



# URBAN RENEWAL AGENCY City of Forest Grove

## Monday, August 10, 2015 Meeting Agenda

8:00 PM – Urban Renewal Agency Meeting

Community Auditorium  
1915 Main Street  
Forest Grove, OR 97116

PETER B. TRUAX, CHAIR

Thomas L. Johnston, Vice Chair  
Richard G. Kidd III  
Victoria J. Lowe

Ronald C. Thompson  
Elena Uhing  
Malynda H. Wenzl

All meetings of the Urban Renewal Agency (URA) are open to the public and all persons are permitted to attend any meeting except as otherwise provided by ORS 192. The public may address the URA Board as follows:

➔ **Public Hearings** – Public hearings are held on each matter required by state law or City policy. Anyone wishing to testify should sign in for any Public Hearing prior to the meeting. The presiding officer will review the complete hearing instructions prior to testimony. The presiding officer will call the individual or group by the name given on the sign in form. When addressing the URA Board, please use the witness table (center front of the room). Each person should speak clearly into the microphone and must state his or her name and give an address for the record. All testimony is electronically recorded. In the interest of time, Public Hearing testimony is limited to three minutes unless the presiding officer grants an extension. Written or oral testimony is heard prior to any URA Board action.

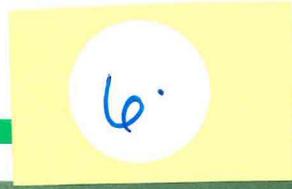
➔ **Citizen Communications** – Anyone wishing to address the URA Board on an issue not on the agenda should sign in for Citizen Communications prior to the meeting. The presiding officer will call the individual or group by the name given on the sign in form. When addressing the URA Board, please use the witness table (center front of the room). Each person should speak clearly into the microphone and must state his or her name and give an address for the record. All testimony is electronically recorded. In the interest of time, Citizen Communications is limited to two minutes unless the presiding officer grants an extension.

The public may not address items on the agenda unless the item is a public hearing. Routinely, members of the public speak during Citizen Communications and Public Hearings. If you have questions about the agenda or have an issue that you would like to address to the URA Board, please contact the City Recorder at 503-992-3235.

The URA Board meetings are handicap accessible. Assistive Listening Devices (ALD) or qualified sign language interpreters are available for persons with impaired hearing or speech. For any special accommodations, please contact the City Recorder at 503-992-3235, at least 48 hours prior to the meeting.

Paul Downey, Administrative  
Services Director  
Jon Holan, Community  
Development  
Dan Riordan, Senior Planner  
Tom Gamble, City Manager  
Pro Tem

- 
- 8:00      1. **URBAN RENEWAL AGENCY (URA) MEETING:** Roll Call
2. **CITIZEN COMMUNICATIONS:** Anyone wishing to speak to Urban Renewal Agency Board on an item not on the agenda may be heard at this time. *Please sign-in before the meeting on the Citizen Communications form posted in the foyer.* In the interest of time, please limit comments to two minutes. Thank you.
3. **CONSENT AGENDA:** None.
4. **ADDITIONS/DELETIONS:**
5. **PRESENTATIONS:** None.
- 8:05      6. **PUBLIC HEARING POSTPONED JULY 13, 2015:**  
**URA RESOLUTION NO. 2015-05 OF THE CITY OF**  
**FOREST GROVE URBAN RENEWAL AGENCY**  
**AUTHORIZING THE AGENCY'S EXECUTIVE**  
**DIRECTOR TO EFFECT THE PURCHASE OF THE**  
**TIMES LITHO PROPERTY FROM THE CITY OF**  
**FOREST GROVE AND ENTER INTO A PURCHASE**  
**AND SALE AGREEMENT (AND OTHER AGREEMENTS**  
**AS NECESSARY) WITH THE CITY**
- 8:10      7. **ADJOURNMENT:**



Date: August 10, 2015

**A REPORT ON RESOLUTIONS AUTHORIZING THE SALE OF THE REAL PROPERTY KNOWN AS THE TIMES LITHO PROPERTY TO THE URBAN RENEWAL AGENCY OF THE CITY OF FOREST GROVE AND THE PURCHASE OF THE REAL PROPERTY KNOWN AS THE TIMES LITHO PROPERTY BY THE URBAN RENEWAL AGENCY OF THE CITY OF FOREST GROVE**

**PROJECT TEAM:** Paul Downey, Administrative Services Director  
Dan Riordan, Senior Planner  
Jon Holan, Community Development Director  
Thomas Gamble, City Manager Pro Tem

---

**ISSUE STATEMENT:** There is a need to convey the Times Litho property from the City to the Urban Renewal Agency (Agency). The Agency has been formed to promote property development within the Urban Renewal Project area. The Agency is better suited (due to tax increment resources) to achieve development of the Times Litho site and would be the appropriate body to have ownership of the property. With ownership, it allows more flexibility for negotiations by removing one body (City Council) from the process. Further, it places the cost of the land purchase with an agency financed by tax increment that can purchase the property from the City allowing the City to recoup its investment over time.

**BACKGROUND:** At a joint work session held on June 8<sup>th</sup>, the City Council and Agency Board discussed the possibility of transferring the property from the City to the Agency. The consensus at that work session was that there is interest to transfer the property with a note. This would allow the Agency to pay the City for the property without incurring the expense of obtaining a bond. Further, the payoff arrangements can be staged in a way to allow the Agency to reimburse the City over time but allow a sufficient cash flow for the Agency to meet other obligations and pursue other programs as established by the Urban Renewal Plan.

It is proposed by staff that the property value would be established at \$1.1 million. This would include the \$800,000 cost of the property, back taxes the City had to pay, and \$275,000 for demolition and other costs incurred or to be incurred by the City. The proposed interest rate on the loan payback would be 2.5%. This rate is in the range of ten-year US Treasury notes which are currently at about 2.25%.

Staff considered several options to structure the note repayment: 1) begin immediate repayment with interest only payments for the first three years and then principal and interest payments with note being fully paid in ten years; and 2) no payments for three years and then principal and interest payments for the next ten years with the note being fully paid in year thirteen. Staff considered these options and is recommending the first option. If no development occurs within the urban renewal area within the first three years, staff may recommend to the Council and the Agency that the repayment terms be modified to allow the Agency ability to do other projects within the Agency's boundary. The purpose of this action is to adopt resolutions by both the Council and Agency Board to implement the transfer. City Attorney's Office has drafted the documents necessary to complete the transaction.

**FISCAL IMPACT:** The following schedule shows the estimated effect on the City and the Agency. The City will receive the amount in the debt service column on an annual basis and the Net TI is the cash flow the Agency will have available for other activities after payment of the note and estimated administrative expenses of \$22,446 per year. The TI Estimate is the estimated property tax collection on the increment and, in year 4, the addition of the development of the Times Litho property.

	TI Estimate	Debt Service	Net TI (Estimate –Payment-Admin)
<b>Year 1</b>	\$43,071	\$20,625 (Interest Only) <sup>1</sup>	\$0
<b>Year 2</b>	\$91,000	\$27,500 (Interest Only) <sup>2</sup>	\$41,054
<b>Year 3</b>	\$138,500	\$27,500 (Interest Only) <sup>2</sup>	\$88,554
<b>Year 4</b>	\$266,934	\$175,000 (P&I)	\$69,488
<b>Year 5</b>	\$317,963	\$175,000 (P&I)	\$120,517
<b>Year 6</b>	\$370,523	\$175,000 (P&I)	\$173,077
<b>Year 7</b>	\$424,659	\$175,000 (P&I)	\$227,213
<b>Year 8</b>	\$480,419	\$175,000 (P&I)	\$282,973
<b>Year 9</b>	\$537,852	\$175,000 (P&I)	\$340,406
<b>Year 10</b>	\$597,009	\$161,754 (P&I)	\$412,809
<b>TOTAL</b>	\$3,276,930	\$1,287,379	\$1,756,091

**STAFF RECOMMENDATION:** Staff recommends: 1) the City Council approve the attached resolution to sell the Times Litho property to the Forest Grove Urban Renewal Agency authorizing the City Manager to complete the sale; and 2) the City of Forest Grove Urban Renewal Agency approve the attached Urban Renewal Agency resolution authorizing the URA Executive Director to complete the purchase.

---

1 Partial Year Payment  
2 Annual Payment



6605 S.E. Lake Road, Portland, OR 97222  
 PO Box 22109 • Portland, OR 97269-2109  
 Phone: 503-684-0360 Fax: 503-620-3433  
 E-mail: [legals@commnewspapers.com](mailto:legals@commnewspapers.com)

**AFFIDAVIT OF PUBLICATION**

State of Oregon, County of Washington, SS I, Charlotte Allsop, being the first duly sworn, depose and say that I am the Accounting Manager of the *Forest Grove News-Times*, a newspaper of general circulation, published at Forest Grove, in the aforesaid county and state, as defined by ORS 193.010 and 193.020, that

**City of Forest Grove**  
**Notice of Public Hearing – Transfer of City owned “Times Litho” site to URA FGNT7523**

a copy of which is hereto attached, was published in the entire issue of said newspaper for

**1**  
 week in the following issue:  
**July 8, 2015**

*Charlotte Allsop*

Charlotte Allsop, Accounting Manager  
 Subscribed and sworn to before me this  
 July 8, 2015.

*Jerrin L. Sipe*  
 NOTARY PUBLIC FOR OREGON  
 My commission expires *Sept 1, 2015*

Acct #298024

PO #: 20145076

**Attn: Anna Ruggles**

City of Forest Grove

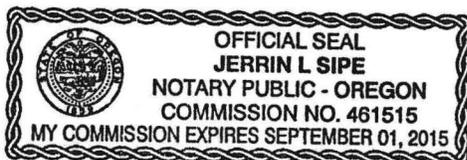
PO Box 326

Forest Grove, OR 97116

Size: 2 x 6.5"

Amount Due: \$124.15\*

\*Please remit to the above address.



**NOTICE OF PUBLIC HEARING  
 FOREST GROVE CITY COUNCIL & URBAN  
 RENEWAL AGENCY BOARD OF DIRECTORS**

**TRANSFER OF CITY OWNED PROPERTY KNOWN  
 AS THE “TIMES-LITHO” SITE TO THE URBAN  
 RENEWAL AGENCY FOR REDEVELOPMENT  
 CONSISTENT WITH THE FOREST GROVE URBAN  
 RENEWAL PLAN**

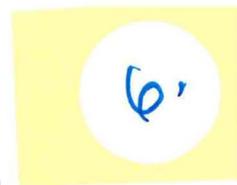
**NOTICE IS HEREBY GIVEN** that the Forest Grove City Council and Urban Renewal Agency Board of Directors will hold separate public hearings on **Monday, July 13, 2015, at 7:00 p.m.**, or thereafter, in the Community Auditorium, 1915 Main Street, Forest Grove, to consider a purchase and sale agreement between the City of Forest Grove, and Urban Renewal Agency of the City of Forest Grove, for property in the Forest Grove Town Center, known as the “Times-Litho” site. The subject property is located north of Pacific Avenue between A Street and B Street and includes the following tax lots: 1S306BB03400, 1S306BB03700, 1S306BB03702, 1S306BB03800, 1S306BB04100, 1S306BB04200, 1S306BB04300, 1S306BB04301, 1S306BB04400, 1S306BB04500. The Urban Renewal Agency Board of Directors oversees implementation of the Forest Grove Urban Renewal Plan adopted by Ordinance 2014-07 on June 23, 2014, and subsequently amended on June 22, 2015. The subject property is identified in the Forest Grove Urban Renewal Plan for potential acquisition by the Urban Renewal Agency for redevelopment consistent with the urban renewal plan.

This hearing is open to the public and interested parties are encouraged to attend. A copy of the staff report will be made available for inspection seven (7) days before the hearing. Written comments or testimony may be submitted at the hearing or sent to the attention of Daniel Riordan, Senior Planner, Community Development Department, 1924 Council Street, PO Box 326, Forest Grove, Oregon, 97116, prior to the hearing. For information about the proposal, please contact Daniel Riordan at (503) 992-3226, or via E-mail at [driordan@forestgrove-or.gov](mailto:driordan@forestgrove-or.gov).

Anna D. Ruggles, CMC, City Recorder  
 City of Forest Grove  
 Publish 07/08/2015.

FGNT7523

This page is intentionally blank.



URBAN RENEWAL AGENCY OF CITY OF FOREST GROVE, OREGON

URA RESOLUTION NO. 2015-05

**RESOLUTION AUTHORIZING AGENCY'S EXECUTIVE DIRECTOR TO EFFECT THE PURCHASE OF THE TIMES-LITHO PROPERTY FROM THE CITY OF FOREST GROVE AND ENTER INTO A PURCHASE AND SALE AGREEMENT (AND OTHER AGREEMENTS AS NECESSARY) WITH THE CITY**

**WHEREAS**, the Forest Grove Urban Renewal Plan (Plan) sets out the parameters for the Forest Grove Urban Renewal Agency (Agency) addressing issues relating to blight within the City of Forest Grove (City);

**WHEREAS**, included within the Plan document are provisions for acquisition of "Redevelopment Opportunity Sites" located within the Plan Area which provisions include identification of particular properties within the Plan Area which the Agency has been authorized to purchase in pursuit of its mission to eliminate blight and encourage private redevelopment in the City;

**WHEREAS**, the Plan identified the "Times-Litho Block" as being a site meeting the above criteria which the Agency should acquire if it became available for purchase from a willing seller;

**WHEREAS**, the City is the owner of the property on Times-Litho Block and is willing to sell said property to Agency and Agency is willing to purchase the Times-Litho property from City consistent with terms set out in a Purchase and Sale Agreement between City and Agency.

**NOW, THEREFORE, BE IT RESOLVED BY THE URBAN RENEWAL AGENCY OF THE CITY OF FOREST GROVE AS FOLLOWS:**

**Section 1.** The Executive Director is authorized on behalf of the Forest Grove Urban Renewal Agency to enter into a Purchase and Sale Agreement with the City of Forest Grove for purchase of the Times-Litho property consistent with the terms of the Purchase and Sale Agreement attached hereto as Exhibit "A".

**Section 2.** The Executive Director is further authorized to sign such additional documents as may be necessary to effect purchase of the Times-Litho property as the same may be approved by the City Attorney's Office including a promissory note to the City of Forest Grove.

**Section 3.** This resolution is effective immediately upon its enactment by the Urban Renewal Agency of the City of Forest Grove.

**PRESENTED AND PASSED** this 10<sup>th</sup> day of August, 2015.

---

Thomas E. Gamble, Executive Director

**APPROVED** by the Urban Renewal Agency of the City of Forest Grove at a regular meeting thereof this 10<sup>th</sup> day of August, 2015, and filed with the Forest Grove City Recorder this date.

---

Peter B. Truax, Chair

## PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into as of the last date of signature indicated below (the "Effective Date"), by and between the City of Forest Grove, an Oregon municipal corporation, ("Seller"), and the Forest Grove Urban Renewal Agency, an Oregon municipal corporation ("Buyer").

### RECITALS

A. Seller is the owner of an approximately 2.68 acre site with structures on Tax Lot Nos. 1S306BB03400, 1S306BB03701, 1S306BB03702, 1S306BB03800, 1S306BB04100, 1S306BB04200, 1S306BB04300, 1S306BB04301, 1S306BB04400, 1S306BB04500 generally referred to as the Times-Litho site, Forest Grove, Washington County Oregon, and more particularly described on the attached Exhibit A ("Property").

B. Buyer desires to purchase from Seller and Seller desires to sell and convey to Buyer all right, title and interest in Property.

C. The terms of this Agreement are as follows:

### TERMS

1. **Purchase and Sale.** Seller agrees to sell and convey to Buyer not later than October 1, 2015 and Buyer agrees to purchase Property from Seller upon the terms and conditions set forth below in this Agreement.

2. **Purchase Price.** Property's purchase price is One Million One Hundred Thousand Dollars (\$1,100,000.00) along with simple interest at the rate of two and one half percent (2.5%) which sum is to be paid Seller by Buyer annually on or before June 15<sup>th</sup> of each year solely from tax increment revenues it receives over a ten (10) year period consistent with the following schedule:

- The first three (3) annual payments shall be interest only payments consistent with the following:

- Year One - Twenty Thousand Six Hundred Twenty Five Dollars (\$20,625.00)
- Year Two - Twenty Seven Thousand Five Hundred Dollars (\$27,500.00)
- Year Three - Twenty Seven Thousand Five Hundred Dollars (\$27,500.00)

With the first payment due not later than June 15, 2016 and thereafter no later than June 15<sup>th</sup> of each succeeding year

- The next seven (7) annual payments to be composed of both interest and principal consistent with the following:
  - Years Four through and Including Nine - One Hundred Seventy Five Thousand Dollars (\$175,000.00)
  - Year Ten - One Hundred Sixty One Thousand Seven hundred Fifty Four Dollars (\$161,754.00)

3. **Closing Date.** This transaction shall close no later than ninety (90) days after the Effective Date of this Agreement, unless otherwise extended as set forth herein (the "Closing Date" or "Closing"). Closing will occur at the office of TITLE COMPANY, located at \_\_\_\_\_, Oregon 97116.

4. **Buyer's Title Review.**

4.1. **Title Report; Unacceptable Exceptions.** Within fifteen (15) days after the Effective Date, Buyer shall order from Title Company a preliminary title report on Property along with legible copies of all plats and exceptions documents referenced in such report (the "Title Report"). Buyer will have ten (10) working days following the later of either the Effective Date or Buyer's receipt of the Title Report to review the Title Report to give Seller written notice of the exceptions listed in the Title Report unacceptable to Buyer

("Unacceptable Exceptions"). If Buyer notifies Seller of its objection to any Unacceptable Exceptions, Seller will thereafter have fifteen (15) days to provide Buyer written notice stating whether Seller will (at Seller's sole cost and expense) cause such exceptions to be removed from the Title Policy issued to Buyer at Closing. If Seller refuses to remove any of the Unacceptable Exceptions and Buyer is not then satisfied with the condition of title, Buyer may elect to terminate this Agreement.

4.2. Failure to Deliver Clean Title at Closing. If Seller fails to eliminate any Unacceptable Exception by the Closing Date, then Buyer may elect to either:

- (a) accept title to Property subject to such exceptions;
- (b) refuse to accept Property and terminate this Agreement; or
- (c) extend Closing Date for a period of forty-five (45) days so as to provide Seller additional time to remove such exceptions.

Should Buyer elects option (c) and at the end of the 45-day period such exception(s) have not been removed, Buyer may elect to proceed in accordance with either option (a) or (b).

4.3. Permitted Exceptions. All exceptions other than the Unacceptable Exceptions objected to by Buyer shall be deemed acceptable to Buyer (the "Permitted Exceptions"). Should Title Company inform Buyer of any new title exceptions not appearing on the initial Title Report such new exceptions shall be deemed Unacceptable Exceptions, unless specifically accepted in writing by Buyer.

5. **Buyer's Due Diligence and Inspections.** Seller's Delivery of Documents. Within fifteen (15) days after the Effective Date, Seller shall deliver to Buyer any and all material information and documentation in Seller's possession or control pertaining to Property ("Due Diligence Documents"). The Due Diligence Documents include (without limitation) copies of:

- (a) all environmental data, studies, analyses, and reports relating to Property or any neighboring property;
- (b) any existing survey of Property;
- (c) any existing leases, boundary agreements, road maintenance agreements or other contracts relating to all or a portion of Property;
- (d) all topographical, geotechnical, wetlands, soils and groundwater reports or any other professional reports relating to Property;
- (e) any well logs or water right certificates or permits relating to Property; and
- (f) copies of any government permits, land use approvals or conditions, or zoning restrictions affecting Property.

If Seller is aware of the existence of any material information and documentation pertaining to Property not in Seller's possession or control, Seller shall notify Buyer of the existence of such information within fifteen (15) days after the Effective Date or two (2) business days after learning of the such information. Should Seller fail to timely provide Buyer with Due Diligence Documents, Buyer may at Buyer's sole discretion extend the Closing Date for a period not to exceed twenty (20) days so that Buyer may have adequate time to review such additional documentation.

## 6. **Conditions Precedent to Closing.**

6.1. Conditions Precedent to Buyer's Obligations. In addition to the other conditions contained in this Agreement, the conditions set forth in this Section must be satisfied prior to Buyer's obligation to acquire Property. These conditions are intended solely for Buyer's benefit and Buyer has the sole right and discretion to waive any of the conditions. In the event any condition is not satisfied or waived on or before Closing, Buyer has the right to terminate this Agreement.

6.1.1. Appraisal. The Purchase Price for Property must be supported by an independent MAI appraisal (subject to no extraordinary assumptions) and an independent review of such MAI appraisal. Buyer shall contract for, and pay the cost of obtaining, the independent MAI appraisal and the appraisal review.

Both the MAI appraisal and the appraisal review shall be completed in accordance with current Uniform Standards of Professional Appraisal Practice (“USPAP”) and generally accepted appraisal standards.

6.1.2. Due Diligence and Inspection Results. Buyer must be satisfied (in its sole and absolute discretion) with its review of the Due Diligence Documents. If Buyer notifies Seller prior to the Closing Date that Buyer is not satisfied with Property due to the results of its due diligence, the Closing Date will be automatically extended for a period of forty-five (45) days so Seller and Buyer may address such results. If at the end of the 45-day period, Buyer and Seller have not reached an agreement regarding the issues disclosed as a result of such due diligence, Buyer may obtain written consent from the Seller to extend the Closing Date for an additional length of time to be determined by both parties.

6.1.3. Title. At Closing (a) Seller shall convey fee simple title to Property to Buyer in accordance with Section 7.1.1, and (b) the Title Company must be committed to issue to Buyer the Title Policy described below in Section 9.

6.1.4. Representations, Warranties, and Covenants of Seller. Seller’s representations, warranties, and covenants set forth in this Agreement shall be true and correct as of the Closing Date.

6.1.5. No Material Changes. At Closing, there shall have been no material adverse changes related to or connected with Property.

6.1.6. Seller’s Deliveries. Seller shall have timely delivered each item to be delivered by Seller pursuant to this Agreement, including (without limitation) the documents and materials described below in Section 7.1.

6.1.7. Removal of Personal Property and Debris. Seller shall cause the improvements on Property to be demolished at Seller’s sole cost and expense and remove from Property any and all personal property and/or trash, rubbish, debris, illegally dumped materials or illegal fill materials such that Property shall be bare land in a condition to support the construction of a mixed use development that may include the erection of a not less than four(4) story structure.

6.2. Failure of Conditions. In the event any of the conditions set forth above in Sections 6.1 are not timely satisfied or waived for a reason other than the default of Seller under this Agreement then this Agreement, and the rights and obligations of Buyer and Seller hereunder shall terminate.

6.3. Cancellation Fees and Expenses. In the event escrow terminates because of the nonsatisfaction of any condition for any reason Seller shall pay cancellation charges required to be paid to the Title Company.

## 7. Deliveries to the Title Company.

7.1. By Seller. On or before the Closing Date, Seller shall deliver the following into escrow with the Title Company:

7.1.1. Deed. A Bargain and Sale Deed (“Deed”), duly executed and acknowledged in recordable form by Seller, conveying Property to Buyer free and clear of all liens and encumbrances except the Permitted Exceptions accepted by Buyer pursuant to Section 4 above. The Title Company’s usual, preprinted exceptions (typically listed as general exceptions 1-5 on the Title Report) shall not be listed as exceptions on the Deed.

7.1.2. Nonforeign Certificate. Seller represents and warrants that it is not a “foreign person” as defined in IRC§1445. Seller shall give Buyer a certification to this effect in the form required by that statute and related regulations.

7.1.3. Proof of Authority. Such proof of Seller’s authority to enter into this Agreement and consummate the transaction contemplated hereunder, as may be reasonably required by the Title Company and/or Buyer.

7.1.4. Lien Affidavits. Any lien affidavits or mechanic’s lien indemnifications as may be reasonably requested by the Title Company in order to issue the Title Policy.

7.1.5. Other Documents. Such other fully executed documents and funds as are required of Seller to close the sale in accordance with this Agreement, including (without limitation) escrow instructions.

7.2. By Buyer. On or before the Closing Date, Buyer shall deliver the following into escrow with the Title Company.

7.2.1. Proof of Authority. Such proof of Buyer’s authority to enter into this Agreement and consummate the transaction contemplated hereunder, as may be reasonably required by the Title Company and/or Seller.

7.2.2. Other Documents. Such other fully executed documents and funds as are required of Buyer to close the sale in accordance with this Agreement, including (without limitation) escrow instructions.

8. **Deliveries to Buyer at Closing.** At Closing (or on a date thereafter agreed to by both Seller and Buyer) Seller shall deliver Buyer exclusive possession of Property.

9. **Title Insurance.** At Closing, Seller shall cause the Title Company to issue to Buyer a standard ALTA owner’s title insurance policy in the full amount of the Purchase Price, insuring (a) fee simple title vested in Buyer or its nominees, subject only to the Permitted Exceptions as established under Section 4 of this Agreement and (b) unrestricted vehicular access from Property to a public road (the “Title Policy”).

10. **Closing Costs.** Seller shall pay for the Title Policy, all escrow fees, any real property transfer or excise taxes, all recording charges other than those allocated to Buyer below and Seller’s share of pro-rations pursuant to Section 11 below. Buyer shall pay the cost of recording the Deed and Buyer’s share of prorations pursuant to Section 11 below. Buyer and Seller each shall pay for its own legal and professional fees incurred. All other costs and expenses are to be allocated between Buyer and Seller in accordance with the customary practice in the county where Property is located.

## 11. Prorations and Taxes.

11.1. Prorations. Any and all state, county and/or city taxes for the current year, rents or other income or operating expenses pertaining to Property will be prorated between Seller and Buyer as of the Closing Date.

11.2. Taxes and Assessments. All taxes, assessments, and encumbrances that would be a lien against Property shall be satisfied by Seller at Closing. If Seller fails to do so, Buyer may pay such tax, assessment, encumbrance or other charge and deduct an amount equal to any such payment from the Purchase Price. If Property is subject to farm or forest deferred taxes, Seller will have no obligation or responsibility for said deferred taxes, unless Property becomes disqualified for or loses its deferred tax status as a result of Seller's actions prior to Closing in which case such taxes shall be Seller's responsibility.

12. **Seller's Representations and Warranties**. Seller hereby warrants and represents to Buyer the following matters, and acknowledges that they are material inducements to Buyer to enter into this Agreement. Seller agrees to indemnify, defend and hold Buyer harmless from all expense, loss, liability, damages and claims, including (without limitation) attorney's fees, arising out of the breach or falsity of any of Seller's representations, warranties, and covenants to the full extent permitted under the Oregon Tort Claims Act (OTCA). These representations and warranties shall survive Closing. Seller warrants and represents to Buyer that the following matters are true and correct, and will remain true and correct through Closing:

12.1. Authority. Seller has full power and authority to enter into this Agreement (and the persons signing this Agreement for Seller, if Seller is not an individual, have full power and authority to sign for Seller and to bind it to this Agreement) and to sell, transfer and convey all right, title, and interest in and to Property in accordance with this Agreement. No further consent of any partner, shareholder, creditor, investor, judicial or administrative body, governmental authority, or other party is required.

12.2. Unrestricted Access. The Property has unrestricted, insurable vehicular access to a public road.

12.3. Minimum Acreage: The Property is at least 2.5 acres in size.

12.4. Hazardous Substances. For purposes of this Agreement, the term "Hazardous Substances" has the meaning defined in and includes those substances set forth in ORS 465.200. Seller warrants and represents as follows:

- (a) Seller has not brought onto, stored on, buried, used on, emitted or released from, or allowed to be brought onto, stored on, buried, used on, emitted, released from, or produced or disposed of, from, or on Property, any Hazardous Substances in violation of any environmental laws of the federal or state government;
- (b) To Seller's knowledge, no underground storage tanks are located on Property other than as specified in 12.4 (a) above, including (without limitation) any storage tanks that may have at one time contained any Hazardous Substances;
- (c) To Seller's knowledge, Property is materially in compliance with applicable state and federal environmental standards and requirements affecting it;
- (d) Seller has not received any notices of violation or advisory action by regulatory agencies regarding environmental control matters or permit compliance with respect to Property;
- (e) Seller has not transferred, and to Seller's knowledge no other person has transferred, Hazardous Substances from Property to another location that is not in compliance with applicable environmental laws, regulations, or permit requirements; and
- (f) There are no proceedings, administrative actions, or judicial proceedings pending or, to Seller's knowledge, contemplated under any federal, state, or local laws regulating the discharge of hazardous or toxic materials or substances into the environment.

12.5. Encroachments. To Seller's knowledge:

- (a) all structures and improvements, including any driveways and accessory structures, are wholly within the lot lines of Property;
- (b) no existing building, structure, or improvement of any kind encroaches upon Property from any adjacent property; and
- (c) there are no present or past discrepancies or disputes regarding the boundaries of Property.

12.6. Rights and Contracts Affecting Property. Except for this Agreement, Seller has not entered into any other contracts for the sale of Property nor do there exist any rights of first refusal or options to purchase Property. Except for those exceptions of record listed on the Title Report, Seller owns Property in fee, free and clear of all liens, conditions, reservations, mortgages, leases, licenses, easements, prescriptive rights, permits, or other similar encumbrances. Seller has not sold, transferred, conveyed, or entered into any agreement regarding timber rights, mineral rights, water rights, "air rights," or any other development or other rights or restrictions relating to Property, and to Seller's knowledge no such rights encumber Property. There are no service contracts or other agreements pertaining to Property that Seller will be required to assume at Closing.

12.7. Possession. There are no leases, licenses or other agreements permitting (nor has Seller entered into any course of conduct that would permit) any person or entity to occupy or use any portion of Property. Seller shall deliver immediate and exclusive possession of the entire Property to Buyer at Closing or such future date as may be mutually agreed to by the parties.

12.8. Recitals. The statements and information set forth in the Recitals are true and correct.

12.9. No Legal Proceedings. There is no suit, action, arbitration, judgment, legal, administrative, or other proceeding, claim, lien, or inquiry pending or threatened against Property or against Seller that could (a) affect Seller's right or title to Property, (b) affect the value of Property, or (c) subject an owner of Property to liability.

12.10. Mechanic's and Other Liens. No work on Property has been done or materials provided that would give rise to actual or impending mechanic's liens, private liens or any other lien against Property.

12.11. Public Improvements or Governmental Notices. To Seller's knowledge there are no intended public improvements which will result in the creation of any liens upon Property nor have any notices or other information been served upon Seller from any governmental agency notifying Seller of any violations of law, ordinance, rule or regulation which would affect Property.

12.12. Breach of Agreements. The execution of this Agreement will not constitute a breach or default under any agreement to which Seller is bound or to which Property is subject.

12.13. Bankruptcy Proceedings. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, or other proceedings are pending or, to Seller's knowledge, threatened against Seller, nor are any such proceedings contemplated by Seller.

12.14. Changed Conditions. If Seller discovers any information or facts that would materially change the foregoing warranties and representations, Seller shall immediately give notice to Buyer of those facts and information. If any of the foregoing warranties and representations ceases to be true before Closing, Seller shall use its best efforts to remedy the problem (at its sole expense) before Closing. If the problem is not remedied before Closing, Buyer may elect to either:

- (a) terminate this Agreement, in which case Buyer will have no obligation to purchase Property; or
- (b) extend the Closing Date for a period not to exceed forty-five (45) days or until such problem has been remedied, whichever occurs first.

Should Buyer extend the Closing Date and the problem not remedied within the 45-day timeframe, Buyer may then elect to terminate this Agreement.

**13. Condition of Property Through Closing.** Seller further represents, warrants, and covenants that until this transaction is closed or escrow is terminated, whichever occurs first, it shall:

- (a) maintain Property in substantially the same condition as it was on the Effective Date excepting the demolition of the improvements of the Property noted in Subsection 6.1.7;
- (b) keep all existing insurance policies affecting Property in full force and effect;
- (c) make all regular payments of interest and principal on any existing financing;
- (d) comply with all government regulations; and
- (e) keep Buyer timely advised of any repair or improvement required to keep Property in substantially the same condition as it was on the Effective Date.

**14. Buyer's Representations and Warranties.** In addition to any express agreements of Buyer contained herein, the following constitute representations and warranties of Buyer to Seller:

- (a) Subject to the conditions stated herein, Buyer has the legal power, right, and authority to enter into this Agreement and the instruments referred to herein and to consummate the transactions contemplated herein;
- (b) Subject to the conditions stated herein, all requisite action has been taken by Buyer in connection with entering into this Agreement and the instruments referred to herein and the consummation of the transactions contemplated herein; and
- (c) Subject to the conditions stated herein, the persons executing this Agreement and the instruments referred to herein on behalf of Buyer have the legal power, right, and actual authority to bind Buyer to the terms and conditions of this Agreement.

**15. Legal and Equitable Enforcement of This Agreement.**

15.1. Default by Seller. In the event Closing and the consummation of the transaction herein contemplated do not occur by reason of any default by Seller, Buyer shall be entitled to all its out-of-pocket expenses incurred in connection with the transaction, including the Earnest Money, and will have the right to pursue any other remedy available to it at law or equity, including the specific performance of this Agreement.

15.2. Default by Buyer. In the event Closing and the consummation of the transaction herein contemplated do not occur by reason of any default by Buyer, Buyer and Seller agree that it would be impractical and extremely difficult to estimate the damages that Seller may suffer. Therefore, Buyer and Seller agree that a reasonable estimate of the total net detriment that Seller would suffer in the event that Buyer defaults and fails to complete the purchase of Property is and will be an amount equal to the Earnest Money. This amount shall be Seller's sole and exclusive remedy (whether at law or in equity), and the full, agreed, and liquidated damages for the breach of this Agreement by Buyer. The payment of said amount as liquidated damages is not intended as a forfeiture or penalty. All other claims to damage or other remedies are hereby expressly waived by Seller. Upon default by Buyer, this Agreement will terminate and except as set forth in this section, neither party will have any further rights or obligations hereunder or to one another.

**16. Risk of Loss, Condemnation.** Seller bears the risk of all loss or damage to Property from all causes, through the Closing Date. If, before the Closing Date, all or any part of Property is damaged, destroyed, condemned, or threatened with condemnation, Seller shall give Buyer written notice of such event. Buyer may terminate this Agreement by giving written notice to Seller within fifteen (15) days following receipt by Buyer of written notice from Seller of such casualty or condemnation and the Title Company shall return to Buyer the Earnest Money and any accrued interest thereon.

17. **Notices.** All notices required or permitted to be given must be in writing to the address set forth below and will be deemed given upon (a) personal service or (b) deposit in the United States Mail, postage prepaid. All such notices shall be deemed received (x) upon personal service, (y) three (3) days after deposit in the United States Mail, postage prepaid, or (z) one (1) day after deposit with a nationally recognized overnight courier service.

To Seller: Paul Downey  
Administrative Services Director  
City of Forest Grove  
P.O. Box 326  
Forest Grove, Oregon 97116-0326

To Buyer: \_\_\_\_\_  
\_\_\_\_\_  
Forest Grove Urban Renewal District  
P.O. Box 326  
Forest Grove, Oregon 97116-0326

Copy: Paul C. Elsner  
Beery Elsner & Hammond, LLP  
Suite 380  
1750 SW Harbor Way  
Portland Oregon, 97201

The foregoing addresses may be changed by written notice, given in the same manner. Notice given in any manner other than the manners set forth above will be effective when received by the party for whom it is intended. Telephone, email, and fax numbers are for information only.

18. **Further Actions of Buyer and Seller.** Buyer and Seller agree to execute all such instruments and documents and to take all actions pursuant to the provisions of this Agreement in order to consummate the purchase and sale contemplated and both parties shall use their best efforts to accomplish Closing in accordance with the provisions hereof.

19. **Miscellaneous.**

19.1. Recording of Memorandum. On the Effective Date the parties shall execute a memorandum of this Agreement (the "Memorandum"), which Buyer may cause to be recorded against Property.

19.2. Partial Invalidity. If any term or provision of this Agreement or the application to any person or circumstance is, to any extent, found invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances, other than those to which it is held invalid or unenforceable, will not be affected thereby, and each such term and provision of this Agreement will be valid and be enforced to the fullest extent permitted by law.

19.3. Waivers. No waiver of any breach of any covenant or provision contained herein will be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act will be deemed an extension of the time for performance of any other obligation or act.

19.4. Survival of Representations. The covenants, agreements, representations, and warranties made herein shall survive Closing and will not merge into the Deed upon recordation in the official real property records.

19.5. Entire Agreement. This Agreement (including any exhibits attached to it) is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter of the Agreement and supersedes all prior understandings with respect to it. This Agreement may not be modified or terminated, nor may any obligations under it be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein.

19.6. Time of Essence. Seller and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to every term, condition, obligation, and provision contained in this Agreement. Unless otherwise specified herein, in computing any period of time described in this Agreement, whenever a date for an action required to be performed falls on a Saturday, Sunday, or a state or federal holiday, then such date shall be extended to the following business day.

19.7. Recitals. The statements and information set forth in the Recitals are hereby incorporated as if fully set forth herein and shall be used for the purposes of interpreting this Agreement.

19.8. Governing Law. The parties acknowledge that this Agreement has been negotiated and entered into in the state of Oregon. The parties expressly agree that this Agreement is governed by and should be interpreted in accordance with the laws of the state of Oregon.

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301, AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

**SIGNATURES ON FOLLOWING PAGE**

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the last date of signature specified below.

BUYER,  
an Oregon municipal corporation

SELLER:  
An Oregon municipal corporation

\_\_\_\_\_  
BUYER  
Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2015

\_\_\_\_\_  
SELLER  
Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2015

DRAFT

**Exhibit A**  
**Property Legal Description**

This page is intentionally blank.