

**PORTLAND DEVELOPMENT COMMISSION**

Portland, Oregon

**RESOLUTION NO. 7170**

**APPROVING THE TERMS OF A COMMERCIAL PROPERTY REDEVELOPMENT LOAN TO ASIAN HEALTH AND SERVICE CENTER FOR REDEVELOPMENT OF A CERTAIN PROPERTY IN THE LENTS TOWN CENTER URBAN RENEWAL AREA IN AN AMOUNT NOT TO EXCEED \$4,900,000**

**WHEREAS**, on June 24, 2015, Portland Development Commission (“PDC”) Board of Commissioners through Resolution No. 7131 authorized the terms of a Predevelopment Loan, Disposition Agreement, and Commercial Property Redevelopment Loan (“Development Loan”) to Asian Health and Service Center (“Developer”) for redevelopment of a certain real property in the Lents Town Center Urban Renewal Area;

**WHEREAS**, project design considerations have been further clarified, construction costs have increased, and alternative financing sources are not available; and

**WHEREAS**, the Developer has identified and PDC has confirmed that the project is not financially feasible without additional support.

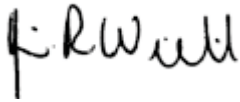
**NOW, THEREFORE, BE IT RESOLVED**, that the Executive Director is hereby authorized to execute a revised Development Loan with Developer substantially in accord with the provisions of Exhibit A;

**BE IT FURTHER RESOLVED**, that the Executive Director may approve changes to the Development Loan, 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;

**BE IT FURTHER RESOLVED**, that the developer fee included in the terms and conditions that the PDC Board approved on June 24, 2015, through Resolution No. 7131 shall remain applicable to the terms and conditional attached hereto as Exhibit A; and

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

Adopted by the Portland Development Commission on February 10, 2016

A handwritten signature in black ink, appearing to read "Gina Wiedrick". The signature is written in a cursive, flowing style.

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Gina Wiedrick, Recording Secretary

**PROPOSED TERMS AND CONDITIONS OF PDC DEVELOPMENT LOAN**

Borrowing Entity:	Asian Health and Service Center or Special Purpose Entity per DDA																							
Loan Program:	Commercial Property Redevelopment Loan – Construction/Permanent																							
Loan Amount:	\$4,900,000																							
Uses of Funds:	New construction																							
Loan Fee:	1% of the loan amount (\$49,000), financed																							
Interest Rate:	0% annual fixed rate																							
Term:	40 year term, 18 year repayment beginning in year 23																							
Repayment:	Principal payments starting in year 23 that are cash flow dependent																							
Collateral:	2 <sup>nd</sup> lien position on the property																							
Guarantors:	None																							
Total Development Sources and Uses:	<p><u>Sources:</u></p> <table border="0"> <tr> <td>Leverage Loan/ Commercial Mortgage</td> <td style="text-align: right;">\$1,425,000</td> </tr> <tr> <td>PDC Permanent Loan</td> <td style="text-align: right;">\$4,900,000</td> </tr> <tr> <td>NMTC Investment (federal)</td> <td style="text-align: right;">\$3,444,000</td> </tr> <tr> <td>Capital Campaign</td> <td style="text-align: right;">\$4,295,000</td> </tr> <tr> <td>Weatherization Grant (Energy Trust of OR)</td> <td style="text-align: right;">\$10,000</td> </tr> <tr> <td>PDC DOS Grant</td> <td style="text-align: right;"><u>\$12,000</u></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>\$14,086,000</b></td> </tr> </table> <p><u>Uses:</u></p> <table border="0"> <tr> <td>Land</td> <td style="text-align: right;">\$900,000</td> </tr> <tr> <td>Construction Costs</td> <td style="text-align: right;">\$8,970,000</td> </tr> <tr> <td>Soft Costs</td> <td style="text-align: right;">\$1,700,000</td> </tr> <tr> <td>Contingency</td> <td style="text-align: right;">\$861,000</td> </tr> </table>		Leverage Loan/ Commercial Mortgage	\$1,425,000	PDC Permanent Loan	\$4,900,000	NMTC Investment (federal)	\$3,444,000	Capital Campaign	\$4,295,000	Weatherization Grant (Energy Trust of OR)	\$10,000	PDC DOS Grant	<u>\$12,000</u>	<b>Total</b>	<b>\$14,086,000</b>	Land	\$900,000	Construction Costs	\$8,970,000	Soft Costs	\$1,700,000	Contingency	\$861,000
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	<p>Developer Fee \$355,000</p> <p>Program Startup &amp; Expansion \$700,000</p> <p>Leased Clinic Space TI Reserve <u>\$600,000</u></p> <p>Total \$14,086,000</p>
Program Guideline Exceptions:	<ul style="list-style-type: none"> <li>• Loan amount exceeds program maximum of \$2,000,000</li> <li>• Interest rate is not based on Prime + 3%</li> <li>• Fee to be financed instead of paid at closing</li> <li>• Loan term exceeds 10 years</li> <li>• Loan payments are cash flow dependent</li> <li>• Borrower’s equity contribution is less than 10%</li> <li>• Personal/ corporate guarantees not required from the principals/ entities</li> <li>• Combined Loan to Value exceeds 100%;</li> <li>• Debt service coverage ratio does not meet minimum 1:1.15</li> </ul>
Other Conditions:	
Equity Goals	Pursuant to PDC’s adopted Equity Policy & Procedures, Borrower will comply with PDC’s requirements for participation of minority-owned, women-owned and emerging small businesses and will make good faith efforts to utilize apprentices and women, minorities, and disadvantaged individuals in the construction workforce for the project, as provided by the Business Equity Program Requirements.
Green Building	Pursuant to PDC’s adopted Green Building Policy, the project will register and certify for the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) at the Gold level.
Prevailing Wage	The project will be considered a “public work” subject to Oregon’s Prevailing Wage Law (ORS 279C.800 to 279C.870 and the administrative rules adopted thereunder.)
Other	Borrower will 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.

**RESOLUTION NO. 7170**

**RESOLUTION TITLE:**

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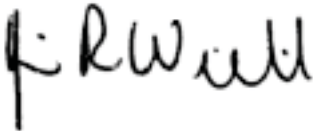
Adopted by the Portland Development Commission on February 10, 2016

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input type="checkbox"/>	Commissioner Tom Kelly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Gustavo Cruz, Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Acting Chair Aneshka Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Mark Edlen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner William Myers	<input checked="" 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.*

	<p><b>Date:</b></p> <p>February 29, 2016</p>
<p><b>Gina Wiedrick, Recording Secretary</b></p>	