

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7073

AUTHORIZING A PURCHASE AND SALE AGREEMENT TO CONVEY 0.67 ACRES OF REAL PROPERTY IN THE DOWNTOWN WATERFRONT URBAN RENEWAL AREA TO GERDING EDLEN DEVELOPMENT FOR \$2,600,000

WHEREAS, the Portland Development Commission (“PDC”) is undertaking the Downtown Waterfront Urban Renewal Plan, adopted April 23, 1974, and subsequently amended (the “Plan”);

WHEREAS, PDC is the owner of a 0.67 acre parcel known as Block 8L located in the Downtown Waterfront Urban Renewal Area at 60 NW Davis Street (the “Property”);

WHEREAS, PDC acquired the Property in January 2005 for the City of Portland Bureau of Fire & Rescue (“City”) to relocate Fire Station #1 and, in February 2005, transferred ownership to the City;

WHEREAS, the City subsequently decided to not relocate Fire Station #1 and PDC re-acquired the Property in April 2007;

WHEREAS, the Old Town/Chinatown Five-Year Action Plan, accepted by the Portland City Council on August 6, 2014, established a strategic approach to revitalizing Old Town/Chinatown including promoting development of PDC-controlled properties and attracting new neighborhood investment;

WHEREAS, PDC issued a Request for Interest (“RFI”) on August 16, 2013 seeking statements of interest from qualified development teams to purchase and redevelop the Property;

WHEREAS, the two offers received were reviewed according to the criteria described in the RFI and the PDC Executive Director selected Gerding Edlen Development (“Developer”) based upon Developer’s stated intent to develop the entire Property in a single phase, a development program that includes both residential and commercial uses that will activate the site 24/7, the intent to acquire the Property at fair market value, and the strength of the Developer’s experience;

WHEREAS, PDC and Developer executed a Memorandum of Understanding on April 14, 2014 which set forth the due diligence tasks and mutual understandings and intentions to negotiate the terms of a binding Purchase and Sale Agreement (“PSA”); and

WHEREAS, PDC and Developer have negotiated a term sheet of the key terms of a PSA which are reflected in Exhibit A (“Block 8L PSA Terms”) to convey the Property to Developer for a purchase price of TWO MILLION SIX HUNDRED THOUSAND DOLLARS (\$2,600,000).

NOW, THEREFORE, BE IT RESOLVED, that the PDC Board authorizes the Executive Director to execute a PSA, in substantial accord with the terms and conditions reflected in Exhibit A;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the PSA terms and conditions, if 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 immediately upon its adoption.

Exhibit A – Purchase and Sale Agreement Terms

Property:	60 NW Davis Street Portland, Oregon 97209 (Block 8L)
Parcel Size:	29,100 square feet.
Buyer:	Gerding Edlen Development
Purchase Price:	\$2,600,000 in cash at Closing (less earnest money payments). Escrow holdbacks from this purchase price will be established to reimburse Buyer for environmental remediation and archaeological investigation costs described below.
Earnest Money Payments:	\$260,000 earnest money payment due within ten (10) business days of execution of Purchase and Sale Agreement. Earnest Money Payment is applicable to the Purchase Price and refundable to Buyer if Buyer elects to not proceed with the transaction within the Due Diligence Period.
Due Diligence Period:	60 days
Closing:	Within 60 days of the end of Due Diligence Period.
Conditions Precedent to Closing:	Participate in at least one Portland Historic Landmarks Commission hearing.
Development Obligations:	Develop property consistent with URA Plan and zoning regulations, currently anticipated to be a six-story, 129,000 gross square foot mixed-use building with approximately 80,000 square feet of office space and 60 residential units. Buyer may not change the use without prior written PDC consent.
PDC Equity Policy:	Buyer shall comply with PDC Equity Policy.
PDC Green Building Policy:	Buyer shall comply with PDC Green Building Policy.
Parking:	During due diligence period PDC to conduct a user intercept survey at the 2 nd /Davis Smart Park garage and coordinate findings with the Portland Bureau of Transportation to better understand long-term, full-day user profile. Buyer must assign parking rights for project to PDC for potential use for development of public parking at other nearby locations.

- Environmental: Buyer responsible for compliance with all Environmental Laws. Environmental escrow account of \$615,000 will be held to reimburse Developer for incremental environmental costs associated with implementing the Remedial Action Plan (RAP) during construction. PDC to review environmental consultant and general contractor scope of work related to environmental remediation and provide oversight during construction. Buyer to ensure environmental consultant and general contractor contracts include best efforts to minimize environmental remediation costs.
- Archaeological: Buyer shall conduct Phase I and, as needed, Phase II and Phase III archaeological surveys during the due diligence period. Buyer shall coordinate findings and recommendations with PDC and the Oregon State Historic Preservation Office (SHPO). Buyer will be responsible for compliance with archaeological laws and implementing SHPO recommendations during construction. Archaeological escrow account of \$350,000 will be held to reimburse Developer for archaeological costs. PDC to review archaeological consultant and general contractor scope of work related to archaeological investigations.
- Repurchase Right PDC has a right to repurchase the Property for the original Purchase Price if Buyer does not commence construction within three years of Effective Date.