

Sheehan, Danforth, Pyzyk get record price

Centene's quest to buy 3 Clayton buildings ends in \$19 million deal

BY LISA R. BROWN
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For Dan Sheehan, David Danforth and Debbie Pyzyk, it was a price worth waiting for. The \$18.8 million that Centene is paying for their properties on Forsyth Boulevard in Clayton amounts to the highest price per square foot ever paid for real

estate in St. Louis.

Centene's years-long quest to buy the three buildings to build its new \$215 million headquarters has paid off handsomely for the three, who held out on selling their property.

The \$18.8 million sale price for the three buildings and land is nearly double the initial offer of \$11.4 million the Medicaid managed-care company made in 2006. It's also several million dollars higher than an offer extended through the city of Clayton just 10 months ago.

Pyzyk's and Danforth's prices for their properties equaled \$431 per square foot. Comparatively,

the 2006 sale of The Plaza in Clayton office tower brought in \$290 per square foot, then the highest price ever paid for office investment property in St. Louis.

Sheehan, Danforth and Pyzyk resisted the city's efforts to take their buildings through eminent domain for Centene's new headquarters. Now Sheehan and Danforth have closed on the sales of their properties, and Pyzyk's is under contract. The sales help move forward Centene's plans to build its headquarters on a half block area bounded by Han-

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Dome challenged to measure up

Lease deal calls for it to be among top eight NFL facilities in 2015

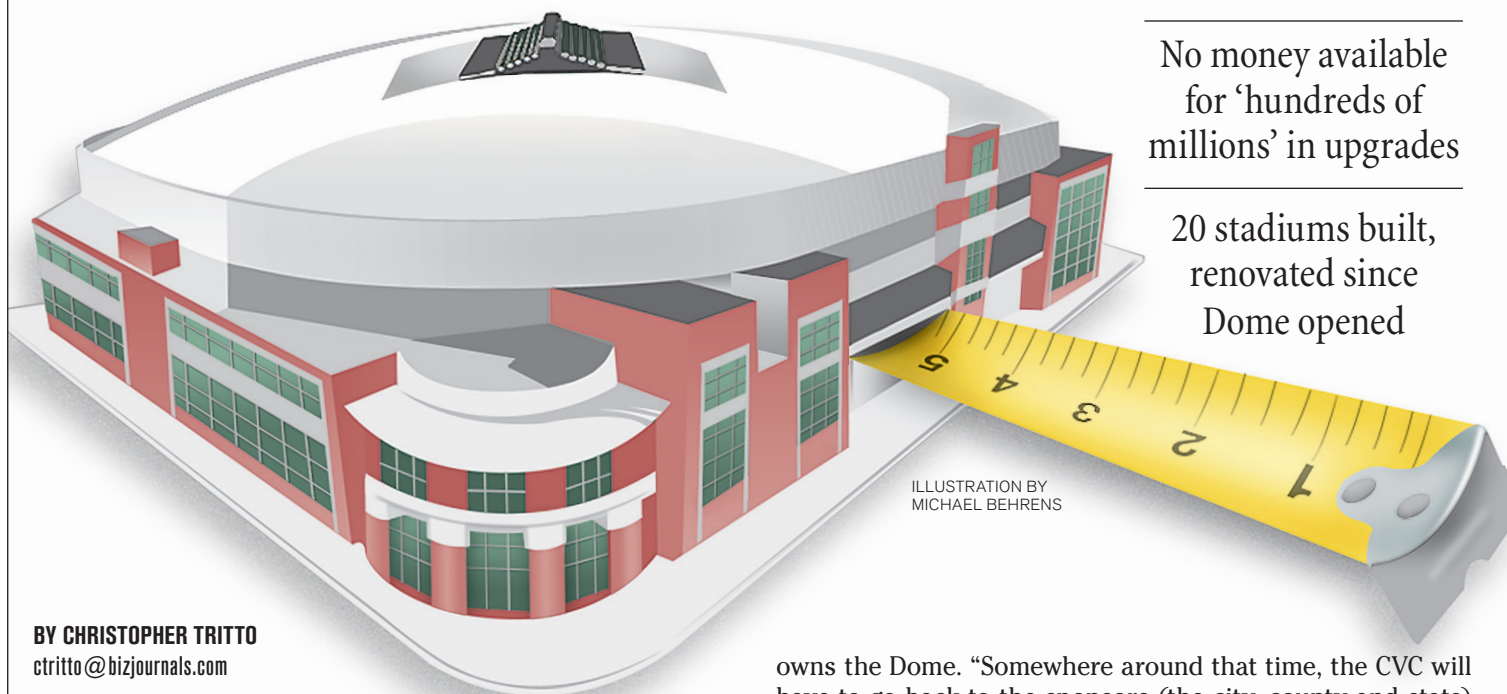


ILLUSTRATION BY
MICHAEL BEHRENS

No money available
for 'hundreds of
millions' in upgrades

20 stadiums built,
renovated since
Dome opened

BY CHRISTOPHER TRITTO
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Civic leaders lured the Los Angeles Rams to St. Louis in 1995 with a sweetheart deal and the promise their stadium would remain among the National Football League's elite.

But there will be no money available for the hundreds of millions of dollars in upgrades expected to be necessary to meet that "first-tier" standard at the next measuring date in 2015, and no plan is in place to address the projected shortfall.

"I can only say right now we will not have that pot of money at the 20-year mark that we had at the 10-year mark," said Brian McMurtry, executive director of the St. Louis Regional Convention and Sports Complex Authority (RCSCA), which

owns the Dome. "Somewhere around that time, the CVC will have to go back to the sponsors (the city, county and state) for more money."

Going back to the well will be a tough task considering the funding and political participation required.

"The notion of either spending \$100 million or building a new stadium for an activity that is only used eight to 10 times a year for 60,000 people at a time stretches my public imagination," said Mike Jones, executive assistant to St. Louis County Executive Charlie Dooley.

"Even if there was the political will in this community to

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PYRAMID FALLOUT

Laundry list of lenders totals \$200 million plus

BY LISA R. BROWN
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Pyramid Cos.' debt on its residential and commercial properties in the city of St. Louis, St. Louis County and Illinois totals more than \$200 million. And that's not counting unsecured lenders.

St. Louis city and county made loans to Pyramid, along with more than a dozen banks and private investors.

A list that details Pyramid's holdings, based on public records, has been circulating among investors and potential new developers for the company's projects, following the shutdown of Pyramid's development operations in April.

Pyramid, a St. Louis-based company owned by John Steffen that

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RAMS: Team nets CVC \$1 million annually, the equivalent of 10 major conventions

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raise that level of resources, I would not argue that would be the smartest thing for this community to do based on what I consider more pressing needs," Jones said.

The Rams lease agreement with the St. Louis Convention & Visitors Commission (CVC) requires the Edward Jones Dome rank among the top eight stadiums in the 32-team NFL on the Dome's 20th birthday in 2015. If first-tier status is not met, the Rams lease would switch to year-to-year terms a decade ahead of schedule and the team would have the option to leave St. Louis.

"It would be prudent for both the community and the Rams if at some time in the next couple of years we have a thorough debate at least at the city and county level," Jones said. "I think a snowball has a better chance in hell than we have in getting the state to participate again."

Big bucks required

The politically appointed RCSCA built the Dome with \$280 million in public funds and collects \$4 million a year (\$1 million each from the city and county, and \$2 million from the state) for building preservation and capital improvements.

Renovations, including some \$30 million in facility upgrades currently under way using accumulated preservation funds, convinced the Rams to let the Dome's first scheduled measuring date slide on the lease agreement's 10th anniversary in 2005. But the cost of renovations is expected to rise dramatically for the next round seven years from now.

"That will be a tougher order than it was in 2005," said Dan Dierdorf, CVC chairman and a member of the Pro Football Hall of Fame. "It will require a community-wide effort to get ready for that. Everybody will need to be involved. It was \$30 million this last go around; \$30 million will not do it in 2015."

In Miami, the Dolphins completed \$250 million in renovations in 2007 to transform their now 21-year-old stadium.

um. Extensive renovations to the Kansas City Chiefs' 36-year-old Arrowhead Stadium are expected to cost \$375 million for completion in 2010.

About \$250 million of Kansas City's costs are being raised through a sales tax increase approved by Jackson County voters in 2006. The remaining \$125 million is coming from the family of the late Chiefs founder, Lamar Hunt.



Dan Dierdorf

But at the CVC, which operates the Dome and subleases it to the Rams, no long-term planning is happening.

"Everybody is really focused on getting this first 10-year mark completed successfully," said Bruce Sommer, director of the America's Center convention complex and the Edward Jones Dome. "To look at a major task down the road doesn't make much sense right now."

Economic impact

If the lease agreements can't be met and the Rams were to leave St. Louis, the economic fallout is debatable.

The CVC maintains and operates the Dome as part of the America's Center convention complex with an approximately \$12 million annual budget. That budget is funded by a 3.75 percent tax on hotel sleeping rooms in St. Louis city and county. Ironically, the Rams' eight regular-season home games on Sunday afternoons generate little revenue for the local hotels that pay that tax.

"We see good foot traffic in our bar and restaurants pre- and post-game, but not a lot of overnight rooms," said Dan Boyer, director of sales and marketing at the Renaissance St. Louis Grand and Suites Hotel across the street from

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The Arizona Cardinals unveiled their new home, the \$356 million University of Phoenix Stadium, in 2006.

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the convention center. "Most season ticket holders are local. They come to the game and then go home. If the Rams were to leave town, it would not be devastating to us."

Cashing in on Rams games also can be elusive for downtown restaurants.

"Economically for the restaurants it's a negligible factor," said Pablo Weiss, owner of Kitchen K on Washington Avenue near America's Center. "I am a Rams fan and St. Louisan first. However, with all due respect, if the Rams left, it would not have a deleterious effect. In fact, I could potentially get more convention business."

The Rams lease makes the Dome available for conventions only one week-end a month from August through January. If the CVC could bring in additional outside groups on those game week-

ends, it would have a bigger impact on downtown businesses, many said.

"Conventions are my lifeblood. Without them the equation doesn't work," Weiss said. "I can be the busiest restaurant in St. Louis on a Monday night in the middle of January, save The Cheesecake Factory, because I'll have 2,000 people next door and they need to eat."

Sommer confirmed the CVC and the St. Louis region can generate more new sales taxes from out-of-town visitors through a convention than a Rams game. But the CVC nets about \$1 million a year from the Rams after operating and maintenance expenses. That's the equivalent of about 10 major conventions, he said. And even on game week-ends, the CVC has the rest of its exhibit halls available.

It's more difficult to measure the indi-

rect revenue and economic intangibles the Rams provide, supporters said.

Vince Bommarito, owner of Tony's restaurant downtown, provides food for the Rams' owners suite and club dining even though his restaurant is closed Sundays. He points to the jobs the Rams support, and the gas stations, grocery stores and other businesses that benefit from tailgating and other game-day activity.

"If you want to crank out numbers that show the Rams bring a billion dollars to St. Louis you probably could," Dierdorf said. "You could probably also crank out numbers that show the Rams have cost the city money. But having an NFL franchise goes beyond dollars and cents. You are a big league city if you have an NFL franchise and you are not if you don't."

Jones disagrees.

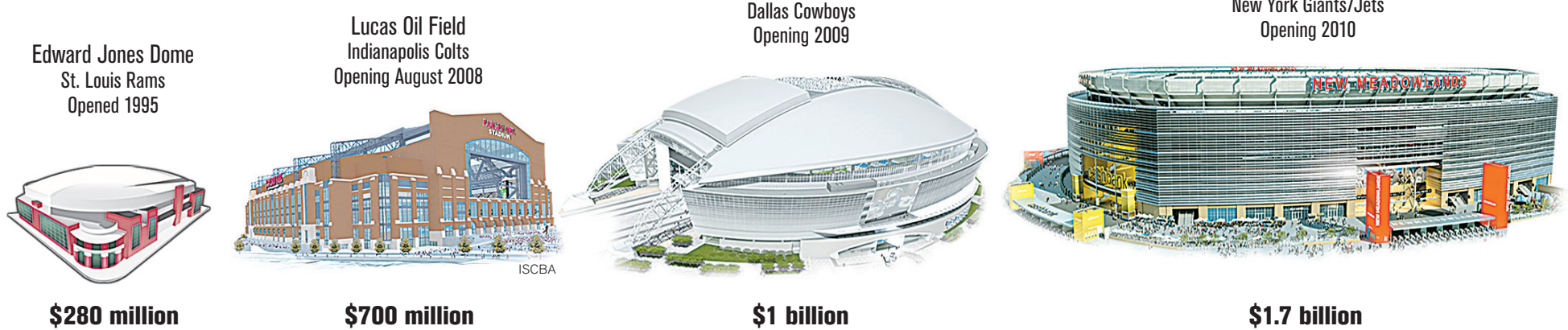
"The last time I looked, L.A. was a big league city," Jones said. "And I don't know if the Raiders have made Oakland a big league city."

Growing competition

Even if St. Louis comes up with the money to invest in first-tier renovations at the Dome, the challenge will be great. Twenty NFL stadiums have been built or extensively renovated since the Rams relocated here. Several more state-of-the-art facilities are in the works. The Indianapolis Colts are set to move into their new, \$700 million Lucas Oil Stadium in August. The Dallas Cowboys are constructing a \$1 billion stadium set to debut in 2009. The New York Giants and Jets are working together on a new \$1.7

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How the Dome stacks up



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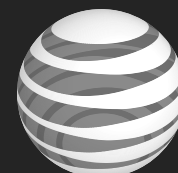
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billion stadium scheduled to open for the 2010 season. And the San Francisco 49ers are in talks with officials in Santa Clara, Calif., about building a new stadium there.

Essentially, 24 or more newer, bigger, brighter, flashier stadiums will have an edge on the Edward Jones Dome by 2010. By the time the Dome is measured against its peers in 2015, it will be one of the oldest stadiums in the NFL despite being just 20 years old.

When the RCSCA and CVC realized retaining first-tier status would not be possible with the funding available at the time of the first measuring date in 2005, they struck a deal with the Rams. First the date was postponed, and later it was eliminated through a formal amendment to the Rams lease signed last Sept. 20.

In exchange, the CVC and RCSCA committed \$30 million for upgrades to the Dome, ranging from new LED video and scoreboards, to improvements to the statisticians booth where coaches sit, to technology upgrades at concession stands. Those improvements must be complete by July 31, 2009.

"That was a heck of a deal," Sommer said. "If we had measured every component and had to make sure everything was first-tier, we would have had to spend a lot more than that."

Next time, however, the Rams might not choose to waive the first-tier review. The CVC and the Rams are scheduled to exchange plans for first-tier upgrades in 2012 and settle on a plan, through third-party arbitration if necessary, by the end of that year.

Nearly all available capital improvement funds are going toward the current \$30 million renovation plan, said RCSCA's McMurtry. That means \$24 million more will accumulate from 2010 through 2015. But most of that will be needed for annual preservation costs as the Dome ages, he said.

To keep up with its peers, the Dome

would likely require expensive new technologies and physical expansion to offer more space for concourses and amenities beyond the seating bowl, said Dennis Wellner, a senior principal at HOK Sport in Kansas City and the Dome's original architect. By 2015, such modifications would cost "hundreds of millions of dollars."

"Over time the buildings themselves have grown in gross area, and everything is larger than it used to be or the configuration is different," Wellner said of newer NFL stadiums. "The limitation that exists at the Edward Jones Dome is the fact that the building is built adjacent to the streets that exist there. The site is tight. The ability to expand, as is the case in Kansas City and a project we did in Miami where we extended the building outward, is not possible."

Owners' options

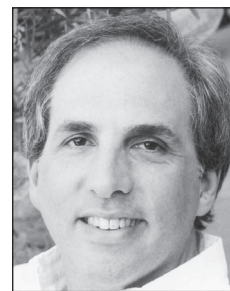
During a visit to St. Louis in April, the Rams' new managing owner, Dale "Chip" Rosenbloom, said he has no interest in relocating the football team. St. Louis treated his late mother, longtime owner Georgia Frontiere, well, he said. Although Rosenbloom grew up and lives in Los Angeles, he has family roots and connections here. And the Rams lease terms he inherited may be too good to give up.

In the deal St. Louis made to lure the Rams, the team pays \$250,000 in rent each year but keeps most of the revenue from ticket sales, concessions, sponsorships, national NFL television deals and local advertising. The Rams reported revenue of \$178 million in 2007, a 4.7 percent increase from the previous year. Forbes magazine valued the franchise at \$908 million in its latest review of NFL teams.

Although the Rosenbloom/Frontiere family has been in the football business for decades, Rosenbloom has a separate career in Hollywood as a screenwriter, director and producer. He is founder and owner of Open Pictures, an independent

production company that makes family-friendly motion pictures and documentaries. He and his wife, Kathleen, have two children.

Since Rosenbloom and his sister, Lucia Rodriguez, inherited a 60 percent joint ownership stake in the Rams, Rosenbloom has had to make adjustments. He said he already turned down a directing job scheduled to start this fall so he can attend to the Rams as they kick off the 2008 season, and he is still getting a feel for the ownership role.



Chip Rosenbloom

"The transition will be challenging. This season we're taking a watch, wait and see approach. We're learning," Rosenbloom said.

He plans to be a present owner, but not a hands-on one like the Cowboys' Jerry Jones or the Washington Redskins' Daniel Snyder. And football decisions will remain in the hands of team executives, headed by the Rams' president and longtime Frontiere confidant, John Shaw.

"We're much more interested in the community and in supporting the people we have who know a lot more about running a football team," Rosenbloom said.

Shaw sat next to Rosenbloom and Rodriguez during their introductory visit with members of the St. Louis press last month at the team's Russell Training Center. Shaw has given no indication he intends to leave the Rams after more than a quarter-century as Frontiere's key adviser. But should he decide to resign or retire in the coming years, it's possible it could affect Rosenbloom's interest in holding on to the team.

Minority owner Stan Kroenke, who holds a 40 percent stake in the Rams, has more experience as a controlling partner. He owns a sports empire in Colorado that includes the NBA's Denver Nuggets, NHL's Colorado Avalanche, the Colorado Rapids of Major League Soccer, the National Lacrosse League's Colorado Mammoth and a one-third interest in the Arena Football League's Colorado Crush, in addition to the Altitude Sports & Entertainment regional television sports network. NFL cross-ownership rules would require he sell his stake in the Nuggets and Avalanche, however, if he strikes a deal to take control of the Rams.

Kroenke maintains strong ties to the St. Louis region. He graduated from the University of Missouri and serves as chairman of St. Louis-based commercial developer THF Realty. Should he or another owner take control of the Rams, however, he might scan the sports landscape to see if the Rams could find a more lucrative home elsewhere. Ironically, the largest market that does not have an NFL team but has been throwing around stadium proposals with the goal of luring a franchise is Los Angeles, the Rams' old stomping grounds.

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NFL stadiums built since 1995

Venue	Team occupant	Cost (in millions)	Year opened
Edward Jones Dome	St. Louis Rams	\$280	1995
Alltel Stadium	Jacksonville Jaguars	\$135	1995
Bank of America Stadium	Carolina Panthers	\$238	1996
FedEx Field	Washington Redskins	\$251	1997
M&T Bank Stadium	Baltimore Ravens	\$229	1998
Raymond James Stadium	Tampa Bay Buccaneers	\$190	1998
Cleveland Browns Stadium	Cleveland Browns	\$309	1999
LP Field	Tennessee Titans	\$292	1999
Paul Brown Stadium	Cincinnati Bengals	\$496	2000
Heinz Field	Pittsburgh Steelers	\$281	2001
INVESCO Field at Mile High	Denver Broncos	\$401	2001
Ford Field	Detroit Lions	\$400	2002
Gillette Stadium	New England Patriots	\$395	2002
Qwest Field	Seattle Seahawks	\$430	2002
Reliant Stadium	Houston Texans	\$402	2002
Lambeau Field (renovation)	Green Bay Packers	\$325	2003
Lincoln Financial Field	Philadelphia Eagles	\$530	2003
Soldier Field (renovation)	Chicago Bears	\$632	2003
Alltel Stadium (renovation)	Jacksonville Jaguars	\$64	2004
Louisiana Superdome (renovation)	New Orleans Saints	\$185	2006
University of Phoenix Stadium	Arizona Cardinals	\$356	2006
Dolphin Stadium (renovation)	Miami Dolphins	\$250	2007
Lucas Oil Stadium	Indianapolis Colts	\$700	2008
New Cowboys Stadium	Dallas Cowboys	\$1,000	2009
New Meadowlands	New York Giants, New York Jets	\$1,700	2010
Arrowhead Stadium (renovation)	Kansas City Chiefs	\$375	2010

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