

**BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON**

**RESOLUTION NO. 2019-009**

Approving Conveyance of the 2124-2156 North Williams Avenue Property at No Cost to BRIDGE Housing Corporation for Development of Affordable Housing.

**The Multnomah County Board of Commissioners Finds:**

- a. On November 7, 2000, the County issued \$2,000,000 in revenue bonds to finance construction, renovation, improvement and equipping of facilities on the North Williams Center, 2124-2156 North Williams Avenue, Portland, Oregon (the "Property"), which had been acquired by Port City Development Center ("Port City") for remodeling and use as a vocational training center. To secure Port City's repayment of the bond financing, Port City Ground Leased the Property to the County, and the County Subleased the Property back to Port City, with Port City's payment of monthly rent to be used by the County to repay the bonds.
- b. Port City defaulted on its rent and notified the County of its intent to cease operations and to assign the vocational training center contracts to Albertina Kerr Centers effective February 1, 2013, and of Port City's willingness to convey title to the Property to the County, in full satisfaction of Port City's financial obligation under the Sublease. Under the terms of Resolution 2013-029, dated March 21, 2013, Port City conveyed the Property to the County in lieu of the County foreclosing its leasehold security interest, to satisfy Port City's \$1.6 million financial obligation to the County.
- c. The Property has been the subject of environmental clean-up and remediation work, and is under the jurisdiction of the Oregon Department of Environmental Quality ("DEQ") for monitoring of its status for the foreseeable future. The Property is currently encumbered by an Easement and Equitable Servitude Agreement ("E&ES") due to on site environmental conditions. Since taking title, the County has not "participate[d] in the management of a facility" as that phrase is used and defined in Oregon Revised Statutes (ORS) 465.200 et seq. and Oregon Administrative Rules (OAR) 340-122-120, and accepted title to the Property "primarily to protect a security interest" as that phrase is used and defined in ORS 465.200 et seq. and OAR 340-122-120.
- d. By Resolution No. 2013-060, dated May 16, 2013, the Board declared the Property surplus and authorized the County's Facilities and Property Management Division ("FPM") to commence the Surplus Property Process.
- e. By Resolution 2014-094, dated August 14, 2014, the Board accepted the Surplus Property Report and directed staff to develop disposition options for the Property. Specifically, FPM was directed to continue to solicit public input with an added emphasis on the suitability of the Property for affordable housing.
- f. In the fall of 2014, the Portland Housing Bureau ("PHB") conducted a series of

community forums to guide the investment of North Interstate Urban Renewal Area ("ICURA") Tax Increment Financing ("TIF") set aside to support affordable housing in the ICURA, which includes the Property. PHB invited the County to participate in the community forums and to seek north/northeast neighborhood input on the Property's potential for affordable housing. County representatives participated in four public forums. Following the forums, representatives of both PHB and the Portland Development Commission ("PDC") advised the County of City's interest in seeing the Property redeveloped for affordable housing, but also expressing their opinion that the County would need to offer the Property at no cost to be competitive with other sites under consideration.

g. On January 28, 2015, the Portland City Council approved Mayor Charlie Hales' recommendation to invest \$20 million in ICURA TIF in a 5-year program to construct affordable housing and implement the recommendations from PHB's community forums, to increase access to affordable housing in the neighborhoods within the ICURA.

h. By Resolution No. 2015-019, dated March 12, 2015, the Board accepted FPM's Supplemental Surplus Property Report and directed issuance of a Request for Proposals for the disposition and redevelopment of the Property for affordable housing.

i. By Resolution No. 2015-113, dated October 22, 2015, the Board directed County Staff to conduct a competitive offering of the Property for redevelopment as affordable housing, including conveyance of the Property at no cost. The Board found that offering the Property for competitive development proposals for affordable housing is in the public interest, consistent with Resolution 2015-019, and that conveyance of the Property at no cost would support the County's desire to spur development of the Property for affordable housing.

j. In its June 2015 budget deliberations, the Board had approved a one-time-only program offer for FY2016 of \$5 million for A Home for Everyone Capital Funding. The Board concluded, in Resolution No. 2015-113, that contributing the \$5 million Capital Funding and offering the Property at no cost to PHB's Fall 2015 Affordable Rental Housing Notice Of Funding Availability (the "NOFA") offered the best opportunity to obtain proposals from qualified developers of affordable housing, based on PHB's considerable expertise in the development, issuance, evaluation, and administration of affordable housing solicitations.

k. The County made the Property available through criteria established in the North Williams Center investment requirements of the NOFA, which include: i) the development of new affordable rental housing addressing the need for housing families earning 0-30% Median Family Income with a focus on families experiencing or at risk of becoming homeless; ii) a minimum of ten (10) 2-bedroom units, minimum of ten (10) 3-bedroom units, and minimum average bedroom count of 2.1 or more; iii) adherence to the N/NE Neighborhood Housing Strategy including use of the PHB Preference Policy; and iv) Developer demonstrated ability to negotiate and execute a Prospective Purchaser Agreement ("PPA") with DEQ.

l. On October 26, 2015, PHB, in partnership with the County, PDC (since renamed Prosper Portland), and Home Forward, issued the NOFA, including the County's \$5 million A Home for Everyone Capital Funding and the Property. The NOFA offered up to \$61,600,000

in federal and local funds, as well as five sites (including the Property) and up to 100 project based Section 8 vouchers for development, rehabilitation and/or preservation of affordable housing.

m. The portion of the NOFA for the Property includes Prosper Portland's contribution of \$4.5 million in TIF from the ICURA and Home Forward's provision of 40 project-based Section 8 housing vouchers for development of affordable housing, in combination with the County's conveyance of the Property at no cost.

n. The NOFA evaluation process resulted in selection of BRIDGE to develop, construct and operate affordable housing on the Property. BRIDGE plans to construct, own and operate a 61-unit apartment community, intended to serve Eligible Residents, as defined in the NOFA offering, with priority given to longtime and displaced residents of North and Northeast Portland (the "Project").

o. Resolution No. 2015-113 directed that conveyance of the Property be subject to final Board approval after conclusion of the offering process.

p. BRIDGE retained PBS Engineering & Environmental Inc. ("PBS") to prepare a Contaminated Media Management Plan ("CMMP") to facilitate proper management of contaminated soils and demolished building materials during BRIDGE's site testing and excavation of the Property and demolition of structures to facilitate redevelopment of the Property. PBS submitted the May 2017 CMMP for review and approval by DEQ, which DEQ granted on June 28, 2017.

q. BRIDGE and DEQ negotiated and entered into a Consent Judgment, fully executed on July 19, 2017, in Multnomah County Circuit Court Case No. 17CV30440, which incorporated the CMMP and a Scope of Work attached as Exhibit C to the Consent Judgment, to govern remediation of Environmental Conditions and redevelopment of the Property. Paragraph 5.A of the Consent Judgment states that, "Pursuant to ORS 465.327(3), this Consent Judgment is a 'prospective purchaser agreement' entered as a judicial consent judgment in accordance with ORS 465.325." In Paragraph 5.B of the Consent Judgment, DEQ releases BRIDGE from liability regarding Existing Hazardous Substance Releases, contingent on BRIDGE's successful completion of the Exhibit C Scope of Work and its other obligations under the Consent Judgment.

r. To support development of the Project, the County and BRIDGE have negotiated the terms of and are prepared, upon receipt of Board approval, to execute the Agreement for Disposition and Development of Property (the "DDA") attached as Exhibit 1 to the Resolution. The intent of the DDA is to ensure that, during the 30-year Affordability Period as defined in the Low Income Housing Covenant Agreement attached as Exhibit D to the DDA, BRIDGE and any subsequent owners of the Property only rent the housing units constructed thereon to Eligible Residents, and that the Eligible Residents occupy the housing units as their primary residence.

**The Multnomah County Board of Commissioners Resolves:**

1. The Board approves and ratifies the Portland Housing Bureau NOFA panel's selection of BRIDGE Housing Corporation to develop, construct and operate an affordable 61-unit apartment community on the Property, intended to serve Eligible Residents, as defined in the NOFA, for a period of thirty years.
2. The Chair is authorized to execute the Agreement for Disposition and Development of Property (the "DDA") attached hereto as Exhibit 1, providing for conveyance of the Property to BRIDGE, or a successor, single project entity, in which BRIDGE serves as manager or general partner, in substantial conformance with the terms and conditions set forth in Exhibit 1.
3. The Chair is also authorized to execute all other documents necessary to complete the conveyance of the Property to BRIDGE or its successor, single project entity, substantially consistent with the DDA.
4. The COO, the Interim Director of DCA, and the County Attorney are directed to coordinate with the Chair's Office to satisfy all conditions of the DDA needed to ensure a timely closing.

**ADOPTED this 24<sup>th</sup> day of January, 2019.**



BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

*Deborah Kafoury*

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Deborah Kafoury, Chair

REVIEWED:

JENNY M. MADKOUR, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By

*Kenneth M. Elliott*  
Kenneth M. Elliott, Assistant County Attorney

SUBMITTED BY: Marissa Madrigal, Chief Operating Officer

**AGREEMENT FOR DISPOSITION & DEVELOPMENT  
OF PROPERTY  
2124—2156 North Williams Avenue**

**THIS AGREEMENT FOR DISPOSITION & DEVELOPMENT OF PROPERTY** (this “Agreement”) is made as of \_\_\_\_\_, 2019 (the “Effective Date”), by and between **MULTNOMAH COUNTY**, a political subdivision of the State of Oregon (“County”), and **PORT CITY LLC**, an Oregon limited liability company, its successors and assigns (“Developer”). County and Developer are referred to jointly in this Agreement as “Parties” and individually as a “Party.”

**RECITALS:**

- A. The Portland area is in an affordable housing crisis with low vacancy rates and limited quality affordable housing options.
- B. County is the owner of the real property at 2124-2156 North Williams Avenue, in Portland, OR (the “Property”). By Resolution No. 2013-060, dated May 16, 2013, County’s Board of Commissioners (the “County Board”) declared the Property surplus and authorized County’s Facilities and Property Management Division (“FPM”) to commence the Surplus Property Process. The Surplus Property Process included notice, signage, electronic notification, public access, and other channels for publicizing the surplus declaration and soliciting public comment.
- C. By Resolution No. 2014-094, dated August 14, 2014, the County Board accepted FPM’s Surplus Property Report and directed FPM to pursue disposition of the Property in a timely manner, consistent with the Report’s recommendations.
- D. The Portland Housing Bureau (“PHB”) implements the housing policies of the City of Portland, an Oregon municipal corporation (“City”) by administering a program to loan public funds to owners of housing projects. These public funds are loaned at terms which are more favorable than those at which private funds would be made available in order to encourage the development of affordable housing units.
- E. In the fall of 2014, PHB conducted a series of community forums to obtain north/northeast neighborhood input on desirable locations for such housing. PHB invited County to participate in the community forums and to seek input on the Property’s potential for affordable housing. Following the forums, representatives of both PHB and the Portland Development Commission (“PDC”) advised County of City’s interest in seeing the Property redeveloped for affordable housing, but also expressing their opinion that County would need to offer the Property at no cost to be competitive with other sites under consideration.
- F. On January 28, 2015, the Portland City Council approved Mayor Charlie Hales’ recommendation to invest \$20 million in tax increment financing generated by the Interstate Corridor Urban Renewal Area (“ICURA”) in a 5-year program to construct affordable housing in the ICURA and implement the recommendations from PHB’s community forums, to increase access to affordable housing in the neighborhoods within the ICURA.

**G.** By Resolution No. 2015-019, dated March 12, 2015, the County Board accepted the FPM staff's Supplemental Surplus Property Report and directed issuance of a Request for Proposals for the disposition and redevelopment of the Property for affordable housing. Offering the Property for competitive development proposals is in the public interest and is consistent with Resolution 2015-019. In addition, a commitment for conveyance of the Property at no cost will support County's desire to spur development of the Property for affordable housing.

**H.** By Resolution No. 2015-113, dated October 22, 2015, the County Board directed County staff (i) to conduct a competitive offering process of the Property for redevelopment as affordable housing, including conveyance of the Property at no cost, to support County's desire to spur development of the Property for affordable housing, and (ii) to prepare a report at the conclusion of the offering process with one or more recommended affordable housing proposal(s) for consideration by the County Board.

**I.** On October 26, 2015, PHB, in partnership with County, PDC, and Home Forward, formerly known as the Housing Authority of Portland, a municipal corporation ("**Home Forward**") issued its Fall 2015 Affordable Rental Housing Notice Of Funding Availability (the "**NOFA**"), made available up to \$61,600,000 in federal and local funds, as well as five sites (including the Property) and up to 100 project based Section 8 vouchers for development, rehabilitation and/or preservation of affordable housing.

**J.** Based on PHB's considerable expertise in the development, issuance, evaluation, and administration of affordable housing solicitations, County made the Property available through the NOFA.

**K.** The County made the Property available through criteria established in the North Williams Center investment requirements of the NOFA, which include: i) the development of new affordable rental housing addressing the need for housing families earning 0-30% MFI with a focus on families experiencing or at risk of becoming homeless; ii) a minimum of ten (10) 2-bedroom units, minimum of ten (10) 3-bedroom units, and minimum average bedroom count of 2.1 or more; iii) adherence to the N/NE Neighborhood Housing Strategy including use of the PHB Preference Policy; and iv) Developer demonstrated ability to negotiate and execute a Prospective Purchaser Agreement with the Oregon Department of Environmental Quality ("**DEQ**"). PHB subsidy must be applied to units for households earning 60% MFI or less ("**Eligible Residents**").

**L.** The NOFA evaluation process resulted in selection of BRIDGE Housing Corporation, a California nonprofit corporation ("**Bridge**"), the manager of Developer, to develop, construct and operate affordable housing on the Property. Developer plans to construct, own and operate a 61-unit apartment community, intended to serve Eligible Residents, with priority given to longtime and displaced residents of North and Northeast Portland (the "**Project**").

**M.** Through the NOFA, PHB has committed to contribute Four Million Five Hundred Thousand and no/100s Dollars (\$4,500,000.00) in PDC tax increment financing from the ICURA toward constructing the Project on the Property (the "**PHB Loan**"). PHB will execute a regulatory agreement with Developer to be recorded upon closing of the PHB Loan and the initial disbursement of funds from PHB, as a lien against the Property (the "**PHB Regulatory Agreement**").

**N.** Home Forward will make available to the Project forty (40) project based Section 8 vouchers (the "**Housing Choice Vouchers**"). While Home Forward rules allow these to be applied to households earning up to 50% MFI, County requires that at least 30 Housing Choice Vouchers be made available only to households earning 0-30% MFI, with the remaining 10 vouchers restricted to households ranging from 0-50% MFI. Such apartment units will be income restricted accordingly. Home Forward requires that at

least 10% of any units income restricted at 0-50% MFI be made available without the benefit of Housing Choice Vouchers.

O. The Property has been the subject of environmental clean-up and remediation work, and is under the jurisdiction of DEQ for monitoring of its status for the foreseeable future. The Property is currently encumbered by an Easement and Equitable Servitude Agreement (“E&S”) due to on site environmental conditions.

P. Developer retained PBS Engineering & Environmental Inc. (“PBS”) to prepare a Contaminated Media Management Plan (“CMMP”) to facilitate proper management of contaminated soils and demolished building materials during Developer’s site testing and excavation of the Property and demolition of structures to facilitate redevelopment of the Property. PBS submitted the May 2017 CMMP for review and approval by DEQ, which DEQ granted on June 28, 2017.

Q. Developer and DEQ negotiated and entered into a Consent Judgment, fully executed on July 19, 2017, in Multnomah County Circuit Court Case No. 17CV30440, which incorporated the CMMP and a Scope of Work attached as Exhibit C to the Consent Judgment, to govern remediation of Environmental Conditions and redevelopment of the Property. Paragraph 5.A of the Consent Judgment states that, “Pursuant to ORS 465.327(3), this Consent Judgment is a ‘prospective purchaser agreement’ entered as a judicial consent judgment in accordance with ORS 465.325.” (the “PPA”). In Paragraph 5.B of the Consent Judgment, DEQ releases Developer from liability regarding Existing Hazardous Substance Releases, contingent on Developer’s successful completion of the Exhibit C Scope of Work and its other obligations under the Consent Judgment.

R. It is County’s policy to ensure that safe, decent and affordable housing is made available to qualifying individuals at affordable prices throughout the entire term of this Agreement and the PHB Regulatory Agreement and to ensure the long-term availability of affordable housing in Multnomah County, Oregon. County is prepared to accept Developer as the developer of the Property and agrees that, in consideration of Developer’s performance under this Agreement, County will convey the Property to Developer at no cost.

S. To support development of the Project, County and Developer have negotiated the terms of and are prepared to execute this Agreement. The intent of this Agreement is to ensure that, during the Affordability Period as defined in the Low Income Housing Covenant Agreement in the form attached as **Exhibit D** hereto (the “Covenant”), Developer and any subsequent owners of the Property only rent the housing units constructed thereon to Eligible Residents, and that the Eligible Residents occupy the housing units as their primary residence.

T. To facilitate Developer’s applications for financing the Development of the Project, County and BRIDGE Housing Corporation (“BRIDGE”), an affiliate of the Developer, entered into that certain Option to Purchase Agreement dated February 26, 2018 (the “Option”).

U. Pursuant to Paragraph 3 of the Option, BRIDGE assigned its rights under the Option to Developer.

V. Developer and County desire to enter into this Agreement to supersede and replace the Option and to set forth the specific terms and conditions of Developer’s acquisition of the Property.

**NOW THEREFORE**, in consideration of the mutual benefits to be realized, including the foregoing Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

## **AGREEMENTS:**

### **1. GENERAL TERMS OF DISPOSITION**

**1.1 Agreement for Disposition.** Upon the terms and conditions set forth in this Agreement, County agrees to convey the Property to Developer, and Developer agrees to acquire the Property from County, for the primary purpose of developing the Project on the Property, together with services, office, retail or additional affordable housing or combination of uses thereof supporting the Eligible Residents on the Property or the adjoining lots created pursuant to Section 2.2 hereof, provided that failure to utilize the adjoining property shall not constitute a default under this Agreement with respect to the Property upon which the affordable housing is being developed.

**1.2 Description of the Property.** The Property which is the subject of this Agreement consists of the following: 2124-2156 North Williams Avenue, a 50,000 ± sq. ft. parcel on the east side of North Williams Avenue between NE Tillamook Street and NE Thompson Street in Portland, OR, further described in **Exhibit A**, attached hereto and incorporated herein by reference (the "**Land**"); together with commercial buildings, loading docks, parking lots, outdoor gardens, open space and any other improvements and fixtures located on the Land (collectively, the "**Improvements**"); and (ii) all rights, privileges and easements appurtenant to the Land owned by County, including, all development rights relating to the Land, and any other easements, rights-of-way, or appurtenances used in connection with the beneficial use and enjoyment of the Land (collectively, the "**Appurtenances**"). The Land, together with the Improvements and Appurtenances, is collectively referred to herein as the "**Property**."

**1.3 Purchase Price.** The purchase price for the Property (the "**Purchase Price**") is Zero Dollars (\$0). The Purchase Price does not represent the fair market value of the Property. The Purchase Price consists of other valuable consideration promised or given by Developer to County, which is the whole consideration, including Developer's commitments in this Agreement, and shall not be adjusted at Closing to match the fair market value.

**1.3.1 Utilities.** To the extent that there are existing utilities located on the Property that will be retained as part of the Project, County shall assign such utility accounts to Developer on the Closing Date. Ownership and maintenance of offsite utilities serving the Property will be determined by Developer and the utility providers as part of the governmental approvals for the Project.

**1.3.2 Closing Costs.** Developer shall pay the costs for recording the Deed and the Covenant. County shall pay the costs for recording the Memorandum of Agreement, as defined in Section 6.1 hereof. Developer and County shall share payment of customary escrow fees 50/50, and County shall pay the title insurance premium in accordance with Section 1.6.4 hereof.

**1.3.3 AS-IS, WHERE-IS Sale.** Developer acknowledges and agrees that, upon the Closing, County shall sell and convey to Developer, and Developer shall accept the Property conveyed "AS IS, WHERE IS, WITH ALL FAULTS," except to the extent expressly provided otherwise in this Agreement.

(a) Except as expressly set forth in this Agreement, County has not made and is not liable for or bound by, any express or implied warranties, guarantees, statements, representations or information pertaining to the Property or any portion thereof or relating thereto made or furnished by County or any real estate broker, agent or third party representing or purporting to represent County, to whomever made or given, directly or indirectly, orally or in writing.

(b) Developer acknowledges (i) that it has had free access to County's records with respect to the condition of the Property; (ii) that County did not develop the Property; (iii) that Developer is a sophisticated investor, knowledgeable and experienced in the financial and business risks attendant to an investment in real property and capable of evaluating the merits and risks of entering into this Agreement and purchasing the Property; (iv) that Developer has entered into this Agreement with the intention of making and relying upon its own (or its experts') investigation of the physical, environmental, economic and legal condition of the Property, including, without limitation, the compliance of the Property with laws and governmental regulations; and (v) that Developer is not relying upon any representations and warranties made by County or anyone acting or claiming to act on County's behalf concerning the Property.

(c) Developer accepts the Property in its "AS IS, WHERE IS" condition and assumes the risk that adverse physical, environmental, economic, or other legal conditions may not have been revealed by its investigations. Upon the Closing, except as expressly provided in this Agreement, Developer shall assume the risk of any and all adverse matters, including, but not limited to, adverse physical or adverse environmental, health or safety conditions, in, on, under or about the Property.

#### **1.4 Representations and Warranties.**

**1.4.1 County's Representations and Warranties.** County hereby makes the following representations and warranties to Developer as of the Effective Date and as of the Closing Date:

(a) County has full power and authority to enter into and perform this Agreement in accordance with its terms, and all requisite action has been taken by County in connection with the execution of this Agreement and the transactions contemplated hereby, including but not limited to the conveyance of the Property to Developer.

(b) There is no litigation, action, suit, or any condemnation, environmental, zoning, or other government proceeding pending or, to the County's knowledge, threatened, which may affect the Property or County's ability to perform its obligations under this Agreement.

(c) Except as has been disclosed to County in the Environmental Reports (as defined in Section 3.1.2), County has not received notice of the release of any Hazardous Substances on the Property and, to the County's knowledge, there is no release of any Hazardous Substances threatened or imminent.

(d) County is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended.

(e) To County's knowledge, and except as disclosed in the E&ES recorded with Multnomah County on April 26, 2005, as Instrument No. 2005-093250, the Property is in compliance with all recorded covenants, restrictions and other agreements binding on the Property and with all applicable laws, rules, regulations, ordinances and other governmental requirements (collectively, "**Laws**").

**1.4.2 Developer's Representations and Warranties.** Developer hereby represents and warrants to County as of the Effective Date and the Closing Date that:

(a) This Agreement has been duly authorized, executed and delivered by Developer and all consents required under Developer's organizational documents or by law have been obtained, that Developer has full power and authority to enter into and perform this Agreement in accordance with its terms, and all requisite action has been taken by Developer in connection with the execution of this Agreement and the transactions contemplated hereby.

(b) No representation, warranty or statement of Developer in this Agreement or any of the exhibits attached hereto contains any untrue statement of a material fact or omits a material fact necessary to make the statements of facts contained herein not misleading.

(c) As of the date hereof there are no defaults by Developer under this Agreement or, to Developer's knowledge, events that, with the passage of time, would constitute a default of Developer under this Agreement.

(d) Developer has entered into this Agreement without reliance upon any verbal representation of any kind by County, its employees, agents or consultants regarding any aspect of the Property, the Project, its feasibility, financing or compliance with any governmental regulation.

## **1.5 Due Diligence Materials.**

**1.5.1 Access.** County agrees that Developer has had access to the Property to conduct such investigations, studies, soil and groundwater tests as Developer deems necessary or advisable (collectively, the "**Inspections**").

**1.5.2 Due Diligence Materials.** County has provided Developer with the information and materials posted on County's websites for FPM's Surplus Property Process and for the NOFA (the "**Due Diligence Materials**") which include all information and reports known to County related to the environmental condition and previous environmental remediation of the Property.

## **1.6 Closing, Title and Conveyance**

**1.6.1 Closing.** The Closing shall occur on or before the Outside Closing Date, or any extension thereof, through an escrow closing at Ticor Title Company of Oregon, (the "**Title Company**") 111 SW Columbia Street, Suite 1000, Portland, Oregon 97201, pursuant to each Party's closing escrow instructions or mutually agreed joint escrow instructions.

**1.6.2 Closing Date.** Subject to any extensions pursuant to 1.7.3(c) below, the Outside Closing Date is December 31, 2019 (the “**Outside Closing Date**”), provided that Developer may select an earlier closing date (“**Closing Date**”) by providing the County thirty (30) days written notice of such date.

**1.6.4 Title Insurance.** County shall provide Developer, at Developer’s request and County’s sole cost, with a standard coverage Owner's Policy of Title Insurance issued by the Title Company covering the Property and insuring Developer in the amount of the County Assessor’s statement of fair market value, all free and clear of encumbrances except the Permitted Exceptions.

**1.6.5 Required State of Title.** On the Closing Date, County shall convey the Property by statutory bargain and sale deed substantially in the form attached hereto as **Exhibit B** (the “**Deed**”), subject only to the Permitted Exceptions listed in **Exhibit C** hereto, the Covenant and the Memorandum (as defined in Sections 2.1 and 6.1, respectively) or subsequently approved by Buyer in accordance with Section 1.7.

**1.6.6 Encroachment by Adjacent Properties.** County has previously delivered to Developer a Record of Survey dated December 22, 2014, depicting the encroachment onto the Property by three (3) adjacent properties: residential dwellings located at 20 NE Thompson Street and 30 NE Thompson Street and the Yellow Diamond Condominium, located at 35 NE Tillamook Street, along the northerly and easterly boundaries of the Property. County and Developer will cooperate in negotiating licenses or other encroachment agreements with the adjoining property owners prior to the PHB Loan Closing.

## **1.7 Conditions Precedent to Developer’s and County’s Performance.**

**1.7.1 Conditions Precedent to Developer’s Performance.** The obligations of Developer to close the transaction contemplated by this Agreement are, in addition to the other terms and conditions of this Agreement, subject to Developer’s satisfaction with the following (any one or more of which may be waived in whole or in part by Developer at its discretion):

(a) Evidence that County is a political subdivision of the State of Oregon and a resolution of County’s Board of Commissioners that County has full authority to enter into and perform its obligations under this Agreement.

(b) There is no litigation pending that prevents County from performing its obligations under this Agreement.

(c) The Title Company is prepared (i) to issue to Developer a Standard Owner's Title Insurance Policy (the “**Title Policy**”) covering the Property in an amount not less than the County Assessor’s statement of fair market value of the Property, subject only to the Permitted Exceptions; and satisfactory to Developer, and (ii) at Developer’s request and expense, to issue a Lender’s Extended Title Insurance Policy covering its interests in all or part of the Property in the amount of the County Assessor’s statement of fair market value of the Property and Developer’s budgeted construction costs for the Project.

(d) The County has delivered to the Title Company the executed Deed and all such other documents as the Title Company shall require to issue the Title Policy.

**1.7.2 Conditions Precedent to County's Performance.** The obligations of County to close the transaction contemplated by this Agreement are, in addition to the other terms and conditions of this Agreement, subject to the following (any one or more of which may be waived in whole or in part by County at its discretion):

(a) Evidence that the sole member of Developer is a non-profit corporation authorized and qualified to transact business in the State of Oregon, and a resolution of the Board of Directors that Developer has full authority to enter into and perform its obligations under this Agreement.

(b) There is no litigation pending that prevents Developer from performing its obligations under this Agreement.

(c) Developer has delivered to the Title Company the fully executed Covenant, as defined in Section 2.1 hereof.

(d) Developer has delivered to the Title Company the fully executed Memorandum, as defined in Section 6.1 hereof.

**1.7.3 Elections upon Non-Occurrence of Condition.** Except as provided below, if any condition to closing is not fulfilled to the satisfaction of the benefited Party or Parties on or before the Outside Closing Date, subject to any extension that may have been granted, then such benefited Party or Parties may elect to:

(a) Terminate this Agreement, by written notice to the other Party (together with other parties set forth in the notice provision of Section 8.3 of this Agreement) which termination shall become effective thirty (30) days after the notice of termination is sent ("**Termination Date**") unless, before the thirty (30) day period ends, the other Party fulfills such condition or conditions to the reasonable satisfaction of the benefited Party or Parties; or

(b) Waive in writing the benefit of that condition precedent to its obligation to perform under this Agreement, and proceed in accordance with the terms hereof; or

(c) Extend the Termination Date by which the other Party must satisfy the applicable condition, if the condition can be satisfied by the other Party, and if the other Party agrees in writing to the extension.

**1.7.4 Final Termination Date.** If all of the conditions precedent to closing have not been satisfied, waived or otherwise resolved pursuant to this Agreement by the Termination Date (as same may be extended by agreement of the parties hereto), then this Agreement shall automatically terminate unless otherwise extended by the mutual agreement of the Parties. If this Agreement is terminated for failure of satisfaction of the conditions precedent by either Party, then the obligations of the Parties to each other under this Agreement shall terminate, except for Developer's indemnity obligations under Section 3.2, which shall survive any termination of this Agreement.

**1.7.5 Termination by Developer.** Notwithstanding any other provisions herein, Developer may terminate this Agreement at any time prior to Closing without penalty and upon such termination the rights of the Parties hereunder shall terminate and be of no further force or effect, except for Developer's indemnity obligations under Section 3.2, which shall survive any termination of this Agreement.

## **2. DEVELOPMENT AND OPERATION**

**2.1** The Project shall consist of the construction of an affordable housing development of at least 61 units in accordance with the requirements of the Low Income Housing Covenant Agreement (the "Covenant") in the form of **Exhibit D** hereto to be recorded at closing and shall be operated in accordance with the PHB Loan documents, including the PHB Regulatory Agreement. County agrees that the Covenant and the term and conditions set forth in Section 2.7 of this Agreement below, shall be subordinate to any mortgage or deed of trust securing financing for the development of the Project and any other regulatory agreements or covenants recorded against the Property for the development of the Project and that County will execute and deliver such subordination and/or priority agreements in form and substance as reasonably required by any Project lenders.

**2.2** County acknowledges that a portion of the financing for the development of the Project will be provided through the allocation of low income housing tax credits (the "Credits") to the Project. To utilize the Credits, the Project will be developed and owned by a limited partnership (the "Partnership") in which the Developer will be involved through Developer's interest in the general partner and in which US Bancorp Community Development Corporation or another third party will serve as the investor limited partner (the "Investor"). Consequently the Developer will enter into a long term ground lease with the Partnership as the lessee, and the Partnership shall be obligated as lessee to develop, own and operate the Project in accordance with this Agreement. The Partnership shall have the option, but not the obligation, to undertake to perform the terms of this Agreement on behalf of the Developer and the County shall accept performance by the Partnership on the same basis as if such action or performance were undertaken directly by Developer.

**2.3** County acknowledges that Developer intends to undertake a lot line adjustment to the Property pursuant to which Lot 1 and the northerly 10 feet of Lot 2 and the northerly 90 feet of Lot 4 shall constitute separate lots which will not be subject to the Covenant. County agrees to cooperate with Developer in pursuing such lot line adjustment. Within 10 days of Developer's request, County will execute and deliver to Developer a partial release of the Covenant releasing the newly created lots from the burden of the Covenant.

**2.4** Developer shall provide County copies of the annual report and affirmative marketing plan required by PHB as described in Sections 2.5 and 2.6 hereof, on the same reporting schedule required by PHB and without County submitting periodic requests for the reports, which shall satisfy the reporting obligations of Developer to County.

**2.5** Developer shall prepare and deliver an annual report for the Project, in accordance with the PHB Regulatory Agreement.

**2.6** Developer shall prepare and deliver the affirmative marketing plan for the Project, in accordance with the PHB Regulatory Agreement.

**2.7** At all times during the Affordability Period, Developer shall provide the following Designated

Units (as defined in the Covenant) in the Project:

60 units for households with incomes at or below 60% of area median family income set at the time of initial occupancy of each Designated Unit, which is the local area median income for Portland, Oregon metropolitan statistical area as calculated in a manner consistent with the determination of median gross income for such area under Section 8 of the United States Housing Act of 1937, as amended (or, if such program is terminated, under such program as is in effect immediately before such termination) (“MFI”);

To the extent the Project receives the 40 Housing Choice Vouchers, the following additional requirements shall apply:

A minimum of thirty (30) units shall be rented to households with incomes at or below 30% of area MFI; and

A minimum of ten (10) units shall be rented to households with incomes at or below 50% of the area MFI.

To the extent of any reduction in the number of Housing Choice Vouchers for the Project, 75% of the number of units for which Housing Choice Vouchers are available shall be rented to households with incomes at or below 30% of the area MFI and 25% of the number of units for which Housing Choice Vouchers are available shall be rented to households with incomes at or below 50% of the area MFI.

At all times during the Affordability Period, the Designated Unit types shall be:

nine (9) 1-bedroom units,  
thirty three (33) 2-bedroom units, and  
eighteen (18) 3-bedroom units.

### 3. ENVIRONMENTAL MATTERS; INDEMNIFICATION

#### 3.1 Definitions. For the purpose of this Agreement:

**3.1.1 “Environmental Laws”** means the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”) 42 U.S.C. § 9601 *et seq.*; the Resource Conservation and Recovery Act of 1976 (“RCRA”) 42 U.S.C. § 6901 *et seq.*; The Oregon Superfund Law, ORS 465.00; The Oregon Hazardous Waste Law, ORS 466; and any other federal, state and local laws, ordinances, rules and regulations relating to the protection or regulation of the environment (“**Environmental Laws**”) that apply to the Property or the Project.

**3.1.2 “Environmental Reports”** means the documents listed on County’s websites for the Surplus Property Process and the NOFA and made available to Developer, which include all information and reports known to County related to the environmental condition and previous environmental remediation of the Property.

**3.1.3 “Hazardous Substances”** means any pollutant, dangerous substance, toxic substance, asbestos, petroleum, petroleum product, hazardous waste, hazardous materials or hazardous substances as defined in or regulated by the Environmental Laws.

**3.2 Developer's Investigations.** Developer has reviewed the Due Diligence Materials and has conducted such Inspections and other investigations of the Property as Developer deems necessary, including, but not limited to, the physical and environmental conditions thereof, and will rely upon same. Developer acknowledges that Developer has had a full opportunity to conduct such investigations of the Property as Developer deems necessary to satisfy itself as to the condition of the Property, including the existence or non-existence or curative action to be taken with respect to any Hazardous Substances on or discharged from the Property, and will rely solely upon same and not upon any information provided by or on behalf of County or its agents or employees with respect thereto. In particular, County makes no warranties or representations that the soil conditions and the physical condition of the Property as measured by the standards of the Environmental Laws ("**Environmental Conditions**") or any other conditions of the Property or structures thereon are suitable for any improvements or particular use. Developer acknowledges that it has not relied on any verbal or written warranties or representations made by County as to the Environmental Conditions or any other conditions of the Property.

**3.3 Environmental Indemnification by Developer.** Subject to the County's obligations under Section 3.4 below, Developer shall be responsible for compliance with all Environmental Laws with respect to Developer's use and development of the Property, including Developer's investigation and remediation, as necessary, of Environmental Conditions prior to or after Closing, and its business and the operation of the Project from and after Closing, including but not limited to compliance with all restrictions, limitations, conditions and obligations imposed by DEQ pursuant to the NFA Letter and E&ES applicable to the Property, as modified and superseded by the Consent Judgment and PPA negotiated and stipulated by and between Developer and DEQ. In addition Developer shall be responsible for all environmental remediation and abatement of all Environmental Conditions on the Property, except for any new Environmental Conditions on the Property either created by County's own activities or by any activities allowed to occur by County (other than Developer's pre-Closing activities on the Property) between the Effective Date and the Closing Date. Developer shall defend (at County's request), indemnify and hold harmless County and its respective employees, officers, agents, successors and assigns (collectively, the "**County Parties**"), from and against all claims, costs, expenses, losses, damages, and liabilities, including, without limitation, reasonable legal, accounting, consulting, engineering and other expenses which may be imposed on or incurred by County or the County Parties, or asserted against County or the County Parties, their successors or assigns, by any other person or entity, including, without limitation, a governmental entity, arising out of or in connection with any violation of Environmental Laws by Developer, Developer's failure to comply with a restriction, limitation, condition or obligation imposed by DEQ pursuant to the NFA Letter and E&ES applicable to the Property, as modified and superseded by the Consent Judgment and PPA with DEQ or Developer's failure to complete any environmental remediation or abatement of Environmental Conditions on the Property, if required by Developer's Consent Judgment and PPA as negotiated with DEQ. The indemnity set forth in this Section 3.3 shall survive the Closing or any termination or expiration of this Agreement.

**3.4 Environmental Indemnification by County.** County shall be responsible for compliance with all Environmental Laws with respect to its own activities or any activities allowed by County to occur on the Property (other than Developer's pre-Closing activities on the Property) between the Effective Date and the Closing Date. Subject to the conditions and limitations of the Oregon Constitution and the Oregon Tort Claims Act, ORS 30.260 through 30.300 as applicable to a "local public body" as defined therein, County shall defend (at Developer's request), indemnify and hold harmless Developer and its employees, officers, agents, successors and assigns (collectively, the "**Developer Parties**"),

from and against all claims, costs, expenses, losses, damages, and liabilities, including, without limitation, reasonable legal, accounting, consulting, engineering and other expenses which may be imposed on or incurred by Developer or the Developer Parties, or asserted against Developer or the Developer Parties, by any other person or entity, including, without limitation, a governmental entity, arising out of or in connection with any violation of Environmental Laws by County or a third party between the Effective Date and the Closing Date, other than Developer or Developer's employees, agents or contractors. The indemnity set forth in this Section 3.4 shall survive the Closing or any termination or expiration of this Agreement.

### **3.5 Indemnity from Liability Claims.**

**3.5.1** Developer shall indemnify, defend (at County's request) and hold harmless County, and its successors and assigns, from and against all claims, costs, expenses (including attorney fees), losses, damages and liabilities whatsoever arising from or in connection with the death of, or injury, loss or damage whatsoever caused to, any person or to the property of any person (a) as occurs in the process of any environmental remediation work, the Project construction work or the performance of Developer's other obligations under this Agreement, except to the extent caused by County or its employees, agents, contractors, subcontractors, licensees, or invitees.

**3.5.2** Subject to the conditions and limitations of Article XI, Section 10 of the Oregon Constitution and the Oregon Tort Claims Act, ORS 30.260 through 30.300, as applicable to local public bodies under ORS 30.272 and public bodies under ORS 30.273, County shall indemnify, defend (at Developer's request) and hold harmless Developer and its successors and assigns, from and against all claims, costs, expenses (including attorney fees), losses, damages and liabilities whatsoever arising from or in connection with the death of, or injury, loss or damage whatsoever caused to, any person or to the property of any person as occurs in the process of the performance of County's obligations under this Agreement, except to the extent caused by Developer or its employees, agents, contractors, subcontractors, licensees, or invitees. The indemnification obligations set forth in this Section shall survive the termination of this Agreement.

**3.6 Contribution.** The foregoing indemnities do not limit any rights of contribution that the Parties may have against others under applicable law or agreement. The indemnities are intended only as an allocation of responsibility between the Parties to this Agreement.

## **4. DEFAULT, REMEDIES & FORCE MAJEURE.**

**4.1 Default Defined.** The following shall be considered an event of default ("Event of Default"):

**4.1.1** Developer's failure to perform or comply with any term, covenant or condition of this Agreement within 30 days after written notice from County; provided, however, in the event such default is not susceptible to being cured within such 30 days, County will allow Developer an additional period of up to 60 additional days to cure such default provided Developer has commenced to cure such default and is diligently and continuously proceeding to cure such default through the end of such additional 60-day period.

**4.1.2** At any time following execution of this Agreement, either Party's failure to comply with its indemnification requirements under this Agreement if such failure to comply continues for 30 days after written notice from the other Party of such failure.

**4.2 Remedies for Events of Default.**

**4.2.1** For an Event of Default under Section 4.1.1, County shall be entitled to terminate this Agreement.

**4.2.2** For an Event of Default under 4.1.2, the non-defaulting Party shall be entitled to recover monetary damages caused by such violation.

**4.3 Force Majeure**

**4.3.1** Neither a Party nor a Party's successor in interest shall be considered in breach of or in default with respect to any obligation created hereunder or progress in respect thereto if the delay in performance of such obligations (the "Unavoidable Delay") is due to causes that are unforeseeable, beyond its control, and without its fault or negligence, including but not limited to acts of God, acts of the public enemy, acts of the government, acts of the other Party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquake, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a Party or others relating to zoning or other governmental action or inaction pertaining to the Project, delay in the issuance of necessary permits for the Project, malicious mischief, condemnation action, delays of litigation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar events and/or occurrences beyond the control of such Party.

**4.3.2** It is the purpose and intent of this provision that, in the event of the occurrence of any such Unavoidable Delay, the time or times for performance of the obligations of County or Developer, as the case may be, shall be extended for the period of the Unavoidable Delay; provided, however, that the Party seeking the benefit of this Section shall, within thirty (30) days after the Party becomes aware of the causes of any such Unavoidable Delay, notify the other Party in writing of the cause or causes of the delay and the estimated time of correction.

**5. RIGHT OF REVERTER**

**5.1** In the event Developer does not close on the PHB Loan on or before December 31, 2020, County shall have the right to require that the Property be transferred back to County pursuant to a bargain and sale deed in the same form as the Deed provided Developer upon the transfer of the Property to Developer under this Agreement, provided however that, in the event such closing does not occur on or before December 31, 2020, as a result of an event described in Section 4.3.1 above, the required date for closing the PHB Loan shall be extended for the period of the Unavoidable Delay. The County will file a Notice of Termination of Reverter upon the closing of Developer's PHB Loan.

**5.2** The transfer of the Property to County under this Section 5 shall be without consideration. Notwithstanding any other provisions herein, the right of reverter shall be subordinate to any mortgage or deed of trust securing predevelopment or development financing for the Project.

## 6. MEMORANDUM OF AGREEMENT

**6.1** County and Developer shall execute and record a Memorandum of this Agreement (the "Memorandum") at Closing, in the Deed Records of Multnomah County, Oregon, immediately following recordation of the Deed and the Covenant. The form of the Memorandum is attached as **Exhibit E** to this Agreement. County shall execute and record a release and termination of the Memorandum upon closing of the PHB Loan, in form and substance as reasonably required by any Project lenders or tax credit investors.

## 7. ASSIGNMENT

**7.1** Because it is a municipal entity, County is uniquely benefited by completion of the Project. Developer is uniquely qualified to develop and operate the Project. Developer shall not partially or wholly dispose of or agree to dispose of Developer's interest in this Agreement unless such assignment is to an affiliate of BRIDGE or Developer or an entity approved by County. County approves the collateral assignment of this Agreement to a third party lender providing construction financing for the Project.

## 8. MISCELLANEOUS PROVISIONS

**8.1 County Project Manager.** For the purposes of making determinations on or revising, where permitted, provisions of this Agreement or extending the Termination Date, on behalf of County, County shall designate a Project Manager. As of the Effective Date, County's Project Manager is Scott Churchill.

**8.2 Discrimination.** Developer, for itself and its successors and assigns, agrees that during the construction of the Project Developer will not discriminate against any employee or applicant for employment because of race, color, religion, age, gender, sexual orientation or national origin.

**8.3 Notices.** Any notice or communication under this Agreement by any Party to the other Party shall be deemed given and delivered (a) forty-eight (48) hours after being dispatched by registered or certified U.S. mail; postage prepaid, return receipt requested, or (b) when received if personally delivered, and:

In the case of a notice or communication to County, addressed as follows:

Multnomah County  
ATTN.: Scott Churchill  
Division of Facilities & Property Management  
401 N Dixon St  
Portland, OR 97227

with a copy to:  
Multnomah County Attorney  
Attn.: Property Group (KME)  
501 SE Hawthorne, Suite 500  
Portland, OR 97214

In the case of a notice or communication to Developer, addressed as follows:

Rebecca Hlebasko  
Port City LLC  
C/o BRIDGE Housing Corporation  
600 California St, Suite 900  
San Francisco, CA

with a copy to:  
U.S. Bancorp Community Development [Investment]  
Corporation [or Fund]  
1307 Washington Avenue, Suite 300  
Mail Code: SL MO RMCD  
St. Louis, MO 63103  
Attn.: Director of LIHTC Asset Management

With a copy to:  
Kutak Rock LLP  
1650 Farnam Street  
Omaha, NE 68102  
Attn: Jill H. Goldstein, Esq.

or addressed in such other way in respect to either Party as that Party may, from time to time, designate in writing dispatched as provided in this Section. Notice given in any other manner shall be effective upon receipt by the Party for whom the same is intended.

**8.4 Merger.** None of the provisions of this Agreement are intended to or shall be merged by reason of the Deed transferring title to the Property from County to Developer or any successor in interest, and any such Deed shall not be deemed to affect or impair the provisions and covenants of this Agreement, but shall be deemed made pursuant to this Agreement.

**8.5 Headings.** Titles of the sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

**8.6 Waivers.** No waiver made by either Party with respect to the performance, or manner or time thereof, of any obligation of the other Party or any condition inuring to its benefit under this Agreement shall be considered a waiver of any other rights of the Party making the waiver. No waiver by County or Developer of any provision of this Agreement or any breach thereof shall be of any force or effect unless in writing; and no such waiver shall be construed to be a continuing waiver.

**8.7 Choice of Law.** This Agreement shall be governed by Oregon law.

**8.8 Legal Purpose.** Developer agrees that it shall use the Property solely for lawful purposes in accordance with the Regulatory Agreement, this Agreement, and the Covenant.

**8.9 Severability.** If any clause, sentence or any other portion of the terms and conditions of this Agreement becomes illegal, null or void for any reason, the remaining portions will remain in full force and effect to the fullest extent permitted by law.

**8.10 Entire Agreement.** This Agreement and the attachments hereto are the entire agreement between the Parties with regard to this subject matter. The recitals are incorporated into the agreement

of the Parties as if a part thereof. There is no other oral or written agreement between the Parties with regard to this subject matter. There are no oral or written representations made by either Party, implied or express, other than those contained in this Agreement.

**8.11 Amendments and Modifications.** Any amendments or modifications to this Agreement shall be approved by both of the Parties, made in writing, executed by both of the Parties, and a Memorandum thereof recorded in the Multnomah County Official Records, in accordance with Section 6.1 hereof.

**8.12 Successors and Assigns.** The benefits conferred by this Agreement, and the obligations assumed thereunder, shall inure to the benefit of and bind the successors and assigns of the Parties.

**8.13 Place of Enforcement.** 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 United States District Court for the District of Oregon in Portland, Oregon.

**8.14 No Partnership.** Nothing contained in this Agreement or any acts of the Parties hereto shall be deemed or construed by the Parties, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or any association between the Parties.

**8.15 Counterparts.** This Agreement may be executed in two or more counterparts, all of which shall constitute one agreement, binding on the Parties hereto, even though the Parties have not signed the same counterpart.

**8.16 Investor.** County agrees to give the Investor a copy of any written notice (at the Investor's address set forth above) that it gives to Developer pursuant to this Agreement. County will allow the Investor thirty (30) days after giving the Investor notice to cure any default under this Agreement; provided however that, in the event a default is not susceptible to being cured within such thirty (30) days, County will allow the Investor an additional period of up to ninety (90) days to cure such default provided the Investor has commenced to cure such default and is diligently and continuously proceeding to cure such default through the end of such ninety (90) day period. If the Investor makes any attempted cure of a default, County will accept or reject such action as curing such default on the same basis as if such payment or cure were made directly by Developer.

*[Signatures on Following Page.]*

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

**COUNTY:**

**MULTNOMAH COUNTY,**  
a political subdivision of the State of Oregon

By: \_\_\_\_\_  
Deborah Kafoury, Chair

Reviewed and approved:  
JENNY M. MADKOUR, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY

By: \_\_\_\_\_  
Kenneth M. Elliott  
Assistant County Attorney

**DEVELOPER:**

**PORT CITY LLC, an Oregon limited liability company**

**BY: BRIDGE HOUSING CORPORATION,**  
a California corporation, its Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBITS AND SCHEDULES

<b>Exhibit A</b>	Legal Description of the Property
<b>Exhibit B</b>	Bargain & Sale Deed
<b>Exhibit C</b>	Permitted Encumbrances
<b>Exhibit D</b>	Covenant
<b>Exhibit E</b>	Form of Memorandum of Agreement

## EXHIBIT A

### Legal Description of the Property

#### PARCEL I:

The West 85 feet of Lots 25 and 26, and the South 10 feet of the West 85 feet of Lot 24, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

#### PARCEL II:

That part of Lots 24, 25 and 26, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon, described as follows, to wit:

Beginning at the Southeast corner of said Lot 26, and thence running Northerly along the East lines of said Lots, 110 feet; thence Westerly and parallel with the South line of said Lot 24, a distance of 40 feet; thence Southerly and parallel with the East lines of said Lots, 110 feet to the South line of said Lot 26; and thence Easterly 40 feet to the place of beginning.

#### PARCEL III:

Lot 23, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

#### PARCEL IV:

Lot 3, Block 24, and the North 40 feet of Lot 24, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

#### PARCEL V:

The West 70 feet of Lot 1, and the North 17 feet of the West 70 feet of Lot 2, Block 24, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

#### PARCEL VI:

The East 30 feet of the West 100 feet of Lots 1 and 2, Block 24, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

#### PARCEL VII:

The South 33 feet of the West 70 feet of Lot 2, Block 24, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

#### PARCEL VIII:

Lot 4, Block 24, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

**Exhibit B**  
**Bargain & Sale Deed**

DRAFT 10.22.18

After recording return to:  
Multnomah County Attorney  
ATTN.: Property Group (KME)  
501 SE Hawthorne, Suite 500  
Portland, Oregon 97214

Until a change is requested,  
send tax statements to:  
Port City LLC  
C/O BRIDGE Housing Corporation  
600 California St,  
Suite 900  
San Francisco, CA

**STATUTORY BARGAIN AND SALE DEED**

**MULTNOMAH COUNTY**, a political subdivision of the State of Oregon, **Grantor**, conveys to **PORT CITY LLC**, an Oregon limited liability company, **Grantee**, the real property described in **Exhibit A**, attached hereto and incorporated by reference, located in the City of Portland, County of Multnomah, State of Oregon (the **"Property"**).

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301, AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301, AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

The true consideration for this conveyance is Zero Dollars (\$0) but consists of other valuable consideration promised or given by Grantee to Grantor, which is the whole consideration.

The Tax Account Number for the Property is R102374, CODE AREA 710.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2019.

GRANTOR:

MULTNOMAH COUNTY,  
a political subdivision of the State of Oregon

By: \_\_\_\_\_  
Name: Deborah Kafoury  
Title: Chair

STATE OF OREGON            )  
  ) ss.  
County of Multnomah        )

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2019, by **Deborah Kafoury**, as the **Chair** of **Multnomah County**, a political subdivision of the State of Oregon, on behalf of Multnomah County.

\_\_\_\_\_  
Notary Public – State of Oregon  
My commission expires: \_\_\_\_\_

**Exhibit C**  
**Permitted Encumbrances**

1. General and special taxes and assessments for the fiscal year 2018-2019, a lien not yet due or payable.
2. Conditions and Restrictions contained in Planning and Zoning Code Variance No. VZ 202-69, Recorded: October 17, 1969 in Book 702, Page 1539.  
(Affects Parcels I, II and IV)
3. Conditions and Restrictions contained in Planning and Zoning Code Variance No. VZ 16-70, Recorded: February 20, 1970 in Book 720, Page 672.  
(Affects Parcels I, II and IV)
4. Conditions and Restrictions contained in Planning and Zoning Code Variance No. VZ 97-70, Recorded: June 2, 1970 in Book 735, Page 1748.  
(Affects Parcels I, II and IV)
5. Conditions and Restrictions contained in City of Portland Ordinance No. 134407, Recorded: April 26, 1972 in Book 853, Page 369.  
(Affects Parcel III)
6. Conditions and Restrictions contained in City of Portland Ordinance No. 148384, Recorded: September 14, 1979 in Book 1382, Page 2665.  
(Affects Parcels III and VIII)
7. The terms and provisions contained in the document entitled "Environmental Notice"  
Regarding: Environmental soil contamination  
Between: State of Oregon Department of Environmental Quality (DEQ)  
And: Chad Hindman  
Recorded: January 14, 1998, as Fee No. 98005402 of Official Records.  
(Affects Parcel IV)
8. The terms and provisions contained in the document entitled "Prospective Purchaser Agreement"  
Regarding: Soil contamination by hazardous substances  
Between: Oregon Department of Environmental Quality (DEQ)  
And: Port City Development Center  
Recorded October 8, 1998, as Recording No. 98181538 of Official Records.
9. Conditions and Restrictions, established by City of Portland in Land Use Review File No. LUR99-00322 CU DZ AD  
Recorded October 11, 1999, as Recording No. 99188651 of Official Records.
10. The terms, provisions and easement(s) contained in the document entitled "Easement and Equitable Servitude"  
Regarding: Site maintenance, hazard notification, soil management, and easement (right of entry) for DEQ inspections

Between: Port City Development Center, Grantor  
And: Oregon Department of Environmental Quality (DEQ), Grantee  
Recorded May 24, 2005, as Recording No. 2005-093250 of Official Records.  
(Affects Parcels I and II)

11. The Property lies within the Interstate Corridor, PPSD & PCC Urban Renewal Area and is subject to the terms and provisions thereof.
12. Conditions and Restrictions, including the terms and provisions thereof, established by City of Portland Notice of a Type I Decision:  
Ordinance No. : LU 11-103813 HDZ - New Steel Canopy with Signage  
Recorded : March 15, 2012  
Recording No(s) : 2012-030777  
(Affects Parcel V)
13. Conditions and Restrictions, including the terms and provisions thereof, established by City of Portland:  
Ordinance No. : LU 17-249603 CU AD  
Recorded : May 17, 2018  
Recording No(s) : 2018-052420
14. A license or similar agreement with respect to the encroachments onto the Property of fences, walls and other improvements accessory to residential dwellings located at 20 NE Thompson Street and 30 NE Thompson Street and the Yellow Diamond Condominium, located at 35 NE Tillamook Street, along the northerly and easterly boundaries of the Property.

**Exhibit D**

**Covenant**

After recording return to:  
Multnomah County Attorney  
ATTN.: Property Group (KME)  
501 SE Hawthorne, Suite 500  
Portland, Oregon 97214

## LOW INCOME HOUSING COVENANT AGREEMENT

This Low Income Housing Covenant Agreement (the “**Covenant**”) is made by **Port City LLC**, an Oregon limited liability company (“**Grantor**”) and is part of the consideration for the conveyance of the real property provided by **Multnomah County**, a political subdivision of the State of Oregon (“**County**”), to Grantor legally described as:

**PARCEL I:**

The West 85 feet of Lots 25 and 26, and the South 10 feet of the West 85 feet of Lot 24, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

**PARCEL II:**

That part of Lots 24, 25 and 26, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon, described as follows, to wit:

Beginning at the Southeast corner of said Lot 26, and thence running Northerly along the East lines of said Lots, 110 feet; thence Westerly and parallel with the South line of said Lot 24, a distance of 40 feet; thence Southerly and parallel with the East lines of said Lots, 110 feet to the South line of said Lot 26; and thence Easterly 40 feet to the place of beginning.

**PARCEL III:**

Lot 23, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

**PARCEL IV:**

Lot 3, Block 24, and the North 40 feet of Lot 24, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

**PARCEL V:**

The West 70 feet of Lot 1, and the North 17 feet of the West 70 feet of Lot 2, Block 24, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

**PARCEL VI:**

The East 30 feet of the West 100 feet of Lots 1 and 2, Block 24, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

**PARCEL VII:**

The South 33 feet of the West 70 feet of Lot 2, Block 24, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

**PARCEL VIII:**

Lot 4, Block 24, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.  
(the “**Property**”).

This Covenant will be filed and recorded in the Official Records of Multnomah County, Oregon immediately after County's Deed conveying the Property to Grantor and shall constitute a restriction upon the use of the Property described herein, subject to and in accordance with the terms of this Covenant, for thirty (30) years beginning January 1, 2021 and ending December 31, 2051 (the "Affordability Period").

The covenants contained herein are to be taken and construed as covenants running with the land and shall pass to and be binding upon Grantor, its successors and assigns, heirs, grantees, or lessees of the Property and, unless earlier terminated hereunder, shall terminate ending December 31, 2051. Each and every contract, deed or other instrument covering or conveying the Property, or any portion thereof, shall be conclusively held to have been executed, delivered and accepted subject to such covenants, regardless of whether such covenants are set forth in such contract, deed, or other instruments.

NOW, THEREFORE, it is hereby covenanted, for the thirty (30) years commencing January 1, 2021 and terminating December 31, 2051, as follows:

At all times during the Affordability Period, Developer shall provide the following sixty units (the "Designated Units") in the Project:

60 units for households with incomes at or below 60% of area median family income set at the time of initial occupancy of each Designated Unit, which is the local area median income for Portland, Oregon metropolitan statistical area as calculated in a manner consistent with the determination of median gross income for such area under Section 8 of the United States Housing Act of 1937, as amended (or, if such program is terminated, under such program as is in effect immediately before such termination) ("MFI").

To the extent the Project receives the forty (40) HUD Section 8 Housing Choice Vouchers, the following additional requirements shall apply:

A minimum of thirty (30) units shall be rented to households with incomes at or below 30% of area MFI; and

A minimum of ten (10) units shall be rented to households with incomes at or below 50% of the area MFI.

To the extent of any reduction in the number of Housing Choice Vouchers for the Project, 75% of the number of units for which Housing Choice Vouchers are available shall be rented to households with incomes at or below 30% of the area MFI and 25% of the number of units for which Housing Choice Vouchers are available shall be rented to households with incomes at or below 50% of the area MFI.

At all times during the Affordability Period, the Designated Unit types shall be:

nine (9) 1-bedroom units,  
thirty three (33) 2-bedroom units, and  
eighteen (18) 3-bedroom units.

Grantor and any subsequent owners of the Property shall only rent the Designated Units to Eligible Residents and who shall occupy the Designated Units as their primary residence.

2. Grantor will provide safe and sanitary housing, and will comply with all State and local housing codes, licensing requirements, and other requirements regarding the condition of the structure and the operation of the project in the jurisdiction in which the housing is located.

3. In the event the Property is acquired by foreclosure or deed in lieu of foreclosure the restrictive covenants contained herein shall terminate, provided, however, that the restrictive covenants contained in this Covenant will be reinstated if, at any time during the Affordability Period subsequent to the early termination of this Covenant as the result of a foreclosure or deed in lieu of foreclosure, any person or entity that was an obligor under this Covenant prior to such early termination event, including Grantor, the Partnership (as defined below), the Investor (as defined below), or any related person of any of them (within the meaning of Internal Revenue Code Section 42) obtains an ownership interest in the Property.

4. Grantor will keep any records and make any reports relating to compliance with this Covenant that County may reasonably require.

5. **DEFAULT:** If a violation of this Covenant occurs, County (or its successor agency) may, after thirty (30) days' notice and opportunity to cure the violation which cure may be effected by Grantor, the Partnership (as defined below) and the Investor (as defined below), institute and prosecute any proceeding at law or equity to abate, prevent, or enjoin any such violation or to compel specific performance by Grantor of its obligations hereunder; provided that Grantor shall not be required by any provision herein to evict a residential tenant and further provided that, in the event such default is not susceptible to being cured within such 30 days, County will allow Grantor an additional period of up to 60 additional days to cure such default, provided Grantor has commenced to cure such default and is diligently and continuously proceeding to cure such default through the end of such additional 60-day period. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage, or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

6. County acknowledges that a portion of the financing for the development of the Project will be provided through the allocation of low income housing tax credits (the "**Credits**") to the Project. To utilize the Credits, the Project will be developed and owned by a limited partnership (the "**Partnership**") in which U.S. Bancorp Community Development Corporation or another third party will serve as the investor limited partner (the "**Investor**"). Consequently, Grantor has entered or will enter into a long term ground lease with the Partnership as the lessee, and the Partnership shall develop, own and operate the Project. The Partnership shall have the option, but not the obligation, to undertake to perform the terms of this Agreement on behalf of Grantor, and County shall accept performance by the Partnership on the same basis as if such action or performance were undertaken directly by Developer.

***[SIGNATURE PAGE(S) TO FOLLOW]***



**COUNTY:**  
**MULTNOMAH COUNTY,**  
a political subdivision of the State of Oregon

By: \_\_\_\_\_  
Name: Deborah Kafoury  
Title: Chair

STATE OF OREGON            )  
  ) ss.  
County of Multnomah        )

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2019, by **Deborah Kafoury**, as the **Chair** of **Multnomah County**, a political subdivision of the State of Oregon, on behalf of Multnomah County.

\_\_\_\_\_  
Notary Public – State of Oregon  
My commission expires: \_\_\_\_\_

**Exhibit E**  
**Form of Memorandum of Agreement**





## EXHIBIT A

### LEGAL DESCRIPTION OF THE PROPERTY

**PARCEL I:**

The West 85 feet of Lots 25 and 26, and the South 10 feet of the West 85 feet of Lot 24, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

**PARCEL II:**

That part of Lots 24, 25 and 26, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon, described as follows, to wit:

Beginning at the Southeast corner of said Lot 26, and thence running Northerly along the East lines of said Lots, 110 feet; thence Westerly and parallel with the South line of said Lot 24, a distance of 40 feet; thence Southerly and parallel with the East lines of said Lots, 110 feet to the South line of said Lot 26; and thence Easterly 40 feet to the place of beginning.

**PARCEL III:**

Lot 23, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon.

**PARCEL IV:**

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