



MEMORANDUM

Agenda Item No. 11(A)(2)

TO: Honorable Chairperson Barbara Carey-Shuler, Ed. D.
and Members, Board of County Commissioners

DATE: May 11, 2004

FROM: George M. Burgess
County Manager

A handwritten signature in black ink, appearing to read "G. Burgess", written over the printed name of George M. Burgess.

SUBJECT: Ballpark Pledge

RECOMMENDATION

It is recommended the Board approve the accompanying resolution amending Resolution 1182-03 to increase the County's pledge of Convention Development Tax (CDT) and also to approve the conditions set forth in the Preliminary Term Sheet between the County, City of Miami (City) and the Florida Marlins submitted to the Board on April 29, 2004. It is further recommended the Board authorize the County Manager to negotiate all other required agreements, subject to final Board approval, with the City and Florida Marlins as they relate to the construction and development of a new ballpark located at the Orange Bowl.

BACKGROUND

On November 4, 2003, the Board of County Commissioners took the first step towards securing the future of baseball in South Florida by approving a pledge of financial support for the development and construction of a new ballpark for the Florida Marlins. Resolution 1182-03 approved \$73 million of County bed tax revenues for the project, which consisted of \$35 million of CDT and \$38 million of Professional Sports Franchise Facilities tax. One of the conditions of the funding pledge for the ballpark set forth by the Marlins was to have a financing plan completed by March 15, 2004. However, on March 15, 2004, I issued a report to the Board indicating a financing plan had not been completed and also that an affordable and acceptable site had not been identified. At that time, the Marlins extended their self-imposed deadline to complete a financing plan and select a site to May 1, 2004.

On April 29, 2004, City Manager Joe Arriola and I submitted a joint memo to both our Mayors and Boards setting forth a proposed preliminary term sheet and financing plan for the ballpark (copy attached). As stated in the memo, we

strongly believe the selection of the Orange Bowl site coupled with the preliminary term sheet and components of the financing plan provide for a responsible and viable opportunity to partner with the Marlins in building a new ballpark.

The financing plan as presented with the preliminary term sheet requires the Marlins, City and County all to increase their commitments and contributions to the ballpark project. In addition, a funding contribution from the State was included as the final \$30 million needed to complete the financing plan. As you are all aware, State participation for the ballpark project was not approved by the end of the legislative session last Friday. While the City Manager and I feel the ballpark project can be successful in securing State participation next year, especially if a well packaged funding request is submitted at the beginning of the legislative session, the Marlins are now faced with deciding how they are going to proceed with the project.

At this point, recognizing the decision the Marlins are faced with and that the project now has a \$30 million funding gap, I still believe it best for the County to proceed in approving the preliminary term sheet and an increase in the County's CDT funding contribution. The City Manager has indicated he is recommending the same type of action from his Board at the May 6, 2004 City Commission meeting. Moving forward in this direction will continue to show the County's and City's commitment to the Marlins and to the future of baseball in South Florida, and it will also allow the County and City to continue to negotiate agreement terms with the Marlins should the Marlins determine to proceed with the project. Thus far, I have not had any indication from the Marlins that would suggest they are not fully committed to the project.

In regards to the recommended \$47 million increase in CDT funding I want to stress the increased amount is not the result of a change in future CDT growth projections. The growth projections used in determining the initial pledge of \$35 million approved by Resolution 1182-03 remain the same and I am not recommending an increase in the projected growth rate. As stated in my supplemental memorandum on November 4, 2003, the CDT growth rates through year 2012 are based on an analysis and projection provided by an outside consultant hired after the events of September 11, 2001. These growth projections vary from year to year ending with a growth rate of 3.9 percent in 2012. For the long-term future growth rate beyond 2012, we are continuing to use the rate of 3.9 percent to estimate the bonding capacity of CDT. These growth projections are both reasonable and responsible growth rates to use in determining the amount of future financing capacity that can be generated by CDT.

By maintaining our original growth projections, the manner in which the CDT funding contribution can be increased by \$47 million is two fold and consists of a \$24 million and \$23 million increase respectively. The first portion of the increase (\$24 million) is based on an adjustment of the FY 2004 base year CDT budget. The initial CDT pledge in November was based on a FY 2004 budget of \$28 million. Now that we have seven months of actual CDT growth performance we can adjust the FY 2004 base budget. CDT has demonstrated very strong performance thus far and is up 15.2 percent year-to-date over last year and has rebounded over the 2001 pre-September 11 year-to-date amounts by 2.4 percent. At this point, the FY 2004 projected CDT revenues are estimated to be \$31 million. Adjusting the FY 2004 base CDT figure from \$28 million to \$31 million results in a compounding affect on the long-term projected growth, which can generate enough future capacity to leverage an additional \$24 million of CDT for the ballpark project.

The second portion of the increase (\$23 million) is conditioned upon the sale of the Miami Arena. At the time of the initial pledge, the sale of the Arena was not considered and therefore the continued debt service payments for the Arena were still factored in as an annual CDT expense through year 2021. If the Miami Arena is sold, the sale proceeds estimated to be \$25 million, along with any CDT monies held in reserve by the Miami Sports and Exhibition Authority will be used to defease the outstanding debt owed on the Arena. Once this takes place, CDT will no longer be needed to pay for the Arena debt service thereby freeing up CDT capacity to be used on other eligible projects such as the ballpark project. The City appears confident the sale will be completed by the end of May.

As you have seen by now, the other conditions addressed in the preliminary term sheet also reflect an increased public commitment to the project. The City will consider financing the parking facility for the Marlins and the County will consider financing team rent payments that will in turn be used towards the construction cost of the ballpark. These type of considerations set forth in the preliminary term sheet, if accepted by the Boards, still require the specific details to be fully developed as well as subsequent approval by each respective Board.

I strongly feel the manner in which the public sector has joined together in setting forth the considerations in the preliminary term sheet, in addition to the increased funding recommendations, represent both an honest and fair effort to make a new ballpark for the Florida Marlins a reality. I am confident if the commitment to this project remains a priority for all parties involved, even without State participation this year, the project can and will be successful.



MEMORANDUM

TO: Honorable Alex Penelas
Mayor, Miami-Dade County

Honorable Manuel A. Diaz
Mayor, City of Miami

Hon. Chairperson Barbara Carey-Shuler, Ed.d
and Members
Board of County Commissioners,
Miami-Dade County

Hon. Chairperson Arthur E Teele, Jr.
and Members
Board of City Commissioners,
City of Miami

FROM: George M. Burgess
County Manager

Joe Arriola
City Manager, City of Miami

Subject: Marlins Ballpark

Date: April 29, 2004

As Managers working towards the same goal and following the directives of our respective Mayors and Board Members, we are pleased to submit this preliminary term sheet and proposed financing plan for the construction and development of a new ballpark for the Florida Marlins. We recommend proceeding towards the development of a ballpark provided the preliminary term sheet conditions are addressed and ultimately accepted by the County, City and the Marlins. We recognize a joint memo such as this is not the typical manner information is provided to our governing bodies, however, for a project of this nature to be successful it is critical the County and City work hand-in-hand in public partnership throughout the course of this project.

In response to the Marlins' extended deadline of May 1, 2004 to have a financing plan in place, this preliminary term sheet is intended to outline a proposal we believe is the most responsible and viable opportunity to build a ballpark. While further discussion regarding the details will be forthcoming, including your review and subsequent feedback, at this point we felt it best to provide our governing bodies, as well as the State, with a preliminary document that lays out the ingredients for a sound proposal for a new ballpark.

The site recommended for the proposed ballpark is the Orange Bowl. This site is by far the best and most sensible site, which has several advantages. To name a few:

- Location – centrally positioned and only two miles from the downtown core, close to Airport and Civic Center
- City owned land for vast majority of the site
- Most cost effective and developable site
- Right next to historic Orange Bowl already a major center for sports events; further compliments Orange Bowl renovation plans
- Will reinforce existing and new development in this dynamic area; including the revitalization of the Miami River corridor
- Provides enough land for new structured parking as well as surface parking
- Enhanced opportunities for development of year-round attractions and other business developments

This site proposal differs from the City's original Orange Bowl proposal in that the ballpark will not be directly integrated into the Orange Bowl Stadium. The Marlins have reviewed the site positioning and have indicated the site meets the basic requirements of their program. The Marlins have expressed their enthusiasm about this site opportunity and the general terms and funding ideas we discussed with them. Please be advised, we have fully communicated to the Marlins that all components of this preliminary term sheet and financing plan will require final approval by both governing bodies.

As you will see, all parties are being asked to step up and increase their respective commitments and contributions to the project. We have made every effort to find a funding balance that protects the public interest and also enables the Marlins to stay competitive. The financing plan reflects an allocation among the Marlins, County and City of the estimated construction cost of the ballpark and associated infrastructure costs, and the Marlins remain responsible for any and all cost overruns. A portion of the increased Convention Development Tax contribution is contingent upon the sale of the Miami Arena. The City will contribute to the cost of the ballpark through a Tourist Development Tax financing and by financing a 2,500 space parking garage at the Orange Bowl site that the Marlins will develop and operate. The City is also responsible for land acquisition and site-related infrastructure costs. As previously stated, it is clearly understood final approvals by both Boards are required to proceed with any respective increased contribution. We anticipate City Commission consideration on May 6 and County Commission consideration as early as May 11.

The Marlins will also be required to increase their contribution by way of an upfront equity payment and a rent payment tied to a long-term lease. The County is evaluating its ability to finance the rent payments on behalf of the team in order to maximize the present value of the team rent. This strategy

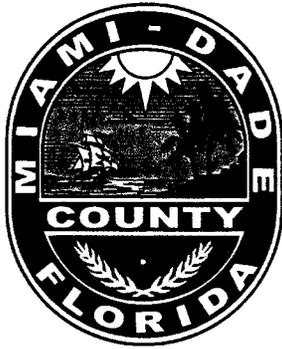
would allow the County to leverage far more financing capacity than the Marlins could, even at a taxable rate. For this to occur, the Marlins would be required to provide substantial credit support in addition to contractually obligating team revenues as a guarantee rent payments will be made.

Recognizing visitors and residents throughout the State enjoy the Florida Marlins, and that a new ballpark will be a costly undertaking, State participation is important. While State funding may not be approved during this legislative session, assuming State funding will never be available for this project is not realistic either. For this reason, State funding is included as the last component of the financing plan. Without State participation financing the additional amount would be unreasonable for the local participants. If this occurs, the Marlins will have to decide how and if they can proceed.

It is our expectation, following final determination of the ability to secure State funding, this preliminary term sheet will be presented to the appropriate committees and both Boards for approval. Once both Boards have approved the preliminary term sheet, the County and City will begin to negotiate several other required documents and agreements with the Marlins, such as a development and operating agreements, non-relocation agreement, and lease agreement among others.

We recognize the local, regional and statewide importance of this project and feel a successful public-private partnership can be fostered on the basis of this proposed preliminary term sheet. We believe the Orange Bowl is the best site available for this project and one that will reinforce and promote development opportunities in the area. We hope the preliminary term sheet and funding plan provides you with useful information on the status of this project and look forward to further discussing the details of this project with you.

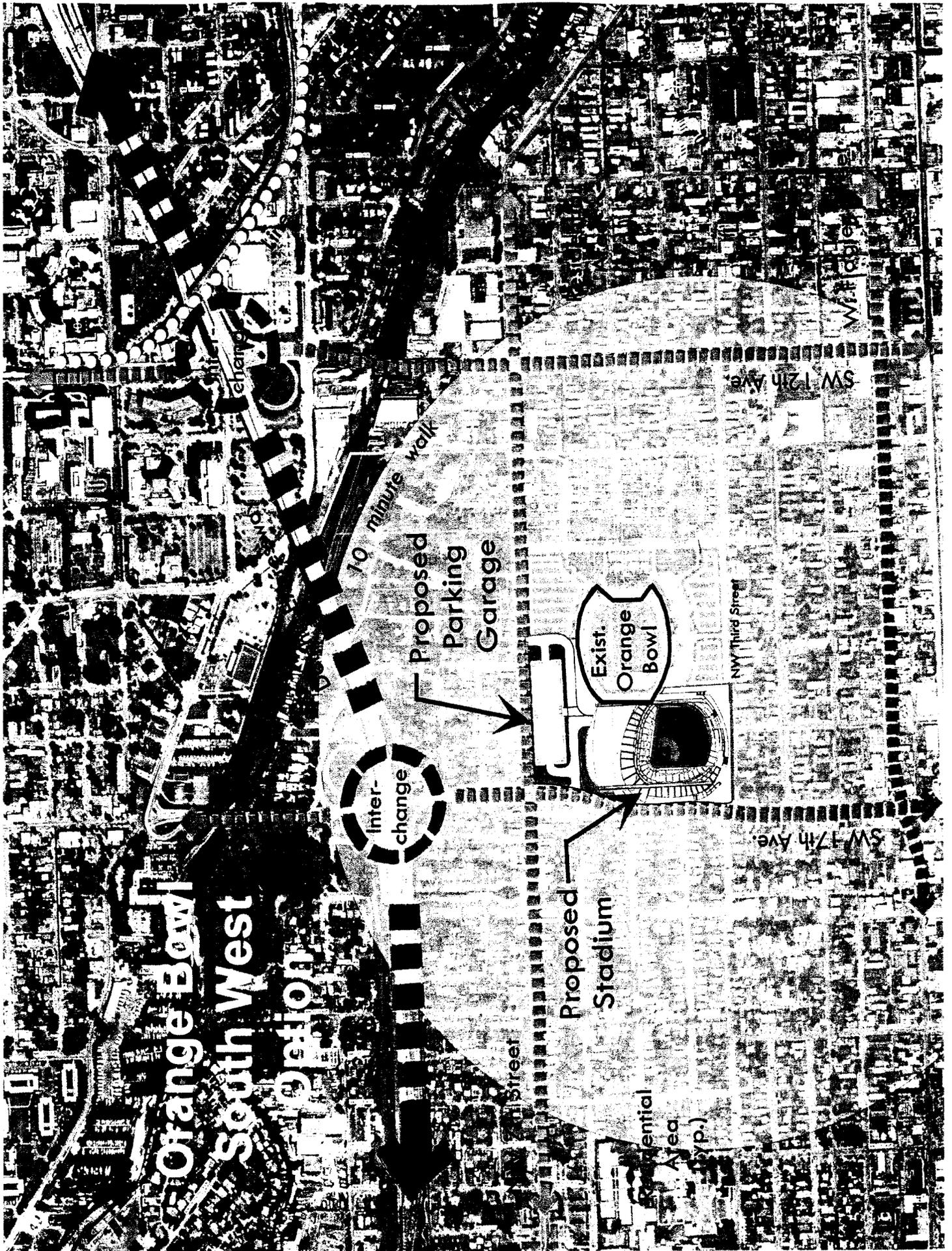
Attachments



**FLORIDA MARLINS BALLPARK
MIAMI-DADE COUNTY,
CITY OF MIAMI,
AND FLORIDA MARLINS, L.P.
PRELIMINARY TERM SHEET**

Miami-Dade County (the "County"), the City of Miami (the "City") and the Florida Marlins, L.P. (the "Marlins"), subject to final approval of the Board of County Commissioners and the City of Miami Commission, agree to the following Preliminary Term Sheet regarding the development and construction of a retractable roof baseball stadium (the "Ballpark") that will include a 2,500-car structured parking garage ("Ballpark Garage"):

- PROJECT:** The Ballpark and Ballpark Garage.
- PROJECT DESCRIPTION:** The Ballpark and Ballpark Garage will be located at the Orange Bowl site in the City of Miami. The site is generally bounded by SW 17th Avenue (west), NW 3rd Street (south), NW 7th Street (north), and the Orange Bowl (east).
- BALLPARK:** The Ballpark will include a retractable roof, approximately 38,000 seats of which 3,000 are premium seats, and 62 luxury suites. It will also include an aquarium, a community center and other ballpark attractions.
- LESSOR:** The City or County will own the land (depending on legal and financial requirements) and the County will own the Ballpark. In addition, the City will own the Ballpark Garage.
- LESSEE:** The Marlins will enter into a lease for the Ballpark and a use agreement for the Ballpark Garage.
- PROJECT COSTS:** The estimated total project cost for the Ballpark and Ballpark Garage is approximately \$367 million.



MARLINS CONTRIBUTION: The Marlins shall contribute an amount equal to \$20 Million. Prior to commencement of construction, the Marlins will provide evidence in a form acceptable to the County and the City, of the Marlins ability to fund the \$20 Million.

BALLPARK LEASE: The initial lease term will be thirty-two (32) years. The annual base rent payment will be in an amount necessary to secure \$127 Million Dollars in 2004 net present value over the term of the lease.

The County will consider financing the rent payments over the term of the lease provided the Marlins lockbox contractually obligated ballpark revenues to securitize the rent payments.

A subsequent lease term will be required until such time that all public debt issued for the construction and development of the Ballpark is retired.

TICKET SURCHARGE: In an effort to have the ballpark users participate in the funding of the new ballpark, the Marlins will commit to collect and remit to the County a ticket surcharge on tickets for all events in the ballpark. The surcharge is estimated to generate \$10 million towards the financing of the Ballpark and amounts to approximately .70 cents per ticket.

CITY CONTRIBUTION: The City will contribute \$28 million in Tourist Development Tax funds as outlined in Appendix A. This contribution will be used to acquire land, infrastructure costs and to contribute towards the Ballpark financing.

COUNTY CONTRIBUTION: The Board of County Commissioners approved, by Resolution 1182-03 on November 4, 2003, a pledge of: (i) Convention Development Taxes in the amount of \$35 million and; (ii) Professional Sports Franchise Facilities Tax in the amount of \$38 million. In addition, the County recommends increasing the CDT contribution by \$47 million, as outlined in Appendix A, a portion of this increase is contingent upon the sale of the Miami Arena.

BALLPARK GARAGE: The project includes a 2,500-car parking garage (estimated cost to be \$32 million). The City and Marlins shall negotiate necessary agreements to finance and operate the garage. The City will finance the garage for the Marlins who will in turn lockbox contractually obligated ballpark revenues to securitize garage debt payments to the City. The Marlins will develop and operate the parking garage

and retain all parking garage and surface parking revenues on baseball game-days. The Marlins and City will also share parking revenues for non-baseball game day events at the Orange Bowl and Ballpark.

STATE CONTRIBUTION:

The Marlins, City and County are seeking State participation in the amount of \$30 million (2004 net present value) to complete the Ballpark financing plan.

BALLPARK OPERATIONS:

The Marlins will be responsible for the management, operation, marketing and maintenance of the Ballpark and all expenses associated with the Ballpark.

COST OVERRUNS:

The Marlins shall be the sole party responsible to cover any and all costs of the Ballpark in excess of the Marlin's stated Ballpark design and construction estimate of \$325 Million.

OTHER TERMS:

The Marlins will not enter into or continue any negotiations with any parties other than the County and the City regarding the location/relocation of the Marlins.

Upon the sale or transfer of controlling interest in the Marlins, the Marlins will share with the County and City in the enhanced value of the franchise (based upon a to-be-determined formula).

The following must be satisfied after this Preliminary Term Sheet is accepted:

- Approval for all public-sector (County, City, State) funding as set forth in Appendix A;
- Assemble the site for the Ballpark and Ballpark Garage.
- Execution by the County, the City and the Marlins of all agreements required to construct, develop, and operate the Ballpark and Ballpark Garage which include, but may not be limited to:
 - Development Agreement
 - Operating Agreement
 - Parking Use Agreement
 - Non-relocation Agreement
 - Non-cancelable Lease Agreement

Appendix A

Orange Bowl Site Ballpark Financing Plan

Project Costs	Ballpark
Ballpark	325,000,000
Parking Garage	32,000,000
Land & Infrastructure	10,000,000
Total Costs	367,000,000
Local Contribution	
<u>Florida Marlins (derived from new ballpark revenues)</u>	
Team Rent	127,000,000
Project Equity	20,000,000
¹ Ticket Surcharge (paid by Fans)	10,000,000
Sub Total	157,000,000
<u>Parking Revenues</u>	
Sub Total	32,000,000
<u>City of Miami</u>	
Tourist Development Tax	28,000,000
Sub Total	28,000,000
<u>Miami-Dade County</u>	
Convention Development Tax (per Reso 1182-03)	35,000,000
² Convention Development Tax (FY 2004 base adj)	24,000,000
³ Convention Development Tax (Arena Sale)	23,000,000
Professional Sports Facilities Franchise Tax	38,000,000
Sub Total	120,000,000
Total Local Contribution	337,000,000
State Contribution	
<u>Professional Sports Facilities Sales Tax Rebate</u>	
Sub Total	30,000,000
Total Funding	367,000,000
Remaining Project GAP	0

Notes:

- All figures are shown in 2004 present value amounts

1. Surcharge is approximately .70 cents per ticket starting in 2007; 32 year term
2. Additional future CDT capacity is generated by adjusting the FY 2004 CDT base budget (\$28M) to a mid year CDT projection figure (\$30M); Long term growth projections (3.9%) remain the same as presented during the November 4, 2003 BCC meeting
3. Additional CDT capacity will be generated as a result of the Miami Arena sale. The sale proceeds used to defease the MSEA bonds will eliminate the current CDT debt service payments thereby freeing up future CDT capacity



MEMORANDUM

(Revised)

TO: Hon. Chairperson Barbara Carey-Shuler, Ed.D.
and Members, Board of County Commissioners

DATE: May 11, 2004

FROM: Robert A. Ginsburg
County Attorney

SUBJECT: Agenda Item No. 11(A)(2)

Please note any items checked.

- "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Bid waiver requiring County Manager's written recommendation
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- Housekeeping item (no policy decision required)
- No committee review

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 11(A)(2)
5-11-04

RESOLUTION NO. _____

RESOLUTION AMENDING RESOLUTION NO. R.-1182-03 TO INCREASE PLEDGE OF AVAILABLE CONVENTION DEVELOPMENT TAX PROCEEDS FOR THE DEVELOPMENT AND CONSTRUCTION OF A FLORIDA MARLINS BALLPARK; APPROVING TERMS OF PRELIMINARY TERM SHEET BY AND AMONG MIAMI-DADE COUNTY, THE CITY OF MIAMI AND FLORIDA MARLINS, L.P.; AND AUTHORIZING THE COUNTY MANAGER TO NEGOTIATE ANY AND ALL RELATED AGREEMENTS SUBJECT TO FINAL BOARD APPROVAL

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by this reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. This Board hereby amends Resolution No. R.-1182-03 to increase the County's pledge of available Convention Development Tax proceeds from \$35 million to \$82 million for the development and construction of a Florida Marlins ballpark, subject to the sale of the Miami Arena all as more particularly described in the accompanying County Manager's memorandum and the Preliminary Term Sheet.

Section 2. This Board hereby approves the terms and provisions of the Preliminary Term Sheet by and among Miami-Dade County, the City of Miami (the "City") and the Florida Marlins, L.P. (the "Team") which is in the form attached hereto as Exhibit A.

Section 3. This Board hereby authorizes the County Manager to negotiate all required agreements with the Team and the City for subsequent approval by the Board.

The foregoing resolution was offered by Commissioner _____, who
moved its adoption. The motion was seconded by Commissioner
and upon being put to a vote, the vote was as follows:

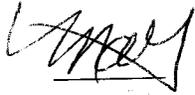
Dr. Barbara Carey-Shuler, Chairperson	
Katy Sorenson, Vice-Chairperson	
Bruno A. Barreiro	Jose "Pepe" Diaz
Betty T. Ferguson	Sally A. Heyman
Joe A. Martinez	Jimmy L. Morales
Dennis C. Moss	Dorrian D. Rolle
Natacha Seijas	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 11th day of May, 2004. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as 
to form and legal sufficiency.

Murray A. Greenberg