



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

AGENDA

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

Meeting Conducted in a Room in Compliance with ADA Standards

Tuesday, October 17, 2017

5:30 p.m.

City Hall Council Chambers

313 Court Street

The Dalles, Oregon

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. APPROVAL OF AGENDA
- V. APPROVAL OF MINUTES – September 19, 2017
- VI. PUBLIC COMMENTS
- VII. EXECUTIVE SESSION
 - A. Recess to Executive Session in accordance with ORS 192.660(2)(e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions.
 - B. Reconvene to Open Session
 - C. Decision following Open Session
- VIII. ACTION ITEMS
 - A. Urban Renewal Agency Financial Plan
 - B. Second Amendment to Development and Disposition Agreement for National Neon Sign Museum (Elks Lodge Building)
 - C. Sunshine Mill (Discover Development, LLC) Restructured Installment Loan Agreement and Land Sales Contract
- IX. STAFF COMMENTS
 - Next Regular Meeting Date: November 21, 2017
 - Tentative Special Meeting Date: TBD
- X. BOARD MEMBERS COMMENTS OR QUESTIONS
- XI. ADJOURNMENT



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

Meeting Conducted in a Room in Compliance with ADA Standards

Tuesday, September 19, 2017

5:30 p.m.

City Hall Council Chambers

313 Court Street

The Dalles, Oregon

I. CALL TO ORDER

Vice Chair Elliott called the meeting to order at 5:30 p.m.

II. ROLL CALL

Present: Scott Baker, Staci Coburn, Taner Elliott, Steve Kramer, and Linda Miller

Absent: Darcy Long-Curtiss, John Fredrick, Chuck Raleigh and Kathy Schwartz

Staff Present: Planning Director and Urban Renewal Manager Steve Harris, City Attorney Gene Parker, Finance Director Angie Wilson and Assistant to the City Manager Matthew Klebes

III. PLEDGE OF ALLEGIANCE

Chair Elliott led the Pledge of Allegiance.

IV. APPROVAL OF AGENDA

Board Member Kramer motioned to approve the agenda. Vice Chair Miller seconded the motion; the motion passed unanimously.

V. APPROVAL OF MINUTES

Board Member Kramer motioned to approve the minutes as written. Board Member Coburn seconded the motion; the motion passed unanimously.

VI. PUBLIC COMMENTS

None.

VII. EXECUTIVE SESSION

The consensus of the Board was to proceed with the Action Items prior to recess for Executive Session.

VIII. ACTION ITEM

A. Urban Renewal Financial Plan

Board consensus was that due to the absence of four Board Members, the Financial Plan would be presented at a later date.

B. Extension of Exclusive Negotiating Agreement with Tokola Properties for Redevelopment of the Tony's Building Properties

Director Harris presented the staff report.

Chair Elliott inquired about potential applicants for the October meeting. Harris replied there were three items that may be presented in an Executive Session.

Board Member Baker suggested delaying decisions until after the financial plan had been presented to the Board. He also requested additional detail be provided, e.g., funds contributed by the applicant and Urban Renewal, as well as a breakdown of funds distributed to individual projects.

Based on discussion by the Board, Director Harris will schedule a special workshop for the Financial Plan presentation.

Board Member Kramer moved to accept staff recommendation to approve the extension for one 120-day period for the Exclusive Negotiating Agreement between the Columbia Gateway Urban Renewal Agency and Tokola Properties for a mixed-use development for property known as the Tony's Town & Country site. Board Member Coburn seconded the motion; the motion passed unanimously.

IX. EXECUTIVE SESSION

Chair Elliott read the rules for Executive Session. Elliott recessed to Executive Session at 5:50 p.m.

Chair Elliott reconvened Open Session at 6:36 p.m.

X. STAFF COMMENTS

Director Harris introduced David Ivy.

David Ivy
3549 SE Main Street
Portland, Oregon 97214

Mr. Ivy spoke on behalf of John Hartung and Jennifer Cowell, who purchased the Columbia Brewery building. Ivy provided an update on progress at the building.

XI. BOARD MEMBER COMMENTS OR QUESTIONS

None.

XII. ADJOURNMENT

Chair Elliott adjourned the meeting at 6:40 p.m.

Respectfully Submitted
Paula Webb, Planning Secretary

Taner Elliott, Chair

DRAFT



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

AGENDA STAFF REPORT
AGENDA LOCATION: VIII. A.

DATE: October 17, 2017

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Matthew Klebes
Assistant to the City Manager

Steven K. Harris, AICP
Urban Renewal Manager

ISSUE: Urban Renewal Agency Financial Plan

BACKGROUND

Staff has prepared a financial plan spreadsheet detailing the Agency's resources, obligations, and potential expenditures. The spreadsheet will be presented as a live document with staff providing a brief overview on the contents and structure. Staff will lead a discussion with Board Members, posing various revenue and expenditure scenarios that can be used to alter the spreadsheet in real time. The objective of the exercise is to showcase the cash flow of the Agency, its obligations, and the impact Agency projects have on resources in a variety of different scenarios.

Attached is an email from Urban Renewal consultant Ms. Elaine Howard providing examples of proposals for the cities of Madras (\$80,000) and Pendleton (\$4,000) to update their respective urban renewal plans. Her email also cites a proposal for Coos County for more thorough update of the urban renewal plan totaling \$114,000. Staff has also contacted two other economic consulting firms regarding the preparation of a retail market sector analysis for the community with a focus on the downtown area. Such an analysis would identify "gaps" in the local retail market which could lead to new business opportunities to serve local residents and the outlying trade area.

To assist in the Board's discussion of the 1st Street Streetscape Project ("Riverfront Access Project"), the Agency's consultant has prepared a status memorandum detailing

efforts to date and work that remains if the Agency Board and City Council determine to move forward with the project. As originally envisioned the project was to provide for improvements along 1st Street, a pedestrian plaza on Washington Street and a under grade pedestrian/bicycle crossing of the UPRR and I-84 to link up with the Riverfront Trail. Federal grant funding was to account for \$1.566 million of the total estimated project cost of \$4.837 million. Local funds were to be derived from the 2009 Bond issue and the sale of Agency-owned properties, among other sources. The project has been modified a number of times since the 2008 execution of the grant funding agreement. If the Agency and Council were to decide not to pursue the project, approximately \$220,000 in Federal funding would need to be reimbursed.

Attachments

Email with attachments from Elaine Howard (dated June 23, 2017)

Memorandum from Curt Vanderzanden, KPFF (dated September 11, 2017)

Steve Harris

From: Elaine Howard <elainehowardconsulting@gmail.com>
Sent: Friday, June 23, 2017 11:23 AM
To: Steve Harris
Subject: UR Pan updates
Attachments: Madras URAP Update SOW_071615_FINAL.docx; Pendleton Scope of Work and Budget.pdf; ElaineHoward_Proposal_CoosCounty_2016_09_15 (2).pdf

There are three levels/types of updates shared with your advisory committee this week:

1. Pendleton - 2 day workshop, costs about \$4,000 - Scope of work attached.
2. Madras- -Full Action Plan - \$80K The document is too large to send via e mail. you can get it at this link on the Madras website. If this does not work, let me know.

<http://ci.madras.or.us/files/9214/6428/0347/Madras2016URAP-web.pdf>

3. Coos County - Full revision of 30 year old plan including new project lists with engineer's estimates Total contract \$114K This is more expensive due to the engineer's estimates and proejct descriptions, my firm's costs: \$51K includes financial analysis. Project is underway, no document to share yet. Our RFP p0proposal is attached.

4. Financial Reviews are typically \$8-10K on their own.

Elaine Howard
Elaine Howard Consulting, LLC
503.206.7060 cell 503.975.3147
www.elainehowardconsulting.com

Scope of Work and Budget

Elaine Howard Consulting, LLC

Pendleton Urban Renewal Goal Setting

1. Coordinate with staff to set agenda and expected outcomes for upcoming meetings. (1 hour)
2. Review existing urban renewal plan. (30 minutes)
3. Staff or staff with consultant prepare updates on the goals of plans and projects completed, projects not completed. List any identified projects/new goals that you may want to consider adding to the existing list of uncompleted projects/goals. Identify remaining maximum indebtedness which is not encumbered by existing debt. Compare to known projects desired. Review urban renewal plan for any additional updates needed. (Your staff prepares it in a format for the committee, 1 hour for me to review.)
4. First day meeting with interested parties:
 - Tour area with staff. (1 hour)
 - Review documents compiled in No. 3 above. Get input from committee on projects not yet done in urban renewal plan and those projects identified as potential projects in future, not yet in urban renewal plan. Gain input on additional ideas on projects and goals that need to be updated. Get specifics on both. This will include a presentation of data from No. 3 above, and also a collaborative input process for ideas for the future of the urban renewal area. (3 hours for meeting, another hour to prepare for next day)
5. Second day: Staff and consultant take ideas from day one and look at capacity of urban renewal plan to determine if projects are realistic. (This may take a quick look at the financial capacity of the district. I can work with your finance director who should be at the meetings.)
 - Go over the actual capacity of the districts and the project lists and prioritize projects within capacity. Go over any new goals. Summarize information from the meetings. (3 hours for meeting, up to 3 hours summary, depending on desires of client)

6. Staff or staff with consultant prepare any needed amendments. (You need to let me know if I will be doing any of this or if your staff will do this. We may determine after the meetings as we will know better then what is involved)

Estimate Hours 10.5-13.5 (depends on desires for follow up after final meeting)

Billing rate \$175.	\$1,837.50 –
	2,362.50

Estimated Travel Costs:

Drive to Pendleton round trip 7 hours	\$1,225.00
Mileage 430 miles round trip @.56	240.80
Hotel	100.00
Meals	<u>25.00</u>
Total Travel	\$1,590.80

City of Pendleton Business License	\$160
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Scope of Work

Madras Revitalization Plan

2014

Project Background

The City of Madras established an Urban Renewal District and adopted an Urban Renewal Plan for the downtown in July 2002 with the goal of meeting the City's economic development objectives through rehabilitation of older and historic structures, redevelopment of key sites, improving transportation and utility facilities in the renewal area, assisting with the construction of needed public facilities, and creating public amenities. To assist in the implementation of the Urban Renewal Plan, the City developed an initial Urban Revitalization Action Plan (Action Plan) in 2005.

Since that time, over \$3.4 million has been spent of the District's \$14 million Maximum Indebtedness on projects, including but not limited to, property acquisition and remediation, building façade improvements, infrastructure improvements, parks and open space improvements, and financial assistance for a new hotel and movie theater. Beginning in 2010 circumstances has changed within the District as a result of the larger economic recession. In particular, the District's tax collection rate has been reduced by 20% and property values have significantly declined. Fiscal Year 2015-2016 will be the first year that property values will increase in the District since 2010 which in turn will be the first year the District has projected additional tax increment revenues. For these reasons it is the desire of the Urban Renewal District to update the 2005 Action Plan.

The Madras Redevelopment Commission (Agency) wishes to contract with a consultant or consultant team to lead the Agency in a strategic planning process to update the 2005 Action Plan. The updated Action Plan will be grounded in new financial and market analysis as well as public engagement to guide the Agency's activities and investments for the next ten years. The process will result in the creation of a comprehensive ten-year Action Plan that will:

- Describe and evaluate the Agency's current urban renewal plan, projects, financial commitments, bonding capacity, bond covenants, and schedules.
- Identify projects from the 2005 plan that are yet to be completed, and identify additional projects recommended to revitalize downtown, with a focus tax revenue generation.
- Identify strategic directions, partnerships, and tools that will assist in assessing future opportunities for retail in downtown Madras.
- Establish guiding principles for future investments. Include tax increment generation as a key criterion for investment.

Relevant documents can be found online at:

- City of Madras Urban Renewal Plan (2002)
http://ci.madras.or.us/files/1714/2257/7898/Urban_Renewal_Plan_and_Report_reduced.pdf
- City of Madras Urban Revitalization Action Plan (2005)
http://ci.madras.or.us/files/7414/3645/4860/Madras_Urban_Revitalization_Action_Plan_WalkerMacy_2006.pdf

Proposed Scope of Work

Task 1 – Project Management

The Consultant's work will begin with a kick-off meeting with Agency staff to review the scope, schedule, roles and responsibilities, communications protocols and expectations – particularly around how to manage potential changes in the project goals, desired outcomes, or scope of work.

Task 1.1 Define Project Management and Public Engagement Protocols

Prepare a Project Management and Public Engagement Plan that includes the following:

- Project Timeframe – A project schedule including milestones, public meetings, and product review timeline.
- Communications expectations and protocols among the project team (staff and consultants)– Identification of project leads, roles and responsibilities, and description of communication and review processes.
- Change Management Process – Description of the process that will be used to address potential changes that have an impact on the project scope.
- Data needs - Consultant will identify any additional data needed to inform the project.
- Approach to public engagement – The Agency and Consultant team will partner in implementing the public engagement plan, but the consultant will take the lead in developing the approach to public engagement. The Project Management and Public Engagement Plan will define when and how various stakeholder groups and the general public will be engaged in discussions, and which team members will play roles in organizing and facilitating those meetings.

Task 1.2 Project Meetings

- Project Kick-off Meeting – Consultant will lead a kick-off meeting with the Agency work team to review project scope, schedule, public involvement, communication protocols, meetings, deliverables, and to review expectations, roles and responsibilities.
- Mid-point Team Meeting. Occurring after the initial set of interest group meetings, this meeting allows the Consultant and Agency work team to discuss strategic issues and make any necessary refinements to the approach and timeline for the rest of the project.
- Project Management Team Meetings –This team will be composed of the Consultant project manager and the Agency project manager. Meetings will be held in person or by phone/internet conference on a biweekly basis, or more often, if needed.

Consultant deliverables:

- Project Management and Public Engagement Plan

Meetings:

- Project Kick-off Meeting and Mid-point Team Meeting in person
- PMT meetings in person or by phone or internet
- Attendance at Advisory Committee meetings

Task 2 – Technical Plan Inputs: Assessment and Analysis

This task sets the stage for project identification by gathering baseline information and evaluating the Agency's existing conditions.

Task 2.1 Progress Report and Baseline Conditions: 2005 Action Plan

The Consultant will compile, review, and summarize relevant information from the Urban Renewal Plan, the Action Plan, and financial reports to establish baseline conditions. The goal will be to identify what has been successful, what needs still exist, and what projects in the current Plan should be included in the updated Plan. This assessment will include interviews with key stakeholders (staff, board members, taxing jurisdictions), and site tours accompanied by staff. The Public Engagement Plan may also identify additional outreach opportunities that may support findings in the Progress Report. This document should answer the following questions:

- Which projects have been completed? (Provide a matrix showing proposed projects and status and compile a success audit of progress to date.) (City will furnish background materials)
- Of those projects remaining to be completed, which are still important projects to be included in the future?
- Do the existing projects identified in the Action Plan meet the guiding principles, including the tax increment generation capacity of the projects proposed to be completed in the future? If not, are there new or different projects that could be important to the District?
- What are the key short-term and long-term financial commitments of the Agency?
- What is the ability of the Agency to meet the maximum indebtedness of the Plan?

The guiding principles of the Urban Renewal Plan include, but are not limited to:

- *Increasing property values within the District to advance additional investment in the District.*
- *Reducing building vacancy within the District*
- *Redevelopment of underutilized properties*
- *Developing vacant properties*
- *Encourage desired and or needed retail and commercial businesses within the District*

Task 2.2 Retail Needs Analysis

New retail / commercial development is the backbone of downtown Madras. As such, the updated Madras Revitalization Plan will focus on how to incent private development or leverage public funding to support current businesses and (as needed) add to the existing stock of commercial / retail space downtown. The retail needs analysis will include:

- Inventory of existing businesses (citywide and downtown)
- Analysis of existing retail performance that includes analysis of retail leakage, impacts of regional retail on downtown
- Survey of residents to determine what type of retail/commercial uses they would like downtown.
- Focus group with business owners and downtown stakeholders to identify needed investments to support business growth

- Evaluation of the demographics of the community (e.g. age, income, retail preferences, tourism, etc.)
- Preliminary description of the “niche” for downtown Madras in a regional context, and identification of the types businesses that are missing in downtown Madras
- Identification of any needed new projects that should be considered in the Action Plan to improve opportunities for new retail / commercial development (including identification of key opportunity sites) and / or to support existing businesses as they grow.

Task 2.3 Analysis of Tax Increment Generation Potential

Consultant will review possible projects and strategies with a focus on tax increment generation. In addition, the Consultant will complete research on the value of urban renewal financial investments for public buildings and facilities. This information will help City staff and stakeholders decide on actions related to funding public facilities with TIF dollars, as part of a larger funding package.

Consultant deliverables:

- Assessment of urban renewal plan, to be incorporated into the action plan.
- Retail Needs Analysis (technical appendix to Action Plan)
- Analysis of tax increment generation potential (technical appendix to Action Plan)

Meetings:

- Meeting with Agency Staff to discuss the results of the review and determine how to include the results in the Action Plan, or if additional analysis is needed.

Task 3 –Project Identification and Prioritization

In collaboration with staff, synthesize the discussions into a ten-year Action Plan document for review and approval by the Agency Board and City Council. This task brings together previous work on assessment and analysis with public engagement to evaluate, prioritize, and sequence actions and the partnerships needed to develop short-term and long-term action plans for the Agency.

Task 3.1: Implement Public Engagement Plan

Effective public involvement will be critical to identifying a set of projects with broad public support that can help to revitalize downtown Madras. The Project Management and Public Engagement Plan (Task 1) will guide the public engagement process and identify who needs to be involved and engaged, through what means, at what points and frequency during the project; identification of stake-holders to interview; and meetings and events. The process will include:

- **Interest Groups and Key Stakeholders** – Identify interest groups and other stakeholders, such as other taxing districts, citizen groups and business groups to be consulted for their broader perspective. These meetings will generally be one-on-one or in small groups without City staff present to ensure candid input. The Consultant will summarize the results in a brief memorandum.
- **Electronic Surveys** – Consider the use of electronic forms of participation (i.e. surveys, webinars, or other electronic methods) for public and stakeholder involvement.

- **Public Meeting/Open House** – At a minimum, there will be one public event/open house to obtain input and feedback from the broader public. The events will be timed as appropriate with the decision-making process. Information obtained from this event will be summarized and incorporated into recommendations for the Action Plan. Consultant will work with the Advisory Committee and staff to clarify specific groups to target for open house attendance, lead the events, and provide technical assistance and graphics to help explain project concepts.

Task 3.2: Advisory Committee Coordination

An Advisory Committee will be convened and will meet throughout the project to provide advice on the development of the updated Action Plan. Specifically, the Advisory Committee will help to identify and prioritize projects, including those developed by consultant team and derived from public involvement. Consultant will work with the group to confirm the priority of opportunities, funding implications, and timing of improvements and investments in the next ten years.

Consultant and Agency Project Manager will work together to prepare agendas and materials, facilitate meetings, and create summary notes. Three (3) Advisory Committee meetings will be scheduled, and Consultant will be expected to lead and facilitate these meetings. The three meetings will cover:

- **Meeting 1 (Month 1):** Background on the urban renewal plan and projects completed and those left to be completed for the plan. Revisit 2006 Action Plan vision and confirm objectives. Review/develop objectives/guiding principles of Action Plan Update.
- **Meeting 2:** Discuss remaining projects and potential new projects as identified in the assessment report and initial public and stakeholder outreach, including Advisory Committee.
- **Meeting 3:** Review of Draft Action Plan.

Consultant will prepare summary notes from the Advisory Committee meetings.

Consultant deliverables:

- Graphic background materials for and attendance at Advisory Committee meetings and open house/public meetings
- Consultant will provide summary notes from the meetings

Meetings:

- Consultant will lead discussions at Advisory Committee meetings
- Advisory committee meeting to review draft projects in light of prioritization criteria.
- Consultant will lead public events

Task 3.3: Create Plan Content and Urban Design Diagrams

Based on needs identified through background research, input from the public engagement process, and input from the advisory committee process, develop needed plan content, including: (1) defined and prioritized projects for investment and action; (2) updated plan maps identifying location of priority projects; and (3) concept visualization for a limited number of projects, if they are needed and budget supported.

Task 4 – Draft and Final Action Plan

In this task, the Consultant will assemble draft and final action plan documents for review, and work with staff to develop presentations to elected and appointed officials. Following the review and presentations, final products will be prepared and delivered to the Agency. Subtasks include:

4.1 Draft Action Plan

Prepare a Draft Final Action Plan containing an overview of the results from prior Tasks 1-4, conclusions, recommendations, and an implementation road map for what needs to happen in the short term, mid-term, and longer term to carry out the Action Plan with associated technical appendices. The Draft Action Plan will include an investment strategy that will consider the Agency's existing and future revenues and expenses, funding for high priority projects, and how the Agency would issue additional debt.

4.2 Presentation to Elected Officials, Appointed, and Other Boards

Prepare board, commission, and elected official presentations. Agency staff will give presentations. Consultant will be expected to be present at meetings to respond to technical questions and to assist in preparing materials for meetings.

4.3 Final Action Plan

Collect, consolidate, and reconcile comments on the Draft Final Action Plan based on input received from the presentations.

Consultant deliverables:

- Draft Action Plan
- Presentation materials and participation in up to three presentations
- Final Action Plan

Schedule

The City expects this process to be completed approximately six months after execution of a contract. The project will begin on approximately August 17, 2015 and will be completed by January 25, 2016, or before. Key milestones in the schedule are identified as follows, with specific dates to be established at the Kick-off meeting. The diagram below shows the general project progression.

Budget

The budget for this project is \$80,000.00.



1. Project Management



2. Assessment and Analysis

● Confirm vision and objectives

3. Project Identification and Prioritization



★
●
Finalize/prioritize project list

4. Final Action Plan



● Advisory Committee Mtg

■ Agency Team Meeting (PMT meetings biweekly)

▲ Community Open House

★ MRC Meetings

Memorandum

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DATE: September 11, 2017

PROJECT: 307286-The Dalles Downtown – Riverfront Connection Project SUBJECT: Project Status

TO: Steven Harris, AICP | Director FROM: Curt Vanderzanden, PE | Principal
City of the Dalles – Planning Dept. KPFF Consulting Engineers

PHONE: 541-296-5481 PHONE: 503-542-3808

EMAIL: sharris@ci.the-dalles.or.us EMAIL: curt.vanderzanden@kpff.com

Steve,

Per your request we have compiled the following summary of the history and current status of The Dalles Downtown Riverfront Connection Project.

PROJECT BACKGROUND

For the better part of a decade, the City of The Dalles had been exploring ways to improve accessibility to the Columbia River riverfront and capitalize on opportunities for economic development, public use, and social/recreational activities. During that time, the City completed two planning studies and constructed a freeway under-crossing of I-84.

The proposed Dalles Downtown/Riverfront Connection Project that was the subject of a request for proposals in October, 2007 included the following three schedules of work:

- Schedule A: Preliminary and final design for East 1st Street streetscape, a pedestrian/bicycle under-crossing of the UPRR rails at Washington Street, and a trail to I-84.
- Schedule B: Preliminary design and permit identification for a pedestrian/bicycle under-crossing of I-84 to the Columbia River trail. *(This schedule of work was dropped from consideration shortly after KPFF received notice to proceed.)*
- Schedule C: Preliminary design and permit identification for a cruise ship/public dock at the end of Union Street. *(This schedule of work was expanded to include full design and construction services for the construction of the Lewis and Clark Festival Park and the Commercial Dock facility located at the end of Union Street.)*

PROJECT HISTORY

The following narrative summarizes the history of the streetscape improvements covered under Schedule A of the Downtown Riverfront Connection Project.

The City of the Dalles issued a request for proposals (RFP) in October, 2007 seeking a professional services Contractor to provide engineering and architectural services to implement the Downtown/Riverfront Connection Projects. KPFF responded to the RFP and, following interviews with the highest ranked teams in November of 2007, we were awarded the project. Following contract negotiations and review by ODOT, Notice to Proceed was provided to KPFF in July, 2008.

Memorandum

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September 11, 2017



Following a series of meetings with a citizen's task force and city staff and a review of multiple alternatives, a preferred design was selected in December of 2008. The preferred design included the construction of streetscape improvements on 1st Street from Union Street east to Laughlin Street and the construction of a pedestrian tunnel under the railroad at the extension of Washington Street. The preferred design also included the construction of a sunken plaza within Washington Street to provide a more inviting entrance to the pedestrian undercrossing than other alternatives considered. The preferred design also provided an amenity in the form of the plaza area that was thought to be a draw for future and proposed development within this part of the City.

Following the selection of the preferred alternative KPFF's team began to work with UPRR to identify construction methods that would be acceptable to their engineering staff. In initial meetings with the local UPRR liaison, KPFF proposed the incorporation of an accelerated bridge construction methodology to minimize the costs and risks associated with the construction of the undercrossing and received a tentative agreement from UPRR's local liaison and engineering staff.

KPFF submitted the design at a 30% level of completion to the City and UPRR for review in March of 2009. In June of 2009, the UPRR local liaison that we had been working with from UPRR was replaced. The new liaison was not receptive to what we had proposed with regard to construction methodologies. KPFF's team worked with UPRR staff for approximately 6 months to identify and analyze additional alternative construction methodologies for the proposed undercrossing. Following submittal of revised concept level drawings for the undercrossing in January of 2010, KPFF received approval of a revised concept in February of 2010 that incorporated two large diameter pipe tunnels that would be installed using a "grouted pipe arch" construction method.

This change in construction methodology resulted in significant modifications from the previous design, including the need to lower the elevation of the undercrossing and entrances to maintain minimum cover from the rail to the tunnels. The revision also required the completion of additional geotechnical engineering work to validate the design. The change required the KPFF team to provide additional services that were not included in our original contract, leading to the preparation of a contract amendment to cover these additional efforts. Design work for the streetscape was suspended until notice to proceed for the additional work was received from ODOT in August of 2010.

The design was progressed to a 60% level of completion for UPRR review and 75% level of completion for City and ODOT review. These were submitted in December of 2010. Following the December, 2010 submittals the project design was delayed to allow the UPRR review and permitting process to progress to the point that we were confident of their acceptance of the design. The City was also working with a prospective developer during this time regarding the potential construction of a hotel and parking structure that would have had a direct effect on the proposed streetscape improvements.

The plans were developed to a 95% level of completion and were submitted to the City and ODOT for review in January of 2012. As part of a value engineering exercise, the 95% submittal eliminated one of the tunnels under the railroad. We received approval of the design from UPRR in September of 2013. The project was further delayed while ODOT worked through issues with the State Historic Preservation Office (SHPO) and the City continued to work with the hotel developer. In April of 2015, KPFF received a request from the City to look at significant revisions to the project scope of work to eliminate the proposed pedestrian undercrossing due to concerns raised in regard to the budget.

Memorandum

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September 11, 2017



In March 2016, the City formally notified KPFF that the City would not move forward with construction of an undercrossing of the railroad, and that a decision as to whether or not some scaled back version of the project not requiring tunneling under or bridging over the railroad might move forward, had not yet been made.

CURRENT STATUS

The project design has now been effectively on hold since January of 2012. The latest design, which was provided at a 95% level of completion, included a single tunnel under the railroad and a sunken plaza in Washington Street.

Several alternatives for a less expensive design have been discussed since 2012, but no further design work has been completed. The alternatives that have been discussed are based on the assumption that the proposed streetscape improvements would not accommodate a proposed hotel development in the project area, and the elimination of the proposed undercrossing and associated Washington Street plaza. Streetscape improvements would likely be limited to construction of improvements similar to those that exist on 2nd Street, but might extend further to the East than the previous design. This potential extension poses several schedule challenges that are discussed in the following section.

There has also been discussion about the potential for incorporating a pedestrian bridge over the railroad as a future phase of work that would launch from a proposed parking garage in the area of the existing surface parking lot east of Washington Street and landing at a stair / elevator tower north of the railroad.

WORK TO BE COMPLETED

Following is a summary of work that will need to be completed if the decision is made to move the streetscape project forward:

Define the Work: At this time the extents of what improvements would be incorporated is unclear. KPFF would need to work with the City and ODOT to clearly define the limits of a modified project and to define what additional design efforts would be needed to incorporate the changes to the design. This would include the development and approval of a contract amendment for our team, covering the additional costs of the redesign. The contract amendment would need to be approved of by the City and ODOT. No work could be accomplished prior to receipt of notice to proceed.

Redesign Efforts: If the project is extended beyond the limits of the current project, additional survey work would be required. Following completion of the survey efforts, we would move forward with the development of the plans and updates to the specification and construction cost estimates. Depending upon what is decided with regard to what modifications are to be incorporated, we may recommend moving straight to a 60% level of completion versus starting over from scratch. This would potentially save time and budget.

Pavement Design: KPFF would also recommend an update to the pavement design work completed in 2009. Our geotechnical consultant provided recommendations for rehabilitation of existing pavement within 1st Street at that time based on their analysis of the condition of the pavements. We are concerned that with an additional 8 years of traffic, additional degradation of the pavement is likely and that there is a potential need for replacement of additional pavement that was not included in the original project.

Memorandum

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September 11, 2017



Right-of-Way Acquisition: It is our understanding that the right-of-way acquisition process has not moved forward since the project has been on hold. As part of the redesign effort, we would need to verify what, if any, changes would be needed to legal descriptions and exhibits that were previously developed. It is my recollection that ODOT was going to be leading the right-of-way acquisition process and that this process could take up to 12 months to complete.

Environmental Documentation: It is our understanding that at the time the project was put on hold, issues remained with regard to ODOT obtaining necessary approvals from the State Historical Preservation Office. This issue would need to be resolved in order to allow the work to move forward. Please note that if the decision is made to move forward with a project that extends beyond the physical limits of the previous work, additional environmental research and documentation would likely be required, including additional archeological and historical research and hazardous materials assessments for the added areas. These efforts would have a direct impact on both schedule and budget.

Railroad Coordination: While a new pedestrian crossing (tunnel or bridge) are not anticipated to be included in a modified project, the streetscape improvements are directly adjacent to the UPRR mainline. As such, any proposed improvements will need to be reviewed and approved by UPRR prior to construction.

CLOSING

I hope that this information is helpful to you in determining if a modified project should be moved forward. If needed, we can work with you to develop an order of magnitude estimate of construction costs for a modified project, but in order to do so; we will need to clearly define what improvements would be included. Please note that we would expect to have an agreement in place with the City regarding payment for this work before proceeding.

Please don't hesitate to contact me at 503-542-3808, or via email if you have any question.

A handwritten signature in black ink, appearing to read 'Curtis C. Vanderzanden'.

Curtis C. Vanderzanden, PE
Principal

10100307286- pk



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA STAFF REPORT
AGENDA LOCATION: VIII. B.

DATE: October 17, 2017

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Steven K. Harris, AICP
Urban Renewal Manager

ISSUE: **Second Amendment to Development & Disposition Agreement for National Neon Sign Museum (Elks Lodge Building)**

BACKGROUND

The Urban Renewal Agency and David Benko entered into a Development & Disposition Agreement (DDA) to revitalize the historic Elks Lodge Building in April 2015, with the goal of establishing a neon sign museum. David Benko and his partners have spent the last two plus years designing, fundraising, permitting, demolishing and revitalizing this historic structure. Planned improvements include museum exhibits, a theatre, classrooms, neon sign shop, restrooms, and a gift shop.

The original DDA was amended by the Agency Board in March 2017, to extend the planned grand opening date from April 3, 2017, to August 31, 2017, coinciding with the community's annual Neon Nights event held in August. The building was open during this year's event to allow public viewing of progress made to date, however additional work remains. Mr. Benko has requested an amendment to the DDA extending the opening date to April 3, 2018 to complete the exhibits and other interior improvements.

BUDGET IMPLICATIONS

None.

BOARD ALTERNATIVES

1. **Staff recommendation:** Move to authorize the execution of the Second Amendment to the Development & Disposition Agreement between the Columbia

Gateway Urban Renewal Agency and David Benko to require a museum opening no later than April 3, 2018.

2. Move to decline authorization of the Second Amendment and direct staff accordingly.

Attachment

- Proposed Second Amendment to DDA

**SECOND AMENDMENT TO AGREEMENT FOR DISPOSITION
OF PROPERTY FOR REDEVELOPMENT OF ELKS LODGE BUILDING**

WHEREAS, the Columbia Gateway Urban Renewal Agency, hereinafter referred to as “AGENCY”, and David Benko, hereinafter referred to as “DEVELOPER”, entered into an agreement for disposition of property for the redevelopment of the Elks Lodge Building on April 3, 2015, hereinafter referred to as the “DDA”; and

WHEREAS, Section 4.3.1 of the DDA provided that the redevelopment project would be completed by having the neon sign museum open for operation to the public by April 3, 2017; and

WHEREAS, AGENCY approved the First Amendment to the Agreement on March 21, 2017, extending the completion date of the redevelopment of the Elks Lodge Building to August 31, 2017, to coincide with the community’s annual Neon Nights and cruise-in event held in August; and

WHEREAS, DEVELOPER temporarily opened the neon sign museum to the public during the August 2017 annual Neon Nights event and cruise-in, and has informed the AGENCY that additional time is needed to complete the renovation of the Elks Lodge Building for the permanent opening of the museum; and

WHEREAS, in light of the substantial progress made by DEVELOPER in completing the redevelopment project, AGENCY determined it is reasonable and appropriate to amend the DDA to extend the time for completion of the redevelopment project;

NOW, THEREFORE, in consideration of the terms and provisions set forth in this Second Amendment, it is mutually agreed as follows:

1. Section 4.3.1 of the DDA shall be amended to provide DEVELOPER an extension of time to complete the Project defined as the completion of a museum for the display of neon signs, by having the museum open for operation to the public on or before April 3, 2018.
2. Except as modified by the First Amendment approved by the Agency Board on March 21, 2017, and this Second Amendment, the terms and conditions of the DDA entered into on April 3, 2015, shall remain in full force and effect.

Dated this _____ day of _____, 2017.

**COLUMBIA GATEWAY
URBAN RENEWAL AGENCY**

DEVELOPER

By: _____
Taner Elliott, Chairperson

By: _____
David Benko

Approved as to form:

Gene E. Parker, City Attorney



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA STAFF REPORT
AGENDA LOCATION: VIII. C.

DATE: October 17, 2017

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Steven K. Harris, AICP
Urban Renewal Manager

ISSUE: **Sunshine Mill (Discover Development, LLC) Installment Loan Agreement and Land Sales Contract Restructuring**

BACKGROUND

At the September 19, 2017, Agency Board meeting direction was given to staff to proceed with modifications to the existing installment loan agreement and land sales contract between the Agency and Sunshine Mill (Discover Development, LLC). The modified land sales contract and installment loan agreement are presented to the Board for consideration (see attached).

DISCUSSION

At the Board's meeting of May 3, 2017, representatives of Sunshine Mill requested that the Board consider restructuring the installment loan agreement, which was due and payable on May 15, 2017 (\$350,000 balance) and the land sales contract, which is due and payable May 2018 (\$309,700.55). Sunshine Mill's loan agreement and sales contract payments were limited to interest-only payments up to that time. The Board appointed a committee consisting of Chair Taner and Board Member Long-Curtiss to meet with representatives of Sunshine Mill to negotiate a restructured installment loan agreement with the goal of repayment in full.

Also at that May 3rd meeting the Board approved a ninety (90) day extension to the installment agreement to allow time for the negotiations. On August 15th the Board granted a second ninety (90) day extension to allow for additional time for the negotiations. Sunshine Mill was conditioned to continue to make interest payments on both the installment loan agreement and land sales contract during the extension

periods, as well as monthly principal payments of \$10,000 on the installment loan agreement. The Mill is current with these payments, as of October 4, 2017.

Proposed Loan Agreement and Sales Contract Modifications

- The outstanding balances of the installment loan agreement (\$290,000) and land sales contract (\$309,700.55) would be consolidated into a new installment loan agreement. A credit of \$105,582.27 representing past interest paid on the land sales contract would be applied to this new loan, resulting in a balance of \$494,118.28.
- An interest rate of 5.25% would be applied to the new installment loan balance. If all future monthly payments are made on time to pay off the balance, the Mill would be credited the difference paid in interest between 2.25% and 5.25% (\$33,333.48). This amount would then be applied to the outstanding loan balance. The 2.25% rate reflects the current interest rate assessed by the Agency for property rehabilitation loans. The interest rate on the existing installment loan and land sales contract is 5.25%.
- Monthly principal and interest payments for the new installment loan agreement would be \$12,798.86. Payments would begin on March 15, 2018. Interest only payments of \$2,161.77 would be required starting November 15, 2017 through February 15, 2018.
- There is a current balance of \$41,220.72 owed for real estate property taxes for the 2015 and 2016 tax years. For the months of November and December 2017, and January and February 2018, Sunshine Mill shall make monthly payments of \$10,305.18 to the Wasco County Assessor for the real property taxes for the 2015 and 2016 tax years, and provide proof of these payments to the Agency.
- The Mill will also be required to make interest only payments on the land sale contract of \$1,354.94 starting November 15, 2017 through February 15, 2018.
- Upon payment of the past due property taxes, interest only payments on the installment loan and land sales contract (November 2017 to February 2018), and the execution of the modified installment loan agreement, title of the subject property would transfer to Sunshine Mill (Discover Development, LLC). The transaction to complete the purchase of the property is required to close no later than March 15, 2018.
- Any future transfer of ownership or control of the property to be limited to members of the Martin family without the prior written consent of the Agency.

STAFF RECOMMENDATIONS

1. Staff recommends that the Board review the proposed documents and if appropriate, authorize the Chair to execute the revised installment loan

agreement and land sales contract on behalf of the Columbia Gateway Urban Renewal Agency with Sunshine Mill (Discover Development, LLC).

2. If the Board were to direct additional modifications to the installment loan agreement and/or land sales contract, then staff requests that the Board extend the negotiating period to a date certain, and if appropriate continue to require Sunshine Mill (Discover Development, LLC) to make monthly principal payments of \$10,000 and interest payments on the installment loan agreement and interest only payments on the land sales contract.

Attachments

- Land Sales Contract – Revised
- Loan Agreement – Revised
- Payment Schedules for Sunshine Mill Loan Agreement
- Mortgage for Sunshine Mill - Revised

LAND SALE CONTRACT

DATED: _____, 2017.

BETWEEN: Columbia Gateway Urban Renewal Agency, an Oregon municipal corporation, hereinafter referred to as "Seller" Address: 313 Court Street, The Dalles, OR 97058

AND: Discover Development, LLC, dba Sunshine Mill, hereinafter referred to as "Purchaser" Address: 901 East Second Street, The Dalles, OR 97058

Seller owns the real property located in the City of The Dalles, Wasco County, Oregon, and described in the attached Exhibit A subject to those encumbrances described in the attached Exhibits, which property is hereinafter referred to as the "Property".

Seller agrees to sell the Property to Purchaser and Purchaser agrees to buy the Property from Seller for the price and on the terms and conditions set forth below:

Tax Statement:

Until a change is requested, all tax statements shall be sent to Discover Development, LLC, dba Sunshine Mill, 901 East Second Street, The Dalles, OR 97058.

Section 1. Purchase Price and Payment

1.1 Total Purchase Price. Purchaser promises to pay Seller as the total purchase price for the Property the sum of \$309,700.55 (US). The purchase price shall be allocated in the following manner: \$286,764.55 shall be allocated for the parcel described in Exhibit A; \$22,936.00 shall be allocated for the reimbursement of Seller for the costs advanced by Seller for certain streetscape improvements constructed in connection with the East Gateway/Brewery Grade Project.

1.2 Payment of Total Purchase Price. Purchaser and Seller acknowledge and agree that Purchaser has been making monthly payments of \$1,354.94 for interest only payments pursuant to the Land Sale Contract entered into on May 15, 2013 by Purchaser and Seller. Purchaser and Seller acknowledge and agree that this Land Sale Contract is intended to replace and supercede the Land Sale Contract dated May 15, 2013. Purchaser and Seller acknowledge and agree that they have negotiated an agreement whereby Purchaser will be granted a credit in the amount of \$105,582.27 which will be applied toward the purchase price of \$309,700.55. The credit has been determined by comparing the amount of interest Purchaser has paid under the Loan Agreement dated October 12, 2009 at the rates of four and a quarter percent (4.25%) and five and a quarter percent (5.25%), and the interest rate of two and a quarter percent (2.25%) which is the interest rate currently charged by the Purchaser for other loans. Applying the credit of \$105,582.27 toward the purchase price of \$309,700.55 leaves a balance of \$204,118.28. Purchaser and Seller acknowledge and agree that Purchaser will be permitted to pay the balance

of \$204,118.28 for the parcel described in Exhibit "A" by transferring the sum of \$204,118.28 to the balance of the Loan Agreement dated October 9, 2009, as amended by the First, Second, Third, and Fourth Amendments to the Loan Agreement entered into between Purchaser and Seller, and paying the real property taxes as set forth in Section 2.1. Purchaser and Seller acknowledge and agree that as part of the consideration for this Land Sale Contract, Purchaser and Seller shall enter into a new Loan Agreement which shall replace and supercede the Loan Agreement dated October 12, 2009.

Section 2. Taxes, Interest and Loan Repayment

2.1 Obligation to Pay Taxes and Interest. Purchaser acknowledges there is a current balance of \$41,220.72 owed for real property taxes for the 2015 and 2016 tax years. For the months of November and December of 2017, and January and February of 2018, Purchaser shall make monthly payments of \$10,305.18 to the Wasco County Assessor for the real property taxes for the 2015 and 2016 tax years, and provide proof to Seller of these payments. In addition to the payments for the real property taxes for the 2015 and 2016 tax years, Purchaser shall also make interest only payments on the Land Sale Contract of \$1,354.94 on the 15th day of November and December, 2017, and January and February of 2018.

2.2 Loan Repayment. Purchaser and Seller acknowledge and agree that they shall enter into a new Loan Repayment Agreement which is intended to replace and supercede the Loan Agreement dated October 12, 2009, as amended by the First, Second, Third, and Fourth Amendments to the Loan Agreement. The new Loan Agreement shall reflect the balance of the loan owed by Purchaser is \$494,118.28. Pursuant to this New Loan Agreement, Purchaser will be making four interest only payments for the October 9, 2009 Loan Agreement on the 15th day of November and December, 2017, and January and February, 2018, which come to a total of \$2,161.77. Beginning with the payment due on March 15, 2018, Purchaser shall be making installment payments of \$12,798.86 which shall be applied toward the balance of the loan obligation.

Section 3. Closing

3.1 Closing Date. The transaction to complete the purchase of the property shall be closed no later than March 15, 2018. The closing will occur in escrow at the offices of Wasco Title.

3.2 Responsibility of Parties. At closing, Seller must have received a commitment for the issuance of a policy of title insurance as described in Section 9.

3.3 Prorates and Closing Costs. Except as otherwise provided in this Contract, all items to be prorated will be prorated as of the applicable closing date. Seller is responsible for paying one-half of the escrow fee, and the entire cost of the premium for the title insurance policy. Purchaser is responsible for paying for the entire cost of fees for recording the Bargain and Sale Deed from the Seller, and one-half of the escrow fee.

3.4 Payment / Escrow. Seller must deliver to Wasco Title, as escrow agent, the deed described in Section 12, together with suitable instructions authorizing delivery after all the

obligations of Purchaser under this Contract have been fulfilled. The costs of setting up the escrow will be evenly divided.

Section 4. Possession and Existing Tenancies

4.1 Possession. Seller and Purchaser acknowledge that Purchaser has had possession of the Property under the terms of a Lease Agreement entered into between Seller and Purchaser dated April 13 2009, and that Purchaser shall be entitled to continue in possession of the Property on and after the date of execution of this Land Sale Contract, until said Lease Agreement has been terminated by the recording of the Bargain and Sale Deed.

Section 5. Indemnification

5.1 Purchaser's Indemnification of Seller. Purchaser will forever indemnify, reimburse, and hold Seller harmless and, at Seller's election, defend Seller for, from, and against any and all claims, costs, expenses (including attorney fees), losses, damages, fines, charges, actions, or other liabilities of any description arising out of or in any way connected with (1) Purchaser's possession or use of the Property, (2) Purchaser's conduct with respect to the Property, (3) any condition of the Property to the extent that the same arises from or after the date of execution of this Land Sale Contract and is not caused or contributed to by Seller, or (4) Purchaser's breach of any warranty or representation made by Purchaser in this Contract. In the event of any litigation or proceeding brought against Seller and arising out of or in any way connected with any of the above events or claims, against which Purchaser agrees to defend Seller, Purchaser will, on notice from Seller, vigorously resist and defend such actions or proceedings in consultation with Seller through legal counsel reasonably satisfactory to Seller.

5.2 Seller's Indemnification of Purchaser. Seller will forever indemnify, reimburse, and hold Purchaser harmless and, at Purchaser's election, defend Purchaser for, from, and against any and all claims, costs, expenses (including attorney fees), losses, damages, fines, charges, actions, or other liabilities of any description arising out of or in any way connected with (1) Seller's possession or use of the Property, (2) Seller's conduct with respect to the Property, (3) any condition of the Property to the extent that the same exists on the date of execution of this Land Sale Contract and is not caused or contributed to by Purchaser, or (4) Seller's breach of any warranty or representation made by Seller in this Contract. In the event of any litigation or proceeding brought against Purchaser and arising out of or in any way connected with any of the above events or claims, against which Seller agrees to defend Purchaser, Seller will, on notice from Purchaser, vigorously resist and defend such actions or proceedings in consultation with Purchaser through legal counsel reasonably satisfactory to Purchaser.

5.3 Indemnification Scope. Wherever this Contract obligates a party to indemnify, hold harmless, or defend the other party, the obligations will run to directors, officers, agents, partners, and employees of such other party and will survive any termination or satisfaction of this contract. Such obligations with respect to the acts or omissions of either party will include the acts or omissions of any director, officer, partner, agent, employee, contractor, tenant, invitee, or permittee of such party.

Section 6. Representations, Warranties, and Covenants of Seller

6.1 Covenants of Title. Seller warrants that Seller is the owner of good and marketable title to the Property free of all liens and encumbrances except those referred to on the attached Exhibit A and will defend such title from the lawful claims of persons claiming superior title.

6.2 Authority. Seller represents that Seller has obtained all requisite authorizations for the execution and delivery by Seller of this Contract and the performance of the transactions contemplated by this Contract, and that the execution and delivery of this Contract are made pursuant to such authorizations.

6.3 No Brokers. Seller has not employed any broker or finder in connection with the transactions contemplated by this Contract and has taken no action would give rise to a valid claim against Purchaser for a brokerage commission, finder's fee, or other like payment.

6.4 Litigation. There are no pending claims or litigation or threats of claims or litigation or other matters of which Seller is aware or by the exercise of reasonable diligence of which Seller should be aware that could adversely affect Purchaser's title, use, or enjoyment of the Property.

6.5 Hazardous Substances. To the best of Seller's knowledge, no Hazardous Substance has been disposed of, spilled, leaked, or otherwise released on, under, or from property adjacent to or in the immediate vicinity of the Property. No wastes, including without limitation garbage and refuse, have been disposed of on the Property. The Department of Environmental Quality issued a letter of "No Further Action" on August 2, 2012 concerning the Leaking Underground Storage Tank #33-05-0387. The term *Hazardous Substance* means any hazardous, toxic radioactive or infectious substance, material, or waste as defined, listed or regulated under any law pertaining to the protection of human health or the environment, and includes without limitation petroleum oil and its fractions.

6.6 Compliance with Laws. The Property and every portion of it, and all activities conducted on the Property, are in compliance with all applicable federal, state, and local statutes, regulations, and ordinances. Seller is not aware of and has not received notice of any past violation of any applicable federal, state, or local statutes, regulations, or ordinances.

6.7 Nonforeign Status. Seller warrants that Seller is not a *foreign person* as defined in IRC §1445(f)(3) and that Seller is not a "transferor" subject to withholding under ORS 314.258 ("ORFIRPTA") and that each such warranty will be true as of closing.

6.8 No Wetlands or Fill. Seller warrants that as of the Closing Date, to the best of Seller's knowledge, the Property contains no wetlands or other water bodies or any fill currently subject to regulation under §404 of the Clean Water Act (33 USC §1344) or ORS 196.600–196.990 and will not be in violation of these laws or regulations.

Seller further warrants that as of the Closing Date Seller has not received any notice, and does not have actual knowledge, of any pending or threatened claim, action, demand, suit, proceeding, hearing, or governmental study or investigation against or involving the Property and related in any way to the fill or removal of the material in or from any wetland located on the Property.

6.9 Disclosure. Seller has fully disclosed in writing and provided to Purchaser all material information in Seller's possession or that Seller owns or controls that relates to the Property, its condition, and the title to the Property.

Section 7. Title Insurance

On the Closing Date, Seller shall cause the Title Company to furnish to the other party an ALTA standard coverage owner's policy of title insurance in the amount of \$286,764.55, insuring that title to the property being conveyed is vested in the Purchaser, subject to the usual printed exceptions and any exceptions approved by the Purchaser. Premium costs for the title insurance policy shall be allocated in the manner set forth in Section 3.3.

Section 8. Deed

On payment of the total purchase price for the Property as provided in this Contract and Purchaser's performance of all other terms, conditions, and provisions of this Contract, Seller will forthwith deliver to Purchaser a good and sufficient bargain and sale deed conveying the Property free and clear of all liens and encumbrances, except those referred to on attached Exhibit A and the final title report, and all liens or encumbrances suffered by or placed on the Property by Purchaser subsequent to the date of this Contract; provided, however, that the Bargain and Sale deed shall include a reversionary clause which shall provide that in the event Purchaser fails to make any installment payment due under the new Loan Agreement to be entered into between the parties, and said default is not cured within the time period specified in the Bargain and Sale Deed, upon notice given to Purchaser by Seller, title to the real property shall revert to Seller. The Bargain and Sale Deed shall also provide that the Purchaser shall not sell the property, or assign their interest in the real property, or encumber the property, except for a mortgage or loan taken out to secure the proceeds necessary to pay the balance of the new Loan Agreement in full.

Section 9. Default

9.1 Events of Default. Time is of the essence of this Contract. A default will occur under any of the following circumstances:

(1) Purchaser's failure to perform any of its obligations contained in this Contract within 15 days from the date of nonperformance of the obligation, or if the default cannot be cured within 15 days, failure within such time to commence and pursue curative action with reasonable diligence.

(2) Purchaser's dissolution, termination of existence, insolvency on a balance-sheet basis, or business failure; Purchaser's commencement of a voluntary case under the federal bankruptcy laws or under other federal or state law relating to insolvency or debtor's relief; the entry of a decree or order for relief against Purchaser in an involuntary case under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief; the appointment or the consent by Purchaser to the appointment of a receiver, trustee, or custodian of Purchaser or of any of Purchaser's property; Purchaser's assignment for the benefit of creditors or Purchaser's failure generally to pay its debts as they become due.

(3) Purchaser's making or suffering a fraudulent transfer or conveyance under applicable federal or state law; Purchaser's concealment of any of its property from creditors; Purchaser's making or suffering a preference within the meaning of the federal bankruptcy law; or the imposition of a lien through legal proceedings or distraint on any of the property of Purchaser.

9.2 Remedies of Default. In the event of a default, Seller may take any one or more of the following steps:

(1) Seller may declare the entire balance of the purchase price and interest immediately due and payable.

(2) Seller may foreclose this Contract by suit in equity.

(3) Seller may specifically enforce the terms of this Contract by suit in equity.

(4) After complying with the notice requirements and affording Purchaser the right to cure the default contained in ORS 93.905–93.945, as the same may be amended or superseded from time to time, as long as the same is applicable, Seller may declare this Contract forfeited and retain the amount of the payments previously made under this Contract. On recordation of the affidavit required by Oregon law, this Contract will be extinguished and canceled, and Purchaser will have no further right, title, or interest in and to the real property or to any return or compensation for payments previously made under this Contract, as though this Contract and such payments had never been made. In that event, Purchaser agrees to surrender the Property to Seller. If Purchaser fails to do so, Seller may elect to treat Purchaser as a tenant holding over unlawfully after the expiration of a lease, and Purchaser may be ousted and removed as such, without affecting Seller's right to pursue other rights and remedies contained in this Contract or permitted by law.

9.3 Remedies Not Exclusive. The remedies provided above are nonexclusive and in addition to any other remedies provided by law.

Section 10. Waiver

The failure of either party at any time to require performance of any provision of this Contract will not limit the party's right to enforce the provision except to the extent expressly set forth in a writing signed by that party, nor will any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

Section 11. Successor Interests

This Contract is binding on and inures to the benefit of the parties, their successors, and assigns but no interest of Purchaser may be assigned, subcontracted, or otherwise transferred, voluntarily or involuntarily, without the prior written consent of Seller, which consent may not be unreasonably withheld. Seller's consent to one transfer will not constitute consent to other transfers or waiver of this section. Any attempted assignment in violation of this provision will be void and of no effect with respect to Seller. Purchaser and any other person at any time obligated for the performance of the terms of this Contract hereby waive notice of and consent to any and all extensions and modifications of this Contract or the release of any person or persons from liability under the Contract granted by Seller. Any such extensions or modifications or

releases will not in any way release, discharge, or otherwise affect the liability of any person at any time obligated under this Contract or any guarantor of such person's obligations.

Section 12. Prior Agreements

This document is the entire, final, and complete agreement of the parties pertaining to the sale and purchase of the Property, and supersedes and replaces all prior or existing written and oral agreements (including any earnest money agreement) between the parties or their representatives relating to the Property.

Section 13. Notice

Any notice under this Contract must be in writing and will be effective when actually delivered in person or within three days after being deposited in the U.S. mail, registered or certified, return receipt requested, postage prepaid and addressed to the party at the address stated in this Contract or such other address as either party may designate by written notice to the other.

Section 14. Applicable Law

This Contract shall be governed by, and construed in accordance with, the laws of the state of Oregon.

Section 15. Costs and Attorney Fees

15.1 No Suit or Action Filed. If either party to this Contract seeks legal counsel because of a default in the payment or performance of any of its terms, the defaulting party must pay, immediately on demand, the other party's reasonable attorney fees, collection costs, costs of either a litigation or a foreclosure report (whichever is appropriate), even though no suit or action is filed thereon, and any other fees or expenses incurred by the nondefaulting party.

15.2 Arbitration or Mediation; Trial and Appeal. If any arbitration, mediation, or other proceeding is brought in lieu of litigation, or if suit or action is instituted to enforce or interpret any of the terms of this Contract, or if suit or action is instituted in a bankruptcy court for a United States District Court to enforce or interpret any of the terms of this Contract, to seek relief from an automatic stay, to obtain adequate protection, or to otherwise assert Seller's interest in a bankruptcy proceeding, the party not prevailing must pay the prevailing party's costs and disbursements, the fees and expenses of expert witnesses in determining reasonable attorney fees under ORCP 68, the actual cost of a litigation or foreclosure report, and any sums that the court may determine to be reasonable for the prevailing party's attorney fees connected with the trial and any appeal and by petition for review thereof.

15.3 Definitions. For purposes of this Contract, the term *attorney fees* includes all charges of the prevailing party's lawyers and their staff (including without limitation legal assistants, paralegals, word processing, and other support personnel) and any postpetition fees in a bankruptcy court. For purposes of this Contract, the term *fees and expenses* includes but is not limited to long-distance telephone charges; expenses of facsimile transmission; expenses for postage (including costs of registered or certified mail and return receipts), express mail, or

parcel delivery; mileage and all deposition charges, including but not limited to court reporters' charges, appearance fees, and all costs of transcription; costs incurred in searching records; and the cost of title reports or surveyor's reports.

Section 16. Number, Gender, and Captions

As used in this Contract, the singular includes the plural, and the plural the singular. The masculine and neuter each include the masculine, feminine, and neuter, as the context requires. All captions used in this Contract are intended solely for convenience of reference and in no way limit any of the provisions of this Contract.

Section 17. Survival of Covenants

Any covenants the full performance of which is not required before the closing or final payment of the purchase price and delivery of the deed will survive the closing and the final payment of the purchase price and the delivery of the deed and be fully enforceable thereafter in accordance with their terms.

Section 18. Condition of Property

Purchaser accepts the land, buildings, improvements, and all other aspects of the Property in their present condition, AS IS, WHERE IS, including latent defects, without any representations or warranties from Seller or any agent or representative of Seller, expressed or implied, except for such warranties that may arise by law under the Deed and except as otherwise specifically set forth in this Contract. Purchaser agrees that Purchaser has ascertained, from sources other than Seller or any agent or representative of Seller, the condition of the Property, its suitability for Purchaser's purposes, and the applicable zoning, building, housing, and other regulatory ordinances and laws affecting the Property. Purchaser accepts the Property with full awareness of these ordinances and laws as they may affect the present use or any intended future use of the Property. Except for such warranties that may arise by law under the Deed and except as otherwise specifically stated in this Contract, Seller has made no representations with respect to such condition or suitability of the Property or such laws or ordinances.

Section 19. Statutory Disclaimer

The following disclaimer is made pursuant to ORS 93.040(2):

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND

17, CHAPTER 855, OREGON LAWS 2009, AND SECTION 2 TO 7, CHAPTER 8, OREGON LAWS 2010. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTION 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed in duplicate as of the day and year first above written.

Seller:

Purchaser:

Taner Elliott, Chairperson

James Martin, Owner

State of Oregon)
) ss.
County of Wasco)

Personally appeared before me, Taner Elliott, Chairperson for the Columbia Gateway Urban Renewal Agency, and acknowledged the foregoing instrument to be his voluntary act and deed.

Notary Public for Oregon
My commission expires: _____

State of Oregon)
) ss.
County of Wasco)

Personally appeared before me, James Martin, who is an Owner of Discover Development LLC, dba Sunshine Mill, and acknowledged the foregoing instrument to be his voluntary act and deed.

Notary Public for Oregon
My commission expires: _____

Columbia Gateway/Downtown Urban Renewal Agency

LOAN AGREEMENT

DATED: _____

BETWEEN: Discover Development, LLC dba Sunshine Mill ("Borrower")
901 East Second Street
The Dalles, OR 97058

AND: Columbia Gateway/Downtown Urban Renewal Agency ("Lender")
313 Court Street
The Dalles, OR 97058

Discover Development, LLC ("Borrower"), has requested Columbia Gateway/Downtown Urban Renewal Agency ("Lender"), to make a loan to Borrower in the principal amount of Four Hundred Ninety Four Thousand One Hundred and Eighteen Dollars and Twenty Eight cents (\$494,118.28) for the purpose of making Tenant improvements to the Sunshine Mill Property, and exterior improvements, repairs, and repainting of the milling building and the silo building located upon the Sunshine Mill Property ("Project"). Lender is willing to make this loan on the terms and conditions of this Agreement. Accordingly, the parties agree as follows:

SECTION 1

CERTAIN DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

Section 1.01. "Closing" or "closing date" shall have the meaning ascribed thereto in Section 5.01 hereof.

Section 1.02. "Collateral" shall mean any property, real or personal, which is subject to a lien, security interest, pledge or assignment in favor of Lender pursuant to any of the Loan Documents, and any products and proceeds thereof.

Section 1.03. "Default" shall mean an event which with notice or lapse of time or both would become an Event of Default as described in Section 7 hereof.

Section 1.04. "Dollars" and "\$" shall mean lawful money of the United States of America.

Section 1.05. "Event of Default" shall mean any event of default described in Section 7 hereof.

Section 1.06. "Guarantor(s)" shall mean any individual(s) or entity(ies) that issues a continuing unconditional guaranty (as amended from time to time "Guaranty") in favor of Lender of Borrower's obligations to Lender under the Loan Documents.

Section 1.07. "Loan" shall have the meaning ascribed thereto in Section 2.01 hereof

Section 1.8. "Loan Documents" shall mean this Agreement, the Note, the documents described in Section 5.01(c) hereof, as amended and/or restated from time to time, any UCC financing statement(s), and any other documents, agreements or instruments executed and delivered pursuant hereto, as amended and/or restated from time to time.

Section 1.9. "Note" shall mean a promissory note issued by Borrower substantially in the form of Exhibit A attached hereto and by this reference incorporated herein, as amended, renewed, extended or modified from time to time.

Section 1.10. "Organic Documents" shall mean (a) in the case of a corporation its certificate of incorporation and by-laws, (b) in the case of a limited liability company its articles of organization and operating agreement, and (c) in the case of a partnership (general or limited) its partnership agreement and certificate of limited partnership, if applicable, and any amendments and/or restatements thereof.

SECTION 2

THE COMMITMENT

Section 2.01. Loan. Subject to the terms and conditions of this Agreement, Lender agrees to make a loan (the "Loan") to Borrower in the principal amount of Four Hundred Ninety Four Thousand One Hundred and Eighteen Dollars and Twenty Eight cents (\$494,118.28). The Loan shall be disbursed upon satisfaction (or waiver by Lender) of the conditions precedent set forth in Section 5 hereof, which include but are not limited to due execution and delivery of all Loan Documents.

Section 2.02. Note. The Loan shall be evidenced by the Note issued by Borrower.

SECTION 3

PAYMENT, INTEREST, PREPAYMENT, APPLICATION OF PAYMENTS, GRANT

Section 3.01. Payment. Pursuant to this New Loan Agreement, Purchaser will be making four interest only payments for the October 9, 2009 Loan Agreement on the 15th day of November and December, 2017, and January and February, 2018, which come to a total of \$2,161.77. Borrower promises to pay the Note in accordance with the terms thereof. Borrower shall make monthly payments of \$12,798.86 beginning with the 15th day of March, 2018, and continuing with regular monthly payments on the 15th day of each month thereafter until the loan is repaid in full. Attached hereto and incorporated herein by this reference are copies of payment

schedules with interest rates of two and one-quarter percent (2.25%) and five and one-quarter percent (5.25%).

Section 3.02. Interest. Borrower promises to pay interest on the unpaid principal amount of the Loan for the period commencing from the date of Loan disbursement until such Loan is paid in full at the rate of Five and One-quarter percent (5.25%) per annum, computed on the basis of a 365 or 366 day year, as the case may be, applied to the actual number of days elapsed. Borrower and Lender understand and agree that in the event Borrower makes all scheduled monthly payments on time as described in Section 7(a), to pay off the balance of the loan, Lender shall credit the Borrower with the difference in interest paid between 2.25% and 5.25%, which difference of \$33,333.48 shall be deducted from the total balance due and owing for the loan. This credit can be applied to the final payments remaining on the loan at the time the loan balance is less than the credit balance.

Section 3.03. Prepayment. Borrower shall have the right from time to time to prepay the Note in whole or in part without premium or penalty. All prepayments shall include payment of interest on the amount prepaid accrued to the date of prepayment and shall be applied, after unpaid accrued interest on the amount prepaid, to principal. Any partial prepayment shall not excuse Borrower from making payments due under this Agreement until the remaining balance has been paid in full.

Section 3.04. Application of Payments. Payment shall be applied first to unpaid accrued interest, then to principal.

SECTION 4

BORROWER'S REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender that:

Section 4.01. Existence and Power. Borrower has full power and authority to transact the business in which it is engaged and to enter into and deliver this Agreement and all Loan Documents required hereunder to be executed and delivered by Borrower and to incur and perform its obligations hereunder and thereunder.

Section 4.02. Authority, No Contravention. The making and performance by Borrower of this Agreement and all Loan Documents required hereunder to be executed and delivered by Borrower and the transactions contemplated by this Agreement and the Loan Documents (a) have been duly authorized by all necessary action of Borrower, (b) do not and will not violate any provision of any applicable law, rule, regulation or order of any court, regulatory commission, board or administrative agency or any provision of Borrower's Organic Documents, and (c) do not and will not result in the breach of, or constitute a default or require any consent under, or result in the creation of any lien upon any properties or assets of Borrower pursuant to, any indenture, bank or other credit agreement, mortgage or other agreement or instrument to which Borrower is a party or by which Borrower or any of its properties may be bound or affected.

Section 4.03. Binding Obligations. This Agreement and all Loan Documents required hereunder to be executed and delivered by Borrower have been duly executed and delivered by Borrower and will constitute the legal, valid and binding obligations of Borrower, enforceable in accordance with their terms, subject to the laws of bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally.

Section 4.04. Litigation. There is no litigation, claim, proceeding or dispute pending, or, to the knowledge of Borrower, threatened, against or affecting Borrower or its property, the adverse determination of which might materially affect the financial condition or operations of Borrower or impair the ability of Borrower to perform its obligations hereunder or under any of the Loan Documents.

Section 4.05. Misleading Statements. No representation or warranty by Borrower in this Agreement or on any written statement, including information, data, exhibits and other materials submitted in connection with the Loan, furnished to Lender pursuant to this Agreement or in connection with the transactions contemplated by this Agreement, when taken together, contains or will contain any untrue statement of material fact or omits or will omit to state a material fact necessary to make the statements not misleading.

Section 4.06. Liens and Encumbrances. The property of Borrower is owned by it, and shall remain, free and clear of liens, encumbrances and leasehold interests, except as set forth in Schedule 1, attached hereto and by this reference made a part hereof ("Permitted Liens") and except for the reversionary clause to be included in the Bargain and Sale Deed being provided to Borrower pursuant to the Land Sale Contract dated October ____, 2017, and the Mortgage to be executed in connection with this Loan Agreement.

Section 4.07. Compliance with Laws. The operations of Borrower are in material compliance with all laws, rules, regulations, orders and restrictions of any federal, state, county, municipal, or local government or governmental body or agency applicable to their operations.

Section 4.08. Conflict of Interest. Neither Borrower nor any shareholder, member, partner, manager, officer or director of Borrower is related by blood, marriage, law or business arrangement to any employees of Columbia Gateway/Downtown Urban Renewal Agency or to any member of its Board of Directors.

SECTION 5

CONDITIONS PRECEDENT

Section 5.01. Conditions to Loan Closing. The obligation of Lender to make the Loan is subject to the following conditions, that on or prior to October 17, 2017 (such date shall hereinafter sometimes be referred to as the "closing" or the "closing date"):

(a) Representations Accurate. The representations contained in Section 4 hereof shall be true and correct on and as of the date of the Loan closing with the same force and effect as if made on and as of such date.

(b) No Default. No Default shall have occurred and be continuing on the date of the Loan closing.

(c) Documents. Borrower shall have delivered or caused to be delivered to Lender, in addition to this Agreement, the following documents, all duly executed, and recorded if so required by Lender, and in form and substance satisfactory to Lender and Lender's counsel:

(1) Copy of Borrower's Organic Documents and certificate of the action taken by Borrower to authorize the execution, delivery and performance of the Loan Documents.

(2) The Note;

(3) A Mortgage (as amended from time to time the "Mortgage") executed by Discover Development, LLC granting Lender a lien on the real property ("Real Property") described in Schedule 2, attached hereto and by this reference incorporated herein and on all present and future improvements thereon and fixtures attached thereto, and all present and future income, rents and profits therefrom, subject only to the prior lien(s) described in Schedule 1.

SECTION 6

COVENANTS OF BORROWER

While any amount is outstanding hereunder or under any of the Loan Documents, Borrower agrees that, unless Lender shall otherwise consent in writing:

Section 6.05. Taxes. Borrower will pay and discharge all taxes, assessments, and governmental charges or any levies imposed upon it or upon its income or profits or upon any property belonging to it, prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a lien upon its property; provided that it shall not be required to pay any such tax, assessment, charge, levy or claim, the payment of which is being contested in good faith and by proper proceedings and in respect of which it is maintaining adequate reserves. If Borrower objects in good faith to the validity or amount of any such tax or assessment, Borrower, at its sole expense, may contest the validity or amount of the tax or assessment. Borrower shall otherwise keep the property free from all public, municipal and statutory liens which may hereafter lawfully be imposed on the property. Borrower agrees that it will not create or allow to be created liens of any kind on the property.

Section 6.06. Insurance. Borrower shall purchase and maintain, or shall cause the appropriate party to purchase and maintain, during the term of this Agreement, liability insurance

and such insurance against loss or damage to the Collateral of the kinds customarily insured against by businesses similarly situated, with an insurer acceptable to Lender, in an amount equal to its full insurable value. Except for liability policies on which Lender shall be named an additional insured, all insurance policies shall have a lender's loss payable endorsement in favor of Columbia Gateway/Downtown Urban Renewal Agency. Borrower shall provide Lender with satisfactory proof of such insurance coverage. In the event of loss, Borrower shall give immediate notice to Lender. Borrower shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum 30 days' written notice to Lender.

Section 6.07. Indemnity. Borrower shall forever defend, indemnify, reimburse, save and hold harmless Lender, its officers, employees, agents and members for, from and against all claims, fines, charges, suits, actions, losses, damages, liabilities, costs and expenses of whatsoever nature resulting from, arising out of or in any way connected with or relating to the activities of Borrower or its employees, subcontractors, or agents in connection with this Loan or the Project.

Section 6.08. Compliance with Laws. Except where contested in good faith and by proper proceedings, Borrower assures and certifies that borrower and its project will comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority.

Section 6.09. Expenses. Borrower shall pay all expenses associated with this Loan, including without limitation taxes, tax registration and recording fees, title insurance premiums, attorney's fees, and survey, appraisal, credit report, and loan closing costs.

Section 6.13. Purpose of Loan. Proceeds will be used for business purposes and no part of loan proceeds will be used for household, consumer or other personal purposes.

SECTION 7

EVENTS OF DEFAULT

Time is of the essence of this Agreement. If any of the following Events of Default occurs and is continuing, namely:

- (a) Borrower defaults in the performance or observance of any of its covenants, obligations, or agreements contained herein or in any of the Loan Documents, including failing to deliver any payment by the scheduled due date for the payment and the default continues for 15 days after Lender's written notice of non-payment; or
- (b) Any representation or warranty with respect to current or historical information provided to Lender herein or in any certificate, notice, report, financial statement, or other instrument or document furnished to Lender hereunder or in connection herewith proves to have been incorrect in any material respect when made; or

(c) Any authorization, consent, license, approval, filing or registration now or hereafter necessary to enable Borrower or a Guarantor to comply with its obligations hereunder or under any of the Loan Documents or incurred pursuant hereto or thereto fails to be timely issued or granted, or expires or lapses and is not forthwith renewed or extended, or is revoked, withdrawn, withheld, or modified so as to materially interfere with such compliance; or

(d) Borrower or a Guarantor (I) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or all or substantially all of its property, (ii) admits in writing its inability, or is generally unable, to pay its debts as they become due, (iii) causes a dissolution, termination of existence, insolvency on a balance sheet basis or business failure of Borrower, (iv) makes a general assignment for the benefit of its creditors, (v) commences a voluntary case under the federal bankruptcy laws or under other federal or state laws relating to insolvency or debtor's relief (as now or hereafter in effect), (vi) is adjudicated a bankrupt or insolvent, (vii) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, winding-up, or composition or adjustment of debts, (viii) fails to controvert in a timely and appropriate manner, or acquiesces in writing to, any petition filed against it in an involuntary case under the Federal Bankruptcy Code (as now or hereafter in effect), or (ix) takes any corporate action for the purpose of effecting any of the foregoing; or

(e) A proceeding or case is commenced, without the application or consent of Borrower, in any court of competent jurisdiction, seeking (I) the liquidation, dissolution or winding-up, or the composition or readjustment of debts, of Borrower or a Guarantor, (ii) the appointment of a receiver, custodian, trustee, liquidator, or the like of Borrower or a Guarantor or any substantial part of its assets, or (iii) similar relief in respect to Borrower or a Guarantor under any law relating to bankruptcy, insolvency, reorganization, liquidation, winding-up, or composition or adjustment of debts, and such proceeding or case continues undismissed, or an order, judgment, or decree approving or ordering any of the foregoing is entered and continues unstayed and in effect for a period of 20 consecutive days, or an order for relief against Borrower or Guarantor is entered in an involuntary case under the Federal Bankruptcy Code (as now or hereafter in effect); or

(f) Borrower effects a change of ownership or a change in control of the business or relocates its facilities, or Borrower or a Guarantor transfers any interest in any of the Collateral without the prior written consent of Lender, provided, however that prior written consent of Lender will not be required for a change or transfer of ownership or control of Borrower occurring entirely within the Martin family, including a change or transfer of ownership or control of Borrower for estate planning purposes; or

(g) Borrower or a Guarantor defaults in the performance or observance of any covenants or agreements contained in any loan documents between itself and other lender or lenders, and the default remains uncured upon the expiration of any cure period therefor provided by said loan documents;

Thereupon, and in each such case, Lender may, in its sole discretion, declare the entire outstanding indebtedness and all other amounts payable hereunder and under any of the Loan Documents to be forthwith due and payable, whereupon the same shall become forthwith due and payable.

SECTION 8

MISCELLANEOUS

Section 8.01. No Implied Waiver; Cumulative Remedies. No failure on the part of Lender to exercise, and no delay in exercising, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other such right, power, or privilege nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

Section 8.02. Notices. Except as otherwise expressly provided in this Agreement, any communications between the parties hereto or notices to be given hereunder shall be given in writing by personal delivery, facsimile, or mailing the same, postage prepaid, to Lender or Borrower at the address or number set forth on the first page of this Agreement, or to such other addresses or numbers as either party may hereafter indicate pursuant to this Section 8.03. Any communication or notice so addressed and mailed shall be deemed to be given five (5) days after mailing. Any communication or notice delivered by facsimile shall be deemed to be given when receipt of the transmission is generated by the transmitting machine. To be effective against Lender, such facsimile transmission must be confirmed by telephone notice to Lender's Staff Coordinator. Any communication or notice by personal delivery shall be deemed to be given when actually delivered.

Section 8.03. Joint and Several; Successors and Assigns. All obligations under this Loan Agreement shall be the joint and several obligations of all individuals and entities which comprise Borrower. This Agreement shall be binding upon and inure to the benefit of Lender, Borrower, and their respective successors and assigns except that Borrower may not assign or transfer its rights or obligations hereunder or any interest herein without the prior written consent of Lender, which consent may be withheld for any reason or no reason at all. Consent to one transfer shall not constitute consent to other transfers or waiver of this section. Any attempted assignment in violation of this provision shall be void and of no effect with respect to Lender. Borrower and any other person at any time obligated for the performance of the terms of this Agreement hereby waives notice of and consent to any and all extensions and modifications of this Agreement or the release of any person or persons from liability under the Agreement granted by Lender. Any such extensions or modifications or releases will not in any way release, discharge or otherwise affect the liability of any person at any time under this Agreement or any guarantor or such person's obligations.

Section 8.04. Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.05. Titles and Subtitles. The titles and subtitles in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Agreement.

Section 8.06. Counterparts. This Agreement may be executed in more than one counterpart, all of which when taken together shall constitute one and the same instrument, and either party hereto may execute this Agreement by signing any such counterpart.

Section 8.07. Attorney Fees. If this Agreement is placed in the hands of an attorney due to a default in the payment or performance of any of its terms, the defaulting party shall pay, immediately upon demand, the other party's reasonable attorney fees, collection costs, even though no suit or action is filed thereon, and any other fees or expenses incurred by the non-defaulting party.

If any arbitration, mediation, or other proceeding is brought in lieu of litigation, or if suit or action is instituted to enforce or interpret any of the terms of this Agreement, or if suit or action is instituted in a Bankruptcy Court for a United States Court to enforce or interpret any of the terms of this Agreement, to seek relief from an automatic stay, to obtain adequate protection, or to otherwise assert the interest of Lender in a bankruptcy proceeding, the party not prevailing shall pay the prevailing party's costs and disbursements, and such sums as the court may determine to be reasonable for the prevailing party's attorney's fees connected with trial and any appeal and by petitioner for review thereof.

For purposes of this Agreement, the term attorney fees includes all charges of the prevailing party's attorneys and their staff (including without limitation legal assistants, paralegal, word processing, and other support personnel) and any post-petition fees in a bankruptcy court. For purposes of this Agreement, the term fees and expenses includes but is not limited to long-distance telephone charges; expenses of facsimile transmission; expenses for postage (including costs of registered or certified mail and return receipts); express mail, or parcel delivery; mileage and all deposition charges, including but not limited to court reporters' charges, appearance fees, and all costs of transcription; and costs incurred in searching records.

Section 8.08. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between Lender and Borrower that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Wasco County for the State of Oregon; provided, however, if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. BORROWER, BY EXECUTION OF THIS AGREEMENT, HEREBY CONSENTS TO THE IN PERSONAM JURISDICTION OF SAID COURTS.

Section 8.09. Entire Agreement; Waiver; Amendment. This Agreement constitutes the entire agreement between the parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. No waiver, consent, modification or change of terms of this Agreement shall bind either party unless in writing and signed by both parties and all necessary State approvals have been obtained. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. The failure of Lender to enforce any provision of this Agreement shall not constitute a waiver by Lender of that or any other provision.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

BORROWER
Discover Development, LLC

By: _____
James Martin, Member

LENDER
Columbia Gateway/Downtown Urban Renewal Agency

By: _____
Taner Elliott, Chairperson

EXHIBIT A

PROMISSORY NOTE

U.S. \$494,118.28

Date: _____, 2017

FOR VALUE RECEIVED, we the undersigned, Discover Development, LLC ("Borrower"), hereby jointly and severally, unconditionally promise to pay to the order of COLUMBIA GATEWAY URBAN RENEWAL AGENCY ("Lender"), at Lender's office at 313 Court Street, The Dalles, OR 97058, in lawful money of the United States of America and in immediately available funds, the principal sum of Four Hundred Ninety Four Thousand One Hundred and Eighteen Dollars and Twenty Eight cents (\$494,118.28), together with interest thereon from the date hereof at the rate of Five and One-quarter percent (5.25%) per annum, until paid in full, said interest to be paid on or before August 15, 2021 ("Maturity Date") at which time the outstanding principal balance and all accrued unpaid interest shall be due and payable in full. Interest shall be computed on the basis of a 365 or 366 day year, as the case may be, applied to the actual number of days elapsed. In the event Borrower makes all forty two (42) regular monthly installment payments of \$12,798.86 beginning with the monthly payment due on March 15, 2018, Borrower shall be entitled to receive a credit toward the entire balance due and owing on this Note in the amount of \$33,333.48.

Payment on account of the indebtedness evidenced by this Note shall be applied first to unpaid accrued interest, then to principal. This Note may be prepaid at any time without penalty. All prepayments shall include payment of interest on the amount prepaid accrued to the date of prepayment and shall be applied, after payment of unpaid accrued interest on the amount prepaid, to principal.

If there is any default in the payment of any sum owing hereunder, when due, or upon the occurrence of any Event of Default specified in any of the Loan Documents, then at the option of the holder of this Note, without prior notice, the entire unpaid principal balance of, and all unpaid accrued interest on, this Note may be declared to be immediately due and payable at the option of the holder of this note. Failure or delay of the holder to exercise this option or to require performance shall not constitute a waiver of the right to exercise the same in the event of subsequent default, or in the event of continuance of the existing default after demand for the performance of the terms hereof.

All parties to this Note hereby waive presentment, dishonor, notice of dishonor, and protest. All parties hereto hereby consent to, and the holder hereof is hereby expressly authorized to make, without notice, any and all renewals, extensions, modifications or waivers of the time for or the terms of payment of any sum or sums due hereunder, or under any documents or instruments relating to or securing this Note, or of the performance of any covenants, conditions or agreements hereof or thereof, or the taking or release of Collateral securing this Note. The liability of all parties on this Note shall not be discharged by any action consented to above taken by any holder of this Note.

This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers and shall be binding upon them and their heirs, successors and assigns.

If this note is placed in the hands of an attorney for collection, I/we promise and agree to pay the reasonable attorney fees and collection costs of the holder hereof, and if suit or action is filed herein, also promise to pay (1) holder's reasonable attorney fees to be fixed by the trial court and (2) if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court, as the holder's reasonable attorney fees in the appellate court.

This Note shall be governed by and construed in accordance with the laws of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between Lender and Borrower that arises from or relates to this Note shall be brought and conducted solely and exclusively within the Circuit Court of Wasco County for the State of Oregon; provided, however, if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. BORROWER, BY EXECUTION OF THIS NOTE, HEREBY CONSENTS TO THE IN PERSONAM JURISDICTION OF SAID COURTS.

This Note is issued under and subject to the terms and conditions of the Loan Agreement and is secured by real estate as perfected by the Mortgage.

IN WITNESS WHEREOF, Borrower has caused this Note to be executed this ____ day of _____, 2017.

Discover Development, LLC

By: _____
James Martin, Member

SCHEDULE I
Permitted Liens (Section 4.08)

SCHEDULE 2
Legal Description of Real Property Section 5.01(c)(3)

EXHIBIT "A"

LEGAL DESCRIPTION

for

Tax Lot 1N-13-03DA 100

A tract of land lying in Block 24 of Laughlin's Addition, Block 4 Annex to Lord and Laughlin's Addition, vacated Taylor Street, and in the Southeast 114 of Section 3, Township 1 North, Range 13 East, Willamette Meridian, City of The Dalles, Wasco County, Oregon, being more particularly described as follows:

Commencing at the Southwesterly corner of said Block 24, said point also lies on the Northerly right-of-way line of East Second Street; thence along said Southerly right-of-way line, North 55°21'33" West 0.80 feet to the intersection with the Easterly right-of-way line of Taylor Street as established in right-of-way vacation Ordinance #842; thence leaving said Northerly right-of-way along said Easterly right-of-way, North 34°18'19" East 156.98 feet to the intersection with the Southerly right-of-way line of the Union Pacific Railroad right-of-way; thence leaving said Easterly right-of-way along said Southerly right-of-way, South 56°30'07" East 176.84 feet; thence on a 999.83 foot radius curve to the left, a radial line to which bears North 26°49'50" East, through a central angle of 08°02'57", a distance of 140.46 feet (the long chord of which bears South 67°11'38" East 140.35 feet); thence South 74°40'08" East 168.97 feet; thence South 76°13'11" East 235.89 feet; thence leaving said Southerly right-of-way line, South 13°48'07" West 129.54 feet to the intersection with said Northerly right-of-way line of East Second Street; thence along said Northerly right-of-way line, North 73°04'09" West 124.96 feet; thence West a distance of 32.15 feet; thence North 76°30'37" West 337.52 feet; thence on a 500.00 foot radius curve to the right, a radial line to which bears North 20°44'31" East, through a central angle of 04°30'58", a distance of 39.41 feet (the long chord of which bears North 66°59'59" West 39.40 feet); thence North 64°44'30" West 62.79 feet; thence South 27°26'49" West 5.15 feet; thence North 64°18'58" West 43.21 feet to the intersection with the Southerly line of said Block 24; thence continuing along said Southerly right-of-way line and along said South line of Block 24, North 55°21'33" West 135.56 feet to the point of beginning.

Contains 2.40 acres.

Bearings common with and see also County Survey #17-096 for additional information.

Loan Summary

Loan Amount:	\$494,118.28	Number of Payments:	42
Annual Interest Rate:	2.2500%	Periodic Payment:	\$12,798.86
Loan Date:	11/01/2017	1st Payment Due:	03/15/2018
Payment Frequency:	Monthly	Last Payment Due:	08/15/2021
Total Interest Due:	\$22,474.23	Total All Payments:	\$516,592.51

Payment Schedule

#/Year	Date	Payment	Interest	Principal	Balance
Loan:	11/01/2017	3,216.95	3,216.95	0.00	494,118.28
1:1	03/15/2018	12,798.86	926.47	11,872.39	482,245.89
2:1	04/15/2018	12,798.86	904.21	11,894.65	470,351.24
3:1	05/15/2018	12,798.86	881.91	11,916.95	458,434.29
4:1	06/15/2018	12,798.86	859.56	11,939.30	446,494.99
5:1	07/15/2018	12,798.86	837.18	11,961.68	434,533.31
6:1	08/15/2018	12,798.86	814.75	11,984.11	422,549.20
7:1	09/15/2018	12,798.86	792.28	12,006.58	410,542.62
8:1	10/15/2018	12,798.86	769.77	12,029.09	398,513.53
9:1	11/15/2018	12,798.86	747.21	12,051.65	386,461.88
10:1	12/15/2018	12,798.86	724.62	12,074.24	374,387.64
2018 Totals:		131,205.55	11,474.91	119,730.64	
Running Totals:		131,205.55	11,474.91	119,730.64	
11:1	01/15/2019	12,798.86	701.98	12,096.88	362,290.76
12:1	02/15/2019	12,798.86	679.30	12,119.56	350,171.20
13:2	03/15/2019	12,798.86	656.57	12,142.29	338,028.91
14:2	04/15/2019	12,798.86	633.80	12,165.06	325,863.85
15:2	05/15/2019	12,798.86	610.99	12,187.87	313,675.98
16:2	06/15/2019	12,798.86	588.14	12,210.72	301,465.26
17:2	07/15/2019	12,798.86	565.25	12,233.61	289,231.65
18:2	08/15/2019	12,798.86	542.31	12,256.55	276,975.10
19:2	09/15/2019	12,798.86	519.33	12,279.53	264,695.57
20:2	10/15/2019	12,798.86	496.30	12,302.56	252,393.01
21:2	11/15/2019	12,798.86	473.24	12,325.62	240,067.39
22:2	12/15/2019	12,798.86	450.13	12,348.73	227,718.66
2019 Totals:		153,586.32	6,917.34	146,668.98	
Running Totals:		284,791.87	18,392.25	266,399.62	
23:2	01/15/2020	12,798.86	426.97	12,371.89	215,346.77
24:2	02/15/2020	12,798.86	403.78	12,395.08	202,951.69
25:3	03/15/2020	12,798.86	380.53	12,418.33	190,533.36
26:3	04/15/2020	12,798.86	357.25	12,441.61	178,091.75
27:3	05/15/2020	12,798.86	333.92	12,464.94	165,626.81
28:3	06/15/2020	12,798.86	310.55	12,488.31	153,138.50
29:3	07/15/2020	12,798.86	287.13	12,511.73	140,626.77
30:3	08/15/2020	12,798.86	263.68	12,535.18	128,091.59
31:3	09/15/2020	12,798.86	240.17	12,558.69	115,532.90
32:3	10/15/2020	12,798.86	216.62	12,582.24	102,950.66
33:3	11/15/2020	12,798.86	193.03	12,605.83	90,344.83
34:3	12/15/2020	12,798.86	169.40	12,629.46	77,715.37
2020 Totals:		153,586.32	3,583.03	150,003.29	

Payment Schedule

#/Year	Date	Payment	Interest	Principal	Balance
	<i>Running Totals:</i>	<i>438,378.19</i>	<i>21,975.28</i>	<i>416,402.91</i>	
35:3	01/15/2021	12,798.86	145.72	12,653.14	65,062.23
36:3	02/15/2021	12,798.86	121.99	12,676.87	52,385.36
37:4	03/15/2021	12,798.86	98.22	12,700.64	39,684.72
38:4	04/15/2021	12,798.86	74.41	12,724.45	26,960.27
39:4	05/15/2021	12,798.86	50.55	12,748.31	14,211.96
40:4	06/15/2021	12,798.86	26.65	12,772.21	1,439.75
41:4	07/15/2021	12,798.86	2.70	12,796.16	-11,356.41
42:4	08/15/2021	-11,377.70	-21.29	-11,356.41	0.00
	<i>2021 Totals:</i>	<i>78,214.32</i>	<i>498.95</i>	<i>77,715.37</i>	
	<i>Running Totals:</i>	<i>516,592.51</i>	<i>22,474.23</i>	<i>494,118.28</i>	

Last payment decreased by \$24,176.56 due to rounding

Calculation method: Normal, 360 days per year

financial-calculators.com

Loan Summary

Loan Amount:	\$494,118.28	Number of Payments:	42
Annual Interest Rate:	5.2500%	Periodic Payment:	\$12,798.86
Loan Date:	11/01/2017	1st Payment Due:	03/15/2018
Payment Frequency:	Monthly	Last Payment Due:	08/15/2021
Total Interest Due:	\$55,807.71	Total All Payments:	\$549,925.99

Payment Schedule

#/Year	Date	Payment	Interest	Principal	Balance
Loan:	11/01/2017	7,522.56	7,522.56	0.00	494,118.28
1:1	03/15/2018	12,798.86	2,161.77	10,637.09	483,481.19
2:1	04/15/2018	12,798.86	2,115.23	10,683.63	472,797.56
3:1	05/15/2018	12,798.86	2,068.49	10,730.37	462,067.19
4:1	06/15/2018	12,798.86	2,021.54	10,777.32	451,289.87
5:1	07/15/2018	12,798.86	1,974.39	10,824.47	440,465.40
6:1	08/15/2018	12,798.86	1,927.04	10,871.82	429,593.58
7:1	09/15/2018	12,798.86	1,879.47	10,919.39	418,674.19
8:1	10/15/2018	12,798.86	1,831.70	10,967.16	407,707.03
9:1	11/15/2018	12,798.86	1,783.72	11,015.14	396,691.89
10:1	12/15/2018	12,798.86	1,735.53	11,063.33	385,628.56
2018 Totals:		135,511.16	27,021.44	108,489.72	
Running Totals:		135,511.16	27,021.44	108,489.72	
11:1	01/15/2019	12,798.86	1,687.12	11,111.74	374,516.82
12:1	02/15/2019	12,798.86	1,638.51	11,160.35	363,356.47
13:2	03/15/2019	12,798.86	1,589.68	11,209.18	352,147.29
14:2	04/15/2019	12,798.86	1,540.64	11,258.22	340,889.07
15:2	05/15/2019	12,798.86	1,491.39	11,307.47	329,581.60
16:2	06/15/2019	12,798.86	1,441.92	11,356.94	318,224.66
17:2	07/15/2019	12,798.86	1,392.23	11,406.63	306,818.03
18:2	08/15/2019	12,798.86	1,342.33	11,456.53	295,361.50
19:2	09/15/2019	12,798.86	1,292.21	11,506.65	283,854.85
20:2	10/15/2019	12,798.86	1,241.86	11,557.00	272,297.85
21:2	11/15/2019	12,798.86	1,191.30	11,607.56	260,690.29
22:2	12/15/2019	12,798.86	1,140.52	11,658.34	249,031.95
2019 Totals:		153,586.32	16,989.71	136,596.61	
Running Totals:		289,097.48	44,011.15	245,086.33	
23:2	01/15/2020	12,798.86	1,089.51	11,709.35	237,322.60
24:2	02/15/2020	12,798.86	1,038.29	11,760.57	225,562.03
25:3	03/15/2020	12,798.86	986.83	11,812.03	213,750.00
26:3	04/15/2020	12,798.86	935.16	11,863.70	201,886.30
27:3	05/15/2020	12,798.86	883.25	11,915.61	189,970.69
28:3	06/15/2020	12,798.86	831.12	11,967.74	178,002.95
29:3	07/15/2020	12,798.86	778.76	12,020.10	165,982.85
30:3	08/15/2020	12,798.86	726.17	12,072.69	153,910.16
31:3	09/15/2020	12,798.86	673.36	12,125.50	141,784.66
32:3	10/15/2020	12,798.86	620.31	12,178.55	129,606.11
33:3	11/15/2020	12,798.86	567.03	12,231.83	117,374.28
34:3	12/15/2020	12,798.86	513.51	12,285.35	105,088.93
2020 Totals:		153,586.32	9,643.30	143,943.02	

Payment Schedule

#/Year	Date	Payment	Interest	Principal	Balance
Running Totals:		442,683.80	53,654.45	389,029.35	
35:3	01/15/2021	12,798.86	459.76	12,339.10	92,749.83
36:3	02/15/2021	12,798.86	405.78	12,393.08	80,356.75
37:4	03/15/2021	12,798.86	351.56	12,447.30	67,909.45
38:4	04/15/2021	12,798.86	297.10	12,501.76	55,407.69
39:4	05/15/2021	12,798.86	242.41	12,556.45	42,851.24
40:4	06/15/2021	12,798.86	187.47	12,611.39	30,239.85
41:4	07/15/2021	12,798.86	132.30	12,666.56	17,573.29
42:4	08/15/2021	17,650.17	76.88	17,573.29	0.00
2021 Totals:		107,242.19	2,153.26	105,088.93	
Running Totals:		549,925.99	55,807.71	494,118.28	

Last payment increased by \$4,851.31 due to rounding

Calculation method: Normal, 360 days per year

financial-calculators.com

After recording, return to:

City Clerk
313 Court Street
The Dalles, OR 97058

MORTGAGE

THIS MORTGAGE, made this ____ day of _____, 2017, between Discover Development, LLC dba Sunshine Mill, hereinafter referred to as the "Mortgagor", and Columbia Gateway Urban Renewal Agency, hereinafter referred to as the "Mortgagee",

WITNESSETH:

That the mortgagor in consideration of FOUR HUNDRED NINETY FOUR THOUSAND ONE HUNDRED EIGHTEEN and 28/100 DOLLARS (\$494,118.28), paid to the mortgagor by the mortgagee, does hereby grant, bargain, sell and convey unto the mortgagee, and the mortgagee's personal representatives, successors and assigns, that real property situated in the County of Wasco, State of Oregon, described as follows: (See Exhibit "A").

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining, and may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon the premises at the time of the execution of this mortgage or at any time during the term of this mortgage.

TO HAVE AND TO HOLD the premises with the appurtenances unto the mortgagee and the mortgagee's personal representatives, successors and assigns forever.

This mortgage is intended to secure the payment of one (or more) promissory note(s), in substantially the following form(s): (See attached Exhibit "B").

The date of maturity of the debt secured by this mortgage is the date on which the last scheduled payment becomes due, to-wit: three (3) years and seven (7) months from the date of the promissory note set forth in Exhibit "B".

The mortgagor warrants that the proceeds of the loan represented by the note(s) and this mortgage are:

- (a) primarily for mortgagor's personal, family or household purposes, or
- (b) for an organization or (even if mortgagor is a natural person) for business or commercial purposes.

The mortgage is further conditioned upon the faithful observance by the mortgagor of the following covenants hereby expressly entered into by the mortgagor, to-wit: None.

Mortgagor is lawfully seized of the premises and now has a valid and unencumbered fee simple title thereto, except as follows (if no exceptions, so state): (See attached Schedule 1); and mortgagor will warrant and defend the same against the claims and demands of all persons whomsoever.

Mortgagor will pay the promissory note(s) and all installments of interest thereon promptly as the same become due, according to the tenor of the note(s).

So long as this mortgage remains in force, mortgagor will pay all taxes, assessments, and other charges of every nature levied or assessed upon or against the premises when due and payable, according to law, and before the same becomes delinquent, and will also pay all taxes levied or assessed on this mortgage or the debt thereby secured and will promptly pay and satisfy any mechanics' liens or other encumbrances that, by operation of law or otherwise, become a lien upon the mortgaged premises superior to the lien of this mortgage.

Mortgagor will keep the improvements erected on the premises in good order and repair and will not commit or suffer any waste of the premises. At the request of the mortgagee, the mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee and will pay for filing the same in the proper public office(s), as well as the cost of any lien search made by filing officers or searching agencies as may be deemed desirable by the mortgagee.

So long as this mortgage shall remain in force, mortgagor will keep the buildings which may hereafter be erected on the premises, insured against loss or damage by fire, with extended coverage, in an amount equal to its full insurable value, in some company or companies acceptable to the mortgagee and for the benefit of both parties hereto as their interests may appear, and will deliver certificates evidencing all policies and renewals thereof to the mortgagee.

NOW, THEREFORE, if the mortgagor shall pay the promissory note(s) and shall fully satisfy and comply with the covenants hereinabove set forth, then this conveyance shall be void, but otherwise it shall remain in full force and virtue as a mortgage to secure the payment of the promissory note(s) in accordance with the terms thereof and the performance of the covenants and agreements herein contained. Any failure to make any of the payments provided for in the note(s) or this mortgage when the same shall become due or payable, or to perform any agreement herein contained, shall give to the mortgagee the option to declare the whole amount due on the note(s), or at any time thereafter. If the mortgagor shall fail to pay any taxes or other charges or any lien or insurance premium as herein provided to be done, the mortgagee shall have the option to pay the same. Any payment so made shall be added to and become a part of the debt secured by this mortgage, and draw interest at the same rate as the note(s) without waiver, however, of any right arising from breach of any of the covenants herein. Time is of the essence with respect to all sums due hereunder, and the promissory note(s).

In case a suit or action is brought to foreclose this mortgage, the court may, upon motion of the holder of the mortgage, without respect to the condition of the property, appoint a receiver to collect the rents and profits arising out of the premises and direct the receiver to apply such rents and profits to the payment and satisfaction of the amount due under this mortgage, first deducting all proper charges and expenses of the receivership, including a reasonable charge for attorney fees.

In the event any suit or action to foreclose this mortgage is commenced, the losing party therein agrees to pay the attorney fees, costs and disbursements of the prevailing party, including statutory costs and disbursements and costs of title report(s) and/or title search. If any appeal is taken from any judgment or decree entered pursuant to such suit or action, the losing party on appeal therein promises to pay the attorney fees, costs and disbursements, including all statutory costs and disbursements, of the prevailing party. To the extent permitted by law, all such sums shall be and are secured by the lien of this mortgage and shall be included in the judgment or decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to, inure to the benefit of, and bind the personal representatives, successors and/or assigns of the mortgagor and of the mortgagee, respectively.

In construing this mortgage and related note(s), it is understood that the mortgagor or mortgagee may be more than one person. If the context so requires, the singular shall be taken to mean and include the plural. Generally, all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the mortgagor has executed this instrument the day and year first above written. If the mortgagor is a corporation, it has caused its name to be signed and its seal, if any, affixed by an officer or other person duly authorized to do so by order of its board of directors.

MORTGAGOR
Discover Development, LLC

James Martin, Member

State of Oregon, County of Wasco) ss.

Personally appeared the above-named James Martin, Member for Discover Development, LLC and executed the foregoing instrument before me this ____ day of _____, 2017.

Notary Public for Oregon
My commission expires: _____

EXHIBIT "A"

EXHIBIT "B"

PROMISSORY NOTE

U.S. \$494,118.28

Date: _____, 2017

FOR VALUE RECEIVED, we the undersigned, Discover Development, LLC ("Borrower"), hereby jointly and severally, unconditionally promise to pay to the order of COLUMBIA GATEWAY URBAN RENEWAL AGENCY ("Lender"), at Lender's office at 313 Court Street, The Dalles, OR 97058, in lawful money of the United States of America and in immediately available funds, the principal sum of FOUR HUNDRED NINETY FOUR THOUSAND ONE HUNDRED EIGHTEEN and 28/100's Dollars (\$494,118.28), together with interest thereon from the date hereof at the rate of Five and One-quarter percent (5.25%) per annum, until paid in full, said interest to be paid on or before August 15, 2021 ("Maturity Date") at which time the outstanding principal balance and all accrued unpaid interest shall be due and payable in full. Interest shall be computed on the basis of a 365 or 366 day year, as the case may be, applied to the actual number of days elapsed. Borrower and Lender understand and agree that in the event Borrower makes all scheduled monthly payments on time to pay off the balance of the loan, Lender shall credit the Borrower with the difference in interest paid between 2.25% and 5.25%, which difference of \$33,333.48 shall be deducted from the total balance due and owing for the loan.

Payment on account of the indebtedness evidenced by this Note shall be applied first to unpaid accrued interest, then to principal. This Note may be prepaid at any time without penalty. All prepayments shall include payment of interest on the amount prepaid accrued to the date of prepayment and shall be applied, after payment of unpaid accrued interest on the amount prepaid, to principal.

If there is any default in the payment of any sum owing hereunder, when due, or upon the occurrence of any Event of Default specified in any of the Loan Documents, then at the option of the holder of this Note, without prior notice, the entire unpaid principal balance of, and all unpaid accrued interest on, this Note may be declared to be immediately due and payable at the option of the holder of this note. Failure or delay of the holder to exercise this option or to require performance shall not constitute a waiver of the right to exercise the same in the event of subsequent default, or in the event of continuance of the existing default after demand for the performance of the terms hereof.

All parties to this Note hereby waive presentment, dishonor, notice of dishonor, and protest. All parties hereto hereby consent to, and the holder hereof is hereby expressly authorized to make, without notice, any and all renewals, extensions, modifications or waivers of the time for or the terms of payment of any sum or sums due hereunder, or under any documents or instruments relating to or securing this Note, or of the performance of any covenants, conditions or agreements hereof or thereof, or the taking or release of Collateral securing this Note. The liability of all parties on this Note shall not be discharged by any action consented to above taken by any holder of this Note.

This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers and shall be binding upon them and their heirs, successors and assigns.

If this note is placed in the hands of an attorney for collection, I/we promise and agree to pay the reasonable attorney fees and collection costs of the holder hereof, and if suit or action is filed herein, also promise to pay (1) holder's reasonable attorney fees to be fixed by the trial court and (2) if any appeal is taken from any decision of the trial court, such further sum as may be fixed by the appellate court, as the holder's reasonable attorney fees in the appellate court.

This Note shall be governed by and construed in accordance with the laws of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between Lender

and Borrower that arises from or relates to this Note shall be brought and conducted solely and exclusively within the Circuit Court of Wasco County for the State of Oregon; provided, however, if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. BORROWER, BY EXECUTION OF THIS NOTE, HEREBY CONSENTS TO THE IN PERSONAM JURISDICTION OF SAID COURTS.

This Note is issued under and subject to the terms and conditions of the Loan Agreement and is secured by real estate as perfected by the Mortgage.

IN WITNESS WHEREOF, Borrower has caused this Note to be executed this ____ day of _____, 2017.

Discover Development, LLC

By: _____
James Martin, Member

SCHEDULE I
Permitted Liens (Section 4.08)