

**RECORDING REQUEST  
AGREEMENTS/CONTRACTS**

ORIGINATING COUNTY  
DEPARTMENT:

DTD – DEVELOPMENT AGENCY

OTHER PARTY TO  
CONTRACT/AGREEMENT:

TRI MET

BOARD AGENDA ITEM

NUMBER: IV - 1

DATE: February 4, 2010

PURPOSE OF  
CONTRACT/AGREEMENT:

**Approving a Funding Agreement Between Clackamas County,  
North Clackamas Parks and Recreation District (NCPRD),  
Clackamas County Development Agency and  
Tri-County Metropolitan Transportation District of Oregon (TRIMET)  
for Funding of the Portland-Milwaukie Light Rail Project**

Clackamas County Official Records  
Sherry Hall, County Clerk  
Commissioners' Journals  
Agreements & Contracts

**2010-3243**

03/16/2010 04:30:38 PM

**After Recording, Please Return to:  
Lori Phillips  
Clackamas County Development Agency  
150 Beaver Creek Rd.  
Oregon City, OR 97045**

**PORTLAND-MILWAUKIE LIGHT RAIL PROJECT  
INTERGOVERNMENTAL GRANT AGREEMENT BETWEEN TRI-METROPOLITAN  
TRANSPORTATION DISTRICT OF OREGON; CLACKAMAS COUNTY, OREGON;  
THE CLACKAMAS COUNTY DEVELOPMENT AGENCY; AND THE NORTH  
CLACKAMAS PARKS AND RECREATION DISTRICT**

THIS INTERGOVERNMENTAL GRANT AGREEMENT is entered into as of the effective date identified below the signatures to this Agreement and is between the Tri-County Metropolitan Transportation District of Oregon ("TriMet"), a mass transit district organized under the laws of the State of Oregon; Clackamas County ("County"), a political subdivision of the State of Oregon; the Clackamas County Development Agency ("Agency"), the authorized urban renewal agency of Clackamas County; and the North Clackamas Parks and Recreation District ("District"), a service district located in Clackamas County. TriMet, the County, the Agency, and the District are hereunder jointly referred to as the "Parties."

**RECITALS**

- A. The Parties understand and agree that the Project will be best served by entering into this Intergovernmental Grant Agreement ("Agreement") to provide for the rights and obligations of the Parties with respect to funding Preliminary Engineering, Final Design and Construction for the Portland-Milwaukie LRT Project ("Project").
- B. TriMet, the County, the Agency, and the District are authorized to enter into this Agreement with each other pursuant to the provisions of ORS 190.010.
- C. TriMet owns and operates the public mass transit system serving the Portland, Oregon metropolitan region, which includes an existing light rail system.
- D. The Regional Transportation Plan for the Portland metropolitan region and the Transportation Element of the County Comprehensive Plan each anticipate the development of an additional light rail line commonly known as the Portland-Milwaukie LRT line.
- E. In May 2008, the Federal Transit Administration ("FTA") issued a Supplemental Draft Environmental Impact Statement ("SDEIS") for the Project, in compliance with FTA and National Environmental Protection Act ("NEPA") requirements.
- F. In July 2008, Metro adopted the Locally Preferred Alternative ("LPA") and the Land Use Final Order ("LUFO") for the Project.
- G. In March 2009, the FTA authorized the Project's entry into the Preliminary Engineering ("PE") stage of project development. PE is expected to conclude in early 2010.
- H. County desires to grant to TriMet \$25.0 million to finance Final Design and Construction for the Project (excluding finance costs on bonds, if any, issued to provide the \$25.0 million grant) and has reserved certain rights in this Agreement to assure that the monies

granted to TriMet are expended in accordance with the governmental purpose of the transfer.

- I. TriMet will be the entity responsible for entering into a Full Funding Grant Agreement (“FFGA”) with the FTA as the vehicle through which the Project will receive the federal funding component of the Project. As the grant recipient, TriMet will be the entity responsible for performing, or contracting for, the design services and construction work.
- J. This Agreement is for the purpose of memorializing the Parties’ commitment to provide necessary local funding for the Project, a necessary pre-requisite to obtaining a FFGA from FTA, and to allocate the various financial obligations and rights between the Parties.
- K. The Parties anticipate entering into a Project Design and Construction Management Services Agreement or similar document after the execution of this Agreement, which addresses in detail the design and construction responsibilities for the Project. Following the execution of this Agreement the Parties also intend to enter into agreements to compensate the County, the Agency, and the District for their respective staffs’ expenditure of time and other resources during the Preliminary Engineering of the Project and to set out the County’s In-Kind Contributions according to Section 4.1.

**The Parties agree as follows:**

## **AGREEMENT**

### **ARTICLE I. GENERAL**

#### **1.1 Overview of Agreement.**

**1.1.1** This Agreement establishes the rights and obligations of the Parties with respect to the following aspects of the Project:

(a) **Preliminary Engineering and Final Design.** Final Design shall commence promptly after being authorized by FTA following completion of PE, which was started prior to the effective date of this Agreement. Upon FTA approval to enter Final Design, TriMet is authorized under this Agreement to incur costs and disburse Project Funds for Final Design. It is anticipated that between 60 percent and 100 percent of the costs of Final Design will be expended prior to execution of a FFGA for the Project. Such pre-FFGA expenditures for Final Design shall be made without any assurance that the Project will proceed into Construction. In the event the Project does not proceed into Construction, the Project Funds disbursed by TriMet to pay the costs of PE, Final Design will not be repaid or reimbursed by TriMet, FTA, or any other party. The County’s approval rights for plans and specifications during Final Design shall be set forth in a Project Design and Construction Management Services Agreement or similar document to be separately negotiated by the Parties after this Agreement is executed.

(b) **Construction.** Construction shall commence at the earlier of (a) when a Letter of No Prejudice (“LONP”) or similar approval is issued by FTA or (b) when a

FFGA for the Project is executed by FTA and TriMet. Immediately upon issuance of a LONP or, in the absence of a LONP, execution of a FFGA, TriMet is authorized under this Agreement to incur costs and disburse Project Funds for Construction. Construction shall be undertaken in conformance with the terms and conditions set forth in the LONP or FFGA, as it may be amended from time to time, and TriMet practices and procedures. The parties further acknowledge and agree that TriMet anticipates incurring Construction costs prior to executing a FFGA in order to maintain the Project Schedule and avoid future cost increases. In the event the Project does not proceed into Construction, Project Funds disbursed by TriMet to pay such pre-FFGA Construction costs will not be repaid or reimbursed by TriMet, FTA, or any other party. The County's approval rights for change orders during Construction shall be set forth in a Project Design and Construction Management Services Agreement to be separately negotiated by the Parties after this Agreement is executed.

**1.2 Overview of TriMet's Role.** TriMet shall: (a) identify and undertake all activities necessary or desirable to complete PE, Final Design, and Construction in accordance with the Project Schedule, FTA requirements, and TriMet processes and procedures, (b) provide project management services, (c) provide financial administration, and (d) direct the design and the activities of any contractors on the Project. TriMet shall be the Grantee for all federal grants and, as described in Section 1.5, own the Project.

**1.3 Overview of the County's, the Agency's, and the District's Roles.** By this Agreement, the County grants to TriMet the sum of \$25.0 million for Final Design and Construction of the Project, subject to the terms and conditions hereunder, and the Agency and the District pledge to assist the County, consistent with their lawful powers, in the County's fulfillment of its obligations under this Agreement.

The County's rights and obligations under this Agreement are intended to be those of a grantor; the County shall (i) grant specified funding towards Final Design and Construction of the Project and (ii) retain certain review rights with regard to the Project to assure expenditure of the funding amounts in accordance with the governmental purpose of the grant. The County shall not be entitled to any interest in, or lien on, the revenues from the operations of the Project or to any compensation solely by virtue of having entered into this Agreement.

**1.4 General Responsibilities and Obligations of Parties.** TriMet, the County, the Agency, and the District each agrees to:

**1.4.1** Use best efforts to ensure the Project is planned, designed, and constructed in accordance with the provisions of this Agreement.

**1.4.2** Use best efforts to ensure that the Project Schedule milestones shown in Exhibit A are met.

**1.4.3** Act reasonably and in good faith and fully cooperate and coordinate with the other Party and Other Regional Partners in fulfilling their responsibilities with respect to the design, construction, and financing of the Project.

**1.4.4** Comply with all requirements of law that apply to the design and construction of the Project, including but not limited to FTA regulations, rules, and procedures.

**1.5 Project Ownership.** The Parties acknowledge and agree that:

(a) All ballast, rail, trackwork, signage, communication, traction electrification, light rail vehicles, stations, park-and-rides, system and ancillary improvements, and fare collection equipment shall remain under the ownership of TriMet.

(b) All roadways, sidewalks, streets, and trails owned by or under the control of the County or District that are improved as part of the Project shall remain under control of the County or District with any ownership rights it has prior to construction of the Project, provided that the portion of the roadway on which trackwork is placed shall be subject to FTA's continuing control requirements and shall be operated and maintained in perpetuity by TriMet as part of TriMet's system, as provided in a Continuing Control Agreement that will be separately negotiated by the Parties pursuant to Section 6.2 of this Agreement.

(c) Except for the interests of the County or District in Project-related roadways, sidewalks, streets, and trails described in paragraph (b) above, or the Project-related roadway, sidewalk, and street interests of Other Regional Partners described in separate intergovernmental agreements between TriMet and Other Regional Partners, no party other than TriMet shall have any ownership of, or property interest in, the Project or any part thereof, or any lien or encumbrance thereon.

**1.6 Project Scope.** The Project Scope is shown in Exhibit E to this Agreement. TriMet may amend the Project Scope from time to time to reflect additional engineering and design, revised estimates of funding availability, and/or additional requirements or guidance of FTA. TriMet shall promptly provide to the County a revised Exhibit E to this Agreement whenever the Project Scope is amended.

**1.6.1** Supplemental Improvements may be incorporated within the Project and paid with Local Matching Funds from the Parties provided that the Project Representatives from each Party agree on the Supplemental Improvements.

**1.6.2** Betterments may be incorporated within the Construction of the Project provided that (a) the Party requesting the Betterments pays the cost of such Betterments from funds that are not included in the Project Finance Plan, (b) the Project Representative of the Party requesting the Betterments obtains the written approval of the Project Representative of the other Party, and (c) the Parties agree on the ownership of the Betterment and the Party responsible for operating and maintaining the Betterment. The requesting Party may require that such Betterments be bid or otherwise priced as a separate schedule or cost item before making a final decision on inclusion, provided that the requesting Party pays the cost of soliciting such pricings with funds not included in the Project Finance Plan. If feasible, the requesting Party shall be named on the contractor's performance and payment bond and expressly authorized to enforce any warranty as relates to the Betterments.

**1.7 Definitions.** Capitalized terms used herein shall have the meaning set forth in Exhibit B.

## **ARTICLE II. PROJECT ORGANIZATION AND MANAGEMENT**

**2.1 Project Management Group.** The Project Management Group will be retained through the PE, Final Design, and Construction phases of the Project to discuss and coordinate significant issues relating to the Project. The Project Management Group shall consist of the Project Representatives, or their designee, for TriMet, County, City of Portland, ODOT, City of Milwaukie, and Metro. The Project Management Group shall be chaired by the TriMet Executive Director of Capital Projects. TriMet shall provide staff support for the Project Management Group.

**2.2 Project Steering Committee.** The Project Steering Committee will be retained through the PE, Final Design, and Construction phases of the Project to provide executive oversight of the Project and this Agreement and resolve design and construction issues identified by the Project Management Group. The Project Steering Committee shall consist of appointees representing the County, City of Milwaukie, City of Oregon City, and Metro, the Portland City Commissioner-in-Charge of Transportation, TriMet General Manager, and ODOT Region 1 Director. The Project Steering Committee shall be chaired by the TriMet General Manager. TriMet shall provide staff support for the Project Steering Committee. Any member of the Project Steering Committee may initiate the Dispute Resolution process set forth in Section 7.21 of this Agreement, if he or she determines that the Project Steering Committee is unable to resolve an issue to the mutual satisfaction of the Parties and Other Regional Partners within fourteen (14) calendar days of written notice by a Project Representative that an issue is in dispute.

### **2.3 Project Representatives.**

**2.3.1** Each Party hereby appoints the person identified below to act as its respective Project Representative with the authority and responsibility described in this Agreement:

For the County: Dan Johnson  
Notice Address: Development Services Building  
150 Beavercreek Road.  
Oregon City, Oregon 97045  
Telephone: 503-742-4325  
Facsimile: 503-742-4272

For the Agency: Dan Johnson  
Notice Address: Development Services Building  
150 Beavercreek Road.  
Oregon City, Oregon 97045  
Telephone: 503-742-4325  
Facsimile: 503-742-4272

For the District: Michelle Healy

Notice Address: Development Services Building  
150 Beavercreek Road.  
Oregon City, Oregon 97045  
Telephone: 503-742-4356  
Facsimile: 503-742-4349

For TriMet: Neil McFarlane; Executive Director of Capital  
Projects  
Notice Address: Tri-County Metropolitan Transportation District of  
Oregon  
710 NE Holladay Street  
Portland, OR 97232  
Telephone: (503) 962-2134  
Facsimile: (503) 962-2288

Either Party may, from time to time, designate in writing another person to act as such Party's Project Representative and may specify another notice address for its Project Representative. The Parties acknowledge that Project Representatives will be designated for the Other Regional Partners in separate intergovernmental agreements with TriMet.

**2.3.2** No approval of a Project Representative shall be effective or be deemed to have been given unless and until such approval is memorialized in writing.

**2.3.3** Each Project Representative shall have authority to act on behalf of its principal in all matters that are within the scope of the Project Representatives' authority under this Agreement. The Parties acknowledge that each Party has its own internal review and approval processes and procedures to follow in connection with matters that may arise under this Agreement. In accordance with and subject to the terms and conditions set forth in this Agreement, each Party hereby authorizes its respective Project Representative to:

- (a) Act as liaison between each Party; and oversee the overall activities undertaken by its principal pursuant to this Agreement;
- (b) Consult with the other Project Representatives to further the coordination of all activities of the Parties relating to the design and construction of the Project in order to help avoid disputes among the Parties or Other Regional Partners and ensure that the Project will be constructed in an efficient manner;
- (c) Identify issues to be addressed by the Project Management Group or Project Steering Committee;
- (d) Modify from time to time the Project Schedule;
- (e) Modify the Agreement when such modification does not increase the County's financial contribution to the Project by an amount that exceeds \$25,000.00 in the aggregate; approval by the County's Board will be required when a modification to this Agreement increases the County's contribution to the Project by an amount in excess of \$25,000.00 in the aggregate;

(f) Review and comment on the final plans and specifications in order to confirm that they implement the Project Scope; and

(g) Ensure that all internal administrative and policy-level approval procedures of its principal are diligently prosecuted with respect to actions required to be undertaken under this Agreement and to represent or transmit, or designate the person to represent or transmit, the conclusion of such approvals to the other Party.

**2.3.4** Any Project Representative requesting a change to this Agreement shall prepare written information setting forth in reasonable detail the matter on which the Project Representatives are to act ("Subject Action"), including, if applicable, the Project Representatives' non-binding estimate of the total costs of the Subject Action with an identification of any costs that are, or are expected, to be not included in the Project Costs, and shall deliver the Subject Action to each Project Representative, at their respective notice address, for their consideration and, if applicable, approval.

**2.3.4.1** Prior to acting upon a Subject Action, the Project Representatives may consult with one another, and/or with other representatives of the Parties concerning the subject matter thereof. The Parties shall use commercially reasonable efforts to provide the Project Representatives with such information concerning a Subject Action as they may request. The Project Representatives shall exercise good faith efforts to approve or disapprove in writing a Subject Action within fifteen (15) calendar days from the date of receipt of the Subject Action. Approval shall require approval in writing by all Project Representatives or unanimous approval of all Project Management Group members at a duly constituted meeting of the Project Management Group.

**2.3.4.2** If a Subject Action is not approved or disapproved by the Project Representative or by the Project Management Group within the time period required by paragraph 2.3.4.1, the Subject Action shall be deemed to have been disapproved.

**2.3.4.3** Nothing herein is intended, nor shall it be construed, to prevent a Project Representative from resubmitting any Subject Action that has previously been disapproved or deemed to have been disapproved.

**2.3.5** All Project Representatives and their principals shall act reasonably and in good faith in fulfilling their responsibilities and assisting to finance the Project. The Parties hereby acknowledge that, in order to effectively and efficiently proceed with the design and construction of the Project, it will be both necessary and appropriate for the staff personnel and outside consultants of the Parties to consult with the Project Representatives. Nothing herein is intended, nor shall it be construed, to prohibit such contacts.

## **ARTICLE III. PROJECT BUDGET AND PROJECT FINANCE PLAN**

### **3.1 Project Budget.**

**3.1.1** The Parties agree that the preliminary Project Budget is about \$1.4 billion, as summarized in Exhibit C hereto. The preliminary Project Budget shown in Exhibit C at the time this Agreement is first executed is based on the following:



**3.1.1.1** The preliminary Project Budget encompasses funding for PE, Final Design, and Construction of the Project. The Project Budget does not address, if applicable, Termination Costs.

**3.1.1.2** The preliminary Project Budget corresponds to the preliminary Project Scope shown in Exhibit E at the time this Agreement is first executed.

**3.1.1.3** The preliminary Project Budget is based on a Project Finance Plan that assumes that 60% of Project Costs, or about \$854 million, will be paid with FTA New Start Funds, which must be committed to the Project by a FFGA between TriMet and FTA. If the amount of New Start Funds committed or anticipated to be committed to the Project is less than the amount anticipated at the time this Agreement is first executed, TriMet shall amend the Project Scope and Project Budget to reflect the revised estimate of New Start funding that may be available for the Project.

**3.1.1.4** The preliminary Project Budget incorporates an aggregate total of \$100 million of finance costs paid in the aggregate by local governments and the State during the construction period for borrowings used to provide Local Matching Funds ("Construction-Period Finance Cost"). The amount of Construction-Period Finance Cost in the Project Budget is an estimate. The actual amount may differ from the estimate shown in the Project Budget, and will depend on the borrowings undertaken by the State and local governments and the amounts approved by FTA. TriMet shall amend the Project Scope and Project Budget to reflect any revised estimates of Construction-Period Finance Cost for the Project.

**3.1.1.5** The preliminary Project Budget incorporates \$38 million in in-kind services and real property interests contributed to the Project by local governments and private parties ("In-Kind Contributions"). The amount of In-Kind Contributions in the Project Budget is an estimate. The actual amount may differ from the estimate shown in the Project Budget, and will depend on the actual contributions by local governments and private parties and the values of the contributions that are approved by FTA. TriMet shall amend the Project Scope and Project Budget to reflect any revised estimates of In-Kind Contributions for the Project.

**3.1.2** TriMet shall adjust the Project Budget from time to time to reflect the latest information on Project Costs. Unless modified by the Parties' and Other Regional Partners' mutual written consent, or unless modified by the FFGA, LONP, or other FTA approval or requirement, the Project Budget shall not increase above that amount and may not decrease through a material reduction of Project Scope. Any cost savings through lower than expected bid or other contract prices, value engineering or through change order reductions shall be maintained in the Project Account until Project Close-Out and reconciliation of Project Budget, as provided in Section 5.5, below. Any cost increases due to higher than expected bid or contract prices shall be addressed as provided in Section 3.1.3 and 5.3, below.

**3.1.3** The Project Budget shall be reviewed with the Project Representatives periodically, but not less frequently than the intervals established by the following benchmarks: (1) the date on which Final Design is 60% complete, (2) the date on which Final Design is 100% complete and (3) quarterly during Construction. Any projected overrun of the total budget (not line item) shall be resolved by adjustments to the Project Scope or by obtaining commitments

from one or both of the Parties or Other Regional Partners to provide additional funds in an amount equal to the projected overrun, as described in Section 5.3.

### **3.2 Project Finance Plan.**

**3.2.1** The Parties acknowledge that the Project Finance Plan will be funded with a combination of Local Matching Funds, In-Kind Contributions, and, to the extent that such federal funds are authorized and appropriated, federal New Start Funds. A preliminary Project Finance Plan, summarized in Exhibit D hereto, is based on the following:

**3.2.1.1** The Project Finance Plan assumes a sixty (60) percent New Starts share. The New Starts share approved by FTA may be lower than the baseline assumption. The Parties agree to exercise good faith efforts to adjust the Project Scope and/or Project Finance Plan to account for any New Starts share required or provided by FTA that is lower than the baseline assumption.

**3.2.1.2** The preliminary Project Finance Plan incorporates an estimated \$100 million of local and State revenues to pay Construction-Period Interest. The actual amount may differ from the estimate shown in the preliminary Project Finance Plan, and will depend on the borrowings undertaken by the State and local governments and the amounts approved by FTA. TriMet shall amend the Project Scope and Project Finance Plan to reflect any revised estimates of the State and local revenues used to pay Construction Period Interest.

**3.2.1.3** The preliminary Project Finance Plan incorporates \$38 million in In-Kind Contributions. The amount of In-Kind Contributions in the Project Budget is an estimate of its real market value and, if approved by FTA, constitutes Local Matching Funds. The actual amount may differ from the estimate shown in the Project Finance Plan, and will depend on the actual contributions by local governments and private parties and the values of the contributions that are approved by FTA. TriMet shall amend the Project Scope and Project Finance Plan to reflect any revised estimates of the value of the In-Kind Contributions for the Project.

**3.2.2** The Parties acknowledge that the Project Finance Plan relies on interim borrowing to address the likelihood that federal New Start Funds will not be available to the Project in accordance with needs of the Project construction schedule. The Parties agree to cooperate in good faith to obtain such interim borrowing; TriMet shall take the lead role in obtaining such financing. All funds in the Project Account and any letters of credit may, in TriMet's discretion, be pledged as security for interim borrowing to the extent such borrowing is necessary for the Project. Local Matching Funds may, in TriMet's discretion, be used for Project Costs prior to receipt of a FFGA or receipt or expenditure of the federal funds to reduce or delay the need for, or the amount of, the interim borrowing or to expedite the construction schedule.

**3.2.3** The TriMet Project Representative shall promptly cause to be prepared an amended Project Finance Plan whenever a material change is approved or identified for the Project Scope, Project Budget, Project Schedule, interim borrowing program, and receipt in timing or amount of federal funds or other significant financing assumption. Such amended

Project Finance Plan shall replace the preliminary Project Finance Plan shown in Exhibit D, and shall be incorporated into this Agreement as an amended Exhibit D.

**3.2.4** The County shall not be obligated to make any additional grant or earlier grant to the Project Account than described in Section 4.1.1, unless such additional or earlier contribution is approved in writing by the County Board.

#### **ARTICLE IV. COMMITMENTS AND ADMINISTRATION OF LOCAL MATCHING FUNDS**

**4.1 County Contribution to Local Match.** Subject only to execution of a FFGA for the Project by FTA and TriMet and delivery of said FFGA by TriMet to the County, the County shall provide to TriMet \$25.0 million, in the form of either a lump sum payment or payments, or as In-Kind Contributions, or any combination of a lump sum payment or payments and In-Kind Contributions, to pay the County's share of Local Matching Funds. The County shall be able to include the In-Kind Contributions of the Agency and the District as part or all of the County's In-Kind Contributions provided that such In-Kind Contributions are for services or property within the Project Scope, do not increase the overall cost of the Project, and are approved by TriMet and FTA. The value of any In-Kind Contributions shall be established pursuant to FTA rules and guidelines.

**4.1.1** The County shall pay, or transfer, its share of Local Matching Funds into the Project Account by sixty (60) calendar days after a FFGA for the Project is signed between TriMet and FTA, but in no event shall the County be required to pay or transfer any Local Matching Funds into the Project Account before September 3, 2012. At the County's discretion, the County may defer payment or transfer of Local Matching Funds until September 2, 2013; provided however if the County defers payment or transfer to TriMet, the amount of the County's contribution shall be increased to include interest on the amount of the County contribution that was deferred, from the date the payment or transfer is due to TriMet, as set forth in the previous sentence, to the date payment or transfer is received by TriMet, based on a five (5) percent annual interest rate or such lower annual interest rate as the parties may then negotiate.

**4.1.2** If the County employs borrowings, including interfund loans authorized by ORS 294.460, to provide all or a portion of its \$25.0 million contribution to Local Matching Funds, the County's contribution to Local Matching Funds shall also include the amount of County funds used to pay Construction-Period Finance Costs on its borrowings, subject to FTA approval. Any amounts of County funds used to pay its Construction-Period Finance Costs allowed as a contribution to Local Matching Funds are in addition to, and do not reduce the amount of, the County's base \$25.0 million contribution to Local Matching Funds. The County agrees to provide any documentation TriMet may reasonably require to obtain FTA approval of the amount of County funds used to pay Construction-Period Finance Costs that are allowed as Local Matching Funds.

**4.2 TriMet Contribution to Local Match.** TriMet shall provide \$102.50 million as its share of Local Matching Funds for Project Costs. The TriMet contribution to Local Matching Funds shall be paid into the Project Account in accordance with this Agreement.

**4.2.1** TriMet's source of Local Matching Funds is anticipated to be: (a) \$30.0 million from the net proceeds of one or more revenue bonds secured by TriMet's General Fund, and (b) \$72.5 million from the net proceeds of one or more revenue bonds issued by TriMet and secured in part by MTIP funds programmed by JPACT and Metro for the Project.

**4.2.1.1** The portion of TriMet Local Matching Funds derived from the MTIP funds programmed by Metro shall be expended in accordance with the agreement between TriMet and Metro regarding said funds. The Parties acknowledge and agree that, at the time this Agreement is approved by the Parties, the Metro Council has not completed the final approval of said MTIP funds or the intergovernmental agreement committing these funds to TriMet. If the amount or use of MTIP funds for the Project in the final MTIP approval by Metro or the Metro approved associated intergovernmental agreement is different than that outlined in Metro Resolution No. 08-3942, TriMet shall by written notification to the County adjust the amount or use of the MTIP funds contribution to Local Matching Funds provided in this paragraph to correspond to that approved by Metro.

**4.2.1.2** If TriMet employs borrowings to provide all or a portion of its \$102.5 million contribution to Local Matching Funds, TriMet's contribution to Local Matching Funds shall also include the amount of TriMet funds used to pay Construction-Period Finance Costs on its borrowings, subject to FTA approval. Any amounts of TriMet funds used to pay its Construction-Period Finance Costs allowed as Local Matching Funds are in addition to, and do not reduce the amount of, TriMet's base \$102.5 million contribution to Local Matching Funds.

**4.2.1.3** TriMet reserves the right to substitute funds from other sources in lieu of the fund sources described above or to undertake a borrowing program different from that described above, provided that TriMet's full contribution is made by the date required hereunder.

**4.2.2** TriMet shall pay, or transfer, its share of the local match into the Project Account as follows:

**4.2.2.1** On or before sixty (60) calendar days after FTA approves entry into Final Design for the Project, TriMet shall pay, or transfer, into the Project Account an amount of funds it reasonably determines will be required to complete Final Design. Such funds may, at TriMet discretion, be attributable to the revenue bonds secured by TriMet's General Fund and/or the MTIP-backed bonds described in Section 4.2.1.

**4.2.2.2** TriMet is authorized to (a) incur costs for PE or Final Design prior to making the payment or transfer into the Project Account required by Section 4.2.2.1 and (b) advance such sums as it deems appropriate to maintain the Project Schedule. In the event TriMet has advanced sums for PE and/or Final Design prior to paying or transferring its share of Local Matching Funds in the Project Account as required by Section 4.2.2.1, the amount of TriMet funds to be paid into the Project Account in compliance with Section 4.2.2.1 shall be reduced by the sums so advanced.

**4.2.2.3** On or before sixty (60) calendar days after a FFGA for the Project is executed by TriMet and FTA, TriMet shall pay, or transfer, into the Project Account an

amount equal to the difference between \$102.5 million minus the amount of funds paid or transferred to the Project Account under Section 4.2.2.1 and advanced under Section 4.2.2.2.

**4.2.2.4** TriMet is authorized to (a) incur costs of Construction prior to making the payment or transfer into the Project Account required by Section 4.2.2.3 and (b) advance such sums to pay Construction costs as it deems appropriate to maintain the schedule for Construction. In the event TriMet has advanced sums for Construction prior to paying or transferring funds in the Project Account as required by Section 4.2.2.3, the amount of TriMet funds to be paid into the Project Account in compliance with Section 4.2.2.3 shall be reduced by the amount so advanced.

**4.3. Project Account Establishment.** TriMet agrees to administer the Local Matching Funds by establishing the "Project Account" as provided in this Agreement.

**4.3.1** TriMet shall establish a bank account with a financial institution qualified under the laws of the State of Oregon to hold public funds, and all Local Matching Funds received by TriMet under this Agreement shall be deposited in and disbursed from such bank account. The Project Account shall document all receipts and disbursements of Local Matching Funds.

**4.3.2** TriMet shall make all financial, billing and accounting records concerning the Project available to the County upon request and provide an unaudited annual accounting on or before July 31 of each year during the Project.

**4.3.3** TriMet shall prepare all materials and undertake all activities required by FTA for receipt of federal funds for the Project. TriMet shall maintain all records and undertake all audits regarding the use of federal funds, as may be required by FTA. The costs of (i) preparing such materials and undertaking such activities as may be required for receipt of federal funds and (ii) such audits as may be required by FTA shall be charged by TriMet against and paid from the Project Account.

**4.3.4** TriMet shall prepare all materials and undertake all activities required to establish and maintain an interim borrowing program for the Project. The costs of (i) preparing such materials and undertaking such activities, and (ii) all issuance costs, administrative fees, legal expenses, interest payments, and all other costs or fees of the interim borrowing program shall be charged by TriMet against and paid from the Project Account.

**4.4 Investments.** Pending disbursement, moneys shown as part of the Project Account shall be invested and reinvested in Permitted Investments, subject to the terms and provisions of this Agreement. All investment earnings derived from moneys on deposit from time to time in the Project Account shall be retained in the Project Account and invested, reinvested and disbursed in the same manner as other funds on deposit in the Project Account. Investment earnings shall not count as a credit towards the Parties' shares or Other Regional Partners' shares of the Project Finance Plan.

**4.4.1** If any Local Matching Funds provided by a Party are subject to any restrictions as to investment yield as a consequence of such moneys constituting the proceeds of federally tax-exempt obligations ("Yield Restricted Funds"):

(a) It shall be the responsibility of the Party providing such Yield Restricted Funds to advise TriMet in writing of such yield restrictions, such written advice to be given to TriMet by the later of (i) the time such moneys are paid to TriMet; or (ii) not less than thirty (30) calendar days prior to the date such moneys first become subject to such yield restrictions;

(b) In the written advice referred to in (a) above, the Party providing such Yield Restricted Funds shall specify in writing the maximum yield at which such money can be invested ("Yield Restriction");

(c) Following receipt of any such advice, TriMet shall invest and reinvest the subject Yield Restricted Funds in such Permitted Investments as TriMet shall select that have a yield that does not exceed the Yield Restriction. At its discretion, TriMet may:

(i) Invest or reinvest Yield Restricted Funds in U.S. Treasury Obligations - State and Local Government Series; and

(ii) Segregate such Yield Restricted Funds in a separate subaccount of the Project Account established for such purpose.

**4.5 Disputes Regarding the Project Account.** The County Project Representative may only dispute charges to or disbursements from the Project Account that it reasonably determines are inconsistent with the terms and conditions of this Agreement. If the County Project Representative disputes one or more charges or disbursements, the County Project Representative shall provide the TriMet Project Representative with a detailed explanation of its reasons for the disputed charge(s) or disbursement(s). If a dispute as to a charge or disbursement arises, the TriMet Project Representative and County Project Representative shall work in good faith for a period of ten (10) calendar days to resolve the dispute. If the good faith effort of the County and TriMet Project Representatives fails to resolve the dispute, the Dispute Resolution procedures described in Section 7.21 shall be followed. The Parties shall continue in the performance of their respective obligations notwithstanding the dispute. Within fifteen (15) calendar days of settling a disputed charge or disbursement, TriMet shall take the necessary actions to implement the settlement.

**ARTICLE 5: DISBURSEMENTS FROM PROJECT ACCOUNT, COST OVERRUNS, AND TERMINATION**

**5.1 Disbursements from Project Account.** TriMet shall disburse moneys (including investment earnings) from the Project Account, from time to time, to pay when due the Project Costs.

**5.1.1** Prior to the execution of a FFGA by TriMet and FTA, all TriMet funds paid or transferred into the Project Account shall be attributable to the MTIP funds programmed to pay Project Costs by Metro. The Parties acknowledge and agree that TriMet shall not be

required to repay or reimburse MTIP for such funds disbursed to pay Project Costs in the event the Project terminates for any reason. Further, the County shall assist TriMet to ensure that MTIP funds programmed for the Project in Metro are made available to TriMet in accordance with the funding schedule set forth in Metro Resolution No. 08-3942.

**5.1.2** TriMet shall disburse funds from the Project Account as required to pay Project Costs or other eligible costs hereunder, without regard to the sources or uses of such funds.

**5.1.3** All costs and expenses incurred by TriMet in establishing and administering the Project Account and investing and disbursing the moneys held therein shall be charged by TriMet against and paid from the Project Account.

**5.2 Project Cost Underruns.** In the event that the Project is completed, and Project Costs (including other eligible costs) are less than estimates contained in the Project Budget, the excess funds remaining at Project Close-Out, or reasonably estimated by TriMet to be remaining at Project Close-out, shall be applied first to the construction of any Supplemental Improvements agreed upon by all of the Project Representatives and, with respect to remaining federal funds, approved by FTA. Any payments due to a Party as a result of such reconciliation shall be documented in a report prepared by TriMet and paid by TriMet to such Party within ninety (90) calendar days after the date of Project Close-out.

**5.3 Project Cost Overruns.** In the event that Project Costs (including other eligible costs) exceed, or are reasonably estimated to exceed, the total Project revenues set forth in the Project Finance Plan plus any interest earned on the investment of funds on deposit in the Project Account, TriMet shall undertake the following actions:

(a) Within thirty (30) calendar days of determining the Project Costs exceed or are reasonably anticipated to exceed the Project Budget, TriMet shall prepare and deliver to the Project Representatives for the County and Other Regional Partners a memorandum that (i) identifies reductions in Project Scope, subject to FTA approval (if applicable), and any other steps it will undertake to eliminate Project Costs in excess of the Project Budget, and, if appropriate, (ii) proposes a plan for supplemental contributions to the Project Account by one or more of the Parties and Other Regional Partners to eliminate the need for the proposed reductions in Project Scope and/or other steps to be undertaken.

(b) The Parties agree that their respective Project Representatives will undertake good faith negotiations with each other and the Other Regional Partners to develop a consensus on Project Scope reductions and/or supplemental contributions to the Project Account, as may be refined or revised through the negotiations. If needed, such good faith negotiations shall take place for a period of fifteen (15) calendar days from the date on which TriMet transmitted the memorandum described in paragraph (a), above, or such longer period as determined by the TriMet Project Representative.

(c) In the event that the negotiations described in paragraph (b), above, result in an agreement to provide supplemental contributions to the Project Account, TriMet shall prepare and transmit, as appropriate, to the County and Other Regional Partners, the proposed

amendment to its respective intergovernmental grant agreements necessary to reflect its respective obligation to provide the supplemental funding contribution agreed to by such party. At the time any such proposed amendment is delivered to the County, TriMet shall also notify the County of the date by which the proposed amendment must be approved. Such County approval shall be in the County's sole discretion, and executed by the County in order to avoid undertaking the reductions in Project Scope or other steps identified in the memorandum prepared under paragraph (a), above, as may be refined or revised under paragraph (b), above.

(d) In the event that, by the date(s) identified by TriMet, (i) the negotiations described in paragraph (b), above, do not result in an agreement, or (ii) the amendment(s) proposed under paragraph (c), above, is not approved or executed by the County, TriMet, or, if applicable, one or more Other Regional Partners, TriMet, after consultation with the County as to proposed Project Scope reductions within the County, shall undertake all necessary actions on its own election, without any further approvals (other than, if necessary, by FTA), to implement the Project Scope reductions identified in paragraph (a), above, as may be refined or revised by paragraph (b), above, and such other actions as it reasonably determines are necessary or appropriate to mitigate the cost overruns.

**5.4 County Sign-Off of Project Close-Out.** The County shall make a determination that the Project has been constructed and financed in conformance with this Agreement and notify TriMet of its determination in accordance with the following procedures:

**5.4.1 Sign-Off on Project Scope**

**5.4.1.1** At least thirty (30) calendar days prior to the anticipated date of substantial completion of Construction, the TriMet Project Representative shall provide the County Project Representative with copies of "punch lists" of all additional Project components and remedial actions required to complete construction of the Project in accordance with Project plans and specifications, as may be amended from time to time.

**5.4.1.2** Within fifteen (15) calendar days of receipt of such punch lists, the County shall inspect the Project, review the punch lists, determine additional items, if any, to be included in the punch lists and notify, in writing, the TriMet Project Representative of its determination.

**5.4.1.3** TriMet's Project Representative shall:

(a) Undertake all activities necessary to complete all punch list items identified in Sections 5.4.1.1 and 5.4.1.2, above, and

(b) Promptly notify the County Project Representative, in writing, regarding the completion of all punch list items.

**5.4.1.4** Within fifteen (15) calendar days of receipt of notice that all punch list items have been completed, the County Project Representative shall undertake the reviews and inspections it deems necessary and (i) notify TriMet, in writing that construction of the Project is complete in accordance with the terms of this Agreement or (ii) identify to TriMet, in



writing, those additional or remedial actions that must be undertaken to complete all punch list items.

#### **5.4.2 Sign-Off on Project Funding.**

**5.4.2.1** If and to the extent that County funds are used to pay all or part of the County's share of Local Matching Funds, TriMet shall fully satisfy its obligation to document that such County funds have been spent properly by providing the County an accounting pursuant to Section 5.4.2.2 that demonstrates that TriMet paid a sum for Project Costs that equals or exceeds the difference of (i) the amount of such County contribution provided to the Project Account minus (ii) the amount of any County funds repaid to the County due to the reconciliation of the Project Account described in Section 5.5.

**5.4.2.2** At least thirty (30) calendar days prior to the anticipated date of closing the Project Account, the TriMet Project Representative shall provide the County Project Representative, in a form acceptable to the County and TriMet, an accounting of actual Project Costs, including design, engineering, financing and administration costs, and other eligible costs hereunder.

**5.4.2.3** Within fifteen (15) calendar days of receipt of the accounting provided under Section 5.4.2.2, the County Project Representative and, if applicable, the Agency and/or District Project Representatives shall determine if the accounting complies with the criteria set forth in Section 5.4.2.1, and notify, in writing, the TriMet Project Representative of its determination. If the County Project Representative and, if applicable, the Agency and or District Project Representative determines that the criteria in Section 5.4.2.1 have been met, the writing shall expressly state that the County's contribution to the Project has been properly spent in compliance with this. If the County Project Representative or, if applicable, the Agency and/or District Project Representative determines that the criteria in Section 5.4.2.1 have not been met, the writing shall detail the specific discrepancies causing such a determination, and a proposed method for resolving the discrepancies.

**5.4.2.4** In the event the County Project Representative and, if applicable, the Agency and/or District Project Representative notifies the TriMet Project Representative that the accounting meets the criteria set forth in Section 5.4.2.1, no further action shall be required of the TriMet Project Representative with regard to the accounting. In the event the County Project Representative and, if applicable, the Agency and or District Project Representative notifies the TriMet Project Representative that the accounting does not meet the criteria set forth in Section 5.4.2.1, the County Project Representative, and if applicable the Agency and/or District Project Representative and TriMet Project Representative shall engage in good faith negotiations, for a period of not less than fifteen (15) calendar days, to identify a mutually satisfactory resolution of the issue. If such resolution is not reached within such fifteen (15) day period, or such longer period as mutually agreed upon, the Parties shall commence Dispute Resolution under Section 7.21.

**5.4.3 Disputes During Project Close-Out.** Subject to Section 5.4.2.4, above, disputes among the Parties regarding (a) the list of items to be included in the punch lists, (b) the completion of punch list items, if any, (c) the accounting provided by TriMet, or (d) the

determination of the County regarding the accounting, shall be resolved through Dispute Resolution set forth in Section 7.21.

**5.5 Reconciliation of the Project Account.** In the event the Project is completed or terminated prior to completion and there remains an unexpended balance of Local Matching Funds, such unexpended funds shall be allocated among the Parties and Other Regional Partners as follows:

**5.5.1** The unexpended balance of Local Matching Funds associated with the state lottery bond proceeds shall be reimbursed to ODOT as provided in the grant agreement between ODOT and TriMet.

**5.5.2** The unexpended balance of Local Matching Funds associated with the MTIP bond proceeds shall be reallocated or redirected as provided in the grant agreement between Metro and TriMet.

**5.5.3** The unexpended balance of Local Matching Funds remaining after the allocations under Sections 5.5.1 and 5.5.2, above, shall be allocated among the Parties and Other Regional Partners in proportion to their contribution toward Local Matching Funds

## **ARTICLE VI: RELATED AGREEMENTS**

**6.1 Other Design, Construction, and Right of Way Agreements.** By execution of this Agreement, the Parties agree to negotiate in good faith the terms and conditions of all other agreements that may be reasonably required or desired to design, construct, and maintain the Project, which may include, without limitation, the compensation for the County's, the Agency's, and/or the District's expenditures for staff and resources in Preliminary Engineering; the County's In-Kind Contributions pursuant to Section 4.1; procedures for reviewing plans; material change orders; material changes in Project Scope; right-of-way acquisition and permitting.

**6.2 Continuing Control Agreement.** The Parties acknowledge and agree that the Project must comply with FTA requirements regarding the continuing control by TriMet of roadways, sidewalks, and streets owned by the County on which light rail tracks or stations are placed. The Parties agree to negotiate in good faith such Continuing Control Agreements as may be required by FTA. No less than sixty (60) calendar days prior to the date on which a fully executed Continuing Control Agreement is required, TriMet shall notify the County Representative to start negotiations on the Continuing Control Agreement, and thereafter both Parties shall diligently prosecute the required negotiations.

## **ARTICLE VII. GENERAL PROVISIONS**

**7.1 Relationship of the Parties.** Each of the Parties hereto shall be deemed an independent contractor for purposes of this Agreement. Each of the Parties possess substantial taxing, eminent domain and police powers so that Parties are not considered part of the same "controlled group" as defined in 26 CFR §1.150-1(e). No representative, agent, employee, or contractor of one Party shall be deemed to be an employee, agent, representative, or contractor of

the other Party for any purpose, except to the extent specifically provided herein. Nothing herein is intended, nor shall it be construed, to create between the Parties any relationship of principal and agent, partnership, joint venture or any similar relationship, and each Party hereby specifically disclaims any such relationship. Each Party represents and warrants that, except for the representations as set forth in Section 7.2 below, it has not relied upon any acts, omissions, representations or statements of, or information provided by, the other Party in deciding to enter into and perform its obligations under this Agreement. This Agreement is the result of an arms-length negotiation between the Parties in which each Party has been exclusively responsible for advancing its own interest, and each Party has had full opportunity to consult with its own attorneys and advisors, perform its own due diligence, and fully inform itself concerning the risks and benefits of the transactions contemplated by this Agreement.

**7.2 Representations and Warranties of the Parties.** As of the date of execution and delivery of this Agreement, each of the Parties makes the following representations for the benefit of and reliance by the other Party: (1) by proper corporate action, it has duly authorized the execution and delivery of this Agreement and the performance of its respective obligations hereunder; (2) it has full power and authority to execute and deliver this Agreement and perform its respective obligations hereunder; (3) this Agreement has been duly executed and delivered by it; and (4) to its actual knowledge, there is no litigation pending against it or threatened against it, challenging its authority to enter into this Agreement or perform its obligations hereunder, or challenging the validity of its proceedings authorizing the execution and delivery of this Agreement, or seeking to restrain or enjoin the execution and delivery of this Agreement by it or the performance of its obligations hereunder.

### **7.3 Liability.**

**7.3.1** Within the limits of the Oregon Tort Claims Act, codified at ORS 30.260 through 30.300, each of the Parties shall indemnify and defend the other and its officers, employees, agents, and representatives from and against all claims, demands, penalties, and causes of action of any kind or character relating to or arising from this Agreement (including the cost of defense thereof, including attorney fees) in favor of any person on account of personal injury, death, damage to property, or violation of law, which arises out of, or results from, the negligent or other legally culpable acts or omissions of the indemnitor, its employees, agents, contractors or representatives.

**7.3.2** Each party agrees to maintain insurance or self-insurance in accordance with ORS 30.282, for the duration of this Agreement at levels necessary to protect against public body liability as specified in ORS 30.270.

### **7.4 Termination.**

**7.4.1** This Agreement shall terminate if, 1) the Parties and Other Regional Partners sign a written agreement, terminating this Agreement; 2) an FFGA is not executed by June 30, 2015, or 3) a Party exercises its legal or equitable rights of termination as provided by law. In the event this Agreement is terminated as provided in this Agreement, the Project Account shall be reconciled as provided in Section 5.5, above.

**7.4.2** In the event of such termination, the TriMet Project Representative shall cease any activity that furthers the advancement of the Project and shall proceed to wind up and close out the Project activities. The TriMet Project Representative shall prepare a close-out report and plan that details the information and status of the Project, including any Termination Costs that are to be paid by the Parties. In the event that neither Party objects to the proposed close-out plan, the Project shall be closed out in accordance with such plan.

**7.4.3 Termination Costs.** "Termination Costs" are defined in Exhibit B. In the event of Termination, the term Project Costs shall include Termination Costs; and such Termination Costs shall be administered in the manner set forth hereunder for all Project Costs.

**7.4.4 Termination for Material Breach.** This Agreement may be terminated by a Party as a result of a material breach of an obligation of the other Party to this Agreement as provided by law or in equity. Prior to such a termination, the terminating party must provide the Project Representatives sixty (60) calendar days written notice of the material breach, including a detailed explanation of the breach, during which period the breaching party may cure the material breach ("Cure Period"). If at the end of the Cure Period the breaching party has not cured the default, the terminating party may terminate this Agreement for default and seek all remedies available at law or in equity.

**7.4.5 Disputes Related to Termination.** Disputes regarding termination shall be resolved pursuant to the Dispute Resolution process set forth in Section 7.21 of this Agreement.

**7.5 Inspection of Records.** Each of the Parties shall have the right to inspect, at any reasonable time, such records in the possession, custody, or control of the other Party as it deems necessary for review of the other Party's obligations and its rights under this Agreement. The cost of such inspection shall be borne by the inspecting Party.

**7.6 Successors; No Assignment.** The benefits conferred by this Agreement, and the obligations assumed hereunder, shall inure to the benefit of and bind the successors of the Parties. The rights and obligations of each Party under this Agreement may not be assigned in whole or in part without the prior written consent of the other Party.

**7.7 Time is of the Essence.** Time is of the essence of each and every provision and covenant of this Agreement.

**7.8 Choice of Law; Place of Enforcement.** This Agreement shall be governed by and construed in accordance with the laws of the state of Oregon.

**7.9 Amendments.** This Agreement (including the exhibits hereto) may only be amended by means of a writing signed by an authorized representative of each of the Parties hereto. No amendment to any provision of this Agreement shall be implied from any course of performance, any acquiescence by any Party, any failure of any Party to object to the other Party's performance or failure to perform, or any failure or delay by either Party to enforce its rights hereunder.

**7.10 Integration.** This document constitutes the entire agreement between the Parties and supersedes all prior or contemporaneous written or oral understandings, representations, or communications of every kind. No course of dealing between the Parties and no usage of trade will be relevant to supplement any term used in this Agreement.

**7.11 Interpretation of Agreement.** This Agreement shall not be construed for or against any Party by reason of the authorship or alleged authorship of any provision.

**7.12 Severability/Survivability.** If any clause, sentence, or portion of the terms and conditions of this Agreement becomes illegal, null, or void for any reason, the remaining portions will remain in full force and effect to the fullest extent permitted by law. All provisions concerning indemnity survive the termination of this Agreement for any cause.

**7.13 Laws and Regulations.**

**7.13.1** The Parties agree to abide by all applicable laws and regulations in carrying out this Agreement.

**7.13.2** To the extent applicable, the provisions of ORS 279 are incorporated by this reference as though fully set forth.

**7.14 Waivers.** No waiver by either Party of any provision of this Agreement shall be of any force or effect unless in writing. Except as otherwise provided herein, no waiver made by a Party with respect to the performance, or manner or time thereof, or obligation of the other Party or any condition inuring to its benefit under this Agreement shall be considered a waiver of any other rights of the Party making the waiver or a waiver by the other Party not joining in such waiver, and no such waiver shall be construed to be a continuing waiver.

**7.15 Notice.**

**7.15.1** Any notice or communication under this Agreement shall be deemed received by the addressee on the earliest to occur of:

(a) The date such notice is hand-delivered to the notice address of the addressee; or

(b) If such notice is transmitted by telecopy or facsimile machine to the fax number of the addressee specified as part of the notice address, then:

(i) If such notice is transmitted during regular business hours, 8:00 a.m. to 5:00 p.m. Pacific Time, on a mail delivery day, such notice shall be deemed to be delivered on the date it is so transmitted; and

(ii) If such notice is not transmitted during such regular business hours, or is transmitted on a date that is not a mail delivery date, such notice shall be deemed delivered on the next mail delivery day following the date upon which the same was transmitted; or

(c) If sent to the addressee's notice address through the United States Postal Service, postage prepaid, the third mail delivery day following the date upon which the envelope containing such notice is postmarked.

**7.15.2** The notice address of each Party is set forth below:

If to TriMet: Tri-County Metropolitan Transportation District  
710 NE Holladay Street  
Portland OR 97232  
Attn: Neil McFarlane  
Telephone: (503) 962-2134  
Facsimile: (503) 962-2288

With copy to: TriMet Legal Department  
4012 SE 17<sup>th</sup> Avenue  
Portland OR 97202-3993  
Attn: M. Brian Playfair  
Telephone: (503) 962-3037  
Facsimile: (503) 962-3095

If to the County: Department of Transportation and Development  
Development Services Building  
150 Beaver Creek Road.  
Oregon City, Oregon 97045  
Attention: Director, Department of Transportation and  
Development  
Telephone: 503-742-4340  
Facsimile: 503-742-4272

If to the Agency: Clackamas County Development Agency  
Development Services Building  
150 Beaver Creek Road.  
Oregon City, Oregon 97045  
Attention: Dan Johnson  
Telephone: 503-742-4325  
Facsimile: 503-742-4272

If to the District: North Clackamas Parks and Recreation District  
Development Services Building  
150 Beaver Creek Road.  
Oregon City, Oregon 97045  
Attention: Michelle Healy  
Telephone: 503-742-4356  
Facsimile: 503-742-4349

With a copy to: Clackamas County Counsel  
Public Service Building

2051 Kaen Road  
Oregon City, Oregon 97045  
Attention: Development Agency Counsel  
Telephone: (503) 655-8619  
Facsimile: (503) 655-5397

Any Party may change the foregoing notice address by giving prior written notice thereof to the other Party at its notice address.

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

**7.17 Consents.** No consent or approval of a Party hereunder shall be of any force or effect unless such consent or approval is in writing, signed by a duly authorized officer of the Party giving the same, except that an approval or consent designated hereunder to be made by a Project Representative shall be of force and effect if made orally or in writing by the Project Representative or Project Manager for the approving or consenting Party.

**7.18 Non-Exclusive Remedies.** Except as otherwise expressly provided herein, the rights and remedies expressly afforded under the provisions of this Agreement shall not be deemed exclusive, and shall be in addition to and cumulative with any and all rights and remedies otherwise available at law or in equity. The exercise by either Party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other remedies for the same default or breach, or for any other default or breach, by the other Party.

**7.19 No Third Party Beneficiaries.** The Parties intend that the rights, obligations, and covenants in this Agreement shall be exclusively enforceable by the Parties. There are no third party beneficiaries to this Agreement, either express or implied.

**7.20 Attorneys' Fees.** In the event a suit, action, mediation or other proceeding of any nature whatsoever, including, without limitation, any proceeding under the U.S. Bankruptcy Code, is instituted to interpret or enforce any provision of this Agreement, or with respect to any dispute relating to this Agreement, including, without limitation, any action in which a declaration of rights is sought or an action for rescission, each Party shall pay its own attorneys', paralegals', accountants' and other expert fees and all other fees, costs and expenses, without recovery from the other Party.

**7.21 Dispute Resolution.**

**7.21.1** Either Party may initiate formal Dispute Resolution by transmitting written notice describing the nature of the dispute to the Project Representative of the other Party. Within three (3) business days of receipt of such notice, the Project Representatives and/or the affected members of the Project Steering Committee shall initiate consultations and good faith negotiations to resolve such dispute to the satisfaction of the Parties.

**7.21.2** In the event a dispute arising under this Agreement is not resolved within fourteen (14) calendar days from the date of the initial request pursuant to Section 7.21.1 above,

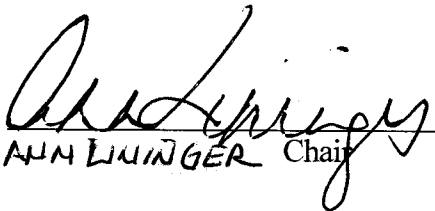
the Parties agree to mediate such dispute. The mediation shall be conducted in Portland, Oregon, in accordance with such procedures, and on such time schedules as the Parties shall mutually agree. The mediator shall be selected by mutual agreement of the Parties, or if the Parties cannot agree, by the Presiding Judge of the Multnomah County Circuit Court. Mediators' fees shall be shared equally between the Parties. Each Party shall bear its own costs and expenses in connection with the mediation. Each Party shall participate in such mediation in good faith, but nothing in this Agreement shall preclude a Party from exercising its rights as provided by law in the event mediation is unsuccessful.

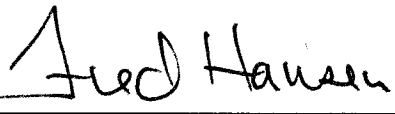
**7.22 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

**7.23 Term.** The term of this Agreement shall be from the date of execution of this Agreement below through June 30, 2019, unless terminated or extended under the provisions of this Agreement.

**Board of Commissioners  
County of Clackamas**

**Tri-County Metropolitan Transportation  
District of Oregon**

By:   
ANN LUINGER Chair

By:   
Fred Hansen, General Manager

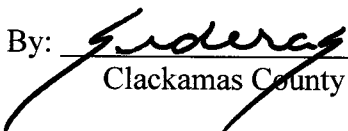
Date: 2-4-2010 IV. 1.

Date: 3/01/10

  
Mary Raethke Recording Secretary

Approved as to Form:

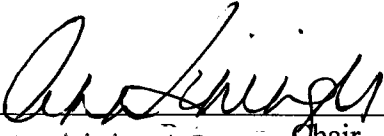
Approved as to Form:

By:   
Clackamas County Counsel


By:   
Counsel for TriMet

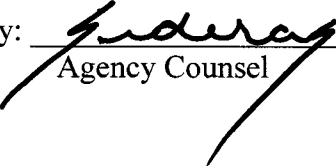


**Board of County Commissioners  
Acting as the Governing Body of the  
Clackamas County Development Agency**

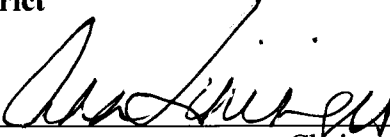
By:   
ANN LINGER, Chair

Date: 2-4-10


  
Mary Raethke, Recording Secretary


By:   
Agency Counsel

**Board of County Commissioners  
Acting as the Governing Body of the  
North Clackamas Parks and Recreation  
District**

By:   
ANN LINGER, Chair

Date: 2-4-10

  
Mary Raethke, Recording Secretary

By:   
District Counsel

## Exhibit A: Project Schedule

Activity	Date (1)
Complete Preliminary Engineering	March 2010
FTA Issues Final Environmental Impact Statement	May 2010
FTA Issues Record of Decision	July 2010
FTA Approval to Start Final Design, and Letter of No Prejudice, Construction Starts under LONP	October 2010
Full Funding Grant Agreement Executed by FTA	June 2012
Local Funds Deposited in Project Account	September 2012
Construction Complete	May 2015
Operations Starts	September 2015

(1) Pre-FEIS schedule, subject to change based on Preliminary Engineering, Final Design, FFGA, and FTA requirements.

## Exhibit B: Definitions

**“Agency”** means the Clackamas County Development Agency, the authorized urban renewal agency of Clackamas County, Oregon.

**“Agency Project Representative”** means the person designated by the Agency under Section 2.3.1 of this Agreement, as may be re-designated from time to time,

**“Agreement”** means this entire Intergovernmental Grant Agreement of the Parties as reflected in this document, or any modification hereof executed by the Parties.

**“Allowed Claim”** means any claim made by the Contractor for work performed under the construction contract that is not resolved by a change order, and is either (a) approved by the TriMet Project Representative as a valid claim; or (b) determined to be a valid claim following final resolution of any dispute relating to it (whether by mediation, arbitration, lawsuit or other dispute resolution proceeding).

**“Betterment”** means an improvement undertaken in conjunction with the Project, which is desired by one Party but not approved as part of the Project by the other Party, the cost of which is not a Project Cost, and which is paid for with revenues other than those shown in the Project Finance Plan by the Party requesting the improvement. Betterments shall include replacement of existing infrastructure with new where the existing infrastructure is beyond its useful life or replacement of existing infrastructure materials or facilities with a more costly kind, size, or type of material or facility that constitutes an unnecessary upgrade requested by a Party, but not required for compliance with rules, regulations, laws, and standards applicable to the Project. Strengthening a pipeline would not be considered a betterment if a Project facility loading exceeds the standard design criteria for the pipeline.

**“Construction”** means, without limitation, all acquisition of real property, procurement of vehicles and equipment, installation of track, signals, communications systems, and mitigation treatments, civil work (including construction and equipping of stations, park and rides and operations facilities), structural work, and project administration (including post-Final Design engineering/ architecture, oversight, and financial administration) required to implement the Project, as described in Exhibit E, as may be amended from time to time.

**“Construction-Period Finance Costs”** means the actual amount of interest, issuance costs, and other finance costs paid during the construction period by the State and local governments on borrowings undertaken to pay their respective shares of Local Matching Funds. The amount of Construction-Period Finance Costs shown in the Project Budget is an estimate; the actual amount depends on the actual borrowings by state and local governments and must be approved by FTA.

**“Continuing Control Agreement”** means an Agreement entered into and between TriMet and County pursuant to Section 6.2, providing TriMet with perpetual continuing control rights, consistent with such rights required of federal grantees by FTA, to operate and maintain roadways and other improvements owned by the County on which light rail trackwork, ancillary improvements, or stations are placed.

**“Contractor”** means the individual, firm, or entity to which or who is awarded the Construction Contract.

**“County”** if clearly intended within the context of the provision in this Agreement to be a specific reference Clackamas County, Oregon means Clackamas County, a political subdivision of the State of Oregon.

**“County Project Representative”** means the person designated by the County under Section 2.3.1 of this Agreement, as may be re-designated from time to time

**“Cure Period”** means a sixty (60) calendar day period following a written notice by a Party seeking to terminate this Agreement due to a material breach, during which period the breaching party may cure the material breach and, thereby, preclude termination of this Agreement.

**“Dispute Resolution”** means the process and procedures for resolving disputes between the Agency and TriMet regarding the Project that is undertaken before initiating legal action, as set forth in Section 7.21.

**“District”** means the North Clackamas Parks and Recreation District, a service district located in the County of Clackamas.

**“District Project Representative”** means the person designated by the District under Section 2.3.1 of this Agreement, as may be re-designated from time to time,

**“Final Design”** means the design, engineering and technical work necessary to progress the preliminary engineering to a point that the drawings and specifications describe sufficient detail to construct the Project and satisfy FTA requirements for grants of New Start funds.

**“FTA”** means the Federal Transit Administration within the U.S. Department of Transportation.

**“Full Funding Grant Agreement”** or **“FFGA”** means a contract anticipated to be entered into and between FTA and TriMet, wherein federal funds are committed to pay Project Costs, subject to specific terms and conditions, including a commitment by TriMet of local funds to match federal funds committed by FTA.

**“In-Kind Contribution”** means those services and real property interests contributed to the Project that are approved as eligible Local Matching Funds by FTA.

**“JPACT”** means the Joint Policy Advisory Committee on Transportation, a committee of Metro responsible for endorsing actions regarding regional transportation policy and funding.

**“Local Matching Funds”** means the aggregate contributions, including In-Kind Contributions, to pay Project Costs by the State of Oregon, through ODOT, TriMet, City of

Portland, City of Milwaukie, County, the Agency and/or the District if applicable, Metro through the MTIP allocation to TriMet, and any other local or state entity contributing funds to pay Project Costs.

**“ODOT”** means the Oregon Department of Transportation.

**“Other Regional Partners”** means the City of Portland, City of Milwaukie, Metro, and any other entity providing a contribution to Local Matching Funds.

**“Parties”** means the County, Agency, District, and TriMet.

**“PE” or “Preliminary Engineering”** means the Preliminary Engineering stage in the FTA project development procedures during which engineering, environmental, financial, and other technical studies are undertaken in support of preparing and publishing a Final Environmental Impact Statement for the Project, under the federal National Environmental Protection Act (NEPA). PE commences on the date on which FTA approves entry into PE, and concludes on the date FTA authorizes entry into Final Design.

**“Permitted Investments”** means any of the investments listed in ORS 294.035.

**“Project”** means the Final Design and Construction of the Portland-Milwaukie Light Rail line, from City of Portland through the City of Milwaukie terminating at Park Avenue and as described in Exhibit E, as may be amended from time to time. The Project does not include Preliminary Engineering.

**“Project Account”** means the banking account with a financial institution established by TriMet pursuant to Section 3.1.2 to hold all Local Matching Funds received by TriMet under this Agreement. Except as otherwise provided under this Agreement, all Local Matching Funds shall be deposited in and disbursed from the Project Account.

**“Project Budget”** means a line item breakdown of capital cost items showing the total cost of PE, Final Design, construction (including costs associated with acquisition, installation and equipping the Project and project administration and management costs), and contingency for Allowed Claims, as may be amended from time to time, in the form shown in Exhibit C.

**“Project Close-Out”** means the activities undertaken after Construction is determined to be substantially complete to secure Agency and Other Regional Partner sign-off on the Project and use of its share of Local Matching Funds.

**“Project Costs”** means the cost of any and all elements of PE, Final Design and Construction of the Project, as set forth in the Project Scope shown in Exhibit E, as may be amended from time to time. Project Costs may include costs that are eligible for federal match, or costs that are not eligible for federal match. Project Costs do not include Supplemental Improvements or Betterments.

**“Project Finance Plan”** means the year-by-year cash-flow of Project Costs and revenues (by source), including interim borrowing, as summarized in Exhibit D, as may be amended from time to time.

**“Project Management Group”** means the intergovernmental policy-level group described in Section 2.1 that is established to provide coordination among affected units of government.

**“Project Schedule”** means the listing of anticipated dates for completing major Project milestones, as set forth in Exhibit A to this Agreement, as may be amended from time to time.

**“Project Scope”** means the narrative set forth in Exhibit E to this Agreement, as may be amended from time to time, and related engineering and drawing set and project specifications, as may be amended from time to time, that describes all component elements of the Project.

**“Project Steering Committee”** means the committee of public officials described in Section 2.2 that is responsible for resolving issues identified by Project Representatives relating to design or construction of the Project.

**“Subject Action”** means a writing by a Project Representative, under Section 2.3.4, requesting a specific change to this Agreement and, if applicable, a non-binding estimate of the total costs of the proposed Subject Action.

**“Supplemental Improvement”** means an improvement or acquisition that supports or betters the Project, or an ancillary improvement thereto, that at the time it is proposed is not part of the Project Scope, and whose cost is not part of the Project Budget.

**“Termination Costs”** means all costs incurred with respect to winding up the Project work because of the abandonment or permanent cessation of work on the design or construction of the Project for any reason. Termination Costs shall include, without limitation, costs required to be paid to (a) stop the work and close out executed contracts or purchase orders, (b) early termination damages, (c) contract claims, (d) administrative costs in winding up work, and (e) restore the site of the Project to its condition prior to the commencement of construction of the Project or to such other condition as may be agreed to by the Parties (but in no event shall the cost of achieving such other condition be greater than the cost of restoring the site of the Project to its condition prior to the commencement of the construction of the Project).

**“TriMet”** means the Tri-County Metropolitan Transportation District of Oregon, a mass transit district organized under the laws of the state of Oregon.

**“Yield Restricted Funds”** means local moneys provided by a Party that are subject to restrictions as to investment yield as a consequence of such moneys constituting the proceeds of federally tax-exempt obligations.

**“Yield Restriction”** means the maximum yield at which the Yield Restricted Funds can be invested, as specified in a writing provided to TriMet pursuant to Section 4.4.1.

**Exhibit C  
PROJECT BUDGET**

Cost Category	Cost (1)(2)(3)
Right-of-Way/Real Estate	\$182,500,000
Utility Relocation	\$19,100,000
Street Construction	\$32,300,000
Track Grade Construction	\$22,300,000
Structures	\$191,400,000
Stations	\$24,500,000
Park and Ride Lots	\$41,100,000
Road Crossings	\$13,100,000
Track Installation and Materials	\$32,800,000
Special Conditions	\$11,100,000
Fare Collection	\$2,600,000
Traction and Electrification	\$28,800,000
Signals	\$27,900,000
Communications	\$18,100,000
Light Rail Vehicles	\$89,600,000
Operations and Maintenance Facility	\$6,800,000
Engineering	\$161,000,000
Contingencies	\$123,800,000
Finance Charges	\$208,150,000
Inflation to Mid-Year of Construction	\$185,500,000
<b>Total</b>	<b>\$1,422,750,000</b>

(1) The Project Budget addresses Preliminary Engineering, Final Design, and Construction.

(2) Cost estimate is based on the 2008 Locally Preferred Alternative design as of July 2008. This pre-FEIS Project Budget will be amended from time to time based on Preliminary Engineering, Final Design, FFGA negotiations, FTA requirements, and the results of bid prices

(3) Line-item cost estimates are in 2008 dollars, except for "Finance Charges" and "Inflation," which convert the current year estimate to the year-of-expenditure cost estimate shown as "Total."

**Exhibit D: Project Finance Plan**  
(in thousands of year-of-expenditure dollars)

	FY09/10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Total
<b>Expenditures</b>												
Construction	\$27,424	\$72,297	\$231,819	\$358,264	\$303,495	\$177,819	\$4,476	\$0	\$0	\$0	\$0	\$1,175,594
Interim Finance	\$8	\$0	\$45	\$2,423	\$15,050	\$23,211	\$21,343	\$15,356	\$9,356	\$3,758	\$0	\$90,550
Local Interest Costs	\$6,497	\$11,662	\$14,556	\$16,556	\$16,216	\$15,758	\$16,600	\$15,667	\$5,087	\$0	\$0	\$118,600
<b>Total Expenditures</b>	<b>\$33,929</b>	<b>\$83,959</b>	<b>\$246,421</b>	<b>\$377,243</b>	<b>\$372,761</b>	<b>\$216,788</b>	<b>\$42,419</b>	<b>\$31,022</b>	<b>\$14,443</b>	<b>\$3,758</b>	<b>\$0</b>	<b>\$1,422,743</b>
<b>Revenues</b>												
Federal New Starts		\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$53,646	\$853,646
State Lottery Bonds	250,000											\$250,000
TriMet MTIP Bonds		\$72,500										\$72,500
In-Kind Contributions				\$38,000								\$38,000
City of Milwaukie				\$0								\$30,000
City of Portland				\$30,000								\$5,000
Clackamas County				\$25,000								\$25,000
TriMet Revenue Bonds				\$30,000								\$30,000
Interim Finance Revenues for Local			\$0	\$41,781	\$256,544	\$101,030	-\$74,180	-\$84,645	-\$90,644	-\$96,242	-\$53,646	\$0
Interest Costs	\$6,497	\$11,662	\$14,556	\$16,556	\$16,216	\$15,758	\$16,600	\$15,667	\$5,087	\$0	\$0	\$118,600
<b>Total Revenues</b>	<b>\$256,497</b>	<b>\$84,162</b>	<b>\$114,556</b>	<b>\$286,337</b>	<b>\$372,760</b>	<b>\$216,788</b>	<b>\$42,420</b>	<b>\$31,022</b>	<b>\$14,443</b>	<b>\$3,758</b>	<b>\$0</b>	<b>\$1,422,744</b>
<b>Cumulative Revenues</b>	<b>\$256,497</b>	<b>\$340,659</b>	<b>\$455,215</b>	<b>\$741,553</b>	<b>\$1,114,313</b>	<b>\$1,331,101</b>	<b>\$1,373,521</b>	<b>\$1,404,543</b>	<b>\$1,418,986</b>	<b>\$1,422,744</b>	<b>\$1,422,744</b>	<b>\$1,422,744</b>
<b>Revenues-Expenditures</b>	<b>\$222,568</b>	<b>\$222,771</b>	<b>\$90,906</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

(1) The Project Finance Plan addresses Preliminary Engineering, Final Design, and Construction.

(2) This Project Finance Plan is based on the 2008 Locally Preferred Alternative design as of July 2008. This pre-FEIS Project Finance Plan will be amended from time to time based on Preliminary Engineering, Final Design, FFGA negotiations, FTA requirements, and the results of bid prices and construction scheduling.



## Exhibit E: Project Scope

### 1. General Description

The Portland-Milwaukie LRT Project (the "Project") will design and construct the Orange Line connecting downtown Portland with SE Park Avenue in Clackamas County. The Project Scope in this Exhibit E is based on the 2008 Locally Preferred Alternative design as of July 2008. This pre-FEIS Project Scope will be amended from time to time based on Preliminary Engineering, Final Design, FFGA negotiations, and FTA requirements.

The line will serve the Central City, Portland State University, South Waterfront, OMSI District, SE Portland, and the Milwaukie Town Center. The alignment will consist of 7.3 miles of double-track light rail, stations, overhead catenary, park-and-ride lots, and other necessary capital elements and amenities will be constructed. Starting from the north, the new line will connect into the Green line at Portland State University and will follow SW Lincoln Street to a new structure over SW Harbor Drive into the South Waterfront District, where the alignment will cross the Willamette River on a new transit only bridge to the OMSI District. From the OMSI District the alignment will run adjacent to the Union Pacific Railroad in SE Portland and then operate in the center of SE 17<sup>th</sup> Avenue. To the south, the alignment will be located to the east of SE McLoughlin Boulevard and the Tillamook Branch Rail alignment through downtown Milwaukie. The alignment then crosses SE McLoughlin Boulevard on a new structure and will be located west of and parallel to SE McLoughlin Boulevard until it reaches SE Park Avenue.

The Project includes eleven stations: SW Jackson Street, SW Lincoln Street, SW Moody, OMSI, SE Clinton Street, SE Rhine Street, SE Holgate Boulevard, SE Bybee Boulevard, SE Tacoma Street, SE Lake Road and SE Park Avenue. A total of approximately 1,400 - 2,000 new park-and-ride spaces will be constructed in two parking structures. The Project also includes the necessary expansion for the maintenance and storage of light rail vehicles at the Ruby Junction maintenance facility

### 2. Specific Project Cost Elements

- **Right of Way/ Real Estate.** The trackway will be located on publicly owned right-of-way and on newly purchased right-of-way. Publicly owned rights-of-way include SW Lincoln, SE 17<sup>th</sup> Avenue and south of Milwaukie along SE McLoughlin Boulevard. There are several locations, such as along the alignment in SW and SE Portland, which requires purchase of additional right-of-way. These locations include between the OMSI Station to SE Powell and along SE 17<sup>th</sup> Avenue. The project will also purchase property from the Union Pacific between SE Harold and SE Lake Road in Milwaukie.
- **Utility Relocation.** Utilities such as water mains or sewers that would be made inaccessible by light rail trackway must be relocated or new accesses constructed. In addition, parallel or perpendicular utilities that are very close to the tracks and would be seriously affected by ongoing operations will require adjustments or protection.
- **Street Construction.** Repaved, reconstructed, or new street segments are required along the SW Lincoln Street, SE 17<sup>th</sup> Avenue and at various roadway crossing along the alignment and proximate to park-and-ride lots.
- **Track Grade Construction.** Project construction includes preparing and improving public and private rights-of-way as a precursor of laying light rail track. Throughout the Project, but especially

along SE Portland between the OMSI station and SE Powell Boulevard and from the SE Harold to SE Lake Road in Milwaukie where new grade construction will be required, including cutting and filling of soils and rock.

- **Structures.** Structures include bridges and underpasses, retaining walls, sound walls, and stairways. Structures will be built over SE Harbor Drive, across the Willamette River, at SE Powell, in Milwaukie's North Industrial District and across SE Kellogg Lake. Additional structures will be constructed across SE Harold, Crystal Spring and Johnson Creek. Retaining walls will be constructed along portions of the alignment where slopes must be modified or cut to allow the track grade. Sound walls must be provided at some locations to mitigate noise to nearby residences. Finally, stairways will provide access to stations that are at a different grade than the nearest street with a sidewalk.
- **Stations.** A total of ten stations will be constructed. Stations include platform construction, signs and graphics, shelters and other necessary amenities.
- **Park and Ride.** Park and rides will be constructed at SE Tacoma Street (approximately 800 - 1,000-space structure) and at SE Park Avenue (approximately 600 - 1,000 space structure). The Project will construct or improve access to the park-and-ride facilities, as well as elements such as lighting, water runoff management, curbs, street access and other elements necessary for the park-and-ride to be usable and meet local requirements.
- **Road Crossings.** Signals, signage, and/or gates will be constructed or installed at locations where light rail crosses streets at-grade and where such improvements are necessary to provide access for pedestrians to and from stations. Gates and signage will be installed at a number of at-grade intersections in SE Portland and Milwaukie. The Project will modify shared crossing with the Union Pacific in a manner that will eliminate some crossing movements and allow the Project and City of Portland to apply for quiet zones.
- **Track Installation and Materials.** Approximately 7.3 miles of double-track, plus storage tracks, will be constructed in SE Portland and in Milwaukie. This will be largely "tie and ballast" track in SE Portland and in Milwaukie and "paved" track from Portland State University to SE 8<sup>th</sup> Avenue. This includes special track work, curved rail, restraining rail, welding, ballast, and related work.
- **Special Conditions.** The Project includes wetland and floodplain mitigation, related excavation, plantings, irrigation and other necessary features as well as hazardous materials testing and related procedural requirements necessary to complete the Project safely and in conformance with regulations. Operator facilities necessary to support service on the line will also be constructed.
- **Fare Collection.** The Project will include ticket vending machines and validators necessary to continue the current self-service, proof-of-payment system.
- **Track Electrification System.** Throughout the entire 7.3 miles of new double track, overhead wires, support poles, traction power substations, and the associated overhead catenary system elements will be constructed.
- **Signals.** Light rail signals will be installed along the new alignment including an Automatic Train Stop (ATS) system. The Project will include all the control equipment necessary to provide power to track switches at interlocks and to the Train to Wayside Communication (TWC) system, as well as the necessary signal rooms and buildings inter-ties to complete the system.

- **Communications.** The communication system will include Supervisory Control and Data Acquisition (SCADA), Closed Circuit Television (CCTV) where installed, and public address, together with fiber optics and other associated equipment. Necessary improvements to the central control facility to allow for the additions to the system will also be included.
- **Light Rail Vehicles.** The Project includes enough vehicles to operate the Orange Line for at least the initial 5-6 years of operations, including a spare vehicle allowance, spare parts, and test equipment.
- **Operations & Maintenance Facility** – Existing facilities at Ruby Junction will be improved and expanded to accommodate the additional vehicles, communications and control systems.
- **Engineering and Administration.** Engineering and Administration necessary to complete this Project include preliminary engineering, final design, construction management and inspection services, administration, insurance, and intergovernmental agreement activities.
- **Contingencies.** Consistent with FTA requirements, contingency amounts are included to provide for unanticipated inflationary or construction cost increases that may arise.
- **Financing,** The Project costs include interim financing costs incurred to keep the Project on schedule during periods when local or federal funds are not available to pay Project Costs on a current basis, and also includes the interest costs on borrowings during the construction period on borrowings used to provide local or state matching funds.
- **Start-Up.** The Project includes testing, simulated schedule operations, training, public information, and other activities that are prerequisite to commencing actual revenue passenger operations.