

June 8, 2009

**UO and TC Eugene New Building Project
800 RiverFront Parkway
Riverfront Research Park**

At the June meeting of the State Board of Higher Education, the University of Oregon received approval to enter a long-term ground lease agreement between the UO and TC Eugene, for a 4.2 acre site to develop a 79,800 SF LEED Silver building for the Oregon Research Institute and the Education Policy Improvement Center.

TC Eugene plans to start construction in August 2009 and complete the building and landscaping for occupancy by September 2010, while the UO plans to construct a public street and related infrastructure during the 2009/10 construction seasons. The \$17 million project will provide an economic boost to the local economy, creating building and infrastructure jobs during construction, with the longer-term benefit of retaining and providing state-of-the-art expansion opportunities for two successful non-profits conducting educational policy and behavioral science research.

Additional information about the project is included below:

Developer and Design Team:

TC Eugene, LLC, a single purpose entity of the Trammell Crow Company (TCC), is developing this privately owned building. Founded in 1948, TCC is one of the nation's leading developers and investors in real estate. It has developed or acquired over 500 million square feet of buildings with a value exceeding \$50 billion. TCC is an independently operated subsidiary of CB Richard Ellis Group, Inc., the world's largest real estate services firm.

Soderstrom Architects, a Portland firm hired by the Trammell Crow Company, is designing the building. Soderstrom provides a wide range of architectural and design services and the firm is familiar with the local area and UO's culture; they have worked on UO projects including McArthur Court, Deady Hall, and Gerlinger Hall.

KPFF Engineers, a Eugene firm, is providing engineering services both for the building, site, and infrastructure. Cameron, McCarthy, Gilbert & Scheibe, Landscape Architects, is designing the infrastructure landscape, while Dougherty Landscape Architects is completing the building landscape design.

Design Features:

The building is a 79,800 SF LEED Silver four-story building, designed by Soderstrom Architects of Portland, Oregon. It will meet the LEED Silver nationally accepted benchmark for design and construction of the world's greenest, most energy efficient, and high performing buildings. Among other features, it will use reduced-

flow fixtures reducing water usage; landscape with native vegetation and efficient irrigation systems; install high-efficiency lighting, roof insulation, and low-e insulated windows to reduce overall energy consumption; use low VOC products to eliminate pollutant sources during and after construction; and divert on-site generated construction waste from landfills, among other features.

Economic Benefits:

The \$17-million privately-funded building and landscape project is planned to start construction in August 2009, with completion in September 2010. The construction project will create immediate jobs and resulting economic stimulus, while longer-term, ORI will retain and plans to expand quality family wage jobs, with benefits, in the Eugene/ Springfield region. The UO is extending public infrastructure into the site, including street, landscaping, utilities, and reconstruction and widening of the South Bank bike path; this construction also will start in summer of 2009 and will be completed by summer 2010.

Tenants:

The building will be 100% pre-leased; the Oregon Research Institute will lease 69,000 SF and the Educational Policy Improvement Center will lease 10,800 SF.

The building's primary tenant company is the Oregon Research Institute (ORI), a major behavioral science research organization. Founded in 1960, with 250 employees ORI conducts research and develops products focusing on adolescent depression, tobacco and drug use and prevention, chronic pain, and diet and exercise. Due to the specialized nature of ORI's work with families, youth, children, and aging populations, the new facilities will provide features such as a kitchen for clients to learn more about diet and healthy cooking techniques, equipment and machines for mental and physical exercise, confidential interview rooms, a computer lab, and other unique spaces.

The Educational Policy Improvement Center (EPIC), a UO spin-off, consults with school systems nationwide on ways to modify and improve high school curriculum to better prepare students for the transition college.

ORI and Behavioral Sciences Industry:

Oregon Research Institute, a non-profit independent research center, was founded in 1960 by UO faculty and is dedicated to improving the quality people's lives through the study of human behavior. ORI scientists have made significant contributions to understanding the causes, prevention, and treatment of social and medical problems in areas such as physical activity, adolescent substance use, tobacco cessation, adolescent depression, eating disorders prevention, and in managing and preventing heart disease, obesity, and diabetes.

ORI receives competitive research grants, and individual corporate and foundation support. ORI employs approximately 250 people, with an average wage is \$45,000, plus excellent benefits. In 2008 it managed 83 active research grants, totaling over

\$19 million. ORI is in the top 50 non-profit institutions receiving federal National Institutes for Health (NIH) research funds in the U.S., and in 2007 it was the third largest recipient of NIH research dollars in Oregon. In addition to Eugene offices, ORI has active research projects in Albuquerque, New Mexico and Portland, Oregon.

In 2009, Oregon Business magazine recognized ORI in its Large Business category (250+ employees) as the 13th place best company to work for in Oregon. ORI was recognized as the best company to work for in Lane County, and received a Top 100 Best Green Company award.

The behavioral science industry is well-established, and expanding, in Eugene. In addition to ORI and the UO, firms include the Oregon Social Learning Center, Decision Sciences, Deschutes Research, Inc., Iris Media, Eugene Research Institute, Center for Research to Practice, mPower, Northwest Media, and Oregon Center for Applied Science. Former ORI scientists founded many of these companies. In 2006, these local groups conducted \$37.6 million in research from just the National Institutes for Health (NIH).

OSBHE Requested Action and Terms of the Proposed Ground Lease:

The UO is seeking Oregon State Board of Higher Education approval to enter into a long-term ground lease with TC Eugene LLC. The 4.32 acre site, located in the Riverfront Research Park, will accommodate the planned 79,800 SF, LEED Silver building, estimated to cost \$17 million.

The UO's ground lease is typical in that it covers many topics related to the long-term nature of the allowing private developers to construct and manage buildings, parking and landscaping on university property. The ground lease income is used to manage and operate the Riverfront Research Park as an auxiliary and for RRP infrastructure improvements including extension of the public street, utilities, and making bike bath and related improvements. The following is a brief overview of certain key terms and conditions:

Premises: 4.32 acres

Term: 55 years, with possibility of four 10-year renewals

Rent: Prepaid rent of \$1,466,608 for initial 55-year term, paid in four installments between October 2009 and September 2010; in renewal terms, rent is based on fair market value of land.

Covenants: Tenants must engage in research and/or development or author ideas, inventions, services or products that complement the research and educational activities of the UO. Research, development or production that destroys or injures human life, and the design, development, production or deployment of offensive or defensive weapons are prohibited.

Design Review: Schematic and Design Development phases of design are reviewed by a University appointed Design Advisory Committee.

Construction/Repair: Lessee is obligated to construct, repair, and maintain building and site in accordance with strict standards.

Insurance/Lien Free: Lessee is required to provide general liability and casualty insurance and maintain the site free from liens.

Condemnation: Lease sets forth rights/responsibilities of each party in event of a taking.

Default/Waiver and Remedies: Lease covers acts of Lessee default, waivers, performance by Lessor, and various Lessor remedies.

Assignment, Sublease, Sale: Voluntary assignment requires Lessor's prior written consent; in event of sale, Lessor has right of first offer.

Subleases: Requires tenant subleases to conform to applicable provisions of the Ground Lease.

Riverfront Research Park Background:

The Riverfront Research Park (RRP) project is a cooperative effort of the UO and private developers to build a university-related research park on a state-owned site adjacent to the university campus. The 67-acre science and technology park, including business technology incubator, is a catalyst for commercializing technology and connecting research with industry, in an environment that fosters innovative technology businesses and start-up companies.

With 29 current tenants and over 400 employees, Research Park companies are expanding the regional economy in diverse fields including neuroscience, informatics, biotechnology, nanotechnology, optimization technology, behavioral science, disability research, and healthcare. These companies are addressing important societal concerns facing our future by developing products sold worldwide, including brainwave sensor nets used to diagnose medical conditions including stroke, epilepsy, and monitor neonatal activity; marker genes used to target tumors in breast cancer research; and assays testing cell reaction to improve the development of new drugs with fewer side effects.

Previously, the RRP has entered into two long-term ground leases with private developers. The first, a Salt Lake City developer, constructed a 60,000 SF research office building in 1992. The second, a Portland developer, constructed a 47,000 SF office and lab building in 1998. Both buildings are privately managed and are fully leased. In addition, the Research Park operates the Riverfront Innovation Center, a technology incubator for start-up companies and UO spin-offs.

More Information:

For more information, contact Diane Wiley, Riverfront Research Park Director, at 541.346.5566.