Hotel Negotiator/Advisor
Oregon Convention Center Hotel Project

RFP 2512

Metro Visitor Venues
600 NE Grand Ave.
Portland, OR 97232
503-797-1700

Procurement Analyst
Karen Slusarenko, CPPB
bidsandproposals@oregonmetro.gov

Notice is hereby given that proposals for RFP 2512 for Hotel Negotiator/Advisor - Convention Center Hotel shall be received by Metro, 600 NE Grand Avenue, Portland OR 97232 until close of business on October 18, 2013. It is the sole responsibility of the proposer to ensure that Metro receives the Proposal by the specified date and time. Proposals may be mailed, delivered, faxed or emailed. Proposers shall review all instructions and contract terms and condition.

I. INTRODUCTION

The Visitor Venue Department of Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, located at 600 NE Grand Avenue, Portland, OR 97232-2736, is requesting proposals for Hotel Negotiator and Advisor Services for the Oregon Convention Center Hotel. Proposals will be due as indicated on the RFP cover page. Details concerning the project and proposal are contained in this document.

II. BACKGROUND/HISTORY OF PROJECT

In May 2012, Metro, on behalf of three public partners, issued Request for Proposal 13-2115 Oregon Convention Center Hotel ("OCC Hotel") for the development, financing, design, construction and operation of a 600-room convention center hotel proximate to the Oregon Convention Center. The RFP called for a privately-owned and operated hotel located directly adjacent to the OCC ("OCC"). The fundamental purpose of the hotel project is to enable the OCC to better achieve its regional economic development mission by attracting additional convention business to our community. On September 13, 2012, Metro selected Mortenson Development/Hyatt Hotels Corporation as the development team with whom Metro would begin negotiations. Metro and the Mortenson/Hyatt team commenced negotiations October 31, 2012, upon execution of a labor peace agreement between Hyatt and Unite Here.

In August 2013, Metro approved a preliminary, non-binding framework agreement (referred to as the project Term Sheet) with Mortenson Development. The Term Sheet (Appendix A) describes the proposed hotel project, development team, key business terms, project budget, sources and uses, schedule and is the basis upon which a formal development agreement will be negotiated.

Throughout the course of the project, Metro has hired several advisors and professionals to advise the Metro Council and staff on a variety of pre-development topics. The current consultant team includes expertise in financing, hotel and convention market analysis and forecasting, construction project management and cost estimating and legal services. Firms under contract include:

National Firms: HVS Global Hospitality Services (HVS), Strategic Advisory Services (SAG), Public Financial Management (PFM), Hawkins Delafield & Wood
Local Firms: inici (construction/cost estimating), Jeannette Launer (legal)

HVS will continue to advise Metro throughout the predevelopment negotiations on hotel and convention industry standards and practices, proposed Hyatt operating pro formas and other project elements relevant to the OCC hotel. Metro hired Strategic Advisory Services to conduct a hotel and convention center market study. That report was issued in December 2012. SAG will continue to provide on-call technical and market information to Metro as the negotiation process continues. PFM was hired to provide advice regarding the public financing package and recent intergovernmental agreement negotiations (see paragraph below). The SAG report and other project background information is available on Metro's website and should be reviewed by interested proposers to understand the project context.

Since 2012, Metro has been working on a public financing package to complement the proposed private sector investment for the development and construction of the convention center hotel. Metro, in partnership with the City of Portland and Multnomah County, has negotiated and approved an Amended and Restated Visitor Facilities Intergovernmental Agreement ("VF IGA") regarding the Visitor Facilities Trust Account which provides funding for the convention and tourism industry from transient lodging and vehicle rental taxes. A key element of the VF IGA is support for Metro's issuance of revenue bonds for the OCC Hotel based on the collection of site-specific transient lodging taxes. Multnomah County approved the VF IGA on September 19, 2013 and the City of Portland approved the VF IGA on September 25, 2013.

Metro's work on the OCC Hotel project will now focus on negotiations with Mortenson Development/Hyatt Hotels Corporation on transactional agreements, including without limitation: a development agreement, project funding agreement, hotel operating agreement, a room block agreement and any other terms and conditions regarding

marketing of the OCC and City of Portland to potential regional and national convention groups. As the negotiation process proceeds, additional agreements may be determined to be necessary.

III. PROPOSED SCOPE OF WORK/SCHEDULE

The purpose of this RFP is to engage professional services to assist Metro during the negotiation process with the private hotel development team on transactional agreements related to the a) development and operation of the OCC hotel project and the b) ongoing partnership with the OCC and Travel Portland for convention marketing. In addition to ensuring that the public get the best value for the investment, of particular interest to Metro is advice on the room block agreement, including typical and standard management terms and fees and comparison information with other recent national public/private convention hotel partnerships and to ensure the OCC hotel ultimately contains the elements customary to a convention center headquarter hotel.

Metro intends to negotiate a reasonable business deal that a) achieves the public's goals related to the OCC's performance, job creation, economic and fiscal impacts and Lloyd District redevelopment and b) is consistent with reasonable market expectations for financial performance, development and operation of a quality hotel.

Metro is seeking proposals from qualified firms to perform the following scope of services:

1. Serve as Metro's advisor and subject matter expert throughout the negotiation process
    a. Assist and advise Metro senior staff on negotiation approach and strategy in preparation for meetings with the private development team
    b. Participate in negotiation and strategy meetings as requested by Metro
    c. Develop or respond to business terms and positions that reflect Metro's goals for the project
    d. Prepare memos or reports as requested by Metro
    e. Analyze and report on the advantages and disadvantages of proposals or studies prepared by the private development team or Metro's team for reasonableness:
        i. Financing assumptions
        ii. Hotel market factors
        iii. Long-term performance
        iv. Implications for Metro-issued hotel revenue bond
    f. Make presentations at meetings as requested by Metro
    g. Negotiate directly with the development team, if requested
    h. Review draft development agreements, room block agreements and related real estate and financing documents that may be necessary to facilitate the transaction and
    i. Other tasks as they may arise to support production of a final series of agreements for presentation to the Metro Council for approval.

The specific scope of work for negotiator services shall be developed as the Metro team engages in the next phase of negotiations with the private team; however the services described above define the general parameters of the desired consultant skills and services. Metro's budget is up to $100,000.00.

The term of this contract is anticipated to be November 1, 2013 through December 31, 2014. Metro expects that the negotiation period will begin in late 2013 and continue into early 2014, with hotel contract approvals by the Metro Council in winter 2014. The hotel negotiator/advisor will remain under contract through the pre-development period in the event those additional issues that arise. Metro intends to award this contract to a single firm to provide the services required.

IV. QUALIFICATIONS/EXPERIENCE

Proposers shall have the following experience:

1. At least ten (10) years providing hospitality industry development consulting and business agreement structuring, with direct experience negotiating room block agreements for convention hotels for public clients
2. Experience evaluating and structuring successful large-scale public/private convention hotel development projects
3. Demonstrated ability to provide clear, creative and concise recommendations

V. PROPOSAL INSTRUCTIONS

A. Submission of Sealed Proposals

Four (4) paper copies and one (1) electronic version of the proposal shall be furnished to Metro in a sealed envelope, addressed to:

Metro Procurement Services
Attn: Karen Slusarenko RFP 2512
600 NE Grand Avenue
Portland, OR 97232-2736

B. Deadline

Proposals will not be considered if received after the date and time indicated on the RFP cover page.

C. RFP as Basis for Proposals:

This Request for Proposals represents the most definitive statement Metro will make concerning the information upon which Proposals are to be based. Any verbal information which is not addressed in this RFP will not be considered by Metro in evaluating the Proposal. All questions relating to this RFP should be addressed to bidsandproposals@oregonmetro.gov. Any questions, which in the opinion of Metro, warrant a written reply or RFP addendum will be furnished to all parties receiving this RFP. Metro may not respond to questions received after 10:00 a.m. on October 11, 2013.

D. Information Release

All Proposers are hereby advised that Metro may solicit and secure background information based upon the information, including references, provided in response to this RFP. By submission of a proposal all Proposers agree to such activity and release Metro from all claims arising from such activity. In Accordance with Oregon Public Records Law (ORS 192), proposals submitted will be considered part of the public record, except to the extent they are exempted from disclosure.

E. Minority, Women and Emerging Small Business Program

In the event that any subcontracts are to be utilized in the performance of this agreement, the Proposer's attention is directed to Metro Code provisions 2.04.100, which encourages the use of minority, women and emerging small businesses (MWESB) to the maximum extent practical. Metro Code 2.04.100 is available at http://library.oregonmetro.gov/files//chap2.04_clean_eff._042111_revised_version_081711.pdf.

F. First Opportunity Target Area (FOTA) Program

In the event that any subcontracts are to be utilized in the performance of this agreement, the Proposer's attention is directed to First Opportunity Area (FOTA) Program which is intended to provide maximum employment for economically disadvantages residents living in the target area, in accordance with House Bill 3075, passed by the Oregon Legislature in 1989. Additional information regarding the FOTA Program is available from http://www.oregonmetro.gov/index.cfm/go/by.web/id=6094.

VI. PROPOSAL CONTENTS

The proposal should contain no more than ten (10) pages of written material (excluding biographies, resumes and brochures, which may be included in an appendix), describing the ability of the consultant to perform the work requested, as outlined below. The proposal should be submitted on recyclable, double-sided recycled paper (post consumer content). No waxed page dividers or non-recyclable materials should be included in the proposal.

A. Transmittal Letter: Indicate who will be assigned to the project, who will be project manager, and that the proposal will be valid for ninety (90) days. Disclose any professional or personal financial interest which could be a possible conflict of interest in representing Metro. Disclose any arrangements to derive additional compensation from various investments and reinvestment products including financial contracts.

B. Approach/Project Work Plan: Describe how the work will be done within the given timeframe and budget. Include a proposed work plan and schedule.

C. Staffing/Project Manager Designation: Identify specific personnel assigned to major project tasks, their roles in relation to the work required, percent of their time on the project, and special qualifications they may bring to the project. Include resumes of individuals proposed for this contract.

D. Experience: Indicate how your firm meets the experience requirements listed in Section IV. of this RFP. List projects conducted over the past five years which involved services similar to the services required here. For each of these other projects, include the name of the customer contact person, his/her title, role on the project, and telephone number. Identify persons on the proposed project team who worked on each of the other projects listed, and their respective roles.

E. Cost/Budget: Present the proposed cost of the project and the proposed method of compensation. List hourly rates for personnel assigned to the project, total personnel expenditures, support services, and subconsultant fees (if any). Requested expenses should also be listed.

F. Diversity in Employment and Contracting:

- Work Force Diversity – Describe your work force demographics (number of employees, race and gender) and the measurable steps taken to ensure a diverse work force, including company policies and practices that promote the hiring and retention of women and ethnic minorities.
- Diversity in Contracting – Describe your history of working with diverse firms, including any MWESB-certified firms. Describe a project for which you worked with minorities, women or emerging small businesses. Please provide the project name, method used to achieve participation – for example, joint ventures, subcontracts or purchase of equipment or supplies from a certified firm – and the dollar amount or percentage of the project budget expended on such participation.
- Diversity of Firm – Describe the ownership of your firm and whether or not your firm is certified by the State of Oregon as an MBE, WBE or ESB. Provide certification number, if applicable.
- First Opportunity Target Area (FOTA) program - Demonstrated commitment to FOTA program (i.e. specific steps to provide employment and contract opportunities to FOTA residents, past performance and experience with FOTA program).

G. Sustainable Business Practices

- Environment: Describe your business practices to reduce environmental impacts of your operations. This may include energy efficiency, use of non-toxic products, alternative fuel vehicles, waste prevention and recycling, water conservation, green building practices, etc.
- Economy: Describe your support of local businesses and markets within the Portland Metro region. Include what steps your company has taken in the past to support local businesses, and what steps would be taken if selected for this project.
- Community: Describe the employee compensation structure of your organization. Include wage scales for employees, including trainee, probationary, entry level, journey level, and supervisory. Also

include policies regarding annual cost of living adjustments (COLA) to employee wages. Details of the healthcare program (including, medical, dental, prescriptions, preventive care, etc.) as well as out of pocket and deductibles, and employee contributions for themselves and family members. All other employee benefits are to be including, such as vacation, sick leave, pension, disability insurance, profit sharing, childcare, health memberships, company vehicle, public transportation, etc.

H. Exceptions to Standard Agreement and RFP: Carefully review the Standard Agreement attached hereto as Appendix B and incorporated herein. This is the standard agreement that successful respondents to this RFP will be required to execute. RFP respondents wishing to propose any exceptions or alternative clauses to the agreement or to any specified criteria within this RFP must propose those exceptions or alternative clauses in their Proposal; Metro shall not be required to consider contract revisions proposed during contract negotiation and award. Proposed exceptions or alternative clauses should be accompanied by explanatory comments that are succinct, thorough and clear.

VII. GENERAL PROPOSAL/CONTRACT CONDITIONS

A. Limitation and Award: This RFP does not commit Metro to the award of a contract, nor to pay any costs incurred in the preparation and submission of proposals in anticipation of a contract. Metro reserves the right to waive minor irregularities, accept or reject any or all proposals received as the result of this request, negotiate with all qualified sources, or to cancel all or part of this RFP.

B. Billing Procedures: Proposers are informed that the billing procedures of the selected firm are subject to the review and prior approval of Metro before reimbursement of services can occur. Contractor's invoices shall include the Metro contract number, an itemized statement of the work done during the billing period, and will not be submitted more frequently than once a month. Payment shall be made by Metro on a Net 30 day basis upon approval of Contractor invoice.

C. Validity Period and Authority: The proposal shall be considered valid for a period of at least ninety (90) days and shall contain a statement to that effect. The proposal shall contain the name, title, address, and telephone number of an individual or individuals with authority to bind any company contacted during the period in which Metro is evaluating the proposal.

D. Conflict of Interest. A Proposer filing a proposal thereby certifies that no officer, agent, or employee of Metro or Metro has a pecuniary interest in this proposal or has participated in contract negotiations on behalf of Metro; that the proposal is made in good faith without fraud, collusion, or connection of any kind with any other Proposer for the same call for proposals; the Proposer is competing solely in its own behalf without connection with, or obligation to, any undisclosed person or firm.

E. Equal Employment and Nondiscrimination Clause Metro and its contractors will not discriminate against any person(s), employee or applicant for employment based on race, color, religion, sex, national origin, age, marital status, familial status, gender identity, sexual orientation, disability for which a reasonable accommodation can be made, or any other status protected by law. Metro fully complies with Title VI of the Civil Rights Act of 1964 and related statutes and regulations in all programs and activities. For more information, or to obtain a Title VI Complaint Form, see www.oregonmetro.gov.

VIII. EVALUATION OF PROPOSALS

A. Evaluation Procedure: Proposals received that conform to the proposal instructions will be evaluated. The evaluation will take place using the evaluation criteria identified in the following section. Interviews may be requested prior to final selection of one firm. Award shall be made to the highest ranked Proposer based on the stated evaluation criteria. In the event negotiations are unsuccessful, Metro reserves the right to negotiate with the next highest ranked firms.

B. Evaluation Criteria: The following criteria will be used to evaluate submitted proposals.

	Percentage of Total Score
Project Work Plan/Approach	
1. Demonstration of understanding of the project objectives	10
2. Performance methodology	10
Project Staffing Experience	
1. Project consultant/staff experience for public clients	30
2. Similar project/creative financing solutions experience	20
Cost Proposal	
1. Projected cost of proposed work plan/approach	10
Diversity in Employment and Contracting	
1. Work Force Diversity, Diversity in Contracting, Diversity of Firm, FOTA	10
Sustainable Business Practices	10
1. Environment, Economy, Community	
	100

IX. APPEAL OF CONTRACT AWARD

Aggrieved proposers who wish to appeal the award of this contract must do so in writing within seven (7) working days of issuance of the notice of intent to award by Metro. Appeals must be submitted to Metro Procurement Officer, 600 NE Grand, Portland, Oregon 97232 and must state the specific deviation of rule or statute in the contract award. Metro will issue a written response to the appeal in a timely manner.

X. NOTICE TO ALL PROPOSERS -- STANDARD AGREEMENT

The attached agreement (see Appendix B) included herein reflects preliminary, draft contract language and selected, proposed contract terms for this procurement. Proposers should be aware that such language terms and provisions are for illustrative purposes only and that Metro reserves the right, following submission and ranking of all proposals submitted in response to this procurement, to amend, modify or negotiate over any and all such contract language, terms and provisions regarding the agreement rising from this procurement. By submitting a proposal in response to this procurement, proposers acknowledge that they are aware of and do not object to any later, potential amendment and modification of such preliminary, draft language and terms. In addition, by responding to this procurement, proposers acknowledge that they are aware of their ability to offer alternatives to any of the preliminary, draft contract language and proposed contract terms set forth herein.

Appendix A

OREGON CONVENTION CENTER HOTEL
DEVELOPMENT AND FINANCING AGREEMENT TERM SHEET

This Development and Financing Agreement Term Sheet summarizes the proposed terms under which Mortenson Development, Inc. ("Developer") and Metro ("Metro") intend to plan, finance and develop a privately owned Convention Center Hotel (the "Hotel") to be owned and operated by Hyatt Hotel Corporation ("Manager").

DESCRIPTION OF DEVELOPMENT TEAM	
Developer	Mortenson Development, Inc. will serve as the project developer, assuming all responsibility for the design, entitlement, financing and construction of the Hotel. The Developer is expected to enter into a Development and Financing Agreement with Metro.
Owner	The initial project owner is expected to be a special purpose entity (SPE) to be created for purposes of this project. The Developer will act as managing member or managing partner of the SPE. The SPE will assume the Developer's outstanding rights and responsibilities of the Development and Financing Agreement with Metro. Upon completion of construction, the SPE will be sold to Hyatt Hotels Corporation which shall cause the Hotel to be operated under the Hyatt Regency brand. A subsequent sale of the Hotel by Hyatt Hotels Corporation shall be encumbered with a Hyatt Regency franchise agreement or management contract, or shall be caused to be re-flagged an upper-upscale hotel brand of similar quality to Hyatt Regency. Owner shall notify Metro of a proposed sale and/or change in the Hotel flag. Metro will approve any change in Hotel flag as a condition to the change, with such approval not unreasonably withheld.
Manager	Hyatt Hotels Corporation will manage and operate the Hotel.
Contractor	Mortenson Construction will serve as the general contractor for the project.
Design/Build	The Hotel will be built under a design/build approach, with Mortenson Construction providing cost and completion guarantees.
Architect	Elness Swenson Graham Architects will serve as the lead design firm, with Ankrom Moisan Associated Architects as the local design partner.

Other Consultants	Piper Jaffray & Co. –finance investment banking Jones Lang LaSalle Hotels – market and feasibility studies
Public Partners	Metro, as owner of the Oregon Convention Center, is the lead public participant in the project. Three other public organizations will be required to take actions to facilitate the Hotel: (a) Portland Development Commission (PDC) (b) City of Portland (c) Multnomah County
PROJECT DESCRIPTION	
Hotel Location	The Developer prefers the Hotel be developed on portions of Block 47 and 48, Holladay's Addition, Portland, as depicted in Attachment A. The property is currently owned by (or under the control of) StarTerra, LLC and is expected to be sold to the SPE at closing. The site is 1.85 acres and provides excellent proximity to the Oregon Convention Center and Light Rail along NE Holladay Street. PDC owns a 15,000 square foot parcel on Block 47, Holladay's Addition, Portland, as depicted in Attachment C. This parcel is adjacent to the StarTerra site and will be considered as part of the Hotel design phase. An alternative site available for Hotel development is PDC's property known as Block 43 and 26, Holladay's Addition, Portland, as depicted in Attachment B. Mortenson shall coordinate with PDC on planning efforts for the adjacent, 15,000 square foot parcel on Block 47 currently owned by PDC.
Hotel Description	The Hotel will serve as the flagship convention hotel serving the Oregon Convention Center due to its size and proximity. The Hotel is currently expected to consist of the following facilities and amenities: (1) 600 rentable guest rooms; (2) 35,000 square feet of meeting and ballroom space; (3) a three meal upscale restaurant; (4) a lobby bar; (5) a coffee bar; (6) an indoor pool and whirlpool; (7) an exercise room; (8)

	a business center; (9) a gift shop; (10) or other elements required by Portland City Codes and guidelines; and (11) other additional facilities and amenities agreed upon by the parties, consistent with the high quality Hyatt Regency brand.
Hotel Name	For purposes of this Term Sheet and subsequent negotiations, the Hotel will be referred to as the "Convention Center Hotel."
Parking Management	Structured parking shall be provided for the Hotel either under the Hotel or on Block 49, if an agreement with PDC is reached, and shall be managed by the Schlesinger Companies. Metro's public funding provided will not be used to finance the cost of constructing a parking structure that (a) is separate from the Hotel or (b) services the needs beyond what is necessary for Hotel operations.
Operating Standards	The Hotel will be built and operated in conformance with the design, construction and operating standards for the Hyatt Regency brand, in place as of the effective date of the Development and Financing Agreement, and as approved by Hyatt Hotels Corporation.
LEED [Silver] Standards	The parties desire the Hotel to be certified LEED Silver or higher for New Construction by U.S. Green Building Council. Developer intends to construct the Hotel in a manner that would qualify it as LEED Silver or higher.
Operating Agreement with Manager	The Owner will enter into an Operating Agreement with Hyatt Hotels Corporation, with the expectation that Hyatt will operate and manage the Hotel.
UNION LABOR	
Construction **Operations**	As a union signatory contractor, Mortenson routinely builds its projects utilizing union subcontractors and with union labor. Mortenson fully intends to do so for the Hotel project. Hyatt Hotels Corporation, has entered into a labor peace agreement with Unite Here, Local 9, dated October 31, 2012.

NON-BINDING COMMITMENTS AND ROLES OF THE PARTIES	
Development	Developer will serve as project developer and Mortenson Construction will be the construction contractor. Developer will: (a) Manage the predevelopment and construction process, including design/build, financing, and permitting and construction management of the Hotel. (b) Provide a guarantee for construction costs and completion to facilitate project financing. (c) Serve as the lead entity in negotiations with the public participants, participating in joint team meetings, negotiating meetings and public meetings upon request. (d) Ensure that the project complies with terms and provisions conditions of the Development and Financing Agreements. (e) Provide Metro with copies of design product, budgets, statement of sources and uses of funds, financing commitments, operating pro formas, and other relevant information as mutually agreed upon throughout the Hotel project process.

Hotel Ownership and Operations	Hyatt Hotels Corporation expects to: (a) Participate in the predevelopment process and provide project management oversight to ensure that the project is designed, constructed and equipped to meet the Hyatt Regency brand; (b) Negotiate and enter into a Room Block Agreement with Metro; (c) Acquire the Hotel from SPE upon completion of construction and issuance of a Certificate of Completion by the City; (d) Manage and operate the Hotel to the standards of a Hyatt Regency product upon completion of construction under contract with the ownership entity.
Public Parties	Metro expects to: (a) Serve as the lead public participant and public oversight agent through completion of the Hotel with any ongoing involvement to be addressed in the Room Block Agreement; (b) Coordinate necessary approvals for funding from PDC, City and Council. Negotiate and enter into development and financing

	agreements, including intergovernmental agreements, Visitor Development Initiative amendments, etc. (c) Negotiate and enter into a Room Block Agreement with Hyatt Hotels Corporation to address required convention room block needs and concerns regarding potential room rate impacts on the market. (d) Negotiate and prepare appropriate intergovernmental agreements to implement the project, including transient lodging tax (TLT) related agreements. PDC's expected participation includes: (a) Involvement in the project pre-development process, providing technical assistance as requested. (b) Providing direct financing as described below and potentially selling property for the project, either Blocks 43/26 as indicated in Attachment B or a portion of Block 47, shown in Attachment C.
CAPITAL STRUCTURE	
Private Financing	Construction Period: Mortenson Development, Inc. will structure approximately $119.5 million in private investment through a combination of private equity and private debt accessed through institutional financing sources such as money center banks or life insurance companies. Post Construction: Hyatt Hotels Corporation will deliver a forward take-out commitment to purchase the Hotel upon completion.
Public Financing	Metro will: (a) Provide direct financing available for use in the construction of the Hotel in the form of a performance grant for an amount up to $4 million, contingent upon negotiation of the Development and Financing Agreement. (b) Amend the Visitor Facilities Trust Account (VFTA)

	Intergovernmental Agreement, upon approval from the City of Portland and Multnomah County and Metro Council, to create a funding mechanism within the VFTA to support the issuance of revenue bonds for the Hotel, based on the equivalent of 11.5% of the site-specific transient lodging tax (TLT) expected to be generated by the operations of the Hyatt Regency Hotel. (c) Issue, or cause to be issued, a revenue bond in the approximate amount of $60 million ("Metro Revenue Bond") supported by the revenue stream generated from TLT through the Visitor Facilities Trust Account, with proceeds utilized for the construction of the Hotel. Metro expects that PDC's participation includes: (a) Direct financing in the form of a loan in an amount up to $4 million, contingent upon budget authority and Board approval of appropriate financing agreements. Metro has received confirmation that the State's participation will be: (a) Direct financing in the form of a grant in an amount of $10 million, contingent upon Board approval of appropriate financing agreements. ***Note: Public and private financing terms are subject to further negotiation consistent with the intent of this Term Sheet based on the details of the overall financing plan for the Hotel and PDC's terms for its financial participation, and are subject to review and approval by the appropriate public bodies. Metro's public funding provided will not be used to finance the cost of developing or constructing projects unrelated to the Hotel.***
Project Budget	The project is anticipated to have a total budget, inclusive of all hard and soft costs of $197.5 million. See Attachment D for a detailed, preliminary project budget.
Financing Sources Summary	See Attachment E.

SCHEDULE	
Project Schedule ***The Project Schedule is based on the assumption that Metro, City and County shall have approved amendments to the Visitor Facilities Intergovernmental Agreement (VFIGA) by September 30, 2013***	Pre-Development Phase: Start Finish (a) Financing Plan June 1, 2013 July 30, 2013 (b) Amendments to VFIGA Approved August 15, 2013 September 30, 2013 (c) Development Agreements and Iterative Design October 1, 2013 July 1, 2014 (d) Entitlements and Permitting October 1, 2013 July 1, 2014 (e) Closing September 1, 2014 Construction Phase: September 1, 2014 September 1, 2016 Hotel Opening: September 1, 2016
Performance Goal	The Parties commit to work diligently to achieve the project schedule, with a goal of Hotel Opening in 2016.
MISCELLANEOUS	
Room Block Agreement	As a condition to Metro issuance of the Metro Revenue Bond, Metro and Owner/Hyatt Hotel Corporation shall have executed a Room Block Agreement to be negotiated among such parties which addresses and defines the terms required by Metro and Owner relating to city-wide events, event room blocks of 500 rooms and a mutually agreed upon timeframe, and event block rates, as applicable.
Marketing Strategy	Owner/Hyatt Hotel Corporation will work with Travel Portland and Metro to coordinate marketing plans and rate promotions on a regular, on-going basis to ensure the Hotel does not precipitate room rate decline in the Central City hotel market.
Business and Work Force Equity - ESB/MBE/WBE Programs	Developer will ensure that the development, design, and construction of the Hotel comply with PDC's priorities for Emerging, Minority, and Women-Owned Businesses as set forth in RFP 13-2115 and as available at **www.pdc.us.**

Prevailing Wages and other Labor Requirements	Developer will ensure that all contractors, subcontractors and consultants fully comply with the State of Oregon's BOLI statues and regulations and any other applicable regulations.
First Opportunity Target Area Hiring	Owner will use its best efforts to comply with Metro's First Opportunity Target Area Hiring policy and as available at **www.oregonmetro.gov**.
Public Records	As allowed under Oregon law, Metro intends to use best efforts to maintain confidential documents related to the Hotel development proposal throughout the negotiation process. Upon completion of negotiations and during the final public approval process (at which time the Metro Council would approve issuing an intent to award a contract to Developer), Metro expects to make general project documents, not otherwise exempt from disclosure under Oregon law, available for public review.
Exclusivity	Metro and Mortenson anticipate to negotiate exclusively throughout the term of this Term Sheet.
Contacts	The appropriate representatives and addresses may be used throughout the negotiation process: M.A. Mortenson Company Tom Lander, Vice President and General Manager Nate Gundrum, Senior Development Manager 700 Meadow Lane North Minneapolis, MN 55422-4899 Metro Attention: Teri Dresler, Visitor Venue General Manager Attention: Cheryl Twete, Senior Development Advisor 600 NE Grand Avenue Portland, Oregon 97232

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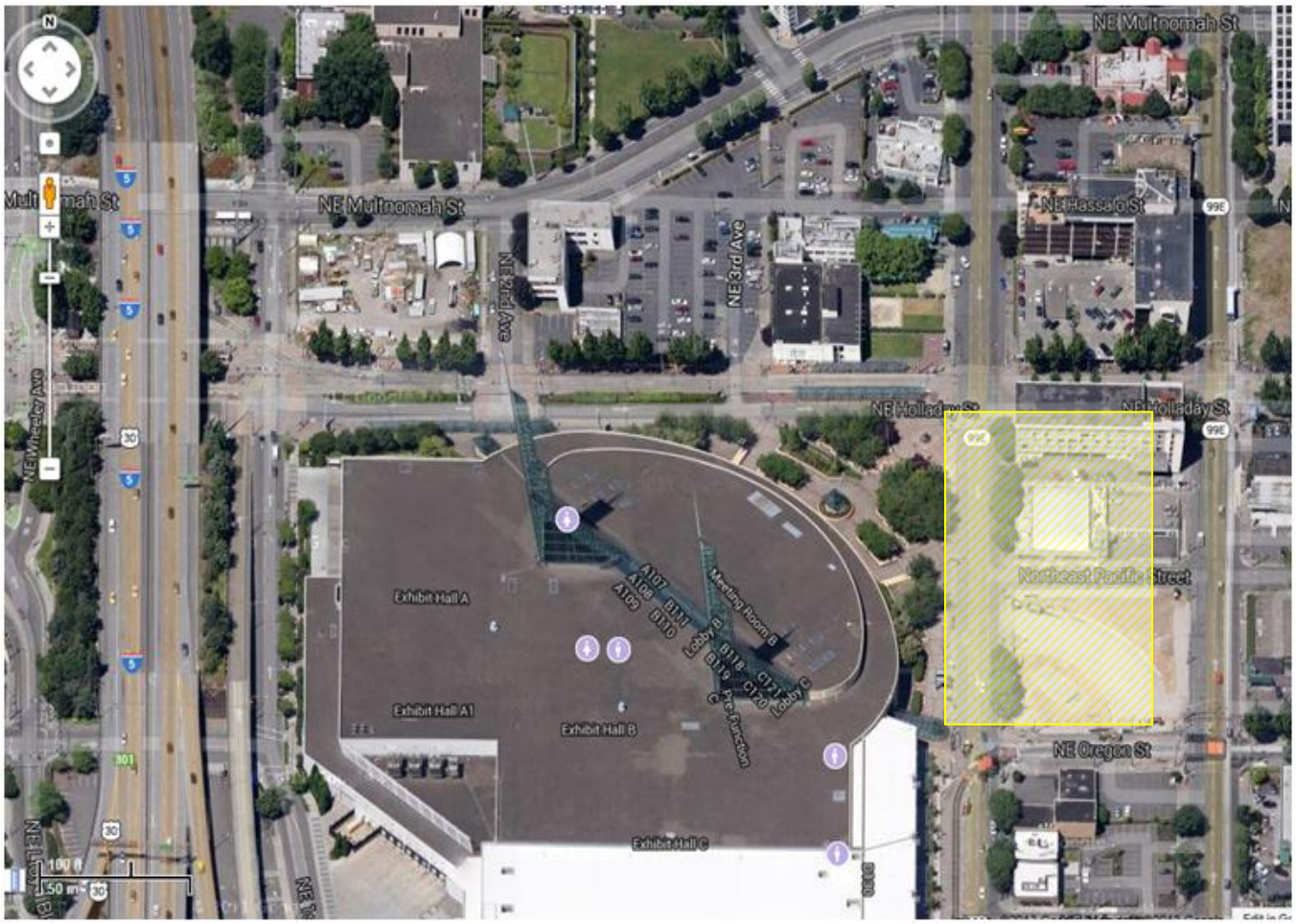
ATTACHMENT A

DEVELOPER'S PREFERRED HOTEL SITE LOCATION

ATTACHMENT B

PDC-OWNED SITE AVAILABLE FOR HOTEL



ATTACHMENT C

PDC-OWNED SITE ADJACENT TO STARTERRA PROPERTY

ATTACHMENT D

PRELIMINARY TOTAL PROJECT BUDGET

Uses of Funds			
Land	$	7,300,000	Land acquisition, etc.
Construction	$	125,000,000	Foundations, structure, enclosure, building systems, finishes, site work, utilities, etc.
FF&E/OS&E	$	25,200,000	Furniture, fixtures, operating supplies, food service equipment, technology, etc.
Development	$	30,600,000	Environmental site assessment, geotechnical investigation, consulting, survey, legal, sanitary sewer impact fee, storm sewer impact fee, transportation impact fee, park and recreation impact fee, water bureau impact fee, school impact fee, development fee, building permit/plan review fee, project contingency, pre-opening expenses, etc.
Financing	$	9,400,000	Construction period interest, loan origination, closing costs, title, disbursement, inspection, etc.
Total	**$**	**197,500,000**	

ATTACHMENT E

FINANCING SOURCES

Sources of Funds		
Private Investment	$	119,500,000
Metro Revenue Bond	$	60,000,000
State Grant	$	10,000,000
Metro Grant	$	4,000,000
PDC Loan	$	4,000,000
Total	**$**	**197,500,000**

Appendix B

Personal Service Agreement over $50,000

THIS AGREEMENT is between Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, located at 600 N.E. Grand Avenue, Portland, OR 97232-2736, and Company Name, referred to herein as "Contractor," located at address, City, State Zip.

In exchange for the promises and other consideration set forth below, the parties agree as follows:

1. Duration. This personal services agreement shall be effective Month XX, 201X and shall remain in effect until and including Month XX, 201X, unless terminated or extended as provided in this Agreement.

2. Scope of Work. Contractor shall provide all services and materials specified in the attached "Attachment A -- Scope of Work," which is incorporated into this Agreement by reference. All services and materials shall be provided by Contractor in accordance with the Scope of Work, in a competent and professional manner. To the extent that the Scope of Work contains additional contract provisions or waives any provision in the body of this Agreement, the Scope of Work shall control.

3. Payment. Metro shall pay Contractor for services performed and materials delivered in the amount(s), manner and at the time(s) specified in the Scope of Work for a maximum sum not to exceed XXXXXXX AND XX/100THS DOLLARS ($XXXXXX.XX). Payment shall be made by Metro on a Net 30 day basis upon approval of Contractor invoice.

4. Insurance. Contractor shall purchase and maintain at the Contractor's expense, the following types of insurance, covering the Contractor, its employees, and agents:

(a) The most recently approved ISO (Insurance Services Office) Commercial General Liability policy, or its equivalent, written on an occurrence basis, with limits not less than $1,000,000 per occurrence and $1,000,000 aggregate. The policy will include coverage for bodily injury, property damage, personal injury, contractual liability, premises and products/completed operations. Contractor's coverage will be primary as respects Metro;

(b) Automobile insurance with coverage for bodily injury and property damage and with limits not less than minimum of $1,000,000 per occurrence;

(c) Workers' Compensation insurance meeting Oregon statutory requirements including Employer's Liability with limits not less than $500,000 per accident or disease; and

(d) Professional Liability Insurance, with limits of not less than $1,000,000 per occurrence, covering personal injury and property damage arising from errors, omissions or malpractice.

Metro, its elected officials, departments, employees, and agents shall be named as ADDITIONAL INSUREDS on Commercial General Liability and Automobile policies.

Contractor shall provide to Metro 30 days notice of any material change or policy cancellation.

Contractor shall provide Metro with a Certificate of Insurance complying with this article upon return of the Contractor signed agreement to Metro. Certificate of Insurance shall identify the Metro contract number.

5. Indemnification. Contractor shall indemnify and hold Metro, its agents, employees and elected officials harmless from any and all claims, demands, damages, actions, losses and expenses arising out of or in any way connected with its performance of this Agreement, or with any patent infringement or copyright claims arising out of the use of Contractor's designs or other materials by Metro and for any claims or disputes involving subcontractors.

6. Ownership of Documents and Maintenance of Records. Unless otherwise provided herein, all documents, instruments and media of any nature produced by Contractor pursuant to this agreement are Work Products and are the property of Metro, including but not limited to: drawings, specifications, reports, scientific or theoretical modeling, electronic media, computer software created or altered specifically for the purpose of completing the Scope of Work, works of art and photographs. Unless otherwise provided herein, upon Metro request, Contractor shall promptly provide Metro with an electronic version of all Work Products that have been produced or recorded in electronic media. Metro and Contractor agree that all work Products are works made for hire and Contractor hereby conveys, transfers, and grants to Metro all rights of reproduction and the copyright to all such Work Products.

a. Contractor and subcontractors shall maintain all fiscal records relating to such contracts in accordance with generally accepted accounting principles. In addition, Contractor and subcontractors shall maintain any other records necessary to clearly document:

(1) The performance of the contractor, including but not limited to the contractor's compliance with contract plans and specifications, compliance with fair contracting and employment programs, compliance with Oregon law on the payment of wages and accelerated payment provisions; and compliance with any and all requirements imposed on the contractor or subcontractor under the terms of the contract or subcontract;

(2) Any claims arising from or relating to the performance of the contractor or subcontractor under a public contract;

(3) Any cost and pricing data relating to the contract; and

(4) Payments made to all suppliers and subcontractors.

b. Contractor and subcontractors shall maintain records for the longer period of (a.) six years from the date of final completion of the contract to which the records relate or (b.) until the conclusion of any audit, controversy or litigation arising out of or related to the contract.

c. Contractor and subcontractors shall make records available to Metro and its authorized representatives, including but not limited to the staff of any Metro department and the staff of the Metro Auditor, within the boundaries of the Metro region, at reasonable times and places regardless of whether litigation has been filed on any claims. If the records are not made available within the boundaries of Metro, the Contractor or subcontractor agrees to bear all of the costs for Metro employees, and any necessary consultants hired by Metro, including but not limited to the costs of travel, per diem sums, salary, and any other expenses that Metro incurs, in sending its employees or consultants to examine, audit, inspect, and copy those records. If the Contractor elects to have such records outside these boundaries, the costs paid by the Contractor to Metro for inspection, auditing, examining and copying those records shall not be recoverable costs in any legal proceeding.

d. Contractor and subcontractors authorize and permit Metro and its authorized representatives, including but not limited to the staff of any Metro department and the staff of the Metro Auditor, to inspect, examine, copy and audit the books and records of Contractor or subcontractor, including tax returns, financial statements, other financial documents and any documents that may be placed in escrow according to any contract requirements. Metro shall keep any such documents confidential to the extent permitted by Oregon law, subject to the provisions of section E.

e. Contractor and subcontractors agree to disclose the records requested by Metro and agree to the admission of such records as evidence in any proceeding between Metro and the Contractor or subcontractor, including, but not limited to, a court proceeding, arbitration, mediation or other alternative dispute resolution process.

f. Contractor and subcontractors agree that in the event such records disclose that Metro is owed any sum of money or establish that any portion of any claim made against Metro is not warranted, the Contractor or subcontractor shall pay all costs incurred by Metro in conducting the audit and inspection. Such costs may be withheld from any sum that is due or that becomes due from Metro.

g. Failure of the Contractor or subcontractor to keep or disclose records as required by this document or any solicitation document may result in debarment as a bidder or proposer for future Metro contracts as provided in ORS 279B.130 and Metro Code Section 2.04.070(c), or may result in a finding that the Contractor or subcontractor is not a responsible bidder or proposer as provided in ORS 279B.110 and Metro Code Section 2.04.052.

7. Project Information. Contractor shall share all project information and fully cooperate with Metro, informing Metro of all aspects of the project including actual or potential problems or defects. Contractor shall abstain from releasing any information or project news without the prior and specific written approval of Metro.

8. Independent Contractor Status. Contractor shall be an independent contractor for all purposes and shall be entitled only to the compensation provided for in this Agreement. Under no circumstances shall Contractor be considered an employee of Metro. Contractor shall provide all tools or equipment necessary to carry out this Agreement, and shall exercise complete control in achieving the results specified in the Scope of Work. Contractor is solely responsible for its performance under this Agreement and the quality of its work; for obtaining and maintaining all licenses and certifications necessary to carry out this Agreement; for payment of any fees, taxes, royalties, or other expenses necessary to complete the work except as otherwise specified in the Scope of Work; and for meeting all other requirements of law in carrying out this Agreement. Contractor shall identify and certify tax status and identification number through execution of IRS form W-9 prior to submitting any request for payment to Metro.

9. Right to Withhold Payments. Metro shall have the right to withhold from payments due to Contractor such sums as necessary, in Metro's sole opinion, to protect Metro against any loss, damage, or claim which may result from Contractor's performance or failure to perform under this Agreement or the failure of Contractor to make proper payment to any suppliers or subcontractors.

10. State and Federal Law Constraints. Both parties shall comply with the public contracting provisions of ORS chapters 279A, 279B and 279C, and the recycling provisions of ORS 279B.025 to the extent those provisions apply to this Agreement. All such provisions required to be included in this Agreement are incorporated herein by reference. Contractor shall comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations including those of the Americans with Disabilities Act.

11. Situs. The situs of this Agreement is Portland, Oregon. Any litigation over this agreement shall be governed by the laws of the State of Oregon and shall be conducted in the Circuit Court of the state of Oregon for Multnomah County, or, if jurisdiction is proper, in the U.S. District Court for the District of Oregon.

12. Assignment. This Agreement is binding on each party, its successors, assigns, and legal representatives and may not, under any circumstance, be assigned or transferred by either party without Metro’s written consent.

13. Termination. This Agreement may be terminated by mutual consent of the parties. In addition, Metro may terminate this Agreement by giving Contractor seven (7) days prior written notice of intent to terminate, without waiving any claims or remedies it may have against Contractor. Termination shall not excuse payment for expenses properly incurred prior to notice of termination, but neither party shall be liable for indirect or consequential damages arising from termination under this section.

14. No Waiver of Claims. The failure to enforce any provision of this Agreement shall not constitute a waiver by Metro of that or any other provision.

15. Modification. Notwithstanding and succeeding any and all prior agreement(s) or practice(s), this Agreement constitutes the entire Agreement between the parties, and may only be expressly modified in writing(s), signed by both parties. Metro may approve changes and modifications to the original contract, including deletions of work, order of additional materials, and additional services reasonably related to the original work scope. Contractor may propose

changes in the work that Contractor believes are necessary, will result in higher quality work, improve safety, decrease the amount of the contract, or otherwise result in a better or more efficient work product. If such changes are approved by

Metro, they shall be executed by written contract amendment signed by both parties. Such changes shall not relieve Contractor of any obligation or warranty under the contract. No oral statements by either party shall modify or affect the terms of the contract.

16. Severability. The parties agree that any provision of this Contract that is held to be illegal, invalid, or unenforceable under present or future laws shall be fully severable. The parties further agree that this Contract shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been a part of them and the remaining provisions of the Contract shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Contract. Furthermore, a provision as similar to the illegal, invalid, or unenforceable provision as is possible and legal, valid and enforceable shall be automatically added to this Contract in lieu of the illegal, invalid, or unenforceable provision. Any failure by METRO to enforce a provision of the Contract is not to be construed as a waiver by METRO of this right to do so.

17. Counterparts. This Contract may be executed in counterparts or multiples, any one of which will have the full force of an original.

18. Delivery of Notices. Any notice, request, demand, instruction, or any other communications to be given to any party hereunder shall be in writing, sent by registered or certified mail or fax as follows:

To Contractor:	Contractor Contact Firm Name Address City State Zip XXX-XXX-XXXX fax	To Metro:	Cheryl Twete Metro 600 NE Grand Ave Portland, Oregon 97232 503-XXX-XXXX fax

CONTRACTOR	METRO
By_____	By_____
Print Name_____	Print Name_____
Date_____	Date_____

Attachment A to Standard Personal Services Agreement

1. Purpose and Goal of Work

2. Description of the Scope of Work

3. Deliverables/Outcomes

4. Payment and Billing

Contractor shall perform the above work for a maximum price not to exceed XXXXXXX AND XX/100TH DOLLARS ($XXXXXX.XX).

INCLUDE HOURLY RATES OR TASK BASED PAYMENTS IF APPLICABLE
The maximum price includes all fees, costs and expenses of whatever nature. Each of Metro's Payments to Contractor shall equal the percentage of the work Contractor accomplished during the billing period. Contractor's billing invoices shall include the Metro contract number, Contractor name, remittance address, invoice date, invoice number, invoice amount, tax amount (if applicable), and an itemized statement of work performed and expenses incurred during the billing period, and will not be submitted more frequently than once a month. Contractor's billing invoices shall be sent to Metro Accounts Payable, 600 NE Grand Avenue, Portland, OR 97232-2736 or metroaccountspayable@oregonmetro.gov. The Metro contract number shall be referenced in the email subject line. Contractor's billing invoices for goods and/or services through June 30 shall be submitted to Metro by July 15. Payment shall be made by Metro on a Net 30 day basis upon approval of Contractor invoice