



MADRAS REDEVELOPMENT COMMISSION

125 SW "E" Street Madras, OR 97741
Phone: 541-475-2344 Fax: 541-475-7061

Agenda

City Hall
Council Chambers

May 3, 2016
5:30 P.M.

1. Call to Order
2. Consent Agenda
 - A. Adoption of Agenda
 - B. Approval of April 5, 2017 MRC Meeting Minutes
3. Visitors Comments
4. Retail Recruitment Report, The Retail Coach *Video or Teleconference*

Aaron Farmer, The Retail Coach
Nicholas Snead, Community Development Director
5. Review and Approval of Professional Services Contract between the Madras Redevelopment Commission and Boldt, Carlisle, and Smith, CPA, LLC

Kristal Hughes, Finance Director
Nicholas Snead, Community Development Director
6. Review and Approval of Madras Garden Depot Flower Services Agreement

Nicholas Snead, Community Development Director
7. Approval of Reynoso Lawn Maintenance Watering Services Agreement

Nicholas Snead, Community Development Director
8. Review and Approval of MRC Urban Renewal Line of Credit Loan Agreement and Related Associated Documents between the Madras Redevelopment Commission and Kevin and Dierdre O'Meara

Nicholas Snead, Community Development Director

9. Review and Approval of Wild Bleu Mercantile Facade Urban Renewal Loan Agreement

Nicholas Snead, Community Development Director
Rebecca Keegan, Wild Bleu Mercantile
Jennifer Schaufner, Wild Bleu Mercantile

10. Supplemental Budget Hearing

A. Proposed Changes to the MRC General Fund and MRC Investment Fund for Fiscal Year 2016-2017

1. Call Supplemental Budget Hearing to Order
2. Staff Report
3. Comments From the Public
4. Commission Deliberations, Questions, and/or Comments
5. Close Supplemental Budget Hearing
6. No Action Required at This Time - Formal Action will be by Resolution

Nicholas Snead, Community Development Director
Kristal Hughes, Finance Director

11. Resolution No. MRC 2017-03

A resolution authorizing the Supplemental Budget to recognize unanticipated revenues, and expenses and the transfer of appropriations within funds for Fiscal Year 2016-2017.

Finance Director, Kristal Hughes

Pursuant to ORS 192.640, this agenda includes a list of the principal subjects anticipated to be considered at the above referenced meeting; however, the agenda does not limit the ability of the Madras Redevelopment Commission to consider additional subjects. Meetings are subject to cancellation without notice. This meeting is open to the public and interested citizens are invited to attend. This is an open meeting under Oregon Revised Statutes, not a community forum; audience participation is at the discretion of the Madras Redevelopment Commission. **Anyone wishing to address the Commission will need to register prior to the meeting.** The meeting will be audio taped; minutes of this and all public meetings are available for review at the Madras City Hall. The meeting place is handicapped accessible; those needing assistance please contact the City of Madras Community Development two (2) days in advance of the meeting.

**Madras Redevelopment Commission
Official Meeting Minutes
April 5, 2017**

1. Call to Order

The Madras Redevelopment Commission meeting was called to order by Vice Chair Bartt Brick at 5:30 p.m. on Wednesday, April 5, 2017 in the Madras City Council Chambers.

Commissioners in Attendance: Vice Chair Bart Brick. Commissioners Royce Embanks, Jr., Doug Lofting, Don Reeder, Blanca Reynoso, Chuck Schmidt

Commissioners Absent: Chairman Tom Brown, Commissioner Denise Piza

Vacancies: 1

Staff Members in Attendance: Gus Burrell, City Administrator; Nicholas Director Snead, Community Development Director; Robin G. Dehnert, Assistant Planner

Visitors: Jon Burchell, Madras Public Works Department

2. Consent Agenda

Vice Chair Brick: Chairman Brown is out of town today. We have a quorum that is present, so the meeting is now called to order. We'll move next to consent agenda, does anyone have a correction, change or addition to the consent agenda?

Director Snead: Thank you, Vice Chair Brick. Two clarifications. First, on agenda item 2B, the vouchers, I want to bring to the attention of the Commission that the expense for Century West shown here on the screen for \$7,565.56 was shown as an MRC expense inappropriately. I worked with Finance Department staff, and it was just that human error. When you approve the vouchers, please understand that you're not approving that particular expense. The Finance Department is removing that from the MRC's records.

Secondly, staff does need some clarification on the February MRC minutes. If you look in the February 1st, 2017 minutes, going to go to page 2 of 20, a motion was made by Commissioner Schmidt to elect Tom Brown as Chair. A motion was made by Commissioner Embanks to elect Bartt Brick as Vice Chair and the motions passed by unanimous vote. Does the Commission recall who made the second on that? Hearing none, then I guess we leave the minutes as is.

Vice Chair Brick: Leave it as is.

Director Snead: Going to page 16 of 20. Highlighted in yellow, it says a motion was made and seconded to appoint Janet Brown to the MRC Budget Committee, the motion passed by unanimous vote. Just need to know who made the motion and seconded it.

Vice Chair Brick: My recollection is that Commissioner Embanks made the motion, and I seconded it.

Director Snead: With the Commission's approval, we'll amend the minutes to reflect that Commissioner Embanks made the motion, Commissioner Brick seconded it, and the motion passed unanimously.

With that, staff recommends that the Commission approve the consent agenda with the noted changes to the vouchers and the noted changes to the February 1, 2017 meeting minutes.

Vice Chair Brick: I'll entertain a motion to approve the consent agenda as amended.

Commissioner Schmidt: I so moved.

Vice Chair Brick: Is there a second?

Commissioner Embanks: I second the motion.

Vice Chair Brick: It has been moved and seconded, all in favor say Aye.

Commissioners: Aye.

Vice Chair Brick: Opposed? Motion carries.

A MOTION WAS MADE BY COMMISSIONER SCHMIDT TO ACCEPT THE CONSENT AGENDA AS AMENDED. THE MOTION WAS SECONDED BY COMMISSIONER EMBANKS AND PASSED BY UNANIMOUSLY.

3. Visitors Comments

Vice Chair Brick: Moving on to visitors comments, anything Jon? Seeing none and hearing none, we will move on to Item Four, the Sahalee Park tree funding request.

4. Sahalee Park Tree Funding Request

Vice Chair Brick: Jon and Nicholas, you're up.

Jon Burchell: Good evening, Commissioners. Before you is a request from the Urban Forestry Commission to fund \$3,600 to help us replace and replant trees in Sahalee Park. In December, a meeting allocated money in the budget to have an Arbor Day celebration and plant trees in the park.

Due to unanticipated increases in costs with the housing boom, and trees just don't grow as fast as you can build houses, there is a shortage of the specific tree that the Urban Forestry Commission selected. I went before that commission and talked to them about it and they requested that I humbly come before you and request \$3,600 so that we can plant 20 trees all at once.

We discussed planting 10 trees, and later another 10 trees, but that changes the look and that changes the way the trees grow. Planting trees in a semi-circle, as you see on the plan up there, we're trying to create a vision of an amphitheater. When you buy trees and plant them, but they're not all from the same lot in a nursery, they tend to grow differently. They're different cultivars

possibly, a little bit off, and so they don't always grow and look the same. And so, the Urban Forestry Commission stressed to me that we try and get 20 trees all at once. Then they can all be planted at the same time and all look the same and create that vision that Walker Macy wanted for this pavilion and park. With that, I'll answer any questions.

Director Snead: If I may add a couple things. The park was partially funded by the MRC when the second phase expansion was completed. The MRC provided \$50,000 for the cost to expand the park. We're trying to replace these trees in a timely manner so they're planted before the solar eclipse. We don't want a park with 20 dead trees when we have guests coming at our community.

John and I discussed this. One concern we have heard is, does the project really need the MRC's resources? In fact, Jon's entire budget for tree replacement this year is \$3,000. The cost of these trees has doubled within the region and across the State.

The partnership between the MRC and the City is quite deep. The MRC graciously provided about \$600,000 of improvements at the North Y intersection, improvements the City wasn't able to fund. The MRC stepped in to make sure we have a nice gateway into our community.

Recently, in the last three years, the City and the MRC have partnered on the sidewalks in the downtown area. Businesses complained that sidewalks were heaving up due to tree roots and other issues. We've almost completed that work. The MRC and the City each year have provided \$10,000 annually to renovate our downtown and make it safe for everyone to get around. Even people with mobility challenges are now safer in our downtown area.

At the November 2016 meeting, Jon and the Public Works Department made a request to improve the appearance of the new South Y sign. You recall that the lettering on it was insufficient, and we needed to upgrade that sign. Ironically, about two weeks after the authorization, there was a serious motor vehicle accident that turned that sign into a bunch of toothpicks. The City won't need the \$2,500 the MRC approved because insurance will cover replacement of the sign.

The MRC and the City work hand in hand. There are days when one gives more than the other. We take each other seriously from a staff perspective. We try to accomplish the community's goals, not just the City's goals or the MRC's, but we try to work together. This request for \$3,600 is in keeping with the partnership and spirit of our cooperative relationship.

So with that, staff recommends that the MRC provide \$3,600 to the City for replacement of 20 trees at Sahalee Park. Staff has evaluated your budget. This will not compromise any of your desired policy outcomes in terms of recruiting new development, or compromise your cash position or anything such as that. You have resources to do this, should you wish to. With that, I'll pause for any questions.

Vice Chair Brick: Questions or comments?

I have one question. We're assured by the Urban Forestry Commission that whatever killed these trees won't kill the trees that are coming in?

Jon Burchell: That's correct. The Columnar English oaks that were recommended on the original design could not survive the cold. We had some brutal winters, frost and freezing temperatures. They're just a really delicate tree in a columnar style. Oaks, if you notice, have leaves that stay on them longer in the year. People thought they were dead, they actually weren't dead. The leaves fall off later, and then they start to grow, but over time they just didn't make it and we removed them.

I believe there are only six left. They will actually be removed and replanted elsewhere if we can save them. So we'll try and save the six that are still there, but we thought we should replace all 20 at once to create that amphitheater.

Commissioner Schmidt: Director Snead, you said that there was \$2,500 that we approved for the sign, yet insurance is going to cover it so that it went back into the MRC budget, is that correct?

Director Snead: Yes, in effect the expense was not incurred.

Commissioner Schmidt: Do we have a line item in the MRC budget that this is going to come out of? What's the balance?

Director Snead: I don't have that good a memory. But I looked over the MRC financials as I do every month. We're looking at the "Materials and Services" category. This is not a capital improvement, so it will come out of Materials and Services. You could put in property maintenance. But I think we've spent about 60% of the Materials and Services line item.

We have plenty of resources. Expenses have been forecasted, expenses toward cleaning up the downtown area with the probation work crew for two days, and having two MRC properties sprayed for weeds. We have resources to do those. There are two and a half to three months left in the fiscal year. I reviewed and forecasted expenses, and it'll be a little tight, but for three months, I think given the MRC needs for Materials and Services, I think we'll be just fine.

Commissioner Schmidt: Okay, thanks.

Vice Chair Brick: Other questions or comments? Shall I entertain a motion?

Commissioner Lofting: So moved.

Commissioner Reynoso: Second.

Vice Chair Brick: Moved and seconded. All in favor say, aye.

Commissioners: Aye.

Vice Chair Brick: Opposed? Motion carries. Thank you.

A MOTION WAS MADE BY COMMISSIONER LOFTING FOR THE MRC TO ALLOCATE \$3,600 TO THE CITY FOR REPLACEMENT OF 20 TREES IN SAHALEE PARK. THE MOTION WAS SECONDED BY COMMISSIONER REYNOSO AND PASSED BY UNANIMOUSLY.

Jon Burchell: Thank you, Commissioners, very much. I invite you Friday the 28th when we plant these trees as an Arbor Day celebration. There will be two classes of Metolius fifth grade kids and some forestry students from the high school there. We haven't set a time yet. We think it's going to be noon on Friday, the 28th. So, you're welcome to join, and there'll be something in the paper later on.

You don't have to plant, but please show up and enjoy.

Vice Chair Brick: I will look on from the corner. Nothing survives my attempt to plant.

Jon Burchell: That's okay, thank you very much.

Commissioner Embanks: Thank you Jon.

5. Resolution No. MRC 2017-02

Vice Chair Brick: The next item. Resolution number MRC 2017-02. I noticed that the next one is dash 01, is that intentional?

Director Snead: No, it's not intentional. It was just the first one I took to the City Recorder when I needed the resolution numbers.

Vice Chair Brick: And it's not relevant to the decision, which order we're taking?

Director Snead: No.

Vice Chair Brick: Okay. We'll now discuss resolution number MRC 2017-02. Gus and Kristal.

Administrator Burril: Two years ago, we started a Line of Credit with the Bank of the Cascades to be able to finish our final payment to the theater. We had five payments for half-million dollar investment. If they built the theater, we would essentially grant those dollars to them, and the first payment was upon certificate of occupancy. Then a payment each year they remained open and continued to pay their property taxes, performance guarantee criteria.

Then last year, we used the Line of Credit to help us update our action plan. This year, we propose to use approximately \$120,000 or \$125,000 of our budget. We're proposing to draw only \$30,000 to hit our ending position requirements, unless we were to have a large developer come in. But the likelihood of them getting a certificate of occupancy by fiscal year end is very slim. So it's likely our Line of Credit will hit a balance of about \$280,000 at the end of this year.

We have made arrangements with the City through ordinance and through loan servicing agreement, to be able to expand the Line of Credit up to one million dollars. The first seven years the District started the Line of Credit, we renewed it and went up to about two and a half million dollars. Then we converted it all into long term debts through bond financing.

The advantage of a Line of Credit was, we paid smaller interest fees and got access to it quicker. If we go to bond financing, they often have initiation fees that start at tens of thousands of dollars, and it's often advised to do at least a million dollars worth of financing the first round, if not a bit

more. We witnessed both with our sewer refinancing and our Police Station City Hall, those fees can run tens of thousands.

I think our sewer fee was \$77,000. The master financing plan anticipates doing this about four rounds over the life of the District. We're in round two. The Line of Credit allows us access to cash. Soon, we will convert this into long term debt as planned by the District. We estimate under the current fiscal condition, we will probably get around \$2 million, unless something changes that would encourage us to do it sooner.

Going for \$1 million, we solicited three banks, Colombia, Washington Federal and Bank of the Cascades. Bank of Cascades offered the best interest rate. They're still following the "less prime" amount criteria, so they're still the most competitive. They want to go up to a million dollars. They would like to renew every year with us, and not every two years. Their rate can be fixed or variable.

I went ahead and proposed variable. It depends on which way you want to hedge, if interest rates are moving fast or slow. The Federal Reserve hasn't moved particularly fast, so I went ahead and proposed variable. That's starting at 2.74% fixed. They just want to set at three.

Vice Chair Brick: I had a quick question on the rate. On the Intergovernmental Loan Servicing Agreement it says the loan servicing rate is 2.5% index variable, and in the change of terms of agreement, it says 2.74%.

Administrator Burril: Yes. From the first time they drafted it, to the final draft, the Federal Reserve moved that much. And if we went fixed, they wanted 2.99%.

Vice Chair Brick: It's timing on the index?

Administrator Burril: Timing on the index, yes. So we proposed variable. That may or may not help us. We thought if it didn't move for another several months, that it may be a wash in a 12 month period, or we might have potential for savings.

Vice Chair Brick: What was the fixed rate that was offered?

Administrator Burril: 2.99%, and that was before the last rate move. So it might be 3.24% if we go back and ask him to do fixed. They were doing a certain hedge on where things were before the move.

Vice Chair Brick: We're betting that the rates won't move 20 basis points?

Administrator Burril: Yes.

Vice Chair Brick: Okay, I've got to think about that.

Administrator Burril: Yes, last time we would have been ahead with a variable. We did fixed, so we're on a 12 month cycle. It just depends on when it moves, whether we made a wise choice or not.

This Resolution is contemplating three things, an extension of maturity date for 12 months, to increase from \$500,000 to \$1,000,000 that could be borrowed. We pay no interest on what we

can borrow, just on what we do borrow. Then C is an amendment to the Intergovernmental Loan Servicing Agreement between the Madras Redevelopment Commission, and the City of Madras to clarify the Line of Credit increase and the new maturity date. Those were the main elements of this, and staff is recommending we continue to work with Bank of the Cascades.

Vice Chair Brick: Any questions or comments?

Commissioner Lofting: So Gus, am I correct in assuming that our total fees for this loan would be the \$2,260?

Administrator Burril: The loan fee for the annual renewal is going to be \$1,250 for this coming year, and then the interest that we'll pay will depend on how much we actually borrow. So if we borrow another \$140,000. We're at \$280,000 at the end of the year, plus \$140,000. And then let's assume the Federal Reserve moves one more time. That'll be \$420,000, and therefore we assume the variable, that'll be .03 times that for the average of the year. We would be looking at approximately \$12,600 in interest only.

The Line of Credit is interest only right now. The advantage is, it lets us invest in projects in the District. We're paying interest only on it, and our goal is to get new development added on to the tax rolls. Continue that cycle, and then year seven, eight, maybe nine, convert it to long term debt. The new added value in the District will pay the mortgage on the money borrowed through the Line of Credit.

Commissioner Lofting: So you anticipate that we're going to need to borrow for the next year, starting June going forward, that we're going to have to borrow an additional \$140,000, besides our TIF funds coming in?

Administrator Burril: We proposed that to the Budget Committee, we'll see that in a couple of weeks when we meet with you. But let's say you had three unique opportunities hit at once, and you needed pull \$100,000 for each of them. You're in a position to borrow \$340,000 instead of \$140,000 because we haven't hit that \$1,000,000 in credit. You're actually in a very mobile position to respond. Does that make sense? We can borrow right on up to \$1,000,000. I believe we could revise that, too, on the City's credit, if the opportunities are there. Then as we finance those opportunities, we make sure we, as a board, are comfortable with the payback period.

The guidance from our financial adviser was to try to target a 10 to 15 year payback on those investments. So we look at the value of what they are putting in and what they'll payback. There are several things to look at. We think they'll leverage another development opportunity next time. Those are all things on each opportunity we'll look at. With our national recruiters, with each interested party that comes to this city, we are advertising that we have resources to grant funds for new or added value construction projects within the District, consistent with our Urban Renewal Action Plan.

Vice Chair Brick: I'm not sure I understood that. You said that we're anticipating using \$280,000 of the current \$500,000?

Administrator Burril: I think that's where we will end this fiscal year.

Vice Chair Brick: And we're moving the Line of Credit up to a million, so we'd have \$720,000 available as necessary?

Administrator Burril: Yes, correct, for this coming fiscal year, yes.

Vice Chair Brick: Thank you. My final question, the \$1,250, is that based on the amount of the letter of credit, does moving from \$500,000 to \$1,000,000 increase that \$1,250? Not increase the \$1,250, but its component of the \$1,250 that increases with the Line of Credit.

Administrator Burril: When I talked to Travis with the Bank of the Cascades and they proposed the same loan fee amount, but when I went back and looked at it, he did pause and say, "It's actually usually a component of 0.25% of the Line of Credit amount."

Vice Chair Brick: Typically, they've got reserve requirements and it's a potential liability for them.

Administrator Burril: Yes, if they really switched that on us, they could have proposed \$2,500 for going up to \$1,000,000. They didn't, but they didn't offer us two years either, and it appeared that if we do this yearly, they'll keep it at \$1,250 for now.

Vice Chair Brick: I just wanted to make sure I understood the cost associated with an increase in the line.

Administrator Burril: Understood.

Vice Chair Brick: Thank you. Any other questions or comments?

Commissioner Embanks: I'd just like to say, I think that this ability of having the \$1 million level gives us the opportunity to fund several large projects, and even some smaller projects at the same time, so we're not limited to parceling it out parsimoniously. I think it does give us a lot of flexibility, and I think that's the way to go, anyway.

Vice Chair Brick: Now that Mr. Embanks has parsed his word we move on. Any other questions or comments before we move for a vote? Motion to accept resolution number MRC 2017-02?

Commissioner Embanks: I move we approve resolution MRC 2017-02.

Vice Chair Brick: Is there a second?

Commissioner Schmidt: Seconded.

Vice Chair Brick: All those in favor say, aye.

Commissioners: Aye.

Vice Chair Brick: Opposed? Motion carries. Thank you.

A MOTION WAS MADE BY COMMISSIONER EMBANKS TO APPROVE RESOLUTION NUMBER MRC 2017-02. THE MOTION WAS SECONDED BY COMMISSIONER SCHMIDT AND PASSED BY UNANIMOUSLY.

6. Resolution No. MRC 2017-01.

Vice Chair Brick: Item number six, Resolution number MRC 2017-01.

Administrator Burril: All right. This is tied to the same idea, this loan servicing. It's specifically addressing changes to the Intergovernmental Agreement, and it is memorializing what we just went over. The extension of the Line of Credit, updating the prior resolution for our Intergovernmental Agreement, clarifying how much we can borrow, and it also says further renew and extend the loan going forward.

Just to reaffirm with everybody, the reason the City has taken the position of borrower is, the bank told us we were able to get at least 2% better interest on this, than if the MRC were trying to do it alone. The MRC has fewer assets, and I don't think it would have anywhere near the borrowing ability that we have now. So multiple advantages, and I think it's a good partnership for the MRC.

Commissioner Lofting: Is there any capital outlay for the MRC to have this partnership?

Administrator Burril: Multiple capital outlays. We're investing in each of your goal areas so the financial adviser encourages us to spend primarily towards new construction, these first three to five years, but also on the action plan it said to continue to keep the commitments to Police Station City Hall and Civic Plaza Center.

I think those are all commitments that are part of this, although, like this year, if we don't have a new development to fund, we're not going to borrow the \$75,000 a year that's proposed to go to the City. Your Line of Credit is not necessarily the whole of your current commitments, but it really is new efforts that we need assistance with.

Vice Chair Brick: Any other questions? Comments? Chair will entertain a motion to adopt resolution number MRC 2017-01.

Commissioner Reynoso: I'll make a motion to adopt resolution number MRC 2017-01.

Commissioner Lofting: Seconded.

Vice Chair Brick: It's been moved and seconded. All in favor, say aye.

Commissioners: Aye.

Vice Chair Brick: Opposed? Motion carries. Thank you.

A MOTION WAS MADE BY COMMISSIONER REYNOSO TO APPROVE RESOLUTION NUMBER MRC 2017-01. THE MOTION WAS SECONDED BY COMMISSIONER LOFTING AND PASSED BY UNANIMOUSLY.

7. Request to use 5th Street MRC Property for Fireworks Stand

Vice Chair Brick: Moving on to item number seven, request to use Fifth Street MRC property for fireworks stand, Mr. Director Snead.

Director Snead: Thank you, Chair and Commission. I bring to you a request, at least when the agenda was drafted, for TNT fireworks to use the MRC's property for about two and a half weeks before Fourth of July to sell fireworks for a fundraiser. The property, shown here on the map in the packet, is in between Mid-Oregon Credit Union and the Madras Pioneer offices. Because I don't have express authorization from the Commission to do that, I wanted to bring it to you for your consent, and also discuss some of your concerns or terms by which you would want to grant use of the property.

Another recent request, of a similar kind, is from a clothes vendor asking to use the same property during the solar eclipse. Fireworks on Fourth of July. Selling T-shirts and such during the solar eclipse. The question is, do you want to allow it? If so, what might the terms be?

Generally speaking, the only considerations that staff have are, 1) will do not want our property to be returned in its original state; so that there is not any trash left behind or anything like that; 2) determine the appropriate agreement and associated terms between the MRC and any of these entities using our property.

I don't want to put a lot of legal resources into this where we get \$500 in revenue for the use of the property, and incur a thousand dollars in legal bills. So I think we need to balance risks with legal services fees. With fireworks, I think there are some legitimate concerns, just because of the materials being sold. The apparel stand, I don't know that we particularly have any real concern over that. With that, I'll entertain a discussion on this. Any questions you may have.

Commissioner Embanks: Chair, at this time I'd like to declare a conflict of interest. The apparel vendor I believe is my daughter. So again, I will excuse myself from this discussion.

Vice Chair Brick: Thank you. Any comment or question?

Commissioner Schmidt: Regarding fireworks. Do we know what our liability is? If we let someone use the property, and a big explosion happens, is there a liability issue?

Director Snead: There could be. I would recommend that the vendors carry several types of insurance, and name us additionally insured and such, for that situation.

Commissioner Schmidt: The other thing was, who was the group wanted to do it as a fundraiser?

Director Snead: As I understand it, TNT fireworks is the larger company. They're the ones that warehouse and distribute the fireworks all over our fine country for our birthday. Then they work with non-profits, or other people to sell their fireworks. They have agreements with different either companies or non-profits, and so they get a share of the profit on that.

In years past, I think Living Hope Christian Center has operated the TNT fireworks stand at Les Schwab. TNT fireworks has filed the business license, they filed the temporary use permit with the City. But it's the local church group or nonprofit or whoever raising money that actually operates the stand.

Commissioner Schmidt: We don't know who that is now nor do you have a request from them?

Director Snead: I don't know who that is at this time. I think they're trying to find someone to operate it for them.

Commissioner Schmidt: And this is through TNT?

Director Snead: Yes, the larger company, there are the ones that have contacted us.

Commissioner Schmidt: They're looking for some company or some nonprofit to do that?

Director Snead: I don't know for sure, but because they haven't identified the group, that's my presumption, yes.

Vice Chair Brick: When my wife and I were in Hillsborough we managed youth group at our church. We did that arrangement with TNT, and before I started selling fireworks to 14 year old kids, I had a full head of hair school so [laughter] it's a fascinating process, I can assure you. But this is the standard where they do it, and they're pretty good about getting indemnifying insurance and what not.

Commissioner Reynoso: Is that the property over next to the bank that we're talking about?

Director Snead: Yes. The Mid-Oregon Credit Union is here. In the blue is the MRC's property. And then, this is the Madras Pioneer. Here is Mail Copies and More to the west. TNT fireworks and the apparel company (they didn't tell me the name) they're interested in using the same property here in between these two businesses.

Commissioner Reynoso: I don't see why we can't let them use it, as long as they leave it clean as it is right now. I think it's exciting that all these people are trying to come into town and get something going.

Jon Burchell: Can one pull into that property or will people be parking along the side of the street?

Director Snead: They would park in the street.

Administrator Burril: There is a fair amount of parallel parking that I don't think would be exhausted.

Director Snead: Yes. There are long stretches on the east side of the street that rarely used. In front of Mail Copies and More. You'll have maybe one or two vehicles. But this is on-street parking that goes largely unused.

Administrator Burril: So, Chair, to try to be sensitive to not exhausting legal resources creating special agreements for small use, maybe we can amend our City Special Event Permit making it an MRC permit that asks for insurance, and then bring it before the board.

Director Snead: I don't know what schedule either these two businesses have. I wouldn't want to wait much longer than the main meeting. I think we can definitely do that. The other concern would be I just want to charge a fair fee. I don't want to price gouge. My sense is the MRC doesn't want to be charging the highest rate you can possibly get. In November, we discussed a similar

arrangement for the property by Geno's, and the consensus was to charge a reasonable fee. If we can recover some of our cost to clean up the downtown for the solar eclipse, that would be nice, and perhaps make it a cost neutral effort.

Commissioner Reynoso: What if we also ask for a deposit insuring that they'll leave it clean?

Director Snead: Yes, I was thinking for TNT, we would definitely ask for a security deposit. That seems very reasonable to me, just due to the trash concerns. The apparel business, I don't know that we have such a concern. At least initially, I wouldn't recommend a deposit.

Vice Chair Brick: From a timing standpoint, if we had you go draft an agreement and come back in maybe another month, could we pass a motion that would empower one of you two gentlemen to craft an agreement that includes insurance, a reasonable fee, and a guarantee that they'll return the property to its original condition.

Administrator Burril: Yes, we have a working agreement between the City of Madras and the MRC for administrative services, and that includes our administrative permits. We can utilize existing avenues; we just have to additionally cover the MRC.

Vice Chair Brick: Yes, okay. Any other comments, questions? Entertain a motion.

Commissioner Reynoso: I'll make a motion to approve the request to use the 5th Street MRC property for a fireworks stand and the apparel stand.

Director Snead: And, if we can amend the motion, authorized staff to enter an agreement with a reasonable fee, proper insurance, and ensure the property is cleaned up after use.

Vice Chair Brick: Is there a second?

Commissioner Schmidt: Second.

Vice Chair Brick: All those in favor say aye.

Commissioners: Aye.

Vice Chair Brick: Opposed motion carries, thank you.

A MOTION WAS MADE BY COMMISSIONER REYNOSO TO APPROVE THE REQUEST TO USE THE 5TH STREET MCR PROPERTY FOR A FIREWORKS STAND AND AN APPAREL STAND, AND TO AUTHORIZE STAFF, ACTING ON BEHALF OF THE MRC, TO ENTER INTO AGREEMENTS WITH THE RESPECTIVE PARTIES FOR CONSIDERATION OF A REASONABLE FEE, PROPER INSURANCE, AND ASSURANCE THAT THE PROPERTY IS CLEANED UP AFTER USE. THE MOTION WAS SECONDED BY COMMISSIONER SCHMIDT AND PASSED BY UNANIMOUSLY.

8. Additional Discussion

Vice Chair Brick: Additional discussion?

Commissioner Reeder: The old rock shop obviously is owned by the government and I know it's outside the MRC area, but it's also a horrible eyesore for the solar eclipse. Director Snead and I talked and I would like to pursue this, but it would have to be bought, maybe by the City, to kick the guy out who's there. I'd have to give 60-day notice. Just alerting you that, if that's something the City would like to do, or maybe MRC could support that, I would be happy to volunteer my time, just to state what's on my mind. If there is some objection amongst this group, obviously I would not proceed.

Commissioner Lofting: You sure wouldn't get an objection from this seat. Is there any idea what a property like that might go for?

Commissioner Reeder: I've got to find out. I would like some support from this group for no other reason than for support. I would go from there and find out what I can negotiate down, and report to the City or to one of the Council people here.

Commissioner Lofting: I ask because the property to the South of it, and also the property farther to the south, on the south side of Jefferson Street towards the motel, is for sale by, is it Cascade Sotheby? You're more than rubbing two dimes together when you have them as a listing agent. That's why I asked the question on what it might go for. Does anyone have any idea what there are asking for the properties next to it?

Director Snead: No, I actually did talk with the agent who has the listing for the U.S. Department of Justice. We didn't talk about the properties to the south you're referring to, where you see the sign. We did talk about what it would cost the City or some other public entity to acquire the property. If it were to be used for public purposes, a much lower price would probably be accepted.

I've tried to proceed on that project. However, there are lots of competing interests and priorities. I'm in the process of organizing the discussion with City staff and some other public entities to see if there might be an opportunity to work cooperatively and acquire the property for stormwater improvements or uses such as that. But, at this time we don't know what an acceptable offer may be, so it's very, very preliminary.

When I talked to Commissioner Reeder, I expressed that it's my understanding the Commission has directed staff to primarily focus on the O'Meara property to remove that building in a timely manner for the solar eclipse, or even before the end of the fiscal year. It's not that I don't agree that, that property is a problem, however, there's a mismatch between priority and also resources to address the problem of the Rock Shop.

Next fiscal year we can probably take on that project, but if you acquire it, you would have to go through the legal process of evicting the tenants. Then we get to clean it up, but it's outside the MRC, so it becomes a project for the City. There are rough estimates, from a few people I've talked to, of over \$20,000 to clean that up. That's a very significant number for the City to absorb without a lot of advance notice so we can organize our resources to make that happen. That's part of the reason why I haven't taken on the project any further.

Commissioner Reeder: When I talked to Director Snead I stated I am not representing, in any sort of attorney like matter, the MRC nor the City. I'm doing it as volunteer work, and Director

Snead stated he didn't have the time. It's one of those things where I'd like to jumpstart so that it can be done by solar eclipse. If I can't do it, I can't do it, but I would like to begin negotiating a price. I don't know what the demolition would be, but maybe, before the solar eclipse, we may be able to help somebody to do the demolition.

It could be done, but I'd want a time frame. Yes, the renter has to be given 60 days notice since he's been there more than one year. There could be other ways of handling that, perhaps alternative housing for the person. But, I don't want to get started and not get support from this group or from the City. I'd as soon not start that project. I wanted to bring that up and if there's no support, that's fine.

The other topic is, we need to have a hook to stop people on their way through town. I've been through Joseph way out in the boondocks, and people stop for the bronze. Other areas have attractions. COCC Art Department came to the board meeting in Madras, Bill Montgomery and I talked about a private kiln that is perhaps available on private property, COCC Art Department wanted to move it, maybe set up an Art Department facility for COCC Madras. Moving the kiln didn't work, but we are talking about perhaps getting some funds, have a kiln, put it someplace on the City property.

It's a City matter. But the MRC has so many little buildings and bare land downtown. I've seen other projects built on art. Having Royce's nice facility, Art Adventure, perhaps we could have a core where there will be art shops and something to hook people to stop.

That was my thought. I've talked to people about it and I'd like to have a partnership between COCC, the City, maybe the Bean Foundation and get support, not finances, from MRC.

Those are the two things in my email that I was thinking about. I'd be happy afterwards, or any time, for you to call me, and either support me or tell me to go jump in the lake.

Vice Chair Brick: Any comments?

Commissioner Embanks: The Rock Shop, I'd just as soon see it go too, but right now I don't think that's a priority for the City. We don't have a big enough window to get all this stuff done and all of the things that we're working on now and we will be working on during the rest of the year. To try to race through and stop everything else that we're doing, to work on the Rock Shop, he's got an office of one. I don't think we can afford to get diverted from the schedule we have now to get rid of that Rock Shop. I know it's an eyesore. I hate it every time I drive by it, and I also don't like the little building down there by the truck stop. That's another one I'd like to get rid of, but those aren't priorities right now. We'll have the eclipse crowd on us before we know it, and we're going to get bogged down for at least two weeks during and after that because we have the Air Show.

The City doesn't do anything with the Air Show, but we'll get dragged into some of that just by the circumstance that it's in town. I'd like to keep Director Snead's time free so he can concentrate on doing those things and working on the O'Meara property and getting that taken care of. Then we can turn our sights on the Rock Shop afterwards. We need to be really clever about our time commitments.

Commissioner Reeder: Yes. When Director Snead and I talked, I stated that I could take some of the time to do that. It will take a lot of the time as far as organizing and getting that done. I understand, Royce, that that's not going to work with the City. I'm happy to relent.

Commissioner Embanks: We need in the kiln. I've been involved in the periphery of this. In fact, I think I'm the one that told Bill Montgomery about it. That was related to me by Kent, I think Ken or Kent, who was a ceramics teacher at the high school. He was talking about that kiln, we investigated it and found that moving it was not going to work and that they wouldn't let anybody use it on the property.

We're going to have to get some backing from art groups. There are a lot of pottery folks around town that we can get involved. We just have to identify them and have some sort of a meeting. I don't know about financing it, but I know wherever we put it, we're going to have a smoke problem. If you've seen a startup of one of those things, at least for the first few hours there's a big smoke issue. You're going to have to have a place where you're going to be having some kind of breeze constantly that's not going to be blowing back into the city.

That's why -- they're usually placed out of towns. But it's a great idea, and people will come from all over Oregon to put their pottery in that dragon kiln, because you get a very unique finish on your pottery out of that. You can sell space inside that to different groups, allowing them so many feet of shelving to put their green ware in. It'll pay for itself, and then if you can get volunteer help to feed that because it's got to be operated for several days. I don't know how many days, but I keep thinking about a week's worth. You have to have people feeding that fire constantly. That means 24/7, not just three hours here and there. You have to feed that thing constantly. Of course there's the cool down period and everything else. They have about one firing or two firings a year on most those type kilns. But, if they're big enough and you can sell shelf space on it, you'll get people from all over that would want to put their pottery in there.

For me it'd be really fun, I'd enjoy it, because it's not just that hand turned pottery, a lot of people make slab pottery and different things where they don't have to have a wheel. Anyway, I'd support that, but we'd have to do a lot of work on trying to get enough people together for a committee that would stay together as a group.

Vice Chair Brick: It sounds like what we're in desperate need of is knowledgeable professionals who understand the details of putting something like that together to create a proposal to bring to us so we could add it to our priority list.

Commissioner Reeder: There are people out there who can do that and will do it. The Art Department stated it was such a need. Really, we're set in Oregon; you get people coming from all over.

Commissioner Embanks: I think there are only three or four of that type of kiln in Oregon. Most of them are over on the coast. I think there's one over by Joseph. They do have people that wait for a year to put their stuff in the kiln.

Vice Chair Brick: Anything else?

Commissioner Lofting: Two things: Regarding the kiln, this would be something, understanding what Royce has told us about how long it's fired up, it's evidently wood burning, it sounds like something that would need to be on the east side of town, away from the city, or on the fringes of. The Bean Foundation would definitely need to be involved. Whatever it takes to get talks going and bringing groups together, I could see it as being viable down the road, understanding what Royce told us about people looking to rent such space. It does have some economic viability; it's just not a capital outlay.

Second, regarding the Rock Shop property: The time-frame Don proposed to get that done by the eclipse, with asbestos abatement and eviction, as Royce mentioned, would be impossible to do. But, I believe that it still needs to be on the radar screen of the MRC. Perhaps the City could work with Don, not with him as legal counsel, but just volunteering time if that was appropriate. But, I still feel that we need to have an eye on that property. My fear would be that somebody pick it up and then just let it sit there. There would be nothing to do other enact the Nuisance Ordinance. Am I correct?

Director Snead: Yes. The property has very limited economic use. I don't know if that's a stretch.

Commissioner Lofting: It's blight, it's an eyesore. As soon as that tenant is evicted then others will move in unless it's properly taken care of. The O'Meara property is definitely the one. My feelings are that if the olive branch approach that we have been going at this with doesn't work, then we need to switch gears and go to a different approach. Jeremy Green did a very fine job of writing that ordinance, with a lot of capital outlay from the City and the City Council. I wouldn't be a bit afraid to use that if you had to, if your arm finally wears out from holding the olive branch out too long.

Commissioner Reeder: Doug, this is why I brought it up now. This is the last hour that a plan for the Rock Shop could be put together before the eclipse. I don't know when I'll do it. But, I'll do it.

Director Snead: Vice Chair Brick, if I could respond to a couple of things. It is not that the Rock Shop is not of interest or a priority. It's just a matter of fitting it into our existing projects. Before Don and I had this discussion, two years ago we cleaned up the property on D Street. Last year we cleaned up the property on E Street. This year we're working to clean up the property behind Sonic, and then next year we're going to start working on the feasibility for the Rock Shop.

The other perspective I have is, in September of 2008 I came here. The Rock Shop and O'Meara's property are some of the ones that we talked about when I first came here. If we can get those two properties cleaned up in the next two or three years I think everyone will be appreciative. These are somewhat difficult projects, so it's not that the staff is dragging our feet.

Chair, I know we're running a little bit long, but I did want to brief the Commission on six items some of which are related to things that have been discussed here.

Vice Chair Brick: I'd like to finish up with Mr. Reeder just to make sure. Is there any problem with making sure the minutes reflect that this body is supportive of Mr. Reeder's volunteer efforts to begin this process? A journey of a thousand miles begins with a single step recognizing that City

resources aren't available and are scarce. A miracle might occur, and if not, at least we started somewhere.

Commissioner Reeder: I'd like to do it before the eclipse. That was my thought, so if, in due course, Director Snead does it afterwards with the City, that's fine.

Vice Chair Brick: Okay. Anything else before we go to Mr. Director Snead?

Director Snead: I do want to report on six things. First at the March MRC meeting Rebecca Keegan and Jennifer Schaufner approached the Commission about their interest in a facade improvement loan. Last week I met with them. They have a rather aggressive timeline. They wanted to start making improvements or start the construction process in June. I said, "Okay, we can do it, but you're going to have to go start working on this really quickly."

Our goal is to bring to the MRC the facade improvement loan documents at your May 2017 meeting. That may encompass not just the loan documents; it may also include resolutions adjusting your budget to accommodate this and the O'Meara project within the same fiscal year. The way our budget is written, this year we funded \$25,000 for blight removal or a facade improvement project not knowing if we'd have either. Fortunately, we have two projects that are both of value. Please look for that on your May agenda.

Regarding to Mr. O'Meara's property, I have contacted him. He has obtained quotes from Mr. Lee Baggett. I talked to Mr. Baggett, when Kevin wasn't able to return my phone call, so that I could report to you where things stood. Mr. Baggett has provided him a quote, so I'm going to work with Kevin to get that quote. We have the loan docs probably 90% drafted. Again, that is something I expect to be on the May 2017 MRC agenda as well, the loan documents for Mr. O'Meara. We're making progress in that regard.

In terms of the downtown flowers, I had two phone calls today, number one regarding the agreement between Madras Garden Depot and the MRC. We've got that pretty well straightened out. That will be on your May agenda, the review and recommendation to approve it, as well as the watering services agreement. That will be on there as well.

Moving to Mi Casa or the property towards the new South Y Junction or J Street Project. I've recently learned that ODOT has acquired that property. The business will remain there for several months. However, in July they're going to start demolition of the structure. There has been some discussion about the appearance of that building just north of the new South Y, and the damaged South Y sign. ODOT has assured me that the building will be razed and the site will be cleaned up in time for the solar eclipse.

Because it will be owned by ODOT for the time being, we've also talked about the opportunity to use that property for solar eclipse. In particular, if there are any sorts of traffic operations, staging for cones or message boards or anything like that, we'll try to work with ODOT. So, EMS Police and traffic control agencies may be able to use that.

Second to last, in our May meeting we also will have a video conference report from the Retail Coach to report on their recruitment efforts for national brands. I know that was discussed, I

believe at the February meeting. We intended to have it at this meeting but due to timing and, frankly, a vacation of our contractor. He said he'd do it, but he'd be in the airport with his family and three kids. He said it's important to us but not that important to us, so we move it to May. I think you'll appreciate that report.

Finally, in the 2016 Urban Renewal Action Plan, one of the top rated projects was the recruitment of a brewery. I've identified two professionals in the brewing industry, somewhat local. One's out of Bend. One's out of White Salmon, WA. They will be providing some consulting to staff on Friday, April 14th. I assembled a somewhat small work group, what I'm referring to as the brewery recruitment work group. In the next three months, we will determine the feasibility of a brewery in Madras, and what an attractive MRC incentive package would be. Somewhere between July and August, we will develop marketing materials and disseminate them amongst the Oregon Brewer's Guild, Central Oregon's Brewer's Guild Chapter and specific breweries.

I'm happy about that work group. It's a small nimble group that can act quickly getting these materials together with some industry experience and guidance. I believe it's a positive step forward, and Vice Chair Brick, that concludes my report.

Vice Chair Brick: Any other comments discussions or issues for the group?

Commissioner Lofting: Director Snead, just one more question for you. Do you believe that the same agreement that the Commission agreed to tonight for the 4th of July stands would be basically available during the eclipse, or are there other plans for the properties during the eclipse?

Director Snead: Yes. I see it to be the same, other than individual issues such as needing the assurance that the fireworks stand will clean up the property. As others approach us, not knowing who they may be, we will address new issues through additional provisions. But, the goal here is to make it easy for people to use our property in a very reasonable way. We're not trying to balance our budget, or pay back our \$2.5 million in bonds with these two limited uses of property, but make a reasonable economic fee and make sure your property is in a good state after it's used.

Vice Chair Brick: Anything else?

Administrator Burril: I just want to report at this morning, at the River House Commission Center, the Central Oregon Association of Realtors asked that the region City Managers report on what's going on in their communities? How's growth? Infrastructure planning? Housing? With about 75 realtors there, I put a plug in that the Urban Renewal District has funds available. "We would like to recruit; we're actively trying to recruit and develop opportunities, and if you're not sure and just want to have a conversation, come, please talk to us. We have money we want to invest and help somebody build or expand within the Urban Renewal District." So I got a little marketing in this morning.

Vice Chair Brick: Anything else?

Director Snead: Yes, April 20th, 5:30 pm, MRC Budget Committee. I was told by the Finance Director that, surprisingly enough, there isn't a whole of interest to serve in the Budget Committee. We really need you to attend so we can have a quorum. Please, mark your calendar. We will feed you. You will have a nice meal. April 20th, Thursday, 5:30 pm. Depending on how quickly you want to work, it may be the only Budget Committee meeting we have. Please mark your calendars.

9. Adjourn

Vice Chair Brick: Okay. If there is no other business, the meeting is adjourned at 6:41 pm.

Tom Brown
MRC Chairman

Date

Nicholas Snead
Community Development Director

Date

DISBURSEMENTS LIST - April 1, 2017 - April 30, 2017

Madras Redevelopment Commission
Review and Approval

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
11/29/2016	RIP Q SIGNS & GRAPHICS	RIP Q SIGNS & GRAPHICS - S. Y refurbish Deposit*	\$ (2,354.00)
3/13/2017	CENTURY WEST ENGINEERING CORP	UGB Expansion*	\$ (7,565.56)
3/24/2017	GO TRANSCRIPT	MRC Meeting transcription	\$ 172.80
3/24/2017	GO TRANSCRIPT	MRC Meeting transcription	\$ 3.39
3/24/2017	GO TRANSCRIPT	MRC Meeting transcription	\$ 79.16
4/14/2017	BRYANT, LOVLIE & JARVIS	PSA for local Community Development recruitment	\$ 840.00
4/4/2017	MAIL, COPIES & MORE	Binders	\$ 35.80
4/14/2017	RIO MADRAS RESTAURANT	Lunch meeting w/ brewery-pub recruiters	\$ 60.85
Total			\$ (8,727.56)

** Committee Review and approval of checks cut in the previous month**

*These were actually City expenses, not MRC

Report Criteria:

Report type: Summary
Bank.Bank number = 2

GL Period	Check Issue Date	Check Number	Payee	Description	Check Amount
04/17	04/14/2017	4032	BRYANT LOVLIE AND JARVIS	PSA for Local Comm Dev Recruitment	840.00
Grand Totals:					<u>840.00</u>

PROFESSIONAL SERVICES CONTRACT

THIS PROFESSIONAL SERVICES CONTRACT (this "Contract") is made and entered into effective on _____, 2017 (the "Effective Date") between the **MADRAS REDEVELOPMENT COMMISSION** ("MRC"), and **BOLDT, CARLISLE & SMITH, CPA, LLC** ("Auditor"), an Oregon limited liability company d/b/a Boldt Carlisle + Smith.

RECITAL:

Auditor will perform the Services (as defined below) for and on behalf of MRC in accordance with, and subject to, the terms and conditions contained in this Contract.

AGREEMENT:

NOW, THEREFORE, in consideration of the parties' mutual obligations contained in this Contract, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Auditor Services; Compensation; Conditions Precedent; Standards.**

1.1 Services. Subject to the terms and conditions contained in this Contract, Auditor will perform the following auditor services for and on behalf of MRC (collectively, the "Services"): (a) those services identified in the attached Schedule 1.1, which services include services identified in Auditor's Proposal to Provide Audit Services dated March 8, 2017 attached hereto as Exhibit A (the "Proposal"); and (b) any other necessary or appropriate services customarily provided by Auditor in connection with its performance of the services identified in attached Schedule 1.1 and/or reasonably requested by MRC.

1.2 Compensation. Subject to the terms and conditions contained in this Contract, in consideration of Auditor's timely performance of the Services in accordance with this Contract, MRC will pay Auditor in accordance with the fees provided on the attached Schedule 1.2. Auditor will submit monthly invoices to MRC concerning the Services performed by Auditor during the immediately preceding month (each an "Invoice"). Each Invoice will contain the following information: (a) a summary of the Services performed by Auditor (and by whom); (b) the applicable fee(s) for performing the Services (which fees will not exceed those fees identified in Schedule 1.2); and (c) any other information reasonably requested by MRC. MRC will pay the amount due under each Invoice within thirty (30) days after MRC has reviewed and approved the Invoice. MRC's payment will be accepted by Auditor as full compensation for performing the Services to which the Invoice relates. Notwithstanding anything contained in this Contract to the contrary, in no event will compensation payable by MRC under this Contract for Auditor's performance of the Services exceed the maximum amounts identified on the attached Schedule 1.2.

1.3 Conditions Precedent. Notwithstanding anything contained in this Contract to the contrary, MRC's performance of its obligations under this Contract is conditioned on Auditor's performance of its obligations under this Contract, including, without limitation, those Auditor obligations described under Section 1.4 and Section 13.

1.4 **Standards.** Auditor will perform the Services and each audit will be performed in accordance with all applicable federal, state, and local laws, rules, regulations, standards, and ordinances, including, without limitation, the following: (a) auditing standards generally accepted in the United States of America; (b) generally accepted government auditing standards (GAGAS), and Oregon minimum standards for audits of municipal corporations; (c) the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996; and (d) Title 2 U.S. Code of Federal Regulations Par 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards. MRC's Annual Financial Report will conform to reporting standards for government entities as determined by the Governmental Accounting Standards Board (GASB). Auditor's opinion will be directed toward the fairness of presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). Auditor will provide compliance reports as required under applicable federal and state law.

2. **Coordination of Work.** Auditor will coordinate work through MRC's finance director and make such reports to the MRC as may be necessary. Auditor and MRC agree to consult in a reasonable manner to ensure effective and efficient provision of the Services and minimize unnecessary expense. Auditor will consult with and advise MRC on all matters concerning the Services reasonably requested by MRC.
3. **Personal Services.** MRC has selected Auditor based on Auditor's reputation and specialized expertise. Auditor will not assign all or any of the Services to any other person without MRC's prior written consent. Auditor will perform the Services to the best of Auditor's ability, diligently, in good faith, in a professional manner, and consistent with the terms and conditions contained in this Contract. The Services will be performed in accordance with all applicable federal, state, and local laws, rules, regulations, and/or ordinances. The Services will be performed expeditiously and in a timely manner. Auditor will be solely responsible for the Services. Auditor will make all decisions called for promptly and without unreasonable delay. All materials and documents prepared by Auditor will be accurate, complete, unambiguous, prepared properly, and in compliance with applicable federal, state, and local laws, regulations, and ordinances. Notwithstanding anything contained in this Contract to the contrary, the Services will be completed in accordance with the schedule contained in the Proposal and as otherwise required by MRC.
4. **Term.** Subject to the terms and conditions contained in this Contract, the term of this Contract will commence on the Effective Date and will remain in full force and effect until the completion of the Services (which in no event will be later than December 31, 2019), unless sooner terminated or extended as provided herein. This Contract may be extended for one additional term of two years by the parties' mutual written agreement.
5. **Independent Contractor; No Benefits.** Auditor is an independent contractor of MRC. Auditor will not be an employee of MRC. Auditor will be free from direction and control over the means and manner of performing the Services, subject only to the right of MRC to specify the desired results. MRC will not provide any benefits to Auditor, and Auditor will be solely responsible for obtaining Auditor's own benefits,

including, without limitation, insurance, medical reimbursement, and retirement plans. MRC will not reimburse Auditor for any expenses incurred by Auditor concerning the Services.

6. **Licenses.** Auditor will be solely responsible for obtaining all licenses, approvals, and certificates necessary and/or appropriate to provide the Services. Auditor will maintain an active business license from the City of Madras through the duration of this Contract.
7. **No Agency Relationship.** This Contract does not create an agency relationship between MRC and Auditor and does not establish a joint venture or partnership between MRC and Auditor. Auditor does not have the authority to bind MRC or represent to any person that Auditor is an agent of MRC.
8. **Taxes.** MRC will not withhold any taxes from any payments made to Auditor, and Auditor will be solely responsible for paying all taxes arising out of or resulting from Auditor's performance of the Services, including, without limitation, income, social security, workers' compensation, and employment insurance taxes.
9. **No Conflicts.** Auditor represents and warrants to MRC that the signing and delivery of this Contract by Auditor and the performance by Auditor of all of Auditor's obligations under this Contract will not:
 - (i) breach any agreement to which Auditor is a party, or give any person the right to accelerate any obligation of Auditor;
 - (ii) violate any law, judgment, or order to which Auditor is subject; and/or
 - (iii) require the consent, authorization, or approval of any person, including, without limitation, any governmental body.
10. **Insurance.** During the term of this Contract, and for a period of two years after the completion of the Services, Auditor will obtain and maintain, at Auditor's expense, in addition to any other insurance Auditor is required to obtain under this Contract, the following minimum levels of insurance:
 - (i) Commercial General Liability Insurance covering bodily injury and property damage in a form and with coverage that is satisfactory to MRC, including personal injury liability, products and completed operations, and contractual liability coverage for the indemnity provided under this Contract. Combined single limit per occurrence will not be less than \$1,000,000, \$2,000,000 in the aggregate; and
 - (ii) Automobile Liability Insurance with limits of not less than \$500,000 combined single limit or split limits of \$250,000 per person, \$500,000 per occurrence and \$250,000 property damage; and
 - (iii) Professional Liability Insurance with limits of not less than \$1,000,000 per occurrence, \$2,000,000 aggregate coverage.

These minimum insurance limits may be provided by use of an excess or umbrella policy.

Each insurance policy required under this Contract will be in form and content satisfactory to MRC, will list MRC and its officers, agents, and employees as additional insureds, and will contain a severability of interest clause. Prior to Auditor's commencement of the Services, Auditor will furnish MRC with certificates of insurance evidencing the insurance coverage (and provisions) Auditor is required to obtain under this Contract. Certificates of insurance will be accompanied by a copy of the additional insured endorsement. There will be no cancellation, material change, potential exhaustion of aggregate limits or failure to renew insurance coverages without thirty (30) days' written notice from Auditor to MRC.

Auditor's insurance will be primary and any insurance carried by MRC will be excess and noncontributing. In the event Auditor fails to maintain insurance as required under this Contract, MRC will have the option, but will not have the obligation, to obtain such coverage with costs to be reimbursed by Auditor upon MRC's demand.

11. **Workers' Compensation Coverage.** Auditor will have workers' compensation insurance in form and amount sufficient to satisfy the requirements of applicable Oregon law. Workers' compensation coverage will contain a waiver of subrogation in favor of MRC.
12. **Reporting of Payments.** MRC will report the total amount of all payments to Auditor, including any expenses, in accordance with federal Internal Revenue Service regulations.
13. **Public Contract Provisions.** Auditor will comply with each and every obligation applicable to Auditor and/or this Contract under ORS 279B.220, 279B.225, 279B.230, and 279B.235, which statutes are incorporated herein by reference. Prior to the Effective Date, Auditor obtained all licenses, approvals, and/or certificates necessary or appropriate to perform the Services.
14. **Indemnification.** Auditor will defend, indemnify, and hold MRC, and each present and future officer, employee, agent, and authorized representative of MRC, harmless for, from, and against all claims, actions, proceedings, damages, liabilities, injuries, losses, and expenses of every kind, whether known or unknown, including, without limitation, reasonable attorney fees, resulting from or arising out of, whether directly or indirectly, the following:
 - (i) state or federal anti-trust violations;
 - (ii) damage to persons or property caused directly or indirectly by Auditor (and/or Auditor's managers, members, officers, agents, employees, contractors, and/or representatives);
 - (iii) Auditor's failure to pay any tax arising out of or resulting from the performance of the Services; and/or

- (iv) Auditor's breach and/or failure to perform any Auditor representation, warranty, covenant, and/or obligation contained in this Contract.

Auditor's indemnification obligations provided in this Section 14 will survive the termination of this Contract.

- 15. **Compliance with Applicable Laws.** Auditor will comply with all applicable federal, state, and local laws, regulations, and ordinances. Auditor will obtain and maintain all licenses, permits, registrations, and other governmental authorizations required to conduct Auditor's business and perform the Services.

- 16. **Termination.**

- 16.1 **Termination by Mutual Agreement or MRC's Prior Notice.** Notwithstanding anything contained in this Contract to the contrary, this Contract may be terminated at any time by the mutual written consent of MRC and Auditor. MRC may terminate this Contract without cause by giving ninety (90) days' prior written notice of such termination to Auditor.

- 16.2 **Immediate Termination for Cause.** Notwithstanding anything contained in this Contract to the contrary, MRC may terminate this Contract immediately upon notice to Auditor upon the happening of any of the following events:

- (i) Auditor engages in any form of dishonesty or conduct involving moral turpitude related to Auditor's independent contractor relationship with MRC or that otherwise reflects adversely on the reputation or operations of MRC;
 - (ii) Auditor fails to comply with any applicable federal, state, and/or local law, regulation, and/or ordinance;
 - (iii) problems occur in connection with Auditor's performance of the Services; and/or
 - (iv) Auditor breaches and/or otherwise fails to perform any Auditor representation, warranty, covenant, and/or obligation contained in this Contract.

The determination as to whether any of the aforementioned events have occurred will be made by MRC in MRC's sole discretion.

- 16.3 **Consequences of Termination.** Upon termination of this Contract, MRC will not be obligated to reimburse or pay Auditor for any continuing contractual commitments to others or for penalties or damages arising from the cancellation of such contractual commitments. Within a reasonable period of time after termination of this Contract (but in no event greater than ten (10) days after termination), Auditor will deliver to MRC all materials and documentation, including raw or tabulated data and work in progress, related

to or concerning the Services. MRC will pay Auditor for that portion of the Services Auditor has performed and MRC has accepted prior to termination in accordance with this Contract. Termination of this Contract by MRC will not constitute a waiver or termination of any rights, claims, and/or causes of action MRC may have against Auditor.

17. **Remedies.** If a party breaches and/or otherwise fails to perform any of its terms, covenants, conditions, and/or obligations under this Contract, the non-defaulting party may, in addition to any other remedy provided to the non-defaulting party under this Contract, pursue any and all remedies available to the non-defaulting party at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.
18. **Non-Discrimination.** Auditor agrees that no person will, on the grounds of race, color, creed, national origin, sex, marital status, or age, suffer discrimination in the performance of this Contract when employed by Auditor. Auditor agrees to comply with Title VI of the Civil Rights Act of 1964, with Section V of the Rehabilitation Act of 1973, and with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules, and regulations. Additionally, each party will comply with the Americans with Disabilities Act of 1990, ORS 659A.142, and all regulations and administrative rules established pursuant to those laws.
19. **Attorney Fees.** If any arbitration or litigation is instituted to interpret, enforce, and/or rescind this Contract, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney fees and other fees, costs, and expenses of every kind, including, without limitation, costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.
20. **Amendment.** Any modification or amendments to this Contract must be in writing and must be signed by both parties prior to work performed.
21. **Notice.** All notices required or permitted under this Contract will be in writing and will be deemed sufficiently served if delivered by Registered or Certified Mail, with return receipt requested; or delivered personally; or delivered via fax or e-mail (if provided below) and followed with delivery of hard copy; and in any case addressed as follows:

If to MRC:

Madras Redevelopment Commission
125 SW E Street
Madras, OR 97741
Attention: Finance Director
Phone: (541) 325-0307
Fax: (541) 475-7061
Email: bmcnamee@ci.madras.or.us

If to Auditor:
Boldt Carlisle + Smith
1255 Lee Street, SE, Suite 210
Salem, OR 97302
Attention: Brad Bingenheimer
Phone: (503) 585-7751
Fax: (503) 370-3781
Email: Bradb@bcslc.com

22. **Waiver.** No provision of this Contract may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing by MRC and Auditor. No waiver of either party at any time of the breach of, or lack of compliance with, any conditions or provisions of this Contract will be deemed a waiver of other provisions or conditions hereof.
23. **Severability.** Auditor agrees that each provision contained in this Contract will be treated as a separate and independent provision and that the unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein.
24. **Entire Agreement.** This Contract contains the entire agreement and understanding between the parties with respect to the subject matter of this Contract and contains all of the terms and conditions of the parties' agreement and supersedes any other oral or written negotiations, discussions, representations, or agreements. Auditor has not relied on any promises, statements, representations, or warranties except as set forth expressly in this Contract.
25. **Signatures.** This Contract may be signed in counterparts. A fax transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax-transmitted signature page by delivering an original signature page to the requesting party.
26. **Governing Law; Venue.** This Contract is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Contract. Any action or proceeding arising out of this Contract will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.
27. **Attachments; Further Assurances.** Any exhibits, schedules, instruments, documents, and other attachments referenced in this Contract are part of this Contract. If any provisions contained in an attached exhibit, schedule, instrument, document, and/or other attachment conflicts with this Contract, the provisions of this Contract will control. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Contract. Time is of the essence with respect to Auditor's performance of its obligations under this Contract. For purposes of this Contract, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association,

trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed and effective as of the Effective Date.

MADRAS REDEVELOPMENT COMMISSION:

By: _____

Date Signed: _____

AUDITOR:

By: _____

Date Signed: _____

Schedule 1.1
Description of Services

Services will include, without limitation, the following:

1. Conduct the financial and compliance audit of MRC's operations, including, without limitation, planning and preparing the audit. Prepare and present the draft and final Audit Report (including approximately twenty (20) bound hard copies and an electronic copy, per entity).
2. General financial technical assistance to MRC throughout the fiscal year, including, without limitation, answers to accounting, reporting, and/or internal control questions.
3. Assist with any other financial and/or audit projects requested by the MRC's finance director from time to time, including, without limitation, performing tests of documentary evidence, evaluating internal control procedures, preparing and filing state documents, preparing a single audit (if necessary), reviewing adjusted journal entries, and reviewing year-end financial reports.
4. Attend MRC board meetings to deliver and provide a presentation on the Audit Report. The first meeting will be on _____, 2017 to provide a presentation on the Audit Report for the year ended June 30, 2017. Each subsequent year will be agreed-upon regarding a delivery date. A clean draft of the audit will be provided to MRC no less than two weeks prior to delivery date for final review by the City of Madras Audit Committee.
5. Any other services identified in the Proposal.

SCHEDULE 1.1 – SERVICES

Professional Services Contract - Boldt, Carlisle and Smith CPA, LLC
Date Approved by Madras Redevelopment Commission - May 3, 2017
MRC Initials: _____ Auditor/Firm Initials: _____

SCHEDULE 1.2
Fee Schedule

Maximum Compensation. Notwithstanding anything contained in this Contract to the contrary, in no event will compensation payable by MRC under this Contract for Auditor's performance of the Services exceed the annual amounts identified below (which amounts include any expenses incurred by Auditor concerning the Services):

<u>Year</u>	<u>Maximum Compensation</u>
- June 30, 2017	\$4,000.00
- June 30, 2018	\$4,200.00
- June 30, 2019	\$4,400.00
- June 30, 2020 (optional)	\$4,620.00
- June 30, 2021 (optional)	\$4,850.00

SCHEDULE 1.2 – FEE SCHEDULE

Professional Services Contract - Boldt, Carlisle and Smith CPA, LLC
Date Approved by Madras Redevelopment Commission - May 3, 2017
MRC Initials: _____ Auditor/Firm Initials: _____

EXHIBIT A
Auditor's Proposal

[attached]

EXHIBIT A – AUDITOR'S PROPOSAL

Professional Services Contract - Boldt, Carlisle and Smith CPA, LLC
Date Approved by Madras Redevelopment Commission - May 3, 2017
MRC Initials: _____ Auditor/Firm Initials: _____

FLOWER SERVICES AGREEMENT

This Flower Services Agreement (this "Agreement") is made and entered into effective on _____, 2017 (the "Effective Date") between Madras Redevelopment Commission ("MRC"), whose address is 125 SW "E" Street, Madras, Oregon 97741, and Madras Garden Depot LLC ("Contractor"), an Oregon limited liability company, whose mailing address is 1665 North Highway 26, Madras, Oregon 97741.

1. Services. Subject to the terms and conditions contained in this Agreement, Contractor will perform the following services for and on behalf of MRC during the term of this Agreement (collectively, the "Services"): (a) provide seventy (70) seventeen inch (17") flower pot inserts (densely planted with mature petunias) in accordance with this Agreement and the terms and specifications set forth on Contractor's proposal dated February 3, 2017 attached hereto as Exhibit A (the "Proposal"); and (b) any necessary and/or appropriate services customarily provided by Contractor and/or reasonably requested by MRC in connection with the services described under Section 1(a) of this Agreement. Contractor will furnish all materials, tools, equipment, labor, and supplies, and will perform all labor and related services, required to properly complete the Services. Contractor will (x) consult with and advise MRC on all matters concerning the Services reasonably requested by MRC, (y) communicate all matters and information concerning the Services to the City of Madras Community Development Director, and (z) perform the Services to the best of Contractor's ability.

2. Schedule of Work. Contractor will timely perform the Services. Contractor will perform the Services in accordance with the schedule contained in the Proposal.

3. Compensation. Subject to the terms and conditions contained in this Agreement, MRC will pay Contractor in accordance with the following compensation schedule in consideration of Contractor's performance of the Services:

<u>Calendar Year</u>	<u>Total Compensation</u> (including delivery costs)
2017	\$4,395.00
2018	\$4,570.00
2019	\$4,710.00
2020 (if extended)	\$4,815.00
2021 (if extended)	\$4,937.50

On or before the Effective Date and continuing on February 1 of each year thereafter during the term of this Agreement, Contractor will submit invoices (each a "First Invoice") to MRC concerning fifty percent (50%) of the total compensation for Services to be performed during the subject calendar year. MRC will pay Contractor for the applicable Services within thirty (30) days after MRC's acceptance and approval of the applicable First Invoice. Within thirty (30) days after Contractor has performed the Services for the subject calendar year, Contractor will submit an additional invoice (each a "Second Invoice") for the remaining fifty percent (50%) of total compensation for Services for the subject calendar year. MRC will pay Contractor for the applicable Services under the Second Invoice within thirty (30) days after MRC's acceptance of the Services for the subject calendar year. Each Invoice (defined below) will contain the following information: (a) the date(s) the Services were performed (or will be performed) by Contractor; (b) the number of flower pot inserts provided (or to be provided) each date the Services were performed (or will be performed); and (c) any other information reasonably requested by MRC. MRC's payment(s) to Contractor will be accepted by Contractor as full compensation for performing the Services to which the Invoice relates. MRC's performance of its

obligations under this Agreement is conditioned on Contractor's performance of all its obligations under this Agreement. Notwithstanding anything contained in this Agreement to the contrary, total compensation payable by MRC under this Agreement for performance of the Services will not exceed \$23,427.50. For purposes of this Agreement, the term "Invoice" refers to each First Invoice and each Second Invoice individually and collectively.

4. Independent Contractor; Taxes; No Reimbursement. Contractor will be an independent contractor of MRC. Contractor will be free from direction and control over the means and manner of providing the Services, subject only to the right of MRC to specify the desired results. Contractor will have the authority to hire other persons to provide or to assist in providing the Services and will have the authority to fire those persons. MRC will not withhold any taxes from any payments made to Contractor, and Contractor will be solely responsible for paying all taxes arising out of or resulting from the performance of the Services, including, without limitation, income, social security, workers' compensation, and employment insurance taxes. MRC will not provide any benefits to Contractor, and Contractor will be solely responsible for obtaining Contractor's own benefits, including, without limitation, insurance, medical reimbursement, and retirement plans. MRC will not reimburse Contractor for any expenses Contractor incurs to perform the Services.

5. Representations and Warranties. In addition to any other Contractor representation or warranty made in this Agreement, Contractor represents and warrants to MRC as follows: (a) Contractor has full power and authority to sign and deliver this Agreement and to perform all of Contractor's obligations under this Agreement; (b) this Agreement is the legal, valid, and binding obligation of Contractor, enforceable against Contractor in accordance with its terms; (c) the signing and delivery of this Agreement by Contractor and the performance by Contractor of all of Contractor's obligations under this Agreement will not (i) breach any agreement to which Contractor is a party, or give any person the right to accelerate any obligation of Contractor, (ii) violate any law, judgment, or order to which Contractor is subject, or (iii) require the consent, authorization, or approval of any person, including, without limitation, any governmental body; and (d) prior to Contractor's execution of this Agreement, Contractor has obtained all licenses, approvals, and/or certificates necessary or appropriate to perform the Services.

6. Covenants of Contractor. In addition to any other covenant made by Contractor under this Agreement, Contractor covenants to MRC as follows: (a) Contractor will obtain and maintain the following minimum levels of insurance: (i) commercial general liability insurance for all losses or claims arising out of or related to Contractor's performance of the Services (including, without limitation, damage, death, and/or injury to person or property) with limits of not less than \$500,000 per occurrence; and (ii) automobile liability insurance with limits of not less than \$500,000 combined single limit or splits limit of \$250,000 per person, \$500,000 per occurrence, and \$250,000 property damage (each liability insurance policy required under this Agreement will list MRC and its officers, employees, agents, and representatives as additional insureds); (b) Contractor will comply with all applicable laws and regulations (including, without limitation, ORS 279B.220, 279B.225, 279B.230, and 279B.235, which statutes are incorporated herein by reference, if applicable); (c) Contractor will perform the Services to the best of Contractor's ability, diligently, in good faith, in a professional manner, and consistent with the terms and conditions contained in this Agreement and the Proposal; (d) Contractor will obtain and maintain all licenses, permits, registrations, and other governmental authorizations required to conduct Contractor's business and perform the Services; and (e) if required under applicable Oregon law, Contractor will obtain and maintain workers' compensation insurance in form and amount sufficient to satisfy the requirements of applicable Oregon law. If Contractor fails to maintain insurance as required

under this Agreement, MRC will have the option, but not the obligation, to obtain such coverage with costs to be reimbursed by Contractor immediately upon MRC's demand. The insurance that Contractor is required to obtain under this Agreement may not be cancelled without ten (10) days' prior written notice to MRC. Prior to Contractor's commencement of the Services, Contractor will furnish MRC with certificates of insurance (and endorsements) evidencing the insurance coverage Contractor is required to obtain under this Agreement.

7. Indemnification. Contractor will defend, indemnify, and hold City of Madras ("City") and MRC, and each of their respective present and future officers, employees, agents, and representatives (collectively, "City's Representatives"), harmless for, from, and against all claims, actions, proceedings, damages, liabilities, injuries, losses, and expenses of every kind, whether directly or indirectly, including, without limitation, reasonable attorney fees, resulting from or arising out of the following: (a) damage, injury, and/or death to person or property caused directly or indirectly by Contractor (and/or Contractor's employees, contractors, agents, and/or representatives); (b) Contractor's failure to pay any tax arising out of or resulting from the performance of the Services; and/or (c) Contractor's breach and/or failure to perform any Contractor representation, warranty, covenant, and/or obligation contained in this Agreement. Contractor's indemnification obligations provided under this Section 7 will survive the termination of this Agreement

8. Release. Contractor releases City and MRC (and City's Representatives) for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, resulting from or arising out of the performance of the Services.

9. Term and Termination. Subject to the terms and conditions contained in this Agreement, the term of this Agreement will commence on the Effective Date and will continue for a period of three years thereafter, unless sooner terminated or extended in accordance with this Agreement. Upon the expiration of the initial three-year term of this Agreement, this Agreement may be extended for one additional term of two years by the parties' mutual written agreement. Notwithstanding anything contained in this Agreement to the contrary, (a) MRC may terminate this Agreement for any reason or no reason by giving ten (10) days' prior written notice of termination to Contractor, and (b) MRC may terminate this Agreement immediately upon notice to Contractor upon the happening of any of the following events: (i) Contractor engages in any form of dishonesty or conduct involving moral turpitude related to Contractor's independent contractor relationship with MRC or that otherwise reflects adversely on the reputation or operations of MRC; and/or (ii) Contractor breaches and/or otherwise fails to perform any Contractor representation, warranty, covenant, and/or obligation contained in this Agreement. Upon termination of this Agreement, MRC will not be obligated to reimburse or pay Contractor for any continuing contractual commitments to others or for penalties or damages arising from the cancellation of such contractual commitments.

10. Miscellaneous.

10.1 Severability; Notices. Each provision contained in this Agreement will be treated as a separate and independent provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein. Any reading of a provision causing unenforceability will yield to a construction permitting enforcement to the maximum extent permitted by applicable law. Any notice required under this Agreement must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by

U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed delivered on the next following business day.

10.2 Waiver; Entire Agreement. No provision of this Agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing by MRC and Contractor. No waiver of either party at any time of the breach of, or lack of compliance with, any conditions or provisions of this Agreement will be deemed a waiver of other provisions or conditions hereof. This Agreement contains the entire agreement and understanding between the parties with respect to the subject matter of this Agreement and contains all of the terms and conditions of the parties' agreement and supersedes any other oral or written negotiations, discussions, representations, or agreements. Contractor has not relied on any promises, statements, representations, or warranties except as set forth expressly in this Agreement. If any terms contained in the Proposal conflict with the terms of this Agreement, the terms of this Agreement will control.

10.3 Assignment; Binding Effect. Contractor will not assign this Agreement to any person without MRC's prior written consent. Subject to the immediately preceding sentence, this Agreement will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit. This Agreement may be amended only by a written agreement signed by each party.

10.4 Governing Law; Amendment; Further Assurances. This Agreement will be governed by and construed in accordance with the laws of the State of Oregon, and venue for any action concerning this Agreement will lie in Jefferson County, Oregon. This Agreement may be amended only by a written agreement signed by each party. At any time upon the request of MRC, Contractor will execute all documents or instruments and will perform all lawful acts MRC considers necessary or appropriate to secure its rights hereunder and to carry out the intent of this Agreement.

10.5 Attorney Fees; Dispute Resolution. If any arbitration or litigation is instituted to interpret, enforce, and/or rescind this Agreement, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney fees and other fees, costs, and expenses of every kind, including, without limitation, costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court. If any claim, dispute, or controversy arising out of or related to this Agreement occurs (a "Dispute"), MRC and Contractor will exert their best efforts to seek a fair and prompt negotiated resolution of the Dispute and will meet at least once to discuss and seek a resolution of the Dispute. If the Dispute is not resolved by negotiated resolution, either party may initiate a suit, action, arbitration, or other proceeding to interpret, enforce, and/or rescind this Agreement.

10.6 Person; Interpretation; Signatures. For purposes of this Agreement, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The

words “include,” “includes,” and “including” are not limiting. This Agreement may be signed in counterparts. A fax or email transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax or email transmitted signature page by delivering an original signature page to the requesting party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and made effective for all purposes as of the Effective Date.

MRC:
Madras Redevelopment Commission

CONTRACTOR:
Madras Garden Depot LLC,
an Oregon limited liability company

By: Doug Lofting
Its: MRC Chair

By: Karen E. McCarthy
Its: _____

Exhibit A
Contractor Proposal

[attached]

WATERING SERVICES AGREEMENT

This Watering Services Agreement (this "Agreement") is made and entered into effective on _____, 2017 (the "Effective Date") between Madras Redevelopment Commission ("MRC"), whose address is 125 SW "E" Street, Madras, Oregon 97741, and Israel and Blanca Reynoso, d/b/a Reynoso Lawn Maintenance (individually and collectively, "Contractor"), whose address is 602 SE Zapata Place, Madras, OR 97741.

1. Services. Subject to the terms and conditions contained in this Agreement, Contractor will perform the following services for and on behalf of MRC during the term of this Agreement (collectively, the "Services"): (a) adequately and properly water 45+ flower pots which will be placed on those certain street corners identified on the map attached hereto as Schedule 1; and (b) any necessary and/or appropriate services customarily provided by Contractor and/or reasonably requested by MRC in connection with the services described under Section 1(a) of this Agreement. Except as expressly provided herein, Contractor will furnish all materials, tools, equipment, labor, and supplies, and will perform all labor and related services, required to properly complete the Services. Contractor will (x) consult with and advise MRC on all matters concerning the Services reasonably requested by MRC, (y) communicate all matters and information concerning the Services to the City of Madras Community Development Director, and (z) perform the Services to the best of Contractor's ability.

2. Schedule of Work. Each calendar year during the term of this Agreement, Contractor will water all flowers located at each flower pot location on each weekend commencing on the Saturday immediately preceding Memorial Day and ending on the last Sunday of September. Contractor will timely perform the Services. Contractor will perform the Services in accordance with this Agreement and the terms and specifications set forth on Contractor's proposal received April 19, 2017 attached hereto as Exhibit A (the "Proposal").

3. Compensation. Subject to the terms and conditions contained in this Agreement, MRC will pay Contractor in accordance with the following compensation schedule in consideration of Contractor's performance of the Services:

<u>Calendar Year</u>	<u>Total Compensation</u>
2017	\$3,040.00
2018	\$3,040.00
2019	\$3,040.00
2020	\$3,140.00
2021	\$3,140.00

Contractor will submit monthly invoices (each an "Invoice") to MRC concerning the Services performed by Contractor during the immediately preceding month on or before the tenth (10th) day of each month. Each Invoice will contain the following information: (a) the date(s) the Services were performed by Contractor; (b) the number of flower pots watered on each date the Services were performed; and (c) any other information reasonably requested by MRC. MRC will pay the amount due under each Invoice within thirty (30) days after MRC's receipt and approval of the applicable Invoice. MRC's payment(s) to Contractor will be accepted by Contractor as full compensation for performing the Services to which the Invoice relates. MRC's performance of its obligations under this Agreement is conditioned on Contractor's performance of all of its obligations under this Agreement. Notwithstanding anything

contained in this Agreement to the contrary, MRC will pay not more than \$15,200.00 for Contractor's performance of the Services during the term of this Agreement.

4. Independent Contractor; Taxes; No Reimbursement. Contractor will be an independent contractor of MRC. Contractor will be free from direction and control over the means and manner of providing the Services, subject only to the right of MRC to specify the desired results. Contractor will have the authority to hire other persons to provide or to assist in providing the Services and will have the authority to fire those persons. MRC will not withhold any taxes from any payments made to Contractor, and Contractor will be solely responsible for paying all taxes arising out of or resulting from the performance of the Services, including, without limitation, income, social security, workers' compensation, and employment insurance taxes. MRC will not provide any benefits to Contractor, and Contractor will be solely responsible for obtaining Contractor's own benefits, including, without limitation, insurance, medical reimbursement, and retirement plans. MRC will not reimburse Contractor for any expenses Contractor incurs to perform the Services.

5. Representations and Warranties. In addition to any other Contractor representation or warranty made in this Agreement, Contractor represents and warrants to MRC as follows:

5.1 Authority; Binding Obligation; No Conflicts. Contractor has full power and authority to sign and deliver this Agreement and to perform all of Contractor's obligations under this Agreement. This Agreement is the legal, valid, and binding obligation of Contractor, enforceable against Contractor in accordance with its terms. The signing and delivery of this Agreement by Contractor and the performance by Contractor of all of Contractor's obligations under this Agreement will not (a) breach any agreement to which Contractor is a party, or give any person the right to accelerate any obligation of Contractor, (b) violate any law, judgment, or order to which Contractor is subject, or (c) require the consent, authorization, or approval of any person, including, without limitation, any governmental body. Prior to Contractor's execution of this Agreement, Contractor obtained all licenses, approvals, and/or certificates necessary or appropriate to perform the Services. Contractor has investigated any conditions relating to the Services, including, without limitation, inspecting flower pot locations, and is satisfied with such conditions.

5.2 Compliance with Laws; Quality of Services. Contractor will comply with all applicable laws and regulations (including, without limitation, ORS 279B.220, 279B.225, 279B.230, and 279B.235, which statutes are incorporated herein by reference, if applicable). Contractor will perform the Services to the best of Contractor's ability, diligently, in good faith, in a professional manner, and consistent with the terms and conditions contained in this Agreement and the Proposal. Contractor will obtain and maintain all licenses, permits, registrations, and other governmental authorizations required to conduct Contractor's business and perform the Services.

6. Water Tank. Subject to the terms and conditions contained in this Agreement, Contractor may use an approximately one hundred (100) gallon water tank (the "Water Tank") provided by City of Madras ("City"). The Water Tank will be used for purposes of performing the Services and no other purpose. City and MRC make no representations or warranties, whether express or implied, with respect to the Water Tank. Contractor will maintain, at Contractor's cost and expense, the Water Tank in first class condition and repair throughout the term of this Agreement, ordinary wear and tear excepted. Contractor acknowledges and agrees that the Water Tank is City property and Contractor assumes all risk and responsibility whatsoever for all damage to the Water Tank during the term of this Agreement. If the Water Tank is damaged or destroyed during the term of this Agreement, Contractor

will, at Contractor's sole cost and expense, promptly restore and/or repair the Water Tank to its condition existing as of the Effective Date. MRC and City have no repair and/or maintenance obligations concerning the Water Tank.

7. Insurance. During the term of this Agreement, Contractor will obtain and maintain the following minimum levels of insurance: (a) commercial general liability insurance for all losses or claims arising out of or related to Contractor's performance of the Services (including, without limitation, damage, death, and/or injury to person or property) with limits of not less than \$500,000 per occurrence, \$1,000,000 in the aggregate; and (b) automobile liability insurance with limits of not less than \$500,000 combined single limit or splits limit of \$250,000 per person, \$500,000 per occurrence, and \$250,000 property damage. Each liability insurance policy required under this Agreement will be in form and contact satisfactory to MRC, will list MRC (and its officers, employees, agents, and representatives as additional insureds), and will contain a severability of interest clause. If required under applicable Oregon law, Contractor will obtain and maintain workers' compensation insurance in form and amount sufficient to satisfy the requirements of applicable Oregon law. The insurance that Contractor is required to obtain under this Agreement may not be cancelled without ten (10) days' prior written notice to MRC. Prior to Contractor's commencement of the Services, Contractor will furnish MRC with certificates of insurance (and endorsements) evidencing the insurance coverage Contractor is required to obtain under this Agreement. If Contractor fails to maintain insurance as required under this Agreement, MRC will have the option, but not the obligation, to obtain such coverage with costs to be reimbursed by Contractor immediately upon MRC's demand.

8. Indemnification. Contractor will defend, indemnify, and hold City and MRC, and each of their respective present and future officers, employees, agents, and representatives (collectively, "City's Representatives"), harmless for, from, and against all claims, actions, proceedings, damages, liabilities, injuries, losses, and expenses of every kind, whether directly or indirectly, including, without limitation, reasonable attorney fees, resulting from or arising out of the following: (a) damage, injury, and/or death to person or property caused directly or indirectly by Contractor (and/or Contractor's employees, contractors, agents, and/or representatives); (b) Contractor's failure to pay any tax arising out of or resulting from the performance of the Services; and/or (c) Contractor's breach and/or failure to perform any Contractor representation, warranty, covenant, and/or obligation contained in this Agreement. Contractor's indemnification obligations provided under this Section 8 will survive the termination of this Agreement.

9. Release. Contractor releases City and MRC (and City's Representatives) for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, resulting from or arising out of the performance of the Services.

10. Term and Termination. Subject to the terms and conditions contained in this Agreement, the term of this Agreement commenced on the Effective Date and will terminate after Contractor's performance of the Services for the 2021 calendar year (which in no event will be later than December 31, 2021) (the "Initial Term"). Upon the expiration of the Initial Term, this Agreement may be extended for one additional term of two years (the "Extended Term") by the parties' mutual written agreement. The terms and conditions for the Extended Term will be identical with the Initial Term except that the compensation during the Extended Term will be mutually agreed upon by City and MRC. Notwithstanding anything contained in this Agreement to the contrary, (a) MRC may terminate this Agreement for any reason or no reason by giving ten (10) days' prior written notice of termination to Contractor, and (b) MRC may terminate this Agreement immediately upon notice to Contractor upon

the happening of any of the following events: (i) Contractor engages in any form of dishonesty or conduct involving moral turpitude related to Contractor's independent contractor relationship with MRC or that otherwise reflects adversely on the reputation or operations of MRC; and/or (ii) Contractor breaches and/or otherwise fails to perform any Contractor representation, warranty, covenant, and/or obligation contained in this Agreement. Upon termination of this Agreement, MRC will not be obligated to reimburse or pay Contractor for any continuing contractual commitments to others or for penalties or damages arising from the cancellation of such contractual commitments.

11. Miscellaneous.

11.1 Severability; Notices. Each provision contained in this Agreement will be treated as a separate and independent provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein. Any reading of a provision causing unenforceability will yield to a construction permitting enforcement to the maximum extent permitted by applicable law. Any notice required under this Agreement must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed delivered on the next following business day.

11.2 Waiver; Entire Agreement. No provision of this Agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing by MRC and Contractor. No waiver of either party at any time of the breach of, or lack of compliance with, any conditions or provisions of this Agreement will be deemed a waiver of other provisions or conditions hereof. This Agreement contains the entire agreement and understanding between the parties with respect to the subject matter of this Agreement and contains all of the terms and conditions of the parties' agreement and supersedes any other oral or written negotiations, discussions, representations, or agreements. Contractor has not relied on any promises, statements, representations, or warranties except as set forth expressly in this Agreement. If any terms contained in the Proposal conflict with the terms of this Agreement, the terms of this Agreement will control.

11.3 Assignment; Binding Effect. Contractor will not assign this Agreement to any person without MRC's prior written consent. Subject to the immediately preceding sentence, this Agreement will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit. This Agreement may be amended only by a written agreement signed by each party.

11.4 Governing Law; Amendment; Further Assurances. This Agreement will be governed by and construed in accordance with the laws of the State of Oregon, and venue for any action concerning this Agreement will lie in Jefferson County, Oregon. This Agreement may be amended only by a written agreement signed by each party. At any time upon the request of MRC, Contractor will execute all documents or instruments and will perform all lawful acts MRC considers necessary or appropriate to secure its rights hereunder and to carry out the intent of this Agreement.

11.5 Attorney Fees; Dispute Resolution. If any arbitration or litigation is instituted to interpret, enforce, and/or rescind this Agreement, including, without limitation, any proceeding brought

under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney fees and other fees, costs, and expenses of every kind, including, without limitation, costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court. If any claim, dispute, or controversy arising out of or related to this Agreement occurs (a "Dispute"), MRC and Contractor will exert their best efforts to seek a fair and prompt negotiated resolution of the Dispute and will meet at least once to discuss and seek a resolution of the Dispute. If the Dispute is not resolved by negotiated resolution, either party may initiate a suit, action, arbitration, or other proceeding to interpret, enforce, and/or rescind this Agreement.

11.6 Person; Interpretation; Signatures. For purposes of this Agreement, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. This Agreement may be signed in counterparts. A fax or email transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax or email transmitted signature page by delivering an original signature page to the requesting party. All Contractor representations, warranties, covenants, and obligations made under this Agreement are made by Blanca Reynoso and Israel Reynoso on a joint and several basis.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and made effective for all purposes as of the Effective Date.

MRC:
Madras Redevelopment Commission

Contractor:

By: Doug Lofting
Its: MRC Chair

Israel Reynoso

Blanca Reynoso

Schedule 1
Flower Pot Locations - Map

[attached]

Exhibit A
Contractor's Proposal

(attached)

MADRAS REDEVELOPMENT COMMISSION
Request for Action

Date Submitted: April 24, 2017
Agenda Date Requested: May 3, 2017
To: Madras Redevelopment Commission
From: Nicholas Snead, Community Development Director
Subject: Review and Approval of MRC Urban Renewal Line of Credit Loan Agreement and Relate Associated Documents between the Madras Redevelopment Commission and Kevin and Dierdre O'Meara.

TYPE OF ACTION REQUESTED: (Check One)

- | | |
|---|------------------------------------|
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance |
| <input checked="" type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Other |
| <input type="checkbox"/> No Action - Report Only | |

OVERVIEW:

In the FY 2016-17 MRC budget, the MRC has allocated funding to remove blight from the Urban Renewal District. At the December 7, 2016 and other Commission meetings, Commissioners expressed the desire to work cooperatively with Kevin and Dierdre O'Meara (property owners) to provide financial assistance to remove the derelict building on their property located on the northwest corner of 4th and Oak Streets. Additionally, the Commission provided direction to staff to prepare the same or similar Line of Credit to the property owner as the Commission provided David Potter for the removal of his building east of Highway 97 and Poplar Street.

Staff, the City Attorney, and the property owners have prepared a Line of Credit Loan Agreement between the MRC and the property owner for the Commission to review and approve at the May 3, 2017 Commission meeting. The financial assistance staff proposes to be provided to the property owner is as follows:

1. Provide a Line of Credit Note in the amount not to exceed \$25,000.00. Advances of the Line of Credit Note are to be used by the property owner for "Remedial Work" as stipulated in Section 3 and define in Appendix A of the Urban Renewal Line of Credit Loan Agreement.
2. 50% of the total amount the property owner draws from the Line of Credit will be forgiven (i.e. grant).

3. 50% of the total amount the property owner draws from the Line of Credit will be provided as a loan (i.e. loan) under the following general terms, however that are more precisely detailed in the Line of Credit Promissory Note:
 - A. The loan will be secured through the execution and recording of the Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing with the Jefferson County Clerk.
 - B. Interest: 4% annually on unpaid principal amount as stipulated in Section 3 of the Line of Credit Promissory Note.
 - C. The loan will be repaid in full upon: transfer of ownership of the property, issuance of building permits on the property, or on November 30 2025.

SUMMARY:

- **Fiscal Impact:**
 - Total financial impact: \$25,000.00.
 - \$12,500.00 grant funding will be provided from the MRC General Fund, Special Payments, Grants-Blight Removal in the FY 2016-17 MRC budget.
 - \$12,500.00 loan funding will be provided from the MRC Reinvestment Fund, Special Payments, Loan Distribution in the FY 2016-17 MRC budget.
- **Funding Source:**
 - \$12,500.00 grant funding will be provided from the MRC General Fund, Special Payments, Grants-Blight Removal in the FY 2016-17 MRC budget.
 - \$12,500.00 loan funding will be provided from the MRC Reinvestment Fund, Special Payments, Loan Distribution in the FY 2016-17 MRC budget.
- D. Supporting Documentation:**
 - Madras Redevelopment Commission - Urban Renewal Line of Credit Loan Agreement.
 - Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing.
 - Line of Credit Promissory Note.

OPTIONS FOR COMMISSION ACTION:

1. Approve the Line of Credit Loan documents as presented, subject to staff and City Attorney final review and approval.
2. Approve the Line of Credit Loan document with any specified changes by the Commission, subject to staff and City Attorney final review and approval.
3. Take no action and request staff to provide any additional information for the Commission to review and a future Commission meeting.

STAFF RECOMMENDATION:

Approve the Line of Credit Loan documents as presented, subject to staff and City Attorney final review and approval.

MOTION FOR COMMISSION ACTION:

I move that the MRC approve the Line of Credit Loan documents as presented, subject to staff and City Attorney final review and approval.

MADRAS REDEVELOPMENT COMMISSION – URBAN RENEWAL LINE OF CREDIT LOAN AGREEMENT

This Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement (this “Agreement”) is made and entered into effective on _____, 2017 (the “Effective Date”) between Madras Redevelopment Commission (“Lender”), whose address is 125 SW “E” Street, Madras, Oregon 97741, and Kevin _ O’Meara and Deirdre _ O’Meara, husband and wife (individually and collectively, “Borrower”), whose address is 85 NW Poplar, Madras, Oregon 97741.

RECITAL:

Borrower owns certain real property (and all improvements located thereon) located at 61 NW Oak Street, Madras, Oregon 97741, which real property is more particularly described on the attached Exhibit A (collectively, the “Property”). Subject to the terms and conditions contained in this Agreement, Borrower desires to borrow funds from Lender, and Lender desires to loan funds to Borrower, to enable Borrower to complete certain demolition and remedial work in and to the Property.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Unless defined elsewhere in this Agreement, capitalized terms contained in this Agreement have the meanings assigned to them in the attached Appendix A.
2. Line of Credit Loan. Subject to the terms and conditions contained in this Agreement, Lender will loan to Borrower and Borrower will borrow from Lender the maximum sum of Twenty-Five Thousand Dollars (\$25,000.00) pursuant to a line of credit (the “Loan”). The Loan will be evidenced by the Note. The Note will be in form and substance acceptable to Lender. The Loan will be paid in accordance with the terms of the Note.
3. Loan Purpose; Remedial Work. Lender will disburse the Loan to Borrower for Borrower’s completion of the Remedial Work. Borrower must use the Loan for completion of the Remedial Work and for no other purpose. Borrower must commence the Remedial Work on or before _____, 2017. Borrower must properly complete the Remedial Work on or before _____, 2017. Borrower will provide Lender evidence to Lender’s satisfaction that the Remedial Work has been properly completed immediately upon Lender’s request. Borrower will complete the Remedial Work at Borrower’s cost and expense. Borrower will furnish and pay for all services, labor, materials, equipment, tools, machinery, transportation, and all other matters required for proper completion of the Remedial Work. Borrower will complete the Remedial Work in a good workmanlike manner. The Remedial Work will be completed subject to and in compliance with all applicable Laws. In connection with the Remedial Work, Borrower will properly manage and dispose of all waste and hazardous substances, including, without limitation, sediment, paint, cement wash, asphalt, motor oil, asbestos, and grease, subject to and in accordance with all applicable Laws.
4. Lender Security. Borrower’s obligations to Lender concerning the Loan will be secured by a perfected security interest in the Collateral. Lender’s security interest in the Collateral will be evidenced by the Trust Deed (which will be delivered by Borrower to Lender contemporaneously with

Borrower's execution of this Agreement). Borrower will execute and deliver all Loan Documents Lender may require concerning the Transaction. All Loan Documents will be in form and substance acceptable to Lender.

5. Prior Encumbrance. The Trust Deed will be subordinate only to the lien created by _____. Borrower has delivered, or will deliver immediately upon Lender's demand, true copies of the _____ and any promissory note evidencing the indebtedness secured thereby. Borrower represents and warrants that the original principal balance of the promissory note secured by the _____ is _____ Dollars (\$_____.00). Borrower will timely pay and perform all of Borrower's obligations arising out of or under the _____ (and/or any related agreements or instruments).

6. Conditions Precedent to Disbursement. Lender will not be obligated to disburse any Loan proceeds to Borrower unless and until each of the following conditions have been satisfied or waived by Lender: (a) Lender has received a commitment from a title insurance company (the "Title Insurer") acceptable to Lender to issue to Lender a mortgagee's title insurance policy (the "Title Policy") in the principal amount of Twenty-Five Thousand Dollars (\$25,000.00) in such form and with such endorsements as may be required by Lender, insuring that Borrower holds fee simple title to the Property and that the Trust Deed is, and will continue to be, an Encumbrance against the Property prior to and paramount to all Encumbrances of any nature or kind whatsoever except the Encumbrance(s) created by the Permitted Encumbrance(s) and such other Encumbrance(s) which Lender approves prior in writing; (b) Lender must have received fully executed originals of the Loan Documents; (c) Lender must have received such environmental studies and reports as Lender may require, each of which must be satisfactory to Lender; (d) all required insurance (including, without limitation, the Title Policy) must be in full force and effect and Lender must have received such evidence thereof as it requires; (e) each of Borrower's representations and warranties contained in the Loan Documents must be true and accurate as of the date of the Draw Request and any Advance; (f) Lender must have a valid and perfected security interest in the Collateral (with a priority acceptable to Lender) and will have received satisfactory evidence of perfection and the priority of its security interest; and (g) any other condition that Lender may impose from time to time.

7. Loan Advances.

7.1 Draw Requests. Borrower will prepare and deliver the Budget to Lender for Lender's review and approval. Lender will not make any Advances until the Budget has been approved by Lender. Subject to the terms and conditions contained in this Agreement, Lender will make one or more Advances during the Draw Period. No Advance will be made after the Draw Period. Lender will not be required to make Advances more frequently than once weekly. Each Advance will reduce the amount available for borrowing under the Loan and Loan amounts repaid may not be re-borrowed. To initiate an Advance, Borrower must provide Lender a Draw Request. Notwithstanding anything contained in this Agreement to the contrary, Lender will determine whether to make an Advance. Each Advance will be made and used (a) solely to pay costs associated with specific line items set forth in the Budget, and (b) the total amount disbursed for expenses associated with any line item will not exceed the corresponding amount set forth for such line item in the Budget. Any Advance made by Lender may be disbursed, in whole or in part, at Lender's election, (x) to Borrower, (y) to Lender for all amounts then due to Lender, including, without limitation, interest expenses and title insurance costs, and/or (z) directly to the persons furnishing labor, materials, inventory, and/or supplies. Lender will have no obligation to confirm that Advances made are actually used by that party to pay for labor, materials,

inventory, and/or supplies. Borrower accepts and assumes all risks in connection with any Advances made by Lender under this Agreement.

7.2 Conditions Precedent to each Advance. In addition to any other condition contained in this Agreement, each Advance will be subject to the following conditions: (a) no Event of Default under any Loan Document will have occurred and/or will then exist; (b) there has been no condemnation, casualty, and/or catastrophe affecting the Collateral; and (c) the Title Insurer continues to insure the lien of the Trust Deed as a lien against the Property securing all previous Advances and the Advance then being requested, and nothing has intervened to affect the validity or priority of the Trust Deed.

8. Representations; Warranties. In addition to any other representation and/or warranty made by Borrower under this Agreement, Borrower represents and warrants the following to Lender:

8.1 Authority; Binding Obligation; No Conflicts. Borrower has full power and authority to sign and deliver this Agreement and to perform all of Borrower's obligations under this Agreement. This Agreement is the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with its terms. The signing and delivery of this Agreement and the performance by Borrower of all of Borrower's obligations under this Agreement will not (a) breach any agreement to which Borrower is a party, or give any person the right to accelerate any obligation of Borrower, (b) violate any law, judgment, or order to which Borrower is subject, and/or (c) require the consent, authorization, or approval of any person, including, without limitation, any governmental body.

8.2 Compliance; No Misstatements; Encumbrances. Borrower and the Collateral are in compliance with all applicable Laws. No report, financial statement, representation, and/or other information furnished by Borrower to Lender in connection with the Loan contains any misstatement of fact or omits to state any fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Borrower owns fee simple title to the Collateral, free from all Encumbrances except the Encumbrance(s) created by the Permitted Encumbrance(s). No claim of right, title, and/or interest adverse to Borrower in or to the Collateral has been or will be made by any person. There are no pending or threatened claims or actions against Borrower and/or the Collateral. The Property is, and at all times that any amounts remain owing on the Loan will be, used exclusively as a commercial property and will not be used as a personal residence.

9. Covenants. In addition to any other Borrower covenant contained in this Agreement, Borrower covenants the following to Lender:

9.1 Insurance. Borrower will obtain and maintain at all times insurance policies that provide adequate insurance coverage for the Property for all risks normally insured against by a person owning similar real property in a similar location, and for any other risks to which the Property is normally exposed. Each insurance policy that covers the Property will (a) be in form and substance satisfactory to Lender, (b) name Lender as a loss payee, and (c) will provide that the insurance policy may not be amended or cancelled without ten (10) days' prior written notice to Lender. Immediately upon Lender's request, Borrower will deliver a copy of each policy to Lender.

WARNING
(Provided pursuant to ORS 746.201(2))

Unless you [Borrower] provide us [Lender] with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the Collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan balance will apply to this added amount. The effective date of coverage may be the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damages coverage or any mandatory liability insurance requirements imposed by law.

9.2 Encumbrances; Transfer. Borrower will keep the Collateral free from all Encumbrances except the Permitted Encumbrances. Borrower will not Transfer all or any portion of the Collateral without Lender's prior written consent. Upon Lender's request, Borrower will permit Lender to (a) inspect the Property (and any other Collateral), and (b) inspect and copy Borrower's books of account and records related to the Property, including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Property. Borrower and the Collateral will comply with all Laws.

9.3 Indemnification. Borrower will defend, indemnify, and hold Lender and each Lender Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, the following: (a) any breach and/or inaccuracy of any Borrower representation, warranty, and/or covenant made in this Agreement and/or any other Loan Document; (b) any failure by Borrower to pay and/or perform any covenant and/or obligation required to be performed by Borrower under this Agreement and/or any other Loan Document; (c) the Remedial Work; and/or (d) the Loan. This indemnification provision will survive the termination of this Agreement and the satisfaction of the obligations of Borrower to Lender under this Agreement.

10. Defaults; Remedies.

10.1 Events of Default. The occurrence of any one or more of the following events constitutes a default by Borrower under this Agreement and each Loan Document (each an "Event of Default"): (a) Borrower's failure to make any payment required under the Note and/or this Agreement when due; (b) Borrower's failure to perform any covenant, agreement, and/or obligation contained in this Agreement and/or any other Loan Document (other than making any payment required under the Note and/or this Agreement as provided in Section 10.1(a)) within ten (10) days after written notice from Lender specifying the failure with reasonable particularity; (c) any warranty, representation, statement, and/or information made or furnished to Lender by or on behalf of Borrower proves to have been false or misleading in any respect when made or furnished or when deemed made or furnished, or becomes false or misleading at any time thereafter; (d) any default occurs under, or Borrower fails to

pay, perform, and/or comply with, the terms of any Loan Document or any other agreement, document, and/or instrument between Borrower and Lender, and such failure is not remedied within any applicable grace period, if any; (e) any default occurs under any security instrument securing any indebtedness or obligation of Borrower to Lender and/or any lien created or purported to be created by the Trust Deed ceases to be, or is asserted by any person not to be, a valid, perfected priority security interest or lien, subject only to liens and encumbrances accepted by Lender; (f) the death of the last Borrower; and/or (g) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Borrower's financial condition and/or Borrower's ability to pay and perform its obligations under this Agreement and/or any other Loan Document.

10.2 Remedies in the Event of Default. On and after an Event of Default, Lender may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Borrower, the right to accelerate the due dates of the Loan so that the Loan is immediately due, payable, and performable in its entirety; (b) upon notice to Borrower, the right to take possession, control, and charge of the Property and/or any other Collateral; (c) the right to institute an action to appoint a receiver to take charge of the Property and/or any other Collateral; (d) any remedy available to Lender under any Loan Document and/or any agreement evidencing, guaranteeing, and/or securing the payment or performance of the Loan and/or any of the obligations of Borrower, including, without limitation, the Trust Deed; and/or (e) any other remedy available to Lender at law or in equity.

11. Miscellaneous.

11.1 No Lender Waiver. No failure and/or delay of Lender in exercising any right, power, and/or remedy under this Agreement and/or any other Loan Document will operate as a waiver of such right, power, and/or remedy of Lender or of any other right. A waiver of any provision of this Agreement and/or any other Loan Document will not constitute a waiver of or prejudice Lender's right to demand strict compliance with that provision and/or any other provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of Lender must be in writing and will be effective only to the extent specifically set forth in writing.

11.2 Costs and Fees; Attorney Fees. Without otherwise limiting any other provision contained in this Agreement, Borrower will pay Lender immediately on demand an amount equal to all costs and expenses incurred by Lender in connection with the Loan, Title Insurance, enforcement of the Loan Documents, and/or collection of amounts due to Lender, including, without limitation, all recording costs, filing fees, costs of appraisals, title insurance, inspection, collateral audits, costs of perfecting, protecting, and defending Lender's security interest in the Collateral and attorney fees. Notwithstanding the foregoing, if any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Agreement and/or any other Loan Document, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

11.3 Notices; Attorney in Fact. Any notice required under this Agreement must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile

transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day. So long as any amount remains due hereunder to Lender and during the continuance of any default hereunder, Borrower hereby irrevocably appoints Lender its attorney-in-fact with full power and authority to execute, file, and record any notice or other document which Lender deems necessary or advisable to establish or perfect Lender's security interest in the Collateral.

11.4 Successors; Severability; Governing Law. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns, except that Borrower may not assign or transfer any of its rights or obligations under this Agreement and/or any other Loan Document without the prior written consent of Lender. Each provision contained in this Agreement will be treated as a separate and independent provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein. Any reading of a provision causing unenforceability will yield to a construction permitting enforcement to the maximum extent permitted by applicable law. This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement. Any action, suit, or proceeding arising out of the subject matter of this Agreement will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

11.5 Interpretation; Discretion. Upon request by Lender, Borrower will from time to time provide such information, execute such documents, and do such acts as may reasonably be required by Lender in connection with any indebtedness or obligations of Borrower to Lender. All information, documents, and instruments required to be executed or delivered to Lender will be in form and substance satisfactory to Lender. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. When Lender is exercising any consent, approval, determination, and/or similar discretionary action under this Agreement, the standard will be Lender's sole discretion. For purposes of this Agreement, the term "person(s)" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

11.6 Integration; Conflicting Terms. This Agreement, together with the other Loan Documents, comprises the entire agreement of the parties on the subject matter hereof and supersedes and replaces all prior agreements, oral and written, on such subject matter. If any term of any of the other Loan Documents expressly conflicts with the provisions of this Agreement, the provisions of this Agreement will control; provided, however, that the inclusion of supplemental rights and remedies of Lender in any of the other Loan Documents will not be deemed a conflict with this Agreement. Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement. This Agreement may be signed in counterparts. A fax or email transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax or

email transmitted signature page by delivering an original signature page to the requesting party. This Agreement may be amended only by a written agreement signed by each party.

11.7 Survival; Joint and Several. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement and/or in any certificate or other instrument delivered by Borrower under this Agreement and/or any Loan Document. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties, and covenants will survive the making of the Loan and delivery to Lender of the Loan Documents, will be continuing in nature, and will remain in full force and effect until such time as Borrower has satisfied its obligations under the Loan Documents in full. Notwithstanding anything contained in this Agreement to the contrary, all representations, warranties, covenants, and obligations made by Borrower under this Agreement are made by Borrower (Kevin _ . O’Meara and Dierdre _ . O’Meara) on a joint and several basis.

11.8 Disclosure. **Under Oregon law, most agreements, promises, and commitments made by Lender concerning loans and other credit extensions which are not for personal, family, or household purposes or secured solely by the borrower’s residence must be in writing, express consideration, and be signed by Lender to be enforceable.**

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and effective as of the Effective Date.

Lender:
Madras Redevelopment Commission

Borrower:

By: _____
Its: _____

Kevin _ . O’Meara

Deirdre _ . O’Meara

Appendix A
Definitions

“Advance(s)” means Loan amounts provided by Lender under this Agreement and the Note.

“Agreement” has the meaning assigned to such term in the preamble.

“Borrower” has the meaning assigned to such term in the preamble.

“Budget” means a detailed written budget identifying Borrower’s total cost of the Remedial Work and a schedule of the estimated amount and time of each Advance.

“Collateral” means the Property and all other collateral described in the Trust Deed.

“Draw Period” means the period commencing on the Effective Date and ending on _____, 2017.

“Draw Request(s)” means a written request for an Advance, which may only be made during the Draw Period.

“Effective Date” has the meaning assigned to such term in the preamble.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Event of Default” has the meaning assigned to such term under Section 10.1.

“Law(s)” means all leases, covenants, conditions, restrictions, easements, declarations, laws, statutes, liens, ordinances, orders, codes, rules, ordinances, and regulations directly or indirectly concerning or affecting the Collateral (including, without limitation, the Property), Borrower, and/or the Loan, including, without limitation, the Americans with Disabilities Act of 1990 (and the rules and regulations promulgated thereunder), any environmental laws, and any building and safety codes and zoning ordinances, all as now in force and/or which may hereafter be amended, modified, enacted, or promulgated.

“Lender” has the meaning assigned to such term in the preamble.

“Lender Representative(s)” means Lender and its successors, assigns, and affiliates, and all past, present, and future officers, employees, attorneys, agents, volunteers, contractors, representatives, and insurers of the aforementioned.

“Loan” means the line of credit loan provided by Lender to Borrower under this Agreement.

“Loan Document(s)” means, individually and collectively, (a) this Agreement, (b) the Note, (c) the Trust Deed, and (d) such other documents and/or instruments as Lender may require from time to time.

“Note” means that certain Line of Credit Promissory Note in the principal amount of Twenty-

Five Thousand Dollars (\$25,000.00) dated as of the Effective Date.

“Permitted Encumbrance(s)” means (a) any lien, mortgage, pledge, security interest, and/or other encumbrance in favor of Lender, (b) the Encumbrance created by _____, and (c) any lien, mortgage, pledge, security interest, or other encumbrance arising by operation of law for taxes, assessments, or government charges not yet due.

“Property” has the meaning assigned to such term in the Recital.

“Remedial Work” means the following: (a) asbestos assessment on the Property; (b) deconstruction and removal of the single-story building (and all other fixtures and/or improvements located on the Property), including, without limitation, the proper removal and abatement of all asbestos; (c) termination of all utilities serving the Property, including, without limitation, marking such utilities; (d) removal of all debris, loose materials, and garbage located on the Property; (e) importing fill material for grading; (g) leveling and grading the surface of the Property; and (g) all other work that Lender may require at any time and from time to time.

“Title Insurer” has the meaning assigned to such term under Section 6.

“Title Policy” has the meaning assigned to such term under Section 6.

“Transaction” means the line of credit loan transaction contemplated under this Agreement and the Loan Documents.

“Transfer” means (a) any transfer, including, without limitation, any sale, conveyance, exchange, gift, lease, Encumbrance, foreclosure of an Encumbrance, or attachment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, and (b) any agreement involving the ownership, lease, and/or use of all or any portion of the Property for a period longer than thirty (30) days.

“Trust Deed” means that certain Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing dated as of the Effective Date made by Borrower in favor of Lender. The Trust Deed will be delivered by Borrower to Lender upon the funding of the Loan and the Trust Deed will be in form and substance acceptable to Lender.

Exhibit A
Legal Description

The subject real property is legally described as follows:

[to be inserted]

This Note (as defined below) has not been registered under the Securities Act of 1933 or any state securities laws. This Note may not be sold, assigned, and/or otherwise negotiated to any person unless pursuant to an effective registration statement filed under the Securities Act of 1933 and applicable state securities laws, or unless Maker (as defined below) receives an opinion of counsel, in form and from counsel acceptable to Maker, that the sale, assignment, and/or other negotiation is exempt from the registration requirements of the Securities Act of 1933 and applicable state securities laws.

LINE OF CREDIT PROMISSORY NOTE

\$25,000.00

Effective Date: _____, 2017

This Line of Credit Promissory Note (this "Note") is made by Kevin __. O'Meara and Deirdre __. O'Meara, husband and wife (individually and collectively, "Maker"), whose address is 85 NW Poplar, Madras, Oregon 97741, in favor of the Madras Redevelopment Commission ("Holder"), whose address is 125 SW "E" Street, Madras, Oregon 97741.

1. Payment.

1.1 Maker promises to pay to the order of Holder in immediately available funds the principal amount of Twenty-Five Thousand Dollars (\$25,000.00), or, if less, the aggregate unpaid principal amount of all advances made by Holder to Maker pursuant to the Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement dated effective _____, 2017 between Maker and Holder (the "Loan Agreement"), together with interest on the unpaid principal amount from the date of each advance. The entire unpaid principal amount, together with accrued interest, is due and payable by Maker immediately upon the occurrence of the earlier of the following (each a "Triggering Event"): (a) any Transfer (as defined in the Loan Agreement) of the Property (as defined in the Loan Agreement); (b) issuance of any building permit(s) concerning the Property; or (c) _____, 2027. All payments under this Note will be made to Holder at Holder's address first set forth above or any other address that Holder may designate by written notice to Maker.

1.2 Subject to the terms and conditions contained in this Note and all other Loan Documents (as defined below), if Maker has not breached and/or failed to timely pay and perform any Maker representation, warranty, covenant, and/or obligation arising out of or under the Loan Documents, upon the occurrence of a Triggering Event Holder will forgive fifty percent (50%) of the unpaid principal amount, including accrued but unpaid interest, provided Maker immediately pays Holder the remaining fifty percent (50%) of the unpaid principal amount, including accrued but unpaid interest (and all other amounts payable under the Loan Documents). Notwithstanding anything contained in this Note to the contrary, (a) Holder will not forgive any loan amount under this Note if the Triggering Event arose from a Transfer that does not constitute an arm's length voluntary sale to a third party of all Maker's rights and interests in and to the Property and/or Maker breached and/or failed to timely pay and perform any Maker representation, warranty, covenant, and/or obligation arising out of or under the Loan Documents, and (b) Maker is responsible for all taxes that may arise out of or result from Holder's loan forgiveness provided under this Section 1.2. Holder makes no representations or warranties concerning the tax treatment of any loan forgiveness provided under this Section 1.2.

2. Requests for Advances; Accounting Statement. The loan amount may be advanced in multiple disbursements. Maker must make requests for advances to Holder in writing and in accordance with the Loan Agreement. Maker is liable to Holder for any amount advanced to Maker. All advances

must be completed no later than _____, 2017. Holder may, from time to time, deliver to Maker a written accounting statement that sets forth the following information: (a) the date and amount of each advance made by Holder to Maker; (b) the interest rate applicable to each advance; (c) the date and amount of each payment made by Maker to Holder; and (d) the unpaid principal amount (including accrued but unpaid interest), as of a specified date. The information set forth in an accounting statement will be binding on Maker unless Maker delivers to Holder a written objection within ten (10) days after the delivery of the accounting statement and the objection specifies in reasonable detail the facts giving rise to the objection.

3. Interest; Late Charges. Maker will pay interest on the unpaid principal amount at an annual rate of four percent (4.0%). On and after an Event of Default (as defined below), (a) all accrued interest will become part of the unpaid principal amount, and (b) Maker will pay interest on the unpaid principal amount at the annual rate of eight percent (8.0%). Interest will be computed on the basis of a 365-day year. If Maker fails to make any payment required under this Note within ten (10) days after the payment is due, a late charge equal to \$25.00 will be immediately due and payable.

4. Application of Payments; Prepayment. All payments under this Note will apply first to any costs and expenses due to Holder, then to accrued interest to date of payment, and then to the unpaid principal amount. Maker may prepay all or any part of the unpaid principal amount at any time. Excess payments or prepayments will not be credited as future scheduled payments required under this Note.

5. Loan Agreement; Security. Maker's obligations under this Note are subject to the terms and conditions of the Loan Agreement. Maker's obligations under this Note are guaranteed or secured by that certain Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing dated effective _____, 2017 made by Maker in favor of Holder (the "Trust Deed").

6. Event of Default. The occurrence of any one or more of the following events constitutes a default by Maker under this Note (each an "Event of Default"): (a) Maker fails to make any payment required under this Note when due; (b) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Maker's financial condition and/or Maker's ability to make any payment required under this Note; (c) the death of the last Maker; (d) Maker fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Maker's debts as and when they become due, or Maker makes a general assignment for the benefit of creditors; (e) a proceeding with respect to Maker or the Property is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Maker is entered; and/or (f) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of any guarantor of this Note. For purposes of this Note, the term "Loan Document(s)" means (w) the Loan Agreement, (x) the Trust Deed, (y) this Note, and (z) all other agreement and/or instrument evidencing, guaranteeing, and/or securing the performance of any of Maker's obligations under this Note.

7. Remedies. On and after an Event of Default, Holder may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Maker, the right to accelerate the due dates under this Note so that the unpaid principal amount, together with accrued interest, is immediately due and payable in its entirety; (b) any remedy available to Holder under any Loan Document; (c) any remedy available to Holder under any agreement

securing the performance of any of the obligations of any guarantor of this Note; and/or (d) any other remedy available to Holder at law or in equity.

8. Time of Essence; Amendment; Waiver; Severability. Time is of the essence with respect to all dates and time periods in this Note. This Note may be amended only by a written document signed by the party against whom enforcement is sought. Maker waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Holder may extend or postpone the due date of any payment required by this Note without affecting Maker's liability. No waiver will be binding on Holder unless it is in writing and signed by Holder. Holder's waiver of a breach of a provision of this Note will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. If a provision of this Note is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Note will not be impaired. Notwithstanding anything contained in this Note to the contrary, Maker's obligations under this Note are made by Maker (Kevin _ O'Meara and Dierdre _ O'Meara) on a joint and several basis.

9. Governing Law; Venue. This Note is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Note. Any action, suit, and/or proceeding arising out of the subject matter of this Note will be litigated in courts located in Jefferson County, Oregon. Maker consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

10. Attorney's Fees. If any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Note, or otherwise in connection with the subject matter of this Note, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

11. Costs and Expenses. If an Event of Default occurs and Holder does not institute any arbitration, action, suit, and/or proceeding, Maker will pay Holder, immediately upon Holder's demand, all costs and expenses, including, without limitation, attorney fees and collection fees, incurred by Holder in attempting to enforce this Note and/or collect the indebtedness evidenced by this Note.

12. Notices. Any notice required under this Note must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day.

13. Disclosure. **Under Oregon law, most agreements, promises and commitments made by Holder concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by Holder to be enforceable.**

Maker:

Kevin _ O'Meara

Dierdre _ O'Meara

DRAFT

After recording, return to:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

Beneficiary's name and address:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

**LINE OF CREDIT INSTRUMENT
TRUST DEED, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING**

This Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing (this "Trust Deed") is made and entered into effective on _____, 2017 (the "Effective Date") by Kevin _ . O'Meara and Deirdre _ . O'Meara, husband and wife (individually and collectively, "Grantor"), whose address is 85 NW Poplar, Madras, Oregon 97741, in favor of AmeriTitle ("Trustee"), whose address is 748 SW 5th Street, Madras, Oregon 97741, for the benefit of Madras Redevelopment Commission ("Beneficiary"), whose address is 125 SW "E" Street, Madras, Oregon 97741.

The maximum principal amount to be advanced pursuant to the credit agreement secured by this line of credit instrument is \$25,000.00.

Subject to the terms and conditions contained in the credit agreement (and related loan documents), the maturity date of the credit agreement secured by this line of credit instrument, exclusive of any option to renew or extend such maturity date, is _____, 2027.

The maximum principal amount to be advanced pursuant to the credit agreement secured by this line of credit instrument may be exceeded by advances to complete construction pursuant to ORS 86.155(2)(c).

The tax parcel number for the real property subject to this instrument is Account No. 11714, Map/Tax Lot No. 111302-DD-00502.

RECITAL:

Beneficiary and Grantor have entered into a certain Madras Redevelopment Commission – Urban Renewal Line of Credit Loan Agreement dated effective _____, 2017 (the "Agreement"). Pursuant to the Agreement, Beneficiary has extended to Grantor a certain line of credit loan in the principal amount of Twenty-Five Thousand Dollars (\$25,000.00), which loan is evidenced by a certain Line of Credit Promissory Note dated as of the Effective Date as it may be modified, extended, or

replaced from time to time (the "Note"). As a condition to making the loan to Grantor and accepting the Note, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of securing the Obligations, the parties hereto hereby agree as follows:

1. Definitions.

1.1 Capitalized Terms. Unless defined elsewhere in this Trust Deed, capitalized terms used in this Trust Deed have the meanings assigned to them in the attached Appendix A.

1.2 ORS Chapter 86. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in ORS Chapter 86 have the meanings assigned to them in ORS Chapter 86.

1.3 UCC Terms. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in the Uniform Commercial Code have the meanings assigned to them in the Uniform Commercial Code. The term "instrument" has the meaning assigned to it in ORS Chapter 79 rather than ORS Chapter 73.

2. Trust Deed.

2.1 Transfer. As security for the full and prompt payment and performance of the Obligations, Grantor transfers and assigns to Trustee in trust for the benefit of Beneficiary, with power of sale, all of Grantor's right, title, and interest in and to the Trust Property, subject to the provisions of this Trust Deed.

2.2 Recording and Perfection. Beneficiary may record this Trust Deed in the mortgage records in Jefferson County, Oregon. Upon Trustee's or Beneficiary's request, Grantor will take any actions that Trustee or Beneficiary deems necessary to perfect and continue Trustee's and/or Beneficiary's rights under this Trust Deed. Grantor will pay all the fees, costs, and expenses of recording this Trust Deed and any other document that Trustee or Beneficiary deems necessary to perfect and continue Trustee's and/or Beneficiary's rights under this Trust Deed.

2.3 Reconveyance. Within ninety (90) days after the full payment and performance of the Obligations, Beneficiary will deliver a written request to Trustee to reconvey the Trust Property to Grantor. Within thirty (30) days after Beneficiary delivers the written request to reconvey to Trustee, Trustee will reconvey the Trust Property to Grantor.

3. Assignment of Lease Rights.

3.1 Assignment. Grantor assigns and transfers to Beneficiary all of Grantor's rights under each Lease, together with all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant's Lease.

3.2 No Assumption. Beneficiary will not assume any of Grantor's liabilities or obligations under any Lease.

3.3 Revocable License. Beneficiary grants Grantor a revocable and exclusive license to (a) retain, collect, and receive any prepaid rent and existing and future security or other deposits that each Tenant has paid or will pay with respect to the Tenant's Lease, but only to the extent that the prepaid rent and deposits are applied for the purposes required by the Tenant's Lease, to the Obligations, or to any other commercially reasonable purpose, (b) collect and receive the rent and other payments due to Beneficiary under the Leases, but only to the extent that the payments are applied to the Obligations or to any other commercially reasonable purpose, and (c) enforce Beneficiary's rights under the Leases.

3.4 Automatic Reassignment and Termination. Upon the full payment and performance of the Obligations, (a) all of Beneficiary's rights under the Leases, together with all prepaid rent and existing security or other deposits that each Tenant has paid to Grantor or Beneficiary with respect to the Tenant's Lease, will be automatically reassigned and transferred to Grantor, and (b) the license described in Section 3.3 will automatically terminate.

3.5 Indemnification. Grantor will defend, indemnify, and hold Beneficiary and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, resulting from or arising out of, whether directly or indirectly, any liability and/or obligation of Grantor under any Lease.

4. Representations and Warranties of Grantor. In addition to any other representation and/or warranty made by Grantor under this Trust Deed, Grantor represents and warrants to Beneficiary as follows:

4.1 Authority; Binding Obligation; No Conflicts. Grantor has full power and authority to sign and deliver this Trust Deed and to perform all of Grantor's obligations under this Trust Deed. This Trust Deed is the legal, valid, and binding obligation of Grantor, enforceable against Grantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws of general application or by general principles of equity. The signing and delivery of this Trust Deed by Grantor and the performance by Grantor of all of Grantor's obligations under this Trust Deed will not (a) breach any agreement to which Grantor is a party, or give any person the right to accelerate any obligation of Grantor, (b) violate any law, judgment, or order to which Grantor is subject, and/or (c) require the consent, authorization, and/or approval of any person, including, without limitation, any governmental body.

4.2 Real Property. Grantor's use of the Trust Property complies with all applicable zoning laws. Grantor's use of the Trust Property is not subject to any permitted nonconforming use and/or to any structure classification. No fixture and/or improvement on any parcel of land not included in the Trust Property encroaches onto the Trust Property. The Trust Property abuts and has direct vehicular access to a public road or to a permanent, irrevocable, appurtenant easement that provides direct vehicular access to a public road.

4.3 Title to Trust Property. Except as encumbered by any Permitted Encumbrances, Grantor has good title to the Trust Property free from all Encumbrances.

4.4 Commercial Purposes. Grantor has used the Trust Property exclusively for commercial purposes.

4.5 Name of Grantor. The exact full legal names of Grantor are Kevin _ . O'Meara and Deirdre _ . O'Meara.

4.6 Lease. Grantor has delivered to Beneficiary copies of all Leases in effect as of the Effective Date. The Leases are legal, valid, and binding obligations of Grantor and the Tenants and both Grantor and the Tenants are in full compliance with the Leases.

4.7 Compliance With Laws. Grantor will comply with all applicable laws relating to the ownership, lease, use, and/or operation of the Trust Property. No event has occurred or circumstances exist that will likely result in Grantor's failure to comply with any applicable law relating to the ownership, lease, use, and/or operation of the Trust Property.

4.8 Environmental. Grantor has delivered to Beneficiary complete copies of all environmental reports, studies, analyses, tests, and site assessments relating to the Trust Property. Grantor has no liabilities and/or obligations of any kind arising out of or related to, whether directly or indirectly, any Environmental Law, whether known or unknown, fixed or contingent, disputed or undisputed, matured or unmatured, liquidated or unliquidated, or secured or unsecured. Grantor is not a party to any contract, settlement agreement, or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. No event has occurred or circumstances exist that will likely result in Grantor having any liability or obligation of any kind arising out of any Environmental Law. Grantor has complied with all applicable Environmental Laws. No event has occurred or circumstances exist that will likely result in Grantor's failure to comply with any applicable Environmental Law. Grantor has not received any notice from any governmental authority or other person regarding (a) any actual, alleged, and/or potential failure by Grantor to comply with any Environmental Law, and/or (b) any actual or threatened liability or obligation of Grantor arising out of any Environmental Law with respect to the Trust Property. No action, arbitration, audit, hearing, investigation, litigation, suit, and/or other proceeding relating to any Environmental Law is pending or, to Grantor's Knowledge, threatened against Grantor. Grantor is not subject to any judgment or order relating to any Environmental Law. No Hazardous Substance is present on the Trust Property. No Hazardous Substance has been spilled, discharged, and/or otherwise released on and/or into the Trust Property. To Grantor's Knowledge, no Hazardous Substance is present on any real property that geologically or hydrologically adjoins the Trust Property. To Grantor's Knowledge, no Hazardous Substance has been spilled, discharged, or otherwise released on and/or into any real property that geologically or hydrologically adjoins the Trust Property. No underground storage tank is present on the Trust Property. The Trust Property does not contain any wetlands or other protected areas, flora, or fauna.

4.9 Taxes. Grantor has filed on a timely basis all tax returns and reports required to be filed by applicable laws. All of Grantor's filed tax returns are complete and accurate in all respects. Grantor has paid – or made provision for the payment of – all taxes that have become due for all periods. No taxing authority has asserted – or informed Grantor that it intends to assert – any deficiency in the payment of any taxes by Grantor. Grantor is not the beneficiary of any extension of time within which to file a tax return.

4.10 No Material Adverse Change. Grantor has no Knowledge of any facts or circumstances that will likely result in a material adverse change in the financial condition of Grantor.

4.11 Non-foreign Person. Grantor is not a “foreign person” for purposes of Section 1445 of the Internal Revenue Code.

5. Covenants of Grantor. Grantor covenants to Beneficiary that Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

5.1 Obligations. Grantor will fully and promptly pay and perform the Obligations when due.

5.2 Ownership of Trust Property. Grantor will defend Trustee’s and Beneficiary’s rights under this Trust Deed against the adverse claim of any person.

5.3 Restriction on Transfer. Grantor will not Transfer all or any interest in the Trust Property without Beneficiary’s prior written consent.

5.4 Condition of Trust Property. Grantor will keep the Trust Property in good repair and condition, reasonable wear and tear excepted, and will not commit or permit any waste of the Trust Property. Grantor will not remove, demolish, and/or materially alter any improvement on the Trust Property, except in connection with the replacement of an improvement in the ordinary course of Grantor’s business.

5.5 Use of Trust Property. Grantor will not initiate, support, and/or consent to any rezoning of the Trust Property and/or any change in any public or private covenant, condition, and/or restriction relating to the use of the Trust Property. Grantor will use the Trust Property exclusively for commercial purposes, and will ensure that this Trust Deed does not become a residential trust deed.

5.6 Name of Grantor. Grantor will not change Grantor’s legal name.

5.7 Leases. Grantor will fully and promptly pay and perform all of Grantor’s obligations under each Lease. Unless and until the license described in Section 3.3 is revoked by Beneficiary, Grantor will, at Grantor’s own cost and expense, use commercially reasonable efforts to (a) collect the rent and other payments due to Beneficiary under the Leases, except that Grantor will not collect any prepaid rent or other payments that are due under any Lease more than thirty (30) days before the due date of the payment, and (b) enforce Beneficiary’s rights under the Leases. Grantor will promptly notify Beneficiary if Grantor or any Tenant materially breaches any Lease. Grantor will not renew, materially amend, waive any right under, and/or terminate any Lease without the prior written consent of Beneficiary. Grantor will not enter into any new Lease without the prior written consent of Beneficiary. Grantor will not pay, contest, and/or settle any claim relating to any Lease without the prior written consent of Beneficiary.

5.8 Estoppel Certificates. Upon Beneficiary’s request, Grantor will use commercially reasonable efforts to obtain from each Tenant an estoppel certificate signed by the Tenant, in form and substance reasonably satisfactory to Beneficiary.

5.9 Notification. Grantor will promptly notify Beneficiary if any of the following occurs: (a) any material change in the business of Grantor; (b) any material loss or damage with respect to the Trust Property with a value over Five Thousand Dollars (\$5,000.00), whether or not the loss or damage is covered by insurance; (c) any adverse change in the financial condition of Grantor; and/or (d) an Event of Default.

5.10 Future Commercial Tort Claims. Grantor will promptly notify Beneficiary if Grantor obtains any rights to any commercial tort claim relating to the ownership, lease, use, and/or operation of the Trust Property. Grantor will ensure that the notice includes the adverse parties to the claim and the specific facts out of which the claim arose.

5.11 Inspection. Upon Beneficiary's request, Grantor will permit Beneficiary to (a) inspect the Trust Property, and (b) inspect and copy Grantor's books of account and records related to the Trust Property including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Trust Property.

5.12 Compliance With Laws. Grantor will comply with all laws, ordinances, regulations, directions, rules, and requirements of all governmental authorities and others applicable to the use and/or occupancy of the Trust Property.

5.13 Environmental. Grantor will comply with all applicable Environmental Laws. Grantor will comply with the terms and conditions of each judgment and order relating to any Environmental Law to which Grantor is subject. Grantor will not cause or permit any Hazardous Substance to be present on or to be spilled, discharged, and/or otherwise released on and/or into the Trust Property. Grantor will fully and promptly pay and perform all of Grantor's obligations arising out of any Environmental Law. Grantor will comply with the terms and conditions of any contract, settlement agreement, and/or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. Grantor will promptly notify Beneficiary if Grantor obtains Knowledge of the occurrence after the Effective Date of any fact or condition that would cause Grantor to breach any representation or warranty in Section 4.8 if the representation or warranty were made as of the date of the occurrence.

5.14 Taxes. Grantor will file on a timely basis all tax returns and reports required to be filed by applicable laws. All of Grantor's filed tax returns will be complete and accurate in all respects. Grantor will pay – or make provision for the payment of – all taxes that become due for all periods. Grantor will promptly notify Beneficiary if any taxing authority asserts – or informs Grantor that it intends to assert – any deficiency in the payment of any taxes by Grantor. Grantor will not seek any extension of time within which to file a tax return.

5.15 Insurance. Grantor will obtain and maintain at all times during the term of this Trust Deed insurance policies that provide adequate insurance coverage for the Trust Property for all risks normally insured against by a person owning similar real property in a similar location, and for any other risks to which the Trust Property is normally exposed. If any portion of the Trust Property is located in a special flood hazard area, Grantor will obtain flood insurance under the National Flood Insurance Program. Each insurance policy that covers the Trust Property will (a) be in form and substance reasonably satisfactory to Beneficiary, (b) name Beneficiary as a loss payee, and (c) provide that the insurance policy may not be amended or cancelled without ten (10) days' prior written notice

to Beneficiary. Upon Beneficiary's request, Grantor will deliver a copy of each insurance policy to Beneficiary.

5.16 Sales; Change in Ownership. Grantor will not enter into any transaction or series of transactions involving the sale and/or transfer of substantially all of Grantor's assets in any one transaction or series of transactions unless Grantor obtains Beneficiary's prior written consent.

6. Damage or Destruction. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

6.1 Assignment of Proceeds. Grantor assigns and transfers to Beneficiary all of Grantor's rights to receive insurance proceeds under all insurance policies that provide coverage to Grantor for the Trust Property.

6.2 Application of Proceeds. If any damage or destruction occurs with respect to the Trust Property, and if Beneficiary receives any insurance proceeds under any insurance policy that provides coverage to Grantor for the Trust Property, (a) Beneficiary may hold the proceeds as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 6.2, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the proceeds (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of restoring the portion of the Trust Property that was damaged or destroyed, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the Trust Property is properly restored, including, without limitation, holding the proceeds until the restoration is complete.

7. Prior Encumbrance. This Trust Deed will be subordinate only to the Permitted Encumbrances.

8. Condemnation. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

8.1 Notice. Grantor will promptly notify Beneficiary if all or any portion of the Trust Property is condemned or threatened with condemnation. The notice will include a copy of all correspondence relating to the condemnation or the threat that Grantor received from any third-party.

8.2 Proceeding. Beneficiary may elect to control the condemnation matter described in Grantor's notice by notifying Grantor within twenty (20) days after the delivery of Grantor's notice. If Beneficiary elects to control the condemnation matter within the twenty-day period after the delivery of Grantor's notice Beneficiary may institute a condemnation proceeding, in which case (1) Beneficiary must diligently prosecute the proceeding, with counsel reasonably satisfactory to Grantor, (2) Grantor may participate in the prosecution of the proceeding, at Grantor's own cost and expense, and (3) Beneficiary may settle the matter with the consent of Grantor, which Grantor may not unreasonably withhold, condition, and/or delay. If Beneficiary does not elect to control the condemnation matter within the twenty-day period after the delivery of Grantor's notice Grantor may institute a condemnation proceeding, in which case (1) Grantor will diligently prosecute the proceeding, with counsel reasonably satisfactory to Beneficiary, (2) Beneficiary may participate in the prosecution of the proceeding, at Beneficiary's own cost and expense, and (3) Grantor may settle the matter with the consent of Beneficiary. In any condemnation proceeding that is subject to the provisions in this Section

8.2, Grantor and Beneficiary will keep each other fully informed of the status of the proceeding, cooperate with each other with respect to the prosecution of the proceeding, and attempt to preserve in full any attorney-client and work-product privileges and the confidentiality of any confidential information.

8.3 Assignment of Compensation. Grantor assigns and transfers to Beneficiary all of Grantor's rights to receive compensation as a result of any condemnation of all or any portion of the Trust Property.

8.4 Application of Compensation. If all or any portion of the Trust Property is condemned, and if Beneficiary receives any compensation as a result of the condemnation, (a) Beneficiary may hold the compensation as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 8.4, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the compensation (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of restoring or improving the remaining portion of the Trust Property, if any, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the remaining portion of the Trust Property is properly restored or improved, including, without limitation, holding the proceeds until the restoration or improvement is complete.

9. Payment of Taxes and Other Charges by Beneficiary. Whenever Grantor fails to pay when due any taxes, assessments, interest on prior mortgages, insurance premiums, and/or other charges necessary to be paid for the protection of Trustee's and/or Beneficiary's rights under this Trust Deed, Beneficiary may pay the same. Such payments will be added to the Obligations and will bear interest at the default interest rate specified in the Note.

BENEFICIARY'S WARNING TO GRANTOR

Unless you [Grantor] provide us [Beneficiary] with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

10. Defaults and Remedies.

10.1 Events of Default. The occurrence of any one or more of the following events constitutes an event of default under this Trust Deed (each an "Event of Default"): (a) Grantor fails to

make any payment Obligation when due; (b) Grantor fails to perform any non-payment Obligation within ten (10) days after Beneficiary notifies Grantor of the failure to perform the Obligation when due; (c) any representation or warranty made by Grantor in this Trust Deed is found to have been untrue or misleading in any respect as of the Effective Date; (d) an Encumbrance other than a Permitted Encumbrance attaches to the Trust Property; (e) any Transfer of the Trust Property and/or any interest in the Trust Property to any person other than Trustee or Beneficiary, unless the Transfer is expressly permitted by this Trust Deed; (f) any material loss or damage with respect to the Trust Property occurs that is not covered by insurance; (g) any material portion of the Trust Property is condemned; (h) Grantor fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Grantor's debts as they become due, or makes a general assignment for the benefit of creditors; (i) a proceeding with respect to Grantor is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Grantor and/or the Trust Property is entered; (j) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (k) the death of the last Grantor; and/or (l) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Grantor's financial condition and/or Grantor's ability to pay and perform the Obligations.

10.2 Remedies. On and after an Event of Default, Beneficiary may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Grantor, the right to accelerate the due dates of the Obligations so that the Obligations are immediately due, payable, and performable in their entirety; (b) upon notice to Grantor, the right to take possession, control, and charge of the Trust Property; (c) the right to institute an action to appoint a receiver to take charge of the Trust Property; (d) the right to institute an action to obtain a temporary restraining order; (e) upon notice to Grantor, the right to pay and perform any of the Obligations; (f) any remedy available to Beneficiary under any Loan Document and/or any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (g) any remedy available to Beneficiary under ORS Chapter 86, including, without limitation, the foreclosure of this Trust Deed by advertisement and sale in the manner provided in ORS 86.705 to ORS 86.795; (h) the right to foreclose this Trust Deed as provided by law for the foreclosure of mortgages on real property; (i) any remedy available to Beneficiary under the Uniform Commercial Code; (j) the right to revoke the license described in Section 3.3 and to (1) retain, collect, and receive all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant's Lease, (2) collect and receive the rent and other payments due to Beneficiary under the Leases, and (3) enforce Beneficiary's rights under the Leases; (k) the right to deliver to each Tenant a letter, in form and substance reasonably satisfactory to Beneficiary, notifying the Tenant that (1) all of Grantor's rights under the Tenant's Lease have been assigned to Beneficiary, and (2) all future rent and other payments must be paid to Beneficiary; and/or (l) any other remedy available to Beneficiary at law or in equity.

10.3 Additional Rights and Obligations. After an Event of Default, (a) upon Beneficiary's request, Grantor will sign for each Tenant the letter described in Section 10.2, and (b) upon Beneficiary's request, Grantor will otherwise assist Beneficiary in exercising any remedy available to Beneficiary under this Trust Deed.

10.4 Possession and Protection of Trust Property. If Beneficiary or a receiver takes possession, control, and/or charge of the Trust Property after an Event of Default, Grantor will peacefully relinquish possession of the Trust Property upon Beneficiary's or the receiver's request. After taking possession, control, and/or charge of the Trust Property, Beneficiary or the receiver may (a) manage, develop, improve, partition, change the character of, or abandon the Trust Property, (b) make ordinary or extraordinary repairs or alterations to the Trust Property, demolish any improvements, and raze existing or erect new party walls or buildings, (c) subdivide the Trust Property, make or obtain the vacation of plats, or adjust boundaries, (d) enter into a lease of all or any portion of the Trust Property, (e) insure the Trust Property against damage or loss, (f) borrow and advance money for the protection of the Trust Property, and for all expenses, losses, and liability sustained in the protection of the Trust Property, (g) pay, contest, and/or settle any claim relating to the Trust Property, (h) pay taxes, assessments, and other expenses incurred in the protection of the Trust Property, (i) employ persons to advise or assist Beneficiary or the receiver in the protection of the Trust Property, and act without independent investigation upon their recommendations, (j) prosecute or defend actions, claims, and/or proceedings for the protection of the Trust Property, and/or (k) take any other actions that Trustee or the receiver deems reasonably necessary to protect the Trust Property. Any payments made or indebtedness incurred by Beneficiary or the receiver in connection with protecting the Trust Property will be added to the Obligations and will bear interest at the default rate specified in the Note. If Beneficiary or the receiver receives any rent or other payments after taking possession, control, and/or charge of the Trust Property, (y) Beneficiary may hold the payments as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 10.4, and (z) Beneficiary may, in Beneficiary's sole discretion, apply the payments (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of protecting the Trust Property.

10.5 Sale of Trust Property. After an Event of Default, Trustee may sell the Trust Property at auction to the highest bidder for cash. Any person, including Beneficiary, but excluding Trustee, may bid at the sale. The attorney for Trustee, or any agent designated by Trustee or the attorney, may conduct the sale and act in the sale as the auctioneer of Trustee.

10.6 Proceeds of Sale of Trust Property. After an Event of Default and a sale of the Trust Property by Trustee, Trustee must apply the proceeds of the sale as follows: (a) to the expenses of the sale, including the compensation of Trustee, and a reasonable charge by the attorney for Trustee; (b) to the Obligations; (c) to all persons having recorded liens subsequent to the interest of Trustee in this Trust Deed as their interests may appear in the order of their priority; and (d) the surplus, if any, to Grantor or to the successor in interest of Grantor entitled to such surplus.

10.7 No Obligation to Pay or Perform. Beneficiary has no obligation to pay or perform any Obligation.

11. Release, Indemnification, and Waivers.

11.1 Release and Indemnification. Grantor releases and will defend, indemnify, and hold Trustee, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, resulting from or arising out of, whether directly or indirectly, the following: (a) any action that Trustee, Beneficiary, and/or any Beneficiary Representative take to perfect or continue Trustee's and/or Beneficiary's rights under this

Trust Deed; (b) the exercise of any remedy available to Beneficiary under this Trust Deed, without regard to cause or the negligence of Trustee, Beneficiary, any Beneficiary Representative, and/or any other person; (c) any breach and/or inaccuracy of any Grantor representation, warranty, and/or covenant made in this Trust Deed and/or any Loan Document; and/or (d) any failure by Grantor to pay and/or perform any covenant and/or obligation required to be performed by Grantor under this Trust Deed and/or any Loan Document. This indemnification and hold harmless provision will survive the termination of this Trust Deed and the satisfaction of the obligations of Grantor to Beneficiary under this Trust Deed.

11.2 Waiver by Grantor. Grantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Beneficiary may amend any agreement evidencing, guaranteeing, or securing any of the Obligations or extend or postpone the due dates of the Obligations without affecting Grantor's liability.

11.3 No Waiver by Beneficiary. No waiver will be binding on Beneficiary unless it is in writing and signed by Beneficiary. Beneficiary's waiver of a breach of a provision of this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. Beneficiary's failure to exercise any remedy under this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Beneficiary of Beneficiary's right to exercise the remedy.

12. Environmental Indemnification.

12.1 Indemnification. Grantor will defend, indemnify, and hold Trustee, each Trustee Representative, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, resulting from or arising out of, whether directly or indirectly, Grantor's breach of any representation, warranty, covenant, and/or other obligation of Grantor in Section 4.8 and/or Section 5.13.

12.2 Survival. All representations, warranties, covenants, and other obligations of Grantor in Section 4.8, Section 5.13, and Section 12.1 will survive the reconveyance of the Trust Property to Grantor and the foreclosure of this Trust Deed.

13. Successor Trustee. At any time, Beneficiary may appoint in writing a successor to Trustee. If the appointment of the successor to Trustee is recorded in the mortgage records in Jefferson County, Oregon, the successor to Trustee will be vested with all the powers of Trustee.

14. Non-foreign Affidavit. Contemporaneously with the signing and delivery of this Trust Deed, Grantor will deliver to Beneficiary a non-foreign affidavit signed by Grantor for purposes of Section 1445 of the Internal Revenue Code, in form and substance reasonably satisfactory to Beneficiary.

15. Miscellaneous.

15.1 Time of Essence; No Assignment; Binding Effect. Time is of the essence with respect to all dates and time periods in this Trust Deed. Grantor may not assign or delegate any of

Grantor's rights or obligations under this Trust Deed to any person without the prior written consent of Beneficiary, which Beneficiary may withhold in Beneficiary's sole discretion. This Trust Deed will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit.

15.2 Amendment; Notice. This Trust Deed may be amended only by a written document signed by the party against whom enforcement is sought. Any notice required under this Trust Deed must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day.

15.3 Severability; Further Assurances; Remedies. If a provision of this Trust Deed is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Trust Deed will not be impaired. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Trust Deed. Beneficiary will have all remedies available to it at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.

15.4 Governing Law; Venue. This Trust Deed is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Trust Deed. Any action or proceeding arising out of this Trust Deed will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

15.5 Attorney Fees. If any arbitration or litigation is instituted to interpret, enforce, and/or rescind this Trust Deed, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

15.6 Entire Agreement. This Trust Deed contains the entire understanding of the parties regarding the subject matter of this Trust Deed and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Trust Deed.

15.7 No Waiver by Beneficiary. No failure and/or delay of Beneficiary in exercising any right, power, and/or remedy under this Trust Deed and/or any other Loan Document will operate as a waiver of such right, power, and/or remedy of Beneficiary or of any other right. A waiver of any provision of this Trust Deed and/or any other Loan Document will not constitute a waiver of or prejudice Beneficiary's right to demand strict compliance with that provision and/or any other

provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of Beneficiary must be in writing and will be effective only to the extent specifically set forth in writing.

15.8 Interpretation and Exercise of Discretion. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Trust Deed. When Beneficiary is exercising any consent, approval, determination, and/or similar discretionary action under this Trust Deed, the standard will be Beneficiary's sole discretion. For purposes of this Trust Deed, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

15.9 Attachments. Any exhibits, schedules, and other attachments referenced in this Trust Deed are part of this Trust Deed.

15.10 Waiver of Jury Trial and Hearing. GRANTOR IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST GRANTOR IN RESPECT TO THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION. GRANTOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS TRUST DEED IS A PART IS A COMMERCIAL TRANSACTION. TO THE EXTENT PERMITTED BY ANY STATE OR FEDERAL LAW, GRANTOR WAIVES ANY RIGHT GRANTOR MAY HAVE TO PRIOR NOTICE OF AND A HEARING ON THE RIGHT OF ANY HOLDER OF THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES SAID HOLDER, BY WAY OF FORECLOSURE, ATTACHMENT, GARNISHMENT, OR REPLEVIN, TO DEPRIVE GRANTOR OF ANY PROPERTY, AT ANY TIME, PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION.

15.11 Joint and Several. Notwithstanding anything contained in this Trust Deed to the contrary, all Grantor representations, warranties, covenants, and obligations made under this Trust Deed are made by Grantor (Kevin _ . O'Meara and Dierdre _ . O'Meara) on a joint and several basis.

[end of instrument – signature page immediately follows]

IN WITNESS WHEREOF, the undersigned have caused this Trust Deed to be duly executed and effective as of the Effective Date.

GRANTOR:

Kevin _ . O’Meara

Deirdre _ . O’Meara

State of Oregon)
) ss.
County of Jefferson)

I certify that I know or have satisfactory evidence that Kevin _ . O’Meara signed this instrument, that he is authorized to execute this instrument and acknowledge it to be his free and voluntary act for the uses and purposes contained in this instrument.

Before me:

Notary Public for Oregon
Commission No.: _____
My Commission Expires: _____

State of Oregon)
) ss.
County of Jefferson)

I certify that I know or have satisfactory evidence that Dierdre _ . O’Meara signed this instrument, that she is authorized to execute this instrument and acknowledge it to be her free and voluntary act for the uses and purposes contained in this instrument.

Before me:

Notary Public for Oregon
Commission No.: _____
My Commission Expires: _____

Appendix A
Definitions

“Beneficiary Representative(s)” means Beneficiary and its successors, assigns, divisions, affiliates, and related entities, and all past, present, and future officers, directors, shareholders, members, managers, employees, attorneys, agents, volunteers, contractors, representatives, and insurers of the aforementioned.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Environmental Law(s)” means any law designed to minimize, prevent, punish, and/or remedy the consequences of actions that damage or threaten the environment or public health and safety.

“Event of Default” means any event specified in Section 10.1.

“Hazardous Substance(s)” means any hazardous or toxic substance, material, and/or waste, including, without limitation, the following: (a) any hazardous or toxic substance, material, and/or waste that is defined as such under any Environmental Law; and (b) petroleum, petroleum products, asbestos, presumed asbestos-contaminating materials, asbestos-contaminating materials, urea formaldehyde, and polychlorinated biphenyls.

“Knowledge” means, with respect to Grantor, the actual knowledge of each Grantor and any knowledge that each Grantor would have obtained if such individual(s) had conducted a reasonably comprehensive investigation of the relevant matter.

“Lease(s)” means any lease affecting the Trust Property to which Grantor is or becomes a party.

“Loan Document(s)” means (a) the Agreement, (b) this Trust Deed, (c) the Note, and (d) any agreement evidencing, guaranteeing, and/or securing the performance of any of Grantor’s obligations arising out of or under the aforementioned.

“Note” means the Line of Credit Promissory Note dated as of the Effective Date in the principal amount of Twenty-Five Thousand Dollars (\$25,000.00) made by Grantor in favor of Beneficiary and referenced in the recital.

“Obligation(s)” means all present and future obligations of any kind owed by Grantor to Beneficiary, including, without limitation, all of Grantor’s obligations arising out of or under (a) the Note, (b) the Agreement, (c) this Trust Deed, and (d) any other agreement evidencing, guaranteeing, and/or securing the performance of any of Grantor’s obligations arising out of or under the aforementioned agreements.

“Permitted Encumbrance(s)” means (a) any lien, mortgage, pledge, security interest, and/or other encumbrance in favor of Beneficiary, (b) _____, and (c) any lien, mortgage, pledge, security interest, or other encumbrance arising by operation of law for taxes, assessments, or government charges not yet due.

“Real Property” means the real property (and all improvements located thereon) located at 61 NW Oak Street, Madras, Oregon 97741 as more particularly described on the attached Exhibit A.

“Tenant(s)” means any person other than Grantor that is a party to any Lease.

“Transfer(s)” means (a) any transfer, including, without limitation, any sale, conveyance, exchange, gift, lease, encumbrance, foreclosure of an encumbrance, or attachment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, and (b) any agreement involving the ownership, lease, and/or use of all or any portion of the Real Property for a period longer than thirty (30) days.

“Trust Property” means all of Grantor’s right, title, and interest in and to the Real Property, together with the following:

- (a) all interests, estates, and rights that Grantor now has and/or may acquire in the Real Property;
- (b) all options, agreements, and contracts for the purchase or sale of all or any part or parts of the Real Property or interests in the Real Property;
- (c) all easements, rights-of-way, and rights used in connection with the Real Property and/or as a means of access to the Real Property;
- (d) all tenements, hereditaments, and appurtenances in any manner belonging, relating, and/or appertaining to the Real Property;
- (e) all interests, estates, and rights of Grantor, now owned or hereafter acquired, in and to any land lying within any streets, sidewalks, alleys, strips, and/or gores adjacent to or used in connection therewith;
- (f) all Grantor rights, titles, and interests, now owned or hereafter acquired, in and to all buildings and other improvements of every nature now or hereafter located on the Real Property and all fixtures, machinery, equipment, and other personal property located on the Real Property or attached to, contained in, or used in any such buildings and other improvements, and all appurtenances and additions to and substitutions and replacements of the Real Property (all of the foregoing being collectively referred to below as the “Improvements”);
- (g) all mineral, oil and gas rights, air rights, development rights, water rights, water stock, and water service contracts, drainage rights, zoning rights, and other similar rights or interests that benefit or are appurtenant to the Real Property or the Improvements or both, and any of their proceeds;
- (h) all Grantor rights, titles, and interests in and to all present and future licenses, permits, approvals, and agreements with or from any municipal corporation, county, state, or other governmental or quasi-governmental entity or agency relating to the development, improvement, division, or use of all or any portion of the Real Property to the extent assignable by law; and all other general intangibles relating to the Real Property, the Improvements, or their use and operation;

(i) all Grantor rights in and to any escrow or withhold agreements, title insurance, surety bonds, warranties, management contracts, leasing and sales agreements, and service contracts that are in any way relevant to the ownership, development, improvement, management, sale, and/or use of all or any portion of the Real Property or any of the Improvements;

(j) Grantor's rights under any payment, performance, and/or other bond in connection with construction of any Improvements, and all construction materials, supplies, and equipment delivered to the Real Property or intended to be used in connection with the construction of any Improvements; and

(k) all rights, interests, and claims that Grantor now has or may acquire with respect to any damage to or taking of all or any part of the Real Property and/or the Improvements, including, without limitation, all proceeds of insurance in effect with respect to the Improvements, all awards made for taking by eminent domain or by any proceeding or purchase in lieu thereof, of the whole or any part of the Real Property or the Improvements, and all awards resulting from any other damage to the Real Property or the Improvements, all of which are assigned to Beneficiary under this Trust Deed.

"Trustee Representative(s)" means each present and future director, officer, shareholder, employee, member, assignee, manager, partner, and authorized representative of Trustee.

Exhibit A
Legal Description

[to be inserted]

MADRAS REDEVELOPMENT COMMISSION
Request for Action

Date Submitted: April 24, 2017
Agenda Date Requested: May 3, 2017
To: Madras Redevelopment Commission
From: Nicholas Snead, Community Development Director
Subject: Review and Approval of Wild Bleu Mercantile Façade Urban Renewal Loan Agreement.

TYPE OF ACTION REQUESTED: (Check One)

- | | |
|---|------------------------------------|
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance |
| <input checked="" type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Other |
| <input type="checkbox"/> No Action - Report Only | |

OVERVIEW:

At the March 1, 2017 Madras Redevelopment Commission meeting, Rebecca Keegan and Jennifer Schaufner of Wild Bleu Mercantile expressed interest in obtaining a Façade Improvement Loan from the Madras Redevelopment Commission. Since then staff has worked with Wild Bleu to scope the façade improvement, develop a project budget, and work with the City Attorney to prepare the necessary loan documents. At the May 3, 2017 MRC meeting the following will occur:

1. Rebecca Keegan and Jennifer Schaufner will provide an overview of their funding request
2. A report from staff will be provided that:
 - a. Generally overviews the MRC's Façade Improvement Program
 - b. The terms of the proposed loan documents
 - c. Identifies any concerns and potential actions for the Commission to resolve concerns.

Considering the additional information needed for the loan documents and the concerns identified herein, staff finds the requested Façade Improvement project is consistent with the 2016 Urban Renewal Action Plan and recommends the Commission conditionally approve the Wild Bleu Mercantile Façade Improvement project and loan documents.

DISCUSSION:

Property Information:

Address: 225 SE 5th Street
Map & Tax Lot: 11-13-12BB-10100
Current Property Owner: BLM Properties, LLC

Requested Financial Assistance:

Wild Bleu Mercantile has proposed interior and exterior building improvements and site improvements with a total cost of \$31,562.00, which does not include the Sweat Equity (i.e. in-kind labor costs). Based on this proposed improvements, staff has prepared the necessary agreements that will:

1. Fund a \$35,000.00 total project cost. The loan documents will be revised to reflect exact amount of funding needed to complete the Façade Improvement project.
2. Provide \$17,500.00 in grant funding for the project. Historically, the Commission has provided a grant to the Façade Improvement barrow in the amount of 50% of the project cost.
3. Provide \$17,500.00 in loan funding for the project cost. Historically, the Commission has provided a loan to the Façade Improvement barrow in the amount of 50% of the project cost with the following structure:
 - a. 10 year loan term
 - b. Years 1-2: no interest on loan principle
 - c. Years 3-6: 2.5% interest on loan principle
 - d. Years 6-10: 5.5% interest on loan principle

Urban Renewal Action Plan:

In 2016 the Commission adopted the Urban Renewal Action Plan (URAP) that is “grounded in financial and market analyses and supported by robust public input, the Urban Renewal Action Plan details a set of actions for the Madras Redevelopment Commission to encourage private investment in the District in partnership with other entities” (pg. 19, URAP). The URAP also established near-term investment framework that identified considerations for where and how investments may be made by the Commission.

The requested Façade Improvement funding from Wild Bleu Mercantile is consistent with the URAP based on the following factors:

- Public input provided when developing the URAP very clearly identified the need to support retail and commercial uses. In particular, retail businesses that sell clothing and other essential merchandise. Wild Bleu Mercantile sells art and other goods used for decorations, women’s clothing and accessories, and provides classes to learn how to make art and decorations to customers.
- The location of the property is located in the “Core Investment Area” whereby the URAP identifies the need to make “proactive investments to spur TIF generation” (pg. 22, UPAP).
- The URAP identified 3 near-term investment criteria: 1) Generate tax increment; 2) Support development on underutilized or vacate site[s]; and 3) Catalyze additional redevelopment.

Staff finds the proposed Façade Improvement project to be a project that will catalyze additional redevelopment through financial support to maximize the use of the subject property, encourage active use of properties and buildings within the Core Investment Area that visually communicates activity and interest from people in the Core Investment Area.

Concerns:

Staff has the following concerns and recommendations for the Commission to resolve the concerns regarding the proposed Wild Bleu Mercantile Façade Improvement:

1. Property Ownership: The property is currently owned by BLM Properties, LLC of which Rebecca Keegan and Jennifer Schaufner are not affiliated. The City Attorney has identified concern for who will be borrowing funds from the MRC: the property owner or Rebecca Keegan and Jennifer Schaufner of the Wild Bleu Mercantile. This concern is important as the property owner needs to be identified as the borrower on the MRC loan documents. Doug Lofting, representative of BLM Properties, LLC has indicated that Rebecca Keegan and Jennifer Schaufner are in the process of purchasing the property from BLM Properties, LLC. Accordingly, both staff and the City Attorney have recommended to Doug Lofting, Rebecca Keegan, and Jennifer Schaufner that Rebecca Keegan and Jennifer Schaufner are to be the borrowers on the loan and that no funding from the loan may be used until such time that Rebecca Keegan and Jennifer Schaufner take title to the property.

Therefore, staff has determined that the best method of resolving this concern is for the MRC to approve the Façade Improvement Loan documents contingent upon Rebecca Keegan and Jennifer Schaufner obtaining title (ownership) of the property located at 225 SE 5th Street that is also identified as tax lot 10100 on Jefferson County Assessor's Map No. 11-13-12BB.

2. Additional Information Needed for Loan Documents: Staff, the City Attorney, Rebecca Keegan, and Jennifer Schaufner have worked diligently to draft the loan documents in a compressed amount of time to allow the Commission to consider approving the project and loan documents at the May 3, 2017 Commission meeting however, additional details are needed to finalize the loan documents. The additional information needed is as follows:
 - Confirm the subject property's address and legal description.
 - Jennifer Schaufner's middle initial.
 - All documents will need to be dated throughout (including cross references)
 - Once the Property is transferred, we will need to review the title report concerning any encumbrances and complete some of provisions in the Loan Agreement (e.g., section 5, Prior Encumbrances). In addition, we will need to revise the definition of "Permitted Encumbrances(s)" after such review.
 - Need the tax account number and need to confirm the tax lot number.
3. Proposed Improvements to Funded: In the past, the MRC has not funded improvements to the interior or property, rather just for exterior building improvements. Rebecca Keegan and Jennifer Schaufner have proposed generally the following improvements:

- Interior Building: ADA bathroom improvements, removal structural wall, and flooring improvements.
- Exterior Building: Additional windows, doors and associated trim, porch cover, stamped concrete entry, wooden beams and posts for entryway.
- Site Improvements: New poles and lights for outdoor seating and events area, pea gravel for seating and event area.

Recommended Conditions of Project Approval:

Based on the identified concerns, staff and the City Attorney recommend the Commission approve the Wild Bleu Mercantile Façade Improvement project and loan documents with the following conditions:

1. The Madras Redevelopment Commission approves the loan documents subject to any appropriate review and revisions by the City Attorney and Community Development Director.
2. The Chair of the Madras Redevelopment Commission will sign the loan documents upon Rebecca Keegan and Jennifer Schaufner obtaining title (i.e. ownership) to the property.
3. Rebecca Keegan and Jennifer Schaufner will provide title report to the City Attorney and Community Development Director upon obtaining title (i.e. ownership) to the property.
4. No funds may be used by the barrowers prior to obtaining title (i.e. ownership) to the property.

SUMMARY:

- **Fiscal Impact:**
 - Total financial impact: \$35,000.00.
 - \$17,500.00 grant funding will be provided from the MRC General Fund, Special Payments, Grants-Blight Removal in the FY 2016-17 MRC budget.
 - \$17,500.00 loan funding will be provided from the MRC Reinvestment Fund, Special Payments, Loan Distribution in the FY 2016-17 MRC budget.

- **Funding Source:**
 - \$17,500.00 grant funding will be provided from the MRC General Fund, Special Payments, Grants-Blight Removal in the FY 2016-17 MRC budget.
 - \$17,500.00 loan funding will be provided from the MRC Reinvestment Fund, Special Payments, Loan Distribution in the FY 2016-17 MRC budget.

D. Supporting Documentation:

Attachment A: Document provided by Wild Bleu Mercantile

Attachment B: Wild Bleu Mercantile Façade Improvement Loan Documents (i.e. Loan Documents):

- Madras Redevelopment Commission - Urban Renewal Line of Credit Loan Agreement.
- Line of Credit Instrument Trust Deed, Assignment of Leases and Rents, and Fixture Filing.
- Line of Credit Promissory Note.

OPTIONS FOR COMMISSION ACTION:

1. Approve with conditions, the Loan Documents as presented, subject to staff and City Attorney final review and approval.

2. Approve with conditions, Loan Document with any specified changes by the Commission, subject to staff and City Attorney final review and approval.

3. Take no action and request staff to provide any additional information for the Commission to review and a future Commission meeting.

STAFF RECOMMENDATION:

Approve with conditions, the Loan Documents as presented, subject to staff and City Attorney final review and approval.

MOTION FOR COMMISSION ACTION:

Approve with conditions, the Loan Documents as presented, subject to staff and City Attorney final review and approval.

Wild Bleu

Merchantile

WILD BLEU INSIDE REMODEL

Plumbing - New ADA toilet and sink installed (add \$3000 for shower)	\$ 4,850.00	
Sheet rock, tape and texture	\$ 1,025.00	
Frame in new ADA compliant doors	\$ 450.00	
County building permits and city fees	\$ 250.00	
Interior Lighting in Craft room	\$ 500.00	
Utility Sink for crafts	\$ 400.00	
Snap in affordable flooring	\$ 1,500.00	
		\$ 8,975.00

WILD BLEU OUTSIDE REMODEL

Dimensional lumber for framing, Glu-lam header stock and doors	\$ 1,526.00	
Two new doors, install doors and trim	\$ 1,280.00	
Wood trim for posts / beams	\$ 732.00	
New stamped concrete entry	\$ 1,050.00	
Demo, siding, facia and trim for entry	\$ 1,275.00	
Form, pour, finish new concrete steps	\$ 1,145.00	
Steel handrail installed (painted)	\$ 800.00	
County building permits and city fees	\$ 470.00	
Gravel for mono pad	\$ 450.00	
Stamped concrete mono pad and foundation	\$ 3,584.00	
Windows installation	\$ 1,800.00	
Porch cover	\$ 6,500.00	
		\$ 20,612.00

EXTERIOR

poles and lights for exterior	\$ 675.00	
pea gravel for entire area	\$ 800.00	
New windows	\$ 500.00	
		\$ 1,975.00
		\$ 31,562.00

SWEAT EQUITY

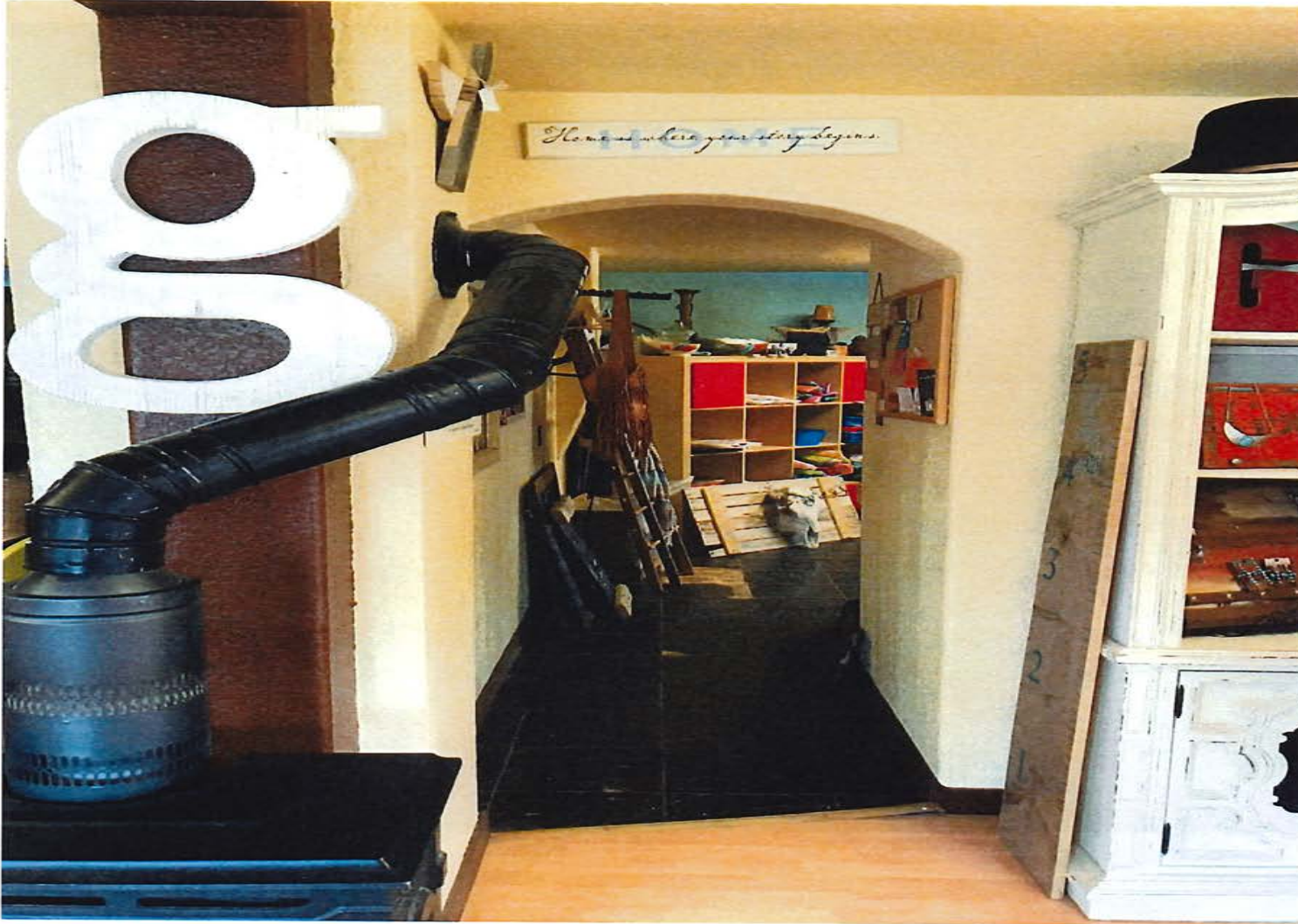
All demo	n/a
All removal	n/a
All excavation	n/a

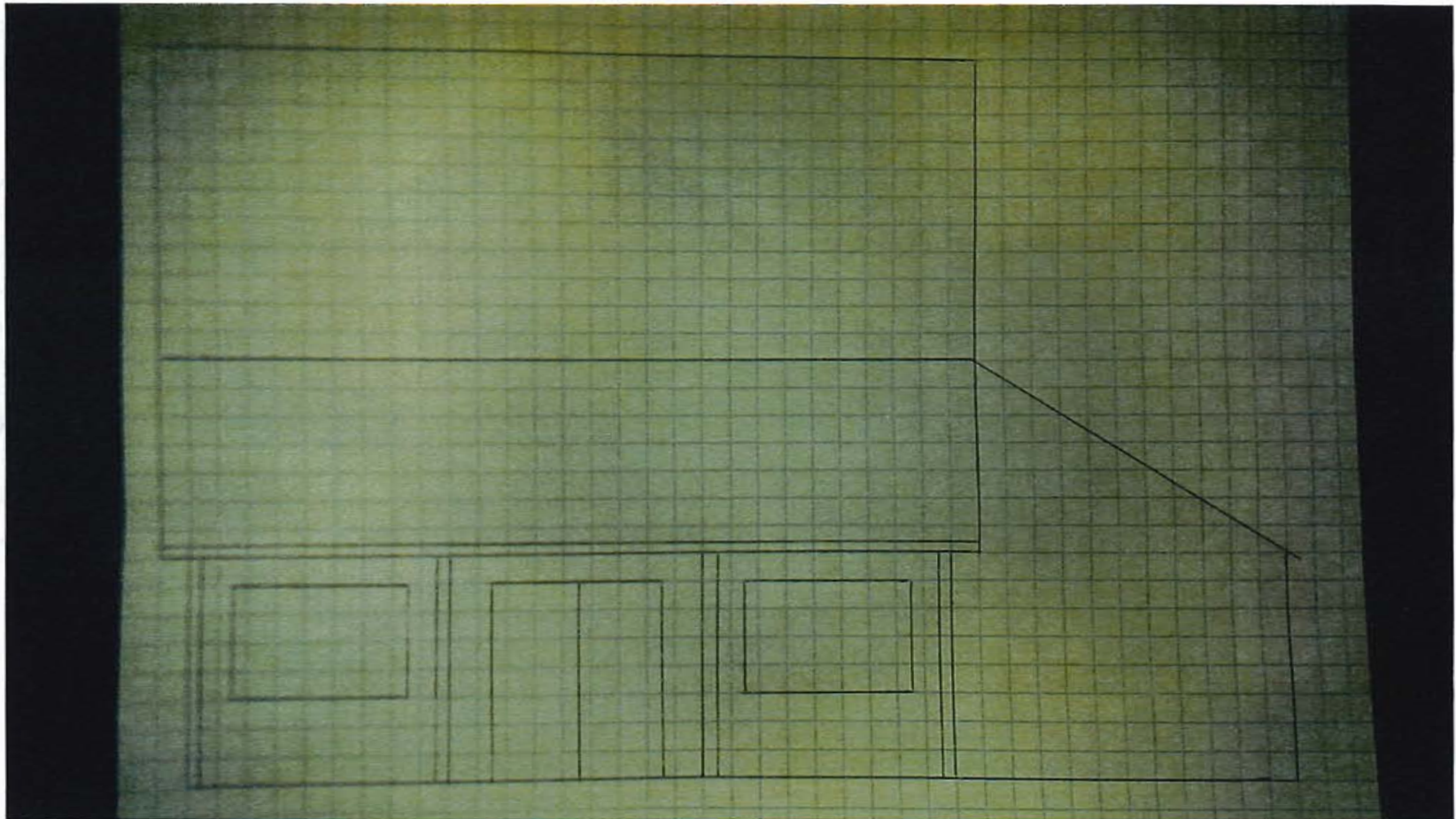
All painting	n/a
Light and Pole placement	n/a
Pea gravel spread	n/a
Concrete Wall repairs outside near sidewalk	n/a











MADRAS REDEVELOPMENT COMMISSION – URBAN RENEWAL GRANT PROGRAM AGREEMENT

This Madras Redevelopment Commission – Urban Renewal Grant Program Agreement (this “Agreement”) is made and entered into effective on _____, 2017 (the “Effective Date”) between Madras Redevelopment Commission (“MRC”), whose address is 125 SW “E” Street, Madras, Oregon 97741, and Wild Bleu Mercantile, LLC (“Owner”), an Oregon limited liability company, whose address is _____, Madras, Oregon 97741.

RECITALS:

A. Owner is the fee simple owner of certain real property (and all improvements located thereon) located at 225 SE 5th Street, Madras, Oregon 97741 (the “Property”), which Property is more particularly described on the attached Exhibit A.

B. Owner desires to receive a \$17,500.00 grant from MRC for Owner’s completion of certain improvements to the Property, which improvements must be consistent with MRC’s Urban Revitalization Action Plan grant program requirements. MRC is willing to make the \$17,500.00 grant to Owner subject to the terms and conditions contained in this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the parties’ mutual covenants and obligations contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Grant of Funds. Subject to the terms and conditions contained in this Agreement, MRC will grant and disburse \$17,500.00 to Owner from MRC’s Urban Revitalization Action Plan grant program (the “Grant”). Provided Owner has (a) paid and/or otherwise satisfied all debts, liabilities, and/or obligations outstanding with MRC and/or City of Madras, and (b) satisfied any other conditions that MRC may reasonably impose on Owner as a condition to MRC’s disbursement of the Grant to Owner, MRC will disburse the Grant to Owner within thirty (30) days after the Effective Date. MRC will provide the Grant to Owner for Owner’s completion of the Improvements (as defined below). Owner must use the Grant for completion of the Improvements and for no other purpose.

2. Improvements.

2.1 Improvements. Owner must commence the Improvements on or before _____, 2017. Owner must properly complete the Improvements on or before _____. Notwithstanding anything contained in this Agreement to the contrary, Owner will complete the Improvements at Owner’s cost and expense. To the extent the Grant is insufficient to pay for completion of the Improvements, Owner will be responsible for payment of the deficiency. Owner will furnish (or cause to be furnished) all labor, materials, equipment, and services required for completion of the Improvements. Owner will complete (or cause to be completed) the Improvements expeditiously and in a good workmanlike manner. Owner will pay for and obtain all labor, materials, equipment, tools, equipment, machinery, transportation, permits, inspections, and any other services, items, and/or materials necessary for completion of the Improvements. The Improvements will be completed in compliance with all applicable federal, state, and local laws, regulations, and/or ordinances and any MRC Urban Revitalization Action Plan grant program requirements (collectively, the “Laws”). Owner will

properly manage and dispose of all waste and hazardous substances, including, without limitation, sediment, paint, cement wash, asphalt, motor oil, asbestos, and grease, subject to and in accordance with all applicable Laws. For purposes of this Agreement, the term "Improvements" means the following improvements to the Property: _____ identified on that certain Detailed Quote – _____ dated on or about _____, 2017, totaling \$_____, attached hereto as Exhibit B.

2.2 Inspection; Investigation. Owner will provide MRC evidence to MRC's satisfaction that the Improvements have been properly completed in accordance with this Agreement immediately upon MRC's request. Upon MRC's request, Owner will permit MRC to (a) inspect the Property and Improvements (and, to this end, Owner will permit any MRC representative access to the Property for purposes of performing the aforementioned inspection), and (b) inspect and copy Owner's books of account and records concerning the Property and/or Improvements, including, without limitation, proof of payment and documentation concerning the Improvements.

3. Representations; Warranties. In addition to any other representation and/or warranty made by Owner under this Agreement, Owner represents and warrants the following to MRC:

3.1 Authority; Binding Obligation; No Conflicts. Owner is an Oregon limited liability company duly organized and validly existing under the laws of the State of Oregon. Owner has full power and authority to sign and deliver this Agreement and to perform all of Owner's obligations under this Agreement. This Agreement is the legal, valid, and binding obligation of Owner, enforceable against Owner in accordance with its terms. The signing and delivery of this Agreement and the performance by Owner of all of Owner's obligations under this Agreement will not (a) breach any agreement to which Owner is a party, or give any person the right to accelerate any obligation of Owner, (b) violate any law, judgment, or order to which Owner and/or the Property is subject, and/or (c) require the consent, authorization, or approval of any person, including, without limitation, any governmental body.

3.2 Compliance; No Misstatements; Encumbrances. Owner and the Property are in compliance with all applicable Laws. No report, financial statement, representation, quote, and/or other information furnished by Owner to MRC in connection with this Agreement and/or the Grant contains any misstatement of fact or omits to state any fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Owner owns fee simple title to the Property. No claim of right, title, and/or interest adverse to Owner in or to the Property has been or will be made by any person. There are no pending or threatened claims or actions against Owner and/or the Property. The Property is, and will be used exclusively as, a commercial property and will not be used as a personal residence.

4. Indemnification. Owner will defend, indemnify, and hold MRC and each MRC officer, employee, agent, and representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, resulting from or arising out of, whether directly or indirectly, the following: (a) Owner's completion of the Improvements, including, without limitation, payment for the Improvements; and/or (b) Owner's breach and/or failure to perform any Owner representation, warranty, covenant, and/or obligation under this Agreement. This indemnification provision will survive the termination of this Agreement and the satisfaction of Owner's obligations to MRC under this Agreement.

5. Defaults; Remedies. Owner will be in default under this Agreement if Owner breaches

and/or otherwise fails to perform any Owner representation, warranty, covenant, and/or obligation under this Agreement. If Owner defaults under this Agreement, MRC may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) within ten (10) days after MRC's written demand, Owner will repay the Grant to MRC in full; and/or (b) any other remedy available to MRC at law or in equity.

6. Miscellaneous.

6.1 No MRC Waiver. No failure and/or delay of MRC in exercising any right, power, and/or remedy under this Agreement will operate as a waiver of such right, power, and/or remedy of MRC or of any other right. A waiver of any provision of this Agreement will not constitute a waiver of or prejudice MRC's right to demand strict compliance with that provision and/or any other provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of MRC must be in writing and will be effective only to the extent specifically set forth in writing.

6.2 Costs and Fees; Attorney Fees. Without otherwise limiting any other provision contained in this Agreement, Owner will pay MRC immediately on demand an amount equal to all costs and expenses incurred by MRC in connection with the enforcement of this Agreement, including, without limitation, all recording costs, filing fees, inspection, collateral audits, and attorney fees. Notwithstanding the foregoing, if any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Agreement, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

6.3 Notices; Attorney in Fact. Any notice required under this Agreement must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day.

6.4 Successors; Severability; Governing Law. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns, except that Owner may not assign or transfer any of its rights or obligations under this Agreement. Each provision contained in this Agreement will be treated as a separate and independent provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein. Any reading of a provision causing unenforceability will yield to a construction permitting enforcement to the maximum extent permitted by applicable law. This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement. Any action, suit, or proceeding arising out of the subject matter of this Agreement will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon. Time is of the essence with respect to Owner's

performance of Owner’s obligations under this Agreement.

6.5 Interpretation; Discretion. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word “or” is not exclusive. The words “include,” “includes,” and “including” are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. When MRC is exercising any consent, approval, determination, and/or similar discretionary action under this Agreement, the standard will be MRC’s sole discretion. For purposes of this Agreement, the term “person” means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

6.6 Integration; Survival. This Agreement comprises the entire agreement of the parties on the subject matter hereof and supersedes and replaces all prior agreements, oral and written, on such subject matter. Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement. This Agreement may be signed in counterparts. A fax or email transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax or email transmitted signature page by delivering an original signature page to the requesting party. This Agreement may be amended only by a written agreement signed by each party. Owner understands and agrees that in making the Grant, MRC is relying on all representations, warranties, and covenants made by Owner in this Agreement and/or in any document, certificate, and/or instrument delivered by Owner in connection with this Agreement. All Owner representations, warranties, and covenants will survive the Grant disbursement and will be continuing in nature, and will remain in full force and effect until such time as Owner has satisfied its obligations under this Agreement in full.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed and effective for all purposes as of the Effective Date.

MRC:
Madras Redevelopment Commission

Owner:
Wild Bleu Mercantile, LLC

By: _____
Its: _____

Jennifer _ . Schaffner, Member

Rebecca J. Keegan, Member

Exhibit A
Legal Description

The subject real property is legally described as follows:

Lots 10 & 11, Block 33 PLAT OF PALMAIN, Jefferson County, Oregon.

DRAFT

Exhibit B
Detailed Quote

[attached]

DRAFT

MADRAS REDEVELOPMENT COMMISSION – URBAN RENEWAL LOAN AGREEMENT

This Madras Redevelopment Commission – Urban Renewal Loan Agreement (this “Agreement”) is made and entered into effective on _____, 2017 (the “Effective Date”) between Madras Redevelopment Commission (“Lender”), whose address is 125 SW “E” Street, Madras, Oregon 97741, and Wild Bleu Mercantile, LLC (“Borrower”), an Oregon limited liability company, whose address is _____, Madras, Oregon 97741.

RECITAL:

Borrower owns certain real property (and all improvements located thereon) located at 225 SE 5th Street, Madras, Oregon 97741, which real property is more particularly described on the attached Exhibit A (collectively, the “Property”). Subject to the terms and conditions contained in this Agreement, Borrower desires to borrow funds from Lender, and Lender desires to loan funds to Borrower, to enable Borrower to complete certain façade improvement work in and to the Property.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Unless defined elsewhere in this Agreement, capitalized terms contained in this Agreement have the meanings assigned to them in the attached Appendix A.

2. Loan. Subject to the terms and conditions contained in this Agreement, Lender will loan to Borrower and Borrower will borrow from Lender the sum of Seventeen Thousand Five Hundred Dollars (\$17,500.00) (the “Loan”). The Loan will be evidenced by a promissory note in the principal amount of Seventeen Thousand Five Hundred Dollars (\$17,500.00) dated as of the Effective Date (the “Note”). The Note will be in form and substance acceptable to Lender. The Loan will be paid in accordance with the terms of the Note.

3. Loan Purpose; Improvements.

3.1 Loan Purpose. Lender will disburse the Loan to Borrower for Borrower’s completion of the Improvements. Borrower must use the Loan for completion of the Improvements and for no other purpose. Borrower will provide Lender evidence to Lender’s satisfaction that the Improvements have been properly completed immediately upon Lender’s request. Borrower must commence the Improvements on or before _____, 2017. Borrower must properly complete the Improvements on or before _____.

3.2 Improvements. Borrower will complete the Improvements at Borrower’s cost and expense. Borrower will furnish (or cause to be furnished) all labor, materials, equipment, and services required for the completion of the Improvements. Borrower will complete (or cause to be completed) the Improvements expeditiously and in a good workmanlike manner. Borrower will pay for all labor, materials, equipment, tools, equipment, machinery, transportation, and any other services or materials necessary for the completion of the Improvements. The Improvements will be completed subject to and in compliance with all applicable Laws. In connection with the Improvements, Borrower will properly manage and dispose of all waste and hazardous substances, including, without limitation,

sediment, paint, cement wash, asphalt, motor oil, asbestos, and grease, subject to and in accordance with all applicable Laws.

4. Lender Security; Guaranty. Borrower's obligations to Lender concerning the Loan will be secured by a perfected security interest in the Collateral. Lender's security interest in the Collateral will be evidenced by the Trust Deed (which will be delivered by Borrower and to Lender contemporaneously with Borrower's execution of this Agreement). Borrower will execute and deliver all Loan Documents Lender may require concerning the Transaction. All Loan Documents will be in form and substance acceptable to Lender. Jennifer _ Schaffner and Rebecca J. Keegan will each personally guaranty Borrower's obligations under this Agreement (and all other Loan Documents) on a joint and several basis in accordance with the terms and conditions of one or more personal guaranty(ies) dated as of the Effective Date, which personal guaranty(ies) will be in form and substance acceptable to Lender (individually and collectively, the "Guaranty(ies)"). In addition to any other representation and/or warranty contained in this Agreement, Borrower represents and warrants that Jennifer _ Schaffner and Rebecca J. Keegan are Borrower's only managers and members and no other person has any ownership interest in Borrower.

5. Prior Encumbrance. The Trust Deed will be subordinate only to the lien created by _____. Borrower has delivered, or will deliver immediately upon Lender's demand, true copies of the _____ and any promissory note evidencing the indebtedness secured thereby. Borrower represents and warrants that the original principal balance of the promissory note secured by the _____ is _____ Dollars (\$_____.00). Borrower will timely pay and perform all of Borrower's obligations arising out of or under the _____ (and/or any related agreements or instruments).

6. Conditions Precedent to Disbursement. Lender will not be obligated to disburse any Loan proceeds to Borrower unless and until each of the following conditions have been satisfied or waived by Lender: (a) Lender has received a commitment from a title insurance company (the "Title Insurer") acceptable to Lender to issue to Lender a mortgagee's title insurance policy (the "Title Policy") in the principal amount of Seventeen Thousand Five Hundred Dollars (\$17,500.00) in such form and with such endorsements as may be required by Lender, insuring that Borrower holds fee simple title to the Property and that the Trust Deed is, and will continue to be, an Encumbrance against the Property prior to and paramount to all Encumbrances of any nature or kind whatsoever except the Encumbrance(s) created by the Permitted Encumbrance(s) and such other Encumbrance(s) which Lender approves prior in writing; (b) Lender must have received fully executed originals of the Loan Documents; (c) Lender must have received such environmental studies and reports as Lender may require, each of which must be satisfactory to Lender; (d) all required insurance (including, without limitation, the Title Policy) must be in full force and effect and Lender must have received such evidence thereof as it requires; (e) each of Borrower's representations and warranties contained in the Loan Documents must be true and accurate; (f) Lender must have a valid and perfected security interest in the Collateral (with a priority acceptable to Lender) and will have received satisfactory evidence of perfection and the priority of its security interest; and (g) any other condition that Lender may impose from time to time.

7. Representations; Warranties. In addition to any other representation and/or warranty made by Borrower under this Agreement, Borrower represents and warrants the following to Lender:

7.1 Authority; Binding Obligation; No Conflicts. Borrower is an Oregon limited liability company duly organized and validly existing under the laws of the State of Oregon. Borrower

has full power and authority to sign and deliver this Agreement and to perform all of Borrower's obligations under this Agreement. This Agreement is the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with its terms. The signing and delivery of this Agreement by Borrower and the performance by Borrower of all of Borrower's obligations under this Agreement will not (a) breach any agreement to which Borrower is a party, or give any person the right to accelerate any obligation of Borrower, (b) violate any law, judgment, or order to which Borrower is subject, and/or (c) require the consent, authorization, or approval of any person, including, without limitation, any governmental body.

7.2 Compliance; No Misstatements; Encumbrances. Borrower and the Collateral are in compliance with all applicable Laws. No report, financial statement, representation, and/or other information furnished by Borrower to Lender in connection with the Loan contains any misstatement of fact or omits to state any fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Borrower owns fee simple title to the Collateral, free from all Encumbrances except the Encumbrance(s) created by the Permitted Encumbrance(s). No claim of right, title, and/or interest adverse to Borrower in or to the Collateral has been or will be made by any person. There are no pending or threatened claims or actions against Borrower and/or the Collateral. The Property is, and at all times that any amounts remain owing on the Loan will be, used exclusively as a commercial property and will not be used as a personal residence.

8. Covenants. In addition to any other Borrower covenant contained in this Agreement, Borrower covenants the following to Lender:

8.1 Insurance. Borrower will obtain and maintain at all times insurance policies that provide adequate insurance coverage for the Property for all risks normally insured against by a person owning similar real property in a similar location, and for any other risks to which the Property is normally exposed. Each insurance policy that covers the Property will (a) be in form and substance satisfactory to Lender, (b) name Lender as a loss payee, and (c) will provide that the insurance policy may not be amended or cancelled without ten (10) days' prior written notice to Lender. Immediately upon Lender's request, Borrower will deliver a copy of each policy to Lender.

WARNING

(Provided pursuant to ORS 746.201(2))

Unless you [Borrower] provide us [Lender] with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the Collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan balance will apply to this added amount. The effective date of coverage may be the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain

on your own and may not satisfy any need for property damages coverage or any mandatory liability insurance requirements imposed by law.

8.2 Encumbrances; Transfer. Borrower will keep the Collateral free from all Encumbrances except the Permitted Encumbrances. Borrower will not Transfer all or any portion of the Collateral without Lender's prior written consent. Upon Lender's request, Borrower will permit Lender to (a) inspect the Property (and any other Collateral), and (b) inspect and copy Borrower's books of account and records related to the Property, including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Property. Borrower and the Collateral will comply with all Laws.

8.3 Indemnification. Borrower will defend, indemnify, and hold Lender and each Lender Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, the following: (a) any breach and/or inaccuracy of any Borrower representation, warranty, and/or covenant made in this Agreement and/or any other Loan Document; (b) any failure by Borrower to pay and/or perform any covenant and/or obligation required to be performed by Borrower under this Agreement and/or any other Loan Document; (c) the Improvements; and/or (d) the Loan. This indemnification provision will survive the termination of this Agreement and the satisfaction of the obligations of Borrower to Lender under this Agreement.

8.4 Sales; Reorganizations; Change in Ownership. Borrower will not enter into any transaction or series of transactions involving the sale and/or transfer of substantially all of Borrower's assets and/or the reorganization, recapitalization, consolidation, conversion, and/or merger of Borrower. Borrower will not change and/or modify Borrower's ownership, and/or permit any person to change and/or modify Borrower's ownership, in any one transaction or series of transactions unless Borrower obtains Lender's prior written consent.

9. Defaults; Remedies.

9.1 Events of Default. The occurrence of any one or more of the following events constitutes a default by Borrower under this Agreement and each Loan Document (each an "Event of Default"): (a) Borrower's failure to make any payment required under the Note and/or this Agreement when due; (b) Borrower's failure to perform any covenant, agreement, and/or obligation contained in this Agreement and/or any other Loan Document (other than making any payment required under the Note and/or this Agreement as provided in Section 9.1(a)) within ten (10) days after written notice from Lender specifying the failure with reasonable particularity; (c) any warranty, representation, statement, and/or information made or furnished to Lender by or on behalf of Borrower proves to have been false or misleading in any respect when made or furnished or when deemed made or furnished, or becomes false or misleading at any time thereafter; (d) any default occurs under, or Borrower fails to pay, perform, and/or comply with, the terms of any Loan Document or any other agreement, document, and/or instrument between Borrower and Lender, and such failure is not remedied within any applicable grace period, if any; (e) any default occurs under any security instrument securing any indebtedness or obligation of Borrower to Lender and/or any lien created or purported to be created by the Trust Deed ceases to be, or is asserted by any person not to be, a valid, perfected priority security interest or lien, subject only to liens and encumbrances accepted by Lender; (f) Borrower voluntarily or involuntarily dissolves or ceases to exist, or any final nonappealable order or judgment is entered

against Borrower decreeing its dissolution; (g) any change in the ownership of Borrower in one or more transactions, other than transfers receiving Lender's prior written consent; (h) Lender determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Borrower or in any Collateral and/or Lender deems itself insecure with respect to the payment or performance of any obligations of Borrower to Lender; and/or (i) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Borrower's financial condition and/or Borrower's ability to pay and perform its obligations under this Agreement and/or any other Loan Document.

9.2 Remedies in the Event of Default. On and after an Event of Default, Lender may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Borrower, the right to accelerate the due dates of the Loan so that the Loan is immediately due, payable, and performable in its entirety; (b) upon notice to Borrower, the right to take possession, control, and charge of the Property and/or any other Collateral; (c) the right to institute an action to appoint a receiver to take charge of the Property and/or any other Collateral; (d) any remedy available to Lender under any Loan Document and/or any agreement evidencing, guaranteeing, and/or securing the payment or performance of the Loan and/or any of the obligations of Borrower, including, without limitation, the Trust Deed; and/or (e) any other remedy available to Lender at law or in equity.

10. Miscellaneous.

10.1 No Lender Waiver. No failure and/or delay of Lender in exercising any right, power, and/or remedy under this Agreement and/or any other Loan Document will operate as a waiver of such right, power, and/or remedy of Lender or of any other right. A waiver of any provision of this Agreement and/or any other Loan Document will not constitute a waiver of or prejudice Lender's right to demand strict compliance with that provision and/or any other provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of Lender must be in writing and will be effective only to the extent specifically set forth in writing.

10.2 Costs and Fees; Attorney Fees. Without otherwise limiting any other provision contained in this Agreement, Borrower will pay Lender immediately on demand an amount equal to all costs and expenses incurred by Lender in connection with the Loan, Title Insurance, enforcement of the Loan Documents, and/or collection of amounts due to Lender, including, without limitation, all recording costs, filing fees, costs of appraisals, title insurance, inspection, collateral audits, costs of perfecting, protecting, and defending Lender's security interest in the Collateral and attorney fees. Notwithstanding the foregoing, if any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Agreement and/or any other Loan Document, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

10.3 Notices; Attorney in Fact. Any notice required under this Agreement must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or will be deemed given three business days

following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day. So long as any amount remains due hereunder to Lender and during the continuance of any default hereunder, Borrower hereby irrevocably appoints Lender its attorney-in-fact with full power and authority to execute, file, and record any notice or other document which Lender deems necessary or advisable to establish or perfect Lender's security interest in the Collateral.

10.4 Successors; Severability; Governing Law. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns, except that Borrower may not assign or transfer any of its rights or obligations under this Agreement and/or any other Loan Document without the prior written consent of Lender. Each provision contained in this Agreement will be treated as a separate and independent provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein. Any reading of a provision causing unenforceability will yield to a construction permitting enforcement to the maximum extent permitted by applicable law. This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement. Any action, suit, or proceeding arising out of the subject matter of this Agreement will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

10.5 Interpretation; Discretion. Upon request by Lender, Borrower will from time to time provide such information, execute such documents, and do such acts as may reasonably be required by Lender in connection with any indebtedness or obligations of Borrower to Lender. All information, documents, and instruments required to be executed or delivered to Lender will be in form and substance satisfactory to Lender. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. When Lender is exercising any consent, approval, determination, and/or similar discretionary action under this Agreement, the standard will be Lender's sole discretion. For purposes of this Agreement, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

10.6 Integration; Conflicting Terms. This Agreement, together with the other Loan Documents and the Grant Agreement, comprises the entire agreement of the parties on the subject matter hereof and supersedes and replaces all prior agreements, oral and written, on such subject matter. If any term of any of the other Loan Documents expressly conflicts with the provisions of this Agreement, the provisions of this Agreement will control; provided, however, that the inclusion of supplemental rights and remedies of Lender in any of the other Loan Documents will not be deemed a conflict with this Agreement. Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement. This Agreement may be signed in counterparts. A fax or email transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax or email transmitted signature page by delivering an original signature

page to the requesting party. This Agreement may be amended only by a written agreement signed by each party.

10.7 Survival. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement and/or in any certificate or other instrument delivered by Borrower under this Agreement and/or any Loan Document. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties, and covenants will survive the making of the Loan and delivery to Lender of the Loan Documents, will be continuing in nature, and will remain in full force and effect until such time as Borrower has satisfied its obligations under the Loan Documents in full.

10.8 Disclosure. **Under Oregon law, most agreements, promises, and commitments made by Lender concerning loans and other credit extensions which are not for personal, family, or household purposes or secured solely by the borrower's residence must be in writing, express consideration, and be signed by Lender to be enforceable.**

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and effective for all purposes of the Effective Date.

Lender:
Madras Redevelopment Commission

Borrower:
Wild Bleu Mercantile, LLC

By: _____
Its: _____

Jennifer J. Schaffner, Member

Rebecca J. Keegan, Member

Appendix A
Definitions

“Agreement” has the meaning assigned to such term in the preamble.

“Borrower” has the meaning assigned to such term in the preamble.

“Collateral” means the Property and all other collateral described in the Trust Deed.

“Effective Date” has the meaning assigned to such term in the preamble.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Event of Default” has the meaning assigned to such term under Section 9.1.

“Grant Agreement” means the Madras Redevelopment Commission – Urban Renewal Grant Program Agreement dated effective as of _____, 2017 between Lender and Borrower.

“Guaranty(ies)” has the meaning assigned to such term under Section 4.

“Improvements” means the following improvements to the Property:

“Law(s)” means all leases, covenants, conditions, restrictions, easements, declarations, laws, statutes, liens, ordinances, orders, codes, rules, ordinances, and regulations directly or indirectly concerning or affecting the Collateral (including, without limitation, the Property), Borrower, and/or the Loan, including, without limitation, the Americans with Disabilities Act of 1990 (and the rules and regulations promulgated thereunder), any environmental laws, and any building and safety codes and zoning ordinances, all as now in force and/or which may hereafter be amended, modified, enacted, or promulgated.

“Lender Representative(s)” means Lender and its successors, assigns, and affiliates, and all past, present, and future officers, employees, attorneys, agents, volunteers, contractors, representatives, and insurers of the aforementioned.

“Loan” means the loan provided by Lender to Borrower under this Agreement.

“Loan Document(s)” means, individually and collectively, (a) this Agreement, (b) the Note, (c) the Trust Deed, (d) the Guaranties; (e) the Grant Agreement; and (f) such other documents and/or instruments as Lender may require from time to time.

“Note” means that certain Promissory Note in the principal amount of Seventeen Thousand Five Hundred Dollars (\$17,500.00) dated as of the Effective Date.

“Permitted Encumbrance(s)” means (a) any lien, mortgage, pledge, security interest, and/or other encumbrance in favor of Lender, (b) the Encumbrance created by _____, and (c) any lien, mortgage, pledge, security interest, or other encumbrance arising by operation of law for taxes, assessments, or government charges not yet due.

“Property” has the meaning assigned to such term in the Recital.

“Title Insurer” has the meaning assigned to such term under Section 6.

“Title Policy” has the meaning assigned to such term under Section 6.

“Transaction” means the line of credit loan transaction contemplated under this Agreement and the Loan Documents.

“Transfer” means (a) any transfer, including, without limitation, any sale, conveyance, exchange, gift, lease, Encumbrance, foreclosure of an Encumbrance, or attachment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, and (b) any agreement involving the ownership, lease, and/or use of all or any portion of the Property for a period longer than thirty (30) days.

“Trust Deed” means that certain Trust Deed, Assignment of Leases and Rents, and Fixture Filing dated as of the Effective Date made by Borrower in favor of Lender. The Trust Deed will be delivered by Borrower to Lender upon the funding of the Loan and the Trust Deed will be in form and substance acceptable to Lender.

Exhibit A
Legal Description

The subject real property is legally described as follows:

Lots 10 & 11, Block 33 PLAT OF PALMAIN, Jefferson County, Oregon.

This Note (as defined below) has not been registered under the Securities Act of 1933 or any state securities laws. This Note may not be sold, assigned, and/or otherwise negotiated to any person unless pursuant to an effective registration statement filed under the Securities Act of 1933 and applicable state securities laws, or unless Maker (as defined below) receives an opinion of counsel, in form and from counsel acceptable to Maker, that the sale, assignment, and/or other negotiation is exempt from the registration requirements of the Securities Act of 1933 and applicable state securities laws.

PROMISSORY NOTE

\$17,500.00

Effective Date: _____, 2017

This Promissory Note (this "Note") is made by Wild Bleu Mercantile, LLC ("Maker"), an Oregon limited liability company, whose address is _____, Madras, Oregon 97741, in favor of Madras Redevelopment Commission ("Holder"), whose address is 125 SW "E" Street, Madras, Oregon 97741.

1. Payment. Maker promises to pay to the order of Holder in immediately available funds the principal amount of Seventeen Thousand Five Hundred Dollars (\$17,500.00), together with interest on the unpaid principal amount from the date of this Note in accordance with Section 2, below, in 120 monthly payments of principal and accrued interest. The first payment is due on _____, 2017 and subsequent payments are due on the same day of each following month until _____, 2027 at which time the unpaid principal amount, together with accrued interest, is due in its entirety. All payments under this Note will be made to Holder at Holder's address first set forth above or any other address that Holder may designate by written notice to Maker. The due date and amount of each payment are set forth on the payment schedule attached hereto as Schedule 1.

2. Interest; Late Charges. Subject to the terms and conditions contained in this Note, Maker will not pay interest under this Note for the period commencing on the Effective Date and ending on _____, 2019. Commencing on _____ 2019, interest on the unpaid principal amount will accrue at the rate of two and one-half percent (2 ½%); commencing on _____, 2022, interest on the unpaid principal amount will accrue at the rate of five and one-half percent (5 ½%). On and after an Event of Default, Maker will pay interest on the unpaid principal amount at the annual rate of eight percent (8.0%). Interest will be computed on the basis of a 365-day year. If Maker fails to make any payment required under this Note within ten (10) days after the payment is due, a late charge equal to \$25.00 will be immediately due and payable.

3. Application of Payments; Prepayment. All payments under this Note will apply first to any costs and expenses due to Holder, then to accrued interest to date of payment, and then to the unpaid principal amount. Maker may prepay all or any part of the unpaid principal amount at any time. Excess payments or prepayments will not be credited as future scheduled payments required under this Note.

4. Loan Agreement; Security. Maker's obligations under this Note are subject to the terms and conditions of the Madras Redevelopment Commission – Urban Renewal Loan Agreement dated effective _____, 2017 between Maker and Holder (the "Loan Agreement"). Maker's obligations under this Note are guaranteed or secured by (a) that certain Trust Deed, Assignment of Leases and Rents, and Fixture Filing dated effective _____, 2017 made by Maker in favor of Holder (the "Trust Deed"), (b) that certain Personal Guaranty dated _____, 2017 made by Jennifer . Schaffner in favor of Holder, and (c) that certain Personal Guaranty dated _____, 2017 made by Rebecca J. Keegan in

favor of Holder. Jennifer __. Schaffner and Rebecca J. Keegan are individually and collectively referred to as “Guarantor(s).”

5. Event of Default. The occurrence of any one or more of the following events constitutes a default by Maker under this Note (each an “Event of Default”): (a) Maker fails to make any payment required under this Note when due; (b) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Maker’s and/or any Guarantor’s financial condition and/or Maker’s ability to make any payment required under this Note; (c) Maker fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Maker’s debts as and when they become due, or Maker makes a general assignment for the benefit of creditors; (d) a proceeding with respect to Maker and/or any Guarantor or the Property is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Maker is entered; (e) Maker voluntarily or involuntarily dissolves or ceases to exist, or any final nonappealable order or judgment is entered against Maker decreeing its dissolution; (f) any change in the ownership of Maker in one or more transactions, other than transfers receiving Holder’s prior written consent; (g) Holder determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Maker and/or Holder deems itself insecure with respect to the payment or performance of any obligations of Maker to Holder; and/or (h) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of any Guarantor. For purposes of this Note, the term “Loan Document(s)” means (v) the guaranties identified under Section 4, (w) the Loan Agreement, (x) the Trust Deed, (y) this Note, and (z) all other agreement and/or instrument evidencing, guaranteeing, and/or securing the performance of any of Maker’s obligations under this Note.

6. Remedies. On and after an Event of Default, Holder may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Maker, the right to accelerate the due dates under this Note so that the unpaid principal amount, together with accrued interest, is immediately due and payable in its entirety; (b) any remedy available to Holder under any Loan Document; (c) any remedy available to Holder under any agreement securing the performance of any of the obligations of any Guarantor of this Note; and/or (d) any other remedy available to Holder at law or in equity.

7. Time of Essence; Amendment; Waiver; Severability. Time is of the essence with respect to all dates and time periods in this Note. This Note may be amended only by a written document signed by the party against whom enforcement is sought. Maker waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Holder may extend or postpone the due date of any payment required by this Note without affecting Maker’s liability. No waiver will be binding on Holder unless it is in writing and signed by Holder. Holder’s waiver of a breach of a provision of this Note will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. If a provision of this Note is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Note will not be impaired.

8. Governing Law; Venue. This Note is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Note. Any action, suit, and/or proceeding arising out of the subject matter of this Note will be litigated in courts located in Jefferson County, Oregon. Maker consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

9. Attorney's Fees. If any arbitration, action, suit, and/or proceeding is instituted to interpret, enforce, and/or rescind this Note, or otherwise in connection with the subject matter of this Note, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

10. Costs and Expenses. If an Event of Default occurs and Holder does not institute any arbitration, action, suit, and/or proceeding, Maker will pay Holder, immediately upon Holder's demand, all costs and expenses, including, without limitation, attorney fees and collection fees, incurred by Holder in attempting to enforce this Note and/or collect the indebtedness evidenced by this Note.

11. Notices. Any notice required under this Note must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day.

12. Disclosure. **Under Oregon law, most agreements, promises and commitments made by Holder concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by Holder to be enforceable.**

MAKER:
Wild Bleu Mercantile, LLC,
an Oregon limited liability company

Jennifer _ . Schaffner, Member

Rebecca J. Keegan, Member

Schedule 1
Payment Schedule

[to be inserted]

After recording, return to:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

Beneficiary's name and address:

City of Madras
Attn: Madras Redevelopment Commission
125 SW "E" Street
Madras, Oregon 97741

TRUST DEED, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING

This Trust Deed, Assignment of Leases and Rents, and Fixture Filing (this "Trust Deed") is made and entered into effective on _____, 2017 (the "Effective Date") by Wild Bleu Mercantile, LLC ("Grantor"), an Oregon limited liability company, whose address is _____, Madras, Oregon 97741, in favor of AmeriTitle ("Trustee"), whose address is 748 SW 5th Street, Madras, Oregon 97741, for the benefit of Madras Redevelopment Commission ("Beneficiary"), whose address is 125 SW "E" Street, Madras, Oregon 97741.

RECITAL:

Beneficiary and Grantor have entered into a certain Madras Redevelopment Commission – Urban Renewal Loan Agreement dated _____, 2017 (the "Agreement"). Pursuant to the Agreement, Beneficiary has extended to Grantor a certain loan in the principal amount of Seventeen Thousand Five Hundred Dollars (\$17,500.00) which loan is evidenced by a certain Promissory Note dated as of the Effective Date as it may be modified, extended, or replaced from time to time (the "Note"). The Note is due and payable in full on or before _____, 2027. As a condition to making the loan to Grantor and accepting the Note, Beneficiary has required, and Grantor has agreed to execute and deliver, this Trust Deed.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of securing the Obligations, the parties hereto hereby agree as follows:

1. Definitions.

1.1 Capitalized Terms. Unless defined elsewhere in this Trust Deed, capitalized terms used in this Trust Deed have the meanings assigned to them in the attached Appendix A.

1.2 ORS Chapter 86. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in ORS Chapter 86 have the meanings assigned to them in ORS Chapter

86.

1.3 UCC Terms. Unless the context clearly indicates otherwise, terms used in this Trust Deed that are defined in the Uniform Commercial Code have the meanings assigned to them in the Uniform Commercial Code. The term “instrument” has the meaning assigned to it in ORS Chapter 79 rather than ORS Chapter 73.

2. Trust Deed.

2.1 Transfer. As security for the full and prompt payment and performance of the Obligations, Grantor transfers and assigns to Trustee in trust for the benefit of Beneficiary, with power of sale, all of Grantor’s right, title, and interest in and to the Trust Property, subject to the provisions of this Trust Deed.

2.2 Recording and Perfection. Beneficiary may record this Trust Deed in the mortgage records in Jefferson County, Oregon. Upon Trustee’s or Beneficiary’s request, Grantor will take any actions that Trustee or Beneficiary deems necessary to perfect and continue Trustee’s and/or Beneficiary’s rights under this Trust Deed. Grantor will pay all the fees, costs, and expenses of recording this Trust Deed and any other document that Trustee or Beneficiary deems necessary to perfect and continue Trustee’s and/or Beneficiary’s rights under this Trust Deed.

2.3 Reconveyance. Within ninety (90) days after the full payment and performance of the Obligations, Beneficiary will deliver a written request to Trustee to reconvey the Trust Property to Grantor. Within thirty (30) days after Beneficiary delivers the written request to reconvey to Trustee, Trustee will reconvey the Trust Property to Grantor.

3. Assignment of Lease Rights.

3.1 Assignment. Grantor assigns and transfers to Beneficiary all of Grantor’s rights under each Lease, together with all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant’s Lease.

3.2 No Assumption. Beneficiary will not assume any of Grantor’s liabilities or obligations under any Lease.

3.3 Revocable License. Beneficiary grants Grantor a revocable and exclusive license to (a) retain, collect, and receive any prepaid rent and existing and future security or other deposits that each Tenant has paid or will pay with respect to the Tenant’s Lease, but only to the extent that the prepaid rent and deposits are applied for the purposes required by the Tenant’s Lease, to the Obligations, or to any other commercially reasonable purpose, (b) collect and receive the rent and other payments due to Beneficiary under the Leases, but only to the extent that the payments are applied to the Obligations or to any other commercially reasonable purpose, and (c) enforce Beneficiary’s rights under the Leases.

3.4 Automatic Reassignment and Termination. Upon the full payment and performance of the Obligations, (a) all of Beneficiary’s rights under the Leases, together with all prepaid rent and existing security or other deposits that each Tenant has paid to Grantor or Beneficiary with

respect to the Tenant's Lease, will be automatically reassigned and transferred to Grantor, and (b) the license described in Section 3.3 will automatically terminate.

3.5 Indemnification. Grantor will defend, indemnify, and hold Beneficiary and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, resulting from or arising out of, whether directly or indirectly, any liability and/or obligation of Grantor under any Lease.

4. Representations and Warranties of Grantor. In addition to any other representation and/or warranty made by Grantor under this Trust Deed, Grantor represents and warrants to Beneficiary as follows:

4.1 Authority; Binding Obligation; No Conflicts. Grantor is an Oregon limited liability company duly organized and validly existing under the laws of the State of Oregon. Grantor has full power and authority to sign and deliver this Trust Deed and to perform all of Grantor's obligations under this Trust Deed. This Trust Deed is the legal, valid, and binding obligation of Grantor, enforceable against Grantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws of general application or by general principles of equity. The signing and delivery of this Trust Deed by Grantor and the performance by Grantor of all of Grantor's obligations under this Trust Deed will not (a) breach any agreement to which Grantor is a party, or give any person the right to accelerate any obligation of Grantor, (b) violate any law, judgment, or order to which Grantor is subject, and/or (c) require the consent, authorization, and/or approval of any person, including, without limitation, any governmental body.

4.2 Real Property. Grantor's use of the Trust Property complies with all applicable zoning laws. Grantor's use of the Trust Property is not subject to any permitted nonconforming use and/or to any structure classification. No fixture and/or improvement on any parcel of land not included in the Trust Property encroaches onto the Trust Property. The Trust Property abuts and has direct vehicular access to a public road or to a permanent, irrevocable, appurtenant easement that provides direct vehicular access to a public road.

4.3 Title to Trust Property. Except as encumbered by any Permitted Encumbrances, Grantor has good title to the Trust Property free from all Encumbrances.

4.4 Commercial Purposes. Grantor has used the Trust Property exclusively for commercial purposes.

4.5 Name of Grantor. The exact full legal name of Grantor is Wild Bleu Mercantile, LLC.

4.6 Lease. Grantor has delivered to Beneficiary copies of all Leases in effect as of the Effective Date. The Leases are legal, valid, and binding obligations of Grantor and the Tenants and both Grantor and the Tenants are in full compliance with the Leases.

4.7 Compliance With Laws. Grantor will comply with all applicable laws relating to the ownership, lease, use, and/or operation of the Trust Property. No event has occurred or

circumstances exist that will likely result in Grantor's failure to comply with any applicable law relating to the ownership, lease, use, and/or operation of the Trust Property.

4.8 Environmental. Grantor has delivered to Beneficiary complete copies of all environmental reports, studies, analyses, tests, and site assessments relating to the Trust Property. Grantor has no liabilities and/or obligations of any kind arising out of or related to, whether directly or indirectly, any Environmental Law, whether known or unknown, fixed or contingent, disputed or undisputed, matured or unmatured, liquidated or unliquidated, or secured or unsecured. Grantor is not a party to any contract, settlement agreement, or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. No event has occurred or circumstances exist that will likely result in Grantor having any liability or obligation of any kind arising out of any Environmental Law. Grantor has complied with all applicable Environmental Laws. No event has occurred or circumstances exist that will likely result in Grantor's failure to comply with any applicable Environmental Law. Grantor has not received any notice from any governmental authority or other person regarding (a) any actual, alleged, and/or potential failure by Grantor to comply with any Environmental Law, and/or (b) any actual or threatened liability or obligation of Grantor arising out of any Environmental Law with respect to the Trust Property. No action, arbitration, audit, hearing, investigation, litigation, suit, and/or other proceeding relating to any Environmental Law is pending or, to Grantor's Knowledge, threatened against Grantor. Grantor is not subject to any judgment or order relating to any Environmental Law. No Hazardous Substance is present on the Trust Property. No Hazardous Substance has been spilled, discharged, and/or otherwise released on and/or into the Trust Property. To Grantor's Knowledge, no Hazardous Substance is present on any real property that geologically or hydrologically adjoins the Trust Property. To Grantor's Knowledge, no Hazardous Substance has been spilled, discharged, or otherwise released on and/or into any real property that geologically or hydrologically adjoins the Trust Property. No underground storage tank is present on the Trust Property. The Trust Property does not contain any wetlands or other protected areas, flora, or fauna.

4.9 Taxes. Grantor has filed on a timely basis all tax returns and reports required to be filed by applicable laws. All of Grantor's filed tax returns are complete and accurate in all respects. Grantor has paid – or made provision for the payment of – all taxes that have become due for all periods. No taxing authority has asserted – or informed Grantor that it intends to assert – any deficiency in the payment of any taxes by Grantor. Grantor is not the beneficiary of any extension of time within which to file a tax return.

4.10 No Material Adverse Change. Grantor has no Knowledge of any facts or circumstances that will likely result in a material adverse change in the financial condition of Grantor.

4.11 Non-foreign Person. Grantor is not a "foreign person" for purposes of Section 1445 of the Internal Revenue Code.

5. Covenants of Grantor. Grantor covenants to Beneficiary that Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

5.1 Obligations. Grantor will fully and promptly pay and perform the Obligations when due.

5.2 Ownership of Trust Property. Grantor will defend Trustee's and Beneficiary's rights under this Trust Deed against the adverse claim of any person.

5.3 Restriction on Transfer. Grantor will not Transfer all or any interest in the Trust Property without Beneficiary's prior written consent.

5.4 Condition of Trust Property. Grantor will keep the Trust Property in good repair and condition, reasonable wear and tear excepted, and will not commit or permit any waste of the Trust Property. Grantor will not remove, demolish, and/or materially alter any improvement on the Trust Property, except in connection with the replacement of an improvement in the ordinary course of Grantor's business.

5.5 Use of Trust Property. Grantor will not initiate, support, and/or consent to any rezoning of the Trust Property and/or any change in any public or private covenant, condition, and/or restriction relating to the use of the Trust Property. Grantor will use the Trust Property exclusively for commercial purposes, and will ensure that this Trust Deed does not become a residential trust deed.

5.6 Name of Grantor. Grantor will not change Grantor's legal name.

5.7 Leases. Grantor will fully and promptly pay and perform all of Grantor's obligations under each Lease. Unless and until the license described in Section 3.3 is revoked by Beneficiary, Grantor will, at Grantor's own cost and expense, use commercially reasonable efforts to (a) collect the rent and other payments due to Beneficiary under the Leases, except that Grantor will not collect any prepaid rent or other payments that are due under any Lease more than thirty (30) days before the due date of the payment, and (b) enforce Beneficiary's rights under the Leases. Grantor will promptly notify Beneficiary if Grantor or any Tenant materially breaches any Lease. Grantor will not renew, materially amend, waive any right under, and/or terminate any Lease without the prior written consent of Beneficiary. Grantor will not enter into any new Lease without the prior written consent of Beneficiary. Grantor will not pay, contest, and/or settle any claim relating to any Lease without the prior written consent of Beneficiary.

5.8 Estoppel Certificates. Upon Beneficiary's request, Grantor will use commercially reasonable efforts to obtain from each Tenant an estoppel certificate signed by the Tenant, in form and substance reasonably satisfactory to Beneficiary.

5.9 Notification. Grantor will promptly notify Beneficiary if any of the following occurs: (a) any material change in the business of Grantor; (b) any material loss or damage with respect to the Trust Property with a value over Five Thousand Dollars (\$5,000.00), whether or not the loss or damage is covered by insurance; (c) any adverse change in the financial condition of Grantor; and/or (d) an Event of Default.

5.10 Future Commercial Tort Claims. Grantor will promptly notify Beneficiary if Grantor obtains any rights to any commercial tort claim relating to the ownership, lease, use, and/or operation of the Trust Property. Grantor will ensure that the notice includes the adverse parties to the claim and the specific facts out of which the claim arose.

5.11 Inspection. Upon Beneficiary's request, Grantor will permit Beneficiary to (a) inspect the Trust Property, and (b) inspect and copy Grantor's books of account and records related to

the Trust Property including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Trust Property.

5.12 Compliance With Laws. Grantor will comply with all laws, ordinances, regulations, directions, rules, and requirements of all governmental authorities and others applicable to the use and/or occupancy of the Trust Property.

5.13 Environmental. Grantor will comply with all applicable Environmental Laws. Grantor will comply with the terms and conditions of each judgment and order relating to any Environmental Law to which Grantor is subject. Grantor will not cause or permit any Hazardous Substance to be present on or to be spilled, discharged, and/or otherwise released on and/or into the Trust Property. Grantor will fully and promptly pay and perform all of Grantor's obligations arising out of any Environmental Law. Grantor will comply with the terms and conditions of any contract, settlement agreement, and/or other similar arrangement that requires or may require Grantor to have any liability or obligation of any kind arising out of any Environmental Law. Grantor will promptly notify Beneficiary if Grantor obtains Knowledge of the occurrence after the Effective Date of any fact or condition that would cause Grantor to breach any representation or warranty in Section 4.8 if the representation or warranty were made as of the date of the occurrence.

5.14 Taxes. Grantor will file on a timely basis all tax returns and reports required to be filed by applicable laws. All of Grantor's filed tax returns will be complete and accurate in all respects. Grantor will pay – or make provision for the payment of – all taxes that become due for all periods. Grantor will promptly notify Beneficiary if any taxing authority asserts – or informs Grantor that it intends to assert – any deficiency in the payment of any taxes by Grantor. Grantor will not seek any extension of time within which to file a tax return.

5.15 Insurance. Grantor will obtain and maintain at all times during the term of this Trust Deed insurance policies that provide adequate insurance coverage for the Trust Property for all risks normally insured against by a person owning similar real property in a similar location, and for any other risks to which the Trust Property is normally exposed. If any portion of the Trust Property is located in a special flood hazard area, Grantor will obtain flood insurance under the National Flood Insurance Program. Each insurance policy that covers the Trust Property will (a) be in form and substance reasonably satisfactory to Beneficiary, (b) name Beneficiary as a loss payee, and (c) provide that the insurance policy may not be amended or cancelled without ten (10) days' prior written notice to Beneficiary. Upon Beneficiary's request, Grantor will deliver a copy of each insurance policy to Beneficiary.

5.16 Sales; Change in Ownership. Grantor will not enter into any transaction or series of transactions involving the sale and/or transfer of substantially all of Grantor's assets and/or the reorganization, recapitalization, consolidation, conversion, and/or merger of Grantor. Grantor will not change and/or modify Grantor's ownership, and/or permit any person to change and/or modify Grantor's ownership, in any one transaction or series of transactions unless Grantor obtains Beneficiary's prior written consent.

6. Damage or Destruction. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

6.1 Assignment of Proceeds. Grantor assigns and transfers to Beneficiary all of Grantor's rights to receive insurance proceeds under all insurance policies that provide coverage to Grantor for the Trust Property.

6.2 Application of Proceeds. If any damage or destruction occurs with respect to the Trust Property, and if Beneficiary receives any insurance proceeds under any insurance policy that provides coverage to Grantor for the Trust Property, (a) Beneficiary may hold the proceeds as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 6.2, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the proceeds (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of restoring the portion of the Trust Property that was damaged or destroyed, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the Trust Property is properly restored, including, without limitation, holding the proceeds until the restoration is complete.

7. Prior Encumbrance. This Trust Deed will be subordinate only to the Permitted Encumbrances.

8. Condemnation. Grantor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

8.1 Notice. Grantor will promptly notify Beneficiary if all or any portion of the Trust Property is condemned or threatened with condemnation. The notice will include a copy of all correspondence relating to the condemnation or the threat that Grantor received from any third-party.

8.2 Proceeding. Beneficiary may elect to control the condemnation matter described in Grantor's notice by notifying Grantor within twenty (20) days after the delivery of Grantor's notice. If Beneficiary elects to control the condemnation matter within the twenty-day period after the delivery of Grantor's notice Beneficiary may institute a condemnation proceeding, in which case (1) Beneficiary must diligently prosecute the proceeding, with counsel reasonably satisfactory to Grantor, (2) Grantor may participate in the prosecution of the proceeding, at Grantor's own cost and expense, and (3) Beneficiary may settle the matter with the consent of Grantor, which Grantor may not unreasonably withhold, condition, and/or delay. If Beneficiary does not elect to control the condemnation matter within the twenty-day period after the delivery of Grantor's notice Grantor may institute a condemnation proceeding, in which case (1) Grantor will diligently prosecute the proceeding, with counsel reasonably satisfactory to Beneficiary, (2) Beneficiary may participate in the prosecution of the proceeding, at Beneficiary's own cost and expense, and (3) Grantor may settle the matter with the consent of Beneficiary. In any condemnation proceeding that is subject to the provisions in this Section 8.2, Grantor and Beneficiary will keep each other fully informed of the status of the proceeding, cooperate with each other with respect to the prosecution of the proceeding, and attempt to preserve in full any attorney-client and work-product privileges and the confidentiality of any confidential information.

8.3 Assignment of Compensation. Grantor assigns and transfers to Beneficiary all of Grantor's rights to receive compensation as a result of any condemnation of all or any portion of the Trust Property.

8.4 Application of Compensation. If all or any portion of the Trust Property is condemned, and if Beneficiary receives any compensation as a result of the condemnation, (a)

Beneficiary may hold the compensation as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 8.4, and (b) Beneficiary may, in Beneficiary's sole discretion, apply the compensation (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of restoring or improving the remaining portion of the Trust Property, if any, subject to any conditions that Beneficiary deems reasonably necessary to ensure that the remaining portion of the Trust Property is properly restored or improved, including, without limitation, holding the proceeds until the restoration or improvement is complete.

9. Payment of Taxes and Other Charges by Beneficiary. Whenever Grantor fails to pay when due any taxes, assessments, interest on prior mortgages, insurance premiums, and/or other charges necessary to be paid for the protection of Trustee's and/or Beneficiary's rights under this Trust Deed, Beneficiary may pay the same. Such payments will be added to the Obligations and will bear interest at the default interest rate specified in the Note.

BENEFICIARY'S WARNING TO GRANTOR

Unless you [Grantor] provide us [Beneficiary] with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

10. Defaults and Remedies.

10.1 Events of Default. The occurrence of any one or more of the following events constitutes an event of default under this Trust Deed (each an "Event of Default"): (a) Grantor fails to make any payment Obligation when due; (b) Grantor fails to perform any non-payment Obligation within ten (10) days after Beneficiary notifies Grantor of the failure to perform the Obligation when due; (c) any representation or warranty made by Grantor in this Trust Deed is found to have been untrue or misleading in any respect as of the Effective Date; (d) an Encumbrance other than a Permitted Encumbrance attaches to the Trust Property; (e) any Transfer of the Trust Property and/or any interest in the Trust Property to any person other than Trustee or Beneficiary, unless the Transfer is expressly permitted by this Trust Deed; (f) any material loss or damage with respect to the Trust Property occurs that is not covered by insurance; (g) any material portion of the Trust Property is condemned; (h) Grantor fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay Grantor's debts as they become due, or makes a general assignment for the benefit of creditors; (i) a

proceeding with respect to Grantor is commenced under any applicable law for the benefit of creditors, including, without limitation, any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over Grantor and/or the Trust Property is entered; (j) an event of default occurs under (1) any Loan Document, and/or (2) any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (k) Grantor voluntarily or involuntarily dissolves or ceases to exist, or any final nonappealable order or judgment is entered against Grantor decreeing its dissolution; (l) any change in the ownership of Grantor in one or more transactions, other than transfers receiving Beneficiary's prior written consent; (m) Beneficiary determines that there has been an adverse change in the operations, business, management, prospects, and/or condition (financial or otherwise) of Grantor or in any Trust Property and/or Beneficiary deems itself insecure with respect to the payment or performance of any obligations of Grantor to Beneficiary; and/or (n) the occurrence of any event that has or may reasonably be expected to have an adverse effect on Grantor's and/or any guarantor's financial condition and/or Grantor's ability to pay and perform the Obligations.

10.2 Remedies. On and after an Event of Default, Beneficiary may exercise the following remedies, which remedies are cumulative and which may be exercised singularly or concurrently: (a) upon notice to Grantor, the right to accelerate the due dates of the Obligations so that the Obligations are immediately due, payable, and performable in their entirety; (b) upon notice to Grantor, the right to take possession, control, and charge of the Trust Property; (c) the right to institute an action to appoint a receiver to take charge of the Trust Property; (d) the right to institute an action to obtain a temporary restraining order; (e) upon notice to Grantor, the right to pay and perform any of the Obligations; (f) any remedy available to Beneficiary under any Loan Document and/or any agreement securing the performance of any of the obligations of any guarantor of the Obligations; (g) any remedy available to Beneficiary under ORS Chapter 86, including, without limitation, the foreclosure of this Trust Deed by advertisement and sale in the manner provided in ORS 86.705 to ORS 86.795; (h) the right to foreclose this Trust Deed as provided by law for the foreclosure of mortgages on real property; (i) any remedy available to Beneficiary under the Uniform Commercial Code; (j) the right to revoke the license described in Section 3.3 and to (1) retain, collect, and receive all prepaid rent and existing and future security or other deposits that each Tenant has paid and will pay with respect to the Tenant's Lease, (2) collect and receive the rent and other payments due to Beneficiary under the Leases, and (3) enforce Beneficiary's rights under the Leases; (k) the right to deliver to each Tenant a letter, in form and substance reasonably satisfactory to Beneficiary, notifying the Tenant that (1) all of Grantor's rights under the Tenant's Lease have been assigned to Beneficiary, and (2) all future rent and other payments must be paid to Beneficiary; and/or (l) any other remedy available to Beneficiary at law or in equity.

10.3 Additional Rights and Obligations. After an Event of Default, (a) upon Beneficiary's request, Grantor will sign for each Tenant the letter described in Section 10.2, and (b) upon Beneficiary's request, Grantor will otherwise assist Beneficiary in exercising any remedy available to Beneficiary under this Trust Deed.

10.4 Possession and Protection of Trust Property. If Beneficiary or a receiver takes possession, control, and/or charge of the Trust Property after an Event of Default, Grantor will peacefully relinquish possession of the Trust Property upon Beneficiary's or the receiver's request. After taking possession, control, and/or charge of the Trust Property, Beneficiary or the receiver may (a) manage, develop, improve, partition, change the character of, or abandon the Trust Property, (b) make

ordinary or extraordinary repairs or alterations to the Trust Property, demolish any improvements, and raze existing or erect new party walls or buildings, (c) subdivide the Trust Property, make or obtain the vacation of plats, or adjust boundaries, (d) enter into a lease of all or any portion of the Trust Property, (e) insure the Trust Property against damage or loss, (f) borrow and advance money for the protection of the Trust Property, and for all expenses, losses, and liability sustained in the protection of the Trust Property, (g) pay, contest, and/or settle any claim relating to the Trust Property, (h) pay taxes, assessments, and other expenses incurred in the protection of the Trust Property, (i) employ persons to advise or assist Beneficiary or the receiver in the protection of the Trust Property, and act without independent investigation upon their recommendations, (j) prosecute or defend actions, claims, and/or proceedings for the protection of the Trust Property, and/or (k) take any other actions that Trustee or the receiver deems reasonably necessary to protect the Trust Property. Any payments made or indebtedness incurred by Beneficiary or the receiver in connection with protecting the Trust Property will be added to the Obligations and will bear interest at the default rate specified in the Note. If Beneficiary or the receiver receives any rent or other payments after taking possession, control, and/or charge of the Trust Property, (y) Beneficiary may hold the payments as additional security for the full and prompt payment and performance of the Obligations, subject to the provisions of this Section 10.4, and (z) Beneficiary may, in Beneficiary's sole discretion, apply the payments (1) to the Obligations, whether or not the Obligations are then due, and/or (2) to the cost and expense of protecting the Trust Property.

10.5 Sale of Trust Property. After an Event of Default, Trustee may sell the Trust Property at auction to the highest bidder for cash. Any person, including Beneficiary, but excluding Trustee, may bid at the sale. The attorney for Trustee, or any agent designated by Trustee or the attorney, may conduct the sale and act in the sale as the auctioneer of Trustee.

10.6 Proceeds of Sale of Trust Property. After an Event of Default and a sale of the Trust Property by Trustee, Trustee must apply the proceeds of the sale as follows: (a) to the expenses of the sale, including the compensation of Trustee, and a reasonable charge by the attorney for Trustee; (b) to the Obligations; (c) to all persons having recorded liens subsequent to the interest of Trustee in this Trust Deed as their interests may appear in the order of their priority; and (d) the surplus, if any, to Grantor or to the successor in interest of Grantor entitled to such surplus.

10.7 No Obligation to Pay or Perform. Beneficiary has no obligation to pay or perform any Obligation.

11. Release, Indemnification, and Waivers.

11.1 Release and Indemnification. Grantor releases and will defend, indemnify, and hold Trustee, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, resulting from or arising out of, whether directly or indirectly, the following: (a) any action that Trustee, Beneficiary, and/or any Beneficiary Representative take to perfect or continue Trustee's and/or Beneficiary's rights under this Trust Deed; (b) the exercise of any remedy available to Beneficiary under this Trust Deed, without regard to cause or the negligence of Trustee, Beneficiary, any Beneficiary Representative, and/or any other person; (c) any breach and/or inaccuracy of any Grantor representation, warranty, and/or covenant made in this Trust Deed and/or any Loan Document; and/or (d) any failure by Grantor to pay and/or perform any covenant and/or obligation required to be performed by Grantor under this Trust

Deed and/or any Loan Document. This indemnification and hold harmless provision will survive the termination of this Trust Deed and the satisfaction of the obligations of Grantor to Beneficiary under this Trust Deed.

11.2 Waiver by Grantor. Grantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection, and agrees that Beneficiary may amend any agreement evidencing, guaranteeing, or securing any of the Obligations or extend or postpone the due dates of the Obligations without affecting Grantor's liability.

11.3 No Waiver by Beneficiary. No waiver will be binding on Beneficiary unless it is in writing and signed by Beneficiary. Beneficiary's waiver of a breach of a provision of this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. Beneficiary's failure to exercise any remedy under this Trust Deed or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Beneficiary of Beneficiary's right to exercise the remedy.

12. Environmental Indemnification.

12.1 Indemnification. Grantor will defend, indemnify, and hold Trustee, each Trustee Representative, Beneficiary, and each Beneficiary Representative harmless for, from, and against all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees, resulting from or arising out of, whether directly or indirectly, Grantor's breach of any representation, warranty, covenant, and/or other obligation of Grantor in Section 4.8 and/or Section 5.13.

12.2 Survival. All representations, warranties, covenants, and other obligations of Grantor in Section 4.8, Section 5.13, and Section 12.1 will survive the reconveyance of the Trust Property to Grantor and the foreclosure of this Trust Deed.

13. Successor Trustee. At any time, Beneficiary may appoint in writing a successor to Trustee. If the appointment of the successor to Trustee is recorded in the mortgage records in Jefferson County, Oregon, the successor to Trustee will be vested with all the powers of Trustee.

14. Non-foreign Affidavit. Contemporaneously with the signing and delivery of this Trust Deed, Grantor will deliver to Beneficiary a non-foreign affidavit signed by Grantor for purposes of Section 1445 of the Internal Revenue Code, in form and substance reasonably satisfactory to Beneficiary.

15. Miscellaneous.

15.1 Time of Essence; No Assignment; Binding Effect. Time is of the essence with respect to all dates and time periods in this Trust Deed. Grantor may not assign or delegate any of Grantor's rights or obligations under this Trust Deed to any person without the prior written consent of Beneficiary, which Beneficiary may withhold in Beneficiary's sole discretion. This Trust Deed will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit.

15.2 Amendment; Notice. This Trust Deed may be amended only by a written document signed by the party against whom enforcement is sought. Any notice required under this Trust Deed must be in writing. Any notice will be deemed given when personally delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day.

15.3 Severability; Further Assurances; Remedies. If a provision of this Trust Deed is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Trust Deed will not be impaired. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Trust Deed. Beneficiary will have all remedies available to it at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.

15.4 Governing Law; Venue. This Trust Deed is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Trust Deed. Any action or proceeding arising out of this Trust Deed will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

15.5 Attorney Fees. If any arbitration or litigation is instituted to interpret, enforce, and/or rescind this Trust Deed, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

15.6 Entire Agreement. This Trust Deed contains the entire understanding of the parties regarding the subject matter of this Trust Deed and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Trust Deed.

15.7 No Waiver by Beneficiary. No failure and/or delay of Beneficiary in exercising any right, power, and/or remedy under this Trust Deed and/or any other Loan Document will operate as a waiver of such right, power, and/or remedy of Beneficiary or of any other right. A waiver of any provision of this Trust Deed and/or any other Loan Document will not constitute a waiver of or prejudice Beneficiary's right to demand strict compliance with that provision and/or any other provision. Any waiver, permit, consent, and/or approval of any kind or character on the part of Beneficiary must be in writing and will be effective only to the extent specifically set forth in writing.

15.8 Interpretation and Exercise of Discretion. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the

singular. The word “or” is not exclusive. The words “include,” “includes,” and “including” are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Trust Deed. When Beneficiary is exercising any consent, approval, determination, and/or similar discretionary action under this Trust Deed, the standard will be Beneficiary’s sole discretion. For purposes of this Trust Deed, the term “person” means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

15.9 Attachments. Any exhibits, schedules, and other attachments referenced in this Trust Deed are part of this Trust Deed.

15.10 Waiver of Jury Trial and Hearing. GRANTOR IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST GRANTOR IN RESPECT TO THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION. GRANTOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS TRUST DEED IS A PART IS A COMMERCIAL TRANSACTION. TO THE EXTENT PERMITTED BY ANY STATE OR FEDERAL LAW, GRANTOR WAIVES ANY RIGHT GRANTOR MAY HAVE TO PRIOR NOTICE OF AND A HEARING ON THE RIGHT OF ANY HOLDER OF THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES SAID HOLDER, BY WAY OF FORECLOSURE, ATTACHMENT, GARNISHMENT, OR REPLEVIN, TO DEPRIVE GRANTOR OF ANY PROPERTY, AT ANY TIME, PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS TRUST DEED, THE NOTE, AND/OR ANY OTHER DOCUMENT PERTAINING TO THIS LOAN TRANSACTION.

[signature page immediately follows]

IN WITNESS WHEREOF, the undersigned has caused this Trust Deed to be duly executed and effective as of the Effective Date.

GRANTOR:

Wild Bleu Mercantile, LLC

Jennifer __. Schaffner, Member

Rebecca J. Keegan, Member

State of Oregon)
) ss.
County of Jefferson)

I certify that I know or have satisfactory evidence that Jennifer __. Schaffner signed this instrument, that he is authorized to execute this instrument and acknowledge it to be his free and voluntary act for the uses and purposes contained in this instrument.

Before me:

Notary Public for Oregon
Commission No.: _____
My Commission Expires: _____

State of Oregon)
) ss.
County of Jefferson)

I certify that I know or have satisfactory evidence that Rebecca J. Keegan signed this instrument, that she is authorized to execute this instrument and acknowledge it to be her free and voluntary act for the uses and purposes contained in this instrument.

Before me:

Notary Public for Oregon
Commission No.: _____
My Commission Expires: _____

Appendix A
Definitions

“Beneficiary Representative(s)” means Beneficiary and its successors, assigns, divisions, affiliates, and related entities, and all past, present, and future officers, directors, shareholders, members, managers, employees, attorneys, agents, volunteers, contractors, representatives, and insurers of the aforementioned.

“Encumbrance(s)” means any liens, mortgages, pledges, security interests, reservations, restrictions, changes, claims, and/or any other encumbrances.

“Environmental Law(s)” means any law designed to minimize, prevent, punish, and/or remedy the consequences of actions that damage or threaten the environment or public health and safety.

“Event of Default” means any event specified in Section 10.1.

“Hazardous Substance(s)” means any hazardous or toxic substance, material, and/or waste, including, without limitation, the following: (a) any hazardous or toxic substance, material, and/or waste that is defined as such under any Environmental Law; and (b) petroleum, petroleum products, asbestos, presumed asbestos-contaminating materials, asbestos-contaminating materials, urea formaldehyde, and polychlorinated biphenyls.

“Knowledge” means, with respect to Grantor, the actual knowledge of each Grantor and any knowledge that each Grantor would have obtained if such individual(s) had conducted a reasonably comprehensive investigation of the relevant matter.

“Lease(s)” means any lease affecting the Trust Property to which Grantor is or becomes a party.

“Loan Document(s)” means (a) the Agreement, (b) this Trust Deed, (c) the Note, (d) any agreement evidencing, guaranteeing, and/or securing the performance of any of Grantor’s obligations arising out of or under the aforementioned.

“Note” means the Promissory Note dated as of the Effective Date in the principal amount of Seventeen Thousand Five Hundred Dollars (\$17,500.00) made by Grantor in favor of Beneficiary and referenced in the recital.

“Obligation(s)” means all present and future obligations of any kind owed by Grantor to Beneficiary, including, without limitation, all of Grantor’s obligations arising out of or under (a) the Note, (b) the Agreement, (c) this Trust Deed, and (d) any other agreement evidencing, guaranteeing, and/or securing the performance of any of Grantor’s obligations arising out of or under the aforementioned agreements.

“Permitted Encumbrance(s)” means (a) any lien, mortgage, pledge, security interest, and/or other encumbrance in favor of Beneficiary, (b) the Encumbrance created by _____, and (c) any lien, mortgage, pledge, security interest, or other encumbrance arising by operation of law for taxes, assessments, or government charges not yet due.

“Real Property” means the real property (and all improvements located thereon) located at 225 SE 5th Street, Madras, Oregon 97741 as more particularly described on the attached Exhibit A. The tax parcel number for the real property subject to this instrument is Account No. _____, Map/Tax Lot No. 111312-BB-10102.

“Tenant(s)” means any person other than Grantor that is a party to any Lease.

“Transfer(s)” means (a) any transfer, including, without limitation, any sale, conveyance, exchange, gift, lease, encumbrance, foreclosure of an encumbrance, or attachment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, and (b) any agreement involving the ownership, lease, and/or use of all or any portion of the Real Property for a period longer than thirty (30) days.

“Trust Property” means all of Grantor’s right, title, and interest in and to the Real Property, together with the following:

- (a) all interests, estates, and rights that Grantor now has and/or may acquire in the Real Property;
- (b) all options, agreements, and contracts for the purchase or sale of all or any part or parts of the Real Property or interests in the Real Property;
- (c) all easements, rights-of-way, and rights used in connection with the Real Property and/or as a means of access to the Real Property;
- (d) all tenements, hereditaments, and appurtenances in any manner belonging, relating, and/or appertaining to the Real Property;
- (e) all interests, estates, and rights of Grantor, now owned or hereafter acquired, in and to any land lying within any streets, sidewalks, alleys, strips, and/or gores adjacent to or used in connection therewith;
- (f) all Grantor rights, titles, and interests, now owned or hereafter acquired, in and to all buildings and other improvements of every nature now or hereafter located on the Real Property and all fixtures, machinery, equipment, and other personal property located on the Real Property or attached to, contained in, or used in any such buildings and other improvements, and all appurtenances and additions to and substitutions and replacements of the Real Property (all of the foregoing being collectively referred to below as the “Improvements”);
- (g) all mineral, oil and gas rights, air rights, development rights, water rights, water stock, and water service contracts, drainage rights, zoning rights, and other similar rights or interests that benefit or are appurtenant to the Real Property or the Improvements or both, and any of their proceeds;
- (h) all Grantor rights, titles, and interests in and to all present and future licenses, permits, approvals, and agreements with or from any municipal corporation, county, state, or other governmental or quasi-governmental entity or agency relating to the development, improvement,

division, or use of all or any portion of the Real Property to the extent assignable by law; and all other general intangibles relating to the Real Property, the Improvements, or their use and operation;

(i) all Grantor rights in and to any escrow or withhold agreements, title insurance, surety bonds, warranties, management contracts, leasing and sales agreements, and service contracts that are in any way relevant to the ownership, development, improvement, management, sale, and/or use of all or any portion of the Real Property or any of the Improvements;

(j) Grantor's rights under any payment, performance, and/or other bond in connection with construction of any Improvements, and all construction materials, supplies, and equipment delivered to the Real Property or intended to be used in connection with the construction of any Improvements; and

(k) all rights, interests, and claims that Grantor now has or may acquire with respect to any damage to or taking of all or any part of the Real Property and/or the Improvements, including, without limitation, all proceeds of insurance in effect with respect to the Improvements, all awards made for taking by eminent domain or by any proceeding or purchase in lieu thereof, of the whole or any part of the Real Property or the Improvements, and all awards resulting from any other damage to the Real Property or the Improvements, all of which are assigned to Beneficiary under this Trust Deed.

"Trustee Representative(s)" means each present and future director, officer, shareholder, employee, member, assignee, manager, partner, and authorized representative of Trustee.

Exhibit A
Legal Description

The subject real property is legally described as follows:

Lots 10 & 11, Block 33 PLAT OF PALMAIN, Jefferson County, Oregon.

PERSONAL GUARANTY

This Personal Guaranty (this "Guaranty") is made by Jennifer __. Schaffner ("Guarantor") in favor of Madras Redevelopment Commission ("Creditor"). Creditor is requiring Guarantor to sign and deliver this Guaranty as a condition to Creditor extending credit to Wild Bleu Mercantile, LLC ("Debtor"), an Oregon limited liability company, under the terms of the Promissory Note (as defined below) and certain other documents and instruments related thereto dated effective ____ __, 2017 (the "Effective Date"). Guarantor owns a 50% membership interest in Debtor. In view of the business relationship between Guarantor and Debtor, the consideration from Creditor to Debtor under the Promissory Note (and the related documents and instruments) will inure to the benefit of Guarantor.

Guarantor irrevocably and unconditionally guarantees to Creditor the full and prompt payment and performance of all present and future obligations of any kind or nature owed by Debtor to Creditor, including, without limitation, Debtor's obligations arising out of or under the following: (a) that certain Promissory Note dated as of the Effective Date in the principal amount of \$17,500.00 made by Debtor in favor of Creditor (the "Promissory Note"); (b) the Madras Redevelopment Commission – Urban Renewal Loan Agreement between Creditor and Debtor dated as of the Effective Date; (c) the Trust Deed, Assignment of Leases and Rents, and Fixture Filing dated as of the Effective Date made by Debtor in favor of Creditor; and (d) all other agreements and/or instruments evidencing, guaranteeing, and/or securing the performance of any of Debtor's obligations arising out of or under the aforementioned agreements and any other agreement between Debtor and Creditor (collectively, the "Obligations"). Upon Creditor's demand, Guarantor will immediately pay and perform the then-due Obligations.

Guarantor is a principal obligor and is directly liable for the payment and performance of the Obligations. Creditor may exercise Creditor's remedies against Guarantor without making a demand, instituting an action, or exercising or exhausting Creditor's remedies against Debtor or any collateral. This Guaranty will not be affected by the following: (a) Creditor's release of Debtor, any other guarantor that may be liable to Creditor for the payment and performance of any of the Obligations, and/or any collateral that may secure the payment and performance of any of the Obligations; (b) Creditor's amendment of any agreement evidencing, guaranteeing, or securing any of the Obligations; (c) Creditor's waiver of a breach of a provision of any agreement evidencing, guaranteeing, or securing any of the Obligations; (d) Creditor's extension or postponement of the due date of any of the Obligations; (e) the death, dissolution, and/or insolvency of Debtor and/or any guarantor or any other person that may be liable to Creditor for the payment and performance of any of the Obligations; and/or (f) the Obligations becoming unenforceable against Debtor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors.

Guarantor waives all rights to terminate this Guaranty before the Obligations are fully paid and performed. This Guaranty will be automatically reinstated to the extent that any payment or performance of the Obligations is rescinded or must otherwise be restored by Creditor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors. Time is of the essence with respect to all dates and time periods in this Guaranty.

Guarantor subordinates all claims and other rights that Guarantor has or may have against Debtor, any other person that may be liable to Creditor for the payment and performance of any of the Obligations, or any collateral that may secure the payment and performance of any of the Obligations that cannot be waived to all claims and other rights that Creditor has or may have against Debtor, the other person, and the collateral. Guarantor will not enter into or vote to authorize any transaction

involving the sale of substantially all of Debtor's assets, or the reorganization, recapitalization, consolidation, conversion, or merger of Debtor.

Guarantor waives demand, presentment for payment, notice of dishonor or nonpayment, protest, notice of protest, and lack of diligence in collection with respect to the Obligations. No waiver will be binding on Creditor unless it is in writing and signed by Creditor. Creditor's waiver of a breach of a provision of this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. Creditor's failure to exercise any remedy under this Guaranty or any agreement evidencing, guaranteeing, or securing any of the Obligations will not be considered a waiver by Creditor of Creditor's right to exercise the remedy.

This Guaranty is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Guaranty. Any action, suit, or proceeding arising out of the subject matter of this Guaranty will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Guaranty, or otherwise in connection with the subject matter of this Guaranty, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney's fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

Dated Effective: _____, 2017

GUARANTOR:

Jennifer __. Schaffner, Individually

PERSONAL GUARANTY

This Personal Guaranty (this "Guaranty") is made by Rebecca J. Keegan ("Guarantor") in favor of Madras Redevelopment Commission ("Creditor"). Creditor is requiring Guarantor to sign and deliver this Guaranty as a condition to Creditor extending credit to Wild Bleu Mercantile, LLC ("Debtor"), an Oregon limited liability company, under the terms of the Promissory Note (as defined below) and certain other documents and instruments related thereto dated effective ____ __, 2017 (the "Effective Date"). Guarantor owns a 50% membership interest in Debtor. In view of the business relationship between Guarantor and Debtor, the consideration from Creditor to Debtor under the Promissory Note (and the related documents and instruments) will inure to the benefit of Guarantor.

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Guarantor waives all rights to terminate this Guaranty before the Obligations are fully paid and performed. This Guaranty will be automatically reinstated to the extent that any payment or performance of the Obligations is rescinded or must otherwise be restored by Creditor for any reason, including, without limitation, the application of bankruptcy, insolvency, or other similar laws for the benefit of creditors. Time is of the essence with respect to all dates and time periods in this Guaranty.

Guarantor subordinates all claims and other rights that Guarantor has or may have against Debtor, any other person that may be liable to Creditor for the payment and performance of any of the Obligations, or any collateral that may secure the payment and performance of any of the Obligations that cannot be waived to all claims and other rights that Creditor has or may have against Debtor, the other person, and the collateral. Guarantor will not enter into or vote to authorize any transaction

involving the sale of substantially all of Debtor's assets, or the reorganization, recapitalization, consolidation, conversion, or merger of Debtor.

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This Guaranty is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Guaranty. Any action, suit, or proceeding arising out of the subject matter of this Guaranty will be litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Guaranty, or otherwise in connection with the subject matter of this Guaranty, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney's fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

Dated Effective: _____, 2017

GUARANTOR:

Rebecca J. Keegan, Individually

**MADRAS REDEVELOPMENT
COMMISSION
Request for Commission Action**

Date Submitted: April 25, 2017

Agenda Date Requested: May 3, 2017

To: Madras Redevelopment Commission

Through: Nicholas Snead, Community Development Director
Gus Burrell, City Administrator

From: Kristal Hughes, Finance Director

Subject: **Budget Resolution MRC 2017-03:**
A resolution authorizing the Supplemental Budget to recognize unanticipated revenues, and expenses and the transfer of appropriations within funds for Fiscal Year 2016-2017.

TYPE OF ACTION REQUESTED:

Resolution Ordinance Report/No Action

DESCRIPTION:

This resolution modifies the 2016-2017 Budget and keeps the Madras Redevelopment Commission in compliance with Oregon Budget Law.

SUMMARY:

See attached budget resolution for full details and descriptions of each budget adjustment needed to be in compliance with Oregon Budget Law.

STAFF ANALYSIS:

This resolution addresses a transfer in appropriation from:

1. The Contingency in the MRC General Fund to the MRC General Fund, Special Payments, Grants-Blight Removal line item.
2. The Contingency in the MRC Reinvestment Fund to Reinvestment Fund, Special Payments, Loan Distribution.

This transfer in appropriation will lawfully appropriate the necessary resources to fund the grant and loan funding for a derelict building (i.e. blight) from the Urban Renewal District in FY 2016-17.

STAFF RECOMMENDATION:

That the Madras Redevelopment Commission (MRC) approve Resolution No. MRC 2017-03.

MOTION FOR COMMISSION ACTION:

I move that the MRC approve Resolution No. MRC 2017-03.

RESOLUTION NO. MRC 2017-03

A RESOLUTION AUTHORIZING THE SUPPLEMENTAL BUDGET TO RECOGNIZE UNANTICIPATED REVENUES, AND EXPENSES AND THE TRANSFER OF APPROPRIATIONS WITHIN FUNDS FOR FISCAL YEAR 2016-2017.

WHEREAS, in accordance with ORS 294.456 and 294.463, Madras Redevelopment Commission (MRC), the governing body of the Urban Renewal District of Madras, Oregon may transfer appropriations within funds for Fiscal Year 2016-2017 that were authorized by the MRC Board of Commissioners pursuant to Resolution No. MRC 2017-03; and

WHEREAS, the Madras Redevelopment Commission intends to lawfully fund remove a derelict building on a property to remove blight from the Madras Urban Renewal District and to do so needs to allocate the appropriate resources in the FY 2016-16 MRC budget to fund such project.

WHEREAS, ORS 294.463 allows a transfer from contingency within a fund to be approved by the supplemental budget process if the proposed changes are greater than 15% of total appropriations in the fund.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Madras Redevelopment Commission of the City of Madras as follows:

SECTION 1: Because of the circumstances stated below by fund level, the MRC Board of Commissioners of the Urban Renewal District of Madras determines that it is necessary to transfer appropriations as follows for the 2016-2017 MRC Budget;

SECTION 2: The Finance Director is hereby authorized and directed to execute the following changes to appropriated budget amounts on behalf of the MRC:

701-701	Original Budget	Increase	Decrease	Revised Budget
MRC- General Fund				
Contingency	7,500	-	5,000	2,500
Special Payments	200,000	5,000	-	205,000

REASON: *To allocated the necessary resources to provide grant funding (50% of project cost) to assist a property owner to remove of a derelict building.*

702-702	Original Budget	Increase	Decrease	Revised Budget
MRC- Reinvestment Fund				
Contingency	58,000	-	15,000	43,000
Special Payments	25,000	15,000	-	40,000

REASON: To allocated the necessary resources to provide a loan (50% of project cost) to a property owner to assist a property owner to remove of a derelict building.

SECTION 3: This resolution shall become effective on May 3, 2017.

APPROVED by the Madras Redevelopment Commission of the City of Madras and signed by the Chair this 3rd day of May, 2017.

Ayes: _____
 Nays: _____
 Abstentions: _____
 Absent: _____
 Vacancies: _____

 Thomas H. Brown, Board Chair

ATTEST:

 Nicholas Snead, Community Development Director