



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

AGENDA

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

Tuesday, May 19, 2020

Immediately following Executive Session, approximately 6:00 p.m.

PUBLIC VIEWING:

Via Live Stream: http://www.thedalles.org/Live_Streaming
Click on Urban Renewal Agency Meeting Now Live Blue Box

ZOOM LOGIN:

City of The Dalles is inviting you to a scheduled Zoom meeting.

Topic: Urban Renewal Agency Meeting 05/19/20

Time: May 19, 2020 06:00 PM Pacific Time (US and Canada)

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One tap mobile

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+1 253 215 8782 US (Tacoma)

+1 669 900 6833 US (San Jose)

+1 346 248 7799 US (Houston)

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Meeting ID: 982 9029 1659

Password: 619084

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-
- I. CALL TO ORDER – OPEN SESSION
 - II. DECISION FROM EXECUTIVE SESSION – if any
 - III. APPROVAL OF AGENDA
 - IV. APPROVAL OF MINUTES – February 27, 2020
 - V. PUBLIC COMMENT

VI. ACTION ITEMS

- A. Disposition and Development Agreement, Satisfaction of Terms for Granada Theatre, 221 E. Second Street
- B. Authorization to Execute Third Addendum to the Disposition and Development Agreement for the Recreation Building, 213-219 E. Second Street
- C. Sunshine Mill (Discover Development, LLC) Installment Loan Interest Credit Request, 901 E. Second Street

VII. STAFF COMMENTS

VIII. Next Regular Meeting Date – June 16, 2020

IX. BOARD MEMBERS COMMENTS OR QUESTIONS

X. ADJOURNMENT



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

SPECIAL MEETING MINUTES
COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

Meeting Conducted in a Room in Compliance with ADA Standards

Tuesday, February 27, 2020

5:30 p.m.

CALL TO ORDER

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

ROLL CALL

Present: Staci Coburn, Bob Delaney, John Fredrick, Gary Grossman, Darcy Long-Curtiss, Tim McGlothlin and Linda Miller

Absent: Scott Baker and Steve Kramer

Staff Present: Urban Renewal Manager Steve Harris, City Attorney Gene Parker*, Finance Director Angie Wilson, Public Works Director Dave Anderson, and Secretary Paula Webb

PLEDGE OF ALLEGIANCE

Chair Grossman led the Pledge of Allegiance.

Board Member Kramer arrived at 5:32 p.m.

APPROVAL OF AGENDA

It was moved by Fredrick and seconded by Coburn to approve the agenda as written. The motion passed 8/0; Coburn, Delaney, Fredrick, Grossman, Kramer, Long-Curtiss, McGlothlin and Miller in favor, none opposed, Baker absent.

ELECTION OF OFFICERS

Chair Grossman opened nominations for Chair.

Board Member Fredrick nominated Gary Grossman; McGlothlin seconded the nomination. The nomination passed 8/0; Coburn, Delaney, Fredrick, Grossman, Kramer, Long-Curtiss, McGlothlin and Miller in favor, none opposed, Baker absent.

Chair Grossman opened nominations for Vice Chair.

Board Member Kramer nominated Scott Baker; Fredrick seconded the nomination. The nomination passed 8/0; Coburn, Delaney, Fredrick, Grossman, Kramer, Long-Curtiss, McGlothlin and Miller in favor, none opposed, Baker absent.

APPROVAL OF MINUTES

It was moved by Delaney and seconded by Miller to approve the minutes of January 21, 2020, as written. The nomination passed 8/0; Coburn, Delaney, Fredrick, Grossman, Kramer, Long-Curtiss, McGlothlin and Miller in favor, none opposed, Baker absent.

PUBLIC COMMENT

None.

ACTION ITEMS

Authorization to Execute Second Addendum to the Development and Disposition Agreement for the Recreation Building, 213-219 E. Second Street

Director Harris presented the staff report.

*City Attorney Parker arrived at 5:40 p.m.

Delaney asked if Mr. Carpenter had opportunity to review the DDA.

Todd Carpenter, 216 E. Fifth Street, The Dalles

Carpenter replied he had reviewed the addendum and was already moving forward.

It was moved by Fredrick and seconded by Delaney to authorize the execution of the Second Addendum to the Disposition and Development Agreement between the Columbia Gateway Urban Renewal Agency and Mr. Todd Carpenter and Ms. Carla McQuade for property known as the Recreation Building located at 213-219 East Second Street. The nomination passed 8/0; Coburn, Delaney, Fredrick, Grossman, Kramer, Long-Curtiss, McGlothlin and Miller in favor, none opposed, Baker absent.

Agency Financial Workshop

Director Harris presented the staff report. Harris stated a portion of the "Urban Renewal Report, March 2016," was apparently missing [verbiage between page 41 and 42 of the agenda packet]. He noted the same gap existed in the source document.

In attendance:

- Elaine Howard, Elaine Howard Consulting, LLC
- Jill Amery, Wasco County Assessor and Tax Collector
- Angie Wilson, Finance Director
- Dave Anderson, Public Works Director

Elaine Howard, a consultant specializing in urban renewal, provided the following:

Under levy was provided in ORS 457 in 2009 to allow urban renewal agencies to decide annually whether or not they wanted to take the full amount of tax increment proceeds authorized to them. An under levy for an existing district is a voluntary procedure authorized by the urban renewal agency. The agency must consult with the taxing districts before implementing the under levy. Under levy is a complicated process that could negatively affect the taxing districts. An under levy can be done annually or permanently.

Discussion topics included:

- All entities must participate in an under levy.
- The permanent rate levy established for each district cannot be increased.

- The under levy does not affect the permanent rate levy.
- A rate cannot be changed. To make an adjustment, the assessor would override the value the calculation is made on. Due to the complexity, it is best to look at a percentage rather than the compression variance.
- If an under levy was established the school district and ESD would not receive the increase; the savings would return to the State fund.

Director Harris introduced Jill Amery, Assessor and Tax Collector.

Amery stated an under levy was possible, but would be a lengthy process.

Regarding the Enterprise Zone, Amery said the 15-year exemption for the large property on the port will end in 2022. Districts now have three years to watch and estimate budgeting for the year 2022/23.

The Assessor's office does not typically assess industrial enterprises valued over one million dollars. However, the entity has the option to request a local assessment. Industrial properties are assessed by the State.

There is no extension available for the Enterprise Zone exemption agreement. Construction of new facilities would require a new agreement.

An applied exemption is possible through an Abatement Program. The Craig Office Building, now MCMC, filed an application and became exempt. They are now off the tax roll. A fair amount of these projects are exempt.

Sunshine Mill is a fully taxable property. Their real property has more than tripled in real market value since their improvements.

Sunshine Mill left personal property out of the values. Machinery, equipment and personal property add substantial value to the roll. Their building and land value is just over 50%, the rest is in machinery, equipment and personal property. With the investment made, their real market value went from \$300,000 to over \$900,000.

Amery does not have statistics available for the Elks Lodge building. As improvements are completed, properties are valued in January of each year. Assessment of properties with difficult access, i.e. out of town property owners, are triggered by building. This property is currently under appeal.

Amery stated she enjoyed previous comparisons and agreed with the analysis. She would like to see the overall market increase compared to just the City and the Agency boundary. It may be beneficial to expand the comparison to include the County.

Amery said criteria for exemption is statute driven. The State sets standards which apply to the County level. The Assessor makes the determination.

Based on Board discussion, Director Harris asked if once the Agency invested in a property, the Agency had the authority to place restrictions on the use of a property. Although an allowed use, can the Agency place a restriction on Agency funds to delay, defer or prohibit the property owner from applying for an exemption? Amery replied that would be a legal question. City Attorney Parker thought there may be a State law that would prevent it. Further investigation is required.

Amery expressed her concern with large compression swings. Assessed value is on an area, yet compression happens per parcel. It would take a roll turn, calculating the entire tax roll and having comparisons made to determine what that would look like. Currently, market value is increasing and compression is decreasing; the impact now is unknown.

Amery also discussed reassessment. Termination of the Agency is not an event that would trigger a reassessment. In the past, there was a six year reappraisal cycle mandated by the State. That is no longer true. Many counties have not reappraised in twenty years due to loss of funding or staff. Amery is in year three of returning to that process, but outlying areas most out of compliance will be addressed first.

Amery stated while not reappraising every property every year, anything the Assessor's office became aware of, or was issued a building permit, that data is captured yearly on January 1.

Amery stated while not reappraising every property every year, data is captured yearly on January 1 for any property improvements the Assessor became aware of, or any property issued a building permit.

Amery said the Commodore II Building is back on the tax roll, however, they are talking about appealing the value. Harris stated the note is scheduled to be paid off December 31, 2026.

Harris said the Gayer Building loan matures in July 2026. Sunshine Mill was paid off. The Granada Theatre paid off early; yet they need to report out on their improvements for their EDA. That report is due in April. The Blue Building and Tony's Building are currently under ENAs. The only Agency-owned properties now are parking lots on First Street. Over the past couple of years the Agency has made substantial progress divesting our portfolio.

Director Harris referred to Board discussion of Agency termination. The annual report from 2018/19 showed a maximum indebtedness remaining was approximately \$7.5M. The 2008 bond will be paid off in 2028/29; low revenues prevented early retirement of the bond.

Director Harris asked Elaine Howard if she had experience terminating an urban renewal agency.

Ms. Howard clarified the inquiry, "Do you make a decision to shut down the urban renewal area prior to using your full maximum indebtedness?" She said to consider if there were projects necessary to the community that could not be funded any other way. If the Agency has projects important to the community, and you still have remaining maximum indebtedness but your plan duration is set to expire, there are provisions to extend your plan. If so, talk with your taxing districts to determine if the necessary projects are reason enough to continue urban renewal. In many communities, that answer is yes.

Harris said the project list in the Urban Renewal Plan is heavy on infrastructure. Perhaps that is where the Agency should focus future efforts, versus loans and grants for property rehabs. In the downtown area, many projects had initial engineering and design work done. For a variety of reasons, those projects did not go forward.

Some time ago the Agency took a different course, investing in properties with the intent of public/private partnerships that would benefit the community, the Agency, downtown, and taxing districts. Although those plans did not proceed as expected, the Agency has made great strides since 2016.

This year's approved work plan includes an in-depth, robust financial analysis of the Urban Renewal Plan and the Agency. If the Board thinks it worthwhile, Staff can return with a more thorough analysis of the Plan and Agency.

Board Member Delaney referred to Mary Hanlon's proposal regarding underground utilities. Director Anderson said the City is working with NWC PUD now, preparing to embark on a feasibility study for the downtown area.

Harris responded to Delaney's reference, stating the Hanlon proposal requested undergrounding utilities for one block. An RFP was created and distributed, but received no response. For the

contribution Hanlon was asking, the Agency today would be part of a larger study tomorrow. To be cost effective with Agency funds it was decided to delay.

Board Member Long-Curtiss sits on the QLife Agency Board. Some of their projects involve underground cable. Their Board looks to coordinate with the City and PUD to cut costs with multiple projects completed concurrently.

Chris Zukin, 5525 Cherry Heights Road, The Dalles

Zukin works for Meadow Outdoor Advertising and was a member of the Agency from 2000 to 2006. He stated the Agency plays a vital part in The Dalles and has done a great job so far. The Agency saves buildings from becoming derelict. One example is the Commodore Building; it was basically a pigeon coop. Private developers would not touch it. Without the URA, it would still be a coop today. Another example is the Sunshine Mill; it could not have been developed without public money. Zukin urged the Agency to continue.

Todd Carpenter, 206 E. Fifth Street, The Dalles

Carpenter agreed with Zukin. He said, for a huge thing that can't be documented, look at Sunshine Mill. They have up to 15 employees in the bottle room daily. At the Bank Building [Last Stop Saloon], we had \$250,000 in payroll just this year. The money coming in doesn't really affect the Agency, but affects the community. The Agency is driving that. The huge impact here isn't documented by your return on investment, but is a benefit to the community as a whole.

Chair Grossman said the history provided was invaluable. The thing that I can see in looking at our project list is we're not adding anything. You look at that one project list, of deep thinking in this community, about what we need and what we could do. As an economic development engine, part of the job of this Agency is to try to help identify projects along with the City Council, County and other partners, to move forward. "I'm looking forward to more time to look at how to move things already on our list forward, and what can be added that's new and will be impactful for The Dalles."

Don Warren, 214 E. Fifth Street, The Dalles

Warren said he does not see a replacement in the community that would do the same good works the Agency has provided; he would like to see the Agency continue. Warren would like to partner with them and others to improve the community.

Mayor Rich Mays, 367 Summit Ridge, The Dalles

Mayor Mays said he looked with much interest at the report Director Harris alluded to, from the Administrative Fellow in 2013. Up to 2013, when you look at the growth of assessed values and real market values, district wise, individual property wise, the land ratios, public versus private investment, we should all agree Urban Renewal was an unqualified success. To the extent anyone is talking about disbanding, restructuring, or an under levy, I would think that an update to that study would be in order.

City Attorney Parker said there have been a lot of successes; the Granada is functioning well, the Recreation is improving, and the Blue building. That block is coming along, and he thinks is a success. It's good to refocus. The lights on Second Street are a benefit, and he hopes Third Street will be that way at some point.

Chair Grossman said we enjoy the successes, but learn from the negative lessons.

Harris asked if there is interest from the Board for a more in depth financial analysis of the Agency and the Urban Renewal Plan. Look at the document to see what could be updated, review the project list and, with the Board's input, develop new projects.

Grossman asked if that was of interest to the Agency. McGlothlin replied it sounded like a reasonable plan.

Long-Curtiss replied it was needed only if there is doubt the Agency had been a success or there is a need to prove success. Otherwise the funds, not inconsiderable, could be invested in the community. She encouraged the Chair to discuss with the Executive Director the needs of the agencies that participate, and their possible need for tax dollars currently redirected to Urban Renewal.

Delaney stated he would like to zero in on the mechanism for identifying and prioritizing the projects, and focus on more significant projects. He did not see a need to spend additional time on an analysis.

Miller and Fredrick agreed with Delaney. Fredrick said if the Agency was to continue, it should focus on infrastructure and get out of the real estate business.

Director Harris asked if there was support to pursue the under levy option.

McGlothlin replied he was not interested. Grossman replied the under levy would not help district needs. Coburn agreed.

Harris verified although a more robust financial review was approved and adopted in the budget, the Board wished to put that effort on hold.

Board consensus agreed.

Harris referred to the project list in the Plan, most of which are infrastructure projects. He asked if there was support to revisit the list, and perhaps add to it.

Board consensus agreed.

Chair Grossman said to put termination of the agency on the back burner until the projects were identified.

STAFF COMMENTS

The next meeting is scheduled for March 17, 2020.

Staff is working with prospective buyers of the Tony's Building. The goal is to present a draft DDA at the next Agency meeting.

BOARD MEMBERS COMMENTS OR QUESTIONS

Board Member Coburn expressed her gratitude to City Attorney Parker for his assistance to the Agency. Chair Grossman shared his thanks.

ADJOURNMENT

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

Respectfully Submitted
Paula Webb, Community Development Secretary

Gary Grossman, Chair



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA STAFF REPORT

AGENDA LOCATION: VI. A.

DATE: May 19, 2020

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Steven Harris, AICP
Urban Renewal Manager

ISSUE: Granada Theatre Disposition and Development Agreement –
Satisfaction of Terms

BACKGROUND

On March 31, 2017, the Agency entered into a Disposition and Development Agreement (DDA) with Mr. Charles Gomez and Ms. Debra Liddell for the purchase and redevelopment of Agency-owned property located at 221 East 2nd Street, known as the historic Granada Theater.

Pursuant to the terms of the DDA, the developers were to undertake certain property improvements as identified in Exhibit D of the DDA. The developers were also required to provide the Agency with periodic updates on the status of the improvements over the course of the three-year reporting period (ending on March 31, 2020).

As provided for in Section 2.6.1(b)(1) of the DDA the Agency is not obligated to sell the property until the Agency has determined that the developers have satisfied the list of improvements set forth in Exhibit D. At the time of the DDA approval, the developers had estimated the cost of the improvements at \$305,750, to be completed over the three-year period. The DDA acknowledges that the value of the improvements was an estimate and that the "...Developer has the option to spend less than the estimated amount to perform certain repairs..."

The DDA and the developers' final progress report (dated March 28, 2020) are attached for the Agency's review.

DISCUSSION

A summary of the terms of the purchase/redevelopment for the Granada Theater is as follows: purchase price to be \$60,000, paid in three annual \$20,000 installments at 5% interest; additionally, an identified list of improvements was to be completed during the three-year period. The third and final installment payment was made in early 2019; Mr. Gomez reported out to the Agency at the March 19, 2019 meeting, that the final payment had been made. Exhibit C of the DDA established a schedule of the installment payments and the required progress reports. Exhibit D, as noted above, established the list of property improvements and an estimated cost of those improvements.

To assist the developers with the planned improvements of the property, Section 4.2.1 of the DDA noted that the "...Developer is encouraged to apply for a façade improvement grant through the Agency's Property Rehabilitation Grant program to offset costs of exterior work to the Granada Theatre." On August 15, 2017 the Agency approved a façade improvement grant in the amount of \$18,675.98 (with an applicant's match of \$18,675.99) for certain exterior repairs and improvements. Since the theater is designating a contributing structure in the downtown historic district, the City's Historic Landmarks Commission reviewed and approved the proposed exterior repairs and improvements.

In staff's opinion the developer has satisfied the terms of the DDA pertaining to Section 2.6.1 Conditions Precedent to Conveyance and other obligations of the developer.

BOARD ALTERNATIVES

1. ***Staff recommendation: Move to accept that the terms of the DDA dated March 31, 2017, between the Columbia Gateway Urban Renewal Agency and Mr. Charles Gomez and Ms. Debra Liddell have been satisfied; to direct staff to prepare the documentation to finalize the purchase and change of title of real property located at 221 East 2nd Street, known as the Granada Theatre; and to authorize the Agency Chair to execute said documentation.***
2. Decline.

Attachments

- Progress Report of Property Improvements (dated March 28, 2020)
- Email from Mr. Gomez (dated May 4, 2020)
- DDA (dated March 31, 2017)

Subject: Re: Granada Theatre DDA

Date: Monday, May 4, 2020 at 9:21:54 AM Pacific Daylight Time

From: info@watsekatheatre.com

To: Steve Harris

Granada Theatre final improvement numbers-

As our original DDA outlined,
approximately \$300k-\$305k

was estimated for the theatres restoration. Those were figures incorporated into the agreement prior to any on-site structural evaluation.

Subtracting the nearly \$20k for the exterior plaster/painting restoration, the grant prepared by Main Street and administered by the UR, the Granada theatres restoration totals are very close to the original estimates as is evident by the current condition, presentation and state of Granada. Seeing is believing. And weren't the outlined concerns in our agreement, from the committee, placed there to ensure a competent and presentable restoration and future successful operation of the Granada? If that was the agreements goal then I would have to say, "all goals were met beyond anyone's anticipated expectations".

Many thanks to the UR!

Sincerely,

Chuck & Debra Gomez

Sent from my iPhone

On Apr 27, 2020, at 9:25 AM, Steve Harris <sharris@ci.the-dalles.or.us> wrote:

Chuck,

Hello, I have a quick question on the list of theatre improvements you submitted. The original list that was incorporated as Exhibit D of the DDA gave an approximate value of \$305,750 to the improvements. Section 2.6.1(b)(1) of the DDA also cited an approximate total value of \$300,000 for the improvements, with the understanding that the total amt could be less.

Do you have an approximate value of the completed improvements that I can cite in the Agency agenda report? I'll need the number by next Monday, May 4th, if possible.

The item is tentatively scheduled for the May 19th Agency mtg, which at this time will most likely be conducted online.

Thanks,

Steven Harris, AICP - Director

Community Development Department
City of The Dalles 541.296.5481 x1151

AGREEMENT FOR DISPOSITION OF PROPERTY
FOR REDEVELOPMENT OF GRANADA THEATRE
COLUMBIA GATEWAY URBAN RENEWAL AGENCY, THE DALLES, OR
CHARLES AND DEBRA GOMEZ/OWNERS

P.O. Box #1329

THE DALLES, OREGON 97058

Bluejazzzer@earthlink.net ~~~ Info@watsekatheatre.com

Granadatheatrethedalles.com

March 28th, 2020

FINAL REDEVELOPMENT REPORT

EXHIBIT 'D'

Exterior & Parlor:

- 1) Windows restored as portion of original grant, box office repaired, plaster exterior repaired, primed and painted, artwork sidewalk display cases repaired and electrified, roof line domes sealed and copper coated, and marquee restored, primed and painted in true art deco colors, neon marquee powered up.

All completed as agreed.

CAFÉ:

- 2) Café, formerly the ice cream parlor, completely restored. Ceiling returned to 1930's art deco look, floor tile repaired and replaced where needed by original craftsman. Storage room updated. Hand wash sink installed and new sconces/ceiling lights-fans wired and installed.
- 3) Over-all restoration completed with counter, tables and chairs, back bar with new draft beer tap service and soda gun installations.
- 4) Store front and transom windows repaired/primed/painted.
- 5) Awning: A Urban Renewal grant was awarded to us for awning replacement but we felt the awning design not to be the best suited for the historic architectural details and

we declined the grant. However, we have now developed a better design for approximately the same quote and hope we may be allow to move forward with that once again. The southern exposure makes it near impossible to cool the Café during Summer months. Historically the Café as had awnings since day one in 1929.

- 6) Café has been completely decorated with 1930's-40's period art work.
- 7) 100% Health Code conformity and licensed.

All completed as agreed.

LOBBY:

- 8) Lobby has had all walls and ceilings repaired/re-plastered where needed. At the front entrance, the inside surface of the exterior wall which had a gaping hole 4' X 8' from previous electrical repairs, as been completely restored. Lobby has been completely re-carpeted wall to wall with period carpet.
- 9) Concessional counter has been repainted, and hand wash sink repaired. All ceiling lighting above counter has been re-wired.

All completed as agreed.

Additionally:

Lobby has seen the development and installation of two ongoing displays. One showing the original 1929 projector with projectionist fire gloves and fire pail, lobby wall and stage phones, newspaper movie ads from the 1940's, and a second large display with town and Granada, WWII, stern-wheeler, and general history.

EXITS:

- 10) All exits have been measured and inspected by the former TD Fire Marshall AND our current Fire Marshall. Presently we are making application to State of Oregon for the Historic Theatre Grant in hopes of upgrading and replacing our fire exit ally doors even though they currently and fully meet inspection standards.

All completed as agreed.

ROOF:

- 11) Roof has been fully inspected and is 100% as it should be. However, In December 2019, a large section of the theatres plastered ceiling fell from what appeared to be previous roof leaks between the plaster board and plaster coating. This has happened prior to

our final closure so if this persists we may have to come back to the Council with a pre-existing situation and ask for additional assistance, much like the case of the Recreation Center roof/ceiling issues prior to their final report.

All completed as agreed.

BASEMENT:

- 12) Basement has been thoroughly cleaned out of trash and debris then sanitized and hosed down.

All completed as agreed.

THEATRE PROPER:

- 13) Through cleaning was accomplished by hosing and brushing down the entire interior of the theatre, vomms and stage.
- 14) Theatre painting, ceiling/walls/floors/stage/balcony/trim, primed and painted.

All completed as agreed.

Additionally:

Oregonian artist, Glen Ness, was commissioned to create and paint full theatre wall sized murals that represent the two historically accurate architectural styles of the Granada Theatre continuing with the mural theme of The Dalles.

MECHANICAL:

- 15) Restrooms restoration started with a commercial sewer rooter~rooter of the main drain field. All hand wash faucets were replaced as were both urinal valves. All water closets received new ballcocks. Restrooms primed and painted ceiling and walls. Tile floors only needed cleaning. Lower level restrooms were fully repaired, primed and painted. This also included repainting the stairway proper. New handrails meeting current building codes were designed, installed and painted inspected and approved.
- 16) Heating and cooling systems have been serviced each season and late Summer 2018 the evaporative cooling was serviced complete with new 28' belt. Cooling tower was reconnected. Cooling is marginal but adequate up to outside temperatures of around 80 degrees. Presently we again are reaching out to the Historic Theatre Grants for HVAC replacements.

- 17) Electrical panels have been isolated with audio and separate video/lighting power legs. Additional outlets were installed where needed and new P.U.D. meters installed.

All completed as agreed.

PRODUCTION:

- 18) Martin Audio speaker system, Lab Gruppen amp system, Midas digital mixers, purchased and paid for in full. Stage is complete with backline, risers, microphones, cables, and stands as is evident from all the national concerts we have presented without renting any audio equipment.
- 19) Lighting, LED, upstage and front of house with specials. Source Four & American DJ.
- 20) Panasonic PT-DZ870 3D video projection w/zoom lens, front of house. DVD players and laptop installed for power point presentations which has been presented dozens of times in the theatre.

All completed as agreed.

ADA:

The 2010 ADA Act Standards state: Theatres with 151 to 300 seats need a mandatory seating area for 5 wheelchair spaces. Presently the Granada is set to accommodate 12 wheelchair spaces plus one VIP box that is wheelchair accessible. A fully compliant ADA restroom is also located six feet off the lobby and in the Café.

SPRINKER FIRE SUPPRESSION:

Based on the Fire Marshall's inspection and research and in complete agreement with the State Fire Marshall, a fire suppression sprinkler system would be mandatory with a theatre occupancy of 300 and greater. The Fire Marshall has set our occupancy limit at 299. This avoids any need for a sprinkler system installation. (Official notice attached).

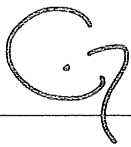
To the best of our knowledge we have faithfully fulfilled all requirements stated in this Urban Renewal Council, DISPOSITION OF PROPERTY AND REDEVELOPMENT, of the GRANADA THEATRE, 221 East 2nd Street The Dalles, OR 97058.

All payments have not only been paid in full but paid off in full early. Property taxes October 2019, tax account number 3586 are paid in full as of March 31, 2020 confirmation number 73283400.

We have developed the Granada Theatre and its associated Spotlight Café, GORGE-Us Gallery and dinner theatre with the requested and fulfilled objective of increasing Tourism into The Dalles and to present entertainment of all kinds aimed at pleasing all tastes of our community. We believe we have and will continue to do just that.

Sincerely,

Chuck and Debra Gomez



Charles Gomez

3-28-2020

Date



Debra Liddell Gomez

3-28-2020

Date

The Proud owners of the Historic Granada Theatre!



1400 W. Eighth Street The Dalles, OR 97058

Business Name: Granada Theater **Occupancy Type:** A-1
Address: 221 E. 2nd Street
The Dalles, Oregon 97058

Capacity for: All Areas including Theater, Balcony,
Basement

Capacity Established and Posted by: Jay Wood *[Signature]*
Division Chief-Prevention

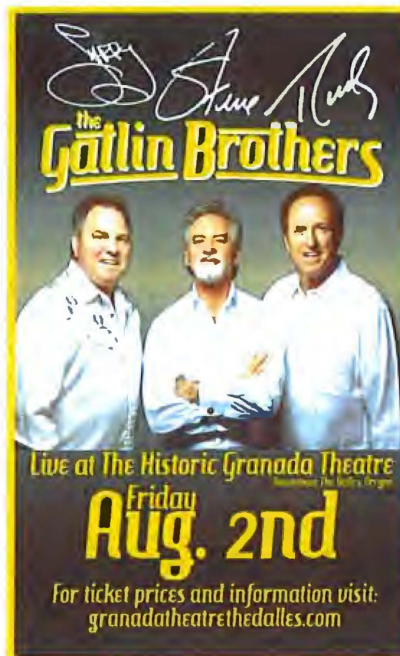
Date: 7/29/2019

**THE MAXIMUM CAPACITY
APPROVED FOR THIS AREA
IS 299 PERSONS**

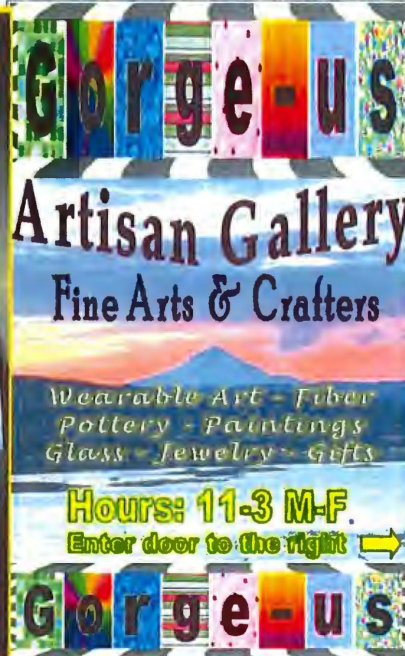
As required by ORS 479.195, this notice shall be securely fixed and posted in a conspicuous place readily visible to occupants of the room. It is unlawful to remove this notice.

This notice should be posted under glass and/or in a permanent frame in an area visible but not accessible to the occupants of the assembly area.

Past Event Types & Performers



The Gatlin Brothers
Live at The Historic Granada Theatre
Friday Aug. 2nd
For ticket prices and information visit:
granadatheatrethedalles.com



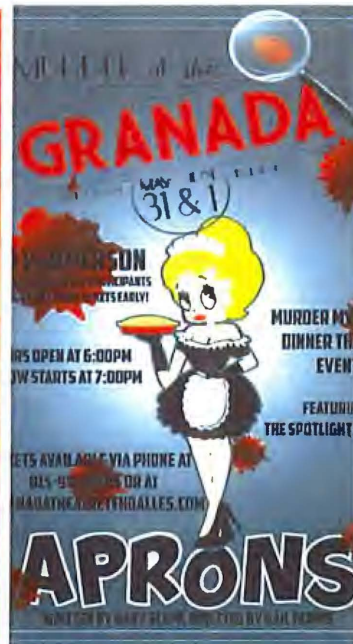
Gorgeous
Artisan Gallery
Fine Arts & Crafters
Wearable Art - Fiber
Pottery - Paintings
Glass - Jewelry - Gifts
Hours: 11-3 M-F.
Enter door to the right →
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BILLY BOB THORNTON AND THE
the Boxmasters
AUG. 25
\$\$\$ DOORS @ 6PM
SHOW @ 7PM
FOOD AND CASH BAR AVAILABLE
HISTORIC GRANADA THEATRE
TICKETS AT:
WWW.GRANADATHEATRETHEDALLES.COM OR 815-993-6585



Granada Theatre
Festival of Jazz
May 25, 2019
www.GRANADATHEATRETHEDALLES.COM | 815-993-6585



GRANADA
MAY 31 & 1
MURDER MY DINNER THEATRE
FEATURING THE SPOTLIGHT
APRONS
TICKETS AVAILABLE VIA PHONE AT 815-993-6585 OR AT MAIL@THEATRETHEDALLES.COM



Granada Theatre
Festival of Jazz
May 25, 2019
1:00-2:00
EXHIBITION
GYPSY JAZZ
2:00-3:00
CHERRY BLOSSOM BIG BAND
PERFORMING THE "HIS MASTER VOICE"
BENNY GOODMAN CARNegie HALL CONCERT
3:00-4:00
THE 11 GINA WILSON
GOSPEL JAZZ
4:00-5:00
ERA BLUE, SARAH, MANALIA * REMEMORED
TAMM HENDELHAN
BRILLIANT PIANO
NATALIE COLE, BARBARA STEINBERG, ISABEL PHILIPPOPO
5:00-6:00
HISTORIC GIANTS OF JAZZ
MANY NEVER BEFORE SEEN
6:00-7:00
CGOA JAZZ COLLECTIVE BIG BAND
TRADITIONAL B.G. BAND SWING
7:00-8:00
TOM GRANT BAND
SHELLY RUDOLPH & DAVID CAPTEIN
WORLD RENOWNED INNOVATOR/PERFORMER
8:30-10:00
BOBBY TORRES ENSEMBLE
LATIN JAZZ EXPLODES W/BOBBY!
www.GRANADATHEATRETHEDALLES.COM | 815-993-6585

AGREEMENT FOR DISPOSITION OF PROPERTY FOR REDEVELOPMENT OF GRANADA THEATRE

This **AGREEMENT FOR DISPOSITION OF PROPERTY FOR REDEVELOPMENT** (this “Agreement”) is made as of 3-31, 2017, by the **COLUMBIA GATEWAY URBAN RENEWAL AGENCY**, the duly authorized and acting Urban Renewal Agency of the City of The Dalles, Oregon (“City”), a political subdivision of the State of Oregon (“Agency”) and Charles V. Gomez and Debra Liddell, as joint tenants, doing business as the Granada Theatre (“Developer”). Agency and Developer are referred to jointly in this Agreement as “Parties” and individually as a “Party.”

RECITALS

1. Agency has acquired the real property located at 221 East Second Street in The Dalles, Oregon, which includes the building commonly known as the Granada Theatre Building (the “Project Site”). The Project Site is more particularly described in Exhibit “A”.
2. Agency’s intent in acquiring the Project Site is to facilitate private redevelopment in support of the public objectives of the Columbia Gateway Urban Renewal Plan (“UR Plan”).
3. Developer is interested in redeveloping the theatre upon the Project Site (hereinafter referred to as “Project”).
4. The Parties are now prepared to enter into a definitive Agreement for Developer to undertake acquisition of the real property located upon the Project Site, and development and operation of the Project to be renovated or built thereon.
5. The completion of the Project according to the terms of this Agreement is a material inducement to Agency's sale of the real property described in Exhibit A.
6. Agency finds that Developer's use of the Project Site, pursuant to this Agreement, will help achieve the community and Agency goals for, among others, enhancing the Downtown, curing blighted conditions, increasing taxable value of real property and reasonably anticipating additional job creation.

AGREEMENT

This Agreement shall incorporate by this reference, the Recitals, and all Exhibits hereto. The Parties, in consideration of the promises and the Agreements set forth herein and for other

valuable consideration the receipt and adequacy of which are hereby acknowledged, covenant and agree as follows:

1. DEFINITIONS

Words that are capitalized, and which are not the first word of a sentence, are defined terms. A defined term has the meaning given it when it is first defined in this Agreement. Defined terms may be used together, and the combined defined term has the meaning of the combined defined terms. A defined term that is a noun may be used in its verb or adjective form and vice-versa. Defined terms may be used in the singular or the plural.

2. GENERAL TERMS OF CONVEYANCE

2.1 **Identification of Parcel.** The Project Site consists of one parcel, popularly known as, and referred to in this Agreement, as follows in this Section 2.1 as the Granada Theatre identified more specifically in Exhibit A. The Agency shall convey the parcel as provided in this Agreement in accordance with the scheduled closing date of April 10, 2020.

2.2 **Form of Deeds; Escrow.**

2.2.1 Following the closing for the purchase of the Project Site by the Agency, upon satisfaction of the Conditions Precedent to Conveyance as set forth in Section 2.6.1 hereof, the Agency will convey the parcel which constitutes the Project Site to Developer pursuant to a Warranty Deed in substantially the form attached hereto as Exhibit B.

2.3 **Purchase Price.** The Purchase Price for each Parcel is as follows:

2.3.1 The actual purchase price in terms of monetary consideration is \$60,000. The purchase price reflects the fair reuse value, expressed in terms of capital price, as determined by the Agency in its discretion as the price necessary to facilitate development or redevelopment of the Project Site in accordance with the provisions of the Agency's Urban Renewal Plan.

The sum of \$60,000 shall be paid in three installment payments. The first payment of \$20,000 shall be paid upon execution of this Agreement. The second payment of \$20,000, plus interest at the flat rate of five percent (5%), shall be paid upon the date which is one year from the date of execution of this Agreement. The third payment of \$20,000 plus interest on the balance at the flat rate of five percent (5%), shall be paid upon the date which is two years from the date of execution of this Agreement. If the second and third installment payments are not paid within ten (10) days of the due dates described herein, Developer shall pay a late fee of \$2,000. The dates for payment of the first, second, and third installments are listed in Exhibit "C".

2.4 **Title Review.**

The following title review process will apply to the purchase of the Agency Parcel.

Not later than five (5) business days after receipt of the preliminary title report for the transaction involving acquisition of the Project Site by Agency, Agency shall deliver to

Developer a copy of the preliminary title report for the Project Site. Developer shall notify Agency within five (5) business days of any objection to the preliminary title report or the exceptions to title. Within five (5) business days after Developer's written notice to Agency described in the preceding sentence, Agency shall notify Developer in writing of its intention to remove, or not remove, the objectionable exceptions to title prior to Closing. If Agency refuses to remove any such objected to exceptions, Developer may terminate this Agreement or proceed to close subject to same. Any exceptions to which Developer does not timely object in writing or otherwise accepts at Closing are the "Final Permitted Exceptions."

2.4.1 Agency covenants and agrees that it shall not further encumber the Project Site after the date hereof (other than those exceptions appearing on the Title Report on the date provided to Developer) without the written consent of Developer, which consent shall not be unreasonably withheld, conditioned or delayed.

2.5 Title Insurance, Survey, Property Taxes and Closing Costs.

The following provisions will apply to the purchase of the Agency Parcel.

2.5.1 The Agency, at its expense, shall provide Developer with a standard coverage ALTA Owner's Policy of Title Insurance, issued by Escrow Agent, covering the Project Site to be purchased insuring Developer in the amount of the Purchase Price, all free and clear of encumbrances except the standard exceptions and the Final Permitted Exceptions. Developer, at its option and its expense, may elect to obtain extended coverage under such policies of title insurance, and the Agency agrees to execute any affidavits or other documents required by the Escrow Agent to enable Developer to obtain such coverage.

2.5.2 The costs for recording a Memorandum of this Agreement, the Deed for each Parcel and any other documents required by Developer to be recorded will be paid by Agency.

2.5.3 The Developer and the Agency shall each pay one-half (1/2) of any escrow fees charged by Escrow Agent. Any assessments on the conveyed Project Site shall be paid in full by the Developer as of the Closing Date. All other Closing costs, if any, shall be allocated in accordance with the customary practice in Wasco County.

2.5.4 The Developer shall be obligated to pay all real property taxes assessed upon the Project Site as a result of the Developer's occupation of the Granada Theatre Building and the opening of the Theatre for the use of the general public, and for payment of real property taxes payable from and after the Closing Date. Developer understands and agrees that if the Developer does not open the Granada Theatre to the public until after July 1, 2017, the Theatre will retain its exemption from real property taxes for the period from July 1, 2017 to June 30, 2018.

2.6 Conditions Precedent to Conveyance.

2.6.1 Conditions Precedent to Conveyance of Project Site.

Developer and the Agency are not obligated to close the transfer of the Project Site unless the following conditions are satisfied to the reasonable satisfaction of, or waived by, the benefited Party. The Party benefited by a particular condition shall not unreasonably withhold or delay acknowledgment that the condition has been satisfied. The Parties shall act diligently and in good faith to satisfy conditions over which they have control or influence.

(a) Developer is not obligated to purchase the Project Site until, to Developer's satisfaction:

(1) Agency shall have given Developer satisfactory proof of marketable title and the issuance of a preliminary title insurance commitment evidencing the willingness of a title insurance company to insure the Project Site, subject only to the standard exceptions and the Final Permitted Exceptions;

(2) No litigation is pending which prevents the Agency or Developer from performing their respective obligations under this Agreement.

(b) Agency is not obligated to sell the Project Site until, to the Agency's satisfaction:

(1) Developer has submitted a list of physical upgrades to be made to the Granada Theatre, which are set forth in Exhibit "D", including basic restoration, design elements, and upgrades based in production performance including sound, lighting, stage, projection, for example. Exhibit "D" sets forth estimates prepared by the Developer. Developer and Agency understand and agree that the cost estimates prepared by the Developer are proposed to be expended over a three year period, and that the Developer understands and agrees the Developer could be expending the sum of approximately \$100,000 each year over the three year period. Agency and Developer understand and agree that the Developer has the option to spend less than the estimated amount to perform certain repairs; provided, however, that all upgrades and repairs to the Granada Theatre will have to be performed to the satisfaction of the Agency as described in subsection (4) below.

(2) Developer agrees that the initial upgrades outlined in item #1 on Exhibit "D" including window repair and/or replacement(s), box office tile, plaster repairs, and painting of the exterior of the building, addressing of dome issues, freshen up the marquee, and side wall art designs, must be completed within one (1) year from the date of execution of this Agreement. The exterior of the Granada Theatre shall be painted and rehabilitated in accordance with Historic Landmark Commission approved techniques and colors. Determination of the time of performance of the upgrades

listed as numbers (2) through (20) on Exhibit “D” shall be at the Developer’s discretion; provided, however, that all physical upgrades listed on Exhibit “D” must be completed within three (3) years from the date of execution of this Agreement.

(3) The second annual period of physical upgrades to the Granada Theatre by Developer shall be made during the period between April 1, 2018 through March 31, 2019 as shown in Exhibit “C”. The third annual period of physical upgrades to the Granada Theatre by Developer shall be made during the period between March 1, 2019 through March 31, 2020 as shown in Exhibit “C”. Developer shall submit periodic status reports for the physical upgrades to the Granada Theatre, and provide written documentation to the Agency Project Manager for the annual physical upgrades upon the dates set forth in Exhibit “C”.

(4) Developer understands and agrees that the Agency is not obligated to proceed with the closing of the purchase of the Project Site until the Developer has provided written confirmation to the Agency that the physical upgrades to the Granada Theatre have been performed in a satisfactory and workmanlike manner, which requires that the Developer shall be responsible for ensuring that applicable codes and regulations required for the physical upgrades, including but not limited to, building, fire, plumbing, and Americans with Disabilities Act requirements, shall have been complied with in the completion of the physical upgrades.

2.6.2 Elections upon Non-Occurrence of Conditions.

Except as provided below, if any condition in Section 2.6.1 is not fulfilled to the satisfaction of the benefited Party or Parties on the date scheduled for Closing as to the Project Site, subject to any extension that may be granted pursuant to this Section 2.6.2, or elsewhere in this Agreement, then such benefited Party or Parties may elect to:

(a) Terminate this Agreement, which termination shall become effective sixty (60) days after the Notice of Termination is sent (“Termination Date”) unless, before the sixty (60) day period ends, the other Party fulfills such condition or conditions to the reasonable satisfaction of the benefited Party or Parties; or

(b) Waive in writing the benefit of that condition precedent to its obligation to perform under this Agreement, and proceed in accordance with the terms hereof; or

(c) Extend the Termination Date by which the applicable condition may be satisfied, and if the other Party agrees in writing to the extension.

2.7 Agency Representations and Warranties.

Agency represents that:

2.7.1 Copies of a Level 1 Environmental Assessment, Phase I dated November 2, 2011, and Phase II dated January 30, 2012, and a Level 1 Environmental Site Assessment dated January 14, 2017 have been disclosed to Developer. Except as has been disclosed to Developer in writing, to Agency's knowledge there has been no generation, manufacture, refinement, transportation, treatment, storage, handling, disposal, transfer, release or production of Hazardous Substances, or other dangerous or toxic substances, or solid wastes on the Agency Parcel, or underground storage tanks existing on the Agency Parcel, except in compliance with Environmental Laws currently in effect; and Agency has not received notice of the release of any Hazardous Substances on the Agency Parcel. Agency shall be responsible for the costs associated with removal and remediation of the underground storage tank disclosed as a result of the Level 1 Environmental Site Assessment dated January 14, 2017;

2.7.2 The Agency is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended;

2.7.3 To the best of Agency's knowledge, there is no litigation, action, suit, or any condemnation, environmental, zoning, or other government proceeding pending or threatened, which may affect the Agency Parcel or Agency's ability to perform its obligations under this Agreement;

2.7.4 The Agency has not received any notice stating that the Agency Parcel is in violation of any applicable laws, rules, regulations, ordinances and other governmental requirements ("Laws");

2.7.5 No representation, warranty or statement of the Agency in this Agreement, or any of the exhibits attached, contains any untrue statement of a material fact;

2.7.6 As of the date hereof, there are no defaults by the Agency under this Agreement or events that, with the passage of time, would constitute a default of Agency under this Agreement.

2.7.7 Agency has obtained approvals required by Law in order to enter into this Agreement.

2.7.8 "Agency's knowledge" shall mean the actual knowledge of Julie Krueger, City Manager.

2.8 Developer Representations and Warranties.

Developer represents that:

2.8.1 Developer has full power and authority to enter into and perform this Agreement in accordance with its terms, and Developer has taken all requisite entity action in connection with the execution of this Agreement and the transactions contemplated hereby.

2.8.2 No representation, warranty or statement of Developer in this Agreement, or any of the exhibits attached, contains any untrue statement of a material fact.

2.8.3 As of the date hereof, there are no defaults by Developer under this Agreement or events that with the passage of time would constitute a default of Developer under this Agreement.

2.8.4 Developer enters into this Agreement without reliance upon any verbal representation of any kind by Agency, its employees, agents or consultants regarding any aspect of the site, the Project, its feasibility, financing or compliance with any governmental regulation.

3. PUBLIC IMPROVEMENTS AND INFRASTRUCTURE

3.1 **Utility Service Representations.** Developer will determine, for their own benefit, that public and private utilities are available to the Project Site with sufficient capacity to serve the Project, and that any utilities located within the Project Site are acceptable or shall be removed by Developer.

3.2 **Subsurface, Surface and Building Conditions.** Except for Agency's specific representations and warranties set forth in this Agreement, the Project Site shall be conveyed to Developer "AS IS". Except as otherwise specifically provided in this Agreement, Agency makes no warranties or representations as to the suitability of the soil conditions, or any other conditions of the Project Site or structures thereon, for any improvements to be constructed by the Developer, and except for representations and warranties otherwise provided by Agency in this Agreement, Developer warrants that it has not relied on any representations or warranties made by the Agency as to the environmental condition of the Project Site, the suitability of the soil conditions, or any of the conditions of the Project Site for any improvements to be constructed by the Developer. Except for breach of Agency representations and warranties expressly set forth in this Agreement, Developer agrees that the Agency will not be liable for any loss, cost or damage which may be caused or incurred by Developer by reason of any such soil or physical conditions on the Project Site. Agency has allowed Developer free access to Agency's records with respect to conditions of the soils and will assist in obtaining the cooperation of other public and private agencies having such information.

4. DEVELOPMENT

4.1 Project Financing.

4.1.1 Developer will be responsible for the raising of all funds necessary for re-development of a Theatre on the Project Site.

4.2 Historic Character of the District.

4.2.1 In developing the design for the theatre to facilitate the use of the Project Site, the Developer agrees to maintain the historic character and architectural features consistent with the Historic District, and to comply with any applicable provisions of the City's Historic Landmarks Ordinance (General Ordinance No. 94-1194). Developer is encouraged to apply for a façade improvement grant through the Agency's Property Rehabilitation Grant program to offset the costs of exterior work to the Granada Theatre.

4.3 Diligent Completion.

4.3.1 In accordance with the terms and conditions of this Agreement, Developer will complete the Project which for purposes of this section shall be defined as the completion of a theatre, which theatre shall be open for operation to the public by a date which is defined as one (1) year from the date of execution of this Agreement, subject to Unavoidable Delay as provided in Section 7.6.

4.3.2 Developer agrees to keep Agency informed of its progress with respect to the Project after the Effective Date, by issuing semi-annual reports as to the status of the annual physical upgrades to the Granada Theatre. The projected dates for the semi-annual reports are listed in Exhibit "C". Agency shall be entitled to depend on the accuracy and completeness of any such information provided to it by Developer, except third-party reports or work products.

4.3.3 Developer's semi-annual reports described in Section 4.3.2 may be made via email correspondence to the Agency Contract Manager or his appointee.

4.4 Agency Role in Construction Approval Process.

4.4.1 Agency will, upon Developer's request, assist Developer in obtaining the City approvals necessary to commence construction and complete the Project as proposed in this Agreement. The Parties understand and agree that Agency cannot guarantee such approvals, but Agency shall use its best efforts in working with the City and any other parties necessary to accomplish the Project.

5. ENVIRONMENTAL MATTERS

5.1 **Indemnification.** Developer shall comply with all Environmental Laws with respect to its business and the construction and operation of the Project from and after the Closing Date, except for matters caused solely by the act or failure to act of the Agency, its employees, agents, contractors, or invitees. Developer shall defend, indemnify and hold harmless the Agency, its successors and assigns, against any and all damages, claims, losses, liabilities and expenses, including, without limitation, reasonable legal, accounting, consulting, engineering and other expenses which may be imposed on or incurred by the Agency or asserted against the Agency, and its successors or assigns, by any other party or parties, including, without limitation, a governmental entity, arising out of or in connection with any violation of Environmental Laws by Developer.

5.2 **Contribution.** The foregoing indemnity does not limit any rights of contribution that the parties may have against others under applicable law or Agreement. The indemnity is intended only as an allocation of responsibility between the Parties to this Agreement.

6. ASSIGNMENT PROVISIONS

6.1 **No Assignment.** Unless approved by the express written consent of Agency, Developer may not assign its interest in this Agreement. Agency may condition its approval of a transfer or assignment as Agency finds necessary in its sole discretion. Any attempt to assign or transfer an interest in this Agreement, or the Project Site, or any portion thereof shall result in immediate termination of this Agreement, and shall trigger the remedies of Section 7.2 or 7.3, as the case may be.

6.2 **Permitted Assignment or Transfer.** Notwithstanding Section 6.1, "assignment or transfer" shall not include:

6.2.1 Any Mortgage(s) which Developer may cause to attach to the Project Site for purposes of the Project development; or

6.2.2 The assignment of this Agreement to an entity owned solely by, or controlled by Developer.

Provided that, any assignment or transfer permitted by this Section 6.2 shall not operate to relieve the Developer of the Developer's obligations under this Agreement.

7. DEFAULT; REMEDIES

7.1 Default and Cure.

7.1.1 **Default by Developer.** A default shall occur if Developer breaches any material provision of this Agreement, whether by action or inaction, and such breach continues and is not remedied within sixty (60) days after Developer receives written notice from Agency specifying the breach. Failure of Developer to act diligently and in good faith to satisfy conditions over which it has control or influence is a breach. Specifically, Developer's failure to Close the purchase of the Project Site after all conditions to conveyance has been satisfied or waived as to the subject conveyance is a breach. In the case of a breach which cannot, with due diligence, be cured within a period of sixty (60) days, a default shall occur if Developer does not commence the cure of the breach within sixty (60) days after Developer receives written notice from Agency and thereafter diligently prosecute to completion such cure. A default also shall occur if Developer makes any assignment for the benefit of creditors, or is adjudicated a bankrupt, or has a receiver, trustee or creditor's committee appointed over it that is not removed within one hundred eighty (180) days after appointment. Developer shall not be in default hereunder for failure to pay any tax, assessment, lien or other charge if Developer in good faith is contesting the same and, if necessary to avoid foreclosure, has furnished an appropriate bond or other undertaking to assure payment in the event Developer's contest is unsuccessful.

7.1.2 Default by Agency. A default shall occur if Agency breaches any material provision of this Agreement, and such breach continues and is not remedied within sixty (60) days after Agency receives written notice from Developer specifying the breach or, in the case of a breach which cannot with due diligence be cured within a period of sixty (60) days, if Agency shall not within such sixty (60) day period commence the cure of the breach and thereafter diligently prosecute to completion such cure.

7.2 Agency's Pre-Conveyance Remedies. If Developer defaults in any material term of this Agreement before the Project Site is conveyed to Developer, Agency may, at its option: (i) terminate this Agreement by written notice to Developer as to the Project Site, without waiving any cause of action Agency may have against Developer and seek monetary damages against Developer; or (ii) specifically enforce the obligations of Developer under this Agreement.

7.3 Developer's Pre-Conveyance Remedies. If Agency defaults as to any material term of this Agreement prior to Closing, Developer may, as its sole remedy, but at its option: (i) terminate this Agreement by written notice to Agency, and pursuant to such a termination, Developer shall be entitled to receive a refund of all sums paid toward the purchase of the property, including interest; or (ii) specifically enforce the obligations of the Agency under this Agreement.

7.4 Developer's Post-Conveyance Remedies. In the event of Agency's material default after the Agency conveys the Project Site to Developer, Developer may, as its sole remedy, specifically enforce the obligations of the Agency under this Agreement.

7.5 Nonexclusive Remedies. The rights and remedies provided by this Agreement shall not be deemed exclusive, except where otherwise indicated, and shall be in addition to any and all rights otherwise available at law or in equity. The exercise by either Party of one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or of any of its remedies for any other default by the other Party, including, without limitation, the right to compel specific performance. Any limitation of remedies set forth herein should not limit or affect the obligations of a Party under any contractual indemnities set forth herein.

7.6 Unavoidable Delay.

7.6.1 Neither a Party nor Party's successor in interest shall be considered in breach of or in default with respect to any obligation created hereunder or progress in respect thereto if the delay in performance of such obligations (the "Unavoidable Delay") is due to causes that are unforeseeable, beyond its control, and without its fault or negligence, including but not limited to acts of God, acts of the public enemy, acts of the government, acts of the other Party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquake, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation involving a Party or others relating to zoning or other governmental action or inaction pertaining to the Project, extraordinary delay in the issuance of necessary permits for the Project, malicious mischief, condemnation action, delays of litigation, and unusually severe weather or delays of

suppliers or subcontractors due to such causes or any similar events and/or occurrences beyond the control of such Party.

7.6.2 It is the purpose and intent of this provision that, in the event of the occurrence of any such Unavoidable Delay, the time or times for performance of the obligations of the Agency or Developer, as the case may be, shall be extended for the period of the Unavoidable Delay; provided, however, that the Party seeking the benefit of this Section shall, within thirty (30) days after the Party becomes aware of the causes of any such Unavoidable Delay, notify the other Party in writing of the cause or causes of the delay and the estimated time of correction. Notwithstanding any other provision of this Agreement, the time for Parties' performance shall not be extended by one or more events of Unavoidable Delay for a cumulative period greater than 365 days.

8. MISCELLANEOUS PROVISIONS

8.1 **Agency Contract Manager.** For the purposes of making determinations relating to provisions of this Agreement on behalf of Agency, granting approvals and approving Minor Modifications, Agency has designated Julie Krueger as the Agency Contract Manager.

8.2 Authorization and Confidentiality.

8.2.1 Except for published information, or information ascertainable from public records, any confidential information furnished or disclosed by Agency in connection with the Project will be held by Developer in confidence and will not be divulged to any third party, except for a Party's advisors and consultants or as may be necessary to further the development of the Project.

8.2.2 Except for published information, or information ascertainable from public records, if the Agency concludes that information furnished or disclosed to the Agency by Developer in connection with the Project is exempt from disclosure under state law, then, to the extent allowed by state law, and until ordered to disclose pursuant to a valid order of the district attorney, Agency will hold in confidence such information, and will not divulge such information to any third party, except for Agency's advisors and consultants.

8.2.3 If, for any reason, this Agreement is terminated, then each Party will return all such confidential information to the party from whom it was obtained.

8.3 **Compliance with Laws; Discrimination.** Developer shall comply with all applicable laws and, for itself and its successor and assigns, agrees that, during the construction of the Project, Developer will not discriminate against any employee or applicant for employment because of race, color, religion, age, gender, sexual orientation or national origin.

8.4 Notice.

8.4.1 Any notice or communication under this Agreement by either Party to the other shall be deemed given and delivered (a) forty-eight (48) hours after being dispatched by

registered or certified U.S. mail; postage prepaid, return receipt requested, or (b) when received if personally delivered, and:

8.4.2 In the case of a notice or communication to Developer, addressed as follows:

Charles Gomez and Debra Liddell
PO Box 186
Watseka IL 60970

8.4.3 In the case of a notice or communication to the Agency, addressed as follows:

Julie Krueger, City Manager
City of The Dalles
313 Court Street
The Dalles, OR 97058
E-mail: jkrueger@ci.the-dalles.or.us

With a copy to:

Gene Parker, City Attorney
City of The Dalles
313 Court Street
The Dalles, OR 97058
E-mail: gparker@ci.the-dalles.or.us

or addressed in such other way in respect to either Party as that Party may, from time to time, designate in writing dispatched as provided in this Section. Notice given in any other manner shall be effective upon receipt by the Party for whom the same is intended.

8.5 **Merger.** None of the provisions of this Agreement are intended to, or shall be, merged by reason of any Deed transferring title to the Project Site or a portion thereof from the Agency to Developer or any successor in interest, and any such Deed shall not be deemed to affect or impair the provisions and covenants of this Agreement, but shall be deemed made pursuant to this Agreement.

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

8.7 **Waivers.** Except as otherwise expressly provided in this Agreement, no waiver made by either Party with respect to the performance, or manner or time thereof, of any obligation of the other Party, or any condition inuring to its benefit under this Agreement, shall be considered a waiver of any other rights of the Party making the waiver. No waiver by Agency or Developer of any provision of this Agreement, or any breach thereof, shall be of any force or effect unless in writing; and no such waiver shall be construed to be a continuing waiver.

8.8 **Attorneys' Fees.** If a suit, action, or other proceeding of any nature whatsoever, including, without limitation, any proceeding under U.S. Bankruptcy Code, is instituted to interpret or enforce any provision of this Agreement, or with respect to any dispute relating to this Agreement, including, without limitation, any action in which a declaration of rights is sought or an action for rescission, each party shall be responsible for paying for their own attorney's fees and other costs associated with the proceeding. This provision shall cover costs and attorney fees related to, or with respect to, proceedings in Federal Bankruptcy Courts, including those related to issues unique to bankruptcy law.

8.9 **Choice of Law.** This Agreement shall be governed by Oregon law.

8.10 **Calculation of Time.** All periods of time referred to herein shall include Saturdays, Sundays, and legal holidays in the State of Oregon, except that if the last day of any period falls on any Saturday, Sunday or legal holiday, the period shall be extended to include the next day which is not a Saturday, Sunday or legal holiday.

8.11 **Construction.** In construing this Agreement, singular pronouns shall be taken to mean and include the plural, and the masculine pronoun shall be taken to mean and include the feminine and the neuter, as the context may require.

8.12 **Legal Purpose.** Developer agrees that it shall use the Project Site solely for lawful purposes.

8.13 **Severability.** If any clause, sentence or any other portion of the terms and conditions of this Agreement becomes illegal, null or void for any reason, the remaining portions will remain in full force and effect to the fullest extent permitted by law.

8.14 **Entire Agreement.** This Agreement and the attachments hereto are the entire Agreement between the Parties. There is no other oral or written Agreement between the Parties with regard to this subject matter. There are no oral or written representations made by a Party, implied or express, other than those contained in this Agreement.

8.15 **Modifications.** Any modifications to this Agreement shall be made in writing and executed by both Parties. The Parties recognize that circumstances may change and that it may be in the interest of both Parties that Agreement be amended from time to time. For this reason, each of the Parties will consider changes that may be proposed by the other during the term of this Agreement. Agency Contract Manager may approve minor modifications to this Agreement without Agency Board approval. "Minor Modifications" include:

8.15.1 Changes in the Schedule of Performance when deemed warranted by the Agency Contract Manager which do not exceed ninety (90) days, excluding a change in the Final Termination Date; and

8.15.2 Corrections of errors, clarifications, or minor modifications that do not change the substantive content of the Agreement.

8.15.3 All other modifications to the Agreement must be approved by the Agency Board.

8.16 **Successors and Assigns.** Subject to the provisions of Sections 6 and 7, the benefits conferred by this Agreement, and the obligations assumed thereunder, shall inure to the benefit of and bind the successors and assigns of the Parties.

8.17 **Place of Enforcement.** Any action or suit to enforce or construe any provision of this Agreement by any Party shall be brought in the Circuit Court of the State of Oregon for Wasco County, or the United States District Court for the District of Oregon in Portland, Oregon.

8.18 **No Partnership.** Nothing contained in this Agreement or any acts of the Parties hereby shall be deemed or construed by the Parties, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or any association between any of the Parties.

8.19 **Non-waiver of Government Rights.** Subject to the terms and conditions of this Agreement, by making this Agreement and delivery of the deeds, Agency is specifically not obligating itself, or any other agency with respect to any discretionary action relating to development or operation of the improvements to be constructed on the Project Site, including, but not limited to, rezoning, variances, environmental clearances or any other governmental approvals which are, or may be required, except as expressly set forth herein.

8.20 **Approvals.** Except as otherwise provided in this Agreement, where approvals of Agency are required, Agency will approve or disapprove within thirty (30) business days after receipt of the material to be approved, except where a longer or shorter time period is specifically provided to the contrary. Failure by Agency to approve or disapprove within said period of time shall be deemed approval. Any disapproval shall state in writing the reasons for such disapproval. Approvals will not be unreasonably withheld, conditioned or delayed except where rights of approval are expressly reserved to Agency's sole discretion in this Agreement. Developer, upon receipt of such disapproval, shall revise such disapproved portions in a manner responsive to the stated reasons for disapproval and resubmit the same to Agency within forty-five (45) days after receipt of the notice of disapproval.

8.21 **Approval by Agency Contract Manager.** Unless specified to the contrary elsewhere in this Agreement as to a particular consent or approval, whenever consent or approval by Agency is required under the terms of this Agreement, all such consents or approvals shall be given in writing from the Agency Contract Manager, or from such other staff as the Agency Board has designated.

8.22 **Recording of Memorandum of Agreement.** Agency shall provide for recording a Memorandum of this Agreement within thirty (30) days of the Effective Date. The form of the Memorandum of Agreement is attached as Exhibit "E" to this Agreement. If the Agreement is terminated, the Parties shall cooperate to promptly record an Amended Memorandum of Agreement to reflect the surviving covenants of this Agreement.

8.23 **Insurance.** Agency shall continue the commercial property coverage for the Granada Theatre, which it currently has in effect, until the Closing for purchase of the Granada Theatre. Developer shall obtain and maintain in effect, until Closing for the purchase of the Granada Theatre, a policy or policies of liability insurance with limits and coverage as set forth below:

<u>Type of Insurance</u>	<u>Limits of Liability</u>
Worker's compensation	Statutory Worker's Compensation
Commercial General Liability	\$1,000,000 (each occurrence)
Combined Single Limits	\$2,000,000 (aggregate)
Automobile Liability	\$500,000 All vehicles covered
Bodily Injury and Property Damage Combined	Hired and non-owned auto liability

Such policy or policy of Commercial General Liability and Automobile Liability insurance, shall name as additional insured, "The Columbia Gateway Urban Renewal Agency, its officers, employees, and agents" with respect to claims arising from this Agreement.

8.24 **Indemnification.** The Developer shall indemnify, defend, and hold harmless the Agency, its officers, employees, and agents, from all claims, demands, actions and suits, whether or not frivolous or groundless, including appeals, arising out of any negligent act, error, or omission of the Developer, or of any negligent act, error or omission performed by a contractor or subcontractor performing renovation work on or inside the Granada Theatre.

Executed in multiple counterparts as of the day and year first above written.

**COLUMBIA GATEWAY
URBAN RENEWAL AGENCY**

By: _____

APPROVED AS TO FORM:

Agency Legal Counsel

DEVELOPER

By: _____

By: _____

APPROVED AS TO FORM:

Developer Legal Counsel

EXHIBITS

- Exhibit A - Legal Description of the Project Site
- Exhibit B - Form of Warranty Deed
- Exhibit C - Schedule of Contract Payments, Progress Report Dates, and Annual Payment Periods
- Exhibit D - List of Physical Upgrades for Granada Theatre
- Exhibit E - Quitclaim Deed and Escrow Instructions
- Exhibit F - Form of Memorandum of Agreement

EXHIBIT A
LEGAL DESCRIPTION OF THE PROJECT SITE

Lot 6, Block 3, DALLES CITY PROPER, in the City of The Dalles, County of Wasco, and State of Oregon

Subject to:

1. Covenants, conditions, restrictions and/or easements, if any, affecting title, which may appear in the public record, including those shown on any recorded plat or survey.

EXHIBIT B

GRANTOR:

Columbia Gateway Urban Renewal Agency
313 Court Street
The Dalles, OR 97058

GRANTEE:

Charles V. Gomez & Debra Liddell
P.O. Box 186
Watseka, IL 60970

AFTER RECORDING

PLEASE RETURN TO:

City Clerk
313 Court Street
The Dalles, OR 97058

UNTIL A CHANGE IS REQUESTED,
SEND ALL TAX STATEMENTS TO:

Charles V. Gomez & Debra Liddell
P.O. Box 186
Watseka, IL 60970

WARRANTY DEED

THE COLUMBIA GATEWAY URBAN RENEWAL AGENCY, a municipal corporation of the State of Oregon, Grantor, conveys and warrants to **CHARLES V. GOMEZ & DEBRA LIDDELL**, as joint tenants, Grantee, that certain real property located in Wasco County, Oregon, more particularly described as follows:

Lot 6, Block 3, DALLES CITY PROPER, in the City of The Dalles, County of Wasco, and State of Oregon

Subject to:

1. Covenants, conditions, restrictions and/or easements, if any, affecting title, which may appear in the public record, including those shown on any recorded plat or survey.

This conveyance is made pursuant to that Certain Agreement for Disposition of Property for Redevelopment located in Wasco County, between Grantor and Grantee, dated the ____ day of _____, 2017, a Memorandum of which was recorded on the ____ day of _____, 2017, as Document No. _____.

This conveyance is subject to a condition subsequent that in the event Grantee commits an act of default pursuant to Section 7.1 of the Agreement, Grantor shall have the right to declare a termination in favor of the Grantor of the title by providing Grantee a Notice of Termination, of all the rights and interests of the Grantee in the real property described herein. Grantee shall reconvey the real property described in the Notice of Termination to Grantor by Quitclaim Deed, pursuant to the Escrow Instructions in Exhibit E to the Agreement for Disposition of Property and Redevelopment.

The true consideration for this conveyance is \$60,000; however, the true consideration reflects the fair reuse value for the real property, expressed in terms of capital price, as determined by Grantor in its discretion, as the price at which the real property should be made available in order that it may be developed or redeveloped for the purposes specified in the Grantor's Plan and Report.

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 SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. 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 DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 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 SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

DATED this _____ day of _____, 20__.

GRANTOR:

COLUMBIA GATEWAY URBAN
RENEWAL AGENCY, a municipal
corporation of the State of Oregon

By: _____
_____, Chair

STATE OF OREGON)

) ss.

County of Wasco)

The foregoing instrument was acknowledged before me on the _____ day of _____, 20__,
by _____, as Chair of the Columbia Gateway Urban Renewal Agency, a municipal
corporation of the State of Oregon.

Notary Public for Oregon

My commission expires: _____

EXHIBIT C

SCHEDULE OF CONTRACT PAYMENTS, AND DATES FOR PROGRESS REPORTS TO BE PROVIDED TO AGENCY, AND PERIODS FOR ANNUAL INVESTMENTS BY DEVELOPER

March 31, 2017 - First contract payment of \$20,000 by Developer

September 30, 2017 - Status report on initial upgrades to Granada Theatre by Developer

March 31, 2017 through March 31, 2018 - Developer to have made initial physical upgrades to Granada Theatre as set forth in Section 2.6.1(b)(2)

March 31, 2018 - Second contract payment of \$20,000 by Developer with interest at flat rate of five percent (5%) on the balance owed for purchase of the Granada Theatre

April 6, 2018 - Developer provides written report summarizing initial physical upgrades to Granada Theater, and provides documentation expenses for such upgrades to Agency Project Manager

April 1, 2018 through March 31, 2019 – Time period for Developer to have made second annual round of physical upgrades to Granada Theatre

September 30, 2018 - Developer provides progress report to Agency Project Manager on second annual round of physical upgrades to Granada Theater

March 31, 2019 - Third contract payment by Developer of \$20,000 with interest at flat rate of five percent (5%) on the balance owed for purchase of the Granada Theatre

April 8, 2019 - Developer provides written report summarizing second round of physical upgrades to Granada Theater, and provides documentation for such upgrades to Agency Project Manager

April 2, 2019 through March 31, 2020 - Developer to have made third annual round of physical upgrades to Granada Theatre

April 6, 2020 - Developer provides written report summarizing third annual round of physical upgrades to Granada Theater, and provides documentation for such upgrades to Agency Project Manager

April 10, 2020 - Closing Date for purchase of Granada Theatre

EXHIBIT D

Granada Theatre Budget:

Charles Gomez, Debra Liddell

Topic: Cost breakdown to open theatre doors to public

Exterior presentation upgrades include:

- 1) Window repair and/or replacement(s), box office tile, plaster repairs and painting, address dome issues, freshen up marquee, side wall art designs. \$7,000
- 2) Ice-Cream parlor/retail sales store front prep. Floor and wall coverings, old-fashioned ceiling restoration, sales area and back room storage attention. \$2,500

Café:

- 3) Over-all restoration, floor/walls, seating areas, counter and back bar. \$4,500
- 4) Store front windows and transom windows restoration. \$2,500
- 5) Awning. \$3,500
- 6) Historic presentations and art work. \$1,500
- 7) Health Dept. code conformity. \$3,000

Lobby:

- 8) Over-all restoration & period correct updates and artwork. Lobby needs to be most appealing to guests arriving. \$3,500
- 9) Bar area. \$2,500

Exits:

- 10) All reworked to be fully functional and panic bars installed where needed. This includes entertainers' load-in alley entrance. \$500

Roof:

- 11) Inspection and addressing of any and all issues. \$4,000

Basement:

- 12) Thoroughly cleaned out, disinfected and washed down. \$750

Theatre proper:

- 13) Massive cleaning, floors/walls/ceiling/seats. Curtains to be thoroughly cleaned, if possible, or replaced (this includes grand curtain and wing legs). \$4,500
- 14) Repainting of entire theatre interior. Not that this is totally necessary due to the extensive cleaning but may also need a 'refreshing' for presentation. \$9,500

Mechanical:

- 15) Restrooms, repaired to fully functioning, and fixtures replaced where needed. \$3,500
- 16) Heating and A/C fully inspected, cleaned and serviced. \$7,500
- 17) Electrical service, upgrades and fully separated legs installed, one dedicated to audio, and one for lighting. \$8,500

Production:

- 18) Install state of the art audio, capable of meeting or exceeding all national audio performer contract rider demands. \$90,000
- 19) Install modern theatre lighting, front of house, specials and upstage. Four color washes with specials. \$15,000
- 20) Video presentation projection and screen. Power-point, DVD and movies. \$6,500

Entertainment:

It has always been our philosophy to, "Announce One's Prescience with Authority!" So the grand re-opening of the Granada will have to be grand indeed. After all is 'Grand' found in the very name of the Theatre?

GRANADA

First year operating entertainment budget is slated at \$125,000. This will cover all up-front booking costs which we pay in advance to receive a producer's discount.

As far as we know, we are the only producers that present this 'creative advance down payment to help reduce overhead and booking costs. Cost break down budget:

Total restoration estimate = \$305,750.00

*This does not include purchase price.

EXHIBIT E

FORM OF QUITCLAIM DEED AND ESCROW INSTRUCTIONS

After recording return to and,
until a change is requested,
all tax statements shall be sent to:

Columbia Gateway Urban Renewal Agency
313 Court Street
The Dalles, OR 97058

QUITCLAIM DEED

_____, a _____ (“Grantor”), releases and
quitclaims to the COLUMBIA GATEWAY URBAN RENEWAL AGENCY, as the duly designated
Urban Renewal Agency of the City of The Dalles (which, together with any successor public agency
designated by or pursuant to law, is herein called “Grantee”), all right, title and interest in and to the
following described real property:

Lot 6, Block 3, DALLES CITY PROPER, in the City of The Dalles, County of Wasco, and State
of Oregon.

The true consideration for this conveyance is \$0; however, other property or value was either
part of or the whole consideration.

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
SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT
ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF
APPLICABLE LAND USE LAWS AND REGULATIONS. 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 DETERMINE ANY LIMITS ON LAWSUITS
AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, 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 SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010

IN WITNESS WHEREOF, Grantor has executed this instrument this ____ day of _____, 20__.

_____, a _____

By: _____

Name: _____

Title: _____

Accepted this ____ day of _____, 20__.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

By: _____

Name: _____

Title: _____

STATE OF OREGON)
) ss.
County of Wasco)

This instrument was acknowledged before me on _____, 20__, by
_____, as _____ of _____, a
_____, on its behalf.

Notary Public for
My commission expires: _____

STATE OF OREGON)
) ss.
County of Wasco)

This instrument was acknowledged before me on _____, 20__, by
_____, _____ of the COLUMBIA GATEWAY URBAN RENEWAL AGENCY, the
duly designated urban renewal agency of the City of The Dalles, on its behalf.

Notary Public for
My commission expires: _____

EXHIBIT E (Continued)

ESCROW INSTRUCTIONS FOR QUITCLAIM DEED

_____ Title Insurance Company

Attention: [INSERT TITLE OFFICER]

Re: Escrow No. _____

_____, a _____ (“Developer”), has entered into that certain Agreement for Disposition of Property for Redevelopment (“DDA”) with the Columbia Gateway Urban Renewal Agency (“Agency”) dated as of _____, 20__, a Memorandum of which was recorded _____, 20__ as Document No. _____, Records of Wasco County, Oregon, whereby Agency will convey to the Developer or its assignees certain real property (the “Property”). The Property is the subject of this escrow and is described in the accompanying quitclaim deed (“Quitclaim Deed”).

Section ____ of the DDA provides that, under certain circumstances, Agency is entitled to reconveyance of the Property pursuant to a Quitclaim Deed and Escrow Instructions. This document constitutes those escrow instructions and is for the purpose of irrevocably instructing you as to the disposition of the accompanying Quitclaim Deed.

In the event that you receive from Agency a notice signed by Agency’s _____ certifying that a copy of said notice has been delivered concurrently to Developer and certifying that a termination in favor of Agency of the title, and of all of the rights and interest of Developer in the Property has occurred, and that rights to the Property described in the Quitclaim Deed have reverted in Agency pursuant to the DDA (“Notice of Termination”), you shall at the end of thirty (30) days after receipt of said instructions record the subject Quitclaim Deed unless within said thirty (30) day period, you are notified by Agency that Agency has withdrawn the Notice of Termination, or unless you are prohibited from recording the Quitclaim Deed by temporary restraining order, preliminary injunction, or other court order.

In the event that you receive a copy of a Certificate of Completion issued by Agency with respect to the Property, or any specified Parcel thereof (either an original or one certified by Agency as being a duplicate of the original), you will forthwith return the Quitclaim Deed to Developer. In the event that there still remains in your possession an undisposed Quitclaim Deed by [insert date twenty four (24) months after execution of the DDA] you shall contact Agency and Developer as to its disposition.

These instructions may not be withdrawn or in any way amended, modified or waived without the prior written consent of both of the parties hereto. Please indicate your acceptance of, and agreement to, carry out these instructions as indicated below.

Very truly yours,

_____, a _____

By: _____

Name: _____

Title: _____

Very truly yours,

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

By: _____

Name: _____

Title: _____

Accepted and agreed to this ____ day of _____, 20____
_____, Title Insurance Company

By: _____

Name: _____

Title: _____

EXHIBIT F
FORM OF MEMORANDUM OF AGREEMENT

After recording return to:

Mr. Gene Parker
City Attorney
City of The Dalles
313 Court Street
The Dalles, OR 97058

Form of Memorandum of Agreement for Disposition for Development

THIS MEMORANDUM OF AGREEMENT FOR DISPOSITION OF PROPERTY FOR DEVELOPMENT ("Memorandum") shall serve as notice to all persons that the **COLUMBIA GATEWAY URBAN RENEWAL AGENCY**, ("Agency"), and **CHARLES V. GOMEZ AND DEBRA LIDDELL**, as joint tenants ("Developer"), entered into an **AGREEMENT FOR DISPOSITION OF PROPERTY FOR REDEVELOPMENT**, dated as of _____, 2017 ("Agreement") relating to the real property ("Property") to be conveyed by the Agency located in Wasco County, Oregon. The Property is more particularly described as:

Lot 6, Block 3, DALLES CITY PROPER, in the City of The Dalles, County of Wasco, and State of Oregon.

Subject to:

1. Covenants, conditions, restrictions and/or easements, if any, affecting title, which may appear in the public record, including those shown on any recorded plat or survey.

The parties to the Agreement are:

Columbia Gateway Urban Renewal Agency
313 Court Street
The Dalles, OR 97058

and

Charles V. Gomez and Debra Liddell
P.O. Box 186
Watseka, IL 60970

Among other things, the Agreement requires the Agency to convey the Property to Developer upon the satisfaction of certain conditions precedent, and requires Developer to complete certain private improvements on the Property all as more particularly set forth in the Agreement (the "Project"). Other property or value was part of the whole consideration given for the Property conveyance referenced herein.

As a condition subsequent to the Property conveyance, in the event of a default by Developer as defined in Section 7.3 of the Agreement, the Agency shall have the option to declare a termination in favor of the Agency of all the title, rights and interests of Developer in the Property. Upon such declaration of

termination, Developer’s title, right and interest in the Property shall revert to the Agency at no cost to the Agency.

Agency and Developer execute this Memorandum to acknowledge being bound by the Agreement and to give notice of the Agreement to third parties.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY:

By: _____
Date: _____

BUYER

By: _____
Charles V. Gomez

Debra Liddell

Date: _____

STATE OF OREGON)
) ss.
COUNTY OF WASCO)

This instrument was acknowledged before me on _____, 20____, by _____, _____ of the COLUMBIA GATEWAY URBAN RENEWAL AGENCY.

Notary Public for
My commission expires: _____

STATE OF ILLINOIS)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____, 20__, by Charles V. Gomez and Debra Liddell, as their voluntary act and deed.

Notary Public for
My commission expires: _____



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA STAFF REPORT
AGENDA LOCATION: VI. B.

DATE: May 19, 2020

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Steven Harris, AICP
Urban Renewal Manager

ISSUE: **Consideration of Third Addendum to the Recreation Building DDA**

BACKGROUND

Notification has been received that effective July 1, 2020, the Agency's insurance carrier, CIS, will no longer provide coverage on the Recreation Building. The executed Disposition and Development Agreement (DDA) with Mr. Todd Carpenter and Ms. Carla McQuade included a provision that the Agency would retain commercial general liability coverage on the property until transfer of title (Section 8.23 of the DDA, see attached).

Mr. Carpenter and Ms. McQuade have been notified of the decision. CIS has suggested that a "builder's risk policy" be secured and would be in place throughout the redevelopment of the property. Staff is continuing discussions with CIS and Mr. Carpenter and Ms. McQuade.

In event that continued CIS coverage is not an option, an addendum to the DDA will be required to formalize this change. The addendum would specify that beginning on July 1, 2020, the purchasers are responsible for carrying a policy with no less coverage than what was carried by the Agency. The coverage should be carried for all three parcels until the time of closing for each parcel (the purchasers would work with their insurer to determine what type of coverage is required after closing).

BOARD ALTERNATIVES

1. **Recommended action: Move to direct staff to prepare a draft Third Addendum to the Recreation Building DDA and return to the Agency on June 16th for consideration.**
2. Other direction, as appropriate.

8.18 **No Partnership.** Nothing contained in this Agreement or any acts of the Parties hereby shall be deemed or construed by the Parties, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or any association between any of the Parties.

8.19 **Non-waiver of Government Rights.** Subject to the terms and conditions of this Agreement, by making this Agreement and delivery of the deeds, Agency is specifically not obligating itself, or any other agency with respect to any discretionary action relating to development or operation of the improvements to be constructed on the Project Site, including, but not limited to, rezoning, variances, environmental clearances or any other governmental approvals which are, or may be required, except as expressly set forth herein.

8.20 **Approvals.** Except as otherwise provided in this Agreement, where approvals of Agency are required, Agency will approve or disapprove within thirty (30) business days after receipt of the material to be approved, except where a longer or shorter time period is specifically provided to the contrary. Failure by Agency to approve or disapprove within said period of time shall be deemed approval. Any disapproval shall state in writing the reasons for such disapproval. Approvals will not be unreasonably withheld, conditioned or delayed except where rights of approval are expressly reserved to Agency's sole discretion in this Agreement. Developer, upon receipt of such disapproval, shall revise such disapproved portions in a manner responsive to the stated reasons for disapproval and resubmit the same to Agency within forty-five (45) days after receipt of the notice of disapproval.

8.21 **Approval by Agency Contract Manager.** Unless specified to the contrary elsewhere in this Agreement as to a particular consent or approval, whenever consent or approval by Agency is required under the terms of this Agreement, all such consents or approvals shall be given in writing from the Agency Contract Manager, or from such other staff as the Agency Board has designated.

8.22 **Recording of Memorandum of Agreement.** Agency shall provide for recording a Memorandum of this Agreement within thirty (30) days of the Effective Date. The form of the Memorandum of Agreement is attached as Exhibit "E" to this Agreement. If the Agreement is terminated, the Parties shall cooperate to promptly record an Amended Memorandum of Agreement to reflect the surviving covenants of this Agreement.

8.23 **Insurance.** Agency shall continue the commercial property coverage for the Project Site, which it currently has in effect, until the Closing for purchase of the Project Site. Developer shall obtain and maintain in effect, until Closing for the purchase of the Project Site, a policy or policies of liability insurance with limits and coverage as set forth below:

<u>Type of Insurance</u>	<u>Limits of Liability</u>
Commercial General Liability	\$1,000,000 (each occurrence)
Combined Single Limits	\$2,000,000 (aggregate)

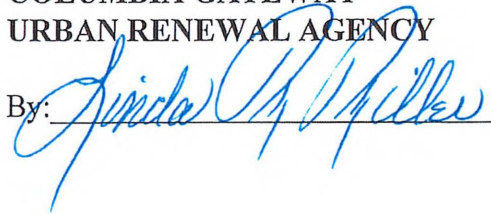
Such policy or policy of Commercial General Liability insurance shall name as additional insured, "The Columbia Gateway Urban Renewal Agency, its officers, employees, and agents" with respect to claims arising from this Agreement.

8.24 **Indemnification.** The Developer shall indemnify, defend, and hold harmless the Agency, its officers, employees, and agents, from all claims, demands, actions and suits, whether or not frivolous or groundless, including appeals, arising out of any negligent act, error, or omission of the Developer, or of any negligent act, error or omission performed by a contractor or subcontractor performing renovation work on or inside the Recreation Building.

Executed in multiple counterparts as of the day and year first above written.

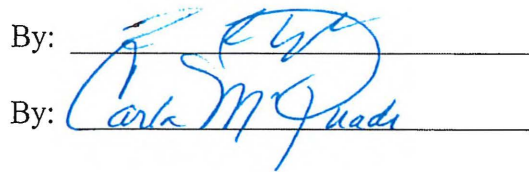
**COLUMBIA GATEWAY
URBAN RENEWAL AGENCY**

By: _____

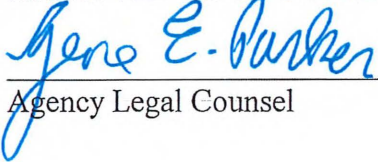


DEVELOPER

By: _____



APPROVED AS TO FORM:



Agency Legal Counsel

APPROVED AS TO FORM:



Developer Legal Counsel

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IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA STAFF REPORT
AGENDA LOCATION: VI. C.

DATE: May 19, 2020

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Steven Harris, AICP
Urban Renewal Manager

ISSUE: **Sunshine Mill (Discover Development, LLC) Installment Loan Interest Credit Request**

BACKGROUND

On October 17, 2017, the Agency approved a restructured installment loan agreement and land sales contract with Discover Development, LLC (dba Sunshine Mill). Among the provisions of the restructured agreements was a credit on past interest paid and the ability of the Mill to receive additional credit for interest paid upon satisfaction of the loan. The October 17, 2017 agenda report summarized these two provisions as follows:

- 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%.

Agency staff was contacted by Wasco Title in December 2019, requesting the payoff amount of the Agency loan, as the Mill was in the process of obtaining a commercial loan. City Attorney Parker replied to Wasco Title on January 6, 2020, that the loan payoff amount was \$249,649.34, and that he would proceed with preparation of the Satisfaction of Mortgage upon receipt of the funds. The Satisfaction of Mortgage was recorded on January 9, 2020.

Attached for the Agency's information is the October 17, 2017 agenda report and meeting minutes, along with the loan agreement.

DISCUSSION

Sunshine Mill representative Ms. Natasha Skov emailed City Attorney Parker on January 22, 2020 inquiring into the status of the interest credit, pursuant to the provisions of the restructured loan agreement (Section 3.02). Mr. Parker replied the following day stating that in his opinion the Mill was not eligible for the credit (the complete email exchange between Ms. Skov and Mr. Parker is attached):

"Construing these provisions together, it was my opinion that the credit of \$33,333.48 could only be applied when the balance of the final payments remaining on the loan was less than the credit of balance of \$33,333.38. Since the balance of the payoff for the loan exceeded the sum of \$33,333.48, it was my opinion that the credit could not be applied toward the balance of the loan payment."

Mr. Parker further clarified his opinion in a follow up email on January 23, 2020:

"Natasha: It is my interpretation of the provisions that I cited in my memorandum from Section 3.02 of the loan agreement, that since the loan was paid in full, but at the time of the loan payoff, the balance of the unpaid loan exceeded the amount of the credit, that the credit could not be applied against the balance that was owing on the loan."

Following Mr. Parker's retirement from City service, Mr. James Martin (Sunshine Mill) contacted the City Manager requesting reconsideration of their request regarding the loan interest credit.

Ms. Diana McDougale, the new City Attorney, has reviewed the restructured loan agreement and has opined that the Mill has satisfied the terms of the agreement and is eligible for the \$33,333.48 interest credit. Ms. McDougale's memo is attached for the Agency's review.

BOARD ALTERNATIVES

Staff recommends that the Agency review the documentation and make a determination whether Discover Development, LLC (dba Sunshine Mill) has satisfied the terms of Section 3.02 of the loan agreement and is eligible for an interest credit of \$33,333.48. If the Agency makes such a determination, then Staff recommends the Agency consider the following motion:

1. A motion to approve payment of the \$33,333.48 interest credit payment under Section 3.02 of the Agency Loan Agreement mortgage record date of March 26, 2018 and authorize staff to transfer \$33,333.48 to Discover Development, LLC as credit for interest paid.
2. Decline payment of the \$33,333.48 interest credit to Discover Development, LLC.

Attachments

- Memo from City Attorney Diana McDougale (dated May 11, 2020)
- Email from James Martin, Discover Development, LLC (dated May 8, 2020)
- UR Agency agenda report and meeting minutes (dated October 17, 2017)
- Satisfaction of Mortgage letter (dated January 6, 2020)
- Loan agreement w/Exhibit A Promissory Note (recorded date March 26, 2018)



AGENDA STAFF REPORT

Columbia Gateway Urban Renewal Agency

AGENDA LOCATION: VI. C.

MEETING DATE: May 19, 2020

TO: Urban Renewal Agency Members

FROM: Diana L. McDougale, City Attorney

ISSUE: Sunshine Mill (Discover Development, LLC) Installment Loan
Interest Credit Request

BACKGROUND: Shortly after Gene Parker retired, Mr. James Martin contacted the City regarding the reimbursement of a thirty-three thousand three-hundred thirty-three dollar and forty-eight cent (\$33,333.48) interest credit under the Restructured Installment Loan Agreement and Land Sales Contract (the "Loan Agreement") with Discover Development LLC (dba Sunshine Mill), which was approved by the Agency on October 17, 2017. Prior to Mr. Parker's retirement, Mr. Parker and I briefly discussed the matter.

Mr. Parker construed the relevant Loan Agreement provisions to mean that Discover Development, LLC ("Discover Development") would only be entitled to the \$33,333.48 interest credit if the loan balance was less than \$33,333.48 at the time of the loan payoff. For the reasons set forth below, I came to a different conclusion. After conferring with Urban Renewal Manager, Steve Harris, we concluded that the issue should come back to the Agency for further review.

DISCUSSION: The relevant Loan Agreement provision is Section 3.02, *Interest*, which states, "[B]orrower 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 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.

The language “***shall be deducted from the total balance due...***” contemplates “deduct[ing]” the \$33,333.48 “from the total [loan] balance.” “Shall” is mandatory language. The following sentence states that the credit “...***can*** be applied to the final payments remaining on the loan...” The word “can” is permissive language.

Thus, because Section 3.02 contemplates the ***deduction*** of the \$33,333.48 from the “total balance owing,” I concluded that the credit interest payment is due under Section 2.02 of the Loan Agreement. However, I recognize that I do not have nearly the historical context or knowledge base that the Agency and Gene Parker possess. For this reason, I respectfully seek clarification from the Agency regarding Agency intent and the relevant Loan Agreement provisions.

Steve Harris

From: James Martin <jamesm@copadivino.com>
Sent: Friday, May 8, 2020 3:30 PM
To: Steve Harris; Julie Krueger
Cc: Diana McDougale; Angie Wilson; Damon Hulit; Thomas Cutler
Subject: Re: Reimbursement

Hello Steve,

As you requested, consider this the formal request to receive the \$33,333.48 in interest paid per the agreement restructured loan agreement.

The board had agreed that we were to be refunded the additional amounts we had paid on interest that the city was receiving as profits because the interest rate was above the amount the city was paying in interest in respect to the outstanding balance of the loan amount.

Columbia Bank was led to believe in meetings with yourself that the refund would not occur until the full balance was paid in full.

As the Bank financial package included Discover receiving the refund the bank now too is enjoined in needing the matter correctly resolved.

Below is correspondence from Damon Hulit of Columbia River Bank.

From: Damon Hulit <DHulit@columbiabank.com>
Sent: Friday, January 24, 2020 3:23 PM
To: Natasha Skov <natashas@copadivino.com>
Subject: Recollection

Natasha,
I have looked through the loan file after closing and as we clean up and store the needed components, copies of old emails or notes we make that are no longer relevant do get recycled. I will list from memory as I remember the process, but cannot verify the dates. Hopefully you have strings of emails for your records to assist.

1. The original family request of Columbia Bank was to refinance the balance owed to the City of The Dalles/Columbia Gateway Urban Renewal Agency.
2. With the provided amortization schedule you also explained about the refund due Discover if the loan was paid off early. This was a calculation based on remaining months on the contract, and was described in a paragraph in that contract.
3. Initially you had requested a meeting with the City/Agency to ask for the refund up front to offset costs. Mr. Harris was guiding you with the process, so obviously they were aware of this refund item. You were tentatively on a meeting agenda for the proposal, and I was planning on attending with you. Once it was determined that costs were not coming in as high as expected, and after consultation with Mr. Harris, you removed yourself from that agenda.
4. At some point a conference call was requested of me, with Mr. Harris, and someone else, as they needed explanation on the bank's process and timing for your refinance. Though I do not remember the date, we had a good conversation and all questions seemed to be handled. I know I referred to the refund due Discover, and our efforts to complete as soon as possible, as each additional month reduced the figure.
5. When closing at the title company it took a week to get the correct payoff from the City/Agency after the loan documents were prepared. The figure was the full amount needed and matched the time frame balance from the amortization chart.
6. At all points since I started working on this project I was under the impression that as it stated in the contract, as long as your payments were on time, you would receive a refund/premium/credit back if the debt was paid off prematurely. At NO point was it ever brought up that this credit figure needed to be deducted prior to paying off the amount due. This does not even seem logical. I believe with the payoff statement that the City/Agency provided Wasco Title you can show this to be true, and that they also did not disclose/acknowledge the amount ahead of time. As I was told it would be a calculation after receipt of payoff. As per normal lending and title company transactions we paid off the full amount due per provided payoff statements.
7. I feel all of us worked to comply with every request of the City/Agency all through the process. What you described to me today appears to be a reason to find a loop hole that shouldn't exist and penalize you on funds you are deserving of.

If I can be of further assistance please let me know, and good luck.

Damon

Damon Hulit

VP, Commercial Loan Officer

The Dalles/ Hood River

316 E. Third St

The Dalles, OR 97058

NMLS # 1172473

Direct: 541.506.0124 | Mobile: 541.400.0468 | Fax: 541.296.1372 | Website: ColumbiaBank.com

Below is your correspondence to this matter.

I have not received the transcripts of the board meeting approving the resolution.

Mr Martin,

Hello, sorry for the delay in responding to your inquiry into the loan interest refund, it's been a little hectic the past couple of weeks.

et with the new City Attorney Diana McDougale re the request, Ms McDougale also communicated with Gene Parker on this matter before his retirement. Ms McDougale and Mr Parker have differing legal opinions on the satisfaction of terms of the restructured loan agreement (Section 3.02) that would allow for the refund of the \$33,333.48 in interest

paid. Additionally since the restructured loan agreement was approved on a 5-4 Agency vote, it would be best for the Agency to consider your request.

Therefore I will be forwarding the matter to the Agency for action. Given the closure of City Hall and the cancellation of public mtgs, the next regularly scheduled Agency mtg is May 19th. Depending upon conditions, the Agency may be in a position to schedule a special mtg before this date.

In the meantime it would be helpful if you would prepare and submit a more formalized request for the \$33,333.48, as provided for in Section 3.02 of the loan agreement.

Thanks,

Steven Harris, AICP - Director
Community Development Department
City of The Dalles 541.296.5481 x1151
313 Court Street, The Dalles, OR 97058
www.thedalles.org

From: Steve Harris <sharris@ci.the-dalles.or.us>
Sent: Thursday, March 26, 2020 5:32 PM
To: James Martin <jamesm@copadivino.com>; Julie Krueger <jkrueger@ci.the-dalles.or.us>
Cc: Diana McDougale <dmcdougale@campbellphillipsllaw.com>; Angie Wilson <awilson@ci.the-dalles.or.us>
Subject: Re: Reimbursement

Mr Martin,

Hello, sorry for the delay in responding to your inquiry into the loan interest refund, it's been a little hectic the past couple of weeks.

I met with the new City Attorney Diana McDougale re the request, Ms McDougale also communicated with Gene Parker on this matter before his retirement. Ms McDougale and Mr Parker have differing legal opinions on the satisfaction of terms of the restructured loan agreement (Section 3.02) that would allow for the refund of the \$33,333.48 in interest paid. Additionally since the restructured loan agreement was approved on a 5-4 Agency vote, it would be best for the Agency to consider your request.

Therefore I will be forwarding the matter to the Agency for action. Given the closure of City Hall and the cancellation of public mtgs, the next regularly scheduled Agency mtg is May 19th. Depending upon conditions, the Agency may be in a position to schedule a special mtg before this date.

In the meantime it would be helpful if you would prepare and submit a more formalized request for the \$33,333.48, as provided for in Section 3.02 of the loan agreement.

Thanks,

Steven Harris, AICP - Director
Community Development Department
City of The Dalles 541.296.5481 x1151



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

ACTION ITEM

Second Amendment to Development and Disposition Agreement for National Neon Sign Museum (Elks Lodge Building)

Director Harris presented the staff report. David Benko provided a brief progress update.

David Benko
6301 NE 124th Street
Vancouver, WA 98686

Benko stated demolition was completed, as well as all the electrical and plumbing on the ballroom floor. Engineering on fire suppression system was completed; the system should be installed by the end of January, 2018. Benko stated funds were secured to complete the majority of the remaining work. Benko does not anticipate another extension request.

Board Member Kramer moved to authorize execution of the second amendment to the Development and Disposition Agreement between Columbia Gateway Urban Renewal Agency and David Benko to require the museum opening no later than April 3, 2018. Vice Chair Miller seconded the motion; the motion passed unanimously.

EXECUTIVE SESSION

Chair Elliott read the rules for Executive Session. Elliott recessed to Executive Session at 5:37 p.m.

Chair Elliott reconvened Open Session at 7:34 p.m.

ACTION ITEM

Urban Renewal Agency Financial Plan

Assistant to the City Manager Matthew Klebes presented the staff report. Klebes' presentation included a map representing past Urban Renewal financed projects and an interactive spreadsheet reflecting available funds based on potential project approvals.

Director Harris directed the Board to a status memo prepared by KPFF Consulting Engineers on the 1st Street streetscape project. If the Board decided not to go forward with the 1st Street project, approximately \$220,000.00 spent on engineering costs would have to be repaid with Urban Renewal funds. The project has a completion deadline of June, 2018. Harris stated the Board needs to decide whether or not to apply for an extension.

Sunshine Mill (Discover Development, LLC) Restructured Installment Loan Agreement and Land Sales Contract

Director Harris briefly covered the staff report, prior direction by the Board, and main points of the restructure.

City Attorney Parker stated the major change was that as part of this transaction the mortgage would give the Agency security. If there were missed payments, the property would revert back to the Agency. Even though title was conveyed to Sunshine Mill with the goal they obtain a commercial loan, the Agency would still have its interest secured by the mortgage.

Board Member Long-Curtiss stated on the record that although she was credited with negotiating the agreement and did, in fact, negotiate an agreement both sides agreed upon, this was not that agreement.

Board Member Kramer moved to authorize the Chair to execute the revised installment loan and land sales contract on behalf of the Columbia Gateway Urban Renewal Agency with Sunshine Mill (Discover Development, LLC). Board Member Coburn seconded the motion. The motion passed 5-4, Fredrick, Long-Curtiss, Schwartz and Raleigh opposed.

STAFF COMMENTS

The next regularly scheduled meeting is November 21, 2017.

Director Harris stated a Special Meeting would be scheduled for October 30, 2017.

BOARD MEMBER COMMENTS OR QUESTIONS

None.

ADJOURNMENT

Chair Elliott adjourned the meeting at 8:33 p.m.

Respectfully Submitted
Paula Webb, Planning Secretary



Linda Miller, Vice Chair



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

January 6, 2020

Ms. Susan Bergren
Escrow Officer
Wasco Title, Inc.
512 Washington Street
The Dalles, OR 97058

Re: Payoff for Loan for Discover Development, LLC dba Sunshine Mill to Columbia
Gateway Urban Renewal Agency

Dear Susan:

Pursuant to our phone conversation this morning, I have confirmed that the amount of the payoff for the loan between Discover Development, LLC, dba the Sunshine Mill, and the Columbia Gateway Urban Renewal Agency, is \$249,649.34. I will be preparing a Satisfaction of Mortgage to be signed by the Chair of the Columbia Gateway Urban Renewal Agency regarding the mortgage which was recorded on March 26, 2018 as Microfilm No. 2018-001071 in the Wasco County Deed Records.

Regards,

Gene E. Parker
City Attorney

GP/cjt

cc: Steve Harris
Angie Wilson

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