

STATE OF MARYLAND
BOARD OF PUBLIC WORKS
GOVERNOR'S CONFERENCE ROOM
STATE HOUSE
ANNAPOLIS, MARYLAND

SPECIAL MEETING

May 5, 1988

10:20 o'clock, a.m.

Reported by:

HUNT REPORTING COMPANY
99 McKinsey Road
P. O. Box 1407
Severna Park, Maryland 21146
(301) 647-8300

P R E S E N T

GOVERNOR WILLIAM DONALD SCHAEFER, Presiding;

HONORABLE LOUIS L. GOLDSTEIN, Comptroller;

HONORABLE LUCILLE MAURER, Treasurer;

JAMES J. MCGINTY, Secretary, Board of
Public Works;

EARL SEBODA, Secretary, Department of
General Services;

CHARLES L. BENTON, Secretary, Department of
Budget & Fiscal Planning;

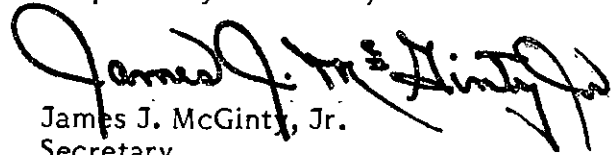
CONSTANCE LIEDER, Secretary, Department
of State Planning; and

MARION J. BOSCHERT, Administrative Assistant,
Board of Public Works.

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There being no further business, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James J. McGinty, Jr.", written in a cursive style.

James J. McGinty, Jr.
Secretary

C O N T E N T S

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P R O C E E D I N G S

GOVERNOR SCHAEFER: The Board will come to order. What's the order of business?

MR. MCGINTY: Secretary's Agenda, Maryland Stadium Authority.

GOVERNOR SCHAEFER: Mr. Belgrad, the order of business is the 15-year stadium lease. I wish you would generally outline what the provisions are. Before you do that, I'll start off by thanking you and Gene Feinblat for what I consider work over and above the normal course of business and beyond what you had to do; and I'll leave it with that, because we'll see if you're able to explain what the lease says. Then, if you do a good job with that, then we'll give you the accolades at the very end.

MR. BELGRAD: I accept your terms, Mr. Governor. If I may for just a moment, before I begin, I'd like to acknowledge the presence of the members of the negotiating teams. On behalf of the Orioles, Mr. Lawrence Lucchino, who is Vice-President of the Orioles, led the negotiating team, and he is here with Robert Flanagan, the Treasurer

of the Orioles, who was another member of the Oriole negotiating team, and with the Oriole General Manager, Roland Hemond. I'd like to welcome them to the meeting of the Board of Public Works.

GOVERNOR SCHAEFER: Would they stand and identify themselves? Where are they? All right. Thank you very much.

(Applause.)

MR. BELGRAD: On behalf of the Stadium Authority, our negotiating team was led by a very fine lawyer who needs no introduction to this Board, Mr. Eugene Feinblatt, and he will assist me during the presentation in answering your questions, along with our consultant, Gene McHale. Gene McHale is our professional sports consultant. He is a former president of the New York Yankees. He has been with us day and night over the last year or so during every negotiating session. We relied considerably on his background and experience in professional baseball and his intimate knowledge of each of the leases that are now in existence in the professional baseball world.

GOVERNOR SCHAEFER: Would you identify those two gentlemen for us, please.

MR. BELGRAD: Mr. Feinblatt and Mr. McHale.

(Applause.)

MR. BELGRAD: I'd also like to express my appreciation to Mr. Feinblatt's law partners. Alison Asti is here, and she's seated here. She's been with us day and night as well; but only symbolically I'm mentioning her, because there are a number of his partners in areas of expertise who have been working with us throughout this process, and I'd like to express my personal appreciation to them as well.

GOVERNOR SCHAEFER: Do you have any law partners that you would like to introduce?

MR. BELGRAD: I used to be in the practice of law, Mr. Governor.

GOVERNOR SCHAEFER: I know you did, but a long time ago, because you've been working on --

MR. BELGRAD: I don't think that my law partners would recognize me any longer.

(Laughter.)

MR. BELGRAD: In 1987, I appeared on behalf of the Stadium Authority before the relevant committees of the General Assembly to urge their support of three bills that were then pending. Those bills gave approval to Camden Yards for the site of a new stadium complex. They authorized us to proceed with land acquisition and with the construction of a baseball stadium and a football stadium, once we were able to obtain a long-term lease for either of those facilities.

We urged the Legislature to support those bills in order for us to achieve our two primary objectives, and one objective being to retain the Orioles permanently in this area through a long-term lease, the other to return NFL football to Baltimore and Maryland.

I'm very pleased and proud to tell this Board that we have been successful in achieving our first objective. I'm here to present to you for your approval the long-term lease that has been negotiated with the Orioles.

One of the primary objectives, as I indicated

earlier, was a long-term lease, and this lease is for a firm 15-year period with an option on the Orioles' part to renew for an additional five-year period. The lease also provides that the Orioles will continue to play in Memorial Stadium until they're able to occupy the new stadium, which is a period of approximately four years, including this season, so that we're talking about a term of 24 years, during which we hope to have the Orioles with us, and many, many years thereafter.

Now, we have safeguards in this lease which will protect our interest in ensuring that the Orioles remain permanently in Baltimore. In addition to the 15-year lease, we have a provision where the Orioles agree not to relocate that franchise during the term of this lease. They have agreed with us that all of the terms of the lease, including the no-relocation clause, are enforceable in a court of equity by way of specific performance; so that, if a subsequent franchise owner would attempt to remove the franchise, we would not be limited only to money damages for the loss of revenue, but we would have an enforceable right under the no-

relocation clause and the specific performance clauses.

The 15-year lease is a no-escape clause lease. There are no outs, there are no open windows; and this is somewhat unusual under the current practice in professional baseball today. It's the policy, as we understand it, of the Commissioner's office to limit leases to five to seven years. However, we are advised that the Commissioner is willing to make an exception in this case, first, because we have committed to the construction of a state-of-the-art baseball stadium and, second, because the business community through the Greater Baltimore Committee has stepped forward and made a very generous offer of support both in Memorial Stadium and subsequently in the new stadium. As a result, the Commissioner's office has indicated that it would approve the length of this lease.

The lease itself will be binding on any successors and assigned, so that in the event that the franchise changes hands, the subsequent owners will be legally bound to the terms and conditions of this lease.

What is it that the Stadium Authority has

agreed to do in exchange for this 15-year, no-escape clause? We have agreed to diligently, expeditiously and promptly commence the acquisition of land in the Camden Yards area, the relocation of the owners, to design through our architects a final design plan, and to begin construction of a baseball stadium. We've expressed our intent in the lease to break ground by December 31 of 1989 and to have the stadium ready for occupancy in time for the 1992 baseball season. Our objective is, if possible, to even move that date up. If we are able to expedite the proceedings, so that we can make this stadium available during the 1991 season, we will do so, and all efforts will be made to accomplish that objective. However, we are not willing to bind ourselves legally in the lease to make the stadium ready for occupancy until the 1992 season.

The stadium that we're talking about is one that has been the subject of considerable negotiation and debate. During the period of time that we appeared before the Legislature in 1987, we were under very severe time constraints. We did not have the opportunity

to sit down with our sole tenant, the Orioles, and have the benefit of their input in the design of the stadium; but we assured the Orioles that, when we began the negotiation, they would have significant input, as they deserve, in the design plans. Together with the Orioles, we consulted and invited to participate three major architectural firms. Each of them had the opportunity to meet with the various divisions and organizations within the Orioles in order to determine what the needs of each of these divisions were. As a result, the architects each came forth with proposals and met a half-day each with the Orioles and the Stadium Authority to make presentations, including models and computers, et cetera.

As a result of the input from these consulting firms, we came together with the Orioles to negotiate what is called the "Minimum Requirements for the Construction of a Baseball Park at Camden Yards." That is attached to your lease as Exhibit 1.

Before I mention the aspects of that exhibit, I think by the use of the word "park," it indicates our

concept of what this new stadium will be. It's not going to be merely a stadium with bricks and mortar. It is going to be a park in the old-fashioned, traditional sense. Hopefully, we'll be able to retain the existing warehouse. It would provide, for example, for picnic areas for 3,000, so that families can come out before the game and enjoy the stadium and the land surrounding the stadium. We'll have a section in the stadium primarily for family use, all of which is to encourage the family and the children to be part of the national pastime.

Now, the exhibit marked "Minimum Requirements" is divided into various sections. The first section deals with the spectator facilities and those amenities, and it provides that we will construct a stadium, an open air, natural grass stadium with approximately 50,000 spectator seats and 50 luxury boxes. It provides for the number of comfort stations for men and for women based on very careful statistics and studies, so that we don't have -- we'll try our best to avoid the problems that are encountered, particularly by women, in the

current stadium. It provides for the construction of concession areas, for scoreboards, for sound systems, security, for access and egress, for parking and for advertising.

Another section deals with the media and the office facilities; and the final section deals with the game elements and amenities, and that deals with such things as the playing surface, the home team clubhouse, the administrative offices, the visitor clubhouse, et cetera.

We very carefully spelled out what commitments the Stadium Authority has made. In some areas, we do not have the funds readily available, and we have indicated that, if financially feasible, we will move forward within those areas. Some requests on the part of the Orioles had to be turned down, because we were not able within our budgetary allocations to finance those kinds of improvements.

There's been a lot of discussion about the concessions; and you will see, as part of the lease agreement, provisions for concessions. We have agreed

to assign to the Orioles the operation of the concessions and the selection of a concessionaire. The Orioles have agreed to make their good-faith effort to enter into a long-term contract with the concessionaire with certain protections and safeguards, which are of vital importance to the Stadium Authority. That concession agreement will provide that the construction, the furnishing, the equipping and the finishing of the concession areas -- and that includes the restaurants -- will be at the sole expense of the concessionaire. It provides that the concessionaire will pay a percentage, a minimum percentage, of 45 percent of the gross concession sales after payment of their taxes. It provides that the capital contribution -- and we anticipate a large capital contribution from a concessionaire -- will be treated as part of the partnership revenues; and I will get to that in just a moment.

Attached as Exhibit B is a document called "Concession Specifications," and this spells out the construction specifications that we've agreed to for

concession stands and restaurants and other related facilities in the stadium.

The Orioles, in consideration of our providing them with this state-of-the-art facility, have agreed to pay rent, and rent on terms that have been incorporated over the recent years in the Memorial Stadium lease. The Orioles and the City have a unique rent arrangement. It is a partnership whereby all of the revenues and incomes from the operation of the baseball team, which includes admission, which includes advertising and parking and concessions, all of which are put into a partnership account. That also would include, for purposes of the paper transaction, the admissions tax which is collected for us by the Comptroller's office. From those gross revenues are deducted the operating expenses of the baseball team, and the net amount is then divided equally between the Orioles and the Stadium Authority. We are debited for the admissions tax, because we will have already received the admissions tax. We will receive the balance.

We're very comfortable with this arrangement.

We're comfortable because there are substantial dollars that will be put into the partnership pot under this lease that were not available in Baltimore City. For example, we are going to construct luxury suites, 50 luxury suites. It's anticipated that that will cost in the range of three and a half million dollars. The revenues -- annual revenues from those sky boxes will be approximately a million and a half dollars. That's \$30,000 annually as a projection. After we pay our amortization, which will be about \$460,000, the remaining over a million dollars would be put into the partnership account.

We're going to adopt a new concept that's only been tried in one stadium, and that's in the Robbie Stadium in Florida. It's called club seating, and the mezzanine area will have luxury seating. In order to purchase tickets for the club seating area, the purchaser will have to pay a premium that's projected to be about \$500 per seat. If you multiply that by the approximately 3,000 club seats, that will generate another million and a half revenue, which will go into

the partnership account. The advertising revenues will also be included in the partnership account, so that we are very comfortable, as I said, in continuing the partnership arrangement. We've agreed to do it for the Orioles while they are under the current ownership.

In the event that the franchise is sold, we have agreed that the partnership can continue; or, at the option of the successor owner, we have agreed with the Orioles on the terms of a conventional lease. Now, a conventional lease, which is found in most of the leases in professional sports, provides for a percentage payment to the landlord, a percentage of admissions, a percentage of concessions, of parking, of advertising and such.

In our conventional lease, we have agreed that the Orioles or the successor will pay to us seven percent of admissions, seven and a half percent of the gross revenues from concessions, 25 percent of advertising revenues, 50 percent of parking revenues. If there are post-season games, we will receive \$5,000 per game. From the sky boxes, from the net revenues

after amortization, we will receive ten percent; and, from the revenues from the club seating, we will receive seven and a half percent. This will generate, by our projections, approximately, based on today's dollars and our assumptions, approximately \$4,000,000 a year.

Now, in addition to serving as an alternative rent through the conventional lease, it will also serve as a cap on the partnership. We have a base, the base being that we are guaranteed our admissions tax regardless of whether there are no profits at all generated through the partnership. We, at least, will walk away with our admissions tax. The cap will be the amount that would come from the conventional lease, had we a conventional lease in existence.

If the successor owner is not satisfied with either of those alternatives, then the lease gives the successor the right to negotiate a new lease with us; but, until terms are reached and approved, the existing partnership will remain in effect.

Now, how do these numbers and our commitment to the stadium compare to the projections which were

made to the General Assembly when they passed the legislation? We based our projection of revenues on a conventional lease; and, when that was translated into dollars, we projected a revenue to us of approximately 3.9 million dollars. As I've indicated earlier, the conventional lease, which is part of our agreement, will generate approximately \$4,000,000, so we're right on target.

The General Assembly agreed to permit the Stadium Authority to issue revenue bonds to finance the cost of acquisition and construction, and they allocated up to \$70,000,000 for the construction of a baseball stadium. Even including approximately 15.3 million dollars for site preparation and clearance, we still are within the bond allocation of \$70,000,000 in order to complete and construct the facility which is described in Exhibit 1, the "Minimum Requirements." So, again, we are within our projections both in terms of construction and in terms of revenues.

I should add that, in its wisdom, the General Assembly anticipated that we would need a cushion, and

so that they took our projection of \$62,000,000 cost and allowed us an additional 8,000,000 to reach the 70,000,000; and they were right, and they were wise, and we're glad that they gave us the additional cushion, because our projected plan would require that we use approximately the \$70,000,000 in bond revenues.

I would like to stop now, because I know from meeting individually with each member of the Board of Public Works and briefing you that you will have a number of questions. As of the time when I was able to provide you with a copy of the lease, as you know, the final lease had not been executed. In fact, I put my signature on the lease at 2:30 this morning when it was delivered from Mr. Williams' office in Washington. You now have a copy of the final lease, and I would like to point out that there are very few amendments to the draft which you received.

Those amendments primarily clarify our commitment to the Orioles that we were constructing and designing for them a baseball-only facility. However, under the "use" clause, it has been amended, again in

our understanding with the Orioles, to permit the use of this stadium for an interim period, during the construction of a football stadium, for a new football franchise in the event that Memorial Stadium is not available. The only other change was not a change in substance, but it was in the clause which is labeled "Force Majeure," and it was incorporating the language under the same heading which exists in the Memorial Stadium lease rather than using the general terminology which you have in the draft, which was presented to you earlier. If there are any other changes, I'm sure Mr. Feinblatt will bring them to my attention; but I think that essentially summarizes what the last minute changes were.

I'd be happy to --

GOVERNOR SCHAEFER: Mr. Feinblatt, do you have anything to add, Gene?

MR. FEINBLATT: I do not, Governor.

GOVERNOR SCHAEFER: I'm glad you recognized the importance of the General Assembly in passing the legislation. And, before I ask the Comptroller to ask

any questions he has and Lucy to ask any questions she has, we would not be here if the General Assembly had not passed the legislation, and we want to make note of that.

Louie, do you have any questions?

MR. GOLDSTEIN: Yes, Governor, I have one question, and I'm glad to see our distinguished leaders from the General Assembly here this morning. We have the President of the Maryland Senate, and we have the distinguished Speaker of the Maryland Senate, and we have some other distinguished members of the General Assembly.

My question, sir, is maybe you could outline just in a few minutes just what the income will be and the expenses. In other words, we're going to issue revenue bonds; is that correct?

MR. BELGRAD: We will issue for the baseball stadium \$70,000,000 in lease revenue bonds in order for us to acquire the land, to demolish and clear, and to relocate those who are occupying the property. Our projection was it would cost approximately 72.3 million

dollars. The General Assembly allocated up to 85,000,000 in bonds in the event that the appraisals that were obtained exceeded the appraisals upon which we rely. The debt service, based on our projection for acquisition and construction of a baseball stadium, will be slightly in excess of \$11,000,000. In order to pay for that debt service, the legislation provides for an instant lottery. We are mandated to conduct at least two and up to four lotteries annually, and they are anticipated to generate \$16,000,000 in revenue. In addition, the City of Baltimore grants us \$1,000,000 a year under the legislation.

We will be generating our own revenues. As I indicated, our revenue is projected to be in the range of \$4,000,000, and we will have interest income on the amount of lottery proceeds which are not expended on an annual basis. So we have a comfortable cushion over and above our debt service. We also have expenses in operation, in cleaning, in maintaining the stadium, in providing for our utility services as well; and those are -- cleaning and utility expenses are in the range of

300,000 to 400,000 dollars. The reason I'm not able to give an accurate figure, Mr. Goldstein, is that we are relying on projections based on very preliminary design plans. At this time, our architects have not begun the final design plans; and only when the architect has completed its work, and that plan has been adopted, will we be able to finalize the specific dollar amounts.

MR. GOLDSTEIN: Well, let me finish then. In other words, to recapitulate here, we've got 16,000,000 coming in from lotteries, a million from Baltimore City, and 4,000,000. That's 21,000,000. Then after the baseball season, you'll have other parking. People will be parking their cars there all during the year, won't they, and you'll have some revenue from that?

MR. BELGRAD: The parking lot will be available for daily weekly parking during the entire year.

MR. GOLDSTEIN: You've got 85 acres there.

MR. BELGRAD: Eighty-five acres, yes.

MR. GOLDSTEIN: So, in other words, you'll have, what, about 40 acres of parking, at least half?

MR. BELGRAD: At the present time, if we build only a baseball stadium, we will have 8,100 parking spaces, surface parking spaces on the lot. Once we build a football stadium, we will have approximately 4,600 surface parking spaces on the lot.

MR. GOLDSTEIN: It will be cut down from 81 to 46?

MR. BELGRAD: That's because the difference will be taken up by a football stadium.

MR. GOLDSTEIN: Right. But, in other words then, when they're not playing the 12 or 14 football games, or they're not playing baseball from October until April, you'll be able to rent that lot for parking, will you not?

MR. BELGRAD: We intend to do that even during the season. There will be daytime parking.

MR. GOLDSTEIN: Right. And there will be days when they won't even be having football -- let's see, they play 80 games out of 160 games. So there will be 80 days during the baseball season they will not be playing a baseball game there, when it could be used for

parking; is that correct?

MR. BELGRAD: That's correct, and our --

MR. GOLDSTEIN: So, in other words, based --

MR. BELGRAD: -- consultants project an income from parking, I believe, at about \$400,000 annually.

MR. GOLDSTEIN: Well, based on the figure you just gave here, 16,000,000, a million, four, that's 21,000,000 plus these others. So you're taking in around 22 or 23 million. You've got 11,000,000 interest and principal, 300 to 400 thousand for cleaning and public utilities. You have to have another 2,000,000, I figure, for maintenance. In other words, if you don't put money aside for maintenance, three to five percent -- look, you know, a stadium gets a hell of a lot of use, and we want that stadium to be the best stadium in the country. We want clean bathrooms, so the women don't have to worry about going in there with little kids. I hear them complain other places. I mean, after all day drinking all that Coca-Cola, all that beer, you know what the hell happens.

MR. BELGRAD: You're absolutely correct.

That's our intention as well, Mr. Goldstein.

MR. GOLDSTEIN: So, right from a business standpoint, it's a good investment. Then they multiply the theory of a dollar. Look how much money that's going to bring into Baltimore. People will come here and spend the weekend with their girl friends and their sweethearts and their wives and their kids. Income tax, sales taxes, admissions/amusement tax, gasoline taxes, sin taxes. I think this is a good investment myself. I'm ready to vote for it.

MR. BELGRAD: Mr. Goldstein, at the request of the legislative leaders, we conducted a tax and economic impact study, and this is responsive to your last comment. That tax and impact study showed that, as a result of the construction of this stadium complex, we will be creating 4,088 new jobs. That doesn't take into consideration existing jobs.

MR. GOLDSTEIN: That was my next question. Okay.

MR. BELGRAD: During the operating season, once we completed construction, on an annual basis we're

talking about 948 new jobs. We're talking about money generated into the economy. During the construction period, we're talking about \$259,000,000. In present day dollars, over the next 15 years, we're talking about generating 1.10 billion dollars into the economy as the result of operation of these stadiums.

As to tax dollars, during the construction phase, the City of Baltimore and the metropolitan area will have 12,000,000 additional new tax dollars. The State of Maryland will have 6,000,000 new additional tax dollars. During the operating phase, the City and metropolitan area will have 2,000,000 additional tax dollars, and the State 5,000,000 additional tax dollars.

So that, in talking about cost, I think it's important, as you've pointed out, to realize that this is major economic development that will benefit not only the City but the metropolitan area and the State and will produce new tax dollars.

MR. GOLDSTEIN: I'll tell you what it's going to do. It's going to bring people here from Virginia, Pennsylvania, Delaware and West Virginia that probably

never come to a game, because of all these ancillary facilities, all these nice new hotels. You know, a hotel has a lot of extra space Friday, Saturday and Sunday, and I know Marriott and these different hotels now have weekend specials; and it would be a great thing to bring all the family here. It will be a family picnic. I know I'm going to do it with my kids and my grandchildren. I'm going to bring them up here to Baltimore and have a hell of a good time.

MR. BELGRAD: We hope that the General Assembly's approval of a downtown stadium will have the kind of effect economically that you've just described.

MR. GOLDSTEIN: I'm ready to vote for it myself.

GOVERNOR SCHAEFER: Thank you. Lucy, Mrs. Maurer.

MS. MAURER: Yes. What we have before us is a Memorandum of Agreement. It's not the detailed lease itself; is that correct? But it has the force of a contract?

MR. BELGRAD: The document before you is a

complete, independent, self-enforcing document. It is the lease. What is intended in a more formal document is to spell out detail, not substance, and that detail would include a number of what we talk about as boiler plate clauses; but it will also cover in detail some of the areas that we were unprepared to address during the course of these negotiations. For example, in the insurance area, that insurance, as you know, is handled through your office, and we are relying on your office to advise us as to the nature and extent of insurance that we should have and the manner in which we should provide that insurance. Once we receive that information from you, that will be included in the detail of the formal lease. However, in this document, the Stadium Authority has agreed to provide the necessary property and liability insurance that is appropriate. The Orioles have agreed to provide the liability insurance which is comparable to insurance provided by other teams in the league.

MS. MAURER: Right. But this is self-enforcing, and it does not depend upon the completion of

the formal agreement or the detailed agreement. The principles enunciated in here will stand.

MR. BELGRAD: That's correct. The mechanics will be in the formal agreement.

MS. MAURER: All right. Basically, I guess the question is, in implementing the law, whether this crucial agreement balances the long-term State goals against the interests of the Orioles; and I appreciate that these have been long, hard, complex negotiations, and I for one have confidence in our negotiating team. But I wanted to pursue again and put into perspective a couple of key issues, one of which is whether the economic impact of the proposals in here fall within the scope of our anticipated revenues, which you have spoken to, and whether in building a new stadium, in increasing our investment in a stadium, the overall impact of this Memorandum of Agreement builds upon what we already do in Memorial Stadium; that is, you have incorporated by reference certain of the techniques, but could you speak generally to the overall impact of this lease in comparing it to the current lease at Memorial Stadium?

MR. BELGRAD: The current lease at Memorial Stadium generally provides -- and I've gone into this -- for a partnership arrangement. The difference is that there will be more revenues available to put into the partnership account; and, therefore, as an equal partner, our half should exceed what has taken place in Baltimore City. But there have been a number of arrangements in Baltimore that are different. You're dealing with a stadium that is an older stadium, that requires a great deal of annual expenditure to maintain and upgrade that facility. With a new state-of-the-art facility, I think the Comptroller properly pointed out we have to have a fund in order to maintain it, but certainly we don't anticipate putting those kinds of dollars into the facility initially.

MS. MAURER: But, basically, you have a partnership now at Memorial. You have built into this an option for an alternative or a conventional type rent. In either one, the revenue stream would meet our fiscal targets; is that correct?

MR. BELGRAD: Based on our projections, that

is correct.

MS. MAURER: So that, given the alternative mechanisms, the breadth of the partnership if that's used, the breadth of the conventional lease, the items that are in it, and the larger size of the stadium, we have here things which exceed the kind of contract we have in Memorial Stadium.

MR. BELGRAD: That is correct.

MS. MAURER: All right. Now I'd like to proceed to the question of our long-term goals, which was to have the Orioles stay in Baltimore, and which everyone is pleased about. The question was -- you referred to the relocation clause and the issues involved, so that whatever happens to the Orioles in terms of who holds the franchise, this Memorandum of Agreement continues to apply to whoever holds the franchise. One, is that correct?

MR. BELGRAD: That is correct. That is correct.

MS. MAURER: Then, two, how would the relocation clause and any other penalty, whether it's

liquidated damages or what have you, operate to deal with the long-term nature of the arrangement?

MR. BELGRAD: In the event that an owner, whether it be the current owner or subsequent owner, makes an effort to move that franchise, we would move quickly to a court of equity to enforce the relocation clause and ask the court for an injunction that would prohibit the owner of that franchise from breaching the relocation clause and moving the franchise.

MS. MAURER: What would be the basis of not granting an injunction?

MR. BELGRAD: In the event that we as a landlord had materially breached our obligations under this lease, the franchise owner could argue -- and I'm talking as a lawyer for a minute, though I am a client in this case -- but the franchise owner could argue that we were coming into a court of equity without clean hands, because we have not lived up to our material obligations under the lease and, therefore, we should not be able to avail ourselves of equitable remedies.

I can assure you, for myself as Chairman of

the Authority and the other members of the Authority as well as our successors, that we do not intend ever to put ourselves in a position -- we intend to live up to our obligations under this lease, and there's no reason that I can anticipate even wildly why we could not live up to our obligations.

MS. MAURER: Would you go into the force majeure. We intend to live up to our obligations; but, in the event there is something which impedes construction and alters the schedule of construction, what protection do we have?

MR. BELGRAD: There are certain acts that are beyond our control, a labor dispute, for example, some environmental cause, which may delay the beginning or may interfere with construction. We have agreed under the "force majeure" clause that our obligations under the lease with respect to expeditiously and diligently commencing construction and completing will be suspended, and it will be suspended for a period of up to three years. During that period, we will make a good faith effort to cure whatever the defect is that is

causing the delay, but we feel that that gives us adequate safeguards.

MS. MAURER: So that both in terms of the two issues which I have raised, whether we meet our fiscal targets and whether we do, indeed, have a long-term lease on which to make a major State investment, that this Memorandum of Agreement satisfies those long-term goals of the State.

MR. BELGRAD: Absolutely.

MS. MAURER: Thank you.

GOVERNOR SCHAEFER: Before I call for a vote by the Board, I'd like to know if the Lieutenant Governor has anything he would like to say, the Speaker of the House, and the President of the Senate.

LT. GOVERNOR STEINBERG: Nothing particular. It's been a very happy occasion. I've known Herbie Belgrad for many years and am not surprised at the outstanding manner he's shown.

I congratulate you, Governor, and members of the Board for expediting this process.

GOVERNOR SCHAEFER: Anyone else like to be

heard?

(No response.)

GOVERNOR SCHAEFER: I think we must go back to what the objective was a number of years ago, and the objective was to assure the people of the City of Baltimore and the people of the State of Maryland that we would do everything we could to retain the Orioles in the State. That was the objective, the primary objective, and we must never lose sight of what the purpose was.

If you'll recall, Mr. Williams did say that he did not ask for the lease, but he also emphatically said that he would never sign a long-term lease in Memorial Stadium. He's repeated that time after time after time. If Mr. Williams had signed a two-year lease, there was no assurance that, after the two years, that the team would not possibly leave the State of Maryland, even though Mr. Williams had said he would stay here as long as the fans supported the team. That causes great concern and consternation among those who are interested in sports in the State, and so we asked Herbie and his

team to enter in negotiations with Mr. Williams and his team to assure us that a long-term lease would be arrived at.

A significant event today, and we will vote on this. People want to know what the stadium means, and it's very simple. It means jobs. It means jobs for the citizens of the State of Maryland and the region. Herbie has been over that time after time. It will help attract jobs to the area around the stadium and provide services to the people who visit the stadium. It will have an impact on every hotel in the region. It will have an impact on every restaurant in the region. It will have impacts on the business, and so that's important to the economy of the State.

There are special thanks we want to give, of course. First, to the Legislature, who passed the legislation. It was not easy for some members of the Legislature outside of the region to vote for this, but they looked at it not as a local matter, but as a matter involving the entire State; and the Legislature passed it, and I thank them for that. The Board of Public

Works, who have worked with this lease arrangement, even up until just before coming down here, asking questions, making sure that the public was informed on what had transpired. Herbie Belgrad, who, I guess, is the most knowledgeable person about this lease and who has worked harder actually than anyone else. There isn't any question that Herbie was the one who went before the Legislature, brought Edward Bennett Williams before the Legislature, obtained the confidence of the Legislature, and the legislation was passed. Ably assisted by Gene Feinblatt, one of the truly fine lawyers, a lawyer who understands people in addition to representing clients. And then Edward Bennett Williams himself, who had bought the team and, as I stated before, in my opinion, had thought possibly of moving it, but when he found the fans in the State of Maryland and the City of Baltimore and the region so supportive, changed his mind, and he became a person who was trying to find a way to keep the Orioles in Maryland. And especially the citizens. I don't think there's another state or city or region in the United States that it would turn out 50,000 people

on a team that only won one or two games; and they told them, in my mind, that that was great confidence that they had.

Lucy raised some questions about delays and what would happen. As of today, as soon as we vote, if it's in the affirmative, we will start acquiring the land, and there will be an intense push to acquire the land, demolish the properties, relocate the utilities and move on a very full-scale, fast-moving track.

In my mind, this is a great day for the State of Maryland and for Baltimore, and it's a great day when everyone can thank themselves for the part that they played. History is made. There isn't any question. There were the soothsayers who said, "You lost this, you lost that, you'll never get him to sign a lease under any circumstances," except for one thing. Mr. Williams had told me he was going to sign a lease. He is not an easy negotiator. He's tough, but we have some tough guys on our side, too; and so, when the two tough guys and the two teams worked together, they came up with a lease.

Mr. Comptroller, I'm ready for a motion.

MR. GOLDSTEIN: Yes, sir. Governor, the hour and the minute of decision has arrived. As you said, I was out there last Monday night with you, and I saw 50,000-plus citizens in the stands rooting and hooting, and they won that game 9 to 4; and I spoke to a lot of them.

I made up my mind that I was going to vote for this lease as soon as I got a copy, and I did last night. So I'd like to make a motion that we approve the Memorandum of Agreement and the exhibits between the Maryland Stadium Authority and the Baltimore Orioles, Incorporated, dated May 5, 1988, and executed by the Maryland Stadium Authority by Herbert J. Belgrad, Chairman, and Baltimore Orioles, Incorporated by Edward Bennett Williams, Chairman of the Board and President.

MS. MAURER: Second.

GOVERNOR SCHAEFER: Is there a second to --

MS. MAURER: Second.

GOVERNOR SCHAEFER: Seconded by the Treasurer.

All in favor, signify by saying "aye."

BOARD MEMBERS: Aye.

GOVERNOR SCHAEFER: All opposed?

BOARD MEMBERS: (No response.)

GOVERNOR SCHAEFER: The lease is approved, and we thank you all.

(Applause.)

GOVERNOR SCHAEFER: I see we have a distinguished visitor with us. Would you come up here, distinguished visitor. Stop shaking your feathers. What are you going to do?

ORIOLES BIRD: Give me an "O".

THE AUDIENCE: "O".

GOVERNOR SCHAEFER: You know, when you start that cheer, Mr. Bird, I expect you to follow through. All right. Mickey and Clay and Mike, if you will stand up, and if we will start with an "O". Give us an "O".

ORIOLES BIRD, BOARD MEMBERS AND AUDIENCE: O-R-I-O-L-E-S, Orioles.

GOVERNOR SCHAEFER: That's fine.

(Applause.)

GOVERNOR SCHAEFER: And before -- I'd like to

do one other thing. I'd like to issue two Governor's Citations. Be it known, on behalf of the citizens of this State, in recognition of your outstanding commitment to nurturing the vibrant sporting conditions of Baltimore and our entire State, as demonstrated by your tireless efforts and long hours of dedicated work on behalf of the Maryland Stadium Authority, and being instrumental in assuring a bright future for Oriole baseball in Baltimore, we are pleased to confer upon you this Governor's Citation, Herbert J. Belgrad --

(Applause.)

MR. GOLDSTEIN: Gene Feinblatt, Gene, come up here.

GOVERNOR SCHAEFER: -- and Eugene M. Feinblatt.

(Applause.)

MR. GOLDSTEIN: You did a good job. We're proud of you.

GOVERNOR SCHAEFER: Herb, Gene, come over here and get your citation here.

MR. GOLDSTEIN: Yes, sir.

MR. FEINBLAT: Thank you very much.

MR. BELGRAD: Thank you.

MR. GOLDSTEIN: Congratulations, Gene.

GOVERNOR SCHAEFER: Anything further before
the Board?

MS. LEBOW: We have one more thing, Governor.

MR. GOLDSTEIN: I move --

GOVERNOR SCHAEFER: Yes.

MS. LEBOW: One more thing.

MR. GOLDSTEIN: One more thing, okay, one more
time.

GOVERNOR SCHAEFER: Now, what is that, if I
may ask?

MR. BELGRAD: This happened during the
meeting. Construction is underway.

(Laughter.)

GOVERNOR SCHAEFER: Oh, I see. So you've
started already; fair to say, yes? That's great.
Congratulations. I'm extremely pleased. That's
wonderful. Thank you. Thank you all for being here.

(Whereupon, at 11:15 a.m., the
proceedings in the above-entitled matter were adjourned.)