October 23, 2006

VIA MESSENGER

Recording Department
Chicago Title Insurance Company of Oregon
10135 SE Sunnyside Road, Suite 200
Clackamas, OR 97015

Re: ACCOMMODATION RECORDING (RUSH)

To Whom It May Concern:

Enclosed for immediate recording in the real property records of Multnomah County please find an Easement and Equitable Servitudes between ZRZ Realty Company ("Grantor") and the State of Oregon, acting by and through the Oregon Department of Environmental Quality ("Grantee"). Please note that we have now included the correct legal descriptions for the property involved.

Once you have recorded the Easement, please email a copy of the document with the recording information to ccriglow@perkinscoie.com. If you are not able to do so or encounter any problems, please contact me immediate at (503) 727-2007. Thank you.

Very truly yours,

Christopher C. Criglow

Enclosure

cc: Kathryn Silva (via email) (w/enc.)
CHICAGO TITLE INSURANCE COMPANY OF OREGON
HASRecorded THIS INSTRUMENT AS AN ACCOM-
MODATION ONLY AND ASSUMES NO LIABILITY FOR
ERRORS OR OMISSIONS HEREIN, NOR DOES
CHICAGO TITLE REPRESENT THAT IT WILL CREATE
THE ESTATE OR INTEREST IN REAL PROPERTY
WHICH IT PURPORTS TO CREATE.

After recording, return to:
Kathryn M. Silva
General Counsel
ZRZ Realty Company
3121 SW Moody Avenue
Portland, OR 97201-4599

EASEMENT AND EQUITABLE SERVITUDE

This grant of Easement and acceptance of Equitable Servitudes is made
October 12, 2006, between ZRZ Realty Company ("Grantor") and the State of
Oregon, acting by and through the Oregon Department of Environmental Quality
("DEQ" or "Grantee").

RECITALS

A. Grantor is the owner of certain real property located in Section 10,
Township 1 South, Range 1 East of the Willamette Meridian within Multnomah County,
Oregon in Multnomah County Tax Map, Tax Lots 200 and 300 (the "Property") the
location of which is more particularly described in Attachment A to this Easement and
Equitable Servitudes, and referenced under the name Zidell Waterfront, ECSI # 689 in
the files of DEQ’s Environmental Cleanup Program at the Northwest Region office
located at 2020 SW 4th Avenue, Suite 400 Portland, Oregon 97201. Interested parties
may contact the DEQ Northwest Region Office to review a detailed description of the
residual risks present at the Property and found in the Final Remedial Investigation and
Risk Assessment Report dated July 11, 2003 and the Supplemental Remedial investigation

B. On June 31, 2005, the Director of the Oregon Department of
Environmental Quality or delegate selected the remedial action for the Property and the
adjacent in-water area as set forth in the Record of Decision (ROD) for the Property.
Attachment B hereto reflects the approximate boundaries of the Property and adjacent in-water area. The remedial action selected requires, among other things: 1) source control measures to protect the Willamette River from further releases of hazardous substances; 2) excavation and off-site disposal of human health hot spot soils and hazardous materials; 3) excavation and on-site consolidation of ecological-based hot spot soils on the non-greenway portion of the site; 4) on-site or off-site treatment of soils as necessary to remove hazardous waste leaching characteristics prior to off-site disposal of soil exceeding hot spot concentrations; 5) consolidation of soil removed from the greenway area to the non-greenway area prior to capping; 6) engineering controls involving the installation of an engineered cap; 7) selective dredging of hot spot sediments in the barge launch area; 8) placement of a sediment cap over the impacted sediments in the Sediment Management Area (SMA); 9) performing periodic monitoring of the sediment conditions outside the capping area; and, 10) placement of institutional controls to ensure long-term effectiveness of engineering controls.

C. On August 21, 2006, Grantor entered into a Stipulation and Consent Judgment (Judgment) with DEQ, under which Grantor agreed to implement the selected remedial action, including the required institutional controls. On September 12, 2006, the Judgment was entered by the Circuit Court of the State of Oregon, for the County of Multnomah in State of Oregon, ex rel. v. ZRZ Realty Company, et al., as Case No. 0609-09344. The Judgment includes several additional obligations related to the implementation of the remedy not fully set forth herein, including obligations related to the in-water area adjacent to the Property.

D. The provisions of this Easement and Equitable Servitudes are intended to further the implementation of the selected remedial action and thereby protect human health and the environment.

1. DEFINITIONS

1.1 "Acceptable risk level" has the meaning set forth in Oregon Revised Statute (ORS) 465.315 and Oregon Administrative Rule (OAR) 340-122-0115.

1.2 "Beneficial use" has the meaning set forth in OAR 340-122-0115.

1.3 "DEQ" means the Oregon Department of Environmental Quality, and its employees, agents, and authorized representatives. "DEQ" also means any successor or assign of DEQ under the laws of Oregon, including but not limited to any entity or instrumentality of the State of Oregon authorized to perform any of the functions or to exercise any of the powers currently performed or exercised by DEQ.

1.4 "Ecological receptor" has the meaning set forth in OAR 340-122-0115.

1.5 "Engineering control" has the meaning set forth in OAR 340-122-0115.

1.6 "Hazardous substance" has the meaning set forth in ORS 465.200.

1.7 "Owner" means any person or entity, including Grantor, who at any time owns, occupies, or acquires any right, title, or interest in or to any portion of the Property or a vendee's interest of record to any portion of the
Property, including any successor, heir, assign or holder of title or a vendee's interest of record to any portion of the Property, excluding any entity or person who holds such interest solely for the security for the payment of an obligation and does not possess or control use of the Property.

1.8 “Property” means the real property described in Exhibit A to this Easement and Equitable Servitudes.

2. GENERAL DECLARATION

Grantor, in consideration of Grantee’s approval of the Judgment described above, grants to DEQ an Easement for access and accepts the Equitable Servitudes described in this instrument and, in so doing, declares that the Property described in Attachment A to this Easement and Equitable Servitudes, is now subject to and shall in future be conveyed, transferred, leased, encumbered, occupied, built upon, or otherwise used or improved, in whole or in part, subject to this Easement and Equitable Servitudes. Each condition and restriction set forth in this Easement and Equitable Servitudes touches and concerns the Property and the equitable servitudes granted in paragraph 3 and easement granted in paragraph 4 below, shall run with the land for all purposes, shall be binding upon all current and future owners of the Property as set forth in this Easement and Equitable Servitudes, and shall inure to the benefit of the State of Oregon. Grantor further conveys to DEQ the perpetual right to enforce the conditions and restrictions set forth in this Easement and Equitable Servitudes.

3. EQUITABLE SERVITUDES
(REstrictions ON USE)

3.1 Groundwater Use Restrictions: Owner shall not extract groundwater through wells or by other means, or use the groundwater at the Property for consumption or other beneficial use, if the hazardous substance concentrations exceed the acceptable risk level for such use. This prohibition does not apply to extraction of groundwater associated with groundwater treatment or monitoring activities approved by DEQ or to temporary dewatering activities related to construction, development, or the installation of sewer or utilities at the Property. Owner shall, however, conduct a waste determination on any groundwater that is extracted during such monitoring, treatment, or dewatering activities and handle, store and manage waste water according to applicable laws.

3.2 Soil Cap Engineering Control Use Restrictions: Owner shall not conduct operations on the Property or use the Property in any way that will or likely will penetrate the soil cap or jeopardize the soil cap's protective function as an engineering control that prevents exposure to contaminated soil, including without limitation any excavation, drilling, scraping, or erosion without prior written approval from DEQ. Owner shall maintain the soil cap in accordance with the Post-Construction Cap Inspection and Maintenance Plan and the Soil Management Plan (SMP) as specified in
the ROD and approved in writing by DEQ, as well as any amendments to those plans approved in writing by DEQ.

3.3 **Land Use Restrictions:** The following operations and uses are prohibited on the Property: Growing food crops of any type.

3.4 **Use of the Property.** Owner shall not occupy or allow other parties to occupy the Property unless the controls listed in this Paragraph 3 are maintained and reports, including photo-documentation, as applicable, are submitted to DEQ documenting that the restrictions and prohibitions of this Easement and Equitable Servitudes are intact and continue to protect public health and the environment. The reports shall be submitted annually for the first 10 years after remediation completion, and every five years thereafter.

3.5 **Notice of Transfer.** Owner shall notify DEQ on or before the effective date (generally the closing date) of any conveyance, grant, gift, or other transfer, in whole or in part, of Owner's interest in or occupancy of the Property. Owner may, but is not required to, provide such notice before the effective date of any conveyance, grant, gift, or other transfer. If Owner elects to do so, Owner may assert a claim of confidentiality under the Oregon Public Records Law with respect to documents submitted with its notice. Upon written request by Owner, DEQ will treat documents for which a claim of confidentiality had been made in accordance with ORS 192.410 through 192.505 until the effective date of the conveyance, grant, gift, or other transfer. Owner shall also notify DEQ at least 10 days before the start of any development activities or change in use of the Property that might expose human or ecological receptors to hazardous substances at the Property. Notwithstanding the foregoing, Owner shall not commence any development inconsistent with the conditions or restrictions in this Paragraph 3 without prior written approval from DEQ as provided in Paragraph 3.2 or removal of the condition or restriction as provided in Paragraph 5.1 below.

3.6 **Zoning Changes.** Owner shall notify DEQ no less than thirty (30) days before petitioning for or filing of any document initiating a rezoning of the Property that would change the base zone of the Property under the Multnomah County zoning code or any successor code. As of the date of this Easement and Equitable Servitudes, the base zone of the Property is Central Commercial Use (CXdg). The CX zone is intended to provide for commercial development within Portland’s most urban and intensely developed areas.

4. **EASEMENT (RIGHT OF ENTRY)**

During reasonable hours and subject to reasonable security requirements, DEQ shall have the right to enter upon and inspect any portion of the Property to determine whether the requirements of this Easement and Equitable Servitudes have been or are being complied with. DEQ shall have the right, privilege, and license to enter upon the Property at any time to abate, mitigate, or cure at the expense of the Owner the violation
of any condition or restriction contained in this Easement and Equitable Servitudes, provided DEQ first gives written notice of the violation to Owner describing what is necessary to correct the violation and Owner fails to cure the violation within the time specified in such notice. Any such entry by DEQ shall not be deemed a trespass, and DEQ shall not be subject to liability to Owner for such entry and any action taken to abate, mitigate, or cure a violation.

**5. GENERAL PROVISIONS**

5.1 Each condition and restriction contained in this Easement and Equitable Servitudes shall be recited in any deed conveying the Property or any portion of the Property, and shall run with the land so burdened until such time as the condition or restriction is removed by written certification from DEQ, recorded in the Deed Records of the County in which the Property is located, certifying that the condition or restriction is no longer required in order to protect human health or the environment.

5.2 Upon the recording of this Easement and Equitable Servitudes, all future Owners, as defined above, shall be conclusively deemed to have consented and agreed to every condition and restriction contained in this Easement and Equitable Servitudes, whether or not any reference to this Easement and Equitable Servitudes is contained in an instrument by which such person or entity occupies or acquires an interest in the Property.

5.3 Upon any violation of any condition or restriction contained in this Easement and Equitable Servitudes, DEQ, in addition to the remedies described above, may enforce this Easement and Equitable Servitudes as provided in the Consent Judgment, or may seek any other available legal or equitable remedy to enforce this Easement and Equitable Servitudes.

IN WITNESS WHEREOF Grantor and Grantee have executed this Easement and Equitable Servitudes as of the date and year first set forth above.
GRANTOR: ZRZ Realty Company

By: Larry G. Richards
Name: Larry G. Richards
Title: Secretary

Date: 10/11/06

STATE OF OREGON )
County of Multnomah ) ss.

The foregoing instrument is acknowledged before me this 11th day of October, 2006, by Larry Richards, secretary of ZRZ Realty Company, on its behalf.

[Signature]
NOTARY PUBLIC FOR OREGON
My commission expires: 10/22/2009
GRANTEE: State of Oregon, Department of Environmental Quality

By: ___________________________ Date: __10/12/06__
Dick Pedersen, Administrator, Northwest Region

STATE OF OREGON

County of Multnomah

ss.

The foregoing instrument is acknowledged before me this 12th day of October, 2006, by Dick Pedersen, Administrator of the Oregon Department of Environmental Quality, Northwest Region, on its behalf.

______________________________
NOTARY PUBLIC FOR OREGON
My commission expires: __April 14, 2009__

[Seal]
PARCEL I

A parcel of land situated in and being all those parts of Blocks 100 and 120, Caruthers Addition of the City of Portland as laid out by the South Portland Real Estate Association according to the official plat thereof, the Finice Caruthers Donation Land Claim, the Elizabeth Thomas also known as Elizabeth Caruthers Donation Land Claim, vacated portions of Woods Street, Grover Street, and Moody Avenue, in Section 10, Township 1 South, Range 1 East, of the Willamette Meridian, in the City of Portland, Multnomah County, Oregon, described as follows:

Beginning at a point on the Easterly extension of the South line of S.W. Gibbs Street that is South 88°32' East, 60 feet from the Northeast corner of Block 121 of said Caruthers Addition;

thence South 88°32' East along the extension of said South line of S.W. Gibbs Street to the line of ordinary high water, defined as 17.2 feet National Geodetic Vertical Datum (NGVD), of the left bank of the Willamette River as it exists today or may move in the future due to the natural acts of accretion or erosion;

thence Northerly along said line of ordinary high water 80 feet, more or less, to the South line of an existing dredge cut;

thence North 6°33'32" West, approximately 80 feet across the entrance of said dredge cut to the said ordinary high water line of the left bank of the Willamette River;

thence continuing Northerly along said line of ordinary high water to the South right-of-way line of the Ross Island Bridge;

thence South 83°52' West along said Ross Island Bridge right-of-way, to a point that is 60 feet distance Easterly, measured at right angles, from the Northerly extension of the West line of said Block 100;

thence South 1°28' West parallel to said West line of Block 100, 200.50 feet;

thence South 7°26'50" West, 217.45 feet to a point of curve;

thence along the arc of a 24.35 foot radius curve to the left having a central angle of 38°16'21", 16.27 feet (chord bears South 11°41'20" East, 15.96 feet);

thence South 30°49'31" East, 24.85 feet;

thence South 37°15'26" East, 9.16 feet to a point of the South line of Block 120 of said Caruthers Addition that is 60 feet Easterly of the Southwest corner of said block;

thence South 68°32' East along the South line of said Block 120 and the Easterly extension of said South line a distance of 200 feet;

thence South 1°28' West, a distance of 60.0 feet to the POINT OF BEGINNING.
PARCEL II

A parcel of land situated in the Finica Caruthers Donation Land Claim in Section 3 and 10, Township 1 South, Range 1 East, of Willamette Meridian, in the City of Portland, Multnomah County, Oregon, described as follows:

Commencing at a point in the North line of S.W. Sheridan Street extending Easterly that is South 89°17' East, 498.43 feet from the East line of S.W. Water Avenue, measured along said North line and the extension thereof;

thenence South 23°51' East, 912.81 feet to the TRUE POINT OF BEGINNING of the parcel herein described;

thenence South 88°33' East, 640.50 feet;
thenence North 1°28' East, 360.50 feet;
thenence North 21°34'30" West 429.34 feet;
thenence South 89°17' East, 29.12 feet;
thenence North 22°39' West, 518.51 feet;

thenence East to the line of ordinary high water, defined as 17.2 feet NVD, of the left bank of the Willamette River as it exists today or may move in the future due to the natural act of accretion of erosion;

thenence Southerly, upstream along said line of ordinary high water to the Northerly right-of-way line of the Ross Island Bridge;

thenence South 83°53' West along said Ross Island Bridge right-of-way line 690.58 feet to a point as measured from the other line;

thenence North 1°28' East, 365.69 feet;
thenence North 88°33' West, 344.67 feet;

thenence Southwesterly along a curve to the left having a radius of 27.18 feet and which is tangent to the end of the last described line, an arc distance of 30.92 feet, to a point of cusp;

thenence Northwesterly along a curve to the left having a radius of 1,556.68 feet, an arc distance of 82.99 feet, (the long cord bears N22°19'01"W);

thenence North 23°51' West, 291.87 feet to the TRUE POINT OF BEGINNING.
ATTACHMENT B

Site Boundary Figure