



PROSPER
PORTLAND
Building an Equitable Economy

REQUEST FOR PROPOSALS #17-29
INDEPENDENT HOTEL MANAGEMENT SERVICES
FOR THE
INN AT THE CONVENTION CENTER

Proposals Due:

July 23, 2018

by 2:00 PM (Pacific)

Direct all questions and submit 1 original, 10 color photocopies, and one (1) electronic proposal on a USB flash drive to Prosper Portland's SOLE POINT OF CONTACT for this RFP:

Kelly Hartle
Procurement Services Coordinator
Prosper Portland
222 NW Fifth Avenue
Portland, Oregon 97209

(503) 823-3298

HartleK@prosperportland.us (email)

<http://www.prosperportland.us> (www)

Prosper Portland encourages the participation of certified minority-owned, women-owned, disadvantaged businesses and emerging small businesses in this contract opportunity.

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1 REQUEST FOR PROPOSALS SUMMARY AND SCHEDULE

1.1 REQUEST FOR PROPOSALS DATA

Request for Proposals Title: **Independent Hotel Management Services for Inn at the Convention Center**

Solicitation Number: **#17-29**

Solicitation Coordinator: **Kelly Hartle, Procurement Services Coordinator**

Contact Information: **(503) 823-3298 (direct)**
HartleK@prosperportland.us

Proposal Delivery Location: **Prosper Portland**
Attn: Kelly Hartle
222 NW 5th Avenue
Portland, OR 97209

1.2 SUMMARY

Through this Request for Proposals (this “RFP”), the Portland Development Commission d/b/a Prosper Portland (“Prosper Portland” or “Owner”), the economic development and urban renewal agency for the City of Portland, Oregon, requests competitive proposals from qualified and experienced hoteliers (“Respondents” or “you(r)”) to provide Prosper Portland with hotel management services for its Inn at the Convention Center located at 420 NE Holladay Street, Portland, OR 97232 (the “ICC” or the “Hotel”).

1.3 SCHEDULE OF SOLICITATION AND CONTRACT AWARD

Prosper Portland reserves the right to change this schedule for any reason.

Solicitation or Contract Award Event	Date
Request for Proposals Issued	June 4, 2018
Intent to Submit	June 13, 2018
On-site Hotel Tours (multiple sessions)	June 20 and 21, 2018
Question due from Respondents	2:00 pm PDT July 2, 2018
Response to question posted to website	Week of July 9, 2018
Proposals due (date/time)	2:00 pm PDT July 23, 2018
Notices of interview and letters of regret sent	Week of August 6, 2018
Interviews conducted	Week of August 20, 2018

Respondents notified of Evaluation Committee Recommendation	August 31, 2018
Prosper Portland Board Approval	September 12, 2018
Notice of intent to award published	September 13, 2018
Final negotiated Agreement executed	Week of October 4, 2018
Operations fully transitions to successful Respondent	December 1, 2018

1.3.1 INTENT TO SUBMIT

Firms that are interested in submitting a proposal are asked to notify Solicitation Coordinator (contact information in Section 1.1 above) via email by June 13, 2018. The intent to submit notification is simply a curtsey to help Owner anticipate the level of effort that will be required in reviewing submissions. Failure to submit a notice of intent does not preclude a firm from submitting a proposal. In your Email please include the following:

- a) Name of the entity considering responding;
- b) Primary point of contact for this RFP (name, phone number, and email address);
- c) Whether you intend to attend the voluntary pre-proposal meeting.

1.3.2 ON-SITE HOTEL TOURS AND PRE-PROPOSAL MEETING

Prosper Portland intends to provide multiple on-site tours of the Hotel and one (1) on-site pre-proposal meeting for prospective Respondents. Tours will be held at:

Times: 10:00 am, 11:30 am, 3:00 pm and 4:30 pm
 Dates: June 20 and 21, 2018
 Location: 420 NE Holladay Street, Portland, Oregon

To minimize hotel guest disruptions, participation in each tour will be limited to 5 Respondents. Respondents that wish to participate in a hotel tour will be asked to register for their preferred date and time. Specific information about how to register will be provided at a later date in the form of an Addendum to this RFP.

In addition, Prosper Portland will hold a pre-proposal meeting on either June 20 or 21, 2018 when Owner will share more details about the planned capital improvements and entertain questions from Respondents. More details on the time, location and registration process for the pre-proposal meeting will also be provided at a later date in the form of an Addendum to this RFP.

Attendance at the hotel tour and pre-proposal meeting is optional but strongly recommended. This will be the only opportunity for potential respondents to view all areas of the project site before the submittal of proposals.

1.3.3 QUESTIONS ABOUT THIS RFP AND RESPONSES

All material questions about this RFP must be submitted in writing to the Solicitation Coordinator identified in Section 1.1 of this RFP. Questions will be sent by email and must contain the following:

- a) RFP solicitation number and title;
- b) RFP section being questioned; and
- c) Specific question.

All questions must be submitted to the Solicitation Coordinator no later than 2:00 pm (Pacific Time) on the deadline indicated in the “Questions due from Respondents” listed in Section 1.3 of this RFP. Responses to Respondents’ questions will be posted the week of July 9, 2018 on the website at www.prosperportland.us/bids.

1.3.4 PROPOSALS DUE

Proposals must be received by Owner no later than **2:00 pm PDT on July 23 2018** and should be marked “Response to RFP for ICC Hotel Management Services – RFP 17-29” and addressed to:

Prosper Portland
Attn: Kelly Hartle
Procurement Department
222 NW 5th Avenue
Portland, OR 97209

Respondents are solely responsible for the timely delivery of proposals and proposals must be submitted in the format prescribed in Section 4 and 5 of this RFP. No facsimile or email proposals will be accepted. Late proposals and proposals that do not meet the submission requirements will not be considered for selection and will be returned to the prospective Respondent without evaluation.

1.3.5 EVALUATION

All responsive proposals will be reviewed and scored by an evaluation committee as outlined in Section 6 of this RFP. The responsive proposals are those proposals that substantially comply with all required submittal procedures and requirements. The evaluation committee will include staff of Prosper Portland and one or more external reviewers.

1.3.6 INTERVIEWS

Formal interviews with the Finalist Respondent(s) will be part of the evaluation process of this RFP. Interviews may be conducted in-person, over a conference-call, or another mutually agreeable medium to clarify and elaborate on the Finalist Respondent(s) proposal(s). Attendance at the interview is mandatory.

1.3.7 BEST AND FINAL OFFERS (OPTIONAL)

Prosper Portland may enter into discussions with one or more of the Finalist Respondent(s) and request revised proposals (the “best and final offers”). All such discussions and requests for best and final offers will be done fairly and for the sake of receiving the best proposals based on the requirements of Prosper Portland and those contained in this RFP. If Prosper Portland requests best and final offers, Prosper Portland will establish a common date and time that proposals are due. If best and final offers are requested and a Respondent does not submit a notice of withdrawal or a revised proposal, the original proposal will be considered their best and final offer.

1.3.8 NOTICE OF INTENT TO AWARD

After completion of the evaluation process, Prosper Portland will name an “apparent successful Respondent” and issue a Notice of Intent to Award (“NOIA”) a contract to this Respondent. Identification of the “apparent successful Respondent” is procedural only and creates no right in the named Respondent to receive the contract. All competing Respondents will be sent the NOIA by email. Once the NOIA has been issued, Respondents may view the materials and responses in the RFP file by coordinating with the Solicitation Coordinator for this RFP.

1.3.9 CONTRACT AWARD

It is Owner’s intent, in its sole and absolute discretion, to select the highest ranked and most responsive Respondent for contract negotiations. The selection of any proposal does not imply acceptance by Owner of the terms of the proposal, which may be subject to further negotiations and approvals before Owner may be legally bound thereby. The Hotel Management Agreement is not considered to be awarded until the basic terms of the Agreement are approved by Prosper Portland’s Board of Commissioners and final negotiations are successfully concluded.

2 PROSPER PORTLAND AND PROJECT BACKGROUND

2.1 ABOUT PROSPER PORTLAND

Created by Portland voters in 1958, Prosper Portland is the economic and urban development agency for the City of Portland. We focus on building an equitable economy by carrying out a comprehensive range of economic development programs that supports small businesses, improves access to workforce training, and creates jobs for Portland residents. We work with partners to drive public attention and resources to different areas of the city which helps Portland realize capital projects – parks, streetscape improvements, community centers – that would not happen on their own, making the city a better place to live for all Portlanders.

Our work is based on four cornerstones: growing family-wage jobs, advancing opportunities for prosperity, collaborating with partners for an equitable city, and creating vibrant neighborhoods and communities.

View our website at <http://www.prosperportland.us>

2.2 ABOUT THE PROJECT

Prosper Portland purchased the 97-room Inn at the Convention Center (the “Hotel”) in 2003 with plans to redevelop the site as a convention headquarters hotel. A different site was ultimately selected for the headquarters hotel and that project is now under construction. The Hotel serves the continued need for affordably-priced lodging near the convention center and Prosper Portland is cognizant of the physical limitations of this 5-story building.

Since Prosper Portland’s acquisition, the Hotel has been continuously operated by a tenant through a profit-sharing lease and Prosper Portland has earned substantial income from its operation (see Appendix A – ICC Hotel Financial Statements). The operating lease will expire in the fall of 2018. Prosper Portland intends to convert operations to a hotel management agreement for the next 5 to 7-year holding period (the “Hold Period”), while the success of the new headquarter hotel (Hyatt Regency Portland at the Oregon Convention Center) is proven and plans for the Lloyd and Rose Quarter planning areas are finalized. We expect an outcome from the area planning will include a redevelopment strategy for the Hotel and adjacent properties that are also owned by Prosper Portland. That strategy will likely include demolition of the Hotel.

Prosper Portland’s goal during the Hold Period is to maximize its return on investment (the “ROI”) while also supporting Prosper Portland’s very strong social equity commitment. Prosper Portland’s investment in the Hotel for purposes of ROI calculation is set at \$11 million and is calculate based upon a 2015 appraised value of \$9.1 million, recent Prosper Portland capital investments plus the planned \$1.8 million capital investment outlined in this RFP.

Any contract resulting from this solicitation will be in the form of a Hotel Management Agreement (the “Agreement”) substantially in the form included in Appendix B. Under the Agreement Prosper will engage the selected Respondent to manage the Hotel for an initial term of three (3) years with two, 2-year extension options. The Agreement will be awarded as a fixed fee/incentive fee contract to the Respondent that demonstrates the greatest capacity and most compelling strategy for achieving Owner’s multiple goals.

2.3 SOCIAL EQUITY COMMITMENT

Prosper Portland’s strategic plan seeks to advance social equity by increasing economic opportunity for historically disadvantaged populations and creating equitable access to living-wage jobs and wealth creation opportunities. In this RFP we are seeking Respondents that share these values and will commit to participating in activities designed to further that end.

2.4 HOTEL INFORMATION

2.4.1 GENERAL PROPERTY DETAIL	
Location	420 NE Holladay Street, Portland, OR 97232
Zoning	CXd: Central Commercial with Design Overlay
Use	Limited Service Hotel, Midscale market
Lot Size	0.41 acres – 18,000 square feet (sf)
Transportation	TriMet Blue, Green and Red lines across the street

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2.4.2 BUILDING DESCRIPTION

Year Built	1969	
Construction Type	Steel and reinforced concrete	
Stories	5 stories over basement parking	
Gross Building Area	72,075 SF	
Floor Details	Basement Parking	18,000 SF – parking & mechanical room
	1st Floor	10,748 SF = 6,407 SF covered parking 989 SF lobby/office 1,837 SF shuttered restaurant 1,373 SF shuttered spa/sauna
	2nd – 5th floors	10,275 SF each
Room Sizes	Standard King Premium Meeting Room w/ kitchen	338 SF 90 rooms 390 SF – 7 rooms 1 room – 40 x 16 = 640 SF
Guest Rooms	Standard King King View Double Queen Double Queen View Double Queen ADA <u>Storage/Maintenance</u> Total	13 9 32 40 2 <u>1</u> 97
On-Site Parking	Basement 1st floor covered <u>1st floor open</u> Sub-Total <u>Adjacent Building Parking</u> Grand Total	43 11 <u>9</u> 63 on-site parking <u>23</u> 86
Food and Beverage	1,837 SF restaurant and kitchen	Full cooking line with some obsolete equipment. Restaurant has been vacant for 15 years. Currently seats 78 people.

2.4.3 CAPITAL IMPROVEMENT PLAN

To improve the positioning of the Hotel during the Hold Period, Prosper Portland has embarked on a cosmetic renovation program to correct work deferred during and after the headquarters hotel selection process. Gently used furniture from an upscale hotel was installed in the fall of 2017 and guest rooms were re-carpeted. In the spring of

2018, new bathroom flooring was installed and minor touch-ups made to the bathroom lighting. The headboard wall of each guest room has been resurfaced and painted. Parking surfaces are being seal coated and restriped to meet Americans with Disabilities Act (ADA) parking requirements. The interior corridors are being refreshed with new lighting, chair rails, ceiling trim, paint and artwork, and new flooring and furniture in the elevator landing areas. Before and after photos of the guest rooms may be found in Appendix C.

Noise suppression solutions are being explored in test rooms to reduce sound transmission from the light-rail train on the north side of the building. These include re-seating and weather stripping the sliding glass doors, sound dampening Packaged Terminal Air Conditioner (PTAC) units, acoustical drapes, and other treatment that would provide a pay-back during the Hold Period. With the exception of sound reduction measures the renovated guest rooms, guest baths, and corridors are deemed to be complete for the remaining Hold Period.

Once the new Agreement is in place, Prosper Portland plans to spend additional funds to renovate the first floor and to refresh the exterior appearance of the building. Renderings of the scope of work envisioned are contained in Appendix D and are summarized below:

Interior first floor will be completely remodeled and will include:

- a) Reconfiguration and refurnishing the lobby/reception area;
- b) Installation of sundry area and “grab-and-go” food areas;
- c) Restructuring, updating and reactivation of the restaurant;
- d) Remodeling and refurnishing the back-of-office area; and
- e) Expansion and redesign of the bathrooms to meet ADA requirements.

Planned exterior improvements will include:

- a) Removal of the ornamental railing outside each guest room;
- b) Repainting of the exterior walls and trim;
- c) Updated signage (which could potentially include a new name for the Hotel);
- d) Installation of decorative wood screening at the ground floor level to replace the metal fencing;
- e) Installation of “green” walls at the ground floor level on the SE and NW corners;
- f) The installation of additional exterior design elements such as a mural on the Convention-Center facing wall, or graphic window film coverings; and
- g) Installation of planters at the perimeter of the property.

3 SCOPE OF WORK

This section describes, at a minimum, Prosper Portland’s (“Owners”) expectations of the successful Respondent (the “Respondent”) under the Agreement awarded from this RFP.

3.1 STATEMENT OF WORK

The selected Respondent must be prepared to assume the day-to-day management of the Hotel on or about December 1, 2018. Responsibilities will include, but are not limited to, the following:

3.1.1 GENERAL MANAGEMENT/OPERATIONS

- a) Operate, service, maintain, and refurbish the Hotel at a level of service and quality expected of hotels of a Smith Travel Research (STR) defined midscale chain scale, and as such, to maintain the hotel's service and cleanliness at a standard that would enable it to satisfy reviews and inspections as would be performed by Best Western, La Quinta, Quality Inn, Ramada, Travelodge, Vagabond and similar brands;
- b) Maintain at least a 3.0 out of 5.0 point score on Expedia.com and a 7.5 point out of 10.0 point score on Booking.com as averaged over any 20 reviews;
- c) In consultation with Prosper Portland, develop and execute a food and beverage strategy for the Hotel;
- d) Obtain and maintain an Oregon State liquor license to enable on-site sale of alcohol at the Hotel if Prosper Portland elects to provide alcohol sales on property;
- e) Directly employ the staff necessary for the operation of the Hotel, maintaining this employer relationship throughout the term of the Agreement and any extensions;
- f) Maintain all permits and licenses necessary for the operation of the Hotel;
- g) Negotiate volume purchase contracts with suppliers considered necessary for the operations of the Hotel, remitting any rebates provided by the vendors to the Hotel;
- h) Purchase and lease services and merchandise as necessary for Hotel operations, maintaining internal controls with regards to bidding, ordering and receiving in accordance with generally accepted accounting practices;
- i) Within parameters established by the Owner in consultation with the selected Respondent, establish pricing structures for usage including room rates for individuals and groups, charges for the use of meeting rooms, food and beverage, sundry shop, parking facilities, and other guest facilities or amenities;
- j) Negotiate, enter into, and administer contracts for the use of meeting facilities and guestrooms by groups and individuals;
- k) Coordinate on-site parking and adjacent parking services, either directly or through a third-party contractor in accordance with parking rates established in consultation with Prosper Portland;
- l) Make available the Respondent's senior executive personnel to consult with and advise Prosper Portland concerning policies and procedures affecting the conduct of business;
- m) Implement sustainable (green) programs with the goal of maximizing recycling, minimizing water usage and run-off, minimizing waste sent to landfills and maximizing operating and maintenance savings; and
- n) Institute all other services consistent with policies generally applicable at similarly positioned hotels that are managed by the selected Respondent.

3.1.2 MARKETING

- a) Maintain an effective revenue management strategy on a daily basis;
- b) Conduce electronic reputation management activities on a weekly basis;
- c) Conduct such on-line marketing campaigns as are cost effective;
- d) Conduct sales calls on local businesses and tour and travel operators active in the region;
- e) Annually prepare and submit a marketing plan to Prosper Portland for approval;
- f) Implement Prosper Portland approved marketing plan; and
- g) Establish all marketing, advertising, public relations, and promotion policies.

3.1.3 PERSONNEL EMPLOYMENT AND MANAGEMENT

- a) Select the Hotel's appropriately-scaled management team in collaboration with Prosper Portland;
- b) Recruit, hire, pay, train, and supervise all Hotel personnel with the understanding that all personnel shall be the employees of the selected Respondent, and not Prosper Portland;

- c) Determine and implement all personnel policies and practices related to the Hotel;
- d) Practice employment procedures in a manner that minimizes the probability of any discrimination in hiring, promotion and compensation with the understanding that the City of Portland's auditors may inspect the personnel records for compliance;
- e) Pay employee compensation through a system that documents its compliance with all wage and hourly laws and with the understanding that the City of Portland's auditors will inspect the records for compliance on a bi-annual or tri-annual basis;
- f) Provide appropriate training to management and line-staff on Hotel operations; and
- g) At a minimum, provide all employees that work more than 30 hours a week with medical benefits.

3.1.4 FACILITIES MANAGEMENT

- a) Select, procure and maintain technical and technology systems necessary for the operation of the Hotel;
- b) Annually prepare and submit a capital expenditure budget to Prosper Portland for approval;
- c) Keep the Hotel in good operating order, repair, and condition, consistent with the identified hotel standards;
- d) Coordinate with Prosper Portland on any renovation of the Hotel that may be undertaken by the Owner ; and
- e) Prepare guidelines and install safety/security equipment to protect the welfare of guests and employees.

3.1.5 FIRST FLOOR AND EXTERIOR RENOVATION PROJECT MANAGEMENT

- a) Provide advice and recommendation to Prosper Portland on the final first floor renovation and exterior refresh strategies, recognizing that, with a seven (7) year remaining life, Prosper Portland's near term capital spend will not exceed \$18,600 per room;
- b) Recommend to Prosper Portland the concept and operating hours for any food and beverage offering in the hotel, for example by converting the restaurant space to a bistro concept as seen in a Courtyard by Marriott or Hyatt Place, in contrast to merely providing a continental breakfast;
- c) Provide feedback and recommendations on which noise suppression strategy(s) to employ on the North side of the building;
- d) Project manage the installation of whatever noise suppression solution is selected;
- e) If requested, assist Prosper Portland in obtaining competitive bids from general contractors and sub-contractors to complete the interior first floor and exterior improvements; and
- f) Act as Prosper Portland's agent on-site for the coordination of renovation work to reduce guest interruptions/inconvenience while maintaining an aggressive project completion schedule.

3.1.6 FISCAL AND PROCUREMENT MANAGEMENT

- a) Handle all money and sales transactions, reporting revenue and expense activity, as well as distributing net revenue to Prosper Portland on a monthly basis;
- b) Prepare and submit to the Prosper Portland for approval the Hotel operating and capital budgets for each operating year;
- c) Establish and maintain all financial systems, including the accounting infrastructure for the Hotel with standard reporting systems and standard internal controls for all accounting functions;
- d) Supervise and maintain complete books of accounting and records related to the results of operation;
- e) Establish and maintain internal controls with regards to bidding, ordering and receiving goods and services in accordance with generally accepted public agency accounting practices;

- f) Establish credit card and other third-party merchant accounts no later than the effective date of the Agreement to ensure the proper recovery of all revenues; and,
- g) Collect all charges, revenues, taxes, rents, and other amounts due from guests, and any lessees or concessionaires, and deposit and apply such funds in accordance with the Hotel Management Agreement.

3.1.7 PROMOTION OF CERTIFIED FIRMS AND WORKFORCE DIVERSITY

Prosper Portland is committed to increasing contracting and subcontracting opportunities for State of Oregon certified disadvantaged, minority-owned, women-owned, and emerging small business enterprises (collectively, “Certified Firms”) in order to promote their growth, capacity-building, and economic success of these businesses. Respondents are expected to develop innovative strategies to help forward Prosper Portland’s social equity commitment. For more information on Prosper Portland workforce development and minority contracting requirements please visit <https://prosperportland.us/social-equity/>.

4 SUBMISSION INSTRUCTIONS

4.1 QUANTITIES OF PROPOSALS

Respondents must submit the following materials which must be received by Prosper Portland at the proposal delivery location listed in Section 1.1 of this RFP no later than the “Proposal Due Date and Time” listed in Section 1.3 of this RFP:

- a) One (1) original proposal;
- b) Ten (10) color photocopies of the same pages; and
- c) One (1) electronic copy on a USB flash drive in Adobe Acrobat

The original proposal must bear an original ink signature and must be marked “ORIGINAL.”

4.2 PACKAGING AND LABELING

Proposals must be submitted in a sealed package or envelope. To ensure proper identification and handling, the package or envelope must be clearly marked with the following:

- a) RFP Solicitation Number;
- b) Respondent’s name and address;
- c) Date and time proposals are due; and
- d) Name and address of Prosper Portland’s Solicitation Coordinator for this RFP.

Prosper Portland is not liable for any lost, late, or improperly marked proposals.

4.3 FORM OF PROPOSAL

Proposals must be typewritten on 8.5” x 11” white paper in no less than 11-point typeface. No oral, email or facsimile proposals will be accepted. Proposals should address the submittal requirements of this RFP in a clear, concise, and direct manner. Unnecessarily elaborate or lengthy proposals are not desired.

Paper copies of the proposal must be placed in three-ring binders and printed double sided with tabs separating the different sections. Please do not bind your submittal with a spiral binding, glued binding or anything similar. The proposal must be in the following order outlined in Section 5.

5 PROPOSAL FORMAT

Proposals must be in the following order:

- a) Tab 1 – Letter of Introduction and Executive Summary
- b) Tab 2 – Experience and Past Performance
- c) Tab 3 – Market Compatibility and Project Understanding
- d) Tab 4 – Operations Plan
- e) Tab 5 – Operating Projections
- f) Tab 6 – Staffing Strategy, Compensation Package and Training
- g) Tab 7 – First Floor Renovation and Exterior Refresh Plans
- h) Tab 8 – Engagement of Certified Firms and Diversity in Hiring Plan
- i) Tab 9 – Proposed Fees and Cost of Transition
- j) Tab 10 – Key Business Terms
- k) Tab 11 – Addenda

The Respondent’s proposal must include all information requested herein. The proposal should not simply rephrase or restate Prosper Portland’s requirements, but rather must provide convincing rationale to address how the Respondent intends to meet these requirements. Respondent should assume that Owner has no prior knowledge of their capabilities and experience.

5.1 TAB 1 – LETTER OF INTRODUCTION AND EXECUTIVE SUMMARY

Submit a letter of introduction and executive summary outlining key elements of your proposal. The letter must be signed by a person authorized to obligate the Respondent to executive the commitments made in the proposal.

5.2 TAB 2 – EXPERIENCE AND PAST PERFORMANCE

Respondent must provide:

- a) Overview of its organization including:
 - a. Its history and overall qualifications;
 - b. A statement about how its experience and qualifications align with Prosper Portland’s goals for the Hotel;
 - c. A summary of its current portfolio of hotels in the Pacific Northwest in which the Respondent is active, indicating whether the hotel is managed as a third-party service provider, or whether Respondent has an equity interest in the property;
 - d. Recognizing that the individual hotel performance for other managed hotels is confidential, provide some indication of the revenue per available room (“RevPAR”) indexing for up to five (5) of the most comparable hotels in Respondent’s portfolio;
 - e. Experience working with public sector agencies, with particular focus on managing publicly owned hotel assets;

- f. Environmental sustainability initiatives;
 - g. Community service programs at the corporate and hotel levels; and
 - h. Industry accolades, awards, or other relevant commendations indicating superior performance and service;
- b) An overview of hotels it has operated that are directly comparable to the Hotel that demonstrate experience with midscale hotels;
 - c) A narrative that summarizes the experience and qualifications of its corporate management team, with short bios for each member;
 - d) As Addendum A, include resumes outlining the experience, education, and performance record of individuals who would be instrumental in fulfilling the Statement of Work in Section 3;
 - e) As Addendum B, include three (3) references of similarly positioned hotels operated in similar markets;
 - f) A statement regarding its financial credit worthiness and past experience including as Addendum C the names and addresses of at least three commercial or institutional credit references and a letter authorizing each to respond to credit inquiries from Prosper Portland;
 - g) Include current consolidated financial statements (balance sheet, income and expenses and statement of cash flows) and past three (3) years audits or CPA prepared financial statements marked as Addendum D;
 - h) Disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals that might materially affect the viability or stability of Respondent at the time of responding to this RFP or the prior four (4) years or warrant that no such conditions exist; and
 - i) If Respondent has had a contract terminated for default during the past four (4) years, describe all such incidents. Termination for default is defined as a notice to stop work due to Respondent's non-performance or poor performance. For each, indicate whether or not each incident was (1) not litigated or (2) litigated and such litigation determined the Respondent to be or not be in default.

5.3 TAB 3 – MARKET COMPATIBILITY AND PROJECT UNDERSTANDING

Respondent must provide a narrative that:

- a) Discusses Respondent's understanding of the Portland market; hotels in this value conscious category and Respondents ability to penetrate the business, transient, meetings and group, and leisure segments of the market;
- b) Describes Respondent's understanding of the Oregon Convention Center future bookings and the Moda Center calendar;
- c) Indicates any prior hotel operating experience in the Lloyd Center area, and any affiliations/relationships with the Oregon Convention Center or local business associations;
- d) Describes the Hotel's primary competitors both now and in the future, if different at the completion of the envisioned renovation;
- e) Describes how Respondent would position this property within the midscale-lodging market and differentiate the Hotel from its market competitors, with particular attention to differentiation from any other hotel Respondent (or its affiliates) may operate in the central Portland market;
- f) Identifies the factors that are likely to impact operational performance, guest satisfaction and employee satisfaction; and
- g) Identifies any concerns you have about this opportunity.

5.4 TAB 4 – OPERATIONS PLAN

Respondent must provide a thorough outline of how it intends to fulfill the scope of work outlined in Section 3 of this RFP. In one to five sentences per bullet, Respondent must also provide:

- a) Briefly describe Respondents fiscal management policies and practices.
- b) Describe the staffing of the revenue management and sales and marketing effort, and whether staff is to be shared with other hotels and the cost sharing mechanism;
- c) Describe the revenue management process Respondent intends to employ with particular attention to the compression opportunities created by the Oregon Convention Center and the Moda Center;
- d) Briefly describe the online marketing campaigns and in-person strategies you intend to employ and their approximate quarterly or annual cost;
- e) Describe any unique marketing techniques you use for an independent that are not necessarily used in a branded hotel marketing strategy;
- f) Describe Respondent’s approach to food and beverage operations and how that would be applied to the Hotel; and
- g) Describe Respondent’s approach to furniture, fixtures and equipment (FF&E) purchasing/installation.

5.5 TAB 5 – OPERATING PROJECTIONS

Using the information provided in Section 2, Appendix A and elsewhere in this RFP, including the anticipation that the first floor and exterior improvements will be complete within 9 months of the initiation of the Agreement, please provide a 5-year proforma projection of departmental revenues and expenses as well as undistributed operating expenses, and profits from operations of the Hotel, together with all material assumptions used to prepare the projections. Attach the projections as Addendum H. The projections should be accompanied by a narrative that explains:

- a) The specific room revenue increase from your recommended first floor and exterior renovations, in terms of points and dollars, or RevPAR penetration, assuming the re-forecasted 2017/18 FY as a base line (see Appendix A);
- b) The impact to occupancy from the demand generated by the Oregon Convention Center and Moda Center;
- c) Assumptions regarding food and beverage and sundry sales based upon Respondent’s proposal F&B and retail strategies; and
- d) Assumptions regarding sales efforts to improve property utilization/performance during periods when there are no events at the Convention Center or Moda Center.

5.6 TAB 6 – STAFFING STRATEGY, COMPENSATION PACKAGE AND TRAINING

Please provide:

- a) A narrative describing Respondents overall management philosophy and staffing strategy, paying particular attentions to its diversity in hiring plan;
- b) As Addendum E, include an organizational chart that:
 - a. identifies each member of the hotel-level management and supervisory teams;
 - b. includes the proposed staffing plan with lines of reporting and communications indicated; and
 - c. identify all full- part-time positions, and shared positions to be provided in Appendix F;

- c) In Addendum F include:
 - a. a current salary/hourly schedule for each position identified on the organizational chart; and
 - b. Provide a budget for the hotel-level managerial payroll cost overhead summarizing each position's budgeted compensation.
- d) Provide a detailed description of Respondent's overall compensation package, including all benefits, bonuses and employee reward programs and how they are earned/awarded;
- e) Describe your employee training program and other methods used to ensure staff is provide appropriate training;
- f) Describe how quality of services is measured, how staff is evaluated and how corrective action and severances are dealt with;
- g) Identify any positions that will be shared with other hotels in the area and the means of allocating costs; and
- h) Indicate any third-party services to be procured that cost in excess of \$1,000 per month.

5.7 TAB 7 – FIRST FLOOR RENOVATION AND EXTERIOR REFRESH PLANS

Please provide a narrative:

- a) With Respondent's evaluation of the first floor renovation alternatives and the exterior refresh plans as described in Section 2;
- b) That prioritizes the improvements based upon which components Respondent believes will add the greatest return on Owner's investment;
- c) Includes recommendations for changes to the current plans that would improve the overall guest experience and result in additional revenue to the Hotel;
- d) Describes strategies Respondent would employ to reduce guest disruptions during renovation; and
- e) Provide a recommendation as to whether the hotel should be re-named after the renovation.

5.8 TAB 8 – ENGAGEMENT OF CERTIFIED FIRMS AND DIVERSITY IN HIRING PLAN

Respondents must address the following:

- a) Indicate whether Respondent is a Certified Firm or has recently applied for certification with the State of Oregon's Certification Office of Business Inclusion and Diversity ("COBID")? If so, provide a copy of the COBID's approval letter or a copy of the letter confirming receipt of your application;
- b) Indicate whether Respondent intends to subcontract any element of the work described in this RFP to a Certified Firm? If so, provide:
 - a. The name of the Certified Firms(s); and
 - b. A description of the work that will be subcontracted to Certified Firm(s).
- c) Describe Respondent's experience subcontracting or partnered with Certified Firms on any project within the past thirty-six (36) months. Include a description of the project and the role the of Certified Firm;
- d) Describe Respondents diversity in hiring plan paying specific attention to its management diversity strategy; and
- e) Describe any innovative approaches Respondent will employ to help Prosper Portland impact its Social Equity Commitment included in Section 2.3 of this RFP.

5.9 TAB 9 – PROPOSED FEE AND COST OF TRANSITION

Respondent should provide a narrative explanation of its fee proposal and summarize that proposal in the format provided in Appendix E to this RFP. The Respondent's completed summary should then be titled Addendum G in Respondent's proposal. The objective is to identify all major deal points, including, but not limited to, management fees, shared services fees, financial incentives and transition costs.

The fee descriptions should include an enumeration of any fees for service provided at the corporate or regional level, such as for revenue management, accounting, IT or HR services, and any charge backs for central reservations or marketing guidance/programs. It should also include all costs associated with converting to the Respondent's property management system (hardware and software), any anticipated relocation of management personnel, any fees for managing the first floor or exterior renovation, and any fees for purchasing services.

5.10 TAB 10 – KEY BUSINESS TERMS

In this section of the proposal, Respondent should describe the key business terms that it is offering for its management services and summarize those terms in the format provided in Appendix F to this RFP. Respondent's completed summary should then be titled Addendum I in Respondent's proposal. Respondent's narrative should include a list of any exceptions to the form of Agreement. Respondents should identify the specific section of the Agreement, describe the nature of the exception and an explanation as to why the exception is requested. If respondent is suggesting modifications to the Agreement language, a redlined version of its proposed adjustment/change should be included.

If no exceptions are identified and Respondent's proposal is accepted, the selected Respondent is expected to conform to all of the requirements specified herein including, in particular, execution of Agreements substantially in the form of Appendix B.

5.11 TAB 11 – ADDENDA

Respondent must include addendum to their proposal, marked as follows:

- Addendum A – Resumes of Key Staff at the Respondents' Corporate Level
- Addendum B – Hotel Operating References
- Addendum C – Credit References
- Addendum D – Financial Statements of Respondent/Parent Entity
- Addendum E – Organizational Chart
- Addendum F – Budgeted Salary/hourly Rate Schedule by Position
- Addendum G – Completed Fee Proposal (in the format of Appendix E of this RFP)
- Addendum H – 5 Year Proforma Projections
- Addendum I – Details on Key Business Terms (in the format of Appendix F of this RFP)
- Addendum J – Respondent's Certification

5.11.1 RESPONDENT CERTIFICATION

All Respondent proposals must include a completed and sign Respondent's Certification in the format provided in Appendix G. Once completed the form should be retitled and included in Respondents proposal as Addendum J.

6 EVALUATION

Using the Evaluation Criteria outlined below, evaluators will use their independent judgment to score the quality, completeness, and appropriateness of each Respondent's written response as well as any relevant information that Prosper Portland may subsequently request or discover. Prosper Portland will then add individual committee members' scores to produce an initial ranking. The highest-ranked Respondent(s) will be considered the Finalist Respondent(s).

If interviews are not conducted or best and final offers not requested, Prosper Portland will award the Agreement to the highest-ranked responsive Respondent. If interviews are conducted, Prosper Portland reserves the right to either re-score the Finalist Respondent(s)' proposal(s) based on the interview(s) or use the original scores solely as the basis to determine the Finalist Respondent(s) and re-rank the proposals based on the combined strength of the Finalist Respondent(s)' proposal and interview.

6.1 CONSENT TO INVESTIGATE

Owner's determination as to whether the Respondent is qualified and responsible will be based on information provided by the Respondent in its proposal and other sources the Prosper Portland deems valid. The Agreement will not be awarded until all investigations of Respondent and its constituent entities', subtenants', owner' and officers' (collectively, the Responding Parties") business experience, financial responsibility and character that the Prosper Portland deems necessary are completed. By submitting a proposal, the Responding Parties agree to permit and cooperate with such investigations.

6.2 MANDATORY MINIMUM QUALIFICATIONS

Respondents' proposals must demonstrate how it meets the mandatory minimum qualifications listed below. Any Respondent that does not will be considered non-responsive and ineligible for award of the Agreement.

- a) Respondents may not manage any other hotel within a 1-mile drive radius of the ICC Hotel;
- b) Respondents may not own a financial interest in a potentially competitive hotel within a 2.5-mile drive-radius of the Hotel (competitive hotels are defined as any hotel designated as a 2-star or 3-star hotel by Expedia);
- c) Respondent's principals and/or executive management must have ten (10) years of experience in operating hotels;
- d) Respondent must have managed at least one (1) independent (non-franchised) hotel in the ten (10) years relied upon for experience;
- e) Respondent must have at least one (1) hotel under management in Oregon and Washington;
- f) Respondent must meet all insurance and indemnity requirements outlined in the form of Agreement (see Appendix B); and
- g) Respondent must provide all employees that work more than 30 hours a week with market-standard medical benefits.

6.3 PREFERRED QUALIFICATIONS

In addition to the mandatory minimum requirements, Respondents with the following qualifications are desired:

- a) Respondents with five (5) or more years of experience providing third-party hotel operating/ management services; and
- b) Respondents that have the ability to qualify for and obtain an Oregon State liquor license to enable on-site sale of alcohol at the Hotel.

6.4 EVALUATION CRITERIA

The areas of Prosper Portland’s evaluation and the corresponding point values are summarized in the table below. More specifically described of the elements of that evaluation are described in the balance of this section.

Evaluation Criteria summary	
Evaluation Criteria (Scored)	Maximum Points
Experience and Past Performance	20 Points
Market Compatibility and Understanding	10 Points
Operations Plan	20 Points
Staffing Strategy	20 Points
Renovation Plan	10 Points
Engagement of Certified Firms and Diversity in Hiring Plan	5 Points
Proposed Fees	15 Points
Total Available Points	100 Points

6.4.1 EXPERIENCE AND PAST PERFORMANCE (20 POINTS)

This element of the review will evaluate:

- a) The Respondents overall qualification, past performance and demonstrated ability to operate and manage an affordably priced hotel in the 2- to 3-star category consistent with the Owner’s goals set out in this RFP;
- b) The Respondents ability to implement tailored, innovative approaches to general operations, repairs and maintenance, sustainability, guest services, sales and marketing, and other key management areas;
- c) Respondent’s experience with operating hotels for public agencies;
- d) How well Respondent’s most comparable hotels are performing within their respective markets, for example by RevPAR indexes as measured and provided by STR as provided in respondent’s Tab 2;
- e) The quality of references and the results of Owner’s investigation of Responding Parties; and
- f) Respondent’s financial credit worthiness and past experience.

6.4.2 MARKET COMPATIBILITY AND UNDERSTANDING (10 POINTS)

This element of the review will evaluate:

- a) How well Respondent demonstrate a nuanced and comprehensive understanding of the central Portland hotel market, the Lloyd Center submarket, and the ICC Hotel’s position within it;

- b) The Respondent's knowledge of the pace and activity levels of the Oregon Convention Center and the Moda Center;
- c) The Respondent's proposed competitive set (after the first floor and exterior renovation) to be used for weekly and monthly STR report indexing;
- d) The specific marketing and sales strategies and tactics that the Respondent intends to deploy; and
- e) How well Respondent's marketing approaches are compatible with and likely will achieve the Owner's goals.

6.4.3 OPERATIONS PLAN (20 POINTS)

This element of the review will evaluate the quality and thoroughness of Respondent's:

- a) Proposed operating plan that underpins the 5-year pro-forma;
- b) The operating projections and how well they align with the overall operations and marketing approach;
- c) Approach to guest services, technology deployment, sustainability, and innovation in all aspects of hotel operations;
- d) Proposed marketing plan and process for evaluation and adjustment to strategies;
- e) Approach to food and beverage offering and management;
- f) Approach to FF&E purchasing/installation; and
- g) Cost to transition to the Respondent's Property Management system and reservations software.

6.4.4 STAFFING STRATEGY (20 POINTS)

This element of the review will evaluate:

- a) The alignment between Respondent's stated management philosophy and its staffing, benefits and training plans;
- b) The practicality and cost effectiveness of the on-site management and supervisory payroll load and any shared positions as diagrammed in the proposed organization chart;
- c) The benefit package, including retirement benefits, to be offered to the Respondent's hourly employees, and thresholds at which employees are eligible for these benefits;
- d) The manner in which robust internal controls can be achieved in the most cost effective manner; and
- e) The level of investment Respondent makes in the training and development of all staff.

6.4.5 RENOVATION PLAN (10 POINTS)

This element of the review will evaluate:

- a) The quality of Respondent's critique of Owner's capital improvement plan;
- b) Respondent's diligence in ranking individual projects proposed, and any other improvements not currently envisioned, but which Respondent believes would provide a better return;
- c) The thoughtfulness of the Respondent's evaluation and consideration of impact of its recommended improvements on Owner's ROI;
- d)
- e) The experience of the Respondent in managing renovations similar scale on behalf of an owner; and
- f) The logic of Respondent's interruption mitigation plan.

6.4.6 ENGAGEMENT OF CERTIFIED FIRMS AND DIVERSITY IN HIRING PLAN (5 POINTS)

This element of the review will evaluate:

- a) Respondent’s past experience and demonstrated commitment to engage with Certified Firms;
- b) Respondent’s plan for continued engagement in the execution of this Agreement;
- c) Respondent’s creative approaches to increasing economic opportunities for historically disadvantaged populations independent of a contracting relationship; and
- d) The alignment of Respondent’s diversity in hiring plan with Owner’s Social Equity Commitment.

6.4.7 PROPOSED FEES (15 POINTS)

Information for this section should enable Owner to evaluate and calculate all fees of each Respondent and its impact on Owner’s internal 5-year financial forecasts, as well as the 5-year Operating Proforma provided by the Respondent.

This element of the review will evaluate the fee proposal will include:

- a) Monthly base fees;
- b) The proposed incentive fee structure, and the exact hurdle rates or absolute dollar amounts envisioned;
- c) The incorporation of a Owners anticipated \$18,600 per room capital investment into the hurdle in structuring of the incentive management fee calculations;
- d) Any charges for all centralized services and corporate office charge-backs;
- e) Fees for any services provided in managing the renovation of the first floor and exterior, and any purchasing service fees;
- f) Fees relative to the net operating income Respondent’s forecast in the 5-year Operating Proforma;
- g) Anticipated relocation expense; and
- h) Any other costs/fees identified in Respondents Fee proposal.

7 CONTRACT REQUIREMENTS

7.1 FORM OF AGREEMENT

The Respondent selected from this RFP (the “Contractor”) will be invited to enter into a Hotel Management Agreement with Prosper Portland (the “Agreement”) substantially in the form of Appendix B to this RFP. The Agreement will become effective upon execution by both parties.

7.2 AGREEMENT TERMS AND CONDITIONS

The Agreement will govern the award of this RFP. Respondents who propose changes to any contract term or condition must include their proposed changes in their proposal. Prosper Portland is under no obligation to accept any such proposed changes. Prosper Portland further reserves the right to modify any Agreement term or condition prior to execution of the Agreement.

7.3 AGREEMENT AWARD

It is Owner’s intent, in its sole and absolute discretion, to select the highest ranked and most responsive Respondent for Agreement negotiations. The selection of any proposal does not imply acceptance by Owner of the terms of the proposal, which may be subject to further negotiations and approvals before Owner may be legally bound thereby.

The Agreement is not considered to be awarded until the basic terms of the Agreement are approved by Prosper Portland's Board of Commissioners and final negotiations are successfully concluded.

7.4 TERM OF THE AGREEMENT

The initial term of the Agreement will be for a period of three (3) year which may be extended for two (2) additional two-year periods upon the mutual written agreement between the parties to the Agreement.

7.5 COMPLIANCE

Respondent must comply with the following before Prosper Portland will execute the Agreement:

- a) Respondent must be a legal entity that has the authority to transact business in the state of Oregon;
- b) Respondent must have the ability to obtain a city of Portland Business License;
- c) Be certified as an Equal Employment Opportunity (EEO) employer; and
- d) Obtain the insurance as required in the Agreement.

Fulfilling the requirements listed in this section is not a condition to respond to this RFP and apply only to the selected Respondent.

7.6 INSURANCE REQUIREMENTS

At all times during the term of the Agreement, Respondent shall maintain, on a primary basis and at its sole expense, insurance as required in Exhibit C to the Agreement.

8 CONDITIONS OF THIS RFP

All proposals submitted in response to this RFP are subject to the conditions of this RFP. All matters not specifically addressed in this RFP or the Agreement will be governed by Prosper Portland's Local Contract Review Board Administrative Rules as well as applicable Oregon Revised Statutes (ORS) and other rules pertaining to procurement and contracting at Prosper Portland.

8.1 CLARIFICATION AND CHANGES TO THIS RFP

All material clarifications and changes to any matter contained in this RFP will be issued in the form of a written addendum to this RFP. Unless otherwise stated, Respondents are not required to return addenda with their proposal; however, Respondents are responsible for making themselves aware of, obtaining, and incorporating any changes made in any addendum into their final proposal. Failure to do so may cause the Respondent's proposal to be rejected.

Up to the date and time proposals are due, it is the responsibility of all parties interested in this RFP to refer frequently to Prosper Portland's Contract Opportunities website (www.prosperportland.us/bids) to check for any addenda that have been issued for this RFP. Prosper Portland may make a courtesy effort to notify interested parties that an addendum has been issued for this RFP; however, interested parties are ultimately responsible for being aware of addenda issued by Prosper Portland and modifying their proposal accordingly.

8.2 PREPARATION COSTS

Respondents responding to this RFP do so at their own expense and Prosper Portland will not reimburse any expenses incurred by Respondents in the preparation or submission of a proposal to this RFP; including costs associated with any meeting, demonstration, interview, or subsequent negotiations that may be requested or required.

8.3 SOLE POINT OF CONTACT

After this RFP has been issued and before the Agreement is in effect, direct all questions, comments, and requests for changes regarding this RFP or the anticipated Agreement to the Solicitation Coordinator identified in Section 1.1 of this RFP.

8.4 RESTRICTIONS ON COMMUNICATIONS

Respondents must not communicate with members of the Evaluation Committee, the Prosper Portland Board of Commissioners or any Prosper Portland employee not specifically named in this RFP, except upon invitation by Prosper Portland in a formal interview by the RFP Solicitation Coordinator. Doing so may be cause for proposal rejection. Prosper Portland will not hold "one-on-one" meetings with any interested party during the RFP process outside of a formal interview.

8.5 SECTION HEADINGS

The section headings and titles used in this RFP are for convenience only and in no way modify the scope or intent of any provision contained in this RFP.

8.6 PUBLIC RECORDS AND DISCLOSURE

All proposals submitted in response to this RFP will become the property of Prosper Portland and will be subject to disclosure pursuant to the Oregon Public Records Law (ORS 192), except those portions of a proposal that a Respondent requests exemption from disclosure consistent with ORS 192. Any portion of a proposal that a Respondent claims to constitute a "trade secret" must meet the requirements of ORS 192.501(2) and be easily separable from the proposal to facilitate review of the non-confidential portion of the proposal. All such sections in a proposal must be clearly and conspicuously marked with the following:

"This information constitutes a trade secret under ORS 192.501(2), and shall not be disclosed except in accordance with Oregon Public Records Law, ORS 192."

If a Respondent marks every page or includes a blanket statement that the entire proposal is "Confidential" or "Proprietary," the statutory requirement is not met and any proposal marked that way will not be deemed to have been submitted in confidence. Upon request, the entirety of such a proposal will be disclosed. Prosper Portland will take reasonable measures to hold in confidence all proposal contents marked in the way described above, but shall not be liable for the release of any information when required by law or court order, whether pursuant to ORS 192 or otherwise. After award, the Agreement between Prosper Portland and the successful Respondent will be a public document and no part of the Agreement can be designated as "Confidential." Unless this RFP is cancelled, proposals and evaluation results will not be made a part of the public record until Prosper Portland has issued its Notice of Intent to Award.

8.7 INFORMATION SUBMITTED

It is the sole responsibility of each Respondent to submit information related to the submittal requirements contained in this RFP and Prosper Portland is under no obligation to request additional information if it is not included within your proposal. However, Prosper Portland may request Respondents submit additional information during or after the proposal evaluation period; or overlook, correct, or require a Respondent to correct any obvious clerical or mathematical error(s) in their proposal.

8.8 RESPONDENT OFFER, WITHDRAWAL, AND MODIFICATION

By submitting a proposal in response to this RFP, each Respondent agrees their proposal is a binding offer to perform the work described in this RFP for a period of ninety (90) calendar days from the date proposals are due. This period may be extended upon the mutual agreement between Prosper Portland and a Respondent. Proposals may be withdrawn or modified prior to the proposal due date and time by submitting a written request to the Solicitation Coordinator for this RFP. Proposals may not be withdrawn or modified after the proposal due date and time unless Prosper Portland agrees to the withdrawal or modification in writing.

8.9 DETERMINATION OF RESPONSIBILITY

In determining whether a Respondent meets the applicable standards of responsibility to perform the work described in this RFP, Prosper Portland may investigate the references, financial stability, credit history, and past performance of any Respondent, including service(s) provided to Prosper Portland, with respect to the Respondent's successful performance on other projects; compliance with contractual specifications and obligations; completion or delivery of a project on schedule and within budget; its lawful payment of suppliers, subcontractors, and employees; and other factors described in ORS 279B.110. Prosper Portland reserves the right to use any information or reference that may be discovered. Prosper Portland may postpone issuance of its Notice of Intent to Award in order to complete its determination of responsibility.

8.10 PROTEST OF SELECTION PROCESS

Any protest of Prosper Portland's selection process must be submitted by email writing to the Solicitation Coordinator of this RFP within seven (7) calendar days of issuance of the NOIA. The Respondent's written protest must specify the legal, procedural, and/or factual grounds upon which the protest is based as well as a statement of relief requested. The judgment used by individual review committee members when scoring proposals is not grounds to protest the selection process. Protests not asserted or not properly asserted within the timelines described in this section will not be considered.

8.11 SERIAL NEGOTIATIONS

After Prosper Portland has issued its NOIA and resolved all protests, Prosper Portland reserves the right to enter into limited negotiations with the apparent successful Respondent to finalize the pricing, statement of work, and other matters pertinent to the work. If Prosper Portland, in its sole discretion, determines that such negotiations have reached an impasse, Prosper Portland reserves the right to terminate negotiations with that apparent successful Respondent and commence negotiations with the next highest-ranked responsive Respondent. This process may continue until an agreement is reached and the Agreement is executed or Prosper Portland cancels this RFP.

8.12 RESERVATION OF RIGHTS

Prosper Portland, in its sole discretion, reserves the right to modify any matter contained in this RFP; cancel or suspend this RFP or to reject any or all proposals received in response to this RFP in accordance with ORS 279B.100; decide whether a proposal does or does not substantially comply with the submittal requirements and procedures described in this RFP; waive minor informalities of any proposal; obtain clarification or additional information to properly evaluate a proposal; obtain references regarding any Respondent's past performance from any source; and negotiate an Agreement with the successful Respondent. Neither issuance of this RFP nor evaluation of any proposal(s) obligates Prosper Portland to award a Agreement from this RFP.

APPENDIX A – ICC HOTEL FINANCIAL STATEMENTS

Appendix A - ICC Hotel Management RFP 17-29
Room Stats History

Booking Source										Forecast		
	FY 14/15			FY 15/16			FY 16/17			FY 17/18		
	# of Rooms	Rev	ADR	# of Rooms	Rev	ADR	# of Rooms	Rev	ADR	# of Rooms	Rev	ADR
Rack	9	\$ 921	\$ 102.28	19	\$ 1,939	\$ 102.07	18	\$ 2,344	\$ 130.22	1	\$ 125	\$ 125.00
Corporate	102	9,258	90.76	97	8,234	84.89	86	7,020	81.63	57	5,934	104.10
Preferred Corporate	791	44,634	56.43	695	51,442	74.02	402	30,540	75.97	302	21,418	70.92
Government	305	25,037	82.09	286	25,976	90.83	106	10,082	95.11	58	5,667	97.71
Discount (ARRP, AAA)	221	11,542	52.23	339	22,043	65.02	348	21,337	61.31	394	27,444	69.65
Internet	11,366	970,724	85.41	12,644	1,211,382	95.81	14,134	1,474,109	104.30	11,949	1,296,973	108.54
ICC Website	1,929	190,730	98.87	1,896	207,063	109.21	1,657	198,673	119.90	1,662	207,203	124.67
Transient Leisure	7,168	571,822	79.77	5,542	517,535	93.38	4,562	461,878	101.24	4,758	479,317	100.74
Comps	2	-	-	-	-	-	-	-	-	-	-	-
No. Shows	-	13,127	-	-	13,056	-	-	12,091	-	-	15,226	-
Groups	1,255	107,831	85.92	3,475	381,405	109.76	1,588	182,586	114.98	1,425	169,474	118.93
Total	23,148	\$ 1,945,625	\$ 84.05	24,993	\$ 2,440,076	\$ 97.63	22,901	\$ 2,400,659	\$ 104.83	20,606	\$ 2,228,780	\$ 108.16

Appendix A - ICC Hotel Management RFP 17-29

Revenue/Expense History

STATS	Actual			Forecast
	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Available Rooms	35,405	35,405	35,405	35,405
Occupied Rooms	23,148	24,993	22,901	20,606
Occupancy Percentage	65.38%	70.59%	64.68%	58.20%
ADR	\$ 84.05	\$ 97.63	\$ 104.83	\$ 108.16
Rev Par	\$ 54.95	\$ 68.92	\$ 67.81	\$ 62.95

REVENUE	Actual			Forecast
	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Room Revenue				
Room Revenue	\$ 1,945,625	\$ 2,440,076	\$ 2,400,659	\$ 2,228,780
Telephone Dept Revenue	-	-	143	122
Total Room Revenue	\$ 1,945,625	\$ 2,440,076	\$ 2,400,802	\$ 2,228,902
Other Revenue				
Guest Laundry	\$ 516	\$ 1,268	\$ 1,414	\$ 1,412
Meeting Room Rental	2,866	1,188	2,823	5,550
Monthly Parking	25,984	24,988	19,602	19,607
Event & Daily Parking	24,176	19,606	19,835	23,505
Overnight Guest Parking	-	-	-	57,745
Vending	4,279	3,522	3,892	4,950
Misc.	11,935	14,477	11,307	8,217
Total Other Revenue	\$ 69,755	\$ 65,049	\$ 58,873	\$ 120,986
Total Revenue	\$ 2,015,380	\$ 2,505,125	\$ 2,459,675	\$ 2,349,888

EXPENSES	Actual			Forecast
	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Rooms	\$ 595,691	\$ 723,804	\$ 732,610	\$ 712,299
Admin/General	\$ 151,464	\$ 159,088	\$ 163,621	\$ 170,334
Sales/Marketing	\$ 7,358	\$ 6,537	\$ 4,359	\$ 6,872
Maintenance	\$ 111,862	\$ 122,378	\$ 95,573	\$ 114,687
Utilities	\$ 141,771	\$ 151,042	\$ 151,046	\$ 153,757
Total Dept Expenses	\$ 1,008,146	\$ 1,162,849	\$ 1,147,209	\$ 1,157,949
House Profits	\$ 1,007,234	\$ 1,342,275	\$ 1,312,466	\$ 1,191,939
	50.0%	53.6%	53.4%	50.7%
Fix Charges				
Tenant Improvements*	\$ 95,567	\$ 50,706	\$ 90,103	\$ 189,429
Interest Income	(178)	(160)	(153)	(163)
Property Taxes & Ins.**	103,045	103,687	105,719	126,285
Liability Insurance	10,732	13,926	15,309	16,383
Management Fee	80,615	100,205	98,387	96,873
Equipment Rental/Lease	2,962	2,967	2,823	3,943
Licensing & Fees	4,196	4,155	4,344	4,019
Total Fixed Charges	\$ 296,939	\$ 275,486	\$ 316,532	\$ 436,769
Avail for Rent, Deprec, Amort, Etc	\$ 710,295	\$ 1,066,789	\$ 995,934	\$ 755,170
	36.5%	43.7%	41.5%	33.9%

* Tenant Improvements reflect 100% of capital expenditures during the year; no reserve for replacement has been withheld.

** Property taxes will be eliminated when the lease to a private entity expires.

APPENDIX B – FORM OF HOTEL MANAGEMENT AGREEMENT

APPENDIX B – ICC HOTEL MANAGEMENT RFP #17-29 – FORM OF AGREEMENT

HOTEL MANAGEMENT AGREEMENT

THIS HOTEL MANAGEMENT AGREEMENT (the “**Agreement**”) is made and entered into this ____ day of _____, 2018, by and between PROSPER PORTLAND, the assumed business name of the Portland Development Commission, the urban renewal authority of the City of Portland (“**Owner**”), and _____ (“**Manager**”). Owner and Manager may be referred to herein as the “**Parties**” or, in context, each individually a “**Party**”.

RECITALS

WHEREAS, Owner is the owner of certain real property located at 420 NE Holladay Street, Portland, Oregon, as more fully described in *Exhibit A* attached hereto, upon which has been constructed a 97 room hotel currently known as *The Inn at the Convention Center* (the “**Hotel**” as further defined below);

WHEREAS, subject to the terms and provisions of this Agreement, Owner desires to have Manager manage, operate and market the Hotel without any legal possessory interest; and

WHEREAS, Manager is willing to perform such services as an independent contractor in accordance with the terms hereof.

NOW THEREFORE, in consideration of the foregoing recitals and the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

“**Accounting Period**” shall mean the consecutive twelve (12) month period beginning at each Fiscal Year.

“**Affiliate**” shall mean any person or entity that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with another person or entity. The term “**control**” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise, and shall in any event include the ownership or power to vote fifteen percent (15%) or more of the outstanding equity or voting interests, respectively, of such other person.

“**Annual Plan**” shall mean an annual plan for the operation of the Hotel prepared by the Manager and approved by Owner, as provided below, and in accordance with Section 6.1, consisting of the Operating Budget, Capital Expenditures Budget and FF&E Budget and shall

include, without limitation, the following:

(a) Manager's reasonable estimate (on a monthly basis) of Gross Revenues, Gross Operating Expenses, property insurance, and amounts to be used for specific reserves for the Fiscal Year, each itemized in a reasonable manner consistent with the Uniform System of Accounts together with the assumptions (in narrative form) utilized in preparing the Operating Budget;

(b) In the Capital Expenditures Budget, Manager's recommended Capital Improvements to the Hotel for the Fiscal Year, including, without limitation, Manager's reasonable estimates for the cost of designs, plans and specifications, material, labor (including installation), storage, consultants, travel, overhead, sales tax and freight and a description of the extent of completion of any partially completed capital improvements included in a previously approved Capital Expenditures Budget;

(c) A description of the general marketing strategy which Manager intends to implement during the Fiscal Year to optimize both short and long-term profitability of the Hotel, together with a marketing plan that includes a positioning statement, competition analysis, group sales program, sales action plans, media schedule, public relations plan, travel schedule, pricing and rate schedules for rooms, commercial space and other amenities and services, and other segmentation analysis;

(d) Manager's estimate of any amounts Owner will be requested to provide as working capital pursuant to Section 3.4 or to fund expenditures contemplated by the Capital Expenditures Budget during the Fiscal Year;

(e) A compensation plan for Hotel employees performing services at the Hotel, including an organization chart, competitive wage and benefit survey and proposed wage guidelines (provided any third party costs associated therewith shall be a Gross Operating Expense of the Hotel);

(f) Any other matter deemed appropriate by Manager or reasonably requested in writing by Owner; and

(g) To the extent not included above, a reasonably detailed estimate of all Reimbursable Expenses to be included in the Operating Budget.

“Base Fee” [To be determined].

“Capital Expenditures Budget” shall mean each annual budget prepared by the Manager, which is subject to approval by Owner in its Sole and Absolute Discretion as part of the Annual Plan, reflecting the estimated costs for all capital expenditures (except for capital expenditures in the FF&E Budget), including those for Capital Improvements, which in the reasonable opinion of Manager are necessary to keep and maintain the Hotel during the applicable Fiscal Year in accordance with the terms of this Agreement.

“**Capital Improvements**” shall mean any and all alterations and improvements to the Hotel and all repairs and replacements to the structural, mechanical, electrical, HVAC, plumbing or vertical transportation elements of or to the Hotel other than routine repairs and maintenance to the Hotel which are normally expensed under generally accepted accounting principles and, to the extent applicable, the Uniform System of Accounts.

“**City**” shall mean the City of Portland, Oregon.

“**Condemnation**” shall mean the acquisition of all or any portion of the Hotel by any Governmental Authority having the power of condemnation or eminent domain, by compulsory acquisition, conveyance in lieu of or under threat of condemnation or like procedure.

“**Default Rate**” shall mean nine percent (9%) per annum.

“**Event of Default**” shall have the meaning set forth in Section 11.1.

“**Executive Personnel**” shall mean all or any one of the following: general manager; director of sales; controller; and any other key executive of the Hotel designated by Manager.

“**FF&E**” shall mean items of furniture, fixtures, and equipment used in the ordinary course of operating the Hotel, which under generally accepted accounting principles (and to the extent applicable, with the Uniform System of Accounts) should properly be capitalized on the books of the Hotel.

“**FF&E Budget**” shall mean each annual budget prepared by the Manager which shall be approved by Owner in its sole and absolute discretion (subject to Section 5) as part of the Annual Plan, reflecting the estimated costs and expenses for all FF&E, which in the reasonable opinion of Manager are necessary or customary in order to operate the Hotel during the applicable Fiscal Year in accordance with the terms of this Agreement and the Operating Standards.

“**Fiscal Year**” shall mean each twelve (12) month operating period during the Term, and, if applicable, any Term Extension, commencing on July 1 and ending on June 30, except the first Fiscal Year shall be that period commencing on the Management Commencement Date and ending on the next succeeding June 30. In the event this Agreement shall terminate on a date other than June 30, the last Fiscal Year hereunder shall end on the date of termination.

“**Force Majeure Event**” shall mean an event or circumstance, or a series of events or circumstances, that (a) have a material adverse effect on the Hotel, directly or indirectly, and (b) are not within the reasonable control of the Manager, and (c) affect the performance of the Manager hereunder as a direct result of an event covered by clause (a) above. Provided that the conditions of clauses (a), (b) and (c) above are satisfied, events of Force Majeure include any catastrophic occurrence; acts of God; fire; tornado; explosion; civil disturbances; riots; war; acts of terrorism; strikes; lockouts; shortage of supplies, including energy supplies; flood; hurricanes; earthquakes; lightning; and sabotage. If any Party hereto elects to request an extension of time to perform its respective obligations under this Agreement as a result of the occurrence of a Force Majeure Event, such requesting Party must notify the other non-requesting Party within fifteen

(15) days following the Force Majeure Event before such requesting Party may benefit from any additional time permitted hereunder.

“**Governmental Authority**” shall mean the United States of America, State of Oregon, the City, and any political or other subdivision of any of the foregoing, and any agency, department, commission, board, bureau, court or instrumentality of any of them which now or hereafter has jurisdiction over the Owner, the Manager, or any part of the Hotel, or its operation or management.

“**Governmental Permits**” shall mean all certificates, licenses and permits from any Governmental Authority required to operate the Hotel, required to evidence full compliance by Manager with all Legal Requirements (defined below), or required to evidence conformance of the Hotel with all Legal Requirements.

“**Gross Operating Expenses**” shall mean with respect to any period of time, all reasonable and necessary costs and expenses incurred during such period managing the Hotel, to the extent incurred in accordance with the Annual Plan and this Agreement, determined on an accrual basis in accordance with generally accepted accounting principles consistently applied (and, to the extent applicable, the Uniform System of Accounts), including, without limitation:

- (a) Compensation, fringe benefits, bonuses, expenses, and payroll taxes (including FICA, unemployment and other employer payroll taxes) of Hotel employees (including the Executive Personnel, but excluding any extraordinary costs of such employment arrangements unless approved by Owner and excluding Excluded Employee Claims);
- (b) Costs of inventories and operating equipment;
- (c) Ordinary and routine repair and maintenance expenses logged and accounted by Manager;
- (d) Utility costs, administrative, legal, and general overhead costs of the Hotel;
- (e) Charge or credit card discounts;
- (f) Rents paid for FF&E under leases which constitute “**operating leases**” under generally accepted accounting principles consistently applied;
- (g) Applicable governmental fees and assessments (other than taxes levied or imposed by any Governmental Authority upon the Hotel, or payments in lieu of said taxes, including income, profits, real property, personal property, goods and services, gross receipts or occupancy, sales, use, transfer, purchase, franchise, stamp, ad valorem, value added, capital stock or surplus, occupation or excise taxes);
- (h) Food, beverages and laundry service expenses, license fees, advertising, marketing, administrative, audit costs and expenses and any and all other operating expenses incurred by Manager for the proper and efficient operation of the Hotel in accordance with this

Agreement;

- (i) Reimbursable Expenses;
- (j) Fees paid for hotel asset management consulting; and
- (k) Base Fee.

Notwithstanding the above, the following shall not be included when determining Gross Operating Expenses:

(l) Rents paid for FF&E under leases which constitute “**capital leases**” under generally accepted accounting principles consistently applied;

(m) Any applicable taxes required to be paid by Owner upon the Hotel, including, without limitation, income, profits, real property, personal property, goods and services, gross receipts or occupancy, sales, use, transfer, purchase, franchise, stamp, ad valorem, value added, capital stock or surplus, occupation or excise taxes;

(n) Any applicable federal, state, municipal, excise, room, property, occupancy, gross receipts, entertainment, admission, tourists, sales and use taxes or similar impositions collected directly from patrons and guests or as a part of the sales price of any goods, services or displays which are required to be paid over to federal, state or municipal governments;

(o) All expenditures for Capital Improvements that are either approved by Owner or otherwise deemed approved or expressly permitted pursuant to the terms of this Agreement; or

(p) All non-cash expenses.

“**Gross Operating Profit**” shall mean the excess, during each Fiscal Year (and proportionately for any period less than a Fiscal Year), of Gross Revenues over Gross Operating Expenses for such period.

“**Gross Revenues**” means with respect to any period of time all revenues, receipts and income of every kind derived directly or indirectly during such period from all or any part of the Hotel, as determined on an accrual basis in accordance with the Uniform System of Accounts and generally accepted accounting principles consistently applied, including but not limited to:

(a) All rentals and charges for guest rooms, suites, meeting rooms, conference rooms, ballrooms and other public rooms, including but not limited to all charges for room reservations and deposits not refunded to guests;

(b) All sales of food and beverages, whether served on or off the premises, including but not limited to all charges for room service, banquets and catering fees;

(c) All sales or leases of miscellaneous and sundry merchandise and services, including, but not limited to laundry, valet, garage, parking, telephone, telex, facsimile,

audiovisual, check room, vault and other miscellaneous services, cover and minimum charges for guest entertainment, fees charged for the temporary use of facilities at the Hotel, all sales through vending machines and all other receipts from business conducted by, through or under Manager at, in, on, about or from the Hotel;

- (d) All business interruption insurance awards received in respect of the Hotel;
- (e) Condemnation awards for temporary use of the Hotel;
- (f) All rentals, fees, commissions, concessions and other payments derived from lessees, licensees and concessionaires at the Hotel; and
- (g) Interest earned on any amounts in the Operating Accounts.

Gross Revenues for any such period shall not include interest earned on:

- (h) Any applicable excise, sales and use taxes or similar impositions charged directly to patrons or guests or included as part of the sales price of any goods or services and payable to any Governmental Authority, such as gross receipts, admission or similar equivalent taxes;
- (i) Security deposits and taxes, cost of maintenance and repairs payable by tenants, licensees and concessionaires, and sales and other receipts of the same, except to the extent payable as base rent or percentage rent under a lease or occupancy agreement;
- (j) Insurance proceeds (subject, however, to the inclusion of business interruption insurance awards as provided in clause (d) above);
- (k) Condemnation awards, except as provided in clause (e);
- (l) Proceeds from any Mortgage indebtedness;
- (m) Rebates, discounts, or credits to patrons or guests;
- (n) Funds furnished by Owner, including, without limitation, payments by Owner for any reserves or working capital; and
- (o) Payments under warranties and guaranties from providers of goods or services to the Hotel.

“**Guest Data**” shall mean personal information, data and statistics on guests of the Hotel.

“**Hazardous Materials**” shall mean (a) any “**hazardous waste**” as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq), as amended from time to time, and regulations promulgated thereunder; (b) any “**hazardous substance**” as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), as amended from time to time, and regulations

promulgated thereunder (including petroleum-based products as described therein); (c) asbestos in any quantity or form which would subject it to regulation under any applicable environmental law; (d) polychlorinated biphenyls; (e) any substance, the presence of which on the Hotel is prohibited by any Legal Requirements; (f) underground storage tanks; and (g) any other, substance which by any Legal Requirements requires special handling in its collection, storage, treatment or disposal. In no event, however, shall the term “**Hazardous Materials**” include: (h) approved chemicals routinely used in office areas; or (i) approved janitorial supplies, cleaning fluids or chemicals necessary for the day-to-day operation or other maintenance of the Hotel if the disposition, handling, storage or quantity of the items described in (h) and (i) herein are at all times in compliance with all applicable Legal Requirements.

“**Hazardous Materials Contamination**” shall mean the contamination (whether presently existing or hereafter occurring) of the improvements, facilities, soil, groundwater, air or other elements on or of the Hotel by Hazardous Materials, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on or of any other property as a result of Hazardous Materials at any time (whether before or after the date of this Agreement) emanating from the Hotel.

“**Incentive Management Fee**” [To be determined].

“**Independent Auditor**” shall mean such certified public accountant that Owner may choose from time to time.

“**Inventories**” shall mean Inventories of Supplies, as defined in the Uniform System of Accounts, including, without limitation, all food and beverages, fuel, soap, light bulbs, mechanical supplies, cleaning supplies, stationery, paper supplies and other similar consumable and expendable items necessary or customary, now or in the future, in the reasonable opinion of Manager, in consultation with Owner, in order to operate the Hotel in accordance with the terms of this Agreement and the Operating Standards.

“**Legal Requirements**” shall mean any law, ordinance, order, rule or regulation of any Governmental Authority and any legal requirement, term or condition contained in any restriction or restrictive covenant affecting Manager, the Hotel or operation of the Hotel.

“**Loan Documents**” shall have the meaning set forth in Section 12.16.

“**Management Commencement Date**” shall mean 12:01 a.m. on _____.

“**Management Fee**” in respect of any period shall mean the Base Fee and any other fees due Manager for such period.

“**Manager's Corporate Employees**” shall mean Manager's employees who are not employed on a full time basis at the Hotel, but which provide services to Owner or related to the Hotel at the direction of Manager.

“**Manager Event of Default**” shall have the meaning set forth in Section 11.1.

“**Mortgage**” shall mean any mortgage or deed of trust encumbering all or any portion of the Hotel, whether now in existence or hereafter created.

“**Mortgagee**” shall mean the mortgagee or beneficiary, whether one or more, under any Mortgage.

“**Net Cash Flow**” shall mean for each Fiscal Year, Gross Operating Profit.

“**Operating Accounts**” shall mean one or more accounts with a bank or banks designated by Owner, bearing a name identifying the Hotel and styled Operating Account, into which all funds advanced to the Hotel by Owner as working capital or otherwise derived from the operation of the Hotel shall be deposited and from which sums shall be withdrawn in accordance with this Agreement.

“**Operating Budget**” shall mean an annual budget prepared by the Manager, which is subject to approval by Owner in its reasonable discretion as part of the Annual Plan, reflecting in a form reasonably acceptable to Owner, the Hotel or estimated revenues and expenses, including Gross Operating Expenses, in respect of the Hotel for the applicable Fiscal Year.

“**Operating Equipment**” shall mean all blankets, linens, uniforms, silver, china, glassware, crockery, kitchen utensils, cleaning equipment or any other similar items necessary or customary, now or in the future, in order to operate the Hotel in accordance with the terms of this Agreement and the Operating Standards.

“**Operating Standards**” shall mean the obligation of Manager under this Agreement to maintain at least a 3.0 out of 5.0 point score on Expedia.com and a 7.5 point out of 10.0 point score on Booking.com, and to operate, service, maintain, and refurbish the Hotel at a level of service and quality expected of hotels of a STR defined Midscale chain scale, and as such, to maintain the hotel’s service and cleanliness at a standard that would enable it to satisfy Best Western, La Quinta, Quality Inn, Ramada, Travelodge, and Vagabond brand reviews and inspections.

“**Hotel**” shall mean and include, in addition to the real property described in *Exhibit A* hereto, (a) the Hotel currently situated on the property, all restaurants and other facilities therein and all related improvements, equipment and facilities and (b) all FF&E, Inventories and Operating Equipment now or hereafter placed or installed therein.

“**Reimbursable Expenses**” shall mean all travel, lodging, entertainment, telephone, telecopy, postage, courier, delivery, employee training and other expenses incurred by Manager which are directly related to its performance of this Agreement and as set forth in the Annual Plan approved by Owner. Notwithstanding the foregoing, in no event shall Reimbursable Expenses include any of the following items, which items shall be paid for by Manager and shall not be charged to or borne by Owner:

- (a) All costs, expenses, salaries, wages or other compensation of any corporate, home

office or regional office level employees of Manager in excess of the expenses permitted to be incurred under the approved Annual Plan, excepting only employees who are regularly employed full time at the Hotel by Manager or persons employed on a full-time, part-time or temporary basis by the Manager at or for the sole benefit of the Hotel;

- (b) Any overhead expenses of Manager's principal or branch offices;
- (c) Any expenses for advertising or promotional materials that feature Manager's name or activities but which do not promote the Hotel;
- (d) Any part of Manager's capital expenditures;
- (e) Manager's overhead or general expenses, including but not limited to telephone, telex, duplicating, stationery and postage expenses incurred at Manager's principal or branch offices, except as may be expressly agreed to by Owner pursuant to this Agreement;
- (f) Any travel expenses of Manager's central office employees in excess of the expenses permitted to be incurred under the approved Annual Plan; and
- (g) Excluded Employee Claims.

“**Restoration**” shall mean the repairing, rebuilding and replacing of the Hotel upon the destruction or damage of the Hotel or any part thereof or upon the taking of the Hotel or any part thereof by Condemnation to a value, condition and character substantially the same as (in the case of damage or destruction) or as near as possible to (in the event of Condemnation) the value, condition and character of the Hotel immediately prior to such damage, destruction or Condemnation in order to maximize the efficiency in operations and financial return to Owner from the Hotel's operation.

“**Severance Policy**” shall have the meaning set forth in Section 11.4(b).

“**Sole and Absolute Discretion**” shall mean that a Party to this Agreement entitled to exercise its “**Sole and Absolute Discretion**” may exercise such discretion for any reason or for no reason.

“**Term**” shall mean that period commencing on the Management Commencement Date and continuing until the third (3rd) anniversary of the Management Commencement Date, unless this Agreement shall be sooner terminated or extended as herein provided, in which case the word “**Term**” shall mean such lesser or greater period of time.

“**Term Extension**” shall mean, at the Sole and Absolute Discretion of Owner, a possible additional two (2) year period commencing on the day following the expiration of the initial Term, and, at the Sole and Absolute Discretion of Owner, a possible additional two (2) year period commencing on the day following the expiration of a possible initial Term extension described above.

“**Uncontrollable Expenses**” shall mean the amount of real estate taxes, utilities, insurance premiums, license and permit fees and any other charges provided for in contracts and leases (such contracts and leases to include only those that (a) have been entered into pursuant to the terms of this Agreement, or (b) are expressly approved by Owner) that are not within the ability of Manager to control.

“**Uniform System of Accounts**” shall mean the Uniform System of Accounts for the Lodging Industry, Eleventh Revised Edition, 2014, as adopted by the American Hotel and Lodging Association and all future amendments and supplements thereto approved by Manager and Owner.

ARTICLE II APPOINTMENT OF MANAGER AND RENEWAL RIGHTS

Section 2.1 Appointment of Manager. Owner hereby appoints and engages Manager as its sole and exclusive manager of the Hotel during the Term, and, if applicable, any Term Extension, in accordance with the terms and conditions set forth in this Agreement. Owner and Manager agree that Manager shall be an independent contractor and Manager shall supervise, direct and control the management and operations of the Hotel during the Term, or, if applicable, any Term Extension, for the Owner in accordance with the Operating Standards, Legal Requirements and the terms and conditions of this Agreement. This Agreement may be terminated by Owner without cause upon 90 days' prior written notice.

Section 2.2 Management Commencement Date. Manager shall assume management and operation of the Hotel at 12:01 A.M., local City of Portland, Oregon, time, on the Management Commencement Date.

Section 2.3 Conformity to Annual Plan. Manager will operate the Hotel in accordance with the Annual Plan and in a commercially reasonable, business-like manner with the objective of optimizing the financial performance of the Hotel. Notwithstanding the foregoing, Owner understands and agrees as follows:

(a) Certain expenses provided for in the Operating Budget for any month in a Fiscal Year will vary based on the utilization of the Hotel and, accordingly, to the extent that utilization of the Hotel for the Hotel in a particular Operating Budget category for any month in a Fiscal Year exceeds the utilization of the Hotel for such category in the approved Operating Budget for such month, such category of the approved Operating Budget shall be deemed to include corresponding increases in variable expenses;

(b) Manager shall have the right to pay all Uncontrollable Expenses without reference to the amounts provided for in respect thereof in the approved Operating Budget and the Capital Expenditures Budget and FF&E Budget for any Fiscal Year;

(c) If any expenditures are required on an emergency basis to avoid damage to the Hotel or injury to persons or property, Manager shall make a good faith effort to obtain approval of Owner before making such expenditures, as may reasonably be required to avoid or mitigate

such damage or injury, even if the amounts of such expenditures are not provided for or within the amounts provided for in the approved Operating Budget, the Capital Expenditures Budget and the FF&E Budget for the Fiscal Year in question. In no event may such emergency expenditures exceed \$10,000; and

(d) Subject to Owner's right to direct Manager to contest such Legal Requirements or violation as set forth in this Agreement, if any expenditures are required to comply with any Legal Requirements which, if not complied with may, in Manager's reasonable determination, (i) give rise to criminal liability on the part of either Manager or Owner, or (ii) materially threaten the operation of the Hotel in accordance with the terms of applicable Legal Requirements, or (iii) result in danger to the life or safety of Hotel employees or guests, or (iv) give rise to the potential of imminent damage to material components of the Hotel, Manager may make such reasonable emergency expenditures as may be necessary to comply with such Legal Requirements.

ARTICLE III OPERATION OF THE HOTEL

Section 3.1. Duties, Responsibilities and Authority of Manager. Subject to and consistent with this Agreement, the Operating Standards, Legal Requirements and the approved Annual Plan, Manager shall promote, operate and manage the Hotel in a reasonable, diligent and careful manner and shall:

(a) Enter into such contracts, leases and other agreements Manager may deem to be reasonably necessary or advisable in connection with the management, maintenance and operation of the Hotel, provided, however, that Manager shall not enter into any such contract, lease or other agreement without the approval of Owner if it obligates Owner for more than Five Thousand Dollars (\$5,000), has a term, not cancelable upon not more than sixty (60) days' notice at no cost to Owner, of more than one (1) year, or is not assignable to a successor owner of the Hotel without further consent, unless such contract or agreement has previously been approved by Owner as part of the approved Annual Plan;

(b) Determine and implement terms of admittance, charges for rooms and commercial space, charges for entertainment and food and beverages, which right shall specifically allow Manager to charge varying rates to different customers or groups of customers, in the exercise of reasonable and sound business judgment consistent with the Operating Standards and any Legal Requirements;

(c) Determine and implement all phases of advertising, promotion and publicity relating to the Hotel (provided that, without the prior written consent of Owner, Manager shall not include in any advertising, promotion or publicity any ownership information or capital expenditures information made in respect of the Hotel);

(d) Except as otherwise provided herein, determine and implement all employment policies for Manager's employees (including, without limitation, salaries, wages, fringe benefits and other compensation, the recruiting, hiring, training, relocation and discharge of employees and the establishment of any employee retirement and other benefit plans, and severance policy);

(e) Determine and implement credit policies pertaining to operation of the Hotel within the terms of this Agreement (including, without limitation, agreements with credit card organizations);

(f) Receive, hold and disburse funds, maintain bank accounts, procure Inventories, Operating Equipment, supplies and services;

(g) Engage independent contractors to provide legal, accounting or other professional or technical services in connection with the operation of the Hotel (provided that all legal counsel engaged to provide services in connection with the operation of the Hotel shall be subject to Owner's prior written approval);

(h) Manage and direct generally all activities incidental to the operation of the Hotel in the ordinary course of business;

(i) Subject to Owner's compliance with Section 2.3 use commercially reasonable efforts to cause the Hotel to comply with all Legal Requirements;

(j) Cause the Executive Personnel to be available to consult with and advise Owner or Owner's designees at Owner's reasonable request concerning policies and procedures affecting the conduct of the business of the Hotel; provided, however, in no event shall the Executive Personnel be obligated to accept or carry out the direction or instruction of Owner or Owner's designees, except as otherwise provided herein;

(k) Provide complimentary rooms or services to any guests, employees or other persons provided: (i) reservations for complimentary rooms and services shall be separately tracked and accounted for and set forth in the monthly reports to be delivered to Owner by Manager, and (ii) the aggregate value of such complimentary rooms and services will not exceed the amount allocated in the approved Operating Budget for such complimentary rooms and services;

(l) Direct and supervise all aspects of the Hotel reservation system, including, without limitation, using commercially reasonable good faith efforts, consistent with sound business practices, to provide reservations for the Hotel; and

(m) Present quarterly to Owner the results of operations for the preceding quarter and projections for the succeeding quarter.

Except as otherwise expressly provided in this Agreement, to the extent that Owner's approval is required for any matter in connection with the foregoing or any other matter in connection with this Agreement. Owner shall approve or disapprove such matter within thirty (30) days after being notified thereof in writing by Manager.

Section 3.2 Limitations on Authority. Notwithstanding anything to the contrary in this Agreement, Manager shall have no authority on behalf of Owner to do any of the following

without Owner's prior written approval in its Sole and Absolute Discretion in each instance:

(a) Borrow money, guaranty the debts of any third person (other than in the ordinary course of business), or mortgage, pledge, grant a security interest in or otherwise encumber all or any part of the Hotel;

(b) Enter into any lease for the use of the Hotel;

(c) Incur any liabilities or obligations to third parties which are unrelated to the operation, maintenance and security of the Hotel or to the performance of Manager's responsibilities under this Agreement;

(d) Prosecute or settle any tax claims or appeals;

(e) Initiate, settle or otherwise dispose of litigation or claims relating to the ownership, maintenance, use or operation of the Hotel that may give rise to litigation, including, but not limited to, the adjustment of insurance claims in Owner's name;

(f) Consent to any condemnation or participate in any condemnation proceeding relating to the Hotel;

(g) Sell, transfer or otherwise dispose of all or any portion of the Hotel, except for dispositions of FF&E to the extent expressly permitted in this Agreement and expressly provided for in the approved Annual Plan, or in the ordinary course of Manager's discharge of its maintenance and repair obligations under this Agreement;

(h) Perform any alterations to the Hotel or any portion thereof, except to the extent Manager's performance of any such alteration shall be expressly provided for in the approved Annual Plan or otherwise permitted pursuant to the terms of this Agreement;

(i) Take any other action which, under the terms of this Agreement, is prohibited or requires the approval of Owner; or

(j) Except as provided in Section 2.3(c) and (d), expend any sum not already approved in the Annual Plan without prior written approval of Owner.

Section 3.3 Food and Beverage Operations. Manager shall not arrange leases or concessions for any restaurant or food service operation in or about the Hotel without the written consent of Owner, which consent shall be granted in Owner's Sole and Absolute Discretion. Notwithstanding the foregoing, in the event Owner approves more than one food or bar service operation within the Hotel and such additional food or bar service operation(s) is not profitable to the Hotel, Owner shall reasonably consider Manager's request to eliminate the additional food and/or bar service operation(s). Any agreements for such operations shall be entered into in Owner's name and shall be executed by Owner. Manager shall use commercially reasonable efforts to collect all revenues falling due under any such agreements and concessions and shall deposit the same in the Operating Accounts.

Section 3.4 Working Capital. Subject to the immediately succeeding sentences, in accordance with the approved Annual Plan, Owner shall at all times cause sufficient funds to be on hand in the Operating Accounts to assure the timely payment of all current liabilities of the Project. Owner and Manager agree that the Annual Plan shall provide a working capital reserve based upon assumptions of Project operations sufficient to assure the timely payment of all liabilities anticipated to be incurred and paid with respect to the Project and as set forth in the approved Annual Plan. Owner agrees to keep or deposit in the Operating Accounts such amounts to fund such working capital reserve for not less than the following thirty (30) days or more than the following sixty (60) days. In the event sufficient funds are not available in the Operating Accounts (as determined above), Owner shall deposit sufficient funds (as described above) into the Operating Account within fifteen (15) business days following Manager's written request for such funds.

Section 3.5 Expenses. Except as otherwise provided in this Agreement, all expenses incurred by Manager in performing its duties hereunder and in managing and operating the Hotel pursuant to this Agreement shall be borne by Manager. Except as otherwise provided herein, Manager shall in no event be required to advance any of its funds or utilize Manager's credit for the operation of the Hotel, nor shall Manager be required to incur any liability in connection therewith.

Section 3.6 Transactions with Affiliates. Except with respect to goods and services provided by Manager (which goods or services shall be comparable to, and the terms of any such program or arrangement shall be no less favorable to the Hotel than those obtainable from other unrelated parties on an arms-length basis for the Hotel, evidence of which shall be delivered by Manager to Owner upon request), Manager may not engage one or more of its Affiliates or other related parties to furnish goods or services to the Hotel without the written consent of Owner in its Sole and Absolute Discretion; provided, however Manager may from time to time assign one or more of its employees to the staff of the Hotel on a part-time or temporary basis.

Section 3.7 Centralized Management.

(a) **Goods and Services.** Manager may cause the Hotel to participate, along with other Properties owned, managed or franchised by Manager or one of Manager's Affiliates, in one or more centralized purchasing programs or arrangements for the procurement of goods or services used in connection with the operation of the Hotel, provided, however, that the quality of such goods or services shall be comparable to, and the terms of any such program or arrangement shall be no less favorable to the Hotel than, those obtainable from other unrelated parties on an arms-length basis for the Hotel (and, upon request by Owner, Manager shall provide reasonable evidence thereof to Owner).

(b) **Reservations and Accounting.** Manager shall provide centralized reservations and accounting services to the Hotel. Manager shall allow reservations to be made by calling the Hotel directly. Manager and Owner agree that the cost of such services shall be equal to the cost estimated in the Operating Budget. These costs shall be reimbursed to Manager on a cost reimbursement basis.

(c) Marketing. Owner and Manager agree that Hotel marketing costs shall be included in the Operating Budget, and reimbursed to Manager on a cost reimbursement basis.

(d) Audit. Owner shall have the right, either directly or through an Independent Auditor examine and audit the books, records and accounts of Manager relating to the Hotel in order to determine the accuracy of the allocation of costs and expenses to the Hotel as provided for in Section 3.7. Such examination and audit shall be at Owner's expense. Manager understands that the Owner and the Hotel are also subject to audit and review by Office of the City Auditor of the City of Portland, Oregon, at the discretion of the City Auditor.

(e) Frequent Guest Programs. Owner may participate in any frequent Hotel guest programs established by Manager. Manager hereby agrees that any frequent Hotel guest programs established by Manager shall be established on an equitable basis.

Section 3.8 Cooperation. Manager shall meet with Owner and hereunder, although in no event more frequently than as requested by Owner. At such meetings, Owner and Manager shall review (if appropriate) the operation of the Hotel, the compliance by Manager with the terms of this Agreement, the compliance by Manager with the Annual Budget (to understand any variances), the financial performance of the Hotel and the reports provided by Manager to Owner pursuant to Section 6.3. Each Party shall cooperate fully in all matters relating to the management and/or operation of the Hotel and the defense of any claim, action or proceeding relating thereto or to this Agreement, and Manager shall promptly respond to all requests for information by Owner.

Section 3.9 Assistance on Sales, Financing and Refinancing. Manager shall reasonably cooperate with and assist Owner from time to time in any and all attempts by Owner to sell, finance or refinance the Hotel. Such cooperation shall not entitle Manager to any additional compensation, and Manager shall not be deemed to be acting as a broker for Owner unless Owner and Manager enter into a separate written agreement engaging Manager as broker with respect to the Hotel. Owner shall pay Manager's reasonable travel and other third party out-of-pocket expenses in connection with such assistance. Such cooperation shall include, without limitation, answering a prospective purchaser's or lender's questions about the operation of the Hotel, providing information regarding occupancy, room rates and bookings, and providing information regarding the expenses of operation of the Hotel. Owner hereby authorizes Manager to provide such information to any prospective purchaser or lender. Manager shall also provide, promptly upon request by Owner, an estoppel certificate as contemplated by Section 12.15 in conjunction with any such sale, financing or refinancing.

Section 3.10 Liquor License. Upon request of Owner, Manager shall obtain and maintain a liquor license for the Hotel. If Manager holds the liquor license for the Hotel on the date of termination of this Agreement, Manager hereby agrees that (a) it shall continue to hold such liquor license only until such time as the liquor license can be transferred to Owner or its designee; (b) Owner may use Manager's liquor license in order to continue to serve liquor and alcohol at the Hotel until such time as the liquor license can be transferred to Owner or its designee, not to exceed one hundred-twenty (120) days; and (c) it shall assist Owner (at Owner's

sole cost) in transferring such liquor license to Owner or its designee.

ARTICLE IV PERSONNEL

Section 4.1 Employment of Personnel. Manager shall be responsible for and shall have the sole and exclusive right to screen, test, cause background checks to be performed, interview, hire, promote, discharge, supervise, train, transfer and determine the terms of employment of the Executive Personnel and, through the Executive Personnel, all other administrative, service and operating employees of the Hotel. Manager shall take all prudent and commercially reasonable actions to cause the Hotel to comply with all Legal Requirements regarding the interviewing, hiring, promotion, discharge, supervision, training and transfer of all Hotel employees. Manager shall employ all commercially reasonable efforts and exercise care to select qualified, competent, and trustworthy employees. Manager shall not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, age, sex or sexual orientation, and all employment advertising shall indicate that Manager is an Equal Opportunity Employer as that term is defined under Legal Requirements and/or employment laws. All such employees of the Hotel shall be employees of Manager. The hiring of the initial and any subsequent general manager, controller, and director of sales and marketing of the Hotel shall be subject to the prior approval of Owner in its Sole and Absolute Discretion. From the time that the applicable position is vacated until such time as either Owner has approved an acting general manager, controller or director of sales and marketing, Manager may appoint an acting general manager, controller or director of sales and marketing for each respective position until such time as a permanent individual is appointed to such position. Notwithstanding the provisions of this Section 4.1 and subject to Owner's right to approve the Annual Plan, all costs, expenses and liabilities relating to Hotel employees shall be expenses of operating the Hotel and shall be set forth in the Annual Plan. Notwithstanding the prior sentence, Owner shall not be liable for any expenses or costs related to any employee to the extent that an employee accrued salary or benefits prior to such employee's employment at the Hotel. Manager shall exclusively supervise the employees of the Hotel, including, without limitation, the Executive Personnel. Owner shall exclusively communicate with Manager through Manager's Corporate Employees and Executive Employees concerning the Hotel. As the employer of the Hotel employees, Manager shall prepare and be responsible for the execution and filing of all forms, reports, and returns required by all applicable Legal Requirements and employment laws including, without limitation, unemployment insurance, workers compensation, disability benefits, job safety, tax withholding, and other employee benefit plans (if any) and social security. If any additional forms are required to be filed by Owner pursuant to applicable Legal Requirements and/or employment laws, Manager, pursuant to Owner's direction, shall be responsible for the preparation of such documents for execution and filing by Owner. Pursuant to Owner's direction, Manager shall prepare for review, approval, and, upon request by Owner certification by Owner's Independent Auditor, all financial statements and other information relating to the operation of the Hotel as may be required for inclusion in Owner's federal and state income tax returns and other governmental filings, if any.

Section 4.2 Payment of Employees. Manager shall be entitled, pursuant to the provision and limitation of this Agreement, to withdraw from the Operating Accounts all wages,

salaries, employer-provided employee benefits and other compensation and benefits paid, payable, provided to, or with respect to Hotel employees; and Manager shall pay such compensation directly to such employees consistent with the approved Annual Plan.

ARTICLE V REPAIRS, MAINTENANCE AND CAPITAL IMPROVEMENTS

Section 5.1 Repairs and Maintenance. During the Term, or if applicable, any Term Extension, Manager, at the expense of Owner (with the estimated expense to be provided for in the approved Annual Plan), shall maintain the Hotel (other than such portions thereof as are leased to Owner approved tenants who undertake a duty of repair and maintenance) in good order and condition and make all repairs thereto as may be necessary to maintain and operate the Hotel in accordance with this Agreement, Legal Requirements, the Annual Plan and the Operating Standards.

Section 5.2 Capital Improvements. Manager shall notify Owner of the need for all Capital Improvements provided for in the approved Annual Plan then in effect, whereupon work in respect of such Capital Improvements will be commenced and completed by Owner in accordance with plans, schedules and specifications therefor approved by Owner. Manager shall, at no additional cost to Owner, provide coordination, supervision and assistance in the making of Capital Improvements.

Section 5.3 Ownership of Replacements. All changes, repairs, alterations, improvements, renewals or replacements of FF&E and Capital Improvements to the Hotel shall be the property of Owner.

ARTICLE VI ANNUAL PLAN, BOOKS, RECORDS AND REPORTS

Section 6.1 Annual Plan.

(a) At least seventy-five (75) days prior to the Management Commencement Date, and at least seventy-five (75) days prior before each subsequent Fiscal Year during the Term or any Term Extension hereof, Manager shall submit to Owner for Owner's written approval the Annual Plan for the following Fiscal Year.

(b) Owner shall give its written approval or disapproval of the Annual Plan not later than seventy-five (75) days after its submission to Owner by Manager.

(c) If Owner objects to all or any portion of such Annual Plan, then Owner shall notify Manager of the reasons for its objections, and Owner and Manager shall use commercially reasonable efforts to agree in respect of the items to which Owner objects.

(d) Owner and Manager agree that pending an agreement being reached between the Parties on any Annual Plan, the Hotel shall be operated at rates or levels of expenditures equal to those of the most recent Fiscal Year for which Owner has approved an Annual Plan, with

adjustments of rates and expenses for each major budgetary category contained in the Operating Budget and FF&E Budget (but without such increase in the Capital Expenditures Budget) in such Annual Plan.

(e) In addition to any changes in the FF&E Budget and/or Capital Expenditure Budget, if during the course of any Fiscal Year, Owner exercises any of its rights pursuant to this Agreement which causes a material change in operations of the Hotel (e.g. the elimination of a food service operation under Section 3.3), Manager shall prepare proposed revisions to the Operating Budget reflecting appropriate adjustments in revenues and/or expenses (upward or downward) which relate to such change in operations, which shall be subject to Owner's reasonable approval as provided in this Section 6.1.

Section 6.2 Books and Records: Operating Accounts.

(a) Manager shall keep full and adequate books of account and such other records as are necessary to reflect the results of operation of the Hotel. Such books of account shall be kept in all material respects in accordance with generally accepted accounting principles (consistently applied) and, to the extent consistent therewith, the Uniform System of Accounts (and generally in accordance with customary hospitality industry standards and practices). The books of account and all other records relating to, or reflecting the operation of, the Hotel (including, without limitation, books and records of Manager relating to the Hotel) shall be kept at the Hotel and shall be available to Owner and its representatives at all reasonable times for audit, examination, inspection and copying. Upon any termination of this Agreement, all of such books and records (or copies thereof), including, without limitation, all Hotel sales files, Hotel reservations lists and Hotel customer lists, shall be immediately turned over to Owner to insure the orderly continuance of the operation of the Hotel.

(b) Manager shall cause all funds advanced to the Hotel by Owner as working capital and all funds derived from the operation of the Hotel to be deposited in the Operating Accounts. Subject to the provisions of this Agreement and the approved Annual Plan, Manager shall have sole control of the Operating Accounts and Manager shall be entitled to pay out of the Operating Accounts all costs and expenses incurred in connection with the operation of the Hotel in accordance with this Agreement, wages, salaries, fringe benefits and other compensation and expenses relating to Hotel employees, all costs and expenditures which Manager is permitted or required to make pursuant to this Agreement, all fees, charges, reimbursements and other amounts due Manager under this Agreement and all other amounts required to perform Manager's obligations hereunder. Checks or other documents of withdrawal drawn upon the Operating Accounts shall be signed by representatives of Manager or Hotel employees designated by Manager. In addition to the Operating Accounts, Manager shall be entitled to maintain such funds in an in-house bank or in petty cash funds at the Hotel in accordance with the approved Annual Plan or as otherwise approved in writing by Owner. The Operating Accounts shall not be commingled with any other accounts of Manager.

Section 6.3 Reports. On or before the fifteenth (15th) day of each calendar month during the Term and any Term Extension, Manager shall deliver to Owner monthly unaudited financial statements prepared from the books of account maintained by Manager, consisting of a

balance sheet, a profit and loss statement and statement of cash flow for the Hotel for the preceding calendar month and the Fiscal Year to date, in each case in a standard form reasonably acceptable to Owner.

ARTICLE VII MANAGEMENT FEE, EXPENSE REIMBURSEMENT AND REMITTANCES TO OWNER

Section 7.1 Management Fee.

[To be determined]

Section 7.2 Expense Reimbursement. Owner shall be obligated to reimburse Manager for all Reimbursable Expenses incurred by it in connection with the performance of this Agreement. Manager shall be entitled to obtain payment of all such amounts out of the Operating Accounts or from Owner if no funds are available in the Operating Accounts.

Section 7.3 Remittances to Owner. On or before the twentieth (20th) day of each calendar month of each Fiscal Year, Manager shall remit to Owner all sums in the Operating Accounts in excess of the then working capital requirements of the Hotel, as approved by Owner.

ARTICLE VIII INSURANCE AND INDEMNITIES

Section 8.1 Insurance. Manager shall procure and maintain with responsible and properly licensed companies reasonably acceptable to Owner insurance in such amounts, written on such forms and covering such risks as shall be required by any Mortgagee or as required by Owner, including but not limited to the insurance for the Hotel described in *Exhibit B* to this Agreement. Owner reserves the right for Owner to procure and/or maintain any such insurance with responsible and properly licensed companies. All policies shall name Owner and Manager as insureds and shall contain a provision that the policies may not be cancelled, allowed to expire or amended without thirty (30) days' prior written notice to Owner, except in the case of non-payment of premium. Manager shall pay all applicable deductibles and/or self-insured retentions of any and all insurance policies obtained under this Agreement. Any and all insurance policies obtained under this Agreement shall be endorsed to be primary to any and all separate insurance policies maintained by Manager and/or its Affiliates. Such endorsements shall provide that any and all separate insurance policies maintained by Manager and/or its Affiliates shall be excess to and shall not contribute with any and all insurance policies obtained under this Agreement. Subject to the foregoing, Manager agrees that it will maintain, at its own expense, insurance in respect of its general corporate operations, in amounts and coverages set forth on *Exhibit C*.

In addition to the foregoing insurance requirements, Manager shall be obligated to procure and maintain so-called “**extended reporting period for claims**” coverages through special endorsements or otherwise for all insurance requirements set forth on *Exhibit B* to this Agreement (excluding any coverage for casualty) for a period of not less than twenty-four (24)

months following the expiration of or of the termination of this Agreement.

Section 8.2 Evidence of Insurance. Prior to the Management Commencement Date, Manager agrees to deliver to Owner evidence reasonably satisfactory to Owner that all insurance required to be maintained under this Agreement is in full force and effect. In addition, prior to the date on which any such insurance premiums must be paid to prevent delinquency thereof, Manager will deliver to Owner a statement or statements showing the amount of the premiums required to be paid, the name and mailing address of the Party to whom the same is payable and receipts reflecting that all such amounts have been fully paid.

Section 8.3 Investigation of Claims and Reports. As to any incident involving a third party liability claim in excess of \$5,000, Manager shall promptly investigate and, within Ten (10) days of such incident make a written report to Owner as to all accidents and claims for damage relating to the ownership, operation and maintenance of the Hotel. In the event of property damage to the Hotel in excess of \$5,000, Manager shall obtain the estimated cost of repair thereof, and shall prepare for the approval of Owner, any and all reports required by any insurance company in connection therewith. All such reports shall be promptly filed with the applicable insurance company. Manager shall adjust all losses within the deductible or self-insured retention of any and all applicable policies of insurance.

Section 8.4 Release of Claims/Subrogation. MANAGER RELEASES OWNER FROM ALL CLAIMS OR LIABILITIES FOR DAMAGE TO THE PROPERTY, DAMAGE TO OR LOSS OF PERSONAL PROPERTY WITHIN THE PROPERTY, AND LOSS OF BUSINESS OR REVENUES THAT ARE COVERED BY THE RELEASING PARTY'S PROPERTY INSURANCE OR THAT WOULD HAVE BEEN COVERED BY THE MANAGER'S INSURANCE REQUIRED INSURANCE IF MANAGER FAILS TO MAINTAIN THE PROPERTY COVERAGES REQUIRED BY THIS AGREEMENT. MANAGER WILL NOTIFY THE ISSUING PROPERTY INSURANCE COMPANIES OF THE RELEASE SET FORTH IN THIS SECTION AND WILL HAVE THE PROPERTY INSURANCE POLICIES ENDORSED, IF NECESSARY, TO PREVENT INVALIDATION OF COVERAGE. THIS RELEASE WILL NOT APPLY IF IT INVALIDATES THE PROPERTY INSURANCE COVERAGE OF THE RELEASING PARTY. THE RELEASE IN THIS PARAGRAPH WILL APPLY EVEN IF THE DAMAGE OR LOSS IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF THE RELEASED PARTY.

Section 8.5 Indemnities.

Manager agrees to indemnify and hold the Owner free and harmless from any loss, liability or cost (including legal fees and costs) not otherwise reimbursable from the proceeds of insurance which results from the negligence or willful misconduct of Manager or any of its agents or employees; provided, however, that Manager shall not be liable to indemnify and hold Owner harmless from any loss, liability or cost which results from the sole gross negligence, misconduct, action or inaction of the Owner or any partner, employee or agent thereof (except Manager).

**ARTICLE IX
DAMAGE AND CONDEMNATION**

Section 9.1 Damage or Destruction.

(a) If the Hotel shall be totally destroyed or substantially damaged by fire or other casualty, Owner or Manager may, within thirty (30) days after the occurrence of such event, give written notice to the other terminating this Agreement. For purposes of this Article IX, the Hotel shall be deemed to have been substantially damaged if the estimated cost of repairing such damage and restoring the Hotel shall exceed, in Owner's reasonable estimate, twenty five percent (25%) of the cost of replacing the Hotel by constructing, finishing and equipping a new Hotel substantially the same as the Hotel prior to such casualty.

(b) In the event of (i) any damage to the Hotel by fire or other casualty which does not amount to "substantial damage" as described in subsection (a) above, or (ii) the total destruction of or substantial damage to the Hotel and the failure of either Party to terminate this Agreement pursuant to subsection (a) above, then this Agreement shall not terminate, and Owner shall, at its own expense and in accordance with plans and specifications therefor developed by Manager and approved by Owner, promptly commence and expeditiously complete the Restoration.

**ARTICLE X
ASSIGNMENT AND TRANSFER**

Section 10.1 Assignment. Except as herein provided, Manager shall not assign, transfer or permit the assignment or transfer of its rights and obligations under this Agreement without the prior written consent of Owner. Owner shall have the unrestricted right to assign its rights under this Agreement or to sell the Hotel, whether through a conveyance of the Hotel or a conveyance of the direct or indirect equity interests in Owner, or otherwise. If, during the Term, the Hotel is sold by Owner and this Agreement is to be terminated upon the closing thereof, then Owner shall provide written notice of the termination of this Agreement to Manager not less than thirty (30) days prior to the anticipated date of closing of the sale of the Hotel. If, during the Term, the Hotel is sold by Owner, Owner may, at its option, assign all of its right, title and interest in this Agreement to the buyer and Manager shall have no right to terminate this Agreement as a result of such assignment.

Section 10.2 Binding Effect. Subject to the terms hereof, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**ARTICLE XI
DEFAULT AND TERMINATION**

Section 11.1 Events of Default.

(a) The following shall constitute events of default (each such event of default an “**Event of Default**”):

(i) The filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy law by Manager;

(ii) The consent to an involuntary petition in bankruptcy or the failure to vacate within sixty (60) days from the date of entry thereof any order approving an involuntary petition by Manager;

(iii) The entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating Manager as bankrupt or insolvent or approving a petition seeking reorganization or appointing a receiver, trustee or liquidator of all or a substantial part of such Manager's assets, and such order, judgment or decree shall continue unstayed and in effect for thirty (30) days after its entry;

(iv) The appointment of a receiver or trustee for all or any substantial portion of the property of Manager and the order, judgment or decree appointing any such receiver or trustee shall continue unstayed and in effect for thirty (30) days after its entry;

(v) The liquidation, termination or dissolution of Manager;

(vi) Any representation or warranty made in this Agreement by either Manager shall be false or misleading in any material respect on the date as of which it is made or deemed made;

(vii) Failure of Manager to make any payment or provide funds to or on behalf of the other Party in accordance with the terms hereof and the continuation of such failure for twenty (20) days after the date written notice of such failure is given; or

(viii) The failure of Manager to perform, keep or fulfill any of the other covenants, undertakings, obligations or conditions set forth in this Agreement, and the continuance of such default for a period of thirty (30) days after written notice is given by another Party specifying said failure.

(b) The following shall constitute events of default by Manager (each such event of default a “**Manager Event of Default**”):

(i) Any felony conviction, willful misconduct, gross negligence, or fraud of Manager (specifically excluding the Hotel's non-managerial employees), or any one or more of Manager's Corporate Employees or Executive Employees,

(ii) Failure by Manager (specifically excluding the Hotel's non-managerial employees), or any one or more of Manager's Corporate Employees and/or Executive Employees to use commercially reasonable efforts to cause the Hotel to comply with a Legal Requirement (to the extent Manager has not received written instructions from Owner to either contest or not comply with such Legal Requirement as provided for in this Agreement); or

(iii) If Manager shall fail to maintain and operate the Hotel in accordance with the Operating Standards required under this Agreement and shall continue for a period of thirty (30) days after written notice by Owner to Manager specifying the matters or conditions which constitute the basis for such Event of Default, provided that if such failure is incapable of cure within such thirty (30) day period and if Manager shall promptly, diligently and continuously pursue the cure thereof, then Manager shall have a period of thirty (30) days after notice thereof by Owner to Manager within which to effectuate the cure.

Section 11.2 Remedies.

Upon the occurrence of any Event of Default, in addition to and cumulative of any and all rights and remedies available to the non-defaulting Party under this Agreement, at law or in equity, excluding exemplary and punitive damages, the non-defaulting Party may give to the defaulting Party notice of intention to terminate this Agreement, whereupon this Agreement shall terminate upon the expiration of thirty (30) days after the giving of such notice (except as expressly provided in this Agreement). In no event shall Manager be entitled to any punitive or exemplary damages in connection with, or pursuant to any claim under this Agreement.

Upon the occurrence of any Manager Event of Default, in addition to and cumulative to any and all rights and remedies available to Owner under this Agreement, at law or in equity, excluding exemplary and punitive damages, Owner may give the Manager notice of its intention to terminate this Agreement, whereupon the Agreement shall terminate no earlier than ten (10) days or later than thirty (30) days following Manager's receipt of such.

Section 11.3 Default Interest. If either Party hereto shall fail to pay to the other Party hereto any sum payable when due hereunder, then such defaulting Party, following a written demand for payment by the non-defaulting Party, shall be liable to the non-defaulting Party for the payment of all such sums together with interest thereon at the Default Rate. The terms and provisions of this Section shall survive any termination of this Agreement for any reason whatsoever, including the expiration of the Term, and shall continue until all such amounts, together with interest thereon, are paid in full.

Section 11.4 Termination of Employees.

(a) In connection with any termination of this Agreement, Manager shall, unless otherwise requested in writing by Owner, give notice of termination of employment to all Hotel employees containing such information as is required by any applicable Legal Requirements. The notice to employees shall be given within ten (10) days after notice of termination is given. Manager agrees to take such actions as may be reasonably necessary to mitigate any loss, cost,

claim, liability or expense in connection with Hotel employees resulting from any termination of such employees. In addition to its obligation to pay all Hotel employee-related expenses during the Term hereof, Manager shall bear and be responsible for all costs of terminating such employees, including, without limitation, the costs of any related employee claims (such as wrongful termination claims) and of any applicable federal or state plant closing or similar laws (such as the WARN Act and any state law equivalent) and all amounts due to such employees in connection with the termination of this Agreement, including, without limitation, salaries, employee benefits, bonuses, accrued vacation pay and severance attributable to such employee's period of service at the Hotel.

(b) As soon as practicable after the execution of this Agreement, Manager shall prepare and submit to Owner for Owner's approval a severance policy for all Hotel employees (the "**Severance Policy**"). The Severance Policy may be modified from time to time upon Owner's approval in Owner's reasonable discretion; provided, however, that the Severance Policy shall at all times provide that no severance shall be payable to those individuals who accept employment with Owner, its Affiliate or a successor manager, at the time this Agreement is terminated, or who continue their employment with Manager or accept employment with Manager's Affiliates at the time this Agreement is terminated.

(c) With respect to responsibility for severance payments to any terminated Hotel employees (whether such employee is terminated as a result of the termination of this Agreement or otherwise in the ordinary course of the operations of the Hotel), Manager shall obtain Owner's prior written consent before agreeing to make or making severance payments to any terminated employee in an amount which exceeds the approved Severance Policy.

(d) In connection with any termination of this Agreement, Manager shall (i) permit Owner, and/or the successor manager, to meet with and conduct interviews, within thirty (30) days prior to the termination of this Agreement, of all Hotel employees (including, without limitation, the Executive Personnel); and (ii) subject to Manager's receipt of such authorizations from the employees in question as required by applicable laws, permit Owner (and/or the successor manager) to review and make copies of the personnel files of all Hotel employees (including, without limitation, the Executive Personnel).

Section 11.5 Termination Assistance. Upon the termination or expiration of this Agreement, Manager shall (a) assist Owner and the successor management company in a smooth and orderly transition in the management and operation of the Hotel in a manner consistent with past practice for day to day operations (Owner shall reimburse Manager for any costs and expenses incurred by Manager in connection therewith); (b) provide the successor management company with all Hotel information, including, without limitation, employee records (to the extent permitted by applicable law), Guest Data, Hotel sales records and tentative Hotel group and individual bookings whether maintained at the Hotel or at Manager's corporate office or elsewhere; provided, however that Manager shall not be required to provide the successor management company any proprietary or confidential information that is not related to the Hotel; (c) continue to operate the Hotel in a manner consistent with prior operations through the termination date, including, without limitation, marketing of the Hotel, soliciting advanced bookings and rendering individual and group marketing services through the termination date

regarding all confirmed and tentative advanced bookings for room sales and food and beverage sales in accordance with past practices, all of which shall be done in coordination with Owner or the successor management company; (d) surrender, assign, and transfer to Owner or its successors, without recourse, to the extent assignable and transferable, all of Manager's rights, titles and interest, if any, in or to all Governmental Permits including, without limitation, alcoholic beverage licenses and permits, relating specifically to the Hotel (or, if not assignable, terminate the same at Owner's request), and bank accounts, bank agreements and other similar instruments used in daily operation of the Hotel; (e) transfer to Owner the Operating Accounts and the Reserve; and (f) specifically identify all property Manager intends to remove from the Hotel.

Section 11.6 Survival. Article I and Article XII, Sections 3.9, 6.2(a), 8.5, 9, 11.1, 11.2, 11.3, 11.5 and any other Section that expressly provides for survival following termination of this Agreement shall survive the termination of this Agreement.

ARTICLE XII MISCELLANEOUS

Section 12.1 Use of Names. During the Term of this Agreement, the Hotel shall at all times be known and designated under such name as Owner and Manager may agree. Initially, the Hotel shall be known as "*The Inn at the Convention Center*".

Section 12.2 Representations. Each Party warrants and represents, with respect to itself, that the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate, partnership or limited liability company action (as the case may be) and are legal, valid and binding obligations of such Party, enforceable in accordance with the terms hereof, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights in general and subject to general principals of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and that neither the execution of this Agreement nor performance of the obligations contemplated hereby shall violate any Legal Requirement, result in or constitute a breach or default under any indenture, contract or other commitment or restriction to which it is a Party or by which it is bound, or require any consent, vote or approval which has not been obtained, or at the appropriate time shall not have been given or obtained. Each Party covenants that it has and will continue to have throughout the Term, and, if applicable, any Term Extension, full right and authority to enter into this Agreement and to perform its obligations hereunder and each Party agrees to supply to the other Party upon request evidence of such right and authority.

Section 12.3 Further Assurances. Manager will execute and acknowledge any and all agreements, contracts, leases, licenses, applications, verifications and such other additional instruments and documents in recordable form as may be reasonably requested by the Owner in order to carry out the intent of this Agreement and to perfect or give further assurances of any of the rights granted or provided for herein.

Section 12.4 Third Party Beneficiaries. This Agreement has been made and entered

into for the sole protection and benefit of the Manager and Owner and their respective Agreement authorized successors and assigns and no other person or entity shall have any right or action under this Agreement, except to the extent that certain persons are beneficiaries of the indemnities set forth in Section 8.5.

Section 12.5 Notices. All notices, approvals or consents provided for or permitted to be given pursuant to this Agreement must be in writing and shall be given or served by (a) depositing the same with a national overnight delivery service company which tracks deliveries, addressed to the Party to be notified, with all charges paid and proof of receipt requested; or (b) by delivering such notice, approval or consent in person to such Party. All notices, approvals and consents given in accordance with this Agreement shall be effective upon delivery at the address of the addressee. Each Party shall have the right from time to time to change its address by written notice to the other Party. All notices, approvals and consents to be given to the parties hereto shall be sent to or delivered to the following (unless otherwise notified in writing by Owner and Manager):

If to Manager: _____

If to Owner: Prosper Portland
Attn. _____
222 NW 5th Avenue
Portland, OR 97209

Section 12.6 Waiver. No consent or waiver, express or implied, by a Party to this Agreement to or of any breach or default by another Party in the performance of any obligations hereunder shall be deemed or construed to be consent or waiver to or of any other breach or default by such Party hereunder. Except as otherwise provided herein, failure on the part of any Party hereto to complain of any act or failure to act by another Party or to declare another Party in default hereunder, irrespective of how long such failure continues, shall not constitute a waiver of the rights of such Party hereunder.

Section 12.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall be construed as a single instrument.

Section 12.8 Construction. This Agreement shall be deemed drafted equally by each of the parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to articles, paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Unless the context clearly indicates to the contrary, (a) the plural includes the singular and the singular includes the plural; (b) “**and**” and “**or**” are each used both conjunctively and disjunctively; (c) “**any**”, “**all**”, “**each**”, or “**every**” means “**any and all**” and “**each and every**”;

(d) “**herein**”, “**hereof**”, “**hereunder**”, and other similar compounds of the word “**here**” refer to the entire Agreement and not to any particular article, paragraph, subparagraph, section or subsection; and (e) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the persons referred to may require.

Section 12.9 Person. The term “**person**” shall be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and governmental agency or subdivision, as the context shall require for purposes of this Agreement.

Section 12.10 Unenforceable Provisions. In the event any provision of this Agreement is declared or adjudged to be unenforceable or unlawful by any Governmental Authority, then such unenforceable or unlawful provision shall be excised herefrom, and the remainder of this Agreement, together with all rights and remedies granted thereby, shall continue and remain in full force and effect, so long as the change does not alter the economic benefits granted to the parties hereto.

Section 12.11 Cumulative Remedies. All rights, powers, remedies, benefits and privileges available under any provision of this Agreement to any Party hereunder are in addition to and cumulative of any and all rights, powers, remedies, benefits and privileges available to such Party under all other provisions of this Agreement, at law or in equity.

Section 12.12 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby. All prior negotiations, representations and agreements with respect thereto not incorporated in this Agreement are hereby canceled. This Agreement can be modified or amended only by a written document duly executed by the parties hereto or their duly appointed representatives.

Section 12.13 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Oregon.

Section 12.14 Exhibits. Exhibits referred to in this Agreement and attached hereto are incorporated herein in full by this reference as if each of such exhibits were set forth in the body of this Agreement and duly executed by the parties hereto.

Section 12.15 Estoppel Certificates. Manager agrees, at any time and from time to time, upon not less than fifteen (15) days' prior notice by Owner, to execute, acknowledge and deliver to Owner a statement in writing certifying (a) that this Agreement has not been modified and is in full force and effect or, if there have been modifications, (b) that the same is in full force and effect as modified and specifying the modifications, (c) whether or not to the best knowledge of the Party providing such certificate there exists any default of which such Party may have knowledge and (d) any additional information reasonably requested by Owner.

Section 12.16 Mortgage.

(a) Owner shall have the right to encumber its interest in the Hotel and/or the Hotel,

including, without limitation, the personal property located therein or used in the operation of the Hotel on such other terms determined by Owner in its Sole and Absolute Discretion without the approval of Manager, and to amend, modify and refinance any such encumbrance in its Sole and Absolute Discretion and without Manager's approval. Manager acknowledges that this Agreement is a contract for services which does not create any interest of Manager in the Hotel or a lien or encumbrance on the Hotel of any kind and does not run with the land.

(b) Manager will not unreasonably refuse to consent to any requested modifications or amendments to this Agreement if required by a proposed Mortgagee or ground lessor as a condition to making a mortgage loan to Owner on its interests in Hotel or entering into a ground lease, as the case may be, so long as such modification or amendment does not diminish the fees or reimbursements becoming due to Manager hereunder, and does not otherwise materially and adversely affect Manager's rights and interests under this Agreement.

(c) Manager acknowledges and agrees that Owner and Manager's rights and obligations hereunder shall be subject to the requirements of any Mortgagee or other unaffiliated third party lender regarding the Hotel and the Hotel, provided such requirements do not diminish the fees or reimbursements becoming due to Manager hereunder, and does not otherwise materially and adversely affect Manager's rights and interests under this Agreement. Subject to the foregoing, to the extent that any Mortgagee or other unaffiliated third party lender imposes restrictions on the Hotel and/or the Hotel or obligations upon Owner which are greater than those set forth in this Agreement, the terms and conditions of the loan documents with such Mortgagee or other lender (the "**Loan Documents**") shall control (provided that Owner shall have delivered reasonably detailed information and direction to Manager as to such restrictions, obligations or requirements) and, upon written notice from Owner as to the requirements thereof, Manager agrees to comply with those obligations under the Loan Documents which are within the scope of Manager's duties under this Agreement and to execute an amendment to this Agreement reflecting any such additional obligations or duties required by the Loan Documents.

Section 12.17 Dispute Resolution.

The Parties shall participate in mediation to resolve disputes before conducting litigation. The mediation shall occur at a reasonable time after the conclusion of the Agreement with a mediator jointly selected by the Parties. Notwithstanding any dispute under this Agreement, the Manager shall continue to perform its obligations under this Agreement pending resolution of a dispute, and Prosper Portland shall make payments as required by the Agreement for any undisputed portions of the work performed by Manager under this Agreement. In the event of litigation, no attorney fees are recoverable. No other dispute resolution paragraph(s) in this Agreement, or any attachment hereto, shall supersede or take precedence over this provision.

Section 12.18 Annual Appropriations. All amounts Owner is required to pay pursuant to this Agreement may be subject to annual appropriation by the City.

Section 12.19 Capital Expenditures. The parties acknowledge and agree that Capital Improvements on the Hotel are necessary for the Hotel to meet the Operating Standards. The Manager agrees to, in good faith, submit commercially reasonable Capital Expenditures Budgets.

The Owner agrees to, in good-faith, attempt to approve commercially reasonable Capital Expenditures Budgets submitted by Manager.

IN WITNESS WHEREOF, the Owner and Manager have executed this Agreement as of the date first set forth above.

****Signature blocks****

EXHIBIT A

EXHIBIT B

INSURANCE REQUIREMENTS

Owner, or Manager, solely as agent for Owner and with Owner's cooperation, will obtain from an issuing company reasonably acceptable to Owner the following insurance coverage's which name, as their interests may appear, Owner, Manager and all such other persons or entities as may be required by any contract or agreement by which the Owner or the Hotel is bound, as named insured:

1. An "all risk" policy insuring all real and personal property (on a replacement cost basis) and business interruption, including, without limitation, boiler and machinery coverage;
2. A comprehensive general liability policy and comprehensive automobile liability policy and blanket contractual coverage, insuring each insured, including Owner and Manager (as an additional named insured) against loss, cost, damage or liability for personal injury, bodily injury, death and property damage arising or resulting from the management and operation of the Hotel, including operations of independent contractors, with minimum limits of \$2,000,000 per person and per occurrence for personal injury, bodily injury or property damage, or all combined;
3. Fidelity and dishonesty coverage in such amounts not to exceed \$25,000 with a minimum coverage amount for theft of \$100,000;
4. Excess/umbrella insurance for excess liability coverage totaling not less than \$1,000,000; and,
5. Such other policies as may be required by a contract or agreement by which the Owner or the Hotel is bound or as Owner and Manager may agree.

In addition, Manager shall maintain, solely as agent for Owner and all at Owner's expense, the following additional coverages:

6. Workers' compensation, employer's liability insurance and similar policies in compliance with ORS 656.017;
7. Medical, dental and life insurance in accordance with Manager's existing policies for eligible employees;
8. Excess/umbrella insurance for excess liability coverage totaling not less than \$25,000,000, with Owner named as additional insured with respect to Manager's management of the Hotel; and,
9. If the professional liability coverage is provided on a “**claims made**” basis, Manager shall maintain either tail coverage or continuous “**claims made**” liability coverage for a

minimum of twenty-four (24) months following Manager's completion of this Agreement. Upon Owner's request, Manager shall provide certification of the tail coverage required herein.

The deductible or retention amounts for each such policy of insurance shall be reasonably acceptable to Owner. In all events, such coverages shall be maintained throughout the term of this Agreement and Owner or Manager, as appropriate, shall, upon a request by the other party, deliver certificates of such insurance, which certificates shall provide evidence of insurance in the amounts listed above and shall name the Owner, and Manager, as appropriate, as additional named insured as to the liability coverages. All certificates shall provide for thirty (30) days advance written notice to Owner of cancellation, termination, expiration or alteration of any policy.

EXHIBIT C

MANAGER INSURANCE

I. Commercial General Liability Policy with the following specifications and coverage included:

- A. \$2,000,000 per occurrence limit;
- B. Policy territory (limited worldwide);
- C. Bodily Injury and Hotel Damage coverage;
- D. Products Liability and Completed Operations coverage;
- E. Personal Injury coverage;
- F. Liquor Liability and Host Liquor Liability coverages;
- G. Blanket Contractual Liability coverage;
- H. Employee Benefits Liability coverage;
- I. Fire Legal Liability coverage;
- J. Innkeepers Liability coverage; and
- K. 60 day cancellation notice clause.

II. Commercial Auto Liability Policy

- A. \$1,000,000 per occurrence limit;
- B. Coverage on all vehicles owned, hired, and non-owned;
- C. Uninsured motorist; and
- D. All physical damage self-insured.

III. Umbrella/Excess Coverage

- A. \$25,000,000 limits; and
- B. Policy territory (limited worldwide).

IV. Workers' Compensation (statutory limit) subject to \$500,000. Specific retention each occurrence - Employee Liability with \$1,000,000 limit.

V. Crime Policy

- A. Fidelity/employee dishonesty with \$1,000,000 limit;
- B. Money and Securities on and off premises with \$1,000,000 limit;
- C. Depositors Forgery with \$1,000,000 limit; and
- D. Computer Theft and Funds Transfer fraud with \$1,000,000 limit.

VI. Hotel Insurance Policy to include the following specifications and coverages:

- A. Buildings, Contents, and Business Interruption on all risk; replacement cost basis, including earthquake and flood

- B. 90 day Cancellation notice clause
- C. No coinsurance clause
- D. Boiler and Machinery coverage included

VII. Employment practices coverage in an amount not less than \$1,000,000 per claim/aggregate.

APPENDIX C – PHOTOS OF BEFORE AND AFTER GUEST ROOMS

Bathroom - After



Bathroom - After



Queen Room - Before



Queen Room - After



King Room - Before



King Room - After



Credenza - Before

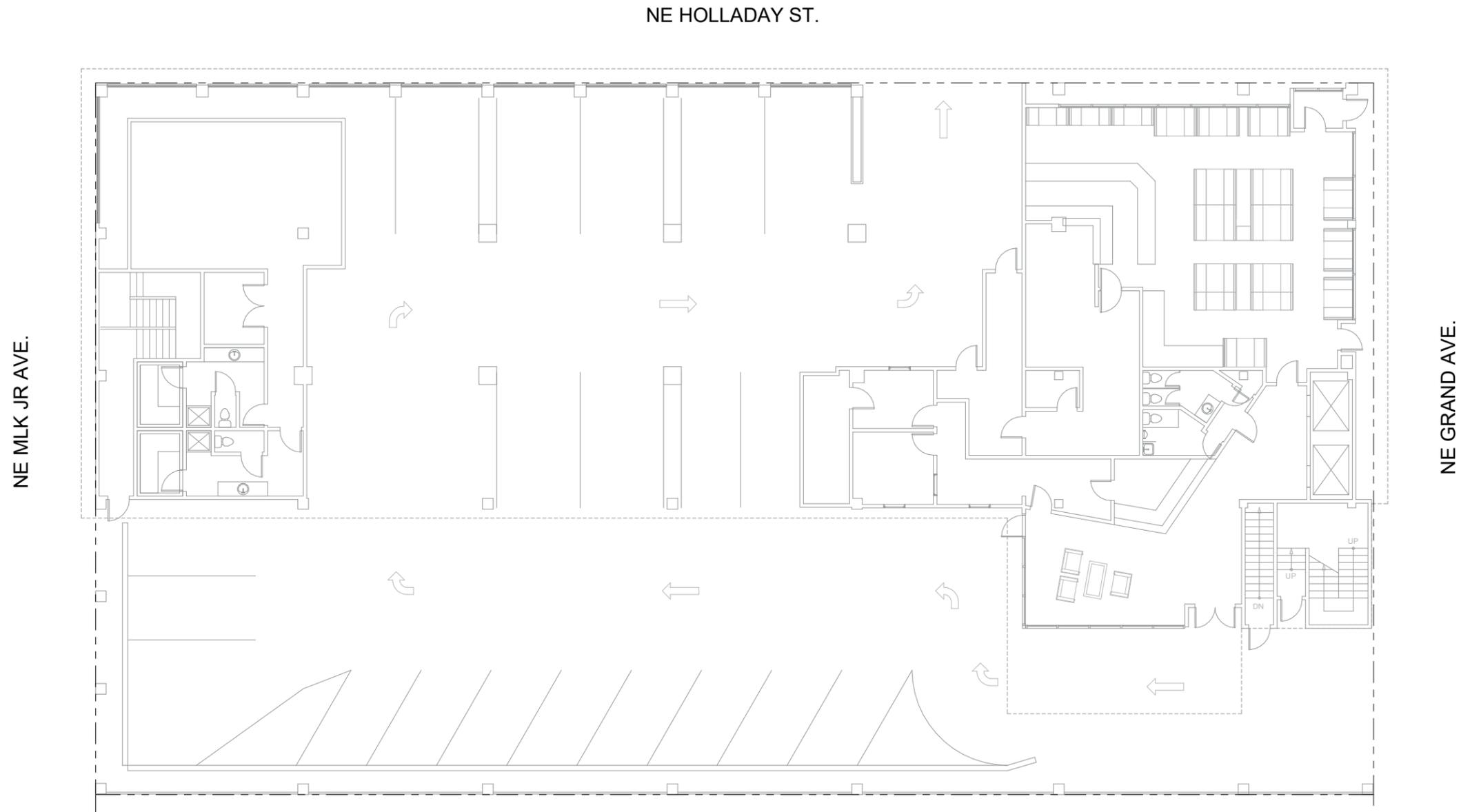


Credenza After



APPENDIX D – RENDERINGS OF FIRST FLOOR RENOVATION ALTERNATIVES

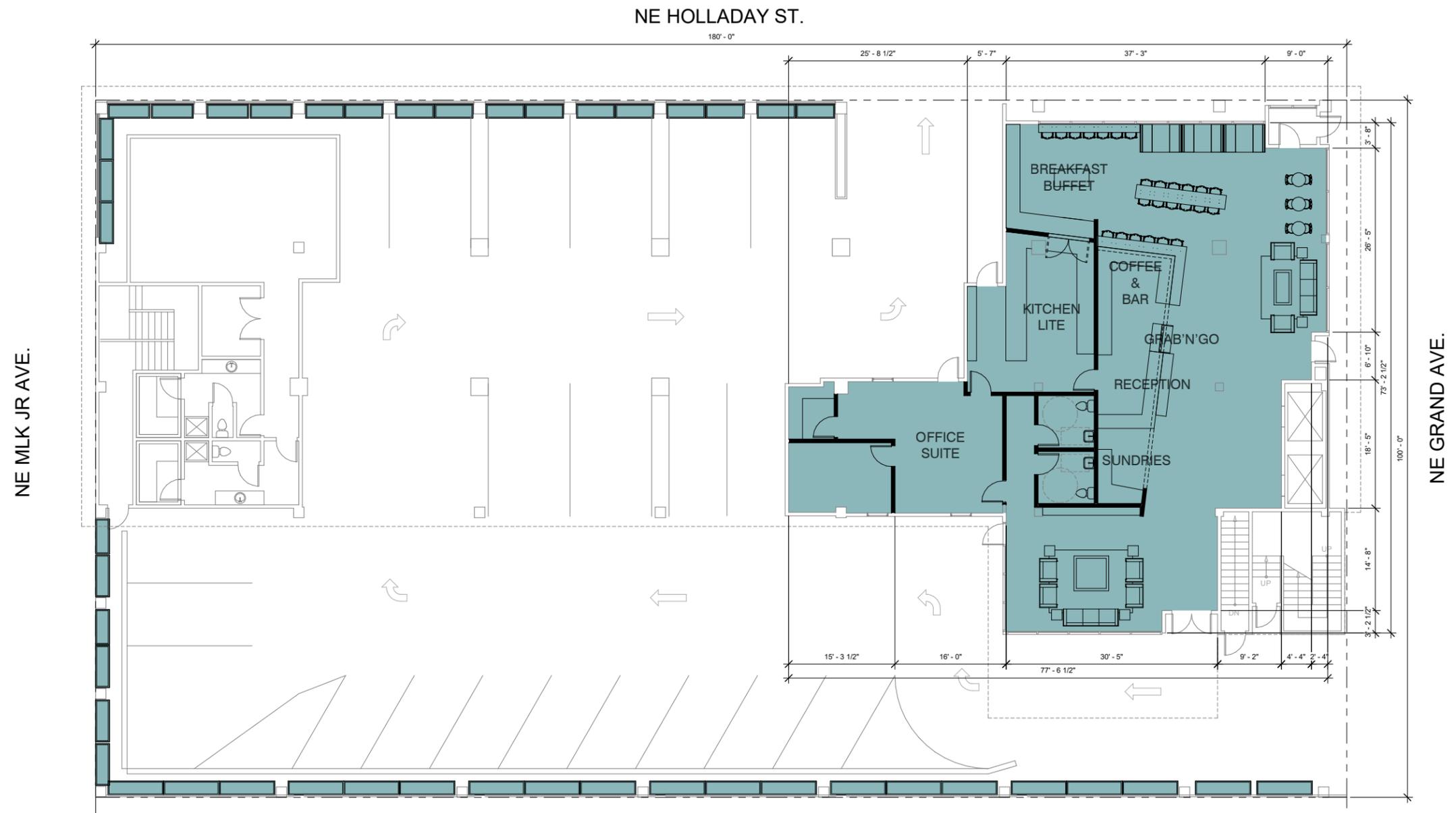
Appendix D; First Floor Renovation Plan



EXISTING PLAN

INN AT THE CONVENTION CENTER

- REMODELED LOBBY RESTROOMS
- REMODELED RECEPTION
- ADDED SUNDRIES
- ADDED SEATING AREAS
- REFINISHED FLOOR AND WALLS IN LOBBY
- NEW LIGHTING IN LOBBY
- DOWNSIZED KITCHEN
- 3 BOOTHS RETAINED & REFINISHED
- 3,540 SF INTERIOR REMODEL
- 600 SF PERIMETER PLANTERS
- 0 PARKING SPACES LOST



*DIMENSIONS SHOWN ARE APPROXIMATE. ALL DIMENSIONS TO BE VERIFIED IN THE FIELD.



NW CORNER

WOOD SCREENS \$\$\$-\$\$\$\$



NW CORNER



SE CORNER

LIVING GREEN WALL \$\$\$-\$\$\$\$

EXTERIOR STUDY VIEWS
INN AT THE CONVENTION CENTER

APPENDIX E – FORM OF FEE PROPOSAL AND COST OF TRANSITION

Base Management Fee

Describe your proposed fixed base fee.

Incentive Management Fee

Describe the structure for the calculation of incentive fees, the exact hurdles, profit sharing ratios, and any proposal for subordination/deferral of a portion of the management fee, including the amount of the base management fee to be subordinated and the terms of the subordination/deferral.

Project Management and Purchasing Fees

Describe your proposed fees and the structuring for any project management services provided as part of the renovation, and any purchasing fees associated with Respondent's involvement in Capital Expenditure item purchases.

Shared Services Fees

Describe any shared services fees including any policies on the sharing or retention of rebates and volume discounts.

Operator System-Reimbursement Expenses

Describe any proposed reimbursement for cost of centralized services, including but not limited to Revenue Management, central reservations, technology system maintenance, payroll, accounting, training and other programs.

Conversion Cost

Describe the pre-conversion payroll requirements you envision for the months after the award and before the turn-over, along with the costs of the acquisition and instillation of new property management system hardware, software and training.

Relocation Costs

Describe any personnel relocation costs.

APPENDIX F – KEY BUSINESS TERMS

Hotel Asset Management

Owner's current monthly fee of \$7,000 for Hotel Asset Management consulting services will be included as an expense of the Hotel after payment of base management fee and before payment of any incentive fee.

FF&E Replacement Reserves

A Furniture, fixtures and equipment replacement reserve of five (5) percent of gross revenue will be included as an expense of the Hotel after payment of base management fee and before payment of any incentive fee in years 1 through 3.

Working Capital Requirements

Indicate the amount of working capital reserves that will be retained for operations.

Termination for Performance

Confirm that Respondent acknowledges that, beginning at the start of the third operating year, Owner will not extend Agreement if:

- a) Net Cash Flow in any given year does not exceed 125% of the cash flow for owner and tenant distributions in the fiscal year ended June 30, 2018; or
- b) a minimum 95% RevPAR level compared to competitive set is not achieved, provided such event is not caused by an extraordinary event or default.

Area of Protection

Describe any proposed non-competition protection for the Hotel including geographic area, brands covered and length of the term.

No Violation of Geographic Restriction

Confirm that Respondent is not subject to any noncompetition restriction with another hotel in the Portland market.

Approval of Department Leaders

Confirm that Owner shall have the right to approval the General Manager and any Director level (or equivalent) position at the Hotel.

APPENDIX G. RESPONDENT CERTIFICATION

Each Respondent must complete and return this page with their proposal.
Failure to do so may be grounds for proposal rejection.

RFP #17-19 ICC HOTEL MANAGEMENT SERVICES

- 1. You acknowledge receipt of addenda number ____ through ____ or N/A.
- 2. If awarded an Agreement from this RFP, prior to Agreement execution, you agree to satisfy all Agreement compliance requirements listed in Section 5.6 of this RFP.
- 3. To the best of your knowledge, your firm is not in violation of any local, state or federal tax law.
- 4. You certify your proposal is genuine and not made in the interest of or on behalf of any undisclosed person, firm or corporation; you have not solicited or induced any person, firm, or corporation to refrain from proposing; and you have not sought by collusion or fraud to obtain any advantage over any other Respondent or over Prosper Portland.
- 5. You certify that a) your firm has no business or personal relationships with any other company or person that could be considered a conflict of interest to Prosper Portland; and b) the Key Personnel identified to perform work under an awarded Agreement and/or the principals of your firm do not have any business or personal relationships with any Prosper Portland officer or employee that is not clearly disclosed in your proposal.
- 6. The undersigned warrants that he/she is an authorized representative of the Respondent; has read, understands and agrees to be bound by all RFP instructions, work requirements, and Agreement terms and conditions contained herein (including all addenda issued for this RFP); that the information provided in your proposal is true and accurate; and that providing incorrect or incomplete information may be cause for proposal rejection or Agreement termination.

SIGNATURE BLOCK

Respondent’s Legal Business Name: _____

Signature: _____ Date of Proposal: _____

Printed Name & title: _____

Phone Number: _____ Email Address _____

Mailing Address: _____

Primary Point of Contact for this RFP (if different): _____

Phone Number: _____ Email Address _____