

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7031

AUTHORIZING A DEVELOPMENT LOAN WITH DAIMLER TRUCKS NORTH AMERICA LLC IN AN AMOUNT NOT TO EXCEED \$8,000,000 FOR CONSTRUCTION OF A PARKING GARAGE TO SUPPORT A NEW HEADQUARTERS BUILDING IN THE INTERSTATE CORRIDOR URBAN RENEWAL AREA

WHEREAS, Daimler Trucks North America LLC's ("DTNA") history in the city of Portland dates to the 1940s, and DTNA is now one of the largest employers, manufacturers, and domestic and international exporters in Portland, with 1,574 family wage jobs in Portland;

WHEREAS, on September 13, 2013, DTNA announced its long-term commitment to Portland by unveiling plans to construct a new 265,000 square foot corporate office headquarters building and parking garage ("the Project") on its Swan Island campus at 4747 North Channel Avenue, which is intended to house existing and 400 or more new, high-paying corporate administrative headquarters jobs;

WHEREAS, the Project is expected to begin construction in 2014 and be completed in 2016, and will involve a total investment of approximately \$150,000,000;

WHEREAS, the Portland Development Commission ("PDC") Board of Commissioners ("Board") finds that the increased investment and employment are a substantial benefit to the city of Portland, its economy, and the well-being of its citizens;

WHEREAS, DTNA has requested that PDC consider making an \$8,000,000 development loan, which if approved, would be used to help DTNA fund the construction of the Project's parking garage;

WHEREAS, PDC has negotiated, subject to Board approval, an \$8,000,000 loan to DTNA;

WHEREAS, the loan terms provide for reduction of all or a portion of principal and accrued interest if DTNA increases by 400 the aggregate number of identified family-wage jobs in the city of Portland;

WHEREAS, the loan terms require DTNA to comply with the Board's adopted Equity Policy, including the participation of minority-owned, women-owned, and emerging small businesses and utilizing apprentices and women, minorities, and disadvantaged individuals in the construction workforce for the parking garage and corporate office headquarters building; and

WHEREAS, PDC's Green Building policy requiring Leadership in Energy and Environmental Design ("LEED") Silver certification does not apply because parking garages do not qualify for certifications;

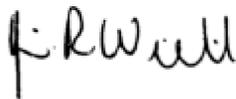
however, the loan terms shall require a minimum of LEED Silver (or comparable building performance) be achieved on the corporate office building.

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is authorized to finalize negotiation of, and execute, a loan agreement and related documents necessary to make an \$8,000,000 loan to DTNA , substantially in conformance with the loan terms attached hereto as Exhibit A;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the loan terms so long as such changes are not material and 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 30 days after its adoption.

Adopted by Portland Development Commission on November 13, 2013



Gina Wiedrick, Recording Secretary

Loan Term Sheet

Conditional Loan Terms	Draft Term Sheet 7/25/13
Borrowing Entity	Project "NOVA" (North American Manufacturing Company) or a Lessor of the project.
Total Development Costs	Approximately \$135,000,000 in new improvements to construct a new Corporate Office Building, new Parking Garage and associated improvements on Swan Island.
Site Location	Garage will be located adjacent to the Corporate Office Building on Swan Island.
Conditional Loan Amount	\$8,000,000. Distributed by progress payments based on submitted invoices related to design and construction of the garage, only. PDC funds to be contributed pari passu.
PDC Loan Program	Business Incentive Fund.
Use of PDC Funds	Design, entitlements, and construction of parking structure to support the Nova project.
Interest Rate	Prime Rate (3.25 percent currently) to be fixed at time of closing with 6:1 minimum leverage of private to public funds for the entire project, including the Corporate Office Building (i.e., at least \$48,000,000 investment of non-public funds). Interest begins accruing at first disbursement, subject to forgiveness as provided herein.
Payment Terms	<p>Payments of principal and interest are deferred until a date that is five years after the issuance of a Certificate of Occupancy ("C of O") by the City for the new Corporate Office Building ("Deferral Date"). At the Deferral Date, all or a portion of the loan principal and interest may be forgiven as described below. For all portions of the loan not forgiven at the Deferral Date, accrued interest on the non-forgiven principal will be added to the remaining principal balance. The loan will have a 10 year term with a 10 year amortization period, each commencing on the Deferral Date.</p> <p>In the event the parties negotiate for loan advances prior to other project financing, all principal and interest shall be payable, in full, upon demand, in the event the construction of the garage or the new Corporate Office Building are not commenced by January 1, 2015, with extension options to be negotiated.</p>
Loan Fee	One percent of the loan amount, to be paid at closing.

Conditional Loan Terms	Draft Term Sheet 7/25/13
<p>Conditional Loan Forgiveness</p>	<p>PDC's proposal provides for reduction or elimination of principal and accrued interest if the company and any of its affiliates, subsidiaries, and related companies collectively achieve and maintain certain employment levels. This proposal is outlined as follows:</p>
	<p>1) Baseline Employment: Baseline Employment is established at time of execution of the Loan Agreement. "Baseline Employment" is defined as the total number of the Company's "Eligible Employees." "Eligible Employees" are defined as the Company's employees in its corporate offices and all non-manufacturing employees of affiliates, subsidiaries and related companies (and specifically does not include manufacturing related positions) located in the city of Portland that work at least 32 hours per week on a permanent basis (not temporary, seasonal, contractor, or probationary). Definition of Baseline Employees to be refined in the Loan Agreement.</p> <p>2) Minimum Long Term Employment (MLTE): MLTE is calculated by taking the average number of Eligible Employees in years four and five following the C of O Date as measured by taking semi-annual counts of Eligible Employees during this 2-year period (a total of 4 counts), If the MLTE is equal to or more than 400 above the Baseline Employment, the loan principal and interest will be forgiven in full. If the MLTE is less than 400 above the Baseline Employment, the loan principal and interest shall be forgiven proportionally by an amount equal to the percentage calculated by dividing the amount that MLTE exceed Baseline Employment ("MLTE Increase") by 400 and multiplying the result by the total outstanding loan principal and accrued interest.</p> <p>We are assuming that the Corporate Office Building will be completed around the time the garage is completed. We will need confirmation of such in the Loan Agreement.</p> <p>For example, if the company's MLTE Increase is 280 employees, the reduction of principal will equal \$5,600,000 (Calculation: $(280/400) * \\$8,000,000 = \\$5,600,000$) and the reduction in accrued interest will equal 70 percent $(280/400)$ of the accrued interest. Thereafter, the remaining loan shall be payable as indicated in the Loan Agreement.</p> <p>3) Counting/Reporting Employment: MLTE benchmarks will be counted using information provided by DTNA and is subject to verification by PDC and consistent with the counting methodology utilized by Nova to meet Portland E-Zone requirements. To the maximum extent practicable, reporting requirements for this loan and Portland E-Zone program will be consistent and coordinated to promote efficiency for DTNA.</p>

Conditional Loan Terms	Draft Term Sheet 7/25/13
Closing Date	Not later than December 31, 2013.
Other Conditions:	
Equity Goals	Pursuant to PDC's adopted Equity Policy & Procedures, DTNA will comply with PDC's requirements for participation of minority-owned, women-owned, and emerging small businesses and shall make good faith efforts to utilize apprentices and women, minorities, and disadvantaged individuals in the construction workforce for the parking garage and corporate office headquarters building, as provided by the Business Equity Program requirements previously provided DTNA.
Green Building	PDC Green Building policy requiring LEED Silver certification does not apply because parking garages do not qualify for certifications. Nonetheless, borrower shall insure a minimum of LEED Silver (or comparable building performance) is achieved on the Corporate Office Building.
Prevailing Wage	The parking garage shall be considered a “public work” subject to Oregon’s Prevailing Wage Law (Oregon Revised Statutes 279C.800 to 279C.870 and the administrative rules adopted thereunder).
Guarantee	If borrower is Lessor, obligations are guaranteed by Nova.
<i>This draft term sheet reflects a proposal. PDC financing is subject to approval by the Board.</i>	

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RESOLUTION TITLE:

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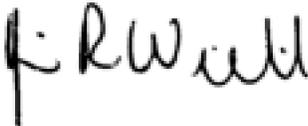
Adopted by the Portland Development Commission on November 13, 2013

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

	<p>Date:</p> <p>November 18, 2013</p>
<p>Gina Wiedrick, Recording Secretary</p>	