CITY OF MINNEAPOLIS' FINANCIAL PRO FORMA
RENT/MANAGEMENT ALTERNATIVE

PURPOSE

The following financial information represents the net cash results for the City of Minneapolis under the Rent/Management alternative based on the following information and assumptions.

OVERALL PRO FORMA INFORMATION

- A contract year represents the 12 months ended June 30th
- Pro forma information is shown in 5 year intervals with the financial information representing the annual average for an individual year during the time period presented

OPERATING POSITION

- The actual annual historic net operating cash outflow the City of Minneapolis incurred for **2002 and 2003 was ($308,900) and ($390,600)** respectively
- Alliance's Rent/Management alternative terms **will improve** the City of Minneapolis' net operating cash flow based on an annual average by:
    - **$910,700 years 1 – 5**
    - **$973,500 years 6 – 10,**
    - **$1,063,100 years 11 – 15,**
    - **$1,167,000 years 16- 20**
    - **$1,287,500 years 21 – 25**
    - **$1,427,100 years 26 - 30**

  over the 2003 historic net operating results
- These results are based on the following terms under the Rent/Management alternative:
    - Annual Rent of $500,000 due City of Minneapolis
    - Rent will be adjusted by CPI every five years
    - 3% CPI used
    - "Good Faith Deposit" of $500,000 given to City of Minneapolis at execution of contract
    - Interest on the "Good Faith Deposit" is retained by the City of Minneapolis
    - Interest income on the "Good Faith Deposit" is estimated at $20,100 annually
    - Assumes City of Minneapolis is utilizing interest on an annual basis, thus no multiple year compounding
    - The City of Minneapolis has no operating expenses
    - Alliance assumes all operating expense risk
    - City of Minneapolis has completed any deferred maintenance items prior to the execution of contract

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DEBT SERVICE

- Alliance will provide a revolving irrevocable letter of credit or other form of security in an amount equal to the next year's debt service on the existing Revenue Bonds
- Restoration Fees collected by Alliance will be remitted to the City of Minneapolis
- Any excess Restoration Fees over necessary debt service in any given year will be reserved for by the City of Minneapolis to cover any potential shortfalls in subsequent years
- Annual debt service payments for each 5 year interval represents the annual average debt service due during the 5 year interval presented
- Annual debt service payments period covers the 12 months ended June 30th of the applicable year to coincide with the Rent/Management contract year
- Restoration Fees are assumed to cease at end of Bond Term

CAPITAL PURCHASES

- Capital purchases for the Minneapolis Theaters identified by the City of Minneapolis in RFP will be completed prior to the beginning of our rent/management contract.
- The future annual capital purchases estimated are based on prior 6 year history adjusted for inflation at 3%.

OVERALL CITY OF MINNEAPOLIS' NET CASH POSITION

Based on the information and the terms of the Rent/Management alternative, the City of Minneapolis' net cash inflows will improve annually, on average:

- **$758,300 years 1 – 5,**
- **$796,900 years 6 – 10**
- **$858,400 years 11 – 15**
- **$929,700 years 16 – 20**
- **$1,012,400 years 21 – 25**
- **$1,108,100 years 26 - 30**

in comparison from the 2002 net cash outflow of ($390,500).

This is an improvement of $27,320,000 over the 30 year term of contract for the City of Minneapolis.

(We are unable to give a comparison for 2003 as the Restoration Fee information was not provided during the RFP process.)