RESOLUTION NO. 7170

APPROVING THE TERMS OF A COMMERCIAL PROPERTY
REDEVELOPMENT LOAN TO ASIAN HEALTH AND SERVICE CENTER FOR
REDEVELOPMENT OF A CERTAIN PROPERTY IN THE LENTS TOWN
CENTER URBAN RENEWAL AREA IN AN AMOUNT NOT TO EXCEED
$4,900,000

WHEREAS, on June 24, 2015, Portland Development Commission (“PDC”) Board of Commissioners through Resolution No. 7131 authorized the terms of a Predevelopment Loan, Disposition Agreement, and Commercial Property Redevelopment Loan (“Development Loan”) to Asian Health and Service Center (“Developer”) for redevelopment of a certain real property in the Lents Town Center Urban Renewal Area;

WHEREAS, project design considerations have been further clarified, construction costs have increased, and alternative financing sources are not available; and

WHEREAS, the Developer has identified and PDC has confirmed that the project is not financially feasible without additional support.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to execute a revised Development Loan with Developer substantially in accord with the provisions of Exhibit A;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the Development Loan, 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;

BE IT FURTHER RESOLVED, that the developer fee included in the terms and conditions that the PDC Board approved on June 24, 2015, through Resolution No. 7131 shall remain applicable to the terms and conditional attached hereto as Exhibit A; and
**BE IT FURTHER RESOLVED,** that this resolution shall become effective immediately upon its adoption.

Adopted by the Portland Development Commission on February 10, 2016

Gina Wiedrick, Recording Secretary
### PROPOSED TERMS AND CONDITIONS OF PDC DEVELOPMENT LOAN

<table>
<thead>
<tr>
<th>Borrowing Entity:</th>
<th>Asian Health and Service Center or Special Purpose Entity per DDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Program:</td>
<td>Commercial Property Redevelopment Loan – Construction/Permanent</td>
</tr>
<tr>
<td>Loan Amount:</td>
<td>$4,900,000</td>
</tr>
<tr>
<td>Uses of Funds:</td>
<td>New construction</td>
</tr>
<tr>
<td>Loan Fee:</td>
<td>1% of the loan amount ($49,000), financed</td>
</tr>
<tr>
<td>Interest Rate:</td>
<td>0% annual fixed rate</td>
</tr>
<tr>
<td>Term:</td>
<td>40 year term, 18 year repayment beginning in year 23</td>
</tr>
<tr>
<td>Repayment:</td>
<td>Principal payments starting in year 23 that are cash flow dependent</td>
</tr>
<tr>
<td>Collateral:</td>
<td>2nd lien position on the property</td>
</tr>
<tr>
<td>Guarantors:</td>
<td>None</td>
</tr>
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</table>

**Total Development Sources and Uses:**

**Sources:**
- Leverage Loan/ Commercial Mortgage $1,425,000
- PDC Permanent Loan $4,900,000
- NMTC Investment (federal) $3,444,000
- Capital Campaign $4,295,000
- Weatherization Grant (Energy Trust of OR) $10,000
- PDC DOS Grant $12,000
- Total $14,086,000

**Uses:**
- Land $900,000
- Construction Costs $8,970,000
- Soft Costs $1,700,000
- Contingency $861,000
<table>
<thead>
<tr>
<th>Entry</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Developer Fee</td>
<td>$355,000</td>
</tr>
<tr>
<td>Program Startup &amp; Expansion</td>
<td>$700,000</td>
</tr>
<tr>
<td>Leased Clinic Space TI Reserve</td>
<td>$600,000</td>
</tr>
<tr>
<td>Total</td>
<td>$14,086,000</td>
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**Program Guideline Exceptions:**
- Loan amount exceeds program maximum of $2,000,000
- Interest rate is not based on Prime + 3%
- Fee to be financed instead of paid at closing
- Loan term exceeds 10 years
- Loan payments are cash flow dependent
- Borrower’s equity contribution is less than 10%
- Personal/ corporate guarantees not required from the principals/ entities
- Combined Loan to Value exceeds 100%;
- Debt service coverage ratio does not meet minimum 1:1.15

**Other Conditions:**

**Equity Goals**
Pursuant to PDC’s adopted Equity Policy & Procedures, Borrower will comply with PDC’s requirements for participation of minority-owned, women-owned and emerging small businesses and will make good faith efforts to utilize apprentices and women, minorities, and disadvantaged individuals in the construction workforce for the project, as provided by the Business Equity Program Requirements.

**Green Building**
Pursuant to PDC’s adopted Green Building Policy, the project will register and certify for the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) at the Gold level.

**Prevailing Wage**
The project will be considered a “public work” subject to Oregon’s Prevailing Wage Law (ORS 279C.800 to 279C.870 and the administrative rules adopted thereunder.)

**Other**
Borrower will provide additional information, execute and deliver additional agreements and documents, and comply with additional terms and conditions, in connection with the loans, as PDC may reasonably require.
RESOLUTION NO. 7170

RESOLUTION TITLE:
APPROVING THE TERMS OF A COMMERCIAL PROPERTY REDEVELOPMENT LOAN TO ASIAN HEALTH AND SERVICE CENTER FOR REDEVELOPMENT OF A CERTAIN PROPERTY IN THE LENTS TOWN CENTER URBAN RENEWAL AREA IN AN AMOUNT NOT TO EXCEED $4,900,000

Adopted by the Portland Development Commission on February 10, 2016

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<tr>
<th>PRESENT FOR VOTE</th>
<th>COMMISSIONERS</th>
<th>VOTE</th>
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<tbody>
<tr>
<td></td>
<td>Commissioner Tom Kelly</td>
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<td>☑</td>
<td>Commissioner Gustavo Cruz, Jr.</td>
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<td>☑</td>
<td>Acting Chair Aneshka Dickson</td>
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<td>☑</td>
<td>Commissioner Mark Edlen</td>
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<td>Commissioner William Myers</td>
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☑ Consent Agenda ☑ 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.

Gina Wiedrick, Recording Secretary

Date: February 29, 2016