



City of Oregon City

625 Center Street
Oregon City, OR 97045
503-657-0891

Meeting Agenda Urban Renewal Commission

Wednesday, December 18, 2013

5:15 PM

Commission Chambers

5:00 PM - Executive Session of the Urban Renewal Commission

a. Pursuant to ORS 192.660(2)(e): To conduct deliberations with persons designated by the governing body to negotiate real property transactions.

1. Convene Regular Meeting and take Roll Call

2. Citizen Comments

3. Adoption of the Agenda

4. General Business

4a. [13-683](#) Disposition and Development Agreement for The Cove Project

Sponsors: Economic Development Manager Eric Underwood

Attachments: [Staff Report](#)

[DDA](#)

[Exhibit A - Master Plan](#)

[Exhibit B - Plat Map](#)

[Exhibit B-1 - Property Matrix](#)

4b. [13-685](#) Minutes of the December 4, 2013 Regular Meeting

Sponsors: City Recorder Nancy Ide

Attachments: [Minutes of 12/04/2013](#)

5. Future Agenda Items

6. City Manager's Report

7. Adjournment

Citizen Comments: The following guidelines are given for citizens presenting information or raising issues relevant to the City but not listed on the agenda.

- Complete a Comment Card prior to the meeting and submit it to the staff member.
- When the Chair calls your name, proceed to the speaker table and state your name and city of residence into the microphone.
- Each speaker is given 3 minutes to speak. To assist in tracking your speaking time, refer to the timer at the dais.
- As a general practice, Oregon City Officers do not engage in discussion with those making

comments.

Agenda Posted at City Hall, Pioneer Community Center, Library, and City Web site(oregon-city.legistar.com).

Video Streaming & Broadcasts: The meeting is streamed live on Oregon City's Web site at www.orcity.org and is available on demand following the meeting.

ADA: City Hall is wheelchair accessible with entry ramps and handicapped parking located on the east side of the building. Hearing devices may be requested from the City staff member prior to the meeting. Disabled individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-657-0891.



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Staff Report

File Number: 13-683

Agenda Date: 12/18/2013

Status: Agenda Ready

To: Urban Renewal Commission

Agenda #: 4a.

From: Economic Development Manager Eric Underwood

File Type: Report

SUBJECT:

Disposition and Development Agreement for The Cove Project

RECOMMENDED ACTION (Motion):

Staff recommends that the Oregon City Urban Renewal Commission (URC) enter into a disposition and development agreement (DDA) with Clackamette Cove, LLC (CCLLC) for The Clackamette Cove project.

BACKGROUND:

The Clackamette Cove project area consists of approximately 89.59 acres, which includes an approximate 53-acre man-made lake that is connected to the Clackamas River. The URC owns approximately 76.04 acres of that area, CCLLC has the right to acquire 11.05 privately-owned acres within that area and Tri-City County Service District owns approximately 2.5 acres of that area. All of which are collectively the "Project Site."

CCLLC is proposing a multi-phased mixed-use project on the site, as described above, which is located at the northern-most end of Main Street in Oregon City directly behind the Oregon City Shopping Center. The Project Site is substantially undeveloped, produces no employment and produces few taxes. The Project Site has very limited public access and is of poor habitat quality with excessive slopes bordering the lake and with non-native plants. It is subject to flooding, as evidenced by the 1996 flood event that covered most of the Project Site. The area cannot be developed without substantial engineered fill, infrastructure and other site improvements. The URC has determined that the Project Site is blighted based upon the Downtown North End Urban Renewal Plan. The Project Site is within the Downtown North End Urban Renewal District.

The 89.59-acre project area cannot be developed without a substantial public investment. The costs involved in making the Project Site suitable for development are too great to be incurred solely by a privately financed development. The extraordinary costs that require a substantial public investment are based upon the following: the Project Site needs very significant fill in order to bring the site above the 100-year flood level, the slopes adjacent to the lake must be regraded, prior fills in the Project Site need to be excavated and re-filled with engineered fill, buried construction debris needs to be excavated and re-filled, topsoil needs to be imported, retaining walls need to be built in order to stabilize regraded slopes, power lines and poles need to be relocated to construct Agnes Street and steel piles along the lake's shoreline need to be removed or retrofitted for another use. In addition, the Project Site lacks

the infrastructure necessary for a quality mixed-use development.

CCLLC proposes that the project will be constructed in four (4) to five (5) phases, which are briefly described below (Please reference the attached DDA for detailed information on construction phases):

Phase 1 - Approximately 244 garden apartment units; construction of an office use; construction of a recreation building; construction of transportation and parks infrastructure

Phase 2 - Approximately 195 waterfront apartment units; construction of office space; construction of potential restaurant space; construction of transportation and parks infrastructure work to include a park and an esplanade pathway

Phase 3 - Construction of a mixed-use building; construction of transportation infrastructure

Phase 4 - Construction of an office building and parking lot

Phase 5 - Construction of parks infrastructure to include a water sports center and marinas

This project will stimulate the local economy by adding a number of immediate construction jobs, enhancing the mix of area uses and adding new residents who are likely to become consumers of goods and services within the immediate area which favors local businesses.

Public investments to mitigate the substantial costs of correcting the Project Site defects will include a financial contribution of \$745,000 for infrastructure work from urban renewal funds (half of the amount will be paid upon completion of Phase 1 and the remaining half is to be paid upon completion of Phase 2), an opportunity to take advantage of the Vertical Housing Development Zone tax exemption program and concessions on the land transfer once the preconditions of the DDA are met by the developer. The Phase 1 preconditions must be satisfied or waived by August 15, 2014 to avoid termination of the agreement.

The Cove Disposition and Development Agreement with exhibits is attached.

BUDGET IMPACT:

Amount: \$745,000

FY(s): 2014 - 2018

Funding Source: Urban Renewal



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The 89.59-acre project area cannot be developed without a substantial public investment. The costs involved in making the Project Site suitable for development are too great to be incurred solely by a privately financed development. The extraordinary costs that require a substantial public investment are based upon the following: the Project Site needs very significant fill in order to bring the site above the 100-year flood level, the slopes adjacent to the lake must be regraded, prior fills in the Project Site need to be excavated and re-filled with engineered fill, buried construction debris needs to be excavated and re-filled, topsoil needs to be imported, retaining walls need to be built in order to stabilize regraded slopes, power lines and poles need to be relocated to construct Agnes Street and steel piles along the lake's shoreline need to be removed or retrofitted for another use. In addition, the Project Site lacks

the infrastructure necessary for a quality mixed-use development.

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The Cove Disposition and Development Agreement with exhibits is attached.

BUDGET IMPACT:

Amount: \$745,000

FY(s): 2014 - 2018

Funding Source: Urban Renewal

**DISPOSITION AND DEVELOPMENT AGREEMENT
FOR THE COVE**

DATED: December ____, 2013

BETWEEN: URBAN RENEWAL COMMISSION OF
THE CITY OF OREGON CITY
PO Box 3040
Oregon City, OR (the "Commission")

AND: CLACKAMETTE COVE LLC, ("CCLLC")
an Oregon limited liability company

The Clackamette Cove project area consists of approximately 89.59 acres which includes an approximately 53-acre man-made lake that is connected to the Clackamas River. The Commission owns approximately 76.04 acres of that area (the "Commission Property"), CCLLC has the right to acquire 11.05 acres (the "Apartment Site"), and Tri-City County Service District owns an approximately 2.5-acre parcel (the "Tri-City Parcel"). The Commission Property, the Apartment Site and the Tri-City Parcel are collectively the "Project Site."

The Project Site is substantially undeveloped, produces no employment (after the closure of the former Glacier Northwest plant) and produces few taxes. The Project Site has very limited public access and is of poor habitat quality, with excessive slopes bordering the lake and with non-native plants, and is subject to flooding, as evidenced by the 1996 flood which covered most of the Project Site. The area cannot be developed without substantial engineered fill, infrastructure and other site improvements. The Commission has determined that the Project Site is blighted, based upon the Downtown North End Urban Renewal Plan. The Project Site is within the Downtown North End Urban Renewal Area.

The 89.59-acre project area cannot be developed without a substantial public investment. The costs involved in making the Project Site suitable for development are too great to be incurred by a privately financed development. The extraordinary costs that

require a substantial public investment are based upon the following: the Project Site needs very significant fill in order to bring the site above the 100-year flood level, the slopes adjacent to the lake must be regraded, prior fills in the Project Site need to be excavated and re-filled with engineered fill, buried construction debris needs to be excavated and re-filled, topsoil needs to be imported, retaining walls need to be built in order to stabilize regraded slopes, power lines and poles need to be relocated to construct Agnes Street, and steel piles along the lake's shoreline need to be removed or retrofitted for another use. In addition, the Project Site lacks the infrastructure (streets, utilities and public amenities) necessary for a quality mixed-use development.

In 2008, an appraisal of the Project Site (excluding the Tri-City Parcel) was performed, at the request of the Commission, by PGP Valuation, Inc. That appraisal covered a total of 31.39 acres of the Project Site's developable land, consisting of 24.72 acres of building area and 6.67 acres of open space. The assumed development consisted of 244 waterfront condominium units, a commercial plaza with restaurants and office space, and a medical office building. Because of the condition of the Project Site and the absence of needed infrastructure, the appraisal determined that the Project Site had a negative value of \$12,070,000. A subsequent 2012 appraisal performed by Colliers International appraised the waterfront land (7.8 acres) owned by the Commission (for multi-family residential) and the Tri-City Parcel (2.5 acres) (for parking for an adjacent proposed office building), and concluded that the Commission property had a fair re-use value of \$2,750,000 but only on the assumption that all deficiencies in the land (noted above) were remedied, and all necessary infrastructure was in place. The cost of preparing the land for development and building the necessary infrastructure has been estimated to be \$7,000,000 or more.

The Commission desires to see the Project Site developed pursuant to the Downtown North End Urban Renewal Plan. The public benefits from development include:

turning a blighted, abandoned industrial area into an attractive mixed-use development; a substantial increase in property taxes (after any applicable tax abatement); significant construction and permanent employment; and numerous on-site public amenities. The Commission agrees that the Project Site cannot be developed without substantial public investment so as to overcome the development challenges inherent in the area described above.

The Commission and CCLLC entered into that Disposition and Development Agreement for The Cove dated September 2, 2009 (the "Original DDA"). The Original DDA contemplated a specific 9-phase development plan proposed by CCLLC to be built primarily on the Commission Property and the Apartment Site and a substantial investment of funds by the Commission, subject to numerous pre-conditions. Further, the Original DDA contemplated two disbursements of public funds, each preceded by a contingency period during which CCLLC would have to satisfy numerous pre-conditions.

CCLLC satisfied the pre-conditions in Contingency Period One set forth in the Original DDA. As a result, the Commission and CCLLC closed the first disbursement of Commission funds in January 2010. Through that funding the Commission: (i) acquired that approximately 1.81 acres of land described in the Original DDA as the "Glacier Parcel" at a cost of \$500,000; (ii) acquired that approximately 1.62 acres of land described in the Original DDA as the "Parker Phase 2" property at a cost of \$1,323,000; and (iii) obtained a UCC security interest in all of CCLLC's work product for the development described in the Original DDA at a cost of \$1,176,799 (the "Work Product").

The original DDA also contemplated a second and final disbursement of Commission funds in an amount not to exceed \$7,000,000.00, subject to CCLLC satisfying numerous pre-conditions as set forth in the Original DDA by April 15, 2010. These Commission funds were to be used to cause certain construction work to be performed on

the Project Site, which work was described as the Phase 1 and Phase 2 Work in the Original DDA. CCLLC did not satisfy those pre-conditions by April 15, 2010 and the Commission extended that deadline to July 15, 2010. CCLLC did not satisfy those pre-conditions by July 15, 2010.

As a result of CCLLC not satisfying those pre-conditions, the Commission and CCLLC entered into that Conditional Reinstatement Agreement dated October 20, 2010 which (i) terminated the Original DDA, (ii) set forth certain unsatisfied pre-conditions, (iii) gave CCLLC until October 1, 2011 the opportunity to satisfy those pre-conditions, and (iv) required that CCLLC deliver its entire Work Product for the project contemplated in the Original DDA to the Commission. If CCLLC satisfied the identified pre-conditions by October 1, 2011, the Commission agreed to reinstate the Original DDA and to allow CCLLC to use the Work Product to construct the project contemplated in the Original DDA. In fact, CCLLC did not satisfy those identified pre-conditions by October 1, 2011 and the Original DDA remained terminated.

CCLLC has proposed a revised development plan to the Commission which is set forth in attached Exhibit A (the "2013 Master Plan"). The 2013 Master Plan provides for a four (4) -five (5) phase development of the Project Site. Each phase as described below is a "Phase." CCLLC proposes to build some or all of the below-described Phases pursuant to the terms of this Agreement. The private development and infrastructure work for each Phase is as follows:

Phase 1

Private Development: Approximately 244 garden apartment including approximately 8,000 square feet of office use and a recreation building of approximately 3,000 square feet, all to be built on Lot 2 (the "Garden Apartments").

Transportation Infrastructure Work: Improvements on a portion of Main Street adjacent to Lot 2 and a roundabout at the intersection of Main Street and Agnes Street.

Parks Infrastructure Work: Soil removal and grading for North Park and amphitheatre on Tract D, trail head parking and monument sign on Tract A and a path connecting the trailhead parking on Tract A to the sidewalk on Main Street fronting Lot 1 down to Agnes Street.

The Phase 1 Transportation Infrastructure Work and the Phase 1 Parks Infrastructure Work are collectively the "Phase 1 Infrastructure Work."

Phase 2

Private Development: Approximately 195 waterfront apartment units, including approximately 11,000 square feet of office use on Lots 3, 4, 6 and 7; potential restaurant space of approximately 1,800 square feet on each of Lots 4 and 6; approximately 1,800 square feet of leasing office on Lot 7; approximately 1,800 square feet of exercise area on Lot 7; and a swimming pool and spa on Lot 7 (the "Waterfront Units").

Transportation Infrastructure Work: Construction of Agnes Street to City of Oregon City standards.

Parks Infrastructure Work: Construction of the Esplanade path and landscaping on Tract C; construction of North Park and an amphitheatre, including paths and landscaping, a parking lot on Tract D; development of a hiking path on the north peninsula; and a temporary trail.

The Phase 2 Transportation Infrastructure Work and the Phase 2 Parks Infrastructure Work are collectively the "Phase 2 Infrastructure Work."

Phase 3

Private Development: A mixed-use building on Lot 1 consisting of approximately 57,000 square feet of space with parking below the building (the "Mixed-Use Building").

Transportation Infrastructure Work: Construction of Main Street along the frontage of Lot 1 to City of Oregon City standards.

The Phase 3 Transportation Infrastructure Work is the "Phase 3 Infrastructure Work."

Phase 4

Private Development: An office building of approximately 65,000 to 80,000 square feet on Lot 5 (the "Office Building"), with a surface parking lot of approximately 272 stalls on the Tri-City Parcel, of which approximately 50 stalls shall be for public parking.

Phase 5

Parks Infrastructure Work: An in-water sports center (the "Water Sports Center") and marinas ("Marinas").

NOW THEREFORE, in consideration of the mutual promises of the parties set forth in this Disposition and Development Agreement for the Cove (the "Agreement"), and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

SECTION 1 TERM

The term of this Agreement commences on the Effective Date (defined in Section 17.2) and continues thereafter until terminated pursuant to any other provision of this Agreement that allows a termination.

SECTION 2 PROJECT SITE

The overall Project Site is shown in attached Exhibit B, and attached as Exhibit B-1 is a matrix showing the current ownership of the parcels and tracts included in the Project Site. The Project Site consists of the following parcels:

2.1 CCLLC Parcel

That approximately 11.05-acre parcel of land described on Exhibit B as Lot 2 (the "CCLLC Parcel"). The CCLLC Parcel is owned by Woodley Properties, Inc; however, CCLLC has the right to acquire the CCLLC Parcel pursuant to that Purchase and Sale Agreement between Woodley Properties, Inc. and CCLLC dated April 3, 2013.

2.2 Commission Parcel

That approximately 76.04-acre parcel owned by the Commission and described as Lots 1, 3, 4, 5, 6 and 7 and Tracts A, B, C, D and E on attached Exhibit B (the "Commission Property").

2.3 Tri-City Property

That approximately 2.50 acre parcel of land described on Exhibit B as Tract F, which is owned by Tri-City County Service District (the "Tri-City Parcel").

SECTION 3 PROJECT CONSTRUCTION

3.1 Phase 1 Construction Obligation

In the event that all pre-conditions to the parties' obligations set forth in Sections 14.2 and 14.3 have been satisfied or waived, CCLLC shall be obligated to construct all components of Phase 1, and CCLLC agrees to commence construction of Phase 1 within ninety (90) days after all pre-conditions in Sections 14.2 and 14.3 have been satisfied or waived. Once CCLLC has Commenced Construction of Phase 1, CCLLC agrees to diligently pursue the construction of Phase 1 to Completion of Construction within twenty-four (24) months after the commencement of construction, subject only to Excused Delay (defined in Section 17.1). "Commence Construction" or "Commencement of Construction" means that CCLLC has commenced grading and excavation of the land involved in a given Phase, and that a construction loan mortgage or trust deed has been recorded against the land involved in that Phase. With respect to each Phase, "Completion of Construction" means that certificates of occupancy have been issued for the Private Development included in that Phase, and the City of Oregon City (the "City") has determined that any Infrastructure Work included in that Phase has been completed.

3.2 Phase 1 Infrastructure Work

3.2.1 In order to enable CCLLC to construct the Phase 1 Infrastructure Work on property that is owned by the Commission and described on Exhibit B-1, the Commission agrees to enter into a form of Construction Easement Agreement, to be agreed upon by the parties, each in their reasonable judgment, which will provide CCLLC adequate access to such property so that CCLLC may construct the Phase 1 Infrastructure Work (a "Construction Easement Agreement"). The Construction Easement Agreement shall provide that the property will not be subject to the lien of CCLLC's construction loan or any other lien or encumbrance arising from CCLLC's construction of the Phase 1 Infrastructure Work.

3.2.2 As a precondition to CCLLC's right to have access to the Commission's property referred to in Section 3.2.1, CCLLC must post a bond or other form of surety in the contractor's estimated cost of constructing the Phase 1 Infrastructure Work plus 20% (a "Completion Bond"). The Completion Bond shall name the Commission as the beneficiary or indemnitee under the Completion Bond, must be from a surety reasonably acceptable to the Commission and must be in a commercially reasonable form.

3.2.3 Earthwork. Part of the Phase 1 Infrastructure Work, the Phase 2 Infrastructure Work and the Phase 3 Infrastructure Work, involves substantial earthwork consisting of moving dirt from certain portions of the Project Site to other portions so as to raise the developable portions of the Project Site above the 100-year flood plain. CCLLC agrees to provide the Commission with an "Earthwork Plan" within thirty (30) days of the Effective Date which shall contain the following elements: (i) a Project Site map showing the areas from which dirt will be removed and the approximate quantities of dirt to be removed; (ii) a Project Site map showing the areas in which the relocated dirt will be filled; (iii) a timeframe showing when the earthwork will be performed; (iv) a plan describing how the Project Site will be secured from erosion from rainwater until the development of

improvements has commenced on each of Phases 1, 2 and 3; (v) a proposed form of security (such as a completion bond) assuring the Commission that, once the earthwork has been commenced, it will be completed based on the timeframe in subsection (iii); and (vi) in the event CCLLC elects to remove dirt from the Tri-City Parcel, then an agreement with the Tri-City County Service District agreeing to allow removal of dirt from the Tri-City Parcel as part of the overall earthwork to be performed on the Project Site. The Earthwork Plan must comply with the balanced cut and fill provisions of the Municipal Code of the City of Oregon City.

3.3 Phase 2 Construction Option

In the event that CCLLC has commenced construction of Phase 1 when and as required by this Agreement, and all preconditions set forth in Sections 14.2 and 14.4 have been satisfied, CCLLC shall have the option, but not the obligation, to construct Phase 2. CCLLC shall be entitled to exercise its option to construct Phase 2 at any time during the construction of Phase 1 until one hundred twenty (120) days after the Completion of Construction of Phase 1 (the "Option Period"). In order to exercise this option, CCLLC must give written notice to the Commission during the Option Period, committing to construct Phase 2, as and when required by this Agreement, CCLLC must exercise the option set forth in Section 13.2 to acquire Lots 3, 4, 6 and 7, and must satisfy the requirements of Section 12 with respect to the construction and permanent financing of Phase 2. If CCLLC does not exercise the above option by complying with the above requirements during the Option Period, then the Commission may terminate this Agreement by written notice to CCLLC, which notice shall be effective twenty (20) days after delivery.

3.4 Phase 2 Construction Obligation

In the event that CCLLC has exercised its option in Section 3.3 and all of the parties' preconditions set forth in Section 14.2 and 14.4 have been satisfied or waived,

CCLLC shall be obligated to construct all components of Phase 2 and CCLLC shall Commence Construction of Phase 2 within ninety (90) days after all preconditions set forth in Section 14.4 have been satisfied or waived. Once CCLLC has Commenced Construction of Phase 2, CCLLC shall diligently pursue the Completion of Construction of Phase 2 within twenty-four (24) months after the Commencement of Construction, subject only to Excused Delay.

3.5 Phase 2 Infrastructure Work

3.5.1 In order to enable CCLLC to construct the Phase 2 Infrastructure Work on property that is owned by the Commission, the Commission agrees to enter into a Construction Easement Agreement covering such property.

3.5.2 As a precondition to CCLLC's right to have access to the Commission's property referred to in Section 3.4.1, CCLLC must post a Completion Bond covering the Phase 2 Infrastructure Work. As part of the Phase 2 Infrastructure Work, CCLLC agrees to build and maintain a temporary public trail as shown on the 2013 Master Plan attached as Exhibit A.

3.6 Phases 3 and 4

3.6.1 CCLLC is not obligated to construct either or both of Phase 3 and 4. However, CCLLC has the option to construct either or both of Phases 3 and 4. If CCLLC does not exercise its option under Section 3.3, then the options set forth in this Section 3.6.1 shall terminate. CCLLC may not exercise its option to construct either or both of Phases 3 and 4 unless and until CCLLC has achieved Commencement of Construction of Phase 1. After the Commencement of Construction of Phase 1, CCLLC shall have the option to elect to construct either Phase 3 or 4. CCLLC may exercise this option right, if at all, within two (2) years after CCLLC has achieved Completion of Construction of Phase 1, and the preconditions set forth in Section 14.5 or 14.6, as applicable, have been satisfied or waived, so long as CCLLC is not in default of this Agreement. CCLLC may exercise its option

by delivering written notice to the Commission identifying the Phase which will be constructed. If CCLLC does not give such a written notice of exercise to the Commission within the time period set forth above, then CCLLC shall have no further rights with respect to Lot 1, Lot 5 or the Tri-City Parcel, and the Commission may terminate this Agreement by written notice to CCLLC, which notice shall be effective twenty (20) days after delivery.

3.6.2 If CCLLC exercises the above option to construct Phase 3, whether before or after it exercises its option to construct Phase 4, the parties agree to enter into a Construction Easement Agreement covering the property owned by the Commission which is required for construction of the Phase 3 Infrastructure. In addition, CCLLC must post a Completion Bond covering the Phase 3 Infrastructure. CCLLC's exercise of its option to construct Phase 3 is not complete unless and until the parties execute and deliver a Construction Easement Agreement as described above and CCLLC posts the Completion Bond covering the Phase 3 Infrastructure.

3.6.3 If CCLLC exercises its option in Section 3.6.1 with respect to either Phase 3 or Phase 4 (the "Elected Phase"), CCLLC shall commence construction of the Elected Phase within ninety (90) days of the date of CCLLC's written notice exercising its option. Once CCLLC has Commenced Construction of the Elected Phase, CCLLC shall diligently pursue the Completion of Construction of the Elected Phase within twenty-four (24) months after the Commencement of Construction of the elected Phase, subject only to Excused Delay.

3.6.4 CCLLC shall have the option to construct whichever of Phase 3 or Phase 4 was not the Elected Phase (the "Remaining Phase") at any time during the time period referred to in Section 3.6.1, so long as the preconditions in Section 14.5 or 14.6, as applicable, have been satisfied or waived, and CCLLC has satisfied the requirements of Section 12 with respect to the Remaining Phase, and so long as CCLLC is not in default of

this Agreement. CCLLC may exercise its option, if at all, with respect to the Remaining Phase by giving written notice to the Commission. If CCLLC does not give a written notice of exercise to the Commission within the time period set forth above, CCLLC shall have no further rights with respect to the Commission's property upon which the Remaining Phase would have been constructed, and the Commission may terminate this Agreement upon written notice to CCLLC, which notice shall be effective twenty (20) days after delivery.

3.6.5 If CCLLC exercises the option referred to in Section 3.6.4, CCLLC shall Commence Construction of the Remaining Phase within ninety (90) days of the date of CCLLC's written notice exercising this option. Once CCLLC has Commenced Construction of the Remaining Phase, CCLLC shall diligently pursue the Completion of Construction of the Remaining Phase within twenty-four (24) months after the Commencement of Construction of the Remaining Phase, subject only to Excused Delay.

3.7 Phase 5

CCLLC has the option but not the obligation to construct Phase 5. Phase 5 consists of the Water Sports Center and the Marinas. CCLLC may exercise its option to construct either the Water Sports Center or the Marinas or both. CCLLC may exercise the above option at any time after the commencement of construction of Phase 1 and the preconditions in Section 14.7 have been satisfied, so long as at the time of exercise CCLLC is not in default of this Agreement. In the event CCLLC desires to construct Phase 5 or either the Water Sports Center or the Marinas, then CCLLC may exercise its option by written notice to the Commission identifying what CCLLC elects to construct. CCLLC's option with respect to Phase 5 shall terminate within two (2) years after the Completion of Construction for Phase 2. Upon completion of the Water Sports Center, CCLLC agrees to convey the Water Sports Center to the URA, lien free, in sound condition and at no cost to the URA. If CCLLC exercises its option to construct Phase 5 or a portion of Phase 5, CCLLC

shall commence construction of Phase 5 or the elected portion of Phase 5 within ninety (90) days of the date of CCLLC's written notice exercising this option. Once CCLLC has commenced construction of Phase 5 or the elected portion of Phase 5, CCLLC shall diligently pursue the completion of Phase 5 or the elected portion within six (6) months after the Commencement of Construction, subject only to Excused Delay.

3.8 Completion of Construction

With respect to any Phase or a component of any Phase, where the Commission has approved of design development plans for such Phase or component of a Phase, CCLLC agrees to cause Completion of Construction of that Phase or component of a Phase in conformance with the applicable design development plans for such Phase or component of a Phase as approved by the Commission.

3.9 Early Termination

In the event CCLLC: (i) fails to Commence Construction of a Phase when required pursuant to this Section 3 or, if after CCLLC has Commenced Construction, CCLLC subsequently abandons construction, or (ii) construction is stopped for a period of sixty (60) days, except for an Excused Delay, or (iii) CCLLC defaults on any loan providing funds for the construction of such Phase and the lender initiates a foreclosure action or proceeding, then the Commission may by written notice to CCLLC terminate this Agreement. In the event this Agreement is terminable on account of the events described in (iii), the Commission will not terminate the applicable Construction Easement Agreement if CCLLC's lender for that Phase agrees to assume CCLLC's obligation under this Agreement with respect to the Completion of Construction of that Phase within thirty (30) days on terms and conditions acceptable to the Commission in its sole discretion. However, upon any early termination pursuant to this Agreement, the Commission may terminate all of CCLLC's

rights with respect to other Phases upon written notice to CCLLC, which notice shall be effective twenty (20) days after delivery.

SECTION 4 INITIAL COMMISSION APPROVALS

4.1 Commission Approval of Phase 1 and Phase 2 Design Development Plans

4.1.1 CCLLC agrees to prepare and submit to the Commission for the Commission's review, design development level plans and specifications for the Waterfront Units and the Garden Apartments (the "Phase 1 and Phase 2 Design Development Plans") within thirty (30) days after CCLLC and the Commission agree on the Design Standards referred to below. The Phase 1 and Phase 2 Design Development Plans must include: more precise information (more than schematic plans) on the location of these Project elements, exterior elevations, illustrations of the type and quality of exterior materials, typical floor plans for the various types of units, and a general floor plan for the recreation building as well as a summary of its equipment and features. In addition, the Phase 1 and Phase 2 Design Development Plans shall include a schedule of proposed rental rates. The Commission has the right, in its sole discretion, to approve, disapprove or approve with conditions the Phase 1 and Phase 2 Design Development Plans in its proprietary capacity and not as a land use decision, based upon design standards to be negotiated by the Commission and CCLLC during the period of ninety (90) days after the Effective Date (the "Design Standards"). CCLLC agrees to prepare and submit to the Commission its proposed design standards prior to or with the submittal of the Phase 1 and Phase 2 Design Development Plans. If the Commission and CCLLC cannot agree, each in their sole discretion, on the Design Standards within that ninety (90) day period of time, then either party may terminate this Agreement by written notice to the other party, which notice shall be effective twenty (20) days after delivery.

4.1.2 The Commission shall have forty-five (45) days after receipt of the Phase 1 and Phase 2 Design Development Plans to either approve, conditionally approve or disapprove of the Phase 1 and Phase 2 Design Development Plans in its sole discretion and proprietary capacity. If the Commission takes no action on the Phase 1 and Phase 2 Design Development Plans within that period of time, then the Phase 1 and Phase 2 Design Development Plans shall be deemed disapproved. If the Commission disapproves (except for a deemed disapproval) of the Phase 1 and Phase 2 Design Development Plans, or if CCLLC does not accept the conditions of approval, the Commission will provide CCLLC with a statement of the changes that would be necessary in order for the plans and specifications to be acceptable to the Commission. CCLLC shall have ten (10) days to submit revised plans and specifications, and the Commission shall respond to the revised plans and specifications within ten (10) days of receipt. If the Commission and CCLLC cannot agree on the Phase 1 and Phase 2 Design Development Plans, then either party may terminate this Agreement by written notice to the other party, which notice shall be effective twenty (20) days after delivery.

4.2 Commission Approval of Phase 1 and Phase 2 Infrastructure Work Detailed Plans

4.2.1 CCLLC had previously prepared detailed plans for the infrastructure work involved in Phases 1 and 2 that describe the physical condition of the land area covered by the infrastructure work, both during and after construction, including, but not limited to: topography, landscaping, hard surface improvements and means of public access. CCLLC submitted the plans for such infrastructure work to the Commission, and the Commission approved such plans. However, changes in the Project from the project contemplated by the Original DDA to the current Project and the Land Use Approval Amendments (defined below) may require changes to the proposed infrastructure. CCLLC agrees to submit to the Commission detailed plans and specifications for the Phase 1

Infrastructure Work and the Phase 2 Infrastructure Work within thirty (30) days of the Effective Date of this Agreement. The Phase 1 Infrastructure Work plans and specifications and the Phase 2 Infrastructure Work plans and specifications are subject to the approval of the Commission in its sole discretion and in its proprietary capacity.

4.2.2 The Commission shall either approve, approve with conditions or disapprove of the Phase 1 Infrastructure Work plans and specifications and the Phase 2 Infrastructure Work plans and specifications within forty-five (45) days of their submission to the Commission. In the event that the Commission takes no action on the submitted plans and specifications within that period of time, then the submitted plans and specifications will be deemed disapproved. If the Commission disapproves (except for a deemed disapproval) of the submitted plans and specifications, the Commission will provide CCLLC with a statement of the changes that would be necessary in order for the plans and specifications to be acceptable to the Commission. CCLLC shall have ten (10) days to submit revised plans and specifications, and the Commission shall respond to the revised plans and specifications within ten (10) days of receipt. If the Commission and CCLLC cannot agree on the plans and specifications, then either party may terminate this Agreement by written notice to the other, which notice shall be effective twenty (20) days after delivery.

SECTION 5 LAND USE APPROVALS

5.1 Required Approvals

The Project Site is zoned MUD-Mixed Use Downtown which allows the elements of the Project as permitted uses. Within thirty (30) days of the Effective Date, CCLLC agrees to submit to the Commission a listing of all discretionary land use approvals (other than variances or adjustments from development standards) required in order to develop and construct the Project along with a written confirmation from the City of Oregon

City confirming that CCLLC's listing of the required discretionary approvals is complete and accurate. The list shall also indicate any land use approvals that have previously been obtained for a prior version of the Project and which are still in effect and applicable to the Project or any amendments to such prior approvals which are required for the Project. If CCLLC does not submit the required list of discretionary land use approvals within the above thirty (30) days, either party may terminate this Agreement by written notice to the other party, which notice shall be effective twenty (20) days after delivery. Each required discretionary land use approval or amendment to an existing land use approval is a "Land Use Approval," and they are collectively the "Land Use Approvals."

5.2 Submission of Land Use Approval Applications

5.2.1 CCLLC agrees to prepare complete applications for the Land Use Approvals so as to permit CCLLC to construct the Project (the "Land Use Approval Applications") and to submit these Land Use Approval Applications to the Commission within ninety (90) days of the Effective Date of this Agreement, along with any other additional Project information requested by the Commission. The Commission shall review the Land Use Approval Amendments and related Project information within forty-five (45) days of submittal to the Commission. The Commission's review is in its proprietary capacity, not as a land use approval by the City or the Commission and is within the Commission's reasonable judgment. If the Commission fails to act on the Land Use Approval Applications within that period of time, the Land Use Approval Applications will be deemed disapproved. If the Commission disapproves (except for a deemed disapproval) of the Land Use Approval Applications and related information, the Commission shall give CCLLC a written statement of changes to the disapproved Land Use Approval Applications or additional Project information that would need to be made or provided in order for CCLLC to obtain the Commission's approval. CCLLC shall have twenty (20) days to resubmit a revised Land Use Approval Application or revised additional Project information. If CCLLC and the

Commission do not agree on the Land Use Approval Applications or the additional Project information, then either CCLLC or the Commission may terminate this Agreement by giving written notice to the other, which notice shall be effective twenty (20) days after delivery.

5.2.2 CCLLC shall submit the Commission approved Land Use Approval Applications and any other City-required Land Use Approvals (approved by the Commission) to the City within forty-five (45) days after Commission approval and thereafter, diligently pursue the City's approval of the Land Use Approvals.

5.3 Requirement of Approval

CCLLC may not proceed with the Project unless the Commission has approved the Land Use Approvals and the Land Use Approvals have been approved by the City, and no appeals have been filed ("Final Approval").

SECTION 6 PUBLIC WORKS, PUBLIC BIDDING

6.1 Infrastructure Work

The Commission has determined that the Phase 1 Infrastructure Work and the Phase 2 Infrastructure Work may be a "public work" as defined in ORS 279C.800(6)(B). Within forty-five (45) days of the Effective Date, CCLLC shall provide the Commission with a determination letter from the State of Oregon, Bureau of Labor and Industries ("BOLI") advising whether or not some or all of the Project is a "public work." If BOLI determines that all of the Project is not a "public work," then CCLLC need not take any further action on this issue. If BOLI determines that some or all of the Project is a "public work," then CCLLC shall either: (i) comply with all requirements of applicable law; or (ii) seek an exemption from the requirements of constructing a "public work."

6.2 Exemption and Compliance

CCLLC shall be entitled to seek a binding exemption from the requirements of constructing a "public work" from BOLI. That exemption request shall be accompanied by a copy of this Agreement. CCLLC acknowledges that it is possible that components of the Project, other than the Phase 1 Infrastructure Work and the Phase 2 Infrastructure Work, could be construed to be a "public work." CCLLC agrees to comply with any determination by BOLI, including any denial of the exemption or a determination by BOLI that components of the Project are "public works." If CCLLC obtains an exemption from BOLI, the Commission agrees to allow CCLLC to proceed with the project in compliance with that exemption.

6.3 Public Bidding Exemption

6.3.1 The performance of certain aspects of the construction of the Project involve the construction of "public improvements" as defined in ORS 279A.010. Accordingly, this Agreement, the concrete purchase referred to in Section 10, the Phase 1 Infrastructure Work, the Phase 2 Infrastructure Work and the Phase 3 Infrastructure Work are subject to the public contracting requirements of ORS Chapter 279C unless exempted by the Commission pursuant to ORS 279C.335. CCLLC may submit a request to the Commission to exempt this Agreement, the concrete purchase referred to in Section 10 and the above components of the Project from competitive bidding as otherwise required under ORS Chapter 279C within ninety (90) days of the Effective Date. The Commission is free to approve or disapprove that exemption action, in its sole discretion, but the Commission agrees to act on that exemption application within thirty (30) days of submittal of a complete application by CCLLC. If the Commission does not grant the exception, then CCLLC shall be required to publicly bid the above-described Infrastructure Work and the Public Amenities or give its written notice to the Commission terminating this Agreement, which notice shall be effective twenty (20) days after delivery.

6.3.2 Notwithstanding an exemption of this Agreement from competitive bidding, CCLLC agrees to competitively bid subcontracts for the Phase 1 Infrastructure Work, the Phase 2 Infrastructure Work and the Phase 3 Infrastructure Work.

SECTION 7 LAND ASSEMBLY AND VALUATION

7.1 CCLLC Parcel

CCLLC represents that it has entered into a binding purchase and sale agreement giving CCLLC the right to acquire fee simple title to the CCLLC Parcel conditioned only on matters within the control of CCLLC and not the seller. CCLLC shall provide the Commission with a copy of a preliminary title report on the CCLLC Parcel along with a copy of such purchase and sale agreement. The preliminary title report and the purchase and sale agreement shall be provided to the Commission and shall be subject to the approval of the Commission in its reasonable judgment. The Commission shall give CCLLC written notice within ten (10) days of receipt as to whether or not the documents submitted are satisfactory to the Commission and if not satisfactory the Commission shall explain the deficiencies and give CCLLC twenty (20) days to correct the deficiencies and submit the documents to the Commission for its review and written approval within twenty (20) days of receipt. If the Commission and CCLLC cannot agree on the term and conditions of CCLLC's documentation, then either party may terminate this Agreement by written notice to the other, which notice shall be effective twenty (20) days after delivery. The CCLLC Parcel is a legal lot and is designated as Lot 2 of the Plat of Clackamette Cove.

7.2 Valuation of Commission Property

The Commission has reviewed the appraisals referred to in the Recitals. The Commission has determined that, given the current unimproved condition of the Commission Property and the cost necessary to bring the Commission Property to a

developable condition, the Commission Property has only a nominal value and that its fair reuse value is nominal in the judgment of the Commission pursuant to ORS 457.230(1).

7.3 Tri-City Parcel

In the event that CCLLC has exercised its option under Section 3.6 to proceed with the development and construction of Phase 3, CCLLC is not in default of this Agreement, and the preconditions in Section 14.5 have been satisfied, the Commission will use its best efforts to acquire a 65-year leasehold estate through a ground lease of the Tri-City Parcel (Tract F), requiring only nominal rent and which is freely assignable by the Commission to CCLLC and with such other terms and provisions that are acceptable to the Commission and CCLLC, each in their sole discretion (the "Tri-City Ground Lease"). Upon CCLLC's acquisition of Lot 5, the Commission will assign the Tri-City Ground Lease to CCLLC, and CCLLC will assume the Commission's obligations under the Tri-City Ground Lease, in the event that the Commission has executed the Tri-City Ground Lease by that time. As a condition of assigning the Tri-City Ground Lease to CCLLC, the Commission will require that CCLLC agree that the public may use the surface parking lot to be built on the Tri-City Parcel at no charge during evenings and weekends and use up to fifty (50) stalls at no charge during normal business hours. These requirements will be included in a separate recordable instrument binding on CCLLC's leasehold estate in the Tri-City Ground Lease.

SECTION 8 VERTICAL HOUSING TAX EXEMPTION

8.1 In General

ORS 307.841 *et seq.* provides for a partial exemption from real property taxes for "vertical housing development projects" as that term is defined in ORS 307.841(7). In order to qualify a development project as a vertical housing development project, the land involved in the project must be within a "vertical housing development zone." The establishment of a vertical housing development zone requires an application

from the City to the State of Oregon, Housing and Community Services Department ("HCSD") and the approval of that application by the HCSD. After the approval of a vertical housing development zone, the developer of a vertical housing development project must apply to the HCSD for a certification that the specific project meets the requirements of the definition of a vertical housing development project (ORS 307.841(7)) and meets the approval criteria of the HCSD (ORS 307.857). If a project is certified as a vertical housing development project, the certified project is entitled to a partial exemption from real property for a period of ten (10) years with the amount of the partial tax exemption based on criteria in ORS 307.857 and ORS 307.864 (the "Partial Tax Exemption"). CCLLC intends to apply for the certification of the Garden Apartments and the Waterfront Units as vertical housing development projects, and CCLLC will not proceed with the Project unless: (i) the Waterfront Units and the Garden Apartments are so certified; and (ii) CCLLC is satisfied with the amount of and terms of the Partial Tax Exemption.

8.2 Certifications

The HCSD has approved the designation of the Project Site as an area within a vertical housing development zone, CCLLC agrees to submit an application to the HCSD for certification of the Garden Apartments and the Waterfront Units as vertical housing development projects, which application must be submitted within ninety (90) days of the Effective Date. As part of that application, CCLLC shall submit such information as may be required by HCSD to establish the amount and terms of the Partial Tax Exemption allowed by HCSD to each of the Garden Apartments and the Waterfront Units.

8.3 CCLLC Condition

CCLLC will not proceed to develop any portion of the Project unless and until CCLLC has obtained certification of the Waterfront Units and the Garden Apartments as

vertical housing development projects, and CCLLC is satisfied with the amount and terms of the Partial Tax Exemption.

SECTION 9 DREDGING

The parties acknowledge that it may be necessary to periodically dredge material from Clackamette Cove in order to maintain the ecological vitality of the waters of Clackamette Cove and to maintain its utility to occupants of the Project for water dependent and related activities, except for a marina where any marina specific dredging will be the responsibility of the marina owner. In addition, it may be necessary, from time to time, to dredge material from the area where Clackamette Cove meets the Clackamas River so as to allow water and shallow bottom boats to freely move between Clackamette Cove and the Clackamette River. Accordingly, the parties agree to negotiate in good faith the terms of an agreement pursuant to which the parties will cause dredging of Clackamette Cove to occur when and as needed to accomplish the objectives set forth above (the "Dredging Agreement"). The parties agree that the Dredging Agreement shall provide that: (i) all costs and expenses of work covered by the Dredging Agreement shall be paid as follows: (a) the Commission shall pay an amount equal to the Lesser of: \$100,000 (adjusted by consumer inflation in the Portland SMSA) or 50% of the total cost for each dredging project (the "Public Share") and (b) the balance of the total cost for each dredging event shall be paid by CCLLC; (ii) for a fixed, but long term of the Dredging Agreement; and (iii) the Dredging Agreement shall contain a mechanism for allocating CCLLC's share of the cost and expenses among Phases of the Project, applicable in the event CCLLC sells or otherwise conveys a completed Phase(s) of the Project; (iv) the frequency, location, quantity and methodology shall be determined by a water resource and quality expert; and (v) the obligation of CCLLC to pay its share of the cost and expenses shall be evidenced by a recorded instrument so as to be binding on all completed Phases of the Project which may

be sold or otherwise conveyed by CCLLC. The Commission and CCLLC acknowledge that no source of public funding has been determined for the Public Share of the cost of the dredging, and that the Dredging Agreement cannot be consummated unless and until a source of funding for the Public Share has been identified. Any costs, including dredging costs, both initial dredging and maintenance dredging required for the development, construction and operation of a marina, shall be paid exclusively by the developer or owner of such marina.

SECTION 10 PURCHASE OF CONCRETE

CCLLC agrees to purchase all concrete to be used by CCLLC in connection with the construction of the Project from Northwest Aggregates Co. in order to reduce the cost of the Glacier Parcel pursuant to the terms of the Purchase and Sale Agreement dated December 20, 2007 between Glacier Northwest, Inc. (later assigned to Northwest Aggregates Co.) and Pacific Property Search LLC, as amended by that First Amendment dated October 31, 2008 and by that Second Amendment dated November 12, 2009, assuming Northwest Aggregates Co. agrees to supply this concrete at market rates, unless Northwest Aggregates Co. has waived this requirement in writing.

SECTION 11 PUBLIC INVESTMENT

The Commission recognizes the substantial cost of correcting the defects in the Project Site and the substantial cost of building the streets, utilities and public amenities necessary to create an economically viable Project and recognizes that CCLLC is willing to pay most of these costs and that these costs will substantially exceed the value of the Commission Property. Accordingly, in order to achieve the public benefits from the Project referred to in the Recitals, the Commission and CCLLC have negotiated and agreed upon a financial contribution from the Commission to reduce CCLLC's net cost in correcting the

defects in the Project Site and building the Project's streets, utilities and public amenities. Within thirty (30) days of the Completion of Construction of Phase 1 in conformance with the requirements of this Agreement, the Commission agrees to reimburse CCLLC the sum of Three Hundred Seventy-Two Thousand Five Hundred Dollars (\$372,500), and within thirty (30) days of the Completion of Construction of Phase 2 in conformance with the requirements of this Agreement, the Commission agrees to reimburse CCLLC the sum of Three Hundred Seventy-Two Thousand Five Hundred Dollars (\$372,500).

SECTION 12 PRIVATE FINANCING

12.1 CCLLC's Equity Partner

12.1.1 CCLLC intends to raise equity funds by admitting one or more new members into CCLLC, and upon admission, modifying the Operating Agreement of CCLLC. Within thirty (30) days of the Final Approval of all Land Use Approvals, CCLLC shall submit to the Commission for its review the following: (i) the identities of its new equity members, (ii) a net worth confirmation statement from each equity member's principal bank or certified public accountant (which the Commission shall review as confidential documents), and (iii) the final form of CCLLC's Operating Agreement with approval of that form by the equity members. The Commission shall review the submittals in the Commission's commercially reasonable judgment. In the event that the Commission does not approve of any of the above, the Commission may terminate this Agreement by written notice to CCLLC, which notice shall be effective twenty (20) days after delivery.

12.1.2 Alternatively, CCLLC may create a new and separate entity for a specific Phase of the Project and, in this event, all references to CCLLC with respect to such Phase shall be applicable to such newly-formed entity, and that entity must meet all of the requirements of in this Agreement applicable to that Phase, and the equity members of that entity must submit to the Commission the information in 12.1.1(i), (ii) and (iii) with respect

to the new entity's controlling documents within thirty (30) days of the formation of such entity and the execution of its controlling documents. The Commission shall review the submittals in the Commission's commercially reasonable judgment. In the event that the Commission does not approve of any of the above, the Commission may terminate this Agreement by written notice to CCLLC, which notice shall be effective twenty (20) days after delivery.

12.2 CCLLC's Project Financing

12.2.1 In order to construct, own and operate a Phase of the Project, CCLLC will need to obtain construction financing and long-term financing from one or more lenders. CCLLC will obtain such financing on a Phase-by-Phase basis. Before CCLLC may commence construction of a Phase, CCLLC shall provide the Commission with a lender-approved term sheet or letter of intent establishing the lender(s)' conditional commitment to make a construction loan and/or a permanent loan for a given Phase (a "Phase Loan Commitment"). The Commission shall have forty-five (45) days to review and either approve or disapprove of a Phase Loan Commitment in the Commission's commercially reasonable judgment. If the Commission disapproves of any Phase Loan Commitment, the Commission shall give CCLLC a written explanation of the basis for its disapproval within thirty (30) days. CCLLC shall be entitled to provide a revised term sheet and letter resolving the Commission's objection within forty-five (45) days of the Commission's decision, and if CCLLC does not do so, either party may terminate this Agreement by written notice to the other, with the termination effective twenty (20) days after delivery.

12.2.2 Within thirty (30) days of the Commission's approval of a Phase Loan Commitment, CCLLC shall provide the Commission with either a lender's loan commitment, signed by the lender, or CCLLC's loan application accepted by the lender. Each of these shall be subject to the Commission's approval process and rights under Section 12.2.1.

12.2.3 Within thirty (30) days of the Commission's approval of lender-approved loan commitment(s) or loan application(s) providing financing for a Phase, CCLLC shall submit to the Commission definitive loan agreements for such financings signed by the lender(s) and CCLLC. These loan agreements shall be subject to the Commission's approval process and rights under Section 12.2.1.

12.2.4 CCLLC shall not be entitled to commence construction of a Phase or exercise an option to acquire that portion of the Commission Property required for that Phase unless and until the lender(s) close the construction financing for such Phase and gives written notice to the Commission that the lender is prepared to advance funds under the terms of the construction loan agreement.

SECTION 13 CCLLC ACQUISITION OF COMMISSION PROPERTY

13.1 Property for Phase 1 Infrastructure Work

In order to construct the Phase 1 Infrastructure Work, CCLLC will need access to Commission-owned land adjacent to Lots 1 and 2 and Tracts A and D. Accordingly, upon satisfaction of the preconditions set forth in Section 14.3, the Commission and CCLLC will enter into a Construction Easement Agreement with respect to the above-described Commission-owned property, and CCLLC shall, upon execution of the Construction Easement Agreement, provide the Commission with a Completion Bond covering the Phase 1 Infrastructure Work.

13.2 Phase 2 Property

13.2.1 The Phase 2 Waterfront Units will be built on Lots 3, 4, 6 and 7 as shown on Exhibit B, and the Phase 2 Infrastructure Work will be built on Tracts C and D and the City-owned right-of-way for Agnes Street. Upon the Commencement of Construction of Phase 1, when and as required by this Agreement, CCLLC shall have the option to acquire

fee simple ownership of Lots 3, 4, 6 and 7 until one hundred twenty (120) days after Completion of Construction of Phase 1. CCLLC may not exercise the above option unless within one hundred twenty (120) days after Completion of Construction of Phase 1, all of the preconditions to proceeding with the construction of Phase 2 set forth in Section 14.4 have been satisfied. If those preconditions have been satisfied within that period of time, then CCLLC may exercise its option to acquire fee simple title to Lots 3, 4, 6 and 7 by written notice to the Commission to be given within the above period of time. If the preconditions in Section 14.4 have not been satisfied within the above period of time or if CCLLC does not give written notice exercising its option as allowed above, then the Commission may terminate this Agreement upon written notice to CCLLC, which notice shall be effective twenty (20) days after delivery.

13.2.2 Upon the proper exercise of CCLLC's option set forth in Section 13.2.1, the Commission will convey fee simple title to Lots 3, 4, 6 and 7 to CCLLC pursuant to the closing mechanics set forth in attached Exhibit C (the "Closing Mechanics") for the consideration of \$10.00. At the closing of the conveyance of Lots 3, 4 6 and 7, the parties will enter into a Construction Easement Agreement covering Tracts C and D. As a condition to closing, CCLLC shall provide the Commission with a Completion Bond for the Phase 2 Infrastructure Work. The deed from the Commission to CCLLC will include a reversionary right which will provide that, if CCLLC does not Commence Construction of Phase 2 within one hundred twenty (120) days after the effective date of the deed, Lots 3, 4, 6 and 7 will revert to the ownership of the Commission.

13.3 Phase 3 Property

13.3.1 The Phase 3 Mixed-Use Building will be built on Lot 1 as shown on Exhibit B, and the Phase 3 Infrastructure Work will be built on Commission-owned land between Lot 2 and Lot 1. After the Commencement of Construction of Phase 1 and the

satisfaction of the preconditions in Section 14.5 and until two (2) years after the Completion of Construction of Phase 1, CCLLC shall have the option to acquire fee simple title to Lot 1, so long as CCLLC is not in default of this Agreement. CCLLC may exercise its option to acquire fee simple title to Lot 1 by written notice to the Commission, to be given within the above period of time. If the preconditions in Section 14.5 have not been satisfied within the above period of time or if CCLLC does not give written notice exercising its option as allowed above, then the Commission may terminate this Agreement upon written notice to CCLLC, which notice shall be effective twenty (20) days after delivery.

13.3.2 Upon the proper exercise of CCLLC's option set forth in Section 13.3.1, the Commission will convey fee simple title to Lot 1 pursuant to the Closing Mechanics for the consideration of \$10.00. At the closing of the conveyance of Lot 1, the parties will enter into a Construction Easement Agreement covering the Commission-owned property which is the site of the Phase 3 Infrastructure Work. As a condition to closing, CCLLC shall provide the Commission with a Completion Bond for the Phase 3 Infrastructure Work. The deed from the Commission to CCLLC will include a reversionary right which will provide that, if CCLLC does not Commence Construction of Phase 3 within one hundred twenty (120) days after the effective date of the deed, Lot 1 will revert to the ownership of the Commission. Commencement of Construction means that a construction loan mortgage or deed of trust has been recorded against Lot 5, and grading and excavation have occurred on Lot 5.

13.4 Phase 4 Property

13.4.1 The Phase 4 Office Building will be built on Lot 5 as shown on Exhibit B and on the Tri-City Parcel. After Commencement of Construction of Phase 1 and the satisfaction of the preconditions in Section 14.6 and until two (2) years after the Completion of Construction of Phase 1, CCLLC shall have the option to acquire fee simple title to Lot 5, so long as CCLLC is not in default of this Agreement. If the preconditions in Section 14.6

have been satisfied within the above period of time, then CCLLC may exercise its option to acquire fee simple title to Lot 5, and an assignment of the Tri-City Ground Lease by written notice to the Commission to be given within the above period of time. If the preconditions in Section 14.6 have not been satisfied within the above period of time or if CCLLC does not give written notice exercising its option as allowed above, then the Commission may terminate this Agreement by written notice to CCLLC.

13.4.2 Upon the proper exercise of CCLLC's option set forth in Section 13.4.1, the Commission will convey fee simple title to Lot 5 pursuant to the Closing Mechanics for the consideration of \$10.00. At the closing of the conveyance of Lot 5, the parties will enter into a Construction Easement Agreement covering the Commission-owned property which is the site of the Phase 4 Infrastructure Work. As a condition to closing, CCLLC shall provide the Commission with a Completion Bond for the Phase 4 Infrastructure Work. The deed from the Commission to CCLLC will include a reversionary right which will provide that, if CCLLC does not Commence Construction of Phase 4 within one hundred twenty (120) days after the effective date of the deed, Lot 5 will revert to the ownership of the Commission.

13.5 Phase 5 Submerged Land Lease

In the event that CCLLC elects to construct Phase 5 pursuant to Section 3.7, then within ninety (90) days after receipt of CCLLC's notice given pursuant to Section 3.7, the parties will attempt to agree, each in its commercially reasonable judgment, upon the terms of a Submerged and Submersible Ground Lease covering that portion of the surface of Clackamette Cove upon which Phase 5 will be located and the submerged land under that surface area. The term of the Submerged and Submersible Ground Lease will be ninety-nine (99) years, and the rent will be prepaid in a nominal amount. In the event the parties agree upon the terms of the Submerged Ground Lease and the preconditions in Section 14.7 have been satisfied within the above period of time, then the parties shall enter into

the Submerged Ground Lease, and CCLLC shall proceed to construct Phase 5 pursuant to Section 3.7. If the parties do not agree on the terms of the Submerged Ground Lease, then CCLLC shall not have the right to construct Phase 5.

SECTION 14 PRECONDITIONS TO THE PARTIES' OBLIGATIONS TO PROCEED

14.1 In General

The preconditions to the parties' obligations to proceed with the transactions contemplated by this Agreement fall into two categories: (i) the "Fundamental Preconditions" set forth in Section 14.2; and (ii) the special preconditions that are applicable to each Phase and which are not applicable to all Phases and are set forth in Sections 14.3 through 14.7 (the "Phase Preconditions"). Each of the Fundamental Preconditions and the Phase Preconditions are for the benefit of both parties, and any satisfaction or waiver requires the consent in writing of both parties.

14.2 Fundamental Preconditions

The following are the Fundamental Preconditions. The Fundamental Preconditions must be satisfied or waived by both parties by August 15, 2014 unless a different date is set forth below for a specific Fundamental Precondition. If all of the Fundamental Preconditions are not satisfied or waived by the applicable dates, then either party may terminate this Agreement by written notice to the other party, which notice shall be effective twenty (20) days after delivery. If all of the Fundamental Preconditions are satisfied or waived by both parties by the applicable dates, the parties shall proceed with their respective obligations set forth in this Agreement.

14.2.1 The parties shall have agreed on the form of the Construction Easement Agreement referred to in Section 3.2.1.

14.2.2 The Commission shall have approved of the form of a Completion Bond, referred to in Section 3.2.2, and the surety CCLLC proposes to issue a Completion Bond.

14.2.3 The parties shall have agreed on the Phase 1 and Phase 2 Design Development Plans, referred to in Section 4.1, within the time allowed in Section 4.1.

14.2.4 The parties shall have agreed on the Phase 1 Infrastructure Work and the Phase 2 Infrastructure Work, referred to in Section 4.2, within the time allowed in Section 4.2.

14.2.5 The parties shall have agreed on the Earthwork Plan referred to in Section 3.2.3.

14.2.6 The parties shall have agreed on the Design Standards referred to in Section 4.1.1.

14.2.7 The parties shall have agreed on the Land Use Approval Applications, referred to in Section 5.1, within the time allowed in Section 5.

14.2.8 CCLLC shall have achieved Final Approval of all Land Use Approvals pursuant to Section 5 by April 3, 2014.

14.2.9 CCLLC shall have received a final determination by BOLI on the "public work" issue referred to in Section 6.1.

14.2.10 If CCLLC submits a request to the Commission for an exemption from "public bidding" pursuant to Section 6.3.1, the Commission shall have made a final determination on the requested exemption, and the period for any appeal shall have expired with no appeal having been filed.

14.2.11 The Commission shall have approved of CCLLC's purchase and sale agreement for the CCLLC Parcel referred to in Section 7.1.

14.2.12 CCLLC shall have received the determination of the HSCD that the Garden Apartments and the Waterfront Units are "vertical housing developments" as described in Section 8.3, and CCLLC shall have approved the Partial Tax Exemption referred to in Section 8.4.

14.2.13 The parties shall have agreed on the form of the Dredging Agreement referred to in Section 9.

14.2.14 The Commission shall have approved of all matters regarding CCLLC's equity referred to in Section 12.1.

14.2.15 CCLLC shall have acquired fee simple title to the CCLLC Parcel free of any monetary liens or encumbrances, except current year taxes and assessments.

14.2.16 The parties shall have agreed upon the terms of the Private Area Maintenance Plan, referred to in Section 15.1.1; the Memorandum of Private Area Maintenance Plan, referred to in Section 15.1.2; the Private Area Maintenance Lien, referred to in Section 15.1.13; the Public Areas Cost Agreement, referred to in Section 15.2; the Public Areas Maintenance Plan, referred to in Section 15.2; the Memorandum of the Public Areas Maintenance Plan and Cost Agreement, referred to in Section 15.2; and the Public Areas Maintenance and Costs Lien, referred to in Section 15.2, and the above documents that are to be recorded pursuant to Section 15.2 shall have been recorded.

14.3 Phase 1 Preconditions

The following "Phase 1 Preconditions" must be satisfied or waived by August 15, 2014. If the following Phase 1 Preconditions are not satisfied or waived by

August 15, 2014, then either party may terminate this Agreement by written notice to the other party.

14.3.1 The Fundamental Preconditions shall remain satisfied or waived, CCLLC shall not be in default or breach of this Agreement, and no early termination shall have occurred pursuant to Section 3.9

14.3.2 CCLLC and the Commission shall have entered into a Construction Easement Agreement for Phase 1.

14.3.3 CCLLC shall have delivered to the Commission the Completion Bond for the Phase 1 Infrastructure Work.

14.3.4 CCLLC shall have obtained Commission approval of the Phase 1 Loan Commitment and the Phase 1 loan agreements referred to in Section 12.2, and the lender(s) for Phase 1 shall have given the Commission the notice referred to in Section 12.2.4.

14.4 Phase 2 Preconditions to Phase 2

The following are the "Phase 2 Preconditions." The Phase 2 Preconditions must be satisfied or waived by April 1, 2016. If the Phase 2 Preconditions are not satisfied by April 1, 2016, then either party may terminate this Agreement by written notice to the other party.

14.4.1 The Fundamental Preconditions shall remain satisfied or waived, CCLLC shall not be in default or breach of this Agreement, and no early termination shall have occurred pursuant to Section 3.9.

14.4.2 CCLLC shall have Commenced Construction of Phase 1 when and as required by this Agreement.

14.4.3 CCLLC shall have given notice to the Commission when and as provided in Section 3.3 that CCLLC commits to construct Phase 2.

14.4.4 The parties shall have entered into a Construction Easement Agreement for the Commission Property referred to in Section 3.5.1.

14.4.5 CCLLC shall have delivered to the Commission a Completion Bond, referred to in Section 3.5.2, with a surety acceptable to the Commission.

14.4.6 The Commission shall have paid to CCLLC the reimbursement amount referred to in Section 11.

14.4.7 The Commission shall have approved of all matters regarding CCLLC's equity referred to in Section 12.1, applicable to Phase 2.

14.4.8 CCLLC shall have obtained Commission approval of the Phase 2 Loan Commitment and the Phase 2 loan agreements referred to in Section 12.2, and the lender(s) for Phase 2 shall have given the Commission the notice referred to in Section 12.2.4.

14.4.9 The parties shall have closed the acquisition by CCLLC of Lots 3, 4, 6 and 7 pursuant to Section 13.2.

14.5 Phase 3 Preconditions

The following "Phase 3 Preconditions" must be satisfied or waived within that period of time referred to in Section 3.6.1 during which CCLLC may exercise the option referred to in Section 3.6.1. If the following Phase 3 Preconditions are not satisfied or waived within the applicable time period, then either party may terminate this Agreement by written notice to the other party.

14.5.1 The Fundamental Preconditions shall remain satisfied or waived, CCLLC shall not be in default or breach of this Agreement, and no early termination shall have occurred pursuant to Section 3.9.

14.5.2 CCLLC shall have given the Commission written notice pursuant to Section 3.6 that CCLLC commits to construct Phase 3.

14.5.3 The parties shall have entered into a Construction Easement for the Commission Property referred to in Section 3.6.2.

14.5.4 CCLLC shall have delivered to the Commission a Completion Bond, referred to in Section 3.6.2, with a surety acceptable to the Commission.

14.5.5 The Commission shall have approved of all matters regarding CCLLC's equity referred to in Section 12.1 applicable to Phase 3.

14.5.6 CCLLC shall have obtained Commission approval of the Phase 3 Loan Commitment, the Phase 3 loan agreements referred to in Section 12.2, and the lender(s) for Phase 3 shall have given the Commission the notice referred to in Section 12.2.4.

14.5.7 The parties shall have closed the acquisition by CCLLC of Lot 1 pursuant to Section 13.3.

14.6 Phase 4 Preconditions

The following "Phase 4 Preconditions" must be satisfied or waived within that period of time referred to in Section 3.6.1 during which CCLLC may exercise the option referred to in Section 3.6.1. If the following Phase 4 Preconditions are not satisfied within the applicable time period, then either party may terminate this Agreement by written notice to the other party.

14.6.1 The Fundamental Preconditions shall remain satisfied or waived, CCLLC shall not be in default or breach of this Agreement, and no early termination shall have occurred pursuant to Section 3.9.

14.6.2 CCLLC shall have given the Commission written notice pursuant to Section 3.6 that CCLLC commits to construct Phase 4.

14.6.3 The Commission shall have approved of all matters regarding CCLLC's equity referred to in Section 12.1 applicable to Phase 4.

14.6.4 CCLLC shall have obtained Commission approval of the Phase 4 loan agreements referred to in Section 12.2, and the lender(s) for Phase 4 shall have given the notice referred to in Section 12.2.4.

14.6.5 The parties shall have closed the acquisition by CCLLC of Lot 5 and the assignment of the Tri-City Ground Lease if the Commission was able to obtain the Tri-City Ground Lease pursuant to Section 7.3.

14.7 Phase 5 Preconditions

The following "Phase 5 Preconditions" must be satisfied or waived within five (5) years of the Completion of Construction of Phase 1. If the following Phase 5 Preconditions are not satisfied within the applicable time period, then CCLLC shall not have the option to construct Phase 5.

14.7.1 The Fundamental Preconditions shall remain satisfied or waived, CCLLC shall not be in default or breach of this Agreement, and no early termination shall have occurred pursuant to Section 3.9.

14.7.2 CCLLC shall have given the Commission written notice pursuant to Section 3.7 that CCLLC commits to construct Phase 5.

14.7.3 The parties have agreed upon the terms of the Submerged and Submersible Ground Lease and shall have executed the Submerged and Submersible Ground Lease.

14.7.4 CCLLC shall have obtained Commission approval of the Phase 5 Loan Commitment and the Phase 5 loan agreements referred to in Section 12.2, and the lender(s) for Phase 5 shall have given the Commission the notice referred to in Section 12.2.4.

SECTION 15 MAINTENANCE, PUBLIC AREAS

15.1 Maintenance of Completed Waterfront Units and Garden Apartments

15.1.1 The rights and obligations of the parties to proceed with the development of the Project shall be conditional on the Commission and CCLLC agreeing upon a plan for the periodic maintenance and upkeep of the exterior elements of the Waterfront Units and the Garden Apartments (the "Private Area Maintenance Plan"). CCLLC, or upon a sale, CCLLC's purchaser, or in the event the Waterfront Units or the Garden Apartments are converted to condominiums, the applicable unit owners association shall be responsible, at its expense, to perform all maintenance activities required by the Private Maintenance Plan. Over time, it may be necessary to update and amend the Private Maintenance Plan, and any such amendment shall be mutually agreed upon by CCLLC (or its successor as described above), and the Commission, each in its respective commercially reasonable judgment.

15.1.2 The Private Area Maintenance Plan shall be evidenced by a Memorandum of Private Area Maintenance Plan, in a form mutually agreed upon by CCLLC and the Commission and recorded against title to the Waterfront Units and the Garden

Apartments prior to the lien of any mortgage or deed of trust (the "Memorandum of Private Area Maintenance Plan").

15.1.3 In the event the Commission reasonably determines that the party then responsible, pursuant to Section 15.1.1 for implementing the Private Area Maintenance Plan, is in breach off the requirements of the Private Area Maintenance Plan, the Commission may give written notice, stating with reasonable particularity the deficiencies which constitute a breach, to the then responsible party. The then responsible party shall be given a reasonable period of time (reasonable in light of the nature of the deficiencies and the time of the year) to cure the deficiencies. If the then responsible party fails to cure the deficiencies during the cure period, then the Commission may implement the necessary actions to cure the deficiencies by giving written notice to the then responsible party of its intention to do so. The then responsible party shall be obligated to reimburse the Commission for the Commission's reasonable out-of-pocket costs in curing the deficiencies, plus interest at the then US National Bank prime lending rate. In order to enforce such reimbursement obligation, CCLLC agrees to record a contractual lien in favor of the Commission prior to the lien of any mortgage or trust deed against title to the Waterfront Units or the Garden Apartments (the "Private Area Maintenance Lien"). The Private Area Maintenance Lien shall be in a commercially reasonable form.

15.2 Maintenance of Public Areas

15.2.1 CCLLC shall be responsible for the maintenance and repair of Tract C and the esplanade improvements on Tract C. The Commission or the City shall be responsible for the maintenance and repair of the trailhead and parking area on Tract A, the trail system and the public park on Tract D (collectively, the "Public Areas"). The cost of maintaining and repairing the Public Areas shall be paid by the owner(s) of the Apartment Site and the Commission Property through an agreement with the City (the "Public Areas

Cost Agreement"). The rights and obligations of the parties to proceed with the development of the Project shall be conditioned on the City and CCLLC agreeing upon a plan for the periodic maintenance and upkeep of the Public Areas (the "Public Areas Maintenance Plan") and agreeing upon the Public Areas Cost Agreement. The Public Areas Cost Agreement will provide for reimbursement to the Commission or the City at actual cost and will include maintenance standards. CCLLC, or upon a sale, CCLLC's purchaser, or in the event the Waterfront Units or the Garden Apartments are converted to condominiums, the applicable unit owners association shall be responsible for the cost of all maintenance activities required by the Public Areas Maintenance Plan and be bound by the Parks Maintenance Agreement. The Public Areas Maintenance Plan and the Public Areas Cost Agreement may be amended and enforced pursuant to the comparable provisions in Sections 12.1.1 and 12.1.3. CCLLC shall evidence the Public Areas Maintenance Plan and the Public Areas Cost Agreement by recording a Memorandum of the Public Areas Maintenance Plan and Cost Agreement against title to the Project Site prior to any mortgage or deed of trust being recorded.

15.2.2 Notwithstanding the provisions of Section 15.2.1, the parties intend that the cost of maintaining and repairing the Public Areas should ultimately be paid by the City to the extent that the City is able to develop a source of public funding. The Commission agrees to work with the City in a good faith effort to develop such a long term, stable funding mechanism.

15.3 Street Construction and Dedication

CCLLC agrees to construct Agnes Street and Main Street as shown on attached Exhibit A to public street standards. CCLLC agrees to build Main Street as a full street improvement during and as part of the Phase 1 Infrastructure Work and Phase 3 Infrastructure Work. CCLLC agrees to build Agnes Street as a full street improvement

during and as part of the Phase 2 Infrastructure Work. CCLLC agrees to dedicate all streets and street segments to the City as the street improvements are completed. The City shall thereafter be responsible for the maintenance of these streets.

SECTION 16 DEFAULT; REMEDIES

16.1 Event of Default

16.1.1 An "Event of Default" shall exist if a party fails to perform an obligation of that party set forth in this Agreement, when and as required by this Agreement, the other party gives notice of such failure, and the failure of performance is not cured within ten (10) days of the effective date of the notice, or if the failure cannot be cured within ten (10) days, the party has not commenced the cure within ten (10) days and thereafter diligently completed the cure. An Event of Default shall also exist if CCLLC becomes insolvent or is the subject of a voluntary or involuntary bankruptcy, but there shall be no requirement of notice from the Commission and no cure period.

16.1.2 In the event that CCLLC breaches the purchase and sale agreement for the acquisition of the CCLLC Parcel referred to in Section 2.1, and the seller, Woodley Properties, Inc., terminates that purchase and sale agreement and gives the Commission a copy of its written notice to CCLLC terminating that purchase and sale agreement, then the giving of such notice to the Commission shall automatically terminate this Agreement. The Commission shall be entitled to rely upon the written notice executed by Woodley Properties, Inc., and the Commission is under no duty or obligation to verify the termination by Woodley Properties, Inc.

16.2 Remedies

In the case of an Event of Default, the non-defaulting party shall be entitled to pursue all available legal and equitable remedies, including but not limited to the termination of this Agreement.

SECTION 17 GENERAL PROVISIONS

17.1 Excused Delay

"Excused Delay" is a delay in the performances of a party's obligation caused by any of the following: litigation by a third party that challenges a party's ability to perform an obligation under this Agreement, land use appeals by a third party, acts of God, terrorism, unusual weather, strikes, embargoes, or shortages of materials. Excused Delay does not include market conditions or the availability of financing. In the case of an Excused Delay, the period of time for a party's performance of its obligation shall be extended by the period of the Excused Delay.

17.2 Effective Date

The "Effective Date" is that date by which this Agreement has been executed by both parties.

17.3 Waiver

Failure of either party at any time to require performance of any provision of this Agreement shall not limit the party's right to enforce the provision, nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself. Any claimed waiver of a provision of this Agreement must be in writing and signed by the party bound by such waiver.

17.4 Prior Agreements

This Agreement is the entire, final, and complete agreement of the parties pertaining to the matters covered by this Agreement, and supersedes and replaces all prior or existing written and oral agreements between the parties and/or their representatives relating to the same matters.

17.5 Notices

Any notice under this Agreement shall be in writing and shall be effective when actually delivered in person, or one (1) business day after being sent by facsimile, with receipt being electronically confirmed or one (1) business day after deposit with a nationally recognized overnight courier service, with charges pre-paid, or three (3) days after being deposited in the U.S. mail, registered or certified, return-receipt requested, postage prepaid and addressed or sent by facsimile to the party at the address or number set forth below or such other address or number as either party may designate by written notice to the other.

If to the Commission: URBAN RENEWAL COMMISSION OF
THE CITY OF OREGON CITY
PO Box 3040
Oregon City, OR 97045
Attn: City Manager
Fax No.: (503) 657-7026

With a copy to: Ball Janik LLP
101 SW Main Street, Suite 1100
Portland, OR 97204
Attn: Stephen T. Janik
Fax No.: (503) 295-1058

If to CCLLC: CLACKAMETTE COVE LLC
30460 SW Ruth Street
Wilsonville, OR 97070
Attn: Edward E. Darrow
Fax No.: _____

With a copy to: Greene & Markley, P.C.
1515 SW Fifth Avenue, Suite 600
Portland, OR 97201

Attn: Ward Greene
Fax No.: 503-295-2668

17.6 Applicable Law; Venue

This Agreement has been entered into in Oregon, and the Project Site is located in Oregon. The parties agree that the laws of the state of Oregon shall be used in construing this Agreement and enforcing the rights and remedies of the parties. Venue shall be in the Circuit Court for Clackamas County, Oregon; provided that, if litigation is properly brought in federal court, venue shall be in the U.S. District Court for the State of Oregon in Portland, Oregon.

17.7 Attorneys' Fees

In the event of litigation to enforce or interpret this Agreement, the prevailing party shall recover its litigation costs, disbursements, paralegal fees, expert fees and attorneys' fees as determined by the judge at trial or upon any appeal or petition for review.

17.8 Condition of Property

The Commission and the City make absolutely no representation or warranty about: The Commission Property; any condition or feature at the Commission Property; the environmental condition of the Commission Property; the ability of CCLLC to develop the Commission Property as intended by CCLLC; the willingness of any Commission, department or division of the City to approve any aspect of the development of the Commission Property or fund any cost necessary for the development of the Project (except for any obligation of the Commission set forth in this Agreement); or any other matter pertinent to the transactions referred to in this Agreement, except as expressly set forth in this Agreement. CCLLC acknowledges that it has and will examine the Commission Property to its own satisfaction and will form its own opinion as to the condition (including environmental condition) and value thereof. CCLLC has not relied on any statements or representations from the Commission, the City or any person acting on behalf of the

Commission or the City concerning any of the following: the size or area of the Commission Property; the location of corners or boundaries of any parcel of the Commission Property; the condition of the Commission Property, including, but not limited to, environmental condition above or below the surface of the Commission Property or compliance with environmental laws and other governmental requirements; the availability of utility services to the Commission Property; the ability of CCLLC to use the Commission Property or any portion thereof for any intended purpose; or any other matter affecting or relating to the Commission Property or any portion thereof. CCLLC is acquiring the Commission Property, in the condition existing as of the Effective Date, AS IS, with all defects, if any. CCLLC waives, releases and forever discharges the Commission and the Commission's successors and assigns, of and from all claims, actions, causes of action (except fraud), fines, penalties, damages (including consequential, incidental and special damages), costs (including the cost of complying with any judicial or governmental order), and expenses (including attorney fees), direct or indirect, known or unknown, foreseen or unforeseen, which may arise on account of or in any way grow out of or in connection with any physical condition of the Commission Property, including any surface or subsurface condition, or any law, rule or regulation applicable to the Commission Property. The provisions of this Section shall survive the acquisition by CCLLC of a portion of the Commission Property and shall be binding on the CCLLC and CCLLC's successors and assigns.

17.9 Brokerage Commissions

Neither the Commission nor CCLLC have used a real estate broker, agent or finder in connection with this Agreement. Each party (for purposes of this Section, the "Indemnitor") agrees to defend, indemnify and hold harmless the other party (for purposes of this Section, the "Indemnatee") from and against any and all commissions or fees and arising out of the actions of the Indemnitor.

17.10 Invalid Provision

If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never been a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and not be affected by such illegal, invalid or unenforceable provision or by its severance.

17.11 Statutory Disclosures

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

17.12 Time

Time is of the essence in this Agreement.

17.13 Commission Inspection Rights

The Commission shall be entitled at any reasonable time, to come upon any portion of the Project Site for purposes of inspecting the Project Site and CCLLC' development of such portions for purposes of determining CCLLC' compliance with its obligations under this Agreement. The Commission shall comply with any safety regulations generally imposed by CCLLC with respect to construction activities on the Project Site.

17.14 Non-Waiver of Governmental Authority

Nothing in this Agreement shall be construed or interpreted to constitute a waiver of the City of Oregon City's governmental powers or condemnation authority.

17.15 Defined Terms

A word that is capitalized and is not the first word in a sentence or is set off in quotation marks is a defined term. A defined term has the meaning given to it when first used in this Agreement.

17.16 Exhibits

All Exhibits to this Agreement are an integral part of this Agreement and are incorporated into the text of this Agreement by reference.

17.17 Assignment

Neither party may assign its right or obligations under this Agreement without the prior written consent of the other party which may or may not be given in such party's sole discretion. However, CCLLC may assign its rights and obligations with respect to a given Phase, subject to the Commission's prior approval in its commercially reasonable judgment.

17.18 Applicability of City Code

CCLLC shall be obligated in developing the Project to comply with all applicable provisions of the Oregon City Municipal Code, and this Agreement is not intended to, and shall not be construed to, waive any applicable provision of the Oregon City Municipal Code.

IN WITNESS WHEREOF, PPS and the Commission have executed and delivered this Agreement to be effective on the date first set forth above.

COMMISSION: URBAN RENEWAL COMMISSION OF
THE CITY OF OREGON CITY

By: _____
Its: _____

CCLLC: CLACKAMETTE COVE LLC,
an Oregon limited liability company

By: _____
Its: _____

EXHIBIT A

2013 MASTER PLAN

EXHIBIT B

PLAT OF PROJECT SITE

EXHIBIT B-1

OWNERSHIP MATRIX

EXHIBIT C

CLOSING MECHANICS

1. **Escrowed Closing**

Closing will occur through an escrow to be administered by _____ Title Insurance Company, _____ (the "Title Company").

2. **Date of Closing**

Closing of the conveyance by the City to CCLLC of land in the Project Site shall occur on a mutually agreed-upon date which is within thirty (30) days of when: (i) all pre-conditions to closing have been satisfied with respect to the land being acquired by CCLLC; and (ii) the Commission and CCLLC have signed joint escrow instructions to the Title Company establishing, among other things, the closing date and Purchase Price for that Takedown.

3. **Condition of Title**

Each parcel acquired by CCLLC shall be subject to no liens, encumbrances or exceptions other than: (i) those set forth in that Preliminary Title Report issued by the Title Company dated _____, under Order No. _____; (ii) those granted by CCLLC or arising from the actions of CCLLC; and (iii) the liens in favor of the City referred to in Section 12.

4. **Form of Deed**

The Commission shall convey each parcel to CCLLC by means of a statutory special warranty deed subject only to the liens, encumbrances and exceptions permitted pursuant to paragraph 3 above.

5. **Payment of Purchase Price**

CCLLC shall pay the purchase price for each parcel at closing by wire transfer of same-day funds.

6. Closing Costs

The Commission shall pay one-half of the Title Company's escrow fee and the premium for an ALTA standard form owner's policy of title insurance. CCLLC shall pay one-half of the Title Company's escrow fee, all recording fees and any additional premium for an extended overage policy of title insurance.

7. Brokerage Fees

There shall be no brokerage fees paid through the closing escrow.

8. Title Insurance

At closing, the Commission shall cause the Title Company to issue to CCLLC a standard form ALTA owner's policy of title insurance insuring CCLLC as the owner of the parcel which is the subject of closing, with coverage in the full amount of the purchase price subject only to the Title Company's standards printed exclusions and exceptions and those exceptions permitted pursuant to paragraph 3 above.

**DISPOSITION AND DEVELOPMENT AGREEMENT
FOR THE COVE**

Among:

**THE URBAN RENEWAL COMMISSION OF
THE CITY OF OREGON CITY**

And

CLACKAMETTE COVE LLC

November ____, 2013

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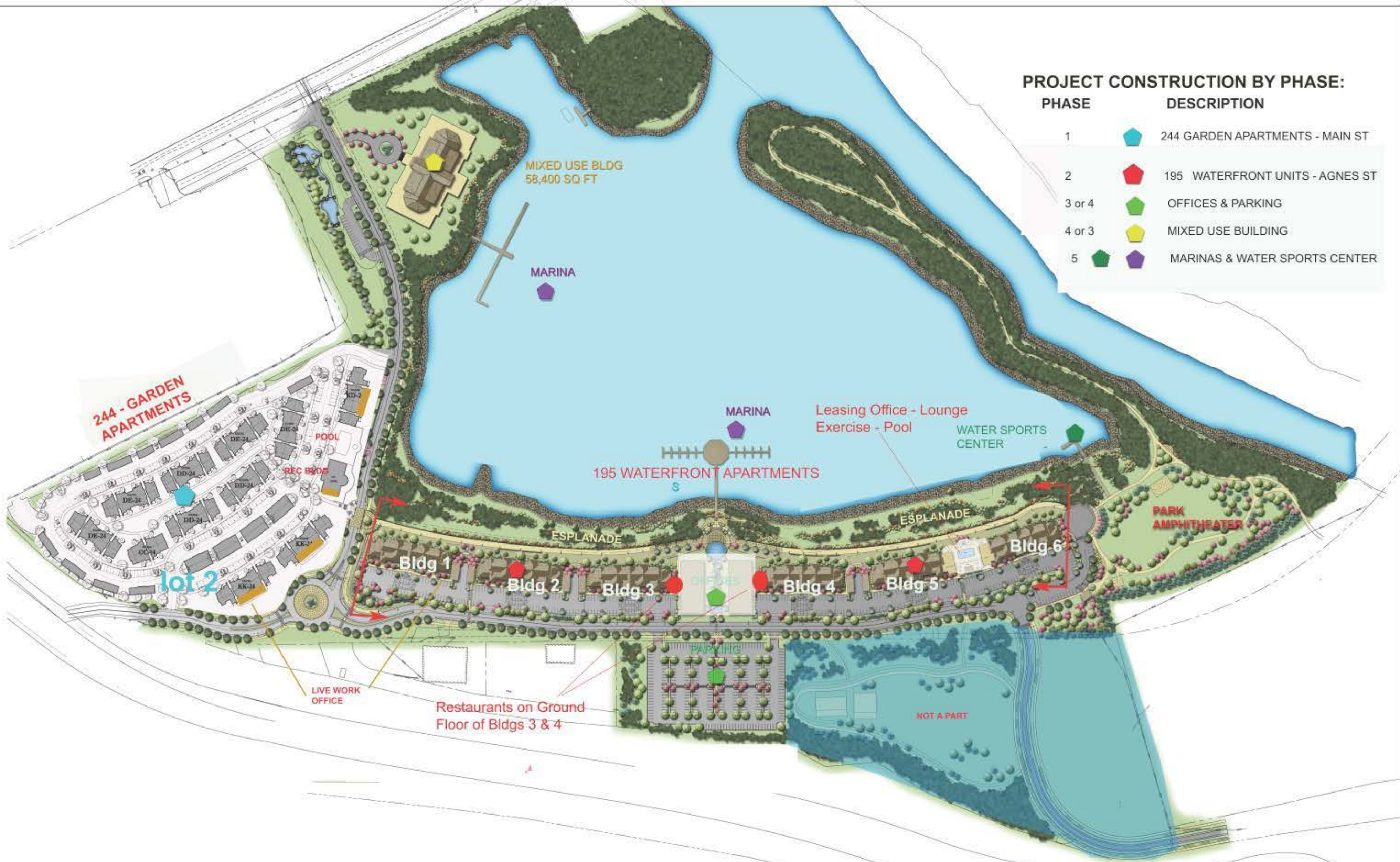
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Exhibits

Exhibit A	2013 Master Plan
Exhibit B	Plat of Project Site
Exhibit B-1	Ownership Matrix
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PROJECT CONSTRUCTION BY PHASE:

PHASE	DESCRIPTION
1	244 GARDEN APARTMENTS - MAIN ST
2	195 WATERFRONT UNITS - AGNES ST
3 or 4	OFFICES & PARKING
4 or 3	MIXED USE BUILDING
5	MARINAS & WATER SPORTS CENTER



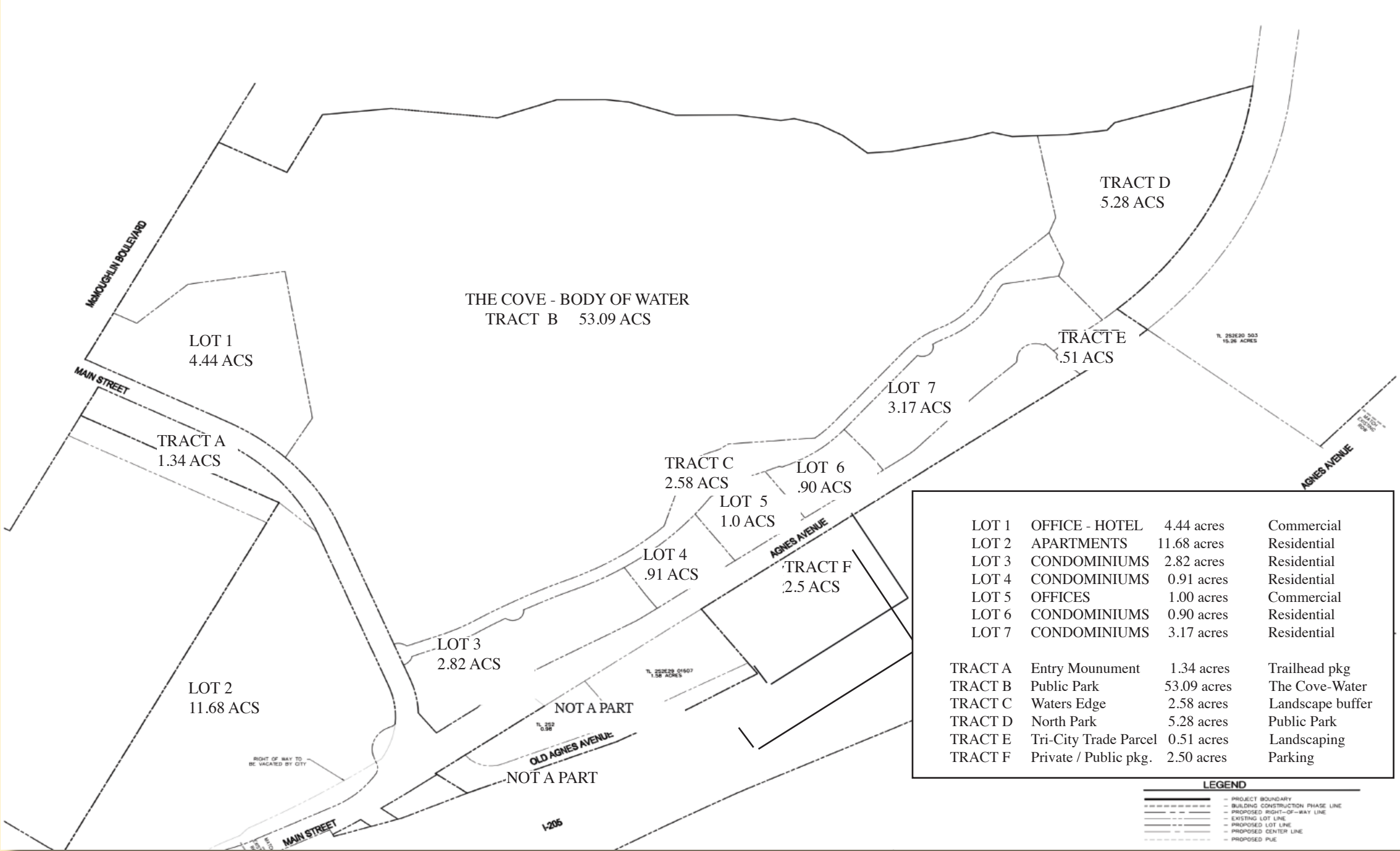


EXHIBIT B - PLAT MAP

EXHIBIT B-1 Property Matrix

AGENCY PROPERTY = 76.04 TOTAL PROPERTY= 89.59

PUBLIC AND PRIVATE OPEN SPACE TRACTS															
Parcel Number (Site Plan)	Size Acres	Size Square Feet	Ownership		Type of conveyance/ easement	Current Use	Use		Acquisition			Capital Improvements		Maintenance and Operations	
			Current	Ultimate			Ultimate Use	Status	Closing Date	Cost	Source of Funds	Description - Cost	Source of Funds	Timing	Responsible
Tract B Tax lot # 1503	53.09	2,312,600	URA of Oregon City	City of Oregon City	access	Vacant	Public uses, water sports, , protected Water Sports Center kayak & Canoe Launch Patrol Boathouse	From URA to City	NA	0	NA	Riparian restoration Soft trails Interpretive signage Wildlife viewing benches Water Sports Center Canoe Launch - storage	CCLLC URA CCLLC CCLLC URA URA	approval start of construction	City
					sheriff easement										City
															CCLLC
															CCLLC
															City
															City
Tract A	1.34	58,370	URA of Oregon City	City	NA	Vacant	Entry Monumentation Water feature Start of trailhead public parking	NA	NA	0	NA	Grade to final slope Install irrigation Landscape installation Water Feature	CCLLC CCLLC CCLLC CCLLC CCLLC	approval start of construction Infrastructure	CCLLC / City
Tract C tract between condo lots and shoreline	2.58	112,385	URA of Oregon City	City of Oregon City	NA	Vacant	Open Space Riparian Veg along re-graded slope	NA	NA	0	NA	Re-grade slope Build retaining walls Install irrigation Install landscape	CCLLC	approval start of construction	CCLLC
Tract D	5.28	229,997	URA of Oregon City	City of Oregon City	NA	Vacant	Public Park Open space Amphitheater	NA	NA	0	CCLLC Infrast. Budget	Park - Open Space	CCLLC	approval start of construction	CCLLC / City
Tract E No official Tract Name	0.51	22,216	City of Oregon City	Tri-City	Statutory Warranty Deed	Vacant	Buffer Landscaping	Subject to Lease for Track F Tri-City lot	Per DDA	0	NA	Tri-City desires to use a Buffer	NA	At lease transfer	Tri-City

DEVELOPMENT SITES															
Condo Lot 3	2.82	122,839	A portion of URA Property	CCLLC	Statutory Warranty Deed	Vacant	Apartments - converted condos later	CCLLC purchase in the DDA	DDA Agreement	TBD per DDA	CCLLC	Infrastructure - Waterfront condominiums	CCLLC	approval start of construction	CCLLC
Condo Lot 4	0.91	39,640	A portion of URA Property	CCLLC	Statutory Warranty Deed	Vacant	Apartments - converted condos later	CCLLC purchase in the DDA	DDA Agreement	TBD per DDA	CCLLC	Infrastructure - Waterfront condominiums	CCLLC	approval start of construction	CCLLC
Condo Lot 6	0.9	39,204	A portion of URA Property	CCLLC	Statutory Warranty Deed	Vacant	Apartments - converted condos later	CCLLC purchase in the DDA	DDA Agreement	TBD per DDA	CCLLC	Infrastructure - Waterfront condominiums	CCLLC	approval start of construction	CCLLC
Condo Lot 7	3.17	138,085	A portion of URA Property	CCLLC	Statutory Warranty Deed	Vacant	Apartments - converted condos later	CCLLC purchase in the DDA	DDA Agreement	TBD per DDA	CCLLC	Infrastructure - Waterfront condominiums	CCLLC	approval start of construction	CCLLC
Commercial Lot 1	4.44	193,406	A portion of URA Property	CCLLC	Statutory Warranty Deed	Vacant	Mixed Use Office	To be Negotiated in the DDA	Option Agreement	TBD per DDA	CCLLC	Infrastructure - Mixed Use Office/Hotel	CCLLC	approval start of construction	CCLLC
Commercial Lot 5	1.0	43,560	A portion of URA Property	CCLLC	Statutory Warranty Deed	Vacant	Waterfront Offices	To be Negotiated in the DDA	Option Agreement	TBD per DDA	CCLLC	Infrastructure - commercial	CCLLC	approval start of construction	CCLLC
Commercial Tract F No official design.	2.5	108,900	Tri-City	Lease - CCLLC	Lease	Vacant	Parking Public & Private	City to Negotiate Lease	TBD	\$0	NA	Construction of parking	CCLLC	approval start of construction	Joint Use Agreeemt
Apartments Lot 2	11.05	481,368	Woodley Properties, inc	CCLLC	Statutory Warranty Deed	Vacant	Apartments	Woodley	TBD	TBD	CCLLC	Garden Apartments	CCLLC	CCLLC	CCLLC



City of Oregon City

625 Center Street
Oregon City, OR 97045
503-657-0891

Staff Report

File Number: 13-685

Agenda Date: 12/18/2013

Status: Agenda Ready

To: Urban Renewal Commission

Agenda #: 4b.

From: City Recorder Nancy Ide

File Type: Minutes

Minutes of the December 4, 2013 Regular Meeting



City of Oregon City

625 Center Street
Oregon City, OR 97045
503-657-0891

Meeting Minutes - Draft Urban Renewal Commission

Wednesday, December 4, 2013

5:15 PM

Commission Chambers

1. Convene Regular Meeting and take Roll Call

Chair Roth called the meeting to order at 5:55 PM. Commissioner Yates participated via conference call.

Present: 7 - Paul Edgar, Betty Mumm, Doug Neeley, Kathy Roth, Philip Yates, Carol Pauli and Rocky Smith

Staffers: 5 - David Frasher, Tony Konkol, Nancy Ide, Wyatt Parno and Eric Underwood

2. Citizen Comments

There were no citizen comments.

3. Adoption of the Agenda

The agenda was adopted as presented.

4. Presentations

4a. 13-668 Clackamette Cove, LLC Presentation

Eric Underwood, Economic Development Manager, said Ed Darrow and Randy Tyler, of Clackamette Cove, LLC, were in attendance to give an update on the Cove project.

Mr. Darrow showed pictures of past waterfront projects that his company had done. He then explained the site plan and construction phases for the Cove project.

There was discussion regarding the timing of the phases, interconnectivity with the Oregon City Shopping Center, conditions of the water in the Cove, accessibility of the site, and public involvement.

Bryon Boyce, resident of Oregon City, discussed how the water was pure in the Cove and the danger of the growing gravel bar. This was a positive project for the City and public access to the site was very important. There would be open space and the landscaping would be native plants. He wanted the project to move forward.

Jerry Herrmann, resident of Oregon City, discussed a past developer who wanted to develop the property without taking the environment into consideration. He thought the current project was well thought out and showed practical environmentalism. The City was not allowing people to mitigate for what they wanted, but they had to meet the challenge. The water level was rising due to the gravel bar and the Cove was becoming a lake.

5. General Business**5a. 13-661 Adaptive Reuse/Rehab Grant Progress Update**

Mr. Underwood gave a progress report on the Adaptive Reuse/Rehab Grant Program at the request of the Urban Renewal Commission. He explained the four projects that had received the grant, what was invested, and what came out of the projects.

The Commission commented on the amount of private investment and how downtown was changing for the better.

5b. 13-656 Minutes of the November 6, 2013 Regular Meeting

A motion was made by Commissioner Mumm, seconded by Commissioner Pauli, to approve the minutes of the November 6, 2013, regular meeting. The motion carried by the following vote:

Aye: 7 - Paul Edgar, Betty Mumm, Doug Neeley, Kathy Roth, Philip Yates, Carol Pauli and Rocky Smith Jr.

6. Future Agenda Items

No future agenda items were suggested.

7. City Manager's Report

David Frasher, City Manager, said the reconstruction of the Train Depot would begin in January. The concept was to build a bicycle bistro.

8. Adjournment

Chair Roth adjourned the meeting at 6:55 PM.

Respectfully submitted,

Nancy Ide, City Recorder

COMMENT FORM



PLEASE PRINT CLEARLY

- SPEAK INTO THE MICROPHONE AND STATE YOUR NAME AND RESIDING CITY
- Limit Comments to 3 MINUTES.
- Give to the Clerk in Chambers prior to the meeting.

Date of Meeting 12-18-13 URC

Item Number From Agenda 4a

NAME: Ed Darrow, Clackamette Cove, LLC

ADDRESS: Street: _____

City, State, Zip: _____

PHONE NUMBER: _____

E-MAIL ADDRESS: _____

SIGNATURE: _____

COMMENT FORM



PLEASE PRINT CLEARLY

- SPEAK INTO THE MICROPHONE AND STATE YOUR NAME AND RESIDING CITY
- Limit Comments to 3 MINUTES.
- Give to the Clerk in Chambers prior to the meeting.

Date of Meeting 18 DEC 13

Item Number From Agenda 4a

NAME: WILLIAM GIFFORD

ADDRESS: Street: 7324 BEAVER L

City, State, Zip: OC OR 97045

PHONE NUMBER: 503-723-3456

E-MAIL ADDRESS: willg@smallflags.com

SIGNATURE: William Gifford