

**PORTLAND DEVELOPMENT COMMISSION**

Portland, Oregon

**RESOLUTION NO. 7222**

**AMENDING 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 1<sup>st</sup> Avenue and NE Holladay Street (the “Block 49 Property”);

**WHEREAS**, the PDC Board of Commissioners (“Board”) through Resolution No. 4178 acquired the Block 49 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 Block 49 Property;

**WHEREAS**, Mortenson Development (“Mortenson”) intends to construct a 600-room Convention Center Hotel (“Hotel”) on the site to the east of the Block 49 Property in accordance with the terms of a Development and Financing Agreement with Metro;

**WHEREAS**, in 2016, the PDC Board through Resolution No. 7165 authorized the terms, including a lump sum contract price estimated at \$25,895,836, for PDC to enter into a Development Agreement with Mortenson for the Design and Construction of the Hotel Parking Garage (“Garage”) which will be owned by PDC and will support the development and operation of the Hotel;

**WHEREAS**, PDC and Mortenson, in collaboration with TriMet, have advanced the design of the Garage, including the October 27, 2016, approval by the Portland Design Commission;

**WHEREAS**, the cost estimate to construct the Garage has increased from \$25,895,836 to \$32,200,000 due to design changes attributable to the inclusion of superstructure to support development of an office building above the Garage, TriMet program requirements, requirements of the Portland Design Commission, and inclusion of a required 1.5 percent Green Technology element;

**NOW, THEREFORE, BE IT RESOLVED**, that the PDC Board of Commissioners authorizes the Executive Director to enter into a Parking Structure Development Agreement with Mortenson, substantially consistent with the Terms and Conditions in Exhibit A and previously approved by Resolution No. 7165, with a not-to-exceed lump sum contract price of \$32,200,000;

**BE IT FURTHER RESOLVED**, that the Executive Director may approve changes to the Parking Development Agreement terms and conditions, 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; and

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

Adopted by the Portland Development Commission on December 14, 2016



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Pam Micek, Recording Secretary

**RESOLUTION NO. 7222**

**RESOLUTION TITLE:**

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


Adopted by the Portland Development Commission on December 14, 2016

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Tom Kelly	<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 Alisha Moreland-Capuia MD	<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 checked="" type="checkbox"/>	Commissioner Gustavo J. Cruz, Jr.	<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.*

	<p><b>Date:</b></p> <p>December 20, 2016</p>
<p><b>Pam Micek, Recording Secretary</b></p>	

**PARKING STRUCTURE DEVELOPMENT AGREEMENT (PDC AND MORTENSON)**

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|--|---|
| Significant Terms:                                 | <ol style="list-style-type: none"><li>1. <b>Design Development.</b> PDC and Mortenson shall work together to prepare and agree on preliminary budgets, schedule and scope documents.</li><li>2. <b>Final Documents.</b> Upon completion of 50 percent Construction Documents, PDC and Mortenson work together to complete and agree to Final Budget, Final Schedule and Final Scope Documents which will be used to develop the Lump Sum Contract Price currently estimated at \$32,200,000. This effort will cost up to \$1,200,000 when added to the \$300,000 already incurred increases the total to \$1,500,000 at risk until the Lump Sum Contract Price is established.</li><li>3. <b>Lump Sum Contract.</b> 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.</li><li>4. <b>Payments.</b> 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.</li><li>5. <b>PDC Policies.</b> Mortenson shall comply with PDC Business Equity, Workforce Equity and Green Building policies.</li><li>6. <b>No Termination for Convenience.</b> 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.</li><li>7. <b>Self-Help Rights.</b> Mortenson shall have the right to complete the Parking Garage in the event of a PDC default.</li></ol> |
| Conditions to be resolved prior to moving forward: | <ol style="list-style-type: none"><li>1. Mortenson contract with Hyatt fully executed.</li><li>2. Parking Easement Agreement fully executed.</li><li>3. Mutual agreement on final form of Parking Structure Development Agreement.</li><li>4. Third-party review of preliminary designs and budget.</li><li>5. Confirmation that the commencement date for the Parking Garage construction allows for simultaneous completion of the Parking Garage and Hotel.</li><li>6. Confirmation the PDC and TriMet funds required for garage construction have been irrevocably allocated to the garage project and placed in escrow.</li><li>7. Completion of contract with TriMet.</li><li>8. Written confirmation of availability of permanent financing and/or receipt of forward commitment from permanent lender.</li></ol>  |