

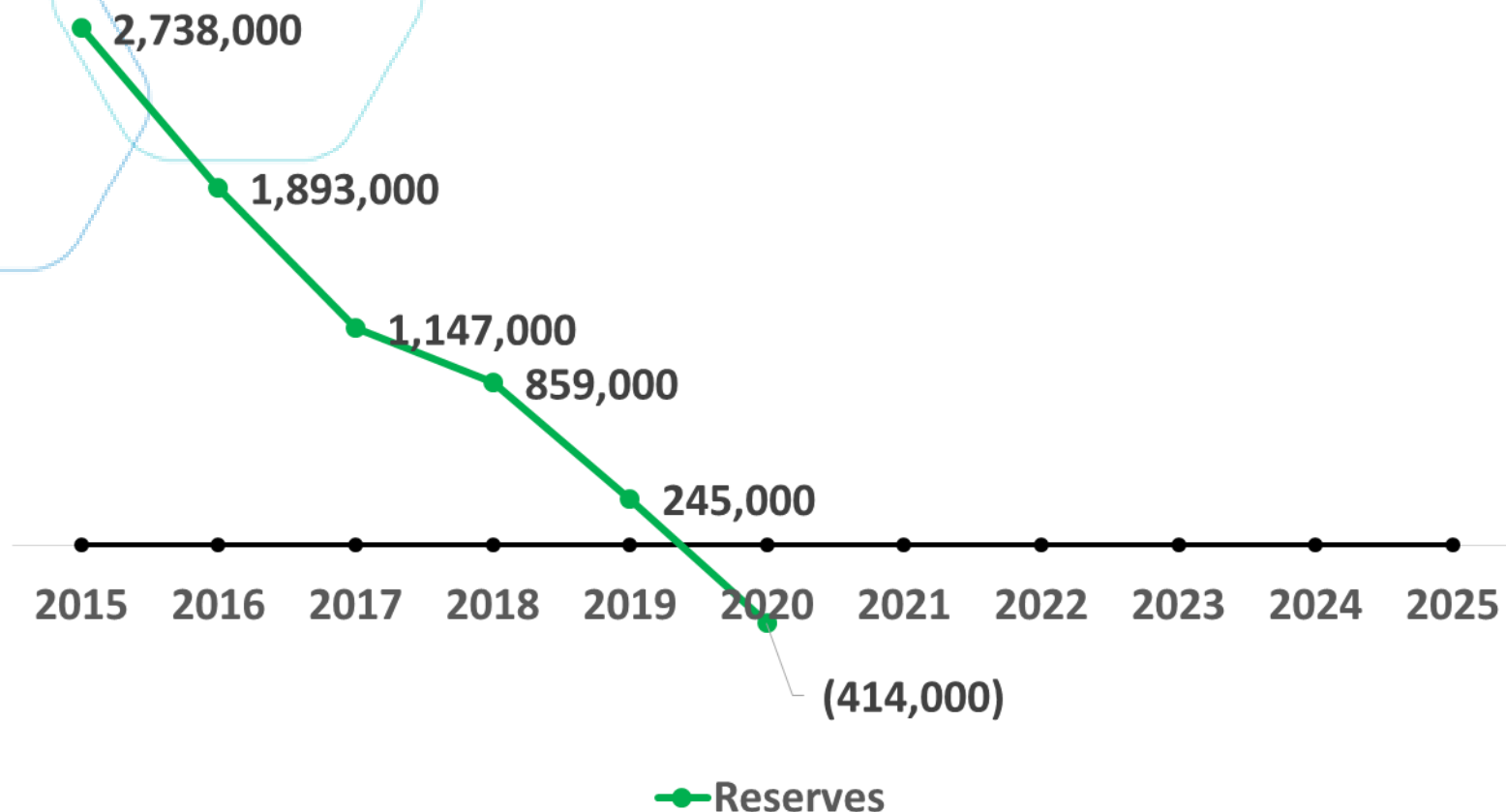
Portland EXPO Venue and Asset



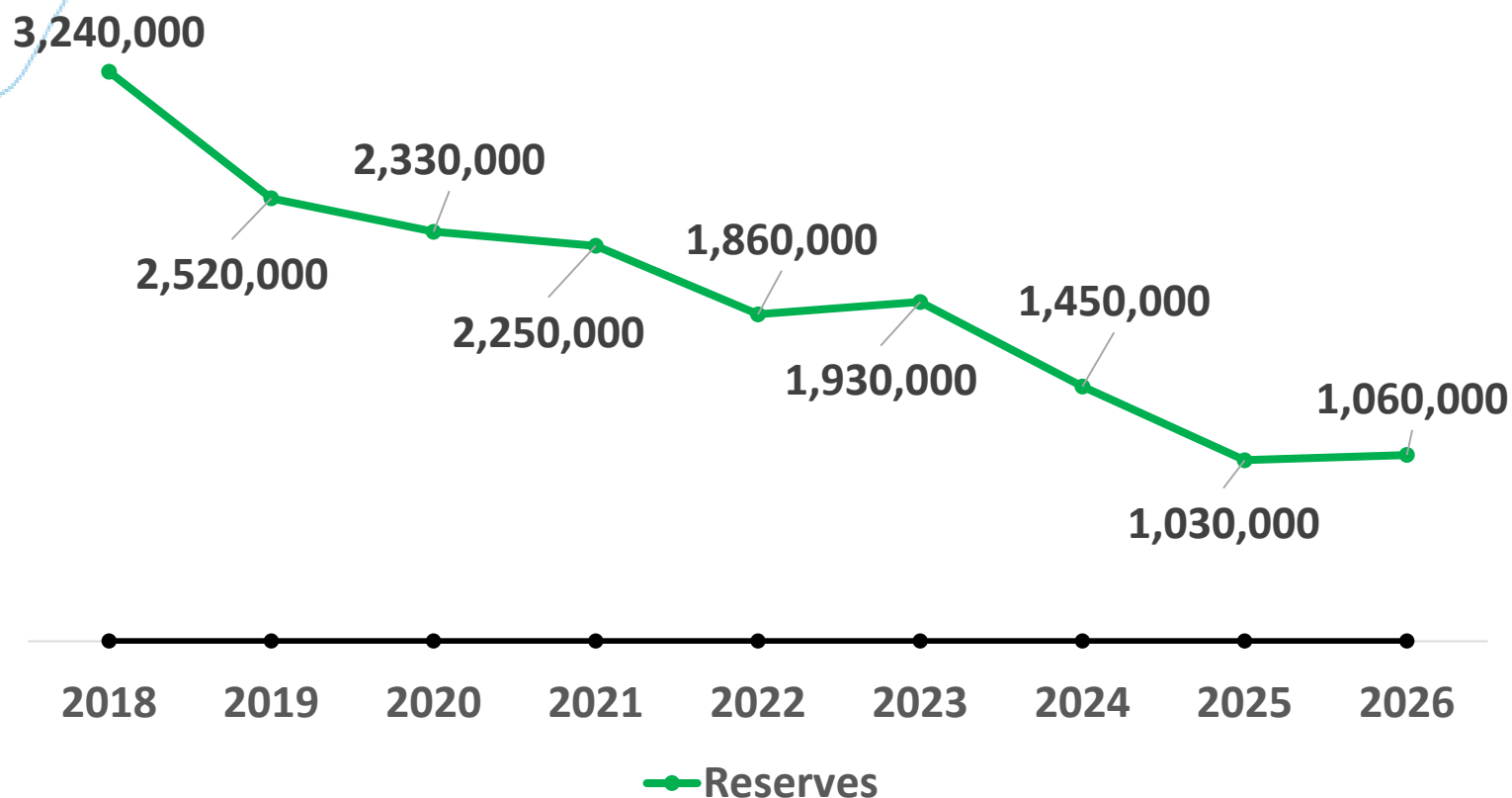
EXPO Challenges

- Poor condition of Halls A, B, and C result in poor occupancy, together they comprise less than 15% of EXPO's total Hall Revenue.
- In depth 2015 venue study determined that significant capital investment is required to make EXPO successful and financially self sustaining. There is no long term funding strategy to improve underutilized Halls.
- Due, in part, to the approximately \$1M/year debt service committed until 2025 for Hall D rebuilding, EXPO was operating at a deficit.
- Attempts to diversify revenue streams beyond the current business model have had insufficient impact on this.

EXPO Financial Snapshot



EXPO Financial Forecast



EXPO Impact



- The Portland Expo Center serves as a gathering place for a wide range of events and communities.
- The Portland Expo Center is Oregon's largest multi-purpose facility. The 53 acre campus boasts five exhibit halls totaling over 333,000 square feet and ten varied meeting rooms.
- In Fiscal Year 2018, the Center hosted 115 events, welcoming 497,000 patrons, inducing \$54.8 million in local economic impact, supporting 560 jobs.
- The property has a rich cultural past that has touched the lives of many Portlanders and visitors throughout its history.



EXPO History

Historical significance



- In 1942, during World War II the Portland Assembly Center housed Japanese-Americans before their transfer to internment camps.
- EXPO also serves as a remembrance site for people of color in the greater Portland region who lived in the surrounding area during the Vanport flood of 1948.
- In 1959, the Portland Expo Center was the location of the Oregon Centennial Exposition and International Trade Fair to commemorate one hundred years of statehood.

Current Work

1. Phase 1 Environmental Investigation

2. Updated Property Title Report and Assessment

3. Development Opportunity Study (“DOS”)

- Site, Venue and Market Assessment.
- Based on this assessment develop concepts / scenarios that may be feasible.
- Do more in depth development feasibility and venue performance assessment of 3-5 concepts (development programs evaluated will contemplate continued venue operations).
- Present a decision making tool identifying opportunity and impacts of various paths.

DOS Internal Project Team

Leadership (Steering) Team

- Christine Lewis, Metro Councilor and MERC Liaison
- Damien Hall, MERC Commissioner
- Scott Cruickshank, General Manager Visitor Venues
- Matthew Rotchford, EXPO Center Director
- Paul Slyman, Chief of Staff to the Metro Council President

Technical Expert Team

- Jonathan Williams, TOD Program Development Specialist
- Brian Moore, Willamette Falls Project Manager
- Rachael Lembo, MERC Financial Manager
- Office of the Metro Attorney (with expertise including Environmental Investigations and Title Review)

Project Manager

- Hillary Wilton, Senior Development Specialist

DOS Consultant Project Team

DOS

- Cascadia Partners: A local, certified Emerging Small Business with decades of experience planning, design, development finance, project management and engagement.

Environmental Investigations

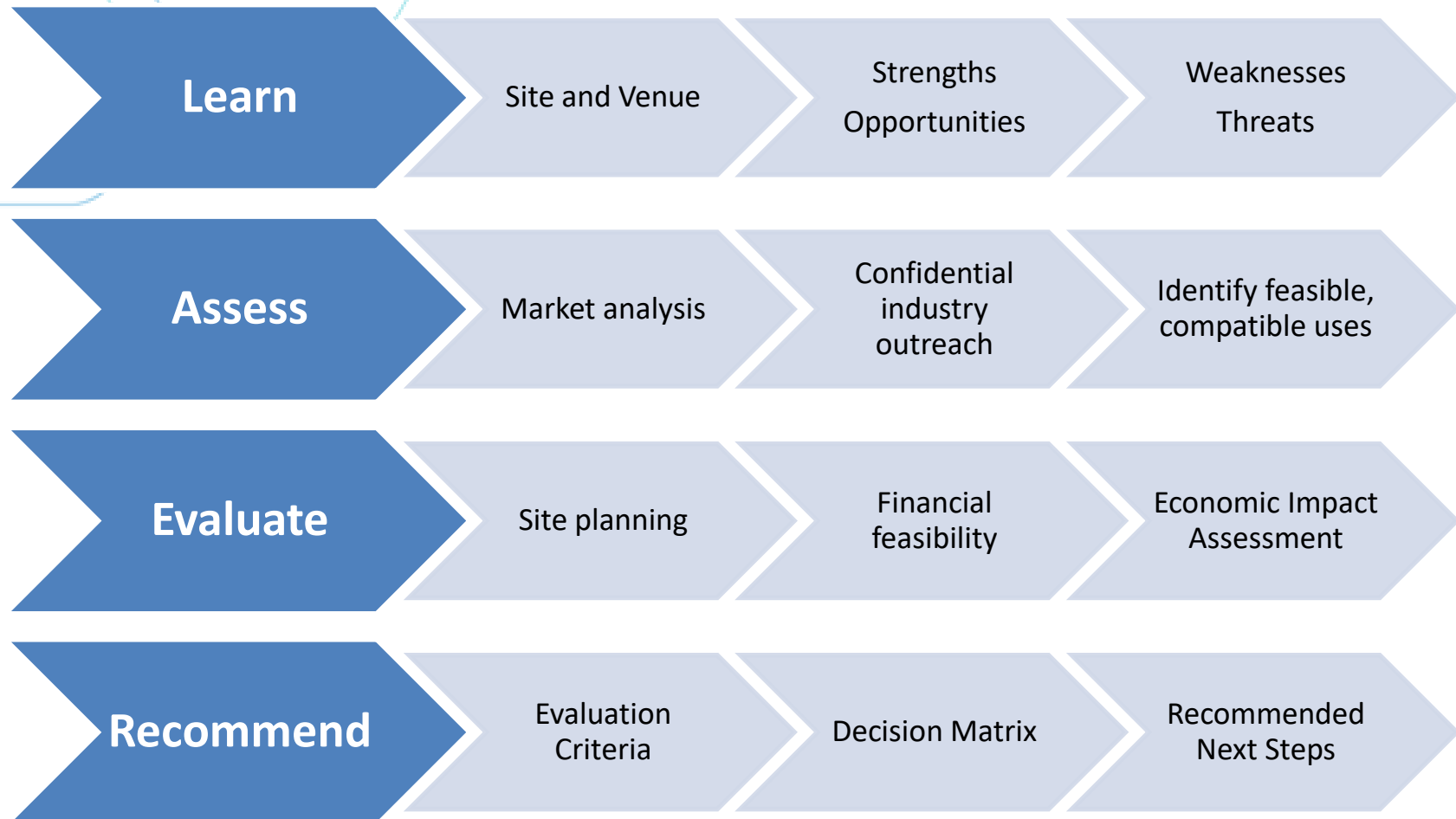
- Hart Crowser: Highly regarded geotechnical and environmental engineers and scientists consulting on public and private projects since 1974.

Property Title

- Chicago Title

Development Opportunity Study

Key Phases



- Existing uses and space needs
- Zoning
- Circulation
- New use space needs
- Site planning analysis
- Basic site plans



Development Opportunity Study

Venue Impact

- Program Impacts
- Revenue Impact Forecasts
- Stakeholder Impacts, including:
 - Staff
 - Attendees
 - Clients
 - Service Providers
 - Dependent businesses e.g. local hotels



Development Opportunity Study

Financial Feasibility (Pro Forma)

- Populate Pro Forma Assumptions
- Evaluate Performance
- Compare Value
- Use Mix
 - Venue
 - Commercial (logistics, office)
 - Housing
- Construction Costs
 - Site and Buildings
- Revenue Streams
 - Venue
 - Commercial Rents
 - Land Lease

Operating Statement Summary				
GPI				
Other Income				
Total Income				
Less: Vacancy				
Less: Concessions, Market Loss				
EGI				
Less: Operating Costs				
Less: Property Taxes				
Plus: Property Tax Abatement				
Plus Sales Tax Abatement				
Plus TIF + IRA Retainage of Taxes				
Cash Throw Off to Public Partner				
Plus: Retainage of Property & Sales Taxes				
NOI				
Less: Debt Service				
Net Cash Flow				
Cap Rate				
Cash on Cash Return (Equity Dividend Rate)				

FINANCIAL PERFORMANCE

Rental

Cash-on-Cash (After Year 3)

IRR on Project Cost (Unleveraged Return)

IRR on Investor Equity (Leveraged Return Before Tax)

Debt Service Coverage Ratio (Year 3)

Owner

Project Rate of Return

Return to Equity

Subsidy

Subsidy Amount

% of Project Costs

Development Opportunity Study

Example Development Priorities

- Understand the impact of maximizing certain priorities, such as:
 - Cash – sale
 - Revenue – rent, land lease
 - Impact – economic impact, jobs
 - Market Potential – highest and best use
 - Affordable Housing
 - Other priorities?

Development Opportunity Study Decision Making Tool

How we will compare alternative priorities and impacts.

**What if we maximize
priority X?**

Priority A

Development
Program

Program X

Program Y

Quantify
Impacts

Impact A

Impact B

Impact C

Impact D

DOS Investigation Timeline

Timeline	2019					2020				
	August	September	October	November	December	January	February	March	April	May
Task 1: Kick-Off Meeting										
Task 2: Site Assessment										
Task 3: Venue Assessment										
Task 4: Market Assessment										
Task 4.1: One-on-One Industry Outreach										
Task 4.2: Strengths & Opportunities Summary										
Task 5: Identify Development Opportunities (5)										
Task 6: Feasibility Assessment (5 Schemes)										
Task 7: Venue Performance Assessment (up to 5)										
Task 8: Economic Impact Analysis										
Task 9: Final Memo										
Task 10: Additional Presentation Materials (Optional)										

Development Opportunity Study

Desired Outcomes

A tool that helps us determine the best public benefit of the EXPO Center venue and property.

- Identify major opportunities and constraints to redevelopment.
- Venue impact analysis of redevelopment scenarios.
- Evaluation of scenarios / alternatives based on priorities (values), for example:
 - Market Viability
 - Real Estate Return (cash / revenue)
 - Economic Impacts (jobs / wages)
 - Venue and Stakeholder Impacts