

**INTERGOVERNMENTAL AGREEMENT FOR DONATION
OF A PORTION OF THE WILLAMETTE SHORE LINE RIGHT-OF-WAY TO
TRIMET FOR THE PORTLAND-MILWAUKIE LIGHT RAIL PROJECT**

This Intergovernmental Agreement is made and entered into as of the effective date shown below, by and between the CITY OF PORTLAND, OREGON ("Portland"), METRO ("Metro"), the CITY OF LAKE OSWEGO, OREGON ("Oswego"), CLACKAMAS COUNTY, OREGON ("Clackamas"), the TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON ("TriMet"), and the STATE OF OREGON DEPARTMENT OF TRANSPORTATION ("ODOT") (collectively, the Willamette Shore Line Consortium (the "Consortium" or "Donor")) and TriMet (also referred to herein as "Donee").

RECITALS

1. In 1994, the Consortium was established for the purpose of managing the Willamette Shore Line Right-of-Way ("WSL ROW"), which certain members of the Consortium had purchased several years earlier from Southern Pacific Transportation Company in order to preserve it for public rail mass transit use.
2. TriMet owns and operates the public mass transit system serving the Portland, Oregon metropolitan region, which includes an existing light rail system.
3. The Regional Transportation Plan for the Portland metropolitan region and the Transportation Element of Portland's Comprehensive Plan each anticipate the development of an additional light rail line commonly known as the Portland-Milwaukie LRT line.
4. In May 2008, the Federal Transit Administration ("FTA") issued a Supplemental Draft Environmental Impact Statement ("SDEIS") for the Portland-Milwaukie Light Rail Project ("Project"), in compliance with FTA and National Environmental Protection Act requirements.
5. In July 2008, Metro adopted the Locally Preferred Alternative ("LPA") and the Land Use Final Order for the Project after local jurisdictions including the cities of Portland, Milwaukie and Oregon City along with Clackamas and Multnomah Counties and TriMet and ODOT recommended the adoption of the LPA .
6. In March 2009, FTA authorized the Project's entry into the Preliminary Engineering ("PE") stage of project development. PE is expected to conclude in early 2010. TriMet expects the Final Environmental Impact Statement to be published in Spring 2010, followed by a Record of Decision in Summer 2010 and the Project's entry into Final Design in Fall 2010.

7. TriMet will be the entity responsible for entering into a Full Funding Grant Agreement (“FFGA”) with FTA as the instrument through which the Project will receive the federal funding component of the Project. TriMet expects to enter into the FFGA in Spring 2012. As the grant recipient, TriMet will, among other things, be the entity responsible for acquiring all real property necessary for construction and operation of the Project.

8. The Project design anticipates use of that certain portion of the WSL ROW consisting of existing Tax Lot R327852, as more particularly shown and described in Exhibit A, incorporated by this reference herein (the “Property”).

9. The Consortium desires to donate the Property to TriMet for incorporation into the Project, consistent with the Consortium’s mission of preserving the WSL ROW for public rail mass transit use.

10. The Consortium acknowledges that TriMet intends to use the value of the Property as in-kind contribution toward TriMet’s local match obligation to FTA for the Project.

11. TriMet, in accordance with ORS 267.200, may accept donations of real property for the purpose of carrying out its functions and duties. Acceptance of the donation of the Property will further TriMet’s ability to meet its responsibilities, will provide a significant public benefit and will not influence or reasonably appear to influence TriMet in the performance of its duties.

12. The Consortium is not subject to TriMet regulation or oversight.

13. Portland owns and operates the Portland Streetcar system providing public transit service from NW Portland to South Waterfront. Pursuant to a 2004 intergovernmental agreement (City IGA No. 52395; TriMet IGA No. GH050455TL; the “Streetcar IGA”), Portland operates a segment of the Portland Streetcar alignment over a portion of the Property. The Streetcar IGA requires Portland to maintain certain portions of the Property and all streetcar-related improvements within this segment.

14. In order to accommodate the alignment of the Project through this area, Portland’s North Macadam Transportation Development Strategy calls for this segment of the Portland Streetcar alignment to be realigned to a new SW Moody Avenue.

15. On February 17, 2010, Portland was awarded a Transportation Investment Generating Economic Recovery (“TIGER”) Grant in the amount of \$23,203,988 to reconstruct SW Moody Avenue in the South Waterfront area. The TIGER-funded project will elevate the roadway by 14 feet to cap contaminated soils, and will include three traffic lanes, dual streetcar tracks and pedestrian and bicycle facilities.

NOW, THEREFORE, the premises being in general as stated in the foregoing recitals, it is agreed by and between the parties hereto as follows:

AGREEMENT

Article 1. Donation and Use Thereof

A. The Consortium has executed a Donation Deed, a copy of which is attached hereto as Exhibit B, conveying the Property to TriMet. The Consortium and TriMet agree that delivery and acceptance of the Donation Deed occur upon execution of this Agreement.

B. The fair market value of the Property donated as determined by an appraisal prepared by Gail Webb on June 25, 2008 is: \$21,624,817. TriMet is in the process of obtaining an updated appraisal and is advised by the appraiser that updated value will not change substantially from the amount established in the 2008 appraisal.

C. When a public improvement project requires any government agency or its contractor to acquire or enter upon private property, the owners of that property are entitled to compensation under federal and state law. Federal law is the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended, PL 91-646, and state law is in Oregon Revised Statutes 35.510, as amended. These laws also allow property owners to donate necessary property rights if they wish. The Consortium agrees and acknowledges that it has been fully informed of its right to receive just compensation for the Property based on an approved appraisal; however, it is the desire and intent of the Consortium to donate the Property to TriMet. This donation of Property by the Consortium to TriMet is made voluntarily by the Consortium and without coercive action of any nature.

D. Acceptance of the donation herein described does not bind TriMet to a course of action or promise of performance. The Consortium is not required or compelled to donate the Property to TriMet. TriMet is not required or compelled to accept the donation of the Property from the Consortium.

Article 2. Representations and Warranties

A. The donation herein is expressly subject to liens and encumbrances of record as of the date of execution of the Donation Deed. The Consortium expressly disclaims any representation and warranty as to encumbrances and/or vested rights of third parties affecting the Property that may conflict or interfere with the rights granted thereby, or that it holds all rights necessary or incident to the operation of the Project on the Property.

B. The Consortium represents and warrants that the conveyance of the Property in accordance with this Agreement will not violate any provision of federal, state or local law, or constitute a breach or default under any agreement to which the Consortium is

bound or to which the Property is subject, including but not limited to: suits, actions, arbitrations, or legal, administrative, or other proceedings or inquiries pending or threatened against the Property that could affect the Consortium's title to the Property.

C. TriMet represents and warrants that the Property is needed and will be used by TriMet for constructing and/or operating the Project. The Property is not being acquired by donation for any other use or purpose, or for sale or other distribution; provided, however, that the Consortium acknowledges that TriMet may convey an interest in the Property to the City of Portland for a future phase of the Streetcar improvement project, and that the Consortium acknowledges that such conveyance would be consistent with the Consortium's mission of preserving the ROW for public rail mass transit use.

D. Each of the above representations is material and is relied upon by the parties.

Article 3. Incidental Expenses

A. After execution of this Agreement by the Parties and acceptance of the delivery of the Donation Deed by TriMet, TriMet will reimburse the Consortium for any fair and reasonable incidental expenses necessarily incurred in transferring title to TriMet or recording such instruments. Expenses eligible for reimbursement may include, but are not limited to recording fees, transfer taxes, and similar expenses incidental to conveying the Property to TriMet. TriMet will reimburse eligible incidental expenses upon submission of an invoice supported by receipted bills or other evidence of actual expenses incurred.

B. TriMet may, but is not obligated to, purchase an owner's policy of title insurance at TriMet's expense.

Article 4. Streetcar IGA

A. The Consortium recognizes that reconstruction of SW Moody Avenue and relocation of the Portland Streetcar will alter Portland's maintenance obligations set forth in the Streetcar IGA. As a result, the Consortium will work with Portland to terminate the Streetcar IGA and establish new maintenance obligations for the light rail and streetcar alignments that will run through the Property.

B. In the event Portland needs either a temporary or permanent easement from the Consortium to reconstruct SW Moody Avenue, the Consortium agrees to convey such easement to Portland at no cost.

Article 5. General Provisions

A. Relationship of the Parties. The parties acknowledge that TriMet is a member of the Consortium. Subject to the foregoing sentence, there is no official relationship between the Consortium and TriMet. The Consortium is a property owner desiring to

donate Property to TriMet for no benefit or gain to the Consortium, other than fulfillment of the Consortium's mission of preserving the ROW for public rail mass transit use.

B. Public Record. The parties acknowledge that This Agreement is a public record and will be furnished to a requestor under Oregon's Public Records Law.

C. Integration. This Agreement and the Donation Deed constitute the entire agreement between the parties on the subject matter hereof and supersede all prior or contemporaneous written or oral understandings, representations or communications of every kind.

D. Term of Agreement. This Agreement is effective as of the date of last signature below, and shall remain in effect until the completion of all obligations created by this Agreement.

E. Termination and Amendment. This Agreement may be terminated or amended by mutual written agreement of the parties.

F. Waiver and Amendment. No waiver of any portion of this Agreement and no amendment, modification or alteration of this Agreement shall be effective unless in writing and signed by the authorized representative of the parties. Acceptance or acquiescence in a course of performance rendered under this Agreement will not be relevant to determine the meaning of this Agreement and no waiver by a party of any right under this Agreement will prejudice the waiving party's exercise of the right in the future.

G. Interpretation of Agreement. This Agreement shall not be construed for or against any party by reason of the authorship or alleged authorship of any provision. The paragraph headings contained in this Agreement are for ease of reference only and shall not be used in constructing or interpreting this Agreement.

H. Severability/Survivability. If any of the provisions contained in this Agreement are held by a court of law or arbitrator to be illegal, invalid or unenforceable, the enforceability of the remaining provisions shall not be impaired. All provisions concerning indemnity survive the termination of this Agreement for any cause.

I. Laws and Regulations. The parties agree to abide by all applicable laws and regulations in carrying out this Agreement.

J. Indemnification. Subject to the limitations imposed by the Oregon Constitution and the Oregon Tort Claims Act (ORS 30.260 through 30.300), each party shall protect, defend, indemnify, and hold harmless the other, its officers, employees, and agents from any and all costs, claims, liabilities, judgments, or awards of damages (including the costs of defense thereof, including attorney fees) (collectively, the "Claims") arising out of or in any way resulting from the performance of the other party or its officers, agents or employees under this Agreement, except that each party will be responsible for any

Claim(s) caused solely by the negligence or willful misconduct of that party or its officers, agents or employees. All provisions concerning indemnity shall survive the termination or other expiration of this Agreement.

K. Hazardous Substances. TriMet will be responsible for managing and disposing appropriately of hazardous materials, as that term is defined under Oregon law, that are required to be removed as part of construction activities for the Project. TriMet will pay for removal and disposal costs for such hazardous materials. TriMet shall dispose of ties treated with creosote at an appropriately licensed landfill.

L. Dispute Resolution. The parties shall negotiate in good faith to resolve any dispute arising out of this Agreement. If the parties are not able to resolve a dispute within 30 days after such dispute has arisen, they shall submit the matter to mediation, and TriMet and the Consortium shall each pay their own costs and share equally in mediation fees and costs. In the event the dispute is not resolved in mediation, the parties shall submit the matter to binding arbitration. The decision of the arbitrator shall be final, binding and conclusive upon the parties and subject to appeal only as otherwise provided in Oregon law. TriMet and the Consortium shall each pay their own costs, but will share equally in fees and costs of the arbitration and/or arbitrator service. The parties shall continue in the performance of their respective obligations notwithstanding the dispute. This dispute resolution procedure may be modified by mutual agreement of the parties.

M. Choice of Law; Venue. This Agreement, and all rights, obligations and disputes arising out of this Agreement, shall be governed by Oregon law. Venue for all mediation and arbitration shall be in Multnomah County, Oregon.

N. Counterparts. This Agreement may be signed in counterparts.

[remainder of page intentionally left blank]

O. No Third-Party Beneficiary. Except as set forth herein, this Agreement is between the parties and creates no third-party beneficiaries.

WILLAMETTE SHORE CONSORTIUM, DONOR

The undersigned signatories warrant that they are official representatives of the organization making the donation described herein, and that they are authorized to make the donation and to enter into this Agreement on behalf of the organization. The undersigned signatories understand and agree that the conveyance of the Property does not occur until both parties have executed this Agreement, and TriMet has accepted delivery of the Donation Deed.

CITY OF PORTLAND, OREGON

Approved as to Form:

By: _____

_____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

CITY OF LAKE OSWEGO, OREGON

Approved as to Form:

By: _____

Title: _____

Date: _____

[signatures continue on next page]

CLACKAMAS COUNTY, OREGON

Approved as to Form:

By: _____

Title: _____

Date: _____

METRO

Approved as to Form:

By: _____

Title: _____

Date: _____

TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF
OREGON

Approved as to Form:

By: _____

Title: _____

Date: _____

[signatures continue on next page]

OREGON DEPARTMENT OF
TRANSPORTATION

Approved as to Form:

By _____

Title: _____

Date: _____

**TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF
OREGON (TRIMET), DONEE**

The undersigned signatory warrants that he/she is an official representative of the organization accepting the donation described herein, and that he/she is authorized to accept the donation and to enter into this Agreement on behalf of the organization. The undersigned understands and agrees that the conveyance of the Property does not occur until both parties have executed this Agreement, and TriMet has accepted delivery of the Donation Deed.

By: _____

Approved as to Form:

Title: _____

Date: _____

183614

Exhibit "A"

Real property in the County of Multnomah, State of Oregon, described as follows:

THAT PORTION OF SECTION 10, TOWNSHIP 1 SOUTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, IN THE CITY OF PORTLAND, COUNTY OF MULTNOMAH, STATE OF OREGON, LYING SOUTHERLY OF THE SOUTHERLY LINE OF SOUTHWEST SHERIDAN STREET; WESTERLY AND SOUTHWESTERLY OF MOODY AVENUE; NORTHERLY OF THE NORTHERLY LINE OF SOUTHWEST WOODS STREET; EASTERLY OF THE EASTERLY LINE OF SOUTHWEST MOODY DRIVE; AND LYING EASTERLY OF THE EASTERLY LINE OF PARCEL 1 OF DEED TO THE STATE OF OREGON RECORDED SEPTEMBER 15, 1958 IN BOOK 1917, PAGE 0309 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE STATE OF OREGON AS DESCRIBED IN PARCEL 2 OF DEED RECORDED SEPTEMBER 15, 1958 IN BOOK 1917, PAGE 0309 OF OFFICIAL RECORDS.



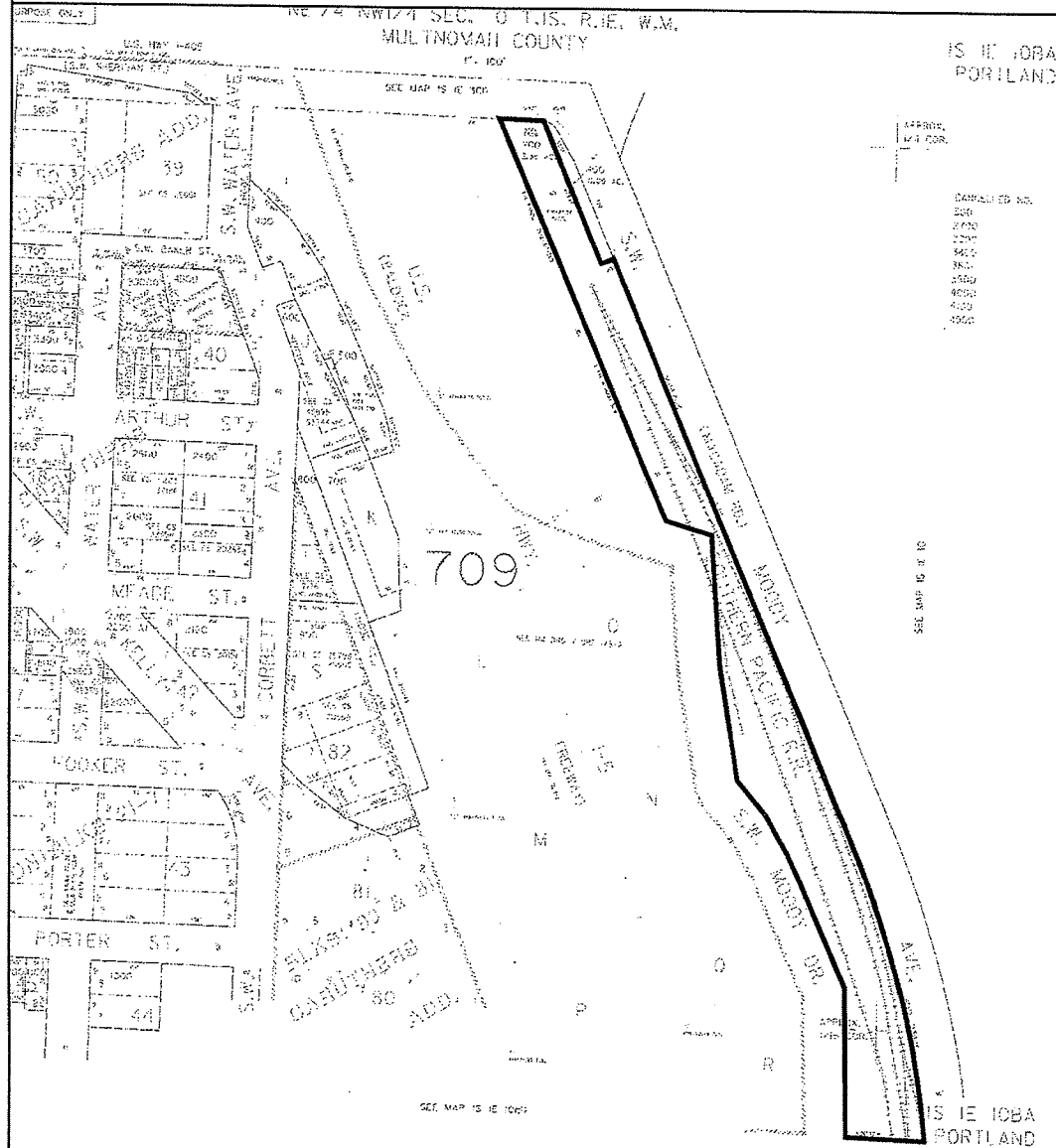
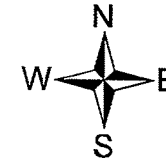
**First American
Title Company**

Reference No.: 416590

County: Multnomah

Location Map

Legend



Tax ID: R327852

Short Legal: A Portion of County of Multnomah

Map Not
To Scale

This map may or may not be a survey of the land depicted hereon. You should not rely upon it for any purpose other than orientation to the general location of the parcel or parcels depicted. First American Title expressly disclaims any liability for alleged loss or damage which may result from reliance upon this map.

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EXHIBIT B
DONATION DEED

GRANTOR'S NAME AND ADDRESS:

The Tri-County Metropolitan
Transportation District of Oregon
710 N.E. Holladay Street
Portland, OR 97232

GRANTEE'S NAMES AND ADDRESS:

The Tri-County Metropolitan
Transportation District of Oregon
710 N.E. Holladay Street
Portland, OR 97232

AFTER RECORDING RETURN TO:

The Tri-County Metropolitan
Transportation District of Oregon
710 N.E. Holladay Street
Portland, OR 97232

**UNTIL A CHANGE IS REQUESTED, ALL TAX STATEMENTS SHALL BE
SENT TO THE FOLLOWING ADDRESS:**

The Tri-County Metropolitan
Transportation District of Oregon
710 N.E. Holladay Street
Portland, OR 97232

QUITCLAIM DEED

The Tri-County Metropolitan Transportation District of Oregon, an Oregon mass transit district, in its capacity as Right of Way Agent for the Willamette Shore Line Consortium ("Grantor"), hereby releases and quitclaims to the Tri-County Metropolitan Transportation District of Oregon, an Oregon mass transit district ("Grantee"), all right, title and interest in and to the real property described below:

[legal description]

The true and actual consideration for this conveyance is \$0.00; the conveyance is a donation to Grantee in accordance with that certain Intergovernmental Agreement for Donation of a Portion of the Willamette Shore Line Right-of-Way to TriMet for the Portland-Milwaukie Light Rail Project.

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. 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. [ORS 93.040.]

IN WITNESS WHEREOF, the Tri-County Metropolitan Transportation District of Oregon has caused this instrument to be executed this _____ day of _____, 2010.

TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON

By: _____
 Name: _____
 Title: _____

STATE OF OREGON)
) ss.
 County of Multnomah)

This instrument was acknowledged before me this ____ day of _____, 2010, by _____, _____, and on behalf of the Tri-County Metropolitan Transportation District of Oregon.

 NOTARY PUBLIC FOR OREGON
 My Commission Expires: _____

ACCEPTANCE

THIS DEED IS accepted hereby this ____ day of _____, 2010.

TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON

By: _____
Name: _____
Title: _____

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me on this ____ day of _____, 2010
by _____, _____, and on behalf of the Tri-
County Metropolitan Transportation District of Oregon.

NOTARY PUBLIC FOR OREGON
My Commission Expires: _____

Approved as to Form:

Tamara H. Lesh
Deputy General Counsel