

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7140

AUTHORIZING A MASTER LEASE AGREEMENT WITH MAJESTIC REALTY COMPANY FOR APPROXIMATELY 5,125 SQUARE FEET OF COMMERCIAL SPACE IN THE INTERSTATE CORRIDOR URBAN RENEWAL AREA

WHEREAS, the Portland Development Commission (“PDC”) is the owner of a 1.79 acre parcel in the Interstate Corridor Urban Renewal Area, made up of eight separate tax lots on Block 25, (“Property”), which is bounded by NE Martin Luther King, Jr. Boulevard, NE Alberta, NE Garfield, and NE Sumner streets;

WHEREAS, the Albina Community Plan, adopted by the City of Portland in July 1993, directed to “revive commerce on NE Martin Luther King, Jr. Boulevard and foster the development of strong commercial nodes at the intersections of NE Martin Luther King, Jr. Boulevard and NE Killingsworth and NE Alberta streets;”

WHEREAS, PDC acquired the Property, along with Lot 1 on Block 25, and the full block to the north (“Vanport Square”) to implement a multi-block, mixed-use development pursuant to the Albina Community Plan and the PDC-developed King Neighborhood Commercial Development Strategy with the intent of catalyzing significant retail and commercial development along this section of NE Martin Luther King, Jr. Boulevard;

WHEREAS, development of the Property constitutes the final phase of a three-phased redevelopment project where the first two phases have been successfully completed (with 16 commercial condominiums and 10 fee-simple homes) and have supported PDC goals of wealth creation and revitalization of NE Martin Luther King, Jr. Boulevard;

WHEREAS, the Vanport Project Advisory Committee, originally convened in 2000 to guide the implementation of the King Commercial Development Strategy and Vanport Square, expressed consistent interest in the Property being developed with an anchor grocery store that brings fresh, affordable, high-quality food to the neighborhood;

WHEREAS, in 2011, PDC identified the area surrounding the Property as underserved by a full service grocery store, offering fresh produce and healthy foods, and issued a Request for Interest (“RFI”) to the development community for interest in developing grocery stores throughout underserved areas of Portland, including the area surrounding the Property;

WHEREAS, PDC desires to sell the Property to a developer who will commit to constructing a commercial center anchored by a full service grocery in order to meet the needs of the neighborhood and the community;

WHEREAS, Majestic Realty Company (the “Developer”) has extensive experience in property development and the management of commercial real estate in several states and the Portland metropolitan area and expressed interest in developing this site in alignment with the RFI;

WHEREAS, Natural Grocers, a nationally-recognized grocery chain, has signed a Lease Agreement with Developer to locate at the Property and be part of the Project;

WHEREAS, PDC and Developer have negotiated a Disposition and Development Agreement (“DDA”) that will result in the conveyance of the Property to Developer and the development of an approximately 25,000 square foot shopping center with Natural Grocers as the anchor tenant;

WHEREAS, a Cooperation, Coordination, Project Implementation and Community Benefits Agreement (“CBA”) has been prepared and is supported by key community members of the 2014 Project Working Group CBA Subcommittee, including PDC, development team members, and community partners, that will ensure benefits accrue to the community as a result of developing the Property;

WHEREAS, as part of the CBA, PDC committed to master lease 50 percent of the non-grocer retail space at the shopping center for at least ten years for the purpose of making commercial space and technical assistance available to local businesses; and

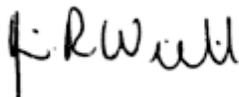
WHEREAS, PDC and Developer have negotiated the terms of a master lease agreement substantially consistent with the terms outlined in the attached Exhibit A (“Term Sheet”) for PDC to master lease approximately 5,125 square feet of commercial space for at least 10 years.

NOW, THEREFORE, BE IT RESOLVED, that the PDC Board of Commissioners authorizes the Executive Director to execute a master lease agreement substantially consistent with the terms outlined in the Term Sheet;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the Term Sheet, 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 August 19, 2015



Gina Wiedrick, Recording Secretary

Master Lease Agreement Term Sheet

Property: MLK Alberta
NW Corner NE Albina Street and NE Martin Luther King, Jr. Boulevard
Portland, OR 97211

Owner/Landlord: Majestic Realty Company
13191 Crossroads Parkway North, Sixth Floor
City of Industry, CA 91746-3497
Attn: Phillip Brown, Vice President, Acquisitions and Development
(562) 692-9581

Tenant: Portland Development Commission
222 NW 5th Ave
Portland, Oregon 97209
Attn: Bruce Wood, Real Estate and Construction Services Manager
(503) 823-5375

Premises: 50 percent of the commercial space excluding Natural Grocers. Building A will be approximately 8,450 square feet, and Building B approximately 16,800 square feet, including approximately 15,000 square feet for Natural Grocers. This yields a Premises area of approximately 5,125 square feet.

Use: Premises shall be operated as a master lease. Landlord understands that Tenant's public development agency goals and those of the surrounding community for the anticipated types of uses and subtenant qualifications are to be consistent with the provisions of the Community Benefits Agreement (CBA) that will be included as part of the Disposition and Development Agreement (DDA) to be executed by and between Landlord and Tenant. Retail uses and other uses consistent with the CBA shall be allowable with Landlord's approval not be to unreasonably withheld, conditioned, or delayed and subject to all exclusive and prohibited uses in existence at the time of such sublease execution.

Term: Ten (10) years, with one (1) five (5) year option.

Possession Date: Immediately upon Landlord receiving Certificate of Occupancy.

Rent Commencement Date: The earlier of ninety (90) days after delivery to Tenant by Landlord of Tenant's Premises or Tenant's opening for business.

- Rent:** Market rate, same terms and conditions as that being given by Landlord to Tenants in adjacent commercial space (excluding Natural Grocers) but in no event less than \$29.00/square foot NNN, 5% increases every 2 years.
- Option Rent:** Years 11-15 (1st Option), Annual Rent equal to Fair Market Value (FMV) or current rent, whichever is greater, at commencement of option term and fixed for five (5) year duration.
- Additional Charges:** Tenant shall pay its pro rata share of property taxes and assessments, and its pro rata share for the general liability insurance for the Common Areas of the Shopping Center. Tenant will pay monthly its pro rata share of expenses for the maintenance, operation, repair, replacement and security of the Common Area as defined in the Lease. Tenant will also be subject to the payment of a 15 percent administration fee based upon the Common Area expenses. There will be a 10 percent annual cap on CAMS. Tenant's pro rata share will be a ratio based upon the square footage of Tenant's leased Premises in relation to the total existing square footage of the Shopping Center. Landlord will provide Tenant with an estimated budget for the NNNs during the lease negotiation process. Tenant shall not be responsible for NNN charges during construction.
- Insurance:** Landlord shall carry fire and extended coverage on the Premises which costs shall be a reimbursable expense to Landlord from Tenant. There will be no premium insurance cap.
- Landlord work:** Landlord to deliver the Premises as a cold shell.
- Tenant Improvement Allowance:** Landlord will not provide any Tenant Improvement Allowance to Tenant.
- Utilities:** Tenant shall pay for all utilities which serve Tenant's Premises. All utilities will be separately metered. Tenant will pay monthly its Pro Rata Share of Common area utilities.
- Parking:** Employee and customer parking shall be subject to Landlord approval.
- Condition of Premises:** Premises shall be delivered subject to minor punchlist items that do not interfere with Tenant's Work that can be completed within thirty (30) days of turnover.
- Lease Form:** A mutually agreed upon Lease Form will be used.

Signage:

Tenant's sign program will be subject to Landlord's approval not to be unreasonably withheld. It must also comply with all appropriate governmental codes, rules and regulations and the Shopping Center Sign Criteria. Tenant's building sign program will be agreed upon and incorporated into the Lease as an exhibit. Tenant's building signs cost and construction will be Tenant's sole responsibility. If Landlord is able to provide Tenant space or a pylon, Tenant will be responsible for its pro rata share of the construction cost, the maintenance cost and electrical costs for any Shopping Center pylon sign upon which Tenant's name appears based upon its pro rata share of sign area versus the total sign area of all tenant signs on said pylon.

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RESOLUTION TITLE:

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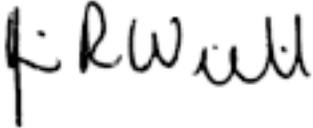
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PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Tom Kelly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Gustavo 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>August 21, 2015</p>
<p>Gina Wiedrick, Recording Secretary</p>	