PDC | PORTLAND DEVELOPMENT COMMISSION
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DATE: March 12, 2014

TO: Board of Commissioners

FROM: Patrick Quinton, Executive Director

SUBJECT: Report Number 14-12

Authorizing the Sale of Notes to Urban Heritage Portland Hotel, LLC, a Delaware Limited Liability Company, and Portland Hotel Fund, LLC, a Delaware Limited Liability Company, in an Aggregate Amount of Approximately $11,500,000

BOARD ACTION REQUESTED

Adopt Resolution No. 7045

ACTION DESCRIPTION

This proposed action by the Portland Development Commission (PDC) Board of Commissioners (Board) would authorize the sale of three notes to Urban Heritage Portland Hotel, LLC, a Delaware limited liability company (OwnCo), in the amount of $8,470,000, and one note to Portland Hotel Fund, LLC, a Delaware limited liability company (Fund), for an amount equal to the unpaid principal balance of, plus all accrued and unpaid interest on, the fund note as of the closing date for approximately $3,030,000; for cash in an aggregate amount of approximately $11,500,000.

The PDC entered into the original loan agreements for the purposes of supporting a $140,000,000 renovation of the Meier & Frank Building (Building), as called for in the 2002 Downtown Portland Retail Strategy (Strategy). The redevelopment included a renovated May Department Store on the first five floors and a new high-quality hotel on the upper nine floors. Since opening five years ago, the hotel has had an economic impact of $2,500,000 annually in income, occupancy, real, and property taxes, and employed approximately 400 full- and part-time employees.

The current balance of the PDC loans is just over $18,200,000 in principal and interest. Based on current capital lending markets and loan sale experience on similar transactions, a February 2014 valuation of the four notes prepared by Jones Lange LaSalle concluded that the current aggregate value for the four loans would be between $9,000,000 and $9,600,000 (see Attachment A). Per this valuation, the proposed action will return to PDC approximately $2,000,000 more than today's current value of said notes.

BACKGROUND AND CONTEXT

Project History. The 15-story Building was designed by renowned architect A.E. Doyle and built in 1909 at the intersection of SW Fifth Avenue and SW Morrison Street in the heart of Portland's downtown retail core (see map in Attachment B). It served as the flagship store and headquarters for Meier & Frank, at one point the largest retailer west of the Mississippi River.

On July 10, 2002, the PDC Board, through Resolution No. 5896, adopted the Strategy with the primary goal of retaining and strengthening existing anchor retail uses within the retail core by "facilitating renovation of Meier & Frank in its existing location." Concurrently, the Board authorized the Executive

Director, through Resolution No. 5897, to enter into negotiations with the Building owner at that time, The May Department Stores Company (May), for a public/private partnership to rehabilitate the Building. After considerable due diligence and market research, May and PDC staff determined that the most viable development program would be to retain a department store on the lower floors of the Building and convert the upper floors into a high-quality boutique hotel.

In 2005, Sage Hospitality (the Developer) executed a Purchase and Sale Agreement with May to purchase a condominium interest in the upper floors of the Building for purposes of developing a new hotel, The Nines (the Project); May would in turn invest the condominium sale proceeds into the consolidation and remodel of the first through fifth floors of the Building for a retail department store. The total construction cost was approximately $140,000,000; the PDC Board authorized four loans in an aggregate amount of $16,925,000 to borrowing entities associated with the Developer to construct a hotel on the upper floors. These funds were part of a complex financing structure that included both New Market Tax Credits (NMTC) and Historic Tax Credits.

The Portland Hotel Developer, LLC (Buildco), was formed June 2005 for the purpose of acquiring and owning a leasehold interest in the Project. Lease payments are made to Buildco by the hotel operating entity, the Portland Hotel Master Lessee, LLC, and are used to service senior, mezzanine, and PDC debt, as well as fund required capital improvements. Buildco in turn leases the Project from OwnCo. OwnCo entered into three note agreements with PDC, and Fund – an indirect equity investor in Buildco – entered into the fourth note with PDC. Attachment C summarizes the status of the four loans.

The Project's grand opening occurred in the fall of 2008, with Macy's occupying the retail space and The Nines offering 331 hotel rooms, meeting space, a fitness center, two restaurants, and a lounge. The Project attained a Leadership in Energy and Environmental Design for New Construction Silver certification and included a full seismic upgrade.

<u>Public Benefits.</u> Despite experiencing numerous costly challenges during the renovation and opening in the midst of a significant recession, the Project still achieved many of its intended objectives. In addition to preserving a major anchor in the retail core and introducing new 24/7 uses to downtown, the Project has maintained a permanent staff of approximately 400 employees (both full- and part-time) with total yearly wages averaging $11,000,000.

Since fall of 2008, the Project's generated financial return includes approximately $12,000,000 in state, personal, and real property taxes and overall occupancy taxes, while $3,400,000 has been withheld for state income taxes. With the expiration of the Project's historic building tax exemption program in 2021-22, annual property tax generation will increase by more than $1,000,000.

In addition to providing direct wages and economic impact, the Project has had many indirect and significant benefits to the City of Portland. Several new major retail tenants followed PDC's investment in the Project, including City Target, H&M, Apple, Nike, Microsoft, Sephora, and Shreve & Co., along with many other smaller retailers. Furthermore, a number of buildings in the district, including Kress/Kaplan, Pacific Center, Yeon Building, and T.J. Maxx, have been renovated with upgraded ground floor retail space.

<u>Loan Repayment Status.</u> Due to increased construction costs, the Developer was forced to restructure and increase the capital in order to complete construction. This, coupled with the 2008 economic downturn, reduced the hotel's expected net operating income, rendering it unable to service Project debt. In 2009, PDC restructured three of the four outstanding loans to the Developer. The revised loan terms created a cash flow-dependent payment structure, with PDC's position on the cash flow waterfall junior to the following capital:

a) Hotel operating expenses
b) Senior debt

c) Mezzanine debt
d) Operating reserve accounts
e) Shortfall investor loans

The Project's operating income is insufficient to cover the interest on the $33,000,000 mezzanine loan, which is accruing interest at a rate of 11.3 percent and has an accrued interest balance of approximately $1,200,000, further jeopardizing repayment of PDC debt.

A December 2012 appraisal prepared for one of the lenders valued the Project property at $100,000,000. As of December 31, 2013, the outstanding capital debt senior to PDC was $98,300,000. Assuming transaction costs of two percent, or $2,000,000, there would be no remaining value or cash to repay any of the outstanding PDC debt, nor could the property be sold prior to 2016 without jeopardizing the NMTC status. Even if the market were to see an increase in value of the property, in all likelihood it would be offset by the cumulative outstanding interest on the mezzanine debt.

Proposed Deal Terms. OwnCo and Fund have indicated to PDC that they have an opportunity to engage in a transaction with a publicly-held third party investor that will, among other things, result in the restructuring of the ownership of the Project. Upon execution, the investor would obtain control of the Project and simultaneously purchase the PDC notes. As part of the transaction, the investor would also enter into a 10-year hospitality management agreement to ensure continued five-star service of the Project. The proposed transaction gives OwnCo and Fund the option to purchase the PDC notes for approximately $11,500,000 during a six-month period commencing on the date of proposed Board approval.

COMMUNITY AND PUBLIC BENEFIT

If approved, this action would provide PDC with $11,500,000 in resources to apply to other initiatives in the River District Urban Renewal Area (URA), with particular emphasis on implementation of PDC components of the Old Town/Chinatown Action Plan as included in PDC's fiscal year (FY) 2014-15 River District URA Requested Budget and Five-Year Forecast (see Attachment D).

PUBLIC PARTICIPATION AND FEEDBACK

There has been no formal public participation related to this proposed transaction. However, significant public outreach was conducted in the preparation of the 2002 Strategy and the 2007 Strategy Update – which both highlight the importance of the Project and of preserving an anchor retailer in this location.

BUDGET AND FINANCIAL INFORMATION

If the Board approves this transaction, approximately $11,500,000 in revenue will appear as loan collection income in the FY 2014-15 River District URA Requested Budget and Five Year Forecast. Currently, just $4,100,000 in collection revenue associated with this loan appears in the FY 2014-15 Requested Budget and Five-Year Forecast.

RISK ASSESSMENT

There is little risk should the Board approve the proposed action. Should the Board choose not to approve the sale of the notes, given the cash flow restraints described above, it is unlikely that PDC will receive any payments under the current loan structure. When the Board approved restructuring loans on this Project at the March 25, 2009, meeting through Resolution No. 6689, staff noted that the risk to repayment of the PDC loans would increase after modification given that the interest owing on the loans would continue to accrue without any scheduled payments, increasing the amount owing over time. Furthermore, PDC may be exposed to considerable risks of future loan defaults. If OwnCo and Fund are unable to sell or refinance the Project at the conclusion of the NMTC structure sufficient to recapture all of the outstanding debt, there is a high degree of likelihood that the senior or mezzanine lender would foreclose on its loan, resulting in an even greater amount of secured debt ahead of PDC. Were these to occur, it is doubtful that PDC would recover any of its outstanding debt.

ALTERNATIVE ACTIONS

The Board could choose to not approve the sale of the notes and continue to attempt to recover payments over the remaining terms of the loans with the potential risks enumerated above.

ATTACHMENTS

A. Loan Valuation
B. Project Site Map
C. PDC Loan Information Summary
D. River District URA Financial Summary

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

REPORT NO. 14-12

ATTACHMENT A

AUTHORIZING THE SALE OF NOTES TO URBAN HERITAGE PORTLAND HOTEL, LLC, A DELAWARE LIMITED LIABILITY COMPANY, AND PORTLAND HOTEL FUND, LLC, A DELAWARE LIMITED LIABILITY COMPANY, IN AN AGGREGATE AMOUNT OF APPROXIMATELY $11,500,000

Attachment A includes this cover page and contains 16 pages:

- Maximizing Value, Jones Lang LaSalle valuation of The Nines

Maximizing Value.

Jones Lang LaSalle®

Real value in a changing world

Jones Lang LaSalle valuation of The Nines Portland Development Commission loans

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Section 1

Executive Summary

Executive summary

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Jones Lang LaSalle (“JLL”) is pleased to provide the Portland Development Commission (“PDC”) with its valuation of four PDC loans: the Bridge Loan, Seismic Loan, Project Loan, and Ownco Loan (“the “PDC Loans”). The PDC loans are secured by ownership interests in The Nines (the “Property”), a 331-room luxury hotel in downtown Portland, Oregon.

The PDC has requested that JLL:

- Take into consideration the current note sale environment and the marketability of the Loan
- Address the risk profile of the Loan relative to the profile of the asset class
- Analyze trends in historical supply and demand and analyze the likely effect of future changes in supply and demand on the market’s performance
- Review loan documents, co-lender agreements, and inter-creditor agreements
- Analyze the Loan terms and understand covenants, tests, requirements and remedies.
- Analyze the capital stack relative to control, likelihood of payoffs and debt service coverage implications

The Portland Development Commission has also asked JLL to provide its opinion of value for the PDC loans in six months. However, due to the short remaining duration of the Bridge Loan and the Ownco Loan and the extended remaining terms of the Seismic Loan and Project Loan before maturity, JLL does not believe that value will change materially over the next six months.

Based on our market leading capital markets and loan sale experience on similar transactions:

- JLL has valued the Bridge Loan between $2.5 and $2.7 million, or 83% to 87% of the total outstanding obligations
- JLL has valued the Seismic Loan between $2.2 and $2.5 million, or 23% to 26% of the total outstanding obligations
- JLL has valued the Project Loan between $0.9 and $1.1 million, or 39% to 43% of the total outstanding obligations
- JLL has valued the Ownco Loan between $3.2 and $3.3 million, or 83% to 86% of the total outstanding obligations
- **In aggregate, JLL has valued the four loans between $9.0 and $9.6 million, or 46% to 50% of the total outstanding obligations**

Commercial real estate loan pricing is subject to numerous factors including, but not limited to, sponsorship, property quality, cash flow, submarket real estate fundamentals and general real estate market and economic conditions. The Jones Lang LaSalle work product was based on limited due diligence and information because of time constraints and lack of access to full property and loan information. For the foregoing reasons, the Jones Lang LaSalle work product is subject to material variation and may differ significantly from actual values if the assets were to have been broadly marketed as of the date of valuation.

Situation Overview

Sage Hospitality via Urban Heritage Portland Hotel, LLC ("Ownco") owns the upper condominium portion of the Meier & Frank Building in historic Portland, Oregon. Ownco has leased the property, for 39 years, to a Sage Hospitality-related entity, Portland Hotel Developer ("Buildco") for the purpose of rehabilitating The Nines, a 331 room luxury hotel, which is located in the upper condominium portion of the building. In turn the hotel was subleased to Portland Hotel Master Lessee to manage and operate the hotel. Additionally, the project qualified for Historic Tax Credits due to the historic nature of the building.

To fund the renovation, The Nines project received an aggregate $47.1 million in senior construction financing from Hospitality Fund I, LLC, which was primarily funded by Prudential Insurance Company of America ("Prudential"). In addition, The Nines project received $33 million in mezzanine financing funded by JP Morgan Asset Management and Sage Hospitality. Additionally, the Portland Development Commission ("PDC") committed $16.9 million in low interest loans to The Nines as part of a broader effort to encourage development and job creation in the city of Portland.

Capital Stack

Facility	Note Holder	Principal balance as of 12/31/2013	Cumulative balance as of 12/31/2013	Loan balance per room	Accrued Interest	Outstanding obligations as of 12/31/2013	Interest Rate	Maturity Date
CDE Loan	Hospitality Fund I, LLC	$50,725,000	$50,725,000	$153,248	$1,258,824	$51,983,824	Var	3/5/2015
Buildco Mezz Loan	Portland Mezzanine Lender, LLC	$32,993,081	$83,718,081	$252,925	$1,181,053	$34,174,134	11.30%	3/5/2015
Operating Shortfall Loans	Portland Mezzanine Lender, LLC	$9,911,615(1)	$93,629,696	$282,869	$2,229,101	$12,140,716	11.30%	3/5/2015
PDC Bridge Loan Note	***Portland Development Corporation***	***$2,600,000***	***$96,229,696***	***$290,724***	***$455,819***	***$3,055,819***	***3.00%***	***4/1/2015***
PDC Seismic Note	***Portland Development Corporation***	***$8,625,000***	***$104,854,696***	***$316,782***	***$1,230,658***	***$9,855,658***	***3.00%***	***4/1/2031***
PDC Project Note	***Portland Development Corporation***	***$2,200,000***	***$107,054,696***	***$323,428***	***$313,907***	***$2,513,907***	***3.00%(2)***	***4/1/2021***
PDC Ownco Note	***Portland Development Corporation***	***$3,111,023***	***$110,165,719***	***$332,827***	***$739,827***	***$3,850,850***	***5.00%***	***11/1/2015***
Total Debt		**$110,165,719**	**$110,165,719**	**$332,827**	**$7,409,187**	**$117,574,906**		

(1) Includes $2,838,417 in to-be-funded proceeds for the 2014 Capital Improvements Shortfall.
(2) Interest accrues monthly until April 2016 and is payable monthly thereafter.

Key Considerations

In undertaking the analysis and valuations of the PDC Loans, JLL evaluated and took into consideration multiple factors, including:

1. The additional $2.8 million of capital needed for the required renovation of the Hotel
2. The accrual of interest on the CDE Loan, Mezzanine Loans and Shortfall Loans
3. The expiration of the Historic Property Tax Valuation in 2021
4. The priority of payments for the servicing of interest, principal and repayment
5. The extended tenure on several of the loans
6. The control features afforded to the lender

Furthermore, for JLL's underwritten investor return requirements for each PDC Loan, we took into account factors including:

1. The prevailing return thresholds for lenders and investors in hotel real estate currently in the market
2. The risk profile, strength and volatility of the Portland, OR market
3. The risk profile, strength and volatility of hotels as an asset class
4. The assumed timing of payments owed under the terms of the PDC Loans

Loan Valuation

Bridge Loan Valuation

- Due to the existing capital stack and priority of payments, JLL assumes that on a go-forward basis, interest accrues at the 3% fixed rate multiplied by the sum of principal and accrued interest until the existing CDE Loan and the Mezzanine Loan are refinanced in March 2015.
- Based on the accrued interest of $455,819 as of 12/31/2013, and assuming interest continues to accrue at a 3% interest rate on the sum of principal and accrued interest, JLL assumes the total accrued interest equals $572,440 as of 3/31/2015.
- JLL assumes the principal and accrued interest of the Bridge Loan are repaid at par at maturity (April 2015).
- Based on JLL's past experience marketing and selling subordinate debt tranches secured by hotel assets, we assume investors will require an equity multiple of 1.20x to 1.25x due to the loan's short remaining duration.

PDC Bridge Loan	Low	High
Loan Value	$2,540,000	$2,650,000
% of Par (including accrued interest)	83%	87%
Equity Multiple	1.25x	1.20x

Seismic Loan Valuation

- Due to the existing capital stack and priority of payments, JLL assumes that on a go-forward basis, interest accrues at the 3% fixed rate until the existing CDE Loan and the Mezzanine Loan are refinanced in March 2015. JLL also assumes that the structured 32-year amortization schedule commences in April 2015 and continues throughout the loan's remaining term.
- Based on the accrued interest of $1,230,658 as of 12/31/2013, and assuming interest has continued to accrue at a 3% interest rate on the principal balance, JLL assumes the total accrued interest equals $1,554,095 as of 3/31/2015.
- JLL assumes all outstanding principal and accrued interest is repaid at par at maturity (April 2031).
- Based on JLL's past experience marketing and selling subordinate debt tranches secured by hotel assets, we assume investors will require a yield range of 17.0% to 19.0%.
- In JLL's experience, loans with extended remaining terms similar to the Seismic Loan attract more limited interest from investors and will therefore be priced at higher yields than shorter-duration loans with comparable structures and metrics.

PDC Seismic Loan	Low	High
Loan Value	$2,230,000	$2,550,000
% of Par (including accrued interest)	23%	26%
Investor Yield Requirement	19.0%	17.0%

Loan Valuation

Project Loan Valuation

- JLL assumes interest continues to accrue until April 2016, when monthly interest payments commence at the fixed 3% interest rate.
- Based on the accrued interest of $313,907 as of 12/31/2013, and assuming interest continues to accrue at a 3% interest rate, JLL assumes the total accrued interest equals $467,907 as of April 2016 when monthly interest payments commence.
- JLL assumes all outstanding principal and accrued interest is repaid at par at maturity (April 2021).
- Based on JLL's past experience marketing and selling subordinate debt tranches secured by hotel assets, we assume investors will require a yield range of 16.0% to 18.0%.
- In JLL's experience, loans similar to the Project Loan, with extended remaining term and no structured monthly payments, attract more limited interest from investors and will therefore be priced at higher yields than shorter-duration loans with comparable structures and metrics.

	Low	High
PDC Project Loan		
Loan Value	$970,000	$1,090,000
% of Par (including accrued interest)	39%	43%
Investor Yield Requirement	18.0%	16.0%

Ownco Loan Valuation

- Due to the existing capital stack and priority of payments, JLL assumes that on a go-forward basis, interest accrues at the 3% fixed rate until the existing CDE Loan and the Mezzanine Loan are refinanced in March 2015.
- Based on the accrued interest of $739,827 as of 12/31/2013, and assuming interest continues to accrue at a 5% interest rate on the principal balance, JLL assumes the total accrued interest equals $934,266 as of 3/31/2015.
- JLL assumes all outstanding principal and accrued interest is repaid at par at maturity (November 2015).
- Based on JLL's past experience marketing and selling subordinate debt tranches secured by hotel assets, we assume investors will require a yield range of 14.0% to 16.0%.

	Low	High
PDC Ownco Loan		
Loan Value	$3,210,000	$3,310,000
% of Par (including accrued interest)	83%	86%
Investor Yield Requirement	16.0%	14.0%

Loan Terms

Senior Obligations

	CDE Loan	Buildco – Mezz Loan	Operating Shortfall Loans
Lender	Hospitality Fund I, LLC	Portland Mezzanine Lender, LLC	Portland Mezzanine Lender, LLC
Principal balance as of 12/31/2013	$50,725,000	$32,993,081	$9,911,615(1)
Accrued interest as of 12/31/2013	$1,258,824	$1,181,053	$2,229,101
Outstanding obligations as of 12/31/2013	$51,983,824	$34,174,134	$12,140,716
Final maturity	3/5/2015	3/5/2015	3/5/2015
Interest rate	Var	11.30%	11.30%
Amortization	Interest only	Interest only	Interest only
Prepayment	NAP	NAP	NAP

(1) Includes $2,838,417 in to-be-funded proceeds for the 2014 Capital Improvements Shortfall.

PDC Loans

	PDC Bridge Loan	PDC Seismic Loan	PDC Project Loan	PDC Ownco Loan
Lender	PDC	PDC	PDC	PDC
Principal balance as of 12/31/2013	3,000,000	8,625,000	2,200,000	3,111,022
Accrued interest as of 12/31/2013	$455,819	$1,230,658	$313,907	$739,827
Outstanding obligations as of 12/31/2013	$3,003,463	$9,703,952	$2,475,211	$5,235,728
Final maturity	4/1/2015	4/1/2031	4/1/2021	11/1/2015
Interest rate	3.00%	3.00%	3.00% (payable monthly starting in April 2016)	5.00%
Amortization	$100,000 principal payments due in April of each year.	Amortization on a 32-year schedule when debt service payments commence	Interest only	Interest only
Prepayment	Open	Open	Open	Open

Section 2

Key senior profiles

Peter S. Nicoletti

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Career summary

Peter S. Nicoletti is Executive Managing Director of Jones Lang LaSalle's Capital Markets group overseeing Jones Lang LaSalle's Real Estate Investment Banking unit and responsible for directing capital markets activities in New York City. Mr. Nicoletti has over 23 years of commercial real estate and investment banking experience and is responsible for the platform's strategic direction. He oversees all engagements related to mortgage origination, equity placement, and loan sales.

Under Mr. Nicoletti's leadership Jones Lang LaSalle has become the market leader in loan sale transactions. Since 2009, this unit has sold, advised & valued more than $54 billion in loan assets in North America, Europe and Asia.

In 2012, he was selected MVP of Jones Lang LaSalle.

Prior to joining the firm in 2008, Mr. Nicoletti was a Managing Director at HFF from 2004 to 2008, Prior Mr. Nicoletti was a Managing Partner at Garibaldi Partners, a Senior Vice President at Rockwood Realty Associates and an Investment Manager at MetLife Real Estate Investments.

Education and affiliations

Mr. Nicoletti holds a B.S. in economics from Fairleigh Dickinson University. Mr. Nicoletti is affiliated with CRE Finance Council, the Urban Land Institute, AFIRE, Mortgage Brokerage Association, the National Multi Housing Council, the International Council of Shopping Centers.

Mathew Comfort

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Career summary

Mathew Comfort is a Managing Director at Jones Lang LaSalle in New York, where he co-leads the Investment Banking team for Jones Lang LaSalle Hotels in raising capital for hotel owners and developers and providing advisory and note sale services to hotel lenders.

Prior to joining Jones Lang LaSalle, Mr. Comfort worked as a Development Manager at AvalonBay Communities in New York where he focused on acquisitions, and as a Project Manager at Westrum Development in Philadelphia where he worked with the acquisitions, development, and property management teams. Previously, Mr. Comfort worked at Mitchell/Giurgola Architects before leaving to lead the award-winning design of the Gishen Maryam Ethiopian Orthodox church and community center in Denver.

Education and affiliations

Mathew Comfort received his M.Des. in Real Estate and Urban Development from the Graduate School of Design at Harvard University, and completed the Finance-Accounting Program at The Wharton School, University of Pennsylvania. He also holds a M.A. from Union Theological Seminary and a B.A. from Amherst College.

Brett Rosenberg

—

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Career summary

Brett Rosenberg is a Senior Vice President in the Real Estate Investment Banking and Global Loan Sales group at Jones Lang LaSalle in New York where she sources debt and equity capital for property owners, sells loans on behalf of financial institutions and special servicers, and is part of a team providing special asset services for lending institutions.

Specializing in real estate structured financial solutions and investment banking, Ms. Rosenberg delivers real estate expertise and strategies to owners, financial institutions and special servicers. Ms. Rosenberg provides client management, underwriting, transaction structuring and deal execution services. She is also responsible for directing portfolio and individual asset pricing analyses, loan document due diligence and cash flow modeling.

During her eight-year tenure at Jones Lang LaSalle, Ms. Rosenberg has valued and/or sold $9.0 billion in loan sales and closed almost $900 million of debt and equity transactions.

Education and affiliations

Ms. Rosenberg holds an M.B.A. from Columbia Business School and a B.B.A. from the University of Michigan.

Aaron Niedermayer

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Career summary

Aaron Niedermayer is a Vice President in the Special Asset Services & Loan Sales group within JLL's U.S. Real Estate Investment Banking group. Mr. Niedermayer is responsible for providing valuation, restructuring/workout advisory and individual/portfolio loan sale transaction management services on behalf of financial institutions. As a member of the JLL Capital Markets group, Mr. Niedermayer has advised on projects totaling over $3.1 billion.

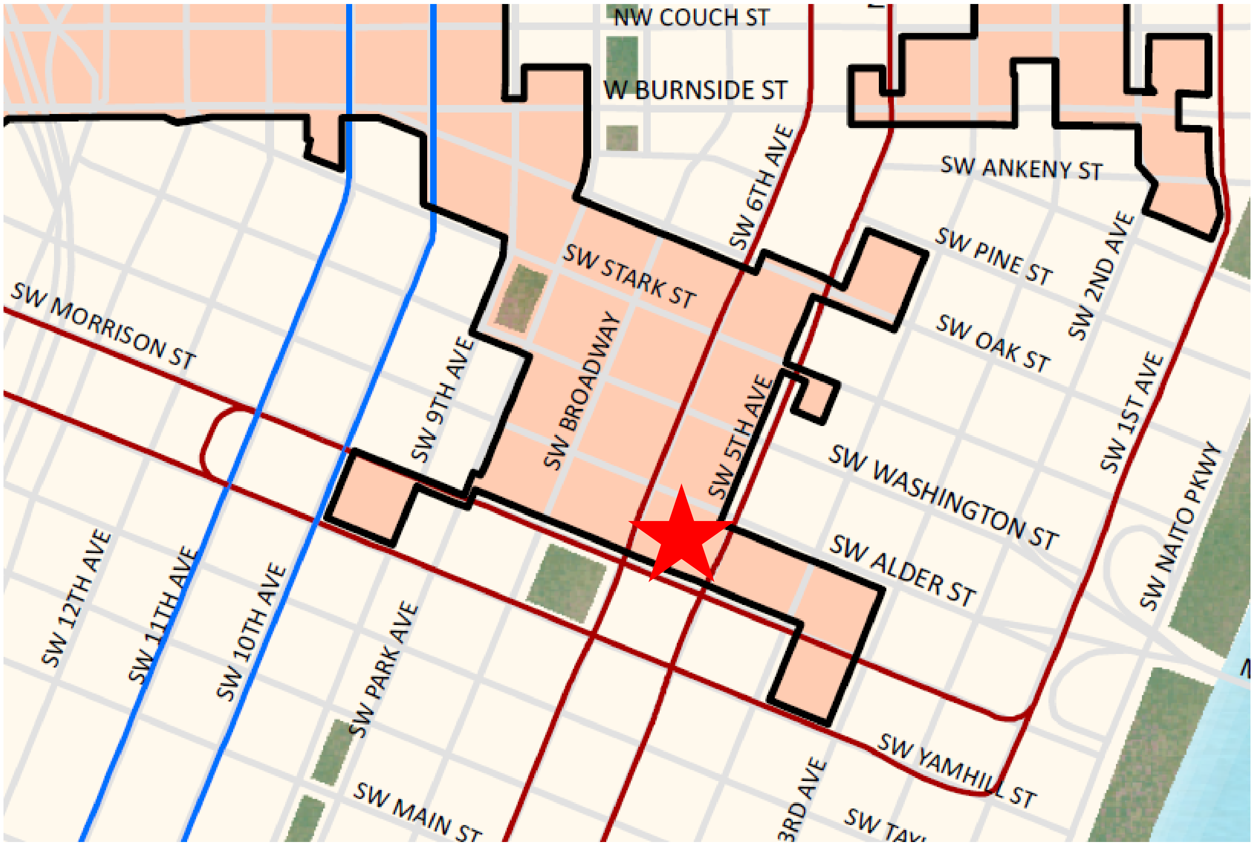
Mr. Niedermayer specializes in client management, underwriting, loan document analysis, and transaction structuring. Previously he was part of a dedicated team at Jones Lang LaSalle that advised a major U.S. Commercial Bank on a $1.3 billion portfolio of 37 mortgage loans (senior loans, B-notes and mezzanine loans) that the client took possession of as a result of the Lehman Brothers bankruptcy. His responsibilities included pro-forma modeling, valuation, asset management/strategic development, and workout/restructuring advisory and negotiation.

Prior to joining Jones Lang LaSalle's Capital Markets group, Mr. Niedermayer worked as an Associate in the U.S. Real Estate Finance Group at UBS Investment Bank (UBS) in New York City where he assisted in the management of the firm's $5.0 billion real estate balance sheet. At UBS, his primary duties included analyzing individual property performance collateralizing the loans, re-underwriting at-risk loans for potential restructuring and negotiating and restructuring loan workouts. After spending two years consulting after graduating from college, Mr. Niedermayer began his real estate career in 2005 at Redbrick Partners, a boutique real estate private equity firm which focused on condo-conversion and purchasing distressed packages of condominiums.

Education and affiliations

Mr. Niedermayer graduated with Cum Laude honors and a B.A. in Political Science from Duke University in 2003. He is a Young Leader member of the Urban Land Institute.

Project Site Map



★ 525 SW Morrison Street

PDC Loan Information Summary

Loan #	Principal Amount	Accrued Interest (as of 12/31/13)	Interest Rate	Loan Terms	Maturity Date	Interest Payments To Date
2175-02-01	$2,600,000	$377,394	3.00%	-Cash Flow Dependent Through Maturity	4/1/2015	($227,500) Interest paid
2175-03-01	$3,111,023	$740,257	5.00%	-Cash Flow Dependent Through Maturity	11/1/2015	$0
2175-04-01	$2,700,000	$313,904	3.00%	-Deferred Payments Through 3/31/16 -Interest-Only Payments 4/1/16-4/1/21	4/1/2021	($500,000) Forgivable - Jobs provision
2175-04-03	$8,625,000	$1,252,173	3.00%	-Cash Flow Dependent Through 3/31/15 -P&I Payments 4/1/15-4/1/31	4/1/2031	($754,672) Interest paid
Total	**$17,036,023**	**$2,683,728**				**($1,482,172)**
			TOTAL AMOUNT DUE			**$18,237,579**

River District URA Financial Summary

Five-Year Forecast Program Requirements Detail

	Revised- 1 FY 2013-14	Draft FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19
River District URA						
Resources						
Beginning Fund Balance	38,290,152	12,067,847	2,096,020	8,009,486	27,610,597	15,773,863
Interest on Investments	400,000	0	0	0	0	0
Intergovernmental Revenues	1,800,000	1,322,413	1,322,413	0	0	0
Loan Collections	2,899,564	8,156,070	7,460,820	3,806,785	3,619,344	4,841,505
Long Term Debt	0	6,000,000	23,000,000	63,487,874	0	0
Property Income	3,225,147	1,603,376	1,603,376	1,603,376	1,603,376	1,603,376
Reimbursements	400,000	480,496	480,496	480,496	480,496	480,496
Short Term Debt	20,003,036	22,171,748	22,435,148	6,264,337	18,669,280	12,412,918
Total Resources	**67,017,899**	**51,801,950**	**58,398,273**	**83,652,354**	**51,983,093**	**35,112,158**
Requirements						
Program Expenditures						
Administration						
Financial Administration						
A45101330 Debt Management-RVD	50,000	65,000	65,000	65,000	65,000	65,000
Total Administration	**50,000**	**65,000**	**65,000**	**65,000**	**65,000**	**65,000**
Business Dev						
Business Lending						
L02100330 BIF-General-RVD	301,000	325,000	325,000	325,000	325,000	325,000
L02110330 BIF-Cluster Group-Budget-RVD	500,000	175,000	175,000	175,000	175,000	175,000
Small Business & Community Dev						
B55005330 OT/CT Action Plan-RVD	0	125,000	125,000	125,000	0	0
Traded Sector Business Dev						
T01069330 Lean Manufacturing-RVD	12,500	0	0	0	0	0
B15100330 Cluster Development-RVD	37,500	50,000	50,000	50,000	50,000	50,000
B55005330 OT/CT Action Plan-RVD	110,000	0	0	0	0	0
Total Business Dev	**961,000**	**675,000**	**675,000**	**675,000**	**550,000**	**550,000**
Infrastructure						
Public Facilities						
N33022015 Union Station Grant-RVD-Adm	2,226,500	1,725,017	1,653,017	3,500,500	0	0
Transportation						
N33033415 Pearl District Cir-RVD-Adm	2,325,389	1,779,465	0	0	0	0
Total Infrastructure	**4,551,889**	**3,504,482**	**1,653,017**	**3,500,500**	**0**	**0**
Portland Hsg Bureau						
PHB Housing						
H15135330 The Medford-RVD	1,476,000	0	0	0	0	0
H15430330 Affordable Rental Hsg-RVD	5,725,000	7,375,000	11,075,000	7,475,000	2,725,000	1,100,000
H15900330 PHB Staff & Admin-RVD	789,077	430,271	516,490	544,756	528,533	400,000
H15930330 Fairfield Apartments-RVD	50,000	50,000	50,000	50,000	0	0
H15951330 Yards at Union Station-RVD	220,000	0	0	0	0	0
Total Portland Hsg Bureau	**8,260,077**	**7,855,271**	**11,641,490**	**8,069,756**	**3,253,533**	**1,500,000**
Property Redev						
Commercial Property Redevelopm						
P33091015 Public Outreach-RVD-Adm	2,000	0	0	0	0	0
P33060415 Centennial Mills-RVD-Adm	104,256	54,256	54,256	54,256	54,256	54,256
P33060525 Station Place Lot 5-RVD-Adm	2,400	2,400	2,400	2,400	2,400	2,400
P33060535 Station Place Lot 7-RVD-Adm	29,349	19,349	19,349	19,349	19,349	19,349
P33060545 Station Place Prkng-RVD-Adm	243,950	243,950	243,950	243,950	243,950	243,950
P33060615 Block R-RVD-Adm	6,750	6,750	6,750	6,750	6,750	6,750

Five-Year Forecast Program Requirements Detail

	Revised- 1 FY 2013-14	Draft FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19
P33060315 Grove Hotel-RVD-Adm	44,592	44,592	44,592	44,592	44,592	44,592
P33060815 Old Fire Station Mgmt-RVD-Adm	152,792	0	0	0	0	0
P33052715 PNCA-RVD-Adm	25,000	0	0	0	0	0
P33060715 One Waterfront North-RVD-Adm	4,187	4,187	4,187	4,187	4,187	4,187
P33060215 Union Station-RVD-Adm	1,890,586	2,040,586	1,890,586	1,890,586	1,890,586	1,890,586
P33060115 Block Y-RVD-Adm	16,044	16,044	16,044	16,044	16,044	16,044
P33054315 RD Enviro-RVD-Adm	600,000	0	0	0	0	0
P33052215 CC 2035-RVD-Adm	75,977	0	0	0	0	0
P33052115 10th & Yamhill Redev-RVD-Adm	0	0	3,250,000	10,000,000	0	0
P33050415 Centennial Mills Rdv-RVD-Adm	1,070,000	500,000	14,000,000	0	0	0
P33050115 Dtwn Retail Strat-RVD-Adm	250,000	30,000	30,000	30,000	0	0
P33050015 Post Office-RVD-Adm	500,000	500,000	0	10,000,000	10,000,000	9,000,000
P33055115 Multnomah County-PDV-Adm	26,948,460	0	0	0	0	0
Commercial Real Estate Lending						
R01100330 CPRL-General-RVD	9,000,000	27,570,000	8,500,000	12,000,000	11,000,000	2,000,000
Community Redevelopment Grants						
G03100330 SIP-General-RVD	300,000	300,000	300,000	300,000	300,000	300,000
G02100330 DOS-General-RVD	100,000	100,000	100,000	100,000	100,000	100,000
Total Property Redev	**41,366,343**	**31,432,114**	**28,462,114**	**34,712,114**	**23,682,114**	**13,682,114**
Total Program Expenditures	**55,189,309**	**43,531,867**	**42,496,621**	**47,022,370**	**27,550,647**	**15,797,114**
Personal Services	632,061	607,255	1,992,874	2,314,313	2,247,211	1,818,779
Transfers - Indirect	4,110,646	5,566,808	5,899,292	6,705,074	6,411,372	5,110,653
Total Fund Expenditures	**59,932,016**	**49,705,930**	**50,388,787**	**56,041,757**	**36,209,230**	**22,726,546**
Contingency	7,085,883	2,096,020	8,009,486	27,610,597	15,773,863	12,385,612
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	**67,017,899**	**51,801,950**	**58,398,273**	**83,652,354**	**51,983,093**	**35,112,158**