

**FIRST AMENDMENT
TO
AGREEMENT FOR DISPOSITION AND DEVELOPMENT OF PROPERTY
IN
NORTH MACADAM URBAN RENEWAL AREA
PORTLAND STATE UNIVERSITY**

THIS INSTRUMENT, made this 20th day of February, 2018 (“**First Amendment**”) AMENDS THAT AGREEMENT FOR DISPOSITION AND DEVELOPMENT OF PROPERTY, dated April 3, 2015, by and between the **CITY OF PORTLAND (the “City”)**, a municipal corporation of the State of Oregon, acting by and through the **PORTLAND DEVELOPMENT COMMISSION**, the duly designated urban renewal agency of the City of Portland (“**PDC**”), and **PORTLAND STATE UNIVERSITY (“PSU”)** (the “**Agreement**”).

Note: Subsequent to the execution of the Agreement, PDC adopted the assumed business name of Prosper Portland. Use and alternative use of “PDC” or “Prosper Portland” within this and all related instruments shall all effect equal reference to that Portland city agency officially recognized as Prosper Portland, an assumed business name of Portland Development Commission.

RECITALS

A. In order to better compete for state funds PSU has requested that Prosper Portland make a grant of cash (the “**Grant**”) in lieu of the conveyance of the real property located between SW 4th and SW 5th, and SW Montgomery and SW Harrison, Portland, Oregon (the “**Jasmine Property**”).

B. Prosper Portland is inclined to make a Grant to aid PSU.

C. The parties also intend to adjust the timing of and to increase the amount of support for the Fourth & Lincoln Project and to offset that increase by a reduction in the amount of support for the University Place Project.

D. Support to the University Place Project is intended to be made subject to further reduction in accord with any potential project delay.

NOW, THEREFORE, in consideration of the mutual covenants contained in this First Amendment and the Agreement (collectively referred to as the “**Agreement**”), the Parties agree as follows:

AMENDMENT

Note to reader: The use of italics in this instrument signifies an explanatory note. Bold text does not signify any special action but is used herein to aid the reader by distinguishing provisions.

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A new Section 2.9 is added as follows:

Section: 2.9 Continuing Obligation Regarding TIF Investments:

If PSU accepts financial support from Prosper Portland under the Agreement, PSU is obligated to construct taxable improvements that, at the time of construction, are at least equal in cost to the amount of financial support provided by Prosper Portland. Following construction, PSU shall maintain the taxable improvements in a taxable state for a minimum of 30 years. This obligation shall be reflected in a recording against the real property upon which Prosper Portland funds are utilized. The obligation shall be recorded on the later of i) the date PSU acquires title to the respective real property or ii) the date Prosper Portland provides financial support to PSU. In all instances, this obligation shall have priority over all other property rights and liens, except for liens/encumbrances approved by PDC.

2.9.1 Calculation of Costs of Taxable Improvements. The taxable improvements shall constitute a minimum dollar value for each project, which must be at least equal in cost to the amount of financial support provided by Prosper Portland. The dollar value of the taxable improvements shall be calculated based on the average cost per gross square foot of the building multiplied by the gross square feet of the taxable improvements. The average cost per gross square foot will include all costs to design and construct the building, including tenant improvements. The gross square feet of the taxable improvements will include the net square feet of the taxable space plus a pro rata share of the building service, mechanical, and common areas serving the rentable space.

2.9.2 PSU Obligation where Actual Cost of Taxable Improvements is Less the Required. If, on any project, PSU constructs taxable improvements that cost less than the amount of financial support provided by Prosper Portland, then PSU shall pay to Prosper Portland a sum that reflects the difference between the amount of financial support provided by Prosper Portland and the actual cost of the taxable improvements as calculated as described in 2.9.1 above. As an example, if a project that receives \$7,000,000 in financial support from Prosper Portland and the actual costs of the taxable improvements equal \$6,500,000, then PSU would be obligated to repay Prosper Portland \$500,000 on the project.

Jasmine Project

Section 3.3.3.2 Submit for State Funding

Section 3.3.3.2 is replaced in its entirety as follows: When PSU decides to proceed with the Jasmine Project, PSU shall seek State Funding for the Jasmine Project in the 2017 legislative session unless PSU identifies alternative funding sources for the PSU portion of the Jasmine Project. Funds from the Grant (described in section 3.3.3.3 below) may be cited by PSU as eligible match in the effort to obtain state funding.

Section 3.3.3.3 PDC Support

Section 3.3.3.3 is replaced in its entirety as follows: Prosper Portland will provide non-financial assistance in structuring the disposition and transfer of the site to facilitate financing and development of the Jasmine Project so as to provide as close to a market rate of return to PSU as possible and to add taxable value for generation of TIF revenue. Prosper Portland shall also make a Grant in the amount of \$7,490,000 to PSU for use on any TIF-eligible cost of the Jasmine Project. The Grant Agreement shall

include an obligation for PSU to return the full amount of \$7,490,000 in Grant funds to Prosper Portland if, by the fall of 2019, PSU has not used the Grant funds for TIF-eligible costs of the Jasmine Project.

Section 3.3.3.5 Sale of Real Estate Rights to Support Development

Section 3.3.3.5 is replaced in its entirety as follows: If State Funding for the Jasmine Project is approved in the 2017 legislative session, then Prosper Portland will convey the Jasmine Property to PSU by:

Section 3.3.3.5.1 is replaced in its entirety as follows: **Direct Sale.** Prosper Portland will sell the Jasmine Property directly to PSU for a purchase price of \$7,490,000, which is equal to the fair market value of the property. PSU agrees to purchase the land for the Jasmine Project from Prosper Portland on or before March 30, 2018. PSU shall at closing, satisfy the purchase price by tendering a cash payment to Prosper Portland in an amount equal to the purchase price.

Section 3.3.3.8 PDC Repurchase Rights

Section 3.3.3.8 is replaced in its entirety as follows: Should Project construction not be commenced by January 31, 2025, the parcel shall, at PDC's election, be exclusively made available to PDC for repurchase. This repurchase interest shall be reflected in a recorded Memorandum and may, with PDC's approval, be made subordinate to the interests of intended developers or providers of financing for development. If Prosper Portland elects to exercise the repurchase rights, then Prosper Portland shall pay to PSU Ten Dollars (\$10.00) as the repurchase price and no appraisal shall be necessary.

Fourth & Lincoln Project

Section 3.4.4:

Section 3.4.4 is replaced in its entirety as follows: **Prosper Portland Contribution:** Prosper Portland will make available URA TIF in the amount of up to \$5,840,000 for purchase of the property for the Fourth and Lincoln Project. Prosper Portland may commission an updated market value appraisal of the land and if the value thereof has decreased, the commitment of funds under this section may also be decreased so as to match the appraisal. Prosper Portland may transfer \$2,000,000 in FY 17-18 and the balance, up to a total of \$5,840,000, in FY 18-19. PDC may transfer the funding directly to PSU, or to any closing escrow designated by PSU. PSU shall be obligated to construct on the Fourth and Lincoln Project, taxable improvements in accord with section 2.9. If the Fourth and Lincoln Project does not commence construction by January 31, 2024, PSU may propose that funds provided under this section be directed for use in another project in the URA (Fourth and Lincoln Alternative). Use of funds provided under this section for a Fourth and Lincoln Alternative shall be subject to Prosper Portland approval and shall also obligate PSU to abide by section 2.9. In the event that another project is not approved by Prosper Portland or the Fourth and Lincoln Project does not commence construction by January 31, 2024, then PSU shall be obligated by a promissory note to repay Prosper Portland the funds provided by Prosper Portland under this section.

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Section 3.4.5

Section 3.4.5 is deleted in its entirety.

Section 3.4.5.1

Section 3.4.5.1 is deleted in its entirety.

Section 3.4.5.2

Section 3.4.5.2 is deleted in its entirety.

Section 3.4.6

The entirety of Section 3.4.6 is deleted and replaced with the following:

3.4.6 Post Transfer Obligations. The tender of funding to PSU, shall also be conditioned upon the following construction schedule:

3.4.6.1 PSU shall commence construction by January 1, 2024.

3.4.6.2 PSU shall obtain occupancy permits by the Fall of 2026.

Section 3.4.7

Section 3.4.7 is deleted in its entirety.

Section 3.4.8

Section 3.4.8 is deleted in its entirety.

Section 3.4.9

Section 3.4.9 is deleted in its entirety.

University Place Project

Section 3.5.3.1 Request for Development Proposal:

Section 3.5.3.1 is replaced in its entirety as follows: PSU shall reissue a Request for Proposal (“RFP”) no later than June 2019. Prosper Portland shall review and comment on the RFP prior to release.

Section 3.5.3.3 Design/Permitting:

Section 3.5.3.3 is replaced in its entirety as follows: PSU or a PSU partner shall conduct any required predevelopment activity such as master planning and shall award a contract to the selected development partner in 2019, unless PSU and Prosper Portland agree that a development partner is not

Section 3.5.5

Section 3.5.5 is deleted in its entirety.

Section 3.5.6 Failure to Construct:

Section 3.5.6 is replaced in its entirety as follows: If, for whatever reason, commencement of construction has not begun on the University Place Project or an the Approved UP Alternative project by May 2021, then the Prosper Portland's commitment of funding support to the project shall be further reduced at the rate of \$1,300,000 per year of delay. Reduction for delay of a partial year shall be prorated to the nearest month. If construction on University Place or an Approved UP Alternative has not commenced by May 2023, then Prosper Portland shall not be obligated to provide any funding to either the University Place or the Approved UP Alternative projects.

All other sections of the Agreement are hereby ratified and affirmed as continuing in full force and effect to the extent not inconsistent with this Amendment.

IN WITNESS WHEREOF, the Parties have entered into this Amendment as of the Effective Date.

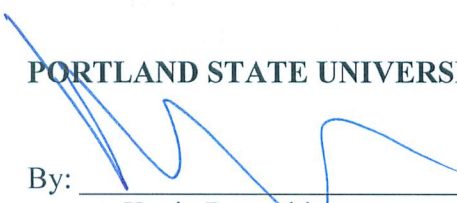
PROSPER PORTLAND

By:  _____
Kimberly Branam, Executive Director

Approved as to form:

By:  _____
Prosper Portland Legal Counsel

PORTLAND STATE UNIVERSITY

By:  _____ 2-16-18
Kevin Reynolds
Vice President for Finance and Administration

needed in order to develop the site. Subject to 1) approval of State Funding, if sought, and the commitment and availability of all necessary financing resources, such as matching requirements for state issued bonds, and 2) issuance of all requisite permits by the City, PSU or a PSU partner shall complete all design and permitting by December 1, 2020.

Section 3.5.3.4 Construction:

Section 3.5.3.4 is replaced in its entirety as follows: Subject to 1) approval of State Funding, if sought, and the commitment and availability of all necessary financing resources, such as matching requirements for state issued bonds, and 2) issuance of all requisite permits by the City, PSU shall commence construction, or require the selected developer to commence construction, no later than May 2021 and obtain occupancy permits by the summer of 2023.

Section 3.5.4.1

Section 3.5.4.1 is replaced in its entirety as follows: Should PSU or a development partner meet the timeline as described in section 3.5.3 and the Project result in a taxable real estate assessed value of not less than \$66 million, Prosper Portland shall make available up to \$9,610,000 between 2021 and 2022 to PSU or a development partner. The parties acknowledge that the establishment of the amount of taxable real estate in the University Place Project is a departure from the equal ratio approach of section 2.9 above.

Section 3.5.4.1.1

The following new section is added as 3.5.4.1.1 as follows: In the event that PSU determines that the University Place Project is not feasible under the provisions of this agreement or is not desired within the time frames established herein, then PSU may nominate to Prosper Portland an alternative project (“**UP Alternative**”). The UP Alternative shall be subject to approval by Prosper Portland. If the UP Alternative is approved (“**Approved UP Alternative**”) by Prosper Portland then such project may receive the same funding as is established under Section 3.5.4.1 above. An Approved UP Alternative shall be subject to the same provisions of this agreement as would the University Place Project, e.g., taxable assessed, TIF-generating value of not less than \$66 million, proportionate reduction in funding if taxable real estate assessed value is less than \$66 million, construction commencement by May, 2021, and a reduction in funding for delay, etc.

Section 3.5.4.2

Section 3.5.4.2 is replaced in its entirety as follows: Should the Project meet the timeline and result in taxable assessed value of less than \$66,000,000 but more than \$11,410,000, PSU will provide notice to Prosper Portland of the estimated assessed value no later than November 1, 2019. Upon receipt of that notice, and following Prosper Portland’s verification of the estimated assessed value, Prosper Portland shall make available to PSU or a development partner a reduced but proportionate amount of funding that is equal to the ratio of 66/11.41.

Section 3.5.4.3

Section 3.5.4.3 is deleted in its entirety.