

MINUTES OF THE METRO COUNCIL MEETING

Thursday, September 20, 2007
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Kathryn Harrington, Robert Liberty, Carl Hosticka, Rod Park, Brian Newman

Councilors Absent: Rex Burkholder (excused)

Council President Bragdon convened the Regular Council Meeting at 2:03 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

There were none.

3. AUDITOR'S 2007 ANNUAL REPORT

Suzanne Flynn, Metro Auditor, talked about her office and her goals for the year. She provided her annual report to the Council. She shared a power presentation of her audit plan for 2007-08 (a copy of her power point presentation is included in the record). She noted records and measures she had put into the annual report including past expenditures in materials and services, staffing, audits completed, audits by department, average audit hours and number of audits. She also talked about audit hours linked to Metro's goals and success factors. She noted recommendations implemented. She provided some information on future audits.

Councilor Liberty asked Auditor Flynn if there was anything that struck her about Metro that was different from the her previous employer. Auditor Flynn talked about the differences. Councilors asked clarifying questions about her position and future audits. Council President Bragdon talked about the appropriateness of the refinement plan audit and the convention center audit.

Councilor Harrington spoke to the audit on waste reduction and recycling. She was interested in how we were doing in this area and looked forward to hearing from the Auditor on this issue.

4. CONSENT AGENDA

4.1 Consideration of minutes of the September 13, 2007 Regular Council Meeting.

4.2 **Resolution No. 07-3863**, For the Purpose of Confirming the Council President's Appointment of Elisa J. Dozono to the Metropolitan Exposition Recreation Commission (MERC).

Motion:

Councilor Newman moved to adopt the meeting minutes of the September 13, 2007 Regular Metro Council and Resolution No. 07-3863.

Vote:

Councilors Harrington, Liberty, Park, Newman, Hosticka and Council President Bragdon voted in support of the motion. The vote was 6 aye, the

motion passed.

5. ORDINANCES – FIRST READING

- 5.1 **Ordinance No. 07-1158**, Amending the FY 2007-08 Budget and Appropriations Schedule Recognizing Changes in Elected Officials Salaries and Declaring an Emergency.

Council President Bragdon assigned Ordinance No. 07-1158 to Council.

6. RESOLUTIONS

- 6.1 **Resolution No. 07-3868**, Authorizing Creation of Finance Plan for the Development of a 600-Room, Publicly Owned, Privately Operated, Convention Center Headquarters Hotel Project; Authorizing Execution of Development Agreement With Project Developer; and Authorizing Negotiations For Intergovernmental Agreements and Additional Project Funding.

Motion:	Councilor Park moved to adopt Resolution No. 07-3868.
Seconded:	Councilor Newman seconded the motion

Councilor Park said this resolution before Metro Council was another step in a thoughtful due diligence process regarding economic development in the Portland Metro region. He needed to emphasize that was the focus in front of the Council today. The process they undertook was much broader than whether to build a Convention Center Hotel. It was to look at all the range of alternatives given the circumstances they currently had.

Today was not about whether Metro/MERC build a Convention Center Hotel. It was about if we wanted to remain in the business of a traded sector part of the economy known as the Convention Business, as those before us who undertook the building of the Oregon Convention Center.

A Convention Center Hotel has been planned since 1989, while the Oregon Convention Center (OCC) was still in development.

Recently the Portland Development Commission re-examined the development of a Convention Center Hotel. This included an extended Request For Quotes/Request For Proposal process, in which development teams were asked to submit development proposals. An evaluation committee, including members from Metro, Metropolitan Exposition Recreation Commission (MERC) and the OCC selected the Garfield Traub/Ashforth Pacific development team as the best proposal.

In analyzing the feasibility of the private ownership model, it had become obvious that the private ownership model was not financially to meet the region's needs. If a Convention Center Hotel was to be built, it became clear that an ownership model which created an asset for the public like the OCC, which would operate in a manner to provide the most economic benefit to the region and not itself, a public ownership that it would have to be a public asset.

Once it became apparent that a headquarters hotel would need to be publicly owned Metro accepted the responsibility to become the lead agency on this project. Metro worked with

Portland Development Commission (PDC) as owners of the land, the development team, local businesses and citizens to explore the feasibility of the HQ Hotel..

Councilor Park explained what Resolution No. 07-3868 was: The resolution accepted the analysis of Metro/MERC staff and independent consultants: a 600-room, publicly owned, privately operated hotel was the alternative with the greatest benefit to the OCC, the Lloyd District and the Portland metropolitan region. It directed Metro staff to further pursue this alternative. This resolution would suspend analysis of any other alternatives, in order to focus on the 600-room hotel and avoid costly project delays. It authorized Metro to enter into a development agreement with Project Developer. Phase 1 of the Development Agreement would last 5-7 months. Cost would be \$600,000. Deliverables included:

- o 50% certain Guaranteed Maximum Price.
- o 50% complete conceptual design from Project Architect.
- o All necessary contracts and agreements with Hotel Owner/Operator, Construction Firm, Architect, etc.

During phase 1, Metro Chief Financial Officer (CFO) would work with Project Underwriter and Financial Advisor to refine Project Financing Plan. During phase 1, Metro would work with project and OCC beneficiaries, i.e. City of Portland, Port of Portland, PDC, hospitality industry, etc. to identify additional revenue sources for the Project Financing Plan. During phase 1, Office of the Metro Attorney would negotiate necessary Intergovernmental Agreements with City of Portland, Multnomah County, PDC, etc. to implement financing plan. These agreements would be subject to approval by the Metro Council. During phase 1, MERC would begin looking for strategies to secure necessary funding for OCC marketing, incentives, operations and renewal and replacement. At the end of phase 1, Metro and the region would have a clearer understanding of whether the project was financially feasible. At the end of phase 1, the Metro Council would determine if they wished to proceed or not. If so, Phase 2 would result in \$4 million payment to Project Developer. Deliverables would include:

- o 90% certain GMP.
- o 90% complete schematic design.
- o Final Financing Plan from Project Underwriter.

At the end of phase 2, Metro Council would have another decision point to proceed with development of the hotel and issuing bonds to implement the Financing Plan. This would be the Final Decision point. This would be the vote to put shovels in the ground. This would be at least 12 months from now.

Councilor Park explained what Resolution No. 07-3868 was not: This was not a vote that locked Metro into building a hotel. This was not a vote to increase taxes. This was not a vote to implement a Financing Plan. This was not a vote to commit any resources other than \$600,000 and necessary staff time.

He noted the benefits of the project. The analysis of independent consultants showed a 600-room headquarters hotel would generate: 8 new large-scale, national conventions per year at the OCC, as well as prevent the erosion of current convention business which would otherwise lead to 6 more conventions lost each year. 8 new conventions could lead to an increase of \$940,000 in OCC annual operating revenue. An increase in the region's ability to attract national conventions by approx. 20 percent. (21% to 40%.) It would serve as a catalyst for redevelopment in the Lloyd District, generating additional economic activity for local businesses, and creating construction-related jobs as well as ongoing jobs for the operations of the new hotel. 820 ongoing jobs

throughout the Metro region. An incremental economic impact of \$54 million per year from Convention related business, as well as an additional \$64 million per year from the hotel's non-OCC related business. There were also incremental tax benefits to the City of Portland, Multnomah County and the State of Oregon, totaling \$2.7 million per year. It would also add an additional 89,900 new room nights into the Portland hotel market. It would provide the ability to reinforce our current financing of the OCC, Portland Center for the Performing Arts (PCPA) and our other marketing efforts for the Portland Region and the state of Oregon.

If the Metro Council agreed with the staff's recommendation then a great many other steps would be necessary which we would hear about. He believed now however was the time for the public to give us their opinions about the information they have seen and provide us with their thoughts.

Councilor Park talked about the numbers. The decision to pursue the 600-room, publicly owned, privately operated headquarters hotel adjacent to the OCC was based upon a financing plan that was preliminary and subject to change. Project construction cost estimates would be updated during phase 1. If the Council chose to proceed to phase 2 at a later date, then Metro would obtain 90% certain Guaranteed Maximum Price for the project. HVS International based projections of project revenue on market analysis. Major changes in the Portland hotel market or the regional or national economy could cause these projections to change. The preliminary financing plan was developed in cooperation with Metro's CFO, Project Underwriter and Financial Advisor. This financing plan would change, based on the availability of revenue streams to provide additional coverage for the bonds, the final construction cost of the project, and changes in the national financial markets.

Michael Jordan, COO, said he had nothing to add.

Janice Marquis, Chair of MERC Commission, said that on September 12, 2007 the MERC Commission unanimously passed a MERC resolution supporting a publicly owned headquarters hotel (a copy of the resolution is included in the meeting packet). Metro and MERC had made this process transparent. She talked about the volunteers who were appointed to serve on the MERC Commission and shared some of their comments on the headquarters hotel. Council President Bragdon acknowledged the other commissioners in the audience.

Dave Woolson looked forward to moving forward on this work.

Councilor Liberty asked about the phrase "public financed hotel". He talked about how the bonds would be paid back such as the hotel motel tax. He wondered what the publicly owned meant. Mr. Woolson responded to his question. Councilor Liberty felt this phrase was confusing to the public. Mr. Woolson talked about risk.

Councilor Hosticka asked about the size of the backstop in terms of revenue. Mr. Woolson said that number would be established over the next six months. Councilor Hosticka asked a procedural question about the MERC resolution and authorization of expenditure. He wanted to know what the money would be spent for. Mr. Woolson responded to his question. Councilor Hosticka said this was a four-part effort, one of which was finding out how much this would cost and another was to determine who was going to pay for it. Mr. Woolson said the process would be simultaneous. Councilor Hosticka said it would seem to him that we had a lot of information to begin those negotiations as to who would participate in paying for the hotel.

Councilor Liberty said his understanding was that the \$600,000 would be coming out of the OCC budget. He wondered how we would get the money back. Mr. Woolson responded to his question.

Council President Bragdon opened a public hearing on Resolution No. 07-3868.

Chair Mark Rosenbaum, Portland Development Commission, 222 NW 5th Portland OR 97209 expressed the support of the Portland Development Commission for this project. This would focus on the tourist and entertainment industries. The hotel would support these industries. There was a place for expenditure to be made for tourism. In this area they were focused on capturing the tourism that would be helpful for this community. They had spent a lot of time looking at the privately held versus the publicly finance model for the hotel. They felt the private model was just too expensive. He wanted to lend his support.

Councilor Newman said they had a work session where there was an understanding that the PDC's land would be used for the hotel. Chair Rosenbaum said the convention center hotel was an advantage to the community where a privately owned hotel may not. Councilor Liberty asked if he mischaracterized what we were trying to accomplish? Chair Rosenbaum said his points were on target. Councilor Liberty asked if he thought this model was unrealistic? Chair Rosenbaum said when PDC looked at this, what became clear was MERC and Metro were the best entities to create efficiencies. He felt that it passed the smell test but looking seriously at the finances was important. It did seem appropriate to proceed and he felt in all likelihood, it would be a success.

Councilor Park asked about the patience capital, the return on investment might be a long time coming. He asked about the private model. Chair Rosenbaum said patience capital was an important concept. He felt it could work.

Council President Bragdon said when they agreed to look at different options several months ago; there had been a proposal for a 400-room hotel. Was he assured that the 400-room hotel should be off the table? Chair Rosenbaum explained why that choice wouldn't get the rate of return that was needed to be successful.

Michael Powell, Chairman of Portland Streetcar Inc, 7 NW 9th Ave Portland OR said the tourist business was critical to retail in this community. This would be a prudent investment. He talked about the streetcar's success and the development and density that had occurred. He felt it had been an important catalyst and stimulated housing as well. They were hopeful to bring that success to the east side. He felt they had a good synergy.

Randy Miller, The Moore Company, 333 SE 2nd Ave Portland OR said he supported the hotel. He hoped that they resolved the financial gap. He was involved in the Ambassador Program, which was private sector. He talked about the impact of the headquarters hotel such as best practices. They had looked at other communities and those communities attempt to attract conventions. The true synergy had been between the conventions centers and a convention center hotel in these communities. The goal was to get people here to make sure that the region walked their talk such as sharing our sustainability success. He urged support to move forward on with this.

Sam Brooks OAME and Chair of the Portland Business Alliance as well as a being a northeast businessman, 1130 NE Alberta St Portland OR 97211 supported moving forward with the headquarters hotel. He had been a past chair of the MERC Commission. He said the hotel would help the convention center be a leader in the community. Without the headquarters hotel they

were losing revenue. A development like the headquarters hotel could serve to improve this area and the economy. Councilor Park asked clarifying questions.

Sandra McDonough, Portland Business Alliance (PBA) 200 SW Market \$1770 Portland OR said they represented more than 1300 business. They had been on record supporting the headquarters hotel. She provided her letter for the record. Councilor Liberty asked clarifying questions. Ms. McDonough responded to his questions. Councilor Park asked her to comment on why PBA would support a public owned hotel. Ms. McDonough said they had been on record as supporting a convention center hotel. The board was comfortable with what Metro was doing to research the best model and financing.

Jeff Bernards, 2138 SE 76th Portland OR 97215 said he was concerned about the convention center losing money. He felt that the people who wanted to do this project should finance it without taxpayers' money. He talked about the subsidy, which he thought was about \$1 million a year. He felt the public money should be focused on other projects. Councilor Liberty said if those visitors who were coming to the region financed the hotel would he support the idea. Mr. Bernards said he would support the hotel. He asked if the numbers don't pan out who would finance the gap?

Christopher Campbell, Shilo Inn 11600 SW Shilo Lane Portland OR 97225 said they were concerned about a public owned hotel. The government was competing with the private sector. His second concern was the consumption of resources by floating a bond. Finally, all of the studies that had been done were a concern because he did not feel the studies were reliable. He was concerned that this could become a white elephant that the taxpayers would pay for. Councilor Newman talked about the convention center gap and the need to do something. The two most likely alternatives were to increase lodging taxes or to pursue more local conventions, which competed with the hotel industry. Mr. Campbell said their preference was not public ownership. He suggested there might be other solutions to fulfill the gap. He talked about the marketing of Portland. He said convention centers were highly competitive. Councilor Liberty asked what he thought would happen if we built the headquarters hotel. Mr. Campbell said Portland's hotel occupancy fluctuated. He talked about national averages of occupancy. Councilor Liberty asked if this was an escalating competition, should they get out of the convention business. Mr. Campbell said that was difficult to answer. He was concerned about the use of public money to fund a hotel when the studies were not well founded. Councilor Park asked about feasibilities they used. Mr. Campbell said he had provided information for the Council on other studies (a copy of which is included in the record). He asked Council to review the materials. They did not use the consultants that MERC/Metro had used. Councilor Harrington asked about the Texas convention center where Shilo Inns had built a convention center hotel. Mr. Campbell shared the specifics of the hotel and the convention center.

Howard Jacobs, Provenance Hotels 550 SW Park Portland OR 97205 said they owned and operated several hotels in Portland. He was also a member of Portland Oregon Visitors Association (POVA). He voiced caution in moving forward on this plan. This product was a risky investment. He shared information about other convention center hotels. He talked about the number of conventions that were projected. He felt the privately funded model had tremendous opportunity. Councilor Liberty asked him to define limited subsidy. Mr. Jacobs responded to his question.

Sam Adams, City of Portland Commissioner, 1221 SW Fourth Ave Portland OR 97204 said he

supported the additional due diligence that Council would consider. He felt this would allow for a more informed decision. He supported additional due diligence. He pledged his support. Councilor Hosticka asked if the City was contemplating being a partner in this process. Commissioner Adams said it was too early to tell but thought it was possible. He felt the information called for in the resolution would help determine whether we moved forward. Councilor Hosticka asked how much information would they need before they were willing to act as a partner. The question was of timing. Commissioner Adams said they had done a thorough job of studying the issue. More investigation would allow Metro to move forward and asked for partnership. Commissioner Adams said there had been a very iterative dialogue about the convention center and the expansion. Councilor Park asked about putting a plan together that didn't put others at risk. Commissioner Adams said the financing plan for the convention center held up even though they experienced 911. They had taken a very conservative route. Councilor Park said if they had a similar plan for the hotel would he support this? Commissioner Adams said they didn't want to impact other government programs. If the finance plan showed this there was a likelihood of support. Councilor Liberty talked about the benefit of redevelopment with the hotel. The factors that they were looking for was the headquarters hotel, private hotels and central city hotels. With the streetcar on the eastside did he see redevelopment opportunities? Commissioner Adams said there was some expectation that the streetcar investment would help with redevelopment.

Michael McCulloch 13000 NW Old Germantown Rd Portland OR 97231 provided his testimony for the record. Councilor Harrington talked about previous testimony where other projects were seen as catalyst for this area. Mr. McCulloch said the confidence that MERC showed in building the convention center and then expanding it helped other investors be supportive. He felt the hotel was a catalyst. Councilor Park asked about projects he had success with. Mr. McCulloch said he was part of a team that looked at business operations. The business group had listened to the community. They had looked at successful convention centers around the country.

Bud Clark 2522 NW Northrup Portland OR 97210 had complemented MERC and he was now complementing Metro. He shared history about economic development. He supported the building of the convention center when he was major. He knew that Portland needed the convention center. He felt that they needed a headquarters hotel. He urged support (a copy of his notes are included in the record).

Don Trotter MERC Commissioner 12102 SE 36th Ave Milwaukie OR 97222 read Gary Barth, Deputy Director of Clackamas County letter into the record (a copy of which is included in the record).

Robert Fraser 6237 NE Carrillion Drive#201 Hillsboro OR read his letter into the record. Portland had been success in bring small conventions to this area. He felt there was tremendous potential.

Steve Buckstein Cascade Policy Institute Portland OR 97225 read his letter into the record. Councilor Liberty asked if they should get out of the convention center business? Mr. Buckstein said he didn't have the answer but suggested looking at other uses for the property. Councilor Liberty said the Council had asked them to look at 5 to 6 alternatives. There was still concern as to whether to move forward with the hotel. Mr. Buckstein said money was finite. He suggested that it was not the proper function of Metro to be in the hotel business. Councilor Park asked if the convention center shouldn't have been built, when was it timely to build a publicly amenity? Mr. Buckstein said it shouldn't be built.

Jim Pauley, Columbia Pacific Building Trades, 11620 N E Ainsworth Circle Portland OR 97220 said they support this resolution. He felt this was the final piece in making the convention center successful.

Connie Hunt, 727 SE Grand Ave Portland OR 97214 said she was a small business owner. They owned the East Bank Salon for 28 years. She supported the resolution. They had made an investment in this district. Business had changed in the district. She was part of the tourism and hospitality industry. This was an investment in their east side community. She asked Metro to step up and make that investment.

Jeff Miller, POVA 1000 SW Broadway Suite 2300 Portland OR provided his testimony for he record and was supportive of the headquarters hotel moving forward.

Brian McCartin, POVA 1000 SW Broadway Suite 2300 Portland OR 97205 read his letter into the record. Councilor Park talked about the Visitor Development Fund and how much more could they do. Mr. Miller said Portland had been successful with the fund. They will continue to use the fund to attract more business. Mr. McCartin said that issue was tested but the core needs still needed to be met. Councilor Park asked why it was so important to put your convention center group in one place. Mr. McCartin said putting on a convention was a challenge. A meeting planner wanted to have as few problems as possible. He talked about the hotel package and the advantages of having a hotel close to the convention center.

Seth Howard, Unite Here, 2800 First Suite 3 Seattle WA 98121 said they represented hotel and restaurant employees. He urged building a hotel. This project would benefit the entire community. He said this had been an open and transparent process. They urged voting yes on the resolution. He provided his testimony for the record.

Jay Mehta InMex/Unite Here, 2129 N Street NW Washington DC 20031 provided his testimony for the record. He noted letters he had submitted for the record.

Roy Jay, 4300 NE Fremont #220 Portland OR 97213 said he supported the mission to move this matter forward. This had been a long-standing dream for those who lived on this side of the river. He provided examples of the success of convention centers with hotels. They needed to think futuristically.

Joseph Cortright, 1424 NE Knott St Portland OR 97212 provided his testimony for the record. Councilor Park asked if the convention center was a viable traded sector business. Mr. Cortright responded to his question. Councilor Park asked if he had other suggestions for filling the gap. Mr. Cortright said his testimony provided his suggestions. Councilor Liberty said he felt his testimony was valuable. He said if they were to find a way to insulate the taxpayers were there consequences in putting the visitors at risk? Mr. Cortright said in a public financed hotel, the public was liable. The public had a responsibility to pay it back. Councilor Liberty said they had high occupancy right now. He was anticipating more hotels being built. Could they expect more hotels to be built? Mr. Cortright said there was an issue of timing.

Wilma Hart, Quilt Inc. 7660 Woodway Houston TX said they had held 4 quilt markets at the Convention Center. They were fond of the City of Portland, POVA, and the Convention Center. There was a problem. She had had to sign with 12 hotels for her conventions. She urged building a headquarters hotel. They needed rooms by the convention center. She noted that Portland was a

safe city. Councilor Park asked why they were going to so many hotels. Ms. Hart said each hotel gave them a limited number of rooms. She felt it was too spread out by using a multitude of hotels. Councilor Harrington asked if she was the same Wilma Hart quoted in Forbes. Ms. Hart said yes.

Mark Goldfarr, Society for Information Display, 411 Lafayette St Suite 201 New York, NY 10503 said they could not bring their convention here because they needed a hotel package. Councilor Park asked why the environment was not adequate. Mr. Goldfarr explained why.

Harold Pollin, TriCounty Lodging Association, POVA and Hotelier, 8235 NE Airport Way Portland OR 97220 said he was the owner of several hotels. He was a chair of a committee looking at a headquarters hotel when Mayor Clark was mayor. It was clear that they needed to build a headquarters hotel. He explained convention center logistics. He was on the Board of the Tri-County Lodging Association and other groups. He had been involved in the effort for many years. These groups knew they would take a short-term hit with the additional capacity. But he personally felt the long-term gain would make it worthwhile. He felt the access to blocks of rooms was not there right now. The headquarters hotel would be the biggest impact. Councilor Harrington appreciated the recognition that there would be impacts in the short term. She was concerned about the continuing competitive position of Portland in this market. Mr. Pollin said the market was always dynamic. Cities would continue to add amenities to attract business; Portland could be no different. Without building this headquarters hotel the City and the Convention Center went backward. Councilor Park asked why he didn't build the hotel? Mr. Pollin said it didn't pencil out because of capital markets and interest rates. Councilor Park asked clarifying questions. Mr. Pollin said it was unlikely that the hotel would price itself below market, they would set rates to be competitive. He didn't believe the operator of this hotel would set the rates below market. Councilor Harrington said when he talked about it not penciling out he was talking about a convention center hotel needed to have the kind of amenities for conventions. Councilor Liberty said he valued his testimony because there would be an impact on his hotel. He asked if they ought to revisit a larger hotel. Mr. Pollin said the 600-room hotel should accommodate the City of Portland. Councilor Liberty asked if he had tracked other convention center hotels. Mr. Pollin said he followed this a bit. Most cities that didn't have a convention center hotel had large hotels close to the convention center. Councilor Park said there had been questions raised about the validity of the consultants. He asked what Mr. Pollin did? Mr. Pollin said anyone who was an entrepreneur needed to do a thorough evaluation before building. He said the consultant have a place in the evaluation to do any entrepreneurial enterprise. Mr. Pollin said getting Westin to come was a coup.

Don McIntire 929 SE Phoebe Ct Gresham OR 97080 said he was here to represent the taxpayers of Oregon. He reminded the Council of their moral responsibility to the taxpayers. He felt this was an investment with no return to the taxpayer. He provided a copy of his testimony for the record.

Gregg Mindt, Tri County Lodging Association provided his testimony for the record. Councilor Harrington asked for clarification on item #3. Mr. Mindt said they realized that headquarters hotel would not be the only incentive for district development. Councilor Newman asked if #4 couldn't be met, would the TriCounty Lodging not support the hotel? Mr. Mindt said they would like to see some money go towards marketing. He didn't believe this was an absolute. These were concerns that they had talked about over and over again. Councilor Liberty talked about directing the revenues towards the bonds. He didn't know how they could build the hotel without violating some of the points that Mr. Mindt made. Councilor Park asked for clarification on pay for

performance. Mr. Mindt said POVA could always use additional funds to market. The lodging community would like to see more of their tax monies go to POVA. Council President Bragdon said everyone believed in more marketing. Mr. Mindt said the headquarters hotel made them more competitive. It needed to be part of the discussion about dollars for marketing.

Cliff Puckett, Pacific Northwest Regional Council of Carpenters, 1636 E Burnside Portland OR 97214 said the carpenter's union was optimistic about the headquarters hotel. They wanted Metro to take the next step. They represented many carpenters in the region. There was a portion of the members that had to travel to work to support their families. He said getting out of the convention business was not an option. It would be detrimental to our community. He thanked the Metro Council for their hard work. He urged they continue with the work and secure the financing. We can't afford not to build the hotel.

Tim Ramis, PO Box 230669, Portland OR 97281 said they were here today in opposition to the resolution. He suggested being careful about relying on the data. He felt predictions had not been correct. He noted HVS disclaimers. He said the study said they were saying that they must renew the district in order for this hotel to be successful.

Len Bergstein, Northwest Strategies, 805 SW Broadway #2281 Portland OR 97225 provided his testimony for the record. Councilor Park asked if he believed that if they did nothing would the convention center continue on its current path? Would they still lose business? Mr. Bergstein responded to his question. Councilor Park asked if POVA was a competent marketing agent for the region? Mr. Bergstein responded, he had no idea. He assumed they didn't have enough resources. Councilor Liberty asked Mr. Bergstein if there was a reason why they hadn't heard on a proposal for a hotel. Was there something about the RFP process that was attractive? Mr. Ramis responded to his question. They had to make the property available. Councilor Liberty and Mr. Bergstein continued their discussion about private sector participation.

Todd Davidson, Oregon Tourism Commission, 670 SE Hawthorne Street Suite 240 Salem OR 97301 provided his testimony for the record.

Sabrina Rokovitz, Enterprise Rent-A-Car, 20400 SE Teton Avenue Tualatin OR 97062 said her customers were primarily regional residents, car renters. Councilor Park thanked her for being here. He said Mr. Neery had tried to bring conventions here. He asked her if they were to bring a national convention were would they bring it without a convention center. Ms. Rokovitz said no.

Matt Raine, Starwood Hotels, 7314 E Wethersfield, Scottsdale, AZ 85260 said they were excited about being part of the agreement working for Westin. They had been working to reach resolution. There was a lot of misinformation going on about the publicly financing issues. He talked about the bond investors. He pointed out that this project leveraged two elements, Westin brand and the preforma analysis that they had done themselves. Councilor Hosticka asked what his plus or minus was. Mr. Raine said he read in the paper \$244 million. He asked how much more precision would there be by spending \$600,000. Mr. Raine said he felt spending this money would help the process to take the design to the next level. Councilor Park said we already have a hotel here, why do they need another one. Mr. Raine said they had a 200-room hotel that had no meeting space. Several larger cities had hotels of the same brand. They didn't see their other hotel as mutually exclusive. They specialized in bringing large groups into hotels. Councilor Park asked clarifying questions. Mr. Raine responded to his questions. Councilor Liberty asked if Westin had hotels connected with convention centers in other cities. Mr. Raine shared three examples. Councilor Liberty asked about the financing arrangement. Mr. Raine provided further

detail on bond arrangements with these entities. He said there was a lot of protection built into the bonds. Councilor Park asked about using consultants to provide them with information. Mr. Raine said they were useful.

Carla Murray, Starwood Hotels and Resorts, 1400 Sixth Ave Seattle OR 98010 did not testify

JE Isaac, Lloyd District BID, Portland Business Association, 1 Center Court, Portland OR 97227 urged Council's support this resolution.

Scott Andrew, Melvin Mark Properties, 111 SW Columbia #1380 Portland OR 97201 did not testify but was in support of the headquarters hotel.

Bill Ruff, Lloyd District Community Association, 720 SW Davis #300 Portland OR 97209 said he represented the Lloyd District. He urged securing a headquarters hotel. He provided details on private sector investment (a copy of which is included in the record).

Michael O'Connell said he was with BPM development, 610 SW Alder, Portland OR. He talked about private investment in this area. BPM was developing a 19 stories office building close to the convention center. It was a Leadership in Energy and Environmental Design (LEED) project. They were excited about the vision of a mixed-use environment. This was a public private investment. He urged them to take the next step. Councilor Liberty asked if the investor would be interested in supporting the convention center.

Robert Sacks, 510 NW 23rd Portland OR said he had unique perspective because he owned a business close to convention center. He thought they should walk to the north window and look at. Martin Luther King Blvd (MLK) was a lifeline in this city. This was Metro's neighborhood. It needed attention and improvement. It was up to the public sector to stimulate activity in the area. A headquarters hotel would change this neighborhood. MLK had been allowed to deteriorate. This was an important part of the city.

Donald Kool, Plumber Local #290, 20210 SW Teton Ave Tualatin OR 97062 did not testify

Gwenn Baldwin, Lloyd Executive Partnership 500 NE Multnomah #360 Portland OR said there wasn't one thing that did it all. The Convention Center stimulated a lot of business. The Lloyd District has seen growth. The question was how do you take it further. The Lloyd District needed more investment. The Lloyd District created a transportation management area and was now investing private dollars in public assets. They had done a remarkable job. She noted what they were paying for. She hoped the partnership extended beyond the Lloyd District.

Fred Wearn, PDC, 222 NW 5th Ave Portland OR 97209 said he was the senior developer at PDC that had oversight for this project. He thanked the Council, MERC Commission and the staff. They tried very hard to make a private hotel work. It didn't pencil out. He provided a history of the process they went through to come to the decision about a private sector hotel. He said the 600 rooms would be built. He personally had had a number of conversations with hoteliers. They did want to come. He explained their basic approach for a 600-room hotel. He felt there was an opportunity to be catalytic.

Council President Bragdon closed the public hearing and announced that this resolution would be held over for final consideration on September 27, 2007.

Councilor Park asked Mr. Tom Hazinski, HVS International to talk about HVS International credentials. Mr. Hazinski talked about the studies they had completed as well as their performance on other hotel projects. He stood behind the credibility of their report. He said they had done over 30,000 studies. Councilor Newman said it would be helpful for him if Mr. Hazinski would respond to Mr. Cortright's points particularly the first four points. Council President Bragdon echoed Councilor Newman's comments. They would like a response to Mr. Cortright's testimony. Mr. Hazinski said he reviewed data on loss business. There were more reasons for why convention centers lost business. Only 20% of lost business would be recovered. Council President Bragdon asked him to respond to competitive trends. Councilor Liberty suggested responding to Mr. Cortright's comment on publicly owned headquarters hotel. He was much more confident about what would happen in the Lloyd District. Mr. Hazinski said they hadn't quantified impacts of the Lloyd District as to the performance of the hotel. It would have a marginal impact on the performance of the hotel. He talked about mischaracterizations in Mr. Cortright's testimony.

6.2 **Resolution No. 07-3855**, Approving the Natural Areas Acquisition Refinement Plan for the Dairy and McKay Creeks Confluence Target Area.

Motion:	Councilor Newman moved to adopt Resolution No. 07-3855.
Seconded:	Councilor Hosticka seconded the motion

Councilor Newman introduced all three resolutions concerning the three refinement plans. These plans had been a refinement process. He noted public open houses on these issues. Once the vote takes place the staff will be able to consider purchase of willing seller properties. He noted the number of work sessions Council had on this issues.

Vote: Councilors Park, Hosticka, Newman, Harrington, Liberty, and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

6.3 **Resolution No. 07-3856**, Approving the Natural Areas Acquisition Refinement Plan for the Wapato Lake Target Area.

Motion:	Councilor Newman moved to adopt Resolution No. 07-3856.
Seconded:	Councilor Hosticka seconded the motion

Vote: Councilors Park, Hosticka, Burkholder, Harrington, Liberty, and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

6.4 **Resolution No. 07-3857**, Approving the Natural Areas Acquisition Refinement Plan for the Chehalem Ridgetop to Refuge Target Area.

Motion:	Councilor Newman moved to adopt Resolution No. 07-3857.
Seconded:	Councilor Hosticka seconded the motion

Vote: Councilors Park, Hosticka, Newman, Harrington, Liberty, and Council

President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.
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7. ORDINANCES – SECOND READING

7.1 **Ordinance No. 07-1160B**, Amending the FY 2007-08 Budget And Appropriations Schedule to Implement Various Projects funded from undesignated reserves, and Declaring an Emergency.

Motion:	Councilor Burkholder moved to adopt Ordinance No. 07-1160B.
Seconded:	Councilor Liberty seconded the motion

Councilor Park said this “B” version proposed a 3-year budget proposal of \$4,974,865, scaling back a bit from Version A. This B version also left a little bit of uncommitted money in reserves as a cushion for the remainder of the year. The budget notes indicated that all proposals remaining in contingency would have to come back to the Council for further action before the money can be moved into spending in FY 2007-08. Lastly, proposals that have multi -year funding - spending planned for next year (FY 2008-09) and the following year (FY 2009-10) would still have to go through the budget process and be incorporated into that year's budget.

Council President Bragdon opened a public hearing on Ordinance No. 07-1160B

Russ Dondosro, 1506 Limpus Lane Forest Grove OR 97116 said as a political science professor he was here to talk about using the money for a revolving fund for Affordable Housing. They in Washington County were in support of this fund. His experience of 16 years, housing issues like homelessness and housing insecurity required a multiple offense in collaboration with other governments. They had 6000 people on the Housing Authority waiting list. They had 43,000 living below or at the poverty level. He was glad they were creating a regional strategy. Councilor Liberty thanked him for coming. Council President Bragdon asked about migration within the region. Mr. Dondosro said living in Forest Grove and commuting to Portland anyone who was on Sunset Hwy during rush hour did not work and live in the same place. There were a lot of folks looking for affordable housing who couldn't find it in Washington County. They also know those families living close to their work are much more functional. Councilor Harrington added her thanks for his efforts.

Council President Bragdon closed the public hearing.

Councilor Liberty said he distributed letters for the record.

Councilor Hosticka commented on affordable housing in the suburbs. It was a very serious need.

Vote:

Councilors Park, Hosticka, Newman, Harrington, Liberty, and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.
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8. CHIEF OPERATING OFFICER COMMUNICATION

Michael Jordan, COO, congratuated them for their patience.

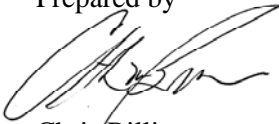
9. COUNCILOR COMMUNICATION

Councilor Liberty invited citizens to come on Wednesday September 26th to Metro to hear a debate between Gordon Price and Patrick Condon on the difference between Corridor and Centers. These strategies were both part of Metro, at 7:00 p.m.

10. ADJOURN

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 6:55 p.m.

Prepared by

A handwritten signature in black ink, appearing to read "Chris Billington", written over a horizontal line.

Chris Billington
Clerk of the Council

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
SEPTEMBER 20, 2007**

Item	Topic	Doc. Date	Document Description	Doc. Number
4.1	Minutes	9/13/07	Metro Council Meeting Minutes of September 13, 3007	092007c-01
6.1	News release	9/12/07	To: General Public From: Julie Reed, MERC Re: News release concerning MERC endorsing 600 room headquarters hotel	092007c-02
6.1	Letter	8/28/07	To: Phil Sanford, <i>Portland Tribune</i> From: Mark Hemstreet Re: Convention Center headquarters hotel letter and attachments	092007c-03
6.1	Letter	8/15/07	To: Council President David Bragdon From: Philip Kalberer, Kalberer Company Re: Supports headquarters hotel	092007c-04
6.1	Letter	8/21/07	To: Council President Bragdon From: Scott Langley Ashforth Pacific Inc. Re: Supports the headquarters hotel	092007c-05
6.1	Letter	8/10/07	To: Council President Bragdon From: Bruce Burns Chairman and CEO of Burns Bros. Re: Supports the Convention center headquarters hotel	092007c-06
6.1	Letter	9/10/07	To: Metro Council President Bragdon From: Robert Sacks A&R Development Re: Support of convention center headquarters hotel	092007c-07
6.1	Letter	9/12/07	To: Metro Council President David Bragdon From: Hank Ashforth, Chair Lloyd BID Re: Support of headquarters hotel	092007c-08
6.1	Letter	9/10/07	To: Metro Council President Bragdon Re: Mimi Stevens Re: support headquarters hotel	092007c-09
6.1	Letter	9/12/07	To: Council President Bragdon From: Rick Williams Director Lloyd TMA Re: Support the convention center headquarters hotel	092007c-10
6.1	Letter	9/11/07	To: Metro Council President Bragdon From: Sandra McDonough, President and CEO of Portland Business Alliance Re: Support the convention center headquarters hotel	092007c-11

Item	Topic	Doc. Date	Document Description	Doc. Number
6.1	Letter	9/10/07	To: Council President Bragdon From: Scott Langley, Ashforth Pacific, JE Issac Portland Trail Blazers, Pat Egan Pacific Power, Steven Hickok Bonneville Power Authority, Larry Becker Liberty Northwest and Daniel Field, Kaiser Permanente NW Region Re: Supports convention center headquarter hotel	092007c-12
6.1	Letter	8/10/07	To: Council President Bragdon From: Barry Schlesinger, BPM Development and Wayne Rembold, ProVention LLC Re: Supports headquarters hotel	092007c-13
6.1	Letter	9/10/07	To: Council President Bragdon From: Drew Mahalic, CEO Oregon Sports Authority Re: Supports headquarters hotel	092007c-14
6.1	Letter	9/10/07	To: Council President Bragdon From: Drew Mahalic, Oregon Sports Authority Re: Convention center headquarters hotel	092007c-15
6.1	Comment Cards	9/6/07	To: MERC Commission From: Interested Citizens Re: Comments on headquarters hotel	092007c-16
6.1	Email	9/14/07	To: Council President Bragdon From: Frank Selker Re: Headquarters hotel	092007c-17
6.1	Letter	9/13/07	To: Council President Bragdon From: Gale Castillo Re: Headquarters hotel	092007c-18
6.1	Letter	9/12/07	To: Council President Bragdon From: Hank Ashforth, Lloyd BID Re: Headquarters hotel	092007c-19
6.1	Letter	9/12/07	To: Council President Bragdon From: Justin Zeulner, LDCA Re: Headquarters hotel	092007c-20
6.1	Letter	9/10/07	To: Council President Bragdon From: Lloyd Executive Partnership Re: Headquarters hotel	092007c-21
6.1	Letter	9/10/07	To: Council President Bragdon From: Mimi Stevens Re: Headquarters hotel	092007c-22
6.1	Letter	9/5/07	To: Council President Bragdon From: Kim Jackson, International Parking Inst. Re: Headquarters hotel	092007c-23

Item	Topic	Doc. Date	Document Description	Doc. Number
6.1	Letter	8/27/07	To: Council President Bragdon From: Geoffrey Parent Re: Headquarters hotel	092007c-24
6.1	Letter	9/23/07	To: Council President Bragdon From: J.E. Isaac, Portland Area Management Re: Headquarters hotel	092007c-25
6.1	Letter	8/16/07	To: Council President Bragdon From: Bradley Malsin Re: Headquarters hotel	092007c-26
6.1	Letter	8/16/07	To: Council President Bragdon From: Gregg Mindt, Tri-County Lodging Association Re: Headquarters hotel	092007c-27
6.1	Letter	8/15/07	To: Council President Bragdon From: Philip Kalberer Re: Headquarters hotel	092007c-28
6.1	Letter	2/8/07	To: Council President Bragdon From: Jeff Miller Re: Headquarters hotel	092007c-29
6.1	Letter	2/7/07	To: Council President Bragdon From: Steve Patterson Re: Headquarters hotel	092007c-30
6.1	Letter	2/6/07	To: Council President Bragdon From: Harold Pollin Re: Headquarters hotel	092007c-31
6.1	Letter	2/6/07	To: Council President Bragdon From: Barry Schlesinger Re: Headquarters hotel	092007c-32
6.1	Letter	2/6/07	To: Metro Council From: Sandra McDonough Re: Headquarters hotel	092007c-33
6.1	Letter	2/5/07	To: Council President Bragdon From: Clinton Shultz Re: Headquarters hotel	092007c-34
6.1	Letter	2/2/07	To: Council President Bragdon From: Lloyd Executive Partnership Re: Headquarters hotel	092007c-35
6.1	Fax	2/2/07	To: Council President Bragdon From: Pat Reiten Re: Headquarters hotel	092007c-36
6.1	Letter	1/24/07	To: Metro Council From: Gregg Mindt, Tri-County Lodging Association Re: Headquarters hotel	092007c-37

Item	Topic	Doc. Date	Document Description	Doc. Number
6.1	Letter	11/29/06	To: Council President Bragdon From: Gregg Mindt, Tri-County Lodging Assoc Re: Headquarters hotel	092007c-38
6.1	Letter	9/13/07	To: Hank Ashforth, Mr. Becker, Ms. Egan, Mr. Field, Mr. Hickok, J.E. Isaac, Sandra McDonough, Robert Sacks, Rick Williams From: Council President Bragdon Re: Headquarters hotel	092007c-39
6.1	Letter	8/28/07	To: Gregg Mindt From: Council President Bragdon Re: Headquarters hotel	092007c-40
6.1	Email	9/10/07	To: Frank Selker From: Council President Bragdon Re: Headquarters hotel	092007c-41
6.1	Letter	2/7/07	To: Council President Bragdon From: Justin Zeulner, Director of Property Services Rose Quarter Re: Support the headquarters hotel	092007c-42
6.1	Letter	2/6/07	To: Council President Bragdon From: Matthew Raine, Vice President, Starwood Hotels Re: Headquarters hotel	092007c-43
6.1	Letter	9/19/2007	To: Metro Council Members From: Len Bergstein, Northwest Strategies Re: Headquarters hotel	092007c-44
6.1	Email & Letter	9/18/07	To: Council President Bragdon From: Ruthie Reinert, President/CEO Washington County Visitors Association Re: Supports headquarters hotel	092007c-45
7.1	"B" version	9/20/07	Ordinance No. 07-1160B , Amending the FY 2007-08 Budget And Appropriations Schedule to Implement Various Projects funded from undesignated reserves, and Declaring an Emergency	092007c-46
6.1	Memo	9/20/07	To: Metro Councilors From: Terry Moore, EcoNorthwest Re: Headquarters hotel	092007c-47
6.1	Memo	9/20/07	To: Metro Council From: Bill Ruff, Re: Private Sector Investment, Lloyd District Development (1991-2007) accompanied testimony	092007c-48
6.1	E-mail	9/20/07	To: Don and Sue Trotter, and Metro Council From: Gary Barth, Clackamas County Re: No formal position on the hotel; however supports ongoing analysis	092007c-49

Item	Topic	Doc. Date	Document Description	Doc. Number
6.1	Memo	9/20/2007	To: Metro Council From: Michael McCulloch, Architect Re: Support of Headquarters Hotel	092007c-50
6.1	Testimony	9/20/2007	To: Metro Council From: Todd Davidson, The Oregon Tourism Commission Re: Support of Headquarters Hotel	092007c-51
6.1	Testimony	9/20/2007	To: Metro Council From: Bud Clark, Portland Mayor (1985-1993) Re: Support in favor of Headquarters Hotel	092007c-52
6.1	Testimony	9/20/2007	To: President Bragdon & Metro Council From: Leonard Bergstein, Northwest Strategies, Inc. Re: Against Headquarters Hotel	092007c-53
6.1	Testimony	9/20/2007	To: Metro Council From: Don McIntire, President of the Taxpayer Association of Oregon Re: Against Headquarters Hotel and public financing	092007c-54
6.1	Letter	9/18/2007	To: Council President David Bragdon & Metro Council From: J. Gregg Mindt, Executive Director, Tri-County Lodging Association Re: No formal position, maintain various concerns with Headquarters Hotel processes.	092007c-55
6.1	Testimony	9/20/2007	To: Metro Council From: Seth Howard, Research Analyst with UNITE HERE Re: Support of Headquarters Hotel	092007c-56
6.1	Letter	9/15/2007	To: Metro Council From: John Stephens, President, American Studies Association Re: Support of Headquarters Hotel	092007c-57
6.1	Letter	9/20/2007	To: Metro Council From: Nolan Treadway, Logistics Director, YearlyKos Convention Re: Support of Headquarters Hotel	092007c-58
6.1	Letter	9/18/2007	To: Metro Council From: Delia de la Vara, NCLR Vice President Re: Support in favor of Headquarters Hotel	092007c-59
6.1	Letter	9/14/2007	To: Metro Council From: Sarita Gupta, Executive Director, Jobs with Justice Re: Support in favor of Headquarters Hotel	092007c-60

Item	Topic	Doc. Date	Document Description	Doc. Number
6.1	Memo	9/20/2007	To: Metro Council From: Robert Fraser, National Account Manager for Experient Re: Support in favor of Headquarters Hotel	092007c-61
6.1	Testimony	9/20/2007	To: Metro Council From: Steve Buckstein, Senior Policy Analyst, Cascade Policy Institute Re: Against Headquarters Hotel	092007c-62
6.1	Letter and Testimony	9/20/2007	To: Metro Council From: Chris Campbell, CEO - Shilo Inns Re: Against Headquarters Hotel	092007c-63
6.1	Memo	9/20/2007	To: Metro Council, From: Joseph Cortright Re: Analysis of Headquarters Hotel	092007c-64
6.1	Letter	9/20/2007	To: Councilor Liberty From: David Castricano Senior VP, U.S. Bank Commercial Real Estate Re: Regional Housing Choice Revolving Fund	092007c-65
6.1	Letter	9/19/2007	To: Councilor Liberty From: Mayor Tom Hughes of Hillsboro Re: Support for Regional Housing Choice Revolving Fund	092007c-66
6.1	Memo	9/20/2007	To: Metro Councilors From: Terry Moore Re: Comments on the report by EcoNorthwest: <i>Oregon Convention Center Alternatives Analysis</i> .	092007c-67
6.1	Letter	9/19/2007	To: Council President and Metro Council, From: Rick Gustafson Re: Support of Headquarters Hotel	092007c-68
6.1	Talking points	9/20/07	To: Metro Council From: Sabrina Rokovitz, Enterprise Rent-A-Car Re: Headquarters Hotel	092007c-69