



REQUEST FOR PROPOSALS ADDENDUM

Request for Proposals Title:	Hotel Asset Management Services for the Inn at the Convention Center
Solicitation Number:	RFP #17-04
Addendum Number:	2 – Revised July 24, 2017
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Issue Date of this Addendum:	July 20, 2017

1.0 PURPOSE OF THIS ADDENDUM

The Portland Development Commission d/b/a Prosper Portland (“Prosper Portland”) is issuing this Addendum to the Request for Proposals named-above (the “RFP”) to respond to questions Prosper Portland received about the RFP.

A number of the questions illustrated the need to provide additional background on Prosper Portland’s purchase, ownership and future use of this Inn at the Convention Center Hotel (ICC Hotel).

Additionally, Prosper Portland wishes to revise one question in the RFP. Please see #25 in the table below.

HISTORY

Prosper Portland is the redevelopment agency for the City of Portland. As such, Prosper Portland is charged with investing in the development of blighted areas in the City and it uses tax increment financing to make those investments. The City of Portland created the Oregon Convention Center Urban Renewal Area with the desire of revitalizing this area of town.

Prosper Portland purchased the ICC Hotel in 2003 with the expectation that it would ultimately demolish the building and use the site for the development of a new convention center hotel. Because the intent was to demolish the building, the hotel was managed with a very short-term hold strategy focused on preventing the property from becoming a blight on the community verses maximizing revenue generation. As a result, very little capital or FF&E investments have been made since 2003. That said, under Trek Venture’s management the performance of the hotel has improved dramatically, revenues have increased and modest investments in FF&E have been made over the past three years. Those investments are included in Tenant Improvement line item on the Attachment C.

CURRENT STATE

A different site was ultimately selected for the development of the Convention Center Hotel and construction on that project will begin this summer. Additionally, Prosper Portland has adopted a new business plan framework that identifies diversification of its revenue streams and maximizing revenue

generations (within its mission context) has high priorities. The ICC Hotel and the adjacent land also owned by Prosper Portland provide unique opportunities to impact both goals. A separate request for proposal for development evaluation services is expected to be issued in late summer/fall 2017 seeking an experienced consultant team to evaluate and create development options for the sites. The scope of work for that RFP is not yet developed.

In the meantime, Prosper Portland remains the owner of this hotel asset and desires the services of an experienced hotel asset management team to perform the scope of work outlined in the original RFP which is an independent scope of work from the development evaluation services, although the selected hotel asset manager would occasionally be asked to provide input or feedback on various development options as that project progresses.

Until a long term strategy is developed, Prosper Portland would like to maximize the performance of the existing ICC Hotel operations, identify reasonable capital improvements that should be made in light of the still undetermined long-term use of the property and increase its internal understanding of the hotel industry.

2.0 CLARIFICATION OF THE RFP

Prosper Portland's answers in **bold blue** below.

1.	Question? Can you provide the past 5 year Capex spend & Value of FF&E Reserve? Answer: All investments in the property are listed on the Attachment C. Separate reserves are not currently maintained.
2.	Question? Looking forward 1-3 years, Capex Commitment/Renovation Plans? Answer: Undetermined, see Section 1.0 above.
3.	Question? When was the last soft good and hard goods renovation? Answer: See Section 1.0 above.
4.	Question? Any major mechanical, structural, environmental engineering issues and/or reports? Answer: See Section 1.0 above. Reports obtained as part of the 2003 purchase due diligence will be provided to the selected proposer.
5.	Question? Star set? Answer: June 2017 report added as Attachment E.
6.	Question? Any plans at this time to re-use/re-purpose currently shuttered space? Answer: See Section 1.0 above.
7.	Question? What is driving ADR/RevPAR growth in 2017/18 Projection? Answer: The original Attachment C – Revenue/Expense history had a calculation error in the ADV and RevPAR projections for 2017/18 which were corrected on an amended Attachment C issued on July 13, 2017. Additionally, a new Attachment C updated on July 20, 2017 is being issued with this Q&A addendum that includes actual figures for the entire FY 16/17.
8.	Question? What is the current Debt service on the property? Answer: There is no debt against the property. Tax increment resources were used to purchase the property 2003.

9.	<p>Question? How much longer will you look to hold on to this Asset?</p> <p>Answer: See Section 1.0 above.</p>
10.	<p>Question? Do you see Prosper Portland expanding their reach in Hotels/Hospitality?</p> <p>Answer: Unknown, see Section 1.0 above.</p>
11.	<p>Question? Item 5.3.2. What is the expectation on the feedback for the repositioning and redevelopment? Is it a comprehensive report, periodic meetings/phone calls?</p> <p>Answer: See Section 1.0 above.</p>
12.	<p>Question? Item 5.3.4. Is Trek Ventures, LLC, the management company or tenant leasing the hotel? Is it possible we can receive an actual and/or abstracted agreement?</p> <p>Answer: This information will be shared with the successful proposer.</p>
13.	<p>Question? Our RFP copy does not include attachment E which would apparently include the STR report for the property. Can you please send the most recent STR report, if available?</p> <p>Answer: The June STR report is now included as Attachment E.</p>
14.	<p>Question? Can you tell us more about the vision of the property upon repositioning? Have you conducted any third-party studies on the repositioning and if so, can you share those reports with us? Is hard or soft branding considered a part of the repositioning process? We would appreciate if you can give us as much guidance as is available on the repositioning process of the property.</p> <p>Answer: See Section 1.0 above.</p>
15.	<p>Question? Are there any capital expenditures (CapEx) anticipated for updates? Can you share with us?</p> <p>Answer: See Section 1.0 above.</p>
16.	<p>Question? Can you provide budget for FY 15/16 through May 31, 2017?</p> <p>Answer: The budget for FY 16/17 is reflected under the Forecast FY 16/17 section of Attachment C.</p>
17.	<p>Question? Are there any cash flow statements and/or balance sheets for prior years that you can share?</p> <p>Answer: Not at this time.</p>
18.	<p>Question? From Page 3 “Current Hotel Operations” – First column implies the operator is doing so under a lease. Attachment C “Revenue / Expense History” shows both Tenant Improvements and Management Fee. Is it correct to say Page 3 should state “Existing Management Agreement Expires” instead of what it currently says? Is it correct to believe the “Tenant Improvements” noted in the Income / Expense History really relate to improvements Made in the hotel for leasehold tenants in the building?</p> <p>Answer: The attachments accurately reflect the forms of agreement with the Hotel Operator. Copies of the agreement will be shared with the successful proposer upon execution of a professional services contract.</p>

19.	<p>Question: Why is the agreement with Trek Ventures being extended for six months instead of a lesser period with shorter renewals? Doing so would permit Prosper Portland to benefit from the services of the selected asset manager sooner.</p> <p>Answer: We'll take your suggestions under consideration.</p>
20.	<p>Question: The scope of work in the RFP (5.3.4) states, "under Owner's direction, negotiate the terms of a short-term lease upon expiration of existing operator's lease." The RFP states the tentative contract effective date will be September 1, 2017. The existing lease (or management agreement) expires ten days before the effective date of the asset manager's contract. Is that gap being addressed by the extension referred to? If that is the case what is the purpose of a subsequent short term contract? Our suggestion is to extend the current contract with Trek Ventures until November 30, 2017, with a right for month to month extensions, so the retained asset manager can work with Prosper Portland on a longer-term alternative that may or may not include Trek Ventures.</p> <p>Answer: The existing lease with the hotel operator is being extended to February 20, 2018. The scope of work will include negotiations of any additional lease extensions beyond that date.</p>
21.	<p>Question: In our response to the RFP may we incorporate all or some of the "Statement of Work" (5.0 through 5.3.6) by reference or must we include the Statement of Work in our response? Our intent in doing so would be to permit us to include more information to be responsive to the RFP without exceeding the length/size requirement stated in the RFP.</p> <p>Answer: Making reference to the scope of work will not necessarily disqualify a proposal, but it also might not adequately highlight the proposer's capacities. Proposers must make their own determination on this issue.</p>
22.	<p>Question: In Section 7.4 "Promotion of Certified Firms" no reference is made to veterans, particularly Viet Nam veterans. Are there any available points for this?</p> <p>Answer: Yes, Prosper Portland will include Veteran owned firms in this section. Possible points are as indicated in Section 7.7 Evaluation Criteria.</p>
23.	<p>Question: Would Prosper Portland consider splitting out of pocket travel related costs on a 50/50 basis rather than making such costs inclusive in the fee? This would make the expense more equitable especially when circumstances at the hotel require unanticipated travel or if Prosper Portland requires the Asset Manager's presence for additional meetings.</p> <p>Answer: Proposers must make their own determination about how they will cost out their proposals.</p>
24.	<p>Question: If the answer to the above is "no", would Prosper Portland be agreeable to paying travel related expenses when it requires the Asset Manager's presence for meetings outside of the normal hotel visit schedule? Proposers must make their own determination about how they will cost out their proposals.</p>
25.	<p>Prosper Portland Revision: Section 7.2.2 of the RFP states: <i>Brief description of similar hotel asset management services provided in the past five (5) years that best characterize your capabilities.</i> When responding to this question, please specifically highlight your experience working with government agencies.</p>

3.0 GENERAL INSTRUCTIONS

This Addendum constitutes an integral part of the RFP and is to be read in conjunction with the RFP. Unless specifically changed by this Addendum, all other requirements and provisions of the RFP remain unchanged. Capitalized terms used in this Addendum without definition have the same meaning ascribed to those terms in the RFP. It is the responsibility of all Proposers to conform to this Addendum and modify their proposals accordingly.

END OF THIS ADDENDUM