

**Commissioners, Mr. Warner, thank you for this opportunity to speak to you today. My name is Eric Wentland, 1628 N. Columbia Blvd., Portland OR 97217. I am the managing member and one of five members of The Heritage Building, L.L.C. I am here to give a weak and qualified support for this Action.**

**The action requested by staff today, if executed as requested, only benefits PDC and Albina Bank. We believe that you have options that will benefit all of those who have an investment in this building. Our proposed modification to your action is specified later in this testimony. PDC is not a typical market rate lender and to that end, has a different vested interest and a broader call to action.**

**This Report before you has painted a decidedly unflattering and negative picture of Heritage and our work, past, present and future. That is truly unfortunate, since we have always acted in good faith, proceeding forward and solving problems, problems that often seemed insurmountable.**

**We offer you a different view and a different reason to buy this loan. We offer you a fresh view of The Heritage Building as a performing asset, a plain old mundane borrower, making our payments, leasing space, and providing no drama for either your organization or ours . We see ourselves as being the steward of this high-quality, high-performance green asset that you and the taxpayers of Portland have invested in.**

**All cost overruns, the kind that happen in almost every rehab construction project, have been paid out of our pocket. Even the excessive, painful and very unnecessary cost of filing a Chapter 11 Bankruptcy, an action we were forced into in order to protect your investment and our asset, has been borne by us, the Heritage Team.**

**At the end of that filing, no one lost any money except The Heritage Building and it's members.**

**Our LEED Gold building was completed on a budget of just \$175 foot for all hard and soft costs, a number**

**we are proud of and will gladly put side-by-side with any other commercial project of this quality that has been built in Portland over the last 5 years. We are an experienced, successful and viable small business. We opened The Heritage Building in mid-2007 with gross rents of just \$54,000 annually, increasing last year to \$167,000. For 2009 we have projected revenues in excess of \$300,000 and when we are at full capacity in 2010 we will receive \$441,000 in gross rents.**

**This is a difficult site, built in troubled economic times. In spite of that, the members of The Heritage Building, LLC have ...**

- Built an exceptional LEED Gold building that provides the opportunity for neighborhood goods and services.**
- We have helped stimulate over \$30 million dollars of additional work within 1 block of this location, most of it begun within the last 12 months or less.**
- We achieved a total of 33% MWESB contractors for construction.**
- We purchased 98% of our construction materials from local vendors.**
- Every tenant, as well as most of their employees, can easily walk or bike to the building from their homes.**
- We have already exceeded the projected job creation numbers for the entire project, even though we are only about 2/3 leased.**
- We have placed ownership of the building in the hands of 5 local residents.**
- We have helped to decrease the crime rate as well as the perception of crime, in the neighborhood.**

**Countering fear is always difficult. The word default is used 17 times in your Executive Summary, while foreclosure is used 13 times! It is hard for us not to be offended by what appears to be a blatant attempt to make Heritage appear to be a fragile and tenuous business, teetering on the brink of insolvency, causing**

prudent lenders to be fearful. Since it is unimaginable to us that PDC would want to sabotage Heritage in order to take ownership of our building, what are we to make of statements that demean our efforts, undermine our ability to attract new tenants, offer little assistance towards our success in this project and then claim that it is necessary for PDC to buy this loan to protect your interests from our inevitable failure? Stated in your summary is the following:

"Another default of the Heritage loans is possible within the next six to twelve months based on cash flow concerns ... "

This statement is based on subjective opinion but has no basis in facts relating to The Heritage Building, LLC. It does not take into account outside resources that Heritage possesses. It merely helps to feed the flames of fear and belief in an event that has not occurred and is unlikely to ever occur. Earlier this year, PDC staff conveyed similar sentiments in group emails to citizen committee members. Any prospective tenant, after reading PDC's description of our business and building in this Report, would understandably look for a different location. While it is possible that Heritage might default within the next six to twelve months, it is also possible that it might snow in August. The real question should be "What is the probability of a default and foreclosure occurring in the next six to twelve months?"

The Heritage Building categorically denies and refutes the allegation that there is "Significant risk" that there will be a default on the Albina and PDC loans. This assessment from staff carries with it the intimation that a monetary based default is possible again, which is just plain false since no monetary default has ever occurred.

We have persevered through 8 years of pushing, pulling, negotiating, challenging, cajoling, fixing, adjusting, solving and resolving every major and minor problem that has come at us. This project has been a marathon race, measured in years, not days, weeks or months. There is no reason to believe that now that we are inches from the finish line, we will throw up our hands and say, "This is too hard, we quit, please take our building!"

**Too few Tenants with the capitalization to fund first time build-out in a new space has been the only real problem that we have had since the building was completed. All of our difficulties have tumbled forward from that one short-coming. What this project needs at this point in time is for PDC to assist Heritage with Tenant Improvements for 3 tenants who are ready to move in now. This can be accomplished within the framework of PDC purchasing the Albina Loan. With this assistance, the already low likelihood of any default will be reduced to zero. The real timing and method of any default or foreclosure action rests in the hands of The Heritage Building, LLC, not PDC and we have no intention of being anything except a boring Borrower.**

**In between the amount of money that Heritage is obligated to pay and the PDC purchase price of the Albina loan, there is a difference of \$212,740 dollars. We are asking you to authorize redirecting the amount of this Albina Bank Loan Discount to our tenants. Heritage is obligated to pay the entire loan balance, plus interest, which includes that \$212,740.**

**This should be an easy decision to make. The most beneficial action for all the parties concerned here, PDC, Portland taxpayers, Albina Bank, The Heritage Building, 3 new tenants and the surrounding community, would be for the Board to buy the Albina loan and fully fund it to its face value, with the \$212,740 being used for additional Tenant Improvements at The Heritage Building.**

**On January 4<sup>th</sup> of 2008, when Albina Bank gave the default notice to The Heritage Building, one course of action for us was to give up and turn the keys over to the lenders. Our decision was to fight for our building one more time, an act that has saved PDC and the taxpayers of Portland several hundred thousand dollars, perhaps even more. When Albina refused to extend a foreclosure action until we could get new financing in place, we again could have given up, costing hundreds of thousands of dollars to PDC and the taxpayers of Portland. Instead, we did what every passionate and dedicated business does when faced with adversity, we went to work and resolved the problems. We are a resourceful group and I am certain**

**that Heritage can find a way to help our tenants. PDC has the ability to assist with these tenants and Albina Bank has given the vehicle to do it with a Loan Discount of over \$212,000. Please help us bring these last 3 tenants to The Heritage Building now as an added bonus to your purchase of the Albina Loan.**