

**MEMORANDUM OF UNDERSTANDING FOR ART INTEGRATION INTO MIXED-
USE PROJECT KNOW AS "LOCA" OR "GOAT BLOCK"**

This memorandum of understanding (this "MOU") is entered by and between YU Contemporary, Inc., an Oregon based 501(c)(3) non-profit corporation ("**Grantee**"), and YU Contemporary LLC [an entity assoc. with Killian Pacific to be formed], an Oregon limited liability company ("**Grantor**"), collectively the "**Parties**," and outlines the terms the Parties intend to include in a future binding agreement for the financing, curation, installation and maintenance of public art in a mixed-use development (the "**Agreement**").

RECITALS

A. Grantor is the owner of the real property in Portland, Oregon depicted on the attached Exhibit A ("**Grantor's Property**"), which is anticipated to be developed with a mixed-use project that is currently under review for design review (LU 14-125908 DZM AD) (the "**Project**"), and is referred to in the community as LOCA or Goat Block.

B. Grantee operates a contemporary art institution located at 800 SE 10th Avenue in Portland, Oregon ("**Grantee's Property**").

C. The Parties desire to enhance positive community interaction with art by collaborating to integrate art into the Project in such a way as to energize the public realms of the Project and by integrating art onto the exterior of the existing building on Grantee's Property.

D. The Parties desire to work together to fund the initial installation and ongoing maintenance of permanent works of art, and/or rotating works of art. The Parties have identified privately owned, but publicly accessible areas within the Project to serve these purposes.

NOW THEREFORE, in consideration of the foregoing Recitals and the mutual benefits to be derived from this MOU, the parties intend to include the following terms in the Agreement:

1. **LOCA On-Site Art.** Grantor intends to grant a perpetual, nonexclusive easement over and across areas to be determined in the future ("**Future Art Easement Areas**") for use by the Permitted Users (defined below) for the installation, maintenance, replacement and modification of art. The Future Art Easement Areas are tentatively expected to include the following areas that are depicted on Exhibit B:


a. **Area #1** -- An area within or part of the Project's entry stair area located at the corner of SE Belmont and SE 10th Avenue, directly across the street from Grantee's Property. The art in Area #1 is expected to be permanent in nature.

b. **Area #2** -- An area within the Project along the eastern wall of the north-south pedestrian alley way (the "**Market Art Walk**") that connects the SE Belmont and 10th stair entry to the east-west pedestrian alley aligned with Yamhill Street (the "**Yamhill Alley**"). This art in Area #2 is expected to be a projected digital display

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medium that is projected from the Project's western smaller retail building onto the eastern wall of the Market Art Walk. The art projected may be permanent, rotated over time, or a collection of both.

c. **Area #3** -- An area within the Project at the intersection of Market Art Walk and Yamhill Alley, which may include art by local artists to be rotated over time, but the nature of the art within Area #3 is to be determined.

d. **Area #4** -- An area within the Project near the intersection of the Yamhill Alley and SE 11th Avenue, which may include art by local artists to be rotated over time, but the nature of the art within Area #4 is to be determined.

"Permitted Users" will be defined in the Agreement, and is expected to include the Parties and the Parties' respective agents, employees, contractors and successors and assigns.

2. **Financial Contributions.** It is expected that Grantee and Grantor will be jointly responsible for the initial and ongoing sourcing of funds required to install, maintain, repair, rotate or replace art on the Project and Grantee's Property. Grantor's financial commitment is subject to the terms negotiated in the Agreement, but is expected to not exceed \$225,000 over a ten year term from the effective date of the Agreement ("**Grantor's Financial Contribution**"), and is expected to be deployed and leveraged by Grantee to secure additional outside monies in the following fashion:

a. Grantor would make up to \$125,000 available to Grantee over a period of time to be specified in the Agreement ("**LOCA Seed Contribution**") for the purpose of Grantee installing art in the Future Art Easement Areas. The LOCA Seed Contribution would include two components:

- i. An initial payment from Grantor to Grantee of \$75,000; and
- ii. Up to \$50,000 to be distributed from Grantor to Grantee as a 1:1 matching fund for Grantee's funding raising efforts (the "**LOCA Challenge Fund**"), to be specified in the Agreement. It is anticipated that the LOCA Challenge Fund will be used to supplement Grantee's use if it's general funds and to further Grantee's fundraising efforts to finance installing and curating rotating art within so-designated areas within the Future Art Easement Areas so that the art is fresh, new, and worthy of the public's repeat visiting.

b. \$50,000 from Grantor to Grantee, which will be paid over ten years in annual installments of \$5,000 (the "**Annual Contribution**"), to be specified in the Agreement. It is anticipated that the Annual Contribution will be used to supplement Grantee's use if it's general funds and donated funds and to finance installing and

curating rotating art within so-designated areas within the Future Art Easement Areas so that the art is fresh, new, and worthy of the public's repeat visiting.

c. Up to \$50,000 to be distributed from Grantor to Grantee as a 1:1 matching fund for Grantee's funding raising efforts (the "**Yale Union Challenge Fund**"), to be specified in the Agreement. It is anticipated that the Yale Union Challenge Fund will be used to supplement Grantee's use of its general funds and to further Grantee's fundraising efforts to create an exterior art piece that will run along the upper, exterior brick façade of the main building currently located on Grantee's Property (the "**Yale Union Installation**"). The Parties anticipate that the Yale Union Installation will be permanent and maintained in perpetuity by Grantee. It is expected that the Yale Union Challenge Fund would become available upon the successful completion of Grantee's Yale Union Installation fundraising effort and shall not be treated as general operating funds by Grantee. Grantor will collaborate with Grantee on efforts to facilitate obtaining government approvals and lower costs associated with needed exterior brick tuck-point repair work that are anticipated to be needed for the Yale Union Installation.

3. Other Costs. Grantor will pay for reasonable and customary operational costs related to art within the Future Art Easement Areas, such as daily electricity usage or light cleaning requirements. These costs are in addition to, and not counted as part of, Grantor's Financial Contribution. The Agreement will allocate responsibility for other costs and work associated with the installation, maintenance, repair and replacement of any art improvements located within the Future Art Easement Area.

4. Yale Union Membership. Grantee will make its member benefits available, with no cost to tenant, to all new residential and commercial tenants of the Project. Grantor will facilitate with the distribution of a simple membership benefits packet. Terms of membership will be determined by Grantee.

5. Access to Future Art Easement Area. The Agreement will include terms that will provide Permitted Users reasonable access to the Future Art Easement Area to install, maintain, replace and modify the art improvements located therein.

6. Selection of Art. Grantee will be solely responsible for the selection of art proposed for the Future Art Easement Areas. Grantee will select an artist(s) to propose work based on its stated mission to support emerging and under-acknowledged contemporary artists, propose new modes of production, and stimulate the ongoing public discourse around art. However, as specified in the Agreement, both Grantor and Grantee approval of the initial and ongoing art installations will be required prior to installation.

7. Miscellaneous Terms. The Agreement is expected to be recorded against Grantor's Property and include terms related to effective date, amendments, termination, breach, remedies, assignability, liability, indemnification and required insurance.

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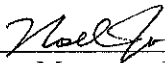
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8. Future Negotiation of Agreement. The Parties acknowledge and agree that the MOU is nonbinding, and expresses the Parties understanding of terms that may be included a future, binding Agreement. The Parties acknowledge that the MOU and Agreement relate to the Project, which has not yet received governmental approvals or financing and has not been constructed. The Parties intend to negotiate the Agreement once all required governmental approvals and financing for the Project are obtained. Grantor has sole and unlimited discretion related to whether said Project approvals, financing and construction will be pursued.

Executed by the parties as of the last date set forth below:

GRANTOR:

Killian Pacific, on behalf of the future project-specific entity yet to be formed

By:  NOEL JOHNSON
Its: Managing Director
Date: 6/30/14

GRANTEE:

YU Contemporary, Inc., an Oregon non-profit corporation

By:  Curtis Knapp
Its: Executive Director
Date: 7/7/2014

