INTERGOVERNMENTAL AGREEMENT

This Intergovernmental Agreement (this "Agreement") is made this ___ day of April, 2012 (the "Effective Date") by and among the City of Portland, by and through the Office of Management and Finance (the "City"), Multnomah County, Oregon, acting by and through its elected officials (the "County"), Portland State University ("PSU"), and the Portland Development Commission, in its capacity as an urban renewal agency acting under ORS Chapter 457 ("PDC"), concerning the co-location of the Multnomah County Department of Human Services (the "DHS") and PSU programs in a development within the proposed Education Urban Renewal Area (the "URA"). The City, the County, PSU and PDC may collectively be referred to herein as the "Parties" or individually as a "Party".

RECITALS

a. Whereas, health is one of the top four overarching goals of the Portland Plan;

b. Whereas, the County leads public health efforts in Portland and in the entire County;

c. Whereas, the mission of the DHS is "to enhance the quality of life for individuals and families," and its vision is to foster "safe, healthy, caring and diverse communities where hope, independence, learning and opportunity prevail for all";

d. Whereas, PSU has significant academic programs in human services and community health;

e. Whereas, the motto of PSU is "let knowledge serve the city";

f. Whereas, the Parties seek to strengthen the positive connections that already exist between human health, higher education and supportive and affordable housing, including policy and service research and development;

g. Whereas, the Parties have an interest in leveraging the benefit of accelerating the growth of PSU as a world class university. It is agreed among the Parties that the creation of the proposed URA is an important mechanism to achieve this goal; and

h. Whereas, co-locating functions of the DHS and compatible PSU academic and research programs in a development within the proposed URA will serve to strengthen these connections.

AGREEMENT

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

A. The Project; the PDC Contribution

1. **The URA.** The Parties anticipate that the proposed URA shall have the following characteristics: (i) no more than 144 acres in size; (ii) a maximum indebtedness of $169,000,000; and (iii) the plan end date will be June 30, 2041 (the "Plan End Date"). Neither PDC nor the City shall issue any URA indebtedness after the Plan End Date, without the prior written consent of the County in its sole and absolute discretion.

2. **The Project.** The Parties agree that the URA urban renewal plan expressly shall identify a County facility described herein (hereinafter referred to as the "Project").

3. **Urban Renewal Resources.** The urban renewal resources generated from the URA (collectively, "TIF") shall be used to satisfy the following obligations: the TIF Set Aside Policy for Affordable Housing, PDC administration of the URA, and all costs, expenses, and fees related to the issuance of the bonds for the URA, including, but not limited to, debt service reserves and any other requirement for the bonds (all such obligations, collectively, "Legal Obligations").

4. **The PDC Contribution**. To facilitate the development of the Project, PDC will, to the extent that such funds are available after all other Legal Obligations are satisfied from TIF, (such remaining amount, the "Net TIF") contribute the following amounts to the County for the Project (each year's payment, the "Annual Contribution" and collectively, the "PDC Contribution") in accordance with the following schedule (the "Payment Schedule"). PDC may, at its election, increase the amount of a payment on the Payment Schedule to the County. The County shall deposit all funds received as part of the PDC Contribution into a segregated account and shall credit all earnings on amounts in such account back to the account.

June 30, 2015	$400,000.00 (43%)
June 30, 2016	$500,000.00 (44%)
June 30, 2017	$600,000.00 (45%)
June 30, 2018	$1,600,000.00 (43 %)
June 30, 2019	$1,600,000.00 (43%)
June 30, 2020	$1,600,000.00 (42%)
June 30, 2021	$1,700,000.00 (43%)
June 30, 2022	$1,700,000.00 (42%)
June 30, 2023	$750,000.00 (46%)
June 30, 2024	$750,000.00 (28%)
June 30, 2025	$750,000.00 (30%)
June 30, 2026	$1,000,000.00 (31%)
June 30, 2027	$1,000,000.00 (31%)
June 30, 2028	$1,000,000.00 (34%)
June 30, 2029	$1,000,000.00 (31%)
June 30, 2030	$900,000.00 (27%)

June 30, 2031	$800,000.00	(24%)
June 30, 2032	$750,000.00	(22%)
June 30, 2033	$750,000.00	

To the extent that the product of the Net TIF for a year multiplied by the percentage indicated above for such year (such percentage, the "Minimum Percentage" and such product, the "Minimum Amount") is less than the Annual Contribution, PDC may elect to contribute any amount equal to or greater than the Minimum Amount to the County for such year (such amount, the "Alternative Contribution"). If PDC exercises this election, the amount by which the Annual Contribution exceeds the Alternative Contribution shall be increased by 3.5%, and this increased amount shall be added to the Annual Contribution for the immediately subsequent year. No later than the date the Alternative Contribution is due, PDC shall provide to the County a new Payment Schedule reflecting the payment of the Minimum Amount and the new Annual Contribution for the immediately subsequent year. PDC may not elect to contribute any amount less than the Annual Contribution, as amended if applicable, for the year ending June 30, 2033.

5. **Project Planning.** For purposes of determining ownership and any related economics of the Project, the Parties will consider the PDC Contribution as having been a $19,000,000 capital contribution by the County in FY 2022/23. Other Project economics shall be determined when the Project planning begins, however the following variables will be considered:

a. PSU intends to co-locate significant compatible uses within the Project, expected to require 15,000-20,000 gross square feet, in order to maximize collaboration and synergy, depending on specific needs and opportunities at that time. If PSU participates in the Project, then, unless otherwise agreed to in writing by the County, PSU's capital contribution to the Project, on a per gross square foot basis, shall be no less than the County's capital contribution (including the PDC Contribution), on a per gross square foot basis.

b. The Project will consider both new construction and existing building acquisition and retrofit. PSU and the County agree that the resulting Project should meet the space and quality needs of both PSU and the County and be of a similar stature of quality and sustainability in 2023, relative to other Class-A office/institutional buildings in the Central Business District, as a new Class-A LEED Gold building would be in 2012. In the event that PSU, the City or PDC propose an existing building for the Project, such building shall only be used for the Project upon the approval of the County, in its sole and absolute discretion.

c. The Project will be located between the east side of SW Broadway, the west side of SW 4th Avenue, the north side of SW College and the south side of SW Clay Street (the "Project Boundaries").

d. The Project will be constructed so that occupancy will take place no earlier than 8/1/2022 and no later than 5/1/2023 so as to align with the expiration of the County's existing relevant lease. If, for any reason, actual physical construction or retrofitting has not commenced for the Project by January 1, 2024, the Parties anticipate that the County will pursue the Project without pursuing co-location with PSU and at no cost to PSU.

B. The Initiative

1. In addition to the Project, PSU and the County will form a Joint Human Services and Community Health Initiative to enhance existing, and initiate new, research, evaluation, education, and training projects (the "Initiative"). PSU and the County expect that the Initiative will be a long term mutually beneficial relationship for both parties and last at least 20 years. The Initiative will be guided by a joint taskforce of faculty and administrators from PSU and the County. Among its activities, such taskforce will outline project scopes, identify and seek funding, and develop mutually acceptable deliverables that PSU will provide to the County for the following projects (or similar significant projects of mutual interest to PSU and the County) to begin in fiscal year 2013/2014:

a. Conducting a longitudinal evaluation of the Schools Uniting Neighborhoods program;

b. Identifying factors related to changes in local crime rates and determining the causal relationship between such factors and crime rates; and

c. Scaling up and conducting further studies on the efficacy of Trauma-Informed Care at the County.

2. If PSU and the County terminate the Initiative or if the taskforce is unable to agree on project scopes and deliverables in any fiscal year through June 30, 2033, then PSU will provide a credit to the County for each such year that the County can use to contract with PSU for evaluative and research services from PSU faculty and students. The amount of such credit shall be $250,000 for any fiscal year during the ten fiscal years from 7/1/2013 – 6/30/2023 and $500,000 for any fiscal year during the ten fiscal years from 7/1/2023 – 6/30/2033.

C. Conditions Precedent for PDC Transfer of the PDC Contribution.

1. **Conditions Precedent to Transfer.** Transfer of any portion of the PDC Contribution to the County shall be contingent upon the following:

a. PDC or the City shall have issued, at PDC's request and subject to the approval by ordinance of the City's Council, bonds which are payable from the tax increment revenues of the URA;

b. There must be adequate TIF available to PDC, after it satisfies the Legal Obligations;

c. The County must not be in breach of any material term or condition of this Agreement; and

d. PDC shall have received from the County written confirmation no earlier than 30 days before a transfer date as set forth in the Payment Schedule, that all funds disbursed to the County by PDC as part of the PDC Contribution are held in a separate account pending use for TIF-Eligible Expenses (as hereinafter defined) in connection with the Project or, to the extent that any portion of the PDC Contribution has been spent by the County, a full accounting of such expenditures demonstrating its use for TIF-Eligible Expenses.

2. **Denial of Transfer.** If, at any time, PDC determines that any portion of the PDC Contribution and the earnings thereon have been used for anything other than TIF-Eligible Expenses, PDC may deny any and all remaining transfers of the PDC Contribution contemplated under the Payment Schedule. In the event of such misuse of the PDC Contribution by the County, the County shall, within thirty (30) days of discovery, reimburse PDC in an amount equal to the amount used in violation of the TIF restrictions set forth in Section D hereof. Such reimbursement from the County shall not include any amounts still held by the County as the PDC Contribution. In addition, in the event of such misuse of the PDC Contribution by the County, PDC may unilaterally terminate this Agreement and demand an immediate return of any and all of the PDC Contribution previously transferred to the County that has not otherwise been spent on TIF-Eligible Expenses in connection with the Project, in which case any obligations of PSU shall thereby terminate. Notwithstanding the foregoing, cash management techniques that are regularly employed by the County in the ordinary course of business (e.g., time deposits, sweeping funds into overnight interest-bearing accounts, etc.) to earn interest on cash balances shall not be deemed a misuse of the PDC Contribution for purposes of this Agreement.

D. TIF-Eligible Expenses

Use of TIF. The Parties acknowledge and agree that TIF can be used only for expenditures for urban renewal projects in the URA that are permitted under Article XI, Section 1c of the Oregon Constitution and ORS Chapter 457. Urban renewal projects generally consist of capital expenditures for tangible physical assets located inside an urban renewal area and generally do not include any expenses that are not eligible to be capitalized and treated as part of capital assets that are located in the urban renewal area (collectively, “TIF-Eligible Expenses”).

E. Indemnification

1. **County Obligation to Indemnify.** To the extent permitted by law and within the limitations of the Tort Claims Act, the County shall hold harmless, defend (at PDC’s or the City’s request) and indemnify PDC and the City against all claims, demands, suits, actions, losses, damages, liability, costs, expenses, including attorney fees of whatsoever nature, resulting from or arising out of or related to the activities, errors or omissions of the County related to this Agreement, including the misuse of TIF to the extent misused

by the County, except that the County shall not be required to indemnify PDC or the City to the extent of PDC's or the City's negligence.

2. **PDC Obligation to Indemnify.** To the extent permitted by law and within the limitations of the Tort Claims Act, PDC shall hold harmless, defend (at the County's request) and indemnify the County against all claims, demands, suits, actions, losses, damages, liability, costs, expenses, including attorney fees of whatsoever nature, resulting from or arising out of or related to the activities, errors or omissions of PDC or the City related to this Agreement, except that PDC shall not be required to indemnify the County to the extent of the County's negligence.

F. Records and Inspection

Maintenance of Records. The County shall maintain all fiscal and other records pertinent to this Agreement and its use of the PDC Contribution for at least three (3) years following the date that all indebtedness is satisfied for the URA. The County shall maintain all fiscal records, including supporting documentation, relating to this Agreement and its use of the PDC Contribution in accordance with generally accepted accounting principles and in a manner that clearly documents when and how the PDC Contribution was used. The County shall make any or all of the foregoing records available to PDC or the City and their representatives, at the County's offices and during normal business hours, as PDC or the City may reasonably request from time to time, to enable PDC or the City to perform examinations and audits and make excerpts and transcripts, provided that any such examinations and audits shall be at PDC's or the City's respective sole expense.

G. General

1. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the state of Oregon. Any suit for enforcement shall occur, if in the state courts, in the Multnomah County Circuit Court, or if the action must be brought in federal courts, in the United States District Court for the District of Oregon.

2. **Assignment.** No Party shall assign or transfer any interest in this Agreement, nor assign any claims for money due or to become due under this Agreement, without the prior written approval of the other Parties. This Agreement shall bind and inure to the benefit of, and be enforceable by, the Parties hereto and their respective successors and permitted assigns.

3. **No Third Party Beneficiaries.** This Agreement is among the Parties and creates no third-party beneficiaries. 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.

4. **Relationship of Parties.** The Parties intend that the relationship created by this Agreement is that of independent contracting parties. None of the Parties hereto shall be deemed an agent, partner, joint venturer, or related entity of the others by reason of this Agreement.

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

6. **Counterparts; Electronic Signatures.** This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one agreement binding on all Parties, notwithstanding that all Parties are not signatories to the same counterpart. The Parties agree that they may conduct this transaction, including any amendments or extension, by electronic means including the use of electronic signatures.

7. **Material Breach.** If any Party breaches any material term or provision of this Agreement and such breach remains uncured for thirty (30) days after written notice thereof to the breaching Party (unless more than thirty (30) days is reasonably required to complete such cure, in which case the curing Party shall not be in breach if it commences the cure within thirty (30) days and diligently pursues such cure to completion), then the non-breaching Party or Parties may pursue any right or remedy that they may have, under this Agreement, at law or in equity, for the breach of this Agreement, including but not limited to, monetary damages.

8. **Integration, Amendment and Waiver.** This Agreement constitutes the entire agreement among the Parties. There are no understandings, agreements or representations, oral or written, not specified herein regarding this Agreement. No consent or waiver of terms of this Agreement shall bind any Party hereto unless in writing and signed by all Parties. Any such consent or waiver shall be effective only in the specific instance and for the specific purpose given. Any amendments or modifications to this Agreement must be made in writing and executed by all Parties. The Parties, by the signatures below of their authorized representatives, acknowledge having read and understood this Agreement and agree to be bound by its terms and conditions.

9. **Adherence to Law.** The Parties shall comply with all federal, state and local laws and ordinances applicable to this Agreement.

10. **Nondiscrimination.** The Parties shall comply with all requirements of federal and state civil rights and rehabilitation statutes and local nondiscrimination ordinances.

11. **Severability.** If any terms or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the Agreement did not contain the particular term or provision to be held invalid.

12. **Survival.** Sections C, D, E, F and G shall survive the termination of this Agreement.

(Remainder of page left blank intentionally)

IN WITNESS WHEREOF, the Parties hereto by their duly authorized representatives hereby execute this Agreement as of the Effective Date.

CITY OF PORTLAND	MULTNOMAH COUNTY
By ______________________________	By ______________________________
Sam Adams, Mayor	Jeff Cogen, Chair
PORTLAND STATE UNIVERSITY	PORTLAND DEVELOPMENT COMMISSION
By ______________________________	By ______________________________
Wim Wiewel, President	Patrick Quinton, Executive Director