Angeles, California to St. Louis, Missouri.² The RSA, the CVC and the Sponsors "approved of" and "consented to" all of the terms of the Lease,

¹ Ex. 1 at 29-30: Amended and Restated St. Louis NFL Lease ("the Lease"), dated January 17, 1995, Sec. 16(e)(1); Ex. 4 at 9-10: Second Amendment to Annex 1 of the Lease, dated September 20, 2007, Sec. 5.1. The exhibits referenced in this Statement of Reasons are attached to Appendix One filed herewith.

² Ex. 1 at 4: The Lease, Recitals.

including the First Tier Promise.³ The Rams would never have agreed to relocate and move to St. Louis without the First Tier Promise. The Lease expressly provides:

“the Rams would not enter into the Assignment, the Amended Lease, and the Relocation Agreement or relocate to St. Louis in the absence of the execution and delivery of this Annex 1 [setting forth the First Tier Promise] by each of the Authority [the RSA], the CVC, and SLNFL.”⁴

B. The RSA Committed To A Detailed Community Engagement Process In The Lease And Agreed To The Rams’ Relocation Remedy For A First Tier Default.

The First Tier Promise is set forth in great detail in the Lease.⁵ Because the RSA owned the stadium and was the source of public funds for improvements, the Rams insisted the RSA execute the First Tier provisions and expressly agree to them, including the Rams’ First Tier relocation remedy.⁶ The Rams were advised “to dot every ‘i’ and cross every ‘t’ before coming to St. Louis” by the lawyer for the NFL Cardinals who was well experienced in relocation and in St. Louis politics. Ex. 38, “Silence of the Rams - Teams Move to St. Louis Looked Like A Semi-Done Deal So What’s the Holdup?” *St. Louis Post Dispatch*, Dec. 25, 1994 at 3. ***The terms and procedures were expressly stated to bring certainty and specificity to the “community engagement” process.***

Unlike any other NFL stadium lease, the Rams’ St. Louis Lease spells out the First Tier Promise and the parties’ agreement on the terms and procedures for community engagement to negotiate and construct stadium improvements. In summary, the key terms are:

³ Id.

⁴ Ex. 2 at 1: Annex 1, Recitals.

⁵ Ex. 2 at 2: Annex 1 of the Lease, Sec. 1.1.1 et seq.

⁶ Ex. 2 at 1: Annex 1, Recitals.

- First Tier: The St. Louis Stadium must be ranked in Top 25% of all NFL stadiums. (Ex. 2 at 3, Sec. 1.3.1.)
- What Must Be First Tier: The Stadium, as a whole, and each of 15 specific Components. (*Id.*)
- How was the First Tier Ranking to be Conducted: Stadiums and Components were to be measured by quantity (as well as quality), so there could be objective metrics for stadium rankings. (*Id.* at 2, Sec. 1.1.1.)
- Measurement Dates: The First Tier standard was to be applied as of March 1, 2005 and March 1, 2015. (*Id.* at 3, Sec. 1.3.1.)
- Who was to pay for the First Tier improvements: The RSA, the CVC and the Sponsors. (*Id.*; Ex. 4 at 3, Sec. 1.3.4.)
- Procedure: In advance of the 2015 Measuring Date, the parties agreed to a schedule to exchange architectural and financing plans in 2012 and to meet to see if they could negotiate and agree on the scope of any necessary improvements. (Ex. 4 at 3-4.)
- Dispute Resolution: The RSA, the CVC and the Rams agreed to arbitration before three experienced, independent decision-makers if they did not agree on the scope of improvements. (Ex. 1 at 33, Sec. 25; Ex. 4 at 5-6.)
- Remedy: If the RSA and CVC defaulted on the First Tier Promise, the Rams only remedy was termination of the Lease with the right to relocate from St. Louis. (Ex. 1 at 29, Sec. 16(e)(i); Ex. 4 at 9, Sec. 5.1)

At the request of the League, the Rams submitted the Lease to the NFL in 1995. The League approved the Lease and the Rams relocation to St. Louis.

Since the Rams Lease was signed in 1995, the Lease's First Tier requirements and the Rams' relocation remedy have been widely discussed in the St. Louis press. Every Missouri politician, taxpayer and Rams fan knew that if the RSA, the CVC and the Sponsors did not maintain and improve the Edward Jones Dome as a First Tier NFL stadium at their sole cost and expense, the Rams were free to relocate and leave St. Louis. See, e.g., Ex. 39: "Rams Stay In St. Louis Is Tied To Dome's 'Ranking,'" St. Louis Post Dispatch, dated January 26, 1996; Ex. 40: "New Venues Put City on Notice

for Keeping Rams,” St. Louis Post Dispatch, May 30, 2008; Ex. 41: “How Rams Could Get Out of St. Louis Dome Lease,” St. Louis Post Dispatch, August 2, 2009 (“if the Rams and the CVC can’t reach agreement on the first-tier requirements, the Rams would be free to leave St. Louis after the 2014 season”).

C. The RSA Has Been In Default Of The First Tier Promise For More Than 12 Years.

The Rams currently play their home games in the Edward Jones Dome in St. Louis, Missouri. The Edward Jones Dome is rated by *Sports Illustrated* and *ESPN NFL Nation* as the worst stadium in the NFL, and by *Time Magazine* the “7th worst stadium in all sports in the United States.”⁷ St. Louis has defaulted on its First Tier Promise and has been in default for years. Since 2002, the Rams have unsuccessfully sought to negotiate an agreement on First Tier stadium improvements in St. Louis. A detailed review of the 12-year history of these negotiations is set forth in Part I of Appendix One, pp. 1-31, to this Statement of Reasons. Key events are noted below:

2005 Measuring Date. Knowing that stadium improvement negotiations can be contentious and prolonged, the Rams began negotiating First Tier improvements with the St. Louis stadium authorities in 2002 – three years in advance of the 2005 Measuring Date. The Rams engaged Dennis Wellner, a sports architect then with HOK Sports & Venue (now Populous), to do an analysis of the Edward Jones Dome and recommend improvements. Mr. Wellner was then and is now one of the most experienced sports architects in the United States.

⁷ Ex. 42 ESPN; Ex. 50 Time; Ex. 53 Sports Illustrated.

The Rams delivered Mr. Wellner's analysis ("the HOK 2004 Report")⁸ to RSA and the CVC in 2004. The HOK 2004 Report demonstrated with objective metrics and stadium rankings that the Edward Jones Dome was not First Tier. The Dome's concourses and premium lounges were too small, club seats were inadequate, points of sale per patron amenities too few, and video boards and media were below standard. Given the many premium amenities NFL stadiums had to offer to compete with watching NFL games on TV, the Dome was simply too small, too dark and too obsolete to be First Tier.

The Rams and the RSA and CVC continued to negotiate, with the Rams offering and agreeing to multiple extensions of the 2005 Measuring Date to facilitate discussions and obtain improvements. After five years of negotiations, the Rams agreed in 2007 to waive the RSA and CVC's compliance with the First Tier standard for the 2005 Measuring Date. In return, the RSA and the CVC agreed to fund \$30 million in cosmetic improvements to the stadium. These improvements did not address the fundamental structural and other deficiencies of the Edward Jones Dome laid out in the HOK 2004 Report. To place the \$30 million in context, the NFL stadiums in Chicago, Miami, Kansas City, New Orleans and Green Bay invested \$587 million, \$250 million, \$375 million, \$336 million and \$438 million, respectfully, in stadium renovations in the 2000's.⁹

2015 Measuring Date. Following the procedures the RSA and CVC agreed to in the Rams' Lease, the parties exchanged First Tier improvement plans starting in

⁸ Ex. 33: Facility Master Plan for the St. Louis Rams, HOK, dated September 1, 2004 ("The HOK 2004 Report").

⁹ Ex. 26: ICON Cost Evaluation for EJD Renovation Report, dated November 1, 2012 at 9.

February 2012 for the RSA's and CVC's compliance with the March 1, 2015 Measuring Date.¹⁰ The parties could not agree.

Over the next six months, St. Louis and the Rams exchanged multiple proposals. St. Louis proposed First Tier improvement plans in February, August and November of 2012. The initial St. Louis proposal offered \$48 million in improvements and shortened the lease by 5 years. At no time during the process did the St. Louis proposed improvements ever exceed \$160 million. The Rams proposed a First Tier improvement plan in May and then offered three more design alternatives in November, 2012.

The exchange of proposals and positions was comprehensive. On behalf of St. Louis, the CVC hired and presented the expert reports of sports architects and eight other professional experts in the negotiations. The Rams presented a First Tier improvement plan prepared by HKS Sports, and expert reports on stadium costs, comparative stadium cost statistics, stadium video and other media, and safety issues. The process was expensive. The Rams spent more than \$5 million and St. Louis spent more than \$2 million to present their positions.

The Arbitration. In June 2012, the Rams and the CVC both filed arbitration demands to resolve the dispute. The Rams arbitration filing invited the RSA, as the owner of the stadium and source of improvement funding, to participate in the proceeding. The RSA refused to participate in the arbitration.

St. Louis asked for an arbitration award compelling the Rams to pay for more than 50 percent of stadium improvements.¹¹ The Rams' St. Louis Lease provides that the RSA, the CVC and the Sponsors were the sole source of stadium funding. In a prehearing ruling, the Arbitration Panel rejected St. Louis' position, ruling that the "lease

¹⁰ Ex. 4: Second Amendment to Annex 1, dated September 20, 2007 at 3-6.

¹¹ Ex. 18: CVC Demand for Arbitration, dated June 15, 2012.

clearly places the obligation to pay for such work on” the St. Louis Parties. As the arbitrators reasoned, there is no authority to “support the principle, that a court will interpret a contract that states that Mr. Smith [the RSA and CVC] must pay for certain construction to mean that Mr. Jones, the other party, to the contract [the Rams here] must pay for the construction.”¹²

On February 1, 2013, the Arbitration Panel issued its Award finding that “The Rams 2012 Plans will produce a First Tier stadium and that the CVC 2012 Plans will not.”¹³ The Award, once again rejected the CVC’s position that the Rams were obligated to fund and pay for First Tier Improvements.

D. The RSA Refused To Construct The Arbitrators’ Improvement Plan, Opting To Allow The Rams To Exercise The Rams’ Contract Right To Relocate.

On July 3, 2013, the RSA and the CVC advised the Rams they would not implement the Arbitration Award.¹⁴ Under the terms of the Rams’ Lease, the Rams are now “entitled to negotiate and execute a lease with any person or entity and to relocate.”¹⁵ This right to relocate and to be absolutely free of the RSA and CVC is the Rams **only** remedy when the RSA and CVC defaulted on their obligation to provide the Rams with a First Tier NFL stadium for 30 years – until March 2025.¹⁶

¹² Ex. 24: Order on Rams’ Motion to Strike CVC Issue 4, dated October 11, 2012 at 4.

¹³ Ex. 30: *The St. Louis Rams LLC v. The Regional Convention and Visitors Commission*, No. 58 115 00134 12, American Arbitration Award, dated February 1, 2013.

¹⁴ Ex. 31 Letter from Kitty Ratcliffe to Kevin Demoff, dated July 3, 2013.

¹⁵ Ex. 1: Lease, Section 16(e)(i) and Ex. 4 Second Amendment to Annex 1 Sec. 5.01.

¹⁶ Ex. 1: Lease, Section 16(e)(i) (“The RAMS’ remedies in this Section 16(e)(i) are to the exclusion of a right to other remedies provided in this Amended Lease for the failure to meet the First Tier standards”).

E. The Rams Have Exceeded Any Good Faith Requirement To Engage With St. Louis and the RSA Under The NFL Relocation Guidelines.

The NFL and the United States Conference of Mayors (“USCM”) have issued a Joint Statement of Principles providing guidelines for community engagement for NFL teams considering relocation. The NFL/USCM’s Joint Statement of Principles¹⁷ states:

Communities, stadium authorities and team owners should deal with each other in equitable and fair ways. Teams should give a fair and reasonable opportunity and time frame, for example six months, to communities to respond to economic and facility issues before filing for a possible relocation. Such a time frame should be sufficient to allow for reasonable negotiations and, where appropriate, political process to occur that may obviate the need for a possible relocation.

By any measure, the Rams have satisfied this community engagement guideline.

The RSA, the CVC and the Sponsors defined in their Lease with the Rams what was “a fair and reasonable opportunity ... to respond to economic and facility issues.” The RSA, the CVC and the Sponsors made the First Tier Promise and agreed in advance not only on standards and procedures to make a First Tier determination, but on the Rams’ relocation remedy in the event the RSA, the CVC and the Sponsors decide they do not want to spend the money to have a First Tier stadium. **Twelve years of fruitless talks culminating in an intense 1 year exchange of proposals in an agreed upon process that cost the parties more than \$7 million meets any standard of good faith community engagement.** It is only fair and equitable to hold the RSA, the CVC and the Sponsors to their agreements.

What would be unfair and inequitable is for the League to require the Rams to do something more in terms of community engagement. St. Louis did not complain that the

¹⁷ Ex. 61: United States Conference of Mayors and the National Football League Joint Statement of Principles.

arbitration procedures in the Rams' St. Louis Lease were unfair or inequitable when the CVC proposed \$160 million in stadium improvements and sought an award from the arbitrators that the RSA and the CVC would only have to fund 49 percent of those improvements. Had St. Louis won that award, the Rams would have been bound to stay in St. Louis. **Having lost the arbitration and having decided not to fund the Arbitration Panel's improvement plan, the RSA, the CVC and the Sponsors (the State of Missouri, and the City and County of St. Louis) are in no position to claim that the Rams have not exhausted all efforts to meet the NFL's relocation guidelines.**

F. The RSA's December 30, 2015 Submission To The League Is A Further Breach Of The Rams' Lease.

After the RSA and CVC advised the Rams that they did not intend to fund the Arbitration Panel's improvement plan in July 2013, the Rams heard nothing further from the RSA or the CVC for the next 16 months. Over that time, the Rams' ownership, with the full knowledge and encouragement of the League, assembled the real estate in Inglewood to build a new stadium, engaged HKS Sports to design the new stadium meeting all of the objectives of Commissioner Goodell's June 2012 Memorandum, and met with what was to become the NFL's Committee on Los Angeles Opportunities. The Rams, at the request of the League, expedited the entitlement process.

Subsequently, after many months of silence, Missouri Governor Jay Nixon announced that he appointed Dave Peacock and the RSA's lawyer, Robert Blitz, as a Task Force to develop a proposal to keep the Rams in St. Louis in November 2014. Though under no obligation to do so, whenever the Rams were invited by the Task Force or the League to Task Force meetings, the Rams attended and provided their advice and feedback when asked. The Rams have refrained from public comment on

this process in keeping with the direction of the League. The Rams, though, have told Governor Nixon, Dave Peacock and the League that the Rams will not forego the contractual right in the Lease to relocate and to no longer deal with the RSA.

The Task Force is the RSA. The RSA hired and paid the architects to design a new proposed St. Louis stadium. With the power of eminent domain, the RSA will assemble the land for the stadium. The RSA's lawyers brought the litigation to deny the public the right to vote on the project. The RSA will raise the bulk of the public funds to pay for the project, and the RSA will be the owner of the proposed stadium. All of these post-arbitration actions were undertaken so that the RSA could say the Rams have a stadium offer in St. Louis and the NFL should deny the Rams the right to relocate from St. Louis. The RSA's post-arbitration conduct was expressly undertaken in an attempt to deny the Rams' only First Tier remedy under the Lease – relocation – and is a breach of the Rams' Lease.

As the Rams explained to Member Clubs at the August 2015 meeting in Chicago, St. Louis wants the NFL Member Clubs to grant the RSA the relief the arbitrators refused to award in February 2013. By the terms of the Rams Lease, the RSA is obligated to provide a First Tier stadium until 2025 at the RSA's cost. In the arbitration, St. Louis offered third-rate stadium improvements if, but only if, more than 50 percent of those improvements were paid for by the Rams. **The RSA Task Force's post-arbitration proposal now is that the Rams can have a non-First Tier stadium if, but only if, the Rams and other private parties fund more than 70 percent of the costs and assume all project risk, operating expenses and provide a venue for a professional soccer team to compete with the Rams for corporate revenue opportunities.**

The NFL and its Member Clubs should not relieve municipal stadium authorities of their contractual commitments to the detriment of a Member Club.

This is bad business, and an interference with a Member Club's contract rights.

G. No NFL Club Would Be Interested In The RSA's New St. Louis Stadium.

Putting the Rams' contract rights under its current St. Louis Lease aside, even the most cursory analysis of the St. Louis financial proposal makes no economic sense for an NFL team.¹⁸ The Rams' comments on the economics of the RSA's Task Force stadium proposal are found in more detail in Part II of Appendix One, filed herewith in Exs. 66-68, and we write here to highlight the following:

- The League and the Club will be responsible for at least \$710 million in private financing that will, when read in terms most favorable to the RSA, result in a negative cash flow of \$7.5 million.
- The public contribution is only \$355 million – less than the \$400 million the RSA Task Force promised the Owners in New York.
- The private contribution is the largest of any non-Top 10 market since 2000.
- The costs of the Project are \$100 million more than the RSA Task Force represented to the Owners in New York.
- The RSA is asking for an unprecedented Super G-4 loan of \$300 million with the additional funds needed to pay for the RSA's inability to come up with the last \$100 million in costs.
- On opening, the RSA's stadium will rank as a 4th quartile gate revenue stadium.
- All of the costs of stadium operations and Capital Expenditures funding have been shifted to the NFL Club for the next 30 years.
- There are no new local revenue streams to pay for the increased costs.

¹⁸ As a courtesy to the League, and at Mr. Kroenke's direction, the Rams has worked with the RSA Task Force and the NFL's finance group to understand the relative value from the opening of the new stadium. To be fair to the RSA Task Force, we have used all of their projected revenues for tickets, suites, sponsorships and game day revenue.

- The League and the NFL Club will be funding a stadium for Major League Soccer team to compete with the Club for local sponsorship dollars.
- The rent and operating structure are 20 times what the Rams pay now.

Any NFL Club that signs on to this proposal in St. Louis will be well on the road to financial ruin, and the League will be harmed.

III. RELOCATING THE RAMS FROM ST. LOUIS TO LOS ANGELES WILL STRENGTHEN THE LEAGUE.

A. San Diego And Oakland Are Substantially Stronger Markets Than The St. Louis Market.

The League commissioned Charles River Associates (“CRA”) and Convention Sports & Leisure (“CSL”) to conduct studies of the Los Angeles, St. Louis, San Diego and Oakland markets. The CRA and CSL studies demonstrate that Los Angeles is a strong market with great opportunity, while St. Louis is a market that will in all likelihood be unable to sustain three professional sports teams. The CRA and CSL studies also show that the San Diego and Oakland markets have solid economics and growing populations to sustain healthy NFL franchises, while St. Louis lags, and will continue to lag, far behind in the economic drivers that are necessary for sustained success of an NFL franchise. These studies are submitted with Appendix One to this Statement of Reasons.¹⁹

The CRA study concluded that San Diego and Oakland are significantly more attractive markets than St. Louis, which is projected to be 26th in growth among NFL markets moving forward. St. Louis is already the smallest market of the three in both population and gross domestic product (“GDP”) before factoring in future growth.

¹⁹ Ex. 35: CSL Market Feasibility Analysis for New Open-Air St. Louis Stadium, dated May 13, 2015; Ex. 36: Charles River Associates Market Study Analysis, dated September 2015.

Among the CRA Study's Key Findings are:

- “San Diego is ranked the 12th most attractive MSA [in the country] based on economic indications” ... [and] “on a per sports team basis San Diego’s macroeconomic indicators are ... comparable to Los Angeles.”
- “Oakland’s GDP alone is expected to be larger than San Francisco’s in the next 10-15 years.”
- “Compared with Oakland and San Diego, St. Louis is projected to have relatively flat population growth and significantly lower GDP and AERAF growth in the next 20 years.”

CSL conducted a Market Feasibility Analysis for the NFL and the RSA Task Force to assist in evaluating the prospects of a new NFL stadium in St. Louis. The CSL study’s conclusions give the Rams no comfort that a new stadium will secure the necessary corporate and fan support to sustain a NFL team long term. CSL concluded there was little opportunity for enhanced revenues, finding:

1. Although the market generated enough PSL revenue to bring the franchise to St. Louis, that level of support was not sustained once the team’s on-field success waned.
2. The Rams rank in the bottom third of the NFL in terms of average season ticket price (22nd) and average club seat price (28th), and have the fourth-lowest average attendance in the NFL over the past five (5) years.
3. Respondents exhibited low levels of intent to follow through with their purchase of PSLs and premiums seats after the introduction of pricing [*i.e.*, after they were told the cost].
4. The Rams share a market with the Cardinals, which are one of the most successful teams in MLB, play in a new ballpark, and are viewed by respondents as the most important sports team in St. Louis.
5. The market lacks a robust regional area from which to draw individuals and corporations that are not already attending games and purchasing tickets.

Compared to all other U.S. cities, St. Louis is struggling. One recent study reports that St. Louis ranks 490 out of 515 U.S. cities and 61st among the 64 largest

U.S. cities in economic growth in recent years.²⁰ That same study reported that St. Louis had the lowest rate of population growth of any major U.S. city from 2008 to 2014 – registering a loss of 1.74 percent of its citizens while most cities registered gains.²¹ Thus, the City of St. Louis ranks near the bottom of all U.S. cities of any size in terms of economic and population growth.

The analysis performed by CRA parallels recent economic analysis of the three potential relocation markets. According to the US Mayor's Report published in 2015, St. Louis is 245th out of 381 cities in projected economic growth, ranking it 29th among NFL markets. By contrast, Oakland ranked 3rd among NFL markets in projected economic growth and San Diego ranked 12th. The 2015 Milken Report of Best Long Term Performing Cities ranked St. Louis 127th overall, placing it 27th among NFL markets. The same study showed the San Francisco/Oakland Bay Area as the nation's best performing metro area and San Diego region was sixth best among NFL markets.

St. Louis County, where the majority of Rams' season ticket holders reside, has shown a similar decline. As the *St. Louis Post-Dispatch* reported at the time of the Rams' arbitration, in the 10 years from 2001-10 "St. Louis County lost \$3.41 billion in resident income through migration" losing 50,000 people in population. Ex. 52: "St. Louis County Losing People, Resident Income," *St Louis Post-Dispatch*, May 29, 2012.

²⁰ Ex. 70 : <http://www.bizjournals.com/stlouis/blog/2015/09/st-louis-ranks-near-botton-in-economic-growth.html>.

²¹ Ex. 71 : <http://www.riverfronttimes.com/newsblog/2015/10/06/st-louis-has-the-lowest-population--growth-of-any-big-city-in-the-us>.

B. St. Louis Is Not A Three Professional Team Market.

St. Louis' own business press has raised the question: "Can St. Louis Afford Three Sports Teams?"²² Earlier this year, the *St. Louis Business Journal* reported on a study performed by its parent company, American City Business Journals ("ACBJ"). The ACBJ study concluded that "St. Louis fans aren't in a great position to continue to support three sports teams."

The study estimated the total personal income (TPI) a market would need to support a sports team, based on team revenue and ticket prices. Baseball was the most expensive, with the typical MLB franchise requiring a TPI base of at least \$104 billion per year. The income thresholds for the other leagues were \$50 billion per team for the NHL, \$48 billion for the NFL, \$45 billion for the NBA and \$14 billion for MLS.

St. Louis, with TPI of \$132 billion annually, doesn't have enough personal income to support the teams it already has. To support the Blues, Cardinals and Rams, more than \$200 billion is needed, the report found, **meaning St. Louis had a TPI deficit of \$70 billion annually.**

(emphasis supplied.) The article ended quoting sports economist John Vrooman: "It might be time to realize that St. Louis may, in fact, be a two team market and the best economic outcome for St. Louis is to let the Rams bolt for Los Angles and then concentrate the corporate fan base on the Blues and the beloved Cardinals."

C. Despite Significant Financial Investments, The Rams Have Been Unable To Improve The Financial Performance Of The Team In The St. Louis Market.

Stan Kroenke bought controlling interest in the Rams in 2010, and immediately made significant investments in the team. The Rams finished 7-9 in 2010, and the St.

²² Ex. 60: "Can St. Louis Afford Three Sports Teams," *St. Louis Business Journal*, June 5, 2015.

Louis media praised Stan Kroenke for investing in the team in 2011.²³ In 2012, Stan Kroenke hired Jeff Fisher and was again lauded in the media.²⁴ Before the 2013 season, Stan Kroenke's financial investments in putting on a winning product on the field were again recognized "because of Kroenke's commitment to winning."²⁵

The current Rams ownership's investment in the on-the-field Rams team has been significant. The Rams have consistently spent to the salary cap in each year under Stan Kroenke and have significantly increased the coaching and scouting budgets. These investments have resulted in a 52% improvement in winning percentage over the five years before Stan Kroenke became the controlling owner. To build and maintain fan interest, the Rams made the economic commitment to buy all unsold tickets so that all Rams home games could be televised in years when black out rules were in effect. Under Stan Kroenke's ownership, the team was named "St. Louis Philanthropic Organization of the Year," the first time a sports team in St. Louis was bestowed the award and has performed over 12,000 hours of community service in the St. Louis community.

Despite these investments and engagements, Rams attendance since 2010 has been well below the League's average. The combination of low attendance and the lack of pricing power as indicated by the CSL market study has consistently placed the Rams in the low fourth quartile in gross ticketing receipts generally between 60% and 70% of the NFL average per game for the regular season.

²³ Ex. 44: "Rams Owner Pumped Up: Kroenke Has Backed His Upgrades and is Optimistic About Season," *St. Louis Post-Dispatch*, September 11, 2011.

²⁴ Ex. 45: "Fisher Has What The Rams Need After Years of Futility," *St. Louis Post-Dispatch* January 14, 2012.

²⁵ Ex. 54: Bernie Bytes: Quick Hits on Rams," *St. Louis Post-Dispatch*, September 6, 2013; "Credit Kroenke for Getting Team on Right Track," *St. Louis Post-Dispatch*, January 3, 2013.

The Rams' efforts to secure their First Tier stadium rights in St. Louis over the past five years has no doubt impacted Rams' attendance. But the Rams should not be penalized for seeking to enforce its contract right to a First Tier stadium for the Rams and the Rams' fans. As the *St. Louis Post-Dispatch* wrote at the time the arbitration commenced, "Don't Blame Rams Owner Stan Kroenke, he did not write the Lease...."²⁶

D. Relocating The Rams Supports Traditional Rivalries And Eliminates A Need To Realign Divisions.

Relocation of the Rams to Los Angeles will have no impact on traditional rivalries within the NFC West; teams in the Rams' division will actually benefit from having shorter travel distances to play away games with the Rams if the Rams relocate to Los Angeles. A Rams relocation to Los Angeles would mean the NFL would not be forced to realign divisions.

IV. CONCLUSION

The Member Clubs should approve the Rams' application to relocate to the Los Angeles Metropolitan area. The Rams Inglewood project presents the League with the best opportunity for success in Los Angeles. Furthermore, relocating the Rams to Los Angeles will strengthen the League and represents the best long term opportunity for all Member Clubs.

²⁶ Ex. 51: "Cool heads are needed in Dome discussion. Let's weigh this matter carefully before doing something we'll regret," *St. Louis Post-Dispatch*, May 20, 2012.

LOS ANGELES AND THE RAMS

“The Rams are family. The Rams are legacy. The Rams were our first major pro team. They were our first big crush. They were our first Showtime, the first marriage of sport and Hollywood, the first pro team to truly love L.A. They would be welcomed home.”

– Bill Plaschke, LA Times, 1/7/15



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