Sports Financing and Advisory Credentials – David Abrams

Overview and Summary of Financing Initiatives

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STRATEGIC ADVISORY GROUP–PUBLIC FACILITY FINANCING EXPERTS

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Sports Facilities and Community Venue Financing Expertise

A Complete Range of Sports-related Financing and Advisory Services

Public Stadium Financing Experience	▪ Raised over $2 billion for sports facilities ▪ Led 2 public financings for the new MLB Marlins stadium ▪ $176 million Broward County Professional Sports Facilities Revenue Refunding Bonds (Florida Panthers Hockey Club)
Private Stadium / Franchise Financing Experience	▪ Executed many innovative financings, including project financings, taxable securitizations, hybrid private/public and high yield offerings ▪ Asset Securitizations (e.g. TV contracts, ticket sales, advertising, suite revenues) ▪ Combined $240 million Miami-Dade County Industrial Development Authority (Dolphin Stadium)
Sports Franchise Advisory Experience	▪ Sports franchise mergers (e.g. Madison Square Garden Co.) ▪ Valuation of sports franchise and facility assets ▪ Facility lease negotiations (Tampa Bay Buccaneers) ▪ New/renovated facility evaluation (Houston Texans)

Our Sports-related Financing and Advisory Services Skills Are Broad Reaching to All Types of Projects

- Structuring and Financing Services
  - Stadium / Arena/ Community Venues Financing
  - Franchise Capital Raising (Debt and/or Equity)
  - Asset Securitization (e.g. TV contracts, ticket sales, advertising, suite revenues)
- Strategic Advisory Services
  - New/Renovated Facility Evaluation
  - Facility Lease Negotiations
- Financial Risk Management
- Interest Rate Management
- Asset Management

Sports Facilities and Community Venues Economic Considerations

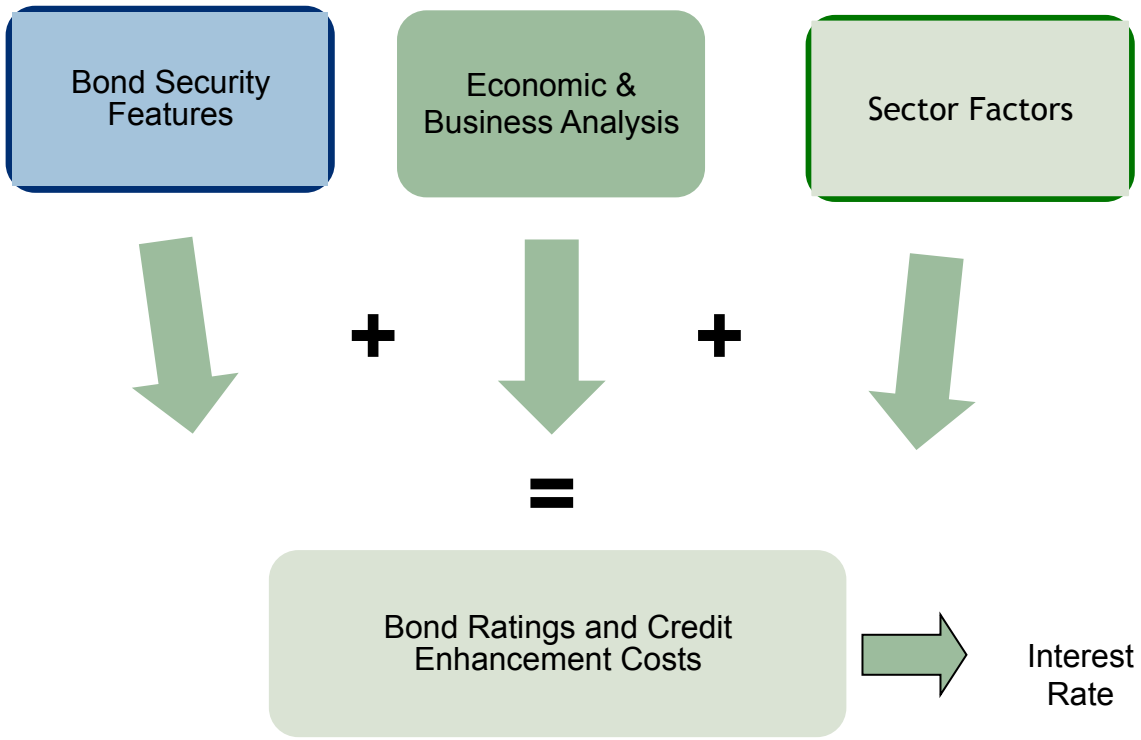
Each Participation Group Will Have Different Objectives

Public Sector	▪ Minimize risk ▪ Minimize subsidies ▪ Expand tax base ▪ Address public policy concerns ▪ Attract/retain franchise ▪ Energize development and redevelopment
Franchise	▪ Enhance competitive position ▪ Maximize third party contributions (public, NFL, etc.) ▪ Generate incremental revenues and cash flows ▪ Enhance fan experience ▪ Maximize tax benefits ▪ Manage public relations ▪ Control site and facility
Private Developers	▪ Equity return ▪ Leveraging investment for other uses

Project Finance Fundamentals

A range of market players will independently assess the strength of the sport facilities and community venues finance plan

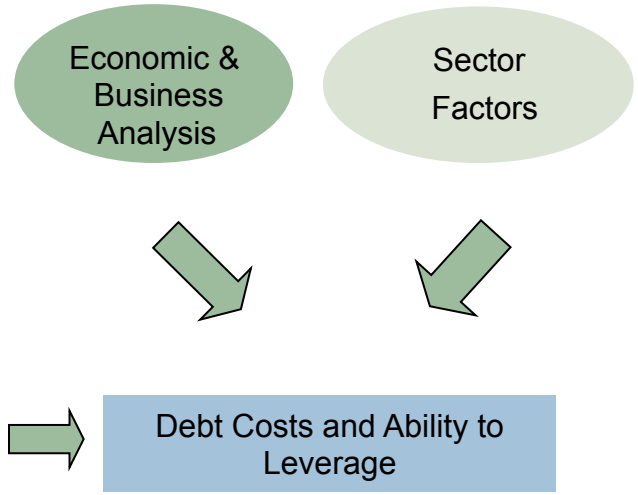
- Rating Agencies:
  Analyze wide range of factors that impact ability to repay debt
- Credit Enhancers:
  Review credit to determine charge for "credit substitution"
- Investors:
  Review credit to determine if investors will buy bonds and at what price



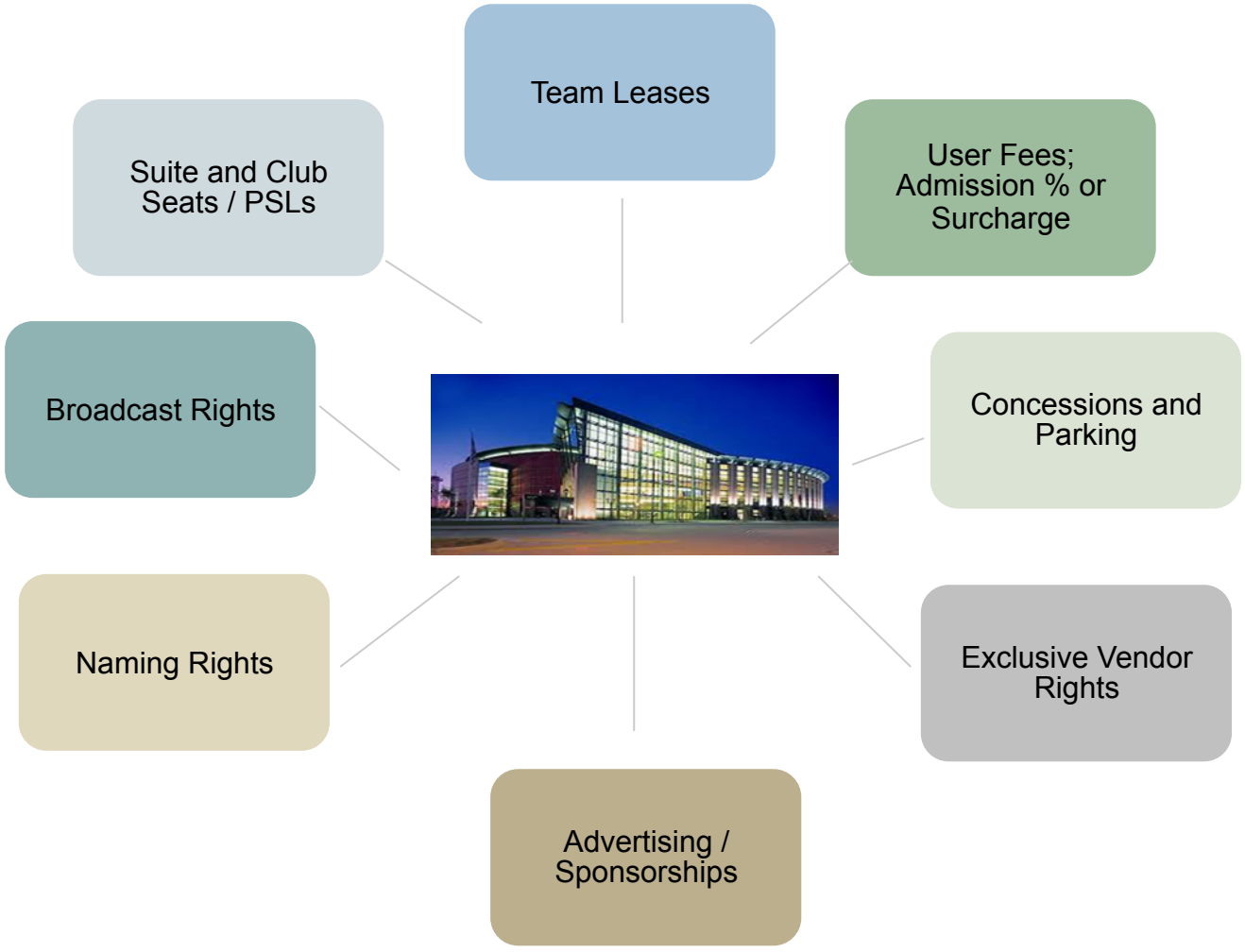
The stronger the credit, the lower the cost of funds and the greater the leveraging capacity.

Flow of Funds and Legal Covenants

Pledge of Monies and Assets	▪ Revenues – Public and Private
Flow of Funds	▪ Determines how pledged funds are used ▪ Framework for mechanics of handling revenues and payments
Financial & Operating Covenants	▪ Promises to investors designed to protect revenue and assets ▪ Rate Covenant ▪ Additional Bonds Test ▪ Asset maintenance/disposal tests
Liens/Remedies	▪ Legal rights to dollars and assets that may be offered to investors



Private Sector Sources to Support Facility Funding



Economic and Business Analysis

What It Takes To Be Investment Grade

- Strong planning and controls
- A strong portfolio of businesses
- Revenue diversity, stability and growth
    - Other sources of funds such as levy, grants, etc.
- Ability to increase revenues
- Realistic capital plan based on strategic business needs
- Thoughtful and thorough management plan
- Debt Service Coverage – not overly reliant on growth
- Robust financial results – ability to withstand downside cases
- Equity participation

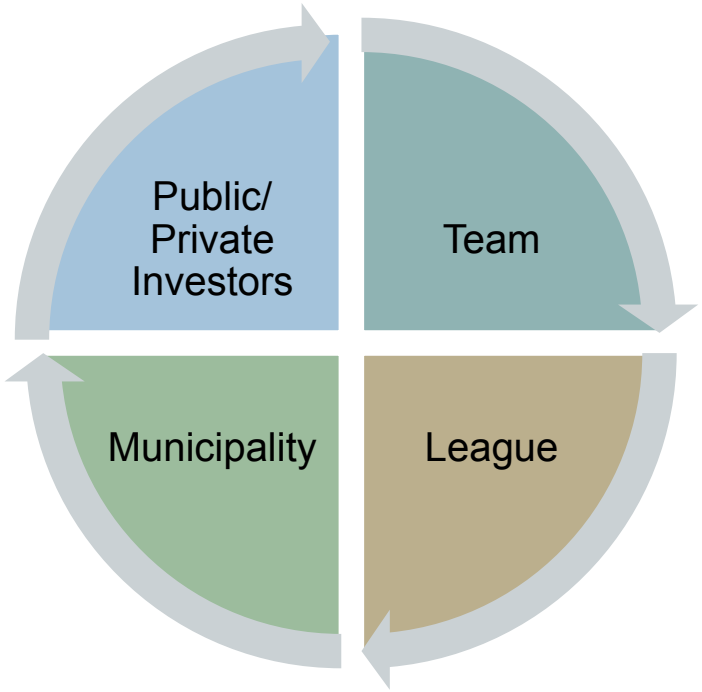
Project Funding Requires a Strong Feasibility Study

A thorough feasibility study will provide investors with comfort regarding:

Economic Business Rationale	Constructability	Operating Agreements
▪ Sources of revenue ▪ Business trends ▪ Population trends ▪ Usage projections ▪ Rate Structure ▪ Growth assumptions ▪ Competitive facilities	▪ Site control ▪ Permits ▪ Environmental ▪ Design ▪ Construction method ▪ Risk allocation ▪ Insurance	▪ Finance Plan ▪ Equity participants ▪ Operating agreements ▪ Management plan / Facility control ▪ Team commitment ▪ League support

Financing Plan Implementation – Financing Alternatives

- Public Sector Financing
  - Special Tax Bonds
  - Application of General Governmental Credit
  - Lease Revenue / Special Tax Bonds
  - Redevelopment Areas / Tax Increment Financing
  - Special Assessment or Benefits District
  - Credit Enhancement
- Private Sector Financing
  - Traditional Bank Syndicated Finance
  - Reg D Private Placement
  - 144a Public Style Bonds
- Project Equity
  - Upfront Payments
    - Seat Deposits
    - Sponsorship
    - Concessionaire
    - Naming rights
  - Permanent Seat Licenses
  - Contribution of Land and/or Infrastructure



Financing Plan Development – Public Sector Issues

Local Government debt management policy should be reviewed to accommodate sport facilities and community venues civic project financing plan:

- Local government sponsors will want to structure direct obligations consistent with their regular debt practices to guard against adverse credit risk.
- Rating analysts will consider whether or not revenue streams identified for civic project obligations lessen the flexibility of the local government sponsor to meet its other debt and programmatic obligations.
- Downtown civic projects, such as sport facilities and community venues developments, are generally viewed positively by rating analysts for the central city in an MSA.
- The "essential purpose" nature of the facility will be questioned by rating analysts
  - It is critical to note how obligations of team/tenants are assured
  - How new revenue streams do not negatively impact current programs or the ability to pay debts
- Creation of a comprehensive financing plan with tenant covering construction and operating risks.
- Public issue disclosure requirements and the potential for exemption from securities disclosure requirements both surrounding team/tenant/developer confidentiality issues, will impact the development of offering documentation.
- Issuance specifics, such as capitalized interest, reserves, sureties, prepayment provisions, and interest rate hedging strategies, should be examined as needed.

Financing Plan Development – Public Sector Issues

Managing the tax status of the financing plan has financial, business deal and ownership implications:

- Public sector ownership does not mean the project necessarily avoids violating private activity rules
  - A long-term lease with a private user does not necessarily mean tax-exempt bonds cannot be issued.
- Private payments can be structured to be received during construction as "return" on up-front public equity contributions.
- Facility ownership structure can be divided to bifurcate public ownership and payments to tax-exempt financing from private ownership and payments to taxable financing.
- Many bond counsels now allow compartmentalization of public and private sources of funding to maximize the amount of tax-exempt bond proceeds available to a project.
- Public operating obligations may be offset from private payments lessening the impact of private payments from a tax analysis perspective.
- The ability of tax-exempt bonds to create much more leveraging capability often alters the business deal relationship among the parties.
- The public security of an "air-tight" long-term lease is generally seen as a business point not altered in an attempt to garner additional tax-exempt bond capacity (via shorter management contract parameters of the private activity regulations).

Financing Plan Development – Public Sector Issues

Construction planning arrangements minimize unforeseen costs:

- Take care to include all known costs, such as most recent estimated cost to complete, environmental contingencies, ancillary costs (builders risk, construction period utilities, testing and inspection, other general conditions, etc.), adequate allowances for program elements not fully designed, adequate contingency funding.
- The construction program, accounting for the tenant's desires and revenue generation needs, must be carefully developed within the scope of project resources.
- Know state and local law regarding procurement.
- Is negotiation of a project-labor agreement required?
- Do construction timing needs require additional dollars for funding of interest during construction or temporary construction financing arrangements?
- Status of design (directly related to quality of current cost estimate) in relation to initiation of project bidding and financing will directly influence the likelihood of additional costs.
- The construction method (GMP, Design-build, etc.) chosen may reassign risk to a third-party.
- Design and construction control, responsibility for approval and implementation of changes and funding of overruns.
- Exemption from state and local sales taxes on construction, or applicable permit fees, if the owner is a public entity.
- Adequate risk mitigation is available via project insurance, letters of credit, and sureties but the prevailing market conditions must be examined in an effort to efficiently match risk mitigation versus project cost.

Financing Plan Development – Public Sector Issues

Transaction documentation must be closely coordinated with financing arrangements for project success and may influence the credit rating of the sponsoring public entity:

- Lease/rental structure with team, other tenants or subtenants should complement the financing arrangements if the financing is dependent upon the economics of the business transaction.
- The term of the operating agreement should be no less than that of the financing arrangements.
- Carefully evaluate the need for provision of security interests or adequate default remedies to ensure tenant performance.
- Evaluate the benefits of separate relocation agreements, team lease or tenancy agreement, facility operating agreement, or construction/development agreement.
- The responsibility for operating costs, utilities, current taxes, future changes to current tax rates, capital repair, property taxes and insurance should be clearly delineated.
- Adequate post-construction insurance coverage with adequate coverage for additional insureds and clear disposition of insurance proceeds must be carefully documented.
- Relocation prohibitions should be carefully developed.
- Carefully evaluate potential cross-defaults between transaction documents and bond documents.
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- Account for all project requirements, including the potential for completion funding - are additional bond provisions adequate in bond documents and what is the credit impact of these provisions?

Financing Plan Development – Public Sector Issues

Ownership should be carefully considered by the local government:

- Should an asset requiring considerable public subsidy be owned by the public?
- Is the creation of a new public asset appropriate public policy?
- Negotiations will establish responsibility for payment of taxes, insurance, and on-going maintenance.
- How are long term capital repairs going to be handled in the negotiation?
- Term of operating leases should be tied to any bonded indebtedness.
- Creation of divided ownership interests and/or compartmentalization of public and private revenue streams and funding sources have been ways of building additional private money into financing plans while maximizing tax-exempt debt capacity.

Financing Plan Development – Private Sector Issues

- Provide financial and cash flow modeling and sensitivity analysis to ascertain the optimal financing structure for the proposed facility and any ancillary development.
  - Maximize and leverage public and facility revenue streams
- Prepare a preliminary plan of finance that provides a thorough analysis of financing options, including both public and private sector funding. Such analysis will include:
  - Public sector funding for land acquisition, infrastructure and possibly facility structure.
  - Public sector conduit financing.
  - Fixed rate private placements of debt.
  - Tax Exempt and Taxable Debt.
  - Direct bank lending, including construction and/or permanent loan agreements.
  - Variable rate demand obligations or commercial paper with bank liquidity support and a credit facility.
  - Third party or developer-based financing of the project.
  - Securitization of the contractually obligated revenue streams and other asset backed financings.
  - League and/or governing body issues including funding programs.
  - Liability management using hedges and reinvestment techniques.
- The analysis will include preliminary, indicative pricing under various assumptions regarding tax-exempt and taxable debt coverage levels, amortization, reserve levels, guarantees, equity contributions, credit enhancement, interest rates and fees. Analysis of the costs and benefits of interest rate hedges and reinvestment options.

Financing Plan Development – Private Sector Issues

- Provide advice and analysis on the feasibility of various structuring alternatives, in light of the public sector's willingness and capacity to finance all or a portion of the project.
- Analyze alternatives for additional equity participation in the project.
- Provide additional background on the financing structures, leases, and development histories of recent sport facilities and community venues projects, including our own analysis on the potential for incorporating facility revenue streams in the financing plan.
- Assist with and participate in the negotiation and execution phases regarding the project and its financing.
- Suggest other consultants and coordinate selection process for identified consulting needs including but not limited to legal, architectural, and construction management.

Sports Facilities and Community Venues Finance Team

Sports Facilities and Community Venues Financing Specialist

Our team has extensive experience in crafting and implementing financing programs for stadiums, arenas and convention center projects

David Abrams

- Mr. Abrams has over twenty-eight years of experience as a lead banker for numerous public and private assembly facilities including the financing of stadiums, arenas, and other sports venues.
- Mr. Abrams served as lead banker to Miami-Dade County for its $319 million Professional Sport Franchise Facilities Tax Revenue Bonds, Series 2009 to finance the new baseball stadium for the Miami Marlins.
- Mr. Abrams acted as lead banker to Miami-Dade County on its initial offering of $70 million Professional Sports Franchise Facilities Tax Revenue Bonds, Series 1992 to fund the construction of the USTA International Tennis Facility, as well as improvements to the Miami Arena, the Orange Bowl, and the Homestead Sports Complex.
- Mr. Abrams also worked on the $1.1 billion purchase of the Madison Square Garden Companies including Madison Square Garden, the New York Knickerbockers and Rangers.
- He has served as an advisor to a client in the bidding for an existing NBA franchise and arena in the Midwest; and provided the initial financing analysis for the Pepsi Center, home to the NBA Nuggets and NHL Avalanche.
- Mr. Abrams has advised the Oregon Arena Corp. on a debt restructuring plan. Mr. Abrams advised the Florida Panthers in their negotiations with Broward County, Florida regarding the 1996 funding and 2004 & 2006 refundings of a new NHL and multi-purpose arena located in the City of Sunrise, Florida.
- Mr. Abrams has advised the New York Islanders NHL franchise in its negotiations with Nassau County regarding a new arena. He has acted as financial advisor to the City of Jacksonville in the issuance of 1994, 1995 and 1997 series of Capital Improvement Revenue Bonds totaling $111 million for the benefit of the newly renovated NFL Jacksonville Jaguars' stadium.
- In 1996, 2000, 2006, and 2007, Mr. Abrams completed over $250 million of financings, through the Miami-Dade County Industrial Development Authority, on behalf of Dolphin Stadium, home of the Miami Dolphins and Florida Marlins.
- Mr. Abrams advised the Tampa Bay Buccaneers in the lease negotiations and the funding of the Tampa Buccaneer stadium. He has also advised the Houston Texans in the financing of Reliant Stadium, a major domed stadium in Houston.
- Mr. Abrams served as lead banker to the University of Central Florida for a 2005 financing of new, on-campus football stadium. Mr. Abrams currently advises the Atlanta Falcons on their new stadium efforts.
- Mr. Abrams is a frequent speaker at sports facility financing symposiums and is an Adjunct Professor of Finance in the Sports MBA Program at Florida Atlantic University.
- Mr. Abrams has a Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania and a Master of Business Administration from Northeastern University.









Sports Facilities and Community Venues Financing Experience

Mr. Abrams offers a complete range of sports-related financing and advisory services and has served as senior manager and advisor to several clients

Key Points

Public Stadium Financing Experience

- Raised over $2 billion for sports facilities
- Led 2 public financings for the new MLB Marlins stadium
- $176 million Broward County Professional Sports Facilities Revenue Refunding Bonds (Florida Panthers Hockey Club)

Private Stadium / Franchise Financing Experience

- Executed many innovative financings, including project financings, taxable securitizations, hybrid private/public and high yield offerings
- Asset Securitizations (e.g. TV contracts, ticket sales, advertising, suite revenues)
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Sports Franchise Advisory Experience

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- Valuation of sports franchise and facility assets
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Experience

NFL and MLB	NBA, NHL, College and Other Sports Facilities
Atlanta Falcons new stadium project (ongoing)	Florida Panthers Arena Improvements - Team Advisor (2002 – 2009)
$65MM City of Cleveland Stadium Refinancing - Senior Manager	$177MM Broward County Civic Arena Refunding - Senior Manager (2006)
$250MM Miami-Dade County IDA/ Dolphin Stadium Project - Senior Mgr. Remarketing Agent & LOC Substitution (1996-2007)	Florida Panthers New Civic Arena - Team Advisor (1996)
Houston Texans Domed Stadium Project Team Advisor (2000-2003)	Madison Square - Purchase Advisor (1996)
Tampa Bay Buccaneers Stadium Project - Team Advisor (1996-1997)	Miami-Dade County International Tennis Center - Senior Manager (1993)
City of Jacksonville NFL Stadium Project - City Advisor (1994-1995)	Homestead Sports Complex - Senior Manager (1993)
$101MM City of Miami (Marlins Stadium Parking Garage) - Senior Manager (2009)	$139MM Denver Arena Trust - Pepsi Center Project (1997-1998)
$319MM Miami-Dade County Baseball Stadium Project – Senior Manager (2009)	Portland Trailblazers (Oregon Arena Co Debt & Bankruptcy Advisor)(2003)
Florida Marlins Stadium Project - Team Advisor (1997-2002)	University of Central Florida Football Stadium - Senior Manager (2005)

Sport Facilities and Community Venues Financing Experience

Select Case Studies

$176,765,000
Broward County, Florida
Professional Sports Facilities Revenue Refunding Bonds

- In March 2004, David Abrams advised the Team regarding the execution of several swaptions on the County's Series 1996A&B Bonds.
- The Series 1996A&B Bonds financed the construction of a 21,000 seat multi-purpose sports and entertainment arena, which is now the home of the Florida Panthers Hockey Club, Ltd.
- The swaptions provided the County and the Florida Panthers Hockey Club with an upfront payment of more than $17 million.
- This structure enabled the County to take advantage of the low rates at the time and to monetize the benefit that they would otherwise have anticipated receiving overtime from a traditional refunding.
- In May 2006, David Abrams and the County's Financial Advisor recommended that the County terminate the swaption and issued fixed rate bonds rather than variable rate bonds to be hedged by the swap.
- The use of fixed rate bonds allowed the County to take advantage of an anomalous relationship between swap and bond rates.
- In July 2006, after the swaptions had been terminated, David Abrams while at another firm, brought to market $176.765 million Series 2006A&B Bonds to currently refund the Series 1996A&B Bonds.
- The combined refunding provided the County with an additional $1.4 million in net present value savings that would not have been realized otherwise.

$150,000,000
Miami-Dade County Industrial Development Authority (Dolphin Stadium)
Taxable Industrial Development Bonds

- Dolphin Stadium, located in Miami Gardens, Florida, is a world-class sports and entertainment facility that hosts a wide variety of events including: Miami Dolphins football, Florida Marlins baseball, the FedEx Orange Bowl (including the National Championship game in 2009), and was the home of the 2007 and 2010 Super Bowls.
- On October 4, 2006, David Abrams, while at another firm, served as senior manager on $100,000,000 of variable rate bonds for the Miami-Dade County Industrial Development Authority.
- Proceeds of the Series 2006 Taxable Bonds were used by South Florida Stadium Corporation ("SFSC") to pay for or to reimburse itself for a portion of the costs associated with certain additions, alterations and improvements to Dolphin Stadium Complex.
- In April 2007, David Abrams served as senior manager for $50,000,000 of variable rate bonds to complete the funding begun with the Series 2006 bond underwriting.
- The bonds were supported by Societe Generale in the form of an irrevocable direct-pay letter of credit (LOC) and carry ratings of AA/A-1+ and AA/F1+ from S&P and Fitch, respectively.
- In addition, SFSC chose Mr. Abrams' team to serve as the remarketing agent of all its outstanding
$240 million variable rate indebtedness.

$319,342,985.60
Miami-Dade County, Florida
Professional Sports Franchise Facilities Bonds

- David Abrams, while at another firm, led Miami-Dade County's $319,342,985.60 Professional Sports Franchise Facilities Tax ("PST") Revenue and Revenue Refunding Bonds transaction.
- Five series consisted of tax-exempt new money, tax-exempt refunding, taxable new money, and taxable refunding pieces.
- The proceeds of this transaction will be used to finance the new baseball stadium for the Florida (soon to be Miami) Marlins.
- The transaction was credit enhanced by Assured Guaranty, with underlying ratings of A2/A+/A.
- In an extremely difficult market, our team was able to successfully price nearly $95 million in Capital Appreciation Bonds ("CAB"s) with a final maturity of 2049, $40 million of Convertible Capital Appreciation Bonds, $74 million in tax-exempt bonds, and just over $10 million in taxable debt. The transaction also included $100 million of Variable Rate Demand Obligations.
- In addition, Mr. Abrams led a separate 2010 transaction that consisted of$101.34 million financing for the City of Miami that funded parking facilities at the new stadium.