

**PORTLAND DEVELOPMENT COMMISSION**

Portland, Oregon

**RESOLUTION NO. 6962**

**AUTHORIZING THE SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH GROVE HOSTEL PROPERTY, LLC, TO EXTEND THE FINAL TERMINATION DATE BY 90 DAYS**

**WHEREAS**, as authorized by Resolution 6898, adopted by the Portland Development Commission (“PDC”) Board on July 27, 2011, PDC entered into an Agreement for the Disposition and Development of Property (the “DDA”) on August 18, 2011, with Grove Hostel Property, LLC (“GHP”), for renovation of the property located at W Burnside Street between NW 4<sup>th</sup> and NW 5<sup>th</sup> Avenues (the “Property”) in the River District Urban Renewal Area (the “Project”);

**WHEREAS**, to finance a portion of the costs of the Project, the DDA contemplates, on certain terms and conditions, a Commercial Property Redevelopment Loan from PDC to GHP in an amount not to exceed Two Million Four Hundred Sixty-Five Thousand and NO/100 Dollars (\$2,465,000) (the “Loan”);

**WHEREAS**, as a result of unanticipated increases in the projected costs of the Project, neither the conveyance of the Property nor the Loan to GHP have closed;

**WHEREAS**, in order to provide time for PDC and GHP to explore options for eliminating the budget gap, the Executive Director executed the First Amendment to the DDA, pursuant to Section 15.8.3 thereof, which extended the Final Termination Date of the DDA by 180 days, to September 30, 2012;

**WHEREAS**, PDC staff and GHP are finalizing a revised deal structure that will be submitted to the PDC Board for consideration before the end of the year; and

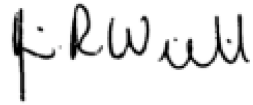
**WHEREAS**, to provide time for the Board to consider the revised deal structure, the DDA must be extended for 90 days.

**NOW, THEREFORE, BE IT RESOLVED**, that the Executive Director is hereby authorized to enter into a Second Amendment to Agreement for the Disposition and Development of Property for the property located at W Burnside Street between NW 4<sup>th</sup> and NW 5<sup>th</sup> Avenues in the River District Urban Renewal Area with Grove Hostel Property, LLC, substantially in the form attached hereto as Exhibit A (the “Second Amendment”);

**BE IT FURTHER RESOLVED**, that the Executive Director may revise the Second Amendment, either before or after execution, if the modifications do not, in the opinion of the Executive Director and the General Counsel, materially increase PDC’s obligations or risks; and

**BE IT FURTHER RESOLVED**, that this resolution shall become effective immediately upon its adoption.

**Adopted by Portland Development Commission on September 12, 2012**

A handwritten signature in black ink, appearing to read "G. Wiedrick". The signature is written in a cursive, somewhat stylized font.

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Gina Wiedrick, Recording Secretary

**Exhibit A**

**SECOND AMENDMENT TO AGREEMENT FOR DISPOSITION AND  
DEVELOPMENT OF PROPERTY**

This Second Amendment to Agreement for Disposition and Development of Property is made as of \_\_\_\_\_, 2012 (“Second Amendment”) between the City of Portland, a municipal corporation of the State of Oregon, acting by and through the Portland Development Commission, the duly designated urban renewal agency of the City of Portland (“PDC”), and Grove Hostel Property, LLC, an Oregon limited liability company (“Developer”). PDC and Developer are referred to jointly in this Second Amendment as “Parties” and individually as a “Party.”

**RECITALS**

1. PDC and Developer entered into that certain Agreement for Disposition and Development of Property dated August 18, 2011 (the “Original DDA”) pursuant to which PDC agreed, under certain terms and conditions, to sell certain real property to Developer, and Developer agreed, under certain terms and conditions, to purchase the property from PDC, and to renovate it to make it suitable for operation as a youth hostel (the “Original DDA”). A memorandum of the Original DDA was recorded on August 19, 2011 as Recording No. 2011-092309 in the real property records of Multnomah County.
2. PDC and Developer amended the Original DDA on March 27, 2012 to modify the Schedule of Performance and provide for early termination (the Original DDA as amended, the “Revised DDA”).
3. PDC and Developer now desire to amend the Revised DDA to extend the Schedule of Performance.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

## AGREEMENT

1. Schedule of Performance. The Schedule of Performance set forth in Exhibit E of the Revised DDA is hereby deleted in its entirety and replaced with the Schedule of Performance set forth in Exhibit E, attached hereto and incorporated herein by this reference.
2. Final Termination Date. Section 4.3 of the Revised DDA is hereby deleted in its entirety and replaced with the following new Section 4.3:

**4.3. Final Termination Date.** If all of the conditions precedent to the Closing set forth in this Section 4 have not been satisfied or waived by the later of (a) the date scheduled for Closing as set forth in the Schedule of Performance or (b) such later date, if any, designated pursuant to Section 4.2(c) or determined in accordance with Section 15.8, then this Agreement shall automatically terminate thirty (30) days after the later of the foregoing dates.

3. Except as expressly modified by this Second Amendment, the Parties agree and acknowledge that the Revised DDA is and remains in full force and effect and binding on the Parties.
4. This Second Amendment may be executed in several counterparts, all of which when taken together shall constitute one agreement binding on all Parties, notwithstanding that all parties are not signatories to the same counterpart. Each copy of this Second Amendment so executed shall constitute an original. This Second Amendment may not be modified except by a writing signed by the Parties.
5. Capitalized terms used but not defined in this Second Amendment shall have the meanings ascribed thereto in the Revised DDA.

IN WITNESS WHEREOF, the Parties hereto execute this Second Amendment effective as of the date first set forth above.

PDC:

CITY OF PORTLAND, a municipal corporation of the State of Oregon, acting by and through the PORTLAND DEVELOPMENT COMMISSION, the duly designated urban renewal agency of the City of Portland

By: \_\_\_\_\_

Patrick Quinton,  
Executive Director

APPROVED AS TO FORM:

\_\_\_\_\_  
PDC Attorney

DEVELOPER:

GROVE HOSTEL PROPERTY, LLC, an Oregon limited liability company

By: \_\_\_\_\_

David Gold, Manager

**EXHIBIT E**

**SCHEDULE OF PERFORMANCE**

**PRE - CLOSING**

<b>TASK</b>	<b>DUE DATE</b>
1. PDC records Memorandum of DDA	Complete
2. PDC records Memorandum of DDA Amendment	Within ten days after Effective Date
3. PDC to provide Preliminary Title Report to Developer - Section 2.6.1	Complete
4. Developer to submit to the City of Portland Bureau of Development Services, an application for Design Review Approval	Complete
5. Developer to provide 50% Design Development Drawings & Project Budget - Section 7.2.3 (a)	Complete
6. PDC to complete review of 50% Design Development Drawings & Project Budget	Complete
7. Developer to provide final Design Development Drawings & Project Budget - Section 7.2.3 (b)	Complete
8. PDC to complete review of final Design Development Drawings & Project Budget	Complete
9. Developer to provide 50% Construction Drawings and Technical Specifications & Project Budget - Section 7.2.3 (c)	Complete
10. PDC to complete review of 50% Construction Drawings and Technical Specifications & Project Budget	Complete
11. Developer to provide 90% Construction Drawings and Technical Specifications & Project Budget - Section 7.2.3 (d)	Complete
12. PDC to complete review of 90% Construction Drawings and Technical Specifications & Project Budget	October 15, 2012
13. Developer to provide Final Construction Drawings and Technical Specifications & Project Budget - Section 7.2.3 (e)	October 31, 2012
14. PDC to complete review of Final Construction Drawings and Technical Specifications & Project Budget	November 15, 2012
15. PDC to complete Phase I Environmental Site Assessment – Section 8.2	Complete
16. Developer to secure land use approvals and permits - Section 4.1.2 (ii); 4.1.4 (i)	November 30, 2012
17. Developer to secure building permits from BDS - Section 4.1.2 (i); 4.1.4 (i)	November 30, 2012
18. Developer to provide documentation of required financing - Section 4.1.4 (ii)	November 30, 2012
19. PDC to provide final form of Deed - Section 5.4	November 30, 2012
20. Developer to provide Organizational Documents, Certificate of Existence, and Authorizing Resolution - Section 4.1.4 (ii)	October 31, 2012
21. Developer to submit Final Project Budget - Section 4.1.4 (iii)	October 31, 2012
22. PDC to complete review of Final Project Budget - Section 4.1.4 (iii)	November 30, 2012

<b>TASK</b>	<b>DUE DATE</b>
23. Developer to provide LEED documentation - Section 4.1.4	November 30, 2012
24. Closing/Conveyance of Property to Developer - Section 5	November 30, 2012
25. Final Termination Date (if Closing does not occur by November 30, 2012) - Section 4.3	December 30, 2012

### **POST - CLOSING**

<b>TASK</b>	<b>DUE DATE</b>
1. Developer to commence construction	January 1, 2013
2. Developer to complete construction and secure Certificate of Occupancy for the Project - Section 7.9 (iii)	June 30, 2013
3. Developer to request PDC Certificate of Completion from PDC – Section 7.9	September 30, 2013
4. PDC to issue PDC Certificate of Completion (assuming compliance with DDA) - Section 7.9.1	October 31, 2013

**RESOLUTION NO. 6962**

**RESOLUTION TITLE:**

AUTHORIZING THE SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH GROVE HOSTEL PROPERTY, LLC, TO EXTEND THE FINAL TERMINATION DATE BY 90 DAYS


Adopted by the Portland Development Commission on September 12, 2012

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Scott Andrews	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Aneshka Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Steven Straus	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner Charles Wilhoite	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> <b>Consent Agenda</b> <span style="margin-left: 200px;"><input type="checkbox"/> <b>Regular Agenda</b></span>				

**CERTIFICATION**

**The undersigned hereby certifies that:**

*The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and as duly recorded in the official minutes of the meeting.*

	<p><b>Date:</b></p> <p style="text-align: center;">September 13, 2012</p>
<p><b>Gina Wiedrick, Recording Secretary</b></p>	