

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6651

AUTHORIZATION TO ENTER INTO A DISPOSITION AND DEVELOPMENT AGREEMENT WITH THE BLANCHET HOUSE OF HOSPITALITY FOR CERTAIN PDC-OWNED PROPERTY LOCATED AT 314-316 NW GLISAN STREET AND 421, 429 & 439 NW 3RD AVENUE IN THE RIVER DISTRICT URBAN RENEWAL AREA AND PROVIDING FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2 MILLION DOLLARS.

WHEREAS, various studies and plans applicable to Old Town/ Chinatown and adopted by the Portland Development Commission ("PDC"), including the Old Town / Chinatown Visions Plan, recommend the redevelopment of certain PDC-owned property located at 314-316 NW Glisan Street and 421, 429 & 439 NW 3rd Avenue (collectively, the "Property") formerly located in the Downtown Waterfront Urban Renewal Area (the "DTWF URA");

WHEREAS, as part of a broader assessment of urban renewal in downtown Portland, the boundaries of the DTWF URA were amended, among other things, to remove the Property from the DTWF URA and the boundaries of the River District Urban Renewal Area were amended (the "Amended River District") to among other things include the Property;

WHEREAS, the Amended River District has been appealed to the State of Oregon Land Use Board of Appeals (LUBA Case Nos. 2008-116 and 2008-117) (the "Appeal");

WHEREAS, the Blanchet House of Hospitality (the "BHH") is a not-for-profit corporation located at 340 NW Glisan Street in the Amended River District (the "Existing BHH Property") providing a free meals program for the homeless and other low income individuals and housing for approximately 32 low income men;

WHEREAS, the BHH desires to develop a new facility of approximately 40,000 square feet for improved meal service and housing (the "Project");

WHEREAS, on September 24, 2008 in Resolution No. 6637, the PDC Board adopted the North Old Town/Chinatown Redevelopment Strategy that defined a vision and strategy for development in north Old Town/Chinatown by a Stakeholder Advisory Committee and included the identification of the Property for the development of the Project;

WHEREAS, the FY 2008-09 Adopted Amended River District Budget and Five-year Forecast includes \$2 million dollars for the Project;

WHEREAS, on February 27, 2008 in Resolution No 6563, the PDC Board of Commissioners (the "Board") approved making the Property available for the Project in exchange for the Existing BHH Property and further resolved to negotiate a Development and Disposition Agreement (the "DDA") that sets forth the terms and conditions for conveyance of the Property to BHH and providing TWO MILLION DOLLARS (\$2,000,000) (the "Grant") for the Project subject to the Contingencies (as hereinafter defined); and

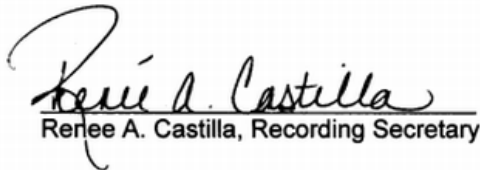
WHEREAS, PDC's conveyance of the Property and financial participation in connection with the Project shall be contingent upon: (i) full and final resolution of the Appeal on terms that permit use of TIF resources for the Project; or (ii) PDC's determination, in its sole and absolute discretion, that it has sufficient funds available to provide the Grant and the necessary legal power and authority to consummate the transactions contemplated by the DDA and otherwise perform its obligations under the DDA (collectively, the "Contingencies").

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is hereby authorized, subject to the Contingencies, to execute the DDA with the BHH substantially in the form attached hereto as Exhibit A;

BE IT FURTHER RESOLVED, that, in addition to the Contingencies, PDC's conveyance of the Property and funding of the Grant in connection with the Project shall be contingent upon the execution of an Option Agreement that allows PDC to acquire the Existing BHH Property at no cost upon completion of the Project;

BE IT FURTHER RESOLVED that the Executive Director may approve changes to the DDA, if such changes, in the opinion of the Executive Director and General Counsel, do not materially change PDC's obligations or risks; and

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


Renee A. Castilla, Recording Secretary

AGREEMENT FOR DISPOSITION AND DEVELOPMENT OF PROPERTY

IN THE RIVER DISTRICT URBAN RENEWAL AREA

314-316 NORTHWEST GLISAN STREET AND 421, 429 & 439 NORTHWEST 3RD AVENUE

BETWEEN

THE PORTLAND DEVELOPMENT COMMISSION

AND

BLANCHET HOUSE OF HOSPITALITY

DATED

November 12, 2008

AGREEMENT FOR DISPOSITION AND DEVELOPMENT OF PROPERTY

IN THE RIVER DISTRICT URBAN RENEWAL AREA

314-316 NORTHWEST GLISAN STREET AND 421, 429 & 439 NORTHWEST 3RD AVENUE

THIS AGREEMENT FOR DISPOSITION AND DEVELOPMENT OF PROPERTY IN THE RIVER DISTRICT URBAN RENEWAL AREA (this “Agreement”) is entered into as of November 12, 2008 (the “Effective Date”) between the CITY OF PORTLAND, a municipal corporation of the State of Oregon (the “City”), acting by and through the **PORTLAND DEVELOPMENT COMMISSION**, the duly designated urban renewal agency of the City of Portland (which, together with any successor public agency designated by or pursuant to law, is herein called “PDC”), and the **BLANCHET HOUSE OF HOSPITALITY**, an Oregon nonprofit corporation (“Developer”). PDC and Developer are referred to jointly in this Agreement as “Parties” and individually as a “Party”.

RECITALS

A. In furtherance of the objectives of Oregon Revised Statutes, Chapter 457, and Chapter XV of the Charter of the City of Portland, PDC has undertaken a program for the development and redevelopment of blighted areas in the City and in connection therewith prepared and approved an Urban Renewal Plan for the River District Urban Renewal Area, which was approved by the City Council of the City on October 21, 1998 by Ordinance No. 172808 (as amended from time to time, the “Urban Renewal Plan” or the “Plan”);

B. A copy of the Urban Renewal Plan, as amended, as constituted on the date hereof has been recorded in the real property records of Multnomah County, Oregon, as Document No. 98211526 and is by this reference made a part hereof;

C. PDC found it necessary and in the public interest to implement the Plan by acquiring certain real property located at 314-316 Northwest Glisan Street and 421, 429 & 439 Northwest 3rd Avenue (as further described in the Definitions section below, the “Property”) in the River District Urban Renewal Area and offering the Property for redevelopment to serve as a catalyst for further redevelopment consistent with the Plan;

D. Developer desires to acquire the Property for redevelopment as a new building to relocate the services of Developer (as further described in the definitions section below, the “Project”) that are currently provided on the Option Property (as hereinafter defined);

E. Accordingly, the Parties desire to enter into this Agreement setting forth the terms and conditions under which PDC will convey the Property to Developer for development of the Project;

F. As part of a broader assessment of urban renewal in downtown Portland, the boundaries of the Downtown Waterfront Urban Renewal Area were amended, among other things, to remove the Property from the Downtown Waterfront Urban Renewal Area and the boundaries of the River District Urban Renewal Area (the “River District URA”) were amended, among other things, to include the Property in an expanded River District URA with an increased maximum indebtedness (the “Amended River District”) in order to make available TIF resources for the Project. In the interim, the Amended River District has been appealed to the State of Oregon Land Use Board of Appeals (including any related actions or appeals in the Oregon Court of Appeals or the Oregon Supreme Court, the “Appeal”);

G. PDC's conveyance of the Property and financial participation in connection with the Project shall be contingent upon: (i) full and final resolution of the Appeal on terms that permit use of TIF resources for the Project; or (ii) PDC's determination, in its sole and absolute discretion, that it has sufficient funds available to provide the Grant (as hereinafter defined) and the necessary legal power and authority to consummate the transactions contemplated by this Agreement and otherwise perform its obligations under this Agreement.

H. The completion of the Project according to the terms of this Agreement, including the Scope of Development (defined below) and the Schedule of Performance (defined below), is a material inducement to PDC to enter into this Agreement; and

I. PDC finds that the fulfillment, generally, of this Agreement, and the intentions set forth herein, are in the vital and best interest of the City and the health, safety, and welfare of its residents, and are in accord with the public purposes and provisions of the applicable state and federal laws and requirements under which the Urban Renewal Plan was adopted.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises set forth above and the conditions, covenants and agreements set forth below, the Parties hereby agree as follows:

DEFINITIONS

The following words and phrases have the designated meanings in this Agreement:

1. **"Agreement"** means this Agreement for the Disposition and Development of Property and all attached Exhibits.
2. **"Appeal"** shall have the meaning set forth in Recital F.
3. **"Business Day"** means any day other than a Saturday, Sunday or legal holiday on which banks in Portland, Oregon are closed.
4. **"Certificate of Completion"** means a certificate issued by PDC to Developer pursuant to Section 3.8 of this Agreement.
5. **"City"** means the City of Portland, Oregon and its constituent bureaus and agencies, except PDC.
6. **"Close"** means the conveyance of the Property to Developer by PDC through recordation of the Deed.
7. **"Closing"** means the date on which the Deed from PDC to Developer is recorded.
8. **"Closing Date"** means the earlier of November 30, 2010 or the date on which the Conditions Precedent to Conveyance set forth in Section 1.5 are satisfied
9. **"Construction Drawings and Technical Specifications"** means documents, based upon the Design Development Drawings, that set forth in detail the requirements for construction of the Project pursuant to the terms of this Agreement, approved by PDC and the appropriate City agencies. Construction Drawings and Technical Specifications shall include drawings and specifications that establish in detail the quality levels of materials and systems required for the Project.
10. **"Conveyance"** means the transfer of fee simple title to the Property by PDC to Developer.
11. **"Deed"** means the form of Bargain and Sale Deed which will be used to convey fee simple title to the Property, attached to this Agreement as Exhibit A and incorporated herein by this reference.
12. **"Demolition"** means the removal of certain improvements on the Property, including but not limited to the removal of debris from the Property and its lawful disposal.

13. “**DEQ**” means the Oregon Department of Environmental Quality.
14. “**Design Development Drawings**” means the detailed plans submitted to the City of Portland, Bureau of Planning, for Design Review in accordance with Title 33.825 of the Code of the City of Portland, including but not limited to:
 - Architectural site plans showing all structures upon the site together with all connections to existing or proposed utilities, roads, sidewalks and alleys;
 - A general landscaping concept plan;
 - Elevations of the buildings to determine the site lines and the specific configuration and relationship of design elements of the building exteriors, which describe the aesthetic and technical aspects, including materials, of the building exteriors;
 - A calculation of gross building areas, floor areas, height ratios and open spaces;
 - A preliminary exterior finish schedule;
 - Proposed layouts for exterior signage, graphics, and exterior lighting; and
 - A description of servicing requirements, trash collection locations, loading docks and related functional areas.
15. “**Drawings**” has the meaning set forth in Section 3.2.1.
16. “**Effective Date**” means the date stated in the first paragraph of this Agreement.
17. “**Environmental Conditions**” means the physical condition of the Property as measured by the standards of the Environmental Laws. Environmental Conditions do not include de minimis conditions that generally do not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies.
18. “**Environmental Laws**” means all federal, state and local laws, ordinances, rules and regulations relating to the protection or regulation of the environment that apply to the Property or the Project, including without limitation, Chapter 466 of the Oregon Revised Statutes, Chapter 341 of the Oregon Administrative Rules, RCRA (as defined in the definition of Hazardous Substances, below), CERCLA (defined in the definition of Hazardous Substances, below), the Safe Drinking Water Act, the Clean Air Act, the Clean Water Act, and the Toxic Substances Control Act.
19. “**Environmental Due Diligence Reports**” means reports of investigations performed as part of environmental due diligence, which may include Phase I, Phase 2 and Hazardous Building Site Assessments and reports, documents or documentation of Recognized Environmental Conditions that PDC has completed or PDC has in its possession, completed by others. A complete list of the Environmental Due Diligence Reports is attached as Exhibit L and incorporated herein by reference.
20. “**Escrow Agent**” means Chicago Title Insurance Company of Oregon.
21. “**Final Permitted Exceptions**” has the meaning set forth in Section 1.3.2.
22. “**Final Project Budget**” means the estimated sources and uses of funds, cash flow, and Project costs approved by PDC prior to Closing.
23. “**General Contractor**” means the general contractor chosen by Developer to construct the Project.
24. “**Grant**” means the grant in the amount of \$2,000,000 that PDC will provide to Developer for acquisition of the Property and construction of the Project pursuant to this Agreement and the Grant Documents.
25. “**Grant Agreement**” means the Grant Agreement by and between PDC and Developer evidencing the Grant.

26. “**Grant Documents**” means the Grant Agreement and any other reasonable and customary documents that may be required by PDC to evidence the Grant.
27. “**Green Building**” means building design, siting, construction and operations practices that conserve natural resources and improve the performance of the building, other site improvements, and their users.
28. “**Green Building Policy**” means PDC’s Green Building Policy in effect on the Effective Date, a copy of which is attached hereto as Exhibit J and incorporated herein by this reference.
29. “**Green Building Progress Reports**” means the reports Developer is required to submit to PDC under the Green Building Policy consisting of an updated LEED Checklist, if applicable, and any additional documentation indicating:
 - the progress towards meeting the requirements of the Green Building Policy;
 - the likelihood that the requirements will be met or exceeded; and
 - any issues or circumstances that may prevent Developer from meeting the requirements.
30. “**Hazardous Substances**” means any pollutant, dangerous substance, toxic substance, asbestos, petroleum, petroleum product, hazardous waste, hazardous materials or hazardous substance as defined in or regulated by Chapter 466 of the Oregon Revised Statutes, the Resource Conservation Recovery Act, as amended, 42 USC Section 6901, et seq. (“RCRA”), the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 USC Section 9601, et seq. (“CERCLA”), or any other Environmental Law.
31. “**Infrastructure**” means public streets, sidewalks, alleys, and driveway approaches, connections to garages, planting street trees and grass in planting strips, stormwater mitigation, street and parking lot lighting, construction and connection of the Project to abutting potable water and sewer and storm sewer mains, connecting the Project to gas and electric and other necessary utility services, and all permitting for any of the above as further described in the Scope of Development set forth in Exhibit D attached hereto and incorporated herein by this reference.
32. “**LEED**” means Leadership in Energy and Environmental Design, which is the trademarked rating system that is intended to serve as an impartial method of evaluating overall Project sustainability across four levels of certification. Major categories of evaluation are: sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, and innovation and design process.
33. “**Market Valuation**” has the meaning set forth in Section 1.4.1.
34. “**Mortgage**” means a mortgage or deed of trust against the Property (or any portion thereof) to finance the Project that is approved by PDC and recorded in the real property records of Multnomah County, Oregon.
35. “**Mortgagee**” means the holder of any Mortgage, together with any successor or assignee of such holder. The term “Mortgagee” shall include any Mortgagee as owner of the Property or any part thereof as a result of foreclosure proceedings, or action in lieu thereof, or any insurer or guarantor of any obligation or condition secured by a Mortgage but shall not include (a) any other person or entity who thereafter obtains title to the Property or such part from or through a Mortgagee or (b) any other purchaser at foreclosure sale.
36. “**Notice**” means any summons, citation, order, claim, litigation, investigation, proceeding, judgment, letter or other communication, written or oral, issued by the Oregon Department of Environmental Quality (“DEQ”), the United States Environmental Protection Agency, PDC, or other federal, state or local authority or any other government having jurisdiction with respect to the Property.
37. “**Notice of Termination**” has the meaning set forth in Section 9.3.1.

38. “**Option Agreement**” means the agreement that the Parties shall have entered into as a condition precedent to Closing under which PDC shall have the option to acquire the Option Property for ZERO DOLLARS (\$0.00) and shall stipulate that any relocation benefits from PDC that may be due to Developer as a result of PDC’s acquisition of the Option Property shall be deemed satisfied by PDC’s payment of the Grant to Developer.
39. “**Option Property**” means certain real property owned by Developer located at 340 NW Glisan Street that PDC shall have the option to acquire under the Option Agreement.
40. “**Oregon Prevailing Wage Law**” has the meaning set forth in Section 3.4.
41. “**PAE Agreement**” has the meaning set forth in Section 10.4.1
42. “**PDC’s knowledge**” means the actual current knowledge of PDC staff that have had contact with Developer during the course of negotiations of this Agreement, without any duty of inquiry or investigation.
43. “**PDC Project Manager**” has the meaning set forth in Section 10.1.
44. “**Predevelopment Loan**” means the means the loan made by PDC to Developer described in Section 3.1.2 herein.
45. “**Permitted Exceptions**” has the meaning set forth in Section 1.3.1.
46. “**Preliminary Design Documents**” means the site drawings for the Project including schematic, massing, feasibility and preliminary cost estimates for the Project in the form approved by PDC and that were the basis for entering into this Agreement.
47. “**Project**” means the Property, and the new improvements to be constructed by Developer on the Property as described in the Scope of Development set forth in Exhibit D.
48. “**Project Budget**” means the summary financial analysis for the Project set forth in Exhibit B, attached hereto and incorporated herein by this reference. The Project Budget represents the estimated sources and uses of funds, cash flow and Project costs as of the Effective Date.
49. “**Property**” means the real property located at the northeastern corner of Block 25, and described as 314-316 Northwest Glisan Street and 421, 429 & 439 Northwest 3rd Avenue and known as the “Dirty Duck” site in the City of Portland, County of Multnomah, State of Oregon.
50. “**Purchase Price**” means the price Developer shall pay to PDC for the Property to be conveyed by PDC to Developer. The Purchase Price is set forth in Section 1.2.
51. “**Recognized Environmental Conditions**” means the presence or likely presence of a Hazardous Substance on the Property under conditions that indicate an existing Release, a past Release, or a material threat of a Release of a Hazardous Substance into structures on the Property or into the ground, ground water, or surface water of the Property, whether or not the Release is in compliance with applicable law. Recognized Environmental Conditions do not include de minimis conditions that generally do not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies.
52. “**Release**” means releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, disposing or dumping.
53. “**Required Commercial Excavation**” means the excavation of soils for the utilities that will directly serve the Project, and the excavation of soils for the placement of structural support within the ground less than 5 feet deep for the Project.
54. “**Schedule of Performance**” means the document describing the schedule by which construction and development of the Project will occur, attached hereto as Exhibit C and incorporated herein by this reference.

55. “**Scope of Development**” means the description of the improvements to be built comprising the Project, attached hereto as Exhibit D and incorporated herein by this reference.
56. “**Special Soils**” means any soil that must be excavated from the Property as part of the Required Commercial Excavation, *and* which, pursuant to Environmental Laws, will require excavation, handling or disposal at a location, or using means and methods, that are prescribed by the Oregon Department of Environmental Quality (“DEQ”).
57. “**Title Report**” has the meaning set forth in Section 1.3.1.
58. “**Unforeseen Environmental Conditions**” means the presence of a Hazardous Substance on the Property that is not identified in the Environmental Due Diligence Reports and that constitutes a Recognized Environmental Condition that, pursuant to Environmental Laws, will require remediation or abatement using means and methods that are prescribed by the Oregon Department of Environmental Quality.
59. “**USGBC**” means the U.S. Green Building Council, a coalition of building industry representatives working to promote buildings that are environmentally responsible, profitable, and healthy places to live and work. The USGBC manages the LEED rating system and is responsible for certification of registered projects.

1. GENERAL TERMS OF CONVEYANCE OF PROPERTY

Closing. Subject to the terms, covenants, and conditions of this Agreement, the Conveyance of the Property to Developer shall occur in an escrow Closing at the office of the Escrow Agent not later than the deadline for Closing set forth in the Schedule of Performance.

Conveyance by Deed. Subject to satisfaction of the Conditions Precedent to Conveyance set forth in Section 1.5 hereof and upon Developer’s payment to PDC of the Purchase Price, at the Closing PDC will Convey the Property to the Developer by Deed.

Payment of Purchase Price. Subject to satisfaction of the Conditions Precedent to Conveyance set forth in Section 1.5 hereof, at the Closing Developer shall accept the Conveyance of the Property and pay the Purchase Price to PDC in the manner set forth in Section 1.2. The payment terms are specific to Developer’s unique characteristics and are not assignable except as allowed under Section 5 below.

Purchase Price. The cash portion of the Purchase Price for the Property is Zero Dollars (\$0.00). The Purchase Price includes other consideration from Developer.

Title Review.

Within ten (10) Business Days of the Effective Date, PDC will deliver to Developer a preliminary title report on the Property and copies of all exception documents (the “Title Report”). Developer will have twenty (20) Business Days after receiving the Title Report to notify PDC in writing if Developer objects to any item in the Title Report. Those items to which Developer does not object shall be the “Permitted Exceptions”. If Developer objects to any item, then PDC shall have twenty (20) Business Days after receiving Developer’s written objection to notify Developer in writing of its intention to remove or not remove the objected to exceptions to title prior to Closing. If PDC does not respond to Developer’s objections within such twenty (20) Business Day time period or if PDC refuses to remove any such objected to exceptions, Developer shall have twenty (20) Business Days to terminate this Agreement by written notice to PDC. If this Agreement is not terminated in accordance with the preceding sentence, the Permitted Exceptions shall also include those exceptions, if

any, that Developer originally objected to and that PDC refused to remove or failed to respond to.

Developer may obtain an update to the Title Report at anytime prior to the Closing. Developer shall promptly give to PDC a copy of any updated Title Report. Within ten (10) Business Days after receiving an updated Title Report, Developer shall give PDC notice, in writing, of any objections to the exceptions (that are not Permitted Exceptions) to title that appear on the updated Title Report as a result of PDC's actions or inactions. Within twenty (20) Business Days of Developer's written notice to PDC described in the preceding sentence, PDC shall notify Developer in writing of its intention to remove or not remove the objected to exceptions to title prior to Closing. If PDC does not respond to Developer's objections within such twenty (20) Business Day time period or if PDC refuses to remove any such objected to exceptions, Developer may terminate this Agreement, by written notice to PDC, or Close subject to same. The Permitted Exceptions together with any other exceptions that Developer accepts at Closing are the "Final Permitted Exceptions".

Title Insurance, Survey, Property Taxes and Closing Costs.

PDC, at its expense, shall provide Developer with a standard coverage Owner's Policy of Title Insurance, issued by Escrow Agent, and covering the Property when conveyed, and insuring Developer in the amount of ONE MILLION THREE HUNDRED THOUSAND DOLLARS (\$1,300,000) ("Market Valuation"), free and clear of encumbrances, except Final Permitted Exceptions. Developer, at its option and its expense, may elect to obtain extended coverage under such policy of title insurance and PDC agrees to execute any affidavits or other documents reasonably required by the Escrow Agent to enable Developer to obtain such coverage. Developer may also elect to obtain a survey at its own expense.

The costs for recording a Memorandum of this Agreement, a form of which is attached as Exhibit K and incorporated herein by this reference, the Deed and any other documents required by Developer to be recorded will be paid by Developer. Each Party shall pay one-half (1/2) of any escrow fees charged by Escrow Agent. All other costs related to the Closing, if any, shall be allocated in accordance with the customary practice in Multnomah County. PDC shall pay only the annual payments due through the Closing Date for any special assessments that have been paid in annual installments. Developer shall assume liability for payment of any annual payments due after the Closing Date for any special assessments that have been paid in annual installments. Developer shall pay any property taxes accruing to the Property as a result of the transfer of the Property from public ownership, and therefore the change of the Property's status from tax exempt to taxable. In addition, the Developer shall pay property taxes, as applicable on the Property from and after the Closing.

Conditions Precedent to Conveyance.

Conditions. Developer and PDC are not obligated to Close the Conveyance unless the following conditions are satisfied to their reasonable satisfaction. The Party benefited by a particular condition shall not unreasonably withhold, condition, or delay acknowledgment that the condition has been satisfied.

- (a) To the Satisfaction of Both PDC and Developer:
 - (i) The Final Construction Drawings and Technical Specifications for the Project have been approved by all required governmental entities and

agencies, including PDC pursuant to Section 3.2 hereof.

- (ii) All land use approvals and permits for the Project required by Title 33 of the Code of the City of Portland, have been secured and no appeal of any required approval or permit has been filed, and the time for any such appeal has expired. If an appeal was filed, it has been finally resolved.
 - (iii) The City of Portland Bureau of Development Services (“BDS”) is ready to issue initial partial building permits consisting of, at a minimum, a shoring and excavation permit; subject only to Developer’s ownership of the Property, and, if all permits have not been issued, there is a phased permit plan in place and approved by BDS providing for the timely provision of the remaining building permits required to construct the Project.
 - (iv) Developer has demonstrated financial feasibility for the Project, consistent with the Final Project Budget and Section 3.1 of this Agreement, by providing to PDC: (a) written evidence of charitable contributions or pledges obtained by Developer and, if necessary, a bridge loan through a commercial lender and the commitment of New Markets Tax Credits to the Project, and (b) commitments from public financing sources, including the approval by the PDC Board of Commissioners, if necessary, and the PDC Loan Committee of the terms and conditions of the Predevelopment Loan and the Grant, subject to standard underwriting practices.
 - (v) All financing necessary to construct the Project has closed or will close simultaneously with the Closing of the Conveyance, or PDC is otherwise satisfied in its discretion that (A) such financing is available to Developer if needed or (B) Developer has other adequate financial resources to construct the Project according to the Schedule of Performance.
 - (vi) The Parties have agreed to the final form of the Deed and any documents necessary to Close the Conveyance.
 - (vii) No litigation is pending that prevents PDC or Developer from performing its respective obligations under this Agreement.
 - (viii) All tasks shown on the Schedule of Performance to be completed as of Closing have been completed.
 - (ix) PDC shall have successfully relocated the tenants in accordance with the Schedule of Performance and Section 2.5 of this Agreement.
 - (x) The Parties shall have negotiated and entered into an Option Agreement concerning PDC’s acquisition of the Option Property on terms and conditions mutually satisfactory to PDC and Developer.
- (b) To Developer’s Satisfaction:
- (i) Developer is satisfied that PDC has title to the Property subject only to the Final Permitted Exceptions.
 - (ii) Escrow Agent has issued to Developer a binding commitment, satisfactory to Developer, to issue to Developer a extended coverage Owner's Policy of Title Insurance covering the Property in an amount not less than the

Market Valuation, subject only to the Final Permitted Exceptions.

- (iii) PDC's representations and warranties set forth in Section 1.6 hereof are true and correct as of the Closing.
 - (iv) PDC is not in default under this Agreement. At the Closing, PDC shall represent to Developer that PDC is not in default under this Agreement and that no event has occurred that, with notice or passage of time or both notice and passage of time, would constitute a default of PDC under this Agreement.
 - (v) Developer is satisfied that it has raised sufficient financing for the Project through fundraising gifts and pledges and that any bridge loan that Developer seeks from a commercial lender or other source is available on terms satisfactory to Developer and that New Market Tax Credits are available on terms satisfactory to Developer.
 - (vi) Developer is satisfied with any other considerations pertaining to the acquisition of the Property and construction of the Project in accordance with this Agreement, and the Board of Directors of Developer has approved Closing.
 - (vii) Developer is satisfied that there are no Recognized Environmental Conditions except those, if any, that have been accepted by Developer in writing.
 - (viii) Developer has received and accepted the Phase I Environmental Assessment provided by PDC under Section 4.1.2 below.
- (c) To PDC's Satisfaction:
- (i) Developer has provided to PDC documentation, satisfactory to PDC, that (a) Developer is a nonprofit corporation, existing in the state of Oregon, (b) the Articles of Incorporation and Bylaws of the Developer have not been altered since the Effective Date in any manner that may adversely affect PDC's interests after the Closing, (c) Developer has full power and authority to enter into and perform its obligations under this Agreement and (d) this Agreement has been executed and delivered, for and on behalf of Developer, by an authorized individual.
 - (ii) PDC has determined that the final construction budget for the Project is in substantial conformance with the Final Project Budget.
 - (iii) Developer has submitted all materials reasonably necessary to obtain the applicable level of certification required by the Green Building Policy.
 - (iv) Developer's representations and warranties set forth in Section 1.7 hereof are true and correct as of the Closing.
 - (v) Developer is not in default under this Agreement. At the Closing, Developer shall represent to PDC that Developer is not in default under this Agreement and that no event has occurred that, with notice or passage of time or both notice and passage of time, would constitute a default of Developer under this Agreement.

- (vi) The Appeal shall have been fully and finally resolved on terms acceptable to PDC, as determined by PDC in its sole and absolute discretion, or PDC shall have determined, in its sole and absolute discretion, that it has sufficient funds available to provide the Grant and the necessary legal power and authority to consummate the transactions contemplated by this Agreement and otherwise perform its obligations under this Agreement.

Elections upon Non-Satisfaction of Conditions. If any condition in Section 1.5.1 is not fulfilled to the satisfaction of the benefited Party or Parties on the date scheduled for Closing as set forth in the Schedule of Performance (or such later date, if any, designated pursuant to Section 1.5.2(c) below or determined in accordance with Section 9.8.2), then such benefited Party or Parties may elect to:

- (a) Terminate this Agreement by and effective upon written notice to the other Party;
- (b) Waive in writing the benefit of that condition precedent to Closing and proceed in accordance with the terms hereof; or
- (c) Designate in writing a later date for Closing, to allow additional time for the condition to be satisfied, if the condition can be satisfied and the other Party agrees in writing to the later date.

1.5.3 **Final Termination Date.** If all of the conditions precedent to Closing set forth in Section 1.5.1 have not been satisfied or waived by the later of (a) the Closing Date; or (b) such later Closing date, if any, designated pursuant to Section 1.5.2(c) or determined in accordance with Section 9.8.2, then this Agreement shall automatically terminate sixty (60) days after the later of the foregoing dates unless prior to such termination date the Party responsible for the unsatisfied condition has satisfied it or the Party benefited by such condition has waived it (the “Final Termination Date”).

1.5.4 **Effect of Termination for Non-Satisfaction of Conditions Precedent.** If this Agreement terminates or is terminated for non-satisfaction of the conditions precedent to Closing and neither Party is in default under this Agreement, then all rights and obligations of the Parties under this Agreement shall terminate upon termination of this Agreement other than the obligation to cooperate in preparing, executing and recording such documents as may be necessary or desirable to reflect the termination of this Agreement in the real property records of Multnomah County. If a Party is in default under this Agreement on the date this Agreement terminates or is terminated for non-satisfaction of the conditions precedent to Closing, then the rights and remedies accruing to the other Party under this Agreement as a result of such default shall survive termination of this Agreement.

PDC Representations and Warranties. PDC’s representations and warranties under this Agreement are limited to the following, each of which shall be deemed made as of the Effective Date, shall be deemed remade and effective as of Closing and shall survive Closing. PDC represents that:

1.6.1 To PDC's knowledge, except as has been disclosed to Developer in the Environmental Due Diligence Reports, there has been no generation, manufacture, refinement, transportation, treatment, storage, handling, disposal, transfer, Release or production of Hazardous Substances on the Property, or underground storage tanks existing on the Property, except in compliance with Environmental Laws currently in effect, and PDC has not received notice of the Release of any Hazardous Substances on the Property.

- 1.6.2 PDC has full power and authority to enter into and perform this Agreement in accordance with its terms, and all requisite action has been taken by PDC to authorize the execution of this Agreement and the transactions contemplated hereby.
- 1.6.3 PDC is not a “foreign person” within the meaning of Section 1445(f) (3) of the Internal Revenue Code of 1986, as amended.
- 1.6.4 To PDC's knowledge, there is no litigation, action, suit, or any condemnation, environmental, zoning, or other government proceeding pending or threatened, which may affect the Property, PDC's ability to perform its obligations under this Agreement, or Developer's ability to develop the Project.
- 1.6.5 To PDC’s knowledge, with the exception of the Appeal, and except as otherwise disclosed in writing to Developer, the Property is in compliance with all applicable laws, rules, regulations, ordinances and other governmental requirements.
- 1.6.6 To PDC’s knowledge, with the exception of the Appeal, PDC has not received or given any notice stating that the Property is in violation of any applicable laws, rules, regulations, ordinances or other governmental requirements. To PDC’s knowledge, utility connections are available to the Property.
- 1.6.7 No representation, warranty or statement of PDC in this Agreement or any of the exhibits attached hereto contains any untrue statement of a material fact or omits a material fact necessary to make the representation, warranty or statement not misleading.
- 1.6.8 As of the Effective Date, PDC is not in default under this Agreement and no event has occurred that, with the passage of time or the giving of notice or both, would constitute a default of PDC under this Agreement.
- 1.6.9 PDC is the legal and beneficial fee simple titleholder to the Property and, to PDC’s knowledge, with the exception of the Appeal, the Property is free and clear of all liens, encumbrances, claims, covenants, conditions, restrictions, easements, rights of way, options, judgments or other matters, except as disclosed by the Title Report.

Developer Representations and Warranties. Developer’s representations and warranties under this Agreement are limited to the following, each of which shall be deemed made as of the Effective Date, shall be deemed remade and effective as of Closing and shall survive Closing. Developer represents that:

- 1.7.1 Developer has full power and authority to enter into and perform this Agreement in accordance with its terms and all requisite action has been taken by Developer to authorize the execution of this Agreement and the transactions contemplated hereby. Developer’s execution and delivery of this Agreement and the performance of its obligations hereunder do not require the consent of any third party that has not been obtained.
- 1.7.2 No representation, warranty or statement of Developer in this Agreement or any of the exhibits attached hereto contains any untrue statement of a material fact or omits a material fact necessary to make the representation, warranty or statement not misleading.

- 1.7.3 As of the Effective Date, Developer is not in default under this Agreement and no event has occurred that, with the passage of time or the giving of notice or both, would constitute a default of Developer under this Agreement.
- 1.7.4 Developer enters into this Agreement without reliance on verbal representations by PDC, its employees, agents or consultants, regarding any aspect of the Property, the Project or its feasibility or financing, or compliance with any governmental regulation.

2. INFRASTRUCTURE, UTILITIES, LAND CONDITION AND TENANT RELOCATION

Infrastructure Improvements. As part of the Project, Developer, at its own cost, will design, construct, fund and obtain permits for all Infrastructure.

Site Preparation. As part of the Project, Developer will, at its own cost, complete all necessary site preparation in accordance with the Schedule of Performance.

Utility Service. As part of the Project, Developer shall install, connect, and upgrade new and existing utilities necessary to serve the Project.

Subsurface, Surface and Building Conditions. PDC shall convey the Property to Developer, and Developer shall accept the Property, in “AS IS” condition on the Closing date, without warranty of any kind except as otherwise specifically set forth in this Agreement. In particular, PDC makes no warranties or representations that the soil conditions, Environmental Conditions or any other conditions of the Property or structures thereon are suitable for any improvements. Developer acknowledges that it has not relied on any verbal representations made by the PDC as to the soil conditions, Environmental Conditions or any other conditions of the Property. Developer acknowledges that it has had free access to the Environmental Due Diligence Reports.

Termination of Leases; Relocation of Tenants. By the Closing Date, PDC, without any expense to Developer, will terminate all leases on the Property and cause the tenants to be removed from the Property in accordance with the Schedule of Performance. If required, PDC, without any expense to Developer, will pay any relocation benefits to the tenants.

3. DEVELOPMENT

Project Financing.

- 3.1.1 Developer will be responsible for obtaining all funds and financing necessary to acquire the Property and construct and operate the Project. The Parties anticipate that the Project financing will be structured generally as shown in the Project Budget. The Parties acknowledge and agree that the Project Budget is only a projection and that a number of factors may change this projection including interest rates, lender requirements, market shifts, and the soft and hard development costs. The Parties anticipate that the Project financing will be generally structured such that: (a) prior to the Closing, PDC shall fund the Predevelopment Loan (described in Section 3.1.2 below) for the purpose of enabling Developer to undertake certain pre-development activities in connection with the Project; and (b) after the Closing, (i) PDC shall provide a portion of the construction and permanent financing for the Project with the Grant in the amount of TWO MILLION DOLLARS (\$2,000,000.00), certain terms and conditions of which shall include those listed on attached Exhibit E; and (ii) the Project will be financed with charitable contributions obtained by Developer and, if necessary, a bridge loan through a commercial lender and a commitment of New Markets Tax Credits to the Project. Notwithstanding the foregoing, all PDC financial participation

in the Project, including the Grant, is contingent upon full and final resolution of the Appeal in favor of the City or PDC has determined, in its sole discretion, that financial resources are available for expenditure in connection with the Project, and is further subject to PDC underwriting, PDC Loan Committee review and approval by PDC's Board of Commissioners.

- 3.1.2 **Predevelopment Loan.** Reasonably promptly after the Effective Date, PDC and Developer shall enter into a Predevelopment Loan Agreement making up to TWO HUNDRED FIFTEEN THOUSAND AND NO/100 DOLLARS (\$215,000) available to Developer to fund the activities described therein. The Parties agree to use their mutual best efforts to negotiate, document and sign the Predevelopment Loan Agreement prior to January 1, 2009.
- 3.1.3 **Relocation Benefits.** To the extent that it is determined that Developer is entitled to relocation benefits as a result of PDC's acquisition of the Option Property, the Parties agree that such relocation benefits shall be deemed satisfied upon PDC's payment of the Grant to Developer.

Plans, Drawings and PDC Design Review and Approval.

- 3.2.1 **PDC Design Review and Approval, in General.** The Scope of Development is described in Exhibit D. Developer has prepared Preliminary Design Documents for the Project that are the basis for entering into this Agreement. Based on the Preliminary Design Documents, Developer shall prepare Design Development Drawings and Construction Drawings and Technical Specifications for the Project and submit them to PDC for review and approval as described below and in accordance with the Schedule of Performance. Review meetings with the design team and PDC representatives are encouraged to facilitate the review and approval process. PDC approval of Design Development Drawings must be obtained prior to Developer's final submission for Landmark Commission Design Review approval. All plans and specifications referred to in this Section 3.2 are referred to herein as the "Drawings".
- 3.2.2 **Standards for PDC Design Review and Approval.** PDC will not withhold, delay, or condition its approval of any Drawings for the Project that, in PDC's reasonable judgment, adequately address the following design objectives:
- (a) **Urban and Pedestrian Environment.** The Project should create an urban environment that feels safe and friendly to pedestrians, with window glass that is transparent and non-reflective, and with landscape improvements, building lighting, and storefront entries located on the street. Areas conducive to external loitering and/or camping are strongly discouraged, and designated courtyards should be well designed to support facility clients, residents, and the surrounding neighborhood.
 - (b) **Neighborhood Compatibility.** The Project should be designed such that the buildings, site improvements, and landscaping build pride, reflect neighborhood character, and show commitment to the cultural and architectural heritage of the neighborhood.
- 3.2.3 **Limitations on Review of Design.** PDC's review and approval of Drawings will occur in stages. Approvals will be progressive in nature and limited to the elements set forth in Section 3.2.2. If an approval letter is not provided by PDC to Developer within the described time limits, that stage of Drawings will be deemed to be approved or accepted by PDC.

- (a) **Draft Design Development Drawings (“50% DD”).** The 50% DDs shall include draft Green Building elements, draft Landmark Commission Design Review Application and Narrative, draft material and color samples, and draft cost estimate. PDC will provide a letter to Developer within five (5) Business Days of receipt of the 50% DDs expressing PDC’s approval or disapproval of any elements that were not approved, that were not at a level of detail to be approved, or that are not in conformance with the Preliminary Design Documents;
- (b) **Final Design Development Drawings (“100% DD”).** The 100% DDs shall include final Green Building elements, final Landmark Commission Design Review Application and Narrative, final material and color samples (to the extent related to the elements set forth in Section 3.2.2.), and final cost estimate. PDC will provide a letter to Developer within five (5) Business Days of receipt of the 100% DDs expressing approval or disapproval of any elements that were not approved, that were not at a level of detail to be approved, or that are not in conformance with the approved 50% DDs.
- (c) **Draft Construction Drawings and Technical Specifications (“50% CD”).** The 50% CDs shall include Green Building elements, cost estimate, and material and color samples (to the extent related to the elements set forth in Section 3.2.2.). PDC will provide a letter to Developer within five (5) Business Days of receipt of the 50% CDs expressing suggested revisions of any elements of 50% CDs that are in conformance with the approved 100% DDs; or expressing approval or disapproval of any elements that are not in conformance with the approved 100% DDs;
- (d) **Draft Construction Drawings and Technical Specifications (“90% CD”).** The 90% CDs shall include Green Building elements, cost estimate, and material and color samples (to the extent related to the elements set forth in Section 3.2.2.). PDC will provide a letter to Developer within five (5) Business Days of receipt of complete 90% CDs expressing suggested revisions of any elements of 90% CDs that are in conformance with the approved 100% DDs; or expressing approval or disapproval of any elements that are not in conformance with the approved 100% DDs;
- (e) **Final Construction Drawings and Technical Specifications (“100% CD”).** The 100% drawings shall include final Green Building elements, cost estimate, material and color samples. PDC will provide a letter to Developer within five (5) Business Days of receipt of complete 100% CDs expressing suggested revisions of any elements of 100% CDs that are in conformance with the approved 100% DDs or that are not in conformance with the approved 100% DDs;
- (f) **Construction Shop Drawings and Product Submittals.** Elements including design build, shop drawings and product submittals that were not approved, that were not at a level of detail to be approved, or that are not in conformance with the approved 100% CDs. PDC to provide a letter to Developer within five (5) Business Days expressing suggested revisions of any design elements.

3.2.4 **Changes in approved Final Construction Drawings and Technical Specifications.** The Developer shall submit to PDC for review any substantive changes to the Drawings. A substantive change shall mean any change that, in PDC’s reasonable judgment would have a material impact on the function or appearance of the elements

set forth in Section 3.2.2, hereof. Developer acknowledges that it may be required to secure separate City approval of such changes. Any separate City approvals shall be sought after PDC has approved the changes. PDC shall assist Developer throughout any City or PDC design review process of the appropriate bureaus or agencies within the City, but PDC does not represent or warrant that its assistance will guarantee approval.

3.2.5 **Project Rendering.** Developer will provide PDC with at least one electronic and one hardcopy color rendering of the Project at the time the Project is submitted for City Design Review.

3.2.6 **PDC Design Review Process.**

(a) **PDC Staff Review of Design.** PDC and Developer acknowledge that the Schedule of Performance for the Project requires expeditious review and response from PDC and responsiveness and cooperation from Developer and its design team in connection with the design review process. The Parties agree that efficient communication between all concerned is necessary to resolve design issues in a timely manner. PDC staff may attend regularly scheduled design meetings for the Project on a schedule mutually agreeable to PDC staff and Developer. The PDC Project Manager will meet with Developer and its design team regularly as scheduled by the Parties, or upon the request of either Party to the other, to review progress on the resolution of design and related issues. The scope of PDC's review will be consistent with Sections 3.2.2 and 3.2.3 of this Agreement.

(b) **Community Input.** PDC and the Developer have coordinated on outreach efforts regarding the Project and its design. It is expected that if Developer changes the design of the Project in a material way from that presented to the Old Town / Chinatown Neighborhood Association and Visions joint Land Use Committee preceding the Landmark Commission Design Review decision. Developer will present the revised Project design to the foregoing groups for their input and advice.

Diligent Completion. Subject to the terms and conditions of this Agreement, once Closing has occurred, Developer covenants to complete the development of the Project in substantial conformance with the Final Construction Drawings and Technical Specifications no later than the date for completion of construction set forth in the Schedule of Performance. Developer agrees to keep PDC informed of its progress with respect to development of the Project during construction, with periodic reports to be issued no less frequently than once a month until PDC issues the Certificate of Completion for the Project. Project development shall include:

3.3.1 Entering into all necessary architectural and construction contracts;

3.3.2 Securing all necessary public entitlements and building permits;

3.3.3 Securing all financing necessary to complete the Project, consistent with the Final Project Budget.

Oregon Prevailing Wage Law. The Parties hereby acknowledge that the Project is a “public work” subject to ORS 279C.800 to 279C.870 and the administrative rules adopted thereunder (the “Oregon Prevailing Wage Law”). Accordingly, the Parties have entered into, and shall perform and discharge their obligations under, that certain Compliance Agreement of even date

herewith, which is hereby incorporated into this Agreement by this reference, to implement their compliance with the Oregon Prevailing Wage Law with respect to the Project.

Inspection and Property Access.

- 3.5.1 **Before Conveyance of Property.** Before Closing, PDC may allow Developer and Developer's employees, agents and consultants to enter upon the Property pursuant to a written permit of entry.
- 3.5.2 **After Conveyance of Property.** After Closing, during construction of the Project, and until the Certificate of Completion is issued for the Project, Developer's work shall, upon reasonable notice, be accessible at all reasonable times for inspection by representatives of PDC. PDC agrees not to interfere with the work occurring on the Property.

Safety Matters and Indemnification. Developer shall:

- 3.6.1 **Safety.** Comply with all safety laws and take all safety measures reasonably necessary for an owner to take to protect its employees, and PDC's employees, agents, contractors, subcontractors, licensees and invitees, and the personal property and improvements of each, from injury or damage caused by or resulting from the performance of construction of the Project.
- 3.6.2 **Indemnity from Liability Claims.** Indemnify, defend (at PDC's request) and hold harmless PDC, and its successors and assigns, from and against all claims, costs, expenses, losses, damages and liabilities arising from or in connection with the death of, or, injury, loss or damage whatsoever caused to, any person or to the property of any person as occurs in the process of the construction work on the Project, except for those caused solely by the negligence or intentional acts of PDC. The indemnity set forth in this Section 3.6.2 shall survive the issuance of the Certificate of Completion and any termination of this Agreement.
- 3.6.3 **Indemnity from Liens.** Indemnify, defend (at PDC's request) and hold harmless PDC, and its successors and assigns, from and against all claims, costs, expenses, losses, damages and liabilities whatsoever arising from or in connection with any mechanics', materialmen's, laborers' or other construction or statutory liens filed against any portion of the Property or the Project or arising from or related to construction on the Property or the Project performed by or at the request of Developer or Developer's contractors or agents. The indemnity set forth in this Section 3.6.3 shall survive the issuance of the Certificate of Completion and any termination of this Agreement.

Liens. If any statutory lien shall be filed, prior to PDC's issuance of the Certificate of Completion, against any portion of the Property or the Project by reason of labor, services or materials supplied to or at the request of Developer or Developer's contractors or agents or in connection with any construction on the Property or the Project, Developer shall, within ninety (90) days after the filing thereof, take whatever action is necessary and proper (including posting a bond or a cash deposit and taking such further action as may be required by the Oregon Construction Lien Law), to discharge the same of record so that the Property and the Project shall thereafter be entirely free of the lien. Alternatively, Developer may elect to leave the lien of record and to contest its validity, amount or applicability by appropriate legal proceedings, but only if Developer shall, within the 90-day period following the filing of the lien, furnish an indemnity against such lien in an amount and form satisfactory to induce the title insurance company which insured title to the Property to insure over such lien or to reissue

or update its existing policy, binder or commitment without showing any title exception by reason of such lien; provided, further, that in such event, (i) Developer shall indemnify and hold harmless PDC from all loss, damage, liability, expense or claim whatsoever (including attorneys' fees and other costs of defending against the foregoing) resulting from the assertion of any such lien, and (ii) in the event such legal proceedings shall be finally concluded (so that no further appeal may be taken) adversely to Developer, Developer shall within fifteen (15) days thereafter cause the lien to be discharged of record.

Certificate of Completion.

- 3.8.1 **When Developer is Entitled to Certificate of Completion.** Upon substantial completion of the Project as described in this Section 3.8 on or before the date for completion of the construction set forth in the Schedule of Performance and provided Developer is not in default under this Agreement, PDC will furnish Developer with a Certificate of Completion for the Project, substantially in the form of Exhibit F attached hereto and incorporated herein by this reference. The Project will be deemed to be substantially complete when: (i) PDC determines that the Project has been substantially completed according to the Final Construction Drawings and Technical Specifications, except for punch-list items that do not materially affect the use of the Project for the purposes intended under this Agreement, (ii) Developer has completed all environmental remediation and abatement on the Property, if any, required of Developer under Sections 4.1.3 or 4.1.4, (iii) the City has issued a temporary or permanent Certificate(s) of Occupancy with respect to the Project, (iv) Developer has submitted all materials reasonably necessary to obtain the applicable level of certification required by the Green Building Policy, and (v) PDC determines that any other improvements required by this Agreement have been completed in all material respects.
- 3.8.2 **Meaning and Effect of the Certificates of Completion.** The Certificate of Completion shall provide for termination of obligations under this Agreement and limitation of remedies of PDC as expressly provided for in the Certificate of Completion.
- 3.8.3 **Form of Certificate of Completion; Procedure Where PDC Refuses to Issue.** A Certificate of Completion shall be in a form that can be recorded in the real property records of Multnomah County. At Developer's request, the Certificate of Completion for the Project shall state which terms and conditions of this Agreement are of no further force and effect. If PDC refuses or fails to provide a Certificate of Completion in accordance with this section, then PDC, within fifteen (15) days after written request by Developer for such Certificate of Completion, shall provide Developer with a written statement indicating in detail in what respects Developer has failed to complete the Project in accordance with the provisions of this Agreement or is otherwise in default and what measures or acts Developer must take or perform to obtain such Certificate of Completion. PDC's failure to furnish Developer with such detailed written statement within such fifteen (15) day period shall be deemed PDC's approval of Developer's request for the Certificate of Completion.

4. ENVIRONMENTAL CONDITIONS, RESPONSIBILITY AND DEVELOPER INDEMNITY

Environmental Conditions of the Property and Parties' Responsibilities.

- 4.1.1 **Environmental Due Diligence Reports.** Developer acknowledges receipt of copies of all Environmental Due Diligence Reports listed in Exhibit L to this Agreement other than the Phase 1 Environmental Assessment described in Section 4.1.2 below, a copy

of which PDC will provide to Developer promptly after PDC's receipt thereof. PDC shall use its best efforts to seek reliance letters in favor of Developer from consultants providing Environmental Due Diligence Reports.

- 4.1.2 **Phase I Environmental Assessment.** Within 180 days prior to the date scheduled for Closing as set forth in the Schedule of Performance, PDC shall initiate a Phase I Environmental Assessment of the Property in conformance with the ASTM E 1527-05 process in compliance with the United States Environmental Protection Agency All Appropriate Inquiries (40 CFR Part 312). PDC shall provide a copy of the Phase I Environmental Assessment promptly after PDC's receipt thereof.
- 4.1.3 **[Section Intentionally Blank]**
- 4.1.4 **Unforeseen Environmental Conditions.** If Developer encounters, after Closing and prior to issuance of the Certificate of Completion, an Unforeseen Environmental Condition on the Property that was not caused, directly or indirectly by Developer, Developer shall suspend all related construction activities pending PDC's investigations under this Section 4.1.4. Developer shall also, promptly thereafter, notify DEQ (to the extent required by applicable law) and PDC of the Unforeseen Environmental Condition and provide PDC with any available documentation regarding the circumstances of the discovery of the Unforeseen Environmental Condition, including but not limited to any available documentation on the release of a Hazardous Substance on the Property. Reasonably promptly after discovery of an Unforeseen Environmental Condition on the Property, PDC shall at its expense make such surveys and conduct such tests and investigations as PDC deems reasonably necessary or desirable to determine the nature and extent of the Unforeseen Environmental Condition. Developer shall allow PDC access to the Property for such purpose. Developer hereby grants a license to PDC for PDC to enter on the Property to perform the foregoing surveys, tests and investigations which PDC shall conduct in accordance with applicable Environmental Laws. PDC will promptly provide Developer with copies of any reports arising from such surveys, tests and investigations. Promptly after PDC's completion of the surveys, tests and investigations, the Parties shall meet to discuss the plan for any required remediation or abatement, as applicable, of the Unforeseen Environmental Condition and to agree upon a source and method for funding any such remediation or abatement. Provided that PDC and Developer have mutually agreed upon a source and method for funding any required remediation or abatement, Developer shall then complete the required remediation or abatement as part of the Project, as a condition to issuance of the Certificate of Completion and in a manner necessary to obtain a No Further Action Letter from DEQ. Developer shall comply with all restrictions, limitations, conditions and obligations set forth in the No Further Action Letter once issued by DEQ. If the Parties are unable to agree on a source and method for funding the required remediation or abatement, then PDC shall have the right, but not the obligation, in its sole discretion, to pursue other responsible parties of the Unforeseen Environmental Condition or perform remediation or abatement of the Unforeseen Environmental Condition itself, as it determines necessary or appropriate, and Developer shall permit PDC access to the Property to do so.
- 4.1.5 **Indemnification.** Developer shall be responsible for compliance with all Environmental Laws with respect to the Property, its business and the operation of the Project from and after Closing, including but limited to compliance with all restrictions, limitations, conditions and obligations imposed by DEQ pursuant to a No Further Action Letter, Underground Storage Tank Closure letter or Easement and Equitable Servitude applicable to the Property, if any. In addition Developer shall be

responsible for all environmental remediation and abatement of Recognized Environmental Conditions and Unforeseen Environmental Conditions on the Property as and to the extent such obligations are imposed on Developer under Sections 4.1.4 above. Developer shall defend (at PDC's request), indemnify and hold harmless PDC, its successors and assigns, from and against all claims, costs, expenses, losses, damages, and liabilities, including, without limitation, reasonable legal, accounting, consulting, engineering and other expenses which may be imposed on or incurred by PDC, its successors or assigns, or asserted against PDC, its successors or assigns, by any other person or entity, including, without limitation, a governmental entity, arising out of or in connection with any violation of Environmental Laws by Developer, Developer's failure to comply with a restriction, limitation, condition or obligation imposed by DEQ pursuant to a No Further Action Letter, Underground Storage Tank Closure Letter or Easement and Equitable Servitude applicable to the Property, if any, or Developer's failure to complete any environmental remediation or abatement of Recognized Environmental Conditions or Unforeseen Environmental Conditions on the Property required of Developer by Sections 4.1.4 above. The indemnity set forth in this Section 4.1.5 shall survive the issuance of the Certificate of Completion and any termination of this Agreement.

- 4.1.6 **Contribution.** The foregoing indemnity does not limit any rights of contribution or indemnity that the Parties may have against others under applicable law or agreement. The indemnity is intended only as an allocation of responsibility between the Parties.

5. ASSIGNMENT AND TRANSFER PROVISIONS

Restrictions on Transfer of the Property and Assignment of the Agreement Prior to Issuance of Certificate of Completion. Because it is a municipal entity, PDC is uniquely benefited by completion of the Project. Developer is uniquely qualified to construct and manage the Project. Accordingly, PDC and Developer agree and acknowledge that the anti-assignment provisions of this Section 5 are reasonable and necessary to provide to each Party the benefit of the transaction implemented through this Agreement.

- 5.1.1 Except as provided in Section 5.2, Developer shall not partially or wholly transfer or dispose of or agree to transfer or dispose of the Property, the Project, or Developer's interest in this Agreement without the prior written approval of the PDC, which may be withheld in PDC's sole discretion. Without limiting PDC's discretion to withhold its approval in any event (except as provided in Section 5.2), PDC is unlikely to approve a transfer or disposition if (a) the transfer or disposition violates another provision of this Agreement, (b) the proposed transferee does not possess qualifications and financial capacity equal to or superior to that of Developer, or (c) the transfer or disposition will cause a material delay in completion of the Project.

Approved Transfers Prior to Issuance of Certificate of Completion. Notwithstanding Section 5.1 above, and provided that Developer provides PDC with copies of all agreements or instruments related to the transfer at least fifteen (15) Business Days prior to the effective date of the proposed transfer, and any other information reasonably necessary for PDC to determine whether such transfer complies with the requirements of this Agreement, PDC hereby consents to:

- 5.2.1 An assignment of Developer's rights under this Agreement and interest in the Property to a limited liability company or nonprofit corporation whose sole member is Developer (or, in the case of a non-member nonprofit corporation, the sole purpose of which is to serve the same public interests served by Developer) provided that Developer retains control of the operations of the assignee. Provided that an

assignment complies with the requirements of this Section 5.2.1, and that the documents provided to PDC (i) include a written assumption by the assignee of all obligations of Developer under this Agreement and (ii) establish to PDC's reasonable satisfaction that assignee demonstrates the financial feasibility requirements of Section 1.5.1(a)(iv) above, PDC shall, within fifteen (15) days after the expiration of the fifteen (15) day period described in Section 5.2 above, provide to Developer a written release of Developer's obligations under this Agreement. Otherwise, notwithstanding an assignment under this Section 5.2.1, Developer shall remain fully responsible to PDC for performance of this Agreement.

- 5.2.2 Any Mortgage that Developer may cause to attach to the Property to finance the Project provided that PDC has approved the terms of the Mortgage.

Transfers After Issuance of Certificate of Completion. After PDC's issuance of a Certificate of Completion for the Project, Developer may transfer or dispose of the Property, the Project, or Developer's interest in this Agreement with the consent or approval of PDC.

6. COMPLIANCE WITH PDC POLICIES PRIOR TO AND DURING CONSTRUCTION

Construction Wage Policy. PDC has adopted a Construction Wage Policy to increase the opportunity for Portlanders to access family and living wage jobs as an important means of wealth creation and to expand opportunities for People of Color and women in the construction trades to ensure that benefits of PDC's investments are equitably disbursed. PDC has determined that the Project is subject to the Construction Wage Policy. Accordingly, in connection with the Project, the Developer shall comply with the Construction Wage Policy, which requires Developer to enter into a Project Apprenticeship and Equity Agreement ("PAE Agreement") with PDC and to require its General Contractor to enter into the PAE Agreement and comply with the Construction Wage Policy. The PAE Agreement shall set forth, among other things, specific goals for increased participation by People of Color and women on the Project. The Construction Wage Policy is set forth in Exhibit H, and made a part hereof.

Business and Workforce Equity Policy. PDC has adopted the Business and Workforce Equity Policy to ensure fair and equitable opportunities to Portland's diverse populations, promote prosperity in all segments of Portland's diverse communities, foster economic growth, and expand competition in the market. The Business and Workforce Equity Policy is set forth in Exhibit I, and made a part hereof. The Business and Workforce Equity Policy is comprised of two (2) separate and distinct programs:

- The Business Equity Program; and
- The Workforce Equity Program

PDC has determined that the Project is subject to both the Business Equity Program and the Workforce Equity Program as follows:

6.2.1 **Business Equity Program.** The purpose of the Business Equity Program is to ensure that PDC provides professional, supplier and construction contracting opportunities to State certified minority-owned, women-owned and emerging small businesses (collectively, "Certified Firms") and to encourage the participation of businesses owned by veterans in connection with PDC projects. The utilization goal for Certified Firms in connection with the Project is twenty percent (20%) of the Project's hard construction costs. The Developer shall comply with the Business Equity Program by including provisions in its contract with its General Contractor that require the General Contractor to comply with the Business Equity Program and otherwise causing its General Contractor, and

the subcontractors thereof, to comply with the Business Equity Program in connection with the Project. Developer shall also comply with all portions of the Business Equity Program applicable directly to Developer. The failure of Developer or Developer's General Contractor, or the subcontractors thereof, to comply with the Business Equity Program shall constitute a breach of a material provision of this Agreement.

6.2.2 Workforce Equity Program. The purpose of the Workforce Equity Program is to maximize apprenticeship opportunities in the construction trades and ensure employment opportunities for People of Color and women and encourage the employment of people with disabilities and veterans in connection with PDC projects. Projects subject to the Workforce Equity Program must comply with PDC's Workforce Training and Hiring Program which requires contractors to: (i) ensure that a minimum of 20% of labor hours in each apprenticeable trade performed by the contractor and subcontractors are worked by state-registered apprentices; and (ii) make all reasonable and necessary efforts to employ a workforce that reflects the diversity of the City of Portland. In connection with the Project, the Developer shall comply with the Workforce Equity Program by including provisions in its contract with its General Contractor that require the General Contractor to comply with the Workforce Equity Program and otherwise causing its General Contractor, and the subcontractors thereof, to comply with the Workforce Equity Program in connection with the Project. Developer shall also comply with all portions of the Workforce Equity Program applicable directly to Developer. The failure of Developer or Developer's General Contractor, or the subcontractors thereof, to comply with the Workforce Equity Program shall constitute a breach of a material provision of this Agreement.

EEO Certification. Developer shall comply with the City's EEO Certification Program by including provisions in its contract with its General Contractor that require the General Contractor to comply with the EEO Certification Program and otherwise causing its General Contractor, and the subcontractors thereof, to comply with the EEO Certification Program. Developer shall also comply with all portions of the EEO Certification Program applicable directly to Developer and with all applicable provisions of Federal or state statutes and regulations and City ordinances concerning equal employment opportunities for persons engaged in the Project. The failure of Developer or Developer's General Contractor, or the subcontractors thereof, to comply with the EEO Certification Program or other applicable equal employment opportunity law shall constitute a breach of a material provision of this Agreement.

Green Building Standards. In connection with the Project, Developer shall comply with PDC's Green Building Policy (or its equivalent), a copy of which is attached hereto as Exhibit J, and made a part hereof. Among other things, this policy requires Developer to construct the Project in the manner necessary to meet the applicable Green Building standard set forth in the Green Building Policy. Within ten (10) days after the Effective Date, Developer shall provide PDC with the initial Green Building Progress Report, and Developer shall submit subsequent Green Building Progress Reports to PDC every thirty (30) days thereafter until PDC has issued a Certificate of Completion for the Project. If the applicable Green Building standard is some level of LEED certification, then Developer shall submit all materials necessary to obtain the applicable level of certification, or its equivalent, for the Project prior to PDC's issuance of a Certificate of Completion for the Project and submission of such materials is a condition precedent to PDC's obligation to issue the Certificate of Completion.

7. RESERVED

8. PERMITTED MORTGAGES

Mortgage Protection Provisions.

- 8.1.1 **Effect of Revesting on Mortgages.** Any reversion and revesting of the Property or any portion thereof in PDC pursuant to this Agreement shall always be subject to and limited by, and shall not defeat, render invalid, or limit in any way, except as expressly set forth herein, any Mortgage approved in writing by PDC and authorized by this Agreement.
- 8.1.2 **Mortgagee Not Obligated To Construct.** Notwithstanding any of the provisions of the Agreement, except those that are covenants running with the Property, a Mortgagee or its designee for purposes of acquiring title at foreclosure shall in no way be obligated by the provisions of this Agreement to construct or complete the improvements in the Property or to guarantee such construction or completion; provided, however that nothing in this Agreement shall be deemed or construed to permit or authorize any such Mortgagee to devote the Property or any part thereof to any uses, or to construct any improvements thereon other than those uses or improvements provided or permitted in this Agreement.
- 8.1.3 **Copy of Notice of Default to Mortgagee.** If PDC delivers a notice or demand to Developer with respect to Developer's breach of this Agreement, PDC shall at the same time send a copy of such notice or demand to each Mortgagee approved by PDC, at the last address of such holder shown in the records of PDC. Failure of PDC to send a copy of such notice or demand to a Mortgagee shall not prevent or limit in any way PDC's rights and remedies under this Agreement or create any liability for PDC.
- 8.1.4 **Mortgagee's Options to Cure Defaults.** After Developer's breach of this Agreement and if Developer fails to cure or remedy said breach within the required time period, then each Mortgagee shall have thirty (30) days after passage of the latest date for Developer's cure or remedy of the breach, to cure or remedy the breach itself, if cure or remedy thereof is permitted by this Agreement. If a Mortgagee does cure or remedy the breach within said thirty (30) day period, the Mortgagee may add the cost thereof to the Mortgage debt and the lien of its Mortgage, if permitted by its loan documents. If the breach is with respect to construction of the improvements comprising the Project, nothing contained in this Agreement shall be deemed to prohibit such Mortgagee, either before or after foreclosure or action in lieu thereof, from undertaking or continuing the construction or completion of the improvements, provided that the Mortgagee notifies PDC in writing of its intention to complete the Project according to the approved Final Construction Drawings and Technical Specifications. Any Mortgagee who properly completes the Project shall be entitled to issuance of a Certificate of Completion, upon written request made to PDC following the procedures set forth in Section 3.8 above.
- 8.1.5 **Amendments Requested by Mortgagee.** PDC shall execute amendments to this Agreement or separate agreements to the extent reasonably requested by a Mortgagee proposing to make a loan to Developer secured by a security interest in all or any part of the Property or the Project, provided that such proposed amendments or other agreements do not materially and adversely affect the rights of PDC or its interest in the Property.

9. DEFAULT AND REMEDIES

Default and Cure.

9.1.1 Default by Developer.

- (a) Developer shall be in default under this Agreement if Developer breaches a

material provision of this Agreement, whether by action or inaction, and such breach continues and is not remedied within forty-five (45) days after Developer receives written notice from PDC specifying the breach. In the case of a breach that cannot with reasonable due diligence be cured within a period of forty-five (45) days, Developer shall be in default under this Agreement if Developer does not commence the cure of the breach within forty-five (45) days after Developer receives written notice from PDC and thereafter diligently prosecute to completion such cure within one hundred twenty (120) days after the written notice from PDC.

- (b) Developer shall also be in default under this Agreement if Developer makes an assignment for the benefit of creditors, or is adjudicated a bankrupt, or has a receiver, trustee or creditor's committee appointed over it that is not removed within one hundred eighty (180) days after appointment.
- (c) Developer shall also be in default under this Agreement, and PDC shall be irreparably harmed by such default, if Developer constructs or operates the Project in a manner materially inconsistent with Final Construction Drawings and Technical Specifications, as the Final Construction Drawings and Technical Specifications have been approved, or have deemed to have been approved, by PDC under the provisions of this Agreement.

9.1.2 **Default by PDC.** PDC shall be in default under this Agreement if PDC breaches any material provision of this Agreement, whether by action or inaction, and such breach continues and is not remedied within forty-five (45) days after PDC receives written notice from Developer specifying the breach. In the case of a breach that cannot with due diligence be cured within a period of forty-five (45) days, PDC shall be in default under this Agreement if PDC does not commence cure of the breach within forty-five (45) days after PDC receives written notice from Developer and thereafter diligently prosecute to completion such cure within sixty (60) days after the written notice from Developer.

PDC's Pre-Conveyance Remedies. If a Developer default (as described in Section 9.1.1) occurs before the Property is conveyed to Developer, PDC may, at its option: (i) terminate this Agreement by written notice to Developer, without waiving any cause of action for monetary damages PDC may have against Developer, or (ii) seek monetary damages against Developer (except that PDC shall not have the right to seek monetary damages against Developer if Closing has not occurred due to failure of a condition precedent to Developer's obligation to close under Sections 1.5.1(a) or (b) and Developer has not waived such condition). In no event shall PDC seek consequential damages from Developer in connection with a Developer default. If PDC terminates this Agreement as provided in this Section 9.2, then Developer shall deliver to PDC within thirty (30) days after such termination, copies of all Project market research, design documents, engineering documents, proformas and financial projections prepared for Developer by unrelated third parties, and which Developer is authorized to release. PDC may use any of the foregoing documents in any manner that PDC deems appropriate with the consent of any party having approval rights thereunder. PDC shall pay no compensation to Developer for the foregoing Project documents. If, prior to Closing, Developer performs any construction activities on the Property and Developer fails to acquire the Property, Developer agrees to restore the Property to substantially the condition that existed prior to the time that Developer performed any activities thereon, or to such condition as PDC shall reasonably approve.

PDC's Post-Conveyance Remedies. If a Developer default (as described in Section 9.1.1) occurs after the Property is conveyed to Developer, including but not limited to Developer's

failure to complete the Project as required by Section 3.3, then PDC shall have the following remedies:

- 9.3.1 Subject to the Mortgagee protections specified in Section 8.1, PDC shall have the right to re-enter and take possession of the Property and to terminate (and revest in PDC) the estate conveyed by the Deed, terminate Developer's right to develop the Project, and resell the Property pursuant to Section 9.4 hereof. It is the intent of this provision together with other provisions of this Agreement, that the Conveyance of the Property to Developer shall be made upon, and that the Deed to the Property shall provide for, a condition subsequent to the effect that, in the event of a Developer default (as described in Section 9.1.1), PDC, at its option, may upon sixty (60) days written notice (hereinafter "Notice of Termination") to Developer and the Escrow Agent, declare a termination in favor of PDC of the title, and of all the rights and interest in the Property. After delivery of such Notice of Termination, and in the event Developer fails to remedy, end or abrogate such default within the sixty (60) day period in the manner stated in the Notice of Termination, all the title and rights and interest in the Property conveyed to Developer by Deed, or to any successors or permitted assigns of Developer, shall be reconveyed to PDC by quitclaim deed and pursuant to the escrow instructions, each as set forth in Exhibit G. Any delay by PDC in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this section 9.3 shall not operate as a waiver of such rights or to deprive it of or limit such rights in any way (it being the intent of this provision that PDC should not be constrained because of concepts of waiver, laches or estoppel so as to avoid the risk of being deprived of or limited in the exercise of the remedy provided in this section or otherwise to exercise such remedy at a time when it may still hope otherwise to resolve the problems created by the default involved); nor shall any waiver in fact made by PDC with respect to any specific default by the Developer be considered or treated as a waiver of the rights of PDC with respect to any other defaults by the Developer or with respect to any particular default except to the extent specifically waived.
- 9.3.2 Developer shall deliver to PDC within thirty (30) days after reconveyance of the Property pursuant to Section 9.3.1, copies of all Project market research, design documents, engineering documents, proformas and financial projections prepared for Developer by unrelated third parties, and which Developer is authorized to release. PDC may use any of the foregoing documents in any manner that PDC deems appropriate with the consent of any party having approval rights thereunder. PDC shall pay no compensation to Developer for the foregoing Project documents.

PDC Resale. If title to the Property shall revest in PDC in accordance with the provisions of Section 9.3, PDC may, at its option, bring the improvements to a state of completion deemed by PDC as reasonably necessary to protect the improvements from the elements or other dangers, and shall, pursuant to its responsibilities under Oregon Revised Statutes, Chapter 457, and Chapter XV of the Charter of the City of Portland, use its best efforts consistent with prudent business practices and generally in accordance with the terms of this Agreement to resell at a reasonable price, the Property and such improvements (subject to any Mortgages permitted by this Agreement) as soon and in such a manner as PDC shall find feasible and consistent with the objectives of such laws and the Urban Renewal Plan, to a qualified and responsible party or parties (as determined by PDC in its sole discretion) who will assume the obligation of making or completing the improvements or such other improvements in their stead as shall be satisfactory to PDC. Upon such resale, the proceeds thereof shall be applied as follows:

- 9.4.1 **PDC Reimbursement.** First, to PDC on its own behalf to reimburse PDC for all costs and expenses reasonably incurred by it in retaking, completing and selling the Property

and its improvements, including, but not limited to, the following: (a) salaries of personnel in connection with the recapture, management and resale of the Property, (b) any expenditures made or costs incurred in completing the construction of the Project improvements that were Developer's responsibility to construct but were done by or on behalf of PDC, (c) any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or the Project at the time of revesting of title thereto in PDC or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer, its successor or transferees excluding any Mortgage if the Property or improvements are sold subject to such Mortgage, (d) all taxes, assessments and water and sewer charges with respect to the Property or part thereof (or, in the event the Property is exempt from taxation or assessment of such charges during the period of ownership thereof by PDC or Developer, an amount equal to such taxes, assessment, or charges (as determined by the County assessing official) as would have been payable if the Property were not so exempt), and (e) any amounts owed to the City as lease or license fees, and any amounts otherwise owing PDC by Developer or its successor or transferee;

9.4.2 **Developer Reimbursement.** Second, to reimburse Developer, up to the amount equal to the sum of (a) any portion of the Purchase Price of the Property that Developer has paid to PDC and (b) the PDC-approved development costs for the Project paid by Developer, or for which Developer remains liable (including, without limitation, architectural and construction costs), that were not funded by PDC (if PDC provided financing for the Project), less any gains or income withdrawn or made as to the Project; and

9.4.3 **Balance to PDC.** Third, any balance remaining after the reimbursements described above shall be retained by PDC.

Developer's Pre-Conveyance Remedies. If a PDC default (as described in Section 9.1.2) occurs before PDC conveys the Property to Developer, Developer may, at its option: (i) terminate this Agreement by written notice to PDC without waiving any cause of action Developer may have against PDC, (ii) specifically enforce the obligations of PDC under this Agreement, or (iii) seek monetary damages against PDC. Notwithstanding the preceding sentence, Developer shall not seek consequential damages from PDC in connection with PDC's default.

Developer's Post-Conveyance Remedies. If a PDC default (as described in Section 9.1.2) occurs after PDC conveys the Property to Developer, Developer may specifically enforce the obligations of PDC under this Agreement, or seek monetary damages against PDC. Notwithstanding the preceding sentence, Developer shall not seek consequential damages from PDC in connection with PDC's default.

Nonexclusive Remedies. The rights and remedies provided by this Agreement shall not be deemed exclusive, except where otherwise indicated, and shall be in addition to any and all rights and remedies otherwise available at law or in equity. The exercise by either Party of one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or of any of its remedies for any other default by the other Party, including, without limitation, the right to compel specific performance. Any limitation of remedies set forth herein shall not limit or affect the obligations of a Party under any contractual indemnities set forth herein.

Unavoidable Delay

- 9.8.1 Neither a Party nor a Party's successor in interest shall, to the extent described in Section 9.8.2 below, be considered in breach of any obligation created hereunder or progress in respect thereto if the delay in performance of such obligation (the "Unavoidable Delay") is due to causes that are unforeseeable, beyond its control, and without its fault or negligence, such as acts of God, acts of the public enemy, fires, floods, epidemics, quarantine restrictions, freight embargoes, earthquake, explosion, mob violence, riot, malicious mischief.
- 9.8.2 It is the purpose and intent of this provision that, in the event of the occurrence of any such Unavoidable Delay, the time or times for performance of the obligations of PDC or Developer, as the case may be, shall be extended for the period of the Unavoidable Delay; provided, however, that the Party seeking the benefit of this Section shall, within thirty (30) days after the Party becomes aware of the causes of any such Unavoidable Delay, notify the other Party in writing of the cause or causes of the delay and the estimated time of correction and, provided further, that in no event shall the time or times for performance of an obligation be extended for more than 180 days in aggregate.

10. MISCELLANEOUS PROVISIONS

PDC Project Manager. For the purposes of managing the implementation of the provisions of this Agreement on behalf of PDC, PDC shall designate a Project Manager. At the Effective Date, the PDC Project Manager is John Warner.

Discrimination. Developer, for itself and its successor and assigns, agrees that, during the construction of the Project, Developer will not discriminate against any employee or applicant for employment because of race, color, religion, age, gender, sexual orientation or national origin.

Notice. Any notice or communication under this Agreement by either Party to the other shall be deemed given and delivered (a) forty-eight (48) hours after being dispatched by registered or certified U.S. mail, postage prepaid, return receipt requested, or (b) when received if personally delivered, and:

In the case of a notice or communication to Developer, addressed as follows:

c/o Melvin Mark Properties
Att'n: Dan Petrusich
111 S.W. Columbia Street, Suite 1380
Portland, OR 97201

with a copy to:

John M. McGuigan
Black Helterline LLP
805 S.W. Broadway, Suite 1900
Portland, OR 97205

In the case of a notice or communication to PDC, addressed as follows:

Barbara Shaw
Portland Development Commission
222 NW 5th Ave.

Portland, OR 97209

with a copy to:

Portland Development Commission
Attn. General Counsel
222 NW 5th Ave.
Portland, OR 97209

or addressed in such other way in respect to either Party as that Party may, from time to time, designate in writing dispatched as provided in this Section. Notice given in any other manner shall be effective upon receipt by the Party for whom the same is intended.

Merger. None of the provisions of this Agreement are intended to or shall be merged by reason of any Deed transferring title to the Property from PDC to Developer or any successor in interest, and any such Deed shall not be deemed to affect or impair the provisions and covenants of this Agreement, but shall be deemed made pursuant to this Agreement.

Headings. Titles of the sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Waivers. No waiver made by either Party with respect to the performance, or manner or time thereof, of any obligation of the other Party or any condition inuring to its benefit under this Agreement shall be considered a waiver of any other rights of the Party making the waiver. No waiver by PDC or Developer of any provision of this Agreement or any breach thereof, shall be of any force or effect unless in writing and no such waiver shall be construed to be a continuing waiver.

Governing Law, Venue, Consent to Jurisdiction. This Agreement shall be governed by Oregon law, without regard to principles of conflicts of law. Any action or suit to enforce or construe any provision of this Agreement by any Party must be brought in the Circuit Court of the State of Oregon for Multnomah County or, if the action or suit must be brought in a federal forum, the United States District Court for the District of Oregon in Portland, Oregon. Each Party, by execution of this Agreement, hereby consents to the in personam jurisdiction of said courts.

Calculation of Time. All periods of time referred to herein shall include Saturdays, Sundays, and legal holidays in the state of Oregon, except that if the last day of any period falls on any Saturday, Sunday or legal holiday, the period shall be extended to include the next day which is not a Saturday, Sunday or legal holiday.

Construction. In construing this Agreement, singular pronouns shall be taken to mean and include the plural and the masculine pronoun shall be taken to mean and include the feminine and the neuter, as the context may require.

Legal Purpose. Developer agrees that it shall use the Project solely for lawful purposes.

Severability. If any clause, sentence or any other portion of the terms and conditions of this Agreement becomes illegal, null or void for any reason, the remaining portions will remain in full force and effect to the fullest extent permitted by law.

Entire Agreement. This Agreement and the exhibits and attachments hereto are the entire agreement between the Parties on the subject matter hereof. There is no other oral or written agreement between the Parties with regard to this subject matter. There are no representations

or warranties made by either Party, implied or express, other than those contained in this Agreement.

Amendments and Modifications. Any modifications to this Agreement must be made in writing and executed by all Parties, and approved by the PDC Board of Commissioners. Notwithstanding this general requirement, the PDC Executive Director may approve minor modifications to this Agreement without Board of Commissioners approval. “Minor Modifications” include:

10.13.1 Changes in the Schedule of Performance when deemed warranted by the Executive Director which do not exceed one hundred eighty (180) days; and

10.13.2 Corrections of errors, clarifications, or minor modifications that do not change the substantive content of the Agreement.

Successors and Assigns. Subject to the provisions of Section 5, the benefits conferred by this Agreement, and the obligations assumed thereunder, shall inure to the benefit of and bind the successors and permitted assigns of the Parties.

No Partnership. Nothing contained in this Agreement or any acts of the Parties hereby shall be deemed or construed by the Parties, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or any association between any of the Parties other than that of independent contracting parties.

Non-waiver of Government Rights. Subject to the terms and conditions of this Agreement, by making this Agreement and delivery of the Deed, PDC is specifically not obligating itself, the City, or any other agency with respect to any discretionary action relating to development or operation of the improvements to be constructed on the Property, including, but not limited to, rezoning, variances, environmental clearances or any other governmental approvals which are or may be required, except as expressly set forth herein.

Approvals. Where this Agreement requires the approval of PDC, PDC will approve or disapprove in writing within thirty (30) days after receipt of the material to be approved, except where a longer or shorter time period is specifically provided to the contrary, and further excepting construction change orders, to the extent governed by applicable loan documents, which will be processed according to the applicable loan documents. Failure by PDC to approve or disapprove within said period of time shall be deemed approval. Any disapproval shall state the reasons for such disapproval. Approvals will not be unreasonably withheld, except where rights of approval are expressly reserved to PDC’s sole discretion in this Agreement. Developer, upon receipt of such disapproval, shall revise such disapproved portions in a manner responsive to the stated reasons for disapproval and resubmit the same to PDC within forty-five (45) days after receipt of the notice of disapproval.

Approval by PDC Executive Director. Except as provided for elsewhere in this Agreement, whenever consent or approval by PDC is required under the terms of this Agreement, all such consents or approvals shall be given in writing from the Executive Director of PDC or his or her designee.

Time of Essence. Time is of the essence of this Agreement.

No Third-Party Beneficiary Rights. No person not a party to this Agreement is an intended beneficiary of this Agreement, and no person not a party to this Agreement shall have any right to enforce any term of this Agreement.

Recording of Memorandum of Agreement. PDC shall provide for recording a Memorandum of this Agreement within ten (10) days of the Effective Date. Developer shall pay the recording costs pursuant to Section 1.4. The form of the Memorandum of Agreement is attached as Exhibit K to this Agreement. When PDC issues to Developer a Certificate of Completion or if the Agreement is terminated, the Parties shall cooperate to promptly record an Amended Memorandum of Agreement to reflect the surviving covenants of this Agreement.

STATUTORY WARNING. 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 OREGON LAWS 2007, CHAPTER 424, SECTIONS 2, 3 AND 5 TO 22. 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 OREGON LAWS 2007, CHAPTER 424, SECTIONS 2, 3 AND 5 TO 22.

Executed in multiple counterparts as of the Effective Date.

CITY OF PORTLAND, a municipal corporation in the State of Oregon, acting by and through the Portland Development Commission as the duly designated Urban Renewal Agency of the City of Portland.

By: _____
Bruce A. Warner, Executive Director

APPROVED AS TO FORM:

Lisa Gramp, Assistant General Counsel
Portland Development Commission

BLANCHET HOUSE OF HOSPITALITY,
an Oregon nonprofit corporation

By: _____

Name: _____

Title: _____

EXHIBITS

Exhibit A	Form of Deed
Exhibit B	Project Budget
Exhibit C	Schedule of Performance
Exhibit D	Scope of Development
Exhibit E	Grant Term Summary
Exhibit F	Form of Certificate of Completion
Exhibit G	Form of Quitclaim Deed and Escrow Instructions
Exhibit H	Construction Wage Policy
Exhibit I	Business and Workforce Equity Policy
Exhibit J	Green Building Policy
Exhibit K	Form of Memorandum of Agreement
Exhibit L	Environmental Due Diligence Reports

EXHIBIT A
FORM OF
BARGAIN AND SALE DEED

After recording return to and,
until a change is requested, all
tax statements shall be sent to:

BARGAIN AND SALE DEED

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 (which, together with any successor public agency designated by or pursuant to law, is herein called “Grantor” or “PDC”), conveys to _____, a _____ (herein called the “Grantee” or “Developer”), the following described real property (herein called the “Property”):

The conveyance is made pursuant to that certain Agreement for Disposition and Development of Property (_____), between Developer and PDC, dated _____20__, a Memorandum of which was recorded on _____, 20__ as Document No. _____, Records of Multnomah County, Oregon (the “DDA”). Any capitalized terms in this Deed shall have the meanings set out in the DDA, unless otherwise defined herein. Other property or value was either part or the whole consideration.

The conveyance is subject to the following:

1. A condition subsequent to this conveyance, that PDC shall have the option, in the event of a default by Developer before PDC issues a Certificate of Completion for the Project, and upon 30 days written notice (hereinafter “Notice of Termination”) to said Developer and the Escrow Agent, to declare a termination in favor of PDC of the title, and of all the rights and interest of Developer, and its successors and assigns, in the Property. After delivery of such Notice of Termination, and in the event the default is not remedied within the 30-day period in the manner stated in the Notice of Termination, Developer shall reconvey the Property to PDC by quitclaim deed, pursuant to the Escrow Instructions in Exhibit G to the DDA.
2. After the Certificate of Completion is recorded, PDC shall thereafter have, or be entitled to exercise, no rights or remedies or controls that it may otherwise have been entitled to exercise under the DDA with respect to the construction of the Project, including but not limited to the right of entry to the Property and power of termination in PDC described in subparagraph 2 immediately above.

This Deed is made by PDC pursuant to powers exercised by it under Oregon Revised Statutes Chapter 457, and Chapter XV of the Charter of the City of Portland, and for the purpose of carrying out an

urban renewal plan for the _____ Urban Renewal Area approved by the City Council of the City on _____, as amended.

It is intended that the delivery of this Deed shall not effect a merger of those provisions of the DDA that are intended by the terms of the DDA to continue after the delivery of this Deed.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER OREGON LAWS 2007, CHAPTER 424, SECTIONS 2, 3 AND 5 TO 22. 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 OREGON LAWS 2007, CHAPTER 424, SECTIONS 2, 3 AND 5 TO 22.

IN WITNESS WHEREOF, the City of Portland Development Commission, as the duly designated urban renewal agency of the City of Portland, a municipal corporation of the State of Oregon, has caused this Deed to be executed this ____ day of _____, 20__.

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.

By: _____
Chairman

By: _____
Secretary

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me on _____, 20__, by _____ and _____ as Chairman and Secretary of the City of Portland Development Commission, on its behalf.

Notary Public for Oregon
My commission expires: _____

EXHIBIT B

Blanchet House Estimate of Total Project Costs-----Four Floors

11/4/08 11:20

BUDGETED

LAND COST	NIC

LAND	NIC
CONSTRUCTION COSTS (Fortis 5-14-08)	\$4,423,722
Design and Construction Contingency (@10%)	\$442,372
Escalation to 3rd Quarter '09	\$211,569
LEED Gold Premium	\$88,859

SUBTOTAL:	\$5,166,522
General Conditions	included above
ADDITION OF FOURTH FLOOR	\$842,094

TOTAL HARD CONSTRUCTION COSTS	\$6,008,616
FEES & INSURANCE	
Building Permit	\$42,060
Plan Check	Included Above
Type II Design Review	\$8,076
Historic Landmark Demolition Review	\$6,760
Metro Permit Surcharge @ 1% (\$10K Max)	\$10,000
Parks SDC (May Be Eligible for PDC Subsidy)	\$60,000
State Construction Excise Tax (Waiver Likely)	\$15,000
Transportation SDC's	\$11,072
Water Service	\$19,696
Sanitary Sewer SDC (Assumes 14.714 EDU's)	\$43,980
Surface Water Management	\$2,108
Erosion Control Permit	NIC
Portland General Electric-Est. Transformer Installation Participation	\$40,000
Builder's Risk Insurance (Excludes Earthquake and Flood)	\$9,013
Miscellaneous Permits / Fees Allowance	\$20,000

FEES & INSURANCE SUBTOTAL:	\$287,765
SPECIALTY EQUIPMENT	NIC
=====	
TOTAL DIRECT COSTS	\$6,296,382
INDIRECT COSTS:	
ARCHITECTURAL /SUBCONSULTANTS	
SERA and Subconsultants	\$685,000
Anticipated Additional Services (LEED, CFC Funding Assistance)	\$149,025
Reimbursables	\$41,701
Space Planning	NIC
Historical Consultant	\$8,500
Traffic Engineering	\$5,500
Site Surveys	\$4,500
Geotechnical	\$15,500
Concrete / Steel / Masonry Testing	\$32,500
Signage / Graphics	\$5,000
Miscellaneous Document Reproduction Costs	\$1,500

ARCHITECTURAL / SUBCONSULTANTS SUBTOTAL:	\$948,726

LOAN FEES AND FINANCIAL COSTS	
Construction Loan Fee	NIC
Permanent Loan Fee	NIC
Title Insurance	NIC
Property Taxes During Construction	NIC

LOAN FEES & FINANCIAL COSTS SUBTOTAL:	\$0
LEGAL FEES	\$20,000
SPECIALTY STAFF-Engineering and Systems Services	\$17,500
SIGNAGE	\$10,000
	=====
TOTAL INDIRECT COSTS:	\$996,226
Total Direct Costs	\$6,296,382
Total Indirect Costs	\$996,226
	=====
DIRECT & INDIRECT COSTS SUBTOTAL:	\$7,292,608
CONSTRUCTION INTEREST	NIC
SUBTOTAL:	\$7,292,608
Project Contingency @ 5%	\$364,630
Project Management @ 4.5%	\$344,576

CONTINGENCY / PM SUBTOTAL	\$709,206
	=====
PROJECT TOTAL :	\$8,001,814

EXHIBIT C

SCHEDULE OF PERFORMANCE

Task No.	Task	Due Date
1.0	PDC Board of Commissioners approval of DDA	11/12/08
2.0	PDC to provide Preliminary Title Report to BHH	+10 business days from DDA date
3.0	BHH to submit application for Demolition Permit to Landmarks Commission	01/01/09
3.1	BHH to notify PDC of any objections to title condition	+30 days from receipt of title report
4.0	BHH to provide 50% Schematic Drawings and Project Budget	02/01/09
4.1	PDC to complete review/approval of 50% Schematic Drawings & Project Budget	+5 business days from receipt
5.0	BHH to provide 100% Schematic Drawings and Project Budget	04/01/09
5.1	PDC to complete review/approval of 100% Schematic Drawings and Project Budget	+5 business days from receipt
6.0	BHH to provide 50% Design Development Documents & Project Budget	01/01/10
6.1	PDC to complete review/ approval of 50% Design Development Docs & Budget	+5 business days from receipt
7.0	BHH to provide 100% Design Development Documents and Project Budget	03/01/10
7.1	PDC to complete review/approval of 100% Design Development Docs and Budget	+5 business days from receipt
8.0	BHH to submit application for Design Review Approval to Landmarks Commission	03/01//10
9.0	BHH to secure conditional Demolition Approval (contingent on BHH securing Building Permit) from Landmarks Commission	04/01/10
10.0	PDC to give 7- month courtesy Notice to Vacate to tenants in the Property	At evidence of (i) availability of conditional demolition permit & (ii) commitment of 50% of BHH fundraising requirement
11.0	BHH to provide 50% Construction Documents and Project Budget	06/01/10
11.1	PDC to complete review/comment on 50% Construction Documents & Project Budget	+5 business days from receipt
12.0	BHH to secure Design Review approval from Landmarks Commission	06/01/10
13.0	PDC to provide new Phase 1 Environmental Site Assessment Report to BHH	09/01/10
14.0	BHH to provide 90% Construction Documents & Project Budget	09/01/10
14.1	PDC to complete review/comment on 90% Construction Docs & Project Budget	+5 business days from receipt
15.0	BHH to provide Final Construction Documents, Specifications and Project Budget	10/01/10
15.1	PDC to complete review/comment on Final Construction Docs, Specs, & Budget	+5 business days from receipt
16.0	PDC to complete relocation of all tenants in the Property	+7 months from Notice to Vacate

Task No.	Task	Due Date
17.0	BHH to provide evidence/commitment of all project financing (perm & construct)	10/15/10
18.0	BHH to secure Building Permit(s) from BDS	10/15/10
19.0	PDC Closing/Conveyance of Property to BHH	11/01/10
20.0	Final Termination Date (if applicable)	06/01/12
21.0	BHH to complete construction of Project	+13 months from closing
22.0	BHH requests Certificate of Completion from PDC	At Certificate of Occupancy
23.0	PDC issues Certificate of Completion	+30 days after receipt of request

Draft 4.0 (BJS 11.30.08)

EXHIBIT D

SCOPE OF DEVELOPMENT

Project Summary

Demolition of existing structure and construction of new wood frame building
Structure to be approximately 40,000 square feet including basement of 9,500 square feet
Three residential floors over ground floor kitchen/dining uses

Two Residential Floors

12-13 rooms with one to two beds
Each floor has a common bathroom, laundry and living room
Each floor will accommodate approximately 25 residents (total 50 residents)

One Residential Floor

12 studio units
Common bathroom, laundry and living room/meeting room
Accommodate approximately 12 residents
Director's Office

Ground Floor

Commercial kitchen
Food Storage
Indoor queuing area
Three small administrative offices
Bathrooms
Dining area
Entrance to housing
Loading/parking area for 1-2 vehicles

EXHIBIT E

GRANT TERM SUMMARY

Grant Amount: \$2,000,000.

Interest Rate: Zero percent (0.0%).

Maturity: None.

Debt Service: No required debt service.

Guarantors: None.

Use Restriction: The Property and/or Project shall be used to provide homeless services, including meals, social and supportive services and transitional housing (Program) for a period of sixty (60) years (Regulatory Period).

Security and Collateral: The Grant is unsecured and is not a constraint on the property; however, upon default by Grantee under the Grant Agreement that is not cured, the Grant shall be immediately due and payable, pursuant to the terms of the Recapture section below, and PDC may record a lien on the Property that is foreclosable.

Disbursement: PDC will disburse up to a total of ninety percent (90%) of the Grant (\$1,800,000) on a pari passu basis with other funding for the Project through construction disbursements, during course of construction. The final ten percent (10%) of the Grant (\$200,000) will be disbursed at final disbursement.

Due on Sale or Transfer: Any sale or transfer (or any attempted sale or transfer) of all or any part of, or any interest in, the Property and/or the Project, or any beneficial interest in Grantee, without the prior written consent of PDC, which PDC may grant, condition, or withhold in its sole and absolute discretion, is prohibited, and any such prohibited sale or transfer shall constitute a default by Grantee under the Grant Agreement, upon the occurrence of which the grant shall be immediately due and payable, pursuant to the terms of the Recapture section below.

Except, sale or transfer shall not include a transfer to a single purpose subsidiary or affiliate of the Grantee created by Grantee for the purpose of owning the Property and/or Project.

As used herein, the term “sale or transfer” is used in its broadest sense, and includes, with respect to the Property and/or Project, a ground lease, master lease or other lease not in the ordinary course of business, land sale contract, foreclosure, deed in lieu of foreclosure, or transfer (by operation of law or otherwise) pursuant to any dissolution, liquidation, merger, reorganization or consolidation, and with respect to a beneficial interest in Grantee, a sale, gift or other transfer of any loan, stock, membership or other ownership interest in Grantee.

Recapture: The attached Attachment 1 - Repayment Schedule shows the Grantee’s repayment obligation if the Program is terminated prior to the end of the Regulatory Period.

**Blanchet House of Hospitality
Attachment 1 - Repayment Schedule**

Grant Amount	2,000,000
Interest Rate	3.00%
Amortization	60

During Year	Principal	Accrued Interest	Pay-Off Amount
1	2,000,000	60,000	2,060,000
2	1,966,667	119,770	2,086,437
3	1,933,333	179,272	2,112,606
4	1,900,000	238,467	2,138,467
5	1,866,667	297,312	2,163,978
6	1,833,333	355,763	2,189,096
7	1,800,000	413,773	2,213,773
8	1,766,667	471,294	2,237,960
9	1,733,333	528,274	2,261,607
10	1,700,000	584,658	2,284,658
11	1,666,667	640,390	2,307,056
12	1,633,333	695,409	2,328,743
13	1,600,000	749,654	2,349,654
14	1,566,667	803,057	2,369,724
15	1,533,333	855,550	2,388,883
16	1,500,000	907,060	2,407,060
17	1,466,667	957,510	2,424,177
18	1,433,333	1,006,821	2,440,154
19	1,400,000	1,054,908	2,454,908
20	1,366,667	1,101,685	2,468,352

During Year	Principal	Accrued Interest	Pay-Off Amount
21	1,333,333	1,147,059	2,480,393
22	1,300,000	1,190,934	2,490,934
23	1,266,667	1,233,210	2,499,876
24	1,233,333	1,273,779	2,507,113
25	1,200,000	1,312,534	2,512,534
26	1,166,667	1,349,356	2,516,023
27	1,133,333	1,384,128	2,517,461
28	1,100,000	1,416,720	2,516,720
29	1,066,667	1,447,003	2,513,670
30	1,033,333	1,474,838	2,508,171
31	1,000,000	1,500,080	2,500,080
32	966,667	1,522,580	2,489,247
33	933,333	1,542,180	2,475,513
34	900,000	1,558,715	2,458,715
35	866,667	1,572,014	2,438,681
36	833,333	1,581,899	2,415,232
37	800,000	1,588,181	2,388,181
38	766,667	1,590,667	2,357,334
39	733,333	1,589,153	2,322,486
40	700,000	1,583,426	2,283,426

During Year	Principal	Accrued Interest	Pay-Off Amount
41	666,667	1,573,266	2,239,933
42	633,333	1,558,441	2,191,774
43	600,000	1,538,710	2,138,710
44	566,667	1,513,823	2,080,490
45	533,333	1,483,518	2,016,851
46	500,000	1,447,522	1,947,522
47	466,667	1,405,551	1,872,218
48	433,333	1,357,309	1,790,642
49	400,000	1,302,488	1,702,488
50	366,667	1,240,766	1,607,432
51	333,333	1,171,808	1,505,141
52	300,000	1,095,266	1,395,266
53	266,667	1,010,777	1,277,443
54	233,333	917,962	1,151,296
55	200,000	816,430	1,016,430
56	166,667	705,769	872,436
57	133,333	585,554	718,887
58	100,000	455,340	555,340
59	66,667	314,667	381,334
60	33,333	163,053	196,387
61	0	0	0

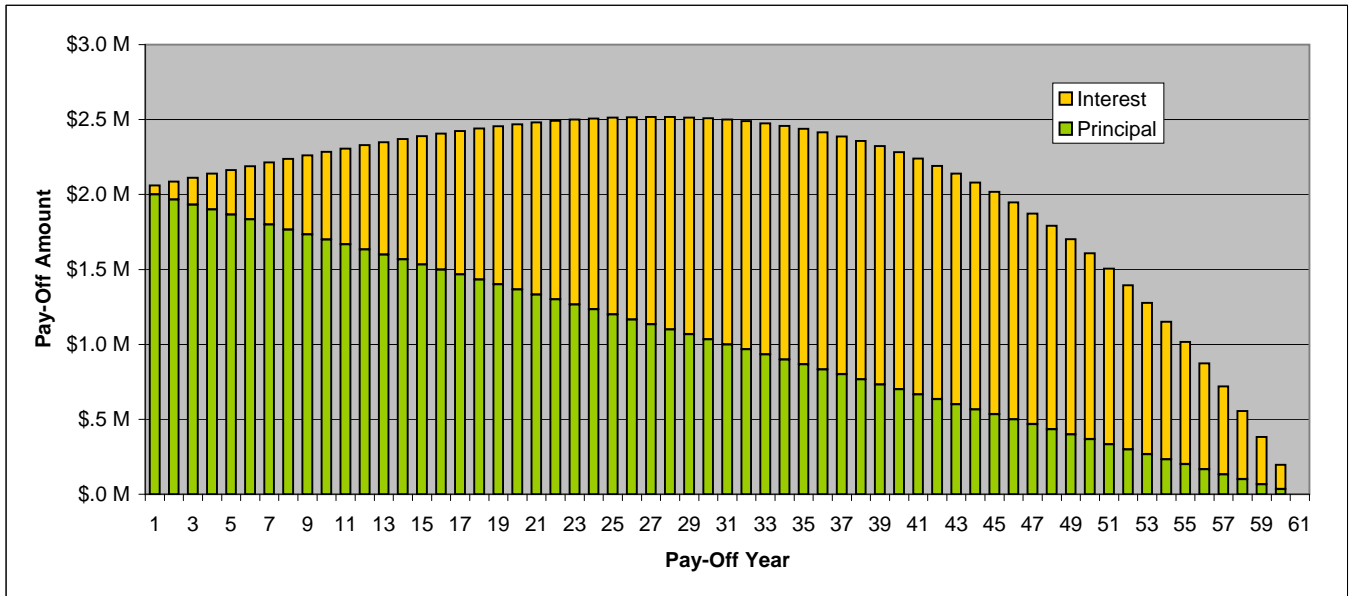


EXHIBIT F

FORM OF CERTIFICATE OF COMPLETION

After recording return to:

CERTIFICATE OF COMPLETION

The CITY OF PORTLAND (the “City”), a municipal corporation of the State of Oregon, acting by and through the PORTLAND DEVELOPMENT COMMISSION, the duly designated urban renewal agency of the City of Portland (“PDC”) hereby certifies that Developer, _____, a _____ (“Developer”), has satisfactorily completed construction of the Project as described in the Agreement for Disposition and Development of Property (_____), dated _____, 20__ (herein called the “DDA”), a memorandum of which was recorded in the Records of Multnomah County, Oregon as Document No. _____ on _____, 20___. Capitalized terms used herein without definition shall have the meaning ascribed to them in the DDA.

Pursuant to Section 3.8.1 of the DDA, PDC hereby certifies that:

- (i) the Project has been completed according to the Final Construction Drawings and Technical Specifications, except for punchlist items that do not materially affect the use of the Project for the purposes intended under the DDA,
- (ii) Developer has completed all environmental remediation and abatement on the Property, if any, required of Developer under Sections 4.1.3 or 4.1.4 of the DDA,
- (iii) the City of Portland has issued a temporary or permanent Certificate of Occupancy with respect to the Project,
- (iv) Developer has submitted all materials necessary to obtain the applicable level of certification required by the Green Building Policy, and
- (iv) any other improvements required by the DDA have been completed in all material respects.

This Certificate of Completion is and shall be a conclusive determination of the satisfaction of all of the agreements, covenants and conditions contained in the DDA with respect to the obligations of Developer, its successors and assigns, as to the construction of the Project, and such obligations are hereby terminated. This Certificate represents and certifies the completion of Developer's construction obligations described herein as to PDC only.

Further,

- (1) Any party acquiring or leasing any portion of the Project shall not (because of such purchase or lease) have any obligation under the DDA with respect to the construction of the Project, and

- (2) The following Sections of the DDA shall survive and remain in effect for the periods identified in the DDA notwithstanding issuance of this Certificate (“Surviving Sections”): Section 3.6.2 (LIABILITY CLAIMS), Section 3.6.3 (INDEMNITY FROM LIENS), Section 4.1.4 (INDEMNIFICATION), Section 7 (CONTINUING COVENANTS AFTER COMPLETION OF CONSTRUCTION).

Other than its right to enforce the Surviving Sections, PDC shall hereafter have, or be entitled to exercise, no rights or remedies or controls that it may otherwise have been entitled to exercise under the DDA with respect to the construction of the Project, or as a result of a breach of any provisions of the DDA relating to construction by the Developer, or by any successors in interest or assigns of Developer. Without limitation, PDC confirms that PDC no longer has any right of entry to the Property or power to terminate Developer’s title to the Property and revest such title in PDC.

IN WITNESS WHEREOF, PDC has caused this instrument to be executed this ____ day of _____, 20__.

CITY OF PORTLAND, a municipal corporation of the State of Oregon, acting by and through the PORTLAND DEVELOPMENT COMMISSION, the duly designated urban renewal agency of the city of Portland

By: _____
Name: _____
Executive Director

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 20__, by _____, Executive Director of the PORTLAND DEVELOPMENT COMMISSION, the duly designated urban renewal agency of the City of Portland, on its behalf.

Notary Public for
My commission expires: _____

EXHIBIT G

FORM OF QUITCLAIM DEED AND ESCROW INSTRUCTIONS

After recording return to and,
until a changes is requested,
all tax statements shall be sent to:

Portland Development Commission
222 NW 5th Avenue
Portland, OR 97209
Attn: General Counsel

QUITCLAIM DEED

_____, a _____ (“Grantor”), releases and
quitclaims 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 (which, together with any successor public agency designated by or
pursuant to law, is herein called “Grantee”), all right, title and interest in and to the following described real
property:

Other property or value was either part or the whole consideration.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON
TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON’S RIGHTS, IF
ANY, UNDER OREGON LAWS 2007, CHAPTER 424, SECTIONS 2, 3 AND 5 TO 22. 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 OREGON LAWS 2007, CHAPTER
424, SECTIONS 2, 3 AND 5 TO 22.

IN WITNESS WHEREOF, Grantor has executed this instrument this ____ day of _____, 20__.

_____, a _____

By: _____
Name: _____
Title: _____

Accepted this ____ day of _____, 20__.

CITY OF PORTLAND, a municipal corporation of the State of Oregon,
acting by and through the PORTLAND DEVELOPMENT COMMISSION

By: _____
Name: _____
Title: Executive Director

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 20__, by
_____, as _____ of _____, a
_____, on its behalf.

Notary Public for
My commission expires: _____

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 20__, by
_____, Executive Director of the PORTLAND DEVELOPMENT COMMISSION, the duly
designated urban renewal agency of the City of Portland, on its behalf.

Notary Public for
My commission expires: _____

EXHIBIT G (Continued)

ESCROW INSTRUCTIONS FOR QUITCLAIM DEED

_____ Title Insurance Company

Attention: [INSERT TITLE OFFICER]

Re: Escrow No. _____

_____, a _____ (“Developer”), has entered into that certain Agreement for Disposition and Development of Property (_____) (“DDA”) with the City of Portland, Oregon acting by and through the Portland Development Commission (“PDC”) dated as of _____, 20__, a Memorandum of which was recorded _____, 20__ as Document No. _____, Records of Multnomah County, Oregon, whereby PDC will convey to the Developer or its assignees certain real property (the “Property”) in the _____ Urban Renewal Area. The Property is the subject of this escrow and is described in the accompanying quitclaim deed (“Quitclaim Deed”).

Section 9.3.1 of the DDA provides that, under certain circumstances, PDC is entitled to reconveyance of the Property pursuant to a Quitclaim Deed and Escrow Instructions. This document constitutes those escrow instructions and is for the purpose of irrevocably instructing you as to the disposition of the accompanying Quitclaim Deed.

In the event that you receive from PDC a notice signed by PDC’s Executive Director certifying that a copy of said notice has been delivered concurrently to Developer and certifying that a termination in favor of PDC of the title, and of all of the rights and interest of Developer in the Property has occurred, and that rights to the Property described in the Quitclaim Deed have reverted in PDC pursuant to the DDA (“Notice of Termination”), you shall at the end of thirty (30) days after receipt of said instructions record the subject Quitclaim Deed unless within said thirty (30) day period, you are notified by PDC that PDC has withdrawn the Notice of Termination, or unless you are prohibited from recording the Quitclaim Deed by temporary restraining order, preliminary injunction, or other court order.

In the event that you receive a copy of a Certificate of Completion issued by PDC with respect to the Project (either an original or one certified by Developer as being a duplicate of the original), you will forthwith return the Quitclaim Deed to Developer. In the event that there still remains in your possession an undisposed Quitclaim Deed by [insert date eighteen (18) months after DDA scheduled date for completion of improvements] you shall contact PDC and Developer as to its disposition.

These instructions may not be withdrawn or in any way amended, modified or waived without the prior written consent of both of the parties hereto.

Please indicate your acceptance of and agreement to carry out these instructions as indicated below.

Very truly yours,

_____, a _____

By: _____

Name: _____

Title: _____

Very truly yours,

CITY OF PORTLAND, acting by and through the
PORTLAND DEVELOPMENT COMMISSION

By: _____

Name: _____

Title: _____

Accepted and agreed to this
___ day of _____, 20__

_____, Title Insurance Company

By: _____

Name: _____

Title: _____

EXHIBIT H

CONSTRUCTION WAGE POLICY

1. Introduction

The purpose of the Portland Development Commission (“PDC”) Construction Wage Policy (“Policy”) is (1) to ensure that PDC projects for environmental and remediation work pay living wages to workers, and (2) to support a diverse workforce, and provide training opportunities for workers that have historically been excluded from the construction trades. The Policy was adopted by the PDC Board of Commissioners (“Board”) on January 10, 2007, and amended on April 11, 2007.

On June 28, 2007, the Oregon Legislature passed House Bill 2140 amending the Oregon Revised Statutes (“ORS”) as they relate to prevailing wage rates. The new law took effect on July 1, 2007. Its requirements are substantially similar to the wage rate requirements in the Policy, thereby making portions of the Policy unnecessary and duplicative of state law. PDC is therefore amending the Policy to eliminate the requirements that have been superseded by State law.

The remaining Policy consists of two requirements: (1) a construction wage rate applied to PDC’s environmental and demolition work, and (2) a workforce diversity component, as described below:

- A. **The Construction Wage Rate Program.** Workers involved on all Environmental Remediation and Demolition (as defined below) that equals or exceeds \$50,000 in PDC resources shall be paid wage rates no less than the Bureau of Labor and Industries (“BOLI”) standards.
- B. **The Workforce Diversity Component:** The workforce diversity component is made up of two agreements, a Workforce Diversity Strategy Agreement and a Project Apprenticeship and Equity Agreement.
 - (i) **Workforce Diversity Strategy Agreement.** This agreement is a general umbrella agreement between PDC and various organizations that sets forth commitments to develop programs to recruit, train, and employ a more diverse workforce in the Portland metropolitan area. This agreement is not project specific, but rather a general agreement with a goal of promoting programs to ensure that there is a diverse workforce within all of the construction trades.
 - (ii) **Project Apprenticeship and Equity Agreement.** This agreement is a project-specific agreement entered into by PDC, the developer and the general contractor prior to the commencement of construction of a project subject to this Policy. The agreement shall set forth project

specific diversity goals for the workforce employed on that specific project.

2. **Definitions**

- A. **“Demolition”** means the removal of permanent structures from land, including destruction, deconstruction, and/or salvaging of building components.
- B. **“Direct Contracting”** includes all professional, supplier and construction services purchased directly by PDC.
- C. **“Environmental Remediation”** means the removal and disposal of environmental pollutants, including but not limited to asbestos abatement, lead based paint abatement, contaminated soil removal, underground storage tank decommissioning and the removal and disposal of other such environmental pollutants.
- D. **“PDC Resources”** include PDC funds in the form of grants and/or loans. For purposes of calculating PDC Resources, any PDC funds used for a project in the form of grants or loans shall be combined to determine the total amount of PDC Resources. Sources of PDC Resources may include Tax Increment Financing (TIF) but do not include New Market Tax Credits and other Federal and State Tax Credits or abatements.
- E. **“PDC Wage Rate”** means wage rates under this Policy shall be, at a minimum, equal to the BOLI standards and shall include wage, fringe, and overtime rates and apprentice pay.

3. **Policy**

- A. **Application of the Construction Wage Rate Program.** The Construction Wage Rate Program shall apply to:
 - (a) All Environmental Remediation and Demolition work that equals or exceeds \$50,000 in PDC Resources or is Direct Contracting. In the event that a project under this Policy is subject to BOLI and/or Davis-Bacon, the Construction Wage Rate Program requirements shall be superseded by the State and/or Federal requirements.
 - (b) The Portland Regional Lead Hazard Control Program is exempt.
 - (c) The Executive Director in consultation with the PDC Board may grant exemptions if it is consistent with BOLI or Davis-Bacon project exemptions.
- B. **Application of the Workforce Diversity Component.** The Workforce Diversity Component shall apply to:

- (a) All projects that are privately owned and constructed that receive \$750,000 or more in PDC Resources.
- (b) The Workforce Diversity requirements do not apply to Direct Contracting.

C. **Subsequent PDC Resources.** In the event that a project that was originally determined not to be subject to the Policy based on the amount of PDC Resources, but through the addition of subsequent PDC Resources meets or exceeds the dollar threshold for either the Construction Wage Rate Program or the Workforce Diversity Components, the project shall be subject to the Policy as follows:

- (i) **Construction Wage Rate Program:** if Environmental Remediation and/or Demolition work meets or exceeds the \$50,000 threshold for total PDC Resources after subsequent PDC Resources have been contributed, the remaining Environmental Remediation and/or Demolition work shall be subject to the Construction Wage Rate Program and the Contractor shall be required to pay PDC Construction Wage Rates.
- (ii) **Workforce Diversity Component:** if the addition of the subsequent PDC Resources occurs prior to the signing of the prime construction contract with the private developer, the entire project shall be subject to the Policy; if the addition of the subsequent PDC Resources occurs after the signing of the prime construction contract with the private developer, then the Policy shall apply only to construction to be completed with the subsequent PDC Resources.

4. General

The following provisions shall apply to all projects that are subject to the Policy:

- A. Because PDC needs to put administrative processes in place to carry out this Policy, the Policy shall not take effect until December 1, 2007. Any project that has a memorandum of understanding, transactional document or other contract between PDC and an external party in place as of December 1, 2007, shall be exempt from this policy.
- B. PDC Wage Rates shall be posted at the construction worksite.
- C. Contractors that are on the BOLI list of ineligible cannot participate in construction projects subject to the Policy.
- D. One year after the adoption of this modified Policy, the Board will review the Policy.

5. PDC Construction Wage Rate Program

- A. PDC's Construction Wage Rate Program requires contractors performing Environmental Remediation and/or Demolition on a project receiving \$50,000 or more of PDC Resources to pay their workers no less than BOLI prevailing wage rates for that portion of the work.
- B. Elements of the Construction Wage Rate Program include:
 - (a) PDC Wage Rates shall be posted at the construction worksite.
 - (b) Contractors that are on the BOLI list of ineligible cannot participate in Environmental Remediation and Demolition projects subject to the Policy.
 - (c) Contractor must submit certified payroll to PDC for workers covered under the Construction Wage Rate Program.
 - (d) Developers, contractors and subcontractors that fail to comply with the PDC Construction Wage Rate component of this policy, as determined by PDC, shall be placed on a PDC list of ineligible and barred from participation on PDC projects for a period of two (2) years.

6. Workforce Diversity Strategy Agreement

- A. PDC, union and non-union representatives, union and non-union Joint Apprenticeship Training Committee ("JATC"), representatives from Evening Trades Apprenticeship Preparation ("ETAP") Program, Oregon Tradeswomen, Construction Apprenticeship Workforce Solutions, Inc. ("CAWS") Inc., Portland Youth Builders, Portland Community College Skill Center "PCC Skill Center", Hispanic Metro Chamber of Commerce, Job Corps, Irvington Covenant Community Development Corporation, and other relevant and qualified parties as appropriate (collectively, the "Parties") shall enter into an agreement that sets forth the Parties' commitment to develop a program for the recruitment, training, employment and retention of People of Color and Women members of the Portland metropolitan area in union and non-union apprenticeship programs through graduation with the objective of achieving a permanent increase at the journey level in the participation of trained and licensed People of Color and Women in the construction trades in the Portland metropolitan area. In developing this agreement, PDC will work with existing collaborative efforts to strengthen and enhance efforts to increase the representation of People of Color and Women in the construction trades.
- B. Elements of the Workforce Diversity Strategy Agreement shall include:

- (a) A process for creating a mentorship program to improve retention from the apprentice to the journey level.
- (b) A process for entry, and for direct entry into JATCs that have state approved direct entry processes from approved programs.
- (c) Trade specific goals for all union and non-union JATCs to increase diversity at the apprentice and journey level.
- (d) Union and non-union specific goals to increase diversity amongst its membership/workforce.
- (e) The requirement that union and non-union JATCs submit an annual affirmative action report from each of its member unions. Non-union contractors and subcontractors shall submit an annual affirmative action report, either individually or through its representative organization.
- (f) A commitment to comply with PDC's programs authorized by the Disparity Study Implementation Plan adopted by the Board by Resolution 5066 that implements policies concerning fair contracting and workforce training (collectively, and as may be amended from time to time, the "Business and Workforce Equity Programs").

7. Project Apprenticeship and Equity Agreement

- A. Prior to the commencement of construction of a project subject to the Policy, PDC, the developer (or other recipient of PDC Resources) and the general contractor (collectively, the "Contracting Parties") shall enter into an agreement that sets forth, among other things, a process to achieve specific goals for increased participation by People of Color and Women on the project (the "Project Specific Diversity Goals") and a plan for compliance with the Business and Workforce Equity Programs.
- B. Elements of the Project Apprenticeship and Equity Agreement shall include:
 - (i) A commitment by the Contracting Parties to incorporate the terms of the Workforce Diversity Strategy Agreement (if that agreement is in effect) into all construction contracts for the project.
 - (ii) A commitment to comply with the process set forth in the Project Apprenticeship and Equity Agreement (the "PAE Process") to achieve the Project Specific Diversity Goals.
 - (iii) An acknowledgement that failure to comply with the PAE Process shall result in an assessment of damages against the general contractor for each day of non-compliance.

- (iv) A commitment to comply with the Business and Workforce Equity Programs.
 - (v) An acknowledgement that failure to comply with the Business and Workforce Equity Programs shall result in an assessment of damages against the general contractor for each day of non-compliance.
- C. Damages assessed as a result of non-compliance with the PAE Process and the Business and Workforce Equity Programs shall be maintained in separate account and used exclusively for programs, such as mentoring, determined by PDC to effectively increase workforce diversity or increase the capacity of minority-owned, women-owned or emerging small businesses. A report of the account shall be made by PDC staff to the Board on a quarterly basis.
- D. Developers, contractors and subcontractors that fail to comply with any requirement of the PAE Process, the Business and Workforce Equity Programs or the procedural requirements of the Workforce Diversity Strategy Agreement as determined by PDC shall be placed on a PDC list of ineligible and barred from participation on PDC projects for a period of two (2) years.

EXHIBIT I

BUSINESS AND WORKFORCE EQUITY POLICY

A. OBJECTIVES OF THE POLICY

The objectives of the **Business and Workforce Equity Policy** (the “Policy”) are to:

- Ensure that the Portland Development Commission (“PDC”) provides professional, supplier and construction contracting opportunities to Certified Firms and to encourage the participation of businesses owned by veterans on Direct Contracting, Land Transactions and on work utilizing PDC Resources.
- Maximize apprenticeship opportunities in the construction trades and ensure employment opportunities for People of Color and women and encourage the employment of people with disabilities and veterans on Direct Contracting, Land Transactions and on work utilizing PDC Resources.

In this way, it is PDC’s aim to ensure fair and equitable opportunities to Portland’s diverse populations, promote prosperity in all segments of Portland’s diverse communities, foster economic growth, and expand competition in the market.

The Policy replaces the existing policy adopted by the Board on December 18, 1997 (Resolution No. 5066) that authorized implementation of the Disparity Study Implementation Plan and policies concerning fair contracting and workforce training, including the Good Faith Effort Program and Workforce Training and Hiring Program. This Policy also supports other City of Portland and PDC policies with respect to workforce diversity and utilization of Certified Firms.

The Policy objectives are pursued through the establishment of two separate and distinct programs.

- **The Business Equity Program;** and
- **The Workforce Equity Program.**

B. DEFINITIONS

1. **“Certified Firms”** include M/W/ESB firms that have been certified by the State of Oregon as a minority-owned business, a women-owned business or an emerging small business.
2. **“Hard Construction Cost”** is the cost to build improvements on a property, including all related construction labor and materials, including fixed and built-in equipment costs. Costs not directly related to the construction of an improvement, such as entity overhead, administration or taxes, or other professional services including architectural or engineering, shall not be considered a part of the Hard Construction Cost.

3. **“Direct Contracting”** includes all professional, supplier and construction services purchased directly by PDC.
4. **“Flexible Service Contract”** is a contract for services that has repetitive requirements on an as-needed basis and may include Personal Services Contracts that have such repetitive requirements.
5. **“Land Transaction”** is the sale of real property by PDC at any price for the purpose of a private or public project.
6. **“PDC-Owned Construction Contracts”** include contracts where PDC has a direct contractual relationship with the contractor and where PDC is the owner of the project.
7. **“PDC Resources”** include:
 - (iii) PDC funds in the form of grants or loans. For purposes of calculating PDC Resources, any PDC funds used by a single entity for a single project in the form of grants or loans shall be combined to determine the total amount of PDC Resources.
 - (iv) The value of a Land Transaction. For purposes of calculating the value of a Land Transaction, the value shall be that which is specified in the sales or development agreement.
8. **“PDC Sponsored Projects”** include all projects that are privately owned and constructed involving a disposition and development agreement, development agreement, loan agreement, or other type of financial assistance agreement with PDC.
9. **“People of Color”** as used in this Policy includes persons who self identify as being other than Caucasian.
10. **“Personal Services Contract”** is a contract for specialized skills, knowledge or unique resources in the application of highly-technical or scientific expertise, or the exercise of professional, artistic or management discretion or judgment. Such services include, but are not limited to the services of architects, engineers, surveyors, attorneys, auditors and other licensed professionals, artists, designers, computer programmers, performers, consultants and property managers.
11. **“Utilization Goal”** shall mean the percentage goals set for Certified Firms and workforce utilization on contracts and projects subject to the Policy.

C. THE BUSINESS EQUITY PROGRAM

1. **Purpose of the Business Equity Program.** To ensure that PDC provides professional, supplier and construction contracting opportunities to Certified Firms and to encourage the participation of businesses owned by veterans on Direct Contracting, Land Transactions and on work utilizing PDC Resources.

2. **Applicability.** Direct Contracting entities, entities involved in a Land Transaction or entities receiving PDC Resources shall be obligated to comply with the Business Equity Program, upon meeting any one of the following criteria:
 - a) A PDC Personal Services Contract greater than \$100,000 that has subcontracts;
 - b) A PDC-Owned Construction Contract greater than \$200,000;
 - c) A PDC Sponsored Project receiving more than \$100,000 of PDC Resources to finance a project with a Hard Construction Cost greater than \$200,000; or
 - d) An interagency or intergovernmental agreement with Hard Construction Costs greater than \$200,000 and more than \$100,000 in PDC funding, whether performed by PDC or another agency.

3. **Utilization Goals for Certified Firms.** The following Utilization Goals are established upon the initial adoption of the Policy. The Executive Director is responsible thereafter for annually reviewing these Utilization Goals, and is authorized to modify them based on such annual analysis.
 - a) Personal Services Contracts: 25 percent of the contract value.
 - b) PDC-Owned Construction Contracts: 20 percent of Hard Construction Costs.
 - c) PDC Sponsored Projects: 20 percent of Hard Construction Costs.
 - d) Interagency and intergovernmental agreements: the greater of the appropriate Utilization Goal for PDC or the other agency's goal.
 - e) Flexible Service Contracts and Personal Service Contracts not otherwise subject to Section C-2 above:
 - (i) 30 percent of the total number of contracts in any fiscal year; AND
 - (ii) 25 percent of contract dollars.

4. **Notice and Timing.** Should a party receive PDC Resources after it has expended funds on a project, started construction, or taken other action that would impair its ability to comply with the Business Equity Program, PDC (the project manager, with assistance from the M/W/ESB coordinator) will negotiate a Certified Firm participation level that is reasonable and provide technical assistance to achieve that negotiated Utilization Goal. For example, if a project is already under construction, there may be a negotiated Utilization Goal for any remaining work.

D. THE WORKFORCE EQUITY PROGRAM

1. Purpose of the Workforce Equity Program.

- a) To maximize apprenticeship opportunities in the construction trades and ensure employment opportunities for People of Color and women on Direct Contracting, Land Transactions and on work utilizing PDC Resources; and
- b) To encourage the employment of people with disabilities and veterans on Direct Contracting, Land Transactions and on work utilizing PDC Resources.

2. Applicability. Direct Contracting entities, entities involved in a Land Transaction or entities receiving PDC Resources shall be obligated to comply with the Workforce Equity Program upon meeting any one of the following criteria:

- a) On a **PDC-Owned Construction Contract** greater than \$200,000, the Workforce Equity Program shall apply to:
 - (i) the prime contract; and
 - (ii) any subcontract greater than \$100,000.

- b) On a **PDC Sponsored Project** the Workforce Equity Program shall apply if:
 - (i) the project receives \$100,000 or more of PDC Resources to finance a project with a Hard Construction Cost greater than \$1,000,000; OR
 - (ii) for a Land Transaction, the resultant development will have a Hard Construction Cost greater than \$1,000,000.
 - (iii) When applicable to a **PDC Sponsored Project**, the Workforce Equity Program shall apply to:
 - (a) the prime contract; and
 - (b) any sub-contract greater than \$100,000.

3. Requirements.

- a) Projects subject to the Workforce Equity Program must comply with PDC's Workforce Training and Hiring Program which requires contractors to:
 - (i) Ensure that a minimum of 20% of labor hours in each apprenticeable trade performed by the contractor and subcontractors are worked by state-registered apprentices; and
 - (ii) Make all reasonable and necessary efforts to employ a workforce that reflects the diversity of the City of Portland, including recruitment of a diverse workforce through the unions, the apprenticeship programs and other community resources.
- b) Projects subject to the Workforce Equity Program are encouraged to employ people with disabilities and veterans on Direct Contracting, Land Transactions and on work utilizing PDC Resources.

E. Equal Employment Opportunity Certification. Contractors and subcontractors subject to the Policy must be certified by the City of Portland as an Equal Employment Opportunity Employer.

F. Damages. The procedural requirements of the Policy are contractual obligations. Failure to comply with such procedural requirements may result in one or more of the following:

1. A finding of breach of contract.
2. Disqualification of the developer, contractor or subcontractor to receive future PDC Resources or bid on future PDC solicitations.
3. A claim for liquidated damages.
4. Withholding of progress payments.

G. Administration. The Executive Director shall develop and administer administrative policies and/or guidelines, and make any determinations necessary, to implement and manage the Policy.

H. Exemptions.

1. The Executive Director shall have the authority to waive requirements of the Policy in an Enterprise Zone if it can be demonstrated that the financial impact would exceed the legal limits outlined in OAR 123-065-2540 (4), or would otherwise jeopardize major economic development goals such as the relocation of a major employer to an Enterprise Zone.
2. Any other exemption or waiver of requirements of the Policy shall require approval of the PDC Board of Commissioners (the “Board”).

I. Annual Report. The Executive Director or designee is responsible for preparing an annual report to the Board summarizing the accomplishments and activities that have occurred related to the implementation of the Policy.

EXHIBIT J
GREEN BUILDING POLICY

EXHIBIT K

FORM OF MEMORANDUM OF AGREEMENT

After recording return to:

Memorandum of Agreement

THIS MEMORANDUM OF AGREEMENT FOR DISPOSITION AND DEVELOPMENT OF PROPERTY (“Memorandum”) shall serve as notice to all persons that the CITY OF PORTLAND (the “City”), a municipal corporation of the State of Oregon, acting by and through the PORTLAND DEVELOPMENT COMMISSION, the duly designated urban renewal agency of the City of Portland (“PDC”), with an address of Portland Development Commission, 222 NW Fifth Avenue, Portland, Oregon 97209-3859 and _____, a _____ (“Developer”), with an address of _____, entered into an Agreement For Disposition And Development Of Property, (_____) dated as of _____, 20__ (“Agreement”) relating to the real property located in Multnomah County, Oregon, as more particularly described in Exhibit “A” attached hereto (the “Property”).

Among other things, the Agreement requires PDC to convey the Property to Developer upon the satisfaction of certain conditions precedent, and requires Developer to construct and complete certain infrastructure and project improvements on the Property, all as more particularly set forth in the Agreement. Other property or value was either part or the whole consideration given for the Property conveyance referenced herein.

As a condition subsequent to the Property conveyance, in the event of a default by Developer before PDC issues a Certificate of Completion, PDC shall have the option, upon 30 days written notice (“Notice of Termination”) to Developer and Escrow Agent, to declare a termination in favor of the PDC of all the title, rights and interests of Developer in the Property. After delivery of such Notice of Termination and in the event Developer fails to remedy, end or abrogate such default within the 30-day period in the manner stated in the Notice of Termination, Developer shall reconvey the Property to PDC by quitclaim deed, pursuant to the Escrow Instructions in Exhibit G attached to the Agreement. After a Certificate of Completion is recorded as to the Project, PDC shall thereafter have, or be entitled to exercise, no rights or remedies or controls that it may otherwise have been entitled to exercise under the Agreement with respect to the construction of the Project, or as a result of a default in or breach of any provisions of the Agreement by Developer, or by any successors in interest or assigns of Developer, except for those surviving sections described in the Certificate of Completion. PDC shall thereafter have no further right of entry to the Property or power to terminate the title, rights and interests of Developer in the Property as described above.

PDC and Developer execute this Memorandum to acknowledge being bound by the Agreement and to give notice of the Agreement to third parties.

CITY OF PORTLAND, a municipal corporation of the State of Oregon, acting by and through the
PORTLAND DEVELOPMENT COMMISSION, the duly designated urban renewal agency of the City of
Portland.

By: _____
Name: _____
Title: Executive Director

_____, a _____

By: _____
Name: _____
Title: _____

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 20__, by
_____, Executive Director of the PORTLAND DEVELOPMENT
COMMISSION, the duly designated urban renewal agency of the City of Portland, on its behalf.

Notary Public for
My commission expires: _____

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 200__, by _____,
_____ of _____, a _____, on its behalf.

Notary Public for
My commission expires: _____

EXHIBIT A TO MEMORANDUM OF AGREEMENT

Legal Description

EXHIBIT L

ENVIRONMENTAL DUE DILIGENCE REPORTS

Hazardous Materials Survey August 2008

Dirty Duck Tavern and Blanchet House

By Apex Environmental Consulting, PO Box 1445, Wilsonville, OR 97070

Phase II Environmental Site Assessment August 11, 2008

Block 25

By Integral Consulting Inc., 309 SW Washington St., Suite 1150, Portland, OR 97204

Phase II Environmental Site Assessment

June 1998

AGRA

Geophysical Survey

March 2008

PBS

Phase I Environmental Site Assessment

April 2008

PBS

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6651

TITLE: AUTHORIZATION TO ENTER INTO A DISPOSITION AND DEVELOPMENT AGREEMENT WITH THE BLANCHET HOUSE OF HOSPITALITY FOR CERTAIN PDC-OWNED PROPERTY LOCATED AT 314-316 NW GLISAN STREET AND 421, 429 & 439 NW 3RD AVENUE IN THE RIVER DISTRICT URBAN RENEWAL AREA AND PROVIDING FINANCIAL ASSISTANCE IN THE AMOUNT OF \$2 MILLION DOLLARS.

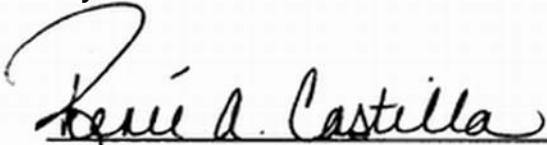
Adopted by the Portland Development Commission on November 12, 2008.

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 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 duly recorded in the official minutes of the meeting.


Rere A. Castilla, Recording Secretary

Date: December 10, 2008