

**Rose Quarter Development  
Memorandum of Understanding  
August 6, 2009**

This Memorandum of Understanding ("MOU") is entered into between the City of Portland ("City"), the Portland Development Commission ("PDC") and Portland Arena Management ("PAM") (collectively "the Parties"). This non-binding MOU is intended to memorialize the intent and desire of the Parties to create a framework for making decisions with regard to the options for possible future redevelopment of the Memorial Coliseum and, ultimately, the development strategy for the Rose Quarter area as a whole ("Rose Quarter District").

Recitals:

- A. In 1992, the City and Oregon Arena Corporation (predecessor-in-interest to PAM), entered into a series of comprehensive agreements related to the development of the Rose Quarter Arena, the Memorial Coliseum, and other plazas, parking areas and office/retail areas adjacent thereto (collectively "the Rose Quarter Agreements").
- B. The City (as owner of a majority of the Rose Quarter District), PDC (as the City's urban renewal agency) and PAM (as owner of the Rose Garden Arena and related improvements, and as operator of the Memorial Coliseum) all have a long term interest in the future development of the Rose Quarter District;
- C. All of the properties within the Rose Quarter District are presently within the Oregon Convention Center Urban Renewal District ("OCC URA") created by the PDC. PDC has a public interest in ensuring that any future development of these properties is consistent with the objectives of the OCC URA and the Parties desire that PDC perform as a facilitator for the Project and process described in this MOU.
- D. Without prejudice to the respective rights of the City and PAM under the Rose Quarter Agreements, the Parties desire to create an open and inclusive public process ("the Project Process") to prepare a development strategy to guide development at the Rose Quarter District ("the Development Strategy") and explore options to renovate or adaptively reuse the Memorial Coliseum ("the Memorial Coliseum Process") in a manner that i) best meets the needs of the citizens of Portland and ii) is consistent with the Parties desire to insure the continued vitality of PAM's operations at the Rose Garden Arena and the other facilities owned by PAM. A visual depiction of the Project Process is attached as Exhibit A.

### Rose Quarter Development – General:

The Parties agree to work together in good faith to develop the Rose Quarter District to create a vibrant, pedestrian-scaled mixed use neighborhood that showcases leading edge sustainability principles and Portland’s uniqueness, creates quality jobs, and integrates with and compliments surrounding neighborhoods and the adjacent Lloyd District (collectively referred to as the “Project”).

The Project study area includes City-owned and privately held real property located within the OCC URA along the Willamette River, south of N. Broadway, west of Interstate 5, and north of the east-west Light Rail corridor (Refer to Exhibit B). More specifically, the Project area includes: waterfront property owned by Aegean (an affiliate of PAM); City-owned East and West Parking Garages; City-owned Benton surface parking lot; the Rose Garden Arena and the Entertainment Complex and their adjoining parking garages owned by PAM on land leased from the City; the area marked Phase II Entertainment Complex, and the City-owned Memorial Coliseum and adjoining Plaza, all as depicted on Exhibit C. The parties may discuss expansion of the Project area to include properties located north of N. Broadway to ensure a complete activation of the Broadway corridor.

PDC and the City acknowledge PAM’s desire to develop a mixed use project for the Project area, which may include a covered outdoor entertainment venue, restaurant and clubs, a new office building, hotel, an interactive sports museum and related uses.

### Rose Quarter Development and the Future of Memorial Coliseum:

1. The City, after consultation with PDC, intends to appoint a Stakeholder Advisory Committee (“SAC”) to advise the City regarding Rose Quarter District development. PDC will be responsible for the organization and management of the SAC, and for the costs thereof.
2. The SAC should represent a broad range of stakeholder interests and will be advisory to the Portland City Council on all aspects of the Rose Quarter District including the future of the Memorial Coliseum. The SAC will i) confirm the vision for Rose Quarter development based on previous planning efforts and new research, ii) recommend criteria for evaluating proposals for the renovation or adaptive reuse of the Memorial Coliseum, iii) recommend ideas for invitation to a proposal process (as described in Section 10 below), iv) participate in the final selection of proposals, and v) provide feedback on the Rose Quarter Development Strategy.
3. The SAC should adopt criteria for the evaluation of ideas and proposals for the renovation or adaptive reuse of the Memorial Coliseum. The criteria should be consistent with:
  - The Development Vision and Development and Urban Design Principles which are

based upon the 2001 Urban Design Plan and Development Strategy which constitutes the Master Plan under Section 29.5 of the Development Agreement;

- Section 29.6 (Development Criteria) of the Development Agreement between Oregon Arena Corporation and the City, dated November 4, 1992 (“Development Agreement”), and
  - Section 15.3 of the Memorial Coliseum Operating Agreement dated April 23, 1993 (no “Spectator Facility” as defined in the Agreement).
4. Any Rose Quarter Development Strategy will be subject to review by the PDC Board of Commissioners, the SAC, and the Portland City Council in addition to City review bodies which may include the Portland Planning Commission and Design Commission; and review by the Historic Landmarks Commission may be necessary for certain elements of the Project.
  5. PDC will organize at its cost a series of public forums to solicit ideas for the renovation or adaptive reuse of the Memorial Coliseum.
  6. PAM agrees to participate in the Memorial Coliseum Process, and particularly as a proposer at one or more of the public forums, based on the shared objective to develop various public or private uses for the Memorial Coliseum which satisfies the criteria established by the SAC pursuant to Section 2 above.
  7. The Parties agree that PAM may also, independent of the Memorial Coliseum Process described herein, host conversations with the community to inform the community of PAM’s proposed mixed use project, thereby assisting PAM in preparing a proposal to submit as described in Paragraph 6 above.
  8. All Parties intend that the renovation or adaptive reuse of the Memorial Coliseum will seek to either (i) improve the existing Veterans Memorial or, (ii) facilitate development of another Veterans Memorial at (or move the existing Memorial to) an equally or more attractive and accessible site.
  9. PAM agrees to support PDC efforts to catalogue Memorial Coliseum operations and existing conditions to provide information to the general public and to participants involved in the SAC Process.
  10. The Parties intend that after completion of the public participation process described in Section 5 above, suggested ideas for the renovation or adaptive reuse of the Memorial Coliseum will be analyzed by the SAC using the evaluation criteria described in Section 2 above. A short list of suggested ideas (preferably no more than 3) would be

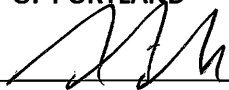
recommended by the SAC to the PDC Board and Portland City Council for invitation to the proposal process described in Section 11 below.

11. If the solicitation of proposals is requested and permitted as described in Section 12 below, the City intends to proceed to solicit requests for proposals for the renovation or adaptive reuse of the Memorial Coliseum. PAM, may, but need not, submit a formal proposal for consideration in response to the solicitation.
12. If the City intends to invite a proposal for a private use from a party other than PAM (or its affiliate), PAM is willing to discuss with the City whether it is willing to waive its development rights under the Rose Quarter Agreements as to the Coliseum Development Area. If PAM elects not to consent to such a waiver, it is the City's intent to honor PAM's rights. If PAM waives such rights, the City may negotiate a Development Agreement consistent with the selected proposal and the needs of the City. The proposer of the selected plan will prepare a Development Strategy for renovation or adaptive reuse of the Memorial Coliseum as outlined in Section 14 below. The City will consult with PAM during such negotiations in order to coordinate the proposed renovation or adaptive reuse of the Memorial Coliseum with PAM's operation of the Memorial Coliseum and PAM's plans for the Rose Garden Arena and the development areas for which PAM has development rights under the Rose Quarter Agreements.
13. As to the Public Parking Garages Development Area depicted on Exhibit C, PAM will have the option of either (i) submitting a proposal for the development of such area, or (ii) electing not to submit a plan for development. If PAM elects to submit a proposal as described in the previous sentence, such plan shall include the elements of the Development Strategy described in Section 14 below. If PAM elects not to submit such a proposal, PAM will waive and release its rights to develop the Public Parking Garages Development Area.
14. If the City selects the proposal of PAM (or its affiliate), the City and PAM will negotiate a Development Agreement consistent with PAM's proposal and the requirements of the Rose Quarter Agreements, as amended. As part of the negotiation of the Development Agreement, it is contemplated that PAM should prepare a Development Strategy for both the Memorial Coliseum, as well as other areas of the Rose Quarter District, that includes: Site Plan, Development Program, Phasing Plan, Market Analysis, Veterans Memorial (or alternate proposal)—if needed based on selected Coliseum renovation or adaptive reuse proposal, Access and Circulation Diagram, Transportation and Access Improvements (public and private), and a Financial Analysis (including a development pro forma and operations pro forma). The Development Strategy should also be responsive to the Oregon Department of Transportation's proposed Interstate 5 access changes.

15. The Parties acknowledge that urban renewal funding is constrained. At the time of MOU execution, and subject to budget appropriation, a total of \$5.4 million has been allocated to Rose Quarter Revitalization (Fund 25613) from the OCC URA. Additional OCC URA funding may be possible through: 1) a reallocation of resources with the support of the Oregon Convention Center Urban Renewal Advisory Committee; and 2) the issuance of deferred interest bonds that would allow the OCC URA to access future year tax increment revenues. Due to existing bond market conditions, issuance of deferred interest bonds may require that any such bonds be privately placed with the selected proposer. The additional resources that may potentially be available through the deferred interest structure will depend upon many factors, including: the timing of the OCC URA's debt issuance of all of its planned projects, prevailing market interest rates, covenants limiting the issuance of additional bonds, and housing set-aside requirements.


The Parties agree to work together to identify potential sources of additional public funding, beyond urban renewal funding. PDC also agrees to facilitate a financial analysis of the potential for expansion of the Interstate Urban Renewal Area as part of the N/NE Study.

**CITY OF PORTLAND**

By:   
Name

Title: Mayor, City of Portland

**PORTLAND DEVELOPMENT COMMISSION**


By:   
Name

Title: Executive Director

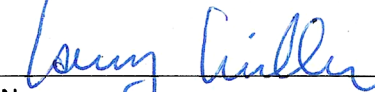
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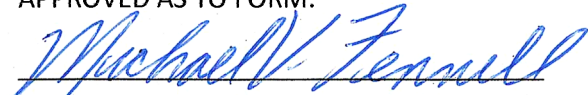
  
General Counsel

**PORTLAND ARENA MANAGEMENT**

By:   
Name

Title: President

APPROVED AS TO FORM:

  
Senior Vice President/  
General Counsel