

BEFORE THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

AUTHORIZING THE EXECUTION OF A JOINT ) Resolution No. 91-1527  
MEMORANDUM OF UNDERSTANDING REGARDING )  
THE DEVELOPMENT OF A NEW TRAIL BLAZER ) Introduced by Rena Cusma,  
ARENA ) Executive Officer

WHEREAS, Resolution No. 1243 authorized a study of permanent operations funding for Metro ER facilities and the feasibility of constructing new sports facilities; and

WHEREAS, Resolution No. 90-1284 established a Public Policy Advisory Committee for regional convention, trade, performing arts and spectator facilities to execute the study; and

WHEREAS, Resolution No. 90-1316 confirmed appointments to the Public Policy Advisory Committee for regional convention, trade, performing arts and spectator facilities; and

WHEREAS, the Arena Subcommittee of the Public Policy Advisory Committee found that a need currently exists for an arena with a seating capacity of 16,000 to 20,000; and

WHEREAS, the Arena Subcommittee found that, to minimize cost, a public/private financing partnership should be pursued; and

WHEREAS the Arena Subcommittee found it to be highly unlikely that the Memorial Coliseum could be separately managed as a profit-making business after completion of a new arena; and

WHEREAS, the Portland Trail Blazers propose to construct a new 19,200 seat arena as well as other facilities on the approximately 15 acre site adjacent to the Memorial Coliseum owned by the City of Portland and on contiguous land owned by the Trail Blazers; and

WHEREAS, Metro Resolution No. 91-1450 authorized the appointment jointly with the Mayor of the City of Portland an Arena Task Force to consider the Trail Blazer proposal to develop a new arena at the Memorial Coliseum site; and

WHEREAS, the Arena Task Force prepared a structured request for a formal proposal from the Trail Blazers entitled "Objectives and Guidelines"; and

WHEREAS, the Trail Blazers submitted a responsive proposal which included a public investment of \$34.5 million in an approximately \$178 million project; and

WHEREAS, the public investment would be made from revenues raised from bonds issued by the City of Portland and repaid from a six percent user fee on all arena and Memorial Coliseum tickets; and

WHEREAS, the Portland Trail Blazers propose to operate the Memorial Coliseum jointly with the new arena, and

WHEREAS, the Arena Task Force has prepared and forwarded to the Portland City Council and the Metropolitan Service District Council a Memorandum of Understanding regarding the development of the arena project to be jointly executed by Metro, the City and the Trail Blazers; and

WHEREAS, based upon the ownership of the Memorial Coliseum and the land underlying the majority of the proposed project and their significant financial exposure, the City of Portland desires to assume the role of "lead agency"; and

WHEREAS, Metro and the City believe that unified oversight of all regional spectator and performing arts facilities is in the public interest and contemplate that, insofar as practicable, the City will utilize MERC to oversee operations of the Blazer Arena/Coliseum Site in combination with the Convention Center, Civic Stadium and Portland Center for the Performing Arts; and

WHEREAS, Metro and the City recognize that the Consolidation Agreement will require amendment based upon the changed status of the Memorial Coliseum resulting from the approval of this MOU; NOW THEREFORE,

BE IT RESOLVED, that

1. The Council of the Metropolitan Service District hereby approves execution of the attached Memorandum of Understanding (Exhibit A).

2. The Council recognizes the City of Portland as the Lead Agency in future negotiations and execution of agreements based upon its ownership of key properties and its financial responsibilities.

3. The Council hereby authorizes the Executive Officer to direct key staff to participate in the negotiation of the necessary implementing agreements and participation in an Arena Development and Transition Management Committee (Exhibit B) whose charge shall be to:

a. Review and make recommendations on the Development Agreement, Lease Agreements, Management Agreement and other documents necessary to implement the MOU;

b. Review and recommend a detailed public financing plan;

c. Review and recommend an operations plan;

d. Coordinate public design, construction and financing responsibilities;

e. Monitor the public's interest in the development and transition phase and recommend adjustments as necessary; and

f. Recommend the form of the public oversight function for ongoing operations and the coordination of the new Oregon Arena, the Memorial Coliseum and the Oregon Convention Center.

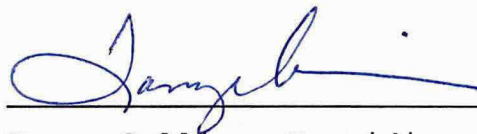
4. The Metro Council supports the operation of the Memorial Coliseum by the MERC until that facility is turned over to the Oregon Arena Corporation for operation. MERC shall oversee the OAC operation of the Memorial Coliseum unless the City determines the MERC is not the most appropriate, responsive and cost efficient agency to serve as the City's agent in this function.

5. The Council hereby directs the Executive Officer to prepare proposed amendments to the Consolidation Agreement to permit changes by December 31, 1991 to:

a. facilitate the City's ability to enter into a Development Agreement, Lease Agreements and Management Agreements directly with Oregon Arena Corporation (OAC) and Trail Blazers, Inc. (TBI) as specified in the MOU; and

b. provide the City with additional discretion to change the oversight agent for the operations of the Memorial Coliseum in accordance with Paragraph 4.

ADOPTED by the Council of the Metropolitan Service District this 14th day of November, 1991.

A handwritten signature in blue ink, appearing to read 'Tanya Collier', is written over a horizontal line.

Tanya Collier, Presiding Officer



## CITY/METRO/OAC AGREEMENT TO OFFSET ADMISSION TAX

This Agreement, dated DEC. 9, 1992, 1992, is between the City of Portland, Oregon (City), the Metropolitan Service District (Metro), and the Oregon Arena Corporation (OAC).

### RECITALS

A. The City and OAC are entering into a project agreement for the development of a sports arena and plaza generally located on the site of the City's Memorial Coliseum and Exhibit Hall, and for operation of the Project Facilities by OAC.

B. Pursuant to those agreements, OAC will be collecting User Fees on tickets for events at the Project Facilities and will make payments to the City from User Fees collected.

C. The City and Metro have, or may subsequently have, authority to impose and collect Admission Taxes on tickets for spectator events, including events at the Project Facilities.

D. The parties to this Agreement believe it is in their best interest to ensure that the User Fee on events at the Project Facilities (Coliseum, Arena, Plaza, and Exhibit Hall) is offset against any Admission Tax imposed by the City or Metro, or their successors, so as to avoid unreasonably high cumulative excise charges on tickets.

### SECTION 1

#### DEFINITIONS

1. "Admission Tax" means any tax or imposition imposed by the City or Metro, or their successors, on the issuance, purchase, sale or use of tickets for events at the "Project Facilities" as defined below. Admission Taxes include any tax or imposition measured by

the gross receipts from tickets sales or admissions, and also include impositions which (a) are specific to the Project Facilities, or (b) taxes on or measured by the gross receipts of sales of tickets and admissions to assembly type facilities such as theaters, stadiums, auditoriums, amphitheaters, plazas, exhibit halls and performance halls. Admission Taxes to not include taxes which are of a general nature, and applicability, including business income, gross receipts or sales taxes.

2. "User Fee" means the additional charge not to exceed 6 percent imposed by OAC on tickets for events at the Project Facilities, which User Fee is subsequently paid by OAC to the City, pursuant to the agreements between OAC and the City, or an equivalent portion, not to exceed the amount of such 6 percent additional charge on tickets, of any payment made by OAC to City in lieu thereof.

3. "Project Facilities" means the sports Arena, Plaza, Memorial Coliseum, and associated Exhibit Hall, all located generally on the site of the Memorial Coliseum at 1401 North Wheeler, Portland, Oregon.

## SECTION 2

### ADMISSION TAX OFFSET

4. In the event that the City or Metro, or any successor governmental agency of either the City or Metro, imposes any Admission Tax, OAC may offset, dollar-for-dollar, the amount paid in User Fees to the City against the amount of Admission Tax payable to the City or Metro in the manner set forth in this Agreement.

5. OAC may reduce the Admission Tax it collects on each ticket, and thus reduce the amount of Admission Tax OAC pays to Metro or the City, or their successors, by an

amount equal to the amount of User Fees OAC must collect on each ticket and pay to the City pursuant to its agreements with the City. The intended result of this Agreement is as follows:

- a. If the User Fee is greater than the sum of all Admission Taxes imposed by the City and Metro, or their successors, then OAC need not collect or pay any Admission Tax.
- b. If the sum of the Admission Taxes is greater than the User Fee, then OAC may collect and pay as Admission Tax only the amount by which the sum of Admission Taxes exceeds the User Fee.
- c. If OAC must collect and pay a partial Admission Tax, as in (b) above, and both the City and Metro have imposed Admission Taxes, then the amount paid by OAC shall be apportioned between the City and Metro in the same ratio as the ratio between the full Admission Taxes imposed by the City and Metro.

6. Nothing in this Agreement shall reduce or impair the obligations of OAC to pay User Fee revenue to the City pursuant to the agreements between OAC and the City.

7. In the event that the City or Metro, or their successors, in spite of this Agreement, collect Admission Tax from OAC without it being reduced by the amount of User Fee as provided in this Agreement, then the City or Metro, or its successor, shall reimburse OAC so that the net effect is the same as if the Admission Tax had been fully offset by the User Fee as contemplated by paragraph 4 of this Agreement.

8. The User Fee contemplated by this Agreement is the 6 percent fee on tickets sold in the new Arena and Coliseum or the equivalent portion of any OAC payment in lieu thereof. Any increase in this fee subsequently agreed to by City and OAC or any other payments made by OAC to City pursuant to the agreements between OAC and City are excluded from the Admission Tax offset and OAC shall not be entitled to offset any such additional User Fee or payments against any Admission Tax subsequently imposed by Metro or City.

9. a. As to City and OAC, this Agreement shall be in effect as long as OAC is contractually obligated to pay User Fees to the City pursuant to the agreements entered into between City and OAC on November 5, 1992.

b. Metro's obligation to either offset User Fees against Admission Taxes or to make payments to OAC pursuant to paragraph 7 hereof, continues so long as, but only so long as, City has obligations to pay costs directly related to the Project Facilities which have been incurred or reasonably will be incurred including, but not limited to, debt service, OAC advances, reserves for demolition, and repayment of prior general fund loans. If prior to termination of this Agreement as to City and OAC, City no longer has such obligations then Metro's obligations to both City and OAC terminate. If City continues to have such obligations after the termination of this Agreement as to OAC and City, then Metro's obligation to offset continues until such time as City no longer has such obligations.

10. If Metro's obligation to offset terminates prior to the termination of this Agreement as to City and OAC, City shall allow OAC to offset against User Fee payments to be made to City the amount of any Metro imposed Admission Tax.

11. After termination of Metro's obligations to offset Admission Taxes under this Agreement, Metro agrees to discuss with City the effects any Metro Admission Tax might have on City's ability to finance replacement facilities.

DATED this 9<sup>TH</sup> day of DECEMBER, 1992.

  
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Oregon Arena Corporation  
*Marshall Glickman*  
*Senior VP*

  
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Metropolitan Service District

  
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City of Portland

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**PROPOSED ARENA  
MEMORANDUM OF UNDERSTANDING**

**Proposed by the Arena Task Force  
for execution by:**

**City of Portland  
Metropolitan Service District  
Trail Blazers Inc.  
Oregon Arena Corporation**

**November 13, 1991**

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Proposed Arena  
Memorandum of Understanding

November 13, 1991

The Arena Task Force is pleased to submit to the Portland City Council (City) and to the Council of the Metropolitan Service District (Metro) this Memorandum of Understanding which sets out the conceptual approach for the development of a 19,000 seat arena (Arena), and related parking garages and other improvements generally located on the site of the Memorial Coliseum (Coliseum). This Memorandum is based in part on the proposal of Trail Blazers Inc. (TBI) to build these improvements according to certain arrangements with the above named public bodies. A separate corporation, Oregon Arena Corporation (OAC), has been formed to build and operate existing and new facilities.

The Arena Task Force was established by the City, which owns the land and buildings on the Coliseum site, and Metro, which operates the Coliseum under a management agreement with the City, to develop a process to negotiate and evaluate the TBI proposal.

This memo is submitted by the Arena Task Force to the City and Metro as the sole framework document which will guide preparation of a detailed Development Agreement, related leases, management or operating agreements and associated documents. Neither the City, Metro, OAC, MERC nor TBI will be legally obligated to go forward with the project unless the Development Agreement is executed by the City, or its designee and OAC and TBI.

I. DEVELOPMENT ENTITIES; CHANGES IN OWNERSHIP; PROJECT TEAMS

A. Private Ownership

1. The Arena, attached parking garage (Attached Garage), and Entertainment Complex (as described in Section II of this Memorandum) will be owned by OAC, a corporation majority owned by Paul Allen. Allen shall remain the majority owner of OAC through construction of these improvements.

B. Public Ownership

1. The land within the Arena Master Plan Site (as defined in Attachment A, attached hereto and incorporated herein) shall be owned by the City, except as noted below. In order to effect this ownership:
  - a. City presently owns and shall remain the owner of the Coliseum site and its adjacent parking lots and appurtenant structures;
  - b. OAC will transfer that portion of the Hanna Property required for public rights-of-way (as defined in Attachment B, attached hereto and incorporated herein) to the City upon satisfaction of all required environmental conditions. The remainder of the Hanna Property shall remain in the ownership of OAC.
2. The Coliseum will remain in the ownership of the City;
3. The Public Parking Garage (Public Garage) will be built for City ownership;
4. All plazas, open spaces and rights-of-way designated in Attachment A will be owned by the City.

C. Changes in Private Ownership

Throughout the term of the Arena Lease, OAC has the right to assign the ownership of its facilities to third parties approved by the City in accordance with the provisions set forth in the Development Agreement.

D. Project Teams

1. Management and Negotiation: Trail Blazers Inc.; Public Financial Management, Inc.

2. Architects and Engineers: EB Architects Oregon, Architects and Structural Engineers; David Evans & Associates, Transportation Engineers; KPFF, Civil Engineers.
3. Attorneys: Foster, Pepper & Shefelman
4. Construction Management Service: OAC to consult with City technical staff prior to selection of contractor.
5. General Contractor: OAC to consult with City technical staff prior to selection of contractor.
6. Arena Marketing and Management Team: Trail Blazers Inc.; Oregon Arena Corporation

## II. PROJECT SITE AND DEVELOPMENT PROGRAM

### A. Project Site

The development Site shall consist of the Arena Master Plan Site as shown in Attachment A.

### B. Arena

OAC shall design, build and program the Arena as a modern, state-of-the-art, multi-purpose arena to attract a full range of sports and entertainment events. The Arena shall be designed and programmed in accordance with the following principles and practices:

1. Seating capacity for basketball shall exceed 19,000
2. The Arena shall be designed to meet National Hockey League specifications and shall include ice-making capabilities

3. The design of the Arena shall provide excellent sight lines and improved leg room and seat widths in relation to the current Coliseum conditions
4. Acoustics, lighting and other general building characteristics will be top quality
5. The building design and characteristics will incorporate a variety of "public-art"
6. OAC shall work with organizations involved with access to ensure that the site and facilities are well planned for disabled patrons

C. Attached Garage

OAC shall design and build a garage attached to the Arena primarily for the use of Arena patrons. The Attached Garage shall contain approximately 1,060 parking spaces.

D. Public Garage

OAC shall design and build an approximately 1,410-space Public Garage which meets or exceeds city design and operational specifications set forth in the Development Agreement.

E. Entertainment Complex

OAC shall design and build an Entertainment Complex that will generally conform to the following planned uses:

1. 45,000 square feet, with 30,000 square feet for Blazer offices and 15,000 square feet for expansion and vendor offices, including ticket office and retail
2. Two major restaurants, totaling 18,000 square feet

3. Two entertainment clubs totaling 11,000 square feet
4. Health club totaling 30,000 square feet
5. Approximately 600 parking spaces, dedicated to Entertainment Village and office uses
6. 7,500 square feet of compatible commercial (exclusive of office) use

F. Memorial Coliseum

OAC shall design and renovate the Coliseum for a useful life of 20 years as a second arena, as a community event and convention/plenary session facility, and as a primary consumer show/exhibition space venue. To accommodate the Master Plan and new facilities design, OAC will be allowed to remove approximately 48,000 square feet of the existing Exhibit Hall. OAC shall design and construct the Coliseum Capital Improvements Program as set forth in the Development Agreement, which shall include as much exhibit space as feasible.

G. Transportation, Utility and Open Space Improvements

OAC will design and build, in a manner which meets or exceeds City specifications as set forth in the Development Agreement, the on- and off-site transportation, utility and open space improvements, as generally set forth in Attachment A, including:

1. Vacation of Williams Avenue;
2. Improvement of realigned Williams Avenue which can accommodate light rail;
3. Realignment and improvements to N. Interstate and N.E. Hassalo in the Steel Bridgehead area;

4. Construction of a new east/west, north/south road network north of the Coliseum.
5. Plazas, parks and pedestrian improvements;
6. Utility relocations within the rights-of-way and on-site.

H. Transit Center

OAC will design and build, based on the Tri-Met, UMTA and City specifications as set forth in the Development Agreement, a new Transit Center replacing the existing Transit Center at Williams and Hassalo Streets.

I. Public Participation

The City, Metro and MERC will participate in the design and construction phase in the manner set forth in the Development Agreement. The City or its designee shall have the authority to approve all subsequent plans as being generally consistent with the TBI proposal to the Arena Task Force.

III. LAND USE APPROVALS, ENVIRONMENTAL MATTERS AND DEVELOPMENT RIGHTS

A. Land Use Approvals

All land use approvals for the development of the project are the obligation of OAC. The City and Metro agree to facilitate timely review by the appropriate bodies for land use actions, including, street vacations, design review, conditional use permits, street realignments and construction permits. The City and Metro will assist in securing permits and approvals from other bodies for public and private improvements.

B. Environmental Matters

1. Except for the costs of any environmental assessment or clean-up of the Hanna Property, the parties agree that the City and OAC shall each pay one-half (dollar for dollar) of the costs of assessing the scope and nature of any environmental contamination in the Arena Master Plan Site (Level II Environmental Assessment).
2. The City shall pay the costs of the work necessary to clean up the City-owned portion of the Arena Master Plan Site in compliance with Oregon Department of Environmental Quality (DEQ) rules. However, the City's liability shall not exceed \$1.5 million for the work under this subsection. If the City costs of assessment and clean-up exceed \$1.5 million, the City may (a) terminate, at its sole discretion, its obligations to proceed with any and all provisions in this Memorandum of Understanding and the Development Agreement; or (b) renegotiate this Memorandum and the Development Agreement.
3. OAC is responsible for all costs associated with assessing the scope and nature of contamination on the Hanna Property and the work necessary to clean-up the Hanna Property to DEQ rules.

C. Development Rights

1. During the term of the Arena Lease, at such time as the City or its designee decides not to continue or plan for a public use on the Coliseum footprint or in the air space above the Public Garage, the public will negotiate with OAC for a period of up to 12 months for the assignment to OAC of development rights to these properties at market rate before offering the development rights to a third party.
2. The City may offer the use of said site(s) to a third party without first offering it to OAC if (a) said sites are proposed for a public use, and (b) the new proposed public use does not have a significant

continuing adverse impact on the functioning of the Arena, Coliseum or the Parking System.

#### IV. LEASE AND MANAGEMENT AGREEMENTS

##### A. Arena Lease

City shall lease, at a nominal rate, to OAC the site for the Arena and Attached Garage (shown in Attachment B) for an initial period of 30 years with 10-year renewals, for a maximum leasing period of 60 years (Arena Lease). OAC shall be responsible for property taxes associated with this site and improvement.

##### B. Entertainment Complex

City shall lease the site for the Entertainment Complex to OAC, for a period which is the same as the period of the Arena Lease. OAC will be responsible for property taxes associated with this site and improvements (shown in Attachment B).

##### C. Conditions of Lease Renewal

OAC has the right to renew the Arena Lease and the Entertainment Complex Lease for additional 10-year term(s), for a total leasing period not to exceed 60 years, upon the conditions that:

1. OAC will pay the then-market rent for the lease of the land under the Arena and Attached Garage or continue the 6% user fee payments during the renewal term(s), at the sole discretion of the City; and will pay the then-market rent for the lease of the land under the Entertainment Complex; and



2. OAC extends the Team Lease with TBI which demonstrates TBI's continuing irrevocable commitment to remain in the Arena for the renewal term.

D. Coliseum Management Function

Metro and the City shall enter into an Agreement with OAC for the operations of the Coliseum (Operations Agreement). The Operations Agreement shall include the following concepts:

1. OAC commits to operating the Coliseum for a period of 20 years.
2. At the end of the fifth year of operation, OAC, Metro and the City shall conduct a review of the performance of the Coliseum in achieving public and financial objectives which will be established in the Agreement. The review shall also re-evaluate the second phase of capital improvements to the Coliseum and the revenue sharing formula. Any modifications to the Agreement shall be by mutual agreement of the City, Metro and OAC.
3. The Coliseum operations will be integrated with the operations of the Arena. OAC shall be responsible for providing all marketing, booking, management, operations and maintenance functions at the Coliseum (excluding the financing of the 20-year Capital Improvement Program described in Section IV.D.7.). The Development Agreement shall define OAC repair and maintenance responsibilities.
4. OAC is committed to use its "best efforts" to achieve or exceed the public and financial objectives for the Coliseum as defined in the Coliseum Agreement.
5. OAC shall commence management and operations of the Coliseum on July 1, 1993. OAC and the City shall only charge direct expenses for the management and operation of the Coliseum as set forth in the Development Agreement.

The City and Metro recognize that OAC, subsequent to its completion of a Fiscal Year 1994 pro forma for the Coliseum, must yet obtain its ownership's final approval regarding its early commencement of Coliseum operations on July 1, 1993. This is expected to be accomplished by November 13, 1991. If the OAC ownership does not approve the early commencement of operations, OAC shall propose an alternate method for ensuring the Coliseum operates on a self-sustaining basis beginning July 1, 1992. This MOU will not be executed until such time as the OAC ownership has approved early commencement of Coliseum operations or an alternate proposal has been agreed to by the City and Metro.

6. To preserve existing revenues for the PCPA and Civic Stadium, a Coliseum Fund will be established effective July 1, 1992 which shall be separate and distinct from the MERC Fund for other regional facilities. The Coliseum Fund shall account for all Coliseum receipts and disbursements. Any balance in the Coliseum Fund at the end of Fiscal Year 1993 shall serve as a reserve fund for the Coliseum to be expended by mutual agreement of the City and OAC.

TBI shall make the following payments into the Coliseum Fund on or before June 30, 1994:

- a. \$750,000, whether or not the Coliseum scoreboard is removed, as the reimbursement for the MERC investment in the scoreboard; and
- b. Approximately \$125,000 (actual dollar amount is subject to further analysis) for "liquidated damages" as defined in the current TBI lease agreement with MERC.

To provide operating funds to meet the Coliseum cash-flow requirements during the transition period, OAC shall advance funds up to the sum of the scoreboard reimbursement (\$750,00) and the liquidated damages (approximately \$125,000) to the Coliseum Fund.

as needed to meet Coliseum cash-flow requirements. The interest on the funds advanced by OAC, as defined in the Development Agreement, shall be paid from the Coliseum Reserve Fund and, if necessary, future Coliseum receipts after operating costs are met.

If during Fiscal Year 1993, it is determined that there is a net operating loss in excess of the sum of the scoreboard reimbursement and the liquidated damages (approximately \$875,000), the additional Coliseum operating losses shall be covered by transfers from the MERC Fund to the Coliseum Fund. The final amount of such funds transferred from the MERC Fund shall be reconciled as part of the Fiscal Year 1993 audit. Any deficits after June 30, 1993 are the sole responsibility of OAC.

To facilitate a smooth transition from MERC management of the Coliseum to OAC, the following provisions are made:

- a. All existing Blazer-Coliseum lease rights, revenues, conditions and terms will be maintained until Blazer assumption of management of the Coliseum on July 1, 1993.
- b. Blazer-Coliseum lease extension rights will be changed from a single two-year extension starting July 1, 1993, to two one-year extensions.
- c. On or before July 1, 1992, the Blazers will assign two full-time OAC employees for purposes of assisting in the management and operations transition. These Blazer employees will work with MERC and Coliseum staff at the Coliseum for the period from July 1, 1992 to July 1, 1993, and will assist MERC staff with coordinating booking, marketing and operations.
- d. All new contracts, or renewal or extension of current contracts, which affect the Memorial Coliseum after July 1, 1993 are

subject to prior review and approval by OAC, in accordance with the criteria and process set forth in the Development Agreement.

- e. The details of the transition plan will be negotiated as part of the Development Agreement or the Operating Agreement. The transition plan shall provide for a smooth change in management which is designed to be coordinated with patrons, tenants and existing MERC staff.
  - f. The definition of "Coliseum Reserve Fund Balance" will be incorporated in the Development Agreement or the Operating Agreement.
  - g. The current user fee structure for the Coliseum will remain in place until July 1, 1994. All user fees collected from the Coliseum during this period shall be deposited in the Coliseum Fund. User fees at the Coliseum would be calculated on the 6% basis beginning July 1, 1994.
7. The Operations Agreement shall specify necessary modifications to existing contracts between TBI and MERC.
8. The City shall provide \$7 million for the first phase of the Coliseum Capital Improvements Program to be mutually determined by OAC, City and MERC by December 1, 1991. Subsequent to the re-evaluation, the City shall provide approximately \$2.25 million (1991 dollars) for the final phase of the Coliseum Capital Improvements Program. This improvement program shall consist of a variety of major maintenance, upgrade, renovation and new construction elements to be mutually agreed to in the Development Agreement. All other maintenance and repair costs will be paid from the annual Coliseum cash flow.
9. OAC will provide rental of the modified Exhibit Hall at reasonable market rates. Current Exhibit Hall tenants will be accommodated

based upon the then-rentable exhibit space, and rents will remain competitive with other similar exhibition facilities.

10. OAC will "extend" the use of the modified Exhibit Hall by providing rental of the Coliseum for trade shows at the same rate structure as the Exhibit Hall, as long as dates do not conflict with other Coliseum events.
11. OAC will provide the Arena and the Coliseum for the Rose Festival Parade, annually for the term of the Agreement, at rates which reflect only direct out-of-pocket expenses and overhead.
12. OAC will negotiate in good faith to reach a viable agreement with the Portland Winter Hawks to be a major tenant in the Coliseum.
13. OAC will provide the Coliseum for community events on a non-profit basis.
14. OAC will work closely with the Portland/Oregon Visitors Association (POVA) to formulate a comprehensive and cooperative joint marketing effort to bring new major conventions to Portland that would use the Coliseum and/or the Arena. Rental rates for conventions at either facility will be (a) consistent with current practice, and (b) based on mutual agreement by OAC and POVA.
15. OAC will not receive any public subsidy for the operation of the Coliseum. OAC will take responsibility for any operating losses from Coliseum operations.
16. TBI will retain the exclusive advertising rights within all enclosed spaces of the Coliseum in accordance with the same terms and conditions as the current TBI agreement with MERC.

17. The Agreement shall include a Transportation Management Plan which provides for multiple events at the Coliseum, Arena and/or Oregon Convention Center.
18. The Agreement shall specify a process, terms, conditions, and organization for public oversight of the management and operation of the Coliseum and provisions in the Development Agreement which are applicable to the new Arena.
19. The Agreement shall provide for shared service access and shared major service facilities.
20. OAC commits to not sever the operations of the Coliseum from the Arena for the 20-year term of the Coliseum Agreement.

E. Parking System

1. OAC shall implement and operate the Oregon Arena Project parking system (Parking System) to maximize revenues and to meet public transportation objectives. The Parking System shall include, approximately:
  - a. 1,410-space Public Garage;
  - b. 1,060-space Attached Garage;
  - c. 600-space Entertainment Complex Garage; and
  - d. Shuttle system to 3,700 spaces (subject to best efforts negotiations by OAC with parking lot owners);
  - e. Provisions regarding significant changes to these estimates will be set forth in the Development Agreement.

2. On-site arena parking and off-site shuttle parking, as needed, will be available for all events at the Arena and the Coliseum.
3. OAC shall be responsible for the implementation, cost and operations of an off-site parking shuttle service providing approximately 3,700 spaces. Some events taking place at the Arena, Coliseum and Exhibit Halls will require parking capacity beyond that provided on-site.
4. The City shall enter into a Management Agreement with OAC for the operation of the Public Garage. The Management Agreement shall be based on the following concepts:
  - a. All revenues and costs associated with the Public Garage shall be accounted for independent of those for the other garages.
  - b. OAC commits to using its best efforts to efficiently and effectively manage, operate and maintain the Public Garage. Specific guidelines, standards and public oversight provisions for the operations of the Parking System shall be established in the Development Agreement or Management Agreement.
  - c. At the end of the fifth year of operations, the City and OAC shall evaluate the performance of OAC in relation to the parking guidelines and standards. The parties may renew the Management Agreement by mutual consent.
  - d. OAC will continue working with adjoining neighborhoods to minimize parking impacts on the neighborhoods.
  - e. OAC agrees to abide by any operating guidelines which may be established by the City for non-event parking in the Attached Garage and the Public Garage.
  - f. OAC shall pursue the financial and technical feasibility of developing a pre-event parking sales program.

- g. The public portion of the parking system will be operated without overhead charges by OAC.
- h. OAC will provide an appropriate allocation of on-site public parking spaces for Exhibit Hall users when simultaneous events are taking place on the site. The off-site shuttle system will operate as needed for Exhibit Hall patrons. OAC shall devise a means to provide drop-off/pickup near the main entrance of the Exhibit Hall for patrons that park off-site and purchase large items at trade shows.
- i. OAC shall not utilize the Entertainment Complex Parking Garage for Arena events unless:
  - (1) The Public Garage is first filled, and
  - (2) Other terms and conditions set forth in the Development Agreement and Management Agreement are met.

F. Open Area Maintenance

OAC will enter an agreement with the City for OAC's maintenance of all parks, plazas and landscaped areas shown in Attachment C. Maintenance of all other public facilities shall be the responsibility of the City or other appropriate public entity.

G. Disposition

Terms and conditions for disposition of the land in the Arena Master Plan Site and all improvements constructed by OAC shall be determined in the Development Agreement.



V. DESIGN AND CONSTRUCTION COORDINATION

- A. OAC shall act as the Master Developer for all development within the Arena Master Plan Site. OAC and the City will specify the scope and nature of the authority of the Master Developer in the Development Agreement. However, in general:
  - 1. OAC shall be responsible to design and construct all improvements within the Arena Master Plan Site in accordance with the schedule set herein;
  - 2. A public design and construction oversight committee shall be established by the City to ensure compliance with public objectives. City shall consult with OAC regarding the Committee composition prior to appointment.
- B. Notwithstanding the role of the Master Developer, the public parties retain all rights of review, inspection and approval otherwise applicable to this project.
- C. In order to meet schedules and maintain budgets, City and Metro agree to expeditiously review all relevant applications, proposals, plans, specifications and approvals.
- D. OAC shall explore with the City and Metro what specific practices can be employed to:
  - 1. Minimize site and circulation disruption during construction; and
  - 2. Mitigate anticipated revenue losses to the Coliseum operations during construction.

## VI. COSTS AND REVENUE

### A. Public Construction Costs

1. The public contribution to construction shall not exceed \$34.5 million. The estimated capital budget for public costs is:
  - a. Coliseum Capital Improvements Program - \$7 million
  - b. Public Garage - \$14.5 million
  - c. Environmental Clean-Up - Up to \$1.5 million
  - d. Infrastructure Improvements, including roads, transit plaza, pedestrian and other facilities - \$11.5 million
2. So long as (a) the scope and quality of the public improvements specified in the Development Agreement are maintained, and (b) bond restrictions are not violated, OAC may, with City approval which may not be unreasonably withheld, adjust the allocation between the estimates for the Public Garage, Environmental Clean-Up, and for other Infrastructure Improvements so long as the total public cost for these three items does not exceed \$27.5 million.
3. Any costs for the public elements in excess of \$34.5 million shall be the responsibility of OAC, except for the Environmental Clean-up Costs as provided in Section III.B.2. herein.
4. The public's contribution includes 1.33% for public art as provided in adopted City policy.

### B. Private Construction Costs

OAC shall be responsible for all costs of design and construction of the project described herein, except the public costs stated herein.

C. Operation Costs

OAC shall operate the Coliseum and the Arena at no cost and without any financial exposure to the City or Metro.

D. Revenue Sharing

1. OAC shall assess user fees and pay the City an amount equal to 6% of ticket sales (net of service, convenience and parking charges that are added to the price of a ticket) for ticketed events at the Arena and the Coliseum. OAC shall distribute the user fee proceeds to the City on a quarterly basis. The specifications and processes for setting the annual user fee shall be set forth in the Development Agreement or related documents.
2. Beginning July 1, 1993, the first 20% of net revenues from the Coliseum shall be deposited in a reserve fund to be used for unanticipated improvements for the Coliseum in a manner mutually agreed to by the City and OAC. The City shall receive 50% of any remaining net revenue from the operations of the Coliseum. OAC shall retain the other 50% of the remaining net revenue.
3. If new mandatory payments to public entities are required of the Coliseum, the City and OAC agree to modify the Coliseum revenue sharing formula.
4. OAC shall pay the City 4.9% of the gross rental income (base and percentage rent) from all the commercial activities within the Entertainment Complex (excluding TBI and OAC office functions; TBI or OAC direct vendor office functions; and the practice basketball court). These rents shall begin with the first full year of operation, fiscal year 1994-95, and be paid to the City on a quarterly basis throughout the term of the Lease.

5. The City shall receive 100% of Public Garage revenues after deduction of direct charges and expenses as specified in Section IV.E.4. herein.

## VII. FINANCING

### A. City Amount and Sources

1. The City will provide \$3 million from existing resources to accelerate construction of certain, already planned road projects.
2. The City will utilize, to the extent necessary, user fee proceeds and Public Garage revenues to pay the debt service on the remaining \$31.5 million of public costs, plus related financing costs, capitalized interest and debt service reserves.
3. The City will utilize lease proceeds and Coliseum revenue sharing proceeds, if necessary, to cover any debt service shortfalls.
4. The City will issue the bonds necessary to finance its public costs at such time as:
  - a. OAC certifies that it has obtained complete financing for the private costs;
  - b. All agreements and provisions described herein have been satisfactorily completed; and
  - c. OAC has submitted and the City has approved a detailed construction schedule and construction funding schedule.
5. In the event that all of the improvements are not completed on the schedule certified by OAC at the time the City issues its bonds, OAC shall loan the City funds necessary to meet the City debt service

requirements (net of user fees and other applicable revenues) up to a maximum of \$1 million per year until such time as the project is completed. For each year of project delay beyond the first year, in the event that OAC has not loaned the full \$1 million per year in previous years, OAC shall loan the City funds to meet the City debt service requirements up to a maximum of \$1 million, plus the cumulative total of unused borrowing capacity over the previous years of delay. As used herein, cumulative unused borrowing capacity is calculated by totalling the difference between \$1 million and the actual amount loaned for all previous years of delay.

The City agrees to repay OAC its principal, with interest, from the user fee revenues in excess of its debt service requirements when and if such excess user fee proceeds are available.

6. OAC will support its commitment to the completion date by (a) requiring damage provisions of all contractors and subcontractors which cover the City's and OAC's financial investment and obligations in the manner set forth in the Development Agreement; (b) using best efforts to require its Contractor to provide a payment and performance bond for all improvement construction; and (c) requiring that its Architect provide error and omissions insurance.

B. OAC Amount and Sources

1. OAC will obtain the financing necessary to complete its obligations under the Development Agreement prior to the commencement of construction. This financing may require the pledging of the leasehold interest of OAC in the Arena Master Plan Site, or portions thereof. If required by the OAC lender(s), City agrees to subordinate its lessor interest in the Arena Lease and the Entertainment Complex Lease to the construction financing, but the City will not subordinate the fee. In addition, the City will agree

to a non-disturbance agreement. In return, OAC's lenders will be required to provide attornment agreements to the city.

2. OAC will commit a substantial amount of equity to fund its obligations under the Development Agreement.

C. City/Metro Admissions Tax Off-Set

Prior to execution of the Development Agreement, the City, Metro and OAC, shall enter into agreements to enact a user fee off-set provision as part of any admissions tax that may be enacted during the term of the Development Agreement.

VIII. COLISEUM AGREEMENT/CHANGE OF OPERATOR

The Coliseum Operating Agreement will specify:

- A. The types and level of service to be provided by the operator.
- B. The financial qualifications of the owner and experiential qualifications of the operator.
- C. A requirement that the same operator must operate both the Coliseum and the Arena for the 20-year term of the Coliseum Agreement.
- D. If there is a sale or transfer of ownership of the Arena during the term of the Arena Lease, the new owner of the Arena will be required to honor the Agreement.
- E. The public entity has the right to reject a new Arena owner and/or operator that does not meet the qualifications for or agree to the operational standards set forth in the Coliseum Agreement.

- F. The public entity will have strong remedies, to be set forth in the Development Agreement, for violations of the Agreement.

#### IX. SCHEDULE

- A. OAC submits Detailed Master Project Schedule to the City for approval by November 1, 1991.
- B. OAC formally initiates street vacation/relocation process by November 15, 1991.
- C. OAC completes Level II Environmental Assessments by January 15, 1992
- D. OAC submits schematic design and cost estimates for City approval by January 15, 1992.
- E. OAC obtains contract revenues necessary for private financing by March 1, 1992.
- F. Agreements negotiated by March 1, 1992.
- G. OAC submits Design Development and cost estimates for City approval by date TBD.
- H. OAC submits final plans, specifications and costs to City for approval by date TBD.
- I. OAC obtains construction permits and approvals by date TBD.
- J. OAC obtains private financing by date TBD.
- K. City obtains public financing by date TBD.
- L. OAC commencement and phasing of construction by July 1, 1992.

M. OAC completes Construction by September, 1994.

(Note: TBD means - to be determined)

X. OTHER MATTERS

A. TBI Commitment to Remain in Portland

1. As a condition to City financial participation in the project, TBI shall commit the Trail Blazers to play all NBA regular season and play-off home games in the Arena for the 30-year term, plus any renewals of the Arena Lease, subject to the scheduling of the NBA.
2. TBI shall enter into an irrevocable 30-year lease with OAC for the Arena in accordance with the provisions of the Arena Lease and/or Development Agreement between the City and OAC (Term). Ground Lease extensions and Team lease extensions shall be granted concurrently. The Team Lease shall contain such clauses and remedies that protect the City/Metro from the moving of the Blazers basketball team.

B. Standards for Construction Practices

City and OAC shall agree to a set of construction practices that will include but not be limited to OAC's minimum disruption of the use of the Arena Master Plan Site during construction.

C. Community Commitment

1. In support of the ongoing redevelopment of inner Northeast Portland, OAC agrees to:
  - a. Abide by all targets and practices for construction hiring as set out in the City's Workforce Development Strategy.



b. Subscribe to a first source hiring agreement with JobNet for all new permanent positions at the new Arena and the Coliseum.

c. Commit to meeting PDC's Emerging Small Business utilization goals currently established at 10%.

2. OAC has as an objective providing a full range of sports, entertainment and cultural events. OAC will use its best efforts to help draw such events.

D. Naming Rights

1. The name of the new Arena shall be established by mutual consent of OAC and the City.

2. OAC may enter into an Arena Naming Agreement with a third party subject to approval of the Arena name by the City. The City may not unreasonably withhold consent.

E. Assignment of City Rights

Subject to the approval of OAC (such approval to not be unreasonably withheld), the City may assign its rights and obligations under this Memorandum and the Development Agreement, provided that the assignee is another public entity with the authority to assume and perform the City obligations. OAC's right of approval shall not apply to the existing consolidation agreement between the City and Metro, and Section III.C herein. Any reference to the City herein includes its assignees.

CITY OF PORTLAND, a municipal  
corporation of the State of Oregon

By: \_\_\_\_\_  
Mayor J.E. Bud Clark

TRAIL BLAZERS INC.

By: \_\_\_\_\_  
Paul G. Allen, Chairman

By: \_\_\_\_\_  
Harry Glickman, President

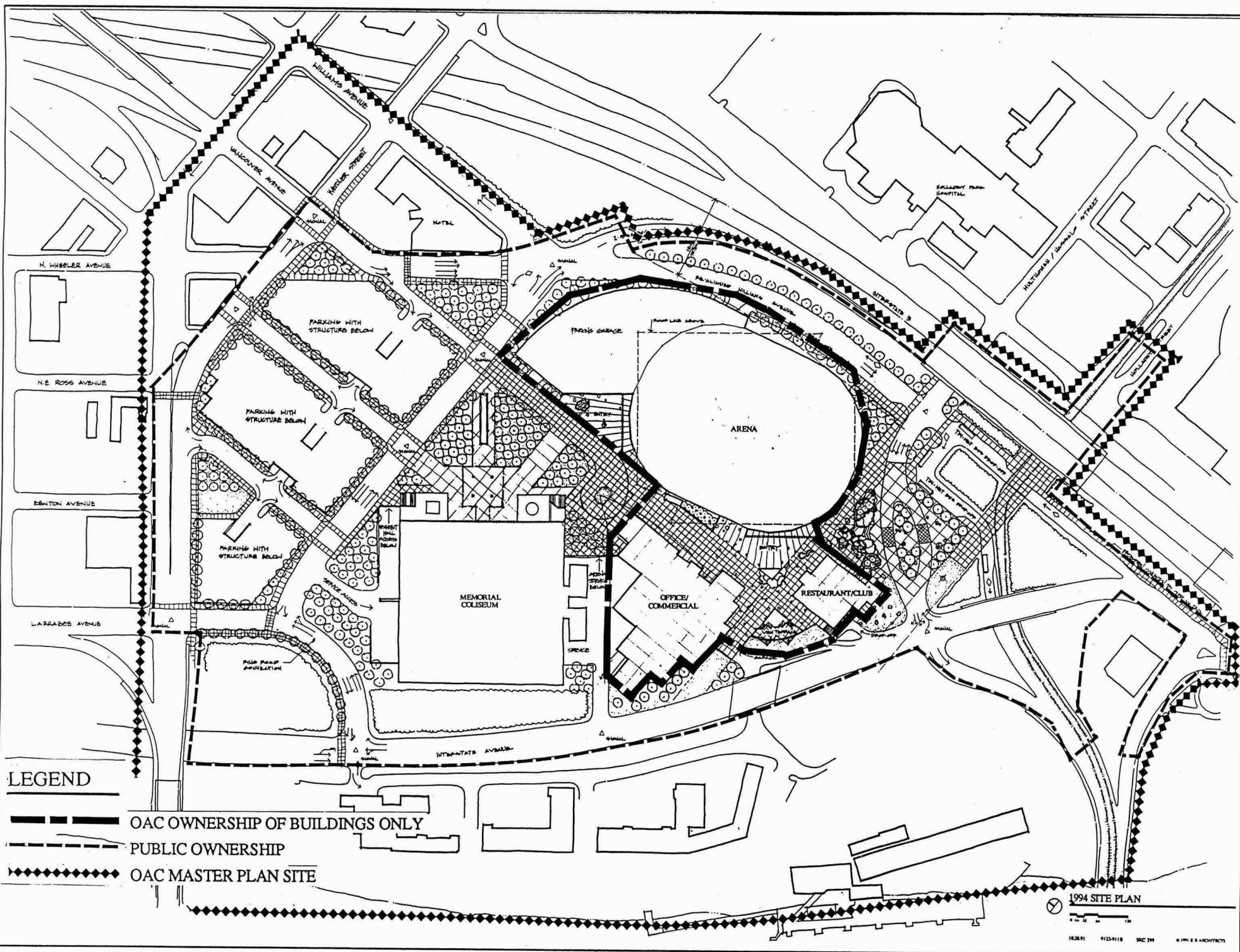
METROPOLITAN SERVICE DISTRICT

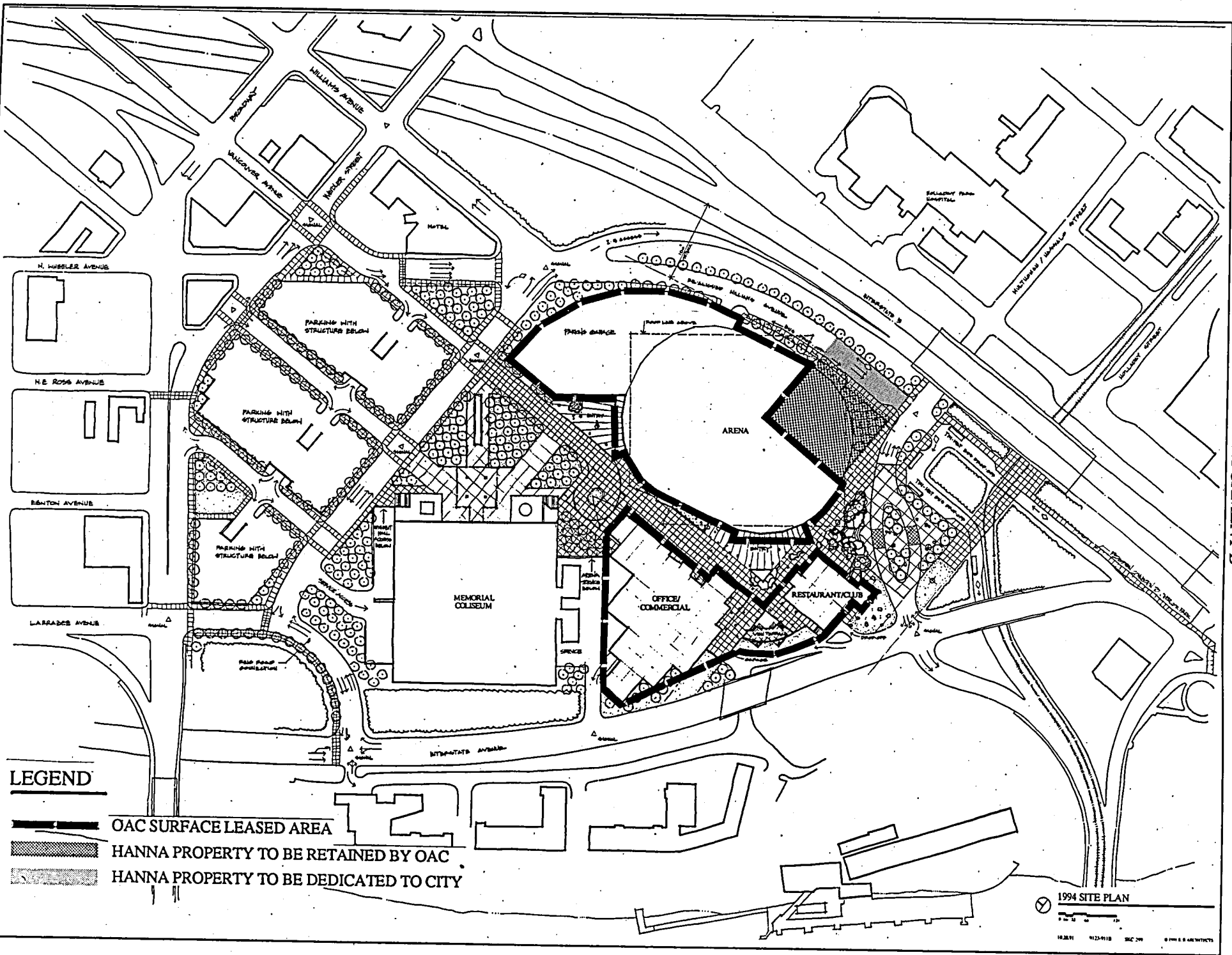
By: \_\_\_\_\_  
Rena Cusma, Executive Director

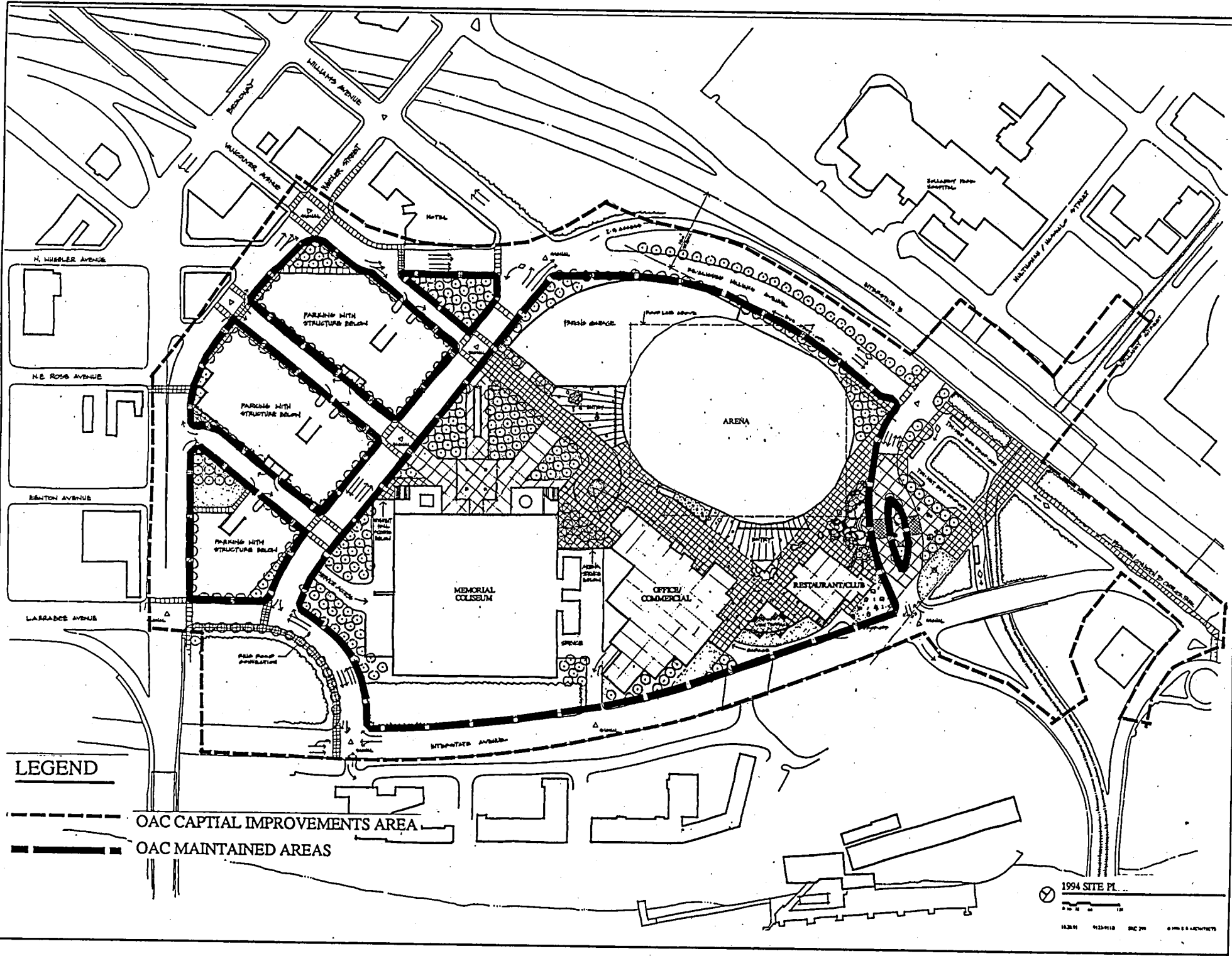
OREGON ARENA CORPORATION

By: \_\_\_\_\_  
Paul G. Allen, Chairman

By: \_\_\_\_\_  
Harry Glickman, President







**LEGEND**

- OAC CAPITAL IMPROVEMENTS AREA
- OAC MAINTAINED AREAS

## RESOLUTION NO.

Use of possible excess revenues from the Blazer Arena/Memorial Coliseum site. (Resolution)

WHEREAS, the City of Portland, Oregon is about to enter into a series of agreements with the Portland Trail Blazers for the use of the current Memorial Coliseum and site for construction of a new Blazers' arena and other structures; and

WHEREAS, the City has promised to provide more than \$34 million in public improvements to support this development; and

WHEREAS, the City Council believes that this agreement provides an enormous benefit to citizens of Portland and the region at little risk to the public; and

WHEREAS, the City earlier transferred responsibility for operating the Memorial Coliseum, the Civic Stadium and the Portland Center for the Performing Arts Center to the Metropolitan Service District Exposition-Recreation Commission (MERC) in order to insure maximum benefit from coordinating such facilities with the new Oregon Convention Center; and

WHEREAS, the operational support costs of the Civic Stadium and the Portland Center for the Performing Arts were being covered by the Memorial Coliseum; and

WHEREAS, the City of Portland continues to believe that facilities of regional benefit are best operated and supported on a regional basis; and

WHEREAS, the City of Portland believes in a comprehensive approach to stewardship of our cultural resources which includes support for facilities and the programs of cultural institutions; and

WHEREAS, the City of Portland has promoted the vitality and livability of the region by supporting a broad range of arts programs through the Metropolitan Arts Commission; and

WHEREAS, the City will receive certain revenues from the operation of the Coliseum/Blazer Arena complex that will be required to meet debt service, operational costs, future capital improvements on the site, early retirement of long-term debt and development of a one year debt service reserve; and



## **RESOLUTION No.**

WHEREAS, the City may, after meeting the expenses noted above which may take several years, realize some excess revenues from this agreement;

NOW, THEREFORE, BE IT RESOLVED the Council of the City of Portland will give first consideration to the use of any excess revenues from the Blazer Arena/Coliseum site for operation and capital needs of the Civic Stadium, Portland Center for the Performing Arts, and support for arts programs.

Adopted by the Council,

COMMISSIONER LINDBERG  
KJK:bj  
November 6, 1991

BARBARA CLARK,  
Auditor of the City of Portland  
By

Deputy

EXHIBIT A

PROPOSED ARENA  
MEMORANDUM OF UNDERSTANDING

Proposed by the Arena Task Force  
for execution by:

City of Portland  
Metropolitan Service District  
Trail Blazers Inc.  
Oregon Arena Corporation

November 7, 1991



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Proposed Arena  
Memorandum of Understanding

November 7, 1991

The Arena Task Force is pleased to submit to the Portland City Council (City) and to the Council of the Metropolitan Service District (Metro) this Memorandum of Understanding which sets out the conceptual approach for the development of a 19,000 seat arena (Arena), and related parking garages and other improvements generally located on the site of the Memorial Coliseum (Coliseum). This Memorandum is based in part on the proposal of Trail Blazers Inc. (TBI) to build these improvements according to certain arrangements with the above named public bodies. A separate corporation, Oregon Arena Corporation (OAC), has been formed to build and operate existing and new facilities.

The Arena Task Force was established by the City, which owns the land and buildings on the Coliseum site, and Metro, which operates the Coliseum under a management agreement with the City, to develop a process to negotiate and evaluate the TBI proposal.

This memo is submitted by the Arena Task Force to the City and Metro as the sole framework document which will guide preparation of a detailed Development Agreement, related leases, management or operating agreements and associated documents. Neither the City, Metro, OAC, MERC nor TBI will be legally obligated to go forward with the project unless the Development Agreement is executed by the City, or its designee and OAC and TBI.

I. DEVELOPMENT ENTITIES; CHANGES IN OWNERSHIP; PROJECT TEAMS

A. Private Ownership

1. The Arena, attached parking garage (Attached Garage), and Entertainment Complex (as described in Section II of this Memorandum) will be owned by OAC, a corporation majority owned by Paul Allen. Allen shall remain the majority owner of OAC through construction of these improvements.

B. Public Ownership

1. The land within the Arena Master Plan Site (as defined in Attachment A, attached hereto and incorporated herein) shall be owned by the City, except as noted below. In order to effect this ownership:
  - a. City presently owns and shall remain the owner of the Coliseum site and its adjacent parking lots and appurtenant structures;
  - b. OAC will transfer that portion of the Hanna Property required for public rights-of-way (as defined in Attachment B, attached hereto and incorporated herein) to the City upon satisfaction of all required environmental conditions. The remainder of the Hanna Property shall remain in the ownership of OAC.
2. The Coliseum will remain in the ownership of the City;
3. The Public Parking Garage (Public Garage) will be built for City ownership;
4. All plazas, open spaces and rights-of-way designated in Attachment A will be owned by the City.

C. Changes in Private Ownership

Throughout the term of the Arena Lease, OAC has the right to assign the ownership of its facilities to third parties approved by the City in accordance with the provisions set forth in the Development Agreement.

D. Project Teams

1. Management and Negotiation: Trail Blazers Inc.; Public Financial Management, Inc.

2. Architects and Engineers: Ellerbe Becket dba EB Architects Oregon, Architects and Structural Engineers; David Evans & Associates, Transportation Engineers; KPFF, Civil Engineers
3. Attorneys: Foster, Pepper & Shefelman
4. Construction Management Service: OAC to consult with City technical staff prior to selection of contractor.
5. General Contractor: OAC to consult with City technical staff prior to selection of contractor.
6. Arena Marketing and Management Team: Trail Blazers Inc.; Oregon Arena Corporation

## II. PROJECT SITE AND DEVELOPMENT PROGRAM

### A. Project Site

The development Site shall consist of the Arena Master Plan Site as shown in Attachment A.

### B. Arena

OAC shall design, build and program the Arena as a modern, state-of-the-art, multi-purpose arena to attract a full range of sports and entertainment events. The Arena shall be designed and programmed in accordance with the following principles and practices:

1. Seating capacity for basketball shall exceed 19,000
2. The Arena shall be designed to meet National Hockey League specifications and shall include ice-making capabilities

3. The design of the Arena shall provide excellent sight lines and improved leg room and seat widths in relation to the current Coliseum conditions
4. Acoustics, lighting and other general building characteristics will be top quality
5. The building design and characteristics will incorporate a variety of "public-art"
6. OAC shall work with organizations involved with access to ensure that the site and facilities are well planned for disabled patrons

C. Attached Garage

OAC shall design and build a garage attached to the Arena primarily for the use of Arena patrons. The Attached Garage shall contain approximately 1,060 parking spaces.

D. Public Garage

OAC shall design and build an approximately 1,410-space Public Garage which meets or exceeds city design and operational specifications set forth in the Development Agreement.

E. Entertainment Complex

OAC shall design and build an Entertainment Complex that will generally conform to the following planned uses:

1. 45,000 square feet, with 30,000 square feet for Blazer offices and 15,000 square feet for expansion and vendor offices, including ticket office and retail
2. Two major restaurants, totaling 18,000 square feet

3. Two entertainment clubs totaling 11,000 square feet
4. Health club totaling 30,000 square feet
5. Approximately 600 parking spaces, dedicated to Entertainment Village and office uses
6. 7,500 square feet of compatible commercial (exclusive of office) use

F. Memorial Coliseum

OAC shall design and renovate the Coliseum for a useful life of 20 years as a second arena, as a community event and convention/plenary session facility, and as a primary consumer show/exhibition space venue. To accommodate the Master Plan and new facilities design, OAC will be allowed to remove approximately 48,000 square feet of the existing Exhibit Hall. OAC shall design and construct the Coliseum Capital Improvements Program as set forth in the Development Agreement, which shall include as much exhibit space as feasible.

G. Transportation, Utility and Open Space Improvements

OAC will design and build, in a manner which meets or exceeds City specifications as set forth in the Development Agreement, the on- and off-site transportation, utility and open space improvements, as generally set forth in Attachment A, including:

1. Vacation of Williams Avenue;
2. Improvement of realigned Williams Avenue which can accommodate light rail;
3. Realignment and improvements to N. Interstate and N.E. Hassalo in the Steel Bridgehead area;

4. Construction of a new east/west, north/south road network north of the Coliseum.
5. Plazas, parks and pedestrian improvements;
6. Utility relocations within the rights-of-way and on-site.

H. Transit Center

OAC will design and build, based on the Tri-Met, UMTA and City specifications as set forth in the Development Agreement, a new Transit Center replacing the existing Transit Center at Williams and Hassalo Streets.

I. Public Participation

The City, Metro and MERC will participate in the design and construction phase in the manner set forth in the Development Agreement. The City or its designee shall have the authority to approve all subsequent plans as being generally consistent with the TBI proposal to the Arena Task Force.

III. LAND USE APPROVALS, ENVIRONMENTAL MATTERS AND DEVELOPMENT RIGHTS

A. Land Use Approvals

All land use approvals for the development of the project are the obligation of OAC. The City and Metro agree to facilitate timely review by the appropriate bodies for land use actions, including, street vacations, design review, conditional use permits, street realignments and construction permits. The City and Metro will assist in securing permits and approvals from other bodies for public and private improvements.



B. Environmental Matters

1. Except for the costs of any environmental assessment or clean-up of the Hanna Property, the parties agree that the City and OAC shall each pay one-half (dollar for dollar) of the costs of assessing the scope and nature of any environmental contamination in the Arena Master Plan Site (Level II Environmental Assessment).
2. The City shall pay the costs of the work necessary to clean up the City-owned portion of the Arena Master Plan Site in compliance with Oregon Department of Environmental Quality (DEQ) rules. However, the City's liability shall not exceed \$1.5 million for the work under this subsection. If the City costs of assessment and clean-up exceed \$1.5 million, the City may (a) terminate, at its sole discretion, its obligations to proceed with any and all provisions in this Memorandum of Understanding and the Development Agreement; or (b) renegotiate this Memorandum and the Development Agreement.
3. OAC is responsible for all costs associated with assessing the scope and nature of contamination on the Hanna Property and the work necessary to clean-up the Hanna Property to DEQ rules.

C. Development Rights

1. During the term of the Arena Lease, at such time as the City or its designee decides not to continue or plan for a public use on the Coliseum footprint or in the air space above the Public Garage, the public will negotiate with OAC for a period of up to 12 months for the assignment to OAC of development rights to these properties at market rate before offering the development rights to a third party.
2. The City may offer the use of said site(s) to a third party without first offering it to OAC if (a) said sites are proposed for a public use, and (b) the new proposed public use does not have a significant

continuing adverse impact on the functioning of the Arena, Coliseum or the Parking System.

#### IV. LEASE AND MANAGEMENT AGREEMENTS

##### A. Arena Lease

City shall lease, at a nominal rate, to OAC the site for the Arena and Attached Garage (shown in Attachment B) for an initial period of 30 years with 10-year renewals, for a maximum leasing period of 60 years (Arena Lease). OAC shall be responsible for property taxes associated with this site and improvement.

##### B. Entertainment Complex

City shall lease the site for the Entertainment Complex to OAC, for a period which is the same as the period of the Arena Lease. OAC will be responsible for property taxes associated with this site and improvements (shown in Attachment B).

##### C. Conditions of Lease Renewal

OAC has the right to renew the Arena Lease and the Entertainment Complex Lease for additional 10-year term(s), for a total leasing period not to exceed 60 years, upon the conditions that:

1. OAC will pay the then-market rent for the lease of the land under the Arena and Attached Garage or continue the 6% user fee payments during the renewal term(s), at the sole discretion of the City; and will pay the then-market rent for the lease of the land under the Entertainment Complex; and

2. OAC extends the Team Lease with TBI which demonstrates TBI's continuing irrevocable commitment to remain in the Arena for the renewal term.

D. Coliseum Management Function

Metro and the City shall enter into an Agreement with OAC for the operations of the Coliseum (Operations Agreement). The Operations Agreement shall include the following concepts:

1. OAC commits to operating the Coliseum for a period of 20 years.
2. At the end of the fifth year of operation, OAC, Metro and the City shall conduct a review of the performance of the Coliseum in achieving public and financial objectives which will be established in the Agreement. The review shall also re-evaluate the second phase of capital improvements to the Coliseum and the revenue sharing formula. Any modifications to the Agreement shall be by mutual agreement of the City, Metro and OAC.
3. The Coliseum operations will be integrated with the operations of the Arena. OAC shall be responsible for providing all marketing, booking, management, operations and maintenance functions at the Coliseum (excluding the financing of the 20-year Capital Improvement Program described in Section IV.D.7.). The Development Agreement shall define OAC repair and maintenance responsibilities.
4. OAC is committed to use its "best efforts" to achieve or exceed the public and financial objectives for the Coliseum as defined in the Coliseum Agreement.
5. OAC shall commence management and operations of the Coliseum on July 1, 1993. OAC and the City shall only charge direct expenses for the management and operation of the Coliseum as set forth in the Development Agreement.

The City and Metro recognize that OAC, subsequent to its completion of a Fiscal Year 1994 pro forma for the Coliseum, must yet obtain its ownership's final approval regarding its early commencement of Coliseum operations on July 1, 1993. This is expected to be accomplished by November 13, 1991. If the OAC ownership does not approve the early commencement of operations, OAC shall propose an alternate method for ensuring the Coliseum operates on a self-sustaining basis beginning July 1, 1992. This MOU will not be executed until such time as the OAC ownership has approved early commencement of Coliseum operations or an alternate proposal has been agreed to by the City and Metro.

6. To preserve existing revenues for the PCPA and Civic Stadium, a Coliseum Fund will be established effective July 1, 1992 which shall be separate and distinct from the MERC Fund for other regional facilities. The Coliseum Fund shall account for all Coliseum receipts and disbursements. Any balance in the Coliseum Fund at the end of Fiscal Year 1993 shall serve as a reserve fund for the Coliseum to be expended by mutual agreement of the City and OAC.

TBI shall make the following payments into the Coliseum Fund on or before June 30, 1994:

- a. \$750,000, whether or not the Coliseum scoreboard is removed, as the reimbursement for the MERC investment in the scoreboard; and
- b. Approximately \$125,000 (actual dollar amount is subject to further analysis) for "liquidated damages" as defined in the current TBI lease agreement with MERC.

To provide operating funds to meet the Coliseum cash-flow requirements during the transition period, OAC shall advance funds up to the sum of the scoreboard reimbursement (\$750,00) and the liquidated damages (approximately \$125,000) to the Coliseum Fund

as needed to meet Coliseum cash-flow requirements. The interest on the funds advanced by OAC, as defined in the Development Agreement, shall be paid from the Coliseum Reserve Fund and, if necessary, future Coliseum receipts after operating costs are met.

If during Fiscal Year 1993, it is determined that there is a net operating loss in excess of the sum of the scoreboard reimbursement and the liquidated damages (approximately \$875,000), the additional Coliseum operating losses shall be covered by transfers from the MERC Fund to the Coliseum Fund. The final amount of such funds transferred from the MERC Fund shall be reconciled as part of the Fiscal Year 1993 audit. Any deficits after June 30, 1993 are the sole responsibility of OAC.

To facilitate a smooth transition from MERC management of the Coliseum to OAC, the following provisions are made:

- a. All existing Blazer-Coliseum lease rights, revenues, conditions and terms will be maintained until Blazer assumption of management of the Coliseum on July 1, 1993.
- b. Blazer-Coliseum lease extension rights will be changed from a single two-year extension starting July 1, 1993, to two one-year extensions.
- c. On or before July 1, 1992, the Blazers will assign two full-time OAC employees for purposes of assisting in the management and operations transition. These Blazer employees will work with MERC and Coliseum staff at the Coliseum for the period from July 1, 1992 to July 1, 1993, and will assist MERC staff with coordinating booking, marketing and operations.
- d. All new contracts, or renewal or extension of current contracts, which affect the Memorial Coliseum after July 1, 1993 are

subject to prior review and approval by OAC, in accordance with the criteria and process set forth in the Development Agreement.

- e. The details of the transition plan will be negotiated as part of the Development Agreement or the Operating Agreement. The transition plan shall provide for a smooth change in management which is designed to be coordinated with patrons, tenants and existing MERC staff.
  - f. The definition of "Coliseum Reserve Fund Balance" will be incorporated in the Development Agreement or the Operating Agreement.
  - g. The current user fee structure for the Coliseum will remain in place until July 1, 1994. All user fees collected from the Coliseum during this period shall be deposited in the Coliseum Fund. User fees at the Coliseum would be calculated on the 6% basis beginning July 1, 1994.
7. The Operations Agreement shall specify necessary modifications to existing contracts between TBI and MERC.
8. The City shall provide \$7 million for the first phase of the Coliseum Capital Improvements Program to be mutually determined by OAC, City and MERC by December 1, 1991. Subsequent to the re-evaluation, the City shall provide approximately \$2.25 million (1991 dollars) for the final phase of the Coliseum Capital Improvements Program. This improvement program shall consist of a variety of major maintenance, upgrade, renovation and new construction elements to be mutually agreed to in the Development Agreement. All other maintenance and repair costs will be paid from the annual Coliseum cash flow.
9. OAC will provide rental of the modified Exhibit Hall at reasonable market rates. Current Exhibit Hall tenants will be accommodated

based upon the then-rentable exhibit space, and rents will remain competitive with other similar exhibition facilities.

10. OAC will "extend" the use of the modified Exhibit Hall by providing rental of the Coliseum for trade shows at the same rate structure as the Exhibit Hall, as long as dates do not conflict with other Coliseum events.
11. OAC will provide the Arena and the Coliseum for the Rose Festival Parade, annually for the term of the Agreement, at rates which reflect only direct out-of-pocket expenses and overhead.
12. OAC will negotiate in good faith to reach a viable agreement with the Portland Winter Hawks to be a major tenant in the Coliseum.
13. OAC will provide the Coliseum for community events on a non-profit basis.
14. OAC will work closely with the Portland/Oregon Visitors Association (POVA) to formulate a comprehensive and cooperative joint marketing effort to bring new major conventions to Portland that would use the Coliseum and/or the Arena. Rental rates for conventions at either facility will be (a) consistent with current practice, and (b) based on mutual agreement by OAC and POVA.
15. OAC will not receive any public subsidy for the operation of the Coliseum. OAC will take responsibility for any operating losses from Coliseum operations.
16. TBI will retain the exclusive advertising rights within all enclosed spaces of the Coliseum in accordance with the same terms and conditions as the current TBI agreement with MERC.

- 17. The Agreement shall include a Transportation Management Plan which provides for multiple events at the Coliseum, Arena and/or Oregon Convention Center.
- 18. The Agreement shall specify a process, terms, conditions, and organization for public oversight of the management and operation of the Coliseum and provisions in the Development Agreement which are applicable to the new Arena.
- 19. The Agreement shall provide for shared service access and shared major service facilities.
- 20. OAC commits to not sever the operations of the Coliseum from the Arena for the 20-year term of the Coliseum Agreement.

E. Parking System

- 1. OAC shall implement and operate the Oregon Arena Project parking system (Parking System) to maximize revenues and to meet public transportation objectives. The Parking System shall include, approximately:
  - a. 1,410-space Public Garage;
  - b. 1,060-space Attached Garage;
  - c. 600-space Entertainment Complex Garage; and
  - d. Shuttle system to 3,700 spaces (subject to best efforts negotiations by OAC with parking lot owners);
  - e. Provisions regarding significant changes to these estimates will be set forth in the Development Agreement.



2. On-site arena parking and off-site shuttle parking, as needed, will be available for all events at the Arena and the Coliseum.
3. OAC shall be responsible for the implementation, cost and operations of an off-site parking shuttle service providing approximately 3,700 spaces. Some events taking place at the Arena, Coliseum and Exhibit Halls will require parking capacity beyond that provided on-site.
4. The City shall enter into a Management Agreement with OAC for the operation of the Public Garage. The Management Agreement shall be based on the following concepts:
  - a. All revenues and costs associated with the Public Garage shall be accounted for independent of those for the other garages.
  - b. OAC commits to using its best efforts to efficiently and effectively manage, operate and maintain the Public Garage. Specific guidelines, standards and public oversight provisions for the operations of the Parking System shall be established in the Development Agreement or Management Agreement.
  - c. At the end of the fifth year of operations, the City and OAC shall evaluate the performance of OAC in relation to the parking guidelines and standards. The parties may renew the Management Agreement by mutual consent.
  - d. OAC will continue working with adjoining neighborhoods to minimize parking impacts on the neighborhoods.
  - e. OAC agrees to abide by any operating guidelines which may be established by the City for non-event parking in the Attached Garage and the Public Garage.
  - f. OAC shall pursue the financial and technical feasibility of developing a pre-event parking sales program.

- g. The public portion of the parking system will be operated without overhead charges by OAC.
- h. OAC will provide an appropriate allocation of on-site public parking spaces for Exhibit Hall users when simultaneous events are taking place on the site. The off-site shuttle system will operate as needed for Exhibit Hall patrons. OAC shall devise a means to provide drop-off/pickup near the main entrance of the Exhibit Hall for patrons that park off-site and purchase large items at trade shows.
- i. OAC shall not utilize the Entertainment Complex Parking Garage for Arena events unless:
  - (1) The Public Garage is first filled, and
  - (2) Other terms and conditions set forth in the Development Agreement and Management Agreement are met.

F. Open Area Maintenance

OAC will enter an agreement with the City for OAC's maintenance of all parks, plazas and landscaped areas shown in Attachment C. Maintenance of all other public facilities shall be the responsibility of the City or other appropriate public entity.

G. Disposition

Terms and conditions for disposition of the land in the Arena Master Plan Site and all improvements constructed by OAC shall be determined in the Development Agreement.

V. DESIGN AND CONSTRUCTION COORDINATION

- A. OAC shall act as the Master Developer for all development within the Arena Master Plan Site. OAC and the City will specify the scope and nature of the authority of the Master Developer in the Development Agreement. However, in general:
  - 1. OAC shall be responsible to design and construct all improvements within the Arena Master Plan Site in accordance with the schedule set herein;
  - 2. A public design and construction oversight committee shall be established by the City to ensure compliance with public objectives. City shall consult with OAC regarding the Committee composition prior to appointment.
- B. Notwithstanding the role of the Master Developer, the public parties retain all rights of review, inspection and approval otherwise applicable to this project.
- C. In order to meet schedules and maintain budgets, City and Metro agree to expeditiously review all relevant applications, proposals, plans, specifications and approvals.
- D. OAC shall explore with the City and Metro what specific practices can be employed to:
  - 1. Minimize site and circulation disruption during construction; and
  - 2. Mitigate anticipated revenue losses to the Coliseum operations during construction.

## VI. COSTS AND REVENUE

### A. Public Construction Costs

1. The public contribution to construction shall not exceed \$34.5 million. The estimated capital budget for public costs is:
  - a. Coliseum Capital Improvements Program - \$7 million
  - b. Public Garage - \$14.5 million
  - c. Environmental Clean-Up - Up to \$1.5 million
  - d. Infrastructure Improvements, including roads, transit plaza, pedestrian and other facilities - \$11.5 million
2. So long as (a) the scope and quality of the public improvements specified in the Development Agreement are maintained, and (b) bond restrictions are not violated, OAC may, with City approval which may not be unreasonably withheld, adjust the allocation between the estimates for the Public Garage, Environmental Clean-Up, and for other Infrastructure Improvements so long as the total public cost for these three items does not exceed \$27.5 million.
3. Any costs for the public elements in excess of \$34.5 million shall be the responsibility of OAC, except for the Environmental Clean-up Costs as provided in Section III.B.2. herein.
4. The public's contribution includes 1.33% for public art as provided in adopted City policy.

### B. Private Construction Costs

OAC shall be responsible for all costs of design and construction of the project described herein, except the public costs stated herein.

C. Operation Costs

OAC shall operate the Coliseum and the Arena at no cost and without any financial exposure to the City or Metro.

D. Revenue Sharing

1. OAC shall assess user fees and pay the City an amount equal to 6% of ticket sales (net of service, convenience and parking charges that are added to the price of a ticket) for ticketed events at the Arena and the Coliseum. OAC shall distribute the user fee proceeds to the City on a quarterly basis. The specifications and processes for setting the annual user fee shall be set forth in the Development Agreement or related documents.
2. Beginning July 1, 1993, the first 20% of net revenues from the Coliseum shall be deposited in a reserve fund to be used for unanticipated improvements for the Coliseum in a manner mutually agreed to by the City and OAC. The City shall receive 50% of any remaining net revenue from the operations of the Coliseum. OAC shall retain the other 50% of the remaining net revenue.
3. If new mandatory payments to public entities are required of the Coliseum, the City and OAC agree to modify the Coliseum revenue sharing formula.
4. OAC shall pay the City 4.9% of the gross rental income (base and percentage rent) from all the commercial activities within the Entertainment Complex (excluding TBI and OAC office functions; TBI or OAC direct vendor office functions; and the practice basketball court). These rents shall begin with the first full year of operation, fiscal year 1994-95, and be paid to the City on a quarterly basis throughout the term of the Lease.

5. The City shall receive 100% of Public Garage revenues after deduction of direct charges and expenses as specified in Section IV.E.4. herein.

## VII. FINANCING

### A. City Amount and Sources

1. The City will provide \$3 million from existing resources to accelerate construction of certain, already planned road projects.
2. The City will utilize, to the extent necessary, user fee proceeds and Public Garage revenues to pay the debt service on the remaining \$31.5 million of public costs, plus related financing costs, capitalized interest and debt service reserves.
3. The City will utilize lease proceeds and Coliseum revenue sharing proceeds, if necessary, to cover any debt service shortfalls.
4. The City will issue the bonds necessary to finance its public costs at such time as:
  - a. OAC certifies that it has obtained complete financing for the private costs;
  - b. All agreements and provisions described herein have been satisfactorily completed; and
  - c. OAC has submitted and the City has approved a detailed construction schedule and construction funding schedule.
5. In the event that all of the improvements are not completed on the schedule certified by OAC at the time the City issues its bonds, OAC shall loan the City funds necessary to meet the City debt service

requirements (net of user fees and other applicable revenues) up to a maximum of \$1 million per year until such time as the project is completed. For each year of project delay beyond the first year, in the event that OAC has not loaned the full \$1 million per year in previous years, OAC shall loan the City funds to meet the City debt service requirements up to a maximum of \$1 million, plus the cumulative total of unused borrowing capacity over the previous years of delay. As used herein, cumulative unused borrowing capacity is calculated by totalling the difference between \$1 million and the actual amount loaned for all previous years of delay.

The City agrees to repay OAC its principal, with interest, from the user fee revenues in excess of its debt service requirements when and if such excess user fee proceeds are available.

6. OAC will support its commitment to the completion date by (a) requiring damage provisions of all contractors and subcontractors which cover the City's and OAC's financial investment and obligations in the manner set forth in the Development Agreement; (b) using best efforts to require its Contractor to provide a payment and performance bond for all improvement construction; and (c) requiring that its Architect provide error and omissions insurance.

B. OAC Amount and Sources

1. OAC will obtain the financing necessary to complete its obligations under the Development Agreement prior to the commencement of construction. This financing may require the pledging of the leasehold interest of OAC in the Arena Master Plan Site, or portions thereof. If required by the OAC lender(s), City agrees to subordinate its lessor interest in the Arena Lease and the Entertainment Complex Lease to the construction financing, but the City will not subordinate the fee. In addition, the City will agree

to a non-disturbance agreement. In return, OAC's lenders will be required to provide attornment agreements to the city.

2. OAC will commit a substantial amount of equity to fund its obligations under the Development Agreement.

C. City/Metro Admissions Tax Off-Set

Prior to execution of the Development Agreement, the City, Metro and OAC shall enter into agreements to enact a user fee off-set provision as part of any admissions tax that may be enacted during the term of the Development Agreement.

VIII. COLISEUM AGREEMENT/CHANGE OF OPERATOR

The Coliseum Operating Agreement will specify:

- A. The types and level of service to be provided by the operator.
- B. The financial qualifications of the owner and experiential qualifications of the operator.
- C. A requirement that the same operator must operate both the Coliseum and the Arena for the 20-year term of the Coliseum Agreement.
- D. If there is a sale or transfer of ownership of the Arena during the term of the Arena Lease, the new owner of the Arena will be required to honor the Agreement.
- E. The public entity has the right to reject a new Arena owner and/or operator that does not meet the qualifications for or agree to the operational standards set forth in the Coliseum Agreement.



- F. The public entity will have strong remedies, to be set forth in the Development Agreement, for violations of the Agreement.

#### IX. SCHEDULE

- A. OAC submits Detailed Master Project Schedule to the City for approval by November 1, 1991.
- B. OAC formally initiates street vacation/relocation process by November 15, 1991.
- C. OAC completes Level II Environmental Assessments by January 15, 1992
- D. OAC submits schematic design and cost estimates for City approval by January 15, 1992.
- E. OAC obtains contract revenues necessary for private financing by March 1, 1992.
- F. Agreements negotiated by March 1, 1992.
- G. OAC submits Design Development and cost estimates for City approval by date TBD.
- H. OAC submits final plans, specifications and costs to City for approval by date TBD.
- I. OAC obtains construction permits and approvals by date TBD.
- J. OAC obtains private financing by date TBD.
- K. City obtains public financing by date TBD.
- L. OAC commencement and phasing of construction by July 1, 1992.

M. OAC completes Construction by September, 1994.

(Note: TBD means - to be determined)

X. OTHER MATTERS

A. TBI Commitment to Remain in Portland

1. As a condition to City financial participation in the project, TBI shall commit the Trail Blazers to play all NBA regular season and play-off home games in the Arena for the 30-year term, plus any renewals of the Arena Lease, subject to the scheduling of the NBA.
2. TBI shall enter into an irrevocable 30-year lease with OAC for the Arena in accordance with the provisions of the Arena Lease and/or Development Agreement between the City and OAC (Term). Ground Lease extensions and Team lease extensions shall be granted concurrently. The Team Lease shall contain such clauses and remedies that protect the City/Metro from the moving of the Blazers basketball team.

B. Standards for Construction Practices

City and OAC shall agree to a set of construction practices that will include but not be limited to OAC's minimum disruption of the use of the Arena Master Plan Site during construction.

C. Community Commitment

1. In support of the ongoing redevelopment of inner Northeast Portland, OAC agrees to:
  - a. Abide by all targets and practices for construction hiring as set out in the City's Workforce Development Strategy.

- b. Subscribe to a first source hiring agreement with JobNet for all new permanent positions at the new Arena and the Coliseum.
  - c. Commit to meeting PDC's Emerging Small Business utilization goals currently established at 10%.
2. OAC has as an objective providing a full range of sports, entertainment and cultural events. OAC will use its best efforts to help draw such events.

D. Naming Rights

- 1. The name of the new Arena shall be established by mutual consent of OAC and the City.
- 2. OAC may enter into an Arena Naming Agreement with a third party subject to approval of the Arena name by the City. The City may not unreasonably withhold consent.

E. Assignment of City Rights

Subject to the approval of OAC (such approval to not be unreasonably withheld), the City may assign its rights and obligations under this Memorandum and the Development Agreement, provided that the assignee is another public entity with the authority to assume and perform the City obligations. OAC's right of approval shall not apply to the existing consolidation agreement between the City and Metro, and Section III.C herein. Any reference to the City herein includes its assignees.

CITY OF PORTLAND, a municipal  
corporation of the State of Oregon

TRAIL BLAZERS INC.

By: \_\_\_\_\_  
Mayor J.E. Bud Clark

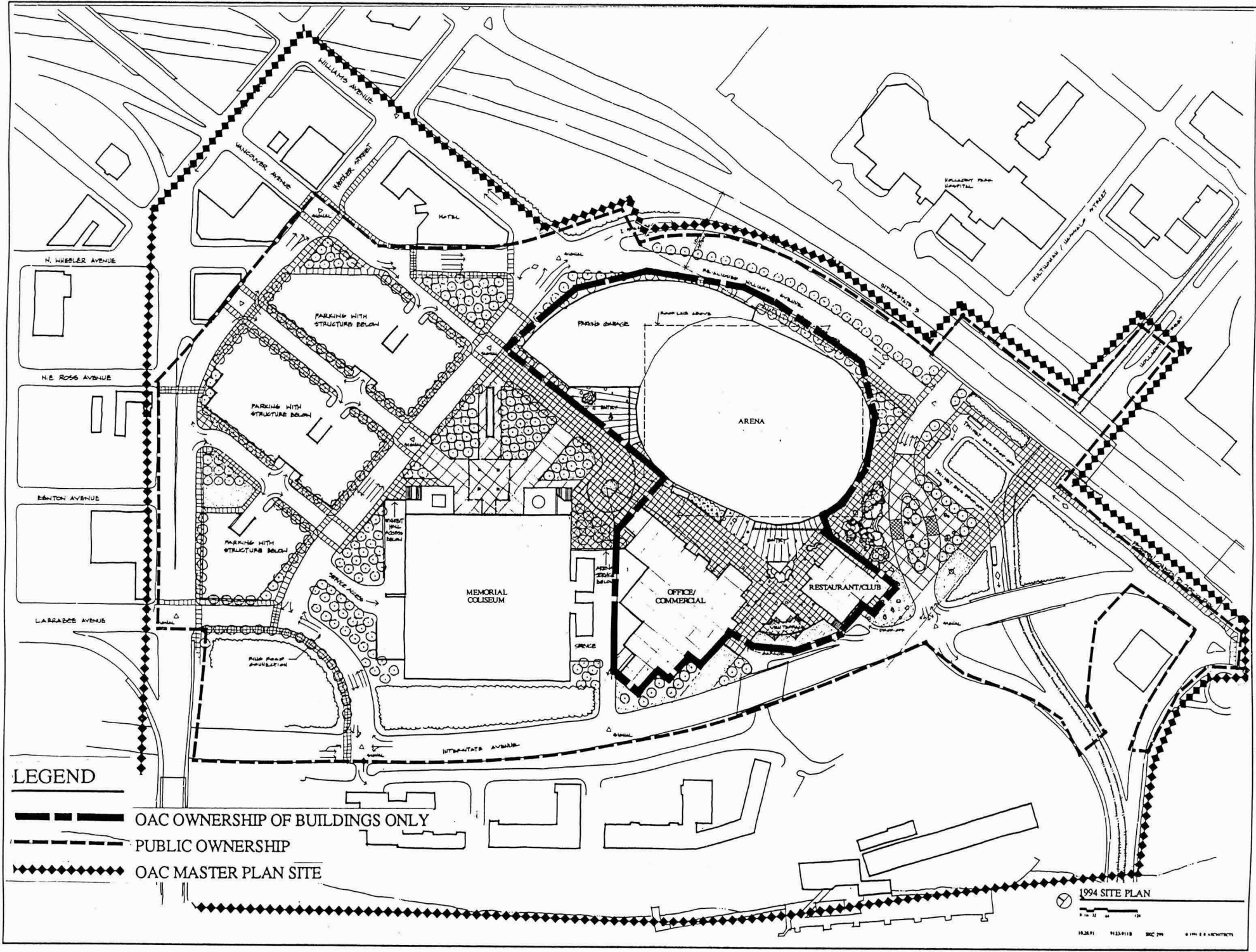
By: \_\_\_\_\_  
Paul Allen, President

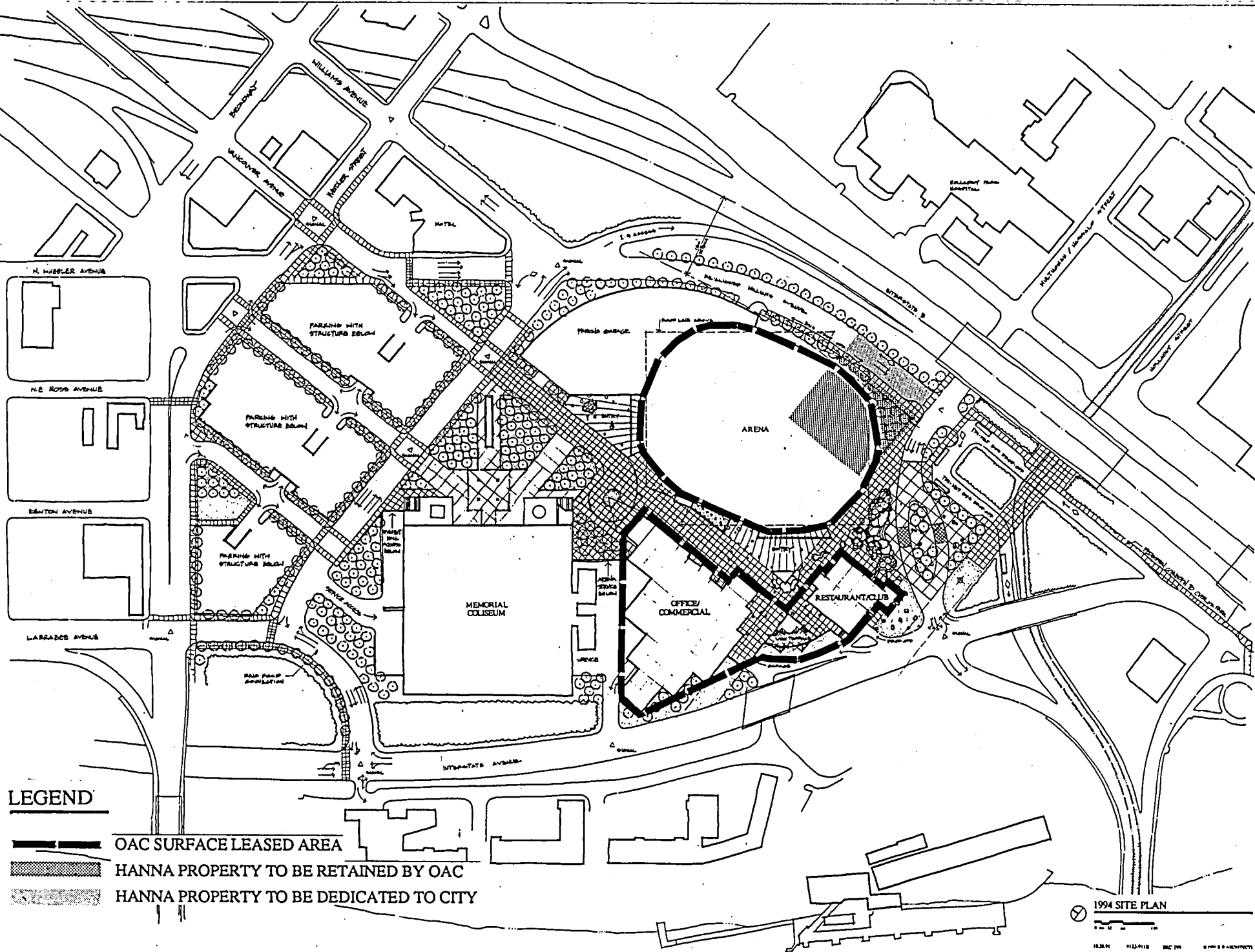
METROPOLITAN SERVICE DISTRICT

OREGON ARENA CORPORATION

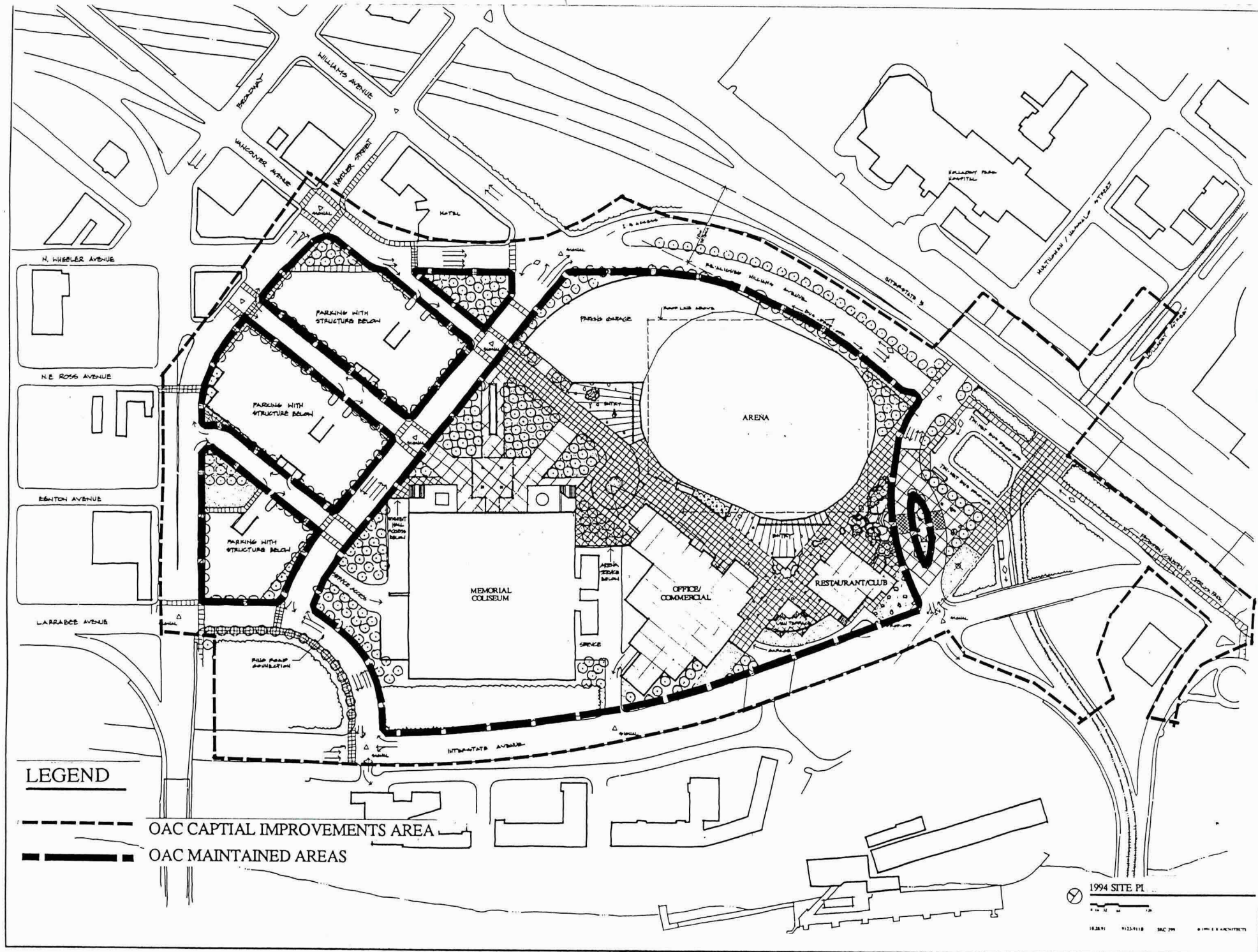
By: \_\_\_\_\_  
Rena Cusma, Executive Director

By: \_\_\_\_\_  
Paul Allen, President









## EXHIBIT B

OREGON ARENA  
DEVELOPMENT & TRANSITION MANAGEMENT COMMITTEE

Portland Development Commission Development Director Chair

City Office of Finance & Administration Director

**City Office of Transportation Director**

Bureau of Planning Director

Metro Regional Facilities Director

Metro Exposition-Recreation Commission General Manager

PDC Legal Counsel

City Attorney



## STAFF REPORT

### CONSIDERATION OF RESOLUTION NO. 91-1527, FOR THE PURPOSE OF AUTHORIZING EXECUTION OF A JOINT MEMORANDUM OF UNDERSTANDING REGARDING THE DEVELOPMENT OF A NEW TRAIL BLAZER ARENA.

Date: November 4, 1991

Presented by: Neil Saling

#### Background

Before completion of the deliberations of the Public Policy Advisory Committee on Regional Facilities (PPAC), the Portland Trail Blazers (TBI) announced their desire to construct a new, state-of-the-art arena. Amid speculation over the site for the new arena, the Arena Subcommittee of the PPAC made the following key findings:

- A need currently exists for an arena with a seating capacity of 16,000 to 20,000.
- To minimize public cost of a new arena, a public/private financing partnership should be pursued.
- Metro, local governments and the Trail Blazers should develop a Master Plan for the site selected by the Trail Blazers.
- Private operation of the new arena should be considered with no public subsidy of operating costs.
- Use of surplus revenues generated by the Memorial Coliseum to fund operating deficits of the Portland Center for the Performing Arts and the Civic Stadium is an interim solution to a long-term problem; a long-term solution must be found.
- It is highly unlikely that the Coliseum could be separately managed as a profit-making business after completion of a new arena.

To address the specifics of the Trail Blazer proposal, the Metro Council and the City of Portland (City) jointly appointed an Arena Task Force (ATF). Metro and the City also appointed a three person negotiating team to develop the framework for the proposed public/private partnership. The concept pursued by the ATF was that of an RFP, or Request for Proposals, with the Trail Blazers the sole proposer. To this end, the ATF developed a detailed requirements document entitled "Guidelines and Objectives" which established the format and required information to be included in the formal Trail Blazer proposal.

The Trail Blazer proposal was received in two parts. The first portion, addressing the building program, site design and operational guidelines, was received September 6, 1991. The second portion was received on September 24, 1991. Both parts were responsive to the Guidelines and Objectives. In the former, TBI selected a site in close proximity to the existing Memorial Coliseum and presented a Master Plan for the development of the City-owned area. In the latter, TBI proposed a \$179 million development with a public input of \$34.5 million. The specifics of the proposal follow.

#### The Trail Blazer Proposal

**Building Program:** TBI proposed a modern 19,200 seat arena with a capability to accommodate NHL hockey. Also proposed was a program for improvements to the Memorial Coliseum and a system of structured parking. Finally, TBI proposed an entertainment complex on their "Civic Campus."

**Site Design:** TBI conducted workshops to gain public input to their site master plan and solicited active public input. Their proposal integrated the design of the site into existing plans and transportation alignments to include the Convention Center Area Plan. The site design included vacation of Williams Avenue and extensive street and plaza developments on the site.

Operational Guidelines: TBI proposed, in response to an Arena Task Force request, to operate the Memorial Coliseum in conjunction with the new arena as well as all other facilities on the site. TBI committed to exercise "best efforts" to retain qualified, full-time existing employees at the Memorial Coliseum, participate in a targeted-hire program for new employees and use best efforts to achieve Portland Development Commission's (PDC) adopted Emerging Small Business (ESB) goals.

Business Proposal: TBI proposed that a \$34.5 million public investment be divided between site infrastructure (\$13 million), a public parking garage (\$14.5 million) and Memorial Coliseum capital improvements (\$7 million). The total estimated return on the public investment was \$305 million over the period 1995-2024. Key revenues included a user fee and property taxes. Lesser revenues included revenue sharing and other taxes. TBI also included a separable proposal to manage advertising in MERC facilities and the Zoo.

### Memorandum of Understanding

The key product of the ATF is the proposed Memorandum of Understanding (MOU) which must be ratified by both the City Council and the Metro Council. Metro's participation is mandated by the provisions of the City/Metro Agreement on Consolidation of ER Facility Management. Not only does Metro, through the Metro ER Commission (MERC) operate the City-owned ER facilities, but it must also concur in any City proposed use of the land or buildings which impacts the operations of these facilities.

The MOU is divided into the following sections and is attached for your review (Exhibit A).

- Development Entities; Changes in Ownership; Project Terms
- Project Site and Development Program
- Land Use Approvals, Environmental Matters and Development Rights
- Lease and Management Agreements
- Design and Construction Coordination
- Costs and Revenue
- Financing
- Coliseum Agreement/Change of Operator
- Schedule
- Other Matters

From the MOU, the following key issues are summarized:

- Agreements (development, operations and parking management)
- Coliseum operation and revenues
- Coliseum capital program
- Environmental clean-up
- Coliseum revenues during construction
- Public financing
- Admissions tax offset
- Construction schedule
- Project oversight
- Budget Impact

#### 1. Agreements

Three agreements are contemplated in the Memorandum of Understanding: a Development Agreement, an Operations Agreement for Memorial Coliseum, and a Management Agreement for the public garage. According to the schedule contained in the MOU, all of these agreements would be negotiated by March 1, 1992. The City, Metro, Oregon Arena Corporation (OAC), or Trail Blazers, Inc. (TBI) would not be legally obligated to go forward with the project unless the Development Agreement is executed by the City or its designee and OAC and TBI.

The Development Agreement will include such issues as determining the Memorial Coliseum Capital Improvements Program; providing the manner in which the City, Metro, and MERC will participate in the design and construction phase of the project; defining OAC's repair and maintenance responsibilities; establishing specific guidelines, standards, and public oversight provisions for operating the parking system; developing terms and conditions for disposition of the land and improvements constructed by OAC; specifying the scope and nature of the authority of the Master Developer; and determining the process for setting the annual user fee.

The Operations Agreement will specify the terms and conditions for transferring operational responsibilities for Memorial Coliseum to the Oregon Arena Corporation. Issues to be included in this agreement are provisions that the Coliseum be self-sustaining during the construction period and that no public subsidy be provided for Coliseum operations after transfer to OAC. The agreement will also include the following issues: development of public and financial objectives; a review in five years of the performance of the Coliseum in achieving those objectives, re-evaluation of the second phase of capital improvements and the revenue sharing formula; development of a Transportation Management Plan for multiple events; and the process, terms, conditions, and organization for public oversight of the management and operation of the Coliseum.

The City and OAC will negotiate a Management Agreement for operation of the public parking garage to include allocation of on-site public parking spaces for exhibit hall users and accounting for all revenues and expenses independently from those for the other garages.

In order to accept the Trail Blazer proposal as set forth in the MOU, it may be necessary to make changes in the existing City/Metro Consolidation Agreement to reflect that operation of the Memorial Coliseum by OAC.

## 2. Coliseum Operation and Revenues

The Oregon Arena Corporation will operate the Coliseum for a 20 year term beginning July 1, 1994 or earlier if agreed to by Metro, the City, and OAC. OAC will be responsible for all marketing, scheduling, management, operations, and maintenance functions.

A reserve fund will be established in which the first 20% of net revenues from the Coliseum will be deposited. This fund will be used for unanticipated improvements for the Coliseum. The remaining net revenue will be split equally between the City and OAC.

## 3. Coliseum Capital Improvements Program

The capital program consists of major maintenance, upgrade, and renovation of the Coliseum. The City will provide \$7 million for the first phase capital improvements program which will be mutually determined by OAC, Metro, and the City by December 1, 1991. After the five year re-evaluation, the City will provide \$2.25 million for the second and final phase of this program. All other maintenance and repair costs will be paid from the annual Coliseum cash flow.

## 4. Environmental Clean-up

The City and OAC will each pay half of the costs of assessing any environmental contamination. The City will pay the costs, not to exceed \$1.5 million, for work necessary to clean-up the City-owned portion of the site. OAC is responsible for any environmental clean-up costs on the Hanna Property. If City costs for assessment and clean-up exceeds \$1.5 million, the City may, at its sole discretion, either terminate its obligations to proceed under the MOU and Development Agreement or renegotiate the MOU and Development Agreement. The Council may want to assure that, if clean-up costs exceed \$1.5 million, Metro is involved in the decision with the City to terminate or renegotiate the MOU and Development Agreement and, if renegotiation is selected, that Metro is included in renegotiations.

## 5. Coliseum Revenues during Construction

The Coliseum could lose an estimated \$700,000 annually during construction due to the loss of parking spaces, loss of exhibit hall space, fewer events, and lower event attendance. This figure assumes implementation of significant cost-saving procedures by MERC. The Arena Task Force added a provision to the MOU requiring that a method of maintaining the Coliseum as a self-sustaining operation during construction be negotiated before the Metro and City Councils take any action on the MOU. A plan to insure that the Coliseum is "held harmless" during construction has been incorporated into the MOU. The key elements of the plan include Trail Blazer operation of the Memorial Coliseum in July 1993, early payment for the scoreboard as provided in the current Trail Blazer contract (\$750,000) and payment of liquidated damages (\$125,000), also a provision of the current Trail Blazer contract.

## 6. Public Financing

The public investment in this site is capped at \$34.5 million and includes \$7 million for Coliseum capital improvements, \$14.5 million for construction of the public parking garage, \$11.5 million for roads and other infrastructure improvements, and up to \$1.5 million for environmental cleanup.

The City will provide \$3 million for road improvements from existing resources by accelerating already planned road projects. The City will issue bonds necessary to finance other public costs. To cover debt service payments, financing costs and reserves, the City will utilize revenues from a 6 percent user fee on all ticket sales at both the Arena and the Coliseum plus 100 percent of net operating revenues from the public parking garage plus rents from the Entertainment Complex.

Other revenue includes a payment of 4.9 percent of gross rental income from commercial activities in the Entertainment Complex and property taxes on all facilities owned by OAC which include the Arena, the Arena's attached parking garage, and the Entertainment Complex. The Entertainment Complex will house Blazer offices, ticket offices, restaurants, a health club, commercial and retail space, and a 600-space parking garage. The first-year property tax payment is estimated at \$2 million.

## 7. Admissions Tax Offset

The Public Policy Advisory Committee which is examining financing of regional entertainment facilities has discussed an admissions tax as one possible way to finance such facilities. The Blazers argued that an admissions tax in addition to a user fee is double taxation. The Arena Task Force included a provision in the MOU which requires the City, Metro and OAC, prior to execution of the Development Agreement, to agree to a user fee off-set provision as part of any admissions tax that might be enacted.

## 8. Construction Schedule

By November 1, 1991, OAC will submit a detailed master project schedule to the City. It is anticipated that construction will begin July 1, 1992 and be completed by September, 1994.

## 9. Project Oversight

The City of Portland strongly believes that it must be in a position to directly influence the decisions related to the Memorial Coliseum and the adjacent lands. This desire stems from their ownership of these properties, but more importantly the financial risk which the City is assuming. The City believes that some multidisciplinary oversight group is desirable both in the short and long term with the City recognized as the "Lead Agency". They do not, however, agree to be bound by decisions of that group. Thus, the group would be advisory in nature.

The final relationship between the City, OAC and the MERC has not yet been determined. At a minimum, the MERC would be represented on the above proposed oversight committee. It would appear desirable that the City would utilize the MERC's operational expertise in some managerial role in dealing with OAC. There are strong arguments that the MERC must remain the regional coordinating group for ER facilities. This issue must be clearly resolved as a part of the development of the Operations Agreement.

10. Budget Impact

No Metro funds are included in the \$34.5 million public investment. The operation of the Memorial Coliseum by the Trail Blazers beginning in July 1993 will significantly reduce the transfer payments from MERC to Metro as the Memorial Coliseum employees and a portion of the MERC management pool cease to be Metro employees. Whether the Memorial Coliseum Reserve Fund remains a Metro fund or becomes a City fund has yet to be determined.

Recommendation

The Executive Officer recommends approval of Resolution No. 91-1527.



**METRO**

2000 S.W. First Avenue  
Portland, OR 97201-5398  
503/221-1646

# Memorandum

DATE: November 6, 1991  
TO: Metro Council  
FROM: Casey Short, <sup>cf</sup> Council Analyst  
RE: Staff Analysis of Resolution No. 91-1527

The Council Regional Facilities Committee and the full Council are scheduled to consider Resolution No. 91-1527 on November 12 and 14, respectively. The resolution would authorize execution of a Memorandum of Understanding (MOU) between Metro, the City of Portland, Trail Blazers Inc., and Oregon Arena Corporation, regarding the framework for a public/private partnership to construct and operate a 19,200 seat arena and related improvements on the current Memorial Coliseum grounds. The purpose of this memo is to summarize the effects on Metro of approval of the resolution.

## RESOLUTION 91-1527

The Resolution contain five separate directives:

1. Authorizes the Executive Officer to execute the Memorandum of Understanding forwarded by the Arena Task Force. (Discussion and analysis of the MOU will be mailed separately.)
2. Recognizes the City of Portland as lead agency in relevant future negotiations and agreements.
3. Authorizes the Executive Officer to direct staff to participate in negotiating agreements called for in the MOU.
4. Calls for MERC to oversee Oregon Arena Corporation's operation of the Memorial Coliseum, with the stipulation that the City of Portland may change oversight agents if it determines that another agent will better meet its needs and protect its financial exposure.

Discussion: Private management of the Coliseum will require oversight by some public agency, because the facility remains in public ownership. Section 4 of the resolution calls for that oversight agency to be the MERC, but it also gives the City of Portland some additional latitude to change the oversight agency if it determines that MERC "is not the most appropriate, responsive and cost efficient agency to serve as the City's agent in this function." The City has asked for this provision to be included in the Resolution because it is making a significant

financial commitment to the construction of the new Arena in the form of revenue bonds to be repaid through Arena- and Coliseum-related revenues, with City gas tax revenues pledged for debt service if project revenues fall short. Without this provision, the City's only recourse in the event it becomes dissatisfied with MERC's oversight would be unilateral termination of the Consolidation Agreement and resultant dismantling of the regional system of managing regional facilities.

5. Calls for preparation of amendments to the Consolidation Agreement between Metro and the City of Portland which reflect the changed circumstances of Memorial Coliseum management.

Discussion: Under the terms of the Consolidation Agreement, Metro manages, through MERC, the "ERC Facilities" owned by the City which consist of Memorial Coliseum, Civic Stadium, and the PCPA complex. The MOU calls for the Oregon Arena Corporation (OAC) to manage the Coliseum in conjunction with their management of the new Arena. This change in Coliseum management requires the Consolidation Agreement to be amended.

Sections 4 and 5 will affect Metro's role as management agency for the system of regional facilities. The Arena Task Force requested OAC to manage the Coliseum in order to keep it operating on a scale large enough to allow it to continue to provide a venue for community events and to expand its capability to serve as an adjunct facility to the Oregon Convention Center; the Arena Task Force and the Arena Subcommittee of the Public Policy Advisory Committee on Regional Facilities had both concluded that continued public operation of the Coliseum after the new Arena's opening would only be possible on a greatly reduced scale, if at all.

The 1986 recommendations of the Committee on Regional Convention, Trade, and Spectator Facilities called for regional management of the region's convention, trade, and spectator facilities under a commission to be established by Metro. The 1989 Consolidation Agreement implemented those recommendations for the facilities owned by the City of Portland. The planned construction of a new arena to be owned and operated by a private entity will affect the regional system of consolidated facility management by placing an integral piece of the system outside of public ownership.

Resolution 91-1527 recognizes that the regional system will be weakened by development of a privately-owned arena. The ability of Memorial Coliseum to continue in operation as a break-even or profit-making facility will be jeopardized. Metro's responsibility for managing regional facilities through MERC will be limited to the Convention Center, PCPA and Civic Stadium after



July 1, 1993, when OAC begins management of Memorial Coliseum; MERC will oversee the OAC's management of the Coliseum after that date as long as the City of Portland believes MERC continues to represent the City's interests. The Executive Officer will negotiate necessary amendments to the Consolidation Agreement to reflect the change in Coliseum management. That will include, at the least, a change in the definition of "ERC Facilities" which Metro manages through MERC, to delete reference to Memorial Coliseum as one of those facilities. Council will have the opportunity to consider any changes in the Consolidation Agreement, and must approve them by Resolution for them to be effective.

Separation of Coliseum and Arena management from the MERC family poses a potential threat to the coordination of operations between the Coliseum and the Convention Center. This threat is not likely to become a problem, however. OAC has an interest in the Coliseum's profitability in that they are committed to subsidize any operating loss at the Coliseum and they stand to share in any profits realized through Coliseum operations. Furthermore, coordination of booking matters and other operational issues will be necessary for the Convention Center, Coliseum, and Arena to operate smoothly, which is in the interests of both Metro/MERC and OAC.

An analysis of the Memorandum of Understanding's effects on Metro will be prepared and distributed prior to Tuesday's meeting of the Regional Facilities Committee.





**METRO**

2000 S.W. First Avenue  
Portland, OR 97201-5398  
503/221-1646

# Memorandum

DATE: November 12, 1991  
TO: Metro Council  
FROM: Casey Short, <sup>CS</sup>Council Analyst  
RE: Trail Blazer Arena Memorandum of Understanding

This memo is an analysis of the Memorandum of Understanding (MOU) on the new Trail Blazers' Arena, which is on the Regional Facilities Committee's agenda November 12 and scheduled for Council consideration on November 14. I will not try to provide a page-by-page summary of the MOU here, as most of you have heard Councilor Knowles' summary.

The MOU itself is not a legally binding document; rather, it is a guideline for the negotiation of four subsequent agreements between the City of Portland and the Oregon Arena Corporation. It also sets forth the public obligation for partial funding of the Arena project.

## FINANCE

The MOU provides for a public investment of \$34.5 million in the Arena project, with private financing of an additional \$144 million. These public funds will pay for \$7 million in capital improvements to Memorial Coliseum, \$14.5 million for construction of a 1,410-space public parking garage, infrastructure improvements of \$11.5 million, and environmental cleanup costs at the site which are not to exceed \$1.5 million. The City will issue \$31.5 million in revenue bonds, and commit \$3 million in available funds for transportation-related projects. The bonds will be paid off by a 6% user fee to be implemented for all ticket sales at the Arena and Coliseum; by revenues from the public garage; and by lease revenues from the entertainment and office complex (Arena lease costs will be "nominal," probably \$1). If these revenue sources are insufficient to cover debt service, the City will commit Coliseum net revenues (if any), City gas tax money, and ultimately General Fund money; it is very unlikely that General Fund money will ever be needed.

There is no financial commitment to the project from Metro. There are, however, some financial effects of the Arena project for Metro. These include the effects of reductions in MERC staff expected due to construction at the Coliseum site (which is expected to result in a decrease in Coliseum activity) and OAC

management of the Coliseum beginning in July 1993. MERC personnel reductions will probably mean lower transfers to the Support Services Fund, and to the Building Management Fund once MERC joins the rest of the agency at the Sears Building. In theory, the reduced Support Services revenue will reflect decreased activity for Support Services departments and should not affect other departmental requirements; any reduction in MERC payments for the Sears Building will increase costs agency-wide.

The major potential financial impact of the project as outlined in the MOU will be on Metro's ability to distribute the proceeds of a region-wide ticket tax for operating and capital costs of regional facilities under District management. While we do not now have the authority to levy such a tax, it is an anticipated source of revenue in the future and is being considered by the Public Policy Advisory Committee on Regional Facilities as an integral part of a financing package. The MOU requires that any such tax be offset by the user fee at the Arena and Coliseum. The effect of the offset is that the portion of the ticket tax generated at the Arena and Coliseum will be dedicated to paying debt service on the City bonds, leaving less for operational support of the other facilities. This will require either a reduced level of support to those facilities or identification of an additional revenue source.

Some discussions of regional facility finance have included consideration of the Multnomah County hotel/motel tax dedicated to Convention Center operations. That revenue is now dedicated only through Multnomah County ordinance, and could be rescinded at any time through County Board action. The arena proposal should not have any effect on the status of that revenue because arena financing involves neither Multnomah County nor the Convention Center. Those revenues should remain as secure (or as tenuous) as they are now.

#### TRANSITION ISSUES

The term "transition" applies to two issues: effect of construction on Memorial Coliseum revenues; and the shift from public management of the Coliseum through MERC to private management by OAC.

MERC staff estimates that construction activity will result in a net revenue reduction at the Coliseum of \$700,000 in FY 92-93. This reduction will be in addition to budget cuts of some \$750,000. The Arena Task Force included a direction in its proposed MOU that "the Public Negotiating Team and the Blazers shall negotiate a method to maintain the Coliseum as a self-sustaining operation during the construction period." The

resulting amendment to the MOU calls for the June 30, 1992 balance in the Spectator Facilities Fund to be separated from the Coliseum operating fund; a new fund dedicated to the Coliseum will have to be created in the 1992-93 budget.

The Trail Blazers commit to paying \$875,000 into the Coliseum Fund prior to FY 94-95. This \$875,000 represents a \$750,000 payment for the Memorial Coliseum scoreboard and \$125,000 for the depreciated value of improvements made to the Coliseum for the Trail Blazers' benefit in 1986. Both obligations are in the Trail Blazers' current agreement with MERC, with the exception that the scoreboard payment would only be made if the Trail Blazers chose to move the scoreboard out of the Coliseum. (The commitment in the MOU requires the payment "whether or not the Coliseum scoreboard is removed.") For cash flow purposes, OAC will loan all or part of the \$875,000 to the Coliseum Fund as needed in FY 1992-93, which is to be repaid with interest from Coliseum revenues. (The interest rate is to be set in the Development Agreement.) If Coliseum losses next fiscal year exceed \$875,000 the excess will be paid from the Spectator Facilities Fund reserves. After FY 92-93, OAC assumes responsibility for any operating deficit at the Coliseum.

The purpose of the Arena Task Force's direction was to protect the reserves for the ongoing subsidy of PCPA and Civic Stadium, and to eliminate the public responsibility to absorb Coliseum losses caused by OAC's construction activity. The amendment does guarantee the preservation of the reserve up to \$875,000, but not beyond; further, the \$875,000 guarantee could arguably be considered an obligation previously incurred by the Trail Blazers which should become part of the protected reserve. The way the amendment is structured provides less protection for the Spectator Facilities Fund than the City and Metro might have wanted. It is, however, unlikely that this provision will materially affect the Spectator Facilities Fund's ability to sustain PCPA and Stadium operations until a long-term financing source is implemented, and should therefore not be considered critical to the approval of the MOU.

#### EXHIBIT HALLS

The MOU proposes that OAC will be allowed to remove 48,000 square feet of the Coliseum Exhibit Hall, which cuts that space roughly in half (from 100,000 to 52,000 square feet). There will be some effect on MERC's 1992-93 revenues due to this reduction, but of greater long-term significance is the effect this reduction will have on the region's inventory of exhibit space. The existing Exhibit Hall fills a market niche that is not met elsewhere. The result of its reduction will be to limit the shows that have used

this space, and to put extra pressure on the Convention Center to make space available for the local exhibitors who had used the Coliseum space. This will make it more difficult for OCC management to stick to MERC policy which encourages the Convention Center to place a higher priority on booking regional, national, and international conventions than local trade shows.

#### ISSUES TO BE ADDRESSED IN SUBSEQUENT AGREEMENTS

##### 1. Status of Coliseum staff.

Coliseum budget reductions needed to limit next year's operating deficit will certainly mean staff reductions. In addition, the transfer to OAC management will mean that heretofore public employees will be employed in the private sector. Agreements will have to be reached on the transition from public to private employees and on methods to help laid-off people find jobs.

##### 2. Disposition of any excess Coliseum revenues.

The MOU stipulates that any profit from Coliseum operations under OAC management will be split as follows: 20% will be dedicated to future Coliseum capital improvements; the remaining 80% will be split evenly between OAC and the City. There is no restriction on the City's use of these funds. It would make sense to dedicate these public funds to the regional facilities system rather than leave their disposition up to the City, and Metro should press for such dedication in negotiations.

##### 3. Long-term admissions tax policy.

The MOU does not address admissions tax policy after the bonds are retired. Section VII(C) calls for the parties "to enact a user fee off-set provision as part of any admissions tax that may be enacted during the term of the Development Agreement." It should be clarified in the Development Agreement that when the bonds are retired, the admissions tax revenue generated at the Arena and Coliseum will be dedicated to supporting the regional facilities in the system.

##### 4. Coliseum Capital Improvements.

The scope of the \$7 million in capital improvements to the Coliseum will have to be determined, as well as subsequent capital improvements anticipated in the next 3-5 year period. The MERC staff and Commission should take the lead in determining priorities for this work.

##### 5. Community Events.

One of the principal reasons for continuing operation of Memorial Coliseum after the Arena is built was to keep the Coliseum available for community events. The MOU states that "OAC will provide the Coliseum for community events on a non-profit basis."

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A definition of "community events" should be developed as part of the Coliseum operating agreement, in order to provide a clear guideline for OAC and the public in determining what events are to be assessed costs on a non-profit basis and to outline OAC's responsibility for making the Coliseum available for such events.

## REGIONAL FACILITIES COMMITTEE REPORT

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RESOLUTION NO. 91-1527, AUTHORIZING THE EXECUTION OF A JOINT MEMORANDUM OF UNDERSTANDING REGARDING THE DEVELOPMENT OF A NEW TRAIL BLAZER ARENA.

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Date: November 13, 1991

Presented by: Councilor Knowles

**COMMITTEE RECOMMENDATION:** At its November 12, 1991 meeting the Regional Facilities Committee voted 4-0 to recommend Council approval of Resolution No. 91-1527. Voting were Councilors Knowles, Buchanan, Gardner, and McFarland. Councilor Bauer was excused.

**COMMITTEE DISCUSSION/ISSUES:** Regional Facilities Director Neil Saling gave a brief overview of the proposed Memorandum of Understanding (MOU), and Chair Knowles pointed out that all Committee members present had been briefed on the issues.

Chair Knowles then referred to MERC Chair Ted Runstein's November 11 letter requesting an amendment to the MOU. The requested amendment deals with a provision in the Trail Blazers' lease at the Coliseum which calls for a guaranteed minimum payment from parking and concession revenue generated at Trail Blazer games. MERC General Manager Lee Fehrenkamp explained that the lease guarantees the Trail Blazers a minimum of \$475,000 per season from these revenues, but Arena construction will result in fewer parking spaces which will reduce parking revenue. MERC staff estimates this will cost the Spectator Facilities Fund some \$100,000 in FY 1992-93. MERC proposes that the formula used to determine revenues be discussed in the Operations Agreement for the Coliseum, and be adjusted to reflect the anticipated reduction in parking revenue. Chair Knowles asked if this \$100,000 cost was included in calculations projecting a \$700,000 net loss for the Coliseum next year. Mr. Fehrenkamp responded that the \$700,000 figure was determined by assuming a 60% parking loss for all events, a reduction in overall business because certain events may not come to Portland, and a reduction in the number of people attending events. Chair Knowles asked whether MERC staff had discussed their proposed amendment with the City of Portland, and Mr. Fehrenkamp said he had talked with Commissioner Lindberg's Executive Assistant. Councilor McFarland asked whether they were asking to solve the problem in the MOU, or just open the door for discussion, and Mr. Fehrenkamp said it was just to give them the opportunity to resolve it.

Chair Knowles said he only received the letter that morning, and didn't want to amend the resolution to include the MERC amendment unless the City did so; he wanted to have both bodies adopt the same MOU. He said that the Council could amend the resolution on Thursday if the City Council amended it when they considered it on Wednesday, 11/13. Councilor McFarland said she would have trouble supporting the resolution without this provision. Chair Knowles

said we would know on Thursday how the City acted and why they acted as they did, which the Council could consider in its deliberations.

Councilor Buchanan asked for discussion on the admissions tax offset called for in the MOU. He said he wasn't sure why it was there. Mr. Saling said that the 6% user fee was a key part of the proposal as it will pay a large portion of the debt service for the City's revenue bonds. He added that the Trail Blazer organization thinks it's a key concession, having facility users pay the public obligation rather than levying a separate tax. Doubling up on the user fee with a comparable admissions tax would have a negative effect with promoters and ticket buyers. Councilor Buchanan said he was not comfortable with this "tax writeoff." He said he would support the resolution, but with the personal reservation that he doesn't like the looks of the offset. Councilor Knowles said this was one of the toughest issues for the Arena Task Force and for him personally because of the impact it would have on long-term support of the other facilities

Councilor Gardner noted two points of concern. First, he said that any excess revenues from the Coliseum should go first to debt service, then to the other facilities. Councilor Knowles pointed out that the City has a proposed resolution that says this. (Note: The City Council approved this resolution at its Wednesday meeting, and a copy is included in your notebooks.) Second, Councilor Gardner asked that a provision be included in the appropriate agreement that directs how applicable proceeds are to be spent after the bonds are retired.

Chair Knowles asked for public testimony, and there was none.



## STAFF REPORT

### CONSIDERATION OF RESOLUTION NO. 91-1527, FOR THE PURPOSE OF AUTHORIZING EXECUTION OF A JOINT MEMORANDUM OF UNDERSTANDING REGARDING THE DEVELOPMENT OF A NEW TRAIL BLAZER ARENA.

Date: November 4, 1991

Presented by: Neil Saling

#### Background

Before completion of the deliberations of the Public Policy Advisory Committee on Regional Facilities (PPAC), the Portland Trail Blazers (TBI) announced their desire to construct a new, state-of-the-art arena. Amid speculation over the site for the new arena, the Arena Subcommittee of the PPAC made the following key findings:

- A need currently exists for an arena with a seating capacity of 16,000 to 20,000.
- To minimize public cost of a new arena, a public/private financing partnership should be pursued.
- Metro, local governments and the Trail Blazers should develop a Master Plan for the site selected by the Trail Blazers.
- Private operation of the new arena should be considered with no public subsidy of operating costs.
- Use of surplus revenues generated by the Memorial Coliseum to fund operating deficits of the Portland Center for the Performing Arts and the Civic Stadium is an interim solution to a long-term problem; a long-term solution must be found.
- It is highly unlikely that the Coliseum could be separately managed as a profit-making business after completion of a new arena.

To address the specifics of the Trail Blazer proposal, the Metro Council and the City of Portland (City) jointly appointed an Arena Task Force (ATF). Metro and the City also appointed a three person negotiating team to develop the framework for the proposed public/private partnership. The concept pursued by the ATF was that of an RFP, or Request for Proposals, with the Trail Blazers the sole proposer. To this end, the ATF developed a detailed requirements document entitled "Guidelines and Objectives" which established the format and required information to be included in the formal Trail Blazer proposal.

The Trail Blazer proposal was received in two parts. The first portion, addressing the building program, site design and operational guidelines, was received September 6, 1991. The second portion was received on September 24, 1991. Both parts were responsive to the Guidelines and Objectives. In the former, TBI selected a site in close proximity to the existing Memorial Coliseum and presented a Master Plan for the development of the City-owned area. In the latter, TBI proposed a \$179 million development with a public input of \$34.5 million. The specifics of the proposal follow.

#### The Trail Blazer Proposal

**Building Program:** TBI proposed a modern 19,200 seat arena with a capability to accommodate NHL hockey. Also proposed was a program for improvements to the Memorial Coliseum and a system of structured parking. Finally, TBI proposed an entertainment complex on their "Civic Campus."

**Site Design:** TBI conducted workshops to gain public input to their site master plan and solicited active public input. Their proposal integrated the design of the site into existing plans and transportation alignments to include the Convention Center Area Plan. The site design included vacation of Williams Avenue and extensive street and plaza developments on the site.



Operational Guidelines: TBI proposed, in response to an Arena Task Force request, to operate the Memorial Coliseum in conjunction with the new arena as well as all other facilities on the site. TBI committed to exercise "best efforts" to retain qualified, full-time existing employees at the Memorial Coliseum, participate in a targeted-hire program for new employees and use best efforts to achieve Portland Development Commission's (PDC) adopted Emerging Small Business (ESB) goals.

Business Proposal: TBI proposed that a \$34.5 million public investment be divided between site infrastructure (\$13 million), a public parking garage (\$14.5 million) and Memorial Coliseum capital improvements (\$7 million). The total estimated return on the public investment was \$305 million over the period 1995-2024. Key revenues included a user fee and property taxes. Lesser revenues included revenue sharing and other taxes. TBI also included a separable proposal to manage advertising in MERC facilities and the Zoo.

### Memorandum of Understanding

The key product of the ATF is the proposed Memorandum of Understanding (MOU) which must be ratified by both the City Council and the Metro Council. Metro's participation is mandated by the provisions of the City/Metro Agreement on Consolidation of ER Facility Management. Not only does Metro, through the Metro ER Commission (MERC) operate the City-owned ER facilities, but it must also concur in any City proposed use of the land or buildings which impacts the operations of these facilities.

The MOU is divided into the following sections and is attached for your review (Exhibit A).

- Development Entities; Changes in Ownership; Project Terms
- Project Site and Development Program
- Land Use Approvals, Environmental Matters and Development Rights
- Lease and Management Agreements
- Design and Construction Coordination
- Costs and Revenue
- Financing
- Coliseum Agreement/Change of Operator
- Schedule
- Other Matters

From the MOU, the following key issues are summarized:

- Agreements (development, operations and parking management)
- Coliseum operation and revenues
- Coliseum capital program
- Environmental clean-up
- Coliseum revenues during construction
- Public financing
- Admissions tax offset
- Construction schedule
- Project oversight
- Budget Impact

#### 1. Agreements

Three agreements are contemplated in the Memorandum of Understanding: a Development Agreement, an Operations Agreement for Memorial Coliseum, and a Management Agreement for the public garage. According to the schedule contained in the MOU, all of these agreements would be negotiated by March 1, 1992. The City, Metro, Oregon Arena Corporation (OAC), or Trail Blazers, Inc. (TBI) would not be legally obligated to go forward with the project unless the Development Agreement is executed by the City or its designee and OAC and TBI.

The Development Agreement will include such issues as determining the Memorial Coliseum Capital Improvements Program; providing the manner in which the City, Metro, and MERC will participate in the design and construction phase of the project; defining OAC's repair and maintenance responsibilities; establishing specific guidelines, standards, and public oversight provisions for operating the parking system; developing terms and conditions for disposition of the land and improvements constructed by OAC; specifying the scope and nature of the authority of the Master Developer; and determining the process for setting the annual user fee.

The Operations Agreement will specify the terms and conditions for transferring operational responsibilities for Memorial Coliseum to the Oregon Arena Corporation. Issues to be included in this agreement are provisions that the Coliseum be self-sustaining during the construction period and that no public subsidy be provided for Coliseum operations after transfer to OAC. The agreement will also include the following issues: development of public and financial objectives; a review in five years of the performance of the Coliseum in achieving those objectives, re-evaluation of the second phase of capital improvements and the revenue sharing formula; development of a Transportation Management Plan for multiple events; and the process, terms, conditions, and organization for public oversight of the management and operation of the Coliseum.

The City and OAC will negotiate a Management Agreement for operation of the public parking garage to include allocation of on-site public parking spaces for exhibit hall users and accounting for all revenues and expenses independently from those for the other garages.

In order to accept the Trail Blazer proposal as set forth in the MOU, it may be necessary to make changes in the existing City/Metro Consolidation Agreement to reflect that operation of the Memorial Coliseum by OAC.

## **2. Coliseum Operation and Revenues**

The Oregon Arena Corporation will operate the Coliseum for a 20 year term beginning July 1, 1994 or earlier if agreed to by Metro, the City, and OAC. OAC will be responsible for all marketing, scheduling, management, operations, and maintenance functions.

A reserve fund will be established in which the first 20% of net revenues from the Coliseum will be deposited. This fund will be used for unanticipated improvements for the Coliseum. The remaining net revenue will be split equally between the City and OAC.

## **3. Coliseum Capital Improvements Program**

The capital program consists of major maintenance, upgrade, and renovation of the Coliseum. The City will provide \$7 million for the first phase capital improvements program which will be mutually determined by OAC, Metro, and the City by December 1, 1991. After the five year re-evaluation, the City will provide \$2.25 million for the second and final phase of this program. All other maintenance and repair costs will be paid from the annual Coliseum cash flow.

## **4. Environmental Clean-up**

The City and OAC will each pay half of the costs of assessing any environmental contamination. The City will pay the costs, not to exceed \$1.5 million, for work necessary to clean-up the City-owned portion of the site. OAC is responsible for any environmental clean-up costs on the Hanna Property. If City costs for assessment and clean-up exceeds \$1.5 million, the City may, at its sole discretion, either terminate its obligations to proceed under the MOU and Development Agreement or renegotiate the MOU and Development Agreement. The Council may want to assure that, if clean-up costs exceed \$1.5 million, Metro is involved in the decision with the City to terminate or renegotiate the MOU and Development Agreement and, if renegotiation is selected, that Metro is included in renegotiations.

## 5. Coliseum Revenues during Construction

The Coliseum could lose an estimated \$700,000 annually during construction due to the loss of parking spaces, loss of exhibit hall space, fewer events, and lower event attendance. This figure assumes implementation of significant cost-saving procedures by MERC. The Arena Task Force added a provision to the MOU requiring that a method of maintaining the Coliseum as a self-sustaining operation during construction be negotiated before the Metro and City Councils take any action on the MOU. A plan to insure that the Coliseum is "held harmless" during construction has been incorporated into the MOU. The key elements of the plan include Trail Blazer operation of the Memorial Coliseum in July 1993, early payment for the scoreboard as provided in the current Trail Blazer contract (\$750,000) and payment of liquidated damages (\$125,000), also a provision of the current Trail Blazer contract.

## 6. Public Financing

The public investment in this site is capped at \$34.5 million and includes \$7 million for Coliseum capital improvements, \$14.5 million for construction of the public parking garage, \$11.5 million for roads and other infrastructure improvements, and up to \$1.5 million for environmental cleanup.

The City will provide \$3 million for road improvements from existing resources by accelerating already planned road projects. The City will issue bonds necessary to finance other public costs. To cover debt service payments, financing costs and reserves, the City will utilize revenues from a 6 percent user fee on all ticket sales at both the Arena and the Coliseum plus 100 percent of net operating revenues from the public parking garage plus rents from the Entertainment Complex.

Other revenue includes a payment of 4.9 percent of gross rental income from commercial activities in the Entertainment Complex and property taxes on all facilities owned by OAC which include the Arena, the Arena's attached parking garage, and the Entertainment Complex. The Entertainment Complex will house Blazer offices, ticket offices, restaurants, a health club, commercial and retail space, and a 600-space parking garage. The first-year property tax payment is estimated at \$2 million.

## 7. Admissions Tax Offset

The Public Policy Advisory Committee which is examining financing of regional entertainment facilities has discussed an admissions tax as one possible way to finance such facilities. The Blazers argued that an admissions tax in addition to a user fee is double taxation. The Arena Task Force included a provision in the MOU which requires the City, Metro and OAC, prior to execution of the Development Agreement, to agree to a user fee off-set provision as part of any admissions tax that might be enacted.

## 8. Construction Schedule

By November 1, 1991, OAC will submit a detailed master project schedule to the City. It is anticipated that construction will begin July 1, 1992 and be completed by September, 1994.

## 9. Project Oversight

The City of Portland strongly believes that it must be in a position to directly influence the decisions related to the Memorial Coliseum and the adjacent lands. This desire stems from their ownership of these properties, but more importantly the financial risk which the City is assuming. The City believes that some multidisciplinary oversight group is desirable both in the short and long term with the City recognized as the "Lead Agency". They do not, however, agree to be bound by decisions of that group. Thus, the group would be advisory in nature.

The final relationship between the City, OAC and the MERC has not yet been determined. At a minimum, the MERC would be represented on the above proposed oversight committee. It would appear desirable that the City would utilize the MERC's operational expertise in some managerial role in dealing with OAC. There are strong arguments that the MERC must remain the regional coordinating group for ER facilities. This issue must be clearly resolved as a part of the development of the Operations Agreement.

10. Budget Impact

No Metro funds are included in the \$34.5 million public investment. The operation of the Memorial Coliseum by the Trail Blazers beginning in July 1993 will significantly reduce the transfer payments from MERC to Metro as the Memorial Coliseum employees and a portion of the MERC management pool cease to be Metro employees. Whether the Memorial Coliseum Reserve Fund remains a Metro fund or becomes a City fund has yet to be determined.

Recommendation

The Executive Officer recommends approval of Resolution No. 91-1527.

BEFORE THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

AUTHORIZING THE EXECUTION OF A JOINT ) Resolution No. 91-1527  
MEMORANDUM OF UNDERSTANDING REGARDING )  
THE DEVELOPMENT OF A NEW TRAIL BLAZER ) Introduced by Rena Cusma,  
ARENA ) Executive Officer

WHEREAS, Resolution No. 1243 authorized a study of permanent operations funding for Metro ER facilities and the feasibility of constructing new sports facilities; and

WHEREAS, Resolution No. 90-1284 established a Public Policy Advisory Committee for regional convention, trade, performing arts and spectator facilities to execute the study; and

WHEREAS, Resolution No. 90-1316 confirmed appointments to the Public Policy Advisory Committee for regional convention, trade, performing arts and spectator facilities; and

WHEREAS, the Arena Subcommittee of the Public Policy Advisory Committee found that a need currently exists for an arena with a seating capacity of 16,000 to 20,000; and

WHEREAS, the Arena Subcommittee found that, to minimize cost, a public/private financing partnership should be pursued; and

WHEREAS the Arena Subcommittee found it to be highly unlikely that the Memorial Coliseum could be separately managed as a profit-making business after completion of a new arena; and

WHEREAS, the Portland Trail Blazers propose to construct a new 19,200 seat arena as well as other facilities on the approximately 15 acre site adjacent to the Memorial Coliseum owned by the City of Portland and on contiguous land owned by the Trail Blazers; and

WHEREAS, Metro Resolution No. 91-1450 authorized the appointment jointly with the Mayor of the City of Portland an Arena Task Force to consider the Trail Blazer proposal to develop a new arena at the Memorial Coliseum site; and

WHEREAS, the Arena Task Force prepared a structured request for a formal proposal from the Trail Blazers entitled "Objectives and Guidelines"; and

WHEREAS, the Trail Blazers submitted a responsive proposal which included a public investment of \$34.5 million in an approximately \$178 million project; and

WHEREAS, the public investment would be made from revenues raised from bonds issued by the City of Portland and repaid from a six percent user fee on all arena and Memorial Coliseum tickets; and

WHEREAS, the Portland Trail Blazers propose to operate the Memorial Coliseum jointly with the new arena, and

WHEREAS, the Arena Task Force has prepared and forwarded to the Portland City Council and the Metropolitan Service District Council a Memorandum of Understanding regarding the development of the arena project to be jointly executed by Metro, the City and the Trail Blazers; and

WHEREAS, based upon the ownership of the Memorial Coliseum and the land underlying the majority of the proposed project and their significant financial commitment, the City of Portland desires to assume the role of "lead agency"; and

WHEREAS, the City of Portland desires the ability to act directly in making or influencing decisions related to the Memorial Coliseum and adjacent land to include being the sole public signator on associated agreements; NOW THEREFORE,

BE IT RESOLVED, that

1. The Council of the Metropolitan Service District hereby approves execution of the attached Memorandum of Understanding.

2. The Council recognizes the City of Portland as the Lead Agency in future negotiations and execution of agreements based upon its ownership of key properties and its financial responsibilities.

3. The Council hereby authorizes the Executive Officer to direct key staff to participate in the negotiation of the necessary implementing agreements and participation in an Arena Development and Transition Management Committee (Exhibit B) whose charge shall be to:

a. Review and make recommendations on the Development Agreement, Lease Agreements, Management Agreement and other documents necessary to implement the MOU;

b. Review and recommend a detailed public financing plan;

c. Review and recommend an operations plan;

d. Coordinate public design, construction and financing responsibilities;

e. Monitor the public's interest in the development and transition phase and recommend adjustments as necessary; and

f. Recommend the form of the public oversight function for ongoing operations and the coordination of the new Oregon Arena, the Memorial Coliseum and the Oregon Convention Center.

ADOPTED by the Council of the Metropolitan Service District this \_ day of \_\_\_\_\_, 1991.

---

Tanya Collier, Presiding Officer



PROPOSED ARENA  
MEMORANDUM OF UNDERSTANDING

Proposed by the Arena Task Force  
for execution by:

City of Portland  
Metropolitan Service District  
Trail Blazers Inc.  
Oregon Arena Corporation

October 28, 1991

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Attachment A        Arena Master Plan Site

Attachment B        Transportation, Utility and Open Space Improvements

Proposed Arena  
Memorandum of Understanding

October 28, 1991

The Arena Task Force is pleased to submit to the Portland City Council (City) and to the Council of the Metropolitan Service District (Metro) this Memorandum of Understanding which sets out the conceptual approach for the development of a 19,000 seat arena (Arena), and related parking garages and other improvements generally located on the site of the Memorial Coliseum (Coliseum). This Memorandum is based in part on the proposal of Trail Blazers Inc. (TBI) to build these improvements according to certain arrangements with the above named public bodies. A separate corporation, Oregon Arena Corporation (OAC), has been formed to build and operate existing and new facilities.

The Arena Task Force was established by the City, which owns the land and buildings on the Coliseum site, and Metro, which operates the Coliseum under a management agreement with the City, to develop a process to negotiate and evaluate the TBI proposal.

This memo is submitted by the Arena Task Force to the City and Metro as the sole framework document which will guide preparation of a detailed Development Agreement, related leases, management agreements and associated documents. Neither the City, Metro, OAC, MERC nor TBI will be legally obligated to go forward with the project unless the Development Agreement is executed by the City, or its designee and OAC and TBI.

I. DEVELOPMENT ENTITIES; CHANGES IN OWNERSHIP; PROJECT TEAMS

A. Private Ownership

1. The Arena, attached parking garage (Attached Garage), and Entertainment Complex (as described in Section II of this Memorandum) will be owned by OAC, a corporation majority owned by Paul Allen. Allen shall remain the majority owner of OAC through construction of these improvements.

B. Public Ownership

1. The land within the Arena Master Plan Site (as defined in Attachment A, attached hereto and incorporated herein) shall be owned by the City, except as noted below. In order to effect this ownership:
  - a. City presently owns and shall remain the owner of the Coliseum site and its adjacent parking lots and appurtenant structures;
  - b. OAC will transfer that portion of the Hanna Property required for public rights-of-way (as defined in Attachment A) to the City upon satisfaction of all required environmental conditions. The remainder of the Hanna Property shall remain in the ownership of OAC.
2. The Coliseum will remain in the ownership of the City;
3. The Public Parking Garage (Public Garage) will be built for City ownership;
4. All plazas and open spaces designated in Attachment B will be owned by the City.

C. Changes in Private Ownership

Throughout the term of the Arena Lease, OAC has the right to assign the ownership of its facilities to third parties approved by the City in accordance with the provisions set forth in the Development Agreement.

D. Project Teams

1. Management and Negotiation: Trail Blazers Inc.; Public Financial Management, Inc.

2. Architects and Engineers: Ellerbe Becket, Architects and Structural Engineers; David Evans & Associates, Transportation Engineers; KPFF, Civil Engineers
3. Attorneys: Foster, Pepper & Shefelman
4. Construction Management Service: OAC to consult with City technical staff prior to selection of contractor.
5. General Contractor: OAC to consult with City technical staff prior to selection of contractor.
6. Arena Marketing and Management Team: Trail Blazers Inc.; Oregon Arena Corporation

## II. PROJECT SITE AND DEVELOPMENT PROGRAM

### A. Project Site

The development Site shall consist of the Arena Master Plan Site as shown in Attachment A.

### B. Arena

OAC shall design, build and program the Arena as a modern, state-of-the-art, multi-purpose arena to attract a full range of sports and entertainment events. The Arena shall be designed and programmed in accordance with the following principles and practices:

1. Seating capacity for basketball shall exceed 19,000
2. The Arena shall be designed to meet National Hockey League specifications and shall include ice-making capabilities

3. The design of the Arena shall provide excellent sight lines and improved leg room and seat widths in relation to the current Coliseum conditions
4. Acoustics, lighting and other general building characteristics will be top quality
5. The building design and characteristics will incorporate a variety of "public-art"
6. OAC shall work with organizations involved with access to ensure that the site and facilities are well planned for disabled patrons

C. Attached Garage

OAC shall design and build a garage attached to the Arena primarily for the use of Arena patrons. The Attached Garage shall contain approximately 1,060 parking spaces.

D. Public Garage

OAC shall design and build an approximately 1,410-space Public Garage which meets or exceeds city design and operational specifications set forth in the Development Agreement.

E. Entertainment Complex

OAC shall design and build an Entertainment Complex that will generally conform to the following planned uses:

1. 45,000 square feet, with 30,000 square feet for Blazer offices and 15,000 square feet for expansion and vendor offices, including ticket office and retail
2. Two major restaurants, totaling 18,000 square feet

3. Two entertainment clubs totaling 11,000 square feet
4. Health club totaling 30,000 square feet
5. Approximately 600 parking spaces, dedicated to Entertainment Village and office uses
6. 7,500 square feet of compatible commercial (exclusive of office) use

F. Memorial Coliseum

OAC shall design and renovate the Coliseum for a useful life of 20 years as a second arena for community events, and as a convention/plenary session facility, and as a primary consumer show/exhibition space venue. To accommodate the Master Plan and new facilities design, OAC will be allowed to remove approximately 48,000 square feet of the existing Exhibit Hall. OAC shall design and construct the Coliseum Capital Improvements Program as set forth in the Development Agreement, which shall include as much exhibit space as feasible.

G. Transportation, Utility and Open Space Improvements

OAC will design and build, in a manner which meets or exceeds City specifications as set forth in the Development Agreement, the on- and off-site transportation, utility and open space improvements, as generally set forth in Attachment B, including:

1. Vacation of Williams Avenue;
2. Improvement of realigned Williams Avenue which can accommodate light rail;
3. Realignment and improvements to N. Interstate and N.E. Hassalo in the Steel Bridgehead area;



4. Construction of a new east/west, north/south road network north of the Coliseum.
5. Plazas, parks and pedestrian improvements;
6. Utility relocations within the rights-of-way and on-site.

H. Transit Center

OAC will design and build, based on the Tri-Met, UMTA and City specifications as set forth in the Development Agreement, a new Transit Center replacing the existing Transit Center at Williams and Hassalo Streets.

I. Public Participation

The City, Metro and MERC will participate in the design and construction phase in the manner set forth in the Development Agreement. The City or its designee shall have the authority to approve all subsequent plans as being generally consistent with the TBI proposal to the Arena Task Force.

III. LAND USE APPROVALS, ENVIRONMENTAL MATTERS AND DEVELOPMENT RIGHTS

A. Land Use Approvals

All land use approvals for the development of the project are the obligation of OAC. The City and Metro agree to facilitate timely review by the appropriate bodies for land use actions, including, street vacations, design review, conditional use permits, street realignments and construction permits. The City and Metro will assist in securing permits and approvals from other bodies for public and private improvements.

B. Environmental Matters

1. Except for the costs of any environmental assessment or clean-up of the Hanna Property, the parties agree that the City and OAC shall each pay one-half (dollar for dollar) of the costs of assessing the scope and nature of any environmental contamination in the Arena Master Plan Site (Level II Environmental Assessment).
2. The City shall pay the costs of the work necessary to clean up the City-owned portion of the Arena Master Plan Site in compliance with Oregon Department of Environmental Quality (DEQ) rules. However, the City's liability shall not exceed \$1.5 million for the work under this subsection. If the City costs of assessment and clean-up exceed \$1.5 million, the City may (a) terminate, at its sole discretion, its obligations to proceed with any and all provisions in this Memorandum of Understanding and the Development Agreement; or (b) renegotiate this Memorandum and the Development Agreement.
3. OAC is responsible for all costs associated with assessing the scope and nature of contamination on the Hanna Property and the work necessary to clean-up the Hanna Property to DEQ rules.

C. Development Rights

1. During the term of the Arena Lease, at such time as the City or its designee decides not to continue or plan for a public use on the Coliseum footprint or in the air space above the Public Garage, the public will negotiate with OAC for a period of up to 12 months for the assignment to OAC of development rights to these properties at market rate before offering the development rights to a third party.
2. The City may offer the use of said site(s) to a third party without first offering it to OAC if (a) said sites are proposed for a public use, and (b) the new proposed public use does not have a significant

continuing adverse impact on the functioning of the Arena, Coliseum or the Parking System.

#### IV. LEASE AND MANAGEMENT AGREEMENTS

##### A. Arena Lease

City shall lease, at a nominal rate, to OAC the site for the Arena and Attached Garage for an initial period of 30 years with 10-year renewals, for a maximum leasing period of 60 years (Arena Lease). OAC shall be responsible for property taxes associated with this site and improvement.

##### B. Entertainment Complex

City shall lease the site for the Entertainment Complex to OAC, for a period which is the same as the period of the Arena Lease. OAC will be responsible for property taxes associated with this site and improvements.

##### C. Conditions of Lease Renewal

OAC has the right to renew the Arena Lease and the Entertainment Complex Lease for additional 10-year term(s), for a total leasing period not to exceed 60 years, upon the conditions that:

1. OAC will pay the then-market rent for the lease of the land under the Arena and Attached Garage or continue the 6% user fee payments during the renewal term(s), at the sole discretion of the City; and will pay the then-market rent for the lease of the land under the Entertainment Complex; and

2. OAC extends the Term Lease with TBI which demonstrates TBI's continuing irrevocable commitment to remain in the Arena for the renewal term.

D. Coliseum Management Function

Metro and the City shall enter into an Agreement with OAC for the operations of the Coliseum (Operations Agreement). The Operations Agreement shall include the following concepts:

1. OAC commits to operating the Coliseum for a period of 20 years.
2. At the end of the fifth year of operation, OAC, Metro and the City shall conduct a review of the performance of the Coliseum in achieving public and financial objectives which will be established in the Agreement. The review shall also re-evaluate the second phase of capital improvements to the Coliseum and the revenue sharing formula. Any modifications to the Agreement shall be by mutual agreement of the City, Metro and OAC.
3. The Coliseum operations will be integrated with the operations of the Arena. OAC shall be responsible for providing all marketing, booking, management, operations and maintenance functions at the Coliseum (excluding the financing of the 20-year Capital Improvement Program described in Section IV.D.7.). The Development Agreement shall define OAC repair and maintenance responsibilities.
4. OAC is committed to use its "best efforts" to achieve or exceed the public and financial objectives for the Coliseum as defined in the Coliseum Agreement.
5. OAC shall commence management and operations of the Coliseum on July 1, 1994, or such earlier date as agreed to by MERC, City and OAC.

6. Prior to action by the City and Metro Councils on the MOU, the Public Negotiating Team and the Blazers shall negotiate a method to maintain the Coliseum as a self-sustaining operation during the construction period. In addition, prior to executing the Development Agreement, the OAC, Metro and the City shall negotiate a transition plan to provide for a smooth change of management and which is designed to be coordinated with patrons, tenants and existing MERC staff.
7. The Operations Agreement shall specify necessary modifications to existing contracts between TBI and MERC.
8. The City shall provide \$7 million for the first phase of the Coliseum Capital Improvements Program to be mutually determined by OAC, City and MERC by December 1, 1991. Subsequent to the re-evaluation, the City shall provide approximately \$2.25 million (1991 dollars) for the final phase of the Coliseum Capital Improvements Program. This improvement program shall consist of a variety of major maintenance, upgrade, renovation and new construction elements to be mutually agreed to in the Development Agreement. All other maintenance and repair costs will be paid from the annual Coliseum cash flow.
9. OAC will provide rental of the modified Exhibit Hall at reasonable market rates. Current Exhibit Hall tenants will be accommodated based upon the then-rentable exhibit space, and rents will remain competitive with other similar exhibition facilities.
10. OAC will "extend" the use of the modified Exhibit Hall by providing rental of the Coliseum for trade shows at the same rate structure as the Exhibit Hall, as long as dates do not conflict with other Coliseum events.

11. OAC will provide the Arena and the Coliseum for the Rose Festival Parade, annually for the term of the Agreement, at rates which reflect only direct out-of-pocket expenses and overhead.
12. OAC will negotiate in good faith to reach a viable agreement with the Portland Winter Hawks to be a major tenant in the Coliseum.
13. OAC will provide the Coliseum for community events on a non-profit basis.
14. OAC will work closely with the Portland/Oregon Visitors Association (POVA) to formulate a comprehensive and cooperative joint marketing effort to bring new major conventions to Portland that would use the Coliseum and/or the Arena. Rental rates for conventions at either facility will be (a) consistent with current practice, and (b) based on mutual agreement by OAC and POVA.
15. OAC will not receive any public subsidy for the operation of the Coliseum. OAC will take responsibility for any operating losses from Coliseum operations.
16. TBI will retain the exclusive advertising rights within all enclosed spaces of the Coliseum in accordance with the same terms and conditions as the current TBI agreement with MERC.
17. The Agreement shall include a Transportation Management Plan which provides for multiple events at the Coliseum, Arena and/or Oregon Convention Center.
18. The Agreement shall specify a process, terms, conditions, and organization for public oversight of the management and operation of the Coliseum and provisions in the Development Agreement which are applicable to the new Arena.

19. The Agreement shall provide for shared service access and shared major service facilities.
20. OAC commits to not sever the operations of the Coliseum from the Arena for the 20-year term of the Coliseum Agreement.

E. Parking System

1. OAC shall implement and operate the Oregon Arena Project parking system (Parking System) to maximize revenues and to meet public transportation objectives. The Parking System shall include, approximately:
  - a. 1,410-space Public Garage;
  - b. 1,060-space Attached Garage;
  - c. 600-space Entertainment Complex Garage; and
  - d. Shuttle system to 3,700 spaces (subject to best efforts negotiations by OAC with parking lot owners);
  - e. Provisions regarding significant changes to these estimates will be set forth in the Development Agreement.
2. On-site arena parking and off-site shuttle parking, as needed, will be available for all events at the Arena and the Coliseum.
3. OAC shall be responsible for the implementation, cost and operations of an off-site parking shuttle service providing approximately 3,700 spaces. Some events taking place at the Arena, Coliseum and Exhibit Halls will require parking capacity beyond that provided on-site.

4. The City shall enter into a Management Agreement with OAC for the operation of the Public Garage. The Management Agreement shall be based on the following concepts:
  - a. All revenues and costs associated with the Public Garage shall be accounted for independent of those for the other garages.
  - b. OAC commits to using its best efforts to efficiently and effectively manage, operate and maintain the Public Garage. Specific guidelines, standards and public oversight provisions for the operations of the Parking System shall be established in the Development Agreement.
  - c. At the end of the fifth year of operations, the City and OAC shall evaluate the performance of OAC in relation to the parking guidelines and standards. The parties may renew the Management Agreement by mutual consent.
  - d. OAC will continue working with adjoining neighborhoods to minimize parking impacts on the neighborhoods.
  - e. OAC agrees to abide by any operating guidelines which may be established by the City for non-event parking in the Attached Garage and the Public Garage.
  - f. OAC shall pursue the financial and technical feasibility of developing a pre-event parking sales program.
  - g. The public portion of the parking system will be operated without overhead charges by OAC.
  - h. OAC will provide an appropriate allocation of on-site public parking spaces for Exhibit Hall users when simultaneous events are taking place on the site. The off-site shuttle system will operate as needed for Exhibit Hall patrons. OAC shall devise



a means to provide drop-off/pickup near the main entrance of the Exhibit Hall for patrons that park off-site and purchase large items at trade shows.

i. OAC shall not utilize the Entertainment Complex Parking Garage for Arena events unless:

(1) The Public Garage is first filled, and

(2) Other terms and conditions set forth in the Development Agreement are met.

F. Open Area Maintenance

OAC will enter an agreement with the City for OAC's maintenance of all parks, plazas and landscaped areas shown in Attachment B. Maintenance of all other public facilities shall be the responsibility of the City or other appropriate public entity.

G. Disposition

Terms and conditions for disposition of the land in the Arena Master Plan Site and all improvements constructed by OAC shall be determined in the Development Agreement.

V. DESIGN AND CONSTRUCTION COORDINATION

A. OAC shall act as the Master Developer for all development within the Arena Master Plan Site. OAC and the City will specify the scope and nature of the authority of the Master Developer in the Development Agreement. However, in general:

1. OAC shall be responsible to design and construct all improvements within the Arena Master Plan Site in accordance with the schedule set herein;
  2. A public design and construction oversight committee shall be established by the City to ensure compliance with public objectives. City shall consult with OAC regarding the Committee composition prior to appointment.
- B. Notwithstanding the role of the Master Developer, the public parties retain all rights of review, inspection and approval otherwise applicable to this project.
- C. In order to meet schedules and maintain budgets, City and Metro agree to expeditiously review all relevant applications, proposals, plans, specifications and approvals.
- D. OAC shall explore with the City and Metro what specific practices can be employed to:
1. Minimize site and circulation disruption during construction; and
  2. Mitigate anticipated revenue losses to the Coliseum operations during construction.

## VI. COSTS AND REVENUE

### A. Public Construction Costs

1. The public contribution to construction shall not exceed \$34.5 million. The estimated capital budget for public costs is:
  - a. Coliseum Capital Improvements Program - \$7 million

- b. Public Garage - \$14.5 million
  - c. Environmental Clean-Up - Up to \$1.5 million
  - d. Infrastructure Improvements, including roads, transit plaza, pedestrian and other facilities - \$11.5 million
- 2. So long as (a) the scope and quality of the public improvements specified in the Development Agreement are maintained, and (b) bond restrictions are not violated, OAC may, with City approval which may not be unreasonably withheld, adjust the allocation between the estimates for the Public Garage, Environmental Clean-Up, and for other Infrastructure Improvements so long as the total public cost for these three items does not exceed \$27.5 million.
  - 3. Any costs for the public elements in excess of \$34.5 million shall be the responsibility of OAC, except for the Environmental Clean-up Costs as provided in Section III.B.2. herein.
  - 4. The public's contribution includes 1.33% for public art as provided in adopted City policy.

B. Private Construction Costs

OAC shall be responsible for all costs of design and construction of the project described herein, except the public costs stated herein.

C. Operation Costs

OAC shall operate the Coliseum and the Arena at no cost and without any financial exposure to the City or Metro.

b. Public Garage - \$14.5 million

c. Environmental Clean-Up - Up to \$1.5 million

d. Infrastructure Improvements, including roads, transit plaza, pedestrian and other facilities - \$11.5 million

2. So long as (a) the scope and quality of the public improvements specified in the Development Agreement are maintained, and (b) bond restrictions are not violated, OAC may, with City approval which may not be unreasonably withheld, adjust the allocation between the estimates for the Public Garage, Environmental Clean-Up, and for other Infrastructure Improvements so long as the total public cost for these three items does not exceed \$27.5 million.

3. Any costs for the public elements in excess of \$34.5 million shall be the responsibility of OAC, except for the Environmental Clean-up Costs as provided in Section III.B.2. herein.

4. The public's contribution includes 1.33% for public art as provided in adopted City policy.

B. Private Construction Costs

OAC shall be responsible for all costs of design and construction of the project described herein, except the public costs stated herein.

C. Operation Costs

OAC shall operate the Coliseum and the Arena at no cost and without any financial exposure to the City or Metro.

D. Revenue Sharing

1. OAC shall assess user fees and pay the City an amount equal to 6% of ticket sales (net of service, convenience and parking charges that are added to the price of a ticket) for ticketed events at the Arena and the Coliseum. OAC shall distribute the user fee proceeds to the City on a quarterly basis. The specifications and processes for setting the annual user fee shall be set forth in the Development Agreement or related documents.
2. The first 20% of net revenues from the Coliseum shall be deposited in a reserve fund to be used for unanticipated improvements for the Coliseum in a manner mutually agreed to by the City and OAC. The City shall receive 50% of any remaining net revenue from the operations of the Coliseum. OAC shall retain the other 50% of the remaining net revenue.
3. If new tax payments to public entities are required of the Coliseum, the City and OAC agree to modifying the Coliseum revenue sharing formula. 7
4. OAC shall pay the City 4.9% of the gross rental income (base and percentage rent) from all the commercial activities within the Entertainment Complex (excluding TBI and OAC office functions; TBI or OAC direct vendor office functions; and the practice basketball court). These rents shall begin with the first full year of operation, fiscal year 1994-95, and be paid to the City on a quarterly basis throughout the term of the Lease.
5. The City shall receive 100% of Public Garage revenues after deduction of direct charges and expenses as specified in Section IV.E.4. herein.

## VII. FINANCING

### A. City Amount and Sources

1. The City will provide \$3 million from existing resources to accelerate construction of certain, already planned road projects.
2. The City will utilize, to the extent necessary, user fee proceeds and Public Garage revenues to pay the debt service on the remaining \$31.5 million of public costs, plus related financing costs, capitalized interest and debt service reserves.
3. The City will utilize lease proceeds and Coliseum revenue sharing proceeds, if necessary, to cover any debt service shortfalls.
4. The City will issue the bonds necessary to finance its public costs at such time as:
  - a. OAC certifies that it has obtained complete financing for the private costs;
  - b. All agreements and provisions described herein have been satisfactorily completed; and
  - c. OAC has submitted and the City has approved a detailed construction schedule and construction funding schedule.
5. In the event that all of the improvements are not completed on the schedule certified by OAC at the time the City issues its bonds, OAC shall loan the City funds necessary to meet the City debt service requirements (net of user fees and other applicable revenues) up to a maximum of \$1 million per year until such time as the project is completed. For each year of project delay beyond the first year, in the event that OAC has not loaned the full \$1 million per year in previous years, OAC shall loan the City funds to meet the City

debt service requirements up to a maximum of \$1 million, plus the cumulative total of unused borrowing capacity over the previous years of delay. As used herein, cumulative unused borrowing capacity is calculated by totalling the difference between \$1 million and the actual amount loaned for all previous years of delay.

The City agrees to repay OAC its principal, with interest, from the user fee revenues in excess of its debt service requirements when and if such excess user fee proceeds are available.

6. OAC will support its commitment to the completion date by (a) requiring damage provisions of all contractors and subcontractors which cover the City's and OAC's financial investment and obligations in the manner set forth in the Development Agreement; (b) using best efforts to require its Contractor to provide a payment and performance bond for all improvement construction; and (c) requiring that its Architect provide error and omissions insurance.

B. OAC Amount and Sources

1. OAC will obtain the financing necessary to complete its obligations under the Development Agreement prior to the commencement of construction. This financing may require the pledging of the leasehold interest of OAC in the Arena Master Plan Site, or portions thereof. If required by the OAC lender(s), City agrees to subordinate its lessor interest in the Arena Lease and the Entertainment Complex Lease to the construction financing, but the City will not subordinate the fee. In addition, the City will agree to a non-disturbance agreement. In return, OAC's lenders will be required to provide attornment agreements to the city.
2. OAC will commit a substantial amount of equity to fund its obligations under the Development Agreement.

C. City/Metro Admissions Tax Off-Set

Prior to execution of the Development Agreement, the City, Metro and OAC shall enter into agreements to enact a user fee off-set provision as part of any admissions tax that may be enacted during the term of the Development Agreement.

VIII. COLISEUM AGREEMENT/CHANGE OF OPERATOR

The Coliseum Agreement will specify:

- A. The types and level of service to be provided by the operator.
- B. The financial qualifications of the owner and experiential qualifications of the operator.
- C. A requirement that the same operator must operate both the Coliseum and the Arena for the 20-year term of the Coliseum Agreement.
- D. If there is a sale or transfer of ownership of the Arena during the term of the Arena Lease, the new owner of the Arena will be required to honor the Agreement.
- E. The public entity has the right to reject a new Arena owner and/or operator that does not meet the qualifications for or agree to the operational standards set forth in the Coliseum Agreement.
- F. The public entity will have strong remedies, to be set forth in the Development Agreement, for violations of the Agreement.



## IX. SCHEDULE

- A. OAC submits Detailed Master Project Schedule to the City for approval by November 1, 1991.
- B. OAC formally initiates street vacation/relocation process by November 15, 1991.
- C. OAC completes Level II Environmental Assessments by January 15, 1992
- D. OAC submits schematic design and cost estimates for City approval by January 15, 1992.
- E. OAC obtains contract revenues necessary for private financing by March 1, 1992.
- F. Agreements negotiated by March 1, 1992.
- G. OAC submits Design Development and cost estimates for City approval by date TBD.
- H. OAC submits final plans, specifications and costs to City for approval by date TBD.
- I. OAC obtains construction permits and approvals by date TBD.
- J. OAC obtains private financing by date TBD.
- K. City obtains public financing obtained by date TBD.
- L. OAC commencement and phasing of construction by July 1, 1992.
- M. OAC completes Construction by September, 1994.

(Note: TBD means - to be determined)

X. OTHER MATTERS

A. TBI Commitment to Remain in Portland

1. As a condition to City financial participation in the project, TBI shall commit the Trail Blazers to play all NBA regular season and play-off home games in the Arena for the 30-year term, plus any renewals of the Arena Lease, subject to the scheduling of the NBA.
2. TBI shall enter into an irrevocable 30-year lease with OAC for the Arena in accordance with the provisions of the Arena Lease and/or Development Agreement between the City and OAC (Term). Ground Lease extensions and Team lease extensions shall be granted concurrently. The Team Lease shall contain such clauses and remedies that protect the City/Metro from the moving of the Blazers basketball team.

B. Standards for Construction Practices

City and OAC shall agree to a set of construction practices that will include but not be limited to OAC's minimum disruption of the use of the Arena Master Plan Site during construction.

C. Community Commitment

1. In support of the ongoing redevelopment of inner Northeast Portland, OAC agrees to:
  - a. Abide by all targets and practices for construction hiring as set out in the City's Workforce Development Strategy.
  - b. Subscribe to a first source hiring agreement with JobNet for all new permanent positions at the new Arena and the Coliseum.
  - c. Commit to meeting PDC's Emerging Small Business (ESB) utilization goals currently established at 10%.

2. OAC has as an objective providing a full range of sports, entertainment and cultural events. OAC will use its best efforts to help draw such events.

D. Naming Rights

1. The name of the new Arena shall be established by mutual consent of OAC and the City.
2. OAC may enter into an Arena Naming Agreement with a third party subject to approval of the Arena name by the City. The City may not unreasonably withhold consent.

E. Assignment of City Rights

Subject to the approval of OAC (such approval to not be unreasonably withheld), the City may assign its rights and obligations under this Memorandum and the Development Agreement, provided that the assignee is another public entity with the authority to assume and perform the City obligations. OAC's right of approval shall not apply to the existing consolidation agreement between the City and Metro, and Section III.C herein. Any reference to the City herein includes its assignees.

CITY OF PORTLAND, a municipal  
corporation of the State of Oregon

TRAIL BLAZERS INC.

By: \_\_\_\_\_  
Mayor J.E. Bud Clark

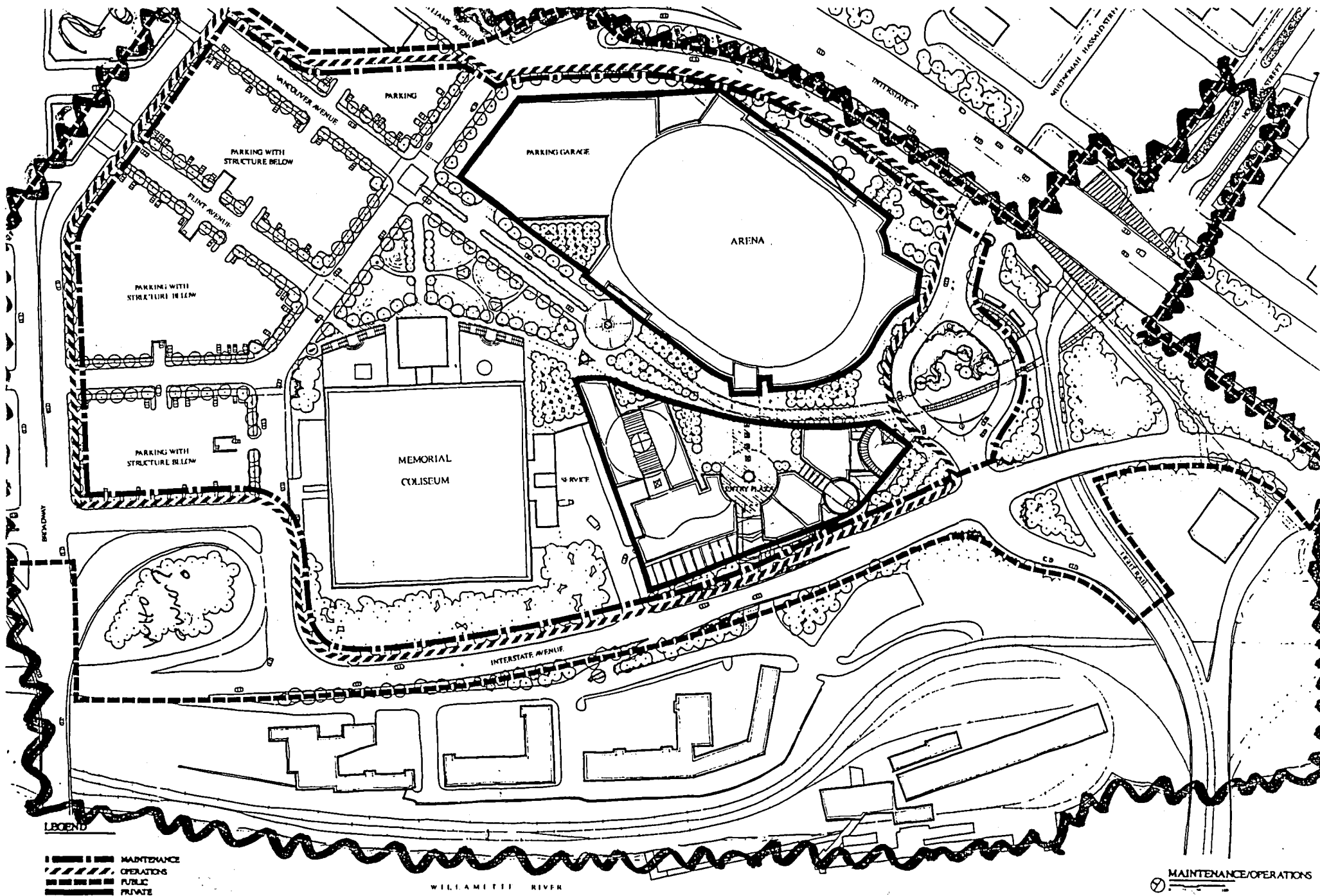
By: \_\_\_\_\_  
Paul Allen, President

METROPOLITAN SERVICE DISTRICT

OREGON ARENA CORPORATION

By: \_\_\_\_\_  
Rena Cusma, Executive Director

By: \_\_\_\_\_  
Paul Allen, President

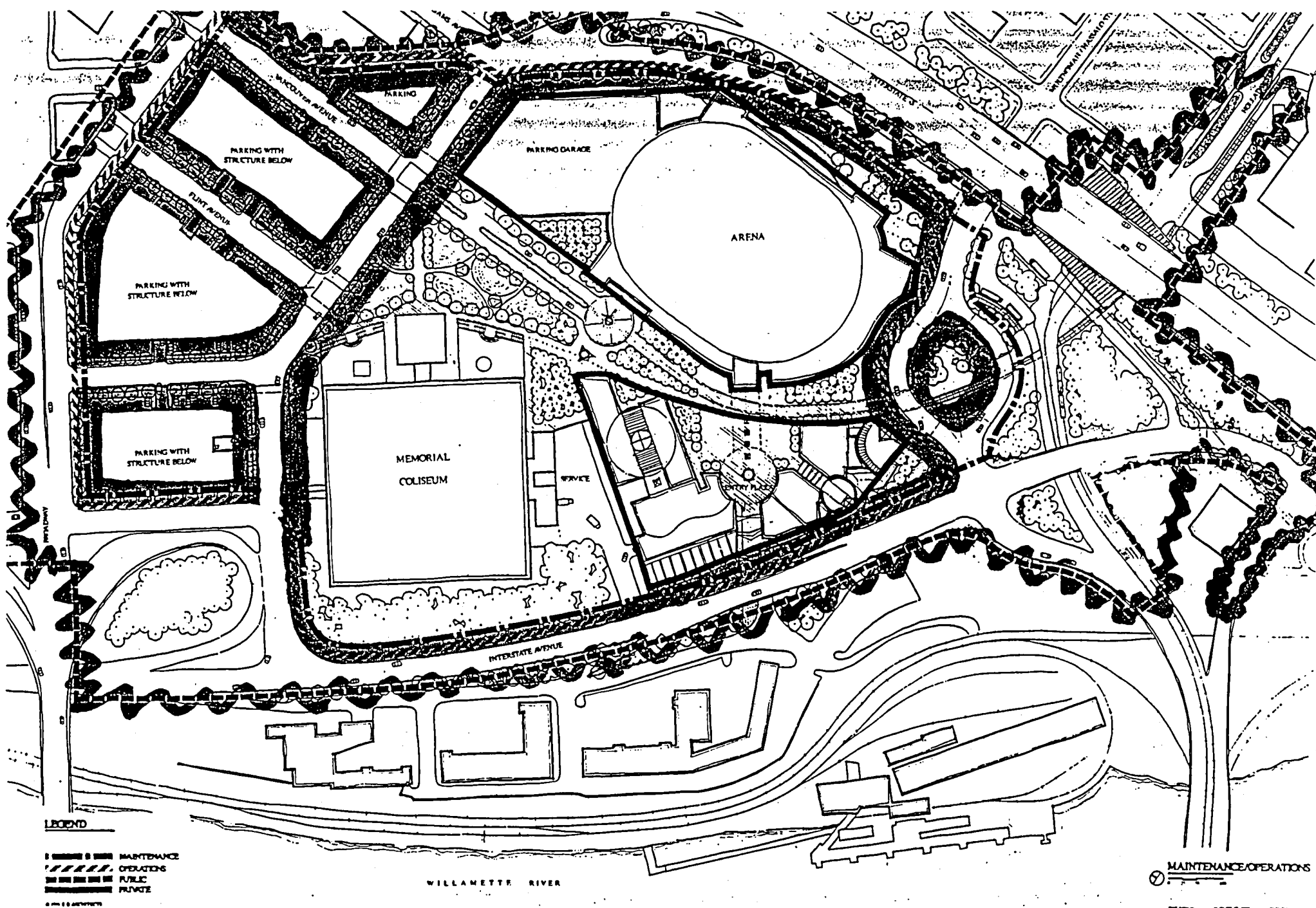


MAINTENANCE/OPERATIONS  
 ⑦

ONE INCH = 100 FEET  
 AUGUST 12, 1991

J.R. ARCHITECTS  
 OREGON ARENA PROJECT

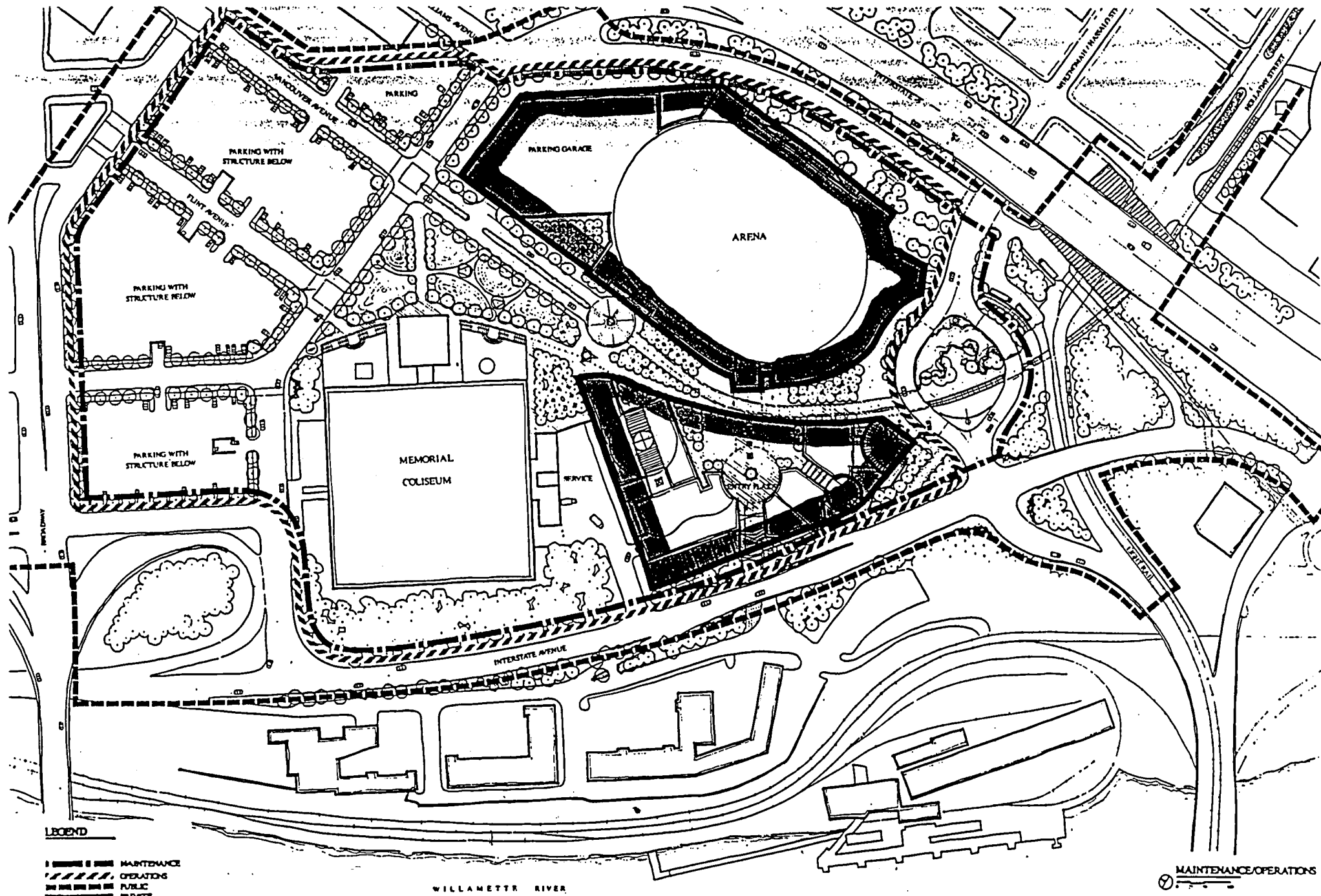
OAC MASTERPLAN BOUNDARIES (WE MAY DELETE THIS)  
 PUBLIC OWNERSHIP (NEED THIS FROM) OAC OWNERSHIP



MAINTENANCE/OPERATIONS  
 0 100 FEET

OREGON ARENA PROJECT

OAC CAPITAL IMPROVEMENTS AREA      OAC MAINTAINED AREAS



LEGEND

MAINTENANCE  
OPERATIONS  
PUBLIC  
PRIVATE

MAINTENANCE/OPERATIONS

SCALE BAR

OREGON ARENA PROJECT

SURFACE  
OAC LEASED AREA (NEED BOUNDARIES FROM YOU) OAC SUBSURFACE LEASED AREA



700 NE Multnomah St. · Portland, Oregon 97232-2172  
Phone (503) 234-9291 · Fax (503) 234-4326

To: Arena Partnership Task Force Negotiating Team

From: Marshall Glickman

Re: Coliseum Mitigation/Transition Plan

Date: November 4, 1991

The Memorandum of Understanding (MOU) approved by the Arena Task Force (ATF) recommended that the issue of transition of the Memorial Coliseum, and related financial matters, be dealt with prior to the passage of adopting resolutions by the City Council and the METRO Council. This memo summarizes prior proposal for the transition of the Coliseum to operation and management by the Trail Blazers and for the segregation of funds related to that transition.

### Background

The MERC staff has estimated that the Coliseum's operating profits could be reduced by approximately \$700,000 (net) in FY93 and a comparable amount in FY94, due to business interruption resulting from construction activities relating to the new arena, parking facilities and the entertainment complex. While the Trail Blazers feel this estimate probably overstates the losses which are actually likely to occur, we have taken these estimates into account in preparing our plan.

The public representatives on the ATF expressed a goal for the transition plan, which we have paraphrased:

The Coliseum reserve fund balance as of 6-30-92 should be segregated and preserved to provide transition funding for the other MERC facilities as the public entities seek long-term operating funding for those facilities. The financial implication of this goal is that the Coliseum reserve fund balance will not be available to fund Coliseum losses during the construction period.

This goal and its financial implications provide the policy background for the Trail Blazers' transition plan proposal.

The Blazers recommend that the transition plan proposal below is incorporated (with any appropriate formatting changes) into the MOU as a replacement for #6 on page 10.

### Blazer Coliseum Transition Plan

1. The Blazers will assume operations of the Coliseum (under conditions contemplated for the longer term transfer) as of July 1, 1993 (FY94).
2. The Blazers will pay the public entities, on July 1, 1994, \$750,000 as reimbursement for the Coliseum scoreboard investment that was made by MERC.
3. The Blazers will pay the public entities, on July 1, 1994, approximately \$125,000 as "liquidated damages" (as defined in the Blazers' lease Agreement with MERC), for other capital improvements made

to the Coliseum since 1986 on behalf of the Blazers. Actual dollar amount of this payment is subject to further analysis.

4. On assuming operation of the Coliseum (July 1, 1993) the Blazers will assume no responsibility for payment of METRO overhead or transfers, MERC management pool or other overhead, or any other, similar payments to public entities.

5. On or before July 1, 1992, the Blazers intend to assign two full-time employees for purposes of assisting in the management and operations transition. These Blazer employees will work with MERC and Coliseum staff at the Coliseum for the period from July 1, 1992 to July 1, 1993, and will be responsible for coordinating booking, marketing and operations.

#### **Transition Plan Assumptions and Conditions**

The transition plan is based on the following assumptions and conditions:

1. All existing Blazer-Coliseum lease rights, revenues, conditions and terms will be maintained until Blazer assumption of management of the Coliseum on July 1, 1993.
2. Blazer-Coliseum lease extension rights will be changed from a single two-year extension starting July 1, 1993, to two one-year extensions.
3. The details of this transition plan will be negotiated as a part of the Development Agreement or the Operating Agreement.
4. The definition of "Coliseum Reserve Fund Balance" will be incorporated in the appropriate final agreement.
5. Imposition of increased user fees (6% of gross ticket revenues) will not take place until the new arena is on line in 1994. User fees at the Coliseum would be calculated on that 6% basis beginning July 1, 1994.

#### **Results of the Transition Plan**

The plan clearly meets the goals set out by the ATF in the proposed MOU:

1. The cash payments will cover any potential exposure in FY93 (up to approximately \$875,000).
2. The agreement to assume operation on July 1, 1993 under the terms of the longer term operating agreement eliminates exposure of the reserve fund in FY94.

The Blazers are willing to undertake the actions proposed in this transition plan in the context of the overall partnership we are all developing. This plan should provide for an orderly transition of Memorial Coliseum operations and management while also contributing to the solution of funding challenges for the other MERC facilities.

Please feel free to contact me or Mark Gardiner if you have any questions regarding this proposal.



EXHIBIT B

OREGON ARENA  
DEVELOPMENT & TRANSITION MANAGEMENT COMMITTEE

Portland Development Commission Development Director Chair

City Office of Finance & Administration Director

City Office of Transportation Director

City Bureau of Buildings Director

City Bureau of Planning Director

Metro Regional Facilities Director

Metro Exposition-Recreation Commission General Manager

PDC Legal Counsel

City Attorney