



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

AGENDA

COLUMBIA GATEWAY

URBAN RENEWAL ADVISORY COMMITTEE

Conducted in a Handicap Accessible Meeting Room

SPECIAL MEETING

Tuesday, February 26, 2013

5:30 pm

City Hall Council Chambers

313 Court St.

The Dalles, OR

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. APPROVAL OF AGENDA
5. PUBLIC COMMENT (for items not on the agenda)
6. ACTION ITEM: Purchase Contract – Sunshine Mill Winery
7. REPORT: Sunshine Mill Winery exterior work – James Martin
8. ONGOING URBAN RENEWAL PROJECTS UPDATE
9. NEXT REGULARLY SCHEDULED URBAN RENEWAL ADVISORY COMMITTEE MEETING – March 19, 2013
10. ADJOURNMENT



CITY of THE DALLES

313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481 ext. 1122
FAX: (541) 296-6906

AGENDA STAFF REPORT

URBAN RENEWAL ADVISORY COMMITTEE

MEETING DATE:	AGENDA LOCATION:	AGENDA REPORT #
February 26, 2013		

TO: Urban Renewal Advisory Committee

FROM: Gene E. Parker, City Attorney *GP*

THRU: Nolan K. Young, City Manager

DATE: February 21, 2013

ISSUE: Recommendation to Urban Renewal Agency Board concerning proposed Land Sale Contract for Sunshine Mill Property, and status report concerning cleaning of exterior of Sunshine Mill Property buildings

BACKGROUND: On April 13, 2009, the Columbia Gateway Urban Renewal Agency entered into a Lease Agreement with Discover Development LLC and TGE, LLC, also known as Quenett, for the lease of the property commonly known as the Sunshine Mill Property. A copy of the Lease Agreement is enclosed for your information. Discover Development LLC has assumed the primary responsibility for the operation of the Sunshine Mill Property.

The initial term of the Lease Agreement was for a period of 5 years, and the lease is scheduled to expire on April 13, 2014. There is a provision in the Lease for another 5 year rental period, provided that the Agency and Discover Development mutually agree upon the terms for extension of the lease. The Lease Agreement provided that the rent to be paid by Discover Development would consist of improvements to be made upon the property. Discover Development has made numerous improvements upon the property, including the warehouse which now houses a bottling operation. These improvements have been made in part using the proceeds of a \$600,000 loan made by the Urban Renewal Agency to Discover Development.

The Lease Agreement also included a provision reflecting the intent of the Agency and Discover Development to enter into a Lease with a Purchase Option upon completion of the East Gateway/Brewery Grade Intersection Project. Upon further discussion with James Martin, the principal representative for Discover Development, the parties concurred that it was in the best interests of both parties to proceed with a Land Sale Contract, rather than a Lease with a Purchase Option. One of the primary advantages for the Land Sale Contract is that it will facilitate Mr. Martin's efforts to secure the financing necessary to complete the purchase of the property, and to facilitate the purchase of additional property adjacent to the Sunshine Mill property as part of a larger master plan that Mr. Martin is considering for development of the Sunshine Mill Property. It is anticipated that Mr. Martin will provide some additional details during the meeting concerning the additional property which he is considering purchasing.

The following is a summary of the major highlights of the attached proposed land sale contract:

1. The total purchase price is \$305,123.69, plus interest calculated at the annual rate of one percent on the purchase price until the transaction is closed. The closing date is scheduled to occur by no later than May 15, 2015. The purchase price has been allocated so that \$282,187.69 will be for the purchase of the real property acquired by the Agency, and \$22,936.00 will be for the reimbursement of costs advanced by the Urban Renewal Agency for streetscape improvements constructed in connection with the East Gateway/Brewery Grade Project. The costs for the real property reflect the actual costs that the Agency paid for the property.
2. Section 2.2 of the contract includes a provision acknowledging the repayment of the sum of \$600,000 to the Agency for loans made to Discover Development, which repayment must occur before October 14, 2014.
3. Section 3 of the contract sets forth the provisions for the allocation of costs associated with closing the purchase of the property.
4. Section 4.1 provides that the Tenant will continue to occupy the property under the terms of the April 13, 2009 Lease Agreement. This Lease Agreement will be terminated upon the recording of the deed from the Agency to Discover Development. If the property has not been purchased by April 13, 2014, the parties will likely enter into an extension of the current lease until May 15, 2015, which is the scheduled closing date for the purchase of the property.
5. Section 6.5 includes a provision acknowledging that the Department of Environmental Quality has issued a "no further action" letter concerning the leaking underground storage tank which was discovered upon the property. A "no further action" letter means that the hazardous material in the tank has been removed, and that no further steps are required to address the conditions presented by the presence of the underground tank.
6. The legal description of the property to be purchased in Exhibit "A" reflects the most current description of the property, and is based upon a survey conducted by Tenneson Engineering. This description is different than the legal descriptions contained in the exhibits attached to the April 13, 2009 Lease Agreement.

Mr. Martin has also been requested to provide an update as to the status of the efforts to clean the exterior of the silos and the other buildings upon the property.

ALTERNATIVES: *Staff is recommending that the Advisory Committee adopt a motion recommending to the Urban Renewal Agency that they approve the proposed Land Sale Contract with Discover Development LLC for the Sunshine Mill Property. If the Advisory Committee adopts such a motion, the proposed Land Sale Contract will be presented to the Agency on March 11th.*

LEASE

WHEREAS, the **Columbia Gateway Urban Renewal Agency**, hereinafter referred to as "Lessor", and **Discover Development, LLC and TGE, LLC, aka Quenett**, hereinafter referred to as "Lessee", entered into an Option to Purchase Real Property on July 29, 2005, for the potential purchase by Lessee from Lessor of the property commonly known as the Sunshine Flour Mill Property; and

WHEREAS, the Option to Purchase Real Property entered into on July 29, 2005, is scheduled to expire on April 30, 2009; and

WHEREAS, Lessor and Lessee have mutually agreed that it is in the best interests of both parties to allow the Option to Purchase Real Property entered into on July 29, 2005, to expire and for the parties to enter into a long term lease which includes a revised purchase option;

NOW, THEREFORE, it is mutually agreed as follows:

Section 1. Premises Let. That for and in consideration of the rent to be paid and the covenants and provisions hereof to be fulfilled, Lessor demises and lets to Lessee and Lessee hires and rents from Lessor the following described real property situated in City of The Dalles, Wasco County, Oregon:

The property described in Exhibit A, which is shown on the map attached as Exhibit B, which Exhibits are attached hereto and by this reference incorporated herein by this reference, is hereinafter referred to as the "Property".

Section 2. Term. This lease shall operate and be effective for a term of five (5) years beginning on the 13th day of April, 2009 and terminating on the 13th day of April, 2014, unless this Lease is terminated sooner as a result of the Lessee's purchase of the property under the provisions of the purchase option herein. The lease may be renewed for another five (5) year term, provided that Lessor and Lessee mutually agree upon the terms of a renewal prior to the scheduled expiration of April 13, 2014.

Section 3. Rent. The consideration to be paid by Lessee for this Lease shall be improvements to be constructed by Lessee upon the structures and buildings located upon the

leased premises, including but not limited to, improvements to the milling building including replacement of the building's roof, or improvements to the silo buildings.

Section 4. Use of Premises. During the term of this Lease, Lessee shall be entitled to enter upon the Property for the purpose of making or conducting any inspection, investigation, test, or survey reasonably related to the Lessee's decision to purchase the Property or to Lessee's prospective use thereof. Lessee shall have the right to bring potential investors and tenants upon the Property for visitations and inspections, to conduct demolition and construction research, and to place signs on the Property for purposes of marketing and identification. During the term of this Lease, Lessor shall cooperate in all reasonable respects with Lessee's efforts to inspect, investigate, test and survey the Property. The Lessee agrees, at Lessee's expense, to keep all open areas on the leased premises free and clear from snow, ice, debris and objects and to comply with all ordinances, rules or regulations of any public authority having authority to make rules and regulations concerning the premises or the occupants or the occupancy of the premises. Lessee, at Lessee's expense, will keep the premises let and not enclosed within the building in a clean and neat condition free of papers, trash and debris of every kind and shall prevent trash, papers and debris from Lessee's business from littering the sidewalks or public streets or areas adjoining the premises. Lessor and Lessee acknowledge the leased premises may be used for a variety of commercial activity under subleases authorized under the provisions of Section 9 of this Agreement.

Section 5. Strip or Waste. Lessee agrees that Lessee will not cause, suffer or permit any strip or waste of the leased premises or of any improvement situated thereon, except as authorized under the provisions of Sections 4 or 6 of this Agreement.

Section 6. Maintenance, Remodeling and Repair. Any renovation or remodeling proposed by Lessee which involves a structural change to a building or structure located upon the leased premises, and any proposed demolition of a building or structure on the leased premises proposed by Lessee, shall require the prior written approval of Lessor. In any remodeling or renovation of any kind, and in any act which Lessee performs to maintain or repair a building or

structure located upon the leased premises, Lessee shall not increase the fire hazard and shall conform with state laws, City ordinances and the regulations and rules of all political subdivisions, commissions, boards and agencies having authority over the premises in regard to safety, sanitation, fire protection and building requirements.

Section 7. Utilities. Lessee shall furnish and supply, at Lessee's own expense, all utilities and all utility services of every kind and nature for the leased portion of the premises, including but not limited to heat, light, electricity, power, water, sewage, garbage disposal and plumbing and wiring maintenance and repair without expense to Lessor whatsoever. In this respect, Lessee will provide, at Lessee's expense, the acquisition and installation of all heat, water and sewage that may be desired by Lessee.

Section 8. Liens Not Permitted. During the term of this lease in the maintenance and repair of the premises and in the event Lessee shall renovate or remodel the premises with Lessor's permission, as herein provided, Lessee shall not permit any lien or liens for labor and/or materials to attach to the premises and/or any improvements on the premises or any part of the demised premises; and Lessee shall promptly pay any and all debts for labor and/or materials.

Section 9. Assignment, Selling or Subletting. The Lessee shall not assign, sell or transfer its interest in this lease or sublet the premises or any part thereof without first having obtained the express written consent of Lessor, which consent shall not be unreasonably withheld. In the event Lessee shall attempt to assign, sell or transfer its interest in this lease or any part thereof or shall attempt to sublet the premises or any part thereof without first having obtained the express written consent of Lessor, which consent shall not be unreasonably withheld, this lease shall be null and void; and Lessor shall have a right of entry.

Section 10. Insurance. Lessee shall maintain a policy of commercial general liability insurance upon the leased premises, naming Lessor as additional insured. The terms of such policy shall provide ten (10) days notice to Lessor prior to cancellation and shall have a combined single limit coverage of \$1,000,000 aggregate and \$500,000 per occurrence. Lessee shall provide a certificate showing the coverage to the City Attorney for approval, which

approval may be withheld in the event that either the policy or the carrier are unsatisfactory to the City. Failure of the Lessee to maintain an approved policy of insurance shall cause a default of this agreement.

Section 11. Fire or Other Casualty. Lessor and Lessee acknowledge and agree the current condition of the milling building is such that if the building were to suffer damage as a result of a major casualty, including a fire causing structural damage to the building, the building could not be restored. In the event the milling building incurs significant structural damage (e.g., damage to the degree that the building is in danger of collapsing) as a result of fire or some other casualty, Lessor and Lessee have agreed that both parties shall be relieved of responsibility for repair and restoration of the milling building. In the event the milling building suffers damage as a result of a fire or other casualty which does not cause significant structural damage to the building, Lessor and Lessee agree to consult with each other in good faith to determine the extent and feasibility of repairs to the milling building, and to agree upon a time schedule for repairs to the building, which repairs shall be considered rent under Section 3 of this Agreement.

In the event of damage to the silo buildings located on the property due to a casualty, which renders the silo buildings unsafe for occupancy, this Agreement shall become null and void, and Lessor shall have a right of entry.

Section 12. Waiver of Subrogation. Both the Lessor and the Lessee shall obtain from their respective insurance carriers waiver of subrogation against the other party, their agents and employees. Neither party shall be liable to the other for any loss or damage caused by fire or any of the risks enumerated in a standard insurance policy with an extended coverage endorsement.

Section 13. Taxes. Tenant shall be responsible for payment of real property taxes assessed against the Property as a result of this Lease agreement, and for payment of any personal property taxes assessed against the Lessee's personal property.

Section 14. Personal Injury and Property Damage Incurred by Third Parties. Lessee shall and does hereby, by its own assets and insurance, agree to indemnify and hold harmless Lessor from any and all claims or actions for personal injury, death and property

damage incurred by third parties, and actions or claims of every kind which shall accrue to any person, firm or corporation, by reason of any injury or damage suffered by the third party caused by any act or omission to act on the part of Lessee, its agents, servants, employees, contractors, clients, business visitors, invitees or visitors occurring on the rented premises or on any adjacent premises, area, street, sidewalks, or ways, as a result of occupation of the premises by Lessee, or the conduct of business thereon, and Lessor shall not be liable for any such liability whatsoever, except for a liability arising from acts of Lessor or its agents on the rented premises or adjacent premises.

Section 15. Enforcement, Costs and Fees. Should Lessor by reason of any default or breach on the part of Lessee in the performance of any provision of this lease, be required to take legal action to enforce any provision of this lease or for the collection of rental or damages or to rescind this agreement by virtue of breach or default on the part of Lessee, the Lessee will pay all legal costs and expenses, including attorney's fees, expended or incurred by Lessor in connection therewith.

Section 16. Access to Premises. Lessor and its officers, agents and employees may have free access to the premises during normal business hours for the purpose of examining and inspecting the same and to ascertain whether the covenants and agreements contained in this lease are being performed by Lessee.

Section 17. Removal of Fixtures, Furniture and Equipment. Upon the termination of this lease or during the term of this lease, Lessee shall have the right to remove all fixtures, equipment and furnishings owned by Lessee and which have not become attached to the real property herein let, and all attached fixtures, equipment and furnishings which Lessor has given written consent to remove in order to allow Lessee to make necessary improvements to the structures and buildings located upon the leased premises. In the event Lessee removes any said fixtures, equipment or furnishings which Lessee is entitled to remove and by such removal causes damage or injury to the premises, Lessee agrees to repair such damage or injury to the premises immediately at Lessee's expense and to restore the premises to as good a state and

condition as the same were in at the beginning date of this lease or may be put into hereafter.

The provisions of this paragraph do not extend the term of this lease and the removal of all fixtures, equipment and furnishings which Lessee may remove shall be completed by Lessee before the termination of this lease.

Section 18. Signs and Advertising. Lessee can paint business signs on the outside walls of that portion of the building in which the leased premises are situated and business signs over entry doors into the leased premises; and further, Lessee may paint, attach or erect such signs and devices which have been agreed upon in writing signed by the parties hereto and which may from time to time be agreed upon in writing between the parties hereto. Any use of signs or advertising must comply with the ordinances of the City of The Dalles, the laws of the State of Oregon, and the rules and regulations of any other agency, department or commission having authority to regulate the same. Lessee does hereby indemnify and save harmless Lessor from any loss, cost, damage or expense to property or persons resulting from the erection, maintenance or removal of any such signs.

Section 19. Limitation of Lessor's Responsibility. Lessor shall not be liable for any injury or damage of any kind to persons or property, including but not limited to Lessee's property, stock of goods, equipment, furniture, fixtures and furnishings resulting from the condition of the premises or any act or omission to act in regard to the maintenance and repair of the premises of any kind.

Section 20. Termination Upon 180 days Written Notice. Lessor and Lessee shall each have the right to terminate this agreement upon giving the other party 180 days' written notice. The notice shall be sent by certified mail, return receipt requested, to the following addresses:

Lessor

Dan Durow, Staff Coordinator
Columbia Gateway
Urban Renewal Agency
313 Court Street
The Dalles, OR 97058

Lessee

James Martin
Qnenett Winery, aka TGE LLC
Discover Development, LLC
102 East 2nd Street
The Dalles, OR 97058

Section 21. Events of Default. The following events shall be defined to constitute an event of default under this lease by the Lessee.

1. Default in the due observance or performance of any other covenant, agreement, obligation or provision of this lease agreement.
2. The filing of a voluntary or involuntary bankruptcy petition on behalf of Quenett Winery, aka TGE LLC or Discover Development LLC.
3. An assignment for the benefit of creditors, or the appointment by a court of a trustee or receiver for all or a major portion of the Lessee's property.

Section 22. Remedies in the Event of Default. In the event of a default as defined herein, Lessor may take any one or more of the following actions:

1. Lessor shall have the absolute right to terminate the lease on a specified date, which date shall not be earlier than 30 days after written notice is given to Lessee. The lease shall be terminated and void, the same as if said lease had not been entered into.
2. Lessor may enter upon the premises and every part thereof at its option and repossess and have the premises fully and completely. Lessor, in case of default or breach of any of the terms hereof, may elect to use the remedy herein provided for repossession and, in addition thereto, may use such other remedy at law or in equity as it may desire. In the event it is necessary to institute a suit or action to enforce any of the covenants or provisions of this lease or to effect a re-entry upon the premises let by Lessor, the Lessee agrees to pay the Lessor its attorney's fees and expenses of such suit or action. Lessee agrees that on the last day of this lease or other sooner termination thereof, that Lessee will peaceably and quietly leave, surrender and yield the premises to the Lessor in as good a state and condition as the same are now in or may hereafter be put into, the reasonable use and wear thereof and damages by the elements excepted.

Section 23. Notices. Any notice given with respect to this Lease agreement, shall be deemed given when actually delivered personally or when deposited in the United States mail by certified mail, return receipt requested, in an envelope addressed to the addresses listed in Section 20.

Section 24. Purchase Option.

1. Lessor and Lessee acknowledge and agree that Lessee has a leasehold interest only in the Property described in Exhibit A for the term of this lease.
2. Lessor and Lessee acknowledge and agree that it is the mutual intent of both parties to enter into a Lease with a Purchase Option for the property described in Exhibits C, D, E, F, and G (which area of property includes the Property described in Exhibit A), upon completion of the East Gateway/Brewery Grade Intersection Project.

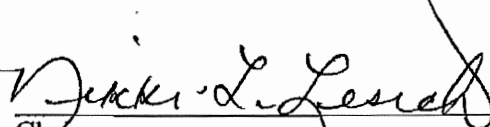
IN WITNESS WHEREOF, the parties have hereunto set their hands and seals in duplicate this 13th day of April, 2009.

LESSEE

LESSOR

Discover Development LLC

Columbia Gateway Urban Renewal Agency

By: 
ChairpersonTitle James Martin

TGB, LLC aka Quenett Winery LLC

By: Title James Martin

EXHIBIT "A"

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

Commencing at the Southwesterly corner of said Block 24; thence along the Westerly line of said Block 24, North $34^{\circ}18'19''$ East 26.34 feet to the true point of beginning of this description; thence leaving said Westerly line, South $60^{\circ}51'23''$ East 298.27 feet to the intersection with the Northerly right-of-way line of East Second Street; thence along said Northerly right-of-way line, South $76^{\circ}30'37''$ East 248.97 feet; thence leaving said Northerly right-of-way line, North $14^{\circ}41'29''$ East 114.16 feet to the intersection with the Southerly right-of-way line of the Union Pacific Railroad right-of-way; thence along said Southerly right-of-way line, North $76^{\circ}13'11''$ West 19.35 feet; thence along a spiral curve to the right (the long chord of which bears North $74^{\circ}40'08''$ West 168.97 feet); thence on a 999.83 foot radius curve to the right, through a central angle of $08^{\circ}02'57''$ a distance of 140.46 feet (the long chord of which bears North $67^{\circ}11'38''$ West 140.35 feet) to the intersection with Northerly line of said Block 24; thence along said Northerly line, North $56^{\circ}30'07''$ 176.84 feet to a point being 0.80 feet Northerly from the Westerly line of said Block 24, when measured at a right angle; thence parallel with and 0.80 feet distant from said Westerly line, South $34^{\circ}18'19''$ West 130.72 feet; thence South $60^{\circ}51'23''$ East 0.80 feet to the true point of beginning.

Contains 1.46 acres, more or less.

EXHIBIT "B"

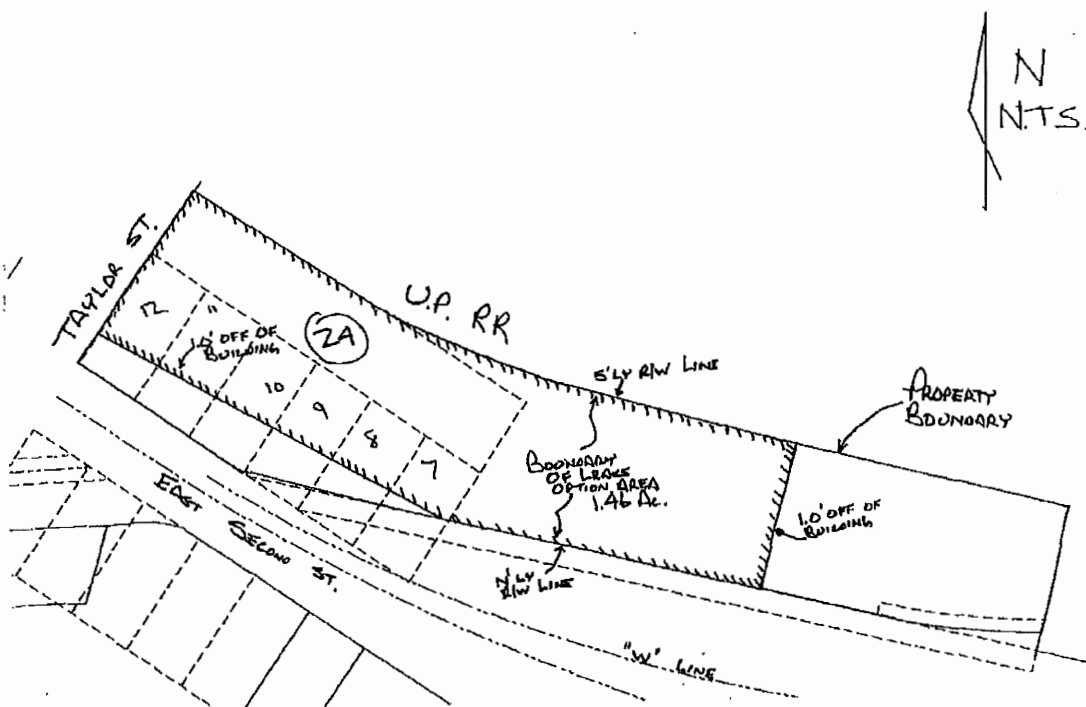


EXHIBIT "C"

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12, in Block 24, LAUGHLIN'S ADDITION TO DALLES CITY, and Lots 1, 2 and 3, in Block 4, ANNEX TO LORD AND LAUGHLIN'S ADDITION TO DALLES CITY, in the City of The Dalles, County of Wasco and State of Oregon, EXCEPTING THEREFROM, the portions thereof conveyed to Great Southern Railroad Company by instruments recorded in Book 61, Page 521, and in Book 62, Page 169, Deed Records of said county and State, which excepted portions are bounded as follows: On the South by the Northerly line of North Second Street as shown by the plat of Annex to Lord and Laughlin's Addition to Dalles City; on the North by a line 8 feet Northerly from and parallel with the center line of the Great Southern Railroad Company's siding to the Wasco Warehouse Milling Company's elevator; on the West by the Northeasterly line of Second Street (proper); and on the East by the Easterly line of Block 4, Annex to Lord and Laughlin's Addition to Dalles City, EXCEPTING THEREFROM, the portion thereof now occupied as an unloading dump.

ALSO, a tract of real property formerly a portion of Main Street, as shown on the Plat of Laughlin's Addition to Dalles City, in the County of Wasco, State of Oregon, and later known as First Street, which tract is described as follows:

Beginning at the intersection of the Northerly line of Block 24 in Laughlin's Addition to Dalles City with a line 45 feet Southerly from and parallel with the center line of the right of way of the Oregon-Washington Railroad and Navigation Company's Railway; thence Easterly along the Northerly line of said Block 24, a distance of 100 feet, more or less, to the Northeast corner of said Block; thence North 34° 14' East along the Northerly extension of the Easterly line of said block, a distance of 23 feet more or less, to a line 45 feet Southerly from and parallel with the center line of the Oregon-Washington Railroad and Navigation Company's right of way; thence Westerly on a curve to the right along the line 45 feet Southerly from and parallel with the center line of said right of way to the place of beginning.

ALSO, a tract of real property in the City of The Dalles, County of Wasco and State of Oregon, described as follows:

Beginning at the most Northerly corner of Block 4, Annex to Lord and Laughlin's Addition to Dalles City; running thence North 34° 14' East along the Northerly extension of the Westerly line of said block, a distance of 15 feet, more or less, to the Southerly boundary line of the right of way of the Oregon- Washington Railroad and Navigation Company's railway described in that certain instrument recorded in Book 28, Page 160, Deed Records of said county and state; thence Easterly along the Southerly line of said right of way, a distance of 418 feet to an iron pipe; thence at right angles toward the South following one of the boundary lines (hereinafter referred to as "Westerly line" of said tract conveyed to Oregon-Washington Railroad and Navigation Company, a distance of 112 feet to a point in a line 8 feet Northerly from and parallel with the Great Southern Railway's siding to the Wasco Warehouse Milling Company's Elevator; thence Westerly along the line 8 feet Northerly from and parallel with the center line of said siding, a distance of 7 feet, more or less, the Easterly line of said Block 4, thence Northerly along the Easterly line of said Block 4 to the Northeasterly corner thereof; thence Westerly along the Northerly line of said Block 4, a distance of 418 feet, more or less, to the place of beginning, the tract herein described being

all of that portion of real property lying between the Northerly and Easterly line of said Block and the Southerly and Westerly lines as referred to herein) of the tract conveyed to Oregon-Washington Railroad and Navigation Company by deed recorded in Book 28, Page 160, Deed Records of said county and state, lying Northerly of a line 8 feet Northerly from and parallel with the center line of the Great Southern Railway's siding to Wasco Warehouse Milling Company's Elevator.

Also, a tract of real property formerly a portion of 9th Street, as shown on the Plat of Laughlin's Addition to Dalles City, in the County of Wasco and State of Oregon, and later known as Taylor Street, which tract is described as follows:

Beginning at the most Westerly corner of Block 24, Laughlin's Addition to Dalles a City; running thence Northerly along the Northwestern line of said Block 24, a distance of 157 feet to the most Northerly corner of said Block 24; thence at right angles Westerly a distance of .80 feet, thence Southerly along a line .80 feet Northwesternly from and parallel with the Northwestern line of said Block 24, a distance of 157 feet to a point in the Westerly extension of the Southwesterly line of said Block 24; thence Easterly along the Westerly extension of the Southwesterly line of said block 24, a distance of .80 feet to the place of beginning.

EXCEPTING THEREFROM:

(a) Warranty Deed, including the terms and provisions thereof, Sunshine Biscuits, Inc., a New York corporation, to State of Oregon, by and through its State Highway Commission, dated January 28, 1952, recorded February 6, 1952 in Book 122, Page 745, Deed Records of Wasco County, Oregon.

(b) Correction Warranty Deed, including the terms and provisions thereof, Sunshie Biscuits, Inc., a New York corporation, to State of Oregon, by and through its State Highway Commission, recorded January 5, 1954 in Book 127, Page 562, Deed Records of Wasco County, Oregon.

(c) Warranty Deed, including the terms and provisions thereof, Sunshine Biscuits, Inc., a New York corporation, to State of Oregon, by and through its State Highway Commission, recorded January 4, 1962 in Book 145, Page 71, Deed Records of Wasco County, Oregon.

(d) Correction Warranty Deed, including the terms and provisions thereof, Sunshine Biscuits, Inc., a New York corporation, to State of Oregon, by and through its State Highway Commission, recorded March 30, 1962 in Book 145, Page 502, Deed Records of Wasco County, Oregon.

SUBJECT TO AND EXCEPTING all easements of record, zoning, use and building restrictions and the limitation and restrictions of all comprehensive plans and/or regulatory and/or land use statutes, ordinances, laws, rules and regulations of every kind and nature, any part of the above described real property lying within the boundaries of public roads and highways and reservations in government patents and deeds.

EXHIBIT "D"

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether, or not shown by the records of such agency or by the public records.
2. Any facts, rights, interest, or claims which are not shown by the public records, but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. (a) Unpatented mining claims, (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water; whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortages in area, encroachments, or any other facts which a survey would disclose, and which are not shown by public records.
5. Statutory liens or other liens or encumbrances, or claims thereof, which are not shown by the public records.
6. General, state, county and city taxes and installments of special assessments, if any, for the year 2005, and all subsequent years, none now due nor payable.
7. Access Restrictions contained in the four (4) deeds to State of Oregon, by and through its State Highway Commission, set out in Exceptions (a), (b), (c), and (d) of the attached described property.
8. Right, title and interest of the Oregon-Washington Railroad and Navigation Company in and to any mineral rights in the above described premises as disclosed by the Wasco County Tax Roll.
9. Existing leases, if any, not disclosed by the public record.
10. Liens in favor of the City of The Dalles, if any.

EXHIBIT "E"

The property described on that certain Warranty Deed recorded January 4, 1962, in Book 145 Page 71 and in that certain Correction Warranty Deed, recorded March 30, 1962, in Book 145 Page 502, Records of Wasco County, Oregon and by this reference made a part hereof;

Parcel 1

A parcel of land lying in the E1/2 of Section 3, Township 1 North, Range 13 East, W.M., Wasco County, Oregon, and being a portion of that property described in that deed to Sunshine Biscuits Incorporated, recorded in Book 115, Pages 202-203, of Wasco County Records of Deeds; the said parcel being that portion of said property included in a strip of land 16.5 feet in width, 8 feet on the Northerly side and 8.5 feet on the Southerly side of the center line of Spur Track #200 as said Spur Track has been relocated, which center line is described as follows:

Beginning at Engineer's center line Station RR 16+63.7, which Station equals Station RR 19+99.4 on Track #18, said Station also being 229.3 feet North and 1266.5 feet East of the most Westerly corner of Block 24 of Laughlin's Addition to said Dalles City; thence on a 6° 00' curve to the left (the tangent to said curve at Station 16+63.7 bearing North 76° 18' 49" West) 296.6 feet to Station 19+60.3; thence South 85° 53' 25" West, 213.2 feet to Station 21+73.5, the beginning of a 10° 00' curve to the right; thence 175.7 feet on said 10° 00' curve right to Station 23+49.2 (the tangent to said 10° 00' curve at Station 23+49.2 bearing North 76° 32' 34" West) the Westerly line of said strip of land lies at right angles to said center line at Station 23+49.1. Said center line crosses the Easterly line of said property approximately at Station 21+94.

ALSO any portion of said property lying Southerly of said strip of land.

(Bearings used herein are based upon the Oregon Co-ordinate System, North Zone.)

The parcel of land to which this description applies contains, 1,000 square feet, more or less.

Parcel 2

A parcel of land lying in the E1/2 of Section 3, Township 1 North, Range 13 East, W.M., Wasco County, Oregon, and being a portion of that property described in that certain deed to Sunshine Biscuits Incorporated, recorded in Book 115, Pages 202-203 of Wasco County Records of Deeds; the said parcel being a strip of land 10 feet in width lying Northerly of and adjacent to the Northerly line of Parcel No. 1, said strip of land extending from a line at right angles to the relocated center line of the Spur Track described in Parcel No. 1 at RR Station 23+49.2 to the Easterly line of said property.

The parcel of land to which this description applies contains 1,500 square feet, more or less.

This conveyance is made and delivered upon the following express conditions, reservations, and restrictions:

1. Subject to special assessments, existing restrictions, reservations, and easements of record, if any.

2. That the above described land shall never be used for the placing or maintenance of any advertising sign, display, or device, except such sign, display, or device used to advertise the activities on said land, or the lease or sale of said land or any portion thereof. In the event of violation of this condition, Grantor shall have the right, through its authorized officers, agents, or employees to enter upon said land and remove, destroy, or obliterate any unauthorized sign, display, or device, without liability for damage or injury thereto, and to recover the cost of such removal, destruction or obliteration from the owner of said land.

3. That no junk, scrap, junked motor vehicles, or parts thereof, debris, trash, waste, or other such materials shall be placed on said land for whatever purpose in any manner so as to be visible from a state highway, provided that such items as listed above, can otherwise be placed on said land without violating any applicable law, ordinance, or regulation. In the event of violation of this condition, Grantor shall have the right, through its authorized officers, agents, or employees, to enter upon said land and remove or destroy any unauthorized junk, scrap, or other material mentioned above and recover the cost of such removal or destruction from the owner of said land.

4. That this property shall not be used for the operation of any garbage dump or sanitary land fill. If such use is made of the property, Grantor may, at its election; enter upon said land and restore it to the condition that existed prior to said use for garbage dump or sanitary land fill purposes and recover the cost thereof from the owner of said land.

5. That this conveyance is made upon the further condition, which shall constitute a covenant running with the land, that Grantor shall not at any time become liable to Grantee and grantee's heirs, successors and assigns in interest, for damages to the land herein described or any buildings, structures, improvements, or property of any kind or character now or hereafter located upon said land or for any injuries to any owner, occupant, or any person in or upon said land or for any interference with the use and enjoyment of said land or for damages which except for this covenant might constitute a nuisance caused directly or indirectly by noise or air pollutant emissions from transportation vehicles using the highway or transportation facility adjacent to said land. Any reference in this covenant to the highway or transportation facility adjacent to said land refers to the highway or transportation facility as it now exists and also as it will exist with future improvements. Grantee and grantee's heirs, successors and assigns covenant not to sue Grantor for any said injuries or damages.

6. That Grantee acknowledges that it has examined the above described Property to its own satisfaction and has formed its own opinion as to the condition (including environmental condition) and value thereof. Grantee has not relied on any statements or representations from Grantors or any person acting on behalf of Grantors concerning any of the following: the size or area of the Property or any of the parcels of the Property; the location of corners or boundaries of any parcel of the Property; the conditions of the Property, including but not limited to, environmental condition above or below the surface of the Property or compliance with environmental laws and other governmental requirements; the availability of services to the Property; the ability of Purchaser to use the Property or any portion thereof for any intended purpose; or any other matter affecting or relating to the Property or any portion thereof. Grantee is acquiring the Property, both above surface and below surface, in the condition existing at the time of closing, AS IS, with all defects, if any. Grantee waives, releases and forever discharges Grantors of and from all claims, actions, causes of action, fines, penalties, damages (including consequential, incidental and special damages), costs (including the cost of complying with any judicial or governmental order), and expenses (including attorney fees), direct or indirect, known

or unknown, foreseen or unforeseen, which may arise on account of or in any way growing out of or in connection with any physical characteristic or condition of the Property, including any surface or subsurface condition, or any law, rule or regulation applicable to the Property:

7. Subject to the rights of any utilities located within said property and further subject to the rights of said existing facilities, if any there be, to operate, reconstruct, and maintain their utility facilities presently located within said property.

It is understood that the conditions, reservations, restrictions, and covenants herein set out have been considered in determining the amount of consideration of this conveyance.

The rights and remedies herein reserved or provided shall not be exclusive and shall not be in derogation of any other right or remedy which Grantor may have. The conditions and restrictions herein contained shall run with said land and shall forever bind Grantee and grantee's heirs, successors and assigns. Where any action is taken to enforce the above mentioned conditions and restrictions, Grantor shall not be liable for any trespass or conversion as to any real or personal property. Where legal proceedings are commenced by Grantor to enforce the foregoing conditions and restrictions or for the recovery of the aforementioned removal or destruction costs, the successful party shall be entitled to reasonable attorney fees and court costs.

EXHIBIT 'F'

A tract of land lying in Lots 7, 8, 9, and 10 of Block 24, Laughlin's Addition, in Block 4, of Annex to Lord and Laughlin's Addition and in the Southeast 1/4 of Section 3,

Township 1 North, Range 13 East, Willamette Meridian, City of The Dalles, Wasco County, Oregon, being more particularly described as follows.

Commencing at the Southwesterly corner of said Block 24; thence along the Southerly line of said Block 24, South 55°21'33" East 145.03 feet to the true point of beginning of this description, said true point of beginning bears, North 55°21'33" West 155.80 feet from the Southeasterly corner of said Block 24; thence leaving said Southerly line, South 74°47'06" East 117.28 feet; thence South 76°30'37" East 511.37 feet to the intersection with the Southerly extension of the Easterly line of that tract of land described in Book 115, Page 202, Deed Records of Wasco County; thence along said Southerly extension, South 13°48'07" West 16.50 feet; thence North 76°30'37" West 576.73 feet to the intersection with Southerly line of said Block 24; thence along said Southerly line, North 55°21'33" West 55.51 feet to the true point of beginning of this description.

Contains 10,059 square feet.

EXCEPTING THEREFROM the following described portion:

Two tracts of land lying in Lots 7, 8, 9, and 10 of Block 24, Laughlin's Addition, and in Block 4 of Annex to Lord and Laughlin's Addition, in the Southeast 1/4 of Section 3, Township 1 North, Range 13 East, Willamette Meridian, City of The Dalles, Wasco County, Oregon, being more particularly described as follows.

Commencing at the Southwesterly corner of said Block 24; thence along the Southerly line of said Block 24, South 55°21'33" East 145.03 feet to the true point of beginning of this description; thence leaving said Southerly line, South 74°47'06" East 31.97 feet; thence South 64°18'40" East 58.02 feet; thence on a 539.00 foot radius curve to the left, through a central angle of 04°06'35" a distance of 38.66 feet (the long chord of which bears South 66°21'58" East 38.65 feet); thence North 76°30'37" West 74.94 feet to the intersection with said Southerly line; thence along said Southerly line, North 55°21'33" West 55.51 feet to the true point of beginning of this description.

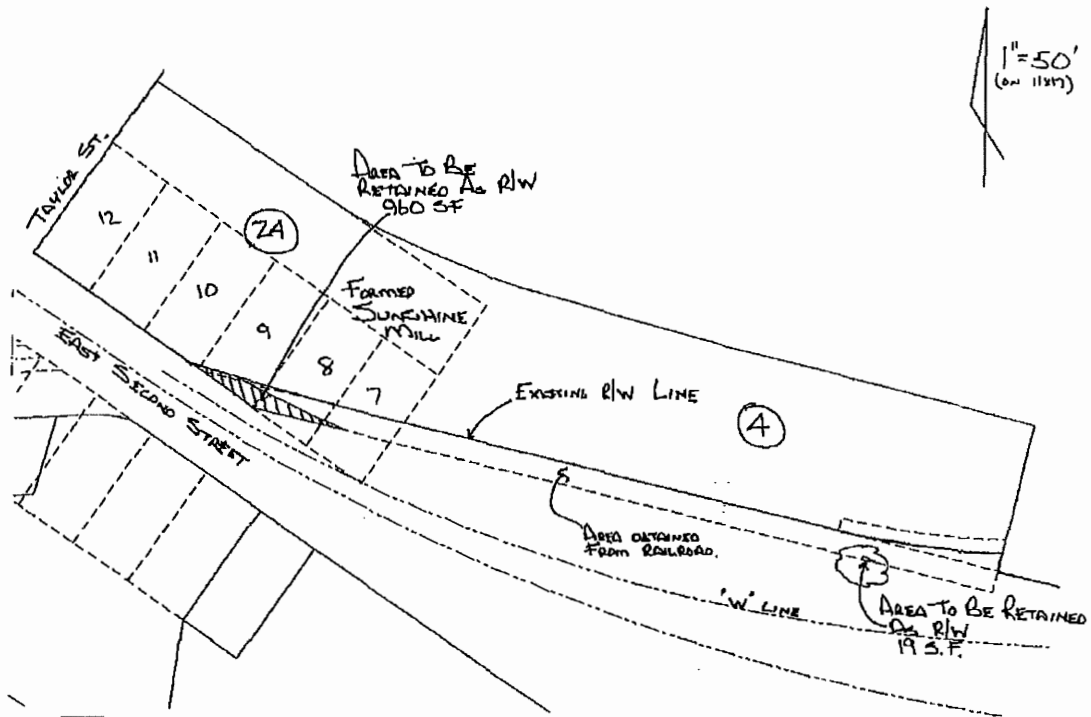
Contains 960 square feet.

Also the following described tract of land.

Commencing at the Southwesterly corner of said Block 24; thence along the Southerly line of said Block 24, South 55°21'33" East 200.54 feet; thence South 76°30'37" East 474.14 feet to the true point of beginning of this description; thence continuing, South 76°30'37" East 14.68 feet; thence North 66°07'37" West 14.44 feet; thence South 23°52'23" West 2.65 feet to the true point of beginning of this description.

Contains 19 square feet.

EXHIBIT "G"



LAND SALE CONTRACT

ATTACHMENT 2

Page 1 of 9

DATED: _____, 2013.

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

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

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

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

Tax Statement:

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

Section 1. Purchase Price and Payment

1.1 Total Purchase Price. Purchaser promises to pay Seller as the total purchase price for the Property the sum of \$305,123.69 (US), plus interest calculated at the annual rate of one percent (1%) on the purchase price until the purchase transaction is closed as further defined herein. The purchase price shall be allocated in the following manner: \$265,276.00 shall be allocated for the parcels described in Exhibit C; \$16,911.69 shall be allocated for the parcel described in Exhibit D; and \$22,936.00 shall be allocated for the reimbursement of Seller for the costs advanced by Seller for certain streetscape improvements constructed in connection with the East Gateway/Brewery Grade Project.

1.2 Payment of Total Purchase Price. Within five years from the date of execution of this Land Sale Contract, Purchaser shall pay the full purchase price and all applicable accrued interest from the date of execution of this Land Sale Contract until the purchase transaction is closed, in cash at the time of closing.

1.3 Place of Payments. All payments to Seller must be made to the escrow agent described in Section 3.4.

Section 2. Taxes and Loan Repayment

2.1 Obligation to Pay Taxes. Purchaser acknowledges there is a current balance of \$4,152.79 owed for real property taxes for the 2012 tax year, which shall be paid by Purchaser to the Wasco County Assessors by May 15, 2013. From and after the date of execution of this Land Sale Contract, Purchaser shall be responsible for payment of all property taxes assessed upon the real property and all personal property taxes assessed against the

Purchaser's equipment installed upon the property. Purchaser may elect to pay taxes and assessments in accordance with any available installment method.

2.2 Loan Repayment. Purchaser acknowledges that pursuant to the Loan Agreement between Purchaser and Seller dated October 12, 2009, which Loan Agreement was amended on September 19, 2010 to increase the loan proceeds from \$500,000 to \$600,000, the balloon payment to repay the loan in full is due on October 14, 2014. As a condition precedent to the conveyance of the property by Seller to Purchaser, said balloon payment shall have been paid by Purchaser to Seller by no later than October 14, 2014.

Section 3. Closing

3.1 Closing Date. The transaction to complete the purchase of the property shall be closed no later than May 15, 2015. As used in this Contract, the Closing Date means the date on which the escrow agent is prepared to disburse funds. The closing will occur in escrow at the offices of Wasco Title.

3.2 Responsibility of Parties. At closing, Purchaser must pay the amount of cash specified in Section 1.1 above, and Seller must have received a commitment for the issuance of a policy of title insurance as described in Section 9.

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

3.4 Payment / Escrow. Seller must deliver to Wasco Title, as escrow agent, the deed described in Section 12, together with suitable instructions authorizing delivery after all payments have been made and all other obligations of Purchaser under this Contract have been fulfilled. The costs of setting up the escrow will be evenly divided.

Section 4. Possession and Existing Tenancies

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

Section 5. Indemnification

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

connected with any of the above events or claims, against which Purchaser agrees to defend Seller, Purchaser will, on notice from Seller, vigorously resist and defend such actions or proceedings in consultation with Seller through legal counsel reasonably satisfactory to Seller.

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

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

Section 6. Representations, Warranties, and Covenants of Seller

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

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

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

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

6.5 Hazardous Substances. To the best of Seller's knowledge, no Hazardous Substance has been disposed of, spilled, leaked, or otherwise released on, under, or from property adjacent to or in the immediate vicinity of the Property. No wastes, including without limitation garbage and refuse, have been disposed of on the Property, and the circumstances concerning removal of underground storage tanks has been addressed in section 5 of this Agreement. The term *Hazardous Substance* means any hazardous, toxic, radioactive, or infectious substance, material, or waste as defined, listed, or regulated under any law pertaining to the protection of human health or the environment, and includes without limitation petroleum oil and its fractions.

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

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

6.8 No Further Contracts. Seller represents that there are no contracts, leases, or agreements relating to the Property, (except the Lease Agreement dated April 13, 2009, which will be terminated as set forth in Section 4.2) that will be binding on the Property after the Closing Date.

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

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

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

Section 7. Title Insurance

On the Closing Date, Purchaser and Seller shall cause the Title Company to furnish to the other party an ALTA standard coverage owner's policy of title insurance in the amount of \$282,187.69, insuring that title to the property being conveyed is vested in the Purchaser, subject to the usual printed exceptions and any exceptions approved by the Purchaser. Premium costs for the title insurance policy shall be allocated in the manner set forth in Section 3.3

Section 8. Deed

On payment of the total purchase price for the Property as provided in this Contract and Purchaser’s performance of all other terms, conditions, and provisions of this Contract, Seller will forthwith deliver to Purchaser a good and sufficient bargain and sale deed conveying the Property free and clear of all liens and encumbrances, except those referred to on attached Exhibits A and B (with the understanding that Exception No. 1 will be removed), and all liens or encumbrances suffered by or placed on the Property by Purchaser subsequent to the date of this Contract.

Section 9. Default

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

- (1) Purchaser’s failure to make any payment when due.
- (2) Any default under the Prior Lien attributable to Purchaser.

(3) Purchaser's failure to perform any other obligations contained in this Contract within 7 days after notice from Seller specifying the nature of the default or, if the default cannot be cured within 7 days, failure within such time to commence and pursue curative action with reasonable diligence.

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

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

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

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

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

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

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

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

Section 10. Waiver

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

Section 11. Successor Interests

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

Section 12. Prior Agreements

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

Section 13. Notice

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

Section 14. Applicable Law

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

Section 15. Costs and Attorney Fees

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

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

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

Section 16. Number, Gender, and Captions

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

Section 17. Survival of Covenants

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

Section 18. Condition of Property

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

Section 19. Statutory Disclaimer

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

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

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

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

Seller:

Purchaser:

Stephen E. Lawrence, Chairperson

James Martin, Owner

State of Oregon)
) ss.
County of Wasco)

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

Notary Public for Oregon
My commission expires: _____

State of Oregon)
) ss.
County of Wasco)

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

Notary Public for Oregon
My commission expires: _____

LEGAL DESCRIPTION
for
Tax Lot 1N-13-03DA 100

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

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

Contains 2.40 acres.

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

EXHIBIT "A"

THIRD ADDENDUM TO MEMORANDUM OF UNDERSTANDING BETWEEN THE COLUMBIA GATEWAY URBAN RENEWAL AGENCY AND RAPOZA DEVELOPMENT GROUP, LLC

WHEREAS, the Columbia Gateway Urban Renewal Agency, hereinafter referred to as “Agency”, and Rapoza Development Group, LLC, hereinafter referred to as “Developer” entered into a Memorandum of Understanding (“MOU”) dated August 28, 2012, confirming the mutual intent and agreement in principle for undertaking the proposed acquisition and development by Developer of certain property located on portions of a block in downtown The Dalles, Oregon, which project is commonly referred to as the Granada Block Redevelopment Project (“Project”); and

WHEREAS, on September 24, 2012, Agency and Developer entered into a First Addendum to the Memorandum of Understanding dated August 28, 2012, which extended the time for completion of the Development and Disposition Agreement (“DDA”) to November 15, 2012; and

WHEREAS, on November 28, 2012, Agency and Developer entered into a Second Addendum to the Memorandum of Understanding, which extended the time for completion of the DDA to March 15, 2013, to allow the parties additional time obtain further information concerning the cost estimates associated with the proposed demolition of the Recreation Building; and

WHEREAS, the parties have mutually agreed that additional time is necessary to obtain further information concerning the methods and estimated costs for resolution of any archeological conditions existing upon the site of the Recreation Building and the Recreation Building Parking Lot, and that although Section 1.4 of the MOU provides that the MOU is not intended to be a binding agreement, the parties have agreed they desire to enter into a third addendum reflecting their intent that the MOU continue in effect until the DDA has been signed and executed by both parties;

NOW, THEREFORE, in consideration of the provisions set forth in this First Addendum, it is mutually agreed as follows:

1. The first sentence in Section 1.3.4(a) on page 3 shall be revised to read as follows: The DDA must be signed by April 30, 2013, or sooner if possible, provided Agency and Developer have mutually agreed that sufficient information has been obtained to allow for preparation of a mutually agreed scope of work for the methods and estimated costs for resolution of any archeological conditions which exist upon the site of the Recreation Building and the Recreation Building Parking Lot.
2. The first sentence in Section 4.1 on page 7 shall be revised to read as follows: Agency and Developer will negotiate, enter into, execute and deliver a DDA on a

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date as soon as feasible, but not later than April 30, 2013 (the "Agreement Date") or sooner if possible, provided Agency and Developer have mutually agreed that sufficient information has been obtained to allow for preparation of a mutually agreed scope of work for the methods and estimated costs for resolution of any archeological conditions which exist upon the site of the Recreation Building and the Recreation Building Parking Lot.

3. In Section 5.1.1 on page 10, the date of March 15, 2013 shall be changed to April 30, 2013.
2. Except as modified by this Third Addendum, the Second Addendum dated November 28, 2012, and the First Addendum dated September 24, 2012, the terms and provisions of the August 28, 2012 MOU shall remain in effect.

AGREED AND ACCEPTED:

**COLUMBIA GATEWAY URBAN
RENEWAL AGENCY**

RAPOZA DEVELOPMENT, LLC.

By: _____

By: _____
Manager

Date

Date

SUNSHINE MILL WINERY

- FIRE HYDRANTS
- EXISTING BUILDING
- NEW BUILDING



0 50' 100' 150'
SCALE: 1"=50'-0"





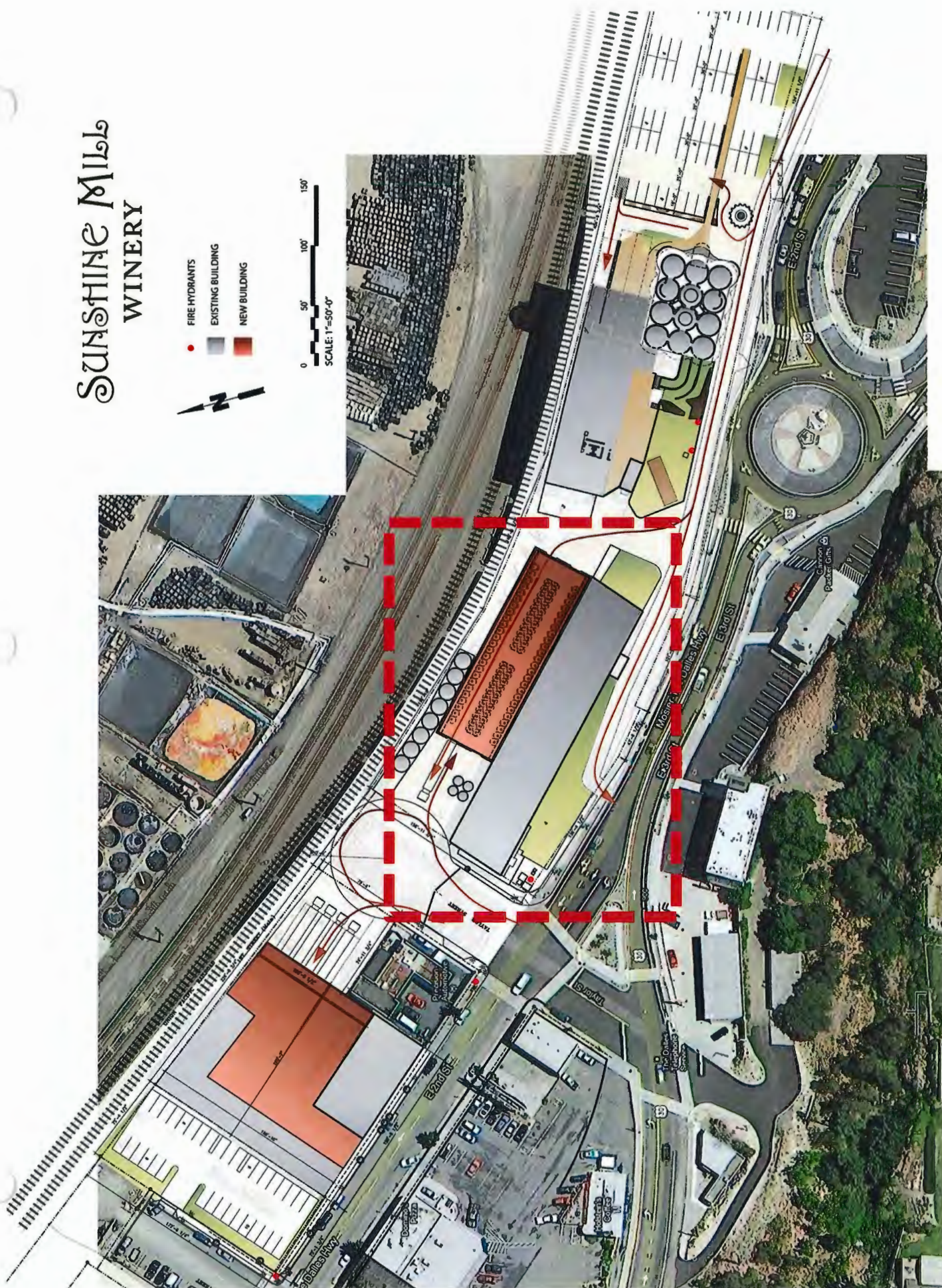
SUNSHINE MILLS WINERY

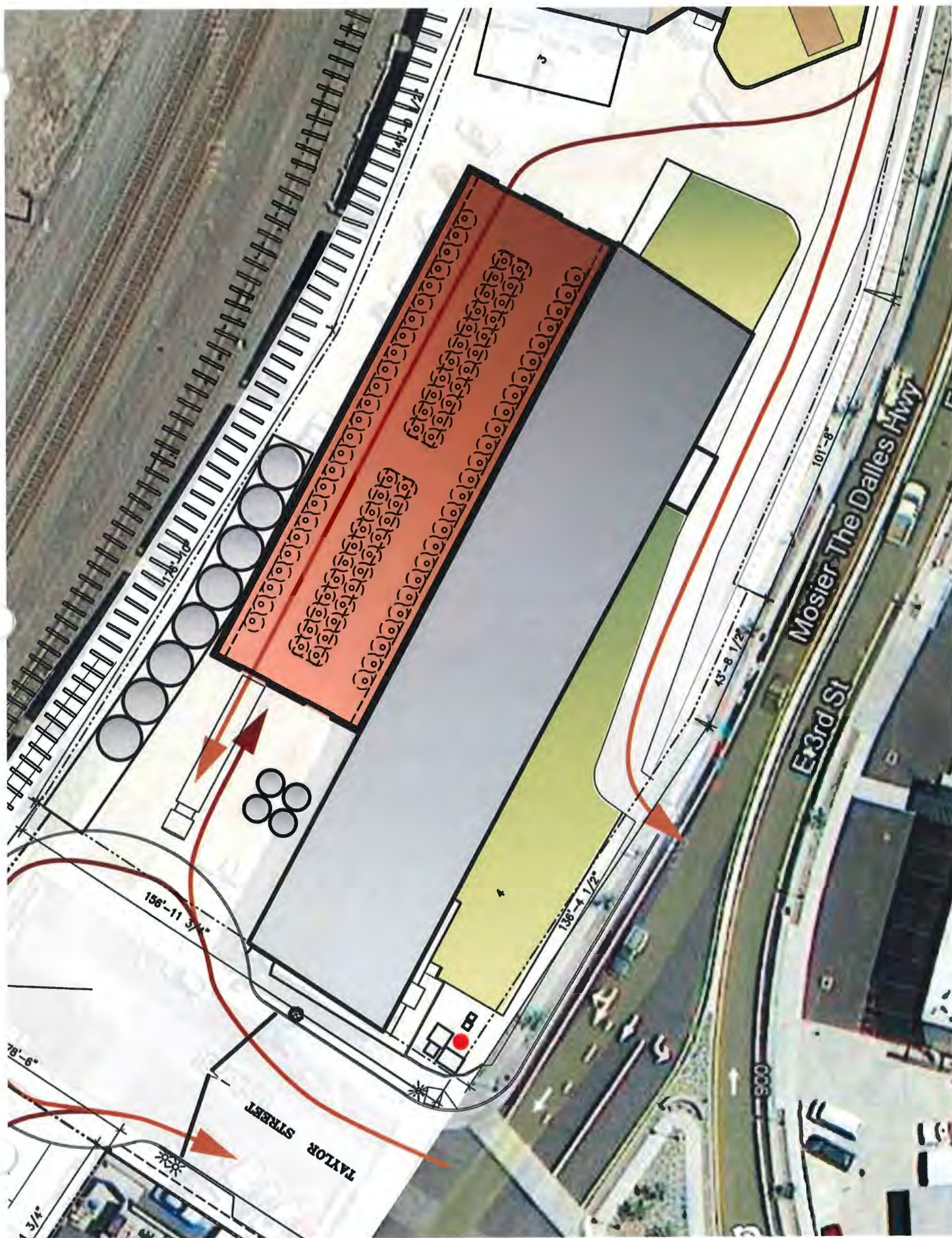
- FIRE HYDRANTS
- EXISTING BUILDING
- NEW BUILDING



0 50' 100' 150'

SCALE: 1"=50'-0"



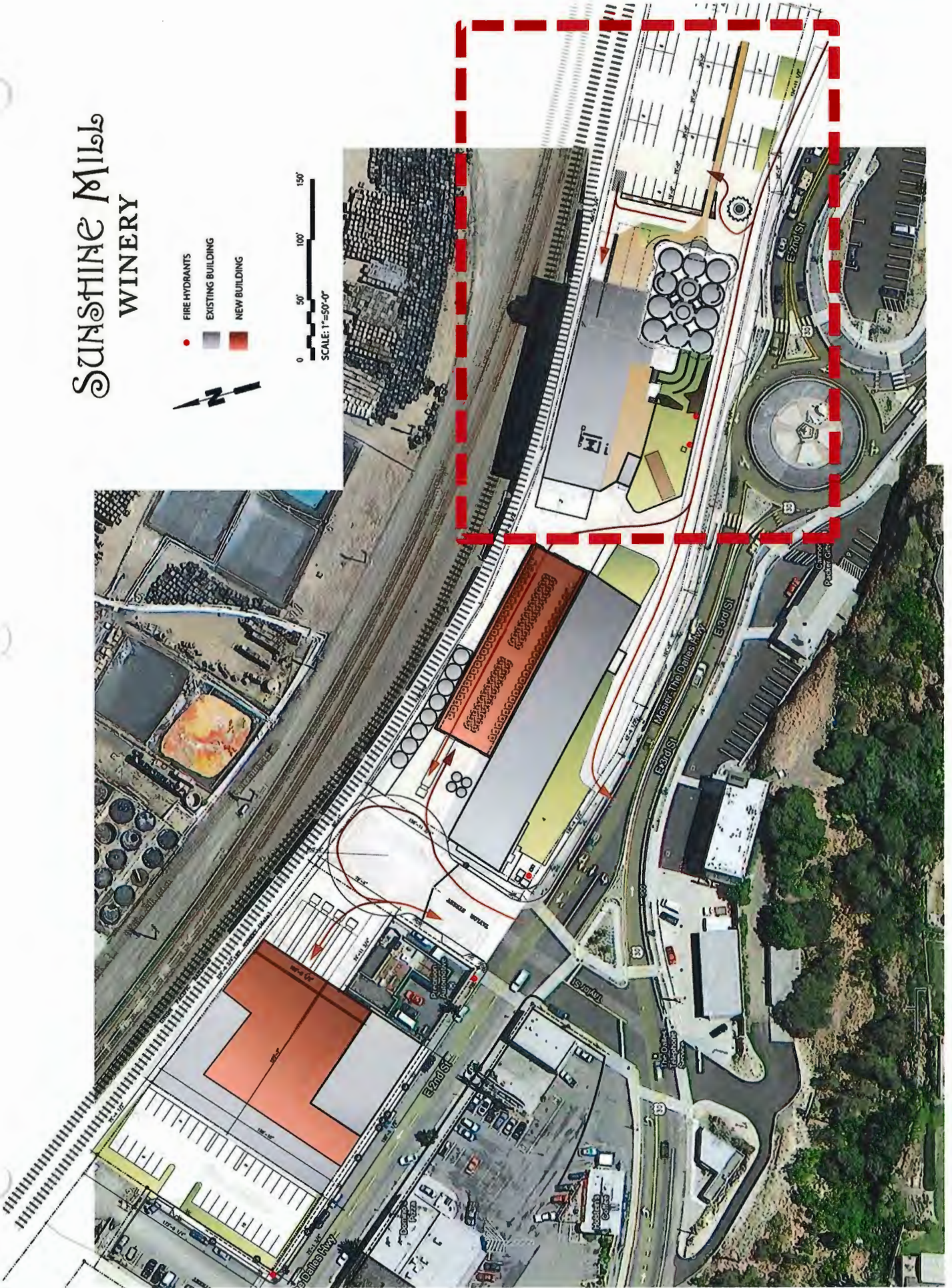


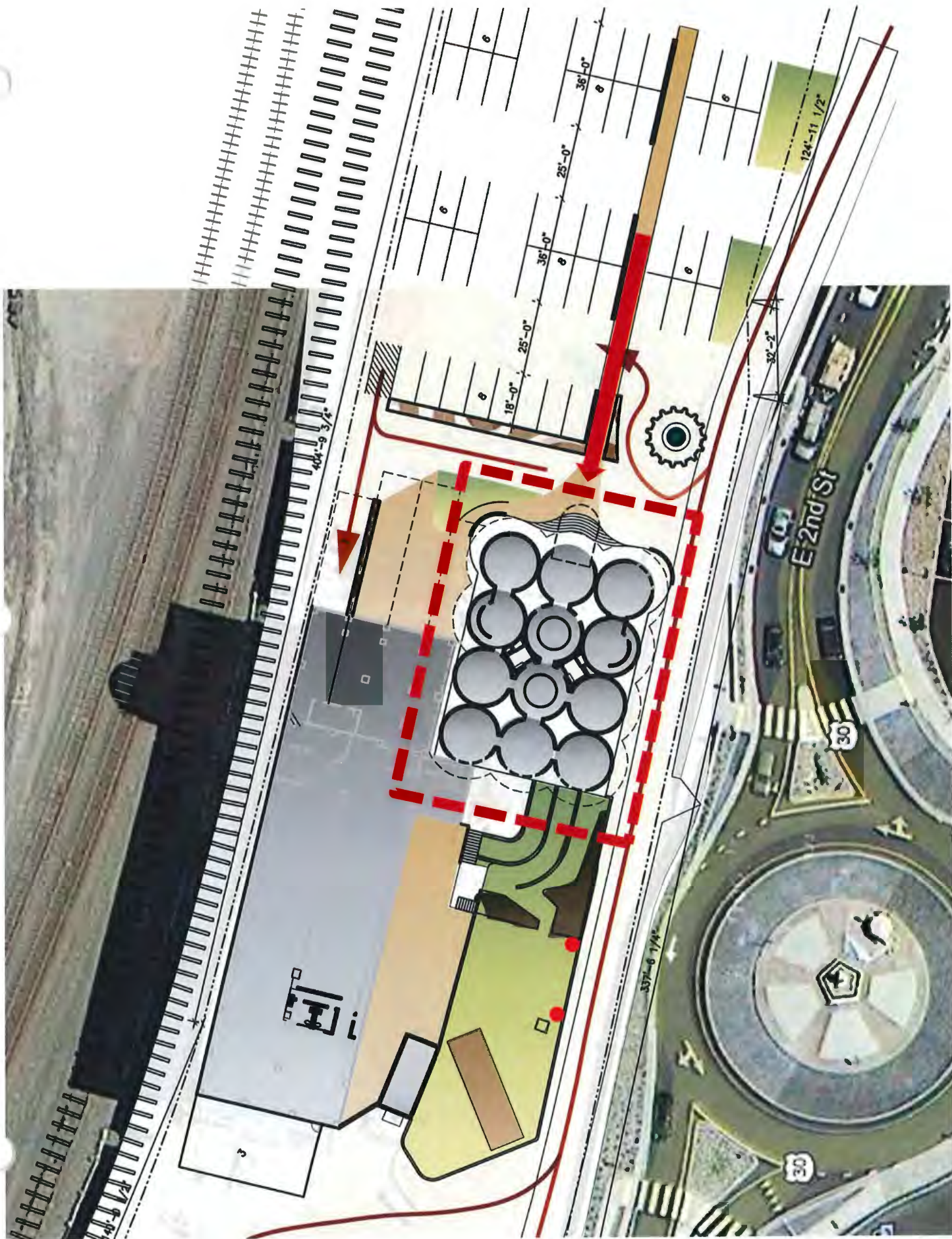
SUNSHINE MILLS WINERY

- FIRE HYDRANTS
- EXISTING BUILDING
- NEW BUILDING

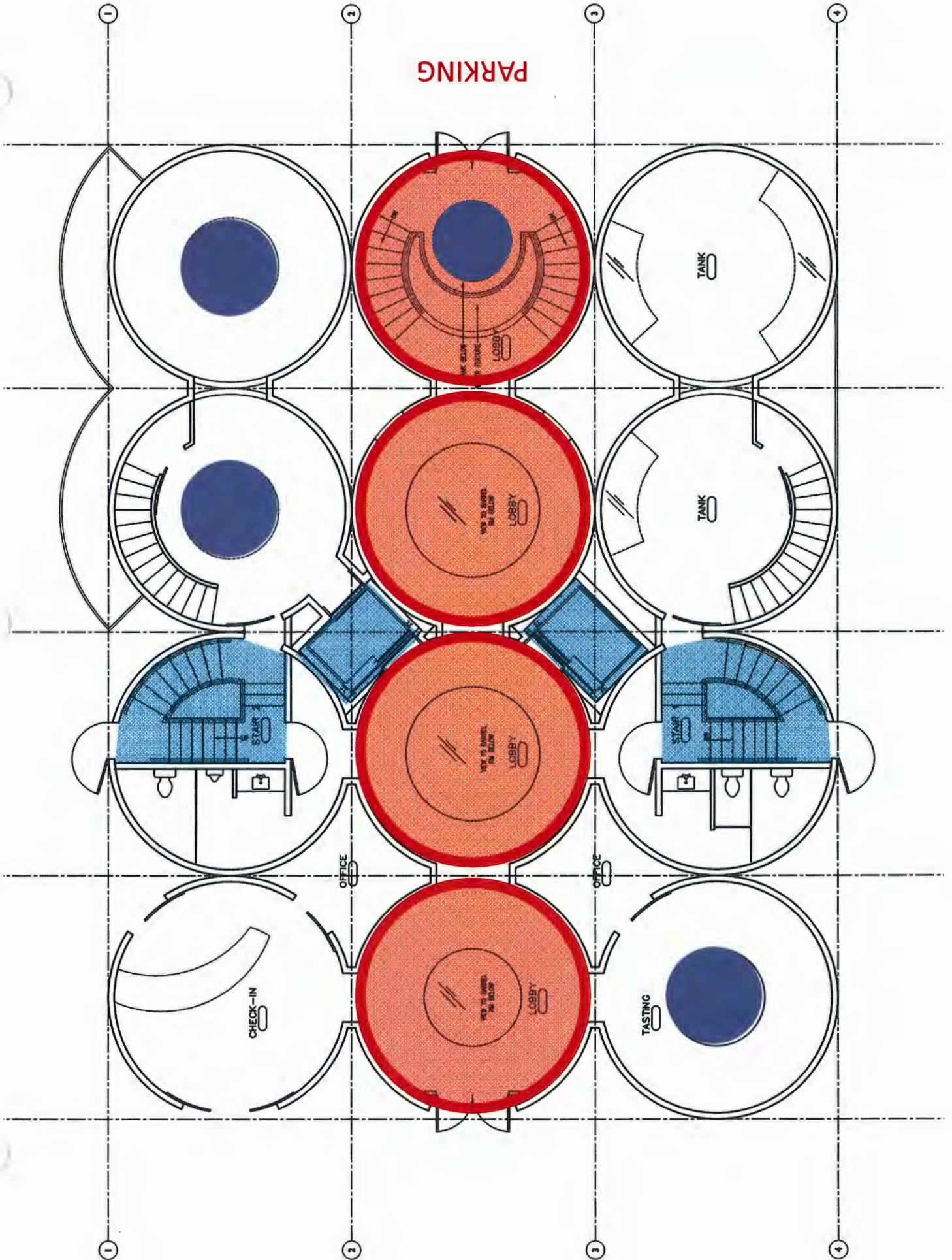


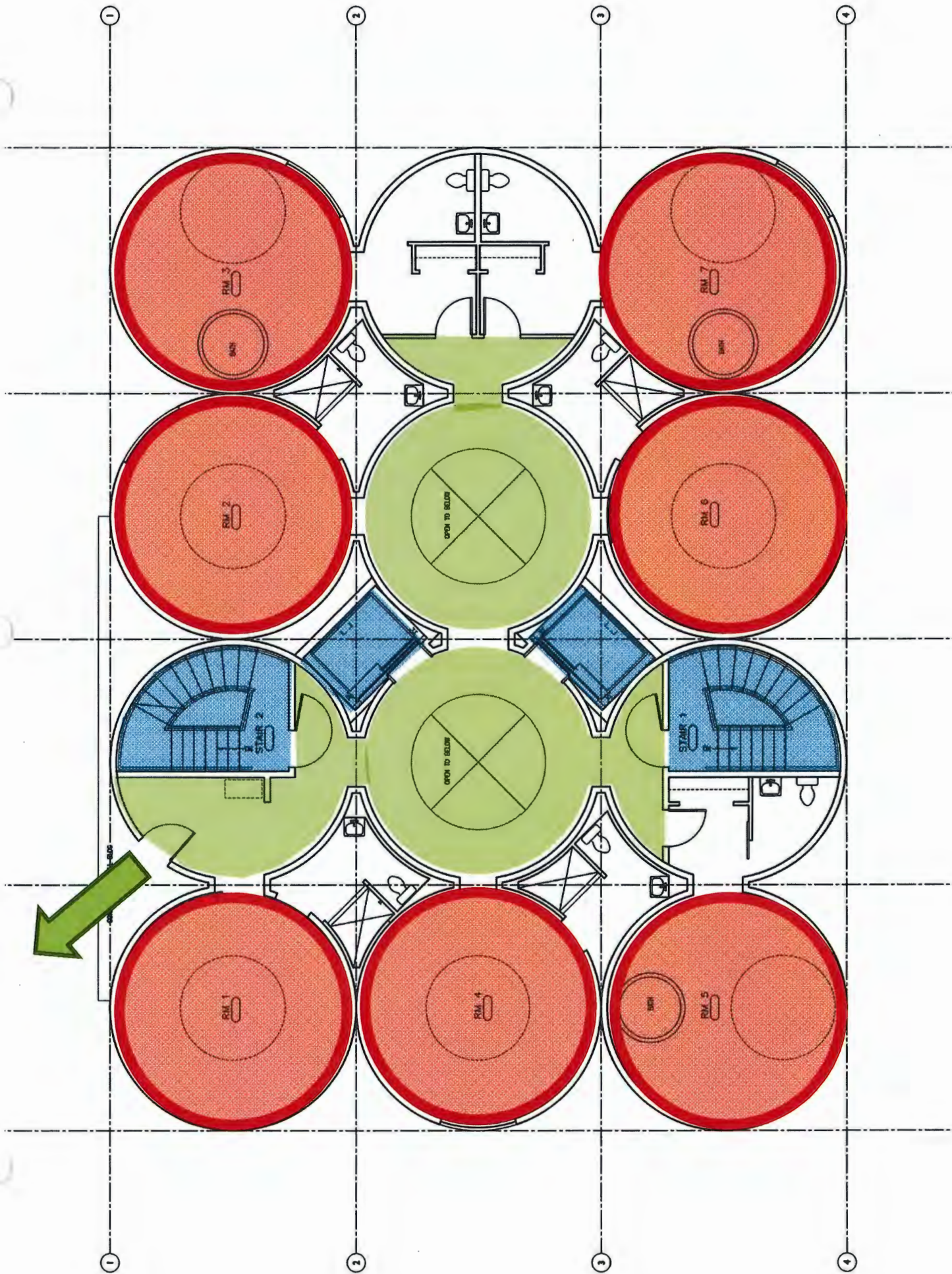
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PARKING





ROOF GARDEN WINERY

10TH

9TH

8TH

7TH

6TH

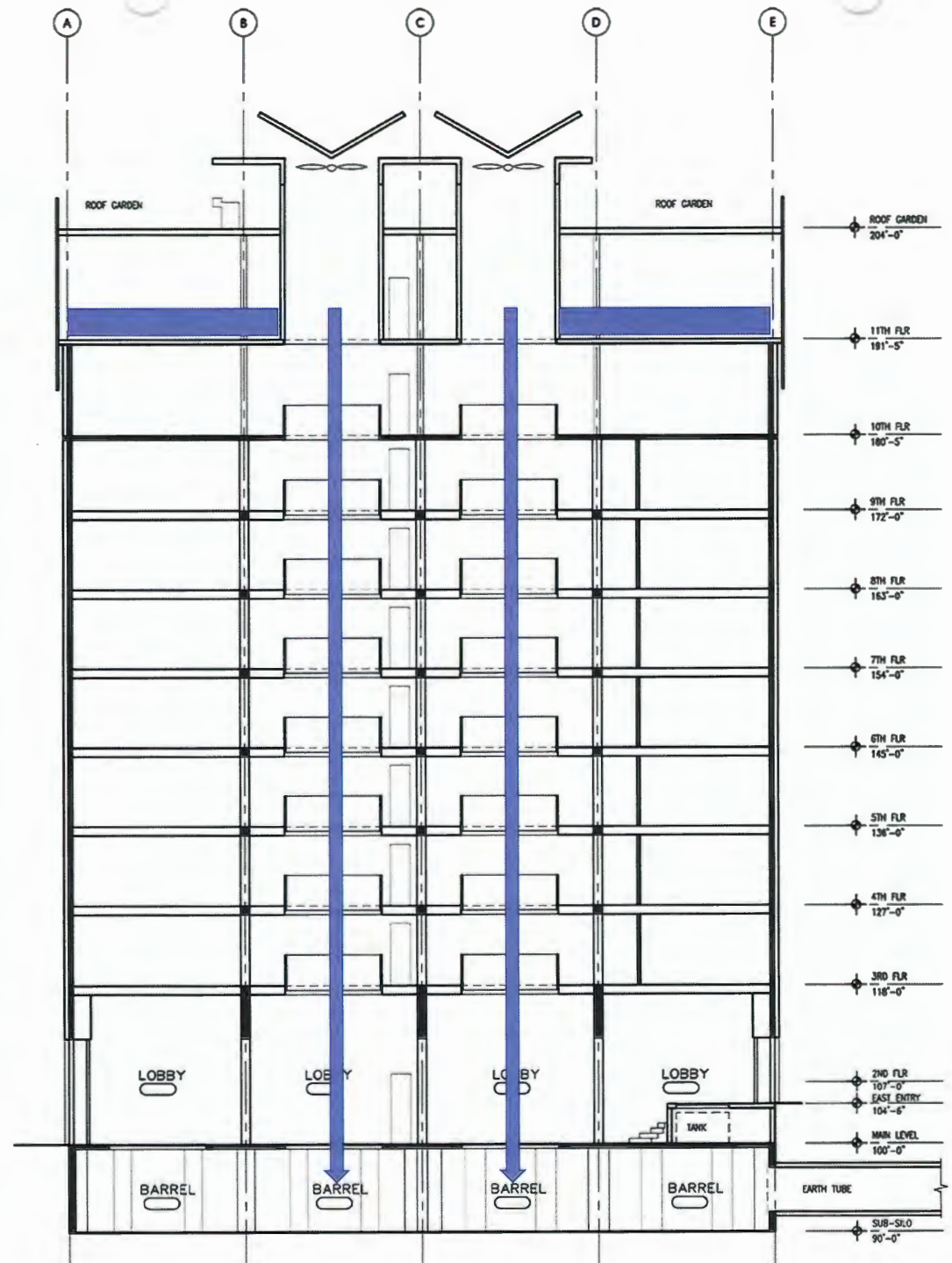
5TH

4TH

3RD

LOBBY

BARREL RM / RESTAURANT









SUNSHINE MILLS WINERY

- FIRE HYDRANTS
- EXISTING BUILDING
- NEW BUILDING

0 50' 100' 150'

SCALE: 1"=50'-0"

