



Commissioner Nick Fish
City of Portland

November 4, 2010

Mayor Sam Adams
Commissioner Amanda Fritz
Commissioner Randy Leonard
Commissioner Dan Saltzman

Dear Colleagues:

On September 13, CMG Holdings, Inc submitted to the Parks Bureau an unsolicited proposal for a public/private partnership to lease, develop and manage Portland International Raceway (PIR). Upon receipt of the proposal, I committed to doing the necessary due diligence before rendering a decision on their request to enter into exclusive and confidential negotiations.

After consulting with Parks Bureau, Office of Management and Finance and my colleagues on Council, I have determined that we will not move forward on this proposal at this time.

As I informed CMG's representatives in an initial meeting, my first concern about their proposal is one of priority. PIR is a self-sustaining park. In the past years, PP&R has been subject to substantial budget cuts. This year's budget cycle will be equally challenging. I am committed to focusing the bureau on sustaining its core mission. Engaging in a multi-faceted new project to privatize PIR is not a priority I set for the bureau this next year.

The PIR 2004 Master Plan, posted on the Parks website, clearly defines a number of pre-selected and approved projects. First among the existing component projects is the creation of a police training facility. This project has the potential to be a great addition to PIR and of critical importance to the Portland Police Bureau. I am working closely with Mayor Adams and Chief Reese to explore building this training capacity.

Beyond the fundamental issue of priority, a number of other concerns informed my decision:

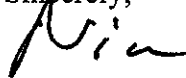
- Informal discussions with my colleagues on council reinforces my judgment that privatizing PIR is not a current priority for the City, nor is there any sense that the proposal is consistent with the long-term goals of the community or PIR stakeholders.

- The CMG proposal contains elements that raise significant land use issues.
- OMF reviewed CMG's financial pro formas and determined that significant gaps complicate an assessment of financial reasonableness and feasibility.
- The plan proposes exemptions from property tax payments for the first three years. The County Assessor must agree to any exemption. The City's financial analysts deem such an exemption unlikely under the lease terms described by CMG.
- Parks and OMF have fundamental questions about the experience and capacity of CMG.

At Parks, we greatly value our private partners, and are always willing to consider creative proposals to improve our system. I am proud of my bureau's record of accomplishment in leveraging public/private agreements that are in the best interests of the City.

I appreciate CMG's interest in developing PIR. However, I do not support further action on this proposal at this time.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick Fish".

Nick Fish