

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6619

**AUTHORIZING THE EXECUTIVE DIRECTOR, OR HIS
DESIGNEE, TO ENTER A BID ON BEHALF OF PORTLAND
DEVELOPMENT COMMISSION AT A FORECLOSURE SALE
TO ACQUIRE CERTAIN REAL PROPERTY COMMONLY
KNOWN AS "THE HERITAGE BUILDING", LOCATED AT 3934
NE MARTIN LUTHER KING, JR. BOULEVARD IN THE
OREGON CONVENTION CENTER URBAN RENEWAL AREA;
AUTHORIZING A MAXIMUM BID AMOUNT**

WHEREAS, the Portland Development Commission ("PDC") is charged by the *Albina Community Plan* and the *Oregon Convention Center Urban Renewal Area Plan* to carry out projects that support commercial revitalization on NE Martin Luther King, Jr. Boulevard and, among other tasks, to assemble property at key commercial nodes to promote neighborhood-oriented commercial development;

WHEREAS, on July 21, 2001, PDC issued a Request-for-Proposals and, after extensive review, a community evaluation committee recommended a local development team known as Heritage Building, L.L.C. ("Developer") to carry out the redevelopment of the real property located at 3934 N.E. Martin Luther King, Jr. Boulevard, more commonly known as "The Heritage Building" ("Property");

WHEREAS, on January 8, 2003, the PDC Board of Commissioners ("Board") adopted Resolution No. 5964 authorizing the Executive Director to enter into a Disposition and Development Agreement ("DDA") with the Developer for the redevelopment of the Property ("Project");

WHEREAS, on May 11, 2005, the PDC Board adopted Resolution No. 6238 which authorized the Executive Director to amend the DDA for the purpose, among others, of increasing the amount of the Project financing to be provided by PDC to the Developer in an amount not to exceed \$2,450,000 ("PDC Loan");

WHEREAS, repayment of the PDC Loan is secured by a lien on the Property which is as of this date subordinate only to a lien on the Property securing Developer's repayment obligation with respect to a loan made by Albina Community Bank ("Albina") to Developer in the total principal amount of \$1,900,000 ("Albina Loan");

WHEREAS, because Developer did not satisfy all conditions for conversion of the Albina Loan by December 31, 2007, the Albina Loan matured and become due and payable as of December 31, 2007;

WHEREAS, Albina has issued a Notice of Default and Election to Sell the Property, with a scheduled foreclosure sale anticipated to occur on or around July 22, 2008;

WHEREAS, Developer has entered into preliminary negotiations with Bank of the West (“BOTW”) to obtain a loan to pay off the Albina Loan and is currently in the process of obtaining a loan commitment from BOTW for financing in the approximate amount of \$2,100,000 (“Proposed BOTW Loan”);

WHEREAS, on June 25, 2008, the Board adopted Resolution No. 6602 which authorized certain modifications to the PDC Loan terms for the purpose of accommodating the Proposed BOTW Loan;

WHEREAS, as of the date of this resolution, Developer has not satisfied all conditions necessary to close on the Proposed BOTW Loan prior to the scheduled foreclosure sale on July 22, 2008;

WHEREAS, Albina has declined Developer’s request to postpone the scheduled foreclosure sale date of July 22, 2008 for the Property;

WHEREAS, as of the date of this resolution, the PDC Loan remains unpaid; and

WHEREAS, the Board desires to acquire the Property in foreclosure to protect its investment in the Property and to gain control of the Property for purposes of ensuring continued revitalization of NE Martin Luther King, Jr. Blvd.

NOW, THEREFORE, BE IT RESOLVED that the Executive Director, or his designee, is hereby authorized to enter a bid (“Foreclosure Bid”) on behalf of PDC for the Property at any foreclosure sale which may be held for the Property as a result of Developer’s default on the Albina Loan or other liquidation sale which may be arranged for the Property;

BE IT FURTHER RESOLVED that the Executive Director, or his designee, is hereby authorized to enter a Foreclosure Bid for the Property in an amount which shall not exceed the sum of (a) one dollar plus (b) the dollar amount derived under the Foreclosure Bid Formula set forth on Exhibit “A” hereto; and

BE IT FURTHER RESOLVED that this resolution shall become effective immediately upon its adoption.

Adopted by the Portland Development Commission on July 9, 2008.

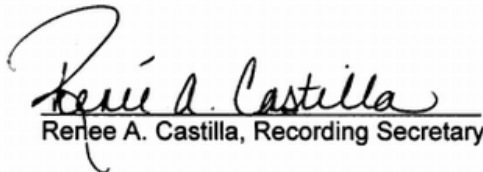

Rerlee A. Castilla, Recording Secretary

EXHIBIT “A”

FORECLOSURE BID FORMULA

Starting Bid for Foreclosure Sale¹

PLUS: principal amount of PDC Loan

PLUS: accrued interest on PDC Loan

PLUS: attorneys’ fees and costs incurred by PDC in connection with Developer’s default under PDC Loan

PLUS: any other amounts necessary to cause release of construction liens, if any, filed pursuant to ORS Section 87.010

EQUALS: Dollar Amount derived under Foreclosure Bid Formula

¹ Formula for Starting Bid for Foreclosure Sale is calculated as follows:

Principal amount of Albina Loan

PLUS: accrued interest on Albina Loan

PLUS: attorneys fees and costs incurred by ACB in connection with Developer’s default under Albina Loan

PLUS: trustee’s fees and other costs associated with foreclosure sale

EQUALS: Starting Bid for Foreclosure Sale

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6619

TITLE: AUTHORIZING THE EXECUTIVE DIRECTOR, OR HIS DESIGNEE, TO ENTER A BID ON BEHALF OF PORTLAND DEVELOPMENT COMMISSION AT A FORECLOSURE SALE TO ACQUIRE CERTAIN REAL PROPERTY COMMONLY KNOWN AS "THE HERITAGE BUILDING", LOCATED AT 3934 NE MARTIN LUTHER KING, JR. BOULEVARD IN THE OREGON CONVENTION CENTER URBAN RENEWAL AREA; AUTHORIZING A MAXIMUM BID AMOUNT

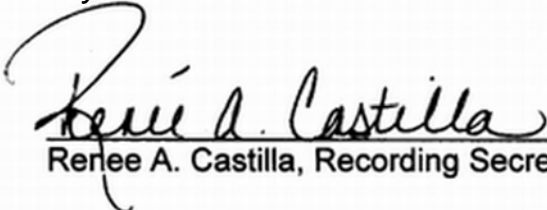
Adopted by the Portland Development Commission on July 9, 2008.

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Mark Rosenbaum, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Sal Kadri	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Bertha Ferrán	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Charles Wilhoite	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	John Mohlis	<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 duly recorded in the official minutes of the meeting.


Renee A. Castilla, Recording Secretary

Date: July 15, 2008