



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** September 27, 2023  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 23-29

Authorizing an Amendment to a Hotel Asset Management Contract with Stellarum Hospitality Consulting for the Inn at the Convention Center Located at 420 NE Holladay Street

#### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7502

This action by the Prosper Portland Board of Commissioners (Board) will authorize an amendment to a hotel asset management contract (Contract) with Stellarum Hospitality Consulting (Stellarum) to provide asset management services for the Prosper Portland-owned Inn at Convention Center (ICC Hotel) located at 420 NE Holladay Street in the Oregon Convention Center Tax Increment Finance District (see a Photo and Site Map in Attachment A). If approved, this action will i.) extend the Contract term to December 31, 2024, and ii.) increase the value by \$112,500 to a total of \$581,500 exceeding the Executive Director's signature authority and requiring Prosper Portland Board approval.

#### **STRATEGIC ALIGNMENT AND OUTCOMES**

This action delivers on several Prosper Portland strategic goals, including creating healthy, complete neighborhoods through strengthening regional assets and by supporting the agency's Financial Sustainability Plan (FSP). The industry intelligence and technical assistance provided by Stellarum supports the FSP goals of optimizing financial returns by using Prosper Portland's real estate portfolio to generate long-term revenue.

#### **BACKGROUND AND CONTEXT**

On May 8, 2002, through Resolution No. 5855, the Prosper Portland Board authorized acquisition of the 98-room ICC Hotel with the intent of demolishing the building and using the site and adjacent land for the development of a new convention center hotel. Ultimately, a different site was selected for the convention center hotel at which time Prosper decided to retain the ICC Hotel and reposition it as an affordably priced lodging option near the convention center.

In making the decision to reposition the ICC Hotel, Prosper Portland recognized that it needed to better understand the business of hotel ownership to fully maximize the potential of this asset. To that end, in summer 2017, Prosper Portland issued a competitive request for proposal (RFP) seeking the services of a hotel asset manager, ultimately selecting Pinnacle Advisory Group (now Stellarum) and awarding a five-year, \$252,000 Contract. The Contract has since been amended four times to a current contract value of \$469,000, which expires on September 30, 2023.

Unlike the hotel operator, which runs the day-to-day operations of the hotel, as the hotel asset manager, Stellarum operates as an owner’s representative in discussions, negotiations, monitoring of the hotel operator’s performance, and as an advisor in the strategic positioning of the hotel. These services have been invaluable as Prosper Portland has navigated operations during a global pandemic, conducted renovation planning, negotiated a new hotel operating agreement, and transferred and stabilized hotel operations with a new hotel operator.

Staff are seeking Prosper Portland Board approval of a fifth amendment to the Contract that will allow Stellarum to continue to provide consulting services on the ICC Hotel as Prosper Portland continues to explore investments into renovation (See Attachment A.) If the Prosper Portland Board approves moving forward with renovation, staff will issue a new competitive hotel asset manager RFP at the expiration of the Contract’s fifth extension.

### **EQUITY IMPACT**

Stellarum is a 100 percent women-owned firm, although not currently certified.

### **COMMUNITY PARTICIPATION AND FEEDBACK**

While there was no public participation related to this action, staff regularly engage with district stakeholders primarily through participation as a board member on Go Lloyd and the Lloyd EcoDistrict. These organizations represent a cross-section of Lloyd stakeholders including building owners, businesses, and residents. Both organizations have indicated that improvements to the ICC Hotel is one of their top priorities in the Oregon Convention Center TIF district.

### **BUDGET AND FINANCIAL INFORMATION**

There are sufficient resources in the fiscal year 2022-23 Oregon Convention Center budget and forecast for this Contract amendment (see Attachment B).

### **RISK ASSESSMENT**

The primary risk of not approving this action is that staff would be required to take on the work that Stellarum is performing following the expiration of the current Contract on September 30, 2023, and additional external resources will be needed to complete the renovation financial feasibility analysis.

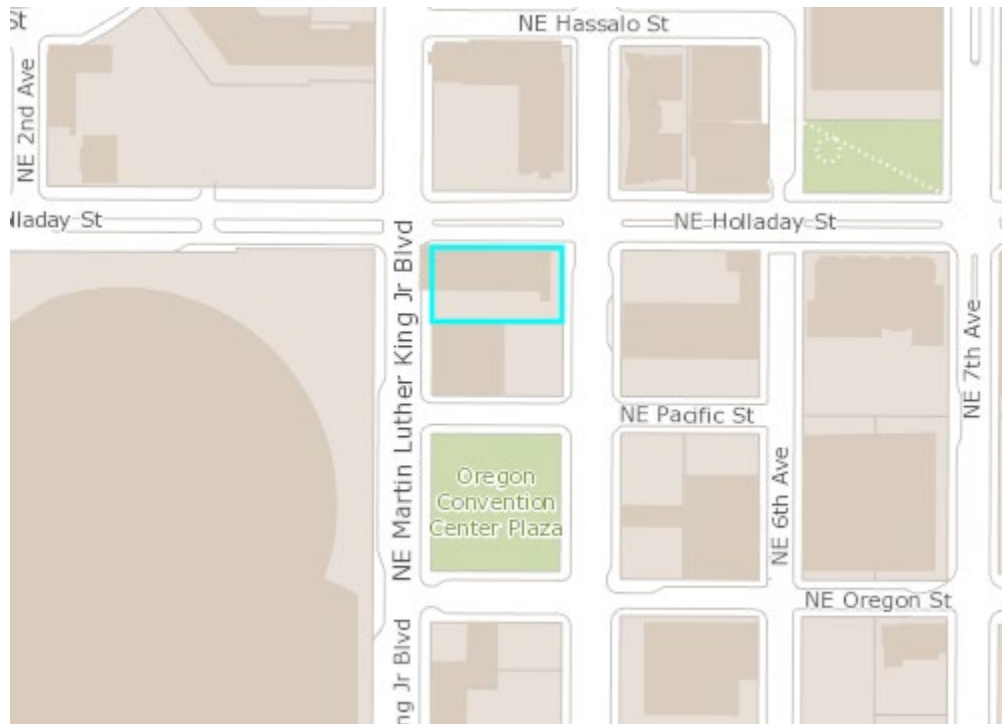
### **ATTACHMENTS**

- A. Photo and Site Map
- B. Oregon Convention Center Budget and Forecast

**PHOTO AND SITE MAP**



Photo of the Inn at Convention Center looking to the northwest



420 NE Holladay Street

**OREGON CONVENTION CENTER BUDGET AND FORECAST**

**Financial Summary  
 Forecast**

| <u>Convention Center TIF Fund</u>      | <u>Revised<br/>FY 2022-23</u> | <u>Approved<br/>FY 2023-24</u> | <u>Forecast<br/>FY 2024-25</u> | <u>Forecast<br/>FY 2025-26</u> | <u>Forecast<br/>FY 2026-27</u> | <u>Forecast<br/>FY 2027-28</u> |
|--|-------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Resources</b>                       |                               |                                |                                |                                |                                |                                |
| Beginning Fund Balance                 | 4,152,103                     | 311,190                        | 398,535                        | -639,128                       | -1,385,502                     | -2,019,679                     |
| <b>Revenue</b>                         |                               |                                |                                |                                |                                |                                |
| Interest on Investments                | 20,761                        | 4,346                          | 0                              | 0                              | 0                              | 0                              |
| Loan Collections                       | 216,757                       | 340,058                        | 0                              | 0                              | 0                              | 0                              |
| Rent and Property Income               | 2,887,028                     | 3,419,344                      | 3,425,344                      | 3,462,515                      | 3,465,515                      | 3,498,650                      |
| Transfers In                           | 0                             | 800,000                        | 0                              | 0                              | 0                              | 0                              |
| Total Revenue                          | 3,124,546                     | 4,563,748                      | 3,425,344                      | 3,462,515                      | 3,465,515                      | 3,498,650                      |
| Total Resources                        | 7,276,649                     | 4,874,938                      | 3,823,879                      | 2,823,387                      | 2,080,013                      | 1,478,971                      |
| <b>Requirements</b>                    |                               |                                |                                |                                |                                |                                |
| <b>Administration</b>                  |                               |                                |                                |                                |                                |                                |
| A00027-Debt Management-CNV             | 23,430                        | 12,121                         | 12,121                         | 12,121                         | 0                              | 0                              |
| Administration Total                   | 23,430                        | 12,121                         | 12,121                         | 12,121                         | 0                              | 0                              |
| <b>Property Redevelopment</b>          |                               |                                |                                |                                |                                |                                |
| <b>Real Estate Management</b>          |                               |                                |                                |                                |                                |                                |
| A00306-910 NE MLK Building-CNV         | 61,750                        | 26,146                         | 26,146                         | 26,749                         | 26,749                         | 27,372                         |
| A00307-Frmr B&K Car Rental-CNV         | 0                             | 0                              | 25,103                         | 25,671                         | 26,239                         | 29,239                         |
| A00309-Inn at Conv Ctr Mgmt-CNV        | 2,163,000                     | 2,547,000                      | 2,553,000                      | 2,558,000                      | 2,561,000                      | 2,561,000                      |
| A00310-Convention Center Garage-CNV    | 1,319,082                     | 1,181,124                      | 1,181,124                      | 1,215,059                      | 1,215,059                      | 1,250,009                      |
| <b>Real Estate Predevelopment</b>      |                               |                                |                                |                                |                                |                                |
| A00309-Inn at Conv Ctr Mgmt-CNV        | 2,700,000                     | 0                              | 0                              | 0                              | 0                              | 0                              |
| A00584-100 Multnomah-CNV               | 13,000                        | 0                              | 0                              | 0                              | 0                              | 0                              |
| <b>Real Estate Disposition</b>         |                               |                                |                                |                                |                                |                                |
| Property Redevelopment Total           | 6,256,832                     | 3,754,270                      | 3,785,373                      | 3,825,479                      | 3,829,047                      | 3,867,620                      |
| Total Program Expenditures             | 6,280,262                     | 3,766,391                      | 3,797,494                      | 3,837,600                      | 3,829,047                      | 3,867,620                      |
| Personnel Services                     | 83,247                        | 110,012                        | 115,513                        | 121,289                        | 60,645                         | 63,677                         |
| Total Fund Expenditures                | 6,363,509                     | 3,876,403                      | 3,913,007                      | 3,958,889                      | 3,889,692                      | 3,931,297                      |
| Interfund Transfers - Indirect Charges | 601,950                       | 600,000                        | 550,000                        | 250,000                        | 210,000                        | 70,000                         |
| Contingency                            | 311,190                       | 398,535                        | -639,128                       | -1,385,502                     | -2,019,679                     | -2,522,326                     |
| Total Fund Requirements                | 7,276,649                     | 4,874,938                      | 3,823,879                      | 2,823,387                      | 2,080,013                      | 1,478,971                      |

