

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7157

**AUTHORIZING TERMS FOR THE ACQUISITION OF A BUILDING LOCATED
AT 1506 NE 2ND AVENUE IN THE OREGON CONVENTION CENTER
URBAN RENEWAL AREA**

WHEREAS, the Portland Development Commission (“PDC”) is delivering and executing on the 1989 Oregon Convention Center Urban Renewal Plan, supporting residential, mixed-use, and employment projects along major Lloyd District corridors;

WHEREAS, PDC has been offered to acquire a commercial building located at 1506 NE 2nd Avenue (“Hotel”) adjacent to the Broadway/Weidler corridor in inner northeast Portland; and

WHEREAS, acquisition of the Hotel provides PDC an opportunity to land bank a commercial property in a key area identified by stakeholders for redevelopment investment.

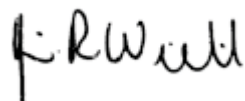
NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to execute a Leasehold Purchase and Sale Agreement (“Leasehold PSA”) with Shilo Inn Rose Garden, LLC, subject to the Terms and Conditions (“Terms and Conditions”) attached as Exhibit A;

BE IT FURTHER RESOLVED, that the Executive Director is further authorized to execute all documents as may be necessary to complete this transaction;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the Leasehold PSA so long as such changes are not materially different from the Terms and Conditions, 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 December 16, 2015



Gina Wiedrick, Recording Secretary

TERM SHEET

1. **PROPERTY.** Seller owns a hotel and improvements located at 1506 NE 2nd Ave, Portland, Oregon 97032. The operation of the hotel includes certain personal property such as guest room furnishings, fixtures and equipment (FF&E); electronics; lobby and public area FF&E; sheets, pillows, bedding, towels or linens; office equipment; housekeeping and maintenance equipment and supplies; pool equipment and supplies and the like. The real property (land lease, assignment subject to consent), improvements and personal property are referred to as the “Hotel.” The Hotel does not include any rights to the name Shilo Inns or related intellectual property such as Shilo franchise or trademarks, the facility property management system (software and related hardware), data capture or credit card processing equipment, or the shuttle van (if any).

2. **PURCHASE PRICE.** The total purchase price for the Hotel will be Two Million Eight Hundred Thirty-Two Thousand Five Hundred and No/100 (\$2,832,500). The purchase price will be in U.S. currency, firm, non-negotiable, payable all cash at closing, and net to Seller, except for customary Seller closing costs and brokerage commission if applicable.

3. **EARNEST MONEY DEPOSIT.** Buyer will deposit a good faith Earnest Money deposit in the amount of Fifty Thousand Dollars (\$50,000) in cash collected wired funds U.S. currency (“Earnest Money”) with Tigor Title & Escrow in Portland, Oregon (agent: Candice Weischedel) (“Escrow”) and provide Seller with proof of same.

4. **PREPARATION AND EXECUTION OF LEASEHOLD PURCHASE & SALE AGREEMENT (PSA).** Seller will prepare the Leasehold PSA and forward it to the Buyer to review. Buyer will work cooperatively with the Seller to finalize a mutually acceptable Leasehold PSA. Upon finalizing a mutually acceptable Leasehold PSA, PDC shall expeditiously obtain required internal reviews and approvals (including obtaining the recommendation of PDC’s Finance and Investment Committee and approval of the Leasehold PSA by PDC’s Board of Commissioners).

5. **LEASEHOLD PSA TERMS.** The Leasehold PSA will contain the following terms:

A. Buyer will have a due diligence period (“Due Diligence Period”) of thirty (30) days from the date of execution of the Leasehold PSA, to perform all inspections and due diligence on the Hotel. If mutually acceptable, Buyer may commence due diligence after negotiation of the Leasehold PSA, but before final approval by Buyer’s Board of Commissioners.

B. The Hotel will be sold AS IS, with no warranties expressed or implied by the Seller, except clear title.

C. Thirty (30) days after the execution of the Leasehold PSA, unless Buyer has previously terminated the Leasehold PSA, Fifty Thousand Dollars (\$50,000) of the Earnest Money will become non-refundable and be released to the Seller, but credited to the Purchase Price upon closing.

D. The closing will occur on or before the thirtieth (30th) day after waiver of due diligence.

E. Escrow/Closing costs shall be paid as follows: Buyer will pay all customary closing costs, including without limitation ½ escrow fees, any extended ALTA title insurance premiums, all transfer or excise taxes, and recording costs. Seller will pay ½ escrow fees and pay for a Standard Owners Title Insurance Policy. All parties will bear their own legal fees.

F. Any party may complete the transaction using a 1031 exchange intermediary. Buyer may only assign the Leasehold PSA to a 1031 intermediary or a subsidiary or affiliate that is under its control without the prior written consent of Seller.

G. During the due diligence period, Seller will provide Buyer access to the Hotel and provide historical financial information and other documentation that is reasonably in Sellers possession. During the negotiation of the Leasehold PSA, Buyer and Seller shall determine whether i) Buyer will assume all operating contracts and agree to honor reservations and group booking arrangements and other normal hotel commitments, or ii) Buyer will lease the property back to Seller during a reasonable wind down period.

RESOLUTION NO. 7157

RESOLUTION TITLE:

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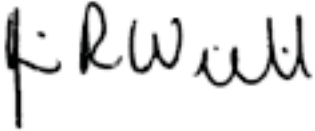
Adopted by the Portland Development Commission on December 16, 2015

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 type="checkbox"/>	Commissioner Aneshka Dickson	<input 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>December 17, 2015</p>
<p>Gina Wiedrick, Recording Secretary</p>	