



***Project Analysis Session Application
Texas Stadium Redevelopment Options Assessment***

Enclosed please find a briefing package consisting of a presentation prepared by RTKL in regard to Texas Stadium redevelopment initiative and a statistical overview of the City of Irving.

The planning analysis in which you have so graciously agreed to participate is most sincerely appreciated by each of the property owners involved. It is our hope you will find the project sufficiently interesting and challenging to make the experience beneficial from your perspective, in return for the value we place on your time and experience.

The City of Irving is fortunate to have a true partnership with the two major landowners (the University of Dallas and Southwest Premier Properties) whose holdings are contiguous to the existing stadium facility. By virtue of this cooperation, we have a planning area of nearly 400 acres of developable land, served by three major highways intersecting within the district. Over 500,000 individuals pass through the area by automobile daily. Light rail line will provide service between downtown Dallas and DFW Airport, with two light rail stations in the district by 2013. A parcel in the district has just been identified as a finalist site for the proposed presidential library for President George W. Bush; University of Dallas representatives have been invited to make a formal presentation in Washington, D.C. in mid-November with three other finalists.

The Las Colinas development in Irving remains an excellent example of the merits of "aiming high" with development aspirations. Had the developers of Las Colinas elected to meet the market where it was, as opposed to making a new market, the area now known as the Urban Center would be an industrial district featuring a meat-packing plant and an electricity generating facility. Instead, today Las Colinas is home to hundreds of premier corporate residents, including Exxon/Mobil, Kimberly Clark, Flowserve, Citigroup, Nokia, Microsoft, NEC, Verizon, SBC and, as of April 2006, Fluor Corporation. Instead of brownfields, Las Colinas features four golf courses, including the Four Seasons Resort & Club which hosts the EDS Byron Nelson Championship, the most successful fundraising event for charity on the PGA Tour. The original development plan for Texas Stadium itself as the home of the Dallas Cowboys took considerable imagination as well. The history of community leadership in Irving shows an appreciation for big ideas and a willingness to aggressively pursue them. It is that same mindset and determination that leads the landowners in this project to seek much higher and better uses than those that are in the vicinity of Texas Stadium today. All three ownership interests believe it is imperative that we "aim high" as we assess the development options on our literal horizon.

Key to aiming high was to involve the best minds and expertise possible as the partnership explores its opportunities. Integral to that was the desire to present the information compiled in our recently completed opportunity assessment exercise to a panel of ULI members at the Fall



Meeting of ULI. The plan analysis session represents one initiative among a number intended to permit the owners to obtain timely, well-considered advice about the prospects for the re-development of the Texas Stadium and the development of the land in the immediate vicinity.

Background

This initiative is the result of a series of discussions that began among the three property owners in 2004, as several large scale infrastructure projects were getting under way in the planning area. Freeway infrastructure work about to commence in that area, coupled with discussions regarding the final alignment of the Dallas Area Rapid Transit (DART) light rail route passing through the three properties, provided a reasonable basis for undertaking a joint review of development opportunities and constraints sooner rather than later.

Further discussion was deferred until November 2004, when the city of Arlington passed a referendum to provide a new \$650 million stadium for the Dallas Cowboys, scheduled to open for the Fall 2009 season. With the major question of the site's future as the home of the Dallas Cowboys answered, all parties agreed it was incumbent upon the owners to seek future uses that would take full advantage of the changing circumstances and new investments being made in the area. Moreover, there was a consensus that the owners should set high standards and expectations for the future development program for the area.

In January 2005, a participation agreement between the three landowners was approved with the following key points:

- The City of Irving would enter into a development planning initiative with the above named owners of major land holdings in the immediate vicinity of Texas Stadium.
- The three owners would contribute \$25,000 each for the purpose of retaining RTKL and other real estate professional advisors to assist the owners.
- The ownership group, working with outside consultants (RTKL, Kimley-Horn and Magill Architects), would compile background information, evaluate development issues and opportunities associated with the developable properties in the vicinity and prepare several land-use concept plans for use by the ownership group in future deliberations regarding the area.
- The planning effort would commence on or about February 1 and would be completed by May 31, 2005.
- The owners would have 60 days subsequent to the end of August to determine if they would continue to work together and finalize a subsequent agreement.
- During the planning review period, the three owners agreed to a "standstill agreement," whereby they will not individually accept offers or proposals on their separate land holdings, pending the outcome of the planning exercise.
- None of the owners are bound by the results of the Phase I analysis. Furthermore, they are not obligated to collaborate further or fund subsequent initiatives.

RTKL was selected to lead the analysis effort, having conducted several transit-oriented development studies in the general vicinity previously and having worked with both the City of



Irving and the University of Dallas. RTKL was asked to produce three differing development scenarios, any of which would be plausible and none of which was to be identified as preferred. They were asked to consider three scenarios with regard to the stadium itself: renovation, adaptive re-use or demolition. Finally, they were asked to address infrastructure planning considerations with respect to freeway, thoroughfare and light rail alignments and suggest refinements or improvements.

A series of three workshops were conducted in the spring of 2005. The first was a review of market conditions, land ownership facts, site conditions, status of transportation infrastructure projects scheduled for the area and the status of the Texas Stadium facility. An important outcome of the first session was the determination that the roof and abutment structure of the stadium was freestanding and independent of the interior, allowing consideration of several development options that could retain the iconic roof. The review process also identified a better service road and bridge plan available than had been previously considered. A revised roadway design was prepared that addressed the matter and was subsequently endorsed by the regional district office of the Texas Department of Transportation (TXDOT).

The second workshop involved a review of general development themes that RTKL had prepared. One theme (Urban Resort) emphasized a mix more heavily oriented toward hospitality, entertainment, retail and urban residential. A second theme supported a master-planned urban-oriented residential community, similar in many respects to another development program (called "La Villita" and based upon Andres Duany program recommendations) presently occurring in the north end of the Las Colinas area of Irving. The third theme supported a "green", sustainable development urban district with very distinctive architectural guidelines patterned around Savannah, Georgia and incorporating a mix of residential, retail, office, hospitality and entertainment uses.

Each theme incorporated a similar transportation infrastructure design and all emphasized the appropriate exploitation of the Trinity River parkland that runs contiguous to the property.

Equally important, all three scenarios could support any of the three stadium site alternatives: renovation, adaptive re-use or demolition. (It is important to know there is neither presumption nor pre-determined outcome, regarding the future use of the stadium itself; the Irving City Council is in no way suggesting it is predisposed to a particular solution. That said, there is certainly no opposition to upgrading and renovating the existing stadium to accommodate some other sports or development program, provided the program is fiscally prudent and supports the goal of community enhancement.)

The site plans prepared by RTKL for the stadium itself illustrate the development capacity of the site and the variety of recreational, entertainment and hospitality uses that could occur. One scenario outlines a regional park fashioned along the lines of Millennium Park in Chicago. Another depicts a renovated, albeit smaller, sports stadium with additional entertainment venues on the site, including an amphitheater. A third scenario retains only the roof, integrating it into a mixed use complex that incorporates hotel, entertainment, commercial, retail, office and residential uses.



Magill Architects, the firm responsible for the original stadium design, brought the concept of the third scenario to the design team's consideration. With the roof and abutments supporting the roof fully independent of the interior facilities, the surface below offers approximately 400,000 square feet of column-free space. Should a developer choose, the roof could be fully covered and an enclosed exhibit space (or other appropriate uses) easily could be provided.

Considerable discussion was focused upon the scope and timing of transportation projects that will have a direct impact on the development area. Fortunately, all environmental reviews have been completed and approved and all funding commitments are already in place. It was the consensus of the ownership group that it was especially important to work with the related agencies to compress this construction schedule to the greatest extent possible. DART light rail will come directly to and through the development area from downtown Dallas; service is scheduled to begin in the development district in 2011, with service to DFW Airport in 2013. Texas Department of Transportation (TXDOT) officials have confirmed that construction will begin on the other two interchanges "before the end of the current decade." With these commitments, it is reasonable to conclude that considerable construction activity will be in evidence in the area surrounding Texas Stadium from 2006 to 2012 with all roads, interchanges and light rail lines completed by 2013.

The third work session refined the previously identified themes and addressed additional detailed considerations. All three owners enthusiastically supported the results of the workshops.

A formal briefing to the Irving City Council was presented on June 22nd. All three ownership groups supported the planning initiative and the continuation of the joint work effort among the owners. They agreed to undertake a series of initiatives intended to provide "broad market exposure" of the property and the possible development themes, including the presentation of the planning ideas to a panel of ULI members at the fall conference.

Since then, a number of presentations have been made to various Irving community groups, including the Chamber of Commerce, the Irving Convention and Visitors Bureau and two Rotary clubs; citizens also have been kept informed via the city's newsletter. There remains considerable and broad public interest regarding the alternatives for this area landmark, as evidenced by an hour-long radio interview on the local public radio affiliate with the Mayor, city representatives, the University of Dallas and RTKL. Each time any item relative to the stadium site appears on a City Council agenda, there is renewed media interest; the recent decision that puts the University of Dallas into consideration as the home of the George W. Bush Presidential Library has added focus as well. The interest expressed by the local media demonstrates the drawing power of the Texas Stadium facility and the Dallas Cowboys, including discussion of its next life, and the media interest shows no signs of waning, at least until the team ultimately relocates to its new facility.

Parallel Initiatives of Importance in Irving

The ownership group has agreed to continue to work together to refine the development concepts and to determine the most appropriate strategy for proceeding with area-wide




development. In addition to the “broad market exposure” effort currently underway, several other planning initiatives in Irving are underway that may have a direct bearing on the development district. The results of these initiatives will be available by the end of the first quarter of 2006 and are relevant to development planning considerations.

A comprehensive feasibility analysis on convention center facilities in Irving has just begun, to re-evaluate in the current marketplace a proposed 350,000-square-foot convention center complex originally slated for a site acquired by the city in the Urban Center of the Las Colinas district. A 2% increase in hotel occupancy tax (HOT) collections was implanted to support the \$100 million expenditure; the impacts of 9/11 and the nearly simultaneous economic recession ultimately resulted in the deferral of this project.

Economic conditions have markedly improved and the City Council and the Irving Convention and Visitors Board have approved the conduct of a new set of economic and market studies to determine if, when, what and where a new facility should be constructed. While the Texas Stadium site had limited customer appeal in the original feasibility studies (under the assumption that the Cowboys would remain as the primary tenant), the site’s new availability requires re-consideration as the entire city is evaluated from a visitor standpoint. PricewaterhouseCoopers and CH Johnson Consulting have just been awarded contracts to conduct comprehensive reviews of market conditions and make recommendations in regard to various options that are appropriate at this time for visitor-oriented development, including but not limited to meeting facilities. This study will be completed by the end of February 2006.

A second initiative relates to the previously mentioned potential development of a Presidential Library for George W. Bush on a site owned by the University of Dallas and the City of Dallas, which lies within the Texas Stadium development district. Approximately \$50 million of funding from future HOT revenues has been committed by the City of Irving in support of this effort. Should the University of Dallas be successful, this project may have direct development and program consequences for the development area and for the convention center initiative. The fact that the site has made it through one round of reviews and is now on the short list suggests that we should take this possibility quite seriously. The site is the largest of those under consideration (over 300 acres), has the most regional traffic and is the most accessible by both rail and automobile. Virtually all visitors arriving at DFW and traveling to downtown Dallas would pass by the site. The review committee has indicated it will make its announcement, after consultation with the President and First Lady, shortly after the first of the year.

A third initiative under discussion at the present time pertains to the potential imposition of a series of user taxes (admissions, parking, players’ facility use) at the Texas Stadium facility for the three remaining seasons under the current lease (which expires in December 2008, thus leaving three remaining full seasons to be played). Existing Texas statutes allow the City of Irving to impose a set of these taxes, subject to the successful conduct of a local election within the city of Irving only. In combination, the parking and admissions taxes alone could potentially generate \$12-14 million dollars; the addition of the player tax could potentially generate much more. State provisions could allow these funds to be used for stadium renovation, upgrading or other infrastructure improvements (but not demolition). By late February, the Irving City Council will

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make a determination on calling for a May 2006 election to consider this funding element. The results of these decisions would very likely influence the plans developers might bring forward for both the site and the balance of the district.

A fourth initiative of interest involves the negotiations currently underway between the present owners of the remaining unsold land in Las Colinas and a new owner. The current owners have conducted a sales process for the remaining 650+ acres of land and are working to complete the transaction the end of 2005. The new owner's identity and the development plans they will pursue have a direct bearing on the development program in the Texas Stadium area. Preliminary discussions between city representatives and several of the ownership candidates would suggest that the buyers anticipate a substantial increase in lower density, higher priced residential development on much of the remaining land. Moreover, it would appear that the buyer has "pre-packaged" the purchase and arranged a series of sales to homebuilders and developers, pending certain zoning adjustments. This would suggest that the land in Las Colinas will not remain undeveloped much longer and, in fact, could be largely absorbed by the time that the Texas Stadium district would be ready to come to market.

In Summary

The three ownership groups are especially interested in the observations of experienced development executives. A list of specific questions follows that indicate the areas in which the owners seek advice and counsel. The input is very timely and will no doubt influence the nature and direction pursued in the future by the owners.



QUESTIONS OF INTEREST TO THE OWNERS

1. A review of regional shopping centers and other destination retail opportunities suggested that the combination of limited nearby residential household population with up-market incomes, and abundant regional centers in close proximity, sharply limited the retail development opportunities. In addition, a 200,000+ specialty retail/entertainment complex is proposed in the Las Colinas Urban Center and a major entertainment center is currently under development in the Victory project near downtown Dallas. Is there any reason to continue to seek a major retail development initiative for this district?
2. Please comment on the development scenarios that have been identified and discussed in the project briefing materials:
 - a. Do they seem appropriate?
 - b. Are they sufficiently differentiated?
 - c. Are there other scenarios that occur to the panel that are equally or even more compelling?
3. To what extent does the decision regarding the stadium site (demolition, renovation, adaptive re-use) impact the development of the other land parcels?
 - a. Is it necessary to make a determination on future use of the stadium prior to determining the use of the other parcels?
 - b. Should the City determine if on-going operations are a viable option and thus seek stadium operating offers for post-2008?
4. Given the extent of infrastructure construction activity (beginning in 2006 and extending to 2012) when would a developer most likely want to begin pre-development work on project parcels and when they most likely target delivery of finished for sale or rental products?
5. Given the facts and circumstances described, in the opinion of the panelists, what are the key selling points that should be emphasized? Conversely, what appears to be the biggest limitation?
6. How big of a development undertaking and opportunity does this appear to be and what is the likely development period required to fully implement the vision?
7. What type of development organization is most likely to be interested in this type and level of development? Names, please! Conversely, who is most likely not, and why?



8. Given the amount of work that has been done to date by the owners, and given the amount of infrastructure investment about to be made, is there any need to provide yet more support?
9. The ownership recognizes that none of the owners are developers nor seek to be. There is, therefore, a genuine reluctance to proceed further in the planning effort without the participation of parties who have an active investment and development interest. There is the obvious concern about selling out too soon or holding out too long. At this stage, how should the ownership proceed:
 - a. Retain a real estate consultant to devise a detailed strategy in regard to how to proceed?
 - b. Hire an investment banker and offer the property for sale?
 - c. Hire a for-fee owners' representative to oversee the development of a master plan and solicit developer/partners to undertake specific projects?
 - d. Pursue a joint venture with a master developer where the owners put in their property and the developer puts in cash?
10. Is the information provided to the panel sufficient (level and type of information, quality of presentation) for use in marketing the opportunity to the investment and development community? If not, what additional information is needed?
11. What additional major questions or issues should the owners be discussing that are not included in the above list?



ABOUT THE OWNERS

Southwest Premier Properties

Southwest Premier Properties, LLC owns a number of real estate holdings in Texas, California, Nevada, Louisiana and Arizona. The Irving property is a freight terminal, which originally opened in 1964. The facility is leased to Central Freight Lines and for many years was the world's largest freight facility operated by a single motor carrier.

Central Freight Lines is a leading regional less-than-truckload (LTL) carrier that was founded in 1925. The company focuses on next-day and second-day services within each of its regions. It operates a fleet of nearly 2,000 tractors and 8,600 trailers from about 50 terminals. The company serves the rest of the US through alliances with other carriers.

University of Dallas

The year 2006 will mark the University's 50th anniversary of its founding in Irving, and 100 years since its original founding by the Vincentian Fathers. The University of Dallas opened its doors for classes to 96 students in fall of 1956 on 1,000 acres of rolling hills in north east Irving. Acreage on the western side of the property was acquired from the Carpenter interests, while the eastern part of the property (the main campus and what is now Central Freight and Texas Stadium parking) was acquired from three Irving pioneer farming families, the Johnsons, the Gleghorns and the McCunes. The original campus consisted of six buildings: John W. Carpenter Hall, which housed all classrooms and offices; Lynch Auditorium, named after Patrick J. Lynch, Bishop of the Diocese of Dallas from 1911 to 1954; a men's and a women's dormitory, the Chapel of St. Thomas Aquinas and a cafeteria.

Land

With more than 600 acres of land remaining, the University of Dallas is one of Irving's largest private landowners.

- 60 acres on the north side of 114 are leased to the City of Irving/Texas Stadium Corporation for stadium event parking
- Over 250 acres of Endowment Land along Highway 114, soon to be served by a DART light rail station, are available for high density, mixed use transit-oriented development
- Over 11 acres of land beginning at Spur 482, continuing along Highway 114 to the Burlington Northern tracks, have been committed for DART light rail right-of-way
- U.D. is an enthusiastic supporter of Irving's Campi3n Trails, which will extend through the University's property along the Elm Fork of the Trinity River, taking advantage of over 100 acres of undisturbed river bottom forest land

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Academics

The University of Dallas enrolls approximately 3,100 undergraduate and graduate students, and engages a full time instructional faculty of 125. It is an integrated, multifaceted institution whose key components are the following:

- The Constantin College of Liberal Arts provides undergraduate education through a baccalaureate degree program that includes a coherent core curriculum common to all undergraduates, comprising more than half of course hours required for graduation
- The College of Business consists of the Graduate School of Management, an undergraduate BA in Business Leadership, and a Center for Professional Development.
- The Braniff Graduate School of Liberal Arts, initiated in 1966, has as its goal the revival of the Western heritage of liberal education and the recovery of the Christian intellectual tradition in a constructive dialogue with the modern world.
- The Rome Program of the University of Dallas, initiated in 1970, dedicated its own 12-acre campus in 1994. This beautiful campus, Due Santi, is located 15 kilometers south of the city.

Employment & Economics

- Over 500 employees on campus
 - 212 employees and their families live in the city of Irving
- Economic Impact - Annual budget of \$40 million

City of Irving

The City of Irving is a large suburban city in the eastern half of the Dallas-Fort Worth region of North Texas. It has an estimated residential population of slightly over 200,000 and a daytime working population of 257,000. The city land area exceeds 69 square miles, with nearly 5,000 acres of the DFW International Airport within the city's boundaries. The ad valorem tax base exceeds \$14 billion; approximately \$10 billion is associated with commercial real estate and business personal property. The city operating budget is over \$230 million and includes 1,800 full-time employees. It is one of two cities in Texas with a double-AAA bond rating, from Standard & Poors and Moody's. Four public school districts serve the city; additionally, there are three private high schools, the University of Dallas and North Lake College (part of the Dallas County Community College District).

The business community in Irving consists of over 8,200 establishments, including 82 publicly traded companies with facilities in Irving. Four Fortune 500 companies are headquartered in Irving, including Exxon/Mobil, Flowserve, Kimberly Clark and Commercial Metals. Fluor Corporation, a Fortune 200 company, will relocate its corporate offices to the Las Colinas area of Irving in the early spring of 2006. Nokia has its U.S. headquarters in Irving; Microsoft has its largest concentration of employees in one site outside of Redmond, Washington in the city. Citigroup has its largest concentration of employees outside of the New York/New Jersey area in the city. The hospitality industry is well represented, with over 75 properties and 11,000 rooms within the city, including two high end hotels, the Four Seasons Resort and Club and the Omni Mandalay.

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The city residential mix is 60% multi-family, nearly opposite the usual mix for a suburb and more typical of a central city. There are established neighborhoods that are nearly 100 years old, with the majority of neighborhoods built since the 1950s. Master-planned communities include four residential communities within the 6,500-acre Las Colinas development and the 2,400-acre Valley Ranch project.

Irving places a high priority on transportation infrastructure. The community is situated between and nearly contiguous to the two commercial airports serving the community. The city is served by a number of limited access highways, including Interstate 635, Highways 114 and 183, George Bush Tollway and Loop 12. In addition, a commuter rail line connecting downtown Dallas and Fort Worth passes through Irving, with two stations in service. Light rail service is scheduled to extend through Irving, with 6 to 8 stations in service, by 2013.

The North Texas Council of Governments estimates that Irving will add an additional 30,000 residents and an additional 100,000 daytime workers by 2030. It is likely that the residential population estimates are understated due to the substantially higher density residential product that is now under consideration in the vicinity of the light rail line stations.