

Health Department Headquarters FAC-1 Project Plan Executive Summary

March 2014



The Project Plan

For over a decade, Multnomah County has been looking at opportunities to vacate the McCoy Building which presently houses central Health Department functions and downtown clinics. The building is in poor shape, was not designed to accommodate its current functions, and will require significant investment in upcoming years. In August of 2010, Multnomah County convened with Home Forward to discuss the feasibility of relocating the McCoy Building functions to the eastern half of Block U. This property is adjacent to the Bud Clark Commons on NW Broadway and is owned by the City of Portland.

Purpose of this FAC-1 Request

In December 2011 the Board of County Commissioners approved the Preliminary Planning Proposal in resolution 2011-141. In November 2012, the Board of County Commissioners approved the acquisition of the land from the Portland Housing Bureau

in resolution 2012-191. Following this Resolution, the County partnered with Home Forward to hire ZGF Architects to accomplish Schematic Design and Programming and JE Dunn to complete pre-construction cost estimating.

After completion of Programming in June 2013 followed by the Schematic Design process in October 2013, County staff has been working hard to complete value-engineering of the new facility in an effort to maintain high material quality and facility efficiencies, while containing public costs.

The Board of County Commissioners is requested to approve the Project Plan, which will mark the conclusion of schematic design and allow the project to progress up to a construction start before submitting the Project Design and Construction plan.

Health Department Headquarters FAC-1 Project Plan March 2014



Project Overview & Background

Project Overview

This project is to construct a new headquarters and clinic facility for the Multnomah County Health Department (MCHD) in the Old Town/Chinatown Neighborhood of Portland. The facility will be approximately 96,000 square feet and located on the easterly half of the block U immediately adjacent to the recently complete Bud Clark Commons building. The project team, led by Home Forward, is focused on delivering a well-functioning, flexible building for County operations, welcoming to clients, an attractive and durable asset, and complementary to the neighborhood. The budget for this project is \$46 Million. This packet of information is presented to the Board of County Commissioners for approval and authorization to continue forward with this project.

1. PROJECT CHARTER

Project Background

Multnomah County Health Department works in partnership with its diverse communities to assure, promote, and protect the health of the people of Multnomah County. MCHD provides essential public health services including communicable disease prevention, investigation and reporting, maternal-child health home visiting, public health emergency preparedness, environmental health services, health assessment and evaluation, and community-based chronic disease prevention. MCHD also provides high quality care to vulnerable populations through its primary care clinics, school-based health clinics, and specialty clinics throughout Multnomah County.

MCHD currently occupies the Gladys McCoy Building located at 426 SW Stark Street which serves as the MCHD headquarters, housing administrative offices in addition to some clinical services. The County determined that the building inadequately meets its current and future operational needs, as it is in poor condition, was not originally



Gladys McCoy Building

designed to accommodate its current functions, and would require significant investment in upcoming years. For over a decade, Multnomah County has been looking at opportunities to relocate the MCHD headquarters along with the associated services and vacate the McCoy Building.

In August of 2010, Multnomah County convened with Home Forward to discuss the feasibility of relocating the McCoy Building functions to the eastern half of Block U. A Preliminary Planning Proposal and Feasibility Report completed Home Forward and Multnomah County which was subsequently presented to and approved by the Board of County Commissioners in December 2011. This information included potential building configuration options, initial site analysis, and funding strategies which lead to the selection of the preferred option of a six-story concrete structure containing approximately 96,000 square feet of clinic, pharmacy, and office space, with a construction cost estimate of approximately \$24.5 Million.

With the approval of the proposal, Multnomah County and Home Forward entered into an IGA in May 2012 for the development of this project. In November 2013, Multnomah County and the City of Portland approved a Disposition and Development Agreement for the purchase of the property. Concurrently, Multnomah County and the Portland Development Commission approved an accelerated delivery of a \$26.9M funding commitment per the River District Urban Renewal Plan to support this project.

In January 2013, Home Forward acquired the services of ZGF Architects to serve as the Project Architect. Through a coordinated effort with Multnomah County and key staff from the Health Department, the team completed the programming for the facility in June 2013. Using the programming document as a guide, and with the selection of JE Dunn as the Construction Manager/General Contractor (CM/GC), the project team entered the schematic design phase and developed the initial elements and spatial

1. PROJECT CHARTER

arraignments for the building. This task concluded recently and the team is positioned to move into the design development phase of the project.

Project Goals & Objectives

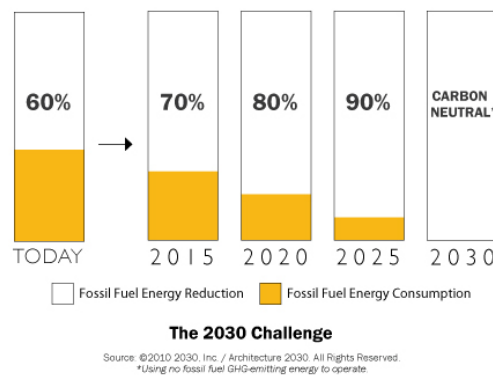
Project Goals

To provide the Multnomah County Health Department a permanent sustainable location from which to deliver critical services to Multnomah County residents.

Use Tax Increment Funding TIF resources set aside for Multnomah County to advance the County's Mission

Achieve a Leadership *in Energy & Environmental Design* (LEED) Gold Rating

Meet the Architecture 2030 Challenge - Develop projects to achieve goal of meeting fossil fuel, greenhouse gas emissions, and energy consumption performance standards of the following levels over the U.S. average for that building type as defined by the U.S. Department of Energy:



Meet 2009 Climate Action Plan (in partnership with the City of Portland) which identifies objectives and actions relating to Buildings & Energy, Urban Form & Mobility, Consumption & Solid Waste, and five other categories to put Portland and Multnomah County on a path to reduce carbon emissions 40 percent from 1990 levels by 2030 and 80 percent from 1990 levels by 2050.

Achieve 20% Minority/W/ESB (M/W/ESB) participation of total Project value

Achieve overall apprentice workforce participation of 20%

Participation in the Percent for Arts Program at 2% of construction costs per Ordinance No. 1117

1. PROJECT CHARTER

Project Objectives

Identity: Facility will reflect the prominence and importance of providing critical health services to the citizens of Multnomah County while reflecting fiscal responsibility to the taxpayers.

Operations: Use of durable, sensible materials and systems focused on low long-term operational cost, and a functional, efficient facility that is easy to maintain.

Longevity: The facility is intended to last at least 80 years, and designed with flexibility to accommodate the future needs and requirements of County programs.

Sustainability: The project team is working toward a LEED Gold rating, working toward meeting the Architecture 2030 Challenge, and will incorporate the 1.5% Solar program.

M/W/ESB Involvement: The County is seeking high level of participation from M/W/ESB businesses and organizations. (Minimum of 20% of total Project value)

Apprentice Involvement: The County is seeking high level of participation from women and minority apprentices with an overall apprentice workforce goal of 20% in alignment with the County's Workforce Training and Hiring Program requirements.

Community Involvement: The project will seek the input of and ensure communication with community members throughout the design and construction process.

Project Sponsors

Sponsors

- Multnomah County Chair
- Multnomah County Health Department

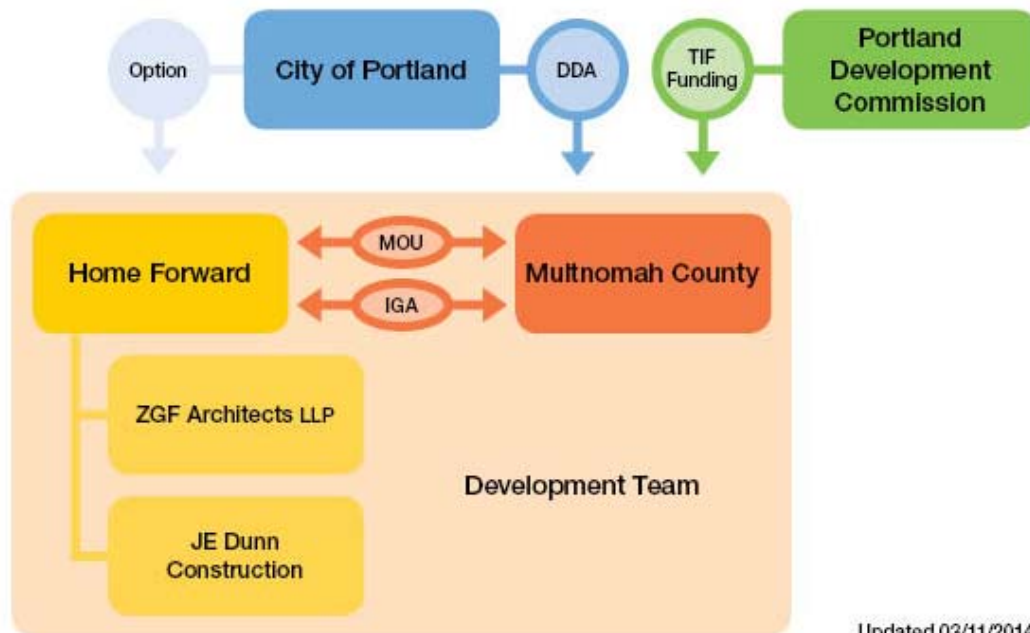
Stakeholders

- Multnomah County Board of Commissioners
- Home Forward
- City of Portland Housing Bureau
- Portland Development Commission
- Multnomah County Facilities & Property Management

1. PROJECT CHARTER

Inter-Agency Partnerships

MULTNOMAH COUNTY HEALTH DEPARTMENT HEADQUARTERS INTERAGENCY PARTNERSHIPS



2. DEVELOPMENT PLAN

Defined Project Scope

General Description of the Building

Schematic Design phase drawings are attached as exhibits.

The proposed building is a headquarters for the Multnomah County Health Department. It is an approximately 96,000 gross square foot, six story structure located on a half block in Portland's Central City.

The building will have a public entry sequence fronting on NW 6th Avenue. Major elements at the ground floor are an Emergency Preparedness and Response center; a wellness space; a pharmacy; a vaccine depot; a loading dock and related service functions; a security desk; an ATM machine and a coffee cart. The upper five floors house a variety of Health Department functions: Office of the Deputy Director; Business, Financial & Quality Services; Community Health Services; Health Officer; Human Resources & Workforce Development; Integrated Clinical Services; Office of Policy & Planning; and Public Health & Community Initiatives. Clinics are located on lower floors to facilitate public access; workplace is located on upper floors. Vertical circulation, restrooms for public use and staff use, break rooms, mechanical rooms, and other ancillary program spaces are distributed throughout the building.

Programming Information

Following the selection of ZGF Architects to lead the design effort, program confirmation and conceptual design work for the new facility was initiated by Home Forward and Multnomah County in January 2013.

Multnomah County Officials, Health Department Leadership and staff, and Facilities & Property Management Leadership and staff were engaged in a series of strategic work sessions to discuss and define (1) the vision and qualitative goals for the building, (2) area and space needs, (3) spatial relationships, and (4) basic functional requirements. The information gathered was summarized by ZGF Architects in the "Multnomah County Health Department Headquarters Building Program Document", dated June 5, 2013. This document created the Basis of Design for the new building.

The Board of Commissioners and Health Department Leadership established the following vision and qualitative goals for the building.

Project Image:

- a. Reflective of Multnomah County credibility
- b. "Brand" Multnomah County well
- c. Not over the top, a wise use of resources
- d. Easily accessible
- e. Inclusiveness as a Hallmark of Multnomah County Health Department
- f. Timeless design, yet innovative
- g. A good neighbor
- h. Sustainably designed, leading by example

2. DEVELOPMENT PLAN

Building Character:

- a. Welcoming, inviting
- b. Economical and high quality, a good value
- c. A healthy and healthful building
- d. Inspirational to both staff and clients, making all feel valued
- e. Safe

Building Design:

- a. Attractive
- b. Reflecting simplicity, functional utilitarianism + good aesthetics
- c. A well-functioning building, now and for 80 years
- d. Well lit, cheerful
- e. High indoor air quality
- f. Calming
- g. Flexible
- h. Forward thinking, technology astute
- i. Complementary to Bud Clark Commons
- j. Desirable outdoor terraces

This project vision provides guiding principles that are used to inform and measure design decisions.

Detailed program data (area and space needs, spatial relationships, functional requirements) was obtained in the following manner:

- Each Health Department service program area provided information identifying their space needs, operational model and projected staffing for Year 2016. The design team provided questionnaires for the staff to assist in obtaining program information.
- The design team conducted one round of program interviews with each program area.
- The design team utilized industry standard clinic benchmarking standards and Multnomah County Health Design Guidelines dated May 22, 2006 to determine clinic exam rooms and support space needs. In addition, Multnomah County Oregon Administrative Procedure FAC-4 Space Assignment, Design and Use dated January, 2010 was utilized in identifying workplace workstation sizes and conference room quantity for an open workplace environment.
- Follow-up program interview meetings to discuss the draft space program were conducted as requested by the Health Department program areas.
- The design team's mechanical and electrical engineers provided recommended mechanical and electrical building support room requirements.
- The County's Information Technology department provided recommended telecommunication room sizes and quantities.
- The draft space program was provided to Health Department and Facilities staff for review and comments. Comments forwarded to the design team were incorporated into the space program document.

2. DEVELOPMENT PLAN

Desired program areas developed during discussions with the Health Department exceeded the 96,000 gross square foot area allocation previously established by Multnomah County and for which project funding was allocated. An active evaluation was conducted by the Health Department with ZGF support to reduce the program to its core needs to fit within the established gross square foot limit. The final program document illustrates approximately 96,000 gross square feet of built space, including some contingency for space allocation during the design process:

SERVICE AREA	Net Square Feet (NSF)	Grossing Factor	Program Gross Square Footage (DGSF)	Comments
DEPUTY DIRECTOR				
Emergency Preparedness and Response ⁴	3,484	1.30	4,529	
Director / Administrative Offices	2,366	1.30	3,076	
Health Department Shared Spaces	4,788	1.22	5,841	Conf rms, break rms, coffee stations, lactation, client stor
BUSINESS, FINANCIAL & QUALITY SERVICES				
Business Services	4,004	1.30	5,205	
Vaccine Depot (Immunization Storage)	408	1.10	449	
COMMUNITY HEALTH SERVICES (CHS)				
CHS/CES/ECS	1,160	1.30	1,508	
STD/HIV/Hep C ⁸	4,660	1.40	6,524	SF includes waiting function
Communicable Disease Services	7,284	1.40	10,198	includes waiting / queuing function
DIRECTOR OF NURSING PRACTICE				
Director of Nursing	522	1.30	679	
HEALTH OFFICER				
Health Officer/EMS/HPO ⁵	663	1.30	862	
HUMAN RESOURCES & WORKFORCE DEVELOPMENT				
Workforce Development (HR & Training)	2,414	1.30	3,138	
INTEGRATED CLINICAL SERVICES (ICS)				
Health Center Business Operation (Call Center) ⁶	0	1.30	0	
Health Information Services (Medical Records)	874	1.30	1,136	
Clinical System Information (Elec Health Records)	1,728	1.30	2,246	
ICS Administration	4,066	1.30	5,286	
Central Laboratory ⁸	0		0	
Pharmacy Administration	702	1.30	913	
Pharmacy ⁷	1,000	1.25	1,250	includes waiting/queuing function
HIV Clinic	7,781	1.40	10,893	includes waiting / queuing function
OFFICE OF POLICY AND PLANNING				
Office of Policy and Planning	1,874	1.30	2,436	
PUBLIC HEALTH & COMMUNITY INITIATIVES				
Public Health & Initiatives	482	1.30	627	
FACILITIES				
Coffee Cart/ATM/Retail	100	1.10	110	
Security	140	1.10	154	
Building Support ^{2,3}	14,700	1.20	17,640	Incl public toilet / floor, Janitor rooms, IT, Facilities, mechanical, electrical, loading dock, secure bike storage
WORKPLACE REDUCTION				
Workplace Reduction ¹⁰			-1,560	Implementation of reduction will be determined.
SUBTOTAL			83,140	
Grossing Factor (DGSF to BGSF) ¹		1.10	8,314	incl main circulation, elevators, envelope, stairs
BUILDING GROSS SQUARE FEET (BGSF)			91,454	

Several program elements have been identified for relocation to places other than the new building.

2. DEVELOPMENT PLAN

Outline of Project Team

A cross-disciplinary team has been assembled to deliver the project. As of this date, the project team includes:

Multnomah County Owner's Group

- Board of Commissioners
- Health Department
- Facilities & Property Management
- Budget Office
- County Attorney's Office
- County Procurement
- Risk Management
- Office of Communication

Developer

- Home Forward

Project Architect

- ZGF Architects LLP (under contract to Home Forward)

Construction Manager/General Contractor

- JE Dunn Construction (pending under contract to Home Forward)

The project oversight effort is staffed by representatives from all of the organizations listed above:

- Executive Steering Committee—meets periodically to review progress and provide guidance
- Project Core Team—meets periodically to discuss and resolve issues
- Project Management Team—meets regularly to manage day-to-day activities

Description of Acquisition Process for Consultant Services

In October 2011 Multnomah County and Home Forward entered into a Memorandum of Understanding to investigate project feasibility. Following the Portland Housing Bureau's acceptance of a Preliminary Planning Proposal and securing of project financing, Multnomah County and Home Forward entered into an Inter-Governmental Agreement (IGA) adopted by the Board of Commissioners on May 24, 2012. This IGA outlined the roles and responsibilities of Multnomah County as owner and Home Forward as developer.

In accordance with the terms of the IGA, Home Forward issued a public Request for Proposals for Professional Design Services in October, 2012. A selection committee was assembled to review proposals and conduct interviews. Selection criteria included strength of the design team; design portfolio; project controls approach; and target business participation. Fifteen proposals were received; a multi-disciplinary team lead by the Portland-based firm ZGF Architects was selected and a contract was executed in December 2012.

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Also in accordance with the terms of the IGA, Home Forward issues a public Request for Proposals for Construction Manager/General Contractor Services in June, 2013. A selection committee was assembled to review and conduct interviews. Selection criteria included strength of the CM/GC team; similar project experience; construction management plan; economic participation plan; and fees for both pre-construction services and construction services. Seven proposals were received; JE Dunn Construction was selected and a contract is now being negotiated.

Project Schedule

03/2014	FAC-1 APPROVAL, SCHEMATIC DESIGN
03/2014 - 03/2015	DESIGN & PERMITTING
01/2015	FAC-1 APPROVAL, CONSTRUCTION DOCUMENTS
04/2015 - 09/2016	CONSTRUCTION
10/2016	OCCUPANCY

Development Cost Estimates

Multnomah County Health Dept. Headquarters Sources & Uses

Sources		% of Total
Tax Increment financing	26,948,460	59%
Multnomah County	19,051,540	41%
Total Sources	46,000,000	100%

Uses		\$/Sq Ft
Construction	29,049,617	303
Design	2,800,050	
Project Management	2,383,750	
Owner Improvements (FF&E, solar, etc)	4,862,504	
Permitting, Fees, & Services	2,503,343	
Contingency	4,400,736	
Total Uses	46,000,000	

Multnomah County Health Dept. Headquarters Cost Summary through January 2015

Phased Periods	Total
Costs-To-Date	580,000
Costs Through Design/Permits	5,400,000
Total Costs	5,980,000

2. DEVELOPMENT PLAN

Multnomah County Health Dept. Headquarters Budget Detail

		PROPOSED BUDGET	
#	Item Budget Line Items	\$/SF 96,000	Cost Estimate
1	Acquisition Costs		
2	Purchase Price:		
3	Land	-	-
4	Closing/Recording	0	5,000
5	Hard Cost / Construction Cost (HC)		
6	Hazardous Materials Abatement	3	300,000
7	Demolition	1	140,000
8	GMP Contract Detail:		
9	1.0 Sitework	14	1,359,739
12	2.0 Structure	48	4,583,834
13	3.0 Enclosures	23	2,213,242
17	4.0 Roofing and Sheet Metal	4	379,674
20	5.0 Specialties and Equipment	5	489,419
23	6.0 Finishes	41	3,897,762
34	7.0 Elevators	5	491,900
35	8.0 Fire Sprinkler	4	395,683
36	9.0 Plumbing	9	898,663
37	10.0 HVAC	36	3,489,930
38	11.0 Electrical	32	3,093,078
39	Construction Subtotal (sum9:38)	222	21,292,924
40	General Conditions	24	2,272,535
41	Const. Subtotal+Gen. Conds (sum39:40)	245	23,565,459
42	Bonds and Insurance	9	824,074
45	CM/GC Fee (2.15%)	5	524,375
46	Design Ctgncty. (7%)	18	1,743,974
47	Construction Contingency (3.0%)	8	747,417
48	Escalation (6%)	17	1,644,318
49	Construction Total (sum41:48)	303	29,049,617
50	Hard Cost Allowances		
52	Solar Allowance (1.5% of Line 49)	5	435,744
53	Telecommunications	18	1,730,000
54	Fixtures, Furniture & Equipment		
55	FF&E	25	2,369,880
56	Medical Equipment	3	326,880
57	Owner's Hard Cost Contingency	8.5%	2,836,579
58	Construction Hard Cost Total	387	37,188,700
60			
61	Development Costs		
62	Building Permits/Fees	12	1,179,585
63	System Development Charges	2	191,950
64	Environmental Report	0	8,000
65	Soils Report (Geotechnical)	1	55,000
66	Survey	0	25,000
67	Marketing/Advertising Const. Bids	0	15,000
68	Cost Estimating	0	13,300
69	Hazardous Materials Testing	1	60,000
70	Relocation	1	125,000
71	General Fees		
72	Architectural & Engineering	26	2,526,000
73	Legal/Accounting	1	130,275
74	Project Mgmt and Operations Support	9	890,000
75	Appraisals	0	10,000
76	Special Inspections/Testing	1	80,000
77	Developer Fee	15	1,400,000
78	Staging (Block R)	2	160,000
79	RACC (2% of Line 49)	6	613,834
80	A&E Design Management	1	105,000
81	A&E Allowance	2	169,050
82	Pre-Development Project Management	0	9,375
83	NMTC Advisor Fee	0	10,000
84	CM/GC Pre-Con Proj. Mgmt	1	93,750
88	Development Contingency		
89	Contingency (of MC Collateral Needs)	11.6%	630,000
90	Soft Cost Contingency	4.5%	306,181
91			
92	Total Project Budget	479	46,000,000

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Operational Funding

The operational funding of Health Department Headquarters personnel is budgeted through the Multnomah County Health Department. Staffing by the Multnomah County Health Department will be managed through the annual budgeting process.

Accounting Chart/Financial Information

See attached memorandum from the County Chief Financial Officer on the following pages.

Intergovernmental Agreement with the Portland Development Commission

Attached as an exhibit.



Department of County Management

MULTNOMAH COUNTY OREGON

Finance & Risk Management Division

TO: Board of County Commissioners

FROM: Mark Campbell, Chief Financial Officer

DATE: February 28, 2014

SUBJECT: Health Department HQ Project – Financing Plan

The purpose of this memo is to provide an overview of the resources available to construct a new Health Department headquarters building on the U2 block. The project will be financed with a combination of Tax Increment Financing (TIF) through the Portland Development Commissions, resources allocated in the FY 2014 County budget, and long-term debt. The cash flow analysis for the project provides us with the ability to delay a long-term borrowing until early 2016 and this memo highlights the effect that will have on the County's debt capacity.

Project Funding and Timing of Resources

The project is expected to cost \$46 million, including all contingencies. Funding for the project will consist of:

TIF (River District)	\$26,948,460
Cash on Hand	5,400,000
County Debt Issue	<u>13,651,540</u>
Total	\$46,000,000

The TIF funds come in the form of a grant from the PDC. Resolution 2012-192 accelerated the timing of the funds but also placed some conditions on their release. Chief among those conditions is the requirement that the project obtain all necessary land use approvals and permits prior to receipt of funds. Since the TIF funds can be used only for capital improvements the engineering and design work will be supported by the cash that is currently on hand.

The FY 2014 budget included a transfer of one-time-only (OTO) General Fund resources for a number of projects in the Capital Improvement Program (CIP). The majority of that transfer, \$5.4 million, is allocated to this project. Approximately \$425,000 has been spent to date but the remaining funds, along with any additional OTO resources allocated in FY 2015, should be sufficient to cover costs incurred within the next fiscal year.

It is anticipated that TIF funds will be made available in early 2015 (January to February). If there is a delay in acquiring those funds the County has the ability to provide a short-term loan to the project – whether that be through an internal loan or a commercial line-of-credit.

The TIF funds will take the project most of the way through construction. This provides the ability to delay a long-term debt issue. Based on the estimated cash flow a debt sale could be postponed to the first quarter of 2016. There are some risks inherent in this approach, namely that interest rates will likely rise, but it also provides the ability to take advantage of the new buildings' operational efficiencies to provide for initial debt service payments.

The analysis included as ***“Exhibit A”*** assumes the County will borrow \$14 million in March, 2016. The debt service structure assumes a 15 year payback with interest only payments for the first five years, a \$6 million “balloon” payment in year 6, and level debt service over the remainder of the term. This structure rests on a couple of key assumptions:

- Debt capacity needs to be preserved for other major capital projects and
- All current ongoing revenues are allocated in the 5 Year General Fund forecast.

The following section discusses the analysis that led to this proposed structure.

Debt Service Analysis

Approximately 70% of the funding for the project is expected to be secured prior to the start of construction. This allows the County to delay a long-term debt sale for up to two years. Due to that fact, the debt service analysis assumes a premium of approximately 50 basis points (.50%) above current market rates. A 15 year term was selected to offset the assumed additional interest.

An interest only repayment period is recommended to take advantage of assumed operational savings that should be achievable in a new building. The McCoy Building is forecast to cost nearly \$1 million to operate in FY 2015. This includes about \$200,000 for utilities and a \$307,000 contribution to the CIP Fund. As the new building will be constructed to LEED standards the operating costs should be lower than they currently are in the McCoy Building. These savings should be earmarked for debt service. Likewise, any funds the McCoy Building is contributing to the CIP Fund can be converted to debt service payments as it is anticipated that only projects necessary for emergency, life and safety, issues will be considered for the building.

A “balloon” payment is considered in FY 2021. This allows the County sufficient time to accumulate OTO resources that can be dedicated to the project. This could take many forms. For example, any sale proceeds from disposing of the McCoy Building could be earmarked for this purpose. It is also the year in which the General Fund will be fully relieved of about \$4.7 million of current debt service obligations.

Thereafter, the debt service payments level out at slightly more than \$1 million per year. This will be an ongoing commitment for nine years and will need to be prioritized in the General Fund forecast. Extending the term to 20 years could reduce annual payments by about \$200,000 per year but will cost more in total interest. This debt issue will be structured to have a “full call” provision after ten years. Total debt service payments will be minimized if sufficient OTO resources can be accumulated in order that the principal can be paid down after that ten year period.

Impact on Debt Capacity

The County’s debt capacity is based on both statutory limitations and an internal Board policy. The internal policy is the most relevant for this analysis and this memo provides a preliminary estimate of the amount the County could borrow. This will be updated for the Chair’s Proposed Budget and will be presented at an upcoming budget worksession.

As stated in the County’s *Financial Policies*, annual debt service payments for non-voter approved debt that is directly supported by the General Fund **will not exceed 5% of General Fund budgeted revenues**. As of July 1, 2014 the County will have an estimated \$23.6 million in outstanding debt subject to the limit established by policy that is supported by a General Fund contribution of \$5.2 million.

Based on estimated General Fund revenues forecast in November, 2013 there will be approximately \$14.8 million that could be allocated to additional debt service. Based on policy – assuming a 20 year amortization at 4% annual interest – that revenue could support **an additional \$200 million in debt proceeds**. Of course, debt limits are ultimately constrained by ability to pay and all current, ongoing General Fund revenues are committed.

The attached Table 1 highlights the County’s outstanding debt obligations and preliminary debt limit calculation, per the internal policy, as of July 1, 2014.

Summary

Based on current estimates the new Health Department headquarter facility will cost \$46 million. The County has secured \$32.3 million and will need to borrow approximately \$13.7 million.

The County has sufficient capacity, based on its' internal policy, to accommodate a \$13.7 million long-term debt issue. The debt for this project can be structured in a way that takes advantage of the project's anticipated cash flow needs and reduced operating costs. Annual operations and capital savings can be used in the first five years to provide the County with sufficient time to identify and plan for increased debt service payments in the succeeding ten years.

A structure like the one proposed provides the County with the flexibility to plan for other major capital improvement projects. **Annual debt service payments subject to County policy will be reduced by approximately \$4.7 million in FY 2021.** Those savings are tentatively earmarked for additional debt service and it is also possible that new ongoing, or accumulated OTO resources, can be identified over the next five to six years.

cc: Michael Bowers, Facilities Director

Joanne Fuller, Interim Health Department Director and COO

Karyne Kieta, Budget Director

Sherry Swackhamer, DCA Director and Interim DCM Director

Exhibit A

Recommended Financing Option - Development of U2 Block

Total Capital Required to Finance Project = \$46 Million

Assume Receipt of PDC Funds Prior to Start of Construction

County to Borrow \$14 Million in FY 2016

FY	County Funds	PDC Funds	Debt Service	Total Cost	Notes
2014	\$ 5,400,000	\$ -	\$ -	\$ 5,400,000	OTO Appropriation
2015		26,948,460		26,948,460	
2016			156,031	156,031	Interest Only Payment(s)
2017			312,061	312,061	
2018			312,061	312,061	
2019			312,061	312,061	
2020			312,061	312,061	
2021			6,000,000	6,000,000	"Bullet" Maturity
2022			1,049,823	1,049,823	
2023			1,051,270	1,051,270	
2024			1,049,308	1,049,308	
2025			1,048,725	1,048,725	
2026			1,049,705	1,049,705	
2027			1,048,185	1,048,185	
2028			1,048,140	1,048,140	
2029			1,048,181	1,048,181	
2030			1,049,979	1,049,979	
2031			1,049,193	1,049,193	
	\$ 5,400,000	\$ 26,948,460	\$ 17,896,785	\$ 50,245,245	

Note:

FY 2015 Funding Assumes Conditions Met to Access PDC Funds by December, 2015

Debt Service Reflects Interest Only Payments Through FY 2020

FY 2021 Payment Can Come From Expiring Debt Capacity, Disposition Proceeds, or OTO Resources

TABLE 1

Description	Credit Rating	Dated	Maturity Date	Amount Issued	Principal Outstanding	2014-15 Prin & Int Payment
General Obligation Bonds	Aaa	3/31/2010	10/1/2016	\$ 45,175	\$ 17,725	\$ 6,772
Pension Obligation Bonds	Aa2	12/1/1999	6/1/2030	\$ 184,548	\$ 123,955	\$ 19,087
OR Transportation Infrastructure Bank	n/a	9/1/2008	9/1/2025	\$ 3,133	\$ 2,919	\$ 312
Full Faith and Credit Obligations						
Series 2004 Full Faith & Credit	Aa2	10/1/2004	8/1/2019	54,235	30,580	7,479
Series 2010A Full Faith & Credit	AA	3/31/2010	6/1/2017	9,800	4,355	1,551
Series 2010B Full Faith & Credit	Aa1	12/15/2010	6/1/2030	15,000	15,000	713
Series 2012 Full Faith & Credit	Aa1	12/1/2012	12/1/2032	128,000	123,955	9,471
Total - Full Faith & Credit				\$ 207,035	\$ 173,890	\$ 19,213
Capital Leases						
Sellwood Library	n/a	1/1/2002	1/1/2032	\$ 1,093	955	118
Sheriff's Office Warehouse	n/a	7/1/2010	7/1/2017	815	377	134
Total - Capital Leases				\$ 1,908	\$ 1,333	\$ 252
Total Subject to Financial Policy					\$ 178,142	\$ 19,777
Less Non General Fund Supported Debt						
Road Fund (OTIB)					(2,919)	(312)
Library Fund (Series 2010A FFCO and Capital Lease)					(1,443)	(243)
Sellwood Bridge (Series 2012 FFCO)					(128,000)	(9,472)
IT Fund (Series 2010A FFCO)					(3,520)	(950)
Facilities Fund (Series 2004 and Series 2010A FFCO)					(3,636)	(718)
Total General Fund Obligations					\$ 38,623	\$ 8,082
(Less) Annual Payment From Prior Debt Buydown						(2,887)
Net General Fund Obligation						\$ 5,195
REMAINING BORROWING CAPACITY						
Debt Capacity (Supported by General Government Fund Types Only)						
FY 2015 General Fund Revenues ¹						\$ 398,923
Policy Limitation (5% of GF Revenues)						x 5.00%
5% Policy Limit Dollar Amount						\$ 19,946
Debt Capacity Used (Net General Fund Obligations)						(5,195)
Annual Payment Available					\$ 14,751	
Estimated Principal Value Available						\$ 200,000

1. General Fund Revenues are net of BWC and Dedicated Health Department Funds

2. DEVELOPMENT PLAN

Communication Plan

The communications and outreach plan has been coordinated between the County Chair's office and Home Forward, including lead communications staff.

Goals

1. Provide clear communications
 - Include educational materials with key messages
 - Why the new development is needed
 - Who are the clients served (include full range)
 - How this development will improve neighborhood livability (and complement BCC)
 - Create fact sheets and County webpage link
2. Provide opportunities for informed public involvement
 - Focus on opportunities prior to elected official & agency decision making
 - Multnomah County Commissioners
 - Portland City Council and various public bodies concerned with design review
 - Provide outreach to external stakeholders (individuals & organizations)
 - Old Town China Town (OTCT) Neighborhood Association & Business Association (now merged into OTCT Community Association)
 - Pearl District NA & Business Association
 - River District Urban Renewal Advisory Committee
 - Other service providers
 - Businesses immediately adjacent neighbors to the site
 - Provide opportunities for public comment
 - Presentations to neighborhood associations/business associations
 - Community Advisory Committee meetings
 - Community "open house"
 - Special meetings with adjacent neighbors
3. Maintain relationships with media representatives

2. DEVELOPMENT PLAN

Other Applicable Data

1. Vicinity Map: attached as exhibit
2. Site Plan: attached as exhibit
3. Schematic Site Plan: attached as exhibit
4. Building Elevations: attached as exhibit

Description of the Site

The building site is located in Old Town/Chinatown neighborhood. The site is bounded to the north by NW Irving Street, to the east by NW 6th Avenue, to the south by NW Hoyt Street, and to the west by a property line in common with the Bud Clark Commons.

The site is 200 feet in the north-south direction and 87.5 feet in the east-west direction, for a gross floor plate of 17,500 square feet. This suggests the building will be built to the property lines at all boundaries (96,000 gsf total ÷ 17,500 gsf per floor = 6 floors).

Primary site constraints include:

- MAX green and yellow lines on NW 6th Avenue
- Limited on-street parking due to the proximity of MAX, the Greyhound bus depot, and the Broadway Bridge
- Maximum building height of 75 feet, in accordance with City of Portland Title 33 development standards
- Loading dock located on the north side of the building, in accordance with community-wide transportation goals

Agreement for Disposition of Property with Portland Housing Bureau

Attached as an exhibit.

Description of the Community Involvement Process

i. COMMUNITY INVOLVEMENT PROCESS TO DATE

1. Period leading up to City-County agreement (November 2011 thru December 2012)
 - Over eight informal personal outreach conversations with community leaders were provided by a combination of Commissioners, commission staff, and Home Forward staff to key representatives of neighborhood businesses and associations. Also, early presentations to groups included the County's Community Health Council, and Portland's Old Town China Town Neighborhood Association and Portland Development Commission's River District Urban Renewal Advisory Committee.
2. Community Advisory Committee

The CAC Operating Guidelines are attached as an exhibit.

 - Two CAC meetings held: The Chair's office sent letters of invitation to thirteen representatives of various community and client groups who might be interested in providing comment throughout the design process. Initially three meetings and an open house were scheduled. After the first two meetings, the open house and third CAC meeting was postponed in order for more detailed staff work to occur between architect, contractor, County and Home Forward staff. Early issues of discussion included the location of primary entry access to the building, the desire for some type of retail storefront access from the transit mall, and development of a Good Neighbor Agreement to establish good communication channels before operations begin in the new building.
 - Rescheduling Open House: Early in the next stage of design (Design/Development), the design team will generate visual schematics of the building's external architecture which will enable discussion at a projected community open house. After input from the broader neighborhood, a final CAC meeting is envisioned prior to submittal of plans to the City for Design Review.
3. Website, Fact Sheet and Frequently Asked Questions
 - The website and written materials have been operational since July 17, 2013 and available at: <https://web.multco.us/health-department-headquarters>
4. Media Relations
 - News reports of the project have appeared in The Oregonian, Portland Tribune, Lund Report and Portland Business Journal. In addition, press releases are shared with more than 60 area news reporters and their organizations including community and culturally specific newspapers.

City of Portland Design Review Process

This development is subject to a Type III Design Review, per Title 33 of the City of Portland Code. The Portland Design Commission is the review body for a Type III process.

The Type III Design Review typically evaluates architectural style; structure placement, dimensions, height, and bulk; lot coverage; building materials and color; off-street parking areas; open areas; and landscaping.

The proposed design will be approved if the Design Commission finds the applicant has shown that the proposal complies with the design guidelines for the area. This development is subject to the River District Design Guidelines.

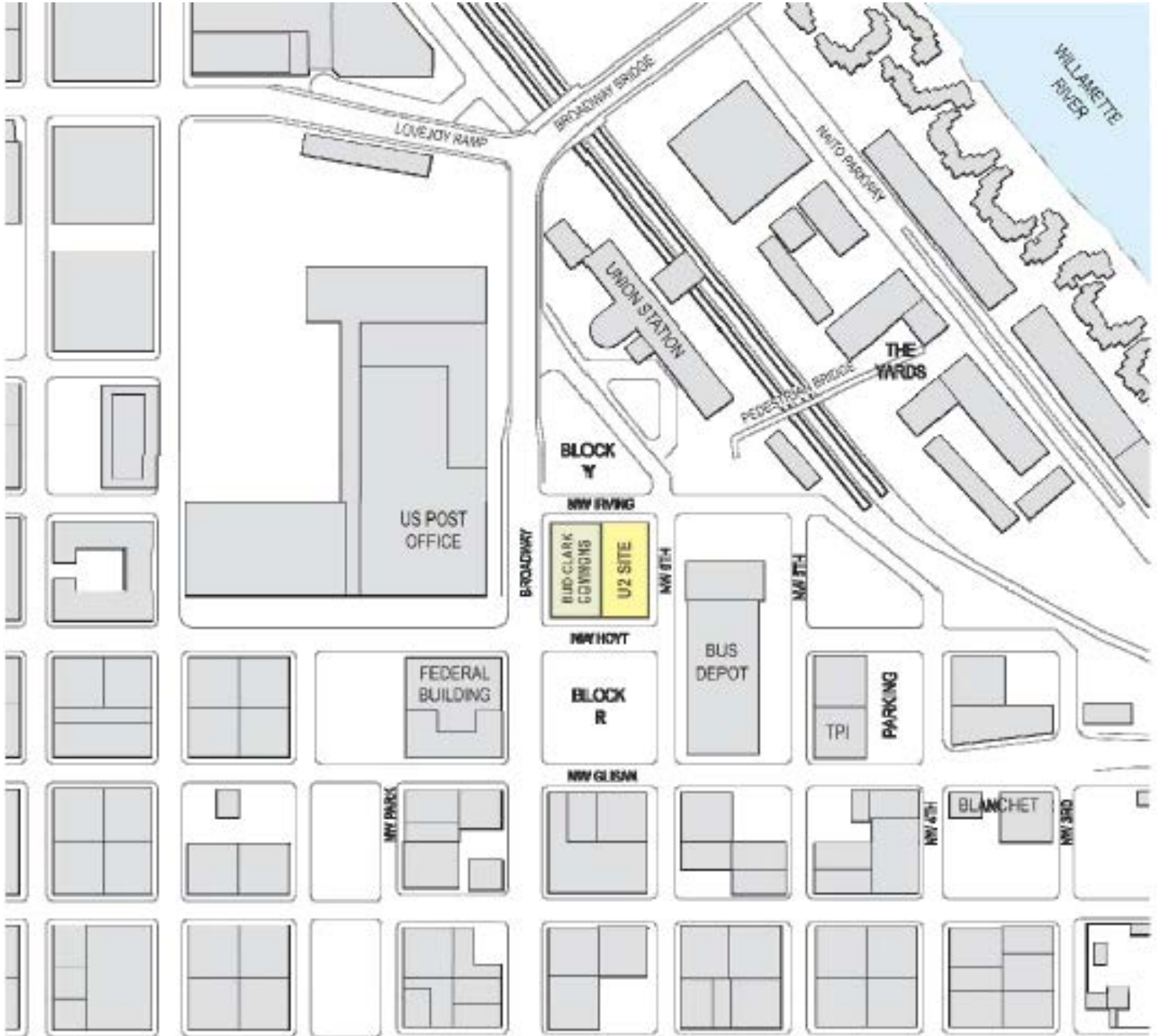
Neighborhood Contact is required for a Type III Design Review. The development team will present plans to both the Old Town/Chinatown Neighborhood Association and the Pearl District Neighborhood Association. Public comment will be received at the hearing.

The development team expects to begin the design review process in June 2014 and expects the review to be complete within 4 months.

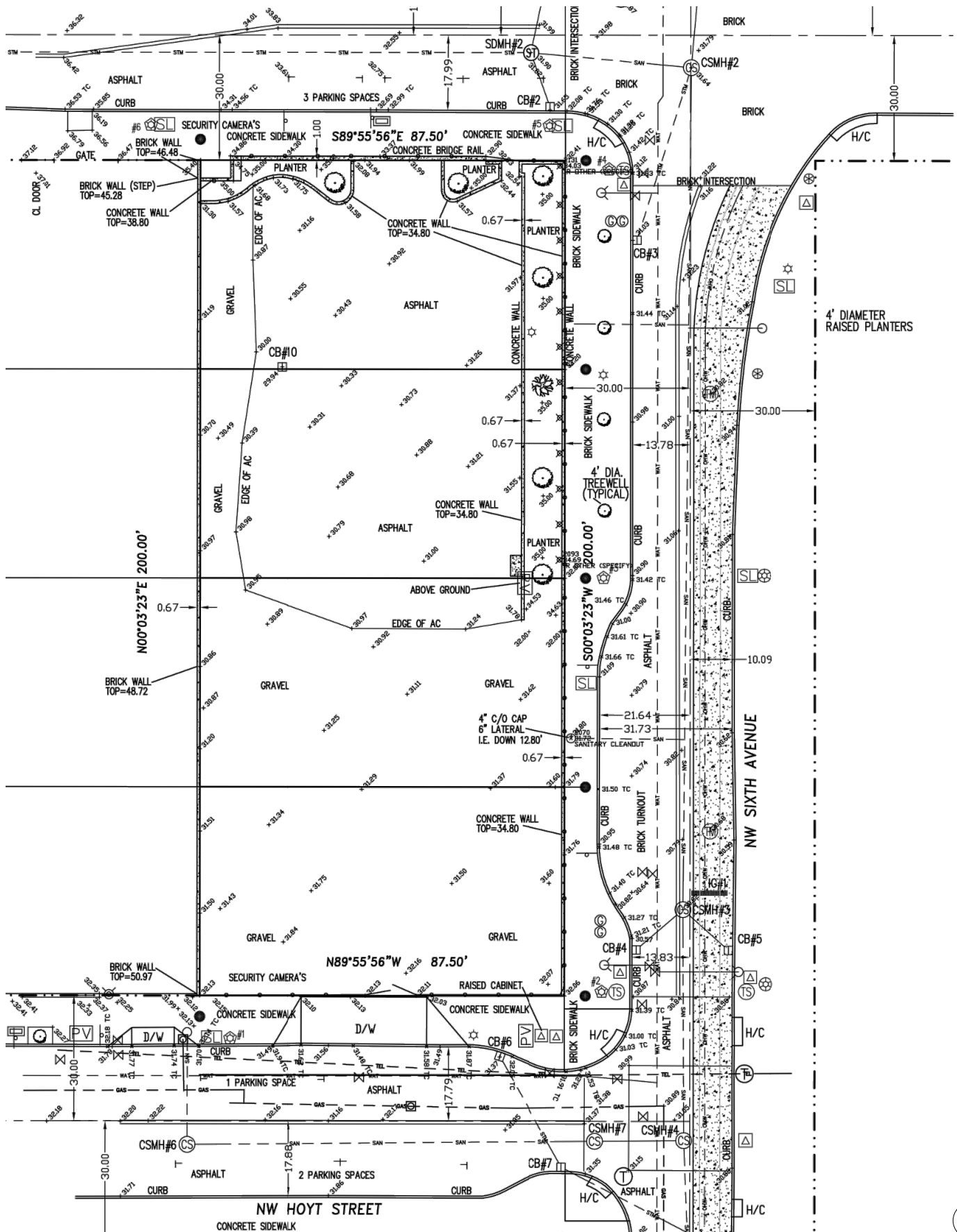
EXHIBITS

EXHIBITS

1. Vicinity Map
2. Site Plan
3. Schematic Site Plan
4. Building Elevations
5. Operating Guidelines for Community Advisory Committee
6. Agreement for Disposition of Property with Portland Housing Bureau
7. Intergovernmental Agreement with Portland Development Commission



Existing Site Plan

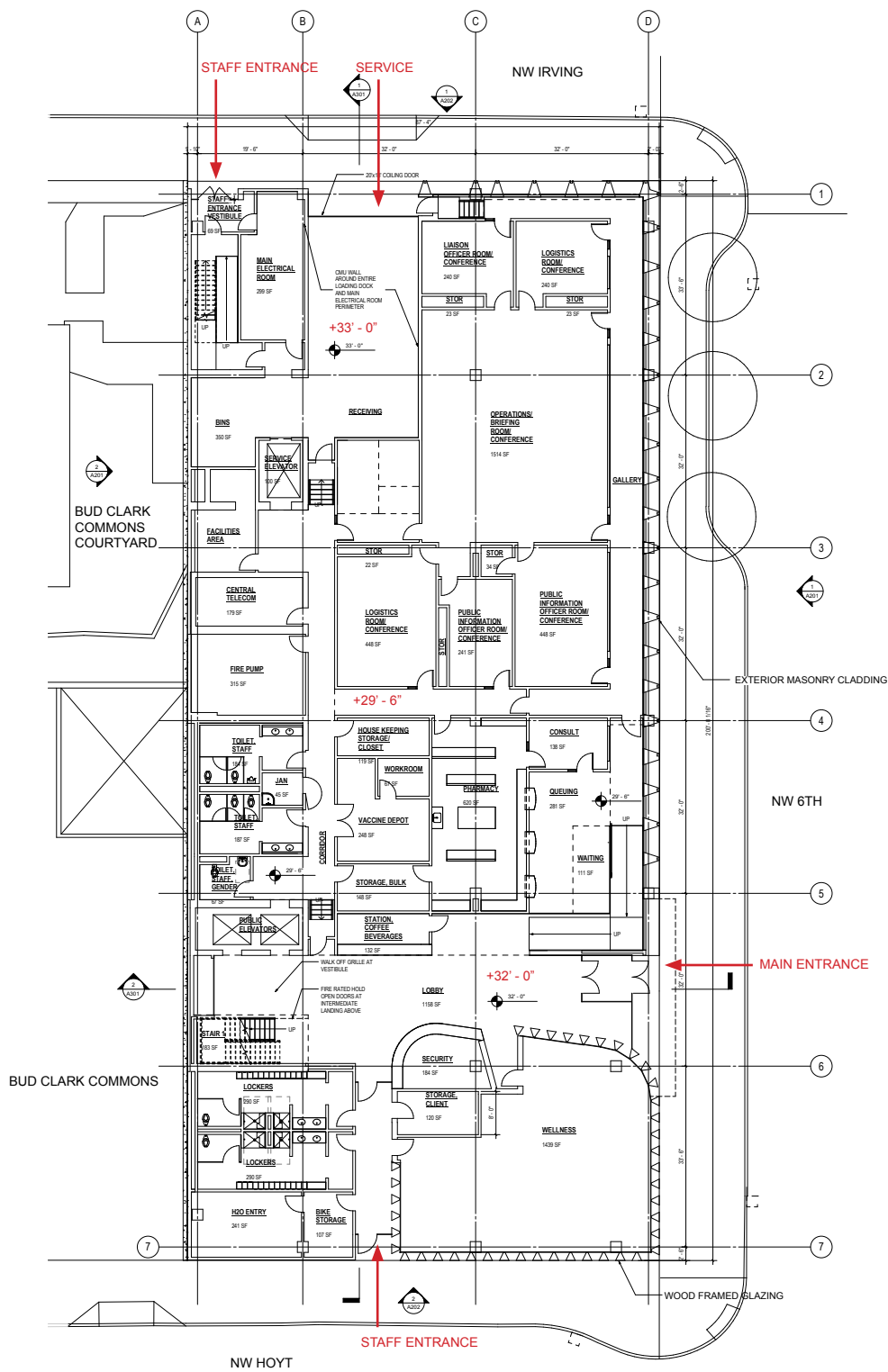


Multnomah County Health Department Headquarters

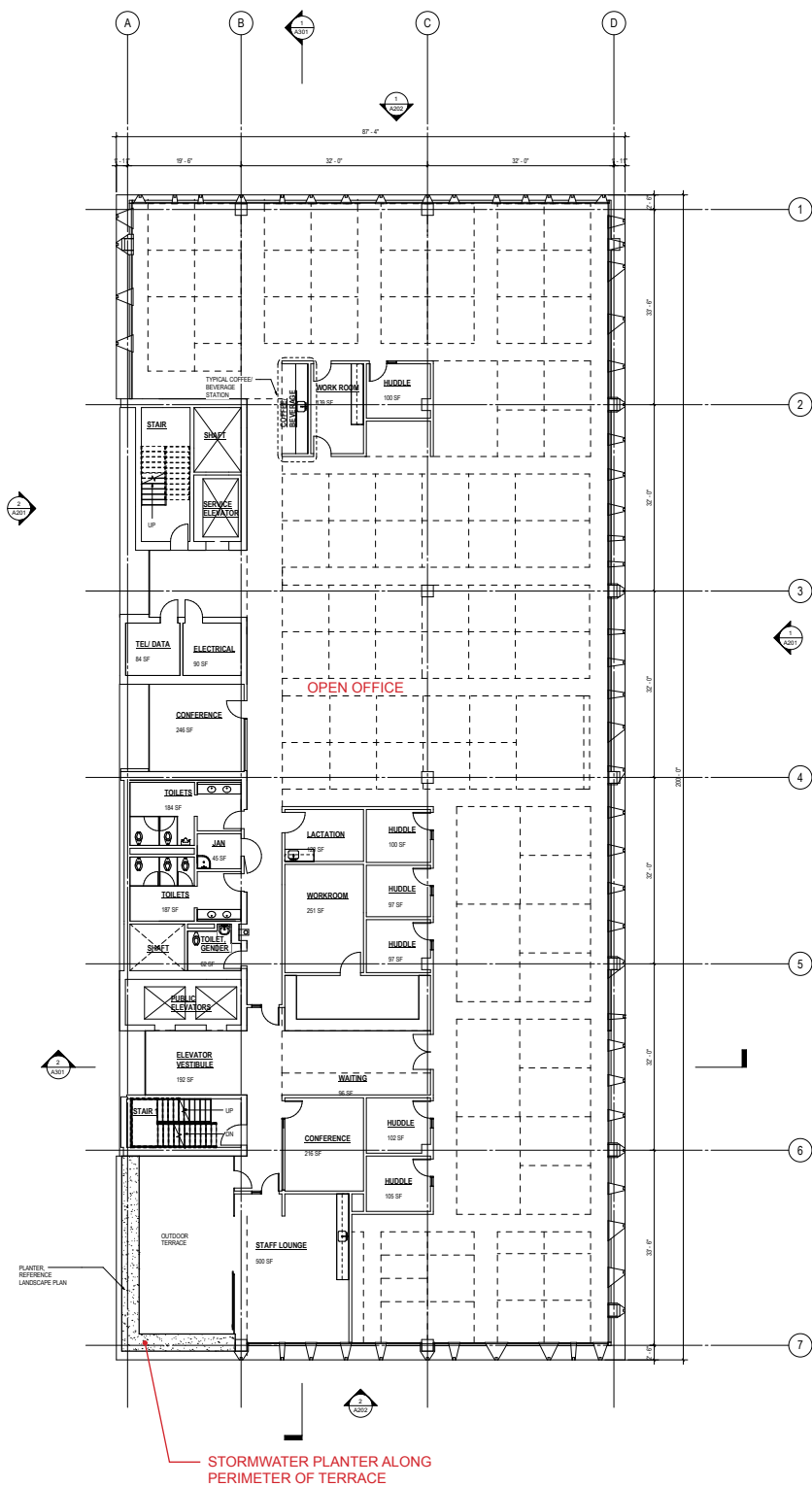
February 14, 2014

Scale: 1/32" = 1'-0"

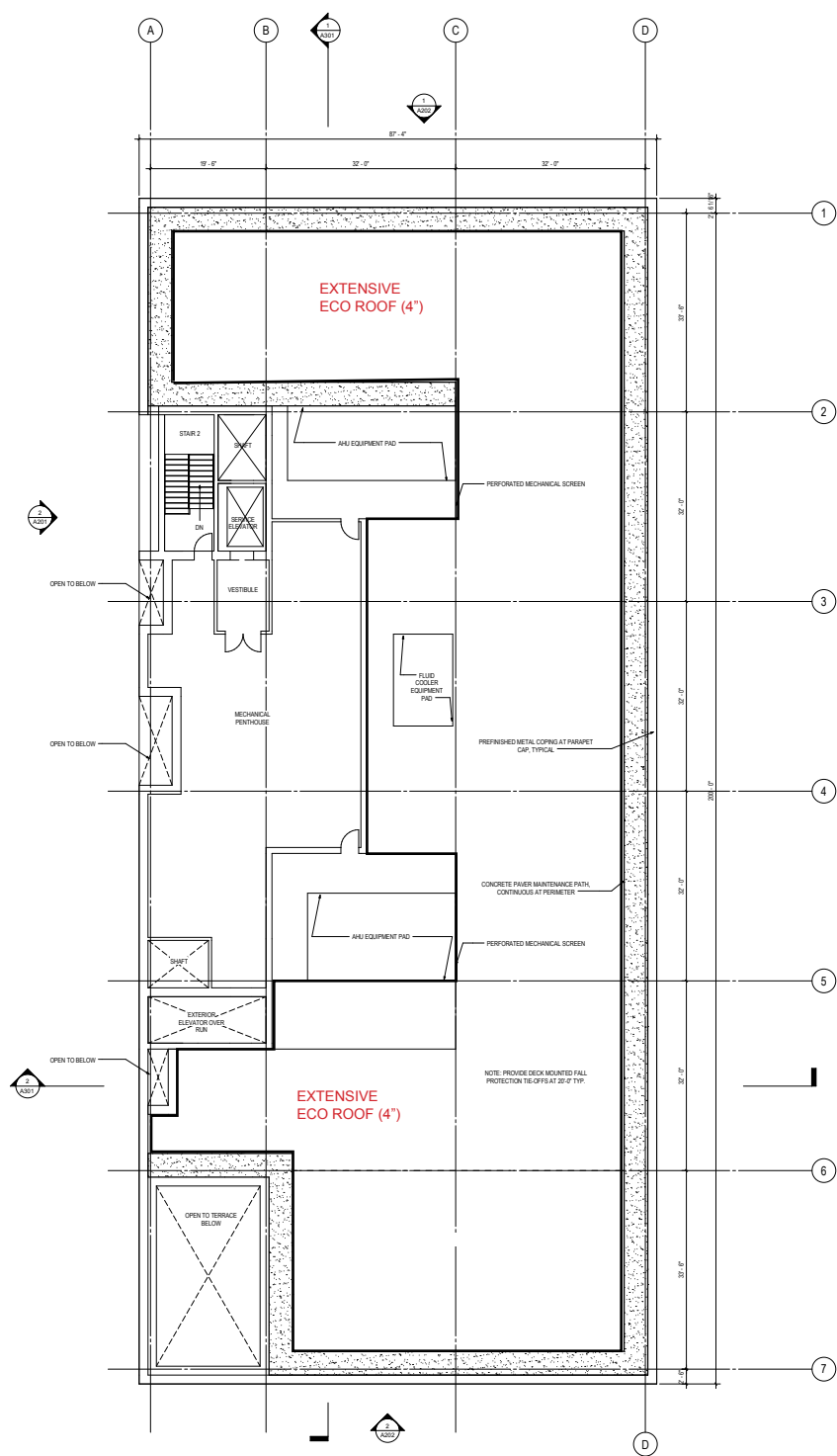
Ground Floor Plan



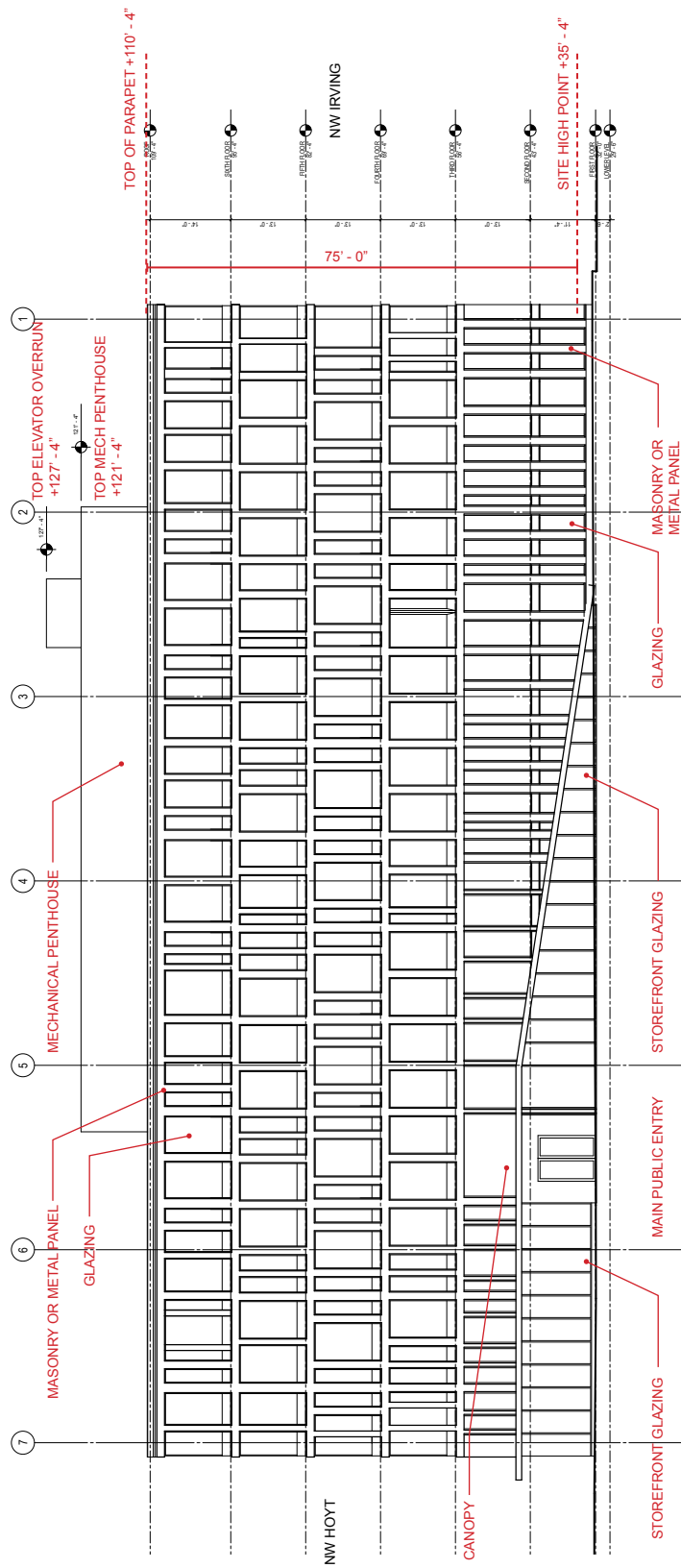
Sixth Floor Plan



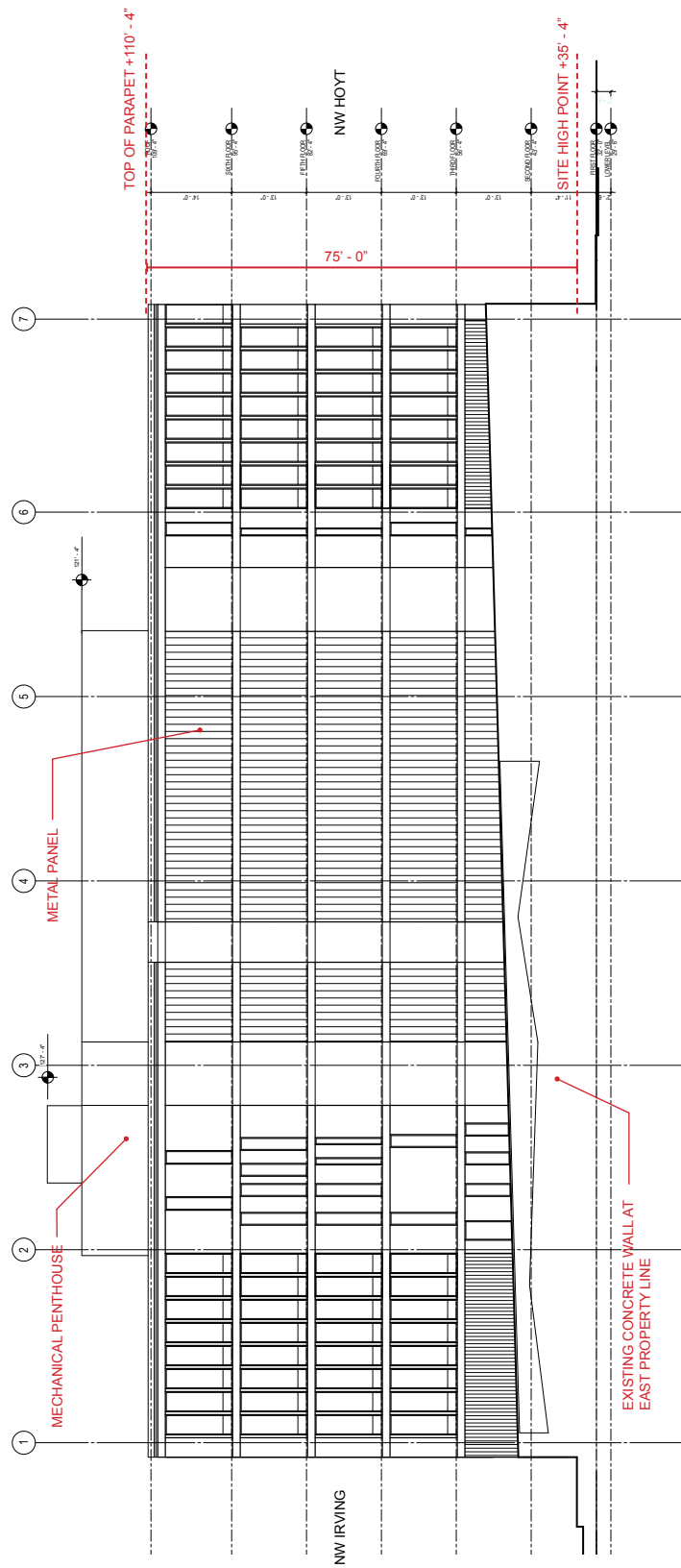
Roof Plan



Elevations

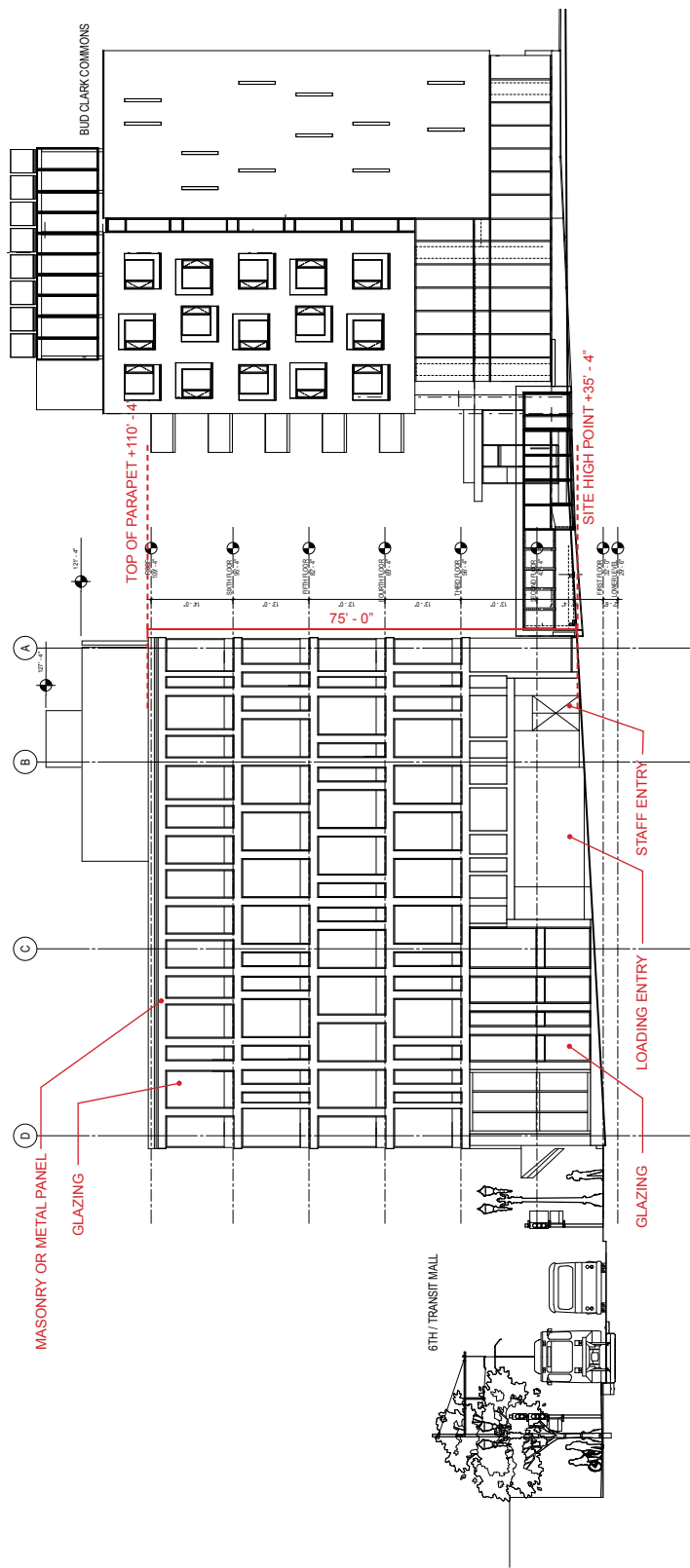


EAST ELEVATION

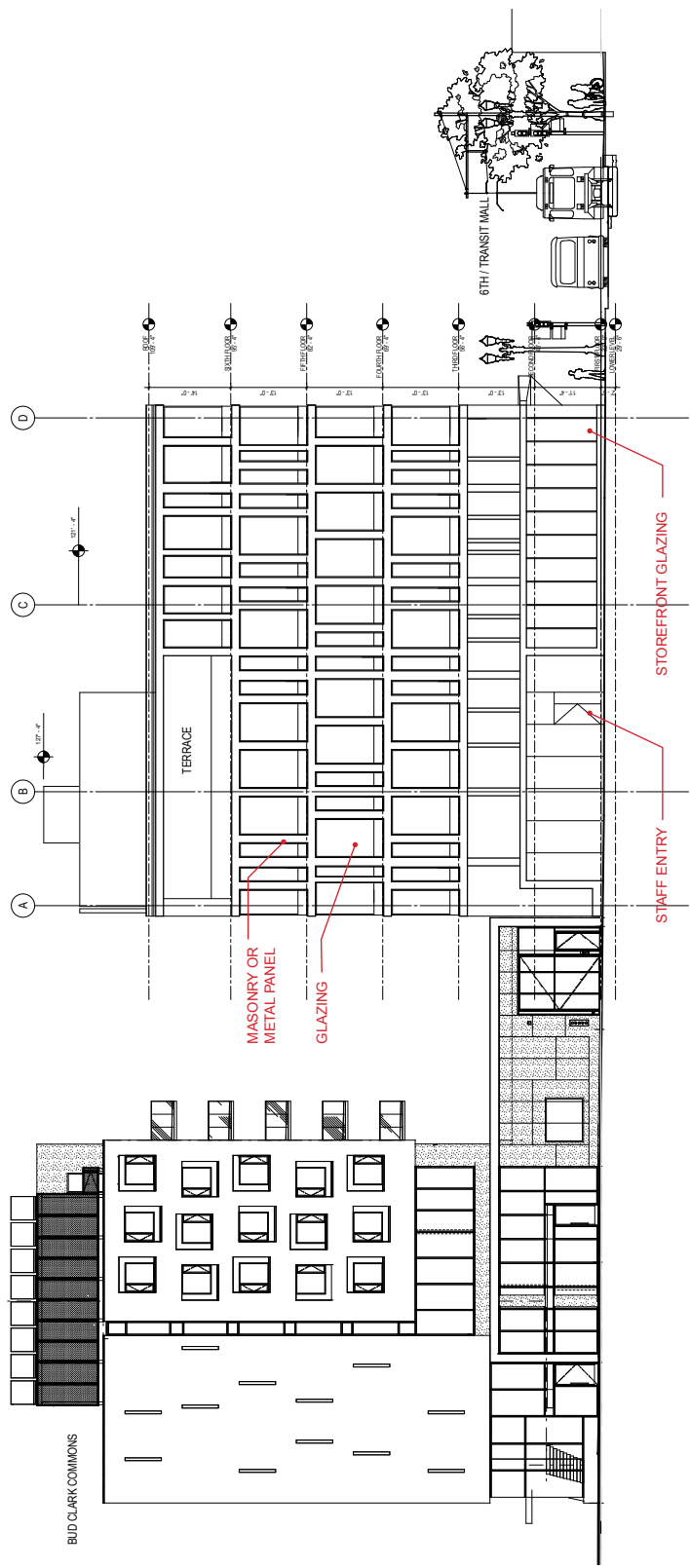


WEST ELEVATION

Elevations

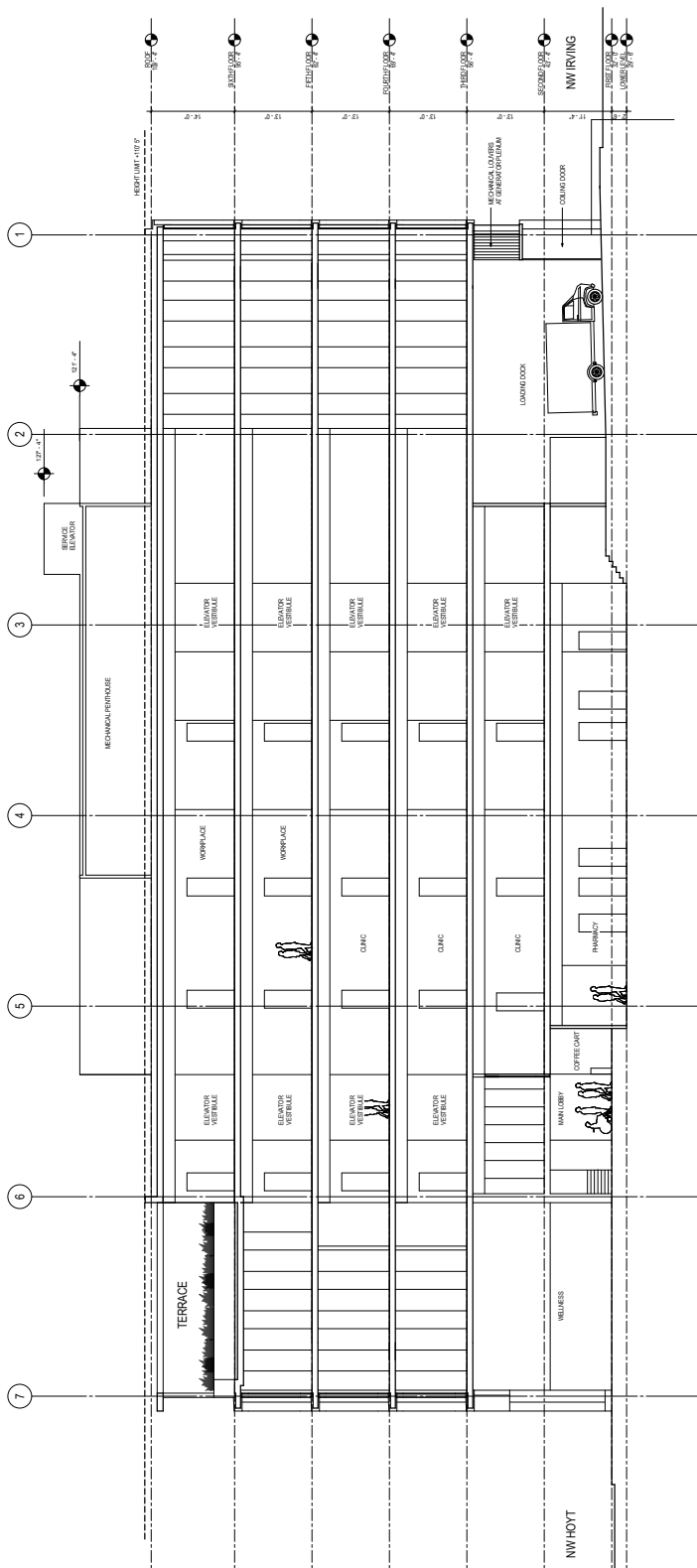


NORTH ELEVATION

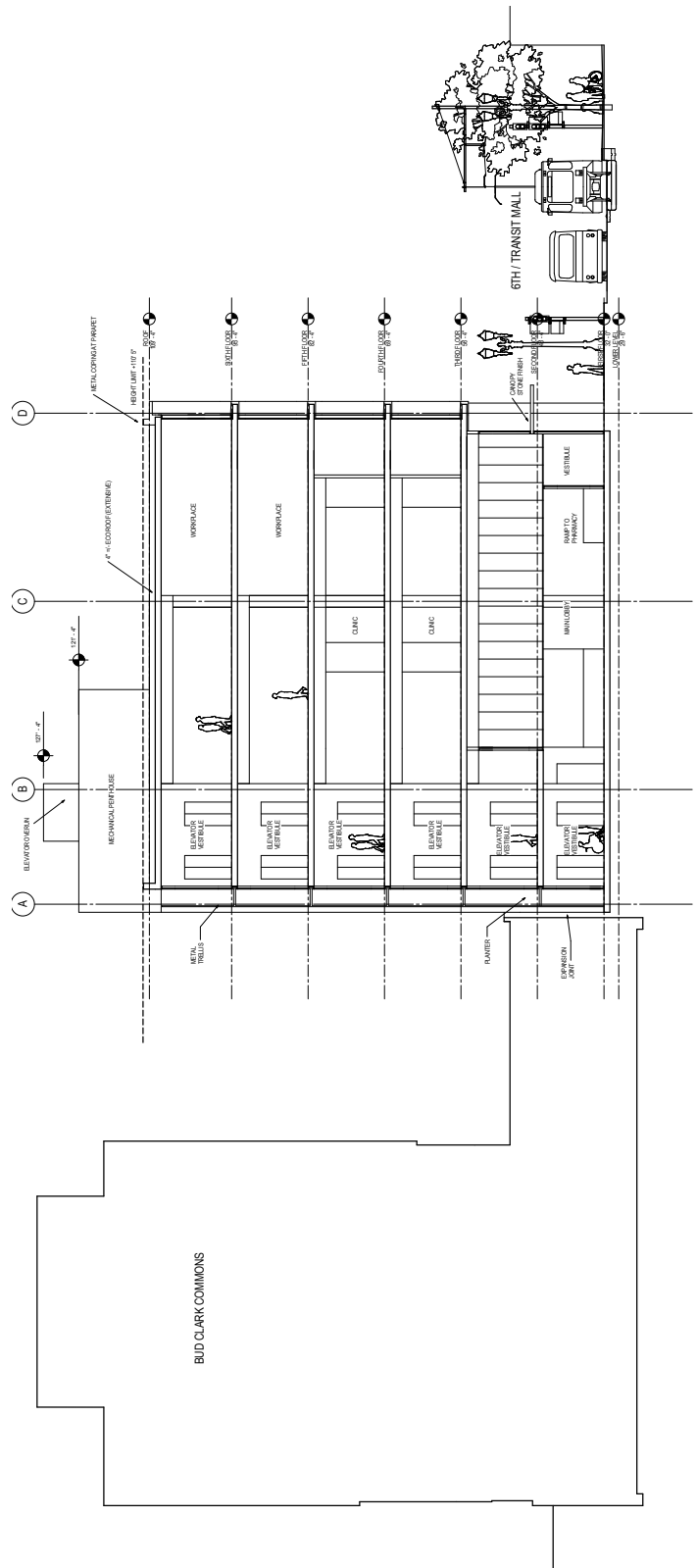


SOUTH ELEVATION

Sections



NORTH-SOUTH SECTION



EAST-WEST SECTION



Health Department Headquarters (HDHQ) Building

Community Advisory Committee Operating Guidelines

Background: Multnomah County has partnered with Home Forward to serve as the developer for the HDHQ building. A project design team is comprised of staff from county departments (Health and Facilities), Home Forward's development department, and the architectural firm of Zimmer Gunsul Frasca (ZGF). Members of the development team (design, finance, community outreach) report on a regular basis to the Multnomah County Board of Commissioners.

•
Community Advisory Committee (CAC): Multnomah County Chair, Jeff Cogen, has invited interested community members to serve on a Community Advisory Committee with the goal of broad representation of neighbors, stakeholder organizations, partner agencies, and potential clients.

CAC Role: The CAC will provide advice and input to the development team (Multnomah County and Home Forward) on potential areas of community concern, with a focus on building design issues. Specific input will be requested regarding:

- Access to the site, including pedestrian amenities,
- Architectural concepts, and
- Good neighbor concerns.

In addition the CAC will serve as the central point for information exchange between the project and the broader community. However, this does not exclude the opportunity for periodic updates to key community groups such as neighborhood association(s) and business groups.

CAC Member Responsibilities:

- Actively participate in CAC meetings.
- Make a commitment to meet at agreed upon dates.
- Whenever possible, serve as a two-way conduit of issues and information between the project and various community constituencies (member organizations, etc.).
- Participate in hosting a community open house to present conceptual designs to the larger community.

Home Forward, ZGF and Multnomah County Staffing Roles:

- Design team staff (Home Forward and ZGF) will facilitate CAC meetings and determine how best to gather input and priorities on alternative design options.

- Staff from Multnomah County (Chair Cogen, Commissioner Kafoury, Health Department and Facilities) will attend meetings as county representatives.
- Project staff will summarize CAC comments to the Multnomah Board of Commissioners during the regularly scheduled County “FAC’1” process (at the end of schematic design).

Home Forward, ZGF and Multnomah County Staffing Responsibilities:

- Provide agendas and background materials for orientation of CAC members.
- Provide summary notes of meetings – key issues – to Board members.
- Post meeting summaries on the project website.
- Convey realistic expectations to CAC about advisory role.
- Communicate CAC perspective(s) on issues, particularly any areas of dissension, to County management.

Invitation list for the Community Advisory Committee

(strike-out indicates the individual declined)

Name	Affiliations
Patrick Gortmaker Kalberer Company, Property Manager	<ul style="list-style-type: none"> - Co-Chair, River District Urban Renewal Advisory Committee - (former)Old Town/Chinatown (OTCT) Visions Committee and Land Use Chair (now OTCT Community Association member)
Patricia Gardner Chesshir Architecture , Associate	<ul style="list-style-type: none"> - Co-Chair, River District Urban Renewal Advisory Committee - Pearl District Association, Land Use Committee
Dorian Yee Bank of the West, Manager	<ul style="list-style-type: none"> — (former) OTCT Business Association (now OTCT Community Association member) — Board member of Transition Projects (adjacent neighbor)
Adele Nofield Wilf's Resturant at Union Station General Manager	<ul style="list-style-type: none"> - adjacent business owner - Chair, Board of Directors, Pearl District Business Association
Stephen Ying International business	<ul style="list-style-type: none"> - President, Portland Chinese Consolidated Benevolent Assoc. - River District Urban Renewal Advisory Committee member - Asian Pacific American Chamber of Commerce, Advisory member
Gus Baum Pacific NW College of Art, Institutional Research & Planning Director	<ul style="list-style-type: none"> - Pacific NW College of Art (adjacent neighbor) - River District Urban Renewal Advisory Committee member
Cliff Madison Portland Patrol, Chief Operating Officer	<ul style="list-style-type: none"> - Portland Business Alliance, Clean and Safe Program
Kim Kolin Greyhound, City Manager	<ul style="list-style-type: none"> - Greyhound Bus Station (adjacent neighbor)
Howard Wiener	<ul style="list-style-type: none"> — Livability Community Chair, Old Town China Town Neighborhood Association
Doreen Binder, TPI Executive Director	<ul style="list-style-type: none"> - Executive Director of Transition Projects
Louis Lee, CPA	<ul style="list-style-type: none"> - OTCT Business Owner (CPA)
Jack Alexander, neighbor	<ul style="list-style-type: none"> - Apartments at Bud Clark Commons, resident (adjacent neighbor)
Mark Goldsby, health representative	<ul style="list-style-type: none"> - Community Health Council member

Emerald Walker and **Liz Smith-Currie** will attend these meetings on behalf of Chair Cogen and Commissioner Kafoury.

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2012-191

Authorizing County's Acquisition of the Easterly Half of Block U, Couch's Addition, From the Portland Housing Bureau Through an Agreement for Disposition of Property.

The Multnomah County Board of Commissioners Finds:

- a) The County Health Department is housed in the McCoy Building, an aging, retail building, in need of costly seismic upgrades and not well suited for provision of health services to the public, particularly emergency public health services.
- b) The County has searched for a replacement Health Department headquarters building for a number of years.
- c) In December of 2011, the Multnomah County Board of Commissioners approved Resolution 2011-141: FAC-1 Health Department Headquarters Preliminary Planning Proposal. Resolution 2011-141 directed the Health Department and Facilities to work in partnership with Home Forward to submit the proposal to the Portland Housing Bureau to secure the site for the project – the proposal was submitted on December 21, 2011.
- d) In May of 2012, the Multnomah County Board of Commissioners approved Resolution No. 2012-060, entering into an Intergovernmental Agreement (IGA) with Home Forward defining roles, responsibilities and process for the project. This IGA serves as a development agreement.

The Multnomah County Board of Commissioners Resolves:

- 1. The County Chair is authorized to enter into the DA and modify the DA as necessary or desirable to further the intent of the DA, so long as such modifications do not result in a material increase in the obligations of Multnomah County or a material decrease in the benefits for Multnomah County under the DA.

ADOPTED this 8th day of November 2012.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Jeff Cogen, Chair

REVIEWED:
JENNY M. MORF, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
Kenneth M. Elliott, Assistant County Attorney

SUBMITTED BY: Emerald Bogue, Senior Policy Advisor, Office of Chair Jeff Cogen.

**AGREEMENT FOR DISPOSITION
OF PROPERTY
Eastern Lots of Block U**

THIS AGREEMENT FOR DISPOSITION OF PROPERTY (this "Agreement") is made as of Dec. 7, 2012 (the "Effective Date"), by and between the **CITY OF PORTLAND**, a municipal corporation of the State of Oregon, acting by and through the **PORTLAND HOUSING BUREAU ("PHB")**, and **MULTNOMAH COUNTY**, a political subdivision of the State of Oregon ("**COUNTY**"). PHB and COUNTY are referred to jointly in this Agreement as "Parties" and individually as a "Party."

RECITALS:

1. In furtherance of the objectives of Oregon Revised Statutes, Chapter 457, and Chapter XV of the Charter of the City of Portland, the Portland Development Commission ("PDC") has undertaken a program for the development and redevelopment of blighted areas within the city limits and in connection therewith prepared and approved an Urban Renewal Plan for the River District Urban Renewal Area (the "URA"), which was approved by the City Council of the City of Portland on October 21, 1998 by Ordinance No. 172808 (as amended from time to time and as constituted on the date hereof, the "Urban Renewal Plan"), and recorded in the real property records of Multnomah County, Oregon.
2. In July, 2010, in connection with a governmental reorganization, PDC transferred title to certain properties and responsibility for a number of agreements for redevelopment consistent with the Urban Renewal Plan to PHB through a set of related agreements between PDC and PHB (the "IGAs").
3. Under the IGAs, PHB acquired real property of 17,500 square feet located in northwest Portland, Oregon generally bounded by NW Sixth Avenue, NW Hoyt Street, and NW Irving Street from the PDC, comprising the vacant, easterly portion of Block U, adjacent to the newly opened Bud Clark Commons, and further described as Lots 1, 4, 5 and 8, Block U, CITY OF PORTLAND, Multnomah County, Oregon (the "Property") and assumed responsibility for an agreement with HOME FORWARD, an Oregon public body corporate and politic ("HOME FORWARD"), that gave HOME FORWARD the exclusive right to present a proposal to PHB for the development of the Property through July 31, 2012, as extended, and further provides that, if the proposal is accepted, the Property may be transferred to HOME FORWARD at no cost (the "Option to Present Development Proposal").
4. HOME FORWARD is an independent body politic established in 1941 as the Housing Authority of Portland by resolution of the Portland City Council, and is a competent real estate developer as evidenced by many successful affordable housing projects developed over the past decade in partnership with PHB.

5. Pursuant to the Option to Present Development Proposal, HOME FORWARD worked with COUNTY to prepare a Feasibility Study which outlined, in general, the requirements of the Multnomah County Health Department ("MCHD") building, developed a conceptual analysis of MCHD's requirements for its new headquarters, administrative offices and health clinics, established the Project's suitability for the Property, and, in December 2011, presented a preliminary proposal to PHB for the development of the Property on behalf of COUNTY.
6. As a whole, the MCHD serves more than 119,000 clients in its primary care, dental, school based health centers and corrections health clinics. Primary care services are provided at eight clinic locations in the greater Portland, Oregon area including a building originally constructed in 1923 at 426 SW Stark Street (the "McCoy Building") which serves as the MCHD headquarters, and houses administrative offices in addition to some clinical services. The COUNTY has determined that the McCoy Building inadequately meets its current and future operational needs.
7. HOME FORWARD and COUNTY have entered into an Intergovernmental Agreement, a copy of which is attached hereto as Exhibit A and made a part hereof (the "Development IGA") and have taken preliminary steps to pursue development of a new 90,000 square foot, concrete building on the Property, to house, among other potential County-approved uses and functions, MCHD headquarters, administration, clinical services functions, and emergency operations currently located at the McCoy Building (collectively the "Project").
8. On May 15, 2012, the HOME FORWARD Board of Commissioners approved the Development IGA, under which HOME FORWARD will provide development services to County for the Project.
9. On May 24, 2012, COUNTY'S Board of Commissioners approved the Development IGA, providing for COUNTY's procurement of development services for the Project from HOME FORWARD and County's funding of design, engineering, entitlement and construction of the Project.
10. PHB is prepared to accept COUNTY as the purchaser of the Property and agrees that, in consideration of COUNTY's performance under this Agreement, PHB will convey the Property to COUNTY at no cost.
11. To support the development of the Project, COUNTY and PHB have negotiated the terms of and are prepared to execute this Agreement to provide for PHB's conveyance of the Property to COUNTY at no cost to the Project.
12. PHB recognizes the value of the new MCHD headquarters to the community and particularly to the residents of Bud Clark Commons and supports those services and efforts.

13. PHB, finding it necessary and in the public interest to implement the Urban Renewal Plan pursuant to the IGAs, desires to enter into this Disposition Agreement in order for the Project to be developed on the Property and serve as a catalyst for area investment and improvement.

NOW THEREFORE, in consideration of the mutual benefits to be realized, including the foregoing Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENTS:

1. GENERAL TERMS OF DISPOSITION

1.1 Agreement for Disposition. Upon the terms and conditions set forth in this Agreement, PHB agrees to sell and convey to COUNTY, and COUNTY agrees to purchase from PHB the Property for the sole purpose of developing the Project (as defined herein) on the Property.

1.2 Description of the Property. The Property which is the subject of this Agreement consists of the following: a certain, vacant parcel of land owned and controlled by PHB, generally bounded by NW Irving, NW Sixth and NW Hoyt, and comprising the easterly portion of Block U, adjacent to the newly opened Bud Clark Commons, commonly known as Block U2, and more particularly described as Lots 1, 4, 5 and 8, Block U, CITY OF PORTLAND, Multnomah County, Oregon (collectively, the "Land") together with (i) all rights, privileges and easements appurtenant to the Land owned by PHB, including, all development rights relating to the Land, and any other easements, rights-of-way, or appurtenances used in connection with the beneficial use and enjoyment of the Land (collectively, the "Appurtenances"); and (ii) all improvements and fixtures located on the Land, if any (collectively, the "Improvements"). The Land, together with the Appurtenances and Improvements, is collectively referred to herein as the "Property."

1.3 Purchase Price. The purchase price for the Property (the "Purchase Price") is Zero Dollars (\$0). The Purchase Price does not represent the fair market value of the Property, which shall be established prior to Closing by an appraiser chosen by the Parties and paid by the COUNTY (the "Appraised Value"). The Purchase Price includes other valuable consideration promised or given by County to PHB, including COUNTY's commitments in this Agreement, and shall not be adjusted at Closing to match the Appraised Value.

1.3.1 Proration of Taxes. COUNTY acknowledges that the Property is currently exempt from property taxes because it is owned by PHB. COUNTY anticipates the Project and the Property will remain exempt from property taxes under County ownership but will pay any property taxes imposed on the Property from and after the Closing Date.

1.3.2 Utilities. To the extent that there are existing utilities located on the Property that will be retained as part of the Project, PHB shall assign such utility accounts to COUNTY on the Closing Date. Ownership and maintenance of offsite utilities serving the Property will be determined by COUNTY and the utility providers as part of the governmental approvals for the Project.

1.3.3 Closing Costs. COUNTY shall pay all closing costs under this Agreement, including, but not limited to, costs for recording a Memorandum of this Agreement, the Deed, the Certificate of Project Approval, and any other documents required to be recorded by the Parties.

1.3.4 Other Costs: COUNTY shall pay for its own costs incurred for amending the Urban Renewal Plan and shall reimburse PHB for any other activity reasonably required for PHB's disposition of the Property.

1.3.5 AS-IS, WHERE-IS Sale. COUNTY acknowledges and agrees that, upon the Closing, PHB shall sell and convey to COUNTY, and COUNTY shall accept the Property conveyed "AS IS, WHERE IS, WITH ALL FAULTS," except to the extent expressly provided otherwise in this Agreement. Except as expressly set forth in this Agreement, COUNTY has not relied and will not rely on, and PHB has not made and is not liable for or bound by, any express or implied warranties, guarantees, statements, representations or information pertaining to the Property or any portion thereof or relating thereto made or furnished by PHB or any real estate broker, agent or third party representing or purporting to represent PHB, to whomever made or given, directly or indirectly, orally or in writing. COUNTY acknowledges that it has had free access to PHB's records with respect to the condition of the Property. Upon the Closing, except as expressly provided in this Agreement, COUNTY shall assume the risk of any and all adverse matters, including, but not limited to, adverse physical or adverse environmental, health or safety conditions, in, on, under or about the Property.

1.4 Representations and Warranties.

1.4.1 PHB hereby makes the following representations and warranties to COUNTY as of the Effective Date and as of the Closing Date:

(a) Subject to the requirements of the Urban Renewal Plan, PHB 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 PHB in connection with the execution of this Agreement and the transactions contemplated hereby.

(b) To PHB's knowledge, there is no litigation, action, suit, or any

condemnation, environmental, zoning, or other government proceeding pending or threatened, which may affect the Property or PHB's ability to perform its obligations under this Agreement.

(c) Except as has been disclosed to COUNTY in the Environmental Reports (as defined in Section 3), PHB has not received notice of the release of any Hazardous Substances on the Property.

(d) PHB is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended.

(e) To PHB's knowledge, and except as disclosed in the E&ES recorded with Multnomah County November 2, 2009 under recording number 2009-152667 which includes an Updated Contaminated Media Management Plan (CMMP), dated September 30, 2009, the Property is in compliance with all recorded covenants, restrictions and other agreements binding on the Property and with all applicable laws, rules, regulations, ordinances and other governmental requirements (collectively, "Laws").

1.4.2 COUNTY hereby represents and warrants to PHB as of the Effective Date and the Closing Date that:

This Agreement has been duly authorized, executed and delivered by COUNTY and all consents required under COUNTY's organizational documents or by law have been obtained, that COUNTY 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 COUNTY in connection with the execution of this Agreement and the transactions contemplated hereby.

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

(b) As of the date hereof there are no defaults by COUNTY under this Agreement or events that with the passage of time would constitute a default of COUNTY under this Agreement.

(c) COUNTY has entered into this Agreement without reliance upon any verbal representation of any kind by PHB, its employees, agents or consultants regarding any aspect of the Property, the Project, its feasibility, financing or compliance with any governmental regulation.

1.5 Access; Inspection; Due Diligence.

1.5.1 Access. PHB agrees that COUNTY and its authorized agents shall be entitled to enter upon the Property during normal business hours pursuant to the terms and conditions of a written permit of entry (in substantially the form attached as Exhibit G to this Agreement), to make such investigations, studies, soil and groundwater tests as COUNTY deems necessary or advisable (collectively, the "Inspections").

1.5.2 Due Diligence Materials. PHB has provided COUNTY or will provide COUNTY no later than ten (10) days after the Effective Date, with the information and materials listed on Schedule 1.5.2 attached hereto (the "Due Diligence Materials") which includes all information and reports known to PHB related to the environmental condition and previous environmental remediation of the Property.

1.6 Title, Survey, Property Taxes and Closing Costs. Within twenty (20) business days after the Effective Date, PHB shall deliver to COUNTY as part of the Due Diligence Materials, a preliminary title report and copies of all exception documents thereto (the "Title Report"). COUNTY may cause to be prepared for its behalf title insurance commitments, including such affirmative insurance and endorsements as COUNTY may desire, and shall pay the cost and expense thereof. PHB agrees to execute any affidavits or other documents required by the Escrow Agent to enable COUNTY to obtain such coverage. COUNTY may, at its sole cost and expense, also cause surveys to be prepared of the Property. The Title Report and any survey shall be referred to herein as the "Title Evidence". Within thirty (30) business days after receipt of the Title Evidence by COUNTY, COUNTY will make such written objections ("Title Objections") to the form and/or contents of the Title Evidence as COUNTY may wish. COUNTY's failure to make Title Objections with respect to a particular matter within this time period shall constitute a waiver of Title Objections with respect to a particular matter. Any matter shown on the Title Evidence and not objected to by COUNTY shall be a "Permitted Exception" hereunder. PHB shall have the election of whether or not to attempt to cure Title Objections raised by COUNTY. PHB shall have ten (10) business days after receiving COUNTY's Title Objections (the "Notice Period") to notify COUNTY of its intent to cure or not to cure such Title Objections. If PHB notifies COUNTY of its intention not to attempt to cure any of the Title Objections raised by COUNTY or fails to notify COUNTY of its intentions within the Notice Period, then COUNTY may, within three (3) business days after the Notice Period expires, terminate this Agreement by written notice to PHB. PHB shall remove any encumbrances or exceptions to title which are created by, through, or under PHB or any other party after the date of the Title Evidence and which are not consented to by COUNTY under the terms hereof. If the Title Objections are not cured prior to Closing, COUNTY will have the option as its sole and exclusive remedies to (i) terminate this Agreement; or (ii) proceed to Closing without any reduction in the Purchase Price. If COUNTY elects the latter, any uncured Title Objections shall be deemed Permitted Exceptions.

1.6.1 Title Insurance. PHB shall provide COUNTY, at COUNTY's request and COUNTY's sole cost, with a standard coverage Owner's Policy of Title Insurance issued by Fidelity Title Insurance Company, Karleen M. Huggins, CSEO, Vice President Escrow Operations, 900 SW 5th Ave., Mezzanine Level, Portland, Or 97204 (the "Escrow Agent"), covering the Property and insuring COUNTY in the amount of the Appraised Value, all free and clear of encumbrances except the Permitted Exceptions.

1.6.2 Required State of Title. On the Closing Date, PHB shall convey the Property by statutory bargain and sale deed substantially in the form attached hereto as Exhibit B (the "Deed").

1.6.3 Encroachment by Adjacent Property, the Bud Clark Commons Within thirty (30) business days after COUNTY's receipt of the Due Diligence Materials and Title Evidence, COUNTY shall deliver written evidence to PHB that there is no objection raised by COUNTY to an encroachment onto the Property by the adjacent property, known as the Bud Clark Commons, in the northwest corner of the Property, or the encroachment shall become a Permitted Exception.

1.7 Conditions Precedent to PHB's and COUNTY's Performance.

1.7.1 Conditions Precedent to PHB's Performance. The obligations of PHB to close the transaction contemplated by this Agreement are, in addition to the other terms and conditions of this Agreement, subject to PHB's satisfaction with the following (any one or more of which may be waived in whole or in part by PHB at its discretion):

- (a) Evidence that COUNTY is a political subdivision of the State of Oregon and a resolution of COUNTY's Board of Commissioners that COUNTY has full authority to enter into and perform its obligations under this Agreement.
- (b) COUNTY shall not be in default under any material term or condition of this Agreement. As of Closing, COUNTY shall represent to PHB that there are no material defaults by COUNTY under this Agreement and that COUNTY has no knowledge of events which, with the passage of time, would constitute a material default by COUNTY under this Agreement.
- (c) COUNTY's representations and warranties stated herein are true and correct as of the Closing Date.
- (d) COUNTY shall have confirmed the approval of all Design

Drawings and specifications relating to the Project as required by governmental entities and/or agencies, including PHB with respect to (i) exterior elevations and (ii) ground floor design to interact with the adjoining sidewalks and Bud Clark Commons, the County funds and/or financing necessary for the development of the Project is available, and construction is expected to start within ninety (90) days after the Closing Date or within thirty (30) days after the Project receives final, nonappealable, permit approvals, whichever occurs last.

(e) COUNTY shall have obtained all land use approvals for the Project required by Title 33 of the Code of the City of Portland, if any, including Conditional Use Permit(s), Adjustments and Modifications, and no appeal of any required approval or permit shall have been filed, and the time for filing any such appeal shall have expired. If an appeal has been filed, it shall have been finally resolved.

(f) The Parties shall have agreed to the final form of the Deed, and any other documents necessary for the Closing.

(g) There shall be no litigation pending that prevents PHB or COUNTY from performing their respective obligations under this Agreement.

(h) COUNTY shall have completed each task within COUNTY's control shown on the Project Schedule, describing the dates by which pre-Closing design, engineering and entitlements will be finished, a copy of which is attached hereto as Exhibit C (the "Project Schedule").

(i) PHB shall be satisfied that the Project complies with the Urban Renewal Plan, as amended.

(j) COUNTY has or will meet all of COUNTY's Project-related Obligations (including those based on land value) to the Regional Arts and Culture Council, the State of Oregon's Bureau of Labor and Industries, and COUNTY's Project Goals and Objectives as to its fair contracting programs set forth in Exhibit D to the Development IGA.

(k) PHB shall have determined to its satisfaction that the Design Review Drawings relating to the Project have been approved by all required governmental entities and/or agencies; and

(l) COUNTY shall have delivered evidence satisfactory to PHB that COUNTY will commence the development and that COUNTY is prepared to acquire the Property for the development of the Project as of the Closing Date.

1.7.2 Conditions Precedent to COUNTY's Performance. The obligations of COUNTY to close the transaction contemplated by this Agreement are, in addition to the other terms and conditions of this Agreement, subject to the following (any one or more of which may be waived in whole or in part by COUNTY at its discretion):

(a) Evidence that the CITY OF PORTLAND is a municipal corporation of the State of Oregon, acting by and through PHB, and a resolution of the City Council that PHB has full authority to enter into and perform its obligations under this Agreement.

(b) PHB shall not be in default under any material term or condition of this Agreement. As of Closing, PHB shall represent to COUNTY that there are no material defaults by PHB under this Agreement and that PHB has no knowledge of events which, with the passage of time, would constitute a material default by PHB under this Agreement.

(c) COUNTY shall have determined that PHB has title to the Property subject only to the Permitted Exceptions.

(d) Escrow Agent shall have issued to COUNTY a binding commitment satisfactory to COUNTY (i) to issue to COUNTY an Owner's Extended Title Insurance Policy covering the Property in an amount not less than the Appraised Value of the Property subject only to the Permitted Exceptions; and (ii) satisfactory to COUNTY and any lender identified by COUNTY to issue a Lender's Extended Title Insurance Policy covering its interests in all or part of the Property in the amount of the Appraised Value of the Property and COUNTY's budgeted construction costs for the Project.

1.7.3 Elections upon Non-Occurrence of Condition. Except as provided below, if any condition in Section 1.7 is not fulfilled to the satisfaction of the benefited Party or Parties (i) at the time designated for satisfaction of the same; or (ii) if no deadline is specified for satisfaction of such condition, then on the date scheduled for Closing, subject to any extension that may have been granted; then such benefited Party or Parties may elect to:

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

(b) Waive in writing the benefit of that condition precedent to its

obligation to perform under this Agreement, and proceed in accordance with the terms hereof; or

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

1.7.4 Final Termination Date. If all of the conditions precedent under Section 1.7 have not been satisfied, waived or otherwise resolved pursuant to this Agreement by the Termination Date (as same may be extended as provided in Subsection 1.7.3 hereof), then this Agreement shall automatically terminate unless the Closing Date is extended by written agreement prior to the Termination Date. If this Agreement is terminated for failure of satisfaction of the conditions precedent by either Party, then the obligations of the Parties to each other under this Agreement shall terminate, except Section 3.2, which will survive any termination of this Agreement. Furthermore, 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.

1.8 Closing.

1.8.1 Escrow Closing. Except as otherwise provided in this Agreement, the consummation of the transaction contemplated by this Agreement (the "Closing") shall occur through an escrow closing arrangement pursuant to each Parties' closing escrow instructions or mutually agreed joint escrow instructions no later than June 30, 2014 (the "Closing Date"). It is agreed that time is of the essence in this Agreement.

1.8.2 PHB's Closing Deliveries. On the Closing Date, PHB shall deliver or cause to be delivered at its expense each of the following items to COUNTY:

- (a) A duly executed and acknowledged Deed;
- (b) An original certificate of non-foreign person duly executed by PHB and notarized; and
- (c) Such other documents as are reasonably required by the Escrow Agent.

1.8.3 COUNTY's Closing Deliveries. On the Closing Date, COUNTY shall deliver or cause to be delivered at its expense each of the following items to PHB:

- (a) Purchase Price; and

- (b) Such other documents as are reasonably required by the Escrow Agent.

1.9 Repurchase Rights. If the Property is conveyed from PHB to COUNTY and COUNTY does not begin construction of the Project in accordance with this Agreement within one hundred eighty (180) days after Closing, then PHB shall have the right to purchase the Property from COUNTY for the Purchase Price.

2. DEVELOPMENT

2.1 Project. The Project shall consist of the construction of a six-story, concrete building of approximately 90,000 square feet to house, among other County-approved uses and functions, the MCHD department headquarters, administrative offices, health clinics, and public health emergency operations to replace the current COUNTY facility located at the McCoy Building. The Project to be completed substantially in accordance with the budget and the schedule attached as Exhibit C and the design standards and project goals attached as Exhibit D.

2.2 Project Financing. COUNTY shall self-fund development and construction of the Project or be responsible for obtaining legally binding commitments for financing required, if any, to develop the Project.

2.3 Public Participation: COUNTY shall be responsible for a public participation plan that involves stakeholders in the development of the Project.

2.4 Design of the Project.

2.4.1 General Cooperation. PHB and COUNTY will work closely throughout the development period to jointly address issues and concerns to achieve the most successful Project.

2.4.2 Design Plans and Drawings. COUNTY and its development team shall refine and develop a set of documents that sets forth in detail the requirements for the construction of the Project and shall include drawings and specifications that establish in detail the quality levels of materials and systems required for the Project, approved by PHB (with respect to the elements described in Subsection 2.4.3[a]) and the appropriate City agencies (the "Final Construction Documents and Specifications"). All plans and specifications identified in this Section are referred to herein as the "Drawings." Drawings of the Project's exterior elevations shall include adjacent improvements to fully show the Project's relationship to its context.

2.4.3 Design Standards. PHB will not unreasonably withhold, condition or delay its approval of any Drawings which meet the following standards.

- (a) **Exterior Elevations & Ground Floor Activation.** The Project's exterior elevations shall complement those of the adjoining

Bud Clark Commons, and the ground floor should foster an active pedestrian environment along NW Hoyt Street & NW 6th Avenue and be well-designed to support Project clients, staff and the surrounding neighborhood.

(b) **Limitations on Review of Design.** PHB's review and comment or approval of Drawings will occur in stages and will be progressive in nature, but limited to the elements described in Subsection 2.4.3(a), for each of which COUNTY shall cause to be submitted to PHB a set of Drawings at the following two stages:

(i) **Draft Exterior Design Development Drawings.** The submittal shall include the Project's exterior elevations, with colors and materials, and site and landscape plans, together with those of the adjoining Bud Clark Commons, to fully show the Project's relationship to its context. The submittal shall also include the draft Design Review application and narrative and shall be delivered to PHB by COUNTY fifteen (15) business days prior to filing the Design Review application.

(ii) **Final Construction Documents and Specifications.** Excerpts from the Final Construction Documents and Specifications pertaining to the elements described in Subsection 2.4.3(a) shall be submitted to PHB by COUNTY 30 days prior to the Closing Date.

(iii) **PHB Review Timeline.** PHB and COUNTY acknowledge that the Project schedule requires expeditious review and response from PHB and responsiveness and cooperation from COUNTY in connection with PHB's review and approval of the elements described in Subsection 2.4.3(a). PHB shall comment on and disapprove or approve said design elements not later than ten (10) business days after submittal by COUNTY. COUNTY shall not be obligated to consider any comments which are not provided by PHB within such ten (10) business day period. COUNTY shall provide PHB within ten (10) business days after receipt of comments or disapproval from PHB with a reasoned response to any suggestions or recommendations by PHB and COUNTY's proposal to address such comments or disapproval. In the event that the Parties have a dispute regarding PHB's approvals of the elements described in Subsection 2.4.3(a), such dispute shall be referred for resolution in accordance with Section 5.8 of this Agreement.

(iv) **PHB Support of COUNTY Applications.** PHB shall cooperate in all reasonable respects with COUNTY's efforts to obtain Portland Design Review approval of the Design Drawings,

with respect to (i) exterior elevations and (ii) ground floor design to interact with the adjoining sidewalks and Bud Clark Commons, consistent with PHB's prior approvals under (iii) hereof.

(c) **City of Portland Design Commission.** All Drawings must conform to approvals and requirements of the City of Portland Design Commission.

2.4.4 Environmental Sustainability. PHB and COUNTY agree that the Project shall be designed, constructed and commissioned with the goal of achieving the U.S. Green Building Council ("USGBC") Leadership in Energy and Environmental Design ("LEED") Gold rating or an equivalent construction benchmark.

2.5 Diligent Completion.

2.5.1 Subject to the terms and conditions of this Agreement, COUNTY covenants to complete the development of the Project in substantial conformance with the Final Construction Plans and Specifications and to comply with the Schedule of Performance, subject to force majeure as provided in Section 5.7. COUNTY agrees to keep PHB informed of its progress with respect to development of the Project during construction, until PHB issues a Certificate of Project Approval hereto as Exhibit E.

2.5.2 Project development shall include:

(a) Entering into all necessary architectural, engineering, environmental, construction and other pertinent contracts;

(b) Securing all necessary public entitlements, if any are outstanding as of the Effective Date, and building permits;

(c) COUNTY approval of all funding and/or securing all financing necessary to complete the Project, consistent with the Project budget.

2.6 Inspection and Property Access by PHB. After the Closing Date, during construction of the Project, and until a Certificate of Project Approval is issued, PHB shall be entitled to accompany building inspectors from the City of Portland on their scheduled inspections of the Property (or otherwise as coordinated with COUNTY). PHB agrees not to interfere with the work occurring on the Property.

2.7 Certificate of Project Approval.

2.7.1 When COUNTY is Entitled to Certificate of Project Approval. Upon substantial completion (as defined below) of the Project, PHB will furnish COUNTY with a Certificate of Project Approval, substantially in the form attached hereto as Exhibit E. The Project will be deemed to be substantially complete when (i) the Project is completed according to the final construction plans and specifications, except for punch list items which do not materially affect the use of the Project for the purposes intended under this Agreement, (ii) the City, through the Bureau of Development Services, has issued a temporary or permanent Certificate(s) of Occupancy with respect to the Project, and (iii) any other improvements required by the terms of this Agreement to have been completed at the time the Project is complete are complete in all material respects.

2.7.2 Meaning and Effect of the Certificate of Project Approval. The Certificate of Project Approval shall provide for termination of obligations under this Agreement and limitation of remedies of PHB as expressly provided for therein.

2.7.3 Form of Certificate of Project Approval; Procedure Where PHB Refuses to Issue. A Certificate of Project Approval shall be in a form that can be recorded in the real property records of Multnomah County. The Certificate of Project Approval shall state that the construction obligations are complete. If PHB refuses or fails to provide a Certificate of Project Approval in accordance with this Section, then PHB, within fifteen (15) business days after written request by COUNTY for such Certificate of Project Approval, shall provide COUNTY with a written statement indicating in detail in what respects COUNTY has failed to complete the Project in accordance with the provisions of this Agreement or is otherwise in default and what measures or acts COUNTY must take or perform to obtain such Certificate of Project Approval. Upon receipt of such detailed statement from PHB, COUNTY shall either (a) complete the improvements and/or cure the alleged default in a manner responsive to the stated reasons for disapproval or (b) submit to arbitration, pursuant to Section 5.8, the issue of whether PHB has unreasonably refused to issue the requested Certificate of Project Approval. PHB's failure to furnish COUNTY with such detailed written statement within such fifteen (15) day period shall be deemed PHB's approval of COUNTY's request for the Certificate of Project Approval.

3. ENVIRONMENTAL MATTERS; INDEMNIFICATION

3.1 COUNTY'S Investigations. COUNTY will conduct such Inspections and other investigations of the Property as COUNTY deems necessary, including, but not limited to, the physical and environmental conditions thereof, and shall rely upon same. COUNTY acknowledges that this Agreement provides COUNTY with a full opportunity to conduct such investigations of the Property as COUNTY deems necessary to satisfy itself as to the condition of the Property including the existence or non-existence or curative action to be taken with respect to any Hazardous Substances on or discharged from the Property, and will rely solely upon same and not upon any information provided by or on behalf of PHB or its

agents or employees with respect thereto. In particular, PHB makes no warranties or representations that the soil conditions and the physical condition of the Property as measured by the standards of the Environmental Laws ("Environmental Conditions") or any other conditions of the Property or structures thereon are suitable for any improvements or particular use. COUNTY acknowledges that it has not relied on any verbal or written warranties or representations made by PHB as to the Environmental Conditions or any other conditions of the Property.

3.2 Environmental Indemnification by COUNTY. COUNTY shall be responsible for compliance with all Environmental Laws with respect to COUNTY's use of the Property, including COUNTY's investigation of Environmental Conditions prior to Closing, and its business and the operation of the Project from and after Closing, including but not limited to compliance with all restrictions, limitations, conditions and obligations imposed by DEQ pursuant to a NFA Letter, UST Letter or easement and equitable servitude ("E&ES") applicable to the Property, if any. In addition COUNTY shall be responsible for all environmental remediation and abatement of all Environmental Conditions on the Property, except for any new Environmental Conditions on the Property either created by PHB's own activities or by any activities allowed to occur by PHB (other than COUNTY's pre-Closing activities on the Property) between the Effective Date and the Closing Date. Subject to the conditions and limitations of the Oregon Constitution and the Oregon Tort Claims Act, ORS 30.260 through 30.300 as applicable to a "local public body" as defined therein, COUNTY shall defend (at PHB's request), indemnify and hold harmless PHB and its respective employees, officers and agents and successors and assigns (collectively, the "PHB Parties"), 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 PHB or the PHB Parties, or asserted against PHB or the PHB Parties, 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 COUNTY, COUNTY's failure to comply with a restriction, limitation, condition or obligation imposed by DEQ pursuant to a NFA Letter, UST Letter or E&ES applicable to the Property, if any, or COUNTY's failure to complete any environmental remediation or abatement of Environmental Conditions on the Property. The indemnity set forth in this Section 3.2 shall survive the issuance of the Certificate of Completion and any termination or expiration of this Agreement.

3.3 Environmental Indemnification by PHB. PHB shall be responsible for compliance with all Environmental Laws with respect to its own activities or any activities allowed by PHB to occur on the Property (other than COUNTY's pre-Closing activities on the Property) between the Effective Date and the Closing Date. Subject to the conditions and limitations of the Oregon Constitution and the Oregon Tort Claims Act, ORS 30.260 through 30.300 as applicable to a "local public body" as defined therein, PHB shall defend (at COUNTY's request, respectively), indemnify and hold harmless COUNTY and its employees, officers and agents and successors and assigns (collectively, the "Indemnified Parties"), 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 COUNTY or the Indemnified Parties, or

asserted against COUNTY or the Indemnified Parties, 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 PHB or a third party, other than COUNTY or COUNTY's employees, agents or contractors. The indemnity set forth in this Section 3.3 shall survive the issuance of the Certificate of Project Approval and any termination or expiration of this Agreement.

3.4 Indemnity from Liability Claims. Subject to the conditions and limitations of Article XI, Section 10 of the Oregon Constitution and the Oregon Tort Claims Act, ORS 30.260 through 30.300, as applicable to local public bodies under ORS 30.272 and public bodies under ORS 30.273, COUNTY shall indemnify, defend (at PHB's request) and hold harmless PHB, and its successors and assigns, from and against all claims, costs, expenses (including attorney fees), losses, damages and liabilities whatsoever arising from or in connection with the death of, or injury, loss or damage whatsoever caused to, any person or to the property of any person (a) as occurs in the process of the construction work or the performance of COUNTY's other obligations under this Agreement, except to the extent caused by PHB or its employees, agents, contractors, subcontractors, licensees, or invitees. Subject to the conditions and limitations of Article XI, Section 10 of the Oregon Constitution and the Oregon Tort Claims Act, ORS 30.260 through 30.300, as applicable to local public bodies under ORS 30.272 and public bodies under ORS 30.273, PHB shall indemnify, defend (at COUNTY's request) and hold harmless COUNTY and its successors and assigns, from and against all claims, costs, expenses (including attorney fees), losses, damages and liabilities whatsoever arising from or in connection with the death of, or injury, loss or damage whatsoever caused to, any person or to the property of any person as occurs in the process of the performance of PHB's obligations under this Agreement, except to the extent caused by COUNTY or its employees, agents, contractors, subcontractors, licensees, or invitees. The indemnification obligations set forth in this Section shall survive the termination of this Agreement.

3.5 Contribution. The foregoing indemnity does not limit any rights of contribution that the Parties may have against others under applicable law or agreement. The indemnity is intended only as an allocation of responsibility between the Parties to this Agreement.

3.6 Environmental Disclosure. The property is within the study boundaries of the EPA Portland Harbor Superfund Site. PHB, acting through PDC, has responded to all CERCLA 104(e) Information Request Letters for businesses located near the Portland Harbor and provided all known environmental information on the Property to the EPA.

3.7 Definitions. For the purpose of this Agreement,

a) **"Environmental Laws"** means all federal, state and local laws, ordinances, rules and regulations relating to the protection or regulation of the environment that apply to the Property or the Project.

b) **“Environmental Reports”** means the documents listed on Schedule 1.5.2 and provided to COUNTY.

c) **“Hazardous Substances”** means any pollutant, dangerous substance, toxic substance, asbestos, petroleum, petroleum product, hazardous waste, hazardous materials or hazardous substances as defined in or regulated by the Environmental Laws.

4. ASSIGNMENT

4.1 No Assignment. Because it is a municipal entity, PHB is uniquely benefited by completion of the Project. COUNTY, with the development assistance of HOME FORWARD as provided in the Development IGA, is uniquely qualified to develop the Project. COUNTY shall not partially or wholly dispose of or agree to dispose of COUNTY’s interest in this Agreement without the prior written approval of PHB. PHB may require as conditions to such approval that:

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

4.1.2 Any proposed transferee shall have qualifications and financial responsibility equal to or superior to COUNTY; and

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

4.2 Approved Pre-Completion Transfers. Notwithstanding the above Section, and provided that COUNTY provides PHB with copies of all agreements related to the transfer at least five (5) days prior to the effective date of the proposed transfer, and any other information reasonably necessary for PHB to determine whether such transfer complies with the requirements of this Agreement, PHB hereby consents to:

4.2.1 Any mortgage(s) which COUNTY may cause to attach to the Property provided that PHB has approved the terms of the mortgage; and

4.2.2 Any transfer of all or a part of the Project or other rights in the Project to an affiliate of COUNTY; provided that no provisions of the transfer are in violation of the terms of this Agreement.

4.2.3 Transfers After Completion. After PHB’s issuance of a Certificate of Project Approval for the Project, COUNTY and any permitted transferee under Section 4.2 may transfer their interests, or portions of their interests in the Project or this Agreement, without restriction, consent or approval by PHB.

5. DEFAULT; REMEDIES

5.1 Default and Cure.

5.1.1 Default by COUNTY. A default shall occur if, after all conditions precedent to Closing have been met or waived, COUNTY breaches any material provision of this Agreement, whether by action or inaction, and such breach continues and is not remedied within sixty (60) days after COUNTY receives written notice from PHB specifying the breach. In the case of a breach which cannot with due diligence be cured within a period of sixty (60) days, a default shall occur if COUNTY does not commence the cure of the breach within sixty (60) days after COUNTY receives written notice from PHB and thereafter diligently prosecute to completion such cure. A default also shall occur if COUNTY makes any assignment for the benefit of creditors, or is adjudicated a bankrupt, or has a receiver, trustee or creditor's committee appointed over it which is not removed within one hundred eighty (180) days after appointment. A default shall occur, and PHB shall be irreparably harmed by such default, if COUNTY or its assignee constructs or operates any portion of the Project in a manner materially inconsistent with a PHB-approved development program and construction plans and specifications. COUNTY shall not be in default hereunder for failure to pay any tax, assessment, lien or other charge if COUNTY in good faith is contesting the same and, if necessary to avoid foreclosure, has furnished an appropriate bond or other undertaking to assure payment in the event COUNTY's contest is unsuccessful.

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

5.2 PHB's Pre-Conveyance Remedies. If COUNTY defaults in any material term of this Agreement before the Property is conveyed to COUNTY, PHB may, as its sole and exclusive pre-conveyance remedy, terminate this Agreement by written notice to COUNTY, subject to the notice and right to cure requirements set forth in Subsection 5.1.1.

5.3 Restoration. If, prior to acquiring the Property, COUNTY performs any construction activities on the Property and COUNTY fails to acquire the Property, COUNTY agrees to restore the Property to substantially the condition that existed prior to the time that COUNTY performed any activities thereon.

5.4 COUNTY's Pre-Conveyance Remedies. If PHB fails to perform any obligation under this Agreement, COUNTY may, at its option: (i) terminate this Agreement by written notice to PHB, subject to the notice and right to cure requirements set forth in Subsection 5.1.2, without waiving any cause of action COUNTY may have against PHB, including seeking monetary damages against PHB; or (ii) specifically enforce the obligations of PHB under this Agreement.

5.5 COUNTY's Post-Conveyance Remedies. In the event of PHB's material default after PHB conveys the Property to COUNTY, COUNTY may specifically enforce the obligations of PHB under this Agreement, or seek monetary damages against PHB.

5.6 Nonexclusive Remedies. The rights and remedies provided by this Agreement shall not be deemed exclusive, except where otherwise indicated, and shall be in addition to any and all rights otherwise available at law or in equity. The exercise by either Party of one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or of any of its remedies for any other default by the other Party, including, without limitation, the right to compel specific performance. Any limitation of remedies set forth herein should not limit or affect the obligations of a Party under any contractual indemnities set forth herein.

5.7 Force Majeure

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

5.7.2 It is the purpose and intent of this provision that, in the event of the occurrence of any such Unavoidable Delay, the time or times for performance of the obligations of PHB or COUNTY, as the case may be, shall be extended for the period of the Unavoidable Delay; provided, however, that the Party seeking the benefit of this Section shall, within thirty (30) days after the Party becomes aware of the causes of any such Unavoidable Delay, notify the other Party in writing of the cause or causes of the delay and the estimated time of correction.

5.8 Arbitration. All disputes arising pursuant to this Agreement or any additional documents contemplated by this Agreement shall be settled by binding arbitration in the City of Portland, Oregon, in accordance with the then current commercial arbitration rules of the Arbitration Service of Portland, or its successor, by one (1) neutral arbitrator appointed in the manner provided for in said rules. The arbitrator shall have experience in the development and operation of mixed-use projects. The arbitrator shall not have the power to amend this Agreement or to substitute his/her judgment for the judgment of a Party, but may determine whether a Party is acting reasonably if a Party is bound to act reasonably by this Agreement. The arbitrator shall be directed to complete the arbitration within thirty (30) days after the request for arbitration.

6. MISCELLANEOUS PROVISIONS

6.1 PHB Project Manager. For the purposes of making determinations on or revising, where permitted, provisions of this Agreement on behalf of PHB, PHB shall designate a Project Manager. As of the Effective Date, PHB's Project Manager is Barbara Shaw.

6.2 Discrimination. COUNTY, for itself and its successors and assigns, agrees that during the construction of the Property COUNTY will not discriminate against any employee or applicant for employment because of race, color, religion, age, gender, sexual orientation or national origin.

6.3 Notice.

6.3.1 Any notice or communication under this Agreement by any Party to the other Parties shall be deemed given and delivered (a) forty-eight (48) hours after being dispatched by registered or certified U.S. mail; postage prepaid, return receipt requested, or (b) when received if personally delivered, and:

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

Jacob Fox
Assistant Director
Portland Housing Bureau
421 SW Sixth, Suite 500
Portland, OR 97204

with a copy to:
City Attorney Office
Attn: Trinh C. Tran
Deputy City Attorney
1221 SW 4th Avenue, Rm 430
Portland OR 97204

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

Brett Taute, Project Manager
Multnomah County
Facilities & Property Management
Blanchard Education Service Center
401 North Dixon Street
Portland, OR 97227

with a copy to:
Multnomah County Attorney
Attn.: Kenneth M. Elliott, Asst. County Attorney
501 SE Hawthorne, Suite 500
Portland, OR 97214

or addressed in such other way in respect to either Party as that Party may, from time to time, designate in writing dispatched as provided in this Section. Notice given in any other manner shall be effective upon receipt by the Party for whom the same is intended.

6.4 Merger. None of the provisions of this Agreement are intended to or shall be merged by reason of the Deed transferring title to the Property from PHB to COUNTY or any successor in interest, and any such Deed shall not be deemed to affect or impair the provisions and covenants of this Agreement, but shall be deemed made pursuant to this Agreement.

6.5 Headings. Titles of the sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

6.6 Waivers. No waiver made by either Party with respect to the performance, or manner or time thereof, of any obligation of the other Party or any condition inuring to its benefit under this Agreement shall be considered a waiver of any other rights of the Party making the waiver. No waiver by PHB or COUNTY of any provision of this Agreement or any breach thereof, shall be of any force or effect unless in writing; and no such waiver shall be construed to be a continuing waiver.

6.7 Choice of Law. This Agreement shall be governed by Oregon law.

6.8 Construction. In construing this Agreement, singular pronouns shall be taken to mean and include the plural and the masculine pronoun shall be taken to mean and include the feminine and the neuter, as the context may require.

6.9 Legal Purpose. COUNTY agrees that it shall use the Property solely for lawful purposes.

6.10 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.

6.11 Entire Agreement. This Agreement and the attachments hereto are the entire agreement between the Parties with regard to this subject matter. The recitals are incorporated into the agreement of the Parties as if a part thereof. There is no other oral or written agreement between the Parties with regard to this subject matter. There are no oral or written representations made by either Party, implied or express, other than those contained in this Agreement.

6.12 Amendments and Modifications. Any modifications to this Agreement shall be approved by both of the Parties, made in writing and executed by both of the Parties.

6.13 Successors and Assigns. The benefits conferred by this Agreement, and the obligations assumed thereunder, shall inure to the benefit of and bind the successors and assigns of the Parties.

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

6.15 No Partnership. Nothing contained in this Agreement or any acts of the Parties hereto shall be deemed or construed by the Parties, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or any association between the Parties.

6.16 Non-waiver of Government Rights. Subject to the terms and conditions of this Agreement, by making this Agreement and delivery of the Deed, PHB is specifically not obligating itself, the City, or any other agency with respect to any discretionary action relating to development or operation of the improvements to be constructed on the Property, including, but not limited to, rezoning, variances, environmental clearances or any other governmental approvals which are or may be required, except as expressly set forth herein.

6.17 Recording of Memorandum of Agreement. PHB shall provide for execution by COUNTY and for recording a Memorandum of this Agreement within ten (10) days after the Effective Date. The form of the Memorandum of Agreement is attached as Exhibit F to this Agreement. When PHB issues to COUNTY a Certificate of Project Approval or if the Agreement is terminated, the Parties shall cooperate to promptly record the Certificate of Project Approval and/or an Amended Memorandum of Agreement to reflect any surviving covenants of this Agreement.

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

CITY:

CITY OF PORTLAND, a municipal corporation of the State of Oregon acting by and through the **PORTLAND HOUSING BUREAU**

By: _____

APPROVED AS TO FORM:
APPROVED AS TO FORM:

James H. Van Dyke
City Attorney

COUNTY:

MULTNOMAH COUNTY,
a political subdivision of the State of Oregon

By: _____

Jeff Cogen, Chair

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

By: _____

Kenneth M. Elliott
Assistant County Attorney

EXHIBITS AND SCHEDULES

Exhibit A	Development IGA
Exhibit B	Form of Deed
Exhibit C	Project Schedule and Budget
Exhibit D	Design Standards and Project Goals and Objectives
Exhibit E	Form of Certificate of Project Approval
Exhibit F	Form of Memorandum of Agreement
Exhibit G	Permit of Entry
Schedule 1.5.2	Due Diligence Materials / Environmental Reports

EXHIBIT "A"

INTERGOVERNMENTAL AGREEMENT

This Intergovernmental Agreement (this "**Agreement**"), authorized pursuant to ORS 190.110, is by and between Multnomah County ("**MC**"), a political subdivision of the State of Oregon, and Home Forward ("**HF**"), formerly the Housing Authority of Portland, a municipal corporation. MC and HF may be collectively referred to herein as the "**Parties**" and individually as a "**Party**".

RECITALS:

A. The Parties desire to work together to pursue development of a new building to house Multnomah County Health Department ("**MCHD**") administration and clinical services functions (the "**Project**") on the vacant, easterly one-half of BLOCK U, adjacent to the newly opened Bud Clark Commons, located on NW 6th Avenue between NW Hoyt and NW Irving Streets, in Northwest Portland, Multnomah County, Oregon, the legal description of which is: The easterly one hundred plus or minus feet (100± ft.) of Block "U" Couch's Addition to the City of Portland, located in the Northwest quarter of Section 34, Township 1 North, Range 1 East, Willamette Meridian, City of Portland, Multnomah County, Oregon (the "**Site**"). The Site is currently owned and controlled by the City of Portland's Housing Bureau ("**PHB**");

B. HF has extensive experience developing large and complex projects, such as the recently completed Bud Clark Commons; and

C. MC is tasked with assuring, promoting and protecting the health of the people of Multnomah County – often providing services to the most vulnerable in Multnomah County, and;

D. HF has an option on the Site which provides HF the exclusive opportunity to present a proposal for development of the Site that compliments Bud Clark Commons and which further provides that if the proposal is accepted the Site will be transferred to HF at no cost ("**Option Agreement**"); and

E. MC is in need of a new building to replace MCHD's headquarters and has requested the assistance of HF to pursue the development of this new building on the Site; and

F. In response, HF funded the preparation of a Feasibility Study which detailed the requirements of MCHD's building, developed a conceptual analysis of MCHD's requirements for its new headquarters, and established the Project's suitability for the Site; and

G. MC identified a large portion of the necessary financing for a replacement building; and

H. HF recognizes the value of the new MCHD headquarters to the community and more particularly to the residents of Bud Clark Commons; and

I. HF and MC have committed to work together to pursue development of the Project on the Site to be owned by MC; and

J. HF and MC have prepared and submitted a proposal to PHB, a copy of which is attached hereto as Exhibit A (the "**Proposal**"), seeking approval and disposition of the Site for the Project; and

K. PHB has indicated a willingness to transfer the Site to MC at or before closing on the financing for the Project conditioned on a determination by PHB that the Project is feasible and will be developed for the stated purposes; and

L. The Proposal identifies financing alternatives and three different development options for the Project; and

M. The Parties have elected to proceed with Option III ("**Option III**"), subject to MC securing sufficient financing and HF securing all required governmental approvals for the Project; and

N. The Proposal includes a preliminary financial structure and budget for Option III; and

O. The Parties have agreed that there are particular goals to be pursued as part of the development of the Site that are described in attached Exhibit B (the "**Goals and Objectives**"); and

P. Both Parties have entered into this Agreement in order to establish the Parties' respective development and financial roles in the Project.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained in this Agreement, including the foregoing recitals, the Parties hereby agree as follows:

AGREEMENTS:

I. 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. 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. Defined terms may be used in the singular or the plural.

II. REPRESENTATIVES OF THE PARTIES

A. HF's Project Manager (the "**HF Project Manager**") shall be Michael Andrews, or such other person(s) as designated in writing by the HF Executive Director. The HF Project Manager shall be responsible for the performance of all HF obligations under this Agreement including, without limitation, inter-bureau and internal coordination of project, finance and legal staff. In addition, the HF Project Manager is authorized to approve work and billings hereunder, to give notices and to carry out other HF actions referred to herein.

B. MC's Project Manager (the "**MC Project Manager**") shall be Brett Taute, or such other person(s) as designated in writing by the Chair or Department Director. The MC Project Manager shall be responsible for managing all MC obligations under this Agreement including without limitation inter-bureau and internal coordination of project, finance and legal staff. In addition, the MC Project Manager is authorized to approve work and billings hereunder, to give notices and to carry out other MC actions referred to herein.

III. SHARED OBLIGATIONS

Under the terms of this Agreement, the Parties intend that the relationship created by this Agreement is that of independent contracting parties. Neither Party hereto shall be deemed an agent, partner, joint venturer, or related entity of the other by reason of this Agreement. However, MC and HF assume certain shared obligations as follows:

A. The Parties agree that MC will accept responsibility for certain funding obligations, as defined in and subject to MC's satisfaction of the pre-conditions set forth in Section IV (A) ("**Funding Obligations**").

B. The Parties agree to accept responsibility for performing certain activities as specified in this Agreement, generally referenced herein as "**Performance Obligations**". The Party responsible for discharging a Performance Obligation under this Agreement will be deemed the performing party ("**Performing Party**") to all such obligations described in this Agreement. Except as otherwise provided, the Performing Party will hold all of the explicit and implicit rights, obligations and remedies that pertain to the performance of each designated task and as such, will act as the authorized representative for Project purposes (subject to the other Party's approval rights where indicated) with respect to any consultants or contractors hired to complete any Performance Obligations.

C. The Parties shall collaborate in preparing any written material (e.g., news releases, brochures, newsletters, reports) intended for public distribution relating to obligations under this Agreement.

D. The Parties shall collaborate to achieve the Goals and Objectives for the Project (Exhibit B).

E. HF acknowledges and agrees that, as required by Multnomah County, Oregon Administrative Procedure FAC-1, dated April 2008, concerning approval of Major Facilities Capital Projects ("**FAC-1**"), the Project must be presented to the Board of County Commissioners (the "**MC Board**") at four critical stages of the Project development and obtain the MC Board's approval, following public hearings. The four (4) key planning milestones are

described as: (1) Preliminary Planning Proposal; (2) Project Proposal; (3) Project Plan; and (4) Project Design & Construction.

F. The Parties hereby approve the list of milestones for the Project attached as Exhibit C, which shall include estimated timing of the three remaining public hearings and the MC Board's approvals under FAC-1. The Parties acknowledge that the Project milestones are subject to revisions and replacement by a detailed Project schedule and that the MC Board is also required to approve substantial changes (\pm 20% in any line item or any increase in the total Project budget) in the Project scope and budget in accordance with FAC-1.

G. **DDA.** HF will attempt to negotiate a Disposition and Development Agreement with PHB (the "DDA"), which shall be subject to MC's review and approval. The Parties acknowledge that the Option Agreement provides that the Site will be transferred to HF at no cost. However, PHB has indicated that PHB may require some consideration for the transfer. MC shall attempt to negotiate any agreement with PHB as to consideration.

H. MC will cooperate with HF on public outreach, as necessary, to establish a community participation process and keep various community organizations and stakeholder groups informed throughout the Project.

IV. MC PERFORMANCE AND FUNDING OBLIGATIONS

A. MC shall be responsible for securing all financing for the Project, conditioned on (a) MC's approval of the condition of the Site, real property title, and terms of the Site acquisition, in MC's sole discretion, (b) MC obtaining the necessary financing and funds to complete the Project, as described in Subsections 1 through 5 hereof, or alternate financing mechanisms approved by MC, on terms and conditions acceptable to MC in MC's sole discretion, and (c) receipt of all governmental approvals, licenses, easements, permits, and agreements required to develop the Project on the Site, on terms and conditions acceptable to MC in MC's sole discretion. The Parties anticipate that MC will finance the Project through one or more of the following sources:

1. **Tax Increment Financing (TIF).** MC shall obtain funding in the amount of \$26,948,460 in Tax Increment Financing (TIF) from the City of Portland's River District Urban Renewal Area for the Project pursuant to an agreement between the Portland Development Commission ("PDC") and MC, as authorized by 2009 OR Laws Ch. 700 (10), amending ORS 457.470. MC shall be responsible for negotiation of the agreement with PDC.

2. **MC Internal Funding.** MC shall attempt to provide internal funding for remaining Project costs (which includes FF&E as defined in Section IV.A.6). Potential sources for such funding may include, but are not limited to, one time only, full faith and credit borrowing and disposition of the McCoy Building.

3. **Interim Financing.** MC shall be responsible for providing interim financing that would be needed for construction of the Project to commence in advance of the availability of TIF.

4. **FF&E, Relocation, Telecom, Security, Medical Equipment and County Initiatives.** MC has identified additional project related costs that include furniture fixtures or equipment, relocation, telecom, security, medical equipment and MC initiatives ("FF&E"), the cost of which was included in the revised Proposal from MC to the MC Board and the City of Portland ("City").

B. MC will finance the Performance Obligations of HF by reimbursing HF for payments made to architects, engineers, consultants, a construction manager/general contractor (the "**Contractor**") and subcontractors and through the payment to HF of a development fee as hereinafter provided. HF shall receive a development fee of four percent (4%) of Project hard and soft costs, including architecture, engineering, environmental, permits, construction and FF&E, for its services in connection with the Project (the "**Development Fee**"), up to a maximum Development Fee of One Million Seven Hundred Thousand Dollars (\$1,700,000). The Development Fee shall be payable on any increases in Project costs requested or generated by MC but not on cost overruns resulting from HF's, the Contractor's, consultants' or subcontractors' errors, delays or non-performance. The Development Fee shall be paid as follows: 25% upon City issuance of building permits; 25% upon 50% Project completion, 25% upon Project substantial completion and City issuance of temporary C of O, 15% upon City issuance of final C of O, and 10% upon completion of 1-year maintenance and warranty period from final C of O.

C. Payments to HF, except for the Development Fee, shall be made on a monthly basis after approval by the MC Project Manager of pay applications submitted by HF. A preliminary Project budget for Option III is included in the Proposal and attached hereto as Exhibit "D."

D. MC will cooperate with HF in executing all necessary applications for governmental permits, approvals, licenses, and other documents necessary to be filed with all governmental authorities having jurisdiction of the Site in order to permit its development for the Project.

E. In response to HF's written requests, MC will promptly furnish HF with information, guidelines and schedules and give specific answers to questions upon which information is desired from time to time relating to the Project, as HF may reasonably require to perform its obligations under this Agreement.

F. MC will cooperate with HF to finalize a Project schedule, meet all Project milestones and provide timely response for all review processes, including the MC Board and staff.

V. HF PERFORMANCE OBLIGATIONS

1. HF will undertake activities with its own staff and work in conjunction with MC to select qualified architects, engineers, consultants, general contractors and subcontractors to identify the physical, financial and regulatory constraints pertinent to the Project.

B. HF will prepare one or more Requests for Proposal (subject to MC's approval) to procure qualified architectural and engineering professionals for work in connection with the Project in accordance with procurement requirements of HF, and the Project Goals and Objectives listed in Exhibit B. A representative from each of MC's Facilities and Health Departments will participate on the selection panel. The selection shall be subject to MC's approval.

C. HF will prepare a Request for Proposal (subject to MC's approval) to procure a qualified Contractor and will also solicit and contract with other subcontractors (in accordance with procurement requirements of HF, and the Project Goals and Objectives listed in Exhibit B) including a geotechnical engineer, surveyor, and environmental consultant in order to perform the work of this Agreement. A representative from each of MC's Facilities and Health Departments will participate on the selection panel. The selection shall be subject to MC's approval.

D. The Contractor for the Project shall be selected by HF, with MC's prior review and approval of the RFP, and participation by a representative from each of MC's Facilities and Health Departments on the Contractor selection panel. At MC's request, the RFP for the Contractor shall state that the Contractor may be required to enter into a labor agreement for the Project in conjunction with the Contractor's contract, requiring fair opportunity to be extended both to signatory firms and non-signatory firms, and including protections and exclusions for Minority-Owned, Women-Owned & Emerging Small Businesses certified in the State of Oregon ("MWESBs") and their employees. The Contractor, the Contractor's contract and the form of that contract shall be approved by HF and MC. HF will convene weekly Project meetings of various stakeholders including, but not limited to, MC, Multnomah County Health Department staff, the Contractor, Project architect and Project engineer to consider the work of consultants and achievement of the Project Goals and Objectives. The HF Project Manager shall promptly deliver upon receipt to the MC Project Manager timely copies of all work products, including drawings, specifications, designs, draft and final copies of technical and consultant analyses and reports, and key correspondence prepared or received during the course of the Project.

E. In addition to the weekly Project meetings, HF will convene meetings of HF, MC and MCHD and Facilities staff to ensure that all Parties approve design, program, systems, budget and schedule at the following points in the design and construction process. This information will be prepared and presented by HF to the MC Board in accordance with MC's FAC-1 process:

1. Project Proposal -100% Schematic Design
2. Project Plan - 100% Design Development;
3. Project Design and Construction - 100% Construction Documents;

Following each of these established presentations, MC and HF will agree to either move forward with the Project as discussed, move forward with revisions, or not move forward with the Project.

F. HF shall consult with MC to identify MCHD's programming needs and MC Facilities' engineering, design and systems needs within the Project. This will be achieved through a series of facilitated meetings with MCHD and MC Facilities representatives.

G. HF will submit project development documents to MC for review and approval in accordance with the Approval Process outlined in Exhibit F.

H. HF will cause its consultants to produce multiple schematic options for the development of the Site that test various design and building concepts. Schematic planning will include massing studies, zoning analyses and program space assignments.

I. HF will provide MC at each approval milestone as identified in Section V.F. above and Exhibit F with an overview of design, program, budget and schedule.

J. HF will provide a final report to MC recommending a Development Plan that includes, but is not limited to, the following information:

- a site plan which shows the location of structures, ground floor entries and exits, parking and loading/delivery areas, driveways, sidewalks, and open spaces
- a program description and floor plan which show the proposed uses, the location of those uses, and the quantities of those uses expressed in approximate square footages
- a proposed building envelope study which shows the approximate scale and massing of the proposed building(s)
- an identification of systems in the proposed building(s)
- a work plan that addresses Project Goals and Objectives
- a Project budget, broken out by soft and hard costs, as identified in Exhibit D
- a development pro forma showing anticipated sources and uses of funds
- a Project schedule for design, entitlement, financing and construction
- an appropriately formatted draft contract, consistent with Section V.D. and Exhibit B
- one or more architecture and engineering agreements, consistent with Section V.B. and Exhibit B

K. HF shall supervise and coordinate the work of the architects, engineers and other consultants in designing the Project and buildings and other improvements to be constructed on the Site, and preparing construction documents, including preliminary development plans needed to obtain site plan, land use and design review approvals and detailed plans and specifications for the Project, each of which shall be subject to MC's prior review and approval. HF shall

endeavor to cause the architects, engineers and other consultants to comply with the MC project goals and objectives and design standards described in attached Exhibit B (the “**Project Goals and Objectives**”) and Exhibit E (the “**MC Design Standards**”). To the extent that the Proposal does not address the potential costs or schedule impact arising from compliance with the MC Design Standards, HF, in consultation with the Project’s architect, engineer and cost estimator, shall provide MC with a detailed estimate of the costs. HF shall also provide MC with a Project schedule that identifies the impact for approval in accordance with the process for approval of change orders described in attached Exhibit F (“**Approval Process**”).

L. HF will cause to be prepared a monthly, all-inclusive construction budget, and such additional or supplemental schedules as may be necessary. The construction budget shall include all direct construction costs, including (but not limited to) the cost of all labor and materials for constructing the Project, and all indirect construction costs, including (but not limited to) all architect’s, engineer’s, consultant’s and attorneys’ fees directly attributable to the development of the Project, construction period operating expenses, insurance and bonding expenses, and all loan fees and interest on all construction loans (if any) to be used to finance the construction of the Project, as outlined in attached Exhibit D (the “**Project Budget**”).

M. HF shall assist MC to ensure compliance with FAC-1 and Multnomah County Administrative Procedure FAC-4, dated January 2010 and MC Design Standards set forth in Exhibit E. HF will prepare and make all necessary applications for governmental permits and approvals necessary to authorize construction of the Project. HF will make best efforts to provide permit packages to MC for review and approval prior to submission. HF shall promptly notify MC when HF has obtained required governmental permits and approvals, as to the Project, when received.

N. HF will provide general oversight of the actions, responsibilities and recommendations of the consultants and the Contractor during the period prior to commencement of construction of the Project and during the construction of the Project.

O. HF shall review all pay applications, invoices or bills received for services and work incurred in connection with the planning, development and construction of the Project, and cause such pay applications, invoices or bills as are good and proper and in conformance to the Project Budget to be forwarded to MC for approval and payment on a monthly basis.

P. HF shall submit proposed changes in the approved Project Budget for MC’s review and approval in accordance with the Approval Process.

Q. The parties acknowledge that any increase to the total Project Budget must be submitted to the MC Board for approval.

R. Prior to the beginning of each fiscal year of MC, HF will provide a cash flow projection for the Project for the ensuing fiscal year. Prior to the end of each quarter during such fiscal year, HF shall provide an update to such cash flow projection.

VI. EFFECTIVE AND TERMINATION DATES

This Agreement shall be effective from the date that both Parties have executed this Agreement (the "**Effective Date**") through the final disbursement of MC's Funding Obligations, unless earlier terminated in accordance with the terms herein (the "**Termination Date**"). The Parties may agree to extend the Termination Date, in writing, by mutual agreement.

VII. COMPLIANCE WITH LAWS

In performing the activities under this Agreement, the Parties shall comply with all applicable federal, state and local laws and regulations including, but not limited to, the Oregon Constitution, the Oregon Tort Claims Act, and the appropriations and budget limitation laws of each Party.

VIII. INDEMNIFICATION/INSURANCE

A. Subject to the conditions and limitations of the Oregon Constitution and the Oregon Tort Claims Act, ORS 30.260 through 30.300 as applicable to a "local public body" as defined therein, MC shall indemnify, defend and hold harmless HF, its officers, directors, agents and employees from and against any and all liability, damages, expenses, attorneys fees, causes of action, suits, claims or judgments, arising out of or connected with the environmental or geotechnical condition of the Site at the time of MC's acquisition of the Site or MC's work or any employee, agent, consultant, contractor or subcontractor performing MC's work under this Agreement. To the extent permitted by law, HF shall indemnify, defend and hold harmless MC, its officers, directors, agents and employees from and against any and all liability, damages, expenses, attorneys fees, causes of action, suits, claims or judgments, arising out of or connected with HF's work or any employee, agent, consultant, the Contractor or subcontractor performing HF's work under this Agreement.

B. MC, its officers, directors, agents and employees shall not be liable for any damage to equipment or any other property of HF or its employees, agents, consultants, contractors or subcontractors or injury to any person in or upon the Site or Project, including but not limited to damage by fire, explosion, electricity, flooding, vandalism, water or rain, or any other cause whatsoever, except to the extent caused by or due to the negligence of MC, its officers, directors, agents and employees.

C. HF agrees to indemnify, defend and hold harmless MC, its officers, directors, agents and employees from and against all damages, costs, liabilities, and expenses caused by, arising out of, or in connection with, the handling, storage, discharge, transportation or disposal of hazardous or toxic wastes or substances, pollutants, oils, materials or contaminants, as those terms are defined by federal, state or local law or regulation, as amended from time to time after MC's acquisition of the Site and during construction of the Project by HF or its employees, agents, consultants, the Contractor or subcontractor performing HF's work under this Agreement. Damages, costs, liabilities and expenses shall include any amounts claimed to be owed by any regulating and administering agency.

D. HF, HF's architects and engineers, the Contractor, and all first-tier subcontractors shall provide proof of insurance, in compliance with the Insurance Requirements set forth in Exhibit G (or such other Insurance Requirements as may be mutually agreed to by HF and MC), prior to beginning any work on the Site. Insurance for HF, HF's architects and engineers, the Contractor and all first tier subcontractors may be provided pursuant to an owner controlled insurance program (OCIP) or a contractor controlled insurance program (CCIP), commonly known as "wraps" or "wrap policies," whereby MC, HF, HF's architects and engineers, the Contractor, and all first tier subcontractors become named insureds under a single policy covering The Project. Any OCIP or CCIP shall be subject to the prior mutual written approval of HF and MC which shall not be unreasonably withheld.

E. The parties' indemnity and insurance obligation shall survive Project completion and the Termination Date.

IX. OWNERSHIP OF WORK PRODUCT

Unless otherwise agreed to in writing by the Parties, MC will own any and all data, documents, plans, designs, drawings, technical data reports, specifications, and other materials produced in connection with this Agreement (the "**Work Product**"), except for HF's internal ledgers, working papers and other job records. Ownership also includes all rights, title and interest, including but not limited to, copyrights of specified work products. HF shall be entitled to produce and retain copies of the Work Product as reasonably necessary to perform the HF Performance Obligations. HF shall make any or all of HF's internal ledgers, working papers and other job records available to MC and its representatives, at HF's offices and during normal business hours, as MC may reasonably request from time to time, to enable MC to perform examinations and audits and make excerpts and transcripts, provided that any such examinations and audits shall be at MC's sole expense.

X. DELIVERY / MAINTENANCE OF RECORDS

HF shall maintain Project funding records on a current basis to support its need for MC's Funding Obligations. MC or its authorized representative shall have the authority to inspect, audit and copy, on reasonable notice and from time to time, any HF records regarding its work hereunder, for a period of three (3) years after completion of the Project or termination of this Agreement.

XI. FUNDING ACKNOWLEDGEMENT / SIGNAGE

Any oral reports made to neighborhood, business, or other civic organizations, as well as to any members of the press shall acknowledge work being done is based on this Agreement between MC and HF.

XII. CONFLICT RESOLUTION

If a dispute arises regarding performance, cost, schedule, scope, quality or other terms and conditions of this Agreement, the Parties agree to exercise good faith in expeditiously resolving said conflict in the following manner.

A. All conflicts should first be discussed and resolved if at all possible by the Project Managers.

B. If the conflict cannot be resolved by the Project Managers, then such conflict shall be elevated to the MC Board Chair and the HF Executive Director for discussion and resolution.

XIII. MISCELLANEOUS PROVISIONS

A. **Amendments.** The terms of this Agreement shall not be waived, altered, modified, supplemented, or amended, in any manner whatsoever, except by written instrument signed by both Parties.

B. **Captions.** The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Agreement.

C. **Choice of Venue.** Oregon law, without reference to its conflict of laws provisions, shall govern this Agreement and all rights, obligations and disputes arising out of the Agreement. Venue for all disputes and litigation shall be in Multnomah County, Oregon.

D. **Severability/Survival.** If any of the provisions contained in this Agreement are held unconstitutional or unenforceable, the enforceability of the remaining provisions shall not be impaired. All provisions concerning the limitation of liability, indemnity and conflicts of interest shall survive the termination of this Agreement for any cause.

E. **No Third Party Beneficiary.** HF and MC are the only parties to this Agreement and as such, are the only parties entitled to enforce its terms. Nothing contained in this Agreement gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

F. **Merger Clause.** This Agreement constitutes the entire agreement between the Parties. No waiver, consent, modification or change of terms of this Agreement shall bind either Party unless in writing and signed by both Parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement.

[Signatures appear on the following page]

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

MC:

MULTNOMAH COUNTY, a political subdivision
of the State of Oregon

By: _____

Name: Jeff Cogen

Its: Chair, Board of County Commissioners

Date: _____, 20____

APPROVED AS TO FORM:

JENNY M. MORF, COUNTY ATTORNEY

Assistant County Attorney

HF:

HOME FORWARD,
Formerly The Housing Authority of Portland

By: _____

Name: Steven D. Rudman

Its: Executive Director

EXHIBIT "B"

**After Recording Return to and
Tax Statements to be Sent to:
Multnomah County Attorney
5015 SE Hawthorne Blvd, Suite 500
Portland, Oregon 97214
Attn: Ken Elliott**

FORM OF BARGAIN AND SALE DEED

BARGAIN AND SALE DEED

KNOW ALL PERSONS BY THESE PRESENT, that the **CITY OF PORTLAND**, a municipal corporation of the State of Oregon, acting by and through the **PORTLAND HOUSING BUREAU**, (which, together with any successor public agency designated by or pursuant to law, is herein called "PHB"), does hereby grant, bargain, sell and convey to **MULTNOMAH COUNTY**, a political subdivision of the State of Oregon (the "Developer"), and unto its successors and assigns, all the real property, with the tenements, hereditaments and appurtenances (herein called the "Block U2 Property"), situated in the County of Multnomah and State of Oregon, legally described on the attached Schedule 1.

The conveyance is made pursuant to that certain Agreement for Disposition of Property between Developer and PHB, dated _____, 20____, a Memorandum of which was recorded on _____, 20____ as Document No. _____, Records of Multnomah County, Oregon (the "DA"). Any capitalized terms in this Deed shall have the meanings set out in the DA, unless otherwise defined herein. The Developer has given other value as a portion of the consideration for this conveyance.

The conveyance is subject to the following:

- (1) All easements, covenants, restrictions, conditions and encumbrances of record, as set out in Schedule "2" attached hereto and incorporated herein; and
- (2) After the Certificate of Project Approval is recorded for Block U2, PHB shall thereafter have, or be entitled to exercise, no rights or remedies or controls that it may otherwise have been entitled to exercise under the DA with respect to the construction of the Project, including but not limited to the right of re-entry to the Block U2 Property.

This Deed is made by PHB pursuant to powers exercised by it under Oregon Revised Statutes Chapter 457, and Chapter XV of the Charter of the City of Portland, and for the purpose

EXHIBIT "B"

IN WITNESS WHEREOF, the City of Portland a municipal corporation of the State of Oregon acting by and through the PORTLAND HOUSING BUREAU, has caused this Deed to be executed this ____ day of _____, 20__.

CITY OF PORTLAND, a municipal corporation of the State of Oregon, acting by and through the PORTLAND HOUSING BUREAU

By: _____

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____ and _____ as _____ of the City of PORTLAND HOUSING BUREAU, on its behalf.

Notary Public for Oregon
My commission expires: _____

Exhibit C
Project Schedule and Budget
Multnomah County Health Headquarters Building

Phases	SCHEDULE MILESTONES	Estimated Start Date	Estimated Completion Date
Deal Structure			
	Execute IGA	May-2012	May-2012
	Begin Draft of Land Disposition with PHB/City	May-2012	Aug-2012
	County, City and Home Forward Approval Process	Aug-2012	Oct-2012
Design Procurement Phase			
	Draft Initial Architectural and Engineering Request for Proposals	Sep-2012	Dec-2012
	Internal Review Process by Multnomah County		
	Issue RFP, Review RFP Responses, Provide Recommendation		
	Approvals from Multnomah County and Home Forward		
CMGC Procurement Phase			
	Draft Initial Construction Mgr/General Contractor Request for Proposals	Oct-2012	Feb-2013
	Internal Review Process by Multnomah County		
	Issue RFP, Review RFP Responses, Provide Recommendation		
	Approvals from Multnomah County and Home Forward		
Design Phase			
	Schematic Design and Cost Estimates	Feb-2013	Mar-2014
	FAC 1 Project Proposal Approval-includes Schematic Design		
	Design Development Documents and Cost Estimates		
	FAC 1 Project Plan Approval-Includes Design Development Documents		
	Development of Construction Documents and Cost Estimates		
	FAC 1 Project Design and Construction Approval with Final Cost Estimates		
Land Transfer			
	Transfer/Closing: PHB to Multnomah County - Block U	Jun-2014	Jun-2014
CMGC			
	Construction - 18 months	Spring/Summer 2014	Sep-2015
Move-In Phase			
	TBD: Multnomah County - 6 floors - (3) weeks per floor	Sep-2015	Jan-2016
	Includes Cabling; Telecom,		

Exhibit "C"

Project Budget

Sources

River District TIF	\$26,948,460
<u>Multnomah County</u>	<u>\$11,636,254</u>
Total	\$38,584,714

Uses

Land Acquisition Costs	\$0 (estimated value of just under \$2M)
Construction Costs	\$26,932,719
Development Costs	\$1,286,719
General Fees	\$4,896,812
<u>Reserves/Contingency</u>	<u>\$5,468,463</u>
Total	\$38,584,714

PROJECT GOALS AND OBJECTIVES

Project goals:

To provide the Multnomah County Health Department a permanent sustainable location from which they deliver critical services to Multnomah County residents.

Use TIF resources set aside for Multnomah County to advance the County's Mission

Achieve Leadership in Energy and Environmental Design (LEED) Gold Rating

Meet the Architecture 2030 Challenge - Develop projects to achieve goal of meeting fossil fuel, greenhouse gas emissions, and energy consumption performance standards of the following levels over the U.S. average for that building type as defined by the U.S. Department of Energy:

- 60% over U.S. average in 2010
- 70% over U.S. average in 2015
- 80% over U.S. average in 2020
- 90% over U.S. average in 2025
- 100% (Carbon Neutral) in 2030

Meet 2009 Climate Action Plan - (in partnership with the City of Portland) which identifies objectives and actions relating to Buildings & Energy, Urban Form & Mobility, Consumption & Solid Waste, and five other categories to put Portland and Multnomah County on a path to reduce carbon emissions 40 percent from 1990 levels by 2030 and 80 percent from 1990 levels by 2050.

Achieve 20% M/W/ESB participation of total Project value

Achieve overall apprentice workforce participation of 20%

Participation in the Percent for Arts Program at 2% of construction costs per Ordinance No. 1117

Project Objectives:

Identity: Facility will reflect the prominence and importance of providing critical health services to the citizens of Multnomah County while reflecting fiscal responsibility to the taxpayers

Operations: Use of durable, sensible materials and systems focused on low long-term operational cost, and a functional, efficient facility that is easy to maintain.

Longevity: The facility is intended to last at least 80 years, and designed with flexibility to accommodate the future needs and requirements of County programs.

Sustainability: The project team is working toward a LEED Gold rating, working toward meeting the Architecture 2030 Challenge, and will incorporate the 1.5% Solar program.

M/W/ESB Involvement: The County is seeking high level of participation from M/W/ESB businesses and organizations. (Minimum of 20% of total Project value)

Apprentice Involvement: The County is seeking high level of participation from women and minority apprentices with an overall apprentice workforce goal of 20% in alignment with the County's Workforce Training and Hiring Program requirements.

Community Involvement: The project will seek the input of and ensure communication with community members throughout the design and construction process.

MC DESIGN STANDARDS

1. Multnomah County A/E Deliverable Standards Revised April 2011.
2. Multnomah County CAD Standards Revised April 2011.
3. Multnomah County Specification Standards Revised May 2006.
4. Multnomah County Signage Standards Revised August 2002.
5. Healthcare Design Guidelines Issued May 2006.
6. Board of County Commissioners for Multnomah County, Oregon Resolution No. 08-004 Adopting the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Gold and High Performance Green Building policies, and implementing those policies as Multnomah County Administrative Procedure FAC-9.
7. Board of County Commissioners for Multnomah County, Oregon Resolution No. 09-133 Adopting (in partnership with the City of Portland) the 2009 Climate Action Plan, which identifies objectives and actions relating to Buildings & Energy, Urban Form & Mobility, Consumption & Solid Waste, and five other categories to put Portland and Multnomah County on a path to reduce carbon emissions 40 percent from 1990 levels by 2030 and 80 percent from 1990 levels by 2050 .

EXHIBIT "E"

AFTER RECORDING RETURN TO:

Portland Housing Bureau
421 SW 6th Avenue, Suite 500
Portland, Oregon 97204
Attn:

FORM OF

CERTIFICATE OF PROJECT APPROVAL

CITY OF PORTLAND (the "City"), a municipal corporation of the State of Oregon, acting by and through the **PORTLAND HOUSING BUREAU**, ("PHB"), hereby certifies that **MULTNOMAH COUNTY**, a political subdivision of the State of Oregon, (the "**County**") has satisfactorily completed construction of the Block U2 Project as described in the Disposition Agreement, dated _____, 2012, including subsequent amendments, of which a memorandum was recorded in the Records of Multnomah County, Oregon as Document No. _____, on _____, 20____, (which together are herein called the ("DA"), encompassing the property legally described in Exhibit A.

Capitalized terms used herein without definition shall have the meaning ascribed to them in the DA.

Pursuant to Section 2 of the DA, PHB hereby certifies that, without limitation:

- (i) the construction of all buildings in the Project are completed to the extent set forth in the Final Construction Plans and Specifications previously approved by PHB;
- (ii) the City of Portland has issued its temporary or permanent Certificate of Occupancy with respect to the buildings in the Project; and
- (iii) any other improvements required by the terms of the DA to have been completed at the time the Project is complete have been completed in all material respects.

This Certificate of Project Approval is and shall be a conclusive determination of the satisfaction of all of the agreements, covenants and conditions contained in the DA with respect to the obligations of the County, its successors and assigns, as to the construction of the Project, and such obligations are hereby terminated. This Certificate represents and certifies the completion of the County's construction obligations described herein as to PHB only.

Any party acquiring or leasing any portion of the Project shall not (because of such purchase or lease) have any obligation under the DA with respect to the construction of the Project.

EXHIBIT "E"

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

PORTLAND HOUSING BUREAU

By: _____
Traci Manning, Director

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me this ____ day of _____, 20__, by Traci Manning, as the Director of the Portland Housing Bureau.

Dated this _____ day of _____, 20__.

NOTARY PUBLIC FOR OREGON
My commission Expires: _____

EXHIBIT "E"

EXHIBIT "A"

[LEGAL DESCRIPTION]

Lots 1,4, 5 and 8, Block U, COUCH'S ADDITION TO THE CITY OF PORTLAND, in the City of Portland, Multnomah County, Oregon.

EXHIBIT "F"

After recording return to:

Portland Housing Bureau
Attn: _____
421 SW 6th Avenue, Suite 500
Portland, OR 97204

FORM OF

Memorandum of Agreement for Disposition of Property [BLOCK U2 DISPOSITION]

THIS MEMORANDUM OF AGREEMENT FOR DISPOSITION OF PROPERTY ("Memorandum") shall serve as notice to all persons that the CITY OF PORTLAND (the "City"), a municipal corporation of the State of Oregon, acting by and through the PORTLAND HOUSING BUREAU, ("PHB"), with an address of Portland Housing Bureau, 421 SW 6th Avenue, Suite 500, Portland, Oregon 97204 and **MULTNOMAH COUNTY**, a political subdivision of the State of Oregon ("Developer"), with an address of 501 North Hawthorne, #500, Portland, Oregon 97214, entered into an Agreement for Disposition of Property between PHB and Developer dated as of _____, 20__ ("Agreement") relating to the real property located in Multnomah County, Oregon, as more particularly described in Exhibit "A" attached hereto (the "Property").

Among other things, the Agreement requires PHB to convey the Property to Developer. Developer to construct and complete certain infrastructure and project improvements on the Property, all as more particularly set forth in the Agreement.

As a condition subsequent to the conveyance of the Property from PHB to Developer, in the event Developer, or any successors in interest or assigns of Developer, fails to start construction as required by Section 1.9 of the Agreement, PHB shall have the remedies, following notice, as provided in the Agreement. After a Certificate of Project Approval is recorded as to the Project, PHB shall thereafter have no further right of re-entry to the Property as described above.

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

EXHIBIT "F"

CITY OF PORTLAND, a municipal corporation of the State of Oregon,
acting by and through the **PORTLAND HOUSING BUREAU**,

By: _____
Traci Manning, Director

Date: _____, 20__

MULTNOMAH COUNTY,
a political subdivision of the State of Oregon

By: _____
Jeff Cogen, Chair

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

By: _____
Kenneth M. Elliott
Assistant County Attorney

Date: _____

EXHIBIT "F"

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 20__, by
Traci Manning, Director of the **PORTLAND HOUSING BUREAU**.

Notary Public for _____
My commission expires: _____

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on _____, 20__, by
_____, as the _____ of _____.

Notary Public for _____
My commission expires: _____

EXHIBIT "F"

EXHIBIT A

Legal Description

Lots 1,4, 5 and 8, Block U, COUCH'S ADDITION TO THE CITY OF PORTLAND, in the City of Portland, Multnomah County, Oregon.

EXHIBIT "G"
Form of Permit of Entry



PERMIT OF ENTRY **MULTNOMAH COUNTY, OREGON**

THIS REVOCABLE PERMIT OF ENTRY, hereafter called "Permit" is hereby granted by the City of Portland acting by and through the Portland Development Commission, the duly designated urban renewal agency hereafter called the "Commission", acting as authorized agent for the Portland Housing Bureau ("PHB"), the legal owner of the Property described in Section 1.1, to **MULTNOMAH COUNTY**, a political subdivision of the State of Oregon, hereinafter referred to as "Permittee" for the temporary use of Commission-owned Property located at SWC, NW 6th & Irving, Portland 97209, also described as Lots 1, 4, 5 and 8, Block U, COUCH'S ADDITION, CITY OF PORTLAND, Multnomah County, Oregon for the purpose of Inspections as provided in Section 1.5.1 and 3.1 of the Disposition Agreement between PHB and Permittee, as further described below, subject to the following terms and conditions:

Section 1. Location, Activities and Maintenance of Property

- 1.1 Permittee is hereby permitted to enter upon and use that certain real property located at NW Sixth Avenue, NW Hoyt Street, and NW Irving Street from the PDC, comprising the vacant, easterly portion of Block U, adjacent to the newly opened Bud Clark Commons, commonly known as Block U2, and consisting of approximately 17,500 square feet of land also identified by Multnomah County Real Property Roll Description of Lots 1, 4, 5 & 8, Block U, Couch's Addition, City of Portland; Tax Lots 2400, 2401, 2404 & 2405; and Tax ID Numbers R141465, R626272, R627121 and R627253, in the City of Portland, County of Multnomah, State of Oregon ("Property"). The Property is depicted on the attached Exhibit "A".
- 1.2 Permittee may use the Property only for Inspections as provided in Section 1.5.1 and 3.1 of the DA, during the Permit term (as defined in Section 4.3 hereof), including such investigations, studies, surveys and tests as Permittee deems necessary or advisable for development of the Property.
- 1.3 **Permittee shall maintain and keep the Property in a clean and orderly condition at all times and shall remove litter, scrap, rock, or debris of any kind at the end of the permit period, whether this material was left by permittee or not.** Permittee shall maintain and shall repair any damage to existing improvements, including landscaping and sidewalks, resulting from its use of the Property.
- 1.4 Permittee shall, upon completion of its activities restore the Property to the same or better condition as that existing immediately prior to its entry upon the Property, or to such other condition as the Commission may reasonably require. If restoration is impossible or in lieu of restoration, at the Commissions discretion, Permittee shall compensate Commission for any physical damage to the Property in the amount the Commission may reasonably determine.

- 2.6 Permittee is solely responsible for any theft, damage or destruction to any materials, equipment or any other property of Permittee, or anyone acting on behalf of Permittee in connection with or incidental to this Permit.

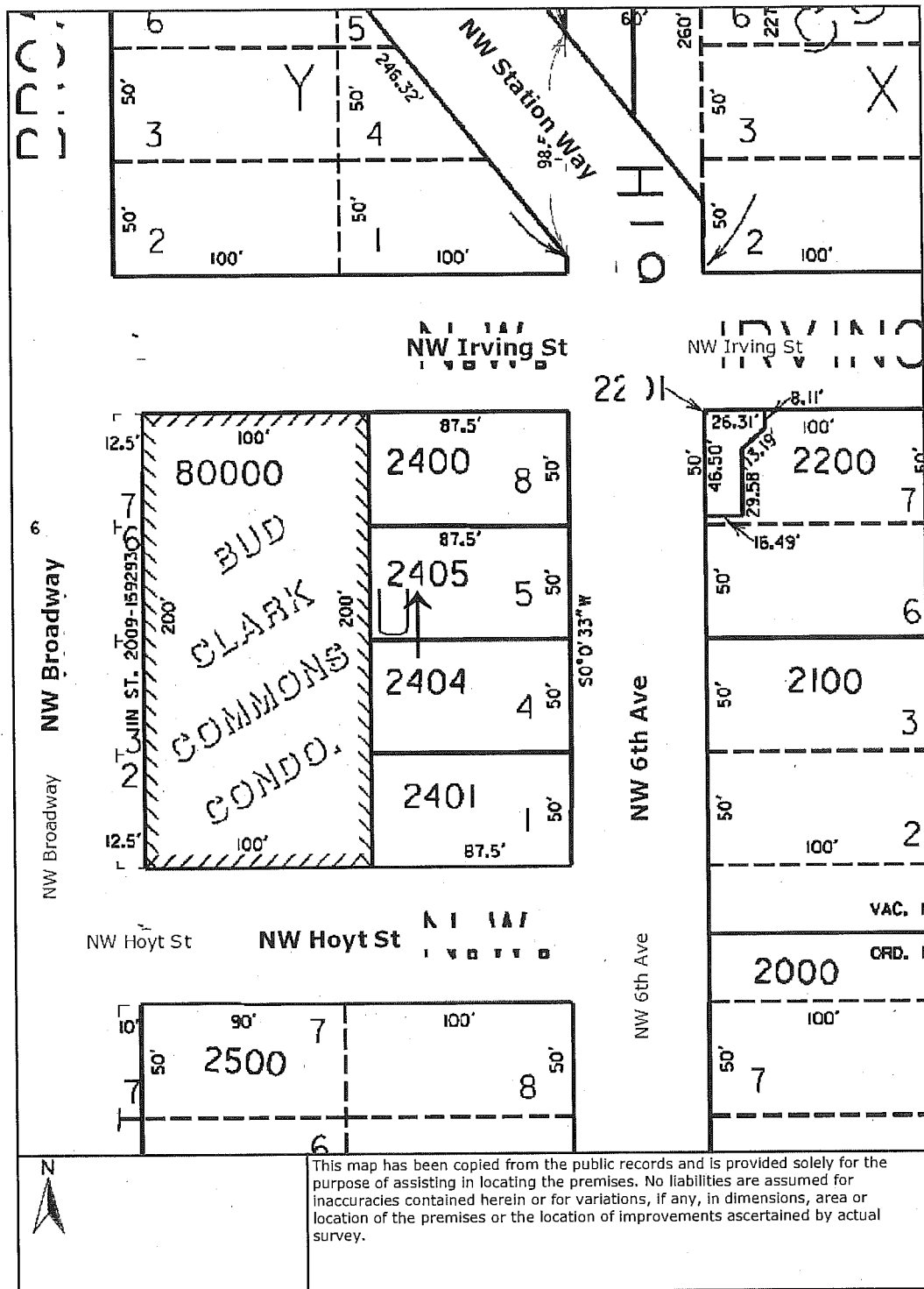
Section 3. Restrictions on Use and Hazardous Substances

- 3.1 Permittee shall in its use and entry upon the Property, observe all rules, regulations, and laws now in effect by any municipality, county, state or federal authority having jurisdiction over the Property, as they relate to the use of the Property. Permittee is solely responsible for obtaining any permits or approvals from other agencies or licensing bodies as may be necessary for Permittee's authorized entry upon and use of the Property. Furthermore, Permittee agrees to indemnify the Commission as provided above for any damages caused by the violation thereof of any permits or approvals that may so be required.
- 3.2 Use of explosives or highly flammable material is not permitted without prior written authorization from the Portland Development Commission. **(Insurance limits may be increased dependent upon PDC permission of this use).**
- 3.3 Permittee shall not have the right to use the electricity, gas, water, sewer and other utilities on the Property unless otherwise specified in Section 6 below.
- 3.4 Permittee shall not allow any lien of any kind, type or description to be placed or imposed upon the Property or upon any improvements on the Property (if any).
- 3.5 Permittee shall not cause or permit to occur the use, generation, release, manufacture, handling, processing, storage, disposal or improper use of any Hazardous Substance, pollutant, or contaminant, on, under, or about the Property or the transportation to or from the Property of any Hazardous Substance except as may specifically detailed in Section 6 below. Prohibited Substances are substances regulated under any environmental law or regulation now or hereafter enacted by any governmental federal, state or local authority. Furthermore, Permittee agrees to indemnify the Commission as provided above for any damages caused by the violation thereof of any permits or approvals that may otherwise be required.

Section 4. Processing Fee and Term

- 4.1 Permittee shall pay to the Commission an initial, non-refundable permit-processing fee in the amount of one hundred dollars (\$100.00).
- 4.2 [Intentionally Omitted.]
- 4.3 The Permit will commence on November ____, 2012 or the date that all parties execute this permit. The Permit will end on June 30, 2014 unless earlier terminated or extended in writing by the Commission ("Term").
- 4.4 [Intentionally Omitted.]
- 4.5 The Permit shall be personal to Permittee, and may not transferable or assignable to any other party or entity unless otherwise approved in writing by the Commission.

ATTACHMENT: Exhibit "A" Property Map and Use Limits



Schedule 1.5.2
Due Diligence Materials / Environmental Reports

Block U

PDC Environmental Document List – October 24, 2012

- Phase 1 Environmental Site Assessment, Union Station South D - Block U – RZA February 1991
- Phase I Environmental Site Assessment – River District Parcel 5, AGRA, July 26, 1999
- Phase II Environmental Site Assessment – Block U, AGRA, May 31, 2000
- Preliminary Remedial Investigation Report - Block U, Hart Crowser March 6, 2001
- Remedial Investigation Report - Block U, Hart Crowser, January 30, 2003
- Voluntary Cleanup Agreement – Block U, PDC May 20, 2003
- Risk Assessment Work Plan - Block U, Hart Crowser, June 27, 2003
- Cleanup Approach & Restart ICP – Block U, PDC, March 24, 2008
- Pre-Construction Investigation – Block U, Hart Crowser, July 24, 2008
- UST Decommissioning and Site Assessment Report – Block U, Belfor, April 6, 2009
- Site Closure Report – Block U, Hart Crowser, June 29, 2009
- Comfort Letter – Block U, DEQ, September 9, 2009
- Phase I Environmental Site Assessment – Block U, Landau Associates, September 18, 2009
- Updated Contaminated Media Management Plan – Block U, Hart Crowser, September 30, 2009
- File Memorandum – Block U, DEQ, September 30, 2009
- Easement and Equitable Servitude (EES) – Block U, PDC, October 21, 2009
- Conditional No Further Action Letter – Block U, DEQ, November 3, 2009
- The Closure Report for environmental actions taken by the Housing Authority of Portland for the Bud Clark Commons development exists, but this document is not yet available to the City and will be provided to the County by Home Forward.

INTERGOVERNMENTAL AGREEMENT

Between

Portland Development Commission

And

Multnomah County

For the

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

THIS INTERGOVERNMENTAL AGREEMENT (this "Agreement"), dated this 13th day of November, 2012 (the "Effective Date"), is made by and between MULTNOMAH COUNTY, a political subdivision of the State of Oregon (the "County") and the PORTLAND DEVELOPMENT COMMISSION, in its capacity as an urban renewal agency acting under ORS Chapter 457 ("PDC"). The County and PDC may be referred to jointly in this Agreement as the "Parties" and individually as a "Party."

27
1/16/13

RECITALS

- A. PDC, as the duly-designated Urban Renewal agency of the City of Portland, is granted broad powers under ORS 457.170 for the planning and implementation of urban renewal projects.
- B. The River District Urban Renewal Plan was approved by the Portland City Council, by Ordinance No. 172808 on October 21, 1998 (as amended from time to time, the "Plan")
- C. The County owns the McCoy Building at 426 SW Stark Street which houses the County's Health Department ("MCHD") and is located in the River District Urban Renewal Area (the "URA").
- D. A geotechnical report prepared on behalf of the County concludes that renovation of the McCoy Building would require substantial seismic upgrades to assure continuation of the County's public health emergency services following an earthquake. The County decided to pursue relocation of MCHD's headquarters, administrative offices, specialty clinics, a laboratory, and a pharmacy facility, among other potential uses (collectively, the "Project") to a new seismic-reinforced building on the vacant, easterly portion of Block U (the "Property") currently owned by the Portland Housing Bureau ("PHB").
- E. Pursuant to that certain Option to Present a Design Proposal (the "Option") from 2009 by and between PDC and Home Forward, formerly the Portland Housing Authority ("Home

Portland Development Commission ♦ Multnomah County
Intergovernmental Agreement – County Health Department Building on Easterly Portion of
Block U, River District URA

Forward”), Home Forward retained the right to submit a proposal for developing the Property which is adjacent to the recently completed Bud Clark Commons developed by Home Forward, which, if accepted by PHB as successor in interest to PDC, would require PHB to convey the Property to Home Forward.

F. The County and Home Forward have entered into an Intergovernmental Agreement, effective May 24, 2012 (the “County/Home Forward IGA”) under which Home Forward will develop the Project on behalf of the County and the County will own the Project.

G. The County and PHB have, or will have, prior to the Closing entered into an Agreement for Disposition (the “DA”) under which PHB accepts the County as assignee of Home Forward’s right to acquire the Property under the Option for purposes of developing, operating and owning the Project.

H. Pursuant to ORS 457.470(10)(e), PDC is obligated to provide direct economic benefits to the County from the URA equal to 10.18% of the Plan’s amendment increasing maximum indebtedness to \$_____ after June 1, 2008. The resultant \$26,948,460 is payable to the County as follows: (1) \$10,000,000 no later than June 30, 2014 (the “Initial Payment”); and (ii) the balance (\$16,948,460) on June 30, 2021 (the “Final Payment”).

I. To enable the County to commence construction of the Project during the summer of 2014, the County has requested that PDC accelerate the Final Payment to the County to be concurrent with the Initial Payment no later than June 30, 2014 (the “Closing Date”).

J. PDC, recognizing the critical need for the Project on the Property agrees, subject to the terms and conditions herein, to accelerate the Final Payment pursuant to the County’s request.

K. Concurrent with this Agreement, PDC is amending the Plan to allow for the expenditure in connection with the Project which is a public building.

L. The conveyance of the Property to the County from PHB for the purpose of completing the Project is a material inducement to PDC to enter into this Agreement; and

M. 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 Plan was adopted.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the conditions, covenants and agreements set forth below, the Parties hereby agree as follows:

ARTICLE 1 PDC GRANT GENERALLY

1.1 PDC Grant Amount. On the terms and conditions of this Agreement, PDC agrees to disburse the Initial Payment and the Final Payment to the County in a total aggregate amount not to exceed TWENTY SIX MILLION NINE HUNDRED FORTY-EIGHT THOUSAND FOUR HUNDRED SIXTY DOLLARS (\$26,948,460) subject to forecasted availability (the "PDC Grant"). As used in this Agreement, the PDC Grant includes any portion of funds, including the Initial Payment, that comprise the Grant Agreement. The County may use the PDC Grant funds solely for the Project and on the terms and conditions set forth herein.

1.2 Disbursement. PDC shall on the Closing Date, disburse the Initial Payment to the County. PDC shall disburse the Final Payment of the PDC Grant to the County on the date that the County satisfies, to PDC's satisfaction, the conditions precedent set forth in Section 1.2.1 herein but no sooner than the Closing Date (the "Closing"). The County shall have no obligation to repay the PDC Grant except upon the occurrence of an Event of Default (as hereinafter defined).

1.2.1 Conditions Precedent to Disbursement of Final Payment. The disbursement of the Final Payment portion of the PDC Grant is subject to the following conditions to be satisfied by the County to PDC's satisfaction prior to the Closing:

- (a) PDC shall have determined, in its sole discretion, that there is sufficient budget appropriation and availability of the PDC Grant;
- (b) PHB, or its designee, shall have transferred fee title to the Property to the County;
- (c) The County and PHB shall have entered into the DA;
- (d) The County and Home Forward shall have entered into the County/Home Forward IGA;
- (e) PDC has received documentation indicating that the City of Portland Bureau of Development Services is ready to issue the building permits that are required to construct the Project;

- (f) All land use approvals and permits for the Project required by Title 33 of the Code of the City of Portland shall have been secured and no appeal of any required approval or permit shall have been filed, and the time for any such appeal shall have expired. If an appeal was filed, it shall have been finally resolved;
- (g) PDC shall have amended the Plan to allow for expenditures for a public building consistent with the Project to be owned by the County;
- (h) All financing necessary to construct the Project has closed and/or the County has obtained non-contingent commitments for such financing;
- (i) No litigation is pending that prevents PDC or the County from performing their respective obligations under this Agreement; and
- (j) No Event of Default shall have occurred.

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

ARTICLE 2 THE COUNTY'S REPRESENTATIONS AND WARRANTIES

2.1 The County represents and warrants to PDC as follows:

2.1.1 **Authority.** The County has full power, authority, and legal right to execute and deliver this Agreement and to incur and perform its obligations hereunder. The execution and performance by the County of this Agreement has been duly authorized by all necessary action of the County.

2.1.2 **No Violations or Default.** No event has occurred and no condition exists that constitutes an Event of Default (as hereinafter defined) by the County. Each of the following shall constitute an "Event of Default":

- a) **Breach of Agreement.** If the County breaches a material provision of this Agreement, whether by action or inaction, and such breach continues and is not

remedied within thirty (30) days after the County receives written notice from PDC specifying the breach it shall be an Event of Default under this Agreement. In the case of a breach that cannot with due diligence be cured within a period of thirty (30) days, it shall be an Event of Default under this Agreement if the County does not commence the cure of the breach within thirty (30) days after the County receives written notice from PDC and thereafter diligently prosecute to completion such cure within sixty (60) days unless such cure requires additional time as is reasonably necessary; or

- b) **Misuse of Funds.** It shall also be an Event of Default under this Agreement and PDC shall be irreparably harmed by such default, if the County uses any portion of the PDC Grant in a manner materially inconsistent with the purposes of this Agreement; or

2.1.3 Limitations on Expenditure of PDC Grant Proceeds. The County acknowledges and agrees that, to the extent that the PDC Grant includes resources derived from tax increment financing ("TIF Funds"), such TIF Funds shall only be used for "TIF eligible expenditures" by the County. "TIF eligible expenditures" means expenditures for urban renewal projects that are permitted under Article XI, Section 1c of the Oregon Constitution, ORS Chapter 457 and the Plan. Urban renewal projects generally consist of capital expenditures for tangible physical assets that are within the boundary of the URA and that are described in the Plan, and generally do not include any expenses that are not eligible to be capitalized. To the extent that TIF Funds are misspent under this Agreement, such misuse shall constitute an Event of Default hereunder and PDC shall be entitled to exercise all available legal and/or equitable remedies for such misuse.

ARTICLE 3 PDC'S REPRESENTATIONS AND WARRANTIES

3.1 PDC represents and warrants to the County as follows:

3.1.1 **Authority.** PDC has full power, authority, and legal right to execute and deliver this Agreement and to incur and perform its obligations hereunder. The execution and performance by PDC of this Agreement has been duly authorized by all necessary action of PDC.

ARTICLE 4 THE COUNTY'S AFFIRMATIVE COVENANTS

4.1 The County covenants and agrees as follows:

4.1.1 **Records and Inspection.** The County shall keep proper books of account and records on all activities associated with the PDC Grant (collectively, the "Records"). The County shall maintain the Records in accordance with generally accepted accounting principles and shall retain the Records in accordance with the records retention laws pertaining to urban renewal projects. The County shall permit PDC and/or its duly authorized representatives, including representatives from the City of Portland, to inspect, review and make excerpts and transcripts of the Records with respect to the receipt and disbursement of funds received from PDC, provided that any such examinations and audits shall be at the reviewing party's sole expense. Access to the Records is not limited to the required retention period. The authorized representatives shall have access to the Records at any reasonable time for as long as the Records are maintained. This Section 4.1.1 shall survive any termination of this Agreement.

4.1.2 **Audits.** PDC, either directly or through a designated representative, may conduct financial and performance audits of the use of PDC Grant proceeds at any time at PDC's expense; provided, however, that to the extent that an audit reveals any malfeasance, the County shall reimburse PDC for any costs associated with the audit and the County shall correct any deviations discovered as a result of the audit. Audits will be conducted in accordance with generally accepted auditing standards as promulgated in *Government Auditing Standards* by the Comptroller General of the United States General Accounting Office. In the event of an audit, the County agrees to provide the designated auditor with reasonable access to the County's employees and make all such financial, performance and compliance records available to the auditor. This Section 4.1.2 shall survive any termination of this Agreement.

4.1.3 **Business and Workforce Equity.** The County/Home Forward IGA shall require Home Forward, as the County's developer, to comply with PDC's Business and Workforce Equity Policy or substantially equivalent County policies.

4.1.4 **The County's Obligation to Indemnify.** To the extent permitted by law and within the limitations of the Tort Claims Act, the County shall defend, save, hold harmless, and indemnify PDC and its officers, employees and agents from and against all claims, suits, actions, losses, damages, liabilities, costs and expenses of any nature whatsoever, including attorneys fees, resulting from, arising out of, or relating to the activities of the County or its officers, employees, subcontractors, or agents under this Agreement. The County shall have control of the defense and settlement of any claim that is subject to this paragraph. However, neither the County nor any attorney engaged by the County shall defend the claim in the name of PDC or any department of PDC, nor purport to act as legal representative of PDC or any of its departments, without first receiving from PDC's General Counsel, authority to act as legal counsel for PDC, nor shall the County settle any claim on behalf of PDC without the approval of

PDC's General Counsel's Office. PDC may, at its election and expense, assume its own defense and settlement.

ARTICLE 5 PDC'S AFFIRMATIVE COVENANTS

5.1 PDC covenants and agrees as follows:

5.1.1 **PDC Obligation to Indemnify.** To the extent permitted by law and within the limitations of the Tort Claims Act, PDC shall defend, save, hold harmless, and indemnify the County and its officers, employees and agents from and against all claims, suits, actions, losses, damages, liabilities, costs and expenses of any nature whatsoever, including attorneys fees, resulting from, arising out of, or relating to the activities of PDC or its officers, employees, subcontractors, or agents under this Agreement. However, neither PDC nor any attorney engaged by PDC shall defend the claim in the name of the County or any department of the County, nor purport to act as legal representative of the County or any of its departments, without first receiving from the Multnomah County Attorney's Office, authority to act as legal counsel for the County, nor shall PDC settle any claim on behalf of the County without the approval of the Multnomah County Attorney's Office. The County may, at its election and expense, assume its own defense and settlement.

5.1.2 PDC shall, prior to the Closing Date, amend the Plan to accommodate expenditure of the PDC Grant on the Project which is a public building.

ARTICLE 6 RIGHTS AND REMEDIES UPON EVENT OF DEFAULT

6.1 **Rights and Remedies.** Upon the occurrence of an Event of Default and at any time thereafter, PDC may, at its option, exercise any one or more of the following rights and remedies:

6.1.1 **Repayment.** PDC may declare the entire original PDC Grant (or so much thereof as has been disbursed to the County) and other charges payable by the County pursuant to this Agreement, to be immediately due and payable in full and, upon such declaration, the County shall pay to PDC the amount declared to be immediately due and payable.

6.1.2 **No Election Required.** PDC shall have any other right or remedy provided in this Agreement, or available at law, in equity, or otherwise in such order and manner as it may select.

6.1.3 **Rights and Remedies Cumulative.** All rights and remedies described in this Article 4 are cumulative and in addition to any other remedy PDC may have by agreement, at

law, or in equity. Partial exercise of any right or remedy shall not limit or restrict PDC's subsequent exercise of such right or remedy nor shall it restrict PDC's contemporaneous or subsequent exercise of any other right or remedy.

6.1.4 No Waiver. No failure on the part of PDC to exercise, and no delay in exercising, any right, power, or privilege under this Agreement shall operate as a waiver of that right or any other right. No modification or waiver of any provision of this Agreement shall be effective unless in writing, and then only in specific instance and for the purpose given. No notice or demand on the County shall entitle the County to any other notice or demand in other similar circumstances.

6.1.5 Payment of Costs of Collection. In case of an Event of Default, or in case litigation is commenced to enforce or construe any term of this Agreement, the losing party will pay to the prevailing party such amounts as shall be sufficient to cover the cost and expense of collection or enforcement, including, without limitation, reasonable attorney fees and costs prior to and at any arbitration proceeding or at trial, on appeal, or in any bankruptcy proceeding.

ARTICLE 7 MISCELLANEOUS

7.1 Counterparts. This Agreement may be executed in any number of counterparts, and any single counterpart or set of counterparts signed, in either case, by the Parties hereto shall constitute a full and original instrument, but all of which shall together constitute one and the same instrument.

7.2 Survival. All agreements, representations, and warranties shall survive the execution and delivery of this Agreement, any investigation at any time made by PDC or on its behalf and the making of the PDC Grant.

7.3 Notice. Any notice required or permitted under this Agreement shall be in writing and shall be deemed effective (1) when actually delivered in person, (2) one business day after deposit with a commercial courier service for "next day" delivery, (3) two business days after having been deposited in the United States mail as certified or registered mail, or (4) when transmitted by facsimile (answer back or receipt confirmed), addressed to the Parties as follows:

If to PDC:
Patrick Quinton
Portland Development Commission
222 NW 5th Avenue
Portland, OR 97209

If to the County:
Emerald Bogue Walker
Office of the Chair
Multnomah County
501 SE Hawthorne Blvd., 6th Floor
Portland, OR 97214

7.4 **Successors and Assigns.** The County may not assign this Agreement, in whole or in part, without the prior written consent of PDC. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective permitted successors and assigns.

7.5 **Subgrants.** The County may not subgrant any portion of the PDC Grant without the prior written consent of PDC. Notwithstanding an approved subgrant, the County shall remain fully responsible for the proper use of all PDC Grant proceeds.

7.6 **Governing Law, Jurisdiction, Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon, without regard to its conflicts of law principles. Any legal action regarding this Agreement must be brought and conducted in the federal or state court, as appropriate, serving Multnomah County, Oregon, and the parties hereby consent to the jurisdiction and venue of such courts.

7.7 **Validity; Severability.** If any provision of this Agreement is held to be invalid, such event shall not affect, in any respect whatsoever, the validity of the remainder of this Agreement, and the remainder shall be construed without the invalid provision so as to carry out the intent of the Parties to the extent possible without the invalid provision.

7.8 **Exhibits.** The exhibits to this Agreement are, by this reference, incorporated into and deemed a part of this Agreement as if they were fully set forth in the text hereof.

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

7.10 **Relationship of the Parties.** Nothing contained in this Agreement or any acts of the Parties hereto shall be deemed or construed to create the relationship of principal and agent, or of partnership, or of joint venture or of any other association other than that of independent contracting parties.

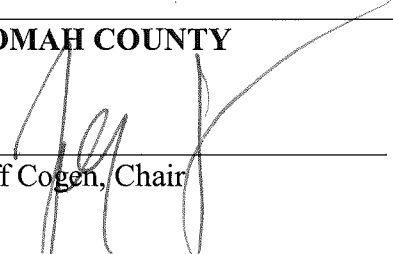
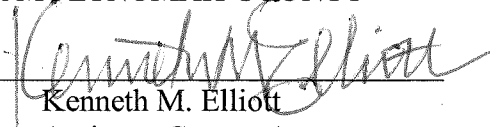
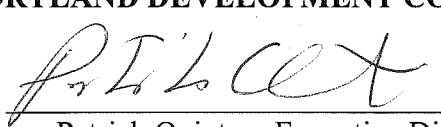
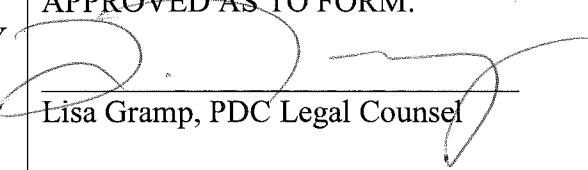
7.11 **No Third Party Beneficiary Rights.** No person not a party to this Agreement is an intended beneficiary of this Agreement, and no person not a party to this Agreement shall have any right to enforce any term of this Agreement.

7.12 **Funding Acknowledgement / Signage.** Any oral reports made to neighborhood, business, or other civic organizations, as well as to any members of the press should acknowledge work being done is based on a partnership between the County and PDC and, if appropriate, financed with funds from the "*the River District Urban Renewal Area*". The County shall request Home Forward to display a sign near the construction site and readily visible to the public, specifying that the Project is being "*funded in part by the Portland Development Commission's River District Urban Renewal Area*". The County will request that this sign remain in place until construction is complete.

7.13 **Amendments.** This Agreement may only be amended by a written agreement signed by both PDC and the County. The County Chair and the Executive Director of PDC and their respective designees are authorized to take all actions necessary to implement the terms of this Agreement and may authorize amendments of this Agreement without further action by the Board of County Commissioners and the PDC Board, respectively, so long as the amount of the PDC Grant is not increased.

7.14 **Merger Clause.** This Agreement contains the entire agreement between PDC and the County with respect to the subject matter thereof. It supersedes all prior written or oral discussions or agreements concerning work to be performed by either Party.

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

MULTNOMAH COUNTY By  Jeff Cogen, Chair APPROVED AS TO FORM: JENNY M. MORE, COUNTY ATTORNEY FOR MULTNOMAH COUNTY By  Kenneth M. Elliott Assistant County Attorney	PORTLAND DEVELOPMENT COMMISSION By  Patrick Quinton, Executive Director APPROVED AS TO FORM:  Lisa Gramp, PDC Legal Counsel
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