

---

# PORTLAND ARENA MANAGEMENT LLC

One Center Court, Suite 200  
Portland, Oregon 97227  
Telephone: 503.797.9737

---

March 16, 2010

Mayor Sam Adams  
City of Portland  
1221 SW 4<sup>th</sup> Ave., Room 340  
Portland, OR 97204

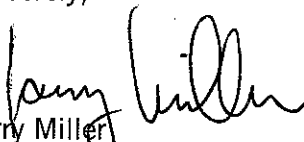
Dear Mayor Adams:

Portland Arena Management (PAM) and the Portland Trail Blazers appreciate the opportunity to participate in the process that you have created to decide the future of the Memorial Coliseum and the Rose Quarter. We have spent more than a year working with community, business and neighborhood organizations and current users of the Memorial Coliseum to refine our plan for the venue and the larger district. We believe that our plan for the Memorial Coliseum is the best plan economically, environmentally, architecturally and operationally, and we are confident that the Stakeholder Advisory Committee, the Portland Development Commission and City Council will agree.

However, in the event that the City of Portland selects a proposal other than the Trail Blazers/Winter Hawks proposal for the Memorial Coliseum, and enters into negotiations for the redevelopment of the Memorial Coliseum based on that proposal, PAM is open to discussing changes to the Memorial Coliseum operating agreement if such discussions prove necessary. PAM reserves the right to decide in its sole discretion whether it will agree to any such changes.

The Memorial Coliseum operating agreement has provided great benefits to the City of Portland and has allowed the Memorial Coliseum to continue to serve Portland for 17 years. It was part of several agreements that provided the City with the new, larger, state of the art Rose Garden arena which was 100% privately financed, and has generated over \$61M in direct payments to the City. The current agreement is also very important to our business model, so any changes to the agreement will need to add significant benefits to PAM. At present, it is difficult to envision changes to the agreement that would fully protect interests vital to PAM and the City, but as noted above, we are open to discussing changes if such discussions prove necessary.

Sincerely,



Larry Miller  
President, Portland Arena Management



March 5, 2010

**VIA HAND DELIVERY**

Mayor Sam Adams  
Commissioner Nick Fish  
Commissioner Amada Fritz  
Commissioner Randy Leonard  
Commissioner Dan Saltzman  
City of Portland  
City Hall  
1221 SW Fourth Avenue  
Portland, OR 97204

RE Rose Quarter Development Process

Dear Mayor Adams and City Commissioners:

The team working on the Memorial Athletic & Recreation Center (MARC) proposal is pleased that our proposal is on the "short list" of plans under consideration for the re-use of Memorial Coliseum. At the same time, we have determined that proceeding with additional development of our plan, including preparing a response to the proposed Request for Proposals (RFP), represents a considerable risk given what amounts to the right of Portland Arena Management (PAM) to veto any operation of the Memorial Coliseum as a spectator facility by anyone but themselves.

Specifically, the Operating Agreement between PAM and the City states (emphasis added):

"2.2.3 The City may also elect to terminate this Agreement at any time and for any reason, upon not less than 18 months advance written notice to OAC [now PAM] and if the City so elects, **the city will only operate the Coliseum as a Non-Spectator Facility**. Operating the Coliseum as a Non-Spectator Facility means using the Coliseum for only: non-arena activities, Community Events, trade shows, consumer shows (and forms of "flat" shows), and convention related activities, **but not for sporting events, concert and performances.**"

The Blazers have been very forthcoming with our team and have repeatedly indicated that there are no circumstances under which they would be willing to relinquish their operating rights to the Coliseum. Given the Operating Agreement language, and the Blazers' stated

Letter to Portland City Council

March 5, 2010

Page 2

position on these rights, we must question the legal ability of the City to offer the use of the Coliseum for our proposal.

In light of these facts, we cannot see how our team can be successful in securing control of the Coliseum through the RFP process. On one hand, the City has indicated they will attempt to resolve the operating agreement issue at some point in the future, perhaps after the RFP process. On the other hand, the Blazers have said "no way". This conflict must be resolved immediately so the process can move forward with the possibility of a fair and equitable outcome.

The MARC proposes an integrated business operation in which net income from arena events (including spectator uses) is used to offset the operating costs of the public recreation uses. In short, in order to be financially viable, our proposal is premised on our ability to operate the Coliseum as a multi-purpose public recreation, spectator and events facility, including activities expressly prohibited under Section 2.2.3 of the Operating Agreement.

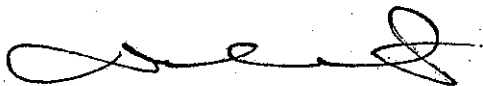
In sum, we respectfully request that the City Council take immediate steps to create a level playing field in the Rose Quarter process. Specifically, we ask that the Council delay any decision on proceeding with an RFP process (and expenditure of additional public money on the process) until such time as it is determined whether or not the operating rights to the Coliseum can be re-negotiated between the City and PAM in the event the City Council decides on a plan other than that proposed by the Blazers.

Until this is accomplished, we believe that the risk inherent in expending substantial additional volunteer time and incurring the costs of responding to the RFP are too much to ask of a team that is proposing to develop a not-for-profit/public project for the benefit of the community.

This is a basic question of equity and fairness that only the City Council can address. We ask that the Council address this issue head on at the March 11<sup>th</sup> City Council Meeting.

Your consideration of the foregoing is greatly appreciated.

Sincerely,  
marcpdx.org



Douglas L. Oblatz, Sponsor

DLO/pkb

# [VMAAC]

## The Veterans Memorial Athletics and Arts Center

City of Portland – Office of the Mayor  
1221 SW 4th Avenue, Room 340  
Portland, OR 97204

DRAFT 3.10.2010

Re: Response to the Operating Agreement as requested by the Mayor;

Mayor Adams:

If the VMAAC is chosen by the City Council, we could implement our concept to adapt to the following scenarios discussed in our meeting:

- A. **Independent Redevelopment** – The VMAAC would redevelop the Coliseum ourselves integrating the resources of Kiewit, and adopt control of the entire Coliseum (including the central arena). Under this provision, the operating agreement would need to be amended prior to the RFP phase to enable private financing contingent on amendments to the current operating agreement. As an alternative, the flexibility of the VMAAC will allow independent programming from the central arena that could operate simultaneously with current PAM operations.
- B. **Redevelopment Partnership** – In preparation of the RFP, an agreement would be formed to co-develop the Memorial Coliseum with the City. This agreement would allow the Blazers continued operations management of the central arena in cooperation with the VMAAC and the City of Portland.
- C. **Existing Partnership Cooperative** – In preparation of the RFP, an agreement would be formed to design-build the VMAAC for the Trail Blazers under the existing contract creating an operations partnership independent of the City of Portland.

Sincerely,

Matthew Miller and Mike Gilliland (on behalf of the VMAAC Development Group)

# VMAAC

## Revenue Generators

### ARTS ACADEMY (Private Grant Subsidized)

- Music: Classical, Jazz, Modern, Symphonic, Orchestral, Wind, Chamber, Choral, etc.
- Dance: Ballet, Modern, African, Ballroom, Tap, Hip-Hop, Swing
- Theater

### ARTS PERFORMANCE CENTER

- 500 Seat Auditorium
- 3 100 Seat Black-Box Theaters

### ENTERTAINMENT

- Jazz Night Club
- Restaurant
  - Catering Department
- Sports Bar
- Concessions
- Deluxe Skybox Suites

### EVENT SPACE

- Art Gallery/Reception Space
- Conference Rooms

### ADMINISTRATIVE/OPERATIONS SPACE

- Office Space for Lease: Non-Profits/Volunteer Organizations, Rose Festival, RACC, PYP, PYJO, Theater Vertigo, Veterans Administration
- Grant Writing Facility

### ATHLETICS

- Venue Space
  - Arena: Ice Rink for Winterhawks
  - Arena: Basketball for WNBA
  - Arena: Tournaments
  - Arena: Circuses, Concerts, Etc.
- Athletic Club Membership/Entry Fees
  - Basketball/Volley Ball Courts
  - Gymnastics Space
  - Climbing Gym/Rock Wall
  - Strength Training Rooms
    - Free Weights Room
    - Nautilus Machine Room
  - Cardio Training Room
    - Bikes/Aerobics
  - Mind & Body Rooms
    - Yoga/Pilates
  - Wrestling/Martial Arts

### AQUATICS CENTER

- Swim Racing Competitions
- Diving Competitions
- Synchronized Swimming Events
- Water Polo Tournaments
- Classes
- Recreation Pool
- PIL Swimming Facility

### MULTIMEDIA

- Education Facility
  - Television Studio
  - Radio Station
  - Recording Studios

### ADDITIONAL SPACES

- Youth Hostel
- Retail Space
- Hotel
- Parking (already built)