

**PROPOSED TRANSACTION TERMS
FOR EXPANSION OF STADIUM
June __, 2017**

1. Parties

- 1.1 **The City of Portland**, a municipal corporation of the State of Oregon, acting by and through the Office of Management and Finance (“OMF”) (the “City”)
- 1.2 **Peregrine Sports LLC**, a Delaware limited liability company (“Peregrine”)

Each of the City and Peregrine may be referred to in this Proposed Transactions Terms for Expansion of Stadium (this “Term Sheet”) as a “party,” and the City and Peregrine may be collectively referred to in this Term Sheet as the “parties.”

2. Existing Documents; Project; Ownership; Operations

2.1 The City owns the stadium located at SW 18th Avenue and SW Morrison Street (the “Stadium”), currently called Providence Park.

2.2 The City and Peregrine are parties to, among other agreements, a Stadium Operating Agreement dated March 10, 2010, as amended by a First Amendment to Stadium Operating Agreement dated March 6, 2014 (collectively, the “SOA”), and a Redevelopment Agreement dated March 10, 2010 (the “RDA”). These documents, along with the “Related Agreements”, as defined in the RDA, called for and allowed the design and construction of the Stadium for Major League Soccer (“MLS”), and provide for its ongoing operation by Peregrine.

2.3 In accordance with the SOA, RDA and Related Agreements, Peregrine acquired a MLS franchise – the Timbers, completed the project converting the Stadium to a MLS facility, and has been successfully operating the Stadium since 2011. Peregrine

also successfully acquired a National Women's Soccer League ("NWSL") franchise and added the Portland Thorns to the City's professional soccer offerings in 2013.

2.4 Peregrine wishes to expand the Stadium to add capacity for approximately 4,000 additional attendees (the "Expansion"), or such other amount of additional attendees as may be affordable within the preliminary budget. The preliminary contemplated scope of work and design of the Expansion, referred to as the "Arcade Option," is described in attached Exhibit 2.4A, which is subject to change through future design work to be approved by the parties in accordance with the RDA. The area within the Stadium constituting the Expansion is sometimes referred to in this Term Sheet as the "Expansion Area." The Expansion has an estimated preliminary budget of \$50,000,000, which is subject to change due to further design work.

2.5 Peregrine, at its cost and expense, will design and construct the Expansion in accordance with all applicable laws, rules and regulations, including compliance with any and all ADA requirements triggered by the Expansion. Peregrine will continue to operate the Stadium in accordance with the SOA, as the same may be amended, and in compliance with all applicable laws, rules and regulations after the Expansion is complete. The City will continue to own the Stadium.

2.6 The parties agree that the Expansion is an "Enhancement" as defined in Section 8 of the SOA, and that an Enhancement may be approved, in writing, consistent with Section 1.2 of the SOA.

2.7 The City and Peregrine intend to establish definitive agreements in accordance with the terms set forth in this Term Sheet, for the design, financing, and construction of the Expansion (collectively, the "Definitive Agreements") and will use diligent, good faith efforts to enter into amendments to the SOA and RDA and enter into the other definitive documents contemplated in Section 10 below.

2.8 Peregrine will be responsible for designing and constructing the Expansion, using contractors approved by the City as described in section 3.2 of the RDA. Peregrine will be responsible for obtaining all necessary and applicable approvals from the City in its regulatory capacity.

2.9 Peregrine entered into an initial design contract with Allied Works Architecture (“AWA”) dated October 26, 2016. In accordance with Section 3.2 of the RDA, the City approves AWA as the architect for the Expansion, and as a Retained Party, as defined in the RDA. The design and construction of the Expansion will comply with all City and State requirements that apply to the Expansion, except to the extent that Peregrine obtains adjustments and waivers to such requirements from the governmental bodies with authority to grant such adjustments and waivers.

2.10 Peregrine will be responsible for entering into the general contract for and managing the construction of the Expansion, with a general contractor and specified other contractors approved by the parties in accordance with the RDA. In accordance with Section 3.2 of the RDA and subject to any and all required approvals from City Council, the City approves Turner Construction Company (“Turner”) as the general contractor for the Expansion, and as a Retained Party, as defined in the RDA.

2.11 The general contract for construction will have a guaranteed maximum price (“GMP”). The City will have no obligation to contribute money to the Expansion; rather, the entirety of the cost of the Expansion will be borne by Peregrine.

2.12 The City will pay the cost of legal and professional fees necessary to oversee the City’s interests and responsibilities during the design and construction of the Expansion.

2.13 Subject to securing the necessary City approvals, including approvals from the City in its regulatory capacity, Peregrine intends to construct the Expansion primarily between the 2017 and 2018 MLS seasons and the 2018 and 2019 MLS seasons or between two or three other MLS seasons; provided, however, construction may occur on non-event days during these seasons. Peregrine will manage the construction to minimize the number of Timbers and Thorns home games and any other Event, as defined in the SOA, that will not be played at the Stadium during any MLS or NWLS season in which construction occurs.

2.14 The parties are proceeding with the Expansion with an assumption that the Expansion project is not subject to prevailing wage under Oregon Revised Statutes 297C.800-870. However, Peregrine shall bear ultimate responsibility for determining if the Expansion is subject to prevailing wage, and Peregrine will indemnify and, at the City's request, defend and hold harmless the City, and its successors and assigns, from and against all claims, costs, expenses, losses, damages and liabilities whatsoever arising from or in connection with a determination that the Project is subject to Oregon prevailing wage rate laws.

3. Financial Terms

3.1 Cost of Expansion. Peregrine shall pay the full cost of designing, permitting, constructing and managing the Expansion, including any costs in excess of the Expansion budget, the GMP, or both (collectively, "Cost Overruns").

3.2 Exemption from Surplus for Expansion Area. Beginning on the first date on which an Event is held for which tickets are sold for seats in, or for other access to, any portion of the Expansion Area of the Stadium and continuing through Operating Year 15, no Surplus shall be owing to the City for ticket sales for such seating or other access in the Expansion Area or any portion thereof.

3.3 Exemption from Surplus for Existing Seats. For seating that exists in the Stadium as of the date of this Term Sheet (“Existing Seats”), no Surplus shall be owing to the City for ticket sales for Existing Seats for the time periods described in this Section 3.3 (the “Existing Seats Exemption”). If the Expansion opens in Operating Year 9, the Existing Seats Exemption shall apply to Operating Years 8 through 11. If the Expansion opens in Operating Year 10 or Operating Year 11, the Existing Seats Exemption shall apply to Operating Years 8 through 12. If the Expansion is not substantially completed and has not opened by the end of Operating Year 12, Peregrine shall pay to the City an amount equal to the actual Existing Seats Exemption obtained in Operating Years 8, 9, 10, 11 and 12.

3.4 As used in Sections 3.2 and 3.3, the terms “Operating Year” and “Surplus” shall have the meanings set forth in the SOA.

4. Construction Completion and Cost Overruns

4.1 Cost Overruns. The parties recognize the importance of keeping the total cost of the Expansion within Peregrine’s estimated budget of \$50,000,000, which includes all design, permitting, project management and construction costs. Construction of the Expansion is anticipated to be done in two or more phases and each construction phase will have a GMP and an estimated budget. If prior to starting a construction phase the estimated budget for completing the Expansion exceeds \$50,000,000, Peregrine and the City agree to work in good faith to mutually agree on reductions to the scope of the Expansion so that the estimated cost of the completed Expansion does not exceed \$50,000,000, unless Peregrine otherwise agrees to increase the budget. Prior to the start of each construction phase, the scope and budget of the Expansion shall have been approved by each party and, to the extent necessary, by the City in its regulatory capacity.

The final scope and budget for the Expansion shall be that approved by the parties when the GMP for any phase of construction is approved.

4.2 Project Completion. Each party has incentives to ensure completion of the Expansion on an agreed upon schedule, which schedule is attached to this Term Sheet as Exhibit 4.2. Peregrine will agree to an outside date for final completion of the Expansion and for completion of each phase of the Expansion, which dates will be established recognizing that Peregrine is paying the Expansion costs and is highly incentivized by Events to complete the Expansion. To ensure final completion of the Expansion and each phase thereof, Peregrine, through a provision in the construction contract, will require the general contractor, at Peregrine's election, to either (a) post payment and performance bonds for 100% of the cost of constructing the Expansion or (b) provide an equivalent corporate guaranty from a guarantor with financial wherewithal acceptable to the City in its sole and absolute discretion and in a form acceptable to the City in its sole and absolute discretion. In addition, one or more individuals or entities acceptable to the City in its sole and absolute discretion (the "Guarantor"), shall provide the City with a completion guaranty that requires the Guarantor, at its election, to (a) finally complete the Expansion and each phase thereof and make all payments, including payments for all costs and expenses associated with the Expansion, including Cost Overruns, or (b) perform and pay all costs and expenses, including Cost Overruns, to restore the Stadium to its condition immediately preceding the start of construction or such other condition as agreed to by the parties, in each party's sole and absolute discretion. Such completion guaranty shall be in a form acceptable to the City in its sole and absolute discretion.

5. OA Amendments. Defined terms used in this Section 5 but not defined in this Term Sheet shall have the meanings set forth in the OA.

5.1 The parties agree that Section 4.11 of the SOA regarding Fair Wage needs to be updated. Amendment of this section of the SOA, sections of the SOA identified or referenced elsewhere in this Term Sheet, and other sections of the SOA that may be agreed to by the parties, shall be included in the Definitive Agreements.

5.2 Peregrine shall be responsible to maintain, and liable for damage to property and injury to persons in, that portion of any public right-of-way that abuts any portion of the Stadium, including but not limited to sidewalks, street trees, curbs, and other appurtenances such as bollards and art.

6. RDA Amendments. The parties agree that certain sections of the RDA need to be updated to reflect changes that have occurred since the RDA was signed, to better reflect current practices and procedures, or to apply to the Expansion. These sections include, but are not limited to Section 3.6 – Tanner Creek, Section 12 – Construction of Project Improvements, and Section 23 – Insurance During Construction. Amendment of these sections of the RDA, sections of the RDA identified or referenced elsewhere in this Term Sheet, and other sections of the RDA that may be agreed to by the parties, shall be included in the Definitive Agreements.

7. Right-of-Way Encroachment Issues. Peregrine acknowledges and agrees that its proposed design for the Expansion includes the Arcade Option that incorporates a portion of the public sidewalk along SW 18th Avenue, for approximately 314 feet between SW Yamhill and SW Taylor Streets, into the structure of the Stadium. Peregrine will obtain all necessary regulatory and other approvals from the City for the Arcade Option and Expansion, including any required approval of a “Major Encroachment” as defined in the City’s Portland Policy Document (TRN-8.01) and of any business activity that Peregrine desires to conduct within any Major Encroachment. Except to the extent Peregrine obtains an adjustment or waiver to the following requirements from a governmental body

with authority to grant such adjustment or waiver, Peregrine shall (a) bear any and all costs, including any right-of-way leasing fees charged by the City, associated with the Expansion Area, Arcade Option, or both, and (b) perform and pay for all repairs and maintenance of the public right-of-way or portion thereof underlying or constituting a portion of the Expansion Area, Arcade Option, or both, including anything attached to the Stadium such as street lights and catenary.

8. MAC Easement. The Amended and Restated Easement Agreement and Right of First Refusal (the “Easement”), recorded on March 10, 2010, requires that the Multnomah Athletic Club (the “MAC”) approve future improvements to the Stadium under certain conditions at specified stages in the design and permitting processes, all as further described in the Easement. Peregrine shall timely obtain any and all approvals required from the MAC and provide evidence to the City that the MAC has approved the specified drawings or that approval has been deemed to have occurred as described in Section 3.5 of the Easement.

9. Environmental Risks. Peregrine shall conduct environmental due diligence at the Stadium to ascertain the extent and cost of environmental remediation that will be necessary as part of the Expansion project, if any, including remediation of asbestos containing materials. All reasonably foreseeable environmental remediation costs will be included in the Expansion scope and budget, and, except for environmental hazards created or exacerbated by the City after the effective date of the Definitive Agreements, all environmental remediation costs will be paid by Peregrine.

10. Related Agreements

In addition to other agreements mentioned in this Term Sheet or required by the RDA, and except as described otherwise below, the following agreements will be part of the documentation for the project:

10.1 An update of the Good Neighbor Agreement (the “GNA”) dated February 17, 2010, which update shall be reasonably acceptable to the City.

10.2 An update of the Comprehensive Transportation Management Plan (the “CTMP”) dated January 2, 2010, which update shall be reasonably acceptable to the City.

10.3 A new Construction Mitigation Plan tailored to the renovation project described in this Term Sheet.

10.4 A new Construction Community Outreach Plan tailored to the renovation project described in this Term Sheet.

Peregrine shall pay any and all costs associated with the update of the GNA, CTMP, Construction Mitigation Plan and Construction Community Outreach Plan, including hiring a facilitator for the required public involvement and obtaining City Council review and approval of such updates. In addition, Peregrine will convene the Oversight Committee in accordance with the GNA. The City will arrange for City Council consideration of the GNA and CTMP.

11. Timing. All obligations of the parties are conditioned upon the parties executing all Definitive Agreements, each in its sole and absolute discretion. Before Peregrine begins constructing or causes a third party to begin constructing the Expansion, Peregrine will provide the City with reasonable evidence that it has obtained all financing and funds necessary to complete and pay the entire cost of the Expansion. If Peregrine begins construction of the Expansion or causes such construction to begin prior to execution of Definitive Agreements, then, if the Expansion is not completed by an outside date agreed to by the City, then Peregrine, at its sole cost and expense, shall restore the Stadium to its condition immediately preceding the start of such construction.

12. Miscellaneous.

12.1 Non-Binding Term Sheet. The purpose of this Term Sheet is to outline the general understanding of the parties with respect to the Expansion. This Term Sheet is not legally binding, and neither party shall be bound until each party, in its sole and absolute discretion, has executed the Definitive Agreements necessary or desirable to implement the Expansion as contemplated by the Term Sheet.

12.2 Counterparts. This Term Sheet may be signed in counterparts, each of which shall be deemed an original and when taken together shall be deemed one and the same document.

12.3 Interpretation. A reference to “includes” or “including” shall mean “includes without limitation” or “including without limitation,” as applicable. The word “shall” means mandatory and imperative.

12.4 Entire Agreement. This Term Sheet constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all prior agreements, letters of intent, understandings and negotiations, whether oral or written, of the parties, including that letter dated November 14, 2016 from Mike Golub of the Portland Timbers and Thorns to Susan Hartnett of the City setting forth Peregrine’s proposed terms for the Expansion.

[Signatures follow on next page.]

Peregrine:

PEREGRINE SPORTS, LLC, a Delaware
limited liability company

By: 

Printed Name: Henry Merritt Paulson III

Its: Manager

CITY:

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

By: _____

Its: Mayor

APPROVED AS TO FORM:

APPROVED AS TO FORM 

By: 

Tracy Reeve, City Attorney

CITY ATTORNEY

EXHIBIT 2.4A

Summary of Anticipated Improvements to the Stadium

Site and Building

- The new expansion is designed as an extension of the original 1926 Civic Stadium and considers the overall massing and arcade configuration originally suggested by architect A. E. Doyle, but with a contemporary design.
- Preliminary designs for the Expansion encompass about 103,000 square feet of building area consisting of about 25,000 square feet of interior space and about 78,000 square feet of exterior or partially enclosed space.
- The expansion will incorporate an approximately 90-foot high structure, with three or four levels of seating, and a cantilevered roof covering the new and existing eastside seats.
- A concrete column, beam, and slab structure will support the floor plates and seating areas, while the woven cantilevered steel and back-stay structure comprise the roof system.
- The floor level heights allow for a direct relationship with the existing building massing interlacing the new and existing buildings.

Street Experience

- The structure will extend over the public sidewalk along SW 18th Avenue for approximately 314 feet between SW Yamhill and SW Taylor Streets, creating a pedestrian arcade along SW 18th Avenue.
- The arcade is created by the space between the concrete frame at the property line and the steel back-stay structure toward the curb; the arcade will provide an approximate ten-foot clear width and will have about a 24-foot height.
- The back-stay structure will have a tapestry-like surface along 18th Avenue, providing visually captivating street experience, as well as allowing views through and into the stadium.
- The existing infrastructure along the street and sidewalk will be relocated and coordinated with the arcade structure.
- The existing street crossing along Morrison and Taylor will be maintained.
- Lighting within the building arcade will provide evening light for the arcade, while street lights will be provided for the street itself.
- The concourse configuration of amenities and concessions will closely mirror the

existing configuration, preserving views into the stadium from the street.

- About 43,800 square feet of lobbies, circulation area, and balconies will be added to the Stadium, of which about 10,100 square feet will be enclosed. Balconies and circulation spaces occupy the street edge on the floors above street level, activating the street experience while providing views of the city for stadium attendees.
- Temporary or permanent rails between the arcade structure and the street will keep spectators from jaywalking across SW 18th Avenue before and after game times.
- Four new entry points along SW 18th Avenue will provide additional queuing and access points into the stadium.

Stadium Experience

- About 34,400 square feet of seating and group areas will be constructed, allowing for 3,000 - 4,000 additional seats, making the total seating capacity of the Stadium about 24,000 – 25,000.
- The new seating area will create a vertical wall of fans, making for a “Globe Theater” like experience for spectators.
- About 12,000 square feet of vertical circulation will be built. Two new high-speed elevator banks and four new stairs will provide access to the levels above.
- About 5,000 square feet of additional restroom areas and 6,600 square feet of additional concessions and kitchen area within the expansion support the additional seating capacity.

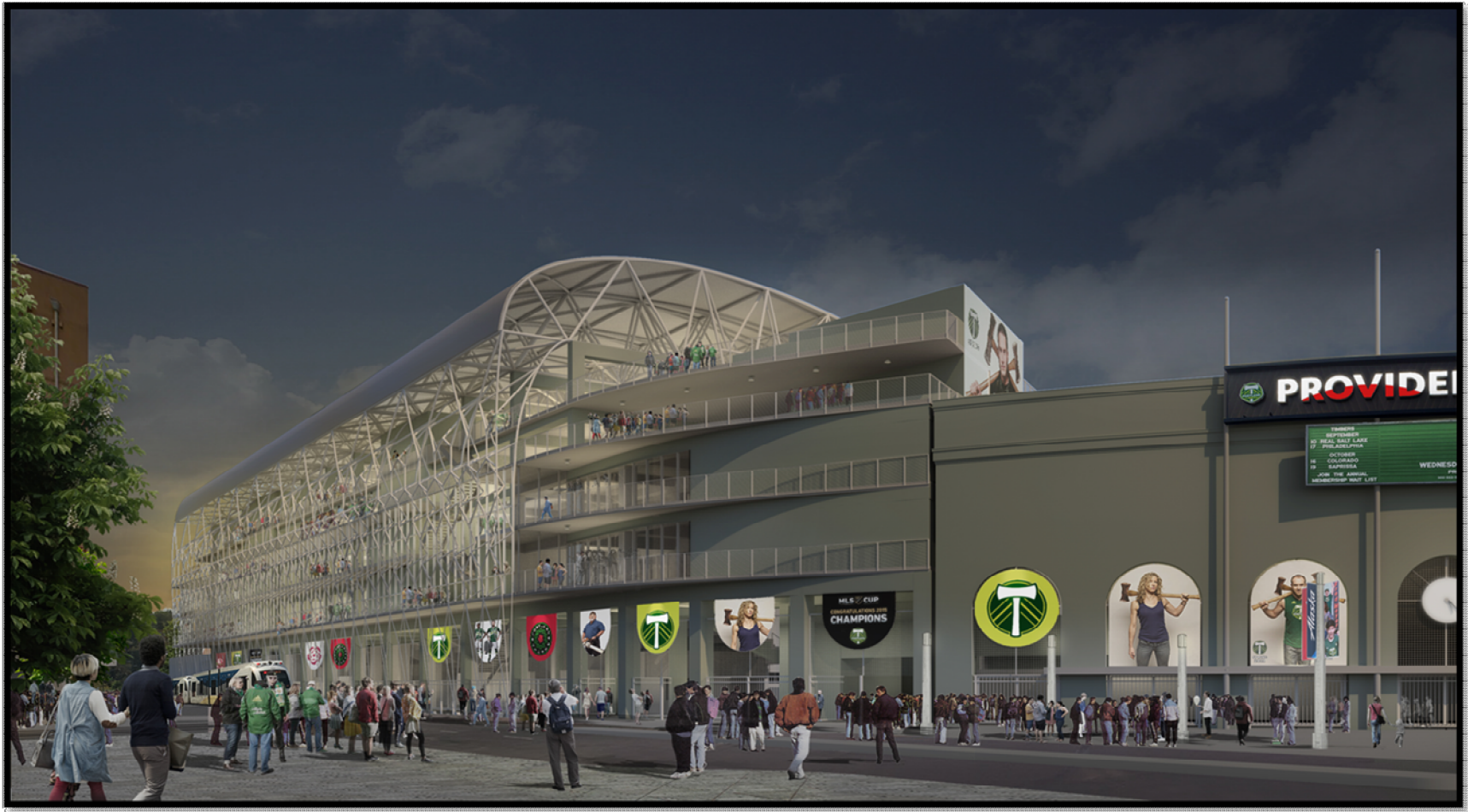
This preliminary scope is subject to change through future design work to be approved by the parties in accordance with the RDA and, as applicable, the design review commission.

Field View of Preliminary Plan for Expansion



Note: Final project scope subject to change based on further design, design review approval, and final cost estimates. Four level option shown, final design may include three or four levels.

View of Preliminary Plan for Expansion from SW 18th and Morrison



Note: Final project scope subject to change based on further design, design review approval, and final cost estimates

EXHIBIT 4.2

Preliminary (1) Expansion Schedule

Design	Start	End
100% DD	4/7/2017	7/31/2017
100% CD Foundations and Structures	5/1/2017	7/31/2017
100% CD Structure/Roof/Interiors	8/1/2017	12/31/2017
Permits and Approvals		
Design Review	5/1/2017	8/1/2017
Definitive Agreements	5/15/2017	9/30/2017
Foundations and Structure Permit	8/1/2017	10/15/2017
Structure/Roof/Interiors Permit	1/1/2018	6/30/2018
Phase 1 Public Works 30% Concept Approval	4/1/2017	7/31/2017
Public Works Phase 1 Permit	8/1/2017	10/15/2017
Public Works Phase 2 Permit	10/15/2017	5/19/2018
Procurement and Purchasing		
Bid and Assemble Phase 1 GMP	8/1/2017	9/27/2017
Finalize Contracts	9/27/2017	10/15/2017
Bid and Assemble Phase 2 GMP	1/1/2018	2/21/2018
Construction (2)		
Phase 1	10/16/2017	3/31/2018
Phase 1.5	3/31/2018	9/30/2018
Phase 2	10/1/2018	4/15/2019
Completion		
Outside Completion Date		12/31/2022

(1) Preliminary schedule subject to change based on further design and permitting activities.

(2) All or some of the scheduled dates may be one year later than shown if the permits and approvals needed in 2017 are not issued by the dates shown.