

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 6982

**AUTHORIZING AN OPTION AGREEMENT GRANTING PDC THE RIGHT TO
ACCEPT TRANSFER OF CERTAIN REAL PROPERTIES INTERESTS WITHIN
THE ROSE QUARTER FROM THE CITY OF PORTLAND**

WHEREAS, on November 17, 2010 (Resolution No. 36826), Portland City Council, through delegation from the Office of Management and Finance, authorized the Portland Development Commission (“PDC”) to act as its agent for the renovation of the Veterans Memorial Coliseum;

WHEREAS, on August 15, 2012 (Resolution No. 6959), the PDC Board authorized the Executive Director to conduct negotiations with the City for the possible transfer to PDC of development rights to properties within the Rose Quarter;

WHEREAS, because of PDC’s expertise in real estate and economic development, and consistent with PDC’s goals to diversify its revenue sources, the City of Portland desires to transfer real property rights to certain properties within the Rose Quarter to PDC for the purpose of i) revitalizing and redeveloping the Rose Quarter district as a whole and ii) providing real property assets, the redevelopment of which could result in resources to PDC to diversify its revenues;

WHEREAS, PDC and the City have negotiated an Option Agreement (the “Option Agreement”) granting to PDC right to accept transfer of certain described real property interests within the Rose Quarter, a copy of which is attached as Exhibit A; and

WHEREAS, PDC believes it is in its best interest to execute the Option Agreement and thereafter conduct due diligence to determine whether it desires to exercise any of the option rights granted thereunder.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to execute the Option Agreement, in substantially the form attached as Exhibit A;

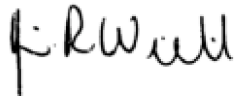
BE IT FURTHER RESOLVED, that the Executive Director will undertake appropriate due diligence and analysis of the properties;

BE IT FURTHER RESOLVED, that upon completion of such due diligence, and subject to the Executive Director determining that the property does not have material defects in title or environmental condition or other materially adverse characteristics, the Executive Director is authorized to proceed with the transfer of any, all or none of the identified properties as he/she determines appropriate;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the Option Agreement if such changes do not materially increase PDC's obligations or risks, as determined by the Executive Director in consultation with PDC's General Counsel; and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

Adopted by Portland Development Commission on November 29, 2012



Gina Wiedrick, Recording Secretary

OPTION AGREEMENT (OMF – PDC)

THIS OPTION AGREEMENT (this “**Agreement**”) is dated as of January ____, 2013 (the “**Effective Date**”), by and among the **CITY OF PORTLAND, OREGON**, a municipal corporation of the State of Oregon, acting by and through its Office of Management and Finance (the “**City**”), and **CITY OF PORTLAND, OREGON**, a municipal corporation of the State of Oregon, acting by and through the Portland Development Commissions, the duly designated urban renewal agency of the City of Portland, Oregon (“**PDC**”), and **RIP CITY MANAGEMENT LLC**, a Delaware limited liability company (“**PAM**”). The City, PDC, and PAM are sometimes individually referred to herein as a “**Party**” and collectively as the “**Parties.**”

RECITALS

A. As provided in that certain Letter of Agreement and Binding Term Sheet dated July 18, 2012, the Chief Administrative Officer for the City of Portland and the Executive Director of PDC expressed their intent to establish PDC’s lead role in the redevelopment of the Rose Quarter area in the City of Portland, Oregon. On August 22, 2012, pursuant to Resolution No. 36950, Portland City Council authorized the Chief Administrative Officer to negotiate a separate agreement formalizing the PDC’s lead role in such redevelopment.

B. The City owns fee simple title to various parcels of real property located in or near the Rose Quarter, including parcels commonly referred to as the “East/West Garages” and the “Benton Lot.” The East/West Garages and the Benton Lot have long been integral to the operation of Veterans Memorial Coliseum (“**VMC**”) and to the health of the Spectator Facilities Fund. Specifically, the East/West Garages and the Benton Lot provide approximately \$1,300,000 of annual revenue to the Spectator Facilities Fund, provide parking in close proximity to the VMC and the Rose Garden Arena, and support the operations of VMC and the Rose Garden Arena.

C. In light of (i) the City’s, PDC’s, and PAM’s desire to redevelop the Rose Quarter and (ii) PDC’s role as the City’s urban renewal and economic development agency, the City desires to grant to PDC and PDC desires to accept from the City certain rights with respect to specified parcels of property in and around the Rose Quarter, all on the terms and conditions set forth in this Agreement.

D. The conveyances of property to be made in accordance with this Agreement are transfers of the administrative and management of City property between City bureaus or agencies in accordance with Chapter 15 of the City Charter.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. **Recitals.** The “Recitals” set forth at the beginning of this Agreement are incorporated into the body of this Agreement, as if fully set forth herein.
2. **Definitions.** Defined terms are identified by initial capital letters. Some defined terms are defined in this Section 2; others are defined in the body of this Agreement.
 - 2.1 “**Agreement**” has the meaning set forth in the introductory paragraph.
 - 2.2 “**City**” has the meaning set forth in the introductory paragraph.
 - 2.3 “**Effective Date**” has the meaning set forth in the introductory paragraph.
 - 2.4 “**Environmental Laws**” means any federal, state, or local laws, rules, or regulations (whether now existing or hereafter enacted or promulgated) and any judicial or administrative interpretation thereof, including any judicial or administrative orders or judgments related to Hazardous Substances.
 - 2.5 “**Exercise Notice**” has the meaning set forth in Section 4.2 below.
 - 2.6 “**Hazardous Substances**” means asbestos, polychlorinated biphenyls and petroleum products, and any other hazardous or toxic materials, wastes, and substances that are defined, determined, or identified as such in any federal, state, or local laws, rules, or regulations (whether now existing or hereafter enacted or promulgated).
 - 2.7 “**Minimum Parking Revenues**” has the meaning set forth in Section 5.4.1 below.
 - 2.8 “**Option Term**” has the meaning set forth in Section 4.1 below.
 - 2.9 “**PAM**” means Rip City Management LLC, a Delaware limited liability company, doing business as Portland Arena Management, formerly known as Portland Arena Management LLC, successor in interest to Oregon Arena Corporation.
 - 2.10 “**Parcel**” means each of the Parking Garage Parcel, Benton Block, Wheeler Triangle, Phase II Entertainment Parcel, and VMC Parcel, each of which is further described in Section 2.14 below.
 - 2.11 “**Parking Garages**” means the east and west public parking garages located on the Parking Garage Parcel provided that the west parking garage also includes a paved surface parking lot.
 - 2.12 “**Party**” and “**Parties**” have the meanings set forth in the introductory paragraph.
 - 2.13 “**PDC**” has the meaning set forth in the introductory paragraph. Solely for purposes of this Agreement, references to PDC shall include any successor to PDC or assignee of PDC’s interests under this Agreement.

Parcels, or all of the Parcels. Upon exercise of the Option, PDC will be obligated to accept the selected Parcel from the City, and the City will be obligated to convey or lease (as provided below) the selected Parcel or Parcels to PDC, subject to the terms hereof.

- 4.3 Failure to Exercise Option.** If PDC fails for any reason to exercise the Option during the Option Term with respect to any or all of the Parcels in the manner set forth herein, PDC will have no further rights, claim against or interest in such Parcel or Parcels. If PDC fails to timely exercise its Option rights with respect to any Parcel: (a) this Agreement will automatically terminate and be of no further force or effect with respect to such Parcel or Parcels and except as expressly set forth in this Agreement, the Parties shall have no further liability hereunder; (b) PDC will provide the City with any instruments that the City reasonably deems necessary for the purpose of removing from the public record any cloud on title to the Parcel that is attributable to the grant or existence of the Option; and (c) PDC shall deliver to the City copies of all studies, tests and other work product produced at the request of PDC and related to the Property and the City shall be free to use such work product in connection with the Property.

5. Specific Provisions for Specific Parcels

5.1 Benton Block.

- 5.1.1 Initial Five-Year Period.** In recognition of the integral role that the Benton Block plays in the operation of VMC by providing parking and staging for events at VMC, as well as events that take place on the Benton Block, which generates parking revenue for the City and revenue for VMC events, PDC agrees for a period of five (5) years commencing on the Effective Date not to take any action that will disturb, disrupt or impede any activities by the City or PAM on the Benton Block, and that all revenue generated from activities on the Benton Block during such five (5) year period shall be the sole property of the City. In the event PDC exercises its option to acquire fee title to the Benton Block during such five (5) year period and, chooses to proceed with redevelopment of the Benton Block during such five (5) year period, it will only do so on terms and conditions acceptable to PDC, the City, and PAM as determined in each party's sole discretion.
- 5.1.2 Parking and Staging.** During the initial five (5) year period discussed in Section 5.1.1 above and thereafter, PDC, the City and PAM agree to use good-faith efforts to find alternative parking and staging areas for VMC.
- 5.1.3 Post-Initial Five-Year Period.** So long as PAM has the contractual right to manage and operate the Benton Block, before undertaking a development of the Benton Block, PDC will consult with PAM and the City about the development and its effects on parking at the Benton Block and possible alternative sites, other than the Benton Block, for parking for

large vehicles (e.g., buses and semi-trucks) transporting equipment and people to and from VMC events and staging areas for vehicles loading and unloading in VMC's North Stage Lot. So long as PAM has the contractual right to manage the Benton Block, PDC agrees not to undertake a development of the Benton Block that will materially impair use of the Benton Block for parking or staging for VMC events without the prior written approval of PAM, which PAM agrees not to unreasonably withhold so long as reasonable accommodations are made for parking and staging for VMC events. In addition, if development of the Benton Block will trigger nonconforming upgrades on other City-owned parcels in the Rose Quarter, such development shall require the City's consent to such development, which consent may be withheld in the City's sole and absolute discretion. City consent shall not be required if PDC agrees to perform and pay, or cause another party to perform or pay, for work associated with such nonconforming upgrades.

5.2 Phase II Entertainment Parcel. Notwithstanding anything to the contrary set forth in this Agreement, if PDC exercises its option with respect to the Phase II Entertainment Parcel prior to it becoming a legal lot, the City and PDC shall enter into a ninety-nine (99) year lease of the Phase II Entertainment Parcel, which does not require payment of rent but does require PDC to bear all liability and expenses arising from the Phase II Entertainment Parcel, including without limitation utilities, maintenance, security, and taxes, if any. The lease shall be substantially in the form of the ground lease negotiated in accordance with Section 7.2 below. The lease shall terminate and be of no further force or effect and the City shall convey title to PDC on the terms set forth herein after the Phase II Entertainment Parcel becomes a legal lot.

5.3 VMC Parcel. The option granted herein to PDC to acquire the VMC Parcel shall be subject to the condition precedent that VMC has been demolished and removed from the VMC Parcel. Until such condition precedent has been satisfied, PDC shall have no right to acquire the VMC Parcel. All costs of demolishing and removing the VMC shall be borne by the City; *provided, however*, that any proceeds received by PDC from third parties upon the assignment of PDC's rights hereunder to the VMC Parcel or the sale or lease of the VMC Parcel shall be applied in the following order: (1) first, to reimburse PDC for costs incurred in connection with such disposition of the VMC Parcel, including any redevelopment costs; (2) second, to reimburse the City for all costs incurred in connection with the demolition and removal of VMC; and (3) third, the remainder to PDC.

5.4 Parking Garage Parcel.

5.4.1 Parking Requirements. Any redevelopment for the Parking Garage Parcel shall, when development is complete, have parking stalls in the aggregate in all of the Parking Garages equal to at least ninety-eight

percent (98%) of the parking stalls existing in the Parking Garages on the Effective Date (exclusive of the approximately 30-35 parking spaces on the surface lot located on the Parking Garage Parcel). Because the Parking Garages are used by season ticket holders of the Portland Trailblazers, PDC shall give PAM at least twelve (12) months prior written notice of any temporary closure of the Parking Garages to allow for construction on the Parking Garage Parcel. If access to the Parking Garages will be limited or denied during construction, then at least ninety-eight percent (98%) of the parking stalls existing in the Parking Garages on the Effective Date must be made available during construction of such project within a one-half mile radius of the Rose Quarter for use by patrons attending events and activities at the Rose Garden Arena, the VMC or elsewhere in the Rose Quarter. The costs of operating the replacement parking facility shall be borne by PDC, its successors or assigns. "Net Parking Revenues" shall be calculated by PDC and shall accrue to the benefit of and be paid to the City. PDC shall provide to City copies of its calculations of Net Parking Revenues on a monthly basis. Within sixty (60) days of receipt of PDC's calculation, the City shall have the right to review and comment upon PDC's calculations of Net Parking Revenues. For the purposes of this Agreement, Net Parking Revenues shall mean short term (e.g. hourly/daily) parking revenues collected during days and times when the Parking Garages are open and are collecting fees for parking, except that no parking revenues shall be remitted to the extent that the revenues represent revenues from parking spaces rented in excess of the number of spaces temporarily closed due to construction. The parties acknowledge that additional details may need to be agreed upon in determining the amount of Net Parking Revenues payable and agree to negotiate in good faith with respect to the same.

5.4.2 Bonded Debt. PDC acknowledges that there is unpaid bonded indebtedness that was used to construct the Parking Garages, which indebtedness is scheduled to be retired in 2017. Until such bonds are paid in full, PDC shall take no action which could jeopardize the tax exempt status of such bonds.

5.4.3 Ground Lease. If PDC exercises its option with respect to the Parking Garage Parcel, the City shall retain title to the Parking Garage Parcel and grant PDC a ninety-nine (99) year ground lease. The ground lease shall not require payment of rent and shall be in the form negotiated pursuant to Section 7.2.

5.4.4 Reservation of Parking Garage Revenue Rights. Notwithstanding PDC's exclusive rights contained in this Agreement or in any ground lease to PDC, the City, at all times, reserves and maintains the sole and exclusive right to operate the Parking Garages and receive any and all revenues and other income generated by or otherwise arising out of the operation of the Parking Garages, as such Parking Garages may be

remodeled, reconstructed, or otherwise altered pursuant to this Section 5.4. To accomplish the foregoing, the Parking Garages shall be subleased to the City pursuant to a sublease to be negotiated by the City and PDC on or prior to February 1, 2013. The sublease shall not require the payment of rent by the City to PDC, but may include obligations to pay the costs of (i) utilities and maintenance/repair associated with the Parking Garage (but not increases caused by the development itself), and (ii) (if applicable) taxes caused by the City's use or operation of the Parking Garages but not caused by the nature or ownership of the development.

5.5 Replacement of Lost Revenues. To minimize loss of revenue to the Spectator Facilities Fund from development of the Benton Block and/or the Parking Garage Parcel, the City agrees to: (a) meter the streets shown on Exhibit A-2a by extending the Lloyd Parking District and by increasing parking rates, and to apply up to \$200,000 of annual revenues arising from such changes to the Spectator Facilities Fund; and (b) manage the parking meters in close proximity to the Rose Quarter for the benefit of Rose Quarter activities, such as the use of parking meter hoods on certain streets to facilitate event staging at VMC.

5.6 PAM and the City Agreements and Permits. In addition to any other rights of PAM and the City hereunder, PDC, its successors and assigns must, prior to the commencement of any proposed development on any Parcel, meet with PAM and the City to discuss the nature of the development for the purpose of determining if the proposed development may cause or result in the default by PAM or the City under any agreement or permit (e.g. Transportation Management Plan, Neighborhood Livability Partnership) or cause the violation of or to move out of compliance with any law, ordinance or other governmental requirement in existence on the date of the proposed development. The parties will in good faith attempt to either alter the nature of the project, or amend the agreement or permit, in order to satisfactorily address the default, non-compliance or violation. If no mutually satisfactory solution is found, PDC, its successors and assigns may not proceed with the proposed development if PAM or the City, as applicable, reasonably believes that the development will cause or result in a material default under any currently existing agreement or permit and/or would cause PAM or the City to be in violation or move out of compliance with any law, ordinance or governmental requirement.

6. Closing

6.1 Condition to Closing. Prior to the Closing (defined in Section 6.2 below) of any Parcel, PDC, at its cost and expense, will have taken any and all action necessary to ensure that each such Parcel is a legal lot that can be lawfully transferred by the City to PDC. PDC shall obtain the City's approval as to the size and boundaries of each legal lot, which shall be consistent with the descriptions of the Parcels in

Section 2.17. The City, in its proprietary capacity, shall cooperate with PDC as needed in PDC's efforts to create legal lots.

6.2 Time and Place. Closing of the acquisition of a Parcel (each a "**Closing**" and collectively, the "**Closings**") will occur on a date (each a "**Closing Date**" and collectively, the "**Closing Dates**") selected by PDC, but not fewer than sixty (60) days after the City's receipt of the Exercise Notice. Each Closing will be handled with or without a title company as mutually agreed upon by the City and PDC.

6.3 Closing Obligations. On each Closing Date, the City and PDC will deliver the following documents:

6.3.1 The City will deliver the following:

6.3.1.1 The deed or lease described in Section 7 (and the sublease described in Section 5.3, if applicable), duly executed and acknowledged; and

6.3.1.2 Such other documents that are required of the City to close the conveyance or lease of the applicable Parcel in accordance with this Agreement.

6.3.2 PDC will deliver the following:

6.3.2.1 A signed counterpart of the lease described in Section 7 (and the sublease described in Section 5.3, if applicable), duly executed and acknowledged; and

6.3.2.2 Any other documents that are required of PDC to close the conveyance or lease of the applicable Parcel in accordance with this Agreement.

6.4 Costs. PDC will pay the premium for any title insurance policy that PDC elects to obtain, including endorsements thereto. PDC will pay the fee for recording the deed or lease required by Section 7 or a memorandum thereof.

6.5 Prorations. All items of expense incurred by the City with respect to a Parcel will be prorated as of the applicable Closing Date.

7. Deed or Lease

7.1 At the Closing for each Parcel other than the Parking Garage Parcel, the City will execute, acknowledge, and deliver to PDC a Bargain and Sale Deed, in the form attached hereto as Exhibit D, conveying the applicable Parcel to PDC, subject only to the applicable Permitted Encumbrances.

7.2 At the Closing for the Parking Garage Parcel, the City and PDC shall enter into a ground lease for a term of 99 years with no rental payments owing from PDC to

the City during the lease term. The form of the ground lease shall be negotiated by the parties in good faith and agreed upon on or prior to February 1, 2013.

- 7.3** As used in this Agreement, “Permitted Encumbrances” means all exceptions showing on a title report that are not encumbrances evidencing a monetary obligation of the City or another party, including, without limitation, easements, leases, occupancy and use rights existing as of the Effective Date (including leases and other agreements in favor of PAM whether recorded or not), and institutional controls required as part of any environmental remediation performed or being conducted on any Parcel. On and after the Effective Date, the City shall not encumber the Property, except that the City may enter into agreements that encumber the Property or any portion thereof, so long as any such agreement is terminated by the City prior to the applicable Closing Date, and except for institutional controls and involuntary encumbrances required in connection with any environmental investigation or remediation performed or being conducted on any Parcel.

8. Possession

Except as set forth in this Agreement, any Permitted Encumbrance, and the sublease referenced in Section 5.4.4, PDC shall be entitled to exclusive possession of each Parcel on and after the Closing Date for such Parcel.

9. Access to Property; Due Diligence

- 9.1** Prior to PDC entering onto the Property or any portion thereof, the City and PDC shall have agreed upon a form permit of entry granting PDC and its agents the right to enter onto the Property at any reasonable time between the date that PDC actually intends to acquire or lease a Parcel and the applicable Closing Date for such Parcel for the purpose of making inspections and conducting tests or studies that PDC may deem necessary or appropriate in connection with its acquisition or lease of the Property, as applicable. All due diligence, studies, investigations, reports, and surveys with respect to the Property shall be conducted or obtained by or at the direction of PDC at its cost and expense, and the Property shall be conveyed or leased to PDC in its “AS-IS,” “WHERE IS,” “WITH ALL FAULTS” condition without representation or warranty from the City except as expressly set forth in Section 10 below. PDC’s entry onto any Parcel shall not disrupt or any way impede the events, activities and operations occurring on such Parcel, Rose Garden Arena, VMC, or elsewhere in the Rose Quarter.

- 9.2** In furtherance of the foregoing, the City agrees that PDC and its agents, representatives, contractors and subcontractors may enter upon the Property in order to inspect the Property and to conduct reasonable tests, studies, surveys and investigations; provided, however that PDC shall obtain the City’s prior written consent to perform any invasive testing on the Property or any portion thereof, which consent shall not be unreasonably withheld, conditioned, or delayed so long as the same does not occur more than twelve (12) months prior to an anticipated

Closing Date. PDC shall promptly repair any damage to the Property caused by its activities permitted under this section. Such license is granted on the condition that PDC keep the Property free and clear of any mechanics' liens and materialmen's liens arising out of any such activities. The City shall have the right to have a representative accompany PDC and its consultants during their inspections or testing of the Property or any portion thereof. To the extent allowed by the Oregon Constitution and subject to the limitations in favor of PDC under the Oregon Tort Claims Act, PDC shall indemnify, defend and hold harmless the City and its officers, agents and employees against all actual injuries, damages, liabilities and claims, including, without limitation, the City's reasonable attorneys' fees and defense costs (collectively, "**Losses**") to the extent caused by the entry onto the Property by PDC, its agents, representatives, contractors or subcontractors. PDC's agreement of indemnity under this Section 9.2 shall survive the termination of this Agreement and/or the applicable Closings. At any time during which PDC enters the Property, PDC shall maintain general liability insurance with respect to PDC's entry upon the Property with a combined single limit of not less than Two Million Dollars (\$2,000,000), which insurance shall name the City as an additional insured. PDC shall deliver to the City a certificate evidencing that such insurance is in effect prior to entering any portion of the Property.

10. Covenants of the City

10.1 Information. The City agrees to deliver to PDC or otherwise make available for PDC to review and photocopy at PDC's expense, within thirty (30) days after request by PDC, originals, electronic copies, or photocopies of all non-privileged and non-confidential documents regarding the use, ownership, or potential development of the Property that the City possesses, including (without limitation) the following: (a) all surveys, maps, plats, aerial photographs, and other documents of a like nature; (b) all documents pertaining to any litigation, arbitration, or administrative hearing pending before any governmental authority that specifically concerns or affects the Property or any portion of it; (c) any documents pertaining to compliance by the Property with all laws, ordinances, and governmental approvals and decisions that specifically relate to it; (d) any documents pertaining to pending changes in land use designation (comprehensive plan or zoning ordinance) that apply to the Property; (e) all environmental reports and assessments of the Property, including any documents pertaining to the existence of Hazardous Substances in, on, or buried on or beneath the Property, or the emission or release from the Property of Hazardous Substances in violation of Environmental Laws, or the presence of underground storage tanks located at the Property; and (f) all management agreements, lease agreements, maintenance contracts, service agreements, or other contracts of any nature that pertain to, cover, or affect the Property or any part of it.

10.2 Ownership. During the Option Term, the City will not sell or encumber (except with Permitted Encumbrances), the Property or any part of it.

10.3 Environmental Responsibility.

10.3.1 Environmental Costs. To the extent allowed by the Oregon Constitution and the Tort Claims Act, and subject to PDC's Contribution (as defined in Section 10.3.2 below), the City agrees to indemnify, defend, and hold harmless PDC, its officers, agents, and employees against any liabilities and obligations arising from any Hazardous Substances in existence as of the Closing Date, in, on, or affecting all or any portion of the Property or any surrounding areas, including any liability arising from the Portland Harbor Superfund. In the event development of a Parcel by PDC or its assignee or successor in interest requires removal or other remediation of an Environmental Condition, the City shall bear all Remediation Costs associated with such Environmental Condition, other than PDC's Contribution, and shall indemnify and hold harmless PDC against such Remediation Costs; provided that the foregoing shall not prevent the City from seeking to recover such Remediation Costs from other potentially responsible third parties. The foregoing indemnity by the City does not include any responsibility by the City for liability arising from any Hazardous Substances that are first released upon a Parcel on or after the date that PDC or its assignee or successor in interest becomes the owner or lessee of the Parcel. To the extent allowed by the Oregon Constitution and the Tort Claims Act, PDC agrees to indemnify, defend and hold harmless the City, its officers, agents, and employees against any liabilities and obligations arising from any Hazardous Substances released, spilled, stored, or brought upon any Parcel during ownership or lease of any Parcel by PDC.

10.3.2 PDC's Contribution on Disposition of a Parcel. If a Parcel includes an Environmental Condition that must be remediated in connection with development of the Parcel, PDC shall reimburse the City for the Remediation Costs arising in connection with development thereof up to an amount equal to the Net Proceeds of Disposition ("PDC's Contribution").

10.3.3 Remediation Activities. PDC agrees to use reasonable efforts to assure that development of the Property will occur in a manner that minimizes the need for the City to incur Remediation Costs (including negotiating that a transferee of PDC incur all but Incremental Environmental Costs with respect to the development of a Parcel), that remediation efforts will be undertaken in a cost effective manner, and that the risk of claims regarding the Environmental Condition of the Property will be minimized. PDC will consult with the City and obtain input from the City regarding efforts taken to assure that development occurs and to develop the Parcel in a manner that minimizes Remediation Costs and any planned remediation of an Environmental Condition and PDC agrees to make reasonable efforts to incorporate the City's reasonable recommendations with regard thereto.

10.3.4 Phase 2 Environmental Assessments. At any time during the term of this Option, PDC may give notice to the City that PDC is contemplating redevelopment of a Parcel within 18 months. Upon receipt of such notice, PDC and the City shall enter into a Permit of Entry, with terms and conditions consistent with those set forth in Section 9.2 above, which shall permit PDC to enter the Parcel for the purpose of engaging in what is commonly referred to as a Phase 2 Environmental Assessment, including drilling, sampling, and other invasive activities. The City shall be given the right to review and comment on a draft Phase 2 Environmental Assessment before such Assessment is finalized. PDC shall provide the City with a copy of all final reports prepared by PDC or its environmental consultants under this Section 10.3.

10.3.5 Definitions. As used in this Section 10.3 the following terms have the meanings set forth below:

(a) “Environmental Condition” means the existence, as of the date a Parcel is conveyed or leased to PDC, of any Hazardous Substance at, or under, the Parcel that upon development will require environmental investigation, remedial action, and/or engineering and institutional controls established by statute or other regulatory authority, including the Oregon Department of Environmental Quality (“DEQ”).

(b) “Incremental Environmental Costs” mean the incremental environmental costs of development of a Parcel in excess of what would have been necessary if the Parcel were to be developed starting from a clean condition, including but not limited to additional haul costs, disposal costs, soil handling, worker protection, dewatering, and other costs attributed to and necessary to meet soil disposal and cleanup requirements as may be required by the DEQ..

(c) “Net Proceeds of Disposition” means 20% of gross proceeds of the sale of a Parcel received by PDC. If PDC sells a Parcel for less than fair market value, or if PDC enters into a ground lease of the property, the “Net Proceeds of Disposition” shall mean 20% of the gross proceeds of sale that would have been received had the Parcel been sold at fair market value. .

(d) “Remediation Costs” mean the costs to (i) investigate, test and study Environmental Conditions on a Parcel (including a Phase 2 Environmental Assessment); (ii) design, remove, treat, cap or otherwise remediate Environmental Conditions on a Parcel; (iii) obtain any necessary closure report, no further action letter or other documents from DEQ, United States Environmental Protection Agency, or any other government body or agency with jurisdiction over a Parcel; and (iv) any Incremental Environmental Costs.

11. Covenants of PDC

- 11.1 Notice of Planned Development Activities.** Prior to undertaking any physical development at a Parcel, PDC shall reasonably consult with the City and PAM to develop a plan for such Parcel, which shall include a site plan, a statement of proposed uses, and such other matters as reasonably necessary to determine the financial and operational impact on the Rose Quarter of the proposed development, including the Public Benefit Framework developed by PDC in 2010 and attached as Exhibit E and the public objectives and goals set forth in the existing documentation between the City and PAM for the development and operation of the VMC and the Rose Garden Arena. PDC shall provide a draft copy of such development plan to the City and PAM for their review and comments, which comments shall be provided within thirty (30) days after receipt. PDC shall consider the City's and PAM's comments and consult with the City and PAM regarding any concerns or comments. The City's comments on such plan are not made in its regulatory capacity, and nothing in this Agreement shall relieve PDC from complying with any applicable regulatory requirements of the City. Any development of a Parcel shall be subject to PAM's rights, if any, with respect to such Parcel.
- 11.2 Sharing of Consideration.** Consideration received by PDC in exchange for the sale or lease of a Parcel that PDC has acquired pursuant to this Agreement shall be shared with the City to the extent required by Section 5.3 and Section 10.3 above, but in all other instances such consideration shall be the sole property of PDC. PDC may not assign this Agreement without first obtaining the City's consent to such assignment.

12. General Provisions

- 12.1 Recording.** On the Effective Date, the City will execute, acknowledge, and deliver to PDC a Memorandum in the form attached as Exhibit F. The Memorandum, by its terms, shall automatically terminate and be of no further force and effect on the termination of this Agreement, and PDC will execute, acknowledge, and deliver to the City a statutory quitclaim deed releasing any interest in the Property upon such termination.
- 12.2 Exhibits.** The Exhibits to this Agreement referred to in the text and attached hereto are incorporated herein by this reference and made an integral part hereof.
- 12.3 Notices.** A notice or communication under this Agreement by a Party to another Party shall be sufficiently given or delivered if sent with all applicable postage or delivery charges prepaid by: (a) personal delivery; (b) sending a confirmed e-mail copy (either by automatic electronic confirmation or by affidavit of the sender) directed to the e-mail address of the party set forth below; (c) registered or certified U.S. mail, return receipt requested; or (d) delivery service or "overnight delivery" service that provides a written confirmation of delivery, each addressed to a Party as follows:

If to the City: City of Portland
1120 S.W. Fifth Avenue, Room 1204
Portland, Oregon 97204
Attn: Chief Administrative Officer
E-Mail: SpectatorFacilities@portlandoregon.gov
Confirmation No.: 503-823-5288

With a copy to: City of Portland
1221 S.W. Fourth Avenue, Suite 430
Portland, Oregon 97204
Attn: City Attorney
E-Mail: mark.moline@portlandoregon.gov
Confirmation No.: 503-823-3120

And to: Dina Alexander
Radler White Parks & Alexander LLP
111 SW Columbia Street, Suite 1100
Portland, OR 97201
E-Mail: dalexander@radlerwhite.com
Confirmation No.: 971-634-0200

If to PDC: Portland Development Commission
222 NW Fifth Avenue
Portland, Oregon 97209
Attn: Real Estate Manager
Confirmation No.: 503-823-3200

If to PAM: Portland Arena Management
One Center Court, Suite 200
Portland, Oregon 97227
Attn: Gregg Olsen, Executive Vice President
Email: Gregg.olsen@rosequarter.com
Confirmation No.: 503-797-9851

With copies to:

Lane Powell PC
601 SW Second Avenue, Suite 2100
Portland, Oregon 97204
Attn: Mike Silvey
Email: silveym@lanepowell.com
Confirmation No.: 503-778-2195

And

Portland Arena Management
One Center Court, Suite 200
Portland, Oregon 97227

Attn: General Counsel
Email: ben.lauritsen@trailblazers.com
Confirmation No.: 503-234-9291

Each Party may, by notice to the other Party, specify a different address or confirmation number for subsequent notice purposes. Notices may be sent by counsel for a Party. Notices shall be deemed effective on the earlier of actual delivery or refusal of a Party to accept delivery; provided that notices delivered by e-mail shall not be deemed effective unless simultaneously transmitted by another means allowed under this Section 12.3. For a notice to be effective, the copied persons must also be given notice.

- 12.4 Time of Essence.** Time is of the essence of the Parties' respective obligations under this Agreement.
- 12.5 Severability.** If any term or provision of this Agreement or its application to any party or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such term or provision to such party or circumstances other than those as to which it is held invalid or unenforceable shall not be affected, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 12.6 Binding Effect.** The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.
- 12.7 Captions.** The captions or titles of the sections of this Agreement are intended for ease of reference only and shall have no effect whatsoever on the construction or interpretation of any provision of this Agreement.
- 12.8 Waiver.** Failure of any party at any time to require performance of any provision of this Agreement shall not limit such party's right to enforce such provision, nor shall any waiver of any breach of any provision of this Agreement constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself. Any waiver of any provision of this Agreement shall be effective only if set forth in writing and signed by the party to be bound.
- 12.9 No Third Party Beneficiaries.** The Parties intend that the right, obligations and covenants in this Agreement shall be exclusively enforceable by the Parties. There are no third party beneficiaries to this Agreement.
- 12.10 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and when taken together shall constitute one and the same instrument. For the convenience of the Parties, the execution pages of any executed counterpart may be detached and reattached to any other executed counterpart to form one or more documents that are fully executed. This Agreement shall not be effective until all Parties have executed this Agreement or a counterpart of this Agreement.

12.11 Execution Authority. This Agreement, any amendment to this Agreement, and all agreements and contracts associated with or ancillary to this Agreement or necessary to effectuate the transactions contemplated by this Agreement, may be executed by (a) the Chief Administrative Officer of the City or his designee on behalf of the City and (b) the Executive Director of PDC or his designee on behalf of PDC.

12.12 Statutory Disclaimer. THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301, AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301, AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

IN WITNESS WHEREOF, PDC and City have executed this Agreement as of the date first set forth above.

PDC:

PORTLAND DEVELOPMENT COMMISSION,
the duly designated urban renewal agency of the
City of Portland, Oregon

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM

General Counsel
Portland Development Commission

City: CITY OF PORTLAND, OREGON, a municipal
corporation of the State of Oregon

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM

City Attorney
City of Portland

RIP CITY MANAGEMENT LLC,
d/b/a/ Portland Arena Management, a Delaware
limited liability company

By: Arena Acquisition LLC,
an Oregon limited liability company
Its: Sole Member

By: Aegean Corporation,
an Oregon corporation
Its: Manager

By: _____
Printed Name: Gregg Olson
Its: Executive Vice President/Chief
Financial Officer

Attachments:
Exhibit A—Aerial Photo of Property
Exhibit A-1—Legal Description of Parking Garage Parcel
Exhibit A-2—Legal Description of Benton Block

Exhibit A-2a—Lloyd Parking District
Exhibit A-3—Legal Description of Wheeler Triangle
Exhibit A-4—Legal Description of Phase II Entertainment Parcel
Exhibit A-5—Map of VMC Parcel
Exhibit B—Intentionally Omitted
Exhibit C—Intentionally Omitted
Exhibit D—Form of Deed
Exhibit E-- Public Benefit Framework
Exhibit F—Form of Memorandum of Option Agreement

EXHIBIT A Property Descriptions

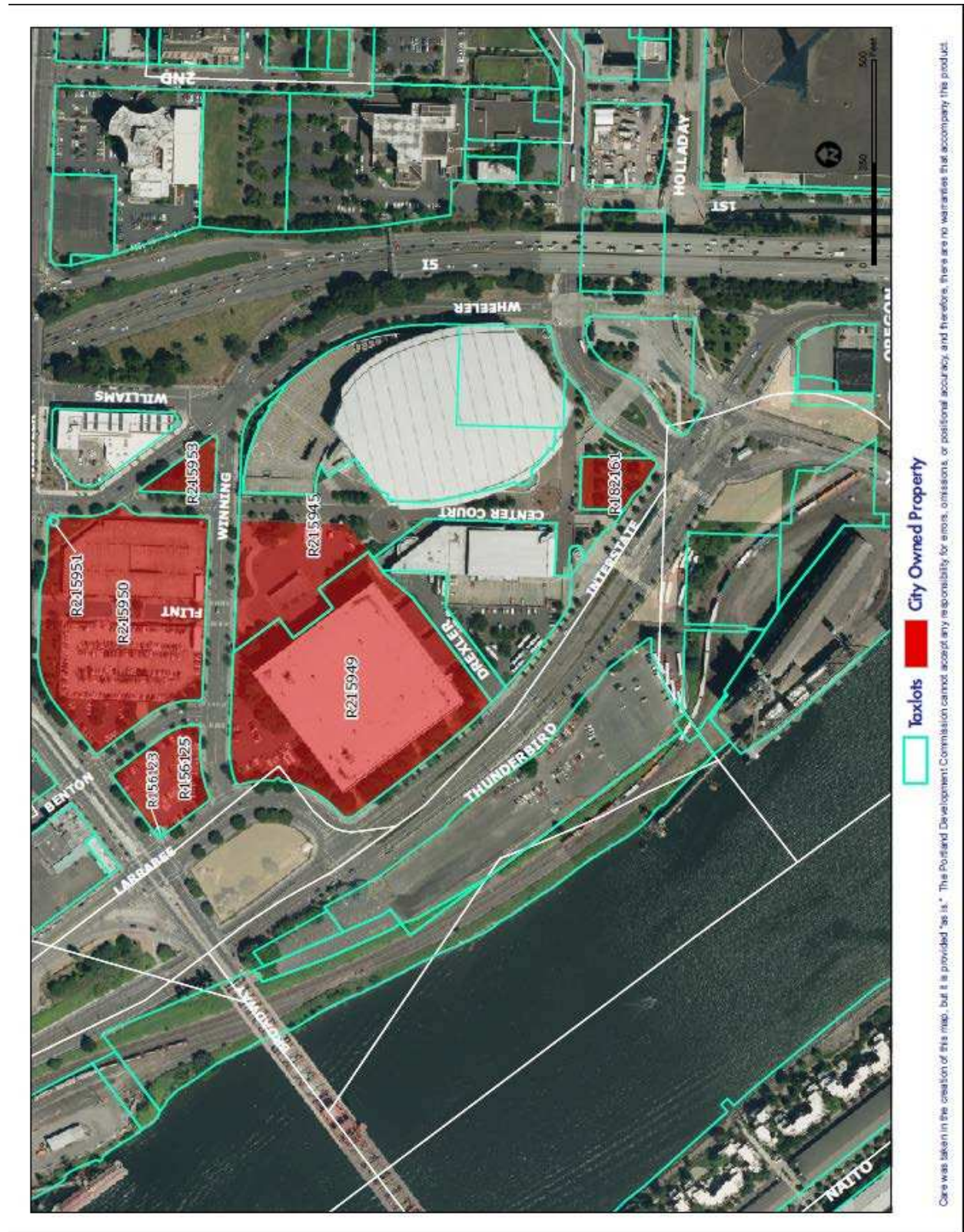


Exhibit A-1 Legal Description of Parking Garage Parcel

A tract of land situated in the Southeast one-quarter of Section 27, and in the Northeast one-quarter of Section 34, Township 1 North, Range 1 East of the Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon and more particularly described as follows:

Commencing at a monument at the intersection of the center line of vacated N. Cherry Street and the center line of vacated N. Larabee Avenue; thence North $51^{\circ}30'58''$ East along the center line of said N. Cherry Street, a distance of 585.09 feet; thence South $38^{\circ}29'02''$ East, a distance of 213.44 feet to the point of beginning for the following described tract; thence North 89 degrees $42'48''$ West, a distance of 432.09 feet to a point of curve; thence on the arc of a 7.50 foot radius curve to the right, through a central angle of $90^{\circ}00'00''$, with a chord that bears North $44^{\circ}42'48''$ West, 10.61 feet, an arc distance of 11.78 feet to a point of tangency; thence North $0^{\circ}17'12''$ East, a distance of 6.00 feet to a point of curve; thence on the arc of a 180.50 foot radius curve to the left, through a central angle of $38^{\circ}47'34''$, with a chord that bears North $19^{\circ}06'35''$ West, 119.89 feet, an arc distance of 122.21 feet to a point of tangency; thence North $38^{\circ}30'22''$ West, a distance of 153.60 feet to a point of curve; thence on the arc of a 7.50 foot radius curve to the right, through a central angle of $88^{\circ}29'14''$, with a chord that bears North $5^{\circ}44'15''$ East, 10.47 feet, an arc distance of 11.58 feet to a point of tangency; thence North $49^{\circ}58'53''$ East, a distance of 146.64 feet to a point of non-tangency; thence on the arc of a 212.50 foot radius curve to the right, through a central angle of $40^{\circ}18'19''$, with a chord that bears North $70^{\circ}08'02''$ East, 146.42 feet, an arc distance of 149.49 feet to a point of tangency; thence South 89 degrees $42'48''$ East, a distance of 141.65 feet to a point of curve; thence on the arc of a 77.50 foot radius curve to the right, through a central angle of $18^{\circ}22'34''$, with a chord that bears South $80^{\circ}31'31''$ East, 24.75 feet, an arc distance of 24.86 feet to a point of tangency; thence South 71 degrees $20'14''$ East, a distance of 8.95 feet to a point of curve; thence on the arc of a 102.50 foot radius curve to the left, through a central angle of 18 degrees $22'34''$, with a chord that bears South $80^{\circ}31'31''$ East, 32.73 feet, an arc distance of 32.87 feet to a point of tangency; thence South $89^{\circ}42'48''$ East, a distance of 100.00 feet to a point of curve; thence on the arc of a 17.50 foot radius curve to the right, through a central angle of $89^{\circ}57'16''$, with a chord that bears South $44^{\circ}44'10''$ East, 24.74 feet, an arc distance of 27.48 feet to a point of tangency; thence South $0^{\circ}14'28''$ West, a distance of 78.50 feet to a point of curve; thence on the arc of a 109.50 foot radius curve to the left, through a central angle of $38^{\circ}42'46''$, with a chord that bears South $19^{\circ}06'55''$ East, 72.59 feet, an arc distance of 73.98 feet to a point of tangency; thence South $38^{\circ}28'18''$ East, a distance of 8.58 feet to a point of curve; thence on the arc of a 12.50 foot radius curve to the right, through a central angle of $90^{\circ}00'00''$, with a chord that bears South $6^{\circ}31'42''$ West, 17.68 feet; an arc distance of 19.64 feet to a point of tangency; thence South $51^{\circ}31'42''$ West, a distance of 4.18 feet to a point of curve; thence on the arc of a 42.50 foot radius curve to the left, through a central angle of 51 degrees $14'30''$, with a chord that bears South $25^{\circ}54'27''$ West, 36.76 feet, an arc distance of 38.01 feet to a point of tangency; thence South $0^{\circ}17'12''$ West, a distance of 158.05 feet to a point of curve; thence on the arc of a 7.50 foot radius curve to the right, through a central angle of $90^{\circ}00'00''$, with a chord that bears South $45^{\circ}17'12''$ West, 10.61 feet, an arc distance of 11.78 feet to the point of beginning.

Exhibit A-2 Legal Description of Benton Block

A tract of land situated in the Southeast one-quarter of Section 27, and in the Northeast one-quarter of Section 34, Township 1 North, Range 1 East of the Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon and more particularly described as follows:

Commencing at a monument at the intersection of the center line of vacated N. Cherry Street and the center line of vacated N. Larabee Avenue; thence North $51^{\circ} 30' 58''$ East along the center line of said N. Cherry Street, a distance of 188.95 feet; thence North $38^{\circ} 29' 02''$ West, a distance of 104.73 feet to the point of beginning for the following described tract; thence North $89^{\circ} 42' 48''$ West, a distance of 42.29 feet to a point of curve; thence on the arc of a 285.50 foot radius curve to the left, thru a central angle of $25^{\circ} 01' 49''$, with a chord that bears South $77^{\circ} 46' 17''$ West, 123.73 feet, an arc length of 124.72 feet to a point of non-tangent reverse curve; thence on the arc of a 12.50 foot radius curve to the right, thru a central angle of $70^{\circ} 39' 08''$, with a chord that bears North $79^{\circ} 44' 01''$ West, 14.46 feet, an arc length of 15.41 feet to a point of non-tangency; thence North $38^{\circ} 28' 18''$ West, a distance of 142.09 feet to a point of curve; thence on the arc of a 7.50 foot radius curve to the right, thru a central of $89^{\circ} 57' 56''$, with a chord that tears North $6^{\circ} 30' 40''$ East, 10.60 feet, an arc length of 11.78 feet to a point of tangency; thence North $51^{\circ} 29' 38''$ East, a distance of 179.01 feet to a point of curve; thence on the arc of a 7.50 foot radius curve to the right, thru a central angle of $90^{\circ} 00' 00''$, with a chord that bears South $83^{\circ} 30' 22''$ East, 10.61 feet, an arc length of 11.78 feet to a point of tangency; thence South $38^{\circ} 30' 22''$ East, a distance of 153.54 feet to a point of curve; thence on the arc of a 119.50 foot radius curve to the right, thru a central of $38^{\circ} 47' 34''$, with a chord that bears South $19^{\circ} 06' 35''$ East, 79.37 feet, an arc distance of 80.91 feet to a point of tangency; thence South $0^{\circ} 17' 12''$ West, a distance of 6.00 feet to a point of curve; thence on the arc of a 7.50 foot radius curve to the right, thru a central angle of $90^{\circ} 00' 00''$, with a chord that bears South $45^{\circ} 17' 12''$ West, 10.61 feet, an arc distance of 11.78 feet to the point of beginning.

EXHIBIT A-2a Lloyd Parking District

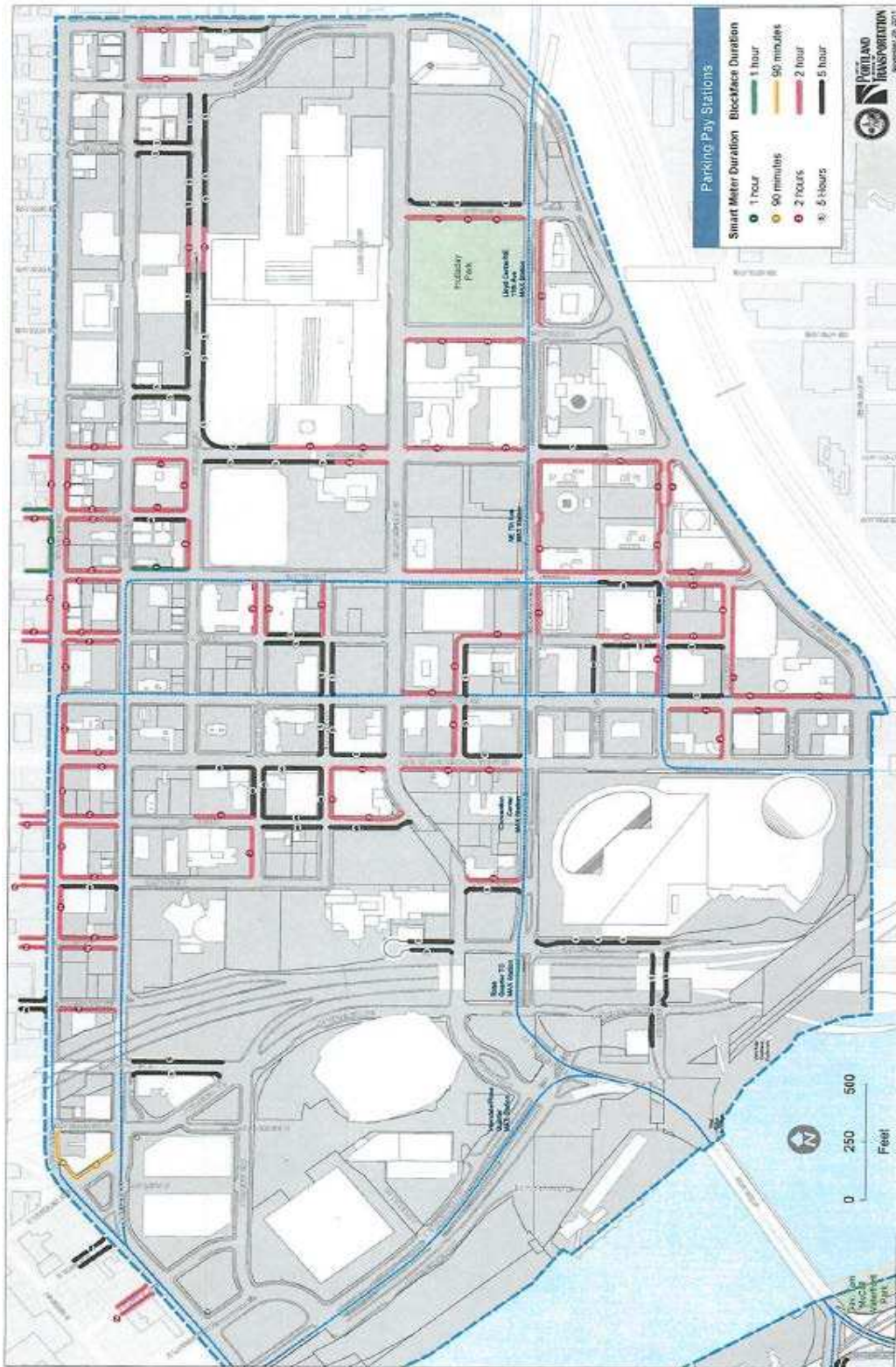


Exhibit A-3 Legal Description of Wheeler Triangle

A tract of land situated in the Northeast one-quarter of Section 34, Township 1 North, Range 1 East of the Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon and more particularly described as follows:

Commencing at a monument at the intersection of the center line of vacated N. Cherry Street and the center line of vacated N. Larabee Avenue; thence North $51^{\circ} 30' 58''$ East along the center line of said N. Cherry Street, a distance of 631.63 feet; thence South $38^{\circ} 29' 02''$ East, a distance of 255.31 feet to the point of beginning for the following described tract; thence North $0^{\circ} 17' 12''$ East, a distance of 173.01 feet to a point of curve; thence on the arc of a 2.50 foot radius curve to the right, thru a central angle of $141^{\circ} 14' 30''$, with a chord that bears North $70^{\circ} 54' 27''$ East, 4.72 feet, an arc distance of 6.16 feet to a point of tangency; thence South $38^{\circ} 28' 18''$ East, a distance of 217.86 feet to a point of curve; thence on the arc of a 7.50 foot radius curve to the right, thru a central angle of $128^{\circ} 45' 32''$, with a chord that bears South $25^{\circ} 54' 27''$ West, 13.52 feet, an arc distance of 16.85 feet to a point of tangency; thence North $89^{\circ} 42' 48''$ West, a distance of 127.49 feet to a point of curve; thence on the arc of a 7.50 foot radius curve to the right, thru a central angle of $90^{\circ} 00' 00''$, with a chord that bears North $44^{\circ} 42' 48''$ West, 10.61 feet, an arc distance of 11.78 feet to the point of beginning.

Exhibit A-4
Legal Description of Phase II Entertainment Parcel

A tract of land situated in the Northeast quarter of Section 34, Township 1 North, Range 1 East of the Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon, more particularly described as follows:

Commencing at a monument at the intersection of the center line of vacated N. Cherry Street and the center line of vacated N. Larabee Avenue; thence proceeding South 38° 28' 52" East along the center line of said Larabee Avenue, 1031.95 feet to the point of beginning for the following described tract; thence North 0° 19' 37" East, a distance of 100.77 feet; thence South 89° 42' 20" East, a distance of 128.00 feet; thence South 0° 19' 37" West, a distance of 170.91 feet to a point of non-tangent curve; thence on the arc of a 300.50 foot radius curve to the left, thru a central angle of 1° 40' 57" with a chord that bears South 32° 07' 22" West, 8.82 feet, an arc distance of 8.82 feet to a point of tangency; thence South 31° 17' 12" West, a distance of 16.80 feet to a point of curve; thence on the arc of a 12.50 foot radius curve to the right, thru a central angle of 89° 58' 56", with a chord that bears South 76° 16' 40" West, 17.67 feet, an arc distance of 19.63 feet to a point of compound curve; thence on the arc of a 37.50 foot radius curve to the right, thru a central angle of 20° 59' 54", with a chord that bears North 48° 14' 31" West, 13.67 feet, an arc distance of 13.74 feet to a point of tangency; thence North 37° 44' 34" West, a distance of 59.65 feet to a point of curve; thence on the arc of a 62.50 foot radius curve to the left, thru a central angle of 20° 59' 16", with a chord that bears North 48° 14' 31" West, 22.77 feet, an arc distance of 22.89 feet to a point of tangency; thence North 58° 43' 52" West, a distance of 39.02 feet; thence North 0° 19' 37" East, a distance of 5.13 feet to the point of beginning.

EXCEPTING THEREFROM that portion lying in N. Interstate Avenue as described in Ordinance No. 175532, recorded May 7, 2001 as Recorder's Fee No. 2001-066348.

Exhibit A-5 Legal Description of VMC Parcel

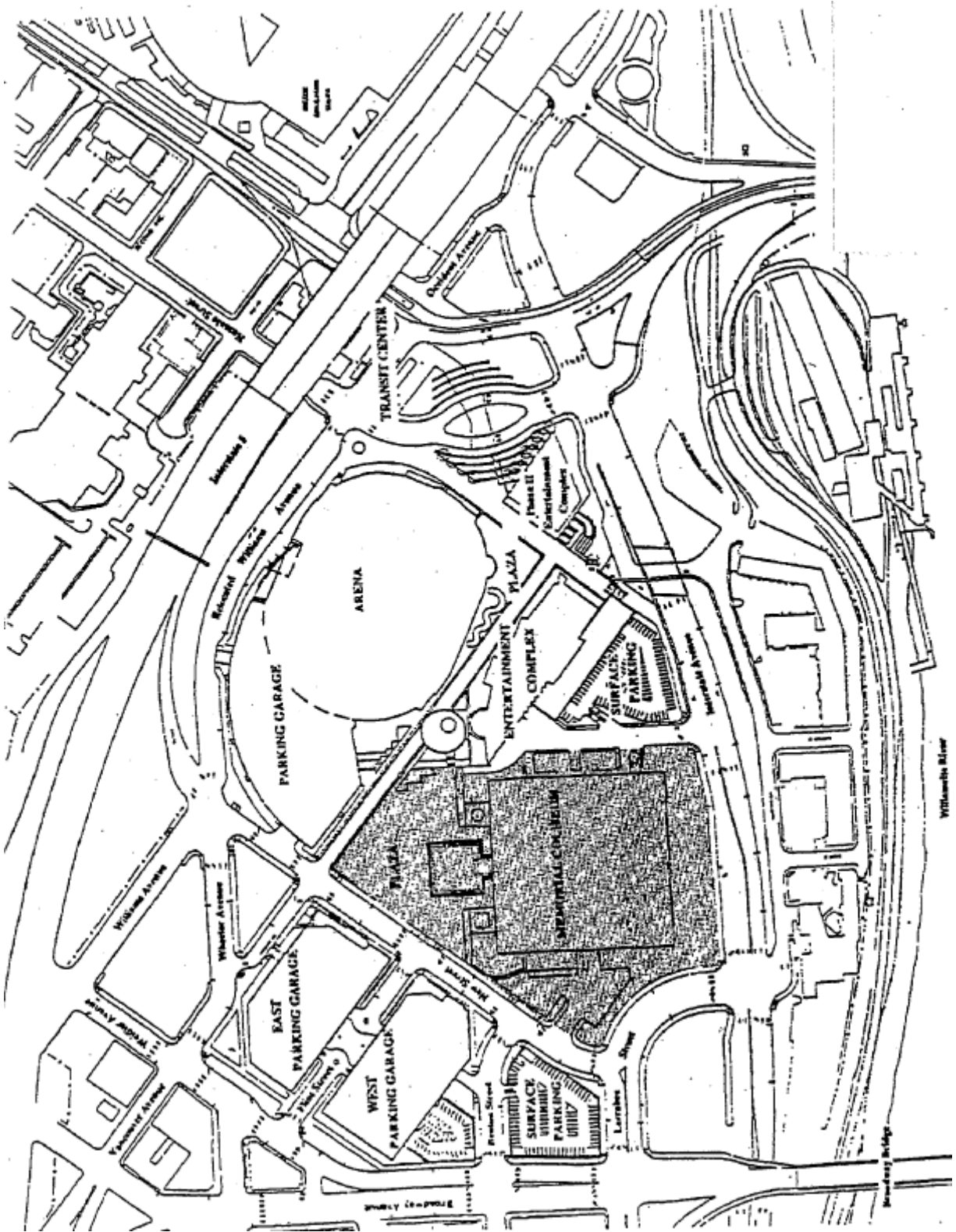


EXHIBIT B
Intentionally Omitted

EXHIBIT C
Intentionally Omitted

EXHIBIT D
Form of Deed

After recording, return to:

Jonathon L. Goodling
Miller Nash LLP
111 S.W. Fifth Avenue, Suite 3400
Portland, Oregon 97204

*Until a change is requested, all tax statements
shall be sent to the following address:*

PORTLAND DEVELOPMENT COMMISSION
as the duly designated Urban Renewal Agency
of the City of Portland
222 N.W. Fifth Avenue
Portland, Oregon 97209
ATTN: Real Estate Manager

BARGAIN AND SALE DEED

The **CITY OF PORTLAND**, a municipal corporation of the State of Oregon, acting by and through the Office of Management and Finance, Grantor, conveys to the **CITY OF PORTLAND**, a municipal corporation of the State of Oregon, acting by and through the **PORTLAND DEVELOPMENT COMMISSION**, as the duly designated Urban Renewal Agency of the City of Portland, Grantee, the real property located in Multnomah County, Oregon, and described on the attached Exhibit A.

The true consideration for this conveyance is value other than monetary consideration.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON

LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

Dated this _____ day of _____, 20__.

CITY OF PORTLAND, a municipal corporation of the State of Oregon

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

City Attorney

State of OREGON


County of _____

This instrument was acknowledged before me on _____, 20__,
by _____ as _____ of
CITY OF PORTLAND, a municipal corporation of the State of Oregon.

Notary Public for the State of Oregon

EXHIBIT A
Legal Description

Exhibit E Public Benefit Framework



Rose Quarter Community Benefits Subcommittee Final Recommendations, November 2010

I. Construction/Contracting Returns

1) Goal for certified Minority- or Women-owned subcontractors

Businesses owned by historically disadvantaged or underrepresented people, including people of color- and women-owned businesses, make up not less than 20% of all dollars on the project.

2) Goal for joint ventures with certified Minority- or Women-owned firms

Incent joint ventures with local minority – or women-owned businesses to make up not less than 35% of the joint venture.

3) Local contracting

Require meaningful percentage (min. 35%) of contractors to be local, defined as registered within Multnomah, Clackamas, Washington, or Clark County.

4) Green building requirements

Adhere to the PDC Green Building Policy.

5) Local material sourcing

Require a meaningful percentage of construction materials to be sourced locally.



Rose Quarter Community Benefits Subcommittee Final Recommendations, November 2010

II. Workforce Training & Hiring Returns

6) **Goals for apprentices**

Adhere to PDC policy requiring 20% of project hours to be worked by apprentices. Implement policy for the purpose of tracking.

Provide resources for the pre-apprenticeship training of prospective workers.

7) **Goals for workforce diversity**

Establish workforce diversity goals for historically underutilized individuals including women and people of color.

8) **Requirement for contractors to be BOLI-registered training agents**

Require each prime contractor with a \$200,000 contract or greater and each subcontractor with a \$100,000 contract or greater to be a BOLI registered Training Agent who is registered with a Joint Apprenticeship and Training Committee (JATC) that has been in existence for a minimum of five (5) consecutive years and has produced graduates.

9) **Local hire (construction jobs)**

Require a meaningful percentage (min. 75%) of workers to be local residents, defined as living within Multnomah, Clackamas, Washington, or Clark County.

10) **First-source hire (construction jobs)**

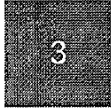
Require a first-source hiring agreement to meet workforce diversity goals. Establish meaningful percentage for residents of the City of Portland.

11) **Encourage contractors to hire formerly incarcerated individuals.**

12) **Encourage contractors to hire veterans.**

13) **Family-wage/prevaling wage/benefits (construction jobs)**

Include prevailing wage/family-wage requirements for construction-related jobs; strive to ensure access to adequate and affordable health insurance for construction-related jobs.



Rose Quarter Community Benefits Subcommittee
Final Recommendations, November 2010

III. Local Business Returns

14) Retail/commercial participation goals for local businesses

Set retail/commercial participation goals for local businesses and locally-owned franchises registered in the City of Portland.

15) Local purchasing requirements for larger businesses

Set local purchasing requirements for larger businesses. Guidelines to be negotiated.



Rose Quarter Community Benefits Subcommittee Final Recommendations, November 2010

IV. Economic Returns

16) Financial contributions to the community

Recommend that the developer provide financial contributions to the community beyond their private investment in the development, such as the following:

- Create a local entrepreneur fund for the benefit of M/W/ESB businesses.
- 1% of gross revenue from sales in the new development in the Rose Quarter, including Memorial Coliseum and all Rose Quarter parking, but not including the Rose Garden, will be used to establish a community-based fund with guidelines to be negotiated. Revenues would be dispersed to organizations that submit proposals based on established criteria.
- Charge a \$1.99 service fee on all retail sales in the Rose Quarter including but not limited to the Rose Garden, the Memorial Coliseum, and any other venue in the Rose Quarter in which individual sales are over \$30.00; sporting, concert, and special events tickets would each include a \$1.99 fee. The fee will be used to establish a community-based fund with guidelines to be negotiated. Fees would be dispersed to organizations that submit proposals based on established criteria.

17) Local hire – non-construction jobs (permanent jobs) created by the project

Require a meaningful percentage (min. 35%) of workers hired for permanent jobs created by the project to be local residents, defined as living within a 75-mile radius of the project area.

18) Encourage tenants to hire formerly incarcerated individuals.

19) Encourage tenants to hire veterans.

20) Encourage tenants to hire older adults.

21) Living wage/benefits goal for jobs related to the project (non-construction)

Require living wage/benefits for non-construction jobs created by the project.



Rose Quarter Community Benefits Subcommittee
Final Recommendations, November 2010

V. Sustainability/Non-Economic Returns

22) Funding for public art

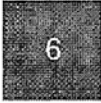
Adhere to the two percent policy of the City of Portland but dedicate 75% of these funds for local artists only.

23) Community use of facilities

Defer to the Eliot Neighborhood Association and recommend that community use of facilities be addressed through a Good Neighbor Agreement.

24) Mitigations beyond those required under state/local law that address parking, traffic, increased pollution, and other environmental impacts

Defer to the Eliot Neighborhood Association and recommend that these issues be addressed through a Good Neighbor Agreement.



Rose Quarter Community Benefits Subcommittee Final Recommendations, November 2010

VI. Additional recommendations

- 25) The subcommittee recommends that the CBA includes reporting requirements and establishes a committee to monitor and enforce the agreement and to maintain a dialogue between the developer and the community.

- 26) The subcommittee recommends that the CBA be referenced in the development agreement between the developer and PDC; the CBA is enforceable between the community and the developer. The City and PDC will continue to evaluate whether making a CBA a condition of land use approval is feasible.

EXHIBIT F
Form of Memorandum of Option Agreement

After recording return to:

Jonathon L. Goodling
Miller Nash LLP
111 S.W. Fifth Avenue, Suite 3400
Portland, Oregon 97204

MEMORANDUM OF OPTION AGREEMENT

The CITY OF PORTLAND, an Oregon municipal corporation, acting by and through the Office of Management and Finance (the “City”), and PORTLAND DEVELOPMENT COMMISSION, the duly designated urban renewal agency of the City of Portland, Oregon (“PDC”), have entered into an Option Agreement dated _____, 20__ (the “Option Agreement”), wherein the City has granted to PDC the sole and exclusive option to acquire or lease the property described in Exhibit A. The term of the option will expire on _____, 2028.

This Memorandum is being executed and recorded in the Official Records of Multnomah County, Oregon, to give notice of the provisions of the Option Agreement and will not be deemed or construed to define, limit, or modify the Option Agreement in any manner.

Executed as of _____, 2013.

PDC: PORTLAND DEVELOPMENT COMMISSION,
the duly designated urban renewal agency of the
City of Portland, Oregon

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM

City: CITY OF PORTLAND, OREGON, a municipal
corporation of the State of Oregon

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM

City Attorney
City of Portland

STATE OF OREGON)
) **ss.**
County of Multnomah)

This instrument was acknowledged before me on _____, 2012, by _____, as _____ of the City of Portland, Oregon, a municipal corporation, on behalf of said City.

Notary Public for Oregon

STATE OF OREGON)
) **ss.**
County of Multnomah)

This instrument was acknowledged before me on _____, 2012, by _____, as _____ of Portland Development Commission, the urban renewal agency of the City of Portland, Oregon, on behalf of said agency.

Notary Public for Oregon

RESOLUTION NO. 6982

RESOLUTION TITLE:

AUTHORIZING AN OPTION AGREEMENT GRANTING PDC THE RIGHT TO ACCEPT TRANSFER OF CERTAIN REAL PROPERTIES INTERESTS WITHIN THE ROSE QUARTER FROM THE CITY OF PORTLAND

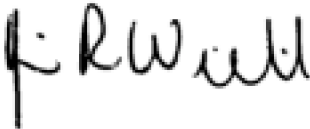
Adopted by the Portland Development Commission on November 29, 2012

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Scott Andrews	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Aneshka Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner Steven Straus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Charles Wilhoite	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

CERTIFICATION

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and as duly recorded in the official minutes of the meeting.

	<p>Date:</p> <p>December 3, 2012</p>
<p>Gina Wiedrick, Recording Secretary</p>	