

EXECUTIVE SUMMARY

In January of 1999, Brailsford & Dunlavey (B&D) was engaged by the City of Portland, to determine the feasibility of developing an indoor arena in downtown Portland. The purpose of the analysis is to evaluate the strength of the City of Portland and environs as a market for the events which would provide the tenants for such a facility.

Executive Summary

Market Analysis

- Statistical analysis of Portland indicates that the City and its environs represent a good market for a 10,000-seat arena and minor league hockey. Although certain statistics, such as the size of the "target market" population, are less desirable than in some minor league cities, these weaknesses are overshadowed by the existence and demonstrated viability of an established AHL franchise tenant (Portland Pirates) that is already based within Portland, as well as a strong corporate market.
- Although attendance figures have been down in recent years, the historical success of the Portland Pirates has demonstrated the market's real-world ability to support minor league sports franchises, both through general attendance and corporate support for premium seating, advertising, and sponsorship revenues.
- Telephone interviews of local business leaders revealed that approximately 15% of the respondents have some level of interest in premium seating and/or luxury suites/skybox options. This level of support for specialized seating is considered to be at the low end for markets of this size.
- On the other hand, nearly 65% of the local business interview respondents expressed interest in purchasing various types of advertising (i.e., PA announcements and signage). This represents a significantly higher percentage than is generally realized within similarly sized markets. Additionally, some respondents inquired about naming rights as well as the possibility of equity partnerships for the proposed facility.
- A wide variety of event types, including various "second" & "third" tier minor league professional sports, university athletics, high school sports, concerts, and family shows, exist which could provide an extensive and varied event calendar for an arena in Portland. Under certain assumptions, the facility should be able to attract at least 149 events and as many as 204.
- The development of a similar arena facility within close proximity to the Greater Portland market area would represent the single greatest threat to the economic viability of the proposed Portland arena. At present, a similarly sized minor league arena venture in Manchester, NH is currently in the planning phase. B&D's community survey will illustrate the degree to which a facility in Manchester, NH will draw patrons from the primary market area for the proposed downtown Portland facility.
- This arena concept is programmed to hold 10,000 seats in concert configuration and approximately 8,500 for hockey.



**CITY OF PORTLAND
ARENA FEASIBILITY STUDY
Market Demographics**

Table 1. Population and Income vs. Cities with New Minor League Arenas
Ranked by Median Household Effective Buying Income

Metro Area	1998 Population	1998 Households (1)	Median Household Effective Buying Income (2)	Households By Effective Buying Income (2)						Buying Power Index (2)
				\$20,000 - \$34,999		\$35,000 - \$49,999		\$50,000 & Over		
				Percent	Number	Percent	Number	Percent	Number	
Bridgeport-Stamford-Norwalk-Danbury, CT (4)	855,500	308,400	\$60,374	13.2%	40,700	13.2%	40,700	59.2%	182,600	0.4953
Manchester-Nashua, NH (4)	358,900	134,600	\$44,771	18.6%	25,000	20.7%	27,900	42.6%	57,300	0.1559
Nashville, TN	1,147,600	442,400	\$39,595	20.9%	92,500	18.7%	82,700	37.2%	164,600	0.4874
Grand Rapids-Muskegon-Holland, MI	1,033,400	371,200	\$38,640	22.3%	82,800	20.9%	77,600	34.2%	127,000	0.3906
Portland, ME (4)	255,500	100,600	\$37,143	23.3%	23,400	20.4%	20,500	32.6%	32,800	0.1076
Rochester, NY	1,088,600	408,000	\$35,963	22.9%	93,400	20.2%	82,400	31.1%	126,900	0.3934
Albany-Schenectady-Troy, NY	874,400	337,100	\$34,295	23.7%	79,900	20.0%	67,400	30.6%	103,200	0.324
Memphis, TN	1,087,500	398,200	\$34,170	21.3%	84,800	17.3%	68,900	31.6%	125,800	0.4064
Greenville-Spartanburg-Anderson, SC	922,500	355,000	\$31,540	24.5%	87,000	19.0%	67,500	25.6%	90,900	0.3353
Oklahoma City, OK	1,036,100	396,400	\$31,235	25.1%	99,500	18.2%	72,100	26.1%	103,500	0.3706

Source: 1998 Survey of Buying Power

(1) - "Households" does not include persons living in group quarters (eg. students), although the income of such persons is included in total Effective Buying Income.

(2) - Effective Buying Income is defined by Sales and Marketing Management as "money income less personal tax and nontax payments" or "disposable" or "after-tax" income".

(3) - Weighted index for a region given by .5 times the region's percent of total U.S. Effective Buying Income, .3 times the region's percent of total U.S. retail sales, and .2 times the region's percent of total U.S. population.

(4) - New Minor League Arena is currently in the planning phase.

CITY OF PORTLAND
ARENA FEASIBILITY STUDY
Market Demographics

Table 2. Growth Trends vs. Cities with New Minor League Arenas
Ranked By 2003 Population Percent Increase

Metro Area	1998 Population	Estimated 2003 Population	% Change 1998 - 2003	1998 Households	Estimated 2003 Households	% Change 1998 - 2003
Greenville-Spartanburg-Anderson, SC Nashville, TN	922,500	999,300	8.3%	355,000	394,200	11.0%
Grand Rapids-Muskegon-Holland, MI	1,147,600	1,241,200	8.2%	442,400	486,100	9.9%
Manchester-Nashua, NH	1,033,400	1,091,700	5.6%	371,200	399,900	7.7%
<i>Portland, ME</i>	358,900	375,500	4.6%	134,600	143,200	6.4%
Memphis, TN	<i>255,500</i>	<i>265,600</i>	<i>4.0%</i>	<i>100,600</i>	<i>106,700</i>	<i>6.1%</i>
Oklahoma City, OK	1,087,500	1,125,700	3.5%	398,200	419,300	5.3%
Bridgeport-Stamford-Norwalk-Danbury, CT	1,036,100	1,073,900	3.6%	396,400	414,800	4.6%
Rochester, NY	835,500	848,800	1.6%	308,400	316,700	2.7%
Albany-Schenectady-Troy, NY	1,088,600	1,083,900	-0.4%	408,000	412,000	1.0%
	874,400	857,900	-1.9%	337,100	334,600	-0.7%

Source: 1998 Survey of Buying Power

CITY OF PORTLAND
ARENA FEASIBILITY STUDY
Market Demographics

Table 3. Target Market Size vs. Cities with New Minor League Arenas
Ranked By Percentage of Target Market

Metro Area	1998 Population	Estimated 1998 18-24 Pop.	Estimated 1998 25-34 Pop.	Percentage of Target Market 18-34	Target Market Population	Median Age of Population {1}
Manchester-Nashua, NH	358,900	8.5%	17.3%	25.8%	92,600	34.1
Nashville, TN	1,147,600	9.2%	16.4%	25.6%	293,800	34.4
<i>Portland, ME</i>	<i>255,500</i>	<i>9.3%</i>	<i>16.0%</i>	<i>25.3%</i>	<i>64,600</i>	<i>35.7</i>
Oklahoma City, OK	1,036,100	9.4%	15.8%	25.2%	261,100	33.8
Memphis, TN	1,087,500	9.2%	15.7%	24.9%	270,800	32.9
Grand Rapids-Muskegon-Holland, MI	1,033,400	9.0%	15.6%	24.6%	254,200	32.8
Albany-Schenectady-Troy, NY	874,400	10.0%	14.6%	24.6%	215,100	36.3
Rochester, NY	1,088,600	9.4%	15.1%	24.5%	266,700	35.3
Greenville-Spartanburg-Anderson, SC	922,500	9.8%	14.1%	23.9%	220,500	36.0
Bridgeport-Stamford-Norwalk-Danbury, CT	835,500	7.9%	14.9%	22.8%	190,500	37.9

Source: 1998 Survey of Buying Power

{1} Median Age of Population is given for DMA (Dominant Market Area for local media as defined by Neilson Media Research). All metro areas listed are unique DMAs except for Bridgeport-Stamford-Norwalk-Danbury, CT which is part of the New York, NY DMA.

CITY OF PORTLAND
ARENA FEASIBILITY STUDY
Market Demographics

Table 4. Corporate Market Strength vs. Cities with New Minor League Arenas
Ranked by Highest County Business Per Capita

Metro Area	1998 Population	Total Business Establishments {1}	Metro Business Per Capita {2}	Number of Business Establishments Rank
<i>Portland, ME</i>	255,500	9,018	0.0353	131
Bridgeport-Stamford-Norwalk-Danbury, CT	835,500	27,115	0.0325	53
Manchester-Nashua, NH	358,900	9,929	0.0277	118
Oklahoma City, OK	1,036,100	27,269	0.0263	52
Nashville, TN	1,147,600	30,109	0.0262	45
Greenville-Spartanburg-Anderson, SC	922,500	22,200	0.0241	64
Grand Rapids-Muskegon-Holland, MI	1,033,400	24,267	0.0235	60
Albany-Schenectady-Troy, NY	874,400	20,011	0.0229	70
Memphis, TN	1,087,500	23,357	0.0215	62
Rochester, NY	1,088,600	23,257	0.0214	63

Source: 1998 Survey of Buying Power

{1} Total Business Establishments are per MSA and are based on 1998 Survey of Buying Power.

{2} Total businesses in the MSA as defined by the 1998 Survey of Buying Power divided by the 1998 MSA population.

CITY OF PORTLAND
ARENA FEASIBILITY STUDY
Effective Buying Income

Table 5. Top 25 U.S. MSAs for Median Household Effective Buying Income

Rank	Metro Area	Median Household EBI	Total EBI Rank	Households with EBI of \$150,000+ Rank
1	Bridgeport-Stamford-Norwalk-Danbury	\$60,374	36	10
2	Middlesex-Somerset-Hunterdon	\$54,492	40	27
3	San Jose	\$54,407	26	16
4	Nassau-Suffolk	\$52,697	11	9
5	Washington	\$49,977	4	4
6	Trenton	\$48,502	110	67
7	Newark	\$46,959	21	12
8	Seattle-Bellevue-Everett	\$46,567	13	14
9	Portsmouth-Rochester	\$46,428	106	92
10	Bergen-Passaic	\$46,394	34	19
11	Hartford	\$46,347	45	37
12	Anchorage	\$46,295	150	107
13	New London-Norwich	\$46,013	148	133
14	Ventura	\$45,991	71	62
15	Boston-Lawrence-Lowell-Brockton	\$45,729	6	7
16	Honolulu	\$45,176	65	53
17	San Francisco	\$44,994	22	15
18	Manchester-Nashua	\$44,771	118	104
19	Chicago	\$44,276	2	2
20	New Haven-Waterbury-Meriden	\$44,254	63	52
21	Oakland	\$44,112	17	18
22	Ann Arbor	\$43,830	85	69
23	Santa Cruz-Watsonville	\$43,815	153	109
24	Wilmington-Newark	\$43,797	82	78
25	Dutchess County, N.Y.	\$42,950	162	177
87	<i>Portland, ME</i>	<i>\$37,143</i>	<i>159</i>	<i>133</i>

Source: 1998 Survey of Buying Power

**CITY OF PORTLAND
ARENA FEASIBILITY STUDY
Competitive Context - Market Demographics**

**Table 6. Target Market Size
Ranked By Percentage of Target Market**

City / County	1998 MSA Population	Estimated 1998 18-24	Estimated 1998 25-34	Percentage of Target Market	Target Market Population	1998 0-17
Portland, ME	255,500	9.3%	16.0%	25.30%	64,642	60,043
Manchester-Nashua, NH	358,900	8.5%	17.3%	25.80%	92,596	92,596

*Source: Sales & Marketing Management, 1998 Survey of Buying Power

CITY OF PORTLAND
ARENA FEASIBILITY STUDY
Arena Development

Table 7. Most Comparable New Arenas

City	Development Type	Estimated Opening	Market Size	Total Event Days	Anchor Tenant	Approx. Const. Cost	Number of Seats	Cost Per Seat	Luxury Suites	Means Factor	Adjusted Cost Per Seat
Greenville, South Carolina	Public-Private	1998	885,200	TBD	N/P	\$60,000,000	15,000	\$4,000.00	N/P	0.77	\$3,080.00
Grand Rapids, Michigan	Public-Private	Open	1,005,100	169	IHL	\$75,200,000	12,000	\$6,266.67	42-45	0.87	\$5,452.00
Albany, NY*	Public	1989	873,400	150-160	AHL	\$60,000,000	17,500	\$3,428.57	25	1.00	\$3,428.57
West Palm Beach, FL	Private	1998	983,600	141	AHL, CBA Arena Football (all speculative)	\$36,000,000	10,000	\$3,600.00	N/P	0.85	\$3,060.00
Moline, Illinois		1993	358,700	216	CBA & Continental Hockey League	\$29,000,000	12,000	\$2,416.67	15	0.98	\$2,368.33
Spokane, Washington	Public	1995	407,900	159	Canadian Hockey League	\$45,000,000	12,500	\$3,600.00	14	1.00	\$3,600.00
N. Charleston, SC		1993	514,600	130	ECHL	\$26,000,000	14,000	\$1,857.14	N/P	0.78	\$1,448.57

Table 8. New Arena Financing Strategies

City	Financing Information
Greenville, South Carolina	Sophisticated financial package including: 2.3% hotel tax, naming rights (BI-LO Inc.), sale/leasebacks.
Grand Rapids, Michigan	Public Donations = \$20,000,000, Premium Seating Drive(Best 1000 seats in the House available only with \$100,000 donation and \$25,000 lease fee per year)
Albany, NY	N/P
Palm Beach, FL	Using existing infrastructure as for Jai-Alai (4,000 seats)
Moline, Illinois	Revenue Bonds
Spokane, Washington	N/P
N. Charleston, SC	N/P

N/P - Not provided

N/A - Not applicable

* - Construction Completed in 1990

TBD - To Be Determined

**CITY OF PORTLAND
ARENA FEASIBILITY STUDY**

Table 9. Top 10 Facilities - 1996 Operating Statements
Ranked by Gross from Non-Anchor Outside Events

Facility	City	Total Gross	Total Attendance	Total Capacity	Shows/Sellouts	Closest Market (miles)	Characteristics
Centrum	Worcester, MA	\$8,068,499	320,874	466,284	45/9	Boston (45)	Privately-managed
Mark of the Quad Cities	Moline, Illinois	\$6,796,213	321,725	499,439	63/6	Peoria (80)	Isolated facility
Spokane Arena	Spokane, WA	\$6,237,504	342,078	508,594	55/13	Seattle (100+)	Completely Isolated
Bryce Jordan Center (PSU)	University Park, PA	\$5,646,576	246,356	365,975	35/8	Pittsburgh (100)	Isolated, large student pop.
Flanders Expo	Belgium	N/P	N/P	N/P	N/P	N/P	N/P
Hong Kong Coliseum	Hong Kong	N/P	N/P	N/P	N/P	N/P	N/P
Selland Arena	Fresno, CA	\$3,834,494	240,766	392,644	48/5	San Jose (100)	Isolated; on major event route
Tingley Coliseum	Albuquerque, NM	\$3,601,217	213,668	294,412	31/8	Las Vegas (80)	Isolated; Sante Fe w/i 60 miles
Nutter Center	Dayton, Ohio	\$3,463,294	142,278	165,469	18/5	Cincy (50+)	College Facility
San Diego Sports Arena	San Diego, CA	\$2,353,077	112,187	131,712	11/5	LA/Riverside (100)	

N/P - Not Provided

Summary:

Two of top-10 facilities are university owned and operated, two are overseas. Others are predominately isolated from major markets, and have large or reasonably large populations and city centers, and are on natural event routing routes, which makes scheduling of play dates easy.

Rental rates are in the low-moderate range (Dayton = \$6,000 vs. 10%, Spokane = \$4,000 vs. 12%, Fresno = \$2,600 vs. 10%).

Mark at Quad Cities has 1,500 hotel rooms available w/i 10 miles, making conference/training events possible.

CITY OF BRIDGEPORT
ARENA FEASIBILITY STUDY
Minor League Franchise Candidates

Table 10. Professional Sports Minor Leagues

League	Headquarters	Average Attendance	League Best	Minimum Seating Requirement	Home Dates*
Hockey					
International Hockey League	Bloomfield Hills, MI	7,420	13,300 - Detroit	10,000	41
American Hockey League	West Springfield, MA	5,650	11,809 - Philadelphia	None	40
East Coast Hockey League	Princeton, NJ	5,010	11,196 - Louisiana	None	35
Central Hockey League	Indianapolis, IN	4,340	9,454 - Oklahoma City	7,000	35
United Hockey League	Lake St. Louis, MO	3,050	8,647 - Quad City	5,000	37
United States Hockey League	Grand Forks, ND	2,330	6,124 - Omaha	None	28
West Coast Hockey League	Boise, ID	3,660	6,756 - San Diego	N/A	32
Western Pro Hockey League	Phoenix, AZ	3,930	6,194 - Austin	N/A	35
Basketball					
Continental Basketball Association	Phoenix, AZ	3,750	5,140 - Sioux Falls	5,000	28
International Basketball Association	Winnipeg, Man	1,910	3,460 - Des Moines	None	17
United States Basketball League	Milford, CT	1,500	N/A	None	13
Women					
WNBA	New York, NY	9,660	13,703 - Phoenix	4,000	15
American Basketball League	Palo Alto, CA	4,330	8,860 - New England	5,000	22
Arena Football					
Arena Football League	Chicago, IL	10,930	15,980 - Arizona	None	14
Professional Indoor Football League	Las Vegas, NV	N/A	N/A	4,000	14
Indoor Soccer					
National Professional Soccer League	Canton, OH	6,350	8,6400 - Philadelphia	N/A	20
Continental Indoor Soccer League	Encino, CA	5,450	9,160 - Dallas	N/A	14
Eastern Indoor Soccer League	Tallahassee, FL	N/A	N/A	N/A	14
Roller Hockey					
Roller Hockey International	Grass Valley, CA	4,700	Anaheim -8,000	N/A	12
Major League Roller Hockey	Florence, SC	1,500	Anaheim -8,000	N/A	10

Notes:

* - Regular season home games - may be additional dates for playoffs, preseason, etc.

N/A -Not Applicable/Not Available

CITY OF BRIDGEPORT
ARENA FEASIBILITY STUDY
Minor League Franchise Candidates

Table 11. Arena League Trends

League	Type	Established	Franchises	Geographic Footprint	Expansion Trends
Hockey					
International Hockey League	Independent	1945	18	Coast to coast.	League appears to be trying to become the "second" pro league after the NHL. Seeking expansion into major markets left untapped by the NHL. Prefers markets with population over 900,000. Most arenas seat over 10,000.
American Hockey League	NHL Primary Affiliate	1936	18	Primarily New York, New England, and Eastern Canada. A few teams as far west as Cincinnati and Lexington, KY.	Stable league seeking to add two new franchises in the next few years. Not looking to break out of Northeastern footprint.
East Coast Hockey League	NHL Secondary Affiliate	1988	25	Southeastern States and along Gulf Coast to Louisiana. East Coast as far north as Trenton, NJ. Several teams in Ohio - nothing west of Peoria, IL.	Very aggressive expansion plans. Seeking to grow to thirty-two teams in the next few years. Primarily focusing on filling in existing footprint. Will consider peripheral markets as well.
Central Hockey League	Independent	1992	10	Across the south from North Carolina to Oklahoma. Northernmost team is Topeka, KS.	Aggressively seeking expansion markets. Next wave will focus on MO, AK, LA. After that the league will look at TN, KY, IL.
United Hockey League	Independent	1991	10	Across the north from New York State, Michigan, Illinois, into Wisconsin, with no teams in Ohio (ECHL territory). Two teams in North Carolina.	Aggressively seeking expansion markets within and around the existing footprint. Targeting expansion to twenty-four teams within the next two years.
United States Hockey League	Top Amateur	1972	12	Primarily Upper Midwest including Wisconsin, Minnesota, Iowa, Nebraska.	Very stable "major junior" amateur league, governed by USA Hockey. Not aggressively seeking expansion.
Basketball					
Continental Basketball Association	NBA Affiliate	1946	9	Across the northern states from Connecticut to Washington State.	Seeking expansion opportunities across the country. No formal market criteria. Currently examining markets in Trenton and St. Charles. Also considering New Orleans, Savannah, and Ontario, CA.
International Basketball Association	Independent	1995	8	Primarily Upper Midwest including Wisconsin, Minnesota, North Dakota, South Dakota.	Seeking steady expansion around the existing geographic footprint.
Women WNBA	NBA Sponsored	1997	10	Major markets from coast to coast.	Slow expansion into major markets. Adding Twin Cities and Orlando in 1999. Seek 5,000 season ticket sales before granting franchise.
American Basketball League	Independent	1996	10	Major markets from coast to coast.	Slow expansion into major markets. Adding Chicago in 1998.
Arena Football					
Arena Football League	Independent	1987	14	Coast to coast.	Slow and steady growth since inception. League has begun to receive solid television exposure. Continued slow expansion into major centers expected. Do not play in smaller venues.
Professional Indoor Football League	Independent	1998	8	Southern States, Colorado, Utah, Idaho, Hawaii, and Wisconsin.	Inaugural season revealed league instability. One team had a temporary hiatus, one shut down mid-season. Expansion is expected, though trends are difficult to predict.
Indoor Soccer					
National Professional Soccer League	Independent	1984	14	Across the central and northern States from Philadelphia to Wichita. Several Canadian teams.	Steady growth from six to fourteen teams since inception. Seeking to expand to most major markets (facilities over 15,000 capacity). Assisting in the development of a minor league system for mid-size markets.
Continental Indoor Soccer League	Independent	1996	11	Coast to coast.	Ceased operations after 1997 season.
Roller Hockey					
Roller Hockey International	Independent	1993	10	Northeastern States and West Coast, with not much in between.	Suspended operations after 1997 season. May centralize ownership and restart.
Major League Roller Hockey	Independent	1997	14	Primarily East Coast from Buffalo to Tampa. Six team division in the U.K.	Seeking to build nationwide presence. Anaheim came over from RHL and Phoenix should be the next expansion franchise. Prefer smaller venues in hockey cities. Franchise rights sold by state.

Portland, ME Feasibility Study
Market Analysis
Preliminary Event Projections

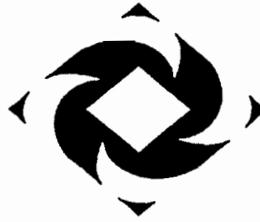
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Sports Events	Current (Base) Year	Moderate Year	Aggressive Year
Pro Hockey	43	43	43
Second Pro Team Anchor Tenant NPSL	0	0	20
High School Hockey	0	0	4
Pro Basketball	0	1	1
High School Basketball	8	8	8
College Basketball	1	1	1
College Hockey	0	1	4
Other	4	4	5
Entertainment Events			
Rock Concerts	9	10	11
Adult (MOR) Concerts	3	4	5
Country Concerts	2	3	4
Other Concerts	4	4	5
Family Show	20	20	20
Exhibition Sports	2	3	3
Figure Skating	2	2	3
Convention/Trade Shows (J&W, etc.)	47	50	55
Graduation/Convocation	2	4	6
Other	2	4	6
Totals	149	162	204

Notes to Event Types: Family Show includes Disney skating shows, Sesame Street, and circus performances
Exhibition sports includes pro wrestling and Harlem Globetrotters
Figure skating includes single-performance skating exhibitions

**Portland, ME Feasibility Study
Summary of Regional Venues**

	Seats	SF Floor	Exhibit SF	Banquet Capacity	Market Population	Parking	Rent
Maine							
Alfond Arena (U. Maine)	6,000	17,000				2,000	\$1,500 vs. 12%
Augusta Civic Center	7,286	26,000				2,600	
Bangor Auditorium	6,200	16,000	20,000	800	250,000	1,200	
Central Maine Civic Center (Lewiston)	5,500	17,500	17,500	2,000	350,000	800	\$5,000
Cumberland Co. Civic Center (Portland)	8,795	17,000	22,000	n/a	500,000	2,000	\$3,000 vs. 10%
Merrill Auditorium (Portland)	1,900	2,300	N/A	150	500,000	200	\$1,600
Portland Exposition Building	3,500	25,000	25,000	1,400	500,000	400	\$1,600
Massachusetts							
Fleet Center (Boston)	19,000	25,300	25,300	n/a	3,500,000		
Great Woods Amphitheater (Mansfield)	19,900	n/a	n/a	n/a	3,500,000	6,700	
Matthews Arena (Northwestern U.)	6,300	18,000	18,000	750	2,000,000	200	\$1,600
Mullins Center (UMass/Amherst)	10,500	19,000	23,000	1,500	1,200,000	2,500	\$3,500 vs. 12%
Springfield Civic Center	9,295	38,350	38,350	2,000	600,000		\$3,000 vs. 12%
Tsongas Arena (Lowell)	7,800						\$3,500 vs. 12%
Worcester Centrum	15,000	17,000	51,670	2,584	6,500,000	13,000	
New Hampshire							
Whittemore Center Arena (UNH/Durham)	7,700	20,000	20,000	300	1,900,000		\$3,500 vs. 12%



BRAILSFORD & DUNLAVEY

Facility Planners • Project Managers

Catalysts for Building Community

DATE: August 11, 1999

TO: Arena Financing Task Force

FROM: Chris Dunlavey

RE: B&D Capital Funding Analysis

Enclosed please find drafts of three detailed analyses of different financing scenarios for the proposed arena project. The scenarios evaluated are:

1. General obligation bond financing;
2. Revenue bond financing with a moral obligation pledge; and
3. Revenue bond financing (without pledge)

In each case, the size of the debt issuance is set by the maximum amounts of other capital funding sources which B&D's analysis indicates are reasonable to project. These are illustrated on Page 1 of each scenario and consist of the assumed initial charitable contribution of \$20 million, a total revenue from PSL sales of \$2 million, and a combination of various contractor contributions totalling no more than \$2 million. In all scenarios, the remaining capital costs which must be debt financed total \$22.7 million.

B&D has developed a detailed 30-year operating pro forma for each of the three debt scenarios based on assumptions provided by Fleet Securities for the financing terms. In each case, B&D has included the operating economics provided in our May 1999 Feasibility Study (refined by further market analysis in a few of the line items), as well as the new capital funding mechanisms which have been defined as part of this capital funding analysis. Each scenario has been subjected to a 'private use test' analysis to assess its conformance with the requirements for tax exempt debt.

In summary, this analysis indicates that the project's economics support either Scenario A (General Obligation bond) or Scenario B (Revenue Bond with Moral Obligation Pledge) but not Scenario C (a straight Revenue Bond) without the addition of a substantially greater equity

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Summary of Capital Funding

Total Capital Requirement	\$46,700,000
Charitable Contribution	20,000,000
PSL Sales	2,000,000
Targeted Contractor Contributions	2,000,000
Project Debt Requirement	22,700,000
Total Funding	\$46,700,000

Performance of Scenario A: Use of General Obligation Bonds

Does project conform to 10% private use test?	Yes*
Does project achieve required debt coverage?	Yes

PSL Sales

Club Seating Capacity	1,000
Other Potential PSL Sales	1,000
Recommended Average Price	\$1,000
Total Potential Funding	\$2,000,000

Targeted Contractor Contributors

- Private Management Company
- Concessionaire
- Utility Supplier / Energy Company

Debt Structure Analysis

Scenario A - General Obligation Bonds	
Required Debt Coverage Ratio	1.0 Times Debt Service
Term	30 Years
Interest Rate (taxable)	6.50% (to 7.5%)
Interest Rate (tax exempt)	5.50% (to 6.5%)
Required Debt Service Reserve	0.0 Years Debt Service
Required Replacement Reserve	5.0% of Debt Service
Capital Requirement	\$22,700,000
Total Bond Issue (Taxable)	\$22,700,000
Annual Debt Service (Taxable)	\$1,738,308
Debt Service Reserve (Taxable)	\$0
Total Bond Issue (Tax Exempt)	\$22,700,000
Annual Debt Service (Tax Exempt)	\$1,561,882
Debt Service Reserve (Tax Exempt)	\$0

Scenario B - Revenue Bonds with Moral Obligation Pledge	
Required Debt Coverage Ratio	1.0 Times Debt Service
Term	30 Years
Interest Rate (taxable)	6.75% (to 7.75%)
Interest Rate (tax exempt)	5.75% (to 6.75%)
Required Debt Service Reserve	1.0 Years Debt Service
Required Replacement Reserve	5.0% of Debt Service
Capital Requirement	\$22,700,000
Total Bond Issue (Taxable)	\$24,636,000
Annual Debt Service (Taxable)	\$1,935,704
Debt Service Reserve (Taxable)	\$1,935,704
Total Bond Issue (Tax Exempt)	\$24,427,000
Annual Debt Service (Tax Exempt)	\$1,727,386
Debt Service Reserve (Tax Exempt)	\$1,727,386

Scenario C - Revenue Bonds	
Required Debt Coverage Ratio	1.5 Times Debt Service
Term	30 Years
Interest Rate (taxable)	7.00% (to 8.5%)
Interest Rate (tax exempt)	6.00% (to 7.5%)
Required Debt Service Reserve	1.5 Years Debt Service
Required Replacement Reserve	5.0% of Debt Service
Capital Requirement	\$22,700,000
Total Bond Issue (Taxable)	\$25,821,000
Annual Debt Service (Taxable)	\$2,080,822
Debt Service Reserve (Taxable)	\$3,121,232
Total Bond Issue (Tax Exempt)	\$25,476,000
Annual Debt Service (Tax Exempt)	\$1,850,804
Debt Service Reserve (Tax Exempt)	\$2,776,206

Note:
 Calculations in right hand column are by B&D, reviewed by Fleet Securities, based on assumptions in left hand column provided by Fleet. All terms are based on current market conditions and assume that debt is rated as investment grade (Baa3 or better) which in the case of Scenario C will require the satisfaction of various outstanding considerations. Interest rates utilized are based on current market rates, while the potential ranges of variation in these rates are shown.

30-Year Pro Forma Statement

	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Revenue								
Rental Income	1,084,000	1,117,000	1,150,000	1,185,000	1,221,000	1,258,000	1,296,000	1,335,000
Concessions	1,029,000	1,070,000	1,112,000	1,156,000	1,202,000	1,250,000	1,300,000	1,352,000
Catering Income	43,000	44,000	46,000	48,000	50,000	52,000	54,000	56,000
Merchandising Income	168,000	174,000	181,000	188,000	196,000	204,000	212,000	220,000
Advertising Income	394,000	410,000	426,000	443,000	461,000	479,000	498,000	518,000
Suite Revenue	417,000	434,000	451,000	469,000	488,000	508,000	528,000	549,000
Club Seat Revenue	316,000	329,000	342,000	356,000	370,000	385,000	400,000	416,000
Box Office Fees	222,000	230,000	240,000	250,000	260,000	270,000	281,000	292,000
Event Staffing Reimbursable	577,000	600,000	624,000	649,000	*675,000	702,000	730,000	759,000
Facility Maintenance Fee	82,000	85,000	88,000	92,000	96,000	100,000	104,000	108,000
Capital Funding Mechanisms								
Founding Sponsorships	658,000	684,000	711,000	739,000	769,000	800,000	832,000	865,000
Ticket Surcharge	991,000	1,031,000	1,072,000	1,115,000	1,160,000	1,206,000	1,254,000	1,304,000
Parking Revenue	461,000	479,000	498,000	518,000	539,000	561,000	583,000	606,000
Retail/Office Lease Revenue	131,000	136,000	141,000	147,000	153,000	159,000	165,000	172,000
Total Income	\$6,573,000	\$6,823,000	\$7,082,000	\$7,355,000	\$7,640,000	\$7,934,000	\$8,237,000	\$8,552,000
Operating Costs	\$4,173,000	\$4,340,000	\$4,513,000	\$4,694,000	\$4,882,000	\$5,077,000	\$5,280,000	\$5,491,000
Net Operating Income	\$2,400,000	\$2,483,000	\$2,569,000	\$2,661,000	\$2,758,000	\$2,857,000	\$2,957,000	\$3,061,000
Debt Service	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882
Coverage Ratio	1.54	1.59	1.64	1.70	1.77	1.83	1.89	1.96
Cash Flow After Debt Service	\$838,118	\$921,118	\$1,007,118	\$1,099,118	\$1,196,118	\$1,295,118	\$1,395,118	\$1,499,118
Annual Replacement Reserve	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094
Cash Flow After All Expenditures	\$760,024	\$843,024	\$929,024	\$1,021,024	\$1,118,024	\$1,217,024	\$1,317,024	\$1,421,024
Cumulative Replacement Reserve	\$624,753	\$702,847	\$780,941	\$859,035	\$937,129	\$1,015,224	\$1,093,318	\$1,171,412
Cumulative Cash Flow After All Expenditures	\$3,928,788	\$4,771,812	\$5,700,835	\$6,721,859	\$7,839,882	\$9,056,906	\$10,373,930	\$11,794,953
Other Cash Flows used for analysis of Total Cash Flow								
Building Rental Income from Pirates Only	221,000	228,000	235,000	242,000	249,000	256,000	264,000	272,000
Building Concessions Income from Pirates Only	472,500	492,500	512,500	533,000	554,000	576,000	599,000	623,000
Building Catering Income from Pirates Only	22,000	24,000	24,000	25,000	26,000	27,000	28,000	29,000
Surcharge on Pirates Tickets Only	296,085	307,928	320,245	333,055	346,377	360,232	374,642	389,627
Parking Revenues from Pirates Games	87,729	91,238	94,887	98,683	102,630	106,735	111,005	115,445

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30-Year Pro Forma Statement

	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23
Revenue								
Rental Income	1,375,000	1,416,000	1,458,000	1,502,000	1,547,000	1,593,000	1,641,000	1,690,000
Concessions	1,406,000	1,462,000	1,520,000	1,581,000	1,644,000	1,710,000	1,778,000	1,849,000
Catering Income	58,000	60,000	62,000	64,000	67,000	70,000	73,000	76,000
Merchandising Income	229,000	238,000	248,000	258,000	268,000	279,000	290,000	302,000
Advertising Income	539,000	561,000	583,000	606,000	630,000	655,000	681,000	708,000
Suite Revenue	571,000	594,000	618,000	643,000	669,000	696,000	724,000	753,000
Club Seat Revenue	433,000	450,000	468,000	487,000	506,000	526,000	547,000	569,000
Box Office Fees	304,000	316,000	329,000	342,000	356,000	370,000	385,000	400,000
Event Staffing Reimbursable	789,000	821,000	854,000	888,000	924,000	961,000	999,000	1,039,000
Facility Maintenance Fee	112,000	116,000	121,000	126,000	131,000	136,000	141,000	147,000
Capital Funding Mechanisms								
Founding Sponsorships	900,000	936,000	973,000	1,012,000	1,052,000	1,094,000	1,138,000	1,184,000
Ticket Surcharge	1,356,000	1,410,000	1,466,000	1,525,000	1,586,000	1,649,000	1,715,000	1,784,000
Parking Revenue	630,000	655,000	681,000	708,000	736,000	765,000	796,000	828,000
Retail/Office Lease Revenue	179,000	186,000	193,000	201,000	209,000	217,000	226,000	235,000
Total Income	\$8,881,000	\$9,221,000	\$9,574,000	\$9,943,000	\$10,325,000	\$10,721,000	\$11,134,000	\$11,564,000
Operating Costs	\$5,711,000	\$5,939,000	\$6,177,000	\$6,424,000	\$6,681,000	\$6,948,000	\$7,226,000	\$7,515,000
Net Operating Income	\$3,170,000	\$3,282,000	\$3,397,000	\$3,519,000	\$3,644,000	\$3,773,000	\$3,908,000	\$4,049,000
Debt Service	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882
Coverage Ratio	2.03	2.10	2.17	2.25	2.33	2.42	2.50	2.59
Cash Flow After Debt Service	\$1,608,118	\$1,720,118	\$1,835,118	\$1,957,118	\$2,082,118	\$2,211,118	\$2,346,118	\$2,487,118
Annual Replacement Reserve	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094
Cash Flow After All Expenditures	\$1,530,024	\$1,642,024	\$1,757,024	\$1,879,024	\$2,004,024	\$2,133,024	\$2,268,024	\$2,409,024
Cumulative Replacement Reserve	\$1,249,506	\$1,327,600	\$1,405,694	\$1,483,788	\$1,561,882	\$1,639,976	\$1,718,071	\$1,796,165
Cumulative Cash Flow After All Expendi	\$13,324,977	\$14,967,000	\$16,724,024	\$18,603,047	\$20,607,071	\$22,740,094	\$25,008,118	\$27,417,141
Other Cash Flows used for analysis of Ta								
Building Rental Income from Pirates Onl	280,000	288,000	297,000	306,000	315,000	324,000	334,000	344,000
Building Concessions Income from Pirate	648,000	674,000	701,000	729,000	758,000	788,000	820,000	853,000
Building Catering Income from Pirates O	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000
Surcharge on Pirates Tickets Only	405,212	421,421	438,278	455,809	474,041	493,003	512,723	533,232
Parking Revenues from Pirates Games	120,063	124,865	129,860	135,054	140,457	146,075	151,918	157,995

30-Year Pro Forma Statement

	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	30 Year NPV
Revenue								
Rental Income	1,741,000	1,793,000	1,847,000	1,902,000	1,959,000	2,018,000	2,079,000	\$18,097,271
Concessions	1,923,000	2,000,000	2,080,000	2,163,000	2,250,000	2,340,000	2,434,000	\$18,181,942
Catering Income	79,000	82,000	85,000	88,000	92,000	96,000	100,000	\$748,059
Merchandising Income	314,000	327,000	340,000	354,000	368,000	383,000	398,000	\$2,964,258
Advertising Income	736,000	765,000	796,000	828,000	861,000	895,000	931,000	\$6,965,668
Suite Revenue	783,000	814,000	847,000	881,000	916,000	953,000	991,000	\$7,387,863
Club Seat Revenue	592,000	616,000	641,000	667,000	694,000	722,000	751,000	\$5,594,686
Box Office Fees	416,000	433,000	450,000	468,000	487,000	506,000	526,000	\$3,931,516
Event Staffing Reimbursable	1,081,000	1,124,000	1,169,000	1,216,000	1,265,000	1,316,000	1,369,000	\$10,211,465
Facility Maintenance Fee	153,000	159,000	165,000	172,000	179,000	186,000	193,000	\$1,445,959
Capital Funding Mechanisms								
Founding Sponsorships	1,231,000	1,280,000	1,331,000	1,384,000	1,439,000	1,497,000	1,557,000	\$11,634,632
Ticket Surcharge	1,855,000	1,929,000	2,006,000	2,086,000	2,169,000	2,256,000	2,346,000	\$17,528,277
Parking Revenue	861,000	895,000	931,000	968,000	1,007,000	1,047,000	1,089,000	\$8,143,965
Retail/Office Lease Revenue	244,000	254,000	264,000	273,000	286,000	297,000	309,000	\$2,312,698
Total Income	\$12,009,000	\$12,471,000	\$12,952,000	\$13,452,000	\$13,972,000	\$14,512,000	\$15,073,000	\$115,148,259
Operating Costs	\$7,816,000	\$8,129,000	\$8,454,000	\$8,792,000	\$9,144,000	\$9,510,000	\$9,890,000	\$73,835,460
Net Operating Income	\$4,193,000	\$4,342,000	\$4,498,000	\$4,660,000	\$4,828,000	\$5,002,000	\$5,183,000	\$41,312,799
Debt Service	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$1,561,882	\$12,700,000
Coverage Ratio	2.68	2.78	2.88	2.98	3.09	3.20	3.32	
Cash Flow After Debt Service	\$2,631,118	\$2,780,118	\$2,936,118	\$3,098,118	\$3,266,118	\$3,440,118	\$3,621,118	
Annual Replacement Reserve	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094	\$78,094
Cash Flow After All Expenditures	\$2,553,024	\$2,702,024	\$2,858,024	\$3,020,024	\$3,188,024	\$3,362,024	\$3,543,024	
Cumulative Replacement Reserve	\$1,874,259	\$1,952,353	\$2,030,447	\$2,108,541	\$2,186,635	\$2,264,729	\$2,342,824	
Cumulative Cash Flow After All Expenditures	\$29,970,165	\$32,672,188	\$35,530,212	\$38,550,235	\$41,738,259	\$45,100,283	\$48,643,306	
Other Cash Flows used for analysis of Total								
Building Rental Income from Pirates Only	354,000	365,000	376,000	387,000	399,000	411,000	423,000	\$3,689,552
Building Concessions Income from Pirates Only	887,000	922,000	959,000	997,000	1,037,000	1,078,000	1,121,000	\$8,376,961
Building Catering Income from Pirates Only	38,000	40,000	42,000	44,000	46,000	48,000	50,000	\$388,063
Surcharge on Pirates Tickets Only	554,561	576,743	599,813	623,806	648,758	674,708	701,697	\$5,238,475
Parking Revenues from Pirates Games	164,314	170,887	177,722	184,831	192,225	199,914	207,910	\$1,552,141

Handwritten notes and calculations at the bottom of the page, including a large '268' and various scribbles.

Notes to Pro Forma Page

Pages 3 through 6 of this analysis comprise a 30-year operating pro forma for the proposed Portland Arena. Except where noted below, the first ten years of the pro forma reflect the figures derived in the City of Portland Indoor Sports Arena Feasibility Study dated May 1999, and both revenue and expense figures are inflated at 4% per year thereafter, while debt service is calculated based on one of three scenarios.

Revenue

Rental Income	Per feasibility study - "Moderate" event scenario.
Concessions	Per feasibility study - "Moderate" event scenario.
Catering Income	Per feasibility study - "Moderate" event scenario.
Merchandising Income	Per feasibility study - "Moderate" event scenario.
Advertising Income	Increased to \$300,000 per year in net advertising revenue to the building, based on further market research completed by B&D since the publishing of the feasibility study.
Suite Revenue	Increased to reflect the calculation shown on Page 8 of this analysis, based on further market research completed by B&D since the publishing of the feasibility study.
Club Seat Revenue	Increased to reflect the calculation shown on Page 8 of this analysis, based on further market research completed by B&D since the publishing of the feasibility study.
Box Office Fees	Per feasibility study - "Moderate" event scenario.
Event Staffing Reimbursable	Per feasibility study - "Moderate" event scenario.
Facility Maintenance Fee	Per feasibility study - "Moderate" event scenario.

Capital Funding Mechanisms

Represent revenue streams identified since the publishing of the feasibility study as potential sources for the retirement of debt incurred for the development of the facility.

Founding Sponsorships	Represents the sale of four founding sponsorships at \$150,000 each, less \$25,000 in suite income. Each founding sponsor is entitled to a quadrant of the concourse dedicated to the promotion of their brand or logo, as well as exclusivity in their product/service category and an annual suite lease.
Ticket Surcharge	Represents a ticket surcharge of \$1 on all tickets sold in the facility, as calculated on Page 8 of this analysis using attendance projections and average ticket prices derived in the feasibility study.
Parking Revenue	Parking revenues to the building of \$350,000 per year as projected by the City of Portland Parking Authority.
Retail/Office Lease Revenue	Representing the leasing of 20,000 rsf of retail/office space located at street level at \$5/rsf. This space was included in the architectural program and conceptual design developed by Ellerbe Becket in the feasibility study, so the addition of this revenue stream does not necessitate any increase to the project's projected capital cost.

Operating Costs

Increased by \$350,000 in Year One to reflect a scenario wherein a private management company will be contracted to operate the facility at a total annual cost starting at \$500,000 in Year One and escalating at 4% per year thereafter. While the terms of such management contracts vary widely from facility to facility, the total fee estimate of \$500,000 (including a fixed base fee and any performance incentives) is considered reasonable given the level of event activity and size of revenues projected herein.

Debt Service	Debt service as calculated on Page 2 of this analysis, with assumptions and calculation of debt schedule provided by Fleet Securities.
Coverage Ratio	Ratio of net operating income to debt service.
Annual Replacement Reserve	Calculated as 5% of annual debt service, as recommended by Fleet Securities.

Other Cash Flows used for analysis of Taxable Status of Debt (page 10)

These line items represent cash flows which, while they are already included in the building revenue line items above, are important to the "Private Use Test" analysis shown on page 9, wherein the project's conformance with the requirements of tax exempt debt are analyzed.

Building Rental Income from Pirates Only	Per feasibility study - "Moderate" event scenario.
Building Concessions Income from Pirates Only	Per feasibility study - "Moderate" event scenario.
Building Catering Income from Pirates Only	Per feasibility study - "Moderate" event scenario.
Surcharge on Pirates Tickets Only	Calculated as for Year One as shown on Page 8 and inflated at 4% per year thereafter.
Parking Revenues from Pirates Games	Calculated as for Year One as shown on Page 8 and inflated at 4% per year thereafter.

CITY OF PORTLAND
PROPOSED INDOOR ARENA CAPITAL FUNDING ANALYSIS

Suite Revenue

Number of Suites for Sale	20
Annual Lease Rate	\$25,000
Seats Per Suite	12
Hockey Games Included	40
Total Hockey Ticket	480
Pirates Ticket Price	\$18.00
Parking Passes per Suite	4
Total Parking Passes	3,200
Parking Rate	\$3.00

Suite Income	\$500,000
Less Hockey Tickets	\$172,800
Less Parking	\$9,600
Building Revenue from Suites	\$317,600
(Year One)	

201

Club Seat Revenue

Number of Club Seats	1,000
Annual Rate	\$1,000
(Rate per game)	\$25
Hockey Games Included	40
Total Hockey tickets	40,000
Pirates Ticket price	\$18
Parking passes per seat	0.33
Total Parking Passes	13,333
Parking Rate	\$3.00

Club Seat Income	\$1,000,000
Less Hockey Tickets	\$720,000
Less Parking	\$40,000
Building Revenue from Club Seats	\$240,000
(Year One)	

Parking Revenue from Pirates Games

Avg Hockey Attendance	5,000
Less Suite seats	240
Less Club Seats	1,000
Remaining Attendee	3,760
Number of Hockey Games	40

Parking passes per seat	0.33
Parking Rate	\$3.00
Parking Revenue - Gen Attendance	150,400
Plus Suite and Club Parking	49,600
Total Parking Revenue from Hockey	200,000
Less Pirates Parking Share	133,333
Building Parking Rev from Hockey	66,667

Ticket Surcharge Options

Event Type	Total Att	Avg Ticket	Proj Gate	\$1.00 Sur	8% Sur	10% Sur
Minor League Hockey	225,000	\$11	\$2,475,000	\$225,000	\$198,000	\$247,500
College Basketball	5,000	\$12	\$60,000	\$5,000	\$4,800	\$6,000
Other College Sports	15,000	\$4	\$60,000	\$15,000	\$4,800	\$6,000
Professional Basketball	9,000	\$20	\$180,000	\$9,000	\$14,400	\$18,000
Large Concerts	117,000	\$24	\$2,808,000	\$117,000	\$224,640	\$280,800
Small Concerts	32,000	\$18	\$576,000	\$32,000	\$46,080	\$57,600
Family Shows	128,000	\$14	\$1,792,000	\$128,000	\$143,360	\$179,200
Figure Skating	27,000	\$45	\$1,215,000	\$27,000	\$97,200	\$121,500
Professional/Exhibition Sp	36,000	\$15	\$540,000	\$36,000	\$43,200	\$54,000
High School Sports	24,000	\$5	\$120,000	\$24,000	\$9,600	\$12,000
Flat / Public Shows	100,000	n/a	\$0	\$100,000	\$0	\$0
Graduation/Convocations	10,000	n/a	\$0	\$10,000	\$0	\$0
Other Sports	25,000	\$13	\$325,000	\$25,000	\$26,000	\$32,500
	753,000			\$753,000	\$812,080	\$1,015,100

Handwritten calculations:
 15 40 / 200
 40 225,000 / 24,000 = 2000
 24 / 8 = 152

Private Use Assumptions	
Hockey Dates	45
Total Dates	169
Percent Private Use Dates	26.63%

"Private Use" Analysis			
	30 Year NPV		Revenues from
	Amount	% Private	Private Use
Operating Revenues			
Rental Income	\$18,097,271	20.39%	\$3,689,552
Concessions	\$18,181,942	46.07%	\$8,376,961
Catering Income	\$748,059	51.88%	\$388,063
Merchandising Income	\$2,964,258	0.00%	\$0
Advertising Income	\$6,965,668	26.63%	\$1,854,764
Suite Revenue	\$7,387,863	26.63%	\$1,967,183
Club Seat Revenue	\$5,594,686	26.63%	\$1,489,709
Box Office Fees	\$3,931,516	26.63%	\$1,046,853
Event Staffing Reimbursable	\$10,211,465	26.63%	\$2,719,029
Facility Maintenance Fee	\$1,445,959	26.63%	\$385,019
Capital Funding Revenues			
Founding Sponsorships	\$11,634,632	26.63%	\$3,097,979
Ticket Surcharge	\$17,528,277	29.89%	\$5,238,475
Parking Revenue	\$8,143,965	19.06%	\$1,552,141
Retail/Office Lease Revenue	\$2,312,698	100.00%	\$2,312,698
30 Year NPV of Revenues	\$115,148,259		\$34,118,426
NPV of Operating Costs	\$73,835,460		
% of Operating Costs from Private Use	43.00%		
Operating Costs from Private Use			\$31,749,248
NPV of Net Operating Income	\$41,312,799		
NPV of NOI from Private Use			\$2,369,178
As % of Total NOI			5.73%
NPV of Annual Debt Service			\$22,700,000
Percent of Debt Service from Private Use			10.44%

Notes to Private Use Analysis Page

Page 9 of this analysis provides a calculation of the conformance of the project's operating finances to the requirements of tax exempt debt, specifically the 10% private use test. This test stipulates that, to be eligible for tax exempt debt financing, a project must be able to service its debt with less than 10% of the debt service amount coming from private sources -- in this case, the Portland Pirates and any other lessors in the facility whose operations extend greater than 180 days.

In each case, the values shown in this analysis represent the net present value (NPV) of cash flows over the 30-year amortization schedule for the debt, discounted at the cost of capital in the given scenario.

Revenue

Rental Income	Private use is calculated as the NPV of the Pirates' actual projected rent payments as shown on pages 3 to 6.
Concessions	Private use is calculated as the NPV of the building's concessions revenue from Pirates games as shown on pages 3 to 6.
Catering Income	Private use is calculated as the NPV of the building's catering revenue from Pirates games as shown on pages 3 to 6.
Merchandising Income	All merchandise revenue to the building projected in the feasibility study and on pages 3 to 6 come from events other than Pirates Hockey.
Advertising Income	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Suite Revenue	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Club Seat Revenue	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Box Office Fees	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Event Staffing Reimbursable	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Facility Maintenance Fee	Private use is calculated based on the percentage of event days comprised by Pirates hockey.

Capital Funding Mechanisms

Founding Sponsorships	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Ticket Surcharge	Private use is based on actual ticket surcharge revenue from Pirates games as calculated on Page 8.
Parking Revenue	Private use is calculated as the NPV of the building's parking revenue from Pirates games as shown on pages 3 to 6.
Retail/Office Lease Revenue	It is assumed that these lease revenues will be derived from private long-term tenants, and the private use is therefore calculated as 100% of the NPV of these revenues as calculated on pages 3 to 6. However, if these tenants are, in fact, public entities (such as some of the State social service agencies which may be displaced by the arena development), then they may qualify as a tax exempt use.

Operating Costs

B&D's analysis of current operating costs at the Cumberland County Civic Center show that approximately 43% of such costs are incurred as a result of the operation of the Portland Pirates hockey games. Given that the Moderate event scenario utilized for all of the calculations in this analysis reflects a similar proportion of hockey games to other events, B&D projects that this 43% ratio of hockey-incurred operating costs to total operating costs will hold for the new facility.

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DRAFT

Summary of Capital Funding

Total Capital Requirement	\$46,700,000
Charitable Contribution	20,000,000
PSL Sales	2,000,000
Targeted Contractor Contributions	2,000,000
Project Debt Requirement	22,700,000
Total Funding	\$46,700,000

Performance of Scenario B: Use of Revenue Bonds with Moral Obligation Pledge

Does project conform to 10% private use test? Yes
 Does project achieve required debt coverage? Yes

PSL Sales

Club Seating Capacity	1,000
Other Potential PSL Sales	1,000
Recommended Average Price	\$1,000
Total Potential Funding	\$2,000,000

Targeted Contractor Contributors

- Private Management Company
- Concessionaire
- Utility Supplier / Energy Company

Handwritten calculations:

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5

Debt Structure Analysis

Scenario A - General Obligation Bonds

Required Debt Coverage Ratio	1.0 Times Debt Service	Capital Requirement	\$22,700,000
Term	30 Years	Total Bond Issue (Taxable)	\$22,700,000
Interest Rate (taxable)	6.50% (to 7.5%)	Annual Debt Service (Taxable)	\$1,738,308
Interest Rate (tax exempt)	5.50% (to 6.5%)	Debt Service Reserve (Taxable)	\$0
Required Debt Service Reserve	0.0 Years Debt Service	Total Bond Issue (Tax Exempt)	\$22,700,000
Required Replacement Reserve	5.0% of Debt Service	Annual Debt Service (Tax Exempt)	\$1,561,882
		Debt Service Reserve (Tax Exempt)	\$0

Scenario B - Revenue Bonds with Moral Obligation Pledge

Required Debt Coverage Ratio	1.0 Times Debt Service	Capital Requirement	\$22,700,000
Term	30 Years	Total Bond Issue (Taxable)	\$24,636,000
Interest Rate (taxable)	6.75% (to 7.75%)	Annual Debt Service (Taxable)	\$1,935,704
Interest Rate (tax exempt)	5.75% (to 6.75%)	Debt Service Reserve (Taxable)	\$1,935,704
Required Debt Service Reserve	1.0 Years Debt Service	Total Bond Issue (Tax Exempt)	\$24,427,000
Required Replacement Reserve	5.0% of Debt Service	Annual Debt Service (Tax Exempt)	\$1,727,386
		Debt Service Reserve (Tax Exempt)	\$1,727,386

Scenario C - Revenue Bonds

Required Debt Coverage Ratio	1.5 Times Debt Service	Capital Requirement	\$22,700,000
Term	30 Years	Total Bond Issue (Taxable)	\$25,821,000
Interest Rate (taxable)	7.00% (to 8.5%)	Annual Debt Service (Taxable)	\$2,080,822
Interest Rate (tax exempt)	6.00% (to 7.5%)	Debt Service Reserve (Taxable)	\$3,121,232
Required Debt Service Reserve	1.5 Years Debt Service	Total Bond Issue (Tax Exempt)	\$25,476,000
Required Replacement Reserve	5.0% of Debt Service	Annual Debt Service (Tax Exempt)	\$1,850,804
		Debt Service Reserve (Tax Exempt)	\$2,776,206

Note:

Calculations in right hand column are by B&D, reviewed by Fleet Securities, based on assumptions in left hand column provided by Fleet. All terms are based on current market conditions and assume that debt is rated as investment grade (Baa3 or better) which in the case of Scenario C will require the satisfaction of various outstanding considerations. Interest rates utilized are based on current market rates, while the potential ranges of variation in these rates are shown.

30-Year Pro Forma Statement

	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Revenue								
Rental Income	1,084,000	1,117,000	1,150,000	1,185,000	1,221,000	1,258,000	1,296,000	1,335,000
Concessions	1,029,000	1,070,000	1,112,000	1,156,000	1,202,000	1,250,000	1,300,000	1,352,000
Catering Income	43,000	44,000	46,000	48,000	50,000	52,000	54,000	56,000
Merchandising Income	168,000	174,000	181,000	188,000	196,000	204,000	212,000	220,000
Advertising Income	394,000	410,000	426,000	443,000	461,000	479,000	498,000	518,000
Suite Revenue	417,000	434,000	451,000	469,000	488,000	508,000	528,000	549,000
Club Seal Revenue	316,000	329,000	342,000	356,000	370,000	385,000	400,000	416,000
Box Office Fees	222,000	230,000	240,000	250,000	*260,000	270,000	281,000	292,000
Event Staffing Reimbursable	577,000	600,000	624,000	649,000	675,000	702,000	730,000	759,000
Facility Maintenance Fee	82,000	85,000	88,000	92,000	96,000	100,000	104,000	108,000
Capital Funding Mechanisms								
Founding Sponsorships	658,000	684,000	711,000	739,000	769,000	800,000	832,000	865,000
Ticket Surcharge	991,000	1,031,000	1,072,000	1,115,000	1,160,000	1,206,000	1,254,000	1,304,000
Parking Revenue	461,000	479,000	498,000	518,000	539,000	561,000	583,000	606,000
Retail/Office Lease Revenue	131,000	136,000	141,000	147,000	153,000	159,000	165,000	172,000
Total Income	\$6,573,000	\$6,823,000	\$7,082,000	\$7,355,000	\$7,640,000	\$7,934,000	\$8,237,000	\$8,552,000
Operating Costs	\$4,173,000	\$4,340,000	\$4,513,000	\$4,694,000	\$4,882,000	\$5,077,000	\$5,280,000	\$5,491,000
Net Operating Income	\$2,400,000	\$2,483,000	\$2,569,000	\$2,661,000	\$2,758,000	\$2,857,000	\$2,957,000	\$3,061,000
Debt Service	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386
Coverage Ratio	1.39	1.44	1.49	1.54	1.60	1.65	1.71	1.77
Cash Flow After Debt Service	\$672,614	\$755,614	\$841,614	\$933,614	\$1,030,614	\$1,129,614	\$1,229,614	\$1,333,614
Annual Replacement Reserve	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369
Cash Flow After All Expenditures	\$586,245	\$669,245	\$755,245	\$847,245	\$944,245	\$1,043,245	\$1,143,245	\$1,247,245
Cumulative Replacement Reserve	\$690,954	\$777,324	\$863,693	\$950,062	\$1,036,431	\$1,122,801	\$1,209,170	\$1,295,539
Cumulative Cash Flow After All Expendi	\$2,538,561	\$3,207,806	\$3,963,052	\$4,810,297	\$5,754,542	\$6,797,787	\$7,941,032	\$9,188,277
Other Cash Flows used for analysis of Ta								
Building Rental Income from Pirates Onl	221,000	228,000	235,000	242,000	249,000	256,000	264,000	272,000
Building Concessions Income from Pirat	472,500	492,500	512,500	533,000	554,000	576,000	599,000	623,000
Building Catering Income from Pirates O	22,000	24,000	24,000	25,000	26,000	27,000	28,000	29,000
Surcharge on Pirates Tickets Only	296,085	307,928	320,245	333,055	346,377	360,232	374,642	389,627
Parking Revenues from Pirates Games	87,729	91,238	94,887	98,683	102,630	106,735	111,005	115,445

30-Year Pro Forma Statement

	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23
Revenue								
Rental Income	1,375,000	1,416,000	1,458,000	1,502,000	1,547,000	1,593,000	1,641,000	1,690,000
Concessions	1,406,000	1,462,000	1,520,000	1,581,000	1,644,000	1,710,000	1,778,000	1,849,000
Catering Income	58,000	60,000	62,000	64,000	67,000	70,000	73,000	76,000
Merchandising Income	229,000	238,000	248,000	258,000	268,000	279,000	290,000	302,000
Advertising Income	539,000	561,000	583,000	606,000	630,000	655,000	681,000	708,000
Suite Revenue	571,000	594,000	618,000	643,000	669,000	696,000	724,000	753,000
Club Seal Revenue	433,000	450,000	468,000	487,000	506,000	526,000	547,000	569,000
Box Office Fees	304,000	316,000	329,000	342,000	356,000	370,000	385,000	400,000
Event Staffing Reimbursable	789,000	821,000	854,000	888,000	924,000	961,000	999,000	1,039,000
Facility Maintenance Fee	112,000	116,000	121,000	126,000	131,000	136,000	141,000	147,000
Capital Funding Mechanisms								
Founding Sponsorships	900,000	936,000	973,000	1,012,000	1,052,000	1,094,000	1,138,000	1,184,000
Ticket Surcharge	1,356,000	1,410,000	1,466,000	1,525,000	1,586,000	1,649,000	1,715,000	1,784,000
Parking Revenue	630,000	655,000	681,000	708,000	736,000	765,000	796,000	828,000
Retail/Office Lease Revenue	179,000	186,000	193,000	201,000	209,000	217,000	226,000	235,000
Total Income	\$8,881,000	\$9,221,000	\$9,574,000	\$9,943,000	\$10,325,000	\$10,721,000	\$11,134,000	\$11,564,000
Operating Costs	\$5,711,000	\$5,939,000	\$6,177,000	\$6,424,000	\$6,681,000	\$6,948,000	\$7,226,000	\$7,515,000
Net Operating Income	\$3,170,000	\$3,282,000	\$3,397,000	\$3,519,000	\$3,644,000	\$3,773,000	\$3,908,000	\$4,049,000
Debt Service	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386
Coverage Ratio	1.84	1.90	1.97	2.04	2.11	2.18	2.26	2.34
Cash Flow After Debt Service	\$1,442,614	\$1,554,614	\$1,669,614	\$1,791,614	\$1,916,614	\$2,045,614	\$2,180,614	\$2,321,614
Annual Replacement Reserve	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369
Cash Flow After All Expenditures	\$1,356,245	\$1,468,245	\$1,583,245	\$1,705,245	\$1,830,245	\$1,959,245	\$2,094,245	\$2,235,245
Cumulative Replacement Reserve	\$1,381,908	\$1,468,278	\$1,554,647	\$1,641,016	\$1,727,386	\$1,813,755	\$1,900,124	\$1,986,493
Cumulative Cash Flow After All Expendi	\$10,544,523	\$12,012,768	\$13,596,013	\$15,301,258	\$17,131,503	\$19,090,748	\$21,184,994	\$23,420,239
Other Cash Flows used for analysis of TA								
Building Rental Income from Pirates Onl	280,000	288,000	297,000	306,000	315,000	324,000	334,000	344,000
Building Concessions Income from Pirat	648,000	674,000	701,000	729,000	758,000	788,000	820,000	853,000
Building Catering Income from Pirates O	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000
Surcharge on Pirates Tickets Only	405,212	421,421	438,278	455,809	474,041	493,003	512,723	533,232
Parking Revenues from Pirates Games	120,063	124,865	129,860	135,054	140,457	146,075	151,918	157,995

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CITY OF PORTLAND
PROPOSED INDOOR ARENA CAPITAL FUND

30-Year Pro Forma Statement

	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	30 Year NPV
Revenue								
Rental Income	1,741,000	1,793,000	1,847,000	1,902,000	1,959,000	2,018,000	2,079,000	\$17,522,592
Concessions	1,923,000	2,000,000	2,080,000	2,163,000	2,250,000	2,340,000	2,434,000	\$17,575,337
Catering Income	79,000	82,000	85,000	88,000	92,000	96,000	100,000	\$723,137
Merchandising Income	314,000	327,000	340,000	354,000	368,000	383,000	398,000	\$2,865,266
Advertising Income	736,000	765,000	796,000	828,000	861,000	895,000	931,000	\$6,733,343
Suite Revenue	783,000	814,000	847,000	881,000	916,000	953,000	991,000	\$7,141,186
Club Seat Revenue	592,000	616,000	641,000	667,000	694,000	722,000	751,000	\$5,407,906
Box Office Fees	416,000	433,000	450,000	468,000	487,000	506,000	526,000	\$3,800,329
Event Staffing Reimbursable	1,081,000	1,124,000	1,169,000	1,216,000	1,265,000	1,316,000	1,369,000	\$9,870,691
Facility Maintenance Fee	153,000	159,000	165,000	172,000	179,000	186,000	193,000	\$1,397,713
Capital Funding Mechanisms								
Founding Sponsorships	1,231,000	1,280,000	1,331,000	1,384,000	1,439,000	1,497,000	1,557,000	\$11,246,463
Ticket Surcharge	1,855,000	1,929,000	2,006,000	2,086,000	2,169,000	2,256,000	2,346,000	\$16,943,324
Parking Revenue	861,000	895,000	931,000	968,000	1,007,000	1,047,000	1,089,000	\$7,872,317
Retail/Office Lease Revenue	244,000	254,000	264,000	275,000	286,000	297,000	309,000	\$2,235,607
Total Income	\$12,009,000	\$12,471,000	\$12,952,000	\$13,452,000	\$13,972,000	\$14,512,000	\$15,073,000	\$111,335,209
Operating Costs	\$7,816,000	\$8,129,000	\$8,454,000	\$8,792,000	\$9,144,000	\$9,510,000	\$9,890,000	\$71,371,134
Net Operating Income	\$4,193,000	\$4,342,000	\$4,498,000	\$4,660,000	\$4,828,000	\$5,002,000	\$5,183,000	\$39,964,076
Debt Service	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$1,727,386	\$24,427,000
Coverage Ratio	2.43	2.51	2.60	2.70	2.79	2.90	3.00	
Cash Flow After Debt Service	\$2,465,614	\$2,614,614	\$2,770,614	\$2,932,614	\$3,100,614	\$3,274,614	\$3,455,614	
Annual Replacement Reserve	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369	\$86,369
Cash Flow After All Expenditures	\$2,379,245	\$2,528,245	\$2,684,245	\$2,846,245	\$3,014,245	\$3,188,245	\$3,369,245	
Cumulative Replacement Reserve	\$2,072,863	\$2,159,232	\$2,245,601	\$2,331,971	\$2,418,340	\$2,504,709	\$2,591,078	
Cumulative Cash Flow After All Expenditures	\$25,799,484	\$28,327,729	\$31,011,974	\$33,858,219	\$36,872,465	\$40,060,710	\$43,429,955	
Other Cash Flows used for analysis of TA								
Building Rental Income from Pirates Onl	354,000	365,000	376,000	387,000	399,000	411,000	423,000	\$3,572,487
Building Concessions Income from Pirate	887,000	922,000	959,000	997,000	1,037,000	1,078,000	1,121,000	\$8,097,404
Building Catering Income from Pirates O	38,000	40,000	42,000	44,000	46,000	48,000	50,000	\$375,398
Surcharge on Pirates Tickets Only	554,561	576,743	599,813	623,806	648,758	674,708	701,697	\$5,063,628
Parking Revenues from Pirates Games	164,314	170,887	177,722	184,831	192,225	199,914	207,910	\$1,500,334

Notes to Pro Forma Page

Pages 3 through 6 of this analysis comprise a 30-year operating pro forma for the proposed Portland Arena. Except where noted below, the first ten years of the pro forma reflect the figures derived in the City of Portland Indoor Sports Arena Feasibility Study dated May 1999, and both revenue and expense figures are inflated at 4% per year thereafter, while debt service is calculated based on one of three scenarios.

Revenue

Rental Income	Per feasibility study - "Moderate" event scenario.
Concessions	Per feasibility study - "Moderate" event scenario.
Catering Income	Per feasibility study - "Moderate" event scenario.
Merchandising Income	Per feasibility study - "Moderate" event scenario.
Advertising Income	Increased to \$300,000 per year in net advertising revenue to the building, based on further market research completed by B&D since the publishing of the feasibility study.
Suite Revenue	Increased to reflect the calculation shown on Page 8 of this analysis, based on further market research completed by B&D since the publishing of the feasibility study.
Club Seat Revenue	Increased to reflect the calculation shown on Page 8 of this analysis, based on further market research completed by B&D since the publishing of the feasibility study.
Box Office Fees	Per feasibility study - "Moderate" event scenario.
Event Staffing Reimbursable	Per feasibility study - "Moderate" event scenario.
Facility Maintenance Fee	Per feasibility study - "Moderate" event scenario.

Capital Funding Mechanisms

	Represent revenue streams identified since the publishing of the feasibility study as potential sources for the retirement of debt incurred for the development of the facility.
Founding Sponsorships	Represents the sale of four founding sponsorships at \$150,000 each, less \$25,000 in suite income. Each founding sponsor is entitled to a quadrant of the concourse dedicated to the promotion of their brand or logo, as well as exclusivity in their product/service category and an annual suite lease.
Ticket Surcharge	Represents a ticket surcharge of \$1 on all tickets sold in the facility, as calculated on Page 8 of this analysis using attendance projections and average ticket prices derived in the feasibility study.
Parking Revenue	Parking revenues to the building of \$350,000 per year as projected by the City of Portland Parking Authority.
Retail/Office Lease Revenue	Representing the leasing of 20,000 rsf of retail/office space located at street level at \$5/rsf. This space was included in the architectural program and conceptual design developed by Ellerbe Becket in the feasibility study, so the addition of this revenue stream does not necessitate any increase to the project's projected capital cost.

Operating Costs

Increased by \$350,000 in Year One to reflect a scenario wherein a private management company will be contracted to operate the facility at a total annual cost starting at \$500,000 in Year One and escalating at 4% per year thereafter. While the terms of such management contracts vary widely from facility to facility, the total fee estimate of \$500,000 (including a fixed base fee and any performance incentives) is considered reasonable given the level of event activity and size of revenues projected herein.

Debt Service

Debt service as calculated on Page 2 of this analysis, with assumptions and calculation of debt schedule provided by Fleet Securities.

Coverage Ratio

Ratio of net operating income to debt service.

Annual Replacement Reserve

Calculated as 5% of annual debt service, as recommended by Fleet Securities.

Other Cash Flows used for analysis of Taxable Status of Debt (page 10)

	These line items represent cash flows which, while they are already included in the building revenue line items above, are important to the "Private Use Test" analysis shown on page 9, wherein the project's conformance with the requirements of tax exempt debt are analyzed.
Building Rental Income from Pirates Only	Per feasibility study - "Moderate" event scenario.
Building Concessions Income from Pirates Only	Per feasibility study - "Moderate" event scenario.
Building Catering Income from Pirates Only	Per feasibility study - "Moderate" event scenario.
Surcharge on Pirates Tickets Only	Calculated as for Year One as shown on Page 8 and inflated at 4% per year thereafter.
Parking Revenues from Pirates Games	Calculated as for Year One as shown on Page 8 and inflated at 4% per year thereafter.

Suite Revenue

Number of Suites for Sale	20
Annual Lease Rate	\$25,000
Seats Per Suite	12
Hockey Games Included	40
Total Hockey Ticket	480
Pirates Ticket Price	\$18.00
Parking Passes per Suite	4
Total Parking Passes	3,200
Parking Rate	\$3.00

Suite Income	\$500,000
Less Hockey Tickets	\$172,800
Less Parking	\$9,600
Building Revenue from Suites	\$317,600
(Year One)	

Club Seat Revenue

Number of Club Seats	1,000
Annual Rate	\$1,000
(Rate per game)	\$25
Hockey Games Included	40
Total Hockey tickets	40,000
Pirates Ticket price	\$18
Parking passes per seat	0.33
Total Parking Passes	13,333
Parking Rate	\$3.00

Club Seat Income	\$1,000,000
Less Hockey Tickets	\$720,000
Less Parking	\$40,000
Building Revenue from Club St.s	\$240,000
(Year One)	

Parking Revenue from Pirates Games

Avg Hockey Attendance	5,000
Less Suite seats	240
Less Club Seats	1,000
Remaining Attendee	3,760
Number of Hockey Games	40

Parking passes per seat	0.33
Parking Rate	\$3.00
Parking Revenue - Gen Attendance	150,400
Plus Suite and Club Parking	49,600
Total Parking Revenue from Hockey	200,000
Less Pirates Parking Share	133,333
Building Parking Rev from Hockey	66,667

Ticket Surcharge Options

Event Type	Total Att	Avg Ticket	Proj Gate	\$1.00 Sur	8% Sur	10% Sur
Minor League Hockey	225,000	\$11	\$2,475,000	\$225,000	\$198,000	\$247,500
College Basketball	5,000	\$12	\$60,000	\$5,000	\$4,800	\$6,000
Other College Sports	15,000	\$4	\$60,000	\$15,000	\$4,800	\$6,000
Professional Basketball	9,000	\$20	\$180,000	\$9,000	\$14,400	\$18,000
Large Concerts	117,000	\$24	\$2,808,000	\$117,000	\$224,640	\$280,800
Small Concerts	32,000	\$18	\$576,000	\$32,000	\$46,080	\$57,600
Family Shows	128,000	\$14	\$1,792,000	\$128,000	\$143,360	\$179,200
Figure Skating	27,000	\$45	\$1,215,000	\$27,000	\$97,200	\$121,500
Professional/Exhibition Sp	36,000	\$15	\$540,000	\$36,000	\$43,200	\$54,000
High School Sports	24,000	\$5	\$120,000	\$24,000	\$9,600	\$12,000
Flat / Public Shows	100,000	n/a	\$0	\$100,000	\$0	\$0
Graduation/Convocations	10,000	n/a	\$0	\$10,000	\$0	\$0
Other Sports	25,000	\$13	\$325,000	\$25,000	\$26,000	\$32,500
	753,000			\$753,000	\$812,080	\$1,015,100

Private Use Assumptions	
Hockey Dates	45
Total Dates	169
Percent Private Use Dates	26.63%

"Private Use" Analysis			
	30 Year NPV		Revenues from
	Amount	% Private	Private Use
Operating Revenues			
Rental Income	\$17,522,592	20.39%	\$3,572,487
Concessions	\$17,575,337	46.07%	\$8,097,404
Catering Income	\$723,137	51.91%	\$375,398
Merchandising Income	\$2,865,266	0.00%	\$0
Advertising Income	\$6,733,343	26.63%	\$1,792,902
Suite Revenue	\$7,141,186	26.63%	\$1,901,499
Club Seat Revenue	\$5,407,906	26.63%	\$1,439,975
Box Office Fees	\$3,800,329	26.63%	\$1,011,922
Event Staffing Reimbursable	\$9,870,691	26.63%	\$2,628,290
Facility Maintenance Fee	\$1,397,713	26.63%	\$372,172
Capital Funding Revenues			
Founding Sponsorships	\$11,246,463	26.63%	\$2,994,620
Ticket Surcharge	\$16,943,324	29.89%	\$5,063,628
Parking Revenue	\$7,872,317	19.06%	\$1,500,334
Retail/Office Lease Revenue	\$2,235,607	100.00%	\$2,235,607
30 Year NPV of Revenues	\$111,335,209		\$32,986,239
NPV of Operating Costs	\$71,371,134		
% of Operating Costs from Private Use	43.00%		
Operating Costs from Private Use			\$30,689,587
NPV of Net Operating Income	\$39,964,076		
NPV of NOI from Private Use			\$2,296,651
As % of Total NOI			5.75%
NPV of Annual Debt Service			\$24,427,000
Percent of Debt Service from Private Use			9.40%

Notes to Private Use Analysis Page

Page 9 of this analysis provides a calculation of the conformance of the project's operating finances to the requirements of tax exempt debt, specifically the 10% private use test. This test stipulates that, to be eligible for tax exempt debt financing, a project must be able to service its debt with less than 10% of the debt service amount coming from private sources -- in this case, the Portland Pirates and any other lessors in the facility whose operations extend greater than 180 days.

In each case, the values shown in this analysis represent the net present value (NPV) of cash flows over the 30-year amortization schedule for the debt, discounted at the cost of capital in the given scenario.

Revenue

Rental Income	Private use is calculated as the NPV of the Pirates' actual projected rent payments as shown on pages 3 to 6.
Concessions	Private use is calculated as the NPV of the building's concessions revenue from Pirates games as shown on pages 3 to 6.
Catering Income	Private use is calculated as the NPV of the building's catering revenue from Pirates games as shown on pages 3 to 6.
Merchandising Income	All merchandise revenue to the building projected in the feasibility study and on pages 3 to 6 come from events other than Pirates Hockey.
Advertising Income	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Suite Revenue	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Club Seat Revenue	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Box Office Fees	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Event Staffing Reimbursable	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Facility Maintenance Fee	Private use is calculated based on the percentage of event days comprised by Pirates hockey.

Capital Funding Mechanisms

Founding Sponsorships	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Ticket Surcharge	Private use is based on actual ticket surcharge revenue from Pirates games as calculated on Page 8.
Parking Revenue	Private use is calculated as the NPV of the building's parking revenue from Pirates games as shown on pages 3 to 6.
Retail/Office Lease Revenue	It is assumed that these lease revenues will be derived from private long-term tenants, and the private use is therefore calculated as 100% of the NPV of these revenues as calculated on pages 3 to 6. However, if these tenants are, in fact, public entities (such as some of the State social service agencies which may be displaced by the arena development), then they may qualify as a tax exempt use.

Operating Costs

B&D's analysis of current operating costs at the Cumberland County Civic Center show that approximately 43% of such costs are incurred as a result of the operation of the Portland Pirates hockey games. Given that the Moderate event scenario utilized for all of the calculations in this analysis reflects a similar proportion of hockey games to other events, B&D projects that this 43% ratio of hockey-incurred operating costs to total operating costs will hold for the new facility.

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Summary of Capital Funding

Total Capital Requirement	\$46,700,000
Charitable Contribution	20,000,000
PSL Sales	2,000,000
Targeted Contractor Contributions	2,000,000
Project Debt Requirement	22,700,000
Total Funding	\$46,700,000

Performance of Scenario C: Use of Revenue Bonds

Does project conform to 10% private use test?	Yes
Does project achieve required debt coverage?	No

PSL Sales

Club Seating Capacity	1,000
Other Potential PSL Sales	1,000
Recommended Average Price	\$1,000
Total Potential Funding	\$2,000,000

Targeted Contractor Contributors

- Private Management Company
- Concessionaire
- Utility Supplier / Energy Company

Debt Structure Analysis

Scenario A - General Obligation Bonds

Required Debt Coverage Ratio	1.0 Times Debt Service	Capital Requirement	\$22,700,000
Term	30 Years	Total Bond Issue (Taxable)	\$22,700,000
Interest Rate (taxable)	6.50% (to 7.5%)	Annual Debt Service (Taxable)	\$1,738,308
Interest Rate (tax exempt)	5.50% (to 6.5%)	Debt Service Reserve (Taxable)	\$0
Required Debt Service Reserve	0.0 Years Debt Service	Total Bond Issue (Tax Exempt)	\$22,700,000
Required Replacement Reserve	5.0% of Debt Service	Annual Debt Service (Tax Exempt)	\$1,561,882
		Debt Service Reserve (Tax Exempt)	\$0

Scenario B - Revenue Bonds with Moral Obligation Pledge

Required Debt Coverage Ratio	1.0 Times Debt Service	Capital Requirement	\$22,700,000
Term	30 Years	Total Bond Issue (Taxable)	\$24,636,000
Interest Rate (taxable)	6.75% (to 7.75%)	Annual Debt Service (Taxable)	\$1,935,704
Interest Rate (tax exempt)	5.75% (to 6.75%)	Debt Service Reserve (Taxable)	\$1,935,704
Required Debt Service Reserve	1.0 Years Debt Service	Total Bond Issue (Tax Exempt)	\$24,427,000
Required Replacement Reserve	5.0% of Debt Service	Annual Debt Service (Tax Exempt)	\$1,727,386
		Debt Service Reserve (Tax Exempt)	\$1,727,386

Scenario C - Revenue Bonds

Required Debt Coverage Ratio	1.5 Times Debt Service	Capital Requirement	\$22,700,000
Term	30 Years	Total Bond Issue (Taxable)	\$25,821,000
Interest Rate (taxable)	7.00% (to 8.5%)	Annual Debt Service (Taxable)	\$2,080,822
Interest Rate (tax exempt)	6.00% (to 7.5%)	Debt Service Reserve (Taxable)	\$3,121,232
Required Debt Service Reserve	1.5 Years Debt Service	Total Bond Issue (Tax Exempt)	\$25,476,000
Required Replacement Reserve	5.0% of Debt Service	Annual Debt Service (Tax Exempt)	\$1,850,804
		Debt Service Reserve (Tax Exempt)	\$2,776,206

Note:

Calculations in right hand column are by B&D, reviewed by Fleet Securities, based on assumptions in left hand column provided by Fleet. All terms are based on current market conditions and assume that debt is rated as investment grade (Baa3 or better) which in the case of Scenario C will require the satisfaction of various outstanding considerations. Interest rates utilized are based on current market rates, while the potential ranges of variation in these rates are shown.

30-Year Pro Forma Statement

	Feasibility Study		Revised Operating Projections		Capital Funding Mechanisms		Total						
	Operating Projections	Operating Projections	Operating Projections	Operating Projections	Operating Projections	Operating Projections	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Revenue													
Rental Income	882,000	882,000	882,000	882,000			882,000	908,000	935,000	964,000	992,000	1,022,000	1,053,000
Concessions	782,000	782,000	782,000	782,000			782,000	813,000	845,000	879,000	915,000	951,000	989,000
Catering Income	32,000	32,000	32,000	32,000			32,000	33,000	35,000	36,000	38,000	39,000	41,000
Merchandising Income	127,000	127,000	127,000	127,000			127,000	132,000	138,000	143,000	149,000	155,000	161,000
Advertising Income	200,000	200,000	200,000	200,000			200,000	312,000	324,000	337,000	350,000	364,000	379,000
Club Revenue	130,000	130,000	130,000	130,000			130,000	330,000	343,000	343,000	357,000	371,000	386,000
Box Seat Revenue	101,000	101,000	101,000	101,000			101,000	250,000	260,000	270,000	281,000	292,000	304,000
Event Staffing Reimbursable	169,000	169,000	169,000	169,000			169,000	176,000	183,000	190,000	198,000	206,000	214,000
Facility Maintenance Fee	440,000	440,000	440,000	440,000			440,000	457,000	475,000	494,000	513,000	533,000	554,000
Capital Funding Mechanisms													
Founding Sponsorships					500,000		500,000	520,000	541,000	563,000	586,000	609,000	633,000
Ticket Surcharge					753,000		753,000	783,000	814,000	847,000	881,000	916,000	953,000
Parking Revenue					350,000		350,000	364,000	379,000	394,000	410,000	426,000	443,000
Retail/Office Lease Revenue					100,000		100,000	104,000	108,000	112,000	116,000	121,000	126,000
Total Income	\$2,925,000	\$3,351,600	\$3,351,600	\$3,351,600	\$1,703,000		\$5,054,600	\$5,247,000	\$5,447,000	\$5,656,000	\$5,873,000	\$6,095,000	\$6,329,000
Operating Costs	\$2,822,000	\$3,172,000	\$3,172,000	\$3,172,000			\$3,172,000	\$3,299,000	\$3,431,000	\$3,568,000	\$3,711,000	\$3,859,000	\$4,013,000
Net Operating Income	\$103,000	\$179,600	\$179,600	\$179,600	\$1,703,000		\$1,882,600	\$1,948,000	\$2,016,000	\$2,088,000	\$2,162,000	\$2,236,000	\$2,316,000
Debt Service							\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804
Coverage Ratio							1.02	1.05	1.09	1.13	1.17	1.21	1.25
Cash Flow After Debt Service							\$31,796	\$97,196	\$165,196	\$237,196	\$311,196	\$385,196	\$465,196
Annual Replacement Reserve							\$92,540	\$92,540	\$92,540	\$92,540	\$92,540	\$92,540	\$92,540
Cash Flow After All Expenditures							(\$60,744)	\$4,656	\$72,656	\$144,656	\$218,656	\$292,656	\$372,656
Cumulative Replacement Reserve							\$92,540	\$185,080	\$277,621	\$370,161	\$462,701	\$555,241	\$647,781
Cumulative Cash Flow After All Expenditures							(\$60,744)	(\$56,088)	\$16,568	\$161,225	\$379,881	\$672,537	\$1,045,193
Other Cash Flows used for analysis of Total Cash Flow Status of Debt (page 9)													
Building Rental Income from Pirates Only							180,000	185,000	191,000	197,000	203,000	209,000	215,000
Building Concessions Income from Pirates Only							360,000	375,000	390,000	405,000	420,000	437,500	455,000
Building Catering Income from Pirates Only							18,000	18,000	18,000	20,000	20,000	22,000	22,000
Surcharge on Pirates Tickets Only							225,000	234,000	243,360	253,094	263,218	273,747	284,697
Parking Revenues from Pirates Games							66,667	69,333	72,107	74,991	77,991	81,110	84,355

30-Year Pro Forma Statement

	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23
Revenue								
Rental Income	1,375,000	1,416,000	1,458,000	1,502,000	1,547,000	1,593,000	1,641,000	1,690,000
Concessions	1,406,000	1,462,000	1,520,000	1,581,000	1,644,000	1,710,000	1,778,000	1,849,000
Catering Income	58,000	60,000	62,000	64,000	67,000	70,000	73,000	76,000
Merchandising Income	229,000	238,000	248,000	258,000	268,000	279,000	290,000	302,000
Advertising Income	539,000	561,000	583,000	606,000	630,000	655,000	681,000	708,000
Sub Revenue	571,000	594,000	618,000	643,000	669,000	696,000	724,000	753,000
Club Seat Revenue	433,000	450,000	468,000	487,000	506,000	526,000	547,000	569,000
Box Office Fees	304,000	316,000	329,000	342,000	356,000	370,000	385,000	400,000
Event Staffing Reimbursable	789,000	821,000	854,000	888,000	924,000	961,000	999,000	1,039,000
Facility Maintenance Fee	112,000	116,000	121,000	126,000	131,000	136,000	141,000	147,000
Capital Funding Mechanisms								
Founding Sponsorships	900,000	936,000	973,000	1,012,000	1,052,000	1,094,000	1,138,000	1,184,000
Ticket Surcharge	1,336,000	1,410,000	1,466,000	1,525,000	1,586,000	1,649,000	1,715,000	1,784,000
Parking Revenue	630,000	655,000	681,000	708,000	736,000	765,000	796,000	828,000
Retail/Office Lease Revenue	179,000	186,000	193,000	201,000	209,000	217,000	226,000	235,000
Total Income	\$8,881,000	\$9,221,000	\$9,574,000	\$9,943,000	\$10,325,000	\$10,721,000	\$11,134,000	\$11,564,000
Operating Costs	\$5,711,000	\$5,939,000	\$6,177,000	\$6,424,000	\$6,681,000	\$6,948,000	\$7,226,000	\$7,515,000
Net Operating Income	\$3,170,000	\$3,282,000	\$3,397,000	\$3,519,000	\$3,644,000	\$3,773,000	\$3,908,000	\$4,049,000
Debt Service	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804
Coverage Ratio	1.71	1.77	1.84	1.90	1.97	2.04	2.11	2.19
Cash Flow After Debt Service	\$1,319,196	\$1,431,196	\$1,546,196	\$1,668,196	\$1,793,196	\$1,922,196	\$2,057,196	\$2,198,196
Annual Replacement Reserve	\$92,540	\$92,540	\$92,540	\$92,540	\$92,540	\$92,540	\$92,540	\$92,540
Cash Flow After All Expenditures	\$1,226,656	\$1,338,656	\$1,453,656	\$1,575,656	\$1,700,656	\$1,829,656	\$1,964,656	\$2,105,656
Cumulative Replacement Reserve	\$1,480,643	\$1,573,183	\$1,665,723	\$1,758,263	\$1,850,804	\$1,943,344	\$2,035,884	\$2,128,424
Cumulative Cash Flow After All Expendi	\$8,471,098	\$9,809,755	\$11,263,411	\$12,839,067	\$14,539,723	\$16,369,379	\$18,334,035	\$20,439,691
Other Cash Flows used for analysis of Ta								
Building Rental Income from Pirates Onl	280,000	288,000	297,000	306,000	315,000	324,000	334,000	344,000
Building Concessions Income from Pirate	648,000	674,000	701,000	729,000	758,000	788,000	820,000	853,000
Building Catering Income from Pirates O	30,000	31,000	32,000	33,000	34,000	35,000	36,000	37,000
Surcharge on Pirates Tickets Only	405,212	421,421	438,278	455,809	474,041	493,003	512,723	533,232
Parking Revenues from Pirates Games	120,063	124,865	129,860	135,054	140,457	146,075	151,918	157,995

30-Year Pro Forma Statement

	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	30 Year NPV
Revenue								
Rental Income	1,741,000	1,793,000	1,847,000	1,902,000	1,959,000	2,018,000	2,079,000	\$16,974,334
Concessions	1,923,000	2,000,000	2,080,000	2,163,000	2,250,000	2,340,000	2,434,000	\$16,997,350
Catering Income	79,000	82,000	85,000	88,000	92,000	96,000	100,000	\$699,390
Merchandising Income	314,000	327,000	340,000	354,000	368,000	383,000	398,000	\$2,770,947
Advertising Income	736,000	765,000	796,000	828,000	861,000	895,000	931,000	\$6,511,977
Suite Revenue	814,000	847,000	847,000	881,000	916,000	953,000	991,000	\$6,906,152
Club Seat Revenue	592,000	616,000	641,000	667,000	694,000	722,000	751,000	\$5,229,940
Box Office Fees	416,000	433,000	450,000	468,000	487,000	506,000	526,000	\$3,675,333
Event Staffing Reimbursable	1,081,000	1,124,000	1,169,000	1,216,000	1,265,000	1,316,000	1,369,000	\$9,545,997
Facility Maintenance Fee	153,000	159,000	165,000	172,000	179,000	186,000	193,000	\$1,351,743
Capital Funding Mechanisms								
Founding Sponsorships	1,231,000	1,280,000	1,331,000	1,384,000	1,439,000	1,497,000	1,557,000	\$10,876,606
Ticket Surcharge	1,855,000	1,929,000	2,006,000	2,086,000	2,169,000	2,256,000	2,346,000	\$16,385,968
Parking Revenue	861,000	895,000	931,000	968,000	1,007,000	1,047,000	1,089,000	\$7,613,481
Retail/Office Lease Revenue	244,000	254,000	264,000	275,000	286,000	297,000	309,000	\$2,162,151
Total Income	\$12,009,000	\$12,471,000	\$12,952,000	\$13,452,000	\$13,972,000	\$14,512,000	\$15,073,000	\$107,701,369
Operating Costs	\$7,816,000	\$8,129,000	\$8,454,000	\$8,792,000	\$9,144,000	\$9,510,000	\$9,890,000	\$69,023,089
Net Operating Income	\$4,193,000	\$4,342,000	\$4,498,000	\$4,660,000	\$4,828,000	\$5,002,000	\$5,183,000	\$38,678,280
Debt Service	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804	\$1,850,804	\$25,476,000
Coverage Ratio	2.27	2.35	2.43	2.52	2.61	2.70	2.80	
Cash Flow After Debt Service	\$2,342,196	\$2,491,196	\$2,647,196	\$2,809,196	\$2,977,196	\$3,151,196	\$3,332,196	
Annual Replacement Reserve	\$92,540	\$92,540	\$92,540	\$92,540	\$92,540	\$92,540	\$92,540	\$92,540
Cash Flow After All Expenditures	\$2,249,656	\$2,398,656	\$2,554,656	\$2,716,656	\$2,884,656	\$3,058,656	\$3,239,656	
Cumulative Replacement Reserve	\$2,220,964	\$2,313,505	\$2,406,045	\$2,498,585	\$2,591,125	\$2,683,665	\$2,776,206	
Cumulative Cash Flow After All Expenditures	\$22,689,348	\$25,088,004	\$27,642,660	\$30,359,316	\$33,243,972	\$36,302,628	\$39,542,284	
Other Cash Flows used for analysis of Total Cash Flow								
Building Rental Income from Pirates On	354,000	365,000	376,000	387,000	399,000	411,000	423,000	\$3,460,801
Building Concessions Income from Pirate	887,000	922,000	959,000	997,000	1,037,000	1,078,000	1,121,000	\$7,831,038
Building Catering Income from Pirates O	38,000	40,000	42,000	44,000	46,000	48,000	50,000	\$363,324
Surcharge on Pirates Tickets Only	554,561	576,743	599,813	623,806	648,758	674,708	701,697	\$4,897,031
Parking Revenues from Pirates Games	164,314	170,887	177,722	184,831	192,225	199,914	207,910	\$1,450,972

Notes to Pro Forma Page

Pages 3 through 6 of this analysis comprise a 30-year operating pro forma for the proposed Portland Arena. Except where noted below, the first ten years of the pro forma reflect the figures derived in the City of Portland Indoor Sports Arena Feasibility Study dated May 1999, and both revenue and expense figures are inflated at 4% per year thereafter, while debt service is calculated based on one of three scenarios.

Revenue

Rental Income	Per feasibility study - "Moderate" event scenario.
Concessions	Per feasibility study - "Moderate" event scenario.
Catering Income	Per feasibility study - "Moderate" event scenario.
Merchandising Income	Per feasibility study - "Moderate" event scenario.
Advertising Income	Increased to \$300,000 per year in net advertising revenue to the building, based on further market research completed by B&D since the publishing of the feasibility study.
Suite Revenue	Increased to reflect the calculation shown on Page 8 of this analysis, based on further market research completed by B&D since the publishing of the feasibility study.
Club Seat Revenue	Increased to reflect the calculation shown on Page 8 of this analysis, based on further market research completed by B&D since the publishing of the feasibility study.
Box Office Fees	Per feasibility study - "Moderate" event scenario.
Event Staffing Reimbursable	Per feasibility study - "Moderate" event scenario.
Facility Maintenance Fee	Per feasibility study - "Moderate" event scenario.

Capital Funding Mechanisms

	Represent revenue streams identified since the publishing of the feasibility study as potential sources for the retirement of debt incurred for the development of the facility.
Founding Sponsorships	Represents the sale of four founding sponsorships at \$150,000 each, less \$25,000 in suite income. Each founding sponsor is entitled to a quadrant of the concourse dedicated to the promotion of their brand or logo, as well as exclusivity in their product/service category and an annual suite lease.
Ticket Surcharge	Represents a ticket surcharge of \$1 on all tickets sold in the facility, as calculated on Page 8 of this analysis using attendance projections and average ticket prices derived in the feasibility study.
Parking Revenue	Parking revenues to the building of \$350,000 per year as projected by the City of Portland Parking Authority.
Retail/Office Lease Revenue	Representing the leasing of 20,000 rsf of retail/office space located at street level at \$5/rsf. This space was included in the architectural program and conceptual design developed by Ellerbe Becket in the feasibility study, so the addition of this revenue stream does not necessitate any increase to the project's projected capital cost.

Operating Costs

Increased by \$350,000 in Year One to reflect a scenario wherein a private management company will be contracted to operate the facility at a total annual cost starting at \$500,000 in Year One and escalating at 4% per year thereafter. While the terms of such management contracts vary widely from facility to facility, the total fee estimate of \$500,000 (including a fixed base fee and any performance incentives) is considered reasonable given the level of event activity and size of revenues projected herein.

Debt Service Debt service as calculated on Page 2 of this analysis, with assumptions and calculation of debt schedule provided by Fleet Securities.

Coverage Ratio Ratio of net operating income to debt service.

Annual Replacement Reserve Calculated as 5% of annual debt service, as recommended by Fleet Securities.

Other Cash Flows used for analysis of Taxable Status of Debt (page 10)

	These line items represent cash flows which, while they are already included in the building revenue line items above, are important to the "Private Use Test" analysis shown on page 9, wherein the project's conformance with the requirements of tax exempt debt are analyzed.
Building Rental Income from Pirates Only	Per feasibility study - "Moderate" event scenario.
Building Concessions Income from Pirates Only	Per feasibility study - "Moderate" event scenario.
Building Catering Income from Pirates Only	Per feasibility study - "Moderate" event scenario.
Surcharge on Pirates Tickets Only	Calculated as for Year One as shown on Page 8 and inflated at 4% per year thereafter.
Parking Revenues from Pirates Games	Calculated as for Year One as shown on Page 8 and inflated at 4% per year thereafter.

Suite Revenue

Number of Suites for Sale	20
Annual Lease Rate	\$25,000
Seats Per Suite	12
Hockey Games Included	40
Total Hockey Ticket	480
Pirates Ticket Price	\$18.00
Parking Passes per Suite	4
Total Parking Passes	3,200
Parking Rate	\$3.00

Suite Income	\$500,000
Less Hockey Tickets	\$172,800
Less Parking	\$9,600
Building Revenue from Suites	\$317,600
(Year One)	

Club Seat Revenue

Number of Club Seats	1,000
Annual Rate	\$1,000
(Rate per game)	\$25
Hockey Games Included	40
Total Hockey tickets	40,000
Pirates Ticket price	\$18
Parking passes per seat	0.33
Total Parking Passes	13,333
Parking Rate	\$3.00

Club Seat Income	\$1,000,000
Less Hockey Tickets	\$720,000
Less Parking	\$40,000
Building Revenue from Club Seats	\$240,000
(Year One)	

Parking Revenue from Pirates Games

Avg Hockey Attendance	5,000
Less Suite seats	240
Less Club Seats	1,000
Remaining Attendee	3,760
Number of Hockey Games	40

Parking passes per seat	0.33
Parking Rate	\$3.00
Parking Revenue - Gen Attendance	150,400
Plus Suite and Club Parking	49,600
Total Parking Revenue from Hockey	200,000
Less Pirates Parking Share	133,333
Building Parking Rev from Hockey	66,667

Ticket Surcharge Options

Event Type	Total Att	Avg Ticket	Proj Gate	\$1.00 Sur	8% Sur	10% Sur
Minor League Hockey	225,000	\$11	\$2,475,000	\$225,000	\$198,000	\$247,500
College Basketball	5,000	\$12	\$60,000	\$5,000	\$4,800	\$6,000
Other College Sports	15,000	\$4	\$60,000	\$15,000	\$4,800	\$6,000
Professional Basketball	9,000	\$20	\$180,000	\$9,000	\$14,400	\$18,000
Large Concerts	117,000	\$24	\$2,808,000	\$117,000	\$224,640	\$280,800
Small Concerts	32,000	\$18	\$576,000	\$32,000	\$46,080	\$57,600
Family Shows	128,000	\$14	\$1,792,000	\$128,000	\$143,360	\$179,200
Figure Skating	27,000	\$45	\$1,215,000	\$27,000	\$97,200	\$121,500
Professional/Exhibition Sp	36,000	\$15	\$540,000	\$36,000	\$43,200	\$54,000
High School Sports	24,000	\$5	\$120,000	\$24,000	\$9,600	\$12,000
Flat / Public Shows	100,000	n/a	\$0	\$100,000	\$0	\$0
Graduation/Convocations	10,000	n/a	\$0	\$10,000	\$0	\$0
Other Sports	25,000	\$13	\$325,000	\$25,000	\$26,000	\$32,500
	753,000			\$753,000	\$812,080	\$1,015,100

Private Use Assumptions	
Hockey Dates	45
Total Dates	169
Percent Private Use Dates	26.63%

"Private Use" Analysis			
	30 Year NPV		Revenues from
	Amount	% Private	Private Use
Operating Revenues			
Rental Income	\$16,974,334	20.39%	\$3,460,801
Concessions	\$16,997,350	46.07%	\$7,831,038
Catering Income	\$699,390	51.95%	\$363,324
Merchandising Income	\$2,770,947	0.00%	\$0
Advertising Income	\$6,511,977	26.63%	\$1,733,958
Suite Revenue	\$6,906,152	26.63%	\$1,838,916
Club Seat Revenue	\$5,229,940	26.63%	\$1,392,588
Box Office Fees	\$3,675,333	26.63%	\$978,639
Event Staffing Reimbursable	\$9,545,997	26.63%	\$2,541,834
Facility Maintenance Fee	\$1,351,743	26.63%	\$359,932
Capital Funding Revenues			
Founding Sponsorships	\$10,876,606	26.63%	\$2,896,138
Ticket Surcharge	\$16,385,968	29.89%	\$4,897,031
Parking Revenue	\$7,613,481	19.06%	\$1,450,972
Retail/Office Lease Revenue	\$2,162,151	100.00%	\$2,162,151
30 Year NPV of Revenues	\$107,701,369		\$31,907,322
NPV of Operating Costs	\$69,023,089		
% of Operating Costs from Private Use	43.00%		
Operating Costs from Private Use			\$29,679,928
NPV of Net Operating Income	\$38,678,280		
NPV of NOI from Private Use			\$2,227,393
As % of Total NOI			5.76%
NPV of Annual Debt Service			\$25,476,000
Percent of Debt Service from Private Use			8.74%

Notes to Private Use Analysis Page

Page 9 of this analysis provides a calculation of the conformance of the project's operating finances to the requirements of tax exempt debt, specifically the 10% private use test. This test stipulates that, to be eligible for tax exempt debt financing, a project must be able to service its debt with less than 10% of the debt service amount coming from private sources -- in this case, the Portland Pirates and any other lessors in the facility whose operations extend greater than 180 days.

In each case, the values shown in this analysis represent the net present value (NPV) of cash flows over the 30-year amortization schedule for the debt, discounted at the cost of capital in the given scenario.

Revenue

Rental Income	Private use is calculated as the NPV of the Pirates' actual projected rent payments as shown on pages 3 to 6.
Concessions	Private use is calculated as the NPV of the building's concessions revenue from Pirates games as shown on pages 3 to 6.
Catering Income	Private use is calculated as the NPV of the building's catering revenue from Pirates games as shown on pages 3 to 6.
Merchandising Income	All merchandise revenue to the building projected in the feasibility study and on pages 3 to 6 come from events other than Pirates Hockey.
Advertising Income	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Suite Revenue	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Club Seat Revenue	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Box Office Fees	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Event Staffing Reimbursable	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Facility Maintenance Fee	Private use is calculated based on the percentage of event days comprised by Pirates hockey.

Capital Funding Mechanisms

Founding Sponsorships	Private use is calculated based on the percentage of event days comprised by Pirates hockey.
Ticket Surcharge	Private use is based on actual ticket surcharge revenue from Pirates games as calculated on Page 8.
Parking Revenue	Private use is calculated as the NPV of the building's parking revenue from Pirates games as shown on pages 3 to 6.
Retail/Office Lease Revenue	It is assumed that these lease revenues will be derived from private long-term tenants, and the private use is therefore calculated as 100% of the NPV of these revenues as calculated on pages 3 to 6. However, if these tenants are, in fact, public entities (such as some of the State social service agencies which may be displaced by the arena development), then they may qualify as a tax exempt use.

Operating Costs

B&D's analysis of current operating costs at the Cumberland County Civic Center show that approximately 43% of such costs are incurred as a result of the operation of the Portland Pirates hockey games. Given that the Moderate event scenario utilized for all of the calculations in this analysis reflects a similar proportion of hockey games to other events, B&D projects that this 43% ratio of hockey-incurred operating costs to total operating costs will hold for the new facility.