

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7165

AUTHORIZING THE TERMS FOR A PARKING STRUCTURE DEVELOPMENT AGREEMENT WITH MORTENSON DEVELOPMENT FOR THE DESIGN AND CONSTRUCTION OF THE CONVENTION CENTER HOTEL PARKING GARAGE

WHEREAS, the Portland Development Commission (“PDC”) is the owner of a 0.88-acre parcel, known as Block 49, which is located at the northeast corner of NE 1st Avenue and NE Holladay Street (the “Property”);

WHEREAS, the PDC Board of Commissioners (“Board”) through Resolution No. 4178 acquired the Property in 1991 for the express purpose of assisting with the acquisition of property for a headquarters hotel site;

WHEREAS, in 2006, the PDC Board through Resolution No. 6355 adopted a Development Vision for the Oregon Convention Center Blocks, which includes the Property;

WHEREAS, Mortenson Development (“Mortenson”), intends to construct a 600-room Convention Center Hotel (“Hotel”) on the site to the east of the Property;

WHEREAS, PDC intends to support the Hotel by constructing a 425-stall parking garage (“Parking Garage”) on the Property, with 375 stalls dedicated to the Hotel;

WHEREAS, Mortenson will design and construct the Parking Garage on behalf of PDC;

WHEREAS, PDC intends to sell to TriMet a portion of the Parking Garage ground floor and 50 secured parking stalls, the proceeds of which will complement PDC’s financial contributions to constructing the Parking Garage; and

WHEREAS, PDC is authorized pursuant to Oregon Revised Statutes (“ORS”) 294.460 to loan money from a fund to another fund of the municipal corporation if the loan is authorized by official resolution or ordinance of the governing body.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to enter into a Parking Structure Development Agreement with Mortenson, substantially consistent with the terms outlined in the attached Exhibit A;

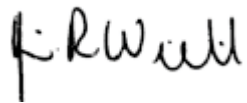
BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the Parking Structure Development Agreement, if such changes do not materially increase PDC's obligations or risks, as determined by the Executive Director in consultation with PDC's General Counsel;

BE IT FURTHER RESOLVED, that the PDC Board hereby instructs PDC staff to consider an interfund loan(s) pursuant to ORS 294.460 to allow the Business Management Fund to enter into an interfund loan as needed for land acquisition and the PDC share of the Parking Garage;

BE IT FURTHER RESOLVED, that the purpose of the interfund loan(s) is to secure resources within the Business Management Fund to help achieve widely shared prosperity among all residents of Portland by harnessing and expanding PDC's tools for job creation, placemaking, and economic opportunity across the region; and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

Adopted by the Portland Development Commission on February 10, 2016



Gina Wiedrick, Recording Secretary

PARKING STRUCTURE DEVELOPMENT AGREEMENT (PDC AND MORTENSON)

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| Significant Terms: | <ol style="list-style-type: none">1. Design Development. PDC and Mortenson shall work together to prepare and agree on preliminary budgets, schedule and scope documents.2. Final Documents. Upon completion of Design Development, PDC and Mortenson work together to complete Final Budget, Final Schedule and Final Scope Documents which will be used to develop the Lump Sum Contract Price currently estimated at \$25,895,836). Included in this initial estimate is a design contingency of \$1,188,391. This effort will cost up to \$1,400,000 when added to the \$300,000 already incurred brings the total to \$1,700,000 at risk until the Lump Sum Contract Price is established.3. Lump Sum Contract. Upon completion and agreement of Final Documents, Mortenson shall enter into a Lump Sum Contract to construct the Parking Garage. Mortenson shall guaranty construction costs and schedule once the Lump Sum Contract has been executed.4. Payments. Payments made on a monthly basis per work completed, processed by title company with independent third-party inspection and verification for work performed. Retainage of 5% shall be withheld from each draw until receipt of substantial completion and certificate of occupancy.5. PDC Policies. Mortenson shall comply with PDC Business Equity, Workforce Equity and Green Building policies.6. No Termination for Convenience. PDC must provide notice to proceed with garage construction simultaneous with the closing of the Hotel Construction Loan. PDC may only stop construction or terminate the agreement in the event Mortenson uncured event of default.7. Self-Help Rights. Mortenson shall have the right to complete the Parking Garage in the event of a PDC default. |
| Conditions to be resolved prior to moving forward: | <ol style="list-style-type: none">1. Mortenson contract with Hyatt fully executed.2. Parking Easement Agreement fully executed.3. Parking Operation & Valet Services Management Agreement fully executed.4. Mutual agreement on final form of Parking Structure Development Agreement.5. Third-party review of preliminary designs and budget.6. Confirmation that the commencement date for the Parking Garage construction allows for simultaneous completion of the Parking Garage and Hotel.7. Confirmation the PDC and TriMet funds required for garage construction have been irrevocably allocated to the garage project and placed in escrow.8. Completion of contract with TriMet.9. Written confirmation of availability of permanent financing and/or receipt of forward commitment from permanent lender. |

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RESOLUTION TITLE:

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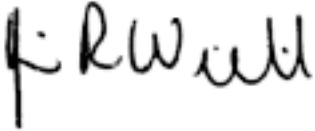
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PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input type="checkbox"/>	Commissioner Tom Kelly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Gustavo Cruz, Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Acting Chair Aneshka Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Mark Edlen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner William Myers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

CERTIFICATION

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and as duly recorded in the official minutes of the meeting.

	Date: February 29, 2016
Gina Wiedrick, Recording Secretary	