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Stadium Cmte 8/3/11

J. White

**STATEMENT of J.H. McQUISTON on
STADIUM MOU**

Honorable Chairwoman and Members of the Committee:

The issue is not if Los Angeles will allow the new stadium to be located therein, because it is entitled to be located therein.

And, it may as well be located downtown if the developer wishes to do so.

The issue is not the degree of authority the developer will get to issue bonds backed by the City, because with City backing the bonds will get a lowered interest-rate making the development possible.

I believe such backing is perfectly acceptable.

The issue is not the destruction and reconfiguration of the Convention Center hall.

I believe it needs reconfiguring.

The issue is not the Negotiating Points as listed in the Committee Report of April.

These and the additions have a worthwhile purpose.

There are three important issues remaining:

1. What if the Developer snags UCLA for home games, and what if USC follows: What is the Coliseum's fate?

It is unclear why teams hate to play there. Surely the facility could be altered again for the 1 billion figure.

The Committee needs to define the economics of Coliseum-desertion in the Report.

2. The Developer declines to become an owner of the NFL team. Why will the team stay attached to Los Angeles and the proposed stadium, better than the two prior NFL teams were attached to the Coliseum?

It was set forth that the City will have a lien on the developer's property if the team pulls out. However, the City doesn't run successfully what developers build, so it will have to sell it off, probably at a fire sale.

So, the City will be in the same position as all other Cities that have built stadia only to lose out to NFL teams leaving in short-order rather than being rooted in place. **Courting NFL is a dangerous game for novices.**

3. The Consultant is proposing that the return for the developer is very low, much less than ordinary.

The City constantly has experienced similar "low-profit" estimates with its Convention Center development. It must take the Consultant's figures as rosy.

It means perhaps that the bonds should pay off in less years, perhaps only 20 at most, for various reasons:

A. Construction costs always escalate. More financing will be required, returns will be less.

B. NFL will demand more and costly concessions. More financing will be required.

C. The Coliseum also exemplifies that structures need major reconstruction after 20-years of operation.

These points at minimum need to be addressed in the MOU, or else the City is at risk.

Respectfully submitted,

c: Interested parties