

**PORTLAND DEVELOPMENT COMMISSION**  
Portland, Oregon

**RESOLUTION NO. 6943**

**APPROVING THE AMENDED AND RE-STATED INTERGOVERNMENTAL AGREEMENT WITH THE OFFICE OF MANAGEMENT AND FINANCE FOR THE VETERANS MEMORIAL COLISEUM RENOVATION IN THE OREGON CONVENTION CENTER URBAN RENEWAL AREA**

**WHEREAS**, on January 11, 2012, Resolution #6915 approved the Intergovernmental Agreement with the Office of Management and Finance, and both parties now desire to amend and re-state the agreement;

**WHEREAS**, the purpose of the Amended and Re-stated Intergovernmental Agreement attached hereto as Exhibit A between the City and PDC (the "IGA") is to provide the funding for the City's contribution of a portion of the Project costs to be set forth in a Redevelopment Agreement (the "RDA") currently being negotiated by the City (with the assistance of PDC), Portland Arena Management PAM and the Portland Winterhawks, Inc. ("Winterhawks") and to come before Council May 30, 2012;

**WHEREAS**, what was previously contemplated as \$5,900,000 to be reimbursed to PDC subject to final approval and signature of the Redevelopment Agreement for the Veterans Memorial Coliseum, will now be converted to a loan of up to \$4,700,000 to the Office of Management of Finance subject to the terms as set forth in the Amended and Re-stated Intergovernmental Agreement;

**WHEREAS**, additional funding will be reserved in the PDC Oregon Convention Center Urban Renewal Area Budget in FY 2014-15 for a standalone heating and cooling system for the Veterans Memorial Coliseum if a district energy system is not constructed by October 31, 2014;

**WHEREAS**, PDC has sufficient budget authority in the amended Oregon Convention Center Urban Renewal Area budget to provide \$23,800,000 in Tax Increment Funding;

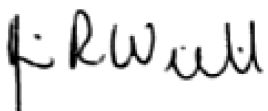
**WHEREAS**, the IGA commits PDC to provide \$23,800,000; it is not intended that PDC will ultimately fund more than \$23.8 million, including PDC's FY 2011-12 disbursements to date and in the form of a \$17.1 million grant, less PDC expenses incurred before the date of the grant, and a loan of up to \$4.7 million, for the Project; and

**NOW, THEREFORE, BE IT RESOLVED** that the Executive Director is authorized to enter into the IGA substantially in the form attached hereto as Exhibit A;

**BE IT FURTHER RESOLVED** that the Executive Director may approve changes to the IGA if such changes do not materially increase PDC's obligations or risks, as determined by the Executive Director in consultation with PDC's General Counsel; and

**BE IT FURTHER RESOLVED** that this resolution shall become effective immediately upon its adoption.

**Adopted by Portland Development Commission on May 23, 2012**



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Gina Wiedrick, Recording Secretary

**AMENDED AND RESTATED  
INTERGOVERNMENTAL AGREEMENT  
Between  
Portland Development Commission  
And  
The City of Portland  
For the  
Veterans Memorial Coliseum Project**

This Amended and Restated Intergovernmental Agreement (this "Agreement"), dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012, is made by and between CITY OF PORTLAND by and through the OFFICE OF MANAGEMENT AND FINANCE (the "City") and the PORTLAND DEVELOPMENT COMMISSION ("PDC"). The City and PDC may be referred to jointly in this Agreement as the "Parties" and individually as a "Party."

**RECITALS**

1. PDC, as the duly-designated Urban Renewal agency of the City of Portland, is granted broad powers under ORS 457.170 for the planning and implementation of urban renewal projects.
2. The Office of Management and Finance ("OMF") is responsible for management of City-owned and operated buildings, including Veterans Memorial Coliseum ("VMC").
3. VMC, 300 North Winning Street at the Rose Quarter in Portland, Oregon, is located in the Oregon Convention Center Urban Renewal Area ("OCCURA"). VMC is currently used as a general purpose indoor events venue suitable for multiple uses, including Portland's Western Hockey League hockey team, the Portland Winterhawks, concerts, community events, tennis tournaments, and graduation ceremonies.
4. A cooperative partnership between PDC and the City will be beneficial to the implementation of urban renewal plans and the development of other public policies, plans and capital projects.
5. By and through Portland City Ordinance No. 185121 and PDC Board Resolution No 6914, the Parties entered into that certain Intergovernmental Agreement dated February 24, 2012 (the "IGA") which IGA provided that PDC would provide to the City up to \$23 million in funding for the VMC renovation and improvement project (the "VMC Project").
6. This Agreement amends and restates the IGA to reflect changes to the terms and conditions of PDC's funding for the VMC Project.
7. In order to accommodate prescheduled events at the VMC, it is deemed critical that construction of the VMC Project begin in July of 2012 ("Construction Commencement").

8. Portland City Ordinance No. 185257 (passed on April 11, 2012) authorized the issuance of urban renewal and redevelopment bonds for OCCURA for the purpose of refinancing PDC's line of credit borrowing that provided interim financing for projects in the OCCURA and to provide additional funding to finance capital project in OCCURA. \$69,760,000 of special limited obligation bonds, the Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series A, (the "Bonds"), were issued on May 17, 2012.
9. The IGA contemplated that a portion of the financing for the VMC Project would include Historic Tax Credits ("HTCs"). However, the Parties have to date been unable to confirm and finalize HTC financing for the VMC Project.
10. In order to accommodate Construction Commencement, the Parties desire to enter into this Agreement to: i) increase PDC's Total Available Funds (as hereinafter defined) to the VMC Project by \$800,000; and ii) restructure the timing and structure of PDC's financial contribution to the VMC Project.

## AGREEMENT

**NOW, THEREFORE**, for good and valuable consideration, the sufficiency of which is hereby acknowledged, and the conditions, covenants and agreements set forth below, the Parties hereby agree as follows:

### **I. The Project**

**A. Background.** In August 2009, Mayor Sam Adams convened a 32 member Rose Quarter Stakeholder Advisory Committee (the "RQSAC") comprised of members representing a broad range of community interests to advise the City and PDC on the adaptive reuse or renovation of VMC and on development opportunities in the Rose Quarter area. On April 14, 2010, pursuant to Resolution No. 36777, Council accepted the recommendations of the RQSAC and directed PDC to act as agent for the City in issuing Request for Proposals for the renovation or adaptive reuse of VMC. The City, PDC and the RQSAC reviewed the proposals from the three finalists and on August 3, 2010, Mayor Adams released a Draft Enhanced Spectator Facility proposal for VMC for public review and discussion.

On September 10, 2009, VMC was listed in the National Register of Historic Places, making VMC eligible for historic tax credits, which through financial transactions can result in additional financial investment for physical improvements.

On November 17, 2010, pursuant to Resolution No. 36826, Council directed, among other things, that OMF work with PDC in negotiating a Phase 1 improvement project for the Rose Quarter with Portland Arena Management ("PAM"), including the renovation of VMC.

On May 11, 2011, the PDC Board made public findings that investing urban renewal funds in the renovation and improvement of VMC was of benefit to the public and to

the OCCURA. On August 10, 2011, Council concurred and approved the 19th Amendment to the OCCURA Plan, permitting PDC to use funds for the renovation and improvement of VMC.

On July 15, 2011, PDC issued a Request for Proposals (“RFP”) for architectural and engineering services for the VMC renovation project. On August 24, 2011, the PDC Board authorized a multi-phased architectural and engineering (A/E) professional services contract, in an amount not to exceed \$2,760,000, to provide design and construction administration services related to the redevelopment of VMC.

The purpose of this Agreement is to provide for the funding of a portion of the renovation costs to be set forth in a Redevelopment Agreement currently being negotiated by the City, PAM and the Portland Winter Hawks, Inc. (the “RDA”). The parties to the RDA are contributing financial resources and services in kind and are continuing to pursue HTCs to augment the project budget. This Agreement will fund the City’s contribution of \$23.1 million in project costs, including PDC FY 2011-12 disbursements to date.

#### **B. Summary of Work and Budget**

This Agreement provides for PDC’s funding of the City’s financial contribution to the renovation of VMC as will be outlined in the RDA and an accompanying Project Funding Agreement. A description of the currently contemplated scope of work is set forth in Exhibit A attached hereto (the “Preliminary Scope of Work” or the “Work”). The Parties acknowledge that the scope of work and corresponding budget are not yet finalized, and the Parties are working through the final stages of an iterative scoping process to determine a final scope of work and budget. A description of the currently contemplated Sources and Uses for the VMC renovation project is attached as Exhibit B (“Preliminary Sources and Uses”) to this Agreement.

## **II. CONTRACT MANAGEMENT**

- A.** PDC shall be referred to herein as the “Funding Agency”.
- B.** Although the City is not performing the renovation work under the RDA, for purposes of this Agreement, the City shall be referred to herein as the “Performing Agency”.

#### **C. Funding Agency.**

1. **Contract Signatory.** The Funding Agency contract signatory shall be the Executive Director of PDC, or such other person as designated in writing by the Executive Director of PDC (the “Funding Agency Contract Signatory”). The Funding Agency Contract Signatory is authorized to give notices and to carry out other actions referred to herein, including termination of this Agreement as provided in Section V.

2. **Contract Manager.** The Funding Agency contract manager shall be Melissa Nelson (the "Funding Agency Contract Manager"). The Funding Agency Contract Manager is responsible for the day-to-day management of this Agreement as provided herein and serves as the first level of conflict resolution.

**D. Performing Agency.** The Performing Agency Contract Signatory shall be the Chief Administrative Officer of the City ("CAO"), or such other person as designated in writing by the CAO (the "Performing Agency Contract Signatory"). The Performing Agency Contract Signatory is authorized to give notices and to carry out other actions referred to herein, including termination of this Agreement as provided in Section VI. The Performing Agency Contract Signatory also serves as the first level of conflict resolution under this Agreement.

**E. Management Staffing.**

1. A project manager shall be designated by the Performing Agency (the "Performing Agency Project Manager"), and a project manager shall be designated by the Funding Agency (the "Funding Agency Project Manager") to carry out the responsibilities designated in this Agreement.
  - a) The Funding Agency Project Manager shall be Kevin Brake, or such other person as designated in writing by the Funding Agency Contract Signatory.
  - b) The Performing Agency Project Manager shall be Betsy Ames, or such other person as designated in writing by the CAO. The Performing Agency Contract Manager is responsible for the day-to-day management of this Agreement as provided herein.
2. If either project manager is not performing or is not able to continue performing the responsibilities designated in this Agreement, then the respective contract signatory shall designate a replacement project manager. If a replacement project manager is not available, then upon written agreement of the Parties, the other Party may take on all project management responsibilities designated in this Agreement.

**F. Work Product.** The Funding Agency Project Manager will, upon his or her request, receive timely copies of all work products, including drawings, specifications, designs, draft and final copies of technical and consultant analysis and reports, construction progress reports, and key correspondence prepared or received during the course of the Project. PDC acknowledges that the Funding Agency Project Manager is part of a small steering committee that meets on a weekly basis to discuss project scope and budget and related issues. Thus, the Parties anticipate that the Funding Agency Project Manager has in his or her possession or has ready access to all work product for the renovation project.

**G. Business and Workforce Equity.** The RDA will require PAM, as the construction manager, to comply with PDC's Business and Workforce Equity Policy.

**III. FUNDING**

- A.** The total amount of funding to be committed by the Funding Agency to the VMC Project is up to \$23.8 million (“Total Available Funds”). The Total Available Funds consists of: (i) a \$17.1 million grant (the “PDC Grant”) as described in Section III.B. below; (ii) a loan of up to \$4.7 million as described in Section III.C. below (the “PDC Loan”); and (iii) a contingent grant of up to \$2 million as described in Section V below (the “Contingent Grant”).
- B.** The PDC Grant shall be used by the City for approved project costs as described in the RDA. Upon the Effective Date, the amount of the PDC Grant to be delivered to the City shall be reduced by the amount of funds advanced by PDC prior to the Effective Date to: (i) directly fund soft costs related to the renovation project under existing contracts (e.g., design costs prior to the assignment of the A/E contract to PAM, , and environmental reports, etc.); and (ii) allow the Performing Agency and PAM to accomplish the portions of the Work (the “Pre-RDA Work”) that needed to be funded prior to execution of the RDA.

**C. Terms and Conditions of the PDC Loan**

1. Uses: The funds advanced under the PDC Loan shall be used by the City for approved project costs as described in the RDA.
2. City’s Repayment Responsibility. The City agrees to repay PDC for the PDC Loan from net revenues in the Spectator Facilities Fund (“SFF”) after operations costs and other SFF obligations as described in this Section III.C.
3. Loan Subordination. The City’s obligation to repay the PDC Loan is subordinate to:
  - i. Existing SFF debt obligations, including future SFF debt obligations that refund existing SFF debt obligations to produce debt service savings;
  - ii. Anticipated capital expenditures and repairs on JELD-WEN Field of up to \$600,000;
  - iii. Anticipated capital expenditures, improvements and repairs to VMC up to an annual limit of \$250,000 (which may be increased by Consumer Price Index); and
  - iv. Anticipated capacity charges for district energy in an amount to be determined in writing by the Parties.
4. Terms of Loan Repayment. The City shall repay PDC for the PDC Loan in accordance with the following schedule until the original principal balance, plus accrued interest, is satisfied:
  - i. Unless the Parties otherwise agree in writing, repayment of principal and accrued interest shall commence on June 1, 2018.

- ii. During Years 1 – 5 (FY 2012-13 through FY 2016-17) of repayment, interest on the principal balance shall accrue at the annual rate of 0.0%. Commencing Year 6 (FY2017-18) and thereafter, interest on the principal balance shall accrue annually on each June 1 at the rate of 2.0%
  - iii. Loan payments shall be amortized equally over a fifteen (15) year period from FY 2017-18 through FY 2031-32 as set forth in Exhibit C: Schedule A attached hereto.
  - iv. If an annual payment is not made in full by the City as scheduled, any unpaid amount of principal and interest will be added to the payment due in the following year, until all accrued and unpaid amounts have been provided to PDC by the City.
- D. HTC Proceeds.** Notwithstanding the repayment terms for the PDC Loan set forth in Section III.D., if HTC proceeds are received by the City and are available to fully fund the VMC roof replacement, then the PDC Loan repayments shall instead be amortized equally over an eight (8) year period from FY 2017-18 through FY 2024-25 as indicated in Exhibit C: Schedule B attached hereto. Further, the Parties agree that the second priority for disbursement of HTC proceeds will be for payment of up to \$500,000 to PDC in lieu of foregone payments in Years 1 – 5.
- E. Prepayment.** The City may prepay all or a portion of the outstanding principal on the PDC Loan to PDC at any time without penalty. Interest on any remaining balance will continue to accrue at the rates described above. Upon any prepayment, the remaining outstanding loan payments will be reamortized equally until the final payment date.
- F. Advances.** Advances under the PDC Grant and the PDC Loan shall be made to the City when and as needed to meet City funding obligations under the RDA. as described in Section III.B. above; and (ii) the PDC Loan.
- G.** The source of the Total Available Funds is the OCCURA.
- H.** The Total Available Funds are authorized in the budget for the current fiscal year.
- I.** The Total Available Funds shall only be expended on Tax Increment Financing eligible uses, for example, planning for improvements, design and engineering for improvements, and construction of improvements in connection with the VMC Project. Costs for operations, maintenance, and moving transit stock are not typically eligible for Tax Increment Financing.
- J.** Changes in the Work and contingencies shall be managed as set forth in the RDA.

#### **IV. GREEN BUILDING POLICY**

The Parties intend the VMC Project will achieve the highest level of certification reasonably attainable through the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program, but in no event less than LEED Certified, using available VMC renovation budget resources. In light of the overall environmental and social benefits to be realized in the VMC Project and the budgetary constraints, and to the extent that PDC's Green Building Policy is applicable to the VMC Project, PDC agrees to waive PDC's Green Building Policy.

#### **V. CONTINGENT GRANT FOR VMC HEATING AND COOLING SYSTEM AND DISTRICT ENERGY SYSTEM.**

**A. Contingent Grant.** PDC shall make available the Contingent Grant that may be dispersed, over time, as follows:

1. It is currently desired that the heating and cooling systems for VMC will be supplied by a district energy system within two years of the Effective Date. Until VMC's existing heating and cooling systems are replaced by district energy, the City will continue to provide repairs and maintenance for the existing systems. However, if the anticipated costs for continued operation of the existing system during such period are anticipated to exceed \$120,000, the City will consult with PDC about the City's desire to pursue capital replacements of the systems. If the City thereafter elects to proceed with capital replacements, the City may draw funds under the Contingent Grant to pay for the capital costs of such replacements.
2. If by October 31, 2014, a district energy system servicing the VMC has not been implemented or efforts to create a district energy system servicing the VMC have terminated, the City may elect to replace the VMC's heating and cooling system. If the City makes such an election, the City may draw any remaining funds under the Contingent Grant.
3. In all events, the Contingent Grant funds may only be drawn on by the City for such eligible expenses related to the heating and cooling system as are consistent with the requirements of Section III.I. hereof.

**B. District Energy.** The Parties agree to work collaboratively and cooperatively in attempting to reach final agreement on the implementation and financing of a district energy system which will provide heating and cooling to the VMC.

#### **VI. GENERAL**

**A. Effective Date.** This Agreement shall not become effective until the Closing Date as defined by the RDA (the "Effective Date"). However, if the Closing Date does not occur prior to September 1, 2012, this Agreement shall terminate.



**B. Compliance with Laws.** In connection with its activities under this Agreement, the Parties shall comply with all applicable federal, state and local laws and regulations.

**C. Indemnification.**

Subject to the limits of the Oregon Tort Claims Act and Oregon Constitution, City agrees to indemnify, hold harmless and defend, PDC, its directors, officers, employees and agents from and against all claims, suits, actions of whatsoever nature, damages or losses, and all expenses and costs incidental to the investigation and defense thereof including reasonable attorneys fees, resulting from or arising out of the activities of City, its officers, employees or agents under this Agreement.

Subject to the limits of the Oregon Tort Claims Act and Oregon Constitution, PDC agrees to indemnify, hold harmless and defend, City, its officers, employees and agents from and against all claims, suits, actions of whatsoever nature, damages or losses, and all expenses and costs incidental to the investigation and defense thereof including reasonable attorneys fees, resulting from or arising out of the activities of PDC, its directors, employees or agents under this Agreement.

**D. Ownership of Work Product.** Ownership of any and all plan sets, technical data, documents, plans, designs, drawings, technical data reports, specifications, working papers and other materials produced in connection with this Agreement (the "Work Product") will be handled as set forth in the assignment of the A/E design contract from PDC to PAM, the RDA, and other related agreements. Under the A/E design contract, PDC owns the Work Product. It is the intention of the Parties that following the assignment of the A/E contract, the City will own the Work Product and will provide PAM with rights to the Work Product sufficient to enable PAM to complete the renovation project.

**E. Maintenance of Records.** The Performing Agency shall maintain records regarding the use of funds drawn by the City under the PDC Grant, the PDC Loan and the Contingent Grant, and shall upon reasonable advance notice make such records available to PDC or its agents for inspection and copying.

**F. Funding Acknowledgement / Signage.**

1. Any oral reports made to neighborhood, business, or other civic organizations, as well as to any members of the press should acknowledge work being done is based on a partnership between the City and PDC and, if appropriate, financed with funds from the "the Oregon Convention Center Urban Renewal Area".
2. The City shall request PAM to display a sign near the construction site and readily visible to the public, specifying that the Project is being "funded in part by the Portland Development Commission's Oregon Convention Center Urban Renewal Area". The City will request that this sign remain in place until construction is complete.

**VII. Amendments**

This Agreement may only be amended by a written agreement signed by both PDC and the City. The CAO and the Executive Director of PDC and their respective designees are authorized to take all actions necessary to implement the terms of this Agreement and may authorize amendments of this Agreement without further action by City Council and the PDC Board, respectively, so long as the amount of Total Available Funds is not increased.

**VIII. Merger Clause**

This Agreement contains the entire agreement between PDC and the City. It supersedes all prior written or oral discussions or agreements concerning work to be performed by either Party.

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DRAFT

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates set forth below.

**CITY OF PORTLAND**

**PORTLAND DEVELOPMENT COMMISSION**

\_\_\_\_\_  
Jack Graham, Chief Administrative  
Officer

\_\_\_\_\_  
Patrick Quinton, Executive Director

Date \_\_\_\_\_

Date \_\_\_\_\_

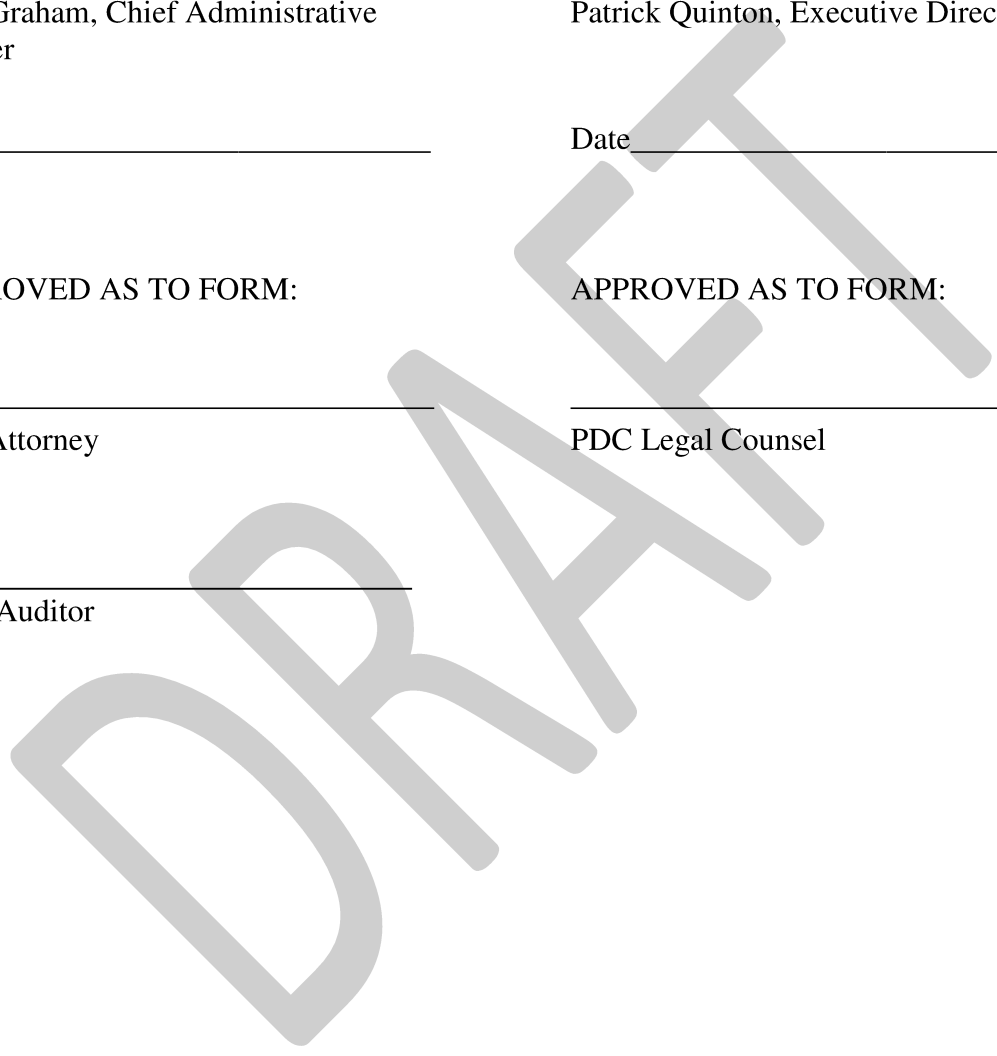
APPROVED AS TO FORM:

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
PDC Legal Counsel

\_\_\_\_\_  
City Auditor



**RESOLUTION NO. 6943**

**RESOLUTION TITLE:**

APPROVING THE AMENDED AND RE-STATED INTERGOVERNMENTAL AGREEMENT WITH THE OFFICE OF MANAGEMENT AND FINANCE FOR THE VETERANS MEMORIAL COLISEUM RENOVATION IN THE OREGON CONVENTION CENTER URBAN RENEWAL AREA


Adopted by the Portland Development Commission on May 23, 2012

| PRESENT FOR VOTE                        | COMMISSIONERS                 | VOTE   |                          |                          |
|---|-------------------------------|--|--------------------------|--------------------------|
|   |                               | Yea  | Nay                      | Abstain                  |
| <input checked="" type="checkbox"/>     | Chair Scott Andrews           | <input checked="" type="checkbox"/>                | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/>                | Commissioner Aneshka Dickson  | <input type="checkbox"/>                           | <input type="checkbox"/> | <input type="checkbox"/> |
| <input checked="" type="checkbox"/>     | Commissioner John Mohlis      | <input checked="" type="checkbox"/>                | <input type="checkbox"/> | <input type="checkbox"/> |
| <input checked="" type="checkbox"/>     | Commissioner Steven Straus    | <input checked="" type="checkbox"/>                | <input type="checkbox"/> | <input type="checkbox"/> |
| <input checked="" type="checkbox"/>     | Commissioner Charles Wilhoite | <input checked="" type="checkbox"/>                | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> Consent Agenda |                               | <input checked="" type="checkbox"/> Regular Agenda |                          |                          |

**CERTIFICATION**

**The undersigned hereby certifies that:**

*The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and as duly recorded in the official minutes of the meeting.*

|   |   |
|---|---|
|  | <p><b>Date:</b></p> <p>July 3, 2012</p> |
| <p><b>Gina Wiedrick, Recording Secretary</b></p>                                    |   |