



Downtown Tigard Mixed-Use Development Projects-Memorandum of Understanding *November 21, 2013 (Revised December 9, 2013)*

This Memorandum of Understanding (MOU) is between the City of Tigard, Oregon/City Center Development Agency (CCDA, the City of Tigard's Urban Renewal Agency)(City) and George Diamond Properties (GDP), a development company based in Portland, Oregon. The MOU describes the duties, responsibilities and performance measures for both parties in undertaking and completing the Downtown Tigard Mixed-Use Development Project (Project) that will lead to:

- Acquisition by GDP of two sites within Tigard's Downtown Urban Renewal District,
- Definition of the Urban Renewal District's role and financial commitments to the project, and
- Construction of two mixed-use residential projects, totaling approximately 300 units with ground floor retail and active use spaces as applicable.

This Project provides pre-development services for two sites located in Downtown Tigard. Site 1 is approximately 3.26 acres that abuts Fanno Creek (the Public Works Yard) and is owned by the City. Site 2 is a to be identified site located within the City's downtown urban renewal district. GDP has the responsibility to secure control of Site 2.

The intent of the Project is to develop information that both parties can use for decision-making related to future construction of two developments. Information includes: costs for land acquisition and any remediation; costs related to construction; market support and likely leasing rates and absorption; financial performance of the developments, and if financial performance does not meet industry standards, potential public investments and activities that will result in an acceptable financial return to GDP. Public investments include such activities as land cost write down, remediation assistance, infrastructure construction, site preparation, fee waivers, etc. authorized by the City Center Urban Renewal Plan. It is understood that conceptual designs for Sites 1 and 2 will be consistent with applicable City of Tigard development and design standards and guidelines, consistent with goals and policies of the City Center Urban Renewal Plan, and reflective of the the market conditions discovered as part of this Project.

The Project consists of the following pre-development tasks: environmental investigation; property options/acquisition; appraisals and surveys; market studies; conceptual design and evaluation of alternative construction types and cost estimates; pro-forma analysis; identification of financing gaps; identification of public investments/financing to overcome gaps; and preparation and approval of a development agreement between the City and GDP outlining public and private roles and responsibilities. The Project is expected to be completed by September 1, 2014.

The City, with support and participation by GDP, proposed and was awarded a \$100,000 CET Grant by Metro to fund a portion of the work tasks necessary for the Project. Exhibit A is attached to this MOU and outlines the various tasks, responsibilities, deliverables, delivery dates and grant payment schedule

for the Project. Note that the Deliverable tasks shown in Exhibit A do not include all tasks shown in Table 1 below. This is because Exhibit A refers only to tasks funded by the CET Grant, and Table 1 refers to tasks to be undertaken by the City and GDP. Tasks referenced in this MOU refer to Table 1 only.

City Duties, Responsibilities and Performance Measures

1. Table 1 summarizes the project task budget for City staff, consultant work to be paid for by the CCDA and the CET Grant, GDP budget, and total task budget. The City commits the staff resources as indicated in the table, consulting expenses indicated for CCDA, and dedication of the CET Grant resources. Consulting expenses by City are included in the 2013-14 CCDA budget.

Table 1- Downtown Tigard Mixed-Use Development Project-Budget Summary

Tasks	Staff Budget	Consultant Budget		GDP Budget	Totals
		CCDA	CET Grant		
1 Execution of IGA Grant					
2 Retain Project Management Consultant					
3 Environmental Investigations	\$ 3,400	\$10,000	\$30,000		\$43,404
4 Property Options/Acquisitions	560			\$20,000	20,560
5 Appraisals and Land Surveys	3,878		30,000		33,878
6 Market Studies	3,954		15,000		18,954
7 Conceptual Design¹ and Cost Estimates	12,558		20,000	20,000	52,558
8 Pro-forma Analysis	3,616			10,000	13,616
9 Public/Private Financing Strategies	12,168	10,000			22,1686
10 Development Agreements	6,323	5,000			11,323
11 CCDA Board Approvals	8,873		5,000		13,873
Totals	\$55,340	\$25,000	\$100,000	\$50,000	\$230,340

2. The City has retained John Spencer, Spencer Consulting (Contractor) to serve as project manager for all work tasks for the Project. Contractor will also retain sub-contractors to perform the following tasks (Task numbers refer to Table 1):
 - a. Task 6-Preparation of Market Studies Sites 1 and 2,
 - b. Task 7-Preparation of Architectural Conceptual Design and Cost Estimates for Site 1. Selection of an architect will be jointly made by GDP and the City.
 - c. Task 9-Analysis and Advice on Public/Private Financing Strategies for Sites 1 and 2.

The City and Contractor executed an agreement for the work described above on October 30, 2013. Completion dates for these tasks are shown on Exhibit A.

3. The City will provide all applicable plans, reports, studies, etc. related to the Project and Sites 1 and 2, and undertake and complete the following tasks:

¹ Conceptual design for Sites 1 and 2 will be consistent with applicable City of Tigard development and design standards and guidelines, and consistent with goals and policies of the City Center Urban Renewal Plan.

- a. Task 3-Environmental Investigations-retain consultant to complete level 2 environmental investigation for Site 1, and level 1 and 2 investigations for Site 2,
- b. Task 5-Appraisals and Surveys-retain consultant to complete appraisals and survey work for Sites 1 and 2,
- c. City will also dedicate staff time as shown in Table 1, and coordinate as needed with the City Center Advisory Commission, CCDA Board, city departments, City Council, other boards and commissions and Metro. Staff resources will be devoted to review and participation in all Project tasks.

Completion dates for these tasks are shown on Exhibit A.

4. During the Project, City will retain ownership of Site 1 and will not enter into a purchase agreement with any other party other than GDP as long as GDP fulfills the duties, responsibilities and performance measures outlined below. City retains the right to solicit interest in the Project from other parties if significant progress has not been made by GDP to secure control of Site 2 in a timely manner. If the City engages another party, GDP will be compensated for usable work products GDP has funded for conceptual design work on Site 2 if Site 2 is retained by the other party.

GDP Duties, Responsibilities and Performance Measures

1. GDP has the responsibility to secure control of Site 2. "Secure control" means acquisition or a purchase option has been executed (including earnest money commitment if warranted). Control of Site 2 should be completed by February 1, 2014.
2. The purpose of GDP's potential acquisition of Site 1 and site control of Site 2 is to cause the redevelopment of both sites consistent with goals and policies of the City Center Urban Renewal Plan. GDP has the responsibility to make a good faith effort to complete development of both sites on a timeframe that is suitable for its business purposes, but in no event after January 1, 2017.
3. GDP will provide all applicable plans, reports, studies, etc. related to the Project and Sites 1 and 2, which shall be paid for as broken down in Table 1 above, and undertake and complete the following tasks:
 - a. Task 4-Property Options/Acquisition-any and all expenses associated with securing control of Site 2,
 - b. Task 7-Preparation of Architectural Conceptual Design and Cost Estimates for Site 2,
 - c. Task 8-Pro-forma Analysis- conduct financial feasibility analysis utilizing the results from Tasks 3-7 for Sites 1 and 2,
 - d. Participate in review, comment and analysis necessary for the successful completion of all Project tasks.

Completion dates for these tasks are shown on Exhibit A.

4. GDP has the exclusive rights to acquire Site 1 from the City during the Project. It is understood that if GDP cannot secure control of Site 2 as described in 1 above, the City has the right to solicit interest in the Project from other parties.



Marty Wine
Executive Director
City Center Development Agency



George Diamond Properties (GDP)

Exhibit A

IGA for Community Planning and Development Grants funded with CET City of Tigard – Mixed-Use Development Projects Milestone and Deliverables Schedule for Release of Funds

This project provides pre-development services for two sites located in Downtown Tigard. Site 1, the public works site, is owned by the City. Site 2 is an as yet to be identified site. The Developer partner has the responsibility to secure control of Site 2. Secure control means the Developer partner has a vested interest and has shown serious commitment to purchase Site 2; a purchase option including earnest money commitment if warranted has been executed (or similar commitment), with site purchase contingent on the outcomes of the deliverables described below. As such, milestone due dates may be different for tasks accomplished for both sites, depending on when Developer achieves control of Site 2. The table below includes the best estimates for milestone due dates.

Milestone	Deliverable	Date Due*	Grant Payment
1.	Execution of IGA Grant	November 26, 2013 ²	\$0
2.	Retain Project Management Consultant a) RFP and consultant selection b) Agreement and authorization c) Negotiate an Memorandum Of Understanding (MOU) with Developer d) Matching funding commitments provided to Metro e) Criteria approved by City Center Advisory Commission (CCAC) for making recommendations to the City Center Development Agency (CCDA) Board and City Council on project feasibility and how to proceed.	October 30, 2013 December 1, 2013 (MOU complete)	\$0
3.	Undertake Environmental Investigations³ a) Developer to demonstrate control of Site 2 b) Consultant selection for environmental investigations c) Phase 1 and 2 Environmental Assessment Report for Site 2 d) Comments by City and Metro on reports for Sites 1 and 2 and determination whether or	January 1, 2014 (Site 1) February 1, 2014 (Site 2)	\$30,000

² Tigard City Council Hearing on IGA

³ This task refers to Site 2 only. The City will fund a level 2 environmental assessment for Site 1 to be completed by January 1, 2014.

	<p>not to proceed</p> <p>e) Progress report including environmental assessment report and decision whether or not to proceed</p>		
4.	<p>Undertake Appraisals and Land Surveys</p> <p>a) Consultant selections for appraisals and surveys</p> <p>b) Appraisal reports for Sites 1 and 2</p> <p>c) Surveys for two downtown sites</p> <p>d) Comments by City and Metro on reports</p> <p>e) Progress report for milestone</p>	<p>February 15, 2014 (Site 1)</p> <p>March 1, 2014 (Site 2)</p>	<p>\$15,000</p> <p>\$15,000</p>
5.	<p>Conduct Market Studies for 2 Sites</p> <p>a) Consultant selection for market studies</p> <p>b) Market studies for Sites 1 and 2</p> <p>c) Comments by City and Metro on reports</p> <p>d) Progress report for milestone</p>	<p>April 1, 2014</p>	<p>\$15,000</p>
6.	<p>Prepare Conceptual Design and Cost Estimates</p> <p>a) Architect selected with participation by Developer</p> <p>b) Draft design plans and cost estimates for Sites 1 and 2</p> <p>c) Comments by City and Metro on draft plans</p> <p>d) Final design plans and cost estimates</p> <p>e) Progress report for milestone</p>	<p>June 1, 2014</p>	<p>\$20,000</p>
7.	<p>Evaluate Development Feasibility</p> <p>a) Pro-forma analysis for Sites 1 and 2</p> <p>b) Report evaluating financing and if gaps exist, public financing strategies</p> <p>c) Comments by City and Metro of draft reports</p> <p>d) Final pro-forma and financing strategies</p> <p>e) Progress report for milestone</p>	<p>July 15, 2014</p>	<p>\$0</p>
8.	<p>Development Agreements and Approvals</p> <p>a) Draft and final development agreements for Sites 1 and 2</p> <p>b) Comments by City and Metro of draft agreements</p> <p>c) Comments by City Center Advisory Commission and recommendations to the City Center Development Agency Board</p> <p>d) Final agreements</p> <p>e) CCDA Board review and approval of the</p>	<p>September 1, 2014</p>	<p>\$5,000</p>

	development agreements and recommendations to the City Council f) City Council action on the development agreements		
TOTAL REIMBURSABLE AMOUNT			\$100,000

*If the Grant contained any Funding Conditions, Grantee shall demonstrate satisfaction with those conditions at the applicable milestone or deliverable due dates.

*Due dates are intended by the parties to be hard estimates of expected milestone completion dates. If the City anticipates that a due date cannot be met due to circumstances beyond its control, it shall inform Metro in writing no later than ten (10) days prior to the due date set forth above and provide a revised estimated due date; and Metro and the City shall mutually agree upon a revision to the milestone due dates set forth in this Agreement.

Note: City of Tigard match = \$130,340