



DATE: August 15, 2012
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 12-25
Authorizing Second Amendment to Legal Services Agreement for the Veterans Memorial Coliseum to Increase the Grant to the City of Portland to Cover the Cost of Such Legal Services, by \$235,000, for a New Total Grant Amount of \$610,000

BOARD ACTION REQUESTED

Adopt Resolution No. 6960

ACTION DESCRIPTION

Authorize the Second Amendment to Legal Services Agreement (the "Second Amendment") for the Veterans Memorial Coliseum to increase the maximum amount payable by PDC under the Legal Services Agreement by \$235,000, for a new maximum amount of \$610,000.

BACKGROUND AND CONTEXT

The Portland Development Commission (PDC), the City of Portland, and Radler White Parks & Alexander LLP (Counsel) are parties to a Legal Services Agreement under which Counsel provides legal services to the City of Portland related to the renovation of Veterans Memorial Coliseum, and PDC, as a grant to the City of Portland, covers the cost of such services up to the maximum amount set forth in the Agreement. Initial estimates provided by the attorneys for the legal services on the Veterans Memorial Coliseum were insufficient to cover the completion of the legal services for the Redevelopment Agreement (RDA), and Historic Tax Credit (HTC) transaction. Unforeseen issues have arisen during negotiations and the timeline for completion has been extended to address these issues. As a result, the cost of the legal services is now anticipated to be \$610,000, and the Second Amendment increases the PDC grant to cover the cost of such services from \$375,000 to \$610,000 (an increase of \$235,000).

The Second Amendment also (1) excludes from costs covered by the grant, legal services related to agreements, documents and transactions in which PDC is anticipated to be a party adverse to the City (unless PDC otherwise consents), and (2) requires the City of Portland to seek reimbursement of legal costs related to the HTC transaction through the HTC financing structure and pay such reimbursements to PDC to the extent PDC covered such costs through the PDC grant. The Second Amendment requires authorization by the PDC Board of Commissioners because the new total grant amount exceeds the Executive Director's existing delegated authority. The RDA for the Veterans Memorial Coliseum is anticipated to go to City Council in late September / early October 2012.

COMMUNITY AND PUBLIC BENEFIT

The Veterans Memorial Coliseum (VMC) is a regional community asset used by more than 400,000 visitors per year, and extensive public outreach has solidified support to preserve the building as an enhanced spectator facility. Increasing the grant for legal services to the City of Portland should provide sufficient funding to finalize agreements that will secure the Portland Winterhawks' ten million dollar investment in the building.

PUBLIC PARTICIPATION AND FEEDBACK

No specific public participation was conducted for the Legal Services Agreement amendment.

BUDGET AND FINANCIAL INFORMATION

The total increase in funding to the project related to this action is \$235,000 for the Legal Services Agreement, for a total not to exceed \$610,000 contract as outlined the URA Financial Summary (Attachment A). The PDC Budget will be amended to reflect the total anticipated expenditures under the Legal Services Agreement during FY 2012-13.

RISK ASSESSMENT

Obtaining the Historic Tax Credit equity for the project will require significant time and effort. It is possible that unforeseen changes to the Historic Tax Credit structure could increase the legal fees related to that aspect of the project.

ALTERNATIVE ACTIONS

The Board could choose not to increase the grant to the City of Portland for legal services, which would require identification of an alternate source of funding for the legal services required by the City to complete negotiation and drafting of the RDA and agreements related to the HTC transaction.

ATTACHMENTS:

- A. URA Financial Summary

URA Financial Summary

Five-Year Forecast Project Requirements Detail

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Convention Center URA						
Resources						
Beginning Fund Balance	1,697,229	47,187,725	5,920,015	3,645,841	1,006,682	69,763
Interest on Investments	0	25,000	20,000	5,000	5,000	5,000
Loan Collections	1,200,000	300,000	400,000	400,000	375,000	350,000
Long Term Debt	43,300,000	0	0	0	0	0
Property Income	3,264,750	0	0	0	0	0
Reimbursements	1,473,339	0	0	0	0	0
Short Term Debt	4,500,000	0	0	0	0	0
Total Fund Resources	55,435,318	47,512,725	6,340,015	4,050,841	1,386,682	424,763
Requirements						
Program Expenditures						
Administration						
Financial Administration						
A45101350 Debt Management-CNV	28,613	30,044	30,044	30,044	30,044	30,044
Administration Total	28,613	30,044	30,044	30,044	30,044	30,044
Business Dev						
Cluster Industry Development						
B15100350 Cluster Development-CNV	200,000	200,000	200,000	200,000	200,000	0
B15102350 Site Recruitment-CNV	50,000	50,000	50,000	50,000	50,000	0
Business Lending						
L02100350 BIF-General-CNV	250,000	250,000	250,000	250,000	250,000	0
Small Business & Entrepreneurs						
B55800350 Business Development-CNV	100,000	100,000	100,000	100,000	100,000	0
Business Dev Total	600,000	600,000	600,000	600,000	600,000	0
Infrastructure						
Public Facilities						
N35023715 MLK Jr Blvd Gtwy Impr-CNV-Adm	30,000	0	0	0	0	0
N35033115 Green Streets-CNV-Adm	0	150,000	0	0	0	0
Infrastructure Total	30,000	150,000	0	0	0	0
Portland Hsg Bureau						
PHB Housing						
H15430350 Affordable Rental Hsg-CNV	1,456,848	9,037,600	1,176,364	0	0	0
H15900350 PHB Staff & Admin-CNV	212,204	274,016	0	0	0	0
H15902350 MFH - 2nd and Wasco-CNV	6,500	8,700	0	0	0	0
H15903350 Lloyd Cascadian Phase II-CNV	21,500	8,667	0	0	0	0
H15932350 King/Parks Afford Hsg-CNV	362,752	0	0	0	0	0
H15949350 McCoy Apts Rehab-CNV	480,614	0	0	0	0	0
Portland Hsg Bureau Total	2,540,418	9,328,983	1,176,364	0	0	0
Property Redevel						
Commercial Property Redevelopm						
A35401350 Central City 2035-CNV	138,029	0	0	0	0	0
P35050515 Eco District-CNV-Adm	195,000	70,000	70,000	70,000	70,000	0
P35050717 Convention Center Hot-CNV-Pred	0	4,000,000	0	0	0	0
P35051115 Block 47-CNV-Adm	20,000	0	0	0	0	0
P35051315 Rose Quarter Revit-CNV-Adm	23,000,000	22,000,000	0	0	0	0
P35052215 CC 2035-CNV-Adm	0	67,522	0	0	0	0
P35057915 Eco Distr Implement-CNV-Adm	200,000	1,680,000	0	1,680,000	0	0
P35059815 Inn At Convention Ctr-CNV-Adm	100,000	100,000	0	0	0	0
P35091015 Public Outreach-CNV-Adm	5,000	5,000	0	0	0	0
Commercial Real Estate Lending						
R01100350 CPRL-General-CNV	250,000	250,000	0	0	0	0
Community Redevelopment Grants						
G02100350 DOS-General-CNV	50,000	50,000	0	0	0	0

Five-Year Forecast Project Requirements Detail

		FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
G03100350 SIP-General-CNV		100,000	100,000	0	0	0	0
Property Redev	Total	24,058,029	28,322,522	70,000	1,750,000	70,000	0
Total Program Expenditures		27,257,060	38,431,549	1,876,408	2,380,044	700,044	30,044
Personal Services		817,480	508,979	200,998	163,232	151,621	140,852
Transfers - Indirect		2,873,053	2,652,182	616,768	500,883	465,254	236,980
PHB Staff/Admin		0	0	0	0	0	0
Total Fund Expenditures		30,947,593	41,592,710	2,694,174	3,044,159	1,316,919	407,876
Contingency		24,487,725	5,920,015	3,645,841	1,006,882	69,763	16,887
Ending Fund Balance		0	0	0	0	0	0
Total Requirements		55,435,318	47,512,725	6,340,015	4,050,841	1,386,682	424,763