AGENDA

Meetıng Type:	S
Date	05-10-1990
SUBJECT	FY1991-95 Operating Budget Cıty Faır - Opening Old Coliseum Budget Workshop

Cıty of Charlotte, Cıty Clerk's Office

5/10/90 5 30 pm

Mayor ✓
Campbell ✓
Clodfelter ✓
Hammond ✓
McCrory ✓
Marques ✓
Martin ✓
Mathews ✓
Patterson ✓
Scarborough ✓
Vinroot ✓
Wheeler ✓

Mayor
White
#1.

Mayor
Bob Allen
Devin Byrd
Marie Bottegoules
Jonathan Sanchez

Debbie Moser
Lyn Hair
Martin
Hair
Scarborough
Hair
Stephane Noonan
Roger Lewis
Minnie Arndt
Sara Mc Murray
Denise Hood
Ronda Thompson
Vanessa Beatty
Arthur Baer & Family Hog. Sup.
Martin
Baer
Martin
Baer
Kent C. Schroeder
Dewey Bloom
Dale Dalton
C. Grant Whitney
Matthews

Whitney
Dinnbot
Whitney
Tom Cook
Martin
Cook
Frank Mansfield
Chester Helms
Anita Hodgkiss
Campbell
Hodgkiss
Captain Richard D Kingsberry

Campbell/Martin close hg.
used

2
Patterson/Martin
excuse Clodfelter
Campbell
Underhill
Campbell
Underhill
Patterson/Vinson
go into sec. zone
passed 10-1
to
others
for
Campbell

recess 6:35 pm

reconvene 7:49 pm

(Campbell + Seaborough absent)

Tommy Norman

Am Fidelity Properties.

Bob Sink #3.5 m

#500,000 screen

#300,000 City/down the road

#145 m for theater 7yrs

down to #1 m

Patterson

Sink

Patterson

Vinroot

Mangum

Magnum/Martin commercial mg. and geological

Patterson details

Mc Crory union

Mangum

Martin

Mayor

Hammond

Mc Crory

Wheeler
Mayor

#3
Mayor
Patterson / McCary exc. Smoot
Patterson
Wendell White
Steve Camp
Patterson
White
Patterson
White
Underhill
White
Patterson
Camp
White
Patterson
Boyd Cauble
Patterson
Cauble
Patterson

3 cont'd

Cauble

Patterson

Bob Bradshaw

Matthews

Cauble

Matthews

White

Mayor

White

Mayor

White

Matthews

Matthews / Martin ... defer / all 4 items

Manguem

Camp

Manguem

Camps ... 155-160 events

Manguem

Camp ... 31

Manguem

Camp ... 12-15

3 cont'd

Maguire

McCrory

Camp

McCrory

Camp

271 event days at Owens

McCrory

Camp

(Campbell returns)

McCrory

Camp

McCrory

Camp

McCrory

Camps

White

Matthews

White

Mayor

White

Matthews

Underhill

White

≠ 3 Cont'd

Mayor — no
Underhill
Matthews
Hammond
White
Hammond
White
Closfelter
Hammond
Closfelter
Hammond
Matthews
Martin
Marquem
Bradshaw
Mayor
Closfelter
White
Martin
White
Mayor

3 Con't

White

Mc Crory

Mayor

White

Clodfelter

McCrory / Martin

adjourn 9:05 p.m.

Mayor's Schedule
May 10, 1990

5 30 p m. - Budget Public Hearing

✓ 1. Bob Allen, Duke Power, 373-3224 - Youth Involvement Council

✓ 2 Manu Bettegowda, 7128 Amarillo Dr , 597-0786 - Youth Involvement Council.

✓ 3 Jonathan Sanchez, 3222 Idlewood Cir , 527-3992 - Youth Involvement Council

✓ 4 Devin Byrd , 1410 Rinehart Court, 845-6218 - Youth Involvement Council

5 Sarah Brooks, Charlotte-Mecklenburg Ambulance Service, 376-9511

✓ 6 Debbie Moser, P O.Box 34644, 372-9411 - Carolina's Carousel

7 Marcia Simon, 748 Hempstead Pl , 377-8560 - Arts & Science Council

✓ 8 Liz Hair, 1522 Stanford Pl , 376-2813 - Arts & Science Council.

✓ 9 Stephanie Noonan, 1201 Dilworth Rd., 334-3053 - Senior Center.

✓ 10. Minnie Anode, 3420 Park Rd., - YWCA's scattered sites program

11. Ellis Jones, 910 N. Alexander St., 336-4489 - Family Housing Services

✓ 12 A. Grant Whitney, 684 Colville Rd. 532-1060 - Festival in the Park

✓ 13 Robert C Schroeder, 2200 Dalepond Rd., 364-2121 - Festival in the Park

✓ 14. Dave Dalton, 222 Providence Rd , 663-5975 - Festival in the Park

✓ 15. Dewey Olson, IBM, Harris Blvd., 594-1000 - Festival in the Park.

✓ 16 Tom Cook, 5729 Joyce Dr., 374-8763 - Budget.

✓ 17. Chester Helms, 1012 S. Kings Dr , 375-3977 - Disability issues.

✓ 18 Frank Mansfield, Goodwill Inds., 372-3434 - Disability issues

✓ 19. Anita Hodgkiss, 700 E. Stonewall St., 333-0539 - conversion of Police Department handguns.

20. ~~Sergeant Stabel, P O. Box 19087, 359-8579 --- N.C. National Guard.~~

✓ Captain Richard D Kingsberry NC National Guard 359-8579

✓ Ronda Thompson 131 Sleepy Hollow 523 0058 YWCA
✓ Trey Denise Hood 6529 D Leafcrest Lane 352-7544
✓ Vanessa Beatty 1024 Lindhall Ct 332-8901 YWCA YWCA
✓ Sara McMurray 4411 Shea Lane 545-6936 YWCA

TERM SHEET

City of Charlotte ("City")
and
American Fidelity Property Company ("AFPC")

May 9, 1990 (Rev. #8)

1. City sells Cityfair land, improvements and appurtenant easements to AFPC on June 1, 1990 for $3.5 million, payable as described in Paragraph 6 below. City reserves party wall easements and other easement rights necessary for operation of the existing Parking Facility.

2. AFPC will use its best efforts to improve, develop and lease the Cityfair property as a specialty retail center, including, at its expense, the preparation (and, if feasible, implementation) of architectural, leasing and marketing plans for a major rejuvenation of, and long-term commitment to, Cityfair.

3. AFPC agrees that it will, for at least the period from June 1, 1990 to May 31, 1991 ("Remarketing Period") use its best efforts, as dictated by prudent retail operating standards, to keep Cityfair open and operating as a retail center (including a food court). During this period, and in AFPC's discretion, AFPC may provide funds as necessary to fund any additional operating losses incurred in excess of the $500,000 escrow as described in Paragraph 4, below, and the City's agreed contribution of up to $300,000, as described in Paragraph 5, below. AFPC shall have the right to terminate operation of Cityfair in its then current condition for any reason after the Remarketing Period.

4. At closing, AFPC will pay into escrow $500,000 to be withdrawn as needed by AFPC to fund operating losses, together with associated soft costs incurred by AFPC before or during the first 24 months after closing.

5. City agrees that it will commit and contribute up to $300,000 on account of operating losses in excess of the costs incurred by AFPC (up to $500,000) during the first 24 months after closing.

6. AFPC shall, at closing, deliver to City a purchase money note for $3.5 million, secured by a purchase money deed of trust on the Cityfair property and, if acquired by AFPC, the Montaldo property. The purchase money indebtedness shall bear no interest and shall be payable to the extent, only, of 70% of Net Cash Flow, after payment of the Preferred Return. Net Cash Flow means the gross income from the Cityfair property and, if acquired by AFPC, the Carolina Theatre and Montaldo property (including any income generated by a sale of all or part of the property), less (i) expenses, (ii) debt service on the loans described in Paragraph 8, below, (iii) taxes on income, and (iv) costs of sale. Preferred Return means distributions from

available Net Cash Flow in the following order: (a) reimbursement to AFPC of amounts withdrawn from the $500,000 escrow described in Paragraph 4, above, plus a 12% annual, cumulative return thereon, (b) reimbursement to the City of amounts up to $300,000 contributed pursuant to Paragraph 5, above, plus a 12% annual, cumulative return thereon, and (c) reimbursement of any additional equity contributed by AFPC pursuant to Paragraph 12, plus a 12% annual, cumulative return thereon. Any amounts up to $100,000 expended by AFPC for capital improvements to the Cityfair property for specialty retail use shall be treated as a credit against the purchase money indebtedness.

7. City shall grant at closing to AFPC an option expiring 7 years after the Remarketing Period to purchase the Carolina Theatre property for $1.45 million. The purchase price for the theatre property shall be evidenced by a purchase money note for $1.45 million, secured by a purchase money deed of trust on the theatre property. The purchase money note shall bear no interest and shall be payable to the extent, only, of 70% of Net Cash Flow (as defined in Paragraph 6, above), pro rata with debt service on the purchase money indebtedness on the Cityfair property. The following amounts shall be treated as credits against the purchase money indebtedness: (a) the cost of demolishing, clearing and preparing for development the theatre property and (b) $450,000 of the cost of constructing improvements for retail occupancy on the theatre property, which amount shall be credited upon the opening of the retail facility on the theatre property.

8. City agrees to subordinate the purchase money deeds of trust referred to in Paragraphs 6 and 7, above, to the lien of a deed of trust securing a construction and permanent loan (and any refinancings thereof) to AFPC from an institutional lender, the proceeds of which shall be entirely invested in improvements and soft costs attributable to the retail center to be developed by AFPC.

9. City shall at closing grant to AFPC an option expiring 7 years after the Remarketing Period to purchase the Parking Facility for the amount of cash required at the time of such purchase to retire the existing revenue bonds issued by the City on the Parking Facility, subject to the County's contractual rights with respect to no more than 110 spaces in the Parking Facility.

10. City shall have an option to purchase the Cityfair and theatre property from AFPC at any time after 18 months after the Remarketing Period provided the property is not operated primarily for retail purposes for more than 18 consecutive months. The purchase price for such property shall equal AFPC's unrecovered investment in the property together with a 12% per annum cumulative return thereon.

11. At or before closing, the City and AFPC shall mutually agree on plans to improve the appearance and utility of the Parking Facility, the cost of such improvements (such as graphics and lighting) to be borne by the City.

12. For any equity investment made by AFPC for the costs of acquiring or improving the Cityfair, Montaldo or Theatre properties, which AFPC cannot finance pursuant to Paragraph 8, AFPC shall be entitled to a 12% per annum cumulative return on its investment payable as a Preferred Return prior to the payment of any indebtedness under either the Cityfair purchase money indebtedness or the theatre purchase money indebtedness.

13. The City, with the cooperation of AFPC, will use its best efforts to develop and implement a comprehensive parking plan that will enable customers of retail merchants in the uptown area (including merchants located in the Cityfair, Montaldo and theatre properties) to park in participating uptown parking lots and facilities (including the Parking Facility) without charge, under a validation system.

M E M O R A N D U M

May 11, 1990

TO: Mayor and Council

FROM: O. Wendell White
City Manager

SUBJECT: Meeting with Coliseum Authority Officials

Lynn Wheeler and Cyndee Patterson represented Council as we discussed issues with the Coliseum Authority (John Maxheim, John Harris, Bill Covington, Joe Grier, and Steve Camp) on Wednesday, May 9. Boyd Cauble and Greg Gaskins also were in attendance.

We agreed that the Authority is doing quite a few things right, i.e., they appear to be running the most successful entertainment facilities in the Country. They are also leveraging real estate development on the west side of Charlotte as well as stimulating economic development within our community with current and future events such as the Final Four and NBA All-star games.

We agreed that most of the problems identified were related to misconceptions and the lack of communication between the City and the Authority. We concluded that the best way to address this issue is through regular joint quarterly meetings and better day-to-day communication.

Our meeting went far in helping us understand each other's objectives and concerns. I think the quarterly meetings suggested by the Authority will help to minimize future misunderstandings. Many of the past differences we identified provided both the Authority and the City opportunities to express very valid points of view which had previously not been well understood.

bs

cc: John Maxheim
Bill Covington
John Harris
Joe Grier
Steve Camp

CITYFAIR FINANCIAL STRUCTURE

Cityfair, Montaldo's, Carolina Theatre

Income — or — Sale Proceeds

- Expenses
- Debt Service

- Costs of Sales
- Loan Payoffs

- Taxes on Net Cash

- Preferred Returns

$500,000 + 12% to AFPC

$300,000 + 12% to City/Chemical — City contributed, but return must be split 50/50 with Chemical

Additional Equity + 12% to AFPC

Remaining Cash Until Purchase Price Paid

70% to City/Chemical

$4,950,000
- 100,000 structural alteration to building
- 450,000 Theatre retail credit
- Theatre demolition credit

$4,400,000 - demolition

1st $1.2M to be split 50/50 with Chemical
then City recovers embedded costs
then Chemical recovers embedded costs
then remainder to City

30% to AFPC

then 100% to AFPC

CHARLOTTE

Mayor Sue Myrick *Mayor Pro Tem Cyndee Patterson*

Stanley M Campbell *Hoyle H Martin*
Daniel G Clodfelter *Roy Matthews*
Ann Hammond *Ella Butler Scarborough*
Pat McCrory *Richard Vinroot*
Tom Mangum *Lynn M Wheeler*

Council Agenda

Thursday, May 10, 1990

5:30 p.m. - Council Meeting
Meeting Chamber

Invocation

ITEM NO.

1. Conduct a Public Hearing on the FY91 Operating Budget and the FY1991-95 Capital Improvement Budget.

   Highlights of the Recommended FY91 Budget.

   A. The FY91 Budget totals $518.4 million (a 5.9% increase over the FY90 Budget); the Operating Budget totals $353.8 million and the Capital Budget totals $164.6 million.

   B. The tax rate has not increased for four years; the FY91 recommended budget does not reflect a tax rate increase.

General Fund -	$0.5125
Debt Service -	$0.0700
Pay as you go Capital	$0.0450
Total	$0.6275

Campbell/Martin close hrg

   C. The FY91 Budget includes the addition of 128 positions. Included in these new positions are 53 public safety positions, 19 Engineering positions to support the Capital Improvement Program, 10 positions for fleet maintenance and 6 positions for parks maintenance and recreation.

   D. The FY91-95 Capital Improvement Program totals $810.4 million and includes seven additional road projects, a new Animal Shelter, expansion of the Law Enforcement Center, land acquisition for a NFL Football Stadium, regional wastewater treatment plant and a new 8,000 foot runway at the Airport.

2. Discussion on Cityfair.

A. Recommend adoption of a motion to recess the meeting and go into executive session to consult with the City's attorneys and discuss matters related to the location of business in Charlotte with regard to Cityfair in accordance with G.S. 143-318.11(a)(5) and (6).

B. Discussion of Cityfair Real Estate Committee recommendation and take appropriate action to provide direction to the City Manager regarding the Committee recommendation.

3. Consider Response To Requests To Reopen The Old Coliseum.

Attachment No. 1

CHARLOTTE

Request for Council Action

To be completed by the City Council or the City Manager's Office

Subject **Consider Response for Request to Proposals to Reopen the Old Coliseum**

Responsible Department **City Manager's Office**

This request should be completed according to the following guidelines. See Background Explanation of Request, Source of Funding, Clearance, Bibliography

The fast track process approved by Council at the April 23 meeting called for a Request for Proposals (RFP) to be sent to all parties interested in reopening the old Coliseum and requiring them to submit responses to City staff by May 9, 1990. The intent of the fast track schedule is to allow anyone considering the use of the old building for Ice Hockey this fall to have adequate time to install proper ice making equipment this summer. Yesterday the City received one (1) written response to the RFP from D. L. Phillips Investment Builders, Inc. (Phillips). See the attached response.

Mr. Henry Brabham, the gentleman interested in the Hockey Franchise, did not respond to our RFP.

Mr. George Shinn who is also interested in the old facility did not respond. Mr. Shinn phoned us on May 10 and we advised him to notify Council members if he is still interested in the building and wishes to be considered outside the RFP response deadline.

None of the additional individuals/groups that received our RFP responded.

The following are potential actions Council may wish to consider regarding the old Coliseum:

1. Accept Phillips' proposal as is and authorize staff to begin negotiating a contract
2. Reject Phillips' proposal and begin the RFP process again by refining the RFP and soliciting responses from additional entities.
3. Authorize the City Manager to negotiate with Phillips and place certain provisions in the authorization which will minimize the City's investment and the Coliseum Authority's risks. For example, request Phillips to seek private financing and create minimal restrictions which will negate the old Coliseum's ability to compete with the new Coliseum for lucrative events.
4. Request the Coliseum Authority to investigate potential anchor tenants for the old building and submit proposals to the City for reopening the building under the Authority's control.

In addition to the response to our RFP, we are attaching a memo from the Finance Director regarding his evaluation of the attached RFP.

RESPONSE TO REQUEST FOR PROPOSAL ("RFP")
RE: USE OF OLD CHARLOTTE COLISEUM
DATED APRIL 20, 1990

The paragraph numbers of this response correspond to the paragraph numbers of the RFP.

1. Qualifications. The undersigned, D. L. Phillips Investment Builders, Inc. ("Phillips"), intends to form a corporation (the "Company") to lease the Old Coliseum from the City upon the terms set forth hereafter. The Company would enter into a management agreement with Spectacor Management Group ("Spectacor") for the operation of the Old Coliseum. Accompanying this response and incorporated herein by reference is extensive information concerning Spectacor and its experience in operating similar facilities elsewhere. It is anticipated that UNCC would be an anchor tenant for a number of its basketball games. Spectacor would explore the feasibility of negotiating with a professional sports team and expects the facility would provide a general event mix including family shows, concerts, consumer and trade shows and other sports events.

2. Parking. Phillips has provided overflow parking in the Charlotte Merchandise Mart parking area for the Old Coliseum and Ovens Auditorium for thirty years. Phillips would enter into a similar arrangement with the Company. The Company also intends

to meet with representatives of the Coliseum/Auditorium, Convention Center Authority (the "Authority") to develop a parking plan that will satisfy patron needs while minimizing the effect on the surrounding area. Phillips is confident, based on its experience, that parking would be provided with a minimum of inconvenience to the patrons of all three facilities.

3. Renovations. The Detailed Building Evaluation Original Charlotte Coliseum, revised February 20, 1990 by Odell Associates (the "Odell Report") has been reviewed carefully and discussed with the Odell staff. The Company is prepared to spend approximately $3,000,000 in making the short-term repairs outlined in the Odell Report. The Company proposes to borrow the amount necessary to make the repairs from the City and to repay the loan with interest at the rate of six percent (6%) per annum on a level amortization basis over a period of twenty years. In addition, the Company intends to explore the feasibility of installing a permanent ice-making plant. The Company plans to make additional aesthetic improvements including interior graphic schemes and outside landscaping. The Company's representatives have not had an opportunity to make an intensive on-site inspection of the facility but are prepared to do so if the City selects the undersigned as the preferred respondent.

4. Scheduling of Events. A representative of the Company has met with Mr. Camp of the Authority to discuss preliminarily a

plan for scheduling to minimize potential conflicts. The Company is committed to operating as a responsible member of the community and will consult with the Authority regarding event scheduling as well as other pertinent neighborhood concerns.

5. Indemnification. To the extent permitted by law, the Company will indemnify and hold harmless the City of Charlotte and its respective agents, officers, employees and directors from and against any and all liability, loss, damages, interests, judgments and liens arising from the future operation of the Old Coliseum. This will be accomplished by providing customary insurance coverages to fully protect the City in this regard.

6. Lease. The Company proposes to lease the Old Coliseum under a lease agreement containing the following major provisions:

(a) Term. An initial term of twenty years with the Company having the right to renew for four additional five year terms.

(b) Rent. The Company would pay the greater of Ten Thousand Dollars ($10,000) or ten percent (10%) of the net income of the facility as annual rent.

(c) Improvements. The Company would agree to make the improvements referred to in Paragraph 3 of this response. The Company would have the right to make additional improvements with the consent of the City.

(d) Maintenance. The Company would have full responsibility for the maintenance of the facility.

Accompanying this response and incorporated herein by reference is an operating pro forma.

Please advise us if we may provide any additional information. If we are selected as the preferred respondent, we are prepared to enter into detailed negotiations immediately.

D. L. PHILLIPS INVESTMENT BUILDERS, INC.

By _____

CHARLOTTE COLISEUM
20 YEAR PROJECTIONS

CHARLOTTE COLISEUM

(in thousands)

	Ref	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Number of Events	(1)	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99
Attendance	(2)	580	580	580	580	580	580	580	580	580	580	580	580	580	580	580	580	580	580	580	580
Adjusted Gross Income	(3)	$1 682	$1 850	$2 035	$2,137	$2,244	$2 356	$2 474	$2 598	$2 727	$2 864	$3 007	$3 157	$3 315	$3 481	$3 655	$3 838	$4 030	$4 231	$4 443	$4 665
Indirect Expenses	(4)																				
Salaries & Benefits	(5)	683	710	739	776	815	855	898	943	990	1 040	1 092	1,146	1 204	1 264	1 327	1 393	1 463	1 536	1 613	1 693
Other Expenses	(6)	875	910	946	994	1,043	1 096	1 150	1 208	1 268	1 332	1 398	1 468	1 542	1 619	1 700	1 785	1 874	1 967	2 066	2 169
Total Indirect Expenses	(7)	1 558	1 620	1 685	1 770	1 858	1 951	2,048	2 151	2 258	2 372	2 490	2 614	2 746	2 883	3 027	3 178	3 337	3 503	3 679	3 862
Operating Income/(Loss)	(8)	$124	$230	$350	$367	$386	$405	$426	$447	$469	$492	$517	$543	$569	$598	$628	$660	$693	$728	$764	$803
Other Income/(Expense)	(9)																				
Depreciation	(10)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)	(97)
Interest Expense	(11)	(178)	(173)	(168)	(162)	(156)	(150)	(143)	(136)	(128)	(121)	(112)	(103)	(94)	(84)	(73)	(61)	(49)	(36)	(23)	(8)
Net Income/(Loss)	(12)	($151)	($40)	$85	$108	$133	$158	$186	$214	$244	$274	$308	$343	$378	$417	$458	$502	$547	$595	$644	$698

Notes to Pro Forma for the Old Charlotte Coliseum

As part of the Company's proposal, Spectacor has developed a pro forma statement that outlines the anticipated financial performance of the Old Coliseum. In order to assist in the evaluation of this statement, the following explanations and definitions have been included:

1. Number of Events - Based on Spectacor's knowledge of the industry and operation of similar venues, it is anticipated that the Old Coliseum can host 99 events per year including family shows, sporting events, concerts, trade shows, consumer shows, and civic events.

2. Attendance - Based on the number of events projected above, Spectacor anticipates attracting approximately 580,000 patrons to the Old Coliseum each year.

3. Adjusted Gross Income - Defined as all event income including rental income from events, concessions income, novelties income, and parking income, as well as other income including revenue from advertising and interest income.

4. Indirect Expenses - Includes salaries and benefits and other expenses.

5. Salaries & Benefits - Includes all salaries and benefits for anticipated staff necessary to operate the Old Coliseum.

6. Other Expenses - Includes all expenses that are necessary for the efficient operation of the Old Coliseum (utilities, cleaning, insurance, repairs and maintenance, etc.)

7. Total Indirect Expenses - Sum of salaries and benefits and other expenses.

8. Operating Income/(Loss) - Adjusted gross income less indirect expenses.

9. Other Income/(Expense) - Includes depreciation and interest expense.

10. Depreciation - Based on $3,000,000 investment in physical improvements amortized over 31 years.

11. Interest Expense - Based on $3,000,000 loan at 6% over 20 years for physical improvements.

12. Net Income/(Loss) - Operating Income less depreciation and interest expense.

CITY OF CHARLOTTE

INTER OFFICE COMMUNICATION

DATE May 10, 1990

TO O. Wendell White
City Manager

FROM Richard D. Martin
Director of Finance

SUBJECT Analysis of Response to Old Coliseum RFP

Background.

On April 20, 1990, the City issued a Request for Proposal (RFP) to elicit potential users for the old Charlotte Coliseum. On the due date, May 9, 1990, only one response was received. What follows is a brief analysis of this response according to the required elements of the RFP.

1. Qualifications.

a. Experience. D. L. Phillips intends to form a corporation (hereinafter the "Company") to lease the old Coliseum. They have no sports management experience. They intend to employ Spectacor Management Group which is an experienced national sports facility manager.

b. Utilization. Spectacor has developed a pro forma statement based on the Old Coliseum's hosting 99 events with 580,000 patrons. They are depending on UNCC basketball, a professional sports team and a mix of concerts, trade shows and sports events.

c. Comments. This proposal did not directly respond to the issue of financial capability. Furthermore, there apparently haven't been any discussions with potential key tenants. Thus, the pro forma numbers appear to be highly speculative.

2. Parking.

a. Proposal. The Company proposes to enter into an agreement with Spectacor similar to previous arrangements with the Old Coliseum for overflow crowds in its Merchandise Mart lots. They propose to develop a parking plan with the Coliseum Authority to minimize parking difficulties at these facilities.

b. Comments. Phillips does have an advantage over other potential owners because of his control of Merchandise Mart parking. However, the response really doesn't offer a parking plan.

3. Renovations.

a. Proposal. The Company proposes to borrow $3,000,000 from the City at 6% for 20 years to do the short-term repairs discussed in the Odell report. The Company proposes to make other aesthetic improvements and explore the feasibility of a permanent ice-making plant. The Company did not make an on-site inspection of the facility and has no first hand knowledge of needed repairs.

b. Comments. This proposal would involve substantial involvement by the City in having the City loan $3,000,000 at below market rates. There is no assurance that this would be a sufficient amount of money to make the facility operate successfully or that the Company would devote other resources to the additional needed renovations. Apparently, the City's loan would be repaid only if the facility were successfully operated. There is also a legal question that must be answered as concerns the ability of the City to lend this money to a private entity to conduct this enterprise . Although the City could do the repairs itself.

4. Scheduling of Events.

a. Proposal. The proposal states that the Company will work with the Coliseum Authority to minimize potential conflicts.

b. Comments. With the proposed mix of events there may be conflicts which really can't be defined on the basis of available information. However, Speactacor has national prominence and since it is unlikely that 99 new events will be attracted to the City, it is likely that there will be some negative impact on new Coliseum revenues.

5. Indemnification

a. Proposal. The Company proposes to purchase insurance to cover risks to the City and will hold the City harmless to the extent provided by law.

b. Comments. If insurance is available in the marketplace, the City can be protected reasonably well by this method.

6. Lease.

a. Proposal. The Company proposes a straight 20 year lease with four five year renewals. Rent would be $10,000 per year or 10% of net income of the facility (Spectacor's management fee would be deducted before the net income split). The lease would apparently contain a separate provision on the repairs and the City's lending of $3,000,000 at 6% interest. The Company would be responsible for maintenance.

b. Comments. The City shares in the risk of the operation of the facility to the extent of the repayment of its loan. If the facility is successful, 10% of the net income is still not a great deal of money. The pro-forma net income figures go from minus $151,000 to plus $698,000. Thus, our highest potential rent is less than $70,000. Furthermore, the pro forma is highly speculative at this point.

SUMMARY.

The response to the RFP has very little detail and significant questions are unanswered. Substantial negotiations would be required to make any determination of feasibility. However, even under the most favorable circumstances we are considering a substantial monetary risk with a low potential monetary return. Of course, there are other potential non-monetary returns. In addition, the legal question concerning the "public purpose" of the proposed loan must be resolved.