

Beaverton, developer settle 2 lawsuits over the Round

The agreement heads off a city-led takeover of the troubled project from Dorn-Platz Properties of California

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BEAVERTON — The city and the developer of the Round at Beaverton Central reached a settlement Wednesday that ends two lawsuits and sets a spring 2008 target to finish the troubled \$120 million project.

The deal avoids a city-led takeover of the project from its developer, Dorn-Platz Properties of Glendale, Calif.

Beaverton leaders have said they were not eager to find another developer, something the city had done once since the Round began development in 1997.

The agreement will require Dorn-Platz to build two parking garages and three mixed-use office and retail buildings within three years. The original 2001 agreement called for the project along MAX light rail at Southwest Hall Boulevard to be completed by the end of this year.

Of eight buildings planned for the site, only three have been completed: a residential/retail building, an office building and a building anchored by an athletic club. Dorn-Platz leaders blamed the national economic downturn for the

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The agreement calls for a 62-step construction schedule for the remaining five buildings. The first step is to begin construction by Sept. 1 of a seven-story parking garage on the development's south side between the existing 24-Hour Fitness building and the office building. It must be completed by June 1, 2006.

Within 30 days of that, Dorn-Platz must begin construction of a five-story office building on the south side between the 24-Hour Fitness building and the light-rail track.

Under the settlement, Dorn-Platz must set aside the estimated cost of the parking garage as a security deposit in case the city has to take over the project and build the garage itself, Adlard said. The estimated cost to build the garage is \$5 million.

The city will not assess the developer an estimated \$100,000 fine it had threatened because the Round had failed to build its parking garage in time and was violating its temporary permit for surface parking around the development, Adlard said.

When construction begins on the garage, the city will issue certificates of completion for the two buildings on the site that have not received them, the 24-Hour Fitness building and the south office building. Until that happens, Dorn-Platz is not able to sell or refinance those buildings. Adlard said she expects Dorn-Platz will sell those buildings to finance future construction.

The settlement will not change the nature of the future buildings. However, Dorn-Platz will not be required to build more housing.

Earlier plans called for 149 housing units. The development has 65 condominiums, though only about half of those have sold, Adlard said.

The city spent about six months negotiating the agreement. Adlard estimates she has spent half her work time during that period on negotiations.

"It's been strenuous," she said. "But I think the city held to its principles."

The city will put the \$500,000 it seized into its general fund contingency but has no immediate plans for the money, Adlard said. Some might go toward legal fees incurred during the litigation and settlement negotiations.

The city has spent about \$100,000 on those fees, Adlard said.

The Round: City will own the utility that serves project

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project's delay.

Beaverton's chief negotiator said the deal was a step toward creating a core to downtown development while protecting city taxpayers.

"There's virtually no risk to the city," said Linda Adlard, the city's chief of staff. "It's a lot to build in 2½ years, but I think they're capable of doing that."

Representatives of Dorn-Platz did not return calls seeking comment Wednesday afternoon.

Dorn-Platz has agreed to drop a lawsuit that sought the return of a \$500,000 letter of credit the city seized after declaring the developer was in default. The city will keep the \$500,000.

The city also will take ownership of a small utility that provides heating and cooling to the Round. City officials had filed a condemnation lawsuit to buy the utility.

The city will pay \$400,000 a year over 20 years to the owner of the office building where the utility is located. In addition, the city will assume a \$600,000 state energy loan used to build the utility.

The utility is breaking even although it serves only two of the Round buildings, Adlard said. It could become profitable as it supplies heating and cooling to the development's new buildings.

The city also wanted the utility to serve future development in the area, including whatever might be built on the Westgate Theatre property to the west.

Under the deal, Dorn-Platz will provide a \$250,000 security deposit to replace the letter of credit the city seized. And the city will maintain the right to declare Dorn-Platz in default of the new agreement if the developer doesn't meet the new schedule.

If the developer falls behind schedule or otherwise violates the agreement, the city again could declare Dorn-Platz in default and seize the new security amount. In the long term, the city could take control of the project from Dorn-Platz.