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SUBLEASE AGREEMENT BETWEEN the CITY OF PORTLAND, acting by and through its Bureau of Environmental Services (CITY), and TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET), a mass transit district

This Sublease Agreement ("Sublease" or "Agreement") is made by and between the City of Portland, acting by and through its Bureau of Environmental Services ("City" or "BES" or "Sublessor"), and Tri-County Metropolitan Transportation District of Oregon ("TriMet" or "Sublessee"), collectively the "Parties."

RECITALS

- A. TriMet is planning to construct the Portland-Milwaukie Light Rail Project ("TriMet Project"), a 7.3-mile alignment that will connect Portland State University in downtown Portland, inner Southeast Portland, Milwaukie, and north Clackamas County. The north end of the TriMet Project will connect to the I-205/Portland Mall's terminus at Portland State University, serve the South Waterfront district, cross over the Willamette River with a new transit bridge ("Bridge"), serve the OMSI district, and then proceed south to Park Avenue in Milwaukie. The TriMet Project published its Final Environmental Impact Statement ("FEIS") on October 22, 2010, and received a Record of Decision ("ROD") from the Federal Transit Administration ("FTA") on November 29, 2010. TriMet received FTA approval to enter Final Design on March 29, 2011.
- B. On the east side of the Willamette River, near the east Bridge abutment and the Oregon Museum of Science and Industry ("OMSI"), TriMet plans to construct a light rail station (the "OMSI Station"). TriMet plans to begin construction staging of the east Bridge span and abutment in May 2011.
- C. In 1991, the City engaged in a program to control combined sewer overflows ("CSOs") to the Columbia Slough and Willamette River. As part of this program, it commenced construction work on the East Side CSO Tunnel Project ("ESCSO Project") in March 2006.
- D. The ESCSO Project identified undeveloped land as a critical location for construction of the main mining shaft, and as an overall project staging area (the "Property"). The City and OMSI entered into that certain Ground Lease Agreement dated October 19, 2005, and the First Amendment to Ground Lease dated March 2, 2010 (collectively, the "Lease"), each of which is attached as Exhibit A and incorporated by this reference herein.
- E. The Lease term expires on September 30, 2012. As of the date of this Agreement, the City intends to occupy the Property until December 31, 2011.

F. TriMet needs to use a portion of the Property for the TriMet Project during the term of the Lease ("Subleased Property"), which is shown on the attached Exhibit B, and incorporated by this reference herein. The City has agreed, and OMSI has consented, to allow TriMet to use the Subleased Property for the TriMet Project for the period of May 1, 2011- May 31, 2011, or until such time as this Sublease is executed, pursuant to a separately executed permit of entry. The City and TriMet hereby desire to enter into this Agreement to allow TriMet to occupy the Subleased Property until December 31, 2011, or until the termination of the Lease, whichever occurs later. TriMet then intends to enter into a separate lease agreement with OMSI.

NOW, THEREFORE, in consideration of the mutual promises of Sublessor and Sublessee set forth in this Sublease, the receipt and sufficiency of which are hereby acknowledged, Sublessor and Sublessee agree to the terms of the Lease, except as otherwise modified below:

AGREEMENT

SECTION 1 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. Some defined terms are first defined in the text of this Agreement and some are first defined in this Section 1. If there is any difference between the definition of a defined term in the text of this Agreement and the definition of that term in this Section 1, the definition in the text controls. Defined terms may be used in the singular or in the plural. Subject to the foregoing, the following terms, when capitalized, shall have the following meanings when used in this Agreement:

- 1.1 "Arbitration Service" is defined in Section 17.1 of this Agreement.
- 1.2 "Assessments" is defined as assessments levied against the Subleased Property by any Governmental Authority, assessments levied against the Subleased Property pursuant to LIDs, and system development charges imposed on the Property by Governmental Authorities.
 - 1.3 "Commencement Date" is defined in Section 4 of this Agreement.
 - 1.4 "Event of Default" is defined in Section 15.1 of this Agreement.
- 1.5 "Governmental Authority" is defined as any local, regional, state, or federal government and its respective agencies, departments, divisions, bureaus, or other subdivisions.
- 1.6 "Hazardous Substances" is defined as (i) petroleum and its constituents; (ii) radon gas, asbestos in any form, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid level of polychlorinated biphenyl in excess of federal, state or local safety guidelines, whichever are more stringent; (iii) any substance, gas, material or chemical which is or may during the Term of this Agreement be defined as or included in the definition of "hazardous substances," "hazardous materials," "hazardous wastes," "pollutants or contaminants," "solid wastes" or words of similar import under any applicable Laws, including

without limitation the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; and (iv) any other chemical, material, gas or substance, the exposure to or release of which is regulated by any Governmental Authority having jurisdiction over the Subleased Property or the operations thereon.

- 1.7 "Imposition" is defined as any tax, the non-payment of which could result in a lien upon Sublessor's interest in the Subleased Property, including, but not limited to, ad valorem real property taxes and personal property taxes.
- **1.8** "*Improvement*" is defined as any building, structure, or other improvement above or below grade.
 - 1.9 "Interest Rate" is defined in Section 15.5 of this Agreement.
 - **1.10** "Landlord" is defined as OMSI.
- **1.11** "Landlord Related Person" is defined as any officer, director, member, stockholder, owner, or employee of Landlord.
- 1.12 "Law" is defined as any applicable statute, ordinance, regulation, rule, order, requirement or legal restriction of the any Governmental Authority.
 - 1.13 "Lease" is defined on page 1 of this Agreement.
 - 1.14 "Parties" is defined as Sublessor and Sublessee.
 - 1.15 "Party" is defined as Sublessor or Sublessee.
 - 1.16 "Person" is defined as any natural person or any legal entity.
 - **1.17** "*Property*" is defined on page 1 of this Agreement.
 - **1.18** "*Rent*" is defined in Section 5.1 of this Agreement.
 - 1.19 "Substantial Taking" is defined in Section 11.2 of this Agreement.
 - 1.20 "Subleased Property" is defined on page 2 of this Agreement.
 - **1.21** "Sublessee" is defined as TriMet.
- 1.22 "Sublessee Related Person" is defined as any officer, elected official, or employee of Sublessee.
 - **1.23** *"Sublessor"* is defined as the City or BES.

- **1.24** "Sublessor Related Person" is defined as any officer, elected official, or employee of Sublessor.
 - 1.25 "Taking" is defined in Section 11.1 of this Agreement.
 - 1.26 "Temporary Taking" is defined in Section 11.5 of this Agreement.
 - 1.27 "Term" is defined in Section 4 of this Agreement.
- **1.28** "Transfer" is defined as the assignment, conveyance, sale, or other disposition by Sublessor of all of its rights under this Agreement, as described in Section 14.2 of this Agreement.
 - 1.29 "Transferee" is defined in Section 14.2 of this Agreement.
- 1.30 "Unavoidable Delays" is defined as any of the following which in fact interferes with the ability of a Party to discharge its obligations under this Agreement for the actual duration of such delay: strikes, bid protests, work stoppages or slowdowns; lockouts, civil disorder; inability to procure materials; failure of utilities; restrictive Law; government action (other than the City of Portland or TriMet) or unusual delay in acting (including, without limitation, the failure to issue permits or approvals within ordinary and usual time periods); inclement weather or floods; unforeseen conditions; riot; insurrection; war; fuel shortage; casualty; act of God; or similar events or conditions beyond the reasonable control of the Party affected; provided, however, in no event shall insufficiency or unavailability of funds constitute an Unavoidable Delay.
- 1.31 "Utilities" is defined as all utilities supplied to the Subleased Property, including, but not limited to: electricity, water, natural gas, telephone service, cable service, garbage collection, and recycling services.

SECTION 2 AGREEMENT TO SUBLEASE

The City subleases the Subleased Property to TriMet, and TriMet subleases the Subleased Property from the City for the Term in accordance with, and subject to, the terms and conditions of this Agreement.

SECTION 3 SUBLESSOR REPRESENTATIONS

3.1 Authority

Sublessor represents and warrants that Sublessor occupies the Subleased Property pursuant to the Lease free and clear of any liens, encumbrances, or exceptions, except as may be contained in the Lease. Sublessor represents and warrants that Sublessor has full power and authority to enter into this Sublease and to perform all of its obligations under this Sublease. Sublessor represents and warrants that this Sublease has been duly authorized by Sublessor and that the person(s)

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executing this Sublease on behalf of Sublessor have the power and authority to do so. Sublessor represents and warrants that this Agreement is binding on Sublessor and enforceable according to its terms.

3.2 No Other Representations

Sublessor has given Sublessee an opportunity to review the Subleased Property and the documentary information regarding the Subleased Property that is within Sublessor's possession. Sublessee has conducted whatever due diligence Sublessee has determined to be appropriate with respect to its decision to sublease the Subleased Property. Sublessor is making no representation or warranty regarding the Subleased Property, except as set forth in Section 3.1 above. Sublessee acknowledges that it is accepting the Subleased Property in its AS IS condition and is not relying on any representation or warranty from Sublessor, except as set forth in Section 3.1.

SECTION 4 TERM

Excluding exercise of any early termination provision, the term of this Agreement shall commence on June 1, 2011 (the "Commencement Date") and shall continue thereafter until the later of (1) December 31, 2011 or (2) termination of the Lease, including the City's exercise of any early termination provision, and TriMet's execution of a new lease agreement between OMSI and TriMet ("Term"). In the event BES reasonably expects to occupy the Property beyond December 31, 2011, BES shall give TriMet written notice at least 90 days in advance.

SECTION 5 RENT DURING TERM; EARLY TERMINATION

TriMet agrees to pay the rent for the Term at one time, in an amount that constitutes the present value of the rent for the Sublease Term, which is the sum of \$113,179 (the "Rent"). TriMet agrees to pay the Rent by wire transfer within five (5) business days after the Sublease is signed. TriMet shall have the right to terminate the Sublease at any time, by giving the City written notice of early termination at least 90 days in advance, and if TriMet does so, then the City shall reimburse TriMet in the amount of \$636.24 per calendar day for the number of days between the date TriMet returns possession of the Subleased Property to the City in the condition required by Section 16 and December 31, 2011. TriMet's rental rate for each day after December 31, 2011, as long as the City occupies the Subleased Property after December 31, 2011, shall be \$611.46 per day.

SECTION 6 POSSESSION; PERMITTED USE

6.1 Possession

Sublessor agrees to give Sublessee possession of the Subleased Property as of the Commencement Date, and Sublessee shall be entitled to possession of the Subleased Property, and subject to Sublessor's limited rights of access set forth in Section 6.2 of this Sublease and the

Lease throughout the Term and the Extended Term, if any, even if Sublessee is in default of this Sublease.

6.2 Landlord's and Sublessor's Right of Access

Landlord shall be entitled to come upon the Subleased Property so long as Landlord's activities are in compliance with the terms and conditions of the Lease and do not otherwise in any material way interfere with TriMet's Project. In addition, Sublessor and Sublessor Related Parties and contractors of Sublessor may come upon the Subleased Property when reasonably necessary to conduct activities related to the ESCSO Project, so long as Sublessor gives Sublessee reasonable advance notice and coordinates its activities so as to not materially interfere with the TriMet Project.

6.3 Permitted Use

Sublessee is entitled to use the Subleased Property for only the following activities: all activities that are part of or associated with TriMet's Project, including but not limited to, construction of an access way to the temporary work bridge, construction staging, parking, and all other reasonably related uses for construction of the TriMet Project. As a result of its Project, TriMet will displace 21 parking spaces on the Subleased Property; TriMet will provide equivalent parking on property owned by Craigievar Investments, LLC, ("Craigievar") and leased to American Waterways, Inc. ("Portland Spirit"). To the extent permitted by the Oregon Tort Claims Act and the Oregon Constitution, BES agrees to defend, indemnify and hold harmless TriMet, its officers, agents and employees against any liabilities, damages, costs, expenses, losses, claims, demands, actions and suits arising out of the use of the Portland Spirit parking lot by BES or its employees, agents, representatives or invitees. This indemnification shall survive the termination or expiration of this Agreement.

6.4 <u>Limitations of Sublessee's Use of the Property</u>

Sublessee shall maintain a pathway along the Willamette River that can be safely used by pedestrians and bicyclists, except when the TriMet Project requires the closure of that pathway during construction for safety reasons. In the event that TriMet closes the pathway, it shall provide three (3) days prior written notice of said closure to Landlord, shall work in consultation with Landlord to minimize any disruption caused by the path closure, and shall provide at TriMet's sole cost and expense a detour for pedestrians and bicyclists_that is mutually agreeable between OMSI and TriMet.

6.5 Compliance with Laws

Throughout the Term, Sublessee shall, in its occupancy and use of the Subleased Property, comply with all applicable laws.

SECTION 7 HAZARDOUS SUBSTANCES

7.1 <u>Sublessee's Responsibility</u>

Sublessee shall not generate, release, store, or deposit on the Subleased Property any Hazardous Substances, except that Sublessee may use and store Hazardous Substances in compliance with Laws in connection with the lawful operation of the Subleased Property. Sublessee shall remove from the Subleased Property or otherwise remediate any Hazardous Substances that are deposited on, in or under the Subleased Property by Sublessee or by any agent, contractor, employee, licensee or guest of Sublessee, during the Term to the extent required by applicable Governmental Authorities, and shall restore the Subleased Property to the condition the Subleased Property was in immediately prior to commencement of such removal and remediation work. In the event that a third party, which is not an agent, contractor, employee or licensee of Sublessee, deposits Hazardous Substances on the surface of the Subleased Property during the Term, if Sublessee has not reasonably secured the Property, then Sublessee shall be responsible for any remediation of such Hazardous Substances required by Governmental Authorities. At Sublessor's option, Sublessor may perform Sublessee's obligations under this Section 7.1 if Sublessee fails to commence performance of its obligations under this Section 7.1 within thirty (30) days after Sublessor's notice to Sublessee or if Sublessee fails to diligently prosecute such performance to completion. Sublessee shall reimburse all reasonable costs, fees, and expenses (including reasonable attorneys', engineering, and other consultants' fees) incurred by Sublessor in connection with such performance within 30 days after Sublessor's billing therefor.

7.2 <u>Sublessee's Indemnity Obligation</u>

To the extent allowed by the Oregon Constitution and Oregon Tort Claims Act, Sublessee shall defend, indemnify and hold harmless Sublessor, and Sublessor Related Persons from and against any and all claims, losses, liabilities, damages, response costs and expenses of any nature whatsoever arising out of or in any way related to the generation, release, storage, or deposit of Hazardous Substances on the Subleased Property resulting from the acts or omissions of: Sublessee, any Sublessee Related Persons, or any agent, , employee, licensee or guest of Sublessee.

7.3 <u>Sublessor's Indemnity Obligation</u>

To the extent allowed by the Oregon Constitution and Oregon Tort Claims Act, Sublessor shall defend, indemnify and hold harmless Sublessee and Sublessee Related Persons from and against any and all claims, losses, liabilities, damages, response costs and expenses of any nature whatsoever arising out of or in any way related to the generation, release, storage, or deposit of Hazardous Substances on the Sublessed Property resulting from the acts or omissions of: Sublessor, Sublessor Related Persons, or any agent, employee, licensee or guest of Sublessor.

<u>SECTION 8</u> <u>SUBLESSEE'S RESPONSIBILITY FOR ALL OPERATING EXPENSES;</u> <u>LIENS</u>

8.1 Utilities

Throughout the Term, Sublessee shall pay or cause to be paid when due, all charges for Utilities provided to or used in connection with the Subleased Property that are as a result of Sublessee's use of the Subleased Property.

8.2 Payment and Contest of Impositions

- **8.2.1** To the extent not already done so by Sublessor, Sublessee shall be responsible for applying for and maintaining an exemption for the Subleased Property from ad valorem real property taxes. Landlord and Sublessor shall cooperate in all reasonable respects with such application and maintenance of the exemption. Sublessee is strictly prohibited from doing anything that could cause all or any part of the Subleased Property to lose its exemption from ad valorem real property taxes. In the event that the Sublessee violates this prohibition, Sublessee shall be responsible for payment of such taxes. Throughout the Term, Sublessee shall pay when due all other Impositions levied or assessed against the Subleased Property that are as a result of Sublessee's use of the Subleased Property.
- **8.2.2** If any Imposition may, under applicable Law, at the option of Sublessee be paid in installments, Sublessee may exercise that option, and shall pay all such installments (and interest, if any) becoming due during the Term as they become due.
- **8.2.3** Sublessee will furnish to Sublessor upon Sublessor's request (unless being contested in conformance with Section 8.2.4), official receipts of the appropriate taxing authority or other proof satisfactory to Sublessor evidencing the payment of the Imposition.
- **8.2.4** Sublessee at its sole cost and expense may, by appropriate legal proceedings conducted in good faith and with due diligence, contest the amount or validity or application, in whole or in part, of any Imposition or lien therefor, if:
- (i) The proceedings suspend the collection of the Imposition from Sublessor, Sublessee and the Subleased Property as applicable;
- (ii) Sublessee shall have furnished security as may be required in the proceedings; and
- (iii) Sublessee shall have given Sublessor reasonable notice of, information pertaining to, and regular progress reports about the contest.

8.3 Assessments

Sublessee is not responsible for any Assessments during the Term.

8.4 Proration

Any Imposition on the Subleased Property relating to a fiscal period, a part of which period is included within the Term and a part of which is included in a period of time after the termination of the Term, or prior to the Commencement Date, shall be proportionally adjusted as between Sublessor and Sublessee as of the termination of the Term of this Sublease, or as of the Commencement Date, as applicable, so that Sublessor shall pay that proportion of such Imposition which relates to that part of such fiscal period after the termination of the Term, or prior to the Commencement Date, as applicable, and Sublessee shall pay the remainder thereof. With respect to any Imposition for public improvements or benefits which by Law is payable, or at the option of the taxpayer may be paid, in installments, Sublessor shall pay the installments thereof which may be paid (without penalty, interest or other charge or cost) prior to the Commencement Date or after the end of the Term and Sublessee shall pay all installments which are due or payable during the Term.

8.5 <u>Liens</u>

Sublessee shall not allow any lien to be filed against the Subleased Property or Landlord's or Sublessor's interest in the Subleased Property on account of Sublessee's activities on the Subleased Property. In the event such a lien is filed against the Subleased Property, it shall not be a Sublessee default, so long as Sublessee causes the lien to be bonded off within thirty (30) days of its filing. Sublessee shall defend and indemnify Sublessor from any such lien filed against the Subleased Property.

SECTION 9 MAINTENANCE

Sublessee shall be responsible for all maintenance and repair of the Improvements that constitute the TriMet Project. Sublessee shall be responsible for any actions necessary to stabilize the Sublessed Property or its riverbank area in the event of flood.

SECTION 10 INSURANCE, DAMAGE OR DESTRUCTION

10.1 Required Insurance

TriMet will maintain (through a licensed insurer or through self insurance) commercial general liability insurance for bodily injury and/or property damage and commercial automobile liability insurance covering owned, hired, and non-owned vehicles, each having limits consistent with TriMet's obligations under the Oregon Constitution and the Oregon Tort Claims Act, ORS 30.260 to 30.300. In addition, TriMet (through a licensed insurer or through self insurance) will maintain at its own expense statutory workers compensation insurance covering all employees as required by law. TriMet shall ensure that it or its contractors who will be performing activities on the Subleased Property have and maintain in force: (a) commercial general liability insurance, with coverage limits not less than \$1,000,000 per occurrence, bodily injury, and property damage and \$2,000,000 general aggregate, bodily injury and property damage. This coverage will be equivalent to or better than the Insurance Service Office (ISO) standard coverages, conditions,

and extensions, and shall not contain limitations or exclusions for Blanket Contractual, Broad Form Property Damage, Personal Injury, Premises-Operations, Products-Completed Operations, Independent Contractors, Fire Legal Liability, and Explosion, Collapse, and Underground (XCU); (b) business auto liability insurance, which shall cover automobile bodily injury and property damage liability for all motor vehicles, whether owned, non-owned, leased, or hired, with coverage not less than \$1,000,000 per person, \$1,000,000 per accident, and \$1,000,000 per accident; and (c) Oregon statutory worker's compensation insurance and employer's liability coverage, including broad form all states protection, if applicable, voluntary compensation and Federal endorsement, with employer's liability coverage of not less than \$1,000,000 for bodily injury for each accident, \$1,000,000 for bodily injury by disease for each employee, and \$1,000,000 for bodily injury by disease. Each such policy shall be primary, not contributory, and shall include a waiver of subrogation clause specific to the Subleased Property, provided that the coverage required hereunder is not adversely affected, and a severability of interest clause.

10.2 **Damage or Dysfunction**

Sublessee shall be responsible for and shall restore any damage caused to the Subleased Property by a casualty event.

SECTION 11 CONDEMNATION

11.1 Total Taking

In the event of the taking or condemnation by any Governmental Authority for any public use or purpose (a "Taking") of the whole of the Subleased Property at any time during the Term:

- 11.1.1 The Term shall end as of the date of possession by the condemning Governmental Authority, all Rent shall be retained by Sublessor, and no Rent shall be prorated.
- 11.1.2 The condemnation award, to the extent Sublessor is entitled to any condemnation award, shall be allocated between Sublessor and Sublessee based on their respective interests in the Subleased Property. For purposes of this Section 11.1.2, the Sublessee's interest shall be valued at 80% of the monthly rental rate multiplied by a fraction, the numerator of which is the number of months remaining in the Term, and the denominator of which is the total number of months in the Term.

11.2 Substantial Taking

As used in this Section, a Substantial Taking means a Taking of a portion of the Subleased Property that materially and adversely affects the operation or value of the TriMet Project Improvements, as reasonably determined by Sublessee. A Substantial Taking shall be treated as a Total Taking under Section 11.1 of this Lease.

11.3 Partial Taking

In the event of a Taking which is not a Total Taking or a Substantial Taking (a "Partial Taking"):

11.3.1 The Term shall continue. Rent shall not be prorated or reduced and shall be retained by Sublessor.

11.3.2 The award from a Partial Taking shall be distributed to Sublessor and Sublessee pursuant to Section 11.1.2.

11.4 Degree of Taking

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If the parties cannot agree on whether the Taking is a Partial Taking or a Substantial Taking, the degree of the Taking shall be determined by dispute resolution pursuant to Section 17.

11.5 <u>Temporary Taking</u>

If the whole or any part of the Subleased Property or of Sublessee's interest under this Agreement be taken or condemned by any competent authority for its temporary use or occupancy ("Temporary Taking"), Sublessee shall continue to pay the full amounts of Rent, and all Impositions and other sums payable by Sublessee under this Agreement.

SECTION 12 INDEMNITY

12.1 Sublessee's Obligation

To the extent allowed by the Oregon Constitution or the Oregon Tort Claims Act, Sublessee shall defend, indemnify and hold harmless Sublessor and Sublessor Related Persons from and against any and all liabilities, losses, obligations, penalties, fines, damages, claims, suits, costs, remediation costs and expenses resulting from the acts or omissions of: Sublessee, any Sublessee Related Persons, or any agent, employee, licensee or guest of Sublessee. The obligations of Sublessee under this Section 12.1 shall not in any way be affected or limited by the absence in any case of insurance coverage or by the failure or refusal of any insurance carrier to perform any obligation on its part to be performed under insurance policies affecting the Subleased Property and shall survive the termination or expiration of this agreement.

12.2 <u>Sublessor's Obligation</u>

Sublessor shall defend, indemnify and hold harmless Sublessee and the Sublessee Related Persons from and against any and all liabilities, losses, obligations, penalties, fines, damages, claims, suits, costs, remediation costs and expenses resulting from the acts or omissions of: Sublessor any Sublessor Related Persons, or any agent, employee, licensee or guest of Sublessor. The obligations of Sublessor under this Section 12.2 shall not in any way be affected or limited by the absence in any case of insurance coverage or by the failure or refusal of any insurance carrier to perform any obligation on its part to be performed under insurance policies affecting the Subleased Property and shall survive the termination or expiration of this agreement.

12.3 Conflict with Hazardous Substances Indemnity

If there is a conflict between the provisions of this Section 12 and the provisions of Section 7, the provisions of Section 7 shall control.

SECTION 13 QUIET ENJOYMENT

At all times during the Term, Sublessee shall have the right to peacefully and quietly have, hold and enjoy the Subleased Property and the Improvements, subject to the terms of this Agreement.

SECTION 14 SUBLETTING AND ASSIGNMENT

14.1 Subletting

Sublessee shall not have the right to sublease all or any part of the Subleased Property for any time or times during the Term without the consent of Landlord and Sublessor, which may or may not be given by Landlord or Sublessor in their sole discretion. All subleases shall be in writing and shall be expressly subject to the terms of the Lease and this Agreement.

14.2 Assignment

Sublessee may not Transfer this Agreement to any successor of Sublessee without Landlord and Sublessor's consent, which may or may not be given by Landlord or Sublessor in their sole discretion. Any assignee, purchaser or transferee of Sublessee's interest in this Agreement (each a "Transferee") must agree to assume Sublessee's obligations under this Agreement occurring after the date of the Transfer.

14.3 Sublessee Liability

Upon any Transfer, Sublessee shall continue to be liable under the terms of this Agreement, as a guarantor of the Transferee's performance of its obligation under this Agreement.

14.4 Covenants Binding on Successors and Assigns

All of the terms, conditions and covenants of this Agreement shall inure to the benefit of and be binding upon the successors of the respective Parties.

SECTION 15 DEFAULT

15.1 Event of Default

The occurrence of any of the following shall constitute an Event of Default:

15.1.1 Failure of Sublessee to pay when due any payment owed to Sublessor, or to pay any Imposition or any other payment required under this Agreement when due (except as and to the extent permitted under Section 8.2 of this Agreement), and the occurrence or failure

continues for a period of ten (10) days after written notice of such failure is given to Sublessee by Sublessor;

- 15.1.2 Sublessee being in breach of, or Sublessee failing to perform, comply with, or observe any other term, covenant, warranty, condition, agreement or undertaking contained in or arising under this Agreement and Sublessee fails to cure the default within ten (10) days after written notice thereof is given by Sublessor to Sublessee. However, if the default cannot reasonably be cured within such ten (10) day period, and Sublessee proceeds promptly and thereafter prosecutes with due diligence the curing of the default, then the time for curing of the default shall be extended for the period of time necessary to complete the cure;
- 15.1.3 Sublessee making an assignment for the benefit of creditors, filing a petition in bankruptcy, petitioning or applying to any tribunal for the appointment of a custodian, receiver or any trustee for it or a substantial part of its assets, or commencing any proceedings under any bankruptcy, reorganization, arrangement, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or Sublessee by any act or omission indicating its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or any trustee for it or any substantial part of any of its properties, or suffering any such custodianship, receivership or trusteeship to continue undischarged for a period of thirty (30) days or more; or
- 15.1.4 Sublessee being generally unable to pay its debts as such debts become due.

15.2 No Termination of Sublease

Upon an Event of Default by Sublessee, Sublessor may not terminate this Agreement.

15.3 <u>Damages and Remedies</u>

15.3.1 Subject to Section 15.2 above, in the case of an Event of Default, the Sublessor shall be entitled to all remedies at law or in equity. For a breach during the Term, the exercise by either Party of any remedy arising by virtue of an event of default shall not be considered exclusive, but either Party may exercise any and all other rights or remedies provided by this Agreement or by law or equity.

15.4 No Waivers

No failure by any Party to insist upon the strict performance of any provision of this Agreement or to exercise any right, power or remedy consequent to any breach thereof, and no waiver of any breach shall constitute a waiver of any such breach or of any provision. No waiver of any breach shall affect or alter this Agreement, which shall continue in full force and effect, or the rights of any Party hereto with respect to any other then existing or subsequent breach. A waiver must be in writing and signed by the Party to be bound by such waiver.

15.5 Performance by Sublessor of Sublessee's Defaulted Obligations

In case of failure on the part of Sublessee to pay any money, or do any act to satisfy any of the obligations or covenants which it is required to pay, do, or satisfy under the provisions of this Lease, Sublessor may, at its option, after thirty (30) days' prior written notice to Sublessee, pay any or all of the sums, or do any or all such acts which require the payment of money, or incur any reasonable expense to remedy the failure of Sublessee to perform any one or more of the covenants contained in this Lease. Sublessee shall repay the sums advanced to Sublessor on demand together with interest accruing from the date of demand at the rate per annum which is the lesser of (i) the floating rate per annum which is the sum of 4% per annum plus the "Prime Rate" published in the "Money Rates" section of the Wall Street Journal (or, if the Wall Street Journal shall cease to publish said rate, or if said publication shall cease to exist, then such other publication as selected by Sublessor in its reasonable discretion), as in effect on the last business day of the preceding calendar month, or (ii) the maximum rate permitted to be charged for purposes hereof by applicable Law (the "Interest Rate"). Sublessor shall not be obligated to so cure any of Sublessee's defaults; and such right to cure shall be in addition to and not in lieu of any other right or remedy.

SECTION 16 SURRENDER UPON TERMINATION

Upon the termination of this Sublease, or the termination of a lease agreement that may be executed between TriMet and OMSI, whichever termination date occurs later, TriMet shall deliver possession of the Subleased Property to either the City or OMSI, as appropriate, in the condition required by this Sublease as more particularly described in Section 9 and this Section 16. Except for Improvements that were placed by the TriMet Project, TriMet shall remove all of TriMet's personal property from the Subleased Property upon termination of the Sublease or a TriMet-OMSI lease, as appropriate. Any of TriMet's personal property not so removed seven days after termination of the Sublease (or TriMet-OMSI lease) shall be deemed abandoned by TriMet, and TriMet shall be responsible for the cost of removal, which obligation shall survive the termination of this Sublease (or TriMet-OMSI lease). In addition to the above, upon the end of the Sublease Term or the termination of a TriMet-OMSI lease, which ever termination date occurs later, TriMet shall:

- **16.1** Turn over possession of the Subleased Property to Sublessor or Landlord, as appropriate, free and clear of any liens or encumbrances arising from Sublessee's possession of and use of the Subleased Property.
- **16.2** Return possession of the Subleased Property in a generally level condition and free of any construction debris.
- **16.3** Coordinate the removal of riverbank Improvements or alterations with the City of Portland.

SECTION 17 DISPUTE RESOLUTION

17.1 Mediation

In the event of any dispute arising out of or relating to this Agreement or the breach thereof, the Parties agree to try in good faith to settle the dispute by mandatory and confidential mediation in accordance with ORS 36.226, as amended, before resorting to arbitration, litigation, or any other dispute resolution procedure. The mediation shall be conducted under the Arbitration Service of Portland, Inc. or its successor ("Arbitration Service") Commercial Mediation Rules (except as modified by this Agreement), but shall otherwise be administered by the mediator. The mediator shall be selected by mutual agreement of the Parties; if the Parties cannot agree, the mediator will be selected by the Arbitration Service. The Arbitration Service shall select a mediator with experience in mediating and arbitrating commercial disputes of the type at issue between the Parties. If the Arbitration Service of Portland, Inc., or its successor is no longer in existence, the American Arbitration Association shall be the "Arbitration Service."

17.2 Arbitration

In the event that the Parties are unable to resolve a dispute by mediation within 45 days of a Party's request for mediation, the dispute will be submitted to arbitration in accordance with the Arbitration Service Commercial Arbitration Rules (except as modified by this Agreement). The mediator named under Section 17.1 shall not serve as the arbitrator. An arbitrator shall be selected by mutual agreement of the Parties; if the Parties cannot agree, the arbitrator will be selected by the Arbitration Service. The Arbitration Service shall select an arbitrator with experience in arbitrating commercial disputes of the type at issue between the Parties. The arbitrator shall administer the arbitration after he or she has been selected. If the arbitration does not resolve the dispute, then either Party shall be entitled to pursue its available legal or equitable remedies through litigation.

17.3 Discovery

The Parties to the arbitration shall be entitled to such discovery as would be available to them in United States District Court for the District of Oregon (the "District Court"), provided that the Parties agree to limit requests for documents, depositions and other discovery to only those requests as appear reasonably necessary to prepare for the arbitration hearing and further agree to use all reasonable efforts to expedite the arbitration proceeding. The Parties agree that all facts and other information relating to any arbitration shall be kept confidential to the fullest extent permitted by Law.

17.4 Procedural Matters

The mediator or arbitrator, as the case may be, shall resolve any disputes concerning location, scheduling, discovery, timeliness and other procedural or substantive matters concerning the proceedings.

17.5 Venue

The mediation and arbitration (if any) shall be held in Portland, Oregon. Exclusive venue of any action to compel arbitration, enforce or defend an award of the arbitrator or otherwise arising out of this Agreement shall lie in the state and federal courts in Portland, Oregon.

17.6 Limitations of Actions

The statute of limitations of the State of Oregon applicable to the commencement of a lawsuit will apply to the commencement of an arbitration hereunder, except that no defense will be available based on the passage of time during any mediation called for by this Section 17.

17.7 Expenses

Each Party to the mediation or arbitration will pay a portion of the expense of the mediator and/or arbitrator equal to one divided by the number of Parties to the mediation or arbitration.

17.8 Attorney Fees

In any mediation or arbitration hereunder, each Party shall bear the Party's own attorneys' fees and costs of mediation or arbitration. In any litigation to compel arbitration, defend or enforce an award of the arbitrator or otherwise arising out of this Agreement, and on any appeal or review thereof, the prevailing Party or Parties shall be entitled to recover reasonable expert witness fees and costs from the other Party or Parties, but the prevailing Party or Parties will not be entitled to recover its attorney fees from the other Party or Parties.

17.9 Confidentiality

The Parties agree that the confidentiality of any mediation or arbitration proceedings shall be maintained to the fullest extent permitted by Law. In the event that court proceedings are nevertheless commenced for any reason, the Parties will cooperate in seeking to have the matter placed under seal and to ensure confidentiality of the matter to the fullest extent permitted by Law.

SECTION 18 GENERAL PROVISIONS

18.1 <u>Estoppel Certificates</u>

Each of the Parties agrees that it will, at any reasonable time and from time to time, within ten (10) days following written notice by the other Party, execute, acknowledge and deliver to the Party who gave such notice a statement in writing certifying that this Agreement is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), the dates to which the Rent and any other payments due from Sublessee have been paid in advance, if any, and stating whether or not to the best of knowledge of the signer of such certificate the other Party is in default in performance of any covenant, agreement or condition contained in this Agreement, and, if so, specifying each

such default of which the signer may have knowledge, and specifying any other factual information concerning this Agreement as reasonably requested by either Party.

18.2 No Partnership

Nothing in this Agreement or in any instrument relating to this Agreement shall be construed as creating a partnership or joint venture between Sublessor and Sublessee, or cause Sublessor to be responsible in any way for debts or obligations of Sublessee or any other Party.

18.3 <u>Time of the Essence</u>

Time is of the essence of this Agreement and of each and every term, covenant, agreement, condition and provision of this Agreement.

18.4 <u>Captions</u>

The captions of this Agreement and the table of contents preceding this Agreement are for convenience and reference only, and are not a part of this Agreement, and in no way amplify, define, limit or describe the scope or intent of this Agreement, nor in any way affect this Agreement.

18.5 Meaning of Terms

Words of any gender in this Agreement shall be held to include any other gender and words in the singular number shall be held to include the plural when the sense requires.

18.6 Agreement Construed as a Whole

The language in all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning and neither strictly for nor against Sublessor or Sublessee.

18.7 <u>Severability</u>

If any provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of that provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and be enforced to the fullest extent permitted by Law.

18.8 Survival

Each provision of this Agreement, the full performance of which is not required prior to the expiration of the Term hereof or its earlier termination shall survive expiration or earlier termination, and be fully enforceable thereafter, including, without limitation, all indemnity obligation hereunder.

18.9 Amendment

This Agreement may be amended, or modified, only in writing, signed by both Sublessor and Sublessee, so long as said modifications are agreed and consented to by Landlord.

18.10 Commissions

Sublessor and Sublessee represent and warrant that neither Party has engaged a real estate broker, agent, or finder who may be due a commission or other fee in connection with this Agreement. Sublessor and Sublessee shall save and hold the other harmless from any and all claims or demands for compensation made by real estate brokers, agents or finders with whom such indemnifying Party may have dealt in connection with this Agreement.

18.11 Notices

A notice or communication under this Agreement by a Party to the other Party shall be sufficiently given or delivered upon personal delivery, via electronic mail (email) or if dispatched by registered or certified mail, postage prepaid, return receipt requested or by an "overnight delivery" service that provides a written confirmation of delivery, and addressed to a Party as follows:

If to Landlord:

Oregon Museum of Science and Industry

1945 SE Water Avenue Portland, Oregon 97214

Attn: President

and to:

Lane Powell PC

601 SW Second Avenue, Suite 2100

Portland, OR 97204 Attn: Jill R. Long

If to Sublessor:

Property Manager

Bureau of Environmental Services 1120 SW Fifth Avenue, Room 1000

Portland, Oregon 97204

and to:

Willamette River CSO Program Manager

211 SE Caruthers St., Suite 200

Portland, OR 97214

If to Sublessee:

TriMet

Real Property Manager 710 NE Holladay St. Portland, OR 97232 and to:

TriMet
Britney Colton
Deputy General Counsel
710 NE Holladay St.
Portland, OR 97232

Each Party may, by notice to all the other Parties, specify a different address for subsequent notice purposes. Notice shall be deemed effective on the date of actual receipt or three days after the date of mailing, whichever is earlier.

18.12 References to Documents

Any reference to any document contained in this Agreement, including, without limitation, any reference to this Agreement, shall be construed to mean such document, as amended, supplemented or modified from time to time.

18.13 Force Majeure

If the performance by either of the Parties of their respective obligations under this Agreement (excluding monetary obligations) is delayed or prevented in whole or in part by any Unavoidable Delay (and not attributable to an act or omission of the Party), the Party shall be excused, discharged, and released of performance to the extent such performance or obligation (excluding any monetary obligation) is so limited or prevented by such occurrence.

18.14 No Personal Liability

No director, officer, attorney, or employee of Sublessor shall be personally liable to Sublessee or any successor in interest to Sublessee in the event of any default or breach by Sublessor or for any amount which may become due to Sublessee or such successor with respect to any obligations under the terms of this Agreement. No director, officer, attorney, or employee of Sublessee shall be personally liable to Sublessor or any successor in interest to Sublessor in the event of any default or breach by Sublessee or for any amount which may become due to Sublessor or such successor with respect to any obligations under the terms of this Agreement.

18.15 Recitals and Exhibits

The Recitals and exhibits attached to this Agreement are hereby incorporated into this Agreement.

18.16 No Third Party Beneficiaries

This Agreement is not intended to create or confer, and shall not be construed to create or confer (directly, indirectly, contingent or otherwise), any rights or benefits or any so-called third-party beneficiary rights on any Person other than Sublessor and Sublessee and the respective permitted successors and assigns of Sublessor and Sublessee.

18.17 Reference Date of Agreement

For reference purposes, the effective date of this Agreement shall be June 1, 2011, irrespective of the date the Parties actually execute the Agreement.

18.18 Entire Agreement

This Agreement contains the final and complete expression of the Parties relating in any manner to the leasing, use and occupancy of the Subleased Property and other matters set forth in this Agreement. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Agreement shall not be altered, modified or added to except in writing signed by Sublessor and Sublessee, and agreed to by Landlord.

18.19 Parties to this Agreement

Any reference herein to the "Parties" to this Agreement does not include OMSI unless specifically stated so.

In Witness whereof, the Parties have executed this Sublease by their duly authorized representatives as set forth below.

TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF

OREGON	
By:	
Name:	
Title:	
Date:	
Approved as to form and legal suffici	ency:
Britney Colton	
Deputy General Counsel, TriMet	
CITY OF PORTLAND, by and throu	igh its Bureau of Environmental Services
Ву:	
Name:	
Title:	
Date:	
Approved as to form:	

CONSENT OF OMSI

OMSI hereby consents to this Sublease.

OREG	ON MUSEUM OF SCIENCE AN	ND INDUSTRY, an Oregon non-for-profit cor	poration
By: Name: Title: Date:		- - -	



PERMIT OF ENTRY

Owner/Lessor Name: OMSI

Lessee:

City/BES

County:

Multnomah

In order to allow Tri-County Metropolitan Transportation District of Oregon ("TriMet") to construct a temporary access route to the temporary work bridge (the "Work") related to the Portland-Milwaukie Light Rail Project (the "Project"), the City of Portland, Bureau of Environmental Services ("BES") ("Lessee"), with the consent of Oregon Museum of Science & Industry ("OMSI") ("Owner" or "Lessor"), grants to TriMet and its employees, agents, contractors and representatives, the right to enter upon the real property designated on the attached Exhibit A ("Site"), which is incorporated herein by this reference, on the following terms and conditions:

- 1. BES has entered into that certain Ground Lease Agreement with OMSI dated October 19, 2005, and the First Amendment to Ground Lease dated March 2, 2010 (collectively, the "Lease"). The Site is a portion of the Leased property.
- 2. To the extent permitted by the Oregon Tort Claims Act and the Oregon Constitution, TriMet agrees to defend, indemnify and hold harmless Owner and Lessee, their officers, agents, contractors and employees for, from and against any and all liabilities, damages, costs, expenses, losses, claims, demands, actions and suits (including attorney fees) arising out of the performance of the Work in conjunction with the Project by TriMet or its agents, employees, contractors or invitees or in connection with the use of the Site by TriMet or its agents, employees, contractors or invitees. These indemnity obligations shall survive the termination or expiration of this Permit.
- 3. TriMet agrees to repair any damage to the Site caused by TriMet or its employees, agents, contractor or subcontractors and, except for the improvements to the Site as a result of the Work, to leave the site in substantially the same condition it was in upon possession by TriMet.
- 4. TriMet's use of and activities on the Site shall be limited to the performance of the Work. The Work is described in Exhibit B, which is incorporated herein by this reference. As a result of the Work, TriMet will displace 21 parking spaces on the Site, TriMet will provide equivalent parking on property owned by Craigievar Investments, LLC, ("Craigievar") and leased to American Waterways, Inc. ("Portland Spirit). To the extent permitted by the Oregon Tort Claims Act and the Oregon Constitution, BES agrees to defend, indemnify and hold harmless TriMet, its officers, agents and employees against any liabilities, damages, costs, expenses, losses, claims, demands, actions and suits arising out of the use of the Portland Spirit parking lot by BES or its employees, agents representatives or invitees. This indemnity obligation shall survive the termination or expiration of this Permit. It is understood and agreed that this

- Permit grants only a license, that no transfer of title or other real property ownership interest is granted as a part of this Permit, and it is further understood that this Permit will in no way jeopardize OMSI's rights as owner. No use, activities, or the incurrence of any expense or cost by TriMet in reliance on this Permit shall have the effect of or be construed as establishing an easement or other interest in real property. TriMet acknowledges and agrees that Owner makes no warranty whatsoever with respect to the Site or the real property, including any warranty of title, fitness, or habitability.
- 5. Owner retains the right to use or allow third parties to use the Site for any use or purpose so long as Owner's or such third party's use of the Site is not incompatible with Lessee's or TriMet's use of the Site. TriMet shall not damage or cause interference with the operations of any improvements or facilities installed by other authorized users of the Site, including but not limited to Lessee. If the activities or facilities of such other authorized users result in any damage to or interference with TriMet's activities, TriMet shall cooperate and work with such other users to eliminate such damage or interference, and Owner and Lessee and their employees, agents and contractors shall have no responsibility or liability for the same.
- 6. In its use of the Site and in the performance of the Work, TriMet shall use its best efforts to avoid causing any damage to, or interference with, any improvements on or within the Site (including, without limitation, any utility lines installed under, across or within the Site) or on or within the real property adjacent to the Site. All activities conducted by TriMet on the Site shall be conducted in compliance with all conditions, encumbrances, charges and other restrictions applicable to the Site and in compliance with all applicable laws and rules.
- 7. In making use of the Site, TriMet shall: (i) comply with all current applicable safety practices and procedures for all persons using the Site; (ii) before leaving any uncapped areas on the Site, shall ensure that boots or shoes worn by personnel and equipment brought onto the Site are properly cleaned and decontaminated, per applicable DEQ and other requirements. Such cleaning shall be conducted at an area to be designated by TriMet and in a manner acceptable to TriMet, with consultation and consent by Owner.
- 8. TriMet shall provide to Owner, within a reasonable period of time after receipt by TriMet and without demand by Owner, a copy of any report or survey produced in connection with the Work.
- 9. TriMet shall not permit any claim, lien or other encumbrances arising from TriMet's use of the Site to accrue against or attach to the Site.
- 10. This Permit and the license granted herein are strictly personal to TriMet and may not be assigned by TriMet in whole or part. Any attempted assignment of this Permit by TriMet shall be void and shall be deemed a breach and an automatic termination of this Permit.
- 11. This Permit confers no rights to any person or persons other than the parties signatory hereto, including the consenting party.
- 12. This Permit is the complete, integrated agreement of the parties with respect to its subject matter, all prior understandings or Permits, whether written or oral, if any, being hereby

merged into this Permit, notwithstanding the Lease, which shall continue in full force and effect as between the Lessor and Lessee.

- 13. This Permit may not be modified or amended other than by a written agreement signed by all parties signatory hereto.
- 14. This Permit shall not be recorded in the official real property records of any county, including Multnomah County, Oregon.
- 15. This Permit may be executed in one or more duplicate counterparts and when signed by all of the parties listed below, shall constitute a single binding document.
- 16. If any provision of this Permit is invalid or unenforceable the remaining provisions shall not be affected thereby, and every provision of this Permit shall be valid and enforceable to the fullest extent permitted by law.
- 17. This Permit shall be governed by and construed in accordance with the laws of the State of Oregon.
- 18. TriMet and BES are negotiating a sublease for use of the Site, as well as additional property covered by the Lease. This Permit of Entry shall be effective on May 1, 2011 ("Effective Date") and shall terminate upon execution of a valid sublease between TriMet, BES, and OMSI for use of the Site.

DATED this day of	, 2011.
TRI-COUNTY METROPOLITAN TRAN	SPORATION DISTRICT OF OREGON
By:	Approved as to Form:
	By:Britney Colton, Deputy General Counsel
CITY OF PORTLAND, BES	APPROVED AS TO FORM:
Name:	By: M.V. Bat
Title:	$ \left(\cdot \right)$

733381

CONSENTED TO BY

OREGON MUSEUM OF SCIENCE & INDUSTRY

Ву:	
Name: _	 •
Title:	•