

eComments Received

Council Meeting- 02/09/2010 (Closed Session Starts at 5:30 P.M.)

Tuesday, February 09, 2010

Comments

Bill Palmer, 1701 42nd Street, District 3, Sacramento, CA, 95819

Position: Oppose

Comment: Please note comment was recieved by phone to District 3 Office. Thank you, District 3

SUBJECT: Strong Mayor

Initiative TAKEN BY: DISTRICT 3 DATE NAME & ADDRESS PHONE COMMENTS 2/9/2010 Bill Palmer 1701 42nd Street. 916-451-2234 Please vote no on the strong mayor imitative

Item

Council Comments-Ideas, Questions and Meeting/Conference Reports

Comments

cecily hastings, cecily@insidepublications.com, 625 33rd Street, District 3, sacramento, ca, 95186

Position: Oppose

Comment: Item 25 The way forward for the mayor and council should be a move toward the establishment of a formal charter review commission, either on the June, or more likely the November ballot. Efforts to salvage the Mayor's strong mayor idea of reform in time for the June ballot should be dropped. Sacramento voters deserves no less than the same charter review process that other major cities have gone though to revise their charters using an open, public, deliberative process--without any forgone conclusions. There are other issues to consider in charter reform beyond just the mayor powers and we as a city deserve to consider all of them at the same time. The recommendation of the charter review commission should go directly to the citizens of Sacramento for a vote--up or down. Thank you.



INVESTMENT BANKERS & ADVISORS TO THE
SOURCE, MEDIA AND ENTERTAINMENT INDUSTRIES

February 9, 2010

To The Mayor and Members of the City Council:

First, allow me to apologize for not being present for this evening's presentation to the Council of the proposed Sacramento Convergence Plan. Unfortunately, my travel was prevented by this weekend's blizzard on the east coast combined with an additional 20 inches of snow expected today.

Commissioner David Stern and I came to Sacramento in December 2006 shortly after the defeat of Questions Q and R. During that visit, Commissioner Stern vowed to help Sacramento find a way to replace ARCO Arena without new taxes on the public. That objective, while laudable, presents immense challenges given the relatively small size of the market.

Since that initial visit, we began an in-depth analysis of the following alternatives:

- 1) A rehab of ARCO Arena;
- 2) A new arena in Natomas;
- 3) A new arena on the Thomas property at the rail yards;
- 4) A new arena on the City's property at the rail yards; and,
- 5) A new arena at Cal Expo.

The key obstacle in developing a financing plan for any of these alternatives is assembling enough assets – in this case, land and operational components of resulting development —to generate sufficient capital to fund construction of a new facility so the taxpayers don't have to. The Kings and the Maloof family are willing to contribute their land in Natomas and make a significant long term financial commitment to the project, but additional resources are required to make a new facility a reality.

Of the options initially explored, Cal Expo offered the most potential because of the amount of acreage involved and its proximity to downtown Sacramento. Unfortunately, with the precipitous decline in real estate markets nationwide, and radical shift in financing available for large real estate projects, there is simply not enough value in the Cal Expo property alone to meet the capital needs of the project. When we met with developers in May, 2009, all lauded the vision as well as the quality of design and analysis that went into the proposal, but in our new reality, none could make the project work financially or identify adequate sources of financing.

The exception to this was Gerry Kamilos, who shared many of the reservations of other developers, but believed that an expansion of the available asset pool to include the City's 15-acre portion of the rail yards property and the land available at the Arco arena site in Natomas might just be enough to secure the financing. Although the Convergence Plan may appear to be a radical departure from our previous proposal, the fact is that Cal Expo and the State remain vital partners in the Convergence Plan.

4723 FAJLS ROAD
BALTIMORE, MARYLAND 21209
TEL 410.230.0105
FAX 410.230.0547
WEB www.moagandcompany.com

To be candid, while we found Mr. Kamilos' original plan intriguing, it was far from feasible in our view; an opinion shared, at the time, by City and State officials. However, Mr. Kamilos responded effectively to our concerns and in the process brought Macquarie Capital and Pacific Coast Capital to the table as debt and equity partners. The addition of Mr. David Taylor to the team followed. Over a nine-month period of discussion, we grew more impressed with the Kamilos organization, the quality of the plan, and their willingness to accommodate and understand the many unique attributes and nuances of the professional sports industry and the NBA in particular. Somewhere on the order of two dozen modifications have been made to the financial model since we began our discussions; understandable in light of the need to make this proposal work for the City, the State, the Kings and Mr. Kamilos and his team. Most importantly, the Convergence Plan does not require any new taxes.

Following our nine-month courtship with Mr. Kamilos and the Convergence Plan, we entered an agreement with the Kamilos organization just prior to submission of the proposal to the Mayor's Sacramento First Task Force. We also briefed the Governor's office, with whom we'd had exploratory discussions concerning the proposal, Senate President Steinberg and Assemblyman Jones. Cal Expo had been briefed throughout the process dating back to May of 2009.

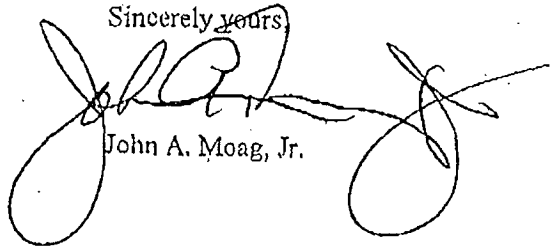
When Commissioner Stern was asked in December 2006 about the NBA's commitment to keeping the Kings in Sacramento, he responded that he hoped to see "light at the end of the tunnel" within two years. It has now been three years and two months since that visit and the Commissioner asked for meaningful action by this March. The Convergence Plan may indeed be the light at the end of the tunnel, but it will take significant effort and decisive action to see the Kings in a new facility for the 2013-14 season. While not an unreasonable goal, the window for achieving it is closing every day.

We sincerely appreciate the support we have received from Mayor Johnson and each of the council members. Your concern, suggestions, and assistance have meant a lot to us. I hope we have reciprocated with our financial commitment and effort over the past years in trying to define a plan to keep the Kings in Sacramento for the long term. I believe the Kings too have shown their commitment by pledging the largest annual cash rental payment in the NBA toward the successful completion of this project.

We expect the City of Sacramento will be the lead agency on the Convergence project with a major role being played by the State of California. We urge you to make the review and consideration of the Convergence Plan a priority of the City.

Thank you again for all of your support and with kindest regards, I am,

Sincerely yours,

A handwritten signature in black ink, appearing to read 'John A. Moag, Jr.', with a large, stylized flourish extending to the right.

John A. Moag, Jr.

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