

RESOLUTION No. 36826

Authorize a Fifth Amendment to the Development Agreement and Amendment No. 2 to the Entertainment Complex Ground Lease with Rip City Management LLC, doing business as Portland Arena Management, successor in interest to Oregon Arena Corporation in regards to the Rose Quarter development (Resolution)

WHEREAS, future Rose Quarter development will realize the long-anticipated community vision of a pedestrian-oriented, mixed-use district that showcases leading edge sustainability practices, creates jobs, and is well integrated and connected with the surrounding neighborhood and adjacent Lloyd district; and

WHEREAS, the City and the Portland Development Commission (“PDC”) also embarked on a process to determine the future use of the Veterans Memorial Coliseum; and

WHEREAS, in August 2009, Mayor Sam Adams convened a 32 member Stakeholder Advisory Committee (“SAC”) comprised of members representing a broad range of community interests including, among others, local advisory committees, sustainability, architectural preservation, urban planning and design, arts and entertainment, and inner eastside businesses; and

WHEREAS, the SAC solicited ideas and concepts from the public for the renovation or adaptive reuse of Veterans Memorial Coliseum, heard presentations from individuals and teams who submitted concepts for such future use, deliberated and refined its recommendations to City Council on which concept teams should be invited to the Request for Proposals stage of the process, and reaffirmed its recommendations and recommended proceeding with the Veterans Memorial Coliseum process; and

WHEREAS, on April 14, 2010, pursuant to Resolution 36777, City Council accepted the recommendations of the SAC and directed PDC to act as agent for the City in issuing Request for Proposals for the renovation or adaptive reuse of Veterans Memorial Coliseum and in undertaking other specified tasks; and

WHEREAS, City and PDC staff reviewed the individual elements of each of the three finalists’ proposals, focusing on those elements that have the broadest public support and are the most financially viable; and

WHEREAS, based on this staff review and on the input of the SAC, on August 3, 2010, Mayor Sam Adams released a Draft Enhanced Spectator Facility proposal regarding the Veterans Memorial Coliseum, for public review and discussion; and

WHEREAS, the City and PDC determined that it is necessary to begin the as-planned discussion about the development potential for the entire Rose Quarter, to allow the City and PDC to target the appropriate program for the Veterans Memorial Coliseum in the context of available public funding and surrounding uses; and

WHEREAS, the City and PDC desire to create a district that is supportive of the City’s Economic Development Strategy, with its focus on job creation in key-traded-sector industries,

such as the Athletic/Outdoor Industry cluster; and

WHEREAS, the City and PDC are working to develop a Rose Quarter District Plan that is well integrated within the context of the area around the Rose Quarter, including areas North of Broadway, the Lloyd District, and Oregon Convention Center areas; and

WHEREAS, PDC has engaged the professional services of urban design advisor Mike McCulloch to assist in this planning effort; and

WHEREAS, to ensure that the plan is driven by and represents the City's best interests, an internal planning charette was held on October 15, 2010. To incorporate private plans for investment in the planning study area, the City and PDC staff have met individually with adjacent property owners; and

WHEREAS, the SAC met on November 9, 2010, to review and discuss the products of the City's internal work and discussions with adjacent property owners; and

WHEREAS, to engage the broader community, the City and PDC hosted a public open house on November 15, 2010, at the Veterans Memorial Coliseum, for the purposes of gathering all public feedback to incorporate into an updated draft District Plan; and

WHEREAS, the Community Benefits Agreement ("CBA") Subcommittee of the SAC has met to consider potential benefits to the community, including those relating to construction/contracting, workforce training and hiring, local businesses, and economic and sustainability returns, and to make final recommendations of what should be included in a CBA related to the redevelopment of the Rose Quarter; and

WHEREAS, the Eliot neighborhood and the CBA Subcommittee have discussed the redevelopment of the Rose Quarter, and the City expects PAM to work with the Eliot neighborhood in good faith to reach agreement on a Good Neighbor Agreement ("GNA"); and

WHEREAS, PDC conducted the North Northeast Economic Development Initiative in partnership with the community and sought input on urban renewal areas and PDC's investment in the community. The outcome of this community input was the formation of the North/Northeast Economic Development Initiative Community Advisory Committee ("N/NE CAC"). PDC will continue to work with the N/NE CAC to update the plans for both the Interstate Corridor and Oregon Convention Center Urban Renewal Areas; and

WHEREAS, the City and Oregon Arena Corporation are parties to that certain Development Agreement with an effective date of November 4, 1992 (as amended, the "Development Agreement") and that certain Entertainment Complex Ground Lease with an effective date of June 23, 1993 (as amended, the "Lease"); and

WHEREAS, PAM is the successor-in-interest to Oregon Arena Corporation; and

WHEREAS, the Development Agreement provides PAM with certain Development Rights with respect to certain properties owned by the City within the Rose Quarter area (the "Development Areas"). Specifically, the City granted PAM an exclusive option to develop improvements on and

over the Public Garage Development Areas (as defined in the Development Agreement) (the “Development Rights”). In addition, the Development Agreement provides PAM with certain rights to develop the Coliseum Development Area and the PDOT Development Area (each of which is defined in the Development Agreement); and

WHEREAS, PAM’s option to exercise the Development Rights and the Lease to PAM for Phase 2 of the Entertainment Complex expire on November 24, 2010; and

WHEREAS, the City desires that PAM work diligently to propose a viable project to be developed in one of the Development Areas, to participate in the preparation of the Rose Quarter District Plan, and to undertake other tasks as specified in the Fifth Amendment to the Development Agreement; and

WHEREAS, PAM and its potential development partners are uniquely situated to bring a project to fruition in the Rose Quarter area, and both the City and PAM thus desire to extend for a period of six months (a) PAM’s Development Rights on the terms and conditions of the Fifth Amendment to the Development Agreement in substantially the form attached hereto as Exhibit A and (b) the term of the Lease as to Phase 2 of the Entertainment Complex on the terms and conditions of Amendment No. 2 to Entertainment Complex Ground Lease in substantially the form attached hereto as Exhibit B.

NOW, THEREFORE, BE IT RESOLVED that, on behalf of the City, the Chief Administrative Officer of the Office of Management and Finance or his designee is hereby authorized to enter into the Fifth Amendment to the Development Agreement substantially in the form attached hereto as Exhibit A and Amendment No. 2 to Entertainment Complex Ground Lease substantially in the form attached hereto as Exhibit B.

BE IT FURTHER RESOLVED that the Bureau of Planning and Sustainability working with PDC and delegating tasks to PDC as it deems appropriate is hereby authorized to: (a) engage an urban design advisor to facilitate the preparation of the Rose Quarter District Plan (the “District Plan”); (b) work in good faith to complete the District Plan by May 24, 2011; (c) attempt to obtain approval or acceptance, as applicable, from the City and PDC of the District Plan by May 24, 2011; and (d) initiate work to review possible legislative amendments to the Portland Zoning Code needed to carry out the District Plan.

BE IT FURTHER RESOLVED that the Office of Management and Finance working with PDC and delegating tasks to PDC as it deems appropriate is hereby authorized to: (a) negotiate with PAM to determine the level of public funding assistance for the Phase 1 Project based on the Funding Plan (as described in the Fifth Amendment) produced by PAM; (b) cooperate with PAM’s attempts to secure other external sources of funding (e.g., New Market Tax Credits); (c) if the District Plan and Phase 1 Project are approved in accordance with the Fifth Amendment, commence negotiations, in good faith, of a development agreement for the Phase 1 Project, which development agreement will contain performance requirements for the Phase 1 Project; (d) assist PAM in its efforts to secure of a major building tenant for the Phase 1 Project that supports the City’s Economic Development Strategy; and (e) recommend to City Council whether to further extend PAM’s Development Rights and the Lease as to Phase 2 and, depending on what is achieved during the extended option term, whether PAM, its affiliates or joint venture partners should be entitled to develop other portions of the Development Areas following the expiration of the extended option term.

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Adopted by the Council: NOV 17 2010

Mayor Sam Adams

Prepared by: Skip Newberry

Date Prepared: November 10, 2010

LaVonne Griffin-Valade

Auditor of the City of Portland

By

Susan Parsons

Deputy

1488

Agenda No.
RESOLUTION NO. 36826
 Title

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INTRODUCED BY Commissioner/Auditor: Mayor Sam Adams	CLERK USE: DATE FILED <u>NOV 12 2010</u>
COMMISSIONER APPROVAL Mayor—Finance and Administration—Adams <i>[Signature]</i> Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Leonard	LaVonne Griffin-Valade Auditor of the City of Portland By: <i>[Signature]</i> Deputy
BUREAU APPROVAL Bureau: Bureau Head:	ACTION TAKEN:
Prepared by: Skip Newberry Date Prepared: 11/10/2010	
Financial Impact Statement Completed <input type="checkbox"/> Amends Budget <input type="checkbox"/> Not Required <input checked="" type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Council Meeting Date 11/17/2010	
City Attorney Approval <i>URM</i>	

AGENDA TIME CERTAIN <input checked="" type="checkbox"/> Start time: <u>10 am</u> Total amount of time needed: <u>45</u> (for presentation, testimony and discussion) CONSENT <input type="checkbox"/> REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)
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FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	<input checked="" type="checkbox"/>	
2. Fish	2. Fish	<input checked="" type="checkbox"/>	
3. Saltzman	3. Saltzman	<input checked="" type="checkbox"/>	
4. Leonard	4. Leonard	<input checked="" type="checkbox"/>	
Adams	Adams	<input checked="" type="checkbox"/>	