



# Veterans Memorial Coliseum Operating Agreement Term Sheet

August 22, 2012

Office of Management  
and Finance



**PDCI** | PORTLAND  
DEVELOPMENT  
COMMISSION  
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# Summary of Resolution

- Authorizes CAO to negotiate operating agreement with PDC that is substantially similar to existing operating agreement with PAM, with adjustments as described in the negotiated Term Sheet (for term 2023-2033).
- Directs PDC Executive Director to provide City Council description of funding sources for PDC capital/operating expenses and a legal opinion regarding PDC's ability to operate VMC
- Authorizes CAO to work with PDC to develop separate agreement formalizing PDC's lead role in redevelopment of Rose Quarter

# PDC / City Operating Agreement (OA) Term Sheet

## Post Redevelopment Agreement Operating Agreement (OA) and Revenue Sharing Agreement (RSA)

Obligation	Amended Operating Agreement w/PAM (2013-18 / 2018-23)*
<b>Capital Improvements</b> (\$250,000 / year)	City
<b>Repair &amp; Maintenance</b> (\$250,000 / year)	PAM
<b>Operating Losses</b>	PAM
<b>Profit Sharing</b>	PAM – 40% City – 20% (general purposes) PWH – 20% (per RSA) City – 20% (capital imp.)

\* City has formally requested that PAM exercise their second option to 2023.

## Future OA with PDC

Obligation	PDC / City Operating Agreement (2023-2032)
<b>Capital Improvements</b> (\$375,000 / year)	City
<b>Repair &amp; Maintenance</b> (\$250,000 / year)	PDC
<b>Operating Losses</b>	City – up to \$375,000 / year PDC – above \$375,000 / year
<b>Profit Sharing</b>	PDC – 40% PDC – 20% (post 2023) City – 20% (general purposes) City – 20% (capital imp.)
<b>Additional Changes</b>	Potential SFF revenue reduction due to PWH-only and/or reduction in community/local events Revenue sharing to PDC in 2023- 2032 Naming rights accrue to benefit of PDC and/or operator

# Risk Mitigation

- PDC can reduce losses by:
  - Terminating agreement if Winterhawks cease to use building;
  - Operating the building for only Winterhawks games;
  - Assuming the terms of the Winterhawks revenue sharing agreement after 2023;
- City risk is mitigated by:
  - Limiting operating losses in 2023-2032 to \$375,000 annually.

# Redevelopment Agreement (RDA)

- Anticipated City Council action in Early Fall 2012.
- Portland Arena Management (PAM) is the construction manager through sole source at no cost to project.
- Portland Winterhawks investment = \$10 million
- PDC Investment = \$17.1 million
- City Investment = \$4.4 million via loan from PDC, repaid by Spectator Facilities Fund.

# Transfer of Development Rights

- Includes VMC and plaza, City-owned parking garages and other parcels south of the Rose Garden Arena.
- Previously held by PAM; expired May 2011.
- Separate Agreement will assign these rights to PDC.
- PDC will be primary agent for planning for, soliciting and developing proposals for development in the Rose Quarter
- City Council approval required for major redevelopment activities.

# Next Steps

1. Description of funding sources and legal opinion regarding PDC's ability to operate the VMC
2. RDA and OA to City Council
3. City Council and PDC Board approve Rose Quarter Development Rights Transfer Agreement to PDC
4. Construction completed

# Questions

