

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7043

**APPROVING A LEASE AGREEMENT FOR PORTLAND DEVELOPMENT
COMMISSION-OWNED PROPERTY AT 5716 SE 92ND AVENUE IN THE
LENTS TOWN CENTER URBAN RENEWAL AREA**

WHEREAS, on September 9, 2009, the Portland Development Commission (“PDC”) Board of Commissioners (“Board”), through Resolution No. 6736, authorized purchasing the property located at 5716 SE 92nd Avenue, commonly known as The Bakery Blocks (“Property”), in the Lents Town Center Urban Renewal Area;

WHEREAS, portions of the Property have been vacant for several years;

WHEREAS, PDC entered into discussions with Z. Haus, LLC (“Z. Haus”), to lease a portion of the Property for the construction of a brewery, pub, and full-service restaurant (“Project”);

WHEREAS, the Project will activate a key commercial space on SE 92nd Avenue, create 24 jobs, and help further the transformation of the Lents Town Center;

WHEREAS, pursuant to general loan authority previously granted by the Board, the Executive Director intends to provide up to \$450,000 in loans to Z. Haus, which funds, when combined with other resources, will provide full funding for the construction of the Project; and

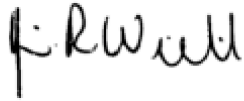
WHEREAS, the Board believes that the Project will provide substantial benefit to the Lents Town Center.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to execute a lease agreement (“Agreement”) with Z. Haus for a portion of the property located at 5716 SE 92nd Avenue, substantially on the terms as attached hereto as Exhibit A;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the Agreement 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.

Adopted by Portland Development Commission on March 12, 2014

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

Gina Wiedrick, Recording Secretary

Term Sheet

Property: 5716 SE 92nd Avenue
Portland, OR 97266

Owner/Landlord: Portland Development Commission
222 NW 5th Ave
Portland, OR 97209
Attn: Bruce Wood, Real Estate and Construction Services Manager
(503) 823-5375

Tenant: Z Haus, LLC
412 NW 5th Ave.
Portland, OR 97209
Attn: Alan Taylor, Chad Rennaker
(503) 530-9087

Premises: Approximately 10,000 rentable square feet. Tenant will also have access for storage and ancillary uses to approximately 7,500 square feet in the basement and approximately 7,500 square feet on the second floor.

Tenant shall also have use of the parking areas; parking lot maintenance expenses shall be included in NNN charges.

Use: Premises will be used and occupied for a brewery, pub, full-service restaurant, and ancillary uses associated with this use(s) such as the sale of related merchandise. Use shall not change without Landlord's prior written consent which shall not be unreasonably withheld.

Term: Ten years plus two five-year options to extend. Option years are exclusive to Tenant and are assignable with the consent of Landlord.

Possession Date: Immediately upon Tenant obtaining financing, permits and licenses, however no later than January 1, 2015.

Rent Commencement Date: The earlier of Tenant's opening for business or 240 days from the Possession Date.

Rent:

Year 1	\$4,583/month, NNN
Year 2-5	\$9,167/month, NNN
Year 6-10	Rent shall increase by the change in CPI with a minimum increase of 2 percent and a maximum of 5 percent per year.

Option Rent: Rent during the option periods will be the previous year's rent increased by the change in CPI with a minimum increase of two percent and a maximum increase of five percent.

- Additional Charges:** Tenant shall pay its pro rata share of insurance, property taxes, and common area maintenance expenses (NNNs) that will be outlined in the Lease. Landlord will provide Tenant with an estimated budget for the NNNs during the lease negotiation process. A management fee not greater than 10 percent of NNN charges (excluding taxes and insurance charges) shall be included in NNN charges. Tenant shall not be responsible for NNN charges until the Rent Commencement Date.
- Advance Rent:** Tenant shall pay to Landlord upon the execution of a lease a sum equal to the first month's rent, which will apply to the first month's rent.
- Security Deposit:** Tenant shall pay to Landlord upon the execution of a lease a security deposit equal to the last month's rent which shall be refundable under the terms of the lease.
- Landlord work:** Landlord shall complete shell and core improvements to the Premises at a cost not to exceed \$425,000. At Landlord's option the shell and core improvements may be included in Tenant's contractor scope of work.
- Tenant Improvement Allowance:** Landlord agrees to provide Tenant an improvement allowance of \$250,000 to be applied to tenant improvements for the Premises.
- Utilities:** Tenant shall pay for all utilities. If utilities are not separately metered, Tenant shall pay its proportionate share as reasonably determined by Landlord.
- Patio Area:** Tenant shall be allowed to use the adjacent outside sidewalk areas subject to approval of the appropriate agencies/entities having jurisdictional authority and Landlord's reasonable approval.
- Landlord responsibilities:** Landlord shall be responsible for structural elements of the Property to be more fully outlined within the Lease.
- Lease Form:** Landlord's standard lease form shall be used, subject to review, approval, and full signature of both parties.
- Signage:** Tenant shall have the right to place its business signs upon the exterior walls and roof of the Premises and the parking lot, provided such signs are in compliance with applicable law and Landlord's sign criteria. If Landlord has no standard sign criteria, Tenant's signs shall be subject to Landlord's approval, which shall not be unreasonably withheld.
- Brokerage:** Landlord agrees to pay brokerage fees per separate agreement.

Equity Goals: Pursuant to PDC’s adopted Equity Policy & Procedures, Tenant’s contractor 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.

Prevailing Wage: The Project shall be considered a “public work”, based on a determination from the Bureau of Labor and Industry, subject to Oregon’s Prevailing Wage Law (Oregon Revised Statutes 279C.800 to 279C.870 and the administrative rules adopted thereunder).

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RESOLUTION TITLE:

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Adopted by the Portland Development Commission on March 12, 2014

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 Tom Kelly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner John Mohlis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Charles Wilhoite	<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>Date:</p> <p>March 13, 2014</p>
<p>Gina Wiedrick, Recording Secretary</p>	