Agenda

City Hall                   April 5, 2017
Council Chambers        5:30 P.M.

1.  Call to Order

2.  Consent Agenda

   A. Adoption of Agenda
   B. Approval of March 2017 Vouchers
   C. Approval of December 7, 2016 MRC Meeting Minutes
   D. Approval of February 1, 2017 MRC Meeting Minutes
   E. Approval of March 1, 2017 MRC Meeting Minutes

3.  Visitors Comments

4.  Sahalee Park Tree Funding Request.
   Jon Burchell, Parks and Open Space Specialist
   Nicholas Snead, Community Development Director

5.  Resolution No. MRC 2017-02.

   A resolution of the City of Madras authorizing and approving (a) an extension to the maturity date of a certain Line of Credit the City secured from Bank of The Cascades, (b) an increase in the maximum amount the City may borrow under the Line of Credit, (c) an amendment to that certain Intergovernmental Agreement – loan servicing dated April 14, 2015 between the City and Madras Redevelopment Commission, which agreement concerns the aforementioned maturity date extension and line of credit increase, and (d) certain City representatives to take all necessary actions and sign all necessary documents, certificates, instruments, and/or agreements to effectuate the aforementioned.

   Gus Burril, City Administrator
   Kristal Hughes, Finance Director
6. **Resolution No. MRC 2017-01.**

   A resolution of Madras Redevelopment Commission authorizing and approving execution of an amendment to that certain Intergovernmental Agreement – loan servicing dated April 14, 2015 between the Commission and City of Madras to increase the maximum amount the City may borrow pursuant to the City’s Line of Credit obtained from Bank of The Cascades and related loan matters; and authorizing the board chair and his or her designees to sign all necessary guaranties, documents, certificates, instruments, and/or agreements concerning the amendment and related loan matters.

   Gus Burril, City Administrator  
   Kristal Hughes, Finance Director

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

   Nicholas Snead, Community Development Director

8. **Additional Discussion**

9. **Adjourn**

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.
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Grand Totals: 9,152.36

M = Manual Check, V = Void Check
## Madras Redevelopment Commission

### Review and Approval

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**Total** $9,152.36

**Committee Review and approval of checks cut in the previous month**
1. **Call to Order**

The Madras Redevelopment Commission meeting was called to order by Chair, Doug Lofting, at 5:35 p.m. on Wednesday, December 7, 2016 in the Madras City Council Chambers.

**Commissioners attending:** Chairperson Doug Lofting, Commissioners Royce Embanks, Jr., Tom Brown, Chuck Schmidt

**Commissioners absent:** Reeder, Blanca Reynoso, Doeshia Jacobs

**Commission vacancies:** 2

**Staff Members in Attendance:** Nicholas Snead, Community Development Director, Robin G. Dehnert, Assistant Planner

**Public in Attendance:** None

2. **Consent Agenda**

**Chairman Lofting:** Our consent agenda, the adoption of the agenda.

A MOTION WAS MADE BY COMMISSIONER CHUCK SCHMIDT TO ACCEPT THE CONSENT AGENDA AS PROPOSED. THE MOTION WAS SECONDED BY COMMISSIONER TOM BROWN AND PASSED BY UNANIMOUS VOICE VOTE.

3. **Visitor Comments**

**Chairman Lofting:** Visitors comments, it’s a quiet crowd of no one.

4. **Appointment of Tom Brown and Janet Brown to the 2017 MRC Budget Committee**

Number four, appointment of Tom Brown and Janet Brown to the 2017 MRC Budget Committee, Mr. Snead.

**Director Snead:** Yes, Tom Brown and Janet Brown submitted the letters of interest to serve on the MRC Budget Committee. What's a little bit different is that the Budget Committee appointments to the MRC and, of course, the City Council are annual appointments. They are not like the MRC where you serve a term of multiple years, so we need to do this every year. They've requested to serve on the Budget Committee. Very honestly, we don't have much interest. Staff recommends that when anyone is interested in serving on this committee, you appoint them. Just a formal motion to
appoint Tom and Janet Brown to the 2017 MRC Budget Committee would be sufficient by the Commission tonight.

**Commissioner Schmidt:** I have a question, why year to year?

**Director Snead:** It's a state law.

**Commissioner Schmidt:** Okay.

**Director Snead:** I know that because our former Finance Director had made appointments of three-year terms, and when the City Recorder, the new Finance Director and I were looking at the rosters for each, the City Recorder determined that this was not in keeping with the statute.

**Commissioner Brown:** I should probably abstain.

**Chairman Lofting:** As Mr. Brown abstains, the rest of us have voted you and Janet in.

**A MOTION WAS MADE BY COMMISSIONER EMBANKS TO APPOINT TOM BROWN AND JANET BROWN TO THE MRC BUDGET COMMITTEE FOR FISCAL YEAR 2017. THE MOTION WAS SECONDED BY COMMISSIONER SCHMIDT. THE MOTION PASSED UNANIMOUSLY. COMMISSIONER BROWN ABSTAINED.**

**THE MOTION PASSED.**

5. **Appointment of Chuck Schmidt and Tom Brown to the MRC to Serve in “General Public” Positions on the Madras Redevelopment Commission.**

Item number five, the appointment of Chuck Schmidt, Doug Lofting and Tom Brown to the MRC to serve in the general public positions on the Madras Redevelopment Commission. Mr. Snead.

**Director Snead:** Currently, Tom Brown and Chuck Schmidt are City Councilors appointed by the City Council to serve on the MRC. However, their term of service on the City Council will end on December 31, 2016. They have asked to continue serving on the MRC and so they would change from the City Councilor position to a general public position. Their new terms are under the agenda item six. They've submitted letters of interest. We have vacancies for them to fill right now. Staff recommends that the Commission appoint them.

I would note that the MRC doesn't make the formal appointment; the City Council does. The matter is on the City Council's December 13th, 2016 meeting agenda. The formal appointment by the City Council will be effective immediately.

**Commissioner Embanks:** Okay, I move that Chuck Schmidt, Tom Brown, and Doug Lofting be appointed to the MRC board. Is there a time limit on this? Is that to a certain date?
Director Snead: Tom Brown's new term, pending Council approval, will start January 1, 2017 and he will assume my position which expires on December 31, 2019. Chuck has the same term start date and expiration date. Doug's term has expired. MRC Commissioners, except for the City Councillors, serve a four-year term. His new term will start on January 1, 2017 and expire in December 31, 2020.

A MOTION WAS MADE BY COMMISSIONER EMBANKS TO APPOINT CHUCK SCHMIDT, DOUG LOFTING AND TOM BROWN TO SERVE IN THE GENERAL PUBLIC POSITIONS ON THE MADRAS REDEVELOPMENT COMMISSION. THE MOTION WAS SECONDED BY COMMISSIONER SCHMIDT AND PASSED BY UNANIMOUSLY.

6. Re-Establishment of Commissioner Term Termination Date

Chairman Lofting: Item Six, re-establishment of Commissioner term termination date.

Director Snead: Yes, the City Recorder and I put this together today changing your expiration dates from January 31 to December 31. This is actually a portion my staff report going to the City Council next week, but I wanted to show this to you. The new terms of Tom Brown, Chuck Schmidt, Don Reeder and Doug Lofting are listed that staff report.

Doeshia Jacobs will no longer be serving on the Commission. We have three vacancies. I am in the process of contacting a citizen who has expressed interest in serving on the Commission. With a little luck, we'll have only two vacancies fairly shortly.

Chairman Lofting: Okay, we'll move on to item number seven.

7. South Y Entrance Sign Update

Chairman Lofting: The South Y entrance sign update. Mr. Snead.

Director Snead: At the November MRC meeting, staff presented a grant request, subsequently approved by the Commission, for $2,500 of assistance to the City for renovating the South Y sign that was installed in conjunction with the US Highway 97 J Street project. Last week, the sign was significantly damaged by a motor vehicle. I am now reporting to the Commission that we are pausing the repairs to pursue a settlement from the insurance of the driver who hit the sign.

Additionally, we hope to repair the sign with improved material so we don't have the maintenance issues we have now. We may need some assistance for that. However, I think we're in a pretty good position with the insurance to accomplish that.

In a related matter, the City Administrator and I noticed that the North Y sign, which cost $80,000 of the $600,000 the MRC spent to landscape and put up the sign when the North Y intersection was improved. That wooden sign, that kind of tear drop or a shield
sign, is cracking. We'd like to get a cost estimate for renovating or replacing it in time for the solar eclipse. That sign reflects well upon our community.

We're not going to use the $2,500 for the South Y sign until we actually know it's needed. Additionally, we may need it or would like to consider using it for the North Y sign. If that funding is needed for the North Y, we will bring a proposal for your review and approval.

Chairman Lofting: You know, Nick, I think you need to, regarding the North Y, you need to lean on somebody like Royce who's a woodworker. There are cracks in it, but I think that sign could be saved. Here is a woodworker. I think we need some help there from Royce.

Director Snead: We'd definitely love assistance. We have requested a proposal from Carlson Signs to replace it, as a kind of an extreme option. However, I suggested to staff that we contact the cabinet shop, one of our local woodworking companies, to see if they may be able to renovate it for us. Depending on the cost, we'll do our best to make it look good. If it needs to be replaced, because someone like Royce is recommending that based on their experience, we'll do that. But we'll bring a proposal to you for review and approval before doing so.

Chairman Lofting: Okay, very good. Any further discussion? Then we'll move on.

8. Use of MRC Property for 2017 Solar Eclipse Vendors

Chairman Lofting: Item eight, the use of MRC property for the 2017 solar eclipse vendors. Mr. Snead.

Director Snead: Yes. The City has hired Lysa Vattimo to assist the City in planning and coordinating for the Solar Eclipse. She approached me two weeks ago wanting to know if the MRC would be interested in allowing food vendors on the MRC owned property in between Geno's Italian Grill and Mike Goss' Insurance office.

It's an opportunity. The MRC will be spending resources to improve the appearance of downtown for the solar eclipse. We would charge these vendors a fee to use MRC property. We would do that would be solely to recuperate some of our costs. For example, we're going to have the probation work crew go out and do some work in the downtown area. They charge $250 a day. If you have maybe two vendors on that site, you will bring in perhaps $2,000 to use towards cleaning up the downtown area for that event. The question is; are you interested? Do you have any concerns?

Chairman Lofting: Nick, my only concern would be that it doesn't hurt local established food vendors such as Geno’s, such as the Great Earth. I know that there's going to be a great number of people here, so maybe it would be a non-issue. People need to be fed. But we wouldn't want our established businesses coming to you and saying, "Hey, look, these guys are setting up right next door to me. I've been here forever."
Director Snead: We wouldn't want a pizza vendor right next to Geno's Italian Grill, per say.

Chairman Lofting: No.

Commissioner Embanks: That was my concern, too. I think you should feel that out before you decide.

Director Snead: That lot, based on the plan today, it's an evolving plan and a changing plan as more thinking occurs and different factors are addressed. The City is reserving it for the Madras Sanitary Service to put their dump truck, a couple of water trucks, ice trucks, City or County vehicles and things like that. We will have a staging place close to what we're calling "the market" around Sahalee Park. We won't be taking up parking spaces close to Sahalee Park.

Commissioner Embanks: I understand you got push back from our neighbor, the church. They do not want to have vendors there when they're having their big giveaway thing on Saturday. You're going to have to move the vendors probably a little further out. You've got the Opportunity Foundation lot or the heavy equipment lot that's got an empty back area. That could be used.

You've got a church off Seventh Street with some space. You've got the bowling alley parking lot. These are some areas where you could put food vendors not so near Sahalee Park. I don't know if Lysa's worked that out with Gary Buss. He was really adamant about that in the conversation we had up at the faith-based network meeting. He was digging in hard and was not going to budge.

Director Snead: Staff received that feedback as well. Our plans are tentative at this point. We haven't found a person or entity that wants to manage the park, vendors, or food trucks, or all of it. Responding to the original question about the old City Hall property, we're holding that aside for vehicles or equipment that'll help support the overall event. But, we very much recognize the capacity of properties surrounding Sahalee Park for parking, food vendors and the like.

At this point, we're tentatively planning for food trucks to line the perimeter of the former TS&S or The Thomas family property. Again, it's tentative, but we need input and guidance from other people such Gary Buss and other folks as well. But I think our goal is to find someone to help us manage it so that we have a successful event. If there are concerns, we'll do our absolute best to address them.

Commissioner Embanks: Okay. But there's a problem there, and somebody's probably going to have to get Gary Buss to either compromise a little or we're going to have to compromise a lot.

Commissioner Brown: What does he want to do there on a Monday?

Director Snead: It's not Monday. The concept that's being discussed, instead of having the community in a park in early August, that they have the community in the park event
on the Saturday before the solar eclipse. That’s the event where hot dogs, ice cream a lot of food and services are provided. The concern from Mr. Buss is that he doesn’t want the for-profit businesses to be somewhere close or proximate to the other businesses that will be donating their goods and services, and food for that event. That’s a one-day event and we’re also asking him to manage the other day, so-

**Commissioner Embanks**: What about Sunday?

**Director Snead**: Sunday, as I understand, it could change, his organization is only planning to have a church service in the morning. Beyond that, they would just be operating entertainment in the pavilion at Sahalee Park

**Commissioner Embanks**: I want to state it for the record; I had nothing to do with that. Absolutely nothing and I found out about it in a meeting when it was announced.

**Commissioner Schmidt**: I want them to start paying taxes.

**Commissioner Embanks**: I hope you guys can work it out and everybody comes out happy on that because I didn’t see whether there was any room for compromise on Gary’s part at all. It was either his way or the highway, and I thought, “Well, we own the park.” But apparently he’s “drawn a line in the sand.”

**Commissioner Brown**: Well, I would think intelligence would dictate not having that on the weekend of the eclipse.

**Commissioner Embanks**: Like I said, I did have nothing to do with that. I would have said no but to me that’s, it’s asking for trouble. It’s just getting two different events together on a weekend when there’s already going to be thousands of people here. Anyway, again, that was negotiated or whatever between some of the staff and our eclipse planner. I found out about it at a meeting. They had just talked about it, and hadn’t had a chance to work it out. I think that probably is how that sort of thing could be avoided in the future.

**Chairman Lofting**: Well, Nick, it sounds as though your negotiating skills along with staff are going to be very crucial here.

Again, you’re looking at Jefferson County, getting a firm hold on bringing people in for events. The Air Show, this solar eclipse. Now again, in my opinion, you’ve got a 100,000 people, maybe more or maybe less coming into this, we have to think of the whole. For one thing, what we were just discussing with vending carts. We’ve a 100,000 people or more to feed, to keep hydrated, the ambulance guys, what the hell are they going to do? Really, so again, look, thinking of the whole, I think that you guys need to sit down and have some more conversations and negotiate this.

**Director Snead**: Absolutely. I appreciate the identification of the concerns. We are generally aware of the same concerns. We want to resolve those. We do not want to put on an unsuccessful event. It’s a tentative discussion between the two entities that may work together. Ultimately, if it doesn’t work out, we will pursue other options for
managing the vendors and the activities at the park. But, this is one of our first ideas that initially appears to have some merit to it, but as you have noted, Mayor Embanks there are some concerns that we need to address. The proposal is not final; there are issues that remain and lots of work to do. I appreciate you for identifying that.

Commissioner Embanks: Nick, I'm sorry that I brought it up in this meeting; I just haven't had a chance to talk to anybody about it other than that day. I'm really concerned, the more I thought about it the more I thought that it's going to be a really difficult negotiation to get him to budge off of what he wants. He originally told everybody there that he didn't want any vendors within six blocks of Sahalee Park.

Commissioner Schmidt: Who is this guy?

Commissioner Embanks: He's the guy that runs that “Our Community in the Park.” He's a member of the church that sponsors that program.

Commissioner Embanks: we've done it every year.

Chairman Lofting: With a firm date?

Commissioner Embanks: No, the date has bounced around, I think. I'm not really sure what it was last year; I thought it was in July last year.

Director Snead: Going back to Chair Lofting's concern, from a staff perspective, the City Administrator has articulated several times that the general goal for the solar eclipse, from the City's perspective, is that it's a safe event. People can use our streets safely, that our emergency services have the ability to generally operate as needed, that no one's going to get hurt either from food or anything else like that. We very much have a broad perspective on this; we want it to be a successful event that people can be proud of. Our goals are, as the Chair shared from his perspective, pretty broad. And so, what we're trying to accomplish is, how do we have several organizations use the park, that have some areas of mutual interest, but also areas that don't align. Is there a way to work together?

These discussions are happening right now, nothing is finalized. Again, there are some concerns on multiple parties' perspectives that are yet to be resolved. From a City's perspective, we want to see if we can find a partner to help us manage this event so that we have someone to book the vendors, the food vendors, book the merchandise vendors, things like that, help us with the entertainment and the pavilion so that all of our guests coming to our community have something to do at certain times of the day when they're eating food at the food court there in the marketplace or walking around.

It's not in our natural area of strength that we put on events of this magnitude, so we're trying to find an entity that has more experience or more capacity to do that. This was just one idea that maybe looked at. It may not be the final solution that's selected.
Commissioner Brown: I will join Doug’s thoughts, and those of you that have watched Star Trek through the years, if you remember Spock, the good of the many outweigh the good of the one.

Commissioner Embanks: Well, he's thinking of this as an evangelical moment and that's what he stated in the meeting, that this was an opportunity to get more people to come to Christ. I'm not against Christianity, I actually attended a church. But, there's a point where they could have gotten on a different day except for his desire to have a bigger crowd to play too. That's what's bothering me, is this getting into the church and state thing? Maybe that's a real stretch, but I think that another day, another weekend would be much more acceptable. You can set up the food carts in Sahalee Park like we do for the 4th of July and everything else, and people still come down there.

Commissioner Brown: I think the only other thing I would think about our property, in whatever contracts, is that they leave it like they found it.

Commissioner Embanks: They're very good about that, they do clean up well. They used the park last year.

Commissioner Brown: Well, no, the vendors, whichever vendor may use the park.

Commissioner Embanks: Yes, the vendors, you are going to have to watch, especially if they're from out of town. Because there won't be another event like this here that they have to worry about coming back to, the folks from out of town may not be quite as attentive to that. But our community and park do a good job cleaning up after themselves.

Director Snead: Chair Lofting, Commissioners, the concerns are duly noted. I appreciate the sharing. I'm not able to or our staff is not able to completely resolve all those issues at this time or in the immediate future. Please understand that as needed the City Council will be briefed and asked for agreement and concurrence on various things as well as the MRC to the extent that your property and resources are involved. I appreciate you sharing these concerns with us. They’re duly noted and we will account for those in planning for this wonderful event.

Chairman Lofting: Nick, I'm glad that Royce brought this up, and again, I'd like you to keep us updated in our future as the MRC. I'd like to know, since we opened this up, okay, I'd like to know how it proceeds.

Director Snead: Okay, can you give me a little more clarity on what you'd like briefings on?

Chairman Lofting: Briefings on your negotiations with working out maybe a different date with the faith-based network or what your negotiations, where it takes you.

Director Snead: What we can do potentially is in your January, February meetings, we can report back on that, what I would say is a fairly narrow issue on uses of Sahalee Park. But we can also broaden out to what is the plan for the Sahalee Park area with
respect to the restaurants and other things: sanitation, refuse or bathrooms, where
different food vendors or merchandisers will be, parking, all these sorts of things that
we’re currently wrestling with right now. Where we are on this, we can give you a status
report. For fear of being redundant or overwhelming, we could brief you at our monthly
meetings on where we are for the next eight months. I think that staff would be happy to
do that as long as you find it appropriate.

**Chairman Lofting:** Thank you. Okay gentlemen any other discussion on this subject
while we're here? Okay, Nick, we look forward to those updates.

### 9. January 4, 2017 MRC Meeting Agenda Items

**Chairman Lofting:** Item number nine, January 4th, 2017, MRC meeting agenda items.
Mr. Nick.

**Director Snead:** Well, we already discussed one; we're going to have a solar eclipse
report. Also at this meeting, staff is preparing to have a financial scenario development
meeting with you. You recall your October meeting, Commissioner Reader and a couple
of other Commissioners wanted to see where we're heading in terms of the financials.
We had a similar meeting in February of 2016 this year, where we developed a couple
different budget scenarios and talked at a high level with the Commission about
various considerations you'd like to see addressed in the coming year's budget.

We'll have on this agenda a budget scenario development meeting where we'll talk
through some concepts and some factors, and get some feedback. The feedback at this
meeting will provide guidance to staff on how we prepare or draft your budget, and how
the proposal comes to you, what it includes and otherwise. That way, when it comes to
the MRC Budget Committee, you have an understanding of what the general guidance
was. The actual committee can review that proposal, see if it's consistent with what you
proposed, the guidance you provided, and begin working on the budget from that point,
as opposed to not having as much involvement in the budget until the Budget
Committee.

We're front-loading a bit of the feedback and work with the Commission for some
general guidance. If you could be thinking about things you'd like to accomplish in the
coming year, whether it be project specific or otherwise, please feel free to send those
to me. I'll be drafting this budget and the scenarios in the coming weeks and we'll
present that to you in January.

**Chairman Lofting:** Very good. Nick, I can tell you, I've had so many people in the
community comment to me on the improvement looking from McDonalds towards the
east, that the house that Mr. Potter owned is gone, the land has been remediated, it's
suitable now for someone to buy and offer the community something retail there, along
that Highway 97 frontage.

I really want to say, the property behind the Sonic can go away. I was just up there the
other day with some people that have been thinking about investing in Madras. They've
also been thinking about that spot up there. They're saying, "Well, how could this blight

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still be in your City?” I really, again, and I can tell you right now tonight that that is my priority. I will help. I'll go talk to the O'Meara's again. This time, more of my conversation is going to be with Deirdre and not with Kevin, because he laid it on her when I talked to him last time. But again, I think it'd be good for our City to have that gone.

**Director Snead:** Chair Lofting, I absolutely agree with you. I have a meeting set up with Mr. O'Meara tomorrow morning in City Hall to discuss how to advance the project. There are some complexities, or I should say there are a lot more unknowns about this particular project compared to the Potter project. We'll talk about how to address that such that we can manage the cost a little more effectively. You recall with the Potters, we basically set up a maximum principle that they could borrow and worked with that. In this case, because of the nature the structure and what remains on the site, I don't know that we're going to be able to use that strategy.

Staff is going to work with Mr. O'Meara to estimate the cost more precisely before we execute a formal agreement with him, so that you have certainty on what the cost will be, and move forward in that regard. I have that meeting tomorrow and we're going to start advancing in that trajectory.

**Chairman Lofting:** That's great news, thank you. Okay gentlemen, anything else regarding this property again or any other additional discussion tonight?

**10. Additional Discussion**

**Commissioner Embanks:** I have something quick I wanted to run by you. My wife noticed last week or about two weeks ago the comments just about the time the Christmas lights are going up on the trees up and down the streets, about the comments from people in town about how it looked. They were very critical of it because they said that it made Madras look like Stump Town, USA. I didn't quite understand what the problem was and got out and looked at it, and sure enough, they had wrapped lights around the first six feet of the tree and had very few lights going up in the bows. And so, when you came in from the south end of town, there was what looked like a row of lit posts.

I spent some time calling around and trying to get a hold of Jon. I didn't realize Jon was on vacation, nobody told me. I didn't get word to him until about five days later. When I explained to him what had happened and how people were being really critical about this. There weren't enough lights only was because we didn't plan for it. We got more trees in on the south end of town and we didn't have the lights for all those trees. Then that crew that was doing it had never done it before and apparently didn't remember what it looked like last year. When I drove through town, I found two examples, in front of Geno’s and in front of Mail Copies & More. I told Jon, “Look at those two there and see how those are done. Then do the rest of the trees that way.” They've set about doing that and last night I took a run through town. It's starting to look like it should, with tree lights up on the bows. But obviously, we don't have enough lights and they had to order more lights, so that's a problem.

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While this was going on, Sara was helping me get the information out to everybody and I got the feeling that, I'm not saying that staff didn't think it was important, I'm just thinking that the people that got the information really thought it was pointless to be complaining on Facebook about the trees. But it's just another example of people's perception and their understanding of how government works and their mistrust of government that makes them tweet things about, “It looks bad.” “Why is the City doing this?” “Is there no pride in our City?” Et cetera, et cetera. Well, that's not the issue. It's just that we had miscommunications. We weren't prepared to buy more lights when we got the new trees, and the people that were doing it hadn't done it before, so they didn't know the example. But that's been solved, I think.

Sara was talking about how she had been over in Astoria, and she said the town is really lit up and really Christmassy. She said they even have lights going across the highway to other buildings.

I said, “Well, did you find out how they did that?”

She said that the City doesn't really get involved with much except assistance and it's the local people and different groups that get together, and buy the lights, and decorate, and put it up. We talked and I thought that would be a great deal to think about doing now, getting a group of people together, Chamber of Commerce, some help from the City, maybe some of the local service groups and fixing it up a little bit more than just the trees if we can. Jon even said something about AmeriCorps, using them for volunteers. That's something that the MRC could get involved in in some way. It's a thought for the future.

**Chairman Lofting:** Astoria has a very strong downtown association and, again, that's interesting that she noted the Christmas decorations. Now let me tell you about the Halloween decorations. Again, they'll have lights on the arches that go across the two-lane streets. You have lights. You have Halloween. Now on the light post, they've got a witch riding a broom and these witches, again, are wearing different dresses and these witches have on high heels, these fake mannequin witches. The wife and I, we had such a good time this year walking around and looking at all those different high heels and costumes of what people had done. They're very innovative that way, but it's the downtown business association that is spurring a lot of that over there, which we don't have here and we need.

The Christmas tree lights. I was in line at Bi-Mart and Rick Allen was behind me buying lights and buying multiple outlet plug-ins because he was not happy with where the lights ended. A little while later I was driving around Madras again and Rick, he's out there solo, he's stringing lights around his trees in front of Mail Copies & More. I was standing in line and broke open a packet of Jerky, and said, “Here Rick, get some protein.”

**Commissioner Brown:** They do look a lot better with just a little bit of an addition.
Chairman Lofting: Yes, but look, everybody's on the same page now on what the desired look is.

Commissioner Brown: Terrebonne has more Halloween decorations than Madras does. If you can't get the people to step up and do it, then how are you going to get government to tell people they have to do it?

Chairman Lofting: Then again we can't expect it to all fall on the back of the City and get done. There just aren't enough resources to accomplish that. We need more help in more areas. More people have to get involved and that's a challenge. We all see it in trying to get people to fill our empty chairs.

Commissioner Embanks: I saw this as positive thing. They're invested in their town. They want their town to look good. I think that's a real positive sign. Now, if we could only get the business people to work together and have the same spirit, a lot of things could get done in this town that we’re not going to do, and I don't know how we're going to. The last time I was at their meeting, it was a complaint session. It wasn't positive, forward looking, “Let's work together.” Everybody is complaining about the City. The City can’t do it for them.

Chairman Lofting: Over in Astoria, they have of lady in the downtown association and they refer to her as the zealous nut.

She is driven, very opinionated and very set in her ways on Astoria looking good and going forward. It takes one of those. It takes a driving force. It's usually an older who has the desire and the time. They are the type of people that can draw others in and get something started. Everyone's happy to take part and do whatever they can to help.

Commissioner Embanks: I think that's it.

Chairman Lofting: Okay, gentlemen anything else?

As there is no other further discussion tonight, this time I'd like to adjourn this meeting.

11. Adjourn

Meeting was adjourned by Doug Lofting at 6:22 p.m.
1. Call to Order

The Madras Redevelopment Commission meeting was called to order by Vice-Chair Tom Brown at 5:45 p.m. on Wednesday, February 1, 2017 in the Madras City Council Chambers.

Commissioners attending: Vice-Chair Tom Brown, Commissioners Royce Embanks, Jr., Bartt Brick, Chuck Schmidt

Commissioners absent: Chair Doug Lofting, Commissioners Don Reeder, Blanca Reynoso, Doeshia Jacobs

Commission vacancies: 1

Staff Members in Attendance: Gus Burril, City Administrator; Kristal Hughes, Finance Director; Jeff Hurd, Public Works Director; Robin G. Dehnert, Assistant Planner.

Public in Attendance: Brenda Bartlett, Lysa Vattimo, Lucas Pagano, Scott Delamarter

2. Consent Agenda

Vice-Chair Tom Brown: Changes to the consent agenda, we will elect officers and we’ll do that right after the consent agenda and then after the audit report will move Lysa up to there. Is everybody good with that? We would entertain a motion to accept the consent agenda as amended.

A MOTION WAS MADE BY COMMISSIONER EMBANKS TO ACCEPT THE CONSENT AGENDA AS AMENDED. THE MOTION WAS SECONDED BY VICE-CHAIR BRICK AND PASSED BY UNANIMOUSLY.

3. Election of Officers

Vice-Chair Tom Brown: We need to elect a couple of officers.

Administrator Burril: A Chair and Vice-Chair are in your by-laws. You can have additional officers, but historically a Chair and Vice-Chair at a minimum, please.

Commissioner Schmidt: I would nominate Mister Brown as a Chair.

Commissioner Embanks: You nominate for what? For the Chair?

Commissioner Schmidt: Yes.
Commissioner Embanks: I'll nominate Bartt Brick for the Vice-Chair.

Vice-Chair Tom Brown: Okay, any others? We can vote on this in one swoop?

Administrator Burril: Right, let's see, so your motion is to vote for both with the two nominations that you have, yes, one swoop would work.

Vice-Chair Tom Brown: Correct, so all in favor, Aye?

Commissioners: Aye.

Vice-Chair Tom Brown: Any opposed? Motion carries.

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. THE MOTIONS PASSED BY UNANIMOUS VOICE VOTE.

4. Visitors Comments

Chair Brown: Visitors comments, are there any visitors who want to comment on anything? We're good there.

5. Presentation of FY 2015-16 Madras Redevelopment Commission Annual Audit

Chair Brown: The annual audit, are we squeaky clean?

Brenda Bartlett: Thanks for having me. This is like what, number three try Krystal, due to the all the lovely weather we've been having? I'm glad I made it and I was glad it all worked out.

Do you all have the report, it may not look like this, it may not be the bound copy but you have the report, awesome.

All right, so we're going to start on page one which isn't marked but at the top says independent auditors report. This is really the product that you get from us. What we talk about is we've audited the financial statements of the governmental activities in the major funds.

We do mention in here that management's actually responsible for the financial statements. They put together the financial statements and give us a trial balance to work from that we put in this form, but ultimately these are management's responsibility. Our responsibility is to look at the numbers and make sure that they reflect reality, basically.

We do that by giving a lot of third-party evidence. For example, we'll go through and we will get confirmation from your bank that what management has said is in the bank is really in the bank. We do a lot of third-party verification of accounts to make sure that what management has represented is what is going on in the agency at year-end.
Our opinion is at the top of page two. We say that the financial statements within this packet present fairly in all material respects the financial position of the MRC as of June 30th, 2016. That's what you want to see. That's what they sometimes call a clean opinion, so that's good. That's what you want to see, an unmodified opinion.

Some other things inside the packet that are required include supplementary information that isn't part of your financial statements but have to be in there as well.

One of those things is management's discussion and analysis, and I always encourage people to read that. If you don't want to read the whole thing, it's a little overwhelming; it's real thick. Management's discussion analysis is written by management and it summarizes what went on. They talk a little bit about what went on this year, and at the very end, they talk about what's coming up economically for the agency, what kind of things they considered while they budgeted. That's a good place to start if you want to digest some of this in small chunks.

Other things that we have to include are budgetary comparison schedules and we also have to include some things on that. We talked a little bit about this last year where the governmental Accounting Standards Board now requires all small governments, local governments to record their portion of the unfunded liability of any kind of PERS that you have. You guys don't have that because you don't have any employees. That's something that City has, but that's something that is also usually required but not in here so I just realized that, sorry about that.

The last thing I want to go to in this packet, I talked about the management discussion analysis, but we have on page 29, this is a report that's required by the Secretary of State. What we do is, over and above a regular audit, the Secretary of State and Oregon Revised Statutes require us to go through and look at certain other things. For example, the deposit of public funds with financial institutions, they're all listed there. There are requirements on how you deposit your surplus cash to keep it safe. Oregon State Treasury maintains a list of banks that you can be invested in and we always have to make sure that you're in that bank.

There are certain other things that we do. In this area, one of the things we test is local budget law, that's one of the items. You'll see that on page 30, there were just a couple really minor things that we do have to report. This had a lot to do with really transitional issues as the timing and just some things that are really hard to catch when you're doing these things.

For example, your first one, budget law requires a second publishing of the Budget Committee meeting unless you publish it on your website. You did all of that right. It was published on the website. But one little tiny thing is that the website has to be in that publication. These are really minor things. I don't want to have anybody be alarmed by them. There are things that we bring to your attention so that you can catch them the next time.

Number two, the same thing, there was just a little missing piece of the publication. If you were to look at the Oregon Local Budget Manual, it's huge, you've probably seen it. There are a lot of little things in there that you need to do. I don't want you to be alarmed, but we do bring it to your attention. This also is brought to the attention of the Secretary of State and sometimes they'll send a letter and say, "We noticed
this, what are you going to do about it," and your response is, "Now, that it's been brought to our attention we will correct it for future budget periods." Okay?

That's really all I have to cover in this document. I do have two audit letters and I don't have extra copies of those. I was hoping those would be in your packet. If they're not, I can still go over them but I just, "Krystal where are they?" Okay, great.

Brenda Bartlett: Awesome, thank you.

We'll start with the first letter which at the top it says, 'We have audited the financial statements of Madras redevelopment Commission'. Then down below a little bit there's an underlined significant audit findings. This is the letter that everybody gets. It's our standard communication to the board or the commission. These are all prescribed by auditing standards. We have every single thing here that's in a heading is something that we have to communicate. It's nothing different than anybody else gets.

One of the things that we have to talk about there down at the bottom is accounting estimates. Anytime you have an accounting estimate that could change in the near or long term, we have to put you on notice and let you know that. The only thing you have in the MRC is the fair value of some development properties that you hold. We, subsequent to the end of the year in July, the MRC occasionally will get those updated. We've had it on there for maybe the last couple years I believe. Management has determined that they hadn't changed. In July they did change a little bit and went down a little bit because they've been on the market so long probably.

In the packet, we talk about that. I should just go back there. On page 26 your audit report we talk about that subsequent event. We say, "Subsequent to June 30th of 2016, management got a broker to give them an opinion of the value." It was a significant reduction from the prior year. What you'll see is next year you're going to see that value actually be reported down at that lower end. For these purposes, all we needed to do was put users of your financial statements on notice that we think that value might have gone down from what was reported on June 30th. We've done that and we bring that to your attention in the letter.

We had no difficulties in performing the audit. At the top of page two, we do have to talk about corrected and uncorrected misstatements, just a couple of those. We had a note receivable that was not recorded and we did a little bit of adjustment to how property tax revenue was accrued. We had no disagreements with management. We do ask management to provide us with a letter with certain representations. Most of those are to the effect of, everything we asked, do you answer truthfully. Everything we ask for, you provided to us. So they do sign that letter for us as an additional assurance of our audit.

We didn't have any knowledge of management consulting with other independent accountants. We didn't have any other audit findings or issues that we haven't communicated to you. The very last thing there we talk a little bit about, when I talked about that management's discussion analysis, which is a really nice place to read in your document, we don't do an audit of those. We just want you to know that
we're not taking any kind of responsibility for them. It's really management's and we included it in there.

That's it for that letter. Any questions on that letter or any of the subsequent event or anything like that?

All right. The very last letter. When we contemplate an audit we have to determine whether internal controls are in place and effective. When we don't believe that they are, we do have to report that to board and that's what this letter is. One of the things we talk a little bit about is what a deficiency an internal control is. We determined that the year-end financial closing process to get these statements in accordance with generally accepted accounting principle had some weaknesses.

What happens is that we had to do quite a bit of adjusting. I do want to pull this into context because, in the MRC, we didn't do as much adjustment. But, because the MRC is part of the entire City's accounting function, if we have a material weakness in the City, you're going to have a material weakness in the MRC as well. I talk a little bit about this. The timing of the transition of your Finance Director had a lot to do with this. The year-end closing process is very, very heavy on the Finance Director.

Every month you go through and you have these processes and those processes are good. You had segregation of duties. You had a lot of checks and balances. Those are the things that were really positive about the system. What happened at the end of the year is you have to do a whole bunch of adjusting to make it be the way that generally accepted accounting principles [GAAP] require.

That is very heavy on your Finance Director. When you have a transition like you had in May, it didn't give really your new Finance Director time to get up to speed, to be able to do all of those things or even understand what was going on in the city or know the city well enough to know this needs to be done or that needs to be done. When we come in and we find adjustments, we do have to talk about a material weakness. I also like to put it in context of something where I want to make sure people aren't alarmed that everything's in disarray.

It's really that year-end closing process. Had it happened let's say in January, we probably would have seen something more different because there would have been more time to get up to speed on the MRC and what kind of accounting transactions they have to think about as they close the year-end. I just want to make sure that you understand the context. Does anybody have any questions on those comments?

Commissioner Reeder: Just to be clear so I understand you. You're saying that it wasn't that the adjustments weren't made and should have been made. You're saying there were lots of adjustments and that causes a concern?

Brenda Bartlett: There were lots of adjustments that we had to make. When we come in and audit, the expectation is in a controlled environment that's working. There won't be audit adjustments. We'll be able to go in and say, "Okay, this account our third party documentation indicates that this account is right." When we pull third party documentation or do other testing and realize that numbers aren't right and we
have to propose an adjustment. That's when we start saying, "Okay, there were some issues here. We had to propose adjustments to make them be reporting in accordance with GAAP."

That means that the internal controls of management weren't quite working for that. It really is just the closing and I want to make sure that everybody understands the differences. There are lots of different controls. One of the controls is over your monthly processes where you really want to have segregation of duties so that you're protected from fraud and things like that. Those kinds of things were in place. We see bank reconciliations being done every month. We see other kind of reconciliations being done every month, but there's just so much more of that at year-end.

There is all this documentation that you have to provide to your auditors. When those don't match and maybe it's just because you didn't know something that happened back in February when you weren't even there, those things are what we saw. That was really the basis for what we saw. I want to make sure everybody's aware of it. I don't want to minimize it, but I also don't want to alarm people, because as your new Finance Director gets into place, she'll get those processes in place and have that whole year of experience. She will actually be the person who did the, you know, "Oh, I know what that was. I can fix that here."

**Chair Tom Brown:** Thank you.

**Brenda Bartlett:** That's what I believe, how that will shake out.

**Chair Tom Brown:** Okay. One more. General accepted accounting principles, are those up to interpretation?

**Brenda Bartlett:** No. They're not. They're really, really strict.

**Chair Tom Brown:** If there are two different accountants and one says it's this, and another one say's it's that. Which one is correct?

**Brenda Bartlett:** Well, that's really rare. That might happen but I can tell you how I approach it. Typically that will happen where there's a lot in revenue recognition. Do I want to make this revenue or should it wait until next year? Typically what happens in an audit is management will say, "No. Look, I'm taking this position and here's how I'm reading the principle," because they're all written out. They're in a big old document and it says, "This is how you account for this when you have these things going on." Maybe it'll say there are five things that you have to do and you've done four.

Let's say management says, "I feel like we're close enough that we could take this position." Then your auditor may come in and say, "Look, I'm reading that a very different way. I'm going to propose an adjustment on that." Management gets to decide whether they agree with that or not. I have yet to have a thing where we couldn't come to a meeting of the minds, where there are times where management has convinced me that I am wrong, and there are times where I have convinced management that they're wrong.
It is a lot of judgment but what I find is that two people need to come together and we discuss why I think this and why you think this and we usually come together. It's always open to interpretation not as much in a government. Especially in this, there's a lot of very clear guidance that the Accounting Standards Board puts out for governmental. Real strict guidance. You don't have the revenue streams that can cause those kinds of questions.

For example, property tax is one of the adjustments we propose. We get something from the county that tells us what property taxes were. That's pretty clear. It's third-party confirmation. We make the adjustment to make that be what it is. Some things in this case, maybe some things were posted to miscellaneous revenue instead of property tax or vice versa.

I'd have to look at the file, but those are the kinds of things where there's no real question. It's not a question of, "Was this GAAP properly applied?" It's a question of, "This is what the County says you've got, this is what's on your general ledger. You need to be in balance with what the county said they gave you." Does that help or make sense?

Chair Tom Brown: Yes.

Brenda Bartlett: Okay. Like I said, every time you have some kind of internal control deficiency, it's a little bit of a red flag, which is why it's important to me to put it in context. If I were really worried I'd be here saying, "I'm a little worried I think you need too…" In fact several years ago the conversation was more, "I think you need another accounting person: there are just not enough people in the accounting department to put the proper controls in."

This is a very different situation. This is a real transitional type situation with really bad timing of a Finance Director leaving and a brand new person coming in. A lot of these controls are very heavy, heavy, heavy on the Finance Director. That's just the nature of how it is in a small government. You don't have a lot of people to spread that out over. So, no real red flags.

Chair Tom Brown: You were here last year?

Brenda Bartlett: I was.

Chair Tom Brown: So. The things that you saw wrong this year, did you see last year?

Brenda Bartlett: No. That's why I really feel like it was a transitional. When we worked here for a week, we worked really closely with all of management. Krystal and everybody else and it really felt like whenever we'd find something, we would be, "Okay, what's going on here?" Really, nobody but the previous Finance Director would have known that. It's really hard.

It's hard to do a transition when you're talking about year end. I can't even explain to you how much work year end is for your Finance Department. It's a lot of work. When you have that disruption there at the very end of it, makes it really hard. I don't anticipate this next year either, especially with all that we worked through and just
giving everybody in the department more time to understand everything that goes on and just have some experience with the organization will be really helpful.

**Chair Tom Brown:** Thank you. Anybody else?

**Commissioner Reeder:** I just want to say thank you for all your work.

**Brenda Bartlett:** You're welcome.

**Commissioner Reeder:** To know that we, the Commission, and I have a lot of confidence in Krystal.

**Brenda Bartlett:** Yes, that's great.

**Commissioner Reeder:** Like you said, transitions are hard. She came in at a time when things were moving quickly and I think she's done an excellent job.

**Brenda Bartlett:** Yes, that's exactly what I think, all right.

**Chair Tom Brown:** Anybody else?

**Brenda Bartlett:** All right. Well, thank you again for having me.

**Chair Tom Brown:** Thank you very much, we appreciate it.

6. **Solar Eclipse Update**

**Chair Brown:** With that, Lysa, do you have some words of wisdom for us?

**Lysa Vattimo:** Thanks for moving me up on the agenda tonight. I know you have a lot going, so I'll go as fast as I can. I'll report out to you this month just in a topical manner and give you just a rundown of what's been going on in January.

I've had a lot of meetings, big meetings. One we started off with was a public meeting that started off with JR and his team with the Jefferson County Tourism group in combination with the Chamber, and us the City. Had a group of about 75 people that met up at the Inn at the Cross Keys one evening. A way of trying to find out information from the public and some event planners on what they have planned and let them know what we had planned. It was pretty successful. We learned about quite a few camping grounds that had popped up and helicopter tours, balloon tours that kind of thing. We learned quite a bit of information from that. It was a good meeting.

From that, we're going to start opening our monthly meetings to the private sector and integrate them more with us, and we integrate more with them. We'll see how that goes. Those meetings are during the week at lunchtime. I'm hoping that that will make it available to business owners, that they can get a break at least and come down.

We had another meeting with the Oregon State Governor's Resource Office on the 26th of this month where we had about 85 people in the room and another 10 or 15 on the phone once we got the conference call working down there at the Inn at
Cross Keys. We had a few technical difficulties, but that was another successful meeting. I met with the Annual Cattle Grazers Association this month and talked to them about ways we can try to keep people from opening their gates or wandering around on their land, but filled them in on what we were doing downtown and they were appreciative of that.

I've had some meetings with the Mission Church folks located downtown, talking to them about the possibility of them opening their building to retail vendors during the operational period of solar eclipse, so that there is a place for our retail vendors to put their belongings inside and out of the wind, in a secure building, that can be locked up at night which provides them a location, secure location and bathroom facilities and all of that, and on the walking path through downtown. I hope that this will bring some more viability to downtown. I have another meeting with them tomorrow hoping I can seal that deal up.

We had some meetings with faith-based network on whether or not they should use Sahalee Park for a big event that they do every year. We've worked around all of that and we're leaving Sahalee Park open during solar eclipse weekend so that all the visitors can enjoy it. We did talk to them about the possibility of doing a Sunday morning open church event where all the churches can come together and do one big service in the morning. We'll see if that's something they want to do. It would be completely up to them to set up for that event and tear down. They're taking that to their group to see how they feel about that.

I also had a meeting and touring around with the Lowell Observatory folks who are coming in to the high school and they're partnering with the Discovery Channel, the science group Discovery Channel. Is that right, Bartt?

**Lysa Vattimo:** It's a very big sponsorship for them and they're very excited about it. Their plans that are evolving at the high school are working out really well. They're working with Darrell Smith over there and things are coming together very nicely. Touried them around and gave them some logistical help and some marketing help and that kind of thing, so good partnership is starting to develop there. That's been it for the meetings.

We've had some great media this month. The *Bend Source* had a full front-page article about solar eclipse chasers and a nice couple of pages inside of it that had some good mentions of Madras. Following that public meeting that we had at the Inn at the Cross Keys, the evening meeting, we had a great story in *The Pioneer*. We had Joe Krenowicz get interviewed for the *Oregon Business Magazine* so there was some nice information about Madras and our location in there.

We've had a lot of great social media cross-pollinating starting to occur now, now that we're getting the word out at all these meetings about our social media sites and encouraging people to go to our pages and post and share and we're doing the same thing as they build their own social media sites. There's a lot of good cross pollinating going on there.

Then just today, I got some photographs of a display at the Redmond Airport, which you probably can't see from way back there, but someone went ahead and built a big display about Jefferson County history but it's all about solar eclipse. There's a
bunch of stuff about Madras in there and some newspaper articles from the Pioneer and nice big maps and everything. I don't know who did it, but I'm really grateful they did. It's right next to the baggage of claim area. If anybody's travelling, take a look. So that’s some really good media. We continue to map out stories and try to get ourselves in the paper in a good way. That’s what’s happening there.

Lastly, unless anybody has questions, I think there are a couple of you on this panel that may not have gotten one of these nifty coffee mugs that we produced. Is that correct or did I miss a meeting and they got delivered to you? Blanca, I don't think you got one, and you didn’t either? Okay, so who didn’t get one? The two of you? I have two for you. When somebody says, "What time does the eclipse start? What time is darkness?" The mugs have our average temperature on there so that you can be a talking billboard when you’re having your coffee in the morning and somebody is on the phone with you or whatever. Our website is up and live. It is a work in progress as I get legitimate information from our public and our private sector about things that I think fit well on this for our visitors and our residents. It goes on this page. If anybody has got any questions, I’m here to answer.

**Vice-Chair Brick:** I do have one quick question. I’ve had a couple of people ask me, "What if I’m downtown and the dark makes the street lights come on?" I know we've talked about it, but I couldn’t remember what the decision was.

**Lysa Vattimo:** Don't ask me that question. You know that’s my Achilles heel.

**Lysa Vattimo:** We can turn off the lanterns, the city lanterns. We control that but we can’t control the regular street lights because there’s something about them being wired underground. We can put Mylar tints over them to soften the light but that’s quite a bit of work.

When you look at the big viewing locations that are being run by private sector, right? Up by Dogwood, out at Juniper hills, at the high school, those locations, they don’t have a lot of street lights around them, so fingers crossed that the light pollution is going to be low, but yes, that’s the one thing that I just keep racking my head going, "How are we going to fix that?"

**Vice-Chair Brick:** I knew that we'd discussed it and since people had asked me, I just wanted to make sure I was up to speed on where we were. Okay, thank you.

**Lysa Vattimo:** Yes, direct those people to get to a darker viewing site.

**Vice-Chair Brick:** I was going to give them flashlights to have them shine it at the little light indicator for all of them, yes.

**Lysa Vattimo:** Oh, yes, because that will keep it off.

**Vice-Chair Brick:** We're going to need 300 people to do that when the eclipse occurs.

**Lysa Vattimo:** Let me know if that works.

**Vice-Chair Brick:** Okay, I will. Thank you.
**Commissioner Schmidt:** I have a question. I had one of the business owners ask me what was going on with that, and I went, "Well...." Where do I direct them to, your website?

**Lysa Vattimo:** You can direct them to that website and you can have them call me.

**Commissioner Schmidt:** There will be meetings then? Because the guy that owns Phil's Ace Hardware wanted to go to a meeting, find out what was going on, what was happening and get more involved.

**Lysa Vattimo:** Phil, I called him and he never called me back and I kept thinking, "Hmm."

**Commissioner Schmidt:** Yes, there you go then.

**Lysa Vattimo:** Yes, there you go, that's Phil. I can stop by and go see him. A lot of times I'll have somebody say the same thing and they'll direct them to call me and by the time I get done with them, in 15 minutes I've answered everything they wanted to know and they don't really need to come to a meeting. I'll stop by and see Phil because I know he's got some plans for stocking up on some things.

A lot of them I'm able to guide and direct, "Well you may not need that, you need this" Or, "So and so is doing that, so hookup with him and make sure you don't cover the same territory or what have you and you're both profitable," but yes, I'll get together with Phil.

This is the website that we're running, this is the madraseclipse.com website. Being that we're the hub, this is where I'm posting places to stay, places to play, places to eat, frequently ask questions about traffic, "Can I pullover on the side of the road? Can I camp wherever I want?" That kind of thing. Again, as I legitimize people's campgrounds, they have to have insurance, they have to have Porta Potties, and they have to have their permits, that kind of thing.

If they're able to camp more than 25 people or so, I'll put them up there. I haven't put up the people that say, "I can put four campers at my house." That's not what this site is for. This is the one we're running and it has links to our social media sites. We've got Instagram, Twitter, and Facebook, all that is on there.

**Commissioner Embanks:** Lysa, I know we've had JR's group attend these meetings and I know there are other camp areas and other events going on. Have any of those people come to the meetings here?

**Lysa Vattimo:** Well, they came to the meeting that we had that last, that Tuesday night meeting that was up at the Inn at the Cross Keys. They came to the Governor's meeting and I'm going to start adding them to the meetings here. One of the problems we have is space. The meetings are getting so big that we're filling every room that we go to. But, they may come to one or two and they've gotten the information they need and they're just not interested anymore.

We had Jennifer Holcomb who runs the Juniper Hills campground, she's been to them. We had Damien Boynton at the last couple of them. He's running the solar
celebration out off of Columbia and Fir. There are a couple of ladies who are out of Portland that own some property up here off Belmont. They have not been to a meeting but I gave them a rundown of the meeting on the phone afterwards because they couldn’t get here because of the weather. More of them will come. There’s not a lot of information at the meetings that affect them.

**Commissioner Embanks:** Right, and they really don’t affect us in the City. It’s because they’re far enough out, they’re not going to affect the City.

**Lysa Vattimo:** Right and the ones that do affect us, by their permitting process, that will drive into the traffic management process and public safety process and a lot of that. We’ve been preemptive and embedded most of that behind the scenes. For ourselves, we’re ready. But, some of the big ones have got to file their permits with the County so that the County and ODOT can get to work on that, but we’re already ready, as a City, we’re ready.

**Commissioner Embanks:** Right, thank you and thanks for all the work.

**Chair Tom Brown:** Glad we put you quick, have a good evening.

7. **Presentation of MRC Annual ORS 457.460 Report, Detailing the Financial Activity of the Urban Renewal District**

**Chair Brown:** Presentation of the annual ORS, detailing financial activities and stuff. Mr. Gus.

**Administrator Burril:** Okay, this is Nick and Krystal and Elaine Howard helped us put this annual report together, so I thank you for doing all that and I just get a chance to review it, but I’m happy to go over it with you. This is highlighting the work that the Urban Renewal District did this last year, where we stand financially and the balance for our Maximum Indebtedness, our goal is to eliminate blight in the District, to reverse physical and economic decline, establish or to borrow 14 million in doing that, and then to identify financing methods to eliminate blight and improve those conditions.

In 2002, the District was set-up by the City of Madras through by ordinance. This District lies mainly in our commercial core as you look at a map of Madras. This provides a summary of the activities we did this year, there’s also going through our city website, MRC page. You can get the Madras Urban Renewal Plan is there. A summary of projects that we looked at was fulfilling the grant agreement with the Madras Cinema 5. We did that over a five-year process, we finished the fifth and final payment to them on a performance basis and I’m happy to report that they’re thriving and doing well.

We continued a portion of proceeds towards the Madras Police Station/City Hall and civic plaza, as agreed to in 2011. The Urban Renewal Action Plan was updated. It hadn’t been looked at for about a little over, 10 years. We have updated that through community input this last year. We used consultant assistance. And then, we have our Public Works Director here tonight to report on how the sidewalk repairs are going but the MRC contributed $10,000 in and the City’s $10,000, to start to repair
sidewalks that were damaged as a result of trees throughout the District and get those trip hazards taken care of.

We also removed a structure on one of the blighted properties in the District, just to the east of McDonald's but along the highway corridor and worked with the property owner on a 50/50 grant/loan and in doing the property ready for redevelopment. Then, the MRC’s been active in the flower program and paint grant program and there were grant awards for this last year and additional hanging baskets were put up.

Those were our projects and here is our current indebtedness. The status of the Line of Credit situation: We currently have, through the Bank of Cascades, a Line of Credit to offer to new development opportunities as the MRC directs. That Line of Credit expires in March, so we are authorized borrow up to $500,000. We've drawn only $250,000 through the end of this last fiscal year. Unless we have a new development opportunity, we may be looking only at drawing for the retail recruiter assistance that the MRC contracted last year.

We still have plenty of room to borrow. We are proposing to expand the Line and bring you the Resolution and loan documents to renew that for another two years and increase the Line of Credit to a $1 million. This will enable the MRC to be ready to go for development opportunities over this next two-year period, so that will be request coming up to Commission in the coming months. The balance of the Maximum Indebtedness that can still be borrowed, as of June 30th, is a little over $9 million.

People ask, "When are we going to be done with the District?" It really depends on how you finance the projects and the ability to repay the debt associated with the projects. We have to be growing the District’s property tax values enough to pay that debt back. If we had a very large-scale development coming and said we believe we'll pay back two million over the next 15 years. Then, we could borrow two million and we'd likely outlay it similar to how we did the theater and the Inn at the Cross Keys where you get your first installment upon Certificate of Occupancy and your next installment on your opening year later and you deal that out over about five years. That's how we did it before. That's a nice performance guaranteed for project financing.

**Vice-Chair Brick:** Quick question, Gus. I'm new, just so I understand. The $250,000 draw on the Line of Credit, was that for a specific item or is it for general offering?

**Administrator Burril:** It's been collectively our goal to finish our final commitment to the theatre to make the last installment and then to update our Action Plan.

**Vice-Chair Brick:** Okay.

**Administrator Burril:** Those have been the big two.

**Vice-Chair Brick:** Okay.

**Administrator Burril:** Big two commitments.
Vice-Chair Brick: Okay. Thank you.

Administrator Burril: This year, if we don't have a development opportunity, probably just to help with the recruiter assistance that we're getting at a lower amount than what is in the adopted budget of $125,000. We agreed in discussions that it's expandable should another development opportunity come in at the same time. We have room to expand the Line to respond to the development opportunity. The use of the Line of Credit will flex with opportunity.

That's the current state. The District is designed to borrow money to finance projects, but in a way that you can pay back. It is calculated. We do risk assessment with it as we go. You've got a good history of the first round of Line of Credit was about seven to eight years and then it was converted to long-term debt. It worked really well. We're following a similar approach this time. Because of the issuance cost with going long-term bonds, we don't want to do that for a few hundred thousand at a time that we got a lot of issuance cost.

This final portion of the annual report talks about categories of Community Developments, Capital Outlay, Material and Services and then our Debt Services. That's what that first conversion of about two and a half million Line of Credit was. In the original plan, they figured there'd be about four long-term conversions of debt, borrowing two and a half to three and a half million dollars at a time.

Here is our proposed budget that's been adopted this year in these categories. Now, if we weren't here as a District, here is where the money would have gone. The way the District works is the taxable base was frozen at a certain value and any additional increase in valuation over that value, comes into the District. There's an additional $359,000 that's coming to the District since 2002, when the base was frozen. That would have gone to these entities as listed here.

The whole goal of the District was to grow up faster than if nothing at all was trying to stimulate growth and remove blight and assist new redevelopment opportunities. When we get done, we will hand this over to the Districts and they'll have a larger tax base.

Economic factors that we're looking at for this coming year is working with the Retail Coach and then just observing finance articles. The whole retail industry is under transformation with online purchasing and the Amazon movement, the ease and speed of shipping online purchases is putting pressure on traditional retail. An additional pressure for Central Oregon is we have a higher than average construction cost index due to the level lot of construction activity in Bend. Several of the builders left after the recession here and then come back. Availability of builders, and that's not unique to Madras; it's a Central Oregon issue. So that puts some pressure on building. The Assessor states some of the older buildings within our District may get adjusted and doesn't know how many or how much but she's kind of shows us flat for this coming year for new revenues. We don't have revenue growth right now.

Due to this retail trends, we've hired both a national-chain retail recruiter and a local retail recruiter to help us boost marketing and recruitment.
We talked about Urban Renewal Plan updated and our ability to be responsive with lending and grant provisions. That concludes our annual report. Is there anything you'd like to add, Krystal?

Krystal: No.

Administrator Burril: Okay. Are there any questions on that report?

Chair Tom Brown: That's good. I think you carried it well. One of the things we discussed a little bit is I'd like to see a little more information out of the recruiters that were hired. We haven't heard anything from them. I haven't heard anything at all.

Administrator Burril: Yes. Nick and I had a phone call, but it seems like it's been at least couple of months ago and I'm in the same boat. An update on what efforts have you made, what does it look like, where we at, where are we going from here, because this does start to inform your decision. Do we want to hire them on second year or do we feel like a lead's developing or not?

Chair Tom Brown: Does our contract with them stipulate some kind of reporting process and timing of those reports?

Administrator Burril: I don't know if it's detailed down to when and how much but they do owe us reports on what efforts they made, where they think that potential lead's at.

Chair Tom Brown: Maybe we renew the contract, we ask for that to be stipulated on the contract?


Chair Tom Brown: A lot of the information there, you'll find that the EDCO banquet that's going to be in a couple of weeks. These guys are very good to go listen to. They give you a good picture of what the future going to look like. They've been really close to right on and through the years that we've been doing that.

Chair Tom Brown: Any questions? Any thoughts from anyone? So far, so good? Okay. So, we need no action on this?

Administrator Burril: No action, I think report only to you.

Chair Tom Brown: Right.

8. Appoint MRC Budget Committee Members (if needed)

Chair Brown: Next, appoint MRC Budget Committee members if needed. Krystal, you're up.

Krystal Hughes: I believe there was only one person who submitted a letter to join the MRC's Budget Committee and that was Janet Brown. The other committee members are Tena Jackson, Maura Schwartz and Dan Chamness. Each of these
members has been contacted to confirm the updated rotating schedule of Budget Committee appointments. We are requesting Janet Brown be appointed to the MRC Budget Committee.

**A MOTION WAS MADE AND SECONDED TO APPOINT JANET BROWN TO THE MRC BUDGET COMMITTEE. THE MOTIONS PASSED BY UNANIMOUS VOICE VOTE.**

[The audio recording device malfunctioned at this time, and the meeting's recording was interrupted. After about six minutes and thirty seconds, another device was employed and recording resumed.]

9. FY 2017-18 Madras Redevelopment Commission Budget Goals

Administrator Burril: …and asked for funding at $50,000. What the City was hoping would happen was that we would collect $50,000 in fiscal year 12 and ramp up to $100,000. But we had a different property tax revenue stream, and didn’t have the recession accounted for in projection or the adjustment for the mil rate. The property tax collection rate was reduced as the bonds expired. Then literally the collection rate for the district long-term bonds went from about $18.00 per thousand to $15.00 per thousand and that added an adjustment to the table. As shown on the table today, the City’s hopes to rely upon the MRC’s commitment of $1.1 million to assist with the financing of the Madras Police Station/City Hall. The table shows the payments the MRC has made to date for the Police Station/City Hall. You’ll notice we didn’t take that $50,000 in this fiscal year 12 but we went to hold this back to $75,000 to minimize expenses during the time where the property tax collection rate was reduced. And I think we took $70,000 one year just to make sure that the District was meeting its obligation to the City for the Police Station/City Hall. So, we’re hoping to contribute $75,000 annually to the City for the Police Station/City Hall and that very well may take 15 years instead of 12 years to meet the MRC’s goal of contributing $1.1 million to the City for the Police Station/City Hall. We had to adjust the annual payments to the City for this project because we needed to be sensitive to the MRC’s revenue flow. And so, year to year we re-analyze that. But I just wanted to give you that history and why it is important.

Redmond’s constructing their City Hall and their Urban Renewal District is involved to help finance the construction costs. The last numbers I saw, there was about a $9 million renovation for the school building, and moving into it. And they have the District in at about $2.1 million. I think proportionally we’re in at about 20%. So we’re not doing anything odd here. This is consistent with other Districts that have supported public facilities. The goals that I believe can hit for the district, if we do rent this room out to private or public, other entities to use, Civic Plaza is available to Saturday Market or other entities that want Civic Plaza. And then, the Police Station is better equipped to serve this District than it was before, and those were all goals of the original Urban Renewal District. So with that Chair, if we’re not focusing on the right areas or anything, we’re open to feedback and discussing where the Board hopes we’re going with this thing. Feedback, I’d like to hear.

Chair Tom Brown: Very good. So, with all that said, any thought and questions?
Vice-Chair Brick: Certainly, it appears to me that, if we’re getting no results, like no contact from the recruiter, we have to make hard decisions. Put pressure on them.

Administrator Burril: Nick and I are trying to work this out now. I’ll commit to following up with the Retail Coach and ask them for report. I think that at the end of the day, one of your performance measure be, did they generate a lead. And if they didn’t, we need to think about that.

Vice-Chair Brick: If that’s true, it would be good to ask them why.

Administrator Burril: Yes. What feedback are you getting? What’s the issue?

Chair Tom Brown: I think this covered things well. One of the things we want to keep in mind for the MRC is that the original plan that was to not spend too much money in directions that were unproductive.

Administrator Burril: From the other members, do you think we are concentrating in the right areas right now?

Administrator Burril: Feedback from the rest of the Commission? Does it seem like we’re going in the right direction?

Administrator Burril: One of the things I believe the Board will be approached with not too long from now is for fundraising and it’s being initiated by the Bean Foundation and Keith Manufacturing. They’ve lain out, as Chuck knows better than I, they laid out $90,000 for the spray park, which is in your District, and the MRC supported some of the work that went on. I would say back in 2007 to 2008 time period, to enhance the central park. And the spray park could be a $150,000 to $250,000 project. There is additional private fundraising that’s going on. But the District might be approached from one of the partners to deliver that next phase of Sahalee Park. We’ll confirm with you how we can support that. I just wanted to give you that background since you may be approached in 30 to 60 days, maybe in your next meeting, no later than two.

Chair Tom Brown: I better be careful about their equipment.

Administrator Burril: It will probably be staff coordinating all these parties. But it’s really neat to see some of the businesses in the community contributing these significant amounts of funding to enhance the community.

10. Review of MRC Budget Calendar

Chair Tom Brown: Now a review of the MRC Budget Calendar. Kristal.

Director Hughes: The budget calendar for the MRC will start soon. Staff started quite a few months ago working on the budget itself and budget preparation. So now we’re just presenting the budget calendar to you, giving you a heads up of where it’s headed. We’ve also sent out letters to each of you with this calendar and to the Budget Committee members that we had worked with earlier. So, if you don’t get a letter or if we have an incorrect address on file, please let us know and we’ll update that.
So for the MRC, the first Budget Committee meeting is scheduled for the 20th of April, and you should be able to pick up your MRC budget packet on March 22nd which is not very far away. If there is a second MRC Budget Committee meeting required, we will do that on May 4th. That is about a week later than what has been scheduled in the past. The reason is that if we need to cancel that meeting, we need to post that the meeting was cancelled according to local budget law and I don’t have enough time to post the City’s cancelation, and the MRC is on the same day, so I moved it out a week. That way we have time to post the cancelation. That’s where we are.

Also, the Community Grant requests, I guess this is more for the City, but, if you know of any local members who have, in the past, submitted Community Grant applications, those are on the City’s website. They are available and I believe should be turned in by March third. I haven’t received any back yet.

Administrator Burril: Do we prompt them with communication back as we have before?

Director Hughes: I have not. I did publish a notice in The Pioneer, but I can do that.

Chair Tom Brown: There will be something on the website about Community Grant applications? Is there material on there that covers the requirements?

Director Hughes: Yes. The entire application is on there, and it outlines the requirements and everything.

Chair Tom Brown: Thank you. Any thoughts or questions for Kristal?

Commissioner Schmidt: Those applications for Community Grants? They’re required to present in front of Council, correct?

Director Hughes: At the first Budget Committee meeting April 13th for the City, there will be a presentation there by each of the grant applicants.

Chair Tom Brown: Very good.

10. Sidewalk Grant Repairs Funding Report

Chair Tom Brown: So, Sidewalk Grant Repairs funding report. Mr. Jeff.

Director Hurd: I want to give the MRC a quick update on where the money you have contributed to sidewalk repairs has gone. This is the second year we’ve done the program where MRC has kicked in about $10,000 and the Street Department has kicked in about $10,000. The first year there were bigger areas that needed repair. The second year you can see on the map the locations we have replaced the sidewalk. Over the two years, we spent about $31,000. Those numbers have gone up a little bit more because we had some cost increases. So, it’s about $32,000. But, to tell you the truth, we have been able to fix almost all the sidewalks that were heaving up from the trees. There is a picture of all the areas we have done.

It’s actually been a really fantastic program. I would like to continue it, and jump into the next phase once we get done with street trees. The next phase that I propose
would be to fix sidewalks that just need to be fixed and keep concentrating on the
downtown corridor. And after that, maybe switch gears and go to curb ramps or start
spreading out to Sixth and Seventh streets, that commercial area, and over to Third.

It’s money very well spent. We make it go a long way and get a lot done.

Director Hurd: Everybody can remember what it was like. Well, that one [projected
photo] was Mexico City [restaurant], that one, that gate wouldn’t even swing closed
or open.

That’s the update. It’s a great program. I hope we can keep it going every year. I
appreciate it.

Chair Tom Brown: Very good. Thank you. Nice pictures.

11. Additional Discussion

Chair Tom Brown: Additional discussion. What’s on somebody’s mind? Mr. Chuck.

Commissioner Schmidt: I had a conversation with a businessman the other day.
He was a very very interesting man. He is Starting on a brewery, got a group of
people together. I don’t have all the detail on it. I told him, when it gets to a point that
he has maybe a business plan, to come contact us. I gave him my number and said,
just contact me and I’ll lead you in. And, with hope, that can be in the future. I would
love to see something like that happen here. At least there is someone out there
trying to put that together.

Chair Tom Brown: It’s interesting, the brewery thing. A lot of people think about the
restaurant side of it. But if you look at something like Deschutes Brewery, the
restaurant is a very small part of that operation. The brewery is actually making beer
and selling it.

Anybody else?

With that, we’re done. Meeting is adjourned.
12. Adjourn

Meeting was adjourned by Chairman Tom Brown at 6:57 p.m.

__________________________  _______________________
Tom Brown                              Date
MRC Chairperson

__________________________  _______________________
Nicholas Snead                              Date
Community Development Director
1. **Call to Order**

The Madras Redevelopment Commission meeting was called to order by Chair Tom Brown at 5:36 p.m. on Wednesday, March 1, 2017 in the Madras City Council Chambers.

**Commissioners attending:** Chairman Tom Brown, Vice-Chair Bart Brick, Commissioners Doug Lofting, Denise Piza, Don Reeder, Chuck Schmidt

**Commissioners absent:** Commissioners Royce Embanks, Jr., Blanca Reynoso

**Vacancies:** 1

**Staff Members in Attendance:** Nicholas Snead, Community Development Director; Robin G. Dehnert, Assistant Planner

**Visitors:** Beckie Moran, Karen McCarthy, Rebecca Keegan, Jennifer Schauffner, Rick Allen

2. **Consent Agenda**

**Chair Brown:** We are now five minutes behind schedule because I was out talking. We will open the meeting tonight and welcome everyone. The consent agenda, we need to add a couple of things to it. To the end of it, one of it will be communications and the other will be derelict buildings.

**Director Snead:** Chair Brown, I want to clarify. You’re asking for those two agenda items to be added to the consent agenda rather than the regular agenda, correct?

**Chair Brown:** Well, if we’re going to talk about them, they probably need to be on the regular agenda at the end of it.

**Director Snead:** Yes, sorry, I just wanted to be clear.

**Chair Brown:** So, we will entertain a motion to accept the consent agenda as amended.

**A MOTION WAS MADE BY COMMISSIONER PIZA TO ACCEPT THE CONSENT AGENDA AS AMENDED. THE MOTION WAS SECONDED BY COMMISSIONER LOFTING AND PASSED BY UNANIMOUSLY.**

3. **Visitors Comments**

**Chair Brown:** Visitors’ comments. We have Rebecca and Jennifer. Okay, if you’d care to come up and sit down.
Rebecca Keegan: I am Rebecca Keegan and this is Jennifer Schauffner. We just had some questions for the MRC. We did some investigating on the City’s website regarding the paint grant that you have, but talking to Tom we were very interested also in the façade grant. I don’t know if that is something that is still continuing on.

Chair Brown: Okay. Part of my understanding is the façade grant ran its course. I’m not sure. Nick, is there any part of that that is still viable? Something that they could visit with you about?

Director Snead: Yes, I believe at our November 2016 meeting, staff asked the Commission if there was funding available on the budget. If we could reach out and talk to business owners or property owners, strategically those businesses that are on the main street, and see if they’d be interested in having a paint grant in preparation for the solar eclipse. Staff has determined we do have some funds available for that. In fact, the Commission even authorized if we needed to authorize a little bit more money than the standard $1,500 grant award that we could do that, so that some of these buildings could be cleaned up for that event.

So, I believe there are funds available. Quite honestly, Ms. Keegan is the first person I’ve heard interested in it since we had that discussion.

Chair Brown: Very good. This is Nick Snead. He’s our Community Director and he’s the person that you will get in contact with. He is right there, we haven’t heard from anybody for quite a while. The same thing with the paint grant program. We went a time there when we didn’t hear from anybody for a while after we’d gone through, I don’t know what, 25 or so grants that we had done? So, we’re happy to keep it going.

Rebecca Keegan: Good. Well, thank you.

Director Snead: Chair Brown, I did also want to clarify that we do have money budgeted in the current fiscal year budget for façade improvements. Not a whole lot of money, but we do have some money budgeted for that. Staff has also included some more funding in the proposed fiscal year 17/18 budget that the MRC will approve in, I believe, May. So, starting July, there’ll be some additional funding out there.

The way I see this working is that I think we have about 20,000 or 25,000 for façade improvements this year. I think we’re planning to budget for that next year. If you really want a larger project of about $50,000, you have the resources to do that. We want to use our money as wisely as possible, but if there is a larger project and some of these projects can’t get up in cost very quickly, you’d have some resources available to do that.

So what I would say to Mrs. Keegan and Mrs. Schauffner is if you have interest on that, please contact me or set up a meeting to go over where you are, what you’re looking at. Start scoping out the project and determine timeline, some budget and things like that and working at the finances, so that when we actually do go to the Commission that we’ve got a project pretty well tied-up and a nice little bow and it’s easy for them to approve. That’s usually how we do it. It tends to be rather informal,
working a lot behind the scenes where you and I, or whoever the borrower is, we’ll work out a lot of details and take it to the Commission for formal approval.

**Rebecca Keegan:** Great. That’s something that we’ve started because we weren’t sure if we needed to present that. So with meeting with you we have started on initial planning so we have some of that groundwork already done.

**Director Snead:** Well, let’s talk after the meeting. We’ll calendar a meeting and get started on that.

**Rebecca Keegan:** Thank you.

**Jennifer Schauffner:** Thank you.

**Commissioner Schmidt:** What’s your business?

**Rebecca Keegan:** Honestly, we haven’t been established. I was established with a different business and Jen and I became partners. We have a building, actually Doug Lofting and his partners own the building. We have classes there and are already involved with the community and have a reputation. There is a bunch of women that have come the last two years and have come in and had classes. The Kids’ Club has worked with us also. We have merchandise in there, being a small boutique, but we want to bring a job also and expand.

**Jennifer Schauffner:** In the evenings we have craft classes for, so far it’s been women and children, and even the City of Madras has done their Christmas party with us and allowed all the women to come on a specific night and then we cater to their needs. Then we have children’s groups who come, we have birthday parties. The tribe has reached out to us want to bring kids in by the 20s to us. The Boys and Girls Club has reached out to us and then we’ll have kids’ classes for just them. When people walk in it’s completely dialed in. You sit down and you just get to enjoy this craft that we have perfectly planned out for you.

We want to broaden that. We have a big lot, a big beautiful empty lot. It’s not beautiful yet, but we have this vision of being able to have outdoor things in the summer for the kids and for women and men too, but they haven’t come yet.

**Jennifer Schauffner:** We have outdoor improvements we’d like to make to host more, because our downstairs are just small so we can only do so much. We’re already a little small for what the tribe has asked us to do. They want to send numbers that we want to say yes to, but we’re a little bit small.

**Rebecca Keegan:** The Kids’ Club, for this summer, asked us if we would do a camp for the week. They have their swim camps and their different areas where they go to the movies and certain things that they asked if we would be willing to host for a full week, 20 kids each day, and be able to do something hands-on with them also.

**Jennifer Schauffner:** We coach and we’re volunteers at our school and we’re heavily into the community, so we’re hoping that we’re a benefit. If you do decide to invest in the beautification of our building, our goal is to be a big benefit to the community too.
Chair Brown: Thank you.

Commissioner Lofting: Commissioners again, Chair Brown, if I might, when these young ladies start negotiating with you again, as I do have a conflict of interest as we are selling this property to these young ladies again, I will not be taking part in those negotiations or those conversations.

Chair Brown: Very good. Thank you.

Commissioner Reeder: I also have a conflict because I've been representing them in that transaction.

Chair Brown: Is there going to be enough of us less to talk about it?

Chair Brown: Thank you.

Director Snead: None of the Commissioners can go to the art classes, for the next six months, all right?

Chair Brown: Just be in contact with Nick and he'll help you do things.

Director Snead: Yes.

Chair Brown: Thank you.

Bank of Cascades, line of credit. Gus is going to talk about that, right?

Director Snead: Yes. Chair Brown—

Chair Brown: Just a second.

Director Snead: Chair Brown, if you wish to discuss agenda item five before agenda item four, the 2017 Downtown Flowers RFP Contract Award, that's fine. Do you want to switch up those agenda items right now?

Chair Brown: Sure, no problem. You had a question?

Beckie Moran: I just had a comment. Do I need to come up?

Chair Brown: Yes. Come on up and give us your name. That way we know where to find you.

Beckie Moran: I just want to say I'm new in town. I've been here three years. I came from Arkansas, one little town in Arkansas called Jasper. It's right on the edge of the Buffalo National Force. A couple came to town, and they volunteered to paint everybody's storefront. They just brought the whole community together. I think if for having this big eclipse, you want to do everything to make this town just look as inviting as you can.

Like when Cycle Oregon came through, a lot of people say, “Why would anybody want to go to Madras?” Well, I think it's just a gem. So, I think you should paint the
whole town, if [laughs] if we can all volunteer to help. Anything we can do to make it beautiful and flowers included.

Chair Brown: Well, thank you. You're volunteering to paint Madras, right?

Beckie Moran: Not by myself, but yes, I'll help.

Director Snead: For the record, what is your name?


Director Snead: Thank You, Becky.

Beckie Moran: I'm your neighbor.

Director Snead: No, I know you are.

Director Snead: But I don't know if everyone else knows that.

Chair Brown: Thank you and welcome to Madras.

Beckie Moran: Thank you.

Chair Brown: Oh yes, I did skip one.

4. 2017 Downtown Flowers RFP Contract Award

Chair Brown: The flower program. Again, Gus is going to talk about it.

Director Snead: Gus is ill tonight.

Chair Brown: As we're getting into this, is there anyone with any conflicts of interest on the Commission here?

Commissioner Reeder: Yes. I do.

Chair Brown: Okay. Nick?

Director Snead: Thank You, Chair Brown. Just briefly this evening, staff solicited proposals for 70 flower pots that will be purchased by the MRC over multiple years. Recently, two proposals were received. Fessler Nursery submitted a proposal with the lowest cost, as shown on page one of the staff report in the packet. Proposals were solicited with the understanding that the MRC was not required to award the contract to the lowest cost proposal, and instead, could select based on what would be in the best interest of the City. In other words, at a higher cost or whatever consideration you may want.

So, staff is recommending that the MRC award the proposal to the lowest cost as it's consistent with what staff believes is our fiduciary obligation, recognizing that the expenses for the downtown flowers have increased dramatically over the last three years. Some of that is due to the addition of 34 flower pots. However, if you keep that aside, our costs are increasing.
This is funded with resources that are not re-occurring. It's being funded by proceeds from loans that are being paid back to you from facade improvements. So, this is a way to control your costs. With that, if the Commission would like to award the contract to Madras Garden Depot, the MRC will need to articulate the reasons for that. With that, I'll conclude my staff report.

**Vice-Chair Brick:** Is Fessler local?

**Director Snead:** Fessler's out of Woodburn, Oregon.

**Chair Brown:** Commissioners, Chuck, your thoughts?

**Commissioner Schmidt:** Sure.

**Chair Brown:** Get you first, eh?

**Commissioner Schmidt:** Everything the City does is typically low bid. It's a requirement. I realize this isn't a requirement. Is my understanding correct?

**Director Snead:** Generally speaking, we select based on low bid unless there's a difference in quality or some other reason or something like that.

**Commissioner Schmidt:** Thanks. I would like to see us stay local. The downside of that is we're spending taxpayers’ money. I don't think there's going to be a $455, so I tend to lean towards the local business to keep it locally here and try to promote that business to stay afloat in this community.

**Chair Brown:** Thank You. Denise?

**Commissioner Piza:** I'd like to agree with that. I think the difference isn't enormous and it's better that we stay local.

**Chair Brown:** Okay

**Commissioner Lofting:** We've had products from both vendors, and again, both vendors do very good job for us. Again, I'm very glad that Karen's up there, on top of the hill. However, again, the fiscal conservative that I am, and I also agree with Commissioner Smith that again, it's not our money that we're working with, it's the taxpayers'. So I would probably, again, realizing that Karen would do a great job for us, but 2,000 bucks over the five-year period again weighs heavily on me. I would probably again go with the City's recommendation, to go with the lowest bid.

**Chair Brown:** Bartt, what do you think?

**Vice-Chair Brick:** I think in looking at the two proposals, assuming that there's no difference in quality, and I'm hearing that, this is Madras Redevelopment Commission, and there is value associated with supporting and encouraging local business. The difference, $2,277 over five years, seems to me that it is worth that amount of investment in a local community company, to keep things as local as possible. I would tend to support not choosing the lowest bid but choose the local bidder, for those reasons.
Chair Brown: That being said, I would entertain a motion.

Vice-Chair Brick: I move that we accept the bid proposed by the local vendor, the Madras Garden Depot.

Commissioner Schmidt: Second.

Chair Brown: It's been moved and seconded to award the contract to Madras Garden Depot, although the costs are more. All in favor, aye?

Chair Brown, Commissioners Brick, Schmidt, and Piza: Aye.

Chair Brown: Any oppose?

Commissioner Lofting: Nay.

Commissioner Reeder: Abstain

Chair Brown: Okay. Motion carries not unanimously. With that, the thing that the staff needs to do is make sure that the qualities are equal and the town looks wonderful for the eclipse.

A MOTION WAS MADE BY VICE-CHAIR BRICK TO ACCEPT BID PROPOSED BY THE MADRAS GARDEN DEPOT. THE MOTION WAS SECONDED BY COMMISSIONER SCHMIDT. THE MOTION PASSED FOUR TO ONE. COMMISSIONER LOFTING VOTED NAY. COMMISSIONER REEDER ABSTAINED FROM THE VOTE.

Beckie Moran: There is a difference in quality.

Chair Brown: Wait, what?

Beckie Moran: Last year you had pots out there in that new section that didn't look like they even got water. I don't know whose they were, but we want it to look beautiful.

Chair Brown: Wait, in the new section?

Beckie Moran: The new intersection coming into the City, the new street separation with the extra pots you've been talking about.

Chair Brown: Part of that had to do more with the construction than the flower program. That wasn't part of our program.

Beckie Moran: Okay, good.

5. Bank of the Cascades Line of Credit 30-day Extension

Chair Brown: Now, Bank of the Cascades.

Director Snead: Yes. The Madras Development Commission has an intergovernmental agreement with the City of Madras, which basically says the City
of Madras is taking on a line of credit in the amount of $500,000 and the MRC will be responsible for all costs associated with that line of credit. The line of credit is with the Bank of the Cascades and it's a two-year line of credit and will expire very soon. We're currently working on renegotiating that line of credit and also drafting all the necessary documents for this City Council and the MRC to consider as well.

We need to extend the current line of credit by 30 days to allow that to happen before we enter into the new contract. Staff is recommending that the MRC approve two things this evening, the first would be the change in terms agreement in your packet, and the disbursement request in authorization.

**Commissioner Reeder:** Again, the change in terms is the term of the agreement not any of the conditions within the agreement?

**Director Snead:** Yes.

**Chair Brown:** Questions? We're all basically good? Basically, we are just extending the term by 30 days. Nothing more.

**Director Snead:** Yes. In probably a month or two, you're going to see a new line of credit agreement and IGA on your agenda as well, so that this extension will be a thing of the past, so to speak.

**Chair Brown:** Very good. We will entertain a motion on this item.

**A MOTION WAS MADE BY COMMISSIONER REEDER TO EXTEND THE BANK OF THE CASCADES LINE OF CREDIT FOR 30 DAYS. THE MOTION WAS SECONDED BY COMMISSIONER LOFTING AND PASSED BY UNANIMOUSLY.**

6. **Review of MRC Paint Grant Program**

**Chair Brown:** Now, a review of the paint grant program, and again, Mr. Burril.

**Director Snead:** As probably many of you know, I've been out on leave and I wasn't entirely involved in drafting this agenda, so I don't know what the intent of this agenda item was. However, I just would acknowledge the fact that our discussion during the visitor comments portion of the meeting this evening, and summarily, we do have some funds available for paint grant if there are property owners interested in that, we can make those awards.

I understand that the City Solar Eclipse Coordinator, Lysa Vattimo has wanted to approach some of our businesses and have the assurance that there are resources out there for grant awards. It's my understanding between the discussion this evening and in past between staff and the Commission, that we should move forward and award grants as there's interest in funds available.

**Chair Brown:** Do we have any idea of what kind of funds are available? How many?

**Director Snead:** Off the top of my head I don't. We had like $5,000 something like that, but I'll be honest, that's total guess. I haven't looked at the financial statements in 40 days or so.
Chair Brown: Okay. I can tell you Lysa did approach me just wanting to talk about it. Needing more than paint grant, there are some places downtown where there are some bricks loose on the windowsills and some things like that. We need to talk about that. Do we want to consider that part of the paint or…?

Director Snead: Yes, we can. I think I have a sense for what the Commission is interested in, what is on the fringe of what you've already authorized for paint grants. If it's something that's dramatically different than what you've previously authorized, we can just take it to your next Commission, get you guys to review it. If you want to fund it, great. If not, then we'll move on. That's how I would proceed with it.

Chair Brown: Any other thoughts?

Commissioner Schmidt: That left me in a fleeting moment.

Have we gone public and put out anything in the paper that told all the business owners, made contact with each one of them to at least let them know that this program is available prior to the solar event or has the coordinator that works for the City done that?

Director Snead: Staff has not put a notice in newspaper or advertisement. We can, that's easy to do. I'm happy to do it. I also do know that Lysa has contacted certain businesses and talked with them about it.

Commissioner Piza: Will it also being going out in Spanish to the Latino business?

Director Snead: We can do that as well.

Commissioner Lofting: This is a program that I'm very much behind. I agree with our guests that, again, look at, we have the biggest event of probably Madras' this freaking 100 years. Honestly. So, again our best foot forward and again the place looking as good as we can get it. This is a program that I'm totally behind.

Chair Brown: Very good, and as am I. It's been a good program through the years. I don't know, 20 or 25 people applied for it through time and we funded them, and then it dropped off because nobody else wanted it. Now, it's probably a time when more people will begin to use it. It provides a maximum of $1500 in paint and material, it doesn't cover labor. But it's a good program and we want to continue with it. Do we need any sort of a motion? I think it works as it is.

Director Snead: That's my understanding as well. In November, we reaffirmed the guidelines to the program. If we need to change the guidelines on an individual basis or need more resources, staff will bring it to the next MRC meeting.

Chair Brown: Very good we appreciate it. Chuck, I like it when other people do that.

7. Communications

Chair Brown: The other thing that we threw on there was communications. Part of the communications with staff is to the last little bit time, I think, we're feeling kind of lost. Doug wasn't Chair and nobody had let him know.
Commissioner Lofting: No, knew today.

Chair Brown: Yes, he found out today. The minutes are getting to us late. We need to step up the communication level, get things to us in a little more timely manner, catch up with people in between times a little bit and make sure that we're all on the same page.

Commissioner Lofting: Well, Chair Brown, I don't think they were asking for anything that we didn't have earlier in our history. Again, I've been doing this with you guys for a little over six years now and we promptly always had meeting minutes and agendas to us. Again, most everything was sent to us in the mail so that we could review it and be prepared for a meeting.

I'm not asking for anything other than what we had in the past. Again, I realize that Nick has been out on family leave with that new daughter of his and I'm very glad for him. But again, I think that we need to get back to where we were. I feel that six months ago we had much better communication. It started to head downhill, what I see, about six months ago. If we could just bolster that back up I would be a happy Commissioner.

Director Snead: I appreciate the feedback absolutely. I apologize for any of these difficulties. The other thing I wanted to let the Commission know is that I have put in your proposed fiscal year 17/18 budget to go paperless for the Commission and purchase electronic devices. I mentioned that because Vice Chair Lofting mentioned that in the past, we have mailed out a hard copy of the agenda and packet.

I'd like to confirm with the Commission now, notwithstanding going paperless at some point in the future whether it be this coming year otherwise, is there still a desire to have the hard copy mailed to you as opposed to just email it to you right now or put on Dropbox or whatever?

Chair Brown: Yes, I'm really good with electronic. I would just as soon have it emailed to me. Sometimes the Dropbox works well, sometimes it doesn't work all that great. But there are ones that would like the paper copy. So we just need to put it together and make sure we know who gets what.

Vice-Chair Brick: I prefer electronic. Dropbox sometimes drops. So, as long as we're sure what address and Dropbox and which Dropbox and what the passwords are and what not, I'm much more comfortable with electronic than paper.

Chair Brown: Unless it's a really huge file. I get emails fine with 15-megabyte files.

Commissioner Lofting: I'm adaptable. Again, if we decided as a group to go electronic then again that's well and fine with me.

Commissioner Reeder: Electronic is fine. I agree. If it's a huge packet, though, I don't want it electronic.

Chair Brown: As long as in the electronic you can put, what's the word?

Director Snead: The bookmarks.
Chair Brown: Yes, bookmark it so that we can go down through and catch the places.

Something that, an email that came through, and I'm guilty of not being positive on this, the receipts for Jefferson County, the newspapers, Lean Howard, all that. That was in the consent agenda or they came through separately.

Director Snead: Did you want to discuss some of those?

Chair Brown: Yes, we just wanted to touch on them. We had a couple of questions from folks. The snow removal, my thoughts is that was the MRC properties that we took care of the sidewalks in front of those.

Director Snead: Actually, that wasn't the case. During the height of the storm, we were receiving complaints down at City Hall that sidewalks weren't being cleared. “The City ODOT, whoever put a berm out in front of my curb and were asking my clients to hurdle a four-foot berm of snow.” What I had the county parole and probation work crew do is go out two days and cut breaks into the berm and clear sidewalks as much as they could in the downtown area. Especially as the melt out was occurring, we had to go out and make sure that catch basins were clear so that the snowmelt could go through those drains and wouldn't flood some of our businesses and properties downtown.

The cost is $200 a day. I can tell you we got about three days of work out of them, because one day, contractually, they're supposed to have four workers. One day they only had two, but they still went out and did the best they could with that. So, we've got a couple days of partial work. But it was really just to clear snow for much of the downtown area and try to mitigate some of the impacts of the snow and ice on our businesses.

Chair Brown: Any questions on any of that? The one on Bryant Loveland and Jarvis, is that for the work for the…?

Director Snead: It's for the request for proposals for the flowers and the related contract.

Assistant Planner Dehnert: Excuse me; Krystal also informed me that it was work on the line of credit and deed re-conveyance.

Director Snead: The deed of re-conveyance regards Israel and Blanca Reynoso repaying their facade improvement loan in full. So, we filed a deed of re-conveyance with the clerk's office to confirm that the MRC no longer has interest in that because they've repaid the loan in full.

Chair Brown: Okay, very good.

8. Derelict Buildings

Chair Brown: The last item is the derelict building portion. We've got a couple, three of them around and we haven't gotten very far on: one up behind Sonic. What are we really going to do about that?
**Director Snead:** In mid-December, I met with the property owner, confirmed that there's mutual interest to work cooperatively together for a grant loan program or a framework. I explained to the property owner that because this property is a little more complex in terms of the building and other things on the property, that we need at least two quotes for the services that will be provided to remove the building.

The other reason we needed two quotes is, if the property owner was going to perform the work themselves, we wanted to make sure that the work or the cost for him to do that work was a reasonable cost, there was competitive cost. The property owner understood, agreed to move forward and also agreed to provide those two quotes for all the required services at the end of January.

Again, I've been out on leave, so for all I know, if I've got six inches of paperwork in my mail boxes I just saw today, it could be in there. Certainly, when I return on March 13th full-time, I will be following up with the property owner making sure that they're making a good-faith effort to get those quotes so that we can move forward and present the MRC an agreement, hopefully at an MRC meeting very soon.

**Chair Brown:** Okay, any thoughts?

**Commissioner Lofting:** Nick, what other derelict buildings is the City of Madras currently working on or thinking about enforcement action?

**Director Snead:** Off the top of my head, none right now. We do have some out there, but we haven't started enforcement action on any of them. I know that the Rock Shop property has changed hands, it's now under the title of United States Justice Department, I believe. I'm working with a realtor to figure out a way for some local entity, whether it be City, County or ODOT Region Four to acquire that property and address that. We've got another property, a hotel that has some pretty serious building code violations that we're working on getting resolved, of course, before the solar eclipse. That's a pretty high priority one. That's the two that come in mind. Are there some others that you have concern about?

**Chair Brown:** I think our main concern is this has been going on for quite a while and this property, in particular, is kind of a poster child of what the ordinance is designed to take care of. We want to make sure we're moving forward with it. Again, we're going to have a whole bunch of people in town and these are the kind of things that we want to take care of.

**Director Snead:** I have the same understanding.

**Commissioner Reeder:** The old rock shop owned by our US government. Not that hard to take a look at the fair market value of the property through CMA perhaps. Then commence negotiations with the United States, so that business can be started and then hopefully finished within a couple three months. I've done that many times. That's not that difficult.

**Director Snead:** I understand that. There are other legal matters, considerations, which are going on there that are very significant. So, I don't disagree with you notwithstanding these other legal matters regarding landlord-tenant laws and their rights.
Commissioner Reeder: That's not that difficult either. We give 60-day notice after you acquire the property. Give a 60-day notice if they've been there more than a year. If it's less than a year, a 30-day notice. I just would like to get that one cleaned up before the Eclipse. I feel it can be done. Not that difficult.

Chair Brown: You had a thought.

Beckie Moran: I do. A lot of people for this Eclipse are going to be going up B Street. They're going to the swimming pool, the MAC. They're advertising that you can actually take a shower up there for a certain amount of price, but I'm sure a lot of people will be swimming too, and then Juniper Park. That B Street should look good. There's a house on the corner of 16th, it may be the house you're talking about, I don't know. But 16th and B, it was the crown house at one time. The architect is supposed to be one of the best in Madras.

But now, it's been on foreclosure since we moved here over three years ago. If they just could, even the landscape crew, go in and clean up the bushes and the roses, and just even if you can't paint it, make it just look a little more presentable. Along B Street, a lot of those houses look great, but you know what I mean? Because that's a main traffic route. Is that out of your limit or am I going overboard?

Chair Brown: I understand what you're saying, but this particular ordinance doesn't cover something just because it doesn't look up to your standards. It covers things that are genuinely dangerous to the community and there's a difference in there.

Beckie Moran: Okay.

Chair Brown: Yes. That I don't know about. That was to be somebody that the police would need to look in. But yes, give Nick the address of it when we're through with the meeting here and we'll give a glance at it.

Commissioner Lofting: Commissioner Brown, the property that she's talking about, I saw in the paper last week it's going on the auction block on the steps of the Sheriff's Office. Again, look at that. That has set there: it's the old Jerry Taylor place on the corner 16th and B. Again, it has fallen upon hard times. It was once a very glorious home. But again, I did see that going on the auction block. Something will be happening with that soon.

Chair Brown: Very good. Any other thoughts anyone?

Commissioner Lofting: There's one other. Again, look at we hear concerns from our guests that B Street needs to look good, because it's a main corridor east to west and there's going to be a lot of traffic during the Eclipse. I agree with that. But also, again, our Fourth and Fifth Street, we've got to put some bull's eyes on some things. The house right across the street from the City Hall, one's for sale and the other one again has used appliances in the yards. Those are clear violations and it's been that way for a while. We sit back and we look at it and we don't complain, but we're looking to see if the City is going to do something.

Like I said, I've been noticing it for a couple months and haven't said a word until tonight. But our main corridors, Fourth and Fifth Street, need to be decked. If any of
those fit into that nuisance ordinance, then I would expect that the City step up to the plate and do the enforcing.

Chair Brown: Very good. Are we nearing the end of all of this?

9. Additional Discussion

Chair Brown: Additional discussion.

Commissioner Reeder: Chairman Brown, I do have something. Mark Foster is going to donate bulbs to the City and just need a place to place them as well as maybe some sort of watering and whatnot. That'll be really nice for the Eclipse. I don't know what necessarily where there could be planted, but he's willing to donate those bulbs. Perhaps we can go to the Bean Foundation; I don't know if there's going to be any cost involved. But maybe the City could water those plants, or those bulbs, and get them going. I think it'd be beautiful for the Eclipse.

Chair Brown: Until they get planted or something like that?

Commissioner Reeder: Until they get planted, and then in a beautiful area and it are seen by the people coming to town.

Chair Brown: Any idea how big an area you're looking at?

Commissioner Reeder: No. I don't. Nick, did you talk with Mark about that?

Director Snead: Yes, I have. The Public Work Director and I met with him in late December. I know that Public Works appreciates his interest and agreed to draft a couple conceptual landscaping options for the North Y, there just south of McDonald's. Before I left to go on leave, it was my understanding that those concepts of the landscape improvements have been drafted and that they were in communication with Mr. Foster in confirming that the improvements were in keeping with his desire.

I don't know anything beyond that at this point, but I know that he's very graciously stated that he wanted to make some improvements and we are working with him to see that that happens.

Commissioner Reeder: He's very adamant about getting this done. It might be such a case that, Nick, you need to work with him some more as far as timing because I believe they're coming from Holland or some other country that he's doing business in.

Director Snead: Commissioner Reader, I don't believe that solely bulbs are going to be put in there. We discussed the timing, the improvement, the desire to have the intersection, or that area of the intersection, improved before the solar eclipse, recognizing that if we plant the bulbs now that they wouldn't bloom this summer or that they would, only miraculously if they did, they'd only bloom for a little while. So, we're working on other improvements with them. A combination of flowers and shrubs and things like that, so that there's an aesthetic improvement year round. Not just for the few weeks that the bulbs would be blooming.
**Commissioner Reeder:** Yes. There's no question about that. The timing needs to be worked out between Mark who has expertise in that area.

**Karen McCarthy:** Can I speak to that? Everyone has an idea of these bulbs. I don't think I'm speaking out of turn, but I was approached by somebody in the park's department, Jon Burchell, and he ran the idea by me. I know that Mark is one of my customers and I know he has put a lot of bulbs in, but they are spring blooming bulbs. So, what Nick was saying, they really wouldn't have an opportunity to bloom for August.

I was talking to Jon, and I'm going to get together with him a little bit later in the week or early next week, but the idea is to put in some fast growing annuals, annual color that can take the sun and the wind, because he was talking to me about that north Y area. Something that would be inexpensive that could take the elements. They would have oranges and yellows and reds that would be in keeping with the eclipse color theme. I just want to say that I'm helping a little bit just volunteering some time doing that.

**Commissioner Reeder:** Again, it's time to coordinate.

**Chair Brown:** Looks to me like coordination is well underway.

**Commissioner Reeder:** Let's just get going on it.

**Chair Brown:** Anyone else? With that... Oh, you had one other thing.

**Karen McCarthy:** I just wanted to add, thank you to the Redevelopment committee for your vote in favor of awarding the flower pots to a local vendor. I'm going to be able to add in another person to help on this. Going forward, I'm planning to add another small greenhouse as a result of this so I can coordinate more of this kind of work.

I just wanted to ask all of you, is there somebody specifically? Do I coordinate this with you Nick? Because time is of the essence, and going forward in the further years into this contract, I would like to be able to discuss with those that are concerned about the flowers, about the types and the colors. Because the way it works is, basically, I need to put an order in for those little tiny plants in January at the latest.

Right now, I'm lucky to have some good relationships with some vendors that they're actually, they're holding off, waiting for me to see if I get awarded or not, because two or three weeks ago was their deadline and I kept telling them, "I think, I think, I think." So, going forward this year, I'll need to know as soon as possible and I'd love to sit down and talk to somebody. If somebody could let me know who that would be.

**Chair Brown:** I would think that would be Nick.

**Karen McCarthy:** Great. But in the wording of the RFP, it said something like, "To be determined by the MRC."
Director Snead: Yes, there was a discussion about trying to have specific colors to be coordinated with the solar eclipse. We'll try to do that as much as we can, we'll work with you to do that. Tomorrow, or before we leave tonight, I want to set up a time to talk with you tomorrow or as soon as possible nail down that detail.

Karen McCarthy: Yes, perfect. Thank you. Thank you again.

Chair Brown: Thank you. With that, everyone have a good evening. We will be adjourned.

10. Adjourn

Meeting was adjourned by Chairman Tom Brown at 6:29 p.m.
CITY OF MADRAS

Request for Madras Redevelopment Action

Date Submitted: March 28, 2017
Agenda Date Requested: April 5, 2017
To: Madras Redevelopment Commission
From: Jonathan Burchell, Parks and Open Space Supervisor
Subject: Request for funding of Sahalee Park Trees

TYPE OF ACTION REQUESTED:

[ ] Resolution       [ ] Ordinance

[ X ] Formal Action/Motion       [ ] Contract Review Board

[ ] None - Report Only

DESCRIPTION:
The City of Madras in order to provide a pleasant experience in our City Parks occasionally replaces weak or dying trees. The Urban Forestry Commission has decided to replace 20 trees in the new side of Sahalee Park that surround the pavilion and sidewalk. Trees that will be replaced are the Columnar English Oaks that could not survive the intense cold Central Oregon has experienced over the last few years. A more hardy and common species was selected: Bowhall Maple. This species should thrive and grow healthy and can easily be replaced as it is a more common columnar tree grown in the local nurseries. The UFC has selected these trees to be replaced in conjunction with the National Arbor Day celebration. This year school kids from Metolious Elementary along with kids from the Madras High School forestry class will participate in planting some of the 20 trees. It is in this spirit of tree celebration that the UFC humbly requests the MRC cost share the purchase of the trees. The cost to purchase these trees has gone up more than anticipated due to the recent housing boom in Oregon. The Urban Forestry Commission has requested the Madras Redevelopment Commission to cost share in replacement of 20 trees in Sahalee Park. The total amount requested for MRC to fund is $3,660.00. The Parks Department has funding set aside in Tree Replenishment for $3,000.00; of which $1,000.00 will go towards purchase of trees and $2,000.00 for tree planting.
SUMMARY:

A. Fiscal Impact:
   • Request from MRC for tree purchase = $3,660.00
   • Amount Parks Dept. is contributing for tree purchase = $1,000.00

B. Funding Source:
   • Parks Fund, Tree Replenishment, 206-206-520-3004, $1,000.00
   • MRC, Materials & Services, R & M 701-701-520-1511, $3,660.00

C. Recognition of Collateral Material and Technical Report:
   • Quotes for tree purchase
   • Map of tree locations
   • Picture of selected tree
March 2, 2017

Jon Burchell
City of Madras Public Works
Madras, OR

RE: Tree Replacements Sahalee Park

Supply 20ea Bowhall Maple trees to Sahalee Park in Madras, OR

$233.00/tree

Total $4,660.00

Sincerely,

Dana Oppenlander
Green Thumb Industries, Inc.
Estimate

Date | Estimate #
--- | ---
3/6/2017 | 75

City of Madras Public Works Dept  
Jonathon Burchell  
125 SW "E" Street  
Madras, OR 97741

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McPheeters Turf recommends that you secure your load. We are not responsible for products lost due to an unstrapped/unsecured load. Estimates reflect current availability and prices.

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Total $5,600.00

We recycle! Please return pots and pallets!!  
Thank you!!!
Remove existing
Columnar trees and
replace with 20 Bowhall
Maples.
RESOLUTION NO. MRC 2017-02

A RESOLUTION OF THE CITY OF MADRAS AUTHORIZING AND APPROVING (A) AN EXTENSION TO THE MATURITY DATE OF A CERTAIN LINE OF CREDIT THE CITY SECURED FROM BANK OF THE CASCADES, (B) AN INCREASE IN THE MAXIMUM AMOUNT THE CITY MAY BORROW UNDER THE LINE OF CREDIT, (C) AN AMENDMENT TO THAT CERTAIN INTERGOVERNMENTAL AGREEMENT – LOAN SERVICING DATED APRIL 14, 2015 BETWEEN THE CITY AND MADRAS REDEVELOPMENT COMMISSION, WHICH AGREEMENT CONCERNS THE AFOREMENTIONED MATURITY DATE EXTENSION AND LINE OF CREDIT INCREASE, AND (D) CERTAIN CITY REPRESENTATIVES TO TAKE ALL NECESSARY ACTIONS AND SIGN ALL NECESSARY DOCUMENTS, CERTIFICATES, INSTRUMENTS, AND/OR AGREEMENTS TO EFFECTUATE THE AFOREMENTIONED.

WHEREAS, on May 26, 2015, City of Madras ("City") adopted Ordinance No. 874 (the "Ordinance"), which Ordinance provided for and authorized the terms under which City obtained a certain Line of Credit (the "Loan") from Bank of the Cascades ("BOC") in an initial principal amount of $500,000.00. The Loan was obtained to facilitate certain Madras Redevelopment Commission ("MRC") redevelopment projects; and

WHEREAS, City and MRC are parties to a certain Intergovernmental Agreement – Loan Servicing dated April 14, 2015 (the "Servicing Agreement") concerning the use and repayment of the Loan; and

WHEREAS, pursuant to the Ordinance, City authorized and approved the mayor, city administrator, finance director, and/or their respective designees (each, an "Authorized Representative") to act for and on behalf of City to execute and deliver all documents and agreements necessary and appropriate in furtherance of the Loan and Servicing Agreement; and

WHEREAS, under Section 7 of the Ordinance, each Authorized Representative, acting on behalf of City and without further approval of the Madras City Council (the "Council"), is authorized to, among other things, (a) increase the Loan amount, and/or (b) increase (extend) the Loan term; and

WHEREAS, on March 14, 2017, City adopted Resolution No. 06-2017, which resolution authorized and approved City staff's (a) extension of the Loan's maturity date from March 31, 2017 to April 30, 2017, and (b) execution of all documents necessary to extend the Loan's maturity date, including a certain Change in Terms Agreement dated February 22, 2017; and

WHEREAS, MRC and City staff find it necessary to (a) further renew and extend the Loan and increase the Loan amount from $500,000.00 to $1,000,000.00, and (b) enter into a certain Amendment No. 1 to Intergovernmental Agreement – Loan Servicing substantially in the form attached hereto as Exhibit A (the "Amendment"); and

WHEREAS, the Council desires to authorize and approve the following: (a) renewal and extension of the Loan; (b) an increase in the Loan amount; (c) the Amendment, a certain Business Loan Agreement dated March 28, 2017 between City and BOC, a certain Change in Terms Agreement dated March 28, 2017 between City and BOC, and all other documents, certificates, instruments, and agreements necessary to effectuate the Loan renewal, extension, and increase (individually and collectively, the “Loan Document(s)’’); and (d) certain City representatives to take all actions necessary to effectuate the Loan renewal, extension, and increase, including, without limitation, signing and delivering the Loan Documents.
NOW, THEREFORE, the City of Madras resolves as follows:

1. **Findings.** The above-stated findings contained in this Resolution No. _____ (this “Resolution”) are hereby adopted.

2. **Loan Extension; Loan Increase; Loan Document Approval.** The Council authorizes and approves (a) renewal and extension of the Loan to April 30, 2018, and (b) an increase in the Loan amount from $500,000.00 to $1,000,000.00. To this end, the Council authorizes and approves all Loan Documents. The Council authorizes, approves, and directs Royce W. Embanks, as mayor, Gus W. Burril, as city administrator, and their respective designees to take all actions necessary to effectuate the Loan renewal, extension, and increase, including, without limitation, signing and delivering the Loan Documents.

3. **Continued Authorization.** The Council approves and authorizes the mayor, city administrator, and their respective designees, each acting individually and without further Council approval and/or authorization, to take all actions and sign all documents, certificates, instruments, and agreements necessary to effectuate any further Loan renewals and/or extensions, including, without limitation, annual Loan extensions; provided, however, the mayor and/or city administrator (and/or their respective designees) will not be permitted to increase the Loan amount above $1,000,000.00 without prior Council approval (and all other required approvals). The approval and authority provided under this Section 3 will remain in full force and effect until revoked by the Council through written notice of such revocation to BOC.

4. **Miscellaneous.** The provisions of this Resolution are severable. All capitalized terms used in this Resolution not otherwise defined herein have the meanings assigned to them in the Ordinance or Servicing Agreement (as applicable). If any section, subsection, sentence, clause, and/or portion of this Resolution is for any reason held invalid, unenforceable, and/or unconstitutional, such invalid, unenforceable, and/or unconstitutional section, subsection, sentence, clause, and/or portion will (a) yield to a construction permitting enforcement to the maximum extent permitted by applicable law, and (b) not affect the validity, enforceability, and/or constitutionality of the remaining portion of this resolution. This Resolution will be in full force and effect from and after its approval and adoption.

ADOPTED by the City Council for the City of Madras and signed by the mayor this ___ day of ______, 2017.

Ayes: ________
Nays: ________
Abstentions: ________
Absent: ________
Vacancies: ________

_______________________________
Royce Embanks, Mayor

ATTEST:

____________________________
Karen J. Coleman, City Recorder
Exhibit A
Amendment
(attached)
RESOLUTION NO. MRC 2017-01

A RESOLUTION OF MADRAS REDEVELOPMENT COMMISSION AUTHORIZING AND APPROVING EXECUTION OF AN AMENDMENT TO THAT CERTAIN INTERGOVERNMENTAL AGREEMENT – LOAN SERVICING DATED APRIL 14, 2015 BETWEEN THE COMMISSION AND CITY OF MADRAS TO INCREASE THE MAXIMUM AMOUNT THE CITY MAY BORROW PURSUANT TO THE CITY’S LINE OF CREDIT OBTAINED FROM BANK OF THE CASCADES AND RELATED LOAN MATTERS; AND AUTHORIZING THE BOARD CHAIR AND HIS OR HER DESIGNEES TO SIGN ALL NECESSARY GUARANTIES, DOCUMENTS, CERTIFICATES, INSTRUMENTS, AND/OR AGREEMENTS CONCERNING THE AMENDMENT AND RELATED LOAN MATTERS.

WHEREAS, City of Madras (“City”) and Madras Redevelopment Commission (“MRC”) are parties to a certain Intergovernmental Agreement – Loan Servicing dated April 14, 2015 (the “Agreement”) concerning, among other things, the terms and conditions under which City secured a certain Line of Credit (the “Loan”) from Bank of the Cascades (“BOC”) in an initial principal amount of $500,000.00. The Loan was obtained to facilitate certain MRC redevelopment projects; and

WHEREAS, pursuant to Section 2 of the Agreement, City may borrow up to a maximum of $500,000.00 under the Loan; and

WHEREAS, MRC is an absolute and unconditional guarantor of the Loan pursuant to the Agreement, Resolution No. MRC 2014-04 (the “Resolution”), and a certain Commercial Guaranty dated May 26, 2015 made by MRC in favor of BOC; and

WHEREAS, on or about March 14, 2017, City extended the Loan’s maturity date from March 31, 2017 to April 30, 2017; and

WHEREAS, pursuant to Section 2 of the Resolution, MRC has received written notice of City’s desire to increase the Loan amount from $500,000.00 to $1,000,000.00; and

WHEREAS, MRC and City find it necessary to (a) further renew and extend the Loan and increase the Loan amount from $500,000.00 to $1,000,000.00, and (b) enter into a certain Amendment No. 1 to Intergovernmental Agreement – Loan Servicing substantially in the form attached hereto as Exhibit A (the “Amendment”); and

WHEREAS, MRC desires to authorize and approve the following: (a) renewal and extension of the Loan; (b) an increase in the Loan amount; (c) the Amendment, a certain Commercial Guaranty dated March 28, 2017 made by MRC in favor of BOC, and all other guaranties, documents, certificates, instruments, and agreements necessary to effectuate the Loan renewal, extension, increase, and/or MRC guaranty (individually and collectively, the “Loan Document(s)”; and (d) certain MRC representatives to take all actions necessary to effectuate the Loan renewal, extension, increase, and/or MRC guaranty, including, without limitation, signing and delivering the Loan Documents.

NOW, THEREFORE, BE IT RESOLVED, by and through the commission of MRC, the following:

1. Findings. The above-stated findings contained in this Resolution No. MRC 2017—__ (this “Resolution”) are hereby adopted.

2. Loan Extension; Loan Increase; Loan Document Approval. MRC authorizes, approves, and ratifies (a) the first Loan renewal and extension to April 30, 2017 and the second Loan renewal
and extension to April 30, 2018, (b) an increase in the Loan amount from $500,000.00 to $1,000,000.00, and (c) continuation of MRC’s Loan guaranty. To this end, MRC authorizes and approves all Loan Documents. MRC authorizes, approves, and directs Thomas H. Brown, as board chair, and his designees to take all actions necessary to effectuate the Loan guaranty, renewal, extension, and increase, including, without limitation, signing and delivering the Loan Documents.

3. **Continued Authorization.** MRC approves and authorizes the board chair and vice chair, and their respective designees, each acting individually and without further MRC approval and/or authorization, to take all actions and sign all guaranties, documents, certificates, instruments, and agreements necessary to effectuate any further Loan guaranties, renewals, and/or extensions, including, without limitation, annual Loan extensions; provided, however, the board chair and/or vice chair (and/or their respective designees) will not be permitted to approve or authorize an increase in the Loan amount exceeding $1,000,000.00 without prior MRC approval (and all other required approvals). The approval and authority provided under this Section 3 will remain in full force and effect until revoked by MRC through written notice of such revocation to BOC.

4. **Miscellaneous.** The provisions of this Resolution are severable. If any section, subsection, sentence, clause, and/or portion of this Resolution is for any reason held invalid, unenforceable, and/or unconstitutional, such invalid, unenforceable, and/or unconstitutional section, subsection, sentence, clause, and/or portion will (a) yield to a construction permitting enforcement to the maximum extent permitted by applicable law, and (b) not affect the validity, enforceability, and/or constitutionality of the remaining portion of this resolution. This Resolution will be in full force and effect from and after its approval and adoption.

**ADOPTED** by the commission and signed by the board chair on this _____ day of __________, 2017.

Ayes: ______
Nays: ______
Abstentions: ______
Absent: ______
Vacancies: ______

_________________________________
Thomas H. Brown, Board Chair

**ATTEST:**

_________________________________
Nicholas Snead, Community Development Director
Exhibit A
Amendment

(attached)
This Amendment No. 1 to Intergovernmental Agreement – Loan Servicing (this “Amendment”) is executed and made effective on _________________, 2017 (the “Effective Date”) between City of Madras, a municipal corporation of the state of Oregon (“City”), and Madras Redevelopment Commission, a public body created under ORS Chapter 457 (“Agency”).

RECITALS:

A. Pursuant to ORS 190.010, units of local government are authorized to enter into intergovernmental agreements with other units of local government for the performance of any and all functions and activities that a party to the agreement, its officers, or agencies have the authority to perform.

B. City and Agency are parties to a certain Intergovernmental Agreement – Loan Servicing dated April 14, 2015 (the “Agreement”). The Agreement concerns, among other things, the terms and conditions under which City secured the Line of Credit from Lender to facilitate certain Agency redevelopment projects. Section 2 of the Agreement permits City to borrow not more than $500,000.00 under the Line of Credit.

C. Agency and City desire to enter into this Amendment in order to increase the maximum amount City may borrow from Lender under the Line of Credit.

AGREEMENT:

NOW, THEREFORE, pursuant to the provisions of ORS Chapters 457 and 190, and in consideration of the benefits to accrue to City, Agency, the community, and its citizens from the Agreement, and in consideration of the covenants set forth therein, City and Agency agree as follows:

1. Findings. The above-stated findings are hereby adopted.

2. Amendment No. 1. The defined term “Line of Credit” or “LOC” provided under Section 1 of the Agreement is amended to read in its entirety as follows:

“Line of Credit or “LOC” means the line of credit loan City intends to obtain from Bank of the Cascades up to a maximum amount of $1,000,000.00, together with interest on the unpaid principal amount from the date of each advance at an initial annual interest rate of 2.5%, as such interest rate may be adjusted from time to time under the Loan Documents.”

3. Amendment No. 2. The first sentence of Section 2 of the Agreement is amended to read in its entirety as follows:

“City will borrow from Lender up to a maximum amount of $1,000,000.00 (the “Loan”) under the Line of Credit.”

4. Financial Records, Statements, and Reporting; Obligations Affirmed. Agency will exercise its best efforts to maintain financial records, statements, and reports consistent with those
financial record, statement, and reporting obligations imposed by Lender on City under the Loan Documents. Each party affirms and reaffirms to the other party all the representations, warranties, covenants, and agreements made by the party in the Agreement (except as modified and supplemented by this Amendment) with the same force and effect as if each were separately stated in, and made part of, this Amendment.

5. Miscellaneous. This Amendment is hereby expressly made part of the Agreement. The terms and conditions of the Agreement that are not amended or otherwise modified by this Amendment remain unchanged and in full force and effect. All capitalized terms used in this Amendment not otherwise defined herein have the respective meanings assigned to them in the Agreement. All prior and contemporaneous agreements, discussions, understandings, and negotiations, whether written or oral, express or implied, are merged herein, and to the extent inconsistent herewith, are of no further force and effect. No addition, modification, amendment, or alteration to this Amendment will be effective against the parties unless specifically agreed upon in writing and signed by the parties. This Amendment may be signed in one or more counterparts. The individuals signing below on behalf of City and Agency are authorized to execute this Amendment on behalf of their respective bodies.

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

CITY: City of Madras
AGENCY: Madras Redevelopment Commission

By: Royce Embanks, Mayor
By: Thomas H. Brown, Board Chair
CHANGE IN TERMS AGREEMENT

Principal Amount: $1,000,000.00

Initial Rate: 2.740%

Date of Agreement: March 28, 2017

DESCRIPTION OF EXISTING INDEBTEDNESS. Promissory Note dated May 26, 2015 in the original principal amount of $500,000.00, referenced as Loan Number 5834104.

DESCRIPTION OF CHANGE IN TERMS. The Note is hereby amended as follows:

The Note amount is increased from $500,000.00 to $1,000,000.00.

The paragraph of the Note entitled "PAYMENT" is amended by deleting the paragraph and replacing it with the following paragraph.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid Interest on April 30, 2018. In addition, Borrower will pay regular quarterly payments of all accrued unpaid Interest due as of each payment date, beginning June 30, 2017, with all subsequent interest payments to be due on the last day of each quarter after that.

VARIABLE INTEREST RATE. The interest rate on this loan is subject to change from time to time based on changes in an independent index which is the Wall Street Journal Prime Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate changes will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 4.000% per annum. Interest on the unpaid principal balance of this loan will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.260 percentage points under the Index, resulting in an initial rate of 2.740% per annum. NOTICE: Under no circumstances will the interest rate on this loan be more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this loan is computed on a 365/365 simple interest basis; that is, by applying the ratio of the Interest rate over the number of days in a year (365 for all years, including leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this loan is computed using this method.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested in writing by Borrower or by an authorized person. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender, regardless of the fact that persons other than those authorized to borrow have authority to draw against the accounts. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (D) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure.

RATIFICATION OF LOAN DOCUMENTS AND COLLATERAL. The Note and related loan documents (the "Loan Documents"), as expressly modified herein, are hereby ratified and affirmed, and are and shall remain in full force and effect among the parties. Any property or rights to or interests in property granted as security in the Loan Documents shall remain as security for the loan and the obligations of Borrower under the Loan Documents. Each reference to any of the Loan Documents in any document evidencing, mentioning or securing the loan shall be a reference to the Loan Documents as modified herein.

BORROWER REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender as follows: (a) no default or event of default has occurred and is continuing under the Loan Documents, as modified herein, nor has any event occurred that, with the giving of notice or the passage of time or both, would be a default or an event of default under the Loan Documents as such documents have been modified in this Agreement; (b) there has been no material adverse change in the financial condition of Borrower or, to Borrower's knowledge, any other person whose financial statement has been delivered to Lender in connection with the loan from the most recent financial statement received by Lender; (c) Borrower has no claims, counterclaims, defenses, or setoffs with respect to the loan or the Loan Documents as modified in this
CHANGE IN TERMS AGREEMENT
(Continued)

Agreement; and (d) the Loan Documents, as modified in this Agreement, set forth the legal, valid, and binding obligations of Borrower, and are enforceable against Borrower in accordance with their terms.

RELEASE OF LENDER. Borrower covenants to fully, finally, and forever release and discharge Lender and its successors, assigns, directors, officers, employees, agents, and representatives, from any and all actions, causes of action, claims, debts, demands, liabilities, obligations, and suits, of whatever kind or nature, in law or equity, whether now known or unknown (a) in respect of the actions or omissions of Lender with respect to the Loan Documents, and (b) arising from events occurring prior to the date of this Agreement.

MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US (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 US TO BE ENFORCEABLE.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

BORROWER:

CITY OF MADRAS

By: ROYCE W EMBANKS, Mayor of CITY OF MADRAS

By: GUS W BURRIL, City Administrator of CITY OF MADRAS
DISBURSEMENT REQUEST AND AUTHORIZATION

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References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower:  CITY OF MADRAS  
125 SW E STREET  
MADRAS, OR 97741  

Lender:  Bank of the Cascades  
CML Central Oregon  
805 NW Bond  
Bend, OR 97703  
(503) 617-3400

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LOAN TYPE. This is a Variable Rate Nondisclosable Draw Down Line of Credit Loan to a Government Entity for $1,000,000.00 due on April 30, 2018. This is an unsecured renewal loan.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.

- Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: OPERATING EXPENSES & WORKING CAPITAL.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of $1,000,000.00 as follows:

- Undisbursed Funds: $750,000.00
- Other Disbursements: $250,000.00
  - $250,000.00 Outstanding Principal Balance

Note Principal: $1,000,000.00

CHARGES PAID IN CASH. Borrower has paid or will pay in cash as agreed the following charges:

- Prepaid Finance Charges Paid In Cash: $2,260.27
  - $1,250.00 Loan Fee
  - $1,010.27 Estimated Accrued Interest through March 31, 2017

Total Charges Paid in Cash: $2,260.27

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS true AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED MARCH 28, 2017.

BORROWER:

CITY OF MADRAS

By: ROYCE W EMBANKS, Mayor of CITY OF MADRAS

By: GUS W BURRIL, City Administrator of CITY OF MADRAS
**BUSINESS LOAN AGREEMENT**

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**Borrower:** CITY OF MADRAS  
125 SW E STREET  
MADRAS, OR 97741  

**Lender:** Bank of the Cascades  
CML Central Oregon  
805 NW Bond  
Bend, OR 97773  
(817) 617-3400

**THIS BUSINESS LOAN AGREEMENT** dated March 28, 2017, is made and executed between CITY OF MADRAS ("Borrower") and Bank of the Cascades ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) In granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

**TERM.** This Agreement shall be effective as of March 28, 2017, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

**CONDITIONS PRECEDENT TO EACH ADVANCE.** Lender's obligation to make the Initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

**Loan Documents.** Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) guarantees; (3) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

**Borrower's Authorization.** Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

**Payment of Fees and Expenses.** Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

**Representations and Warranties.** The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

**No Event of Default.** There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or any Related Document.

**REPRESENTATIONS AND WARRANTIES.** Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

**Organization.** Borrower is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Oregon. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 125 SW E STREET, MADRAS, OR 97741. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

**Assumed Business Names.** Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: None.

**Authorization.** Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

**Financial Information.** Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

**Legal Effect.** This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective
terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral, or as a result of a violation of any Environmental Laws. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than two hundred seventy (270) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, audited by a certified public accountant satisfactory to Lender.

Additional Requirements. Furnish Lender with the following:

Budget. As soon as available, but in no event later than ninety (90) days after adoption, Borrower shall provide a copy of the budget for City of Madras.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Additional Requirements. Comply with the following:

Minimum Bond Rating. Borrower shall maintain a bond rating of not lower than BBB (Standard & Poor, Fitch or DBRS) or equivalent Baa2 (Moody's).

Gross Revenue Ratio. Borrower shall maintain Gross Revenue (as defined below) including beginning fund balances to Combined Expenditures (as defined below) ratio of greater than 1.0:1.0. Compliance shall be determined annually upon Lender's receipt of Borrower's annual audited financial statement. As used herein, "Gross Revenue" means the combined total of the Borrower's Program Revenues and Total General Revenues and Transfers as shown on the Statement of Activities in the Borrower's annual audited financial statement and the Restricted and Unrestricted net Position as shown on the Statement of Net Position in the Borrower's annual audited financial statement. As used herein, "Combined Expenditures" means the Borrower's total Direct Expenses as shown in the Statement of Activities in the Borrower's annual audited financial statement.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon
BUSINESS LOAN AGREEMENT  
(Continued)  
Page 3

Loan No: 5834104

request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender’s loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the method of determining these values reasonably satisfied and accepted by Lender; (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Guarantees. Prior to disbursement of any Loan proceeds, furnish executed guaranties of the Loans in favor of Lender, executed by the guarantor named below, on Lender’s forms, and in the amount and under the conditions set forth in those guaranties.

Name of Guarantor  
MADRAS REDEVELOPMENT  
COMMISSION  
Amount  
Unlimited

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower’s business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower’s properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as: (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower’s books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, In the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and substantially identical same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower’s expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower’s properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender’s sole opinion, Lender’s interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security, or a surety bond, in favor of Lender, to protect Lender’s interest in the Collateral.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower’s other properties and to examine or audit Borrower’s books, accounts, and records and to make copies and memoranda of Borrower’s books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower’s expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower’s part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate state, local or governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower’s part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

LENDER’S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender’s interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower’s failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower’s behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying any taxes, liens, security interests, claims, or other claims, at any time or after insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender’s option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note’s maturity.
CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor or of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or in any of the Related Documents or to Lender is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insecurity" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower
further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Oregon without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Oregon.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of DESCHUTES County, State of Oregon.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and any Borrower, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid, and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement, and this Agreement shall remain in full force and effect. Notwithstanding the foregoing, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means CITY OF MADRAS and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.


Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.
GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Bank of the Cascades, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means Promissory Note dated May 26, 2015, and executed by CITY OF MADRAS in the principal amount of $500,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guarantees, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US (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 US TO BE ENFORCEABLE.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED MARCH 28, 2017.

BORROWER:

CITY OF MADRAS

By: ROYCE W EMBANKS, Mayor of CITY OF MADRAS

By: GUS W BURLIL, City Administrator of CITY OF MADRAS

LENDER:

BANK OF THE CASCADES

By: Authorized Signer
COMMERCIAL GUARANTY

Borrower: CITY OF MADRAS
125 SW E STREET
MADRAS, OR 97741

Lender: Bank of the Cascades
CML Central Oregon
805 NW Bond
Bend, OR 97703
(817) 617-3400

Guarantor: MADRAS REDEVELOPMENT COMMISSION
125 SW E ST
MADRAS, OR 97741

CONTINUING GUARANTEE OF PAYMENT AND PERFORMANCE. For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the indebtedness or against any collateral securing the Indebtedness, this Guaranty or any other guaranty of the Indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents. Under this Guaranty, Guarantor's liability is unlimited and Guarantor's obligations are continuing.

INDEBTEDNESS. The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, attorneys' fees, arising from any and all debts, liabilities and obligations of every nature or form, now existing or hereafter arising or acquired, that Borrower individually or collectively or interchangeably with others, owes or will owe Lender. "Indebtedness" includes, without limitation, loans, advances, debts, overdraft indebtedness, credit card indebtedness, lease obligations, liabilities and obligations under any interest rate protection agreements or foreign currency exchange agreements or commodity price protection agreements, other obligations, and liabilities of Borrower, and any present or future judgments against Borrower, future advances, loans or transactions that renew, extend, modify, refinance, consolidate or substitute these debts, liabilities and obligations whether: voluntarily or involuntarily incurred; due or to become due by their terms or acceleration; absolute or contingent; liquidated or unliquidated; determined or undetermined; direct or indirect; primary or secondary in nature or arising from a guaranty or surety; secured or unsecured; joint or several or joint and several; evidenced by a negotiable or non-negotiable instrument or writing; originated by Lender or another or others; barred or unenforceable against Borrower for any reason whatsoever; or for any transactions that may be voidable for any reason (such as infancy, insanity, ultra vires or otherwise); and originated then reduced or extinguished and then afterwards increased or reinstated.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unterminated guaranties.

CONTINUING GUARANTY. THIS IS A "CONTINUING GUARANTY" UNDER WHICH GUARANTOR AGREES TO GUARANTEE THE FULL AND PUNCTUAL PAYMENT, PERFORMANCE AND SATISFACTION OF THE INDEBTEDNESS OF BORROWER TO LENDER, NOW EXISTING OR HEREAFTER ARISING OR ACQUIRED, ON AN OPEN AND CONTINUING BASIS. ACCORDINGLY, ANY PAYMENTS MADE ON THE INDEBTEDNESS WILL NOT DISCHARGE OR DIMINISH GUARANTOR'S OBLIGATIONS AND LIABILITY UNDER THIS GUARANTY FOR ANY REMAINING AND SUCCEEDING INDEBTEDNESS EVEN WHEN ALL OR PART OF THE OUTSTANDING INDEBTEDNESS MAY BE A ZERO BALANCE FROM TIME TO TIME.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the Indebtedness incurred or contracted before receipt by Lender of any notice of revocation shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Lender, by certified mail, at Lender's address listed above or such other place as Lender may designate in writing. Written revocation of this Guaranty will apply only to new Indebtedness created after actual receipt by Lender of Guarantor's written revocation. For this purpose and without limitation, the term "new Indebtedness" does not include the Indebtedness which at the time of notice of revocation is contingent, unliquidated, unidentified or not due and which later becomes absolute, liquidated, determined or due. For this purpose and without limitation, "new Indebtedness" does not include all or part of the Indebtedness that is: incurred by Borrower prior to revocation; incurred under a commitment that became binding before revocation; any renewals, extensions, substitutions, and modifications of the Indebtedness. This Guaranty shall bind Guarantor's estate as to the Indebtedness created both before and after Guarantor's death or incapacity, regardless of Lender's actual notice of Guarantor's death. Subject to the foregoing, Guarantor's executor or administrator or other legal representative may terminate this Guaranty in the same manner in which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guarantor of the Indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. It is anticipated that fluctuations may occur in the aggregate amount of the Indebtedness covered by this Guaranty, and Guarantor specifically acknowledges and agrees that reductions in the amount of the Indebtedness, even to zero dollars ($0.00), shall not constitute a termination of this Guaranty. This Guaranty is binding upon Guarantor and Guarantor's heirs, successors and assigns so long as any of the Indebtedness remains unpaid and even though the Indebtedness may from time to time be zero dollars ($0.00).

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation hereof, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (A) prior to revocation as set forth above, to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the Indebtedness or any part of the Indebtedness, including increases and decreases of the rate of Interest on the Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of...
this Guaranty or the Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine when and what application of payments and credits shall be made on the Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the proviso of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the Indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor also waives any and all rights or defenses based on setoffship or impairment of collateral including, but not limited to, any rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the Indebtedness; (C) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the Indebtedness; (D) any right to claim discharge of the Indebtedness on the basis of unjustified impairment of any collateral for the Indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding Indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantors at law or in equity other than actual payment and performance of the Indebtedness. If payment is made by Borrower, whether voluntarily or otherwise, or by any third party, on the Indebtedness and thereafter Lender is forced to remit the amount of that payment to Borrower in bankruptcy or under any federal or state bankruptcy law or law for the relief of debtors, the Indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor holds in the name of either Guarantor or otherwise. However, this does not include any IRA or Keogh account, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the Indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, thorough and complete liquidation, if such assignment for the benefit of creditors were contained in the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the Indebtedness. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the Indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

Amendments. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as
to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or Injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Oregon without regard to its conflicts of law provisions.

Choice of Venue. If there is a lawsuit, Guarantor agrees upon Lender's request to submit to the jurisdiction of the courts of DESCHUTES County, State of Oregon.

Integration. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

Interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Notices. Any notice required to be given under this Guaranty shall be given in writing, and, except for revocation notices by Guarantor, shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. All revocation notices by Guarantor shall be in writing and shall be effective upon delivery to Lender as provided in the section of this Guaranty entitled "DURATION OF GUARANTY." Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

Waive Jury. Lender and Guarantor hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Guarantor against the other.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means CITY OF MADRAS and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Guarantor. The word "Guarantor" means everyone signing this Guaranty, including without limitation MADRAS REDEVELOPMENT COMMISSION, and in each case, any signer's successors and assigns.

Guaranty. The word "Guaranty" means this guaranty from Guarantor to Lender.

Indebtedness. The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

Lender. The word "Lender" means Bank of the Cascades, its successors and assigns.

Note. The word "Note" means Promissory Note dated May 26, 2015, and executed by CITY OF MADRAS in the principal amount of $500,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guarantees, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.
EACH Undersigned GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR’S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED “DURATION OF GUARANTY”. NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED MARCH 28, 2017.

GUARANTOR:

MADRAS REDEVELOPMENT COMMISSION

By:

THOMAS H BROWN, Chair of MADRAS REDEVELOPMENT COMMISSION

GOVERNMENT ACKNOWLEDGMENT

STATE OF ____________________________

) SS

COUNTY OF ____________________________

On this _________________ day of _________________, 20________, before me, the undersigned Notary Public, personally appeared THOMAS H BROWN, Chair of MADRAS REDEVELOPMENT COMMISSION, and known to me to be an authorized agent of the governmental entity that executed the Commercial Guaranty and acknowledged the Guaranty to be the free and voluntary act and deed of the governmental entity, by authority of its enabling laws or by resolution of its governing body, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Guaranty and in fact executed the Guaranty on behalf of the governmental entity.

By ____________________________ Residing at ____________________________

Notary Public in and for the State of ____________________________ My commission expires ____________________________
# GOVERNMENTAL CERTIFICATE

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<tr>
<th>Principal</th>
<th>Loan Date</th>
<th>Maturity</th>
<th>Loan No</th>
<th>Call / Coll</th>
<th>Account</th>
<th>Officer</th>
<th>Initials</th>
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</thead>
<tbody>
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<td>03-28-2017</td>
<td>04-30-2018</td>
<td>5834104</td>
<td>8 / 499</td>
<td>CAB9454</td>
<td>TLB</td>
<td></td>
</tr>
</tbody>
</table>

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

**Borrower:**
**CITY OF MADRAS**
125 SW E STREET
MADRAS, OR 97741

**Lender:**
Bank of the Cascades
CML Central Oregon
805 NW Bond
Bend, OR 97703
(817) 617-3400

**Entity:**
**MADRAS REDEVELOPMENT COMMISSION**
125 SW E ST
MADRAS, OR 97741

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**I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:**

**THE ENTITY'S EXISTENCE.** The complete and correct name of the governmental entity is MADRAS REDEVELOPMENT COMMISSION ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws and regulations of the State of Oregon. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 125 SW E ST, MADRAS, OR 97741. The Entity shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

**CERTIFICATES ADOPTED.** At a meeting of the appropriate governing body of the Entity, duly called and held on June 3, 2015, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Certificate were adopted.

**OFFICIAL.** The following named person is an Official of MADRAS REDEVELOPMENT COMMISSION:

<table>
<thead>
<tr>
<th>NAMES</th>
<th>TITLES</th>
<th>AUTHORIZED</th>
<th>ACTUAL SIGNATURES</th>
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<tbody>
<tr>
<td>THOMAS H BROWN</td>
<td>Chair</td>
<td>Y</td>
<td>X</td>
</tr>
</tbody>
</table>

**ACTIONS AUTHORIZED.** The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Entity:

- **Guaranty.** To guarantee or act as surety for loans or other financial accommodations to Borrower from Lender on such guarantee or surety terms as may be agreed upon between the Official of the Entity and Lender and in such sum or sums of money as in his or her judgment should be guaranteed or assured, (the "Guaranty").
- **Execute Security Documents.** To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.
- **Negotiate Items.** To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.
- **Further Acts.** To do and perform such other acts and things and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the Official may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate.

**ASSUMED BUSINESS NAMES.** The Entity has filed or recorded all documents or filings required by law relating to all assumed business names used by the Entity. Excluding the name of the Entity, the following is a complete list of all assumed business names under which the Entity does business: None.

**NOTICES TO LENDER.** The Entity will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity's principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

**CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES.** The Official named above is duly elected, appointed, or employed by or for the Entity, as the case may be, and occupies the position set opposite his or her respective name. This Certificate now stands of record on the books of the Entity, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

**CONTINUING VALIDITY.** Any and all acts authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby ratified and approved. This Certificate shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Entity's agreements or commitments in effect at the time notice is given.

**IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.**
I have read all the provisions of this Certificate, and I personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated March 28, 2017.

CERTIFIED TO AND ATTESTED BY:

X

THOMAS H BROWN, Chair of MADRAS REDEVELOPMENT COMMISSION

NOTE: If the Official signing this Certificate is designated by the foregoing document as one of the officials authorized to act on the Entity's behalf, it is advisable to have this Certificate signed by at least one non-authorized official of the Entity.
GOVERNMENTAL CERTIFICATE

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Entity: CITY OF MADRAS
125 SW E STREET
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Lender: Bank of the Cascades
CML Central Oregon
805 NW Bond
Bend, OR 97703
(817) 617-3400

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ENTITY'S EXISTENCE. The complete and correct name of the governmental entity is CITY OF MADRAS ("Entity"). The Entity is a governmental entity which is, at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws and regulations of the State of Oregon. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 125 SW E STREET, MADRAS, OR 97741. The Entity shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

CERTIFICATES ADOPTED. At a meeting of the appropriate governing body of the Entity, duly called and held on February 10, 2016, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Certificate were adopted.

OFFICIALS. The following named persons is an Officials of CITY OF MADRAS:

<table>
<thead>
<tr>
<th>NAMES</th>
<th>TITLES</th>
<th>AUTHORIZED</th>
<th>ACTUAL SIGNATURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROYCE W EMBANKS</td>
<td>Mayor</td>
<td>Y</td>
<td>X</td>
</tr>
<tr>
<td>GUS W BURRIL</td>
<td>City Administrator</td>
<td>Y</td>
<td></td>
</tr>
</tbody>
</table>

ACTIONS AUTHORIZED. Any one (1) of the authorized persons listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity. Specifically, but without limitation, any one (1) of such authorized persons is authorized, empowered, and directed to do the following for and on behalf of the Entity:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Entity and Lender, such sum or sums of money as in their judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Entity's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Entity's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or subordinations for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Entity or in which the Entity now or hereafter may have an interest, including without limitation all of the Entity's real property and all of the Entity's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Entity to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record financing statements.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the Officials may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate.

ASSUMED BUSINESS NAMES. The Entity has filed or recorded all documents or filings required by law relating to all assumed business names used by the Entity. Excluding the name of the Entity, the following is a complete list of all assumed business names under which the Entity does business: None.

NOTICES TO LENDER. The Entity will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in
the Entity’s principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES. The Officials named above is duly elected, appointed, or employed by or for the Entity, as the case may be, and occupy the positions set opposite their respective names. This Certificate now stands of record on the books of the Entity, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby ratified and approved. This Certificate shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender’s address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Entity’s agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signatures set opposite the names listed above is their genuine signatures.

I have read all the provisions of this Certificate, and I personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated March 28, 2017.

CERTIFIED TO AND ATTESTED BY:

X

ROYCE W EMBANKS, Mayor of CITY OF MADRAS

NOTE: If the Officials signing this Certificate is designated by the foregoing document as one of the officials authorized to act on the Entity’s behalf, it is advisable to have this Certificate signed by at least one non-authorized official of the Entity.
1. Bank of the Cascades ("Lender") has agreed to extend credit to CITY OF MADRAS ("Borrower") (the "Financial Accommodations") pursuant to the terms and conditions of loan documents and security instruments Borrower has previously and/or concurrently executed and delivered to Lender (collectively, without limitation, the "Loan Documents").

2. All capitalized terms not otherwise defined in this financial information certification and covenant ("Certification and Covenant") have the meanings ascribed to them in the Loan Documents executed by Borrower in favor of Lender.

3. By signing below through its duly empowered and authorized member, partner, or officer, Borrower expressly acknowledges and agrees, warrants and represents, and covenants as follows:
   a. The financial statements and all other information and documentation (including photocopies of all federal and state tax returns) relating in any way to Borrower's financial condition Borrower has provided to Lender, whether prior to or concurrently with the date of this Certification and Covenant (collectively, the "Financial Information"), has been provided by Borrower to Lender to induce Lender to extend the Financial Accommodations to or for the benefit of Borrower.
   b. Lender has reasonably relied upon the Financial Information in deciding to provide the Financial Accommodations to Borrower (including all amendments, extensions, and revisions thereto).
   c. All Financial Information Borrower provides to Lender after the date of this Certification and Covenant (collectively, the "Future Financial Information") will be true, correct, and complete, and upon receipt Lender may reasonably rely on the accuracy and completeness of the Future Financial Information in deciding whether to continue the Financial Accommodations and/or whether to grant additional extensions of credit to or for the benefit of Borrower.
   d. Borrower shall immediately notify Lender in writing of any (1) change in the state where Borrower legally resides, (2) restatement or other material change in or to any Financial Information or Future Financial Information, (3) material adverse change in Borrower's financial condition, and (4) new security interests and/or liens and judgments (whether voluntary or involuntary) in favor of any party or entity other than Lender arising from and after the date of this Certification and Covenant, representing a claim against Borrower and/or encumbering any of Borrower's assets.
   e. Any breach by Borrower of any provision of this Certification and Covenant (whether by omission or commission) will cause an Event of Default under the Loan Documents.
   f. This Certification and Covenant may be terminated or otherwise amended only by a further writing signed by Lender's authorized and duly empowered officer.


BORROWER:

CITY OF MADRAS

By: ROYCE W EMBANKS, Mayor of CITY OF MADRAS

By: GUS W BURRIL, City Administrator of CITY OF MADRAS
FINANCIAL INFORMATION CERTIFICATION AND COVENANT

<table>
<thead>
<tr>
<th>Principal</th>
<th>Loan Date</th>
<th>Maturity</th>
<th>Loan No</th>
<th>Call / Coll</th>
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<tr>
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<td>03-28-2017</td>
<td>04-30-2018</td>
<td>5834104</td>
<td>8 / 499</td>
<td>CAB9454</td>
<td>TLB</td>
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References in the boxes above are for lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: CITY OF MADRAS
126 SW 6 STREET
MADRAS, OR 97741

Lender: Bank of the Cascades
CML Central Oregon
805 NW Bond
Bend, OR 97703
(817) 617-3400

1. Bank of the Cascades ("Lender") has agreed to extend credit to CITY OF MADRAS ("Borrower") (the "Financial Accommodations") pursuant to the terms and conditions of loan documents and security instruments Borrower has previously and/or concurrently executed and delivered to Lender (collectively, without limitation, the "Loan Documents").

2. MADRAS REDEVELOPMENT COMMISSION (collectively, "Guarantor") has unconditionally guaranteed payment of the Financial Accommodations to Lender pursuant to one or more commercial guaranties including, but not limited to, that certain commercial guaranty dated as of March 28, 2017 collectively, without limitation, the "Guaranty").

3. All capitalized terms not otherwise defined in this financial information certification and covenant ("Certification and Covenant") have the meanings ascribed to them in the Loan Documents and the Guaranty.

4. By signing below Guarantor expressly acknowledges and agrees, warrants and represents, and covenants as follows:

a. The financial statements and all other information and documentation (including photocopies of all federal and state tax returns) relating in any way to Guarantor's financial condition Guarantor has provided to Lender, whether prior to or concurrently with the date of this Certification and Covenant (collectively, the "Guarantor Financial Information"), has been provided by Guarantor to Lender to induce Lender to extend the Financial Accommodations to or for the benefit of Borrower.

b. Lender has reasonably relied upon the Guarantor Financial Information in deciding to provide the Financial Accommodations to Borrower (including all amendments, extensions, and revisions thereto).

c. All Financial Information Guarantor provides to Lender after the date of this Certification and Covenant (collectively, the "Guarantor Future Financial Information") will be true, correct, and complete, and upon receipt Lender may reasonably rely on the accuracy and completeness of the Guarantor Future Financial Information in deciding whether to continue the Financial Accommodations and/or whether to grant additional extensions of credit to or for the benefit of Borrower.

d. Guarantor shall immediately notify Lender in writing of any (1) change in the state where Guarantor legally resides, (2) restatement or other material change in or to any Guarantor Financial Information or Guarantor Future Financial Information, (3) material adverse change in Guarantor's financial condition, and (4) new security interests and/or liens and judgments (whether voluntary or involuntary) in favor of any party or entity other than Lender arising from and after the date of this Certification and Covenant, representing a claim against Guarantor and/or encumbering any of Guarantor's assets.

e. Any breach by Guarantor of any provision of this Certification and Covenant (whether by omission or commission) will cause an Event of Default under the Loan Documents.

f. This Certification and Covenant may be terminated or otherwise amended only by a further writing signed by Lender's authorized and duly empowered officer.


GUARANTOR:

MADRAS REDEVELOPMENT COMMISSION

By: THOMAS H. BROWN, Chair of MADRAS REDEVELOPMENT COMMISSION
NOTICE OF FINAL AGREEMENT

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References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: CITY OF MADRAS
126 SW E STREET
MADRAS, OR 97741

Lender: Bank of the Cascades
CML Central Oregon
806 NW Bond
Bend, OR 97703
(541) 617-3400

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US (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 US TO BE ENFORCEABLE.

By signing this document each Party represents and agrees that: (a) The written Loan Agreement represents the final agreement between the Parties, (b) There are no unwritten oral agreements between the Parties, and (c) The written Loan Agreement may not be contradicted by evidence of any prior, contemporaneous, or subsequent oral agreements or understandings of the Parties.

As used in this Notice, the following terms have the following meanings:

Loan. The term "Loan" means the following described loan: a Variable Rate Nonynchronous Draw Down Line of Credit Loan to a Government Entity for $1,000,000.00 due on April 30, 2018. This is an unsecured renewal loan.

Loan Agreement. The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

LOAN DOCUMENTS
- Governmental Certificate: MADRAS REDEVELOPMENT COMMISSION
- Change in Terms Agreement
- FCC Borrower (Entity) - Financial Information Certification and Covenant
- Disbursement Request and Authorization
- Notice of Final Agreement

Parties. The term "Parties" means Bank of the Cascades and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

Borrower: CITY OF MADRAS
Guarantor 1: MADRAS REDEVELOPMENT COMMISSION

Each Party who signs below, other than Bank of the Cascades, acknowledges, represents, and warrants to Bank of the Cascades that it has received, read and understood this Notice of Final Agreement. This Notice is dated March 28, 2017.

BORROWER:

CITY OF MADRAS

By: ROYCE W EMBANKS, Mayor of CITY OF MADRAS

GUARANTOR:

MADRAS REDEVELOPMENT COMMISSION

By: THOMAS H BROWN, Chair of MADRAS REDEVELOPMENT COMMISSION

LENDER:

BANK OF THE CASCADES

X Authorized Signer
The City of Madras uses GIS data in support of internal business functions and the public services it provides. GIS data may not be suitable for other purposes or uses. The requestor shall verify information derived from GIS data before making any decisions or taking any actions based on the information. The City of Madras shall not be liable for errors in the GIS data. This includes errors of omission, commission, errors concerning the content of the data, and relative and relational accuracy of the data. The City of Madras assumes no legal responsibility for this information.

N.Snead, City of Madras, 3/29/2017