

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2013-129

Resolution Approving the Memorandum of Understanding (MOU) Regarding the Oregon Convention Center Hotel Project.

The Multnomah County Board of Commissioners Finds:

- a. Metro, the City of Portland and Multnomah County signed a Statement of Principles supporting the issuance of a request for proposal for the development of the Oregon Convention Center Hotel Project, and reflected a common understanding of the project opportunities and goals.
- b. Metro, the City of Portland and Multnomah County agreed to amend the 2001 Visitor Facilities Intergovernmental Agreement (VFIGA) to include funding to Metro to pay scheduled debt service on Oregon Convention Center Hotel bonds, if such bonds are issued to contribute to a hotel project.
- c. Metro entered into negotiations with Mortenson Construction and Hyatt to develop the Oregon Convention Center Hotel.
- d. Construction of a convention center hotel is expected to create hundreds of much needed jobs in our community – both in the building of the hotel and ongoing in the hospitality field.
- e. Multnomah County's July 2013 unemployment rate was 7.1%, and continues to be well above pre-2008 unemployment levels. The contribution of public funds to the construction of the Convention Center hotel provides an economic benefit to Multnomah County residents.
- f. The MOU attached hereto as Exhibit A captures the principles and concerns of the City of Portland and Multnomah County as Metro moves forward with this project.
- g. The Board adopts this Resolution with the expectation that all parties to the attached MOU will comply with its terms as expressed therein.

The Multnomah County Board of Commissioners Resolves:

1. Approves and supports the terms articulated in the attached MOU pertaining to the Oregon Convention Center Hotel Project.

ADOPTED this 19th day of September, 2013.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON



Marissa Madrigal, Acting Chair

REVIEWED:
JENNY M. MADKOUR, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Jenny M. Madkour, County Attorney

SUBMITTED BY: Marissa Madrigal, Acting Chair.

OREGON CONVENTION CENTER HOTEL PROJECT

MEMORANDUM OF UNDERSTANDING

Through this Memorandum of Understanding, the City of Portland, Metro, and Multnomah County agree to the following:

Introduction

The Oregon Convention Center (OCC) is an economic development tool that attracts tourists and business travelers to the state, infusing millions of dollars each year into the local economy. In addition to creating and sustaining thousands of jobs, business activity at the OCC generates hundreds of millions of dollars in state and local tax revenues that fund important services upon which Oregonians rely. For fiscal year 2011-12, regional economic impact totaled \$451 million, 4,400 jobs were supported and state and local taxes generated approximately \$18.6 million.

The public partners recognize that continued, ongoing and strategic investments in the convention business are necessary, as with any industry, to maintain national convention market share, ensure long-term financial viability of past investments, and maximize the community economic impacts. The OCC Hotel Project has long been identified as a key project to advance these goals.

OCC Hotel Project

In March 2013, Metro, City and County staff began preparing a thorough set of revisions to the existing Visitor Facilities Trust Account Intergovernmental Agreement, the general purpose of which was to reflect updated priorities and needs of the region's visitor facilities and tourism promotion programs, including a convention center hotel.

Upon approval by the City, County, and Metro of the Amended and Restated Visitor Facilities IGA (VFIGA), Metro intends to negotiate an OCC Hotel Project Development Agreement, including a commitment of public funds, which will result in development of a convention center hotel and improve the competitiveness of the OCC. In other related agreements, Metro will endeavor to negotiate key terms that address OCC competitiveness, while at the same time taking into consideration the interest of and impacts on existing hotels and service providers.

Final Development Agreement

Throughout development agreement negotiations, Metro, the City and the County are committed to achieving the following goals:

- Private sector development, ownership and operation of the hotel at a 3.5+ star quality rating

- National hotel brand familiar to and sought out by national meeting planners
- Location directly adjacent to the Oregon Convention Center
- A room block of 500 rooms and other necessary convention amenities such as ballroom and meeting space, restaurants and parking. A room block agreement will be negotiated between Metro and the OCC Hotel Project operator to address the required city-wide meeting and event room block needs
- Hotel design that supports revitalization and activation of the area surrounding the Oregon Convention Center
- Commitment to:
 - Portland Development Commission Minority/Women/Emerging Small Business (M/W/ESB) goals
 - Metropolitan Exposition Recreation Commission (MERC) First Opportunity Target Area (FOTA) employment goals
 - Achieving LEED Silver status at minimum
 - Utilization of union building trades for construction
- An executed labor peace agreement between the OCC Hotel Project operator and the national union representing hotel workers, UNITE HERE
- A financing plan to fund construction, including public and private investment, anticipated to include:
 - \$119.5 million private investment
 - \$18 million direct public investment (State grant, PDC loan, Metro grant)
 - \$60 million revenue bond issued by Metro, representing the lodging taxes expected to be generated from the OCC Hotel Project
 - The OCC Hotel Project will be managed with the private owner accepting all operational risk and responsibility, with no commitment of public resources in any way to support hotel operations
- Adequate parking to service the needs of the OCC Hotel Project, anticipated to be approximately 300 parking spaces, which will be constructed using private resources. Metro's project funding will not be used to finance the cost of constructing a parking structure that is separate from the OCC Hotel Project or which services needs beyond what is necessary for hotel operations

- Commitment to the OCC Hotel serving as a rate leader, in its competitive set, for aggregate annual room rates that will help grow market rates to benefit and protect the central city hotel market. Metro will work with the OCC Hotel Project operator and Travel Portland to coordinate marketing plans and rate promotions on an ongoing basis to ensure the OCC Hotel Project serves as a rate leader, and does not precipitate room rate decline.
- An appropriate development fee, not to exceed 6% of the total construction costs
- Land cost for the project supported by an appraisal conducted prior to closing to verify appropriate market value.
- Metro will obtain a waiver to Portland City Code 6.04.130.D from the OCC Hotel Project operator, including agreement to periodic updates of such waiver, to allow sharing of the site-specific transient lodging tax information with the Financial Review Team, who shall sign a confidentiality agreement.

We the undersigned agree to this Memorandum of Understanding as of _____, 2013

Metro

Tom Hughes, Council President

Date

Multnomah County

Marissa Madrigal, Acting County Chair

Date

City of Portland, Oregon

Charlie Hales, Mayor

Date