



[Home](#) / [Council Clerk](#) / [Council Documents](#) / [Ordinance](#)

191858

Emergency Ordinance

***Authorize purchase of certain real property at the Rose Quarter from Rip City Management, LLC for \$7,130,001 in accordance with the terms of a new Arena Operating Lease for Moda Center Arena and related facilities**

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The Rose Quarter is the premiere event complex in Oregon, encompassing the Moda Center and the Veterans Memorial Coliseum, hosting over 260 events and attracting more than 1.7 million people to Portland's Central City each year.
2. The Portland Trail Blazers of the National Basketball Association (NBA) have been a City treasure since 1970, providing civic pride, identity, joy, and meaningful economic activity to the City of Portland, metropolitan region, and state of Oregon.
3. The City of Portland and Oregon Arena Corporation entered into multiple foundational agreements in the early 1990s leading to the development of the Rose Quarter including: privately-funded construction of the Rose Garden Arena (now Moda Center), an entertainment/office building and two parking structures, and publicly-funded development of two additional parking structures, a public plaza, several new streets and other necessary infrastructure.
4. Rip City Management, LLC is the successor entity to Oregon Arena Corporation and operates both the Moda Center and the Veterans Memorial Coliseum today.
5. While most of the land at the Rose Quarter is City-owned, Rip City Management, LLC continues to own the Moda Center Arena and a parcel of property that sits beneath a portion of the Arena.
6. The Arena Ground Lease became effective when the new arena opened on October 12, 1995 for a term of 30 years and will terminate, unless extended, on October 11, 2025.
7. The combined economic impact of Rose Quarter events is estimated at over \$600 million in annual economic output each year, supporting

Introduced by

[Mayor Ted Wheeler](#)

Contact

Karl Lisle

Spectator Venues Program
Manager

✉ karl.lisle@portlandoregon.gov

📞 [503-823-5876](tel:503-823-5876)

Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date

August 7, 2024

Requested Start Time

2:00 pm

Time Requested

1 hour (2 of 2)

- nearly 6,000 jobs with a majority of this output linked directly to Portland Trail Blazers games.
8. It is critically important to Portland, the metropolitan region, and the state of Oregon that the successful operation of the arenas at the Rose Quarter continues, and the Moda Center remains the home court for the Portland Trail Blazers.
 9. The Moda Center is nearing thirty years old, is the oldest NBA arena yet to undergo a comprehensive renovation and will need significant reinvestment to remain competitive in the league and continue serving as the home of the Portland Trail Blazers well into the future.
 10. The City and Rip City Management LLC have been working in good faith to develop the framework for a long-term agreement that would fund a major renovation of the Moda Center and keep the team in Portland for 20 or more years.
 11. Rip City Management, LLC intends to seek public funding from sources in addition to the City to provide the public financial support necessary for a long-term agreement and needed major renovation.
 12. It is in the best interest of the City to enter into a five-year bridge agreement with a possible five-year extension that will transfer the Moda Center arena into public ownership, allow the City to reinvest certain revenues generated by Portland Trail Blazers home games into sustaining improvements to the arena, provide time for the parties to secure additional commitments necessary for a long-term agreement and major renovation, and ensure that Oregon's favorite basketball team plays at Moda Center until at least 2030.
 13. Resolution No. 37654, approved by the City Council on February 28, 2024 approved the general the terms of this arrangement and instructed City staff to work with Rip City Management to develop the Purchase and Sale Agreement for the arena and Kosei parcel that is attached to this ordinance as Exhibit A.
 14. The City and Rip City Management have negotiated the sale price of the properties based on an analysis of current fair market values. Rip City Management is willing to sell the property and arena to the City for a Purchase Price allocated amongst the Property as follows: \$7,130,000.00 for the Real Property and Kosei Improvements, and \$1.00 for the Arena Improvements. The process used to negotiate this purchase price was informed by the terms of the original Arena Ground Lease which stipulated certain considerations and methodology when negotiating a sale.
 15. Transferring the Moda Center Arena into City-ownership is a key financial component of the new Arena Operating Lease and provides important property tax benefits to the operators. It also gives the City greater control of the building and potential changes to it in the future. In addition, public ownership of the Arena makes future public investment into the building easier, including from debt-related sources such as taxable public bonds.
 16. As part of the performance of due diligence on this property, the City retained a team of industry experts to conduct a thorough facility condition assessment of the arena prior to finalizing the terms of the

purchase. The assessment raised no serious concerns about the condition of the building, and while it is approaching 30 years old, it has been well maintained by the operators. This assessment informed the development of the Capital Expenditures Plan required by the Arena Operating Lease.

NOW, THEREFORE, the Council directs:

- A. The Mayor or City Administrator is authorized to execute all acquisition documents in a form substantially similar to those attached as Exhibit A, and take all other actions and execute any other documents necessary to close the transaction. All documents must be approved as to form by the City Attorney prior to execution.
- B. The Mayor and Auditor are hereby authorized to pay up to \$7,130,001 for the acquisition of the Properties as described in Exhibit A as well as reasonable closing costs and other fees associated with a property acquisition subject to the terms of a Purchase and Sale Agreement, approved as to form by the City Attorney in a form substantially similar to Exhibit A. Sufficient funds for this purchase are available in the City's Spectator Venues and Visitor Activities Fund. The Spectator Venues and Visitor Activities Program Budget for FY2024-2025 may require amendment in the Fall adjustment process to reflect this expenditure.
- C. The City Administrator is authorized to act on behalf of the City and approve amendments to these agreements provided the amendments do not substantially alter the City's financial obligations.

Section 2. The Council declares that an emergency exists because of requirements to receive approval of the transaction from the NBA, the rapidly approaching notification date to extend the current Arena Ground Lease, and time is of the essence to complete the acquisition; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Exhibits and Attachments

 [Exhibit A](#) 858.21 KB

 [Supplemental Document](#) 813.26 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
August 7, 2024

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

This ordinance approves the Purchase and Sale Agreement necessary to implement the property acquisitions specified in the non-binding Term Sheet for a bridge lease agreement. The Term Sheet was approved by the Council via Resolution No. 37654 on February 28, 2024. The Purchase and Sale Agreement allows the City to acquire both the Moda Center Arena and a parcel of privately-owned property under a portion of the facility and is attached to the ordinance as Exhibit A. The Term Sheet resolution was non-binding, but the Agreement proposed for approval via this ordinance is a binding contract between the City and Rip City Management. This Agreement and the related Arena Operating Lease are the result of several months of due diligence and negotiations between the parties on technical issues.

Rip City Management is the sister company to the Portland Trail Blazers that operates the Moda Center and the Veterans Memorial Coliseum. Both Rip City Management and the Portland Trail Blazers are currently owned by the estate of Paul G. Allen. The City, Rip City Management, and the Portland Trail Blazers desire to enter into a longer-term agreement that would keep the team playing in a fully renovated Moda Center arena for 20 or more years. However, negotiating a long-term agreement will require coordination with additional parties and necessitate additional time. Because the current suite of agreements expires in October 2025, and there is a one-year advance notice requirement to execute an extension of the existing agreements, the City and Rip City Management desire to enter into a five-year bridge agreement that will keep the team playing at the Moda Center until at least 2030 and allow public and private sustaining investments into the facility.

Acquisition of the Moda Center Arena, if approved by City Council with the authorization of this Purchase and Sale Agreement is part of a larger set of agreements with Rip City Management, LLC and Trail Blazers, Inc. The Arena Operating Lease and related agreements are being co-presented with this item under a separate ordinance. If approved, there are several key implications:

- The Portland Trail Blazers will be contractually obligated to play home games in Moda Center through October 11, 2030 with an option to extend the agreements to October 11, 2035. The current agreements requiring the team to play at Moda Center are set to expire on October 11, 2025. This bridge agreement represents a minimum 5-year extension of that commitment.
- If the franchise is sold during the term of the new Arena Operating Lease, the contractual requirements of the Lease and related agreements will transfer to the new ownership.
- Ownership of the Moda Center will be transferred to the City of Portland for \$1. This will allow public investment into the arena both

during the bridge term and potentially under the terms of a subsequent longer-term agreement desired by the parties.

- The City will purchase a parcel of land under a portion of the Moda Center known as the Kosei Parcel and currently owned by Rip City Management for \$7,130,000. This purchase is necessary to allow City ownership of the arena. The sale price was negotiated by the parties according to the process established in the expiring Arena Ground Lease.
- During the term of the Arena Operating Lease, the City will match investments into capital improvements at Moda Center made by Rip City Management, according to a mutually agreed upon Capital Expenditures Plan. The amount of the City's annual investment into capital projects at the Moda Center is limited to the actual revenues received from Portland Trail Blazers games through ticket user fees and parking revenues during the prior fiscal year. No City revenues from other sources will be spent on Moda Center capital projects.

Rip City Management will retain all operational rights and responsibilities regarding Moda Center that exist under the expiring agreements.

Financial and Budgetary Impacts

The economic activity to the region and state of the Rose Quarter event campus is estimated at over \$600 million in annual economic impact including nearly 6,000 full and part time jobs, and total labor income of over \$290 million. Roughly 75% of this economic activity is attributable to the Portland Trail Blazers and 25% to other activities at the Rose Quarter arenas. The greater economic impact of keeping the team at the Moda Center for the long term is important to the long-term economy of the City, region, and state.

The Purchase and Sale Agreement commits the City to two primary expenditures:

- The City will purchase the Kosei Parcel of land that sits under a portion of the Moda Center for \$7,130,000. This purchase price is based on the fair market value of vacant land and was negotiated by the parties, informed by independent appraisals, according to the methodology established in the expiring Arena Ground Lease.
- The City will purchase the Moda Center Arena for \$1. This will allow public investment into the arena both during the bridge term and potentially under the terms of a subsequent longer-term agreement desired by the parties.

Funding for these commitments will come from the City's Spectator Venues and Visitor Activities Fund which receives revenues from user fees on tickets sold at the Rose Quarter Arenas and Providence Park Stadium as well as a small annual allocation from the Visitor Facilities Trust Account which is funded by dedicated tourism resources derived from transient lodging taxes and vehicle rental fees. Current reserves and projected

future resources of the Fund are sufficient to allow the property purchase and the annual contribution to capital projects at Moda Center required by the new Arena Operating Lease while still meeting other financial obligations at the Rose Quarter and Providence Park Stadium and maintaining adequate reserve levels.

State Law (ORS 307.171) exempts sports facilities owned by the City of Portland from taxation. As a result, transferring ownership of the Moda Center from Rip City Management to the City is anticipated to reduce the property taxes collected by an estimated \$1,200,000 annually. For reference, other sports facilities owned by the City of Portland and operated by private partners (specifically the Veterans Memorial Coliseum and Providence Park Stadium) are also not subject to property taxes.

Community Impacts and Community Involvement

The Portland Trail Blazers and Moda Center are important community assets hosting hundreds of events every year with an attendance of approximately 1.7 million people. The Portland Trail Blazers are a source of civic pride and a unifying force for many Portlanders. The economic, social, and cultural benefit of the team continuing to play at the Moda Center is profound.

The Portland Trail Blazers have a long history of giving back to Portland and Oregon. Since 2009, the Trail Blazers Foundation has donated more than \$9 million to local communities. The Team is dedicated to philanthropic efforts with particular focus on racial equity, environmental and educational initiatives.

Agreement negotiations between the City and Rip City Management have been subject to a non-disclosure agreement and have not involved the public. While no specific community outreach is planned, members of the public had an opportunity to submit testimony at the February 28, 2024 City Council hearing on the Term Sheet, and again at the hearing when City Council will consider approval of this ordinance.

There is no known opposition to the Purchase and Sale Agreement.

100% Renewable Goal

Rip City management has been an industry leader with efforts to improve the environmental performance of the Moda Center and Veterans Memorial Coliseum. The Moda Center was the first major arena in the country to achieve LEED (Leadership in Energy and Environmental Design) Platinum status, and recently the Veterans Memorial Coliseum was awarded LEED Gold status, no small feat for a 63-year-old building.

Transferring ownership of the Moda Center to the City will mean that as a City-owned facility, even if operated by a third party, City policies applicable to City-owned buildings will typically apply to the facility. This includes the

City's Green Building Policy which includes guidance and requirements for improvements to facilities intended to improve the environmental performance of the buildings. Over time, this could help improve the energy performance of the building.

This action approves a Purchase and Sale Agreement transfers ownership of the Moda Center to the City. It is a key component of a five-year bridge agreement negotiated with Rip City Management that will allow them to continue operating the Rose Quarter Arenas and ensure that the Portland Trail Blazers continue to play their home games at the Moda Center through at least 2030. Energy use at the Rose Quarter is not anticipated to change significantly in the near term as a result of this action.

Budget Office Financial Impact Analysis

The Purchase and Sale Agreement commits the City to two primary expenditures: 1) The City will purchase the Kosei Parcel of land that sits under a portion of the Moda Center for \$7,130,000. This purchase price is based on the fair market value of vacant land and was negotiated by the parties, informed by independent appraisals, according to the methodology established in the expiring Arena Ground Lease. 2) The City will purchase the Moda Center Arena for \$1. This will allow public investment into the arena both during the bridge term and potentially under the terms of a subsequent longer-term agreement desired by the parties.

Funding for these commitments will come from the City's Spectator Venues and Visitor Activities Fund which receives revenues from user fees on tickets sold at the Rose Quarter Arenas and Providence Park Stadium as well as a small annual allocation from the Visitor Facilities Trust Account which is funded by dedicated tourism resources derived from transient lodging taxes and vehicle rental fees. Current reserves and projected future resources of the Fund are sufficient to allow the property purchase and the annual contribution to capital projects at Moda Center required by the new Arena Operating Lease while still meeting other financial obligations at the Rose Quarter and Providence Park Stadium and maintaining adequate reserve levels.

During the term of the Arena Operating Lease, the City will match investments into capital improvements at Moda Center made by Rip City Management, according to a mutually agreed upon Capital Expenditures Plan. The amount of the City's annual investment into capital projects at the Moda Center is limited to the actual revenues received from Portland Trail Blazers games through ticket user fees and parking revenues during the prior fiscal year. No City revenues from other sources will be spent on Moda Center capital projects.

State Law (ORS 307.171) exempts sports facilities owned by the City of Portland from taxation. As a result, transferring ownership of the Moda Center from Rip City Management to the City is anticipated to reduce the property taxes collected by an estimated \$1,200,000 annually. For reference, other sports facilities owned by the City of Portland and

operated by private partners (specifically the Veterans Memorial Coliseum and Providence Park Stadium) are also not subject to property taxes.

Document History

Item 714 Time Certain in [August 7, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/8/7)
(<https://www.portland.gov/council/agenda/2024/8/7>)

City Council

Passed

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Mayor Ted Wheeler Yea