

SOUTH WATERFRONT NORTH DISTRICT DEVELOPMENT AGREEMENT

BETWEEN

THE PORTLAND DEVELOPMENT COMMISSION

AND

ZRZ REALTY COMPANY

June 10, 2015

DEVELOPMENT AGREEMENT

This DEVELOPMENT AGREEMENT (this "Agreement") is entered into as of this ____ day of May, 2015 (the "Effective Date") by and among the CITY OF PORTLAND ("City"), a municipal corporation of the State of Oregon, acting by and through the PORTLAND DEVELOPMENT COMMISSION, the duly designated urban renewal agency of the City of Portland ("PDC") and ZRZ REALTY COMPANY, an Oregon corporation ("ZRZ"). PDC and ZRZ shall be referred to individually as a "Party" and jointly as "Parties".

RECITALS

A. Pursuant to the Charter of the City of Portland and ORS Chapter 457, the Portland City Council ("Council") adopted the North Macadam Urban Renewal Plan on August 11, 1999, by Ordinance No. 173651 (including all amendments thereto, the "Plan"). The Plan established the North Macadam Urban Renewal Area (the "URA") within which PDC will focus efforts to encourage private development, cure blight, and enhance economic development opportunities. The Plan was most recently amended by the City Council on April 1, 2015, by Ordinance No. 187027.

B. On November 13, 2002, by Ordinance No. 177082 and Resolution 36111, Council adopted the South Waterfront Plan as a sub district plan in the Central City (the "South Waterfront Plan") superseding the North Macadam District Framework Plan, which Council had accepted by Resolution 35815 in August 1999. PDC is responsible for coordinating and guiding development of the South Waterfront Plan Area on behalf of the City in accordance with the vision and goals of the South Waterfront Plan.

C. The area of land that is the subject of this Agreement lies within the URA, as outlined in attached Exhibit A, and the South Waterfront Plan Area and is more particularly described in attached Exhibit B (the "Development Site").

D. The Development Site is also within Portland's innovation quadrant (the "Innovation Quadrant"). The Innovation Quadrant provides connections and collaboration between higher-education institutions, workforce development providers and private sector partners that are currently located in four plan districts – the University District, South Waterfront, Marquam Hill, and the Central Eastside Industrial District. In South Waterfront, the Innovation Quadrant includes OHSU's Schnitzer campus where the research affiliated with the Knight Challenge is expected to be housed and, on ZRZ property, the largest supply of remaining vacant land in Portland's Central City, where employment-focused private sector spin-off is anticipated to be located.

E. PDC's anticipated investments related to the Development Site pursuant to this Agreement are consistent with its economic and redevelopment priorities and are intended to help create an interconnected community that is highly attractive to companies, employees, investors, and district residents who work and live in a vibrant, 24/7 waterfront destination surrounded by the nation's newest public transit river crossing and one of the state's largest

employers .

F. Zidell Companies' long-standing advanced manufacturing facility in the Development Site (the "Barge Business") contributes towards the economic vitality of the City of Portland, and as such, the continued operation of such facilities within the City is important.

G. The Parties acknowledge the extensive investments ZRZ and the City have made towards transforming the South Waterfront Plan Area, including:

(1) Investments in the Portland Milwaukie Light Rail Transit Project (the "PMLRT Project"): As the only private property owner to donate land towards the PMLRT Project, ZRZ donated property valued at \$7M in South Waterfront for the PMLRT Project alignment. The City contributed \$50M in local match funding towards the overall \$1.4B PMLRT Project which includes the \$13.7M South Waterfront station that serves the Development Site.

(2) SW Moody Avenue realignment: The City, with a letter of support from ZRZ, among others, completed the \$66M SW Moody Avenue project which serves the Development Site with an urban street and infrastructure needed to advance development.

(3) Central District: The City invested \$125M in Central District public improvements, including mass transit and parks and open space, which have enhanced development opportunities for the entire South Waterfront, including the Development Site.

(4) Development Site Clean-Up: ZRZ has substantially completed clean up and remediation work totaling more than \$25M, including actions required by the Oregon Department of Environmental Quality ("DEQ") consent judgment to clean up contaminated soil and Willamette River sediments, on and adjacent to the Development Site, including the removal of 'hot spots' of contaminated soil on the upland, undeveloped portion of the Development Site.

(5) Greenway Improvements Riverward of Top of Bank: As part of ZRZ's Development Site clean-up, ZRZ rebuilt and significantly improved the City of Portland South Waterfront Greenway to City standards riverward of Top of Bank for the length of ZRZ's property (the "ZRZ Greenway Improvements"). This Agreement anticipates no additional Greenway improvements riverward of Top of Bank on the ZRZ property except as otherwise expressly provided in the Transition Trails DA (as defined in Section 7.3.3 below) or as may be required in connection with stormwater management or otherwise initiated by ZRZ or the City outside of the scope of this Agreement.

(6) Greenway Improvements Landward of Top of Bank: Upon completion of construction of the Phase 2 Greenway and Phase 3 Greenway, the City and ZRZ will have satisfied any future obligations of ZRZ (or its successors or assigns) to make improvements on the Development Site pursuant to Portland City Code ("PCC") 33.510.253 and 33.851.010, aside from any improvements required as a result of monitoring for permit conformance.

(7) Development Site Completed Projects: ZRZ constructed a seven story, 88,129

square foot mixed use building with 118 residential units and ground floor retail, known as the Emery (the “Emery”). Completed in 2013, the Emery is projected to generate \$1.7 million of tax increment financing in the URA. ZRZ also constructed the full street improvement for the segment of SW Grover Street west of SW Moody Avenue at a total cost of \$1.4 million. The City invested \$480,000 in City-wide Transportation System Development Charge (“TSDC”) credits and \$20,000 toward the construction of the SW Grover Street segment.

H. The purpose of this Agreement is to provide a framework for investment of URA TIF funds in the development of the Development Site on the terms and conditions set forth in this Agreement.

I. The Parties agree that the Development Site will be developed in three Phases, identified on Exhibit C and during the time frames indicated in this Agreement. The Parties acknowledge that the timing of development may be revised pursuant to an amendment to this Agreement mutually agreed upon by the Parties, but that changes to the timing may affect PDC’s ability to provide the URA TIF funding anticipated in this Agreement.

J. In instances where PDC has rights under this agreement or is responsible for the design and/or construction of infrastructure on the Development Site, certain of such rights and obligations will be implemented by entering into an Intergovernmental Agreement (“IGA”) with other City agencies, including the Bureau of Environmental Services (“BES”), Portland Parks and Recreation (“PP&R”), Portland Housing Bureau (“PHB”), and the Bureau of Transportation (“PBOT”) (individually, each, a “Partner Bureau”, and all collectively, the “Partner Bureaus”).

K. The Parties intend to collaborate to identify and recruit potential tenants for the commercial space developed on the Development Site. To this end, PDC will include the Development Site in discussions of corporate relocation opportunities that it undertakes in its role and the City’s economic development agency. ZRZ also intends to keep PDC apprised of its recruitment efforts, allowing the Parties to work collaboratively to pursue recruitment targets.

L. The Parties acknowledge that utilizing the Development Site for impermanent interim uses (“Interim Activation Uses”) can bring attention and activity to the Development Site and South Waterfront District and showcase the development potential of the Phase 2 and Phase 3 land, and agree to collaborate with the cooperation of the appropriate Partner Bureaus to explore options for identifying and facilitating beneficial temporary uses.

M. The purpose of this Agreement is to memorialize the Parties’ understanding of their respective roles and commitments in the development of the Development Site.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the Parties agree as follows:

SECTION 1: DEFINED TERMS

Words that are capitalized, and which are not the first word of a sentence, are defined terms. A defined term has the meaning given it when it is first defined in this Agreement. Some defined terms are first defined in the text of this Agreement and some are first defined in Exhibit D, which is a glossary of all defined terms. Defined terms may be used together and the combined defined term has the meaning of the combined defined terms. A defined term that is a noun may be used in its verb or adjective form and vice-versa. Defined terms may be used in the singular or the plural.

SECTION 2: PROVISIONS OF GENERAL APPLICATION

2.1 Contribution of Public Funds.

2.1.1 PDC Funds. PDC funding under this Agreement will be dependent upon the availability of URA tax increment financing (“TIF”) pursuant to Oregon Revised Statute Chapter 457, as determined by the City Debt Management Office. Funding availability will be contingent upon tax collections and the completion of ad valorem tax-generating projects within the URA. All anticipated expenditures of URA TIF under this Agreement are subject to the successful performance of the URA as modeled. URA modeling relies on Portland State University (“PSU”), Oregon Health & Science University (“OHSU”), and ZRZ proceeding according to schedule with the development of projects on their respective properties that will, when finished be taxable and that will generate TIF consistent with attached Exhibit E.

2.1.2 Public Funds Generally. All of the obligations in this Agreement that require the contribution of public funds toward the design and/or construction of Projects or Infrastructure Projects, as referenced in Exhibit F, are subject to the precondition that such public funds are available, generally in the timeline outlined in Exhibit G. This precondition applies to PDC obligations to contribute URA TIF (as set forth above in Section 2.1.1) and all other sources of public funds, whether directly or through operation of an IGA with a Partner Bureau. The availability of public funding is subject to the performance of the URA as described above in Section 2.1.1 and on the budget commitments and other funding obligations of the PDC and the Partner Bureaus. In the event that any amount of public funding is not available at the time by which such funding is required with respect to an Infrastructure Project as set forth in this Agreement, ZRZ’s sole remedy shall be termination of this Agreement pursuant to Section 9.5, or such other remedy as may be expressly provided in this Agreement. Exhibits F and G are referenced for informational purposes only and do not by themselves create or evidence obligations other than as set forth in the express terms of this Agreement.

2.1.3 Development Gap Funding. Without limitation of any other provisions of this Agreement, in the event that at any time during the term of this Agreement sufficient URA TIF exists or is projected to be generated by existing development of the Development Site for the PDC to meet all of its obligations under this Agreement, PDC will consider contributing any additional URA TIF toward the design and/or construction of any Project, Infrastructure Project, or other development on the Development Site. If such additional URA TIF is determined to exist or is projected to be generated, the determination of whether or how to expend such URA TIF will be made in the sole discretion of the PDC, but consistent with this Agreement. The determination of the existence or projected generation of sufficient URA TIF to meet the PDC’s

obligations under this Agreement will be made in the sole discretion of the PDC consistent with this Agreement.

2.2 Alternative Financing Opportunity. PDC is uniquely able to access or to coordinate sources of development financing. Depending on the particular requirements and conditions of a project, PDC may be able to offer or aid in accessing financing that is comparable to or superior to that which ZRZ or a project development partner is considering. Consequently, ZRZ and any development partner shall consult with PDC and provide PDC information at a time sufficiently early so as to determine if a PDC source of alternative financing may be available for each Project under Section 3.1 of this Agreement. PDC will inform ZRZ of the availability of alternative financing within 30 days following receipt of such information from ZRZ.

2.3 Affordable Housing. The Parties acknowledge and agree that the Projects and other commercial development within the Development Site will create jobs at all income levels. In order to secure housing opportunities for all income levels in the Development Site, ZRZ agrees as follows:

2.3.1 Subject to the terms and conditions of this Section 2.3, ZRZ agrees to provide PHB with an option to purchase a parcel with a total development capacity of at least 180,000 gross square feet in an area anticipated to be located within the area in Block 5 and Block 8 of the Development Site as shown on Exhibit L (the "Potential Affordable Housing Parcel Area"), for an affordable housing project (such parcel, to be determined in accordance with this Section 2.3, the "Affordable Housing Parcel"). ZRZ shall receive a purchase price for the Affordable Housing Parcel determined as follows (the "Affordable Housing Parcel Purchase Price").

2.3.1.1 PDC shall enter into an IGA with PHB with respect to the purchase and development of the Affordable Housing Parcel no later than the date set forth in this Agreement for execution of other Partner Bureau IGAs.

2.3.1.2 Within one hundred and eighty (180) days after execution of such IGA between PDC and PHB, PHB and ZRZ will each appoint an appraiser to determine the market value of the Affordable Housing Parcel in accordance with the following provisions.

2.3.1.3 ZRZ and PHB will instruct their appointed appraisers to establish the market value of the Affordable Housing Parcel, based on a market value of the entirety of the Potential Affordable Housing Parcel Area, within ninety (90) days of their appointment. In determining such market value, ZRZ and PHB will instruct their appraisers to take into consideration, together with other relevant factors consistent with standard professional appraisal methodology, the following items: 1) any title defects or encumbrances of record affecting the Potential Affordable Housing Parcel Area as shown on a then-current preliminary title report (the "Title Report") issued by a title insurance company and provided to both appraisers at ZRZ's expense; 2) the environmental conditions on the Potential Affordable Housing Parcel Area as disclosed in the records of DEQ and the above-referenced title report (the "DEQ Documents"), which ZRZ will provide or make available to both appraisers; and 3) contractor's estimates obtained and provided to the appraisers by ZRZ of the cost to demolish

and remove any existing improvements on the Affordable Housing Parcel to the extent necessary to develop the affordable housing project on the Potential Affordable Housing Parcel Area.

2.3.1.4 If the appraisers appointed by PHB and ZRZ cannot agree on the market value, the appraisers will appoint an independent third appraiser. The assignment for the third appraiser shall be to review the two appraisals and, based upon the information used by the appraisers for PHB and ZRZ, reconcile a value conclusion that is within the range established by the two appraisals. The third appraiser shall act as an arbiter of the two earlier values and shall, within 45 days following such appraiser's appointment, provide a written explanation of the reconciled conclusion in the form of a Restricted Report Memorandum according to the Uniform Standards of Professional Appraisal Practice. .

2.3.1.5 Once the market value of the Affordable Housing Parcel has been determined as provided above, the PHB and ZRZ shall promptly confirm such determination in writing. This value will escalate annually on the anniversary of the date that PHB and ZRZ have agreed in writing to such value at the rate of the Consumer Price Index All Urban Consumers U.S. City Average (1982-84=100 published by the U.S. Department of Labor, Bureau of Labor Statistics)(“CPI”) until such time as ZRZ and PHB have executed and entered into the Affordable Housing Parcel Option (as defined below).

2.3.2 On or before October 31, 2020, ZRZ will deliver written notice to PHB identifying the specific Affordable Housing Parcel (the “ZRZ Notice”). After PHB's receipt of the ZRZ Notice, but no later than December 31, 2020, PHB shall deliver a letter of intent confirming PHB's intent to purchase the Affordable Housing Parcel. Thereafter, PHB and ZRZ shall execute a purchase option (the “Affordable Housing Parcel Option”) on commercially reasonable terms, including those set forth in this Section 2.3 and consistent with the IGA, no later than November 1, 2021. If PHB does not enter into the Affordable Housing Parcel Option by November 1, 2021, or if PHB enters into the Affordable Housing Parcel Option, but fails to close by the Closing Date (as hereinafter defined), then ZRZ will be free to lease, sell, transfer or develop that property as it sees fit and PHB's Option shall be terminated. Such Affordable Housing Parcel Option will include the following terms:

2.3.2.1 The closing on the Affordable Housing Parcel will occur as soon as PHB has obtained the necessary authority to close the transaction (the “Closing Date”) but no later than a reasonable period after the effective date of the Affordable Housing Parcel Option as agreed between ZRZ and PHB, which shall include a reasonable period of time for PHB to conduct its due diligence investigations of the Affordable Housing Parcel, during which, PHB will have the right to conduct its own due diligence with regard to title and environmental matters affecting the Affordable Housing Parcel. Without limitation, the Affordable Housing Option will include terms addressing the occurrence of each of the following events:

- (i) PHB's due diligence discovers material adverse environmental conditions not disclosed in the DEQ Documents;
- (ii) material adverse title defects or encumbrances not shown in the Title Report; and

(iii) a material adverse change in the condition of the Affordable Housing Parcel between the ZRZ Notice and the Closing Date.

The Affordable Housing Option will provide that upon the occurrence of any of the foregoing items (i) through (iii), ZRZ will either, (i) undertake, at its expense, to perform such actions as are necessary to cure such matter, or (ii) the Affordable Housing Purchase Price shall be reduced commensurately with the estimated cost of remedying the matter or the adverse impact on PHB's ability to develop the affordable housing project, each as may be agreed upon between ZRZ and PHB, acting reasonably, except, however, that in the event of the occurrence of item (i) above, the maximum amount that ZRZ would be bound to spend on curative measures or by which the purchase price could be reduced will be \$250,000.00.

2.3.2.2 It shall be a condition of closing under the Affordable Housing Parcel Option that PHB demonstrate within the parameters of City Council budgeting processes, to ZRZ's reasonable satisfaction that PHB has secured all budget approvals and identified funds to commit to design, development and construction of the affordable housing project on the Affordable Housing Parcel in order to Commence Construction (as defined below) within three (3) years of the Closing Date. In the event that PHB fails to Commence Construction of an affordable housing project on the Affordable Housing Parcel within three (3) years of the Closing Date, then PHB will pay ZRZ an amount equal to twenty percent (20%) percent of the Affordable Housing Parcel Purchase Price. As used in this Section 2.3, "Commence Construction" or "Commencement of Construction" means PHB has, (i) delivered to ZRZ evidence satisfactory to ZRZ, in its reasonable discretion, that PHB has secured all construction financing for the affordable housing project on the Affordable Housing Parcel, and (ii) a building permit for foundation work shall have been issued for the affordable housing project on the Affordable Housing Parcel.

2.3.2.3 PHB acknowledges and agrees that a portion of the area from which the Affordable Housing Parcel will be created is currently subject to a Lease Agreement dated November 1, 2013, between OHSU and 3030 Property LLC, an Oregon limited liability company (an Affiliate of ZRZ (as defined in Section 9.2)) (the "OHSU Lease"), under which OHSU leases the improvements known as 3030 SW Moody Avenue, Portland, Oregon 97201, and that if such lease has not been terminated before the Closing Date, ZRZ will simultaneously with the closing, deliver notice to OHSU of early termination pursuant to the OHSU Lease. The cost of such termination, if any, will be at no cost to PHB. ZRZ shall deliver a redacted copy of the OHSU Lease to PHB at the closing of the Affordable Housing Parcel purchase.

2.3.2.4 The Affordable Housing Parcel may be subject to covenants, conditions and restrictions, including architectural controls ("CC&Rs") so long as such CC&Rs do not impair PHB's program for the affordable housing project on the Affordable Housing Parcel and livability as determined by PHB in its reasonable discretion. If PHB determines in its reasonable discretion that such CC&Rs do impair PHB's program for the affordable housing project on the Affordable Housing Parcel and/or livability in accordance with such program, PHB may object to such items in the CC&Rs and ZRZ and PHB shall work to reach a mutually agreeable solution that reasonably addresses both ZRZ's and PHB's concerns.

2.3.3 ZRZ's obligations under this Section 2.3 are binding on any successors,

assignees or transferees with respect to the Potential Affordable Housing Parcel Area.

2.3.4 To the extent that ZRZ has performance obligations to PHB under this Section 2.3, PDC shall enforce such obligations on behalf of PHB in accordance with that certain Intergovernmental Agreement of even date herewith by and between PDC and PHB.

2.4 No Party will undertake development on the Development Site that is inconsistent with this Agreement. The Parties' agreements set forth in this Agreement are in consideration of the specific terms and conditions set forth in this Agreement. Any amendments to the terms and conditions of this Agreement must be done in accordance with Section 9.20 of this Agreement.

2.5 All Projects (as defined below in Section 3.1) undertaken subject to and during the term of this Agreement will comply with the PDC Development Standards, irrespective of any triggering provisions contained in such standards. The applicable PDC Development Standards are the PDC Business Equity Program Specifications, the PDC Workforce Equity Program Specifications, the South Waterfront Project Apprenticeship Agreement, and the PDC Green Building policy. PDC's 2% for Art policy, to the extent applicable, shall apply only to the Infrastructure Projects. The PDC policies referenced in this Section are included as Exhibits H – K attached hereto.

SECTION 3: ZRZ PRIVATE DEVELOPMENT

3.1 ZRZ intends to develop and construct the following permanent development "Projects" (which do not include Interim Activation Uses, which are addressed in Section 6.9 below).

3.1.1 A market rate apartment project with at least 90,000 gross square feet of space, including at least 5,000 square feet of ground floor retail, or other commercial to be built on that portion of the Development Site shown on Exhibit C (the "Block 1 Project").

3.1.2 A building or buildings of at least a cumulative 250,000 gross square feet including commercial (such as office and/or hospitality), residential, or mixed use with some ground floor retail on that portion of the Development Site shown on Exhibit C (the "Block 6 Project").

3.1.3 A building or buildings of at least a cumulative 100,000 gross square feet including commercial (such as office and/or hospitality), residential, or mixed use with some ground floor retail on that portion of the Development Site shown on Exhibit C (the "Block 4 Project").

3.1.4 The Block 1 Project, the Block 6 Project, and the Block 4 Project are the "Phase 1 Projects." The Phase 1 Projects are anticipated to produce an assessed taxable value of at least \$60,000,000.

3.1.5 Buildings totaling 1.0 million gross square feet of space anticipated to include commercial and residential space, producing an assessed taxable value of at least \$150,000,000. These buildings are anticipated to accommodate a mixture of up to 2,500 jobs

and up to 1,000 residences, consistent with the Performance Targets for Jobs and Housing in the South Waterfront Plan District from the City staff recommended version of Central City 2035 Comprehensive Plan, all to be built on that portion of the Development Site described on attached Exhibit C (such portion, “Phase 2” or the “Phase 2 Land,” and each of such Projects, a “Phase 2 Project”).

3.1.6 Buildings to be built on that portion of the Development Site described on attached Exhibit C (such portion, “Phase 3” or the “Phase 3 Land,” and such Projects, the “Phase 3 Projects”).

SECTION 4: INFRASTRUCTURE PROJECTS

4.1 Construction of the following “Infrastructure Projects” is anticipated in support of the Projects, consistent with the terms of this Agreement.

4.1.1 Bond Avenue Projects. The “Bond Avenue Projects” consist of the design and construction of SW Bond Avenue between SW Porter Street and SW Gibbs Street, in the following three separate projects. All Bond Avenue Projects include the improvements (including ramps and/or driveways) required to maintain open vehicular and pedestrian access, ingress and egress to and from properties abutting Bond Avenue, and pertinent infrastructure such as water, sanitary sewer, storm sewer, and private utilities. Each Bond Avenue Project may be modified from standard by mutual agreement of the Parties to accommodate shared vehicular and alternative travel mode goals. All Bond Avenue Projects will be designed and constructed to City standards to accommodate such utilities, to accommodate surface and/or subsurface stormwater and be compatible with the District Stormwater System (as defined in Section 4.1.3 of this Agreement), and to accommodate street car tracks in the future.

4.1.1.1 The “Bond Avenue Moody Connector Project” is the design and construction of the segment of SW Bond Avenue from SW Porter Street to SW Woods Street, approximately 300 linear feet, and that segment of SW Woods Street from SW Bond Avenue to SW Moody Avenue, approximately 400 linear feet as depicted on attached Exhibit C.

4.1.1.2 The “Bond Avenue Grover Project” is the design and construction of the segment of SW Bond Avenue from SW Woods Street to the southern boundary of Block 4 of the Development Site, approximately 650 linear feet as depicted on attached Exhibit C.

4.1.1.3 The “Bond Avenue Gibbs Project” is the design and construction of the segment of SW Bond Avenue from the southern boundary of Block 4 of the Development Site to SW Gibbs Street, approximately 350 linear feet as depicted on attached Exhibit C.

4.1.2 Phase 1 Stormwater System. The “Phase 1 Stormwater System” is a stormwater system that will serve all of the Development Site east of SW Moody Avenue and west of SW Bond Avenue. This system will meet all applicable requirements of the City’s Stormwater Management Manual and may include discharge to an interim stormwater basin or other on-site stormwater management system. This system will include private utility crossings

of public rights-of-way under encroachment permits or franchise agreements, and may include an overland overflow riverward across public right-of-way and/or private property and a shared public and private stormwater treatment system for public streets, subject to obtaining all applicable permits and approvals, and the conditions of Section 9.4. Discharge to the SW Moody Avenue stormwater system may be allowed provided it meets all City stormwater management requirements, and provided there is existing capacity. Discharge to the combination sewer will not be allowed. The Phase 1 Stormwater System may be designed as a stand-alone system that meets the City's Stormwater Management Manual, any applicable City requirements for stormwater infiltration on a site with potential contaminants in soils and groundwater, and DEQ requirements but that may be connected to the District Stormwater System (as defined below) at a later date. As such, Phase 1 Projects east of SW Moody Avenue, if not initially part of a District Stormwater System, will be designed so that they may be connected to a future District Stormwater System.

4.1.3 District Stormwater System. The "District Stormwater System" is a potential stormwater system that could serve all of the Development Site east of SW Moody Avenue, including public streets. The District Stormwater System would consist of a mixed public and private green infrastructure system that uses surface conveyance to minimize disturbance of contaminated soils and integrates stormwater management within the development. The District Stormwater System would include the treatment of public and private stormwater in the same or interconnected facilities, including any stormwater outfalls or other discharge points to the Willamette River. The District Stormwater System would meet City requirements for stormwater infiltration on a site with potential contaminants in soils and groundwater, and would provide treatment, storage, and conveyance for a 10 year storm event, along with approvable escape routes for storms that exceed the facility design capacity. There are three potential types of a District Stormwater System:

- (i) a "Diffuse and Embedded System," which is a system that collects, conveys, and treats stormwater adjacent to where it falls through an integrated network of facilities including, but not limited to eco-roofs, porous paving, and small-scale vegetated facilities;
- (ii) a "Clustered and Distinct System," which is a system that uses the same techniques as the Diffuse and Embedded System, but that collects, conveys and treats stormwater in a centralized method on either a sub-district or district scale; and
- (iii) a "Central and Focused System," which is similar to a Clustered and Distinct System, but in which the centralized facilities are larger and deeper, and provide an organizing structure for the entire development.

4.1.4 District Energy System. The District Energy System ("District Energy System") is a potential central heating and cooling plant facility that would provide hot and cold water through a piped distribution system for heating and cooling some or all buildings on the Development Site. It is intended that the District Energy System would deliver its services with at least the same level of energy, environmental, and economic performance as the in-building heating and cooling systems that would otherwise be constructed within Development Site

buildings. If a District Energy System proves to be viable and is implemented at the Development Site, buildings within the Development Site, in order to take heating and cooling services from the District Energy System, would incorporate compatible in-building heating and cooling systems and interconnection equipment and components (“Compatible Systems”), which may include: heating and cooling coils sized appropriately for heating and cooling water temperatures provided by the District Energy System; sufficient mechanical room space for the installation of heat exchangers required for District Energy System interconnection; a buried vault adjacent to the building’s mechanical room wall, with isolation valves, wall penetrations, and sleeves through the building wall, to accommodate connection to the District Energy System; identified on-site pathways that will allow the installation of buried, or in-building, distribution piping between the building’s mechanical room and the main District Energy System distribution pipes; and other requirements that may be necessary for District Energy System connection, but that are not included in this list.

4.1.5 Greenway Projects. The “Greenway Projects” are the following projects.

4.1.5.1 Phase 2 Greenway. The “Phase 2 Greenway” means the Greenway improvements to be designed and constructed in the segments of the Willamette River Greenway that are landward of the top of bank of the Willamette River between the Marquam Bridge and the Ross Island Bridge excepting such land that is under OHSU ownership upon the Effective Date of this Agreement, and under the Ross Island Bridge from the western top of bank of the Willamette River to SW Moody Avenue, and identified more specifically in Exhibit C.

4.1.5.2 Phase 3 Greenway. The “Phase 3 Greenway” means the Greenway improvements to be designed and constructed in the segment of the Willamette River Greenway that is landward of the top of bank of the Willamette River and located on Phase 3.

4.1.5.3 Phase 2 Interim Greenway. Phase 2 Interim Greenway means the interim Greenway path as defined in Section 7.3.5 below.

4.1.5.4 Development Pursuant to this Agreement. PCC Chapter 33.851 – South Waterfront Greenway Review allows an applicant for Greenway Review the option of entering into a development agreement that identifies the timeline for development of required greenway improvements. The Parties intend for this Agreement to serve as the development agreement anticipated by Chapter 33.851 with respect to the timing of design and construction of the Phase 2 Greenway and the Phase 3 Greenway. The Parties agree that the coordinated development of the Phase 2 Greenway and the Phase 3 Greenway as unified projects, either individually or collectively, is preferable to piecemeal development of the Greenway on a project-by-project basis. The Parties agree that the Phase 2 Greenway and Phase 3 Greenway will be designed and constructed in accordance with Sections 7.3 and 8.3 of this Agreement, each as applicable. The Parties further agree that the construction of the Phase 2 Interim Greenway pursuant to this Agreement may be beneficial to the overall development of Phase 2 and Phase 3 as contemplated by this Agreement and intend that this Agreement serve as the development agreement allowed by PCC Chapter 33.851 with respect to such Phase 2 Interim Greenway as well. Thus, it is intended that the timing of the design and construction of greenway improvements required in association with the Projects under this Agreement will be implemented pursuant to Section 7.3 and 8.3 of this Agreement, and not at the time of design and

construction of any Projects that precede the timing in Section 7.3 and 8.3. The Parties recognize that all Projects will require Land Use Reviews, and nothing in this Agreement can predetermine the outcome of any such review.

4.1.5.5 Qualified Public Improvement. ZRZ and PDC agree and specifically provide that the Phase 2 Greenway, Phase 2 Interim Greenway, the Phase 3 Greenway, and any related public access easement are each intended to be a “qualified public improvement” as defined in PCC 17.13.020.HH and that the site for “subsequent phases of the original development project,” as described in PCC 17.13.070.E, is intended to include the entire Development Site. This Section does not entitle ZRZ to any grant of a Credit against the Parks and Recreation SDC associated with any Project. The eligibility for such a Credit associated with any Project will be determined pursuant to the standards and process at PCC 17.13.

4.1.6 Zidell Yards Park. The Zidell Yards Park (“ZY Park”) is the park described in Section 7.7 below.

4.1.7 PP&L Line Project. The PP&L Line Project (“PP&L Line Project”) means the undergrounding of the PP&L overhead electric line from the western bank of the Willamette River to the west side of SW Grover Street.

SECTION 5: IMPLEMENTATION OF CERTAIN PDC OBLIGATIONS

5.1 The implementation of certain PDC obligations under this Agreement will be performed by Partner Bureaus pursuant to IGAs between PDC and the respective Partner Bureau. This Agreement identifies the PDC obligations that are to be implemented through an IGA along with the implementing Partner Bureau.

5.2 PDC, with the involvement of ZRZ, will enter into the IGAs with Partner Bureaus needed to implement this Agreement (collectively the “Agreement IGAs”), within one hundred and twenty (120) days following the Effective Date, failing which, ZRZ or PDC may terminate this Agreement pursuant to Section 9.5 or may pursue other funding or development options not inconsistent with this Agreement. Any such IGA must be consistent with the terms and conditions of this Agreement and may not impose any additional obligations on ZRZ or limit the rights of ZRZ under this Agreement. Completed execution of all Agreement IGAs is also a precondition to any of PDC’s obligations under this Agreement.

5.3 When a PDC obligation is based upon Commencement of Construction of a Project, the term “Commencement of Construction” means ZRZ has (i) delivered to PDC evidence satisfactory to PDC in its reasonable discretion that it has secured all construction financing for the Project, both debt and equity, including all sources and terms of such financing if requested by PDC, (ii) delivered to PDC evidence of a commercially reasonable completion of construction guarantee, (iii) a building permit for foundation work shall have been issued, and (iv) ZRZ’s contractor shall have commenced pouring foundation concrete or installation of piles for the Project. PDC agrees to keep all non-public and confidential information provided by ZRZ pursuant to this Section confidential, subject to compliance with ORS192.410, *et seq.* PDC agrees to provide prompt notice to ZRZ of any public request for disclosure of such information in advance of any PDC disclosure so that ZRZ may have reasonable time to seek a protective

order.

SECTION 6: PHASE 1

6.1 Commencement of Construction. The anticipated windows for Commencement of Construction of the Phase 1 Projects are shown on Exhibit G.

6.2 Block 1 Project.

6.2.1 Commencement of Construction of the Block 1 Project must occur by December 31, 2016, subject to delay for any Force Majeure Event. “Force Majeure Event,” as used in this Agreement, means any event or occurrence beyond the reasonable control of a Party, including, without limitation Acts of God, strikes, labor shortages or disputes, materials shortages, and/or severe weather conditions.

6.2.2 The Block 1 Project stormwater system must meet the City Stormwater Management Manual in effect at the time of permitting and shall be connected to the City of Portland’s combined sewer system located on SW Moody Avenue, subject to the City’s approval at ZRZ’s cost and expense. The Block 1 Project stormwater system is not considered to be a part of the Phase 1 Stormwater System described below.

6.3 Block 6 Project.

6.3.1 Commencement of Construction of the Block 6 project must occur by July 1, 2017 subject to delay for any Force Majeure Event.

6.4 Block 4 Project.

6.4.1 Commencement of Construction of the Block 4 Project is anticipated by July 1, 2017, consistent with Exhibit G. Commencement of Construction of the Block 4 Project must occur by June 30, 2025, subject to delay for any Force Majeure Event.

6.5 Bond Avenue Moody Connector and Bond Avenue Grover Projects.

6.5.1 Bond Avenue Moody Connector Project Design and Construction. PDC shall cause the design and construction work for the Bond Avenue Moody Connector Project to be undertaken in coordination with ZRZ’s design and construction of the Block 6 Project on a schedule sufficient to enable the Bond Avenue Moody Connector Project construction work to be Coordinated (as defined in this Section) with the Block 6 Project construction work. “Coordinated” means that PDC will inform ZRZ before commencing design and construction and that design and construction of the two projects will occur generally at the same time and in a manner and in a time frame that minimizes any delays or adverse impacts on each project’s construction process and such that the Bond Avenue Moody Connector Project will be completed by or before completion of the Block 6 Project. All timing requirements relating to the design and construction of any Bond Street Project are subject to delay for any Force Majeure Event.

6.5.2 Bond Avenue Moody Connector Project Public Funding. Pursuant to an IGA with PBOT, PDC will cause the designing of the Bond Avenue Moody Connector Project, subject to the precondition that ZRZ must first have filed a complete application for a Land Use Review approval with the Bureau of Development Services for the Block 6 Project. PDC will cause the financing and construction of the Bond Avenue Moody Connector Project, subject to the precondition that ZRZ must first have achieved Commencement of Construction of the Block 6 Project. The financing from PDC will consist of URA TIF. If funding from PDC is not available at the time ZRZ desires to construct the Block 6 Project, then ZRZ may, in its sole and absolute discretion, design and construct all or a portion of the Bond Avenue Moody Connector Project and in such event shall be reimbursed by PDC for ZRZ's costs incurred in such design and construction, from cash or cash equivalent. PDC and ZRZ shall agree in writing to the terms and timeline for reimbursement by PDC to ZRZ in advance of any costs being incurred. PDC is not obligated to reimburse ZRZ for any costs incurred prior to both parties' execution of a written agreement on the terms and timeline of reimbursement. If PDC and ZRZ are unable to agree to the terms and timeline of reimbursement, ZRZ shall have the right to construct the Bond Avenue Moody Connector Project at its own cost and expense and/or may terminate this Agreement pursuant to Section 9.5.

6.5.3 Bond Avenue Grover Project Design and Construction. Subject to the conditions of this Section as set forth below, PDC shall cause the design and construction work for the Bond Avenue Grover Project to be undertaken in coordination with ZRZ's design and construction of the Block 4 Project at a time sufficient to enable the Bond Avenue Grover Project construction work to be Coordinated with the Block 4 Project construction work just as the Bond Avenue Moody Connector Project is to be Coordinated with the Block 6 Project as provided above in Section 6.5.1, including such that the Bond Avenue Grover Project will be completed by or before completion of the Block 4 Project. Provided, however, PDC shall not be obligated to cause the design and construction work for the Bond Avenue Grover Project unless and until such time as ZRZ has achieved Commencement of Construction of the Block 6 Project and the Bond Avenue Moody Connector Project has been commenced.

6.5.4 Bond Avenue Grover Public Funding. Subject to the conditions of Section 6.5.3 above, pursuant to an IGA with PBOT, PDC will cause the designing of the Bond Avenue Grover Project, subject to the further precondition that ZRZ must first have filed a complete application for a Land Use Review approval with PDC for the Block 4 and Block 6 Project. Subject to the conditions of Section 6.5.3 above, PDC will cause the financing and construction of the Bond Avenue Grover Project, subject to the further precondition that ZRZ must first have achieved issuance of a Building Permit for the Block 4 Project and achieved Commencement of Construction for the Block 6 Project. The financing from PDC will consist of URA TIF. If funding from PDC is not available at the time ZRZ desires to construct the Block 4 Project, and the preconditions in the preceding sentences and the conditions of Section 6.5.3 above have been satisfied, then ZRZ may, in its sole and absolute discretion, design and construct all or a portion of the Bond Avenue Grover Project and in such event shall be reimbursed by PDC for ZRZ's costs incurred in such design and construction, from cash or cash equivalent. PDC and ZRZ shall agree in writing to the terms and timeline for reimbursement by PDC to ZRZ in advance of any costs being incurred. PDC is not obligated to reimburse ZRZ for any costs incurred prior to both parties' execution of a written agreement on the terms and timeline of reimbursement. If

PDC and ZRZ are unable to agree to the terms and timeline of reimbursement, ZRZ shall have the right to construct the Bond Avenue Grover Project at its own cost and expense and/or may terminate this Agreement pursuant to Section 9.5.

6.5.5 Protection of Public Funds. In the event that ZRZ fails to achieve Commencement of Construction of the Block 6 Project by July 1, 2017, subject to delay for any Force Majeure Event, then PDC shall have no further obligation under this Agreement for design and construction of the Bond Avenue Moody Connector or the Bond Avenue Grover Projects. Subsequent to timely Commencement of Construction of the Block 4 and/or Block 6 Project, if, absent a Force Majeure Event, construction of either project is delayed so that no significant progress toward completion is made for six (6) consecutive months, PDC, after written notice from PDC to ZRZ and a reasonable time to cure, may stop all design and construction and expenditures on design and construction of the Bond Avenue Moody Connector or the Bond Avenue Grover Projects until ZRZ (i) provides PDC with a construction financing plan and construction schedule that are acceptable to PDC in its sole, but reasonable discretion, and (ii) undertakes construction consistent with the construction schedule approved by PDC. If six (6) months after PDC stops construction of the of the Bond Avenue Moody Connector or the Bond Avenue Grover Projects and ZRZ fails to provide such construction financing plan and construction schedule and/or fails to undertake construction consistent with such construction schedule, ZRZ shall immediately reimburse PDC for all costs and expenditures incurred by PDC in construction the Bond Avenue Moody Connector Project if the Block 6 Project is partially constructed and not proceeding, and/or the Bond Avenue Grover Project if the Block 4 Project is partially constructed and not proceeding. Provided, however, if ZRZ during the time period set forth in Exhibit G for Commencement of Construction of Phase 1 Projects ZRZ (i) provides PDC with a construction financing plan and construction schedule that are acceptable to PDC in its sole, but reasonable discretion, and (ii) resumes construction consistent with the construction schedule approved by PDC, then PDC shall resume completion of the Bond Avenue Moody Connector Project and/or the Bond Avenue Grover Project, as the case may be, otherwise in accordance with this Section 6.5 and shall reimburse ZRZ for all costs and expenditures reimbursed to PDC by ZRZ pursuant to this Section above.

6.5.6 Public Street. Subject to Section 9.3 (Environmental), ZRZ shall convey the right-of-way to the City for the property underlying all improvements associated with the Bond Avenue Moody Connector Project and Bond Avenue Grover Project.

6.6 Stormwater Systems.

6.6.1 General Stormwater Goals. The Parties desire to explore the feasibility of development of a District Stormwater System to serve the Development Site in partnership with ZRZ and BES, PBOT, PP&R and PDC. The Parties intend to explore opportunities to mix public and private green infrastructure systems. In no case will BES consider allowing connections to the combined sewer from properties east of SW Moody. The City's approval of a District Stormwater System may be based on, but not necessarily limited to, the following:

- Allowing private utility crossings of rights-of-way under encroachment permits or franchise agreements for stormwater systems;

- Allowing a shared public and private stormwater treatment and infiltration system for the district;
- Allowing the use of treatment and infiltration facilities on private property and within the right-of-way to mitigate comingled public and private stormwater;
- Assist ZRZ in identification of the necessary partners for approving the use of the area under the Ross Island Bridge for district stormwater treatment and use;
- Allowing use of the Greenway landward of top of bank or landward of the Greenway trail for district stormwater conveyance and possible treatment and infiltration;
- Considering sharing maintenance costs between the City and ZRZ, which may be apportioned according to, for example, on the percentage of treatment provided by each; and
- Allowing a potential reduction of stormwater SDCs based on reduced impacts on or utilization of the City's stormwater management system by the District Stormwater System versus a traditional system.

Inclusion of any of the above in the City's determination is subject to the discretion of the Directors of each of the applicable Bureaus having regulatory or management authority thereof. City Council approval of this Agreement shall constitute the City Council's decision to allow commingling of stormwater pursuant to the City's Stormwater Management Manual.

6.6.2 Phase 1 Stormwater System. ZRZ requires, subject to obtaining all applicable permits and approvals, the ability to design and construct the Phase 1 Stormwater System in advance of the potential District Stormwater System. ZRZ will fund the design and construction of the Phase 1 Stormwater System

6.6.3 District Stormwater System – Feasibility and Funding. The Parties desire to explore development of a District Stormwater System that exceeds the City's existing requirements and that will not require construction of an underground piped stormwater system that would necessitate penetration of the cap on the Development Site. If the Parties do not mutually agree that such a district system is feasible, ZRZ will design and construct at ZRZ's expense standard stormwater systems for Phases 2 and 3 that meet then-current Portland City Code and stormwater rule requirements and that serves the proposed development (including rights-of-way built to serve the development and ZY Park).

6.6.3.1 Conceptual Design and Feasibility. Prior to issuance of a certificate of occupancy for the Block 4 or Block 6 Projects, ZRZ shall at its expense, complete in collaboration with BES a District Stormwater System conceptual plan that is sufficiently detailed to evaluate the preliminary functional, economic, operational, and legal feasibility of a District Stormwater System. If after consultation with BES, ZRZ in its reasonable discretion determines preliminarily that the project is feasible; ZRZ shall complete a District Stormwater System plan that is sufficiently designed to complete the concept phase, inform the design of Bond Avenue undertaken by PBOT staff, and serve as the basis for a potential agreement between City bureaus and ZRZ for future improvements. ZRZ will lead and fund the design

effort, and BES will provide staff support for design development.

6.6.3.2 Funding Plan – Final Design and Construction. Through an IGA with BES, PDC will attempt to identify sufficient non-rate payer funding for final design and construction of the District Stormwater System plan that results from the process in Section 6.6.3.1. PDC will provide documentation of such identified and committed funding sources to ZRZ prior to or concurrent with the commencement of ZRZ's final design of the District Stormwater System prior to the first permanent Phase 2 Project. In the event that PDC cannot satisfy its obligation to identify sufficient funding by such time, the sole remedy for ZRZ is to construct a standalone stormwater system and PDC will not be obligated to contribute to the costs of such system. Regardless of what ZRZ constructs, ZRZ will ensure that the stormwater management needs of the proposed development and the rights-of-way built to serve development are met and that the City's requirements are satisfied.

6.7 District Energy System.

6.7.1 General District Energy Goals. The Parties desire to explore development of a District Energy System. Such exploration will consider OHSU's level of commitment to the development of a District Energy System for its Schnitzer Campus and the feasibility of a District Energy System by the time detailed design has been initiated for the first Bond Avenue Projects, such that Bond Avenue Projects could be designed and constructed to include a District Energy System pipe conveyance system.

6.7.2 Viability and Feasibility Review. Simultaneous with ZRZ's commencing detailed design of the Block 6 and/or Block 4 Projects, the Parties will exchange information and documentation regarding the viability of the District Energy System and the incremental cost premiums of designing and constructing the Block 6 and/or Block 4 Projects to have Compatible Systems, taking into account, without limitation, the viability factors listed below in this Section. If there is sufficiently detailed information available at such time to adequately evaluate the viability of the District Energy System and to obtain a reasonably reliable estimate of the incremental cost premiums of designing and constructing the Block 6 and/or Block 4 Projects to have Compatible Systems as compared to the costs designing and constructing such Projects without Compatible Systems, and taking into account potential savings to be realized from a viable District Energy System, and the Parties agree that the District Energy System is likely to be viable, then the Parties will work together to identify funding for the incremental premium costs of designing and constructing the Block 6 and/or Block 4 Projects to have Compatible Systems with the ability to connect to the future District Energy System.

6.7.2.1 Viability. In determining the viability of the District Energy System the energy, environmental, economic, and terms of use viability will be considered as will the level of OHSU's commitment to the development of and participation in such a system for its Schnitzer Campus.

6.7.2.2 Energy Viability. The energy viability of a District Energy System will be determined by its ability to deliver heating and/or cooling to the occupants of buildings in the Development Site with no more energy use than the in-building systems that would otherwise provide heating and cooling to the building occupants.

6.7.2.3 Environmental Viability. The environmental viability of a District Energy System will be determined by its ability to deliver heating/and or cooling to the occupants of Development Site buildings with no higher associated carbon emissions than those resulting from the in-building systems that would otherwise provide heating and/or cooling to the building occupants.

6.7.2.4 Economic Viability. The economic viability of a District Energy System will be determined by its ability to provide heating and/or cooling to the building occupants for a total net present value no greater than the present value of the costs and expenses associated with design, development, operation, and maintenance of the in-building heating and cooling systems that would otherwise provide heating and cooling to the building occupants, for an equivalent time horizon of 20 years and utilizing a discount rate consistent with that being utilized by investors in comparable real estate projects at the time of the analysis.

6.7.2.5 Terms and Conditions of Service Viability. The terms and conditions of any proposed heating and/or cooling service agreements, to serve the Development Site buildings, must be agreeable to ZRZ.

6.7.3 Funding Plan. If the Parties determine pursuant to the Viability and Feasibility Review that the District Energy System is likely to be viable, or that with additional funding the District Energy System is likely to be viable, ZRZ will provide PDC with sufficient information to determine the amount of investment in design and construction of Compatible Systems for the Block 4 and Block 6 Projects that is needed for the District Energy System to achieve economic viability. If PDC provides such funding and so long as OHSU has not indicated that it has abandoned its plans to construct the District Energy System, ZRZ shall be obligated to design and construct all Projects to include Compatible Systems. If PDC does not provide such funding, ZRZ may, in its sole discretion, design and construct the Project to include Compatible Systems but is not obligated to do so.

6.8 PP&L Line Project. PDC will work with PP&L and the City to cost share the PP&L Line Project on a schedule necessary to complete Block 1 per section 6.2.1.

6.9 Interim Activation Partnership.

6.9.1 General Intent. During Phase 1, in order to facilitate the Interim Activation Uses, ZRZ, PDC, and the City will determine whether it is feasible, within the limits of the Portland City Code, for certain uses to be implemented on an interim basis. Implementation processes to be discussed include, but are not limited to:

- City approvals required for Interim Activation Uses, such as Design Review, Greenway Review, and Central City Parking Review, and options for expediting and/or streamlining required approvals.
- Nonconforming upgrades triggered by Interim Activation Uses and options for deferral of such upgrades if triggered by required maintenance and/or implementation of Interim Activation Uses.

- Interim Activation Uses timelines and ability to have durational periods of up to five years.

6.9.2 Interim Activation Uses could include, but are not limited to:

- Concerts, festivals, gatherings, open fire pits, Tilikum Crossing events, farmers markets, commercial filming, fireworks, and other similar events, both public and private;
- Food carts and related seating which may or may not be covered;
- Temporary structures which could include stages, outdoor movie theater screen, ice rink, covered shelters, sheds, booths, containers, kiosks, etc;
- Small retail units that are not structures, such as containers, that may need access to electricity, sewer, and/or water;
- Temporary structures of 5,000 square feet in area and under; and
- Outdoor spaces including private parks, waterfront access and interim Greenway Trail improvements.

6.9.3 The Parties recognize that whether any or all of the activities described in this Section 6.9 are allowed under applicable city code, including Title 33, can be determined only through one or more permit and/or quasi-judicial land use reviews, and that nothing in Section 6.9 can predetermine the outcome of any such permit or land use review.

6.10 Phase 1 Economic Development Funding. PDC will provide up to \$2.5 million in URA TIF towards Economic Development Related Investments (as defined below) related to ZRZ Phase 1 Projects. In addition, PDC agrees that if ZRZ Phase 1 Projects generate additional TIF beyond that identified in Exhibit E, the incremental amount shall be prioritized to also fund Economic Development Related Investments related to ZRZ Phase 1 Projects. Such funds shall be included in the URA budget as a single line item. PDC shall have sole and absolute discretion to determine which eligible physical improvements on which to expend such funds, and the amount and timing of such expenditures. ZRZ acknowledges that it may be necessary to transfer certain property rights to PDC in order to permit the funding of certain eligible physical improvements located on private property pursuant to this Section. “Economic Development Related Investments” means eligible physical improvements in Phase 1 aimed at recruiting jobs and assisting job creation or to fund other critical public infrastructure related to the Economic Development Related Investments. As used in this Agreement, “eligible physical improvements” means urban renewal projects that are permitted under Article XI, Section 1c of the Oregon Constitution, ORS Chapter 457 and the Plan, including but not limited to parking structures, PP&L line undergrounding, energy and energy-efficiency improvements, tenant improvements, and project development gaps affiliated with targeted industry cluster, high growth, and/or high income office jobs. Funding for Economic Development Related Investments shall be in PDC’s sole and absolute discretion and subject to PDC’s Business Financial Support loan and grant programs and approval procedures, including execution of a community benefit agreement if

required by PDC as a precondition to release of funds for Economic Development Related Investments.

SECTION 7: PHASE 2

7.1 Duration. Phase 2 is anticipated to begin on January 1, 2018 and end on June 30, 2025 and the anticipated schedule for projects is shown on Exhibit G.

7.2 Phase 2 Projects. Commencement of Construction of the first Phase 2 Project must occur by July 1, 2019, subject to delay for any Force Majeure Event. Certificates of occupancy for the Phase 2 Projects must be issued prior to June 30, 2024 in order for such Projects to be added to the tax rolls prior to sunset of the URA on June 30, 2025. ZRZ must Commence Construction of all Phase 2 Projects prior to June 30, 2025.

7.3 Willamette River Greenway.

7.3.1 Initiate Design. Subject to Section 7.3.1.2 below, ZRZ will commence design of the entire Phase 2 Greenway no later than ZRZ's commencement of detailed design for a permanent Phase 2 Project that, (i) is located on a Site partially or completely within the South Waterfront Greenway Area, as that area is identified at PCC 33.510.253, Figure 510-2, and (ii) is at least 25,000 gross square feet (the "Phase 2 Greenway Design Triggering Project"). As used in this Section 7.3, the term "Site" has the meaning defined at Section 33.910 of the City Code.

7.3.1.1 Greenway Design. Subject to Section 7.3.1.2 below, ZRZ will design the Phase 2 Greenway to be consistent with the terms of the Transition Trails DA (as defined below in Section 7.3.3) and to meet the intent of the South Waterfront Greenway Development Plan accepted by the Portland City Council on December 8, 2004, and any subsequent updates or refinements to that plan. The final design pursuant to this Section 7.3.1 shall be mutually agreed upon by ZRZ, PDC, OHSU, and PP&R, each in its sole but reasonable discretion. The design process shall include public input.

7.3.1.2 Design Funding. If funding from PDC for design of the Phase 2 Greenway pursuant to this Section has not been identified and encumbered at the time ZRZ desires to design the Phase 2 Greenway Design Triggering Project, then ZRZ may, in its sole and absolute discretion, design the entire Phase 2 Greenway consistent with the above terms in this section including mutual agreement on final design. In such event, ZRZ shall be reimbursed by PDC for PDC's share of such costs as per Section 7.3.3 below, from cash or cash equivalent, subject to the preconditions that (i) PDC and ZRZ shall agree in writing to the terms and timeline for reimbursement by PDC to ZRZ in advance of any costs being incurred, and (ii) PDC is not obligated to reimburse ZRZ for any costs incurred prior to both Parties' execution of a written agreement on the terms and timeline of reimbursement.

7.3.2 Construction. Subject to the following provisions of this Section 7.3.2, ZRZ will construct the Phase 2 Greenway.

7.3.2.1 Commence Construction. ZRZ will Commence Construction

of the Phase 2 Greenway no later than ZRZ's Commencement of Construction of permanent Phase 2 Project or Projects that, (i) are located on a Site partially or completely within the South Waterfront Greenway Area, as that area is identified at PCC 33.510.253, Figure 510-2, and (ii) will produce an assessed taxable value of at least \$75,000,000 (the "Phase 2 Greenway Construction Triggering Project"), subject to the precondition that ZRZ will not be obligated to construct any portion of the Phase 2 Greenway unless and until PDC has identified and encumbered funds for construction (and if ZRZ has confirmed the commitment of funds from the other parties to the Transition Trails DA) pursuant to Section 7.3.3 below. If funding from PDC for construction of the Phase 2 Greenway pursuant to this Section 7.3.2.1 has not been identified and encumbered at the time ZRZ desires to construct the Phase 2 Greenway Construction Triggering Project or is otherwise required to construct the Phase 2 Greenway by the terms of a City Greenway Review approval, then ZRZ may, in its sole and absolute discretion, construct the entire Phase 2 Greenway consistent with the final design agreed upon pursuant to Section 7.3.1 above. In such event ZRZ shall be reimbursed by PDC for PDC's share of such costs as per Section 7.3.3 below, from cash or cash equivalent, subject to the preconditions that (i) PDC and ZRZ shall agree in writing to the terms and timeline for reimbursement by PDC to ZRZ in advance of any costs being incurred, and (ii) PDC is not obligated to reimburse ZRZ for any costs incurred prior to both Parties' execution of a written agreement on the terms and timeline of reimbursement. Construction of the Phase 2 Greenway may occur in multiple phases, subject to mutual agreement by ZRZ, PDC, PP&R, and OHSU, each in its sole but reasonable discretion.

7.3.2.2 Complete Construction. Upon completion of construction of the Phase 2 Greenway, or completion of construction of any phase of the Phase 2 Greenway pursuant to a phased construction plan consistent with Section 7.3.2.1 above, and subject to Section 9.3 ("Environmental") of this Agreement, ZRZ agrees to dedicate to the City a public access easement for the completed area of the Phase 2 Greenway trails, to the extent required by PCC Chapter 33.272 Public Recreation Trails, but subject to any reservations or exceptions permitted in accordance with PCC Chapter 33.272 or other applicable sections of the PCC.

7.3.3 Public Funding. PDC will pay the cost to design the Phase 2 Greenway. PDC will pay the costs of construction of the different segments of the Phase 2 Greenway, except that the City, TriMet, OHSU, and ZRZ will make contributions toward construction of the Phase 2 Greenway at SW Porter Street pursuant to their respective obligations under the certain agreement entitled Developer Agreement Between the City of Portland, ZRZ Realty Company, Oregon Health Science university, and Tri-County Metropolitan Transportation District of Oregon Regarding the Greenway Transition Trails at South Waterfront ("Transition Trails DA"). The PDC funding obligation in this Section is subject to the pre-condition that ZRZ achieve Commencement of Construction of the Phase 2 Greenway Construction Triggering Project. Subject to the identification and availability of such funds pursuant to Section 7.3.2.1, the PDC contributions to the design and construction costs of the Phase 2 Greenway will be disbursed to ZRZ upon and following ZRZ's Commencement of Construction of the Phase 2 Greenway Construction Triggering Project and during the course of construction using commercially reasonable disbursement or reimbursement mechanisms. Notwithstanding any other provision of this Agreement, in the event that ZRZ designs the Phase 2 Greenway in accordance with Section 7.3.1 above, but PDC fails to identify and encumber funds in accordance with Section 7.3.2.1 and 7.3.3, PDC shall remain obligated to reimburse ZRZ for design of the Phase 2 Greenway in

accordance with Section 7.3.1 notwithstanding that ZRZ may elect to construct the Phase 2 Greenway in accordance with the standards of PCC 33.510.235 and 33.851.010 as provided below in Section 7.3.4.

7.3.4 ZRZ Performance. In the event that ZRZ does not achieve Commencement of Construction of the Phase 2 Construction Triggering Project before the expiration date of the URA, PDC shall no longer be obligated under this Agreement to contribute to the funding of the Phase 2 Greenway, but ZRZ will be obligated to complete Greenway improvements to the extent required by PCC 33.510.235 and 33.851.010.

7.3.5 Interim Path in Greenway. Notwithstanding any other provision of this Agreement, ZRZ may, at its option and prior to construction of the Phase 2 Greenway, fund and install an interim pedestrian and bicycle path within the Phase 2 Greenway, which path will be designed and constructed to be consistent with the standards of Chapter 33.272 Public Recreational Trails and 33.510.E.5.d South Waterfront Greenway Trails and Pedestrian Connections (the “Phase 2 Interim Greenway”), and all other applicable codes and requirements. Without limitation, interim greenway or pedestrian and bicycle connectivity path solutions will also be considered during design of the Bond Avenue Projects. Nothing in this Agreement shall relieve ZRZ of the obligation to obtain all approvals and reviews necessary to construct such interim paths unless determined through the Interim Activation Partnership in Section 6.9.

7.4 District Stormwater System. Subject to obtaining all applicable permits and approvals, ZRZ will design and construct a District Stormwater System, if approved by the City, in accordance with Section 6.6.

7.5 District Energy System. The Parties will explore and evaluate the development of a District Energy System and the design and construction of Phase 2 Projects to have Compatible Systems in accordance with the provisions of Section 6.7.

7.6 Final Build-Out of Bond. If construction of the Bond Avenue Gibbs Project has not commenced by such time as ZRZ has constructed 750,000 gross square feet of new construction (excluding Phase 1 Projects and Project parking) on the Development Site after the effective date of this Agreement, ZRZ shall thereafter be solely responsible for design and construction of the Bond Avenue Gibbs Project, and ZRZ will cause construction of the Bond Avenue Gibbs Project to commence within six (6) months after ZRZ obtains a certificate of occupancy for the building that contains the 750,000th gross square foot of such new construction. Upon completion of construction of the Bond Avenue Gibbs Project, ZRZ will immediately convey to the City all of the right-of-way for construction of the Bond Avenue Gibbs Project, subject to Section 9.3 (Environmental) of this Agreement. Pursuant to Section 8.2 PDC may contribute funds to the design and construct all or a portion of the Bond Avenue Gibbs Project.

7.7 Zidell Yards Park. The Parties agree that providing ample open space, recreational activities, and community programming is essential to the development of the Development Site and beneficial to both Parties as well as the citizens of the City of Portland. Accordingly each Party will work in partnership to develop a park under the following provisions:

7.7.1 Size, Location and Design. By October 2018, PDC, PP&R, and ZRZ will initiate a process to identify an overall Open Space Concept Plan (“OSCP”) for the area governed by the Development Agreement. The OSCP shall formally and mutually identify a size, location, conceptual design and potential programming for both the Greenway and a park to be included in the ZY Park, incorporating progress made through previous efforts on the Greenway and open space design, as well as design work by ZRZ on its Phase 1 and 2 development plans, stormwater plans, and any other publicly accessible district open spaces. The OSCP costs will be shared by ZRZ and PP&R equally. The final design and program for the ZY Park will be determined through a public process as outlined in Section 7.7.3 below. The ZY Park site shall be of sufficient size and configuration to allow for a wide range of future uses and program needs which may include, but are not limited to the following:

- Passive use spaces with seating, shade, and other pedestrian-oriented amenities for people of all ages and abilities;
- Landscaped areas, including trees, shrubs, ground covers, and soft and/or hardscape paths;
- Active recreation features such as hardscape courts, natural grass or all-weather turf sports field, children’s play areas, or other organized sports play features;
- Hardscape multi-use area(s) to accommodate special events or periodic community uses such as festivals and markets; and
- River-focused activities such as river viewing, accessing the water for swimming, light watercraft, fishing, or other river recreation.

7.7.2 Acquisition. Once PDC, PP&R, and ZRZ have agreed on the OSCP pursuant to Section 7.7.1, PDC will prepare an option to purchase the real property that comprises the ZY Park in favor of PDC or PP&R (“ZY Park Option”). The ZY Park Option shall include a timeline for acquisition, purchase price equal to the market value for commercial development of the ZY Park area at the time of sale, requirement to develop ZY Park consistent with the OSCP agreed upon pursuant to Section 7.7.1, a mutually acceptable construction schedule for the ZY Park, a provision that the Park Option will terminate when the URA expires, requirements that adjacent development next to the ZY Park location trigger the exercise of the Park Option, and terms under which ZRZ may fund construction of ZY Park in exchange for SDC Credits, as permitted by PCC Chapter 17.13. ZRZ and PP&R or PDC, as the case may be, will endeavor to negotiate and enter into the ZY Park Option prior to the end of Phase 2. The Park Option in no case can delay development of any of the parcels in the Development Site not determined in the OSCP. Before any Park Option can be finalized, a detailed Open Space Funding, Programming and Maintenance Plan must be mutually agreed upon by the Parties outlining full payment of acquisition and ongoing maintenance funds, programming guidelines, including joint programming authority for ZRZ, and a maintenance plan detailing the maintenance and security goals for all open space, the Greenway, and the ZY Park.

7.7.2.1 Acquisition Funding. PDC agrees to provide up to \$5 million

in URA TIF towards the acquisition of the ZY Park no earlier than FY 2022-2023. Starting in FY 2021-2022, TIF Greenway funding in the North District will be monitored annually as part of the PDC's North Macadam URA budget process to ensure there will be adequate TIF funds for the acquisition of the ZY Park as contemplated herein (the "Park Acquisition") and future recreation needs in the entire South Waterfront District. Similarly, starting in FY 2021-2022, PP&R System Development Charges funding in the Central City will be monitored annually as part of PP&R's budget process to ensure there will be adequate City funds for contribution to the Park Acquisition, design and construction.

7.7.3 Detailed Park Design for Development. After the acquisition and in accordance with the timeline established in the acquisition per Section 7.7.2, PP&R will structure a public design process, similar to those undertaken for the Central District Greenway project (2010-11) and Caruthers Park (2007-08), which will involve ZRZ, PDC, South Waterfront District property owners and residents, and the public. The process will result in a design that can be quickly developed into construction documents for bidding and construction.

7.7.4 ZRZ Election to Donate ZY Park. Notwithstanding the foregoing, ZRZ may elect to donate all or a portion of the ZY Park to PP&R. If ZRZ elects to donate all or a portion of the ZY Park to PP&R, ZRZ shall control the design and direct the programming of the donated land, and agrees to fund ongoing maintenance and/or programming of the donated land. PP&R may elect to accept the ZY Park donation with associated funding by ZRZ for ongoing maintenance and/or programming. PP&R may choose not to accept ownership and responsibility for any portions of the ZY Park not owned by the City, in which case portions owned by ZRZ will be constructed, owned and operated by ZRZ without dedication of TIF funds or SDC credits.

7.7.5 Park Naming. If any part of the ZY Park will be publically owned or maintained, the City's park naming policy will be followed in determining the final name of ZY Park.

SECTION 8: PHASE 3

8.1 Duration. Phase 3 is anticipated to begin on June 30, 2025 and end on December 31, 2035.

8.2 Phase 3 Projects. If ZRZ proceeds with the design, finance, and construction of one or more of the Phase 3 Projects prior to the expiration date of the URA, then PDC agrees to apply any URA TIF generated by Phase 3 Projects that, based on existing development, is in excess of the amount of TIF required by PDC to meet all of its obligations under this Agreement, including without limitation in accordance with Section 2.1.3 above, for one or more of the following projects, in the following order of priority:

8.2.1 Bond Avenue Gibbs Project;

8.2.2 Phase 3 Greenway, as triggered by Title 33;

8.2.3 Ross Island Bridge pathway;

8.2.4 Economic development related investments or relocation fees, funding for which shall be in PDC's sole and absolute discretion and subject to PDC's Business Financial Support loan and grant programs and approval procedures, including execution of a community benefit agreement if required by PDC as a precondition to release of such funds; and

8.2.5 District parking garage.

SECTION 9: GENERAL PROVISIONS

9.1 Term. This Agreement is effective when executed by the Parties and approved by the Portland City Council, and terminates when the obligations agreed to by the Parties have been fully performed, subject only to earlier termination pursuant to Section 9.5.

9.2 Assumption of ZRZ Obligations by Transferee. ZRZ will obtain PDC's written consent, which PDC shall grant or withhold in accordance with the 2nd to last sentence of this Section 9.2, prior to any transfer of title to all or a portion of the Development Site to another entity during the term of this Agreement, provided, however, that PDC consent will not be required for a transfer to any entity that owns or controls, is owned or controlled by, or that is under common control with ZRZ (a "ZRZ Affiliate"), or to any entity in which ZRZ or any ZRZ Affiliate holds an equity interest. If ZRZ transfers title to all or a portion of the Development Site during the term of this Agreement, ZRZ will, at the time of such transfer, assign its rights and obligations under this Agreement that are applicable to the portion of the Development Site that is transferred, and the transferee, by instrument in writing, for itself and its successors and assigns, and expressly for the benefit of PDC, will upon closing of such transfer, expressly assume all of the obligations of ZRZ under this Agreement applicable to the portion of the Development Site transferred and agree to be subject to all the conditions and restrictions to which ZRZ is subject with respect to the portion of the Development Site transferred. It is the intent of this provision that no transfer of, or change in ownership in, the Development Site or any portion thereof, however consummated or occurring, and whether voluntary or involuntary, shall operate to deprive PDC of or limit any of its rights or remedies or controls provided in this Agreement, with respect to the Development Site and the construction of the improvements thereon, that PDC would have had had there been no such transfer or change, except that, upon and following any transfer in which ZRZ assigns its rights and obligations under this Agreement and which is consented to by PDC pursuant to this Section (or does not require consent by PDC under this Agreement), ZRZ shall be released from of any of the obligations or liabilities under this Agreement pertaining to the portion of the Development Site transferred and that the transferred shall be released from any of the obligations or liabilities under this Agreement not applicable to the portion of the Development Site transferred to transferee. PDC shall provide consent to a transfer if, (i) ZRZ, proposed transferee, and PDC, mutually agree upon the form and terms of the assignment and transfer agreement or agreements required by this Section, and (ii) after review of the financial, technical, and other capabilities of a proposed transferee, PDC determines, in its reasonable discretion, that such transferee is capable of fulfilling the obligations assumed by such transferee and that PDC's rights under this Agreement will not be diminished nor its obligations under this Agreement increased by the transfer. ZRZ may also collaterally assign its rights under this Agreement, in whole or in part, to any mortgagee of ZRZ with respect to all or a portion of the Development Site upon written consent from PDC, which

shall not be unreasonably withheld, conditioned, or delayed.

9.3 Environmental.

9.3.1 ZRZ Disclosure. In all cases where a real property interest in land owned by ZRZ is to be conveyed to PDC or a Partner Bureau, within ten (10) business days following written request by the PDC or a Partner Bureau, ZRZ shall make available to PDC and the applicable Partner Bureau, all final non-proprietary and non-confidential, (both in ZRZ's reasonable discretion), written studies, reports, plans, and other documents that were prepared by or for ZRZ, and that are in ZRZ's possession, or to which ZRZ has reasonable access, pertaining to the potential presence of contamination on or about the Development Site. ZRZ makes no warranty or representation whatsoever with respect to the accuracy, completeness or reliability of any such materials or information made available by ZRZ or any ZRZ representative to the City and the City waives and disclaims any such warranty or representation with respect thereto.

9.3.2 No Assumption of Liability. Neither this Agreement, nor PDC's or the City's acceptance of the conveyance or dedication of any land, rights-of-way, or easements under this Agreement, will transfer, or may be construed as an indication of an intent to transfer any liability under federal, state or local environmental laws or regulations for environmental conditions existing on any property, other than easements-and-equitable-servitudes required of ZRZ by DEQ. PDC acknowledges that the Development Site is subject to a consent judgment and related easement and equitable servitudes between ZRZ and DEQ in connection with the clean-up of the Development Site referenced in Recital G(4) to this Agreement.

9.3.3 Unsatisfactory Conditions. Other than with respect to those conditions existing as of the date of this Agreement, that have been disclosed in writing or are publicly available to PDC and the City as of the date of this Agreement, if PDC or the City in their reasonable discretion determine that the environmental condition of any land to be conveyed or dedicated to PDC or the City pursuant to this Agreement is unacceptable to PDC or the City for reasons related to known or potential environmental site conditions, the Parties and the City agree to work together in an attempt to determine if those environmental site conditions can be satisfactorily ameliorated or if the intended use of the land can be modified to work with those environmental site conditions. If the Parties and the City cannot agree on a satisfactory resolution, each in its sole discretion, and if PDC or the City still determines that the conveyance or dedication of those real property interests is unacceptable, then PDC or the City may decline all or part of the conveyance and any further rights of PDC or the City to such property shall be immediately extinguished.

9.3.4 ZRZ Cooperation. ZRZ agrees to notify PDC promptly of any actions, claims or notices issued by any state, federal, or local agency pertaining to any real property interests to be conveyed or dedicated to PDC or the City under this Agreement including, but not limited to, remedial action plans, and records of decision. PDC acknowledges and agrees that such matters are of public record and ZRZ makes no warranty or representation whatsoever with respect to such matters and PDC waives and disclaims any such warranty or representation with respect thereto.

9.4 City Permit and Land Use Requirements. ZRZ shall comply with all applicable

laws and regulations relating to the development of the Development Site, including the terms and conditions of any land use approvals and permits issued by the City or other regulatory agencies. If any specific provision herein is contrary to a general regulation or condition of any City land use approval or permit, the specific provision shall not constitute a City waiver of or exemption from the general regulation or condition. ZRZ shall submit all land use applications, permit applications, or applications for any other approvals required for any development of the Development Site, in a complete form, and in a manner that allows the City a reasonable time to review the applications and to issue any approvals in advance of any time specified in this Agreement for ZRZ to achieve Commencement of Construction or take any other action dependent upon such approval.

9.5 Violation of Agreement. If one Party to this Agreement fails to perform any obligation under this Agreement assigned to that Party then the other Party may deem that failure a violation of this Agreement (“Violation”). If a Party believes grounds exist to assert a Violation then that Party may provide an initial written notice of Violation to the other Party. Written notice will include a reasonably particular description of the claimed Violation. Within thirty (30) days following delivery of such written notice, the Parties shall meet to consider the grounds for Violation and in good faith seek resolution of those grounds by way of curing the failure to perform. Such meeting must occur prior to a final notice of Violation. If sixty (60) days after the delivery of the initial notice of Violation the Parties have met as required by this Section and have not resolved the grounds for Violation, the Party asserting Violation of this Agreement may provide final written notice of Violation to the other Party. Upon delivery of final written notice of Violation, this Agreement shall be terminated and of no further force and effect, except as provided below in Section 9.6. Except as otherwise provided in this Agreement, in the event of termination of this Agreement PDC may dedicate the URA TIF resources and other City resources planned under this Agreement with respect to the portion of the Agreement terminated, or in their entirety if the whole Agreement is terminated, at PDC’s sole discretion, to other projects within the URA.

9.6 Survival of Accrued Obligations. Upon termination or expiration of this Agreement, the Parties are discharged from further performance of their obligations under this Agreement, except that no termination or expiration shall relieve any Party of any prior accrued obligation and shall not affect any other agreements between the Parties or any Bureaus which have been implemented pursuant to this Agreement at the time of such termination or expiration. An obligation has accrued if at the time of termination or expiration of this Agreement, (i) the obligation presently exists and its nonperformance would give rise to a remedy under this Agreement as described in Section 9.7, were the Agreement still effective, (ii) all preconditions to the obligation have been satisfied, including the availability of public funds consistent with Section 2.1, and (iii) no further performance by either Party is required for the obligation to come into existence. Survival of an accrued obligation under this Agreement does not create any additional remedies, and accrued obligations under this Agreement remain subject to Section 9.7. For example, at such time that ZRZ Commences Construction of the Block 6 Project consistent with Section 6.3.1 and PDC has available URA TIF funds to construct the Bond Avenue Moody Connector Project, both Parties’ obligations under Section 6.5.2 will have accrued and will survive the subsequent termination of this Agreement.

9.7 Remedies. The sole remedy of the Parties for failure of either Party to perform an obligation under this Agreement is termination of this Agreement in accord with Section 9.5, or the specific alternative remedy, if any, expressly and only specifically as set forth in this Agreement with respect to such nonperformance, including nonperformance of the obligations listed in the following table, in which case alternative remedies are provided for in the Agreement (“Alternative Remedies”).

ALTERNATIVE REMEDIES ¹		
Agreement Section	Violated Obligation	Alternative Remedies
2.3.2	PHB and ZRZ must execute the Affordable Housing Parcel Option no later than November 1, 2021, and close by the Closing Date.	ZRZ can lease, sell, transfer, or develop the Affordable Housing Parcel, and PDC can terminate this Agreement pursuant to Section 9.5.
2.3.2.2	PHB shall achieve Commencement of Construction of the Affordable Housing Parcel within 3 years of the Closing Date.	PHB shall owe a penalty payment to ZRZ.
5.2	PDC will enter into Agreement IGAs with the Partner Bureaus within 120 days following the Effective Date of this Agreement.	ZRZ may pursue other funding or development options not inconsistent with this Agreement, and either Party may terminate this Agreement pursuant to Section 9.5.
6.5.2	Subject to certain preconditions, PDC will fund construction of Bond Avenue Moody Connector Project at the time that ZRZ desires to construct the Block 6 Project.	ZRZ can enter into an agreement with PDC establishing terms for ZRZ to fund and construct the Bond Avenue Moody Connector Project and be reimbursed by PDC, failing which ZRZ may construct the Bond Avenue Moody Connector Project at its own expense and/or may terminate this Agreement pursuant to Section 9.5.
6.5.4	Subject to certain preconditions, PDC will fund construction of Bond Avenue Grover Project at the time that ZRZ desires to construct the Block 4 Project.	ZRZ can enter into an agreement with PDC establishing terms for ZRZ to fund and construct the Bond Avenue Grover Project and be reimbursed by PDC, failing which ZRZ may construct the Bond Avenue Grover Project at its own expense and/or may terminate this Agreement pursuant to Section 9.5.
6.5.5	Upon Commencement of Construction of the Block 4 and Block 6 Project, ZRZ will complete construction without extended delays.	PDC may stop expenditures on corresponding Bond Avenue Projects, PDC may receive reimbursement of such expenditures from ZRZ, and PDC may terminate this Agreement pursuant to Section 9.5.

¹ The purpose of this table is to identify the Alternative Remedies and the circumstances under which such Alternative Remedies are available. The language of this table shall not be used in construing the terms of this Agreement. The table in no way modifies or amends the obligations of the Parties under the Sections of the Agreement listed in the table. In the event of conflict or difference between the language of this table and the other language of the Agreement, the language of the Agreement shall control.

6.6.3.2	PDC will timely identify funding for the District Stormwater System.	ZRZ can construct a standalone stormwater system.
6.7.3	Subject to certain preconditions, PDC will fund incremental cost of Compatible Systems for Block 4 and Block 6 Projects needed to make the District Energy System likely to be viable.	ZRZ may decline to include Compatible Systems.
7.3.1.2, 7.3.3	PDC to fund design of the Phase 2 Greenway at the time that ZRZ desires to design the Phase 2 Design Triggering Project.	ZRZ can enter into an agreement with PDC establishing terms for ZRZ to fund design of the Phase 2 Greenway and be reimbursed by PDC, and ZRZ may terminate this Agreement pursuant to Section 9.5.
7.3.2.1	PDC to fund construction of the Phase 2 Greenway at the time that ZRZ desires to construct the Phase 2 Greenway Construction Triggering Project.	ZRZ can enter into an agreement with PDC establishing terms for ZRZ to fund and construct the Phase 2 Greenway and be reimbursed by PDC, and ZRZ may Terminate this Agreement pursuant to Section 9.5.

In the case of failure to perform any obligation under this Agreement other than those listed in the above table, the Parties expressly waive all remedies provided at law, in equity, or by statute or rule, other than termination pursuant to Section 9.5. In the case of failure to perform any of the obligations listed in the above table, the Parties expressly waive all remedies provided at law, in equity, or by statute or rule, other than the Alternative Remedies. Without limitation, for clarity, ZRZ’s completion of a conceptual plan for a District Stormwater System in accordance with Section 6.6.3.1 is not intended to be and shall not be a required condition precedent to issuance of a temporary or permanent certificate of occupancy for the Block 4 or Block 6 Projects. Rather, ZRZ’s failure to timely complete the conceptual plan for a District Stormwater System in accordance with Section 6.6.3.1 would only give rise to the remedy under Section 9.5 above.

9.8 No Obligation to Develop. Notwithstanding anything in this Agreement to the contrary: 1) ZRZ intends to develop all of the Projects subject to market conditions and the availability of development financing; 2) ZRZ may proceed with each Project in ZRZ’s sole discretion; 3) This Agreement does not contractually obligate ZRZ to develop all or any of the Projects; and 4) In the event that ZRZ does not develop a Project consistent with the deadlines in this Agreement, ZRZ is only subject to termination of the Agreement pursuant to Section 9.5.

9.9 Oregon Prevailing Wage Law. The Parties acknowledge that, as of the Effective Date, PDC does not intend that the Projects will be considered “public works” subject to ORS 279C.800 to 279C3870 and the administrative rules adopted thereunder (“Oregon Prevailing Wage Law”). Nevertheless, the question of applicability of prevailing wage to a Project is a matter for ZRZ to determine, in consultation with the Oregon Bureau of Labor and Industry (“BOLI”), if appropriate. In the event that BOLI determines that Oregon Prevailing Wage Law applies to a Project, then ZRZ shall execute and deliver to PDC such amendments to this Agreement and such other agreements and documents as PDC may reasonably require to implement compliance with the Oregon Prevailing Wage Law in the construction of the Project.

9.10 Notices. All notices given under this Agreement shall be in writing and may be delivered by personal delivery, by courier service, or by deposit in the United States Mail, postage prepaid, as certified mail, return receipt requested, and addressed as follows:

PDC: The Portland Development Commission
222 NW Fifth Avenue
Portland, Oregon 97209
ATTN: Geraldene Moyle
(503) 823-3368 (Fax)
(503) 823-3355 (Telephone)

With a copy to: The Portland Development Commission
222 NW Fifth Avenue
Portland, Oregon 97209
ATTN: General Counsel
(503) 823-3368 (Fax)
(503) 823-3200 (Telephone)

ZRZ and Zidell Marine: ZRZ Realty Company
Attn: Dennis Allen and Kathryn Silva
3121 SW Moody Avenue
Portland, Oregon 97239
(503) 228-8691 (Telephone)

With a copy to: Perkins Coie LLP
Attn: Dana Krawczuk and Chris Criglow
1120 NW Couch Street, 10th Floor
Portland, Oregon 972209-4128
(503) 727-2000 (Telephone)

Notices shall be deemed received by the addressee upon the earlier of actual delivery or refusal of a party to accept delivery thereof. The addresses to which notices are to be delivered may be changed by giving notice of such change in address in accordance with this notice provision.

9.11 Governing Law, Venue, and Jurisdiction. This Agreement shall be governed and construed according to the laws of the State of Oregon, without regard to its choice of law provisions. Any action or suit to enforce or construe any provision of this Agreement by either party shall be brought in the Circuit Court of the State of Oregon for Multnomah County or the Federal District Court located in Multnomah County, Oregon. The Circuit Court of the State of Oregon for Multnomah County or the Federal District Court located in Multnomah County shall have exclusive jurisdiction over all lawsuits brought by any Party against any other Party with respect to the subject matter of this Agreement, and each Party hereby irrevocably consents to such exclusive jurisdiction and waives any and all objections it might otherwise have with respect thereto.

9.12 No Third Party Beneficiaries. PDC and ZRZ are the only Parties to this Agreement and are the only Parties who are entitled to enforce or who are bound by its terms, except as otherwise specifically provided in this Agreement. There are no third party beneficiaries to this Agreement nor does this Agreement bind any third parties

9.13 Time is of the Essence. Time is of the essence in the performance of and adherence to each and every provision of this Agreement.

9.14 Non-waiver. Waiver by any Party of strict performance of any provision of this Agreement shall not be deemed a waiver of or prejudice a Party's right to require strict performance of the same or any other provision in the future. A claimed waiver must be in writing and signed by the Party granting a waiver. A waiver of one provision of this Agreement shall be a waiver of only that provision. A waiver of a provision in one instance shall be a waiver only for that instance, unless the waiver explicitly waives that provision for all instances.

9.15 Non-waiver of Government Rights. By making this Agreement, PDC is specifically not obligating itself, or any other agency with respect to any police power or regulatory actions relating to development or operation of the Projects, Infrastructure Projects, and other improvements to be constructed in the Development Site, including, but not limited to, rezoning, variances, environmental clearances, or any other governmental approvals which are or may be required.

9.16 Partial Invalidity. If any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement, and the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. If a material provision of this Agreement is held invalid or unenforceable such that a Party does not receive the benefit of its bargain, then the other Parties shall renegotiate in good faith terms and provisions that will effectuate the spirit and intent of the Parties' agreement herein.

9.17 Calculation of Time. Unless referred to as Business Days, all periods of time shall include Saturdays, Sundays, and Legal Holidays. However, if the last day of any period falls on a Saturday, Sunday, or legal holiday, then the period shall be extended to include the next day which is not a Saturday, Sunday, or Legal Holiday. "Business Days" shall mean Monday through Friday, and "Legal Holiday" shall mean any holiday observed by the State of Oregon.

9.18 Headings, Table of Contents. The section headings in this Agreement are for convenience in reference and are not intended to define or limit the scope of any provision of this Agreement.

9.19 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

9.20 Amendments. This Agreement may be amended only by a writing executed by

the Parties. If the intended amendment alters the rights or responsibilities of a City of Portland bureau other than PDC, then notice of such intended amendment shall be provided to the appropriate bureau or bureaus for purposes of review, comments, and assessment of the appropriate authority required to approve such intended amendment.

9.21 Entire Agreement. This Agreement constitutes the entire agreement between the Parties as to the subject matter covered by this Agreement.

9.22 Successors and Assigns. Subject to 9.2 above, rights, obligations, liabilities, and remedies provided in this Agreement shall extend to the successors-in-interest of the Parties and to the transferees and assignees of the Parties.

9.23 Interpretation of Agreement and Status of Parties. This Agreement is the result of arm's-length negotiations between the Parties and shall not be construed against any Party by reason of its preparation of this Agreement. Nothing contained in this Agreement shall be construed as creating the relationship of principal and agent, partners, joint ventures, or any other similar relationship between the Parties.

9.24 Capacity to Execute. The Parties each warrant and represent to the other that this Agreement constitutes a legal, valid, and binding obligation of that Party. Without limiting the generality of the foregoing, each Party represents that it's governing authority and, in the case of PDC, the PDC Board of Commissioners and the Portland City Council, has authorized the execution, delivery, and performance of this Agreement by it. The individuals executing this Agreement warrant that they have full authority to execute this Agreement on behalf of the entity for whom they purport to be acting. Each Party represents to the others that neither the execution and delivery of the Agreement, nor the consummation of the transactions contemplated hereby will violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, government agency, or court to which it is subject or any provision of its charter or bylaws; or conflict with, result in a breach of, or constitute a default under any other agreement to which it is a party or by which it is bound. No Party needs to give any notice to, make any filing with, or obtain the consent of any other entity or person to consummate the transactions contemplated by this Agreement other than recording of instruments as contemplated by this Agreement or any agreements ancillary thereto.

9.25 Exhibits. The Exhibits attached to this Agreement are an integral part of this Agreement and are fully incorporated into this Agreement where they are referenced in the text of this Agreement.

9.26 Recording of Agreement. PDC will record this Agreement and all Exhibits within ten (10) days after the Effective Date.

9.27 Not an Agreement to Lend. Except as specifically provided in this Agreement, this Agreement does not constitute an agreement to lend money for any Contingent Project.

Signatures on Next Page

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the Effective Date.

PDC:

PORTLAND DEVELOPMENT COMMISSION

By: _____
Patrick Quinton, Executive Director

Approved as to form:

Office of General Counsel

By: _____
Eric Iverson, General Counsel

ZRZ:

ZRZ REALTY COMPANY

By: _____
Jay Zidell
President

Exhibits

- Exhibit A: North Macadam URA Area
- Exhibit B: ZRZ Property subject to Development Agreement
- Exhibit C: Phasing Plan
- Exhibit D: Glossary of Defined Terms
- Exhibit E: Funding Strategy Plan
- Exhibit F: Public Projects Sources and Uses
- Exhibit G: Project Schedule
- Exhibit H: South Waterfront Project Apprenticeship Agreement
- Exhibit I: PDC Business Equity Program Specifications
- Exhibit J: PDC Workforce Equity Program Specifications
- Exhibit K: PDC Green Building Policy
- Exhibit L: City/PDC 2% for Art Policy
- Exhibit M: Potential Affordable Housing Parcel Area

EXHIBIT B
ZRZ Property Subject to Development Agreement



EXHIBIT C Development Phasing



EXHIBIT D
Defined Terms

The capitalized terms used in this Agreement have the following meanings:

“**Affordable Housing Parcel**” is defined in Section 2.3.1.

“**Affordable Housing Parcel Option**” is defined in Section 2.32.

“**Affordable Housing Parcel Purchase Price**” is defined in Section 2.3.1.

“**Agreement**” is defined in the Preamble.

“**Agreement IGAs**” is defined in Section 5.2.

“**Alternative Remedies**” is defined in Section 9.7.

“**Barge Business**” is defined in Recital F.

“**BES**” is defined in Recital J.

“**Block 1 Project**” is defined in Section 3.1.1.

“**Block 4 Project**” is defined in Section 3.1.3.

“**Block 6 Project**” is defined in Section 3.1.2.

“**BOLI**” is defined in Section 9.9.

“**Bond Avenue Gibbs Project**” is defined in Section 4.1.1.3.

“**Bond Avenue Grover Project**” is defined in Section 4.1.1.2.

“**Bond Avenue Moody Connector Project**” is defined in Section 4.1.1.1.

“**Bond Avenue Projects**” is defined in Section 4.1.1.

“**Business Days**” is defined in Section 9.17.

“**CC&Rs**” is defined in Section 2.3.2.4.

“**City**” is defined in the Preamble.

“**Central and Focused System**” is defined in Section 4.1.3.

“**Closing Date**” is defined in Section 2.3.2.1.

“**Clustered and Distinct System**” is defined in Section 4.1.3.

“**Commencement of Construction**” is defined in Section 2.3.2.2 with respect to PHB's obligations and in Section 5.3 with respect to ZRZ's obligations.

“**Compatible Systems**” is defined in Section 4.1.4.

“**Coordinated**” is defined in Section 6.5.1.

“**Council**” is defined in Recital A.

“**CPI**” is defined in Section 2.3.1.5.

“**DEQ**” is defined in Recital G(4).

“**DEQ Documents**” is defined in Section 2.3.1.3.

“**Development Site**” is defined in Recital C.

“**Diffuse and Embedded System**” is defined in Section 4.1.3.

“**District Energy System**” is defined in Section 4.1.4.

“**District Stormwater System**” is defined in Section 4.1.3.

“**Economic Development Related Investments**” is defined in Section 6.10.

“**Effective Date**” is defined in the Preamble.

“**Eligible Physical Improvements**” is defined in Section 6.10.

“**Emery**” is defined in Recital G(7).

“**Environmental**” is defined in Section 7.3.2.2

“**Force Majeure Event**” is defined in Section 6.2.1.

“**Greenway Projects**” is defined in Section 4.1.5.

“**IGA**” is defined in Recital J.

“**Infrastructure Projects**” is defined in Section 4.1.

“**Innovation Quadrant**” is defined in Recital D.

“**Interim Activation Uses**” is defined in Recital L.

“**Land Use Review**” means any of the review processes under PCC 33.800.

“**Legal Holiday**” is defined in Section 9.17.

“**OHSU**” is defined in Section 2.1.1.

“**OHSU Lease**” is defined in Section 2.3.2.3.

“**Oregon Prevailing Wage Law**” is defined in Section 9.9.

“**OSCP**” is defined in Section 7.7.1.

“**Park Acquisition**” is defined in Section 7.7.2.1.

“**Parties**” means PDC and ZRZ collectively.

“**Partner Bureau(s)**” is defined in Recital J.

“**Party**” means PDC or ZRZ individually.

“**PBOT**” is defined in Recital J.

“**PCC**” is defined in Recital G(6).

“**PDC**” is defined in the Preamble.

“**Phase 1 Projects**” is defined in Section 3.1.4.

“**Phase 1 Stormwater System**” is defined in Section 4.1.2

“**Phase 2 Greenway**” is defined in Section 4.1.5.1.

“**Phase 2 Interim Greenway**” is defined in Section 7.3.5.

“**Phase 2**” or “**Phase 2 Land**” is defined in Section 3.1.5.

“**Phase 2 Project**” is defined in Section 3.1.5.

“**Phase 3 Greenway**” is defined in Section 4.1.5.2.

“**Phase 2 Greenway Construction Triggering Project**” is defined in Section 7.3.2.1.

“**Phase 2 Greenway Design Triggering Project**” is defined in Section 7.3.1.

“**Phase 3**” or “**Phase 3 Land**” is defined in Section 3.1.6.

“**Phase 3 Projects**” is defined in Section 3.1.6.

“**PHB**” is defined in Recital J.

“**Plan**” is defined in Recital A.

“**PMLRT Project**” is defined in Recital G(1).

“**Potential Affordable Housing Parcel Area**” is defined in Section 2.3.1.

“**PP&L**” means the Pacific Power & Light Company.

“**PP&L Line Project**” is defined in Section 4.1.7.

“**PP&R**” is defined in Recital J.

“**Projects**” is defined in Section 3.1.

“**PSU**” is defined in Section 2.1.1.

“**Qualified Public Improvement**” means an improvement as defined in PCC 17.13.020.HH.

“**SDC**” means City of Portland system development charges of any kind.

“**SDC Credits**” means City of Portland system development charge credits of any kind.

“**Site**” means the lots, lots of record, or tracts proposed to be divided or reconfigured as further described in PCC 33.910.

“**South Waterfront Plan**” is defined in Recital B.

“**TIF**” is defined in Section 2.1.1.

“**Title Report**” is defined in Section 2.3.1.3.

“**Transition Trails DA**” is defined in Section 7.3.3.

“**TriMet**” means the Tri-County Metropolitan Transportation District of Oregon, and Oregon mass transit district.

“**TSDC**” is defined in Recital G(7).

“**URA**” is defined in Recital A.

“**URA TIF**” means TIF generated in the North Macadam Urban Renewal Area.

“**Violation**” is defined in Section 9.5.

“**ZRZ**” is defined in the Preamble.

“**ZRZ Affiliate**” is defined in Section 9.2.

“**ZRZ Greenway Improvements**” is defined in Recital G(5).

“**ZRZ Notice**” is defined in Section 2.3.2.

“**ZY Park**” is defined in Section 4.1.6.

“**ZY Park Option**” is defined in Section 7.7.2.

EXHIBIT E Funding Strategy Plan

	Fiscal Year											
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25		
PROJECTED TIF REVENUES												
Tax Increment Proceeds	1,740,000	18,993,000	7,564,235	7,693,277	8,379,823	12,090,268	5,830,128	14,155,128	9,955,128	62,223,653		
Other Income (projected loans, land sales, etc.)	303,301	310,300	284,300	283,062	253,062	200,000	200,000	200,000	200,000	200,000		
Beginning Balance	7,561,112	5,665,123	252,060	3,337,949	207,766	1,683,129	0	0	0	0		
Total Projected TIF Revenues Available For Projects	9,604,413	24,968,423	8,100,595	11,314,288	8,840,151	13,973,397	6,030,128	14,355,128	10,155,128	62,423,653		
EXPENDITURES												
Phase 1 (2015-2019)												
SW Bond Street (RiverPlace to SW Grover)	700,000	1,450,000	2,400,000	3,650,000								
ZRZ Phase 1 Economic Development Investments		2,500,000										
FSU School of Business Administration (commercial use)		2,000,000										
Phase 2 (2019-2024)												
University Place Redevelopment				5,000,000	4,600,000	3,400,000						
South Waterfront Greenway (RiverPlace to Ross Island Bridge)					100,000	8,150,000	3,475,000					
Ross Island Bridge Park Acquisition								5,000,000				
ZRZ Phase 3 Economic Development Investments							TBD	TBD	TBD			
Phase 3 (2024+)												
4th & Lincoln Acquisition										2,000,000		
4th Avenue Building										2,000,000		
ZRZ Phase 3 Public Improvements (TBD)										TBD		
Districtwide												
Housing (30%)	2,000,000	17,000,000	200,000	200,000	200,000	200,000	200,000	7,000,000	8,000,000	25,000,000		
Cluster Development		500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000		
Property Management	55,128	55,128	55,128	55,128	55,128	55,128	55,128	55,128	55,128	55,128		
Central District Greenway												
Project Staffing/Indirect	1,184,162	1,211,235	1,607,518	1,701,894	1,701,894	1,668,269	1,800,000	1,800,000	1,600,000	1,000,000		
Total Expenditures	3,839,290	24,716,363	4,762,646	11,107,022	7,157,022	13,973,397	6,030,128	14,355,128	10,155,128	30,555,128		

EXHIBIT F Public Projects Sources and Uses

Exhibit F: Public Project Sources and Uses Schedule																					
	Fiscal Yr-\$\$\$ Req'd	Total Cost: 2014 Dollars (1) (2) (3)	Public Funding Sources					Private Funding Sources													
			Tax Increment Financing	PBOT Funding	TriMet	Grants (4)	Parks	SUBTOTAL PUBLIC	ZRZ Realty	Other Private	SUBTOTAL PRIVATE										
Public Projects																					
Phase I Economic Development (5)	16/17	2,500,000	2,500,000																		0
Bond Ave: Full Alignment 30% Design	14/15	500,000	500,000																		0
Bond Ave: Porter to Moody via Woods	15-17	2,400,000	1,650,000	750,000																	0
Bond Ave: Woods to Ross Island Bridge	18/19	1,500,000	1,500,000																		0
Bond Ave: Ross Island Bridge to Grover	18/19	900,000	900,000																		0
Bond Ave: Grover to Gibbs	by ZRZ	900,000	900,000																		900,000
River Parkway: Woods to Gibbs	by ZRZ	3,250,000	3,250,000																		3,250,000
Grover: Moody to River Parkway	by ZRZ	3,250,000	3,250,000																		3,250,000
Gibbs St: Moody to River Parkway	by ZRZ	3,900,000	3,900,000																		3,900,000
Subtotal: Transportation		16,600,000	4,550,000	750,000	0	0	0	0	0	0	5,300,000	11,300,000	0	11,300,000	0	11,300,000	0	0	0	0	0
Phase I Stormwater System	by ZRZ	500,000	500,000																		500,000
District Stormwater System Design	15/16	400,000	400,000																		400,000
Dist. Stormwater System Construction	by ZRZ	14,600,000	14,600,000																		11,000,000
District Energy System	by ZRZ	tbd	tbd																		0
Subtotal: Infrastructure		15,500,000	0	0	0	3,600,000	0	3,600,000	0	0	3,600,000	11,900,000	0	11,900,000	0	11,900,000	0	0	0	0	0
Greenway: Riverward of ToB	by ZRZ	9,000,000	9,000,000																		9,000,000
Greenway Design: Landward of ToB	18/19	100,000	100,000																		0
Greenway: ZRZ property North of Porter	21/22	3,475,000	3,475,000																		0
Greenway: at Porter (6)	20/21	2,150,000	374,260	1,367,160																	0
Greenway: Porter to RI Bridge	20/21	3,775,000	3,775,000																		0
Greenway: RI Bridge to Moody	20/21	4,000,000	4,000,000																		0
Greenway: RI Bridge to Gibbs	by ZRZ	1,900,000	1,900,000																		1,900,000
Subtotal: Greenway		24,400,000	11,724,260	0	1,367,160	0	0	13,091,420	0	0	13,091,420	11,104,290	204,290	204,290	11,308,580	0	0	0	0	0	0
Ross Island Bridge Park: Option		tbd	tbd																		tbd
Ross Island Bridge Park: Acquisition		tbd	5,000,000																		tbd
Ross Island Bridge Park: Development		tbd	tbd																		tbd
Subtotal: Ross Island Bridge Park		tbd	5,000,000	0	0	0	0	3,600,000	tbd	0	5,000,000	0	0	0	0	0	0	0	0	0	0
Total Public Projects		59,000,000	23,774,260	750,000	1,367,160	3,600,000	tbd	29,491,420	34,304,290	204,290	34,508,580	46.08	53.92								

Notes:

1. Total costs for projects are preliminary estimates in 2014 dollars and are subject to change due to inflation and other factors
2. Bond Avenue preliminary conceptual cost estimates based on \$3,250 per l.f. (\$2,500 hard/30% soft). Actual construction cost t.b.d.
3. Greenway preliminary conceptual cost estimates based on \$43.21/SF. Actual construction cost t.b.d.
4. The Parties involved will work towards securing grants and/or other non-ratepayer funds ranging from \$0 - \$3.6M that could allow for a more integrated District Stormwater system
5. Includes potential undergrounding of PP&L line.
6. Distribution of funds per Transition Trail DA - TriMet/ZRZ/OHSU/City of Portland
7. Percent of Total includes \$5.0M RIB Acquisition in Total Public Projects amount

EXHIBIT G

Project Schedule

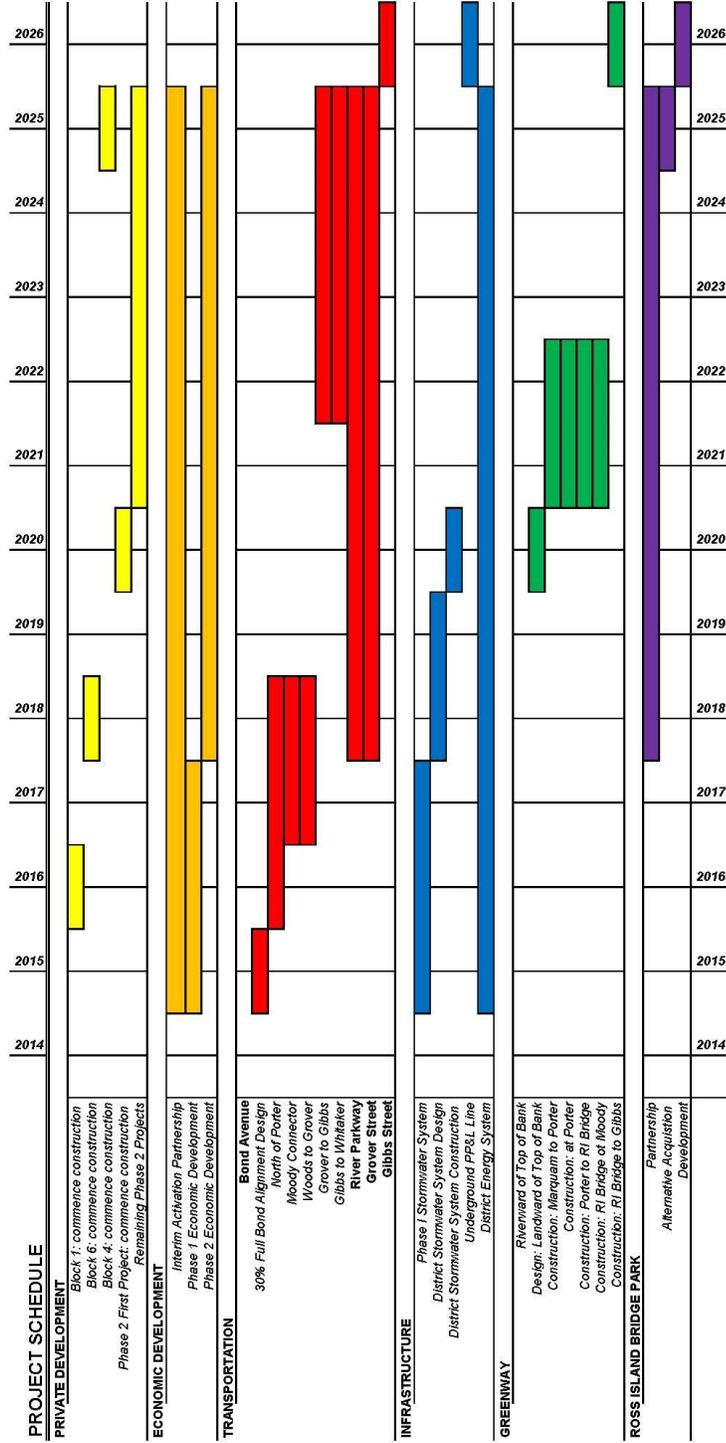


EXHIBIT H
South Waterfront Project Apprenticeship Agreement

SOUTH WATERFRONT PROJECT APPRENTICESHIP AGREEMENT
JUNE 2015

This Project Apprenticeship Agreement is dated for reference purposes as of this ____ day of _____, 2015 and is entered into by and among the parties listed on Exhibit A attached hereto (each, a "Party" and collectively, the "Parties") as evidenced by each Party's signature thereon.

I. PURPOSE

- A. The Portland Development Commission ("PDC"), the Oregon Health & Science University ("OHSU") and the Union related Parties entered into the South Waterfront Central District Project Apprenticeship Agreement on December 13, 2005 as part of the Central District South Waterfront Development Agreement and for projects within the Central District development area. It is the intention that this Agreement replace the rights and obligations of that Agreement as of the date of signature by all Central District Project Apprenticeship Agreement Parties and other Parties identified herein.
- B. It is the intention of PDC and Zidell Realty ("ZRZ") to enter into a North District South Waterfront District Development Agreement ("DA") concurrent with this Agreement which establishes a public private partnership for the development of a portion of the North Macadam Urban Renewal Area known as the Zidell Yards. PDC and ZRZ are hereinafter collectively referred to as the "DA Parties."
- C. OHSU is pursuing development within their North District Schnitzer Campus, building upon their recently completed Collaborative Life Sciences Building and Skourtes Tower. Certain infrastructure projects contemplated under the DA help to benefit OHSU's Schnitzer Campus development.
- D. Collectively, the OHSU properties within the identified Central District South Waterfront Development Agreement area; the Zidell Yards properties within the North District South Waterfront Development Agreement area; and the OHSU Schnitzer Campus properties collectively form the properties covered under this Agreement (the "Project Area"). The Project Area is depicted on Exhibit B. The projects to be built in the Project Area are collectively referred to herein as the "Projects."
- E. Pursuant to PDC's workforce and equity policies at the time of DA signing, the Parties agree to cooperate and use good faith efforts to develop a program for the recruitment, training and employment of minority and female members of the Portland metropolitan area in union apprenticeship programs.
- F. The Parties agree that an effective strategy must include cooperative efforts involving the Parties, contractors and union apprenticeship programs involved in Project work.

II. TARGETS: UNION PARTICIPATON

- A. The Parties agree to pursue good faith the goals for ethnic minorities and women in the Project Area as identified in PDC’s Business Equity Program and PDC’s Workforce Equity Program.
- B. The Unions that are signatories to this Agreement (each, a “Union” and collectively, the “Unions”) now agree to pursue the Specifications with the Agreement Parties. Notwithstanding anything to the contrary set forth herein, while success shall be measured on the good-faith targeted goals set forth in PDC’s policies, these numbers are not intended to be quotas.

III. SCOPE OF AGREEMENT

- A. The Parties agree that PDC’s Business Equity Program Specifications and PDC’s Workforce Equity Program Specifications should apply to all construction work performed by general contractors under contracts for work in the Project Area and by subcontractors under contracts for work in the Project Area in the amounts identified in such specifications (such general contractors and subcontractors, whether union or non-union, are collectively referred to herein as “Contractors”), provided however, that the Parties recognize that the specifications shall not apply to
 - 1. Contracts in effect as of the date of this Agreement.
 - 2. Projects requiring highly specialized contractors thereby making compliance with this Agreement unreasonable or impractical subject to review by the Oversight Committee
 - 3. Exemptions to the apprenticeship program requirements granted due to the work being highly specialized, warranty, safety issues, etc., with the understanding that the single trade exempted on a regular basis will be landscaping.

No party shall utilize the language of III.A.2 in bad faith for the purpose of avoiding its obligations under this Agreement or avoiding participation in the agreement.

- B. Apprenticeship Entry & Graduation Targets. The shared goal under this Agreement is to increase the apprenticeship graduation rates for minorities and women such that the disparity between overall graduation rates and minority and women graduation rates is reduced. Part two of the shared goal is to employ minority and women journeyman (journey-workers) as well on the project to meet the overall goals.
- C. Supportive Services. The Parties commit to work together in good faith to develop a specific strategy to help recruit, prepare, and retain qualified minority and female candidates for entry into union apprenticeship programs and to find funding sources therefor. Specific strategies may include, but shall not be limited to, the following:
 - 1. Advertising and outreach to schools and faith-based and other non-profit community organizations seeking interested candidates;

2. Funding or contracting with pre-apprenticeship entities to assist applicants to prepare for entry into trade apprenticeship programs and to retain them after admission;
3. Supporting, mentoring and problem-solving for minority and female apprentices;
4. Helping to identify efforts needed to overcome barriers to entry, retention, or completion of apprenticeship by minority or female candidates. These barriers may include the need for mentorship, financial assistance (for example, with daycare, transportation, apprenticeship dues and fees, work clothing, subsidies while engaged in work-related training, etc), the elimination of the requirement for a driver's license when a driver's license is not a bona fide requirement of the work, the elimination of questions about criminal history when the work does not involve exceptional and extraordinary security requirements, etc; and
5. Regularly monitoring the progress of apprentices for early identification of problems.

The Parties will collaborate and cooperate in good faith to identify appropriate funding sources to accomplish these activities in fulfillment of the obligations under this Agreement. Unless specifically agreed to in writing, no Party shall be financially obligated to contribute to such services.

- D. Pre-Apprenticeship Training Programs. The Parties agree to work together in good faith to develop and implement a program to prepare unemployed and underemployed residents of the Portland Metropolitan area to compete for entry-level positions as union apprentices in the building and construction trades occupations. The Parties agree that this effort may enlist the services of existing pre-apprenticeship programs or other programs that develop at any point during the life of the Agreement. The Parties will work together in good faith to agree on methods to actively and effectively recruit graduates of such pre-apprenticeship programs for entrance to, and successful completion of, trade apprenticeship.

If the Parties identify and agree upon funding sources sufficient to fund such pre-apprenticeship programs, the eligible programs may be structured as follows:

1. A two-tiered system that may provide one or more of the services described below.
 - i. Entry Core Services. The Parties envision that individuals entering into apprenticeship programs may receive one or more of the following benefits or assistance: (1) an individual work plan; (2) case management; (3) career counseling; (4) drug testing and rehabilitation; (5) transportation assistance (including assistance with reinstatement of a driver's license); (6) immigration assistance; (7) child care; (8) ex-offender life skills training; (9) instruction in English as a second language, problem solving skills and work ethics; (10) financial assistance as described in paragraph III.C.4 above; (11) mentoring; (12) leadership development training; and/or (12) work experience.
 - ii. Apprenticeship Preparation. The Parties envision that following participation in one or more of the entry core service programs described in paragraph III.D.1.i, individuals

will enter the second tier where they will be placed in an approved pre-apprenticeship training program, which program may include industry specific training and education, work experience, mentoring, and/or some form of “construction boot camp.”

2. The Parties agree that qualified individual may be waived through one or both tiers by the applicable apprenticeship program.
- E. The Parties intend to negotiate agreements such that all Contractors will be required to comply with the specifications.
 - F. The Parties intend that all Contractors will become parties to this agreement that defines the manner in which the Contractors will participate in the implementation of the specifications.
 - G. The Parties intend to require provisions in their bid, specification and other contract documents for Project work that are consistent with the specifications and this Agreement.

IV. WORKFORCE COMMITTEE

- A. The Parties will form a committee consisting of representatives from the signatory Parties to this Agreement and the Contractors, if appropriate; to oversee such programs (the “Committee”). Voting power on the Committee will be equitably distributed among the Parties such that no single Party nor group of Parties with inherently aligned interests (e.g. union representatives or private developers) can alone control the outcome of any vote. The Parties anticipate that the Committee will consist of a limited number of people and that no one Party or group of Parties with inherently aligned interests will have more than two representatives on the Committee. The Committee will hold meetings as reasonably necessary to carry out its role with respect to the Workforce Diversity Strategy and this Agreement, which role will be as unanimously agreed upon by the Parties. The Parties anticipate that the Committee will, among other things, review the progress towards the goals of the Business Equity and Workforce Equity program and this Agreement and make recommendations for improvements and the expenditure of funds.
- B. To assist the Committee, the Parties intend to require all Contractors and unions to provide summary data reflecting minority and women workforce participation on the Projects. It is anticipated that, among other things, this summary data will include monthly reports (in electronic form) of apprentices used by craft, which reports shall identify the individual apprentices and journey-men who participated by gender and ethnicity. The Parties also agree to quarterly assess the progress towards the goals of this Agreement through review and analysis of the workforce data received. PDC, with assistance from the City of Portland's Workforce Training and Hiring Program Staff as necessary or desirable, agrees to compile information from such quarterly assessment into a report and to present such report to the Parties.
- C. The Committee will attempt in good faith to develop specific written criteria for addressing Contractors and unions that do not provide the summary data information contemplated by paragraph D.4.b, so as to assist such Contractors and unions in providing such data.

V. DISPUTE RESOLUTION

- A. Disagreements between or among the Parties concerning this Agreement or the implementation of goals described herein (including the failure by the Parties to demonstrate "good faith efforts" to achieve targets and goals) shall be submitted to the Committee for resolution.
- B. If the Committee is unable to resolve the dispute to the reasonable satisfaction of all Parties or if the Committee does not yet exist, then any Party may initiate a dispute resolution process by written notice to the other Parties. The Parties shall select a person (a "Dispute Resolver") to resolve the dispute. The Dispute Resolver shall be independent of the Parties and shall not have had a business relationship with any Party within the last five (5) years. The Dispute Resolver shall be a person who (a) is a resident of the Portland metropolitan area and (b) has substantial experience in resolving complex business issues in a public or private context. If after ten (10) days the affected Parties cannot unanimously agree on the person who will be the Dispute Resolver, then the affected Parties shall submit the matter to arbitration with Arbitration Service of Portland, Inc. The fees of the Dispute Resolver and of arbitration, as applicable, shall be paid equally by the Parties.

VI. MISCELLANEOUS

- A. Governing Law; Venue; Jurisdiction. This Agreement shall be governed and construed according to the laws of the State of Oregon, without regard to its choice of law provisions.
- B. No Benefit to Third Parties. The only parties to this Agreement and the only parties entitled to enforce its terms are PDC, ZRZ, OHSU, the Unions and any other unions, Contractors or third parties that execute this Agreement in accordance with paragraph IV.F below. There are no third-party beneficiaries of this Agreement. In addition, nothing contained in this Agreement shall be deemed to make any party a third party beneficiary of the Development Agreement or of any agreement between a Party and a Contractor.
- C. Interpretation. Notwithstanding anything to the contrary set forth in this Agreement, none of the Parties shall be required to pursue the requirements or goals of this Agreement if doing so puts any such Party at a competitive disadvantage, as reasonably determined by such Party. None of the provisions of this Agreement are intended, nor shall any provision be interpreted or construed, to increase, decrease, alter or otherwise impact the rights and obligations of the DA Parties under the Development Agreement. No Party shall utilize the rights conferred by this paragraph IV.C in bad faith for the purpose of avoiding its obligations under this Agreement or avoiding participation in the Workforce Diversity Strategy.
- D. Amendment; Termination. This Agreement may not be modified or amended except by a written agreement executed by all of the Parties hereto. This Agreement shall terminate on the earlier of (a) the date of a written termination of this Agreement executed by each of the Parties hereto and (b) the date that is ten (10) years from the date of this Agreement.
- E. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall be deemed an original but when taken together shall constitute one and the same agreement. Delivery of facsimile or photocopies of original signatures shall be effective to bind the Parties hereto. PDC shall retain the original signatures of each Party to this Agreement.

- F. Addition of Parties to Agreement. The Parties acknowledge and agree that Contractors and additional unions representing the trades are likely to become signatories to this Agreement in the future. Other than such unions and Contractors, no third party may become a Party to this Agreement without the unanimous written consent of then-existing Parties. Contractors, additional unions and, subject to the immediately preceding sentence, any other entities or persons, shall become Parties to this Agreement and bound by the terms hereof by executing a signature page and delivering an original of such signature to PDC and a copy of such signature page to the then-existing Parties to the Agreement. Upon receipt of such signature page, Exhibit A will be modified to include such Party's name and a new Exhibit A will be distributed to all Parties.

Exhibit A
Parties

- Portland Development Commission
- Oregon Health Sciences University
- ZRZ Realty
- Columbia Pacific Building Trades
- NW Construction Alliance

Schedule C
PDC Business Equity Program Specifications - See DA Exhibit I

Schedule D
PDC's Workforce Equity Program Specifications - See DA Exhibit J

Signature Page

PORTLAND DEVELOPMENT COMMISSION

By: _____

Print Name: _____

Title: _____

Date: _____

OREGON HEALTH SCIENCES UNIVERSITY
A public corporation of the State of Oregon

By: _____

Print Name: _____

Title: _____

Date: _____

ZRZ REALTY

By: _____

Print Name: _____

Title: _____

Date: _____

COLUMBIA PACIFIC BUILDING TRADES (or
designee)

By: _____

Print Name: _____

Title: _____

Date: _____

NW CONSTRUCTION ALLIANCE (or designee)

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT I
PDC Business Equity Program Specifications



BUSINESS EQUITY PROGRAM SPECIFICATIONS

LOAN AGREEMENT/DEVELOPMENT AGREEMENT PROCESS REQUIREMENTS

1. PURPOSE OF THE PROGRAM

The Portland Development Commission ("PDC") has a compelling interest to ensure that PDC projects provide opportunities for State of Oregon Certified firms i.e. (Minority-Owned, Women-Owned, Disadvantaged and Emerging Small Businesses or M/W/D/ESBs) in order to promote economic growth, to increase capacity and to expand competition in the market. Therefore, PDC has established a 20% utilization goal for PDC-supported projects receiving more than \$300,000 in PDC resources, provided the project's hard construction costs are greater than \$200,000. The goal is calculated as 20% of the project's Hard Construction Costs and 20% of Professional Services Costs, specifically architectural, engineering or technical service provider, if applicable (excluding overhead, administration or taxes). The Developer/Borrower through their prime contractor *and/or consultant* is expected to meet the 20% utilization goal. When the Developer/Borrower through their Prime Contractor *and/or Prime Consultant* meets the business equity goal with majority ESB participation, the Developer/Borrower through their Prime Contractor *and/or Prime Consultant* must document that all reasonable and necessary steps have been taken to contract with M/W/DBE firms for each scope of work anticipated to result in a subcontract of \$2,500 or greater. In the event that this goal is not met, the Developer/Borrower will be considered non responsive and the loan rejected. If the Developer/Borrower is deemed non responsive, they will be provided an opportunity for reconsideration in writing, followed by a personal appearance with the reconsideration official, if desired. As part of the reconsideration process, the Developer/Borrower is required to submit proof showing that all reasonable and necessary steps were taken to contract with Certified subcontractors *and/or subconsultants*. PDC will submit a written decision on reconsideration, explaining, if applicable, the basis for finding that the Developer/Borrower did not meet the goal or make adequate reasonable and necessary steps to do so.

2. EFFORTS REQUIRED REGARDING CERTIFIED FIRMS

The Developer/Borrower through their Prime Contractor *and/or Prime Consultant* is required to make all reasonable and necessary steps to contract with Certified firms for each scope of work anticipated to result in a subcontract of \$2,500 or greater. Outreach is encouraged for all subcontract, subconsultant and supplier opportunities. Also, the Developer/Borrower is required to submit a plan that addresses proposed methods of implementing the Business Equity Program on large construction or design projects (as determined by PDC).

Prime Contractors who intend to self-perform more than 10% of the trade work to complete a project or an entire Construction Specifications Institute (CSI) Master Format trade division (e.g., excluding superintendence, supervision, mobilization, etc.) will be required to have the written authorization of the Communications and Social Equity Director or their designee, who may approve a higher percentage based on the type, size, available subcontractors, and other relevant criteria. These requirements are contractual obligations and are included in the development/loan agreement. Failure to comply may result in a finding of breach of contract, disqualification of the Developer/Borrower to receive PDC funds in the future, or a claim for damages.

NOTE: Documented outreach is not required for scopes of work anticipated to result in a subcontract of \$2,500 or less under these provisions but is encouraged.

Who to contact

For each scope of work identified in these documents that will be performed by a subcontractor *and/or* subconsultant, unless a Certified subcontractor *and/or* subconsultant is directly selected for the work, the Prime Contractor *and/or* Prime Consultant must contact:

Every Certified firm that attended the pre-bid meeting (if one was held) *or requested a Request for Proposal (RFP)* who specializes in a scope of work that will be subcontracted *and/or* subconsulted.
Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.

The Metropolitan Contractors' Assistance Program (MCIP) for assistance with identifying and contacting capable and available Certified firms. MCIP can be reached at: Office: 503-288-1211 · Fax: 503-288-5786 · Email: Chris@mcip-pdx.org · www.mcip-pdx.org
Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.

In addition to the above, a minimum of five (5) Certified firms from the Office of Minority, Women and Emerging Small Business Certification Directory must be contacted in each division of work identified for subcontracting *and/or* subconsulting. If there are less than 5 firms listed for a particular scope of work, *all* of the contractors *or* consultants in that scope must be contacted. [The Office of Minority, Women and Emerging Small Business web site: <http://www4.cbs.state.or.us/ex/dir/omwesh/>]
Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.

In the case of architectural, engineering and professional-technical service providers (A/E/PT) subconsulting opportunities, the Developer/Borrower through their Prime Consultant must post the opportunity(s) on the Lateral Agile Partnerships (LAPs) website; and solicit subconsultant fees from Certified firms whose qualifications match the opportunity. A minimum of three (3) Certified firms must be solicited for each subconsulting opportunity specialty identified. If there are less than three (3) firms available for solicitation, *all* consultants in the opportunity specialty must be solicited.
[LAPs is an online collaborative network custom designed (and sponsored by PDC) for posting consulting opportunities with the objective of identifying a 'short-list' of Certified firms whose qualifications match the requested service areas. Once Certified consultants are screened and their qualifications and certification status verified, they may post their profiles on the network.]
Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.

When to contact

The Developer/Borrower through their Prime Contractor *and/or* Prime Consultant shall make first contact with each Certified subcontractor/subconsultant a minimum of fourteen (14) business days before bids/fees are due. Any changes or amendments to this schedule must be approved in writing by PDC. Any extended time for the preparation of bids/fees allowed to non-Certified subcontractors/subconsultants must also be extended to Certified subcontractors/subconsultants and verified in writing.

Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.

How to contact

First Contact: The Developer/Borrower through their Prime Contractor *and/or* Prime Consultant, shall contact Certified subcontractors *and/or* subconsultants by letter, fax or E-mail to advise them of potential subcontracting *and/or* subconsulting opportunities.

Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.

Follow-up: The Developer/Borrower through their Prime Contractor *and/or* Prime Consultant, shall follow up with telephone calls to each Certified firm contacted to determine if a bid/fee will be submitted or if further information is required. A firm need not be contacted if that firm responds to the first contact with a statement that the firm will not bid or submit a fee on this project.

Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.

Information that must be provided

The Developer/Borrower through their Prime Contractor *and* Prime Consultant must provide project information, including dates and times bids/fees are due, to Certified firms. Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.

3. SUBSTITUTION OR ADDITION OF SUBCONTRACTORS/SUBCONSULTANTS

The Developer/Borrower through their Prime Contractor *and/or* Prime Consultant will not be permitted to substitute a new subcontractor *and/or* subconsultant for a Certified subcontractor/ *and/or* subconsultant without the written consent of PDC.

If any 1st tier subcontractor *or* subconsultant is added or replaced after the Subcontractor/ Subconsultant and Self Perform Work List (FORM 1) has been submitted, the Prime Contractor *and/or* Prime Consultant, shall make all reasonable and necessary efforts to contract with a Certified firm for the work to be performed by that subcontractor *and/or* subconsultant. Documentation of these efforts is required, and must be submitted to PDC. If the Prime Contractor *and/or* Prime Consultant find cause to replace a Certified firm, PDC strongly encourages substitution with either a Certified subcontractor *and/or* subconsultant. The Prime Contractor *and/or* Prime Consultant shall report substitutions to PDC for the purposes of tracking and reporting overall utilization.

NOTE: For the purposes of the Certified firm Recruitment Guidelines /Process Requirements a first tier subcontractor/subconsultant is any construction contractor *or* consultant who has (or is anticipated to have) a direct contractual relationship to the prime contractor/prime consultant, specific to this project.

4. SUBMISSION OF REQUIRED DOCUMENTATION OF SUBCONTRACTOR AND/OR SUBCONSULTANT PARTICIPATION AND BUSINESS EQUITY RECRUITMENT AND PARTICIPATION EFFORTS

One (1) Week Prior to Loan Closing and Construction Start:

- **Business Equity (FORM 1)** Submit a Subcontractor/Subconsultant And Self-Perform Work List on FORM 1 (or equivalent) showing ALL first-tier subcontractors *and* subconsultants and first-tier material suppliers to be used on this contract. Suppliers will be calculated as part of the 20% utilization. Certified 2nd tier subcontractors *and* subconsultants and 2nd tier suppliers may be considered as part of the business equity recruitment and participation efforts if the 20% business equity goal is not attained. Certified 2nd tier subcontractors *and* subconsultants and 2nd tier suppliers should be listed on Form 1 and Form 4 (monthly report) with a clear indication of which first tier subcontractor *and* subconsultant they are working for on this project. Additionally, the Developer/Borrower through their Prime Contractor *and/or* Prime Consultant shall identify ALL divisions of work (DOW) to be self-performed. If the Developer/Borrower through their Prime Contractor *and/or* Prime Consultant does not account for all DOW, it will result in the Developer/Borrower being non-responsive and the loan rejected.

PLEASE NOTE: IF PDC APPROVES THE BUSINESS EQUITY PARTICIPATION SUBMITTED ON BUSINESS EQUITY (FORM 1) THE FOLLOWING SUBMITTALS MAY NOT BE REQUIRED:

- **Log of contacts with 1st tier Certified firms (FORM 2)** Submit a completed log of contacts with Certified firms on FORM 2 (or equivalent). The Developer/Borrower through their Prime Contractor *and/or* Prime Consultant shall provide ALL required information in each column as applicable. Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.
- **Copy of letter, email or fax sent to Certified firms.** Submit one copy of the letter, email or fax sent to Certified firms to solicit bids/fees for this project. If more than one form of letter, email or fax was sent, submit a copy of each form sent. The Developer/Borrower through their Prime Contractor *and/or* Prime Consultant shall submit additional information upon request if the PDC believes it needs to clarify their reasonable and necessary steps expended to achieve business equity utilization. Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.

- List of 1st tier Certified Bids/Fees (FORM 3): Submit FORM 3 (or equivalent) providing ALL the requested information. Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.
- Documentation that The Metropolitan Contractors' Assistance Program (MCIP) was contacted for assistance with identifying and contacting capable and available Certified firms. Failure to comply will result in the Developer/Borrower being non-responsive and the loan rejected.
- Documentation of the implementation of a PDC approved Equity Contractor Development Program or Mentor-Protégé Program (the 'Program') may be considered as part of the business equity recruitment and participation efforts if the 20% business equity goal is not attained. PDC approval of the submitted 'Program' must be obtained in writing one (1) week prior to loan closing and construction start. The submitted documentation must verify that the 'Program' implementation preceded the loan closing date by three (3) months. Failure to meet all the stipulated criteria of the 'Program' documentation will result in the Developer/Borrower being non-responsive and their submittal deemed not eligible as part of the business equity recruitment and participation efforts.

NOTE: Outreach documentation can be submitted after the construction/*design* start date for projects with a phased bid or fee process. Failure to provide all requested reasonable and necessary steps expended to achieve business equity utilization documentation by the Developer/Borrower may affect the Developer/Borrower's eligibility to participate on future PDC-supported projects.

5. DOCUMENTATION TO BE SUBMITTED MONTHLY DURING THE PROJECT: Documentation to be submitted monthly during project:

- Monthly Subcontractor/ Subconsultant Payment and Utilization Report (Form 4): The Developer/Borrower through their Prime Contractor and/or Prime Consultant shall list the contract amounts and payment amounts on Form 4 to all subcontractors and/or subconsultants (including Certified subcontractors and/or subconsultants) previously listed on Form 1.
- Report Submission: Monthly reports are due by the 15th day of the month for work performed the prior month. The Developer/Borrower through their Prime Contractor and/or Prime Consultant, as part of the final disbursement/payment, shall submit a Final Report documenting all subcontracting and/or subconsulting. Failure to submit timely Subcontracting and/or Subconsulting Payment and Utilizations Reports may result in a delay in processing applications for disbursement/payment.

6. OPTIONAL REASONABLE AND NECESSARY STEPS EXPENDED TO ACHIEVE BUSINESS EQUITY UTILIZATION

Prime Contractors/Prime Consultants should also consider efforts such as:

- Advertisements in ethnic newspapers and small business trade journals.
- Alternative methods of participation with Certified firms through arrangements such as joint ventures, negotiated subcontract agreements and competitive bids.
- Purchase of construction materials and equipment from Certified suppliers.
- Providing information on subcontracting and subconsulting opportunities to PDC for posting on the PDC website and distributing to interested Certified firms.

**PORTLAND DEVELOPMENT COMMISSION
BUSINESS EQUITY PROGRAM (BEP)
SUBCONTRACTOR/SUBCONSULTANT AND SELF-PERFORM WORK LIST
(FORM 1)**

NOTE: IF THE PRIME CONTRACTOR/PRIME CONSULTANT IS NOT USING ANY SUBCONTRACTORS/SUBCONSULTANTS ON THIS PROJECT, THE PRIME CONTRACTOR MAY WRITE "SELF PERFORMING ALL WORK" ON THE FORM

Prime Contractor/Consultant:		Hard Construction Cost/Consultant Fee:	
	Project Name:	Date:	
<p>PRIME CONTRACTOR SELF-PERFORMING: Identify below, all Divisions of Work (DOW) to be self-performed. The value of the self-performed work must be 10% or less of the total contract value. Otherwise, all reasonable and necessary steps to subcontract/subconsult are required.</p> <p align="center"><u>DOW PRIME CONTRACTOR/CONSULTANT WILL SELF PERFORM</u></p>			

PRIME CONTRACTOR/CONSULTANT MUST DISCLOSE AND LIST ALL SUBCONTRACTORS/SUBCONSULTANTS including those Certified firms that you intend to use on the project

List all subcontractors/subconsultants below. Use correct legal Name of Firm.			DOW (i.e., Architectural, Engineering, Painting, Landscaping, Electrical, Etc.)	DOLLAR AMOUNT OF SUBCONTRACT/ FEE	If Certified Firm, Check box and fill in Cert. #			
Name	Fax				<input type="checkbox"/> MBE	<input type="checkbox"/> WBE	<input type="checkbox"/> DBE	<input type="checkbox"/> ESB
Address					Cert#			
City/St/Zip								
Phone #								
Email								
CCB #								
Fed. ID #								
Name	Fax				<input type="checkbox"/> MBE	<input type="checkbox"/> WBE	<input type="checkbox"/> DBE	<input type="checkbox"/> ESB
Address					Cert#			
City/St/Zip								
Phone #								
Email								
CCB #								
Fed. ID #								
Name	Fax				<input type="checkbox"/> MBE	<input type="checkbox"/> WBE	<input type="checkbox"/> DBE	<input type="checkbox"/> ESB
Address					Cert#			
City/St/Zip								
Phone #								
Email								
CCB #								
Fed. ID #								

Completed form may be faxed OR Emailed to Patricia Weekley at 503-823-3368. pweeklevn@pdc.us

PRIME CONTRACTOR/CONSULTANT MUST DISCLOSE AND LIST ALL SUBCONTRACTORS/SUBCONSULTANTS including those Certified firms that you intend to use on the project

List all subcontractors/subconsultants below. Use correct legal Name of Firm.			DOW (i.e., Architectural, Engineering, Painting, Landscaping, Electrical, Etc.)	DOLLAR AMOUNT OF SUBCONTRACT/FEE	If Certified Firm, Check box and fill in Cert. #					
Name		Fax			MBE	WBE	DBE	ESB		
Address					Cert#:					
City/St/Zip										
Phone #										
Email										
CCB #										
Fed. ID #										
Name		Fax			MBE	WBE	DBE	ESB		
Address					Cert#:					
City/St/Zip										
Phone #										
Email										
CCB #										
Fed. ID #										
Name		Fax			MBE	WBE	DBE	ESB		
Address					Cert#:					
City/St/Zip										
Phone #										
Email										
CCB #										
Fed. ID #										
Name		Fax			MBE	WBE	DBE	ESB		
Address					Cert#:					
City/St/Zip										
Phone #										
Email										
CCB #										
Fed. ID #										
Name		Fax			MBE	WBE	DBE	ESB		
Address					Cert#:					
City/St/Zip										
Phone #										
Email										
CCB #										
Fed. ID #										

Completed form may be faxed OR Emailed to Patricia Weekley at 503-823-3368, pweekley@ndc.us

MONTHLY SUBCONTRACTOR/SUBCONSULTANT PAYMENT AND UTILIZATION REPORT (FORM 4)

Project Name _____
 Prime Contractor/Prime Consultant _____

Hard Construction/Professional Service Cost\$ _____
 Report Dates (Beginning & Ending) _____

List all First Tier Subcontracts/Fees & First Tier Suppliers*	Original Subcontract/Subconsultant \$Amount	Amended Subcontract/Subconsultant \$Amount	Payments made this month	Retainage this Month	Payments Made to Date	Retainage to Date

IT IS HEREBY CERTIFIED THAT THE ABOVE LISTED FIRMS HAVE BEEN UTILIZED BY OUR COMPANY IN THE AMOUNTS REPRESENTED ABOVE AND THAT THE INFORMATION CONTAINED HEREIN IS COMPLETE AND ACCURATE

Authorized Signature of Contractor/Consultant Representative _____ Date _____

Completed form may be faxed to: Paula Wendorf (503) 823-1090

For additional information contact:
 Patricia Wesley, Business and Workforce Equity, Portland Development Commission, 222 NW 5th Ave., Portland, OR 97209
 (503) 823-3057 Fax: 503 823-3368 E-mail: patricia.wesley@pd.com

*See instructions on next page for 2nd tier subcontractors.

Loan Agreement/Development Agreement
 Business Equity Program
 August 2011

INSTRUCTIONS FOR COMPLETING THE SUBCONTRACTORS/SUBCONSULTANT PAYMENT AND UTILIZATION REPORT

1. **PROJECT NAME:** Indicate the project name as shown on the contract documents.
2. **PRIME CONTRACTOR/PRIME CONSULTANT:** Indicate the name of the prime contractor.
3. **PRIME CONTRACT AMOUNT:** Indicate the total dollar amount of the prime contract.
4. **REPORT DATES:** Indicate the beginning and ending dates corresponding to the progress payment period or use calendar month.
Example: 1/1/10 thru 1/31/10. Reports should be sequential and not overlap.
5. **SUBCONTRACTOR/SUBCONSULTANT NAME:** List the names of all first-tier subcontractors and first-tier material suppliers having performed work on this project during the reporting period.
6. **ORIGINAL SUBCONTRACT/FEE AMOUNT:** Indicate the dollar amount for each subcontract at time of award.
7. **AMENDED SUBCONTRACT/FEE AMOUNT:** Indicate the cumulative dollar value of each contract with any changes.
8. **PAYMENTS MADE THIS REPORTING MONTH:** Enter payments made to the subcontractor for the reporting month excluding retainage.
9. **RETAINAGE FOR THIS MONTH:** Enter retainage withheld for reporting month.
10. **PAYMENTS MADE TO DATE:** Cumulative payments made to date including amounts for current report excluding any retainage.
11. **RETAINAGE TO DATE:** Cumulative retainage withheld to date including amounts on current report.
12. **SECOND TIER SUBCONTRACTORS/SUBCONSULTANTS:** Certified 2nd tier subcontractors/subconsultants and 2nd tier suppliers may be considered as part of the good faith effort requirements if 20% goal is not attained. Certified 2nd tier subcontractors/subconsultants and 2nd tier suppliers should be listed on Form 1 and Form 4 (monthly report) with a clear indication of which first tier subcontractors/subconsultants they are working for on this project.

The Monthly Subcontractor/Subconsultant Payment and Utilization Reports are due by the 15th day of the month for work performed for the prior month. Completed form may be faxed to: Paula Wendorf (503) 823-1090

For additional information:

Patricia Weekley (503) 823-3057
Portland Development Commission

Fax (503) 823-3368
E-mail: weeklexp@pdc.us

EXHIBIT J
PDC Workforce Equity Program Specifications



Workforce Equity Program Specifications

The PDC Board of Commissioners has directed that all Contractors, Developers and Borrowers conducting work on behalf of the Portland Development Commission (PDC) maximize apprenticeship and employment opportunities for women and people of color in the construction trades. The goal of the Workforce Equity Program (Program) is for the Contractor's workforce to reflect the diversity of the workforce found in the City of Portland, and that PDC contracting dollars provide fair and equal opportunities to the jurisdictions' diverse populations. Also, while not required, the Developer/Borrower is encouraged to submit a plan that addresses proposed methods of implementing the Business Equity Program on large construction projects.

This Program applies to PDC-Owned Construction Contracts greater than \$200,000, to the Prime Contractor on PDC-Sponsored projects with Hard Construction Costs of \$1,000,000 or more and to all subcontracts of \$100,000 or more, at any tier level, provided PDC is providing at least \$300,000 towards the project.
 Requirements:

- 1) Projects subject to the Program shall:
 - a) Comply with the Workforce Training & Hiring Program to among other things, ensure that a minimum of twenty percent (20%) of labor hours in each apprenticeable trade performed by the contractor and subcontractors are worked by State of Oregon registered apprentices, as such requirements are further described therein; and
 - b) Work toward achieving the Workforce goals as outlined in the table below. The percentage of hours set forth, includes both apprenticeship hours and journey level hours. Using the table, the Contractor shall determine the applicable workforce diversity goal, for the project (i.e. if the project will be completed during Fiscal Year 2011/2012, the workforce diversity goals for the project are 9% Women and 27% People of Color). The fiscal year runs from July 1st through June 30th. A person of Color includes members of either sex who are African-Americans, Hispanic Americans, Asian or Pacific Islanders, Native Americans or Alaskan Native Americans.
- | Fiscal Year | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Female | 6% | 7% | 8% | 9% | 10% | 11% | 12% | 13% | 14% | 15% |
| People of Color | 25.5% | 26% | 26.5% | 27% | 27.5% | 28% | 28.5% | 29% | 29.5% | 30% |
- c) Make all reasonable and necessary efforts to employ a workforce that reflects the diversity of the City of Portland, including recruitment of a diverse workforce through the unions, the apprenticeship programs and other community resources.
- 2) Contractors subject to the Program are encouraged to employ people with disabilities and veterans.
 - 3) Contractors and subcontractors subject to the Program must be certified by the City of Portland as an Equal Opportunity Employer.

Workforce Training & Hiring Program Contractor Checklist

Contractor Checklist

The following Workforce Training & Hiring Program (WTHP) requirements are a summary of the key contractual obligations of contractors working on PDC owned construction projects or PDC sponsored projects. It is the Contractor's responsibility to read and fully understand this section of the bid specifications and to comply with all provisions of the program, regardless of whether they appear on this checklist. The City administers this program for the Portland Development Commission (PDC).

CHECKLIST:

1. Prime Contractor:

- A. Submit Projected Hiring Needs form (Exhibit 2) to Compliance Agency within 15 calendar days after bid opening or prior to contract award, whichever occurs first.

- B. Ensure compliance by all subcontractors with subcontracts of \$100,000 or more, and provide them with a copy of the WTHP specifications.

2. Subcontractors, at all tiers, with contracts of \$100,000 or more:

- Submit Projected Hiring Needs form (Exhibit 2) prior to beginning work on the project or within 5 days of signing subcontracts, whichever occurs first.

3. Prime Contractor and all subcontractors with contracts of \$100,000 or more must:

- A. Before starting work on this project: Submit proof of registration as a Training Agent with the Bureau of Labor & Industry (BOLI), Apprenticeship & Training Division. Not a BOLI registered training agent? Contact BOLI at (971) 673-0760 or the City of Portland at (503) 823-6888 for information on how to become a BOLI registered training agent.

- B. Throughout the duration of the project:
 - 1. Ensure that a minimum of 20% of labor hours in each apprenticeable trade performed by the prime and subcontractors of \$100,000 or more are worked by State-registered apprentices.
 - 2. Strive in good faith to meet the applicable workforce diversity goals of employing people of color and women (including both journey level and apprentice workers).
 - 3. Make all reasonable and necessary efforts to employ a workforce that reflects the diversity of the City of Portland, including recruitment of diverse workforce through the unions, apprenticeship programs and other community resources, as described herein.
 - 4. Maintain written documentation of all requests for workers from the unions, apprenticeship programs, and community organizations.
 - 5. When an apprentice is hired, notify the City's Contract Compliance Specialist at (503) 823-6888.
 - 6. Submit the Monthly Employment Record (Exhibit 4) by the 5th of each month to the City's Contract Compliance Specialist. This report can be submitted by either hard-copy by mail or via email, mer@portlandoregon.gov.

Refer questions or requests for additional information to the City's Contract Compliance Specialist Paula Wendorf at (503) 823-1090.

**WORKFORCE TRAINING AND HIRING PROGRAM
SPECIFICATION**

I. PURPOSE

A. General Program Description

The PDC Board has directed that all Contractors, Developers and Borrowers conducting construction work on behalf of PDC maximize apprenticeship and employment opportunities for minorities and women workers in the construction trades. The goal is for the Contractor's workforce to reflect the diversity of the workforce found in the City of Portland, and that their contracting dollars provide fair and equal opportunities to the jurisdictions' diverse populations.

II. PROGRAM APPLICABILITY

The Workforce Training & Hiring Program (WTHP) is administered by the City of Portland, Bureau of Internal Business Services, Procurement Services Division (Compliance Agency). The WTHP applies to PDC-Owned Construction Contracts greater than \$200,000, PDC-Sponsored Projects with hard construction costs of \$1,000,000 or more with \$300,000 or more in PDC resources and to each subcontractor having a subcontract of \$100,000 or more on the project. Contractors and/or Developers shall make reasonable efforts to ensure that their workforce reflects the diversity of the City of Portland.

The Contractor shall thoroughly read this WTHP specification and commit to perform all requirements described herein. The Contractor shall submit Exhibit 2, Projected Hiring Needs at least fourteen (14) calendar days prior to starting work on the project. The Exhibit shall provide complete information. The Projected Hiring Needs must demonstrate how the workforce on this project will fulfill all program requirements, including utilization of apprentices and workforce diversity goals.

III. DEFINITIONS

For purposes of the WTHP, the following definitions shall apply:

Compliance Agency – City of Portland, Bureau of Internal Business Services, Procurement Division

Contract – The Contract awarded as a result of these bid specifications

Contractor – The Prime Contractor to whom a Contract is awarded and any subcontractors with subcontracts of \$100,000 or more

Hard Construction Costs – The cost to build improvements on a property, including all related construction labor and materials, including fixed and built-in equipment costs. Costs not directly related to the construction of an improvement, such as entity overhead, administration or taxes, shall not be considered a part of the Hard Construction Costs.

Owner – The government agency that awarded the Contract or leveraged public involvement in the project through a loan or development agreement

Project – Includes all work performed pursuant to the Contract

IV. ACTIONS NECESSARY TO SATISFY PROGRAM REQUIREMENTS

The Contractor and its subcontractors with subcontracts of \$100,000 or more, at any tier level, shall strive to achieve the applicable workforce diversity goal of employing women and people of color (including both journey level and apprentice workers) on the project.

To the extent allowed by law, Contractors and Subcontractors are encouraged to hire apprentices and journey level workers with consideration of gender and ethnicity.

A. Ensure Compliance by Subcontractors

1. The Contractor shall ensure that each subcontractor having a subcontract of \$100,000 or more, at all tiers, shall comply with all of the provisions of the WTHP specifications. Contractors shall include in their bid all costs associated with this requirement. No change order will be executed in order for the contractor to comply with this section.
2. The Contractor shall provide a copy of this WTHP specification to all subcontractors with contracts of \$100,000 or more executed for the project.

B. Register as a Training Agent

The Contractor shall register with the Oregon Bureau of Labor and Industries (BOLI) as a Training Agent and ensure that all subcontractors who have contracts in the amount of \$100,000 or more are registered as Training Agents. However, registration as a Training Agent in a specific trade is not required if there are no training opportunities in that trade on the project, based on the maximum ratio allowed by BOLI.

1. Only training programs approved by and registered with BOLI may be used to fulfill training requirements under the Workforce Specifications.
2. Training is intended to be primarily on-the-job training in apprenticeable crafts, and does not include classifications such as flag person, timekeeper, office engineer, estimator, bookkeeper, clerk/typist, fire fighter, or secretary. Hours performed in crafts which are not apprenticeable occupations are exempt from the training requirements.
3. Exemptions to the training requirements must be approved by the Compliance Agency in writing prior to starting work on the project. Written requests for exemptions related to the training requirements will be considered by the Compliance Agency during the course of the project, only for extreme circumstances, and must also be approved in writing. All requests to exempt all or any portion of the work on a project shall be submitted to the Compliance Agency (14) days before any work on the project begins. Requests for exemptions should be directed to the City Contract Compliance Specialist.

C. Submit Documentation

The contractor shall submit documentation regarding the following subjects to the Compliance Agency. The Compliance Agency's failure to object to documentation submitted by the Contractor or subcontractor shall not relieve them of the requirements of this section.

1. Training Agent Status

The Contractor and all required subcontractors must submit proof to the Compliance Agency that they are registered Training Agents with BOLI prior to beginning any work on the project.

Failure to sign up as a Training Agent prior to beginning work may subject the contractor to liquidated damages.

2. Subcontractor Workforce Information

Exhibit 2, Projected Hiring Needs, must also be submitted for each subcontractor required to register as a Training Agent prior to beginning work on the project or within 5 calendar days after the execution of the applicable subcontract, whichever occurs first. Work by a subcontractor shall not begin prior to submission of such documentation. Failure to sign up as a Training Agent prior to beginning work may subject the contractor to liquidated damages.

3. Contractor and Subcontractor Reports After Work Begins.

The Monthly Employment Report (Exhibit 4) must be submitted by the prime Contractor and any subcontractor having a subcontract of \$100,000 or more to the Workforce Equity Program by the 5th day of each month. The Contractor shall follow the submittal instructions on the report form. All hours subject to prevailing wage rates on public projects, in addition to supervisors, foremen, and superintendents, shall be reported on Exhibit 4.

4. A copy of certified payroll reports may be requested by the Compliance Agency to verify information in the Report. The payroll reports shall be provided within 7 days of the date when the contractor receives the request for the payroll.

D. Use of Apprentices

The Contractor shall:

1. Ensure that a minimum of 20% of labor hours in each apprenticeable trade performed on the project by the prime contractor, and subcontractors with subcontracts of \$100,000 or more, are worked by state registered apprentices throughout the duration of the project. Contractors and subcontractors shall fulfill the 20% apprenticeship hours requirement without exceeding the apprentice ratios approved by the applicable apprenticeship program.
2. Pay all apprentices the wages required by any applicable collective bargaining contract or pursuant to state or federal law and regulations.
3. Not use workers previously employed at journey-level or those who have successfully completed a training course leading to journey-level status to satisfy the requirements of these provisions.
4. Notify the Compliance Agency when an apprentice is hired for this project.
5. Count apprentice hours as follows:
 - (a) Hours worked on the project by apprentices enrolled in state-approved apprenticeship programs. If the Contractor is unable to fulfill its 20% requirement, then the Contractor may also use methods (b) and (c) below;
 - (b) Hours worked on the project by apprentices who are required to be away from the job site for related training during the course of the project, but only if the apprentice is rehired by the same employer after completion of training; and
 - (c) Hours worked on the project by graduates of state-registered apprenticeship programs, provided that such hours are worked within the 12-month period following the apprentice's completion date.

E. Use Apprenticeship Programs for Referrals

Contractors must follow all of these steps in seeking apprentice referrals:

1. Contact the appropriate apprenticeship program or dispatch center to request apprentices who are enrolled in the apprenticeship program; and
2. Request female or minority apprentices from the union or open shop apprenticeship program if such an action will help remedy historical underutilization in the Contractor's workforce; and
3. Keep a written record of the request for apprentices, including name of contact person at apprenticeship program, phone, fax, date, time, job location, start date, etc.; and
4. Make reasonable and necessary efforts to recruit apprentice applicants from community organizations/recruitment resources, and seek to enroll them into an apprenticeship program, if the apprenticeship program is unable to supply an apprentice and if the program is open for applications or allows direct entry from community resources.

NOTE: Contractors may contact the Contract Compliance Specialist for assistance regarding the apprentice referral process, or may utilize Exhibit 3, Request for Apprentice form, to document their efforts. A list of community organizations/recruitment resources is also available. Instructions are on the last page of this section of the specifications.

F. Utilize Unions and Community Organizations When Recruiting For Any Positions on this Project

When hiring, requesting, recruiting, or replacing workers for this project, the Contractor shall:

1. Make reasonable and necessary efforts to employ a diverse workforce. Such actions should include requests for minority and female applicants. Contractors are notified that direct hiring of employees (such as "walk-ons") without providing notification of that job opportunity, in accordance with paragraph G.2 below, may not constitute a reasonable effort.
2. Document its employment efforts. Documentation should be sufficient to establish the Contractor's efforts, and should include:
 - a) Requests to union halls for signatory contractors;
 - b) Requests to union or open shop apprenticeship programs;
 - c) Requests to community resources who assist contractors with recruitment and referral of workers.

Documentation will be requested by the Compliance Agency from Contractors that are not meeting the workforce diversity goals if it appears that the Contractor has not made reasonable and necessary efforts to acquire a diverse workforce. When requested, the Contractor shall provide that documentation to the Workforce Equity Program within 7 calendar days.

IV. CONSEQUENCES OF NONCOMPLIANCE WITH WORKFORCE REQUIREMENTS

The Owner's commitment to this program is reflected, in part, by the cost of administering the program. Failure to meet the requirements of this section of the specifications negates such funding and impairs the Owner's efforts to promote workforce diversity and to provide fair and equal opportunities to the public as a whole as a result of the expenditure of public funds. Therefore, the parties mutually agree

that failure to meet the requirements of this section of the specifications, including but not limited to the submission of required documentation, constitutes a material breach of contract.

In the event of a breach of this section of the contract, the Compliance Agency may take any or all of the following actions:

A. Withholding Progress Payments

The Owner may withhold all or part of any progress payment or payments until the Contractor has remedied the breach of contract. In the event that progress payments are withheld, the contractor shall not be entitled to interest on said payments.

If a subcontractor(s) is responsible for noncompliance with the WTHP requirements, the Compliance Agency may choose to withhold only their portion of the progress payment.

B. Retain sums as damages for failure to comply with Workforce Equity Program Specifications

The parties mutually agree that it would be difficult, if not impossible, to assess the actual damage incurred by the Compliance Agency for the Contractor's failure to comply with the Workforce Specifications. The parties further agree that it is difficult, if not impossible, to determine the cost to the Compliance Agency when workforce opportunities are not provided.

Therefore, if the Contractor fails to comply with the workforce provisions of this contract, the Contractor agrees to pay the sum of \$250 per day for each day of missed apprenticeship hours or until the breach of contract is remedied. Damages may be assessed for failure to meet the 20% apprenticeship training requirements by the prime and each required subcontractor in each trade employed. Damages will be calculated based on the training hours not provided to the Compliance Agency at a rate of \$250 per day. For example, if the Contractor was required to provide 200 hours of carpenter training (20% of 1,000 total carpenter hours), and the Contractor only provided 150 training hours, then the difference (50 hours) is divided by 8 (one day of work) to determine number of days of undelivered training. $(50/8 = 6.25 \times \$250 = \$1,562.5)$.

Damages may also be assessed for failure to fulfill the inclusive hiring process described in Section III, subsections F.

These damages are independent of any liquidated damages that may be assessed due to any delay in the project caused by the Contractor's failure to comply with the Workforce Training & Hiring Program provisions of the contract.

C. Notification of Possible Debarment

By executing this contract, the contractor agrees that it has been notified that failure to comply with the requirements of this portion of the contract may lead to the Contractor's disqualification from bidding on and receiving other Compliance Agency contracts for a minimum of two years and a maximum of three years based on the violation.

E. Other Remedies

The remedies that are noted above do not limit any other remedies available to the Compliance Agency in the event that the Contractor fails to meet the requirements of the Workforce Specifications.

V. REVIEW OF RECORDS

In the event that the Compliance Agency reasonably believes that a violation of the requirements of this section has occurred, the Compliance Agency is entitled to review the books and records of the Contractor and any subcontractors employed on the project to whom the requirements of this section are applicable to determine whether such a violation has or has not occurred.

In the event that the Contractor or any subcontractor fails to provide the books and records for inspection and copying when requested, such failure shall constitute a material breach of this contract and permit the imposition of any of the remedies noted in Section IV above, including the withholding of all or part of any progress payment.

VI. APPRENTICESHIP RATIO DATA

The BOLI ratios of apprentices to journey level workers on the jobsite shall apply. For information regarding the ratios for the various trades, view the BOLI website link below. The information can be found under the Active Approved Standards tab on for each trade and is usually under section VI, "Ratio of Apprentice to Journey Level Workers." The ratios that apply are those listed in the standards of the apprenticeship committee to which the Training Agent (Contractor) is a member. If the applicable trade is not listed, contact the Bureau of Labor and Industries at (971) 673-0760 or your apprenticeship committee

http://www.oregon.gov/BOLI/ATD/A_AG_Standards_8000-8999.shtml

ATTACHMENTS:

Exhibit 1: Recommended Recruitment & Retention Practices

Exhibit 2: Projected Hiring Needs

Exhibit 3: Request For Apprentice form

Exhibit 4: Sample Monthly Employment/will be sent electronically

Exhibit 5: Ratios

Questions Regarding Apprenticeship:

Bureau of Labor & Industries
Apprenticeship & Training Division
800 N.E. Oregon St. # 32
Portland, OR 97232
(971) 673-0760

Questions Regarding Portland Development Commission

Workforce Equity Program or Workforce Training & Hiring Program:

Paula Wendorf
City of Portland/Bureau of Internal Business Service, Procurement Services
1120 S.W. Fifth Ave., Room 750
Portland, OR 97204
(503) 823-1090
paula.wendorf@portlandoregon.gov

Patricia Weekley
Portland Development Commission
222 NW Fifth Avenue
Portland, OR 97209-3859
(503) 823-3309
Weeklyp@portlandoregon.gov

EXHIBIT 1

RECOMMENDED GOOD FAITH RECRUITMENT &
RETENTION PRACTICES

A. Recruitment Efforts

Good faith recruitment efforts are those intense, aggressive, sincere, and result-oriented actions taken by the Contractor designed to accomplish the objectives of the PDC Workforce Equity Program including the Workforce Training & Hiring Program, and Equal Employment Opportunity Programs. These efforts may assist the Contractor in achieving an "A" level EEO certification and may assist the Contractor in reaching the workforce diversity goals. Good faith recruitment efforts include, but are not limited to:

1. Work aggressively with Contractor's Joint Apprenticeship Training Committee (JATC) to recruit minorities, women and disadvantaged individuals. Provide evidence of these efforts.
2. Assist the JATC by conducting a workshop with minority and women employees to enlist their assistance as recruiters and request their ideas on how to increase employment of underutilized groups.
3. Support the efforts of the Contractor's JATC by giving all apprentices referred to the Contractor a fair chance to perform successfully, allowing for possible lack of previous experience. Recognize that the Contractor is responsible for providing on-the-job training, and that all apprentices should not be expected to have previous experience.
4. Participate in job fairs, school-to-work, and community events to recruit minorities, women, and disadvantaged individuals into the construction trades.
5. Allow scheduled job site visits by participants in community programs, as safety allows, to increase awareness of job and training opportunities in the construction trades.
6. Keep applications of those not selected for an opening. Contact when opening occurs.

B. Retention Efforts

The Contractor shall endeavor to retain minorities, women, and disadvantaged individuals by implementing steps such as the following:

1. Maintain a harassment-free work place.
2. Ensure that employees are knowledgeable about the company's policies if they need to report a harassment problem.
3. Make reasonable attempts to keep apprentices working and train them in all work processes described in the apprenticeship standards.
4. Review and disseminate, at least annually, the company's EEO policy and affirmative action obligations under these specifications with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decisions.
5. Conduct a review, at least annually, of all supervisors' adherence to and performance under the Contractor's EEO policies and affirmative action obligations.
6. Take steps to reduce feelings of isolation among minorities and women to curb hostile attitudes and behavior (e.g., have several minorities and women at the job site, provide access to support group system).
7. Provide adequate toilet facilities for women on the job site.
8. Match minority, female, or disadvantaged apprentices who may need support to complete their apprenticeship programs with a journey-level mentor.

EXHIBIT 2

PROJECTED HIRING NEEDS

This form must be completed by the prime and each subcontractor with a subcontract of \$100,000 or more. Please state how you plan to perform the work on this project, indicating the number of journey workers and apprentices by trade. This workforce plan must demonstrate how your company will fulfill all Workforce Training & Hiring & Workforce Equity Program requirements, including utilization of apprentices. Refer to Exhibit 5 for apprenticeship ratio data. **Complete all columns, with project-specific information.**

BID# _____ CONTRACT AMOUNT \$ _____ PROJECT NAME: _____

COMPANY NAME _____

Federal ID # _____ Prime Contractor Subcontractor

List all Trades to be used on this Project	Total # of Journey Workers	Total # of Apprentices	Total # of Female Workers	Total # of Minority Workers	# and Level of New Positions (i.e. 1A or 1J)	Anticipated Start Date	Estimated Total Hours (all workers in each trade)

Please list the apprentices who will work on this project. If you need more space, attach an additional sheet of paper. The Compliance Agency must approve all apprentices on the project.

Name of Apprentice	Trade	Race	Gender	Date of Hire	STAFF USE ONLY

If no current apprentices, indicate when and how they will be hired:

Person in your company who does hiring: _____

COMPANY: _____ CCB# _____ PHONE: _____ FAX: _____

E-mail address for submitting Monthly Employment Reports via e-mail: _____

Are you a registered Training Agent? Yes No Are you a Union Open Shop contractor?

With which JATCs are you registered to train apprentices? _____

Apprentice committee or union contact person who dispatches apprentices to your company:

Name: _____ Phone: _____ Fax: _____

Name: _____ Phone: _____ Fax: _____

PREPARED BY: _____ DATE: _____
(sign and print)

Prime contractor must complete and submit to as designated to Compliance Agency:

Workforce Training & Hiring Program
1120 S.W. Fifth Avenue #750, Portland, OR 97204
Phone (503) 823-6850 or FAX (503) 823-5539

EXHIBIT 3

Request for Apprenticeship

The contractor may use this form to document efforts when recruiting apprentices.

FAX To: _____ / _____
(Apprenticeship Committee) (Contact/ Dispatcher)

Fax Number: _____ Number of Pages _____

Request From:

Company Name _____ / _____
(Registered Training Agent) (Contact Person)

Phone _____ Fax _____

Date: _____ Time: _____

Apprentice Request:

As a registered Training Agent, I am using this form to request referral of an apprentice for employment with my company in cooperation with the City Workforce Training & Hiring Program. I would like to continue to diversify my workforce. Therefore, please refer ethnic minorities and women for my consideration. If I am unable to receive a referral from my apprenticeship program within a reasonable time, and my apprenticeship program is open for applications or allows direct entry, I may use this form to request a referral to the apprenticeship program from community recruitment resources.

Apprentice referral is needed by this date: _____ Work Starts: _____

Job Site Location: _____ Expected Length of Employment: _____

Project _____ Compliance Agency (City of Portland) _____

Number of Apprentices: _____ Trade/Occupation: _____

Number of Apprentices: _____ Trade/Occupation: _____

Minimum qualifications (if different from apprenticeship standards): _____

Safety needs: ___ Hard hat ___ Gloves ___ Hard-toed boots ___ Other? _____

Please fax this Request for Apprenticeship form to your apprenticeship committee.

To document your good faith efforts, copies may also be sent to:

City Workforce Training & Hiring
1120 SW 5th Ave. Rm 750
Portland, OR 97204
Phone: (503) 823-6850
FAX: (503) 823-5539

(a) For Apprenticeship Program Only

<i>Please check the appropriate box and fax to City Workforce Equity Program:</i>	
<input type="checkbox"/>	I was able to dispatch an apprentice to the project listed above.
Name of Apprentice _____	Race _____ Gender _____ Term _____
<input type="checkbox"/>	I was unable to dispatch an apprentice to the project listed above because _____
Fax this form with dispatch information to 823-5539. Thank you.	

EXHIBIT 4

MONTHLY EMPLOYMENT REPORT

1 MONTHLY EMPLOYMENT REPORT

2

3 COMPANY NAME	4 FEDERAL TAX ID	5 MONTH ENDING	6 BIDNO	7 PRIME?	8 FINAL REPORT?

6 The Monthly Employment/Training Report must be completed by the prime contractor and all subcontractors with contracts of \$100,000 or more. The prime contractor shall submit a report for its workforce on the project. Each subcontractor shall separately submit a report for its workforce on the project. It is the responsibility of the prime contractor to assure that all subcontractors submit Monthly Employment/Training Reports in a timely manner.

10 Complete the form on the worksheet titled MER (third tab), filling in all categories for each employee working on the project during the reporting period.

13 Email the completed worksheet as an Excel attachment to mer-mer@portland.oregon.gov no later than the 5th of each month for work performed during the previous month. The emailed worksheet must be titled mer.xls. Please do not change the worksheet's layout or contents.

17 Please direct questions about electronic data submission to the same email address.

21 REVISED 3.11.11

mer.xls [C]

Home Insert Page Layout Formulas Data Review View Developer Add-Ins

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1 FEDID	2 MONTHENDING	3 BIDNO	4 LASTNAME	5 FIRSTNAME	6 ZIP	7 SSN	8 JOBCLASS	9 LEVEL	10 RACE	11 GENDER	12 HOURS	13 PRIME?
123456789	8/31/2002	100758	DOE	JANE	97214	9874	1010	A	C	F	32	NO
123456789	8/31/2002	100758	DOE	JOHN	97204	7489	1018	J	C	M	154	NO

EXHIBIT 5

Ratios

The following data may be used to determine the ratio of apprentices on a jobsite in proportion to journey-level workers on the jobsite. The ratios that apply are those listed in the standards of the apprenticeship committee to which the Training Agent (Contractor) is a member. If the applicable trade is not listed, contact the Bureau of Labor & Industries, or your apprenticeship committee.

*Ratios may change pursuant to actions taken by the Oregon State Apprenticeship & Training Council. For the purposes of this contract, the ratios approved by BOLI on the date the bid is advertised shall prevail.

Trade	1 st Apprentice	2 nd Apprentice	Max
Asbestos/Insulation Workers	1:1	1:4	
Brick/Marble/Terrazzo/Tile Finisher	1:1	1:3	
Bricklayer/Masonry	1:1	1:5	
Carpenter	1:1	1:1 (1:5 union)	1:1 for 1 st 3; Additional apprentices authorized at 1:5
Carpet Installers/Floorlayers	1:1	1:3	
Cement Masons	1:2	1:3	
Drywall Applicator (Ext/Int. Specialist)	1:3	1:5	
Drywall Finisher (Taper)	1:1	1:3	
Electricians			
Inside	1:1	1:2 (1:3 union)	
Outside	1:6	1:6	
Ltd. Energy/Ltd. Residential	1:1	1:2 (1:1 union)	
Construction Lineman	1:1	1:1	
Ltd. Maintenance	1:1	1:2	
Stationary Engineer	1:1	1:3	
Elevator Contractor	1:1	1:1	1:2 thereafter
Environmental Control (HVAC)	1:1	1:1	
Glazier	1:1	1:3	
Hod Carrier/Mason Tender	1:1	1:3 (1:5 union)	
Ironworker	1:1	1:6	
Laborer (Construction)	1:1	1:3 (1:5 union)	
Maintenance Mechanic	1:1	1:3	
Millwright	1:3 (1:5 union)	1:3 (1:5 union)	
Operating Engineer	1:1 (1:1-4 union)	1:1	
Painter	1:1	1:3	
Pile Driver	1:3	1:5	
Pipe Fitter/Steam Fitter	1:1	1:3	
Plasterer	1:1	1:3	
Plumber	1:1	1:1	1:3 thereafter
Roofer	1:1	1:1	
Sheet Metal Worker	1:1	1:1	1:3 thereafter
Sprinkler Fitter	1:1	1:1	
Structural Fabricator	1:1	1:3	
Terrazzo Worker	1:1	1:3	
Marble Setter	1:1	1:3	
Truck Driver (Heavy)	1:1	1:1	

EXHIBIT K
PDC Green Building Policy

PDC Green Building Policy

Approved by the PDC Board of Commissioners on May 13, 2015

PDC creates economic growth and opportunity for Portland.

1.0 OBJECTIVES OF THE PDC GREEN BUILDING POLICY

The objective of the PDC Green Building Policy (this "Green Building Policy" or "this policy") is to ensure that PDC's strategic goals in development and construction advance environmental, social, and economic conditions by:

- Promoting Green Building practices that protect human health and the quality of air, water, and other natural resources and maintaining consistency with the City of Portland's Climate Action Plan;
- Maximizing public benefits via new construction and redevelopment projects receiving PDC Financial Assistance as well as in PDC's own real property portfolio to increase return on investment, attract and retain tenants, and create equitable access to well-performing and healthy buildings for Portlanders;
- Leveraging economic development opportunities to grow Portland's global reputation of deep industry expertise in sustainable design, development, and construction; and
- Providing flexibility for borrowers and other partners to incorporate Green Building practices in all projects to the maximum extent practical.

Note: Capitalized terms in this policy are defined in Section 7 below.

2.0 APPLICABILITY

This policy applies to all PDC projects that include both a Transaction Type in Section 2.1 and a Project Type in Section 2.2:

2.1 TRANSACTION TYPES

- A project receiving PDC Financial Assistance greater than or equal to two hundred thousand dollars (\$200,000);
- All real property dispositions; and
- PDC owned and leased real property at time of lease agreement or planned improvement.

2.2 PROJECT TYPES

- New construction and Major Renovations of commercial and mixed-use buildings;
- Tenant Improvements; and
- New or renovated stand-alone parking structures that are not a part of a broader Green Building project scope.

Once PDC has confirmed that one of the above transaction types has triggered this policy, PDC and/or the borrower will use Section 2.2 to determine which building requirements are necessary to comply with this policy.

3.0 POLICY REQUIREMENTS

3.1 NEW CONSTRUCTION AND MAJOR RENOVATIONS OF COMMERCIAL AND MIXED-USE BUILDINGS

- Commercial / Mixed-Use Buildings greater than or equal to fifty thousand (≥50,000) square feet or greater than or equal to thirty (30) residential units must register and certify for the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) at the Gold level.
- Commercial / Mixed-Use Buildings less than fifty thousand (<50,000) square feet or less than thirty (30) residential units must register and certify for either LEED at the Gold level or Earth Advantage at the Gold level.

3.2 TENANT IMPROVEMENTS

- Commercial / Mixed-Use Buildings greater than or equal to five thousand (≥5,000) square feet with major modifications to the building's mechanical, electrical, and plumbing systems must register and certify for LEED at the Silver level.
- Commercial / Mixed-Use Buildings less than five thousand (<5,000) square feet or minor tenant improvement modifications must use Creating a High Performance Workplace: Portland's Green Tenant Improvement Guide. (This is a guiding document only and does not require registration or certification of the project.)

3.3 PARKING STRUCTURES

- New or renovated standalone parking structures that are not a part of a new construction or renovation project must register and certify for the Green Parking Council's Green Garage Certification at the Gold level.

4.0 GOOD FAITH DEPOSIT

Borrowers will be required to provide PDC with a good faith deposit to enforce compliance with the requirements of this policy.

5.0 EXEMPTIONS

Only the PDC Board of Commissioners may exempt PDC projects from this policy.

6.0 IMPLEMENTATION

The Executive Director is hereby authorized to (a) administer the policy; (b) create and periodically update administrative policies or procedures to guide policy implementation; and (c) resolve any dispute arising from the application, administration, or enforcement of the policy.

7.0 DEFINITIONS

Capitalized terms in this policy have the following meanings:

Green Building: Green building is the practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's life-cycle from siting to design, construction, operation, maintenance, renovation and deconstruction.¹

¹ U.S. Environmental Protection Agency, <http://www.epa.gov/greenbuilding/pubs/about.htm>

Financial Assistance: (A) A direct loan or grant of funds by PDC to a borrower, or (B) an indirect financial benefit resulting from PDC's write-down on the value of land in a real estate transaction

Major Renovation: Construction work that is extensive enough such that normal building operations cannot be performed while the work is in progress, and/or a new certificate of occupancy is required.²

² Source: U.S. Green Building Council <http://www.usgbc.org/Docs/Archive/General/Docs5546.pdf>

EXHIBIT L
City/PDC 2% for Art Policy



Administrative Policy

Subject:	Percent for Art	Number:	AP-12.03
Effective Date:	June 27, 2012	Page:	1 of 2
Approved By:	Patrick Quinton, Executive Director	Supersedes:	
Policy Sponsor:	Chief Financial Officer		
Policy Owner:	Finance and Asset Management Division Manager		

The City of Portland (City) and the Portland Development Commission (PDC) recognize the value of including public art in City-financed construction projects. As the City's designated urban renewal agency, PDC manages tax-increment funds, which are Eligible Funds under Portland City Code & Charter Chapter 5.74 Acquisition of Public Art. This policy addresses compliance with Chapter 5.74.

A. General

1. Portland City Code Chapter 5.74 Acquisition of Public Art states that the City shall dedicate two percent of Eligible Costs or Eligible Funds (whichever is less) of certain City-funded Improvement Projects to the selection, acquisition, fabrication, installation, maintenance, management, deaccessioning, community education, documentation and registration of public art.
2. Funds expended by PDC, or provided by PDC to a City Participating Bureau, for construction of certain Improvement Projects, are Eligible Funds under Chapter 5.74.
3. PDC shall comply with Chapter 5.74 by evaluating each Improvement Project for eligibility and contributing the appropriate Percent for Art amount.
4. PDC shall use the Public Art Eligibility Form, created and maintained by the City Office of Management and Finance, to calculate the appropriate Percent for Art amount for each eligible Improvement Project, based on the Eligible Funds and Eligible Costs, as defined in Chapter 5.74.

B. Selection of art

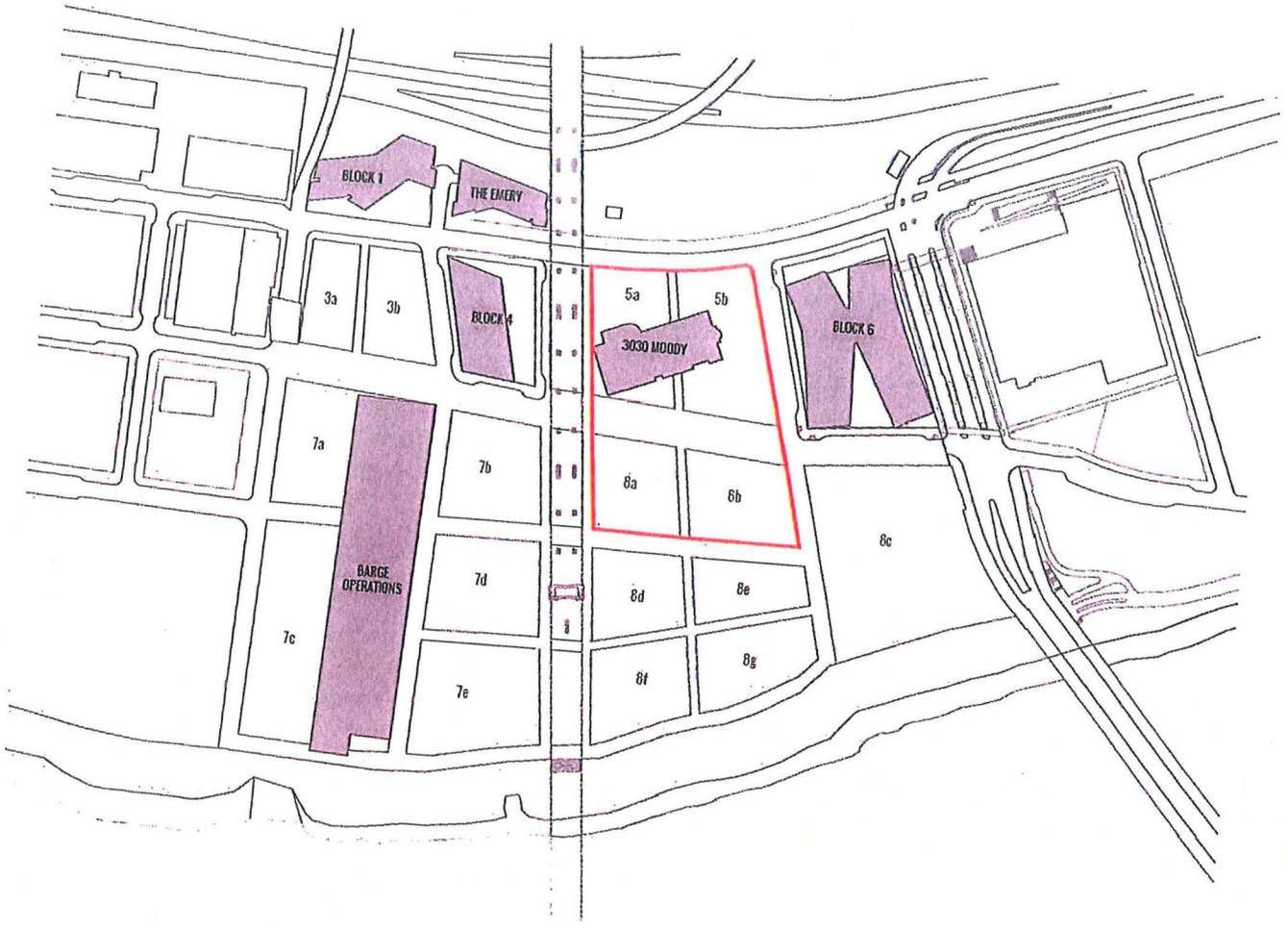
1. The City has designated the Regional Arts and Culture Council (RACC) as the party responsible for selection and management of public art associated with an eligible Improvement Project.
2. Per the City's service agreement with RACC (last approved in November 2010 via City Ordinance 184247), the PDC project manager and the Participating Bureau project manager (if applicable) shall have the option of participating in the selection process.
 - a) If the Improvement Project is directly managed by PDC then the PDC project manager should communicate to RACC in writing if he/she plans to participate in the selection process.

- b) If the Improvement Project is directly managed by a Participating Bureau then the PDC project manager and the Participating Bureau project manager should communicate to RACC in writing if he/she plans to participate in the selection process, and shall include such decision in the language of the associated inter-governmental agreement (IGA).
 3. If previously unused public art funds are available in the urban renewal area (URA) the PDC project manager, with the approval of the URA manager and RACC, may elect to add some or all of the available pooled funds to the public art funds from an eligible Improvement Project for the purpose of increasing the total public art funds for that project.
 4. If it is determined that inclusion of public art is not appropriate for an eligible Improvement Project, whether due to the type of project or the amount of funds available, the PDC project manager, along with the Participating Bureau project manager (if applicable) and RACC, may assign the Percent for Art funds from the project to a pool of funds for the applicable URA to be used for another project in that URA at a later time.
- C. Payment of Percent for Art amounts
1. If PDC directly manages an eligible Improvement Project, PDC shall submit the payment of the Percent for Art amount to RACC, upon receipt of an invoice from RACC.
 2. If PDC provides funds to a Participating Bureau through an IGA for the construction of an eligible Improvement Project managed by the Participating Bureau, then:
 - a) PDC shall include language in the associated IGA specifying the amount of PDC's Percent for Art contribution to the project;
 - b) The Participating Bureau shall invoice PDC for its Percent for Art amount;
 - c) The Participating Bureau shall calculate and submit the total appropriate Percent for Art amount, including PDC's portion, to RACC.
- D. Responsibilities and authorities
1. The Chief Financial Officer (CFO) shall designate a PDC employee to act as the PDC liaison to RACC.
 2. The PDC liaison to RACC shall be responsible for maintaining regular communication with RACC regarding policy updates, annual Improvement Project reporting, etc.
 3. RACC shall be responsible for tracking the pool of unused Percent for Art funds in each URA and providing updates to PDC as requested.

Policy History

Adopted: June 27, 2012

EXHIBIT M
Potential Affordable Housing Parcel Area



 Potential Affordable Housing Parcel Area