

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6696

**AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN
OPTION AGREEMENT WITH THE TRAMMELL CROW
COMPANY FOR THE SALE OF A LEASEHOLD INTEREST IN
REAL PROPERTY LOCATED WITHIN CASCADE STATION IN
THE AIRPORT WAY URBAN RENEWAL AREA AT A SALES
PRICE OF UP TO \$2,130,000**

WHEREAS, Cascade Station is a 120-acre parcel of land within the Portland International Center, owned by the Port of Portland ("Port") and located at the southwest corner of the intersection of Interstate 205 and Airport Way within the Airport Way Urban Renewal District;

WHEREAS, pursuant to Resolution No. 6263, the Portland Development Commission ("PDC") Board of Commissioners ("Board") authorized PDC's acquisition of development and lease rights held by Cascade Station Development Company ("CSDC") pursuant to a certain Ground Lease dated as of July 13, 2006, by and between the Port, as lessor, and CSDC, as lessee, which covers approximately thirty-six (36) acres in Cascade Station;

WHEREAS, on October 25, 2006 (Resolution No. 6399), the Board authorized execution of a Professional Services Contract with Grubb & Ellis for marketing and brokerage services for the above-referenced 36 acres of land;

WHEREAS, in October 2008, the Trammell Crow Company ("TCC") requested that PDC grant TCC the rights to acquire from PDC a leasehold interest ("Leasehold Estate") in approximately 4.89 acres of the PDC-controlled property;

WHEREAS, PDC and TCC representatives have negotiated the terms and conditions for TCC's acquisition of said Leasehold Estate as set forth in the Option Agreement, attached hereto as Exhibit A; and

WHEREAS, should the site be selected by the General Services Administration as a site for a new federal office building, and subject to the satisfaction of certain conditions precedent, PDC desires to sell to TCC the leasehold estate for the purpose of enabling TCC to develop an office building of approximately 37,000 square feet.

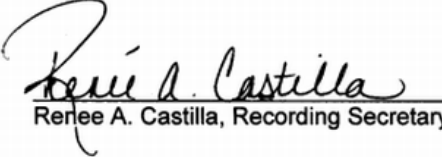
NOW, THEREFORE, BE IT RESOLVED that that the Executive Director is hereby authorized to execute an Option Agreement, in substantially the form as is attached hereto as Exhibit "A", with the Trammell Crow Company (or a separate single-purpose entity established by TCC), to acquire a leasehold estate in an approximately 4.89 acre parcel of land in Parcel A of Cascade Station sales price of up to \$2,130,000 ("Purchase Price");

BE IT FURTHER RESOLVED that that the Executive Director is authorized to, at his sole discretion, (a) approve adjustments to decrease the Purchase Price in an amount not to exceed ten percent (10%) of the Purchase Price based on site information discovered during the Inspection Period of the PSA and/or including updated valuation information, and (b) may allow extensions to the times of performance not exceeding a total of 120 calendar days;

BE IT FURTHER RESOLVED that that the Executive Director is authorized to execute all other documents as shall be necessary to effectuate this transaction; and

BE IT FURTHER RESOLVED that this resolution shall become effective immediately upon its adoption.

Adopted by the Portland Development Commission on April 23, 2009.



Renee A. Castilla, Recording Secretary

OPTION AGREEMENT

This OPTION AGREEMENT, made this ____ day of _____, 2009, by and between the City of Portland, a municipal corporation of the State of Oregon, acting by and through the **Portland Development Commission** (“PDC”), whose address is 222 NW Fifth Ave., Portland, OR 97209; and the **Trammell Crow Company** (“Developer”), a _____ corporation whose address is 4949 SW Meadows Rd., Suite 150, Lake Oswego, OR 97035.

RECITALS

WHEREAS, PDC owns and controls the ground lease and development rights to approximately 4.89 acres of land in Portland, Oregon at Cascade Station in the Airport Way Urban Renewal District, which property is more specifically described in Exhibit "A" hereto (“the Property”); and

WHEREAS, The U.S. General Services Administration (“GSA”) has issued a Solicitation For Offers seeking proposals from developers and/or building owners to lease approximately 37,000 rentable square feet of office space in or near Portland for a Federal agency tenant (“the Project”); and

WHEREAS, Developer desires to submit a proposal to GSA offering to build and develop the Project on the Property, subject to Developer and PDC negotiating a mutually satisfactory Leasehold Purchase and Sale Agreement for the Property; and

WHEREAS, GSA has notified all finalists that a condition to being selected as the developer will be proof that the developer has a written agreement giving the developer a right to acquire a long term interest in the land, subject to negotiation of a definitive long-term disposition agreement; and

WHEREAS, Developer has requested that PDC grant it an Option to purchase PDC’s leasehold and development rights in the Property, subject to i) GSA selecting Developer as the developer for the Project on the Property and ii) Developer and PDC negotiating a mutually acceptable Leasehold Purchase and Sale Agreement for the Property.

NOW THEREFORE, and in the mutual consideration, benefits and obligations of the parties hereto, the parties agree as follows:

Section 1. Grant of Option. The PDC hereby grants to Developer, the exclusive option to purchase PDC’s leasehold and development rights to the Property, subject to the terms and conditions contained herein.

Section 2. Term of Option.

(a) This Option is intended to give Developer a conditional interest in the Property to enable it to i) obtain GSA’s award as developer for the Project at the Property site, and ii) permit Developer time thereafter to negotiate a definitive development agreement with GSA and a Leasehold Purchase and Sale Agreement with PDC.

(b) Developer's rights hereunder shall immediately terminate as of the earlier of i) the date GSA selects another party or property as the preferred developer or property for the Project, or ii) _____, 2009 [Insert date 6 months after signature] if no developer or property is selected by GSA for the project by such date.

(c) If Developer and the Property are selected by GSA on or before _____, 2009 (insert date 6 months from signature), the Option Term shall be extended for an additional six months from the date of such selection, provided that Developer shall have transferred to PDC a non-refundable earnest money deposit of \$25,000 within ten business days of the date Developer and the Property are selected by GSA for the Project. The Earnest Money deposit shall be held by PDC [or Escrow Company] and i) applied to the Purchase Price at Closing, or, ii) returned to Developer if no Closing occurs.

(d) The parties may extend the term of this Option by mutual written agreement.

(e) Notwithstanding the above, Developer may terminate this Option Agreement at any time.

Section 3. Negotiation of Leasehold Purchase and Sale Agreement. If GSA, on or before _____ [insert date 6 months from date of execution] selects Developer and the Property for the Project, Developer and PDC shall in good faith attempt to negotiate a definitive Leasehold Purchase and Sale Agreement consistent with the Term Sheet attached hereto as Exhibit B. However, nothing in this Agreement obligates either party to enter into a Leasehold Purchase and Sale Agreement, and both parties may negotiate any additional terms and conditions they may deem necessary or desirable. The parties also recognize that any final Leasehold Purchase and Sale Agreement is subject to the approval of the Commission of PDC, and may be subject to the approval of the Port of Portland.

Section 4. Testing. Developer, its agents, and contractors shall have the right, upon execution of PDC's standard entry permit, during the period of this option, to enter upon the Property for the purpose of inspecting same and making test borings, plans, and environmental, topographical and boundary surveys in connection with the contemplated use of the Property. Developer, its agents and contractors, at their sole expense, shall comply with any restrictions on the Property, including the Port of Portland's height restrictions, and promptly restore the Property to its original condition in accordance with good engineering practices. Developer is not relying upon any warranties or representations concerning the condition of the Property, and assumes all risks of injury or property damage associated with entry upon the Property. Developer hereby waives any and all claims against PDC related to the condition of the Property, and agrees to indemnify PDC from and against any claims made by Developer's agents, employees or contractors related to the condition of the Property. Developer also agrees to indemnify and hold PDC harmless from all loss and liability including, without limitation, reasonable attorneys' and costs incurred prior to trial, at trial, on appeal resulting from any activities on the Property by Developer, its agents, employees invitees or contractors. This indemnity shall survive the term of this Option Agreement.

Section 5. Assignment. The rights granted hereunder are personal to Developer, and they may not be assigned without the written consent of PDC. Notwithstanding the foregoing, Trammell

Crow may assign the rights granted hereunder to a single-purpose entity, managed by Trammell Crow and is established for the purpose of developing the Project.

Section 6. Counterparts. This Option Agreement may be executed in any number of counterparts any one of which shall be considered an original, and all of which shall constitute one binding agreement.

Section 7. Prior Agreement. The parties agree and acknowledge that this Option Agreement (i) cancels and supersedes all prior agreements, whether written, oral or both; (ii) is entire in itself; (iii) is the only agreement between the parties hereto respecting the option and the Property; (iv) is not part of any other contract or agreement; and (v) that all agreements and undertakings between the parties are embodied in this agreement. No promises, covenants, or representations of any kind, other than those expressly contained herein have been made to induce any party hereto to enter into this Option Agreement. This Option Agreement may be amended only by written instrument executed by Developer and the PDC.

Section 8. Time of the Essence. Time is of the essence as to this Option Agreement.

Section 9. Disclosure. Developer acknowledges that a copy of this agreement will be subject to public disclosure and will be presented to the PDC Board of Commissioners at a public meeting.

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IN WITNESS WHEREOF, this Option Agreement is executed the day and year first above written.

AGREED AND ACCEPTED:

PORTLAND DEVELOPMENT COMMISSION

By: _____
Bruce A. Warner, Executive Director

Date: _____

DEVELOPER

TRAMMELL CROW

BY: _____
NAME

Date: _____

ATTACHMENTS: Exhibit A: Property Description
Exhibit B: Term Sheet

EXHIBIT "A"

The Property is the easternmost portion of Parcel A consisting of an area not to exceed 4.89 acres as preliminarily shown on the attached Schematic Site Plan. The Legal Description for Parcel A is provided below.

PARCEL A

A leasehold in and to the following described land:

A portion of the "CASCADE STATION LEASE BOUNDARY SURVEY" prepared by the Port of Portland and recorded as Survey No. 58015, records of Multnomah County Surveyor, lying in the Southwest quarter and Southeast quarter of Section 9, the Northwest quarter of Section 15, and the Northwest quarter and the Northeast quarter of section 16, Township 1 North, Range 2 East, Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon, described as follows:

Beginning at the quarter corner common to said Section 9 and said Section 16; thence South $29^{\circ}03'27''$ East 95.66 feet; thence North $35^{\circ}05'23''$ East 100.00 feet to the Southeast corner of Lot 3, 'PORTLAND INTERNATIONAL CENTER P.U.D', said point being on the Northerly right of way line of NE International Parkway and also being the true point of beginning; thence along said Northerly line and along the arc of a 750.00 foot radius curve to the left through a central angle of $56^{\circ}31'02''$, an arc length of 739.81 feet, the chord of which bears North $83^{\circ}10'13''$ West 710.18 feet to a point of reverse curvature with a 20.00 foot radius curve; thence along the arc of said curve to the right through a central angle of $86^{\circ}16'34''$, an arc length of 30.12 feet, the chord of which bears North $68^{\circ}17'27''$ West 27.35 feet to a point on the Easterly right of way line of NE Ambassador Place;

Thence along said Easterly line the following courses:

Thence North $25^{\circ}09'10''$ West 281.41 feet to a point of curvature with a 20.00 foot radius curve; thence along the arc of said curve to the right through a central angle of $48^{\circ}11'24''$, an arc length of 16.82 feet, the chord of which bears North $01^{\circ}03'28''(29'')$ West 16.33 feet to a point of reverse curvature with a 55.00 foot radius curve; thence along the arc of said curve to the left through a central angle of $88^{\circ}29'24''$, an arc length of 84.94 feet, the chord of which bears North $21^{\circ}12'28''(25'')$ West 76.75 feet, to a point of non-tangency;

Thence leaving said right of way line North $29^{\circ}00'00''$ East 247.52 feet; thence North $64^{\circ}23'37''$ East 25.90 feet; thence North $29^{\circ}00'00''$ East 281.53 feet to a point on the Northerly line of said "CASCADE STATION LEASE BOUNDARY"; thence along said Northerly line South $65^{\circ}18'20''$ East 326.58 feet; thence continuing along said line South $61^{\circ}00'00''$ East 73.48 feet to the centerline of the Tri-Met Airport Light Rail Lines;

Thence along said centerline the following courses;

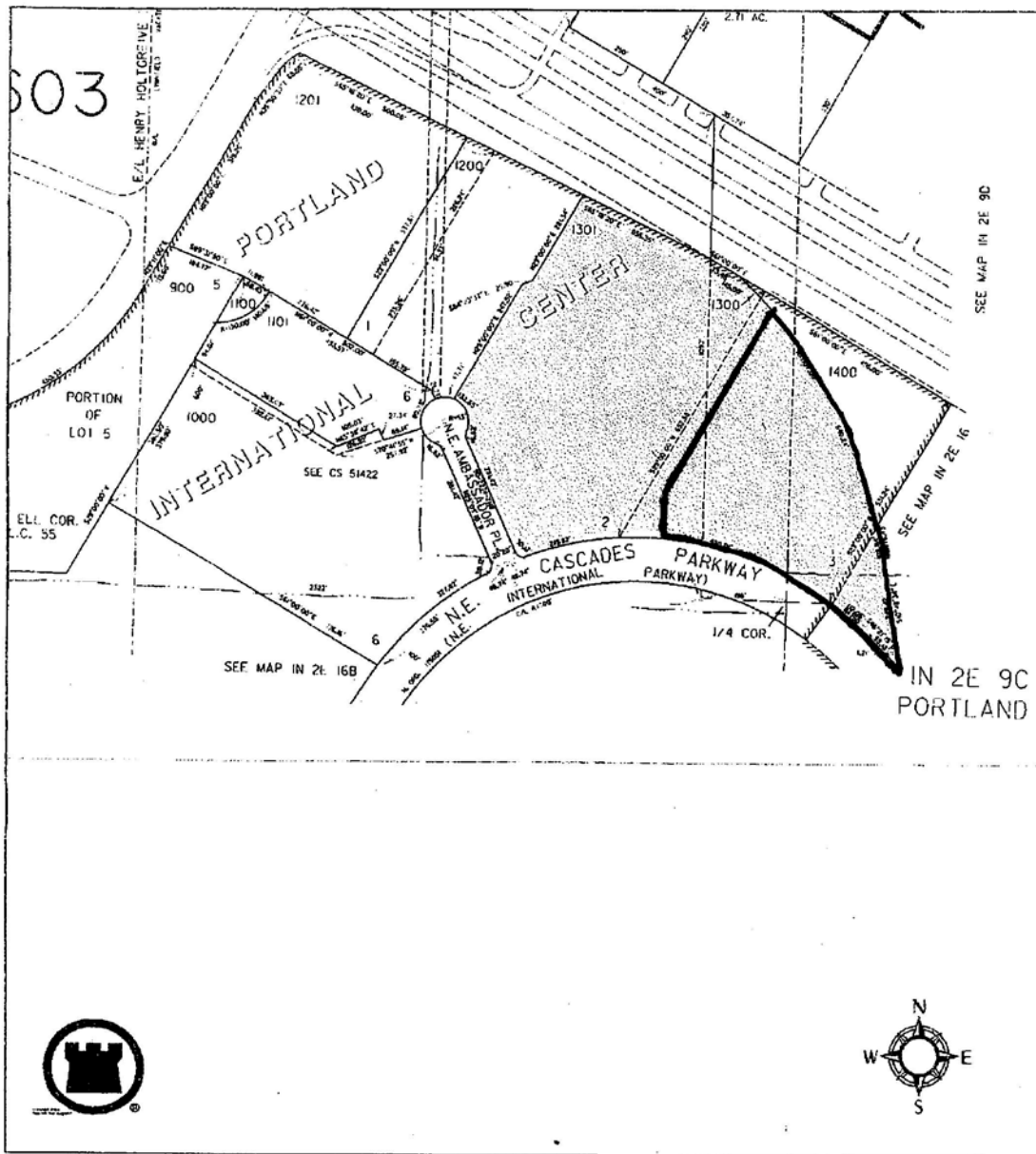
Thence along the arc of a 1107.00 foot radius curve to the right through a central angle of $33^{\circ}08'15''$, an arc length of 640.24 feet, the chord of which bears South $31^{\circ}31'08''$ East 631.36 feet to a point of compound curvature with a 1478.43 foot radius curve; thence along the arc of said curve to the right through a central angle of $04^{\circ}08'26''$, an arc length of 106.84 feet, the chord of which bears south

12°52'47" East 106.82 feet; thence South 10°48'34" East 245.42 feet to a point on the boundary of that parcel of land dedicated to the City of Portland and recorded as Document No. 2001-077251, Records of Multnomah County, Oregon;

Thence along said boundary the following courses:

Thence North 46°21'19" West 46.49 feet; thence North 10°48'24" West 1.21 feet; thence North 46°21'19" West 58.13 feet to a point of curvature with a 750.00 foot radius curve; thence along the arc of said curve to the left through a central angle of 08°33'36", an arc length of 112.05 feet, the chord of which bears North 50°38'07" West 111.94 feet to the true point of beginning, containing 561,834 square feet, or approximately 12.898 acres.

As created by that certain Lease dated July 13, 2006, between The Port of Portland, a port district of the State of Oregon, Lessor, and Cascade Station Development Company, LLC, an Oregon limited liability company, Lessee, a memorandum of which was recorded July 13, 2006, as Recorder's Fee No. 2006-128386, Multnomah County Deed Records.



CHICAGO TITLE

"This plat is for your aid in locating your land with reference to streets and other parcels. While this plat is believed to be correct, the company assumes no liability for any loss occurring by reason of reliance thereon."

Map No. 1N2E09C 01301
CHICAGO TITLE INSURANCE COMPANY
10135 S.E. SUNNYSIDE ROAD Suite 200
CLACKAMAS, OREGON 97015

**EXHIBIT “B”
 TERM SHEET**

Site Location/Size	Eastern Portion of Parcel A (4.89 acres or 213,008 sf)
Proposed Use	Office Space for the Citizenship & Immigration Services (CIS) Portland Office – Approx. 37,000 rentable square feet
Purchase Price	\$10 per square foot, or \$2,131,000 (Note: 5/2008 appraisal @ \$9.50 psf; Opinion of Value by brokers: \$8 - \$10/psf)
Brokerage Commission	5% to be split evenly between PDC’s and Buyer’s brokers
Earnest Money	\$0 for Initial Option Period (GSA, as a matter of practice, will not front any cash in these types of transactions)
PSA Option Term and Closing Date	Initial Option Period: 6 months for due diligence and to allow for SFO process. If site is selected by GSA to enter into exclusive negotiations, a Second Option Period granted for 6 additional months with \$25,000 Earnest Money Deposit (non-refundable and applicable). Closing to occur w/in 30 days after Second Option Period.
Permitted Exceptions	TBD
Other Conditions	+ Sale must be for development of the CIS facility. Any other use requires PDC’s prior approval. + PDC obligated to pay anticipated \$30k public art contribution for LRT Station Platforms. + Buyer to pay all Port fees except Lease Assignment with Release

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6696

Title:

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN OPTION AGREEMENT WITH THE TRAMMELL CROW COMPANY FOR THE SALE OF A LEASEHOLD INTEREST IN REAL PROPERTY LOCATED WITHIN CASCADE STATION IN THE AIRPORT WAY URBAN RENEWAL AREA AT A SALES PRICE OF UP TO \$2,130,000

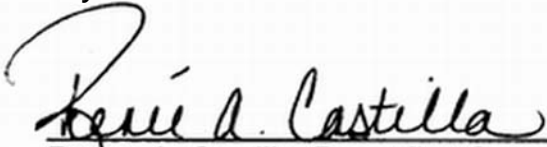
Adopted by the Portland Development Commission on April 23, 2009.

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Charles Wilhoite, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Scott Andrews	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Bertha Ferrán	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Steven Straus	<input 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 duly recorded in the official minutes of the meeting.


Renee A. Castilla, Recording Secretary

Date: May 1, 2009