

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6776

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT OF ASSIGNMENT AND ASSUMPTION WITH OREGON HEALTH AND SCIENCE UNIVERSITY FOR THE DISPOSITION OF CERTAIN PDC-OWNED AIR RIGHTS ABOVE BLOCK 33 LOCATED ON SW MACADAM AVENUE BETWEEN SW CURRY STREET AND SW GAINES STREET IN THE SOUTH WATERFRONT CENTRAL DISTRICT OF THE NORTH MACADAM URBAN RENEWAL AREA

WHEREAS, on behalf of the City of Portland, the Portland Development Commission ("PDC") negotiated the South Waterfront Central District Project Development Agreement dated August 23, 2003 (as amended, the "Development Agreement"), with Oregon Health and Science University ("OHSU"), North Macadam Investors, LLC, an Oregon limited liability company ("NMI"), River Campus Investors, LLC, an Oregon limited liability company, and Block 39, LLC, an Oregon limited liability company (collectively, the "DA Parties") to facilitate development of a certain project area within the North Macadam Urban Renewal Area ("URA") as a mixed-use neighborhood, including commercial, retail, institutional, and housing uses;

WHEREAS, the Development Agreement was most recently amended by the Eighth Amendment to the South Waterfront Central District Project Development Agreement dated November 9, 2006 (the "Eighth Amendment"), which identified certain parcels subject to the Development Agreement, including Block 33, as potential sites for affordable housing;

WHEREAS, pursuant to a Master Commercial Lease dated August 1, 2002 (the "Lease"), between Hans and Marilyn Grunbaum, Trustees of the Grunbaum Family Trust (the "Landlord"), and OHSU, successor-in-interest to NMI, as tenant, Landlord leased Block 33 for a term of thirty-five (35) years (the "Leasehold Interest");

WHEREAS, in December 2005, NMI conveyed all of its rights under the Lease to OHSU pursuant to a Sales Agreement and Joint Escrow Instructions (the "Ground Lease Sale Agreement"); *provided, however*, NMI reserved for itself the right to develop the air rights (the "Air Rights") above the anticipated parking garage to be built by OHSU on Block 33 (the "Parking Garage");

WHEREAS, in accordance with the Eighth Amendment, PDC acquired NMI's rights and obligations under the Ground Lease Sale Agreement pursuant to an Agreement to Assign and Assume dated November 9, 2006 (the "PDC/NMI Agreement"), for \$3,000,000, in order to secure Block 33 as a potential site for affordable housing;

WHEREAS, the PDC/NMI Agreement also provided that use of the Air Rights be restricted to the development of a mixed-use, rental, affordable housing project with such

restriction memorialized in a Restrictive Covenant dated December 5, 2006, and recorded in the records of Multnomah County, Oregon (the "Restrictive Covenant");

WHEREAS, the Restrictive Covenant is not binding on OHSU or its successors;

WHEREAS, OHSU and PDC recognize that due to current economic conditions and higher than expected construction costs, neither party will be able to meet its obligation to develop Block 33 or the Air Rights as originally intended;

WHEREAS, PDC and OHSU have negotiated an Agreement of Assignment and Assumption for the disposition of the Air Rights to OHSU;

WHEREAS, under the Agreement of Assignment and Assumption, PDC will sell the Air Rights to OHSU for \$1,000,000 in transportation system development charge credits and twenty-five percent (25%) of the net proceeds from any future sale to a third party within the next seven years after closing (up to a maximum of \$2,000,000);

WHEREAS, in anticipation of OHSU's construction of the Parking Garage, PDC deposited with OHSU the sum of Three Million and no/100 Dollars (\$3,000,000) (the "Parking Agreement Payment") to secure parking for future development contemplated on Block 33;

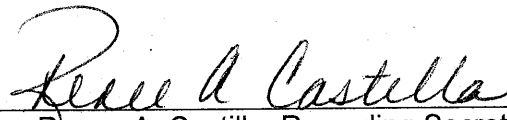
WHEREAS, under the Agreement of Assignment and Assumption, OHSU will refund \$1,500,000 of the Parking Agreement Payment to PDC in immediately available funds on the closing date and deliver to PDC a promissory note in the amount of \$1,500,000 due one year following the closing date; and

WHEREAS, the DA Parties desire, among other things, to broaden the definition of "Parking Sites" in the Development Agreement to provide OHSU with more flexibility regarding the ultimate location of the Parking Garage, and PDC staff is also seeking the Board of Commissioner's approval of a Ninth Amendment to the Development Agreement under a separate resolution of even date herewith.

NOW, THEREFORE, BE IT RESOLVED that that the Executive Director is hereby authorized to execute the Agreement of Assignment and Assumption with Oregon Health and Science University, substantially in the form attached hereto as Exhibit A, and all related documents necessary for the transactions contemplated thereunder; and

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

Adopted by the Portland Development Commission on February 24, 2010.



Renee A. Castilla, Recording Secretary

**AGREEMENT OF ASSIGNMENT AND ASSUMPTION
(PDC/OHSU - BLOCK 33)**

This **AGREEMENT OF ASSIGNMENT AND ASSUMPTION (PDC/OHSU - BLOCK 33)** (this "Agreement") is entered into as of February ___, 2010 (the "Effective Date"), by and between **THE CITY OF PORTLAND**, a municipal corporation of the State of Oregon, acting by and through its duly authorized and acting urban renewal agency, the Portland Development Commission ("PDC"), and **OREGON HEALTH AND SCIENCE UNIVERSITY**, a public corporation of the State of Oregon ("OHSU"). PDC and OHSU may be referred to jointly in this Agreement as the "Parties" and individually as a "Party."

RECITALS

A. Pursuant to the Charter of the City of Portland (the "City") and ORS Chapter 457, the Portland City Council (the "Council") adopted the Urban Renewal Plan for the North Macadam Urban Renewal District on August 11, 1999, by Ordinance No. 173651 (as amended from time to time, the "Plan"). The Plan establishes an urban renewal area (the "URA") within which PDC will focus efforts to encourage private development, cure blight, and enhance economic development opportunities.

B. On November 13, 2002, by Ordinance No. 177082 and Resolution 36111, the Council adopted the South Waterfront Plan as a subdistrict plan in the Central City ("South Waterfront Plan") superseding the North Macadam District Framework Plan, which the Council had accepted by Resolution 35815 in August 1999. PDC is responsible for coordinating and guiding development of the South Waterfront Plan area on behalf of the City in accordance with the vision and goals of the South Waterfront Plan.

C. On behalf of the City, PDC negotiated that certain South Waterfront Central District Project Development Agreement dated August 23, 2003 (the "Original DA") with OHSU, North Macadam Investors, LLC, an Oregon limited liability company ("NMI"), River Campus Investors, LLC, an Oregon limited liability company, and Block 39, LLC, an Oregon limited liability company (collectively, the "DA Parties"). The Development Agreement (defined below) provides, among other things, for the development of improvements in a certain project area within the URA which is defined in the Development Agreement as the "Project Area" (the "Project Area") subject to the South Waterfront Plan. The Development Agreement has facilitated and will continue to facilitate development of the Project Area as a mixed-use neighborhood, including commercial, retail, institutional and housing uses.

D. The Original DA was authorized by the PDC Board of Commissioners (the "PDC Board") on August 14, 2003, accepted by the Council on August 15, 2003, and signed by the DA Parties on August 22, 2003. The Original DA has been amended by the First Amendment to the South Waterfront Central District Project Development Agreement dated February 18, 2004, the Second Amendment to the South Waterfront Central District Project Development Agreement dated April 1, 2004, the Third Amendment to South Waterfront Central District Project Development Agreement dated June 25, 2004, the Fourth Amendment to South Waterfront Central District Project Development Agreement dated October 29, 2004, the Fifth Amendment

to South Waterfront Central District Project Development Agreement dated November 24, 2004, the Sixth Amendment to South Waterfront District Project Development Agreement dated December 17, 2004, the Seventh Amendment to South Waterfront Central District Project Development Agreement dated June 8, 2005 and the Eighth Amendment to South Waterfront Central District Project Development Agreement dated November 9, 2006 (the "Eighth Amendment"). The Original DA, as amended by the first, second, third, fourth, fifth, sixth, seventh and eighth amendments, is referred to herein as the "Development Agreement."

E. Pursuant to that certain Master Commercial Lease dated August 1, 2002, as amended (the "Lease"), between Hans and Marilyn Grunbaum, Trustees of the Grunbaum Family Trust, as landlord (the "Landlord"), and OHSU, successor-in-interest to NMI, as tenant, Landlord leased certain real property commonly referred to as "Block 33" of the South Waterfront Central District ("Block 33") for a term of thirty-five (35) years (the "Leasehold Interest"). Block 33, legally described in the Lease, is located in the Project Area and is subject to the Development Agreement.

F. NMI conveyed all of its right, title and interest under the Lease to OHSU pursuant to that certain Block 33 Sales Agreement and Joint Escrow Instructions dated December 23, 2005 (the "Ground Lease Sale Agreement"); *provided, however*, NMI reserved for itself the right to develop the Air Space Unit and also reserved a Seller's Repurchase Option to acquire the Leasehold Interest in the event of non-satisfaction of certain conditions.

G. Consistent with the Eighth Amendment, PDC acquired all of NMI's right, title and interest in, and all obligations and liabilities under, the Ground Lease Sale Agreement pursuant to that certain Agreement to Assign and Assume (Block 33) dated November 9, 2006 (the "PDC/NMI Agreement") in order to secure Block 33 as a potential site for affordable housing. The PDC/NMI Agreement was effectuated by an Assignment and Assumption Agreement between NMI, as assignor, and PDC, as Assignee, dated December 5, 2006. The PDC/NMI Agreement provided that one-hundred thirty-five thousand (135,000) square feet of non-greenway base floor area ratio ("FAR") be transferred to Block 33. The FAR was transferred pursuant to that certain Covenant Transferring Floor Area Ratio by NMI to PDC dated December 5, 2006 (the "FAR Transfer Covenant"). The PDC/NMI Agreement also provided that use of the Air Space Unit shall be restricted to the development of a mixed-use, rental, affordable housing project, with such restriction memorialized in that certain Restrictive Covenant by Transferee by and between PDC and NMI dated December 5, 2006 and recorded in the records of Multnomah County, Oregon (the "Restrictive Covenant"). The Restrictive Covenant provides that such restrictions on the use of the Air Space Unit shall not be binding upon or affect the Leasehold Interest or the interest of OHSU or its successors.

H. OHSU and PDC are parties to that certain Affordable Housing Parking Agreement dated September 19, 2005 (the "Parking Agreement") and that certain Term Sheet (Block 33—Parking Garage and Affordable Housing) dated September 4, 2007 (the "Garage Term Sheet"), which further described PDC's and OHSU's rights and obligations related to locating the Phase I Parking Garage (as defined in the Development Agreement) on Block 33. Also, OHSU and PDC have exchanged various letters relating to the purchase and sale of rights related to Block 33 as contemplated by the Garage Term Sheet (the "Other Block 33 Documents").

I. Having determined that an affordable housing project is not feasible on Block 33, and having determined that the contingencies to building a parking garage on Block 33 have not yet been met, (a) PDC and OHSU now desire to terminate the Parking Agreement, the Garage Term Sheet and the Other Block 33 Documents, and (b) PDC desires to assign to OHSU all of PDC's right, title and interest in the Ground Lease Sale Agreement, and OHSU desires to accept such assignment on the terms and conditions set forth in this Agreement.

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

K. Capitalized terms used herein and not otherwise defined shall have the meaning assigned to them in the Ground Lease Sale Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PDC and OHSU hereby agree as follows:

1. Agreement to Assign. On the Closing Date (defined below), PDC will (i) assign and OHSU will assume all of PDC's rights, title and interest in and to the Ground Lease Sale Agreement and (ii) convey to OHSU all of its remaining rights, title, and interest in and to Block 33 including, but not limited to, all rights to FAR, the land, the subsurface rights, surface rights, above-surface rights, and the FAR Transfer Covenant pursuant to the assignment agreement attached hereto as Exhibit A (the "PDC to OHSU Assignment Agreement") and pursuant to a quitclaim deed conveying PDC's interest in Block 33 to OHSU (the "Deed").

2. Assignment Price. The price for PDC's assignment and conveyance described in Section 1 to OHSU shall be (a) the transfer by OHSU to PDC of \$1,000,000 in transportation system development charge credits ("SDC Credits") and (b) 25% of the net proceeds of any sale, conveyance, transfer or assignment of all or a portion of OHSU's interest in Block 33 or its rights associated with Block 33 by OHSU to a third party that is not affiliated with OHSU within seven years of the Closing Date, up to a maximum aggregate amount of Two Million and no/100 Dollars (\$2,000,000.00). Such a sale would include, but is not limited to, any assignment or sale of the Air Space Unit as a result of the sale of OHSU's interest in the Leasehold Estate or Fee Interest in one or both of the parcels comprising Block 33. Net proceeds shall be defined as the actual cash proceeds received by OHSU from any sale, conveyance, transfer or assignment less all costs associated with the acquisition, leasing, holding, development, improvement, and disposition of the Air Space Unit, the land, the Lease, or any other interests of OHSU in Block 33 and rights associated with Block 33 (collectively, the "Assignment Fee").

3. Existing Agreements.

3.1 Parking Agreement Payment. Under the terms of the Parking Agreement, PDC deposited with OHSU the sum of Three Million and no/100 Dollars (\$3,000,000.00) (the "Parking Agreement Payment") to secure parking for future development contemplated on Block

33. On the Closing Date, OHSU shall refund \$1,500,000 of the Parking Agreement Payment to PDC in immediately available funds and deliver to PDC a promissory note in the amount of \$1,500,000 in the form attached as Exhibit B (the “Promissory Note”) which provides for payment of \$1,500,000 plus interest thereon at the rate of the prime rate of interest declared by Wells Fargo Bank, National Association on the Closing Date minus 50 basis points per annum accruing from the Closing Date until the balance of the Parking Agreement Payment is refunded in full. The principal balance of and all accrued interest on the Promissory Note will be paid in full on the earlier of (a) one year following the Closing Date or (b) the date on which OHSU sells its entire interest in Block 33 to a third party that is not affiliated with OHSU. Effective on the Closing Date, (a) the Parking Agreement, the Garage Term Sheet, and the Other Block 33 Documents shall be terminated, and (b) PDC will forfeit all rights to and interest in any parking stalls developed by OHSU on Block 33, and all other rights related to Block 33 except for PDC’s rights to the Assignment Fee as described in Section 2 of this Agreement.

3.2 Ground Lease Sale Agreement. On and after the Closing, PDC shall have no further obligations or liabilities whatsoever in connection with the Ground Lease Sale Agreement, including but not limited to, the requirements under Section 4(a) of the Ground Lease Sale Agreement to fund Structural Enhancements and the Supplemental Payment.

3.3 Other Agreements. In order to implement the provisions of this Agreement, the Development Agreement must be amended to clarify that (a) the Phase I Parking Garage may be constructed by OHSU on Block 33 or another site within the South Waterfront Subdistrict as defined in Chapter 33.510.020 of the City of Portland Zoning Code, after the applicable contingencies are satisfied, (b) PDC shall invest the Investment Amount pursuant to Section 6.8.3.3 of the Development Agreement to defray OHSU’s costs of developing a parking structure on any property in the URA (whether on Block 33 or any other block), and (c) neither OHSU or PDC shall be required to build any particular improvements on Block 33, except as provided in this Agreement. The Parties shall cooperate in good faith and use their diligent efforts to so amend the Development Agreement as provided in the form attached as Exhibit C (the “Ninth Amendment”) and to deposit a fully executed Ninth Amendment into Escrow on or before the Closing Date. PDC shall execute the Ninth Amendment in all of its capacities with respect to which it is a party to the Development Agreement and deliver the Ninth Amendment to OHSU at Closing. Also, on the Closing Date, OHSU and PDC shall execute and deliver to each other a Termination Agreement in the form attached as Exhibit D (the “Parking Termination Agreement”) pursuant to which the Parking Agreement, the Garage Term Sheet, and the Other Block 33 Documents shall be terminated.

4. Conditions Precedent.

4.1 Conditions. PDC and OHSU will not be required to close the transaction contemplated by this Agreement unless and until each of the following conditions is satisfied, to their reasonable satisfaction. The Party benefited by a particular condition shall not unreasonably withhold, condition or delay acknowledgment that the condition has been satisfied.

- (a) To the Satisfaction of Both PDC and OHSU:

- (1) The completion and execution of the Ninth Amendment and the Parking Termination Agreement have occurred and, as a result of such documents, OHSU and PDC are each released from any and all obligations under the existing agreements to build any particular improvements on Block 33, except as otherwise provided in this Agreement;
 - (2) There shall be no litigation pending that prevents PDC or OHSU from performing their respective obligations under this Agreement; and
 - (3) Neither Party shall be in default under any material term or condition of this Agreement. Each Party represents to the other that, as of the date hereof, there are no material defaults under this Agreement or events, that now or with the passage of time would constitute a material default under this Agreement.
- (b) To OHSU's Satisfaction:
- (1) OHSU has determined that it will be permitted to extend OHSU's parking rights on the Schnitzer property for so long as required by OHSU;
 - (2) OHSU's Board of Directors ("OHSU's Board") has authorized the consummation of the transactions contemplated by this Agreement;
 - (3) PDC's representations and warranties stated in Section 6.2 herein are true and correct as of the Closing Date; and
 - (4) OHSU has received confirmation from NMI in a recordable form that is acceptable to OHSU confirming that the Restrictive Covenant is not binding on OHSU or any successor to OHSU, as provided in Section 3.2 of the Restrictive Covenant Agreement.
- (c) To PDC's Satisfaction:
- (1) PDC has been released from any and all further obligations or liabilities whatsoever in connection with the Ground Lease Sale Agreement, including but not limited to, the requirements under Section 4(a) of the Ground Lease Sale Agreement to fund Structural Enhancement and the Supplemental Payment;
 - (2) OHSU shall have refunded \$1,500,000 of the Parking Agreement Payment to PDC in immediately available

funds and OHSU has delivered to PDC the Promissory Note;

- (3) PDC's Board has authorized the consummation of the transactions contemplated by this Agreement; and
- (4) OHSU's representations and warranties stated in Section 6.1 herein are true and correct as of the Closing Date.

4.2 Elections upon Non-Satisfaction of Conditions. If any condition in Section 4.1 is not fulfilled to the satisfaction of the benefited Party or Parties on the date scheduled for Closing, then such benefited Party or Parties may elect, by written notice given to the other Party no later than one day before the Closing Date, to:

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

4.3 Final Termination Date. If all of the conditions precedent to Closing set forth in Section 4.1 have not been satisfied or waived by the later of: (a) the Closing Date; or (b) such later Closing date, if any, designated and agreed to by the Parties pursuant to Section 4.2(c), then this Agreement shall automatically terminate sixty (60) days after the later of the foregoing dates.

4.4 Effect of Termination for Non-Satisfaction of Conditions Precedent. If this Agreement terminates or is terminated for non-satisfaction of the conditions precedent to Closing and neither Party is in default under this Agreement, then all rights and obligations of the Parties under this Agreement shall terminate upon termination of this Agreement. If a Party is in default under this Agreement on the date this Agreement terminates or is terminated for non-satisfaction of the conditions precedent to Closing, then the rights and remedies accruing to the other Party under this Agreement as a result of such default shall survive termination of this Agreement.

5. Closing

5.1 Manner of Closing. The Closing of the transactions contemplated by this Agreement will occur in an escrow to be administered by Chicago Title Insurance Company's Portland, Oregon office ("Escrow"). The Parties agree to provide Escrow with instructions consistent with the terms of this Agreement.

5.2 Closing Date. The closing date ("Closing" or "Closing Date") shall occur no later than March 31, 2010.

5.3 Documents to Be Deposited Into Escrow by PDC. On or before the Closing Date, PDC shall deposit into Escrow the following documents:

- (a) An original PDC to OHSU Assignment Agreement, duly executed by PDC and notarized;
- (b) The Ninth Amendment fully-executed by all the DA Parties except OHSU;
- (c) The Deed executed and acknowledged by PDC;
- (d) The Parking Termination Agreement executed by PDC; and
- (e) Such other documents as Escrow may require to complete the assignments contemplated by this Agreement.

5.4 Documents and Sums to Be Deposited Into Escrow by OHSU. On or before the Closing Date, OHSU shall deposit into Escrow such funds (by wire transfer) as are necessary to complete a refund of the Parking Agreement Payment in accordance with Section 3.1 of this Agreement and to pay OHSU's portion of the closing costs. OHSU shall also deposit into Escrow the following documents:

- (a) An original counterpart of the PDC to OHSU Assignment Agreement, duly executed by OHSU and notarized;
- (b) An assignment agreement, voucher or other written documentation required to transfer from OHSU to PDC the SDC Credits;
- (c) The Promissory Note, duly executed by OHSU;
- (d) An original counterpart of the Ninth Amendment executed by OHSU;
- (e) An original counterpart of the Parking Termination Agreement executed by OHSU; and
- (f) Such documents as Escrow may require to complete the assignments contemplated by this Agreement.

5.5 Close of Escrow. On the Closing Date, Escrow shall:

- (a) Deliver to PDC the \$1,500,000 reimbursement of the Parking Agreement Payment, the Promissory Note, the counterpart of the Ninth Amendment executed by OHSU, and the counterpart of the Parking Termination Agreement executed by OHSU;
- (b) Deliver to OHSU the Deed, the original Ninth Amendment, the original Parking Termination Agreement, the original of the PDC to OHSU Assignment Agreement and copies of all other documents delivered to Escrow at Closing; and

(c) Deliver to PDC a copy of the PDC to OHSU Assignment Agreement and copies of all other documents delivered to Escrow at Closing.

5.6 Fees and Costs. PDC and OHSU shall each pay one-half of all Escrow and recording fees and all transfer or similar taxes, if any. Promptly after Closing, Escrow shall deliver to each of OHSU and PDC an accounting of all funds received and disbursed.

6. Representations and Warranties.

6.1 OHSU's Representations and Warranties. As of the Effective Date and the Closing Date, OHSU hereby represents and warrants to PDC as follows:

(a) OHSU is a public corporation of the State of Oregon validly existing under the laws of the State of Oregon, and has all requisite power and authority to carry on its business as now conducted.

(b) OHSU has full power and authority to enter into this Agreement in accordance with its terms.

(c) This Agreement has been duly executed and delivered by OHSU and constitutes a valid, binding and enforceable obligation of OHSU.

(d) There is no litigation, claim or arbitration pending or, to OHSU's knowledge, threatened with respect to OHSU's interest in the Ground Lease Sale Agreement. The Ground Lease Sale Agreement is enforceable in accordance with its terms.

(e) OHSU is (i) not identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "List"), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States. None of the funds or other assets of OHSU constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person (as hereinafter defined), and no Embargoed Person has any interest of any nature whatsoever in OHSU (whether directly or indirectly). The term "Embargoed Person" means any person, entity or government subject to trade restrictions under law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in OHSU is prohibited by law or OHSU is in violation of law.

6.2 PDC's Representations and Warranties. As of the Effective Date and the Closing Date, PDC hereby represents and warrants to OHSU as follows:

(a) PDC is the duly authorized and acting urban renewal agency of the City of Portland, Oregon, validly exists under the laws of the State of Oregon and has all requisite power and authority to carry on its business as now conducted.

(b) PDC has full power and authority to enter into and perform this Agreement in accordance with its terms, and all requisite action has been taken by PDC in all of its capacities as a party to the Development Agreement in connection with the execution and performance of this Agreement and the transactions contemplated hereby.

(c) This Agreement has been duly executed and delivered by PDC and constitutes a valid, binding and enforceable obligation of PDC.

(d) There is no litigation, claim or arbitration pending or, to PDC's knowledge, threatened with respect to PDC's interest in the Ground Lease Sale Agreement. The Ground Lease Sale Agreement is enforceable in accordance with its terms.

(e) Other than rights held under the Ground Lease Sale Agreement, PDC has no interest in Block 33, and PDC has not assigned, transferred, encumbered or otherwise granted any third party any right in and to its interest under the Ground Lease Sale Agreement.

(f) PDC is (i) not identified on any List maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States. None of the funds or other assets of PDC constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person, and no Embargoed Person has any interest of any nature whatsoever in PDC (whether directly or indirectly).

6.3 Disclaimers. Except as expressly set forth in this Section 6, neither PDC nor OHSU makes any warranties, guarantees or representations to the other concerning: (a) any governmental permits or approvals obtained or to be obtained in connection with the use of the Air Space Unit or any portion thereof; (b) the suitability of the Air Space Unit or any portion thereof for OHSU's intended use; (c) the physical condition of the Air Space Unit or Block 33; (d) the compliance of the Air Space Unit or Block 33 with any past or present zoning, land use, building, fire, safety, environmental or other ordinances, restrictions, laws and regulations; (e) the sub-surface condition of Block 33; (f) the presence of any material in, under, or on Block 33 which is regulated by any ordinance, regulation or law; or (g) any and all other information related to Block 33 or the Air Space Unit, which is not the subject of this Agreement. Further, PDC will not defend OHSU's asserted right to develop uses, other than affordable housing in the Air Space Unit against any third-party claim arising from the Restrictive Covenant. OHSU will not be obligated to defend PDC against any claims asserted against PDC arising from the Restrictive Covenant.

6.4 Indemnification. OHSU shall defend (at PDC's request), indemnify and hold harmless PDC, its successors and assigns, from and against all claims, costs, expenses, losses, damages, and liabilities, including, without limitation, reasonable legal, accounting, consulting, engineering and other expenses which may be imposed on or incurred by PDC, its successors or assigns, or asserted against PDC, its successors or assigns, by any other person or entity, including, without limitation, a governmental entity, arising out of or in connection with

any violation of Environmental Laws by OHSU, OHSU's failure to comply with a restriction, limitation, condition or obligation imposed by DEQ pursuant to a No Further Action Letter, Underground Storage Tank Closure Letter or Easement and Equitable Servitude applicable to Block 33 or the Air Space Unit, if any. The indemnity set forth in this Section 6.4 shall survive the issuance of the Certificate of Completion and any termination of this Agreement.

7. Subsequent Development. Subject to the terms and conditions of this Agreement, once Closing has occurred, OHSU covenants to pursue development on Block 33 no later than the date that is fifteen (15) years after the Closing Date if the following contingencies have been fulfilled by such deadline:

(a) OHSU shall have obtained Final Approval (as that term is defined in the Development Agreement) of all governmental approvals necessary to construct the project OHSU desires to build on Block 33, subject to the rights of PDC under this Section 7 (the "Project"); and

(b) 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 Project.

OHSU agrees to restrict its development of Block 33 either to a non-taxable use consistent with OHSU's mission or to a taxable use to which PDC consents (which consent must be given by PDC unless such consent violates PDC's obligations under ORS 457.230). PDC shall respond to OHSU's written request for consent under this Section 7 within ten (10) days after OHSU's request. If PDC fails to deliver to OHSU PDC's response in writing to such request within such ten-day period, PDC shall be deemed to have consented to the request.

8. Certificate of Performance.

8.1 When OHSU is Entitled to Certificate of Performance. When the obligations as described in Section 7 are fulfilled and provided OHSU is not in default under this Agreement, PDC will furnish OHSU with a Certificate of Performance, substantially in the form attached hereto as Exhibit E and incorporated herein by this reference.

8.2 Meaning and Effect of the Certificate of Performance. The Certificate of Performance shall confirm the termination of obligations under this Agreement.

8.3 Form of Certificate of Performance; Procedure Where PDC Refuses to Issue. A Certificate of Performance shall be in a form that can be recorded in the real property records of Multnomah County. At OHSU's request, the Certificate of Performance shall state which terms and conditions of this Agreement are of no further force and effect. If PDC refuses or fails to provide a Certificate of Performance in accordance with this section, then PDC, within fifteen (15) days after written request by OHSU for such Certificate of Performance, shall provide OHSU with a written statement indicating in detail in what respects OHSU has failed to perform its obligations under Section 7 in accordance with the provisions of this Agreement or is otherwise in default and what measures or acts OHSU must take or perform to obtain such Certificate of Performance. PDC's failure to furnish OHSU with such detailed written statement within such fifteen (15) day period shall be deemed PDC's approval of OHSU's request for the

Certificate of Performance, which PDC shall execute, acknowledge, and deliver to OHSU promptly.

9. Recording of Memorandum of Agreement. PDC shall provide for recording a Memorandum of this Agreement within ten (10) days of the Closing Date. OHSU shall pay the recording costs. The form of the Memorandum of Agreement is attached as Exhibit F to this Agreement. When PDC issues to OHSU a Certificate of Performance or if the Agreement is terminated, the Parties shall cooperate to promptly record an Amended Memorandum of Agreement to reflect the surviving covenants of this Agreement, if any.

10. Special Contracting Requirements. The Parties acknowledge that Development on Block 33 and the Air Space Unit is subject to the Special Contracting Requirements set forth in Section 9.11 of the Development Agreement, including that certain Project Apprenticeship Agreement dated December 13, 2005 entered into by certain DA Parties to satisfy the obligations of Section 9.11.5 of the Development Agreement and the Contractor Requirements for the South Waterfront Central District (collectively, the “Contracting Requirements”). The Contracting Requirements shall be binding on OHSU’s successors and assigns.

11. Amendments and Modifications. Any modifications to this Agreement shall be made in writing and executed by the Parties, and approved by the PDC Board and the OHSU Board.

12. Recitals. The Recitals set forth at the beginning of this Agreement are incorporated into the body of this Agreement as if fully set forth therein.

13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and when taken together shall constitute one and the same instrument.

14. Survival. The terms and provisions of Sections 6, 7, and 8 shall survive the Closing.

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

16. No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties hereto and their respective successors and assigns, any rights or remedies under or by reason of this Agreement.

17. Definition Issue. OHSU and PDC acknowledge that they disagree whether Block 33 is “land in the UR Area owned by OHSU” as provided in Section 6.8.3.2(x)(ii) of the Development Agreement. OHSU contends that Block 33 is land owned by OHSU and PDC contends that it is not. The Parties agree that neither Party waives any rights related to this issue and each Party preserves its rights to assert its position on the issue at any time.

18. Integration. This Agreement contains the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements between them with respect thereto.

19. No Waiver. Failure of any Party at any time to require performance of any provision of this Agreement shall not limit such Party's right to enforce such provision, nor shall any waiver of any breach of this Agreement constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself.

20. Further Instruments. Each Party agrees to execute such further instruments as may be reasonably required to consummate the transaction(s) contemplated by this Agreement, so long as the terms thereof are fully consistent with the terms of this Agreement.

21. Statutory Disclaimer. THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER OREGON LAWS 2007, CHAPTER 424, SECTIONS 2, 3 AND 5 TO 22. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER OREGON LAWS 2007, CHAPTER 424, SECTIONS 2, 3 AND 5 TO 22.

*(Remainder of Page Intentionally Left Blank;
Signatures on Following Page.)*

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

OHSU:

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

By: _____
Print Name: _____
Its: _____

PDC:

THE CITY OF PORTLAND, a municipal corporation
of the State of Oregon, acting by and through its duly
authorized and acting urban renewal agency, the
Portland Development Commission

By: _____
Bruce A. Warner, Executive Director

Approved as to form:

Lisa Gramp, Assistant General Counsel

Exhibit A

PDC to OHSU Assignment Agreement

WHEN RECORDED RETURN TO:

Oregon Health and Science University
Attn: General Counsel
Legal Department
Mail Code L585/Baird Hall
3181 SW Sam Jackson Park Road
Portland, OR 97239-3098

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT (this “**Agreement**”) is effective as of _____ (the “**Effective Date**”), by and between **THE CITY OF PORTLAND**, a municipal corporation of the State of Oregon, acting by and through its duly authorized and acting urban renewal agency the Portland Development Commission (“**PDC**”), and **OREGON HEALTH AND SCIENCE UNIVERSITY**, a public corporation of the State of Oregon (“**OHSU**”).

RECITALS

L. Hans and Marilyn Grunbaum, Trustees of the Grunbaum Family Trust, as landlord (“**Landlord**”), and OHSU, as successor-in-interest to North Macadam Investors, LLC, an Oregon limited liability company (“**NMI**”), are parties to that certain Master Commercial Lease dated November 8, 2002, as amended (the “**Lease**”), relating to certain real property located in Portland, Oregon, commonly referred to as “Block 33” of the South Waterfront Central District in the North Macadam area of Portland, Oregon, which property is more particularly described on the attached Exhibit A (the “**Land**”).

M. NMI conveyed all of its right, title and interest under the Lease to OHSU pursuant to that certain Agreement of Sale and Joint Escrow Instructions dated December 23, 2005 (the “**Ground Lease Sale Agreement**”); *provided, however*, NMI reserved for itself certain rights with respect to the development of the Air Space Unit (as defined in the Ground Lease Sale Agreement).

N. NMI assigned to PDC all of NMI’s right, title and interest in, and all obligations and liabilities under, the Ground Lease Sale Agreement to PDC, pursuant to that certain Agreement to Assign and Assume (Block 33) dated November 9, 2006 (the “**PDC/NMI Agreement**”). The PDC/NMI Agreement was effectuated by an Assignment and Assumption Agreement between NMI, as assignor, and PDC, as assignee, dated December 5, 2006 (the “**PDC/NMI Assignment**”). The PDC/NMI Agreement provided that one hundred thirty-five thousand (135,000) square feet of non-greenway base floor area ratio (“**FAR**”) be transferred to

the Land. The FAR was transferred pursuant to that certain Covenant Transferring Floor Area Ratio by NMI to PDC dated December 5, 2006, recorded in the Official Records of Multnomah County, Oregon on December 5, 2006, as Document No. 2006-224320 (the “**FAR Transfer Covenant**”).

O. PDC desires to assign to OHSU all of PDC’s right, title and interest in and to the Ground Lease Sale Agreement, the Land, the FAR Transfer Covenant, the PDC/NMI Agreement, and the PDC/NMI Assignment, and OHSU desires to accept such assignment on the terms and conditions set forth in this Agreement.

P. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Ground Lease Sale Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PDC and OHSU hereby agree as follows:

22. Assignment. PDC hereby assigns, transfers, grants, sells, sets over and delivers to OHSU, and OHSU hereby accepts, all of PDC’s right, title and interest in, under, and to the Ground Lease Sale Agreement, the Land, the subsurface, surface and above-surface rights in connection with the Land, and the FAR Transfer Covenant.

23. Recitals. The Recitals set forth at the beginning of this Agreement are incorporated into the body of this Agreement as if fully set forth therein.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and when taken together shall constitute one and the same instrument.

25. Statutory Notice. THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON’S RIGHTS, IF ANY, UNDER ORS 197.352. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the Effective Date.

PDC:

THE CITY OF PORTLAND, a municipal corporation of the State of Oregon, acting by and through its duly authorized and acting urban renewal agency, THE PORTLAND DEVELOPMENT COMMISSION

By: _____
Name: _____
Title: _____

Approved as to form:

Office of General Counsel

By: _____
Lisa Gramp, Assistant General Counsel

OHSU:

OREGON HEALTH AND SCIENCE UNIVERSITY

By: _____
Name: _____
Title: _____

EXHIBIT A

Legal Description of Property

Lots 1 through 8, Block 141 and Lots 1 through 8, Block 156, CARUTHERS' ADDITION TO THE CITY OF PORTLAND, being all of said Block 141 and 156, TOGETHER WITH that portion of vacated SW Pennoyer Street lying between said Blocks 141 and 156 and between the East line of SW Macadam Avenue and the West line of SW Moody Avenue, in the City of Portland, County of Multnomah, State of Oregon.

Exhibit B

Form of Promissory Note

PROMISSORY NOTE

\$1,500,000.00

Portland, Oregon

FOR VALUE RECEIVED, the undersigned, OREGON HEALTH AND SCIENCE UNIVERSITY, a public corporation of the State of Oregon (“Borrower”), promises to pay to the order of THE CITY OF PORTLAND, a municipal corporation of the State of Oregon, acting by and through its duly authorized and acting urban renewal agency, the Portland Development Commission, at 222 NW Fifth Avenue, Portland, OR 97209-3859, or such other place as may be designated from time to time in writing by the holder of this Note (“Holder”), the principal sum of One Million Five Hundred and 00/100 Dollars (\$1,500,000.00) in lawful money of the United States of America, plus interest and other charges as provided herein.

1. Interest Rate. Interest shall accrue on the unpaid principal balance of this Note from the date first set forth above until paid in full at a rate equal to ____ percent (____%) per annum. **[At closing insert the rate equal to 50 basis points under the prime rate of interest declared by Wells Fargo Bank, National Association, on the business day immediately preceding the date of this Note.]**

2. Payment Schedule. The entire principal balance of and all unpaid accrued interest on this Note shall be due and payable on the earlier of (a) one year following the date of this Note, or (b) the date on which Borrower sells to a third party that is not affiliated with Buyer, Borrower’s entire interest in the real property commonly known as “Block 33” and legally described as:

Lots 1 through 8, Block 141 and Lots 1 through 8, Block 156, CARUTHERS’ ADDITION TO THE CITY OF PORTLAND, being all of said Block 141 and 156, TOGETHER WITH that portion of vacated SW Pennoyer Street lying between said Blocks 141 and 156 and between the East line of SW Macadam Avenue and the West line of SW Moody Avenue, in the City of Portland, County of Multnomah, State of Oregon.

3. Prepayment. The indebtedness evidenced by this Note may be prepaid in whole or in part at any time without penalty.

4. Time of Essence. Time is of the essence of the performance of Borrower’s obligations under this Note.

5. Application of Payments. All payments on this Note shall be applied first to the payment of attorneys' fees, costs, and other charges to the extent, if any, provided herein; then to interest accruing hereon; and then to principal.

6. Attorneys' Fees. If either Holder or Borrower shall institute legal or other proceedings to interpret or enforce this Note, the prevailing party shall recover from the nonprevailing party all costs, attorneys' fees, and expenses incurred by it in connection with such proceedings, whether at trial, on appeal, or on review, in addition to all other amounts allowed by law.

7. Miscellaneous. Borrower warrants that all proceeds of the loan evidenced by this Note will be used for business or commercial purposes and none of such proceeds will be used for personal, family, or household purposes. In any provision of this Note is held invalid by a court of competent jurisdiction, the remainder of this Note shall not be affected thereby and shall remain in full force and effect. Borrower hereby waives presentment, demand for payment, notice of dishonor, protest, and notice of protest.

BORROWER: OREGON HEALTH AND SCIENCE
UNIVERSITY

By: _____
Name: _____
Title: _____

Exhibit C

Form of Ninth Amendment

**NINTH AMENDMENT
TO
SOUTH WATERFRONT CENTRAL DISTRICT PROJECT
DEVELOPMENT AGREEMENT**

Dated: _____, 2009

AMONG: PORTLAND DEVELOPMENT COMMISSION,
in its capacity as the urban renewal agency and as
agent for: Portland Office of Transportation,
Bureau of Environmental Services,
Office of Management and Finance,
and Portland Parks and Recreation (“PDC”)

AND: OREGON HEALTH AND SCIENCE UNIVERSITY,
a public corporation of the State of Oregon (“OHSU”)

AND: RIVER CAMPUS INVESTORS, LLC,
an Oregon limited liability company (“RCI”)

AND: NORTH MACADAM INVESTORS, LLC,
an Oregon limited liability company (“NMI”)

AND: BLOCK 39, LLC,
an Oregon limited liability company (“Block 39”)

RECITALS

A. On behalf of the City of Portland, PDC negotiated the South Waterfront Central District Project Development Agreement (“Original DA”) with OHSU, RCI, NMI and Block 39. The DA (defined below) provides, among other things, for the development of improvements in a certain project area subject to the South Waterfront Plan of the City of Portland. The DA has facilitated and will continue to facilitate development of the Project Area described in the DA as a mixed-use neighborhood, including commercial, retail, institutional and housing uses.

B. The Original DA was authorized by PDC on August 14, 2003, accepted by the Portland City Council on August 15, 2003, and signed by all Parties on August 22, 2003. The Original DA has been amended by the First Amendment to the South Waterfront Central District Project Development Agreement dated February 18, 2004, the Second Amendment to the South Waterfront Central District Project Development Agreement dated April 1, 2004, the Third

Amendment to South Waterfront Central District Project Development Agreement dated June 25, 2004, the Fourth Amendment to South Waterfront Central District Project Development Agreement dated October 29, 2004, the Fifth Amendment to South Waterfront Central District Project Development Agreement dated November 24, 2004, the Sixth Amendment to South Waterfront District Project Development Agreement dated December 17, 2004, the Seventh Amendment to South Waterfront Central District Project Development Agreement dated June 8, 2005, and the Eighth Amendment to South Waterfront Central District Project Development Agreement dated November 9, 2006 (the "Eighth Amendment"). The Original DA, as amended by the first, second, third, fourth, fifth, sixth, seventh, and eighth amendments, is referred to in this Amendment as the "DA."

C. OHSU and PDC have decided not to build the Phase 1 Parking Garage on Block 33 at this time and have agreed to terminate the Parking Agreement defined in Section 6.8.3.6 of the DA. Accordingly, OHSU has revoked its notice selecting Block 33 as the site for the Phase 1 Parking Garage. The Parties also desire to broaden the definition of "Parking Sites" to provide the Parties with more flexibility regarding the ultimate location of the Phase 1 Parking Garage. The Parties desire to amend the DA consistent with the foregoing decisions, as provided in this Ninth Amendment to South Waterfront Central District Project Development Agreement (the "Amendment"). Capitalized terms used but not defined in this Amendment shall have the meanings set forth in the DA.

AGREEMENT

Now, therefore, in consideration of the mutual benefits to be realized by the Parties following this Amendment, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

1. Phase 1 Parking Garage.

1.1 The Project Contingencies to OHSU's obligation to build the Phase 1 Parking Garage have not been satisfied as of the date of this Amendment. Specifically, financing for the Phase 1 Parking Garage, a Project Contingency beyond the control of OHSU, is not currently available. The Parties acknowledge and agree that this Section 1.1. constitutes valid and sufficient notice by OHSU to the other Parties under Section 16.3.2 of the DA that one or more Project Contingencies to OHSU's obligation to build the Phase 1 Parking Garage has not been fulfilled and is not likely to be fulfilled prior to the Late Construction Start Date for the Phase 1 Parking Garage.

1.2 The Parties acknowledge and agree that OHSU has revoked its notice selecting Block 33 as the site for the Phase 1 Parking Garage, and such notice is no longer effective.

1.3 Notwithstanding any language in the DA and the Block 33 Purchase Agreement to the contrary, including, without limitation, the terms and provisions of Sections 6.11.2 and 6.11.4 of the DA, (i) OHSU is not required and has no obligation to provide or cause to be provided parking stalls for Affordable Apartments or for any other purpose on Block 33,

and (ii) PDC is not required and has no obligation to construct or cause to be constructed the Phase 1 Affordable Apartments above the Block 33 Parking Garage.

1.4 The second sentence of Section 6.11.1 is hereby deleted from the DA in its entirety.

1.5 The first and second sentences of Section 9.2.1 of the DA are hereby deleted in their entirety and replaced with the following: “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; below and/or above grade on Block 26; and any other site in the Project Area owned or controlled by OHSU (each, a ‘Parking Site’).”

1.6 Section 10.7.1 of the DA is hereby deleted in its entirety.

1.7 The first sentence of Section 10.7.2 is hereby deleted in its entirety and replaced with the following: “OHSU may petition for the formation of a LID to provide financing for the Phase 1 Parking Garage, which petition PDC will support.”

2. OHSU Taxable Projects.

2.1 Section 6.8.3.1 is hereby deleted from the DA in its entirety.

2.2 Section 6.8.3.2 is hereby deleted from the DA in its entirety and replaced with the following:

6.8.3.2 PDC shall invest additional public funds in any parking structure developed by OHSU in the South Waterfront Plan Area, including the Phase 1 Parking Garage (an “OHSU Parking Structure”), if taxable projects in the UR Area are (x) developed on (i) OHSU Blocks, whether owned and developed by OHSU or by a third party transferee or (ii) other land in the UR Area owned by OHSU on the date of the Eighth Amendment, whether developed by OHSU or by a third party transferee and (y) developed consistent with (1) any covenants and restrictions applicable to the OHSU Blocks or other land and (2) the OHSU policy and mission as described in Oregon Revised Statutes Section 353.030 (each, an “OHSU Taxable Project”).

2.3 Section 6.8.3.3 is hereby deleted from the DA in its entirety and replaced with the following:

6.8.3.3 If OHSU develops an OHSU Taxable Project prior to the expiration date of the UR Plan, as such expiration date may be extended from time to time, then PDC will invest in an OHSU Parking Structure an amount equal to fifty percent (50%) of the projected amount of tax increment financing (bonded debt proceeds) that can be obtained by PDC based on the applicable

Tax Increment Revenue generated by such OHSU Taxable Project (the "Investment Amount"). The Investment Amount shall be used by PDC to partially defray OHSU's costs of constructing the OHSU Parking Structure. Notwithstanding the foregoing, in no event will the Investment Amount exceed the lesser of (a) one half of OHSU's Garage Costs or (b) \$25 million; *provided, however*, that such fixed amount shall be increased annually to capture inflation in construction costs from the date of the Eighth Amendment. The inflation adjustment shall be calculated based on the McGraw Hill monthly publication "Engineering News Report" ("ENR") cost index for Portland, Oregon for the time period commencing on November 9, 2006 and ending on September 19, 2010. If the ENR cost index is discontinued, the Parties shall mutually agree on a substitute monthly construction cost index that most closely approximates the ENR cost index for Portland, Oregon. For purposes of this Section 6.8.3.3, "OHSU's Garage Costs" means the actual hard and soft costs incurred by OHSU to construct an OHSU Parking Structure, which costs shall include the cost of the land but exclude financing costs and costs funded by: (i) sums (excluding loans) received by OHSU from the City or PDC for the construction of such OHSU Parking Structure; and (ii) monies received by OHSU for construction of such OHSU Parking Structure that are attributable to lobbying efforts funded by the City or PDC, but only to the extent and based on the percentage of the applicable lobbying effort actually funded by the City or PDC.

2.4 The last sentence of Section 6.8.3.6 is hereby deleted from the DA in its entirety.

2.5 The last sentence of Section 6.8.3.7.2 is hereby deleted from the DA in its entirety.

3. Definitions.

3.1 The term "Affordable Housing Parking Agreement" is hereby deleted in its entirety from Exhibit C to the DA.

3.2 The definition of "Block 33 Parking Garage" is hereby deleted in its entirety and replaced with the following: "Block 33 Parking Garage" means a Parking Garage if such Parking Garage is constructed on Block 33."

3.3 The term "OHSU Parking Structure" is hereby added to Exhibit C of the DA and has the meaning set forth in Section 6.8.3.2.

3.4 The term "Parking Agreement" is hereby deleted in its entirety from Exhibit C to the DA.

4. **No Third Party Beneficiaries.** Nothing in this Amendment, express or implied, is intended to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies under or by reason of this Amendment.

5. **Counterparts.** This Amendment may be executed in counterparts, each of which shall be deemed an original and when taken together shall constitute one and the same instrument, which instrument will become effective only upon execution of one or more counterparts by each of the Parties hereto. Such execution may be evidenced by original or facsimile signatures.

6. **Effect of Amendment.** The DA is amended as set forth in this Amendment. Except as expressly amended, the DA remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the Parties have entered into this Amendment as of the date first set forth above.

PDC:

PORTLAND DEVELOPMENT COMMISSION

By: _____

Print Name: _____

Title: _____

Approved as to form:

Office of General Counsel

By: _____

Print Name: _____

Title: _____

OHSU:

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

By: _____

Print Name: _____

Title: _____

RCI: RIVER CAMPUS INVESTORS, LLC, an Oregon
limited liability company

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

By: _____
Print Name: _____
Title: _____

NMI: NORTH MACADAM INVESTORS, LLC, an
Oregon limited liability company

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

By: _____
Print Name: _____
Title: _____

BLOCK 39: BLOCK 39, LLC, an Oregon limited liability company

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

By: _____
Print Name: _____
Title: _____

Exhibit D

Form of Parking Termination Agreement

TERMINATION AGREEMENT

This **TERMINATION AGREEMENT** (this “**Agreement**”) is effective as of _____ (the “**Effective Date**”), by and between **THE CITY OF PORTLAND**, a municipal corporation of the State of Oregon, acting by and through its duly authorized and acting urban renewal agency, the Portland Development Commission and as agent for Portland Office of Transportation, Bureau of Environmental Services, Office of Management and Finance, and Portland Parks and Recreation (collectively, “**PDC**”), and **OREGON HEALTH AND SCIENCE UNIVERSITY**, a public corporation of the State of Oregon (“**OHSU**”).

RECITALS

A. Pursuant to that certain Agreement of Assignment and Assumption (PDC/OHSU Block 33) between PDC and OHSU dated _____, 2009 (the “**Block 33 Transfer Agreement**”), PDC and OHSU agreed to terminate that certain Affordable Housing Parking Agreement dated September 19, 2005 (the “**Parking Agreement**”), that certain Term Sheet (Block 33 Parking Garage and Affordable Housing) dated September 4, 2007 (the “**Garage Term Sheet**”), and various letters relating to the purchase and sale of rights related to Block 33 as contemplated by the Garage Term Sheet (the “**Other Block 33 Documents**”).

B. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Block 33 Transfer Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PDC and OHSU hereby agree as follows:

1. Termination of Parking Agreements. Effective on the Effective Date, PDC and OHSU hereby terminate the Parking Agreement, the Garage Term Sheet, and the rights and obligations of the parties set forth in the Other Block 33 Documents. From and after the Effective Date, the Parking Agreement, the Garage Term Sheet, and the Other Block 33 Documents shall be void and shall have no further force or effect.

2. Recitals. The Recitals set forth at the beginning of this Agreement are incorporated into the body of this Agreement as if fully set forth therein.

3. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and when taken together shall constitute one and the same instrument.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the Effective Date.

PDC:

THE CITY OF PORTLAND, a municipal corporation of the State of Oregon, acting by and through its duly authorized and acting urban renewal agency, The Portland Development Commission and THE PORTLAND DEVELOPMENT COMMISSION, as agent for Portland Office of Transportation, Bureau of Environmental Services, Office of Management and Finance, and Portland Parks and Recreation

By: _____
Name: _____
Title: _____

Approved as to form:

Office of General Counsel

By: _____
Lisa Gramp, Assistant General Counsel

OHSU:

OREGON HEALTH AND SCIENCE UNIVERSITY

By: _____
Name: _____
Title: _____

Exhibit E

FORM OF CERTIFICATE OF PERFORMANCE

CITY OF PORTLAND (the "City"), a municipal corporation of the State of Oregon, acting by and through the PORTLAND DEVELOPMENT COMMISSION, the duly designated urban renewal agency of the City of Portland ("PDC") hereby certifies that OREGON HEALTH AND SCIENCE UNIVERSITY, a public corporation of the State of Oregon ("Developer"), has satisfied its obligations under Section 7 of the Agreement of Assignment and Assumption (PDC/OHSU – Block 33) dated September____, 2009 (the "Agreement"), a memorandum of which was recorded in the Records of Multnomah County, Oregon as Document No. _____ on _____, 20___. Capitalized terms used herein without definition shall have the meaning ascribed to them in the Agreement.

This Certificate of Performance is and shall be a conclusive determination of the satisfaction of all of the agreements, covenants and conditions contained in the Agreement with respect to the obligations of Developer, its successors and assigns, and such obligations are hereby terminated.

Further,

- (1) Any party acquiring or leasing any portion of the property described in the Agreement shall not (because of such purchase or lease) have any obligation under the Agreement, and
- (2) The following Section of the Agreement shall survive and remain in effect for the periods identified in the Agreement notwithstanding issuance of this Certificate of Performance ("Surviving Section"): Section 6 (Representations and Warranties, Disclaimers and Indemnification).

Other than its right to enforce the Surviving Section, PDC shall hereafter have, or be entitled to exercise, no rights or remedies or controls that it may otherwise have been entitled to exercise under the Agreement.

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

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

By: _____
Name: _____
Executive Director

STATE OF OREGON)
) ss.
County of Multnomah)

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

Notary Public for
My commission expires: _____

Exhibit F

FORM OF MEMORANDUM OF AGREEMENT

After recording return to:

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

Memorandum of Agreement

THIS MEMORANDUM OF AGREEMENT FOR ASSIGNMENT AND ASSUMPTION (PDC/OHSU – BLOCK 33) (this “Memorandum”) shall serve as notice to all persons that the CITY OF PORTLAND (the “City”), a municipal corporation of the State of Oregon, acting by and through the PORTLAND DEVELOPMENT COMMISSION, the duly designated urban renewal agency of the City of Portland (“PDC”), with an address of Portland Development Commission, 222 NW Fifth Avenue, Portland, Oregon 97209-3859 and OREGON HEALTH AND SCIENCE UNIVERSITY, a public corporation of the State of Oregon (“Developer”), with an address of Attn: General Counsel, Legal Department, Mail Code L585/Baird Hall, 3181 SW Sam Jackson Park Road, Portland, OR 97239-3098, entered into an Agreement of Assignment and Assumption (PDC/OHSU – Block 33) dated as of September __, 2009 (the “Agreement”) relating to certain real property located in Multnomah County, Oregon, as more particularly described in Exhibit “A” attached hereto (the “Property”).

Among other things, Section 7 of the Agreement requires Developer to pursue development of the Property no later than fifteen (15) years after the date of the recording of this Memorandum, subject to the contingencies set forth in the Agreement.

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

[Remainder of page left intentionally blank]

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

By: _____
Name: _____
Title: Executive Director

_____, a _____

By: _____
Name: _____
Title: _____

STATE OF OREGON)
) ss.
County of Multnomah)

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

Notary Public for
My commission expires: _____

STATE OF OREGON)
) ss.
County of Multnomah)

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

Notary Public for
My commission expires: _____

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6776

Title:

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT OF ASSIGNMENT AND ASSUMPTION WITH OREGON HEALTH AND SCIENCE UNIVERSITY FOR THE DISPOSITION OF CERTAIN PDC-OWNED AIR RIGHTS ABOVE BLOCK 33 LOCATED ON SW MACADAM AVENUE BETWEEN SW CURRY STREET AND SW GAINES STREET IN THE SOUTH WATERFRONT CENTRAL DISTRICT OF THE NORTH MACADAM URBAN RENEWAL AREA

Adopted by the Portland Development Commission on February 24, 2010.

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

Certification

The undersigned hereby certifies that:

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



Date: March 8, 2010

Renee A. Castilla, Recording Secretary