



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

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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 11th City Council Meeting.

Your consideration of the foregoing is greatly appreciated.

Sincerely,
marcpdx.org



Douglas L. Oblatz, Sponsor

DLO/pkb