

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7168

APPROVING THE TERMS OF A COMMERCIAL PROPERTY REDEVELOPMENT LOAN TO WDA 91ST & FOSTER DEVELOPMENT LLC FOR REDEVELOPMENT OF A CERTAIN PROPERTY IN THE LENTS TOWN CENTER URBAN RENEWAL AREA IN AN AMOUNT NOT TO EXCEED \$6,200,000

WHEREAS, on June 24, 2015, Portland Development Commission (“PDC”) Board of Commissioners through Resolution No. 7132 authorized the terms of a Predevelopment Loan, Disposition Agreement, and Commercial Property Redevelopment Loan (“Development Loan”) to WDA 91st & Foster Development LLC (“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.

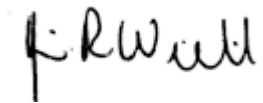
NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to execute a revised Development Loan with Developer substantially in accord with the provisions of Exhibit A;

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. 7132 shall remain applicable to the terms and conditions 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, somewhat stylized font.

Gina Wiedrick, Recording Secretary

PROPOSED TERMS AND CONDITIONS OF PDC DEVELOPMENT LOAN

Borrowing Entity:	WDA 91st & Foster Development LLC																										
Loan Program:	Commercial Property Redevelopment Loan – Construction/Permanent																										
Loan Amount:	\$6,200,000																										
Uses of Funds:	New construction																										
Loan Fee:	1% of the loan amount (\$62,000), financed																										
Interest Rate:	5.5% annual fixed rate																										
Term:	25 year term, 25 year amortization beginning in year 11																										
Repayment:	Interest-only payments for 10 years that are cash flow dependent with accrual (no interest on the accruals), followed by principal and interest payments for the remaining 15 years with the balance due at the end of year 25.																										
Collateral:	2nd lien position on the property																										
Guarantors:	None																										
Total Development Sources and Uses:	<p><u>Sources:</u></p> <table> <tr> <td>Senior Loan</td> <td>\$8,282,000</td> </tr> <tr> <td>PDC Permanent Loan</td> <td>\$6,200,000</td> </tr> <tr> <td>Portland Housing Bureau (PHB) Funding</td> <td>\$1,152,000</td> </tr> <tr> <td>Metro TOD Grant</td> <td>\$350,000</td> </tr> <tr> <td>SDC Exemptions</td> <td>\$208,000</td> </tr> <tr> <td>Developer Equity</td> <td><u>\$400,000</u></td> </tr> <tr> <td>Total</td> <td>\$16,592,000</td> </tr> </table> <p><u>Uses:</u></p> <table> <tr> <td>Land</td> <td>\$829,000</td> </tr> <tr> <td>Construction Costs</td> <td>\$10,950,000</td> </tr> <tr> <td>Soft Costs</td> <td>\$2,880,000</td> </tr> <tr> <td>Contingency</td> <td>\$1,401,000</td> </tr> <tr> <td>Developer Fee</td> <td><u>\$532,000</u></td> </tr> <tr> <td>Total</td> <td>\$16,592,000</td> </tr> </table>	Senior Loan	\$8,282,000	PDC Permanent Loan	\$6,200,000	Portland Housing Bureau (PHB) Funding	\$1,152,000	Metro TOD Grant	\$350,000	SDC Exemptions	\$208,000	Developer Equity	<u>\$400,000</u>	Total	\$16,592,000	Land	\$829,000	Construction Costs	\$10,950,000	Soft Costs	\$2,880,000	Contingency	\$1,401,000	Developer Fee	<u>\$532,000</u>	Total	\$16,592,000
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Program Guideline Exceptions:	<ul style="list-style-type: none"> • Loan amount exceeds program maximum of \$2,000,000 • Interest rate is not based on Prime + 3% • Fee to be financed instead of paid at closing • Loan term exceeds 10 years • Loan payments are cash flow dependent • Borrower’s equity contribution is less than 10% 																										

	<ul style="list-style-type: none"> • Personal/ corporate guarantees not required from the principals/ entities • Combined Loan to Value exceeds 100%; • Debt service coverage ratio does not meet minimum 1:1.15
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. 7168

RESOLUTION TITLE:

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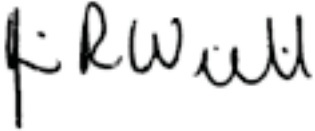
Adopted by the Portland Development Commission on February 10, 2016

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