

BEFORE THE METRO COUNCIL

AMENDING REVENUE BOND) RESOLUTION NO. 16-4711
AUTHORIZATION FOR THE)
OREGON CONVENTION CENTER) Introduced by Chief Operating Officer Martha
HOTEL PROJECT) Bennett, with the concurrence of Council
President Tom Hughes

WHEREAS, Metro owns and operates the Oregon Convention Center (“OCC”), the largest convention center in the Pacific Northwest; and,

WHEREAS, in April 2012, the leaders of Metro, Multnomah County, the City of Portland, and the Portland Development Commission adopted a Statement of Principles that included the goal of pursuing private sector development of a hotel near the OCC (the “OCC Hotel”) that will assist in marketing it for national conventions, to ensure the OCC’s long-term financial success and regional economic impact are achieved; and,

WHEREAS, in April 2012, the Metro Council directed staff to issue a Request for Proposals for the development of a privately-owned OCC Hotel with limited public investment; and

WHEREAS, in September 2012, the Metro Council via Resolution No. 12- 4365 (“For the Purpose of Selecting a Development Team for the Development of the Oregon Convention Center Hotel and Directing Staff to Commence Project Negotiations with Development Team”) directed staff to begin Term Sheet negotiations with the Mortenson/Hyatt Development Team (consisting of Mortenson Development, Inc., and Hyatt Hotels Corporation); and

WHEREAS, in October 2013, the Metro Council adopted Resolution No. 13-4452, approving Metro’s entry into an Amended Visitor Facilities Intergovernmental Agreement (the “Amended IGA”) with Multnomah County and the City of Portland, which, in part, dedicates the “TLT Net Revenues” (a portion of Multnomah County’s transient lodging tax surcharge) to pay bonds to be issued by Metro to fund a portion of the cost of development and construction of the OCC Hotel; and,

WHEREAS, in June 2014, the Metro Council via Resolution No. 14-4520 (“For the Purpose of Authorizing Execution of Development and Finance Agreement with Oregon Convention Center Hotel Project Developer”), approved a Development and Financing Agreement with the Mortenson/Hyatt Development Team for the OCC Hotel; and ,

WHEREAS, Section 11.402 of the Multnomah County Code provides that Metro may utilize the proceeds from the “Excise Tax Fund” (also a portion of Multnomah County’s transient lodging tax surcharge) to pay and secure debt service on bonds issued by Metro to fund a portion of the cost of development and construction of the OCC Hotel; and

WHEREAS, in June of 2014, the Metro Council adopted Resolution No. 14-4531 (the “Original Authorizing Resolution”), whereby it authorized, among other things, the issuance of revenue bonds sufficient to produce net proceeds of \$60,000,000 for costs related to the OCC

Hotel and revenue bonds sufficient to pay costs of issuing and securing the revenue bonds, the total principal amount of which at that time was estimated not to exceed \$63.5 million but may be higher due to, among other things, potentially higher interest rates and funding of debt service reserves; and

WHEREAS, in November of 2014, the Original Authorizing Resolution was the subject of a Validation Proceeding before the Circuit Court of Multnomah County, whereby the Court validated the legality and regularity of the Original Authorizing Resolution as well as other contracts and actions taken by the Metro Council related to the OCC Hotel project; and

WHEREAS, Metro now desires to amend the Original Authorizing Resolution to provide for an additional security pledge for the revenue bonds; now, therefore,

BE IT RESOLVED by the Metro Council as follows:

- A. Additional Security. Section 2 of the Original Authorizing Resolution is hereby amended as follows (additional language is underlined and deleted language is ~~stricken~~):

The bonds authorized by this resolution (the "Bonds") shall be special obligations of Metro that are payable solely from the "TLT Net Revenues" as defined in the amended IGA, amounts received from the "Excise Tax Fund" as defined in, and pursuant to, Chapter 11 of the Multnomah County Code, and other revenues that are pledged to the Bonds purchase to Section 3.B below.

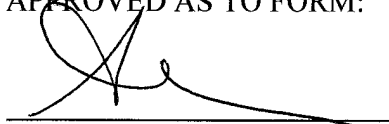
- B. Original Authorizing Resolution. All other provisions of the Original Authorizing Resolution are unaffected and hereby reaffirmed.
- C. Effective Date. This resolution shall take effect on the date of its passage by the Metro Council.

ADOPTED by the Metro Council on this 14th day of July 2016.


Tom Hughes, Council President



APPROVED AS TO FORM:



Alison Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 16-4711, FOR THE PURPOSE OF AMENDING REVENUE BOND AUTHORIZATION FOR THE OREGON CONVENTION CENTER HOTEL PROJECT

Date: June 27, 2016

Presented By: Kathy Rutkowski,
Budget Coordinator

BACKGROUND

In June 2014, the Metro Council approved Resolution No. 14-4531 authorizing the issuance of revenue bonds for the purpose of funding a portion of the cost of development and construction of the Oregon Convention Center Hotel project (the "OCC Hotel Bonds"). Resolution No. 14-4531 authorized OCC Hotel Bonds payable from "TLT Net Revenues," as such term is defined in the Amended Visitor Facilities Intergovernmental Agreement entered into between Metro, Multnomah County, and the City of Portland. The TLT Net Revenues are a portion of Multnomah County's transient lodging tax surcharge. Resolution No. 14-4531 contemplated a total bond issuance in an amount sufficient to produce net proceeds of \$60,000,000 for costs related to the OCC Hotel and to pay costs of issuing and securing the revenue bonds.

In order to secure a stronger market placement and lower interest rate, staff has identified additional security to pledge to the OCC Hotel Bonds originally authorized under Resolution No. 14-4531. As permitted by Multnomah County Code Section 11.402, Metro now intends to utilize the amounts received from the "Excise Tax Fund" to pay and secure debt service on the OCC Hotel Bonds. The Excise Tax Fund is also a portion of Multnomah County's transient lodging tax surcharge. Resolution No. 16-4711 amends Resolution No. 14-4531 for the limited purpose of including the Excise Tax Fund as authorized security for the OCC Hotel Bonds.

ANALYSIS/INFORMATION

- 1. Known Opposition** – None known at this time.
- 2. Legal Antecedents** – Metro may issue revenue bonds pursuant to the authority granted by Article XI, Section 14 of the Oregon Constitution, Metro Charter Section 10 and ORS 268. Multnomah County Code section 11.402 provides that Metro may utilize the proceeds from the "Excise Tax Fund" as security for bonds issued by Metro to fund a portion of the cost of development and construction of the OCC Hotel.
- 3. Anticipated Effects** – The pledge of the Excise Tax Fund will strengthen the pledge securing the OCC Hotel Bonds resulting in a stronger market placement and lower interest rate. Metro maintains its original intent to issue revenue bonds in an amount sufficient to produce net proceeds of \$60,000,000 and to pay costs of issuing and securing the revenue bonds. The total principal amount at the time Resolution No. 14-4531 was approved was estimated not to exceed \$63.5 million but due to, among other things, potentially higher interest rates and funding of debt service reserves, the total principal amount may be higher.
- 4. Budget Impacts** – There are no budget impacts resulting from this additional pledge.

RECOMMENDED ACTION

The Chief Operating Officer recommends Council adoption of Resolution No. 16-4711