

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6626

**AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A
LEASEHOLD PURCHASE AND SALE AGREEMENT WITH THE
CANTERBURY GROUP, INC. FOR THE SALE OF A
LEASEHOLD INTEREST TO UNIMPROVED REAL PROPERTY
LOCATED WITHIN CASCADE STATION IN THE AIRPORT
WAY URBAN RENEWAL AREA AT A SALES PRICE OF UP TO
\$971,200**

WHEREAS, Cascade Station is a 120-acre parcel of land within the Portland International Center, owned by the Port of Portland ("Port") and located at the southwest corner of the intersection of Interstate 205 and Airport Way within the Airport Way Urban Renewal District;

WHEREAS, in February 1999, the Portland City Council adopted the Cascade Station/Portland International Center Plan District (1999 Plan District), which established land use and development entitlements and restrictions for the development at Cascade Station;

WHEREAS, on June 11, 1999, (Resolution No. 5278) the Portland Development Commission ("PDC") authorized a Development Agreement with Cascade Station Development Company, LLC, ("CSDC"), a joint venture of Ben UIC Holdings, Inc. ("Bechtel") and Trammell Crow Portland Development, Inc., which provided for, among other things, the development by CSDC of the basic site infrastructure, light rail facilities, bridges and landscaping and established design standards, maximum development rights, plan approval processes and PDC's goals for employment in the URA via PDC's Quality Jobs Program;

WHEREAS, the infrastructure at Cascade Station was paid for by monies advanced by the CSDC, the Port, TriMet, and PDC;

WHEREAS, in exchange for PDC's agreement to pay for a portion of the costs of the Airport MAX Line, the Port agreed to grant the rights for Cascade Station development to PDC, whose development rights were subsequently assigned to CSDC in exchange for, among other things, an Assignment Fee Payment Agreement ("Junior Obligation") executed by CSDC in favor of PDC in the amount of \$14 million;

WHEREAS, on February 17, 2005, the Portland City Council adopted an ordinance amending the 1999 Plan District to, among other things, allow a different mix of uses to facilitate the development of Cascade Station and to achieve the goals and objectives established by the City;

WHEREAS, on June 22, 2005, the PDC Board of Commissioners ("Board") approved PDC Resolution No. 6263 relating to the development at Cascade Station including approval of a First and Second Amended Development Agreement to allow for a different mix of uses and plan approval processes;

WHEREAS, pursuant to Resolution No. 6263, the PDC Board authorized PDC's acquisition of development and lease rights held by CSDC pursuant to a certain Ground Lease dated as of July 13, 2006, by and between the Port, as lessor, and CSDC, as lessee, which covers approximately thirty-six (36) acres in Cascade Station ("PDC Parcels"), all of which is more particularly described in (i) a certain Restructure Agreement dated as of May 17, 2006, by and among PDC, CSDC and Trammell Crow Portland Development, Inc. and (ii) a certain Assignment of Ground Lease dated as of July 13, 2006, by and between CSDC, as assignor, and PDC, as assignee;

WHEREAS, in August 2006, PDC staff issued Request For Proposals #06-06 for Cascade Station Broker Representation to market the 36 acres for sale and development, and received five (5) proposals from qualified firms; the Grubb & Ellis Company was recommended by the Evaluation Committee following review of the submittals and interviews of four short-listed firms;

WHEREAS, on October 25, 2006, (Resolution No. 6399), the Board authorized execution of a Professional Services Contract with Grubb & Ellis;

WHEREAS, on May 2, 2008, the Perotti Group, in representing the Canterbury Group, Inc. ("Purchaser"), submitted a proposal to acquire from PDC a leasehold interest ("Leasehold Estate") in approximately two (2) acres of the PDC Parcels ("Canterbury Parcel");

WHEREAS, PDC, with the assistance of its broker, Grubb & Ellis Company, and Purchaser's representatives have negotiated the terms and conditions for Purchaser's acquisition of a Leasehold Estate in the Canterbury Parcel as set forth in the Leasehold Purchase and Sale Agreement ("PSA") attached hereto as Exhibit A;

WHEREAS, subject to the satisfaction of certain conditions precedent, PDC desires to sell to Purchaser the Leasehold Estate in the Canterbury Parcel for the purpose of enabling Purchaser to develop a 85 – 110 room hotel which will be developed, operated and managed under one of the PDC-approved hotel brands listed on Exhibit B-3 of the PSA;

WHEREAS, PDC desires to provide to Purchaser an option to adjust the square footage of the Leasehold Estate in the Canterbury Parcel by not more than 10,000 square feet ("Additional Area") at a price of \$10.00 per square foot; and

WHEREAS, PDC and Purchaser desire to memorialize the terms and conditions for the sale by PDC to Purchaser of a Leasehold Estate in the Canterbury Parcel pursuant to the PSA.

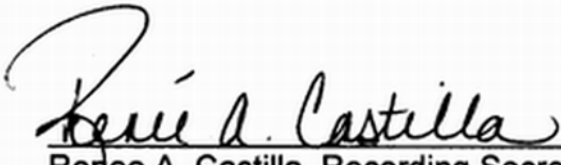
NOW, THEREFORE, BE IT RESOLVED that the Executive Director is hereby authorized to execute the PSA in substantially the form attached hereto as Exhibit "A" with Purchaser to memorialize the terms and conditions for the sale of the Leasehold Estate in the Canterbury Parcel for a sales price of \$871,200, as may be adjusted at \$10.00 per square foot for up to 10,000 square feet ("Purchase Price");

BE IT FURTHER RESOLVED that the Executive Director is further authorized to (a) approve adjustments to decrease the Purchase Price in an amount not to exceed five percent (5%) of the Purchase Price and (b) may allow extensions to the times of performance not exceeding a total of 120 calendar days;

BE IT FURTHER RESOLVED that the Executive Director is further authorized to execute all other documents as shall be necessary to effectuate this transaction; and

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

Adopted by the Portland Development Commission on August 13, 2008.



Renee A. Castilla
Renee A. Castilla, Recording Secretary

LEASEHOLD PURCHASE AND SALE AGREEMENT
[2-ACRE HOTEL DEVELOPMENT ON PARCEL E]

This LEASEHOLD PURCHASE AND SALE AGREEMENT (the “Agreement”) is made and entered into as of _____, 2008 (the “Effective Date”), by and between the PORTLAND DEVELOPMENT COMMISSION, the duly designated urban renewal agency of the City of Portland, Oregon, a municipal corporation of the State of Oregon (“Seller”) and CANTERBURY GROUP, INC., an Oregon corporation, and its permitted assigns (“Buyer”). Capitalized terms used herein have the respective meanings set forth in the attached Exhibit A.

Recitals:

A. Pursuant to that certain Master Development Agreement dated as of May 28, 1999 (as amended from time to time, the “Master Development Agreement”), by and between the Port of Portland, a port district of the State of Oregon (the “Port”), and the Seller, the Port granted Seller the exclusive right to lease and develop certain real property commonly known as Cascade Station, located at the Portland International Airport in Portland, Oregon (“Cascade Station”).

B. Pursuant to that certain Assignment and Assumption of Certain Rights and Obligations under Master Development Agreement dated as of June 15, 1999, by and between Seller and the Cascade Station Development Company, LLC (“CSDC”), CSDC acquired the development and lease rights held by Seller under the Master Development Agreement, including the right to enter into up to twenty (20) ground leases covering, in the aggregate, the 117.5 developable acres of Cascade Station, each for an initial term expiring on June 30, 2084 (the “Initial Term”), with an option to extend for a period of fourteen (14) years to June 30, 2098 (the “Extension Term”), and the right to assign such ground leases, subject to obtaining the Port’s consent.

C. Pursuant to that certain Assignment of Ground Lease dated as of July 13, 2006, by and between the CSDC and Seller, Seller acquired the development and lease rights held by CSDC pursuant to a certain Ground Lease dated as of July 13, 2006, by and between the Port, as lessor, and CSDC, as lessee, which covers that portion of Cascade Station containing approximately 7.797 acres of land and legally described on the attached Exhibit B-1 (“Parcel E”).

D. Subject to the terms and conditions set forth in this Agreement, Buyer wishes to acquire a leasehold estate (“Leasehold Estate”) for the Initial Term (with rights to the Extension Term), in and to that portion of Parcel E containing approximately 2.0 acres of land which is legally described on the attached Exhibit B-2 (“Canterbury Parcel Primary Site”) with an option to expand the Leasehold Estate in the Canterbury Parcel Primary Site by not more than 10,000 square feet of Additional Area (as hereinafter defined), the location of which shall be approved by Seller in its sole discretion. Buyer intends to acquire the Canterbury Parcel (as hereinafter defined) for the purpose of constructing, developing and operating thereon a hotel containing not less than 85 nor more than 110 guest rooms, along with associated parking, landscaping and other site work (collectively, “Canterbury Hotel Development”). The Canterbury Hotel Development shall be developed, operated and managed under one of the Seller-approved hotel brands listed on Exhibit B-3 (“Approved Hotel Brands”).

E. The Leasehold Estate shall be granted to Buyer pursuant to a Ground Lease in substantially the form attached as Exhibit C (with such changes thereto as may be required by the Port (whose approval is required)) (“Ground Lease”), to be entered into at the Closing by and between the Port, as ground lessor, and Seller, as ground lessee, and (ii) an assignment by Seller to Buyer of all of the ground lessee’s right, title, and interest in, to, and under the Ground Lease and an assumption by Buyer of all of the ground lessee’s duties, liabilities, and obligations in, to, and under such Ground Lease arising from and after the Closing Date (“Ground Lease Assignment”).

F. A current schematic site plan for a portion of Cascade Station showing the Canterbury Parcel Primary Site is attached as Exhibit B-4 (the “Schematic Site Plan”). Buyer warrants to Seller that the Canterbury Hotel Development shall be designed in a manner which is functionally similar to that portion of the Schematic Site Plan designated as, “Canterbury Hotel Development.”

Agreements:

In consideration of the foregoing, the mutual covenants of the parties set forth in this Agreement, and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties, intending to be legally bound, agree as follows:

1. Purchase and Sale of Leasehold Estate.

1.1. Agreement to Purchase and Sell.

1.1.1. On the terms and subject to the conditions set forth in this Agreement, and in consideration of the payment and assumptions contemplated by Section 1.1.2, Seller agrees (i) to enter into the Ground Lease as ground lessee at Closing pursuant to and in accordance with the PDC Ground Lease Supplemental Agreement, and (ii) to assign to Buyer at Closing all of the ground lessee’s right, title, and interest in, to, and under the Ground Lease.

1.1.2. On the terms and subject to the conditions set forth in this Agreement, and in consideration of the assignments contemplated by clause (ii) of Section 1.1.1, Buyer agrees (i) to pay to Seller at Closing immediately available, good funds in the amount of (a) Eight Hundred Seventy-One Thousand Two Hundred Dollars (\$871,200) in the event that Buyer acquires a Leasehold Estate in and to the Canterbury Parcel Primary Site only or (b) the sum of Eight Hundred Seventy-One Thousand Two Hundred Dollars (\$871,200), plus Ten Dollars (\$10) per square foot of the Additional Area approved by Seller in accordance with the provisions of Section 2.5, in the event that Buyer acquires a Leasehold Estate in and to the Canterbury Parcel Primary Site and the Additional Area (the “Purchase Price”); and (ii) to assume all of the ground lessee’s duties, liabilities, and obligations in, to, and under the Ground Lease arising from and after the Closing Date.

1.2. Earnest Money.

1.2.1. Within five (5) Business Days after the Effective Date, Buyer shall deposit with the Escrow Agent immediately available, good funds in the amount of Seventy-Five

Thousand and No/100 Dollars (\$75,000.00). The foregoing deposit, together with all interest earned thereon, is referred to herein as the “Earnest Money.” The Earnest Money shall be deposited by the Escrow Agent in a federally-insured, interest-bearing account.

1.2.2. Except as otherwise provided in Section 7.3, the Earnest Money shall be nonrefundable to Buyer subsequent to the Inspection Period. Prior to the end of the Inspection Period, the Earnest Money shall be refundable to Buyer ONLY pursuant to one or more of the following circumstances:

- (a) Buyer terminates this Agreement in accordance with Section 2.1.3;
- (b) Buyer terminates this Agreement due to a failure of any of the conditions set forth in Sections 3.2.3 through 3.2.11;
- (c) Buyer terminates this Agreement pursuant to Section 7.1 due to a Breach by Seller of any obligation hereunder occurring prior to Closing; or
- (d) Seller fails to close the transaction contemplated hereunder after the satisfaction or waiver of all conditions precedent to Seller’s obligation to do so and Buyer does not elect to seek specific performance of Seller’s obligation to close such transaction.

1.2.3. Upon the occurrence of any of the events set forth in Sections 1.2.2(a) through 1.2.2(d), the parties shall promptly instruct the Escrow Agent to pay the Earnest Money to Buyer. If this Agreement is terminated under any circumstances other than those described in Sections 1.2.2(a) through 1.2.2(d), the parties shall promptly instruct the Escrow Agent to pay the Earnest Money to Seller. At the Closing, the Earnest Money shall be paid to Seller and credited against the Purchase Price.

2. Pre-Closing Matters.

2.1. Title Matters.

2.1.1. A pro forma title insurance policy with respect to the Canterbury Parcel Primary Site that is satisfactory to both Seller and Buyer is attached as Exhibit E (“Pro Forma Title Policy”). Seller has previously provided to Buyer copies of all exceptions to title to the Canterbury Parcel Primary Site that are set forth in the Pro Forma Title Policy and that encumber the Canterbury Parcel Primary Site as of the Effective Date. All exceptions to title set forth in the Pro Forma Title Policy are referred to herein as the “Permitted Exceptions.”

Seller and Buyer agree that the Pro Forma Title Policy shall be updated (“Updated Pro Forma Title Policy”) within ten (10) Business Days after the Leasehold Purchase Option Termination Date to reflect Buyer’s election, if any, to expand the Leasehold Estate in and to the Canterbury Parcel Primary Site by the Additional Area. Seller shall provide to Buyer copies of all

exceptions to title to the Additional Area that are set forth in the Updated Pro Forma Title Policy. Subject to Sections 2.1.2 and 2.1.3, the Updated Pro Forma Title Policy shall thereafter constitute the Pro Forma Title Policy with respect to the Canterbury Parcel in question for all purposes of this Agreement, and the new exception(s), if any, shall be included in the Permitted Exceptions for the Canterbury Parcel.

2.1.2. In the event that, at any time after the Effective Date and prior to the Closing, Seller becomes aware of any exception to title to the Canterbury Parcel that is not set forth in the Pro Forma Title Policy and that will encumber the Canterbury Parcel after the Closing, Seller shall promptly (and in all events at least ten (10) Business Days prior to the scheduled Closing Date) cause the Title Company to deliver to Buyer a revised pro forma title insurance policy reflecting such new exception (“Revised Pro Forma Title Policy”), together with complete and legible copies of all documents of record relating to such exception. Within ten (10) Business Days after receipt of any Revised Pro Forma Title Policy and the associated title documents, Buyer shall give notice to Seller identifying any of the new exceptions reflected therein to which Buyer objects. In the event Buyer fails to give any such notice within such ten (10) Business Day period, Buyer shall be conclusively deemed not to object to any of such exceptions, the Revised Pro Forma Title Policy shall thereafter constitute the Pro Forma Title Policy with respect to the Canterbury Parcel in question for all purposes of this Agreement, and the new exception(s) shall be included in the Permitted Exceptions for the Canterbury Parcel.

2.1.3. In the event Buyer gives timely notice pursuant to Section 2.1.2 objecting to any new exception reflected in a Revised Pro Forma Title Policy, Seller shall give notice to Buyer within five (5) Business Days after receipt of Buyer’s notice of objection if Seller is unwilling or unable to remove such exception from title to the Canterbury Parcel or otherwise cure such exception (which cure shall be reasonably acceptable to Buyer) prior to or at the Closing. To the extent that Seller does not give timely notice with respect to any exception to which Buyer has objected, Seller shall, at its sole expense, remove such exception from title to the Canterbury Parcel, or otherwise cure such exception, prior to or at the Closing. In the event Seller gives timely notice that it is unwilling or unable to remove or cure any exception to which Buyer has objected, Seller shall not be obligated to do so and Buyer shall be entitled to terminate this Agreement by notice to Seller given within five (5) Business Days after receipt of Seller’s notice under this Section 2.1.3. In the event Buyer fails to give a timely notice of termination, Buyer shall be conclusively deemed to have accepted the exception to which it previously objected, the Revised Pro Forma Title Policy containing such exception shall thereafter constitute the Pro Forma Title Policy with respect to the Canterbury Parcel in question for all purposes of this Agreement, and such exception shall be included in the Permitted Exceptions for the Canterbury Parcel.

2.2. Delivery of Certain Documents. Seller has previously delivered to Buyer (i) a copy of the Existing Environmental Assessment, (ii) copies of certain geotechnical surveys of Cascade Station prepared by GeoDesigns, Inc., and dated February 10, 1999, April 27, 2001, and September 8, 2004; and (iii) copies of the Plan District, the FONSI ROD, the NEPA Assessment, the Memorandum of Agreement, the Design Standards, the Restated CC&Rs, and the Development Limitations Declaration. Buyer acknowledges and agrees that neither Seller nor any of its representatives shall have any responsibility or liability whatsoever for the completeness or accuracy of any documents delivered to Buyer pursuant to this Agreement, that Seller is making no representation with respect to such documents, and that Buyer assumes and

accepts the entire responsibility for interpreting and assessing the information provided and will rely solely on Buyer's own judgment in making Buyer's decision whether to purchase the Leasehold Estate.

2.3. Pre-Closing Access to the Canterbury Parcel.

2.3.1. From time to time prior to the Closing or the earlier termination of this Agreement, and upon reasonable prior notice from Buyer to Seller, Buyer and its agents, employees, contractors, consultants, and other representatives shall be entitled to access to the Canterbury Parcel at reasonable times for the purpose of conducting, at Buyer's sole cost and expense, any investigation or test reasonably related to Buyer's purchase of the Leasehold Estate or prospective use of the Canterbury Parcel, including environmental assessments and testing; provided that Buyer shall obtain Seller's consent through the issuance of an entry permit by Seller, before conducting any Phase 2 environmental investigation or other invasive testing of the Canterbury Parcel; provided further that in the event Buyer or any of its consultants intends to use any equipment more than thirty (30) feet in height in connection with any investigation of the Canterbury Parcel, Buyer shall give notice to the Port and shall, if required by the Port, submit a Form 7460-1 for approval by the FAA before placing or using any such equipment on the Canterbury Parcel. Buyer acknowledges that before giving its consent to any proposed Phase 2 environmental investigation or other invasive testing, Seller may be required to obtain the consent of the Port. Seller agrees to use its Diligent Efforts to obtain any such consent in a timely manner.

2.3.2. Buyer shall (i) indemnify, defend, and hold harmless Seller, the Port, and their respective successors, assigns, members, directors, officers, and employees from and against any and all Damages arising from or related to Buyer's activities on the Canterbury Parcel pursuant to this Section 2.3, except to the extent caused by the willful or negligent act or omission of Seller, the Port, or any of their respective agents, contractors, or employees; and (ii) promptly restore the Canterbury Parcel to its original condition in accordance with good engineering practices; and (iii) fully compensate Seller and the Port (as their respective interests may appear) for any physical damage to or any lien, encumbrance, or charge imposed on Cascade Station or the Canterbury Parcel and attributable to Buyer's activities pursuant to this Section 2.3. The provisions of this Section 2.3.2 shall survive the Closing or any termination of this Agreement and be fully enforceable thereafter.

2.4. Environmental Assessment.

2.4.1. Buyer acknowledges that the Port has previously approved use of the Existing Environmental Assessment as the "Takedown Audit" pursuant to the Ground Lease, subject to the Port's approval of an update thereto dated not more than thirty (30) days prior to the Closing Date (the "Environmental Update"). Seller shall arrange, at its expense, for the firm that conducted the Existing Environmental Assessment to prepare the Environmental Update and shall deliver the Environmental Update to Buyer and the Port promptly upon receipt. The Existing Environmental Assessment and the Environmental Update are collectively referred to herein as the "Environmental Assessment."

2.4.2. Buyer (i) acknowledges and agrees that the Environmental Assessment will serve as the baseline for certain presumptions regarding responsibility for environmental matters pursuant to the Ground Lease, and (ii) agrees to confirm such

acknowledgement and agreement to the Port in writing at Closing upon Seller's request.

2.5. Option to Expand Leasehold Estate to Canterbury Parcel Primary Site By Not More Than 10,000 Square Feet of Additional Area.

2.5.1. Seller hereby grants to Buyer an exclusive option to purchase ("Leasehold Purchase Option") an expansion to the Leasehold Estate to the Canterbury Parcel Primary Site by not more than 10,000 square feet of Additional Area, the location of which shall be approved by Seller in its sole discretion in accordance with the provisions of this Agreement. In the event that Buyer elects to expand the Leasehold Estate in and to the Canterbury Parcel Primary Site by the Additional Area, Buyer agrees that each square foot of Additional Area will be sold at a purchase price equal to Ten Dollars per square foot. The term of the Leasehold Purchase Option shall commence on the Effective Date and end on the Leasehold Purchase Option Termination Date (as hereinafter defined).

2.5.2. The Leasehold Purchase Option shall be exercised, if at all, by written notice (the "Exercise Notice") given by Buyer to Seller in accordance with the provisions of Section 8.8 at any time on or prior to the Leasehold Purchase Option Termination Date. The Exercise Notice shall contain the following information: (i) a statement that Buyer has elected to exercise the Leasehold Purchase Option pursuant to Section 2.5 of this Agreement; (ii) the legal description of the proposed Additional Area to be purchased under the Leasehold Purchase Option, (iii) the amount of square footage of the proposed Additional Area to be acquired by Buyer as an expansion to the Leasehold Estate in and to the Canterbury Parcel Primary Site and (iv) an update to the Schematic Site Plan which shows the manner in which the Canterbury Parcel Primary Site and the proposed Additional Area shall be utilized.

2.5.3. Within twenty (20) Business Days after Seller's receipt of the Exercise Notice, Seller shall give notice to Buyer as to whether the location of the proposed Additional Area has been approved by Seller. In the event that Seller fails to give any such notice with the twenty (20) Business Day period, Seller shall be conclusively deemed not to object to the location of the proposed Additional Area.

2.5.4. Upon Buyer's exercise of the Leasehold Purchase Option and approval by Seller of the location of the proposed Additional Area in the manner described in this Section 2.5, Buyer shall be obligated to expand the Leasehold Estate in and to the Canterbury Parcel Primary Site by the proposed Additional Area and purchase such expanded Leasehold Estate from Seller, and Seller shall be obligated to sell the Leasehold Estate in and to Canterbury Parcel Primary Site, as expanded by the Additional Area, to Buyer, for the price and in the manner herein set forth.

2.6. Signage for Canterbury Hotel Development. Buyer has represented that Buyer desires to install up to three (3) "monument signs" (as such term is defined within the Design Standards) to market the Canterbury Hotel Development ("Hotel Signs"). Buyer desires to locate the Hotel Signs in the following locations: (a) up to two (2) Hotel Signs are desired to be erected on Parcel E within the Access Easement at the intersection of NE Mt. St. Helens Avenue and the Access Driveway ("Access Driveway Hotel Signs") and (b) one (1) Hotel Sign is desired to be erected on common area controlled by the Cascade Station Tenants' Association on the south side of the intersection of NE Cascades Parkway and NE Mt. St. Helens Avenue ("Common Area Hotel Sign"). Seller agrees to provide its consent to the erection of the Access

Driveway Hotel Signs within the Access Easement subject to review and approval of such Access Driveway Hotel Signs by (i) the City of Portland Bureau of Development Services pursuant to Chapter 32 of City Code, (ii) the Cascade Station Design Review Committee and (iii) the Port. Seller agrees to provide its support as a member of the Board of Directors of the Cascade Station Tenants' Association to the erection of the Common Area Hotel Sign subject to review and approval of such Common Area Hotel Sign by (i) the City of Portland Bureau of Development Services pursuant to Chapter 32 of City Code, (ii) the Cascade Station Design Review Committee, (iii) the Port and (iv) the Cascade Station Tenants' Association. The location and design of Access Driveway Hotel Signs shall be subject to the approval of Seller in its capacity as current lessee of the portions of Parcel E (other than the Canterbury Parcel), the approval of which shall not be unreasonably withheld, and the Port, as fee owner of Parcel E.

3. Conditions to Closing.

3.1. Seller's Conditions. Seller's obligation to close this transaction shall be subject to and contingent upon the satisfaction (or waiver by Seller in its discretion) of each of the following conditions:

3.1.1. All representations and warranties of Buyer set forth in this Agreement (considered collectively) and each such representation and warranty (considered individually) shall have been true and correct in all material respects as of the Effective Date and shall be true and correct in all material respects as of the Closing Date, as if made on the Closing Date.

3.1.2. All of the material covenants and obligations that Buyer is obligated to perform or comply with pursuant to this Agreement (considered collectively) and each such covenant and obligation (considered individually) shall have been performed and complied with in all material respects.

3.1.3. Neither the consummation of this transaction nor the performance of Seller's obligations hereunder shall, directly or indirectly (with or without notice, lapse of time, or both), contravene, conflict with, or result in a violation of any applicable Legal Requirement that has been enacted, or applicable Order that has been entered, since the Effective Date.

3.1.4. (i) On or before the Outside Closing Date, the Port shall have accepted the Environmental Assessment as the "Takedown Audit" pursuant to the Ground Lease, and (ii) the Environmental Update shall not have revealed any environmental remediation required to be undertaken on the Canterbury Parcel.

3.1.5. On or before the Outside Closing Date, Buyer and Seller shall have executed an Agreement to Construct Infrastructure in substantially the form attached as Exhibit M (with such changes thereto as may be required by the Port and are reasonably acceptable to Seller and Buyer) ("Agreement to Construct") pursuant to which Buyer shall be obligated to construct, at Buyer's sole expense, a driveway which extends from Mount St. Helens Avenue to the Canterbury Hotel Development and consists of two entry lanes and two exit lanes at N.E. Mt. St. Helens Avenue, narrowing to two to three lanes towards the interior of the site ("Access Driveway"), as generally shown on the Schematic Site Plan (Exhibit B-4, hereto) and as more particularly described in such Agreement to Construct.

3.1.6. On or before the Outside Closing Date, the Port shall have executed and acknowledged that certain Access Easement in substantially the form attached as Exhibit N (with such changes thereto as may be required by the Port and are reasonably acceptable to Seller and Buyer) (“Access Easement”) in connection with the Access Driveway and delivered it to Seller or the Escrow Agent for recordation at the Closing.

3.1.7. On or before the Outside Closing Date, the Port shall have (i) executed and delivered the Ground Lease and the Lease Memorandum, and (ii) evidenced its consent to the assignment of the ground lessee’s interest in the Ground Lease to Buyer by its execution and delivery of the Ground Lease Assignment and the Consent to Assignment at Closing.

3.1.8. On or before the Outside Closing Date, the Port shall have executed and acknowledged the Development Limitations Declaration with respect to the Canterbury Parcel in substantially the form attached as Exhibit L (with such changes thereto as may be required by the Port and are reasonably acceptable to Seller and Buyer) (“Canterbury Development Limitations Declaration”) and delivered it to Seller or the Escrow Agent for recordation at the Closing.

3.1.9. Intentionally Omitted.

3.1.10. On or before the Outside Closing Date, Buyer shall provide to Seller evidence, in form and substance satisfactory to Seller, that Buyer has secured the legal right which entitles Buyer to develop, operate and manage the Canterbury Hotel Development under one of the Approved Hotel Brands; provided however, that Seller may waive satisfaction of this condition if Seller, in Seller’s sole discretion, approves an alternative hotel brand for use in connection with the Canterbury Hotel Development. Authority to approve, on behalf of Seller, such alternative hotel brand for the Canterbury Hotel Development shall be delegated to the Seller’s Executive Director.

3.1.11. At least one (1) month prior to the Outside Closing Date, Buyer shall have delivered to Seller draft commitments for financing and equity commitments in amounts sufficient to complete the acquisition, construction and development of the Canterbury Hotel Development. Not later than five (5) Business Days prior to the Outside Closing Date, Buyer shall have delivered to Seller binding commitments which secure all financing and equity commitments necessary to complete acquisition, construction and development of the Canterbury Hotel Development as contemplated by Section 3.1.10, all as shall be in form and substance satisfactory to Seller.

3.2. Buyer’s Conditions. Buyer’s obligation to close this transaction shall be subject to and contingent upon the satisfaction (or waiver by Buyer in its discretion) of each of the following conditions:

3.2.1. All representations and warranties of Seller set forth in this Agreement (considered collectively) and each such representation and warranty (considered individually) shall have been true and correct in all material respects as of the Effective Date and shall be true and correct in all material respects as of the Closing Date, as if made on the Closing Date.

3.2.2. All of the material covenants and obligations that Seller is obligated to perform or comply with pursuant to this Agreement (considered collectively) and each such covenant and obligation (considered individually) shall have been performed and complied with in all material respects.

3.2.3. Neither the consummation of this transaction nor the performance of Buyer's obligations hereunder shall, directly or indirectly (with or without notice, lapse of time, or both), contravene, conflict with, or result in a violation of any applicable Legal Requirement that has been enacted, or applicable Order that has been entered, since the Effective Date.

3.2.4. Buyer shall have determined in its sole discretion, based on such investigation as Buyer elects to conduct, that it wishes to proceed with its acquisition of the Leasehold Estate in accordance with this Agreement.

3.2.5. On or before the Outside Closing Date, Seller and Buyer shall have executed a non-competition agreement which obligates Seller to (a) refrain from engaging in a voluntary sale, assignment or other direct transfer to a third party of any of Seller's leasehold interest in and to any portion of Parcel E (other than the Canterbury Parcel) for purposes of enabling a hotel development ("Other Prospective Parcel E Hotel Development") for fifteen (15) years from the Outside Closing Date ("Non-Competition Period") and (b) grant to Buyer a first right of refusal to acquire from Seller a leasehold estate in and to the site for Other Prospective Parcel E Hotel Development pursuant to terms and conditions to be set by Seller, in its sole discretion, at such time if and when Seller makes a determination after the expiration of the Non-Competition Period to sell its leasehold interest in and to any portion of Parcel E (other than the Canterbury Parcel) to allow development of Other Prospective Parcel E Hotel Development. Seller and Buyer acknowledge and agree that Seller's obligation described in clause (b) of this Section 3.2.5 shall remain effective beginning on the calendar day following expiration of the Non-Competition Period until (and including) December 31, , 2039.

3.2.6. (i) On or before the Outside Closing Date, the Port shall have accepted the Environmental Assessment as the "Takedown Audit" pursuant to the Ground Lease, and (ii) the Environmental Update shall not have revealed any environmental remediation required to be undertaken on the Canterbury Parcel.

3.2.7. Any changes to the form of the Ground Lease attached as an exhibit to this Agreement which are required by the Port and which could reasonably be expected to have a material adverse effect on Buyer shall be reasonably satisfactory to Buyer. Buyer shall conclusively and irrevocably be deemed to have approved any such changes unless Buyer gives Seller notice of termination pursuant to this Section 3.2.7 within five (5) Business Days after Buyer's receipt from Seller of a revised form of the Ground Lease reflecting any Port-required changes thereto. Any such notice of termination shall set forth in reasonable detail the reasons for Buyer disapproval of such changes.

3.2.8. On or before the Outside Closing Date, the Port shall have (i) executed and delivered the Ground Lease and the Lease Memorandum, and (ii) evidenced its consent to the assignment by Seller of the ground lessee's interest in the Ground Lease to Buyer by its execution and delivery of the Ground Lease Assignment and the Consent to Assignment at Closing.

3.2.9. Intentionally Omitted.

3.2.10. On the Closing Date, Buyer shall have received from the Title Company an irrevocable commitment to issue the Title Policy as of the Closing Date.

3.2.11. There shall have been no material adverse change to the condition of the Canterbury Parcel Primary Site since the Effective Date. In the event that Buyer elects to expand the Leasehold Estate in and to the Canterbury Parcel Primary Site by the Additional Area, there shall have been no material adverse change to the condition of the Additional Area since the Leasehold Purchase Option Termination Date.

4. Closing.

4.1. Time and Place of Closing. The purchase and sale of the Leasehold Estate shall be closed in escrow at the Title Company, or at such other location as the parties may mutually agree. Subject to the satisfaction (or waiver) of the conditions set forth in Section 3 and the provisions of Section 7.1, the Closing shall take place at a mutually-acceptable time and on a mutually-acceptable date not later than the Outside Closing Date.

4.2. Seller's Closing Deliveries. At the Closing, Seller shall deliver, or cause to be delivered, to Buyer the following:

4.2.1. The Ground Lease, duly executed by Seller, as lessee;

4.2.2. A Memorandum of Lease with respect to the Ground Lease in substantially the form attached as Exhibit F (with such changes thereto as may be required by the Port and are reasonably acceptable to Seller and Buyer) ("Lease Memorandum"), duly executed and acknowledged by Seller;

4.2.3. A Ground Lease Assignment with respect to the Ground Lease in substantially the form attached as Exhibit G (with such changes thereto as may be required by the Port and are reasonably acceptable to Seller and Buyer), duly executed by Seller;

4.2.4. A Consent to Assignment with Release with respect to the Ground Lease in substantially the form attached as Exhibit H (with such changes thereto as may be required by the Port and are reasonably acceptable to Seller and Buyer) ("Consent to Assignment"), duly executed by Seller;

4.2.5. A Memorandum of Lease Assignment with respect to the Ground Lease in the form attached as Exhibit I ("Lease Assignment Memorandum"), duly executed and acknowledged by Seller; and

4.2.6. An Agreement to Construct in the form attached as Exhibit M (with such changes thereto as may be required by the Port and are reasonably acceptable to Seller and Buyer), duly executed by Seller.

4.2.7. A certified copy of the resolution adopted by the Portland Development Commission Board of Commissioners which authorizes the sale of the Leasehold Estate and all other actions to be taken by Seller, as contemplated by this Agreement.

4.3. Buyer's Closing Deliveries. At the Closing, Buyer shall deliver, or cause to be delivered, to Seller the following:

4.3.1. The Purchase Price (less a credit equal to the sum of (a) the Earnest Money, plus (b) Closing Extension Payments, if any, received by Seller in accordance with the provisions of Section 6) by wire transfer of immediately available, good funds to the Escrow Agent; and

4.3.2. The Ground Lease Assignment, the Consent to Assignment, and the Lease Assignment Memorandum, and the Agreement to Construct, each duly executed and, if required, acknowledged by Buyer.

4.4. Other Closing Matters.

4.4.1. Buyer shall pay at Closing or otherwise when due any and all fees, security deposits, and other amounts of any nature whatsoever required to be paid to the Port pursuant to the Ground Lease; provided that Seller shall pay at Closing the following fees and costs (as described in Exhibit F to the Ground Lease):

(a) Fee for "Lease Assignment if a release is requested" which \$2,000 fee plus reimbursement for Port's internal costs and

(b) \$1,000 fee for "Easements".

4.4.2. Any and all assessments on the Canterbury Parcel shall be prorated between Seller and Buyer as of the Closing Date. If the information necessary to prorate any such assessment is not available on the Closing Date, the parties shall prorate such assessment as soon thereafter as such information is available.

4.4.3. At the Closing, the parties shall direct the Title Company to record the Lease Memorandum, the Lease Assignment Memorandum and the Canterbury Development Limitations Declaration.

4.5. Closing Costs. The costs associated with the Closing shall be allocated as follows:

4.5.1. Seller shall pay (i) one-half of any escrow fee charged by the Escrow Agent in connection with this transaction, (ii) the recording fees for the Lease Memorandum and the Canterbury Development Limitations Declaration, and (iii) that portion of the premium for the Title Policy which equals the premium that would have been charged for standard, rather than extended, coverage with no endorsements.

4.5.2. Buyer shall pay (i) one-half of any escrow fee charged by the Escrow Agent in connection with this transaction, (ii) the recording fees for the Lease Assignment Memorandum, and (iii) the premium for the Title Policy, to the extent it exceeds the amount described in clause (iii) of Section 4.5.1.

5. Representations and Warranties.

5.1. Seller's Representations and Warranties. Seller represents and warrants to Buyer as follows:

5.1.1. Organization and Good Standing. Seller is the duly authorized urban renewal agency of the City of Portland, Oregon, a municipal corporation of the State of Oregon.

5.1.2. Authority; No Conflict.

(a) This Agreement constitutes the legal, valid, and binding obligation of Seller, enforceable against Seller in accordance with its terms. Upon their execution and delivery by Seller at the Closing, the Seller Closing Documents will constitute the legal, valid, and binding obligations of Seller, enforceable against Seller in accordance with their respective terms. Seller has full power, authority, and capacity to execute and deliver this Agreement and the Seller Closing Documents and to perform its obligations hereunder and thereunder.

(b) Upon obtaining the consent of the Port to the assignment of the ground lessee's interest in the Ground Lease, neither Seller's execution and delivery of this Agreement, nor its performance of any of its obligations hereunder, nor the consummation of this transaction will, directly or indirectly (with or without notice, lapse of time, or both), (i) contravene or result in a violation of any resolution adopted by Seller's governing body; or (ii) contravene or result in a violation of any Legal Requirement or Order to which Seller is subject; or (iii) contravene or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, any agreement or other document to which Seller is a party or by which Seller is bound.

(c) Other than the consent of the Port to the assignment of the ground lessee's interest in the Ground Lease and the approval of the Portland Development Commission Board of Commissioners, no authorization, consent, or approval of, filing or registration with, or notification to any Governmental Authority is required for Seller's execution, delivery, and performance of its obligations under this Agreement or the closing of this transaction.

5.1.3. Certain Proceedings. No Proceeding is pending or, to Seller's Knowledge, has been Threatened (i) against Seller that challenges, or could reasonably be expected to have the effect of preventing, making illegal, or otherwise materially interfering with, this transaction, or (ii) with respect to a condemnation of all or any portion of the Canterbury Parcel.

5.1.4. Hazardous Substances. To Seller's Knowledge, based solely upon the Existing Environmental Assessment and except as may be otherwise disclosed therein, (i) no Hazardous Substances have been stored or disposed of on the Canterbury Parcel in violation of any applicable Environmental Law, and (ii) no Governmental Authority has given written notice to Seller requiring the clean-up or remediation of any Hazardous Substance on the Canterbury Parcel.

5.1.5. Intentionally Omitted.

5.2. Buyer’s Representations and Warranties. Buyer represents and warrants to Seller as follows:

5.2.1. Organization and Good Standing. Buyer is a duly organized corporation validly existing, and in good standing under the laws of the State of Oregon.

5.2.2. Authority; No Conflict.

(a) This Agreement constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. Upon their execution and delivery by Buyer at the Closing, the Buyer Closing Documents will constitute the legal, valid, and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms. Buyer has full power, authority, and capacity to execute and deliver this Agreement and the Buyer Closing Documents and to perform its obligations hereunder and thereunder.

(b) Neither Buyer’s execution and delivery of this Agreement, nor its performance of any of its obligations hereunder, nor the consummation of this transaction will, directly or indirectly (with or without notice, lapse of time, or both), (i) contravene or result in a violation of any provision of any charter, bylaws, other organizational documents or any resolution adopted by Buyer’s governing body; or (ii) contravene or result in a violation of any Legal Requirement or Order to which Buyer is subject; or (iii) contravene or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, any agreement or other document to which Buyer is a party or by which Buyer is bound.

(c) No authorization, consent, or approval of, filing or registration with, or notification to any Governmental Authority is required for Buyer’s execution, delivery, and performance of its obligations under this Agreement or the closing of this transaction.

5.2.3. Certain Proceedings. No Proceeding is pending or, to Buyer’s Knowledge, has been Threatened, against Buyer that challenges, or could reasonably be expected to have the effect of preventing, making illegal, or otherwise materially interfering with, this transaction.

5.3. Intentionally Omitted.

5.4. Renewal and Survival of Representations and Warranties. Each of the representations and warranties set forth in Sections 5.1 and 5.2 shall be deemed renewed as of the Closing Date and shall survive the Closing, subject to the provisions of Section 8.3.

5.5. “AS IS” Transaction.

5.5.1. As a material inducement to Seller to enter into this Agreement and to consummate this transaction, Buyer acknowledges and agrees that it is not relying upon any representations or warranties by or of Seller, except the representations and warranties of

Seller expressly set forth in Section 5.1.

5.5.2. Without limiting the generality of the provisions of Section 5.5.1, but subject to the representations and warranties of Seller expressly set forth in Section 5.1, Buyer acknowledges and agrees as follows:

(a) Buyer will conduct all investigations, inspections, studies, tests, and analyses that it wishes to conduct with respect to the Canterbury Parcel. In entering into this Agreement and consummating this transaction, Buyer is relying solely on its own investigation and is assuming the risk that adverse physical, economic, or other conditions or circumstances may not have been revealed by its investigation.

(b) NEITHER SELLER NOR ANY OF ITS REPRESENTATIVES MAKES OR HAS MADE ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER RELATING TO THE CANTERBURY PARCEL, INCLUDING THE FEASIBILITY AND LIKELY ECONOMIC CONSEQUENCES OF ANY SALE OR DEVELOPMENT OF THE CANTERBURY PARCEL. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER EXPRESSLY DISCLAIMS ANY WARRANTY WHATSOEVER, WHETHER STATUTORY OR OTHERWISE AND WHETHER EXPRESS OR IMPLIED, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AS TO THE CANTERBURY PARCEL (OR ANY PORTION THEREOF).

(c) ON CLOSING, BUYER WILL ACCEPT THE GROUND LESSEE'S INTEREST IN THE CANTERBURY PARCEL "AS IS," "WHERE IS," AND "WITH ALL FAULTS." Without limiting the generality of the foregoing, on Closing, Buyer will accept the condition of the Canterbury Parcel "AS IS" and agrees to acknowledge such acceptance to the Port in writing upon Seller's request.

5.6. Indemnity. Subject to (i) applicable statutory and constitutional limitations on indemnification obligations of governmental entities and (ii) the provisions of Section 8.3, each party (for purposes of this Section 5.6, the "Indemnitor") agrees to pay, indemnify, defend, and hold harmless the other party (for purposes of this Section 5.6, the "Indemnitee") from and against any and all Damages incurred by the Indemnitee and arising out of any Breach of any representation and warranty of the Indemnitor contained in this Section 5.

6. Extension of Outside Closing Date. As of the Effective Date, Seller and Buyer agree that each party shall use all good faith efforts to close this transaction on or before the Anticipated Closing Date. Buyer and Seller acknowledge and agree that Buyer may elect to exercise Buyer's option to extend the Anticipated Closing Date by one or more Closing Extensions by delivering to Seller at least two (2) Business Days prior to the then Outside Closing Date, a cashiers check or certified check payable to Seller in the amount of Twenty-Five Thousand Dollars (\$25,000) ("Closing Extension Payment"), along with a written notification of Buyer's election to extend the then applicable Outside Closing Date by one (1) Extension ("Closing Extension Notification"). Buyer and Seller acknowledge and agree that (a) the election for an Extension shall be effective immediately upon receipt by Seller of the Closing

Extension Payment and Closing Extension Notification and irrevocable and (b) the Closing Extension Payment shall be nonrefundable upon receipt by Seller.

7. Termination; Remedies.

7.1. Termination Events. In addition to Buyer's right to terminate this Agreement pursuant to Section 2.1.3, either party may, by notice given to the other party prior to or at the Closing, terminate this Agreement (i) upon a Breach by the other party, or (ii) in the event the Closing has not occurred by the Outside Closing Date, unless the Closing has not occurred by the Outside Closing Date due to a Breach by the party seeking to terminate this Agreement. Any notice of termination shall specify the grounds for termination with reasonable specificity.

7.2. Effect of Termination. If this Agreement is terminated pursuant to any provision hereof, all further rights and obligations of the parties under this Agreement shall thereupon terminate, except as otherwise expressly provided herein.

7.3. Seller Liability for Pre-Closing Breach or Failure to Close. Notwithstanding any other provision of this Agreement or applicable law, in the event this Agreement is terminated by Buyer due to (i) a Breach by Seller of any obligation hereunder occurring prior to Closing, (ii) a Breach of any representation or warranty of Seller set forth herein, or (iii) a failure by Seller to close this transaction as provided herein after the satisfaction or waiver of all conditions to its obligation to do so, Buyer, as its sole remedy, shall be entitled to (a) seek specific performance of this Agreement or (b) to recover the Earnest Money. In no event shall Seller have any liability to Buyer for Damages on account of any such pre-Closing Breach, Breach of representation or warranty, or failure to close.

7.4. Buyer Liability for Pre-Closing Breach or Failure to Close. Notwithstanding any other provision of this Agreement or applicable law, in the event this Agreement is terminated by Seller due to a failure by Buyer to close this transaction as provided herein after the satisfaction or waiver of all conditions to its obligation to do so, Seller, as its sole remedy, shall be entitled to (a) seek specific performance of this Agreement or (b) retain the Earnest Money. In no event shall Buyer have any liability to Seller for Damages on account of any pre-Closing Breach or any such failure to close.

7.5. No Consequential Damages. Notwithstanding any other provision of this Agreement or applicable law, in no event shall any party be liable hereunder or in connection with this transaction for punitive, consequential, special, incidental, or indirect damages, including damages based on lost profits or lost benefit of the bargain.

8. Miscellaneous Provisions.

8.1. Construction and Interpretation.

8.1.1. The headings 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. References herein to sections are to sections of this Agreement unless otherwise specified.

8.1.2. Meanings of defined terms used in this Agreement are equally

applicable to singular and plural forms of the defined terms. The masculine gender shall also include the feminine and neutral genders and vice versa.

8.1.3. As used herein, (i) the term “party” refers to a party to this Agreement, unless otherwise specified, (ii) the term “this transaction” means the transactions contemplated by this Agreement, (iii) the terms “hereof,” “herein,” “hereunder,” and similar terms refer to this Agreement as a whole and not to any particular provision of this Agreement, (iv) the term “including” is not limiting and means “including, without limitation,” (v) the term “documents” means all instruments, documents, agreements, certificates, indentures, notices, and other writings, however evidenced, (vi) the term “property” means any kind of property or asset, real, personal, or mixed, tangible or intangible, and (vii) the term “discretion” means sole, absolute, and unfettered discretion.

8.1.4. In the event any period of time specified in this Agreement ends on a day other than a Business Day, such period shall be extended to the next following Business Day. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.”

8.1.5. All dollar amounts herein are expressed in United States currency.

8.1.6. This Agreement is the product of arm’s length negotiations among, and has been reviewed by counsel to, the parties and is the product of all of the parties. Accordingly, this Agreement shall not be construed for or against any party by reason of the authorship or alleged authorship of any provision hereof.

8.2. Time of Essence. Time is of the essence of the performance of the parties’ respective obligations under this Agreement

8.3. Survival. All provisions of this Agreement that contemplate performance after the Closing Date shall survive the Closing and be fully enforceable thereafter; provided, however, that no claim may be made against either party for a Breach of any representation or warranty of that party set forth herein, unless such claim is duly asserted by the other party in writing with reasonable particularity within five (5) years after the Closing Date. In the event that either party receives notice of a claim or demand or anticipates that it may incur any Damages with respect to which it may be entitled to indemnification pursuant to Section 5.6, such party shall provide prompt notice to the other party setting forth any information then available regarding the nature and basis of such claim, demand, or Damages.

8.4. Expenses. Each party shall bear its respective expenses incurred in connection with the preparation, execution, and performance of this Agreement and the consummation of this transaction, including all fees and expenses of its representatives and any brokerage or finders’ fees or commissions or any other similar payment in connection with this transaction. Notwithstanding the foregoing provisions of this Section 8.4, Seller agrees to pay to a commission equal to two and one-half percent (2.5%) of the Purchase Price to Perotti Group, 3839 NE Tillamook Street, Portland, Oregon 97212-5338, Buyer’s broker in connection with this transaction. The commission to Buyer’s broker which is described in the immediately preceding sentence shall comprise one-half of the total brokerage commission owing by Seller to

Grubb & Ellis Company in the amount of five percent (5%) of the Purchase Price upon consummation of the transaction contemplated by this Agreement.

8.5. Attorneys' Fees. If a suit, action, or other Proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted, or the services of an attorney are retained, in connection with this Agreement or any document delivered by either party at the Closing, or to interpret or enforce any rights or remedies hereunder or thereunder, or with respect to any dispute hereunder or thereunder, the prevailing party shall be entitled to recover from the losing party the prevailing party's attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith. In the event of a suit, action, or other Proceeding, such amount shall be determined by the judge or arbitrator, shall include fees and expenses incurred on any appeal or review, and shall be in addition to all other amounts provided by law.

8.6. Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and, subject to the restrictions on assignment set forth herein, their respective successors and assigns.

8.7. Assignment. Buyer shall be entitled to assign its rights under this Agreement to an Affiliate of Buyer, if and only if Buyer (a) gives Seller notice of such assignment identifying the assignee by not later than the end of the Inspection Period and (b) provides Seller with a true, correct, and complete copy of the document effecting such assignment by not later than the Closing Date. Except as provided in the immediately preceding sentence, neither party shall assign any of its rights or obligations under this Agreement without the prior written consent of the other party, which may be withheld in such party's discretion. No assignment of this Agreement shall release the assigning party from its obligations under this Agreement.

8.8. Notices. All notices under this Agreement shall be in writing. Notices may be (i) delivered personally, (ii) delivered by a recognized national overnight delivery service, or (iii) mailed by certified or registered United States mail, postage prepaid and return receipt requested. Notices to any party shall be directed to its address set forth below, or to such other or additional address as any party may specify by notice to the other parties. Any notice delivered in accordance with this Section 8.8 shall be deemed given when actually received or, if earlier, (a) in the case of any notice delivered by a recognized national overnight delivery service, on the next Business Day after delivery to the service or, if different, on the day designated for delivery, or (b) in the case of any notice mailed by certified or registered U.S. mail, on the date of actual delivery or refusal by the recipient to accept delivery.

If to Seller: Portland Development Commission
222 NW Fifth Avenue
Portland, OR 97209
Attn: S. Bruce Allen, Senior Development Manager

With a copy to: Portland Development Commission
222 NW Fifth Avenue
Portland, OR 97209
Attn: General Counsel

If to Buyer: Canterbury Group, Inc.
11922 NE Airport Way, Suite 100
Portland, Oregon 97220
Attn: Arvind Patel, Chief Executive Officer

With a copy to:

Attn: _____

8.9. Waiver. Any party's failure to exercise any right or remedy under this Agreement, delay in exercising any such right or remedy, or partial exercise of any such right or remedy shall not constitute a waiver of that or any other right or remedy hereunder. A waiver of any Breach of any provision of this Agreement shall not constitute a waiver of any succeeding Breach of such provision or a waiver of such provision itself. No waiver of any provision of this Agreement shall be binding on a party unless it is set forth in writing and signed by such party.

8.10. Amendment. This Agreement may not be modified or amended except by the written agreement of all of the parties.

8.11. Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable, then (i) such provision shall be enforceable to the fullest extent permitted by applicable law, and (ii) the validity and enforceability of the other provisions of this Agreement shall not be affected and all such provisions shall remain in full force and effect.

8.12. Integration. This Agreement, including any Exhibits and Schedules hereto, contains the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements with respect thereto. The parties acknowledge and agree that there are no agreements or representations relating to the subject matter of this Agreement, either written or oral, express or implied, that are not set forth in this Agreement or in any Exhibit or Schedule to this Agreement.

8.13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon (without regard to the principles thereof relating to conflicts of laws).

8.14. Jurisdiction and Venue. Any suit or action to enforce or interpret any provision of this Agreement or in connection with any controversy relating to this transaction shall be brought in the Circuit Court of the State of Oregon for Multnomah County or in the U.S. District Court for the District of Oregon located in Multnomah County, Oregon, and such courts shall have exclusive jurisdiction with respect to any such suit or action. Each party irrevocably consents to such exclusive jurisdiction and waives any and all objections it might otherwise have with respect thereto.

8.15. Execution. This Agreement may be executed in any number of counterparts, all of which together shall constitute one and the same agreement. Each party may rely upon the signature of any other party on this Agreement that is transmitted by facsimile as constituting a duly authorized, irrevocable, actual, current delivery of this Agreement with the original ink signature of the transmitting party.

8.16. Incorporation of Recitals, Exhibits, and Schedules. The recitals to this Agreement and any and all Exhibits and Schedules to this Agreement are incorporated herein by this reference.

8.17. Further Assurances. Each party agrees to execute and deliver such additional documents as may reasonably be required to effect this transaction fully, as long as the terms thereof are consistent with the terms of this Agreement.

**[Remainder of page intentionally left blank;
signature page follows]**

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

SELLER:		PORTLAND DEVELOPMENT COMMISSION, the duly authorized urban renewal agency for the City of Portland, Oregon, a municipal corporation of the State of Oregon
APPROVED AS TO FORM:		
By: _____		By: _____
PDC Legal Counsel		Bruce A. Warner, Executive Director
BUYER:		CANTERBURY GROUP, INC.
		By: _____
		Printed Name: _____ Title: _____

Exhibit List

- Exhibit A - Definitions
- Exhibit B-1 - Legal Description – Parcel E
- Exhibit B-2 - Legal Description – Canterbury Parcel
- Exhibit B-3 - Seller-Approved Hotel Brands
- Exhibit B-4 - Schematic Site Plan
- Exhibit C - Form of Ground Lease
- Exhibit D - Intentionally Omitted
- Exhibit E - Pro Forma Title Policy – Canterbury Parcel
- Exhibit F - Form of Lease Memorandum
- Exhibit G - Form of Ground Lease Assignment
- Exhibit H - Form of Consent to Assignment
- Exhibit I - Form of Lease Assignment Memorandum
- Exhibit J - Intentionally Omitted
- Exhibit K - Intentionally Omitted
- Exhibit L - Form of Canterbury Development Limitations Declaration
- Exhibit M - Form of Agreement to Construct
- Exhibit N - Form of Access Easement

EXHIBIT A

DEFINITIONS

As used in this Agreement, the following terms have the respective meanings set forth below:

“Access Driveway” has the meaning set forth in Section 3.1.5.

“Access Driveway Hotel Signs” has the meaning set forth in Section 2.6.

“Access Easement” has the meaning set forth in Section 3.1.6.

“Additional Area” means that portion of Parcel E (other than the Canterbury Parcel Primary Site) which satisfies the following criteria:

- (i) Additional Area consists of not more than 10,000 square feet of Parcel E; and
- (ii) Additional Area shall be adjacent to the Canterbury Parcel Primary Site; and
- (iii) Additional Area may be utilized by Buyer solely for the purpose of improving site functionality and not to enable an increase in the amount of rooms to be developed in connection with the Canterbury Hotel Development; and
- (iv) The site for the Additional Area shall have been approved by Seller in its sole discretion in accordance with Section 2.5.

“Affiliate” means, when used with reference to a specific Person, (i) any Principal of such Person, (ii) any Person directly or indirectly controlling, controlled by, or under common control with such Person, (iii) any Person owning or controlling ten percent (10%) or more of the outstanding voting interests of such Person, and (iv) any relative or spouse of such Person or of any Principal of such Person.

“Agreement” has the meaning set forth in the preamble.

“Agreement to Construct” has the meaning set forth in Section 3.1.5.

“Anticipated Closing Date” means March 15, 2009.

“Approved Hotel Brands” has the meaning set forth in Recital D.

“Breach” means any material inaccuracy in or breach of, or any material failure to perform or comply with, any representation, warranty, covenant, obligation, or other provision of this Agreement or any document delivered pursuant to this Agreement; *provided, however*, that except with respect to a failure to close this transaction as provided herein, a Breach shall not be deemed to have occurred as a result of a party’s failure to perform or comply with any covenant, obligation, or other provision of this Agreement unless (i) either of the other parties has given such party notice specifying the nature of such failure of performance or compliance in

reasonable detail, and (ii) such party either (a) has failed to cure such failure of performance or compliance within twenty (20) Business Days after such notice is given, or (b) if such failure of performance or compliance cannot be cured solely by the payment of money and cannot reasonably be cured within twenty (20) Business Days despite the exercise of Diligent Efforts, has failed to commence curative action within twenty (20) Business Days after such notice is given or thereafter fails to use Diligent Efforts to complete the cure of such failure of performance or compliance as soon as practicable.

“Business Day” means any day other than a Saturday, Sunday, or other day on which commercial banks in Portland, Oregon, are authorized or required by applicable Legal Requirements to be closed.

“Buyer” has the meaning set forth in Recital D.

“Buyer Closing Documents” means the documents to be executed and delivered by Buyer at the Closing pursuant to Section 4.

“Buyer’s Knowledge” means the actual and present knowledge of _____, without investigation or inquiry.

“Canterbury Development Limitations Declaration” means that certain Supplement No. ___ to Declaration of Development Rights and Limitations for Cascade Station to be executed and acknowledged by the Port in substantially the form attached hereto as Exhibit L for the purpose of subjecting the Canterbury Parcel to certain development rights and limitations pursuant to Section 2.4 of that certain Declaration of Development Rights and Limitations for Cascade Station dated as of July 13, 2006 and recorded on July 13, 2006 in the Official Records of Multnomah County, Oregon, Recording No. 2006-128372.

“Canterbury Hotel Development” has the meaning set forth in Recital D.

“Canterbury Parcel” means either (i) the Canterbury Parcel Primary Site, if Buyer does not elect to expand the Leasehold Estate in and to the Canterbury Parcel Primary Site by any Additional Area pursuant to the terms and conditions of this Agreement or (ii) collectively, the Canterbury Parcel Primary Site and the Additional Area, if Buyer elects to expand the Leasehold Estate in and to the Canterbury Parcel Primary Site by any Additional Area pursuant to the terms and conditions of this Agreement.

“Canterbury Parcel Primary Site” has the meaning set forth in Recital D.

“Cascade Station” has the meaning set forth in Recital A.

“City” means the City of Portland, Oregon.

“Closing” means the closing of this transaction, at which the events set forth in Sections 4.2 through 4.4 shall occur.

“Closing Date” means the date on which the Closing occurs.

“Closing Extension Notification” has the meaning set forth in Section 6.

“Closing Extension Payment” has the meaning set forth in Section 6.

“Closing Extensions” means each 90-day extension to the Outside Closing Date granted by Seller to Buyer for the purpose of extending the Outside Closing Date. As of the Effective Date, Buyer and Seller have agreed that Buyer shall possess the option of electing no more than a total of two (2) Closing Extensions for the Outside Closing Date upon satisfaction of all conditions precedent to such election as set forth in Section 6. The following table shows the payment required for each applicable Closing Extension.

Payment Required for Each Closing Extension	Extension of Outside Closing Date
\$25,000	June 15, 2009
\$25,000	September 15, 2009

“Common Area Hotel Sign” has the meaning set forth in Section 2.6.

“Consent to Assignment” has the meaning set forth in Section 4.2.4.

“CSDC” has the meaning set forth in Recital B.

“Damages” means all losses, liabilities, claims, damages, expenses (including costs of investigation and defense and reasonable attorneys’ fees), and diminution of value, whether or not involving a third-party claim, except to the extent, if any, that any such losses, liabilities, claims, damages, expenses, or diminution in value are recovered through insurance proceeds actually received (net of any costs incurred in connection therewith, whether through retrospective premium adjustments, experience-based premium adjustments, or otherwise); *provided, however*, that Damages shall in no event include punitive, consequential, special, incidental, or indirect damages, including damages based on lost profits or lost benefit of the bargain.

“Design Standards” means the Declaration of Design and Development Standards for Cascade Station dated as of July 13, 2006 and recorded on July 13, 2006 in the Official Records of Multnomah County, Oregon, Recording No. 2006-128370.

“Development Limitations Declaration” means that certain Declaration of Development Rights and Limitations for Cascade Station dated as of July 13, 2006 and recorded on July 13, 2006 in the Official Records of Multnomah County, Oregon, Recording No. 2006-128372, as supplemented by that certain Supplement No. 1 to Declaration of Development Rights and Limitations for Cascade Station dated as of December 21, 2006 and recorded on December 21, 2006 in the Official Records of Multnomah County, Oregon, Recording No. 2006-235128.

“Diligent Efforts” means the commercially reasonable efforts that a prudent Person who wishes to achieve a result would use in similar circumstances to achieve such result as

expeditiously as reasonably possible, taking cost and expected benefit into account.

“Earnest Money” has the meaning set forth in Section 1.2.1.

“Effective Date” has the meaning set forth in the preamble.

“Environmental Assessment” has the meaning set forth in Section 2.4.1.

“Environmental Law” means the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Air Act, the Water Pollution Control Act, the Solid Waste Disposal Act, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Emergency Planning and Community Right-to-Know Act, the Safe Drinking Water Act, the Occupational Safety and Health Act, and any substantively similar state or local statutes, in each case as amended.

“Environmental Update” has the meaning set forth in Section 2.4.1.

“Escrow Agent” means the Title Company, in its capacity as escrow agent with respect to this transaction.

“Exercise Notice” has the meaning set forth in Section 2.5.2.

“Existing Environmental Assessment” means the existing environmental assessment for Cascade Station prepared by GeoDesigns, Inc. and dated June 27, 2006.

“Extension Term” has the meaning set forth in Recital B.

“FAA” means the Federal Aviation Administration.

“FONSI ROD” means that certain Finding of No Significant Impact Record of Decision for the Proposed Cascade Station/Portland International Center at Portland International Airport, Portland, Oregon, issued by the FAA on May 5, 2006.

“Governmental Authority” means any national, federal, state, provincial, county, municipal, or local government, or the government of any political subdivision of the any of the foregoing, or any entity, authority, agency, ministry, or other similar body exercising executive, legislative, judicial, regulatory, or administrative authority or functions of or pertaining to the government, including any quasi-governmental entity established to perform any such functions.

“Ground Lease” has the meaning set forth in Recital E.

“Ground Lease Assignment” has the meaning set forth in Recital E.

“Hazardous Substance” means any waste or other substance that is listed, defined, designated, or classified as, or otherwise determined to be, hazardous, radioactive, or toxic or a pollutant or a contaminant under or pursuant to any Environmental Law, including any admixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials.

“Hotel Signs” has the meaning set forth in Section 2.6.

“Indemnitee” has the meaning set forth in Section 5.6.

“Indemnitor” has the meaning set forth in Section 5.6.

“Initial Term” has the meaning set forth in Recital B.

“Inspection Period” means the period beginning on the Effective Date and ending at 5:00 p.m. Pacific time on the date which is one hundred twenty (120) calendar days after the Effective Date (but not including the Effective Date for purposes of this calculation).

“Lease Assignment Memorandum” has the meaning set forth in Section 4.2.5.

“Lease Memorandum” has the meaning set forth in Section 4.2.2.

“Leasehold Estate” has the meaning set forth in Recital D.

“Leasehold Purchase Option” has the meaning set forth in Section 2.5.1.

“Leasehold Purchase Option Termination Date” means 5:00 p.m. Pacific time on the date which is seventy-five (75) calendar days after the Effective Date (but not including the Effective Date for purposes of calculation).

“Legal Requirement” means any federal, state, local, municipal, foreign, international, multinational, or other administrative Order, constitution, law, ordinance, principle of common law, regulation, rule, statute, or treaty.

“Master Development Agreement” has the meaning set forth in Recital A.

“Memorandum of Agreement” means that certain Memorandum of Agreement between the Port of Portland and the Federal Aviation Administration on the Use of Approach Land between 28L and I-205 Purchased with the Aid of Federal Funds dated as of March 16, 1999, as amended by those certain amendments thereto dated as of February 11, 2000, February 20, 2001, and May 16, 2006.

“NEPA Assessment” means that certain Final Environmental Assessment-Proposed Cascade Station/Portland International Center at Portland International Airport dated May 2006.

“Non-Competition Period” has the meaning set forth in Section 3.2.5.

“Order” means any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Authority or by any arbitrator or mediator.

“Other Prospective Parcel E Hotel Development” has the meaning set forth in Section 3.2.5.

“Outside Closing Date” means the Anticipated Closing Date, as adjusted by one or more Closing Extensions granted by Seller pursuant to the provisions of Section 6; *provided, however*, that either party shall be entitled to extend the Outside Closing Date by not more than an additional thirty (30) calendar days, at no cost to Buyer, if and only to the extent required (i) to obtain the Port’s approval of the Environmental Assessment as the “Takedown Audit” pursuant to the Ground Lease, (ii) to obtain the Port’s consent to the assignment of the lessee’s interest in the Ground Lease to Buyer, or (iii) for the Port to execute and deliver the documents described in Sections 3.1.7, 3.1.8 and 3.2.8.

“Parcel E” has the meaning set forth in Recital C.

“PDC Ground Lease Supplemental Agreement” means that certain Ground Lease Supplemental Agreement dated as of July 13, 2006, by and between Seller and the Port, and attached as Exhibit K.

“Permitted Exceptions” has the meaning set forth in Section 2.1.1.

“Person” means an individual, partnership, corporation, limited liability company, joint stock company, trust, unincorporated organization or association, joint venture, or other organization, whether or not a legal entity, or a Governmental Authority.

“Plan District” means the Cascade Station/Portland International Center Plan District, Chapter 33.508 of the City Code, and all amendments thereto.

“Port” has the meaning set forth in Recital A.

“Principal” means the natural person or persons who are in ultimate control of a Person.

“Pro Forma Title Policy” has the meaning set forth in Section 2.1.1.

“Proceeding” means any action, arbitration, audit, hearing, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority, arbitrator, or mediator.

“Purchase Price” has the meaning set forth in Section 1.1.2.

“Restated CC&Rs” means the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cascade Station dated as of July 13, 2006 and recorded on July 13, 2006 in the Official Records of Multnomah County, Oregon, Recording No. 2006-128369.

“Revised Pro Forma Title Policy” has the meaning set forth in Section 2.1.2.

“Seller” has the meaning set forth in the preamble.

“Seller Closing Documents” means the documents to be executed and delivered by Seller at the Closing pursuant to Section 4.

“Seller’s Knowledge” means the actual and present knowledge of S. Bruce Allen, without

investigation or inquiry.

“Schematic Site Plan” has the meaning set forth in Recital F.

“Threatened” means, with respect to a claim, Proceeding, dispute, action, or other matter, the making of any demand or statement (written or oral), the giving of any written notice, the occurrence of any event, or the existence of any circumstance that would lead a prudent Person to conclude that such claim, Proceeding, dispute, action, or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future.

“Title Company” means Chicago Title Insurance Company of Oregon, 888 SW Fifth Avenue, Suite 930, Portland, Oregon 97204, or any successor thereto.

“Title Policy” means a standard coverage lessee’s policy of title insurance with respect to the Canterbury Parcel in the form of the Pro Forma Title Policy, with a coverage amount equal to the Purchase Price, insuring Buyer’s interest in the Canterbury Parcel as ground lessee under the Ground Lease, subject only to the standard printed exceptions to such policy, the Permitted Exceptions applicable to the Canterbury Parcel, and any liens or encumbrances created or suffered by Buyer.

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6626

TITLE: AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A LEASEHOLD PURCHASE AND SALE AGREEMENT WITH THE CANTERBURY GROUP, INC. FOR THE SALE OF A LEASEHOLD INTEREST TO UNIMPROVED REAL PROPERTY LOCATED WITHIN CASCADE STATION IN THE AIRPORT WAY URBAN RENEWAL AREA AT A SALES PRICE OF UP TO \$971,200

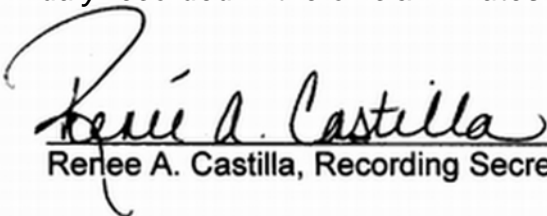
Adopted by the Portland Development Commission on August 13, 2008.

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Charles Wilhoite, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Scott Andrews	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Bertha Ferrán	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Vacant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Consent Agenda		<input 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 duly recorded in the official minutes of the meeting.


Renee A. Castilla, Recording Secretary

Date: August 20, 2008