

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF APPROVING AN)
EXCLUSIVE PERSONAL SERVICES)
AGREEMENT WITH THE BUEL GROUP TO) RESOLUTION NO. 02-3251
SERVE AS THE SOLE AGENT OF METRO)
TO DEVELOP HOSPITALITY AND OTHER) Introduced by Presiding Officer Hosticka
COMPATIBLE FACILITIES AT THE)
GLENDOVEER GOLF COURSE.)
)

WHEREAS, Metro owns the Glendoveer Golf Course and desires enhanced facilities that will serve golfers, the community living near the Glendoveer Golf Course, and the Metro region as a whole; and

WHEREAS, Metro wishes to obtain personal services relating to conceptualization, planning, design, development, construction, and operation of a hospitality facility and other compatible enhanced use facilities at the Glendoveer Golf Course; and

WHEREAS, Metro seeks a reliable representative to work on its behalf to enhance the productivity of its assets at the Glendoveer Golf Course; and

WHEREAS, the Buel Group has a history of stewardship on behalf of the public interest, making it the appropriate entity to provide the community with the best and most productive use of the public's assets; now, therefore,

BE IT RESOLVED:

That the Metro Council hereby authorizes the Executive Officer to execute a personal services contract with the Buel Group in a form substantially similar to that attached to this Resolution as Exhibit A.

ADOPTED by the Metro Council this ____ day of _____, 2002.

Carl Hosticka, Presiding Officer

Approved as to Form:

Daniel B. Cooper, General Counsel

September 6, 2002

EXHIBIT A

Mr. Charles Ciekó
Metro
600 NE Grand Avenue
Portland, Oregon 97232

to Resolution No. 02-3251

Dear Charlie,

This letter is the agreement between Metro and Buel Group related to the concept, planning, design, development, construction and operation of a hospitality facility and other compatible enhanced use facilities (the "Facility") at Glendoveer Golf Course ("Glendoveer"), also referred to in this agreement as "the Project." Attached is the agreement already reached by Glisan Street Recreation, Inc. ("GSR") and Buel Group.

Metro seeks a reliable representative to enhance the productivity of its assets. Ronald A. Buel's and the Buel Group's history of stewardship on behalf of the public interest makes them the appropriate persons to maintain Metro's long standing reputation of acting in the public interest by providing the community the best and most productive use of its assets. Both Metro and Buel Group believe the unique public asset enhancement opportunities at Glendoveer demand the highest level of stewardship.

In developing Metro's assets, Metro expects, and Buel Group agrees to provide, continued and permanent oversight of the Glendoveer Project, including but not limited to, granting of land-use and building permits, construction and operation. Buel Group agrees to ensure the highest levels of excellence in planning, design, and implementation, in keeping with the public interest. Buel Group will ensure the developer/operator will respect state-of-the-art environmental and "green" principals and techniques.

Metro wants the Project to serve golfers, the local community living near Glendoveer, and the Portland Metropolitan region as a whole. This Project will demonstrate that Buel Group can find and bring to Metro new and creative opportunities to develop revenues for Metro, as the Metro region grows denser, and services, truly in the public interest, become increasingly challenging.

Our agreement is as follows:

1. For three years from the date of this agreement, Buel Group will be the exclusive representative of Metro with the exclusive right to find and develop with a developer/operator the concept, design, construction and operation for a Facility at Glendoveer. Buel Group will have the right to extend this agreement for additional three-year periods if it shows continuous and current activity in pursuing development of the Facility. During the term of this agreement or any extensions, Metro will direct all inquiries regarding asset enhancement projects for Glendoveer, whether similar, dissimilar, related or unrelated to the Project to Buel Group; Buel Group will report all contacts with full disclosure of all information of any nature regarding Glendoveer to Metro; and Metro will not discuss or negotiate with a potential developer/operator or the chosen developer/operator regarding Buel Group's role, duties, obligations, responsibilities, rights, compensation or benefits, including without limitations, eliminating or restricting Buel Group's participation in the Project.

2. Buel Group will prepare, in conjunction with Metro, a feasibility study and development concept ("Feasibility Study") for the Facility. Buel Group will provide up to \$20,000 to prepare the Feasibility Study. In addition, Buel Group will make its best efforts to interview many potential developer/operators and report all meetings and contacts to Metro. Buel Group will make every attempt to follow up on every responsible lead and recommendation provided by Metro. Buel Group will report to, or meet with, representatives of Metro biweekly during the term of this agreement.

3. The Facility may include hotel with meeting rooms, restaurant and food service, public athletic club, pro shop sales, condominiums and parking structure to serve both golf activities and the Facility. The ultimate proposal must be approved by Metro. The Facility may require changes to Metro's agreement with GSR, subject to approval by both GSR and Metro.

4. The Facility will not change or disturb the golf course or driving range ("golf activities") at Glendoveer, and there will be no net loss in parking for golf after construction. During construction, Metro will not suffer a loss of net revenue from Glendoveer, based on average net revenue of the immediately preceding 36-month period, calculated on a month-by-month basis for the period of construction.

5. If an ultimate proposal is approved by Metro, Metro will actively support the Facility through neighborhood meetings and the City of Portland land-use and building permit process. Buel Group will also participate actively and substantively in the approval processes.

6. Metro will lease the Facility to the developer/operator(s) subject to GSR's current contract with Metro, on a long-term basis (60 years minimum). Metro will subordinate the lease as required by the developer/operator's lender in order to assure construction and long-term financing. Terms of the lease and subordination not specified herein will be negotiated as part of any proposal for Metro approval.

7. The developer/operator will pay for any required traffic-safety improvements on NE Glisan Street relating to the Facility.

8. When the facility opens:

a. Metro will receive three percent of gross revenues of any hospitality facility constructed at the site. Compensation to Metro from other non-golf enhancement at Glendoveer must be approved by Metro in the ultimate proposal.

b. GSR will receive no revenue from any hospitality facility constructed at the site. As compensation, it will receive instead from Metro a 10-year extension of its current lease at the existing terms, made final only when the new Facility opens, extending the current lease to 2022. (See attached agreement between Buel Group and GSR.)

c. Revenue splits for Metro and GSR from any new restaurant or food service, public athletic club or pro shop sales will be determined in the ultimate proposal. That proposal must be approved by both GSR and Metro. GSR seeks only to maintain its current level of net revenue from such activities (see attached agreement).

9. Buel Group will receive compensation under a separate contract with the developer-operator, and expects to receive no direct compensation from Metro or GSR. Metro recognizes it is entering a partner-like relationship with Buel Group and that Buel Group, exclusive of payments to Metro's concessionaire, or any pre-operational payments, may earn up to 50% of the annual return or value-added equity from the Project, but no more than Metro's annual return or value-added equity from the project. Metro and Buel Group grant to each other, and without limitation, the right to inspect and audit each other's revenue, compensation, and value enhancement from the Project, either personally or through its designated agents, during regular business hours on two business days notice. Any compensation received by Buel Group directly or indirectly related to the project must be fully disclosed to Metro.

10. It is the intent of the parties to this agreement, and this agreement shall be interpreted to prohibit the potential or chosen developer/operators from seeking, politically or otherwise, to reduce compensation or benefits to or regarding any of the parties of this agreement. Each party to this agreement and its agents, owners or political associates shall report and disclose any direct or indirect contacts made to, or received from, any potential or chosen developer/operators or their agents.

11. Buel Group will not assign or transfer any of its obligations or duties under this agreement without consent of Metro.

12. Each of us will cooperate mutually and in good faith to go forward with this transaction. Please sign and return the enclosed copy of this letter to indicate your agreement. We look forward to working with you, and to a mutually satisfying and beneficial association.

Yours truly,
BUEL GROUP

By _____
Ronald A. Buel, Principal

By _____
Edward F. Wagner, Principal

ACCEPTED AND AGREED:

METRO

By Resolution # _____

By _____
Charles Cieko

Dated _____

NATURAL RESOURCES COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 02-3251, FOR THE PURPOSE OF APPROVING AN EXCLUSIVE PERSONAL SERVICES AGREEMENT WITH THE BUEL GROUP TO SERVE AS THE SOLE AGENT OF METRO TO DEVELOP HOSPITALITY AND OTHER COMPATIBLE FACILITIES AT THE GLENDOVEER GOLF COURSE

Date: December 6, 2002

Presented by: Councilor Hosticka

Committee Action: At its December 4, 2002 meeting, the Natural Resource Committee voted 3-0 to send Resolution 02-3251 to Council with no recommendation. Voting in favor: Councilors Atherton, Hosticka, and McLain.

Background: Metro assumed ownership of the Glendoveer Golf Course from Multnomah County in 1994-95. It is managed through a contract with Glisan Street Recreation, Inc., that expires in 2012. The Buel Group proposes that Metro enter into an exclusive personal services agreement designating the Buel group as Metro's sole agent for a three year period (with an option for an additional three years), to develop hospitality (a hotel) or other compatible facilities at Glendoveer. Should a development proposal be forthcoming, Council approval will be required. If successful, Metro will lease the facility to the developer/operator on a long-term basis (60 years minimum).

This agreement does not call for any Metro money up-front, and allows for Metro to generate revenues from a percentage of gross receipts of the facility, and other possible revenues to be negotiated.

Committee Issues/Discussion: Councilor Hosticka introduced this resolution. He described it as an opportunity to do something new and generate revenue for Metro. He pointed out that the Buel Group gets no money up front, only if they are able to put together a successful proposal, which would still need Council approval. Mr. Buel then explained that this concept emerged from a discussion he had three years ago with Metro Executive Mike Burton. He has also negotiated an agreement with the current managers of Glendoveer, GSR, compatible with his proposal to Metro.

Charlie Ciecko, Director of the Regional Parks and Greenspaces Department, then stated that he had had conversations with Mr. Buel over the last three years, but had not concluded that he had seen a proposal favorable to Metro during that period. Generally though he had no problems with the concept of a hospitality facility at Glendoveer.

Councilor McLain said that she would like to hold this matter over in order to get more comfortable with details of the contract. Councilor Hosticka however, felt that the threshold question was the issue of granting exclusive rights to the Buel Group. If that was decided in the affirmative, other details in the contract could be worked out.

On a motion by Councilor Atherton, the committee decided to send the resolution to Council with no recommendation.

- **Existing Law:** Metro code Chapter 2.04 outlines procedures related to the adoption of exclusive personal services agreements.
- **Budget Impact:** No Metro expenditures are called for relative to this contract. Should a successful proposal be generated by the Buel Group, revenues for Metro would be designated from gross receipts of the facility and other negotiated revenue streams.
- **Known Opposition:** None. The Metro Executive has not taken a position on it.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 02-3251 FOR THE PURPOSE OF
APPROVING AN EXCLUSIVE PERSONAL SERVICES AGREEMENT WITH THE BUEL
GROUP TO SERVE AS THE SOLE AGENT OF METRO TO DEVELOP HOSPITALITY
AND OTHER COMPATIBLE FACILITIES AT THE GLENDOVEER GOLF COURSE

Date: November 20, 2002

Prepared by: John Houser

BACKGROUND

Metro assumed ownership of Glendoveer Golf Course as part of the transfer of the Multnomah County's Parks program to Metro during FY 94-95. Glisan Street Recreation, Inc. currently operates and manages the course on Metro's behalf under the terms of Council-approved lease and operations/management agreements that will expire in 2012.

The Buel Group has approached Metro, requesting that the Council consider entering into an exclusive personal services agreement with Buel under which it would serve as Metro's sole agent to develop hospitality or other compatible facilities at the Glendoveer Golf Course. The proposed resolution would authorize the Executive Officer to execute a contract with Buel in a form substantially similar to the proposed agreement attached as Exhibit A to the resolution. The proposed agreement was drafted by Buel.

The principal elements of the proposed agreement include:

- 1) The Buel Group would be the "exclusive representative of Metro ... to find and develop with a developer/operator the concept, design, construction and operation for a Facility at Glendoveer" for a three-year period. Buel would have the right to extend the agreement for additional three-year periods if it shows "continuous and current activity in pursuing development of the Facility".
- 2) Buel will prepare a feasibility study and development concept with Metro. Buel will provide up to \$20,000 toward this work. Metro will not be required to provide any funding.
- 3) The "facility" may include a hotel with meeting rooms, restaurant and food service, public athletic, pro shop sales, condominiums and a parking structure.
- 4) The facility may not change or disturb the golf course or driving range. During the construction of the facility "Metro will not suffer a loss of net revenue from Glendoveer.
- 5) If Metro approves the "ultimate proposal", Metro agrees to support the facility at neighborhood meetings and in the local permitting process.
- 6) "Metro will lease the facility to the developer/operator ... on a long term basis (60 years minimum)".

- 7) The developer/operator will pay for any required traffic-safety improvements on NE Glisan Street.
- 8) Metro would receive three percent of gross revenues of any hospitality facility at the site. Other compensation would be subject to negotiation at the time Metro approves the “ultimate proposal”.
- 9) In lieu of additional compensation, Metro would be required to extend the current GSR contract for an additional 10 years, until 2022.
- 10) Revenue splits between Metro and GSR related to any new restaurant, food service, public athletic club or pro shop sales would be determined at the time of approval of the “ultimate proposal”.
- 11) Buel will receive no direct compensation from Metro or GSR.

ANALYSIS/INFORMATION

1. **Known Opposition** None
2. **Legal Antecedents** Metro Code Chapter 2.04 outlines procedures related to the adoption of exclusive personal services agreements. The Council adopted the current lease and management agreement with GSR in Resolution No.98-2669.
3. **Anticipated Effects** The proposed agreement would establish an exclusive working relationship between Metro and the Buel Group for three or more years for the development and construction of additional facilities at the Glendoveer Golf Course Site.
4. **Budget Impacts** Should the Buel Group be successful in developing an ultimate proposal that is adopted by the Metro Council, Metro would receive additional revenue from the Glendoveer site, however, estimated will depend on the type and size of the facility improvements that are made.

RECOMMENDED ACTION

That Council approve adoption of Resolution No 02-3251.