

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7171

AUTHORIZING AMENDED TERMS FOR THE PURCHASE AND SALE AGREEMENT WITH THE UNITED STATES POSTAL SERVICE FOR THE ACQUISITION OF 13.4 ACRES OF REAL PROPERTY LOCATED AT 715 NW HOYT STREET IN THE RIVER DISTRICT URBAN RENEWAL AREA FOR \$88,000,000

WHEREAS, the Portland Development Commission (“PDC”) is undertaking the River District Urban Renewal Plan, adopted September 25, 1998, and subsequently amended (the “Plan”);

WHEREAS, relocation and acquisition of the United States Postal Service (“USPS”) Processing and Distribution Center site (“Downtown Property”) at 715 NW Hoyt Street in the River District Urban Renewal Area has long been envisioned by the general public, elected officials, and adopted land use and development plans as one of the most significant redevelopment sites in Portland’s central city;

WHEREAS, the 2015 West Quadrant Plan approved by Portland City Council (“City Council”) on March 5, 2015, states that PDC and partners should encourage the relocation of the regional distribution facility and redevelop the Downtown Property for a high density mix of uses (including affordable and market rate housing, office, and retail) and new city attractions (including the provision of civic parks, open space amenities, and signature connections) between the Pearl District and Old Town/Chinatown, and between the North Park Blocks and the Broadway Bridge;

WHEREAS, the Broadway Corridor Framework Plan, adopted by the PDC Board of Commissioners (“Board”) through Resolution No. 7147 on October 14, 2015, and by City Council through Ordinance No. 37165 on November 5, 2015, provides a strategic vision for development of the broader Broadway Corridor study area and outlines a preferred development concept for the Downtown Property;

WHEREAS, the acquisition of the Downtown Property is contingent upon the relocation of the USPS Downtown Property to an alternate location within the Portland metropolitan area that meets USPS specifications (“Replacement Facility”);

WHEREAS, PDC entered into an Agreement to Pursue Exclusive Negotiations and an Escrow Agreement with USPS in May 2015 to examine the feasibility of locating, financing, and constructing a Replacement Facility;

WHEREAS, on January 13, 2016 the PDC Board approved the key terms of a Purchase and Sale Agreement (“Agreement”) to acquire the Downtown Property for a purchase price of \$88,000,000; and

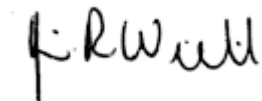
WHEREAS, PDC and USPS have subsequently negotiated amended terms of the Agreement which are reflected in Exhibit A (“USPS Amended PSA Terms”).

NOW, THEREFORE, BE IT RESOLVED, that the PDC Board authorizes the Executive Director to execute an Amended Agreement, in substantial accord with the amended terms and conditions reflected in Exhibit A, subject to certain conditions;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the Amended 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 the Portland Development Commission on February 10, 2016



Gina Wiedrick, Recording Secretary

AMENDED TERM SHEET FOR PURCHASE OF USPS PROCESSING AND DISTRIBUTION CENTER

3.3. The Closing of the purchase of the Property and the purchase of the Replacement Site shall occur on or before August 1, 2016 unless extended as described in Section 5.5.

5. Purchase of the Replacement Site:

5.1. USPS shall enter into an Option Agreement to purchase the Replacement Site. The Option Agreement shall be in form and substance acceptable to PDC.

5.2. Upon satisfaction of the conditions identified in Section 5.3 below, USPS shall pay a non-refundable Option Payment of \$2.5 million. Prior to the payment of the Option Price, PDC shall deposit a like amount into the Escrow Account to be applied to the Purchase Price. USPS may use the deposited funds in the Escrow Account to pay the Option Price.

5.3. PDC shall deposit \$2.5 million into the Escrow Account if each of the following conditions have been met:

5.3.1. USPS has obtained conditional internal approval of a total project budget of \$157 million, with approval for USPS to pay up to \$69 million of the cost for purchasing the Replacement Site, building a Replacement Facility, and relocating its employees and equipment to the Replacement Facility.

5.3.2. PDC has received a Report from an independent consultant hired by PDC, in form and substance satisfactory to PDC, opining that the estimate of total project costs of \$157 million is reasonable and sound.

5.3.3. PDC has reviewed and approved the terms of the Option Agreement.

5.3.4. PDC and USPS have executed a definitive Purchase and Sale Agreement for the purchase of the Property, materially in conformance with the provisions of this Term Sheet.

5.3.5. USPS has provided PDC with written confirmation that they have reviewed and approved the following documents, and that they will approve the subsequent independent due diligence reports on the same subjects provided they are materially similar:

5.3.5.1. Preliminary Title Report for the Replacement Site.

- 5.3.5.2. Existing Environmental Reports on the Replacement Site,
- 5.3.5.3. Existing Geotechnical Reports on the Replacement Site.
- 5.3.6. PDC has reviewed and approved the Preliminary Title Report for the Property.
- 5.3.7. PDC has received reasonable written assurances from USPS that USPS can and will finalize prior to the Closing date, the due diligence described in Section 8 below.
- 5.4 On or before July 16, 2016, USPS shall pay a second non- refundable Option Payment of \$875,000. Prior to the payment of the Second Option Payment, PDC shall deposit a like amount into the Escrow Account to be applied to the Purchase Price. USPS may use the deposited funds in the Escrow Account to pay the Option Payment.
- 5.5 If closing has not occurred by August 1, 2016, USPS shall pay a third non- refundable Option Payment of \$875,000 on or before August 15, 2016 extending the Closing Date to no later than September 30, 2016. Prior to the payment of the Third Option Payment, PDC shall deposit a like amount into the Escrow Account to be applied to the Purchase Price. USPS may use the deposited funds in the Escrow Account to pay the Option Payment.
- 5.6 PDC shall enter into an agreement with the seller of the Replacement Site stating that PDC will not seek to condemn the Colwood Property before the Option Agreement expires or is terminated. If the Option Agreement is terminated and PDC files a condemnation action related to the Colwood Property prior to October 1, 2016, PDC agrees, notwithstanding the actual fair market value of the Colwood Property or the requirements of ORS 35.346(1) and (2), to pay \$34,700,000, less the amounts of any non-refundable deposits made by USPS or PDC under the Option Agreement. If PDC files a condemnation action related to the Colwood Property after October 1, 2016 but prior to July 1, 2017, PDC agrees, notwithstanding the actual fair market value of the Colwood Property or the requirements of ORS 35.346(1) and (2), to pay \$34,700,000, less the amounts of any non-refundable deposits made by USPS or PDC under the Option Agreement plus any verifiable defined costs incurred by Seller after the date the Option Agreement expires and prior to the commencement of condemnation, with regard to the sale or development of the Colwood Property (need to define specific, documented costs paid to further develop the property). Seller will not oppose the condemnation action nor seek additional compensation for the Colwood Property. Further, Seller waives its rights under ORS 35.346 regarding a 40-day offer letter and an accompanying appraisal before the City can file its condemnation action.

10. Closing:

- 10.1. Closing shall consist of the following: (i) the payment by PDC of the remainder of the Purchase Price; (ii) the closing of the acquisition of the Replacement Site by USPS; (iii) the mutual execution by PDC and USPS of the Lease; (iv) the delivery by USPS of the deed in favor of PDC for the Property.

- 10.2. Closing shall occur through a mutually acceptable escrow and shall occur on a mutually acceptable date not later than August 1, 2016, unless extended to September 30, 2016 by the Third Option Payment.

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RESOLUTION TITLE:

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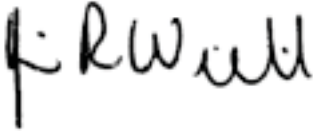
Adopted by the Portland Development Commission on February 10, 2016

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Commissioner 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"/>	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>	