

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF APPROVING THE)	RESOLUTION NO. 13-4452
AMENDED AND RESTATED VISITOR)	
FACILITIES INTERGOVERNMENTAL)	Introduced by Chief Operating Officer Martha
AGREEMENT)	Bennett in concurrence with Council
)	President Tom Hughes

WHEREAS, Metro owns and operates the Oregon Convention Center (OCC with the expertise and oversight of the Metropolitan Exposition and Recreation Commission (MERC); and

WHEREAS, on January 31, 2001, Metro, City of Portland and Multnomah County entered into the Visitor Facilities Intergovernmental Agreement ("VF IGA") to support regional tourism and spectator facilities, the visitor and hospitality industry and to maximize the economic development benefits associated with visitor facilities, programs and services; and

WHEREAS, the VF IGA currently facilitates the funding of visitor facilities and on-going marketing and tourism programs in the region through the collection and distribution of transient lodging tax and vehicle surcharges; and

WHEREAS, in March 2013, Metro, City and County staff began preparing a thorough set of revisions to the existing VF IGA, the general purpose of which was to reflect updated priorities and needs of the region's visitor facilities and tourism promotion programs, including a convention center hotel; and

WHEREAS, among other things, the revisions to the VF IGA include certain provisions to accommodate revenue bond funding for a future Oregon Convention Center Hotel; and

WHEREAS, on August 7, 2013, the Metropolitan Exposition and Recreation Commission reviewed the draft 2013 Amended and Restated VF IGA, attached hereto as Exhibit A, and recommended that the Metro Council execute such agreement in a substantially similar form; now therefore


BE IT RESOLVED that the Metro Council hereby authorizes the Chief Operating Officer to execute the 2013 Amended and Restated Visitor Facilities Intergovernmental Agreement, in a form substantially similar to the one attached hereto as Exhibit A.

ADOPTED by the Metro Council this 15 day of August, 2013.



 Tom Hughes, Council President

Approved as to Form:



 for Alison R. Kean, Metro Attorney

VISITOR FACILITIES INTERGOVERNMENTAL AGREEMENT

This amended and restated intergovernmental agreement (the “Agreement” or “VFIGA”) is made among the City of Portland (the “City”), Multnomah County (the “County”) and Metro (each individually, a “Party” and collectively, the “Parties”), and shall be in effect from the latest date of signature.

RECITALS

- A. The purpose of this Agreement is to support regional visitor facilities and visitor industry development in the Portland-Multnomah County area. The Parties have entered into this Agreement and related agreements to support regional tourism and spectator facilities, the visitor and hospitality industry, and to maximize the economic development benefits associated with visitor facilities, programs and services for the Portland-Multnomah County area. The Agreement and the Visitor Facilities Trust Account (“VFTA”) provide additional support to complement programs, investments and contributions made by all Parties for the health of our community and in support of visitor development.
- B. The Parties entered into the Visitor Facilities Intergovernmental Agreement, dated January 31, 2001 (the “2001 Agreement”), to implement the understandings and agreements contained in that certain Memorandum of Understanding dated September 14, 1999. This Agreement supersedes and fully replaces the 2001 Agreement.
- C. On or about April 26, 2001, the City, County and Metro entered into the Visitor Development Fund Services Agreement (“VDFSFA”) with Visitor Development Fund, Inc., whose 15 member board includes two representatives from each of the City, County, and Metro, two members appointed by “Travel Portland” and nine members representing the hotel and car rental business sectors. The Parties intend to update and amend the VDFSFA to conform with the amendments to this Agreement.
- D. On or about May 15, 2000, the City and Metro entered into the Amended Agreement Regarding Consolidation of Regional Convention, Trade, Spectator and Performing Arts Facilities Owned and Operated by the City of Portland and Metro (commonly called the Consolidation Agreement). Metro and the City expect to amend the Consolidation Agreement to conform with the amendments to this Agreement and to update other provisions of the Consolidation Agreement as needed.
- E. The Parties have previously entered into, and may amend to conform to the Agreement, the following agreements in order to carry out the Agreement: (i) intergovernmental agreement(s) between Metro and Tri Met regarding the provision of public transit passes for OCC visitors and (ii) intergovernmental agreement(s) between the City and County regarding collection of the transient lodgings tax.
- F. ORS 190.010 authorizes the Parties to enter into intergovernmental agreements to carry out their activities and functions.

- G. All Parties are authorized to promote the visitor industry and economic development within their jurisdictions and to fund or operate facilities that attract visitors and support the arts in the Portland-Multnomah County area.
- H. The Oregon Convention Center (“OCC”) is owned and operated by Metro. The Portland Center for the Performing Arts (“PCPA”) is owned by the City and operated by Metro. JELD-WEN Field (the “Stadium”) and the “Rose Quarter Facilities” are owned by the City. In addition, Metro, the City, and the County own and operate a variety of other facilities and provide a variety of programs and services that support the purposes of this Agreement.
- I. All Parties have an interest in the maintenance and improvement of these regional visitor facilities and in the development of the visitor industry in the Portland-Multnomah County area. The Parties recognize that visitor development and the spectator facility system is intertwined and the operation of that system is critical to the continued production of revenue for the purposes defined herein. In order for the improvements provided in this Agreement to function in an economically viable manner, all of the items included in this Agreement require funding. The loss of funding for any item may threaten the viability of all of the other improvements, programs and services.
- J. The County has the authority to impose and levy a surcharge rate of 2.5% on the gross amounts of value paid to or received by the owners or operators of hotels, motels, and other lodging facilities for lodging of less than one month duration from occupants to support the purposes of this Agreement (the “VFTA TLT Surcharge”).
- K. The County has the authority to impose and levy a surcharge rate of 2.5% on the motor vehicle rental fee charged by a commercial company on vehicle rentals of 30 days or less to support the purposes of this Agreement (the “VFTA VRT Surcharge”).
- L. As provided in ORS Chapter 287A.310, the County is authorized to pledge the VFTA TLT Surcharge and the VFTA VRT Surcharge for bonds and other borrowings, including the City Bonds. The County intends to expand this authority to include the OCC Hotel Project Bonds that Metro anticipates issuing to support the development of an OCC Hotel Project.
- M. The County has the authority to impose and levy a surcharge rate of 3% on the gross amounts of value paid to or received by the owners or operators of hotels, motels, and other lodging facilities for lodging of less than one month duration from occupants (the “Excise Tax Fund TLT” or “ETF TLT”) for support of specified facilities and programs including the OCC, PCPA and the Regional Arts and Cultural Council.
- N. Metro receives a portion of the Excise Tax Fund TLT for OCC operating support that is governed by a separate intergovernmental agreement between the County and Metro, entered into on April 1, 2000 (the “ETF IGA”). Under the terms of the ETF IGA, one-third of the ETF TLT allocation for OCC operating support is to be dedicated to OCC marketing efforts. Metro reaffirms its commitment to make every possible effort to

expend at least one third of the Excise Tax Fund TLT it receives from the County for OCC operating support on OCC marketing efforts.

- O. The City has the authority to impose and levy transient lodging taxes, for (i) general City purposes and (ii) the promotion of convention business and tourism, on the gross amounts of value paid to or received by the owners or operators of hotels, motels, and other lodging facilities for lodging of less than one month duration from occupants (the “City 5% TLT” and “City 1% TLT”, respectively).
- P. The City has issued City Bonds, and Metro intends to issue OCC Hotel Project Bonds, on the condition that the County imposes and maintains the VFTA TLT Surcharge and/or the VFTA VRT Surcharge for the life of the Bonds.
- Q. The County is willing to impose and maintain the tax surcharges on transient lodging and/or vehicle rentals described in Recitals J and K above as long as necessary to pay or defease the Bonds issued under this Agreement. At such time as any of these surcharges are no longer necessary to pay or defease bonds issued under this Agreement, the Board of County Commissioners, at its sole discretion, may choose to terminate or modify the surcharges.
- R. Since the 2001 Agreement was approved, the VFTA and the 2001 Agreement have successfully supported regional efforts to bring visitors and conventions to the Portland-Multnomah County region, support the operations of and improvements to regional visitor and spectator facilities including the OCC, PCPA and the Stadium, and increase visitor development and economic development opportunities in the region through both direct and indirect support for facilities, programs and services.
- S. In 2011, the City refunded the OCC Completion Bonds and the PCPA Bonds to take advantage of improved market conditions, resulting in debt service savings to the VFTA of approximately \$875,000 annually through Fiscal Year 2029-30.
- T. In addition, since the 2001 Agreement was approved, a number of changes have occurred, or are proposed to occur, to business operations and debt obligations, resulting in changes to financing opportunities and efficiencies, revised programmatic services, and modified roles and responsibilities of the Parties. These changes are reflected in the clarification and expansion of the funding priorities contained in this Agreement.
- U. The Parties share a common understanding that (i) the OCC has a fundamental competitive disadvantage due to its lack of an adjacent convention center hotel, and (ii) public investment is necessary to the development of a privately owned, financed, constructed and operated hotel adjacent to the OCC to serve national convention clients and provide a quality hotel of the type and scale, including the necessary meeting and ballroom facilities, to bring additional national convention business to the OCC.
- V. Metro intends to negotiate an OCC Hotel Project Development Agreement, including a commitment of public funds, which will result in development of a convention center hotel and improve the competitiveness of the OCC. In other related agreements, Metro will endeavor to negotiate key terms that address OCC competitiveness, such as a

minimum room block for a length of time consistent with the anticipated OCC Hotel Project Bonds, while at the same time taking into consideration the interests of and impacts on existing hotels and service providers. Metro believes that the overall hotel market will grow and strengthen due to the new and additional conventions at the OCC

- W. In addition to private funds in excess of \$115 million and the commitment of site-specific transient lodging taxes generated by the OCC Hotel Project, which is described in this Agreement, development of the OCC Hotel Project is expected to be supported by public contributions including a \$4 million grant from Metro, a \$4 million loan from the Portland Development Commission and \$10 million from State of Oregon lottery funds.
- X. To clearly indicate support for an appropriate level of public investment in a privately-owned convention center hotel, the Parties have included in this Agreement, provisions for the use of non-VFTA Site-Specific Transient Lodging Tax Revenues (“SSTLTR”) and the VFTA for bond financing of a portion of the cost of constructing such hotel. Given that negotiations on the development terms are not complete, specified actions necessary to fully implement this Agreement are provisional and tied to the outcome of the completion by Metro of an OCC Hotel Project Development Agreement.
- Y. A portion of the development of the OCC Hotel Project will be financed via revenue bonds issued by Metro (the “OCC Hotel Project Bonds”), and Metro is willing to provide a limited financial pledge of support for the OCC Hotel Project Bonds on the condition that the County continues to impose and maintain the VFTA TLT Surcharge and Excise Tax Fund TLT and the City continues to impose and maintain the City 5% TLT and City 1% TLT for the life of the OCC Hotel Project Bonds.
- Z. The Parties intend to utilize the stability and resource capacity of the VFTA to obtain favorable terms for the OCC Hotel Project Bonds, which will benefit from the strength and duration of the VFTA system, and create the most efficient bond financing mechanism for public investment in the OCC Hotel Project. The Parties have included in this Agreement mechanisms intended to assure the continued health and strength of the VFTA system as a whole.
- AA. The Parties agree to redirect the non-VFTA SSTLTR generated by the OCC Hotel Project into the VFTA and that the amount and repayment structure of the OCC Hotel Project Bonds will be based upon the SSTLTR as set forth herein.
- BB. The Parties agree that, based on the current projections for the OCC Hotel Project, the entire VFTA system benefits from the inclusion of the non-VFTA SSTLTR in the VFTA because total revenues are increased and SSTLTR above the amount necessary for OCC Hotel Project Bond repayment, if any, will accrue to the VFTA.
- CC. The Parties agree that the VFTA system will benefit from more frequent and consistent financial review, and to achieve this outcome, have included in this Agreement the creation of a Financial Review Team with specified duties and tasks.

- DD. The Parties agree that the VFTA system will benefit from the development and ongoing maintenance of a Visitor Development Strategic Plan, and to achieve that outcome, have included in this Agreement a commitment to create and maintain such a plan.
- EE. The Parties agree that periodic review of this Agreement by the Parties is valuable to maintain its support of regional visitor facilities and visitor industry development in the Portland-Multnomah County area, and have included in this Agreement a commitment to discuss the terms of this Agreement periodically.

AGREEMENT

1. DEFINITIONS

“2001 Agreement” is defined in Recital B.

“Additional OCC Operating Support” is defined in Section 3.3.5.1.

“Administrative Fee” means the annual fee paid to the County as the Trustee and for administering the VFTA. The fee is equal to 0.7% of the gross annual revenues deposited in the VFTA from all sources.

“Agreement” or “VFIGA” means this 2013 amended and restated Visitor Facilities Intergovernmental Agreement.

“Beneficiaries” is defined in Section 3.2.

“Board” or “Visitor Development Fund, Inc. Board” means the duly appointed Board of Directors for VDFI, acting in accordance with the VDFSAs and the organization’s bylaws in exercising their responsibilities, including but not limited to decision-making and allocation of funds described in Sections 3.3.5 and 3.3.9.

“Bonds” mean, collectively, the Stadium Bonds, the Convention Center Completion Bonds, the PCPA Bonds, and the OCC Hotel Project Bonds, if such OCC Hotel Project Bonds are issued in the future consistent with Section 6.2.

“Bond Redemption Reserve” or “BRR” is defined in Section 3.3.13.

“City CAO” means the Chief Administrative Officer of the City of Portland.

“City 1% TLT” means the 1% transient lodging tax that the City is authorized to collect for the promotion of convention business and tourism under Portland City Charter Section 7-113.2 and Portland City Code Chapter 6.04, and which is a non-VFTA tax.

“City 5% TLT” means the 5% transient lodging tax that the City is authorized to collect for general purposes under Portland City Charter Section 7-113.1 and Portland City Code Chapter 6.04, and which is a non-VFTA tax.

“City Bonds” means, collectively, the Stadium Bonds, the Convention Center Completion Bonds, and the PCPA Bonds.

“Convention Center Completion Project” means the expansion of the Oregon Convention Center facilities to include approximately 105,000 square feet of exhibit space, a 35,000 square foot ballroom, a total of 40 meeting rooms, 35,000 square feet of lobby space, a 825 space parking garage and 10 loading docks.

“County CFO” means the Chief Financial Officer of Multnomah County.

“CPI” means the Consumer Price Index, Urban, All Consumers, in the Portland-Salem, OR-WA area, or any successor index, as issued by the U.S. Department of Labor, Bureau of Labor Statistics.

“Dispute Resolution Committee” or “DRC” is defined in Section 8.1.1.

“Early Termination Date” is defined in Section 9.1.

“East County Cities” means Gresham, Troutdale, Fairview and Wood Village.

“Escalated” is defined in Section 3.4.

“ETF IGA” is defined in Recital N.

“Excise Tax Fund TLT” or “ETF TLT” means the 3% transient lodging surcharge that the County collects under the authority of Multnomah County Code 11.401(D) and is utilized to support specified facilities and programs including the OCC, PCPA and the Regional Arts and Cultural Council, and which is a non-VFTA tax.

“Financial Review Team” or “FRT” is described in Section 7.2.

“Fiscal Year” or “FY” is defined as the twelve month period beginning July 1 and continuing through June 30.

“Metro COO” means the Chief Operating Officer of Metro.

“Net Revenues” mean the collections (including delinquent interest and penalties) from (1) the VFTA TLT Surcharge; (2) the VFTA VRT Surcharge; (3) the SSTLTR; and (4) earnings on amounts in the VFTA, less the Administrative Fee. Net Revenues does not include any amounts required to pay refunds of surcharge taxes, including interest, or other charges required by state law.

“OCC” means the Oregon Convention Center located in Portland, Oregon.

“OCC Annual Budget” is defined in Section 3.3.5.1.

“OCC Bonds” or “Convention Center Completion Bonds” means the City’s Limited Tax Revenue Bonds, 2001 Series B and Limited Tax Revenue Refunding Bonds, 2011 Series

A and any bonds issued to refund those bonds, including refunding of such refunding bonds.

“OCC Capital Improvement Expenses” means the costs associated with renewal and replacement of existing assets, as well as investments in new capital projects, that enhance the marketability of the OCC and maintain its quality and competitiveness.

“OCC Expenses” is defined in Section 3.3.5.1.

“OCC Hotel Project” means the proposed hotel to be located adjacent to the Oregon Convention Center, which will (i) function as the lead hotel for national marketing and convention purposes, (ii) include the necessary meeting and ballroom facilities, and (iii) provide a dedicated room block agreement for 500 rooms needed to bring additional national convention business to the OCC.

“OCC Hotel Project Bonds” means the revenue bonds or other debt obligations that may be issued by Metro consistent with Section 6.2 to fund a portion of the construction of the OCC Hotel Project, and any bonds issued to refund those bonds.

“OCC Hotel Project Development Agreement” means a contractual agreement between Metro and a developer for the development of a convention center hotel. Other related agreements between Metro and a hotel developer and/or hotel operator will address terms of the hotel operations (e.g. parking, room blocks and room rate impacts on the market).

“OCC Operating Expenses” means all costs and expenses of operating the OCC during a given Fiscal Year, consistent with the purposes of this Agreement or in accordance with an OCC Annual Budget.

“OCC Operating Revenues” means, for any given Fiscal Year, the gross cash receipts received by the OCC with respect to operations of the OCC.

“OCC Operating Support” is defined in Section 3.3.5.1.

“OCC Revenues” is defined in Section 3.3.5.1.

“Party” or “Parties” means the City of Portland, Multnomah County and Metro.

“PCPA” means the Portland Center for the Performing Arts, which includes the Arlene Schnitzer Concert Hall, the Ira Keller Auditorium and the Antoinette Hatfield Hall.

“PCPA Bonds” mean the City’s Full Faith and Credit Loan Agreement (PCPA Refunding) dated December 15, 2011, and any bonds issued to refund those bonds, including any refunding of such refunding bonds.

“Restricted Reserve” or “RR” is defined as Section 3.3.12.

“Rose Quarter Facilities” means the Veterans Memorial Coliseum and the Rose Quarter properties owned by the City of Portland, by and through the Office of Management and Finance.

“Spectator Facilities Fund Revenues” is defined in Section 5.3.1.

“SSTLTR” or “Site-Specific Transient Lodging Tax Revenues” means the transient lodging taxes collected from the users of the OCC Hotel Project based on the City 1% TLT, City 5% TLT, the Excise Tax Fund TLT, which are all non-VFTA taxes, and the VFTA TLT Surcharge.

“Stadium” means JELD-WEN Field (formerly known as PGE Park and Civic Stadium), the improvements of which were originally funded by the Stadium Bonds.

“Stadium Bonds” means the City’s Limited Tax Revenue Bonds, 2001 Series D issued by the City to fund the Stadium improvements, and any bonds issued to refund those bonds, including any refunding of such refunding bonds.

“Strategic Plan” or “Visitor Development Strategic Plan” is defined in Section 7.3.

“Termination Date” is defined in Section 9.2.

“TLT Net Revenues” means the Net Revenues less the VFTA VRT Surcharge.

“Travel Portland” means the Oregon non-profit corporation organized for the primary purpose of promotion, solicitation, procurement and service of convention business and tourism for the Multnomah County area. Travel Portland was formerly known as Portland Oregon Visitors Association.

“Trustee” means the County CFO, or his designee.

“VDF” or “Visitor Development Fund” is defined in Section 3.3.9.

“VDF1” is defined in Section 3.3.9.1.

“VDF2” is defined in Section 3.3.9.2.

“VDFI” or “Visitor Development Fund, Inc.” means the non-profit corporation formed to budget for and administer the expenditure of certain VFTA allocations as described in the Visitor Development Fund Services Agreement.

“VDFS” or “Visitor Development Fund Services Agreement” is defined in Recital C.

“VFTA” or “Visitors Facilities Trust Account” means the County tax account that (i) receives the VFTA TLT Surcharge and the VFTA VRT Surcharge collections, (ii) will be modified to receive the non-VFTA SSTLTR, and (iii) disburses Net Revenues and TLT Net Revenues and other allocated disbursements as provided in this Agreement. The

VFTA allocations are set forth in Section 3.3 and are sometimes referred to as the “bucket system”.

“VFTA TLT Surcharge” is defined in Section 2.1 and is a VFTA tax.

“VFTA VRT Surcharge” is defined in Section 2.2 and is a VFTA tax.

“VFTA Fund Forecast” is defined in Section 4.3.3.

“Year One” means Fiscal Year 2013-14.

2. FUNDING AGREEMENTS

2.1. Multnomah County Code 11.401(E) imposes a surcharge of 2.5% on the gross amounts of value paid to or received by the owners or operators of hotels, motels, and other lodging facilities for lodging of less than one month duration from occupants (the “VFTA TLT Surcharge”). The County will deposit the tax collections from the VFTA TLT Surcharge in the VFTA as provided in this Agreement.

2.2. Multnomah County Code 11.301(C) imposes a surcharge of 2.5% on the motor vehicle rental fee charged by commercial companies on vehicle rentals of 30 days or less (the “VFTA VRT Surcharge”). The County will deposit the tax collections from the VFTA VRT Surcharge in the VFTA as provided in this Agreement.

2.3. The County, as set forth in Section 4.1.3, will amend Multnomah County Code, as needed, to conform to the terms of this Agreement and transfer the SSSLTR.

2.4. The City will transfer SSSLTR as described in Section 5.4.

3. VISITOR FACILITIES TRUST ACCOUNT

3.1. To implement this Agreement, the County has established a Visitor Facilities Trust Account (VFTA) that is held separate from all other County funds. The County is the Trustee and will deposit into the VFTA (i) the revenues described in Sections 2.1 through 2.4 immediately upon receipt, and (ii) the earnings on the amounts held in the VFTA and delinquent interest and penalties that are collected, periodically. The County will disburse funds from the VFTA only as provided in the Agreement.

3.2. The Beneficiaries of the VFTA are:

3.2.1. The City of Portland,

3.2.2. The owners of the Bonds,

3.2.3. Metro,

3.2.4. The County, and

3.2.5. The Visitor Development Fund, Inc.

3.3. The Parties agree that each Fiscal Year, beginning in Year One and continuing until all Bonds are paid or defeased, the Trustee, after paying the Administrative Fee, refunds of surcharge taxes, including interest, and other charges required by state law, will apply funds in the VFTA solely for the purposes and in the order of priority described in Sections 3.3.1 through 3.3.13 and in accordance with the payment provisions of Section 4.2. VFTA allocations will not be distributed pro rata. Reimbursements are subject to the provisions of Section 4.2.6.

For debt service payments on the Bonds, the order of priority is described in Sections 3.3.1 through 3.3.4. Payments described in Sections 3.3.1 through 3.3.4 shall be made to the issuer of the Bonds, or their trustee or paying agent, not later than the dates that the Bond documents require that payments be made to the trustee or paying agent for the Bonds.

To fund programs, services, operations, capital improvements, and marketing that support the purposes of this Agreement, the order of priority is described in Sections 3.3.5 through 3.3.11. Unless otherwise stated, allocations in these Sections are as of Year One. Specified allocations are subject to being Escalated as defined in Section 3.4. The Parties acknowledge that the TLT Net Revenues are deemed allocated first to pay debt service payments on the Bonds.

For the purposes of creating and maintaining reserves, the order of priority in funding a Restricted Reserve (RR) and Bond Redemption Reserve (BRR) is described in Sections 3.3.12 and 3.3.13.

3.3.1. OCC Bonds. First, to the City the amount necessary to pay scheduled debt service on the Convention Center Completion Bonds (including any mandatory sinking fund or redemption payments), so long as OCC Bonds remain outstanding, and any amounts required to reimburse the City for debt service it was required to pay from other sources in previous fiscal years in which insufficient funds were available in the VFTA to pay debt service when due on the OCC Bonds.

3.3.2. PCPA Bonds. Second, to the City the amount necessary to pay scheduled debt service on the PCPA Bonds (including any mandatory sinking fund or redemption payments), so long as PCPA Bonds remain outstanding, and any amounts required to reimburse the City for debt service it was required to pay from other sources in previous fiscal years in which insufficient funds were available in the VFTA to pay debt service when due on the PCPA Bonds.

3.3.3. Stadium Bonds. Third, to the City the amount certified by the City as necessary after application of Spectator Facilities Fund Revenues, as established in Section 5.3.1, to pay scheduled debt service on the Stadium Bonds (including any mandatory sinking fund or redemption payments), so long as Stadium Bonds remain outstanding, and any amounts required to reimburse the City for debt service it was required to pay from sources other than Spectator Fund Revenues in

previous years in which insufficient funds were available in the VFTA to pay debt service when due on the Stadium Bonds.

3.3.4. OCC Hotel Project Bonds. Fourth, to Metro, the amount necessary to pay scheduled debt service on OCC Hotel Project Bonds (including any mandatory sinking fund or redemption payments), if such bonds are issued as described in Section 6.2, so long as OCC Hotel Project Bonds remain outstanding.

3.3.5. OCC Operating Support. Fifth, to Metro an amount not to exceed One Million, Two Hundred Fifty Thousand Dollars (\$1,250,000), Escalated, for OCC Operating Support to maintain the OCC's competitiveness. An amount for Additional OCC Operating Support may also be requested by Metro annually. The amount of the OCC Operating Support and Additional OCC Operating Support, if any, will be established and reviewed as provided below.

3.3.5.1. No later than ninety (90) days prior to the start of each Fiscal Year, the Metro COO shall prepare and transmit to the Board a proposed preliminary budget (the "OCC Annual Budget"), which may be modified during Metro's budget process. The proposed preliminary OCC Annual Budget shall set forth in reasonable detail (i) anticipated OCC Operating Revenues and anticipated OCC Excise Tax Revenues for that Fiscal Year (collectively, "OCC Revenues"), (ii) anticipated OCC Operating Expenses and any proposed OCC Capital Improvement Expenses (collectively, "OCC Expenses"), and (iii) a request for VFTA funds for OCC Operating Support for the difference between the OCC Revenues and OCC Expenses up to One Million, Two Hundred Fifty Thousand Dollars (\$1,250,000), Escalated. If the difference between the OCC Revenues and OCC Expenses for that Fiscal Year exceeds One Million, Two Hundred Fifty Thousand Dollars (\$1,250,000), Escalated, a concurrent request for "Additional OCC Operating Support" can be submitted and considered consistent with Sections 3.3.5.2 and 3.3.5.6.

3.3.5.2. A request for Additional OCC Operating Support will be provided by Metro to the Financial Review Team at least ten (10) days prior to being submitted to the Board. The FRT shall review and analyze the request and provide advice to the Board as described in Task 2A of Attachment A.

3.3.5.3. At the time the proposed OCC Annual Budget is transmitted to the Board, the Metro COO will notify the City and County of the proposed OCC Operating Support amount and the requested Additional OCC Operating Support amount, if any. Unless the City, County or the Visitor Development Fund, Inc. Board give notice of objection to the proposed OCC Operating Support amount within 60 days of the Metro notice, the Metro Council may thereafter adopt the proposed OCC Annual Budget that includes an OCC Operating Support, up to the amount proposed by the Metro COO. If either the City, acting through its Mayor,

the County acting through its Chair, or the Visitor Development Fund, Inc. Board, acting through a vote of its authorized membership, objects to the proposed OCC Operating Support amount, the matter will be referred to the Dispute Resolution Committee and the dispute resolution process described in Section 8.

3.3.5.4. If the proposed OCC Operating Support is approved in whole or in part by the Dispute Resolution Committee, the objection will be removed and the Metro Council may adopt a budget that includes the OCC Operating Support up to the amount approved by the Dispute Resolution Committee.

3.3.5.5. If the Dispute Resolution Committee does not approve any OCC Operating Support, then no VFTA funds shall be allocated.

3.3.5.6. A request of Additional OCC Operating Support will be subject to specific action by the Board, acting through a vote of its authorized membership, to approve, deny or reduce the allocation. The standards for the Board's decision shall be whether approval of Additional OCC Operating Support in the specified amount will (i) fulfill the purposes of this Agreement and (ii) allow for other obligation of this Agreement to be met. The decision of the Board in this Section 3.3.5.6 is subject to the dispute resolution process described in Section 8.

3.3.5.7. If the process described in Sections 3.3.5.1 through 3.3.5.6 has been followed, and an amount for OCC Operating Support and Additional OCC Operating Support, if any, has been approved, upon adoption by the Metro Council of an annual budget that includes OCC Operating Support and Additional OCC Operating Support, the Metro COO may transmit the adopted budget to the County, who will pay the authorized amount for OCC Operating Support and Additional OCC Operating Support, if any, from the VFTA, as provided in this Agreement.

3.3.5.8. At the end of any Fiscal Year in which the OCC Operating Support and Additional OCC Operating Support, if any, is not fully expended to meet obligations of the OCC Annual Budget, the remaining funds shall be deposited by Metro in an OCC reserve fund dedicated for future capital or operational needs.

3.3.5.9. Notwithstanding Section 3.3.5, the amount for OCC Operating Support authorized for FY 2013-14 shall be One Million, Four Hundred Thirty-Nine Thousand and Eight Hundred Dollars (\$1,439,800). The process described in Sections 3.3.5.1 through 3.3.5.6 shall not apply in FY 2013-14.

3.3.6. County Visitor Facilities and Operations Support. Sixth, to the County, except as described in Sections 3.3.6.1 through 3.3.6.3, the amount of Five

Hundred Thousand Dollars (\$500,000), Escalated, to fund operations and capital improvements supporting the purposes of this Agreement.

3.3.6.1. For FY 2013-14, the amount shall be Two Hundred Fifty Thousand Dollars (\$250,000).

3.3.6.2. Beginning in FY 2017-18 and continuing through FY 2020-21, the amount shall reset to Seven Hundred Fifty Thousand Dollars (\$750,000). The starting date of this increase shall be subject to review and confirmation by the Financial Review Team based on the sufficiency of VFTA revenues to cover the obligations of the Agreement, as described in Task 2B of Attachment A. The increased annual allocation shall be Escalated beginning the year in which the increase is confirmed by the Financial Review Team.

3.3.6.3. Beginning in FY 2021-22, the amount shall reset to One Million Dollars (\$1,000,000). The starting date of this increase shall be subject to review and confirmation by the Financial Review Team based on the sufficiency of VFTA revenues to cover the obligations of the Agreement, as described in Task 2B of Attachment A. The increased annual allocation shall be Escalated beginning the year in which the increase is confirmed by the Financial Review Team.

3.3.7. Enhanced OCC Marketing Support. Seventh, to Metro an amount for enhanced convention center marketing as follows:

3.3.7.1. For FY 2013-14, and annually until Metro issues OCC Hotel Project Bonds and an OCC Hotel Project has been in operation for eighteen (18) consecutive months, the amount of Four Hundred Fifty Thousand Dollars (\$450,000), Escalated.

3.3.7.2. Beginning with the third Fiscal Year after the OCC Hotel Project has been in operation for eighteen (18) consecutive months, and only in the event Metro issues OCC Hotel Project Bonds as described in Section 6.2, the allocation for Enhanced OCC Marketing Support shall be reduced to the amount of One Hundred Seventy-Five Thousand Dollars (\$175,000), Escalated, for as long as the OCC Hotel Project Bonds remain outstanding.

3.3.8. Convention Visitor Public Transit Passes. Eighth, to the entity contractually obligated to pay TriMet, the amount actually paid, up to Three Hundred Ninety Thousand Dollars (\$390,000), Escalated, for convention visitor public transit passes, and any amount required to reimburse that entity for costs up to Three Hundred Ninety Thousand Dollars (\$390,000), Escalated, per Fiscal Year that the entity was required to pay to TriMet in previous years in which insufficient funds were available in the VFTA to pay to that entity the amount allowed in this Section 3.3.8.

3.3.9. Visitor Development Fund. Ninth, to VDFI, to be deposited in the “Visitor Development Fund” (or “VDF”) for convention and tourism marketing purposes, separately into two subaccounts to be used as follows:

3.3.9.1. Subaccount Visitor Development Fund One (“VDF1”), the amount of Six Hundred Forty-Five Thousand Dollars (\$645,000), Escalated.

3.3.9.2. Subaccount Visitor Development Fund Two (“VDF2”), the amount of Eight Hundred Seventy-Five Thousand Dollars (\$875,000), to be deposited annually through FY 2029-30. The VDF2 allocation shall not be Escalated. Any unobligated VDF2 funds above \$250,000 annually shall be refunded to the County and deposited to the RR or BRR, as described in Sections 3.3.12 and 3.3.13.

3.3.10. PCPA Operations Support. Tenth, to Metro, for so long as Metro operates PCPA, the amount of Six Hundred Forty-Five Thousand Dollars (\$645,000), Escalated.

3.3.11. Rose Quarter Facilities and City Tourism Support. Eleventh, to the City, the amount of Five Hundred Thousand Dollars (\$500,000), Escalated, to fund Rose Quarter Facilities operations and capital improvements, and activities supporting the purposes of this Agreement.

3.3.11.1. Notwithstanding Section 3.3.11, for FY 2013-14, the amount of Two Hundred Fifty Thousand Dollars (\$250,000).

3.3.12. Restricted Reserve. Twelfth, to a “Restricted Reserve” (or “RR”), which funds shall be reserved for use in making disbursements in future years if Net Revenues and TLT Net Revenues are insufficient to pay all disbursements required for Sections 3.3.1 through 3.3.11. The minimum amount to be established and maintained in the RR shall be reviewed annually by the Financial Review Team, as described in Task 3A of Attachment A, and shall be equal to 1.5 times the maximum annual payments forecast to be expended for the required allocations in Sections 3.3.5 through 3.3.11 during the next five Fiscal Years in the VFTA Fund Forecast.

3.3.13. Bond Redemption Reserve. Thirteenth, any Net Revenues or TLT Net Revenues in excess of the amount required to be deposited in the RR will be deposited into a “Bond Redemption Reserve” (or “BRR”), and shall be used exclusively to redeem Bonds prior to their stated maturity date and at their earliest optional redemption date. Funds on deposit in the BRR will be used to call Bonds in the same priority order as shown in Sections 3.3.1 through 3.3.4, or as otherwise recommended by the Financial Review Team as described in Task 3B of Attachment A.

3.4. Allocations Subject to Being Escalated. “Escalated” means an annual increase to a stated amount based on the change in the CPI between the second half of the prior

calendar year compared to the second half of the year immediately preceding the prior calendar year. For example, for Fiscal Year 2014-2015 (July 1, 2014 – June 30, 2015), each of the allocations will be multiplied by a fraction, the numerator of which is the CPI for the second half of 2013 (July 1 – December 31, 2013) and the denominator of which is the CPI for the second half of 2012 (July 1 – December 31, 2012). Escalation for all allocation amounts in Sections 3.3.5 through 3.3.11 begins in Year One and continues annually thereafter unless otherwise stated. The Trustee shall calculate the Escalated amount for each Escalated allocation in Sections 3.3.5 through 3.3.11 at least one-hundred (100) days prior to the start of each Fiscal Year.

3.5. A periodic review of the VFTA cash flows and the VFTA Fund Forecast shall be performed by the Financial Review Team as described in Task 1 of Attachment A.

4. COUNTY OBLIGATIONS

4.1. Dedication of Net Revenues, TLT Net Revenues, and SSSLTR.

4.1.1. The County acknowledges that the City has issued and Metro intends to issue Bonds in reliance upon and secured in part by the Net Revenues and TLT Net Revenues.

4.1.2. The County commits to deposit into the VFTA (i) the tax collections from the VFTA TLT Surcharge and the VFTA VRT Surcharge and (ii) the SSSLTR, once these are tax collections are redirected by the City and County to the VFTA.

4.1.3. Within ninety (90) days of execution of this Agreement, the County will adopt an ordinance amending Multnomah County Code Chapter 11 consistent with this Agreement. However, the amendments to enable SSSLTR from the Excise Tax Fund TLT of the OCC Hotel Project to be redirected to the VFTA and to allow the VFTA to receive the non-VFTA SSSLTR shall be contingent upon Metro signing an OCC Hotel Project Development Agreement consistent with Section 6.2.

4.1.4. The County pledges the Net Revenues to pay the City Bonds. The pledge is valid and binding from April 1, 2000, and will remain in effect until the City Bonds are fully paid. The Net Revenues pledged are immediately subject to the lien of the pledge and that lien is, and will remain, superior to other claims and liens. The County's obligations under this Section 4.1.4 are limited solely to the Net Revenues and this Agreement is not "bonded indebtedness" within the meaning of Section 10, Article XI of the Oregon Constitution or as described in ORS 287A.105.

4.1.5. The County pledges the TLT Net Revenues to pay the OCC Hotel Project Bonds. The pledge is valid and binding from the date Metro signs an OCC Hotel Project Development Agreement, and will remain in effect until the OCC Hotel Project Bonds are fully paid. The TLT Net Revenues pledged are immediately subject to the lien of the pledge, and, except as provided in Section 4.1.4, that lien is, and will remain, superior to other claims and liens. The County's obligations

under this Section 4.1.5 are limited solely to the TLT Net Revenues and this Agreement is not “bonded indebtedness” within the meaning of Section 10, Article XI of the Oregon Constitution or as described in ORS 287A.105.

4.1.6. The City may assign the County’s pledge of the Net Revenues for the benefit of the owners of the City Bonds, and Metro may assign the County’s pledge of the TLT Net Revenues for the benefit of the owners of the OCC Hotel Project Bonds.

4.1.7. The County may make further subordinate pledges of the 14.5% base vehicle rental taxes collected under Multnomah County Code 11.301(B). Until the Bonds are paid or defeased, the County will not grant any additional liens on the Net Revenues or TLT Net Revenues.

4.1.8. Pursuant to the authority of ORS 287A.325, the County hereby agrees that it will:

4.1.8.1. Maintain the VFTA TLT Surcharge and the VFTA VRT Surcharge in effect until all City Bonds have been paid or the County has transferred sufficient funds to the City to defease all the City Bonds.

4.1.8.2. Maintain the VFTA TLT Surcharge and the Excise Tax Fund TLT in effect until all OCC Hotel Project Bonds have been paid or the County has transferred sufficient funds to Metro to defease the OCC Hotel Project Bonds.

4.2. Payment from the VFTA.

4.2.1. The County has established and will maintain a VFTA that complies with the terms of this Agreement.

4.2.2. After paying the Administrative Fee, refunds of surcharge taxes, including interest, and other charges required by state law, the Trustee will apply funds in the VFTA solely for the purposes and in the order of priority described in Sections 3.3.1 through 3.3.13.

4.2.3. The County will make payments (i) to the City for the City Bonds according to the established bond payment schedule, and to Metro, or the bond trustee or paying agent, for the OCC Hotel Project Bonds, if such bonds are issued, according to the established bond payment schedule, (ii) to Metro quarterly, and (iii) to all other Beneficiaries at the end of each Fiscal Year in the amounts described in Sections 3.3.5 through 3.3.11.

4.2.4. The County will deposit into the reserves the amount required by Sections 3.3.12 and 3.3.13.

4.2.5. For each allocation amount in Section 3.3, if there are insufficient funds flowing into the VFTA to fully fund all allocations, the allocations will be funded from the Restricted Reserve in the same priority order stated in Section 3.3.

4.2.6. Reimbursements from the VFTA will occur as follows:

4.2.6.1. If there are insufficient funds in the VFTA in a Fiscal Year to pay the debt service allocations in Section 3.3.1 through 3.3.3, the City will be reimbursed in subsequent Fiscal Years after the allocations in Sections 3.3.1 through 3.3.4 are paid for the current Fiscal Year and before allocations in Sections 3.3.5 through 3.3.11 are disbursed for the current Fiscal Year.

4.2.6.2. If there are insufficient funds in the VFTA in a Fiscal Year to pay the allocation in Section 3.3.8, the entity will be reimbursed in subsequent Fiscal Years after the allocations in Sections 3.3.1 through 3.3.4 are paid for the current Fiscal Year and after any City reimbursement as described in Section 4.2.6.1 is paid but before allocations in Sections 3.3.5 through 3.3.11 are disbursed for the current Fiscal Year.

4.2.6.3. As provided in Section 6.2.4, if Metro is required to reimburse the VFTA for a shortfall in SSSLTR, refunds to Metro from a subsequent SSSLTR reconciliation accounting credit balance shall be made based on confirmation by the Financial Review Team as described in Task 5 of Attachment A.

4.2.6.4. No other allocation in the Agreement shall be eligible for reimbursement.

4.2.6.5. Reimbursement amounts will be paid with interest. Interest on amounts to be paid under this Section 4.2.6 shall be at the State of Oregon Local Government Investment Pool rate, determined as of the time of the reimbursement, for the time period beginning on the first day of the Fiscal Year following the date in which the payment requiring reimbursement was outstanding and continuing until the reimbursement payment date.

4.3. The powers and duties of County as the Trustee are as follows:

4.3.1. The County will maintain records regarding aggregate tax receipts and the calculation of the VFTA revenues and make those records available to the Beneficiaries upon request.

4.3.2. The County will make an annual accounting of the VFTA and make that accounting available for review by the City Auditor, the County Auditor and the Metro Auditor.

4.3.3. The County will prepare an annual forecast of projected income and expenses for the VFTA through the life of the Agreement (the "VFTA Fund

Forecast”) and make that forecast available for review by the Financial Review Team and to the Beneficiaries upon request.

4.3.4. The County will exercise the rights and powers vested in it by this Agreement, and use the same degree of care and skill as a prudent person would exercise or use under the circumstances.

4.3.5. The County may rely upon any certificate from the City or Metro reasonably believed by the County to be genuine and correct, and reasonably believed by the County to have been signed or sent by the City or Metro authorized representative.

4.3.6. The County will not be answerable for other than its negligence or willful misconduct in the performance of its powers and duties under this Agreement.

4.3.7. This Agreement does not require the County to expend or risk its own funds (other than the Net Revenues or TLT Net Revenues) or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of its rights or powers, if the County has reasonable grounds for believing that repayment of such funds, or in the alternative, indemnity satisfactory to it against such expense, risk or liability, is not reasonably assured to it.

4.3.8. Any moneys held as part of the VFTA will be invested or reinvested by the County in legally authorized investments and administered according to the County’s investment policy. All proceeds of such investments will be deposited into and become part of the VFTA.

4.4. The County will not take any action, or fail to take any action, that would result in any of the tax exempt Bonds becoming taxable.

5. CITY OBLIGATIONS

5.1. The City has issued limited tax revenue bonds, secured by the City’s full faith and credit and amortized over a period not to exceed 30 years from the original date of the 2001 Agreement (January 31, 2001), as follows:

5.1.1. The Convention Center Completion Bonds, dated February 13, 2001, in the amount of \$99,998,888.25 and as subsequently refunded, to fund the Convention Center Completion Project, including the costs of issuance;

5.1.2. The PCPA Bonds, dated May 15, 2001, in the amount of \$2,100,000 and as subsequently refunded, to fund capital improvements to PCPA, including costs of issuance; and

5.1.3. The Stadium Bonds, dated May 15, 2001, in the amount of \$35,000,000 to fund improvements to the Stadium, including costs of issuance. The City may issue bonds or other indebtedness to fund Stadium improvements in addition to the Stadium Bonds, however, such bonds shall not be repaid from the VFTA.

5.2. The City issued the City Bonds conditioned on the VFTA TLT Surcharge and the VFTA VRT Surcharge, the creation of the VFTA, and the County's dedication of the tax collections from the VFTA TLT Surcharge and the VFTA VRT Surcharge to the VFTA.

5.3. So long as Stadium Bonds are outstanding:

5.3.1. The City will provide for the payment of a portion of the debt service on the Stadium Bonds from resources of the City's Spectator Facilities Fund ("Spectator Facilities Fund Revenues"). The original allocation of Stadium Bond debt service was based on an annual license fee payment expected to be received by the City from a prior operator of the Stadium. The prior operator is no longer associated with the Stadium and the City no longer collects the annual license fee payment in the amounts anticipated in the original allocation. The Parties have agreed that the City's share of debt service on the Stadium Bonds is equal to the FY 2002-03 payment of \$944,320.00, increasing by 4.00 percent per year to a payment of \$1,397,824.28 for FY 2012-13. Beginning in FY 2013-14, the City's share of debt service on Stadium Bonds will continue to increase by 4.00 percent per year unless the Stadium Bonds are refinanced to produce debt service savings. If the Stadium Bonds are refinanced, the City's share of Stadium Bond debt service will be determined as described in Section 5.3.2.

5.3.2. If the Stadium bonds are refinanced:

5.3.2.1. The remaining nominal debt service will be allocated in a manner that provides a total minimum of \$3,000,000 in debt service savings to the City's Spectator Facilities Fund Revenues, with the balance of debt service savings allocated to the VFTA. If less than \$3,000,000 total nominal debt service savings is produced, the entire amount of the savings will be allocated to the benefit of the City's Spectator Facilities Fund Revenues, but in no case will the allocation of nominal debt service paid by the VFTA be increased above the annual amounts originally anticipated prior to refunding. The Parties may elect to realize debt service savings upfront or in some manner other than uniformly over the remaining life of the refunding bonds.

5.3.2.2. Notwithstanding the conditions described in Section 5.3.2.1, and prior to the City's commitment to execute Stadium bonds to refinance the outstanding Stadium Bonds, the Financial Review Team shall review and verify the final debt service on the Stadium Bond refunding as described in Task 4A of Attachment A.

5.3.3. The City will calculate and provide directly to the Board the amount of any VFTA TLT Surcharge the City estimates to have been collected within East County Cities in the prior Fiscal Year that was applied to pay debt service on the Stadium Bonds. This amount will be used for visitor development programs, services or projects that benefit the East County Cities.

5.4. If Metro has signed an OCC Hotel Project Development Agreement consistent with Section 6.2 and the County has amended the Multnomah County Code consistent with Section 4.1.3, then, beginning the first Fiscal Year SSSLTR is generated by the OCC Hotel Project, the City will transfer funds equal to the SSSLTR attributable to the City 5% TLT and collected pursuant to Portland City Code Chapter 6.04 to the County to deposit in the VFTA, and continuing for the duration that the OCC Hotel Project Bonds remain outstanding.

5.5. The City will not take any action, or fail to take any action, that would result in any of the tax exempt Bonds becoming taxable. The City will indemnify the Parties for any costs incurred by them from City action, or failure to take action, that makes the OCC Bonds or the PCPA Bonds taxable.

6. METRO OBLIGATIONS.

6.1. Metro will not take any action, or fail to take any action, that would result in the OCC Bonds or PCPA Bonds becoming taxable. Metro will indemnify the Parties for any costs incurred by the Parties from Metro action, or failure to take action, that makes the OCC Bonds or the PCPA Bonds taxable.

6.2. Metro intends to enter into an OCC Hotel Project Development Agreement and to issue OCC Hotel Project Bonds as follows:

6.2.1. In support of the OCC Hotel Project, and after the OCC Hotel Project Development Agreement is signed, Metro intends to issue OCC Hotel Project Bonds, which will be revenue bonds in an amount expected to provide not more than \$60,000,000 of net proceeds to fund a portion of the proposed OCC Hotel Project.

6.2.2. If Metro signs an OCC Hotel Project Development Agreement by December 31, 2018, and issues OCC Hotel Project Bonds, the OCC Hotel Project Bonds will be secured in part or in whole by TLT Net Revenues and will be amortized over a period not to exceed 30 years.

6.2.3. Prior to final pricing of the OCC Hotel Project Bonds, Metro shall submit the bond debt service to the Financial Review Team for review and verification as described in Task 4B of Attachment A.

6.2.4. Review and reconciliation of the SSSLTR and OCC Hotel Project Bond payments shall occur as described in Task 5 of Attachment A and as follows:

6.2.4.1. Within the first 180 days of every five Fiscal Years beginning in the sixth Fiscal Year following the opening of the OCC Hotel Project, and continuing for as long as the OCC Hotel Project Bonds are outstanding, the Financial Review Team shall undertake a reconciliation accounting review and analysis of the SSSLTR paid by the OCC Hotel Project. The Trustee may also initiate FRT review of the SSSLTR at any time the Restricted Reserve balance falls to, or is expected to fall to, 25%

or less of the minimum required in Section 3.3.11, or when the Restricted Reserve balance has declined for three consecutive Fiscal Years.

6.2.4.2. As a result of such review and reconciliation accounting, and if no funds are available in the Restricted Reserve, the FRT may determine that a Metro reimbursement payment to the VFTA is required. As described in Task 5 of Attachment A, the FRT shall determine the amount of any required reimbursement payment as long as it is no greater than the cumulative accounting debit balance. Metro shall make such reimbursement payment in equal annual installment payments over the ensuing three Fiscal Years, with such payments being made to the VFTA by the end of the second quarter of each Fiscal Year.

6.2.4.3. If a Metro reimbursement payment is required, and to the extent the installment payments have been paid, the cumulative accounting credit balance resulting from a future reconciliation calculation will be used to make a refund payment to Metro from the VFTA consistent with Section 4.2.6.3. Such refund payments will be paid to Metro by the end of the second quarter of the Fiscal Year following the reconciliation.

6.3. So long as OCC Hotel Project Bonds are outstanding, Metro shall, at least twelve (12) months prior to the call date of the OCC Hotel Project Bonds, consider opportunities for refunding the bonds and shall consider the advice of the FRT, as described in Task 6A of Attachment A, on OCC Hotel Project Bond refunding.

6.4. If any portion of the OCC Hotel Project Bonds is issued as tax-exempt bonds, Metro will not take any action, or fail to take any action, that would result in any of the tax-exempt portion of the OCC Hotel Project Bonds becoming taxable. Metro will indemnify the City, the County and the VFTA for any costs that result from a Metro action, or failure to take any action, that makes the OCC Hotel Project Bonds taxable. However, this language will not apply in the event that actions undertaken by Metro resulting in a change in tax status of the OCC Hotel Project Bonds results in net financial benefits to the VFTA as confirmed by the FRT in their analysis described in Task 6B of Attachment A.

7. JOINT OBLIGATIONS OF CITY, COUNTY AND METRO

7.1. Reporting on use of VFTA funds. Within ninety (90) days of the end of each Fiscal Year, upon request of the Board or any Party to this Agreement, each Party requested shall furnish to the Board and the other Parties, a summary statement of the Party's use of VFTA funds in the previous Fiscal Year.

7.2. Financial Review Team. The Parties agree that establishing a "Financial Review Team" (or "FRT") with specified tasks will enhance the VFTA system through more frequent and consistent financial review. The Parties agree to assign financial experts from each Party to perform certain financial review responsibilities on an ongoing and as needed basis in order to more actively monitor and manage VFTA resources, and to

encourage accountable and efficient application of those resources. The composition of the FRT and its specified tasks and authorities are as follows:

7.2.1. The FRT shall be composed of the City CAO, the County CFO, and the Metro COO, or their respective assigned designees. The Trustee shall convene the FRT as needed and may invite the Executive Vice President - Finance & Administration for Travel Portland to participate with the FRT in an advising capacity.

7.2.2. Attachment A to this Agreement specifies the tasks to be performed by the FRT including the intended action(s) to be taken, the timing and/or frequency for each task, and the deliverable(s) for each task. The level of authority delegated to the FRT is also specified for each task either in Attachment A or in this Agreement. A decision by the FRT shall require a consensus agreement by all members on any specified action; however, each FRT member may provide advice to their respective elected official (i.e. City Mayor, County Chair or Metro President). If action is required and consensus is not achieved in a timely manner, any FRT member may refer the matter to the dispute resolution process describe in Section 8.1

7.2.3. The role of the FRT is to provide financial analysis, advice and recommendations to the Parties. The FRT does not have the authority to change or amend any term of the Agreement. The FRT and its members individually may recommend amendments to this Agreement to the Parties, which amendments shall only be implemented upon agreement of the Parties.

7.3. Visitor Development Strategic Plan. The Parties agree to work together to prepare a Visitor Development Strategic Plan (“Strategic Plan”) to provide general direction for the future use of VFTA funds in support of tourism and the convention industry to maximize the economic benefits for the Portland-Multnomah County area. The Parties agree to include the other Beneficiaries to this Agreement in the development of a Strategic Plan. The development of the Strategic Plan will begin in January of the third year following the opening of the OCC Hotel Project or January 2020, whichever comes first. Nothing in this section prevents an earlier start to the development of the Strategic Plan if the Parties, through the City Mayor, the County Chair, and the Metro Council President, agree to begin the process earlier. Once a Strategic Plan is developed, the Parties will use their best efforts to update the Strategic Plan at least every five years for as long as this Agreement is in effect.

7.4. The Parties agree to convene to review this Agreement periodically. Beginning on July 1, 2018, any Party may request the Parties convene to consider amendments to this Agreement. If a request to consider amendments is made, the Parties shall agree to convene and, in a timely manner, shall assign adequate staff resources, establish a schedule for negotiations and participate in the negotiations in good faith.

7.5. The Parties shall provide written notice to VDFI sixty (60) days in advance of amending this Agreement. The notice shall include an explanation, with reasonable

particularity, of the proposed modification or amendment and, if available, a copy of the proposed modification or amendment.

8. DISPUTE RESOLUTION

8.1. If a dispute arises under this Agreement among the Parties, any Party, or the Board as described in Sections 3.3.5.3 and 3.3.5.6, may initiate the following dispute resolution process:

8.1.1. The initiating Party, or Board, will give written notice consistent with Section 10.2 to (a) the City Mayor, (b) the County Chair, (c) the Metro Council President and (d) the Board. The City Mayor, the County Chair and the Metro Council President, or their designees, will be the “Dispute Resolution Committee” (or “DRC”). The notice will identify the dispute for which the dispute process is initiated.

8.1.2. The Board will be a party to and allowed to participate in the dispute resolution process, although it will not have a voting member on the DRC.

8.1.3. Within 15 days of the notice, each Party and the Board may submit a written statement to the DRC stating the party’s position on the dispute.

8.1.4. Within 60 days of the notice, the DRC will decide on a resolution of the dispute and notify the Parties and Board of the resolution. Decisions of the DRC will be by majority vote. The Party that initiated the dispute shall be entitled to vote on the matter and shall not be deemed conflicted out of the decision.

8.1.5. Decisions of the DRC are final. However, the DRC has no authority to approve an amendment to this Agreement.

9. TERMINATION AND REMEDIES

9.1. The County’s obligation to provide Net Revenues for the City Bonds shall terminate when all City Bonds are fully paid or defeased, and will end (i) no later than June 1, 2021, for the PCPA Bonds, (ii) no later than June 1, 2023, for the Stadium Bonds, and (iii) no later than June 1, 2030, for the OCC Bonds. If Metro does not issue OCC Hotel Project Bonds, as described in Section 6.2, this Agreement will terminate when all the City Bonds are paid or defeased (the “Early Termination Date”), and the Agreement may be extended beyond the Early Termination Date by agreement of the Parties.

9.2. The County’s obligation to provide TLT Net Revenues is tied to the OCC Hotel Project Bonds, which are expected to be outstanding beyond June 1, 2030. If Metro issues OCC Hotel Project Bonds consistent with Section 6.2, neither this Agreement nor the imposition of the VFTA TLT will terminate until all of the OCC Hotel Project Bonds are paid or defeased (the “Termination Date”), and the Agreement may be extended beyond the Termination Date by agreement of the Parties.

9.3. Notwithstanding Sections 9.1 and 9.2, all taxes subject to this Agreement that are imposed but not collected by the County on the Early Termination Date will be Net Revenues, and on the Termination Date will be TLT Net Revenues.

9.4. Before the Early Termination Date or Termination Date, this Agreement may only be terminated by the agreement in writing of all Parties.

9.5. So long as any of the City Bonds are outstanding and this Agreement is in effect, the obligations of the County to (i) collect the taxes imposed by Multnomah County Code 11.301(C) and 11.401(E), and (ii) maintain the Net Revenues and transfer them to the City to pay the City Bonds, as provided in this Agreement, may not be terminated for any reason, including a breach by any Party of its obligations under this Agreement or any amendment to this Agreement.

9.6. So long as the OCC Hotel Project Bonds are outstanding, and this Agreement is in effect, the obligations of the County to (i) collect the taxes imposed by Multnomah County Code 11.401(E), and (ii) maintain the TLT Net Revenues and transfer them to Metro to pay the OCC Hotel Project Bonds, as provided in this Agreement, may not be terminated for any reason, including a breach by any Party of its obligations under this Agreement or any amendment to this Agreement.

9.7. Upon reaching the Early Termination Date of this Agreement, the County may terminate or modify the tax surcharge imposed by Multnomah County Code 11.301(C).

9.8. Upon reaching the Termination Date of this Agreement, the County may terminate or modify the tax surcharge imposed by Multnomah County Code 11.401(E).

10. GENERAL PROVISIONS

10.1. Maintenance of Records. All Parties will maintain records of payments made and funds received under this Agreement and such records are subject to audit and inspection by the other Parties.

10.2. Notice. A notice or communication under this Agreement by a Party to another Party shall be sufficiently given or delivered if sent with all applicable postage or delivery charges prepaid by: (a) personal delivery; (b) sending a confirmed email copy (either by automatic electronic confirmation or by affidavit of the sender) directed to the email address of the Party set forth below; (c) registered or certified U.S. mail, return receipt requested; or (d) delivery service or “overnight delivery” service that provides a written confirmation of delivery, each addressed to a Party as follows

If to the City: City of Portland
 Office of the Mayor
 1221 S.W. Fourth Avenue, Room 340
 Portland, Oregon 97204
 Email: mayorcharliehales@portlandoregon.gov
 Phone No.: 503-823-4120

and

City of Portland
Office of Management and Finance
1120 S.W. Fifth Avenue, Room 1204
Portland, Oregon 97204
Attn: Chief Administrative Officer
Email: jack.graham@portlandoregon.gov
Phone No.: 503-823-5288

with copies to:

Spectator Facilities & Development Manager
1120 S.W. Fifth Avenue, Room 1204
Portland, Oregon 97204
Attn: Spectator Facilities & Development Manager
Email: SpectatorFacilities@portlandoregon.gov
Phone No.: 503-823-6958

and

Office of the City Attorney
City of Portland, Oregon
1221 S.W. Fourth Avenue, 4th Floor
Portland, Oregon 97204
Attn: City Attorney
Email: Jim.VanDyke@portlandoregon.gov
Phone No.: 503-823-4047

If to the County:

Multnomah County
Office of the County Chair
501 N.E. Hawthorne Blvd., Suite 600
Portland, Oregon 97214
Email: mult.chair@multco.us
Phone No.: 503-988-3308

and

Multnomah County
Finance and Risk Management Division
501 N.E. Hawthorne Blvd.
Portland, Oregon 97214
Attn: Chief Financial Officer
Email: mark.campbell@multco.us
Phone No.: 503-988-6229

with copies to:

County Attorney
501 N.E. Hawthorne Blvd.
Portland, Oregon 97214
Attn: Jacquie Weber
Email: jacquie.a.weber@multco.us
Phone No.: 503-988-3138

If to Metro: Metro
Office of the Council President
600 N.E. Grand Avenue.
Portland, Oregon 97232
Email: tom.hughes@oregonmetro.gov
Phone No.: 503-797-1700

and

Metro
600 N.E. Grand Avenue.
Portland, Oregon 97232
Attn: Chief Operating Officer
Email: Martha.Bennett@oregonmetro.gov
Phone No.: 503-797-1700

with copies to: Office of Metro Attorney
Metro
600 N.E. Grand Avenue
Portland, Oregon 97232
Attn: General Counsel
Email: Alison.Kean.Campbell@oregonmetro.gov
Phone No.: 503-797-1511

Notice to the Board shall be sent to:
Travel Portland
1000 SW Broadway, Suite 2300
Portland, Oregon 97205
Attention: President -CEO
Email: grants@VisitorsDevelopmentFund.com
Phone No: (503) 275-9797

Each Party may, by notice to the other Party, specify a different address or confirmation number for subsequent notice purposes. Notices may be sent by counsel for a Party. Notice shall be deemed effective on the earlier of actual delivery or refusal of a Party to accept delivery, provided that notices delivered by email shall not be deemed effective unless simultaneously transmitted by another means allowed under this Section 10.2. For a notice to be effective, the copied persons must also be given notice.

10.3. Successors and Assigns. This Agreement will bind each Party, its successors, assigns and legal representatives. No Party, under any condition, may voluntarily assign or transfer its obligations to any third party. Any attempted assignment or transfer will be void.

10.4. Adherence to Law. The Parties will adhere to all applicable federal and state laws in all activities under this Agreement.

10.5. Waivers. No waiver made by a Party with respect to performance, or the manner or time of performance, of any obligation of another Party or any condition under this

Agreement will be considered a waiver of any other rights of the Party making the waiver or a waiver by any other Party. No waiver by a Party of any provision of this Agreement will be of any force or effect unless in writing and no waiver shall be construed to be a continuing waiver.

10.6. Time of the Essence. Time is of the essence of this Agreement.

10.7. Choice of Law and Forum. This Agreement will be construed in accordance with the laws of the State of Oregon and any action brought under this Agreement will be brought in Multnomah County, Oregon.

10.8. Modification. This Agreement may only be modified by a writing signed by each of the Parties. No modification to any provision of this Agreement may be implied from any course of performance, any acquiescence by any Party, any failure of any Party to object to another Party's performance or failure to perform, or any failure or delay by any Party to enforce its rights.

10.9. Headings. Any titles of the sections of this Agreement are inserted for convenience of reference only and will be disregarded in construing or interpreting its provisions.

10.10. Counterparts; Electronic Transaction. This Agreement may be executed in counterparts, each treated as an original, and the counterparts will constitute one document. The Parties agree that they may conduct this transaction, including any amendments or extension, by electronic means including the use of electronic signatures and facsimiles.

10.11. Severability. If any term or provision of this Agreement or its application to any Party or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such term or provision to such Party or circumstance other than those as to which it is held invalid or unenforceable shall not be affected, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

10.12. Construction and Interpretation. To the extent consistent with the context, words in the singular shall include the plural, words in the masculine gender shall include the feminine gender and the neuter, and vice versa. All provisions of this Agreement have been negotiated at arms length, and this Agreement shall not be construed for or against any Party by reason of the authorship or alleged authorship of any provision of this Agreement.

10.13. Implementation. The Parties agree to take all actions and execute all documents necessary to effect the terms of this Agreement.

[Signature page follows]

CITY OF PORTLAND

Approved as to form

James Van Dyke
City Attorney

Charlie Hales
Mayor

Date

MULTNOMAH COUNTY

Approved as to form

Jenny Madkour
County Counsel

Jeff Cogen
County Chair

Date

METRO

Approved as to form

Alison Kean Campbell
Metro Attorney

Tom Hughes
Metro Council President

Date

VISITOR FACILITIES INTERGOVERNMENTAL AGREEMENT ATTACHMENT A

Financial Review Team Tasks and Responsibilities

The purpose of the Financial Review Team or FRT is defined in Section 7.2 of the Visitor Facilities Intergovernmental Agreement (“VFIGA”). The composition of the Financial Review Team and its convening are described in Section 7.2.1 of the VFIGA. Decision making for the FRT is described in Section 7.2.2. All section references in this Attachment are to the VFIGA and defined terms in this Attachment have the same meaning as in the VFIGA.

Task 1 – Periodic Review of VFTA cash flows and VFTA Fund Forecast

FRT Action: As provided in Sections 3.5, review VFTA cash flow and VFTA Fund Forecast for sufficiency and capacity to fund all VFIGA obligations and priorities.

Information to be reviewed may include but are not limited to:

- Historical and projected funding adequacy
- Reserve/Fund Balance levels and projections
- Prepayment and/or refunding possibilities for Bonds and examination of which Bonds would yield the most value to the VFTA system if prepayment or refunding were implemented
- Comparison of actual VFTA and SSSLTR receipts to projections
- VFTA funding requirements as compared to actual VFTA funding needs and priorities
- Factors affecting, or projected to affect, the local and national economy, particularly those that influence the VFTA system revenues

Timing/Frequency: At least annually and no later than 90 days prior to the start of each Fiscal Year. Reviews may occur more frequently if requested by any Party to the VFIGA.

FRT Deliverables: The Financial Review Team representative from each Party shall provide a summary to each Party’s members of the VDFI Board. The Financial Review Team may also provide periodic reporting to other relevant VFTA participants as needed. The FRT may also provide advice to the City Mayor, the County Chair and the Metro Council President on desired and appropriate adjustments to the VFTA that may require amendment to the VFIGA.

Task 2 – Recommendations on Adequacy of VFTA Funding and Initiation of Certain Actions

Task 2A: VFTA Forecast Review for Additional OCC Operating Support requests per Sections 3.3.5.2 and 3.3.5.6.

FRT Actions: Review VFTA Fund Forecast and analyze expected adequacy of VFTA funds to fulfill the allocations in 3.3.1 through 3.3.11 and the reserve accounts in 3.3.12 and 3.3.13. Review the adequacy of SSSLTR collections to meet OCC Hotel Project Bond payments in 3.3.4. Provide advice to VDFI Board prior to their consideration of a request for Additional OCC Operating Support per Section 3.3.5.2 or approving such request per Section 3.3.5.6. In their review, the FRT may take into consideration the review information included in Task 1 and the adequacy of the VFTA reserves as described in Section 3.3.12 and 3.3.13, any OCC capital or operating reserve funds carried by Metro and the results of the most recent reconciliation review and analysis describe in Task 5.

Timing/Frequency: If Metro intends to make a request for Additional OCC Support, at least 100 days prior the beginning of each Fiscal Year, as described in Sections 3.3.5.1 and 3.3.5.2.

FRT Deliverable: Report to the VDFI Board and each Party's members of the VDFI Board, which shall accompany the Additional OCC Operating Support request, describing the anticipated sufficiency of VFTA revenues and reserves to cover all obligations of the Agreement.

Task 2B: Confirm Adequacy of VFTA to Cover Step Increases for County Allocation per Section 3.3.6.3 and 3.3.6.4

FRT Action: Review of VFTA Fund Forecast and determine expected adequacy of VFTA funds to support increases of County allocation per Section 3.3.6 along with other VFTA allocations. The FRT shall use the review information included in Task 1 and may include the results from the most recent SSSLTR reconciliation review as described in Task 4B in this determination, provided that a debit balance will not be the sole reason to reject or delay the step increases.

Timing/Frequency: At least 90 days in advance of Fiscal Years identified in Section 3.3.6.3 and 3.3.6.4 and as needed in subsequent Fiscal Years if increases are not confirmed at an earlier allowed date.

FRT Deliverables: Confirmation, by email to the Trustee, to increase or not increase the County allocation.

Task 3 – Review Restricted Reserve Amount and Determine Bond Redemption

Task 3A: Review Restricted Reserve Amount per Section 3.3.12

FRT Action: Review of VFTA Fund Forecast and calculation of amount required to be maintained in the Restricted Reserve to meet the requirements of Section 3.3.12.

Timing/Frequency: Annually along with Task 1 review.

Deliverables: Direction to the County Trustee regarding the amount required to be maintained in the Restricted Reserve.

Task 3B: Recommend Bond Redemption Priorities per Section 3.3.13

FRT Action: Review funds available in Bond Redemption Reserve and bond call opportunities against priority order of bond allocations in Sections 3.3.1 through 3.3.4 to recommend bond redemption priority.

Timing/Frequency: Annually along with Task 1 review.

Deliverables: Recommendation to the County Trustee regarding the priority order for bond redemption consistent with Section 3.3.13.

Task 4 – Review and Verify Bond Debt Service

Task 4A: Review and Verify Final Stadium Bond Refunding Debt Service

FRT Action: As provided in Section 5.3.2.2, review final proposed debt service on Stadium Bond Refunding to ensure consistency with Section 5.3.2.1.

Timing/Frequency: Once, immediately prior to final pricing of Stadium Bonds

FRT Deliverable: Verification of Stadium Bond debt service schedule consistency with Section 5.3.2.1, which verification shall be provided by email, to the City CAO, or his designee and the Trustee.

Task 4B: Verify OCC Hotel Project Bond Debt Service

FRT Action: As provided in Section 6.2.3, compare the final proposed debt service on OCC Hotel Project Bonds to the OCC Hotel Project SSSLTR projections and the VFTA cash flow projections, review communications regarding tax-exempt status, and confirm adequacy of the

projected SSSLTR to meet the annual bond payments with a target coverage of 1.05 and for consistency with the terms in Section 6.2.

Timing/Frequency: Once, immediately prior to final pricing of OCC Hotel Project Bonds

FRT Deliverable: Verification of OCC Hotel Project Bond debt service schedule consistency with Section 6.2, which verification shall be provided by email, to the Metro COO, or his designee and the Trustee.

Task 5 –Perform Reconciliation Review and Analysis of SSSLTR and Determine Metro Reimbursements and Refunds

FRT Actions:

A) Consistent with Section 6.2.4, review and analyze the SSSLTR paid by the OCC Hotel Project as follows:

1. The Trustee shall prepare a reconciliation accounting of (1) the collected SSSLTR, including the difference between the amount stated in Sections 3.3.7.1 and the amount stated in Section 3.3.7.2, as Escalated, for Enhanced OCC Marketing Support, and (2) the amount of principal and interest (debt service) on OCC Hotel Project Bonds paid to Metro from VFTA funds during that corresponding time period.
2. The FRT will compare the amount of SSSLTR that was paid by or attributed to the OCC Hotel Project to the payments for the OCC Hotel Project Bonds under Section 3.3.4. If the total of the SSSLTR is larger than the total of the bond payments, an accounting “credit” will be recorded for the time period being analyzed. If the total of the bond payments is larger than the total of the SSSLTR, an accounting “debit” will be recorded for the time period being analyzed.
3. The credits and debits will be summed to determine if the cumulative accounting balance is positive (a “credit balance”) or negative (a “debit balance”). The cumulative accounting balance will be carried forward into subsequent reconciliation reviews.

B) Consistent with Section 6.2.4, determine if a Metro reimbursement payment is due and the amount, if any, that should be paid by Metro to the VFTA, or if a refund to Metro is due, as follows:

1. As described in Section 6.2.4.2, if the cumulative accounting balance is a debit balance, and if no funds are available within the VFTA Restricted Reserve, the FRT may determine that Metro be required to remit to the County for deposit in the VFTA a reimbursement payment up to the amount of the debit balance. The FRT can set the reimbursement payment to an amount less than the debit balance and can choose to delay payment until a subsequent reconciliation review is completed. Any debit balance that may be remaining after a Metro reimbursement payment is determined shall be carried forward into subsequent reconciliation reviews.
2. The FRT shall determine if a reimbursement payment is required by Metro by considering appropriate financial factors, including but not limited to: the fluctuations in SSSLTR collections over the life of the OCC Hotel Project Bonds taking into consideration historic trends and current economic indicators, the amount of the negative balance, and the VFTA Fund Forecast.
3. As described in Section 6.2.4.3, the FRT shall determine if Metro is owed a refund payment. If, after refunding to Metro all reimbursement payments made by Metro in prior Fiscal Years, an accounting credit balance still remains, the credit balance will be carried forward into subsequent reconciliation reviews.

Timing/Frequency: As described in Section 6.2.4.1.

FRT Deliverables: 1) Reconciliation report to Metro COO. 2) Direction to the Trustee and Metro COO on Metro's required reimbursement of the VFTA or refunds to Metro from the VFTA.

Task 6 – Advise on OCC Hotel Project Bond Refunding and Tax Status

Task 6A: Advise on OCC Hotel Project Bond Refunding per Section 6.3

FRT Actions: As described in Section 6.3, review and analyze opportunities to refund OCC Hotel Project Bonds. Factors to consider in this analysis include but are not limited to: the financial benefits for the VFTA and Parties of refunding; the expected adequacy of SSSLTR to support OCC Hotel Project Bond refunding without contributions from non-VFTA revenues; and any request from Metro to use a reconciliation credit balance to defease the then outstanding OCC Hotel Project Bonds.

Timing/Frequency: Per Section 6.3.

Deliverables: Advice and guidance to the Metro COO regarding OCC Hotel Project Bond debt service coverage excluding non-VFTA revenues, and any proposed OCC Hotel Project Bond refunding structure.

Task 6B: Determine Net Financial Result of Change in Tax Status of OCC Hotel Project Bonds, per Section 6.4

FRT Actions: As described in Section 6.4, review any action undertaken by Metro that results in a change in tax status of the OCC Hotel Project Bonds to determine if the results are a net financial benefit to the VFTA.

Timing/Frequency: Within 30 days of a change in the tax status of the OCC Hotel Project Bonds.

Deliverables: Report to the City Mayor, County Chair and Metro Council President on the net financial impact to the VFTA of a change in tax status of the OCC Hotel Project Bonds.

Confidential Information:

For the purposes of the OCC Hotel Project funding strategy included in the VFIGA, the Parties must be provided information about the SSSLTR on an ongoing basis in order to perform their responsibilities under the Agreement. Metro will obtain a waiver to Portland City Code 6.04.130.D from the OCC Hotel Project operator, including agreement to periodic updates of such waiver, to allow sharing of the SSSLTR information with the Financial Review Team, who shall sign a confidentiality agreement.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4452, FOR THE PURPOSE OF APPROVING THE AMENDED AND RESTATED VISITOR FACILITIES INTERGOVERNMENTAL AGREEMENT AND RESOLUTION NO. 13-4453, FOR THE PURPOSE OF APPROVING THE OREGON CONVENTION CENTER HOTEL PROJECT TERM SHEET

Date: August 15, 2013
Prepared by: Cheryl Twete

BACKGROUND

In October of 2011, the Metropolitan Exposition Recreation Commission (MERC) and the Oregon Convention Center (OCC) Advisory Committee requested that Metro Council consider developing a convention center hotel, citing ongoing concerns that the lack of an adjacent convention center hotel continues to be a primary reason the OCC increasingly loses national convention market share to its competitors.

On January 17, 2012, Council convened a joint work session with MERC in which a presentation of the OCC's fiscal year 2010-11 economic impacts concluded that the lack of an adjacent convention center hotel was a significant challenge to the facility's ability to maintain its national convention market share. The two bodies agreed that, as stewards of the public facility, measures to maximize regional economic impact by solidifying its national convention business should be identified and implemented by staff.

On January 26, 2012, Council approved Resolution 12-4327, which directed staff to proceed with an Oregon Convention Center Enhanced Marketing Initiative work program, including Phase I Assessment of pursuing a privately owned, financed, constructed and operated hotel adjacent to the convention center to serve national convention clients, and report back to Council by April 30, 2012.

On April 26, 2012, Council was briefed by staff on Phase I Assessment conclusions which outlined the following completed assignments:

- Documented hotel room block deficiency surrounding the OCC
- Defined desired convention center hotel program
- Convened jurisdictional partners to work together to enhance the regional economic impact of the OCC by increasing the number of national conventions at OCC
- Executed a Statement of Principles – a joint declaration of the public goals for the OCC Hotel project

The Statement of Principles, executed by Multnomah County Chair Jeff Cogen, then Portland Mayor Sam Adams, Portland Development Commission (PDC) Executive Director Patrick Quinton and Metro President Tom Hughes, reflected a common Staff Report, Resolution No. 13-4452 and 13-4453

understanding of 1) the OCC's fundamental competitive disadvantage with other comparable-sized facilities and 2) the regional and statewide economic benefits of OCC. It also recognized that public investment would likely be necessary to achieve a convention-quality hotel of the type and scale necessary to "move the needle" in terms of driving additional national convention business to the OCC.

Based on the satisfactory completion of Phase I Assessment, at its April 26, 2012, meeting, Council approved Resolution 12-4346 and authorized implementation of Phase II, directing staff to issue a Request for Proposals (RFP) for the development of an Oregon Convention Center (OCC) Hotel consistent with the goals and public resources identified in the Statement of Principles.

On April 30, 2012, the Portland Development Commission approved Resolution #6942 endorsing Metro's RFP process and authorizing the Executive Director to enter into negotiations with the selected developer, should a feasible development team be selected as a result.

The RFP was issued on May 11, 2012, seeking a private development team to build a privately owned and operated 4-star convention hotel adjacent to the convention center and including a 500-room room block, among other City and Metro construction and operational requirements. Two proposals were received and a public/private RFP evaluation team was convened to carefully assess and forward recommendations to the Council.

On September 13, 2012, staff returned to the Council with recommendations for development team selection and Council adopted Resolution 12-4365, selecting Mortenson Development Company/Hyatt Hotels (Mortenson/Hyatt) as the development team and authorizing staff to begin predevelopment negotiations (Phase III of the project) following the successful completion of a Labor Peace Agreement between Hyatt Hotels and UNITE HERE labor union. Upon confirmation that such agreement had been reached between the two parties, Metro commenced predevelopment negotiations with Mortenson/Hyatt on October 31, 2012.

In the ensuing months, staff worked with the development team on a financing model with the goal of limiting public investment and risk and an OCC Hotel Term Sheet detailing the essential elements of the project.

On December 4, 2012, Council received a briefing on the status of the predevelopment negotiations and the public bonding tools under consideration to assist in financing construction of the hotel.

Since that time, additional tools and models were explored and developed for Council consideration. Finance and legal staff at Metro, Multnomah County and the City of Portland have also been working on a parallel track creating a set of amendments to the existing Visitor Facilities Trust Fund Intergovernmental Agreement (VF IGA) to facilitate the use of site-specific transient lodging taxes to support the costs associated

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with construction of the hotel. A summary of both efforts, including the draft OCC Hotel Term Sheet, was presented at a joint Council/MERC work session on July 9, 2013.

Since the July 9, 2013, work session, several key milestones have been accomplished. A public open house was held on August 1, 2013, and, on August 7, 2013, MERC approved Resolution 13-19 expressing support for amendments proposed to the VF IGA and Resolution 13-20, the proposed OCC Hotel Term Sheet. On August 8, 2013, Council held a public hearing on the OCC Hotel project. More information on the outcomes of these meetings will be provided at the August 15, 2013, Council meeting.

Action Items Before Council

The Council is being asked to consider and act upon two items:

Resolution 13-4452 which approves the Visitor Facilities Intergovernmental Agreement

Resolution 13-4453 which approves the OCC Hotel Project Term Sheet with Mortenson Development Company and directs Metro staff to execute a development agreement with Mortenson Development

Visitor Facilities Intergovernmental Agreement (VF IGA)

Since March 2013, staff has actively engaged in negotiations with City and County staff to prepare a thorough set of amendments to the existing Visitor Facilities Intergovernmental Agreement (VF IGA). See Exhibit A to Resolution No. 13-4452 for the amended and restated VF IGA and Attachment 1 Summary of Amended and Restated VF IGA for a summary of the VF IGA.

The VF IGA was originally approved in 2001 by the City of Portland, Multnomah County and Metro. The VF IGA: 1) authorized collection of a 2.5% transient lodging tax (TLT) surcharge and a 2.5% vehicle rental tax surcharge; 2) established the Visitor Facilities Trust Account (VFTA); 3) provided for distribution of the taxes collected to a variety of uses supporting visitor development and tourism facilities and activities; and 4) called for the creation of the Visitor Development Fund Inc. (VDFI). The VDFI Board is a public/private board comprised of elected officials from Metro, the County, and City, along with representatives from the hospitality industry. Its purpose is to direct the use of certain allocations established by the VF IGA.

The proposed VF IGA amendments before Council reflect updated and new priorities and needs of the governments managing the region's visitor facilities and public/private tourism promotion programs. The amendments include provisions to accommodate a future OCC Hotel Project, including redirection of certain site-specific TLT into the overall VFTA, and an allocation of funding to support hotel revenue bond debt service payments to Metro. Other amendments address: 1) additional new or revised priorities intended to support the tourism and hospitality industry; 2) new management approaches

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for annual financial reviews, creation of reserves for on-going allocations and early bond repayment; and 3) the creation of a future strategic plan for the industry and visitor facilities. Staff conducted stress tests to ensure that adequate funding would be available for all of the proposed priorities; even under severe and worst-case economic conditions. It is expected that the City and County will act upon the amendments in September 2013.

Staff believes that the proposed VF IGA amendments represent fair and reasonable updates and revisions for the public and private partners involved in the tourism and convention industry. Metro's priorities in the VF IGA negotiation process were to ensure that: 1) the OCC has long-term and appropriate levels of operating and marketing funding; 2) a viable funding mechanism is created to support Metro's issuance of the OCC Hotel revenue bonds; and 3) efforts on behalf of City and County partners related to the hospitality and tourism industry are supported.

Metro staff and financial advisors, in consultation with City and County financial staff, have also analyzed and defined general OCC Hotel bond underwriting assumptions. The fundamental assumptions employed as part of the VF IGA effort as well as for the OCC Hotel Term Sheet (described below) are that the OCC Hotel bond amount is capped at \$70 million and bond repayment is consistent with the projected OCC Hotel site-specific revenues, debt service coverage ratio of 1.05, with approximately a 30-year term (similar to the OCC Expansion Bonds term). The final interest rates and other terms will be based upon these factors and bond market conditions at the time of issuance. Council will take separate action to authorize the hotel revenue bond which is expected to occur at the same time or immediately following the dates both the City and County consider the VF IGA amendments.

The amendment creates a viable path for the proposed OCC Hotel by enabling the equivalent of 11.5% of the 12.5% visitor-paid, site-specific TLT to be generated by the OCC Hotel to be redirected to the VFTA and used to reimburse Metro for revenue bond debt service payments. The proposal originally submitted by Mortenson/Hyatt was to utilize OCC Hotel site-specific TLT to support private financing of the hotel; however, due to complex state and federal regulations, consultants advise that the most efficient manner to structure the publicly-issued Metro revenue bonds is as proposed in the draft VF IGA.

Staff recommends approval of Resolution 13-4452 authorizing approval and execution of the amended and restated VF IGA. Upon consideration and approval of the VF IGA by Council and City and County partners, the document will be executed and implemented immediately. Without approval and execution of the VF IGA amendments, Metro will not be able to agree to or perform the responsibilities identified in the OCC Hotel Project Term Sheet. The 2013 VF IGA provides important updated funding and management approaches for the tourism and hospitality industry and staff acknowledges the hard work and efforts of the jurisdictional partners.

OCC Hotel Term Sheet

The OCC Hotel Term Sheet represents a preliminary business deal term agreement with Mortenson/Hyatt. It consists of a description of the project and its programming, projected costs and funding sources, project schedule, site and design attributes of the proposed OCC Hotel and roles and responsibilities of the key team members, including the Portland Development Commission. This document, while not legally binding, is a significant milestone for the OCC Hotel project and reflects a joint understanding of how the project will move forward. It builds upon the momentum of the State of Oregon's recent approval of a \$10 million grant for the project, which demonstrated a strong commitment to and understanding of the importance of the tourism industry in Oregon.

A general description of the project is as follows:

- 600 (approximately) room Hyatt Regency
- 500 room block commitment
- 35,000 square feet of meeting and ballroom facilities
- On-site restaurant/bar facilities and food and beverage catering services
- Quality amenities of the Hyatt Regency brand
- Commitment to public policy priorities – LEED Silver or higher, City of Portland's Business and Workforce Equity and MWESB policies, and Metro's First Opportunity Target Area (FOTA) program

The OCC Hotel Term Sheet is included in Exhibit A to Resolution No. 13-4453. If approved by Council, it will serve as the basis for continued negotiations of a full development agreement, room block agreement, revenue bond documentations and other project agreements. Staff expects to return to Council for final development approvals in Fall/Winter 2013.

Obtaining approval of both the VF IGA and the OCC Hotel Term Sheet is necessary for predevelopment planning to proceed. Without VF IGA approvals, Metro would not have the financing tools it requires to commit to issuing revenue bonds. As agreed to in 2012, Metro serves as the lead partner for the OCC Hotel Project and the City and County are not parties to the OCC Hotel Term Sheet. Metro anticipates providing \$4 million of grant funding to the project and is coordinating with the City of Portland Development Commission on its proposed \$4 million of urban renewal financing for the project as well as urban design planning for the site.

The project schedule is another critical element. To take advantage of interest rates and construction costs that remain historically low, Metro and Mortenson Development propose to move forward with the following next steps and decision points:

Staff negotiates development/financing agreement	Fall 2013
Metro Council/PDC final approvals	Winter 2013
Construction begins	Summer 2014
Construction completed	Fall 2016
Hotel Opens	Fall 2016

KNOWN OPPOSITION (TO BE UPDATED)

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At this stage of the potential project, there is a group of local hoteliers who have indicated their opposition to this project, similar to the opposition voiced during the 2007-09 publicly-owned hotel effort. There could be concerns from some members of the public who may question whether public investment in private development projects is appropriate. Staff will report on the outcome of the August 1, 2013, public open house and comments received. During the next several months of the project, Metro will track issues raised by interested stakeholders and address appropriately. An open and transparent public communication and outreach strategy is essential to the success of the project.

LEGAL ANTECEDENTS

Marketing of the OCC is a necessary part of the Metro's charter authority to operate public cultural, trade, conventional and exhibition facilities, Metro Charter Section 6.

BUDGET IMPACTS

Budgeted FY 2013-14 funds are expected to be adequate for the project pre-development and development phases.

Approval by all three jurisdictions of the VF IGA will initiate the amendments which will impact the OCC and Portland Center for the Performing Arts (PCPA) in terms of each venue's rank and priority in the use of VFTA funds. For the OCC, additional requirements will be placed on the annual operational deficit budget request. As stated above, the amendments to the VF IGA have been tested against anticipated performance of the new OCC Hotel and potential future economic downturns, as experienced in the last twelve years. Staff is confident that the amendments and potential implications for the OCC and PCPA funding will not threaten the budgets of those venues.

These resolutions seeks authority to enter into the VF IGA and proceed with further development negotiations, but does not seek authorization of any specific project agreements, nor does it obligate Metro to commit any funding to the project.

ANTICIPATED EFFECTS

Adopting Resolution No. 13-4452 and 13-4453 would authorize Metro to proceed with the Phase III effort for the Oregon Convention Center, in partnership with Multnomah County, City of Portland, Portland Development Commission and MERC. The resolution would authorize Metro staff to negotiate with the development team to prepare all development, room block and funding agreements and present to Metro Council in Fall/Winter 2013 for final approvals.

Staff will provide progress reports to Metro and MERC throughout this next phase.

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RECOMMENDED ACTION

Staff recommends Council approve Resolutions No. 13-4452 and 13-4453.

Attachment 1
Summary of Amended and Restated VF IGA

Proposed Amended Visitor Facilities Intergovernmental Agreement

Background and description of amendments under consideration – August 1, 2013

The Visitor Facilities Intergovernmental Agreement (VF IGA) was originally approved in 2001 by the City of Portland, Multnomah County and Metro to: 1) establish a 2.5% Transient Lodging Tax surcharge and a 2.5% Vehicle Rental Tax surcharge; 2) establish the Visitor Facilities Trust Account (VFTA); 3) allocate and distribute the tax surcharges collected to a variety of uses supporting visitor development and tourism facilities and activities; and 4) create the Visitor Development Fund Inc. (VDFI). The VDFI Board is a public/private board composed of elected officials from Metro, the County, and the City along with representatives from the hospitality industry and directs the use of certain allocations established by the VF IGA.

In March 2013, City of Portland, Multnomah County and Metro staff re-engaged in a process, begun in 2012, to update the 2001 VF IGA. The proposed amendment package, if approved by the City Council, County Board and Metro Council, will be the first amendment to the Agreement in its 12-year history. The main goals of the VF IGA amendments are:

1. To reflect updated and new priorities of the partners and clarify existing intent and priorities.
2. To provide a mechanism to redirect site-specific Transient Lodging Taxes (SSTLTR) collected at the OCC Hotel Project into the VFTA to support the OCC Hotel Project Bonds.
3. To provide a mechanism for debt service payments on revenue bonds which will be issued by Metro to support the development of the OCC Hotel Project.
4. To provide for long-term stability of the VFTA system and its funding priorities by updating revenue and expenditure projections and creating processes for ongoing financial review.
5. To revise the document structure to provide clearer organization and ease of reading.

The proposed amendments include the following:

1. Recitals – provide more history and clarity regarding purpose and intent
2. Restructure organization of document – consolidate language and reduce redundancy to more clearly describe funding priorities and obligations of parties

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3. Create mechanisms to redirect the site-specific City 5% TLT (General Fund), the site-specific 3% Excise Tax Fund TLT, and the equivalent of the site-specific City 1% TLT (Tourism Promotion) into the VFTA.
4. Create mechanism for debt service payments on Metro issued Hotel Project Bonds using equivalent of site-specific Transient Lodging Tax Revenues (SSTLTR) within VFTA, with excess SSTLTRs above debt service payments accruing to the benefit of the VFTA.
5. Revise allocation priorities to reflect 2013 needs and opportunities (see VFTA priorities below).
6. Create process for periodic financial review of VFTA finances by City/County/Metro financial leads including mechanisms for reviewing Hotel Project Bond payment terms, reviewing financial performance of VFTA and providing analysis, as needed, to the VDFI Board.
7. Create reserve requirements to ensure allocations are covered if revenues decline; create a new reserve for early bond redemptions.
8. Agreement to work on a future Visitor Development Strategic Plan.
9. Maintain basic legal provisions regarding dispute resolution, termination and remedies.