FORM GEN. 160 (Rev. 6-80)

CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

DATE: July 25, 2011

TO: Honorable Members of the Ad Hoc Committee on Downtown Stadium and Convention Center Renovation

FROM: Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Pouria Abbassi, General Manager, Los Angeles Convention Center

SUBJECT: Los Angeles Convention Center and Event Center Memorandum of Understanding

SUMMARY

Motion (Perry-Smith/Garcetti, CF# 11-0023) instructed the Chief Legislative Analyst (CLA) to engage Anschutz Entertainment Group, Inc. (AEG) in formal discussions regarding its proposal to construct an event center in Downtown Los Angeles (Project) that would host a National Football League (NFL) team, concerts, and other sports and entertainment events; as part of the event center proposal, AEG would construct a new hall to replace the West Hall at the Los Angeles Convention Center (LACC) (collectively, the Project). The CLA established a negotiating team (City Team) comprised of the CLA, City Administrative Officer (CAO), City Attorney, and LACC. In addition, the Council authorized the CLA and CAO to obtain outside consultants to provide economic and fiscal analyses necessary to evaluate the Project.

The City Team met with representatives from AEG to review the proposed Project and determine whether it has merit. The CLA retained Convention Sports and Leisure International (CSL) as its consultant to evaluate the financial model for the Event Center, the economic impacts of the Project on City revenues, the valuation of signage that might be included in the Project, the proposed LACC improvements, and national models of stadium financing. In addition, the CAO retained Public Resources Advisory Group (PRAG) and KNN Public Finance (KNN) to provide analysis of bond structures and the financial guarantee. The CAO and City Attorney hired Orrick, Herrington, and Sutcliffe to provide legal review of potential bond options. It should be noted that Nixon Peabody LLP was recently selected by the CAO to replace Orrick, Herrington and Sutcliffe as bond counsel because of a potential conflict.

The result of discussions with AEG and the studies and analyses provided by the City's consultants is that the proposed Project is financially viable and would improve the LACC facilities, expand the City's economic base, and draw an NFL team to Los Angeles.

The analysis further shows that the proposed Project is entirely unique in that it does not use any public funds to complete the Event Center and actually leverages significant private resources to construct a public improvement, the improved LACC facility (New Hall).

To move this proposal forward, we recommend the Council approve a Memorandum of Understanding (MOU) (Attachment A) that outlines a development model of the Project developed by the City Team and AEG. This MOU is a non-binding framework that will guide discussions on the Definitive Agreements, the contractual documents that would implement the Project. These documents may include a Development Agreement, a Reciprocal Easement Agreement, a Gap Financing Agreement, and documents necessary to issue Bonds for the New Hall. These agreements will be subject to subsequent approval by the Council.

The terms of the draft MOU are as follows:

Event Center

- No public funds would be used to finance the Event Center;
- AEG would pay a fair market value to lease the City-owned site, adjusted annually, for 55 years; and
- The Project would not proceed until an NFL team has signed a contract to use the Event Center and Event Center financing is in place.

New Hall

- A New Hall comparable in size to the LACC West Hall with improved functionality would be constructed;
- Approximately $275M in tax-exempt bonds would provide funding for the New Hall;
- 73% of bond payments would be covered by AEG payments and 27% of net new tax revenues generated by the Event Center would cover the remainder;
- Series A bonds of approximately $195M would be backed by the Event Center lease payment, new possessory interest tax revenues and limited parking tax revenues; and
- Series B bonds of approximately $80M would be paid from a Mello-Roos District tax.

Guarantee

- A three-part guarantee would be provided to ensure sufficiency of funds to cover Project bonds:
  - -- Period 1, first four years: $50 million letter of credit, completion guaranty for the Event Center and New Parking Structures, first position for City on the New Parking Structures, a signed team lease, and assignment of team lease and other agreements to City;
  - -- Period 2, first three years of operation: Completed Event Center, NFL team is playing, $28 million letter of credit;
  - -- Period 3, remainder of 30-year bond term: Stability in Event Center and team operations, $5 million letter of credit plus cash or Letter of Credit to secure Mello-Roos bonds; and
  - -- AEG would guarantee any shortfall in revenues to pay debt service.

Economic Impact

- Total incremental new tax revenues earned by the City General Fund over 30 years would be $410 million, or $146 million net present value; and
- Approximately 2,600 temporary and 6,320 permanent jobs would be created in the City of Los Angeles.

Parking

- AEG would construct and operate two parking facilities (4,000 total spaces) at its cost:
  - -- LA Live Way Garage -- A 3,000-space garage constructed on the site of the existing City-owned Cherry Street Garage that replaces parking spaces lost from West Hall (1,600 spaces) and Cherry Street Garage (800 spaces) demolition, and
  - -- Bond Street Garage – A 1,000-space garage on the site of the City-owned Bond Street parking lot;
- The City would have use of the Bond Street Garage for its events when there are no events at the Farmers Field Event Center or Staples Center;
- AEG would pay fair market value to lease these sites, adjusted annually, for 55 years; and
- City and AEG would collaborate to ensure parking availability for LACC events.

Other Issues

- AEG would compensate the LACC for any reduced convention or trade show revenues that result from construction period disruptions;
- AEG would not schedule events into the Event Center that compete with LACC events;
- LACC and AEG would establish a Macro-Booking Committee to coordinate events campus-wide;
- The Staples Center lease would be extended to expire at the same time as the Event Center, in consideration for AEG paying an additional special tax; and
- A Public Benefits package would be developed.

This MOU is consistent with the principles for Project consideration discussed by your Ad Hoc Committee on the Proposed Downtown Stadium and Convention Center Renovation at its meeting of April 18, 2011.

RECOMMENDATIONS

That the City Council:

1. AUTHORIZE the Chief Legislative Analyst (CLA) and City Administrative Officer (CAO) to execute a Memorandum of Understanding (MOU) between the City and Anschutz Entertainment Group, Inc. (AEG) substantially in conformance with the attached document setting forth the general terms and parameters for the development of the Event Center, parking garages, and Los Angeles Convention Center (LACC) New Hall; and

2. INSTRUCT the CLA, with the assistance of the CAO, City Attorney, Los Angeles Convention Center, and other departments as appropriate, to prepare and present to Council the Definitive Agreements necessary to fully implement the terms of the MOU.

BACKGROUND

In late 2010 and early 2011, representatives from Anschutz Entertainment Group, Inc. (AEG) began publicly discussing their interest in attracting a National Football League (NFL) team to Los Angeles and constructing a Event Center for its use in Downtown Los Angeles at the current site of the West Hall of the Los Angeles Convention Center (LACC). A key part of the proposal was that the West Hall would be demolished and a New Hall constructed immediately adjacent to the South Hall. The intent was to replace the aging West Hall with a modern exhibition hall and meeting space in a more functional convention center facility. The Event Center and the New Hall comprise the Project.

The AEG proposal indicated that no City funds would be used to fund the Event Center. Further, the proposal provided that only net new revenues generated by the Project would fund the LACC improvements. The intent expressed by AEG was that the City General Fund would be protected, and that the Event Center would leverage new City revenues to support improvements to the LACC.

On January 5, 2011, Motion (Perry-Smith/Garcetti, CF 11-0023, Attachment B) was introduced to begin consideration of the AEG proposal. Motion designated the Chief Legislative Analyst (CLA) as the lead negotiator, with the assistance of the City Administrative Officer (CAO), City Attorney, and LACC (City Team). Motion also instructed the CLA to establish an interdepartmental task force to coordinate the activities of all City departments with regard to consideration of the AEG proposal.

On February 16, 2011, AEG sent a letter to City officials seeking to formally initiate the Project (Attachment C). That letter contained the first written details from AEG concerning its proposal and provided the starting point for discussions between the City and AEG. The City Team initiated regular meetings with AEG to discuss its proposal, identify issues associated with the Project, and determine whether the Project would be financially viable and economically sound.

To assist the City with independent analysis of the proposal, the CLA initiated a competitive search for consultants to advise the City on all aspects of the proposal, including stadium economics, NFL franchise financial considerations, convention center facility needs, and other relevant issues. In April 2011, the CLA hired Convention Sports and Leisure International (CSL) to provide these services.

Concurrently, the CAO conducted a competitive search for consultants to advise the City on potential bond financing plans for the proposed New Hall, as well as guarantees necessary to ensure that any proposed bond structure had fiscal security and support. The CAO selected Public Resources Advisory Group (PRAG) and KNN Public Finance (KNN) to provide these services. The CAO and City Attorney also conducted a competitive search to identify bond counsel to provide legal advice concerning the bond scenarios under consideration. Orrick Herrington and Sutcliffe was selected to provide these services. However, they have been replaced by Nixon Peabody LLP due to a potential conflict.

LACC EXPANSION

The publicly owned and operated LACC originally opened in 1971. By 1980, the facility experienced high demand and facility usage, but the existing 234,000 square feet of exhibition space, meeting rooms, and parking spaces were not adequate to meet the demands of expanding convention events. This prompted an effort to significantly expand the facility, which was completed in 1993. The expansion added a new exhibition hall, two levels of meeting rooms, the concourse facility, and parking spaces. The parking structure under the new South Hall was later improved into a hybrid facility that could serve either as parking or exhibit space.

In 1999, the Staples Center was constructed adjacent to the LACC facility, by demolishing the North Hall, a temporary structure, which eliminated 100,000 square feet of exhibit space. Today, the Convention Center contains approximately 867,000 square feet of functional exhibit hall and meeting room space.

AEG proposes to replace the West Hall with a New Hall in a location and configuration that retains similar square footage in exhibition and meeting room space, maximizes contiguous space, and adds a ballroom.

Comparison to Competitive Market

Renovation of the West Hall and expansion of exhibition and meeting space in the LACC is generally recognized as an eventual necessity. The LACC is currently 15th in the nation in terms of overall exhibit hall size and the West Hall is nearly 40 years old. CSL has reviewed improvement plans for competitive convention centers in California, and indicates that there are current and pending infrastructure and capital plans in San Francisco, San Diego, and Anaheim as follows:

- San Francisco has funded and is implementing $70 million in upgrades, including modernized systems, renovation of aesthetic elements, and communications upgrades. Discussions are underway concerning extensive reconfiguration or expansion.

- San Diego plans a $753 million expansion that would add 200,000 square feet of exhibit space, a third ballroom, and 100,000 square feet of meeting rooms. Architects have been retained and funding sources are being evaluated. Completion is targeted for 2015.

- Anaheim is developing a $20 million, 100,000-square foot outdoor pavilion to be completed in 2012. Planning for a 72,000-square foot expansion is underway.

One of the key competitive factors for any convention facility is the amount of contiguous space available for an event. Among 16 competitive facilities, LACC ranks 13th in available contiguous space. Completion of the proposed New Hall would place LACC ahead of San Francisco and San Diego for available contiguous space, which would in turn enhance its competitive market position.

Potential Citywide Event Growth

CSL reports that national convention activity is relatively stable, with modest growth anticipated in the near future. The recent economic downturn affected the convention business, which is only now starting to rebound. In this economic state, LACC would need to attract existing convention business that is currently using other facilities.

Data indicate that LACC is currently near or at effective capacity for convention and trade show business, operating at or above 70% for most of the last five years. CSL reports that any increase in business would require a change in the mix of events at the facility, implementation of a scheduling pattern that is highly efficient, or a combination of both.

Under these conditions, and based on a review of the 2012 booking calendar, LACC might be able to accommodate up to ten additional citywide conventions. But CSL indicates that these levels of usage do not appear sustainable over an extended period.

Cost of a City-only Project

LACC staff estimate that it would cost anywhere from $50-80 million to improve the existing West Hall as a modern convention facility. To remain competitive, though, the City would need to add additional exhibition and meeting room space. The estimate to build the New Hall over Pico Boulevard is $275 million. Including issuance costs and capitalized interest, the total cost of a City-only funded project would be approximately $315 million.

If the City were to reject the AEG proposal and move forward with an LACC expansion and modernization project, debt service on $315 million in bonds would have an annual payment of $22 million for 30 years. The source of funds for this expansion would be the General Fund. Although such an expansion would likely result in some increase in the number of citywide conventions, it would likely generate revenues comprising only a fraction of the additional costs.

In conclusion, CSL indicates that an increase in the proportion of contiguous space and modest increases in efficient use of space would benefit the LACC. It may be possible to add up to 10 additional citywide events to the LACC calendar, but this would require a different approach to booking the facility. Most importantly, significant improvements in competitive facilities throughout California would cause LACC to experience a gradual decline in business if the current facility was not renovated or replaced.

COMPARATIVE STADIUM TRANSACTIONS

A review of NFL stadium projects completed and proposed across the United States was conducted by CSL to provide context for the proposed Event Center. The study considers the total cost, amount of private funding, and amount of public funding for 22 different stadium projects completed or proposed since 1992. The full analysis is provided as Appendix C of the

CSL report (Attachment D). It includes both summary data and detailed analyses of each of the 23 stadiums included in the study.

Data show that only the new Meadowlands Stadium in New Jersey and the proposed Farmers Field Event Center in Los Angeles are financed completely with private funds. No public money was used in the new Meadowlands Stadium and no public money is used in the proposed Farmers Field Event Center.

The remaining 21 stadiums built or proposed in the United States since 1992 include anywhere from 12% to 100% public funding. On average, public funding comprised 63% of the funding used to complete these projects.

One project of particular note is the Cincinnati Bengals stadium, owned and operated by Hamilton County, Ohio. That project had an estimated cost of $449.8 million, well above the initial estimated construction cost of $280 million. Public funds were used to cover 94% of the project's cost, including a county sales tax increase, a State grant, and other public resources. All cost overruns were borne by the County.

The proposed Farmers Field Event Center would be unique in the recent history of NFL stadium projects in that it is not financed with any public funding. Funding is provided entirely by private financing and AEG equity. Because the City would not own or have any financing relationship in the Event Center, all risks and liabilities for costs, leasing, management, and operations are on AEG.

EVENT CENTER PERFORMANCE

CSL conducted a review of the program for the Event Center, including event type and attendance, stadium finances, and team finances. The CSL analysis is provided in Attachment D to this report.

The Event Center as proposed by AEG would provide a venue for NFL games, as well as soccer, concerts, and other sports and entertainment events. It would contain approximately 72,000 seats, with 200 luxury suites and 15,000 club seats. The Event Center would be financed, constructed, and managed entirely by AEG. Approximately 10,200 parking spaces would be located within the immediate vicinity of the Event Center, specifically at LA Live and the Convention Center, with another 20,000 parking spaces within walking distance operated by third party entities. It would be developed as a modern, state-of-the-art venue.

CSL has reviewed the event program proposed by AEG and the operating performance of other major event centers across the country to determine a base scenario for event activity. They have determined that the Event Center would likely host at least 27 events each year, with a total of 1.3 million attendees. These events include NFL pre-season and regular season games, college football, concerts, motor sports events, and soccer. Additional post-season NFL games could occur, as well as "mega" events such the Super Bowl or Final Four, but the CSL model does not incorporate revenues from these events as they will not occur at the facility on a recurring basis.

Based on these assumptions, the Event Center is estimated to earn $105 million in revenues annually, with expenses of approximately $50 million.

Analysis of the proposed financing structure for the Event Center indicates that this is a unique project. First, as indicated above, there is no public financing for the Event Center. Typical NFL stadium financing structures provide that a stadium is owned by a public entity and operated by a team. The team retains revenues generated at the facility, including naming rights, concessions, parking, and suite and seat revenues. In return for its right to retain these revenues, the team bears all operating costs and pays the public entity a lease payment for facility use.

AEG has developed a financial model for stadium construction and operations that is completely financed with private resources, including a combination of equity, seat licenses, and other private financing. Table 1 shows the expected financing structure for the Event Center. The estimated Internal Rate of Return (IRR) for AEG is 6.7% based on their contribution of $900 million and an annual operating profit for the Event Center growing over time. This IRR is significantly below the traditional IRR sought by AEG or other developers of 15-20%. This low IRR indicates that it is not possible to allocate any additional Event Center revenue to the City.

Table 1
Event Center Development

Estimated Event Center cost	$1,200,000,000
AEG/Team Responsibility (% of Total)	100%
NFL G-3 Loan	($150,000,000)
Net Personal Seat License Sales (estimated)	($150,000,000)
AEG/Team Contribution (net)	$900,000,000
AEG/Team Equity	$450,000,000
Debt Service	$450,000,000
Interest Rate	6.5%
Term	30 years
Annual debt payment	$34,500,000

Source: CSL, "Fiscal Analysis of Proposed Downtown Stadium and Convention Center Project," July 2011.

The arrangement between AEG and an NFL team will also be unique. As noted earlier, the typical stadium deal provides that the NFL team operates the stadium. In this case, AEG would operate the Event Center, but is not expected to own a majority interest in the team. Since the team would not be receiving revenues that typically accrue, this would require an agreement between the team and AEG that includes sharing of revenues from premium seating, sponsorship sales, and other sources. These revenues are not typically distributed in this fashion. CSL estimates that the team would generate approximately $336 million in revenues annually, with expenses of $283 million. This provides an income of approximately $53 million.

A significant unknown variable in this analysis, however, is the potential that the NFL will charge a relocation fee for any team that moves to Los Angeles. The fee could exceed $500 million. If such a fee is assessed, the team could be forced to operate at a loss for a number of years.

ECONOMIC IMPACT

As presented, the City would retain half of the net new site specific General Fund tax revenues resulting from the Project and half of the net new site specific General Fund tax revenues would be re-invested in the New Hall. In gross dollars, the City would retain $210 million in net new tax revenues over the 30-year period, with a present value of $80 million. As discussed previously, the City's share of the cost of the New Hall is approximately 27%, with 73% of the costs covered by non-tax revenues.

It should be noted that the above figures are very conservative. Initially, tax revenue projections included certain assumptions relative to NFL Super Bowls and college basketball Final Fours. In an effort to be very cautious, the consultants were instructed to remove those assumptions. However, it is highly likely that such events will occur at the Event Center, so the City faces significant upside in net new tax revenues should those events occur. It is also important to note that, as is consistent with City policy, the projections include only direct tax revenues. The "multiplier" effect, which would include such things as higher hotel occupancy and room rates in general, greater sales and economic activity resulting from the increase in job creation, increases in property taxes resulting from investments in the area as a result of the Project, are not included in the projections and would all be retained by the City.

Questions have also arisen relative to how the proposed transaction would benefit the City compared to a scenario in which the City finances the LACC renovations itself. In order to achieve a similar result to the proposed transaction, the City would have to build the New Hall largely as designed in order to make the majority of the LACC's exhibit space contiguous, and invest in capital improvements in the West Hall in order to improve its connectivity to the rest of the LACC and have in excess of one million square feet of exhibit space.

The total cost of the improvements described above would be approximately $650 million over 30 years in gross dollars and approximately $315 million in present value. If the tax benefits from the proposed transaction that the City would be foregoing are added to the cost, the total cost to the City from a self-financed project rather than the proposed project would be roughly $860 million in gross dollars over a 30 year period and approximately $395 million in present value.

SIGNAGE

In 2008, the City Council approved a tentative signage plan that would have allowed AEG to install signage on the LACC. In that agreement, the City would have received an annual payment of $2 million, plus additional revenue-sharing income. That agreement required AEG to install and maintain all signage at its cost. Economic circumstances and changes in the legal framework and entitlement process concerning signage, however, prevented AEG from moving forward with their signage plans.

The proposed Project includes a provision that the signage concepts originally approved in 2008 by the City for LACC would remain in place, with certain revisions related to the removal of West Hall and construction of the New Hall. CSL reports that the exterior wall of the South Hall which faces the Highway 110/Interstate 10 Interchange is not impacted by the proposed Project and that this is the most valuable space for signage in the plan. As a result, any revisions to the original signage plan would not significantly change the potential revenues generated by the site.

CSL has modeled the signage plan proposed by AEG and has determined that the size and configuration of signage in this plan would generate approximately $5.3 million to AEG (Appendix A of the CSL report). Valuation in the CSL model is based on daily average number of adults that would view the signs, the average number of people who are likely to see the signs, a visibility score, and cost of the signage. The visibility score incorporates factors such as distance to the road, sign format and size, number of signs in an area, street type, and orientation of the sign to the road.

Any changes to the proposed signage plan that may result from new campus designs would be re-evaluated and amended as appropriate.

MEMORANDUM OF UNDERSTANDING

The City Team, in discussions with AEG, has developed a Memorandum of Understanding (MOU) that, if approved by Council, would guide the preparation of the final documents necessary to implement the Project. Should Council move forward with this Project, several documents would be prepared that provide the contractual obligations to allow the Project to be constructed (collectively, the Definitive Agreements). These documents may include a Development Agreement (DA), Ground Lease, Gap Funding Agreement, Reciprocal Easement Agreement (REA), and all documents necessary to issue bonds for the New Hall. The MOU serves as the framework for development of these documents.

It is critical to note that the proposed MOU is a non-binding document. The MOU does not require the City to complete a negotiated deal with AEG, does not obligate the City to move forward, does not restrict the City to the terms therein, and does not impose any financial liability on the City. The intent of the MOU is to establish the framework for preparation of the Definitive Agreements. The City may not, and should not, adopt a binding document until the environmental impact report (EIR) has been completed. Full analysis of the environmental effects of the Project must be analyzed before the City makes a final commitment to the Project. The EIR is expected to be completed in May of 2012.

The proposed MOU prepared by the City Team and AEG is attached as Attachment A. The terms of the MOU are summarized below.

Event Center

AEG would construct an Event Center suitable for an NFL team, soccer events, concerts, and other large sports and entertainment events. The facility would be located on the site currently occupied by the West Hall of the LACC. AEG would pay fair market value, adjusted annually, for a 55-year lease of the site. No public funds would be used to construct the Event Center or to provide incentives for the Event Center to be built.

LACC would receive the right to use the Event Center for a certain number of days, at rental rates comparable to those charged for LACC events. This would allow LACC to provide up to one million square feet of exhibition and meeting space for citywide convention events at a competitive price.

Provisions in the MOU also ensure that an NFL team would be signed to play in the facility for at least 30 years. AEG would not be able to initiate construction of the Event Center until an NFL team has signed a lease and AEG must make every reasonable effort to make sure the team stays in the Event Center. If a team leaves, AEG must find another team to use the facility within a specific period of time.

Parking

The proposed Project includes elimination of 1,600 parking spaces beneath the West Hall of the Convention Center and demolition of the City-owned 800-space Cherry Street Garage. In their place, AEG would build two parking garages, at their own expense, with a total of 4,000 parking spaces. These garages would be located at the site of the current City-owned Cherry Street Garage and Bond Street parking lot.

AEG would receive a 55-year ground lease for the two City-owned properties for an annual payment currently estimated at $500,000. AEG would own and operate these garages and retain revenue earned, with one exception. LACC would have the right to use the Bond Street Garage for its events when there are not events at the Farmers Field Event Center or Staples Center, and would retain parking revenues earned by those events.

Aside from the possessory interest and parking taxes as discussed below, the City will receive other revenues from parking operations that will not be attributed as a source of funds for repayment of the bonds. This is to make the City "whole" for the loss of parking revenue as AEG would now own and operate the New Parking Structures. These other revenues include the following:

- New Parking Structure Ground Rent: The fair market value would be established through an independent appraisal performed by the City.
- Revenues from Bond Street Garage: The City would retain revenues received from Bond Street Garage on days that the LACC hosts events that do not conflict with a Staples Center or Event Center event.
- Parking Taxes from Off-site Parking: The City would retain incremental parking taxes received from all other parking garages that generate business from Event Center events.

The City will conduct an audit of LACC parking revenues prior to the completion of Definitive Agreements to ensure that net new parking revenues are sufficient to replace any parking revenues lost due to this Project.

New Hall
AEG would be required to construct a New Hall immediately adjacent to the existing South Hall of the LACC. This new exhibition and meeting space would be comparable in area to the West Hall with improved functionality and of a quality that meets modern standards for convention facilities. AEG would design and construct the New Hall on behalf of the City, with design approvals by the LACC and Department of Public Works, Bureau of Engineering. The New Hall is estimated to cost $275 million, with funds to be provided through tax-exempt bonds. AEG would be reimbursed for reasonable project expenses from the bond proceeds.

This ensures that the West Hall will be replaced and that there will be no loss of meeting space compared to current facility conditions. The effect, however, will be to provide a modern convention and meeting facility in a much more compact, efficient and contiguous configuration.

Finance
The proposal as it was originally presented by AEG included a plan to finance the New Hall and new parking structures through the issuance of tax-exempt bonds in the amount of $350 million. As discussions progressed, the cost increased to $374 million. The debt would have been financed through Lease Revenue Bonds, making the LACC improvements an obligation of the General Fund. To reduce the General Fund obligation, the City Team proposed that AEG finance, own, and operate the New Parking Structures, which would be located on City property leased to AEG. The City Team also proposed that a portion of the debt be financed through Mello-Roos Bonds instead of Lease Revenue Bonds, making this portion of the debt an obligation of AEG.

The bond financing for the New Hall as it is currently proposed is approximately $275 million, however the deal points regarding the New Parking Structures and the Mello-Roos Bonds reduce the General Fund obligation to approximately $195 million. The remaining estimated $80 million would be a Mello-Roos tax obligation of AEG and would represent no claim to the City's General Fund. The ratio of Lease Revenue Bonds to Mello-Roos Bonds may be adjusted to reflect market conditions.

The proposed plan of finance for the New Hall includes two issuances. The first issuance consists of approximately $195 million in Lease Revenue Bonds (Series A) and the second issuance consists of approximately $80 million in Mello-Roos Bonds (Series B). Bond proceeds from both issuances would finance construction of the New Hall, interest payments during the construction period, and the costs of issuance. The proposed term of the bonds is 34 years (4 years of construction plus 30 years of operation) to mature by 2046. Analysis of the proposed bond structure has been prepared by PRAG and is attached as Attachment E.

The current financing plan is based on an analysis of estimated fair rental value and other financial market conditions as of July 2011 that require further verification and confirmation.

The City's financial advisors are in the process of determining if the values are consistent with current estimates.

Table 2 summarizes the amount of bonds in each series and the source of revenues that will pay for those bonds.

Table 2
Bond Finance Summary

		Private Funding		Public Funding	
	Total Bond Proceeds	Sources	Annual Payment*	Sources	Annual Payment*
Series A: Lease Revenue Bonds	$195M	–Ground Lease	$6.5M	– Possessory Interest Tax – On-site Parking Tax	$3.9M $0.7M
Series B: Mello-Roos Bonds	$80M	– Special Taxes	$5.0M	– None	
Total	$275M		$11.5M		$4.6M

* Average over 34 years

<u>Series A – Lease Revenue Bonds (approximately $195 Million)</u>
Lease Revenue Bonds are used to finance construction or improvements of a municipal facility, which are secured by lease payments made by a financing authority on behalf of a municipality. In this case, the Los Angeles Convention and Exhibit Center Authority (Authority) would be the financing authority to issue the debt and make debt service payments from lease payments on the New Hall paid by the City. The Authority previously financed the existing LACC facility and uses City lease payments towards the annual debt service.

Lease Revenue Bonds are funded from the General Fund and are therefore a General Fund obligation. However, it is expected that amounts derived from all funding sources identified in Table 2 would equal or exceed the Series A debt service. The annual debt service payment would be approximately $11 million and is proposed to escalate. The final payment scheduled for 2046 is approximately $19 million.

A requirement of this finance plan is that AEG would guarantee to cover any gap between debt service and the funding sources under a Gap Funding Agreement. It should be noted that, based on the proposed estimated revenues, no gap is anticipated.

As part of the original deal, AEG had proposed using the following General Fund sources of revenue for repayment of the bonds:

- Event Center ground lease payment;
- Incremental parking revenue;
- Incremental LACC operating revenue; and

- Incremental tax revenues including construction sales, retail sales, parking, business license, utility, transient occupancy tax, and possessory interest tax.

However, given the state of the economy and the fluctuating nature of tax revenues, the City Team's goal was to limit the sources of repayment to those revenues that are easy to measure and fairly consistent. As a result, the private funding sources that AEG will contribute toward the debt service will increase. According to the current proposal, retail sales, business license, transient occupancy and utility taxes generated by the Project will not be included as a source of repayment for the bonds but would instead benefit the General Fund. Only the following sources of General Fund revenues would be used for repayment of the Lease Revenue Bonds:

1. Event Center Ground Lease (approximately $6.5 million/annually): The rent will be based on a fair market value assessment. The value will be established through an independent appraisal performed by the City.

2. Possessory Interest Tax (approximately $3.8 million/annually): Since City property will be leased over a long term to a private party, the County will assess a possessory interest tax in-lieu of property tax. The tax would be paid by AEG on the Event Center and the New Parking Structures. AEG will finance, operate and own the parking structures that will be located on Cherry Street and Bond Street.

3. Parking Taxes (approximately $715,000/annually): The parking taxes will include incremental parking taxes from on-site parking locations owned by both the City and AEG. The City owned facilities would include the parking locations at the South Hall and Venice Garage, and the AEG owned facilities will include Cherry Street, Bond Street, Olympic East and Olympic West (LA Live Garages).

4. Construction Sales Tax (approximately $3.8 million/one time): Tax generated during the construction period of the New Hall and the Event Center will be credited by AEG to the City as the point of sale.

Series B – Mello-Roos Bonds (approximately $80 Million)

Under the Communities Facilities District Act, more commonly known as the Mello-Roos Law, local government agencies may levy a special tax as a means of obtaining funding for the construction and improvement of a public facility. Mello-Roos Bonds would be secured by property owned by AEG and therefore would be a private obligation of AEG. Unlike Lease Revenue Bonds, Mello-Roos Bonds are not an obligation of the General Fund.

The original financing plan proposed by AEG involved issuing approximately $80 million of City-backed Lease Revenue Bonds supported by an approximate $5 million annual signage payment. That component of the financing has been restructured so that, instead, approximately $80 million of Mello-Roos Bonds will be issued payable from special taxes on AEG property at Staples Center and LA Live. The result is that $80 million of bonds will no longer be payable from the General Fund and instead would become an obligation of AEG.

The annual debt service payment on the Mello-Roos Bonds would begin at $3 million and escalate throughout the term of the Bonds. Beginning in Fiscal Year 2024-25, the special tax payment would increase by an additional $2 million (present value). The final payment scheduled for 2046 is approximately $15 million.

Guarantee
In addition to guarantee measures incorporated as part of the financing plan to address the sufficiency of revenues, such as the Gap Funding Agreement, there would be a separate Guarantee that is co-terminus to the life of the Bonds. The Guarantee addresses the following three periods of risk:

<u>Period One – Fiscal Years 2012-13 through 2015-16</u>
The first period begins with the issuance of the Lease Revenue Bonds through the date when the NFL team plays its first home game in the Event Center. The risk occurs after the bonds have been issued and before the Event Center is completed, since a portion of the revenues generated from Event Center operations will be used to pay the debt service. The guarantee in this period requires that the Event Center be completed, that an NFL team is under contract, and that there is sufficient credit support and equity available to support payment of the Series A Bonds until the point in which the Event Center will be fully operational and generating the revenue to pay the Bonds.

Components of this guarantee are:

- Letter of Credit ($50 Million): The annual debt service payment for Lease Revenue Bonds would be approximately $11 Million. The letter of credit secures several years of debt service in case of default during this period. AEG may allocate up to $10 million to serve as a partial Reserve Fund for the Lease Revenue Bonds and up to $4 million to serve as a partial Reserve Fund for the Mello-Roos Bonds. The remaining balance may be allocated to secure the Gap Funding Obligation;

- Completion Guaranty: AEG would back a completion guarantee on the Event Center and New Parking Structures;

- City would be in the first position to assume AEG rights on the New Parking Structures if AEG defaults;

- A signed team lease; and

- Assignment of team lease and other ancillary agreements to the City subject to comparable rights (and obligations to cure) of the Senior Lender and then the City.

<u>Period Two – Fiscal Years 2016-17 through 2018-19</u>
The second period covers the first three years following the NFL team's first home game at the Event Center. At this point, the New Hall and Event Center would have been completed, the team would have begun play, and significant new revenues would be generated. At this stage,

risk is related to the success of events at the Event Center, and is not associated with construction or completion. As a result, the guarantee would cover on-going bond payments in the form of a Letter of Credit in the amount of $28 million. AEG may allocate up to $10 million to serve as a partial Reserve Fund for the Lease Revenue Bonds and up to $4 million to serve as a partial Reserve Fund for the Mello-Roos Bonds. The remaining balance of $14 million may be allocated to secure the Gap Funding Obligation.

Period Three – Fiscal Years 2019-20 through 2045-46

The third period entails the final operating years and ends with payment in full of all Bonds. During this time it is assumed that the Event Center has reached stability in its operations. AEG would be required to provide a Letter of Credit in the amount of $5 million to secure the Gap Funding Obligation. Also, the Reserve Fund for the Lease Revenue and Mello-Roos Bonds would be secured by cash from AEG, by excess cash available from Bond proceeds, or an additional Letter of Credit.

Other Issues

The MOU provides that AEG would compensate the LACC for any construction period disruptions that result in reduced convention or trade show revenues and that they would not schedule events into the Event Center that compete with LACC events. These measures ensure that construction activities prior to opening of the Event Center do not degrade business at the LACC, nor would the operation of the Event Center itself.

One of the most critical elements of the MOU is a requirement that LACC, LA Inc., and AEG establish a Macro-Booking Committee to coordinate events campus-wide. Much of the success of this campus will depend on the ability to manage transit and transportation into and out of the area. Event coordination will be essential to ensure that major events do not conflict with one another, particularly on NFL game days.

Another element of the MOU is that the Staples Center lease would be extended to expire at the same time as the Event Center, in consideration for AEG paying an additional special tax. The Staples Center agreement was executed in 1998 and includes a 55-year lease of that site. AEG has requested that an additional 18 years be added to that lease to ensure that the terms for both Staples and Farmers Field expire at the same time. Any extension, however, requires that AEG pay fair market value for the additional years.

Additionally, a Public Benefits package would be developed by AEG in cooperation with the City and community leaders. The elements of this package would be contributions above and beyond existing requirements such as the 1% for the Arts Fee.

NEGOTIATING PRINCIPLES

At its meeting of April 18, 2011, your Ad Hoc Committee considered a report by the CLA that outlined 12 principles regarding negotiations with AEG. The principles included key concepts related to Project financing, protection of the City's General Fund, and the use of private financing in the Project. The MOU attached is fully compliant with these principles.

In addition, Councilmember Rosendahl introduced five amendments to those principles. Your Committee asked that the CLA report to Committee on those amendments. These amendments relate to protection of the General Fund, restricting the use of public funds in the Event Center, providing a guarantee that ensures coverage of payment obligations, CEQA compliance, and revenue sharing of Event Center naming rights. Upon review, it has been determined that the MOU as proposed is compliant with four of the five amendments presented.

The MOU, however, does not contemplate any revenue sharing of Event Center naming rights. Review of the financing and revenue sources by the City's independent consultant shows that the Event Center would not be feasible without AEG's full use of the naming rights revenues.

Attachment F provides the text of the principles considered by your Ad Hoc Committee with a review of the MOU elements that address those principles.

TIMELINE

Approval of the recommendations in this report would allow the Project to proceed to the next step, which involves the drafting of Definitive Agreements that establish the contractual obligations for the Event Center, parking garages, and New Hall construction, as well as the terms of the ground leases and release of the bonds. Concurrently, all required California Environmental Quality Act (CEQA) environmental review would be conducted.

Once all of these documents are approved and executed and CEQA requirements have been met, AEG would begin construction of the New Hall, the parking garages, and then the Event Center.

The following timeline provides a review of the milestones for complete Project implementation, assuming the Council approves this report in August 2011.

August 2011	Approval of the MOU
September 2011	Initiate discussion of Definitive Agreements
May 2012	Consider CEQA actions and Definitive Agreements
Summer 2012	Initiate construction of the New Hall and New Parking Structures upon execution of contract between AEG and an NFL team
Summer/Fall 2013	Opening of the New Hall and New Parking Structures and Initiate construction of the Event Center
Summer 2016	Opening of the Event Center

FISCAL IMPACT

There is no impact to the General Fund associated with this report. This is a non-binding Memorandum of Understanding to guide the development of Definitive Agreements that will establish contractual obligations for the Project, which will be presented at a later date should Council approve the recommendations contained herein.

Attachments:

A: Memorandum of Understanding Between the City of Los Angeles and Anschutz Entertainment Group, Inc. (AEG)

B: Motion (Perry-Smith/Garcetti, CF# 11-0023)

C: AEG Event Center Proposal (AEG)

D: Fiscal Analysis of Proposed Downtown Stadium and Convention Center Project (CSL International)

E: Proposed Plan of Finance for New Hall (PRAG and KNN)

F: City Negotiation Principles for Event Center Project (CLA)

Attachment A
Memorandum of Understanding Between the City of Los Angeles and AEG

Prepared by the City Team and AEG

MEMORANDUM OF UNDERSTANDING BETWEEN CITY OF LOS ANGELES AND ANSCHUTZ ENTERTAINMENT GROUP, INC.

This MEMORANDUM OF UNDERSTANDING ("MOU") between the CITY OF LOS ANGELES, a California municipal corporation and charter city ("City"), and ANSCHUTZ ENTERTAINMENT GROUP, INC., a Colorado corporation ("AEG"), is intended to memorialize preliminary terms and provide a general framework for negotiations between the parties in relation to AEG's proposal to build: (1) an exhibit hall, meeting rooms, and ancillary and supporting spaces ("New Hall"), all as further described below, to replace for the Los Angeles Convention Center ("LACC" or "Convention Center") the spaces, functions, and facilities provided by its existing West Hall, which is intended to be undertaken by L.A. Convention Hall, LLC, an affiliate of AEG, and (2) an event center, which will include a stadium sufficient to accommodate a National Football League ("NFL") team, concert and other uses, meeting, and exhibit space ("Event Center") and two new parking structures (the "New Parking Structures"), all of which are intended to be undertaken by L.A. Event Center, LLC, an affiliate of AEG (AEG, L.A. Convention Hall, LLC and L.A. Event Center, LLC are individually or collectively, as applicable in each instance, referred to as "AEG"; City and AEG are collectively referred to as "parties;" and the New Hall, Event Center and New Parking Structures are collectively referred to as "Proposal" or "Project"). If agreement can be reached, these negotiations may result in definitive binding agreements ("Definitive Agreements") which may include various contracts, leases, issuance of bonds and other legal documents.

MOU IS NOT A CONTRACT AND IS NOT BINDING ON THE PARTIES. The parties understand and agree that this MOU is: (1) neither a contract, lease, or commitment, (2) not binding on either party but simply a discussion outline which may be changed by either party at any time, creates no binding contractual obligations, and does not commit either party to a particular course of action, and (3) subject to termination at any time by either party at that party's sole discretion without notice and without any liability on the part of either party to the other party, except as may be specified in the accompanying binding Evaluation Phase Agreement. All terms and issues set forth in this MOU are subject to further discussion or revision. AEG and the City each acknowledges and agrees that all contracts, transactional documents, leases and land use entitlements must be approved in accordance with the provisions of state law, the City's Charter and Administrative Code, and all other applicable legal requirements ("Applicable Requirements").

FINANCIAL STRUCTURE. Unless specifically indicated, the financial structure, including mechanisms and amounts ("Financing Plan"), is preliminary and subject to additional analysis, audits, and modifications. The current Financing Plan for New Hall is based on analysis, estimates of fair rental value, and financial market conditions and other reasonable assumptions as of July 2011 that require further verification and confirmation. The parties understand and agree that the final Financing Plan may require revisions based on the results of continuing analysis and audits and the financial market conditions at the time the New Hall is ready to be financed, which is currently anticipated to occur in the spring of 2012. The final Financing Plan will be subject to the mutual agreement of the parties, and the approval of the City Council and Mayor prior to the issuance of any bonds for New Hall.

CALIFORNIA ENVIRONMENTAL QUALITY ACT. In accordance with California Code of Regulations, Title 14, section 15084(d)(3), AEG, at its sole cost, shall complete an Environmental Impact Report ("EIR") which shall fully analyze the impacts of the Proposal. The City shall subject the EIR prepared by AEG to the City's own review and analysis, and the EIR shall reflect the City's independent judgment. Notwithstanding the fact that the EIR will be prepared by AEG, the ultimate responsibility for ensuring the adequacy and objectivity of the EIR rests with the City. City retains the absolute sole discretion to: (1) modify the transaction, create and enter into transactional documents, and modify the project Proposal as may, in its sole discretion, be necessary to comply with the California Environmental Quality Act ("CEQA"), except that any modifications to the Event Center portion of the Proposal shall be at the sole discretion of AEG, (2) select other feasible alternatives to the Proposal to avoid significant environmental impacts, (3) balance the benefits of the Proposal against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided, and/or (4) determine not to proceed with the Proposal. No legal obligation will exist unless and until the parties have negotiated, executed and delivered mutually acceptable agreements based upon information produced from the CEQA review process and on other public review and hearing processes, subject to all applicable requirements.

BINDING AGREEMENT FOR CITY COSTS, INDEMNITY, AND ENTRY. The parties will enter into a separate and binding agreement, in a form to be mutually satisfactory to the parties, to ensure that the City's General Fund is not at risk while AEG and the City evaluate the Proposal. The agreement will set forth AEG's obligation to pay, or reimburse the City for, certain third party costs reasonably incurred by the City in connection with the Proposal, including but not limited to costs incurred for outside financial, technical, real estate, and legal consultants with expertise in the subjects involved in these negotiations. In addition to its commitment to reimburse certain third party costs, AEG shall in good faith consider reasonable requests by certain City departments (e.g. planning) for payment of additional fees on account of additional dedicated staffing required to process expedited project approvals. The agreement will also set forth AEG's indemnification of the City and the parties' respective rights to access and documents during the evaluation of the proposal. It is the parties' mutual intent that, to the extent legally permissible and should Definitive Agreements be entered into, all such amounts paid by AEG pursuant to such agreement shall be reimbursed to AEG out of proceeds from the Bonds (as defined below).

PARTIES' GOALS. Among other matters, it is the parties' intent that:

(1) all agreements reached by the parties shall be "cost neutral" to the City, meaning that the City's General Fund, except for an amount equal to the revenues from the Project as specifically identified herein, will not be used to satisfy the City's obligations under the Bonds (as defined below) to be issued in connection with the New Hall;

(2) no City funds will be used for either the Event Center or New Parking Structures;

(3) in addition to providing a venue for spectator sports and entertainment events, the Event Center shall include a fixed or operable permanent roof, at AEG's election, and shall be constructed so as to provide viable additional event, meeting rooms, and exhibit space that will be made available for LACC upon terms agreed to by the parties, and that together with existing LACC event space, shall bring total available LACC event space to over 1 million square feet of usable space;

(4) substantial Project revenues will be generated and will be sufficient in time and amount to pay debt service on any Bonds issued for the New Hall as set forth herein;

(5) only those Project revenue sources identified below (which shall be limited to the specified portion of demonstrated total net incremental tax revenues, and those other dedicated Project revenues identified below, generated by the Project) shall be used to support any tax-exempt or taxable bonds or other state and local obligations issued for the New Hall ("Bonds"), it being the intent of the parties that not more than 50% of the total net new revenues generated by the Project shall be available and required for payment of debt service under the Bonds. The City will have no liability for such debt service in excess of these revenues, all as more specifically set forth below;

(6) AEG will provide a guaranty or a combination of credit support, including a letter of credit, pledge of assets, and such other mechanisms or combinations of these and other mechanisms, as described below, on terms acceptable to the City, in order to ensure that no City funds, other than those funding sources discussed herein, shall be used to satisfy the City's obligations with respect to the Bonds. The form and amount of such guaranty or other credit support may change throughout the term of the Bond financing as more specifically set forth below;

(7) City will retain fee ownership and control over the New Hall, including the entire LACC, and City will continue to own and operate LACC in its final configuration, subject to the terms and conditions set forth herein;

(8) the New Hall will meet the space, function, and layout requirements of the LACC, as determined by City and as more fully described below;

(9) in order to protect against any shortfall in the revenues reasonably anticipated

from the business and operations of LACC during demolition and construction of the Project, the schedule for the demolition of the existing LACC West Hall and parking facilities and the construction of the New Hall, Event Center, and the New Parking Structures shall mitigate and compensate to the fullest extent reasonably possible as more fully described below, any material disruption of existing service or scheduled events at the LACC that cannot otherwise be reasonably accommodated, and City parking revenue shall not be negatively impacted by either the demolition of the existing LACC parking facilities or the construction of the Project;

(10) the Definitive Agreements to be negotiated by the parties will include, among other agreements, a development agreement pursuant to which AEG will provide a public benefits program which shall be treated as consideration under such development agreement; and

(11) AEG shall enter into contracts with one or more NFL team(s) to play in the Event Center for a period of time at least equal to the final maturity of the Bonds originally issued in connection with the New Hall.

In an effort to accomplish the foregoing goals, the parties have negotiated the proposed terms and conditions of the Project as more particularly set forth below.

TRANSACTION OVERVIEW. The parties intend to discuss proposed transactions consisting of the following:

A. Proposed Facilities

1. Event Center.

(a) AEG will, at its own cost, construct the Event Center, which shall be sufficient to accommodate a wide variety of uses, including without limitation, NFL football, soccer, conventions and exhibitions, trade shows, concerts and other entertainment, and sporting events, on the property where the West Hall of the Convention Center is currently located exclusive of Gilbert Lindsay Drive/Plaza ("Event Center Property") (as illustrated in the most recent proposed Project site plan attached hereto as Appendix A), it being the intent of the parties that the Event Center Property shall encompass all of the real property associated with the original West Hall completed in 1971, excluding areas significantly improved and/or built as part of the 1993 South Hall expansion, required to enable the construction of the Event Center. The Event Center will be designed to provide approximately 150,000 sq. ft. of floor space at the event level and approximately 100,000 sq. ft. of additional meeting space and other ancillary facilities. The final Project site plan shall be subject to the mutual agreement of the parties, and shall be attached as an exhibit in the Definitive Agreements.

(b) Subject to the terms and conditions set forth herein, AEG will grant City the right to reserve a certain number of dates for the Event Center to be used by the City for "City Wide Conventions." For the purposes of this MOU, the term "City Wide Conventions" shall mean those multi-day convention and exhibition events utilizing more than the total existing available LACC convention/ exhibition space and generating bookings of not less than 3,000 total room nights with 1,500 room nights on peak and use of at least 3 hotels. Subject in all events to the scheduling requirements of the NFL team(s) and to certain other additional major events to be agreed upon by the parties, provided however, that major events must be of such a nature as to generate significant out-of-area attendance and hotel room nights, AEG shall commit that the Event Center shall be reasonably available to the City for advance bookings of City Wide Conventions, as shall be more specifically described in a macro-booking policy that will be jointly developed by the parties ("Macro-Booking Policy"). The City shall have the right to utilize the Event Center in connection with all other LACC convention and exhibit events other than City Wide Conventions subject to availability. Any use of the Event Center by the City shall in all events be consistent with all other terms and conditions imposed by AEG in connection with all other unrelated third party users of the Event Center convention and meeting space, including without limitation the payment by such third party users of a rental or use fee and a reimbursement to AEG of its costs and expenses incurred in making such space available; provided, however, that solely in connection with the use of the Event Center for City Wide Conventions as agreed upon and set forth in the Macro-Booking Policy, AEG shall only charge the City rent for its use of the Event Center to the extent that City imposes rent or other similar charges on the event producer, consistent with customary convention industry discounts and such other policies as shall be set forth in the Macro-Booking Policy. AEG shall be reimbursed for its direct costs and expenses. As part of the Macro-Booking Policy, the parties will determine staffing plans when LACC is using the Event Center, which shall, to the extent practicable, contemplate the provision of event staffing by LACC at the Event Center during LACC events. AEG, LACC, and L.A. Inc. (or its successor as named by the City) shall establish and maintain a booking and operational oversight committee for the Macro-Booking Policy.

(c) AEG agrees that it will not actively solicit the booking of the Event Center for use in connection with City Wide Conventions except in conjunction with the City's marketing efforts for the LACC and consistent with the Macro-Booking Policy.

(d) The Event Center and New Parking Structures will be designed, developed and constructed by AEG as a private development, and will be constructed by AEG entirely without the use of City funds, including the demolition, remediation, and removal of all structures and infrastructure currently on the Event Center Property and the property underlying the New Parking Structures.

(e) City will grant AEG a long-term lease of the Event Center Property ("Event Center Ground Lease") at an agreed-upon total fair market value annual rental rate presently estimated to equal $6,500,000 per year ("Event Center Ground Rent"). The Event Center Ground Rent shall commence and be payable under the Event Center Ground Lease upon the earlier of: (1) completion of construction of the Event Center (i.e., the issuance of a temporary certificate of occupancy), or (2) the commencement of use of the Event Center, but in no event later than 48 months after the issuance of the Lease Revenue Bonds (as defined below), and shall escalate annually thereafter by 1.75% per year. Event Center Ground Rent shall be payable annually, in advance, during the entire term of the Event Center Ground Lease.

(f) The Event Center Ground Lease shall be for a term of fifty-five (55) years and shall include customary and reasonable operating covenants, such as a requirement that AEG shall conduct (or cause to be conducted) sporting and other events (including from time to time events of national or international prominence) within the Event Center with commercially reasonable frequency. Such operating covenants shall be consistent with contemporary stadium and arena operations. To the extent that the operating covenants set forth in the existing STAPLES Center Ground Lease provide a useful model, the parties may use them as templates for the Event Center operating covenants. Additionally, during the entire term of the Event Center Ground Lease, AEG shall manage and operate the Event Center, or cause the Event Center to be managed and operated, as a multipurpose sports and entertainment facility in compliance with applicable laws, rules and ordinances, and in a manner consistent with the manner and standards by which Comparable Facilities (as described below) are managed and operated, and shall perform maintenance and capital improvements necessary to maintain the Event Center in a manner comparable to that in which Comparable Facilities are generally maintained. Comparable facilities shall include Cowboys Stadium in Arlington, Texas, Meadowlands Stadium in Newark, New Jersey, and Lucas Oil Stadium in Indianapolis, Indiana, as well as any stadium in which NFL teams regularly play their games and which are completed within three (3) years of completion of the Event Center ("Comparable Facilities"). Upon the expiration or earlier termination of the Event Center Ground Lease, at the election of the City, AEG shall demolish the Event Center and provide the City with a buildable pad on the Event Center site at AEG's sole cost and expense.

(g) AEG shall enter into a contract ("Venue Contract") with an NFL team to play its home games in the Event Center for a period of time at least equal to the final maturity of the Bonds originally issued in connection with the New Hall. AEG may, at its discretion, enter into a Venue Contract with a second NFL team; provided, however, that any such additional Venue Contract may be for a term expiring prior to the final maturity of the Bonds. AEG's Venue Contract with at least one NFL team playing at the Event Center will require that such team play substantially all home games at the Event Center and remain at the Event Center for a term consistent with comparable stadium transactions, but in no event less than the longer of 30 years or the term of the Bonds. In addition, the City shall have either a security interest in all Venue Contracts and/or the right to enter into separate Venue Contracts with each NFL team. If at any time during the term of the Bonds, AEG fails to maintain an NFL team (or replacement NFL team) which plays substantially all of its home games at the Event Center, AEG shall (1) commit to take such all steps as are reasonably necessary to enforce its rights against such NFL team, (2) cooperate with the City as reasonably requested in connection with the City's pursuit of any rights it may have directly against such NFL team, and (3) use all good faith commercially reasonable efforts to secure a replacement NFL team; it being agreed that (x) AEG's breach of its obligations set forth in (1), (2), or (3) above, or (y) the failure of AEG to maintain an NFL team in the Event Center through completion of payment of all Bond debt service as a result of AEG's breach of its obligations under the Venue Contract, or (z) AEG's failure in any event to fulfill its obligations under the Event Center Ground Lease, including without limitation its obligation to pay the Event Center Ground Rent when due, shall in each instance constitute a default by AEG under the Event Center Ground Lease. In the event of a default under the Event Center Ground Lease that is not cured by any senior lenders and that results therefore in the termination of the Ground Lease, subject to the rights of any senior lenders as specifically described in the applicable "mortgagee protections" to be contained in the Event Center Ground Lease and in such other "inter-creditor" agreements that may be entered into between any such senior lenders and the City, the City will have the right to assume AEG's rights under all existing Venue Contracts and all Event Center operating contracts (including but not limited to those agreements regarding ticket sales, premium seating, concessions, parking, permanent or other seat license sales, on-site merchandise, sponsorship sales, signage, naming rights, and media rights revenue).

(h) AEG agrees, and will cause the NFL team(s) to agree, that City of Los Angeles business license taxes and sales taxes, as applicable, will be paid on all Event Center-related revenues, including but not limited to ticket sales, premium seating, concessions, parking, permanent or other seat license sales, on-site merchandise, sponsorship sales, signage, naming rights, and local media rights revenue.

(i) To the extent that any NFL team(s) moves to the Los Angeles area prior to completion of the Event Center pursuant to a Venue Contract, AEG shall (and shall use its commercially reasonable efforts to cause such NFL team to) actively pursue an arrangement providing for such NFL team to play its NFL games at the Los Angeles Coliseum until the Event Center is completed; provided, however, that neither AEG nor such NFL team shall have any obligation to enter into such an arrangement unless the parties can do so on a commercially reasonable basis taking into account all relevant factors.

(j) The Event Center Ground Lease shall provide that within no less than two years prior to the expiration of the Venue Contract, AEG shall exercise all commercially reasonable efforts to either extend the term of the Venue Contract or enter into a new NFL team agreement, such extension or new agreement, in either of such events, to have the longest term available on commercially reasonable terms, it being the intention of the parties that the extended Venue Contract or new NFL team agreement shall expire at the expiration of the Event Center Ground Lease.

(k) Concurrently with the parties' entering into the Event Center Ground Lease, AEG, City and the owner of the STAPLES Center shall enter into a Reciprocal Easement Agreement (the "REA") on terms satisfactory to all parties thereto in order to accommodate the shared uses of certain spaces and other facilities within certain portions of each of the Event Center, the New Hall, and the land surrounding the STAPLES Center, all as shall be more specifically set forth in the REA.

(l) AEG and City will jointly apply for and obtain, or at the City's election, the City will authorize AEG to file applications for, all regulatory approvals and entitlements for the New Hall, New Parking Structures, and Event Center, which shall include conducting all traffic, parking, environmental, and other studies required for this Project, it being the intent of the parties that all such costs shall be borne solely by AEG except for a reasonably allocable portion (not to exceed in total $1,000,000) of such costs that the City would have incurred had construction been limited to building the New Hall and had the City built the New Hall for itself. AEG understands and agrees that the approval of this MOU by City does not constitute approval of any such applications, either currently filed or to be filed in the future. Approvals of those applications are subject to separate and independent State and City requirements and City's approval of this MOU does not constitute a commitment by City to take any particular action in relation to such applications.

2. New Parking Structures.

(a) Lease of Property and Construction of Garages. City will grant AEG a 55-year ground lease of the property located west of the Event Center (e.g., the Bond Street and Cherry Street garage locations, together with any vacated portions of such streets) (the "New Parking Structures Ground Lease"). In addition to providing LACC with the rent-free use of the Bond Street Garage as described herein, AEG shall pay to City an annual rental payment under the New Parking Structures Ground Lease currently estimated to be $500,000 per year (the "Parking Rent"), it being the intent of the parties that (after taking into account LACC's use of the Bond Street Garage) the Parking Rent shall constitute fair market value to City. Parking Rent shall commence and be payable upon the earlier of: (1) completion of construction of the New Parking Structures (i.e., the issuance of a temporary certificate of completion), (2) the demolition of the existing West Hall, or (3) the commencement of use of the New Parking Structures, but in no event later than December 31, 2014. AEG shall have the right, at its election, to separate the New Parking Structures Ground Lease into two (2) separate leases, one lease in connection with the Bond Street Garage and one lease in connection with the L.A. Live Way Garage; provided, that the combined overall economic terms and conditions of such leases shall be identical to the economic terms and conditions of the New Parking Structures Ground Lease set forth herein.

(b) AEG shall construct, at its sole cost and expense, an approximately 1,000 space parking structure located on the Bond Street property (the "Bond Street Garage") and an approximately 3,000 space parking structure located on the former Cherry Street garage location fronting on L.A. Live Way (formerly known as Cherry Street) (the "L.A. Live Way Garage") to: (1) replace approximately 1,600 West Hall and 800 Cherry

Street parking spaces, and (2) provide approximately 1,600 additional parking spaces for use in connection with Convention Center, Event Center, and STAPLES Center events.

(c) Operation of New Parking Structures.

1. The City shall operate and have exclusive use of the Bond Street Garage for LACC events during all portions of days when there is no conflicting event occurring at the Event Center or STAPLES Center. City shall retain all revenue from such use and shall be responsible for all operating costs associated therewith.

2. AEG shall make parking available for LACC patrons in the L.A. Live Way Garage in connection with all LACC events during which there are no events occurring in either STAPLES Center or the Event Center, provided, that AEG shall operate and retain the revenue from such garage at all times.

3. The parties shall jointly establish and implement a parking coordination plan to minimize conflicts and ensure the optimal and mutually beneficial operation of their respective parking garages. Such parking plan shall seek to provide sufficient parking for LACC patrons. Such plan shall also take into account LACC's desire that such parking shall be available at customary LACC parking rates on those days when there are conflicting events occurring in either STAPLES Center or the Event Center, and shall contemplate that the parties will seek to implement such commercially reasonable measures as may be feasible in order to satisfy LACC's desire, including, without limitation, the parties may explore and seek to implement a joint parking validation program and similar measures.

4. Upon demolition of the West Hall and the existing Cherry Street garage, AEG shall assume all rights and obligations regarding the STAPLES Center's right to use and control approximately 1,200 spaces within the New Parking Structures (the "Existing STAPLES Center Spaces") in connection with all STAPLES Center events, and the City shall no longer have any rights or obligations under the existing parking lease for the West Hall/Cherry Street garages (the "West Hall/Cherry Street Garage Lease").

3. New Hall.

(a) As an obligation under the Event Center Ground Lease and each of the

Definitive Agreements, prior to constructing the Event Center, AEG shall construct a new convention center hall for the City, and shall renovate and repurpose certain existing areas of the LACC, including all required infrastructure (to include, but not be limited to, a relocated or replaced central utility plant), all to replace the existing West Hall exhibition halls, meeting spaces, special function spaces, kitchen, food court, offices, related ancillary spaces being demolished, outdoor event space, and exterior staging areas (the "New Hall"). The West Hall shall not be taken out of service prior to the opening of the New Hall without the City's prior consent. The New Hall will be owned and operated by City for Convention Center use.

(b) Subject to the provisions of this subparagraph (b), AEG will be responsible for the design and construction of the New Hall. AEG shall cause the New Hall to be (1) designed in accordance with design criteria and standards reasonably acceptable to the City, including the City's requirement that the New Hall be compatible in design with the City's existing LACC South Hall, and (2) constructed consistent with designs approved by the City pursuant to reasonable review and approval rights to be described in the Definitive Agreements, it being the intent of the parties that the New Hall and related spaces will meet or exceed the functional utility currently provided to the LACC by the West Hall. City and AEG will jointly develop a budget for the construction of the New Hall. Such budgeted cost (currently estimated by AEG to be approximately $234 million, inclusive of soft and hard costs) will be financed by the Bonds (described below). If costs of the New Hall exceed the agreed upon budget and financing plan, then AEG shall be responsible for such overruns except to the extent they are caused by design changes required by the City or delays caused by the City. AEG will select, and enter into contracts, with the architect, construction contractor, and other consultants for the New Hall in consultation with the General Manager of the Convention Center, the City Engineer, and such other representatives as may be designated by the City generally consistent with the guaranteed maximum price ("GMP") approach proposed by AEG to the City Engineer; provided, however, AEG has selected, with the City's consent, Populous to be the project architect for the New Hall. All of the New Hall design and construction contracts shall be privately let by AEG; provided, however, that AEG shall contractually agree with the City in the Definitive Agreements to comply with those certain contracting requirements, guidelines and standards required by the City as shown on Appendix B attached hereto and made a part hereof.

(c) Upon passage of a reimbursement resolution by the City, out-of-pocket third party design and project management costs incurred by AEG in the design of the New Hall (e.g., architect and consultant fees) from the inception of the Project and specifically approved by the City shall be treated as New Hall "project costs," and shall be reimbursed to AEG out of Bond proceeds; it being recognized by the parties that the New Hall budget to be mutually approved by the parties shall consider such reasonable design and project management costs incurred by AEG.

(d) AEG will fund all environmental analysis and approvals required for the Project, and each Project-related approval will include an obligation that AEG indemnify and, at City's option, defend City at AEG's exclusive cost and expense in any resulting litigation. The New Hall budget shall include, and AEG shall be reimbursed from Bond proceeds for, the costs of a fair and reasonable allocation of costs incurred by AEG for the entitlement approvals, off-site infrastructure improvements, and other costs or expenses reasonably and properly allocated by the parties to the New Hall, but not for such costs applicable to the Event Center, the New Parking Structures, or to litigate to defend Project-related approvals.

(e) The parties will identify and agree upon such additional mechanisms as may be reasonably required by City to ensure that the Event Center and the Convention Center are operated in a complimentary and cooperative manner that will mutually benefit the parties.

B. Proposed Financing Plan

1. Event Center Financing. AEG will be solely responsible for financing the design and construction of the Event Center. No City funding, including but not limited to the issuance of bonds, will be provided for the Event Center. In order to comply with Tax Code requirements in connection with the Proposal, some of the existing Convention Center bonds must be redeemed or defeased, the total cost of which is currently estimated by City to be approximately $2,000,000. AEG shall provide the funds necessary for such redemption or defeasance. To the extent construction sales taxes generated by the Project are not used to pay debt service on the Lease Revenue Bonds (described below), AEG shall be entitled to a credit against Event Center Ground Rent for the redemption or defeasance costs in the amount of the unused construction sales taxes received by the City. The City shall cooperate in redeeming or defeasing any existing bonds necessary for the transaction, and in releasing the Event Center Property from the leases securing the existing bonds, and the parties shall mutually take all reasonable steps in order to minimize the amount of such redemption or defeasance costs and to make available alternative Project sources of funding to reimburse AEG for such costs to the greatest

extent reasonably possible.

2. New Parking Structures Financing. AEG will be solely responsible for financing the design and construction of the New Parking Structures. No City funding, including but not limited to the issuance of bonds, will be provided for the New Parking Structures. AEG shall control and retain the revenue from the New Parking Structures at all times, subject to the City's reservation of right to use the Bond Street Garage for Convention Center events during all portions of days when there is no conflicting event at the Event Center or STAPLES Center. City shall retain all revenue from such use and shall be responsible for operating costs associated therewith.

It is the intention of the parties that the incremental parking revenue to the City from Event Center events plus the incremental off-site parking tax to the City from Event Center events (all as further described below) shall compensate the City for the net income to the City currently generated by its parking operations at the West Hall garage. City shall engage an independent third party auditor to conduct an audit to verify its net income currently generated by its existing parking operations at the West Hall garage, said audit to take into account expenses properly allocable to said parking. Such audit will be used to ensure that the City is "made whole" for the loss of parking revenue derived from its West Hall parking operation. If the audit reveals that the current net income to City from its West Hall parking operation is materially less or more than the sum of incremental parking revenue to City from Event Center events and incremental off-site parking tax to the City from Event Center events, then the parties shall adjust these terms to compensate for such discrepancy. There will be no change in current application of STAPLES Center incremental parking revenue under the existing STAPLES Center Gap Funding Agreement.

3. New Hall Financing. It is currently contemplated that tax-exempt bonds ("Bonds") will be issued to finance construction of the New Hall, consisting of (a) lease revenue bonds ("Lease Revenue Bonds") in the approximate principal amount of $195,000,000 and payable by the City from its General Fund in amounts not expected to exceed the sources of revenues described below, and (b) Mello-Roos bonds ("Mello-Roos Bonds") in the approximate principal amount of $80,000,000, payable by special taxes levied on certain AEG real property as described below. The parties agree to mutually attempt to optimize the Bond financing structure in order to maximize the total Bond proceeds available to the Project and to minimize the total debt service payable thereunder, it being the further mutual desire of the parties to maintain to the greatest extent commercially feasible the same ratio of Lease Revenue Bonds to Mello-Roos Bonds as set forth above.

4. Sources for Repayment of Bonds.

(a) The sources of General Fund revenues that will be used to pay debt service on the Lease Revenue Bonds shall be (1) rent paid by AEG to the City under the Event Center Ground Lease (which rent payments shall be paid annually in advance), (2) the City's share of possessory interest tax paid by AEG on the land underlying the Event Center and the New Parking Structures, (3) parking taxes received by the City from parking for Event Center events at (i) the New Parking Structures, (ii) AEG's Olympic West and Olympic East garages within the L.A. Live project, and (iii) City's Venice Street and South Hall garages, and (4) the City's share of construction sales taxes generated by the Project.

(b) In consideration for the overall benefit to AEG and its affiliates in connection with the development of the Project, such as, among other items, the extension of the existing STAPLES Center ground lease on terms and conditions satisfactory to the owner of the STAPLES Center, and the receipt of certain signage rights on terms and conditions satisfactory to AEG, AEG has agreed, and will cause its affiliates to agree, to permit the creation of certain community facilities districts on its existing L.A. Live and STAPLES Center projects. As such, the sources of repayment of the Mello-Roos Bonds shall be (1) the imposition of a special tax to be levied on the leasehold interest in the STAPLES Center, and (2) the imposition of a special tax to be levied on the fee ownership interest of the LA Live real properties, excluding the J.W. Marriott/Ritz Carlton Hotel. The STAPLES Center special tax levy shall commence to be assessed in fiscal year 2024-2025, shall be in the approximate annual amount of $5,000,000, and shall escalate by 3% each fiscal year thereafter until fiscal year 2045-2046, after which time such special assessment shall no longer encumber the STAPLES Center ground lease. The L.A. Live special tax shall commence to be assessed in fiscal year 2014-2015, shall be in the approximate annual amount of $3,000,000, and shall escalate by 3% each year thereafter until fiscal year 2045-2046, after which time such special assessment shall no longer encumber the applicable L.A. Live properties.

(c) AEG shall be obligated ("Gap Funding Obligation") to pay any shortfalls in the General Fund revenues described in Section B(4)(a) as may be required to make timely debt service payments on the Lease Revenue Bonds, which obligation shall be set forth in a Gap Funding Agreement.

5. Credit Support. AEG shall provide the City with credit support for AEG's Gap Funding Obligation and for any debt service reserve funds ("Reserve Fund") securing payment of the Bonds. Such credit support shall be in the form of one or more letters of credit (collectively, the "Letter of Credit") issued by an entity or entities and with terms acceptable to the City.

(a) For the period beginning at issuance of the Lease Revenue Bonds through the date on which the NFL team plays its first home game in the Event Center ("Period One"), the Letter of Credit shall be in the amount of $50 million. During Period One, AEG may allocate portions of such Letter of Credit to the Reserve Fund, currently estimated to be approximately $10 million of the Letter of Credit to serve as a partial Reserve Fund for the Lease Revenue Bonds, and approximately $4 million of the Letter of Credit to serve as a partial Reserve Fund for the Mello-Roos Bonds. The balance of the Letter of Credit shall secure the Gap Funding Obligation.

(b) For the three-year period following the NFL team's first home game in the Event Center ("Period Two"), the Letter of Credit shall be in an amount equal to the next 2 years' total debt service under the Lease Revenue Bonds and Mello-Roos Bonds immediately following the expiration of Period One, which amount is currently estimated to be $28 million. During Period Two, AEG may allocate portions of such Letter of Credit to the Reserve Fund, currently estimated to be approximately $10 million of the Letter of Credit to serve as a partial Reserve Fund for the Lease Revenue Bonds, and approximately $4 million of the Letter of Credit to serve as a partial Reserve Fund for the Mello-Roos Bonds, and shall allocate the balance of the Letter of Credit to secure its Gap Funding Obligation.

(c) For the period following Period Two and ending with payment in full of all Bonds ("Period Three"), AEG shall provide a Letter of Credit in the amount of $5 million to secure the Gap Funding Obligation. During Period Three, the Reserve Fund for the Lease Revenue and Mello-Roos Bonds will be secured by cash from AEG, by excess cash available from Bond proceeds (including without limitation any accumulated interest earnings or excess proceeds available as a result of "net funding" the Bonds), or by an additional Letter of Credit.

6. Guaranty and Additional Security Protections. In addition to the above, the following additional security protections shall apply:

(a) AEG shall provide, for the benefit of the City, a completion guaranty from a guarantor acceptable to the City, and the City shall not unreasonably withhold its approval, which guarantees completion of the Event Center and New Parking Structures, it being the intention of the parties that the completion guaranty shall be issued by the same guarantor as approved by the senior lender on the Event Center and that such senior lender will be a nationally recognized financial institution.

(b) AEG shall grant the City the right to terminate the ground lease on the New Parking Structures upon any termination of the Event Center Lease resulting from AEG's default thereunder. AEG shall not place any leasehold financing on its interest in the New Parking Structures Ground Lease or otherwise pledge the New Parking Structures as collateral for any financing until after the end of Period One as described above.

(c) AEG shall not place any leasehold financing on its interest in the Event Center Ground Lease or otherwise pledge the Event Center as collateral for any loan having a principal amount in excess of 60% of AEG's total project costs to design and construct the Event Center.

(d) At the commencement of each year starting from the issuance of Bonds and until the debt service on the Bonds is paid in full, AEG shall deposit with the City the amount of the annual Gap Funding Obligation as based on a good faith estimate reasonably agreed to by the parties, consistent with any history of such payments and current applicable Project revenue projections.

C. Additional Terms.

1. STAPLES Center Lease Extension. The parties agree that the ground lease for the STAPLES Center shall be extended to make the STAPLES Center ground lease co-terminus with the Event Center Ground Lease, in consideration for fair market value rent to be paid by AEG to the City for each year of such extension as described herein. The parties agree that the special assessments to be imposed on the STAPLES Center leasehold pursuant to Section B.4.(b) above reflect, among other things, the fair market rent for the period of such extension. During the years of the extension, AEG shall have the continuing right to impose, collect and either apply to other expenses or retain, in its sole discretion, an admissions fee of 3-5% on all paid tickets at STAPLES Center.

2. Event Center Admissions Fee. AEG shall have the right to impose and collect an admissions fee to be initially set at 4% on all paid tickets at Event Center events (the "Event Center Admissions Fee"); provided, however, that AEG shall have the right from time to time to adjust the Event Center Admissions Fee (but not to exceed 5% in any event). AEG shall have the right to apply all Event Center Admissions Fee receipts towards the payment of Event Center Ground Rent, but assumes all risk for any shortfalls, and shall have the right to use any excess Event Center Admissions Fee receipts to satisfy any of AEG's other monetary obligations to the City (e.g., the Annual Signage Payment, AEG's Gap Funding Obligation, etc.).

3. Signage. In exchange for AEG's construction of the New Hall and its performance of all other obligations with respect to the Project as contemplated herein, the City shall grant AEG exterior signage rights on and around the Convention Center. AEG and the City had previously negotiated an agreement which contemplated signage rights that the City has estimated to have a fair market value of $5,000,000 per year. The parties agree that the special assessments to be imposed on the L.A. Live properties pursuant to Section B.4.(b) above reflect, among other things, such fair market value. The City acknowledges that, in conjunction with the removal of the West Hall and the construction of the New Hall as part of the proposed Project, AEG intends to modify the prior signage plan, including removing and adding some locations and modifying certain sign types; provided that (a) AEG agrees that the total square footage of signage in the revised plan shall not be materially greater than the total square footage of the plan that the City has valued in connection with this MOU, and (b) if the City reasonably concludes that the value of the final agreed signage plan is materially greater than $5,000,000 per year, then the parties shall renegotiate to reach agreement on appropriate adjustments in the financial terms of this arrangement. AEG must obtain all required regulatory approvals and entitlements for said signs. In addition, the terms and conditions set forth in Section B.1 above relating to the redemption/defeasance of certain existing City bonds shall, to the extent applicable, also apply in connection with City's granting of such signage rights on and around the Convention Center, it being understood that the total extent of such signage granted may impact such redemption/defeasance costs to be incurred. AEG shall have the exclusive right to utilize such signage and to sell inventory thereon, subject to the City's right to promote and publicize LACC events. The term of the AEG Convention Center signage rights will commence in 2014 and shall be co-terminus with the initial term of the Bonds. Any extension of the term shall be subject to mutual consent of the parties and at new agreed-upon terms. Subject to the City's collateral assignment and other rights upon AEG's default (all as more particularly described above), AEG shall retain all signage and naming rights for the Event Center.

4. Construction Contracting. AEG shall select in its sole discretion, and enter into contracts with, the architect and general contractor for the Event Center and New Parking Structures; provided, however, that as part of the Definitive Agreements AEG shall agree that in connection with such contracts, it shall comply with applicable City provisions for prevailing wage, MBE/WBE and workforce utilization, local hiring, and such other requirements required by law or reasonably agreeable to the parties.

5. Ground Lease General Provisions. The Event Center Ground Lease shall include customary and reasonable ground lease provisions, including without limitation, provisions concerning default, restrictions on assignment, indemnification, leasehold financing, and mortgagee protections. To the extent that the corresponding provisions set forth in the existing STAPLES Center Ground Lease provide a useful model, the parties may use them as templates for the Event Center Ground Lease.

6. Non-Competition. The parties agree that it is in their mutual best interest to enhance the existing financial performance of the LACC and its ability to attract the greatest number of events. Therefore, the parties agree as follows:

(a) Except as may occur in active conjunction with LACC, AEG agrees that it will not solicit the booking of the Event Center for any event which LACC has the capability to support and host in terms of space, functionality, availability, and services and which LACC has historically booked and hosted prior to the existence of the Event Center.

(b) Both Parties shall strive to coordinate the booking and scheduling of events in their respective facilities so as to avoid or minimize to the greatest extent possible any conflicts between the facilities and the events held within such facilities, and to ensure as much complementary activity as possible; it being the mutual goal of the Parties to avoid and minimize LACC loss of business and market share due to any such potential conflicts.

(c) Both Parties shall on a collaborative basis seek to attract and book new large scale City Wide conventions and other similar events of sufficient size so as to be able to engage the facilities and services of both the Event Center and the Convention Center; provided, however, that once such any such new large scale event has been secured, either Party shall have the right to seek to have its facility (or a portion thereof) serve as the venue for some of the events comprising a part of such large scale event.

In any event, based on all of the foregoing, AEG, LACC, and L.A. Inc. (or its successor as named by the City) agree to collaborate and to seek a more detailed and integrated delineation of relative business and booking methodology and event activity within the Macro-Booking Policy to be jointly developed by the parties.

7. Non-Disruption. AEG and City each commits in good faith to actively collaborate with the other in attempting to arrive at practical solutions in order to minimize any disruptions to LACC events and LACC revenues to the greatest extent reasonably practicable during AEG's construction of the Event Center. In particular, once AEG has established and presented to LACC its construction and mobilization schedule for the construction of the Event Center, LACC will develop and present to AEG a schedule of potential LACC events to be held during the period of construction of the Event Center. Based upon such schedules, the Parties shall thereafter work together on an on-going collaborative basis to jointly identify potential solutions intended to avoid or mitigate to the greatest extent possible such disruption to LACC revenue generating activities during such period; including without limitation, the parties shall explore such measures as seeking to adjust the scheduling of certain construction activities,

providing alternative parking arrangements or temporary substitute venues, and the like. Only after having first jointly exhausted all potential avoidance or mitigation efforts, AEG shall reimburse LACC for its clearly demonstrated losses actually suffered solely and directly as a result of the disruption to LACC revenue generating events as a result of AEG's construction of the Event Center. In addition, as part of the parties' collaborative efforts to mitigate any such disruption, there may be instances where the parties mutually determine that economic incentives must be offered to contracted LACC clients (for space or date moves or both) throughout the construction process. To the extent the Parties mutually determine that such incentives are reasonably necessary, the actual cost to LACC of such incentives will be reimbursed to LACC by AEG. Notwithstanding anything herein to the contrary, LACC acknowledges that AEG shall have no liability for any loss of revenue which may be attributable to general market conditions or the failure of LACC to attract or retain business due to competitive reasons unrelated to any disruption which may be caused by AEG's construction of the Event Center.

8. L.A. Live Event Deck. The construction of the New Hall and the Event Center should obviate the need for an expansion of the Convention Center over the airspace parcel currently occupied by the event deck at the Olympic West Parking Garage at LA Live, which parcel is defined as the "Convention Center Expansion Parcel" under the LASED Specific Plan. Therefore, if requested by AEG, the City shall process an amendment to the LASED Specific Plan to modify the existing use restriction on the Convention Center Expansion Parcel to provide that on the earlier of the completion of New Hall to the satisfaction of the City or October 21, 2021, the Convention Center Expansion Parcel may be used for any other uses permitted by the LASED Specific Plan. Parking, temporary and signage uses as currently allowed under the LASED Specific Plan shall continue to be allowed. At AEG's election the processing of such specific plan amendment may be concurrent with or subsequent to the processing of approvals for the Project. All processing, environmental review, and other costs arising out of such an amendment shall be borne by AEG. The processing of such an amendment does not commit the City or its Planning Department, City Planning Commission or City Council to approve any requested changes.

9. Public Benefits. AEG will implement a public benefits program to benefit the residents of the City. The specific details of the program will be developed by AEG over the next year and shall be in writing when the Definitive Agreement are reviewed by Council.

IMPLEMENTING THIS MOU. This MOU authorizes City staff, with the assistance and consultation of the City Attorney, to negotiate agreements consistent with the terms and conditions of this MOU with AEG and to report to the City Council or the Ad Hoc Committee on Downtown Stadium and Convention Center Renovation on the progress of such negotiations. AEG understands that any and all contracts, leases, bonds and agreements must be approved in accordance with the requirements of the Los Angeles City Charter and the City's Municipal Code and Administrative Code and must be approved by the City Council and Mayor. AEG UNDERSTANDS THAT DEFINITIVE AGREEMENTS SHALL IN NO EVENT BE

EXECUTED UNTIL AEG HAS CONSUMMATED AN AGREEMENT WITH AN NFL TEAM TO PLAY ITS HOME GAMES AT THE EVENT CENTER AND THE TERMS OF THE AGREEMENT ARE SUFFICIENT TO PROTECT THE CITY'S GENERAL FUND AND INVESTMENTS.

COOPERATION. In connection with this MOU, the parties shall reasonably cooperate with one another to achieve the objectives and purposes of this MOU. In an effort to accomplish the parties' Goals set forth above, the parties have negotiated the proposed terms and conditions related to the Project as set forth in this MOU, it being understood and agreed that in drafting the Definitive Agreements, in the event of any inconsistencies between any of the parties' Goals and any of the more specific provisions contained in this MOU, the parties shall look to, and be guided by, the more specific applicable provision. The City agrees to jointly apply for and to expedite the processing of entitlements and approvals for the Project.

IN WITNESS WHEREOF, the parties executed this Memorandum of Understanding on the dates indicated.

CITY OF LOS ANGELES:

By: ____________________	By: ____________________
Chief Legislative Analyst	City Administrative Officer
Date: ________________	Date: ________________

AEG:

ANSCHUTZ ENTERTAINMENT GROUP, INC., a Colorado corporation

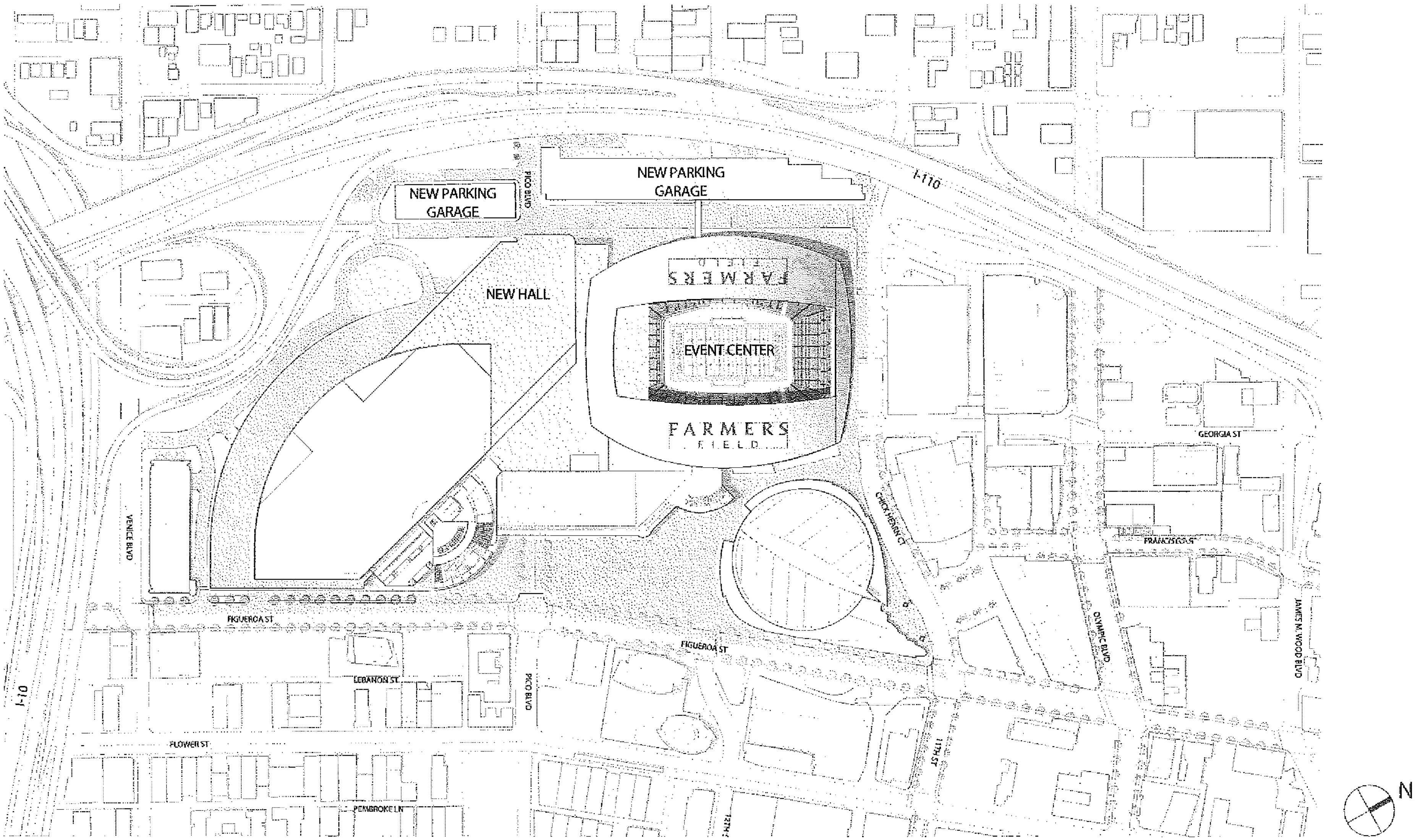
By: ________________

Chief Executive Officer

Date: ________________

APPENDIX A – Project Site Plan

APPENDIX B – Contracting Requirements for New Hall



Appendix A - Project Site Plan

APPENDIX B

DESIGN AND CONSTRUCTION CONTRACTING REQUIREMENTS, GUIDELINES AND STANDARDS

Contract Requirements for New Hall Project

Part 1 -- Professional Service (Consultant) Contracts

	Contract Requirement	Description
1.	**MBE/WBE/OBE Outreach Program for Sub-Consultants** *ORIGIN: Mayor's Executive Directive 2001-26* *METHOD OF COMPLIANCE: Consultant performs Good Faith Effort Outreach and submits documents reviewed by ICON, with the assistance of BCA*	The policy of the City is to provide minority business enterprises (MBE), women business enterprises (WBE), and all other business enterprises (OBE) an equal opportunity to participate in the performance of all City contracts. This policy applies to all City departments authorized to award contracts.
2.	**Child Support Assignment Orders** *ORIGIN: Council Ordinance #1721401* *METHOD OF COMPLIANCE: Consultant submits signed statement*	Requires that all contractors and subcontractors, performing work for the City, comply with all reporting requirements and wage and earning assignments relative to legally mandated child support.
3.	**Living Wage Ordinance** *ORIGIN: LAAC Section 10.37* *METHOD OF COMPLIANCE: Consultant submits signed declaration form*	Requires payment of a minimum living wage to employees of City contractors and their subcontractors.
4.	**Service Contractor Worker Retention Ordinance** *ORIGIN: LAAC Section 10.36* *METHOD OF COMPLIANCE: Consultant submits signed declaration form*	Encourages the retention of existing service workers when a change in contactors occurs.
5.	**Americans with Disabilities Act** *ORIGIN: U.S.C. Section 12101* *METHOD OF COMPLIANCE: Consultant submits signed certification form*	City requires and monitors that consultant provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act.

6.	**Equal Benefits Ordinance** *ORIGIN: LAAC Section 10.8.2.1* *METHOD OF COMPLIANCE: Consultant files form with Developer for Bureau of Contract Administration (BCA) EBO Full Compliance Listing*	No Awarding Authority of the City shall execute or amend any contract that exceeds $5,000 with any contractor that discriminates in the provision of benefits between spouses of employees and domestic partners of employees, and between dependents and family members of spouses and dependents and family members of domestic partners.
7.	**Contractor Responsibility Ordinance** *ORIGIN: City Ordinance #173677* *METHOD OF COMPLIANCE: Consultant complete Responsibility Questionnaire*	Requires that each department make a determination as to whether prospective contractors are responsible and capable of fully performing the work before being awarded a City contract.
8.	**Slavery Disclosure Ordinance** *ORIGIN: LAAC Section 10.41* *METHOD OF COMPLIANCE: Consultant files form for BCA SDO Full Compliance Listing*	City administers policy that requires full disclosure of any participation in or profits derived through slavery by companies seeking to do business with the City.
9.	**Contract Bidder Certification of Compliance with Lobbying Laws** *ORIGIN: LA Municipal Lobbying Ordinance* *METHOD OF COMPLIANCE: Consultant submits signed Disclosure Certification*	Any bidder for a contract shall submit with its proposal a Bidder Certification, proscribed by the City Ethics Comm., that the bidder acknowledges and agrees to comply with the disclosure requirements and prohibitions established in the Ordinance if the bidder qualifies as a lobbying entity under the Ordinance.
10.	**First Source Hiring Ordinance** *ORIGIN: City Ordinance #179281* *METHOD OF COMPLIANCE: Consultant submits Signed Declaration and Forms*	Amends Los Angeles Administrative Code to add a new Division 10, Chapter 1, Article 18 to establish a program that requires service contractors who hire new employees to perform work on a City contract to seek employee references through referrals from the City and other agencies interested in training and finding employment for the traditionally unemployed or under-employed.
11.	**City of L.A. Non-Discrimination, Equal Employment Practices, Affirmative Action Requirements**	City requires and monitors consultants and their agreement that it shall not discriminate, will provide equal employment practices and that each will adhere to an affirmative action program to

	ORIGIN: LAAC Section 10 *METHOD OF COMPLIANCE: Compliance review and approval by Developer, with assistance from BCA*	ensure that in their employment practices, persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
12.	**Monitoring and Enforcement of City of Los Angeles Business Tax Registration Certificate** *ORIGIN: LAMC Chp II, Article 1, Section 21.08* *METHOD OF COMPLIANCE: Consultant submits BTRC number*	Requires that the proposer must have a BTRC prior to the award of the contract.
13.	**Monitoring and Enforcement of Professional Licenses, Professional and Other Insurance** *ORIGIN: Board of Public Works Policy* *METHOD OF COMPLIANCE: Consultant submits proof of licenses and monitored by BCA*	City monitors and requires consultants to provide and maintain professional licenses, professional and other insurance required by local, state, and federal laws.
14.	**Executive Directive No. 14: Small Business Inclusion Program** *ORIGIN: Mayor's Executive Directive No. 14* *METHOD OF COMPLIANCE: Contractor meets specified subcontractor outreach and hiring objectives for Small Business Enterprises, Emerging Business Enterprises, and Disabled Veteran's Enterprises*	Through this directive, the Mayor has set City contracting goals to increase opportunities for small business, emerging business, and disabled veteran business enterprises. This directive is intended to modify the Good Faith Effort outreach process that is part of the MBE/WBE/OBE Subcontractor Outreach Program.
15	**8% Local Preference Initiative (Pending)** Will apply if ordinance adopted by City Council. *ORIGIN: City Council 10-2414-S1 adopted 11/3/2010 to direct Jobs and Budget/Finance Committees to draft an Ordinance. Not yet adopted by Council* *METHOD OF COMPLIANCE: Contractor meets conditions to be certified as a local business by BCA.*	In the case of RFP's, Firms certified as "local businesses" by BCA would be entitled to an 8% bonus to their final evaluation score. The report did not mention RFQ's, or Task Order Solicitations from On-Call lists, but it is assumed that the intention is likely that it would apply those as well but that would depend on the final ordinance wording (if passed).

16	**Bidder Contributions (CEC Form 55)** *ORIGIN: On March 8, 2011, voters passed Charter Amendment H .* *METHOD OF COMPLIANCE: Contractor submits CEC Form 55 and contract language is added.*	Only applies to contracts over $100,000 approved by City Council or other elected officials.

Part 2 -- Construction Contracts

1.	**Equal Benefits Ordinance** *ORIGIN: City Ordinance #175115* *METHOD OF COMPLIANCE: Contractor submits form to Developer for BCA EBO Full Compliance Listing*	No Awarding Authority of the City shall execute or amend any contract that exceeds $5,000 with any contractor that discriminates in the provision of benefits between spouses of employees and domestic partners of employees, and between dependents and family members of spouses and dependents and family members of domestic partners.
2.	**Slavery Disclosure Ordinance** *ORIGIN: LAAC Section 10.41* *METHOD OF COMPLIANCE: Contractor submits form to Developer for BCA SDO Full Compliance Listing*	City administers policy that requires full disclosure of any participation in or profits derived through slavery by companies seeking to do business with the City.
3.	**Living Wage Ordinance** *ORIGIN: City Ordinance #172336* *METHOD OF COMPLIANCE: Contractor submits signed declaration form*	Requires payment of a minimum living wage to employees of City contractors and their subcontractors.
4.	**City of L.A. Non-Discrimination, Equal Employment Practices, Affirmative Action Requirements** *ORIGIN: LAAC Section 10* *METHOD OF COMPLIANCE: Compliance review and*	City requires and monitors contractors and subcontractors and their agreement that it shall not discriminate, will provide equal employment practices and that each will adhere to an affirmative action program to ensure that in his or her employment practices, persons are employed and employees are treated equally and without

	approval by Developer with assistance from BCA	regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
5.	**Contract Bidder Certification of Compliance with Lobbying Laws** *ORIGIN: LA Municipal Lobbying Ordinance* *METHOD OF COMPLIANCE: Contractor submits signed Disclosure Certification*	Any bidder for a contract shall submit with its proposal a Bidder Certification CEC Form 50, proscribed by the City Ethics Commission, that the bidder acknowledges and agrees to comply with the disclosure requirements and prohibitions established in the Ordinance if the bidder qualifies as a lobbying entity under the Ordinance.
6.	**Contractor Responsibility Ordinance** *ORIGIN: City Ordinance #173677* *METHOD OF COMPLIANCE: Contractor complete Responsibility Questionnaire and submits with bid*	Requires that each department make a determination as to whether prospective contractors are responsible and capable of fully performing the work before being awarded a City contract.
7.	**Contractor Performance Evaluation Ordinance** *ORIGIN: City Ordinance #173018* *METHOD OF COMPLIANCE: City completes evaluation form*	Assures that contractors are routinely evaluated in accordance with approved criteria and that this evaluative data is catalogued and readily accessible to and considered by contract awarding authorities prior to entering into contracts.
8	**8% Local Preference Initiative (Pending)** Will apply if ordinance adopted by City Council. *ORIGIN: City Council 10-2414-S1 adopted 11/3/2010 to direct Jobs and Budget/Finance Committees to draft an Ordinance. Not yet adopted by Council* *METHOD OF COMPLIANCE: Contractor meets conditions to be certified as a local business by Developer with assistance from BCA.*	Firms certified as "local businesses" by BCA would be entitled to an 8% preference to their bid price. The price used to calculate the low bidder would be reduced by 8% for certified local firms, but if awarded the contract they would be paid their actual bid price before the 8% reduction.
9	**Bidder Contributions (CEC Form 55)** *ORIGIN: Charter Amendment H .* *METHOD OF COMPLIANCE: Contractor submits CEC Form 55 and contract language is added.*	Only applies to contracts over $100,000 approved by City Council or other elected officials (not generally the case for construction contracts).

10.	**MBE/WBE/OBE Subcontractor Outreach Program/Good Faith Effort (GFE)** *ORIGIN: Mayor's Executive Directive 2001-26* *METHOD OF COMPLIANCE: Contractor performs Good Faith Effort Outreach and submits documents reviewed by Developer with assistance from BCA*	The policy of the City is to provide minority business enterprises (MBE), women business enterprises (WBE), and all other business enterprises (OBE) an equal opportunity to participate in the performance of all City contracts. This policy applies to all City departments authorized to award contracts.
11.	**Executive Directive No. PE-6: Hiring of "At Risk" Personnel in City Projects** *ORIGIN: Mayor's Executive Directive No. PE-6* *METHOD OF COMPLIANCE: Contractor submits signed Declaration Form*	City requests that each contractor state his or her respective willingness to voluntarily provide training and employment opportunities to "at-risk" individuals in the community as detailed in the MAYOR'S EXECUTIVE ORDER No. PE-6.
12.	**Executive Directive No. 14: Small Business Inclusion Program** *ORIGIN: Mayor's Executive Directive No. 14* *METHOD OF COMPLIANCE: Contractor meets specified subcontractor outreach and hiring objectives for Small Business Enterprises, Emerging Business Enterprises, and Disabled Veteran's Enterprises*	Through this directive, the Mayor has set City contracting goals to increase opportunities for small business, emerging business, and disabled veteran business enterprises. This directive is intended to modify the Good Faith Effort outreach process that is part of the MBE/WBE/OBE Subcontractor Outreach Program.
13.	**Board of Public Works Mandatory Subcontracting Minimum** *ORIGIN: Department of Public Works Policy* *METHOD OF COMPLIANCE: Listing of intended subcontractors, to meet MSM, in bid by contractor*	To be eligible for award of a project by the Board of Public Works, contractor is required to subcontract a minimum of its bid to any qualified available subcontractors. Contractors must list, in their bid, all subcontractors, regardless of bid amount, that the bidder wishes to be credited toward achieving the required Mandatory Subcontracting Minimum (MSM) established for the project.
14.	**First Time Bidder Evaluation** *ORIGIN: Department of Public Works Policy* *METHOD OF COMPLIANCE: Research, review and approval by Developer with assistance from BCA*	The Bureau of Contract Administration researches and evaluates a contractor's qualifications and work history when the contractor is bidding on a City contract for the first time.

15.	**Approval of all subcontractors before they are allowed to begin work** *ORIGIN: Department of Public Works Policy* *METHOD OF COMPLIANCE: Research, review and approval by Developer with assistance from BCA*	The Bureau of Contract Administration reviews and approves all subcontractors, for compliance with applicable laws and licenses, to work on City projects.
16.	**Monitoring and Enforcement of City of Los Angeles Business Tax Registration Certificate** *ORIGIN: LAMC Chp II, Article 1, Section 21.08* *METHOD OF COMPLIANCE: Submittal of BTRC number by contractor*	Requires that the proposer must have a current, valid BTRC prior to the award of the contract. All subcontractors must have a valid, current BTRC prior to working on a project.
17.	**Board of Public Works "Zero Spills Policy"** *ORIGIN: Board of Public Works Policy Adopted June 6, 1998* *METHOD OF COMPLIANCE: Monitoring by Developer with assistance from BCA of contractor's compliance with policy*	City monitors and requires contractors to adhere to the Board of Public Works "Zero Spills Policy" and holds all contractors liable, responsible and accountable for all construction related spills caused by the contractor's negligent actions.
18.	**Project Labor Agreement (PLA) and Infrastructure Stabilization Policy (ISP)** *ORIGIN: Board of Public Works Policy with City Council approval on 12/17/2010 (Council File No. 09-0963)* *METHOD OF COMPLIANCE: Monitoring and review by Developer with assistance from the BCA*	Contractor's agreement to hire a specified percentage of workers who live within the boundaries of the City and County of Los Angeles. The core of the policy is to address unemployment and underemployment in concentrated poverty neighborhoods and to advance the skills of the local labor pool. The PLA is to be included on Public Works Capital Improvement Projects over $2.8 Million.
19.	**Vendor and/or Supplier and Broker Participation Recognition** *ORIGIN: Department of Public Works Policy* *METHOD OF COMPLIANCE: Submittal of form with bid by contractor*	Bidders must list, in their bids, the names of vendors and/or suppliers and brokers and the dollar amounts for which the bidder has obligated itself, in conjunction with the policies and requirements established by the Department of Public Works subcontracting outreach policy.
20.	**Bid listing of all Subcontractors performing more than ½ of 1 percent of the work of the project**	All prime contractors must list in their original bid for work all subcontractors who will perform work in an amount in excess of ½ of 1 percent of the

	ORIGIN: Public Contract Code Section 4104 Master General Conditions *METHOD OF COMPLIANCE: Contractor submits list of subcontractors with bid*	prime contractor's total bid. In addition, the prime contractor must list in their original bid for work, all subcontractors, regardless of the dollar amount of the work if they want those subcontractors to count toward meeting the Mandatory Subcontracting Minimum required on the project.
21.	**Monitoring and Enforcement of California Contractor's License Requirement(s)** *ORIGIN: Public Contract Code* *METHOD OF COMPLIANCE: Monitoring and approval by Developer with assistance from BCA*	The Bureau of Contract Administration monitors and enforces the requirements that all Prime Contractors and/or subcontractors working on a Public Works project have a current, valid California Contractor's License to perform the work designated to be performed by that Prime and/or Subcontractor.
22.	**Awarding Authority Approval of all subcontractor substitutions** *ORIGIN: Public Contract Code Section 4107* *METHOD OF COMPLIANCE: Review and approval by Developer with assistance from BCA*	Based on the recommendation of the Bureau of Contract Administration acting on behalf of the Board of Public Works, all substitutions of a bid-listed or approved subcontractor shall be approved by the Board of Public Works in an open session of the Board. Acting on behalf of the Board of Public Works, the Bureau of Contract Administration may approve the substituting contractor perform work prior to formal approval by the Board.
23.	**Progress Payments** *ORIGIN: Public Contract Code Section 20104.50* *METHOD OF COMPLIANCE: Contractor submits monthly payment request application for review and approval by Developer with assistance from BCA*	The Bureau of Contract Administration administers the monthly progress payments to the general contractor for Public Works construction projects to ensure prompt payment as required by the Public Contract Code.
24.	**Release of Retention** *ORIGIN: Public Contract Code Section 7107* *METHOD OF COMPLIANCE: Developer with assistance from BCA administers holding and releasing of retention*	The Bureau of Contract Administration is responsible for administering the holding and release of a certain percentage of the contractor's progress payment as retention until Final Field Acceptance of the project in compliance with the Public Contract Code.
25.	**Payment to Subcontractors**	In conjunction with the listed subcontractor work provided by the general contractor, with their bid,

	ORIGIN: Public Contract Code Section 7107 *METHOD OF COMPLIANCE: Contractor submits documentation for review by Developer with assistance from BCA*	the Bureau of Contract Administrations oversees contractor's compliance with payments made to subcontractors in compliance with the Public Contract Code.

Attachment B
Motion (Perry-Smith/Garcetti)
CF 11-0023

Attachment C

AEG Event Center Proposal

Prepared by AEG

Timothy J. Leiweke
President & CEO

February 16, 2011

Mr. Gerry Miller
Chief Legislative Analyst
City of Los Angeles
200 N. Spring Street, Room 255
Los Angeles, CA 90012

Mr. Miguel Santana
Chief Administrative Officer
City of Los Angeles
200 N. Main Street
Los Angeles, CA 90012

Dear Mssrs. Miller and Santana:

We are pleased to submit for your consideration this proposal regarding the potential development of both a new multi-purpose Event Center at the location of the existing West Hall of the Los Angeles Convention Center and a new convention center hall (together with new parking structures) to replace the exhibition and meeting space currently contained in the West Hall.

Like most Angelenos, we are excited about the prospect of an NFL team returning to Los Angeles after a 16-year absence. However, as important as that objective may be, we firmly believe that the opportunity here transcends football. In particular, we envision a project that will not only constitute the next dramatic step in the continued revitalization of downtown Los Angeles, but will also enhance the attractiveness of Los Angeles as a destination for major convention and tourism business and fuel economic growth in a region still suffering from the deepest recession of our lifetime. This project will drive direct investment of over $1.4 billion into facilities serving the tourism industry which, as you know, has become one of the region's most significant economic sectors.

As a backdrop to the attached Transation Overivew, we would like to highlight some important facts and principles that have guided our thinking in formulating this proposal:

First, the West Hall is an outdated facility in dire need of capital improvement. Not only is the aged exterior appearance of the facility a stark contrast to the newer structures that surround it (the South Hall, STAPLES Center, and LA LIVE), but more importantly the obsolescence and inadequacy of the physical facilities and infrastructure, including the central plant that services the entire Convention Center, will necessitate significant investment by the City going forward. In this regard, Convention Center Management has reported that the West Hall requires a minimum of $50 million in improvements. The proposal we are putting forth will not only save the City the need to make this sizeable capital investment in the old West Hall, but will also lead to the development of a brand new comparably-sized facility with much improved functionality funded entirely by newly created revenue streams.

Second, key constituents of the Convention Center (including LA Inc, hotel operators and Convention Center senior management) have made it abundantly clear that reconfiguring the Convention Center to provide for more contiguous exhibition space is critical to its long-term competitiveness. While previous plans contemplate potential Convention Center expansion in the airspace over the property immediately north of the current West Hall, recent conversations with convention planners, managers and others have consistently stressed the need to create new exhition space closer to the South Hall. This proposal would accomplish this objective by providing for the new hall to be constructed immediately adjacent to the existing South Hall.

Third, the LA Convention Center is unable to compete with other cities for the largest conventions because it lacks sufficient convention, exhibition and meeting space. While the recent addition of LA LIVE (including significant meeting and ballroom space at the JW Marriott and The Ritz-Carlton Hotels) has helped in this regard, there is still a shortage of convention space (particularly flat floor space) needed to attract the large group events that would drive additional tourism and other related economic activity to the region. The Event Center we are proposing would be designed, constructed and located in a manner allowing for its use in conjunction with large-scale convention gatherings that currently cannot be booked into existing Convention Center facilities. The additional flat floor space and ancillary meeting space offered by this venue (which could be fully enclosed as needed) would help propel the Convention Center into the top tier of comparable facilities nationwide. And while a lack of conveniently located hotel rooms remains another factor impairing LA's ability to attract the largest conventions, discussions with prospective hotel developers and operators have strongly indicated that this project will serve as a catalyst for the construction of multiple new downtown hotels.

Fourth, at a time when jobs are scarce and families continue to struggle to make ends meet, this major development project will result in thousands of direct construction and operating jobs and will trigger additional economic activity and job creation in both the surrounding downtown area and the broader Los Angeles community. Recognizing the potential for this project to provide the kind of job-stimulating activity the region's economy desparately needs, key leaders of local labor organizations have already voiced their strong support for this initiative.

Finally, and most importantly, we are mindful that the City of Los Angeles cannot and will not subsidize a private stadium development with taxpayer dollars. We understand that the City, like most local governments, has been hit hard by the recent recession, and we recognize that the citizens of this City would understandably look askance at any proposal that contemplated public funding of a private facility. In this regard, key elected officials and City staff have consistently delivered the message that any Event Center proposal must be structured in a way that neither puts the general fund at risk nor threatens to divert existing tax revenues from other key City services. In response, the proposal we are submitting (a) does not contemplate any City funding of the Event Center and (b) provides for a brand new Convention Center hall and related parking structures that will be fully paid for by revenues and contractual payments that the City will receive directly as a result of the new Event Center (and which the City would not have received but for this project).

For all of the above reasons, this proposal will result in a true "win-win" public-private partnership delivering new resources and facilities to the City without putting the general fund and the taxpayers at risk. As recently stated in a public hearing, this is a situation where private sector investment will generate substantial direct benefits to the public sector.

With that as the background, we are pleased to submit for your consideration the proposed arrangements described in the attached Transaction Overview. We look forward to working with you and other City officials in the coming weeks and months as we seek to reach an agreement on this exciting new project.

Very truly yours,

Timothy J. Leiweke

Cc: The Honorable Antonio Villaraigosa
The Honarable Jan Perry
The Honorable Carmen Trutanich
The Honorable Wendy Greuel
The Honorable Members of the Los Angeles City Council
Austin Beutner
Maria Elena Durazo
Carol Schatz
South Park BID
Mark Liberman

TRANSACTION OVERVIEW

A. Proposed Transactions

1. Event Center. L.A. Event Center, LLC (**"Developer"**), a subsidiary of AEG, will construct an Event Center sufficient to accommodate a wide variety of uses, including without limitation, NFL football, soccer, conventions and exhibitions, trade shows, concerts and other entertainment, convention and sporting events on the property where the West Hall of the Los Angeles Convention Center is currently located. The Event Center will be designed to provide approximately 285,000 sq. ft. of usable space for convention and exhibition events, comprised of approximately 165,000 sq. ft. of floor space at the event level and approximately 120,000 sq. ft. of meeting space and other ancillary facilities.

   (a) The Event Center will be constructed by Developer entirely with private funds. The City will provide Developer a long-term ground lease with rent to be determined.

   (b) Developer will grant to City the right to reserve dates for the Event Center to be used for convention and exhibition events, with such use to be on fair market terms.

2. Construction of New Hall and New Parking Structures.

   (a) Prior to constructing the Event Center, Developer will construct a new convention center hall (the **"New Hall"**), contiguous to the South Hall in an airspace parcel over Pico Boulevard, to replace the existing West Hall exhibition and meeting space.

   (b) Developer will also construct parking garages totaling approximately 4,000 spaces on Convention Center property located west of the Event Center (e.g. Bond Street/Cherry Street garage locations) to (i) replace parking spaces currently located in West Hall and Cherry Street garages and (ii) provide approximately 1,400 additional parking spaces for use in connection with Convention Center, Event Center and STAPLES Center events (the **"New Parking Structures"**).

   (c) Developer will be responsible for the design and construction of the New Hall and the New Parking Structures, provided that these facilities will be designed in accordance with criteria and standards reasonably acceptable to the City and will be constructed consistent with designs approved by the City.

   (d) City and Developer will jointly develop a budget for the construction of the New Hall and the New Parking Structures. 100% of the cost to design and construct the New Hall (currently estimated by Developer to be approximately $220 million) and the New Parking Structures (currently estimated by Developer to be approximately $80 million) will be financed by new Bonds (see below).

   (e) The New Hall will be owned and operated by the City for Convention Center use.

   (f) The New Parking Structures will be owned by the City, but will be operated by Developer to ensure coordination with surrounding event uses. After deducting all operating costs and a reasonable management fee, Developer shall pay all revenue generated from the operation of the New Parking Structures to the City.

3. Signage

(a) Developer, or its affiliate, will pay annual payments to the City in exchange for signage rights substantially consistent with the agreement previously approved by the City (but which has been pending completion of entitlements), subject to appropriate modifications to reflect the reconfigured Convention Center.

(b) Developer will retain all signage and naming rights for the Event Center. The City will grant Developer additional exterior signage rights on the Event Center, the existing Convention Center and the New Parking Structures to support Event Center naming rights and sponsorship arrangements.

B. Proposed Financing Plan

1. Event Center Financing. Developer will be solely responsible for financing the construction of the Event Center. No City funding will be provided for such financing.

2. Financing of Public Improvements.

(a) Design and construction of both the New Hall and the New Parking Structures, together with associated financing costs will be financed with tax-exempt revenue bonds to be issued by the City or the Los Angeles Convention and Exhibition Center Authority (the "**Bonds**"). Based on preliminary cost estimates, gross Bond proceeds necessary for the New Hall, the New Parking Structures and financing costs are anticipated to be approximately \$325 -\$350 million.

(b) The Event Center site will be released from the collateral securing the existing Convention Center bonds through a defeasance and refunding of existing bonds using proceeds of the new Bonds. The Bonds will be secured by the improvements they finance (New Hall and New Parking Structures). No private credit enhancement will be provided by Developer to support such Bonds.

3. Sources for Repayment of City Bonds.

(a) The Bonds issued for construction of the New Hall and the New Parking Structures will be repaid from the following new revenue streams:

- Rent received by City from ground lease of the Event Center site.
- Admissions fees on tickets sold at the Event Center. Developer will agree to the imposition of an admissions fee on all ticketed events for the entire term of the ground lease. Percentage to be determined, but will be in the range of 3-5%.[1]
- Incremental parking revenue (relative to historical baseline) received by the City from the operation of the New Parking Structures and other City-owned parking structures (e.g. South Hall and Venice Street Garages) in the immediate area.

[1] If STAPLES Center ground lease is extended, additional admissions fees generated at STAPLES Center beyond current scheduled expiration of the fee would also be available to apply toward the debt service on the Bonds.

- Incremental operating revenue (relative to historical baseline) received by the City from the operation of the reconfigured Convention Center (e.g. improved operating performance attributable to the New Hall and the Event Center).

- Incremental signage revenue received by City for Convention Center signage.

- Incremental tax revenues received by the City arising directly or indirectly from the construction or operation of the Event Center, including without limitation, construction sales tax, retail sales tax, parking tax, business license tax, utility tax, property or possessory interest tax.

(b) If the total of all of the above revenue streams is less than the amount of the debt service paid by the City on the Bonds in any given year, Developer will make a payment to the City necessary to fully reimburse the City for the amount of such shortfall under a new gap funding agreement similar to that currently in place for STAPLES Center. If the above revenue streams exceed the debt service paid by the City on the Bonds in any given year, the excess will be credited against any future shortfall obligations of Developer.

C. Miscellaneous

1. Transaction Structure. The proposed transaction will be modeled after the original STAPLES Center transaction, with the obligations of the parties to be set forth in an overall agreement for the transaction, such as a Development Agreement, DDA, or similar agreement. The other principal transaction documents are contemplated to consist of an Event Center Ground Lease, an REA (which may take the form of an amendment to the existing REA), a Development Services Agreement in connection with the design and construction of the New Hall and the New Parking Structures, and an Event Center Gap Funding Agreement (the "**Agreements**").

2. Entitlements; Approvals. Developer will obtain all entitlements (including all required environmental review and clearances) for the New Hall, the Event Center and the New Parking Structures, with the City's cooperation. Developer will conduct extensive traffic, parking and other studies to ensure that project impacts are properly analyzed and mitigated through a full Environment Impact Report. The City will cooperate with Developer to facilitate project approvals and reduce associated costs where possible. In particular, the City shall review, process and approve permits in a timely fashion, with customary arrangements for reimbursement by Developer for costs relating to dedicated City staff.

3. Event Coordination. Developer, City and STAPLES Center will agree on new terms for coordination of events and parking uses, including operating restrictions where appropriate (e.g. potential restriction on presentation of large events in the Event Center concurrently with large events in STAPLES Center or the Convention Center).

4. LA LIVE Event Deck. The construction of the New Hall and the Event Center will obviate the need for an expansion of the Convention Center over the airspace parcel currently occupied by the event deck at the Olympic West Parking Garage at LA LIVE. Accordingly, apart from the Event Center transactions, Developer may pursue alternative uses for such airspace parcel pursuant to the existing LA LIVE Specific Plan.

Attachment D
"Fiscal Analysis of
Proposed Downtown Stadium
And Convention Center Project"

Prepared by CSL, International

MEMORANDUM

To: Mr. Gerry Miller, Chief Legislative Analyst
City of Los Angeles

From: Bill Rhoda
Lance Lankford

cc: John Wickham
Hanh Dao

Date: July 22, 2011

Re: Fiscal Analysis of Proposed Downtown Stadium and Convention Center Project

Conventions, Sports & Leisure International ("CSL") is pleased to present this Memorandum regarding the analysis of the Anschutz Entertainment Group ("AEG") proposal to develop a new Event Center and renovated Los Angeles Convention Center ("LACC"). This Memorandum summarizes our research and analyses, and is intended to assist the City of Los Angeles (the "City") with decisions related to the AEG proposal. Additional data and research has been provided in the appendices as well including industry research with regards to the NFL, convention center industry and a signage valuation for the convention center.

CSL has prepared an analysis of: (i) the proposed business agreement between the City and AEG; (ii) public and private monies used for the funding of other NFL stadiums; (iii) the operations of the proposed new stadium; and (iv) the fiscal impact of stadium operations and Convention Center expansion on the City and any financing provided by the City to construct components of the LACC.

Conventions, Sports & Leisure International
7200 Bishop Road, Suite 220 • Plano, TX 75024 • Telephone 972.491.6900 • Facsimile 972.491.6903

The proposed development project consists of the demolition of West Hall and the expansion and renovation of the current South Hall of the LACC. The new stadium will then be adjoined to the expanded Convention Center and be located on the north side of the LACC. Currently, the new stadium is planned to have approximately 1.75 million square feet of space and include 200 suites, 15,000 club seats, two premium level clubs and an operable roof, though that may be changed to a permanent roof as plans are developed.

In addition, two new parking garages will be constructed with approximately 4,200 stalls. These garages will replace the current West Hall and Cherry Street garages and will add more than 1,400 spaces to the levels the existing garages currently contain. The LACC will continue to operate the Venice and South Hall garages which include 2,800 stalls.

Although the conclusions set forth herein were developed independently, CSL received significant cooperation from City staff and AEG personnel in conducting our analysis. AEG has made available the Draft Report: *Fiscal Analysis – Special Events Center and Los Angeles Convention Center Expansion* prepared by Metropolitan Research and Economics ("MR+E"). The financial projections included in this analysis were prepared by CSL and project financial performance of the new stadium through the construction process and for 30 years of operations, the projected term of the bonds issued for the Convention Center expansion.

The body of this Memorandum is organized as follows:

- Executive Summary
- Overview of AEG Proposal
- NFL Stadium Funding Analysis
- Special Tax Analysis and Evaluation
- Financial Analysis
- Convention Center Expansion/Renovation
- Economic Impact Analysis

Executive Summary

Project Overview

The City engaged CSL in April 2011 to evaluate the merits of the AEG proposal to replace the Convention Center West Hall and develop a new state-of-the-art event center capable of attracting a NFL team to serve as the primary tenant. The conclusion that there is no adequate venue from a physical and/or operational standpoint for a NFL franchise has previously been established by numerous parties and stakeholders. In order to assist the City in evaluating the merits of the redevelopment of the Convention Center and construction of a new event center in downtown Los Angeles, CSL has focused their efforts on several key issues, including but not limited to the topics listed below:

- impact of the AEG proposal on the City of Los Angeles;
- comparison of the AEG proposal to other comparable NFL stadium projects;
- potential revenues that could be generated from a new event center and renovated convention center; and
- potential economic benefits that a new event center and renovated convention center could have on the City.

Key Findings

Based on the analysis undertaken by CSL, a number of key findings have been developed.

- The Los Angeles Convention Center has gone more than 30 years without significant expansion and has dropped behind a number of other markets in attracting conventions, trade shows and other events as a result of having inadequate facilities.
- The competitive market for the Convention Center includes San Diego, Las Vegas, San Jose, Anaheim, San Francisco among others. Each of these markets has continued to invest in the expansion and renovation of their convention centers.
- An opportunity has been presented by AEG to construct a new event center and renovate the convention center. As envisioned, this agreement with AEG would shift the financial risks to the private sector; however, the analysis herein suggests that while much of the financial risk does appear to be focused on the private sector, there are several areas with which the City should be aware:
    - Current projected costs of the stadium and convention center are likely conservative;
    - Lease terms with an NFL team have not been finalized and may ultimately be less favorable to AEG;
    - Franchise acquisition and/or relocation costs have not been established;

  - o Actual operating performance for the stadium and team may fall short of projections;
  - o Several mechanisms for payment to the City are based on potential future tax collections – actual market conditions could impact these collection assumptions in a negative manner; and
  - o Cost and structure of debt may be more expensive than currently projected.

- The projected stadium site is centrally located adjacent to STAPLES Center and LA Live!, making it a suitable location for access from most areas of the greater Los Angeles market and also creates the opportunity to generate significant ancillary impacts within the surrounding development.
- Neither the Los Angeles Coliseum ("Coliseum") nor the Rose Bowl are adequate venues from a physical and operational standpoint for an NFL franchise. Originally constructed in 1923, the Coliseum served as the home of the Los Angeles Raiders from 1982 through 1994 and was outdated even at that time, which is one of the primary reasons the team moved back to Oakland. The Rose Bowl, in Pasadena, is currently undergoing significant renovation, with the addition of premium seating and other upgrades. However, even after such upgrades, the Rose Bowl will not be adequate to serve as the home venue for an NFL team on a long-term basis. Without the construction of a new stadium, it is highly unlikely an NFL franchise would be placed in the Los Angeles market. The deal structure as presented by AEG purports to resolve this issue without using public funds and is structured to provide the City with a unique opportunity to address shortcomings associated with the existing Convention Center. A central focus of the research and analysis that has been conducted was to evaluate these propositions for impact on City financial commitment and risk.
- Significant economic and fiscal impacts could be generated within the City of Los Angeles from the construction of a new NFL stadium and the on-going operations of the stadium and new NFL team, and the renovation of the Convention Center.
- A funding plan that relies solely on private sources has proven difficult to support in other markets, and only the New Meadowlands Stadium in East Rutherford, New Jersey was financed with no public investment. That stadium included two NFL teams and $300 million in investment from the NFL through the G3 program.
- A seat license program will be necessary to help fund the development of a new NFL stadium.
- With a 100 percent privately financed stadium, it will be imperative that AEG and the NFL tenant exceed even superior performing stadiums and teams in terms of revenue generation, including sponsorships, ticket pricing and premium seating.
- The internal rate of return for AEG on its potential equity investment of $450 million is extremely low considering the level of risk for the private development.

Executive Summary (cont'd)

- The renovation of the convention center would enable the venue to maintain its existing event levels while attracting incremental events. It is possible that the convention center could increase its city-wide events to an annual average of approximately 29 from the currently projected average of 24. This would result in increased economic impact to the City of approximately $60 million annually.
- The new taxes paid to the City of Los Angeles from the development and operation of the new stadium and the expanded Convention Center will total more than $146 million (NPV), with an average each year equal to approximately $13.4 million once the stadium is open and operating.
- The total new taxes dedicated to the repayment of the debt issued by the City are projected to be approximately 48.6% when using the NPV of the total payments. The total of the gross new taxes generated by the project that are dedicated to debt payments is slightly more than 49%.

Overview of AEG Proposal

An opportunity has been presented to the City to construct a new NFL stadium and renovate the Los Angeles Convention Center under a partnership structure that purports to eliminate risk and net financial commitment on behalf of the City. The proposed agreement with Anschutz Entertainment Group (AEG) will allow for a new NFL stadium and the renovation of the LACC with public participation. The proposed funding structure provides inherent challenges to the private sector with regard to generating sufficient revenues to both build a new stadium and allocate revenue streams to a NFL team. The cost used in the analysis are based on data provided by AEG. To the extent, that the costs for the stadium and convention center redevelopment exceed initial projections, the financial viability is further impacted.

The projected cost of the new stadium, including financing and related costs is estimated to be approximately $1.2 billion, according to information provided by AEG. In addition to the costs of the stadium, AEG will be responsible for the costs of constructing two new parking garages and the expansion and renovation of the Convention Center. However, as discussed above, the City will issue bonds to pay for the Convention Center costs, which are projected to total $280 million. The bonds will be issued in three series: Tax-exempt Series A - $195 million; Tax-exempt Series B - $60 million; and CABs - $25 million. A series of direct and indirect tax and direct AEG payment revenue streams have been identified that are intended to equal City debt service payments. The risks to the City associated with the overall project, and with potential payback of public debt service obligations, have been presented earlier and are discussed in more detail within the body of this Memorandum.

Executive Summary (cont'd)

NFL Stadium Funding Analysis

Since the Raiders returned to Oakland in 1995, 22 new NFL stadiums have opened and five existing stadiums have undertaken major renovations. All of those stadiums, with the exception of the new Meadowlands Stadium in Newark, New Jersey, have received significant levels of public funding. The new Meadowlands Stadium, the home of both the New York Giants and New York Jets, included private seat licenses sold by both teams to help finance construction and the NFL contributed a larger amount as well due to two teams playing at the facility.

Overall, approximately 50 percent of the funds required to construct the 22 new NFL stadiums were provided from public sources. In the past 12 years, private contributions to new NFL stadiums have averaged approximately $517 million, when stated in 2011 dollars, including the proposed Los Angeles and Santa Clara projects. Thus, the total long-term financing required from private sources was significantly less than that which would be utilized for the proposed Los Angeles stadium.

Special Tax Analysis and Evaluation

AEG has proposed that they receive the rights to new signage opportunities on the South Hall of the Convention Center as well as on the new expansion to the LACC. The plan that was submitted to and approved by the City in 2008 has been evaluated and it has been determined that the value of all of the proposed signage would likely be between $5 and $6 million annually. However, this does not account for the annual maintenance or the amortized cost of the signage hardware.

In the event the final signage plan differs materially from that upon which the evaluation is based, the potential economic value will change as well and would need to be addressed.

Financial Analysis

The proposed operating structure at the new stadium will be unique in the NFL as the stadium will be operated by a private entity that is separate from the team itself and the team will effectively be a tenant at the facility. In all other cases throughout the NFL, the stadium is either operated by the team or an affiliate, or operated by the public sector and leased to the team. The situation at the new stadium will require the sharing of revenues between AEG and the team, including naming rights, sponsorships, luxury suite and club seat premiums and concessions.

It is estimated that a new NFL stadium in Los Angeles with the NFL team as the primary tenant could host at least 27 events per year with upwards of 1,347,000 attendees, an average of approximately 50,000 attendees per event. This does not include non-recurring events such as the Final Four and Super Bowl that will likely take place at the new stadium, but not on an annual basis. Based on these event and attendance projections, it is estimated that EBITDA for the stadium will be $54 million in the first full year of operations and $53 million for the NFL team, for a total of more than $107 million, which would be among the highest in the NFL. However, this does not account for debt service on the stadium or team, or any relocation fee that would be paid if the team moves from another city. As noted, the actual lease structure negotiated will directly impact the viability of the stadium. To the extent the lease allocates revenues in excess of the model used for this analysis, the return will be diminished for the stadium.

These projections create an internal rate of return to AEG of approximately 6.7% and generate more than $146 (NPV over 30 years) million in new tax revenue to the City of Los Angeles.

Economic Impact Analysis

It is estimated that approximately $366.0 million of total economic impact in the City could be generated by construction spending for a new NFL stadium, creating earnings of approximately $159 million and upwards of 2,600 jobs within the City. In addition, the fiscal impacts from construction of a new NFL stadium include approximately $1.2 million in sales tax revenue for the City of Los Angeles, and $66 million for the State of California.

During the first year of operations, the total new economic activity for the NFL team and new stadium could approximate $456 million on an annual basis, with 6,320 jobs created. Over the initial 30 years of operations the stadium should generate nearly $8.7 billion in total output, with $5.3 billion in direct new spending. The stadium project and the convention center expansion are expected to generate more than $410 million in new taxes, with a net present value of approximately $146 million. The total new taxes dedicated to the repayment of the debt issued by the City are projected to be approximately 48.6% when using the NPV of the total payments.

1. Overview of AEG Proposal

Pursuant to the proposed deal structure, AEG would be constructing the new stadium and would be responsible for all costs and expenses related to such development. In addition to the stadium construction, the City would issue bonds for the costs of constructing the new hall for the Convention Center. The current budget for the new hall, including finance and related costs, is $280 million. The effective hard construction costs per square foot for the Convention Center project will have to be carefully evaluated. Increases to these costs could require increases in the bond issue, or additional direct financial support from AEG. Conversely, if reductions to the program of Convention Center space are pursued in order to maintain the current budget, this could negatively impact the ability of the Center to accommodate current and future event demand.

While the City would issue the bonds for the Convention Center construction, revenues generated by the new stadium would theoretically repay this debt, backstopped by various guarantees and other assurances from AEG. Thus, the ultimate repayment of the debt is contingent on the long-term financial viability of AEG and its affiliates.

Below is a summary of the proposed agreement between AEG and the City for the financing of the Convention Center expansion.

Bonds

- $280m in total proceeds
- Issued in 2012 with 34 year maturity
- $195m of Series A Tax-Exempt Lease Revenue Bonds ("Series A LRB")
- $60m of Series B1 Tax-Exempt Mello Roos Bonds ("Series B1 Mello Roos")
- $25m of Series B2 Tax-Exempt Special Tax CABs ("Series B2 CABS")

Payments toward Debt Service

Event Center Rent

- $6.5m Event Center rent (1.75% escalation) applied to repay Series A LRB

Special Taxes Secured by LA Live and STAPLES Center

- Total special taxes of $5m per year paid by AEG to the City

1. Overview of AEG Proposal (cont'd)

- Term commences in 2014 and continues through bond maturity (2046)

- \$3m (3% escalation) of the \$5m total special taxes to be paid by LA Live ("LA Live Special Tax"). LA Live Special Tax shall be secured through a special tax assessment that will be levied on LA Live property. LA Live Special Tax is paid commencing 2014 and applied to repay Series B1 Mello Roos (with payments during construction to fund debt service as set forth below)

- \$2m (3% escalation) of the \$5m total special taxes to be paid by Staples Center ("Staples Center Special Tax"). Staples Center Special Tax is deferred with payment commencing in 2024 and continuing through 2046 and secured through a special tax assessment that will be levied on Staples Center commencing in 2024 and applied to repayment of Series B CABS. Applying a 6% discount rate, Staples Center Special Tax is \$3.9m in 2024 (escalating at 3% annually) continuing through 2046

- Signage inventory to be allocated in proportion to payment amounts

<u>Staples Center Lease Term Extension/Rent</u>

- New 55-year Arena Ground Lease entered into concurrently with Event Center Lease

- Special tax to be levied on Staples Center not to exceed fair market rent during the additional term (2053-2067) ("Additional Term Special Tax")

- Additional Term Special Tax commences in 2024 and continues through 2046

- Using \$3.2m as current FMV rent and applying 1% escalation and 6% discount rate, Additional Term Special Tax will be approximately \$1m annually

- Additional Term Special Tax is applied to repay of Series B CABS

<u>Staples Center Admissions Fee</u>

- Staples Center admissions fee is extended from 2024 through 2046

- Upon full satisfaction/expiration of existing Gap Funding obligations, Staples Center shall retain all admissions fee proceeds in order to pay the

Staples Center Special Tax and the Additional Term Special Tax set forth above.

Parking

- Incremental parking revenue to City from Event Center events (estimated to be $1.3m annually) and incremental off-site parking tax to City from Event Center events at non-AEG controlled parking (estimated to be $900k) would both be retained by City to compensate for lost West Hall Revenue

- These incremental revenues/taxes would not be applied to the bonds and there would be no separate "make-whole" payment, thereby creating financial risk and exposure for the City

- Cherry Street/Bond Street ground rent ($500k) would not be applied to bonds but would help offset revenues lost due to AEG operating parking garages

Debt Service Reserve

- Debt service reserve (DSR) requirements as follows: $15m for Series A LRB and $3.5m for Series B1 Mello Roos

- At closing DSR requirements satisfied with a $18.5m LC that is part of Developer's $50 LC commitment during construction period

- Series B1 Mello Roos DSR LC to be replaced with cash reserve funded by the first $3.5m of Series B1 Special Tax Payments during construction

- Once Developer is otherwise able to reduce its LC commitment after completion of Event Center, it must either maintain LC large enough to satisfy the $15m DSR requirement on Series A LRB or alternatively must, at its election, fund cash reserve to allow for step down or elimination of LC

- Any cash funded by Developer to cover DSR for Series A LRB shall constitute a prepayment of Event Center rent for the portion of the Event Center lease immediately preceding maturity of bonds (e.g. prepayment applied first to rent in 2046 and then, if applicable, earlier years). The amount of prepayment determined using a discount rate equal to 6%.

1. Overview of AEG Proposal (cont'd)

Summary of Repayment Streams for Each Series of Bonds

1. Series A Tax-Exempt Lease Revenue Bonds

    - $6.5m Event Center Rent (1.75% escalation)
    - Possessory Interest Tax (on Event Center and New Parking Structures)
    - On-Site Parking Tax (Farmer's Field Events and AEG-controlled garages only)
    - 25% of construction sales tax from Farmer's Field project

2. Series B1 Tax-Exempt Mello Roos Bonds

    - $3m LA Live Special Tax (3% escalation)
    - 25% of construction sales tax from Farmer's Field project

3. Series B2 Tax-Exempt Special Tax CABs

    - $3.9m Staples Center Special Tax (3% escalation) (commencing 2024 through 2046)
    - $1.0m Additional Term Special Tax (flat) (commencing 2024 through 2046)

Other Terms

- Cost of remediation/defeasance funded with the remaining 50% of construction sales tax from Farmer's Field project (developer responsible for any shortfall)

- Developer must maintain minimum of $5m LC for entire term of Series A LRB

- Only 2 years capitalized interest in Series B1 Mello Roos

- Accumulated interest on bond proceeds during construction applied to year 4 debt service for Series A LRB and year 3 debt service for Series B1 Mello Roos

- Interest rate assumptions updated to reflect latest market data

- Any surpluses are escrowed to cover subsequent deficits, with any remaining surpluses in escrow at maturity of bonds to be released to the City

1. Overview of AEG Proposal (cont'd)

Based on the proposal outlined above, the City must focus primarily on following areas:

1) The adequacy of the financial guaranty put in place by AEG;
2) The certainty of the revenue streams that will be credited against the bond payments and the ability to measure such amounts; and
3) The operating agreements for the new stadium to ensure these agreements can be assigned to the City in the event of a default by AEG.

Assuming those concerns can be addressed in a satisfactory manner, the business deal proposed by AEG is a reasonable stadium funding structure for the City. As discussed elsewhere herein, the City will be the home of only the second NFL stadium that was financed entirely by private funds; the City will again be home to an NFL franchise; and the Convention Center will be renovated to allow it to compete with other major markets.

That being said, the life of the bonds and the increase in annual debt service payments will require that the stadium be successful financially for a period of at least 30 years. If AEG struggles financially with the stadium or any other operations, the risk to the City increases because the ability of AEG to backstop any shortfalls will be impacted. Furthermore, the financial projections used herein are based on certain lease terms with an NFL team. If the final terms of between AEG and the NFL team are less favorable to AEG than those currently proposed it will further increase the risk that revenues will not be sufficient to cover debt service, furthering the reliance on the creditworthiness of AEG. It is thus imperative that the City receive guarantees from an entity other than AEG to pay any short falls, meaning a parent company with stronger assets not tied directly to the stadium be involved.

Additional concerns surround the current cost estimates for both the stadium and the Convention Center. It is likely that the final costs could significantly exceed the current budgeted amounts. This will further burden the project and negatively impact the ability of AEG to generate sufficient cash flows from operations to cover debt service payments. Relocation fees for moving an NFL team will also be required. These could exceed $500 million or even more, which again impacts financial viability as it is almost certain that AEG will be responsible for at least a portion of those fees.

1. Overview of AEG Proposal (cont'd)

As shown in the Project Revenue and Incremental Tax Summary below, the portion of revenues dedicated to the repayment of the bonds are projected to be adequate in most years from the time the bonds are issued until they are repaid.

		TOTAL PROJECT REVENUES			AEG PROPOSAL - DEDICATED TO BOND REPAYMENT		
Project Year		Project Revenues	Incremental Taxes	Total Project Revenues/Taxes	Project Revenues	Incremental Taxes	Total Project Revenues/Taxes
Const.	2012	$0	$0	$0	$0	$0	$0
Const.	2013	0	1,267,125	1,267,125	0	1,267,125	1,267,125
Const.	2014	3,000,000	2,746,750	5,746,750	3,000,000	2,534,250	5,534,250
Const.	2015	3,090,000	3,653,521	6,743,521	3,090,000	3,441,021	6,531,021
1	2016	10,337,700	11,025,317	21,363,017	9,682,700	5,582,594	15,265,294
2	2017	10,560,031	9,606,167	20,166,198	9,891,931	4,858,866	14,750,797
3	2018	10,787,479	9,830,327	20,617,807	10,106,017	4,956,043	15,062,060
4	2019	11,020,170	10,059,932	21,080,102	10,325,079	5,055,164	15,380,243
5	2020	11,258,234	10,295,119	21,553,353	10,549,241	5,156,268	15,705,508
6	2021	11,501,802	10,536,029	22,037,832	10,778,629	5,259,393	16,038,022
7	2022	11,751,012	10,782,808	22,533,820	11,013,376	5,364,581	16,377,956
8	2023	12,006,003	11,035,604	23,041,607	11,253,613	5,471,872	16,725,486
9	2024	17,266,918	11,294,570	28,561,488	16,499,481	5,581,310	22,080,791
10	2025	17,683,904	11,559,863	29,243,768	16,901,119	5,692,936	22,594,055
11	2026	18,111,613	11,831,644	29,943,258	17,313,172	5,806,795	23,119,967
12	2027	18,550,335	12,110,079	30,660,413	17,735,925	5,922,931	23,658,855
13	2028	19,000,367	12,395,335	31,395,702	18,169,669	6,041,389	24,211,058
14	2029	19,462,017	12,687,589	32,149,606	18,614,704	6,162,217	24,776,921
15	2030	19,935,599	12,902,134	32,837,733	19,071,340	6,285,461	25,356,802
16	2031	20,421,437	13,206,376	33,627,813	19,539,893	6,411,171	25,951,064
17	2032	20,919,865	13,518,088	34,437,953	20,020,690	6,539,394	26,560,084
18	2033	21,431,225	13,837,462	35,268,687	20,514,067	6,670,182	27,184,249
19	2034	21,955,869	14,164,694	36,120,563	21,020,368	6,803,586	27,823,953
20	2035	22,494,159	14,499,985	36,994,145	21,539,948	6,939,657	28,479,605
21	2036	23,046,468	14,843,542	37,890,010	22,073,173	7,078,450	29,151,623
22	2037	23,613,179	15,195,576	38,808,755	22,620,417	7,220,019	29,840,437
23	2038	24,194,684	15,556,307	39,750,991	23,182,068	7,364,420	30,546,487
24	2039	24,791,389	15,925,956	40,717,346	23,758,520	7,511,708	31,270,229
25	2040	25,403,711	16,304,754	41,708,465	24,350,184	7,661,942	32,012,126
26	2041	26,032,076	16,692,937	42,725,012	24,957,479	7,815,181	32,772,660
27	2042	26,676,925	17,090,745	43,767,670	25,580,836	7,971,485	33,552,321
28	2043	27,338,710	17,498,429	44,837,139	26,220,700	8,130,915	34,351,614
29	2044	28,017,898	17,916,242	45,934,140	26,877,527	8,293,533	35,171,060
30	2045	28,714,967	18,344,447	47,059,413	27,551,788	8,459,403	36,011,192
30 Year Term							
Nominal Total		$590,375,746	$410,215,455	$1,000,591,201	$563,803,654	$201,311,263	$765,114,917
NPV @ 6.0%		$186,801,842	$146,219,454	$326,503,401	$177,921,909	$71,173,920	$249,095,829

Effective Percentage of New Taxes Dedicated to Debt Service

Gross $	*49.07%*
NPV	*48.68%*

This does not include the other incremental revenues from the project that are not dedicated to bond repayment. Furthermore, the off-site incremental parking taxes and new parking revenues to LACC controlled garages related to stadium events are not included as those amounts are dedicated to replacing lost revenues to LACC from no longer operating West Hall and Cherry Street garages. Only two-thirds (66.6%) of the total projected Transient Occupancy Taxes ("TOT") have been included due to the fact that 1900 of the hotel rooms closest to the new stadium retain TOT generated by those properties.

In total, the dedicated new tax revenues are approximately 48.6% of all incremental taxes projected to the City from the construction and operation of the new stadium, parking garages and expanded Convention Center, when using net present value comparison. If gross amounts are used, the payments dedicated to debt service total slightly more than 49%.

2. NFL Stadium Funding Analysis

This section reviews the potential for successfully funding development of a new NFL stadium in Los Angeles via a public-private partnership.

NFL Stadium Public-Private Partnerships

Since 1992, 23 new or renovated NFL stadiums have opened, 22 of which utilized some level of public-private partnership to successfully develop the facility. In addition to the proposed Los Angeles stadium, a new facility has been proposed in Santa Clara, California that would be the home of the San Francisco 49ers. The following chart summarizes public and private contributions to project funding for the NFL stadiums built or renovated since 1992, including the Los Angeles and Santa Clara projects.

Summary of Public-Private Contributions to NFL Stadium Development

			Total	Private Funding		Public Funding	
Stadium/Team	Team	Year Opened	Project Cost	Total Private	% of Total	Total Public	% of Total
Los Angeles Stadium (Proposed)	**TBD**	**2016**	**$1,200.0**	**$1,200.0**	**100%**	**$0.0**	**0%**
San Francisco 49ers (Proposed)	San Francisco 49ers	2015	$987.0	$873.0	88%	$114.0	12%
New Meadowlands Stadium	Giants/Jets	2010	$1,600.0	$1,600.0	100%	$0.0	0%
New Cowboys Stadium	Dallas Cowboys	2009	$1,194.0	$750.0	63%	$444.0	37%
Lucas Oil Stadium	Indianapolis Colts	2008	$675.0	$100.0	15%	$575.0	85%
University of Phoenix Stadium	Arizona Cardinals	2006	$471.4	$150.4	32%	$321.0	68%
Lincoln Financial Field	Philadelphia Eagles	2003	$518.0	$330.0	64%	$188.0	36%
Soldier Field (renovation)	Chicago Bears	2003	$587.0	$200.0	34%	$387.0	66%
Lambeau Field (renovation)	Green Bay Packers	2003	$295.2	$126.1	43%	$169.1	57%
Gillette Stadium	New England Patriots	2002	$412.0	$340.0	83%	$72.0	17%
Ford Field	Detroit Lions	2002	$440.0	$330.0	75%	$110.0	25%
Reliant Stadium	Houston Texans	2002	$474.0	$185.0	39%	$289.0	61%
Qwest Field	Seattle Seahawks	2002	$461.3	$161.0	35%	$300.3	65%
Heinz Field	Pittsburgh Steelers	2001	$280.8	$109.2	39%	$171.6	61%
Invesco Field at Mile High	Denver Broncos	2001	$400.8	$111.8	28%	$289.0	72%
Paul Brown Stadium	Cincinnati Bengals	2000	$449.8	$25.0	6%	$424.8	94%
LP Field	Tennessee Titans	1999	$291.7	$84.8	29%	$206.9	71%
Cleveland Browns Stadium	Cleveland Browns	1999	$271.0	$71.0	26%	$200.0	74%
M&T Bank Stadium	Baltimore Ravens	1998	$226.0	$22.4	10%	$203.6	90%
Raymond James Stadium	Tampa Bay Buccaneers	1998	$194.0	$0.0	0%	$194.0	100%
Bank of America Stadium	Carolina Panthers	1996	$243.0	$187.1	77%	$55.9	23%
Edward Jones Dome	St. Louis Rams	1995	$299.0	$12.0	4%	$287.0	96%
EverBank Field	Jacksonville Jaguars	1995	$141.0	$19.7	14%	$0.0	86%
Georiga Dome	Atlanta Falcons	1992	$214.0	$49.2	23%	$0.0	77%
FedEx Field	Washington Redskins	1997	$250.5	$180.0	72%	$70.5	28%
Average			$503.1	$288.7	37%	$202.9	63%

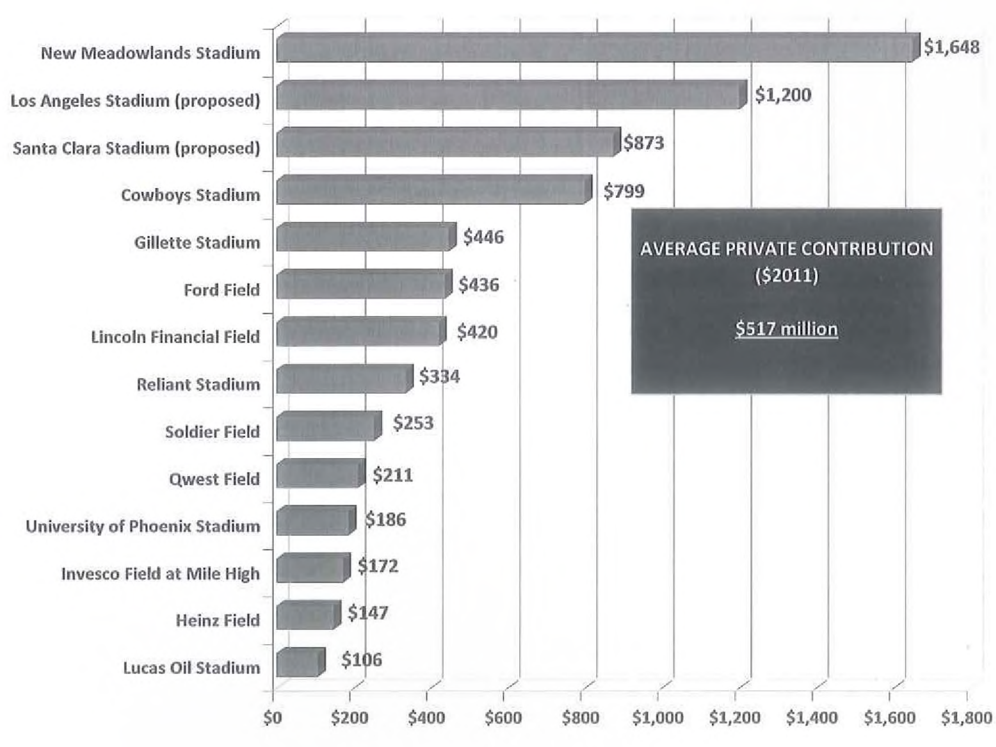
Source: Municpal authorities, facility management, piblic records and industry publications

2. NFL Stadium Funding Analysis (cont'd)

As shown in the exhibit on the previous page, the average new NFL stadium project since 1992 has been 60 percent publicly funded and 40 percent privately funded. Overall, approximately 50 percent of the funds required to construct the 22 new NFL stadiums were provided from public sources. Only one stadium, New Meadowlands Stadium in East Rutherford, New Jersey, did not directly use public funds for construction. However, this project still required significant public-private partnership as the stadium and site are owned by the New Jersey Sports & Exposition Authority and leased to New Meadowlands Stadium Corporation, a 50/50 partnership between the NFL's New York Giants and New York Jets.

The following exhibit presents a summary of the private contributions made to NFL stadium projects that have been completed in the past 12 years, adjusted to 2011 dollars. Private funding utilized to fund these projects typically consists of some combination of NFL contributions, team contributions and stadium revenues.

Private Contributions to NFL Stadium Projects in Past 12 Years (*in 2011 dollars*)



Note: $2011 assumes 3% annual inflation.

2. NFL Stadium Funding Analysis (cont'd)

As shown in the exhibit on the previous page, private contributions to NFL stadium projects in the past 12 years have ranged from $106 million for Lucas Oil Stadium to $1.6 billion for New Meadowlands Stadium (which includes revenues generated by two NFL tenants, the New York Giants and New York Jets). The average private contribution over the past 10 years has been approximately $517 million, when stated in 2011 dollars. If the New York market (New Meadowlands Stadium) is excluded from this analysis, the average private contribution would be approximately $429 million, stated in 2011 dollars.

It is clear based on the data discussed above that the opportunity that exists in Los Angeles to construct a stadium using private funds is unique. Combined with the added value of renovating the Convention Center while also using only private funds, the proposed agreement with AEG would be only the second NFL venue financed entirely with private funds and the only one that includes additional public sector development financed by the stadium revenues.

3. Special Tax Analysis and Valuation

As noted above, one of the components to the AEG proposal is the annual payment to the City of an annual fee in exchange for the City granting the rights to revenues from proposed new signage in the LA Live Entertainment District and on the exterior of the Convention Center to AEG. This section analyzes the value of the proposed signage and the payments the City.

It should be noted that the basis for this analysis is the signage agreement proposed to and approved by the City in 2008. That package included signage on the West Hall, which is being demolished in conjunction with the development of the new stadium. Thus, the final signage package will be different than the 2008 agreement. However, in discussions with AEG and the City, the overall value of the package will not change significantly as the great majority of revenues will be generated from signage on the exterior of South Hall, which is visible from the Highway 110/I-10 Interchange. Most or all of the signs proposed for the South Hall exterior in 2008 will remain in any final iteration of the district signage plan.

Competitive Area (Highway 110/Interstate 10 Interchange)

The proposed location of the Event Center is located on the northeast corner of one of the busiest interchanges in the State of California, State Highway 100 and the Santa Monica Freeway (Interstate 10), in downtown Los Angeles.

STAPLES Center, Nokia Theater, LA Live, the Convention Center, the JW Marriott and Ritz-Carlton hotels as well as a number of other restaurants and entertainment venues are all in close proximity to the interchange. It is anticipated that a majority of the signage would be located on the South Hall of LACC to allow for the highest visibility for the greatest number of signs. The remaining signs would be located in and around the LA Live! Entertainment district and on the West Hall of LACC.

The area is heavily saturated with billboards and advertising. Interstate 10 (Santa Monica Freeway) and State Highway 110 are among the most heavily traveled freeways in the United States. As such, the land adjacent to these highways has become extremely valuable terrain for advertisers. California Department of Transportation officials have estimated that approximately 550,000 cars traverse the interchange each day.

Several of the signs in the proposed signage program have low visibility from the I-10/Hwy. 110 Interchange, thus reducing their revenue generating potential and limiting their attractiveness to potential sponsors. However, most of the signs that do not face the interchange will be visible to patrons attending events at the Convention Center, STAPLES Center, Nokia Theater and LA Live!, enhancing the value of these signs.

3. Special Tax Analysis and Valuation (cont'd)

Availability and Demand

The I-10/Highway 100 interchange has an estimated 550,000 vehicles pass through the area per day, making it one of the most heavily traveled interchanges in the United States. Consequently, it features a high level of saturation from an advertising standpoint. There are already numerous billboards located adjacent to the interchange — many of which are controlled by LA Outdoor and CBS Outdoor — making the area susceptible to clutter and advertising overload.

Given the number of signs proposed along the southwest corner of the South Hall of the Los Angeles Convention Center (23 total), there will be some diminution in value to each sign. However, the number of cars that pass by the location each day, along with traffic at the Convention Center, STAPLES Center and other venues within the district create a valuable signage opportunity for sponsors and advertisers. The remaining 18 signs will be displayed primarily to the 13 million people attending events at LA Live!, STAPLES Center and Nokia Theater each year. While these signs have a smaller number of viewers, because of the smaller number and their locations, the clutter will be less as well

Valuation Methodology

Outdoor advertising is valued based on the number of components that are standard throughout the industry and which are described below. Each sign is evaluated using these factors to determine the monthly and annual value of the sign.

- DEC (Daily Effective Circulation): Average number of persons 18+ exposed to an advertising display on a daily basis.
- EOIs (Eyes-On Impressions): Average number of persons who are likely to notice an ad on an outdoor display.
- Visibility Score: Conversion factor applied to circulation counts (people passing an outdoor display) to produce EOIs.
- CPM (Cost Per Thousand): Commonly used measurement in advertising, CPM estimates the cost per 1,000 views of the ad.

The Daily Effective Circulation, Eyes-on-Impressions and Cost per Thousand are objective standards that can be easily ascertained for a given sign. The more subject factor and the one which is the most difficult to measure is the Visibility Score. Several factors contribute to whether or not an outdoor advertising unit is noticed, and these factors form the foundation of the Visibility Score model. They are:

- Distance to the Road

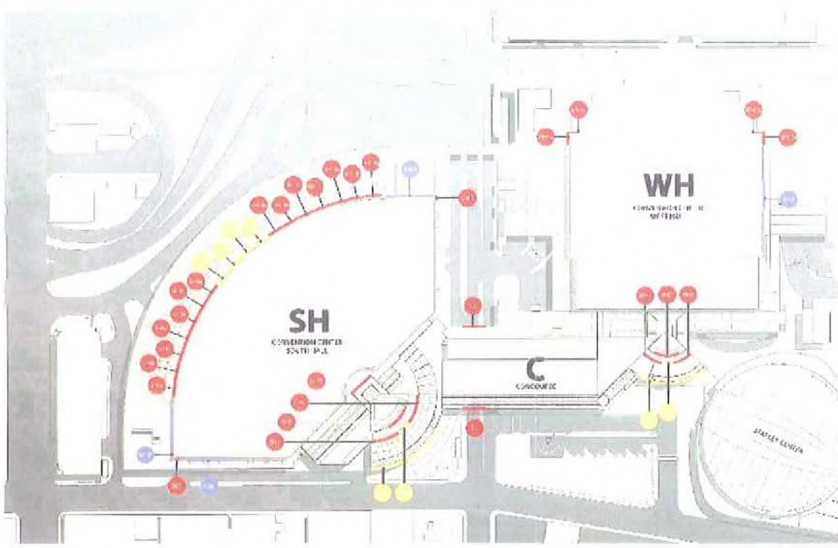
3. Special Tax Analysis and Valuation (cont'd)

- Sign Format
- Sign Size
- Number of units that comprise entire display (clutter)
- Side of the Road (right side being more valuable)
- Angle to the Road
- Street Type

There are two primary signs proposed in the new stadium development project – signs
There are two primary signs proposed in the new stadium development project – signs visible from the Hwy 110/I-10 interchange and those that are not. The annual attendance at LA Live!, including STAPLES Center and the new stadium will be more than 13 million persons. For the purposes of valuing the proposed signage, the daily vehicle traffic has been used for the signs on the exterior of South Hall and the annual attendance at LA Live! for the remaining signs.

The final factor in the valuation process was to assign each proposed sign in the development a Visibility Score. Obviously the signs on the exterior of South Hall are highly visible, however, given the number of signs that has been proposed (23 total) lowers the visibility score for the signs because of the difficulty in separating the various messages that will be presented. There are also a number of billboards at that interchange, further lowering the Score. It was assumed that none of the signs on the South Hall would be LED as that was not approved under the 2008 plan. LED signs have a higher value than static signs because of the dynamic nature of LED.

The diagram on the right shows the locations of the 41 potential signs proposed under the 2008 agreement.



Based on the valuation techniques used and industry experience, the annual gross revenues generated from the proposed signs on the Convention Center could approximate between $5.0 and $6.0 million if all of the signs were sold. Based on the AEG proposal to pay the City $5.0 million for the rights to the signage, it appears that the City is not forgoing considerable revenue and the offer is reasonable. Exhibit A attached hereto sets forth in more detail the valuation of the proposed signage.

In the event the final signage plan changes materially from the 2008 agreement, the City may want to revisit this discussion to ensure that the $5 million is adequate. However, it is unlikely in any scenario that the potential revenues from the final signage plan will significantly exceed $5 million annually and AEG's own projections are less than 75% of the total potential value set forth above.

4. Financial Analysis

Under the current proposal by AEG, AEG would own and operate the new event center and a NFL team would be a tenant. This operating structure would be the first in the NFL whereby there is a private entity operating the venue with the team as a tenant. This unique structure provides the opportunity for AEG to generate revenues to fund the construction of the stadium, but also provides constraints for the team to generate incremental revenue.

Based on the this proposed structure and discussions with AEG regarding possible lease structures with a NFL team, a comprehensive financial model has been developed that evaluates the financial return to both AEG and the NFL team. The model has also been developed to calculate the impact on the City with regards to the operations of the event center and the NFL team. This analysis is designed to assist project representatives in estimating the financial attributes of a new event center in Los Angeles and cannot be considered to be a presentation of expected future results. Accordingly, this analysis may not be useful for any other purpose. There will be differences between estimated and actual results that may be material. Key assumptions used to estimate the potential financial operations of a new NFL stadium in Los Angeles include, but are not limited to the following. The assumptions disclosed herein are not all-inclusive, but are those deemed to be significant.

- The stadium will open in 2016 and contain approximately 72,000 total seats (including general admission, club and suite seats), with possible expansion to 78,000 for special events;
- The stadium will be developed as a quality, state-of-the-art venue and would accommodate the needs of various types of users;
- An to-be-determined NFL franchise will serve as the primary tenant;
- The stadium will be managed by Anschutz Entertainment Group;
- The market will generate spending on tickets, concessions, merchandise, advertising, sponsorships and premium seating that exceeds what most other NFL teams have been able to achieve;
- The stadium will contain 200 luxury suites (including traditional and large party suites) and 15,000 club seats;
- Approximately 10,200 parking spots will be located within walking distance of the venue – 8,000 will be controlled by stadium management, and 2,800 will be controlled by the Los Angeles Convention Center;
- An additional 20,000 parking spaces will be located within walking distance of the stadium and will be operated by third parties;

- No assumptions have been made regarding revenues that could be generated should the NFL team host any playoff games;
- No assumptions have been made regarding the hosting of the Super Bowl, Final Four, or other comparable "mega" events that would not occur on a regular basis at the stadium;
- There are no significant or material changes in the supply or quality of the existing professional sports venues in the marketplace; and,
- Basic assumptions have been made regarding the distribution of stadium operating revenues between the NFL team that would be the primary tenant at the facility and AEG, which would operate the stadium. These assumptions have been determined based on discussions with AEG.

Summary of Operating Revenues & Expenses

Based on discussions with AEG and the operating performance of other major event centers around the country, a projected event schedule for the new center has been developed. It is estimated that a new NFL stadium in Los Angeles with the NFL team as the primary tenant could host at least 27 events per year with upwards of 1,347,000 attendees, an average of approximately 50,000 attendees per event. These projections do not include any post-season games for the NFL team, nor do they include any non-recurring events that the facility could potentially host, such as the Super Bowl and Final Four.

Assumptions

Event Type:	Annual Events	Average Attendance	Total Attendance
NFL Team			
Pre-Season	2	54,150	108,300
Regular Season	8	63,600	508,800
NFL - Total	10	61,710	617,100
College Football	3	70,000	210,000
Concerts	3	45,000	135,000
Motor Sports	3	25,000	75,000
Soccer	5	50,000	250,000
Other events	3	20,000	60,000
TOTAL	27	49,893	1,347,100

Note: Does not include non-recurring events such as the Super Bowl or Final Four

4. Financial Analysis (cont'd)

Based upon the estimated events and attendance shown above, the table below summarizes the estimated operating revenues and expenses associated with a new NFL stadium in Los Angeles in the projected base year of operations (2016). The estimated revenues shown in the following exhibit are based on the revenue sharing agreements that AEG has proposed with an NFL team.

Estimated Operating Revenues & Expenses
New NFL Stadium in Los Angeles
2016 Dollars

Revenues		
	Rent	$13,027,000
	Other Stadium Revenue	89,749,000
	Other Income	2,080,000
	TOTAL REVENUES	$104,856,000
Expenses		
	Stadium Operations	$23,475,000
	Event-day Expenses	6,086,000
	Possessory Interest Taxes	10,599,000
	Ground Lease Payment (Event Center)	6,500,000
	Ground Lease Payment (Parking Garages)	500,000
	STAPLES Special Tax Payment	0
	LA Live! Special Tax Payment	3,183,000
	TOTAL EXPENSES	50,343,000
INCOME FROM OPERATIONS (EBITDA)		$54,513,000

It is estimated that a new NFL stadium in Los Angeles could generate revenues of approximately $104.8 million and incur expenses of approximately $50.3 million, resulting in earnings before interest, taxes, depreciation and amortization (EBITDA) of approximately $54 million in the inaugural year of operations.

4. Financial Analysis (cont'd)

Currently, AEG anticipates financing approximately $450 million of the total costs of the stadium, as shown below:

Project Development:	
Estimated stadium cost	$1,200,000,000
AEG/Team responsibility (% of total)	100%
NFL G-3 loan	($150,000,000)
Net PSL Sales (estimated)	($150,000,000)
AEG/Team contribution, net	$900,000,000
AEG/Team Equity	$450,000,000
Debt Service	$450,000,000
Interest rate	7.5%
Term	30
Annual debt payment	$38,100,000

Assuming a 30 year term and an interest rate of 7.5%, the annual debt service would be $38 million. The projected IRR for the stadium operations would be approximately 6.7%, based on a total investment of $900 million by AEG. Final stadium costs could exceed these initial estimates, which would impact the IRR to AEG and also the ability to cover annual City debt service payments from operating revenues from the stadium. If final stadium costs increase by 25% ($300 million), the IRR becomes 3.9% and cash flow after debt service for the stadium would be negative. Obviously, this would create concerns not only as to the ability of AEG to back-stop the debt payments, but also the long-term financial viability of the stadium.

Under a typical NFL stadium financial structure, the facility would be owned by the public sector and leased by an NFL team. In most cases, the stadium is operated by the team, and the team retains most of the revenue generated at the facility, including revenue generated from gate receipts, concessions, novelties, parking, private suites and club seats. Teams also traditionally retain naming rights revenue, often relying on this revenue stream to help service some portion of the team's debt responsibility.

In return for stadium operating rights, the team is typically held responsible for stadium expenses or an annual rent expense, or some combination of the two. Rent paid by NFL teams in recent years has ranged from $250,000 to $5 million annually. The proposed deal structure for the Los Angeles stadium is somewhat unique in that the operator of the venue (AEG) will not own a majority interest in the NFL team which would be the primary tenant. This will require sharing of revenues from stadium operations, premium seating, sponsorship sales and other areas that is not typical in most NFL venues where those revenues are typically retained by the team.

Estimated Operating Revenues & Expenses
New NFL Team in Los Angeles
2016 Dollars

Revenues		
	Ticket Sales (net of visiting team share)	$58,548,000
	Other Stadium Revenue	80,042,000
	National Revenues	195,450,696
	Other Income	2,080,000
	TOTAL REVENUES	$336,120,696
Expenses		
	Rent	$8,957,000
	Player cost	173,891,000
	Team operations	46,371,000
	Business expenses	46,371,000
	League assessment	6,956,000
	TOTAL EXPENSES	282,546,000
INCOME FROM OPERATIONS (EBITDA)		$53,574,696

The projected combined net income from operations between the Stadium and the Team would equal more than $107 million in 2016 dollars. This would be among the highest in the NFL. However, this does not take into account any debt service payments on the stadium, acquisition of the team or any relocation fee that would be required to move an existing franchise to Los Angeles. That fee could be as much as $500 million or more which would cause the team to operate at a loss for a number of years if the fee was amortized.

Impact on City Revenues

Based on the expanded Convention Center, the new stadium and the construction of additional parking stalls under the proposed agreement with AEG, there will be significant revenues and incremental taxes paid to the City of Los Angeles. As discussed above, certain of these revenues and taxes will be dedicated to the repayment of the debt issued by the City for the expansion of the Convention Center, which will total approximately $280 million. Annual payments to retire the debt are projected to increase by approximately 1.75% annually, with payments ranging from $14 million in 2015 to $34 million in 2045, the final year of the term.

With the increasing debt service payments, it is expected that the revenue streams dedicated to repay the debt will be sufficient each year until the retirement of the bonds. However, AEG will be responsible in the event there are any shortfalls, eliminating financial risk to the City.

As shown in Exhibit B attached hereto, the total new tax revenues to the City from the stadium project will total more than $410 million during the first 30 years of operations, with a net present value equal to approximately $146 million. The total percentage of the net present value of the new taxes dedicated to the repayment of the debt issued by the City will likely be approximately 48.6%. The total taxes paid toward the debt will be slightly more than 49% of the gross amounts generated over the first 30 years of project operations. This is due to the fact that all possessory interest taxes on the new stadium and parking garages, the largest incremental taxes, will go toward debt service payments.

Additionally, AEG will assume control of parking operations of the garages replacing the existing West Hall and Cherry Street garages that are currently operated by the Convention Center. In exchange for these rights, AEG has proposed that the incremental revenues and parking taxes generated by stadium events in the new garages will replace revenues from the current garages generated for the City. As a result, incremental on-site parking taxes are not included in the calculation as new revenues to the City because they are dedicated to replacing the revenues that will be lost due to AEG assuming the parking operations for the new garages.

Demographic Analysis

An important component in assessing the potential success of a new NFL stadium in Los Angeles is the demographic and socioeconomic profile of the local market. The strength of a market in terms of its ability to draw events and spectators is measured, in part, by the size of the market area population and its spending characteristics.

To gain an understanding of the relative strength of the market area, it is useful to compare various demographic and socioeconomic characteristics among other NFL markets. Specific demographic and socioeconomic information that can provide an indication of the ability of a market to support a new NFL stadium includes population, age distribution, household income and corporate base, among other information.

Los Angeles CBSA

The demographic and socioeconomic data presented in this report is based on the Core Based Statistical Area (CBSA). A CBSA is defined by the United States Census Bureau as "a core area containing a substantial population nucleus (of at least 10,000 people), together with adjacent communities having a high degree of economic and social integration with that core." The Los Angeles-Long Beach-Santa Ana CBSA encompasses Los Angeles and Orange counties and is frequently referred to as "Southern California."

4. Financial Analysis (cont'd)

The graphic below summarizes the Los Angeles CBSA as it compares to the other NFL markets in some of the key demographic categories. More detailed demographic information is included in Exhibit C attached hereto.

Summary of NFL Demographic Characteristics

			NFL Market Comparison			
Demographic Variable	**Los Angeles**	**Rank (1)**	**Average (2)**	**Median (2)**	**High**	**Low**
Population	13,255,500	2	4,085,000	2,944,600	18,870,000	1,118,900
Projected Population Growth (3)	0.82%	18	5.25%	6.68%	2.80%	-0.47%
Population per Franchise (4)	1,893,600	3	1,141,017	1,082,800	2,096,700	559,500
Median Household Income	$60,647	9	$56,650	$54,507	$83,427	$45,711
Cost of Living Index (5)	141.6	29	109.5	99.2	217.9	88.7
Adjusted Household EBI	$34,218	30	$43,174	$42,871	$50,939	$22,285
Median Age (6)	35.4	6	37.4	37.5	42.6	33.5
Corporate Inventory (7)	15,340	1	3,950	3,125	15,340	1,120
Corporations per Franchise	2,190	1	1,170	1,120	2,190	560
Corporations per Suite	27.8	1	11.6	10.7	27.8	5.6
Premium Seat Revenue per Corp	$20,300	22	$25,400	$23,800	$54,500	$2,250

(1) Rank out of 31 markets.

(2) Averages and medians exclude Los Angeles.

(3) Annualized growth over next five (5) years.

(4) Includes franchises in the NFL, Major League Baseball, National Basketball Association, and National Hockey League.

(5) Ranked from lowest to highest.

(6) Ranked from youngest to oldest.

(7) Includes all corporate headquarters with at least 25 employees and $5 million in annual sales, and all corporate branches with at least 25 employees.

Source: ACCRA (cost of living); Dun & Bradstreet (corporate inventory); Claritas (all other demographic variables).

Ticket Sales and Premium Seating

In addition to the demographic and socioeconomic profile of a market, the proliferation of premium seating, average ticket price and attendance as well as the corporate base within a market are key indicators of the potential for an NFL franchise to be successful. While Los Angeles is the second largest market in the United States, the level of premium seating product that exists is relatively low. This is due to the lack of luxury suites and club seats at existing venues as well as the fact that three of the areas' six professional team play at STAPLES Center. However, the market does rank as it relates to premium seating revenue generated per corporation.

As the costs of constructing an NFL stadium have continued to rise, NFL franchises have begun to develop new methods of generating the revenues needed to finance a new stadium. Seat license programs are a new and innovative method of generating private funds by selling the licenses of individual seats throughout the stadium. Individuals or corporations who purchase the seat licensing rights gain control of the seat(s) for the life of the stadium and have the option to purchase tickets to all events held in the stadium.

In addition to seat licensing programs, the sale of premium seating is one of the largest sources of revenue generated by an NFL stadium. Premium tickets are more expensive than non-premium tickets and include amenities such as private club access, expanded concession menu and bar, wider seats with more leg room, private restrooms and VIP stadium entrance. The table on the following page summarizes the premium seating inventories, pricing and potential revenue generated by each NFL stadium. As shown in the chart, the new stadium will need to rank as the second most successful NFL venue to sell the majority of suites and club seats in the stadium.

NFL Stadium Premium Seating Overview

			Private Suites			Club Seats			
Revenue Rank	Franchise	Year Built	Total # of Suites	Average * Annual Fee	Potential * Annual Revenue	Total # of Club Seats	Average Annual Fee	Potential * Annual Revenue	Total * Potential Premium Seating Revenue
1	Dallas Cowboys	2009	300	$300,000	$90,000,000	14,102	$3,400	$47,947,000	$137,947,000
2	Los Angeles	2016	200	$275,000	$55,000,000	15,000	$4,500	$67,500,000	$122,500,000
3	New York Giants	2010	213	$494,000	$52,611,000	9,236	$4,760	$43,976,000	$96,587,000
4	New York Jets	2010	213	$494,000	$52,611,000	10,041	$3,840	$38,539,000	$91,150,000
5	Washington Redskins	1997	208	$151,000	$31,480,000	17,263	$3,350	$57,890,000	$89,370,000
6	Tampa Bay Buccanneers	1998	197	$105,000	$20,705,000	12,053	$2,750	$33,120,000	$53,825,000
7	Houston Texans	2002	185	$156,000	$28,804,000	8,464	$2,700	$22,794,000	$51,598,000
8	New England Patriots	2002	80	$188,000	$15,000,000	6,460	$5,000	$32,327,000	$47,327,000
9	Miami Dolphins	1987	195	$97,000	$18,833,000	10,470	$2,640	$27,641,000	$46,474,000
10	Philadelphia Eagles	2003	171	$143,000	$24,445,000	8,447	$2,340	$19,791,000	$44,236,000
11	Chicago Bears	1924/2003	133	$151,000	$20,142,000	8,376	$2,801	$23,465,000	$43,607,000
12	Carolina Panthers	1996	157	$92,000	$14,404,000	11,223	$2,110	$23,727,000	$38,131,000
13	Baltimore Ravens	1998	122	$138,000	$16,887,000	8,108	$2,420	$19,609,000	$36,496,000
14	Indianapolis Colts	2008	140	$127,000	$17,848,000	7,264	$2,510	$18,253,000	$36,101,000
15	Denver Broncos	2001	115	$123,000	$14,178,000	7,749	$2,790	$21,656,000	$35,834,000
16	Jacksonville Jaguars	1995	89	$110,000	$9,782,000	11,692	$1,970	$23,004,000	$32,786,000
17	Tennessee Titans	1999	171	$78,000	$13,282,000	11,682	$1,590	$18,582,000	$31,864,000
18	Pittsburgh Steelers	2001	129	$99,000	$11,311,000 (1)	8,100	$2,300	$18,610,000	$29,921,000
19	Atlanta Falcons	1992	171	$122,000	$17,980,000	6,180	$1,874	$11,584,000	$29,564,000
20	Seattle Seahawks	2002	112	$105,000	$11,729,000	7,826	$2,180	$17,034,000	$28,763,000
21	San Diego Chargers	1967/1997	113	$110,000	$12,430,000	7,668	$2,120	$16,260,000	$28,690,000
22	Cincinnati Bengals	2000	132	$116,000	$15,247,000	7,793	$1,680	$13,063,000	$28,310,000
23	Cleveland Browns	1999	145	$81,000	$11,703,000	8,345	$1,970	$16,421,000	$28,124,000
24	Green Bay Packers	1957/2003	166	$79,000	$13,038,000	6,089	$2,368	$14,419,000	$27,457,000
25	New Orleans Saints	1975	137	$80,000	$10,960,000	8,593	$1,880	$16,122,000	$27,082,000
26	Arizona Cardinals	2006	108	$99,000	$10,733,000	7,356	$2,101	$15,458,000	$26,191,000
27	Buffalo Bills	1973/1999	132	$82,000	$10,800,000	8,831	$1,650	$14,535,000	$25,335,000
28	Kansas City Chiefs	1972/2010	111	$123,000	$13,653,000	7,715	$1,400	$10,794,000	$24,447,000
29	Detroit Lions	2002	127	$96,000	$12,133,000	7,312	$1,509	$11,033,000	$23,166,000
30	St. Louis Rams	1995	101	$100,000	$10,083,000	6,692	$1,720	$11,507,000	$21,590,000
31	Oakland Raiders	1966/1995	143	$70,000	$9,995,000	5,552	$1,400	$7,775,000	$17,770,000
32	San Francisco 49ers	1971	95	$110,000	$10,450,000	n/a	n/a	n/a	$10,450,000
33	Minnesota Vikings	1982	99	$68,000	$6,742,000	242	$4,500	$1,089,000	$7,831,000
Average (excluding Los Angeles			147	$140,219	$19,687,469	8,610	$2,504	$21,549,194	$40,563,000

* Rounded to the nearest '000.

(1) The Steelers have a total of 129 suites, but 15 are non-revenue generating. Suite revenue potential reflects only the revenue-generating suites.

Note: Suites for the Giants and Jets are sold together. Potential annual suite revenue has been split evenly between both franchises.

Source: NFL ticket manifest and premium seating representatives at NFL teams.

Due to the higher costs typically associated with private suites and club seats, corporations are often the main purchasers of premium seating. Therefore, an important indicator of the ability of a market to support various premium seating options is the ratio of the number of corporations and branches to the total number of suites and club seats. This ratio indicates a market's ability to penetrate its corporate market base through the sale of suites and club seats.

The greater Los Angeles market has the largest corporate base in the United States. This combined with the relatively low levels of premium seating in the market and the level of income that significant segments of the population have should allow the NFL franchise to establish itself as one of the top revenue generators in the league.

The tables set forth in Exhibit D detail the premium seating, public seat license and ticket data for Los Angeles and the other NFL markets.

5. Convention Center Expansion/Relocation

CSL has conducted a review of past, current and future market conditions that impact the demand and associated event potential, financial operations and economic impact associated with the Los Angeles Convention Center (LACC). As part of our research, we have reviewed historical and future booking levels, calculated space occupancy levels, surveyed organizers of past LACC events, reviewed the competitive position of the LACC within the industry, and interviewed LACC and LA Inc. representatives. The results of this analysis are summarized herein.

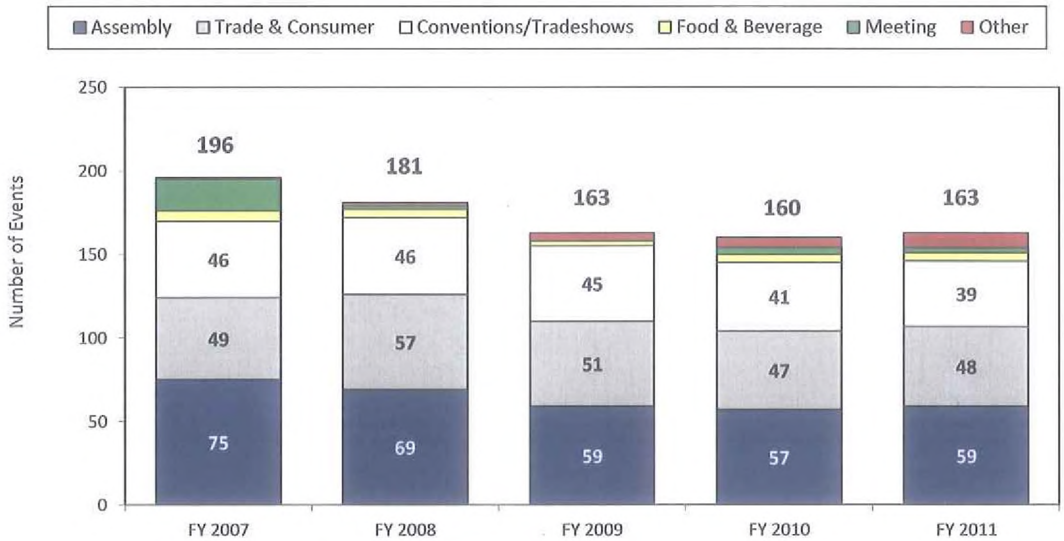
Historical and Potential Future LACC Event and Occupancy Levels

We have reviewed various measures of occupancy for the LACC, including measures of event activity and exhibit space occupancy. Results of this review are summarized below.

Event Activity

The LACC hosts a wide diversity of events, including room-night generating conventions and tradeshows, as well as more locally oriented consumer and trade events. The following exhibit highlights the event activity at the LACC over the past five years.

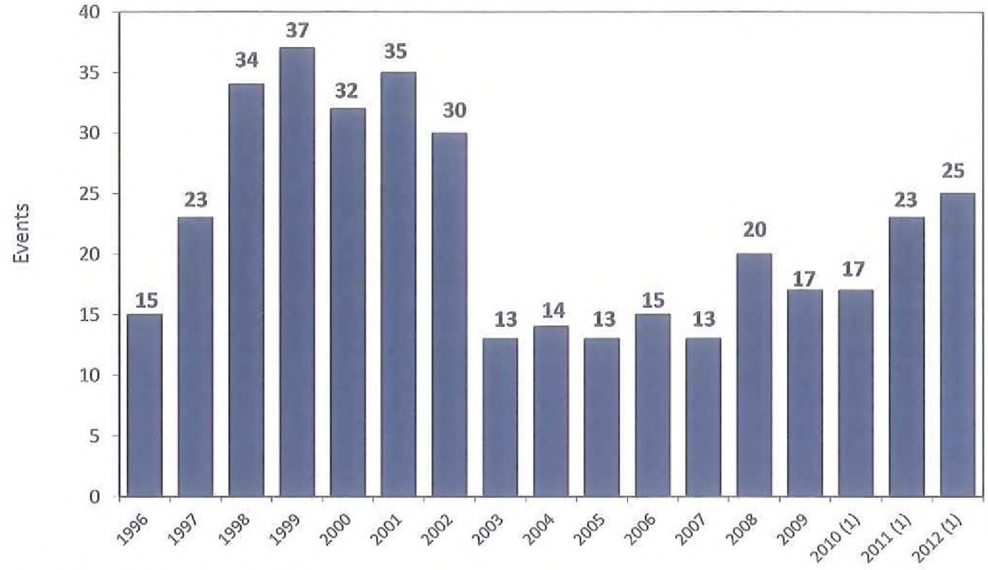
Summary of Historical LACC Event Activity



Notes: Event types are based on LACC classifications. Data does not include internal events.
Source: CSL International, facility management, 2011

As noted above, event activity has declined somewhat since 2008, consistent with national declines in event activity associated with the economic recession. However, the number of city-wide conventions and tradeshows (those that generate a significant non-local attendee base and associated economic impact) have experienced gains in the past several years. The following exhibit highlights the number city-wide events hosted at the LACC since 1996, and continuing into projected data for 2012.

Summary of LACC City-Wide Events



(1) Years 2010-2012 are based on projected data.
(2) New baseline for the LACC.
(3) Represents an enhanced LACC.
Source: LA Inc. 2011

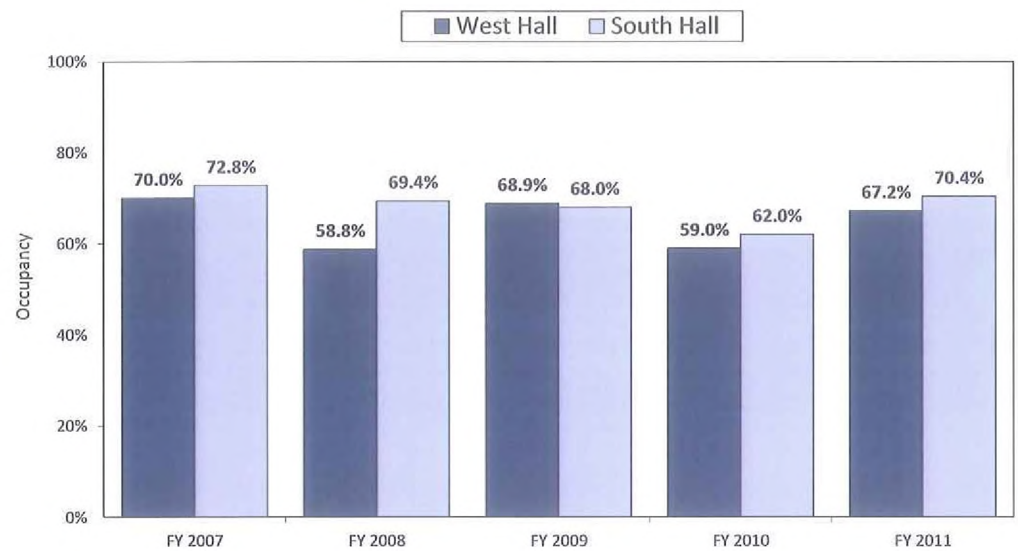
As noted above, city-wide events hosted at the LACC peaked in 1999 and remained relatively high through 2002. Spikes in event activity during the 1998 to 2002 period were reflective of the construction period impacts for convention centers in San Diego and Long Beach, while the significant drop-off during the early 2000's can be attributed in part to broader national economic conditions, lingering effects of 9/11 and global conflicts, as well as the SARS episode. Beginning in 2008, and largely due to the LA Live project and a highly focused marketing effort, the number of city-wide events increased, reaching 23 events in 2011 and 25 in 2012.

Should no improvement to the Los Angeles convention product be made over time, the continued investments being made in competitive destinations could erode recent gains in city-wide event activity. Conversely, improvements to the LACC and surrounding hotel inventory could lead to modest yet sustained increases in the level of city-wide event activity hosted at the LACC.

Occupancy Levels

We have also examined historical occupancy levels for primary LACC exhibit space (West and South Halls). The following exhibit presents occupancy data for the past five fiscal years.

Summary of LACC Exhibit Space Occupancy



Source: facility management, 2011

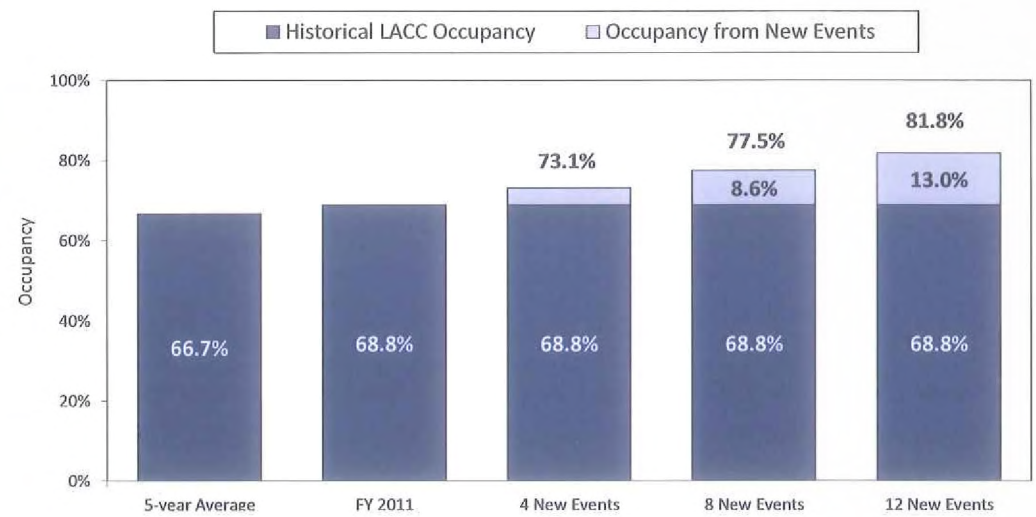
From an industry perspective, occupancy levels, measured by dividing the number of occupied days by 365, can indicate the degree to which usage of the facility has reached a maximum capacity. The occupancy of a facility is determined to be at or approaching a practical maximum capacity range when the actual occupied space in a facility reaches a level of 70 percent of total sellable capacity. It can be difficult to sustain occupancy levels significantly above 70 percent due to the fact that portions of a center's total capacity are un-sellable due to holidays, maintenance days and inherent booking inefficiencies that result when events cannot be scheduled immediately back-to-back.

Based on data provided by LACC management, occupancy levels at the Center have approached and occasionally exceeded the 70 percent threshold. In fiscal year 2011, the South Hall operated at an occupancy level of just over 70 percent, while the West Hall occupancy slightly exceeded 67 percent.

It should also be noted that Petree and Concourse Halls have operated at or above the 70 percent threshold for most of the past five years. These data indicate that as a complex, the LACC has operated at or near capacity for the past several years. The ability to significantly increase the number of high impact or city-wide conventions held at the LACC would require a shifting of event mix to accommodate added city-wide events, a scheduling pattern that is unusually efficient allowing for significant back-to-back bookings, or a combination of both.

To further explore the impact of added LACC event activity on occupancy levels, we have prepared exhibit space occupancy scenarios that assume various increases in city-wide conventions and tradeshows. The following exhibit highlights the level of combined West and South hall occupancy assuming an additional four, eight and twelve city-wide events.

Summary of Potential Future LACC Exhibit Space Occupancy



Notes: Additional events assume new citywide bookings occupying 275,000 gross square feet over eight facility utilization days.
Source: CSL International, facility management, 2011

As noted above, the five year historical exhibit space occupancy level for the LACC averaged 66.7 percent, and in 2011, occupancy levels are estimated at 68.8 percent. If an additional four city-wide events were to be accommodated at the LACC and assuming the other event activity is maintained, occupancy levels would reach 73.1 percent. At eight added city-wide events, occupancy reaches 77.5 percent, and at 12 added events occupancy reaches 81.8 percent. Based on our experience in analyzing large market convention centers throughout the country it would be very difficult to sustain occupancy levels within the high-70's or low 80's percentage level.

As a further component of our analysis, we have reviewed the event calendar for the LACC, using 2012 bookings as a basis. Focusing on the open calendar dates, as well as our understanding of seasonal convention and tradeshow industry demand patterns, it appears that there could be at most eight to ten open booking windows (periods of at least 8 day, primarily during typical industry demand periods).

The analysis of occupancy percentages and open booking windows represents a *capacity* analysis as opposed to a true demand analysis. When considering the potential for added LACC event activity associated with the proposed enhancement project, it is very important to consider the numerous convention industry improvement projects being considered or undertaken within competitive destinations. This competitive landscape is explored in the following section.

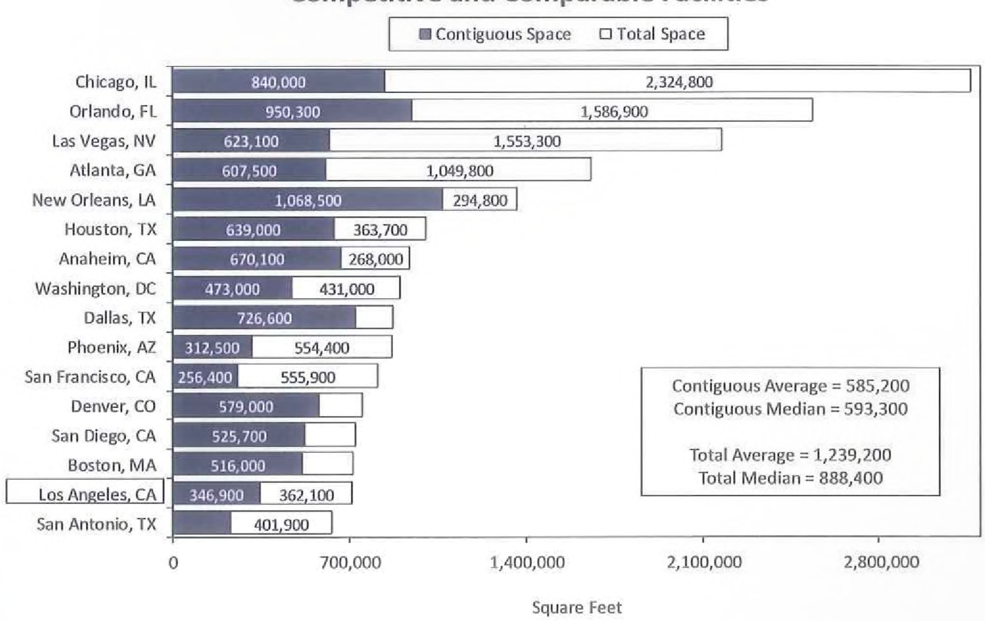
Competitive Landscape

We have reviewed the competitive position of the LACC from several perspectives, including sellable space, hotel inventory and investment taking place in competitive destinations. This research is summarized below.

Sellable Space

We have reviewed the availability of existing sellable event space (which includes all available exhibit, meeting and ballroom space) at the LACC in the context of several competitive and comparable venues, with data presented in the following exhibit.

Comparison of Total Sellable Space – Competitive and Comparable Facilities



Notes: Space levels for the LACC do not include Kentia Hall.
With the proposed enhancement, the largest contiguous space for the LACC will increase to 540,000 gross square feet.
Source: facility floorplans, management, and industry publications, 2011

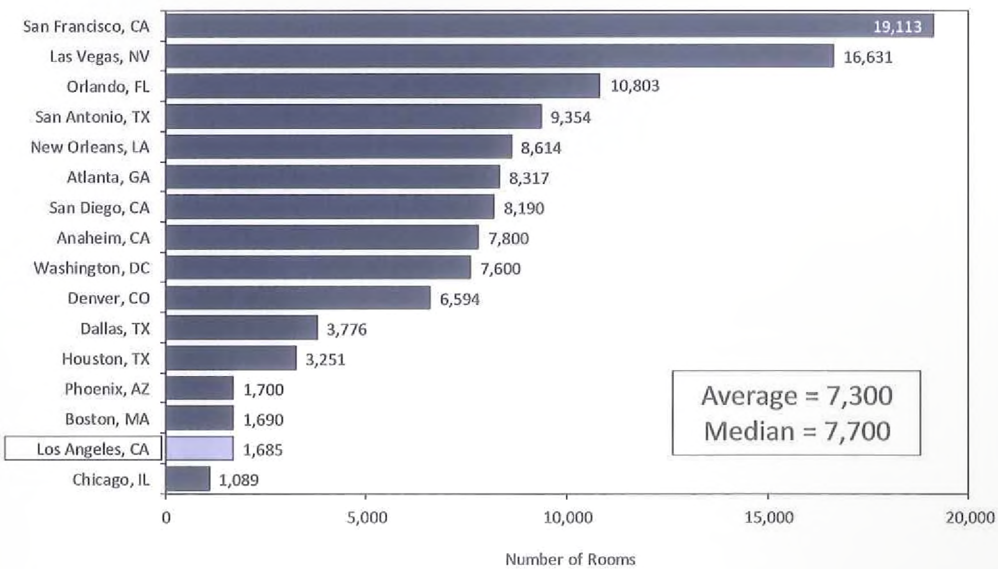
As noted above, the 709,000 square feet of sellable space at the existing LACC ranks 15th among the 16 competitive and comparable facilities reviewed. The exhibit also highlights the largest contiguous exhibit area available within each center. The 346,900 square feet contained in the South Hall ranks 13th among the 16 centers reviewed. In reviewing our full database of large-market convention centers, we also note that among all North American venues, the amount of exhibit space available at the LACC (approximately 557,600 square feet) ranks 21st.

With the proposed LACC enhancement, the overall space totals will remain relatively consistent, however the amount of contiguous exhibit space will increase by approximately 190,000 square feet significantly given the expansion of the South Hall.

Hotel Inventory

Hotel inventory serving a convention center is a critical determinant in the ability to increase overall event activity. Even with a high quality convention center, a destination's event market capture cannot generally expand beyond the capacity of the surrounding hotel inventory to accommodate non-local event attendees. The following exhibit highlights the number of hotel rooms within one-half mile of a set of competitive and comparable convention centers.

Hotel Rooms Within One-Half Mile of Center



Source: CSL International, Convention and Visitors Bureaus, 2011.

5. Convention Center Expansion/Relocation (cont'd)

Competitive & Comparable Markets

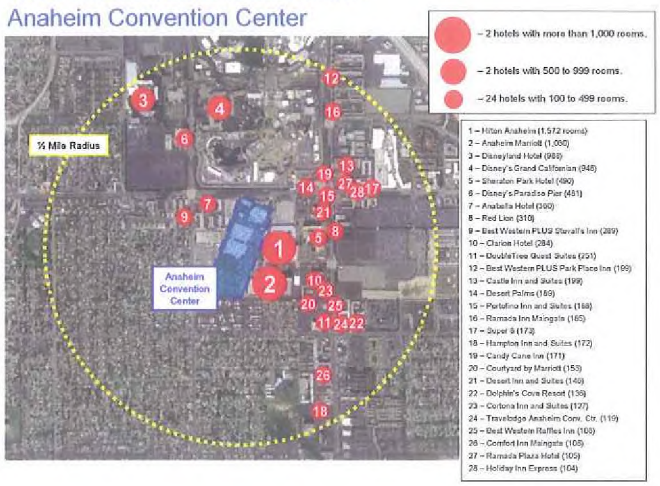
As noted above, the hotel inventory within one-half mile of the LACC ranks very low relative to the markets reviewed, representing an important competitive disadvantage in attracting significant increases in large city-wide conventions and tradeshows. In fact, to reach the median level of hotel room inventory within one-half mile, an additional 6,000 rooms would have to be developed in the vicinity of the LACC.

The following exhibit presents a visual representation of the hotel inventory in four major west-coast convention destinations – Los Angeles, San Diego, Anaheim and San Francisco.

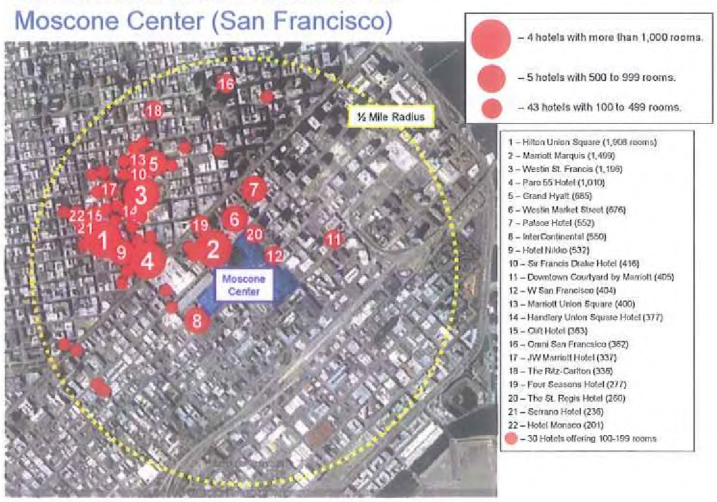
Hotel Inventory within ½ Mile of Convention Center
Competitive & Comparable Markets

Hotel Rooms Within ½ Mile of the Los Angeles Convention Center

Hotel Rooms Within ½ Mile of the Anaheim Convention Center



Hotel Rooms Within ½ Mile of the Moscone Center (San Francisco)



Hotel Rooms Within ½ Mile of the San Diego Convention Center

5. Convention Center Expansion/Relocation (cont'd)

As noted above, a significant relative shortage of hotel rooms exists within the vicinity of the LACC. Further, a significant portion of hotel room available in Los Angeles is located outside the ½ mile radius.

Competitive Destination Investment

It is important to note that in addition to LACC and hotel capacity conditions, the national convention industry competitive landscape will significantly influence event capture. Given the significant community-wide impacts associated with large convention and trade events, virtually all major U.S. cities have invested in providing competitive facilities and destinations. Several examples of recent investment in competitive destinations are summarized below.

- **San Diego** – As envisioned, a $753 million expansion would add 200,000 square feet of exhibit space, a third ballroom (80,000 square feet), 100,000 square feet of meeting rooms, and a new 500 room hotel directly behind the convention center. Architects for the project have been retained, and funding sources are being evaluated. The project has an estimated completion target of 2015.
- **Anaheim** – A $20 million, 100,000-square foot "Grand Plaza" outdoor pavilion is being developed adjacent to the Center. The outdoor space is expected to be a marketing tool to attract additional tradeshows and large conventions and should be completed in 2012. Additionally, planning is underway to add 72,000 square feet of meeting space, plus additional hotel room inventory.
- **San Francisco** – $70 million in facility upgrades have been funded and are currently being implemented. Improvements will include: modernized lighting, heating, air-conditioning, audio-visual capability, movable wall dividers, new carpeting and repainting. Electronic updates will feature full Wi-Fi accessibility, many additional computer plug-ins and a digital display network. Longer-term plans are being discussed for an extensive re-configuration and expansion of the Center.
- **Phoenix** – An $800 million expansion of the Center was completed in 2009. The project nearly tripled the size of the Center. The Center is part of a downtown entertainment complex that consists of the US Airways Center, Chase Field, Symphony Hall, Science Center, and other visitor/cultural assets.

In addition to the projects noted above, convention center/headquarter hotel expansion and enhancement projects are being discussed in Seattle and Portland.

The current convention and tradeshow industry is in a state of very limited growth, emerging from a period of decline over the past several years. Fundamentally, any significant increase in capture of high impact city-wide conventions and tradeshows for the LACC would have to take place as a result of taking business from competitive markets such as those described above. Given the convention industry investments taking place in these markets, the sales and marketing challenges for increasing LACC high impact events should not be underestimated.

Potential Future LACC Event Activity

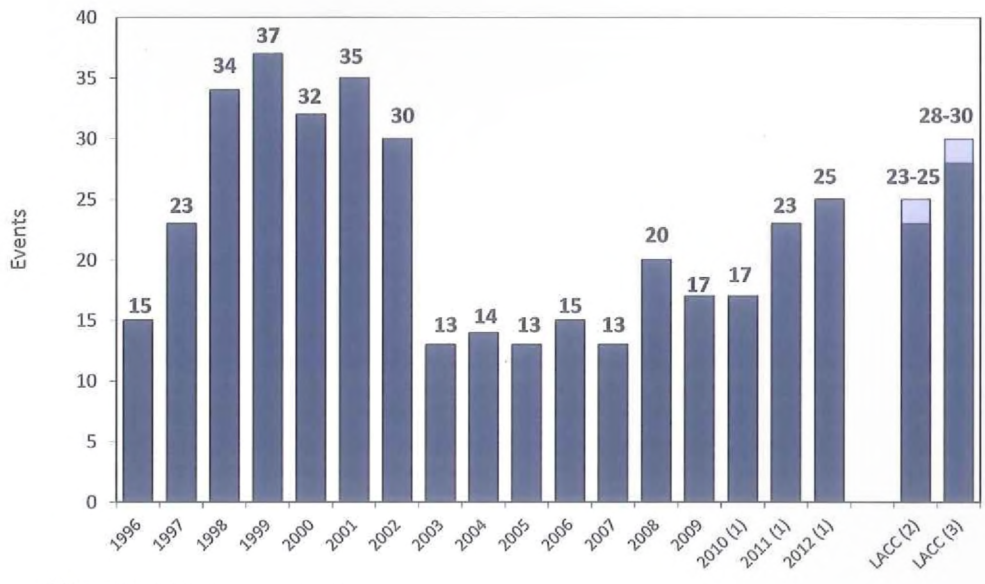
There are several fundamental aspects that draw from our assessment of potential future LACC event activity, particularly future city-wide events. Based on the analysis summarized herein, we can make the following points.

- We assume that any LACC enhancement project will provide an amount of sellable space equivalent to the existing space inventory, and that the added exhibit space will be contiguous to the existing South Hall.
- The national inventory of large, nationally-rotating conventions and tradeshows is relatively stable. Future growth in the segment of events will likely be limited over the next several years. Based on data maintained by Destination Marketing Association International, there are approximately 250 events that require 200,000 or more square feet of exhibit space. With modest annual growth, this provides a fairly limited base of events to attract.
- Competitive destinations, including San Diego, Anaheim, San Francisco and Phoenix, have already or are considering significant investments in their convention center, hotel and destination assets. As the competition continues to improve, it will be challenging to draw significant numbers of city-wide events away from competitive destinations into Los Angeles.
- The configuration of the existing LACC, with two separate halls, lack of a ballroom and a lack of nearby hotel inventory, represent competitive disadvantages when trying to attract large city-wide conventions and tradeshows. The proposed LACC enhancement project will address many of the shortcomings of the Center. Combined with future potential development of hotel inventory adjacent to or very nearby the LACC, these improvements will help place Los Angeles more on a level playing field with competitive west coast destinations.
- The LACC, given its diversity of event activity, operates at exhibit space occupancy levels that are at or near the 70 percent threshold that typically defines a "full" center. Modest increases in large national conventions and tradeshows could be accommodated into the LACC resulting in somewhat higher but sustainable occupancy levels. However, significant increases in large national conventions and tradeshows (increases of 50 percent or more) would result in LACC occupancy percentages that don't appear to us to be sustainable over an extended period.

- There are relatively few events that require very large seating capacities for general sessions. Also, relatively few events would consider the proposed Event Center playing surface as dedicated exhibit space, particularly so given the differing elevation between the playing surface and the LACC exhibit space, and the fact the these spaces are not contiguous. As a result, the availability of event space in the Event Center may allow for the capture of up to two events annually that would not otherwise have been booked into the LACC.

Based on these and other considerations, we have developed estimates of the potential increase in LACC city-wide event activity resulting from the proposed facility enhancement project.

The following exhibit highlights the historical potential future level of city-wide event activity for the LACC.



(1) Years 2010-2012 are based on projected data.
(2) New baseline for the LACC.
(3) Represents an enhanced LACC.
Source: LA Inc. 2011

LACC City-Wide Event Levels

As previously noted, the level of city-wide events hosted by the LACC has run in cycles over the past 16 years. Spikes in event activity during the 1998 to 2002 period were reflective of the construction period impacts for convention centers in San Diego and Long Beach, while the significant drop-off during the early 2000's can be attributed to a variety of economic, global conflict and other such factors. More recent increases are attributable to significant improvements to the hotel and entertainment package surrounding the LACC, as well as highly focused convention sales and marketing efforts. Given current Los Angeles convention industry product and overall industry conditions, the base-line number of LACC city-wide events is expected to range between 23 and 25. This represents a significant increase from the baseline levels recorded between 2003 and 2007, and is consistent with the more recent LACC booking data.

The proposed LACC enhancement project would provide for numerous physical improvements in the form of larger contiguous exhibit space, a dedicated ballroom, and potential availability of Event Center space. With these proposed improvements to the LACC, and assuming the development of significant added hotel inventory proximate to the LACC, a new baseline of city-wide events is estimated at between 28 and 30. Given the stable condition of convention and tradeshow industry demand projected into the future, the large majority of additional LACC city-wide events will have to result from attracting events that otherwise would have booked into centers in competitive markets such as San Diego, Anaheim, Phoenix, San Francisco and Denver.

It should also be noted that without added hotel inventory, the proposed enhancements to the LACC may facilitate the ability to maintain *current* city-wide event levels, but would not likely result in material increase in city-wide event capture.

Potential Financial Operating Impact

We have reviewed the past financial operating performance of the LACC. The following exhibit presents the operating results for the LACC over the past three fiscal years and projected for FY 2010-2011.

Summary of Historical LACC Financial Operating Results

Los Angeles Convention Center
Statement of Operating Income and Expenses

	FY 2007-2008	FY 2008-2009	FY 2009-2010	Estimated FY 2010-2011
Operating Revenue:				
Exhibit Hall and Meeting Room Rentals	$6,941,111	$6,580,133	$6,334,549	$5,671,633
Utility Services	8,286,032	10,077,427	8,231,795	9,000,000
Parking Fees	6,942,049	6,451,613	6,106,910	7,000,000
Food Service Net Return	1,899,245	1,854,821	701,557	600,000
Miscellaneous	2,019,819	1,792,521	1,069,374	2,350,000
Total Operating Revenue	**26,088,256**	**26,756,515**	**22,444,185**	**24,621,633**
Operating and Administrative Expenses:				
Salaries	$16,321,176	$16,375,021	$13,412,179	$14,500,000
Utilities	3,941,299	4,052,396	4,085,052	4,500,000
Contractual Services	2,522,364	2,345,462	2,457,473	2,500,000
Repairs, Materials and Supplies	937,634	1,074,040	464,247	250,000
Office & Administration	298,155	252,943	114,734	115,000
Advertising and Other Promotion	211,731	157,489	125,555	115,000
Transfer to City Departments	2,032,723	2,247,115	1,090,000	1,299,973
Miscellaneous	77,281	69,845	78,724	70,000
Total Operating and Administrative Expense	**26,342,363**	**26,574,311**	**21,827,964**	**23,349,973**
Income (loss) From Operations	**($254,107)**	**$182,204**	**$616,221**	**$1,271,660**

Source: LACC, 2011

Based on our review of this data, as well as our experience analyzing convention center performance throughout the country, the following observations have been made:

- *Including parking revenue*, the LACC has operated at a near break even level, exclusive of debt service. It is common throughout the country for large-market convention centers to operate at deficits as high as $10 million. In this sense, the LACC operates at "industry superior" levels.
- Parking revenues represent a significant share of overall LACC revenue, accounting for 24 to 28 percent of revenue over the past four years. Changes to the allocation of parking revenue could have a material impact on the overall financial performance of the LACC. If decisions are made to reallocate parking revenue, a new "benchmark" of financial operating performance for the LACC should be acknowledged.
- The proposed LACC improvement project will provide for a more compact, contiguous building program, and this may allow for slight decreases in operating expense.

5. Convention Center Expansion/Relocation (cont'd)

- The ability to attract added city-wide conventions and tradeshows will not likely have a significant impact on overall LACC net financial performance. These events tend to demand significant rent concessions (in exchange for their significant community-side economic impact) and as a result a break-even scenario on a per-event basis could be assumed.
- We assume that major trade events such as the Auto Show, as well as the variety of local consumer shows, will remain as LACC customers. Losing a material number of these events could have a significant negative impact on LACC financial operating performance.

Given the above considerations, we do not anticipate a significant decrease (or increase) in net LACC financial operating levels. As noted above, decisions as to allocation of parking revenue could impact this finding.

A more detailed Planning Analysis for the Los Angeles Convention Center is attached hereto as Exhibit E.

6. Economic Impact Analysis

Potential Economic Impact – New Stadium

As part of the analysis, estimates of the potential economic impacts of the proposed new stadium have been developed. The assessment is based on past assumptions as to total events, per-attendee spending, attendance and economic impact multipliers. For purposes of this analysis, the economic impacts of the NFL team and the new stadium have been presented in terms of adjusted impacts, which represent the impacts to the local economy after accounting for the unique nature of player salaries and the manner in which they impact the economy as well as other expenditures that are not expected to impact the local economy. Throughout this report, the estimated economic impacts are presented in terms of City impacts to reflect the portion of economic activity attributable to the Team and stadium that is assumed to take place within the City.

Construction Period Impacts

It is anticipated that the new stadium will cost approximately $1.2 billion, including the two parking garages that AEG will construct as part of the project. Within the City of Los Angeles, it is expected that construction will generate total output of more than $360 million and create more than 2,500 jobs. The construction will take nearly three years and it is estimated that nearly $2.0 billion of gross total output would be created by construction spending, generating gross earnings of approximately $841 million and 14,000 jobs.

Estimated Economic Impacts of Construction
New NFL Stadium in Los Angeles

Gross Impacts	
Total Output	$1,929,000,000
Earnings	$841,200,000
Employment	14,000
City Impacts	
Total Output	$366,500,000
Earnings	$159,830,000
Employment	2,660

In addition, the tax impacts from construction of a new NFL stadium include approximately $1.2 million in sales tax revenue for the City of Los Angeles, and $66 million for the State of California.

Estimated Fiscal Impacts of Construction
Sales Tax Revenues

Estimated Taxable Sales	
State	$1,058,730,000
County	$316,550,000
City	$161,560,000
Sales Tax Rate	
State	6.25%
County Allocation	0.25%
City Allocation	0.75%
Sales Tax Revenue	
State	$66,170,000
County Allocation	$791,400
City Allocation	$1,212,000

Stadium and Team Operations

Stadium and team operations will have a much greater long-term economic impact on the City and the surrounding area. The operation of NFL franchises can create significant impacts on a community in a variety of ways. As a part of ongoing team operations, economic impacts are generated by the franchise, the League, stadium operations and fan spending. The impacts generated by an NFL team most visibly begin with fan and corporate spending on tickets, concessions, parking, merchandise, premium seating and stadium sponsorship at the stadium. League and other team revenues also comprise a portion of the initial round of spending. Other spending sources that further comprise the initial round of spending include visiting team expenditures and spending by fans at local establishments before and after games.

Direct Spending

The direct impact discussed in this report includes team and stadium revenues as well as spending by stadium patrons before and after events taking place outside of the stadium at local establishments such as restaurants, hotels, retail shops and other such places. The estimated operating revenues for the team and the stadium were used to calculate the majority of the initial round of spending related to those entities. The assumptions related to attendance and spending levels at non-NFL events were used to estimate direct spending related to the stadium but not directly attributable to the Team.

Estimates related to out-of-stadium spending are based primarily on information gathered as a part of previous analyses for NFL teams. Spending estimates for other events at the new stadium were developed based on industry averages. The estimated spending per person reflects a weighted average that accounts for individuals who do not spend any money as well as for individuals who do spend money before and after home games.

In addition to fan spending before and after home games, other areas of economic activity that have been used to calculate the impact associated with the stadium include team revenues and visiting team/media spending.

Adjusted Spending

Adjustments to the gross direct spending sources related to an NFL team have been made to reflect the fact that spending patterns of professional sports teams vary significantly from those in other more typical industries, as a portion of the initial spending immediately leaves the local economy. Because the largest expense of a professional sports franchise, players' salaries, does not necessarily fully impact the local area (players often do not reside in the local area year-round), the initial round of spending has been adjusted downward in this analysis.

Direct spending during the first full year of operations is projected to be $548 million, with adjusted gross spending totaling $391 million. The net new direct spending during that same year will be approximately $277 million.

Net New Direct Spending
Stadium & Team Operations

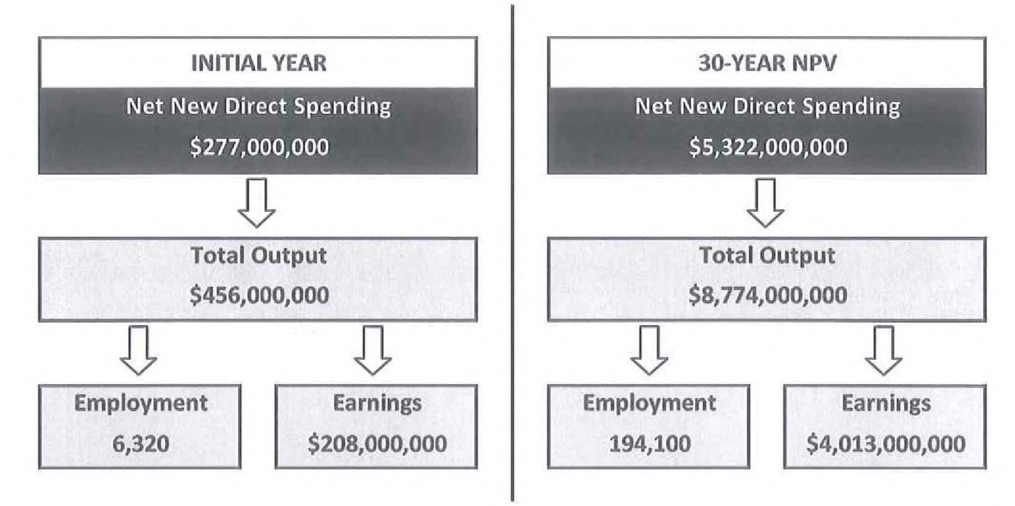
Spending Source	First Year	30-Year Cumulative *(1)*	Net Present Value *(2)*
NFL Team/Stadium	$238,000,000	$11,305,000,000	$4,573,000,000
Other Stadium Events	39,000,000	1,851,000,000	749,000,000
Total Net New Spending:	**$277,000,000**	**$13,156,000,000**	**$5,322,000,000**

(1) Assumes annual inflation rate of 3 percent.

(2) Assumes discount rate of 6 percent.

As the direct spending cycles throughout the local economy, additional impact is generated. Using multipliers supplied by the IMPLAN Group specific to the City of Los Angeles, we have estimated total output associated with the NFL team and the new stadium. During the first year of operations, the total new economic output for the NFL team and new stadium could approximate $456 million on an annual basis, with 6,320 jobs created. Over the initial 30 years of operations the stadium should generate nearly $8.8 billion in total output.

Summary of Estimated Economic Impacts
New NFL Stadium in Los Angeles



Fiscal Impacts

As a result of the direct and indirect economic impacts generated by the NFL team and the new stadium throughout the local area, the City of Los Angeles realizes increased tax collections. Based on the estimates of direct spending, the resulting tax collections have been calculated for the State and local jurisdictions. The sales tax within the City of Los Angeles totals 8.75 percent, with revenues distributed as follows:

- 6.25 percent retained by the State
- 0.75 percent allocated to the City from which the tax originated
- 0.25 percent allocated to the County
- 1.50 percent allocated to the MTA

In addition to the player salary adjustment discussed above, it is also necessary to adjust other team revenues to reflect that fact that team expenditures do not all occur locally. In total, gross direct spending has been reduced by 85 percent in estimating City fiscal impacts.

The estimated revenues generated by the City's 14.0 percent Transient Occupancy Tax have also been included in the analysis. Sales and Transient Occupancy taxes have been calculated based upon the existing tax rates applied to concessions, merchandise, restaurant and hotel spending.

Sales taxes resulting from indirect spending have also been included in the analysis. The percentage of indirect spending that is assumed to be subject to sales taxes has been estimated based on historical gross sales and taxable sales data. Based on this historical information, it is estimated that approximately 30.0 percent of indirect spending would represent taxable sales. The Exhibit below sets forth the incremental taxes generated from the new stadium.

Estimated Net New Fiscal Impacts
New NFL Stadium in Los Angeles

	First Year	30-Year Cumulative (1)	Net Present Value (2)
City - Sales Tax	*807,000*	*40,016,000*	*13,842,537*
City - Business Tax	*974,000*	*46,674,000*	*15,210,461*
Parking Tax (3)	*775,352*	*31,454,533*	*10,511,561*
Utility Tax	*507,182*	*24,129,414*	*7,731,931*
Possessory Interest Tax	*3,988,242*	*169,037,730*	*60,050,355*
City - TOT	*818,950*	*38,961,890*	*13,233,877*
City - Total	$7,870,726	$350,273,567	$120,580,722

(1) Assumes annual revenue growth of 3 percent.

(2) Assumes discount rate of 6 percent.

(3) Accounts for on-site parking only; off-site parking taxes replace lost revenues due to AEG assuming operations of the new garages.

The total projected taxes do not account for any Super Bowls, Final Fours or other non-recurring large events. It is very possible these types of events will occur at the stadium periodically. These types of events contribute between $10 and $15 million in taxes to the City each time they occur (including $5 to $10 million in TOT). During years when the stadium does not host either of these events, the TOT will average between $2.0 and $2.5 million over the first 30 years of operations. While these amounts are significant, the TOT actually paid to the City will likely be much lower than these projections reflect. The Ritz-Carlton (123 rooms), JW Marriott (878 rooms) and Wilshire Grand (900 rooms) hotels all retain the TOT taxes for some period of time pursuant to the agreements related to the financing and construction of these hotels. These hotels are likely to receive a large contingent of out-of-town guests for any events at either the stadium or the Convention Center. A total of 1,900 of the most desirable rooms for these events would thus be eliminated from the potential TOT revenues for a number of years, significantly impacting the total TOT received by the City. As a result, we have included only 66.7% of the annual projected TOT as actually being received by the City for the purposes of this report.

Potential Economic Impact – Convention Center Expansion/Renovation

As part of the analysis, we have developed estimates of the potential impacts on LACC city-wide convention and tradeshow activity associated with the proposed LACC enhancements. The assessment is based on past LACC data and our assumptions as to per-attendee spending, average event days, attendance and economic impact multipliers.

The event and impact data generated for this summary report are presented in the following exhibit.

Summary of Historical and Potential Future LACC Event and Impact Data

	3-Year Average (2010-2012)	5-Year Average (2008-2012)	7-Year Average (2006-2012)	Going Forward Baseline	Assuming LACC Enhancement
Events	22	20	19	24	29
Average Attendance	5,074	4,510	4,443	5,000	5,000
Average Event Days	4.00	4.00	4.00	4.00	4.00
Percent Non-Local	90%	90%	90%	90%	90%
Non-Local Attendee Days	395,776	331,190	297,036	432,000	522,000
Average Per-Day Spending (1)	$429	$429	$429	$429	$429
Total Direct Spending	$169,787,835	$142,080,476	$127,428,267	$185,328,000	$223,938,000
Output Multiplier (2)	1.550	1.550	1.550	1.550	1.550
Total Economic Output	$263,219,534	$220,265,230	$197,550,132	$287,311,218	$347,167,722
Hotel Tax (14% as of 2011)	$8,985,172	$7,518,899	$6,743,504	$9,807,558	$11,850,799
State Sales Tax (6.25%)	$5,539,328	$4,635,376	$4,157,347	$6,046,326	$7,305,977
City Sales Tax (0.75%)	$664,719	$556,245	$498,882	$725,559	$876,717
County Sales Tax (0.25%)	$221,573	$185,415	$166,294	$241,853	$292,239
MTA (transportation) Sales Tax (1.5%)	$1,329,439	$1,112,490	$997,763	$1,451,118	$1,753,435

(1) Includes spending from the attendee, exhibitor and event sponsor.
(2) Based in IMPLAN data.

As presented above, historical LACC data are summarized for three, five and seven year periods ending in 2012. The data show a general progression of event level and average attendance data increases. Resulting total direct spending over the 2010 to 2012 period averages $169.8 million. Direct spending for the five and seven year periods are estimated at $142.1 million and $127.4 million, respectively. As the direct delegate spending cycles throughout the local economy, additional impact is generated. Using multipliers supplied by the IMPLAN Group specific to the Los Angeles market, we have estimated total output associated with the LACC under various conditions. The total output associated with the seven, five and three year averages ranges from $197.5 million to $263.2 million. Under the new baseline scenario, total output generated by LACC city-wide events is estimated at $287.3 million. With the proposed LACC enhancements in place, as well as assumed significant hotel inventory improvements, the total output for the LACC could approximate $347.2 million on an annual basis.

Hotel tax collections will average an estimated $9.0 million over the 2010 to 2012 period. A new baseline hotel tax collection level is estimated at $9.8 million. With LACC enhancements and hotel inventory expansion, hotel tax collections are estimated to reach $11.8 million. Again, for the purposes of this report, we have included only two-thirds of the total TOT generated from LACC events due to the JW Marriott, Ritz-Carlton and Wilshire Grand hotels retaining TOT.

The state sales tax collections associated with the LACC are estimated at $5.5 million over the 2010 to 2012 period. New baseline sales tax impacts are estimated at $6.0 million. Assuming LACC enhancement and hotel inventory expansion, the baseline state sales tax impacts would increase to an estimated $7.3 million. The city's share of sales tax collections are estimated at $665,000 over the 2010 to 2012 period, stabilizing at a new baseline of $726,000. With LACC enhancement and hotel inventory expansion, the baseline impact for the city's share of sales tax collections is estimated at $877,000. The county's share of sales tax collections is estimated at $222,000 over the 2010 to 2012 period, reaching a baseline level of $242,000. This increases to $292,000 with LACC and hotel room inventory enhancements. Finally, sales tax collections dedicated to MTA (transportation) are estimated at $1.3 million over the 2010 to 2012 period, reaching a new baseline level of $1.5 million, and increasing further to $1.8 million with the LACC and hotel room inventory enhancements.

Given the cyclical nature of the industry, the impact of general economic conditions and changes to the competitive landscape that are certain to take place over time, the actual LACC city-wide booking levels, and associated economic and fiscal impacts will vary year to year, and this variance could be significant. Further, if no improvement to the LACC or surrounding hotel inventory takes place over time, the new baseline event and impact estimates will begin to erode as competitive destinations take market share from Los Angeles.

The exhibit on the following page summarizes the economic and fiscal impacts that the new stadium and NFL team as well as the expansion to the Convention Center will have on the City of Los Angeles.

Summary of Estimated Economic Impacts
New NFL Stadium and Expanded Convention Center

New Stadium		*Convention Center*	
Net New Direct Spending		Net New Direct Spending	
First Year	$277,000,000	First Year	$48,000,000
30-Year Cumulative (1)	$13,156,000,000	30-Year Cumulative (1)	$2,283,619,954
Net Present Value (2)	$5,322,000,000	Net Present Value (2)	$923,822,421
Total Output		Total Output	
First Year	$456,000,000	First Year	$60,000,000
30-Year Cumulative (1)	$21,689,000,000	30-Year Cumulative (1)	$2,854,524,942
Net Present Value (2)	$8,774,000,000	Net Present Value (2)	$1,154,778,027
Earnings		Earnings	
First Year	$208,000,000	First Year	$26,160,000
30-Year Cumulative (1)	$9,919,000,000	30-Year Cumulative (1)	$1,244,572,875
Net Present Value (2)	$4,013,000,000	Net Present Value (2)	$503,483,220
Employment		Employment	
Net New Jobs	6,320	Net New Jobs	711
Net New Taxes		Net New Taxes	
First Year	$7,870,726	First Year	$1,513,318
30-Year Cumulative	$350,273,567	30-Year Cumulative (1)	$61,392,404
Net Present Value (2)	$120,580,722	Net Present Value (2)	$25,901,330

(1) Assumes annual inflation rate of 3 percent.
(2) Assumes discount rate of 6 percent.

EXHIBIT B

LOS ANGELES EVENT CENTER TAX IMPACT ANALYSIS

July 22, 2011

SUMMARY OF PUBLIC REVENUES BY REVENUE TYPE
EVENT CENTER DEVELOPMENT
LOS ANGELES, CALIFORNIA
TOTAL PROJECT REVENUES AND INCREMENTAL TAXES

	Series A	Series B	CABs
Bond Principal	$195,000,000	$60,000,000	$25,000,000
Repayment Term	30	30	30
Interest Rate	5.72%	5.96%	8.21%

Project Year		Project Revenues	Incremental Taxes	Total Project Revenues/Taxes	Annual Bond Repayment (1)	AEG Gap Payment
Const.	2012	$0	$0	$0	$0	0
Const.	2013	0	1,267,125	1,267,125	0	0
Const.	2014	3,000,000	2,746,750	5,746,750	2,996,633	0
Const.	2015	3,090,000	3,653,521	6,743,521	14,103,804	(3,343,041)
1	2016	10,337,700	11,025,317	21,363,017	14,381,122	0
2	2017	10,560,031	9,606,167	20,166,198	14,685,207	0
3	2018	10,787,479	9,830,327	20,617,807	14,993,046	0
4	2019	11,020,170	10,059,932	21,080,102	15,312,057	0
5	2020	11,258,234	10,295,119	21,553,353	15,638,998	0
6	2021	11,501,802	10,536,029	22,037,832	15,966,387	0
7	2022	11,751,012	10,782,808	22,533,820	16,303,304	0
8	2023	12,006,003	11,035,604	23,041,607	16,651,952	0
9	2024	17,266,918	11,294,570	28,561,488	21,933,564	0
10	2025	17,683,904	11,559,863	29,243,768	22,414,665	0
11	2026	18,111,613	11,831,644	29,943,258	22,904,597	0
12	2027	18,550,335	12,110,079	30,660,413	23,411,555	0
13	2028	19,000,367	12,395,335	31,395,702	23,922,816	0
14	2029	19,462,017	12,687,589	32,149,606	24,455,304	0
15	2030	19,935,599	12,902,134	32,837,733	24,996,153	0
16	2031	20,421,437	13,206,376	33,627,813	25,549,713	0
17	2032	20,919,865	13,518,088	34,437,953	26,122,233	0
18	2033	21,431,225	13,837,462	35,268,687	26,701,060	0
19	2034	21,955,869	14,164,694	36,120,563	27,293,231	0
20	2035	22,494,159	14,499,985	36,994,145	27,911,714	0
21	2036	23,046,468	14,843,542	37,890,010	28,531,669	0
22	2037	23,613,179	15,195,576	38,808,755	29,172,596	0
23	2038	24,194,684	15,556,307	39,750,991	29,832,535	0
24	2039	24,791,389	15,925,956	40,717,346	30,502,337	0
25	2040	25,403,711	16,304,754	41,708,465	31,194,085	0
26	2041	26,032,076	16,692,937	42,725,012	31,899,284	0
27	2042	26,676,925	17,090,745	43,767,670	32,624,140	0
28	2043	27,338,710	17,498,429	44,837,139	33,369,867	0
29	2044	28,017,898	17,916,242	45,934,140	34,127,383	0
30	2045	28,714,967	18,344,447	47,059,413	34,912,315	0
30 Year Term						
Nominal Total		$590,375,746	$410,215,455	$1,000,591,201		
NPV @	6.0%	$186,801,842	$146,219,454	$326,503,401		

(1) Assumes capitalized interest during constructioi

SUMMARY OF PUBLIC REVENUES BY REVENUE TYPE
EVENT CENTER DEVELOPMENT
LOS ANGELES, CALIFORNIA
TOTAL PROJECT REVENUES AND INCREMENTAL TAXES

	Series A	Series B	CABs
Bond Principal	$195,000,000	$60,000,000	$25,000,000
Repayment Term	30	30	30
Interest Rate	5.72%	5.96%	8.21%

Project Year		Project Revenues	Incremental Taxes	Total Project Related Revenues	Annual Bond Repayment (1)	AEG Gap Payment
Const.	2012	$0	$0	$0	$0	0
Const.	2013	0	1,267,125	1,267,125	0	0
Const.	2014	3,000,000	2,746,750	5,746,750	2,996,633	0
Const.	2015	3,090,000	3,653,521	6,743,521	14,103,804	(3,343,041)
1	2016	10,337,700	11,025,317	21,363,017	14,381,122	0
2	2017	10,560,031	9,606,167	20,166,198	14,685,202	0
3	2018	10,787,479	9,830,327	20,617,807	14,993,046	0
4	2019	11,020,170	10,059,932	21,080,102	15,312,057	0
5	2020	11,258,234	10,295,119	21,553,353	15,638,998	0
6	2021	11,501,802	10,536,029	22,037,832	15,966,387	0
7	2022	11,751,012	10,782,808	22,533,820	16,303,304	0
8	2023	12,006,003	11,035,604	23,041,607	16,651,952	0
9	2024	17,266,918	11,294,570	28,561,488	21,933,564	0
10	2025	17,683,904	11,559,863	29,243,768	22,414,665	0
11	2026	18,111,613	11,831,644	29,943,258	22,904,597	0
12	2027	18,550,335	12,110,079	30,660,413	23,411,555	0
13	2028	19,000,367	12,395,335	31,395,702	23,922,810	0
14	2029	19,462,017	12,687,589	32,149,606	24,455,304	0
15	2030	19,935,599	12,902,134	32,837,733	24,996,153	0
16	2031	20,421,437	13,206,376	33,627,813	25,549,713	0
17	2032	20,919,865	13,518,088	34,437,953	26,122,233	0
18	2033	21,431,225	13,837,462	35,268,687	26,701,060	0
19	2034	21,955,869	14,164,694	36,120,563	27,293,231	0
20	2035	22,494,159	14,499,985	36,994,145	27,911,714	0
21	2036	23,046,468	14,843,542	37,890,010	28,531,669	0
22	2037	23,613,179	15,195,576	38,808,755	29,172,594	0
23	2038	24,194,684	15,556,307	39,750,991	29,832,535	0
24	2039	24,791,389	15,925,956	40,717,346	30,502,337	0
25	2040	25,403,711	16,304,754	41,708,465	31,194,085	0
26	2041	26,032,076	16,692,937	42,725,012	31,899,284	0
27	2042	26,676,925	17,090,745	43,767,670	32,624,140	0
28	2043	27,338,710	17,498,429	44,837,139	33,369,862	0
29	2044	28,017,898	17,916,242	45,934,140	34,127,383	0
30	2045	28,714,967	18,344,447	47,059,413	34,912,315	0
30 Year Term						
Nominal Total		$590,375,746	$410,215,455	$1,000,591,201	$754,815,326	-$3,343,041
NPV @ 6.0%		$186,801,842	$146,219,454	$326,509,401	$248,041,959	-$2,648,002

(1) Assumes interest only during construction

SUMMARY OF PUBLIC REVENUES BY REVENUE TYPE
EVENT CENTER DEVELOPMENT
LOS ANGELES, CALIFORNIA
TOTAL PROJECT REVENUES AND INCREMENTAL TAXES

Project Year		Project Revenues								
Project Year		Ground Lease Rent - Event Center	Increas in LACC Revenues over base	Admissions Fees Event Center	LACC Venice Garage - Additional Revenues (Stadium Events)	Special Tax STAPLES Center Lease Extension	LA Live Special Tax Payment	STAPLES Center Special Tax Payment	Incremental LACC Parking Revenue (Additional Events)	TOTAL Project Revenues
Const.	2012	$0	$0	$0	$0	$0	$0	$0	$0	$0
Const.	2013	0	0	0	0	0	0	0	0	$0
Const.	2014	0	0	0	0	0	3,000,000	0	0	$3,000,000
Const.	2015	0	0	0	0	0	3,090,000	0	0	$3,090,000
1	2016	6,500,000	655,000	0	0	0	3,182,700	0	0	$10,337,700
2	2017	6,613,750	668,100	0	0	0	3,278,181	0	0	$10,560,031
3	2018	6,729,491	681,462	0	0	0	3,376,526	0	0	$10,787,479
4	2019	6,847,257	695,091	0	0	0	3,477,822	0	0	$11,020,170
5	2020	6,967,084	708,993	0	0	0	3,582,157	0	0	$11,258,234
6	2021	7,089,008	723,173	0	0	0	3,689,622	0	0	$11,501,802
7	2022	7,213,065	737,636	0	0	0	3,800,310	0	0	$11,751,012
8	2023	7,339,294	752,389	0	0	0	3,914,320	0	0	$12,006,003
9	2024	7,467,732	767,437	0	0	0	4,031,749	5,000,000	0	$17,266,918
10	2025	7,598,417	782,786	0	0	0	4,152,702	5,150,000	0	$17,683,904
11	2026	7,731,389	798,441	0	0	0	4,277,283	5,304,500	0	$18,111,613
12	2027	7,866,688	814,410	0	0	0	4,405,601	5,463,635	0	$18,550,335
13	2028	8,004,356	830,698	0	0	0	4,537,769	5,627,544	0	$19,000,367
14	2029	8,144,432	847,312	0	0	0	4,673,902	5,796,370	0	$19,462,017
15	2030	8,286,959	864,259	0	0	0	4,814,119	5,970,261	0	$19,935,599
16	2031	8,431,981	881,544	0	0	0	4,958,543	6,149,369	0	$20,421,437
17	2032	8,579,541	899,175	0	0	0	5,107,299	6,333,850	0	$20,919,865
18	2033	8,729,683	917,158	0	0	0	5,260,518	6,523,866	0	$21,431,225
19	2034	8,882,452	935,501	0	0	0	5,418,334	6,719,582	0	$21,955,869
20	2035	9,037,895	954,211	0	0	0	5,580,884	6,921,169	0	$22,494,159
21	2036	9,196,058	973,296	0	0	0	5,748,310	7,128,804	0	$23,046,469
22	2037	9,356,989	992,761	0	0	0	5,920,760	7,342,669	0	$23,613,179
23	2038	9,520,737	1,012,617	0	0	0	6,098,382	7,562,949	0	$24,194,684
24	2039	9,687,349	1,032,869	0	0	0	6,281,334	7,789,837	0	$24,791,389
25	2040	9,856,878	1,053,526	0	0	0	6,469,774	8,023,532	0	$25,403,711
26	2041	10,029,373	1,074,597	0	0	0	6,663,867	8,264,238	0	$26,032,076
27	2042	10,204,888	1,096,089	0	0	0	6,863,783	8,512,165	0	$26,676,925
28	2043	10,383,473	1,118,011	0	0	0	7,069,697	8,767,530	0	$27,338,710
29	2044	10,565,184	1,140,371	0	0	0	7,281,787	9,030,556	0	$28,017,898
30	2045	10,750,075	1,163,178	0	0	0	7,500,241	9,301,473	0	$28,714,967
30 Year Term										
Nominal Total		$253,611,477	$26,572,092	$0	$0	$0	$157,509,276	$152,683,901	$0	$590,376,746
NPV @ 8.0%		$85,649,524	$8,879,933	$0	$0	$0	$53,466,283	$38,786,101	$0	$186,801,842

SUMMARY OF PUBLIC REVENUES BY REVENUE TYPE
EVENT CENTER DEVELOPMENT
LOS ANGELES, CALIFORNIA
TOTAL PROJECT REVENUES AND INCREMENTAL TAXES

		Incremental Taxes															
Project Year		Utility Taxes	Construction Sales Taxes	Gross Receipts Taxes - Stadium	Gross Receipts Taxes - NFL Team	Gross Receipts Taxes - Retail	Gross Receipts Taxes - PSL Sales	Sales Taxes - Off Site	Business Tax - Et Model Off site	Sales Taxes - Concessions	Sales Taxes - Merchandise	Parking Taxes Event Center (On Site)	LACC Incremental Taxes	Hotel TOT (City)	Possessory Interest Taxes - Event Center	Possessory Interest Taxes - Garages	TOTAL Incremental Taxes
Const.	2012	$0		$0	$0	$0		$0	$0	$0	$0	$0			$0	$0	$0
Const.	2013	0		0	0	0		0	0	0	0	0		0	1,079,100	138,027	$1,267,129
Const.	2014	0		0	0	0	212,500	0	0	0	0	0		0	2,158,200	376,050	$2,746,750
Const.	2015	0		0	0	0	212,500	0	0	0	0	0		0	3,057,450	383,573	$3,653,521
1	2016	507,182	1,638,000	215,075	453,968	36,425	212,500	527,255	50,633	215,107	64,340	775,352	1,513,318	818,950	3,597,000	391,242	$11,025,317
2	2017	522,394		245,365	520,223	37,335		544,470	204,005	220,484	65,917	790,859	1,543,584	843,519	3,668,940	399,067	$9,606,167
3	2018	538,070		252,476	537,957	38,269		562,235	208,435	225,996	67,565	806,876	1,574,456	868,824	3,742,319	407,049	$9,830,327
4	2019	554,212		259,832	556,320	39,225		580,571	212,873	233,646	69,254	822,810	1,605,945	894,889	3,817,165	415,190	$10,059,931
5	2020	570,898		267,463	575,340	40,206		599,492	217,309	237,438	70,986	839,266	1,638,064	921,736	3,893,508	423,493	$10,295,119
6	2021	587,963		275,312	595,024	41,211		619,019	221,750	243,373	72,760	856,051	1,670,825	949,388	3,971,379	431,963	$10,536,029
7	2022	605,602		283,459	615,429	42,242		639,170	226,176	249,458	74,579	873,172	1,704,242	977,869	4,050,806	440,603	$10,782,801
8	2023	623,770		291,883	636,551	43,293		659,966	230,594	255,694	76,444	890,635	1,738,327	1,007,205	4,131,822	449,415	$11,035,604
9	2024	642,483		300,603	658,478	45,119		677,064	234,745	266,448	78,355	908,448	1,773,094	1,037,421	4,214,459	458,403	$11,294,570
10	2025	661,758		309,678	681,082	45,490		703,570	239,348	268,639	80,314	926,617	1,808,555	1,068,544	4,298,748	467,571	$11,559,863
11	2026	681,611		318,960	704,553	46,854		726,422	243,447	275,355	82,322	945,149	1,844,726	1,100,600	4,384,723	476,922	$11,831,644
12	2027	702,059		328,578	725,669	48,260		750,003	250,750	282,239	84,380	964,052	1,881,621	1,133,618	4,472,417	486,461	$12,110,079
13	2028	723,121		338,384	747,460	49,708		774,336	255,273	289,295	86,489	983,334	1,919,253	1,167,627	4,561,866	496,190	$12,395,339
14	2029	744,814		348,536	769,884	51,199		799,445	266,021	296,527	88,652	1,003,000	1,957,638	1,202,656	4,653,103	506,114	$12,687,589
15	2030	767,159		358,992	792,980	52,735		825,355	189,118	303,940	90,868	1,023,060	1,996,791	1,238,735	4,746,165	516,236	$12,902,131
16	2031	790,174		369,762	816,770	54,317		852,089	194,791	311,539	93,140	1,043,521	2,036,727	1,275,898	4,841,088	526,561	$13,206,374
17	2032	813,879		380,855	841,273	55,946		879,676	200,635	319,327	95,468	1,064,392	2,077,461	1,314,174	4,937,910	537,092	$13,518,085
18	2033	838,295		392,280	866,511	57,625		909,140	206,654	327,310	97,855	1,085,680	2,119,011	1,353,600	5,036,668	547,834	$13,837,462
19	2034	863,444		404,049	892,506	59,353		937,510	212,854	335,493	100,301	1,107,393	2,161,391	1,394,208	5,137,402	558,791	$14,164,699
20	2035	889,347		416,170	919,281	61,134		967,814	219,239	343,880	102,809	1,129,541	2,204,619	1,436,034	5,240,150	569,960	$14,499,989
21	2036	916,028		428,655	946,860	62,968		999,092	225,816	357,477	105,379	1,152,132	2,248,711	1,479,115	5,344,953	581,360	$14,843,547
22	2037	943,509		441,515	975,266	64,857		1,031,344	232,591	361,289	108,013	1,175,175	2,293,695	1,523,489	5,451,852	592,987	$15,195,574
23	2038	971,814		454,760	1,004,524	66,803		1,064,630	239,569	370,322	110,714	1,198,678	2,339,559	1,569,193	5,560,889	604,853	$15,556,307
24	2039	1,000,968		468,403	1,034,659	68,807		1,098,975	246,756	379,580	113,431	1,222,652	2,386,350	1,616,269	5,672,107	616,950	$15,925,956
25	2040	1,030,997		482,455	1,065,699	70,871		1,134,409	254,158	389,069	116,319	1,247,105	2,434,077	1,664,757	5,785,549	629,289	$16,304,754
26	2041	1,061,927		496,929	1,097,670	72,997		1,170,968	261,783	398,796	119,226	1,272,047	2,482,759	1,714,700	5,901,260	641,875	$16,692,937
27	2042	1,093,785		511,837	1,130,600	75,187		1,208,687	269,637	408,766	122,207	1,297,488	2,532,414	1,766,141	6,019,285	654,712	$17,099,745
28	2043	1,126,599		527,192	1,164,518	77,443		1,247,603	277,726	418,985	125,262	1,323,437	2,583,062	1,819,125	6,139,671	667,806	$17,498,429
29	2044	1,160,397		543,008	1,199,454	79,766		1,287,752	286,057	429,459	128,394	1,349,906	2,634,723	1,873,699	6,262,464	681,163	$17,916,241
30	2045	1,195,209		559,298	1,235,437	82,159		1,329,174	294,639	440,196	131,604	1,376,904	2,687,418	1,929,910	6,387,713	694,786	$18,344,447
30 Year Term																	
Nominal Total		$24,129,414	$1,638,000	$11,271,642	$24,761,928	$1,667,808	$637,500	$26,106,228	$6,884,882	$9,448,127	$2,823,367	$31,454,533	$61,392,404	$38,961,890	$152,218,131	$16,819,599	$410,215,451
NPV @ 6.0%		$7,731,931	$1,545,283	$3,609,202	$7,873,804	$537,722	$568,015	$8,281,422	$2,305,274	$3,092,798	$923,481	$10,511,561	$25,901,330	$13,233,877	$53,959,318	$6,091,037	$146,219,454

SUMMARY OF PUBLIC REVENUES BY REVENUE TYPE
EVENT CENTER DEVELOPMENT
LOS ANGELES, CALIFORNIA
CURRENT AEG PROPOSAL (7-20-11)

	Series A	Series B	CABs
Bond Principal	$195,000,000	$60,000,000	$25,000,000
Repayment Term	30	30	30
Interest Rate	5.72%	5.96%	8.21%

Project Year		Project Revenues	Incremental Taxes	Total Project Related Revenues	Annual Bond Repayment (1)	AEG Gap Payment
Const.	2012	$0	$0	$0	$0	0
Const.	2013	0	1,267,125	1,267,125	0	0
Const.	2014	3,000,000	2,534,250	5,534,250	2,996,633	0
Const.	2015	3,090,000	3,441,021	6,531,021	14,103,804	(3,768,041)
1	2016	9,682,700	5,582,594	15,265,294	14,381,122	0
2	2017	9,891,931	4,858,866	14,750,797	14,685,207	0
3	2018	10,106,017	4,956,043	15,062,060	14,993,046	0
4	2019	10,325,079	5,055,164	15,380,243	15,312,057	0
5	2020	10,549,241	5,156,268	15,705,508	15,638,998	0
6	2021	10,778,629	5,259,393	16,038,022	15,966,387	0
7	2022	11,013,376	5,364,581	16,377,956	16,303,304	0
8	2023	11,253,613	5,471,872	16,725,486	16,651,952	0
9	2024	16,499,481	5,581,310	22,080,791	21,933,564	0
10	2025	16,901,119	5,692,936	22,594,055	22,414,665	0
11	2026	17,313,172	5,806,795	23,119,967	22,904,597	0
12	2027	17,735,925	5,922,931	23,658,855	23,411,555	0
13	2028	18,169,669	6,041,389	24,211,058	23,922,816	0
14	2029	18,614,704	6,162,217	24,776,921	24,455,304	0
15	2030	19,071,340	6,285,461	25,356,802	24,996,153	0
16	2031	19,539,893	6,411,171	25,951,064	25,549,713	0
17	2032	20,020,690	6,539,394	26,560,084	26,122,233	0
18	2033	20,514,067	6,670,182	27,184,249	26,701,060	0
19	2034	21,020,368	6,803,586	27,823,953	27,293,231	0
20	2035	21,539,948	6,939,657	28,479,605	27,911,714	0
21	2036	22,073,173	7,078,450	29,151,623	28,531,669	0
22	2037	22,620,417	7,220,019	29,840,437	29,172,596	0
23	2038	23,182,068	7,364,420	30,546,487	29,832,535	0
24	2039	23,758,520	7,511,708	31,270,229	30,502,337	0
25	2040	24,350,184	7,661,942	32,012,126	31,194,085	0
26	2041	24,957,479	7,815,181	32,772,660	31,899,284	0
27	2042	25,580,836	7,971,485	33,552,321	32,624,140	0
28	2043	26,220,700	8,130,915	34,351,614	33,369,867	0
29	2044	26,877,527	8,293,533	35,171,060	34,127,383	0
30	2045	27,551,788	8,459,403	36,011,192	34,912,315	0
30 Year Term						
Nominal Total		$563,803,654	$201,311,263	$765,114,917		
NPV @	6.0%	$177,921,909	$71,173,920	$249,095,829		

Effective Percentage of New Taxes Dedicated to Debt Service

Gross $	*49.07%*
NPV	*48.68%*

(1) Assumes capitalized interest during constructio

SUMMARY OF PUBLIC REVENUES BY REVENUE TYPE
EVENT CENTER DEVELOPMENT
LOS ANGELES, CALIFORNIA
AEG PROPOSAL (7-20-11)

	Series A	Series B	CABs
Bond Principal	$195,000,000	$60,000,000	$25,000,000
Repayment Term	30	30	30
Interest Rate	5.72%	5.96%	8.21%

Project Year		Project Revenues	Incremental Taxes	Total Project Related Revenues	TOTAL Bond Debt Service [1]	AEG Gap Payment
Const.	2012	$0	$0	$0	$0	0
Const.	2013	0	1,267,125	1,267,125	0	0
Const.	2014	3,000,000	2,534,250	5,534,250	2,996,633	0
Const.	2015	3,090,000	3,441,021	6,531,021	14,103,804	(3,768,041)
1	2016	9,682,700	5,582,594	15,265,294	14,381,122	0
2	2017	9,891,931	4,858,866	14,750,797	14,685,207	0
3	2018	10,106,017	4,956,043	15,062,060	14,993,046	0
4	2019	10,325,079	5,055,164	15,380,243	15,312,057	0
5	2020	10,549,241	5,156,268	15,705,508	15,638,998	0
6	2021	10,778,629	5,259,393	16,038,022	15,966,387	0
7	2022	11,013,376	5,364,581	16,377,956	16,303,304	0
8	2023	11,253,613	5,471,872	16,725,486	16,651,952	0
9	2024	16,499,481	5,581,310	22,080,791	21,933,564	0
10	2025	16,901,119	5,692,936	22,594,055	22,414,665	0
11	2026	17,313,172	5,806,795	23,119,967	22,904,597	0
12	2027	17,735,925	5,922,931	23,658,855	23,411,555	0
13	2028	18,169,669	6,041,389	24,211,058	23,922,816	0
14	2029	18,614,704	6,162,217	24,776,921	24,455,304	0
15	2030	19,071,340	6,285,461	25,356,802	24,996,153	0
16	2031	19,539,893	6,411,171	25,951,064	25,549,713	0
17	2032	20,020,690	6,539,394	26,560,084	26,122,233	0
18	2033	20,514,067	6,670,182	27,184,249	26,701,060	0
19	2034	21,020,368	6,803,586	27,823,953	27,293,231	0
20	2035	21,539,948	6,939,657	28,479,605	27,911,714	0
21	2036	22,073,173	7,078,450	29,151,623	28,531,669	0
22	2037	22,620,417	7,220,019	29,840,437	29,172,596	0
23	2038	23,182,068	7,364,420	30,546,487	29,832,535	0
24	2039	23,758,520	7,511,708	31,270,229	30,502,337	0
25	2040	24,350,184	7,661,942	32,012,126	31,194,085	0
26	2041	24,957,479	7,815,181	32,772,660	31,899,284	0
27	2042	25,580,836	7,971,485	33,552,321	32,624,140	0
28	2043	26,220,700	8,130,915	34,351,614	33,369,867	0
29	2044	26,877,527	8,293,533	35,171,060	34,127,383	0
30	2045	27,551,788	8,459,403	36,011,192	34,912,315	0
30 Year Term						
Nominal Total		$563,803,654	$201,311,263	$765,114,917	$754,815,326	-$3,768,041
NPV @ 6.0%		$177,921,909	$71,173,920	$249,095,829	$248,041,959	-$2,984,641

(1) Assumes capitlized interest during construction and annual escalation of approximately 1.8%

SUMMARY OF PUBLIC REVENUES BY REVENUE TYPE
EVENT CENTER DEVELOPMENT
LOS ANGELES, CALIFORNIA
AEG PROPOSAL (7-20-11)

		Project Revenues				
Project Year		Ground Lease Rent - Event Center	Special Tax STAPLES Center Lease Extension	LA Live! Special Tax Payment	STAPLES Center Special Tax Payment	TOTAL Project Revenues
Const.	2012	$0	$0	$0	$0	$0
Const.	2013	0	0	0	0	$0
Const.	2014	0	0	3,000,000	0	$3,000,000
Const.	2015	0	0	3,090,000	0	$3,090,000
1	2016	6,500,000	0	3,182,700	0	$9,682,700
2	2017	6,613,750	0	3,278,181	0	$9,891,931
3	2018	6,729,491	0	3,376,526	0	$10,106,017
4	2019	6,847,257	0	3,477,822	0	$10,325,079
5	2020	6,967,084	0	3,582,157	0	$10,549,241
6	2021	7,089,008	0	3,689,622	0	$10,778,629
7	2022	7,213,065	0	3,800,310	0	$11,013,376
8	2023	7,339,294	0	3,914,320	0	$11,253,613
9	2024	7,467,732	0	4,031,749	5,000,000	$16,499,481
10	2025	7,598,417	0	4,152,702	5,150,000	$16,901,119
11	2026	7,731,389	0	4,277,283	5,304,500	$17,313,172
12	2027	7,866,688	0	4,405,601	5,463,635	$17,735,925
13	2028	8,004,356	0	4,537,769	5,627,544	$18,169,669
14	2029	8,144,432	0	4,673,902	5,796,370	$18,614,704
15	2030	8,286,959	0	4,814,119	5,970,261	$19,071,340
16	2031	8,431,981	0	4,958,543	6,149,369	$19,539,893
17	2032	8,579,541	0	5,107,299	6,333,850	$20,020,690
18	2033	8,729,683	0	5,260,518	6,523,866	$20,514,067
19	2034	8,882,452	0	5,418,334	6,719,582	$21,020,368
20	2035	9,037,895	0	5,580,884	6,921,169	$21,539,948
21	2036	9,196,058	0	5,748,310	7,128,804	$22,073,173
22	2037	9,356,989	0	5,920,760	7,342,669	$22,620,417
23	2038	9,520,737	0	6,098,382	7,562,949	$23,182,068
24	2039	9,687,349	0	6,281,334	7,789,837	$23,758,520
25	2040	9,856,878	0	6,469,774	8,023,532	$24,350,184
26	2041	10,029,373	0	6,663,867	8,264,238	$24,957,479
27	2042	10,204,888	0	6,863,783	8,512,165	$25,580,836
28	2043	10,383,473	0	7,069,697	8,767,530	$26,220,700
29	2044	10,565,184	0	7,281,787	9,030,556	$26,877,527
30	2045	10,750,075	0	7,500,241	9,301,473	$27,551,788
30 Year Term						
Nominal Total		$253,611,477	$0	$157,508,276	$152,683,901	$563,803,654
NPV @	6.0%	$85,649,524	$0	$53,486,283	$38,786,101	$177,921,909

SUMMARY OF PUBLIC REVENUES BY REVENUE TYPE
EVENT CENTER DEVELOPMENT
LOS ANGELES, CALIFORNIA
AEG PROPOSAL (7-20-11)

		Incremental Taxes				
Project Year		Construction Sales Taxes	Parking Taxes Event Center (On Site)	Possessory Interest Taxes - Event Center	Possessory Interest Taxes - Garages	TOTAL Incremental Taxes
Const.	2012			$0	$0	$0
Const.	2013			1,079,100	188,025	$1,267,125
Const.	2014			2,158,200	376,050	$2,534,250
Const.	2015			3,057,450	383,571	$3,441,021
1	2016	819,000	775,352	3,597,000	391,242	$5,582,594
2	2017		790,859	3,668,940	399,067	$4,858,866
3	2018		806,676	3,742,319	407,049	$4,956,043
4	2019		822,810	3,817,165	415,190	$5,055,164
5	2020		839,266	3,893,508	423,493	$5,156,268
6	2021		856,051	3,971,379	431,963	$5,259,393
7	2022		873,172	4,050,806	440,603	$5,364,581
8	2023		890,635	4,131,822	449,415	$5,471,872
9	2024		908,448	4,214,459	458,403	$5,581,310
10	2025		926,617	4,298,748	467,571	$5,692,936
11	2026		945,149	4,384,723	476,922	$5,806,795
12	2027		964,052	4,472,417	486,461	$5,922,931
13	2028		983,334	4,561,866	496,190	$6,041,389
14	2029		1,003,000	4,653,103	506,114	$6,162,217
15	2030		1,023,060	4,746,165	516,236	$6,285,461
16	2031		1,043,521	4,841,088	526,561	$6,411,171
17	2032		1,064,392	4,937,910	537,092	$6,539,394
18	2033		1,085,680	5,036,668	547,834	$6,670,182
19	2034		1,107,393	5,137,402	558,791	$6,803,586
20	2035		1,129,541	5,240,150	569,966	$6,939,657
21	2036		1,152,132	5,344,953	581,366	$7,078,450
22	2037		1,175,175	5,451,852	592,993	$7,220,019
23	2038		1,198,678	5,560,889	604,853	$7,364,420
24	2039		1,222,652	5,672,107	616,950	$7,511,708
25	2040		1,247,105	5,785,549	629,289	$7,661,942
26	2041		1,272,047	5,901,260	641,875	$7,815,181
27	2042		1,297,488	6,019,285	654,712	$7,971,485
28	2043		1,323,437	6,139,671	667,806	$8,130,915
29	2044		1,349,906	6,262,464	681,163	$8,293,533
30	2045		1,376,904	6,387,713	694,786	$8,459,403
30 Year Term						
Nominal Total		$819,000	$31,454,533	$152,218,131	$16,819,599	$201,311,263
NPV @	6.0%	$772,642	$13,270,603	$53,959,318	$6,091,037	$71,173,920

EXHIBIT C

LOS ANGELES EVENT CENTER
NFL DEMOGRAPHIC ANALYSIS

July 22, 2011

Demographic Analysis

NFL Markets

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Demographic Analysis

Summary of NFL Demographic Characteristics

Demographic Variable	Los Angeles	Rank [1]	NFL Market Comparison: Average [2]	Median [2]	High	Low
Population	13,255,500	2	4,085,000	2,944,600	18,870,000	1,118,900
Projected Population Growth [3]	0.82%	18	5.25%	6.68%	2.80%	-0.47%
Population per Franchise [4]	1,893,600	3	1,141,017	1,082,800	2,096,700	559,500
Median Household Income	$60,647	9	$56,650	$54,507	$83,427	$45,711
Cost of Living Index [5]	141.6	29	109.5	99.2	217.9	88.7
Adjusted Household EBI	$34,218	30	$43,174	$42,871	$50,939	$22,285
Median Age [6]	35.4	6	37.4	37.5	42.6	33.5
Corporate Inventory [7]	15,340	1	3,950	3,125	15,340	1,120
Corporations per Franchise	2,190	1	1,170	1,120	2,190	560

(1) Rank out of 31 markets.

(2) Averages and medians exclude Los Angeles.

(3) Annualized growth over next five (5) years.

(4) Includes franchises in the NFL, Major League Baseball, National Basketball Association, and National Hockey League.

(5) Ranked from lowest to highest.

(6) Ranked from youngest to oldest.

(7) Includes all corporate headquarters with at least 25 employees and $5 million in annual sales, and all corporate branches with at least 25 employees.

Source: ACCRA (cost of living); Dun & Bradstreet (corporate inventory); Claritas (all other demographic variables).

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Demographic Analysis

Population Statistics - NFL Markets
Sorted by 2015 Population

Rank	Market	Team	Total Population 2010	Total Population Estimated 2015	Compound Annual Growth Rate
1	New York	Jets, Giants	18,870,000	19,167,700	0.31%
2	**Los Angeles**	**None**	**13,255,500**	**13,807,000**	**0.82%**
3	Chicago	Bears	9,602,200	9,895,500	0.60%
4	Dallas/Fort Worth	Cowboys	6,348,800	7,045,500	2.10%
5	Houston	Texans	5,819,100	6,466,100	2.13%
6	Oakland/San Francisco/San Jose	Raiders, 49ers	6,154,500	6,408,000	0.81%
7	Atlanta	Falcons	5,494,300	6,210,300	2.48%
8	Philadelphia	Eagles	5,852,700	5,953,300	0.34%
9	Miami	Dolphins	5,526,800	5,883,200	1.26%
10	Washington D.C.	Redskins	5,389,100	5,715,600	1.18%
11	Phoenix	Cardinals	4,351,300	4,996,100	2.80%
12	Boston	Patriots	4,495,800	4,557,000	0.27%
13	Detroit	Lions	4,451,100	4,443,000	-0.04%
14	Seattle	Seahawks	3,381,600	3,585,400	1.18%
15	Minneapolis/St. Paul	Vikings	3,258,200	3,425,200	1.00%
16	San Diego	Chargers	3,064,600	3,248,000	1.17%
17	Tampa Bay	Buccaneers	2,785,000	3,034,800	1.73%
18	St. Louis	Rams	2,824,600	2,899,300	0.52%
19	Baltimore	Ravens	2,684,200	2,757,700	0.54%
20	Denver	Broncos	2,528,800	2,734,300	1.57%
21	Green Bay/Milwaukee (1)	Packers	2,424,200	2,480,500	0.46%
22	Pittsburgh	Steelers	2,340,300	2,296,000	-0.38%
23	Cincinnati	Bengals	2,155,500	2,236,300	0.74%
24	Kansas City	Chiefs	2,015,500	2,118,600	1.00%
25	Cleveland	Browns	2,082,400	2,047,500	-0.34%
26	Charlotte	Panthers	1,720,600	1,949,300	2.53%
27	Indianapolis	Colts	1,729,100	1,844,600	1.30%
28	Nashville	Titans	1,568,600	1,718,600	1.84%
29	Jacksonville	Jaguars	1,362,100	1,511,300	2.10%
30	New Orleans	Saints	1,149,300	1,264,700	1.93%
31	Buffalo	Bills	1,118,900	1,092,800	-0.47%
Average (excluding Los Angeles)			**4,085,000**	**4,299,500**	**5.3%**
Median (excluding Los Angeles)			**2,944,600**	**3,141,400**	**6.7%**

Note: Sorted by 2015 population.

(1) Includes the following CBSA's: Green Bay, Milwaukee-Waukesha-West Allis, Appleton, Oshkosh-Neenah, Racine & Sheboygan.

Source: Claritas

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Demographic Analysis

Population per Professional Sports Franchise - NFL Markets

Rank	Market	2010 Population	Number of Major League Franchises [1]	Population per Franchise
1	New York	18,870,000	9	2,096,700
2	Chicago	9,602,200	5	1,920,400
3	**Los Angeles**	**13,255,500**	**7**	**1,893,600**
4	Seattle	3,381,600	2	1,690,800
5	Dallas/Fort Worth	6,348,800	4	1,587,200
6	San Diego	3,064,600	2	1,532,300
7	Philadelphia	5,852,700	4	1,463,200
8	Houston	5,819,100	4	1,454,800
9	Miami	5,526,800	4	1,381,700
10	Atlanta	5,494,300	4	1,373,600
11	Jacksonville	1,362,100	1	1,362,100
12	Washington D.C.	5,389,100	4	1,347,300
13	Baltimore	2,684,200	2	1,342,100
14	Boston	4,495,800	4	1,124,000
15	Detroit	4,451,100	4	1,112,800
16	Phoenix	4,351,300	4	1,087,800
17	Cincinnati	2,155,500	2	1,077,800
18	Oakland/San Francisco/San Jose	6,154,500	6	1,025,800
19	Kansas City	2,015,500	2	1,007,800
20	St. Louis	2,824,600	3	941,500
21	Tampa Bay	2,785,000	3	928,300
22	Indianapolis	1,729,100	2	864,600
23	Charlotte	1,720,600	2	860,300
24	Minneapolis/St. Paul	3,258,200	4	814,600
25	Green Bay/Milwaukee [1]	2,424,200	3	808,100
26	Nashville	1,568,600	2	784,300
27	Pittsburgh	2,340,300	3	780,100
28	Cleveland	2,082,400	3	694,100
29	Denver	2,528,800	4	632,200
30	New Orleans	1,149,300	2	574,700
31	Buffalo	1,118,900	2	559,500
Average (excluding Los Angeles)		**4,085,000**	**3**	**1,141,017**
Median (excluding Los Angeles)		**2,944,600**	**3**	**1,082,800**

(1) Includes franchises in the NFL, Major League Baseball, National Basketball Association and National Hockey League.

(2) Includes the following CBSA's: Green Bay, Milwaukee-Waukesha-West Allis, Appleton, Oshkosh-Neenah, Racine & Sheboygan.

Source: Claritas, CSL Research

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Demographic Analysis

Median Household Effective Buying Income - NFL Markets

Rank	Market	Team	Median HH EBI
1	Washington D.C.	Redskins	$63,400
2	Oakland/San Francisco/San Jose	Raiders, 49ers	$62,200
3	Boston	Patriots	$53,200
4	Seattle	Seahawks	$52,400
5	Minneapolis/St. Paul	Vikings	$51,400
6	Baltimore	Ravens	$51,000
7	San Diego	Chargers	$50,400
8	New York	Jets, Giants	$48,600
9	**Los Angeles**	**None**	**$48,500**
10	Denver	Broncos	$48,400
11	Philadelphia	Eagles	$47,600
12	Chicago	Bears	$47,200
13	Dallas/Fort Worth	Cowboys	$47,000
14	Atlanta	Falcons	$46,900
15	Phoenix	Cardinals	$46,300
16	Houston	Texans	$45,600
17	Kansas City	Chiefs	$44,900
18	Jacksonville	Jaguars	$44,400
19	Charlotte	Panthers	$44,100
20	Cincinnati	Bengals	$43,700
21	Detroit	Lions	$43,700
22	Nashville	Titans	$43,600
23	St. Louis	Rams	$43,400
24	Indianapolis	Colts	$43,400
25	Miami	Dolphins	$41,900
26	Green Bay/Milwaukee (1)	Packers	$41,600
27	Cleveland	Browns	$40,900
28	New Orleans	Saints	$40,500
29	Tampa Bay	Buccaneers	$39,800
30	Pittsburgh	Steelers	$38,400
31	Buffalo	Bills	$37,200
Average (excluding Los Angeles)			**$46,400**
Median (excluding Los Angeles)			**$45,250**

(1) Includes the following CBSA's: Green Bay, Milwaukee-Waukesha-West Allis, Appleton, Oshkosh-Neenah, Racine & Sheboygan.

Source: Claritas

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Demographic Analysis

Median Age - NFL Markets

Rank	Market	Team	Median Age
1	Houston	Texans	33.5
2	Dallas/Fort Worth	Cowboys	33.6
3	Phoenix	Cardinals	34.1
4	San Diego	Chargers	34.6
5	Atlanta	Falcons	35.1
6	**Los Angeles**	**None**	**35.4**
7	Charlotte	Panthers	35.8
8	Chicago	Bears	35.8
9	Indianapolis	Colts	35.9
10	Denver	Broncos	36.4
11	Nashville	Titans	36.4
12	Minneapolis/St. Paul	Vikings	36.6
13	Kansas City	Chiefs	36.7
14	Washington D.C.	Redskins	36.9
15	Cincinnati	Bengals	37.0
16	Jacksonville	Jaguars	37.3
17	Green Bay/Milwaukee (1)	Packers	37.8
18	Baltimore	Ravens	37.9
19	Seattle	Seahawks	38.0
20	St. Louis	Rams	38.0
21	New York	Jets, Giants	38.2
22	Philadelphia	Eagles	38.4
23	Detroit	Lions	38.5
24	New Orleans	Saints	38.6
25	Oakland/San Francisco/San Jose	Raiders, 49ers	38.7
26	Boston	Patriots	38.8
27	Cleveland	Browns	40.1
28	Buffalo	Bills	40.2
29	Miami	Dolphins	40.3
30	Tampa Bay	Buccaneers	41.0
31	Pittsburgh	Steelers	42.6

Average (excluding Los Angeles)	**37.4**
Median (excluding Los Angeles)	**37.5**

(1) Includes the following CBSA's: Green Bay, Milwaukee-Waukesha-West Allis, Appleton, Oshkosh-Neenah, Racine & Sheboygan.

Source: Claritas

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Demographic Analysis

Unemployment Rates - NFL Markets

Rank	Market	Team	Unemployment Rate (%)
1	Washington D.C.	Redskins	6.20%
2	New Orleans	Saints	6.80%
3	Minneapolis/St. Paul	Vikings	7.20%
4	Denver	Broncos	7.50%
5	Baltimore	Ravens	7.60%
6	Pittsburgh	Steelers	7.80%
7	Dallas/Fort Worth	Cowboys	8.00%
8	Phoenix	Cardinals	8.20%
9	Boston	Patriots	8.20%
10	Green Bay/Milwaukee(1)	Packers	8.25%
11	Houston	Texans	8.30%
12	Indianapolis	Colts	8.50%
13	Buffalo	Bills	8.50%
14	Kansas City	Chiefs	8.60%
15	Philadelphia	Eagles	8.70%
16	Cleveland	Browns	8.90%
17	Seattle	Seahawks	9.10%
18	New York	Jets, Giants	9.20%
19	Nashville	Titans	9.40%
20	St. Louis	Rams	9.80%
21	Cincinnati	Bengals	9.90%
22	San Diego	Chargers	10.10%
23	Atlanta	Falcons	10.10%
24	Chicago	Bears	10.60%
25	Oakland/San Francisco/San Jose	Raiders, 49ers	10.80%
26	Miami	Dolphins	10.90%
27	Jacksonville	Jaguars	11.30%
28	**Los Angeles**	**None**	**12.10%**
29	Charlotte	Panthers	12.10%
30	Tampa Bay	Buccaneers	12.40%
31	Detroit	Lions	14.90%

Average (excluding Los Angeles)	**9.26%**
Median (excluding Los Angfeles)	**8.80%**

(1) Includes the Appleton-Oshkosh-Neenah, Green Bay and Sheboygan MSA's and the Milwaukee-Racine CMSA.

Source: Bureau of Labor Statistics

PRIVILEGED AND CONFIDENTIAL DRAFT
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Demographic Analysis

Cost of Living Index - NFL Markets

Rank	Market	Team	Cost of Living Index
1	Nashville	Titans	88.7
2	Indianapolis	Colts	89.0
3	Houston	Texans	89.5
4	St. Louis	Rams	89.7
5	Cincinnati	Bengals	91.3
6	Pittsburgh	Steelers	92.1
7	Dallas/Fort Worth(1)	Cowboys	92.7
8	Charlotte	Panthers	93.4
9	Jacksonville	Jaguars	94.0
10	Tampa Bay	Buccaneers	94.0
11	Atlanta	Falcons	94.4
12	Buffalo	Bills	95.4
13	Kansas City	Chiefs	95.9
14	Green Bay/Milwaukee(2)	Packers	97.5
15	Phoenix	Cardinals	98.6
16	Cleveland	Browns	99.8
17	Detroit	Lions	101.4
18	Denver	Broncos	103.1
19	New Orleans	Saints	106.3
20	Miami	Dolphins	110.1
21	Minneapolis/St. Paul(3)	Vikings	111.0
22	Chicago	Bears	113.5
23	Baltimore	Ravens	121.8
24	Seattle	Seahawks	123.6
25	Philadelphia	Eagles	124.2
26	Boston	Patriots	131.2
27	San Diego	Chargers	133.9
28	Washington D.C.	Redskins	139.0
29	**Los Angeles**	**None**	**141.6**
30	Oakland/San Francisco/San Jose(4)	Raiders, 49ers	151.8
31	New York	Jets, Giants	217.9
Average (excluding Los Angeles)			**109.5**
Median (excluding Los Angeles)			**99.2**

(1) Represents the average cost of living indexes of Dallas, Ft. Worth and Arlington.
(2) Includes the following metropolitan areas: Green Bay, Milwaukee-Waukesha-West Allis, Appleton and Sheboygan.
(3) Represents the average cost of living indexes of Minneapolis and St. Paul.
(4) Represents the average cost of living indexes of San Francisco, Oakland and San Jose.
Source: ACCRA Cost of Living Index

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Demographic Analysis

Adjusted Household Effective Buying Income - NFL Markets

Rank	Market	Team	Average Household EBI [1]	Cost of Living Index	Adjusted Household EBI
1	Houston	Texans	$45,590	89.5	$50,939
2	Dallas/Fort Worth	Cowboys	$46,984 [2]	92.7	$50,684
3	Atlanta	Falcons	$46,949	94.4	$49,734
4	Nashville	Titans	$43,619	88.7	$49,176
5	Indianapolis	Colts	$43,372	89.0	$48,732
6	St. Louis	Rams	$43,406	89.7	$48,391
7	Cincinnati	Bengals	$43,708	91.3	$47,873
8	Jacksonville	Jaguars	$44,422	94.0	$47,258
9	Charlotte	Panthers	$44,061	93.4	$47,175
10	Phoenix	Cardinals	$46,325	98.6	$46,983
11	Denver	Broncos	$48,403	103.1	$46,948
12	Kansas City	Chiefs	$44,857	95.9	$46,775
13	Minneapolis/St. Paul	Vikings	$51,380 [3]	111.0	$46,288
14	Washington D.C.	Redskins	$63,437	141.6	$44,800
15	Detroit	Lions	$43,706	101.4	$43,102
16	Green Bay/Milwaukee	Packers	$41,574 [4]	97.5	$42,640
17	Tampa Bay	Buccaneers	$39,762	94.0	$42,300
18	Seattle	Seahawks	$52,403	124.2	$42,192
19	Pittsburgh	Steelers	$38,411	92.1	$41,706
20	Baltimore	Ravens	$50,989	123.6	$41,254
21	Oakland/San Francisco/San Jose	Raiders, 49ers	$62,175	151.8 [5]	$40,959
22	Cleveland	Browns	$40,858	99.8	$40,939
23	Boston	Patriots	$53,174	133.9	$39,712
24	Buffalo	Bills	$37,159	95.4	$38,950
25	Chicago	Bears	$47,168	121.8	$38,726
26	Miami	Dolphins	$41,949	110.1	$38,101
27	New Orleans	Saints	$40,492	106.3	$38,092
28	Philadelphia	Eagles	$47,580	131.2	$36,265
29	San Diego	Chargers	$50,383	139.0	$36,247
30	**Los Angeles**	**None**	**$48,453**	**141.6**	**$34,218**
31	New York	Jets, Giants	$48,560	217.9	$22,285
Average (excluding Los Angeles)			**$46,429**	**$110**	**$43,174**
Median (excluding Los Angeles)			**$45,223**	**$99**	**$42,871**

(1) After tax, disposable income.
(2) Represents the average cost of living indexes of Dallas, Ft. Worth and Arlington.
(3) Represents the average cost of living indexes of Minneapolis and St. Paul.
(4) Includes the following metropolitan areas: Green Bay, Milwaukee-Waukesha-West Allis, Appleton and Sheboygan.
(5) Represents the average cost of living indexes of San Francisco, Oakland and San Jose.
Source: Claritas, ACCRA Cost of Living Index

Demographic Analysis

Corporate Base - NFL Markets

Rank	NFL Market	Team	Headquarters [1]	Branches [2]	Total Corporate Inventory
1	**Los Angeles**	**None**	**8,190**	**7,150**	**15,340**
2	New York	Jets, Giants	7,250	4,870	12,120
3	Chicago	Bears	4,850	4,760	9,610
4	Oakland/San Francisco/San Jose	Raiders, 49ers	3,370	3,370	6,740
5	Dallas	Cowboys	2,720	3,620	6,340
6	Washington D.C.	Redskins	3,060	3,140	6,200
7	Boston	Patriots	3,110	2,430	5,540
8	Houston	Texans	2,530	2,790	5,320
9	Atlanta	Falcons	2,200	2,990	5,190
10	Philadelphia	Eagles	2,600	2,510	5,110
11	Detroit	Lions	2,370	2,600	4,970
12	Minneapolis	Vikings	1,970	1,850	3,820
13	Miami	Dolphins	2,020	1,720	3,740
14	Seattle	Seahawks	1,680	1,910	3,590
15	Phoenix	Cardinals	1,740	1,710	3,450
16	Denver	Broncos	1,380	1,820	3,200
17	Cleveland	Browns	1,470	1,580	3,050
18	Green Bay/Milwaukee [3]	Packers	1,530	1,520	3,050
19	San Diego	Chargers	1,470	1,470	2,940
20	St. Louis	Rams	1,330	1,500	2,830
21	Baltimore	Ravens	1,240	1,410	2,650
22	Tampa Bay	Buccaneers	1,110	1,420	2,530
23	Pittsburgh	Steelers	1,170	1,320	2,490
24	Kansas City	Chiefs	950	1,300	2,250
25	Cincinnati	Bengals	980	1,250	2,230
26	Charlotte	Panthers	810	1,300	2,110
27	Indianapolis	Colts	900	1,130	2,030
28	Nashville	Titans	700	950	1,650
29	Jacksonville	Jaguars	540	800	1,340
30	Buffalo	Bills	580	600	1,180
31	New Orleans	Saints	450	670	1,120
Average (excluding Los Angeles)			**1,940**	**2,010**	**3,950**
Median (excluding Los Angeles)			**1,500**	**1,645**	**3,125**

*Sorted by total corporate inventory.

(1) Includes corporate headquarters with at least 25 employees and $5 million in sales

(2) Branches with at least 25 employees

(3) Includes the following MSA's: Green Bay, Milwaukee-Waukesha, Appleton-Oshkosh-Neenah, Racine and Sheboygan

Note: Excludes industries typically not targeted for premium seating: non-profits, educational, governmental institutions, etc.

Source: Dun & Bradstreet

Demographic Analysis

Corporate Base per Professional Sports Franchise - NFL Markets

Rank	NFL Market	Team	Headquarters [1]	Branches [2]	Total Corporate Inventory [1]	Number of Major Professional Sports Franchises [2]	Corporations per Franchise
1	Los Angeles	None	8,190	7,150	15,340	7	2,190
2	Chicago	Bears	4,850	4,760	9,610	5	1,920
3	Seattle	Seahawks	1,680	1,910	3,590	2	1,800
4	Houston	Texans	2,530	2,790	5,320	3	1,770
5	Dallas	Cowboys	2,720	3,620	6,340	4	1,590
6	Washington D.C.	Redskins	3,060	3,140	6,200	4	1,550
7	San Diego	Chargers	1,470	1,470	2,940	2	1,470
8	Boston	Patriots	3,110	2,430	5,540	4	1,390
9	New York	Jets, Giants	7,250	4,870	12,120	9	1,350
10	Jacksonville	Jaguars	540	800	1,340	1	1,340
11	Baltimore	Ravens	1,240	1,410	2,650	2	1,330
12	Atlanta	Falcons	2,200	2,990	5,190	4	1,300
13	Philadelphia	Eagles	2,600	2,510	5,110	4	1,280
14	Detroit	Lions	2,370	2,600	4,970	4	1,240
15	Kansas City	Chiefs	950	1,300	2,250	2	1,130
16	Oakland/San Francisco/San Jose	Raiders, 49ers	3,370	3,370	6,740	6	1,120
17	Cincinnati	Bengals	980	1,250	2,230	2	1,120
18	Charlotte	Panthers	810	1,300	2,110	2	1,060
19	Cleveland	Browns	1,470	1,580	3,050	3	1,020
20	Green Bay/Milwaukee [3]	Packers	1,530	1,520	3,050	3	1,020
21	Indianapolis	Colts	900	1,130	2,030	2	1,020
22	Minneapolis	Vikings	1,970	1,850	3,820	4	960
23	St. Louis	Rams	1,330	1,500	2,830	3	940
24	Miami	Dolphins	2,020	1,720	3,740	4	940
25	Phoenix	Cardinals	1,740	1,710	3,450	4	860
26	Tampa Bay	Buccaneers	1,110	1,420	2,530	3	840
27	Pittsburgh	Steelers	1,170	1,320	2,490	3	830
28	Nashville	Titans	700	950	1,650	2	830
29	Denver	Broncos	1,380	1,820	3,200	4	800
30	Buffalo	Bills	580	600	1,180	2	590
31	New Orleans	Saints	450	670	1,120	2	560
Average (excluding Los Angeles)			**1,940**	**2,010**	**3,950**	**3**	**1,170**
Median (excluding Los Angeles)			**1,500**	**1,645**	**3,125**	**3**	**1,120**

(1) Includes corporate headquarters with at least 25 employees and $5 million in sales and branches with at least 25 employees

(2) Includes teams in the NFL, MLB, NBA and NHL

(3) Includes the following MSA's: Green Bay, Milwaukee-Waukesha, Appleton-Oshkosh-Neenah, Racine and Sheboygan

Note: Excludes industries typically not targeted for premium seating: non-profits, educational, governmental institutions, etc.

Source: Dun & Bradstreet

EXHIBIT D

LOS ANGELES EVENT CENTER
NFL ANALYSIS

July 22, 2011

Ticket Sales Analysis

NFL Markets

PRIVELEGED AND CONFIDENTIAL DRAFT
For Discussion Purposes Only

Ticket Sales Analysis

Attendence Per Game - NFL Markets
Sorted by 5-Year Average Tickets Sold Per Game

2009 Rank	Team	Stadium Year Built	Stadium Seating Capacity	Tickets Sold Per Regular Season Game 2009	2008	2007	2006	2005	5-Year Average	5-Year Rank
1	Washington Redskins	1997	85,513	85,213	88,756	88,934	88,619	88,452	87,995	1
2	New York Giants	1976	79,338	78,677	78,576	78,674	78,616	78,566	78,622	2
3	New York Jets	1976	79,336	73,832	76,703	77,095	77,320	77,480	76,486	3
4	Denver Broncos	2001	73,325	73,804	73,833	74,748	74,569	74,459	74,282	4
5	Buffalo Bills	1998	72,732	66,041	67,735	69,632	66,212	70,320	67,988	14
6	Kansas City Chiefs	1972	72,405	60,355	66,701	77,818	78,021	78,135	72,206	6
7	Miami Dolphins	1987	71,747	67,543	65,490	72,120	73,247	71,907	70,061	9
8	Green Bay Packers	2003	71,324	70,708	70,683	70,802	70,710	70,300	70,641	8
9	Baltimore Ravens	1998	70,315	69,488	69,724	69,617	69,713	69,278	69,564	11
10	Atlanta Falcons	1992	70,135	66,375	62,621	66,824	68,949	68,814	66,716	17
11	Carolina Panthers	1996	70,049	72,146	72,018	72,381	72,399	72,254	72,240	5
12	New England Patriots	2002	69,281	70,185	70,713	72,398	72,333	70,964	71,319	7
13	New Orleans Saints	1975	68,216	66,487	68,344	66,284	66,048	49,936	63,420	23
14	Philadelphia Eagles	2003	67,607	67,498	67,625	67,660	67,911	66,399	67,419	15
15	Cleveland Browns	1999	67,481	64,594	71,060	71,344	70,478	70,614	69,618	10
16	Houston Texans	2002	67,381	68,714	68,612	69,068	68,484	68,460	68,668	12
17	Tennessee Titans	1999	66,963	66,806	67,164	67,093	66,991	66,715	66,954	16
18	Seattle Seahawks	2002	66,004	65,711	66,377	66,707	66,505	64,996	66,059	18
19	San Diego Chargers	1967	65,968	67,494	68,130	68,358	68,637	68,492	68,222	13
20	Pittsburgh Steelers	2001	65,321	64,700	64,654	64,248	64,269	63,730	64,320	20
21	Dallas Cowboys	2009	65,255	78,719	62,126	62,560	62,507	62,171	65,616	19
22	Cincinnati Bengals	2000	64,695	61,975	63,063	64,260	64,519	64,344	63,632	22
23	Tampa Bay Buccaneers	1998	64,602	54,633	63,243	61,494	63,884	63,418	61,334	25
24	Jacksonville Jaguars	1995	64,463	45,883	60,431	60,849	60,870	59,726	57,552	30
25	Arizona Cardinals	2006	63,111	61,949	62,510	63,034	62,063	48,641	59,639	28
26	Oakland Raiders	1995	62,384	42,270	56,172	56,496	55,694	50,172	52,160	32
27	Indianapolis Colts	2008	62,224	64,764	64,453	55,582	55,415	55,331	59,109	29
28	St. Louis Rams	1995	62,067	53,389	58,280	62,587	63,626	63,840	60,345	27
29	Detroit Lions	2002	61,963	47,774	51,891	60,538	60,889	61,576	56,533	31
30	Minnesota Vikings	1982	61,765	62,446	61,567	62,006	62,018	62,248	62,057	24
31	San Francisco 49ers	1960	60,252	60,708	62,180	66,278	65,184	64,008	63,672	21
32	Chicago Bears	2003	59,414	60,511	60,563	60,663	60,910	60,813	60,692	26
Average			**67,895**	**65,043**	**66,625**	**67,755**	**67,738**	**66,455**	**66,723**	--
Median			**67,172**	**66,208**	**66,539**	**66,958**	**66,748**	**66,557**	**66,835**	--

Note: Capacities based on 2009 NFL ticket manifest
Source: NFL

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Ticket Sales Analysis

5-Year Tickets Sold per Game by % of Capacity - NFL Markets

2009 Rank	Team	Stadium Year Built	Stadium Seating Capacity	Tickets Sold as Percentage of Capacity 2009	2008	2007	2006	2005	5-Year Average	5-Year Rank
1	Dallas Cowboys(1)	2009	65,255	120.6%	100.0%	100.7%	100.6%	100.1%	104.4%	1
2	Indianapolis Colts(2)	2008	62,224	104.1%	103.6%	100.1%	99.8%	99.6%	101.4%	8
3	Carolina Panthers	1996	70,049	103.0%	102.8%	103.3%	103.4%	103.1%	103.1%	3
4	San Diego Chargers	1967	65,968	102.3%	103.3%	103.6%	104.0%	103.8%	103.4%	2
5	Houston Texans	2002	67,381	102.0%	101.8%	102.5%	101.6%	101.6%	101.9%	7
6	Chicago Bears	2003	59,414	101.8%	101.9%	102.1%	102.5%	102.4%	102.2%	6
7	New England Patriots	2002	69,281	101.3%	102.1%	104.5%	104.4%	102.4%	102.9%	4
8	Minnesota Vikings	1982	61,765	101.1%	99.7%	100.4%	100.4%	100.8%	100.5%	12
9	San Francisco 49ers(3)	1960	60,252	100.8%	103.2%	101.2%	99.5%	97.7%	100.5%	11
10	Denver Broncos	2001	73,325	100.7%	100.7%	101.9%	101.7%	101.5%	101.3%	10
11	Philadelphia Eagles	2003	67,607	99.8%	100.0%	100.1%	100.4%	98.2%	99.7%	16
12	Tennessee Titans	1999	66,963	99.8%	100.3%	100.2%	100.0%	99.6%	100.0%	14
13	Washington Redskins	1997	85,513	99.6%	103.8%	104.0%	103.6%	103.4%	102.9%	5
14	Seattle Seahawks	2002	66,004	99.6%	100.6%	101.1%	100.8%	98.5%	100.1%	13
15	New York Giants	1976	79,338	99.2%	99.0%	99.2%	99.1%	99.0%	99.1%	17
16	Green Bay Packers	2003	71,324	99.1%	99.1%	99.3%	99.1%	98.6%	99.0%	18
17	Pittsburgh Steelers	2001	65,321	99.0%	99.0%	98.4%	98.4%	97.6%	98.5%	21
18	Baltimore Ravens	1998	70,315	98.8%	99.2%	99.0%	99.1%	98.5%	98.9%	19
19	Arizona Cardinals	2006	63,111	98.2%	99.0%	99.9%	98.3%	n/a	98.9%	20
20	New Orleans Saints	1975	68,216	97.5%	100.2%	97.2%	96.8%	n/a	97.9%	23
21	Cincinnati Bengals	2000	64,695	95.8%	97.5%	99.3%	99.7%	99.5%	98.4%	22
22	Cleveland Browns(4)	1999	67,481	95.7%	105.3%	102.8%	101.5%	101.7%	101.4%	9
23	Atlanta Falcons	1992	70,135	94.6%	89.3%	95.3%	98.3%	98.1%	95.1%	27
24	Miami Dolphins	1987	71,747	94.1%	91.3%	100.5%	102.1%	100.2%	97.7%	24
25	New York Jets	1976	79,336	93.1%	96.7%	97.2%	97.5%	97.7%	96.4%	26
26	Buffalo Bills	1998	72,732	90.8%	93.1%	95.7%	91.0%	96.7%	93.5%	29
27	St. Louis Rams	1995	62,067	86.0%	93.9%	100.8%	102.5%	102.9%	97.2%	25
28	Tampa Bay Buccaneers	1998	64,602	84.6%	97.9%	95.2%	98.9%	98.2%	94.9%	28
29	Kansas City Chiefs	1972	72,405	83.4%	92.1%	107.5%	107.8%	107.9%	99.7%	15
30	Detroit Lions	2002	61,963	77.1%	83.7%	97.7%	98.3%	99.4%	91.2%	30
31	Jacksonville Jaguars	1995	64,463	71.2%	93.7%	94.4%	94.4%	92.7%	89.3%	31
32	Oakland Raiders	1995	62,384	67.8%	90.0%	90.6%	89.3%	80.4%	83.6%	32
Average			**67,895**	**95.7%**	**98.2%**	**99.9%**	**99.8%**	**99.4%**	**98.6%**	--
Median			**67,172**	**99.1%**	**99.4%**	**100.1%**	**99.9%**	**99.5%**	**99.4%**	--

(1) Occupancy percentages from 2005-08 are based on a capacity of 62,108
(2) Occupancy percentages from 2005-07 are based on a capacity of 55,531
(3) Occupancy percentages from 2005-07 are based on a capacity of 65,500
(4) Occupancy percentages from 2005-07 are based on a capacity of 69,406
Note: Sorted by 2009 percentage of capacity
Note: Capacities based on 2009 NFL Ticket Manifest, unless otherwise noted
Source: NFL

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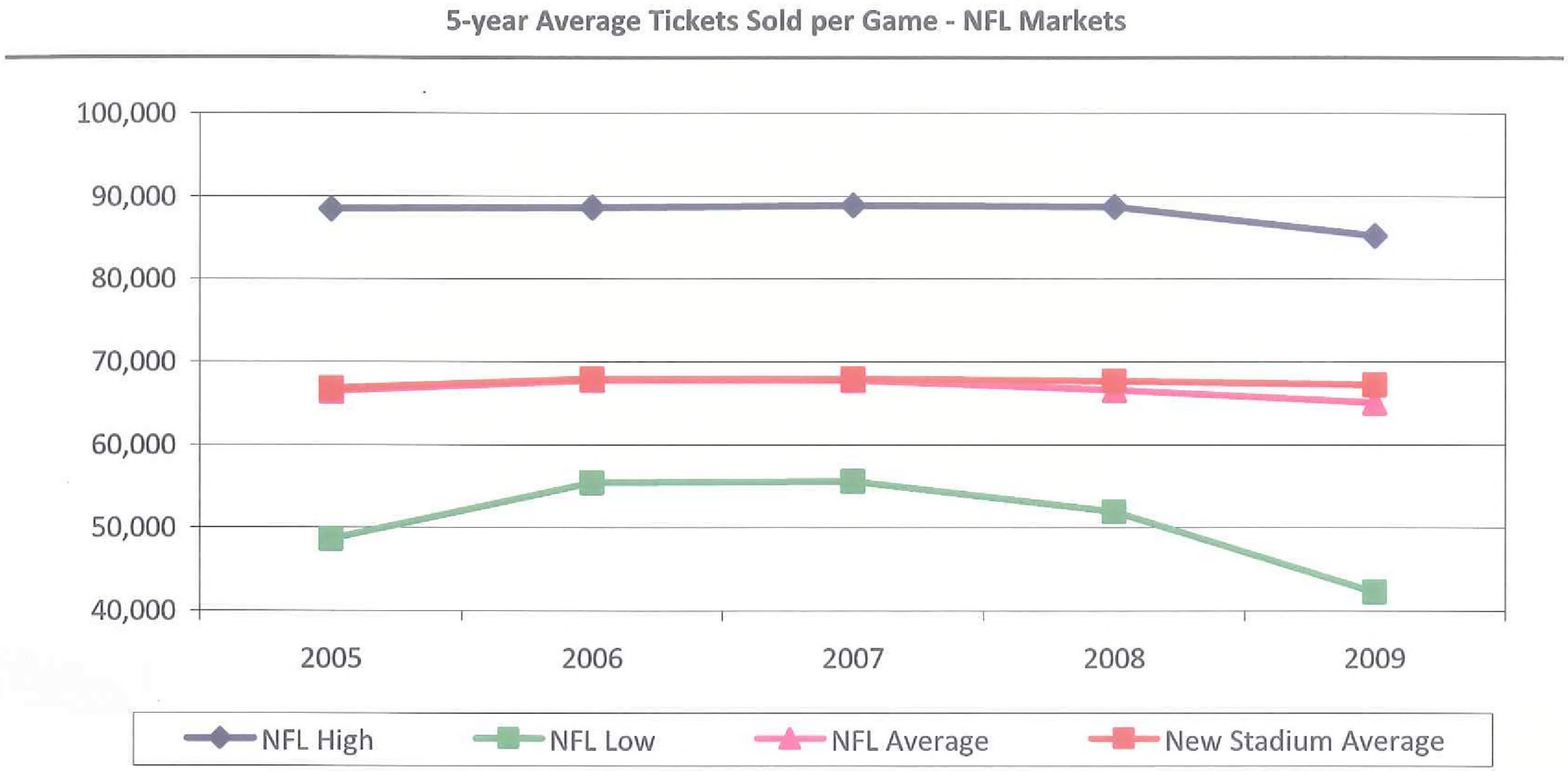
CONVENTIONS SPORTS & LEISURE

Ticket Sales Analysis



Note: New stadium average includes stadiums built since 1996.
Source: NFL

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Ticket Sales Analysis

Note: New stadium average includes stadiums built since 1996.
Source: NFL

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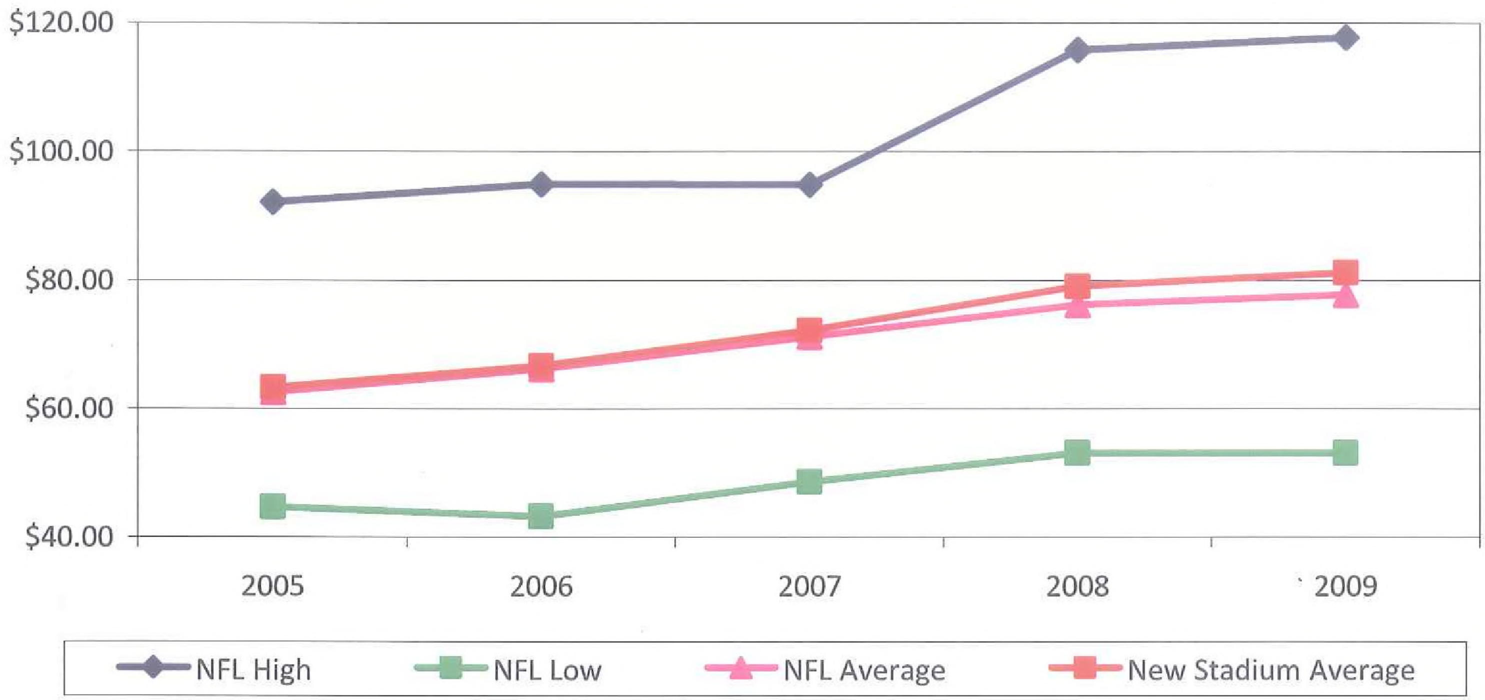
Ticket Sales Analysis

5-Year Average Ticket Price (Excluding Club Premium) - NFL Markets



Note: New stadium average includes stadiums built since 1996.
Source: NFL

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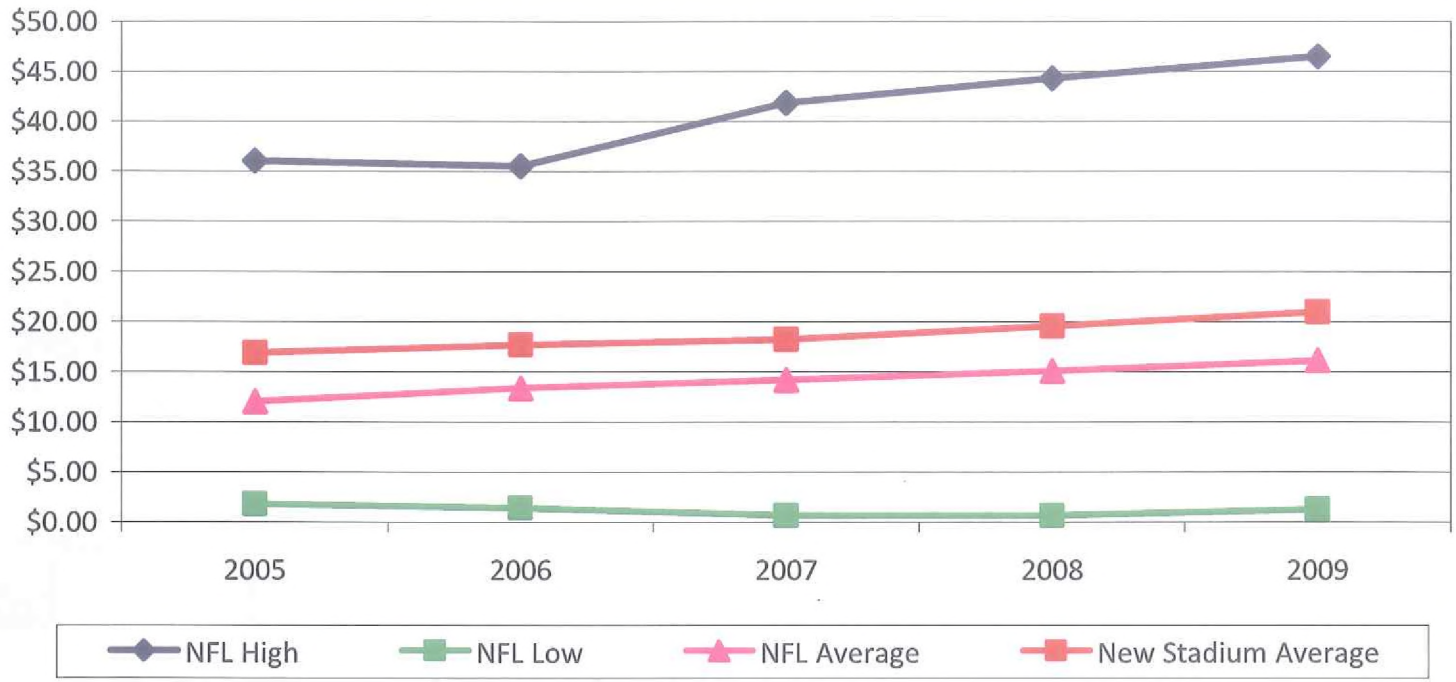
Ticket Sales Analysis

5-Year Average Club Seat Premium - NFL Markets



Note: New stadium average includes stadiums built since 1996.
Source: NFL

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Private Seat License Analysis

NFL Markets

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Private Seat License Analysis

NFL Stadium Seat License Programs

Team	Stadium	Year Opened	Stadium Capacity	Number of Seat Licenses	Licenses as Percent of Capacity	Seat License Price Range	Total Seat License Revenue Goal
Dallas Cowboys	Cowboys Stadium	2009	80,000	56,314	70%	$2,000 - $150,000	$650,000,000
New York Giants	New Meadowlands Stadium	2010	82,500	75,261	91%	$1,000 - $20,000	$400,046,000
New York Jets	New Meadowlands Stadium	2010	82,500	47,804	58%	$2,500 - $30,000	$325,879,000
Carolina Panthers	Bank of America Stadium	1996	71,215	62,400	88%	$600 - $5,400	$195,000,000
Oakland Raiders	Oakland-Alameda Coliseum	1996	63,026	45,000	71%	$250 - $4,000	$84,000,000
St. Louis Rams	Edward Jones Dome	1995	65,419	57,800	88%	$250 - $3,000	$74,000,000
Baltimore Ravens	M&T Bank Stadium	1998	68,447	65,700	96%	$250 - $3,000	$72,300,000
Tennessee Titans	LP Field	1999	68,402	61,500	90%	$250 - $4,500	$71,000,000
Philadelphia Eagles	Lincoln Financial Field	2003	67,502	29,000	43%	$1,500 - $3,145	$60,000,000
Chicago Bears	Soldier Field	2003	61,500	27,500	45%	$900 - $10,000	$55,000,000
Houston Texans	Reliant Stadium	2002	67,120	45,420	68%	$600 - $4,200	$50,000,000
Pittsburgh Steelers	Heinz Field	2001	64,128	49,533	77%	$250 - $2,700	$45,221,000
Cleveland Browns	Browns Stadium	1999	69,405	49,733	72%	$300 - $2,350	$35,000,000
Cincinnati Bengals	Paul Brown Stadium	2000	64,521	42,000	65%	$300 - $1,500	$25,000,000
Seattle Seahawks	Qwest Field	2002	64,897	8,356	13%	$2,000 -$3,000	$20,500,000
Average		**2002**	**69,400**	**48,200**	**69%**	**$860 - $16,500**	**$144,196,000**

Private Seat License Analysis

NFL Seat Licensing - Secondary Market Comparison

Team	Stadium	Year Opened	Original Average Price	2010 Average Asking Price	Compound Annual Growth Rate
Pittsburgh Steelers	Heinz Field	2001	$913	$13,518	28.1%
Chicago Bears	Soldier Field	2003	$2,000	$14,543	28.1%
Philadelphia Eagles	Lincoln Financial Field	2003	$2,069	$7,041	16.5%
Baltimore Ravens	M&T Bank Stadium	1998	$1,100	$5,051	12.4%
Houston Texans	Reliant Stadium	2002	$1,101	$2,496	9.5%
Cincinnati Bengals	Paul Brown Stadium	2000	$595	$1,559	9.2%
Cleveland Browns	Cleveland Browns Stadium	1999	$704	$1,830	8.3%
Seattle Seahawks	Qwest Field	2002	$2,453	$4,866	7.9%
Tennessee Titans	LP Field	1999	$1,154	$2,740	7.5%
Carolina Panthers	Bank of America Stadium	1996	$3,125	$3,642	1.0%
St. Louis Rams	Edward Jones Dome	1995	$1,280	$1,414	0.6%
Dallas Cowboys	Cowboys Stadium	2009	$13,966	n/a	n/a
Average			**$2,686**	**$4,518**	**10.1%**

Source: PSL Marketplace; Season Ticket Rights; Bears, Bengals, Rams, Ravens, Steelers and Texans PSL Marketplace

PRIVILEGED AND CONFIDENTIAL DRAFT
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Premium Seating Analysis

NFL Markets

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Premium Seating Analysis

NFL Stadium Premium Seating Overview

Revenue Rank	Franchise	Facility	Year Built	Private Suites: Total # of Suites	Private Suites: Average * Annual Fee	Private Suites: Potential * Annual Revenue	Club Seats: Total # of Club Seats	Club Seats: Average Annual Fee	Club Seats: Potential * Annual Revenue	Total * Potential Premium Seating Revenue
1	Dallas Cowboys	Cowboys Stadium	2009	300	$300,000	$90,000,000	14,102	$3,400	$47,947,000	$137,947,000
2	**Los Angeles**	***Proposed***	**2016**	**200**	**$275,000**	**$55,000,000**	**15,000**	**$4,500**	**$67,500,000**	**$122,500,000**
3	New York Giants	New Meadowlands Stadium (Giants)	2010	213	$494,000	$52,611,000	9,236	$4,760	$43,976,000	$96,587,000
4	New York Jets	New Meadowlands Stadium (Jets)	2010	213	$494,000	$52,611,000	10,041	$3,840	$38,539,000	$91,150,000
5	Washington Redskins	FedEx Field	1997	208	$151,000	$31,480,000	17,263	$3,350	$57,890,000	$89,370,000
6	Tampa Bay Buccanneers	Raymond James Stadium	1998	197	$105,000	$20,705,000	12,053	$2,750	$33,120,000	$53,825,000
7	Houston Texans	Reliant Stadium	2002	185	$156,000	$28,804,000	8,464	$2,700	$22,794,000	$51,598,000
8	New England Patriots	Gillette Stadium	2002	80	$188,000	$15,000,000	6,460	$5,000	$32,327,000	$47,327,000
9	Miami Dolphins	Sun Life Stadium	1987	195	$97,000	$18,833,000	10,470	$2,640	$27,641,000	$46,474,000
10	Philadelphia Eagles	Lincoln Financial Field	2003	171	$143,000	$24,445,000	8,447	$2,340	$19,791,000	$44,236,000
11	Chicago Bears	Soldier Field	1924/2003	133	$151,000	$20,142,000	8,376	$2,801	$23,465,000	$43,607,000
12	Carolina Panthers	Bank of America Stadium	1996	157	$92,000	$14,404,000	11,223	$2,110	$23,727,000	$38,131,000
13	Baltimore Ravens	M&T Bank Stadium	1998	122	$138,000	$16,887,000	8,108	$2,420	$19,609,000	$36,496,000
14	Indianapolis Colts	Lucas Oil Stadium	2008	140	$127,000	$17,848,000	7,264	$2,510	$18,253,000	$36,101,000
15	Denver Broncos	INVESCO Field at Mile High	2001	115	$123,000	$14,178,000	7,749	$2,790	$21,656,000	$35,834,000
16	Jacksonville Jaguars	Jacksonville Municipal Stadium	1995	89	$110,000	$9,782,000	11,692	$1,970	$23,004,000	$32,786,000
17	Tennessee Titans	LP Field	1999	171	$78,000	$13,282,000	11,682	$1,590	$18,582,000	$31,864,000
18	Pittsburgh Steelers	Heinz Field	2001	129	$99,000	$11,311,000 (1)	8,100	$2,300	$18,610,000	$29,921,000
19	Atlanta Falcons	Georgia Dome	1992	171	$122,000	$17,980,000	6,180	$1,874	$11,584,000	$29,564,000
20	Seattle Seahawks	Qwest Field	2002	112	$105,000	$11,729,000	7,826	$2,180	$17,034,000	$28,763,000
21	San Diego Chargers	Qualcomm Stadium	1967/1997	113	$110,000	$12,430,000	7,668	$2,120	$16,260,000	$28,690,000
22	Cincinnati Bengals	Paul Brown Stadium	2000	132	$116,000	$15,247,000	7,793	$1,680	$13,063,000	$28,310,000
23	Cleveland Browns	Cleveland Browns Stadium	1999	145	$81,000	$11,703,000	8,345	$1,970	$16,421,000	$28,124,000
24	Green Bay Packers	Lambeau Field	1957/2003	166	$79,000	$13,038,000	6,089	$2,368	$14,419,000	$27,457,000
25	New Orleans Saints	Louisiana Superdome	1975	137	$80,000	$10,960,000	8,593	$1,880	$16,122,000	$27,082,000
26	Arizona Cardinals	University of Phoenix Stadium	2006	108	$99,000	$10,733,000	7,356	$2,101	$15,458,000	$26,191,000
27	Buffalo Bills	Ralph Wilson Stadium	1973/1999	132	$82,000	$10,800,000	8,831	$1,650	$14,535,000	$25,335,000
28	Kansas City Chiefs	Arrowhead Stadium	1972/2010	111	$123,000	$13,653,000	7,715	$1,400	$10,794,000	$24,447,000
29	Detroit Lions	Ford Field	2002	127	$96,000	$12,133,000	7,312	$1,509	$11,033,000	$23,166,000
30	St. Louis Rams	Edward Jones Dome	1995	101	$100,000	$10,083,000	6,692	$1,720	$11,507,000	$21,590,000
31	Oakland Raiders	Oakland-Alameda County Coliseum	1966/1995	143	$70,000	$9,995,000	5,552	$1,400	$7,775,000	$17,770,000
32	San Francisco 49ers	Candlestick Park	1971	95	$110,000	$10,450,000	n/a	n/a	n/a	$10,450,000
33	Minnesota Vikings	Hubert H. Humphrey Metrodome	1982	99	$68,000	$6,742,000	242	$4,500	$1,089,000	$7,831,000
Average (excluding Los Angeles				**147**	**$140,219**	**$19,687,469**	**8,610**	**$2,504**	**$21,549,194**	**$40,563,000**

* Rounded to the nearest '000.

(1) The Steelers have a total of 129 suites, but 15 are non-revenue generating. Suite revenue potential reflects only the revenue-generating suites.

Note: Suites for the Giants and Jets are sold together. Potential annual suite revenue has been split evenly between both franchises.

Source: NFL ticket manifest and premium seating representatives at NFL teams.

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Premium Seating Analysis

Total Potential Market Suite and Club Seat Revenue - NFL Markets

Rank	Market	Potential Suite Revenue	Potential Club Seat Revenue	Total Potential PS Revenue	Total Corporations & Branches (1)	Premium Seating Revenue Per Corporation
1	New York	$171,985,000	$488,308,000	$660,293,000	12,120	$54,500
2	New Orleans	16,448,000	42,832,360	59,280,360	1,120	52,900
3	Dallas/Ft. Worth	137,380,000	83,038,640	220,418,640	6,340	34,800
4	Tampa	34,817,000	51,149,900	85,966,900	2,530	34,000
5	Charlotte	28,254,000	41,172,020	69,426,020	2,110	32,900
6	Buffalo	16,344,000	21,847,650	38,191,650	1,180	32,400
7	Indianapolis	28,751,000	32,703,840	61,454,840	2,030	30,300
8	Pittsburgh	29,882,000	40,804,025	70,686,025	2,490	28,400
9	Boston	54,860,000	99,637,100	154,497,100	5,540	27,900
10	Cleveland	49,986,000	32,517,150	82,503,150	3,050	27,100
11	Nashville	22,122,000	22,196,020	44,318,020	1,650	26,900
12	Washington D.C.	75,712,000	86,214,000	161,926,000	6,200	26,100
13	Philadelphia	56,282,000	70,153,120	126,435,120	5,110	24,700
14	Denver	37,461,000	40,616,150	78,077,150	3,200	24,400
15	Jacksonville	9,790,000	22,682,480	32,472,480	1,340	24,200
16	Phoenix	41,516,000	40,505,300	82,021,300	3,450	23,800
17	Miami	39,459,000	47,899,960	87,358,960	3,740	23,400
18	St. Louis	28,816,000	35,733,600	64,549,600	2,830	22,800
19	Baltimore	24,531,000	34,441,360	58,972,360	2,650	22,300
20	Houston	58,905,000	54,491,200	113,396,200	5,320	21,300
21	Cincinnati	20,408,000	26,928,870	47,336,870	2,230	21,200
22	**Los Angeles/Anaheim**	**134,850,000**	**176,120,880**	**310,970,880**	**15,340**	**20,300**
23	Atlanta	49,148,000	54,314,400	103,462,400	5,190	19,900
24	San Diego	19,505,000	38,736,960	58,241,960	2,940	19,800
25	Minneapolis/St. Paul	28,503,000	36,513,520	65,016,520	3,820	17,000
26	Chicago	87,228,000	74,080,640	161,308,640	9,610	16,800
27	Milwaukee/Green Bay	27,196,000	23,668,752	50,864,752	3,050	16,700
28	Seattle	22,145,000	35,901,540	58,046,540	3,590	16,200
29	Detroit	51,440,000	22,390,724	73,830,724	4,970	14,900
30	S.F./Oakland	45,499,000	53,547,080	99,046,080	6,740	14,700
31	Kansas City	14,983,000	17,753,500	32,736,500	2,250	14,500
	Average	**$47,232,000**	**$62,868,000**	**$110,100,000**	**4,300**	**$25,400**

(1) Includes corporate headquarters with at least 25 employees and $5 million in sales; and branches with at least 25 employees

(2) Includes Areas with four or more franchises (highlighted in yellow)

Source: Dun & Bradstreet; ALSD; NFL, MLB, NBA and NHL team representatives.

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Premium Seating Analysis

Corporate Suite Penetrations - NFL Markets

Rank	Market	Suites NBA	Suites NHL	Suites MLB	Suites NFL	Total Suites [1]	Total Corps. [2]	Corporations Per Suite
1	Los Angeles	160	84	107	200	551	15,335	27.8
2	Seattle	0	0	61	112	173	3,590	20.8
3	* New York	118	200	121	213	652	12,120	18.6
4	* Boston	90	90	45	80	305	5,540	18.2
5	San Diego	0	0	62	113	175	2,940	16.8
6	* Houston	105	0	63	185	353	5,320	15.1
7	Jacksonville	0	0	0	89	89	1,340	15.1
8	* Chicago	190	190	156	133	669	9,610	14.4
9	Baltimore	0	0	72	122	194	2,650	13.7
10	Kansas City	0	0	96	80	176	2,250	12.8
11	* Atlanta	92	92	54	171	409	5,190	12.7
12	Minneapolis	68	66	72	99	305	3,820	12.5
13	* Washington D.C.	114	114	69	208	505	6,200	12.3
14	Cincinnati	0	0	50	132	182	2,230	12.3
15	* Oakland/San Francisco/San Jose	72	65	210	238	585	6,740	11.5
16	St. Louis	0	87	64	114	265	2,830	10.7
17	* Detroit	192	62	93	127	474	4,970	10.5
18	Green Bay/Milwaukee	62	0	65	166	293	3,050	10.4
19	* Philadelphia	126	126	71	171	494	5,110	10.3
20	Phoenix	88	76	70	108	342	3,450	10.1
21	Indianapolis	71	0	0	140	211	2,030	9.6
22	Charlotte	64	0	0	157	221	2,110	9.5
23	Pittsburgh	0	68	65	129	262	2,490	9.5
24	Denver	95	95	45	115	350	3,200	9.1
25	* Dallas	142	142	123	300	707	6,340	9.0
26	Cleveland	88	0	132	145	365	3,050	8.4
27	Miami	24	72	190	195	481	3,740	7.8
28	Tampa Bay	0	82	65	197	344	2,530	7.4
29	Nashville	0	72	0	171	243	1,650	6.8
30	New Orleans	57	0	0	137	194	1,120	5.8
31	Buffalo	0	80	0	132	212	1,180	5.6
Average - NFL (excluding Los Angeles)						**341**	**3,946**	**11.6**
Average - Comparable Markets (excluding Los Angeles)						**515**	**6,714**	**13.0**

(1) Includes NBA, NHL, MLB and NFL facilities

(2) Includes corporate headquarters with at least 25 employees and $5 million in annual sales and branches with at least 25 employees

Note: Excludes industries typically not targeted for premium seating: non-profits, educational, governmental institutions, etc.

* Comparable markets are defined as having a qualified corporate inventory of more than 4,000 companies.

Source: Claritas, team premium seating representatives, industry periodicals

PRIVILEGED AND CONFIDENTIAL DRAFT
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CONVENTIONS SPORTS & LEISURE CSL

Premium Seating Analysis

Corporate Club Seat Penetrations - NFL Markets

Rank	Market	Club Seats NBA	NHL	MLB	NFL	Total Club Seats (1)	Total Corps. (2)	Corporations Per Club Seat
1	Los Angeles	**1,700**	**2,589**	**5,947**	**15,000**	**25,236**	**15,335**	**0.61**
2	* Boston	1,068	1,068	688	6,460	9,284	12,120	1.31
3	Minneapolis	352	2,800	3,400	242	6,794	5,190	0.76
4	* Detroit	1,000	0	1,039	7,312	9,351	4,970	0.53
5	* Chicago	3,000	3,000	5,443	8,376	19,819	1,340	0.07
6	* Atlanta	1,800	1,800	5,400	6,180	15,180	2,250	0.15
7	* Houston	2,900	0	4,776	8,464	16,140	2,940	0.18
8	* Philadelphia	1,810	1,810	3,571	8,447	15,638	5,110	0.33
9	* Oakland/San Francisco/San Jose	2,726	3,300	9,221	5,552	20,799	6,740	0.32
10	* New York	2,860	6,508	11,000	19,277	39,645	3,590	0.09
11	Green Bay/Milwaukee	250	0	4,150	6,089	10,489	3,050	0.29
12	Seattle	0	0	5,059	7,826	12,885	15,335	1.19
13	* Dallas	2,025	2,025	5,500	14,102	23,652	6,340	0.27
14	* Washington D.C.	2,200	2,200	1,999	17,263	23,662	6,200	0.26
15	St. Louis	0	1,200	3,707	6,692	11,599	2,830	0.24
16	Phoenix	2,228	400	4,400	7,356	14,384	3,450	0.24
17	Cleveland	2,400	0	2,063	8,345	12,808	3,050	0.24
18	Baltimore	0	0	3,800	8,108	11,908	9,610	0.81
19	Kansas City	0	0	2,575	7,715	10,290	2,650	0.26
20	Indianapolis	2,648	0	0	7,264	9,912	2,030	0.20
21	San Diego	0	0	6,760	7,668	14,428	5,540	0.38
22	Cincinnati	0	0	3,380	7,793	11,173	2,230	0.20
23	Denver	1,900	1,900	4,526	7,749	16,075	3,200	0.20
24	Pittsburgh	0	2,200	2,975	8,100	13,275	2,490	0.19
25	Charlotte	2,300	0	0	11,223	13,523	2,110	0.16
26	Miami	1,800	2,300	10,209	10,470	24,779	3,740	0.15
27	Tampa Bay	0	3,222	3,000	12,053	18,275	2,530	0.14
28	Nashville	0	1,100	0	11,682	12,782	1,650	0.13
29	Jacksonville	0	0	0	11,692	11,692	5,320	0.46
30	Buffalo	0	2,500	0	8,831	11,331	1,180	0.10
31	New Orleans	3,320	0	0	8,593	11,913	1,120	0.09
Average - NFL (excluding Los Angeles)						**15,116**	**4,330**	**0.29**
Average - Comparable Markets (excluding Los Angeles)						**19,317**	**5,160**	**0.27**

(1) Includes NBA, NHL, MLB and NFL facilities
(2) Includes corporate headquarters with at least 25 employees and $5 million in annual sales and branches with at least 25 employees
*Comparable markets are defined as having a corporate inventory of more than 4,000 companies
Source: Claritas, team premium seating representatives, industry periodicals

Premium Seating Analysis

High Income Household Club Seat Penetrations - NFL Markets

Rank	Market	Club Seats: NBA	Club Seats: NHL	Club Seats: MLB	Club Seats: NFL	Total Club Seats [1]	Total High Income Households [2]	High Income Households Per Club Seat
1	* New York	2,860	6,508	11,000	19,277	39,645	1,997,162	50.4
2	**Los Angeles**	**1,700**	**2,589**	**5,947**	**15,000**	**25,236**	**1,160,422**	**46.0**
3	* Miami	1,800	2,300	10,209	10,470	24,779	409,233	16.5
4	* Washington DC	2,200	2,200	1,999	17,263	23,662	803,433	34.0
5	* Dallas	2,025	2,025	5,500	14,102	23,652	511,836	21.6
6	* Oakland/San Francisco/San Jose	2,726	3,300	9,221	5,552	20,799	844,796	40.6
7	* Chicago	3,000	3,000	5,443	8,376	19,819	843,302	42.6
8	Tampa Bay	0	3,222	3,000	12,053	18,275	181,838	10.0
9	* Houston	2,900	0	4,776	8,464	16,140	457,248	28.3
10	Denver	1,900	1,900	4,526	7,749	16,075	232,919	14.5
11	* Philadelphia	1,810	1,810	3,571	8,447	15,638	559,081	35.8
12	* Atlanta	1,800	1,800	5,400	6,180	15,180	444,716	29.3
13	San Diego	0	0	6,760	7,668	14,428	289,845	20.1
14	Phoenix	2,228	400	4,400	7,356	14,384	323,613	22.5
15	Charlotte	2,300	0	0	11,223	13,523	129,858	9.6
16	Pittsburgh	0	2,200	2,975	8,100	13,275	150,491	11.3
17	Seattle	0	0	5,059	7,826	12,885	348,459	27.0
18	Cleveland	2,400	0	2,063	8,345	12,808	141,545	11.1
19	Nashville	0	1,100	0	11,682	12,782	109,445	8.6
20	New Orleans	3,320	0	0	8,593	11,913	76,449	6.4
21	Baltimore	0	0	3,800	8,108	11,908	284,763	23.9
22	Jacksonville	0	0	0	11,692	11,692	98,941	8.5
23	St. Louis	0	1,200	3,707	6,692	11,599	207,328	17.9
24	Buffalo	0	2,500	0	8,831	11,331	69,259	6.1
25	Cincinnati	0	0	3,380	7,793	11,173	163,311	14.6
26	Green Bay/Milwaukee	250	0	4,150	6,089	10,489	168,646	16.1
27	Kansas City	0	0	2,575	7,715	10,290	152,962	14.9
28	Indianapolis	2,648	0	0	7,264	9,912	132,582	13.4
29	Detroit	1,000	0	1,039	7,312	9,351	337,326	36.1
30	* Boston	1,068	1,068	688	6,460	9,284	541,352	58.3
31	Minneapolis	352	2,800	3,400	242	6,794	322,928	47.5
Average - NFL (excluding Los Angeles)						**15,116**	**377,822**	**25.0**
Average - Comparable Markets (excluding Los Angeles)						**20,860**	**741,216**	**35.5**

(1) Includes NBA, NHL, MLB and NFL facilities

(2) Includes households with annual household income greater than $100,000

* Comparable markets are defined as having more than 400,000 high income households

Source: Claritas, team premium seating representatives, industry periodicals

PRIVILEGED AND CONFIDENTIAL DRAFT
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Attachment E
Proposed Plan of Finance
For New Hall

Prepared by the Public Resources
Advisory Group (PRAG)

and

KNN Public Finance

PROPOSED PLAN OF FINANCE FOR NEW HALL

The $234 million projected cost for New Hall and related improvements would be financed through issuance of two types of bonds. The City, acting through the Los Angeles Convention and Exhibition Center Authority, would issue approximately $195.0 million in Lease Revenue Bonds. The Lease Revenue Bonds would be repaid by the City using new General Fund revenues generated as a direct result of the Event Center project as described below that otherwise would not have been received. The City would also establish a Community Facilities District covering the LA Live and Staples Arena properties to issue approximately $80.3 million in Special Tax Bonds. The Special Tax Bonds would be repaid through an incremental property tax levied on the property owners or lessors of the parcels as described below. The City would have no financial liability for repayment of the Special Tax Bonds.

The proceeds from the two bond issues would be used to pay New Hall construction costs, interest on the bonds during a portion of the construction period, and the costs of issuing the bonds. It is preferred to issue both types of bonds on a tax-exempt basis to the greatest extent possible.

	Lease Revenue Bonds	**Special Tax Bonds**	**Total**
Par Amount	$195,000,000	$80,300,000	$275,300,000
Uses:			
New Hall Construction	$160,400,000	$73,600,000	$234,000,000
Interest During Construction	33,000,000	6,000,000	39,000,000
Costs of Issuance	1,600,000	700,000	2,300,000
Total	$195,000,000	$80,300,000	$275,300,000
Current Borrowing Cost	5.78%	6.41%	6.17%
Final Maturity	2046	2046	2046

This plan of finance refers solely to the public improvements related to New Hall. The Event Center will be 100% privately financed by AEG. The City will have no responsibilities or liabilities related to the financing of the Event Center.

Los Angeles Convention and Exhibition Center Authority Lease Revenue Bonds

The Lease Revenue Bonds would be repaid through a portion of the revenues received by the City directly generated by the Event Center project. The City would appropriate these revenues to the payments on the New Hall. AEG will guarantee, through a Gap Funding Agreement, that the new revenues identified below will be sufficient to fully pay all required payments on the Lease Revenue Bonds. If the sum of these specific revenues is insufficient in any year, AEG will be required to make a payment to the City equal to any shortfall.

The revenues that would be used for this purpose are:

- Ground Rent on Event Center site. AEG would receive a 55-year ground lease from the City for its use of the Event Center site. The annual rent is proposed to be $6.5 million starting in Fiscal Year 2016-17. The rent would escalate annually at a rate of 1.75%. AEG would pay the annual rent in full at the beginning of each year. The City will be undertaking an appraisal of the Event Center site to confirm the fair rental value.

- Possessory Interest Tax on Event Center and new Parking Structures. AEG must pay property taxes on the privately owned structures on City leased land, such as the Event Center and new parking structures. Because the City will continue to own the land on which the Event Center and new parking structures are constructed, the property tax payments are referred to as Possessory Interest Taxes. Although the Possessory Interest Taxes will be paid to LA County, the City's share of property taxes for these properties represents 32.7%of the basic 1% property tax. Possessory Interest Taxes on the Event Center and new parking structures are expected to total approximately $4.0 million in Fiscal Year 2016-17. The taxable value is assumed to increase at 2% per year.

- City Parking Tax. Attendance at Event Center events is expected to generate approximately $715,000 in City parking taxes in Fiscal Year 2016-17 from the parking lots located on site and owned either by AEG or the City. This does not include parking taxes generated at other privately owned lots in the area.

- Sales Tax on Construction Materials. AEG will be required to designate the City as the point of sale for construction materials. To the extent that AEG can demonstrate that the City has actually been allocated incremental sales tax receipts on materials purchased by AEG and its contractors during construction, these revenues would be credited towards the City's Lease Payments. It is estimated that the City will receive approximately $5.5 million in sales tax receipts from the construction expenditures and a portion of this will be used to make debt service payments.

The Lease Revenue Bonds are proposed to be issued as additional bonds under the existing lease agreement between the City and the Los Angeles Convention and Exhibition Center Authority. The bonds would have a final maturity of 2046, which is 30 years following the expected completion of the Event Center in Fiscal Year 2015-16.

The City's practice is to fund a debt service reserve fund to provide a source of funding for debt service payments if there is a problem. The parties will attempt to issue the Lease Revenue Bonds with the most cost-effective way of funding the debt service reserve fund requirement. If bond proceeds or other financial instrument are not used to fund the debt service reserve fund, AEG agreed to provide a letter of credit to satisfy this requirement.

Debt service payments on the Lease Revenue Bonds will be structured so that the revenues identified above are sufficient to make the annual payments. The debt service is expected to increase by approximately 1.85% a year, reflecting the estimated increase in the identified revenues. AEG will guarantee the sufficiency of these revenues through the Gap Funding Agreement and will provide a letter of credit in the amount of $5 million as long as the Lease Revenue Bonds are outstanding as part of the guaranty. AEG will also pay the ground rent due on the Event Center site at the start of each fiscal year. The ground rent payment is expected to be approximately 50% of the annual debt service due each year. The letter of credit would provide a source of funding if the parking tax receipts or Possessory Interest Tax receipts to be received during the Fiscal Year were less than the amount required to pay debt service.

The following table provides a projection of the specific revenues that would be used by the City to pay the debt service due on the lease revenue bonds.

NEW GENERAL FUND REVENUES TO BE APPROPRIATED TO PAY DEBT SERVICE ON LEASE REVENUE BONDS								
Fiscal Year	Event CenterGroundRent	Event CenterPoss. Int.Tax	Parking Poss. Int.Tax	Event CenterParkingTax	Building Material Sales Tax	Projected Series ARevenues	Projected Series ADebt Service	<Gap>/Excess
2012-13						-	capitalized	
2013-14		1,044,458	188,843		-	1,233,301	capitalized	
2014-15		2,122,586	377,685		-	2,500,271	capitalized	
2015-16		3,045,892	385,239		3,885,299	7,316,430	11,017,171	32,831
2016-17	6,500,000	3,597,000	392,943	715,500	-	11,205,443	11,202,171	3,272
2017-18	6,613,750	3,668,940	400,802	729,810	-	11,413,302	11,407,435	5,867
2018-19	6,729,491	3,742,319	408,818	744,406	-	11,625,034	11,620,743	4,291
2019-20	6,847,257	3,817,165	416,995	759,294	-	11,840,711	11,835,159	5,552
2020-21	6,967,084	3,893,508	425,335	774,480	-	12,060,407	12,058,781	1,626
2021-22	7,089,008	3,971,379	433,841	789,970	-	12,284,197	12,279,714	4,483
2022-23	7,213,065	4,050,806	442,518	805,769	-	12,512,159	12,507,514	4,645
2023-24	7,339,294	4,131,822	451,369	821,885	-	12,744,369	12,740,138	4,231
2024-25	7,467,732	4,214,459	460,396	838,322	-	12,980,909	12,975,534	5,375
2025-26	7,598,417	4,298,748	469,604	855,089	-	13,221,857	13,216,759	5,098
2026-27	7,731,389	4,384,723	478,996	872,191	-	13,467,299	13,461,607	5,692
2027-28	7,866,688	4,472,417	488,576	889,634	-	13,717,316	13,712,540	4,776
2028-29	8,004,356	4,561,866	498,347	907,427	-	13,971,996	13,966,280	5,716
2029-30	8,144,432	4,653,103	508,314	925,576	-	14,231,425	14,228,496	2,929
2030-31	8,286,959	4,746,165	518,481	944,087	-	14,495,692	14,491,053	4,639
2031-32	8,431,981	4,841,088	528,850	962,969	-	14,764,889	14,759,713	5,176
2032-33	8,579,541	4,937,910	539,427	982,228	-	15,039,106	15,037,233	1,873
2033-34	8,729,683	5,036,668	550,216	1,001,873	-	15,318,440	15,316,060	2,380
2034-35	8,882,452	5,137,402	561,220	1,021,910	-	15,602,984	15,598,231	4,753
2035-36	9,037,895	5,240,150	572,444	1,042,348	-	15,892,838	15,891,714	1,124
2036-37	9,196,058	5,344,953	583,893	1,063,195	-	16,188,100	16,181,669	6,431
2037-38	9,356,989	5,451,852	595,571	1,084,459	-	16,488,872	16,482,596	6,276
2038-39	9,520,737	5,560,889	607,483	1,106,148	-	16,795,257	16,792,535	2,722
2039-40	9,687,349	5,672,107	619,632	1,128,271	-	17,107,360	17,102,337	5,023
2040-41	9,856,878	5,785,549	632,025	1,150,837	-	17,425,289	17,419,085	6,204
2041-42	10,029,373	5,901,260	644,665	1,173,854	-	17,749,152	17,744,283	4,869
2042-43	10,204,888	6,019,285	657,559	1,197,331	-	18,079,062	18,074,140	4,922
2043-44	10,383,473	6,139,671	670,710	1,221,277	-	18,415,131	18,409,867	5,264

2044-45	10,565,184	6,262,464	684,124	1,245,703	-	18,757,475	18,752,383	5,092
2045-46	10,750,075	6,387,713	697,807	1,270,617	-	19,106,211	19,102,315	3,896

Community Facilities District
Special Tax Bonds

The Mello-Roos Community Facilities Act was enacted in 1982 and provides a method for local governments to fund public infrastructure and certain services. The Act provides that cities may form "community facilities districts" (CFDs), special financing entities through which a local government can levy special taxes and issue bonds authorized by two-thirds vote of the qualified voters of such a district. If there are less than 12 registered voters in a proposed district, then the property owners vote. Mello-Roos bond proceeds can be used to finance the construction, expansion, rehabilitation or acquisition of any real or other tangible property with an estimated useful life of five years or more, which will be constructed, owned or operated by a public entity. Mello-Roos bonds are payable solely from special taxes levied on property within the CFD. The City is not obligated to pay the Mello-Roos bonds from any funds of the City.

The New Hall and related improvements to be undertaken by AEG on behalf of the City constitute the type of project that is eligible using Mello-Roos bonds. AEG, as representative of the owners of LA Live and the Staples Arena, will request that the City establish a Communities Facility District to be comprised of certain LA Live Parcels and the Staples Arena. The special tax payments are expected to start in Fiscal Year 2014-15 in the amount of $3.0 million and rise to approximately $15.8 million in Fiscal Year 2045-46. A major increase in the special tax will occur in Fiscal Year 2024-25, when the current admissions fee on the Staples Center expires. To enhance the market reception of the special tax bonds, AEG may need to enact a contingent special tax on the Event Center.

The following table provides a projection of the special tax payments and the debt service on the special tax bonds that will be the responsibility of AEG and related entities.

Potential Revisions to Plan of Finance

The plan of finance for New Hall described above is based on financial market conditions and other reasonable assumptions as of July 2011. The parties agree that the final plan of finance may require revisions based on financial market conditions at the time the New Hall is ready to be financed, which is currently anticipated in the Spring of 2012. Such revisions could entail the dedication of additional direct project revenues to repayment of the Lease Revenue Bonds, higher special tax payments for the Special Tax Bonds, the issuance of a portion of the financing on a taxable basis, issuance of bonds to fund a debt service reserve fund and other changes. Any changes will be subject to the approval of the City Council prior to the issuance of any bonds for New Hall.

TAX PAYMENTS ON SPECIAL TAX BONDS						
Fiscal Year	LA Live Special Tax	Staples Add'l Special Tax	Staples Special Tax	Projected Series B Revenues	ProjectedSerie s B Debt Service	<Gap>/Exce ss
2012-13					capitalized	
2013-14					capitalized	
2014-15	3,000,000	-	-	3,000,000	2,996,633	3,367
2015-16	3,090,000	-	-	3,090,000	3,086,633	3,367
2016-17	3,182,700	-	-	3,182,700	3,178,951	3,749
2017-18	3,278,181	-	-	3,278,181	3,277,772	409
2018-19	3,376,526	-	-	3,376,526	3,372,303	4,223
2019-20	3,477,822	-	-	3,477,822	3,476,898	924
2020-21	3,582,157	-	-	3,582,157	3,580,217	1,940
2021-22	3,689,622	-	-	3,689,622	3,686,673	2,949
2022-23	3,800,310	-	-	3,800,310	3,795,790	4,520
2023-24	3,914,320	-	-	3,914,320	3,911,814	2,506
2024-25	4,031,749	1,000,000	3,930,000	8,961,749	8,958,030	3,719
2025-26	4,152,702	1,000,000	4,047,900	9,200,602	9,197,906	2,696
2026-27	4,277,283	1,000,000	4,169,337	9,446,620	9,442,990	3,630
2027-28	4,405,601	1,000,000	4,294,417	9,700,018	9,699,015	1,003
2028-29	4,537,769	1,000,000	4,423,250	9,961,019	9,956,536	4,483
2029-30	4,673,902	1,000,000	4,555,947	10,229,849	10,226,808	3,041
2030-31	4,814,119	1,000,000	4,692,626	10,506,745	10,505,100	1,645
2031-32	4,958,543	1,000,000	4,833,404	10,791,947	10,790,000	1,947
2032-33	5,107,299	1,000,000	4,978,406	11,085,706	11,085,000	706
2033-34	5,260,518	1,000,000	5,127,759	11,388,277	11,385,000	3,277
2034-35	5,418,334	1,000,000	5,281,591	11,699,925	11,695,000	4,925
2035-36	5,580,884	1,000,000	5,440,039	12,020,923	12,020,000	923
2036-37	5,748,310	1,000,000	5,603,240	12,351,551	12,350,000	1,551
2037-38	5,920,760	1,000,000	5,771,337	12,692,097	12,690,000	2,097
2038-39	6,098,382	1,000,000	5,944,478	13,042,860	13,040,000	2,860
2039-40	6,281,334	1,000,000	6,122,812	13,404,146	13,400,000	4,146
2040-41	6,469,774	1,000,000	6,306,496	13,776,270	13,775,000	1,270
2041-42	6,663,867	1,000,000	6,495,691	14,159,558	14,155,000	4,558
2042-43	6,863,783	1,000,000	6,690,562	14,554,345	14,550,000	4,345
2043-44	7,069,697	1,000,000	6,891,279	14,960,975	14,960,000	975
2044-45	7,281,787	1,000,000	7,098,017	15,379,805	15,375,000	4,805

2045-46	7,500,241	1,000,000	7,310,958	15,811,199	15,810,000	1,199

Attachment F

City Negotiation Principles for Event Center Project

Prepared by the Chief Legislative Analyst

City Negotiation Principles for Event Center Project

Principle	Outcome
1. The City's existing General Fund base will be fully protected. 1a. The City's existing and <u>future</u> General Fund base will be fully protected.	– 73% of the funding for New Hall bonds would come from private sources; – 23% of the funding for New Hall bonds would come from net new City revenues – Guarantees would provide funding to cover any shortfall in funding – Identified revenues and the guarantee fully cover required bond payments for the entire term of the bonds
2. There shall be no public money for the NFL Event Center. 2a. There shall be no public money for the NFL Event Center, or the downtown event center, and public money and will not be used to subsidize or incent the stadium and event center, or otherwise make infrastructure improvements that the City would not ordinarily make.	No existing public funding is provided to the event center.
3. There must be substantial private funding to support any bonds issued to construct Pico Hall.	73% of funding for New Hall would be provided from private sources, including a fair market lease payment for use of the property and a special tax supported by Project area signage
4. Any tax revenues used to support bonds issued to construct Pico Hall shall be from demonstrated net new tax revenues generated by the development and shall not come from existing General Fund revenues.	23% of the bonds would be financed by net new revenues generated by the Project, including possessory interest tax which is currently not collected on the site and parking tax for new events created by the Event Center
5. The amount of demonstrated net new tax revenues to the City used to support bonds issued to construct Pico Hall shall be no more than 50% of the net new General Fund tax revenues accruing to the City from the development.	Approximately 49% of net new revenues generated by the Project would be allocated to fund the New Hall bonds

Principle	Outcome
6. AEG shall fully guarantee, in a form satisfactory to the City, the debt service on the bonds used to construct the New Hall in the event that the revenues generated through numbers 3 and 5 above are insufficient to fully support the bonds. 6a. AEG shall fully guarantee, in a form of a guarantee or letter of credit, or otherwise that the developer will satisfy its obligations to fund any shortfall to the extent that the revenues generated through numbers 3 and 5 above are insufficient to fully support the bonds.	The guarantee structure provides security for the various phases of the Project to cover any revenue shortfall and ensure complete funding coverage for all bonds. The guarantee includes several elements, including a Letter of Credit, a special tax, a completion guarantee, assignment of all agreements related to Event Center operations; and property improvements.
7. The City shall retain fee ownership of the property on which the NFL stadium will be built. The property will be ground leased for a period not to exceed 55 years and the City shall receive fair compensation for the value of the ground lease.	The City retains fee ownership of the property, the least would not exceed 55 years, and the ground lease payment will be a fair market value payment with an annual escalation.
8. AEG will work cooperatively with LACC and LA INC with regard to Convention Center bookings to mitigate, to the fullest extent possible, any disruption of service at the LACC. The New Hall will be substantially completed prior to the demolition of the West Hall. The West Hall shall not be taken out of service prior to the opening of the New Hall without the City's prior consent and such consent will be given only if scheduled events can be otherwise accommodated.	LACC, LA Inc., and AEG would create a Macro-Booking Committee to ensure long-term coordination of events and programs throughout the campus, including the Convention Center, Staples, Farmers Field, and LA Live. Timing of the closure of West Hall would be upon completion of the New Hall or as approved by the City.
9. AEG shall complete an Environmental Impact Report (EIR) which shall fully analyze the impacts of the proposed development. AEG shall complete an Environmental Impact Report (EIR) which shall fully analyze the impacts of the proposed development, and AEG shall not seek or receive legislative protection from litigation regarding the adequacy of the EIR.	AEG shall complete EIR that fully analyzes the impacts of the proposed Project.
10. AEG will implement a public benefits program.	AEG has agreed to develop and implement a public benefits package

Principle	Outcome
11. AEG will provide assurances to the satisfaction of the City that teams that are contracted to play in the NFL stadium are committed to the stadium for a period sufficient to ensure that the City's investment in Pico Hall is protected.	AEG has agreed that no documents will be executed to implement this Project until an NFL team lease has been executed.
12. The NFL stadium must include a roof and be designed in such a fashion as to provide viable additional event and exhibit space for the LACC, so that the total available event space at the LACC shall exceed one million square feet. AEG and the City will negotiate the terms though which the City shall have access to the stadium for event and exhibit space.	The proposed Event Center shall have a roof. The Macro-Booking Committee shall coordinate City use of the Event Center for convention events. The Event Center pricing policy for convention events will be consistent with City policy.
New Principle: Due to the City's ownership of the property on which the stadium is built, the City should receive a fair portion of the naming rights.	Independent analysis indicates that such an action would render the Project not financially feasible. The extremely low IRR of 6.7% earned by AEG indicates that it is not possible to allocate any additional Event Center revenue to the City.