

ORDINANCE No. 188740

*Authorize agreements with Peregrine Sports, LLC for the expansion and operation of Providence Park Stadium (Ordinance; amend Contract No. 30001832)

The City of Portland ordains:

Section 1. The Council finds:

1. In early 2009, the City Council adopted a series of Resolutions and Ordinances associated with bringing Major League Soccer (MLS) to Portland and negotiating the financial terms and conditions necessary to make improvements to the Stadium then known as PGE Park. Ordinance No. 183036, adopted by the City Council on July 9, 2009 authorized the sole source acquisition and execution of a contract with Peregrine Sports, LLC for Predevelopment Agreement and Operating Agreement at the Stadium, which includes Peregrine's ongoing obligations under the Operating Agreement.
2. On February 3, 2010, the City Council adopted Ordinance No. 183516 approving a series of definitive agreements with Peregrine Sports, LLC for the renovation and operation of the Stadium for use by MLS.
3. The MLS Portland Timbers have been highly successful at the Stadium, effectively selling out all home games since 2011 and building a waiting list of approximately 13,000 fans wanting season tickets.
4. In 2013, the Portland Thorns of the National Women's Soccer League (NWSL) began playing in the Stadium and are now widely regarded as the most successful women's professional sports team in the world. In 2017, the Thorns drew an average of over 17,000 fans to each home match. The Thorns regularly fill the Stadium for notable games.
5. To meet this strong demand for more seats at the Stadium for both teams, Peregrine Sports, LLC proposes to expand the stadium by adding a new structure with approximately 4,000 seats above the existing stands on the east side of the field. Peregrine has agreed to pay all costs, including any cost overruns, to design and construct the expansion, estimated at \$50 million.
6. The expansion project will help ensure the stadium's long-term viability as a professional soccer venue as well as enhancing the opportunities for other events such as concerts and exhibition matches to occur at the stadium.
7. On May 10, 2017, the City Council adopted Resolution No. 37283 which declared the City's support for Peregrine's proposal and directed appropriate bureaus to work with Peregrine Sports and their representatives on the proposed expansion.

8. On June 8, 2017, the City Council adopted Ordinance No. 188441 authorizing an exemption to the competitive bidding process for the design and construction of the expansion project.
9. On June 21, 2017, the City Council adopted Resolution No. 37299 approving the non-binding financial and operational terms of the expansion project, including certain limited-term exemptions from Peregrine's obligations to pay to the City specified ticket revenues and Peregrine's commitment to pay for the design and construction cost of the project.
10. On September 13, 2017, the City Council adopted Ordinance No. 188600 approving the expansion project's proposed encroachment into the Public Right-of-Way.
11. On September 27, 2017, the City Council adopted Resolution No. 37319 amending the terms established by Resolution No. 37299 to authorize early construction activity to begin, make binding Peregrine's Make Whole Obligation, and establish construction insurance requirements.
12. The Expansion Redevelopment Agreement, attached as Exhibit A to this ordinance, was developed by the City's Office of Management and Finance, working with Peregrine Sports, LLC to govern design and construction of the expansion project and ensure the City's interests in the facility are protected.
13. The amendments to the Stadium Operating Agreement, attached as Exhibit B to this ordinance, are needed to reflect changes to the operation of the Stadium after the expansion is completed. These amendments reflect the limited-term exemptions from Peregrine's obligations to pay to the City specified ticket revenues that were approved by the City Council with the adoption of Resolution No. 37299 as well as establishing Peregrine's responsibility to maintain and monitor the covered arcade sidewalk on SW 18th Avenue.
14. The Expansion Completion Guaranty, attached as Exhibit C to this ordinance, personally obligates Henry Merritt Paulson Jr and Henry Merritt Paulson III to complete the project or otherwise make the City whole.
15. The Amendments to the Exclusive Use and Guaranty Agreement, attached as Exhibit D to this ordinance, protect the City's financial interests by ensuring that the Thorns continue to play the majority of their home games in the Stadium as long as attendance remains strong and Peregrine Sports, LLC owns the franchise.
16. To meet the City's obligations under the 2010 Redevelopment Agreement and the Expansion Redevelopment Agreement, and to keep the project on schedule, the following documents, attached to this Ordinance as Exhibits, should be approved:
 - A. Expansion Redevelopment Agreement
 - B. Second Amendment to the Stadium Operating Agreement
 - C. Performance and Completion or Make Whole Guaranty

D. First Amendment to Exclusive Use and Guaranty Agreement

17. To assure timely oversight and administration of the City's obligations under these agreements, the City's Chief Administrative Officer should be granted authority to provide administrative oversight to these agreements.

NOW, THEREFORE, the Council directs:

- a. The Mayor is authorized to execute Exhibits A through D on behalf of the City in substantially similar form to those attached to this ordinance.
- b. The City's Chief Administrative Officer is granted authority to act on behalf of the City and to amend these agreements provided the amendments do not substantially alter the City's financial obligations.

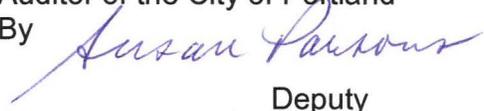
Section 2. The Council declares that an emergency exists because any delay will negatively impact the tight construction schedule for the 2017-18 MLS and NWSL off-seasons; therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council: DEC 20 2017

Commissioner: Mayor Ted Wheeler
Prepared by: Karl Lisle
Date Prepared: December 4, 2017

Mary Hull Caballero
Auditor of the City of Portland

By



Deputy

Agenda No. **188740**
ORDINANCE NO.
 Title

Authorize with

*~~Approve agreements between the City and Peregrine Sports, LLC for the expansion and operation of Providence Park Stadium (Ordinance)~~; *amend Contract No 30001832*

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| <p>INTRODUCED BY Commissioner/Auditor: Mayor Ted Wheeler</p> <p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance & Administration - Wheeler <i>W</i></p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Eudaly</p> <p>BUREAU APPROVAL</p> <p>Bureau: OMF Bureau Head: Tom Rinehart (CAO) <i>TR</i></p> <p>Prepared by: Karl Lisle Date Prepared: December 4, 2017</p> <p>Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>City Auditor Office Approval: required for Code Ordinances</p> <p>City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>WAM</i></p> <p>Council Meeting Date 12/20/17</p> | <p>CLERK USE: DATE FILED <u>DEC 12 2017</u></p> <p style="text-align: center;">Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <i>Susan Parsons</i> Deputy</p> <p>ACTION TAKEN:</p> |
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| AGENDA |
| <p>TIME CERTAIN <input checked="" type="checkbox"/></p> <p>Start time: <u>9:45</u></p> <p>Total amount of time needed: <u>15 minutes</u> (for presentation, testimony and discussion)</p> <p>CONSENT <input type="checkbox"/></p> <p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p> |

| FOUR-FIFTHS AGENDA | COMMISSIONERS VOTED AS FOLLOWS: | |
|--------------------|---------------------------------|------|
| | YEAS | NAYS |
| 1. Fritz | ✓ | |
| 2. Fish | ✓ | |
| 3. Saltzman | — | |
| 4. Eudaly | ✓ | |
| Wheeler | ✓ | |