

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7032

AUTHORIZING THE ACQUISITION OF 511 NW BROADWAY LOCATED IN THE RIVER DISTRICT URBAN RENEWAL AREA; AUTHORIZING A BUILDING LEASE OF 511 NW BROADWAY TO PACIFIC NORTHWEST COLLEGE OF ART; AND AUTHORIZING BRIDGE AND LONG-TERM FINANCING TO PNCA HOLDINGS, LLC, IN THE AMOUNT UP TO \$20,320,000

WHEREAS the Pacific Northwest College of Art (“PNCA”) desires to use, for educational purposes, the building located at 511 NW Broadway, commonly known as the 511 Building (“Property”) and spend approximately \$31,500,000 to seismically upgrade and improve the Property for its use (“Project”);

WHEREAS, in order to use Historic Tax Credits for building renovation, the Portland Development Commission (“PDC”) is prepared to submit a Historic Monument Transfer Application (“Application”) to the U.S. General Services Administration (“GSA”) for the transfer of the 511 Building to PDC and lease the 511 Building to PNCA Holdings, LLC, for a minimal sum under an absolute triple net lease agreement;

WHEREAS, the GSA is prepared to transfer title of the Property for a minimal sum to the PDC upon receipt and approval of the Application;

WHEREAS, PNCA has requested bridge and long-term financing from PDC to be used for seismic and tenant improvements to the Property, and these activities further goals and actions set forth in the City of Portland Economic Development Strategy and 2010 PDC Strategic Plan including Strong Economic Growth and Competitiveness, Sustainability and Social Equity, and A Vibrant Central City; and

WHEREAS, the Property is located in the River District Urban Renewal Area and the PNCA occupancy of the Property will further the implementation of the River District Urban Renewal Plan by facilitating the rehabilitation of a historic building and by providing long-term stability, credibility, and activity to the district.

NOW, THEREFORE, BE IT RESOLVED, that the PDC Board of Commissioners (“Board”) hereby authorizes the Executive Director to submit to the GSA the Application substantially in the form attached hereto as Exhibit A, and upon GSA approval accept title to the Property;

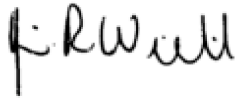
BE IT FURTHER RESOLVED, that the Board hereby authorizes the Executive Director to enter into a long-term absolute net building lease of the Property to PNCA Holdings, LLC, for a minimal sum under terms and conditions outlined in the attached Exhibit B;

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to prepare and execute such loan documents and agreements, subject to approval by PDC legal counsel and subsequent to underwriting approved by the PDC Financial Investment Committee, as are necessary or desirable to evidence and implement the bridge and long-term loans to PNCA Holdings, LLC, for the Project, in an amount not to exceed \$20,320,000 on terms and conditions consistent with those set forth in the attached Exhibit C;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the Application, building lease, and any related loan documents so long as such changes do not materially increase PDC's obligations or risks, as determined by the Executive Director in consultation with PDC's General Counsel; and

BE IT FURTHER RESOLVED, that this resolution shall become effective 30 days after its adoption.

Adopted by Portland Development Commission on November 13, 2013



Gina Wiedrick, Recording Secretary

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7032

EXHIBIT A

AUTHORIZING THE ACQUISITION OF 511 NW BROADWAY LOCATED IN THE RIVER DISTRICT URBAN RENEWAL AREA; AUTHORIZING A BUILDING LEASE OF 511 NW BROADWAY TO PACIFIC NORTHWEST COLLEGE OF ART; AND AUTHORIZING BRIDGE AND LONG-TERM FINANCING TO PNCA HOLDINGS, LLC, IN THE AMOUNT UP TO \$20,320,000

Exhibit A includes this cover page and contains 23 pages:

- Obtaining Real Property for Historic Monument Purposes: Application & Instructions



OBTAINING REAL PROPERTY FOR HISTORIC MONUMENT PURPOSES

APPLICATION & INSTRUCTIONS

Public Law 107-217

National Park Service
U.S. Department of the Interior





INTRODUCTION

The following information is designed to assist your completion of the *Application for Obtaining Real Property for Historic Monument Purposes*, under Public Law 107-217.

The Historic Monument or Historic Surplus Property Program is administered by the National Park Service (NPS), on behalf of the Secretary of the Interior, and the General Services Administration (GSA), the agency that identifies Federal historic properties to be transferred under this program. The program allows state, county and local governments to obtain Federal historic properties at no cost. To apply for such a property, an eligible governmental entity must complete the *Application for Obtaining Real Property for Historic Monument Purposes* (Application). The Application is reviewed and approved by the NPS, and sets forth terms and conditions that will be made a part of the deed conveying title to the property. As part of the approval, the NPS formally recommends to the GSA that the subject property be transferred. If it agrees with the recommendation, the GSA executes the transfer. A property conveyed under this program must be used in accordance with the terms of the transfer in perpetuity, and the NPS is responsible for monitoring the property to ensure that it is maintained and protected.

Application Highlights

Section I—Request for Property:

- Includes terms and conditions for conveyance of the property.
- Person having legal responsibility and/or authority to submit the Application and carry out the conditions of a deed must sign in the space following the conditions.
- “Approved by the Secretary of the Interior” statement will be completed by the NPS once it has reviewed and approved the Application; “Accepted by the Administrator of General Services” statement will be completed by the GSA, signifying concurrence with the NPS’ approval and recommendation for historic monument conveyance.

Section II—Program of Preservation and Utilization:

- Includes three sections: “Preservation Plan” (Item #8), “Use Plan” (Item #9), and “Financial Plan” (Item #10).
- All proposed changes to properties being transferred under this program must be described in the “Preservation Plan” and must be in conformance with the Secretary of the Interior’s *Standards for the Treatment of Historic Properties* (typically, the *Standards for Rehabilitation*, one of four sets of treatment standards, would be the most applicable). For more information on the Standards, please go to <http://www.cr.nps.gov/hps/tps>, “Featured Links.”
- Included at the end is the format for a resolution or certificate of authority identifying and certifying that the officials and Applicant are legally authorized to make an Application for the property.

General tips on preparing and submitting the Application:

- Consult with the appropriate regional office of the NPS early in the process of developing the Application. Current contact information (program staff, telephone numbers and addresses) for the NPS regional offices is available online at http://www.cr.nps.gov/hps/tps/hsp_p.htm.
- The Application need not be bound, put in a binder, or otherwise elaborately packaged.
- Use of the electronic form requires software compatible with AdobeReader 7.0 and above. Attach additional sheets if necessary should you run out of space.
- Photographs must be: original 35mm (NOT Polaroid or printed digital images) photographic prints; clear depictions of the subject in color or black-and-white format; adequately labeled.
- Submit one (1) original and three (3) copies of this completed Application to the appropriate NPS regional office as noted on page three - do NOT submit any application materials directly to GSA (NPS will retain the one original Application and a copy of the deed in its files, and forward the three copies of the Application to GSA for their purposes).



SECTION I - REQUEST FOR PROPERTY

To: General Services Administration
Address: _____

City: _____
State: _____ Zip: _____

Through: National Park Service
Name: Hank Florence
Address: _____

City: _____
State: _____ Zip: _____

GSA Control Number: _____

The undersigned, Portland Development Commission, hereinafter referred to as the Applicant or Grantee, acting by and through Patrick Quinton at 222 NW 5th Avenue, Portland, OR 97209 of the Portland Development Commission, hereby applies for the conveyance, without monetary consideration, for use for historic monument purposes, from the United States of America pursuant to 40 U.S.C. 550(h), and in accordance with the rules and regulations of the General Services Administration, the following described property:

The Federal Building at 511 NW Broadway, Portland, OR 97209. The national register id number is 79002143.

This property is more fully described in the "Program of Preservation and Utilization," attached hereto and made a part hereof. Enclosed herewith is a resolution or certification as to the authority of the undersigned to execute this Application and to do all other acts necessary to consummate the transaction.

The undersigned agrees that this Application is made subject to the following terms and conditions:

1. This Application, as approved by the Secretary of the Interior (Secretary) and as accepted by the Administrator of General Services (Administrator), shall constitute the entire agreement among the Applicant, the Secretary, and the Administrator, unless modified in writing by the three parties.
2. The descriptions of the property set forth above are believed to be correct, but any error or omission shall not constitute ground or reason for nonperformance of the agreement resulting from the acceptance of this Application.
3. It is understood that the property is to be conveyed "As Is" and "Where Is" without representation, warranty, or guaranty as to quantity, quality, character, condition, size or kind, or that the same is in condition or fit to be used for the purpose intended, and no claim for any adjustments upon such grounds will be considered after this Application has been accepted.
4. The Applicant agrees to assume possession of the property within 15 days of any written request given by the Administrator after acceptance of this Application. Should the Applicant fail to take actual possession within such period, it shall nonetheless be charged with constructive possession commencing at 12:01 a.m., local time, of the 16th day after such request by the Administrator. The word "possession" shall mean either actual physical possession or constructive possession.
5. As of the date of assumption of possession of the property, or the date of conveyance, whichever occurs first, the Applicant shall assume responsibility for any general and special real and personal property taxes which may have been or may be assessed on the property, and shall pay its part of the pro-ration of any sums paid, or due to be paid by the Federal Government in lieu of taxes.



6. As of the date of assumption of possession of the property, or the date of conveyance, whichever occurs first, the Applicant shall assume responsibility for care and handling and all risks of loss or damage to the property and have all obligations and liabilities of ownership.
7. In support of eligibility to acquire the property for historic monument purposes, the undersigned submits a proposal entitled "Program of Preservation and Utilization" attached hereto. All proposed changes to the property must be described in the "Program of Preservation and Utilization" and must be in conformance with the Secretary of the Interior's *Standards for the Treatment of Historic Properties* (typically, the *Standards for Rehabilitation* would be the most applicable set of treatment standards). The "Program of Preservation and Utilization" may be amended from time to time at the request of either the Applicant or the Secretary, with the written concurrence of the other party. Such amendments will be added to, and become a part of, the original "Program of Preservation and Utilization." The National Park Service, as part of reviewing any amendments on behalf of the Secretary, is required to comply with Section 106 of the National Historic Preservation Act, as amended, and the National Environmental Policy Act, as amended. The Applicant agrees that it will furnish such data, maps, reports, and information as may be requested by the Secretary to comply with these laws, and any other laws, as required.
8. Conveyance of the Property shall be accomplished by an instrument, or instruments, in form satisfactory to the Administrator, without warranty, express or implied, and shall contain covenants, reservations, restrictions, and conditions substantially as follows:
 - a. That the Grantee shall forever use the property in accordance with its Application and the approved program attached thereto entitled "Program of Preservation and Utilization."
 - b. Other than as provided for in the approved "Program of Preservation and Utilization" (a) above, the property shall not be sold, leased, assigned, or otherwise disposed of, except to another eligible government agency that the Secretary is satisfied can assure the continued use and maintenance of the property for historic monument purposes. The assurance of the Secretary must be obtained prior to the execution of any agreement and must be in writing. The Grantee may, however, enter into lease agreements with any individual or entity if the lease agreement is compatible with the approved program (a) above, and provided the prior concurrence of the Secretary, or his/her designee, is obtained in writing prior to the execution of such agreements. Any lessee who develops or rehabilitates the property on behalf of the Grantee shall also be required to provide the same information for the Biennial Reports as the Grantee (see 8.c below).
 - c. The Grantee shall prepare Biennial Reports setting forth the use made of the property during the preceding two-year period, and submit them to the Secretary at:

(Please Note: Guidelines for the preparation of Biennial Reports are available from the National Park Service regional office.) If the Administrator has authorized revenue-producing activities, based on the recommendation of the Secretary, then the Grantee shall file with the Secretary at the same address every two years the following reports:

- 1) Financial Report. The Financial Report shall include the following:
 - a) Statement of income from all sources during the reporting period.
 - b) Statement of expenses classified according to the following categories:
 - i) repair, rehabilitation, and restoration costs;
 - ii) recurring maintenance requirements costs; and
 - iii) administration and operations costs.
 - c) Statement of disposition of excess income.

The Financial Report will cover two accounting years, whether fiscal or calendar, as mutually agreed by the Grantee and the Secretary and will be submitted within 90 days after the close of the accounting year.



- 2) Audit Report. The Audit Report will consist of a report produced by an independent audit firm summarizing the results of the biennial audit in sufficient detail to disclose the financial position of the Grantee validity of the accounting procedures. The Secretary shall have the right, at his/her discretion, to audit such financial records, to examine such other records, and to inspect such portions of the granted property as may, in his/her judgment, be necessary to safeguard the interests of the U.S.
- d. Title to the property transferred shall revert to the United States at its option in the event of noncompliance with any of the terms and conditions of disposal.
9. Any title evidence which may be desired by the Applicant shall be procured by the Applicant at its sole cost and expense. The Federal Government shall, however, cooperate with the Applicant or its authorized agent in this connection, and shall permit examination and inspection of such deeds, abstracts, affidavits of title, judgments in condemnation proceedings, or other documents relating to the title of the premises and property involved, as it may have available. It is understood that the Federal Government shall not be obligated to pay for any expense incurred in connection with title matters or survey of the property.
10. The Applicant shall pay all taxes imposed on this transaction and shall obtain at its own expense and affix to all instruments of conveyance and security documents such revenue and documentary stamps as may be required by Federal and local law. All instruments of conveyance and security documents shall be placed on record in the manner prescribed by local recording statutes at the Applicant's expense.
11. The approved Applicant covenants and agrees for itself, its successors and assigns, to be subject in all respects to all Federal laws and regulations relating to nondiscrimination in connection with any use, operation, program, or activity on or related to the property requested in this Application, including but not limited to:
- a. All requirements imposed by or pursuant to the regulations of the U.S. Department of the Interior (43 C.F.R. Part 17);
 - b. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d-1), which prohibits discrimination on the basis of race, color, or national origin;
 - c. The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.), which prohibits discrimination on the basis of age;
 - d. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability;
 - e. The Architectural Barriers Act of 1968, as amended (42 U.S.C. § 4151), which requires facilities located on the property to be accessible to the physically disabled; and
 - f. The Americans With Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.), which requires that no otherwise qualified disabled individual shall, solely by reason of his or her disability, be excluded from the participation in, be denied benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance.

The Applicant shall promptly take and continue to take such actions as may be necessary to comply with this condition. The United States shall have the right to seek judicial enforcement of this condition.

12. The Grantee shall, within a period of six months from the date of the signing of the Deed of Conveyance, erect and maintain a sign of compatible scale and materials near the principal access to the property stating that: "The (name of building/property) was acquired by (local government entity) from the Federal Government through the General Services Administration as Historic Surplus Property on (date). This public benefit program is administered by the National Park Service, U.S. Department of the Interior." Additional information may also be included, such as names of local officials, etc. This sign shall be maintained in perpetuity. A temporary sign may be erected during any rehabilitation work. The final design and text of the sign must be included in the "Program of Preservation and Utilization."



SIGNED BY APPLICANT

Signed in acceptance of the foregoing conditions this ____ day of _____, 20____.

By:

Authorized Official's Signature

Patrick Quinton

Name – printed

Executive Director, Portland Development Commission

Title

222 NW 5th Avenue

Address of Applicant

Portland, OR 97209

City, State, Zip



This page is for official Government use only.

APPROVED BY THE SECRETARY OF THE INTERIOR

Application approved and property recommended for historic monument conveyance by and on behalf of the Secretary of the Interior this ____ day of _____, 20____.

NATIONAL PARK SERVICE

By: _____
Signature

Name – printed

Title

ACCEPTED BY THE ADMINISTRATOR OF GENERAL SERVICES

Recommendation of the Secretary of the Interior accepted by and on behalf of the Administrator of General Services this ____ day of _____, 20____.

GENERAL SERVICES ADMINISTRATION

By: _____
Signature

Name – printed

Title

This page is for official Government use only.



SECTION II - PROGRAM OF PRESERVATION & UTILIZATION

1) APPLICANT:

1a. Name of Agency: Portland Development Commission
 1b. Agency Representative: _____
 1c. Agency Street Address: 222 NW 5th Avenue
 1d. City: Portland 1e. State: OR 1f. Zip Code: 97209 1g. Day telephone: _____

2) PROPERTY:

2a. Name of Property: The Federal Building
 2b. Street address: 511 NW Broadway
 2c. City: Portland 2d. County: MULTnomah 2e. State: OR 2f. Zip Code: 97209
 2g. Name of historic district, if applicable: n/a

2h. Include as part of the Application a copy of the National Register nomination form or Determination of Eligibility, obtainable from the State Historic Preservation Officer or from the National Register of Historic Places, National Park Service, 1849 C Street, NW (Org. Code 2280), Washington, DC 20240-0001.

Check all applicable designations:

Local listing Certified Local Government State listing

National Register Listed National Register Eligible

Project Seeking the Federal Historic Rehabilitation Tax Credit
(Note: Checking this box directs the NPS Regional Office reviewing this Historic Monument Application to coordinate the review with that of the NPS Washington, D.C. office which administers the Federal Historic Rehabilitation Tax Credit Program.)

Number of Resources within Property
(in accordance with the National Register classification system)

	Contributing	Non-contributing
Buildings	1	
Sites		
Structures		
Objects		
TOTAL	1	0

(Note: Although the applicable National Register Nomination or Determination of Eligibility may provide this kind of information, always consult with NPS to ensure that the classifications and the counts are current.)



3) DESCRIPTION OF PROPERTY:

3a. Acreage:

40,400 square feet (0.93 acres)

3b. Legal Description:

This can be in metes and bounds, rectangular or cadastral survey. If the information is not available from the granting Federal agency, you must survey the property when the National Park Service is assured that you will be the recipient. In such event, the legal description and plot may be submitted subsequent to the Application

3c. Map:

Attach a plot map showing the property boundary, contributing and noncontributing resources (buildings, sites, structures, objects—refer to 2h above), street plan, and other features (topographic features, vegetation, landscaping, water features, etc.) important in understanding the property.

4) NARRATIVE DESCRIPTION:

Provide a written description of all important historic resources and natural features identified in the plot map, above. This includes contributing resources (buildings, sites, structures, objects—refer to 2h above) vegetation, landscape features, etc. Include building number, designations such as "Barracks," "Water tower," etc, and give dimensions and floor area.

SEE ATTACHED



5) UTILITIES:

N/A

6) RELATED PERSONAL PROPERTY:

At the west and east arched entries, there are large, original hanging bronze lanterns.

7) SIGNIFICANCE

Describe the significance of the property in American history, archeology, architecture, or culture, referencing the National Register nomination, or the Determination of Eligibility.

SEE ATTACHED.



8) PRESERVATION PLAN:

All work must be done in accordance with the Secretary of the Interior's *Standards for the Treatment of Historic Properties* (typically, the *Standards for Rehabilitation* would be the most applicable set of treatment standards). The *Standards* are available at <http://www.cr.nps.gov/tps>, under "Featured Links."

Using the outline format below, describe the proposed work on a feature-by-feature or work-item basis (examples of architectural/landscape features or work items include: formal garden, new landscaping, new parking area, roof, windows, porch, exterior siding, foundation, interior trim, interior plaster, floor plan/interior partitions, HVAC system, etc.). Begin by describing site work, including new construction and parking, followed by work on the exterior and finally work on the interior. A separate outline description should be used to detail each work item and its effect on architectural/landscape features or interior spaces. Under item "8D," explain in detail the work to be undertaken and describe the effect (visual, structural, or other) on the existing feature. This should include the impact of any modern modifications or utilities on the existing feature. For archeological areas, describe necessary security and maintenance to stabilize the site, control vegetal growth, or avoid damage.

Numbered photographs and drawings are essential components of the Preservation Plan. Applicable photograph and drawing numbers should be referenced under "8E" and "8F" of each outline description or work item. The submitted photographs must be 35 mm color or black and white prints and they must document the existing/ pre-project condition of the site, the exterior elevations of the building(s), and the interior. Interior elements to be documented include major spaces and detailing, such as decorative plasterwork and wainscoting.

Existing conditions may be shown by original construction drawings that include subsequent modifications, by current record drawings, or by newly prepared measured drawings. Major planned alterations or new construction must be shown on appropriate drawings (e.g., site plans, elevations, floor plans, sections). While detailed plans and specifications may not be necessary if the project is simple in scope, it must be clear from the submitted documentation that the Applicant has fully recognized areas of historic significance and will plan proposed work to minimize the impact on these significant areas.

ARCHITECTURAL/LANDSCAPE FEATURES

For each architectural or landscape feature where work is proposed, use the following format to describe the existing condition and the proposed work. Attach additional sheets/pages as necessary continuing the alphabetical format until every feature slated for work is described.

Feature A: see attached for preservation plan and description of work on all features

8a. Approximate date of construction:

8b. Approximate date(s) of alterations:

8c. Description and condition:

8d. Proposed work and impact on the feature:

8e. Photo number(s):

8f. Drawing number(s):



Feature B:

8a. Approximate date of construction:

8b. Approximate date(s) of alterations:

8c. Description and condition of Feature B:

8d. Proposed work and impact on the feature:

8e. Photo number(s):

8f. Drawing number(s):

Feature C: _____

8a. Approximate date of construction:

8b. Approximate date(s) of alterations:

8c. Description and condition of Feature C:

8d. Proposed work and impact on the feature:

8e. Photo number(s):

8f. Drawing number(s):



9) USE PLAN:

Describe in detail the planned utilization and exhibition of the historic site. Differentiate between public-use activities and revenue-producing activities. Identify any portions of the property to which public access will be denied or restricted. Establish the suitability of the property for the proposed uses and the compatibility of the proposed revenue producing activities with the historical and/or architectural character of the property.

SEE ATTACHED.

10) FINANCIAL PLAN:

10a. Analysis of projected income from all sources:

Upon transfer of the 511 Broadway building to PDC, PDC will enter into a long-term lease for the entire building with Pacific Northwest College of Art (see attached lease agreement). The lease agreement includes payment to PDC of \$1 per year for the term of the lease, and stipulates that PNCA is responsible for maintenance, administration and operation of the building at no cost to PDC.

10b. Analysis of projected expenses for:

i) Repair, rehabilitation and restoration (if work will be phased, briefly describe each phase, indicate the corresponding time schedule, and group projected expenses by phase):

See attached construction budget for the project. The rehabilitation phase will be completed in a single phase of work.

ii) Recurring maintenance requirements:

PNCA will be obligated to pay all costs to maintain the building. PDC will review and approve PNCA's annual operating budget, including projected annual maintenance and capital line items, as part of the lease arrangement. Year One Maintenance Expenses are estimated at:

iii) Administration and operation:

Under the long-term lease agreement, PNCA will be responsible for all costs associated with the administration and operation of the 511 Building.

[PNCA to provide budget for administration and operation of the building]



10c. Provisions for disposition of excess income:

The law requires that all income in excess of costs for repair, rehabilitation, restoration and maintenance shall be used by the Grantee only for public historic preservation, or park or recreational purposes (when all preservation needs have been adequately addressed). A reasonable amount of any excess proceeds may be carried forward from year to year to meet such costs. Any lessee who develops or rehabilitates the property on behalf of the Grantee shall be held to the same requirements for excess income.

PNCA will be the lessee who develops, rehabilitates, occupies and operates the property on behalf of PDC. The operation and maintenance of the 511 Building will be one component of PNCA's costs to operate its academic programs, and as such, PNCA does not anticipate that it will have any excess income associated with this project; rather, it will budget appropriate sources of revenue to support the operation and maintenance of the building per the lease agreement.

10d. Description of accounting and financial procedures:

These must include provision for an independent audit every two years, the cost to be borne by the Grantee, and for an Audit Report based thereon to be submitted every two years, together with a Financial Report, to the Secretary of the Interior.

PDC will require PNCA to bear the costs of preparing an independent audit for the building every two years, in accordance with the requirements of the Secretary of the Interior.

11) CAPABILITY:

Give a full statement of legal authority and ability to finance, operate, and maintain the property. Furnish complete information about the adequacy of staff to be made available to develop and operate the project and the Applicant's qualifications for the development and operation of historic property.

[To be provided]



12) RESOLUTION:

*The resolution form on the following page has been provided for your use.
If you do not use this form, you must ensure that, at a minimum, the resolution contains the following:*

- 12a. Identification of the name, location, GSA control number and acreage of the property for which you are applying;
- 12b. An authorization of the Application for and acquisition of the specified property for historic monument purposes;
- 12c. A designation by title of a specific official to act as the authorized representative in all matters pertaining to the transfer of the property;
- 12d. A statement that the Application is being made for acquisition of the property under the provisions of 40 U.S.C. 550(h), and regulations and procedures promulgated thereunder;
- 12e. Where applicable, certification that the Applicant is authorized, willing, and able to conduct compatible revenue-producing activities, and that regardless of any revenues derived from such activities, the Applicant is financially able to utilize said property for historic monument purposes as set forth in its "Program of Preservation and Utilization" and in accordance with the requirements of 40 U.S.C. 550(h) and regulations and procedures promulgated thereunder;
- 12f. Where applicable, certification that any income in excess of costs of repair, rehabilitation, restoration, and maintenance shall be used by the Applicant only for public historic preservation, park or recreational purposes as enunciated in the "Program of Preservation and Utilization";
- 12g. Certification that the Applicant is willing and authorized to pay the administrative expenses incident to the transfer; and
- 12h. Certification that the Applicant is authorized, willing, and in a position to assume immediate care and maintenance of the property.



RESOLUTION/CERTIFICATE OF AUTHORITY (SAMPLE FORMAT)

Whereas, certain real property owned by the United States, located in the County of Multnomah, State of OR has been declared surplus and at the discretion of the Administrator of General Services (Administrator), may be conveyed for historic monument purposes to a State, political subdivision, instrumentalities thereof, or municipality, under the provisions of 40 U.S.C. 550(h), and rules and regulations promulgated pursuant thereto, more particularly described as follows: The Federal Building

511 NW Broadway Portland, (acreage of property requested)

GSA control number _____.

Whereas, [Legal name of Applicant] needs and will utilize said property in perpetuity for historic monument purposes as set forth in its Application and in accordance with the requirements of 40 U.S.C. 550(h) and the rules and regulations promulgated thereunder; and

Whereas, the Applicant is authorized, willing and able to conduct compatible revenue-producing activities, and that regardless of any revenues derived from such activities, Applicant is financially able to utilize said property for historic monument purposes as set forth in its "Program of Preservation and Utilization" and in accordance with the requirements of 40 U.S.C. 550(h) and regulations and procedures promulgated thereunder; and

Whereas, the Applicant agrees that any income in excess of costs of repair, rehabilitation, restoration and maintenance shall be used by the Applicant only for public historic preservation, park or recreational purposes as enunciated in its "Program of Preservation and Utilization";

Now, Therefore, Be It Resolved, that [Legal name of Applicant] shall make Application to the Administrator for and secure the transfer to it of the above-mentioned property for said use upon and subject to such exceptions, reservation, terms, covenants, agreements, conditions, and restrictions as the Secretary of the Interior, and the Administrator, or their authorized representatives, may require in connection with the disposal of said property under 40 U.S.C. 550(h) and the rules and regulations issued pursuant thereto; and Be It Further Resolved that [Legal name of Applicant] has legal authority, is willing, and is in a position to assume immediate care and maintenance of the property, and that Patrick Quinton, [title(s) of authorized official(s)] be and he/she is hereby authorized, for and on behalf of the [Legal name of Applicant] to do and perform any and all acts and things which may be necessary to carry out the foregoing resolution, including the preparing, making, and filing of plans, Applications, reports, and other documents; the execution, acceptance, delivery, and recordation of reports, and other documents; the execution, acceptance, delivery, and recordation of agreements, deeds, and other instruments pertaining to the transfer of said property, including the filing of copies of the Application and the conveyance documents in the records of the governing body, and the payment of any and all sums necessary on account of the purchase price thereof or fees or costs incurred in connection with the transfer of said property for survey, title searches, recordation of instruments, or other costs identified with the Federal surplus property acquisition.

[Legal Title of Applicant Governing Body]
legal title of governing body of Applicant
[Applicant Legal Address]
address

I, Patrick Quinton, hereby certify that I am the [name of certifying official] of the [Legal Title of Applicant Governing Body] and that the foregoing resolution is a true and correct copy of the resolution adopted by the vote of a majority of the members of said [Legal Title of Applicant Governing Body] present at a meeting of said body on the Nth day of [month], 20 xx, at which a quorum was present.

Patrick Quinton

4) Narrative Description: Provide a written description of all important historic resources and natural features identified in the plot map, above. This includes contributing resources (buildings, sites, structures, objects), vegetation, landscape features, etc. Include building number, designations, and give dimensions and floor area.

The 511 Broadway Building is formed in two masses: It has a two-story base, measuring approximately 196 feet by 189 feet, that is built to the lot lines. Atop this base at the south is a four-story, closed u-shaped tower. This mass is built on the same plane as the base on the east, west and south. Below the tower portion of the building (south side), the building has a full-height, below-grade basement.

On the exterior, the 511 Building has four very visible facades. The primary facade faces east toward Broadway with a near mirror image facade facing west toward 8th Avenue. The south facade is secondary and faces onto Glisan Street while the north facade, with a loading dock, faces onto Hoyt Street.

The similar east and west facades are asymmetrical with the full block 2-story base and the tower atop the base at the south. Fenestration divides the base into twelve bays; the tower occupies the five bays to the south which is then balanced with a monumental entry in the center or third bay from the south. Decoration incorporates elements of the Neo-Classical, Second Renaissance, and Chicago Commercial styles. In particular, the two-story, arched entries at the east and west feature three-quarters round Ionic columns supporting masonry entablatures upon which rest carved eagles. Centered above the entablatures are bronze, wall-mounted flagpole mounts. Recessed then in the arch are coffered, vaulted ceilings from which hang large bronze lanterns. The first floor features full height arched windows set in smooth-dressed, rusticated masonry, and divided into three lights by cast iron mullions. The second floor windows are diminutive, rectangular windows, capped by an overhanging masonry belt course that carries around the entire building, setting off the tower on the south side of the building, and forming a simple cornice around the remainder.

Above the two-story, rusticated base, the tower rises an additional four stories, with an attic space above, and a small mechanical house on the roof. The third story, featuring a rusticated finish, creates a transition between the two-story, full block base and the upper floors of the south tower. The tower portion then combines elements of the Neo-Classical with elements of the Chicago Commercial style through the use of Corinthian pilasters to separate the vertically-oriented Chicago Commercial-style, tripartite windows in the central three bays of the east and west elevations, and the central nine bays of the south elevation. The tripartite windows within the enframed portions of the tower feature decorative cast-iron mullions and frames. On the fifth and sixth floors, these windows also feature balconettes. The outer bays on the south, east, and west elevations are dressed in smooth cast stone, and feature diminutive one-over-one, wood sash windows in wood frames, free of decoration. A denticulated, Ionic cornice extends across all elevations of the top of the tower. The south facade, defined into eleven bays, carries forward the floor-by-floor fenestration and decoration of the east and west facades.

The interior of the first floor is defined by the elaborate lobby extending east-west through the southern portion of the building, beneath the tower. At either end of the lobby, the junction between the lobby and the north-south office corridors contains stairs to the second floor, elevators that run to all floors, and display and announcement space. To the south of the lobby

is office space, located behind very elaborate carved wood and cast bronze doorways. These doorways feature floral patterns and rosettes, as well as carrying classically-informed details. At the east and west ends of the lobby are octagonal entrance foyers, each containing an elevator on the south wall. The polished brass elevator doors are set beneath travertine entablatures. To the side of the elevator door is a marble stair, winding behind the elevator shafts and leading to the second floor. Corridors leading to office space extend to the north from the foyers. The center two doors at each entrance portal are enclosed on the inside by glass and wood entrance vestibules.

The lobby and entrance foyers feature a richly decorated, coffered plaster ceiling with rows of banging white glass light globes. Each recessed panel of the ceiling is decorated, and the octagonal shape of the entrance foyers is repeated in the large octagonal coffers centered above each foyer. The marble floor is composed of black and gray diamonds and white parallelograms. The lobby walls are clad in carved travertine with Tuscan pilasters, carrying the exterior classical design motifs into the building's interior.

The second floor is largely characterized by open floor spaces, except for offices located at the southeast and southwest corners. The center portion of the second floor, south end is a large, open room. The north side of the building on the second floor is also largely open-floor space. Some small, individual rooms are found along the outer walls of the north side second floor, but these are relatively recent demising, and the interiors carry no decoration or trim. At the north and south corners of the south end, and carried to the ends of the north-south halls (ending beneath the north wall of the above tower), the walls are clad with marble, with marble trim and rounded corners. The ceiling has a later, acoustical time suspended ceiling system. At the interior corners of the second floor, enclosed stairs rise through the second to sixth floors and further, giving access to the roof and mechanical houses. These stairs have marble treads and risers on cast iron framing, and decorative, cast iron balusters topped by carved wood rails. At the second floor base of these stairwells, the walls are clad in marble as well, though this is not carried above the second floor.

Floors three through six, located in the tower, are all demised and trimmed in the same way. They all feature double-loaded hallways along the main (east-west) and secondary (north-south) axis, the walls of which are clad in marble, some panels of which have been removed and replaced with gypsum board, others with marble of similar, though different shade and color. All of the floors in the corridor have been carpeted, but beneath each remains the original hexagonal-tiled flooring. This tile is still visible in the janitorial closets on all floors, and at the base of the interior stairwells rising through the tower from the second floor. The corridor ceilings on floors three through six all feature acoustical panel, suspended ceiling systems.

All of the offices on floors three through six are demised and trimmed in substantially the same way, with unpainted wood trim around doors and windows, and three-part transoms over the doors, extending beyond the doorway in both directions. These transoms are infilled and painted, and are only visible from within the offices; the transom openings are concealed behind the suspended ceiling system in the hallways. In select spaces on all floors, interior demising between offices has been removed to create larger interior spaces. Most of these larger spaces have linoleum tile flooring.

Beneath the south tower, a full-height, subterranean basement houses the boiler room,

electrical controls, storage, and maintenance facilities. The walls and floor are bare concrete, and tops of the large, concrete footings that support the building are visible. Storage is located at the east end, and is demised by lumber and wire. At the west end is the boiler room, which houses the heating and cooling systems. Adjacent to this is the main electrical control center. Both of these rooms are located in sunken rooms, set below the level of the rest of the basement. Maintenance rooms and associated facilities are located along the south wall.

In 1962, the new, larger and current post office opened across Hoyt Street to the north. Upon the Post Office departing, the 511 Building then underwent a series of largely interior renovations by architects Skidmore Owings and Merrill. These alterations included installation of suspended ceilings on the first and second floors and the associated blacking of the upper portions of the arched first floor windows, installation of suspended ceilings in the corridors of the third through sixth floors, removal of the wired glass awning over the west end of the loading bay at the north elevation, closure of several of the wired glass skylights above the first and second floors, removal of the original observation galleries, removal and construction of previous and new interior first and second floor partitions. In the main lobby, built-in postal convenience desks were removed, and the marble floor repaired.

7) Significance: Describe the significance of the property in American history, archaeology, architecture or culture, referencing the National Register Nomination, or Determination of Eligibility.

In the Nomination form for the National Register, the 511 Building is identified as Architecturally Significant. The Statement of Significance from the Nomination notes:

As a work of Lewis P. Hobart [a prominent West Coast architect, best known as the designer of Grace Cathedral in San Francisco], the Federal Building at 511 Broadway is notable in the context of American architectural history. Elizabeth Walton Potter, Preservation Specialist with the Oregon State Historic Preservation Office, commented on the building as follows: "Its size and decorative program are exceptional among Federal Buildings in Oregon of this vintage."

The Statement of Significance also notes that "the building is a significant element in the urban fabric of Portland. The Federal Building and the Union Pacific Depot form a visually dramatic landmark area at the northern end of Broadway and Portland's Park blocks." A survey completed by the Oregon State Historic Preservation Office in 1968 describes the 511 Building and the Customs House as "important to their locality because they have noteworthy features and they typify period styles. Through their scale and quality of design, these buildings stabilize and enhance their environment."

9) Use Plan: Describe in detail the planned utilization and exhibition of the historic site. Differentiate between public-use activities and revenue-producing activities. Identify any portions of the property to which public access will be denied or restricted. Establish the suitability of the property for the proposed uses and the compatibility of the proposed revenue-producing activities with the historical and/or architectural character of the property.

Upon completion, the 511 Building will serve as the 'front door' for PNCA. It will primarily house instructional spaces including classrooms, studios, laboratories, and supporting administrative and faculty spaces. The renovated building is intended to support a highly cross-disciplinary and open creative environment. Large open spaces will allow for physical and visual interconnection to

reinforce the collaborative and communal values of the institution. The design of the instructional spaces is intended to allow for maximum flexibility and multi-functional use to account for the changing and evolving manner in which art is taught and how it is made.

The building is functionally divided into two distinct areas: a two-story, full-block platform that will house the majority of the building's public-use activities; and the four-story half-block tower which will house the primary revenue-producing and private instructional spaces. The College has been excited about using the historic post office building since it was made aware of GSA's intentions to dispose of the property in 2007. The large public spaces represented by the two-story structure contrasting with smaller studio spaces in the tower compliment PNCA's programmatic need for both individual instruction based learning and larger community engagement. The building is blessed with a voluminous amount of natural, north facing light through light wells, a saw-tooth skylight system and floor-to-ceiling operable windows on each face of the building. This feature, that was a functional part of the Hobart design in 1913, fits perfectly with the needs of our studio artists who depend on natural light for critique and aesthetics in the studio painting and drawing tradition. The building itself is located along the North Park Blocks, a natural outdoor space and auxiliary benefit to the lives of students located in an urban center.

PNCA's investment in the 511 Building and furthers the City of Portland's objective to "enhance the vitality and distinctiveness of the Central City to showcase our sustainable way of life and attract creative class talent." PNCA's proposed investment in the area helps bridge a perceived barrier at Broadway Avenue between the Pearl District and Old Town/Chinatown; will activate what would otherwise become a vacant historic landmark; and sets the stage for the potential future investment in an employment district at the Post Office site.

The 511 NW Broadway Building will be an active and thriving campus hub throughout the week. General public hours for the building will be from 9:00 a.m. – 9:00 p.m. daily. Internal faculty, staff and students will have access to the building from 7:00am – 1:45am M-TH; 7:00am – 10:00pm F, 8:00am – 10:pm Sa, and 9:00am – 1:45am Sun. Formal delivery of BFA and MFA education will occur between 8:00am and 9:30pm M-F. Adult Continuing Education programs will primarily occur in the evenings and weekends.

Finally, PNCA hosts a considerable number of public events, lectures, exhibitions, symposia etc. throughout the year that are popular with the College's donors and public at large. Last year, over 10,000 members of the wider community visited PNCA to attend these predominantly evening events.

PUBLIC USE ACTIVITIES

The grand entrance off the park blocks will welcome students, faculty and staff in addition to the public at large to the creative epicenter that is the Pacific Northwest College of Art. The historic corridor on the first floor will give access to the primary public uses of the building in the form of the Solheim Library, the Feldman Gallery, a grand performance atrium, a mediatheque black box theater and the Dolly Lemelson Innovation Studio. Project Architect Allied Works has proposed the intervention of a new mezzanine floor that will wrap the mediatheque, providing the College with additional usable square feet and a new grand staircase inside the atrium space with a café kiosk open to the public.

Solheim Library

The western bays of the first and mezzanine floors will house the primary library functions including book stacks, periodicals, archives, resource material check out as well as individual study, group study areas and computer labs.

Feldman Gallery

Numerous critique, gallery, and installation spaces are included throughout all levels of the building to allow for maximum potential for exhibiting and presenting artwork, which is the cornerstone of an art and design education. The cornerstone of these spaces will be the Feldman Gallery, PNCA's professional teaching gallery featuring national and international contemporary artists. Located off the historic corridor, the Feldman features rotating exhibitions that culminate in First Thursday openings and Gallery Talks given by the artists and open to the public.

Mediatheque

The mediatheque is a black box theater with a professional sound booth for public lectures, performance, and installations. With flexible seating, the space could accommodate up to 150-200 individuals for the College's graduate lecture series, visiting artist chats and public performances.

Dolly Lemelson Innovation Studio

A new innovation center and entrepreneur design incubator located on the eastern half of the building mirrors the library space to the west. This program component is part of a planned Curatorial Studies graduate program that will house artifacts and objects from the permanent PNCA collection along with a materials library and professional development center that will be open to the public.

INSTRUCTIONAL USES

Classrooms will be equipped with projection/sound capabilities as standardized 'smart classrooms' for lectures and discussion. Typical vocational studios will have sinks and ventilation systems. The abundant natural light created by the site orientation of the building will be controlled with interior shading. There will be dedicated lab spaces for specialized functions such as high ceiling rooms for shooting still/video images, shared digital output centers, acoustically isolated and controlled spaces for sound editing. Based on PNCA's educational mission and Campus vision, the building is anticipated to be built to a high environmental standard (LEED Gold or equivalent) in terms of initial construction as well as long-term operations. A brief description of these spaces is listed below.

Instructional Studios

PNCA considers instructional studios as spaces that are used specifically for vocational instruction in a variety of art and design disciplines. In the basement, these are studio classrooms that are used to teach photography, including black and white development, alternative processes and lighting instruction. The first floor includes a center for curatorial studies that provides space for courses in curation, gallery management, installation and instructional space for students enrolled in the MFA in Curatorial Studies program. The second floor houses instructional studios for students enrolled in the MFA in Collaborative Design program, as well as undergraduate instructional space for courses in printmaking, plaster, wood and 3D design. The third floor has two large instructional studios for courses in painting and drawing. The fourth floor has two large instructional studios for illustration courses, and a third for students in communication design. The fifth floor houses a large instructional studio for intermedia and two additional spaces for digital photography and design editing. The sixth floor contains PNCA's advanced technology center for students taking courses in

stop-motion animation, video, sound and time based arts. Also on the sixth floor is a large flexible studio used to teach a combination of painting, drawing and illustration.

Classrooms

In addition to studios, classrooms will be located throughout the building and are traditional and technology-equipped learning environments that focus on lecture and seminar style instruction. Most classrooms come equipped with computers, mounted projectors, screens and a movable lectern. These spaces require high quality audio-visual capabilities and must be designed for flexibility to accommodate a wide range of curriculum, teaching methods and learning styles. The first floor houses the mediatheque which will serve as PNCA's largest lecture hall and classroom. The mezzanine houses two classrooms designed for creative writing, the Stafford Writing Center in the library, and a liberal arts classroom on the east landing. The second floor houses both a small and large seminar room for use by collaborative design and printmaking students. The classrooms designated on floors 3-6 are a combination of instructional computer labs, seminar and lecture classrooms. Nearly 25% of the College's curriculum will be taught in these spaces including science, math, art history, writing, critical theory and other liberal arts and humanities electives.

Student Support Spaces

Other support spaces in the building include student resources such as meeting rooms, a small café kiosk, the library, a material and media/technology center, production/layout rooms, a student lounge and gallery critique spaces.

Faculty Spaces

Some rooms, especially in the tower, are reserved for private and shared faculty offices where faculty members can work on instructional preparation, meet one-on-one with students and undertake research. Some areas embedded or near specialty equipment or supervised labs are dedicated to faculty/professional technicians.

Administrative Spaces

As the primary facility on campus, the 511 will include offices and meeting rooms dedicated to staff who will administer the programs housed in the building. PNCA's administrative program includes areas for admissions, financial aid, registration, academic advising, academic affairs, library services, executive offices and student/career services.

Building Storage and Support

Finally, PNCA has designed dedicated space for archives, collection storage, janitorial and building supplies, mechanical systems, kitchenettes, a mailroom, and facilities offices and workrooms.

Absolute Net Building Lease Terms

Property:	511 NW Broadway Portland, Oregon (Former Federal Building)
Premises:	Approximately 135,000 total square feet
Tenant:	PNCA Holdings, LLC.
Term:	99 years
Options:	One 99-year option to renew
Rent:	\$1 per year absolute net rent
Absolute Net Rent:	Tenant shall be responsible for all property expenses including insurance, taxes, utilities, common area maintenance, and building repairs
Improvements:	Tenant will improve premises per an approved preservation plan at a cost of approximately \$31,500,000 dollars
Use:	Educational; PNCA may not change the use without prior written PDC consent
Leasehold Mortgages:	Tenant's right or prohibition to mortgage its leasehold improvements will be negotiated and addressed in the agreement
Option to Purchase:	TBD

Bridge and Long-Term Financing Terms and Conditions

September 9, 2013

Jill Sherman
Gerding Edlen
1477 NW Everett St.
Portland, OR 97209

RE: Draft PNCA Loan Terms and Conditions

Dear Jill:

I am pleased to present you with draft terms and conditions for proposed financing by the Portland Development Commission (PDC) for your client, the Pacific Northwest College of Art (PNCA), in an amount up to \$20,320,000 as described more fully in this letter. Any financing presented in this letter is intended to serve as a framework for further discussion and should not be considered an offer or an approval. Any final binding agreement will be subject to underwriting and approval by PDC staff and Board of Commissioners, as well as documentation acceptable to PDC Counsel.

The financing described in this letter is structured to meet the following objectives:

- Provide the financing necessary for PNCA to move forward immediately with the rehabilitation of the 511 Building (Project);
- Encourage PNCA to play an active role in the revitalization of Old Town / Chinatown;
- Offer financing to PNCA at a reasonable cost to maximize investment in the Project;
- Match the maturity and repayment of debt with the projected sources of repayment;
- Identify additional sources of funds for PNCA to retire obligations to PDC ahead of repayment schedule, including unused project contingencies and other savings, if any, and excess operating cash flow; and
- Provide a financial incentive for PNCA to retire or refinance all PDC debt within ten years.

Financing of this scale represents a significant investment by PDC in a single institution. While PDC is prepared to underwrite, analyze, and weigh all of the known risks in such a transaction, the most challenging variable in this transaction is the willingness of PNCA leadership and donors to honor the long-term legal commitments inherent in a transaction of this nature. As such, in addition to the terms and conditions described below, PDC would seek written assurances from PNCA that it will not seek modifications or waivers to any requirements other than those necessitated by a material decline in the financial health of the institution.

Draft Terms and Conditions

Borrowing Entity: Pacific Northwest College of Art
Larry Hudspeth, VP Finance and Operations
1241 NW Johnson Street
Portland, OR 97209
(503) 821-8910

Site: 511 NW Broadway
Portland, OR 97204

Project Description: Building renovation for college classrooms, art studios and various rooms supporting PNCA's programs and mission. Total project cost is estimated at approximately \$31,803,000.

Loan Amount: Up to a total of \$20,320,000 more fully described as follows:

	<u>Amount</u>	<u>Term</u>	<u>Points</u>	<u>Rate</u>	<u>Payments</u>
Short Term:	\$12,710,000	5 yrs	2	5%	During construction interest only paid monthly. Upon completion debt shall be fully amortized over 60 months, adjusted as necessary for principal reductions in excess of amortized payments (i.e. upon receipt of historic tax and new market tax credit proceeds).*

**PNCA shall use its best efforts to procure New Market Tax Credit (NMTC) allocation. It is the agreement of the parties that \$3,800,000 of this loan is to be used solely as a result of PNCA's inability to obtain a NMTC allocation. Loan shall be utilized toward the end of the project and only if needed to cover project costs after project contingency funds are utilized.*

	<u>Amount</u>	<u>Term</u>	<u>Points</u>	<u>Rate</u>	<u>Payments</u>
Long Term:	\$7,610,000	Initial Term – 10 yrs	2	Yrs: 1-5: 5%	\$40,852/mth, \$490,225/yr
				6-7: 6%	\$45,025/mth, \$540,298/yr
				8-10: 7%	\$49,136/mth, \$589,632/yr
		Extension 1 – 10 yrs	1	11-15: 9%	\$57,022/mth, \$684,262/yr
				16-20: 11%	\$63,899/mth, \$766,791/yr
				21-25: 13%	\$69,262/mth, \$831,144/yr
Extension 2 – 10 yrs	1	26-30: 15%	\$72,418/mth, \$869,019/yr		

Capitalized Interest: Interest on long term debt shall be capitalized during construction.

Prepayment: Prepayment of any of the loans will be allowed without penalty.

Collateral: The loans shall be evidenced by Promissory Notes and Trust Deeds secured against the Property.

Payments: Payments on outstanding short-term financing shall be interest only payable monthly. Campaign funds received in excess of \$3,600,000 shall be immediately paid to PDC until PNCA has collected \$7,250,000 of campaign pledges. All historic tax credit and new market tax credit proceeds, if any, shall be used immediately to reduce and/or retire short term debt.

Campaign Due Diligence and Security:	PNCA shall provide information on fund raising efforts, committed pledges and if requested coordinate face-to-face meeting with key donors, PNCA and PDC leadership. PDC shall have a security interest on campaign funds up to \$3,650,000 if NMTCs allocation is secured and \$7,450,000 if NMTCs allocation is not secured. PNCA shall be restricted on using campaign funds for any use other than debt service and retirement without prior PDC approval.
Restriction on use of Project Contingency:	Project contingencies shall be restricted and utilized only for (1) unforeseen costs related to initial project budget and scope and only after review and approval by PDC staff for items over an agreed upon amount and , (2) project “add-backs” such as the premium to achieve Leadership in Energy & Environmental Design (LEED) Platinum. At project completion unutilized project contingencies shall be used to retire PDC short-term debt.
Restriction on use of Campaign Fund Raising Costs:	PDC shall meet with PNCA and review fund raising costs. Unused campaign costs, if any shall be used to retire PDC debt.
Restriction on Campaign Funds:	50 percent of funds raised in excess of \$15,000,000 shall be used to retire PDC debt unless the project cost increases due to unforeseen circumstances in which case all funds raised in excess of \$15,000,000 will be used to cover such unforeseen project costs
Operating Covenants:	PNCA and PDC shall agree on operating covenants tied to current operations. In limited to-be-negotiated instances, excess operating profit may be required to retire PDC debt. PNCA will not be allowed to prepay any additional principal on private debt or credit lines, except for existing credit lines used for managing operating cash flow, without the written consent of PDC. PNCA will not be allowed to incur new significant financial obligations or commitments without prior written PDC consent.
Reporting Requirements:	PNCA will provide PDC with its annual audited financial statements and periodic internal operating statements within a reasonable time after the respective reporting periods. Tax returns will be made available upon completion and filing. Frequency of providing internal operating statements and any other requested information will be determined and specified in the PDC loan documents.
PDC Costs:	All costs associated with the GSA transfer of the 511 Building to PDC and lease to PNCA, including but not limited to internal legal, external legal, closing, construction inspection, and project management shall be included in PNCA’s project costs and reimbursed to PDC within 30 days of invoicing. PNCA may be charged a service fee for any loan modification.

Conditions Precedent to Closing:	<p>At the time of closing PNCA shall have no less than \$9,600,000 of equity expensed and/or available. PNCA available equity will be used prior to any disbursement of PDC Loan funds.</p> <p>Final approved development budget.</p> <p>Guaranteed Maximum Price contract executed with General Contractor.</p> <p>All building permits and other jurisdictional approvals.</p> <p>Historic Tax Credit Structure will have closed and initial funding received.</p> <p>Confirmation that campaign giving is on schedule with no material changes in pledges or other financial commitments.</p> <p>Lease agreement executed with PDC.</p> <p>PDC shall have closed agreement with GSA and taken title to 511 Building.</p> <p>Assignment of all contracts and other appropriate agreements.</p> <p>Any other documents deemed necessary.</p>
Equity Goals:	<p>Pursuant to PDC’s adopted Equity Policy & Procedures, PNCA will comply with PDC’s requirements for participation of minority-owned, women-owned, and emerging small businesses and shall make good faith efforts to utilize apprentices and women, minorities, and disadvantaged individuals in the construction workforce for the renovation, as provided by the Business Equity Program requirements.</p>
Green Building:	<p>PNCA will comply with PDC’s Green Building Policy requiring LEED Silver or higher.</p>
Prevailing Wage:	<p>The Project shall be considered a “public work” subject to Oregon’s Prevailing Wage Law (Oregon Revised Statutes 279C.800 to 279C.870 and the administrative rules adopted thereunder).</p>
Other Conditions:	<p>PNCA shall provide additional information, execute and deliver additional agreements and documents, and comply with additional terms and conditions, in connection with the loans, as PDC may reasonably require.</p>
Disbursement Requirements:	<p>To be determined.</p>

Assignment and Transfer: These loans are not transferable or assumable.

Indemnity: To be determined.

Governance: The terms and conditions of this financing will be governed by the laws and statutes of the State of Oregon.

We look forward to discussing these draft terms and conditions with you and your project team. Should you have any questions, please call Bruce Wood, Senior Program Coordinator, at (503) 823-5375.

Sincerely,

Patrick Quinton
Executive Director

C: Jina Bjelland, PDC Asset Management Division Manager
 Bruce Wood, PDC Senior Program Coordinator
 Eric Iverson, PDC General Counsel
 Roger Krage, Gerding/Edlen General Counsel

RESOLUTION NO. 7032

RESOLUTION TITLE:

AUTHORIZING THE ACQUISITION OF 511 NW BROADWAY LOCATED IN THE RIVER DISTRICT URBAN RENEWAL AREA; AUTHORIZING A BUILDING LEASE OF 511 NW BROADWAY TO PACIFIC NORTHWEST COLLEGE OF ART; AND AUTHORIZING BRIDGE AND LONG-TERM FINANCING TO PNCA HOLDINGS, LLC, IN THE AMOUNT UP TO \$20,320,000


Adopted by the Portland Development Commission on November 13, 2013

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 type="checkbox"/>	Commissioner Steven Straus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner Charles Wilhoite	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

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.

	Date: November 18, 2013
Gina Wiedrick, Recording Secretary	