RESOLUTION APPROVING UTILITY VAULT LEASE

Approved by the Board
May 13, 2019

BACKGROUND

A. On April 11, 2017, the Board approved the 4th and Montgomery Project (“Project”), the construction of a mixed-use commercial condominium project to house the University’s College of Education, the OHSU-PSU Joint School of Public Health, Portland Community Colleges pre-dental programs, one or more bureaus of the City of Portland, and commercial space owned by the University. The University broke ground on the Project on January 11, 2019.

B. In late March of this year, we learned that we need to execute a Utility Vault Lease with the City of Portland to serve the Project, and the City would not issue our second building permit until the lease was executed. Failing to execute the lease by the building permit target date of April 26, 2019 would have resulted in a costly stall in the project.

C. The Lease is between the City of Portland, as lessor, and Portland State University, as lessee. The term of the Lease is 30 years, with two 30-year renewal options. The annual rent is $14,000, with 15% increases every 5 years. All costs associated with the lease are Project Costs that will be shared among the partners pursuant to the Development Agreement. The lease will be assigned to the condominium association shortly after completion of construction.

D. Under Section ii.A.3 of the Board’s Debt Management Policy, the Board must approve any real capital lease with a lease term over 15 years in which the University will be the Lessee. Because advance Board approval would have resulted in a costly project delay, Chair Castillo authorized the execution of the lease on behalf of PSU on April 18, 2019 on the condition that it would be approved by the Board at the next regular Board meeting.

RESOLUTION

Now, therefore, be it Resolved by the Board of Trustees, that:

1. Utility Vault Lease necessary to serve the 4th and Montgomery Project is approved; and
2. The Board hereby ratifies and approves all prior actions taken on behalf of the Board or the University relating to the Utility Vault Lease.

APPROVED BY THE BOARD OF TRUSTEES
MAY 13, 2019

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Secretary to the Board