

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6762

AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A DISPOSITION AND DEVELOPMENT AGREEMENT WITH PIEDMONT COMMUNITY DEVELOPERS, LLC FOR THE REDEVELOPMENT OF THE KING/PARKS PROPERTY LOCATED AT 6431-6445 NE MARTIN LUTHER KING, JR. BLVD. IN THE OREGON CONVENTION CENTER URBAN RENEWAL AREA

WHEREAS, in implementing the Oregon Convention Center Urban Renewal Area (“OCCURA”) plan and amendments, the Portland Development Commission (“PDC”) has sought to promote redevelopment of properties along NE Martin Luther King, Jr. Blvd;

WHEREAS, in 1993 PDC produced the Martin Luther King Blvd. (“MLK”) Development Opportunities Strategy which identified the King/Parks property at 6431-6445 NE MLK Jr. Blvd. as a key opportunity site;

WHEREAS, the OCCURA boundaries were expanding in 2002 to include the King/Parks property so as to be able to utilize PDC resources for redevelopment;

WHEREAS, PDC acquired the King/Parks property between 2002 and 2004;

WHEREAS, PDC has done extensive planning and stakeholder outreach regarding the property to determine appropriate uses and redevelopment potential;

WHEREAS, PDC released a Request for Proposals (“RFP”) for sale and redevelopment of the property in April 2006;

WHEREAS, through the RFP, PDC selected Piedmont Community Developers, LLC (“PCD”) to redevelop the property;

WHEREAS, PCD and PDC have worked together to create a redevelopment plan that provides significant public benefit including the provision of a number of affordable residential units; and

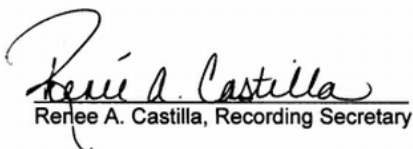
WHEREAS, PCD and PDC have fully negotiated a disposition and development agreement for the redevelopment of the property.

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is authorized to enter into a disposition and development agreement with Piedmont Community Developers for the redevelopment of PDC-owned property located at 6431-6445 NE Martin Luther King, Jr. Boulevard, substantially in the form attached here to as Exhibit A;

BE IT FURTHER RESOLVED that that the Executive Director may approve changes to the disposition and development agreement prior to and subsequent to execution, 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.

Adopted by the Portland Development Commission on January 13, 2010.



Renee A. Castilla, Recording Secretary

**AGREEMENT FOR DISPOSITION AND DEVELOPMENT
OF PROPERTY BETWEEN PDC AND
PIEDMONT COMMUNITY DEVELOPERS, LLC**

[KING-PARKS]

THIS AGREEMENT FOR DISPOSITION AND DEVELOPMENT OF PROPERTY (this “**Agreement**”) is made as of _____, 2010, by 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**”) and **PIEDMONT COMMUNITY DEVELOPERS, LLC**, an Oregon limited liability company (“**Developer**”). PDC and Developer are referred to jointly in this Agreement as “**Parties**” and individually as a “**Party**”.

RECITALS

1. PDC is the duly authorized urban renewal agency of the City of Portland, Oregon, and administers the City’s urban renewal plans.
2. The Urban Renewal Plan for the Oregon Convention Center Urban Renewal Area (the “**URA**”) was adopted by the Portland City Council on May 18, 1989, by Ordinance No. 161925, and has been amended from time to time (the “**Plan**”). Policy 4.3 of the Plan calls for the provision of new single and multi-family housing units. The Parties agree that it is desirable to promote development of housing units that serve a range of income groups.
3. PDC owns certain parcels of land at the corner of NE Martin Luther King, Jr., Blvd, and NE Rosa Parks Way (as further described in the Definitions section below, the “**Property**”) in the URA and desires that the Property be redeveloped as a mixed-use project so as to serve as a catalyst for area redevelopment and to provide affordable housing.
4. In furtherance of this redevelopment objective, PDC issued its Request for Proposal #05-39 (the “**RFP**”) on April 10, 2006, seeking statements of proposals from developers for the purchase and redevelopment of the Property as an affordable homeownership development.
5. PDC acquired the property in phases from 2002 through 2004 for the purpose of implementing the Oregon Convention Center Urban Renewal Plan, as amended, and PDC’s 1993 NE Martin Luther King, Jr. Blvd. Development Opportunities Strategy. In furtherance of the purposes contained in those documents, PDC released a request for proposals (the “**RFP**”) to redevelop the property in April 2006. PDC received one response to the RFP, that from Developer. PDC selected Developer’s proposal but required Developer to significantly redesign the proposal. After exploring a number of alternative designs and financing plans, PDC executed a memorandum of understanding (the “**MOU**”) with Developer in May 2009. The MOU forms the foundation for this Agreement.

6. The Project will be developed in two phases, as more fully described in Exhibit C. “**Phase 1**” will include the subdivision of the Property to create legal lots for each of the Townhomes and the land on which the Lofts and the Retail Space will be built, the construction of the Townhomes, and the installation of at least such portion of the Infrastructure necessary to obtain City approval of the construction of Phase 1. “**Phase 2**” will include the remainder of the Project. Prior to the Phase 1 Closing, Developer shall have obtained final approval from the City for a lot line adjustment and/or a subdivision of the Property into two parcels: Phase 1 Property and Phase 2 Property. The Phase 2 Property shall a developable parcel, separate and distinct from the Phase 1 Property.
7. The Project will require PDC financing as described in this Agreement.
8. The Parties are now prepared to enter into a definitive agreement for Developer to undertake the acquisition, development and operation of the Project. As of the Effective Date of this Agreement, Developer anticipates that Cityhouse Builders LLC, an affiliate of Developer, will be the general contractor for the Townhomes, and at the election of Developer, may be the general contractor for Phase 2 of the Project. Developer anticipates that Ankrom Moisan Associated Architects will be the architect for the Project.
9. The completion of the Project according to the terms of this Agreement, including the Scope of Development and Schedule of Performance, is a material inducement to PDC’s participation in the Project.
10. This Agreement includes a requirement that each of the Townhomes in the Project be affordable to households earning between 60 – 80% of Median Family Income and that each of the Lofts be affordable to households earning between 100 – 120% of Median Family Income. Prior to conveyance of the Townhomes to any third party, Developer will have provided for long term affordability of these units.
11. PDC finds that Developer’s proposed redevelopment of the Property, pursuant to this Agreement, will help achieve local and regional growth management and housing development. PDC also finds that the fulfillment generally of this Agreement, and the intentions set forth herein, are in the vital and best interests 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 Property has been acquired.

AGREEMENT

The Parties, in consideration of the promises set forth herein and for other valuable consideration, the receipt and adequacy of which are hereby acknowledged, covenant and agree as follows:

DEFINITIONS

The following terms have the designated meanings in this Agreement:

1. **“Agreement”** means this Agreement for Disposition and Development of Property and all attached Exhibits.
2. **“CERCLA”** means the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 et seq.
3. **“Certificate of Completion”** means a certificate to be issued by PDC to Developer pursuant to Section 4.7 of this Agreement.
4. **“City”** means the City of Portland, Oregon and its constituent bureaus and agencies, except PDC.
5. **“Close”** or **“Closing”** means the conveyance to Developer by PDC of the Property by Deed.
6. **“Closing Date”** means the date on which the Property is conveyed to Developer by Deed.
7. **“Commencement of Construction”** means the date excavation of the Property is begun for construction of the Project after issuance of permits necessary for such excavation.
8. **“Common Area”** means a shared courtyard, plaza or paseo as more fully described in the Scope of Development.
9. **“Condition Precedent”** and **“Condition Precedents”** have the meaning set forth in Section 1.6.1.
10. **“Construction Documents”** means documents based upon Design Development Documents that set forth in detail the requirements for construction of each phase of the Project pursuant to the terms of this Agreement, reviewed by PDC and approved by the appropriate City agencies. Construction Documents shall include drawings and specifications that establish in detail the quality levels of materials and systems required for each phase of the Project.
11. **“Conveyance”** means the transfer by PDC to Developer of fee simple title to the Property, by means of the Deed, and subject to reversion as provided herein.
12. **“Deed”** means the form of Bargain and Sale Deed conveying fee simple title to the Phase 1 Property and the Phase 2 Property attached to this Agreement as Exhibit A.
13. **“Design Development Documents”** means, as to Phase 1 and Phase 2:
 - Documents based upon Schematic Design Documents and a preliminary budget illustrating and describing the refinement of the design of the applicable phase of the Project, and establishing the scope, relationships, forms, size and appearance of each phase of the Project by means of plans, sections and elevations, typical construction details, and equipment layouts. The documents must be sufficient to determine the primary design elements of the exterior of the buildings, including but not limited to proposed building materials and colors;

- Specifications that identify major materials and systems and establish in general their quality levels;
 - Detailed engineering and architectural site plans for the applicable phase of the Project showing all structures on the Property, the relationship of the buildings to projected final topography of the land, with all proposed connections to existing or proposed utilities and services, together with a landscape plan;
 - Calculations of gross building areas, floor areas, height ratios and open spaces;
 - Proposed layouts for exterior signage and graphics;
 - Outline of the exterior lighting plan; and
 - Descriptions of servicing requirements, trash collection locations, loading docks and related functional areas.
14. “**Design Documents**” means, collectively, the Schematic Design Documents, Design Development Documents and Construction Documents.
15. “**Effective Date**” means the latest date that both Parties have executed this Agreement.
16. “**Environmental Laws**” means all federal, state and local laws, ordinances, rules and regulations pertaining to the protection or regulation of the environment that apply to the Property, including without limitation, ORS Chapter 466, OAR Chapter 341, RCRA (defined herein), CERCLA (defined herein), the Safe Drinking Water Act, the Clean Air Act, the Clean Water Act, and the Toxic Substances Control Act.
17. “**Environmental Reports**” means: (a) the Environmental Site Assessments (the “**ESA**”) 1 and 2 for 6431-6435 NE MLK dated August and December 2000 and prepared by PBS; (b) the ESA 1 and 2 for 6445 NE MLK dated September 2003 and prepared by Hahn and Associates; (c) the Confirmation Sampling and Analysis Plan dated September 2006 and prepared by PBS; (d) the Supplemental ESA 2 for 631-6445 NE MLK dated March 2006 by PSI; (e) the Underground Storage Tank Closure letter 6445 NE MLK dated March 2002 by the Department of Environmental Quality (the “**DEQ**”); (f) the Underground Storage Tank Conditional No Further Action letter 6431 NE MLK dated March 2004 by DEQ; and (g) the Updated No Further Action letter 6431 NE MLK, dated November 21, 2007 by DEQ.
18. “**Escrow Agent**” means First American Title Insurance Company, 200 SW Market Street, Suite 250, Portland, Oregon 97201, Attn: Rachel Bushnell.
19. “**Final Construction Plans and Specifications**” means all plans and specifications required to complete each phase of the Project pursuant to the terms of this Agreement as required by the appropriate City agencies. Final Construction Plans and Specifications shall be created for each of the Phase 1 and Phase 2 of the Project.
20. “**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 Property to abutting potable water and sewer and storm sewer mains, connecting the Property to gas and

electric utility services, and all permitting for any of the above as further described in the Scope of Development.

21. “**Lofts**” means loft-style residential units, which, through PDC second position mortgages, will be affordable to individuals and families earning 100-120% of Median Family Income.
22. “**Median Family Income**” means median family income as annually defined by the United States Department of Housing and Urban Development for the Portland, Oregon metropolitan area, adjusted for family size.
23. “**Mortgage**” means a mortgage or deed of trust against the Property, or any portion thereof, approved by PDC in its reasonable discretion and recorded in the real property records of Multnomah County, Oregon.
24. “**Mortgagee**” means the holder of any Mortgage affecting or encumbering the Property or any portion thereof, 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 party who thereafter obtains title to the Property or such part from or through a Mortgagee or (b) any other purchaser at foreclosure sale other than a Mortgagee.
25. “**Notice**” means any summons, citation, order, claim, litigation, investigation, proceeding, judgment, letter or other written communication issued by the Oregon Department of Environmental Quality (“DEQ”), the United States Environmental Protection Agency, or other federal, state or local authority or any other government having jurisdiction with respect to the Property.
26. “**Party**” and “**Parties**” have the meanings set forth in the introductory paragraph of this Agreement.
27. “**Performance Guaranty Fee**” has the meaning set forth in Section 1.9.
28. “**Phase 1 Project Loans**” means (a) a \$300,000 predevelopment loan, (b) a \$1,450,000 construction loan (“**Construction Loan B**”), and (c) a construction loan of at least \$650,000 (“**Construction Loan A**”), each from PDC and each as further defined and described in Section 4.2, below.
29. “**Phase 1 Termination Date**” has the meaning set forth in Section 1.6.2(a).
30. “**Phase 2 Project Loans**” means (a) a \$700,000 construction loan (“**Construction Loan C**”) and (b) a \$350,000 mezzanine loan (“**Construction Loan D**”), each from PDC and each as further defined and described in Section 4.3, below.
31. “**Phase 2 Closing**” means the closing of the Phase 2 Project Loans.

32. “**Phase 2 Closing Date**” means the date on which the parties close the Phase 2 Project Financing.
33. “**Phase 2 Condition Precedent**” and “**Phase 2 Conditions Precedent**” have the meanings set forth in Section 3.2.1.
34. “**Phase 2 Termination Date**” has the meaning set forth in Section 3.6.2(a).
35. “**Project**” means the Property, fixtures and the buildings, and other improvements to be newly constructed by Developer on the Property in two phases, Phase 1 and Phase 2. Phase 1 will include sixteen (16) Townhomes and at least one parking space for each Townhome. Phase 2 will include: (a) eight (8) Lofts; (b) the Retail Space; (c) a shared courtyard, plaza or paseo providing open space for residents; and (d) at least one parking space for each Loft. A more detailed description of the Project is included in Exhibit C.
36. “**Project Budget**” means the chart of sources and uses of funds for the Project and detailed listing of estimated Project costs that will be furnished by Developer to PDC when Design Development Documents are submitted to PDC for review. The Project Budget may be divided between Phase I and Phase 2.
37. “**Property**” means the real property consisting of approximately 34,000 square feet, located at the corner of NE Martin Luther King, Jr., Blvd., and NE Rosa Parks Way, commonly referred to by the Parties as “King-Parks”, and legally described on Schedule 1 to Exhibit 1, attached hereto.
38. “**Property Documents**” means the Environmental Reports, the Title Report (as defined in Section 1.4.1), and the Survey (as defined in Section 1.4.2).
39. “**RCRA**” means the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.
40. “**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.
41. “**Release**” means releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, disposing or dumping.
42. “**Retail Space**” means one or more market-rate commercial condominiums consisting of approximately 6,000 square feet in the aggregate. A more detailed description of the Retail Space is included in Exhibit C.

43. “**Schedule of Performance**” means the document describing the schedule by which construction and development of each phase of the Project will be finished, prepared by Developer, agreed to by the Parties, and attached hereto as Exhibit B.
44. “**Schematic Design Documents**” means for each phase of the Project:
- Documents based on a mutually agreed-upon program and schedule;
 - Documents establishing the conceptual design of the Project illustrating the scale and relationship of the Project components;
 - Documents that include a conceptual site plan, conceptual site elevations, preliminary building plans, sections and elevations;
 - Three-dimensional representations of the project in the site that may include study models, perspective sketches, electronic modeling or combinations of this media; and
 - Preliminary selections of major building systems and construction material shall be noted on the drawings or described in writing.
45. “**Scope of Development**” means the detailed description of the improvements to be built for each phase of the Project, attached hereto and incorporated herein as Exhibit C.
46. “**Townhomes**” means attached town home-style residential units to be permanently affordable to individuals or families earning 60-80% of Median Family Income.
47. “**Unforeseen Environmental Conditions**” means the presence of a Hazardous Substance on the Property that is not identified in the Environmental 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.

1. GENERAL TERMS OF CONVEYANCE

1.1 Conveyance by Deed.

1.1.1 **Deed.** Subject to the terms, covenants and conditions of this Agreement, at the Phase 1 Closing PDC will convey the Phase 1 Property by Deed to Developer.

1.1.2 **Closing.** The conveyance of the Phase 1 Property to Developer shall occur in an escrow closing at the office of the Escrow Agent not later than the deadline for the Phase 1 Closing set forth in the Schedule of Performance, subject to extension to not later than the Final Termination Date as provided in Section 1.6.3. At the Phase 1 Closing, Developer shall accept such conveyance and pay the Purchase Price (as defined in Section 1.3, below) to PDC.

1.2 **Conveyance of Phase 1 Property.** Upon satisfaction of the Conditions Precedent to Conveyance provided in Section 1.6.1(a) and (c) hereof, and upon payment by Developer to PDC of the Phase 1 Purchase Price, PDC will convey the Phase 1 Property to Developer by

Deed. Upon satisfaction of the Conditions Precedent to Conveyance provided in Section 1.6.1.(a) and (b), Developer will accept such conveyance and pay the Phase 1 Purchase Price.

1.3 **Phase 1 Purchase Price.** At Closing, Developer shall pay the Phase 1 Purchase Price for the Phase 1 Property in the amount of \$0.00.

1.4 **Phase 1 Due Diligence.** Developer shall have sixty (60) calendar days following the Effective Date and the delivery by PDC to Developer of all of the Phase 1 Property Documents (the “**Phase 1 Due Diligence Period**”) to determine if Developer is satisfied, in its sole discretion, with the Phase 1 Property Documents, all aspects of the Phase 1 Property, including without limitation, those items set forth in this Section 1.4, and the feasibility of the Phase 1 Project (the “**Phase 1 Due Diligence Contingencies**”). If, prior to the expiration of the Phase 1 Due Diligence Period (as the same may be extended pursuant to Sections 1.4.3 or 1.4.4, below), Developer notifies PDC in writing that it is dissatisfied with any of the Phase 1 Due Diligence Contingencies, for any reason, in its sole discretion, this Agreement will terminate. If Developer fails to notify PDC in writing before the end of the Phase 1 Due Diligence Period that it approves of the Phase 1 Due Diligence Contingencies, then the Phase 1 Due Diligence Contingencies shall be deemed approved by Developer.

1.4.1 **Survey.** PDC has obtained a survey of the Property (the “**Survey**”). Within five (5) days following the Effective Date, PDC shall provide Developer with a copy of the Survey.

1.4.2 **Title Review.** PDC has obtained a preliminary title report on the Property (the “**Title Report**”) and has provided a copy of the Title Report to the Developer. By the date which is the later of (a) fifteen (15) days following the Effective Date and (b) fifteen (15) days after Developer’s receipt of the Survey and the Title Report (and the documents referenced in the Title Report), Developer shall notify PDC in writing of any objections Developer has to title to the Property. If Developer does not provide written notice of any such objections within such fifteen (15) day period, the title reflected in the Title Report shall be deemed approved. If Developer disapproves of any title exception in writing as described above, PDC shall have ten (10) days after receipt of written notice of the disapproved exception(s) to notify Developer that PDC will remove the disapproved exception(s) prior to Closing or that PDC will not remove the exception(s). PDC’s failure to deliver such notice shall be deemed to mean that PDC will not remove the exception(s). If PDC elects, or is deemed to have elected, not to remove any disapproved exception, Developer shall have ten (10) days from the receipt of PDC’s notice (or from the expiration of the ten (10) day period, if no notice is given) either to (i) terminate this Agreement, or (ii) waive its disapproval of such exception(s) and agree to take title to the Property subject to the disapproved exception(s). Developer’s failure to deliver such notice will be deemed an election of Developer to terminate this Agreement. All exceptions that Developer has approved, either by Developer’s actual or deemed approval or its actual waiver of a disapproval, shall be termed the “**Permitted Exceptions.**” If PDC elects to remove an exception to title that Developer has disapproved, PDC shall be obligated to remove that exception prior to the Phase 1 Closing. From and after the Effective Date, PDC will not suffer or permit any liens, encumbrances or other exceptions to title to the Property without Developer’s prior written consent, which consent shall not be unreasonably withheld except with respect to Developer’s

consent to monetary liens and other encumbrances that might negatively impact the development of the Project, which may be withheld in Developer's sole and absolute discretion. Developer may obtain an update to the Title Report at any time prior to the Phase 1 Closing. Developer may object to PDC in writing to any exceptions (which are not Permitted Exceptions or which have not been approved by Developer as provided in this Section 1.4.2) to title that appear on the updated Title Report so long as such exceptions are not a result of Developer's actions. Within ten (10) days of Developer's written notice to PDC described in the preceding sentence, PDC shall remove the objected to exceptions to title prior to the Phase 1 Closing. If PDC refuses to remove any such objected to exceptions, Developer may terminate this Agreement with ten (10) days written notice to PDC or seek other remedies, including extension of the Phase 1 Closing Date pending removal of those exceptions that are capable of removal. The Permitted Exceptions identified and established pursuant this Section 1.4.2 are the "**Final Permitted Exceptions**".

1.4.3 Environmental Reports. Within five (5) days following the Effective Date, PDC shall provide Developer with a copy of the Environmental Reports. PDC shall make reasonable efforts to obtain from the consultants who provided the Environmental Reports (except the NFA Letter) a letter confirming that Developer is entitled to rely on the reports' conclusions to the extent that PDC may rely on such reports.

1.4.4 Bureau of Labor and Industries Predetermination. During the Phase 1 Due Diligence Period, Developer will seek a predetermination from the Bureau of Labor and Industries ("**BOLI**") regarding prevailing wage issues. PDC shall assist and cooperate with Developer to obtain such predetermination letter. If BOLI has not responded to Developer's request for a predetermination prior to the expiration of the Phase 1 Due Diligence Period, then the Phase 1 Due Diligence Period shall be extended until the date that is ten (10) days following Developer's receipt of BOLI's letter. If Developer does not receive a favorable predetermination from BOLI, then Developer may terminate this Agreement in accordance with this Section 1.4.

1.5 Title Insurance, Property Taxes and Closing Costs.

1.5.1 PDC, at its expense, shall provide Developer with a standard coverage Owner's Policy of Title Insurance, issued by Escrow Agent, covering the Phase 1 Property and insuring Developer in the amount of the Phase 1 Purchase Price, all free and clear of encumbrances except Final Phase 1 Permitted Exceptions. Developer, at its option and its expense, may elect to obtain extended coverage under such policies of title insurance and title endorsements, and PDC agrees to execute any affidavits or other documents required by the Escrow Agent to enable Developer to obtain such coverage and endorsements.

1.5.2 The costs for recording a memorandum of this Agreement, the Phase 1 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 Phase 1 Closing costs, if any, shall be allocated in accordance with the customary practice in Multnomah County. Property taxes and other assessments levied against the Phase 1 Property will be prorated as of the Phase 1 Closing Date, with PDC obligated to pay all such taxes and assessments attributable to periods prior to and including the Phase 1 Closing Date and with

Developer obligated to pay all such taxes and assessments attributable to periods after the Phase 1 Closing Date.

1.6 **Conditions Precedent to Conveyance.**

1.6.1 **Conditions.** Developer and PDC are not obligated to Close the Conveyance unless the following conditions (each, a “**Condition Precedent**” and collectively, “**Conditions Precedent**”) 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 reasonable satisfaction of both PDC and Developer:
 - i. The Parties shall have agreed to the final form of the Phase 1 Deed, including the final legal description of the Phase 1 Property, and any other documents necessary to Close the Conveyance.
 - ii. The Parties shall have agreed upon the form of the Phase 1 Project Loan documents described in Section 3.2, below, and PDC shall have obtained any and all necessary approvals to such loans.
 - iii. The 90% Phase 1 Construction Documents shall have been reviewed by PDC and approved by all required governmental entities and/or agencies.
 - iv. All land use approvals for Phase 1 required by Title 33 of the Code of the City of Portland have been secured and no appeal of any required approval or permit shall have been filed, and the time for any such appeal shall have expired. If an appeal has been filed, it has been finally resolved favorably for the Phase 1 Project. In the event of filing any such appeal, Developer may extend the period of time for satisfaction of this condition, and the Phase 1 Closing, for a period not to exceed one hundred and eighty (180) days beyond the Final Termination Date, or both parties may mutually agree to any period of extension. PDC will not withhold approval of such further extension as may be requested by Developer as long as Developer has pursued such appeals with reasonable diligence.
 - v. Written evidence that the City of Portland Bureau of Development Services is prepared to issue applicable building permits for Phase 1, or if permitting will be phased, an excavation permit for Phase 1.

- vi. There shall be no litigation pending that prevents PDC or Developer from performing their respective obligations under this Agreement; provided that, in the event of filing any such litigation, Developer may extend the period of time for satisfaction of this condition, and the Phase 1 Closing, for a period not to exceed one hundred and eighty (180) days, or both parties may mutually agree to any period of extension. PDC will not withhold approval of such further extension as may be requested by Developer as long as Developer has pursued such litigation with reasonable diligence.
 - vii. Developer shall have obtained final approval from the City for a lot line adjustment and/or a subdivision of the Property into at least two parcels, including but not limited to: Phase 1 Property and Phase 2 Property. The Phase 2 Property shall be a developable parcel, separate and distinct from the Phase 1 Property. The Phase 2 Property must be able to “stand alone,” i.e. the Phase 2 Property must be developable, separate from Phase 1 Property, so that another developer, other than Developer, could develop Phase 2 of the Project.
- (b) To Developer’s reasonable satisfaction:
- i. Developer shall have accepted the Phase 1 Due Diligence Contingencies.
 - ii. Developer shall have determined that PDC has title to the Phase 1 Property subject only to the Final Phase 1 Permitted Exceptions.
 - iii. Escrow Agent shall have issued to Developer pro forma policies for (a) an Owner’s Extended Title Insurance Policy covering the Phase 1 Property in an amount not less than the Phase 1 Purchase Price, in form and substance satisfactory to the Developer, subject only to the Final Phase 1 Permitted Exceptions, and (b) a Lender’s Extended Title Insurance Policy covering fee interest in the Phase 1 Property in the amount of the funding to be provided to Developer in form and substance satisfactory to any lender identified by Developer.
 - iv. PDC’s representations and warranties stated in Section 1.7 herein are true and correct as of the Phase 1 Closing Date.
 - v. Developer shall have obtained financing for the construction of Phase 1 reasonably satisfactory to

Developer, including a binding commitment from PDC to provide the Project Loans described in Section 4.2 below.

- vi. PDC shall not be in default under any material term or condition of this Agreement. As of Phase 1 Closing, PDC shall represent to Developer that there are no material defaults by PDC under this Agreement or events which with the passage of time would constitute a material default by PDC under this Agreement.
- vii. PDC has provided a Level 1 ESA that was prepared within 180 days prior to the date scheduled for the Phase I Closing as set forth in the Schedule of Performance and based on Developer's review of the ESA, the environmental condition of the Phase 1 Property is acceptable to Developer as determined by Developer in its sole and absolute discretion.

(c) To PDC's reasonable satisfaction:

- i. Reasonable proof that Developer is a limited liability company existing in the state of Oregon and that Developer has full authority to enter into and perform its obligations under this Agreement.
- ii. Developer shall not be in default under any material term or condition of this Agreement. As of Phase 1 Closing, Developer shall represent to PDC that there are no material defaults by Developer under this Agreement or events which with the passage of time would constitute a material default by Developer under this Agreement.
- iii. Developer's representations and warranties stated in Section 1.8 herein are true and correct as of the Phase 1 Closing Date.
- iv. Developer shall have demonstrated financial feasibility for Phase 1 by providing to PDC copies of binding commitment letters for construction financing from private lenders, subject to standard conditions to closing, and consistent with the Project Budget.
- v. Developer shall have provided for permanent affordability of the Townhomes.
- vi. Developer shall have liability insurance as required by state law and shall name PDC as an additional insured.

1.6.2 Elections upon Non-Occurrence of Conditions. Except as provided below, if any Phase 1 Condition Precedent in Section 1.6.1 is not fulfilled to the reasonable satisfaction of the benefited Party or Parties on the date scheduled for Phase 1 Closing as set forth in the Schedule of Performance, subject to any extension that may be granted pursuant to this Agreement, then such benefited Party or Parties may elect to:

(a) Terminate this Agreement by written notice to the other Party, which termination shall become effective thirty (30) days after the notice of termination is given (“**Phase 1 Termination Date**”) unless, before the thirty (30) day period ends, the other Party fulfills such condition or conditions to the reasonable satisfaction of the benefited Party or Parties; or

(b) Waive in writing the benefit of that Phase 1 Condition Precedent to its obligation to perform under this Agreement, and proceed in accordance with the terms hereof; or

(c) Extend the Termination Date by which the other Party must satisfy the applicable condition, if the other Party can satisfy the Phase 1 Condition Precedent and if the other Party agrees in writing to the extension.

1.6.3 Final Termination Date. If all of the Phase 1 Conditions Precedent under Section 1.6.1 have not been satisfied, waived or otherwise resolved pursuant to this Agreement by the date sixty (60) days after the date scheduled for Phase 1 Closing as set forth in the Schedule of Performance, then this Agreement shall automatically terminate on the sixty first (61st) day after the date scheduled for Phase 1 Closing as set forth in the Schedule of Performance (“**Final Termination Date**”) unless the Final Termination Date is extended by agreement of the Parties prior to the Final Termination Date, or unless the failure of satisfaction of the Phase 1 Condition Precedent is the result of an Unavoidable Delay, as described in Section 8.9 below (Force Majeure). The maximum extension of the Final Termination Date as a result of Unavoidable Delay is one hundred eighty (180) days, in aggregate. If the Agreement is terminated for failure of satisfaction of the Phase 1 Conditions Precedent, and such failure is not the result of a breach of this Agreement by either Party, then the obligations of the Parties to each other under this Agreement shall terminate.

1.6.4 Refund of Performance Guaranty Fee. If the Agreement is terminated for failure of satisfaction of the conditions precedent, and such failure is not the result of a breach of this Agreement by Developer, then PDC, within ten (10) days of the Final Termination Date (as extended), shall refund to Developer the Performance Guaranty Fee, and the Parties shall have no further obligation to one another under this Agreement.

1.7 PDC Representations and Warranties. PDC represents and warrants to Developer that:

1.7.1 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 in connection with the execution of this Agreement and the transactions contemplated hereby. PDC is the legal and equitable owner of the Phase 1 Property and 2 Property with full right to convey

the same, and PDC has not granted any option or right of first refusal or first opportunity to any party to acquire any interest in the Phase 1 and 2 Property or any part thereof.

1.7.2 PDC is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended, or under applicable state law.

1.7.3 PDC has received no Notice of and, 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 Phase 1 Property or Phase 2 Property, PDC’s ability to perform its obligations under this Agreement, or Developer’s ability to develop Phase 1 and Phase 2 of the Project.

1.7.4 To PDC’s knowledge, and except as disclosed in writing to Developer, the Phase 1 Property and Phase 2 Property is in compliance with all applicable laws, rules, regulations, ordinances and other governmental requirements (collectively, “**Laws**”).

1.7.5 PDC has not received any Notice or given any notice stating that the Property is in violation of any Laws; provided, however that PDC makes no representation as to the availability or suitability of utility connections to the Phase 1 Property and 2 Property.

1.7.6 No representation, warranty or statement of PDC in this Agreement or any of the exhibits attached contains any untrue statement of a material fact or omits a material fact necessary to make the statements of facts contained herein not misleading.

1.7.7 As of the date hereof, there are no defaults by PDC under this Agreement or events that with the passage of time would constitute a default of PDC under this Agreement.

1.7.8 PDC has not used or allowed the Phase 1 Property or Phase 2 Property to be used for the storage or production or Release of any hazardous or toxic substance as defined or regulated by Environmental Laws.

1.7.9 To PDC’s knowledge, there are no adverse or other parties in possession of the Phase 1 Property and Phase 2 Property or any part thereof.

1.7.10 “*PDC’s knowledge*” shall mean the actual knowledge of the managerial and supervisory personnel of PDC having responsibility for the supervision of the Phase 1 Property and Phase 2 Property, without any duty of inquiry or investigation.

1.8 **Developer Representations and Warranties.** Developer represents that:

1.8.1 Developer has full power and authority to enter into and perform this Agreement in accordance with its terms, and Developer has taken all requisite action in connection with the execution of this Agreement and the transactions contemplated hereby.

1.8.2 No representation, warranty or statement of Developer in this Agreement or any of the exhibits attached contains any untrue statement of a material fact or omits a material fact necessary to make the statements of facts contained herein not misleading.

1.8.3 As of the date hereof, there are no defaults by Developer under this Agreement or events that with the passage of time would constitute a default of Developer under this Agreement.

1.8.4 Developer enters into this Agreement without reliance upon any verbal representation of any kind by PDC, its employees, agents or consultants regarding any aspect of the Phase 1 and 2 Property, the Phase 1 and 2 Project, its feasibility, financing, or compliance with governmental regulations, except as expressly set forth herein.

1.9 **Performance Guaranty Fee.** Within ten (10) days after the Effective Date, Developer shall execute a Promissory Note in the amount of \$10,000 to PDC as a fee to guarantee performance by Developer according to the terms of this Agreement (the “**Performance Guaranty Fee**”). The Performance Guaranty Fee (or note, as applicable) will be returned to Developer immediately upon PDC’s issuance of the Certificate of Completion for the Project.

2. **INFRASTRUCTURE AND SITE PREPARATION**

2.1 **Infrastructure Improvements.** Developer, at its own cost, will design, construct, fund and obtain all permits necessary to construct the Infrastructure.

2.2 **Site Preparation.** Developer, at its own cost, will complete site preparation in accordance with the Schedule of Performance.

2.3 **Subsurface and Surface Conditions.** The Property shall be conveyed from PDC to Developer in “AS IS” condition. Except as otherwise specifically provided in this Agreement, PDC makes no warranties or representations as to the suitability of the soil conditions or any other conditions of the Property for any improvements to be constructed by the Developer, and, except for representations and warranties otherwise provided by PDC in this Agreement, Developer warrants that it has not relied on any representations or warranties, made by the PDC as to the environmental condition, the suitability of the soil conditions or any of the conditions of the Property for any improvements to be constructed by the Developer. Except for breach of PDC representations and warranties expressly set forth in this Agreement, Developer agrees that PDC will not be liable for any loss, cost or damage that may be caused or incurred by Developer by reason of any such soil or physical conditions on the Property. PDC shall allow Developer free access to PDC’s records with respect to such conditions.

3. **PHASE 2 CLOSING**

3.1 **Conveyance of Deed.**

3.1.1 Deed. Subject to the terms, covenants and conditions of this Agreement, at the Phase 2 Closing PDC will convey the Phase 2 Property by Deed to Developer.

3.1.2 Closing. The conveyance of the Phase 2 Property to Developer and the closing of the Phase 2 Project Loans shall occur in an escrow closing at the office of the Escrow Agent not later than the deadline for Closing of the Phase 2 Project Loans as set

forth in the Schedule of Performance. At the Phase 2 Closing, Developer shall accept such conveyance and pay the Phase 2 Purchase Price (as defined in Section 3.3 below) to PDC. Upon satisfaction of the Conditions Precedent to the Phase 2 Closing provided in Section 3.2 hereof, the parties will execute all documents necessary for the Phase 2 Project Loans.

3.2 Conveyance of the Phase 2 Property. Upon satisfaction of the Conditions Precedent to Conveyance provided in Section 3.6 hereof, and upon payment by Developer to PDC of the Phase 2 Purchase Price, PDC will convey the Phase 2 Property to Developer by Deed. Upon satisfaction of the conditions Precedent to Conveyance provided in Section 3.6, Developer will accept such conveyance and pay the Phase 2 Purchase Price.

3.3 Phase 2 Purchase Price. At the Phase 2 Closing, Developer shall pay the Phase 2 Purchase Price for the Phase 2 Property in the amount of \$0.00.

3.4 Phase 2 Due Diligence. Developer shall have sixty (60) calendar days following June 1, 2012 and delivery by PDC to Developer of all of the Phase 2 Property Documents (the “**Phase 2 Due Diligence Period**”) to determine if Developer is satisfied, in its sole discretion, with the Phase 2 Property Documents, all aspects of the Phase 2 Property, including without limitation, those items set forth in this Section 3.4, and the feasibility of the Phase 2 Project (the “**Due Diligence Contingencies**”). If prior to the expiration of the Phase 2 Due Diligence Period, Developer notifies PDC in writing that it is dissatisfied with any of the Phase 2 Due Diligence Contingencies, for any reason, in its sole discretion, this Agreement shall terminate with respect to Phase 2. If Developer fails to notify PDC in writing before the end of the Phase 2 Due Diligence Period that it approves the Phase 2 Due Diligence Contingencies, then the Phase 2 Due Diligence Contingencies shall be deemed approved by Developer.

3.4.1 Survey. PDC has obtained a survey of the Property (the “**Survey**”). Within five (5) days following June 1, 2012, PDC will provide Developer with a copy of the Survey.

3.4.2 Title Review. PDC will obtain a preliminary title report on the Phase 2 Property (the “**Phase 2 Title Report**”) and will provide a copy of the Phase 2 Title Report to the Developer by June 6, 2012. By the date which is the later of (a) June 16, 2012 and (b) fifteen (15) days after Developer’s receipt of the Survey and the Phase 2 Title Report (and the documents referenced in the Phase 2 Title Report), Developer shall notify PDC in writing of any objections Developer has to title to the Phase 2 Property. If Developer does not provide written notice of any such objections within such fifteen (15) day period, the title reflected in the Phase 2 Title Report shall be deemed approved. If Developer disapproves of any title exception in writing as described above, PDC shall have ten (10) days after receipt of written notice of the disapproved exception(s) to notify Developer that PDC will remove the disapproved exception(s) prior to Phase 2 Closing or that PDC will not remove the exception(s). PDC’s failure to deliver such notice shall be deemed to mean that PDC will not remove the exception(s). If PDC elects, or is deemed to have elected, not to remove any disapproved exception, Developer shall have ten (10) days from the receipt of PDC’s notice (or from the expiration of the ten (10) day period, if

no notice is given) either to (i) terminate this Agreement with respect to Phase 2, or (ii) waive its disapproval of such exception(s) and agree to take title to the Phase 2 Property subject to the disapproved exception(s). Developer's failure to deliver such notice will be deemed an election of Developer to terminate this Agreement. All exceptions that Developer has approved, either by Developer's actual or deemed approval or its actual waiver of a disapproval, shall be termed the "**Phase 2 Permitted Exceptions.**" If PDC elects to remove an exception to title that Developer has disapproved, PDC shall be obligated to remove that exception prior to the Phase 2 Closing. From and after the June 1, 2012, PDC will not suffer or permit any liens, encumbrances or other exceptions to title to the Phase 2 Property without Developer's prior written consent, which consent shall not be unreasonably withheld except with respect to Developer's consent to monetary liens and other encumbrances that might negatively impact the development of the Phase 2 Project, which may be withheld in Developer's sole and absolute discretion. Developer may obtain an update to the Phase 2 Title Report at any time prior to the Phase 2 Closing. Developer may object to PDC in writing to any exceptions (which are not Phase 2 Permitted Exceptions or which have not been approved by Developer as provided in this Section 1.4.2) to title that appear on the updated Title Report so long as such exceptions are not a result of Developer's actions. Within ten (10) days of Developer's written notice to PDC described in the preceding sentence, PDC shall remove the objected to exceptions to title prior to the Phase 1 Closing. If PDC refuses to remove any such objected to exceptions, Developer may terminate this Agreement with ten (10) days written notice to PDC or seek other remedies, including extension of the Phase 1 Closing Date pending removal of those exceptions that are capable of removal. The Permitted Exceptions identified and established pursuant this Section 3.4.2 are the "**Final Phase 2 Permitted Exceptions**".

3.4.3 Phase 2 Environmental Reports. Within 180 days prior to the date scheduled for the Phase 2 Closing as set forth in the Schedule of Performance, PDC shall undertake a Level 1 ESA of the Phase 2 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 such Level 1 ESA to Developer within five business days of PDC's receipt thereof. PDC shall make reasonable efforts to obtain from the consultants who provided the Environmental Reports (except the NFA Letter) a letter confirming that Developer is entitled to rely on the report's conclusions to the extent that PDC may rely on such reports.

3.4.4 Bureau of Labor and Industries Predetermination. During the Phase 2 Due Diligence Period, Developer will seek a predetermination from the Bureau of labor and Industries ("**BOLI**") regarding prevailing wage issues. PDC shall assist and cooperate with Developer to obtain such predetermination letter. If BOLI has not responded to Developer's request for a predetermination prior to August 1, 2012, then the Phase 2 Due Diligence Period shall be extended until the date that is ten (10) days following Developer's receipt of BOLI's letter. If Developer does not receive a favorable predetermination from BOLI, then Developer may terminate this Agreement with respect to Phase 2 in accordance with this Section 3.4

3.5 Title Insurance, Property Taxes and Closing Costs.

3.5.1 PDC, at its expense, shall provide Developer with a standard coverage Owner's Policy of Title Insurance, issued by Escrow Agent, covering the Phase 2 Property and insuring Developer in the amount of the Phase 2 Purchase Price, all free and clear of encumbrances except Final Phase 2 Permitted Exceptions. Developer, at its option and its expense, may elect to obtain extended coverage under such policies of title insurance and title endorsements, and PDC agrees to execute any affidavits or other documents required by the Escrow Agent to enable Developer to obtain such coverage and endorsements.

3.5.2 The costs for recording a memorandum of this Agreement, the Phase 2 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 Phase 2 Closing costs, if any, shall be allocated in accordance with the customary practice in Multnomah County. Property taxes and other assessments levied against the Phase 2 Property will be prorated as of the Phase 2 Closing Date, with PDC obligated to pay all such taxes and assessments attributable to periods prior to and including the Phase 2 Closing Date and with Developer obligated to pay all such taxes and assessments attributable to periods after the Phase 2 Closing Date.

3.6 Conditions Precedent to Phase 2 Closing.

3.6.1 **Conditions.** Developer and PDC are not obligated to Close the Phase 2 Loans unless the following conditions (each, a "**Phase 2 Condition Precedent**" and collectively, "**Phase 2 Conditions Precedent**") 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 Parties shall have agreed to the final form of the Phase 2 Deed, including the final legal description of the Phase 2 Property, and any other documents necessary to close the Conveyance.
 - ii. The Parties shall have agreed upon the form of the Phase 2 Project Loan documents described in Section 4.3, below, and PDC shall have obtained any and all necessary approvals to such loans.
 - iii. The 90% Phase 2 Construction Documents shall have been reviewed by PDC and approved by all required governmental entities and/or agencies.

- iv. All land use approvals for Phase 2 required by Title 33 of the Code of the City of Portland have been secured and no appeal or any required approval or permit shall have been filed, and the time for any such appeal shall have expired. If an appeal has been filed, it has been finally resolved favorably for the Project. In the event of filing any such appeal, Developer may extend the period of time for satisfaction of this condition, and the Closing, for a period not to exceed one hundred and eighty (180) days beyond the Final Termination Date, or both parties may mutually agree to any period of extension. PDC will not withhold approval of such further extension as may be requested by Developer as long as Developer has pursued such appeals with reasonable diligence.
 - v. Written evidence that the City's Bureau of Development Services is prepared to issue applicable building permits for Phase 2, or if permitting will be phased, a grading and/or excavation permit for Phase 2.
 - vi. There shall be no litigation pending that prevents PDC or Developer from performing their respective obligations under this Agreement; provided that, in the event of filing any such litigation, Developer may extend the period of time for satisfaction of this condition, and the Closing, for a period not to exceed one hundred and eighty (180) days, or both parties may mutually agree to any period of extension. PDC will not withhold approval of such further extension as may be requested by Developer as long as Developer has pursued such litigation with reasonable diligence.
- (b) To Developer's satisfaction:
- i. Developer shall have accepted the Phase 2 Due Diligence Contingencies.
 - ii. Developer shall have determined that PDC has title to the Phase 2 Property subject only to the Final Phase 2 Permitted Exceptions.
 - iii. Escrow Agent shall have issued to Developer pro forma policies for (a) an Owner's Extended Title Insurance Policy covering the Phase 2 Property in an amount not less than the Phase 2 Purchase Price, in form and substance satisfactory to the Developer, subject only to the Final Phase 2 Permitted Exceptions, and (b) a lender's Extended Title Insurance Policy covering fee interest in the Phase 2

Property in the amount of the funding to be provided to Developer in form and substance satisfactory to any lender identified by Developer.

- iv. Developer shall have obtained financing for the construction of Phase 2 reasonably satisfactory to Developer, including a binding commitment from PDC to provide the Phase 2 Project Loans described in Section 4.3 below.
- v. PDC's representations and warranties stated in Section 1.7 herein are true and correct as of the Phase 2 Closing Date.
- vi. PDC shall not be in default under any material term or condition of this Agreement. As of Closing, PDC shall represent to Developer that there are no material defaults by PDC under this Agreement or events which with the passage of time would constitute a material default by PDC under this Agreement.
- vii. PDC has provided to Developer a Level 1 ESA that was prepared within 180 days prior to the date scheduled for the Phase 2 Closing as set forth in the Schedule of Performance and based on Developer's review of the ESA, the environmental condition of the Phase 2 Property is acceptable to Developer as determined by Developer in its sole and absolute discretion.

(c) To PDC's satisfaction:

- i. Developer shall not be in default under any material term or condition of this Agreement. As of Closing, Developer shall represent to PDC that there are no material defaults by Developer under this Agreement or events which with the passage of time would constitute a material default by Developer under this Agreement.
- ii. Developer's representations and warranties stated in Section 1.8 herein are true and correct as of the Phase 2 Closing Date.
- iii. Developer shall have demonstrated financial feasibility for Phase 2 by providing to PDC copies of binding commitment letters for construction financing from private lenders, subject to standard conditions to closing, and consistent with the Project budget.

- iv. Developer shall have liability insurance as required by state law and shall name PDC as an additional insured.

3.6.2 Election upon Non-Occurrence of Conditions. Except as provided below, if any Phase 2 Condition Precedent in Section 3.6.1 is not fulfilled to the reasonable satisfaction of the benefited Party or Parties on the date schedule for the Phase 2 Closing as set forth in the Schedule of Performance, subject to any extension that may be granted pursuant to this Agreement, then such benefited Party or Parties may elect to:

(a) Terminate the obligations in this Agreement to construct the Phase 2 Improvements by written notice to the other Party, which termination shall become effective thirty (30) days after the notice of termination is given (“**Phase 2 Termination Date**”) unless, before the thirty (30) day period ends, the other Party fulfills such condition or conditions to the reasonable satisfaction of the benefited Party or Parties; or

(b) Waive in writing the benefit of that Phase 2 Condition Precedent to its obligation to perform under this Agreement, and proceed in accordance with the terms hereof; or

(c) Extend the Phase 2 Termination Date by which the other Party must satisfy the applicable condition, if the other Party can satisfy the Phase 2 Condition Precedent and if the other Party agrees in writing to the extension.

4. DEVELOPMENT

4.1 Project Financing. Except as set forth in this Section 4, Developer will be responsible for obtaining all financing and equity funds necessary to acquire the Property and develop the Project. The financing shall be obtained from private persons and institutions (the “**Institutional Financing**”). The Phase 1 Project Loans and the Phase 2 Project Loans shall be subordinate to any and all Institutional Financing. In connection with the financing of the Project, Developer shall make equity contributions in an amount equal to two percent (2%) of total construction costs.

4.2 Phase 1 Project Loans. PDC shall provide or, as noted below, has provided, the following Phase 1 Project Loans:

4.2.1 PDC has loaned Developer \$300,000 for the purpose of undertaking pre-development activities for Phase 1 (the “**Predevelopment Loan**”). The Predevelopment Loan shall be repaid from the proceeds of Construction Loan A.

4.2.2 Prior to the commencement of the construction of Phase 1, PDC shall loan Developer at least \$650,000 to fund construction costs of the Project (“**Construction Loan A**”). Construction Loan A shall be repaid from the sales of the Townhomes after the lender providing Institutional Financing has been repaid.

4.2.3 Prior to the commencement of construction of Phase 1, PDC shall loan Developer \$1,450,000 to fund hard and soft costs of constructing Phase 1 (“**Construction Loan**”).

B”). Construction Loan B shall be forgiven by PDC on a per unit basis upon the sale of each Townhome to a qualified homebuyer.

4.2.4 The provisions of this Section 4.2 shall survive Closing.

4.3 **Phase 2 Project Loans.** PDC shall provide the following Phase 2 Project Loans:

4.3.1 Prior to the commencement of construction of Phase 2, PDC shall loan Developer \$700,000 to fund hard and soft costs of construction Phase 2 (“**Construction Loan C**”). Following completion of construction of the Project, Construction Loan C shall automatically convert to permanent financing secured by the Retail Space, which permanent loan will have a term of not fewer than fifteen (15) years, an interest rate of 3% and will be assumable by a purchaser of the Retail Space or a portion thereof.

4.3.2 Prior to the commencement of construction of Phase 2, PDC shall loan Developer \$350,000 to fund hard and soft costs of constructing Phase 2 (“**Construction Loan D**”). Construction Loan D shall be forgiven by PDC on a per unit basis upon the sale of each Loft to a qualified homebuyer who has earnings between 100-120% of Medium Family Income.

4.4 **PDC Design Review and Comment.**

4.4.1 To fulfill its role as the City’s urban renewal agency in furthering the goals of the URA, PDC shall have the right to review Schematic Design Drawings and to confirm that all other Design Documents are consistent with the Schematic Design Drawings approved by PDC. Upon completion of its review of Schematic Design Drawings, PDC shall provide written notification in an appropriate form to Developer stating its comments, if any, to the Schematic Design Drawings. Should PDC have comments on any aspect of schematic Project design, PDC shall have the obligation to provide specific reasons for such comments along with potential remedies. Developer and PDC shall work cooperatively and in good faith to find mutually acceptable solutions to design issues.

4.4.2 Developer shall prepare Schematic Design Drawings, Design Development Documents, lot line adjustment and/or subdivision documents, and Construction Documents for Phase 1 and for Phase 2 of the Project, and submit them to PDC for review and comment in accordance with the Schedule of Performance. In addition, Developer shall prepare and submit to PDC Final Construction Plans and Specifications. Schematic Design Drawings for each of Phase 1 and Phase 2 shall be submitted when such documents have reached 50% and 90% completion. Design Development Documents and Construction Documents for each of Phase 1 and Phase 2 shall be submitted when such documents have reached 50% and 90% completion. The lot line adjustment and/or subdivision must be reviewed and approved by PDC to insure that the Phase 2 parcel can be separately developed from Phase 1. PDC staff will review and provide comments, if any, to Developer on the Schematic Design Drawings for each of Phase 1 and Phase 2 in accordance with the timelines provided in Section 4.4.4 and with the Schedule of Performance. PDC will confirm in writing to Developer that all other Design Documents for each of Phase 1 and Phase 2 are consistent with the Schematic Design Drawings for each such phase in accordance with the timelines provided in Section 4.4.5. In all phases of

design, Developer may submit design documents to PDC for informal review and comment at any stage of document completion.

4.4.3 Design Standards. PDC and Developer will work cooperatively to ensure that all Design Documents meet the following standards:

4.4.3.1 Schematic Design Drawings. The Schematic Design Drawings shall be in substantial conformance with Developer's conceptual design as shown in Exhibit C. The Schematic Design phase for each of Phase 1 and Phase 2 shall be deemed complete upon PDC's approval of the 90% Schematic Design Drawings applicable to such phase of the Project. Upon PDC's approval, the Schematic Design Drawings shall establish the conceptual design of Phase 1 or Phase 2, as applicable, illustrating the scale and relationship of the Project components.

4.4.3.2 Design Development Drawings. The Design Development Drawings shall be based on the approved Schematic Design Drawings and of compatible quality of materials, massing and architectural details. Developer shall not commence preparation of the Design Development Drawings for Phase 1 or Phase 2, until PDC has approved the Schematic Design Drawings applicable to such phase. The Design Development phase for each of Phase 1 and Phase 2 of the Project shall be deemed complete upon PDC's confirmation that 90% Design Development Drawings applicable to such phase are consistent with the Schematic Design Drawings for such phase.

4.4.3.3 Construction Documents. The Construction Documents shall be in conformance with the approved Design Development Drawings and Schematic Design Drawings. The Construction Document phase for each of Phase 1 and Phase 2 of the Project shall be deemed complete upon PDC's confirmation that the 90% Construction Documents applicable to such phase are consistent with the Design Development Drawings and the Schematic Design Drawings for such phase.

4.4.4 Review and Approval of Schematic Design Drawings. PDC's staff review of Schematic Design Drawings is limited to a period of not more than fifteen (15) business days from the date of its receipt of such drawings. If PDC timely delivers written notice to Developer of PDC's disapproval of the Schematic Design Drawings, Developer shall have ten (10) business days to respond in writing to PDC's written comments and to revise the Schematic Design Drawings, if necessary. Thereafter, PDC will have ten (10) business days to respond to any written comments received from Developer and to review any resubmitted Schematic Design Drawings. Failure of PDC to respond to Developer within the 10-day time period provided shall be deemed approval of the Schematic Design Drawings. In the event of any inconsistency between the dates in this Section 4.4.4 and in the Schedule of Performance, the earlier date or dates shall govern. If, despite the cooperative efforts of the Parties, the Parties are unable to agree upon the resolution to any comment by PDC to the Schematic Design Drawings, the design approved through the City's permitting process shall govern.

4.4.5 Review and Approval of Design Development Drawings and Construction Documents. PDC's staff review of Design Development Drawings and Construction Drawings is limited to (a) review for consistency with the approved Schematic

Design Drawings and (b) a period of not more than fifteen (15) business days from the date of PDC's receipt of such drawings. If PDC timely delivers written notice to Developer that PDC does not believe that the Design Development Drawings or Construction Documents, as applicable, are consistent with the Schematic Design Drawings, Developer shall have ten (10) business days to respond in writing to PDC's written comments and to revise the Design Development Drawings or Construction Documents, if necessary. Thereafter, PDC will have ten (10) business days to respond to any written comments received from Developer and to review any resubmitted Design Development Drawings or Construction Documents. Failure of PDC to respond to Developer within the 10-day time period provided shall be deemed confirmation from PDC that the Design Development Drawings or Construction Drawings, as applicable, are consistent with the Schematic Design Drawings.

4.4.6 Changes to Project Scope. PDC shall be informed of significant changes to Project scope, time and dollar amount during the construction phase of the Project.

4.4.7 Changes in Reviewed Documents. If Developer wants to substantially change any Documents after review by PDC or approval by the City, Developer shall submit the proposed changes to PDC for review. A substantial change shall mean any change that would have a material impact on the Scope of Development, including a material change to the function, appearance, timing or cost of the Project. Developer acknowledges that it may be necessary to secure separate City approval of such changes. Any separate City approvals shall be sought after PDC has reviewed the changes. PDC shall assist Developer throughout any City or PDC design review, and the applicable land use and development review processes of the appropriate bureaus or agencies within the City, but PDC does not represent or warrant that its assistance will guarantee or accelerate any required approvals.

4.4.8 Design Advisor. PDC may retain a design advisor, at its expense and its discretion, to assist in review of the Project design. The role of the design advisor is to review the design of the Project and to advise the PDC Project Manager as to design considerations consistent with this Agreement. The advisor's review will take into consideration building codes and other governmental regulations but will not include any analysis of compliance with same.

4.5 Diligent Completion. Subject to the terms and conditions of this Agreement, Developer covenants to complete the development of the Project in substantial conformance with the Design Documents and the Final Construction Plans and Specifications applicable to each of Phase 1 and Phase 2 of the Project, no later than the date for completion of construction set forth in the Schedule of Performance and to comply with the Schedule of Performance, subject to Force Majeure as provided in Section 8.9. Developer agrees to keep PDC informed of its progress with respect to development of each of Phase 1 and Phase 2 of the Project during construction, with periodic written reports to be issued no less frequently than once per quarter until PDC issues its final Certificate of Completion for applicable phase of the Project.

Project development shall include:

4.5.1 Entering into all necessary architectural and construction contracts;

4.5.2 Securing all necessary public entitlements and building permits, including but not limited to, completing all required sidewalk dedications and extensions;

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

4.6 Inspection and Property Access.

4.6.1 **Before Conveyance of Property.** Before conveying the Property to Developer, and pursuant to a written permit of entry, PDC will allow Developer and Developer's employees, agents and consultants to enter upon the Property, at all reasonable times whenever and to the extent necessary to carry out the purposes of this Agreement, including, without limitation, Developer's due diligence inspections.

4.6.2 **After Conveyance of Property.** After conveying the Property to Developer, during construction of the Project, and until a Certificate of Completion is issued, 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 and to comply with all construction site rules and regulations.

4.7 Certificate of Completion.

4.7.1 **When Developer is Entitled to a Certificate of Completion.** Upon substantial completion of Phase 1 and again upon substantial completion of the Phase 2 of the Project as provided in this Section 4.7, PDC will furnish Developer with a Certificate of Completion for Phase 1 or Phase 2, as applicable, substantially in the form attached hereto as Exhibit D. Phase 1 or Phase 2, as applicable, will be deemed to be substantially complete when (i) Phase 1 or Phase 2, as applicable, is completed according to the Final Construction Plans and Specifications for Phase 1 or Phase 2, except for punchlist items which do not materially affect the use of Phase 1 or Phase 2 for the purposes intended under this Agreement, (ii) the City has issued a temporary certificate of occupancy with respect to Phase 1 or Phase 2, as applicable, (iii) any other improvements required by the terms of this Agreement to have been completed at the time Phase 1 or Phase 2, as applicable, are complete in all material respects, and (iv) legal documents have been recorded to ensure long term affordability of the Townhomes for Phase 1 to PDC's satisfaction.

4.7.2 **Meaning and Effect of the Certificate of Completion.** The Certificate of Completion for Phase 1 shall provide for termination of obligations under this Agreement applicable to Phase 1 and shall limit PDC's remedies as expressly provided for therein. The Certificate of Completion for the Project shall provide for termination of obligations under this Agreement and shall limit PDC's remedies as expressly provided for therein. Upon issuance of a Certificate of Completion for the Project, PDC will return the Performance Guaranty Fee, together with interest earned thereon, to Developer in accordance with Section 1.9.

4.7.3 **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 shall,

except as otherwise provided herein, state that the terms and conditions of this Agreement are of no further force and effect with respect to Phase 1 of the Project or with respect to Phase 2 of the Project, as applicable. 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 applicable requirements 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. The DDA will remain recorded on Phase 1 until building permits have been issued for Phase 2.

4.8 **Marketing of Affordable Units.** Developer, in cooperation with PDC as described in this Section 4.8, shall market the Townhomes to households earning 60 – 80% of Median Family Income and the Lofts to households earning 100 – 120% of Median Family Income, and at prices affordable to such households (“**Affordable Units**”). Developer shall develop a plan for marketing the Affordable Units to such households. The marketing plan must include an agreement with PDC for PDC to act as a preferred lender for the Affordable Units. PDC shall assist Developer in the marketing of the Affordable Units by (a) providing Developer with Median Family Income figures, (b) providing Developer with affordability calculations based on unit size and family income, (c) assisting Developer in developing a plan to market the Affordable Units to households that qualify, (d) making available to potential homebuyers, as appropriate, PDC mortgage products, (e) providing assistance, as needed, to assist in income verification and securing of financing for individual borrowers, and (f) providing Developer the PDC Project Loans, described in Sections 4.1, 4.2, and 4.3, above.

4.9 **Safety Matters; Indemnification; Property Maintenance.** Developer shall:

4.9.1 **Safety.** Comply with all safety laws and take reasonable measures 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 its construction. This obligation will terminate as to Phase 1 and Phase 2 upon PDC's issuance of its Certificate of Completion of construction applicable to such phase.

4.9.2 **Liability Claims.** Indemnify and hold PDC harmless from all claims, costs, expenses and liabilities arising from the death of, or accident, 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, except to the extent caused by the acts or omissions of PDC or its agents. This obligation will be limited to claims, costs, expenses and liabilities that arise prior to PDC's issuance of its Certificate of Completion of construction for each of Phase 1 or Phase 2.

4.9.3 **Indemnity from Liens.** Indemnify, defend and hold PDC harmless from and against all mechanics', materialmen's and laborers' liens and all costs, expenses and liabilities arising from Developer's construction.

4.9.4 **Liens.** Developer agrees that in the event any statutory lien shall be filed during the term of this Agreement against any portion of the Project or the Property by reason of labor, services, or materials supplied to or at the request of Developer or pursuant to any construction in the Project, Developer shall, within thirty (30) days after the filing thereof, pay and discharge the same of record or post a bond or a cash deposit and take all other action required by the Oregon Construction Lien Law so that the Project and the Property shall thereafter be entirely free of the lien, subject also to the provisions of the following sentence. Developer shall have the right to contest the validity, amount or applicability of any such respective liens by appropriate legal proceedings so long as it shall remove such lien from title to the Property pursuant to applicable law.

5. ENVIRONMENTAL MATTERS

5.1 **Environmental Due Diligence Reports.** Developer acknowledges receipt of copies of the Environmental Reports other than the Phase 1 ESA described in Section 5.2 below, a copy of which PDC will provide to Developer promptly after PDC's receipt thereof.

5.2 **Level 1 ESA.** Within 180 days prior to the date scheduled for the Phase 1 Closing as set forth in the Schedule of Performance, PDC shall undertake a Level 1 ESA 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 Level 1 ESA promptly after PDC's receipt thereof.

5.3 **Environmental Cleanup.** PDC has completed the following environmental cleanup actions to remediate or abate, as appropriate, the Recognized Environmental Condition on the Property: (a) 6445 NE MLK: (i) UST removal action by seller prior to acquisition by PDC and (ii) hazardous building abatement and demolition of structures in 2004-2005; and (b) 6431-6535 NE MLK: (i) hazardous building abatement and demolition of structures in 2005-2006 and (ii) removal of residual impacted soil from prior underground tanks. DEQ has issued an Underground Storage Tank Closure letter ("**UST Letter**") for 6445 NE MLK on March 3, 2004 and an Updated No Further Action Letter for 6431-6435 NE MLK dated November 21, 2007 ("**NFA Letter**"). A copy of the UST Letter and the NFA Letter is attached hereto as Exhibit I and incorporated herein by this reference. From and after the Phase 1 Closing and the Phase 2 Closing and in connection with the Project, Developer shall comply with all restrictions, limitations, conditions and obligations set forth in the UST Letter and NFA Letter and set forth by DEQ.

5.4 **Unforeseen Environmental Conditions.** If Developer encounters, after the Phase 1 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 5.4. 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 documentation regarding the circumstances of the discovery of the Unforeseen Environmental Condition, including but not limited to any documentation on the

release of a Hazardous Substance on the Property. After discovery of an Unforeseen Environmental Condition on the Property, Developer shall allow PDC access to the Property to 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 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. Subject to the limitations of Oregon law with respect to the liability of public bodies, PDC shall indemnify Developer from and against any and all liability, claims damages, losses and expenses arising out of or in connection with PDC's use of the Property. PDC will 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 agree upon a source and method for funding the remediation or abatement, as applicable, of the Unforeseen Environmental Condition, which Developer shall then complete as part of the Project, as a condition to issuance of the Certificate of Completion and in a manner necessary to obtain any required approvals from DEQ. Developer shall comply with all restrictions, limitations, conditions and obligations set forth in any document issued by DEQ. If the Parties are unable to agree on a source and method for funding the 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.

5.5 Indemnification. Developer shall be responsible for compliance with all Environmental Laws with respect to the Phase 1 Property, its business and the operation of the Project from and after the date of the Phase 1 Closing, including but not limited to compliance with all restrictions, limitations, conditions and obligations imposed by DEQ pursuant to a No Further Action Letter or Underground Storage Tank Closure letter 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 Section 5.3 or 5.4 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 or Underground Storage Tank Closure Letter 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 5.3 or 5.4 above. The indemnity set forth in this Section 5.5 shall survive the issuance of any Certificate of Completion and any termination of this Agreement.

5.6 Contribution. The foregoing indemnity does not limit any rights of contribution 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 to this Agreement.

6. ASSIGNMENT PROVISIONS

6.1 **No Assignment.** 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. The anti-assignment restrictions in this Section 6.1 shall not apply to any transfers that become effective at or after the issuance by PDC of a Certificate of Completion for the Project. Except as provided in Section 6.2, Developer shall not partially or wholly dispose of or agree to dispose of Developer's interest in this Agreement without the prior written approval of the PDC, which approval may be withheld in PDC's sole discretion. The Developer may transfer ownership of the Project to another limited liability company as long as the managing member of Developer is the managing member of the new limited liability company. For purposes of this Section 6.1, the disposal of Developer's interest in this Agreement includes, but is not limited to, a sale or transfer of ownership interests in Developer, or a sale or transfer of the managing member of Developer. Among other things, PDC may require as conditions to any such approval that:

6.1.1 The transfer is not in violation of other provisions of this Agreement; and

6.1.2 Any proposed transferee shall have qualifications and financial responsibility equal to or superior to Developer; and

6.1.3 The transfer will not cause a material delay in the completion of the Project.

6.1.4 **Approved Pre-Construction Transfers.** Notwithstanding Section 6.1 above, and provided that Developer provides PDC with copies of all agreements related to the transfer at least fifteen (15) 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 (a) an assignment of Developer's rights under this Agreement and interest in the Property (which interest is subject to the terms and conditions of this Agreement) to a partnership, limited liability company or limited partnership provided that the owners of the assignee are the same as the owners of Developer and that Developer's principals remain the managing member, manager, or general partner of such assignee and retain principal operational control over the assignee and (b) Mortgage(s) which Developer may cause to attach to the Property to finance the Project provided that PDC has approved the terms of the mortgage, which approval shall not be unreasonably withheld, conditioned or delayed. In the event of an assignment under Section 6.1.4(a), Developer shall remain fully responsible to the PDC (but not to any third party) for the performance of this Agreement through PDC's issuance of the Final Certificate of Completion for the Project.

6.2 **Transfers After Completion.** After PDC's issuance of a Certificate of Completion for the Project, Developer may transfer its interest, or portions of its interest in the Project or this Agreement, without restriction, consent or approval by the PDC.

7. SPECIAL COVENANTS AND CONDITIONS

7.1 **Staffing and Operation of Project.** Developer covenants and agrees that it will provide an experienced qualified project representative with authority to act on behalf of the Developer. Developer's representative is Thomas D. Walsh. PDC staff for the Project include: Karl Dinkelspiel, Project Manager. The aforementioned individuals agree to meet as needed but not less frequently than monthly to facilitate the completion of the Project.

7.2 **Housing Unit Affordability:** Developer agrees to sell all housing units in the Project at the prices specified in Exhibit G. Developer may sell units at prices different than those shown in Exhibit G, provided that the average price for all units does not exceed the unit price average shown in Exhibit G. Developer shall certify to PDC that each buyer of an Affordable Unit does not earn in excess of the applicable percentage of Median Family Income. PDC shall have the right to approve the legal documentation that provides long term affordability. The Executive Director, in his or her discretion, may approve a price increase up to ten percent (10%) above the prices shown in Exhibit G.

7.3 **Technical Assistance.** PDC shall provide technical assistance to Developer to obtain zoning and building permit approval for each phase of the Project; provided, however, that PDC does not represent or warrant that zoning and building permits will be approved.

7.4 **Public Outreach.** Developer and PDC shall fully participate in a public outreach process to keep both the Piedmont and Woodlawn Neighborhood Associations informed during the design process. Upon request by PDC, Developer shall obtain input from the project advisory committee assembled by PDC, which committee is composed of representatives of the neighborhood associations, with respect to Project design, programming, marketing and other related issues that may arise.

8. PERMITTED MORTGAGES OR TRUST DEED INDEBTEDNESS

8.1 Mortgagee Protection Provisions.

8.1.1 **Effect of Revesting on Mortgages.** Any reversion and revesting of the Property or any portion thereof in PDC and all other post-conveyance rights and remedies of PDC pursuant to this Agreement shall always be subordinate and subject to and limited by, and shall not defeat, render invalid, or limit in any way any lien, Mortgage, or security interest approved by PDC and authorized by this Agreement.

8.1.2 **Mortgagee Not Obligated To Construct.** Notwithstanding any of the provisions of the Agreement, 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 any notice or demand to Developer with respect to any breach of or default by Developer in its obligations or covenants under 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 and at the address set forth in any recorded lien or Mortgage.

8.1.4 Mortgagee's Options to Cure Defaults. After any default in or breach of this Agreement by Developer where Developer fails to cure or remedy said default or breach, then each Mortgagee may, at its option, cure or remedy such breach or default within thirty (30) days after passage of the latest date for Developer's cure of the default, and if permitted by its loan documents, to add the cost thereof to the Mortgage debt and the lien of its Mortgage. If the breach or default is with respect to construction of the improvements, 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 Final Construction Plans and 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 4.7 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 and/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; REMEDIES

9.1 Default and Cure.

9.1.1 Default by Developer. A default shall occur if Developer breaches any material provision of this Agreement, whether by action or inaction, and such breach continues and is not remedied within sixty (60) days after Developer receives written notice from PDC specifying the breach. In the case of a breach which cannot with due diligence be cured within a period of sixty (60) days, a default shall occur if Developer does not commence the cure of the breach within sixty (60) 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. A default also shall occur if Developer makes any 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. Default shall occur, and PDC shall be irreparably harmed by such default, if Developer or its assignee constructs any portion of the Project in a manner materially inconsistent with the terms and conditions of this Agreement or the PDC-reviewed Documents (as described in Section 4.4). Developer shall not be in default hereunder for failure to pay any tax, assessment, lien or other charge if Developer in good faith is contesting the same and, if

necessary to avoid foreclosure, has furnished an appropriate bond or other undertaking to assure payment in the event Developer's contest is unsuccessful.

9.1.2 Default by PDC. A default shall occur if PDC breaches any material provision of this Agreement including, without limitation, PDC's failure to adhere to the Schedule of Performance for any element of the Schedule of Performance which is the responsibility of PDC, whether by action or inaction, and such breach continues and is not remedied within sixty (60) days after PDC receives written notice from Developer specifying the breach or, in the case of a breach which cannot with due diligence be cured within a period of sixty (60) days, if PDC shall not within such sixty (60) day period commence the cure of the breach and thereafter diligently prosecute to completion such cure within one hundred twenty (120) days after the written notice from Developer.

9.2 PDC's Pre-Conveyance Remedies. If a Developer default (as described in Section 9.1.1) occurs before any of the Property is conveyed to Developer, PDC may at its option: (a) terminate this Agreement by written notice to Developer (without waiving any cause of action PDC may have against Developer) and retain the Performance Guaranty Fee, together with any interest accrued thereon as liquidated damages; or (b) specifically enforce the obligations of Development under this Agreement. 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 Property market research, design documents, engineering documents, proformas and financial projections prepared for Developer by unrelated third parties, and which Developer is authorized to release, provided that, if required by Developer, PDC pays to Developer the fair value thereof as determined by good faith negotiations between PDC and Developer. Any of the foregoing documents provided to PDC may be used by PDC in any manner that PDC deems appropriate with the consent of any party having approval rights thereunder. Notwithstanding the foregoing, PDC shall have no obligation to pay Developer for the documents or acquire the documents if PDC and Developer are not able to reach agreement on the fair value thereof; provided that, in such case, Developer may retain the documents and shall have no obligation to deliver the documents to PDC.

9.3 Restoration. If, prior to Commencement of Construction (including the period 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; provided that in no event will Developer be obligated to restore the Property to a condition that is better than the condition that existed prior to Developer commencing activities on the Property.

9.4 PDC's Post-Conveyance Remedies.

9.4.1 Failure to Complete Construction. If a Developer default (as described in Section 9.1.1) occurs after Closing, including but not limited to, Developer's failure to obtain the required Certificate of Completion because of Developer's failure to take the actions required under, or otherwise comply with, Section 4.7 hereof, then PDC shall have the following remedies:

(a) Subject to the rights of a Mortgagee to cure a default and to the other 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 9.5 hereof. If a Certificate of Completion has been issued for Phase 1, then the remedies set forth herein shall be applicable only to Phase 2 of the Project. 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 or a document recorded at Closing shall provide 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 applicable portion of 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 (or in Phase 2 if Phase 1 is complete) 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 E. Any delay by PDC in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this Section 9.4 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. Notwithstanding the foregoing, PDC shall not be able to exercise its rights under this Section 9.4 after Developer has cured the applicable default.

(b) Developer shall provide PDC with any work product produced by any third parties for Developer, if allowed pursuant to Developer's contracts with such third parties, for PDC's use, provided that PDC pays to Developer the fair value thereof as described in Section 9.2.

(c) PDC shall retain the Performance Guaranty Fee, plus any interest accrued thereon, as liquidated damages described in Section 9.2 above.

9.5 PDC Resale.

9.5.1 **PDC Completion, Resale.** In the event that the title to the Property or a portion thereof shall revest in PDC in accordance with the provisions of Section 9.4, PDC, at its option and subject to rights of Mortgagees, may bring the improvements to a state of completion deemed necessary by PDC, and shall, pursuant to its responsibilities under Oregon Revised Statutes, Chapter 457, and Chapter XV of the Charter of the City, use its best efforts consistent with prudent business practices to resell at a reasonable price, the Property and such improvements (subject to Mortgage(s) permitted by this Agreement) as soon and in such manner

as PDC shall find feasible and consistent with the objectives of such law and of 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 and in accordance with the uses specified in the Urban Renewal Plan.

9.5.2 **Application of Proceeds from Resale.** Upon such resale, and subject to the rights of any Mortgagee, the proceeds thereof shall be applied as follows:

(a) **PDC and City.** First, to PDC on its own behalf, to reimburse it for all costs and expenses reasonably incurred by it in retaking, completing and selling the Property and its improvements, including, but not limited to, salaries of personnel in connection with the recapture, management and resale of the Property; finishing construction of Project improvements which were Developer's responsibility to construct but were done by or on behalf of PDC; all taxes, assessments, and water and sewer charges with respect to the Property or part thereof (or, in the event that 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, assessments, or charges (as determined by the County assessing official) as would have been payable if the Property were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part thereof 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 successors or transferees excluding any mortgage if the Property and/or the improvements are sold subject to such mortgage; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Property or part thereof; any amounts paid to the State or City as lease or license fees, legal fees and costs; and any amounts otherwise owing PDC by the Developer and its successor or transferee;

(b) **Developer.** Second, to reimburse the Developer up to the amount equal to any portion of the Purchase Price of the Property that Developer has paid to PDC, and any costs or expenses incurred by the Developer, or for which Developer remains liable, in making any of the improvements on the Project or part thereof, less any gains or income withdrawn or made as to the Project; and

(c) **Balance to PDC.** Third, any balance remaining after any reimbursements described above shall be retained by PDC as its property.

9.6 **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 and receive a refund of the Performance Guaranty Fee (including interest thereon) without waiving any cause of action Developer may have against PDC; (ii) seek monetary damages against PDC, including amounts attributable to Developer's due diligence and related costs; or (iii) specifically enforce the obligations of PDC under this Agreement. Notwithstanding the preceding sentence, Developer shall not seek consequential damages from PDC in connection with PDC's default.

9.7 **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.

9.8 **Nonexclusive Remedies.** The rights and remedies provided by this Agreement shall not be deemed exclusive and shall be in addition to any and all rights 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 should not limit or affect the obligations of a Party under any contractual indemnities set forth herein.

9.9 **Force Majeure**

9.9.1 Neither a Party nor Party's successor in interest shall be considered in breach of or in default with respect to any obligation created hereunder or progress in respect thereto if the delay in performance of such obligations (the "**Unavoidable Delay**") is due to causes that are beyond its control, and without its fault or negligence, including but not limited to: (a) acts of God, the public enemy or the government; (b) fires; (c) floods; (d) epidemics or quarantine restrictions; (e) strikes or freight embargoes; (f) earthquake; (g) explosion; (h) mob violence or riot; (i) inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market; (j) malicious mischief; (k) litigation, appeals or arbitration involving a Party or others relating to zoning or other governmental action or inaction pertaining to the Project or which prevent or delay a Party's performance; (l) delay in the issuance of necessary permits for the Project; (m) condemnation actions; (n) unusually severe weather; (o) delays of suppliers or subcontractors due to any of the foregoing causes; or (p) any similar events and/or occurrences beyond the control of such Party.

9.9.2 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. The period(s) of Unavoidable Delay for matters listed Section 9.9.1 shall not exceed one hundred eighty (180) days in the aggregate.

10. **MISCELLANEOUS PROVISIONS**

10.1 **PDC Project Manager.** For the purposes of managing the implementation of this Agreement on behalf of PDC, the Executive Director shall designate a project manager. Upon the initial execution of this Agreement, the PDC project manager shall be Karl Dinkelspiel.

10.2 **Discrimination.** Developer, for itself and its successor and assigns, agrees that during the construction of the Property, Developer will not discriminate against any employee or

applicant for employment because of race, color, religion, age, gender, sexual orientation or national origin.

10.3 **Notice.** Any notice or communication under this Agreement by either Party to the other shall be deemed given and delivered upon the earlier of actual delivery or refusal of a party to accept delivery thereof if sent by: (a) registered or certified U.S. mail, postage prepaid, return receipt requested; (b) messenger with messenger charges prepaid; or (c) overnight courier service, with delivery charges prepaid, and:

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

Thomas D. Walsh
Piedmont Community Developers, LLC
81 NE Tillamook St.
Portland, OR 97212

with a copy to:

Ball Janik LLP
101 SW Main Street, Suite 1100
Portland, OR 97204
Attn: Dina Alexander

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

Karl Dinkelspiel, Project Manager
Portland Development Commission
222 NW Fifth Avenue
Portland, OR 97209-3859

with a copy to:

Portland Development Commission
Attn: General Counsel
222 NW Fifth Avenue
Portland, OR 97209-3859

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.

10.4 **Participation in Certain Programs.**

10.4.1 **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 H, and made a part hereof. The Business and Workforce Equity Policy is comprised of two (2) separate and distinct programs:

- The Business Equity Program;
- 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:

10.4.1.1 **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.

10.4.1.2 **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. In connection with the Project, Developer shall comply with the Workforce Equity Program by: (i) 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, (ii) entering into a Project Apprenticeship and Equity Agreement (“**PAE Agreement**”) with PDC and to require its general contractor to enter into the PAE Agreement; and (iii) complying with all portions of the Workforce Equity Program applicable directly to Developer. 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) enter into the PAE Agreement. The PAE Agreement shall set forth, among other things, specific goals for increased participation by People of Color and women on the Project. The failure of Developer or Developer’s general contractor, or the subcontractors hereof, to comply with the Workforced Equity Program shall constitute a breach of amaterial provision of this Agreement.

10.4.2 Equal Employment Opportunity (“EEO”). Developer must 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 laws shall constitute a breach of a material provision of this Agreement.

10.4.3 Greening Portland’s Affordable Housing. Provided homes are sold at prices and to buyers described in Section 7.2, Developer is exempt from all sections of PDC’s Green Building Policy with the exception that the Developer is obligated to follow Greening Portland’s Affordable Housing Guide, which has been provided to Developer.

10.5 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.

10.6 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.

10.7 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.

10.8 Attorneys’ Fees. If a suit, action, arbitration, or other proceeding of any nature whatsoever, including, without limitation, any proceeding under the U.S. Bankruptcy Code, is instituted to interpret or enforce any provision of this Agreement, or with respect to any dispute relating to this Agreement, including, without limitation, any action in which a declaration of rights is sought or an action for rescission, the prevailing or non-defaulting party shall be entitled to recover from the losing or defaulting party its reasonable attorneys’, paralegals’, accountants’, and other experts’ fees and all other fees, costs and expenses actually incurred and reasonably necessary in connection therewith, as determined by the judge or arbitrator at trial or arbitration, as the case may be, or on any appeal or review, in addition to all other amounts provided by law. This provision shall cover costs and attorney fees related to or with respect to proceedings in Federal Bankruptcy Courts, including those related to issues unique to bankruptcy law.

10.9 Choice of Law. Oregon law shall govern this Agreement.

10.10 **Calculation of Time.** All periods of time, except references to “business days,” 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. As used in this Agreement, a “**business day**” is a day which is not a Saturday, Sunday or legal holiday, and periods of time referred to as “business days” shall be calculated by excluding Saturdays, Sundays, and legal holidays in the State of Oregon.

10.11 **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.

10.12 **Legal Purpose.** Developer agrees that it shall use the Property solely for lawful purposes.

10.13 **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.

10.14 **Entire Agreement.** This Agreement and the attachments hereto are the entire agreement between the Parties. There is no other oral or written agreement between the Parties with regard to this subject matter. There are no oral or written representations made by either Party, implied or express, other than those contained in this Agreement.

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

10.15.1 Modifications to the Scope of Development that do not increase or decrease the proposed amount of square footage for the Project or number of residential units in the Project by more than twenty percent (20%);

10.15.2 Changes in the Schedule of Performance when deemed warranted by the Executive Director which do not exceed one hundred twenty (120) days; and

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

10.16 **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 assigns of the Parties.

10.17 **Place of Enforcement.** Any action or suit to enforce or construe any provision of this Agreement by any Party shall be brought in the Circuit Court of the State of Oregon for Multnomah County, or the United States District Court for the District of Oregon in Portland, Oregon.

10.18 **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.

10.19 **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.

10.20 **Approval by PDC Executive Director.** Unless specified to the contrary elsewhere in this Agreement as to a particular consent or approval, 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, or from such other PDC staff as the Executive Director has designated to give approval.

10.21 **Recording of Memorandum of Agreement.** PDC shall record a Memorandum of this Agreement within ten (10) days of the Effective Date. The form of the Memorandum of Agreement is attached as Exhibit F 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 release of this Agreement (or a portion thereof) subject only to the surviving covenants expressly provided for in this Agreement.

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

10.23 **Counterparts.** This Agreement may be executed in any number of counterparts, all of which evidence only one agreement, binding on all Parties, even though all Parties are not signatory to the same counterpart.

*[Remainder of page intentionally left blank;
signatures follow on next page.]*

IN WITNESS WHEREOF, the Parties have executed this Agreement 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

Date: _____

APPROVED AS TO FORM

PDC Legal

PIEDMONT COMMUNITY DEVELOPERS, LLC,
an Oregon limited liability company

By: Cityhouse Partners LLC, an Oregon limited
liability company, its Sole Member

By: _____
Thomas D. Walsh, Member

Date: _____

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 2010, by
Bruce A. Warner, Executive Director of the **PORTLAND DEVELOPMENT COMMISSION**,
the duly designated urban renewal agency of the City of Portland.

Notary Public for
My commission expires: _____

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 2010, by
Thomas D. Walsh, Member of Cityhouse Partners LLC, an Oregon limited liability company, the
Sole Member of **PIEDMONT COMMUNITY DEVELOPERS, LLC**, an Oregon limited
liability company.

Notary Public for
My commission expires: _____

EXHIBITS

- Exhibit A Form of Deed**
- Exhibit B Schedule of Performance**
- Exhibit C Scope of Development and Development Concept**
- Exhibit D Form of Certificate of Completion**
- Exhibit E Form of Quitclaim Deed and Escrow Instructions**
- Exhibit F Memorandum of Agreement**
- Exhibit G Pricing Schedule**
- Exhibit H Business and Workforce Equity Policy**
- Exhibit I Underground Storage Tank Closure Letter and No Further Action Letter**

EXHIBIT A
FORM OF BARGAIN AND SALE DEED

After Recording Return to and
Tax Statements to be Sent to:
Karl Dinkelspiel
PORTLAND DEVELOPMENT COMMISSION
222 NW 5TH Ave.
Portland, OR 97209

BARGAIN AND SALE DEED
Phase 1 Property

KNOW ALL PERSONS BY THESE PRESENT, that 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 “PDC”), does hereby grant, bargain, sell and convey to **PIEDMONT COMMUNITY DEVELOPERS, LLC**, an Oregon limited liability company (the “Developer”), and unto its successors and assigns, all the real property, with the tenements, hereditaments and appurtenances (herein called the “Phase 1 Property”), situated in the County of Multnomah and State of Oregon, legally described on the attached Schedule 1.

The conveyance is made pursuant to that certain Agreement for Disposition and Development of Property between Developer and PDC, dated _____, 2010, a Memorandum of which was recorded on _____, 2010 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. The Developer has given other value as a portion of the consideration for this conveyance.

The conveyance is subject to the following:

(1) All easements, covenants, restrictions, conditions and encumbrances of record, as set out in Schedule “ 2” attached hereto and incorporated herein; and

(2) A condition subsequent to this conveyance, in the event of a default including any applicable cure period by Developer before PDC issues a Certificate of Completion, then PDC shall have the option, upon sixty (60) 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 in the Phase 1 Property. After delivery of such Notice of Termination, and in the event Developer fails to remedy, end or abrogate such default within the 60-day period in the manner stated in the Notice of Termination, Developer shall reconvey the Phase 1 Property to PDC by quitclaim deed, pursuant to the Escrow Instructions in Exhibit E to the DDA.

(3) After the Certificate of Completion is recorded for Phase 1, 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 such phase of the Project, including but not limited to the right of re-entry to the Phase 1 Property and reversion 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 Oregon Convention Center Urban Renewal Area approved by the City Council of the City on May 18, 1989, by Ordinance No. 161925.

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 said Agreement to continue after the delivery of this Deed.

TO HAVE AND TO HOLD the same unto the said Developer and unto its successors and assigns forever.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007.

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 _____, 200_.

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 this ____ day of _____, by _____ and _____ as Chairman and Secretary of the City of Portland Development Commission, on its behalf.

Notary Public for Oregon
My commission expires: _____

SCHEDULE 1 TO DEED
Phase 1 Property Legal Description

SCHEDULE 2 TO DEED
Phase 1 Property Permitted Exceptions

[TO BE COMPLETED]

FORM OF BARGAIN AND SALE DEED

After Recording Return to and
Tax Statements to be Sent to:
Karl Dinkelspiel
PORTLAND DEVELOPMENT COMMISSION
222 NW 5TH Ave.
Portland, OR 97209

BARGAIN AND SALE DEED

Phase 2 Property

KNOW ALL PERSONS BY THESE PRESENT, that 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 “PDC”), does hereby grant, bargain, sell and convey to **PIEDMONT COMMUNITY DEVELOPERS, LLC**, an Oregon limited liability company (the “Developer”), and unto its successors and assigns, all the real property, with the tenements, hereditaments and appurtenances (herein called the “Phase 2 Property”), situated in the County of Multnomah and State of Oregon, legally described on the attached Schedule 1.

The conveyance is made pursuant to that certain Agreement for Disposition and Development of Property between Developer and PDC, dated _____, 2010, a Memorandum of which was recorded on _____, 2010 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. The Developer has given other value as a portion of the consideration for this conveyance.

The conveyance is subject to the following:

- (1) All easements, covenants, restrictions, conditions and encumbrances of record, as set out in Schedule “ 2” attached hereto and incorporated herein; and
- (2) A condition subsequent to this conveyance, in the event of an default (including any applicable cure period) by Developer before PDC issues a Certificate of Completion, then PDC shall have the option, upon sixty (60) 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 in the Phase 2 Property. After delivery of such Notice of Termination, and in the event Developer fails to remedy, end or abrogate such default within the 60-day period in the manner stated in the Notice of Termination, Developer shall reconvey the Phase 2 Property to PDC by quitclaim deed, pursuant to the Escrow Instructions in Exhibit E to the DDA.

(3) After the Certificate of Completion is recorded for Phase 2, 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 such phase of the Project, including but not limited to the right of re-entry to the Phase 2 Property and reversion 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 Oregon Convention Center Urban Renewal Area approved by the City Council of the City on May 18, 1989, by Ordinance No. 161925.

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 said Agreement to continue after the delivery of this Deed.

TO HAVE AND TO HOLD the same unto the said Developer and unto its successors and assigns forever.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007.

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 _____, 200_.

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 this ____ day of _____, by _____ and _____ as Chairman and Secretary of the City of Portland Development Commission, on its behalf.

Notary Public for Oregon
My commission expires: _____

SCHEDULE 1 TO DEED
Phase 2 Property Legal Description

Lots 1, 2, 3 and 4, Block 60, according to the duly filed plat of PIEDMONT, TOGETHER WITH a strip of land 20 feet in width lying between the East line of said Lots and the West line of Union Avenue, AND TOGETHER WITH that certain easement as granted in Declaration from Allison Electric, Inc. to County of Multnomah, recorded January 18, 1977 in Book 1151 Page 1683, for the right, use and privilege to utilize the South 9 inches of the property owned by Allison Electric, Inc. and the use of the building, in the City of Portland, filed October 16, 1889, in Plat Book 140, Pages 1-3, inclusive, Records of the County of Multnomah and State of Oregon.

Lots 5 and 6, Block 60, PIEDMONT, County of Multnomah, State of Oregon.

TOGETHER WITH that 20 foot strip lying adjacent to and Easterly of said lots and West of the Westerly line of Martin Luther King Jr. Boulevard (Union Avenue).

EXCEPT FROM said Lot 6, that portion thereof lying within NE Portland Boulevard.

SCHEDULE 2 TO DEED
Phase 2 Property Permitted Exceptions

[TO BE COMPLETED]

Exhibit B
SCHEDULE OF PERFORMANCE

Draft DDA	August 1, 2009
Investment Committee Approval of DDA	October 28, 2009
Neighborhood Association meeting	October 29, 2009
Commission Approval of DDA	January 13, 2010
Conceptual Site Plan	February 6, 2010
Preliminary Plat submitted	April 2, 2010
Preliminary Plat approved	September 3, 2010
Permit sets submitted	September 3, 2010
Phase 1 Permit ready	March 4, 2011
Final Budget	March 4, 2011
Phase 1 Closing of Finance and Transfer of Phase 1 Property	March 4, 2011
Begin Phase 1 Construction	March 4, 2011
Phase 1 Construction Complete	March 2, 2012
Phase 1 Sales Complete	June 1, 2012
Phase 2 Closing of Finance and Transfer of Phase 2 Property	September 1, 2012
Begin Phase 2 Construction	September 1, 2012

Exhibit C
SCOPE OF DEVELOPMENT

General

The project will be divided into two phases. To accomplish the development and the phasing plan, the lot will be subdivided into 16 individual Townhome lots (Phase 1), plus 1 mixed-use lot (Phase 2). A portion of improvements created during Phase 1, will provide access, ownership and maintenance of improvements that benefit Phase 2,

Phase 1

Townhomes:

- 16 residential Townhomes averaging 1,300 gross square feet each. All Townhomes are two bedrooms, two bath units and will be built using a number of environmentally friendly techniques.
- Average unit sales price: \$160,000.
- One parking space per home on ground floor with access from the alley and shared parking area.

Resale restriction and PDC subsidy:

- All 16 Phase 1 Townhome units will be “land trust” units, that is, their sale prices will be permanently restricted through means of a land lease with Proud Ground (formerly the Portland Community Land Trust). The land lease will stipulate that sale price appreciation is limited to 25% of the unit’s actual market appreciation as determined by and appraisal. This restriction will stay with the property in perpetuity. PDC’s Housing Department will subsidize the project from two sources: 1) \$1,450,000 construction loan. These funds will be used to finance construction and then will be forgiven/granted as Townhome units sell, provided those units sell at the specified price and with the Proud Ground permanent resale restriction in place; and 2) contribution of the land.

Infrastructure

- Grade and pave alley on west side of the property.
- Install all utilities for Phase 1 Townhomes. “Reasonable and practical” installation of utilities for Phase 2 development.
- Grade and pave parking pads serving Phase 1 townhomes. As currently planned these parking pads will also service the Phase 2 residential condominium units.
- Landscaping.

Phase 2

Phase 2 is anticipated to consist of a total of three (3) buildings, two “mixed-use” and one stand-alone retail. The two mixed-use buildings, located on the northeast and southeast corners of the

Property, are nearly identical in program.

Mixed-use

- 2 mixed-use buildings consisting of approximately 2,500 square feet of ground floor commercial space with residential loft-style condominium units above. Commercial units will be built out to “warm shell” standards and will not be demised or otherwise improved as part of this project.
- 8 two-bedroom, two-bath residential loft-style condominium units, four above each ground floor commercial space. Residential units average approximately 1,000 square feet.
- Loft-style condominium units will be sold at prices affordable to households earning 100-120% of area median family income.

Retail Space

- 1 stand alone retail space of approximately 1,000 square feet. Space will be leased at market rates. The stand alone retail space will be built out to “warm shell” standards and will not be demised or otherwise improved as part of this project.

Infrastructure

- Complete installation of all utilities utilizing improvements made in Phase 1.
- Grade and pave parking pad dedicated to commercial uses (i.e. the pad accessed off NE Martin Luther King, Jr. Blvd.).
- Landscaping.

Exhibit D
FORM OF CERTIFICATE OF COMPLETION

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, PIEDMONT COMMUNITY DEVELOPERS, LLC, an Oregon limited liability company (“Developer”) has satisfactorily completed construction of **[Phase 1 of the Project] OR [Phase 2 of the Project]** as described in the Agreement for Disposition and Development of Property [Site Name], dated _____, 2010 (herein called the “DDA”), a memorandum of which was recorded in the Records of Multnomah County, Oregon as Document No. _____ on _____, 2010. Capitalized terms used herein without definition shall have the meaning ascribed to them in the DDA.

Pursuant to Section 3.6.1 of the DDA, PDC hereby certifies that:

- (i) **[Phase 1 of the Project] OR [Phase 2 of the Project]** is completed according to the Final Construction Plans and Specification, except for punchlist items which do not materially affect the use of the Project for the purposes intended under the DDA,
- (ii) the City of Portland has issued a temporary certificate of occupancy with respect to **[Phase 1 of the Project] OR [Phase 2 of the Project]**, and
- (iii) any other improvements required by the terms of the DDA to have been completed at the time **[Phase 1 of the Project] OR [Phase 2 of the Project]** is complete have been substantially completed.

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 **[Phase 1 of the Project] OR [Phase 2 of the Project]**, and such obligations are hereby terminated. This Certificate represents and certifies the completion of Developer’s construction obligations as to **[Phase 1 of the Project] OR [Phase 2 of the Project]** described herein as to PDC only.

Further,

- (4) Any party acquiring or leasing any portion of **[Phase 1 of the Project] OR [Phase 2 of the Project]** shall not (because of such purchase or lease) have any

obligation under the DDA with respect to the construction of **[Phase 1 of the Project] OR [Phase 2 of the Project]**, and

- (5) 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 3.8.2 (LIABILITY CLAIMS), Section 3.8.3 (INDEMNITY FROM LIENS) and Section 4.1 (INDEMNIFICATION).

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 **[Phase 1 of the Project] OR [Phase 2 of the Project]**, or as a result of a default in or 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 re-entry or reversion with respect to **[Phase 1 of the Project] OR [Phase 2 of the Project]** or termination of the DDA with respect to **[Phase 1 of the Project] OR [Phase 2 of the Project]**.

IN WITNESS WHEREOF, PDC has caused this instrument to be executed this ____ day of _____, 200_.

PORTLAND DEVELOPMENT COMMISSION

By: _____
Name: _____
Executive Director

APPROVED AS TO FORM

PDC Legal Counsel

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 200_, by _____, Executive Director of the **PORTLAND DEVELOPMENT COMMISSION**, the duly designated urban renewal agency of the City of Portland.

Notary Public for
My commission expires: _____

Exhibit E

FORM OF QUITCLAIM DEED AND ESCROW INSTRUCTIONS

After recording return to
and send tax statements to:

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

For a valuable consideration, receipt of which is hereby acknowledged, PIEDMONT COMMUNITY DEVELOPERS, LLC, an Oregon limited liability company (“Grantor”), does hereby demise, release and quitclaim to CITY OF PORTLAND acting by and through the PORTLAND DEVELOPMENT COMMISSION, the duly designated Urban Renewal Agency of the City of Portland (“Grantee”), all right, title and interest in and to the following described real property, with the tenements, hereditaments and appurtenances, situated in the County of Multnomah and State of Oregon, to wit:

_____ in the city of Portland, county of
Multnomah.

To have and to hold the same unto the said Grantee and Grantee’s successors and assigns forever.

The true and actual consideration paid for this transfer, stated in terms of dollars, is \$ -0-. However, the actual consideration consists of or includes other property or value given or promised which is the whole consideration.

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

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

In Witness Whereof, Grantor has executed and sealed this instrument this ____ day of _____, 20__.

PIEDMONT COMMUNITY DEVELOPERS, LLC,
an Oregon limited liability company

By: Cityhouse Partners LLC, an Oregon limited liability company, its Sole Member

By: _____
Thomas D. Walsh, Member

Date: _____

ACCEPTED THIS ____ DAY OF 20__.

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

By: _____
Executive Director

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 20__, by
Thomas D. Walsh, Member of Cityhouse Partners LLC, an Oregon limited liability company, the
Sole Member of PIEDMONT COMMUNITY DEVELOPERS, LLC, an Oregon limited liability
company

Notary Public for
My commission expires: _____

Exhibit E (Continued)

ESCROW INSTRUCTIONS FOR QUITCLAIM DEED

First American Title Insurance Company

Attention: Rachel Bushnell

Re: Escrow No. _____

PIEDMONT COMMUNITY DEVELOPERS, LLC, an Oregon limited liability company (“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 (“Agency”) dated as of _____, 200__, a Memorandum of which was recorded _____, 200__ as Document No. _____, Records of Multnomah County, Oregon, whereby the Agency will convey to the Developer or its assignees certain real property (the “Property”) in the Oregon Convention Center Urban Renewal Area. The Property is the subject of this escrow and is described in the accompanying quitclaim deeds (each, a “Quitclaim Deed” and together, the “Quitclaim Deeds”).

Section 9.4.1 of the DDA provides that, under certain circumstances, the Agency is entitled to reconveyance of the Property or a portion thereof pursuant to one or both of the Quitclaim Deeds 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 Deeds.

In the event that you receive from Agency a notice signed by the Agency’s Executive Director certifying that a copy of said notice has been delivered concurrently to Developer and certifying that a termination in favor of Agency of the title, and of all of the rights and interest of Developer in the Property or a portion thereof has occurred, and that rights to such portion of the Property described in one or both of the Quitclaim Deeds have reverted in the Agency pursuant to the DDA (“Notice of Termination”), you shall at the end of sixty (60) days after receipt of said instructions record the subject Quitclaim Deed(s) unless within said sixty (60) day period, you are notified by the Agency that the Agency has withdrawn the Notice of Termination, or unless you are prohibited from recording the Quitclaim Deed(s) 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 Agency with respect to the Project or Phase 1 of the Project (either an original or one certified by Developer as being a duplicate of the original), you will forthwith return the Quitclaim Deed for the Project or Phase 1 of the Project, as applicable, 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 Agency 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,

PIEDMONT COMMUNITY DEVELOPERS, LLC,
an Oregon limited liability company

By: Cityhouse Partners LLC, an Oregon limited
liability company, its Sole Member

By: _____
Thomas D. Walsh, Member

Date: _____

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

By: _____

Name: _____

Its: _____

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

By _____
First American Title Insurance Company

Exhibit F
FORM OF MEMORANDUM OF AGREEMENT

After recording return to:

PORTLAND DEVELOPMENT COMMISSION
Attn: Karl Dinkelspiel
222 NW 5th Ave.
Portland, OR 97209

Memorandum of Agreement for Disposition and Development of Property
[Piedmont Community Developers]

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 PIEDMONT COMMUNITY DEVELOPERS, LLC, an Oregon limited liability company (“Developer”), with an address of 81 NE Tillamook, Portland, OR 97212, entered into an Agreement for Disposition and Development of Property between PDC and Piedmont Community Developers dated as of _____, 2010 (“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 in two phases 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 part of the whole consideration given for the Property conveyances referenced herein.

As a condition subsequent to the conveyance of the Phase 1 Property and Phase 2 Property from PDC to Developer, in the event of a material default by Developer (beyond an applicable cure period) before PDC issues a Certificate of Completion, PDC shall have the option, upon 60 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 Phase 1 Property and/or the Phase 2 Property, as applicable, all in accordance with Section 9.4 of the Agreement. After delivery of such Notice of Termination and in the event Developer fails to remedy, end or abrogate such default within the 60 day period in the manner stated in the Notice of Termination, Developer shall reconvey the Phase 1 Property and/or Phase 2 Property, as applicable, to PDC by quitclaim deed, pursuant to the Escrow Instruction in Exhibit E attached to the Agreement. After a Certificate of Completion is recorded as to 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 or re-entry to the Phase 1 Property and/or the Phase 2 Property or reversion 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: _____
Bruce Warner, Executive Director

Date: _____, 200__

PIEDMONT COMMUNITY DEVELOPERS, LLC,
an Oregon limited liability company

By: Cityhouse Partners LLC, an Oregon limited
liability company, its Sole Member

By: _____
Thomas D. Walsh, Member

Date: _____

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 200_, by
_____, Executive Director of the **PORTLAND
DEVELOPMENT COMMISSION**, the duly designated urban renewal agency of the City of
Portland.

Notary Public for
My commission expires: _____

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 200_, by Thomas D. Walsh, Member of Cityhouse Partners, LLC, an Oregon limited liability company, the Sole Member of **PIEDMONT COMMUNITY DEVELOPERS, LLC**, an Oregon limited liability company.

Notary Public for
My commission expires: _____

EXHIBIT A

Legal Description

(see attached)

**EXHIBIT G
 PRICING SCHEDULE**

**King/Parks
 Unit Pricing**

Townhouse Units (Phase 1)		Loft Units (Phase 2)	
Unit #	Unit Price	Unit #	Unit Price
Unit 1	\$150,000	Unit 17	\$200,000
Unit 2	\$150,000	Unit 18	\$225,000
Unit 3	\$150,000	Unit 19	\$225,000
Unit 4	\$150,000	Unit 20	\$237,500
Unit 5	\$150,000	Unit 21	\$237,500
Unit 6	\$150,000	Unit 22	\$250,000
Unit 7	\$156,250	Unit 23	\$250,000
Unit 8	\$156,250	Unit 24	\$275,000
Unit 9	\$156,250		
Unit 10	\$156,250		
Unit 11	\$162,500		
Unit 12	\$162,500		
Unit 13	\$162,500		
Unit 14	\$162,500		
Unit 15	\$162,500		
Unit 16	\$162,500		
Total	\$2,500,000		\$1,900,000
Average	\$156,250		\$237,500

**Residential
 Schedule**

EXHIBIT H

FAIR CONTRACTING GUIDELINES INDEX

Attachment A – Business and Workforce Equity Policy Guidelines

Attachment B – Equal Employment Opportunity Program]

ATTACHMENT A

**M/W/ESB RECRUITMENT GUIDELINES/
GOOD FAITH EFFORT PROCESS REQUIREMENTS**

1. PURPOSE OF THE PROGRAM

The Portland Development Commission (the “Commission”) has a compelling interest to ensure that our contracts provide employment opportunities for minority, women, and emerging small businesses in order to promote economic growth, to increase capacity and to expand competition in the market. **Therefore, if you have not achieved the 20% M/W/ESB (Minority-Owned, Women-Owned and Emerging Small Business) Utilization goal, the developer through their prime contractor is required to submit proof showing that good faith has been made to contract with M/W/ESB Subcontractors. The 20% utilization is based on the hard construction cost for the project.**

2. EFFORTS REQUIRED REGARDING M/W/ESBs

Developers through their Prime Contractors are required to make good faith efforts to contract with M/W/ESB firms for each division of work to be performed by a subcontractor.

Prime Contractors are not required to contact M/W/ESB firms for any division of work that will be performed by the prime contractors own forces.

These requirements are contractual obligations and are included in the development agreement. Failure to comply may result in a finding of breach of contract, disqualification of the developer to bid on future development RFPs, or a claim for damages.

Who to contact

For *each* division of work identified in these documents that will be performed by a subcontractor, the Prime Contractor must contact:

Every M/W/ESB firm that attended the pre-bid meeting (If one was held) which specializes in a division of work that will be subcontracted, *and*

In addition to the above, a minimum of three (3) M/W/ESB firms from the Office of Minority, Women and Emerging Small Business Certification list must be contacted in each division of work identified for subcontracting. If there are less than 3 firms listed for a particular division of work, *all* of the contractors in that division must be contacted.

How to contact

First Contact: Prime Contractors shall contact M/W/ESB Subcontractors by letter, fax or E-mail to advise them of potential subcontracting opportunities. Contact must be made early enough to allow the M/W/ESB subcontractor sufficient time to prepare and submit a sub-bid.

Follow-up: Prime Contractors shall follow up with telephone calls to each M/W/ESB firm contacted to determine if a sub-bid will be submitted or if further information is required. A firm need not be contacted if that firm responds to the first contact with a statement that the firm will not sub-bid on this project.

Information that must be provided

Prime Contractors must provide project information, including dates and times of sub-bids due, to M/W/ESB firms. Sufficient sub-bid preparation time must be given to Subcontractors to allow for equal sub-bid opportunities.

3. SUBSTITUTION OR ADDITION OF SUBCONTRACTORS

The Prime Contractor will not be permitted to substitute a new subcontractor for an M/W/ESB subcontractor without the written consent of the Commission.

If any 1st tier subcontractor is added or replaced after the development agreement with the Commission, the Prime Contractor shall make good faith efforts to contract with an M/W/ESB for the work to be performed by that subcontractor. Documentation of these efforts is required, and must be submitted to the Commission upon request. If the Prime Contractor finds cause to replace an MBE or WBE, the Commission strongly encourages substitution with either an MBE or WBE subcontractor. The Prime Contractor shall report substitutions to the Commission for the purposes of tracking and reporting overall M/W/ESB utilization.

4. DOCUMENTATION OF GOOD FAITH EFFORTS

Prior to Beginning Construction:

- Subcontracting Plan (FORM 1) Submit a Subcontracting Plan on FORM 1 (or equivalent) showing all first-tier Subcontractors and first-tier suppliers to be used on this contract. Suppliers will be calculated as part of the 20% M/W/ESB utilization. M/W/ESB 2nd tier Subcontractors and 2nd tier suppliers may be considered as part of the good faith effort requirements if 20% goal is not attained. M/W/ESB 2nd tier Subcontractors and 2nd tier suppliers should be listed on Form 1 and Form 4 (monthly report) with a clear indication of which first tier subcontractor they are working for on this project.

If unable to meet the 20% M/W/ESB goal, the following forms are due prior to Beginning Construction:

- Log of contacts with 1st tier M/W/ESB firms (FORM 2) Submit a completed log of contacts with M/W/ESB firms on FORM 3 (or equivalent).
- Copy of letter, email or fax sent to M/W/ESB firms. Submit one copy of the letter, email or fax sent to M/W/ESB firms to solicit sub-bids for this project. If more than one form of letter, email or fax was sent, submit a copy of each form sent.
- List of 1st tier M/W/ESB Bids (FORM 3): Submit FORM 3 (or equivalent) providing the requested information.

5. DOCUMENTATION TO BE SUBMITTED MONTHLY DURING THE PROJECT:

- Monthly Subcontractor Payment and Utilization Report (FORM 4): The selected Contractor shall list the contract amounts and payment amounts on Form 4 to all Subcontractors (including MBE/WBE/ESB Subcontractors) previously listed on Form 1.
- Report Submission: Monthly reports are due no later than the 5th working day of the month for work performed the prior month. Developer/Contractor, as part of the final application for payment, shall

submit a Final Report documenting all subcontracting. Failure to submit timely Payment and Utilization Reports may result in a delay in processing applications for payment.

6. OPTIONAL GOOD FAITH EFFORTS

Prime Contractors should also consider efforts such as:

- a. Advertisements in M/W/ESB newspapers.
- b. Alternative methods of participation in Minority, Women or Emerging small businesses through arrangements such as joint ventures, negotiated subcontract agreements and competitive bids.
- c. M/W/ESB 2nd tier Subcontractors and 2nd tier suppliers may be considered as part of the good faith effort requirements if 20% goal is not attained. M/W/ESB 2nd tier Subcontractors and 2nd tier suppliers should be listed on Form 1 and Form 4 (monthly report) with a clear indication of which first tier subcontractor they are working for on this project.

**SUBCONTRACTING PLAN
 (FORM 1)**

Prime Contractor Name _____ Total Contract
 Amount\$ _____

Project
 Name _____

We have elected to subcontract work in the following areas to the following Subcontractors. List ALL first-tier Subcontractors and first-tier material suppliers (including M/W/ESBs), their telephone numbers, the type of work to be done and the dollar amount of the subcontract.

Subcontractors/Suppliers (Please Print)	Scope Of Work	Dollar Amount Of Subcontract	Certified Firms M/W/ESB Yes/No		
			MBE	WBE	ESB
Name Address City/St/Zip Phone# CCB#					
			Cert#		
Name Address City/St/Zip Phone# CCB#					
			Cert#		
Name Address City/St/Zip Phone# CCB#					
			Cert#		
Name Address City/St/Zip Phone# CCB#					
			Cert#		

Minority, Women and Emerging Small Business Utilization

Total Amount of M/W/ESB subcontract dollars
 \$ _____

M/W/ESB as a percent of the total hard construction costs
 \$ _____

(goal = 20 %)

M/W/ESB 2nd tier Subcontractors and 2nd tier suppliers may be considered as part of the good faith effort requirements if 20% goal is not attained. M/W/ESB 2nd tier Subcontractors and 2nd tier suppliers should be listed on Form 1 with a clear indication of which first tier subcontractor they are working for on this project.

SUBCONTRACTING PLAN (FORM 1)
 (Additional Page to be Used as Needed)

Subcontractors/Suppliers (Please Print)	Scope Of Work	Dollar Amount Of Subcontract	Certified M/W/ESB Yes/No		
			MBE	WBE	ESB
Name Address City/St/Zip Phone# CCB#					
			Cert#		
Name Address City/St/Zip Phone# CCB#					
			Cert#		
Name Address City/St/Zip Phone# CCB#					
			Cert#		
Name Address City/St/Zip Phone# CCB#					
			Cert#		
Name Address City/St/Zip Phone# CCB#					
			Cert#		

Name Address City/St/Zip Phone# CCB#					
			Cert#		
Name Address City/St/Zip Phone# CCB#					
			Cert#		
Name Address City/St/Zip Phone# CCB#					
			Cert#		
Name Address City/St/Zip Phone# CCB#					
			Cert#		

To verify MWESB certification or to receive information on obtaining names of certified firms contact:
 Office of Minority, Women, and Emerging Small Businesses
 Compliance Coordinator
 State of Oregon, Executive Department
 Commission
www.cbs.state.or.us/omwesb/
 Portland Field Office (503) 887-4349
 Salem Office (503) 947-7922
 823-3368

John Classen, Contracts
 Portland Development
 222 NW 5th Ave.
 Portland, OR 97209
 (503) 823-3667 Fax (503)
 E-mail: klassenj@pdc.us

M/W/ESB CONTACT LOG
 (FORM 2)

Prime Contractor Name _____ Project Name _____

Prime Contractors should record their contacts with potential M/W/ESB Subcontractors through use of this log or equivalent. Additional forms may be copied if needed.

Name of Subcontractor	Certified Firms M/W/ESB Yes/No			Date of Fax/Letter	Phone Contact				Made Contact		Submitting Quote		Quote Received		Notes
	MBE	WBE	ESB		Date of Call	Time of Call	Name of Person Placing Call	Name of Person Receiving Call	Yes	No	Yes	No	Yes	No	

**LIST OF M/W/ESB BIDS RECEIVED/ REJECTED
 (FORM 3)**

Please list below all bids received from M/W/ESB firms that were rejected and provide requested information.

Quotes were received from the following M/W/ESB firms:

Company Name	Scope of Work	Bid Amount	Bid To Be Used		10.24 M/W/ESB Yes / No	Reason for Rejection
			Yes	No		

MONTHLY SUBCONTRACTOR PAYMENT AND UTILIZATION REPORT (FORM 4)

Project Name _____ Prime Contractor _____

Prime Contract Amount \$ _____ Report Dates (Beginning & Ending) _____

List All First-Tier Subcontracts and First Tier Suppliers *	Original Subcontract \$Amount	Amended Subcontract \$Amount	Payment Made this Month	Retainage this Month	Payment Made to Date	Retainage to Date

IT IS HEREBY CERTIFIED THAT THE ABOVE LISTED FIRMS HAVE BEEN UTILIZED BY OUR COMPANY IN THE AMOUNTS REPRESENTED ABOVE AND THAT THE INFORMATION CONTAINED HEREIN IS COMPLETE AND ACCURATE.

Authorized Signature of Contractor Representative _____ Date _____

Completed form may be faxed to: Cathleen Massier (503) 823-6865

For additional information contact:

John Classen, Contracts Compliance Coordinator, Portland Development Commission, 222 NW 5th Ave., Portland, OR 97209

(503) 823-3667 Fax# 503 823-3368 E-mail: lassenj@pdc.us

***See instructions on next page for 2nd tier Subcontractors.**

INSTRUCTIONS FOR COMPLETING THE MONTHLY SUBCONTRACTOR PAYMENT AND UTILIZATION REPORT

1. **PROJECT NAME:** Indicate the project name as shown on the contract document.
2. **PRIME CONTRACTOR:** Indicate the name of the prime contractor.
3. **PRIME CONTRACT AMOUNT:** Indicate the total dollar amount of the prime contract.
4. **REPORT DATES:** Indicate the beginning and ending dates corresponding to the progress payment period or use calendar month.
Example: 1/1/95 thru 1/31/95. Reports should be sequential and not overlap.
5. **SUBCONTRACTOR:** List the names of all first-tier Subcontractors and first-tier suppliers having performed work or paid on this project during the reporting period.
6. **ORIGINAL SUBCONTRACT AMOUNT:** Indicate the dollar amount for each subcontract at time of award.
7. **AMENDED SUBCONTRACTAMOUNT:** Indicate the cumulative dollar value of each subcontract with any changes.
8. **PAYMENTS MADE THIS REPORTING MONTH:** Enter payments made to the subcontractor for the reporting month excluding retainage.
9. **RETAINAGE FOR THIS MONTH:** Enter retainage withheld for reporting month.
10. **PAYMENTS MADE TO DATE:** Cumulative payments made to date including amounts for current report excluding any retainage.
11. **RETAINAGE TO DATE:** Cumulative retainage withheld to date including amounts on current report.
12. **SECOND TIER SUBCONTRACTORS:** M/W/ESB 2nd tier Subcontractors and 2nd tier suppliers may be considered as part of the good faith effort requirements if 20% goal is not attained. M/W/ESB 2nd tier Subcontractors and 2nd tier suppliers should be listed on Form 1 and Form 4 (monthly report) with a clear indication of which first tier subcontractor they are working for on this project.

The Monthly Subcontractor Payment and Utilization Reports are due no later than the 5th working day of the month for work performed for the prior month. Completed form may be faxed to:
Cathleen Massier (503) 823-6865

For additional Information:

John Classen, Contracts Compliance Coordinator
Portland Development Commission

(503) 823-3667
Fax (503) 823-3368
E-mail: classenj@pdc.us

ATTACHMENT B

EQUAL EMPLOYMENT OPPORTUNITY CERTIFICATION

The Portland Development Commission requires EEO certification of all vendors and contractors doing business in excess of \$2,500 with the Commission annually (July 1 through June 30). For projects supported by Portland Development Commission funding, all Prime Contractors are required to be EEO certified.

The Portland Development Commission's Equal Employment Opportunity (EEO) certification program is administered by the City of Portland Bureau of Purchases. In order to be EEO certified, your company must submit a form stating that it does not discriminate against any employee or applicant on the basis of race, religion, color, sex, marital status, national origin, age, mental or physical disability, sexual orientation, gender identity or source of income in violation of Portland City Code Chapter 23.01. Your company must also take steps to ensure equal opportunity in all aspects of employment. These aspects include, but are not limited to hiring, promotion, transfer, advertising, layoff, termination, rates of pay, training (including apprenticeship), and terms and conditions of employment.

We ask most of our vendors and contractors to renew their EEO certification every two years. Construction firms meeting the criteria for the Large Local certification--that is, firms located in the Portland metro and Vancouver area and employing more than 25 people--are asked to renew annually.

HOW TO BECOME CERTIFIED

You can register on-line. Just go to:

<http://cityofportland.ebidsystems.com>, click on "Vendor EEO Registration," and follow the instructions on the screen.

Questions may be directed to 503.823.2299 or email Denice Henshaw, denice.henshaw@ci.portland.or.us.

EXHIBIT “I”



Oregon

Theodore Kulongoski, Governor

Department of Environmental Quality

Northwest Region Portland Office
2020 SW 4th Avenue, Suite 400
Portland, OR 97201-4987
(503) 229-5263
FAX (503) 229-6945
TTY (503) 229-5471

November 21, 2007

Robert Van Vickle
Portland Development Commission
222 NW 5th Avenue
Portland, OR 97209

Re: No Further Action Determination
Piedmont Place
6431 & 6435 NE Martin Luther King Jr. Boulevard
Portland, Oregon
State Tax ID #'s 1N1E15DA-300 and 1N1E15DA-200 (respectively)
ECSI # 4622

Dear Mr. Van Vickle:

The Oregon Department of Environmental Quality (DEQ) reviewed the available site investigation information for the Piedmont Place site located at 6431 & 6435 NE Martin Luther King Jr. Boulevard in Portland, Oregon (State Tax ID #'s 1N1E15DA-300 and 1N1E15DA-200).

The site had been utilized for a number of different purposes, including a gas station which ended operation in 1975. In April of 2002, the DEQ Tanks Program granted the site a NFA letter based on tank removal and investigative activities. In February of 2006 additional investigative activities were conducted and revealed the presence of low level petroleum hydrocarbon contamination at the site. In September of 2006 additional exploratory and soil removal efforts were initiated. Approximately 327 tons of known or suspected contaminated soil was excavated and hauled to Hillsboro Landfill in Hillsboro, Oregon for disposal. Approximately 298 tons of clean soils were excavated from the site and taken to Fazio Landfill and Recycling at 8433 NE 13th Avenue, Portland, Oregon. Analytical results for soil samples collected after soil removal indicated contamination at the site is below detection limits.

The DEQ reviewed the information for the site and summarized its findings in a File Memorandum dated November 5, 2007. The File Memorandum recommended a no further action (NFA) determination for the property.

DEQ determined that the site did not require a public review period, due to the existing NFA that was granted to the site in 2002 and the lack of detectable contamination in confirmation samples collected after the additional removal work. Based on our review of available site information, no further action is required for this site under the Oregon Environmental Cleanup law, ORS 465.200 et. seq., unless additional information becomes available that warrants further investigation.

No Further Action Determination
Piedmont Place
Page 2

We will update the Environmental Cleanup Site Information System (ECSI) database to reflect this decision. If you have any questions about this letter, please contact Mike Greenburg at 503-229-5153.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bruce Gilles".

Bruce Gilles
Environmental Cleanup Program
Northwest Region

cc: Mike Greenburg, DEQ NWR Project Manager
Robert Williams, DEQ NWR Cleanup Coordinator
Janelle Waggy, DEQ ECSI Coordinator, Gresham



Oregon

Theodore R. Kulongoski, Governor

Department of Environmental Quality
Northwest Region Portland Office
2020 SW 4th Avenue, Suite 400
Portland, OR 97201-4987
(503) 229-5263
FAX (503) 229-6945
TTY (503) 229-5471

March 3, 2004

BILL MITCHELL
241 SW CAREY LANE
PORTLAND OR 97219

Re: Mitchell, Bill
File No: 26-03-2425E
26.03-1728

Dear Mr. Mitchell:

The Department of Environmental Quality (DEQ) has received a report and K & S Environmental Inc. certification concerning the heating oil underground storage tank (HOT) assessment and/or cleanup conducted at 6445 NE MLK Boulevard in Portland, Oregon. Although the site was reported as a contaminated site because of holes in the tank, no contamination was confirmed.

K & S Environmental Inc. was licensed to provide heating oil tank services and has certified that the cleanup has met the DEQ's requirements. The DEQ has registered this report and certification and closed its file on the project.

The decision to register the report and certification and to close the DEQ's file will no longer apply if new or undisclosed facts show that the project does not comply with the rules governing heating oil tank cleanups.

We recommend that a copy of all information associated with the decommissioning be kept with the permanent property records.

Your efforts to comply with Oregon's environmental rules and regulations to ensure that your heating oil tank has been adequately addressed have been appreciated. Proper decommissioning and cleanup helps ensure protection of the environment from future heating oil tank leaks and ensures that the heating oil does not adversely impact human health or the environment. If you have any questions, please feel free to contact me at (503) 229-5474.

Sincerely,

A handwritten signature in black ink, appearing to read "Andree Pollock".

Andree Pollock, Manager
UST Cleanup and Compliance Section

cc: Contractor

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6762

Title:

AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A DISPOSITION AND DEVELOPMENT AGREEMENT WITH PIEDMONT COMMUNITY DEVELOPERS, LLC FOR THE REDEVELOPMENT OF THE KING/PARKS PROPERTY LOCATED AT 6431-6445 NE MARTIN LUTHER KING, JR. BLVD. IN THE OREGON CONVENTION CENTER URBAN RENEWAL AREA

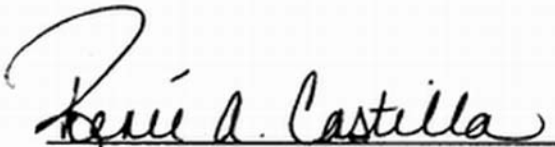
Adopted by the Portland Development Commission on January 13, 2010.

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

Certification

The undersigned hereby certifies that:

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


Renee A. Castilla, Recording Secretary

Date: January 22, 2010