

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7162

AUTHORIZING THE TERMS OF A PURCHASE AND SALE AGREEMENT TO CONVEY 0.23 ACRES OF REAL PROPERTY IN THE DOWNTOWN WATERFRONT URBAN RENEWAL AREA TO TOYOKO INN ECONOMY HOTEL PLANNING AND DEVELOPMENT CO. LTD. FOR \$1,024,000

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 0.23 acre parcel known as the SW Third and Oak property located in the Downtown Waterfront Urban Renewal Area at 209 SW Oak Street (the “Property”) immediately to the south of Old Town/Chinatown and to the north of the downtown retail core;

WHEREAS, PDC acquired the Property in June 2002 for the purposes of housing redevelopment and with certain land encumbrances, including an existing 99-year lease with two 99-year extensions for structured parking rights to the adjacent property to the north;

WHEREAS, between 2002 and 2010, PDC’s efforts to redevelop the Property as housing together with the parking garage encumbrance were unsuccessful;

WHEREAS, in 2005, the building on the Property and related underground parking garage were demolished in preparation for redevelopment, resulting in an encumbrance and financial impacts to PDC, including annual reimbursement payments and the reservation of a one-time estimated parking garage replacement cost impact to the Downtown Waterfront Urban Renewal Area;

WHEREAS, the Portland Housing Bureau (“PHB”) was created in 2010, and PHB selected certain properties from PDC’s property portfolio to be transferred to PHB ownership for the purposes of developing housing, and the Property was not selected by PHB and thus remained with PDC for disposition;

WHEREAS, as part of disposition efforts, PDC directly marketed the Property in spring 2015, seeking offers from qualified development teams to purchase and redevelop the Property consistent with the goals of the Plan;

WHEREAS, three offers were received and the PDC Financial Investment Committee recommended selecting Toyoko Inn Economy Hotel Planning and Development Co. Ltd. (“Buyer”); and

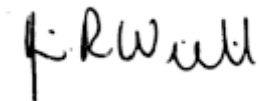
WHEREAS, PDC and Buyer signed a Letter of Intent on December 11, 2015. A summary of terms is attached hereto as Exhibit A, which sets forth the mutual understandings and intentions to negotiate the terms of a binding Purchase and Sale Agreement (the “Terms and Conditions”).

NOW, THEREFORE, BE IT RESOLVED, that the PDC Board of Commissioners authorizes the Executive Director to execute a Purchase and Sale Agreement, in substantial accordance with the Terms and Conditions attached as Exhibit A;

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

Adopted by the Portland Development Commission on January 13, 2016



Gina Wiedrick, Recording Secretary

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EXHIBIT A

**AUTHORIZING THE TERMS OF A PURCHASE AND SALE AGREEMENT TO
CONVEY 0.23 ACRES OF REAL PROPERTY IN THE DOWNTOWN
WATERFRONT URBAN RENEWAL AREA TO TOYOKO INN ECONOMY
HOTEL PLANNING AND DEVELOPMENT CO. LTD. FOR \$1,024,000**

Exhibit A includes this cover pages and contains four pages:

- Summary of Terms and Conditions of Purchase and Sale Agreement in the Downtown Waterfront Urban Renewal Area between the Portland Development Commission and Toyoko Inn Economy Hotel Planning and Development Co. Ltd.

SUMMARY OF TERMS AND CONDITIONS
OF
PURCHASE AND SALE AGREEMENT
IN THE DOWNTOWN WATERFRONT URBAN RENEWAL AREA

Between

THE PORTLAND DEVELOPMENT COMMISSION

And

TOYOKO INN ECONOMY HOTEL PLANNING AND DEVELOPMENT CO.
LTD.

PDC ("Seller") contemplates the following major Terms and Conditions leading to and informing the negotiation of a conveyance of the Property (defined below). Toyoko Inn Economy Hotel Planning and Development Co. Ltd. ("Buyer") together with the Seller shall be referred to as "the Parties". The terms and conditions as outlined herein are intended to serve as a basic framework for a proposed transaction between Buyer and Seller ("Purchase and Sale Agreement"). Additional minor terms and conditions will be subject to subsequent negotiations between the Parties. It is the intent of the Parties to execute a definitive Purchase and Sale Agreement (PSA) within 90 days of PDC Board of Commissioners approval of these Terms and Conditions. Seller shall provide a draft of the PSA to Buyer within 14 days of PDC Board of Commissioners approval. The Agreement shall be a legally binding instrument and shall set forth the more detailed provisions governing the rights and obligations of the Parties with respect to conveyance of the Property and construction of the Project. The date of execution by the Parties of the PSA shall be deemed the "Effective Date".

Property Description: The 10,000 square foot lot, commonly known as 209 SW Oak St., Portland, Oregon.

AS IS Sale: Buyer to acquire the Property, in the condition existing at the time of Closing, AS-IS, with all defects, if any.

Project: A "Toyoko Inn" three-star hotel with 350-400 rooms.

Purchase Price: One Million Twenty Four Thousand Dollars (\$1,024,000.00). This price constitutes \$2,500,000 less the estimated costs of complying with certain Parking Obligations. The Purchase Price shall not be adjusted if the actual costs of complying with the Parking Obligations are either higher or lower. Buyer shall satisfy themselves of these estimates during the due diligence process.

Effective Date: Buyer and Seller shall attempt to negotiate a formal PSA. The date of execution of the PSA shall be deemed the Effective Date.

Earnest Money: One Hundred Thousand Dollars (\$100,000.00), to be placed in escrow within five (5) business days of the Effective Date.

Due Diligence: Thirty (30) days beginning upon the Effective Date. Buyer shall request a Permit of Entry from Seller, to allow Buyer and its agents to enter the Property to conduct inspections, tests, and surveys. If desired, PDC is willing to provide a Permit of Entry after mutual execution of this Letter of Intent, and before the execution of a definitive PSA. Invasive tests, such as Phase 2 Environmental or Geotechnical assessments require specific prior permission from Seller. Upon Notice of Termination for any reason or no reason prior to the expiration of Due Diligence, Seller shall release all Earnest Money to Buyer. Otherwise, Earnest Money shall be non-refundable.

Title: During Due Diligence, Buyer shall review a preliminary title report issued by a national title insurance company and provided by the Seller. Buyer shall have fifteen (15) days from the Effective Date to provide Seller with any title

objections (“Title Objection Letter”). However, Buyer must accept all title conditions related to the following agreements:

- Payment for Interference with Parking Operations
- Renovation of Basement Parking Area
- Leases of the Basement Parking Areas
- Basement Parking Access Easement
- Garbage and Recycling Easement
- Density Transfer Covenants

The conditions outlined above are contained in several documents referenced in the Preliminary Title Report, including, without limitation, Exceptions 14-20 and Exception 22. Also, the sale shall be subject to the encroachment disclosed in Exception number 12.

Seller shall then have fifteen (15) days to respond to the Title Objection Letter. Buyer shall have until the expiration of Due Diligence to either terminate the proposed transaction, or accept an updated title report based upon the Seller’s response to the Title Objection Letter.

- Deed: Upon Closing, Seller shall deliver title to the Buyer by a Bargain and Sale Deed.
- Representations: Seller shall make all customary representations typical in an “AS-IS” sale. Buyer shall provide the same, along with any federal requirements that may apply to this transaction.
- Closing Date: The Closing Date shall be within sixty (60) days after the Effective Date.
- Repurchase Right: Seller shall have the right to repurchase the Property for the original Purchase Price if Buyer does not commence construction within two (2) years of the Closing Date.
- PDC Policies: Buyer will comply with PDC Equity Policy and PDC Green Building Policy.
- Broker Commission: Neither Buyer nor Seller is represented by any broker, and no sales commissions shall be paid as part of this contemplated transaction.

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RESOLUTION TITLE:

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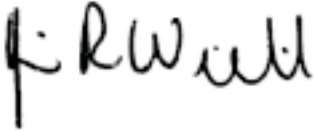
Adopted by the Portland Development Commission on January 13, 2016

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Tom Kelly	<input checked="" 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"/>	Commissioner 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>Date:</p> <p>January 15, 2016</p>
<p>Gina Wiedrick, Recording Secretary</p>	