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JOHN A. KITZHABER, MD  
Governor

**Testimony of Lynn Peterson  
Sustainability and Transportation Policy Advisor  
Office of Governor John Kitzhaber**

**Before the Portland City Council**

*Regarding the Oregon Sustainability Center*

**September 20, 2011**

Governor Kitzhaber believes that an economy of innovation is within our reach – a low carbon economy that leads the way in advanced manufacturing and designing products that use less energy; one that rewards efficiency rather than excess. It’s also an economy that values the local — Oregon companies supplying Oregon companies — where communities across the state capture their local value streams – their energy savings, wind, sun, forest slash – and drive their economies by keeping that value at home instead of sending it out into the world economy for imported energy and making our economy more resilient.

The Oregon Sustainability is a beacon of just this: It is Oregon-centered, put together by a local team using local products. More importantly, it shows that, in the West, we are committed to creating jobs and economic activity without sacrificing long-term environmental stewardship; that the clean economy offers us perhaps the only path to a sustainable future that is insulated from the chilling effect of fluctuating fossil fuel cost and supply. Oregon is already a clean economy leader; this sector employs nearly 59,000 people in Oregon and boasts the second highest concentration of these jobs in the nation. This project will help to solidify that leadership.

Oregon and the Oregon University System have already substantially invested in this projected precisely because of its importance to our future as a state. Our universities are the wellspring of innovation, research, and productivity – which is key to our ability to realize a prosperous economic future – and this project presents a great opportunity to commercialize and deploy much of their cutting edge work.

With its commitment to local, there is no doubt that this project will boost our economy and create good family-wage jobs here in Portland. It will also be an important symbol of what this city and state stands for while setting an example for the rest of the nation.

That is why the Governor supports it and has asked me to come here today on his behalf. I hope you will join him in supporting this valuable project.



**The Honorable Sam Adams,  
Mayor, City of Portland and Members,  
Portland City Council  
City Hall  
Portland, OR 97204**

**Dear Mayor Adams:**

Intel submits this letter of support for the Technical, Educational, and Economic Development goals envisioned in the design and construction of the Oregon Sustainability Center (OSC). Please use this public statement of support to help the continuation to completion of the OSC project. We believe the City of Portland has been working with the Oregon University System, Portland State University, and private sector partners like Intel to urge legislators to continue forward with the bonding authorized by the 2009 Oregon Legislature so that design, development, and construction of the OSC moves forward.

Intel believes the OSC project is a catalyst for leading technological innovation in our regional economy that will have long-term positive results for employment and business growth opportunities while providing opportunities to educate Oregonians on sustainable practices. These innovations include:

1. A building that represents national leadership in energy and water efficient commercial buildings and a regional and global example of the economic and environmental benefits of green design and eco-technologies. It will build momentum for Oregon's position in energy-saving technologies and architectural and design services. Once developed, these products and services are applicable locally and exportable globally.
2. The project reflects a new model of public/private collaboration bringing together the innovation and product leadership of companies like Intel with public investments in infrastructure and facilities. This investment will contribute to a positive economic environment across Oregon.
3. The OSC strengthens Oregon's capabilities in technology Research and Development by establishing a physical "living laboratory" for testing and teaching these energy efficiency measures in a real-world office setting.

Intel will provide OSC with prototype equipment, software and consultative support from our researchers at Intel Labs that will allow office workers to track and visualize their personal energy consumption. Intel will also explore opportunities to collaborate with OSC on other research topics of mutual interest, such as DC Microgrids, Super-Efficient DC Data Center design for buildings powered by Photo-Voltaic energy. We support the State of Oregon's previously authorized bonding strategy that enables the development and construction of the OSC.

With OSC, Oregon will create a beacon to the nation and to the World to demonstrate the economic value of these leading new technologies and related knowledge-services. We believe it will provide good jobs for people of the region and have a lasting impact on green technologies for the long term.

Sincerely,

Justin Rattner  
Intel Corporate Vice President  
Senior Fellow and Director of Intel Labs

**Intel Corporation**  
Jones Farm JF3-96  
Hillsboro Oregon

Legal Okay 09/20/11
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SAC Susan A. Capello
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## Letter of Intent Cisco Systems, Inc. September 12, 2011

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Cisco Systems, Inc. ("Cisco") and the Oregon Sustainability Center ("OSC") have been working together to create designs that bring the environmental performance of the OSC to a world-leading level through advanced information systems. The purpose of this Letter of Intent ("LOI") is to set forth how Cisco and the owners of the OSC will work together to achieve the goals we have jointly defined through the development and operation of the OSC.

### **Cisco Goals:**

1. Be the recognized global leader in the evolving market of using information technology to enhance the pursuit of sustainability.
2. Grow its market share in providing Connected Real Estate solutions to enhance the services, processes and outcomes in the design, construction and operation of real estate assets.
3. Continually improve Cisco's solutions for challenges faced by its customers today and develop solutions for the challenges of tomorrow through the development, deployment, demonstration, testing, documentation and promotion of innovative products and systems.
4. Meet Cisco's needs for a regional office.

### **OSC Owners Goals:**

1. Be closely affiliated with one of the highest performing buildings in the world.
2. Incorporate technology solutions in the OSC that successfully engage and empower building occupants and building operators to optimize building performance in critical areas.
3. Use the OSC as a demonstration facility to showcase how intelligently integrating technology is critical in the construction and operation of a next-generation high performance building.
4. Work with university researchers and industry partners to test and document the performance of OSC technologies and develop strategies to improve the performance of the technologies.
5. Leverage Cisco's need for office space to support the development of the OSC.

### **How Cisco and the OSC Owners Will Work Together:**

1. Cisco and the OSC Owners will collaborate to identify how joint research efforts of Cisco and university researchers can enhance the OSC's existing Research, Development and Commercialization program as well as Cisco's efforts to improve existing solutions and develop next-generation solutions.
2. Cisco and the OSC Owners will enter into an agreement to collaboratively pursue of any mutually beneficial research efforts identified above following the OSC's occupancy.
3. Cisco and the OSC Owners will work together to develop the terms of a Cisco tenancy that support the goals of Cisco and the OSC Owners.

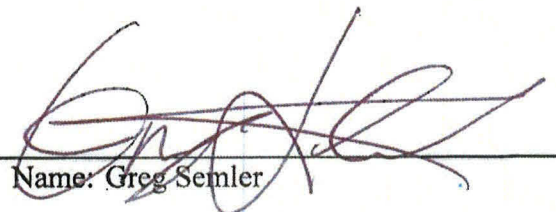


**Miscellaneous:** The sole purpose of this LOI is to memorialize, as of the above date, the shared understanding of Cisco and the Owners, neither of which shall be bound unless and until Cisco and the Owners execute definitive agreements on terms and conditions agreeable to the parties. Until such agreements have been executed, either Cisco or the Owners may provide written notice to the other that it no longer agrees with the contents of this LOI, at which time this document will cease to reflect the shared understanding of the parties.

**Acknowledged and Agreed:**

CiscoSystems, Inc.

Owners of the OSC



Name: Greg Semler

Name:

Title: Operations Director,  
NW Public Sector

Title:

## **DISCUSSION DRAFT**

### Letter of Intent CertainTeed Corporation July 28, 2011

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The purpose of this Letter of Intent ("LOI") is to set forth how CertainTeed Corporation ("CertainTeed") and the owners of the Oregon Sustainability Center ("OSC") will collaborate to achieve their goals through the development and operation of the OSC.

#### **CertainTeed Goals:**

1. Be the preferred choice for innovative, sustainable building products and systems.
2. Enable the construction of buildings of the future, structures that will be more energy efficient and environmentally friendly, while enhancing comfort, style and safety.
3. Pursue continuous improvement through the research, development, testing, deployment and demonstration of new building materials, components, installations and designs.

#### **OSC Owners Goals:**

1. Be closely affiliated with the first large-scale, triple net-zero commercial building, which will be one of the highest performing buildings in the world.
2. Develop a long-term relationship with a provider of building materials that is committed to developing "red-list compliant" materials that are manufactured sustainably and efficiently, using a closed loop process.
3. Use the OSC to introduce designers, builders and tenants to the innovative, high-performance building materials and systems that are essential in the construction and operation of next-generation, sustainable buildings.
4. Provide a platform to allow university researchers and industry partners to pursue the accelerated development, testing, commercialization and continuous improvement of individual building materials and how they are integrated into advanced building systems.

#### **How CertainTeed and the OSC Owners Will Work Together:**

1. CertainTeed and the OSC Owners will work together to identify an optimal time when CertainTeed could provide financial support for the OSC in a way that supports the goals of CertainTeed and the OSC Owners.
2. CertainTeed and the OSC Owners will work together to identify how CertainTeed can publicly communicate to key public and private stakeholders in writing, at public meetings and at relevant hearings, that because the OSC

aligns with CertainTeed's strategic vision of the future of the construction industry, CertainTeed believes that the OSC represents significant economic opportunity for the region and project partners.

3. CertainTeed will share with the OSC Owners relevant analysis and data supporting CertainTeed's long-term strategic decision to brand and position CertainTeed as the supplier to the high-performance construction markets.

**Miscellaneous:** The sole purpose of this LOI is to memorialize, as of the above date, the shared understanding of CertainTeed and the Owners, neither of which shall be bound unless and until CertainTeed and the Owners execute definitive agreements on terms and conditions agreeable to the parties. Until such agreements have been executed, either CertainTeed or the Owners may provide written notice to the other that it no longer agrees with the contents of this LOI, at which time this document will cease to reflect the shared understanding of the parties.

**Acknowledged and Agreed:**

CertainTeed Corporation

Owners of the OSC

*Aman W. Desouza*

*Lew Bowers*

Name: Aman W. Desouza

Name: Lew Bowers

Title: Director of Innovation & Product  
Sustainability

Title: Portland Development Commission  
Central City Division Manager  
Oregon Sustainability Center Board Member

September 16, 2011

Lew Bowers  
Portland Development Commission  
222 NW Fifth Avenue  
Portland, OR 97209

RE: Letter of Interest for GBD's tenancy in the Oregon Sustainability Center

Dear Lew:

Please accept this letter as notification that GBD ARCHITECTS *Incorporated* is interested in considering occupancy in the Oregon Sustainability Center, soon to be developed in Portland, OR.

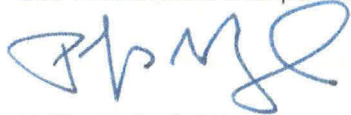
Our current lease expires September 30, 2013. Timing for the completion of OSC relative to the expiration of our lease will be a very important consideration for us. Hopefully there will soon be clarity on that issue.

We understand that PDC may need to disclose this statement of interest to various stakeholders in the project. Please feel free to do so, but be clear with them that neither party is under a binding obligation to the other until a lease agreement acceptable to both GBD and Landlord has been executed.

Beyond this notification, please note that we have engaged Chris Johnson of NBS as our commercial broker and expect to involve him in future discussions.

We look forward to future discussions on this matter and to the success of the OSC.

Sincerely,  
GBD ARCHITECTS Incorporated



Phillip M. Beyl, AIA  
President  
LEED Accredited Professional

LETTER



ARCHITECTS

1120 NW Couch Street  
Suite 300, Portland  
OR 97209  
Tel: (503) 224-9656  
Fax: (503) 299-6273  
[www.gbdarchitects.com](http://www.gbdarchitects.com)

# Neil Kelly

## Letter of Intent Neil Kelly, Inc. August 14, 2011

Neil Kelly, Inc. is a leading business in the design, construction and installation of high quality cabinets for Northwest business and residential customers. We believe our business represents a key sector for economic growth in a growing economy, particularly the clean tech and green economies our state has been a leader in.

We strongly support the proposal to build the Oregon Sustainability Center. We believe it can be an important contributor to growth opportunities for Oregon businesses especially our own niche in creating products based on Oregon's sustainable forests initiatives.

We have partnered with a number of Oregon companies to develop products based on their innovation in forest products. We see substantial growth opportunities in this space, and believe Oregon can continue to be a worldwide supplier for these markets. The Oregon Sustainability Center can be a showcase for Oregon sustainable lumber products. It can show our leadership in delivering beautiful, strong, multi-functional products from northwest trees. It can give us the opportunity to lead in products that meet the Living Building Challenge. It can produce jobs and income for our sector and for our state.

Oregon has done well in experiencing excellent growth in clean tech and sustainability employment. We take heart in the recent Brookings Institute that places Portland second nationwide in industries that have added jobs through clean tech and sustainability. We are concerned about the momentum of this sector in our future. We believe the OSC can be part of a solution to keep the sector strong.

Design / Build  
Remodeling

Handyman Home  
Repair Team

Home Performance

Custom Homes

Cabinets

804 N. Alberta Street  
Portland, Oregon 97217  
Telephone 503-288-NEIL  
Fax 503-288-7464  
postmaster@neilkelly.com

West Side Showroom  
15573 SW Bangy Road  
Suite 100  
Lake Oswego, Oregon 97035  
Telephone 503-288-NEIL  
Fax 503-443-2170

Eugene Showroom  
2817 Oak Street  
Eugene, OR 97405  
Telephone 541-683-6085  
Fax 541-683-6097

Bend Showroom  
190 N.E. Irving St.  
Bend, OR 97701  
Telephone 541-382-7580  
Fax 541-382-3975

Salem 503-370-4400  
Vancouver 360-696-2204

<http://www.neilkelly.com>



We believe this role will include:

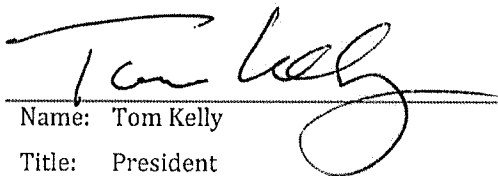
- A central, world leading facility that attracts and engages industry activities and focus
- A robust R&D activity that will keep our colleges and universities on the leading edge in professional training, education and publication
- A gathering place for industry, education, eco-tourism and other events focused on clean technology, construction and sustainability initiatives
- A global demonstration facility for products from Oregon companies, including design and engineering, transit, wood and wood products, other building materials, Oregon solar products, and other engines of Oregon's economy
- A leading role in creating companies meeting new building codes, innovation and environmental standards, including the Living Building Challenge standard.

We endorse state bond support for this project, and recommend re-authorization of state bonding authority for the project.

**Acknowledged and Agreed:**

Neil Kelly, Inc.

Owners of the OSC



Name: Tom Kelly

Title: President

Name:

Title:



3 6 8 8 0

**OREGON BUSINESS ASSOCIATION**6975 SW Sandburg Street, Suite 250 Tigard, Oregon 97226  
Ph: 503-641-0990 Fax: 503-641-0959 [oba@oba-online.org](mailto:oba@oba-online.org) [www.oba-online.org](http://www.oba-online.org)

September 22, 2011

Rep. Sherrie Sprenger, Co-Chair  
Rep. Betty Komp, Co-Chair  
Sen. Rod Monroe, Co-Chair  
Education Subcommittee of Ways & Means

**RE: Support for Oregon Sustainability Center**

Co-Chairs and members of the committee:

The Oregon Business Association (OBA) represents nearly 300 businesses who believe healthy, sustainable environmental practices can go hand-in-hand with a strong, healthy economy. Our companies include a range of industries in rural and urban areas and include many small and medium-sized home-grown companies, as well as some of Oregon's largest corporations.

Oregon has emerged as a leader in attracting sustainable businesses, and our commitment to the environment not only protects our quality of life, but has become an important component of Oregon's economic development efforts. We support the Oregon Sustainability Center (OSC) as an opportunity to keep Oregon's clean tech and sustainability economic sector on a growth path.


The OSC will provide a place for Oregon's sustainable and clean tech industries to test and market high performance products and services. It will also provide space for Oregon's expert researchers to create new technologies that will fuel the future of Oregon's green economy. According to the Brookings Institute, Oregon's 58,735 clean economy jobs make up 3.4 percent of all jobs in the state, making Oregon's clean economy second largest in the nation. OBA would like to see this momentum continue, and we believe the OSC will be a part of keeping this sector strong.

OBA believes the OSC will provide Oregon with:

- A central, world leading facility that attracts and engages industry activities and focus
- A robust R&D activity that will keep our colleges and universities on the leading edge in professional training, education and publication
- A gathering place for industry, education, eco-tourism and other events focused on clean technology, construction and sustainability initiatives
- A global demonstration facility for products from Oregon companies, including design and engineering, transit, wood and wood products, other building materials, Oregon solar products, and other engines of Oregon's economy
- A leading role in creating companies that meet new building codes, innovation and environmental standards, including the Living Building Challenge standard.

Oregon Business Association urges your support for the OSC. With the State's support, the Oregon Sustainability Center will become a catalyst for growing Oregon's green economy.

Best regards,



Ryan Deckert  
President

## MEMORANDUM OF UNDERSTANDING

Oregon Sustainability Center/  
Portland General Electric Company  
August 15, 2011

The Oregon University System ("OUS") and the City of Portland ("the Building Owners") are planning development of a new building in Portland Oregon between 4<sup>th</sup> and 5<sup>th</sup> Avenues southwest, and between Harrison and Montgomery streets. Tenants will include the Owners, Portland State University, environmental groups and other private sector tenants ("The Tenants").

The goal of the Building is to meet the Living Building Challenge, a set of requirements that deliver net zero performance for energy, water and waste. As part of this challenge, solar installations designed to meet or exceed the energy use of the building on an annual basis are planned for the building.

The Building Owners and Portland General Electric Company ("PGE") have discussed PGE ownership of the solar array that will provide this on-site power production. There are operating and financial advantages to this option for the Owners. In addition, this approach would contribute to PGE's attainment of requirements under H.B. 3039.

It is the purpose of the Memorandum of Understanding to outline terms for this relationship between PGE and the Building Owners. This document indicates the intent of the Parties but does not bind them; any agreement that binds the Parties must be negotiated and expressed in additional documents.

1. PGE is considering ownership of the solar array, and should it do so it would act as owner. This would include:
  - a. Provide guidance in the design and specification for the solar cells, as well as requirements for interconnection to the PGE grid.
  - b. Purchase the system under terms mutually agreed upon by the Parties, after the design and installation of the solar system is completed by OSC and its representatives and owners.
  - c. Assume responsibility for maintenance, support and repair for the term of the agreement, whether provided directly or through contract with third parties.
  - d. Be the party responsible for utilization of tax benefits as well as responsible for paying applicable taxes on the system
  - e. Assume other responsibilities that relate to their ownership of the solar cells as agreed to by the parties.
2. The system will be between 700 and 800 Kilowatts.

3. Building Owners would be responsible for the design and installation of the solar system. The design will accommodate a point of delivery to PGE's grid. This will be done in close consultation with PGE, and nothing in the system will violate any rules, statutes or regulations.
4. Building Owners will deliver the package to PGE at a total capital cost prior to application of tax and other benefits of \$4.50 per watt of rated power output. If this price is above-market for comparable solar projects at the time of delivery, additional third party funds may be needed to 'buy down' the cost of the project.
5. PGE will receive the Renewable Energy Credits representing its ownership as specified in Oregon State Law. It is anticipated PGE would receive double credits, because completion of the facility prior to the 2014 deadline on double credits.
6. The Building Owner will establish requirements for energy production with the vendor who provides the solar cells. To the extent practicable, PGE will monitor, report on and assist in attaining these production goals, but responsibility for reaching production goals is held by the Building Owner and its vendors.
7. PGE's term of ownership and responsibility is targeted to be thirty years. At the end of this term, the Parties may renegotiate this Agreement, or PGE may abandon-in-place the solar installation. This would be at the sole option of PGE.
8. The Parties will work together to maximize the benefits of any applicable Investment Tax Credits and Energy Trust of Oregon grants for the system to PGE.
9. The Building Owners and PGE will work with interested parties on PGE's Renewable Adjustment Clause application to bring the OSC solar system into the PGE rate base. PGE and OSC will work together to establish with reasonable confidence that key interested parties will support the RAC process.

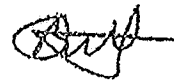
This Memorandum of Understanding indicates the intention of the Parties to work toward an agreement based on these points. However, any final agreement may have differences or additions that have been mutually agreed upon by the Parties.

OREGON UNIVERSITY SYSTEM

PORTLAND GENERAL ELECTRIC  
COMPANY

By: \_\_\_\_\_

By: *Carol A. Miller*



Date: \_\_\_\_\_

Date: 8/15/2011



Letter of Participation  
Portland Community College  
August 26, 2011

Portland Community College ("PCC") is pleased to document our support of the continued development of the Oregon Sustainability Center ("OSC") by signing this non-binding letter of participation.

PCC has been an active supporter and participant in the development of the OSC since its early conception. The sustainability missions of both organizations have broad overlap: building sustainable organizations, providing job training in green and clean tech jobs, and supplying the workers of the future in the growing green jobs economy to promote economic growth in our region.

PCC has worked with the OSC to define specific roles it intends to play. These roles, more fully defined in the PCC "Oregon Sustainability Center White Paper," are proposed to include:

- ✓ Careers in Sustainability Resource Center - connecting people, jobs, workforce training opportunities, internships, and employers with a common interest in sustainability.
- ✓ Green Small Business Development Center - advise green and clean energy technology businesses throughout all phases of their development.
- ✓ Community Education Classes - offer non-credit green living and horticulture classes for community members interested in learning to practice sustainability.
- ✓ NSF ATE Sustainability Training for Technical Educators Program - help government and industry meet the demand for a workforce that understands and adopts sustainable practices in design, construction, maintenance, energy and landscape technology, and development-related natural resource management in urban and urbanizing areas.

**District President**

Dr. Preston Pulliam  
ppulliam@pcc.edu  
Voice 503-977-4365  
Fax 503-977-4960

www.pcc.edu  
P.O. Box 19000  
Portland, Oregon  
97280-0990

Letter of Participation  
Portland Community College  
August 26, 2011  
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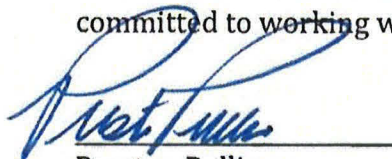
To accomplish this program, approximate space needs and costs are as follows:

- ✓ PCC would occupy approximately 1,100 square feet of office and suitable work space for the Workforce Development Resources and Small Business Development Centers, with access to additional space for teaching, meetings, etc. at no additional cost to PCC.
- ✓ The space needs to be visible, easily accessible, offer areas of privacy for discussions and counseling, and have access to larger space for classrooms, conferences and other events.
- ✓ The OSC has considered space on the first floor, second floor and sixth floor as alternatives for PCC. There are advantages to each area; final selection of the location will depend on discussions and consideration by PCC and the OSC, as well as configurations of other tenants. The design representation included with this proposal is for illustration purposes only.
- ✓ Office space would be offered at an annual cost per square foot ranging from \$25 per square foot to \$29 per square foot. This is an all-in cost per square foot. That is, the cost per square foot includes the operating cost of the building and the tenant improvements. (The estimated operating cost is in the range of \$6.75 per foot per year.) The lower figure is the current subsidized space for non-profit entities in the building; \$29/square foot is the actual bond payoff cost of the space to the owners. The final cost will depend on tax status, the use of tax exempt or taxable bond funding, term of the lease, and other factors determined by PCC and OSC.
- ✓ PCC will not have an equity position in the construction of the OSC.

Letter of Participation  
Portland Community College  
August 26, 2011  
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- ✓ Actual terms of the lease would need to be determined in lease documents currently under development for OSC tenants. These documents will include requirements related to the performance requirements of the Living Building Challenge. Depending on the terms and conditions of the lease, and the term of the lease commitment, approval by the PCC Board of Directors may be required according to the PCC Board's procurement policy.

OSC partners are excited about PCC's potential program – with the important, workforce training, employment matching, small business education and other functions it will bring to the project. OSC is committed to working with PCC to meet our shared goals for the building.



Preston Pulliams  
District President



Linda Gerber  
Sylvania Campus President and  
Sustainability Coordinator



May 23, 2011

Julie Dimick  
Umpqua Bank  
One SW Columbia Street, Suite 1200  
Portland, OR 97258

RE: *Oregon Sustainability Center*  
Portland, Oregon

Dear Julie,

Pursuant to our recent discussions, we are pleased to make the following proposal under which the Landlord would consider the leasing of space to Umpqua Bank.

## Gerding Edlen

DEVELOPMENT

503.299.6000 t

503.299.6703 f

1140 SW 11TH AVE. #400  
PORTLAND, OR 97205

CALIFORNIA  
OREGON  
WASHINGTON

- 1. PREMISES:** Approximately 1,000 square feet of rentable space, located on the ground floor of the *Oregon Sustainability Center, with the right to install a kiosk outside the premises. To be defined further and subject to landlords review and approval.*
- 2. LANDLORD:** Oregon University System.
- 3. TENANT:** Umpqua Bank.
- 4. TARGET DELIVERY DATE:** The project is anticipated to be complete in August, 2013. Landlord would plan to deliver Premises to Tenant prior to project completion, so that Tenant's space could open concurrent with the building opening.
- 5. TERM:** Ten (10) years.
- 6. RENT COMMENCEMENT:** Ninety (90) days after delivery of the Premises or when Tenant opens, whichever occurs first.
- 7. MINIMUM RENT:**
- | <u>Year</u> | <u>Current Estimated Annual Rent/SF/YR</u> |
|-------------|--|
| 1           | \$34.25                                    |
| 2           | \$35.28                                    |
| 3           | \$36.34                                    |



uild smart.



Rent shall increase three percent (3%) annually for the remainder of the initial term. Note that the rents included herein are estimates. Final rents will depend on final project cost and interest rate.

**8. PROPERTY TAXES,  
INSURANCE AND  
COMMON AREA  
MAINTENANCE:**

Tenant shall pay, as additional rent, its pro rata share of property taxes, insurance and common area maintenance. Landlord to provide an estimate of NNN charges.

**9. UTILITIES:**

Tenant will pay for all utilities and other services that serve the Premises.

**10. USE:**

Tenant shall use the Premises for a bank branch.

**11. OPENING AND  
OPERATING COVENANT:**

Tenant shall agree to open for business, fully operational, within the time period stated in 6 above. Tenant agrees that it shall continuously operate its business within the premises during the term of the lease.

**Gerding Edlen**

**DEVELOPMENT**

**12. SECURITY DEPOSIT:**

Equivalent to one month's rent.

**13. ADVANCED RENT:**

Equivalent to one month's rent plus estimated NNN charges.

**14. TENANT'S  
CONSTRUCTION:**

Tenant agrees to submit a full set of preliminary drawings and construction drawings to Landlord for approval. Preliminary plans shall be submitted within 30 days of lease execution.

**15. LANDLORD'S  
CONSTRUCTION:**

Description of Landlord's construction to be provided by Landlord.

**16. SIGNAGE:**

Landlord's signage criteria for *Oregon Sustainability Center* to be provided by Landlord.

503.299.6000 t  
503.299.6703 f

1140 SW 11TH AVE, #400  
PORTLAND, OR 97205

CALIFORNIA  
OREGON  
WASHINGTON

**17. BROKERAGE:**

Landlord:

Landlord is not represented by a broker. If Tenant is represented by a broker, Tenant shall be responsible for any broker fees. Landlord and Tenant shall indemnify and hold each other harmless for any other third party claims.

**18. FINANCIALS:**

This proposal is contingent upon Landlord's review and approval of Tenant's company financials.

**19. PROJECT FINANCING:**

This proposal is contingent upon securing all needed project financing.

**20. DOCUMENTATION:**

Landlord will prepare the Lease using Landlord's standard lease form, the terms and condition of which will be subject to the review and approval of counsel for Landlord and Tenant. However, the business terms in this letter shall be agreed upon and incorporated into the Lease Agreement.

**21. APPROVALS:**

This proposal is contingent upon final approval of the project by Portland City Council, Portland Development Commission's Board and the Oregon University System's Board.

Gerding Edlen

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 DEVELOPMENT

503.299.6000 t

503.299.6703 f

1140 SW 11TH AVE. #400

PORTLAND, OR 97205

CALIFORNIA

OREGON

WASHINGTON

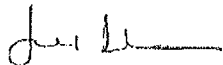
**22. LIVING BUILDING****CHALLENGE****REQUIREMENTS:**

Tenant Lease will include specific 'green lease' requirements to ensure the building achieves its net zero performance goals.

It is expressly understood and agreed by both parties that the foregoing proposal constitutes an agreement in principle only with respect to a leasehold interest in the above referenced premises and does not create any contractual rights or obligations on the part of either party. Significant additional terms and conditions of the Lease are yet to be negotiated and neither party is obligated to continue such negotiations. In no event shall any contractual rights or obligations exist until such time as a Lease Agreement is fully executed and delivered by both parties. Accordingly, the parties agree not to rely on the terms of this letter and that any obligations incurred, funds spent and business opportunities lost are at each party's sole risk. *Please note that the terms of this proposal are valid for a period of five (5) business days from the date above.*

Thank you for your time and consideration. We look forward to working with you on this project.

Best regards,



Jill Sherman  
Vice President, Gerding Edlen

AGREED AND ACCEPTED

Signed: 

Printed: Julie Dimick

Title: SVP - Real Estate

Date: 5/23/2011

Gerding Edlen

---

DEVELOPMENT

503.299.6000 t

503.299.6703 f

1140 SW 11TH AVE. #400  
PORTLAND, OR 97205

CALIFORNIA  
OREGON  
WASHINGTON

August 16, 2011

Thomas Bland  
International Living Future Institute  
721 NW Ninth Avenue, Suite 195  
Portland, OR 97209

RE: ***Oregon Sustainability Center***  
**Portland, Oregon**

Dear Mr. Bland,

Pursuant to our recent discussions, we are pleased to make the following proposal under which the Landlord would consider the leasing of space to the International Living Future Institute.

**1. PREMISES:** Approximately 2,548 square feet of rentable space, located on the fifth floor of the *Oregon Sustainability Center*.

**2. LANDLORD:** Oregon University System.

**3. TENANT:** International Living Future Institute.

**4. TARGET DELIVERY DATE:** The project is anticipated to be complete in November, 2013. Landlord would plan to deliver Premises to Tenant prior to project completion, so that Tenant's space could open concurrent with the building opening.

**5. TERM:** Ten (10) years.

**6. RENT COMMENCEMENT:** Ninety (90) days after delivery of the Premises or when Tenant opens, whichever occurs first.

<b>7. MINIMUM RENT:</b>	<b><u>Year</u></b>	<b><u>Current Estimated Annual Rent/SF/YR</u></b>
	1	\$25.00
	2	\$25.00
	3	\$25.00
	4	\$25.00
	5	\$25.00

Gerding Edlen

DEVELOPMENT

503.299.6000 f

503.299.6703 f

1130 SW 11TH AVE. #400  
PORTLAND, OR 97205

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OREGON  
WASHINGTON



Rent shall increase two and a half percent (2.5%) annually for the remainder of the initial term. Note that the rents included herein are estimates. Final rents will depend on final project cost and interest rate.

**8. PROPERTY TAXES,  
INSURANCE AND  
COMMON AREA  
MAINTENANCE:**

Tenant shall pay, as additional rent, its pro rata share of property taxes, insurance and common area maintenance. Landlord to provide an estimate of NNN charges.

**9. UTILITIES:**

Tenant will pay for all utilities and other services that serve the Premises.

**10. USE:**

Tenant shall use the Premises for office space.

**11. OPENING AND  
OPERATING COVENANT:**

Tenant shall agree to open for business, fully operational, within the time period stated in 6 above. Tenant agrees that it shall continuously operate its business within the premises during the term of the lease.

Gerding Edlen

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DEVELOPMENT

**12. SECURITY DEPOSIT:**

Equivalent to one month's rent.

**13. ADVANCED RENT:**

Equivalent to one month's rent plus estimated NNN charges.

503.299.6000 1

503.299.6703 1

**14. TENANT'S  
CONSTRUCTION:**

Tenant agrees to submit a full set of preliminary drawings and construction drawings to Landlord for approval. Preliminary plans shall be submitted within 30 days of lease execution.

1140 SW 11TH AVE. #400  
PORTLAND, OR 97205

**15. LANDLORD'S  
CONSTRUCTION:**

Description of Landlord's construction to be provided by Landlord.

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OREGON

WASHINGTON

**16. SIGNAGE:**

Landlord's signage criteria for *Oregon Sustainability Center* to be provided by Landlord.

**17. BROKERAGE:**

Landlord:

Landlord is not represented by a broker. If Tenant is represented by a broker, Tenant shall be responsible for any broker fees. Landlord and Tenant shall indemnify and hold each other harmless for any other third party claims.

**18. FINANCIALS:**

This proposal is contingent upon Landlord's review and approval of Tenant's company financials.

**19. PROJECT FINANCING:**

This proposal is contingent upon securing all needed project financing.

**20. DOCUMENTATION:**

Landlord will prepare the Lease using Landlord's standard lease form, the terms and condition of which will be subject to the review and approval of counsel for Landlord and Tenant. However, the business terms in this letter shall be agreed upon and incorporated into the Lease Agreement.

**21. APPROVALS:**

This proposal is contingent upon final approval of the project by Portland City Council, Portland Development Commission's Board and the Oregon University System's Board.

Gerding Edlen

DEVELOPMENT

503.299.6000 t

503.299.6703 f

1140 SW 11TH AVE. #400

PORTLAND, OR 97205

**22. LIVING BUILDING CHALLENGE REQUIREMENTS:**

Tenant Lease will include specific 'green lease' requirements to ensure the building achieves its net zero performance goals.

It is expressly understood and agreed by both parties that the foregoing proposal constitutes an agreement in principle only with respect to a leasehold interest in the above referenced premises and does not create any contractual rights or obligations on the part of either party. Significant additional terms and conditions of the Lease are yet to be negotiated and neither party is obligated to continue such negotiations. In no event shall any contractual rights or obligations exist until such time as a Lease Agreement is fully executed and delivered by both parties. Accordingly, the parties agree not to rely on the terms of this letter and that any obligations incurred, funds spent and business opportunities lost are at each party's sole risk. *Please note that the terms of this proposal are valid for a period of five (5) business days from the date above.*

CALIFORNIA  
OREGON  
WASHINGTON

Thank you for your time and consideration. We look forward to working with you on this project.

Best regards,



Jill Sherman  
Vice President, Gerding Edlen

AGREED AND ACCEPTED:

Signed: Thomas C. Blend

Printed: THOMAS C. Blend

Title: COO

Date: 8/31/11

Gerding Edlen

---

DEVELOPMENT

503.299.6000

503.299.6703

1140 SW 11TH AVE. #400

PORTLAND, OR 97205

CALIFORNIA

OREGON

WASHINGTON

September 14, 2011

Sean Penrith  
Earth Advantage  
808 SW 3rd Ave, Suite 800  
Portland, OR 97204

RE: **Oregon Sustainability Center  
Portland, Oregon**

Dear Mr. Penrith,

Pursuant to our recent discussions, we are pleased to make the following proposal under which the Landlord would consider the leasing of space to the International Living Future Institute.

- 1. PREMISES:** Approximately 9,362 square feet of rentable space, located within the *Oregon Sustainability Center*.
- 2. LANDLORD:** Oregon University System.
- 3. TENANT:** Earth Advantage.
- 4. TARGET DELIVERY DATE:** The project is anticipated to be complete in November, 2013. Landlord would plan to deliver Premises to Tenant prior to project completion, so that Tenant's space could open concurrent with the building opening.
- 5. TERM:** Thirty (30) years.
- 6. RENT COMMENCEMENT:** Ninety (90) days after delivery of the Premises or when Tenant opens, whichever occurs first.
- 7. MINIMUM RENT:**

<u>Year</u>	<u>Current Estimated Annual Rent/SF/YR</u>
1	\$25.00

Rent shall not escalate for the term of the lease. Once debt is retired, rents will revert to operation and maintenance cost which will be reviewed and allocated on an annual basis. Note that the rents included herein are estimates. Final rents will depend on final project cost and interest rate.

## Gerding Edlen

DEVELOPMENT

503.299.6000 t

503.299.6703 f

1140 SW 11TH AVE. #400

PORTLAND, OR 97205

CALIFORNIA

OREGON

WASHINGTON





**8. PROPERTY TAXES,  
INSURANCE AND  
COMMON AREA  
MAINTENANCE:**

Tenant shall pay, as additional rent, its pro rata share of property taxes, insurance and common area maintenance. Landlord to provide an estimate of NNN charges.

**9. UTILITIES:**

Tenant will pay for all utilities and other services that serve the Premises.

**10. USE:**

Tenant shall use the Premises for office space.

**11. OPENING AND  
OPERATING COVENANT:**

Tenant shall agree to open for business, fully operational, within the time period stated in 6 above. Tenant agrees that it shall continuously operate its business within the premises during the term of the lease.

**12. SECURITY DEPOSIT:**

Equivalent to one month's rent.

**13. ADVANCED RENT:**

Equivalent to one month's rent plus estimated NNN charges.

**Gerding Edlen**

DEVELOPMENT

503.299.6000 t

503.299.6703 f

1140 SW 11<sup>TH</sup> AVE. #400  
PORTLAND, OR 97205

**14. TENANT'S  
CONSTRUCTION:**

Tenant agrees to submit a full set of preliminary drawings and construction drawings to Landlord for approval. Preliminary plans shall be submitted within 30 days of lease execution.

**15. LANDLORD'S  
CONSTRUCTION:**

Description of Landlord's construction to be provided by Landlord.

**16. SIGNAGE:**

Landlord's signage criteria for *Oregon Sustainability Center* to be provided by Landlord.

CALIFORNIA  
OREGON  
WASHINGTON

**17. BROKERAGE:**

Landlord:

Landlord is not represented by a broker. If Tenant is represented by a broker, Tenant shall be responsible for any broker fees. Landlord and Tenant shall indemnify and hold each other harmless for any other third party claims.

**18. FINANCIALS:**

This proposal is contingent upon Landlord's review and approval of Tenant's company financials.

**19. PROJECT FINANCING:**

This proposal is contingent upon securing all needed project financing.

**20. DOCUMENTATION:**

Landlord will prepare the Lease using Landlord's standard lease form, the terms and condition of which will be subject to the review and approval of counsel for Landlord and Tenant. However, the business terms in this letter shall be agreed upon and incorporated into the Lease Agreement.

**21. APPROVALS:**

This proposal is contingent upon final approval of the project by Portland City Council, Portland Development Commission's Board and the Oregon University System's Board.

**22. LIVING BUILDING CHALLENGE REQUIREMENTS:**

Tenant Lease will include specific 'green lease' requirements to ensure the building achieves its net zero performance goals.

**23. 30 YEAR OCCUPANT'S OTHER RIGHTS AND RESPONSIBILITIES:**

- Tenant will participate in an occupant/tenant council with Landlord and other Condominium Owners to advise and address specific building issues.
- Tenant will have the ability to sell their interests to other non-profit tenants who share and support the mission of the OSC on the same terms and conditions. Landlord will have the first right of refusal to obtain these leases if the tenant desired to transfer their lease. Tenants forfeit their rights to the lease if they fail to fulfill the terms of the lease.

GerdingEdlen

DEVELOPMENT

503.299.6000 t

503.299.6703 f

1140 SW 11TH AVE. #400

PORTLAND, OR 97205

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WASHINGTON

- Tenant will pay for any extraordinary repairs and maintenance through a special assessment on rents and collected over a 12 month period. Allocation of any special assessment will be on a proportionate share of the space. There is no limit on financial exposure to repairs.

It is expressly understood and agreed by both parties that the foregoing proposal constitutes an agreement in principle only with respect to a leasehold interest in the above referenced premises and does not create any contractual rights or obligations on the part of either party. Significant additional terms and conditions of the Lease are yet to be negotiated and neither party is obligated to continue such negotiations. In no event shall any contractual rights or obligations exist until such time as a Lease Agreement is fully executed and delivered by both parties. Accordingly, the parties agree not to rely on the terms of this letter and that any obligations incurred, funds spent and business opportunities lost are at each party's sole risk. *Please note that the terms of this proposal are valid for a period of five (5) business days from the date above.*

Thank you for your time and consideration. We look forward to working with you on this project.

Gerding Edlen

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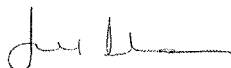
DEVELOPMENT

503.299.6000 t

503.299.6703 f

1140 SW 11TH AVE. #400  
PORTLAND, OR 97205

Best regards,



Jill Sherman  
Vice President, Gerding Edlen

**AGREED AND ACCEPTED:**

Signed:  \_\_\_\_\_

Printed: Sean C Penrith

Title: Executive Director

Date: 9/14/11

CALIFORNIA  
OREGON  
WASHINGTON

EARL BLUMENAUER  
THIRD DISTRICT, OREGON

COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEES:  
TRADE  
SELECT REVENUE MEASURES

COMMITTEE ON BUDGET



**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-3703**

WASHINGTON OFFICE:  
2267 RAYBURN BUILDING  
WASHINGTON, DC 20515  
(202) 225-4811  
FAX: (202) 225-8941

DISTRICT OFFICE:  
729 N.E. OREGON STREET  
SUITE 115  
PORTLAND, OR 97232  
(503) 231-2300  
FAX: (503) 230-5413

website: [blumenauer.house.gov](http://blumenauer.house.gov)

September 20, 2011

Mayor Sam Adams  
Portland City Commissioners  
1221 SW 4<sup>th</sup> Avenue  
Portland, OR 97205

Dear Mayor Adams and Portland City Commissioners:

I am writing to express my support for the Oregon Sustainability Center (OSC), an important project that will create significant economic opportunities for Oregonians.

The OSC represents national and international leadership in the new era of advanced building design. Its model of innovation and collaboration between public entities, the private sector, and higher education provides opportunities for businesses not only in Portland, but in places like Salem, Bend and Joseph.

The OSC will create near-term design and construction jobs, providing opportunities for Oregon companies to launch new products to meet the growing market demand for highly efficient and environmentally sound buildings. The OSC will also create opportunities for academic and private sector research into new products and technologies. Featuring partnerships with Sanyo, Intel and Oregon BEST, the OSC will provide a critical opportunity to demonstrate new Direct Current electricity technologies, serving as a model for the design of the next generation of buildings in other states as well as other countries.

The OSC will also speed the development of Oregon's green building industries, including sustainable wood products, building materials manufacturing, alternate energy design and implementation, efficient building management and maintenance, and small business opportunities to provide supplies and support for high efficiency facilities.

It will bring architects, planners, developers, energy efficiency experts, business professionals, and new visitors to the region – enhancing Oregon's reputation for creating green and sustainable solutions through innovation and collaboration.

In addition, the decision of two federal agencies to invest in the OSC demonstrates the federal government's confidence that this project will help to create long-lasting private sector opportunities.

We commend the City of Portland, the Portland Development Commission, and the Oregon University System for your close collaboration on this important project and look forward to highlighting the Oregon Sustainability Center as one more example of Oregon's leadership in creating new jobs for a sustainable future.

Sincerely,

A handwritten signature in black ink that reads "Earl Blumenauer". The signature is written in a cursive style and is enclosed within a thin black rectangular border.

Earl Blumenauer  
Member of Congress

36880

**Parsons, Susan**

---

**From:** Will Levenson [will@popinaswimwear.com]  
**Sent:** Wednesday, September 21, 2011 10:11 AM  
**To:** Parsons, Susan; Jennings, Gayla  
**Subject:** FW: Oregon Sustainability Center  
**Importance:** High

---

**From:** Will Levenson [mailto:will@popinaswimwear.com]  
**Sent:** Wednesday, September 21, 2011 10:09 AM  
**To:** 'am.adams@ci.portland.or.us'; 'dan@ci.portland.or.us'; 'nick@portlandoregon.gov'; 'amanda@ci.portland.or.us'; 'randy@portlandoregon.gov'; 'karla.moore-love@portlandoregon.gov'  
**Subject:** Oregon Sustainability Center  
**Importance:** High

The Honorable Mayor Adams and City Council members,

I am writing to you today to request that the proposed resolution and ordinances related to the Oregon Sustainability Center on the September 21 Council agenda be removed until the many unanswered questions about financial feasibility can be adequately addressed.

The risks associated with the Sustainability Center in terms of fiscal and technical feasibility are immense and the City general fund is being positioned as the key backstop for much of that risk. Any errors in the technological, project cost, and market assumptions in the current project plan could mean dramatic cuts in city services.

Given existing debt obligations and financial exposure outlined in the recent city audit, decision making related to additional city debt and revenue commitments need to be firmly focused on core needs and limited risk. At the end of the day, development and operation of a sustainability center is not a core city function. Again, I respectfully request that the sustainability center action items be removed.

I thank you for your time.

Sincerely,

Will Levenson  
2946 NE 48th Avenue  
Portland, Oregon 97213

9/22/2011

**Parsons, Susan**

---

**From:** nikobeck@dslnorthwest.net  
**Sent:** Wednesday, September 21, 2011 10:30 AM  
**To:** am.adams@ci.portland.or.us; Commissioner Saltzman; Commissioner Fish; Commissioner Fritz; Leonard, Randy; Moore-Love, Karla  
**Subject:** Risks associated with the Sustainability Center

The Honorable Mayor Adams and City Council members,

I am writing to you today to request that the proposed resolution and ordinances related to the Oregon Sustainability Center on the September 21 Council agenda be removed until the many unanswered questions about financial feasibility can be adequately addressed.

The risks associated with the Sustainability Center in terms of fiscal and technical feasibility are immense and the City general fund is being positioned as the key backstop for much of that risk. Any errors in the technological, project cost, and market assumptions in the current project plan could mean dramatic cuts in city services.

Given existing debt obligations and financial exposure outlined in the recent city audit, decision making related to additional city debt and revenue commitments need to be firmly focused on core needs and limited risk. At the end of the day, development and operation of a sustainability center is not a core city function. Again, I respectfully request that the sustainability center action items be removed.

I thank you for your time.

Sincerely,

Becky Mellinger  
NE Portland

36880

**Parsons, Susan**

---

**From:** Chris Sullivan [chrisasullivan@gmail.com]

**Sent:** Tuesday, September 20, 2011 9:40 PM

**To:** sam.adams@ci.portland.or.us; Commissioner Saltzman; Commissioner Fish; Commissioner Fritz; Leonard, Randy; Moore-Love, Karla

**Subject:** Oregon Sustainability Center - Please Remove

The Honorable Mayor Adams and City Council members:

I am writing to you today to request that the proposed resolution and ordinances related to the Oregon Sustainability Center on the September 21 Council agenda be removed until the many unanswered questions about financial feasibility can be adequately addressed.

The risks associated with the Sustainability Center in terms of fiscal and technical feasibility are immense and the City general fund is being positioned as the key backstop for much of that risk. Any errors in the technological, project cost, and market assumptions in the current project plan could mean dramatic cuts in city services.

Given existing debt obligations and financial exposure outlined in the recent city audit, decision making related to additional city debt and revenue commitments need to be firmly focused on core needs and limited risk. At the end of the day, development and operation of a sustainability center is not a core city function. Again, I respectfully request that the sustainability center action items be removed.

Thank you for your time.

Sincerely,

Chris Sullivan  
6945 N. Greeley Ave  
Portland, OR 97217  
971-533-7175  
[www.linkedin.com/in/chrisasullivan](http://www.linkedin.com/in/chrisasullivan)  
[www.twitter.com/chrisasullivan](http://www.twitter.com/chrisasullivan)



36880

**Parsons, Susan**

---

**From:** Michael Conley [tappercussion@yahoo.com]  
**Sent:** Tuesday, September 20, 2011 11:43 PM  
**To:** Moore-Love, Karla  
**Cc:** am.adams@ci.portland.or.us; Commissioner Saltzman; Commissioner Fish; Commissioner Fritz; Leonard, Randy  
**Subject:** Sustainability Center fiscal sustainability in question

The Honorable Mayor Adams and City Council members,  
This issue has been brought to my attention by my friend and neighbor Tony Fuentes. I am a sustainability fan and a committed environmentalist, but Mr. Fuentes raises a number of points worthy of careful consideration. I have felt the sting of a water bill that has tripled since I started as a customer of the that bureau in the 1990s. I feel the city should not embark on extravagant projects when the schools are constantly in funding crisis, among other problems more deserving of our tax dollars.

I am writing to you today to request that the proposed resolution and ordinances related to the Oregon Sustainability Center on the September 21 Council agenda be removed until the many unanswered questions about financial feasibility can be adequately addressed.

The risks associated with the Sustainability Center in terms of fiscal and technical feasibility are immense and the City general fund is being positioned as the key backstop for much of that risk. Any errors in the technological, project cost, and market assumptions in the current project plan could mean dramatic cuts in city services.

Given existing debt obligations and financial exposure outlined in the recent city audit, decision making related to additional city debt and revenue commitments need to be firmly focused on core needs and limited risk. At the end of the day, development and operation of a sustainability center is not a core city function. Again, I respectfully request that the sustainability center action items be removed.

I thank you for your time.

Sincerely,

X

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Thank you for your consideration of this request for action, feel free to email me or call me at 971-570-6930 if you have any questions.

All the best,

Tony Fuentes

9/21/2011

**Parsons, Susan**

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**From:** Mary Saunders [swirlingtheuniverse@gmail.com]  
**Sent:** Tuesday, September 20, 2011 7:21 PM  
**To:** Parsons, Susan  
**Subject:** Fwd: Email Testimony About Oregon Sustainability Center

----- Forwarded message -----

From: Mary Saunders <swirlingtheuniverse@gmail.com>  
 Date: Tue, Sep 20, 2011 at 7:16 PM  
 Subject: Fwd: Email Testimony About Oregon Sustainability Center  
 To: Mayor Sam Adams <MayorSam@portlandoregon.gov>, randy@portlandoregon.gov, Commissioner Fritz <amanda@ci.portland.or.us>, dan@portlandoregon.gov, Commissioner Fish <nick@portlandoregon.gov>, karla.moore-love@portlandoregon.gov

<http://blogtown.portlandmercury.com/BlogtownPDX/archives/2011/09/20/questions-linger-but-council-seems-likely-to-bless-oregon-sustainability-center>

sam.adams@ci.portland.or.us  
 dan@ci.portland.or.us  
 nick@portlandoregon.gov  
 amanda@ci.portland.or.us  
 randy@portlandoregon.gov

karla.moore-love@portlandoregon.gov

The Honorable Mayor Adams and City Council members,

I am writing to you today to request that the proposed resolution and ordinances related to the Oregon Sustainability Center on the September 21 Council agenda be removed until the many unanswered questions about financial feasibility can be adequately addressed.

The risks associated with the Sustainability Center in terms of fiscal and technical feasibility are immense and the City general fund is being positioned as the key backstop for much of that risk. Any errors in the technological, project cost, and market assumptions in the current project plan could mean dramatic cuts in city services.

Given existing debt obligations and financial exposure outlined in the recent city audit, decision making related to additional city debt and revenue commitments need to be firmly focused on core needs and limited risk. At the end of the day, development and operation of a sustainability center is not a core city function. Again, I respectfully request that the sustainability center action items be removed.

This also comes at a time when across the national municipal bonds are being downgraded or are at risk of that. There will be increasing scrutiny and risk if ripples from European problems affect the world economy with problems in markets for U.S. goods and services.

I am requesting that you respond to these concerns. I am not alone in wondering how this could affect living costs for ordinary Portlanders.

Thank you for your attention to this matter.

Cheers,

Mary Saunders  
 Irvington/Alameda (the disputed territory)

36880

**Moore-Love, Karla**

**From:** Ansula Press [ansula@gmail.com]  
**Sent:** Tuesday, September 20, 2011 4:10 PM  
**To:** sam.adams@ci.portland.or.us; Commissioner Saltzman; Commissioner Fish; Commissioner Fritz; Leonard, Randy; Moore-Love, Karla  
**Subject:** Oregon Sustainability Center

The Honorable Mayor Adams and City Council members,

I am writing to you today to request that the proposed resolution and ordinances related to the Oregon Sustainability Center on the September 21 Council agenda be removed until the many unanswered questions about financial feasibility can be adequately addressed.

The risks associated with the Sustainability Center in terms of fiscal and technical feasibility are immense and the City general fund is being positioned as the key backstop for much of that risk. Any errors in the technological, project cost, and market assumptions in the current project plan could mean dramatic cuts in city services.

Given existing debt obligations and financial exposure outlined in the recent city audit, decision making related to additional city debt and revenue commitments need to be firmly focused on core needs and limited risk. At the end of the day, development and operation of a sustainability center is not a core city function. Again, I respectfully request that the sustainability center action items be removed.

I thank you for your time.

Sincerely,

Ansula Press  
5533 NE 30th Ave.  
Portland, OR 97211

--  
"The really important kind of freedom involves attention, and awareness, and discipline, and effort, and being able truly to care about other people and to sacrifice for them, over and over, in myriad petty little unsexy ways, every day. That is real freedom. The alternative is unconsciousness,..." ~David Foster

9/20/2011

36880

**Moore-Love, Karla**

**From:** Lynnette Fusilier [lynnette@neighborhoodnotes.com]  
**Sent:** Tuesday, September 20, 2011 3:53 PM  
**To:** sam.adams@ci.portland.or.us; Commissioner Saltzman; Commissioner Fish; Commissioner Fritz; Leonard, Randy; Moore-Love, Karla  
**Subject:** Sustainability Center

The Honorable Mayor Adams and City Council members,

I am writing to you today to request that the proposed resolution and ordinances related to the Oregon Sustainability Center on the September 21 Council agenda be removed until the many unanswered questions about financial feasibility can be adequately addressed.

The risks associated with the Sustainability Center in terms of fiscal and technical feasibility are immense and the City general fund is being positioned as the key backstop for much of that risk. Any errors in the technological, project cost, and market assumptions in the current project plan could mean dramatic cuts in city services.

Given existing debt obligations and financial exposure outlined in the recent city audit, decision making related to additional city debt and revenue commitments need to be firmly focused on core needs and limited risk. At the end of the day, development and operation of a sustainability center is not a core city function. Again, I respectfully request that the sustainability center action items be removed.

I thank you for your time.

Sincerely,  
 Lynnette



**lynnette fusilier**  
 editor + local lover

:: 922 NW 11th Avenue, #105  
 :: Portland, OR 97209  
 :: tele: 503.764.4330  
 :: email: [lynnette@neighborhoodnotes.com](mailto:lynnette@neighborhoodnotes.com)  
 :: twitter: [@pearlgirl](#) [@nnpdx](#) [@nnwire](#)  
 :: become a fan [on facebook](#)  
 :: sign up for [our e-newsletter](#)  
 :: view Portland photo galleries on [Flickr](#)  
 :: check out Portland videos on [Vimeo](#)  
 :: get the latest neighborhood news and events on [our web site](#)  
 :: submit, distribute and promote your news + events [on NNwire](#)

**create. communicate. connect.**

9/20/2011

36880

**Moore-Love, Karla**

---

**From:** sassafrasgreenbuilding@gmail.com on behalf of Kelley Roy [kelley@ADXportland.com]  
**Sent:** Tuesday, September 20, 2011 3:24 PM  
**To:** am.adams@ci.portland.or.us; Commissioner Saltzman; Commissioner Fish; Commissioner Fritz; Leonard, Randy; Moore-Love, Karla  
**Subject:** Sustainability Center Request for Removal of Action Items

The Honorable Mayor Adams and City Council members,

I am writing to you today to request that the proposed resolution and ordinances related to the Oregon Sustainability Center on the September 21 Council agenda be removed until the many unanswered questions about financial feasibility can be adequately addressed.

The risks associated with the Sustainability Center in terms of fiscal and technical feasibility are immense and the City general fund is being positioned as the key backstop for much of that risk. Any errors in the technological, project cost, and market assumptions in the current project plan could mean dramatic cuts in city services.

Given existing debt obligations and financial exposure outlined in the recent city audit, decision making related to additional city debt and revenue commitments need to be firmly focused on core needs and limited risk. At the end of the day, there are better ways to spend this money that would result in more meaningful and more sustainable job creation for Portlanders. Again, I respectfully request that the sustainability center action items be removed.

I thank you for your time.

Sincerely,

--

Kelley Roy, Director

## ADX

p.503.438.8171

417 se 11th avenue  
portland, oregon 97214

[Facebook](#)

[Twitter](#)

9/20/2011

36880

**Moore-Love, Karla**

---

**From:** tony@milagrosboutique.com  
**Sent:** Monday, September 19, 2011 9:56 PM  
**To:** Commissioner Fish; Commissioner Saltzman; Commissioner Fritz; sam.adams@ci.portland.or.us; Leonard, Randy  
**Cc:** Blackwood, Jim; Ames, Betsy; Finn, Brendan; Grumm, Matt; Newberry, Skip; Andy Frazier; Alando Simpson; lgunderson@oregonian.com; dtheriault@portlandmercury.com; Moore-Love, Karla; Crail, Tim; Kovatch, Ty  
**Subject:** Testimony Regarding Sustainability Center Agenda Items  
**Attachments:** September 19 Letter from Tony Fuentes.doc

I have attached a word document version of this testimony as well.

September 19, 2011

To the Honorable Mayor Adams and City Commissioners,

I regret that I will not have the opportunity to provide testimony in person on September 21. I had an opportunity to fully review the current agenda items related to the proposed Sustainability Center. My request that you remove or reject these items on the September 21 Council agenda stands.

The risks associated with the Sustainability Center in terms of fiscal and technical feasibility are immense and the City's general fund is being positioned as the key backstop for much of that risk. Any errors in the technological, project cost, and market assumptions in the current project plan could mean dramatic cuts in city services.

The business case as outlined in "OSC Budget Note Response - FINAL DRAFT" remains muddled (nearly all of its appendices are missing). Additionally, a variety of key issues related to the project are not addressed in that documentation:

- 1. Assessment of Bureau of Planning & Sustainability operating costs:**

One portion of city's debt service is to be paid for by Bureau of Planning and Sustainability in the form of rent payments on nearly 32,000 square feet of office space in Sustainability Center.

9/20/2011

To occupy the space, BPS will move from an existing city building with existing debt obligation (the 1900 Building); even though "the director of BPS' sustainability division, Michael Armstrong, acknowledges that there is nothing wrong with their current office space." (Portland Mercury, May 12, 2011) In addition to rent, BPS will be responsible for "operating, maintenance, repair and other costs attributable to their space." (Page 18, OCS Budget Note Response - FINAL DRAFT)

How will change in annual BPS operating costs resulting from this move from the 1900 building to the Sustainability Center be supported?

Aren't any additional BPS operating expenses whether due to rent or "operating, maintenance, repair and other costs attributable to their space" an added general fund obligation that affects the ability to fund other city services?

**2. Plans for 1900 Building debt obligation:**

BPS is currently housed in the recently renovated 1900 Building. The city owes \$13 million for that renovation (Portland Mercury, May 12, 2011).

What are the plans for the 1900 Building and its debt obligation?

If the 1900 Building debt is being transferred to another general fund line item or bureau, that transfer of responsibility is still a cost directly related to the sustainability center decision.

**3. Anticipated financing costs:**

Recent debt obligation for urban renewal bonds has been over 6 percent (e.g. Interstate Corridor Urban Renewal and Redevelopment Bonds, 2011 Series A). What interest rates are being assumed for this project funding and do they match the most recent debt rates secured by the city?

**4. Economic Development Opportunity Cost:**

Although no clear economic development outcomes for this project have been outlined beyond broad statements of aspiration, it is still relevant to consider the opportunity cost of choosing this project over others.

With regard to PDC TIF funds and the gift of land appraised at \$3.85 million, what opportunities will be lost for job creation and economic development by committing these resources to the Sustainability Center?

#### **5. Financial Contingency Planning:**

The exposure to the city if lease terms and occupancy do not effectively materialize is significant, and any shortcomings would be made up via general fund revenues.

The lease rates required to fulfill debt expenses are up to 48 percent higher than market rates. Further, a nearly full, if not completely occupied, building is required to effectively meet loan obligations. However, the vacancy rate for Class A commercial space in the region is presently over 16 percent; even with rental rate that do not reflect the Sustainability Center rent premium of up to 48 percent (pp. 50-51, *ibid*)

The expectations on rental rates and occupancy beyond immediate project partners (OSU, PSU, City of Portland) are optimistic. The City is proposing to assume 50 percent of this significant risk. (Page 54, *ibid* & Agenda Item 984 - Ordinance to Authorize an Intergovernmental Agreement with the Oregon University System to jointly share the costs to obtain design development and 50% construction documents for the Oregon Sustainability Center within the South Park Blocks Urban Renewal Area)

Given the high risk associated with the occupancy and rental income assumptions, what contingency plans are in place if expected lease terms and occupancy rates do not meet expectations or change during the full debt obligation cycle?

The obligation of general funds to make up any shortcoming will require cuts in services or increase fees or taxes. What are the plans in such a case, what services are prioritized for cuts and/or what taxes or fees will be increased?

This same risk and question of contingency planning applies capital cost estimates and operating cost estimates (those which BPS is directly obligated and those which will impact rental rate via triple net pricing). However, not enough information is included in the documentation to review these additional areas in depth.



## 6. Public versus Private Risk:

The high level of public funding and debt for this project is not being matched or met by the private sector. The amount of pledged funding from non-public sector entities is approximately 3 percent of project cost sans interest expenses. (Page 17, *ibid*) In contrast, the Bullitt Center which just broke ground in Seattle is not carrying this level of risk to public dollars.

Project feasibility is only possible with the City assuming significant risk (and increasing it to allay concerns from the state legislature as outlined in the resolution and ordinance documents, see Page 54, *ibid*) and mitigating this risk requires that the Sustainability Center effectively competes with lower priced private development. If ever there was a red flag, this is it.

Given all of this, what happens if the City says "no" to the Sustainability Center? Per the project documents, the fiscal impact of "no action" on the city budget are inconsequential or represent sunk costs (staff time) that can't be recovered in any case. The financial impact of "no action" on the Oregon University System will be less spending on construction and/or lease expenses to accommodate its space needs. (Page 26, *ibid*)

Non-financial impacts of "no action" have been raised as well. These include "lost momentum in the collaborative partnership" and "a negative message to the business sector that Oregon is not willing to take risks to be innovative".

These issues are clearly subjective; arguably to the point of being meaningless. My own view as a member of the business community is that the proposed public investment in this project does not demonstrate a willingness to "take risks".

The proposed changes in the project financing will increase the city's already significant risk. In light of this change in terms, the lack of a clear business case, and the omission of key considerations such as those outlined above, any decision to move forward would not demonstrate a willingness to "take risks". It would display a willingness to be reckless in spite of the facts (or lack thereof).

As noted in the recent city audit outlining the city's existing debt obligations and financial exposure, decision making related to additional city debt needs to be firmly focused on core needs and manageable risk. The development and operation of a sustainability center is clearly outside of these bounds and the terms of the proposed agreement which expose the general fund to substantial risk push it beyond the pale.

As you can imagine, I remain steadfast in my previous request to you. Namely, I strongly encourage you to remove or reject the agenda items related to the proposed Oregon Sustainability Center.

Please do not hesitate to contact me at 971-570-6930, if you have any questions or require any further information. I thank you for your time.

All the best,

Tony Fuentes

6504 NE 22<sup>nd</sup> Avenue

Portland, OR 97211

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All the best,

Tony Fuentes  
6504 NE 22<sup>nd</sup> Avenue  
Portland, OR 97211

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**Moore-Love, Karla**

**From:** tony@milagrosboutique.com  
**Sent:** Friday, September 16, 2011 3:30 PM  
**To:** sam.adams@ci.portland.or.us; Commissioner Saltzman; Commissioner Fritz; Fish, Nick; Leonard, Randy  
**Cc:** Moore-Love, Karla; Finn, Brendan; Andy Frazier; Newberry, Skip  
**Subject:** Re: Sustainability Center Emergency Vote

The Oregonian updated their article, the "emergency ordinance" appears to have changed to a resolution:

[http://blog.oregonlive.com/portlandcityhall/2011/09/mayor\\_sam\\_adams\\_pushes\\_commitm.html](http://blog.oregonlive.com/portlandcityhall/2011/09/mayor_sam_adams_pushes_commitm.html)

If this is the case, I still respectfully request that the agenda item be removed. Any public support for this project should be tabled until a clear business case is articulated and shared with the public for review and comment. The questions of financial feasibility should not be ignored. Any action - binding or not - without clear responses to the project concerns, remains premature.

Please do not hesitate to contact me if you have any questions, I thank you for your time.

All the best,

Tony Fuentes

On September 16, 2011 at 4:15 PM "tony@milagrosboutique.com" <tony@milagrosboutique.com> wrote:

>  
> September 16, 2011  
>  
> The Honorable Mayor Adams and City Council members,  
>  
> I am writing to you today to request that the proposed  
"emergency" agreement  
> scheduled for Council review and approval on September 21 be  
removed from the  
> agenda. If the agreement does remain on the September 21  
agenda, I respectfully  
> request that you reject the agreement.  
>  
> The concerns raised by the legislature regarding the overall  
financial  
> feasibility of this project and its potential impact on on-going  
operating costs  
> for the Portland State University and the City of Portland  
remain unanswered.  
> These concerns are shared by every resident of Portland as we

9/19/2011

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will be

> financially responsible for any challenges that emerge with construction cost  
> overruns, failed lease agreements, and/or any excessive operating expense.

>

> Moreover, the introduction of this agreement as an "emergency" is an abuse of  
> the agenda setting and public review process. A willingness to disregard  
> legitimate concerns about this project and avoid providing answers is not an  
> "emergency". Potentially deepening the city's financial commitment to this  
> project doesn't erase the lack of facts on the overall financial feasibility  
of

> this investment or any legitimate business case related to economic  
development.

>

> Again, I request that this agenda item be removed and if there is to be any  
> additional action on this project, I ask that the city present a clear  
business

> case regarding this project to public for proper review and consideration.

>

> Please do not hesitate to contact me directly at 971-570-6930 if you have any  
> questions. I thank you for your time.

>

> All the best,

>

> Tony Fuentes  
> 6504 NE 22nd Avenue  
> Portland, OR 97211