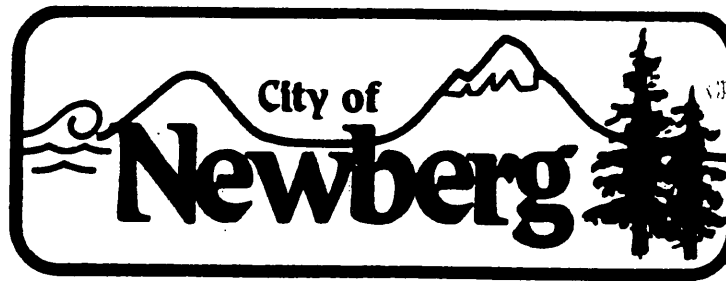


City Manager
(503) 538-9421

City Attorney
(503) 537-1206



→ Vault (Springbrook Oaks)
CITY OF NEWBERG
CITY RECORDER INDEX NO. 1918

414 East First Street
PO Box 970
Newberg, Oregon 97132

Community Development Office

P.O. Box 970 • 414 E. FIRST STREET • NEWBERG, OR 97132 • (503) 537-1240 • FAX: (503) 537-5013

May 7, 2002

Mr. G. Michael Gougler
President
MJG Development, Inc.
5241 Windsor Terrace
West Lin, OR 97068

RE: Brutscher Street, Hayes Street and Fernwood Road

Dear Mr. Gougler:

ON APRIL 19TH,
The City of Newberg appreciated the attendance ~~last Thursday~~ at the meeting in City Hall of yourself, Howard Werth, Todd Saunders, Doug Harner and Curt Walker, where City staff discussed with your group the immediate future of Brutscher Street, Hayes Street and Fernwood Road. The purpose of this letter is to memorialize the conclusions and agreements reached at that meeting.

The Springbrook Oaks team at that meeting offered to extend Brutscher Street (the design of which would be agreed to by the Springbrook Oaks team and the City) to Fernwood Road as soon as possible. The Springbrook Oaks team also offered to place the culvert and fill over West Springbrook Creek at Hayes Street as soon as the activity is permitted by the resource agencies. The City agreed to be responsible for obtaining the permit from the resource agencies. The City also agreed that it would cooperate in the development process by waiving the engineering plan review and inspection fees for the Fernwood Road repair and the Hayes Street culvert and fill. The City will also agree to a waiver of ½ of the engineering plan review and inspection fees for the extension of Brutscher Street to Fernwood Road.

The Springbrook Oaks team also offered a repair to Fernwood Road. The repair will restore the road to roughly its original condition and will not require any excavation or fill within the bed of the creek. The repair will be made according to City design and will include the installation of an appropriate drain and dam system to prevent recurrence of the failure. To protect its integrity after being restored, some vehicle weight limitations are likely to be placed on the road. The City agrees to hold Springbrook Oaks harmless with respect to the design. Construction quality will be expected to represent good workmanship and to adhere to the standards of the industry.

In exchange for this work, the City (subject to City Council approval) will agree to:

- 1) Based on an agreed price before work begins, compensate the Werth Family, LLC, for costs incurred repairing Fernwood Road either in cash, SDC credits, or some other consideration agreeable to both parties.

● CITY MANAGER'S OFFICE: e-mail: nctymgr@ci.newberg.or.us Fax: 537-5013 ●

Building: 537-1240 ● Community Development: 537-1240 ● Finance: 537-1201 ● Fire: 537-1230

Library: 538-7323 ● Municipal Court: 537-1203 ● Police: 538-8321 ● Public Works: 537-1233 ● Utilities: 537-1205

Municipal Court Fax: 538-5393 ● Community Development Fax: 537-1272 ● Library Fax: 538-9720

"Working Together For A Better Community-Serious About Service"

- 2) The City and the Werth Family, LLC will enter into a deferred improvement agreement regarding the obligation, described within the Springbrook Oaks Specific Plan, to improve Fernwood Road at the crossing of the west fork of Springbrook Creek.

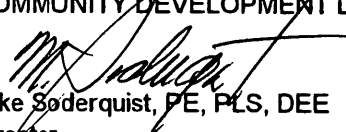
At such time as the City knows the final route of the proposed Highway 99 by-pass or ~~AND~~ Springbrook Oaks has reached 50% of the total development allowed for areas "B" through "E," the City will require that the Werth Family, LLC, commission Kittleson Engineers to evaluate the then existing traffic patterns and forecast future patterns. Based on the recommendations of this study, the object of which will be to predict the need for improving and widening Fernwood Road to accommodate current and future vehicle, pedestrian, and bicycle traffic, the City may require that the Springbrook Oaks development initiate improvement of this section of the road, provided it is possible to obtain the necessary permits and any additional private or public land that may be required. Also, based on the recommendations of the study, the City and the Werth Family, LLC may negotiate alternative improvement plans.

- 3) Recent easements and right of way additions to the north side of Fernwood Road from Brutscher Street west will be returned to Springbrook Oaks if unneeded.

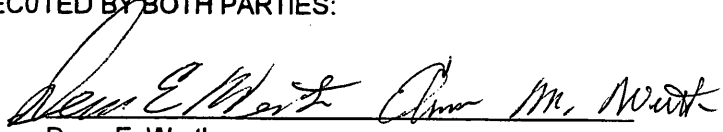
Please have Mr. Werth indicate the family's conditional concurrence with this plan by signing in the space provided below.

The City appreciates the offers of cooperation from the Springbrook Oaks group and we look forward to a quick implementation of the plan elements.

Sincerely,
COMMUNITY DEVELOPMENT DEPARTMENT


Mike Soderquist, PE, PLS, DEE
Director

AGREED TO, WITH THE CONDITION THAT A DEFERRED IMPROVEMENT AGREEMENT IS FIRST EXECUTED BY BOTH PARTIES:


Dean E. Werth,
Operating Manager, Werth Family LLC,
and trustee of the Werth Family Trust
u/a dated September 17, 1998

5/8/02
Date

c: J. H. Bennett, City Manager
Terry Mahr, City Attorney
Dan Danicic, PE, City Engineer
Barton Brierley, City Planner