



BEAVER STADIUM

BOOSTING THE COMMUNITY & FUELING THE FUTURE OF INTERCOLLEGIATE ATHLETICS

Prepared for Penn State Board of Trustees

Beaver Stadium is critical to a thriving intercollegiate athletics program, to the brand, and to fuel an economic engine

INTERCOLLEGIATE ATHLETICS IMPACT

31 VARSITY PROGRAMS | **800+** STUDENT ATHLETES

NATIONAL LEADER | RANKED IN **TOP 5** NATIONALLY IN AVERAGE HOME ATTENDANCE 29 TIMES SINCE 1991



RECRUIT TOP TALENT

BROAD IMPACT



FUTURE WORLD OF SPORTS ENTERTAINMENT

ECONOMIC GROWTH FOR THE UNIVERSITY,
THE COMMUNITY, THE COMMONWEALTH

ENHANCE "WE ARE" EXPERIENCE

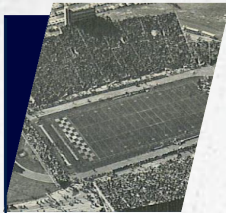
AUGMENT ENROLLMENT EFFORTS

Investment in Beaver Stadium has occurred over the years, with the last major renovation 23 years ago



1887

Penn State plays its first football season



1960

September 17, 1960
Beaver Stadium opens

1972

Thirty rows of seating added to Beaver Stadium, increasing capacity to **55,243**

1977

June 17, 1977
Board of Trustees approves Beaver Stadium expansion project, including raising stadium and press box, adding 40-row section to create a bowl shape, and expanding capacity to **76,017**.

1980

A twenty-row arc added to South end of Beaver Stadium, bringing capacity to **83,770**.



1991

A North end upper deck expansion is completed to increase seating by 10,033 to bring capacity to **93,967** to make Beaver Stadium the second-largest campus stadium in the United States.

1999

September 10, 1999 Board of Trustees approves the most comprehensive change in the history of Beaver Stadium. This project included the addition of suites, creation of a South upper deck and creation of a club level, Letterman's Lounge and All-Sports Museum. Unlike previous expansions, this project took the length of two seasons.

2001

September 1, 2001 First game is played in the newly renovated Beaver Stadium against the University of Miami. Capacity following the project was **106,537** and ballooned to **107,282** after converting temporary seating to permanent.

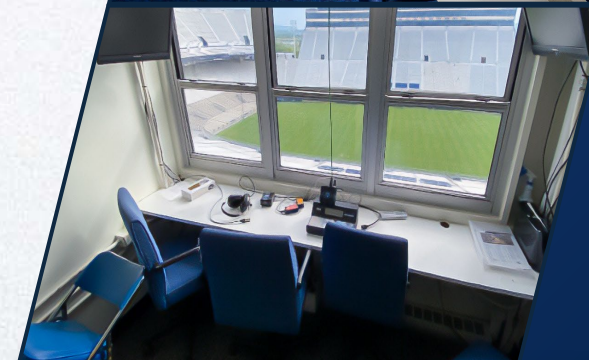
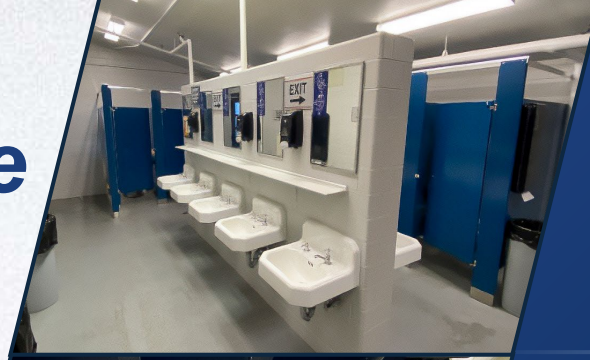
+ Future successes & historical moments

KEY TAKEAWAY

With aging infrastructure, the time is now to invest – to create future successes and iconic moments for generations to come at Beaver Stadium.

The stadium's aging infrastructure must be addressed to go from great to greater and realize full potential as a sports facility and entertainment venue

- Stadium not winterized
- Aging steel supports
- Concrete needs to be sealed and coated
- Lacking circulation in concourses, elevators and stairs
- Current commercial kitchen space is limited
- Electrical amp capacity is limited
- Videoboard nearing end of usable life
- Deteriorating press box with minimal investment since 1960



KEY TAKEAWAYS

- Repairs only address current issues and thus resources cannot be allocated to create long-term growth and financial sustainability.
- **FACTS** –Major maintenance:
 - \$6M in FY24
 - \$8M in FY25
 - \$12.5M in FY26
 - \$15M in FY27
 - \$17.5M in FY28 and then grows by 1% a year

REVITALIZATION OPTIONS

We identified three options to revitalize Beaver Stadium following rigorous analysis and review

REPAIR

\$140M
COST

(\$655M)
DEFICIT
(30yr Fund Balance)

- Deferred maintenance and necessary improvements
- Better circulation
- Invited Club
- TV/multimedia rights/contracts
- Big Ten conference revenues

**Bolded items in renovate column represent what the repair scenario is lacking*

RENOVATE

\$700M
COST

\$44M
PROFIT
(30yr Fund Balance)

- **Enhanced ticket revenues**
- **New naming rights (individual and corporate)**
- **New premium seating (suites, boxes)**
- **New concessions contract**
- **Additional philanthropy and naming**
- **Additional special event revenues**
- Better circulation
- Invited Club
- TV/multimedia rights/contracts
- Big Ten conference revenues
- Disciplined fiscal management/budgeting (more conservative than consultant proposal from 2022)

REPLACE

\$2B+
COST

(\$1.3B)
DEFICIT
(30yr Fund Balance)

- New stadium with new amenities, premium seating, improved circulation
- Enhanced ticket revenues
- Invited Club
- TV/multimedia rights/contracts
- Big Ten conference revenues
- New premium seating (suites, boxes)
- New naming rights (individual and corporate)
- New concessions contract
- Additional philanthropy
- Additional special event revenues

Repairing Beaver Stadium costs nearly \$900+M over 30 years and provides no incremental revenue-generating opportunities

REPAIR

- Lower debt of \$140M (\$256.6M with interest)
- Dollars not allocated to renovation could be invested elsewhere
- Preserve current stadium
- Fix only existing elevators and escalators
- Minimizes short-term disruptions

KEY TAKEAWAYS

REPAIR vs RENOVATION

- Renovate is much more cost effective with revenue-generation and significantly improved facilities compared to repair with no new incremental revenues and significant major maintenance needs
 - Only addresses previously identified, unexecuted stadium repair needs
 - Maintains same number of bathrooms
 - No enhancements to circulation or improvements to ingress/egress operations
 - Limited concessions
 - Does not address the deficiencies of press box
- Does not include new projects required to meet evolving industry standards for stadium operations
- Lacks additional ticketed inventory to generate incremental revenue

Replacing Beaver Stadium comes with much higher debt load and is not financially feasible

NEW BUILD

- New inventory generating higher revenues and higher stadium operating costs
- Lower long-term major maintenance
- Modernized, state-of-the-art venue

KEY TAKEAWAYS

NEW BUILD vs RENOVATION

- More expensive: higher debt of at least \$2B (\$3.678B with interest)
- Smaller venue: Limits stadium seating (i.e., as seen at Northwestern, University of Hawaii, NFL stadiums)
- Less environmentally friendly
- Doesn't preserve current iconic stadium

Management recommends renovating Beaver Stadium as the only financially viable option

	Renovate Most Likely	Comparison to Renovate Most Likely			
		Renovate Best Case	Renovate Worst Case	Repair Most Likely	Replace Most Likely
Total Revenues	10,394,204,170	203,310,657	(56,812,681)	(1,382,900,547)	735,423,309
Total Expenses	10,351,883,399	(61,514,311)	(0)	(684,602,528)	2,115,575,497
Fund Balance	43,728,747	264,824,968	(56,812,681)	(698,298,018)	(1,380,152,188)
Revenues					
Concessions				(90,820,534)	90,820,534
Facility Fee			(24,312,681)	(48,625,360)	48,625,360
Founder Seat Donations			(20,000,000)	(80,000,000)	
One-Time Seat Donations				(4,281,675)	
PA State Funding		50,000,000			
Philanthropy / Naming Rights		85,000,000	(12,500,000)	(25,000,000)	
Special Events		10,500,000			
Ticket Sales, Suites, Seat Contributions		57,810,657		(1,134,172,978)	595,977,415
		203,310,657	(56,812,681)	(1,382,900,547)	735,423,309
Expenses					
Admin Operating Budgets				5,337,543	
Compensation Expenses				14,605,576	
Debt Service		(61,514,311)		(871,146,071)	2,242,387,475
Major Maintenance				233,942,236	(194,153,789)
Stadium Operating				(67,341,811)	67,341,811
		(61,514,311)	-	(684,602,528)	2,115,575,497

KEY TAKEAWAYS

- Multi-media rights are one of the resources that will afford us the opportunity to pay back expenses.
- New agreement will guarantee incremental ticket revenue.
- The renovation will be financed and paid for entirely by Intercollegiate Athletics using no tuition dollars or educational budget.

Role of Key Partners in Renovation

- **Elevate**: National leading ticketing and premium inventory management provider.
- **Populous**: Industry-leading architecture firm with over 150 collegiate clients, 1,000+ collegiate projects to date.
- **Nations Group**: The leading owner's representation firm in college athletics.
- **OVG**: Global leader in venue management, premium hospitality services and event food/beverage sales; client list includes a collection of world-class venues, arenas and convention centers.
- **Construction Management**: Tri-venture of leading national construction firms; has worked together previously on many sports complex projects, completing \$2.3B in joint ventures and \$43B in sport facilities work.

Opportunity for current charitable giving is significant

- Renovation related:
 - Founder suite donations \$80M
 - One-time capital donations \$4.3M
 - Philanthropy/naming opportunities \$50M
 - Total to raise for renovation: \$134.3M

Penn State's healthy balance sheet supports project risk factors

MORE CONTROL

- Donations/philanthropy/naming
- Sale and pricing of new premium inventory
- Major maintenance
- Stadium operation costs

LESS CONTROL

- Player compensation/revenue sharing
- Potential construction costs increase over time
- Interest rates over next 3 years

POTENTIAL UPSIDE

- Lower interest rates
- Lower construction costs
- More efficient operations
- Increased philanthropy, sponsorships
- Incremental state funding
- Growth of TV contracts

We must take action now for renovation to remain cost-effective and limit disruption to operations

IF NOT...

- Pausing the project compounds deferred maintenance problems
 - Cost of waiting = \$40 million/year (*cost of construction, including materials and labor, increase 5-7% annually*)
- Current stadium inventory and operational deficiencies prevent hosting select large-scale outside events
- Negotiated financial support from third party vendors negatively impacted
- Annual and inflationary cost increases anticipated

KEY TAKEAWAY

The opportunity is now

Renovating Beaver Stadium will meaningfully increase inventory compared to the current state

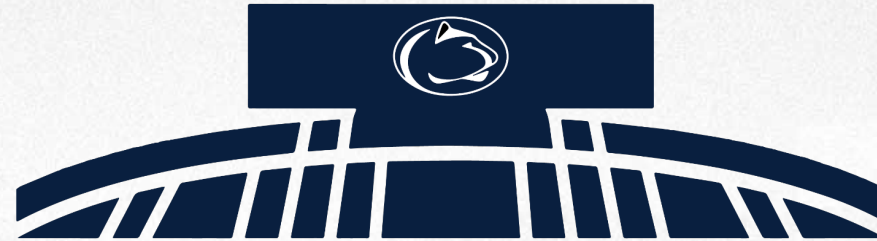
FUTURE STATE BASED ON CURRENT DESIGN

<p>RESTROOMS</p> <p><i>Increase of...</i></p> <p>15%+</p>	<p>CIRCULATION</p> <p><i>Increase of...</i></p> <p>24</p> <p>ELEVATORS</p> <p><i>Increase of...</i></p> <p>12</p> <p>ESCALATORS</p> <p><i>Increase of...</i></p> <p>4+</p> <p>STAIR TOWERS</p>		
<p>CONCESSIONS</p> <p><i>Increase of...</i></p> <p>102 (70% INCREASE)</p> <p>POINTS OF SALE</p>	<p>SEATS</p> <p><i>Increase of...</i></p> <p>SUITES</p> <p><i>Addition of...</i></p> <p>LOGE BOXES</p>	<p>PRESS BOX CAPACITY</p> <p>ADDITION OF A</p> <p>BROADCAST LEVEL</p>	



| IMPACT: INSTITUTIONAL, COMMUNITY & BEYOND |

The vision will elevate Penn State's already strong standing to a premier leader in the future of sports entertainment.



1. FUEL FUTURE FUNDING FOR ALL 31 SPORTS

2. CREATE A "FRONT-DOOR" EXPERIENCE THROUGH NEW WELCOME CENTER

3. TRANSFORM FAN AND COMMUNITY EXPERIENCE

4. PRIORITIZE ENVIRONMENTAL STEWARDSHIP

5. GROW REVENUE-GENERATING OPPORTUNITIES

1. Fuel future funding for all 31 sports

Beaver Stadium plays a critical role in the recruiting process; more than 300 official visits at the White Out game this fall



“Beaver Stadium is the crown jewel of our campus and athletic community and its renovations and modernization not only benefits our football program, but it opens new opportunities that will provide major benefits to our Women’s Soccer program and the remaining varsity sports at Penn State.”

—COACH ERICA DAMBACH, WOMEN’S SOCCER



“Beaver Stadium is our Happy Valley symbol of school spirit and athletic excellence. Football game days show recruits the energy and the pure love of Penn State, and the experience helps send home the message that Penn State has the best college experience in the country.”

—COACH MISSY DOHERTY, WOMEN’S LACROSSE



“The impact renovations to Beaver Stadium will have on our community and sports programs will be transformative. I have zero doubts it will be game changing in terms of recruiting. Attracting top talent to Happy Valley will help us continue to build our Penn State brand. This will help all teams compete on a national level!”

—COACH CAROLYN KEIGER, WOMEN’S BASKETBALL



“This project shows our commitment and desire to be the best in all we do. It’s always moving forward in all we do.”

—COACH MIKE RHOADES, MEN’S BASKETBALL

2. Create a “front-door” experience through new welcome center

A destination for all Penn Staters

1. Tell the powerful Penn State story and enhance the “We Are” experience
2. Create a key campus connection point available year-round
 - A place for Penn Staters of all ages to connect and celebrate the blue and white spirit
 - A home for the community that would include a 21,000-square-foot facility for events and other uses
3. Augment enrollment efforts with prospective students
 - Customize campus visits, leveraging technology to create a personalized, immersive experience
 - The campus visit experience continues to be most important driver for decision making for prospective students.
4. Attract prospective student-athletes



*** An early draft for illustration purposes only**

3. Transform the fan and community experience

Prioritize modern standards in the design

- Improved circulation to alleviate congestion
- Concourse expansion
- Improved press box
- Allows for state-of-art and future of entertainment (streaming, broadcast options, etc.)
 - ESPN GameDay, BTN Tailgate – opportunities for growth
- Enables year-round events and entertainment
- New restrooms
- Upgraded concession offerings
- New premium seating offerings
- Improved field lighting
- Maintain current parking and tailgating experience

4. Prioritize environmental stewardship

Renovation aligned with Penn State's overall commitment to global sustainability

- Drive sustainability goals:
 - Achieve *West Side Replacement* LEED Certification
 - Prioritize energy efficiency through enhanced building commissioning
 - Reduce indoor water use through fixture selection
 - Divert 75% of non-hazardous construction waste from landfill through reuse and recycling strategy
 - Support the reduction of landfill waste from event operations by improving infrastructure

5. Grow revenue-generating opportunities

Renovation drives tourism and economic growth in region

- Direct and spillover: \$268 million* in annual economic impact in Centre County, supporting 2,660 jobs and \$87 million in employee earnings.
 - Average \$16,237,082 per home football game.
- Indirect: Increased B2B supply chain purchases and induced (incomes spent in the local economy) business sales.
- Opportunity for non-football activities and large-scale events (concerts, sporting events, weddings, etc.) to yield additional economic impact.
- Increased event rental spaces for a consistent stream of events.

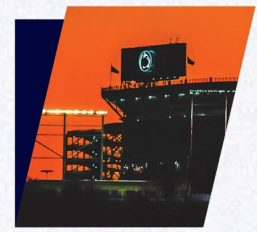
** Compiled by the Happy Valley Adventure Bureau*

KEY TAKEAWAYS

- Entertainment destination in the middle of the state
- Philanthropy opportunities increased by pursuing renovation

/ RENOVATION CONSTRUCTION OVERVIEW /

The construction timeline for renovation is efficient.



SEASON

TEMPORARY CONDITIONS SEASON I

TEMPORARY CONDITIONS SEASON II

PROJECT COMPLETE SEASON III

MAY 2024

BOT consideration
Work commitments beyond this point pending BOT approval

(Cash flow not to exceed \$70 million per initial authorization until BOT approval)

OCT 2024

Construction guaranteed maximum price (GMP)

2025

Start West Side Demolition/ Rebuild Phase I

2026

West Side Demolition/ Rebuild Phase II

2027

West Side Demolition/ Rebuild Phase III





***The time is now to invest in the
Penn State brand and build on the history
of excellence for a future of success.***

/ CONCLUSION & QUESTIONS /

Resolution

- **RESOLVED**, That the Beaver Stadium renovation at University Park, as designed by Populous Architects P.C. of Kansas City, Missouri (the “Project”), is hereby authorized and approved.
- **FURTHER BE IT RESOLVED**, That the officers of the University (the “Officers”) be, and each of them with full authority to act without the others hereby are, authorized and directed to cause the University to expend funds and award contracts to accomplish the Project for an additional amount not to exceed \$630,000,000 for a total project cost of up to \$700,000,000.
- **FURTHER BE IT RESOLVED** That the Officers are hereby directed to seek and obtain the additional authorization and approval of this Board of Trustees prior to expending funds or awarding any contracts in connection with the Project for any amount over a total project cost of \$700,000,000.
- **FURTHER BE IT RESOLVED**, that the Officers be, and each of them with full authority to act without the others hereby are, further authorized and directed, in the name and on behalf of the University, to prepare, execute, deliver, and perform such other agreements, instruments, applications, reports, filings and other documents, and to take or cause to be taken any and all such other actions, as any of the Officers so acting deems necessary or appropriate to make effective the foregoing resolutions.