

**CITY OF MINNEAPOLIS' PRO FORMA
RENT/ MANAGEMENT WITH DEBT ASSUMPTION/PURCHASE OPTION**

PURPOSE

The following financial information represents the net cash results for the City of Minneapolis under the Rent/Management with Debt Assumption/Purchase Option (Rent/Management with Purchase Option) 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 with Purchase Option alternative terms **will improve** the City of Minneapolis' net operating cash flow based on an annual average:
 - **\$890,600 years 1 – 5**
 - **\$953,400 years 6 – 10**
 - **\$1,043,000 years 11 – 15**
 - **\$1,146,900 years 16- 20**
 - **\$1,267,400 years 21 – 25**
 - **\$1,407,000 years 26 – 30**over the 2003 historic net operating results.
PLUS the City of Minneapolis will receive a one time "Purchase Option Fee" of **\$2,222,500**
- These results are based on the following terms under the Rent/Management with Purchase Option alternative:
 - One time payment at contract execution of **\$2,222,500** as a "Option Fee"
 - Annual Rent of \$500,000 due City of Minneapolis
 - Rent will be adjusted by CPI every five years
 - 3% CPI used
 - 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 be directly responsible for collection of all Restoration Fees and payment of the annual debt service.
- Restoration Fees are assumed to cease at end of Bond Term

CAPITAL PURCHASES

- Capital purchases for the Minneapolis Theatres 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%
- City of Minneapolis responsible for capital purchases until such time Alliance becomes fee owner of Theatres

OVERALL CITY OF MINNEAPOLIS' NET CASH POSITION

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

- **\$738,200** years 1 – 5,
- **\$776,800** years 6 – 10
- **\$838,300** years 11 – 15
- **\$909,600** years 16 – 20
- **\$992,300** years 21 – 25
- **\$1,088,100** years 26- 30

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

This is an improvement of \$28,939,000 over the 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.)