THE FRANCHISE LEDGER · RESEARCH REPORT

# GROUNDWORK & GRIDLOCK

## The Franchise Ledger: Auditing All Relocation Options From a Bears Financial Perspective

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SECTION 1

# Executive Summary: The Corporate Balance Sheet Equation

Major National Football League (NFL) relocation decisions are fundamentally corporate finance optimizations rather than sentimental civic choices. While public-facing narratives often focus on historical legacy and fan nostalgia, executive boardroom strategy operates on three explicit balance-sheet imperatives: maximizing private return on capital investment, eliminating long-term property tax volatility, and offloading subterranean civil engineering and infrastructure cost overruns onto public bond stacks. For the Chicago Bears franchise, evaluating a multi-billion-dollar stadium relocation requires rigorous financial modeling across contrasting legal frameworks, municipal capital structures, and physical site parameters.

The strategic choice between direct fee-simple land ownership, developer-led tenancy, and public sports authority titles introduces fundamental trade-offs in asset control and revenue retention. Fee-simple ownership guarantees absolute operational autonomy and master-district real estate development yields, but leaves the franchise fully exposed to escalating municipal property assessments. Conversely, developer-led tenancy mitigates master-site execution risk but erodes high-margin operating streams such as parking surcharges, year-round commercial yields, and ancillary real estate equity. The public sports authority title model functions as an optimal tax shield, transferring superstructure ownership title to a municipal entity to secure statutory property tax immunity while preserving 100% of core franchise operating revenues under long-term leaseback terms. Across the primary site choices—Arlington Heights (IL), Hammond Wolf Lake (IN), an Illinois Public Stadium Authority model, and Chicago South Works (IL)—the corporate balance sheet balances tax certainty against physical CAPEX liabilities.

| Site Option | Primary Business Model | Public Capital Stack | Primary Financial Risk |
|---|---|---|---|
| **Arlington Heights (IL)** | Private Fee-Simple Real Estate ($197.2M Land Purchase) | $855M Infrastructure Assistance Request | Uncapped Property Tax Assessment Volatility ($124.7M Assessor Spike) |
| **Hammond Wolf Lake (IN)** | Public-Infrastructure Municipal Lease Package | Up to $1.0B Authorized via SEA 27 Bond Stack | Subsurface CAPEX Overruns ($100M+ Caisson Premium) & Debt Deficits |
| **Illinois Public Stadium Authority (IL)** | Municipal Title Transfer with Long-Term Leaseback | Authority-Issued Municipal Infrastructure Bonds | Legislative Delay & Approval Velocity in Illinois General Assembly |
| **Chicago South Works (IL)** | Developer-Led Public-Private Partnership (P3) | Public-Private Infrastructure Aid (TBD) | Developer Revenue Margin Erosion & Extended 2032 Construction Timeline |

Having established the macro-level corporate finance framework, the analysis turns to a direct audit of the franchise’s flagship real estate acquisition: the fee-simple baseline at Arlington Heights.

SECTION 2

# Option 1: Arlington Heights (The Traditional Land Ownership Model)

Absolute fee-simple land ownership represents the traditional baseline for NFL real estate strategy, providing a franchise with complete operational autonomy, architectural governance, and uncapped year-round commercial equity capture. By controlling the underlying land parcel, a franchise can construct a comprehensive, master-planned sports and entertainment district, using the stadium as an anchor for adjacent hotel, retail, residential, and office developments. In the Bears' asset portfolio, Arlington Heights represents the baseline team-controlled site against which all alternative municipal pitches, public subsidies, and leasehold options are benchmarked.

In February 2023, the franchise executed a $197.2 million cash acquisition of the 326-acre former Arlington International Racecourse property in suburban Cook County. The strategic intent was to develop a $5+ billion master district incorporating a $2+ billion team-financed fixed-roof multi-purpose stadium alongside extensive commercial real estate. However, the financial logic of direct land ownership stalled due to a severe property tax assessment dispute with Cook County taxing authorities. The Cook County Assessor dramatically increased the property's assessed value from a baseline of $33 million to $124.7 million, escalating the site's annual property tax liability from $2.8 million to $8.9 million.

In response, the Chicago Bears filed a valuation appeal targeting a $60 million market assessment, which would yield a manageable $4 million annual tax bill. Local school districts—specifically Community Consolidated School District 15, Township High School District 211, and Township High School District 214—counter-demanded an assessment of $160 million, seeking an annual property tax collection of $11 million. To prevent an immediate legal stalemate, an interim tax memorandum was approved between School Districts 15, 211, 214, and the Village of Arlington Heights, temporarily capping annual property taxes on the vacant racetrack site at $3.6 million through 2027, pending assessment finalization.

| ARLINGTON HEIGHTS FINANCIAL SNAPSHOT | | |
|---|---|---|
| LAND ACQUISITION COST | TOTAL MASTER PLAN COST | PUBLIC REQUEST |
| **$197.2 Million (Cash)** | **$5.0+ Billion** | **$855 Million** |
| 326 Upland Acres | $2.0B+ Private Stadium | Infrastructure |

| Tax Valuation Scenario | Property Valuation Assessment | Projected Annual Property Tax Bill | Financial Status / Operational Impact |
|---|---|---|---|
| **Cook County Assessor Spike** | $124.7 Million | $8.9 Million | Unacceptable corporate balance sheet volatility; triggered site evaluation pause. |
| **Chicago Bears Valuation Appeal** | $60.0 Million | $4.0 Million | Franchise baseline target for vacant land holding costs. |
| **School Districts Counter-Demand** | $160.0 Million | $11.0 Million | Severe margin compression; renders direct private ownership non-viable. |
| **Approved Interim Agreement** | Negotiated Cap | $3.6 Million | Binding temporary stabilization through 2027 across Districts 15, 211, 214 & Village. |

Despite local property tax gridlock, the site retains a substantial civil engineering advantage over urban brownfields. The property consists of stable, native upland glacial clay. Geotechnical evaluation confirms that this structural soil composition carries a $0 geotechnical cost premium, enabling standard, low-cost shallow spread footings rather than expensive deep-foundation piling.

> *Uncapped property tax exposure in Cook County forced the front office to explore public-infrastructure-backed options across the state line in Northwest Indiana ("219").*

SECTION 3

# Option 2: Hammond Wolf Lake / Lost Marsh (The Public Infrastructure Model)

State-level legislative velocity and substantial public bond allocations can entice a sports franchise to consider moving across state borders, even when candidate sites present significant environmental and civil engineering liabilities. When municipal and state leaders deploy targeted tax frameworks, public capital can offset private stadium equity commitments. However, substituting public financial subsidies for pristine physical site conditions requires a thorough audit of subsurface engineering realities, federal environmental statutes, and local consumption tax stacks.

In Northwest Indiana ("219"), the Indiana Legislature executed a rapid legislative strategy to position the municipal boundary of Hammond as a relocation destination. In early 2026, the legislative body enacted Senate Enrolled Act 27 (SEA 27), which formally established the Northwest Indiana Stadium Authority and authorized up to $1.0 billion in public infrastructure financing and tax-increment backing. To retire the associated 30-year stadium bond issuances, SEA 27 structured a dedicated local consumption tax stack across the region:

- A new 1% food-and-beverage tax enacted across Lake and Porter counties;
- A doubling of the Lake County innkeeper/hotel tax rate from 5% to 10%;
- A 12% stadium admissions tax levied on all event ticketing in Hammond, projected to generate approximately $12 million annually.

**SUBTERRANEAN STRATIGRAPHIC PROFILE: WOLF LAKE**

| DEPTH (FT) | STRATA COMPOSITION | ENGINEERING RISK |
|---|---|---|
| 0' - 25' | Shifting Steel Slag Heaps | Unconsolidated |
| 25' - 50' | Petroleum Refinery Fill (VOCs/PAHs) | Hydrocarbon Sat. |
| 50' - 85' | Compressible Organic Peat | High Water/"Sponge |
| 85' - 110' | SOLID BEDROCK STRATA | Mandatory Anchors |

**FOUNDATION CAPEX OVERRUN: $100M+ Premium (60–110 ft Concrete Caissons Required)**

Despite this public capital framework, site due diligence at the Wolf Lake Terminals and adjacent municipal Lost Marsh footprint revealed substantial subterranean civil engineering liabilities. Geotechnical borings uncovered a complex "industrial layer cake" consisting of shifting steel slag heaps, legacy petroleum refinery fill, and highly compressible organic peat. Because stable native soil is entirely absent, standard shallow foundations are prohibited, requiring heavy steel piles and 60-to-110-foot deep concrete caissons driven to bedrock. This subterranean profile introduces a $100+ million CAPEX foundation premium.

Furthermore, environmental due diligence introduces severe statutory compliance liabilities under Indiana Department of Environmental Management (IDEM) regulatory guidelines. IDEM enforces tightened soil lead screening limits of 200 parts per million (ppm) and a groundwater lead threshold of 10 micrograms per liter (µg/L), backed by statutory non-compliance penalties of up to $25,000 per day.

Crucially, the Wolf Lake proposal faces a fatal federal legal bottleneck under Section 404 of the Clean Water Act, which governs individual dredge-and-fill wetland permits issued by the U.S. Army Corps of Engineers (USACE). Under federal law, non-water-dependent projects like sports stadiums are subject to the strict Least Environmentally Damaging Practicable Alternative (LEDPA) rule. LEDPA carries a legal presumption that practicable upland alternatives exist. Because the Chicago Bears already own

a shovel-ready, 326-acre, wetland-free upland site in Arlington Heights ($197.2 million cash acquisition), USACE holds an ironclad legal baseline to veto any wetland fill permit at Wolf Lake. This legal reality creates a "LEDPA Checkmate," exposing the franchise to federal permit rejection if it commits exclusively to industrial marshland.

Independent fiscal analysis also highlights structural debt-service coverage ratio (DSCR) shortfalls within the public tax stack supporting the 30-year bonds:

| Fiscal Metric | Projected Annual Amount | Financial Stability & Coverage Assessment |
|---|---|---|
| **Annual Stadium Bond Debt Service** | $60.0 Million – $62.0 Million | Required annual outlay to retire 30-year public infrastructure bonds. |
| **Projected Local Tax Receipts** | $45.0 Million – $55.0 Million | Combined yield of 1% food/bev, 10% hotel, and 12% admissions taxes. |
| **Structural Annual Bond Deficit** | ($5.0 Million – $17.0 Million) | Net DSCR shortfall requiring public backstops or credit rating downgrades. |

From a transportation perspective, the site offers strong multi-modal infrastructure: direct alignment with Interstate 90 (I-90), direct access to the West Lake Corridor commuter rail extension (which opened March 31, 2026, delivering 25-minute transit service from Millennium Station to the stadium gates), and dedicated space for 12,000+ parking stalls serving regional fans across Lake County, including residents in LOFS.

These massive subterranean CAPEX risks, LEDPA permit vulnerabilities, and structural DSCR deficits created the impetus for Illinois to propose a tax-exempt public authority model.

SECTION 4

# Option 3: Illinois Public Stadium Authority (The Tax-Exempt Tenant Model)

The municipal public sports authority structure serves as a legislative mechanism designed to grant absolute property tax immunity to a sports facility while retaining private operating control for the franchise. Under traditional real estate models, high capital investments in stadium superstructures trigger massive municipal property tax assessments. By placing ownership title of the real estate assets within a quasi-governmental municipal authority, state legislatures can insulate professional sports teams from local property tax exposure while facilitating public infrastructure bond issuances.

**ILLINOIS PUBLIC STADIUM AUTHORITY MECHANICS**



Under this model, as evaluated within the Illinois General Assembly, the Chicago Bears would finance $2.0 billion in private stadium construction capital and subsequently transfer ownership title of the completed facility to a newly created municipal Public Stadium Authority. Transferring title to a tax-exempt public authority completely removes the stadium superstructure from Cook County property tax rolls. This structure secures statutory property tax immunity, yielding a permanent $0 annual property tax bill and permanently resolving the $124.7 million property assessment deadlock.

Under the accompanying long-term leaseback structure, the franchise occupies the venue as a master tenant under nominal lease terms while capturing 100% of core operational revenue streams, including:

- Facility naming rights and corporate entitlement partnerships;
- Stadium seat licenses, ticket surcharges, and luxury suite inventory;
- In-venue concessions, retail merchandising, and pouring rights;
- Non-NFL event revenues, including major concert tours, neutral-site collegiate games, and international sports events.

Simultaneously, the Public Stadium Authority framework enables state-level public infrastructure support by issuing municipal authority bonds backed by project-generated revenues to fund necessary surrounding roadway, utility, and site preparation work.

| Evaluation Metric | Private Land Ownership (Arlington) vs. Public Authority Tenancy |
|---|---|
| **Asset Title & Superstructure Ownership** | Private Fee-Simple (Chicago Bears) VS. Municipal Public Stadium Authority (Tax-Exempt Entity) |
| **Annual Superstructure Property Tax Liability** | Volatile ($8.9M Assessor / $11M District Demand) **VS. $0 Annual Property Tax Liability (Statutory Immunity)** |
| **Capital Control & Operational Revenue Retention** | Absolute Equity Control; Full Real Estate Yields VS. 100% Operational Revenue Retention via Nominal Long-Term Leaseback |
| **Public Infrastructure Subsidy Access** | Direct Municipal Assistance Requests ($855M) VS. Authority-Issued Tax-Exempt Municipal Infrastructure Bonds |

This public authority model prompted developers to pitch an alternative developer-led lakefront partnership within the city limits of Chicago.

SECTION 5

# Option 4: Chicago South Works (The Developer-Led Public-Private Partnership)

Developer-driven Public-Private Partnerships (P3) alter traditional franchise financial models by substituting direct team master-site control with developer-led leasehold arrangements. In a developer-led P3 model, a master developer controls the underlying land, manages horizontal infrastructure, and coordinates surrounding mixed-use real estate. While this structure relieves the franchise of primary master-site execution risk and upfront land assembly CAPEX, it introduces long-term operating margin friction by transferring a portion of site-generated commercial revenues back to the developer.

A prominent developer-led proposal emerged from Related Midwest, which pitched a multi-billion-dollar domed stadium district on a 200-to-440-acre footprint at the former U.S. Steel South Works brownfield site located at 87th Street and Lake Shore Drive on Chicago's Southeast Side, adjacent to a planned quantum computing campus.

| CHICAGO SOUTH WORKS SITE & LOGISTICS | | |
|---|---|---|
| SITE LOCATION<br>**87th & Lake Shore Drive**<br>Former Industrial Site | PARCEL FOOTPRINT<br>**200 to 440 Acres**<br>Master Developer Controlled | TIMELINE TARGET<br>**2032 Kickoff**<br>Extended Lead |

From an operational margin perspective, tenancy within a master-developer district introduces ongoing structural trade-offs compared to direct land ownership:

- **Commercial Real Estate Equity:** The master developer (Related Midwest) captures long-term real estate equity and land appreciation from surrounding residential, retail, and commercial office towers;
- **Parking & Concession Surcharges:** Surface and structured parking revenues may be shared with or controlled by the master developer, constraining high-margin game-day parking yield;
- **District Operating Yields:** Year-round commercial activation yields outside of the 10 NFL game days are split across district management entities rather than flowing entirely to the franchise balance sheet.

Additionally, the South Works industrial brownfield footprint presents ongoing environmental monitoring obligations. Building on a former heavy steel mill site requires long-term environmental controls, including 30-year slurry wall maintenance, continuous groundwater monitoring, and sub-surface containment systems to address legacy industrial fill.

Transit logistics rely on existing Metra rail connections, potential lakefront water taxi routes, and access via expanded arterial corridors. However, project execution carries an extended development window, with Related Midwest targeting a 2032 kickoff opening timeline.

The trade-offs between developer-led urban density and suburban master-site control lead directly to a master financial matrix evaluating all four site options.

SECTION 6

# Master Comparative Financial Matrix & Strategic Recommendations

Evaluating major NFL stadium site selection requires analyzing multiple financial variables into a multi-variable contract arbitrage model. Final site selection is rarely determined by public relations announcements or regional sentiment. Instead, it is governed by a franchise's ability to leverage competing municipal offers to minimize private capital expenditure, eliminate property tax volatility, offload civil engineering risks, and preserve core operating margins.

| Evaluation Criteria | Option 1: Arlington Heights (IL) | Option 2: Hammond Wolf Lake (IN) | Option 3: Illinois Public Authority (IL) | Option 4: Chicago South Works (IL) |
|---|---|---|---|---|
| **Primary Land Model** | Private Fee-Simple ($197.2M) | Municipal Lease / Public Package | Public Authority Title Transfer | Developer-Led Leasehold (Related Midwest) |
| **Private Team CAPEX** | $2.0B+ Stadium ($5B Master Plan) | $2.0B Stadium Commitment | $2.0B Stadium Construction | Private Stadium Equity (TBD) |
| **Public Infrastructure Stack** | $855M Requested | Up to $1.0B (SEA 27 Bond Stack) | Authority-Issued Infrastructure Bonds | Public-Private Infrastructure Aid |
| **Annual Property Tax Liability** | $8.9M (Assessor) / $3.6M (Interim) | Local Tax Captures / Special Districts | $0 (Tax-Exempt Title) | Exempt / Negotiated Tenant Structure |
| **Subsurface Foundation Risk** | $0 Premium (Native Upland Clay) | $100M+ Premium (60–110 ft Caissons) | Dependent on Final Site (Arlington vs. City) | High (Slurry Wall / Industrial Mill Fill) |
| **Primary Risk Factor** | Cook County Tax Assessment Volatility | Debt Service Deficit ($5M–$17M/yr) & LEDPA | Legislative Delay in General Assembly | Developer Operating Margin Erosion |
| **Net Financial Profile** | High Asset Equity / Uncapped Tax Risk | High Public Aid / Severe Engineering Risk | Optimal Tax Shield / High Asset Control | Low Equity Control / Long-Lead Timeline (2032) |

## Strategic Recommendation & Arbitrage Verdict

The optimal financial path for the Chicago Bears front office is to execute a classic multi-state contract arbitrage strategy.

By maintaining active geotechnical due diligence and public commitments in Hammond ("219"), the franchise maintains a fully operational, state-backed threat to leave Cook County. The presence of a signed $1.0 billion legislative framework (SEA 27) and operating commuter rail (West Lake Corridor) in Indiana creates real competitive leverage against Illinois taxing bodies.

However, the severe subterranean realities at Wolf Lake—specifically the $100+ million caisson premium, 60-to-110-foot drilling depths, IDEM lead exposure risks ($25,000/day penalties), and structural annual bond DSCR deficits ($5M–$17M)—confirm that building on industrial marshland introduces unbudgeted balance-sheet risks. Furthermore, the front office faces the "Double-Rejection Trap": overplaying leverage in Illinois risks alienating Springfield lawmakers, while simultaneously facing an open-and-shut Clean Water Act Section 404 LEDPA permit denial from the Army Corps of Engineers in Indiana, leaving the franchise stranded in both jurisdictions without an executable build site.

> Consequently, the Bears' front office must deploy the quantified geotechnical and environmental data from Hammond as boardroom leverage to force the Illinois General Assembly and Cook County taxing bodies to execute Option 3: a binding tax-exempt Public Stadium Authority structure sited on the dry clay of Arlington Heights.

This combination yields the optimal balance-sheet result:

- **Absolute Tax Immunity:** Transferring superstructure title to a municipal Public Stadium Authority permanently eliminates Cook County property taxes ($0 annual tax bill), neutralizing the $124.7 million assessment dispute;
- **Zero Subsurface Premiums:** Building on Arlington Heights' native glacial clay avoids the $100+ million deep-caisson foundation penalty required on brownfield sites and bypasses federal Clean Water Act LEDPA permit risks;
- **Full Operational Equity:** A long-term nominal leaseback preserves 100% of stadium naming rights, ticketing, concessions, and non-NFL event revenues, alongside master development yields across the 326-acre parcel for a target 2030 kickoff.