

SUBSURFACE LEASE

THIS LEASE made and entered into this ____ day of _____, 19__, by and between the CITY OF PORTLAND, a municipal corporation of the State of Oregon (herein, the "City"), and OLYMPIA & YORK PROPERTIES (OREGON), INC., an Oregon corporation (herein, "Olympia").

RECITALS

1. In furtherance of the objectives of Oregon Revised Statutes Chapter 457, and Chapter XV of the Charter of the City of Portland, the City, acting by and through the Portland Development Commission, has undertaken a program for the clearance and reconstruction of slum and blighted areas in the City of Portland, Oregon, and in this connection there has been prepared and approved by the Portland Development Commission an Urban Renewal Plan for the South Auditorium Urban Renewal Project.

2. In order to enable the Portland Development Commission to achieve the objectives of the South Auditorium Urban Renewal Plan and the Portland Downtown Plan, the Portland Development Commission has entered into an Agreement for the Sale and Redevelopment of Land in the South Auditorium Urban Renewal Project (herein, the "Redevelopment Agreement") with Olympia.

3. In the course of the redevelopment project undertaken pursuant to the Redevelopment Agreement, Olympia intends to purchase and develop the following property:

A. Lots 1 through 8, inclusive, Block 131, PORTLAND, in the City of Portland, County of Multnomah, State of Oregon (herein, "Block 131"); and

B. Lots 5 through 8, inclusive, Block 130, PORTLAND, except the east 2 feet thereof, in the City of Portland, County of Multnomah, State of Oregon (herein, "Lots 5 through 8 of Block 130");

and to ground lease and develop the following property:

Lots 1 through 8, inclusive, Block 128, PORTLAND, in the City of Portland, County of Multnomah, State of Oregon (herein, "Block 128").

4. The Scope of Development of the redevelopment project undertaken by Olympia pursuant to the Redevelopment Agreement provides for the construction of interblock access facilities; parking facilities; freight loading, unloading and distribution facilities; and storage facilities beneath portions of city streets and sidewalks of the City of Portland, Oregon, generally described as follows (hereinafter referred to as the "Street Property"):

A. That portion of S.W. Third Avenue, including sidewalks, lying east of the centerline thereof between a line which is or is an extension of the curb line, existing as of the date hereof, on the north side of S.W. Clay Street and a line which is or is an extension of the curb line, existing as of the date hereof, on the south side of S.W. Jefferson Street.

B. That portion of S.W. Second Avenue, including sidewalks, lying between a line which is or is an extension

of the curb line, existing as of the date hereof, on the north side of S.W. Clay Street and a line which is the centerline of S.W. Columbia Street.

C. That portion of S.W. First Avenue, including sidewalks, lying west of the curb line or an extension thereof, existing as of the date hereof, on the west side of said Avenue between a line which is the curb line, existing as of the date hereof, on the north side of S.W. Clay Street and a line which is the centerline of S.W. Columbia Street.

D. That portion of S.W. Columbia Street, including sidewalks, lying south of the centerline thereof between a line which is the centerline of S.W. Third Avenue and a line which is or is an extension of the curb line, existing as of the date hereof, on the west side of S.W. First Avenue.

E. That portion of S.W. Columbia Street, including sidewalks, lying north of the centerline thereof between a line which is the centerline of S.W. Third Avenue and a line which is perpendicular to the southerly property line of Block 130, PORTLAND, in the City of Portland, County of Multnomah, State of Oregon, and intersects said property line at a point two feet west of the mid-point thereof.

F. That portion of S.W. Clay Street, including sidewalks, lying north of the curb line or an extension thereof, existing as of the date hereof, on the north side of said Street between a line which is the centerline of S.W. Third Avenue and a line which is the curb line, existing as of the date hereof, on the west side of S.W. First Avenue.

G. That portion of S.W. Jefferson Street, including sidewalks, lying south of the curb line or an extension thereof, existing as of the date hereof, on the south side of said Street between a line which is the centerline of S.W. Third Avenue and a line which is perpendicular to the northerly property line of Block 130, PORTLAND, in the City of Portland, County of Multnomah, State of Oregon, and intersects said property line two feet west of the midpoint thereof.

5. In the course of the redevelopment project undertaken pursuant to the Redevelopment Agreement, (a) Olympia will become the owner of Block 131 and Lots 5 through 8 of Block 130 and will be the holder of fee title to those portions of the surface area of the Street Property adjacent to Block 131 and Lots 5 through 8 of Block 130, subject to the public easement existing by reason of dedication of the Street Property to public use as city streets and sidewalks, and (b) Olympia will obtain a leasehold interest in Block 128, including those portions of the surface area of the Street Property adjacent to Block 128, subject to the public easement existing by reason of dedication of the Street Property to public use as city streets and sidewalks.

6. As of the date hereof, KOIN-TV, Inc. ("KOIN"), owns and holds fee title to Block 128, including those portions of the Street Property adjacent thereto, subject to the public easement existing by reason of dedication of the Street Property to public use as city streets and sidewalks. Concurrently with the granting of a leasehold interest in Block 128 to Olympia, KOIN will quitclaim certain subsurface space, described in Exhibit B

attached hereto, beneath portions of the Street Property adjacent to Block 128 to the City. Olympia and KOIN contemplate that upon (a) termination of the ground lease of Block 128 between KOIN and Olympia and (b) request by KOIN or its successors, the City shall reconvey that space to KOIN or its successors subject to the limitation that such property shall continue to lie beneath dedicated city streets and sidewalks and shall remain subject to the public easement existing by reason of that dedication.

7. Olympia contemplates the construction of three levels of subsurface facilities under portions of the Street Property.

8. The construction of the facilities described above beneath the surface of city streets and sidewalks is in the public interest in that:

A. Such construction is in furtherance of the South Auditorium Urban Renewal Plan and the Portland Downtown Plan;

B. Limiting access to parking and freight handling facilities and centralizing freight handling in off-street, subsurface facilities will reduce traffic congestion on city streets; and

C. Subsurface parking facilities will provide needed parking space while making maximum use of available land areas.

9. Olympia desires to lease certain subsurface space beneath the Street Property for its planned facilities, and the City is willing to grant such lease, on certain terms and conditions set forth below, including certain terms which will

apply to Olympia and to the City prior to the commencement of the term of the lease.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and the performance thereof, the parties hereto agree as follows:

1. Lease. The City does hereby lease, demise, and let unto Olympia the subsurface space more particularly described in Exhibits A, B, and C attached hereto and incorporated herein by reference (hereinafter referred to as the "Subsurface Space"). The surface area above the Subsurface Space contains 55,652 square feet, more or less.

2. Rent.

A. For the periods beginning with the commencement of the term of this Lease as generally provided in subparagraph C of this Paragraph 2 and Paragraph 3 herein, and extending through December 31, 1991, Annual Rent shall be at the rate of twenty-two cents (\$.22) per square foot of surface area above the Subsurface Space let by the City to Olympia. Rent payable during this period is referred to as "Initial Rent".

B. Rent for the period January 1, 1992 through December 31, 1996, and for each five (5) year period thereafter shall be an amount equal to the Initial Rent adjusted to reflect any increase in the CPI as of the first January of each subsequent five (5) year period over the CPI as of December, 1986. For example, if the CPI for December, 1986 were 284.2 and the CPI for January, 1992 were 309.8, Annual Rent for the period January 1, 1992 to December 31,

1996 would be determined by multiplying the Initial Rent times 1.09. For purposes of this Paragraph 2, the term "CPI" means the Consumer Price Index for All Urban Consumers (1967 equals 100), Portland, Oregon, for All Items, or a comparable Index published by the United States Bureau of Labor Statistics if such Consumer Price Index be discontinued.

C. As Olympia takes possession of Subsurface Space hereunder (generally as provided in Paragraph 3), Olympia shall pay to the City, in advance, rent prorated for the balance of the calendar year in which Olympia takes such possession. Thereafter, Olympia shall pay to the City, on or before the tenth (10th) day of January of each calendar year during the term of this Lease, annual rent with respect to Subsurface Space occupied by Olympia hereunder as of January 1 of each such calendar year.

D. The rent provided for in subparagraphs A, B and C of this Paragraph 2 contemplates the use of the Subsurface Space for parking, storage, access to and throughout, and freight handling and service for the buildings to be constructed on Blocks 128 and 131 and Lots 5 through 8 of Block 130. In the event the City Council shall approve use of the Subsurface Space for other purposes in the manner hereinafter provided, the rent payable by Olympia shall be renegotiated to a reasonable rate in accordance with the then current rental rates for comparable facilities and uses

3. Term.

A. The term of this Lease as to the Subsurface Space described in Exhibit A shall commence on the date on

which Olympia shall acquire title to Block 131 pursuant to the Redevelopment Agreement and shall extend for a period of ninety-nine (99) years thereafter.

B. The term of this Lease as to the Subsurface Space described in Exhibit B shall commence on the date on which the City shall acquire fee title to that portion of the Subsurface Space and shall expire concurrently with the term described in subparagraph A of this Paragraph 3, unless the City shall earlier reconvey that portion of the Subsurface Space pursuant to subparagraph E of Paragraph 6 hereof, in which case the term of this Lease as to that portion of the Subsurface Space shall terminate concurrently with such reconveyance.

C. The term of this Lease as to the Subsurface Space described in Exhibit C shall commence on the date on which Olympia shall acquire title to Lots 5 through 8 of Block 130 pursuant to the Redevelopment Agreement and shall expire concurrently with the term described in subparagraph A of this Paragraph 3.

4. Renewal. Subject to the prior approval of the City Council as to each such renewal, Olympia shall have the options to renew this Lease for three (3) successive terms of twenty-five (25) years each and one (1) remaining term of twenty-four (24) years on the same terms and conditions as contained herein, provided that, as of the date of the commencement of each successive term, the Subsurface Space is being used for the same or substantially similar purposes as the Subsurface Space is used during the first ten years of this Lease. In order to exercise

each renewal option, Olympia shall give written notice to the City of its intent to renew not less than one (1) year nor more than five (5) years prior to the last day of the expiring term.

5. Use. Olympia may occupy and use the Subsurface Space for parking, storage, access to and throughout, and freight handling and service for the buildings to be constructed on Blocks 128 and 131 and Lots 5 through 8 of Block 130. Such Subsurface Space may not be used for other purposes without prior City Council approval. The City Council may approve other or additional uses if the City Council finds such to be in the public interest and if the rent is renegotiated to a reasonable rate in accordance with the then current rental rates for comparable facilities and uses.

6. Acknowledgments and Covenants of the City. The City hereby acknowledges and covenants that

A. Olympia shall at all times during the Lease term and the optional renewal period, if exercised, peaceably and quietly enjoy the Subsurface Space without any disturbance from the City, except such disturbances as shall be required for maintenance and repair of the surface of public street and sidewalk areas above the Subsurface Space.

B. The purposes for which Olympia will use the Subsurface Space include substantial public purposes and are in the public interest.

C. In connection with mortgaging the improvements to be constructed on Blocks 128 and 131 and on Lots 5 through 8 of Block 130, Olympia shall be permitted to cause a mortgage to attach to its leasehold interest under this Lease. For purposes of this Lease: The term "mortgage" shall include a deed of trust or other instrument creating an encumbrance upon the leasehold interest, or any part thereof, as security for a loan and a security interest created pursuant to a sale-leaseback financing arrangement.

D. Olympia will own and hold fee title to those portions of the surface area of Street Property adjacent to Block 131 and Lots 5 through 8 of Block 130, and will hold a leasehold interest in those portions of the surface area of the Street Property adjacent to Block 128, subject to the public easement existing by reason of dedication of said Street Property to public use as city streets and sidewalks.

E. Upon termination of the Ground Lease of Block 128 to be entered into by Olympia and KOIN and request by KOIN or its successors, the City shall reconvey the Subsurface Space described in Exhibit B attached hereto to KOIN or its successors, subject to the limitation that such space shall continue to lie beneath dedicated city streets and sidewalks and shall remain subject to the public easement existing by reason of such dedication.

7. Acknowledgments and Covenants of Olympia. Olympia hereby acknowledges and covenants that:

A. During the term of this Lease, the freight loading and unloading facilities servicing the improvements to be constructed on Blocks 128 and 131 and on Lots 5 through 8 of Block 130 will be located in a central, below grade, off-street facility.

B. Olympia shall cause to be performed, at Olympia's expense, all utility relocation, including relocation of storm and sanitary sewers and water lines and including installation of a utility corridor in the bed of S.W. Second Avenue for location of natural gas lines and potential future location of water lines necessitated by

Olympia's construction of facilities in the Subsurface Space and shall cooperate with the City in the incorporation, at Olympia's expense, of traffic control and signing systems in the construction of the facilities. Plans and specifications for the relocation of each affected utility shall be subject to the reasonable approval of that utility and Olympia will make arrangements reasonably acceptable to each utility to provide each utility access for maintenance of said relocated utilities after the completion of construction, including twenty-four (24) hour access to such relocated utilities for repair and maintenance purposes.

C. Olympia's construction of facilities in the Subsurface Space shall be subject to City ordinances and license and permit requirements. In particular, all structural plans, materials to be used, and methods of installation relating to said facilities shall be subject to such approvals of the City engineer, water engineer, traffic engineer, building bureau, and fire marshal as would ordinarily apply to similar construction. Olympia shall provide for vehicular and pedestrian traffic during construction in a manner approved by the City engineer and traffic engineer.

D. Olympia shall indemnify and hold harmless the City and its officers, agents and employees and shall assume all risks of damage to the subsurface structures constructed by Olympia or to any personal property located in said structures resulting directly or indirectly from the failure of waterlines or sewers or other utilities occurring during

and resulting from the construction or installation of such subsurface structures or personal property therein.

E. Olympia shall indemnify and hold the City, its officers, agents and employees harmless and shall assume the risk of loss or damages for bodily injury or death or property damage to Olympia or third parties arising directly or indirectly out of the conduct by the City, its employees, agents and representatives, of activities for which the City would be legally liable in connection with the design, construction, installation, maintenance or use of City waterlines or sewers within the facilities to be constructed by Olympia in the Subsurface Space. Such risk of loss shall include the risk of loss resulting from loss of business due to interruption on the part of Olympia or its tenants or subtenants to that extent.

F. During the period in which Olympia holds a leasehold interest in those portions of the surface area of the Street Property adjacent to Block 128, Olympia shall have the same responsibility under applicable City code and ordinance provisions with respect to maintenance of the sidewalk and street areas thereof as Olympia would have if Olympia held fee title thereto.

G. Olympia shall pay extra costs for repair, maintenance, reconstruction or replacement of public sewage facilities due to the existence of the subsurface structures constructed by Olympia in the Subsurface Space, but only to the extent that such costs exceed the costs which would be incurred for such repair, maintenance, reconstruction or

replacement, as the case may be, if said public sewage facilities were buried in the earth beneath the surface of the street right of way in a comparable location at a comparable depth.

8. Limitations on Access. Olympia recognizes that entrance and exit of large trucks to and from the underground freight handling facilities to be constructed on Block 131 and in the Subsurface Space may interfere with normal traffic flows on S.W. Clay Street, ~~and on S.W. Second Avenue.~~ Olympia agrees to cooperate with the City ~~to schedule freight pickup and delivery during hours which will minimize traffic congestion.~~ to schedule freight pickup and delivery during hours which will minimize traffic congestion.

9. Permit. Upon proper application and approval by the City and after the conveyance of Block 131 to Olympia pursuant to the Redevelopment Agreement, the City shall, with the consent of KOIN or its successors as to Block 128, grant Olympia a permit to enter upon and to construct improvements beneath the surface of that portion of S.W. Second Avenue, including sidewalks, east of the centerline thereof between a line which is or is an extension of the curb line, existing as of the date hereof, on the north side of S.W. Clay Street and a line which is the centerline of S.W. Columbia Street.

10. Encroachment. Upon proper application and approval by the City either before or after the conveyance of Block 131 or Lots 5 through 8 of Block 130 to Olympia pursuant to the Redevelopment Agreement, the City shall grant Olympia a permit to enter upon, construct, and permanently place soldier piles for the purpose of support, including foundations therefore, in the beds

of S.W. Third Avenue, S.W. Jefferson Street, S.W. Second Avenue, S.W. First Avenue, S.W. Columbia Street, and S.W. Clay Street, as the case may be, which soldier piles and foundations shall not extend more than twenty-four inches (24") beyond the perimeter of the Subsurface Space as described in Exhibits A, B and C attached hereto. If any such soldier piles or foundations shall extend beyond the centerline of any street, consent of the owner of the property on the opposite side of the street into whose half of the street the encroachment extends shall be obtained prior to issuance of any such permit by the City.

11. Indemnity. Olympia shall indemnify and hold harmless the City and its officers, agents, and employees from any and all claims for damages for bodily injury or death or property damage arising out of the design, construction, installation, maintenance or use of the subsurface structures or personal property to be constructed or installed by Olympia or its tenants in the Subsurface Space.

12. Insurance. Before Olympia shall begin construction, Olympia shall file with the City auditor, in a form and with a company to be approved by the City attorney, a public liability and property damage insurance policy with policy limits of not less than the maximum limits of liability of municipal bodies or their officials set forth in ORS 30.270, as such statute shall be amended or replaced from time to time. Such insurance shall be for the protection of the City, its officers and employees for any claim or claims for personal injury or property damage asserted against the City, its officers or employees due to the construction, maintenance, or use of the facilities constructed in

the Subsurface Space. If Olympia already has a policy of insurance meeting the above provisions as to amount, a certificate of insurance or certified copy of such policy may be furnished, provided that a rider, endorsement or other provision is supplied making such insurance available to the City. Olympia shall maintain such insurance in force and effect during the term of this Lease. Said policy shall carry an endorsement providing that the policy may not be cancelled without thirty (30) days prior notice to the City. Coverage shall include the City and its officers, agents, and employees as additional insureds.

13. Maintenance; Taxes and Assessments. Olympia agrees to maintain the facilities, other than relocated utilities, constructed by it in the Subsurface Space at its own expense and to pay any taxes and assessments that are or may be levied upon the Subsurface Space and the facilities other than relocated utilities constructed therein and shall be responsible for proper control of drainage and for waterproofing of such facilities. Olympia agrees to restore, to the satisfaction of the City engineer, any portion of the street or sidewalk surface which may be disturbed during construction of facilities in the Subsurface Space and agrees to maintain the surface of said streets and sidewalks against settlement caused by the construction of Olympia's subsurface facilities.

14. Default.

A. In the event Olympia fails (i) to pay rent as required pursuant to Paragraph 2 hereof, (ii) to maintain insurance as required pursuant to Paragraph 12 hereof, (iii) to maintain the facilities constructed in the Subsurface Space as required pursuant to Paragraph 13 hereof,

or (iv) to pay any taxes and assessments levied upon the Subsurface Space and the facilities constructed therein as required pursuant to Paragraph 13 hereof, which failure shall continue for more than 60 days after written notice specifying the nature thereof, Olympia shall be in default hereunder; provided, however, that if such failure be of such a nature as cannot be completely remedied within said 60 day period, no default shall occur if Olympia begins correction of the default within the said 60 day period and thereafter proceeds with reasonable diligence and in good faith to remedy the failure or neglect as soon as practicable.

B. In the event that Olympia shall mortgage its leasehold interest under this Lease, as permitted under subparagraph C of Paragraph 6 hereof, the City shall forward a copy of any notice given pursuant to this Paragraph to each holder of any such mortgage and each such holder shall have the same right to remedy as is given to Olympia pursuant to this Paragraph. For purposes of this Paragraph and Paragraph 15, the term "holder" shall include any insurer or guarantor of any obligations or condition secured by such mortgage. From time to time during the term of this Lease, Olympia shall furnish the City with a current list of all holders who would be entitled to notice given pursuant to this Paragraph, and City shall be entitled to rely on the most recent list of such holders furnished by Olympia.

15. Remedies. In the event of any uncured default by Olympia or any holder as described in Paragraph 14 hereof, the City may, upon one year's written notice, terminate this Lease.

During the pendency of any such default hereunder, Olympia shall continue to perform its duties and obligations hereunder, including, without limitation, its obligation to maintain the facilities, other than relocated utilities, constructed in the Subsurface Space, and, in the event that Olympia or any holder shall fail to perform such duties and obligations, the City may, but shall not be obligated to, perform any or all of such duties or obligations, at Olympia's expense.

16. Surrender. Upon the termination of this Lease, whether by expiration of the term hereof or otherwise, Olympia shall surrender and deliver up possession of the Subsurface Space and the improvements constructed therein free and clear of any liens and encumbrances, other than the lien of any mortgage or mortgages permitted under the terms of this Lease and liens or encumbrances created by the City or the lien of taxes not yet due and payable. If required by the City, Olympia shall restore to the satisfaction of the City engineer the Subsurface Space to the physical condition thereof as of June 30, 1981.

17. Binding Effect. The grant of this Lease shall run with the land and, along with the terms, covenants, rights, and remedies of this Lease, shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

18. Severability. Any provision of this lease which shall be held to be invalid, void, voidable, illegal or partially or wholly unenforceable by a court of competent jurisdiction or the fact that any portion or the whole of this Lease shall be held to be invalid, void, voidable, illegal or partially or wholly

unenforceable by a court of competent jurisdiction as to a portion of the Subsurface Space leased hereunder, shall in no way affect, impair, or invalidate any other provision hereof, or any remaining portions of the Subsurface Space leased hereunder, and (a) the remaining provisions hereof shall nevertheless remain in full force and effect, (b) the parties shall remain obligated to each other hereunder with respect to performance of such remaining provisions, but (c) the parties shall be relieved of any obligation to perform (and damages for failure to perform) the unenforceable portion(s) of any provision held to be invalid, void, voidable, illegal or partially or wholly unenforceable.

19. Authority. This Lease is executed pursuant to the authority granted by Ordinance No. _____, adopted by the City Council of the City on the ____ day of _____, 19___. The City Council, prior to the authorization of this Lease, has notified the owners of property abutting the Street Property and has given them an opportunity to be heard with respect to this Lease, and has determined that the use of the Subsurface Space will not unreasonably interfere with public use and utility use of the city streets and sidewalks, as provided by law. It is understood that this Lease shall not affect the prior dedication or grant of the surface areas of the Street Property for street and sidewalk purposes.

IN WITNESS WHEREOF, the parties hereto have executed
this Lease as of the date hereinabove written, the City of
Portland acting by its Mayor and Auditor.

CITY OF PORTLAND

By: _____
Mayor

Attest:

Auditor

OLYMPIA AND YORK PROPERTIES
(OREGON), INC.

By: _____
Title _____

Attest:

Title _____

State of Oregon)
) ss. _____, 19__
 County of Multnomah)

Personally appeared before me _____ and
 _____ who, being duly sworn, did say that they are
 the Mayor and Auditor, respectively, of the CITY OF PORTLAND, a
 municipal corporation of the State of Oregon, and that the fore-
 going instrument was signed on behalf of said municipal corpora-
 tion by authority of its Council, and did acknowledge said instru-
 ment to be its voluntary act and deed.

(SEAL)

 Notary Public for Oregon
 My Commission Expires: _____

State of Oregon)
) ss. _____, 19__
 County of Multnomah)

Personally appeared before me _____ and
 _____ who, being duly sworn, did say that they are
 the _____ and _____, respectively, of OLYMPIA &
 YORK PROPERTIES (OREGON), INC., and that the foregoing instrument
 was signed on behalf of said corporation by authority of its board
 of directors, and did acknowledge said instrument to be its
 voluntary act and deed.

(SEAL)

 Notary Public for Oregon
 My Commission Expires: _____

EXHIBIT A

All those portions, excluding the surface, of the following described streets (including sidewalk areas) in front of or adjoining Block 131, Portland, in the City of Portland, County of Multnomah, and State of Oregon, lying between the surface of said street and a horizontal plane having an elevation of 15 feet, Portland City Datum:

A. That portion of S.W. Third Avenue, including sidewalks, lying east of the centerline thereof between a line which is or is an extension of the curb line, existing as of the date hereof, on the north side of S.W. Clay Street and a line which is the centerline of S.W. Columbia Street.

B. That portion of S.W. Second Avenue, including sidewalks, lying west of the centerline thereof between a line which is or is an extension of the curb line, existing as of the date hereof, on the north side of S.W. Clay Street and a line which is the centerline of S.W. Columbia Street.

C. That portion of S.W. Columbia Street, including sidewalks, lying south of the centerline thereof between a line which is the centerline of S.W. Third Avenue and a line which is the centerline S.W. Second Avenue.

D. That portion of S.W. Columbia Street, including sidewalks, lying north of the centerline thereof between a line which is perpendicular to the southerly property line of Block 130, PORTLAND, in the City of Portland, County of Multnomah, State of Oregon, and intersects said property line at a point two feet west of the mid-point thereof and a line which is perpendicular to the southerly property line of said

Block 130 and intersects said property line at a point thirty-seven (37) feet west of the mid-point thereof.

E. That portion of S.W. Clay Street, including sidewalks, lying north of the curb line or an extension thereof, existing as of the date hereof, on the north side of said Street between a line which is the centerline of S.W. Third Avenue and a line which is the centerline of S.W. Second Avenue.

The curb line on the north side of S.W. Clay Street referred to in Paragraphs A, B and E above is a line that is parallel with and distant twenty-two (22) feet northerly, measured at right angles, from the centerline of S.W. Clay Street.

EXHIBIT B

All those portions, excluding the surface, of the following described streets (including sidewalk areas) in front of or adjoining Block 128, Portland, in the City of Portland, County of Multnomah, and State of Oregon, lying between the surface of said street and a horizontal plane having an elevation of 15 feet, Portland City Datum:

A. That portion of S.W. Second Avenue, including sidewalks, lying east of the centerline thereof between a line which is or is an extension of the curb line, existing as of the date hereof, on the north side of S.W. Clay Street and a line which is the centerline of S.W. Columbia Street.

B. That portion of S.W. First Avenue, including sidewalks, lying west of the curb line or an extension thereof, existing as of the date hereof, on the west side of said Avenue between a line which is the curb line, existing as of the date hereof, on the north side of S.W. Clay Street and a line which is the centerline of S.W. Columbia Street.

C. That portion of S.W. Columbia Street, including sidewalks, lying south of the centerline thereof between a line which is the centerline of S.W. Second Avenue and a line which is or is an extension of the curb line, existing as of the date hereof, on the west side of S.W. First Avenue.

D. That portion of S.W. Clay Street, including sidewalks, lying north of the curb line or an extension thereof, existing as of the date hereof, on the north side of

said Street between a line which is the centerline of S.W. Second Avenue and a line which is the curb line, existing as of the date hereof, on the west side of S.W. First Avenue.

The curb line on the north side of S.W. Clay Street referred to in Paragraphs A, B and D above is a line that is parallel with and distant twenty-two (22) feet northerly, measured at right angles, from the centerline of S.W. Clay Street.

The curb line on the west side of S.W. First Avenue referred to in Paragraphs B, C and D above is a line that is parallel with and distant eighteen (18) feet westerly, measured at right angles, from the centerline of S.W. First Avenue.

EXHIBIT C

All those portions, excluding the surface, of the following described streets (including sidewalk areas) in front of or adjoining Lots 5 through 8, inclusive, Block 130, Portland, in the City of Portland, County of Multnomah, and State of Oregon, except the east 2 feet thereof, lying between the surface of said street and a horizontal plane having an elevation of 15 feet, Portland City Datum:

A. That portion of S.W. Third Avenue, including sidewalks, lying east of the centerline thereof between a line which is the centerline of S.W. Columbia Street and a line which is or is an extension of the curb line, existing as of the date hereof, on the south side of S.W. Jefferson Street.

B. That portion of S.W. Jefferson Street, including sidewalks, lying south of the curb line or an extension thereof, existing as of the date hereof, on the south side of said Street between a line which is the centerline of S.W. Third Avenue and a line which is perpendicular to the northerly property line of Block 130, PORTLAND, in the City of Portland, County of Multnomah, State of Oregon, and intersects said property line two feet west of the midpoint thereof.

C. That portion of S.W. Columbia Street, including sidewalks, lying north of the centerline thereof between a line which is the centerline of S.W. Third Avenue and a line which is perpendicular to the southerly property line of

Block 130, PORTLAND, in the City of Portland, County of Multnomah, State of Oregon, and intersects said property line at a point thirty-seven (37) feet west of the midpoint thereof.

The curb line on the south side of S.W. Jefferson Street referred to in Paragraphs A and B above is a line that is parallel with and distant eighteen (18) feet southerly, measured at right angles, from the centerline of S.W. Jefferson Street.

ORDINANCE NO. 151794

*copies of notice
to nearby owners
& property and other
exhibit filed
under CC
2027 for
1981
CC*

An ordinance authorizing a Lease to OLYMPIA & YORK PROPERTIES (OREGON), INC., of subsurface space beneath portions of S.W. Columbia Street, S.W. Clay Street, S.W. Jefferson Street, S.W. Third Avenue, S.W. Second Avenue, and S.W. First Avenue adjacent to Blocks 128, 130, and 131, for an initial period of ninety-nine (99) years, subject to certain terms and conditions, and declaring an emergency.

The City of Portland ordains:

Section 1. The Council finds:

- (1) Olympia & York Properties (Oregon), Inc., an Oregon corporation (hereinafter referred to as "Olympia"), has entered into an Agreement for the Sale and Redevelopment of Land in the South Auditorium Urban Renewal Project (herein, the "Redevelopment Agreement") dated April 14, 1981, with the Portland Development Commission, pursuant to which the Portland Development Commission has agreed to sell and Olympia has agreed to purchase and develop the following:

- A. Lots 1 through 8, inclusive, Block 131, PORTLAND (herein, "Block 131"); and
- B. Lots 5 through 8, inclusive, Block 130, PORTLAND, except the east 2 feet thereof (herein, "Block 130");

and pursuant to which Olympia intends to ground lease and develop Lots 1 through 8, inclusive, Block 128, PORTLAND (herein, "Block 128").

- (2) Pursuant to the Redevelopment Agreement, Olympia intends to construct on Blocks 128, 130 and 131, a 2 and 1/2 block integrated, mixed use development which will include office, commercial, retail, hotel, cinema, residential, television studio, and related uses; the plans for such development being subject to review and approval by the Portland Development Commission. Olympia and the Portland Development Commission intend such development to be integrated through the construction of facilities in space beneath portions of city streets and sidewalks between Blocks 128, 130, and 131.

- (3) In order to finance the proposed development and to enable the construction to proceed, Olympia has applied to the City for a lease of certain space beneath city streets and sidewalks adjacent to Blocks 128, 130, and 131, to use said space for interblock access, freight handling, storage, and parking facilities related to the proposed development, such space (herein the "Subsurface Space") being more particularly described in the form of proposed Lease attached to the original only hereof, marked Exhibit I and incorporated herein by reference.
- (4) The proposed uses of the Subsurface Space will impact street level activity by centralizing freight delivery and handling in a single subsurface location and by limiting vehicular ingress and egress to two points for the 2 and 1/2 block project. This will reduce traffic congestion and allow greater emphasis on pedestrian oriented uses at the street level. Proposed uses at or near street include retail, restaurant, public service commercial (bank, brokerage and travel agency), entertainment, and public open space uses. Such reductions of traffic congestion, encouragement of pedestrian oriented activity at street level, and the enhancement of mixed use, integrated development are in the public interest.
- (5) The proposed uses of the Subsurface Space will permit more intensive use of downtown land areas and will return such Subsurface Space, with improvements, to property tax rolls for the duration of the proposed lease.
- (6) Pursuant to the proposed lease and the Redevelopment Agreement, Olympia will relocate, at Olympia's expense, utilities affected by Olympia's construction of facilities in the Subsurface Space.
- (7) The integrated development of Blocks 128, 130, and 131, as proposed by Olympia depends upon the existence of the facilities to be constructed in the Subsurface Space and the continued availability of such facilities for the expected structural life of the buildings proposed to be constructed on Blocks 128, 130, and 131. The expected structural life of such buildings and the facilities proposed to be constructed in the Subsurface Space exceeds 100 years.

- (8) The cost to Olympia of constructing the proposed facilities in the Subsurface Space, including relocation of utilities, is substantial and revenues generated exclusively from the uses to be made of the facilities to be constructed within the Subsurface Space would not economically justify such cost. Such construction will be undertaken only to achieve an integrated, mixed use development of the full 2 and 1/2 block area.
- (9) The terms and conditions of the proposed Lease are set forth in a form attached to the original only hereof, marked Exhibit I and incorporated herein by reference.
- (10) The proposed Lease is in compliance with the requirements of ORS 271.430 which permits a political subdivision of the State to lease space above and below streets.
- (11) The annual rent for the Subsurface Space for the period beginning with the commencement of the lease and extending through December 31, 1991, is to be at the rate of twenty-two cents (\$.22) per square foot of surface area of Subsurface Space let by the City to Olympia. Such rent is subject to adjustment on January 1, 1992, and each five years thereafter based on changes in the Consumer Price Index, as provided in the proposed form of lease.
- (12) The term of the Lease is to be for a period of ninety-nine (99) years from and after the date upon which Olympia shall acquire title to Block 131 pursuant to the Redevelopment Agreement. Subject to prior Council approval, Olympia shall have options to renew for three additional twenty-five (25) year terms and one additional term of twenty-four (24) years.
- (13) The owners of property abutting the Subsurface Space have been notified and given an opportunity to be heard with respect to the proposed Lease, as provided by law.
- (14) The City hereby determines that the uses proposed for the Subsurface space are quasi-public in nature, that the Subsurface Space will not be needed for other public purposes for the term of the proposed Lease, and that the terms and conditions of the proposed Lease are in the public interest.
- (15) The City hereby determines that the use of the Subsurface Space pursuant to the proposed Lease will not unreasonably interfere with public use and utility use of the affected streets.

ORDINANCE No.

NOW, THEREFORE, the Council directs:

- A. The Mayor and Auditor are hereby authorized to execute on behalf of the City a Lease with Olympia & York Properties (Oregon), Inc. for Subsurface Space, beneath certain streets, which Lease shall be substantially in accordance with the Lease form attached to the original of this ordinance, marked Exhibit I.
- B. Nothing in this ordinance shall relieve Olympia & York from complying with all City ordinances and license and permit requirements including land use approvals and permits. Authorization for, or execution of this Lease shall in no way, either expressly or by implication, commit the City or the City Council to approval of any such licenses, permits or approvals.

Section 2. The Council declares that an emergency exists in order that construction plans and development scheduling for the redevelopment project may proceed without unnecessary delay; therefore, this ordinance shall be in force and effect from and after its passage by the Council.

Passed by the Council, JUN 24 1981

Attest:


Auditor of the City of Portland

Calendar No.

2027

ORDINANCE No. 151734

Title

An Ordinance authorizing a Lease to Olympia & York Properties (Oregon), Inc. of subsurface space beneath portions of S.W. Columbia, Clay and Jefferson Streets and S.W. Third, Second and First Avenues adjacent to Blocks 128, 130, and 131, for initial period of ninety-nine (99) years, subject to certain terms and conditions, and declaring an emergency.

JUN 17 1981

CONTINUED TO JUN 24 1981

RECONSIDERED

Amended

CONTINUED TO JUN 24 1981

Filed JUN 12 1981

GEORGE YERKOVICH
Auditor of the CITY OF PORTLAND

By *George Yerkovich*
Deputy

THE COMMISSIONERS VOTED AS FOLLOWS:		
	Yeas	Nays
JORDAN	1	
LINDBERG	1	
SCHWAB	1	
STRACHAN	1	
IVANCIE	1	

FOUR-FIFTHS CALENDAR	
JORDAN	
LINDBERG	
SCHWAB	
STRACHAN	
IVANCIE	

INTRODUCED BY	
Mayor Frank Ivancie	
NOTED BY THE COMMISSIONER	
Affairs	
Finance and Administration	<i>[Signature]</i>
Safety	
Utilities	
Works	
BUREAU APPROVAL	
Bureau:	
Portland Development Commission	
Prepared By:	Date:
Chris Kopca	6/8/81
Budget Impact Review	
<input checked="" type="checkbox"/> Completed	<input type="checkbox"/> Not required
Bureau Head	Executive
Patrick L. Lacrosse, Director	
CALLNDAR	
Consent	Regular XX
NOTED BY	
City Attorney	<i>[Signature]</i>
City Auditor	
City Engineer	