

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6579

**AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE
THE SECOND AMENDMENT TO THE MEMORANDUM OF
UNDERSTANDING WITH RIVERSIDE PARTNERS II, LLC
EXTENDING THE TERMINATION DATE FOR CERTAIN PDC-
OWNED PROPERTY LOCATED AT SW RIVER PARKWAY AND
SW RIVER DRIVE, KNOWN AS RIVERPLACE PARCEL 8 IN
THE NORTH MACADAM URBAN RENEWAL AREA.**

WHEREAS, the RiverPlace Development Strategy, approved by the Portland Development Commission (“PDC”) Board of Commissioners (the “Board”) in July 1997 (Resolution No. 5012), specified high-quality, mixed-use private development on the remaining developable parcels in the RiverPlace Project Area, including RiverPlace Parcel 8;

WHEREAS, RiverPlace Parcel 8 is one of two vacant and remaining RiverPlace parcels owned by PDC that were acquired from Pacific Power & Light and complete the final phase of the brownfield redevelopment of the property;

WHEREAS, disposition and redevelopment of RiverPlace Parcel 8 will further implement the goals of the RiverPlace Development Strategy, the North Macadam Urban Renewal Area Plan and the South Waterfront Development Program;

WHEREAS, pursuant to Resolution No. 6484 adopted on May 23, 2007, PDC selected RiverPlace Partners II as the developer of RiverPlace Parcel 8 and authorized the Executive Director to enter into exclusive negotiations with RiverPlace Partners II for the redevelopment of RiverPlace Parcel 8;

WHEREAS, PDC and RiverPlace Partners II entered into a Memorandum of Understanding concerning redevelopment of RiverPlace Parcel 8 on August 21, 2007 (the “MOU”);

WHEREAS, the MOU’s termination date of December 19, 2007, was extended by that certain First Amendment to Memorandum of Understanding dated December 19, 2007 (the “First Amendment”) until May 19, 2008 by the Board action on December 12, 2007 (Resolution No. 6546). The MOU together with the First Amendment are collectively referred to herein as the “Amended MOU”;

WHEREAS, during negotiations of a Disposition and Development Agreement (“DDA”) for the redevelopment of RiverPlace Parcel 8, PDC and RiverPlace Partners II have concluded that an additional extension of time is necessary to reevaluate the proposed program;

WHEREAS, the originally proposed development program was based on a strong condominium market which has now weakened thereby requiring a reevaluation of the development program;

WHEREAS, PDC staff shall work with RiverPlace Partners II to meet certain milestones related to such reevaluation (the “Milestones”); and

WHEREAS, in order to achieve successful completion of the Milestones it is necessary to further extend the termination date of the Amended MOU to May 19, 2009 with the Second Amendment to Memorandum of Understanding substantially in the form attached hereto as Exhibit A (the “Second Amendment”).

NOW, THEREFORE, BE IT RESOLVED the Executive Director is hereby authorized to execute the Second Amendment with RiverPlace Partners II, LLC extending the termination date of the Amended MOU to May 19, 2009 for the disposition of RiverPlace Parcel 8 in the North Macadam Urban Renewal Area; and

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

Adopted by the Portland Development Commission on May 14, 2008.



Renee A. Castilla, Recording Secretary

**SECOND AMENDMENT TO MEMORANDUM OF UNDERSTANDING REGARDING
THE DEVELOPMENT OF REAL PROPERTY**

This Second Amendment to Memorandum of Understanding Regarding the Development of Real Property (this “Second Amendment”) is effective as of May 19, 2008 (the “Effective Date”) by and 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 **RIVER PLACE PARTNERS II, LLC**, an Oregon limited liability company (“RPP II”), PDC and RPP II may be referred to jointly in this Agreement as “Parties” and individually as a “Party.”

RECITALS

- A.** PDC and RPP II entered into that certain Memorandum of Understanding Regarding the Development of Real Property dated August 21, 2007 (the “Original MOU”).
- B.** Subsequently, PDC and RPP II entered into that certain First Amendment to Memorandum of Understanding Regarding the Development of Real Property dated December 19, 2007 (the “First Amendment”) to extend the termination date of the Original MOU.
- C.** The Original MOU and the First Amendment shall be collectively referred to herein as the “MOU”.
- D.** PDC and RPP II desire to further amend the MOU as set forth herein.

NOW THEREFORE, in consideration of the undertakings and mutual covenants of the Parties, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, PDC and RPP II agree as follows:

AGREEMENT

1. **Definitions.** Capitalized terms used herein without definition shall have the meaning ascribed to them in the MOU.
2. **Disposition and Development Agreement.** The date “October 1, 2008” referenced in Section 1 of the Original MOU is hereby deleted and replaced with “December 19, 2009”.
3. **Land Disposition.** The first sentence of Section 4 of the Original MOU is hereby deleted in its entirety and replaced with the following: “At the commencement of negotiations of the DDA, or February 19, 2009, whichever occurs earlier, if PDC reasonably determines that the value of the Property has increased, PDC may cause an updated appraisal of the Property to be completed. If an updated appraisal is commissioned, a draft report will be submitted to RPP II for review and comment.

- The appraiser will finalize the appraisal taking into account such comments and making such adjustments as the appraiser determines to be appropriate in the exercise of the appraiser's professional judgment. Notwithstanding anything to the contrary herein, the sales price shall be based on such updated appraisal. In the event that PDC determines that there is likely no change in the value of the Property, the sales price of the Property shall be \$4,700,000."
4. **Term and Exclusivity.** The date "May 19, 2008" referenced in Section 3 of the First Amendment is hereby deleted and replaced with "May 19, 2009". The following sentence is hereby added to the end of Section 7 of the MOU, "Notwithstanding the foregoing, in the event that Developer fails to meet a benchmark deadline as set forth in Section 12.1, PDC may terminate this MOU in accordance with Section 12.1."
 5. **Non-binding Agreement.** The date "May 19, 2008" referenced in Section 4 of the First Amendment is hereby deleted and replaced with "May 19, 2009".
 6. **Termination.** The date "May 19, 2008" referenced in Section 5 of the First Amendment is hereby deleted and replaced with "May 19, 2009 (the "Termination Date")". The phrase "None identified" in Section 12.1 of the Original MOU is hereby deleted and replaced with the following:
 - a. "Obtain Letters of Interest from an authorized representative of a hotel or other commercial development entity no later than September 1, 2008 which describes the nature, scope and time-frame for the development contemplated for the Property.
 - b. Enter into an agreement for a hotel or similar commercial development no later than December 1, 2008. Such agreement may be conditioned upon execution of a final DDA, preparation of final construction plans and specifications in accordance with the Schedule of Performance under the DDA, development of pricing and costs for the development, obtaining financing on commercially reasonable terms, and other similar customary conditions of real estate development.
 - c. Begin negotiation of DDA with PDC no later than February 19, 2009.
 - d. Execute DDA no later than May 19, 2009."
 7. **Miscellaneous.** Except as expressly modified hereby, the MOU remains unmodified and in full force and effect. This Second Amendment may not be amended except by a writing signed by the Parties. This Second Amendment may be executed in counterparts, each of which shall constitute one agreement.

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to be effective on the Effective Date.

PDC:

PORTLAND DEVELOPMENT COMMISSION

By: _____

Bruce A. Warner
Its Executive Director

APPROVED AS TO FORM:

PDC Legal Counsel

RPPII:

RIVERPLACE PARTNERS II, LLC,
an Oregon limited liability company

By: Onder Development Co.,
an Oregon corporation, Member

By: _____
John A. Onder, President

By: Williams & Dame Development, Inc.,
an Oregon corporation

By: _____
T.B. Dame, President

By: _____
Gary A. Finicle, Secretary

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6579

TITLE: AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE SECOND AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING WITH RIVERSIDE PARTNERS II, LLC EXTENDING THE TERMINATION DATE FOR CERTAIN PDC-OWNED PROPERTY LOCATED AT SW RIVER PARKWAY AND SW RIVER DRIVE, KNOWN AS RIVERPLACE PARCEL 8 IN THE NORTH MACADAM URBAN RENEWAL AREA.

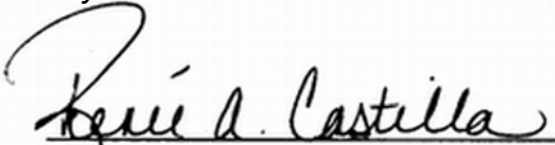
Adopted by the Portland Development Commission on May 14, 2008.

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Mark Rosenbaum, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Sal Kadri	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Bertha Ferrán	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Charles Wilhoite	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Consent Agenda		<input 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 duly recorded in the official minutes of the meeting.


Renee A. Castilla, Recording Secretary

Date: June 5, 2008