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**SIGNATURE
ORIGINAL**

**SOUTH WATERFRONT CENTRAL DISTRICT PROJECT
DEVELOPMENT AGREEMENT**

Among:

The Portland Development Commission

Oregon Health & Science University

River Campus Investors, LLC

North Macadam Investors, LLC

Block 39, LLC

August 22, 2003

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EXHIBITS

| | <u>Exhibit Description</u> | <u>First Referenced</u> |
|-----|---|--------------------------------|
| A | Project Area | Recital C, pg. 1 |
| B | List of Intergovernmental Agreements | Recital I, pg. 3 |
| C | Glossary of Defined Terms | Section 1, pg. 4 |
| D-1 | Phase 1 Street Improvement Project – Part 1 | Section 2.2.1, pg. 5 |
| D-2 | Phase 1 Street Improvement Project – Part 2 | Section 2.2.1, pg. 5 |
| E | Street Improvement Phasing Plan | Section 2.2.1, pg. 5 |
| F | Infrastructure Coordination Plan | Section 2.2.1, pg. 5 |
| G-1 | Tram Design Standards | Section 2.2.2, pg. 5 |
| G-2 | Tram Operational Standards | Section 2.2.2, pg. 5 |
| H | Streetcar Extension Terminus | Section 2.2.4, pg. 6 |
| I | Funding and Financing Plan | Section 3.1, pg. 9 |
| J | Project Schedule | Section 4.1, pg. 12 |
| K-1 | LID – Streetcar – PSU to RiverPlace | Section 5.2.5.1, pg. 15 |
| K-2 | LID – Marquam Hill Tram | Section 5.2.5.2, pg. 15 |
| K-3 | LID – Marquam Hill Tram Terminal | Section 5.2.5.3, pg. 15 |
| K-4 | LID – Macadam Ave. Improvements | Section 5.2.5.4, pg. 15 |
| K-5 | LID – Streetcar – RiverPlace to Gibbs | Section 5.2.5.5, pg. 15 |
| K-6 | LID – Streetcar – Gibbs to Bancroft | Section 5.2.5.6, pg. 15 |
| L-1 | Street Sections – North/South Streets | Section 6.1.2, pg. 20 |
| L-2 | Street Sections – East/West Streets | Section 6.1.2, pg. 20 |
| M | PP&L Tower Relocation Site | Section 5.2.11, pg. 16 |

| | | |
|---|---|--------------------------|
| N | RESERVED | |
| O | RESERVED | |
| P | Form of Dedication Deed | Section 6.1.6.2, pg. 21 |
| Q | Stormwater Management Memorandum of Agreement | Section 6.6.1, pg. 32 |
| R | Kittelson & Associates Report | Section 9.3, pg. 41 |
| S | Fair Contracting Guideline Index | Section 9.10.1, pg. 45 |
| T | Oregon Opportunity Bioscience Development Strategy | Section 11.1.3, pg. 56 |
| U | Public Investment | Section 18.2.2.1, pg. 67 |
| V | Target Tax Increment Revenue | Section 18.2.4, pg. 69 |
| W | Memorandum of Development Agreement | Section 20.29, pg. 81 |

EFFECTIVE DATE: August 22, 2003

RECITALS

D. On or about July 2001, NMI acquired the approximately ten (10) acres of land within the Project Area shown on Exhibit A. As of the Effective Date, NMI controls the land shown on Exhibit A as Blocks 33A and 33B. As of the Effective Date, Block 39, which is

affiliated with NMI through a common manager, controls Block 39 shown on Exhibit A. Together, these parcels constitute the "NMI Land." The term "NMI Land" will also include land which is currently RCI Land to the extent the RCI Land will be distributed to NMI as provided below. On August 30, 2002, RCI acquired approximately eighteen (18) acres of land in the Project Area as shown in Exhibit A (the "RCI Land"). NMI and RCI, respectively, desire to cause the NMI Land, the RCI Land and other properties in the Project Area which may be acquired by the Parties after the Effective Date to be developed in accordance with the South Waterfront Plan and this South Waterfront Central District Project Development Agreement (the "Agreement"). RCI will obtain approval of a platted and infrastructure improved subdivision for the RCI Land. After the recording of the subdivision plat for the RCI Land, RCI will distribute the subdivided blocks to NMI and to OHSU, and RCI will eventually dissolve. Thereafter, NMI and OHSU or their respective property transferees or successors will cause Buildings to be developed on those blocks. Although NMI owns and controls the NMI Land within the Project area, it intends to transfer parcels of that land to third parties which will construct the Buildings thereon in accordance with this Agreement.

E. The Parties have engaged in planning for the development of the Project Area and in good faith negotiations over the terms of this Agreement for over a year. During that period of time, in addition to the cost of the RCI Land (\$14,000,000) and the cost of the NMI Land (\$7,200,000), OHSU, RCI and NMI have made substantial investments and expenditures in pre-development work for the Project Area, in reliance on the good faith negotiations among the Parties, and with the expectation that agreement could be achieved on the terms of this Agreement. Similarly, PDC has made substantial investments and expenditures, including over \$7,000,000 in initial infrastructure, staff costs and other costs, in pre-development work for the Project Area, in reliance on the good faith negotiations among the Parties and with the expectation that agreement could be achieved on the terms of this Agreement.

F. The Parties intend that the development conducted pursuant to this Agreement will transform the Project Area into a vibrant, sustainable mixed-use neighborhood that will include open space, commercial, retail, institutional and educational facilities as well as a range of housing options at various levels of affordability. Excellent transit will connect the Project Area with the Marquam Hill area and the Central City, and transit facilities in the Project Area may serve as the transit hub for south Portland. The South Waterfront Plan area will also have an exemplary Willamette River Greenway and open space system that will embrace the presence of the Willamette River.

G. OHSU is committed to remain in the City and to grow within the Project Area. OHSU is the City's largest employer, and OHSU plans to add a substantial number of jobs in the Project Area by 2030. The City's adoption of the Marquam Hill Plan in July 2002, OHSU's acquisition of land in the Project Area and this Agreement will enable OHSU to expand and reorganize its facilities within the Marquam Hill Campus and the Project Area. OHSU facilities within the Project Area and the Marquam Hill Campus, linked by the Tram, will create OHSU's Central City Campus. The Central City Campus will enable OHSU to continue to grow and achieve national preeminence as a health and research institution, providing Oregonians with world-class health care services, access to leading edge clinical trials, world-class research leading to commercial development and a diversified job base, and collaborative academic and research programs with other higher education institutions.

H. OHSU views the Project Area to be a critical part of this strategic growth, and envisions its facilities in the Project Area to house a variety of clinical, research and academic programs. OHSU intends to build OHSU buildings in the Project Area totaling approximately 1,500,000 square feet. OHSU currently envisions the following types of programs and activities in the Project Area, in addition to others that may occur there in the future: (i) in the Phase 1 OHSU Building, research programs in biomedical engineering, public health, medical informatics, and cancer and neurological research programs, various outpatient services, including cancer care, imaging, dermatology, orthopedics and ambulatory surgery and a nursing education simulation center; (ii) in a Phase 2 or Phase 3 Building, the OHSU School of Dentistry and/or OSU School of Pharmacy and additional research programs; and (iii) in a Phase 2 or Phase 3 Building, various programs of the OGI School of Science and Engineering and additional research.

I. PDC is acting as the coordinator and/or implementer of the public obligations that are required under this Agreement. The Parties and the City have agreed to the terms of those Intergovernmental Agreements ("IGAs") with City Bureaus necessary to implement the public participation contemplated in the Agreement. The IGAs required for PDC to implement its obligations set forth in this Agreement are identified and listed in attached Exhibit B.

J. The purpose of this Agreement is to memorialize the Parties' understanding of their respective roles and commitments in the development of the Project Area, including a strategy for funding the construction of certain infrastructure improvements.

K. The Parties understand and agree that PDC and the City will not commit public resources for infrastructure to support the Project without a concomitant commitment by OHSU, NMI, RCI and Block 39 that each will meet its respective obligations under this Agreement. The Parties also understand and agree that OHSU, NMI, RCI and Block 39 will not perform their respective development obligations unless PDC and the City provide public infrastructure and funding pursuant to this Agreement. PDC has entered into this Agreement with the expectation of a development program that will achieve all of the public goals for the Project Area and will fully recover the public investment. This Agreement implements that expectation.

L. The Parties have developed a funding and financing plan pursuant to which a majority of the public financing will be derived from bonded debt. The debt will be repaid from local improvement district assessments to be paid by OHSU, RCI, NMI, Block 39 and other benefited property owners in the UR Area and from incremental property taxes generated in the UR Area by the new taxable Buildings to be built by NMI, Block 39 and OHSU or their transferees and other property owners.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the Parties agree as follows:

AGREEMENT

SECTION 1 DEFINED TERMS

Words that are capitalized, and which are not the first word of a sentence, are defined terms. A defined term has the meaning given it when it is first defined in this Agreement. Some defined terms are first defined in the text of this Agreement and some are first defined in Exhibit C, which is a glossary of all defined terms. Defined terms may be used together and the combined defined term has the meaning of the combined defined terms. A defined term that is a noun may be used in its verb or adjective form and vice-versa. If there is any difference between the definition of a defined term in the text of this Agreement and the definition of that term in Exhibit C, the definition in the text controls. Defined terms may be used in the singular or the plural.

SECTION 2 DESCRIPTION OF PROJECT AND ITS PHASES

2.1 In General

2.1.1 The Project is a three-phase development program to transform the Project Area into a vibrant, sustainable mixed-use neighborhood that will include open space and commercial, retail, institutional and educational facilities as well as a range of housing options at various levels of affordability. PDC has entered into this Agreement with the expectation of a three-phase development program to achieve all of the public goals desired for the Project Area, to act as a catalyst for development in the UR Area, and to fully capitalize the public investments. Development in the Project Area is expected to include: OHSU buildings that include clinical facilities, research labs, educational space and administrative functions; research, institutional and educational facilities for other institutions; private condominiums and apartments; office, retail, restaurant and hotel uses; structured parking; and approximately 8.6 acres of Willamette River Greenway, public open space, and public accessways. The Project is expected to be developed in and consist of three Phases, each of which is described below. The Phases are not defined by specific geographic areas of the Project Area; but rather consist of specific Buildings and improvements to be built within the Project Area.

2.1.2 The Parties will be required to proceed with the Project, as soon as practicable after all of the Basic Contingencies (defined in Section 5.2) have been satisfied or waived. Each of the Buildings or improvements described in the subsections in Sections 2.2 through 2.4 is a Contingent Project. A Party responsible for completing a Contingent Project shall not be required to proceed with a Contingent Project unless and until the Basic Contingencies have been satisfied or waived and until the contingencies specific to that Contingent Project (set forth in later sections of this Agreement) have been satisfied or waived.

2.2 Phase 1

Phase 1 of the Project includes certain catalytic development (both OHSU and private) and the development of the public infrastructure to support that initial private and OHSU development and the balance of the Project, focusing on transportation and infrastructure improvements. Phase 1 consists of the following elements, each of which is a Contingent Project, and all of which are collectively the Phase 1 Contingent Projects.

2.2.1 Phase 1 Street Improvement Project

The Phase 1 Street Improvement Project is the design, permitting and construction of public street improvements within portions of the Project Area, except for (i) that portion of SW Gibbs Street to be improved as part of the Tram project, (ii) SW Bond Avenue, from SW Lane Street to SW Bancroft Street, and (iii) SW Moody Avenue north of SW Gibbs Street. The Phase 1 Street Improvement Project is described in Exhibit D-1. The Phase 1 Street Improvement Project includes the installation of City standard water mains, storm sewer mains and sanitary sewer mains in the streets to be constructed, construction of utility lines as necessary to provide utility services to Blocks 25, 27 and 30, and construction of the street improvements in accordance with the South Waterfront District Street Plan and Standards (defined in Section 5.2.7). The Phase 1 Street Improvement Project also includes the installation of City standard utilities in SW Gibbs Street. The Phase 1 Street Improvement Project will be constructed in accordance with: the South Waterfront District Street Plan and Standards, the Street Improvement Phasing Plan attached as Exhibit E, and the Infrastructure Coordination Plan attached as Exhibit F (or as the Parties may otherwise agree with respect to coordinating construction). The Phase 1 Street Improvement Project consists of two elements, Phase 1A and Phase 1B, as shown on attached Exhibit E. The Phase 1 Street Improvement Project also includes remediating any sub-surface environmental contamination within the rights-of-way as shown on Exhibit D-1. The cost of such remediation work is included as part of the Project costs set forth in the Funding and Financing Plan (defined in Section 3), except for remediation necessary within existing City-owned rights-of-way which shall be paid by PDC provided that PDC may seek recovery of such costs from potentially responsible parties.

2.2.2 Tram

The Tram is a suspended cable transportation system for the transportation of people and materials between the Project Area and the OHSU Marquam Hill Campus within the air space above the SW Gibbs Street right-of-way, I-5, and SW Terwilliger Parkway (as shown on Exhibit D-2), and as more fully described in Exhibit G-1. The Tram consists of: the Gibbs Street Station (including any surface improvements within the SW Gibbs Street right-of-way between SW Macadam Avenue and SW Bond Avenue), the Marquam Hill Tram Terminal, tram cars, cables, support tower(s), and the mechanical equipment and related systems necessary to drive the Tram. The Tram may be enhanced by various improvements that are beyond an essentially functional tram such as: amenities, station upgrades, and special design features. The operating standards for the Tram are set forth in Exhibit G-2. The Tram will be designed and built in conformance with Exhibit G-1 and will be operated in accordance with Exhibit G-2.

2.2.3 Initial Greenway Improvements

The Initial Greenway Improvements consist of those improvements to the Willamette River Greenway within the Project Area described below in Section 6.5.1, which will be installed by RCI or NMI.

2.2.4 Streetcar Extension

The Streetcar Extension is the siting and construction of an extension of the Portland Streetcar from its current terminus at Portland State University to RiverPlace Station and then from RiverPlace Station to SW Gibbs Street, at a location described in Exhibit H. The RiverPlace Station to Gibbs Street Station segment of the Streetcar Extension may be along one of two alignments: along the Moody Avenue right-of-way, or along the River Parkway right-of-way, and will include the improvements shown on Exhibit D-2.

2.2.5 Phase 1 Condominiums

Phase 1 Condominiums means the construction of 400 to 480 condominium units in Buildings on any of the Residential Blocks and will include neighborhood ground floor retail. The Phase 1 Condominiums will include 30 Affordable Condominiums, pursuant to Section 10.3.

2.2.6 Phase 1 Apartments

Phase 1 Apartments means the construction of 100 to 150 market rate apartment units on any of the Residential Blocks. In lieu thereof, NMI shall have the right to substitute condominiums for apartments pursuant to Section 9.17.5, and thereby satisfy the obligation to construct the Phase 1 Apartments.

2.2.7 Phase 1 Affordable Apartments

Phase 1 Affordable Apartments means the construction of approximately 200 Affordable Apartments to be built primarily on Parking Garage(s) in the Project Area. Parking for Affordable Apartments will be provided as appropriate and financially feasible.

2.2.8 Phase 1 OHSU Building

Phase 1 OHSU Building means a building of approximately 250,000 to 400,000 square feet, to be constructed on one of the OHSU Blocks and to be occupied primarily by OHSU and its affiliates and the OHSU Medical Group. At least one-half of the square footage of the Phase 1 OHSU Building shall be designed, constructed and used for clinical/research uses. It may also include above or below-grade parking and will include some ground floor retail. The remaining space is expected to include a mix of OHSU educational space, clinical outpatient facilities, community service and administrative functions and, potentially, programs of other educational institutions. The Phase 1 OHSU Building may also include space dedicated to a "Bioscience Accelerator," depending on the availability of economic development funding. OHSU shall select the site of the Phase 1 OHSU Building and file an application for City Design Review approval under the City Code by December 31, 2003.

The exact size and composition of the Phase 1 OHSU Building will be determined during the planning and pre-development phase which will be completed in accordance with the Schedule. The OHSU Blocks are: Blocks 24, 25, 28 and 29.

2.2.9 Phase 1 Parking Garage

Phase 1 Parking Garage means the construction of one or two parking garages to be built on one or more Parking Sites (defined in Section 9.2.1), at least one of which, if built above grade, will serve as the podium for future buildings, including the Phase 1 Affordable Apartments. The Phase 1 Parking Garage will have at least 10% of its spaces non-reserved and open for short-term fee parking, for not less than ten (10) years after the opening of the Phase 1 Parking Garage, if permitted by the City.

2.2.10 Hotel

The Hotel means the construction of a hotel within the Project Area with at least 150 to 250 rooms, meeting room space of at least 15,000-25,000 square feet, a full-service restaurant and lounge, and potentially, amenities such as: a health/exercise facility, pool, business center and related retail shops. The Hotel will be subject to property taxation.

2.2.11 Phase 1 Neighborhood Park Project

The Phase 1 Neighborhood Park Project means the acquisition of property rights to Blocks 32 and 36 sufficient to enable PDC and the Parks Bureau to build a public park, demolition of existing improvements, and the installation of the initial park landscaping (grass) and improvements (irrigation system).

2.2.12 Bioswale Stormwater Overflow

The Parties have agreed to an approach of integrating innovative methods of managing public and private stormwater throughout the Project Area, and specifically, a water quality facility receiving public and private water in the Greenway Parcel with overflow to the Willamette River if permits are obtained by the City. The Parties have evidenced their agreement allocating costs and responsibilities for permitting, design and construction of the chosen method of discharge in an unexecuted but agreed-upon Memorandum of Agreement among NMI, RCI, OHSU, PDC, Portland Parks and Recreation, the City Endangered Species Program, the Bureau of Planning and the Bureau of Environmental Services, attached as Exhibit Q. The Bioswale Stormwater Overflow will be funded pursuant to Exhibit Q, and the PDC contribution is included in the Funding and Financing Plan.

2.2.13 Macadam Avenue Street Project

The Macadam Avenue Street Project is the improvement of Macadam Avenue from Bancroft Street to Gibbs Street, and the improvement of the Curry Street, Bancroft Street and Gaines Street intersections, all to improve access and egress to the Project Area and the South Waterfront Plan Area. The Macadam Avenue Street Project is shown in Exhibit D-2.

2.2.14 Storm and Sanitary Project

The Storm and Sanitary Project means, to the extent they are not constructed as required by Section 2.2.1 to provide utility services to Blocks 25, 27 and 30, certain offsite storm and sanitary line extensions outside of the Project Area, as described in Exhibit D-2, and the potential upgrade (if the City's Combined Sewer Overflow project is not complete by December 31, 2006) to the Thomas Street pump station.

2.2.15 Other Street Projects

The SW Bond Avenue from SW Lane to SW Bancroft Project is the improvement of Bond Avenue from SW Lane to SW Bancroft. The SW Moody Avenue from SW Gibbs to the Marquam Bridge is the improvement of SW Moody Avenue between SW Gibbs and the Marquam Bridge.

2.2.16 Neighborhood Improvements Project

Neighborhood Improvements Project means the design and construction of improvements within the UR Area to improve access to and from the Project Area and adjacent neighborhoods.

2.3 Phase 2

Phase 2 of the Project means and consists of the following:

2.3.1 Phase 2 Greenway Improvements

The Phase 2 Greenway Improvements means the Final Greenway Improvements to be installed by PDC or the Parks Bureau pursuant to Section 6.5.6.

2.3.2 Phase 2 Condominiums

The Phase 2 Condominiums means the construction of 380 to 460 condominium units on any Residential Block. The Phase 2 Condominiums will be located in a Building(s) that include(s) neighborhood ground-floor retail. PDC strongly encourages the inclusion of Affordable Condominiums in the Phase 2 Condominiums so as to enhance the income mix of residents and the variety of housing in the Project Area.

2.3.3 Phase 2 Apartments

The Phase 2 Apartments means the construction of at least 500 to 600 market rate apartment units on any of the Residential Blocks. In lieu thereof, NMI shall have the right to substitute market rate condominiums for apartments pursuant to Section 9.17.5 and thereby satisfy the obligation to construct the Phase 2 Apartments.

2.3.4 Phase 2 OHSU Building

The Phase 2 OHSU Building means one or more Buildings to be built by OHSU or OHSU Affiliates, each of approximately 250,000 to 400,000 square feet on some or all of the OHSU Blocks, with or without below-grade parking, but with ground-floor retail. At least half of the square footage of the Phase 2 OHSU Building will be used for clinical/research uses. The obligation to construct the Phase 2 OHSU Building is subject to adequate funding for research development.

2.3.5 Phase 2 Parking Garage

The Phase 2 Parking Garage means the construction of one or more parking garages on one or more Parking Sites which, if built above grade, will serve as a podium for future Buildings. The Phase 2 Parking Garage will have at least 10% of its space non-reserved and open for short-term fee parking for not less than ten (10) years after the opening of the Phase 2 Parking Garage, if permitted by the City.

2.3.6 Phase 2 Streetcar Extension

The Phase 2 Streetcar Extension means the extension of the Portland Streetcar from the Gibbs Street Station to the Bancroft Street Station.

2.3.7 Bioscience Accelerator

The Bioscience Accelerator means the development of a facility where some or all of the following facilities and services are available for use by small Bioscience Companies on a shared basis to leverage resources and accelerate the growth of such companies: wet and dry laboratories, offices, administrative space, conference rooms, communications facilities, research support space, and various business assistance resources and services. The Bioscience Accelerator will be a Phase 2 Project if it has not been incorporated into the Phase 1 OHSU Building.

2.3.8 Phase 2 Neighborhood Park Project

The Phase 2 Neighborhood Park Project means the construction of the final improvements to the Neighborhood Park.

2.4 Phase 3

Phase 3 of the Project means and consists of:

2.4.1 Phase 3 Condominiums

The Phase 3 Condominiums means the construction of 440 to 540 market rate condominiums on any Residential Block(s). The Phase 3 Condominiums will be located in a Building(s) that include(s) neighborhood ground floor retail. PDC strongly encourages the inclusion of Affordable Condominiums in the Phase 3 Condominiums so as to enhance the income mix of residents and the variety of housing in the Project Area.

2.4.2 Phase 3 OHSU Buildings

The Phase 3 OHSU Buildings consist of several Buildings to be built by OHSU on OHSU Blocks with a total gross square footage of space of approximately 750,000 square feet, with or without below-grade parking, but with ground floor retail. At least half of the Phase 3 OHSU Buildings will be designed and used for research uses. The obligation to build the Phase 3 OHSU Buildings is subject to adequate funding for research development.

2.4.3 Phase 3 Parking Garage

The Phase 3 Parking Garage means the construction of one or more parking garage(s) to be built on one or more Parking Site(s) which, if built above grade, will serve as a podium for future Buildings. The Phase 3 Parking Garage will have at least 10% of its spaces non-reserved and open for short-term fee parking for not less than ten (10) years after the opening of the Phase 3 Parking Garage, if permitted by the City.

2.4.4 Phase 3 Affordable Apartments

Phase 3 Affordable Apartments means the construction of approximately 200 Affordable Apartments to be built primarily on Parking Garages in the Project Area, but not less than the number of Affordable Apartments necessary to fulfill the requirements for Affordable Apartments set out in Section 9.17.2.

SECTION 3 PROJECT FUNDING AND FINANCING PLAN

3.1 Description of Funding and Financing Plan

The Parties have agreed to a Funding and Financing Plan for certain elements of Phase 1 of the Project which are described in the Funding and Financing Plan. The Funding and Financing Plan is attached as Exhibit I. The Funding and Financing Plan sets out the sources and uses of the public and private funds to be invested, the allocation of financial responsibilities among the Parties, and the timing by fiscal year for infrastructure improvements. Where this Agreement refers to “necessary funding” or “necessary financing” to undertake a Contingent Project, such funding or financing shall be the amounts and under the terms set out in the Funding and Financing Plan. The Parties agree to provide the respective funds when and as required by the Funding and Financing Plan, subject to the terms and conditions of this Agreement (including, without limitation, the Street Improvement Project Funding Agreement and the Tram Construction Funding Agreement).

3.2 External Financing

3.2.1 The Funding and Financing Plan includes requirements for funding from sources not wholly within the control of the Parties, including formation of the LIDs referred to in Section 5.2.5. PDC, NMI, RCI, Block 39 and OHSU, individually or collectively, agree to diligently pursue reasonable funding from non-local public sources, including federal and state allocations, private foundations, grant programs, homeland security programs and other appropriate funds or programs (“External Funds”). PDC, NMI and OHSU will jointly develop priorities for pursuing these External Funds.

3.2.2 If funding required in the Funding and Financing Plan from the External Funds is not committed when and as required by the Funding and Financing Plan, then the Parties agree to negotiate in good faith in an effort to agree upon a reprioritization of the sources and uses of funding set forth in the Funding and Financing Plan and an amendment to the Funding and Financing Plan to reflect that reprioritization. If after at least sixty (60) days of good faith negotiations, the Parties are unable to agree on the terms of the amendment to the Funding and Financing Plan, then any Party may elect to terminate this Agreement by written notice to the other Parties, effective as of the date of the giving of the notice.

3.2.3 If funding from External Funds is committed in amounts greater than called for in the Funding and Financing Plan ("Excess External Funds") then the following provisions apply:

3.2.3.1 If Excess External Funds are obtained for the Public Projects as identified in the Funding and Financing Plan, other than through the JPACT process or other PDC or City-initiated efforts, then the funds shall reduce the RCI, NMI, Block 39 obligation to generate Target Tax Increment Revenue by reducing that portion of the Public Investment to be financed by Target Tax Increment Revenue (the "TIF Reduction") and shall reduce the obligations of RCI, NMI, Block 39 and OHSU to make assessment payments under the LIDs referred to in Section 5.2.5 (the "LID Reduction"), and these reductions shall be Proportionate. Proportionate means the total External Funds described in this Section 3.2.3.1 shall be allocated between TIF Reduction and LID Reduction in proportion to the ratio between: that portion of the Public Investment to be financed by Target Tax Increment Revenue and the initial principal balance payable by RCI, NMI, Block 39 and OHSU of the LIDs.

3.2.3.2 If there are Excess External Funds obtained for the Public Projects through efforts other than the initiatives described in Section 3.2.3.1, then such External Funds shall cause the TIF Reduction and shall reduce the principal amount of the LIDs (the "Alternative LID Reduction"), and those reductions shall be pro rata. Pro Rata means that the total of such External Funds shall be allocated between the TIF Reduction and the Alternative LID Reduction in proportion to the ratio between that portion of the Public Investment to be financed by Target Tax Increment Revenue and the total initial principal balance of the LIDs.

3.2.3.3 If the External Funds referred to in Section 3.2.3.1 allow payment of "overhead" or "administrative costs" or any other descriptor that indicates the funds may be expended on other than project-specific costs, then those funds shall be first applied to reimburse the Parties for their out-of-pocket costs in obtaining those External Funds, on a pro rata basis.

3.2.3.4 Before the final LID assessments are established, PDC shall be responsible for establishing the mechanics of implementing the LID Reduction or the Alternative LID Reduction, so that the effects described above are accomplished.

3.3 Amendments to Funding and Financing Plan

The Funding and Financing Plan may be amended only with the written approval of the Parties, which approval shall not be unreasonably withheld or delayed. NMI and OHSU represent that upon giving their respective reasonable approvals of a Funding and Financing Plan

amendment, such approvals will not be contingent on any required prior or subsequent approval of the amendment by a third party. Amendments to the Funding and Financing Plan will require approval by the City Council if the amendment increases the total Project funding to be provided from or secured by the City's general fund, SDC contributions, Metropolitan Transportation Improvement Program funding or PDOT's dedicated funds. Amendments to the Funding and Financing Plan that result in a Material Change in total PDC financing will require the approval of the PDC's Board.

3.4 LID Liens

Prior to or after the spreading of an assessment lien against the NMI Land and the RCI Land for any of the LIDs, any Party owning the subject land may elect to remove the lien of the LID from the subject land by providing PDC with a first lien upon, or pledge of, cash or a cash equivalent in an amount equal to the amount of the LID lien, and PDC agrees to cause the LID lien to be removed from such land.

3.5 Use of Phase 1 Excess Tax Incremental Revenue

In the event that Tax Increment Revenue (as defined in Section 18.2.3) exceeds Target Tax Increment Revenue (as defined in Section 18.2.4), the Funding and Financing Plan provides that certain public Contingent Projects will be accelerated in a priority set forth in the Funding and Financing Plan based upon the capacity of identified amounts of excess actual Tax Increment Revenue to support debt to fund the identified Contingent Projects.

3.6 Reimbursement of Pre-Construction Costs

The Parties that have expended funds for the pre-construction work (testing, surveying, engineering and design) for the Phase 1 Street Improvement Project will be reimbursed for those costs upon submittal to PDC of certified statements of the actual such costs incurred and shall be reimbursed out of the funds first available for the Phase 1 Street Improvement Project, pursuant to the terms of the Street Improvement Project Funding Agreement.

SECTION 4 PROJECT SCHEDULE

4.1 Description of Project Schedule

4.1.1 The Parties have agreed to a Schedule for the Project which is attached as Exhibit J. The Schedule includes dates for the satisfaction of the Basic Contingencies and the Project Contingencies for Phase 1 Contingent Projects, and a range of dates for undertaking and completing each Contingent Project.

4.1.2 Failure to complete a Contingent Project by the Late Completion Date in the Schedule, except as excused by an Unavoidable Delay (as defined in Section 14) will constitute a breach of this Agreement giving rise to the remedies for such a breach described in Section 18 below.

PDC shall be responsible for keeping the official Schedule and updating the Schedule to reflect changes to the Schedule agreed upon by the Parties or changes to the Schedule that result from Unavoidable Delay. Whenever the Schedule is amended pursuant to Section 4.2 or due to Unavoidable Delay, PDC shall give the other Parties notice of the proposed change with an explanation of the basis for the proposed change and the other Parties shall have ten (10) days to confirm the accuracy of the change. If a Party fails to respond to the change, such inaction shall be deemed the acceptance of the change. Any disagreement over a proposed Schedule change shall be resolved by Dispute Resolution.

4.2 Amendment of Project Schedule

The Schedule may be amended only with the written approval of those Parties affected by the amendment, which approval shall not be unreasonably withheld or delayed. Amendments to the Schedule shall not require the approval of the City Council, the PDC Board or the OHSU Board and may be approved by executive officers of the Parties, except as follows. Amendments to the Schedule that extend one or more aspects of the Schedule by more than 120 days, except extensions due to Unavoidable Delay, shall require the approval of the PDC Board and the City Council. An Unavoidable Delay shall automatically extend the Schedule pursuant to Section 14.4.1 for the affected Contingent Projects and any Contingent Project that is contingent on commencement or completion of a delayed Contingent Project. The extension of the Schedule shall be for the period of the Unavoidable Delay, subject to Section 14.

4.3 Delay Alert

In the event that a Party determines that another Party has failed to take the steps necessary to commence construction of a Contingent Project by that Contingent Project's Late Construction Start Date, such as failing to timely complete design or permitting or to timely procure long lead time materials, then the Party may give written notice of that fact to the apparently delayed Party, and all other Parties. In the event such a notice is given, all Parties shall meet within ten (10) days of the effective date of the notice, and at that meeting, the apparently delayed Party shall fully disclose the status of the work on that Contingent Project and explain whether or not that Party can or cannot commence construction of that Contingent Project by its Late Construction Start Date.

SECTION 5 BASIC CONTINGENCIES; EFFECT OF SATISFACTION OR NON-SATISFACTION

5.1 In General

5.1.1 The Basic Contingencies are set forth in Section 5.2. Except pursuant to Section 5.6, a Party shall not be obligated to proceed with the Project or any Contingent Project unless and until each and every Basic Contingency benefiting such Party has been satisfied or waived in accordance with Section 5.3. Each Party agrees to use its good faith efforts to cause those Basic Contingencies over which each Party has influence or effect to be satisfied. Each Basic Contingency identifies which of the Parties are benefited by that Basic Contingency and are, accordingly, the Parties having the exclusive right to determine whether or not that Basic Contingency is satisfied or will be waived. The determination by a benefited Party as to whether

or not a Basic Contingency has been satisfied or will be waived is based on that Party's sole discretion.

5.1.2 The Schedule sets forth a date by which each Basic Contingency must be satisfied or waived. The Parties benefited by each Basic Contingency shall determine whether or not a Basic Contingency has or has not been satisfied or will or will not be waived by the date set forth in the Schedule for that determination. The Schedule provides that the latest date for the satisfaction of the last Basic Contingency is March 31, 2004.

5.2 Basic Contingencies

The Basic Contingencies are the following:

5.2.1 Tram Approvals

5.2.1.1 The City Council and those City Bureaus with decision-making authority over the Tram (except for building permits) shall have given Final Approval authorizing and approving: the siting of the Tram within the air space over SW Gibbs Street, the design of the Tram and its operations as set forth in Exhibits G-1 and G-2, and any funding for the Tram set forth in the Funding and Financing Plan requiring City Council approval, and any other action which must be taken by the City Council necessary to allow construction of the Tram (collectively, "Tram Approval").

5.2.1.2 In addition, PDOT shall have entered into an agreement with Portland Aerial Tram, Inc., an Oregon non-profit corporation ("PATI"), pursuant to which PATI will manage the design of the Tram consistent with Exhibit G-1, and PDOT shall have entered into an agreement for the construction of the Tram consistent with Exhibit G-1.

5.2.1.3 The Parties benefited by this Basic Contingency are PDC, RCI, NMI and OHSU.

5.2.2 Streetcar Extension Approvals

5.2.2.1 The City Council and all City Bureaus with decision-making authority over the Streetcar Extension (except for building permits) shall have given Final Approval authorizing and approving: the construction of the Streetcar Extension, the siting of the Streetcar Extension in the Moody Avenue right-of-way or the River Parkway right-of-way, and any other discretionary approvals necessary for the construction and operation of the Streetcar Extension (collectively, the "Streetcar Extension Approval"). The Parties benefited by this Basic Contingency are RCI, NMI, PDC and OHSU.

5.2.2.2 The alignment of the Streetcar Extension as described in Section 2.2.4 shall have been established by December 31, 2003. All Parties are benefited by this Basic Contingency.

5.2.3 Streetcar Extension Funding

The funding for the Streetcar Extension shall have been committed and no action or consent of any party not a Party to this Agreement shall be required in order to authorize the disbursement of the funding for the Streetcar Extension, other than non-discretionary or ministerial actions or consents or federal actions outside the control of any Party. The Parties benefited by this Basic Contingency are RCI, NMI, PDC and OHSU.

5.2.4 Streetcar Extension Operating Agreements

PDOT and Portland Streetcar, Inc., an Oregon non-profit corporation (“PSI”), or Tri-Met, shall have entered into those agreements which are necessary to establish the terms under which the Streetcar Extension will be operated and to identify the responsibilities of the various parties with respect to Streetcar Extension operations. The Parties benefited by this Basic Contingency are RCI, NMI, PDC and OHSU.

5.2.5 LID Formation

The Parties agree to propose the formation of the LIDs referred to in Sections 5.2.5.1, 5.2.5.2, and 5.2.5.4 through 5.2.5.6 and each Party agrees to be a chief petitioner. OHSU agrees to propose the formation of the LID referred to in Section 5.2.5.3 and agrees to be the chief petitioner. The Parties may, without amending this Agreement, combine the two LIDs referred to in Sections 5.2.5.2 and 5.2.5.3 into one LID, without changing the amounts assessed against the respective benefited property owners, and the Parties will be chief petitioners for the formation of the combined LID. A Basic Contingency is the execution and delivery to the City by RCI, NMI, Block 39 and OHSU and sufficient other benefited property owners, so as to constitute a majority of the benefited property owners, of waivers of remonstrance waiving their respective rights to object to the formation of all of the following local improvement districts (“LIDs”), the Final Approval by the City of such LIDs and the formation of such LIDs described below. The formation of an LID pursuant to Section 5.2.5.6 is not a Basic Contingency. The LID described in Section 5.2.5.6 will become a Project Contingency in Phase 2 or Phase 3. All Parties are benefited by the Basic Contingencies relating to formation of the remaining identified LIDs. Subject to the maximum amounts which may be assessed for each LID set forth in Exhibits K-1 through K-6 and subject to final agreement as to the assessment formulae and benefited area for the LIDs, OHSU, RCI, NMI and Block 39 agree to each provide a separate waiver of remonstrance to the formation of each of such LIDs assessing property owned or controlled by each such Party. These waivers of remonstrance shall be binding on the Party giving the waiver and on that Party’s successors, grantees, vendees and assigns including, but not limited to, individual condominium unit purchasers.

5.2.5.1 Streetcar – PSU to RiverPlace. An LID to provide financing in an amount not to exceed \$3,000,000 for the extension of the Streetcar from its current terminus at Portland State University to the RiverPlace Station, as set forth in Exhibit K-1.

5.2.5.2 Tram (South Waterfront Plan Area). An LID to provide financing in an amount not to exceed \$4,500,000 for the Tram as set forth in Exhibit K-2.

5.2.5.3 Tram (Marquam Hill). An LID to provide financing in an amount not to exceed \$5,000,000 for the Marquam Hill Tram Terminal as set forth in Exhibit K-3.

5.2.5.4 Macadam Avenue Improvements. An LID to provide financing in an amount not to exceed \$2,500,000 for the Macadam Avenue Street Project as set forth in Exhibit K-4.

5.2.5.5 Streetcar – RiverPlace to Gibbs. An LID to provide financing in an amount not to exceed \$2,020,000 for the extension of the Streetcar from the RiverPlace Station to the Gibbs Street Station as set forth in Exhibit K-5.

5.2.5.6 Streetcar – Gibbs to Bancroft. An LID to provide financing in an amount not to exceed \$1,367,400 for the extension of the Streetcar from the Gibbs Street Station to the Bancroft Street Station as set forth in Exhibit K-6.

5.2.6 Funding and Financing Plan

The Parties shall each have determined that the Funding and Financing Plan is feasible and that the elements of the Funding and Financing Plan are sufficiently committed so as to enable the Parties to proceed with the Phase 1 Contingent Projects, and that no action or consent of any party not a Party to this Agreement shall be required in order to authorize the disbursement of funds identified in the Funding and Financing Plan for the Streetcar Extension, the Tram and the Phase 1 Street Improvement Project, other than non-discretionary or ministerial actions or consents. All Parties are benefited by this Basic Contingency.

5.2.7 South Waterfront District Street Plan and Standards

PDOT shall have completed and the City Council shall have accepted the South Waterfront District Street Plan and Standards. The South Waterfront District Street Plan and Standards shall be consistent with the street sections attached as Exhibit L and shall have right-of-way widths identical to those shown in Exhibit L. All Parties are benefited by this Basic Contingency.

5.2.8 No New Adverse Regulations

The City shall not have adopted any ordinance, regulation, rules or requirements during the period between the Effective Date and when the last of all Basic Contingencies, other than the Basic Contingency in this Section 5.2.8, was satisfied or waived that would materially and adversely affect any of the Phase 1 Contingent Projects such as, and by way of example only: by materially increasing the cost of a Phase 1 Contingent Project, by reducing the size of a Building which is a Phase 1 Contingent Project, by reducing the buildable area of a Block, by relocating a Phase 1 Contingent Project, by reducing or otherwise restricting the current City Code's allowed parking, or by increasing the amount of Willamette River Greenway area or NMI's or RCI's required Greenway Improvements. All Parties are benefited by this Basic Contingency.

5.2.9 Amendment of NMI Tentative Plan

NMI shall have received Final Approval of an amendment to its previously approved tentative subdivision plan, pursuant to which amendment the proposed park on Block 34 shall have been eliminated, and the area of the former park shall have been designated as a development area. The Party benefited by this Basic Contingency is NMI. A substituted area for the eliminated park will be determined pursuant to Section 9.21.

5.2.10 Public Bidding Exemption

The applicable contract review board shall have given Final Approval to an exemption from public bidding, pursuant to ORS 279.015, for the engineering, design and construction of the Phase 1 Street Improvement Project. The applicable contract review board shall also have given Final Approval of an alternative public bidding process pursuant to ORS 279.015 for construction of the Tram. The Parties benefited by this Basic Contingency are PDC, RCI, NMI and OHSU.

5.2.11 Agreement with PP&L

The Parties shall have accomplished all of the following, which are Basic Contingencies for the benefit of all Parties:

5.2.11.1 The Parties shall have entered into an agreement with Pacific Power & Light ("PP&L") for the elimination of the PP&L Tower and the relocation of the PP&L Transmission Line to the Ross Island Bridge or the relocation of the PP&L Tower and the PP&L Transmission Line to the areas shown on attached Exhibit M. PDC shall cause PDOT to agree to work collaboratively on a negotiating strategy with the Parties and to actively participate in the negotiations.

5.2.11.2 To the extent the agreement reached with PP&L requires that some or all of the cost of the relocation of the PP&L Tower and the PP&L Transmission Line is to be paid by the Parties, the Parties shall have agreed upon a funding and financing plan for allocating, financing and paying those costs. The Parties acknowledge that the relocation may require some financial participation by all Parties.

5.2.11.3 All land use approvals required for the relocation of the PP&L Tower shall have received Final Approval.

5.2.11.4 ODOT shall have given any necessary approvals.

5.2.12 I-5 Overflight Approvals

In order to authorize the operation of the Tram over Interstate 5, the following are Basic Contingencies. All Parties are benefited by these Basic Contingencies.

5.2.12.1 PDOT shall have obtained authorization from the Oregon Department of Transportation ("ODOT"), allowing the Tram to operate over portions of

Macadam Avenue and Interstate 5, for so long as the Tram exists, on terms and conditions acceptable to PDOT, NMI and OHSU and consistent with Exhibits G-1 and G-2.

5.2.12.2 The Parties shall have determined that no consent is necessary from the Federal Highway Administration for the operation of the Tram over I-5, for so long as the Tram exists or, if such consent is necessary, then the Federal Highway Administration has given Final Approval for the operation of the Tram over I-5.

5.2.13 Oregon Opportunity Program/State Support

OHSU shall have received the second grant from the Oregon Opportunity Program, which grant shall be in an amount not less than \$100 million, by December 31, 2003, and by such date, no material adverse change shall have occurred with respect to OHSU's financial condition directly resulting from further reductions in State of Oregon funding for OHSU. During the pendency of this Basic Contingency, OHSU agrees to continue to pursue the satisfaction of the other Basic Contingencies and the pre-construction work on the Phase 1 OHSU Building. OHSU is benefited by this Basic Contingency.

5.2.14 PGE Assessment

The Parties shall have received Portland General Electric's proposed assessment upon the NMI Land and the RCI Land and their respective owners for the cost of the electrical "backbone" within the Project Area, and the Parties have accepted that assessment. All Parties are benefited by this Basic Contingency.

5.2.15 IGAs

The IGAs referenced in attached Exhibit B shall have been fully executed and delivered in such form as is approved by the Parties in their reasonable judgment, with the standard of approval being that the IGA is consistent with this Agreement. All Parties are benefited by this Basic Contingency.

5.2.16 Performance by Parties

None of the other Parties shall be in breach of its material obligations under this Agreement. All Parties are benefited by this Basic Contingency.

5.2.17 Financial Capability

Each of the Parties shall have demonstrated to the other Parties that it has sufficient financial capability or financing commitments from third parties to perform its respective Phase 1 obligations under this Agreement. Each Party is benefited by this Basic Contingency to the extent the other Parties must demonstrate financial capability or financing commitments as described above.

5.2.18 Moody Avenue Sewer

The Moody Avenue sewer shall have been completed in accordance with Section 6.6. All Parties are benefited by this Basic Contingency.

5.2.19 Dedication of Greenway Parcels

PDC shall have accepted the condition of title to the Greenway Parcels pursuant to Section 6.5.4.4 and shall have accepted the environmental condition of the Greenway Parcels pursuant to Section 6.5.4.6. All Parties are benefited by this Basic Contingency.

5.2.20 Street Improvement Project Funding Agreement

PDOT, NMI, RCI and Block 39 shall, not later than September 17, 2003, have executed a Street Improvement Project Funding Agreement describing the allocation among such parties of all design and construction costs of the Phase 1 Street Improvement Project, and the manner in which such parties' respective obligations for construction of such project will be coordinated. PDC, NMI, RCI and Block 39 are benefited by this Basic Contingency.

5.3 Effect and Method of Satisfaction of Basic Contingencies

5.3.1 In the event that each of the benefited Parties has determined that all of the Basic Contingencies that benefit that Party have been satisfied or have been waived within the timeframes allowed by the Schedule, then the Parties shall be obligated to proceed in accordance with the terms of this Agreement with respect to the Phase 1 Contingent Projects, subject to satisfaction of the additional Contingencies for specific Contingent Projects as set forth below.

5.3.2 The Parties shall develop and implement a process to monitor and assess the program of satisfying the Basic Contingencies which shall include at least monthly meetings until all of the Basic Contingencies have been satisfied or waived.

5.3.3 In order for a Basic Contingency to be satisfied, the Party who has satisfied the Basic Contingency must give written notice to every benefited Party stating the subject Basic Contingency has been satisfied, without qualification. Each Party identified by this Agreement as a Party benefiting from that Basic Contingency shall confirm in writing that that Basic Contingency is satisfied or is waived.

5.4 Effect of Unavoidable Delay

If a Party believes that a Basic Contingency affecting such Party cannot be satisfied by the applicable date in the Schedule due to an Unavoidable Delay, then such Party must give written notice of that fact to the other Parties, identifying with reasonable specificity the cause of the Unavoidable Delay. The Scheduled date for the satisfaction of a Basic Contingency shall be extended for the period of Unavoidable Delay, subject to Section 5.5.2. If a Party does not agree that the circumstances cited as causing an Unavoidable Delay qualifies as an Unavoidable Delay, then such party shall give notice of its disagreement to the Party claiming that Unavoidable Delay exists and the issue shall be resolved by Dispute Resolution.

5.5 Failure of Basic Contingencies

5.5.1 Elections upon Non-Occurrence of Basic Contingencies

If a Basic Contingency benefiting a Party is not fulfilled to the satisfaction of such Party by the Scheduled date, subject to Unavoidable Delay, then the affected Party may elect to:

5.5.1.1 Terminate this Agreement, which termination shall become effective sixty (60) days after the notice of termination is sent unless, before the sixty- (60-) day period ends, the Basic Contingency is satisfied or the notice of termination is revoked in writing, which notice of revocation may not itself be revoked; or

5.5.1.2 Waive the benefit of that Basic Contingency to its obligation to perform under this Agreement, and proceed in accordance with this Agreement; or

5.5.1.3 Extend the Scheduled date for satisfaction of that Basic Contingency; however, the extension will not be effective unless all Parties benefited by the Basic Contingency agree to the extension, and if all such Parties do not agree to the extension, such disagreement shall constitute the termination of this Agreement pursuant to Section 5.5.1.1, with the earliest written notice proposing an extension constituting the "notice of termination."

5.5.2 Final Termination Date

If all of the Basic Contingencies have not been satisfied, waived or otherwise resolved pursuant to this Agreement by April 30, 2004 (which is thirty (30) days after the last date in the Schedule for the satisfaction of a Basic Contingency) (the "Final Termination Date"), then this Agreement shall terminate on that date, unless the failure of satisfaction of the Basic Contingencies is the result of an Unavoidable Delay. If the Final Termination Date is extended for a period of Unavoidable Delay, the maximum cumulative period of Unavoidable Delay(s) shall be no longer than 360 days.

5.6 Completion of Phase 1 Street Improvement Project

In the event of a termination of this Agreement pursuant to Section 5.5, the Parties agree to complete the Phase 1 Street Improvement Project depicted in Exhibit D-1 (except for the improvement of Moody Avenue) and agree to execute, deliver and perform their respective applicable obligations under a Street Improvement Project Funding Agreement to be negotiated and executed by the parties thereto by September 17, 2003. The Street Improvement Project Funding Agreement will provide, among other things, that PDOT's obligation to fund the north/south streets within the RCI Land will be conditioned on the commencement of construction of one Building on a Block within the RCI Land, and that PDOT's obligation to fund the north/south streets within the NMI Land will be conditioned on the commencement of construction of one Building on a Block within the NMI Land, provided however, that if either of NMI or RCI has not commenced construction of a Building on its land within one (1) year of the date of termination of this Agreement pursuant to Section 5.5, PDC shall not be obligated to fund the north-south streets unless funds remain available in PDC's sole discretion. If either NMI or RCI commences construction of a Building on its land within one (1) year of the date of

termination of this Agreement pursuant to Section 5.5, but the other of NMI or RCI has not commenced a Building on its land within one (1) year after the substantial completion of the first Building built on the other Party's land, then PDC shall not be obligated to fund the north-south streets that are necessary in order for the second party to proceed with development unless funds remain available in PDC's sole discretion. NMI will be liable for Gap Payments pursuant to Section 18.2.2.3 after a termination of this Agreement pursuant to Section 5.5. In addition, NMI and RCI agree to perform their obligations under Section 6.5.4 to dedicate their respective Greenway Parcels, when and as required by Section 6.5.4. If this Agreement is terminated pursuant to Section 5.5, the Parties acknowledge that, due to the range of complex issues that will result from such a termination, the negotiation of a new and separate development agreement, taking into consideration the changed circumstances, would be the most desirable approach for coordination of future public and private investment in the Project Area.

SECTION 6 CONTINGENT PROJECT OBLIGATIONS FOR PHASE 1

This Section 6 sets forth the obligations of the Parties to develop and construct the Phase 1 Contingent Projects. The Phase 1 Contingent Projects are subject to those additional Project Contingencies, beyond the Basic Contingencies, set forth below. A Project Contingency is a circumstance or a physical improvement that must exist or be constructed before a specific Party is required to construct a specified Contingent Project. Each Phase 1 Contingent Project is subject to the contingency that each Party has performed its obligations under this Agreement, the performance of which is required before the obligation to build a Contingent Project accrues. Where this Agreement provides that NMI or Block 39 will construct a Contingent Project, which is other than a Street Improvement Project or an Initial Greenway Improvement Project, NMI's or Block 39's obligation will be satisfied when a transferee of NMI's property assumes NMI's obligations pursuant to Section 13.3 below or when a transferee of Block 39's property assumes Block 39's obligations, pursuant to Section 13.3 below.

6.1 Phase 1 Street Improvement Project

6.1.1 Use of Existing Rights-of-Way

Some of the new streets within the Project will be built on existing rights-of-way owned by the City. The Phase 1 Street Improvement Project includes demolition of the existing improvements within such rights-of-way, the remediation of any subsurface environmental contamination subject to Section 2.2.1, and construction of the Phase 1 Street Improvement Project, pursuant to City permits.

6.1.2 Construction

PDOT shall be responsible for paying for and causing the construction of all elements of the Phase 1 Street Improvement Project for the north/south streets and the Sidewalk Improvements for those streets, and RCI and NMI shall be responsible for paying for and causing the construction of all elements of the Phase 1 Street Improvement Project for the east/west streets and the Sidewalk Improvements for those streets, all as shown on attached Exhibits D-1 and E. RCI shall be responsible for paying for and causing the construction of the Phase 1 Street Improvement Project's elements that are within the RCI Land, and NMI shall be responsible for constructing the Phase 1 Street Improvement Project's elements that are within

the NMI Land, all as shown on attached Exhibits D-1 and E. RCI and NMI will provide the City with bonds in compliance with federal, state and local laws to assure the completion of the Phase 1 Street Improvement Project. PDOT will pay a portion of the premiums for such bonds proportionate to the value of the north/south streets in relation to the value of the Phase 1 Street Improvement Project.

6.1.3 Funding

The sources of funding for the Phase 1 Street Improvement Project are set forth in the Funding and Financing Plan. These funding obligations of the Parties will be paid pursuant to the Street Improvement Project Funding Agreement.

6.1.4 Construction of City's Portion of Streets

PDC shall seek approval by the City Council of a public bidding exemption pursuant to Section 5.2.10. PDOT shall construct or cause the construction of PDOT's portion of the Phase 1 Street Improvement Project in accordance with the Schedule.

6.1.5 Permits; PDOT Coordination and Review

The Street Improvement Funding Agreement will identify which Parties are responsible for identifying and obtaining permits for the completion of the Phase 1 Street Improvement Project. Prior to submission of the applications by NMI or RCI for street construction permits, PDC shall cause the PDOT Project Manager to review and determine that the application conforms to the South Waterfront District Street Standards and the conditions of this Agreement. In addition, PDC will cause the PDOT Project Manager to coordinate his review with any other affected Bureaus to expedite permit approval.

6.1.6 Dedication of Streets

6.1.6.1 Each of NMI, RCI, Block 39 and OHSU will dedicate their owned portions of the rights-of-way in the Project Area as shown in the Phase 1 Street Improvement Project or as specified in the applicable final subdivision plat. The dedications will be made in time to allow the Phase 1 Street Improvement Project to proceed as Scheduled. These dedications may occur prior to or upon the recording of the final plat for the RCI Land and the NMI Land, respectively.

6.1.6.2 The dedications will be made as to the rights-of-way that each own, by means of deeding the streets to the City using the form of deed attached as Exhibit P. Until the rights-of-way are dedicated to the City, the owners of such rights-of-way will be responsible for maintaining the rights-of-way at their own expense.

6.1.6.3 If the final subdivision plat has not been recorded, NMI agrees to dedicate those easements in accordance with the applicable unrecorded final subdivision plat, for any storm sewer lines that are not within rights-of-way, in a timely manner so as to allow the Scheduled construction of those storm sewer lines.

6.1.7 Sidewalk Improvements

The Phase 1 Street Improvement Project does not include construction of sidewalks, street trees and tree vaults, street lights and street furniture ("Sidewalk Improvements") which will be constructed by the owner of the Block when a Building is built on a Block. NMI, RCI, OHSU and Block 39 shall be responsible for the cost of constructing the Sidewalk Improvements that run east/west adjacent to their respective properties, and PDC shall be responsible for the cost of constructing Sidewalk Improvements that run north/south. Sidewalk Improvements do not include costs associated with private underground structures such as basement vaults, parking garages or private utility corridors or extra costs for Sidewalk Improvements because they are above private underground structures and are not part of the Phase 1 Street Improvement Project. Upon completion of Sidewalk Improvements on all sides of a block, PDC shall reimburse NMI, RCI, OHSU or Block 39 on their respective Blocks for those Sidewalk Improvements for the north/south faces of each Block for the reasonable actual cost of constructing Sidewalk Improvements for the north/south faces of each Block. PDC shall be obligated to pay this amount within thirty (30) days of receipt of documentation establishing the reasonable actual cost of this work, certified as being accurate by NMI, RCI, OHSU or Block 39 on their respective Blocks and by the contractor(s) that performed such work.

6.1.8 Remedies for Failure to Commence or Complete Street Improvement Project

If NMI or RCI does not undertake or complete the Phase 1 Street Improvement Project as required by this Agreement, and an uncured event of default by NMI or RCI exists pursuant to Section 17, then PDC may complete the work, and in such event, each of the Parties will be required to dedicate the required right-of-way for such streets which are adjacent to their respective properties, shall dedicate the utility easements shown in the Phase 1 Street Improvement Project and shall each pay their respective shares of cash contributions allocated to the Phase 1 Street Improvement Project under the Phase 1 Street Improvement Funding Agreement. Each of NMI and RCI will have posted a bond for its share of the Phase 1 Street Improvement Project, and PDC may not recover an amount from NMI or RCI pursuant to this Section 6.1.8 to the extent that that amount was paid by the bonding company to complete NMI's or RCI's share of the Phase 1 Street Improvement Project. In addition, PDC shall be entitled to all other remedies set forth in this Agreement on account of an uncured event of default pursuant to this Agreement. In addition to the cash payment obligation, the Parties and their respective properties shall remain obligated to make the LID payments for the LIDs referred to in Section 5.2.5.

6.1.9 Project Contingencies to the Phase 1 Street Improvement Project

The Parties shall not be obligated to perform their respective obligations with respect to the Phase 1 Street Improvement Project unless and until the following Project Contingencies are satisfied:

6.1.9.1 The final subdivision plat for the RCI Land and the easements referred to in Section 6.1.6.4 shall have been recorded;

6.1.9.2 PDOT, RCI and NMI shall have agreed upon and/or executed the Street Improvement Project Funding Agreement, and funding is available for such project;

6.1.9.3 All permits necessary to authorize construction of the Phase 1 Street Improvement Project have been issued by the City;

6.1.9.4 The City shall not have adopted an ordinance, regulation, rule or requirement, after the Basic Contingencies were satisfied or waived but before the Project Contingencies in Sections 6.1.9.1 through 6.1.9.3 are satisfied or waived, other than City-wide changes in tax abatement programs or system development charges, that would materially and adversely affect the Phase 1 Street Improvement Project.

The Phase 1A Street Improvement Project shall commence when Scheduled, upon the satisfaction or waiver of the above Project Contingencies. The Phase 1B Street Improvement Project shall commence when Scheduled, subject to the prior satisfaction or waiver of the above Project Contingencies and the following additional Project Contingencies: the commencement of construction of a Building upon any of: Block 34, 35, 37, 38 or 39; and the Final Approval of the final subdivision plat for the NMI Land.

6.2 Tram

6.2.1 Construction and Ownership of Tram

PDC will cause PDOT to contract with PATI for the design of the Tram. PDC will cause PDOT to enter into a construction contract or contracts for the construction of the Tram. PDOT will own the Tram. The Tram construction contract will provide for a scheduled final completion date that is before the scheduled opening date of the Phase 1 OHSU Building, and OHSU will provide PDOT with the scheduled opening date for the Phase 1 OHSU Building before PDOT commences negotiations of the construction contract. OHSU agrees that, as of the scheduled opening date of the Phase 1 OHSU Building, OHSU will have obtained a temporary certificate of occupancy for that Building, and that 75% of the net useable space within that Building will be subject to binding leases with tenants, including OHSU Affiliates, or will be scheduled for occupancy by OHSU within six (6) months after the scheduled opening date.

6.2.2 Funding of Tram Construction

The Tram construction will be funded according to the Funding and Financing Plan. Each Party that is identified in the Funding and Financing Plan as a source of funds for the Tram hereby agrees to provide the amount of funds indicated for that Party in the Funding and Financing Plan, as and when required by the Funding and Financing Plan. The mechanics of the payment of funds for the construction of the Tram shall be set forth in the Tram Construction Funding Agreement to be negotiated and agreed upon by OHSU, PDOT and PDC. Any enhancements to the Tram requested by a Party that are included in the construction of the Tram shall be paid for by the requesting party outside of the Funding and Financing Plan without contribution by the other Parties.

6.2.3 Tram Property Interests

6.2.3.1 RCI and OHSU, to the extent either of them owns land temporarily required for the construction of the Gibbs Street Station, agree to convey to PDOT such temporary construction easements as may be reasonably necessary for the construction of the Gibbs Street Station, in coordination with other Phase 1 Contingent Projects.

6.2.3.2 RCI and OHSU have agreed to donate to PDOT an easement over the north 25 feet of Block 25 for purposes of allowing PDOT to locate landscaping and public walkways of a type and design consistent with the Building to be built on Block 25, which design will be developed pursuant to Section 9.21 (the "Block 25 Easement"). However, Section 33.510.215(D) of the City Code requires that a building on Block 25 be no further from SW Gibbs Street than 12 feet, but this requirement may be modified by a Modification pursuant to Section 33.825.040 of the City Code. The owner of Block 25 agrees to apply for a Modification to increase the maximum setback from 12 feet to 25 feet, in its design review application for the Building to be built on Block 25, and if the Modification is denied by the Design Review Commission, to appeal that denial to the City Council. If the Modification receives Final Approval, the Block 25 Easement shall cover the north 25 feet of Block 25; and if the Modification does not receive Final Approval, the owner of Block 25 will convey the north 13 feet of Block 25 to PDOT, if a lot line adjustment to the RCI plat is approved and the Block 25 Easement shall cover the north 12 feet of Block 25 after the lot line adjustment, and if the lot line adjustment is not approved, then the Block 25 Easement shall cover the north 12 feet of Block 25.

6.2.3.3 Neither RCI nor OHSU shall be entitled to an SDC credit pursuant to City Code Chapter 17.33 on account of the dedication of the easement referred to in Section 6.2.3.2; however, either may transfer or use the FAR inherent in the Block 25 Easement or the north 13 feet conveyed to PDOT.

6.2.3.4 OHSU agrees to enter into a long-term ground lease with PDOT, for nominal consideration, but otherwise on commercially reasonable terms, pursuant to which OHSU will lease the site of the Marquam Hill Tram Terminal to PDOT. In turn, PDOT will enter into a space lease, of duration equivalent to the ground lease and also for nominal rent, but otherwise on commercially reasonable terms, pursuant to which PDOT will lease to OHSU and OHSU will lease from PDOT, the unfinished occupiable space within the Marquam Hill Tram Terminal that is not needed to house components of the Tram.

6.2.4 Project Contingencies to Commencing Construction of the Tram

PDOT shall authorize the start of construction of the Tram when the following Project Contingencies are satisfied:

6.2.4.1 Completion of that portion of the Phase 1 Street Improvement Project that is required to be complete in order to permit Tram construction, except that the Parties anticipate that the S.W. Gibbs improvements may be part of the Tram project and therefore completed as part of the Tram project, not as part of the Phase 1 Street Improvement Project.

6.2.4.2 The Parties shall have executed and delivered the property conveyance documents referred to in Section 6.2.3.

6.2.4.3 Commencement of construction of the Phase 1 OHSU Building and the Phase 1 Condominiums shall have occurred.

6.2.4.4 PDC, PDOT and OHSU shall have entered into a Tram Construction Funding Agreement which shall detail the means and procedures for PDC, PDOT and OHSU to periodically and timely pay their respective shares of the cost of constructing the Tram, and funding shall be available for such construction. The Tram Construction Funding Agreement will also provide for the reimbursement of pre-construction costs incurred by PATI.

6.2.4.5 PDOT and OHSU shall have entered into the Tram Operations Funding Agreement, consistent with the provisions of Section 6.2.5 below and the operating standards of Exhibit G-2.

6.2.4.6 Commitments for the construction of all utility improvements or relocations in the Block 25 Easement shall be in place.

6.2.4.7 If OHSU has elected to site the Phase 1 OHSU Building on Block 25, OHSU, PATI and PDC shall have engaged in and completed the design coordination process referred to in Section 9.20.

6.2.4.8 The relocation of the PP&L Transmission Lines shall have commenced.

6.2.4.9 All discretionary land use approvals required to authorize the construction and operation of the Tram shall have received Final Approval.

6.2.4.10 The City shall not have adopted an ordinance, regulation, rule or requirement, after the Basic Contingencies were satisfied but before the Project Contingencies in Sections 6.2.4.1 through 6.2.4.9 are satisfied or waived, other than City-wide changes in tax abatement programs or system development charges, that would materially and adversely affect the Tram.

6.2.5 Tram Operations

Prior to the commencement of construction of the Tram, PDOT and OHSU will enter into a Tram Operation Funding Agreement. PDC, PDOT and OHSU agree that the Tram Operation Funding Agreement will contain the following provisions:

6.2.5.1 The Tram will be operated by PDOT or a third party operator in a manner consistent with the standards set forth in Exhibit G-2. If PDOT is not the operator of the Tram, the operator will be subject to the reasonable approval of OHSU.

6.2.5.2 Annual net operating losses will be shared by OHSU and PDOT in proportion to the amount of Tram usage by OHSU and the amount of Tram usage by

non-OHSU riders. PDOT will fund its share of net operating losses from funding sources other than PDC funds. Annual net operating profits will be shared in the same proportions.

6.2.5.3 All material management decisions with respect to Tram operations will be subject to the approval of all parties to the Tram Operation Funding Agreement.

6.3 Streetcar Extension

6.3.1 Design and Construction

PDOT will enter into an agreement with PSI pursuant to which PSI will agree to manage the design, permitting and construction of the Streetcar Extension according to the Schedule.

6.3.2 Funding

The Streetcar Extension will be funded according to the Funding and Financing Plan. Each Party that is identified in the Funding and Financing Plan as a source of funds for the Streetcar Extension hereby agrees to provide the amount of funds indicated for that Party in the Funding and Financing Plan, as and when required by the Funding and Financing Plan.

6.3.3 Project Contingencies to Commencing Construction of the Streetcar Extension

Construction of the Streetcar Extension (RiverPlace to Gibbs segment) will commence when the following Project Contingencies are satisfied:

6.3.3.1 The construction of the Streetcar Extension (PSU to RiverPlace segment) has commenced.

6.3.3.2 Completion or assurance of timely completion of grading work on Block 25 by RCI or OHSU.

6.3.3.3 Commencement of the construction of the Phase 1 OHSU Building and the Phase 1 Condominiums.

6.3.3.4 If OHSU has elected, pursuant to Section 2.2.8, that the Phase 1 OHSU Building will be built on Block 25, then the design coordination process set forth in Section 9.20 shall have been completed.

6.3.3.5 The City shall not have adopted an ordinance, regulation, rule or requirement after the Basic Contingencies were satisfied or waived but before the Project Contingencies in Section 6.3.3.1 through 6.3.3.4 are satisfied or waived, other than City-wide changes in tax abatement programs or system development charges, that would materially and adversely affect the Streetcar Extension.

6.4 Neighborhood Park Project

6.4.1 Land Acquisition

The Parties intend that Blocks 32 and 36 be acquired and used as a public park with, potentially, a below-grade parking structure to be built by OHSU. PDC will acquire possession of Blocks 32 and 36 using PDC's normal and customary methods for acquisition of property by not later than December 31, 2004. If PDC intends to acquire Blocks 32 and 36 at a price greater than its appraised value, PDC will consult with OHSU regarding the acquisition price.

6.4.2 Optional Parking Garage

OHSU will have the right to build a below-grade parking garage under Blocks 32 and 36, conditioned upon OHSU, PDC and the Parks Bureau agreeing upon the purchase price and terms for OHSU's acquisition of subsurface property rights and the design of the parking garage and its relationship to the Neighborhood Park. If OHSU wishes to build such a garage, it shall deliver notice of such interest to the Parks Bureau. OHSU's period to notify the Parks Bureau of OHSU's interest in acquiring the property interest will be a function of the timing of construction of the residential Buildings that will trigger the Parks Bureau's obligations under Section 6.4.4. to construct the Phase 1 Neighborhood Park. Accordingly, OHSU's period to notify the Parks Bureau of OHSU's interest shall commence on the date that a building permit application is filed for that residential Building that, when completed, will trigger the Parks Bureau's obligations under Section 6.4.4 and will continue thereafter for a period of six (6) months. Upon notice given by OHSU, OHSU and the Parks Bureau will undertake good faith negotiations to close a transfer of the property interest on mutually agreeable terms, and including the requirements of this Section 6.4.

6.4.3 Parks Master Plan

The Parks Bureau intends to conduct a master planning process that will develop the design and programming of the Neighborhood Park and additional parks in the South Waterfront Plan Area. The Parks Bureau agrees to involve each of NMI, OHSU and the Bureau of Planning as a full participant in that master planning process.

6.4.4 Construction of Neighborhood Park

PDC and the Parks Bureau will undertake and complete the Phase 1 Neighborhood Park Project according to the Schedule and subject to Section 6.4.5.

6.4.5 Project Contingencies to the Phase 1 Neighborhood Park Project Demolition and Initial Improvements

The Parks Bureau will commence the demolition and initial improvement activities in the Phase 1 Neighborhood Park Project at a time such that the Phase 1 Neighborhood Park Project will be complete within one (1) year after at least three hundred (300) taxable residential units will have been built in the Project Area and at least one hundred fifty (150) of those three hundred (300) taxable residential units (excluding Affordable Housing) have been

built on any of Blocks 31, 35, 38 and/or 39, provided that such demolition shall not be required to commence earlier than September 30, 2007. The Hotel guest rooms shall be considered taxable residential units for purposes of this Section 6.4.5.

6.4.6 Relationship of the Parking Garage to the Park

In the event that OHSU elects to build a Parking Garage below grade on Blocks 32 and 36, the following sets forth the Parks Bureau's requirements with respect to the relationship of the parking garage to the Neighborhood Park:

6.4.6.1 A Parking Garage will be allowed beneath the Neighborhood Park.

6.4.6.2 Vehicular access to the Parking Garage will not be allowed on Blocks 32 and 36.

6.4.6.3 Pedestrian access from the Parking Garage to the surface will be allowed but only at the corners of the Neighborhood Park.

6.4.6.4 Mechanical system air exhausts and intakes will be allowed to penetrate the surface but only at the corners of the Neighborhood Park and the exhausts shall be of a height sufficient to disburse exhaust away from the surface of the Neighborhood Park. The mechanical system shall be integrated into the design of the Neighborhood Park so as to minimize the footprint of any such structure in the Neighborhood Park.

6.4.6.5 The pedestrian stairs, elevators or other access and mechanical system intakes and exhausts shall be subject to Parks Bureau design standards.

6.4.7 Construction of the Garage

In the event OHSU elects to build a Parking Garage below grade on Blocks 32 and 36, OHSU shall construct such Parking Garage at its cost and expense and shall substantially complete this Parking Garage soon enough to enable the Parks Bureau to commence demolition and initial improvement activities within the Phase 1 Neighborhood Park Project when and as required by Section 6.4.3. OHSU agrees, and PDC agrees to cause the Parks Bureau to agree, to coordinate the design and construction of the Neighborhood Park and any subsurface Parking Garage.

6.5 Greenway Parcel Improvements

As described below, NMI and RCI will provide for the Initial Greenway Improvements Project on, respectively, the NMI Greenway Parcel and the RCI Greenway Parcel and will dedicate these Greenway Parcels to the City.

6.5.1 Initial Greenway Improvements

NMI and RCI shall each prepare by January 2, 2004 a plan for the Initial Greenway Improvements for each of their respective Greenway Parcels, consistent with this

subsection and including the scope and timing of their Initial Greenway Improvements (each an "Initial Greenway Improvement Plan"). Each Initial Greenway Improvement Plan shall require completion of the Initial Greenway Improvements by June 1, 2004. Each of NMI and RCI shall submit its respective Initial Greenway Improvement Plan to the Parks Bureau and PDC for review and approval. The Parks Bureau or PDC shall not require work beyond what is described below, but the Parks Bureau or PDC may review and approve or disapprove of the details of the work described below. The Initial Greenway Improvements Project consists of the following work:

6.5.1.1 NMI and RCI will clear and grub its Greenway Parcel as follows: From Ordinary High Water landward, all vegetation, rock, debris, junk or otherwise undesirable material shall be removed, to the extent possible, and topsoil replaced, according to the Initial Greenway Improvement Plan, except for an approximate 50-lineal foot area at the end of Pennoyer Street where a concrete structure is located.

6.5.1.2 NMI will design and construct an interim improvement that provides ADA accessible public access from a public right-of-way to an outlook on the NMI Greenway Parcel ("Outlook Improvement"). The Outlook Improvement will include a trail or walkway and plantings and may include benches and lighting. The Outlook Improvement will allow public access to at least 200 linear feet of the NMI Greenway Parcel.

6.5.1.3 NMI and RCI may, but need not, install a 12' wide pathway along their respective Greenway Parcels. If NMI and/or RCI obtain the prior approval of the Parks Bureau as to the specifications and location of the pathway, then the Parks Bureau shall not be entitled to require NMI and/or RCI, at their cost, to remove the pathway pursuant to Section 6.5.4.

6.5.1.4 The City, through its Endangered Species Act program, has applied for a Joint Division of State Lands permit and U.S. Army Corps of Engineers permit necessary to authorize the removal of the concrete pier located immediately north of the south line of the NMI Greenway Parcel by removing the concrete pad and shearing the piling within the bank at grade and covering with topsoil in preparing for planting; with that portion of the piling in the water to remain. If the Joint Permit to remove the concrete pier is obtained, NMI will perform that work at NMI's cost and in conformance with the conditions of the Joint Permit.

6.5.1.5 NMI and RCI will each re-grade their respective Greenway Parcels (except for rock outcroppings) and stabilize them as follows: from Ordinary High Water landward (west) a maximum 4:1 slope and hydroseed immediately following completion of grading.

PDC acknowledges that, as of the Effective Date, the work described in Section 6.5.1.1 and 6.5.1.5 has been satisfactorily completed. NMI and RCI agree to not modify this completed work without the prior written consent of PDC and the Parks Bureau.

6.5.2 Standards for Greenway Improvements

All Greenway development and phasing shall be consistent with the requirements of the 2002 Approval. Except for the application for development of the Bioswale Stormwater Overflow and the Outlook Improvement, which the City will prepare, if Greenway improvements are proposed that do not comply with the 2002 Approval, the owner of the affected Greenway Parcel shall be responsible to apply for changes to the 2002 Approval, in accordance with applicable provisions of the Zoning Code as implemented by Bureau of Development Services. NMI and RCI have each posted a bond to ensure completion of the greenway improvements currently approved in the 2002 Approval. These bonds shall be released within thirty (30) days after the Effective Date.

6.5.3 Greenway Development Plan

6.5.3.1 The City has identified the need for a master plan for the design and coordination of all Greenway improvements in the South Waterfront Plan Area (the "Greenway Development Plan"). The parties acknowledge that the City intends to undertake and complete the Greenway Development Plan within two years of the Effective Date.

6.5.3.2 RCI and NMI will actively participate in the Greenway Development Plan process managed by the City and the Greenway Development Plan Implementation Strategy managed by PDC and pay \$25,000 as their collective share of the cost of the Greenway Development Plan's schematic design and design development for the Greenway within the South Waterfront Plan Area not later than September 30, 2003.

6.5.3.3 NMI and RCI will jointly hold one seat on the Greenway Development Plan Parks Project Advisory Team.

6.5.3.4 NMI and RCI will jointly hold one seat on the Greenway Development Plan Implementation Strategy Partnership Group.

6.5.4 Dedication of Greenway Parcels

The RCI Greenway Parcel is identified in the RCI tentative subdivision plan approved under LUR 02-116252 SU GW, and the NMI Greenway Parcel is identified in the NMI tentative subdivision plan approved under LUR 02-128184 SU GW. Subject to the conditions of this Section 6.5.4, RCI and NMI agree to dedicate their respective Greenway Parcels to the City, Parks Bureau, as follows:

6.5.4.1 RCI agrees to dedicate the RCI Greenway Parcel within six (6) months after the commencement of above-grade construction has occurred on Blocks 23, 27 and 30 but not earlier than January 2, 2006; and

6.5.4.2 NMI agrees to dedicate the NMI Greenway Parcel within six (6) months after the commencement of above-grade construction has occurred on Block 34, but not earlier than January 2, 2006;

6.5.4.3 The above dedications shall be at no cost to the City;

6.5.4.4 Within sixty (60) days after the Effective Date, PDC shall review the condition of title to the Greenway Parcels and give RCI and NMI respectively notice of its acceptance or rejection of the condition of title of its respective parcel with the exception of liens and encumbrances requiring the payment of money. Failure to give notice shall be deemed PDC's acceptance of the condition of title for a Greenway Parcel. If PDC accepts the condition of title of the Greenway Parcels, RCI and NMI agree to dedicate their respective Greenway Parcels to the City with the condition of title the same as of the date of PDC's notice, but with all liens and encumbrances requiring the payment of money removed. If PDC does not accept the condition of title, and RCI or NMI refuses to cause the removal of any unacceptable title exceptions prior to or as a condition of the dedication, the NMI and RCI responses being given to PDC by notice not later than sixty (60) days after the date of the PDC notice, then the City is not obligated to accept dedication of the Greenway Parcels. Failure of NMI or RCI to give a response to PDC's notice shall be deemed a refusal to remove the unacceptable exceptions;

6.5.4.5 In the event that a path or other improvements installed by a Party exist upon either the NMI Greenway Parcel or the RCI Greenway Parcel, and the Parks Bureau has not previously approved the location of the path or improvements pursuant to Section 6.5.1.3, then the Parks Bureau may give written notice to the applicable former owner of the Greenway Parcel, within thirty (30) days after the dedication, requiring that RCI or NMI, as applicable, remove the path or improvement within sixty (60) days after the Parks Bureau's written notice, and the applicable former owner of that Greenway Parcel agrees to do so. The Parks Bureau will grant the applicable former Greenway Parcel owner a permit and right of entry to come upon the applicable Greenway Parcel to remove the path; and

6.5.4.6 Within ninety (90) days after the Effective Date, PDC shall complete its review of the existing environmental reports and complete any due diligence investigation it deems necessary to determine the environmental condition of the Greenway Parcels and to give RCI and NMI respectively notice of its acceptance or rejection of the environmental condition of its respective Greenway Parcel. If PDC accepts the environmental condition of the Greenway Parcels, RCI and NMI agree to dedicate the Greenway Parcels to the City with the environmental condition the same as of the date of PDC's notice, with evidence reasonably satisfactory to the City being given at the time of the dedication. If PDC does not accept the environmental condition of a Greenway Parcel, and RCI or NMI refuses to cause the remediation of any unacceptable environmental conditions prior to or as a condition of the dedication, which refusal shall be communicated to PDC by notice not later than sixty (60) days after the date of the PDC notice, then the City is not obligated to accept dedication of a Greenway Parcel which is unacceptably contaminated.

6.5.4.7 Neither NMI nor RCI shall be entitled to an SDC credit pursuant to City Code, Chapter 17.13 for the dedication of their respective Greenway Parcels to the City, but NMI and RCI may transfer the FAR capacity from their respective Greenway Parcels, provided that after the FAR transfers are completed, not less than 10,000 square feet of FAR capacity shall remain on Greenway Parcels for Parks Bureau use (6,000 square feet on the RCI Greenway Parcel and 4,000 square feet on the NMI Greenway Parcel).

6.5.5 Extent of Responsibilities

Upon the performance of their respective obligations under Sections 6.5.1 through 6.5.4, NMI and RCI shall have no further obligations under this Agreement with respect to the Greenway Parcels.

6.5.6 Final Greenway Improvements

6.5.6.1 If the City has accepted the dedication of the Greenway Parcels, or if the City reasonably believes that the Greenway Parcels will be dedicated based on the acceptable initial reviews described in Section 6.5.4.4 and 6.5.4.6, the City will contract for the final design of the Final Greenway Improvements proposed in the Greenway Development Plan consistent with the Schedule and the Greenway Development Plan Implementation Strategy, and after dedication is complete, will contract for their construction. Construction of the Final Greenway Improvements will be phased based on funding availability. The Final Greenway Improvements will include the design and construction of trails through the Greenway Parcels. The City will not be obligated to commence construction of the Final Greenway Improvements until after substantial completion of Buildings on Blocks 23, 27, 30, 34 and 37, and the City shall complete construction of the Final Greenway Improvements by December 31, 2012. The timing of the City's obligation to complete the Final Greenway Improvements is based on the Parties' assumption that the City Code allows, or, through a discretionary approval could allow, the stated timing. NMI and RCI agree to apply for that discretionary approval by the City that may be required to extend the timelines for completion of the Final Greenway Improvements beyond the completion of a Building on land adjacent to that Party's current or former Greenway Parcel. If Final Approval of the extension is not granted, then PDC shall construct those Greenway Improvements as and when required by the City so as to enable Buildings to be built on adjacent Blocks in accordance with the Schedule.

6.5.6.2 If the City has not accepted the condition of title or the environmental condition of the Greenway Parcels in the processes described in Section 6.5.4.4 and 6.5.4.6, the City will not contract for the design or construction of the Final Greenway Improvements. If after acceptance of the initial review of the conditions of title and the environmental conditions of the Greenway Parcels, and after the city has contracted for design of the Final Greenway improvements, the City has not accepted the dedication of the Greenway Parcels because of unacceptable conditions to title or unacceptable environmental conditions (as described in Section 6.5.4.4 and 6.5.4.6) then the City shall have no obligation to contract for the construction of the Final Greenway Improvements.

6.5.7 Operation and Maintenance of the Greenway Parcel

The Greenway Parcel will be operated and maintained as follows:

6.5.7.1 Until each Greenway Parcel is conveyed to the City, NMI and RCI shall maintain their respective Greenway Parcels and pay all costs associated with maintaining the Greenway Parcel without liability to the City or PDC. During this period, RCI and NMI intend to use their Greenway Parcels (except for the Outlook Improvement) for

construction purposes. NMI and RCI will secure their respective Greenway Parcels (except for the Outlook Improvement) to protect the public safety.

6.5.7.2 After conveyance of each Greenway Parcel, the City shall operate and maintain that Greenway Parcel consistent with the Greenway Development Plan Implementation Strategy.

6.6 Moody Avenue Sewer

As part of the fully funded SW Parallel Interceptor Segment 3 construction contract, with supplemental work by the Bureau of Maintenance, BES has contracted for and is undertaking improvements such that the hydraulic grade line of the combination sewer line in SW Moody Avenue will not exceed 32.5 feet above mean sea level (based on a five- (5-) year storm design). PDC shall cause BES to complete these improvements by December 31, 2003.

6.7 Phase 1 OHSU Building

6.7.1 Design and Construction

OHSU will design, construct and complete, and occupy the Phase 1 OHSU Building, which may include OHSU Affiliates and OHSU institutional partners. OHSU shall begin and complete construction in accordance with the Schedule, subject to the terms of this Agreement.

6.7.2 Project Contingencies to Construction of the Phase 1 OHSU Building

Pursuant to the Schedule, OHSU will be required to commence construction of the Phase 1 OHSU Building as soon as the following Project Contingencies have been satisfied:

6.7.2.1 NMI and PDC have completed that portion of the Phase 1 Street Improvement Project, if any, that is required to be complete in order to permit the construction of the Phase 1 OHSU Building.

6.7.2.2 OHSU has obtained Final Approval of all land use approvals and building foundation permits necessary to authorize construction of the Phase 1 OHSU Building.

6.7.2.3 OHSU shall have acquired ownership of a Parking Site (defined in Section 9.2).

6.7.2.4 All conditions precedent to construction of the Phase 1 Parking Garage have been satisfied.

6.7.2.5 The City shall not have adopted an ordinance, regulation, rule or requirement after the Basic Contingencies were satisfied or waived but before the Project Contingencies in Sections 6.7.2.1 through 6.7.2.4 are satisfied or waived, other than City-wide

changes in tax abatement programs or system development charges, that would materially and adversely affect the Phase 1 OHSU Building.

6.8 Phase 1 Parking Garage

6.8.1 Design and Construction

OHSU will design, construct and complete the Phase 1 Parking Garage on a Parking Site in accordance with the Schedule, subject to the terms of this Agreement. The construction of the Phase 1 Parking Garage may require Central City Parking Review ("CCPR") approval, and OHSU shall be responsible for obtaining all approvals and permits required for the Phase 1 Parking Garage. OHSU shall apply for a CCPR approval to allow short-term fee parking required pursuant to Section 2.2.9, but if that approval is not granted, OHSU shall not be required to provide the short-term fee parking.

6.8.2 Project Contingencies to Construction of Phase 1 Parking Garage

The following are Project Contingencies to OHSU's obligation to build the Phase 1 Parking Garage:

6.8.2.1 OHSU shall have obtained Final Approval of all City approvals and building foundation permit required to authorize construction of the Phase 1 Parking Garage; however, CCPR approval of the short-term public parking is not a Project Contingency.

6.8.2.2 OHSU shall have obtained financing, on terms and conditions acceptable to OHSU in its sole discretion, sufficient to enable OHSU to pay the costs of constructing and operating the Phase 1 Parking Garage.

6.8.2.3 The City shall not have adopted an ordinance, regulation, rule or requirement after the Basic Contingencies have been satisfied or waived but before the Project Contingencies in Sections 6.8.2.1 and 6.8.2.2 are satisfied or waived, other than City-wide changes in tax abatement programs or system development charges, that would materially and adversely affect the Phase 1 Parking Garage.

6.9 Phase 1 Condominiums

6.9.1 Design and Construction

NMI, or its property transferee(s), will design and construct the Phase 1 Condominiums, without funding participation from the City or PDC. NMI, or its property transferee(s), shall begin and complete construction as set forth in the Schedule, subject to the terms of this Agreement.

6.9.2 Project Contingencies to Construction of the Phase 1 Condominiums

NMI or its property transferee will commence construction of the Phase 1 Condominium in accordance with the Schedule and as soon as the following Project Contingencies have been satisfied:

6.9.2.1 NMI and PDC have completed that portion of the Phase 1 Street Improvement Project that is required to be complete, if any, so as to permit construction of the Phase 1 Condominiums;

6.9.2.2 NMI or its property transferee shall have obtained Final Approval of all land use approvals and building foundation permits necessary to authorize construction of the Phase 1 Condominiums; and

6.9.2.3 NMI or its property transferee shall have obtained sufficient funding commitments, on terms and conditions acceptable to NMI in its sole discretion, for the construction of the Phase 1 Condominiums.

6.9.2.4 The City shall not have adopted an ordinance, regulation, rule or requirement after the Basic Contingencies have been satisfied or waived but before the Project Contingencies in Sections 6.9.2.1 through 6.9.2.3 have been satisfied or waived, other than City-wide changes in tax abatement programs or system development charges, that would materially and adversely affect the Phase 1 Condominiums.

6.10 Phase 1 Apartments

6.10.1 Design and Construction; Private Funding

NMI or its property transferee will design, construct and complete the Phase 1 Apartments without public funding participation, except for tax abatement programs generally available to similar projects within the Central City. NMI or its property transferee will begin and complete construction of the Phase 1 Apartments as set forth in the Schedule, subject to the terms of this Agreement.

6.10.2 Project Contingencies to Commencing Construction of Phase 1 Apartments

NMI or its property transferee will be required to commence construction of the Phase 1 Apartments as soon as the following Project Contingencies have been satisfied:

6.10.2.1 NMI and PDC shall have completed that portion of the Street Improvement Project that is required to be complete, if any, to permit the construction of the Phase 1 Apartments;

6.10.2.2 NMI, or its property transferee, shall have obtained Final Approval of all City land use approvals and a foundation building permit necessary to authorize construction of the Phase 1 Apartments; and

6.10.2.3 NMI, or its property transferee, shall have obtained sufficient construction and permanent financing commitments, on terms and conditions acceptable to NMI in its sole discretion, for the construction and ownership of the Phase 1 Apartments.

6.10.2.4 The City shall not have adopted an ordinance, regulation, rule or requirement, after the Basic Contingencies have been satisfied or waived but before the Project Contingencies in Sections 6.10.2.1 through 6.10.2.3 are satisfied or waived, other than City-wide changes in tax abatement programs or system development charges, that would materially and adversely affect the Phase 1 Apartments.

6.11 Phase 1 Affordable Apartments

6.11.1 Obligation to Construct

NMI, or its property transferee(s), shall be obligated to construct, or to cause to be constructed, the Phase 1 Affordable Apartments above a Parking Garage and in accordance with the Schedule, subject to the terms of this Agreement.

6.11.2 Project Contingencies to Phase 1 Affordable Apartments

NMI shall be obligated to cause the Phase 1 Affordable Apartments to be constructed in accordance with the Schedule if and as soon as the following Project Contingencies have been satisfied:

6.11.2.1 The air and development rights for the Phase 1 Affordable Apartments shall be available to NMI above a Parking Garage.

6.11.2.2 OHSU, PDC and NMI shall have agreed on the Structural Enhancements (as defined in Section 10.5.1).

6.11.2.3 The Parking Garage intended to support the Phase 1 Affordable Apartments shall be substantially complete, and PDC shall have agreed to finance the Structural Enhancement Costs (as defined in Section 10.5.2) of the Parking Garage pursuant to Section 10.5.

6.11.2.4 NMI, or its property transferee, shall have obtained Final Approval of all City land use approvals and a foundation building permit necessary to authorize construction of the Phase 1 Affordable Apartments.

6.11.2.5 NMI and PDC shall each have determined that the Phase 1 Affordable Apartments are financially feasible pursuant to Section 10.2.

6.11.2.6 The City shall not have adopted an ordinance, regulation, rule or requirement, after the Basic Contingencies have been satisfied or waived but before the Project Contingencies in Sections 6.11.2.1 through 6.11.2.5 are satisfied or waived, other than City-wide changes in tax abatement programs or system development charges, that would materially and adversely affect the Phase 1 Affordable Apartments.

6.12 Hotel

6.12.1 Design and Construction

OHSU will be responsible for causing the Hotel to be designed, financed and constructed subject to the terms of this Agreement. OHSU shall begin and complete construction of the Hotel in accordance with the Schedule without financial investment by PDC.

6.12.2 Project Contingencies to Construction of the Hotel

OHSU shall be obligated to cause the Hotel to be constructed in accordance with the Schedule and as soon as the following Project Contingencies have been satisfied:

6.12.2.1 A market feasibility study, performed in accordance with the hotel industry's standards has determined that the Hotel is feasible.

6.12.2.2 OHSU shall have entered into a hotel management agreement with an experienced hotel management company for the management of the Hotel.

6.12.2.3 OHSU shall have obtained sufficient financing (equity, construction debt and permanent debt) on terms acceptable to OHSU in its sole discretion to provide funds for the construction and ownership of the Hotel.

6.12.2.4 OHSU shall have received Final Approval of all land use approvals necessary for the construction of the Hotel, and OHSU has received a building permit for the Hotel's foundation.

6.12.2.5 The City shall not have adopted an ordinance, regulation, rule or requirement, after the Basic Contingencies have been satisfied or waived but before the Project Contingencies in Sections 6.12.2.1 through 6.12.2.4 are satisfied or waived, other than City-wide changes in tax abatement programs or system development charges, that would materially and adversely affect the Hotel.

6.13 Bioswale Stormwater Overflow

6.13.1 Design and Construction

NMI agrees to design, obtain all permits except those to be obtained by the City pursuant to Section 6.5.2 for and construct the Bioswale Stormwater Overflow, pursuant to the terms of this Agreement.

6.13.2 Project Contingencies to Construction of the Bioswale Stormwater Overflow

NMI shall be obligated to construct the Bioswale Stormwater Overflow in accordance with the Schedule and as soon as the following Project Contingencies have been satisfied: Final Approval shall have occurred with respect to all permits required for the

Bioswale Stormwater Overflow, including, but not limited to: an Army Corps of Engineers permit, a Division of State Lands permit and permit(s) from BES.

6.14 Macadam Avenue Street Project

6.14.1 Design and Construction

PDC agrees to cause PDOT to design and construct the Macadam Avenue Street Project subject to the terms and conditions of this Agreement.

6.14.2 Project Contingencies to Construction of the Macadam Avenue Street Project

PDC agrees to cause PDOT to construct the Macadam Avenue Street Project in accordance with the Schedule and as soon as the following Project Contingencies have been satisfied.

6.14.2.1 The External Funds for the Macadam Avenue Street Project as identified in the Funding and Financing Plan shall have been committed.

6.14.2.2 The Project Contingencies to the Phase 1 Street Improvement Project shall have been satisfied or waived.

6.14.2.3 All permits required for the Macadam Avenue Street Project, including, but not limited to, permits from PDOT and the Oregon Department of Transportation, shall have received Final Approval.

6.14.2.4 The (a) execution and delivery to the City by RCI, NMI, Block 39, OHSU and sufficient other benefited property owners so as to constitute a majority of the benefited property owners of waivers of remonstrance waiving their respective rights to object to the formation of an LID for the Macadam Avenue Street Project pursuant to Section 5.2.5.4 and Exhibit K-4, and (b) formation and Final Approval of such LID.

6.14.2.5 The City shall not have adopted an ordinance, regulation, rule or requirement after the Basic Contingencies were satisfied, but before the Project Contingencies in Sections 6.14.2.1, 6.14.2.2 and 6.14.2.3 are satisfied or waived, other than City-wide changes in tax abatement programs or system development charges, that would materially and adversely affect the Macadam Avenue Street Project.

6.15 Storm and Sanitary Project

6.15.1 Design and Construction

PDC agrees to design and construct the Storm and Sanitary Project in accordance with the terms of this Agreement.

6.15.2 Project Contingencies to the Storm and Sanitary Project

PDC agrees to construct the Storm and Sanitary Project in accordance with the Schedule and as soon as all Project Contingencies to the Phase 1 Street Improvement Project shall have been satisfied or waived.

6.16 SW Bond Avenue from SW Lane to SW Bancroft Project

PDC agrees to cause PDOT to construct the SW Bond Avenue from SW Lane to SW Bancroft Project to be completed not later than when the Phase 1A Street Improvement Project is completed, and PDOT will commence construction within ninety (90) days after the Project Contingencies to the Phase 1 Street Improvement Project shall have been satisfied or waived.

6.17 SW Moody Avenue from SW Gibbs to Marquam Bridge Project

PDC agrees to cause PDOT to construct the SW Moody Avenue from SW Gibbs to the Marquam Bridge Project. Such project shall be constructed as part of the Streetcar Extension if the Streetcar Extension is constructed on Moody Avenue. If the Streetcar Extension is constructed on River Parkway, PDC shall, as part of the Phase 1 Street Improvement Project, cause PDOT to make temporary improvements to SW Moody Avenue, which shall consist of (a) an asphalt overlay so as to create a smooth grade, (b) street trees, (c) a pedestrian walkway on the west side of the street, (d) temporary street lights, and (e) a bicycle lane. The Parties acknowledge that funding for this project has not been identified, but will be addressed as part of the satisfaction of the Basic Contingency identified in Section 5.2.6.

6.18 Neighborhood Improvements Project

PDC agrees to provide funding as described in the Funding and Financing Plan toward the design and construction of improvements within the UR Area to improve access to and from the Project Area and adjacent neighborhoods. The scope and design of the Neighborhood Improvements Project will be determined in consultation with adjacent neighborhood organizations, specifically including the Corbett Terwilliger Lair Hill Neighborhood Association. PDC may undertake and complete the Neighborhood Improvements Project at any time during Phase 1, but shall schedule any construction activities to coordinate with the construction of other Phase 1 Contingent Projects

SECTION 7 CONTINGENT PROJECT OBLIGATIONS FOR PHASE 2

7.1 In General

The Parties recognize that it is very difficult to predict when the Phase 2 Contingent Projects will be built because the OHSU Phase 2 Contingent Projects are subject to, among other things, the receipt by OHSU of grant funds, OHSU's ability to access the capital markets and OHSU's internal growth needs and the NMI Phase 2 Contingent Projects are subject to market conditions. The Parties also recognize that PDC and the City face uncertainties which make it difficult to enter into specific long-term commitments, such a public policy direction and predicting new development that will generate incremental property taxes. Thus, the Parties

agree that, as of the Effective Date, it is not possible to make and rely upon realistic commitments as to the dates for construction of the Phase 2 Contingent Projects. However, the Parties agree that as Phase 1 of the Project progresses, it will be possible to move toward tentative commitments, and then to binding commitments for the Phase 2 Contingent Projects.

7.2 Periodic Reporting, Tentative Commitment

7.2.1 Within thirty (30) days after each anniversary of the Effective Date, the Parties shall meet to review the status of the Phase 2 Contingent Projects and to review the factors that are affecting when various Phase 2 Contingent Projects may be built.

7.2.2 Within thirty (30) days after the occupancy of 50% of the OHSU Phase 1 Building and the occupancy of 50% of the Phase 1 Condominiums and the Phase 1 Apartments, PDC, NMI and OHSU shall meet to review the status of the Phase 2 Contingent Projects. At this meeting, NMI and OHSU shall provide PDC with a Tentative Commitment for each of their respective Phase 2 Contingent Projects. This Tentative Commitment shall not be binding but shall represent the submitting Party's then reasonable estimate of the commencement date of each Phase 2 Contingent Project. The Tentative Commitment shall: identify the Phase 2 Contingent Project, set forth a range of dates (not broader than 2 years) for the expected start date for construction, set forth the specific Project Contingencies for that Phase 2 Contingent Project and identify the Phase 2 Contingent Projects to be funded in whole or in part by PDC that would be a precondition to other Phase 2 Contingent Projects.

7.3 Scheduled Commitment

At any time after a Party has provided a Tentative Commitment for a Contingent Project, that Party may propose an amendment to this Agreement (and/or its Exhibits) to incorporate a Scheduled Commitment for that Phase 2 Contingent Project. A Scheduled Commitment shall include: a description of that Phase 2 Contingent Project, the Block or Blocks where that Phase 2 Contingent Project will be built, the Project Contingencies to that Phase 2 Contingent Project, an early and late construction start date, and an early and late construction completion date (which will amend the Schedule), and a source and uses of funds plan for that Phase 2 Contingent Project and any other Contingent Project that is a precondition to that Phase 2 Contingent Project. The form of the amendment shall be subject to PDC's reasonable approval. Upon execution of the amendment, the Party proposing to build that Phase 2 Contingent Project will be obligated to do so when Scheduled, subject to all of the terms and conditions of this Agreement.

7.4 Public Phase 2 Contingent Projects

PDC shall not be obligated to undertake or fund a Phase 2 Contingent Project unless and until there is a Scheduled Commitment pursuant to Section 7.3 for that Phase 2 Contingent Project that is conditioned on performance by PDC. PDC is not obligated to fund or undertake a Phase 2 Contingent Project unless PDC reasonably forecasts sufficient incremental tax revenue, LIDs or other funding sources so as to enable PDC to meet its responsibilities for that Phase 2 Contingent Project.

7.5 Notice to Proceed

Upon the delivery by NMI or OHSU of a notice to PDC that NMI or OHSU is ready to proceed with construction of a Phase 2 Contingent Project for which there is a Scheduled Commitment, then PDC shall commence and diligently complete its Phase 2 Contingent Project(s) that is (are) a precondition to NMI's or OHSU's Phase 2 Contingent Project pursuant to Section 7.3 but subject to Section 7.4.

7.6 Deferred Public Phase 2 Contingent Projects

In the event that a Phase 2 Contingent Project involving public infrastructure is not required to be built within Phase 2, either because the pre-conditions to the obligation to build or fund that Contingent Project have not been satisfied or the Parties have agreed otherwise, then that Phase 2 Contingent Project shall become a Phase 3 Contingent Project.

7.7 No Gap Payment

The provisions of Section 18.2 do not apply to Phase 2 Contingent Projects.

SECTION 8 CONTINGENT PROJECT OBLIGATIONS FOR PHASE 3

8.1 In General

The Parties recognize that it is very difficult to predict when the Phase 3 Contingent Projects will be built because the OHSU Phase 3 Contingent Projects are subject to, among other things, the receipt by OHSU of grant funds, OHSU's ability to access the capital markets, and OHSU's internal growth needs and the NMI Phase 3 Contingent Projects are subject to market conditions. The Parties also recognize that PDC and the City face uncertainties which make it difficult to enter into specific long-term commitments, such a public policy direction and predicting new development that will generate incremental property taxes. Thus, the Parties agree that it is not possible to make and rely upon realistic commitments as to the dates for construction of the Phase 3 Contingent Projects. However, the Parties agree that as Phase 2 of the Project progresses, it will be possible to move toward tentative commitments, and then to binding commitments for the Phase 3 Contingent Projects.

8.2 Periodic Reporting, Tentative Commitment

8.2.1 Within thirty (30) days after each anniversary of the Effective Date, the Parties shall meet to review the status of the Phase 3 Contingent Projects and to review the factors that are affecting when various Phase 3 Contingent Projects may be built.

8.2.2 Within thirty (30) days after the occupancy of 50% of the OHSU Phase 2 Building or Buildings and the occupancy of 50% of the Phase 2 Condominiums and the Phase 2 Apartments, PDC, NMI and OHSU shall meet to review the status of the Phase 3 Contingent Projects. At this meeting, NMI and OHSU shall provide PDC with a Tentative Commitment for each of their respective Phase 3 Contingent Projects. This Tentative Commitment shall not be binding but shall represent the submitting Party's then reasonable estimate of the commencement date of each Phase 3 Contingent Project. The Tentative Commitment shall: identify the Phase 3

Contingent Projects, set forth a range of dates (not broader than 2 years) for the expected start date for construction, set forth the specific Project Contingencies for that Phase 3 Contingent Project and identify the Phase 3 Contingent Projects to be funded in whole or in part by PDC that would be a precondition to other Phase 3 Contingent Projects.

8.3 Scheduled Commitment

At any time after a Party has provided a Tentative Commitment for a Contingent Project, that Party may propose an amendment to this Agreement (and/or its Exhibits) to incorporate a Scheduled Commitment for that Phase 3 Contingent Project. A Scheduled Commitment shall include: a description of that Phase 3 Contingent Project, the Block or Blocks where that Phase 3 Contingent Project will be built, the Project Contingencies to that Phase 3 Contingent Project, an early and late construction start date, and an early and late construction completion date (which will amend the Schedule) and a source and use of funds plan for that Phase 3 Contingent Project and any other Contingent Project that is a precondition to that Phase 3 Contingent Project. The form of the amendment shall be subject to PDC's reasonable approval. Upon execution of the amendment, the Party proposing to build that Phase 3 Contingent Project will be obligated to do so when Scheduled, subject to all of the terms and conditions of this Agreement, and subject to Project Contingencies for the Phase 3 Affordable Apartments equivalent to the Project Contingencies for the Phase 1 Affordable Apartments.

8.4 Public Phase 3 Contingent Project

PDC shall not be obligated to undertake or fund a Phase 3 Contingent Project unless and until there is a Scheduled Commitment pursuant to Section 8.3 for that Phase 3 Contingent Project that is conditioned on performance by PDC. PDC is not obligated to fund or undertake a Phase 3 Contingent Project unless PDC reasonably forecasts sufficient incremental tax revenue, LIDs or other funding source so as to enable PDC to meet its responsibilities for that Phase 3 Contingent Project.

8.5 Notice to Proceed

Upon the delivery by NMI or OHSU of a notice to PDC that NMI or OHSU is ready to proceed with construction of a Phase 3 Contingent Project for which there is a Scheduled Commitment, PDC shall commence and diligently complete its Phase 3 Contingent Project(s) that is (are) a precondition to NMI's or OHSU's Phase 3 Contingent Project pursuant to Section 8.3 but subject to Section 8.4.

8.6 No Gap Payments

The provisions of Section 18.2 do not apply to Phase 3 Contingent Projects.

SECTION 9 GENERAL OBLIGATIONS APPLYING TO CONTINGENT PROJECTS

9.1 Design Processes

9.1.1 All construction in the Project Area will be subject to City Design Review pursuant to the requirements of the City Code, including the South Waterfront Plan. NMI and

OHSU are each committed to presenting structures built with quality design and materials, with particular focus on ground floor and pedestrian areas.

9.1.2 OHSU and NMI have engaged in conversations with interested parties on issues involving the urban context and design of the Project. PDC agrees to convene the Bureau of Planning, BDS, PDOT and other interested City Bureaus in an urban design advisory group to meet with the Parties during the continuing conceptual design process for the Project to offer advice and make suggestions on the design and functional relationships, correlation and spatial issues that will link Buildings in the Project to open spaces and transportation systems. The initial meeting of this advisory group, whose recommendations will be non-binding but will be given good faith consideration, will convene in August 2003, and the consultations will be concluded by October 31, 2003.

9.2 Parking Structures Within the Project Area

9.2.1 The Parties agree that the following are appropriate alternative sites for building structured parking to serve OHSU Buildings within the Project Area: underground on Blocks 32 and 36, below and/or above grade on Block 33, and below and/or above grade on Block 26 (each a "Parking Site"). The latter two Parking Sites may also be the location of Affordable Housing to be built above parking structures located on those Parking Sites. The Phase 1 Parking Garage, the Phase 2 Parking Garage, and the Phase 3 Parking Garage will each be built on a Parking Site, but it has yet to be determined which Parking Garage will be built on which Parking Site. OHSU shall have the option to determining which of the Parking Sites will be the location of each of the Parking Garages. OHSU may make these elections by written notice to the other Parties.

9.2.2 Whenever OHSU is obligated to commence construction of a Parking Garage, based on the Schedule, OHSU will make the election referred to in Section 9.2.1 at least twelve (12) months prior to the Late Construction Start Date for that Parking Garage.

9.2.3 If OHSU elects to build a Parking Garage on Block 26, and OHSU does not own Block 26, then PDC will acquire Block 26 and transfer Block 26 to OHSU on the terms and conditions of this Section 9.2.3. In order to trigger PDC's obligation to acquire Block 26, OHSU shall provide PDC with a Development Plan at least two hundred and seventy (270) days in advance of the date by which PDC must acquire ownership or possession of Block 26. The Development Plan shall include the following elements: a non-contingent commitment by OHSU to build a Parking Garage on Block 26, a construction schedule, a description of the uses that will be built above the Parking Garage and an explanation of the public benefits from those uses, and a proposed, but non-binding, schedule for the construction of those uses above the Parking Garage. The Development Plan shall be subject to PDC's approval, which will not be unreasonably delayed or withheld. PDC will approve the Development Plan if the use above the Parking Garage is: an OHSU Building, OHSU Student Housing or Affordable Apartments. Upon approval of the Development Plan, PDC, using normal and customary procedures, will acquire Block 26 for its appraised fair market value or such other value to which OHSU shall agree, or its value determined by the court in any necessary legal action. OHSU will advance funds to PDC in the amount of PDC's direct out-of-pocket costs (excluding overhead and staff costs in excess of \$50,000) in acquiring Block 26. As soon as PDC acquires title to Block 26,

PDC will convey title to Block 26 to OHSU. Prior to conveying Block 26 to OHSU, PDC will join in any Block 26 land use applications to be filed by OHSU.

9.3 Parking Management Within the Project Area

OHSU's and NMI's parking program in the Project Area will be guided by the parking analysis and report drafted by Kittelson & Associates, attached as Exhibit R, and in accordance with the following goals, policies and agreements:

9.3.1 The Parties agree that the Project Area parking program will be managed to encourage use of alternative modes of transportation and promote maximum feasible utilization of public and private investment in transit (bus, streetcar, tram), including incentive and parking pricing policies.

9.3.2 The Parties also agree that the Project Area parking program will be managed to encourage shared use of parking among residential, commercial and institutional uses, to the extent allowed by City Code.

9.3.3 The Parties anticipate that, prior to full build-out of the Project Area, portions of Parking Garages will be available for OHSU-related uses and activities and other complementary uses in addition to serving adjacent Buildings. At full build-out, the goal is that the capacity of all Parking Garages will be used for Project Area uses and activities.

9.3.4 As regulated by the City Code, surface parking will be allowed for temporary construction offices and temporary sales offices, and for building occupancy-related uses prior to construction of Parking Garages. The Parties intend that any surface parking developed will be transitional in nature, and that the goal at full build-out of the Project Area is that all off-site parking will be structured.

9.3.5 PDC agrees to work with PDOT and other relevant City Bureaus to create a parking district in the Project Area, and eventually, throughout the entire South Waterfront Plan Area. All on-street parking within the parking district would be regulated and metered, with street parking oriented to retail and other commercial uses in the Project Area.

9.3.6 OHSU and NMI agree to participate in a future Transportation Partnership Plan and Implementation Strategy either for the Project Area or the entire South Waterfront Plan Area, as provided in Section 9.19.

9.4 Environmental Conditions and Abatement

Any Party having a construction obligation will be responsible for environmental remediation activities on the subject site as part of the construction obligation, except as follows. NMI, RCI and Block 39 shall not be responsible for remediation activities on the property of any third party, and shall not be responsible for the cost of remediation of City-owned existing rights-of-way unless NMI, RCI or Block 39 is legally responsible to remediate the City-owned existing right of way. PDC shall be responsible for remediation to Environmental Standards of the property of RCI, NMI or Block 39 if the City is legally responsible to remediate the property of RCI, NMI, or Block 39. Environmental remediation includes testing, clean up and disposal to

relevant Environmental Standards. NMI and RCI shall each pay the cost of environmental remediation required by the Environmental Standards with respect to the NMI Lands, the RCI Lands, including the Greenway Parcel, and the adjacent street rights-of-way owned by NMI or RCI, respectively. PDC, or its assignee, will take such action as is necessary or prudent to enforce the obligation of responsible parties to pay the costs of environmental remediation for the public rights-of-way. Upon a Party's request, each of the other Parties will provide to the requesting Party, copies of any environmental reports relating to the other Parties' land in the Project Area.

9.5 Demolition

Any Party having a construction obligation will be responsible for demolition of any existing structures on its own land, if required to complete its construction obligation, without financial participation from another Party, except that any building demolition required to establish and improve a street right-of-way or easement shall be the responsibility of the owner of the adjacent Block or parcel.

9.6 Utilities

9.6.1 The Parties will comply with the Infrastructure Coordination Plan in designing and constructing utility improvements on their respective properties and in the street rights of way.

9.6.2 Any Party having a construction obligation will be responsible for relocation of existing public or private utilities from their Blocks, without financial participation from another Party. PDC will cooperate with the Parties to accomplish relocation so as to allow development to occur according to the Schedule.

9.6.3 PDOT agrees to use its legal authority and right, to the extent it may legally do so, to cause any utility holding a franchise over public streets to remove any utility lines, equipment or structures in the public right-of-way, that interfere with the Project, at the utility's own cost and expense and consistent with the Schedule.

9.7 Stormwater Management

NMI and RCI, or their respective property transferees, and OHSU shall integrate innovative stormwater management into each of their respective Buildings and site design to achieve maximum infiltration and retention of stormwater, and water quality of runoff. The list below is of Building and site features with potential benefits. NMI, RCI and OHSU shall integrate the following features into their respective Buildings and site design to the extent economically and functionally feasible.

9.7.1 Ecoroofs and roof gardens for reduction in runoff, to promote rooftop storage for reuse, enhance building cooling and insulation, reduce heat island effect offering area cooling, and improve air and aesthetic qualities;

9.7.2 Landscape areas or planters, including tree wells and filter strips to reduce impervious cover and to allow infiltration for reduction in runoff, reduce heat island effect

offering area cooling, improve air and aesthetic qualities and achieve pollutant reduction as water filters through the soil;

9.7.3 Pervious hardscape through design or use of pervious materials to allow infiltration for reduction in runoff, promote rooftop storage for reuse, enhance building cooling and insulation, reduce heat island effect offering area cooling, improve air and aesthetic qualities; and

9.7.4 Utilization of innovative stormwater management described in the Stormwater Management Manual as simplified approaches.

NMI and RCI may apply to BES for a reduction in stormwater user fees as a result of incorporating such features.

9.8 Permits and Land Use Approvals

Any party having a construction obligation under this Agreement will be responsible for obtaining all permits, including land use approvals, building permits and any other approvals necessary to construct the Contingent Project, except as otherwise specifically provided in this Agreement. Each Party will cooperate with the others to facilitate reviews, but PDC's cooperation does not guarantee City approval and does not constitute a waiver of the City's regulatory powers over the Contingent Projects. In addition to any other rights of approval specifically stated in this Agreement, each Party shall have the right, but not the obligation to review and comment upon a permit or land use application of another Party prior to its submission for regulatory review to determine any concerns a Party may have with the application. In the event that, despite an applying Party's good faith efforts, an approval or permit required for a Contingent Project is not issued by the date set forth in the Schedule, or if issued, the approval or permit is appealed, then such event shall constitute an Unavoidable Delay and the Scheduled dates affected by the Unavoidable Delay shall be extended by the period of the Unavoidable Delay. The Parties agree that those Contingent Projects that are not dependent on the delayed Contingent Project shall continue according to the Schedule.

9.9 Appraisals

If a Block is to be acquired by PDC from NMI pursuant to the terms of this Agreement, PDC and NMI shall negotiate in good faith during a period of sixty (60) days to determine the price to be paid by PDC utilizing the principles set forth in Section 9.9.3. If PDC and NMI are unable to agree on a price after such sixty- (60-) day period, the following procedure for appraisal shall be used:

9.9.1 The parcel will be appraised at the time of intended acquisition. PDC will appoint an MAI appraiser, NMI will appoint an MAI appraiser, and the two appointed appraisers will select an independent third MAI appraiser.

9.9.2 The two appointed appraisers will establish the market value of the parcel by agreement within sixty (60) days of their appointment. If the appraisers appointed by PDC and NMI cannot agree on market value, the independent third appraiser shall determine the

market value based upon the analyses performed by the appraisers for PDC and NMI within thirty (30) days of the failure by the appointed appraisers to reach agreement.

9.9.3 Once the market value is determined pursuant to 9.9.2., PDC may utilize its appointed appraiser to develop a modified appraisal, or addendum thereto, which establishes, in the appraiser's opinion, that portion of the market value of the parcel which is solely attributable to the public investment in the Phase 1 Street Improvement Projects, the Tram, the Streetcar Extension, the Neighborhood Park and the Final Greenway Improvements, if any, and acknowledging that NMI will be making significant contributions to those Projects as well. In making this assessment, the appraisers shall also give full consideration to the obligation to make payments of LID assessments by OHSU, NMI, RCI and Block 39 which are paying for some of the Public Investment (defined in Section 18.2.2). This information shall be shared with NMI and the independent third appraiser within thirty (30) days of determination of the market value of the parcel under 9.9.2. NMI may offer evidence and analysis to rebut the modified appraisal to the independent third appraiser within thirty (30) days of PDC's submission of the modified appraisal to the independent third appraiser. The independent third appraiser will review the modified appraisal and the evidence, analyses and rebuttal of NMI. If the independent third appraiser concludes that PDC has demonstrated that there is a portion of the fair market value of a parcel that is solely attributable to the above described infrastructure improvements and that that portion can be quantified, then that amount of value, shall be subtracted from the fair market value of that parcel and the purchase price to be paid by PDC shall be the fair market value as so adjusted. The independent third appraiser shall make a final determination within thirty (30) days of receipt of all information from the Parties.

9.10 Construction Standards

9.10.1 Compliance with Laws

Any Party undertaking construction of improvements pursuant to terms of this Agreement shall comply with all applicable Laws, including, but not limited to, the Americans With Disabilities Act (42 U.S.C. Section 1201 et seq.).

9.10.2 Cooperation During Concurrent Construction

9.10.2.1 If the Parties undertake construction of their respective Contingent Projects at such time and in a location where the construction activities of one may interfere with the construction activities of another, the Parties each agree to take such steps as may be reasonably necessary to avoid interference with the other's activities.

9.10.2.2 The Parties agree to confer with one another prior to undertaking a Contingent Project or other construction to establish construction schedules and procedures that will mitigate interference with another's activities.

9.10.3 Inspection Access

NMI and RCI agree to allow the City and City's agents, employees and consultants, to enter upon their respective NMI Land or RCI Land at all reasonable times prior to and during construction to the extent authorized by existing law.

9.10.4 Safety; Indemnification

9.10.4.1 Interference With Operations. If any construction occurs after the improvements of another Party have opened for business, a Party shall take such steps as may be reasonably necessary to avoid interference with the normal operations of the other Party's business. Nothing in this provision shall prevent the City from exercising any authority it has under applicable laws.

9.10.4.2 Indemnity from Liens If the activities of one Party cause a lien to be filed against the property of another Party, then the Party whose activities caused the lien to be filed shall defend, indemnify and hold harmless the Party whose property was subjected to the lien.

9.11 Special Contracting Requirements

9.11.1 PDC Minority Business Enterprises, Women Business Enterprises, and Emerging Small Businesses Regulations

PDC has a strong interest in ensuring that PDC participation in development activities provides employment opportunities for minorities, women, and emerging small business firms in order to promote economic growth, increase capacity and expand market competition. Therefore, NMI, RCI and OHSU will make good faith efforts to contract with minorities, women and emerging small business firms for work to be performed by a subcontractor in compliance with PDC's Emerging Small Business Opportunity Program that promotes the participation of Emerging Small Businesses (ESB), Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) in connection with PDC projects (collectively, "M/W/ESBs") as described in Attachment B of the Fair Contracting Guideline Index. The Fair Contracting Guideline Index is attached to this Agreement as Exhibit S. NMI, RCI and OHSU agree to attach Attachment B to all agreements with a general contractor for their Contingent Projects and to abide by its provisions. For the purpose of this Section 9.11.1 and the ESB Opportunity Program, the twenty percent (20%) goal for M/W/ESB participation in Attachment B is to be applied to the construction costs of each Contingent Project. PDC will provide technical assistance to NMI and RCI in the implementation of the ESB Opportunity Program for the Project. The provisions of this subsection apply to all Contingent Projects in the Project Area, except the Phase 1 Street Improvement Project which will comply with the PDOT regulations required by the public bidding exemption referred to in Section 5.2.10.

9.11.2 Construction Hiring

NMI, RCI and OHSU shall follow the City of Portland Workforce Training and Hiring Program in effect at the Effective Date described in Attachment A of the Fair Contracting Guideline Index (Exhibit S), and made a part of this Agreement. The provisions of this Section 9.11.2 apply to the Phase 1 Street Improvement Project and the Phase 1 OHSU Building.

9.11.3 EEO Certification

NMI, RCI and OHSU shall follow PDC's EEO Certification Program in effect at the Effective Date described in Attachment C of the Fair Contracting Guideline Index (Exhibit S), and made a part hereof, by requiring its contractors and subcontractors to comply with such Program. The provisions of this Section 9.11.3 apply to all Contingent Projects in the Project Area except the Phase 1 Street Improvement Project, which will comply with any PDOT regulations required by the public bidding exemption referred to in Section 5.2.10.

9.11.4 Other Regulations

NMI, RCI and OHSU shall follow all applicable provisions of federal or state statutes and regulations concerning minimum wages for public projects, as applicable. The Parties acknowledge that the Phase 1 Street Improvement Project and the Phase 1 OHSU Building are each a "public work" for purposes of PDC's contracting guidelines, requiring the payment of prevailing wages. NMI will make a good faith effort to select contractors who pay Oregon Bureau of Labor and Industries published Prevailing Wage rates unless paying a Prevailing Wage puts NMI at a competitive disadvantage as reasonably determined by NMI. Upon request, NMI shall furnish PDC with reports summarizing its good faith efforts under this Section. NMI agrees that it will make available to PDC NMI's relevant records in the event PDC alleges a breach of, or makes an inquiry under, this Section.

9.12 Effect of Planning Documents

This Agreement sets out the terms and conditions for development in the Project Area that are intended by the Parties to comply with the City's land use regulations as of the Effective Date.

9.13 LEED Standard for Residential Buildings

9.13.1 NMI and Block 39 agree that, with respect to residential Buildings to be built on the NMI Land, at least 75% of the total cumulative square footage of all Buildings to be built on the NMI Land, collectively and not individually, will be LEED certified, and that NMI and Block 39 will achieve Silver Level if achieving Silver Level does not increase the cost of construction. If NMI leases or sells a portion of the NMI Land to a third party, NMI will implement the above obligation by an appropriate restrictive covenant. Prior to commencement of construction of each Building, NMI shall submit evidence to PDC and the City's Office of Sustainable Development of the level and documentation of the Building's expected LEED credits in an amount sufficient to reach the levels required by this Agreement and will register those Buildings that comprise the 75% cumulative square footage referred to above for LEED certification with USGBC.

9.13.2 NMI will make a good faith effort to achieve the LEED certified standard according to PDC's Green Building Policy for each of its residential Buildings constructed and will aspire to meet the Silver Standard.

9.13.3 NMI, as to its Buildings, will work with PDC and the Office of Sustainable Development to incorporate features resulting in LEED certification.

9.13.4 NMI shall submit all materials necessary to obtain the required certified LEED standard for its Buildings within sixty (60) days after a certificate of occupancy is issued for the subject Building. NMI will cooperate with PDC staff in the follow-up and monitoring of the effectiveness of the green building standards, including for example, providing information on the installation and operating of the measures and practices.

9.14 OHSU Commitment to Sustainability

Reflecting the commitment to sustainability-related design, program and policy objectives shared by OHSU and PDC, OHSU and PDC agree to the following:

9.14.1 Background

In the fall of 2002, PDC enacted a Green Building Policy requiring all projects receiving PDC financial support and meeting other specific criteria to pursue, in good faith, US Green Building Council LEED certification. This policy reflects an overall intent with PDC, the Office of Sustainable Development, and the City of Portland to drive sustainability considerations into all aspects of the City's development strategy. The U.S. Green Building Council LEED rating system anticipated specifically single-building development projects. The Project Area development diverges from this anticipated development type, as it will comprise numerous buildings spread over 12 or more city blocks which will undergo development for a 15- to 20-year time frame. To date, LEED does not address highly specialized building types such as laboratories and clinical facilities, which do not fit neatly into the LEED model. In fact, recognizing this, the USGBC is currently developing a LEED for laboratories green building standard, which is unlikely to be finalized for at least two years from now. OHSU and PDC recognize the many important social and environmental benefits of formally including sustainability provisions within this Agreement and therefore agree to the following terms.

9.14.2 Initial LEED Commitment

OHSU agrees to make a good-faith effort to achieve US Green Building Council LEED certification for all buildings OHSU develops in the Project Area. A good faith effort is defined as making an earnest attempt to achieve LEED certification by:

9.14.2.1 Retaining a LEED-accredited consultant to guide the overall process;

9.14.2.2 Performing a DOE-2 energy model;

9.14.2.3 LEED-registering the project with the US Green Building Council with the intent to meet the Certified level of certification or better;

9.14.2.4 Pulling permits necessary to incorporate specified high-performance building systems;

9.14.2.5 Submittal to USGBC of application for certification upon project completion; and

9.14.2.6 Commissioning the project to the LEED Additional Commissioning requirements.

9.14.3 Long-Term LEED Commitment

Because the LEED green building standard undergoes constant revision, and the development program in the project will take place over many years, it is likely the requirements of LEED will change before the Project Area development is complete. It is therefore not feasible for OHSU to commit to any future standard with requirements that are not yet defined. Therefore, the Parties agree that the commitments established within Section 9.14.2 above shall be limited as follows:

9.14.3.1 As subsequent revisions of LEED become publicly available, OHSU, PDC and the Office of Sustainable Development will negotiate in good faith to consider whether the commitments in this Agreement shall change to meet the new LEED provisions.

9.14.3.2 If OHSU and PDC cannot reach agreed on modified sustainability commitments under subsequent revisions of LEED, OHSU will remain bound to the commitments defined in Section 9.14.2 above, referencing the 2.0/2.1 revision of the LEED standard for new construction, which is current as of the Effective Date.

9.15 Ground Floor Uses

Ground floor active uses are important to the character of the Project. OHSU and NMI will pursue neighborhood services and retail uses on the ground floor of each of their Buildings that are appropriate to supporting neighborhood (the Project Area and Marquam Hill) needs. The tenancing strategy will focus on serving the local market, not destination retail. Restaurants and theatres are not considered to be destination retail. PDC may, but is not required to, review and comment on the initial tenant marketing plans for the Project Area and proposed tenant mix for the Buildings in each Phase. To implement this section 9.15, NMI or OHSU will provide PDC with a written summary of their respective initial tenant marketing plans as soon as such are available, but not later than ninety (90) days before the substantial completion of the relevant Building. In any event, Adult Entertainment will be prohibited in the Project Area.

9.16 The City's Major Projects Group

The City's various Bureaus involved in permitting have organized a Major Projects Group for expediting the permitting of major projects. PDC agrees to cause the City's Major Projects Group to assume responsibility for the permitting of each of the Contingent Projects.

9.17 Project Area Housing Goals and Requirements for a Mix of Housing Types

9.17.1 Housing Goals

The City has established goals to encourage development of a variety of housing types in the South Waterfront Plan Area, including the Project Area, which are not prescriptive ("Goals"). PDC encourages the development of Affordable Housing (both

apartments and condominiums) in mixed income residential Buildings to further public policies for a more diverse neighborhood. NMI supports the Goals and will pursue those Goals as it develops the Residential Blocks. The Parties acknowledge that if NMI develops the Residential Blocks within the unit number ranges set forth in Section 2.2, 2.3 and 2.4, then NMI will have met the Goals. The Goals for the Project Area are: 1,300 condominium units and a number of market rate apartments equal to 20% of the total number of residential units to be built on the Residential Blocks.

9.17.2 Required Affordable Housing

Subject to the provisions of this Agreement, NMI shall develop not less than 400 Affordable Apartments and 30 Affordable Condominiums in the Project Area. Such development shall consist of the following residential units:

| Required Affordable Housing | | | |
|--|-------------------|---------------------|--------------|
| Income Level Served (% of Median Family Income) | Apartments | Condominiums | Total |
| 0-50% | 167 | | 167 |
| 51-60% | 107 | | 107 |
| 61-80% | 60 | | 60 |
| 81-100% | 66 | 13 | 79 |
| 101-120% | | 17 | 17 |
| | 400 | 30 | 430 |
| | | | 430 |
| Total Market Rate and Affordable Production | | | 2660 |

9.17.3 Additional Housing Units

9.17.3.1 Subject to the provisions of this Agreement, if NMI develops more than the maximum number of apartments and condominiums required by Sections 2.2, 2.3 and 2.4 but fewer than 3000 such apartments and condominiums in the Project Area, or outside the Project Area but inside the UR Area (the excess over the maximum number being "Additional Residential Units"), then NMI shall develop at least 36% of the Additional Residential Units as Affordable Apartments, and at least 20% of the added Affordable Apartments shall be affordable to households with incomes of less than 30% of MFI.

9.17.3.2 Subject to the provisions of this Agreement, if 3000 or more apartments or condominiums are developed in the UR Area, then any additional development in the UR Area by NMI shall be consistent with the North Macadam Urban Renewal Area Housing Development Strategy, which calls for development consistent with the City-wide income strategy.

9.17.4 Maximum Number of Student Housing Units

The Parties agree to not develop more than 250 Student Housing Units in the Project Area.

9.17.5 Substitution of Condominiums for Apartments

With respect to any of the Phase 1 Apartments, Phase 2 Apartments or Phase 3 Apartments, NMI may build condominiums in lieu of apartments subject to NMI's compliance with the following requirements. Construction of condominiums in compliance with this Section 9.17.5 will satisfy NMI's obligation under this Agreement to build the number of apartments that are replaced by condominiums. The substitution requirements are:

9.17.5.1 The number of condominiums must be at least 70% of the number of apartments for which condominiums are substituted.

9.17.5.2 NMI must demonstrate to the reasonable satisfaction of PDC that the Tax Increment Revenue from the substituted condominiums will be equal to or greater than the Tax Increment Revenue from the greater number of apartments not being built.

9.17.5.3 The substitution of a lesser number of condominium units for a great number of apartments, and the amount of land available to NMI for residential development must not prevent NMI from meeting the Goals or, alternatively, NMI demonstrates that it is not economically feasible to meet the Goals based upon the then existing market conditions.

If NMI and PDC disagree about whether NMI has met the above conditions, either NMI or PDC may resolve the dispute through Dispute Resolution.

9.18 Parks Maintenance

Concurrent with the design of the Parks pursuant to Section 6.4.3, the Parties agree to develop mutually acceptable standards for the maintenance of the Parks included in the Project and to develop a separate Parks Maintenance Agreement to implement the provisions of this Section 9.18. In the Parks Maintenance Agreement, the private parties to such agreement may require a higher level of maintenance than is established in the Parks Maintenance Agreement if they agree to pay the Parks Bureau for the incremental cost of such higher level of maintenance.

9.19 Transportation Partnership Plan

PDC and PDOT may propose a Transportation Partnership Plan and Implementation Strategy to address future transportation issues within the South Waterfront Plan Area or a portion of that area. This Transportation Partnership Plan and Implementation Strategy will be a cooperative effort between PDC, PDOT and property owners within the area of the Plan. NMI and OHSU, for themselves and their respective successors-in-interest, vendees, grantees and transferees, agree to assist PDC and PDOT with the development of this Transportation Partnership Plan and Implementation Strategy and to cooperate with PDC and

PDOT in working toward an efficient transportation system for the area covered by the Transportation Partnership Plan and Implementation Strategy.

9.20 Block 25 Design Coordination

If OHSU selects Block 25 as the site of the Phase 1 OHSU Building, OHSU and PDC recognize that it will be appropriate to have design coordination between the at-grade features of the Phase 1 OHSU Building and the Tram and the Streetcar Extension. Accordingly, PDC will develop and administer a design coordination process among OHSU, PATI, PSI, RCI BDS, the Bureau of Planning and PDOT. OHSU and RCI agree to actively participate in this design coordination process and to use reasonable efforts to include at-grade design features in the Phase 1 OHSU Building that accommodate the design of the Tram and the Streetcar Extension to the extent that such design features will not materially adversely affect the design integrity, function or cost of the Phase 1 OHSU Building. PDC agrees to use reasonable efforts to influence a design for the Tram and a design for the Streetcar Extension that will accommodate the design, integrity, function and cost of the Phase 1 OHSU Building.

9.21 Future Parks

9.21.1 The Parks Bureau anticipates that a park in addition to the Neighborhood Park will be built in the South Waterfront Plan Area outside the Project Area. NMI agrees that if NMI acquires more than a cumulative five (5) acres of land outside of and south of the Project Area but within the South Waterfront Plan Area, then NMI will make a one-time offer to donate to the Parks Bureau a parcel of land, which may be a separate block or may be part of a block, of at least 20,000 square feet. The site to be offered by NMI to the Parks Bureau shall not be adjacent to either the Greenway or Macadam Avenue. NMI will implement this covenant by making a written offer to the Parks Bureau within six (6) months of the acquisition of the property described above, and the Parks Bureau shall have seventy-five (75) days after receipt of NMI's written offer to review NMI's due diligence file regarding the property which is the subject of the offer and to elect in writing to accept the offer. NMI shall also allow the Parks Bureau reasonable access to the property to conduct its own due diligence investigation. If the Parks Bureau accepts the donated property, NMI will convey the donated property without representations or warranties other than a warranty that NMI owns the property, has authority to donate the property, and that the property is free of any monetary liens. If the Parks Bureau does not accept the offered donation, then NMI's obligation under this Section 9.21.1 will be deferred to and apply to the next acquisition by NMI of a cumulative five (5) acres of land outside of and south of the Project Area. If the Parks Bureau accepts this donation, NMI will make the donation within thirty (30) days after the property to be donated is a legal lot. In connection with this donation, NMI shall be free to transfer all of the FAR off the donated parcel and NMI shall not seek an SDC credit for the donation.

9.21.2 In return for NMI making an offer of a parcel, and Parks accepting the offer under Section 9.21.1, the Parks Bureau agrees to give NMI an option to purchase either (a) the real property owned by the Parks Bureau and described as 8,000 square feet of land at SW 14th Avenue and SW Montgomery Street, or (b) the real property owned by the Parks Bureau consisting of approximately 7,400 square feet of land on SW Broadway Drive, described as Tax Lot No. R327748. After selection of one of such parcels by NMI, the Parks Bureau and NMI shall negotiate the terms of the option agreement in good faith, and the terms of the option

agreement shall be consistent with this Section 9.21.2 and shall be commercially reasonable. The term of the option shall be for one hundred and twenty (120) days, the price shall be the property's appraised fair market value, and the payment terms shall be all cash. If the Parks Bureau does not offer NMI an option agreement consistent with the terms of this Section 9.21.2, then NMI shall have no obligations to make any donation of a park parcel pursuant to Section 9.21.1.

9.22 Minimum Residential Densities

NMI and its property transferees will in the aggregate meet the requirements of the South Waterfront Plan to produce residential units at no less than 125 residential units per net acre for the residentially developed acreage within the Project Area.

9.23 Additional Affordable Housing Obligation

9.23.1 The requirements for NMI's development of Affordable Apartments pursuant to Section 9.17.3 ("Additional Affordable Obligation") shall be implemented pursuant to this Section 9.23.

9.23.2 Not later than ninety (90) days prior to NMI beginning design drawings for any and all apartments or condominiums that trigger an Additional Affordable Obligation, NMI shall provide to PDC a proposal for a development program that will satisfy the Additional Affordable Obligation. PDC and NMI will thereafter negotiate in good faith to agree to the terms of a development program that will satisfy the Additional Affordable Obligation. If, by the end of such ninety- (90-) day period of negotiations, PDC and NMI do not agree on a reasonable development program to meet the Additional Affordable Obligation, which program is consistent with PDC's tax increment projections, then the number of Affordable Apartments which constitute the Additional Affordable Obligations shall be deferred to the next NMI Market Rate Housing development and be added to the Additional Affordable Obligation that is triggered by the subsequent development.

9.23.3 PDC agrees that any number of Affordable Apartments that NMI has completed in the Project Area that are in excess of those required to be built pursuant to Sections 9.17.2 or 9.17.3 will be subtracted from the number of Affordable Apartments that would otherwise be part of the Additional Affordable Obligation or any obligation to develop Affordable Apartments by an entity in which NMI or WDD is an owner.

9.23.4 To ensure cost-effective affordable housing production consistent with the housing goals of the South Waterfront Plan, PDC will, subject to funding availability, assist NMI in satisfying its Additional Affordable Obligation by providing to NMI a pre-development loan equal to the proportionate share of the land price for the parcel upon which the Additional Affordable Obligation will be satisfied, such share being equal to the value of the amount of FAR that will be used for Affordable Apartments relative to the parcels' total FAR value, and with terms and conditions acceptable to PDC and NMI, each in their sole discretion. The pre-development loan will also include a proportionate share of the infrastructure costs NMI will incur, if necessary, to develop the Affordable Apartments. The pre-development loan will be secured by a mortgage on the parcel upon which the Additional Affordable Obligation will be satisfied, subordinate to any acquisition financing, and PDC will release the mortgage upon

commencement of construction of the development that will satisfy the Additional Affordable Obligation. PDC may foreclose upon the mortgage only if NMI does not satisfy the Additional Affordable Obligation. This pre-development loan will be repaid out of the construction and permanent financing for the Affordable Apartments. In lieu of a pre-development loan, PDC may offer to transfer to NMI FAR rights or air rights it may own on properties in the South Waterfront Plan Area, if acceptable to NMI and PDC.

9.23.5 Any development program that will satisfy the Additional Affordable Obligation will include a provision that the development of the additional Affordable Apartments is subject to Section 10.2.

SECTION 10 AFFORDABLE HOUSING PRODUCTION IN THE PROJECT AREA.

10.1 Affordable Apartments

10.1.1 Subject to the terms of this Agreement and the satisfaction of the applicable Project Contingencies, NMI agrees to cause the Phase 1 Affordable Apartments and the Phase 3 Affordable Apartments to be completed in accordance with the Schedule. The Project Contingencies for the Phase 3 Affordable Apartments will be comparable to the Project Contingencies for the Phase 1 Affordable Apartments. The following quantities of the following levels of affordability shall be included in the Affordable Apartments. The following assumes a total of 2,000 Market Rate Housing units, requiring 400 Affordable Apartments in the following MFI ranges:

- 10.1.1.1 167 Affordable Apartments to serve households with incomes at 0-50% of MFI;
- 10.1.1.2 107 Affordable Apartments to serve households with incomes of 51-60% of MFI;
- 10.1.1.3 60 Affordable Apartments to serve households with incomes of 61-80% of MFI; and
- 10.1.1.4 66 Affordable Apartments to serve households with 81-100% of MFI.

10.1.2 The Affordable Apartments will be built primarily on the air rights above the above-grade Parking Garages. OHSU will make the air rights above certain of the Parking Garages available to NMI on terms and conditions to be agreed upon between OHSU and NMI, so that NMI can build Affordable Apartments on the Parking Garages sufficient to enable NMI to meet its expected obligations to construct Affordable Apartments in Phases 1 and 3 of this Agreement.

The Affordable Apartments will be maintained as affordable for a period at least sixty (60) years. PDC supports and encourages NMI's development of mixed income housing Buildings.

10.2 Financial Feasibility as Condition to Affordable Apartments Production

10.2.1 NMI's Obligation

10.2.1.1 NMI's obligation to develop each project of Affordable Apartments shall be subject to: (a) NMI's ability to obtain financing for each such Contingent Project that will result in a rate of return on investment equivalent to the rate of return on investment customarily realized by private (including for-profit and non-profit) developers and investors in comparable affordable apartment projects in the City of Portland that are financed by PDC, and (b) PDC providing sufficient subordinated financing to fill the gap between such project's development cost and the available market rate financing if market rate financing is not reasonably available to pay all development costs of the applicable Contingent Project.

10.2.1.2 If the conditions in Section 10.2.1.1 are not met as required in order for a particular Affordable Apartments Contingent Project to be developed in accordance with the Schedule, then until the second anniversary of the date of substantial completion of the Parking Garage upon which that Affordable Apartments Contingent Project was to be built, NMI will not construct another project on that Parking Garage. However, if by that second anniversary of substantial completion, PDC has not provided the financing for that Affordable Apartments Contingent Project pursuant to Section 10.2.1.1, then PDC shall, within sixty (60) days, acquire NMI's rights with respect to the air space above that Parking Garage for cash in the amount of NMI's cost in acquiring those rights, plus interest at NMI's cost of capital, unless NMI's cost is not ascertainable, and, in that event, PDC shall pay cash in the amount of the appraised value of those rights determined pursuant to Section 9.9.

10.2.1.3 The Parties recognize that all PDC financing will be subject to applicable loan program criteria and underwriting requirements and will be consistent with PDC's historical levels of gap funding on a per-unit basis.

10.2.2 Financing Site Costs

In calculating the development cost for an Affordable Housing project, for purposes of PDC financing referred to in Section 10.2.1, the value of NMI's land or air rights shall be calculated by appraisal pursuant to Section 9.9. In lieu of including the value of those land or air rights in the Affordable Housing project's development cost, NMI may elect, in its sole discretion, to accept a transfer of FAR rights from properties in the UR Area that PDC or the Parks Bureau may acquire in the future.

10.3 Affordable Condominiums

NMI agrees to build 13 Affordable Condominiums affordable by buyers earning 80-100% of MFI and 17 Affordable Condominium units affordable by buyers earning 101-120% of MFI within Phase 1, subject to the Project Contingencies in Section 6.9.2. These Affordable Condominiums shall be built either fully or partially within the Project Area or on Parcel 1 of RiverPlace, which is property controlled by an Affiliate of NMI. PDC will not provide a subsidy for the Affordable Condominiums, except that a property tax abatement may be available under a generally applicable property tax abatement program. The Affordable Condominiums will remain affordable for 99 years, but the Affordable Condominiums developers' only obligation

with respect to this requirement is to participate in any available PDC or State of Oregon sponsored program that exists when the Affordable Condominiums are substantially complete that will assure the affordability of the Affordable Condominiums for 99 year after their first sale. In some cases, PDC and NMI may agree to long-term affordability of thirty (30) years, depending on the ownership and long-term financing mechanisms used.

10.4 Tax Abatement

NMI, RCI or Block 39 (or their grantees, successors, vendees or assigns) may apply for tax abatement for any of its residential units in Phase 1, Phase 2 or Phase 3 pursuant to the requirements of the City Code. PDC will process applications according to the normal procedures. The tax abatement approval process is independent of the Agreement and to be approved, each Contingent Project must meet program requirements.

10.5 Structural Enhancement of Parking Garages

10.5.1 Prior to the design of a Parking Garage that will be a podium for Affordable Apartments, or for a mixed-income apartment project including Affordable Apartments, OHSU, as the Parking Garage owner, and NMI and PDC shall meet to confer and agree upon those Structural Enhancements which will be necessary to incorporate into a specific Parking Garage. The Structural Enhancements must be consistent with the overall function, design and ramping system of any Party's proposed Parking Garage. If those Parties are unable to agree on the Structural Enhancements for that particular Parking Garage, the dispute shall be resolved through Dispute Resolution. The Party developing the Parking Garage agrees to incorporate the agreed-upon Structural Enhancements into the design and construction of the Parking Garage. The Structural Enhancement Costs shall bear interest from the dates on which they are paid, and such interest shall be equal to the developing Party's cost of capital used for the Parking Garage.

10.5.2 The actual cost of constructing the Structural Enhancements (both hard and soft, and including the cost of the design and engineering for the Structural Enhancements) and any additional costs incurred by a Party in accommodating or incorporated the Structural Enhancements plus interest at the rate of such Party's cost of capital shall be the "Structural Enhancement Costs." The Structural Enhancement Costs, including accrued interest, shall be certified to PDC and other affected Parties in a written statement, upon substantial completion of the Parking Garage, signed by the Party incurring such costs, the general contractor and the architect for the Parking Garage. The Party that owns the Parking Garage agrees to pay the Structural Enhancement Costs subject to reimbursement by PDC as provided below. Within one (1) year of the substantial completion of a Parking Garage, as certified to PDC and the other Parties by the general contractor and architect for that Parking Garage, PDC shall have either: (a) funded an Affordable Apartments Contingent Project (or participated in the funding of a mixed-income apartment project that includes Affordable Apartments) above that Parking Garage in an amount to reimburse the owner of the Parking Garage for the Structural Enhancement Costs, and the developer of that Contingent Project shall have reimbursed the owner of the Parking Garage for the Structural Enhancement Costs; or (b) PDC shall have made a loan to NMI in the amount of the Structural Enhancement Costs for the particular Affordable Apartments Contingent Project or the portion of the Structural Enhancement Costs attributable to the Affordable Apartments included in a mixed-income apartment project. The payment of the

principal and interest on the loan will be deferred until the financing for the particular Affordable Apartments Contingent Project is funded or the mixed-income apartment project that includes Affordable Apartments is funded; or (c) if NMI is unable to construct the particular Affordable Apartments Contingent Project (or the mixed-income apartment project that includes Affordable Apartments pursuant to Section 10.2, then upon NMI's transfer of its rights to PDC under Section 10.2.1.2, PDC will cancel the loan made under subsection (b) of this section 10.5.2. The terms of the loan for Structural Enhancements will be reasonable and will be established when the scope of Structural Enhancements is established pursuant to Section 10.5.1.

10.6 Affordable Housing Obligations in South Waterfront Plan Area

PDC represents that it is PDC's intention and expectation that other developers developing property in the South Waterfront Plan Area where the South Waterfront Plan requires housing, outside of the Project Area, under development agreements with PDC will be required to meet an Affordable Housing obligation consistent with the North Macadam Urban Renewal Area Housing Development Strategy. The intent of the North Macadam Urban Renewal Area Housing Development Strategy, which was established based upon funding constraints, is to achieve 788 affordable units as part of the first 3,000 housing units produced. If more than 3,000 residential units are developed, the City-wide housing policy, which has a goal that housing production will match income profiles of City residents, will apply. Future development agreements with other developers and property owners will be subject to the provisions of the North Macadam Urban Renewal Area Housing Development Strategy.

SECTION 11 ECONOMIC DEVELOPMENT REQUIREMENTS IN THE PROJECT AREA.

11.1 General Provisions

11.1.1 The Parties recognize that the Project Area and the entire South Waterfront Plan Area are part of the City's "Science and Technology Quarter," which also includes OHSU's Marquam Hill Campus, Portland State University and the Oregon Museum of Science and Industry. The Parties agree to participate in bioscience industry development strategies as outlined in or referred to in this Section 11. The State of Oregon, Portland State University and other public and private entities will be invited to participate.

11.1.2 The Parties intend that the South Waterfront area, including the Project Area, will be developed so as to seek the following goals and characteristics: (1) clusters of Bioscience Companies, (2) a Bioscience Accelerator, (3) service providers and support facilities to meet the needs of Bioscience Companies as well as the needs of the institutions and residents located in the district, and (4) close ties among the Bioscience industry, OHSU and its faculty and component units, Portland State University and its faculty and component units and potentially other academic and research institutions.

11.1.3 The Oregon Opportunity Bioscience Development Strategy (attached as Exhibit T) references a number of reports commissioned by PDC, the City of Portland and others to examine the factors necessary to foster a technology environment and, more particularly, to grow a bioscience cluster in Portland. The special components for bioscience industry growth and development were identified as (1) strong research base, (2) university proximity, (3) technology transfer, (4) startup capital, (5) physical facilities, and (6) a strong public/private partnership.

11.2 Specific Actions

Subject to the terms of this Agreement, the Parties agree to take the following actions to advance the goals outlined above.

11.2.1 OHSU agrees to place substantial research facilities in the Project Area. To this end, and subject to the terms and conditions of this Agreement, OHSU will have no less than 750,000 square feet of OHSU research space in the Project Area by 2023.

11.2.2 OHSU shall continue to make technology commercialization an institutional priority.

11.2.3 OHSU may relocate its Office of Technology and Research Collaborations within the Project Area and will do so within a reasonable time following the establishment of a Bioscience Accelerator within the Project Area, preferably in close proximity to the proposed Bioscience Accelerator.

11.2.4 PDC and OHSU will jointly fund, and OHSU will employ, a Bioscience Business Development Manager to foster the growth of the Biosciences in the Project Area and facilitate connections between OHSU, PDC and Bioscience Companies to expand collaboration on research, clinical trials and other business development needs. This joint funding commitment will continue until January 1, 2005, and thereafter, the continuation of and terms of this joint funding obligation will require the consent of each of PDC and OHSU in their respective sole discretion.

11.2.5 OHSU will develop a pre-seed capital fund in an amount of not less than \$250,000 (in conjunction with the OHSU Foundation) to support the initial steps of university-related startups and to increase the prospects for the success of fledgling Bioscience Companies that use OHSU developed technology.

11.2.6 The City will aid in the development of pre-seed resources to Bioscience startups by encouraging philanthropic organizations, business alliances and other entities to contribute to OHSU's pre-seed capital fund.

11.2.7 PDC will develop a business plan(s) for one or more Bioscience Accelerator(s) and will locate one or more Bioscience Accelerator(s) in the Project Area, to the extent feasible.

11.2.8 PDC and OHSU agree to work collaboratively, and with others, to seek private and/or public funds to develop and operate a Bioscience Accelerator. Such collaboration does not obligate either of PDC or OHSU to specific financial commitments.

11.2.9 PDC and OHSU agree to work collaboratively, and with others, for the development of facilities for Bioscience Companies in the Project Area. Such collaboration does not obligate either PDC or OHSU to specific financial commitments.

11.2.10 PDC agrees to introduce the Project Area to all Bioscience Companies that are considering relocation, whether such companies are from within or outside the Portland area

and to encourage such Bioscience Companies to locate in the Project Area, to the extent such Bioscience Companies' uses are allowed in the Project Area by the City Code.

11.2.11 To ensure ongoing communication and collaboration, the Parties will create a working group to include representatives of the Parties, Portland State University and other invited participants, to oversee progress toward the attainment of the goals and specific action items for the Project Area that are outlined in this Section.

11.2.12 The Parties will actively market the Project Area as an attractive location for newly created and emerging Oregon Bioscience Companies and out-of-state Bioscience Companies.

11.2.13 The OHSU Bioscience Business Development Manager will guide PDC in its public recruitment efforts by providing leads, contacts and introductions to Bioscience Companies and venture capitalists that may have an interest in locating or investing in Portland.

11.2.14 In response to the substantial commitment of OHSU capital to the Project and the above economic development efforts, PDC agrees to support these with a Conditional Investment of \$5,000,000 to be used by OHSU solely for the cost of constructing the research components of the Phase 1 OHSU Building. This Conditional Investment is conditioned upon a written certification signed by an officer of OHSU and the architect for the Phase 1 OHSU Building certifying to PDC that the Phase 1 OHSU Building is designed so that at least 50% of its net usable square footage will be used for clinical/research uses, with most of the research having the reasonable potential for commercialization. This Conditional Investment will be paid in monthly installments, at the time of OHSU's normal monthly draw request processing for its contractor, subject to PDC receiving certification from OHSU that the Phase 1 OHSU Building continues to have and upon substantial completion will have clinical/research space equal to at least 50% of the Phase 1 OHSU Building's total usable square footage. Each installment payment shall be equal to the percentage of the Conditional Investment that is equal to the completion percentage of the Phase 1 OHSU Building as certified by the architect for the Phase 1 OHSU Building. PDC shall have access to OHSU's records and to the architect to verify the construction completion percentage and the continuing commitment to clinical/research space.

11.2.15 In order to support the development of OHSU Buildings in the South Waterfront Plan Area, PDC agrees to not actively recruit or provide subsidy to facilities that include clinical facilities available to the general public (which does not include clinical facilities ancillary to research which involve only clinical trials) in the South Waterfront Plan Area that compete with OHSU's facilities in the Central City Campus for a period of fifteen (15) years after the Effective Date, except as allowed by this Section 11 or with OHSU's consent. This Section 11.2.15 shall not apply if OHSU is in default of this Agreement.

SECTION 12 ASSIGNMENT OF RIGHTS AND OBLIGATIONS.

12.1 Assignment by PDC

PDC may assign specific rights and delegate specific obligations set forth in this Agreement or any Contingent Project to any Bureau having authority to perform the matter assigned. Such assignment will be made through the execution of the IGAs between PDC and

one or more Bureaus on such terms and conditions as are acceptable to the assignee and PDC. After execution of an IGA, PDC shall not be liable to OHSU, NMI or RCI for the performance of any rights or obligations under this Agreement to the extent they are assigned pursuant to an IGA. OHSU, NMI, Block 39 or RCI may thereafter enforce its rights relating to the assigned obligations only against PDC's assignee, provided however, that PDC assignee has no unilateral authority to modify the terms of this Agreement but may, with the consent of the Parties, agree to a modification that affects its rights and obligations assumed under an IGA. NMI, OHSU, RCI or Block 39 shall likewise recognize any rights under this Agreement which are assigned to a Bureau pursuant to an IGA. Any such assignment shall not be effective unless the assignee assumes PDC's obligations pertaining to the assigned matters or OHSU, NMI, RCI and Block 39 are otherwise made express third-party beneficiaries of the IGA.

12.2 Assignment by NMI, RCI or Block 39

In addition to transfers pursuant to Section 13:

12.2.1 NMI, RCI or Block 39 may assign its rights and obligations as to any Contingent Project to an Affiliate, provided that the obligations of this Agreement shall be assumed by any such Affiliate assignee. In the event of such assignment, NMI shall remain fully responsible for the performance of the Contingent Project.

12.2.2 Except as provided in Section 12.2.1, neither NMI, RCI nor Block 39 may assign its rights or obligations under this Agreement without the prior written consent of PDC, which consent shall not be unreasonably withheld.

12.3 Assignment by OHSU

In addition to transfers pursuant to Section 13:

12.3.1 OHSU may assign its interest in this Agreement or its rights and obligations as to a Contingent Project to an OHSU Affiliate, provided that the obligations are assumed by the OHSU Affiliate. In the event of such an assignment, OHSU shall remain fully responsible for the performance of this Agreement or the Contingent Project.

12.3.2 Except as provided in Section 12.3.1, OHSU may not assign its rights or obligations under this Agreement without the prior written consent of PDC, which consent shall not be unreasonably withheld.

SECTION 13 TRANSFERS BY NMI, RCI, BLOCK 39 OR OHSU

13.1 General Statement

RCI, NMI, Block 39 and OHSU recognize, in view of the importance of the covenants of this Agreement to the general welfare of the community, that their qualifications and identity as the developer of the Project and OHSU's location in the Project Area are of particular concern to the community. RCI, NMI, Block 39 and OHSU further recognize that it is because of such qualifications and identity that PDC is entering into this Agreement and in so

doing is further accepting and relying on them to perform their obligations under or to cause those obligations to be performed under this Agreement.

13.2 Approval of Transfers Other Than Transfers of Land

For the foregoing reasons, RCI, NMI, Block 39 and OHSU each agree, for itself and any successor-in-interest, that, as to its respective obligations, unless PDC has given its prior written approval, which approval shall not be unreasonably withheld or delayed, the following restrictions apply:

13.2.1 Transfer of Interests

During Phase 1, OHSU shall not reduce its ownership interest in RCI from the ownership interest it had on the Effective Date by more than 10%, and WDD shall not reduce its ownership interest in NMI from the ownership interest it had on the Effective Date by more than 10%. Transfers by OHSU to an OHSU Affiliate or transfers by WDD to a WDD Affiliate are not subject to this Section 13.2.1.

13.2.2 Transfers by RCI

Transfers by RCI to OHSU or OHSU Affiliates and transfers by RCI to NMI or NMI Affiliates may occur without the prior consent of PDC. In the event RCI is dissolved, all obligations of RCI under this Agreement shall be assumed by NMI and OHSU in proportion to their respective ownership interests in RCI, each as a several obligor to PDC.

13.2.3 Notification to PDC

If a transfer under Section 13.2 requires PDC approval, the transferor shall notify PDC of a proposed transfer not later than sixty (60) days before the proposed transfer, and request approval. If no approval is required under Section 13.2, the transferor shall notify PDC within thirty (30) days after closing of a transfer, giving PDC notice of substitute names and addresses for notice purposes.

13.3 Transfers of Land

13.3.1 Notification

Throughout the term of this Agreement, RCI, Block 39, NMI and OHSU shall notify PDC of a proposed transfer of any interest in the RCI Land or the NMI Land that requires PDC consent pursuant to Section 13.3.3 no less than sixty (60) days before the closing of the transfer, except that no such notice to PDC shall be required for a transfer of land by RCI to OHSU or OHSU Affiliates or to NMI or NMI Affiliates. This notice shall include the name, address, telephone and facsimile numbers of any proposed transferee, as well as the key officers and local representatives of the transferee, if any, and a summary of the nature and scope of the transferee's business, its reputation and experience in development and sufficient financial information relating to the transferee for PDC to make the determination required in Section 13.3.3. PDC may request additional information relating to the proposed transferee, and NMI, Block 39, OHSU or RCI, as applicable, shall provide the requested information in a timely

manner so as to allow expeditious PDC review and approval. Approval by the PDC shall be given or not given by the Executive Director in accordance with Section 13.3.3. PDC shall give NMI, Block 39, OHSU or RCI notice of its approval or disapproval within fifteen (15) days of the submission of the information that PDC has informed NMI, Block 39, OHSU or RCI is sufficient for its decision making. If PDC makes no response within the time allowed, then such inaction is deemed approval. All information submitted pursuant to this Section 13.3.1 is subject to confidentiality pursuant to Section 20.

13.3.2 If NMI, RCI, OHSU or Block 39 or their respective Affiliates proposes to transfer a portion of the NMI Land or RCI Land to another person or entity (including transfers of RCI Land to NMI or OHSU or their respective Affiliates) prior to completion of a Building on the land proposed to be transferred, any proposed transferee, by instrument in writing, for itself and its successors and assigns, and expressly for the benefit of PDC and the City, shall upon closing of such transfer, expressly assume all of the obligations of NMI, RCI or Block 39 under this Agreement which pertain to the portion of the NMI Land or RCI Land which the transferee proposes to acquire and shall be subject to all the conditions and restrictions to which RCI, NMI, OHSU or Block 39 is subject with respect to the portion of the NMI Land or RCI Land conveyed. It is the intent of this provision that no transfer of, or change with respect to ownership in, the NMI Land or RCI Land or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit PDC or the City of any rights or remedies or controls provided in or resulting from this Agreement with respect to the construction of improvements on the property so transferred that PDC or the City would have been able to enforce had there been no such transfer or change.

13.3.3 Except as provided below, any transfer of RCI Land or NMI Land shall comply with the terms of Sections 13.3.1 and 13.3.2 and shall be subject to PDC's reasonable determination that the proposed transferee has the professional, financial and managerial capability to perform those obligations in this Agreement which will be assumed in connection with such transfer. This Section 13.3.3 does not apply to: the initial transfers by RCI to its members or transfers by a Party to that Party's Affiliate. This Section 13.3.3 does not apply to transfers of any RCI Land or NMI Land where the transferor is not released from its obligations under this Agreement with respect to the land being transferred and upon such a transfer the transferor shall remain fully responsible for its obligations under this Agreement. This Section 13.3.3 does apply to transfers by a Party or that Party's Affiliate to an un-Affiliated Party. Upon completion of a Building on a parcel or Block, this Section 13.3 shall not apply and the owner of the parcel or Block shall be free to transfer the parcel or Block.

13.3.4 NMI or RCI shall be relieved of liability under this Agreement with respect to that portion of the NMI Land or RCI Land conveyed in accordance with this Section 13.3 and the respective Contingent Project to be built on the land conveyed, upon the closing of such transfer, provided that the documents establishing the assumption referred to in Section 13.3.2 have been approved by PDC prior to transfer.

13.4 PDC Right of First Offer

In the event that after the completion of Phase 1 NMI intends to sell or otherwise convey fee simple ownership of all of the then remaining undeveloped NMI Land owned by NMI (the "Remaining NMI Land"), NMI shall not take steps to market the Remaining NMI

Land nor respond to an unsolicited offer for the acquisition of the Remaining NMI Land without first giving written notice of that intent or that offer to PDC and negotiating in good faith with PDC for a period of sixty (60) days to determine if NMI and PDC can agree on the fair market value of the Remaining NMI Land (not reduced pursuant to the claimed value attributable to PDC's activities pursuant to this Agreement) and on the other terms and conditions for a PDC purchase of the Remaining NMI Land. However, this Section 13.4 is not a right of first refusal or an option; and, accordingly, if NMI and PDC cannot reach an agreement after sixty (60) days of good faith negotiations, NMI shall be free to sell or otherwise convey the Remaining NMI Land.

SECTION 14 UNAVOIDABLE DELAY

14.1 Definition

From the Effective Date, neither PDC, NMI, RCI nor Block 39 or OHSU, as the case may be, nor any assignee or successor-in-interest, shall be considered in breach of or in default of its obligations under this Agreement due to causes beyond its control (which were not known by the Party asserting the Unavoidable Delay as of the Effective Date) and without its fault or negligence, including but not limited to: acts of God, the public enemy, the government (except for tax law changes, the effect of which is governed by Section 18.2.9), or of the other Party; litigation or appeals filed by third parties which prevent or delay a Party's performance; fires, floods, epidemics, quarantine restrictions, strikes, bid protests, freight embargoes, earthquake, explosion, mob violence, or riot; the inability to procure or the rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market; malicious mischief; condemnation; unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar events and/or occurrences beyond the control of the Parties; and adverse market conditions (each an "Unavoidable Delay"). In the event a Party determines that an Unavoidable Delay event exists, then that Party shall give notice of that event and its cause(s) to the other Parties.

14.2 Adverse Market Conditions

The term "adverse market conditions" which is included in Unavoidable Delay, exists when either of the following circumstances exist.

14.2.1 NMI, RCI, or Block 39 gives written notice to PDC that a Contingent Project to be built by NMI, RCI or Block 39 that is Scheduled to commence construction within the year (following the notice by NMI to PDC referred to above) will not be likely to produce a reasonable return on equity, based upon all relevant market factors, including, but not limited to: recent sales or leasing of existing similar projects, interest rates, availability of financing and the state of the local economy. Along with the notice the Party giving notice will provide PDC with the information that demonstrates the existence of "adverse market conditions," and PDC will notify the Party giving notice of its concurrence or non-concurrence with the determination within thirty (30) days. If PDC does not concur, the Party giving notice may seek the determination by the third party arbitrator pursuant to Section 14.5 of whether or not "adverse market conditions" exist. The decision of the arbitrator shall be final and binding on the Parties. Further, every six (6) months, the Party giving notice will reconsider whether "adverse market conditions" still exist and will provide PDC with updated information that demonstrates whether

or not “adverse market conditions” still exist. In the event PDC does not concur with the update, then the Party submitting the update may refer the dispute over whether “adverse market conditions” continue to the arbitrator pursuant to Section 14.2.5.

14.2.2 The City is unable to issue debt for any of PDC’s Contingent Projects, which debt will be repaid by Tax Increment Revenue for that Contingent Project as projected on Exhibit V.

14.3 Applicability of Unavoidable Delay

Unavoidable Delay applies to the Basic Contingencies during the period prior to the satisfaction or waiver of the Basic Contingencies, subject to Section 5.5.2. Unavoidable Delay applies to the Project Contingencies, during the period prior to the satisfaction or waiver of the Project Contingencies for a given Contingent Project, subject to Section 14.4.3.1. Unavoidable Delay applies after the Project Contingencies for a specific Contingent Project have been satisfied or waived, subject to Section 14.4.3.2.

14.4 Effect of Unavoidable Delay

14.4.1 In the event of the occurrence of any Unavoidable Delay, the time or times for performance of the obligations of the Parties, as the case may be, shall be extended for the period of the Unavoidable Delay; provided, that the Party seeking the benefit of the provisions of this section shall, within thirty (30) days after the Party becomes aware of an Unavoidable Delay, have first notified the other Party in writing of its cause or causes and the estimated time of correction. Any action or failure to act by a Party pursuant to this Agreement which is not due to an Unavoidable Delay shall not excuse the performance by that Party. Any Party may suspend its performance under this Agreement that is conditioned on the performance that another Party has been excused from by reason of an Unavoidable Delay. A Party which intends to suspend its performance based on another’s Unavoidable Delay, shall notify the other Parties in writing of the specific date of suspension of performance and the specific performance it will not undertake or continue. Upon resumption of performance by the Party initially excused due to Unavoidable Delay, all Parties shall immediately resume performance.

14.4.2 If an event of Unavoidable Delay does prevent or is likely to prevent a Party’s performance for a period longer than 1 year (or in the case of “adverse market conditions” for a period of longer than eighteen (18) months), then any Party may give notice, at any time, to the other Parties of its election to initiate negotiations to amend this Agreement, specifically the Schedule, the Contingent Projects or the terms and conditions for performance of Contingent Projects. If a Party so elects to initiate such negotiations, all Parties shall participate in such negotiations in good faith and in the spirit of cooperation for a period of at least ninety (90) days. At any time after the ninetieth (90th) day, any Party may elect to terminate negotiations by written notice to the other Parties. In the event no Party initiates negotiations pursuant to this Section 14.4.2, then the period of Unavoidable Delay shall end on either the last day of the one- (1-) year period or the last day of the eighteen- (18-) month period.

14.4.3 If the negotiations initiated under Section 14.4.2 do not result in an amendment acceptable to all affected Parties, and a Party elects to terminate negotiations over the amendment, then:

14.4.3.1 If what is being delayed by the Unavoidable Delay is the satisfaction of a Project Contingency for a specific Contingent Project, then the effect is as set forth in Section 16.3.2.

14.4.3.2 If what is being delayed by the Unavoidable Delay is the commencement of a Contingent Project and all Project Contingencies for that Contingent Project have been satisfied or waived, and the Unavoidable Delay has exceeded the respective one (1) year or eighteen (18) month period of time, then Unavoidable Delay ends as of the end of the one (1) year or eighteen (18) month period of time, and the provisions of Section 18.2 or 18.3 apply.

14.5 Arbitrator

The arbitrator referred to in Section 14.2 shall be jointly selected by the party claiming adverse market conditions exist (the "Claimant") and PDC. The arbitrator shall be independent of the Claimant and PDC and shall not have had a business relationship with either PDC or the Claimant within the last five (5) years. The arbitrator shall be a real estate investment or financing professional. If after ten (10) days the Claimant and PDC cannot agree on the person who will be the arbitrator, then PDC and the Claimant shall meet and each shall submit two (2) qualified candidates' names, the resulting four (4) names will be placed in a vessel, and the first name drawn will be the arbitrator. The arbitrator's fees shall be paid equally by PDC and the Claimant.

SECTION 15 TERM AND TERMINATION.

15.1 Effective Date

This Agreement is effective when all Parties have executed the Agreement, and this Agreement shall have an effective date which is the Effective Date first set forth above. The execution will be subject to entity authorization, which in PDC's case will include City Council's approval of the IGAs.

15.2 Termination

This Agreement shall terminate upon the earlier of:

15.2.1 In the event a Party gives a notice of termination pursuant to Section 5.5.1.1 and the Basic Contingency referenced in that notice is not satisfied within the time allowed under Section 5.5.1.1.

15.2.2 The occurrence of the Final Termination Date referred to in Section 5.5.2 without the satisfaction or waiver of all of the Basic Contingencies.

15.2.3 In the event an uncured event of default exists pursuant to Section 18, and the written election of all non-defaulting Parties to terminate this Agreement.

15.2.4 Upon the mutual agreement of the Parties in writing.

15.2.5 Upon the completion of the Phase 3 Contingent Projects.

SECTION 16 FAILURE TO COMMENCE CONTINGENT PROJECTS

16.1 General

PDC, NMI and OHSU have construction obligations as to the Contingent Projects that must begin pursuant to the Schedule, not later than the applicable Late Construction Start Date. Each Contingent Project has a series of Project Contingencies that must be satisfied or waived before the Party is obligated to start construction. The following subsections describe the consequences for failing to commence Contingent Projects by the Late Construction Start Date.

16.2 Permissible Delay until Late Construction Start Date

A Party may delay the commencement of construction of a Contingent Project to a date not later than the Late Construction Start Date for any reason, including the failure of the Project Contingencies applicable to a Contingent Project.

16.3 Delay Beyond the Late Construction Start Date

16.3.1 Subject to Section 14, if a Party fails to begin construction of a Contingent Project by the applicable Late Construction Start Date, except as provided in Section 16.3.2, that Party shall be in breach of this Agreement, subject to Section 17.

16.3.2 If a Party fails to begin construction of a Contingent Project by its Late Construction Start Date because a Project Contingency has not been satisfied or waived, or due to Unavoidable Delay after all Project Contingencies for the Contingent Project have been satisfied or waived *and* if the Party who is delayed notifies the other Parties of the delay as soon as the delayed Party identifies the delay, but in any event, not less than thirty (30) days before the Late Construction Start Date and specifies the Project Contingency that is not satisfied or the Unavoidable Delay that is delaying its performance, then the notifying Party shall not be in breach of this Agreement. Any Party having control over all or any part of an unsatisfied Project Contingency will use its best efforts to satisfy that Project Contingency.

16.3.2.1 The notifying Party will commence construction of the Contingent Project as soon as reasonably possible but not later than sixty (60) days after the specified Project Contingency is satisfied.

16.3.2.2 If the specified Project Contingency is satisfied by the Late Construction Start Date, the notifying Party will begin construction not later than 60 days after the Late Construction Start Date.

16.3.2.3 If the Project Contingency is *not* satisfied by the Late Construction Start Date, including on account of Unavoidable Delay, the Late Construction Start Date shall be extended until the Project Contingency is satisfied (or waived by that Party), and the Party obligated to build that Contingent Project shall not be in breach. In such case, the Schedule for such Contingent Project shall be adjusted to account for the period of delay in satisfying the Project Contingency.

SECTION 17 DEFAULT; CURE

17.1 Default by NMI, RCI, OHSU or Block 39

The following shall constitute defaults on the part of NMI, RCI, OHSU or Block 39:

17.1.1 Any breach of the provisions of this Agreement whether by action or inaction, which continues and is not remedied within sixty (60) days after PDC has given notice to the breaching Party specifying the breach; provided that if such breach cannot with due diligence be cured within a period of sixty (60) days, the breaching Party shall have a reasonable period of time to cure such breach, and in any such event such breach shall not constitute a default hereunder so long as the breaching Party diligently proceeds to effect such cure and such cure is accomplished within such reasonable period of time. In the event of a cure period of greater than one (1) year, the Party effecting the cure shall provide the other Parties with a written assessment of the cure every month describing: the curative actions taken since the last written report, the estimated date by which the cure will be completed, the remaining impediments to completing the cure, and the planned curative acts for the next month.

17.1.2 Any assignment by either NMI, RCI, Block 39 or OHSU for the benefit of creditors, or adjudication as a bankrupt, or appointment of a receiver, trustee or creditor's committee over any of such Parties. There shall be no cure for a breach under this Section 17.1.2. However, a default under this Section 17.1.2 caused by a Party being subjected to or taking one of the above actions shall be a default as to only that Party.

17.2 Default by PDC

PDC shall be in default if it breaches any of the provisions of this Agreement whether by action or inaction, and such breach continues and is not remedied within sixty (60) days after another Party has given notice specifying the breach; provided that if such breach cannot with due diligence be cured within a period of sixty (60) days, PDC shall have a longer and reasonable period of time to cure such breach, and in any such event such breach shall not constitute a default so long as PDC diligently proceeds to effect such cure and such cure is accomplished within such reasonable period. In the event of a cure period of greater than one (1) year, PDC shall provide the other Parties with a written assessment of the cure every month describing: the curative actions taken since the last written report, the estimated date by which the cure will be completed, the remaining impediments to completing the cure, and the planned curative acts for the next month.

17.3 CEO Meeting

In the case of a claimed default pursuant to Section 17, which is not cured or being cured in accordance with Section 17, a non-defaulting Party may not file litigation to exercise its remedy pursuant to Section 18.4 or 18.5 of this Agreement unless the non-defaulting Party gives the defaulting Party a notice requesting a meeting of the chief executive officer of each of the Parties and establishing a weekday date for the meeting within not fewer than seven (7) and not more than fourteen (14) days of the date of the notice. The respective chief executive officers of the Parties shall meet on the day noticed and engage in good faith discussions in an

attempt to resolve the claimed event of default. The meeting may be continued until either the non-defaulting Party calling the meeting or the defaulting Party elects not to participate further. If the above process does not resolve the claimed breach, then each Party shall be entitled to pursue its remedies pursuant to Section 18.4 or 18.5 of this Agreement.

SECTION 18 REMEDIES

18.1 Remedy for Failure to Start Construction by Late Start Date

In the event RCI, NMI, Block 39 or OHSU is in breach of this Agreement pursuant to Section 16.3.1 and has failed to cure that breach pursuant to Section 17.1, then PDC shall be entitled to delay the start of any Contingent Project which it is obligated to begin after the start of the Contingent Project that is delayed and to suspend for the period of cure of the breach the construction of any Contingent Project it has commenced; provided that, if PDC does not elect to suspend construction, the Parties shall remain obligated to perform pursuant to the Funding and Financing Plan as it relates to the Contingent Project being constructed. In the event PDC takes no action in response to a breach by RCI, NMI, Block 39 or OHSU, then such inaction shall be deemed the decision by PDC to not suspend construction.

18.2 For NMI, RCI, or Block 39 Default in Failing to Complete Construction of Phase 1 Buildings by Late Completion Date

18.2.1 In General

PDC will obtain a portion of the funds to be invested in Phase 1 of the Project in the form of proceeds of debt borrowings incurred by the City that will be repaid by incremental property taxes collected pursuant to ORS 457.420, *et seq.*, generated by certain of the Phase 1 Buildings to be built in the Project Area. To the extent that all Project Contingencies which are conditions precedent to the construction of a Phase 1 Building in the Project Area have been satisfied or waived, but that Phase 1 Building is not substantially complete by the applicable Late Completion Date as extended by an Unavoidable Delay; then, the owner of the Building site in the NMI Land shall be required to make payments in lieu of the incremental property taxes which would have been generated by the timely construction of such Building. Except for an Unavoidable Delay, such payment shall be made from the date on which Tax Increment Revenues would have been due for a Building completed by the Late Completion Date and continue until that Building is actually completed and taxable on the Multnomah County tax rolls. In the event that construction of a Phase 1 Contingent Project has not commenced due to Unavoidable Delay, then the payments shall commence upon the Late Completion Date extended by the period of Unavoidable Delay. In addition, in the event this Agreement is terminated pursuant to Section 5.5, then the owners of the Building sites in the NMI Land shall be responsible to make certain payments in lieu of incremental property taxes. The following subsections implement this general provision.

18.2.2 Public Investment

18.2.2.1 The expected public investment to be financed by debt and to be repaid by incremental property taxes is set forth in some detail on attached Exhibit U (the "Public Investment"). It is possible that the Contingent Projects in Exhibit U may receive grants

or other forms of financing from sources other than incremental property taxes, such as federal or state funds ("Grants") in substitution of funding from PDC as set forth in the Funding and Financing Plan. It is also possible that PDC's funding obligations may be reduced from the amounts shown in Exhibit U by an amendment to the Schedule that delays a Contingent Project described in Exhibit U to a Phase later than the Phase in which it was originally Scheduled ("Other Funds"). Finally, since the amount on Exhibit U is an estimate, it is possible that the actual amount expended by PDC for the items shown on Exhibit U may be less than the estimate, with the difference being the "Cost Savings." For purposes of this Section 18.2, the Public Investment will be initially determined as of December 31, 2003 and will be equal to: the amount shown on attached Exhibit U decreased by Grants and Other Funds received prior to that date. The Public Investment will also be adjusted subsequent to that date by subsequent Grants and Other Funds. PDC shall promptly notify the other Parties in the event Grants or Other Funds are received or Cost Savings are realized. Any Cost Savings will be applied to accelerate the Public Projects in the priority order set forth in the Funding and Financing Plan.

18.2.2.2 The Public Investment will be expended over the early years of Phase 1; however, incremental property taxes to pay the debt incurred for the Contingent Projects will not be received until later in Phase 1. Accordingly, the Public Investment amount shall be adjusted as follows: the Public Investment amount shall be increased at the rate of 6.93% per year for a period of three (3) years from the Effective Date at a non-compounding rate, and the resultant amount shall be the Adjusted Public Investment.

18.2.2.3 In the event of a termination of this Agreement pursuant to Section 5.5, then the Public Investment shall be limited to amounts expended by PDC for the Phase 1 Street Improvement Project for hard and soft construction costs, and not for PDC's overhead, determined as of the end of the Phase 1 Street Improvement Project. In this case, the Adjusted Public Investment shall be equal to the Public Investment increased by 6.93% per year, non-compounding, for half the number of years between the commencement of and the substantial completion of the Phase 1 Street Improvement Project.

18.2.2.4 NMI shall be entitled to review PDC's books and records so as to review the amount of the Adjusted Public Investment. In the event PDC and NMI disagree about the accurate amount of the Adjusted Public Investment, the issue shall be resolved by Dispute Resolution.

18.2.3 Tax Increment Revenue

Incremental property taxes from taxable development in the Project Area will be dedicated to pay the debt incurred to fund Contingent Projects. The Tax Increment Revenue for any tax year is equal to: the actual annual ad valorem taxes collected and divided on account of ORS 457.420, *et seq.*, from the Project Area, and from the taxable land and taxable Buildings (or taxable portions thereof) constructed by NMI, RCI, Block 39 or OHSU or their respective Affiliates or transferees on land located within the South Waterfront Plan Area but outside of the Project Area, all as certified by the Multnomah County Assessor.

18.2.4 Target Tax Increment Revenue

The Funding and Financing Plan is predicated on sufficient Tax Increment Revenue from the Project Area and development in the Project Area being received to pay the debt service on the Adjusted Public Investment. The annual (by tax year) targeted amounts of Tax Increment Revenue are set forth on attached Exhibit V (the "Target Tax Increment Revenue"). The Target Tax Increment Revenue is shown on Exhibit V for each of NMI's Contingent Projects in Phase 1 that are taxable (each amount being a "Contingent Project Target") and the cumulative Target Tax Increment Revenue for each tax year. The identification of particular Blocks on Exhibit V is not a commitment as to the location of a particular Contingent Project, which may be located as provided in this Agreement.

18.2.5 Gap Payment

The provisions of this Section 18.2.5 apply until the earlier of the termination referred to in Section 18.2.8 or until there is a Transfer pursuant to Section 18.2.6, and then Section 18.2.6 applies to Transferred properties, and this Section 18.2.5 applies to properties not Transferred. In the event that for any tax year, Tax Increment Revenue received does not equal or exceed Target Tax Increment Revenue, then a Gap Amount shall exist equal to the Target Tax Increment Revenue less the Tax Increment Revenue. On or before December 15 of each tax year, PDC shall compute the Gap Amount and give written notice of the Gap Amount to NMI and Block 39, and NMI and Block 39 (but not OHSU) to the extent of each entity's ownership of taxable property and in the relative percentages set forth below, shall pay the Gap Amount to PDC within sixty (60) days of the computation of the Gap Amount (a "Gap Payment"); provided that NMI and Block 39 shall not be liable to pay Gap Payments on account of OHSU Contingent Projects. NMI and Block 39 shall be severally responsible for a Gap Payment in an amount equal to the Gap Payment multiplied by a fraction the numerator of which is the total Target Tax Increment Revenue assigned by Exhibit V to land owned by NMI or Block 39, and the denominator of which is the total Target Tax Increment Revenue assigned by Exhibit V to land owned by both NMI and Block 39. Amounts due pursuant to this Section 18.2.5 shall be a lien upon the respective property of NMI or Block 39 in favor of PDC, but the lien shall automatically subordinate to the lien of a construction mortgage(s) incurred to provide funds for the Contingent Project and any permanent mortgage(s) providing funds to pay off that construction mortgage or to any subsequent refinancings ("Mortgages"); provided that the total Mortgages prior to PDC's lien shall not exceed 80% of the fair market value of that Contingent Project. The obligation to make a Gap Payment is excused during and to the extent of Unavoidable Delay. The obligation to make Gap Payments does not apply to Contingent Projects in Phases 2 and 3.

18.2.6 Allocations Upon Transfers

18.2.6.1 In the event that RCI, NMI, Block 39 or OHSU proposes to transfer a parcel or Block in the Project Area to a third party, even if NMI or some or all of its members are owners of the third party (a "Transfer"), then the transferor shall proceed in accordance with Section 18.2.6.2, in addition to satisfying the requirements of Section 13. A Transfer shall not include a conveyance by RCI to OHSU or NMI.

18.2.6.2 Upon a Transfer, the transferor shall: give PDC written notice of the proposed transferee, identify the specific Contingent Project to be built upon the parcel or Block to be transferred, assign the amount of Contingent Project Target shown in Exhibit V to that parcel or Block, confirm the Late Construction Completion Date for that Contingent Project, and assign a Gap Credit Amount, if any, to that parcel or Block and submit to PDC a written agreement to be recorded against that parcel or Block that sets forth the above information (the "Gap Obligation Agreement"). PDC shall have the right to review and approve the Gap Obligation Agreement and will approve the Gap Obligation Agreement if it is consistent with this Section 18.2 and Exhibit V. Thereafter, the transferor shall not Transfer the parcel or Block without the transferee executing and recording the Gap Obligation Agreement. Upon the recording of a Gap Obligation Agreement, the transferor shall be relieved of its responsibility for that portion of any future Gap Payment based on the Contingent Project Target referred to in that Gap Obligation Agreement and PDC shall, thereafter, look only to the transferee and its Contingent Project for payment of that portion of a Gap Payment attributable to the Contingent Project Target referred to in that Gap Obligation Agreement. Amounts due pursuant to a Gap Obligation Agreement shall be a lien upon the parcel or Block so conveyed, but that lien shall automatically subordinate to the lien of a construction mortgage incurred to provide funds for that Contingent Project and any permanent mortgage(s) providing funds to pay off that construction mortgage or to any subsequent refinancings ("Mortgages"); provided that the total of Mortgages prior to PDC's lien shall not exceed 80% of fair market value of that Contingent Project.

18.2.6.3 Upon the recording of a Gap Obligation Agreement, the amount of the referenced Contingent Project Target Tax Increment Revenue shall be subtracted from the transferor's allocated Target Tax Increment Revenue set forth in Section 18.2.5, the property described in the Gap Obligation Agreement shall be released from the lien referred to in Section 18.2.5, and the amounts secured by the lien referred to in Section 18.2.5 shall be reduced by the Target Tax Increment Revenue referred to in the Gap Obligation Agreement.

18.2.7 Gap Credit

18.2.7.1 In any tax year Tax Increment Revenue is in excess of the Target Tax Increment Revenue (regardless of whether or not Transfers have occurred), then the excess shall be a Gap Credit. NMI or Block 39 may apply a Gap Credit to and thereby reduce any future Gap Payment obligation pursuant to Section 18.2.5. Gap Credits may be carried forward for any number of years without interest. However, Gap Credits are only available to offset Gap Payments on account of Phase 1 Contingent Projects. Gap Credits shall have no value after the Gap Payment obligations terminate pursuant to Section 18.2.8 or Gap Credits equal the total cumulative Target Tax Increment Revenue shown on Exhibit V for Phase 1. Gap Credits shall be allocated between NMI and Block 39 in the percentages set forth in Section 18.2.5.

18.2.7.2 Where a Transfer has occurred pursuant to Section 18.2.6, then the following provisions apply. If in any tax year a Contingent Project produces Tax Increment Revenue in excess of that Contingent Project's Contingent Project Target, then the excess shall be a Gap Credit. Gap Credits shall have no value after the Gap Payment obligations terminate pursuant to Section 18.2.8.

18.2.8 Termination of Gap Payment Obligation

18.2.8.1 In the case of a Transfer pursuant to Section 18.2.6, when a Contingent Project produces real market value (as defined in ORS 308.205) and the real market value set forth in the assessment roll pursuant to ORS 308.215 is equal to the amount shown for that Contingent Project in Exhibit V, then thereafter, the owner of that Contingent Project shall have no further liability for a Gap Payment on account of that Contingent Project or under a Gap Obligation Agreement applicable to that Contingent Project.

18.2.8.2 The Parties have agreed that the repayment of the Adjusted Public Investment will be adequately assured when the total real market value of all taxable land (less the real market value of the land as of the Effective Date) and Buildings in the Project area, based on the assessment roll, pursuant to ORS 308.215, is equal to or greater than \$257,900,000. Whenever that occurs, then thereafter, no property owner in the Project Area shall have any further obligation under Section 18.2 or any Gap Obligation Agreement.

18.2.9 Tax Law Changes

In the event that the tax laws which affect Tax Increment Revenue are changed in a way that reduces Tax Increment Revenue, then the Target Tax Increment Revenue shall be similarly reduced to the extent that the City receives a replacement source of tax revenue that is legally available for payment of debt service obligations secured by Tax Increment Revenue. For example, if ad valorem property taxes are reduced by 50% but the City's lost Tax Increment Revenue is replaced only to the extent of 10% by the City's share of a new tax (such as a sales tax) or an increased existing tax (such as an income tax), then the Target Tax Increment Revenue will be decreased by 10%. In the event that the tax laws which affect Tax Increment Revenue are changed in a way that reduces Tax Increment Revenue, but the City does not receive a replacement source of tax revenue, then the Target Tax Increment Revenue shall not be changed.

18.2.10 Collection of Gap Payments

Whenever PDC determines that NMI or Block 39 owes a Gap Payment, PDC will send the obligated Party an invoice showing the requested Gap Payment due and the data used in calculating the amount of the Gap Payment and the method of calculation used to determine the Gap Payment. Unless the Party receiving the Gap Payment invoice disputes the amount of the Gap Payment, the Party obligated for the Gap Payment will pay it within sixty (60) days of when due. Payments not paid within that period of time will bear interest at the Default Rate until paid. Any dispute over the amount of a Gap Payment shall be resolved through Dispute Resolution.

18.2.11 Survival

In the event of a termination of this Agreement pursuant to Section 5.5, the provisions of this Section 18.2 shall survive and be fully enforceable, but only as to the Adjusted Public Investment referred to in Section 18.2.2.3.

18.2.12 PDC's Right to Acquire NMI or RCI Land

If NMI has failed to commence construction of an NMI Contingent Project within two years after the Late Completion Date for that Contingent Project as extended by any period of Unavoidable Delay, PDC shall have the option to acquire the parcel of NMI Land upon which the Contingent Project is Scheduled to be built, upon payment of a purchase price determined pursuant to Section 9.9 above.

18.3 For OHSU's Failure to Complete Construction of Buildings by the Late Completion Date

18.3.1 OHSU has agreed to build the Phase 1 OHSU Building by the Scheduled Late Completion Date. OHSU has also agreed to build the Phase 2 OHSU Buildings, and the Phase 3 OHSU Buildings, and those Buildings will have Scheduled Late Completion Dates to be established pursuant to Sections 7 and 8 (each an "OHSU Building" and collectively, the "OHSU Buildings"). The OHSU Buildings are planned to contain a total of approximately 1,500,000 gross square feet of space. The Parties acknowledge that the OHSU Buildings (except for space leased to taxable entities) are non-taxable, and therefore, will not produce Tax Increment Revenue, but will pay LID assessments. However, in the event the OHSU Buildings are not completed by the Scheduled Late Completion Dates, PDC and the South Waterfront Plan Area will not receive or will be delayed in receiving the tangible and intangible benefits of the timely completion of the OHSU Buildings. OHSU agrees that it is appropriate to provide PDC with a remedy for OHSU's failure to complete the OHSU Buildings when Scheduled.

18.3.2 In the event that OHSU does not complete an OHSU Building by one (1) year after the Scheduled Late Completion Date for that Building, then from the first anniversary of the Scheduled Late Completion Date (extended by any period of Unavoidable Delay) until that OHSU Building is substantially complete, as certified by that Building's contractor and architect, and the City has issued a temporary certificate of occupancy for space in that OHSU Building, OHSU agrees to pay PDC the sum of 10% per year of the Liquidated Damage Amount, prorated for any partial year. The Liquidated Damage Amount is \$2,100,000 multiplied by a fraction, the numerator of which is the total amount of gross square footage of space in all OHSU Buildings (based on the total square footage set forth in Section 2) which is then not substantially complete, and the denominator of which is 1,500,000.

18.3.3 If, at any time after the second anniversary of the date OHSU was obligated to make a payment to PDC pursuant to Section 18.3.2 and until OHSU files for a building permit for the OHSU Building whose delay gave rise to the payment obligation, PDC has entered into an agreement with a third party that has agreed to build a Bioscience Building on the site of the delayed OHSU Building (the "OHSU Site"), then PDC may give written notice of that fact to OHSU, and if such notice is given, then PDC and OHSU shall proceed in accordance with Section 18.3.4. A Bioscience Building is a building whose occupants will be engaged in some or all of the following: medical research and testing, biomechanical research, drug and pharmaceutical research or production, or organic and agricultural chemical research and development. PDC shall not enter into an agreement for a Bioscience Building which includes clinical facilities.

18.3.4 PDC will cause an MAI appraiser reasonably acceptable to OHSU to appraise the fair market value of the OHSU Site at its highest and best use (the "Fair Market Value"). The provisions of Section 9.9 shall not apply to this appraisal process. Upon completion of the appraisal and its delivery to OHSU, PDC shall have the option to purchase the OHSU Site for cash in the amount of the OHSU Site's Fair Market Value, which option may be exercised at any time within 120 days of the appraisal delivery date. If PDC exercises this option, the closing shall occur within 60 days of the option exercise date. At closing, PDC shall pay the Fair Market Value in cash. OHSU shall convey the OHSU Site to PDC without any representation or warranty other than as to marketable title and without monetary liens or encumbrances. PDC may only convey the OHSU Site to the party committed to build the Bioscience Building described in that party's agreement with PDC referred to in Section 18.3.3.

18.4 For Any Failure of Performance by RCI, NMI or OHSU Other Than Described in Sections 18.2 or 18.3

If RCI, NMI or OHSU shall default under the terms of this Agreement for any failure of performance other than failure to complete a Contingent Project by the applicable Late Completion Date, a non-defaulting Party may:

18.4.1 Recover from the defaulting Party all monetary damages (except for punitive or exemplary damages) and pursue all other remedies allowed at law or in equity arising out of, or related to, or caused by, the uncured default. The Parties agree that equitable remedies may include specific performance or injunctive relief in some circumstances, but no Party has agreed in advance as to the availability of any particular remedy in any particular factual circumstances;

18.4.2 The non-defaulting Party shall be relieved from any of such Party's obligation under this Agreement which was contingent upon the failed performance; and

18.4.3 Terminate this Agreement (including, but not limited to, PDC's right to receive Gap Payments or payments of the Liquidated Damages Amount). However, all non-defaulting Parties agree to confer with respect to each non-defaulting Party's election of remedies with respect to a PDC default.

18.5 Remedies for PDC Default

In the event of a default by PDC, which is not cured pursuant to Section 17.2, then the non-defaulting Parties may:

18.5.1 Delay any obligation of a non-defaulting Party that is contingent upon the performance by PDC of an action which PDC failed to perform, with written notice of such delay given to all other Parties;

18.5.2 Recover from the defaulting Party all monetary damages (except for punitive or exemplary damages) and pursue all other remedies allowed at law or in equity arising out of, or related to, or caused by the uncured default. The Parties agree that equitable remedies may include specific performance or injunctive relief in some circumstances, but no Party has agreed in advance as to the availability of any particular remedy in any particular factual circumstances;

18.5.3 Terminate this Agreement (including, but not limited to, PDC's right to receive Gap Payments or payments of the Liquidated Damages Amount). However, all non-defaulting Parties agree to confer with respect to each non-defaulting Party's election of remedies with respect to a PDC default.

Each non-breaching Party may separately elect some or all of the above remedies, except the remedy in Section 18.5.3 must be elected, if at all, by all of the non-breaching Parties.

18.6 Exclusivity of Remedies

The remedies stated in this Section 18 are the exclusive remedies for the breaches described under this Agreement.

SECTION 19 DISPUTE RESOLUTION

With respect to any provision of this Agreement where Dispute Resolution is referenced as a means to resolve disagreements among the Parties, except for matters referred to the arbitrator pursuant to Section 14.5, then the provisions of this Section 19 shall apply. When a disagreement exists, any Party whose agreement, consent or approval is required may initiate this dispute resolution process by written notice to the other Party(ies) whose agreement, consent or approval is required. The affected Parties shall select a person (a "Dispute Resolver") to resolve the dispute. The Dispute Resolver shall set the timing, procedures and rules for resolving the dispute. The Dispute Resolver shall be independent of the Parties and shall not have had a business relationship with any Party within the last five (5) years. The Dispute Resolver shall be a person who (a) is a resident of the Portland metropolitan area, and (b) has substantial experience in resolving complex business issues in a public or private context. If after ten (10) days the affected Parties cannot agree on the person who will be the Dispute Resolver, then the affected Parties shall meet and each shall submit two (2) qualified candidates' names, the resulting names will be placed in a vessel, and the first name drawn will be the Dispute Resolver. The Dispute Resolver's fees shall be paid equally by the affected Parties.

SECTION 20 MISCELLANEOUS PROVISIONS

20.1 Good Faith and Fair Dealing

The Parties shall have imputed to all of their duties, obligations, and acts performed under this Agreement, a standard of conduct of good faith and fair dealing.

20.2 Inspection of Records; Confidentiality

20.2.1 Inspection of Records

Each Party agrees that, upon the reasonable prior notice from another requesting Party, it will make available to the requesting Party its records, reports and information pertaining to the Project for review, but not copying (unless agreed upon by the non-requesting Party), so as to inform the requesting Party and to enable the requesting Party to determine the other Party's compliance with the terms of this Agreement.

20.2.2 Confidentiality

Each Party agrees to keep as confidential any document or information identified by the originating Party as being confidential, by means of marking the document or information as being confidential. A Party agrees to only communicate confidential information to its legal counsel or as required by court order. In the event that PDC (or the City) or OHSU is served with a request for the production of confidential information provided to PDC (or the City) or to OHSU by another Party, or by PDC (or the City) to OHSU or by OHSU to PDC (or

the City), pursuant to ORS 192.410, *et. seq.*, then the Party receiving the public records production request shall, at least seven (7) days before the Party receiving the request would, if the request were granted, make the confidential information available to the requesting party, provide the originating Party with a copy of the request, so that the originating Party may take steps to prevent the disclosure of the confidential information. However, the Parties acknowledge that, as public entities, PDC and OHSU must comply with and will comply with ORS 192.410, *et. seq.*

20.3 Conflict of Interests

No member, official, or employee of PDC shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his personal interests or the interest of any corporation, partnership, or association in which he is, directly or indirectly, interested.

20.4 Discrimination

NMI, RCI and OHSU, each for itself and its successor and assigns, agrees that in performing its obligations under this Agreement, it will not discriminate against any employee or applicant for employment because of race, color, religion, age, gender, sexual orientation or national origin.

20.5 Governing Law; Venue; Jurisdiction

This Agreement shall be governed and construed according to the laws of the State of Oregon, without regard to its choice of law provisions. Any action or suit to enforce or construe any provision of this Agreement by either party shall be brought in the Circuit Court of the State of Oregon for Multnomah County or the Federal District Court located in Multnomah County, Oregon. The Circuit Court of the State of Oregon for Multnomah County or the Federal District Court located in Multnomah County shall have exclusive jurisdiction over all lawsuits brought by any Party against any other Party with respect to the subject matter of this Agreement, and each Party hereby irrevocably consents to such exclusive jurisdiction and waives any and all objections it might otherwise have with respect thereto.

20.6 No Benefit to Third Parties

PDC, RCI, NMI, Block 39 and OHSU are the only parties to this Agreement and are the only parties entitled to enforce its terms, except as otherwise specifically provided in this Agreement. There are no third-party beneficiaries of this Agreement.

20.7 Notices

All notices given under this Agreement shall be in writing and may be delivered by personal delivery, by overnight courier service, or by deposit in the United States Mail, postage prepaid, as certified mail, return receipt requested, and addressed as follows:

PDC: The Portland Development Commission
1900 Southwest Fourth Avenue, Suite 7000
Portland, Oregon 97201
ATTN: Director of Development
(503) 823-3368 (Fax)
(503) 823-3355 (Telephone)

With a copy to:

The Portland Development Commission
1900 Southwest Fourth Avenue, Suite 7000
Portland, Oregon 97201
ATTN: General Counsel
(503) 823-3368 (Fax)
(503) 823-3200 (Telephone)

RCI: River Campus Investors, LLC
c/o Williams & Dame Development, Inc.
1325 NW Flanders Street
Portland, Oregon 97209
Attn: Mr. Dike Dame
(503) 227-7996 (Fax)
(503) 227-6593 (Telephone)

With a copy to:

Ball Janik LLP
101 SW Main Street, Suite 1100
Portland, Oregon 97204
Attn: Mr. Robert S. Ball
(503) 295-1058 (Fax)
(503) 228-2525 (Telephone)

NMI: North Macadam Investors, LLC
c/o Williams & Dame Development, Inc.
1325 NW Flanders Street
Portland, Oregon 97209
Attn: Mr. Dike Dame
(503) 227-7996 (Fax)
(503) 227-6593 (Telephone)

With a copy to:

Ball Janik LLP
101 SW Main Street, Suite 1100
Portland, Oregon 97204
Attn: Mr. Robert S. Ball
(503) 295-1058 (Fax)
(503) 228-2525 (Telephone)

Block 39: Block 39, LLC
c/o Williams & Dame Development, Inc.
1325 NW Flanders Street
Portland, Oregon 97209
Attn: Mr. Dike Dame
(503) 227-7996 (Fax)
(503) 227-6593 (Telephone)

With a copy to:

Ball Janik LLP
101 SW Main Street, Suite 1100
Portland, Oregon 97204
Attn: Mr. Robert S. Ball
(503) 295-1058 (Fax)
(503) 228-2525 (Telephone)

OHSU: Oregon Health & Science University
General Counsel, L585
3181 SW Sam Jackson Park Road
Portland, Oregon 97201
Attn: Mr. Steven D. Stadum
(503) 494-8935 (Fax)
(503) 494-5222 (Telephone)

With a copy to:

Ball Janik LLP
101 SW Main Street, Suite 1100
Portland, Oregon 97204
Attn: Mr. Stephen T. Janik
(503) 295-1058 (Fax)
(503) 228-2525 (Telephone)

Any notice delivered by personal delivery or overnight courier shall be deemed received by the addressee upon actual delivery, and any notice delivered by certified mail shall be deemed received by the addressee on the third business day after deposit in the mail. The addresses to which notices are to be delivered may be changed by giving notice of such change in address in accordance with this notice provision.

20.8 Time is of the Essence

Time is of the essence in the performance of and adherence to each and every provision of this Agreement.

20.9 Non-waiver

Waiver by any Party of strict performance of any provision of this Agreement shall not be deemed a waiver of or prejudice a Party's right to require strict performance of the same or any other provision in the future. A claimed waiver must be in writing and signed by the Party granting a waiver. A waiver of one provision of this Agreement shall be a waiver of only that provision. A waiver of a provision in one instance shall be a waiver only for that instance, unless the waiver explicitly waives that provision for all instances.

20.10 Non-waiver of Government Rights

Subject to the terms and conditions of this Agreement, by making this Agreement, PDC is specifically not obligating itself, the City, or any other agency with respect to any police power or regulatory actions relating to development or operation of the Contingent Projects and other improvements to be constructed in the Project Area, including, but not limited to, rezoning, variances, environmental clearances or any other governmental approvals which are or may be required.

20.11 Survival

Any covenant or condition set forth in this Agreement, the full performance of which is not specifically required prior to the expiration or earlier termination but which by its terms is to survive the termination of this Agreement, shall survive the expiration or earlier termination of this Agreement and shall remain fully enforceable thereafter.

20.12 Partial Invalidity

If any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement, and the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. If a material provision of this Agreement is held invalid or unenforceable such that a Party does not receive the benefit of its bargain, then the other Parties shall renegotiate in good faith terms and provisions that will effectuate the spirit and intent of the Parties' agreement herein.

20.13 Calculation of Time

Unless referred to as Business Days, all periods of time shall include Saturdays, Sundays, and Legal Holidays. However, if the last day of any period falls on a Saturday, Sunday, or legal holiday, then the period shall be extended to include the next day which is not a Saturday, Sunday, or Legal Holiday. "Business Days" shall mean Monday through Friday, and "Legal Holiday" shall mean any holiday observed by the State of Oregon.

20.14 Headings, Table of Contents

The section headings and Table of Contents are for convenience in reference and are not intended to define or limit the scope of any provision of this Agreement.

20.15 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

20.16 Legal Purpose

PDC, NMI, RCI and OHSU each agrees that it shall use its interest in the Project solely for lawful purposes.

20.17 Amendments

This Agreement may be modified only by a writing signed by the Parties. Subject to Section 3.3 and 4.2, amendments to this Agreement can be approved by PDC Executive Director and the other Parties.

20.18 Approvals

20.18.1 Where this Agreement requires the approval(s) of PDC, PDC will approve or disapprove within ten (10) Business Days after receipt of the material to be approved, except where a longer or shorter time period is specifically provided in this Agreement, and except where the approval requires action by the PDC Board or City Council, and in that case, the approval period shall be forty-five (45) days. Failure by PDC to approve or disapprove within the applicable period of time shall be deemed approval. Any disapproval shall state in writing the reasons for such disapproval. Approvals will not be unreasonably withheld, except where rights of approval are expressly reserved to PDC's sole discretion in this Agreement.

20.18.2 Where this Agreement requires the consent or approval of NMI, RCI, Block 39 or OHSU, each of NMI, RCI, Block 39 and OHSU approve or disapprove within ten (10) Business Days after receipt of the material to be approved, except when a longer period of time is specifically provided in this Agreement. Failure by any of NMI, RCI, Block 39 or OHSU to approve or disapprove within such period of time shall be deemed approval. Any disapproval shall state the reasons for such disapproval. Approvals will not be unreasonably withheld, except where rights of approval are expressly reserved to NMI's, RCI's, Block 39's or OHSU's sole discretion.

20.19 Attorneys' Fees

If a suit, action, or other proceeding of any nature whatsoever (including any proceeding under the U. S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Agreement or to interpret or enforce any rights or obligations hereunder, the prevailing party shall be entitled to recover its attorney, paralegal, accountant, and other expert fees and all other fees, costs, and expenses actually incurred and reasonably necessary, as

determined by the court at trial or on any appeal or review, in addition to all other amounts provided by law.

20.20 Entire Agreement

This Agreement constitutes the entire agreement between the Parties as to the subject matter covered by this Agreement.

20.21 Successors and Assigns

Subject to Sections 12 and 13, the rights, obligations, liabilities, and remedies provided in this Agreement shall extend to the successors-in-interest of the Parties and to the transferees and assignees of the Parties; however, a grantee, vendee, transferee, or assignee of a specific Block or portion of a Block shall only be responsible for obligations which encumber that property or which are assumed in writing.

20.22 Interpretation of Agreement; Status of Parties

This Agreement is the result of arm's-length negotiations between the Parties and shall not be construed against any Party by reason of its preparation of this Agreement. Nothing contained in this Agreement shall be construed as creating the relationship of principal and agent, partners, joint venturers, or any other similar relationship between the Parties.

20.23 Future Assurances

Each of the Parties shall promptly execute and deliver such additional documents and shall do such acts that are reasonably necessary, in connection with the performance of their respective obligations under this Agreement according to the Schedule so as to carry out the intent of this Agreement.

20.24 Capacity to Execute; Mutual Representations

The Parties each warrant and represent to the others that this Agreement constitutes a legal, valid, and binding obligation of that Party. Without limiting the generality of the foregoing, each Party represents that its governing authority and, in the case of PDC, its Board, has authorized the execution, delivery, and performance of this Agreement by it. The individuals executing this Agreement warrant that they have full authority to execute this Agreement on behalf of the entity for whom they purport to be acting. Each Party represents to the others that neither the execution and delivery of the Agreement, nor the consummation of the transactions contemplated hereby will: violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, government agency, or court to which it is subject or any provision of its charter or bylaws; or conflict with, result in a breach of, or constitute a default under any other agreement to which it is a party or by which it is bound. No Party needs to give any notice to, make any filing with, or obtain the consent of any other entity or person to consummate the transaction contemplated by this Agreement.

20.25 Exhibits

The Exhibits attached to this Agreement are an integral part of this Agreement and are fully incorporated into this Agreement where they are referenced in the text of this Agreement.

20.26 Joint or Several Liability

Where one of OHSU, RCI, NMI or Block 39 has an obligation under this Agreement, the others are not jointly or severally liable for that Party's performance of that obligation. Where two of OHSU, RCI, Block 39 or NMI have an obligation under this Agreement, then both of those named Parties shall be severally liable for that obligation. For example, if NMI has an obligation, OHSU shall not be responsible for NMI's obligation, and if RCI and NMI have an obligation, each of RCI and NMI shall be fully liable for that obligation. However, except for the recovery of Gap Payments pursuant to Section 18.2 and Liquidated Damages pursuant to Section 18.3, each of which may be collected when due, PDC shall be entitled to only one recovery of damages for the same default by those Parties severally liable for that default.

20.27 Not an Agreement to Lend

Except as specifically provided in this Agreement, this Agreement does not constitute an agreement to lend money for any Contingent Project.

20.28 Relationship of PDC to City Bureaus

Where this Agreement refers to an obligation of, or a benefit to, a City Bureau and not PDC, then PDC agrees to enter into an IGA with that City Bureau requiring that Bureau to perform the obligation and allowing that Bureau the benefit.

20.29 Memorandum of Development Agreement


The Parties agree to execute, deliver and record, against those properties in the Project Area owned by RCI, Block 39 or NMI as of the Effective Date, the Memorandum of this Agreement attached as Exhibit W.

[THE REMAINDER OF THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the dates shown below.

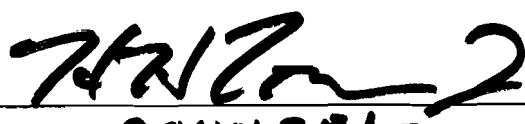
PDC:

PORTLAND DEVELOPMENT COMMISSION

By: 
Its: Portland Development Commission

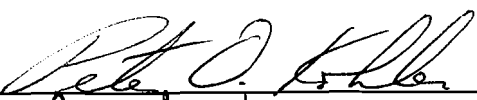
Approved as to form:

Office of General Counsel

By: 
Its: COUNSEL

OHSU:

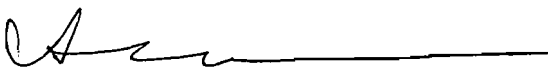
OREGON HEALTH & SCIENCE UNIVERSITY,
a public corporation of the State of Oregon

By: 
Its: President

RCI:

RIVER CAMPUS INVESTORS, LLC,
an Oregon limited liability company

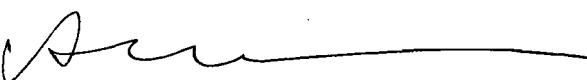
By: Williams & Dame Development,
Inc., an Oregon corporation, as Manager

By: 
Its: Chairman

NMI:

NORTH MACADAM INVESTORS, LLC,
an Oregon limited liability company

By: Williams & Dame Development,
Inc., an Oregon corporation, as Manager

By: 
Its: Chairman

BLOCK 39:

BLOCK 39, LLC, an Oregon limited liability
company

By: Williams & Dame Development Inc.,
as Manager

By: 

Its: Chairman

EXHIBIT C

GLOSSARY OF DEFINED TERMS

The following terms have the designated meanings in this Agreement:

“2002 Approval” means that Greenway Review and Approval issued by the Bureau of Development Services to NMI and RCI in 2002 under Case File LU-02-124581 AD GW and LU 02-128184 SU GW.

“Additional Affordable Obligation” means the obligation of NMI to build Affordable Housing on property acquired by NMI in the UR Area as provided in Section 9.24.

“Additional Residential Units” means those housing units developed by NMI in excess of the high end of the ranges specified in Sections 2.2, 2.3 and 2.4.

“Adjusted Public Investment” means the amount of the Public Investment increased at the rate of 6.93% per year for a period of three (3) years at a non-compounding rate or the amount computed in accordance with Section 18.2.2.3.

“Adult Entertainment” means a commercial business where entertainment is provided consisting of live or filmed performances by nearly nude or nude people, with the expectation, by some or all of the viewing customers, that prurient or erotic interest, excitement or mental stimulation may or will occur at some or all times during some or all performances.

“Affiliate” means with respect to any person or entity (i) any other person or entity, that directly or indirectly, controls, is controlled by, or is under common control with, such specified person or entity, or (ii) any person or entity that is an officer, director, general partner, or member of, or that serves in a similar capacity with respect to, such specified person or entity. Without limitation, a person or entity shall be deemed to be controlled by any other person or entity if such other person or entity possesses, directly or indirectly, the power to direct the management of the specified person or entity by a contract or otherwise.

“Affordable Apartments” means residential units developed for rental to households with an income between 0% and 100% of MFI.

“Affordable Condominiums” means residential units offered for sale at prices affordable by persons earning 80% to 120% of MFI.

“Affordable Housing” means the Affordable Apartments and the Affordable Condominiums.

“Agreement” means this South Waterfront Central District Project Development Agreement and all attached Exhibits.

“Alternative LID Reduction” means a reduction in the initial principal amount of the LIDs based on obtaining External Funds for projects other than those referred to in Section 3.2.3.1.

“Americans With Disabilities Act” or “ADA” means 42 U.S.C. Section 1201 et seq.

“Bancroft Street Station” means the station of the Portland Streetcar located in the Bancroft Street right-of-way.

“Basic Contingencies” means all of the contingencies set forth in Section 5.2 of this Agreement.

“BDS” means the City’s Bureau of Development Services.

“BES” means the City’s Bureau of Environmental Services.

“Bioscience” and “Bioscience Companies” means a broad spectrum of industries that are based on research in biology and the life sciences, including biotechnology, pharmaceuticals, nutraceuticals, diagnostics, medical devices, environmental bio-remediation, research reagents, biomedical engineering, nanotechnology, bioinformatics and software and Internet-based medical records and health information.

“Bioscience Accelerator” is a facility where some or all of the following facilities and services are available for use by small Bioscience Companies on a shared basis to leverage resources and accelerate the growth of such companies: wet and dry laboratories, offices, administrative space, conference rooms, communications facilities, research support space, and various business assistance resources and services.

“Bioscience Business Development Manager” means an individual employed by OHSU for the purpose of fostering the growth of the Biosciences in the Project Area and facilitating connections between OHSU, PDC and Bioscience Companies to expand collaboration on research, clinical trials and other business development needs. This individual will also guide PDC in its public recruitment efforts by providing leads, contacts and introductions to Bioscience Companies and venture capitalists that may have an interest in locating or investing in Portland.

“Bioswale Stormwater Overflow” means the stormwater management system described in Exhibit Q and designed by OTAK. It consists of a bioswale stormwater treatment swale, overflow diversion structures and structural/vegetation enhancements to the riverbank, including improvements below the ordinary high water mark. The project location is illustrated on Exhibits D-1 and E.

“Block” means a section of the Project Area bounded on each side by public streets or Greenway.

“Block 25 Easement” means a perpetual easement over either the north 12 feet or the north 25 feet of Block 25 (the area determined pursuant to Section 6.2.3.2), in favor of

PDOT, allowing the use of the easement area for landscaping and a pedestrian plaza and related improvements.

“Block 39” means Block 39, LLC, an Oregon limited liability company.

“Building” means a structural improvement to real property that may be occupied.

“Bureau” means any bureau, department or agency of the City of Portland.

“Business Day” means Monday through Friday, except when one of those weekdays is a Legal Holiday.

“Central City” means that portion of the City of Portland regulated by Chapter 33.510 of the City Code.

“Central City Campus” means OHSU’s Marquam Hill Campus and OHSU’s Buildings to be built in the Project Area.

“Central City Parking Review” or “CCPR” means the review procedures defined in Chapter 33.808 of the City of Portland Zoning Code.

“City” means the City of Portland, Oregon.

“City Code” means the Municipal Code of the City of Portland, Oregon.

“City Council” or “Council” means the City Council of the City of Portland, Oregon.

“City Design Review” means that discretionary land use approval process set forth in Chapter 33.825 of the City Code.

“City Endangered Species Program” means the City of Portland program created by City Council Resolution 35715 to assist in the recovery of federally listed fish species and work proactively with Federal agencies.

“City of Portland Workforce Training and Hiring Program” means a City program designed to maximize opportunities for minorities and women through utilization as apprentices on City of Portland projects, adopted by Ordinance 167374 and implemented for PDC projects through PDC Resolutions 5066 and 5171.

“Claimant” means a party claiming the existence of adverse market conditions pursuant to Section 14.5.

“Combined Sewer Overflow” means the sewer interceptor line in SW Moody Avenue by BES as part of ongoing work aimed at reducing sewer overflows to the Willamette River. This interceptor pipe will increase the capacity of the existing stormwater/sewer conveyance system now in existence in SW Moody Avenue.

“Conditional Investment” means the investment by PDC in the Phase 1 OHSU Building, on the terms and conditions set forth in Section 11.2.14. Once the Conditional Investment is made, there shall be no obligation on OHSU to produce a return on that investment or to repay that investment.

“Contingent Project” means a development by a Party on a specific property within the Project Area, each of which is defined in Section 2.

“Cost Savings” means any savings realized between the estimated amount for the items shown on Exhibit U and the actual amount expended by PDC on such items.

“Default Rate” means the U.S. Bank prime or reference rate, floating over time, plus 500 basis points.

“Design Review Commission” means the entity defined in City Code Section 33.710.050.

“Development Plan” means a plan of development prepared by OHSU for Block 26 and which contains the elements and information described in Section 9.2.3.

“Dispute Resolution” means the process set forth in Section 19.1 for resolving certain disputes.

“EEO Certification Program” means that program described in Attachment C of the PDC’s Fair Contracting Guideline Index.

“Effective Date” means the date first set forth in this Agreement.

“ESB” means an emerging small business as defined in ORS 200.005(3).

“Emerging Small Business Opportunity Program” means the PDC program that promotes the participation of M/W/ESB’s in PDC projects described in Attachment B to the Fair Contracting Guidelines Index, Exhibit S.

“Environmental Standards” means all federal, state and local laws, ordinances, rules and regulations pertaining to the protection or regulation of the environment that apply to the Project, including without limitation, Chapter 466 of the Oregon Revised Statutes, Chapter 341 of the Oregon Administrative Rules, 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.

“Excess External Funds” has the meaning set forth in Section 3.2.3.

“External Funds” means funds made available to the Project from non-local sources such as the federal government, the State of Oregon and private foundations.

“Fair Contracting Guideline Index” means that document attached to this Agreement as Exhibit S.

“Fair Market Value” has the meaning set forth in Section 18.3.4.

“FAR” means the defined term “Floor Area Ratio” as set forth in Section 33.910 of the City Code.

“Final Approval” means a final decision by a governmental body with respect to discretionary approval with only conditions acceptable to all Parties, each in their sole discretion, and the expiration of all applicable appeal periods without an appeal or, if an appeal is filed, then the affirmation of the final decision upon appeal with no possibility of further appeal, or the affirmation of the first appellate decision with no possibility of a subsequent appeal.

“Final Greenway Improvements” means improvements to the Greenway to be designed, constructed and paid for by the City and to be constructed pursuant to Section 6.5.6.

“Final Termination Date” means April 30, 2004.

“Funding and Financing Plan” means the plan describing the sources and uses of funds, and the methods for making funds available to complete the Contingent Projects attached as Exhibit I.

“Gap Amount” means the Target Tax Increment Revenue less the actual Tax Increment Revenue for a tax year.

“Gap Credit” means any amount by which Tax Increment Revenue exceeds Target Tax Increment Revenue for a tax year.

“Gap Credit Amount” means that portion of an existing Gap Credit which is assigned to a specific parcel or Block pursuant to a Gap Obligation Agreement.

“Gap Obligation Agreement” means a written agreement submitted to and approved by PDC, and to be recorded against a parcel or Block, that sets forth written notice to PDC of a proposed transferee, establishes a specific Contingent Project to be built upon the parcel or Block to be transferred, assigns the amount of Contingent Project Target to that parcel or Block, identifies the Late Construction Completion Date for that Contingent Project, and assigns a Gap Credit Amount, if any, to that parcel or Block.

“Gap Payment” means a payment to be made by NMI, Block 39 or their respective transferees for failure to complete construction of a Contingent Project on their respective Blocks by the Late Completion Date, as described in Section 18.2.

“Gibbs Street Station” means the terminus of the Tram within the SW Gibbs Street right-of-way.

“Grants” means grants or other forms of financing from sources other than incremental property taxes or LID assessments, such as federal or state funds in substitution for that funding from the PDC set forth in the Funding and Financing Plan.

“Green Building Policy” means that Green Building Policy adopted by the PDC effective January 9, 2002.

“Greenway” has the meaning given in City Code Section 33.510.253.

“Greenway Development Plan” means the master plan for the design and coordination of all Greenway improvements in the South Waterfront Plan Area to be developed by the City.

“Greenway Development Plan Implementation Strategy” means a strategy to be developed by the City that will guide the implementation of the Greenway Development Plan.

“Greenway Development Plan Implementation Strategy Partnership Group” means the advisory committee for the Greenway Development Plan Implementation Strategy project. The Committee will provide input to the consultant team and make recommendations to PDC.

“Greenway Development Plan Parks Project Advisory Team” means the advisory committee for the Greenway Development Plan project.

“Greenway Improvements” means any alteration to or improvements to all or any portion of the Greenway Parcel.

“Greenway Parcel” means a parcel running the length of the Project Area’s Willamette River bank area from the Ordinary High Water line of the Willamette River westward with an average depth of 125 feet, with no point being less than 85 feet landward of the Ordinary High Water line, or 75 feet landward of the top of bank, whichever produces the wider Greenway Parcel, all as more precisely identified in LUR 02-116252 SU GW and LUR 02-128184 SU GW.

“Greenway Parcel Improvements” means both the “Initial Greenway Improvements” and the “Final Greenway Improvements.”

“Hotel” means a hotel to be built within the Project Area with at least 150-200 guest rooms, meeting room space of at least 15,000-25,000 square feet and a full-service restaurant and lounge.

“Infrastructure Coordination Plan” means the document attached to this Agreement as Exhibit F.

“Initial Additional Property” means a cumulative three (3) acres of property acquired by NMI outside of the Project Area but within the UR Area.

“Initial Greenway Improvement Plan” means a plan to be developed by each of RCI and NMI that describes the Initial Greenway Improvements.

“Initial Greenway Improvements” means work of altering the Greenway described in Section 6.5.1.

“Intergovernmental Agreement” or “IGA” means an agreement between PDC and a Bureau that assigns certain of PDC’s rights and obligations under this Agreement to the Bureau.

“JPACT” means the Joint Policy Advisory Committee on Transportation which advises Metro on the priority of transportation projects within the region to be funded under the federal Metropolitan Transportation Improvement Program.

“Late Completion Date” means a date shown on the Schedule by which a Contingent Project is to be substantially complete as that term is defined and used in the construction industry.

“Late Construction Start Date” means the date shown on the Schedule as the latest date that construction of a Contingent Project will commence.

“Laws” means all laws, rules, regulations and ordinances that apply to the Project.

“LEED” means Leadership in Energy and Environmental Design, which is the trademarked rating system that is intended to serve as an impartial method of evaluating overall Project sustainability across four levels of certification. Major categories of evaluation are: sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, and innovation and design process.

“LEED Silver level” means formally participating in version 2.1 of the United States Green Building Council’s Leadership in Energy and Environmental Design (LEED) Rating System for New Construction and Major Renovations and achieving at least 33 points and all prerequisites.

“Legal Holiday” means any holiday observed by the State of Oregon.

“LID” means a local improvement district formed pursuant to ORS Chapter 223.

“LID Reduction” means a reduction in the original principal balance of an LID on account of the receipt of External Funds.

“Liquidated Damage Amount” means \$2,100,000 multiplied by a fraction, the numerator of which is the total amount of gross square footage of space in all OHSU Buildings (based on the square footages set forth in Section 2) which is not substantially complete, and the denominator of which is 1,500,000.

“Macadam Avenue Street Project” means improvements to SW Macadam Avenue necessary in order to allow the Project to be constructed. These improvements are generally described in that letter dated March 18, 2003 from PDOT’s Director, captioned “Guiding Principles for Macadam Avenue Design Process.”

“MAI” means Member of the Appraisal Institute.

“Major Projects Group” means an organization comprised of the City’s various Bureaus involved in permitting for the purpose of expediting the permitting of major projects.

“Market Rate Housing” means residential units (condominiums and apartments) that are rented or sold at market rates, but excluding student housing and the Hotel.

“Marquam Hill Campus” means the land and buildings leased or owned by OHSU and located on Marquam Hill.

“Marquam Hill Plan” means that set of land use regulations adopted by the City Council on July 31, 2002 pursuant to Ordinance No. 176742.

“Marquam Hill Tram Terminal” means the terminus of the Tram on the Marquam Hill Campus.

“Material Change” means the sum of \$200,000 or any change that requires an amendment to the PDC approved annual budget.

“MBE” means a minority business enterprise as defined in ORS 200.005(6).

“MFI” means median family income for the City of Portland as established by the U.S. Department of Housing and Urban Development.

“Modification” means that discretionary land use approval set forth in Section 33.825.040 of the City Code.

“Mortgages” means a mortgage, deed of trust, or other security instrument which is a lien on a parcel of land within the RCI Land or the NMI Land and which is prior to the lien in favor of PDC pursuant to Section 18.2.5.

“M/W/ESBs” means Emerging Small Business, Minority Business Enterprises and Women Business Enterprises as those terms are defined by PDC.

“Neighborhood Improvements Project” has the meaning set forth in Section 2.2.16.

“Neighborhood Park” and “Neighborhood Park Project” means property acquisition, any necessary demolition of existing improvements, and construction of a two block public park on Blocks 32 and 36 to serve the South Waterfront Area.

“NMI” means North Macadam Investors, LLC, an Oregon limited liability company.

“NMI Greenway Parcel” means that portion of the Greenway Parcel owned by NMI on the Effective Date.

“NMI Land” means the real property owned by NMI, the land owned by Block 39 and portions of the RCI Land to be distributed to NMI in the future, all as described on attached Exhibit A.

“North Macadam District Framework Plan” means that plan adopted by the City Council by Resolution 35815 in August 1999 which is now superceded by the South Waterfront Plan adopted by the City Council November 13, 2002, by Ordinance No. 177082 and Resolution 36111.

“North Macadam Urban Renewal Area Housing Development Strategy” means the document of the same name adopted by PDC on July 9, 2003, as amended from time to time.

“ODOT” means the Oregon Department of Transportation.

“Office of Technology and Research Collaborations” means OHSU’s existing Office of Technology and Research Collaborations and its staff, equipment and programs.

“OHSU” means Oregon Health and Science University, a public corporation of the State of Oregon.

“OHSU Blocks” means Blocks 24, 25, 28 and 29.

“OHSU Board” means the Board of Directors of OHSU.

“OHSU Building” means a new building to be built by OHSU in the Project Area.

“OHSU Foundation” means Oregon Health and Science University Foundation, an Oregon not-for-profit corporation.

“OHSU Medical Group” means OHSU Medical Group, an Oregon not-for-profit corporation.

“OHSU Phase 2 Building” means that OHSU Building described in Section 2.3.4.

“OHSU Phase 2 Contingent Projects” means the Contingent Projects described in Sections 2.3.4 and 2.3.5.

“OHSU Phase 3 Contingent Projects” means the Contingent Projects described in Sections 2.4.2 and 2.4.3.

“OHSU Site” means that portion of the OHSU Blocks where OHSU is delayed in building an OHSU Building and PDC has the right to buy that property pursuant to Section 18.3.3.

“OHW” or “Ordinary High Water” means the point of ordinary high water reached by the Willamette River along the frontage of the Project Area, which is 18.1 feet above sea level.

“Oregon Opportunity Bioscience Development Strategy” means an that examination of the factors necessary to foster a technology environment and, more particularly, to grow a bioscience cluster in Portland attached as Exhibit T.

“Oregon Opportunity Program” means that program established pursuant to ORS 353.550-563.

“Other Funds” means funds identified in the Funding and Financing Plan which are liberated by an amendment to the Schedule that delays a Contingent Project from one Phase to a later Phase.

“Outlook Improvement” means the design and construction of an interim improvement providing ADA-accessible public access from a public right-of-way to an outlook on the NMI Greenway Parcel including a trail or walkway and plantings and may include benches and lighting.

“Parcel 1 of RiverPlace” means Parcel 1 of partition Plat No. 99-129, Plat Records of Multnomah County, Oregon, as adjusted by PLA #1115, recorded March 8, 2001 as Fee No. 2001-031684 and by PLA #1116, recorded March 8, 2001 as Fee No. 2001-031686.

“Parking Garage” means a parking structure to be constructed as part of the Project.

“Parking Site” means the underground area of Blocks 32 and 36, the below- or above-grade area of Block 33, and the below- or above-grade area of Block 26.

“Parks” means all public parks owned by the City in the Project Area.

“Parks Bureau” means Bureau of Parks and Recreation of the City of Portland, Oregon.

“Parks Maintenance Agreement” means an agreement between the Parks Bureau and at least NMI and OHSU which will be negotiated in the future and will establish the maintenance standard for the Parks, all as described in Section 9.18.

“Parties” means all of NMI, RCI, PDC, Block 39 and OHSU.

“Party” means any one of NMI, RCI, PDC, Block 39 or OHSU.

“PATI” means Portland Aerial Tram, Inc., and Oregon non-profit corporation.

“PDC” means the Portland Development Commission.

“PDC Board” means the Board of Commissioners that governs the PDC.

“PDC Project Manager” means person designated by the Executive Director of the Portland Development Commission to act on behalf of PDC in implementing this Agreement.

“PDOT” means the Portland Department of Transportation.

“PDOT Project Manager” means the person designated by the Director of the Portland Office of Transportation to act on behalf of PDOT in implementing this Agreement.

“Phase” means an aggregation of Contingent Projects.

“Phase 1” means all of the Contingent Projects referred to in Section 2.2.

“Phase 1 Affordable Apartments” means the construction of approximately 200 Affordable Apartments to be built primarily on Parking Garage(s) in the Project Area.

“Phase 1 Apartments” means the construction of 150 to 170 market rate apartment units on any of the Residential Blocks.

“Phase 1 Condominiums” means the construction of 400 to 480 condominium units in Buildings on any of the Residential Blocks.

“Phase 1 Contingent Projects” means all of the Contingent Project referred to in Section 2.2.

“Phase 1 OHSU Building” means a building of approximately 250,000 to 400,000 square feet, to be constructed on an OHSU Block and to be occupied primarily by OHSU and its Affiliates, OHSU Medical Group and OHSU Foundation.

“Phase 1 Parking Garage” means the construction of one or two parking garages to be built on one or more Parking Sites, at least one of which, if built above grade, will serve as the podium for the Phase 1 Affordable Apartments.

“Phase 1 Street Improvement Project” means the design, permitting and construction of public street improvements within portions of the Project Area as described in Section 2.2.1 of this Agreement.

“Phase 1A” means that portion of the Phase 1 Street Improvement Project identified as Phase 1A on attached Exhibit E.

“Phase 1B” means that portion of the Phase 1 Street Improvement Project identified as Phase 1B on attached Exhibit E.

“Phase 2” means all of the Contingent Projects referred to in Section 2.3.

“Phase 2 Apartments” means the construction of at least 500 to 600 market rate apartment units on any of the Residential Blocks.

“Phase 2 Condominiums” means the construction of 380 to 460 condominium units on any Residential Blocks.

“Phase 2 Contingent Projects” means all of the Contingent Projects referred to in Section 2.3.

“Phase 2 Greenway Improvements” means the Final Greenway Improvements to be installed by PDC or the Parks Bureau pursuant to Section 6.5.6.

“Phase 2 OHSU Building” means one or more Buildings to be built by OHSU or OHSU Affiliates of approximately 250,000 to 400,000 square feet on some or all of the OHSU Blocks, with or without below-grade parking, but with ground-floor retail and services.

“Phase 2 Parking Garage” means the construction of one or more parking garages on one or more Parking Sites, which, if built above grade, will serve as a podium for future Buildings.

“Phase 2 Streetcar Extension” means the construction of an extension of the Portland Streetcar from the Gibbs Street Station to the Bancroft Street Station.

“Phase 3” means all of the Contingent Projects referred to in Section 2.4.

“Phase 3 Affordable Apartments” means the construction of approximately 200 Affordable Apartments to be built primarily on Parking Garages in the Project Area, but not less than the number of Affordable Apartments necessary to fulfill the requirements for Affordable Apartments set out in Section 9.17.2.

“Phase 3 Condominiums” means the construction of 440 to 540 market rate condominiums to be built on any Residential Blocks.

“Phase 3 Contingent Projects” means all of the Contingent Projects referred to in Section 2.4.

“Phase 3 OHSU Building” means the construction of several Buildings to be built by OHSU on OHSU Blocks with a total gross square footage of space of approximately 750,000 square feet, at least half of which will be designed and used for research.

“Phase 3 Parking Garage” means the construction of one or more a parking garages on one or more Parking Sites which, if built above grade, will serve as a podium for future Buildings.

“Portland Streetcar” means the streetcar in Portland, Oregon operated by Portland Streetcar, Inc., as it may be extended by the Streetcar Extension.

“PDC Board” means the Board of the Portland Development Commission.

“PSI” means Portland Streetcar, Inc., an Oregon not-for-profit corporation.

“PP&L” means Pacific Power and Light, Inc.

“PP&L Tower” means the electric power transmission tower owned by Pacific Power and Light, Inc. and located in the Project Area.

“PP&L Transmission Line” means the electric power transmission line owned by Pacific Power and Light, Inc. and located in the Project Area.

“Project” means the development of all of the Contingent Projects pursuant to this Agreement, as described in Section 2.1.1.

“Project Area” means the real property designated as the Project Area on Exhibit A.

“Project Contingency” means a circumstance or a physical improvement that must exist or be constructed before a specific Party is required to construct a specific Contingent Project.

“Proportionate” means the ratio between that portion of the Public Investment to be financed by Target Tax Increment Revenue and the initial principal balance of the LIDs payable by RCI, NMI, Block 39 and OHSU of the LIDs.

“Pro Rata” means the ratio between that portion of the Public Investment to be financed by Target Tax Increment Revenue and the total initial principal balance of the LIDs.

“Public Investment” means that portion of the Project funding to be financed by bonded debt and to be repaid by incremental property taxes as set forth in attached Exhibit V.

“Public Project” means those infrastructure Contingent Projects to be funded by PDC and identified as Public Projects in the Funding and Financing Plan.

“RCI” means River Campus Investors, LLC, an Oregon limited liability company.

“RCI Greenway Parcel” means that portion of the Greenway Parcel owned by RCI as of the Effective Date.

“RCI Land” means the approximately 18 acres of real property owned by RCI and described in attached Exhibit B.

“Remaining NMI Land” means the original NMI Land less portions of the NMI Land that have been developed with Buildings.

“Residential Blocks” means any of Blocks 23, 26, 27, 30, 31, 33, 34, 35, 37, 38, and 39.

“RiverPlace Station” means the Portland Streetcar Station at RiverPlace.

“Schedule” means the schedule for completing the Contingent Projects attached as Exhibit F.

“Scheduled Commitment” means an amendment to this Agreement that a Party may propose at any time after a Party has provided a Tentative Commitment for the purpose of scheduling a Contingent Project, which shall include: a description of the Contingent Project,

the Block where the Contingent Project will be built, the Project Contingencies to that Contingent Project, an early and late construction start date, and an early and late construction completion date (which will amend the Schedule).

“SDC” means the City’s system development charge set forth in City Code Chapter 17.33.

“Sidewalk Improvements” means the construction of sidewalks, planting of street trees and tree vaults, placement of street lights and street furniture which will occur when a Building is built on a Block.

“South Waterfront District Street Plan and Standards” means a set of street specifications and requirements to be developed by PDOT and approved by City Council.

“South Waterfront Plan” means the *South Waterfront Plan* adopted by the City Council of the City on November 13, 2002, by Ordinance No. 177082 and Resolution 36111.

“South Waterfront Plan Area” means the land area encompassed and regulated by the South Waterfront Plan.

“Southwest Parallel Interceptor Segment 3 Contract” means a scope of work defined in the Westside Willamette CSO Project contract #34448 with Impreglio-Healey Joint Venture executed September 12, 2002.

“Storm and Sanitary Project” means those stormwater and sanitary sewer extensions outside of the Project Area which are necessary to provide sanitary sewer and stormwater sewer service to the Project Area. This project also includes the necessary upgrade to the Thomas Street Pump Station that will be required to provide sanitary sewer service to the Project Area in the event that the Combined Sewer Overflow project is not completed and operational by the end of 2006, or in the event that development in the Project Area proceeds faster than outlined in the Schedule.

“Stormwater Management Manual” means the manual adopted by the City Council on July 1, 1999, revised on September 1, 2002, in Ordinance No. 173330.

“Street Improvement Phasing Plan” means that plan attached to this Agreement as Exhibit E.

“Street Improvement Project Funding Agreement” means that agreement to be negotiated and executed by the certain parties pursuant to Section 5.2.20.

“Streetcar Extension” means the siting and construction of the Portland Streetcar from its current terminus at Portland State University to SW Gibbs Street at a location in SW Moody Avenue, south of SW Gibbs Street, as described in Exhibit H.

“Streetcar Extension Approval” means the Final Approvals referred to in Section 5.2.2.

“Streetcar Extension Operating Agreement” means the agreement described in Section 5.2.4.

“Structural Enhancement Costs” means the actual hard and soft construction costs, plus interest, for the Structural Enhancements.

“Structural Enhancements” means the design and construction of structural elements in a Parking Garage which are not needed for the Parking Garage but which are necessary to support an Affordable Apartments Contingent Project to be built on the top of a Parking Garage.

“Student Housing Units” means apartments to be primarily occupied by OHSU students. An apartment consisting of multiple rooms shall be deemed to be a single unit.

“Target Tax Incremental Revenue” means the targeted amounts of Tax Increment Revenue for each Contingent Project during each tax year as set forth on Exhibit V attached to this Agreement.

“Tax Increment Revenue” means the actual annual ad valorem taxes collected and divided on account of ORS 457.420, *et seq.*, from the Project Area and from the taxable land and taxable Buildings (or taxable portions thereof) constructed by NMI, RCI, Block 39, OHSU or their respective Affiliates or transferees on land located within the South Waterfront Plan Area but outside of the Project Area.

“Tentative Commitment” means a non-binding commitment representing the submitting Party’s then reasonable estimate of the commencement date of each Phase 2 or 3 Contingent Project. The Tentative Commitment shall: identify the Phase 2 or 3 Contingent Project, set forth a range of dates (not broader than 2 years) for the start date for construction, set forth the specific Project Contingencies for the Phase 2 or 3 Contingent Projects and identify the Phase 2 or 3 Contingent Projects to be funded in whole or in part by the PDC that would be a precondition to other Phase 2 or 3 Contingent Projects.

“TIF Reduction” means a reduction in that portion of the Public Investment to be financed by Target Tax Increment Revenue.

“Tram” means the aerial transport system for the transportation of pedestrians between the Project Area and the Marquam Hill OHSU Campus along the SW Gibbs Street right-of-way, as further described in Section 2.2.2.

“Tram Approval” means the Final Approval by City Council and those City Bureaus with decision-making authority over the Tram (except for building permits) authorizing and approving: the construction, the siting of the Tram within the air space over SW Gibbs Street, the description of the Tram and its operations as set forth in Exhibits G-1 and G-2 attached to this Agreement, and any funding for the Tram set forth in the Funding and Financing Plan requiring City Council approval, and any other action which must be taken by the City Council necessary to allow construction of the Tram.

“Tram Construction Funding Agreement” means an agreement entered into by OHSU and PDC which shall detail the means and procedures for PDC and OHSU to periodically and timely pay their respective shares of the cost of constructing the Tram.

“Tram Operations Funding Agreement” means an agreement between PDOT and OHSU which shall establish the responsibilities of OHSU and PDOT with respect to funding the operations of the Tram and which shall be consistent with Section 6.2.5.

“Transfer” means the conveyance of a parcel or Block in the Project Area by RCI, NMI, Block 39 or OHSU to a third party, even if NMI or some or all of its members are owners of the third party.

“Transportation Partnership Plan and Implementation Strategy” means an agreement that PDOT may propose to address future transportation issues within the South Waterfront Plan Area or a portion of that Area. This Transportation Partnership Plan and Implementation Policy will be a cooperative effort among PDC, PDOT and property owners within the area of the Plan.

“Tri-Met” means Tri-County Metropolitan Transportation District of Oregon.

“Unavoidable Delay” means delay occasioned by causes beyond the control of a Party (not known by the Party asserting the Unavoidable Delay as of the Effective Date) and without the Party’s fault or negligence, including but not limited to: acts of God, the public enemy, the Government (except for Tax Law Changes, the effect of which is governed by Section 19.2.10), or of the other Party; litigation or appeals filed by third parties which prevent or delay a party’s performance; fires, floods, epidemics, quarantine restrictions, strikes, bid protests, freight embargoes, earthquake, explosion, mob violence, or riot; the inability to procure or the rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market; malicious mischief; condemnation; unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar events and/or occurrences beyond the control of the Parties; and adverse market conditions.

“UR Area” means the area covered by the UR Plan.

“UR Plan” means The *North Macadam Urban Renewal Plan*, adopted by the City Council of the City on August 11, 1999 by Ordinance No. 173651, and all amendments thereto.

“USGBC” means the U.S. Green Building Council, which is a coalition of building industry representatives working to promote buildings that are environmentally responsible, profitable and healthy places to live and work. The USGBC manages the LEED rating system and is responsible for certification of registered projects.

“WBE” means a women business enterprise as defined in ORS 200.005 (6).

“Willamette River Greenway” means the area described in ORS 390.314.