

MLS/Triple A Baseball Task Force Questions and Issues for Discussion at February 17 Meeting

DRAFT

Introduction

The following issues and questions are intended to frame the discussion for the February 17 task force meeting. By this meeting, the task force will have reviewed all the primary data per the task force charge and deliberations need to get underway. These questions and TF deliberations will provide the basis for developing findings, conclusions and recommendations that will be the core of the Task Force report.

By March 19, 2009, Shortstop must submit its proposal for MLS. A series of items on the project are planned for consideration by City Council on March 11. The task force will present its report to Council at this time. It is also expected that the City Council will consider a supporting resolution which could include, for example, an expression of the City's intent to remodel PGE Park for soccer and relocate the Portland Beavers to a new facility. It also expected that a non-binding Memorandum of Understanding or term sheet would be entered into between the City and Shortstop detailing the understandings between the parties concerning the development of the facilities, the funding plan for the project and outlining the general business terms that will become binding through negotiations of development and operating agreements between the parties. The task force's identification of and views on project issues and options will be important in crafting the MOU or term sheet.

Summary of Proposal

Shortstop is proposing to acquire a MLS franchise. The franchise fee is estimated to be \$40 million. Shortstop proposes that public financing be used to remodel PGE Park for MLS and construct a new minor league baseball facility. The estimated cost for the facilities is expected to be between \$80 and \$85 million. Shortstop's proforma assumes payments to the City under new agreements under similar terms as the current agreement. Namely, annual lease payments and continuation of the 6% ticket tax. The Spectator Fund financing capacity is estimated to be \$18-23 million, or approximately 25% of project costs.

Key Questions for Discussion

1. Would the City benefit from having an MLS team? In what ways?
2. What non-financial concerns are associated with bringing MLS to Portland?
3. Does the task force have issues and concerns over the proposal to convert PGE Park into a soccer/football venue?
4. What are the preliminary views of the task force on the two proposed sites for the minor league baseball park?

5. Shortstop provided very general preliminary cost estimates to the task force for the PGE Park renovations and a baseball park at the two sites. Shortstop indicated that their contractor was willing to enter into a guaranteed maximum price agreement based on these estimates. In that these estimates are preliminary and the facilities have not been designed, what findings does the task force want to make in regards to estimated project costs?

6. Shortstop presented their long-term financial projections and City consultants provided an analysis of team finances. Is the task force satisfied with the teams' financial projections? If not, why not?

7. The task force reviewed and discussed the long-term projections of the City's spectator facilities fund. These projections were also reviewed by the City's consultant team. Is the task force satisfied with the spectator fund projections? If not, why not?

8. The task force has reviewed a draft financing plan in which the PGE Park remodel (assuming cost estimate of approx. \$35 to \$40 million proves accurate) could potentially be accomplished with \$15 million in tax increment funds from the planned new urban renewal district, approximately \$20 million from bonds supported by the Spectator fund, and \$5 million from the potential State legislation on MLS income tax collections. Is the task force satisfied with the plan? If not, why not?

9. At this time, the resources to fully fund the baseball park have not been identified. Tax increment funding at the two sites could be available and working estimates for this resource are: \$25 million for Lents Park and \$10 to \$15 million for the Rose Quarter site. No other sources have been identified to complete project funding, leaving a gap of \$20 to 35 million. Relative to the March proposal for MLS, how should this issue be addressed?

10. The amount of risk the City assumes for this project has been a concern throughout task force discussions. What risks does the task force see in this draft plan? What strategies can be used to manage and reduce risks to the City?

11. Based on the information and projections the task force has reviewed, should the City pursue this proposal, and if so, under what parameters and conditions should this potential project be pursued?