

## **TERMINATION OF SUBLEASE AGREEMENT**

**This Termination of Sublease Agreement** (this "Termination"), is made and entered into as of the \_\_\_\_ day of March, 2013 by and between **Multnomah County, Oregon**, a political subdivision of the State of Oregon, as Sublessor ("County"), and **The Port City Development Center**, an Oregon not for profit corporation, as Sublessee ("Port City").

### **RECITALS:**

**WHEREAS**, on November 7, 2000, County issued its \$2,000,000 Motor Vehicle Rental Tax Revenue Bonds, Series 2000A (501(c)(3)) (the "Bonds") to finance the construction, renovation, improvement and equipping of certain facilities on real property acquired by Port City at 2124 N. Williams Ave., Portland, further described in Exhibit "A" attached hereto (the "Premises"), for use as a vocational training center subleased and operated by Port City;

**WHEREAS**, on November 1, 2000, County and Port City entered into a Ground Lease Agreement ("Ground Lease") of the Premises from Port City to County, and a Sublease Agreement, of the Premises from County to Port City, providing for Port City's payment of monthly rent to be used by County to repay the Bonds (the "Sublease");

**WHEREAS**, on July 25, 2002, County and Port City amended and supplemented the Ground Lease and the Sublease;

**WHEREAS**, on November 29, 2007, County and Port City entered into a Second Amendment to Sublease;

**WHEREAS**, both amendments to the Sublease reduced the required monthly Rental Amounts and extended the Sublease Term for Port City's full payment of the Rental Amounts. Despite such accommodations, Port City has not been able to keep current on payment of monthly Rental Amounts;

**WHEREAS**, by letter dated January 9, 2013, County provided Port City written notice of a Sublease Default in accordance with Section 11.1(a) of the Sublease;

**WHEREAS**, Section 11.2 (e) of the Sublease, as amended by the Second Amendment, granted Port City, in the event of a Sublease Default for non-payment of rent and for so long as Port City remained in full compliance with all other terms of the Sublease, the right to sell the Premises on or before one year from the date set forth in the notice of Sublease Default and to occupy the Premises for the uses permitted by the Sublease pending the sale.

**WHEREAS**, Port City has notified County of Port City's intent to discontinue its use of the Premises, its intent not to continue to occupy the Premises after February 1, 2013, or attempt to sell the Premises, and its willingness to convey its right, title and interest in and to the Premises to County, in full satisfaction of its obligation to pay the total Rental Amounts required by the Sublease;

**WHEREAS**, a material consideration for County's release of Port City from its full payment of the Rental Amounts is continued operation of the vocational training center on the Premises, through Port City's transfer of its operating agreements to another qualified vocational services provider;

**WHEREAS**, during the term of the Sublease, County has not "participate[d] in the management of a facility" as that phrase is used and defined in Oregon Revised Statutes (ORS) 465.200 et seq. and Oregon Administrative Rules (OAR) 340-122-120 concerning the Premises, and is prepared to accept title to secure repayment of the Bonds and therefore "primarily to protect a security interest" as that phrase is used and defined in ORS 465.200 et seq. and OAR 340-122-120; and

**WHEREAS**, County and Port City desire to terminate the Sublease, in accordance with the terms and conditions set forth in this Termination;

**NOW, THEREFORE**, in consideration of the above recitals, which are a material part of this Termination, and the mutual covenants and agreements set forth herein, County and Port City hereby agree as follows:

#### **AGREEMENTS:**

- 1. Terms Defined in the Sublease.** Except as modified herein, or unless the context shall clearly indicate some other meaning, all words and terms used in this Termination that are defined in the Sublease shall, for all purposes of this Termination, have the respective meanings given to them in the Sublease.
- 2. Waiver of Port City's Right to Sell the Premises.** Port City hereby waives its right, as provided in Section 11.2 (e) of the Sublease, to sell the Premises on or before one year from the date set forth in the notice of Sublease Default and to occupy the Premises for the uses permitted by the Sublease Agreement pending the sale.
- 3. Transfer of Port City Operating Agreements.** Effective upon execution of this Termination, Port City shall transfer its operating agreements to another qualified vocational services provider, to assure uninterrupted continuation of the vocational training services on the Premises serving developmentally disabled Multnomah County residents.
- 4. Port City's Conveyance of the Premises to County.** Effective upon execution of this Termination, Port City shall execute and deliver a statutory bargain and sale deed, in the form attached hereto as Exhibit "B," conveying ownership of the Premises to County, provided, however, that County acknowledges certain environmental and land use restrictions, listed as Permitted Encumbrances in Exhibit "C" attached hereto, encumber title to the Premises and will not be removed as part of Port City's conveyance.
- 5. County's Title.** The parties agree and acknowledge that County's intent in accepting Port City's conveyance of title is to secure proceeds to reimburse County's repayment of the Bonds and is, therefore, "primarily to protect a security interest" as that phrase is used and defined in ORS 465.200 et seq. and OAR 340-122-120.

**6. Relinquishment of Premises.** Effective upon Port City's delivery of its statutory bargain and sale deed to County, Port City shall relinquish possession of the Premises to County and shall remove Port City's personal property from the Premises, except for any equipment, fixtures, supplies and records needed for continuation of the vocational training services on the Premises.

**7. Termination of Sublease Agreement.** Effective upon Port City's performance of its obligations set forth in Paragraphs 3, 4 and 5, the Sublease shall be terminated and Port City shall be released of all claims and liabilities to County, its successors and assigns, relating to the Premises, the Rental Amounts and the bonded indebtedness. All decisions of County relating to the Premises after execution of this Termination, including entry into a replacement lease with another qualified vocational services provider, the level of maintenance of the Premises, or disposition of the Premises or conversion of the Premises to another use, shall be made by County in County's absolute and unfettered discretion.

**8. Execution in Counterparts.** This Termination may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Termination as of this \_\_\_\_ day of \_\_\_\_\_, 2013.

**County:**

**MULTNOMAH COUNTY, OREGON**, a political subdivision of the State of Oregon

By: \_\_\_\_\_  
Jeff Cogen  
Chair

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

By: \_\_\_\_\_  
Kenneth M. Elliott  
Assistant County Attorney

**Port City:**

**THE PORT CITY DEVELOPMENT CENTER**,  
an Oregon not for profit corporation

By: \_\_\_\_\_  
(Print Name) \_\_\_\_\_  
President, Board of Directors

## **EXHIBIT "A"**

### **Legal Description of the Premises**

PARCEL 1: The West 85 feet of Lots 25 and 26, and the South 10 feet of the West 85 feet of Lot 24, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon, and

PARCEL 2: That part of Lots 24, 25, and 26, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon, described as follows, to wit:

Beginning at the Southeast corner of said Lot 26, and thence running Northerly along the East lines of said Lots, 110 feet; thence Westerly and parallel with the South line of said Lot 24, a distance of 40 feet; thence Southerly and parallel with the East lines of said Lots, 110 feet to the South line of said Lot 26; and thence Easterly 40 feet to the place of beginning.

**EXHIBIT "B"**

**Bargain & Sale Deed for Port City's Conveyance of the Premises**

**After recording return to:**

Office of County Attorney (KME)  
Multnomah County  
501 SE Hawthorne Blvd., Suite 500  
Portland, OR 97214

**Until a change is requested, all  
tax statements shall be sent to:**

Multnomah County  
501 SE Hawthorne Blvd., Suite 500  
Portland, OR 97214

**STATUTORY BARGAIN AND SALE DEED**  
(Statutory Form)

**THE PORT CITY DEVELOPMENT CENTER**, an Oregon not for profit corporation (“GRANTOR”), conveys to **MULTNOMAH COUNTY**, a political subdivision of the State of Oregon (“GRANTEE”), the real property described in Exhibit “A” attached hereto and by this reference incorporated herein (the “Property”), subject to the Permitted Encumbrances to Title listed in Exhibit “B,” attached hereto.

The true and actual consideration for this conveyance is discharge and satisfaction of Grantor’s Rental Amounts of \$1,557,300, as of January 31, 2013, due and payable to reimburse Grantee’s financing of Grantor’s acquisition and improvement of the Property, and also consists of other valuable consideration, which is part of the consideration. As required by ORS 93.040, notice is given that:

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON’S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

DATED this \_\_\_\_\_ day of March, 2013.

**THE PORT CITY DEVELOPMENT CENTER,**  
an Oregon not for profit corporation

By: \_\_\_\_\_  
(Name) \_\_\_\_\_  
President of the Board

STATUTORY BARGAIN AND SALE DEED

STATE OF OREGON            )  
  ) ss.  
County of Multnomah        )

On March \_\_\_\_, 2013, personally appeared \_\_\_\_\_, who, being duly sworn, did say that s/he is the **President of the Board of THE PORT CITY DEVELOPMENT CENTER**, an Oregon not for profit corporation, and that the foregoing instrument was signed on behalf of said corporation; and s/he acknowledged the instrument to be its voluntary act and deed.

\_\_\_\_\_  
NOTARY PUBLIC FOR OREGON  
My Commission expires: \_\_\_\_\_

**ACCEPTANCE OF CONVEYANCE OF TITLE TO REAL PROPERTY  
TO MULTNOMAH COUNTY, OREGON**

The attached Bargain and Sale Deed, dated March \_\_\_\_, 2013, from **THE PORT CITY DEVELOPMENT CENTER**, an Oregon not for profit corporation, **Grantor**, conveying, without representations or warranties of any kind, the real property further described in Exhibit "A" attached hereto, in the County of Multnomah and State of Oregon, to **MULTNOMAH COUNTY**, a political subdivision of the State of Oregon, **Grantee**; IS ACCEPTED by Multnomah County, Oregon, acting by and through the Chair of the Multnomah County Board of Commissioners, pursuant to Resolution No. \_\_\_\_\_, duly adopted by the County Board of Commissioners at a regularly scheduled meeting of the County Board on March \_\_\_\_, 2013.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2013.

By: \_\_\_\_\_  
Jeff Cogen, County Chair

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

By: \_\_\_\_\_  
Kenneth M. Elliott  
Assistant County Attorney

EXHIBIT "A"

Legal Description of the Property

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## EXHIBIT "B"

### Permitted Encumbrances

1. Taxes, a lien not yet payable.
2. Conditions and Restrictions, including the terms and provisions thereof, established by City of Portland:  
Planning and Zoning Code Variance No. VZ 97-70  
Recorded : June 02, 1970  
Book : 735  
Page : 1748
3. Conditions and Restrictions, including the terms and provisions thereof, established by City of Portland:  
Ordinance No.: 148384  
Recorded : September 14, 1979  
Book : 1382  
Page : 2665
4. Environmental Notice, including the terms and provisions thereof:  
Regarding : Environmental soil contamination  
Between : State of Oregon Department of Environmental Quality (DEQ)  
Recorded : January 14, 1998  
Fee No. : 98005402
5. Prospective Purchaser Agreement, including the terms and provisions thereof:  
Regarding : Soil contamination by hazardous substances  
Between : Oregon Department of Environmental Quality (DEQ)  
And : Port City Development Center  
Recorded : October 08, 1998  
Fee No. : 98181538
6. Conditions and Restrictions, including the terms and provisions thereof, established by City of Portland:  
Ordinance No.: 99-00322 CU DZ AD  
Recorded : October 11, 1999  
Fee No. : 99188651

## EXHIBIT "C"

### Permitted Encumbrances to Title

#### Permitted Encumbrances

1. Taxes, a lien not yet payable.
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