

THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

URA RESOLUTION NO. 221

A RESOLUTION OF THE CITY OF WILSONVILLE URBAN RENEWAL AGENCY APPROVING ADDENDUM NO. 4 TO THE DEVELOPMENT AGREEMENT OF JUNE 14, 2004 BY AND BETWEEN THE CITY OF WILSONVILLE (CITY) AND THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE (URA) AND MATRIX DEVELOPMENT CORPORATION (DEVELOPER) AND PROPERTY OWNERS DONALD E. BISCHOF / SHARON L. LUND, ARTHUR C. / DEE W. PICULELL, THE DeARMOND FAMILY LLC / LOUIS J. / MARGARET P. FASANO (OWNERS) AND VALERIE AND MATTHEW KIRKENDALL (KIRKENDALL)

WHEREAS, in 2004, the City of Wilsonville ("City") and the Urban Renewal Agency of the City of Wilsonville ("URA") entered into a Development Agreement ("Matrix Development Agreement") with Matrix Development Corporation ("Developer") and several property owners for the residential development of certain real property in the community known as Villebois Village ("Villebois Property"), pursuant to the Villebois Master Plan; and

WHEREAS, the Matrix Development Agreement has been amended by Contract Addendum Nos. 1, 2, and 3; and

WHEREAS, Addendum No. 4 is the subject of this Resolution and is between the City, the URA and Polygon Northwest Company, L.L.C. ("Polygon"). All other parties to the Development Agreement are not parties to this Addendum 4.

WHEREAS, the purpose of Addendum No. 4 is to outline certain responsibilities to be undertaken by Polygon as the potential successor in ownership interest to Donald E. Bischof and Sharon L Lund property located within the Villebois Master Plan ("Bischof/Lund Property").

WHERE, if Polygon does not purchase the Bischof/Lund Property, as provided in Addendum No. 4, then Addendum No. 4 will automatically become null and void.

WHEREAS, to assist the public in understanding the complexities of the Matrix Development Agreement and other Villebois development as it relates to this Addendum No. 4, the following historical chronological summary of the Villebois Village Master Plan Project is provided:

SUMMARY

1. The Villebois Master Plan is a land use plan regulating the development of approximately 500 acres of a planned, mixed use community of internal commercial and a mix of an

anticipated 2,600 residential uses, with trails, parks, and open spaces, supported by approximately \$140 million in infrastructure improvements. In approximately June 2004, for the purposes of developing home sites within the Villebois Master Plan area, Matrix Development Co. (Matrix) acquired certain land interests in approximately 150 acres of land east of 110th Street and entered into the 2004 Matrix Development Agreement. In this regard, Matrix purchased the Kirkendall property, succeeding to their interests in the Matrix Development Agreement; purchased some of the property owned by DeArmond/Fasano and optioned to purchase the balance; purchased some of the property owned by Bischof/Lund and optioned to purchase the balance; purchased a portion of the property owned by Arthur C. and Dee W. Piculell, and purchased development rights to mitigate wetlands on the balance not purchased.

2. In conjunction with the purposes of acquiring the aforementioned property and developing it, Matrix entered into certain loan agreements with Wachovia Bank (now Wells Fargo Bank), which included financing certain of the land purchases and development costs and providing Wachovia with security interests therein.
3. Matrix was authorized to enter into, and participate on behalf of the parties in, the adoption of the land use planning regulations for the properties to implement the Villebois Master Plan, including but not limited to a Revised Master Parks Plan, Special Area Plan East (SAP-E) for the properties east of 110th, and the platting of Preliminary Development Plan Phase 1 ("PDP-1"), which was the first phase of development of SAP-E.
4. The parks and open space classifications are pocket parks, linear greens, neighborhood parks, and regional parks. The general location of these parks and open spaces are depicted in Figures 5, 5A, and 5B to the Revised Villebois Village Parks Master Plan. A copy of Figures 5, 5A, and 5B are marked as **Exhibit 1**, attached hereto and incorporated by reference herein. Without provision for these parks, development cannot proceed.
5. In August of 2005, Matrix entered into a financing contract with the City and the URA in the form of Contract Addendum No. 1 to the Matrix Development Agreement. Addendum 1 replaced the local improvement district ("LID") funding mechanism to provide traffic trip capacity for the development's impacts at the I-5/Wilsonville Road Interchange with a prepayment by Matrix for trip impacts that would be generated by its

development. A certain amount of development, based on projected traffic trips were thereby vested in accordance with Addendum 1 and the prepayment provided funding for improvements to increase the interchange's trip capacity to allow for that development. The prepayment was made and Matrix was vested in the trips set forth in Addendum 1.

6. In December of 2007, the financial provisions of the parks and open spaces to be developed by Matrix were memorialized by the City, the URA, and Matrix in Addendum No. 2 to the Matrix Development Agreement. The key features of Addendum 2 are as follows: the total costs of the parks and open spaces were estimated to be \$4,837,293; Matrix would construct these parks and open spaces; and Matrix would provide a proposed PDP-2 that, together with PDP-1, provided for 655 lots which would produce \$1,568,070 (655 lots x \$2,394) in park SDCs, against which Matrix would receive a \$1,113,210 credit against the City's park SDCs, leaving the balance of \$454,860 to be paid by PDP-1 (190 x \$2,394). Thus, accounting for the SDC credits, the remaining proposed 465 lots would not pay any park SDCs, given Matrix's responsibility to provide the parks and open spaces. Included in the total of Matrix's responsibility was the construction of a community center for the homeowner's association (to include an interpretive center), at an estimated cost of \$1,019,000.
7. Matrix and its construction entity, Legend Homes, Inc. ("Legend"), filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the District of Oregon, Case No. 08-32798-tmb 11. On May 11, 2010, the Bankruptcy Court adopted the Matrix Second Amended Reorganization Plan ("Reorganization Plan"), effective June 1, 2010. As part of the proceedings, Matrix abandoned its optioned property to the above referenced owners and, through the Reorganization Plan, certain of its other property was transferred to Wells Fargo, as successor in interest of Wachovia Bank, and subsequently assigned to its property development company, Redus OR Lands, LLC. ("Redus Property"). Under the Reorganization Plan, Matrix and Legend merged into a reorganized single entity, Legend, and Legend retained the land and development of PDP-1. Prior to the bankruptcy and the abandonment, Matrix had proposed a portion of the balance of the property to be developed as PDP-2, and a map depicting the proposed lot development is marked as **Exhibit 2**, attached hereto and incorporated by reference herein. A map depicting the respective interests after abandonments is marked as

Exhibit 3, attached hereto and incorporated by reference herein. A list of the respective parks and open spaces in SAP-E, the property ownership upon which they occur, and their estimated costs is set forth on **Exhibit 4**, attached hereto and incorporated by reference herein.

8. As part of the Reorganization Plan, Legend was relieved of all parks costs, except for certain fixed park SDCs on a graduated scale for the 159 remaining residential lots of PDP-1 that had not been built upon, which Legend retained under the Reorganization Plan, and an approved, agreed upon sum toward the design and construction of Neighborhood Park 6 under the Reorganization Plan. These park SDCs and costs to Legend were negotiated and agreed upon between Legend, the City, the URA and Redus. With Legend being relieved of its other parks and open spaces participation, except as noted above, the remaining responsibility for the parks and open space requirements and related costs fell to the remaining land owners, to be imposed at the time of development. A separate amending agreement of the Matrix Development Agreement between the City, the URA and the Fasano/DeArmond, and a second separate amending agreement between the City, the URA and Redus were reached to address, in part, the parks and open space requirements and their respective funding. Included in these agreements, among other things, the City and the URA acquired land from each of the ownerships for the construction of a grade school by the West Linn Wilsonville School District ("District") within portions of then PDP-1 and PDP-2. Subsequently, Redus obtained City development approval, subject to conditions, of an 82-lot subdivision for land within PDP-2 that Redus now owns. This subdivision is now referenced as SAP East, PDP-2 (hereinafter "PDP-2"). Fasano/DeArmond has not yet applied for development approval.
9. The City, the URA and Polygon, who anticipates purchasing the Bischof/Lund Property (pursuant to an agreement with the current owners thereof), now desire to amend the Matrix Development Agreement to provide the framework for development of the Bischof/Lund Property. This land contains 192 lots, as originally proposed by Matrix for the Bischof/Lund Property, and will now be known as SAP East, PDP-3 (hereinafter "PDP-3").
10. As part of the Reorganization Plan, Legend retained the trip vesting benefits of contract Addendum 1 for its PDP-1 development and transferred the balance to Redus. Having

provided the loan funds to Matrix for development, including that for paying for the vesting of trip capacity through the I-5 Interchange, and with the Bankruptcy Court's approval and Matrix' abandonment of certain portions of a proposed PDP-2 to Wachovia, the City and the URA reached agreement with Redus to retain the same vested trip benefits for its PDP-2 property. Without the application of the vesting of trip funds to the interchange improvements, which are scheduled to be completed July 2012 to allow capacity for Villebois development, development by Matrix or Legend or any of the landowners involved, or their successors, would not be able to proceed under the City's infrastructure concurrency policy. However, to the extent that the collected and expended vesting of trips funds would apply to other Villebois properties under the Development Agreement, Redus is entitled to recoup the applicable balance of the payment from those property owners at their property's development. This amounts to \$690 per lot under the original agreement with Matrix. The City, the URA and Redus reached an agreement for repayment upon development of these other properties. Polygon has agreed to the City's surcharge of \$690 per lot against each lot proposed for the Bischof/Lund Property at the time of building permit application to build on the lots which the City and URA will then reimburse the surcharged amount to Redus upon the collection. Polygon proposes 184 lots rather than 192 due to wetland conditions.

11. The Villebois Master Plan required that a 10-acre site be designated for a grade school and sports fields. The designated land was initially located west of 110th and adjacent to Tooze Road. The School District in anticipation of building at the Tooze Road site had passed a bond issue to build the school. Due to the recessionary economic conditions, the housing development needed to support the extension of infrastructure to the Tooze Road site was delayed and therefore funding for the improvements needed for Tooze Road improvements was not available. There was an immediate need for the school serve over crowded conditions and also to avoid bond arbitrage issues. Give the aforementioned lack of funds for extending infrastructure to the Tooze Road site, the Villebois Master Plan was amended to provide for a substituted school site with a lower infrastructure cost. The URA and the City purchased the substitute site within the lands of Matrix, Redus, and DeArmond/Fasano. A reduced copy of page 1 of Partition Plat No. 2010, depicting

the school site (parcel 2) and a plan layout of the school site, is marked as **Exhibit 5**, attached hereto and incorporated by reference herein.

12. The District entered into an Infrastructure Development Agreement with the City and the URA. Under the Infrastructure Development Agreement, the District will provide certain infrastructure to serve the school, such as local roads, storm drainage, and sewer lateral lines. Some of this infrastructure was oversized and provides extra capacity, which will benefit the neighboring properties. This entitles the District to reimbursement from the benefiting properties at time of development of the benefitting properties through a Road and Utility Reimbursement District. There was also a need for the school to be tied into the proposed Coffee Lake sewer trunk line, which was on land that Redus acquired in the reorganization. The construction of the trunk line was not funded and would normally be constructed by the developer of the land in conjunction with development and under an SDC methodology with credit for oversizing by the responsible developer. Redus was not a developer. Given the exigent circumstances, it was determined that there was a need to develop an alternative, but equitable funding mechanism.
13. Except for PDP-1, the parties recognized that in order for the remaining properties to develop there was need for a segment of the 15-inch sewer trunk line to be constructed within the right of way of the planned Coffee Lake Drive. Coffee Lake Drive traverses the eastern edge of SAP-E, commencing from Barber Street to the south to the planned Villebois Drive to the north. The sewer trunk line is located within the Coffee Lake Drive right of way; but only the segment from a little south of Barber to the Bischof/Lund southern property line was needed to be constructed for the school to open. This segment of the sewer line is located within the Redus Property and Redus agreed to provide the necessary easement to the City. As noted above, a different funding approach was needed than had been provided in the Matrix Development Agreement. Thus, the Infrastructure Agreement, Addendum No. 3 to the Matrix Development Agreement involving Redus and Legend, and the purchase agreement with Fasano/ deArmond, provided for formation of a Reimbursement District to reimburse a portion of the sewer line cost with the School District contributing 24% to the cost. The sewer line was constructed and oversized to benefit certain properties yet to be developed, including the Bischof/Lund Property ("Benefited Properties") All Benefited Properties are subject to a

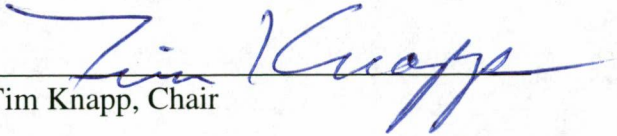
pro rata reimbursement for this segment upon development. The District was to advance the funds for this segment of the 15-inch sewer trunk line, subject to reimbursement. Under the reimbursement provisions of its code, the City will be seeking reimbursement for the District from the Benefitted Property owners through a Coffee Lake Drive Sewer Reimbursement District and through a separate reimbursement district for that constructed segment of Coffee Lake Drive that the developers of PDP-2 were conditioned to provide. (Road and Utility Reimbursement District”). The Road and Utility Reimbursement District is a separate and further reimbursement district to which the Benefitted Property owners will be subject.

14. If Polygon purchases the Bischof Lund Property, Polygon desires to deliver community elements such as roads, utilities, and parks early in the development process and to streamline the development process in order for the parties to realize the resulting economic benefits, including some cost savings to Polygon and some relief to the City and the URA from advancing funds for some of these elements, as envisioned in the amended Matrix Development Agreement. Pursuant to Addendum No. 4, if Polygon purchases the Bischof Lund Property on or before December 15, 2015, Polygon will advance the capital required to construct the parks and infrastructure described in Addendum No. 4, subject to SDC credits, as provided in Addendum No. 4 and subject to reaching certain other agreements with third party developers or landowners in Villebois as provided in Addendum No. 4.

NOW, THEREFORE, THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. The Urban Renewal Agency hereby authorizes the City Manager to enter into Contract Addendum No. 4 to the Development Agreement, to benefit past and future development at Villebois Village, addressing construction roles, financing responsibilities, timing for improvements to be made, in substantially the form attached hereto as **Exhibit A**, as approved by the City Attorney.
2. This Resolution, incorporating the Summary, is effective upon adoption.

ADOPTED by the Urban Renewal Agency of the City of Wilsonville at a regular meeting thereof this 20th day of August, 2012, and filed with the Wilsonville City Recorder this date.



Tim Knapp, Chair

ATTEST:



Sandra C. King, MMC, City Recorder

SUMMARY OF VOTES:

Chair Knapp	Yes
Board Member Núñez	Yes
Board Member Goddard	Yes
Board Member Starr	Yes

Attachments: Exhibit A: Development Agreement Contract Addendum No. 4

**ADDENDUM NO. 4
TO THE DEVELOPMENT AGREEMENT OF JUNE 14, 2004
BY AND BETWEEN THE CITY OF WILSONVILLE (CITY) AND
THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE (URA)
AND MATRIX DEVELOPMENT CORPORATION (DEVELOPER)
AND PROPERTY OWNERS DONALD E. BISCHOF / SHARON L. LUND,
ARTHUR C. / DEE W. PICULELL,
THE DeARMOND FAMILY LLC / LOUIS J. / MARGARET P. FASANO (OWNERS)
AND VALERIE AND MATTHEW KIRKENDALL (KIRKENDALL)**

THIS ADDENDUM NO. 4 ("Addendum 4") to the above captioned Development Agreement (hereinafter referred to as the "Matrix Development Agreement") is entered into this ___ day of August, 2012, by and between the City of Wilsonville ("City"), a municipal corporation of the State of Oregon, the Urban Renewal Agency of the City of Wilsonville ("URA"), a municipal corporation of the State of Oregon, and Polygon Northwest Company, L.L.C., a Washington limited liability company ("Polygon"). This Addendum 4 only applies to the City, the URA, and Polygon, and does not apply to the other parties to the Matrix Development Agreement.

RECITALS:

1. The Villebois Master Plan is a land use plan regulating the development of approximately 500 acres of a planned, mixed use community of internal commercial and a mix of 2,600 residential uses, with trails, parks, and open spaces, supported by \$140 million in infrastructure. In approximately June 2004, for the purposes of developing home sites within the Villebois Master Plan area, Matrix Development Co. (Matrix) acquired certain land interests in approximately 150 acres of land east of 110th Street and entered into the 2004 Development Agreement set forth in the title above (known as the "Matrix Development Agreement").
2. Polygon has entered into an option agreement to purchase a portion of the property affected by and included in the Matrix Development Agreement, which is currently owned by Sharon L. Lund and Donald E. Bischof (the "Bischof/Lund Property"). The Bischof/Lund Property is described on the attached **Exhibit 1**. The City, the URA, and Polygon wish to clarify certain respective obligations under the Matrix Development Agreement that pertain to the Bischof/Lund Property if Polygon acquires the Bischof/Lund Property and Polygon receives its requested approvals for the development of SAP East, PDP-3 ("PDP-3E") as shown on the attached **Exhibit 2** (the "Site Plan"). The Site Plan contemplates 184 lots being developed on the Bischof/Lund Property.
3. Terms not specifically defined herein shall be as defined in the Development Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the City, the URA, and Polygon agree as follows:

TERMS AND CONDITIONS:

1. **Condition Precedent.** Polygon hopes to acquire the Bischof/Lund Property much earlier than December 31, 2015. However, as a condition precedent to the implementation of this Addendum 4, Polygon must purchase the Bischof/Lund Property (except for any such land dedicated to or purchased by the City from Bischof/Lund) on or before December 31, 2015. In the event Polygon does not purchase the Bischof/Lund Property by December 31, 2015, this Addendum No. 4 shall become null and void unless the parties otherwise mutually agree, in writing.

2. **Supplemental I-5/Wilsonville Street Fee.** Polygon, as the developer of PDP-3E, shall pay a supplemental I-5/Wilsonville Road street SDC of \$690 per Dwelling Unit ("DU") at issuance of the building permit for each lot within PDP-3E. This supplemental street SDC is separate and apart from the basic street SDC and is not intended by the parties hereto to be a part of any street SDC credit or street SDC credit calculation that is set forth in this Addendum 4. The estimated supplemental street SDC to be paid by Polygon for the currently proposed 184 lots at \$690/DU is \$126,960.

3. **Villebois Drive North Extension from Coffee Lake Drive to Boeckman.**

3.1. The Matrix Development Agreement for SAP East provides that the City will construct Villebois Drive North from the existing roundabout on Boeckman Drive to Coffee Lake Drive. Polygon, as the developer of PDP-3E, hereby agrees to construct Villebois Drive North from the existing roundabout on Boeckman Drive to Coffee Lake Drive, subject to a full credit of those expenses against street SDC fees for PDP-3E. The parties estimate the length of this segment to be 310 feet and that the estimated cost to construct, with utilities, is \$650 per linear foot, which is calculated to be \$201,500, together with soft costs estimated at 24% of the construction cost, or \$48,360, which totals \$249,860. The breakdown of soft costs is set forth in Section 12.1.

3.2. The City shall provide the necessary permits of entry and construction easements to allow Polygon to construct this segment of roadway and the City shall dedicate for public use such segment of the roadway which is located on City property.

4. **Villebois Drive North Extension from 110th to Coffee Lake Drive.** Polygon, as the developer of PDP-3E, shall construct Villebois Drive North from Coffee Lake Drive to the Bischof/Lund Property boundary. Polygon will receive credits for those expenses against street SDC fees for PDP-3E for 12 feet additional paving width and the additional base rock depth over the entire street width that is required to upgrade from a local street to a collector street (typically two additional inches of base rock). The extra paving width for bike lanes is calculated at 10,260 sq. ft., at a unit price of \$2.00 a sq. ft., for an estimated cost of \$20,520. Rock needed for the extra paving is calculated at 10,260 sq. ft., at \$1.33 a sq. ft., for an estimated cost of \$13,646. The extra base rock depth is calculated to be 42,750 sq. ft. at \$0.50 a sq. ft., for an estimated cost of \$21,375. The total estimated cost of all of the foregoing is \$55,541. The soft costs are calculated at 24% of the costs for the extra paving width and rock, which is estimated at \$13,330. The total street SDC credits are estimated at \$68,871.

5. Villebois Drive Central/Costa Circle Extension and Roundabout.

5.1. Under a separate and different development agreement with Villebois Village LLC (“Villebois Village”), the developer of SAP Central, Villebois Village is required to construct Villebois Drive Central from 110th Avenue, the property line of PDP-3E, to Costa Circle Drive, the roundabout, and Costa Circle Drive from Villebois Drive Central to its current terminus, subject to the standard credits of those expenses against street SDC fees. Villebois Village, along with its successors and assigns, as the current owners of SAP Central (see paragraph 5.2 below) are not currently ready to proceed with this construction. However, because this is an important transportation linkage within the community, the parties to this Addendum 4 agree that residents of Villebois and others within the City of Wilsonville will benefit from having this road linkage in use, and both the City of Wilsonville and Villebois land holders will benefit from having this community investment in place and paid for.

5.2. Based on the foregoing, if the Villebois Drive Central/Costa Circle extension and roundabout have not been completed by the SAP Central developer by the time the Bischof/Lund Property is developed, and subject to the conditions below, Polygon, as the developer of PDP-3E, hereby agrees to construct Villebois Drive Central from 110th Avenue (property line of PDP-3E) to Costa Circle Drive, the roundabout, and Costa Circle Drive from Villebois Drive Central to its current terminus, subject to the following conditions: A separate agreement(s) is executed with all affected land owners of SAP Central, meeting the requirements of this Section 5.2. The current affected property owners of SAP Central are Costa Pacific Communities, Inc. or its affiliate, Villebois Village Center LLC (“Costa”), and Zions National Bank (“Zion”). Polygon has entered into preliminary negotiations with them to pursue this goal. Under such separate agreement(s), Costa and Zion must provide the road dedications and construction easements required to build these roads and roundabout; Costa must waive its right to collect its portion of the Master Planning Fee for all lots in PDP-3E; and Costa and Zion must agree to a supplemental street SDC equal in total to the actual street SDC credits provided by the City for Polygon for the streets and roundabout, which shall be paid to the City as future building permits are issued for the development in SAP Central. Polygon, as the developer of PDP-3E, shall receive a full credit of the expenses for constructing the Villebois Drive Central/Costa Circle extension and roundabout against street SDC fees for PDP-3E and against that portion of the Master Planning Fee owed by Polygon to the master developer (see Section 11). A map of these streets and the roundabout, with the designation of the proposed portion thereof that is the responsibility of Costa or Villebois Village Center LLC is set forth in **Exhibit 3**, attached hereto and incorporated by reference herein. A table of the estimated respective costs and SDC credits are set forth in **Exhibit 4**, attached hereto and incorporated by reference herein.

5.3 The City shall provide the necessary permits of entry and construction easements to allow Polygon to conduct the Villebois Drive Central/Costa Circle extension on 110th Street.

6. **Coffee Lake Drive Through Property.**

Polygon, as the developer of PDP-3E, shall construct Coffee Lake Drive, within the property boundary, and receive street SDC credits for the construction of paving wider than 20 feet and the easterly curb against street SDC fees for PDP-3E. The SDC credits are calculated as follows: extra paving width of 12,240 sq. ft. at \$2.00 a sq. ft. is estimated at \$24,480; rock for the extra paving of 12,240 sq. ft. at \$1.33 a sq. ft. is estimated at \$16,279; the easterly curb of 2,040 lineal ft. at \$15.00 per linear ft. is estimated at \$30,600, for a total estimate of \$71,359; soft costs, at 24% of the above sum, are estimated at \$17,126; and the total SDC credits are estimated at \$88,485.

7. **Regional Park 7 and North Portion of Regional Park 8.**

7.1. Subject to the cap on costs described in Section 7.2, Polygon, as the developer of PDP-3E, shall construct that portion of Regional Parks 7 and 8 within the Bischof/Lund Property boundary and the Metro Property area as shown on **Exhibit 5**, attached hereto and incorporated by reference herein.

7.2. Polygon believes it can significantly reduce the cost by providing the design/plans for and the management of construction of the park described in Section 7.1. Polygon's obligation to spend funds for the design and construction of that portion of Regional Parks 7 and 8, as described in Section 7.1, is capped as follows: Polygon shall not be obligated to spend more than the park SDCs, currently set at \$4,602 per lot, which may be adjusted annually, in accordance with the Seattle Engineering Record's published construction cost index, until the park work is completed (the "Capped Amount"). The City will agree to a redesign of that portion of Regional Parks 7 and 8 so that the costs will not exceed the Capped Amount. The City shall review and approve draft plans at 30%, 60%, and 90% of plan completion. The total park SDC credits are currently estimated at \$846,768 (\$4,602 x 184 lots, subject to annual adjustment) and shall be provided by the City as against the Capped Amount for Polygon to design and construct the northern part of Regional Parks 7 and 8. In the event the City receives timely final approval from Metro for park construction on that portion of the Metro Property shown on **Exhibit 5**, Polygon and the City further agree that Polygon will design and construct the trail facilities on Metro property as long as the cost of the design and construction of that segment of the trail facilities, when added to the cost to design and construct the portion of Regional Parks 7 and 8 located within the Bischof/Lund Property, as described in Section 7.1, will not exceed the Capped Amount. Polygon will provide an updated more reliable cost estimates for construction for both the northern part of Regional Park 8 on the Bischof/Lund Property and the Metro property when the 30% design is completed. The parties shall then determine whether it is feasible to proceed with further design and construction of Regional Park 8 on both properties or just within the Bischof/Lund Property without including the Metro Property. In the event the estimated costs exceed the Capped Amount at the 30% design phase, Polygon shall not be obligated to spend any more than the Capped Amount. In such case, the City reserves the option to elect, at its discretion, to contribute Park SDC funds or other funds to cover the amount that exceeds the Capped Amount. If the City does not elect to pay the amount in excess of the Capped Amount, the parties will redesign to stay within the Capped Amount or elect to build some or all of the park improvements at a later date.

7.3. The City has received Metro's tentative approval for the conceptual park improvements on the Metro Property, as depicted in the above **Exhibit 5**. The City will facilitate obtaining Metro's final approval to construct the trail facilities on the Metro Property.

8. **Miscellaneous Parks: Linear Greens (LG) 15 & 16, Pocket Parks (PP) 9 & 12, and Neighborhood Park (NP) 5.** These parks were initially designed to be located on the Bischof/Lund Property and the adjacent parcels owned by private ownership to the west, which property is not included in the Matrix Development Agreement. 110th Avenue currently runs through the middle of these parks. These parks are located and described on the map attached hereto as **Exhibit 6**, and incorporated by reference herein. It is anticipated that in order to develop the parks as shown, Polygon must enter into an agreement with this private property owner to allow for development of a portion of the parks on that other property. The City will endeavor to contact this property owner, who is currently located overseas, to determine whether the property owner is agreeable to allowing a portion of its property to be included in the park or parks Polygon will design and build. Polygon acknowledges it has the responsibility to develop the park areas located within the Bischof/Lund Property in PDP-3E, but the City and Polygon would prefer that the full parks, as currently contemplated in the Master Plan, be developed, if appropriate agreement can be obtained from the property owner. The plan to remove 110th will need to provide for existing easements of Northwest Gas and Kinder Morgan Petroleum utilities. If the other property owner does not enter into an agreement with Polygon to allow for park construction on its land, Polygon will develop that portion of the parks located on the Bischof/Lund Property and require the homeowner's association to maintain them, once constructed.

9. **Coffee Lake Drive 15-Inch Sewer.**

9.1. A 15-inch sewer trunk line in Coffee Lake Drive will serve all of SAP East, portions of SAP Central and SAP North, and all of UPA3. The sewer line has been extended by the City from Barber Avenue to Denmark Street (property line of Bischof/Lund). This segment has been constructed and a Reimbursement District is being formed by the City to pay the cost thereof.

9.2. The parties agree that Polygon, as the developer of PDP-3E, shall construct the 15-inch sewer line in Coffee Lake Drive from Denmark Drive (Bischof/Lund Property line) to 110th Avenue at its cost and receive sewer SDC credits for all lots within PDP-3E for oversizing the line above an 8-inch line to provide extra capacity for the future benefitted properties within the service area. Polygon acknowledges and agrees to formation of the Reimbursement District and that PDP-3E will be subject to assessments for a reimbursement of proportionate costs under the Reimbursement District.

9.3. Oversizing of sewer line reimbursement estimates have been in the range of \$55 - \$60 a linear foot, to date, in Villebois. Thus, SDC credits are estimated at \$57.50 a linear foot for 2,040 feet, for a total of \$117,300, plus soft costs estimated at \$28,152, for a total estimated cost of \$145,452.

10. **Villebois Drive 18-Inch Waterline.** Polygon, as the developer of PDP-3E, shall construct an 18-inch water line in Villebois Drive from Coffee Lake Drive to the westerly property line, at an estimated cost of \$106,020, inclusive of soft costs. Polygon shall receive water SDC credits for the construction of oversizing from a 12-inch line to an 18-inch line against water SDCs for the lots in PDP-3E, in the estimated total sum of \$31,806, inclusive of soft costs, as set forth on page 4 of **Exhibit 4**.

11. **Master Planning Fee.** The Matrix Development Agreement for SAP East provides that the developer will pay a Master Planning Fee of \$900 per lot, with \$690 of that fee being paid to the master planner, Costa Pacific Communities, and \$210 of that fee being paid to the City. In the event Costa Pacific Communities, as a land owner in SAP Central, waives its Master Planner Fee, as proposed in Section 5 above, Polygon, as the developer of PDP-3E, shall only be required to pay the City a Master Planning Fee of \$210 per lot at the time of building permit issuance for each lot within PDP-3E.

12. **SDC Credit Calculations.**

12.1. Included Costs. The standards for calculating the costs of constructing infrastructure, including both soft and hard construction costs, are standards known to the City and Polygon, and have been used for the calculations herein, against which SDC credits are calculated. Soft costs incurred in connection with the improvements described in this Addendum 4 are included in SDC credits. Polygon shall be treated equitably and consistently with the other developers receiving SDC credits in Villebois, and such soft costs for the purposes of SDC credits shall be calculated as a percentage of construction costs as follows: Design, Engineering, and Surveying, 10%; City Permit Fee, 7%; Geotechnical Inspection, 2%; and Construction Management, 5%, for a total of 24% of construction costs. The Matrix Development Agreement addresses the respective SDC and SDC credit calculations and is to be followed, except as may otherwise be specifically set forth in this Addendum 4. All SDC credits shall be credited to Polygon before Polygon must pay any system development charges for the Bischof/Lund Property lots. That is, upon completing an infrastructure project and becoming entitled to the applicable SDC credits as provided in this Addendum 4, Polygon may apply, in whole or in part, such applicable SDC credits against the SDC otherwise owed, until such credits may become exhausted, before Polygon is obligated to pay any remaining applicable SDC that may be owed.

12.2. Excluded Costs. The parties to this Addendum 4 agree that the various infrastructure costs and SDC credit calculations shall not include the cost of any property or any easement, right of entry, or license for any property necessary to be dedicated to or otherwise transferred by any of the respective parties to this Addendum 4 to the City for the infrastructure improvements, including parks, provided for in this Addendum 4 and which shall be provided to the City without cost to the City. Polygon will not be required to pay for any rights of entry, easements, or dedications.

12.3. Final Estimates and True Up. In order to secure a public works permit for the infrastructure provided for herein, plans for the construction of the infrastructure, including parks, must be provided to and approved by the City. In constructing the infrastructure, the

approved plans must be followed and, to ensure the cost for providing the infrastructure is reasonable, and thus any credit entitlement is reasonable, Polygon shall provide the construction contract costs to the City as the final estimate for the City's review and approval, which approval shall not be unreasonably withheld. The final cost and SDC credits shall be based on actual costs true-up from the construction contract costs; provided, however, that for any such true-up change cost, the parties must mutually agree they are reasonable.

12.4. **Insurance and Bonds.** Prior to commencement of construction of the infrastructure set forth in this Addendum 4, Polygon must provide to the City performance and payment bonds satisfactory to the City to provide for the respective infrastructure set forth in this Addendum 4. Polygon shall cause the City to be named as an additional insured on the applicable contractor's insurance policy for the construction of the respective infrastructure provided for in this Addendum, in amounts and coverage satisfactory to the City.

13. **GAP Parcel.** Bischof/Lund donated approximately 4.454 acres of land to the URA to be used for parks and open space. This land is referred to as the GAP parcel and it makes up a portion of those parks identified as Regional Parks 7 and 8 in the Revised Villebois Parks Master Plan. The GAP parcel is identified on **Exhibit 2**. Polygon and the URA agree that Polygon will include this area in the design and construction of Regional Parks 7 and 8, subject to the costs incurred by Polygon for all the work described in Section 7 not exceeding the Capped Amount.

14. **Recitals Incorporated.** The recitals set forth above, inclusive of exhibits, are incorporated by reference as general terms of this agreement to provide for the intent of the parties in developing and constructing the specific provisions of the Terms and Conditions of this Addendum No. 4 Agreement.

15. **Miscellaneous.** This Addendum 4 amends the Matrix Development Agreement as specifically set forth herein. Except as set forth in Addendum 4, the Matrix Development Agreement, as previously amended, remains in full force and effect as to the parties to the Matrix Development Agreement.

16. **Assignment.** Polygon shall have the right to assign, without release, this Addendum No. 4 to an affiliate of Polygon, including Polygon at Villebois, L.L.C. An affiliate of Polygon is defined as any entity that is managed or controlled by the same people who manage Polygon.

17. **SDC Adjustments.** All references to SDCs in this Addendum 4 are references to system development charges established for the 2011-2012 fiscal year. Those charges are subject to adjustment on an annual basis proportionate to the changes in the Seattle Engineering Record's published construction cost index.

18. **Notices.** All notices, demands, consents, approvals, and other communications which are required or desired to be given by either party to the other hereunder shall be in writing and shall be faxed, hand delivered, or sent by overnight courier or United States Mail at its address set forth below, or at such other address as such party shall have last designated by

notice to the other. Notices, demands, consents, approvals, and other communications shall be deemed given when delivered, three days after mailing by United States Mail, or upon receipt if sent by courier; provided, however, that if any such notice or other communication shall also be sent by telecopy or fax machine, such notice shall be deemed given at the time and on the date of machine transmittal.

To City: Michael E. Kohlhoff
City Attorney
City of Wilsonville
29799 SW Town Center Loop East
Wilsonville OR 97070

To Polygon: Polygon Northwest Company, L.L.C.
Attn: Fred Gast
109 E. 13th Street
Vancouver WA 98660

With a copy to: Radler White Parks & Alexander LLP
Attn: Barbara Radler
111 SW Columbia Street, Suite 1100
Portland, OR 97201

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the day and year first written above.

POLYGON NORTHWEST COMPANY, L.L.C.

CITY OF WILSONVILLE

By: Brentview, Inc., its Manager

By: _____
Print Name: _____
As Its: _____

By: _____
Bryan Cosgrove
As Its: City Manager

THE URBAN RENEWAL AGENCY OF THE
CITY OF WILSONVILLE

By: _____
Bryan Cosgrove
As Its: Executive Director

Approved as to form:

Michael E. Kohlhoff, OSB #690940
City Attorney

EXHIBIT 1

The land bounded by a line beginning South 24-1/2 ° East 14.96 chains from the Northeast corner of Section 15, in Township 3 South, Range 1 West of the Willamette Meridian, in the City of Wilsonville, County of Clackamas and State of Oregon, in the center of L.A. Seely's main ditch; thence South 70-1/2° West, 14.64 chains to the Northwest corner of R.I. Seely's land; thence South 35° East, 2 chains on the West side of said land; thence South 52° East, 8.97 chains on the West side of said land; thence South 10° East, 2 chains on the West line of said land; thence West, 22.50 chains to the East line of the Donation Land Claim of Samuel B. Franklin; thence North on said East line, 22.64 chains to the Southwest corner of George B. Seely's land; thence East, 24.37 chains to the center of said L.A. Seely's main ditch; thence South 20-1/2° East on the center line of said main ditch to the place of beginning.

ALSO a strip of land (hiatus) situated in the Northeast one-quarter of Section 15 and the Northwest one-quarter of Section 14, Township 3 South, Range 1 West of the Willamette Meridian, in the City of Wilsonville, County of Clackamas and State of Oregon; said strip of land (hiatus) lies Northerly of that certain tract of land conveyed to John and Rose Boston as described in Book 205, Page 458 and Book 319, Page 427 and lies Southerly of that certain tract of land conveyed to H.V. Rand, et ux, described in Book 143, Page 49, Deed Records, Clackamas County, Oregon; the Northerly line of said Boston Tract being described as follows:

Beginning at the Northwest corner of said Boston Tract, which Northwest corner is in the Easterly line of the Samuel Franklin Donation Land Claim No. 50 and bears North 00°00'00" East, 1698.90 feet from the South east corner of the Samuel Franklin Donation Land Claim No. 50; thence leaving said Easterly line, North 89°56'00" East parallel with the Northerly boundary of the R.V. Short Donation Land Claim a distance of 20.00 feet to a 5/8 inch iron rod in the Easterly right-of-way line of Brown road (County Road No. 355); thence continuing along said Northerly boundary of the Boston Tract, North 89°56'00" East (P.S. 21365 Records of Surveys, Clackamas County), 1403.07 feet to a 5/8 inch iron rod in the Easterly line of said Section 15, Township 3 South, Range 1 West; thence continuing North 89°56'00" East along the Northerly boundary of the Boston Tract (P.S. 21365 Record of Surveys, Clackamas County) parallel with said Northerly line of the R.V. Short Donation Land Claim, 132.36 feet to a 5/8 inch iron rod at the Northeasterly corner of the herein described tract, which Northeasterly corner is in the Westerly boundary of the R.I. Seely Tract as described in Book 43, Page 54, Deed Records, Clackamas County, Oregon.

EXCEPTING THEREFROM Those tracts deeded to The Urban Renewal Agency of the City of Wilsonville, by Deed recorded August 11, 2006, Fee No. 2006-073989 , 2006-073990 and 2006-073991.

EXHIBIT 2

N:\proj\395-007\09 Drawings\03 Planning\Exhibits\395007.Development Agreement Exhibit-B.dwg - SHEET: LOTS Jul. 26. 12 - 1:07 PM jeff

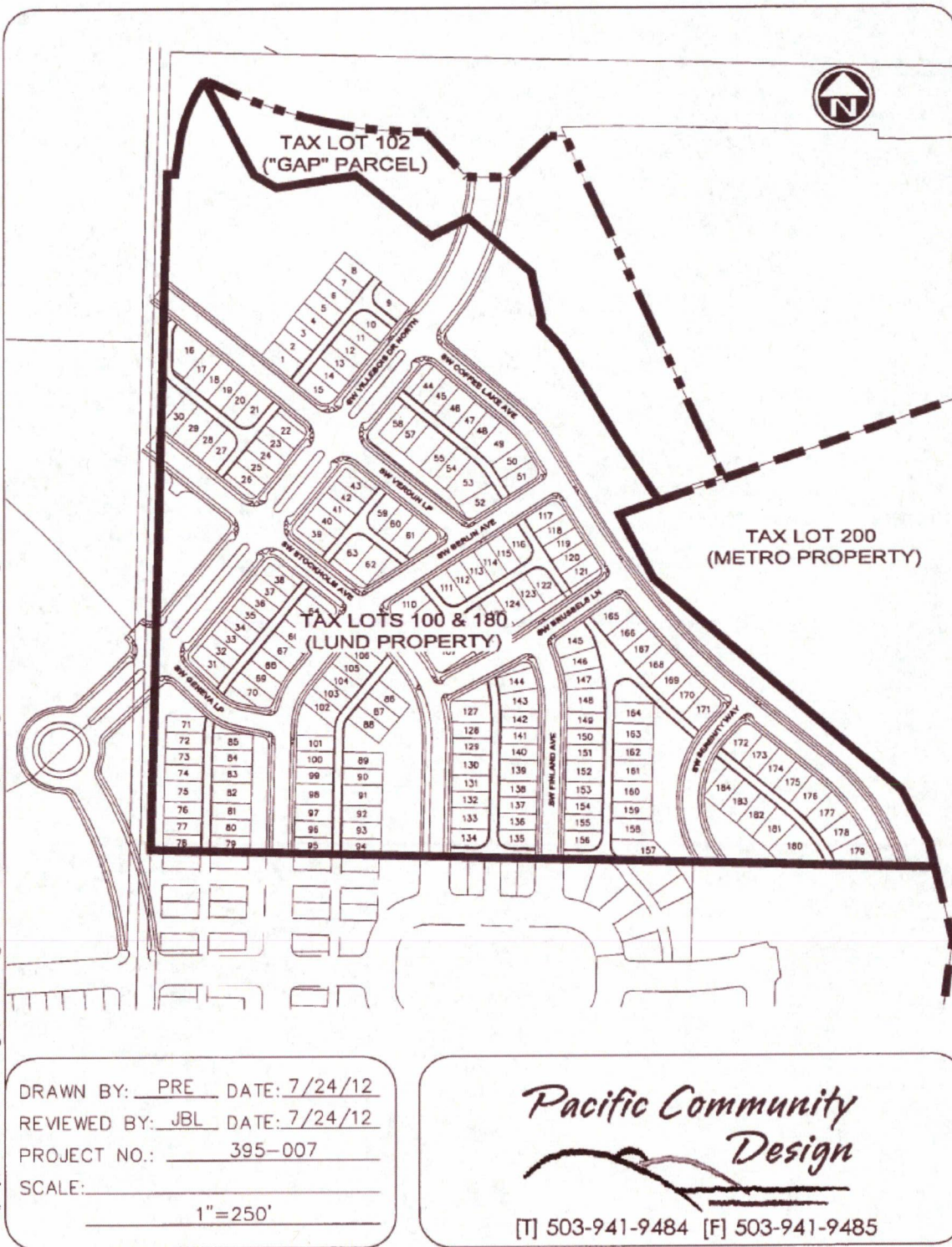


EXHIBIT 3

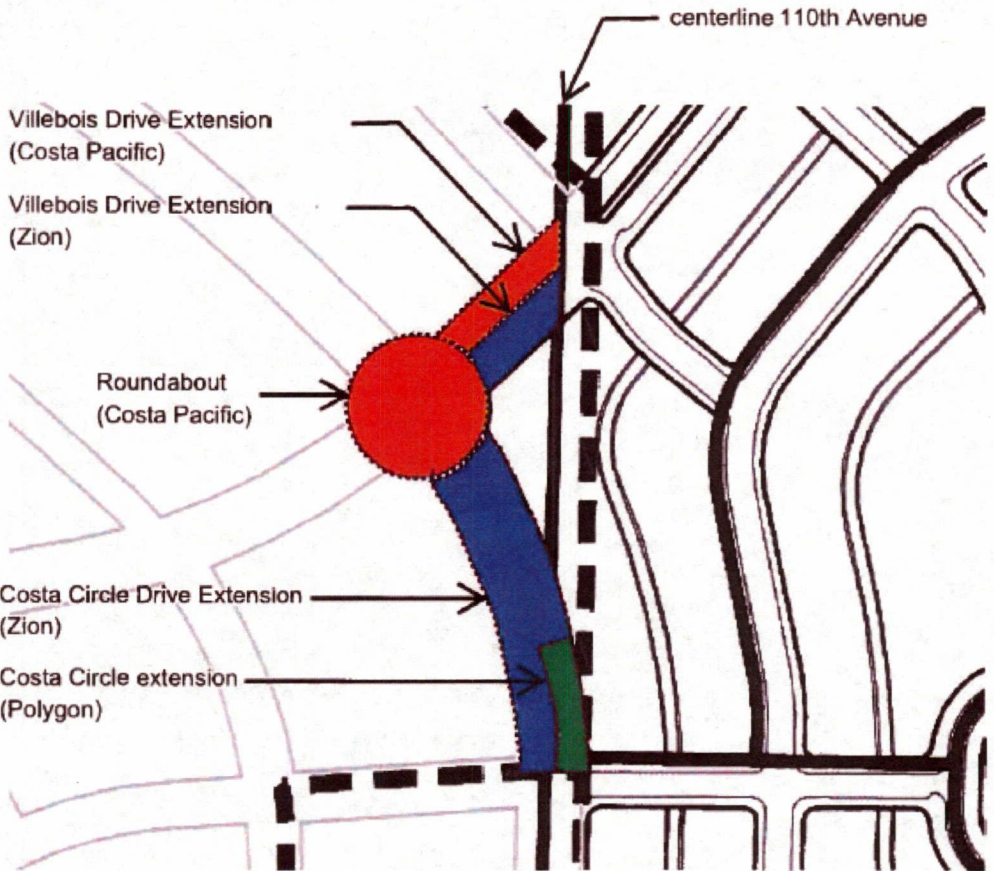


EXHIBIT 4

Supplemental I-5/Wilsonville Road Fee

pay supplemental fee for 184 lots at \$690/DU (\$127K).

Fee	Rate	Units	Cost
I-5/Wilsonville Rd	184	690	126,960
Total			126,960

Villebois Drive extension north of Coffee Lake Drive to Boeckman

Polygon to build from Coffee Lake Drive to existing roundabout on Boeckman (\$250K), receive road SDC credit for all costs (\$250K). City to dedicate required right of way and construction easements.

Road	Length	Cost per ft.	Cost
Villebois Drive	310	650	201,500
soft cost/cont		24%	48,360
Total	310		249,860

Villebois Drive extension from 110th Avenue to Coffee Lake Drive

Polygon to build from Coffee Lake Drive to 110th Ave., receive road SDC credit for 12 feet additional paving width and addition paving depth for remainder of paving (\$69K).

Item	Quantity (sf)	Unit price	Cost
Extra paving Width	10,260	2.00	20,520
Extra Paving depth	10,260	1.33	13,646
Extra Base Rock	42,750	0.50	21,375
soft cost/cont		24%	13,330
Total	10,260		68,871

Villebois Drive/Costa Circle extension and roundabout

Costa / Zion to dedicate required right-of-way and construction easements, Polygon to build (\$659K), Costa to waive Costa portion of MP Fee (\$127K), Polygon to receive road SDC credit for remaining offsite portion (\$474K), Costa / Zion reimburse City with supplemental fee at future building permits (\$181K Costa, \$293K Zion).

Road	Length	Cost per ft.	Cost
Villebois Drive	150	650	97,500
Roundabout		200,000	200,000
Costa Circle	360	650	234,000
Const. Total			531,500
Soft Cost/Cont		24%	127,560
Project Cost			659,060

Costa Pacific Items	Cost	%	Cost
Villebois Drive	97,500	50%	48,750
Roundabout	200,000	100%	200,000
Costa Circle	234,000	0%	0
Const. Total			248,750
Soft Cost/Cont		24%	59,700
Total Costa Cost			308,450
Less Master Plan Fee			-126,960
Costa Reimbursement			181,490

Zion Items	Cost	%	Cost
Villebois Drive	97,500	50%	48,750
Roundabout	200,000	0%	0
Costa Circle	234,000	80%	187,200
Const. Total			235,950
Soft Cost/Cont		24%	56,628
Total Zion Reimbursement			292,578

Polygon Items	Cost	%	Cost
Villebois Drive	97,500	0%	0
Roundabout	200,000	0%	0
Costa Circle	234,000	20%	46,800
Const. Total			46,800
Soft Cost/Cont		24%	11,232
Total Polygon Cost			58,032

Coffee Lake Drive thru property

Polygon to build within the property, receive Road SDC credits for Paving wider than 20 feet a the easterly curb (88K).

Item	Quantity (sf)	Unit price	Cost
Extra paving Width	12,240	2.00	24,480
Rock	12,240	1.33	16,279
easterly curb	2,040	15.00	30,600
soft cost/cont		24%	17,126
Total	12,240		88,485

Coffee Lake Drive 15-inch Sewer

Polygon to build thru property (\$685K), receive sewer SDC credit for oversizing from 8" to 15" (\$145K), and pay south portion late comer fee (50K).

Project cost:

Length	Cost	Cost per lf
South Portion		
1,779	597,143	335.66
North Portion		
2,040	684,750	335.66

North Portion SDC Credit

Item	Quantity (sf)	Unit price	Cost
Oversize from 8" to 15"	2,040.00	57.50	117,300
Soft Cost	117,300.00	24%	28,152
Total			145,452

South Late-comer Fee:

Area	Amount	Fee
Lund	50,203.72	50,204

Villebois Drive 18-inch Waterline

Polygon build from Coffee Lake Drive to 110th (\$106K), receive SDC credit for oversize from 12-in to 18-inch (\$32K).

Item	Quantity (lf)	Unit price	Cost
18-inch line	855	100.00	85,500
soft cost/cont			20,520
18-inch total			106,020
12 -inch line	855	70.00	59,850
soft cost/cont			14,364
12-inch total			74,214
Total Credit			31,806

Master Plan Fee

Pay City fee portion (\$39K), use Costa portion (\$127K) to pay for Village Drive/Costa Circle.

Fee	Units	Rate	Cost
MP Fee (Costa)	184	690	126,960
MP Fee (City)	184	210	38,640
Total	184	900	165,600

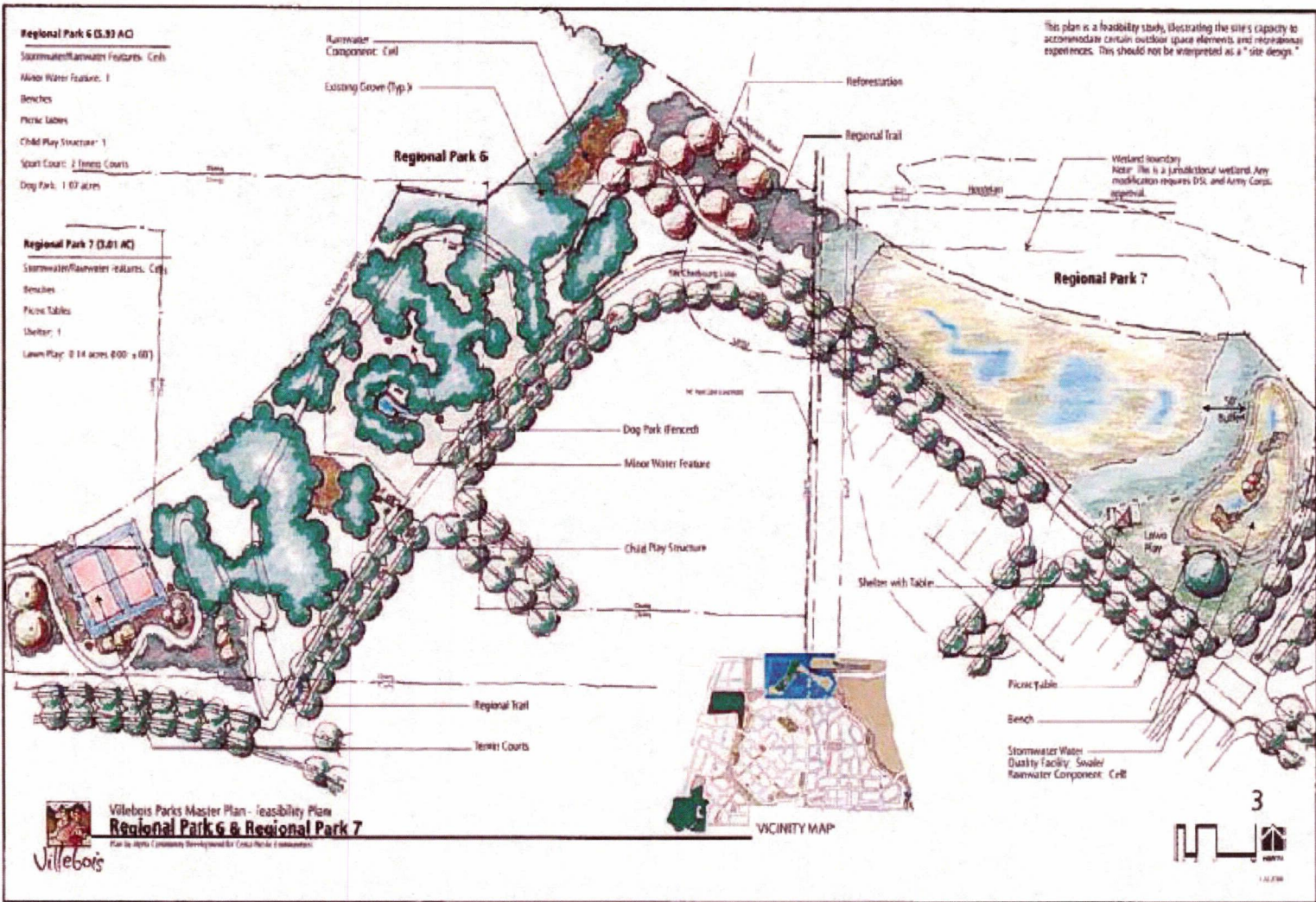


EXHIBIT 5

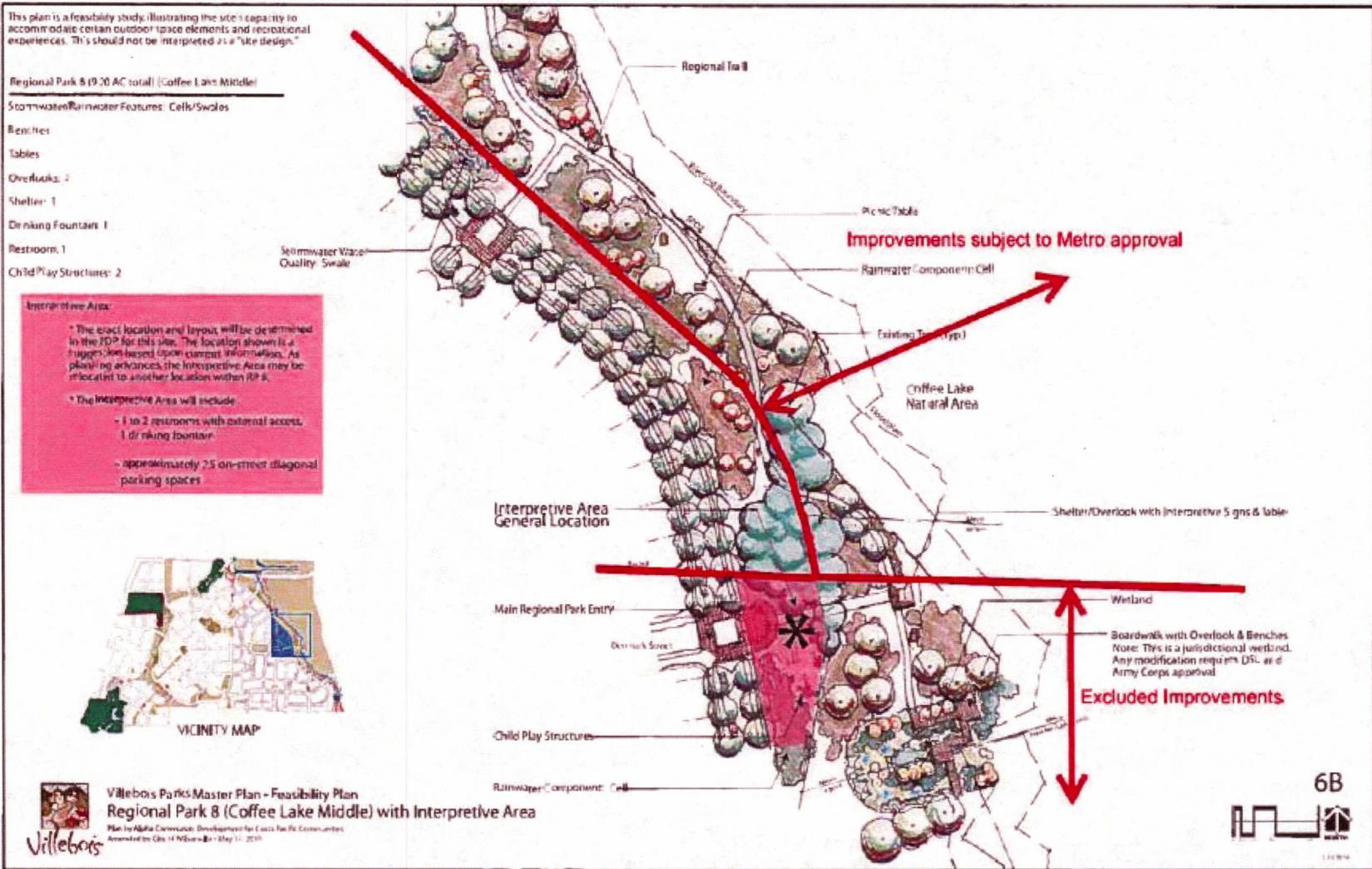
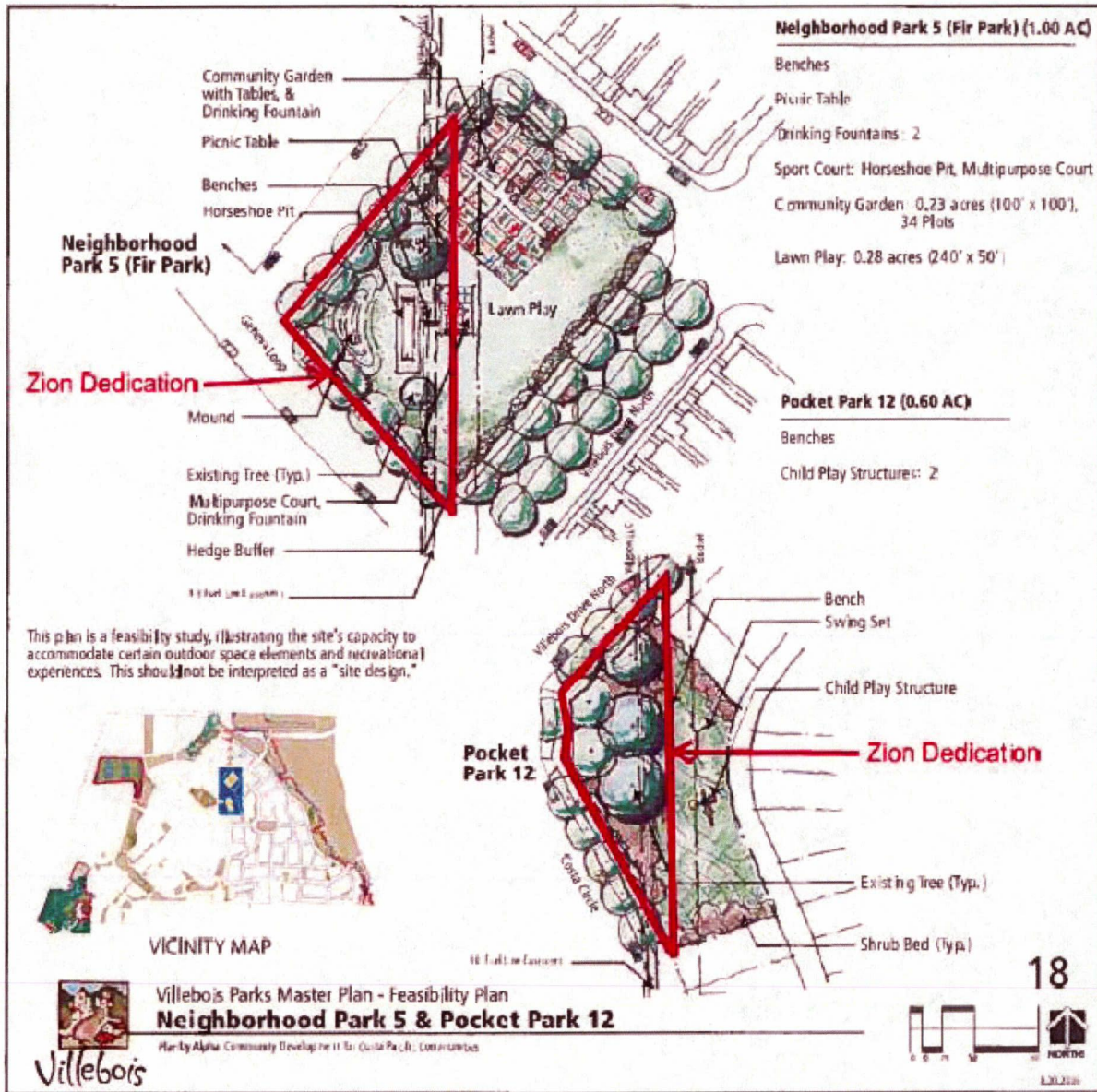


EXHIBIT 6



This plan is a feasibility study, illustrating the site's capacity to accommodate certain outdoor space elements and recreational experiences. This should not be interpreted as a "site design."

Pocket Park 9 (0.21 AC)

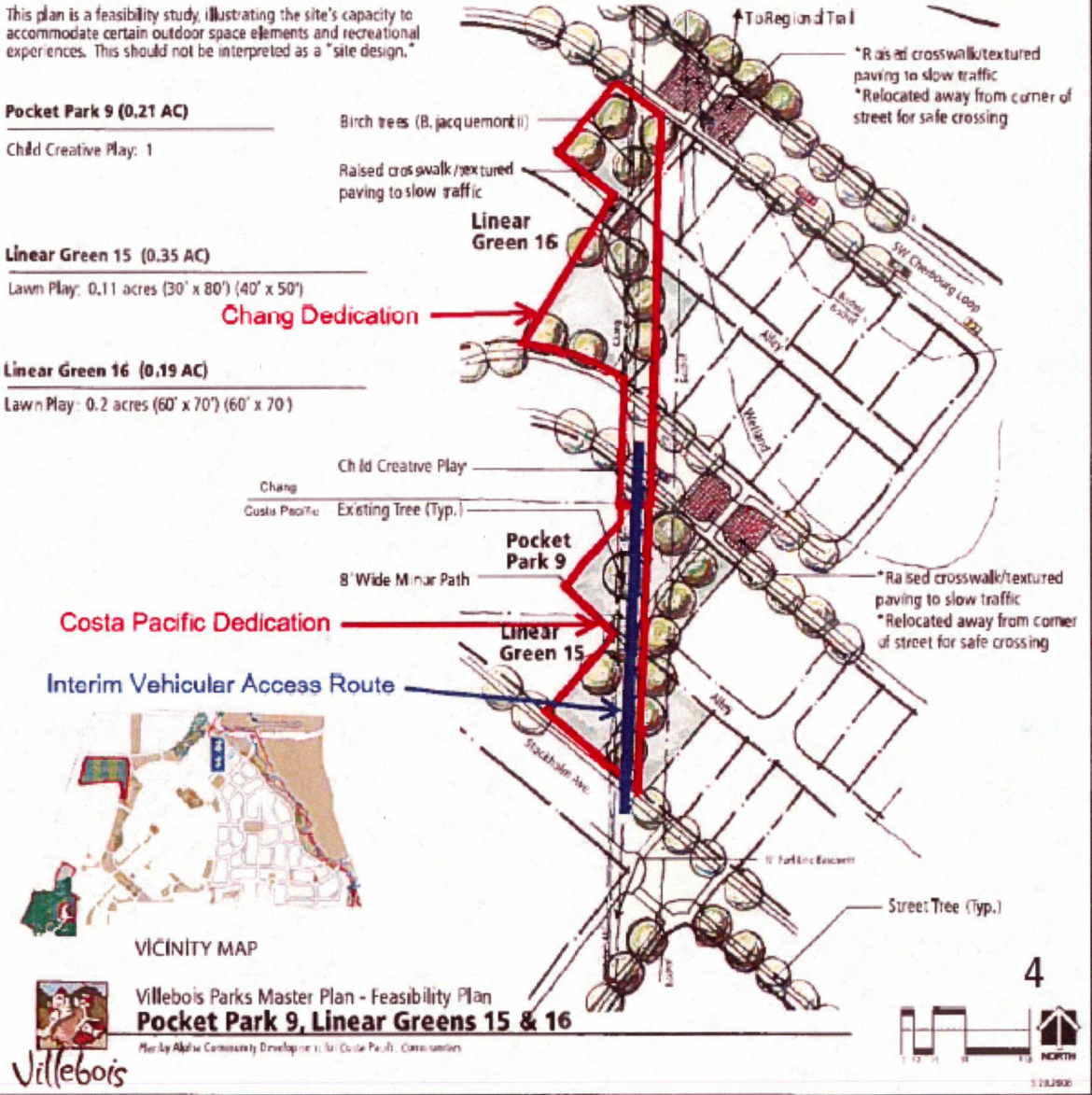
Child Creative Play: 1

Linear Green 15 (0.35 AC)

Lawn Play: 0.11 acres (30' x 80') (40' x 50')

Linear Green 16 (0.19 AC)

Lawn Play: 0.2 acres (60' x 70') (60' x 70')



VICINITY MAP



Villebois Parks Master Plan - Feasibility Plan
Pocket Park 9, Linear Greens 15 & 16

Merley Alpha Community Development, Inc. Costa Pacific, Consultants



Figure 5

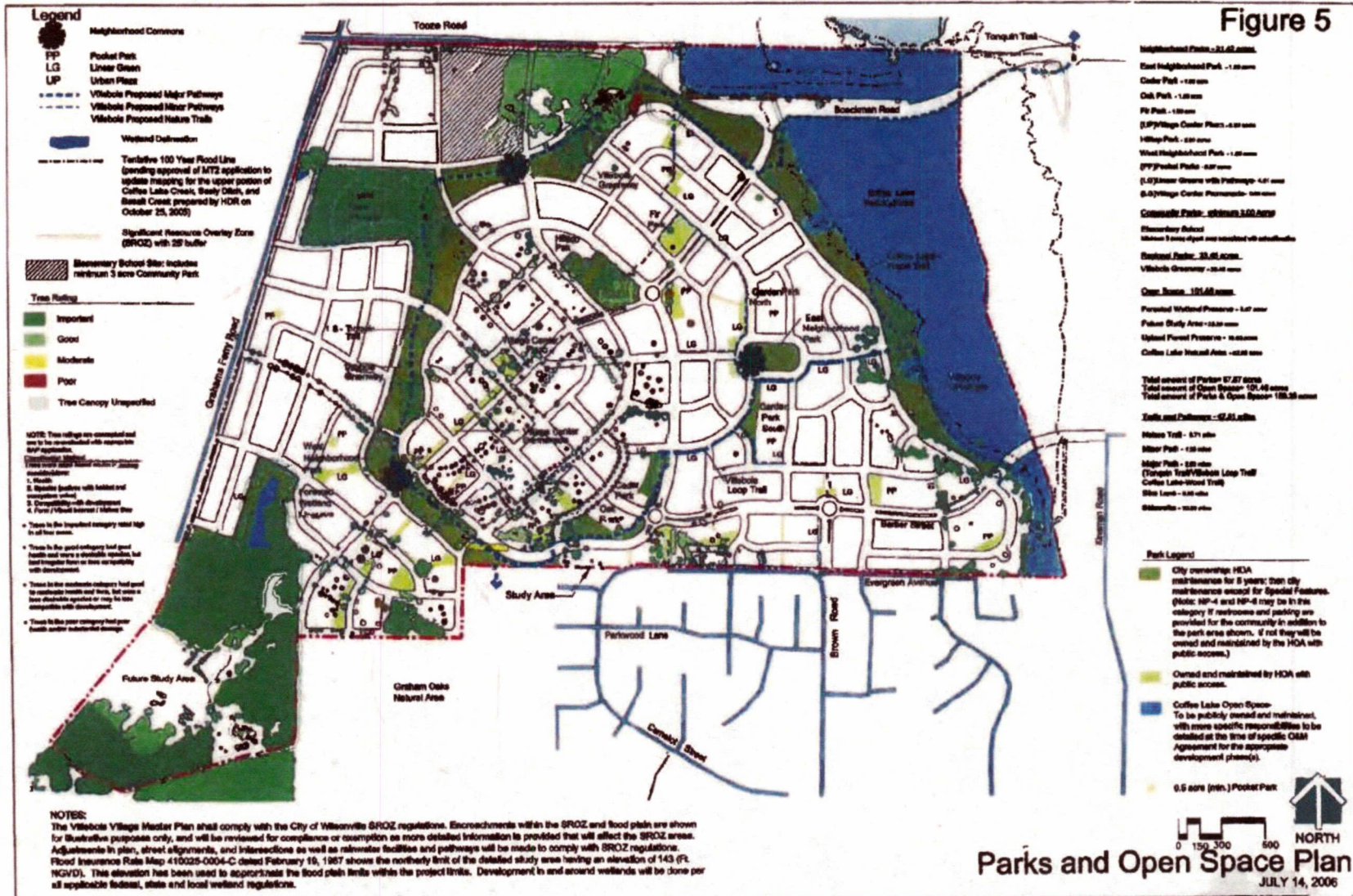


Figure 5A

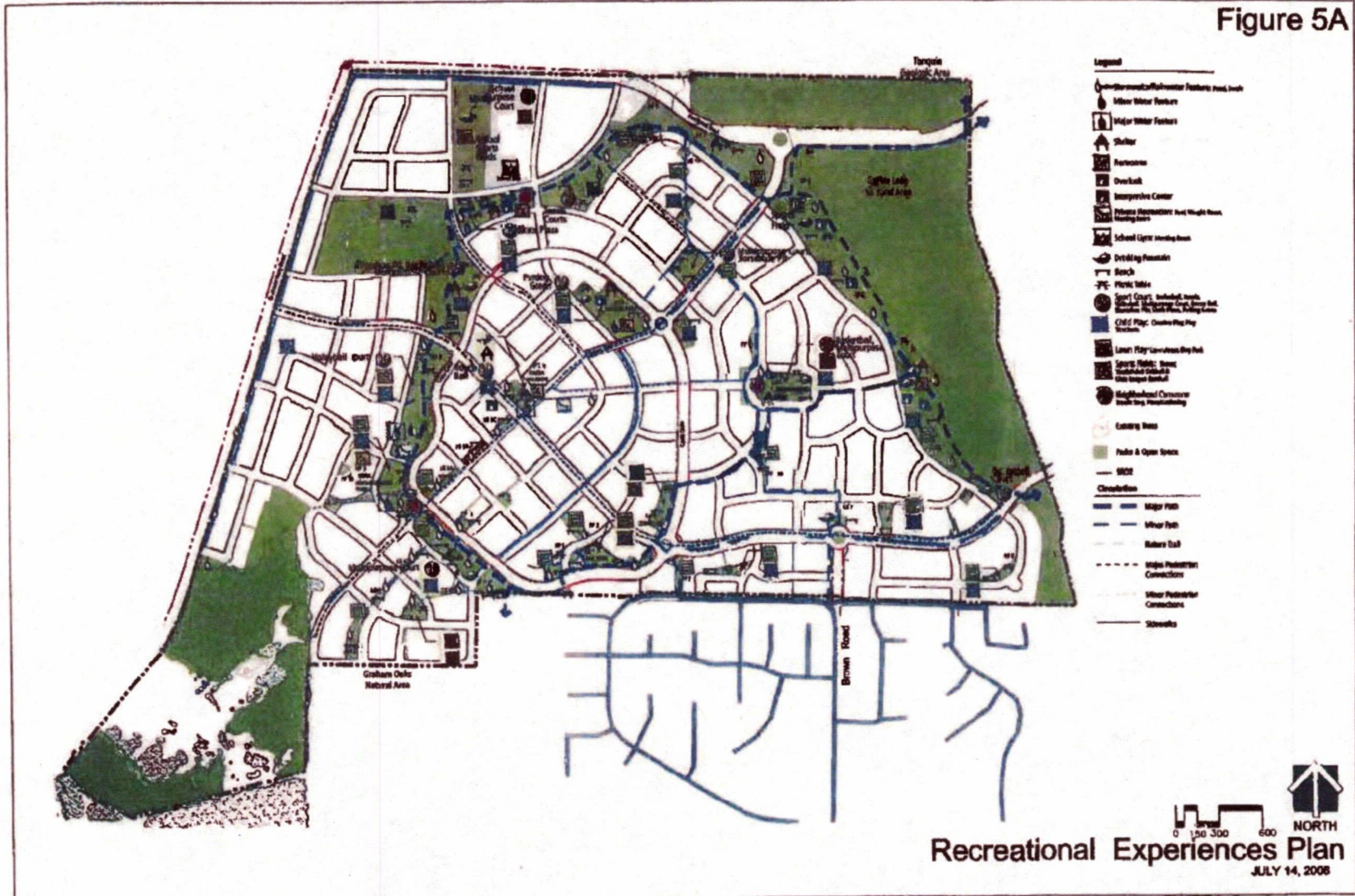
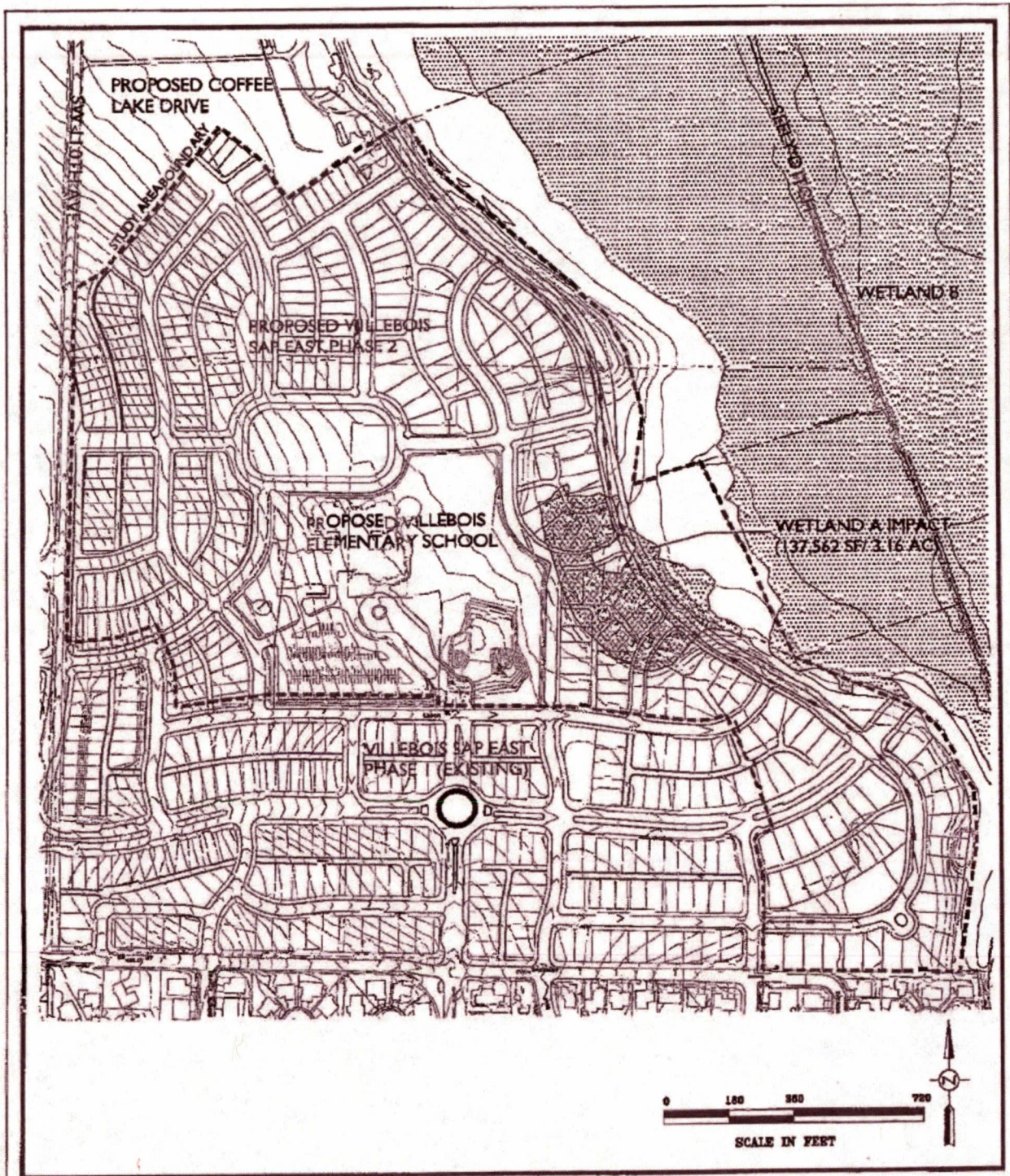


EXHIBIT 2



3/19/10
4573



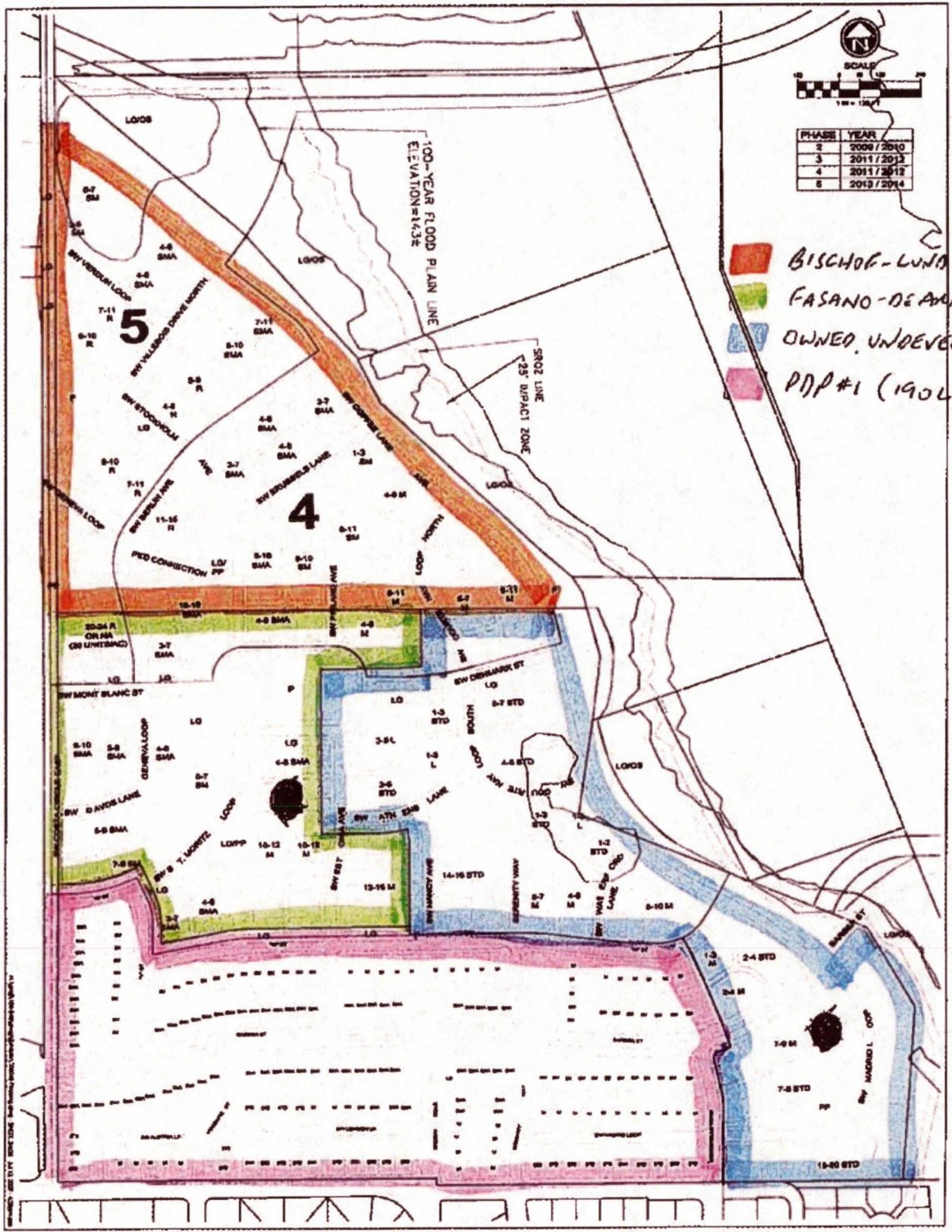
Proposed site plan and wetland impacts at Villebois SAP East Phase 2 planning area in Wilsonville, Oregon. Provided by City of Wilsonville, 2010.

Pacific Habitat Services, Inc.

FIGURE
5

EXHIBIT 6

EXHIBIT 2



PHASE	YEAR
2	2009 / 2010
3	2011 / 2012
4	2011 / 2012
5	2013 / 2014

- BISCHOP-LUND
- FASANO-DEARMOND
- OWNED, UNDEVELOPED
- PDP #1 (190 LOTS)

PHASING PLAN

VILLEBOIS SAP EAST

5700 SW 10th Ave
Brentwood, OR 97112
503-638-1111
www.alphacommunit.com

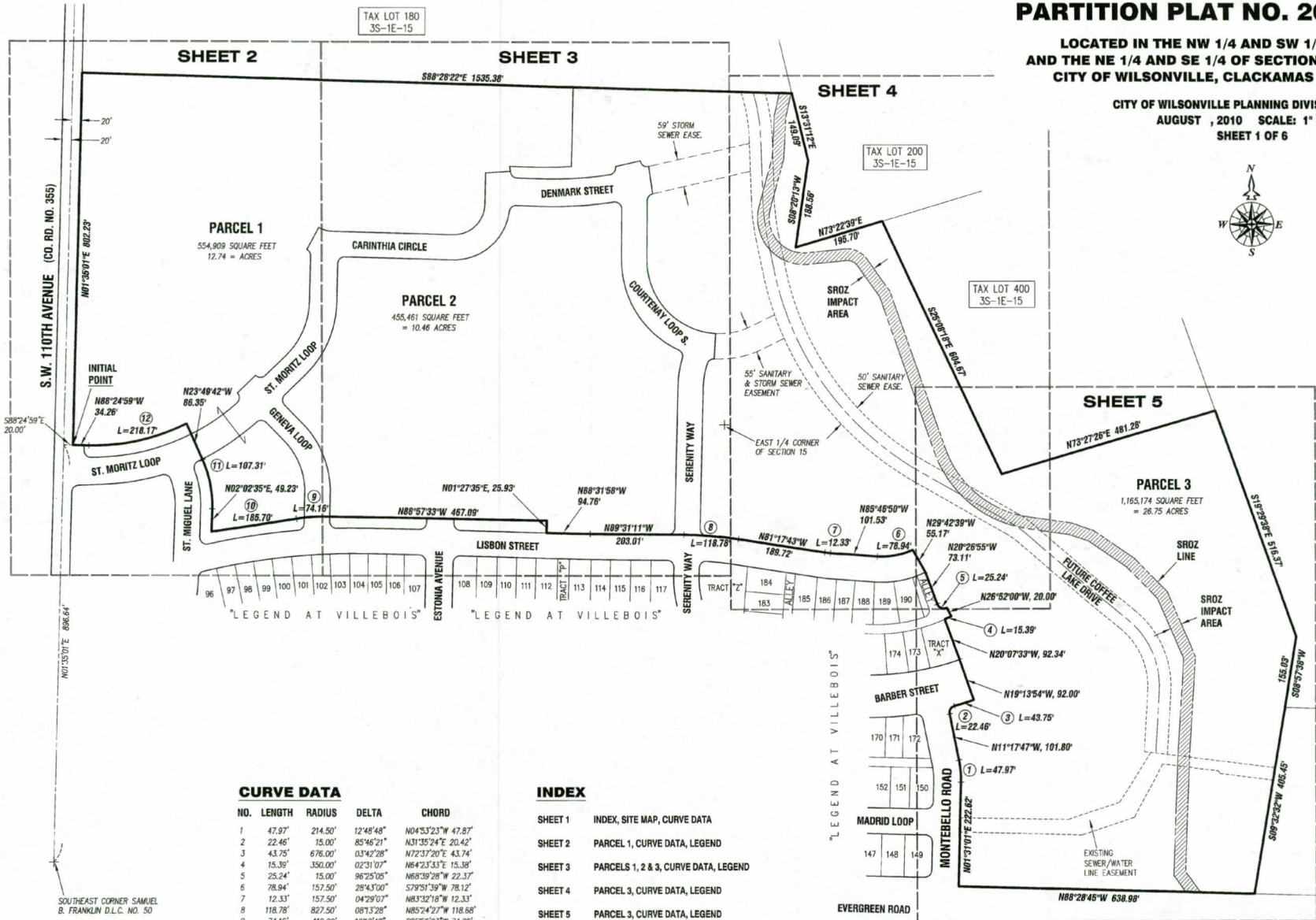
DATE: 10/20/10
REVISIONS: NO. DATE DESCRIPTION

SAP East	PARK COST	LEAD	Property Owner
Neighborhood Park 5 (Fir Park) 41%	\$ 84,085	PRIVATE	Bischof/Lund
Neighborhood Park 6 (East Neighborhood Park):	\$ 481,715	CITY	De/Fasano&Wachovia
Regional Park 7:	\$ 252,317	CITY	Bischof/Lund
Regional Park 8:	\$ 3,254,379	CITY	Wachov/Bischof/Lund
Linear Green 7:	\$ 80,315	PRIVATE	Matrix
Linear Green 15:	\$ 1,959	PRIVATE	Bischof/Lund
Pocket Park 6:	\$ 177,539	PRIVATE	Matrix
Pocket Park 8:	\$ 119,327	PRIVATE	Wachovia
Pocket Park 9:	\$ 14,423	PRIVATE	Bischof/Lund
Pocket Park 10:	\$ 152,511	SCHOOL	De/Fasano
Pocket Park 12:	\$ 25,894	PRIVATE	Bischof/Lund
Pocket Park 13:	\$ 192,829	PRIVATE	Wachovia
Sap East Total	\$ 4,837,293		
Total	\$ 4,837,293		
Linear Green 16 (omitted in calcs)		PRIVATE	Bischof/Lund
Linear Green 17 (omitted in calcs)		PRIVATE	Wachovia
Pocket Park 11 (omitted in calcs)		PRIVATE	De/Fasano/Bis/Lund

PARTITION PLAT NO. 2010 -

LOCATED IN THE NW 1/4 AND SW 1/4 OF SECTION 14,
AND THE NE 1/4 AND SE 1/4 OF SECTION 15, T.3S., R.1W., W.M.
CITY OF WILSONVILLE, CLACKAMAS COUNTY, OREGON

CITY OF WILSONVILLE PLANNING DIVISION FILE NO. _____
AUGUST, 2010 SCALE: 1" = 150'
SHEET 1 OF 6



CURVE DATA

NO.	LENGTH	RADIUS	DELTA	CHORD
1	47.97'	214.50'	12°46'48"	N04°53'23"W 47.87'
2	22.46'	15.00'	85°46'21"	N31°35'24"E 20.42'
3	43.75'	676.00'	03°42'28"	N72°37'20"E 43.74'
4	15.39'	350.00'	02°31'07"	N64°23'33"E 15.39'
5	25.24'	15.00'	96°25'08"	N66°39'28"W 22.37'
6	78.94'	157.50'	28°43'00"	S79°31'59"W 78.12'
7	12.33'	157.50'	04°29'07"	N83°32'18"W 12.33'
8	118.78'	827.50'	08°13'28"	N85°24'27"W 118.68'
9	74.16'	416.00'	10°12'48"	S85°56'03"W 74.06'
10	185.70'	10289.93'	01°02'02"	S81°20'40"W 185.70'
11	107.31'	237.65'	25°52'18"	N10°53'34"W 108.40'
12	218.17'	435.50'	28°42'12"	S77°13'56"W 215.90'

INDEX

- SHEET 1 INDEX, SITE MAP, CURVE DATA
- SHEET 2 PARCEL 1, CURVE DATA, LEGEND
- SHEET 3 PARCELS 1, 2 & 3, CURVE DATA, LEGEND
- SHEET 4 PARCEL 3, CURVE DATA, LEGEND
- SHEET 5 PARCEL 3, CURVE DATA, LEGEND
- SHEET 6 APPROVALS, SURVEYOR'S CERTIFICATE, NARRATIVE DECLARATION, ACKNOWLEDGMENTS, RESTRICTIONS

REGISTERED
PROFESSIONAL
LAND SURVEYOR

Michael A. Rademacher

OREGON
JULY 16, 1987
MICHAEL A. RADEMACHER
2303

ENGINEER/SURVEYOR
COMPASS ENGINEERING
4105 INTERNATIONAL WAY, SUITE 501
MILWAUKIE, OREGON 97222
PHONE: 503-653-9093
6788 Part.dwg (MMM)
JOB NO. 6788 (PARTITION)

DATE OF SIGNATURE: 9-9-10
EXPIRES: 12/31/2010



scale: 1:100

9	Phase 1 SD	New Vilebois Primary School West Linn Wilsonville School District 22216 SW Shelton Road Tualatin, Oregon 97062 T: 503-675-7000 F: 503-675-7001	DULL OLSON WEEKES architects inc.	
	Client: WLD			
	Architect: DOWA			
	Site No: 101			

907 SW STARK STREET, PORTLAND, OREGON 97206
P: 503 224 8658 F: 503 273 8182 | www.dowa.com