

PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7396

AUTHORIZING THE SIXTH AMENDMENT TO THE PURCHASE AND SALE AGREEMENT WITH BRIDGE NORTHWEST DEVELOPMENT FOR THE RIVERPLACE PARCEL 3 PROJECT IN THE NORTH MACADAM TAX INCREMENT FINANCE DISTRICT

WHEREAS, Prosper Portland is undertaking the North Macadam Urban Renewal Plan, adopted August 11, 1999, and subsequently amended (“Plan”);

WHEREAS, Prosper Portland is the former owner of a 2.01 acre parcel known as RiverPlace Parcel 3 located in the North Macadam Tax Increment Finance District at 2095 SW River Parkway (“Property”);

WHEREAS, the Portland City Council through Resolution No. 37118, adopted April 1, 2015, provides direction to Prosper Portland and the Portland Housing Bureau (“PHB”) to fully achieve affordable housing goals in the North Macadam Tax Increment Finance (“TIF”) District;

WHEREAS, on January 13, 2016 through Resolution No. 7161, the Prosper Portland Board of Commissioners (“Board”) authorized an option agreement and \$7,700,000 Special Authority Grant to BRIDGE which effectively reduced the purchase price from \$11,000,000 to \$3,300,000, and PHB agreed to provide a \$19,000,000 cash-flow dependent loan;

WHEREAS, Prosper Portland and BRIDGE Northwest Development (“BRIDGE”) entered into an Option for Purchase and Sale, Development and Right of Repurchase Agreement dated May 10, 2016, as amended (“Agreement”);

WHEREAS, the Agreement calls for BRIDGE to purchase the Property from Prosper Portland and develop a project that consists of two phases: (1) Phase I on the western parcel consisting of an affordable housing building comprised of 203 residential units, including 90 units serving households earning up to 30 percent of the area Median Family Income (“MFI”), two onsite manager’s units and with the remaining 111 units serving households earning up to 60 percent MFI, and the construction and operation of a subsurface parking garage containing approximately 75 spaces; and (2) Phase II on the eastern parcel consisting of market rate housing consisting of at least 159 residential units, including commercial ground floor retail space for local retailing uses and approximately 73 parking spaces, or such other project as has been approved by the Prosper Portland Board of Commissioners (“Board”);

WHEREAS, the Portland City Council through Ordinance No. 188712 approved December 6, 2017, approved certain funding for the Phase I affordable housing project; specified that BRIDGE would acquire the Property from Prosper Portland, convey the Property to PHB, and lease the western parcel for the purpose of developing the Phase I affordable housing project; and designated BRIDGE the exclusive right

to develop Phase II on the eastern parcel as an affordable housing project subject to delivering a viable financing plan acceptable to and approved by PHB by December 31, 2020;

WHEREAS, BRIDGE and the PHB entered into a Purchase and Sale Agreement (“PHB PSA”) dated December 28, 2017;

WHEREAS, in accordance with the Agreement and the PHB PSA, BRIDGE purchased the Property from Prosper Portland, conveyed the Property to PHB, leased the western portion of the Property from PHB, and completed construction of Phase I in September 2019;

WHEREAS, at the Phase I closing, Prosper Portland was underpaid in the amount of \$1,260,000 less \$9,667 in closing costs due to a mutual mistake in escrow instructions, and BRIDGE will repay this amount as part of the Phase II transaction as set forth in the Sixth Amendment to the Agreement;

WHEREAS, BRIDGE has developed a financing plan for the Phase II affordable housing project that is acceptable to PHB (approval is expected to be obtained by December 31, 2020), and in accordance with the PHB PSA, intends to lease the eastern portion of the Property from PHB for the purpose of developing the Phase II affordable housing project; and

WHEREAS, BRIDGE seeks to amend the Agreement so that the Phase II development consists of affordable housing rather than the market rate housing that is currently contemplated in the Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Prosper Portland Board authorizes the Executive Director to enter into the Sixth Amendment to the Agreement, attached hereto as Exhibit A;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the Sixth Amendment to the Agreement if such modifications, in the opinion of Prosper Portland’s Executive Director in consultation with Prosper Portland’s General Counsel, do not materially increase Prosper Portland’s obligations or risks; and

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

Adopted by the Prosper Portland Commission on

August 12, 2020



Pam Feigenbutz, Recording Secretary

**SIXTH AMENDMENT TO OPTION FOR PURCHASE AND SALE, DEVELOPMENT
AND RIGHT OF REPURCHASE AGREEMENT
PARCEL 3, North District, South Waterfront**

THIS SIXTH AMENDMENT TO OPTION FOR PURCHASE AND SALE, DEVELOPMENT AND RIGHT OF REPURCHASE AGREEMENT (this “**Amendment**”) is entered into as of August ____, 2020 (the “**Effective Date**”), by and between Prosper Portland (formerly known as the Portland Development Commission or PDC), the duly designated urban renewal agency of the City of Portland (“Prosper Portland”), **PROSPER PORTLAND** and BRIDGE NORTHWEST DEVELOPMENT, an Oregon non-profit public benefit corporation or assigns (“**Developer**”). PROSPER PORTLAND and Developer are referred to jointly in this Amendment as “**Parties**” and individually as a “**Party**”. Although not a Party to this Agreement, the PORTLAND HOUSING BUREAU (“**PHB**”) and RIVERPLACE PHASE 2 LIMITED PARTNERSHIP, an Oregon limited partnership (“**RiverPlace Phase 2**”) is executing this Sixth Amendment, acknowledging its terms.

RECITALS

- A. PDC and Developer are parties to that certain Option for Purchase and Sale, Development and Right of Repurchase Agreement dated as of May 10, 2016, as amended June 16, 2016, August 31, 2016, October 17, 2016, August 30, 2017, and December 28, 2017 (collectively, the “**Option Agreement**”) pursuant to which PDC granted to Developer an option to purchase the real property commonly known as Parcel 3, North District, South Waterfront (as further defined in the Option Agreement, the “**Property**”) subject to and in accordance with the terms and conditions set forth in the Option Agreement.
- B. Subsequent to the execution of the Option Agreement, PDC adopted “Prosper Portland” as its assumed business name. In other documents associated with the Closing of this Option Agreement, the name Prosper Portland will be used. Throughout all documents, PDC and Prosper Portland are the same entity.
- C. The Option Agreement contemplated that Developer would commence construction shortly after Closing of a large affordable housing and mixed-use project on the Property. The affordable housing project (“**Phase I**”) was constructed shortly after Closing, and the remaining property contemplated to be developed further in the future (“**Phase II**”) was to consist of at least 159 units of market rate residential units, commercial ground floor retail space for local retailing uses, and approximately 73 parking spaces.
- D. Subsequent to Closing Phase I, Prosper Portland informed Developer that it was underpaid in the amount of One Million Two Hundred Sixty Thousand Dollars (\$1,260,000) less Nine Thousand Six Hundred Sixty Seven Dollars (\$9,667) in closing costs, for a final underpayment amount of One Million Two Hundred Fifty Thousand Three Hundred Thirty Three Dollars (\$1,250,333) (“**Underpayment Amount**”); and the Parties have agreed that Developer will pay Prosper Portland the Underpayment Amount at Closing of Phase II;
- E. Approval from the Prosper Portland Board of Commissioners (“Prosper Portland Board”) is required to alter the previously-approved market development use for Phase II, and therefore approval of this transaction by the Prosper Portland Board is a condition precedent to Closing on Phase II for the affordable housing use on the property; and
- F. This Sixth Amendment is being executed to reflect that Developer’s efforts to secure a market-rate residential development partner for Phase II have been unsuccessful and that Developer and

PHB have identified financial resources to support the development of Phase II as an affordable housing project.

AMENDMENT

1. Project. Section 5.1.B of the Option Agreement is deleted in its entirety and replaced with the following:
 - B. Phase II shall be an affordable housing project consisting of at least 178 residential units, commercial ground floor space for retail or office uses, and at least 64 parking spaces, or such other project as has been approved in writing by Prosper Portland.
2. Payment of Underpayment Amount to Prosper Portland at Closing of Phase II. The Parties agree that Prosper Portland shall be paid the Underpayment Amount of \$1,250,333 in a cash lump sum at Closing; and the Parties also agree that the Escrow Instructions shall be in a form reasonably acceptable to Prosper Portland and shall instruct the escrow officer to pay Prosper Portland the Underpayment Amount at Closing. The Parties shall provide Prosper Portland with draft Escrow Instructions at least 48 hours prior to Closing for Prosper Portland's review and approval.
3. It shall be a condition precedent to Closing Phase II that the Prosper Portland Board has approved the change of use from market rate residential development to affordable housing.
4. Commence Construction. Section 5.2.1 of the Option Agreement is amended to reflect that construction of Phase II of the Project shall commence on or before a date that is no later than 90 days from the Phase II Closing Date.
5. Miscellaneous.
 - 5.1. Capitalized Terms. Capitalized terms used but not defined in this Amendment have the meanings set forth in the Option, First Amendment, or Second Amendment.
 - 5.2. Effect of Amendment. Except as specifically set forth in this Amendment, the Option is unmodified and is hereby ratified and remains in full force and effect. In the event of any conflict between the terms and provisions of this Amendment and the terms and provisions of the Option, the terms and provisions of this Amendment shall control. This Amendment constitutes the entire agreement of the Parties with respect to the subject matter hereof, and once executed and delivered, shall not be modified or altered in any respect except by a written instrument signed by the Parties.
 - 5.3. Counterparts; Delivery. This Amendment may be signed in counterparts, each of which shall be deemed an original and when taken together shall constitute one and the same instrument. The parties may execute facsimile or email copies of this Amendment, and delivery of such execution copies by facsimile or email shall be deemed to be delivery of an original signature and shall be binding on the parties hereto.
 - 5.4. Successors and Assigns. This Amendment is binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.
 - 5.5. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Oregon.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

Prosper Portland,

By: _____
Executive Director

APPROVED AS TO FORM:

Legal Counsel

BRIDGE NORTHWEST DEVELOPMENT, an Oregon nonprofit public benefit Corporation,

By: _____

Printed Name: Aruna Doddapaneni

Title: Vice President

ACKNOWLEDGED

CITY OF PORTLAND, a municipal corporation of the State of Oregon acting by and through the **PORTLAND HOUSING BUREAU**

By: _____

Printed Name: _____

Title: _____

APPROVED AS TO FORM:

City Attorney

RIVERPLACE PHASE 2 LIMITED PARTNERSHIP,
an Oregon limited partnership

By: RiverPlace 3 LLC,
An Oregon limited liability company
Its: General Partner

By: BRIDGE Northwest Development
An Oregon nonprofit public benefit corporation
Its: Manager

By: _____
Aruna Doddapaneni, Vice President



PROSPER PORTLAND

Building an Equitable Economy

RESOLUTION NO. 7396

RESOLUTION TITLE:

AUTHORIZING THE SIXTH AMENDMENT TO THE PURCHASE AND SALE AGREEMENT WITH BRIDGE NORTHWEST DEVELOPMENT FOR THE RIVERPLACE PARCEL 3 PROJECT IN THE NORTH MACADAM TAX INCREMENT FINANCE DISTRICT

Adopted by the Prosper Portland Commission on August 12, 2020


PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Gustavo J. Cruz, Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Francesca Gambetti	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Peter Platt	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Serena Stoudamire Wesley	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner William Myers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 Prosper Portland Commission and as duly recorded in the official minutes of the meeting.

	Date: August 18, 2020
Pam Feigenbutz, Recording Secretary	