



PACIFIC DEVELOPMENT, INC.

September 6, 1990

Ms. Jennifer Sims
Director of Management Services
METRO
2000 S.W. First Avenue
Portland, OR 97201-5398

Dear Jennifer:

We appreciate the perspective-sharing meeting this morning between Ron MacLure and your team. We now understand that our different views of value relate entirely to the parking structure. We believe that further exposure to information about parking values and trends in the District will justify our position in your minds. In addition, the following response to your most recent offer should make that certain through a final price concession and a firm commitment to lease parking that should add specific value to the garage.

In response to your Letter of Intent dated August 28, 1990, we are prepared to make an offer based upon the following terms and conditions:

1. Premises.
Metro purchase of Sears facility, land and garage.
2. Price.
Five million five hundred thousand (\$5,500,000) cash at closing.
3. Timing.
Quoted price conditional upon closing before end of 1990. Every effort will be made to keep Metro's proposed schedule.
4. Parking.
PDI will be provided a 250 car parking capacity on the premises, five days per week, 6:00am to 5:30pm (80%), and seven days per week all hours (20%).

PDI will execute a long-term contract to January, 2022 with Metro for said parking capacity at an initial monthly rate of \$51.00 through 1996, then to be escalated annually by CPI.
5. Asbestos and Hazardous Waste
PDI shall deliver an asbestos and hazardous waste free property.

Page Two
Ms. Jennifer Sims
September 6, 1990

6. Design Review
Timely design review as stated.

The additional Articles 1, 4, 5, 6, 7, 8, and 10 of your July 18, 1990 proposal remain in effect and constitute a part of this counteroffer.

Sincerely,



William C. Scott
President

WCS/evm

September 19, 1990

Mr. Ronald C. MacLure
Director, Business Development
825 NE Multnomah, Suite 1275
Portland, OR 97232

RE: Sears Building Acquisition

Dear Ron:

In response to your letter of September 13, 1990, Metropolitan Service District finds alternative #3 to be acceptable with the following modification:

- Sale of building, garage and land - \$4,700,000.00
- 200 car parking capacity to be provide to PDI for 10 years with one 5 year renewal option, all stalls on a reserved basis to be designated by Metro at their sole discretion.
- PDI pays \$56.00 per space per month escalating 5% compounding annually, during first ten years. This income stream to be guaranteed by PDI throughout the term of the agreement. The 5 year option is to be at the then current market rate and on a use or lose basis. Any additional income generated above that outlined in the schedule below, will be passed through to PDI. Any additional management costs which occur due to PDI achieving higher revenues will be PDI's sole cost and expense. Hours of operation to be during general business hours, specified as Monday through Friday 7:00 a.m. to 5:30 p.m.
- Metro will be responsible for management of parking structure.
- Agreement provides that garage shall be operated for profit in a manner consistent with comparable facilities in the Lloyd District. Metro's tenants and monthly parking shall never be less than 10% below market.

c0917rcm@.bp

Mr. Ronald C. MacLure
September 19, 1990
Page 2.

Parking schedule for the 15 year period is outlined below:

<u>Year</u>	<u>Rate</u>	
1	\$56.00	Ten year average is \$70.43 per per stall per month.
2	58.80	
3	61.74	
4	64.82	
5	68.06	
6	71.47	
7	75.04	
8	78.79	
9	82.73	
10	86.87	
11 - 15	At fair market on a use or lose basis.	

Land and facilities to be delivered by PDI at their sole cost and expense free and clear of any hazardous waste and asbestos.

As previously conveyed, time is of the essence and we look forward to concluding the terms of the transaction this week.

Best regards,

Brad Pihas
Sales Consultant
(503) 221-4876

BP:kj

cc: Jennifer Sims
Mark Madden

10-22-90

Current Parking Commitments in Sears Parking Structure

<u>TENANT</u>	<u>SPACES</u>	<u>EXPIRATION</u>	<u>RENT</u>
Tony Roma	36	Month to Month	\$20/Mo.
Alfonso Subaru	110 ¹	11/12/90	\$36/Mo.
Alfonso Subaru	110 ²	5/31/94	\$375.00/Mo. ³
Natl. Marine Fisheries	25	2/19/91 ⁴	\$50/Mo. ⁵
US Fish & Wildlife	136	9/30/91 ⁴	\$50/Mo.
Portland Police	10	Month to Month	NC
BPA Employees (Individuals)	63	Month to Month	\$45-52/Mo.
PSOB	346	30 Years	\$56/Mo.

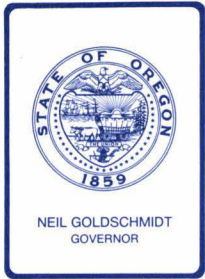
¹ All of the second level of garage

² All of first level of garage except surface parking

³ Total monthly rent for all spaces

⁴ Lease can be cancelled upon 30 days notice by landlord.

⁵ Verbal confirmation from tenant. Have not received executed purchase order.



Department of General Services

1225 FERRY STREET SE, SALEM, OREGON 97310

RECEIVED

DEC 7 1990

METRO FINANCE &
ADMINISTRATION DEPARTMENT

Ms. Jennifer Sims
METRO
2000 SW First Avenue
Portland, Oregon 97201-5398

RE: Proposed Assignment of 346 Parking Spaces from PDI to METRO

Dear Ms. Sims:

We have reviewed the proposal to assign 346 parking spaces from Pacific Development, Inc. to METRO. We agree that the proposed assignment may be in our mutual interest and benefit and we are interested in the opportunity to work with METRO. However, we cannot agree to any of the changes you have proposed.

If an agreement is reached between METRO and the Department of General Services regarding the 346 parking spaces in the SEARS facility, we will consider an agreement allowing METRO to use our surface lot at our new building during off-peak hours.

If you have any questions or concerns, please call me at 373-1521.

Sincerely,

Norm Manselle, Manager
Property Management Section
Facilities Division
Phone: 373-1521

cc: Dan Simmons, Director, Department of General Services
Maynard Hammer, Administrator, Facilities Division

8248H



METRO

2000 SW First Avenue
Portland, OR 97201-5398
(503) 221-1646
Fax 241-7417

COPY

November 20, 1990

Mr. Norm Manselle
General Services Department
State of Oregon
1225 Ferry Street
Salem, OR 97310

Dear Mr. Manselle:

As we discussed in our telephone conversation last Thursday, Metro has entered into a sale agreement with Pacific Development, Inc. to purchase the Sears facility. As you know, the Sears facility is adjacent to the State Office Building currently under construction. Part of the sale agreement is the assignment of the PDI agreement to provide 346 parking spaces to the State. As we discussed, if Metro is to assume the responsibility for the parking supply agreement we would like to make some changes in the terms as enumerated below:

1. Amend Section 3.1 to change the effective date of the LID from the commencement date to the first anniversary rather than the second.
2. Amend Section 3.4(i) to eliminate that section.
3. Section 13 Option to Amendment -- eliminate that section.

In addition to these changes, we would like to specify that Metro retain discretion as to assignment of parking within the facility and that parking spaces provided would not be reserved spaces for individual cars or persons. All other terms and conditions would remain the same. This includes term, number of spaces and rate.

We are very interested in an opportunity to work with you on maximizing utilization of your surface lot during off-peak hours. We would be willing to enter into a separate agreement regarding the terms and use of these spaces.

Executive Officer
Rena Cusma

Metro Council

Tanya Collier
Presiding Officer
District 9

Gary Hansen
Deputy Presiding
Officer
District 12

David Saucy
District 1

Lawrence Bauer
District 2

Jim Gardner
District 3

Richard Devlin
District 4

Tom DeJardin
District 5

George Van Bergen
District 6

Ruth McFarland
District 7

Judy Wyers
District 8

Roger Buchanan
District 10

David Knowles
District 11

Mr. Norm Manselle
November 20, 1990
Page 2

We believe that the assignment of this agreement from PDI to Metro is in our mutual interest and benefit. We look forward to working with you to satisfactorily meet both of our interests. Our timeframe for consideration of this matter short and I appreciate your timely response. We will be formulating our staff report to the Metro Council the week of December 3, 1990. Please contact me to further discuss this.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jennifer Sims".

Jennifer Sims
Manager of Financial Services

SRS
js\tr\9696

Enclosures

cc: Dan Cooper

ATTACHMENT G

PARKING SUPPLY AGREEMENT

(State Office Building, Portland)

THIS PARKING SUPPLY AGREEMENT dated December 15, 1989 (the "Agreement"), is entered into by PACIFIC DEVELOPMENT, INC. ("PDI"), as supplier, and THE STATE OF OREGON, DEPARTMENT OF GENERAL SERVICES, ("Department"):

1. SUPPLY COMMITMENT: PDI agrees with Department, for the term and subject to the agreements, conditions and provisions hereinafter set forth, to make available for use by the State of Oregon's employees actually employed at the new State Office Building on a monthly rental basis parking spaces in the amount of the parking space lid (LID) described below in locations designated by PDI from time to time, subject to relocation by PDI on the terms and as provided below.

The parking spaces shall be located within the geographic boundaries described as the Parking Area A in the attached Exhibit A. PDI will designate the exact location of the 346 parking spaces to be initially provided under this Agreement by attaching an exhibit to this Agreement not later than 90 days prior to the date on which Department is expected to occupy the State Office Building described below. Parking spaces covered by this Agreement may be relocated by PDI from time to time to locations within the Parking Area A; provided that PDI will provide at least 125 of such parking spaces within the geographic boundaries described as the Parking Area B in the attached Exhibit A. PDI will give Department 30 days notice of the change in location. Upon either party's request, the parties will execute an acknowledgment as to the change in location of the parking spaces. PDI may designate the spaces on any property within Parking Area A and Parking Area B as specified above whether owned, leased, licensed or otherwise usable by PDI.

2. TERM. The term of this Agreement shall be up to thirty years (360 months) and shall commence upon the initial occupancy by Department of the State Office Building ("State Office Building") situated at 800 N.E. Oregon, Portland, Oregon ("Commencement Date"), unless extended or terminated under the terms of this Agreement. Department may surrender and reduce the number of parking spaces supplied hereunder to a number below the then applicable LID, or cancel this Agreement at any time, upon 30 days' prior written notice to PDI. Any such surrender and reduction or cancellation shall be final and perpetual except as noted below, and Department shall have no right to reinstate the surrendered or cancelled spaces or subsequently increase the number of spaces supplied under this Agreement. If Department has not occupied the State Office Building by November 1, 1994, this Agreement shall be null and void and of no further force and effect.

3. THE LID. The number of parking spaces which PDI shall be required to make available under this Agreement, at any time, shall not exceed the LID. The LID shall be determined as follows:

3.1 For the period from the Commencement Date until the second anniversary of the Commencement Date, the LID shall be 346 parking spaces.

3.2 For the period from the second anniversary of the Commencement Date through the last day of the term of this Agreement, the LID for a particular calendar month shall be highest daily number of parking spaces actually leased pursuant to this Agreement during the immediately preceding 90-day period on a monthly paid basis by the State of Oregon's employees actually employed at the State Office Building (the "High Day Count"), but such LID shall not exceed the lowest of any LID established for any prior month. For purposes of illustration, see the attached Exhibit B. Under this section 3.2, the LID may only go down, and never up.

PDI shall provide Department the following information on or before the tenth of each month.

- i) The LID for the previous month,
- ii) The High Day Count for the previous month, and
- iii) The actual number of spaces under lease on the last day of the previous month.

3.3 Notwithstanding the LID established at any particular time, if within sixty (60) days following PDI's delivery of notice to Department of any change in the LID for a particular calendar month, Department can demonstrate to PDI for a particular month (the "Reviewed Month") that the failure to lease all spaces for the applicable Reviewed Month is due predominantly to a temporary and abnormal fluctuation in the number of employees employed at or working at the State Office Building, then the LID for the Reviewed Month shall be the LID that was in effect for the month immediately preceding the Reviewed Month.

For purposes of this section 3.3, a "temporary and abnormal fluctuation" shall include, but shall not be limited to, an employee strike or work action; a transfer or relocation of one or more state agencies, divisions, subdivisions or sections involving the State Office Building; a temporary lay-off, suspension or cessation of work at the State Office Building; or a short term, high vacancy rate in the State Office Building."

3.4 Notwithstanding the foregoing, the LID may be adjusted upward one time during the term of this Agreement on the following terms and conditions, all of which must apply and be satisfied:

- i) The Department expands the net rentable square footage of office area of the Department's State Office Building at 800 Oregon Street by more than 1,000 square feet; and

- 1i) The LID shall not in any event exceed 346 spaces; and
- 1ii) Department gives notice exercising this option on or before the tenth anniversary of the Commencement Date; and
- 1iv) The LID would not rise if such rise would be counter to the then existing policies (as of the date the building permit for the expansion is issued) of the City of Portland regarding parking limitations in the Lloyd District, taking into account the supply of parking spaces on the State Office Building site.

The new LID shall be the LID in effect for the month preceding the month in which Department received Certificates of Occupancy for the expansion area, increased by one space per 1,000 square feet of net rentable area of the addition to the State Office Building except that portion of the additional net rentable area created as a result of converting parking area existing prior to construction of the addition. The new LID shall be effective first for the month in which the Department receives Certificates of Occupancy for the expansion area, and for a period of 12 calendar months thereafter. On the first day of the 13th calendar month following the month in which the Department receives Certificates of Occupancy for the expansion area, the LID shall be subject to downward adjustment as set forth in section 3.2 above.

The monthly rental charged for added spaces shall be the market rate charged for such period by PDI for such parking spaces and without the limitation of the Cap set forth in Section 4 below.

This option is unique and may only be exercised once during the term of this Agreement, as set forth above.

4. PARKING CHARGES PAYABLE BY EMPLOYEES. For the first five years (60 months) after the Commencement Date, the rental rate for each space will be \$56.00 per month per space. For years six through 30 after the Commencement Date, the rental rate for the parking spaces will be as determined by PDI, but not more than the market rate for the spaces; provided, however, that no increase in the rental rates will cause any monthly rental rates to exceed the "Cap". The Cap will be determined by increasing the \$56.00 per parking space rental by 15 percent per annum, compounded, on each anniversary of the Commencement Date beginning with the fifth anniversary date.

Subject to the foregoing limitations concerning the rental to be charged hereunder, the rent may be changed from time to time by 30 days' notice published as PDI shall determine specifying the new rent rate, in accordance with the foregoing.

5. RESTRICTIONS ON TRANSFER; PERMITTED TRANSFERS. The spaces supplied under this Agreement may be used only by employees of the State of Oregon employed at the State Office Building. Parking spaces

supplied pursuant to this Agreement may not be assigned, subleased, licensed or sublicensed or otherwise transferred or used by third parties. Department shall not assign, sublease, license or sublicense or otherwise transfer any rights under this Agreement (whether, voluntarily, involuntarily, by operation of law, or otherwise), except that Department's interest may be pledged or encumbered in favor of any institutional lender providing certificate of participation financing to Department in connection with the State Office Building project. All use of parking spaces covered by this Agreement shall be expressly-subject to this Agreement (including without limitation PDI's right to relocate spaces) and will require the parking user to enter monthly parking rental agreements with the supplier and to comply with the rules and regulations adopted from time to time by PDI and the fee owner of any parking areas to promote safety, good order, maintenance, security, collection of parking charges and beneficial use of the parking area. Upon request, Department will provide PDI with such information as PDI may reasonably require from time to time but not more frequently than annually to verify current employment with the State of Oregon at the State Office Building. Upon request, PDI will provide such information as Department may require from time to time but not more frequently than annually, to verify use of parking spaces by State employees.

6. HOURS OF USE. Spaces supplied under this Agreement may only be used between 6:00 a.m. and 5:30 p.m. Monday through Friday, except national holidays. PDI reserves use of the spaces on Saturday and Sunday, national holidays, and at all other hours except those listed in the preceding sentence ("After Hours Periods"). In order to facilitate employees working during After Hours Periods (e.g. employees working overtime or on flexible time schedules), 20% of the spaces supplied under this agreement shall be made available for use by State employees working at the State Office Building during the After Hours Periods ("After Hours Spaces"), provided the PDI may impose reasonable regulations on use during After Hours Periods including, but not limited to:

6.1 Segregating up to 50% of After Hours Spaces in specified areas;

6.2 Requiring cars parking pursuant to this agreement to bear identifying stickers;

6.3 Requiring employees who need to only occasionally use a parking space during the After Hours Period to telephone PDI prior to the end of normal hours of use to give their name, license number and space number and obtain authorization for use during the After Hours Period; and

6.4 Reserving the right to tow vehicles violating normal hour limitations without complying with PDI regulations, provided PDI has given Department or the employee at least 24 hours advance notice by letter, flyer posted on vehicle, phone or other means selected by PDI; if PDI gives such notice, PDI may thereafter tow such vehicle if it continues to violate normal hour limitations without complying with

PDI regulations and will have no further obligation to give notices of proposed towing with respect to such vehicle for a period of 90 days.

These hours may be adjusted by written agreement of the parties to accommodate state employee flex-time hours or to alleviate traffic congestion in the vicinity of the State Office Building.

In recognition of PDI's considerations for After Hours Use, Department may, by separate written agreement, allow use of parking spaces on the grounds of the State Office Building by the public for no or nominal consideration during After Hours Periods, subject to conditions acceptable to Department.

7. DEFAULTS. The following shall be events of default:

7.1 With respect to defaults of Department:

a. Department makes any unpermitted transfer as described under paragraph 5.

b. The Development Contract between Schlesinger/Pacific, a joint venture ("Developer") and Department dated as of December 15, 1989, is terminated for any reason except Developer's default thereunder.

7.2 With respect to defaults of PDI:

a. PDI's failure to perform under the terms of this Agreement within 30 days after notice of default by Department, or if the default is of a nature that cannot reasonably be cured within such 30 day period, then failure to commence curative action within such 30 day period and pursue it with diligence to completion.

8. REMEDIES ON DEFAULT. Upon default, by either party, the other party may terminate this Agreement, and/or exercise any other remedy available under applicable law.

9. GENERAL PROVISIONS.

9.1 Time of Essence. Time is of the essence for performance of each of Department's obligations under this Agreement.

9.2 Modifications. This Agreement may not be modified except by endorsement in writing attached to this Agreement, dated and signed by the parties.

9.3 Nonwaiver. Waiver of performance of any provision of this Agreement shall not be a waiver of nor prejudice PDI's right otherwise to require performance of the same provision or any other provision.

9.4 Succession. PDI may assign its rights and obligations under this Agreement, in whole or in part, to any party which enters into this Agreement for the purpose of providing the required number of parking spaces.

9.5 Recognition. Although this Agreement is not an encumbrance upon title, in the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or trust deed made by covering land on which parking spaces are provided, Department shall attorney to or recognize the purchaser upon any such foreclosure or sale and recognize such purchaser as supplier under this Agreement.

9.6 No subordination to Department's Financing; other PDI Financing. PDI's interest under this Agreement and the fee title to any parking area will not be subordinated to any financing arranged by Department.

9.7 Estoppel Certificates. Within 10 days after receipt of written request from either party, the other party shall deliver a written statement to the requesting party or a third person designated by the requesting party, stating the amount of the LID, that this Agreement does not encumber or create a lien, covenant or interest in real property and that use of a particular space under this Agreement is subordinate to any now existing or hereafter arising mortgage, deed of trust or other encumbrance on the property, whether the Agreement is unmodified and in full force and effect, and any other matters that may reasonably be requested by the other party.

9.8 Notices. Notices under this Agreement shall be in writing, effective when delivered, or if mailed, effective on the second day after mailed postage prepaid to the address for the party stated in this Agreement, or to such other address as either party may specify by notice to the other. PDI's address shall be Suite 1275 Lloyd Center Tower, 825 NE Multnomah Street, Portland, Oregon 97232. Department's address shall be 1225 Ferry St. SE, Salem, Oregon 97310.

9.9 Attorneys' fees. In the event suit or action is instituted to interpret or enforce terms of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial, on appeal and on any petition for review, in addition to all other sums provided by law.

9.10 Applicable Law. This Agreement shall be construed, applied and enforced in accordance with the laws of the State of Oregon.

9.11 Prior Agreements. This Agreement (including the exhibits attached to this Agreement, which are incorporated in this Agreement by this reference as though fully set forth in this Agreement) is the entire, final, and complete agreement of the parties with respect to the matters set forth in this Agreement, and supersedes and replaces all prior written and oral agreements between the parties or their representatives with respect to such matters.

9.12 Validity of Provisions. If any provision in this agreement shall be invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions contained in this Agreement shall not be affected.

10. ALTERNATIVE TRANSPORTATION. During the term of this Agreement, Department shall vigorously promote in good faith the use of alternative modes of transportation by State of Oregon employees actually employed at the State Office Building.

11. LIMITATIONS. This Agreement is not a lease and creates no interest in real property. Department's sole right hereunder is to require that PDI perform its obligations hereunder. This is not intended to be a third party beneficiary contract; no employee of the State of Oregon shall have any right against PDI or to enforce this Agreement. PDI has no responsibility to market spaces to eligible state employees.

12. FUNDING LIMITATION. The parties understand and agree that Department's performance of any and all obligations under this Agreement shall be contingent on the provision, by the Oregon Legislative Assembly, of sufficient funds, from appropriation, limitation, grant or other lawful source, for the purpose of such performance. In the event that moneys are not so made available in any biennial budget period in amounts sufficient to fund Department's performance of all obligations hereunder ("Non-appropriation"), this Agreement shall terminate, effective as of the date of the exhaustion of funds lawfully available to the Department to discharge its obligations, or such earlier date, no fewer than 30 days from PDI's receipt of notice, as PDI shall designate. Department shall provide PDI such written notice as soon as practicable. In such event of Non-appropriation, Department shall discharge all obligations under this Agreement accruing up to and including the exhaustion of Department funds legally available for that purpose, or the date of the termination of this Agreement under this section, whichever occurs earlier.

13. OPTION TO AMEND. Department shall have the option to amend this Agreement by written notice (the "Option Notice") to PDI, delivered at any time prior to the second anniversary of the Commencement Date, to provide for a shift of responsibility for payment of parking charges from employees to Department, and responsibility for administration of employee parking in certain respects from PDI to Department. If this Option is exercised, this Agreement shall be amended to read as described in the attached Exhibit C without further execution by the parties effective as of the date specified in the Option Notice, but no later than the second anniversary of the Commencement Date (the "Effective Date"). The LID in effect on the Effective Date shall be the number specified in the Option Notice, but shall not exceed 346 spaces less the number of spaces surrendered, or reduced and cancelled prior to the Effective Date pursuant to Section 2 above, and this number shall be entered in new Section 3.1 of Exhibit C. As of the Effective Date, PDI shall have no further responsibility to directly provide parking spaces to employees of the State of Oregon employed at the State Office Building. Any provision which is modified or deleted pursuant to Exhibit C shall continue to be effective for the benefit of PDI following the Effective Date until payment or performance of that provision has been satisfied, both without affecting the effectiveness of modifications or new provisions as of the Effective Date.

IN WITNESS WHEREOF, the parties have executed this Agreement
as of the date first above written.

PDI:

PACIFIC DEVELOPMENT, INC.

By: William C. Scott Jr

Its: _____

DEPARTMENT:

THE STATE OF OREGON,
DEPARTMENT OF GENERAL SERVICES

By: W. C. Simon

DEPARTMENT OF JUSTICE
Approved for Legal Sufficiency

By: W. C. Simon
Assistant Attorney General

Dated: Jan 11, 1990

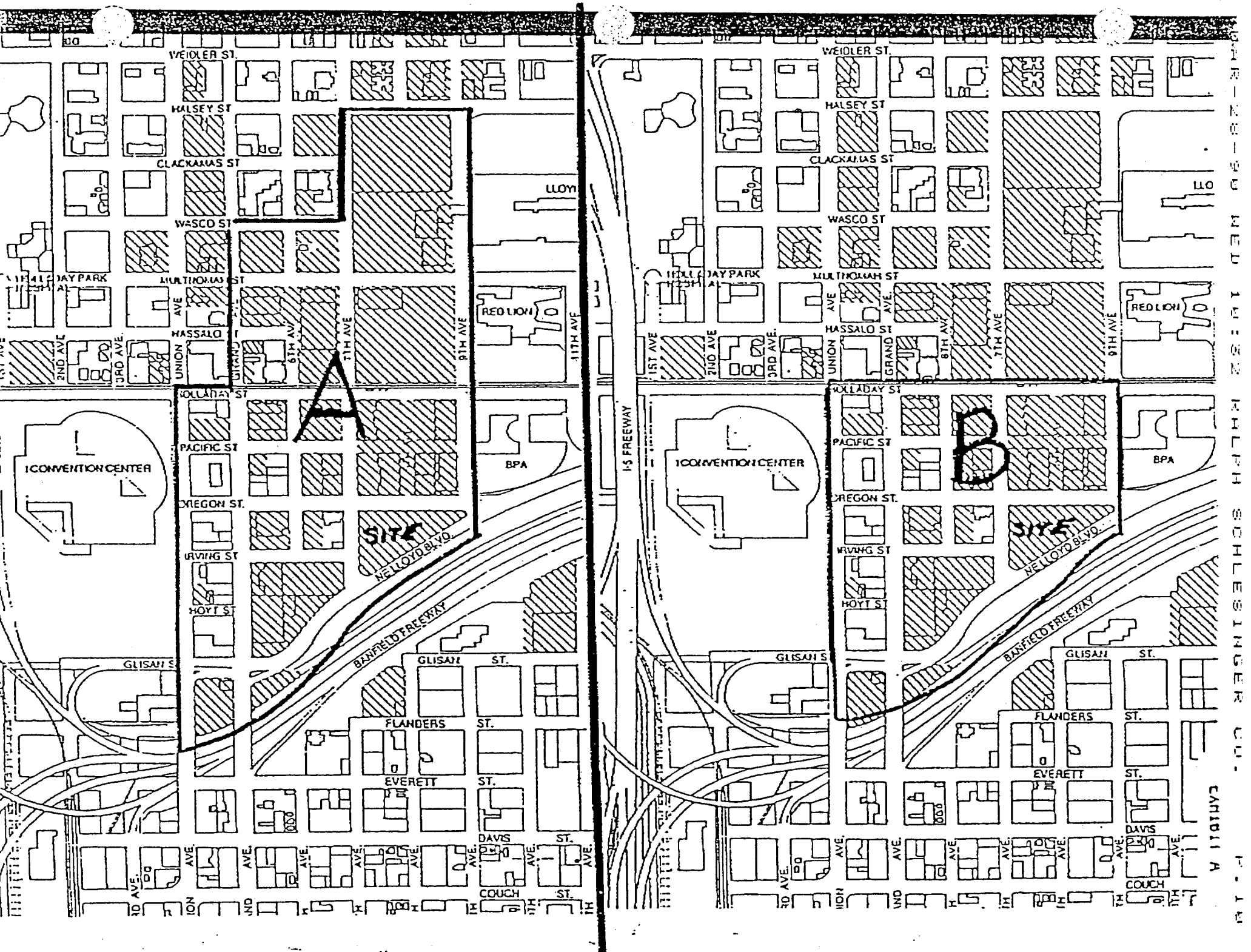


EXHIBIT B

<u>MONTH</u>	<u>HIGH DAY COUNT</u>	<u>APPLICABLE LID</u>
APR '92	300	346
MAY '92	294	346
JUNE '92	310	346
JULY '92	280	310
AUG. '92	270	310
SEPT. '92	285	310
OCT. '92	280	285
NOV. '92	282	285
DEC. '92	281	285
JAN. '93	280	282
FEB. '93		282

State of Oregon

Page 2

of the Agreement to Metro. If you have any questions, feel free to call me.

Very truly yours,

PACIFIC DEVELOPMENT, INC.

DWG:LSK:e-a

Department has:

1. Entered into an agreement with Metro which supersedes and replaces the Agreement (described above). PDI is hereby released of liability in connection with said Agreement; or

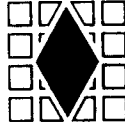
2. Consented to an assignment of the Agreement to Metro. PDI shall be automatically released from liability upon assignment of the Agreement to Metro.

(DELETE THE INAPPLICABLE PARAGRAPH)

STATE OF OREGON,
DEPARTMENT OF GENERAL SERVICES

By: _____
Its: _____

Date: _____



PACIFIC DEVELOPMENT, INC.

The State of Oregon
Department of General Services
1225 Ferry Street SE
Salem, OR 97310

Re: Parking Supply Agreement
State Office Building, Portland
Supplier: Pacific Development, Inc.

Gentlemen:

On December 15, 1989, Pacific Development, Inc. ("PDI") and the State of Oregon, Department of General Services ("Department") entered into a Parking Supply Agreement (the "Agreement") requiring PDI to provide a certain amount of parking spaces relating to the State Office Building in Portland, Oregon. PDI has entered into an agreement (the "Sale Agreement") with Metropolitan Service District ("Metro") for the sale of certain property located within the boundaries of Parking Area A as described in the Agreement. Pursuant to the terms of the Sale Agreement, Metro agreed to enter into a new parking supply agreement with Department or, alternatively, to cause PDI's obligations under the Agreement to be assigned to Metro and PDI to be released from liability.

Please confirm by signing and returning the enclosed copy of this letter that Department has entered into an agreement with Metro which shall supersede and replace the Agreement between Department and PDI and that PDI is released of all liability in connection with the Agreement, or that PDI shall be automatically released from liability upon assignment

LSKP0553

825 N.E. MULTNOMAH, SUITE 1275
PORTLAND, OREGON 97232
TEL: (503) 233-4048
FAX: (503) 231-3943



PACIFIC DEVELOPMENT, INC.

RECEIVED

JAN 17 1991

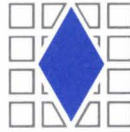
METRO FINANCE &
ADMINISTRATION DEPARTMENT

January 14, 1991

TO: ✓ Jennifer Simms, Metro
Dick Cooley
Mark Madden

FROM: Ron MacLure

The enclosed was drafted by Dave Green, Stoel, Rives, at my request. Once agreement is reached between State and Metro, Pacific Development, Inc. will need to transmit something similar to the State with a copy to Metro.



PACIFIC DEVELOPMENT, INC.

June 13, 1991

Ms. Jennifer Sims
Metropolitan Service District
2000 S.W. First Avenue
Portland, OR 97201

Dear Jennifer:

As we discussed, we have received Mark Madden's proposal dated June 11, 1991, but have not had time to prepare a specific response. This is an outline of our reaction, which you are welcome to share with the Council. We continue to believe a transaction is possible on terms that work for both parties.

I--Sears Building and Land: Terms are basically OK; our price is \$2,850,000. We will provide parking to meet your needs at market rates. More favorable rates can be negotiated to the extent Metro makes a firm, multi-year parking commitment. Off-hour use of the garage is certainly available, but we would expect to manage the facility and receive the profit, with reasonable compensation to Metro for business directed to the facility.

II--Garage Facility: We will provide a multi-year option to Metro for purchase of the garage. The option must be maintained by meaningful periodic payments which would be credited against the purchase price upon exercise. I have in mind an escalating purchase price that would begin in the range of \$2,600,000 if exercised before 12/31/91. However, there may be some tradeoffs between the exercise price and the option fee, and some mechanism related to operating profit to assure that the price couldn't stray too far from market. At this pricing, we would expect Metro to assume the State parking contract.

Please bear in mind our original pricing discussions--we drastically reduced our price expectations in order to achieve the prompt cash deal Metro originally preferred. The parking garage continues to have significant strategic and economic value to Pacific Development that must be respected in any transaction. We believe Metro is the best user for the property and are willing to discuss any and all ways to address your needs.

As we discussed, we will proceed to prepare a specific response to Mark's letter, to be delivered no later than next week.

Sincerely,

William C. Scott
President



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

DATE: October 8, 1991

TO: Rena Cusma, Executive Officer

FROM: *JS* Jennifer Sims, Director of Finance and Management
CS Information
Christopher Scherer, Financial Planning Manager

RE: Headquarters Building Parking Structure Analysis

We have attached the final report on the "Sears" parking garage. As indicated in our discussions with you, it appears on the basis of the assumptions contained in this analysis that the purchase of the garage would be a prudent long-run financial decision.

As we discussed, the analysis indicates that the parking garage is likely to suffer losses in the first several years of operation. We suggest that excise taxes be used to provide for these losses rather than department transfers. We will develop our financial documents to allow us the flexibility to use excise tax or any other revenue source for the purpose of paying debt service.

Please let us know if you require any further information.

JS:CS:rs
Attachment

c:\rs\memos\1054

cc: Dick Engstrom
Neil Saling
Berit Stevenson
Don Carlson
Casey Short

METROPOLITAN SERVICE DISTRICT

**PROPOSED PARKING STRUCTURE
FINANCIAL ANALYSIS**

FINANCE & MANAGEMENT INFORMATION DEPARTMENT

October 2, 1991

METROPOLITAN SERVICE DISTRICT
PROPOSED PARKING STRUCTURE
FINANCIAL ANALYSIS

INDEX

	<u>Page</u>
Index	i
Executive Summary	1
Estimated Project Costs -- Exhibit 1	2
Estimated Financing Plan -- Exhibit 2	3
Income and Expenses Conservative Case -- Exhibit 3	4
Income and Expenses Optimum Case -- Exhibit 4	5
Assumptions used in Operating Costs and Revenues -- Exhibit 5	6
Gain or (Loss) on Operation -- Graphs 1 & 2	7
Present Value Revenue -- Graphs 3 & 4	8

METROPOLITAN SERVICE DISTRICT PROPOSED PARKING STRUCTURE FINANCIAL ANALYSIS

Executive Summary

An addendum to the sales agreement for the Sears building provides an option to purchase the adjoining parking structure. This analysis is to provide information on the likely financial consequences of buying this parking structure. The key assumptions are stated as are the major sources from which the assumptions were drawn.

The purchase price is \$2,600,000 if the closing date is on or before December 16, 1991. The opportunity to purchase the structure is contingent upon Metro's purchase of the Sears building. The agreement provides for six subsequent optional purchase periods of six months each, starting with December 17, 1991. Each six months the price increases five percent. The price increases from \$2,600,000 on December 16, 1991 to \$3,484,200 if the sale is closed by December 15, 1994. Because these costs are in excess of inflation and greater than any near-term loss Metro might incur in operation of the facility, it would not be prudent from a

financial perspective to delay the purchase beyond December 16, 1991.

A conservative and an optimum case of net revenue have been developed. In both cases, there is an initial negative net revenue in the first several years of operation. In the conservative case, the loss the first year would be \$151,000 and decline each year through fiscal year 1998, after which time the facility would operate at a gain. In the optimum case, the loss in the first year would be \$94,000 and decline each year through fiscal year 1996 after which time the facility would operate at a gain. The net present value (the discounted stream of gains or losses) for the conservative and optimum cases are \$602,000 and \$1,749,000 respectively, indicating the purchase of the project would be fiscally prudent given the assumptions contained in the analysis.

EXHIBIT I

ESTIMATED PROJECT COSTS FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Estimated costs to be financed through revenue bonds

Real Estate

Purchase of Parking Structure (a)	\$2,600,000
Broker's Fee	\$104,000
	<hr/>
	\$2,704,000

Project management (b)

Design services	\$61,000
Permits	\$5,000
Taxes (c)	\$39,000
Owner's contingency	\$50,000
	<hr/>
	\$155,000

Construction (b)

Meet codes including Earthquake Code 3	\$315,000
Repairs (roof, resurfacing, striping, painting)	\$210,000
Optional Improvements (facade, higher quality repairs)	\$400,000
Contingency (10% of construction)	\$93,000
	<hr/>
	\$1,018,000

Other

Art (1% of construction)	\$10,000
--------------------------	----------

Total to be financed	\$3,887,000
-----------------------------	--------------------

Estimated costs not included in bond financing

Due diligence	\$1,000
	<hr/>

Total project costs	\$3,888,000
----------------------------	--------------------

(a). Assumes purchase by 12/1/91

(b). Project management and construction costs from Regional Facilities Department

(c). Assumes purchase price times 1/2 year times 3%.

EXHIBIT 2

ESTIMATED FINANCING PLAN FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Sources

Revenue bonds	\$4,472,000
Interest Income	
Construction Account	\$15,000
Reserve Account	\$13,000
Debt Service Account	\$7,000
	<hr/>
Subtotal	\$35,000
	<hr/>
Total Sources	\$4,507,000

Uses

Total "Project" costs	\$3,888,000
Reserve Account deposit	\$379,000
Capitalized interest	\$151,000
Issuance costs	\$89,000
	<hr/>
Total Uses	\$4,507,000

Assumptions

Interest rates	
Short term construction fund	5.75%
Average bond coupon (Source PFM)	6.76%
Period of construction	6 months
Amortization period	25 years

EXHIBIT 3

INCOME AND EXPENSES CONSERVATIVE CASE (a)
FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION
METROPOLITAN SERVICE DISTRICT

Calendar Year	Non-State Daytime Parking	State Parking	Evening & Weekend Parking	Interest Income	Total Income	Operating & Management Costs	Debt Service	Net Income
1992	\$44,000	\$233,000	\$72,000	\$19,000	\$368,000	\$140,000	\$379,000	(\$151,000)
1993	\$76,000	\$233,000	\$78,000	\$32,000	\$418,000	\$155,000	\$379,000	(\$115,000)
1994	\$81,000	\$233,000	\$84,000	\$32,000	\$430,000	\$159,000	\$379,000	(\$108,000)
1995	\$87,000	\$233,000	\$90,000	\$32,000	\$441,000	\$164,000	\$379,000	(\$101,000)
1996	\$93,000	\$233,000	\$96,000	\$32,000	\$453,000	\$169,000	\$379,000	(\$94,000)
1997	\$99,000	\$267,000	\$102,000	\$32,000	\$501,000	\$187,000	\$379,000	(\$66,000)
1998	\$106,000	\$307,000	\$108,000	\$32,000	\$554,000	\$209,000	\$379,000	(\$34,000)
1999	\$114,000	\$354,000	\$114,000	\$32,000	\$613,000	\$233,000	\$379,000	\$2,000
2000	\$122,000	\$428,000	\$126,000	\$32,000	\$708,000	\$270,000	\$379,000	\$58,000
2001	\$130,000	\$458,000	\$132,000	\$32,000	\$752,000	\$288,000	\$379,000	\$85,000
2002	\$139,000	\$490,000	\$144,000	\$32,000	\$805,000	\$309,000	\$379,000	\$117,000
2003	\$145,000	\$510,000	\$150,000	\$32,000	\$837,000	\$322,000	\$379,000	\$136,000
2004	\$151,000	\$530,000	\$156,000	\$32,000	\$869,000	\$335,000	\$379,000	\$155,000
2005	\$157,000	\$551,000	\$162,000	\$32,000	\$902,000	\$348,000	\$379,000	\$175,000
2006	\$163,000	\$573,000	\$168,000	\$32,000	\$936,000	\$362,000	\$379,000	\$196,000
2007	\$170,000	\$596,000	\$174,000	\$32,000	\$972,000	\$376,000	\$379,000	\$217,000
2008	\$176,000	\$620,000	\$180,000	\$32,000	\$1,008,000	\$391,000	\$379,000	\$239,000
2009	\$183,000	\$645,000	\$186,000	\$32,000	\$1,046,000	\$406,000	\$379,000	\$262,000
2010	\$191,000	\$671,000	\$192,000	\$32,000	\$1,085,000	\$421,000	\$379,000	\$285,000
2011	\$198,000	\$698,000	\$204,000	\$32,000	\$1,132,000	\$440,000	\$379,000	\$313,000
2012	\$206,000	\$725,000	\$210,000	\$32,000	\$1,174,000	\$457,000	\$379,000	\$338,000
2013	\$215,000	\$754,000	\$216,000	\$32,000	\$1,217,000	\$474,000	\$379,000	\$364,000
2014	\$223,000	\$785,000	\$228,000	\$32,000	\$1,268,000	\$494,000	\$379,000	\$394,000
2015	\$232,000	\$816,000	\$234,000	\$32,000	\$1,314,000	\$513,000	\$379,000	\$422,000

(a) Conservative case assumes that the state leases the allowed 346 spaces, that 50% of the remaining spaces are leased the first year, and that 80% of the spaces not taken by the state are leased in future years. It is also assumed that the weekend and evening parking occupancy is half of the most likely projection.

EXHIBIT 4

INCOME AND EXPENSES OPTIMUM CASE (a)
FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION
METROPOLITAN SERVICE DISTRICT

Calendar Year	Non-State Daytime Parking	State Parking	Evening & Weekend Parking	Interest Income	Total Income	Operating & Management Costs	Debt Service	Net Income
1992	\$66,000	\$233,000	\$144,000	\$19,000	\$462,000	\$177,000	\$379,000	(\$94,000)
1993	\$95,000	\$233,000	\$156,000	\$32,000	\$515,000	\$193,000	\$379,000	(\$57,000)
1994	\$101,000	\$233,000	\$168,000	\$32,000	\$534,000	\$201,000	\$379,000	(\$46,000)
1995	\$108,000	\$233,000	\$180,000	\$32,000	\$553,000	\$208,000	\$379,000	(\$34,000)
1996	\$116,000	\$233,000	\$192,000	\$32,000	\$573,000	\$216,000	\$379,000	(\$23,000)
1997	\$124,000	\$267,000	\$204,000	\$32,000	\$628,000	\$238,000	\$379,000	\$10,000
1998	\$133,000	\$307,000	\$216,000	\$32,000	\$688,000	\$263,000	\$379,000	\$47,000
1999	\$142,000	\$354,000	\$228,000	\$32,000	\$756,000	\$289,000	\$379,000	\$87,000
2000	\$152,000	\$428,000	\$252,000	\$32,000	\$864,000	\$333,000	\$379,000	\$152,000
2001	\$163,000	\$458,000	\$264,000	\$32,000	\$917,000	\$354,000	\$379,000	\$184,000
2002	\$174,000	\$490,000	\$288,000	\$32,000	\$984,000	\$381,000	\$379,000	\$224,000
2003	\$181,000	\$510,000	\$300,000	\$32,000	\$1,023,000	\$396,000	\$379,000	\$247,000
2004	\$188,000	\$530,000	\$312,000	\$32,000	\$1,062,000	\$412,000	\$379,000	\$271,000
2005	\$196,000	\$551,000	\$324,000	\$32,000	\$1,103,000	\$428,000	\$379,000	\$296,000
2006	\$204,000	\$573,000	\$336,000	\$32,000	\$1,145,000	\$445,000	\$379,000	\$321,000
2007	\$212,000	\$596,000	\$348,000	\$32,000	\$1,188,000	\$462,000	\$379,000	\$347,000
2008	\$220,000	\$620,000	\$360,000	\$32,000	\$1,232,000	\$480,000	\$379,000	\$373,000
2009	\$229,000	\$645,000	\$372,000	\$32,000	\$1,278,000	\$498,000	\$379,000	\$401,000
2010	\$238,000	\$671,000	\$384,000	\$32,000	\$1,325,000	\$517,000	\$379,000	\$429,000
2011	\$248,000	\$698,000	\$408,000	\$32,000	\$1,385,000	\$541,000	\$379,000	\$465,000
2012	\$258,000	\$725,000	\$420,000	\$32,000	\$1,435,000	\$561,000	\$379,000	\$495,000
2013	\$268,000	\$754,000	\$432,000	\$32,000	\$1,486,000	\$582,000	\$379,000	\$526,000
2014	\$279,000	\$785,000	\$456,000	\$32,000	\$1,551,000	\$608,000	\$379,000	\$565,000
2015	\$290,000	\$816,000	\$468,000	\$32,000	\$1,606,000	\$630,000	\$379,000	\$597,000

(a) The optimum case assumes that the State leases all 346 stalls that are allowed, that 75% of the remaining stalls are rented the first year, and that 100% of the remaining stalls are leased after the first year.

EXHIBIT 5

ASSUMPTIONS USED IN OPERATING COSTS AND REVENUES FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Assumptions:

- 469 Total number of parking spots in structure (data from physical count by PDI)
- 346 Number of stalls in State contract (a)
- 346 Number of stalls the State takes, conservative case.
- 346 Number of stalls the State takes, optimum case case.
- \$56.00 Monthly rental rate to State through 1996 (a)
- \$60.00 Market value monthly rental rate Fiscal Year 1992-93 (current rates at 16 locations provided by PFM for comparison)
 - 15% Annual rate at which State rate will increase after end of 1996 until reaching market rate (a)
 - 0% Amount by which state rate can exceed market rate (a)
 - 7% Annual rate at which market value rates increase first 10 years (d)
 - 4% Annual rate at which market value rates increase after first 10 years (d)
 - 50% Percent of stalls not taken by state will be rented the first year, conservative case
 - 75% Percent of stalls not taken by state will be rented the first year, optimum case
 - 80% Percent of stalls rented after first year including effect of daily parking, conservative case.
 - 100% Percent of stalls rented after first year including effect of daily parking, optimum case
 - 80 Number of events from Coliseum using overflow parking (Estimate from Coliseum Sales & Marketing staff)
 - 80 Number of events from OCC using overflow parking (Estimate from OCC Sales & Marketing staff)
- \$3.00 Overflow parking rate per event per stall 1992 (comparable to rates achieved in the area today)
 - 7% Annual rate of increase in overflow rates first 10 years, in increments of \$.25. (d)
 - 4% Annual rate of increase in overflow rates after first 10 years, in increments of \$.25. (d)
 - 75% Fill rate on overflow events
 - 20% Portion of State spaces reserved for State off hour use (a)
 - 6.9% Effective Interest Cost (b)
 - 6.8% Average Coupon Interest (b)
 - 5.0% Management fee as % of operating income (c)
 - 35.0% Operating and maintenance expenses as a % of operating income (c)

- (a) Information from the contract between Pacific Development, Inc. and the State of Oregon
- (b) Information from Public Financial Management, Inc.
- (c) Information provided by Pacific Development, Inc. as typical figures subject to actual contract negotiation.
- (d) Growth rate of parking rates in downtown area provided by Pacific Development, Inc. at 7%. Rate reduced to 4% per year after 10 years by Metro staff to be more conservative.

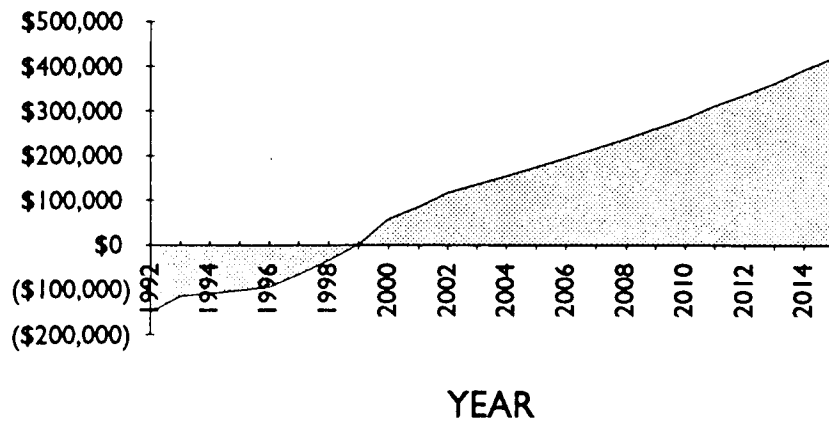
GRAPHS 1 & 2

GAIN OR (LOSS) ON OPERATION

FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION

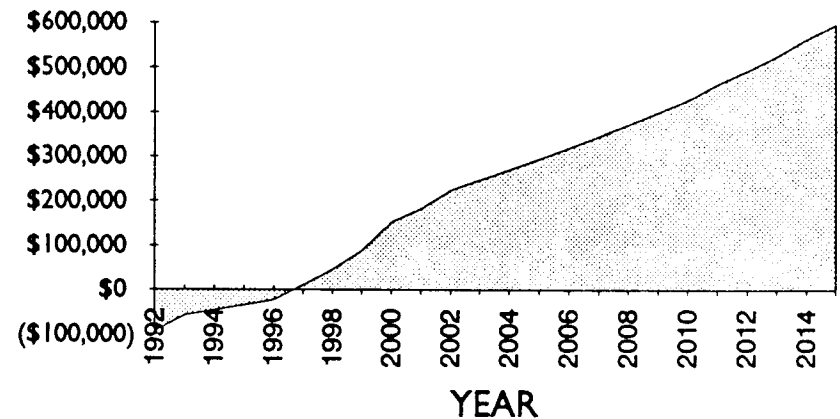
METROPOLITAN SERVICE DISTRICT

PARKING STRUCTURE NET REVENUE CONSERVATIVE CASE



GRAPH 1

PARKING STRUCTURE NET REVENUE OPTIMUM CASE



GRAPH 2

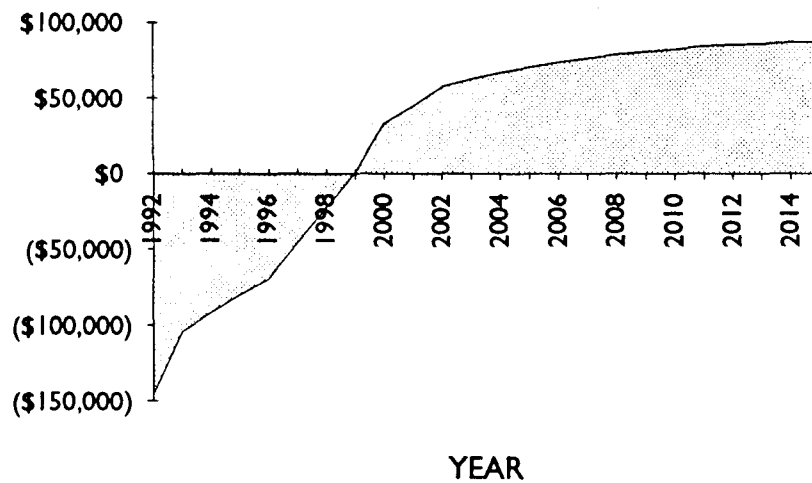
The conservative case assumes that the state leases the allowed 346 spaces, that 50% of the remaining spaces are leased the first year, and that 80% of the spaces not taken by the state are leased in future years. It is also assumed that the weekend and evening parking occupancy is half of the most likely projection.

The optimum case assumes that the State leases all 346 stalls that are allowed, that 75% of the remaining stalls are rented the first year, and that 100% of the remaining stalls are leased after the first year.

GRAPHS 3 & 4

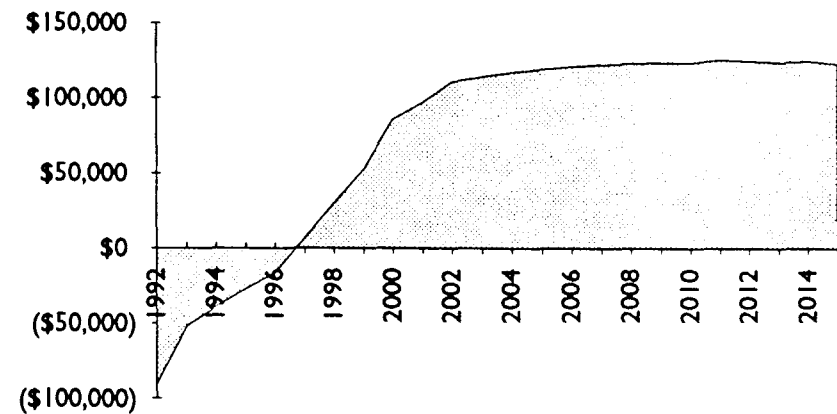
INCOME AND EXPENSES PRESENT VALUE FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

PARKING STRUCTURE PRESENT VALUE NET REVENUE CONSERVATIVE CASE



YEAR
GRAPH 3

PARKING STRUCTURE PRESENT VALUE NET REVENUE OPTIMUM CASE



YEAR
GRAPH 4

The conservative case assumes that the state leases the allowed 346 spaces, that 50% of the remaining spaces are leased the first year, and that 80% of the spaces not taken by the state are leased in future years. It is also assumed that the weekend and evening parking occupancy is half of the most likely projection.

The optimum case assumes that the State leases all 346 stalls that are allowed, that 75% of the remaining stalls are rented the first year, and that 100% of the remaining stalls are leased after the first year.

Present value calculations are based upon Metro's current cost of long term funds, 6.9% per year.



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

DATE: October 31, 1991

TO: Neil Saling, Director of Regional Facilities

FROM: Jennifer Sims, Director of Finance and Management
Information

RE: Headquarters Project Parking Facility

We are moving quickly to secure financing for the Headquarters Project in order to meet the December 16th closing date. To facilitate this process there are several key pieces of information that we will need by the week of November 11th.

First, in order to structure the debt, we will need all of the costs associated with the parking facility in order to size the bond.

Also, with the closing date occurring within six weeks, we need to address the management of the facility and coordinate with the state office building requirements in order to maximize our cash flow. Because we are projecting an operating shortfall during the early years of operation of the parking facility, we need to be able to demonstrate for the rating agencies what steps we are taking to properly manage and maximize revenue from the facility.

I would also be interested in knowing what efforts are under way to coordinate Convention Center parking opportunities with MERC.

I appreciate your attention to this matter. Please advise me if Chris or I can be of assistance to you in gathering this information or addressing these matters.

JS:rs

cc: Berit Stevenson, Senior Management Analyst
Christopher Scherer, Financial Planning Manager

1089



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

DATE: November 8, 1991

TO: Casey Short, Council Analyst

FROM: Jennifer Sims, *[Signature]* Director of Finance and Information Systems

RE: COUNCIL CONSIDERATION OF PARKING STRUCTURE
PURCHASE AND RENOVATION

I have been asked by the Regional Facilities Department to inform you of the financing schedule for the new headquarters building and the effect this has on timing of the Council's decision on the purchase of the parking structure. I have attached the schedule for reference.

As shown, we intend to submit the Preliminary Official Statement (POS) for printing on December 2. This will allow us to distribute the POS to investors in time for a December 11 pricing. It is critical that we hold to this time schedule to avoid delays in the sale of bonds caused by the Christmas and New Year holidays. The POS must contain the details of the headquarters project, including total bond size, project description, the effect of the debt service repayment on Metro's finances. Therefore, the project must be fully defined by November 27 to allow preparation of the POS.

I understand that it is possible for Council to act on the parking structure proposal on November 25th and 26th. We would appreciate your best efforts in placing the parking garage proposal before the Council on those dates. Thank you.

cc: Christopher Scherer
Neil Saling
Berit Stevenson

Dated November 5, 1991

**METROPOLITAN SERVICE DISTRICT
ADMINISTRATION BUILDING REVENUE BONDS
(Negotiated)**

FINANCING SCHEDULE

NOVEMBER							DECEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2	1	2	3	4	5	6	7
3	4	5	6	7	8	9	8	9	10	11	12	13	14
10	11	12	13	14	15	16	15	16	17	18	19	20	21
17	18	19	20	21	22	23	22	23	24	25	26	27	28
24	25	26	27	28	29	30	29	30	31				

CODES:

MET	=	Metro Finance Staff
FAC	=	Metro Regional Facilities Staff
MC	=	Metro Legal Counsel
PFM	=	Financial Advisor (Public Financial Management)
BC	=	Bond Counsel (Stoel Rives)
UND	=	Underwriter (PaineWebber)
UC	=	Underwriter's Counsel (Preston Thorgrimson)
WG	=	Working Group (All of the above)
COU	=	Metro Council
PA	=	Paying Agent (to be determined)

<u>DATE</u>	<u>EVENT</u>	<u>PARTIES</u>
Nov 1 Fri	Final draft of bond ordinance distributed	BC
Nov 7 Thur	Conference Call to finalize draft bond ordinance	WG
	Municipal Debt Advisory Commission notified of upcoming sale	PFM

Dated November 5, 1991

**METROPOLITAN SERVICE DISTRICT
ADMINISTRATION BUILDING REVENUE BONDS
(Negotiated)**

FINANCING SCHEDULE

NOVEMBER							DECEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1 2	1	2	3	4	5	6	7
3	4	5	6	7	8	9	8	9	10	11	12	13	14
10	11	12	13	14	15	16	15	16	17	18	19	20	21
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Metropolitan Service District
Administration Building Revenue Bonds
Financing Schedule
Page 3

<u>DATE</u>	<u>EVENT</u>	<u>PARTIES</u>
Dec 9 Mon	Pricing books prepared and distributed to MET and PFM (includes est. expenses & comparables)	UND
	Obtain CUSIP numbers	PFM
Dec 10 Tue	Review pricing book and bond purchase agreement Pre-pricing Conference Call	MET, PFM, UND
	Regional Facilities and Finance Sub-committees review revisions to bond ordinance	MET, MC BC
Dec 11 Wed	PRICING Conference Call It is important that Metro's negotiator and bond purchase agreement signer be available all day and the next two days if necessary	MET, PFM UND
Dec 12 Thur	Metro Council approves bond sale	COU, MET
	Metro Council approves award of Design/Build contract	COU, FAC
	Metro Council approves bond ordinance	COU, MET
Dec 13 Fri	SALE, Signing of Bond Purchase Agreement	MET, UND
	Transcript preparation begins	BC
	Final typing of final official statement (FOS)	UC
Dec 16 Mon	FOS to Printer	UC
Dec 17 Tue	Closing documents distributed to WG for review prior to closing	BC, UC
Dec 18 Wed	FOS to Underwriter	UC
Dec 19 Thur	PRE-CLOSING	WG
Dec 20 Fri	CLOSING	WG

11/8/91

METROPOLITAN SERVICE DISTRICT

PROPOSED PARKING STRUCTURE FINANCIAL ANALYSIS

FINANCE & MANAGEMENT INFORMATION DEPARTMENT

November 8, 1991

Rec. Fac. - Items -
Parking

METROPOLITAN SERVICE DISTRICT
PROPOSED PARKING STRUCTURE
FINANCIAL ANALYSIS

INDEX

	<u>Page</u>
Index	i
Executive Summary	1
Estimated Project Costs -- Exhibit 1	2
Estimated Financing Plan -- Exhibit 2	3
Income and Expenses -- Exhibit 3	4
Assumptions used in Operating Costs and Revenues -- Exhibit 4	5
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-----------------------------	--------------------

Estimated costs not included in bond financing

Due diligence	\$1,000
	<hr/>

Total project costs	\$3,888,000
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- (a). Assumes purchase by 12/1/91
- (b). Project management and construction costs from Regional Facilities Department
- (c). Assumes purchase price times 1/2 year times 3%.

EXHIBIT 2

ESTIMATED FINANCING PLAN FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

Sources

Revenue bonds	\$4,496,350
Interest Income	
Construction Account	\$14,672
Reserve Account	\$7,433
Debt Service Account	
Subtotal	\$22,105
Total Sources	\$4,518,455

Uses

Total "Project" costs	\$3,888,000
Reserve Account deposit	\$385,404
delete Capitalized interest	\$155,124
Issuance costs	\$89,927
Total Uses	\$4,518,455

Assumptions

Interest rates	
Short term construction fund	5.75%
Average bond coupon (Source PFM)	6.90%
Period of construction	6 months
Amortization period	25 years

Bent call Song Green

INFORMATION

EXHIBIT 3

INCOME AND EXPENSES

FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION
METROPOLITAN SERVICE DISTRICT

✓ ON DAY-TIME PARKING

→ CURRENT USERS

→ TERMS
→ CURRENT USER USAGE → How
DIRECT? SIGNAGE

Calendar Year	Non-State Daytime Parking	State Parking	Evening & Weekend Parking	Interest Income	Total Income	Operating & Management Costs	Debt Service	Net Income
1992	\$88,560	\$232,512	\$143,928	\$19,945	\$484,945	\$186,000	\$385,404	(\$86,459)
1993	\$94,759	\$232,512	\$155,922	\$33,241	\$516,434	\$193,277	\$385,404	(\$62,247)
1994	\$101,392	\$232,512	\$167,916	\$33,241	\$535,061	\$200,728	\$385,404	(\$51,071)
1995	\$108,490	\$232,512	\$179,910	\$33,241	\$554,153	\$208,365	\$385,404	(\$39,616)
1996	\$116,084	\$232,512	\$191,904	\$33,241	\$573,741	\$216,200	\$385,404	(\$27,863)
1997	\$124,210	\$267,389	\$203,898	\$33,241	\$628,738	\$238,199	\$385,404	\$5,135
1998	\$132,905	\$307,497	\$215,892	\$33,241	\$689,535	\$262,518	\$385,404	\$41,613
1999	\$142,208	\$353,622	\$227,886	\$33,241	\$756,957	\$289,486	\$385,404	\$82,067
2000	\$152,163	\$428,035	\$251,874	\$33,241	\$865,312	\$332,828	\$385,404	\$147,080
2001	\$162,814	\$457,997	\$263,868	\$33,241	\$917,920	\$353,872	\$385,404	\$178,645
2002	\$174,211	\$490,057	\$287,856	\$33,241	\$985,365	\$380,849	\$385,404	\$219,111
2003	\$181,179	\$509,659	\$299,850	\$33,241	\$1,023,929	\$396,275	\$385,404	\$242,250
2004	\$188,427	\$530,045	\$311,844	\$33,241	\$1,063,557	\$412,126	\$385,404	\$266,027
2005	\$195,964	\$551,247	\$323,838	\$33,241	\$1,104,290	\$428,420	\$385,404	\$290,466
2006	\$203,802	\$573,297	\$335,832	\$33,241	\$1,146,172	\$445,172	\$385,404	\$315,596
2007	\$211,954	\$596,229	\$347,826	\$33,241	\$1,189,250	\$462,404	\$385,404	\$341,443
2008	\$220,432	\$620,078	\$359,820	\$33,241	\$1,233,572	\$480,132	\$385,404	\$368,035
2009	\$229,250	\$644,881	\$371,814	\$33,241	\$1,279,186	\$498,378	\$385,404	\$395,404
2010	\$238,420	\$670,676	\$383,808	\$33,241	\$1,326,145	\$517,162	\$385,404	\$423,580
2011	\$247,956	\$697,504	\$407,796	\$33,241	\$1,386,497	\$541,302	\$385,404	\$459,791
2012	\$257,875	\$725,404	\$419,790	\$33,241	\$1,436,310	\$561,227	\$385,404	\$489,678
2013	\$268,190	\$754,420	\$431,784	\$33,241	\$1,487,635	\$581,757	\$385,404	\$520,473
2014	\$278,917	\$784,597	\$455,772	\$33,241	\$1,552,527	\$607,714	\$385,404	\$559,409
2015	\$290,074	\$815,981	\$467,766	\$33,241	\$1,607,062	\$629,528	\$385,404	\$592,129

- PURCHASES TO APPRAISALS

- PURCHASE TO TAX

EXHIBIT 4

ASSUMPTIONS USED IN OPERATING COSTS AND REVENUES FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION METROPOLITAN SERVICE DISTRICT

104

Assumptions:

- 469 Total number of parking spots in structure (data from physical count by PDI)
- 346 Number of stalls in State contract (a)
- 346 Number of stalls the State takes.
- \$56.00 Monthly rental rate to State through 1996 (a)
- \$60.00 Market value monthly rental rate Fiscal Year 1992-93 (current rates at 16 locations provided by PFM for comparison)
- 15% Annual rate at which State rate will increase after end of 1996 until reaching market rate (a)
- 0% Amount by which state rate can exceed market rate (a)
- 7% Annual rate at which market value rates increase first 10 years (d)
- 4% Annual rate at which market value rates increase after first 10 years (d)
- 100% Percent of stalls not taken by state will be rented the first year
- 100% Percent of stalls rented after first year including effect of daily parking
- 80 Number of events from Coliseum using overflow parking (Estimate from Coliseum Sales & Marketing staff)
- 80 Number of events from OCC using overflow parking (Estimate from OCC Sales & Marketing staff)
- \$3.00 Overflow parking rate per event per stall 1992 (comparable to rates achieved in the area today)
- 7% Annual rate of increase in overflow rates first 10 years, in increments of \$.25. (d)
- 4% Annual rate of increase in overflow rates after first 10 years, in increments of \$.25. (d)
- 75% Fill rate on overflow events
- 20% Portion of State spaces reserved for State off hour use (a)
- 6.9% Effective Interest Cost (b)
- 6.9% Average Coupon Interest (b)
- 5.0% Management fee as % of operating income (c)
- 35.0% Pass thru expenses as a % of operating income (c)
- (a) Information from the contract between Pacific Development, Inc. and the State of Oregon
- (b) Information from Public Financial Management, Inc.
- (c) Information provided by Pacific Development, Inc. as typical figures subject to actual contract negotiation.
- (d) Growth rate of parking rates in downtown area provided by Pacific Development, Inc. at 7%. Rate reduced to 4% per year after 10 years by Metro staff to be more conservative.

Answer TO
Blaze [?]

469
43
326

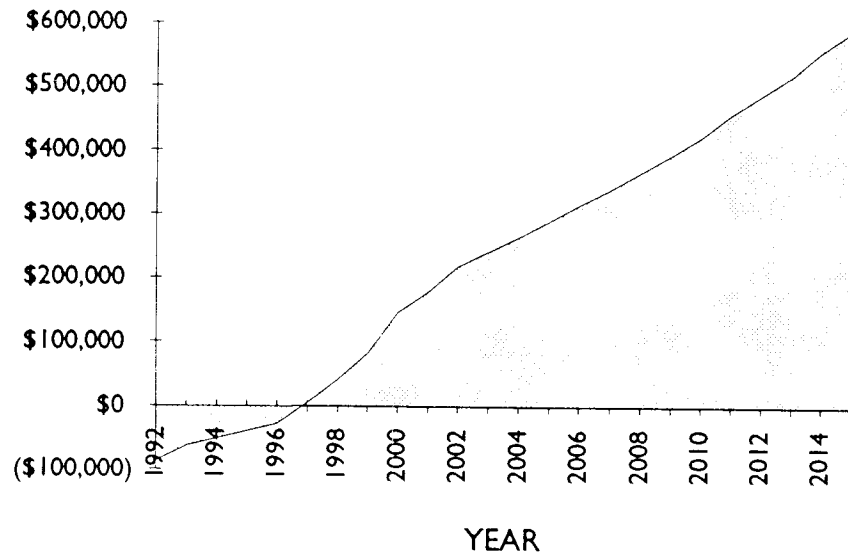
170
75
2350
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GRAPH 1 & 2

GAIN OR (LOSS) ON OPERATION

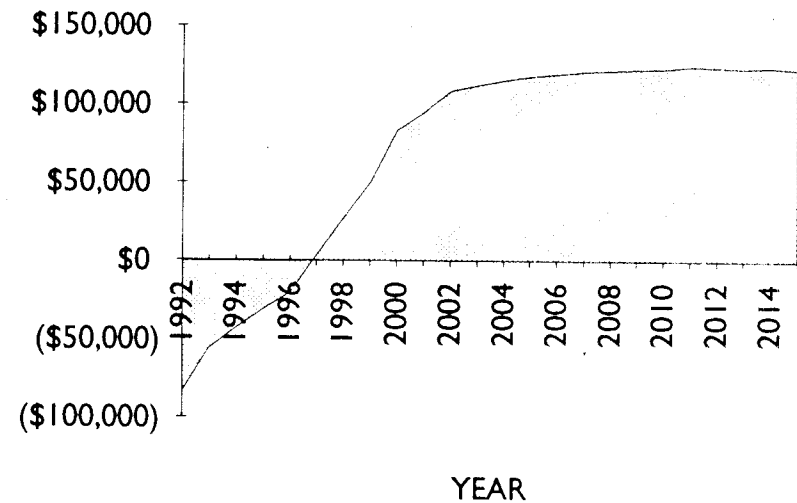
**FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION
METROPOLITAN SERVICE DISTRICT**

**PARKING STRUCTURE
NET REVENUE**



GRAPH 1

**PARKING STRUCTURE
PRESENT VALUE
NET REVENUE**



GRAPH 2

Present value calculations are based upon Metro's current cost of long term funds, 6.9% per year.

CAPITALIZED INTEREST

→ Potential evening market

→ Market for DAYTIME USAGE



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

Agenda Item 6.2
Resolution No. 91-1529

DATE: November 26, 1991

TO: David Knowles, Metro Councilor

FROM: Neil Salinger, Director of Regional Facilities

RE: PURCHASE OF SEARS PARKING STRUCTURE

We have developed responses to the Regional Facilities Committee's questions regarding purchase of the Sears parking structure and included them below. We appreciate this opportunity to provide you with this supplementary information prior to tonight's Council meeting.

I. Financing Schedule.

Councilors expressed concern regarding the brief period available to them to consider and react to this issue. We recognize that the schedule for financing is tight; however the Executive Officer's recommendation to purchase the parking structure and financial analysis supporting the recommendation were originally included in the agenda packet for the October 8 meeting during which the Regional Facilities Committee acted on the Sale Agreement with Pacific Development, Inc. The Regional Facilities staff requested that this matter be put before the Committee during its November 12 meeting, but were informed by Council staff that the agenda, which included Committee action on the joint Memorandum of Understanding related to the new Oregon Arena, was too crowded to allow for a decision on the parking structure.

Metro's bond financing team has worked diligently to develop the financing structure and documents necessary to undertake a revenue bond issuance. The team has prepared a financing strategy and schedule that provides Metro with the most cost-effective approach financing our new headquarters facilities. The financing schedule is as follows:

- December 2 Final typing of Preliminary Official Statement (POS)**
The POS must contain a complete description of the Project, Project cost estimates, and a projection of debt service.

Reg Fac. --
HQTAS --
PARKING

December 11 Bond pricing

The pricing of the Bonds is the underwriter's commitment to purchase a specific amount of bonds at a negotiated interest rate. The amount available for the Project is set at this time and the bond sizing and pricing comes as a result of a complex process involving the underwriters trading desk's assessment of the demand for the specific bond issuance, input regarding the offering price by Metro's financial advisor, and the Executive Officer's decision regarding the outcome of negotiations with the underwriter.

December 13 Signing of the Purchase Agreement

December 16 Closing date for Sears building, First option to purchase parking structure

December 19 Closing date for bond issuance

Implications of Delaying the Purchase Decision. 1. Interfund Borrowing Costs. Metro intends to undertake an interfund borrowing from the Solid Waste Revenue Fund for the purchase of the real estate on December 16. According to Metro code, this interfund borrowing must be repaid with interest. The interest cannot be included in the bond issuance according to federal tax law and, therefore, would be a current expense of the Building Management Fund. The most cost effective approach to the headquarters building transaction is to minimize the time between purchase of the real estate and issuance of the bonds. If the bond closing is delayed beyond December 19, it is likely that we would have to wait until after the holiday season and would be unable to close until the second or third week in January. Any such delay would cost Metro in additional interest related to the interfund borrowing.

2. Increased Purchase Cost. If Metro is unable to undertake the purchase of the parking structure by December 16, we will incur additional costs pursuant to the Sales Agreement including an increase in the price of 5% per six month period (\$130,000 if purchased between December 17 and June 15) and a fee of \$50,000 to preserve our option. The \$50,000 would be included in the purchase price if the parking structure were purchased, but is nonrefundable if the parking structure is not purchased.

3. Bond Financing Issues. Proposed Ordinance 91-439, the ordinance authorizing issuance of the revenue bonds, treats financings undertaken at the time of adoption of the ordinance differently than financings undertaken in the future. Future financings are subject to considerations of financial performance and the successful outcome of a consultant's report. These steps will add to the cost of bond issuance and, ultimately, the annual operating cost of the parking structure project. In addition, because of

federal tax laws, issuing the bonds to purchase the building and the parking structure together as a single project offers us more flexibility in the types of agencies we may contract with as parking garage tenants.

II. Assumptions Included in the Financial Analysis

Capitalized Interest. The Proposed Parking Structure Financial Analysis, dated November 9, 1991, erroneously included an amount for six months of capitalized interest. This error has been corrected and the resulting recalculation of debt service is reflected on the attached exhibits, reducing the annual debt service by approximately \$14,000 per year.

Daytime Parking. Attached to this memorandum is a list of the current tenants of the Sears parking structure showing rental agreements for 512 spaces. With the addition of the State parking agreement for 346 spaces, we are confident that all of the spaces in the parking structure will be fully rented on weekdays. It should be noted that the current managers of the parking structure "overbook" the facility and rent more spaces than are available in the structure. This is possible because tenants typically use fewer spaces on a daily basis than they reserve. We purposely have not included the ability to overbook in our analysis, and thus believe our estimates of weekday, daytime usage are conservative.

Weekend and Evening Parking. The Committee asked that more detail be provided regarding the revenue assumptions used for evening and weekend parking. The financial analysis assumes 80 opportunities for both the Memorial Coliseum and the Oregon Convention Center for use of the Sears parking structure for evening and weekend overflow parking. We have reevaluated this information in consideration of the new Trailblazer arena.

Memorial Coliseum. 1. During Construction. It is our understanding that at least 3/4 of the existing parking spaces will be eliminated at the Coliseum during construction. A requirement for off-site parking during the period of construction will exist for any event with attendance of greater than 1,500 attendees, over 100 events. 2. After Opening of the New Arena. A review of the parking analysis developed by PFM for the Trailblazers for the Coliseum and the new arena shows the potential of 84 event days that would require at least 1,000 off-site parking spaces. A preliminary discussion with Trailblazer officials indicates that the Sears parking facility would be included in the Trailblazers shuttle parking system, at Metro's request.

Oregon Convention Center. The OCC staff informs us that 50 event days related to consumer shows provide an opportunity for off-site parking. This revised total of 50

from the Oregon Convention Center staff is increased by 1.2 times to account for some turnover in parking usage by show attendees.

Marketing Program. Currently Convention Center staff arranges for off-site parking at the Sears parking structure. Opportunities to make full use of this arrangement are constrained by competition between the OCC parking operator (City Center parking) and the owner of the Sears parking structure (PDI). Metro ownership of the structure would ameliorate this situation.

Additionally, Metro would develop a marketing program including advertising, signage, and other outreach efforts to encourage use of off-site parking in the parking structure. This program will be integrated with the OCC overall marketing effort. Specific plans would be developed prior to the beginning of construction for the new arena.

In summary, we have revised our revenue assumptions to reflect the information included above. For the Council's information we have augmented the parking analysis to show the following two cases: 1. A case that utilizes the assumptions and calculations from the previous analysis with an adjustment for reduced OCC off-site parking opportunities (the expected case); and 2. A case showing the evening and weekend assumptions adjusted downward by a 75% confidence factor (the conservative case). In each case the first year's revenue is reduced by 20% in consideration of start-up efforts for evening and weekend parking. The analysis is attached to this memorandum.

The results of the two cases show the following net revenues:

Calender Year	Expected case	Conservative case
1992	(\$98,943)	(\$114,056)
1993	(\$74,571)	(\$91,645)
1994	(\$62,316)	(\$81,458)
1995	(\$49,350)	(\$70,699)
1996	(\$35,654)	(\$59,258)
1997	(\$3,951)	(\$29,030)
1998	\$31,232	\$4,677
1999	\$70,390	\$42,360
2000	\$132,812	\$101,833
2010	\$395,063	\$347,855
2015	\$554,546	\$497,010

Source for Assumptions.

Although we would have preferred to use an independent source for parking information related to the Sears structure, Pacific Development, Inc. dominates the parking business in the Lloyd district and is the best source for parking information. In many cases, including the ability to inflate parking charges and the ability to reconfigure or manage the parking to include many more spaces than are currently rented in the garage, we chose to dampen the estimates provided by PDI. We believe that this conservative approach was warranted and mitigates the possibility that PDI overstated its assumptions regarding the parking situation in the Lloyd district.

Assessed Values

Parking structure purchase price: \$2.6 million

ANS 5.15

Parking structure appraised value: \$1.98 million (December 1990)

Building/garage tax-assessed value: \$3.5 million (land and improvements, 1992)

* * * * *

We hope this information assists the Council in making its decision. We believe that the financial implications and operational considerations listed above support the Executive Officer's request that the Council act on this matter now. If Metro is to be the owner and operator of the parking structure attached to its headquarters building, the least expensive time to act on this matter is at the November 26 Council meeting.

We are under a tight schedule, but are pursuing this purchase in an expeditious manner to minimize the cost impact on Metro. Thank you for your consideration.

cc: Metro Council
Rena Cusma



PACIFIC DEVELOPMENT, INC.

INNER-OFFICE CORRESPONDENCE

TO: VIRGIL OVALL

DATE: OCTOBER 15, 1991

FROM: BARBARA TREMBLE

SUBJECT: PARKING AGREEMENTS FOR LOT 313, SEARS STRUCTURE

LISTED BELOW ARE THE TENANTS WHO HAVE SPECIAL AGREEMENTS FOR THE SEARS STRUCTURE (SEE ATTACHED AGREEMENTS).

- POLLIN RESTAURANT 36 SPACES ON A MONTH-TO-MONTH AGREEMENT, AT \$20.00 PER SPACE, WITH A 15 DAY WRITTEN NOTICE TO TERMINATE.
- U.S. FISH & WILDLIFE 132 SPACES ON A YEAR-TO-YEAR AGREEMENT, AT \$56.00 PER SPACE, WITH A 30 DAY WRITTEN NOTICE TO TERMINATE.
- NATIONAL MARINE FISHERIES 30 SPACES ON A YEAR-TO-YEAR AGREEMENT, AT \$56.00 PER SPACE, WITH A 30 DAY WRITTEN NOTICE TO TERMINATE.
- BONNEVILLE POWER ADMIN. 232 SPACES ON A YEAR-TO-YEAR AGREEMENT, AT \$56.00 PER SPACE, WITH A 30 DAY WRITTEN NOTICE TO TERMINATE.
- INDIVIDUAL AGREEMENTS 84 VEHICLES HAVE MONTH-TO-MONTH AGREEMENTS, AT \$56.00 PER SPACE, WITH A 10 DAY WRITTEN NOTICE TO TERMINATE.

469
346
123

LEGEND

→ SHUTTLE BUS ROUTE

■ AVAILABLE OFF-STREET PARKING



DAVID EVANS AND ASSOCIATES, INC.

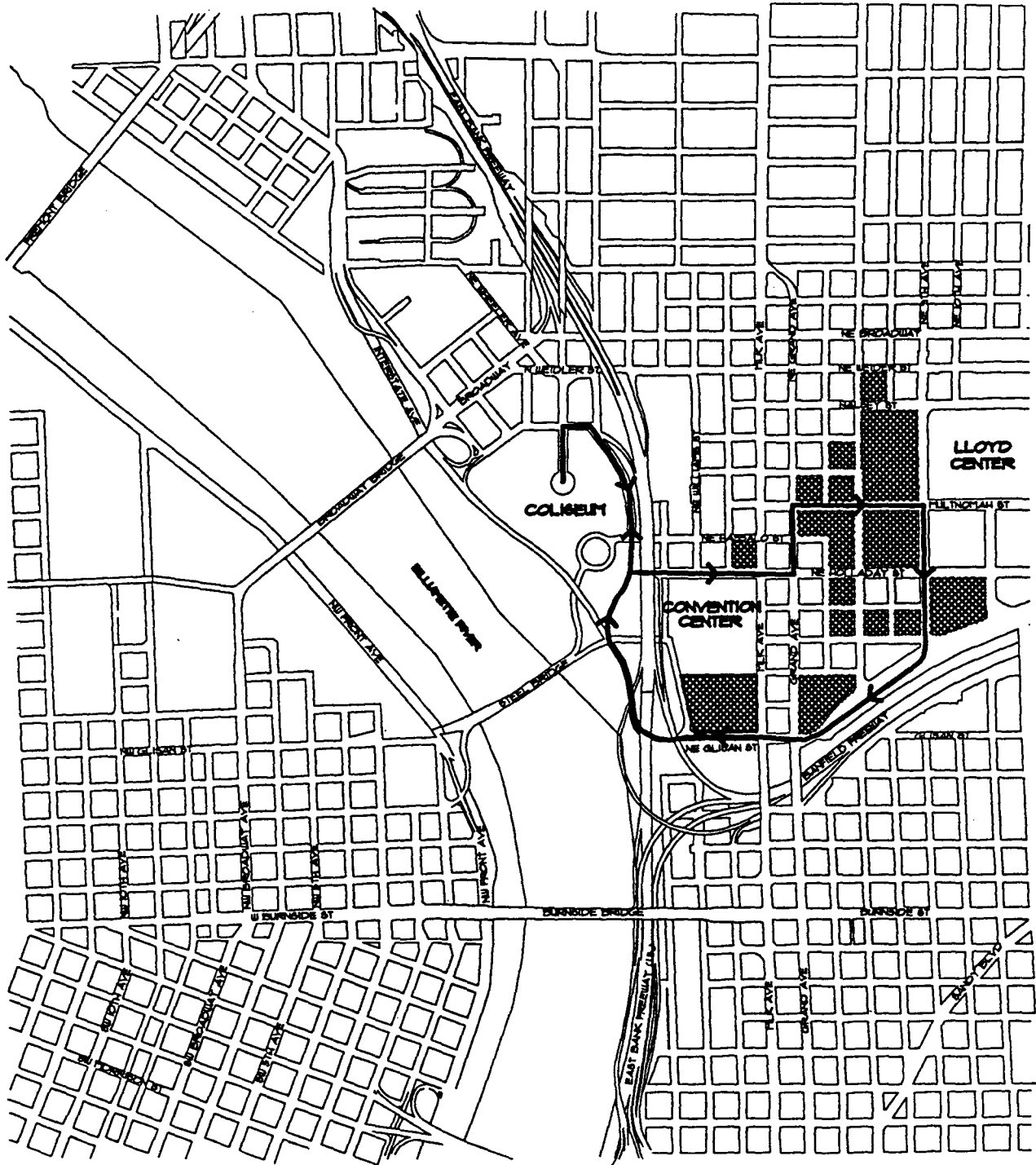


FIGURE 27
POSSIBLE PARKING
FACILITY SHUTTLE

EXHIBIT1 EXPECTED CASE**INCOME AND EXPENSES****FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION
METROPOLITAN SERVICE DISTRICT**

Calendar Year	Non-State Daytime Parking	State Parking	Evening & Weekend Parking	Interest Income	Total Income	Operating & Management Costs	Debt Service	Net Income
1992	\$88,560	\$232,512	\$100,750	\$19,212	\$441,034	\$168,729	\$371,248	(\$98,943)
1993	\$94,759	\$232,512	\$113,823	\$32,020	\$473,114	\$176,438	\$371,248	(\$74,571)
1994	\$101,392	\$232,512	\$127,616	\$32,020	\$493,541	\$184,608	\$371,248	(\$62,316)
1995	\$108,490	\$232,512	\$142,129	\$32,020	\$515,151	\$193,252	\$371,248	(\$49,350)
1996	\$116,084	\$232,512	\$157,361	\$32,020	\$537,978	\$202,383	\$371,248	(\$35,654)
1997	\$124,210	\$267,389	\$167,196	\$32,020	\$590,815	\$223,518	\$371,248	(\$3,951)
1998	\$132,905	\$307,497	\$177,031	\$32,020	\$649,453	\$246,973	\$371,248	\$31,232
1999	\$142,208	\$353,622	\$186,867	\$32,020	\$714,716	\$273,078	\$371,248	\$70,390
2000	\$152,163	\$428,035	\$206,537	\$32,020	\$818,754	\$314,694	\$371,248	\$132,812
2001	\$162,814	\$457,997	\$216,372	\$32,020	\$869,203	\$334,873	\$371,248	\$163,082
2002	\$174,211	\$490,057	\$236,042	\$32,020	\$932,330	\$360,124	\$371,248	\$200,958
2003	\$181,179	\$509,659	\$245,877	\$32,020	\$968,736	\$374,686	\$371,248	\$222,801
2004	\$188,427	\$530,045	\$255,712	\$32,020	\$1,006,204	\$389,674	\$371,248	\$245,282
2005	\$195,964	\$551,247	\$265,547	\$32,020	\$1,044,778	\$405,103	\$371,248	\$268,427
2006	\$203,802	\$573,297	\$275,382	\$32,020	\$1,084,502	\$420,993	\$371,248	\$292,261
2007	\$211,954	\$596,229	\$285,217	\$32,020	\$1,125,421	\$437,360	\$371,248	\$316,812
2008	\$220,432	\$620,078	\$295,052	\$32,020	\$1,167,583	\$454,225	\$371,248	\$342,110
2009	\$229,250	\$644,881	\$304,887	\$32,020	\$1,211,039	\$471,607	\$371,248	\$368,183
2010	\$238,420	\$670,676	\$314,723	\$32,020	\$1,255,839	\$489,527	\$371,248	\$395,063
2011	\$247,956	\$697,504	\$334,393	\$32,020	\$1,311,873	\$511,941	\$371,248	\$428,684
2012	\$257,875	\$725,404	\$344,228	\$32,020	\$1,359,526	\$531,002	\$371,248	\$457,276
2013	\$268,190	\$754,420	\$354,063	\$32,020	\$1,408,693	\$550,669	\$371,248	\$486,775
2014	\$278,917	\$784,597	\$373,733	\$32,020	\$1,469,267	\$574,899	\$371,248	\$523,120
2015	\$290,074	\$815,981	\$383,568	\$32,020	\$1,521,643	\$595,849	\$371,248	\$554,546

EXHIBIT 2 CONSERVATIVE CASE**INCOME AND EXPENSES****FINANCIAL ANALYSIS OF PARKING STRUCTURE PURCHASE AND RENOVATION
METROPOLITAN SERVICE DISTRICT**

Calendar Year	Non-State Daytime Parking	State Parking	Evening & Weekend Parking	Interest Income	Total Income	Operating & Management Costs	Debt Service	Net Income
1992	\$88,560	\$232,512	\$75,562	\$19,212	\$415,846	\$158,654	\$371,248	(\$114,056)
1993	\$94,759	\$232,512	\$85,367	\$32,020	\$444,659	\$165,055	\$371,248	(\$91,645)
1994	\$101,392	\$232,512	\$95,712	\$32,020	\$461,637	\$171,847	\$371,248	(\$81,458)
1995	\$108,490	\$232,512	\$106,597	\$32,020	\$479,619	\$179,039	\$371,248	(\$70,669)
1996	\$116,084	\$232,512	\$118,021	\$32,020	\$498,637	\$186,647	\$371,248	(\$59,258)
1997	\$124,210	\$267,389	\$125,397	\$32,020	\$549,016	\$206,798	\$371,248	(\$29,030)
1998	\$132,905	\$307,497	\$132,774	\$32,020	\$605,196	\$229,270	\$371,248	\$4,677
1999	\$142,208	\$353,622	\$140,150	\$32,020	\$668,000	\$254,392	\$371,248	\$42,360
2000	\$152,163	\$428,035	\$154,903	\$32,020	\$767,120	\$294,040	\$371,248	\$101,832
2001	\$162,814	\$457,997	\$162,279	\$32,020	\$815,110	\$313,236	\$371,248	\$130,626
2002	\$174,211	\$490,057	\$177,031	\$32,020	\$873,319	\$336,520	\$371,248	\$165,551
2003	\$181,179	\$509,659	\$184,408	\$32,020	\$907,266	\$350,098	\$371,248	\$185,920
2004	\$188,427	\$530,045	\$191,784	\$32,020	\$942,276	\$364,102	\$371,248	\$206,926
2005	\$195,964	\$551,247	\$199,160	\$32,020	\$978,391	\$378,548	\$371,248	\$228,595
2006	\$203,802	\$573,297	\$206,537	\$32,020	\$1,015,656	\$393,454	\$371,248	\$250,954
2007	\$211,954	\$596,229	\$213,913	\$32,020	\$1,054,116	\$408,838	\$371,248	\$274,030
2008	\$220,432	\$620,078	\$221,289	\$32,020	\$1,093,820	\$424,720	\$371,248	\$297,852
2009	\$229,250	\$644,881	\$228,666	\$32,020	\$1,134,817	\$441,119	\$371,248	\$322,450
2010	\$238,420	\$670,676	\$236,042	\$32,020	\$1,177,158	\$458,055	\$371,248	\$347,855
2011	\$247,956	\$697,504	\$250,795	\$32,020	\$1,228,275	\$478,502	\$371,248	\$378,525
2012	\$257,875	\$725,404	\$258,171	\$32,020	\$1,273,469	\$496,580	\$371,248	\$405,642
2013	\$268,190	\$754,420	\$265,547	\$32,020	\$1,320,177	\$515,263	\$371,248	\$433,666
2014	\$278,917	\$784,597	\$280,300	\$32,020	\$1,375,834	\$537,525	\$371,248	\$467,060
2015	\$290,074	\$815,981	\$287,676	\$32,020	\$1,425,751	\$557,492	\$371,248	\$497,010

RECOMMENDED TDM PLAN

After review of the employee responses in the focus group interviews and the desired short- and long-term TDM targets, the consultant recommends that a highly-aggressive TDM program will be needed to attract existing automobile drivers out of their cars. In addition, in recognition of the need for METRO to be a leader in the community, additional leading-edge measures should be considered for implementation.

METRO'S TDM Program

The TDM program should consist of the following measures:

1. Traditional and Advanced Information Provision Measures

As a first step, METRO employees need greater information about the choices available to them and how to best use alternative modes. An active employee information campaign consisting of distribution of promotional material in pay envelopes, posting of information in each employee lounge/lunch room and the conduct of a semi-annual alternative transportation day in which the goal of "no SOV trips" should be sought.

Employees should be automatically enrolled in the Tri-Met carpool matching system and match lists should be generated for all METRO employees on a quarterly basis.

A part-time Employee Transportation Coordinator (ETC) should be hired to be responsible for these promotional efforts.

All employees involved in scheduling workgroup and public meetings should be given copies of the current Tri-Met schedules. Meeting times should be adjusted so that they coincide with transit scheduling. All public notices for meetings at the METRO headquarters should promote the use of transit as the preferred transportation mode.

A "state of the art" transportation information center should be a highlight of the first floor of the new METRO headquarters. The center should be developed as part of the existing ODOT project to provide advanced freeway management techniques in the greater Portland area and using IVHS technology for Tri-Met buses to provide "real-time" transit schedules.

2. Improvement of the Pool Car System and Development of Alternatives

Automobile users identified that the existing pool cars are perceived as unsafe and unable to "hold their own" in typical Portland traffic conditions. METRO needs to rewrite the pool car specifications to include greater comfort and improved utility for the needs of METRO employees. The number of pool cars should be increased to provide greater availability and an assignment preference should be given to alternative mode users registered with the ETC.

A small number of bicycles should be purchased for addition to the modes available in the transportation pool.

Arrangements should be made on a contract basis with a taxicab company to provide taxi service when pool cars are not available. Ideally, this transportation service would be part of a universal transportation pass program but not necessarily so. The use of taxis must be made as effortless as using one's own automobile. The universal transportation pass would make it that easy but as an alternative, taxi vouchers should be issued by the fleet vehicle manager which can be simply handed to the driver as full payment for the transportation service.

3. Universal Pass Program

METRO should negotiate with Tri-Met to provide a credit-card-like universal pass program. The "METRO-PASS" would provide all-zone transit service for all participating METRO employees. It would also provide taxi service for work-related trips during the business day and for evening meetings. A credit-card-like METRO-PASS would allow for accounting of these trips since most taxis carry credit card imprinting machines. Each card would carry a METRO assigned number and employees would report the reasons for taxi trips which would then be matched with the incoming invoice for taxi transportation service. While support was not widespread for the "guaranteed ride home program", the METRO-PASS should provide for a limited number of personal emergency trips.

As an added bonus, METRO should try to negotiate with area merchants to provide discounts to METRO-PASS holders. This discount, possibly as high as 10%, could help attract automobile drivers to the transit mode.

In order to prevent abuse of the METRO-PASS, employees agreeing to receive the METRO-PASS would surrender their reserved parking but could receive reserved daily parking for up to 3 days per month. These 3 days would help drivers switch modes without the worry of sacrificing parking availability on a few days for which their transportation needs are best filled by their own automobile (e.g., medical appointments).

Employees will have the cost difference between the all-zone Tri-Met pass and the IRS \$21 limit to tax-free transportation subsidies reported as a taxable benefit.

4. Provision of On-Site Services

Two type of on-site services should be provided -- complementary retailing to allow internal trip linking and transit ticket and pass sales to facilitate transit use.

Employees expressed interest in having a branch of their credit union located on site. Other retailing may also be desired but was not revealed in the focus group interviews.

On-site sales of transit passes and tickets should be provided either through the credit union or through the office of the ETC.

5. Study and Possibly Establish a Telecommuting Program

All METRO employees expressed a desire in the focus group interviews for the opportunity to work at home and "telecommute". This may not be an option for many of these employees. It requires an examination of the management of METRO workload to determine how many employees could be given the opportunity to telecommute. Other than the necessary organizational adjustments to permit telecommuting, METRO will incur capital costs for the provision of the necessary equipment and on-going costs for telephone charges and other out-of-pocket costs.

6. Equal Treatment for Alternative-Mode Visitors

In an effort to reduce visitor parking demand, METRO should validate transit costs as well as visitor parking costs. Visitors presenting a valid Tri-Met proof of fare payment should receive a cash reimbursement for a two-zone transit fare since automobile drivers will receive full reimbursement of their parking costs.

7. Provision of Bicycle/Walking Facilities

Bicyclists and walkers, though few in number, are an important component of the total transportation picture. METRO should provide:

- secure bicycle lockers for bicycle storage, and
- a locker room with showers for bicyclists/walkers to store cycling and walking attire and to prepare for the working environment.

Other METRO TDM Activities

There are other TDM-related activities which METRO, as a regional transportation authority, should pursue that will benefit their own TDM efforts but those of other employers as well. A number of these are described below:

1. Establishment of a Lloyd Center Transportation Management Association

METRO should work towards the establishment of a Lloyd Center TMA. The TMA could supplement and expand TDM efforts by the METRO ETC. For other employers, it may replace entirely their TDM programs.

The establishment of the TMA would allow subsidy provision for carpools which extend across employers -- something which is untraceable and unmanageable under a single employer-based program. This would address a significant concern of METRO employees regarding carpool promotion.

2. Promotion of HOV Facilities

METRO should work with ODOT and the City of Portland to establish a regional HOV facilities on freeways and arterials. Included in this HOV system should be a comprehensive system of on-street and off-street bicycle facilities.

3. Assist Tri-Met to Study Water Bus

The water bus suggested by a METRO employee should be examined as to its feasibility.

4. Promote Plans for Expansion and Improvement of Tri-Met Services

Where Tri-Met service is available, METRO employees appear to show some interest in at least trying it as an alternative mode. METRO needs to be visibly promoting and supporting service expansions and improvements. The existing plans for expanding MAX to the westside should be followed, as soon as possible, with a southern extension. Existing bus service needs to be improved through replacement of older buses with more comfortable units.

5. Early Start on TDM Measures

METRO should consider testing some of the recommended TDM measures prior to the move to the new HQ. The ability to implement selected TDM measures may be constrained by existing collective agreements with employees which would need to be renegotiated prior to implementation.