

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7129

**AUTHORIZING THE THIRD AMENDMENT TO THE HAWTHORNE BRIDGE
RELOCATION INTERGOVERNMENTAL AGREEMENT WITH MULTNOMAH
COUNTY AND THE SECOND AMENDMENT TO THE HEALTH
DEPARTMENT BUILDING INTERGOVERNMENTAL AGREEMENT WITH
MULTNOMAH COUNTY**

WHEREAS, the Portland Development Commission (“PDC”) Board of Commissioners (“Board”) authorized an intergovernmental agreement (“Hawthorne Bridge Relocation IGA”) with Multnomah County (“County”) on November 17, 2007 through Resolution No. 6537 for PDC to provide funding for the relocation of the Hawthorne Bridge ramp in connection with development of a proposed new County Courthouse Building (“Courthouse Building”);

WHEREAS, pursuant to the Hawthorne Bridge Relocation IGA, in March 2008 PDC disbursed to the County \$8,820,000 from the Downtown Waterfront Urban Renewal Area (“DTWF URA”) budget and PDC disbursed to the Regional Arts and Culture Council (“RACC”) \$176,400 for the 2% for Art requirement anticipated with PDC investments contributing to project hard costs;

WHEREAS, the funds disbursed by PDC to the County were never expended due to the County’s decisions to site the Courthouse Building project outside the boundaries of the DTWF URA and not relocate the Hawthorne Bridge ramp;

WHEREAS, the PDC Board authorized an intergovernmental agreement with the County on October 24, 2012 through Resolution No. 6978 to provide \$26,948,460 in PDC funding to the County for a proposed new County Health Department Building in the River District Urban Renewal Area (“Health Department Building IGA”);

WHEREAS, PDC and the County amended the Health Department Building IGA on June 27, 2014 based on the timing of the project in order to extend the timing for final disbursement of the final payment to June 30, 2015;

WHEREAS, the County has made further design changes to the Health Department Building and development program, including an increase to the size of the building requiring zoning amendment approvals by the Portland City Council to be considered in June 2015, thus requiring an increase in the costs of the project and a further extension of disbursement of the final payment until December 30, 2016; and

WHEREAS, in exchange for termination of the Hawthorne Bridge Relocation IGA and subsequent reimbursement from the County of resources conveyed plus interest for a total of \$9,323,009 together

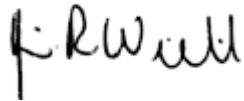
with a credit of \$176,400 to be held by PDC with RACC in the DTWF URA, PDC desires to amend the Health Department IGA to increase its support of the Health Department Building by \$9,499,409.

NOW, THEREFORE, BE IT RESOLVED, that the PDC Board of Commissioners (“Board”) hereby authorizes the Executive Director to amend the Hawthorne Bridge Relocation IGA in a form substantially in accord with Exhibit A, returning funds to PDC in the amount of \$9,323,009 and terminating that agreement;

BE IT FURTHER RESOLVED, that the PDC Board hereby authorizes the Executive Director to amend the Health Department IGA in a form substantially in accord with Exhibit B to extend the dates of disbursement and to increase the PDC contribution by \$9,499,409, except that the IGA shall also require that the project comply with PDC’s Equity Policy; and

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

Adopted by the Portland Development Commission on June 24, 2015



Gina Wiedrick, Recording Secretary

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7129

EXHIBIT A

**AUTHORIZING THE THIRD AMENDMENT TO THE HAWTHORNE BRIDGE
RELOCATION INTERGOVERNMENTAL AGREEMENT WITH MULTNOMAH
COUNTY AND THE SECOND AMENDMENT TO THE HEALTH
DEPARTMENT BUILDING INTERGOVERNMENTAL AGREEMENT WITH
MULTNOMAH COUNTY**

Exhibit A includes this cover page and contains four pages:

- Third Amendment to Intergovernmental Agreement – Hawthorne Bridge Ramp Relocation – County Courthouse – Morrison Bridgehead Properties

**THIRD AMENDMENT TO INTERGOVERNMENTAL AGREEMENT
HAWTHORNE BRIDGE RAMP RELOCATION
COUNTY COURTHOUSE
MORRISON BRIDGEHEAD PROPERTIES**

This Third Amendment to Intergovernmental Agreement is made as of June ____, 2015 (“Third Amendment”) between Multnomah County, Oregon (“County”), and the City of Portland, acting by and through the Portland Development Commission, its duly designated urban renewal agency (“PDC”).

RECITALS

1. The County and PDC entered into that certain Intergovernmental Agreement (Hawthorne Bridge Ramp Relocation, County Courthouse, Morrison Bridgehead Properties) effective November 19, 2007, pursuant to which PDC paid Eight Million Eight Hundred Twenty Thousand Dollars (\$8,820,000) to the County (the “Courthouse Financing”), for relocation of the Hawthorne Bridge off ramp on the west side of the Willamette River to support the development of a new Multnomah County Courthouse (such development, the “Courthouse Project”, and such agreement, the “Courthouse Agreement”).
2. The Courthouse Agreement required the County to commence the Ramp Relocation Project no later than November 19, 2012, which deadline was extended until November 19, 2014 pursuant to the First Amendment to the Courthouse Agreement, dated as of October 8, 2012. By a Second Amendment to the Courthouse Agreement, dated as of October 20, 2014, the deadline was extended until November 19, 2019, and the County received expanded ability to use the Courthouse Financing within the Downtown Waterfront Urban Renewal Area (the “DWURA”) to support the Courthouse Project (as amended, the “Amended Courthouse Agreement”).
3. Subsequent to the County’s analysis of County-owned sites and other sites that were submitted for the County’s consideration for the Courthouse Project pursuant to a site solicitation request, and subsequent to the County’s review of certain environmental, geotechnical and traffic impact studies, on April 16, 2015, the Board of County Commissioners selected the Hawthorne Bridgehead Block 8 site as the location for the Courthouse Project, which site is located outside of the DWURA, and without any related bridge ramp relocation requirements.
4. County and PDC entered into that certain Intergovernmental Agreement for the Multnomah County Health Department Building on the easterly portion of Block U within the River District Urban Renewal Area (the “RDURA”) effective November 13, 2012, pursuant to ORS 457.470(10)(e) obligating PDC to provide direct economic benefits to the County from the RDURA

equal to 10.8% of the RDURA Plan's amendment increasing indebtedness as of June 1, 2008 (the "MCHD Agreement").

5. Under the MCHD Agreement, PDC provided to the County an Initial Payment of \$10,000,000 no later than June 30, 2014. By a First Amendment to the MCHD Agreement, dated June 27, 2014, the County and PDC agreed to extend the deadline for the disbursement of the Final Payment of \$16,948,460 from June 30, 2014, to June 30, 2015 (as amended, the "Amended MCHD Agreement").
6. The County and PDC jointly agree that providing additional PDC funding to support the construction of the Multnomah County Health Department Building Project within the RDURA and the County returning to PDC the Courthouse Financing to be used to support other aspects of the DWURA plan are in the parties' mutually beneficial interests.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1. On the terms and conditions of this Third Amendment, the County agrees to reimburse to PDC the Courthouse Financing, together with interest earned on the Courthouse Financing, in an aggregate amount not to exceed NINE MILLION THREE HUNDRED TWENTY THREE THOUSAND NINE DOLLARS (\$9,323,009) (the "DWURA Amount").
2. PDC in its sole responsibility shall realize a credit of \$176,400 with the Regional Arts and Culture Council ("RACC") in the DWURA as a result of payment made directly by PDC to RACC and the 2% for Art policy requirement related to PDC's anticipated hard cost contribution towards the Courthouse project.
3. The County shall reimburse the DWURA Amount to PDC within twenty (20) days after PDC and the County enter into a Second Amendment to the Amended MCHD Agreement, pursuant to which PDC shall have agreed to disburse to the County an additional amount equal to \$9,499,409.
4. The Amended Courthouse Agreement shall terminate upon PDC's receipt of the DWURA Amount from the County. Sections 5.1 and 8.4 of the Courthouse Agreement shall survive termination of the Amended Courthouse Agreement.
5. Except as expressly modified by this Third Amendment, the parties agree and acknowledge that the Amended Courthouse Agreement is and remains in full force and effect and binding on the parties.

6. This Third Amendment may be executed in several counterparts, all of which when taken together shall constitute one agreement binding on all parties, notwithstanding that all parties are not signatories to the same counterpart. Each copy of this Third Amendment so executed shall constitute an original. This Third Amendment may not be modified except by a writing signed by the parties.
7. Capitalized terms used but not defined in this Third Amendment shall have the meanings ascribed thereto in the Amended Courthouse Agreement.

IN WITNESS WHEREOF, the parties hereto execute this Third Amendment effective as of the date first set forth above.

MULTNOMAH COUNTY

By: _____
 Deborah Kafoury,
 Chair

Date: _____

Reviewed and approved:
 JENNY M. MADKOUR, COUNTY ATTORNEY
 FOR MULTNOMAH COUNTY

By: _____
 Kenneth M. Elliott
 Assistant County Attorney

Date: _____

PORTLAND DEVELOPMENT COMMISSION

By: _____
 Patrick Quinton,
 Executive Director

Date: _____

Approved as to Form:

 PDC Legal Counsel

Date: _____

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7129

EXHIBIT B

**AUTHORIZING THE THIRD AMENDMENT TO THE HAWTHORNE BRIDGE
RELOCATION INTERGOVERNMENTAL AGREEMENT WITH MULTNOMAH
COUNTY AND THE SECOND AMENDMENT TO THE HEALTH
DEPARTMENT BUILDING INTERGOVERNMENTAL AGREEMENT WITH
MULTNOMAH COUNTY**

Exhibit B includes this cover page and contains six pages:

- Second Amendment to Intergovernmental Agreement between Portland Development Commission and Multnomah County for the Multnomah County Health Department Building on the easterly portion of Block U

**SECOND AMENDMENT TO INTERGOVERNMENTAL AGREEMENT
BETWEEN
PORTLAND DEVELOPMENT COMMISSION
AND
MULTNOMAH COUNTY**

**For the
Multnomah County Health Department Building on the easterly portion of Block U**

THIS SECOND AMENDMENT TO INTERGOVERNMENTAL AGREEMENT is made as of _____, 2015 (“Second Amendment”) between MULTNOMAH COUNTY, a political subdivision of the State of Oregon (the “County”) and the PORTLAND DEVELOPMENT COMMISSION, in its capacity as an urban renewal agency acting under ORS Chapter 457 (“PDC”). The County and PDC may be referred to jointly in this Second Amendment as the “Parties” and individually as a “Party.”

RECITALS:

1. Pursuant to ORS 457.470(10)(e), PDC is obligated to provide direct economic benefits to the County from the River District Urban Renewal Area (“URA”) equal to 10.18% of the River District Urban Renewal Plan’s (the “Plan”) maximum indebtedness after June 1, 2008. The resultant \$26,948,460 is payable to the County as follows: (1) \$10,000,000 no later than June 30, 2014 (the “Initial Payment”); and (ii) the balance of \$16,948,460 on June 30, 2021 (the “Final Payment”).
2. The County and PDC entered into that certain Intergovernmental Agreement for the Multnomah County Health Department Building on the easterly portion of Block U effective November 13, 2012, pursuant to which PDC agreed to accelerate disbursement of the Final Payment to June 30, 2014, contemporaneous with the Initial Payment (the “Original Agreement”), to enable the County to commence construction of the County’s Health Department (“MCHD”) headquarters building on the U2 Block (the “Project”) during the summer of 2014.
3. Concurrent with the Original Agreement, PDC also amended the Plan to allow for the expenditure in connection with the Project which is a public building.
4. To support the development of the Project, the County and the City of Portland, a municipal corporation of the State of Oregon, acting by and through the PORTLAND HOUSING BUREAU (“PHB”), negotiated the terms of and entered into an Agreement for Disposition of Property providing for PHB’s conveyance of the Property to the County at no cost to the Project.
5. As required by the URA, PDC made the Initial Payment to the County on or before June 30, 2014. By a First Amendment to the Original Agreement, dated June 27, 2014, the County and PDC agreed to extend the deadline for

the Final Payment from June 30, 2014, to June 30, 2015, to provide additional time for the County to finish design and engineering of and obtaining entitlements for the Project, which are all required pre-conditions to the County's acquisition of the U2 Block from PHB (as amended, the "Amended Agreement").

6. Since June 30, 2014, the County has evaluated the estimated Project costs, which are substantially higher than 2012 estimates; the design and programming constraints on the U2 Block as now zoned; and alternate sites for MCHD programs that may not be accommodated in the permitted U2 Block building envelope.
7. In addition, the County and Home Forward entered into a Termination and Release of their Development Agreement for the Project, and the County is proceeding to develop the Project in compliance with the Amended Agreement and this Second Amendment. As a result of a reevaluated Project program and scale, the County has filed an application with the City of Portland for zoning amendments to increase the base height limit on the U2 Block from 75 feet to 105 feet and to make the site eligible for FAR bonuses.
8. The City of Portland Planning and Sustainability Commission recommended approval of the County's requested zoning amendments following a public hearing on April 28, 2015, and the City Council is scheduled to consider the amendments on June 17, 2015. If these amendments are approved, their combined effect will be to allow the County to relocate substantially all of the Health Department programs from the McCoy Building to the U2 Block, consistent with the original Project goals.
9. The County and PDC desire to extend the deadline for the Final Payment from June 30, 2015, to December 30, 2016, to provide additional time for the County to reprogram, redesign, reengineer and obtain City entitlements for an expanded Project on the U2 Block, all of which are required pre-conditions to the County's acquisition of the U2 Block from PHB.
10. On November 19, 2007, the County and PDC entered into that certain Intergovernmental Agreement (Hawthorne Bridge Ramp Relocation, County Courthouse, Morrison Bridgehead Properties), pursuant to which PDC paid Eight Million Eight Hundred Twenty Thousand Dollars (\$8,820,000) to the County (the "Hawthorne Financing") and \$176,400 to the Regional Arts and Culture Council pursuant to the 2% for Art policy, for relocation of the Hawthorne Bridge off ramp on the west side of the Willamette River, to support development of a new Multnomah County Courthouse (such development, the "Courthouse Project", and such agreement, the "Hawthorne IGA"). The Hawthorne IGA required the County to commence the Ramp Relocation Project no later than November 19, 2012, which deadline was extended until November 19, 2014, by a First Amendment to the Hawthorne

IGA, dated as of October 8, 2012. By a Second Amendment to the Hawthorne IGA, dated as of October 20, 2014, the deadline was extended until November 19, 2019, and the County received expanded ability to use the Hawthorne Financing within the Downtown Waterfront URA (the “DWURA”) to support the Courthouse Project (as amended, the “Amended Hawthorne IGA”).

11. Subsequent to the County’s analysis of County-owned sites and other sites that were submitted for the County’s consideration for the Courthouse Project pursuant to a site solicitation request, and subsequent to the County’s review of certain environmental, geotechnical and traffic impact studies, on April 16, 2015, the Board of County Commissioners selected the Hawthorne Bridgehead Block 8 site, which site is located outside of the DWURA, and without any scope for bridge ramp relocation.
12. The County and PDC jointly agree that providing additional PDC funding to support the construction of the Project within the RDURA and the County returning to PDC the Hawthorne Financing to be used to support other aspects of the DWURA plan are in the parties’ mutual beneficial interests.
13. PDC finds that granting the County additional time for the fulfillment, generally, of the Amended Agreement, and the intentions set forth therein, as further amended herein, is in the vital and best interest of the City and the health, safety, and welfare of its residents, and is in accord with the public purposes and provisions of the applicable state and federal laws and requirements under which the Plan was adopted.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

AGREEMENTS:

1. Recital I. of the Amended Agreement is hereby replaced, in its entirety, with the following:

“To enable the County to commence construction of the Project during the 4th quarter of 2016, the County has requested that PDC accelerate the Final Payment to the County to no later than December 30, 2016 (the “Final Payment Date”).”
2. The first sentence of Section 1.1 of the Amended Agreement is hereby replaced, in its entirety, with the following:

“PDC Grant Amount. On the terms and conditions of this Agreement, PDC has previously disbursed to the County the Initial Payment of Ten Million Dollars (\$10,000,000.00) on or before June 30, 2014, and agrees to disburse

the Final Payment of Sixteen Million Nine Hundred Forty-Eight Thousand Four Hundred Sixty Dollars (\$16,948,460.00), on or before December 30, 2016, and agrees to disburse an additional Nine Million Four Hundred Ninety Nine Thousand Four Hundred Nine Dollars (\$9,499,409.00) (the “Transfer Payment”), on or before December 30, 2018, for a total aggregate amount not to exceed THIRTY SIX MILLION FOUR HUNDRED FOURTY SEVEN THOUSAND EIGHT HUNDRED SIXTY NINE DOLLARS (\$36,447,869) subject to forecasted availability (the “PDC Grant”). The Initial Payment, the Final Payment and the Transfer Payment shall be made as provided in Section 1.2 below.”

3. The first sentence of Section 1.2 of the Amended Agreement is hereby replaced, in its entirety, with the following:

“Disbursement. PDC shall on or before June 30 2014, disburse the Initial Payment to the County. PDC shall disburse the Final Payment of the PDC Grant to the County within twenty (20) days after the date that the County satisfies, to PDC’s satisfaction, the conditions precedent set forth below in Section 1.2.1, presently estimated to occur on or before December 30, 2016. PDC shall disburse the Transfer Payment of the PDC Grant to the County on any date of PDC’s choosing prior to December 31, 2018, provided that PDC’s obligation to disburse the Transfer Payment is subject to the County having returned the Hawthorne Financing, together with interest earned thereon, to PDC and the County demonstrating to PDC tax increment eligible payments of an amount comparable to the Transfer Payment amount. The County shall have no obligation to repay the PDC Grant except upon the occurrence of an Event of Default (as hereinafter defined).”

4. Section 1.3 of the Amended Agreement is hereby replaced, in its entirety, with the following:

“Return of PDC Grant. Notwithstanding anything set forth herein to the contrary, in the event that the County has not materially commenced construction of the Project by the date that is six (6) months after the County’s receipt of the Final Payment, the County shall return the portion of the PDC Grant representing the Final Payment that was otherwise not due to the County until June 30, 2021. Because the Initial Payment is required by ORS 457.470(10)(e) to be disbursed on or before June 30, 2014, the County shall receive and retain the Initial Payment; provided, however, that, to the extent that the County elects to use the Initial Payment for a use other than the Project, it must first notify PDC so that PDC may make any necessary further amendments, as determined by PDC in its sole discretion, to the Plan to accommodate such alternative use of the Initial Payment.”

5. Except as expressly modified by this Second Amendment, the parties agree and acknowledge that the Amended Agreement is and remains in full force and effect and binding on the parties.
6. This Second Amendment may be executed in several counterparts, all of which when taken together shall constitute one agreement binding on both parties, notwithstanding that both parties are not signatories to the same counterpart. Each copy of this Second Amendment so executed shall constitute an original. This Second Amendment may not be modified except by a writing signed by the parties.
7. Capitalized terms used but not defined in this Second Amendment shall have the meanings ascribed thereto in the Amended Agreement.

IN WITNESS WHEREOF, the parties hereto execute this Second Amendment effective as of the date first set forth above.

MULTNOMAH COUNTY,
a political subdivision of the State of
Oregon

PORTLAND DEVELOPMENT
COMMISSION, an urban renewal
agency acting under ORS Chapter 457

By: _____
Deborah Kafoury,
Chair

By: _____
Patrick Quinton,
Executive Director

Reviewed:
JENNY M. MADKOUR, COUNTY
ATTORNEY FOR MULTNOMAH
COUNTY

Approved as to Form:

By: _____
Kenneth M. Elliott
Assistant County Attorney

By: _____
Name: _____
PDC Attorney

RESOLUTION NO. 7129

RESOLUTION TITLE:

AUTHORIZING THE THIRD AMENDMENT TO THE HAWTHORNE BRIDGE RELOCATION INTERGOVERNMENTAL AGREEMENT WITH MULTNOMAH COUNTY AND THE SECOND AMENDMENT TO THE HEALTH DEPARTMENT BUILDING INTERGOVERNMENTAL AGREEMENT WITH MULTNOMAH COUNTY

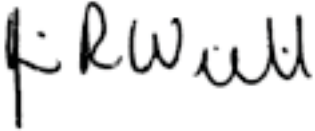
Adopted by the Portland Development Commission on June 24, 2015

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Tom Kelly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Aneshka Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Mark Edlen	<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 Charles Wilhoite	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

CERTIFICATION

The undersigned hereby certifies that:

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

	Date: July 16, 2015
Gina Wiedrick, Recording Secretary	