

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7072

AUTHORIZING A PURCHASE AND SALE AGREEMENT TO CONVEY 0.23 ACRES OF REAL PROPERTY IN THE DOWNTOWN WATERFRONT URBAN RENEWAL AREA TO MCWHINNEY, MORTENSON DEVELOPMENT, AND SAGE HOSPITALITY FOR \$2,500,000

WHEREAS, the Portland Development Commission (“PDC”) is undertaking the Downtown Waterfront Urban Renewal Plan, adopted April 23, 1974, and subsequently amended (the “Plan”);

WHEREAS, PDC is the owner of a 0.23 acre parcel known as the SW Third and Taylor property located in the Downtown Waterfront Urban Renewal Area at 830-838 SW Third Avenue (the “Property”);

WHEREAS, PDC acquired the Property in August 1999 for the City of Portland Bureau of General Services (“City”) to construct an above-ground parking garage;

WHEREAS, the City subsequently decided to not build the garage on the Property;

WHEREAS, PDC issued a Request for Offers on May 23, 2014 seeking offers from qualified development teams to purchase and redevelop the Property consistent with the goals of the Downtown Waterfront Urban Renewal Plan;

WHEREAS, the three offers received were reviewed according to the criteria described in the Request for Offers and the PDC Executive Director selected the McWhinney, Mortenson Development, and Sage Hospitality team (“Developer”);

WHEREAS, PDC and Developer signed a Letter of Intent on August 27, 2014 which set forth the mutual understandings and intentions to negotiate the terms of a binding Purchase and Sale Agreement (“PSA”); and

WHEREAS, PDC and Developer have commenced negotiations of a PSA the intended terms and conditions of which are reflected in Exhibit A (“SW Third and Taylor Property PSA Terms”) to convey the

Property to Developer for a purchase price of TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000).

NOW, THEREFORE, BE IT RESOLVED, that the PDC Board authorizes the Executive Director to execute a PSA, in substantial accordance with the terms and conditions reflected in Exhibit A;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the PSA terms and conditions, 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.

Exhibit A – Purchase and Sale Agreement Terms

Property: 830 – 838 SW Third Avenue
Portland, Oregon 97209
(SW Third and Taylor Property)

Parcel Size: 10,000 square feet.

Buyer: A to be formed entity, the members of which will be McWhinney, Mortenson Development, and Sage Hospitality, or affiliates of one or more of the foregoing

Purchase Price: \$2,500,000 in cash at Closing (less earnest money payments).

Earnest Money Payments: First Earnest Money Payment of \$100,000 due to escrow agent within five (5) business days of execution of Purchase and Sale Agreement. First Earnest Money Payment is applicable to the Purchase Price and refundable to Buyer if Buyer elects to not proceed with the transaction within the Due Diligence Period.

Within 30 days of execution of Purchase and Sale Agreement, Developer to provide to PDC either (1) documentation of submission of Franchise Application to Marriott Corporation and proof of payment of associated non-refundable \$50,000 fee; or (2) Second Earnest Money Payment to escrow agent of \$25,000.

Third Earnest Money Payment of \$125,000 due upon completion of Due Diligence Period. The Third Earnest Money Payment will be reduced to \$100,000 if Developer has participated in at least one Design Commission Hearing with the Portland Design Commission. Earnest Money Payments become non-refundable at end of Due Diligence Period except for Seller default or other termination event under PSA as provided therein.

Due Diligence Period: 180 days

Closing: To occur within 30 days of the later of (1) end of Due Diligence Period or (2) receipt of approval from the Portland Design Commission for the development of the hotel, and not later than 12 month from execution of Purchase and Sale Agreement. Developer may exercise three 30-day closing extensions at \$15,000 per extension with extension payments non-refundable and not applicable to the purchase price.

If Buyer has not received Design Commission approval within 15 months from the effective date, but has diligently pursued

such approval by, for example, participating in at least two Design Commission Hearings within the first 12 months and at least one Hearing between months 12 and 15, Buyer may exercise three additional 30-day closing extensions at \$15,000 per extension with extension payments non-refundable and not applicable to the purchase price. In no event shall closing occur beyond 18 months from the effective date.

Conditions Precedent to Closing:

Standard conditions to closing.

Exclusivity:

PDC agrees to work in good faith to execute a binding Purchase and Sale Agreement and will work exclusively with Developer during the negotiation process.

Development Obligations:

Develop a hotel of approximately 13 floors and 204 rooms.

Buyer may not change the use without prior written PDC consent.

PDC Equity Policy:

Buyer shall comply with PDC Equity Policy.

PDC Green Building Policy:

Buyer shall comply with PDC Green Building Policy.

Environmental:

Upon closing, Buyer responsible for compliance with all Environmental Laws.

Repurchase Right

PDC has a right to repurchase the Property for the original Purchase Price if Buyer does not commence construction within three years of Effective Date.