



CITY OF OREGON CITY URBAN RENEWAL COMMISSION AGENDA

Virtual Meeting
Wednesday, May 19, 2021 at 6:00 PM

VIRTUAL MEETING OF THE URBAN RENEWAL COMMISSION

This meeting will be held online via Zoom and streamed on the City's YouTube; please contact recorderteam@orcity.org for assistance.

The public is strongly encouraged to relay concerns and comments to the Commission in one of three ways:

- *Email at any time up to 12 p.m. the day of the meeting to recorderteam@orcity.org.*
- *Phone call (Monday – Friday, 8 am – 5 pm) to 503-496-1505, all messages will be relayed and/or citizens can register to provide over-the-phone testimony during the meeting.*
- *Mail to City of Oregon City, Attn: City Recorder, P.O. Box 3040, Oregon City, OR 97045*

CALL TO ORDER

ROLL CALL

CITIZEN COMMENTS

DISCUSSION ITEMS

1. Amending Existing Commercial Lease with L & B Station dba Coasters Crossing
2. Study of Urban Renewal – Next Steps Under Current Contract
3. Minutes of the April 19, 2021 Urban Renewal Commission Meeting
4. Minutes of the April 21, 2021 Urban Renewal Commission Meeting

COMMUNICATIONS

ADJOURNMENT

PUBLIC COMMENT GUIDELINES

Complete a Comment Card prior to the meeting and submit it to the City Recorder. When the Mayor/Chair calls your name, proceed to the speaker table, and state your name and city of residence into the microphone. Each speaker is given three (3) minutes to speak. To assist in tracking your speaking time, refer to the timer on the table.

As a general practice, the City Commission does not engage in discussion with those making comments.

Electronic presentations are permitted but shall be delivered to the City Recorder 48 hours in advance of the meeting.

ADA NOTICE

The location is ADA accessible. Hearing devices may be requested from the City Recorder prior to the meeting. Individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-657-0891.

Agenda Posted at City Hall, Pioneer Community Center, Library, City Website.

Video Streaming & Broadcasts: The meeting is streamed live on the Oregon City's website at www.orcity.org and available on demand following the meeting. The meeting can be viewed on Willamette Falls Television channel 28 for Oregon City area residents as a rebroadcast. Please contact WPMC at 503-650-0275 for a programming schedule.



CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: Urban Renewal Commission
From: City Manager Tony Konkol

Agenda Date: 05/19/2021

SUBJECT:

Amending Existing Commercial Lease with L & B Station dba Coasters Crossing

STAFF RECOMMENDATION:

Approve Lease Amendment Agreement

EXECUTIVE SUMMARY:

The Urban Renewal Commission is the landlord of commercial property located at 1757 Washington Street, Oregon City, OR 97045. The current tenant is L & B Station dba Coasters Crossing. Since June 1, 2018, the tenant has been leasing approximately 2,000 rentable square feet. The tenant is seeking to exercise its option provided in the initial lease. The existing lease allows the tenant to extend the lease for five (5) years ending May 31, 2026. The lease provides no further option to extend beyond May 31, 2026.

BACKGROUND:

L & B Station dba Coasters Crossing ("Tenant") is seeking to exercise its option provided under the terms and conditions of the existing lease with extended term set to expire on May 31, 2026. There are no further options to renew or to extend. The amended lease will take effect on June 1, 2021.

Section 2(c) of the original lease states: *"As long as Tenant is not in default under this Lease at the time of exercise, Landlord hereby grants Tenant an option to extend this Lease (the "Option") one time for a period of five (5) years (the "Extended Term"), on the same terms, covenants, and conditions of this Lease, except that the Base Rent will be determined according to Section 3(b) below and Tenant shall have no further option to extend this Lease. Tenant shall exercise the Option, if at all, by giving Landlord Irrevocable written notice (the "Option Notice") at least one hundred eighty (180) days before the expiration of the initial Term. The Extended Term shall commence on the day following expiration of the initial Term."*

The Tenant is in good standing, is not in default under the terms of the Lease and has provided a verbal request to extend the lease.

Under the terms and conditions detailed in the initial/existing lease, the Tenant's base rent shall be \$2,300.00 per year month starting on June 1, 2021. On June 1, 2022, the extended term base rent shall be \$2,400.00 per month. For years 3 through 5 of the extended term the base rent will be \$2,500. The tenant continues to provide a Guaranty to support the lease.

OPTIONS:

1. Approve the Tenant's option to extend the existing lease term for an additional five (5) years.
2. Negotiate the termination of the Initial Lease Agreement.

BUDGET IMPACT:

Amount: \$27,600 Annual Base Rent for year 2021
 \$28,800 Annual Base Rent for year 2022
 \$30,000 Annual Base Rent for years 2023 through 2025 (\$90,000 total)

FY(s): FY 2021/2023

Funding Source(s): Tenant's Monthly Base Rent

LEASE AMENDING AGREEMENT

THIS LEASE AMENDING AGREEMENT dated this ____ day of _____, _____

BETWEEN:

Urban Renewal Agency for the City of Oregon City, OR
(the "Landlord")

OF THE FIRST PART

-AND-

L & B Station, dba Coasters Crossing
(the "Tenant")

OF THE SECOND PART

Background

- A. The Landlord and the Tenant entered into the lease (the "Lease Agreement") dated June 1, 2018, for the premises (the "Premises") located at 1757 Washington Street, Oregon City, OR 97045
- B. The Landlord and the Tenant desire to amend the Lease Agreement on the terms and conditions set forth in this Lease Amending Agreement (the "Agreement"), which will take effect on June 1, 2021.
- C. This Agreement is the first amendment to the Lease Agreement.

IN CONSIDERATION OF the Landlord and Tenant agreeing to amend their Lease Agreement, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, both parties agree to keep, perform, and fulfill the promises, conditions and agreements below:

Amendments

- 1. The Lease Agreement is amended as follows:
 - a. Five-year term extension until May 31, 2026.
 - b. By exercising its option, the Base Rent for the Extended Term shall be as follows: for year one of the Extended Term, \$2,300.00 per month; for year 2 of the Extended Term, \$2,400 per month, and for years 3 through 5 of the Extended Term, \$2,500 per month.
 - c. The Guaranty is an integral part of this Lease Amendment (Exhibit A).
- 2. **No Other Change**
Except as otherwise expressly provided in this Agreement, all of the terms and conditions of the Lease Agreement remain unchanged and in full force and effect.

Incorporation

3. This Agreement incorporates and is subject to the Lease Agreement.

Additional Details

4. If the tenant fails to maintain and care for the flooring and as a result, the flooring incurs damage in functionality and appearance, the tenant will pay for all costs associated with the repair and/or replacement of the flooring.

Miscellaneous Terms

5. Capitalized terms not otherwise defined in this Agreement will have the meanings ascribed to them in the Lease Agreement. Headings are inserted for the convenience of the parties only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine include the feminine and vice versa. The words "Landlord" and "Tenant" as used in this Agreement includes the plural as well as the singular; no regard for gender is intended by the language in this Agreement.

Governing Law

6. Subject to the terms of the Lease Agreement, it is the intention of the parties that this Agreement, and all suits and special proceedings under this Agreement, be construed in accordance and governed, to the exclusion of the law of any other forum, by the laws of the State of Oregon, without regard to the jurisdiction in which any action or special proceeding may be instituted.

IN WITNESS WHEREOF the Landlord and Tenant execute this Lease Amending Agreement.

Urban Renewal Agency for the City of Oregon, City, OR

Witness

by: _____

_____ (Signing Date)

Witness

L & B Station, dba Coasters Crossings

By: _____

Brian Grant

_____ (Signing Date)

L & B Station, dba Coasters Crossings

By: _____

Leigh Grant

_____ (Signing Date)

LEASE AGREEMENT

This Lease Agreement ("Lease") is dated April ____2018 (the "Effective Date"), and is between the URBAN RENEWAL AGENCY FOR THE CITY OF OREGON CITY ("Landlord"), and L & B STATION, LLC, dba Coasters Crossing ("Tenant").

1. Summary of Terms.

Premises: The building located on the real property commonly known as 1757 Washington Street, Oregon City, OR 97045, consisting of approximately 2,000 rentable square feet. The term "Premises" and "Building" are used interchangeably in this Lease and for avoidance of doubt, have the same meaning.

Building Address: 1757 Washington Street, Oregon City, OR 97045

Commencement Date: June 1, 2018

Expiration Date: May 31, 2021

Extension Option Period: One (1) Five (5) Year Extension Option (See Section 2 (c))

Permitted Use: A full service restaurant with lottery

<u>Monthly Base Rent</u>	<u>Period</u>	<u>Monthly Base Rent</u>
	Months 1-3	\$700.00
	Months 4-12	\$1,200.00
	Months 13 – 24	\$1,700.00
	Months 25 – 35	\$2,200.00
	Month 36	\$2,000.00

Security Deposit: \$1,800.00

Guarantors: Brian Grant and Leigh Grant

Tenant's Payment at Lease Execution: \$2,500.00 (First Month Rent of \$700.00 and 1,800.00 Security Deposit)

Notice Addresses:	If to Tenant: L & B Station, LLC Attn: Brian Grant, Owner 1757 Washington St Oregon City, OR 97045 Fax: _____	If to Landlord: Urban Renewal Agency for the City of Oregon City Attn: Economic Development Manager 625 Center Street Oregon City, OR 97045 Fax: (503) 657-7026
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Exhibits:	<table border="1" style="width: 100%;"> <tr> <th style="text-align: left;">Exhibit:</th> <th style="text-align: left;">Description:</th> </tr> <tr> <td style="text-align: center;">A</td> <td>Guaranty</td> </tr> </table>	Exhibit:	Description:	A	Guaranty
Exhibit:	Description:				
A	Guaranty				

2. Premises, Commencement Date and Term.

(a) Landlord agrees to lease the Premises to Tenant, and Tenant agrees to lease the Premises from Landlord, subject to the terms and conditions set forth herein. The parties agree that for all purposes of this Lease, the square footage shown in Section 1 of this Lease is approximate, and Landlord does not represent or warrant

the size of the Premises. Tenant acknowledges that neither Landlord, nor any employee or agent of Landlord, has made any representation or warranty with respect to the condition of the Premises, including without limitation with respect to the suitability or use of the same for Tenant's intended Permitted Use or operations. Landlord shall have no liability to Tenant whatsoever in the event Tenant cannot conduct its Permitted Use and/or intended operations in the Premises, and in addition to any other requirements set forth in the Lease, Tenant shall obtain all permits necessary for the Permitted Use or operations. Exhibits, riders and addenda are incorporated into and made a part of this Lease by reference.

(b) The Term will commence at 12:01 a.m. on the Commencement Date and will terminate at midnight on the Expiration Date. Notwithstanding the stated Commencement Date, Landlord shall make the Premises available to Tenant upon the execution of the Lease for the sole purpose of installing Tenant's equipment and trade fixtures so that Tenant is ready to commence business operations on (but not before) the Commencement Date. Tenant's early possession rights shall be subject to all of the terms and conditions of this Lease.

(c) As long as Tenant is not in default under this Lease at the time of exercise, Landlord hereby grants Tenant an option to extend this Lease (the "Option") one time for a period of five (5) years (the "Extended Term"), on the same terms, covenants, and conditions of this Lease, except that the Base Rent will be determined according to Section 3(b) below and Tenant shall have no further option to extend this Lease. Tenant shall exercise the Option, if at all, by giving Landlord irrevocable written notice (the "Option Notice") at least one hundred eighty (180) days before the expiration of the Initial Term. The Extended Term shall commence on the day following expiration of the initial Term.

(d) Not earlier than two (2) years but not later than one (1) year prior to the expiration of the Extended Term, Tenant may request in writing that Landlord consider an additional extended term (the "Tenant's Extended Term Request"). Upon Landlord's timely receipt of Tenant's Extended Term Request, Landlord shall notify Tenant in writing the terms and conditions that Landlord may be willing to further extend the term of the Lease. Tenant acknowledges that Landlord is under no obligation to extend the term of the Lease or offer any terms to so extend under this subparagraph (d).

3. Rent.

(a) Tenant shall pay to Landlord in advance on the first day of each calendar month the Base Rent specified in Section 1 in addition to any other fees owed and due to Landlord (altogether, "Rent"). Tenant shall pay all Rent to Landlord without notice, demand, deduction, abatement or offset of any kind or nature and at the address shown above, or such other place as Landlord may designate in writing from time to time. Rent for any period during the Term hereof which is for less than one (1) full month shall be prorated based upon the actual number of days of the month involved. If Rent is not paid within five days after due, Tenant shall pay to Landlord, without demand: (i) a late fee in an amount of five percent of the overdue sum; and (ii) interest on the sums overdue at the prime rate as quoted in The Wall Street Journal from time to time plus four percent (the "Default Rate"). Upon execution of this Lease, Tenant shall pay to Landlord the first monthly installment of Base Rent and the Security Deposit.

(b) If Tenant exercises its Option as provided in Section 2(c) above, the Base Rent for the Extended Term shall be as follows: for year one of the Extended Term, \$2,300.00 per month; for year 2 of the Extended Term, \$2,400.00 per month, and for years 3 through 5 of the Extended Term, \$2,500 per month.

4. Use.

(a) Tenant shall use the Premises for the Permitted Use and for no other purpose. Tenant shall at its sole cost cause the Premises to comply with all laws (including environmental laws) ordinances, regulations and directives of any governmental authority applicable to the Premises or the Permitted Use, or to Tenant's use, storage, generation or disposal of Hazardous Substances (defined below) including, without limitation, the Americans With Disabilities Act (collectively "Applicable Laws") whether now in effect or as such Applicable Laws are changed, re-interpreted or amended. Tenant shall at its sole cost obtain any and all licenses or permits necessary for the Permitted Use of the Premises.

(b) Tenant shall not use the Premises, or permit the Premises to be used, in any manner that: (a) violates any Applicable Law; (b) causes or is reasonably likely to cause any damage or liability to the Premises, the Building or Landlord; (c) violates a requirement or condition of any insurance policy covering the Building, and/or the Premises, or increases the cost of such policy; or (d) constitutes or is reasonably likely to constitute a nuisance, annoyance or inconvenience to neighbors, or their property, including, without limitation, any immoral or obscene act or any other act tending to injure the reputation of the Building including the Premises. Tenant shall not commit or allow any waste or damage to be committed on any portion of the Building. Tenant shall not do or permit to be done anything which shall increase the costs of operating or maintaining the Building, including, but not limited to, insurance premiums, property taxes and utility bills. Tenant shall, at its sole cost and expense, obtain all governmental licenses and permits required to allow Tenant to conduct its business operations in the Building.

(c) The Premises is located on a portion of Landlord's property that includes an Amtrak passenger platform and parking Lot (the "Property"). Tenant and its customers shall have the non-exclusive right to use the parking lot on the Property and other areas on the Property that are for common use (the "Common Areas") subject to Landlord's rules and regulations for the same.

5. **Signage.** Tenant may, at its sole cost and expense, erect signs on the exterior of the Building stating its name, business, and product; provided (a) Tenant shall first secure Landlord's written approval of the size, color, design, wording and location of the signage, which approval Landlord may withhold or condition at its sole discretion, and (b) Tenant shall erect and maintain all signs in compliance with all Applicable Laws. All signs installed by Tenant shall be removed upon termination of this Lease, with the sign location restored to its former state. Tenant shall at its sole cost maintain the appearance of all of Tenant's signs.

6. **Improvements and Alterations.**

(a) Tenant acknowledges that it has inspected the Premises to Tenant's satisfaction and that Tenant accepts the Premises in its "AS IS, WHERE IS" condition and "WITH ALL FAULTS." Tenant shall not change, modify or alter the interior of the Building or the Building's structure, foundation, or systems in any way without Landlord's prior written approval, which consent shall be given in Landlord's sole discretion and with such conditions as Landlord deems appropriate. If Landlord consents in writing to any proposed alteration of the Building, Tenant will (i) contract only with a Landlord-approved contractor for the performance of the alterations, (ii) obtain all necessary governmental permits and approvals and deliver copies thereof to Landlord, and (iii) cause all alterations to be completed in compliance with Landlord-approved plans and specifications with all due diligence. All work in the Premises by or at Tenant's request must comply with all applicable laws, ordinances and building codes. Upon termination of this Lease, any improvements or alterations made to the Premises by Tenant after the Commencement Date (collectively "**Improvements**"), excluding Tenant's trade fixtures and equipment that may be removed without damage to the Premises, shall at once become part of the Premises. Notwithstanding the foregoing, if requested by Landlord, Tenant shall promptly remove all Improvements and alterations made by Tenant and restore the affected portion of the Building to the condition existing as of the Commencement Date.

(b) Tenant shall pay when due all costs for work performed and materials supplied to the Premises. Tenant shall keep Landlord, the Premises and the Building free from all liens, stop notices and violation notices relating to any alterations, and Tenant shall protect, indemnify, hold harmless and defend Landlord from any and all loss, cost, damage, liability and expense, including attorneys' fees, related to any such liens or notices. During the progress of such work, Tenant shall, upon Landlord's request, furnish Landlord with sworn contractor's statements and lien waivers covering all work theretofore performed. If Tenant fails to pay and remove such lien, claim or encumbrance within ten (10) days after recordation, Landlord, at its election, may pay and satisfy the same and in such event the sums so paid by Landlord, together with interest thereon equal to the Default Rate, will be due and payable by Tenant upon demand. Tenant, at its expense, shall discharge by bonding or making a payment any lien or charge filed against the Premises, or the Building in connection with any work claimed or determined in good faith by Landlord to have been done by or on behalf of, or materials claimed or determined in good faith by Landlord to have been furnished to, Tenant, within thirty (30) days after Tenant's receipt of notice thereof by payment, filing the bond required by law or otherwise in accordance with all Applicable Laws. Tenant shall provide evidence satisfactory to Landlord, in Landlord's sole discretion, that such lien has been removed or bonded within such thirty (30) day period.

7. **Rules and Regulations.** Tenant shall faithfully observe and comply with the Property rules and regulations as promulgated by Landlord on one or more occasions, which Landlord may modify at any time and for whatever reason or for no reason at all (all together, the "Regulations"). Landlord's modifications and amendments will become effective immediately upon Tenant's receipt of oral or written notice regarding the same.

8. **Connection Fees, Utilities, Taxes and Other Charges.**

(a) To the extent necessary, Tenant shall pay all utility connection fees, traffic impact fees and any other extraordinary fees associated with Tenant's use of the Premises. Tenant acknowledges that it has inspected and accepts the utility connections and utilities being supplied to the Premises, as of the Commencement Date, as being sufficient in their present condition, "AS IS," and for the Permitted Use. Commencing on the Commencement Date, Tenant shall pay to the applicable utility provider, or to Landlord if the Utilities (defined below) are furnished by Landlord to the Premises, all charges for Utilities furnished to the Premises during the Term plus applicable state and local taxes (the "Utility Charges"). "Utilities" or "Utility" means electricity, natural gas, water, garbage collection, sewer and/or any other utility consumed by Tenant during the Term. Landlord will not be liable to Tenant for any loss, damage or expense which Tenant may sustain if the Utilities, or the quality or character of the Utilities, used upon or furnished to the Premises are no longer available or suitable for Tenant's requirements, or if the supply of any such Utility ceases or is interrupted as a result of any cause and no such change, interruption or cessation of service shall constitute an actual or constructive eviction of Tenant or entitle Tenant to an abatement of Rent.

(b) Tenant shall be responsible for paying any real property taxes or assessment of any kind or nature imposed or assessed against the Property (and for avoidance of doubt, specifically imposed against the Building and the Common Areas) as determined by Landlord (the "Taxes"). Tenant shall pay the same either directly to the Clackamas County Assessor or by reimbursing Landlord for the same. Landlord reserves the right to require Tenant to pay the Taxes on a monthly basis with Tenant's Base Rent as reasonably determined and reconciled by Landlord.

(c) On a monthly basis and in arrears, Tenant agrees to reimburse Landlord for fifty percent (50%) of the electricity costs for the Common Areas (e.g. the parking lot and platform lighting) and for the storm water charges for the Property. For electricity costs for the Common Areas, Landlord shall submit an invoice to Tenant for such reimbursement and Tenant shall pay Landlord the amount due within fifteen (15) days of receipt of such invoice, and cost shall be determined as (50%) of the average monthly cost of electricity for the twelve months preceding each year of the lease. Landlord reserves the right to require Tenant to pay the electrical reimbursement amounts on a monthly basis with Tenant's payment of Base Rent as reasonably determined and reconciled by Landlord. For storm water charges for the Property, Landlord shall calculate charges to be (50%) of the City charge and include that amount on the Tenant's monthly invoice which Tenant shall pay to Landlord within fifteen (15) days of receipt of such invoice.

(d) Landlord agrees to pay all irrigation charges for the Property.

9. **Parking.** Tenant, its employees, and customers shall have the nonexclusive right to use the Property's passenger vehicle parking spaces, together with members of the public. Landlord shall have no obligation to police or secure the use of such parking lot. Landlord reserves the right to modify, restrict, regulate and/or remove any parking spaces at any time.

10. **Landlord's Responsibilities; Tenant's Responsibilities.**

(a) Landlord shall maintain in good repair, reasonable wear and tear excepted, the structural integrity of the exterior walls (excluding windows, glass or plate glass, doors, special store fronts or office entries), roof, and foundation of the Building. In the event the HVAC system serving the Building requires replacement during the term of the Lease, as determined by Landlord in its reasonable discretion, Landlord shall be responsible for replacement of the system at Landlord's expense.

(b) Tenant shall at its sole cost do the following: (1) correct and repair any damage to the Premises and Building caused by the negligence or willful misconduct of Tenant or its employees, agents or contractors; (2) keep the Premises Building and every part thereof in good order, condition, and repair (whether or not such portion of the Premises

or the Building requiring repair, or the means of repairing the same, are reasonable or readily accessible to Tenant and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements, or the age of such portion of the Premises) including, without limiting the generality of the foregoing, glass breakage, all equipment or facilities specifically serving the Premises, such as plumbing, HVAC, electrical, lighting facilities, boilers, fired or unfired pressure vessels, fire hose connectors if within the Premises (provided, however, Tenant shall not be responsible for repair or replacement of such items if they are damaged or broken through no fault of Tenant or its employees, agents or contractors), fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, floor coverings, windows, doors, plate glass and light bulbs, but excluding any items which are the responsibility of Landlord pursuant to Section 10(a) above; and perform all other maintenance, repairs, and replacements not otherwise the responsibility of Landlord under this Lease. Tenant is responsible for the routine repair and maintenance, as well as all electricity charges for the use, of the HVAC system serving the Building, which shall include, without limitation, a preventive maintenance HVAC service contract. Tenant shall additionally be responsible for keeping the walkways and stairs to the Building free and clear of all ice, snow and other hazards so that such walkways and stairs shall at all times be safe for the general public, including Tenant and its customers.

(c) Landlord will not be liable for injury to Tenant's business or any loss of income therefrom or for damage to the goods, wares, merchandise, equipment and vehicles or other property of Tenant, or its employees, agents or contractors or for injury to the person of Tenant, Tenant's employees, agents or contractors and invitees, except when directly and proximately caused solely by the gross negligence or willful misconduct of Landlord or its employees, agents or contractors. Landlord's liability under this Lease consists of Landlord's interest in the Building as the same may be encumbered and any proceeds of insurance.

(d) If the Premises presently contains a sprinkler system and fire-alarm and life-safety system serving the Premises, Tenant shall maintain such systems in good order and repair. If the fire insurance rating organization or any governmental authority or any of Landlord's insurers requires or recommends any modifications or improvements be made or any additional equipment be supplied in connection with the sprinkler system or fire-alarm and life-safety system serving the Building or the Premises by reason of Tenant's business, or the location of the partitions, trade fixtures, or other contents of the Premises, Landlord (to the extent such modifications or improvements are structural, affect any Building's systems or involve the performance of work outside the Premises), or Tenant (to the extent such modifications or improvements are nonstructural, do not affect any Building's systems and do not involve the performance of work outside the Premises) shall make such modifications or improvements, and supply such additional equipment, in either case at Tenant's expense.

11. **Casualty Damage.** If fire or other casualty causes damage to the Premises, then within 45 days after the date of incident, Landlord shall notify Tenant in writing whether Landlord will restore the Premises or terminate this Lease as of the date of damage. Landlord's determination will be binding upon Tenant. If Landlord elects not to terminate this Lease, Landlord shall use commercially reasonable efforts to repair the damage and restore the Premises (excluding improvements made by Tenant) to their former condition, to the extent of the insurance proceeds made available to Landlord, within 270 days of the date of damage. Base Rent will be abated during the period of restoration to the extent the Premises are not reasonably usable for the Permitted Use unless the fire or other casualty resulted from the negligence or willful misconduct of Tenant, its employees or agents, in which case Base Rent will not abate during the restoration period and Tenant will be liable for the cost of the repair and restoration of the Premises to the extent such cost is not covered by the insurance proceeds. The provisions contained in this Lease shall supersede any contrary laws (whether statutory, common law or otherwise) now or hereafter in effect relating to damage, destruction, self-help or termination.

12. **Insurance.**

(a) Tenant, at its expense, shall maintain the following during the Term: (i) all risk (special form) property insurance covering the full replacement cost of all property and any improvements installed or placed in the Premises by Tenant; (ii) worker's compensation insurance with no less than the minimum limits required by law; (iii) employer's liability insurance with such limits as required by law; (iv) commercial liability insurance with a minimum limit of One Million Dollars and 00/100 (\$1,000,000) per occurrence and a minimum umbrella limit of Two Million Dollars and 00/100 (\$2,000,000) for property damage, personal injury or death of persons occurring in or about the Premises and such other insurance as reasonably determined by Landlord or as required by Landlord's mortgagee or ground lessor of the Building; (v) business interruption insurance with a limit of liability equal to a loss of at least 12 months of income; and (vi)

liquor liability insurance in a form and in such amounts satisfactory to Landlord. The commercial liability policies shall: (a) name Landlord, its managing agent, its ground lessor and its mortgagee(s) (if any) as additional insureds as their interests appear; (b) will insure on an occurrence basis; and (c) will not be cancelable without thirty (30) days written notice to Landlord and its mortgagee(s). Neither party shall be liable to the other for any loss or damage to the Premises or Tenant's personal property thereon caused by any of the risks covered by insurance and there shall be no subrogated claim by one party's insurance carrier against the other party arising out of any such loss. Certificates of such policy shall be delivered to Landlord on or before the Commencement Date and each renewal of said insurance.

(b) Except to the extent caused by the gross negligence or willful misconduct of Landlord, Landlord shall not be liable for, and Tenant hereby waives any claims against, Landlord for injury or damage to the person or the property of Tenant, Tenant's employees, contractors, invitees, customers, or any other person, in or about the Premises or Building from any cause whatsoever, including, but not limited to, damage or injury which is caused by or results from: (i) fire, steam, electricity, gas, water, or rain, or from the breakage, leakage, obstruction, or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC, or lighting fixtures; or (ii) the condition of the Premises or other portions of the Building. Landlord shall not be liable for any damages arising from any act or omission of any other tenant of Landlord nor from the failure by Landlord to enforce the provisions of the Regulations. Notwithstanding any provision in this Lease to the contrary, Landlord shall under no circumstances be liable for injury to Tenant's business, for any loss of income or profit therefrom or any indirect, consequential, special or punitive damages related to or arising from this Lease.

13. **Indemnification.** Tenant shall indemnify, defend by counsel reasonably acceptable to Landlord, and hold harmless Landlord, its employees, agents and contractors from and against liability, loss, damages, claims, liens, costs and expenses, including attorneys fees, it may suffer, sustain or incur as a result of or related to: (a) claims of injury to or death of persons or damage to property or business loss occurring or resulting directly or indirectly from the use or occupancy off the Premises by Tenant, its employees, contractors or agents or from any act or omission of Tenant, its agents, employees or contractors; (b) claims arising from work or labor performed, or for materials or supplies furnished to or at the request of Tenant in connection with performance of any work done for the account of Tenant within the Premises; (c) claims arising from any breach or Default on the part of Tenant in performance of any covenant or obligation contained in this Lease; and (d) claims arising from the negligence or willful misconduct of Tenant, its employees, agents and contractors. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability, or expense resulting from injury or death to persons or damage to property of third parties caused by the gross negligence or willful misconduct of Landlord, its agents, employees or contractors. In addition, the foregoing indemnities in favor of Landlord shall also accrue to the benefit of Landlord's mortgagee(s), its agents, employees or contractors. The obligations under this Section 13 shall survive expiration or earlier termination of this Lease.

14. **Condemnation.** If a condemning authority takes the entire Premises or a portion sufficient to render the remainder of the Premises unsuitable for the Permitted Use, in the reasonable judgment of Landlord only, then Landlord may elect to terminate this Lease within sixty (60) days after receipt of notice of the condemnation, with the termination effective on the date that title passes to the condemning authority ("**Condemnation Date**"). Otherwise, Landlord shall exercise commercially reasonable efforts to restore the remaining Premises, to the extent practical and only to the extent of the proceeds made available in connection with such condemnation, within 180 days after the Condemnation Date to a condition comparable to that existing at the time of the taking. Base Rent shall be abated in proportion to the area of the Premises so taken from the Condemnation Date through the period of restoration to the extent that such area is not reasonably usable by Tenant and not so used by the Tenant, and Base Rent shall be reduced for the remainder of the Term to an amount equal to such Base Rent multiplied by a fraction, the numerator of which shall be equal to the size of the Premises after restoration and the denominator shall be the size of the Premises prior to the condemnation. All condemnation proceeds shall belong solely to Landlord.

15. **Assignment and Subletting.**

(a) Tenant shall not assign, mortgage, pledge, encumber or otherwise transfer all or a part of its interest under this Lease, whether by operation of law or otherwise and shall not sublet, underlet, license, franchise or permit or suffer the Premises or any part thereof to be used or occupied by others, without the prior written consent of Landlord, which consent Landlord may withhold at its sole discretion. Any assignment, sublease, license, franchise, mortgage, pledge, encumbrance or transfer in contravention of the provisions of this Section 15 shall be null and void.

(b) No assignment or subletting shall relieve Tenant of its obligation to pay rent or perform other obligations required by this Lease. Any assignment or sublease consented to by Landlord shall not relieve Tenant (or its assignee) from obtaining Landlord's consent to any subsequent assignment or sublease, and Landlord may collect rent directly from an assignee, sublessee or transferee. Tenant agrees to pay on demand all of Landlord's actual out of pocket costs (including reasonable attorneys' fees) in connection with a request for consent under this Section. Notwithstanding any assignment or subletting or any acceptance of Rent by Landlord from any assignee or subtenant, Tenant shall remain jointly and severally liable for the payment of all Rent due and for the performance of all other terms, covenants and conditions contained in this Lease on Tenant's part to be observed and performed, and any Default under any term, covenant or condition of this Lease by any subtenant shall be deemed a Default under this Lease by Tenant.

16. **Default.** Any of the following will constitute a "Default" by Tenant under this Lease:

- (a) Tenant's failure to pay Rent or any other charge under this Lease within five days after it is due.
- (b) Tenant's failure to comply with any other term or condition of this Lease, other than payment of Rent per Subsection 16(a) above, within 30 days of Tenant's receipt of written notice of such failure.
- (c) Tenant's insolvency, assignment for the benefit of its creditors, Tenant's voluntary petition in bankruptcy or adjudication as bankrupt, or the appointment of a receiver for Tenant's properties, or, if Tenant is a natural person, the death of such person.
- (d) Tenant's abandonment of the Premises.

17. **Remedies for Default.** In the event of a Default, Landlord will have the right, with or without notice, to pursue the following remedies in addition to any other remedies provided under applicable law:

- (a) Landlord may make any payment or perform any obligation required of Tenant so as to cure Tenant's Default, in which case Landlord shall be entitled to recover all amounts so expended from Tenant plus interest at the Default Rate from the time disbursed until repaid by Tenant to Landlord.
- (b) Landlord may reenter and retake possession of the Premises, without notice, either by summary proceedings or by any other applicable action or proceeding, or by other means, including self-help. Landlord may expel and remove from the Premises Tenant and any other person occupying the same, including any subtenant or subtenants notwithstanding Landlord's consent to any sublease, by any lawful means, and again repossess and enjoy the Premises without prejudice to any of the remedies that Landlord may have under this Lease, or at law or equity by any reason of Tenant's default or of such termination. Landlord hereby reserves the right, but shall not have the obligation, to recognize the continued possession of any subtenant.
- (c) Upon retaking possession of the Premises, Landlord may use the Premises for Landlord's own purposes or relet the Premises on any reasonable terms without prejudice to any other remedies that Landlord may have by reason of Tenant's default. None of these actions will be deemed an acceptance of surrender by Tenant. To the extent permitted by law, and except as expressly provided in this Lease, Tenant waives the service of (i) any notice of intention to terminate this Lease or to retake the Premises, (ii) any demand for payment of Rent or for possession, and (iii) any and every other notice or demand required or permitted under Applicable Laws.
- (d) Landlord at its option may relet the whole or any part of the Premises, from time to time, either in the name of Landlord or otherwise, to any tenants, for any terms ending before, on, or after the expiration date of the Term, at any rentals, and on any other conditions (including concessions and free-rent periods) that Landlord, in its sole discretion, determines to be appropriate. Landlord is to use commercially reasonable efforts to mitigate any damages incurred by Landlord as a result of any default by Tenant. However, no failure to mitigate damages by Landlord will operate to relieve Tenant of any liability under this Lease or otherwise affect Tenant's liability.
- (e) Whether or not Landlord retakes possession of or relets the Premises, Landlord may recover all damages caused by the Default (including but not limited to unpaid Rent, attorney fees reasonably incurred, all costs of reletting the Premises, the unamortized cost of improvements installed by Landlord for Tenant, and broker commissions)

together with interest thereon at the Default Rate. Landlord may sue periodically to recover damages as they accrue during the remainder of the Term without barring a later action for further damages. Landlord may at any time bring an action seeking accrued damages plus damages for the remaining Term as allowed by law.

(f) All of Landlord's rights, privileges and elections or remedies are cumulative and not alternative.

(g) The specified remedies to which Landlord may resort hereunder are not intended to be exclusive of any remedies or means of redress to which Landlord may at any time be entitled lawfully, and Landlord may invoke any remedy (including the remedy of specific performance) allowed at law or in equity as if specific remedies were herein provided for.

18. **Surrender on Termination; Holdover.** On expiration or early termination of this Lease, Tenant shall surrender the Premises broom clean and free of debris inside the Premises and Tenant shall cause the Building to be free of Tenant debris. Subject to the provisions of Section 6 hereof, the Premises shall be surrendered to Landlord in the same condition as at the commencement of the Term, subject only to wear and tear from ordinary use. Tenant shall remove all of its furnishings and trade fixtures. Failure to remove furnishings and trade fixtures shall be an abandonment of such property and Landlord may dispose of it at Tenant's expense in any manner without liability to Landlord. If Tenant fails to vacate the Premises at the end of the Term, Tenant will be deemed guilty of unlawful detainer; or, at Landlord's election, this Lease, and these terms and conditions hereof, shall remain in full force and effect as a Tenancy at Sufferance except that the definition of Base Rent under Section 2 herein shall be an amount equal to 200% of the greater of the Base Rent last in effect or the then market rental value of the Premises as determined by Landlord assuming a new lease of the Premises on the same terms as this Lease ("**Holdover Rent**"). Landlord's acceptance of Holdover Rent or any other payment will not constitute a renewal of this Lease. In addition, Tenant shall be liable for, and indemnify, defend and hold harmless Landlord, its employees and agents from and against, any and all loss, cost, damage and expense that Landlord shall incur as a result of Tenant holding over in the Premises, including consequential damages to Landlord such as lost opportunities with respect to a new Lease or claims by a new tenant against Landlord and/or concessions made to such tenant to prevent any new tenant from terminating such lease due to Tenant's hold-over. There is a built in cooler located within the Building (the "Cooler"). A portion of the Base Rent payable by Tenant under this Lease compensates Landlord for the cost and value of the Cooler. Provided that Tenant fully and faithfully satisfies its obligations under this Lease, Tenant shall have the right to remove the Cooler at the end of the Lease term provided that Tenant shall repair any damage to the Building resulting from the removal of the Cooler. If Tenant has not removed the Cooler prior to the termination of this Lease, Tenant shall be deemed to have abandoned any interest in the Cooler and the Cooler shall be the property of the Landlord free of any claim of Tenant.

19. **Subordination.** This Lease shall, at Landlord's option, be subordinate to any ground lease, mortgage, real estate sale contract or deed of trust ("**Superior Instrument**"), under the holder of such Superior Instrument(s) may claim an interest in the real property of which the Building, and Premises form a part. This clause shall be self-operative and no further instrument of subordination shall be required with regard thereto. Notwithstanding the foregoing, upon Landlord's or such Superior Instrument holder's written request, Tenant or Tenant's successors in interest shall execute and deliver (and shall cause any sublessees under a permitted sublease to execute and deliver), without modification or amendment, any documents including without limitation lender's standard form of Subordination Agreement or such Superior Instrument holder's standard form of ground lease letter (recognition agreement) as the case may be, required to effectuate or confirm such subordination to any Superior Instrument. Failure by Tenant to so execute within ten (10) business days shall be deemed a Default under Section 16(b). Tenant shall attorn to any successor landlord.

20 **Estoppel Certificate.** Tenant and Guarantor shall, at any time upon not less than ten (10) days prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the Rent is paid in advance, if any, and acknowledging that there are not, to Tenant's knowledge, any uncured Defaults on the part of the Landlord hereunder, or specifying such Defaults, if any are claimed and specifying such other matters as reasonably requested by Landlord or its potential mortgagee, ground lessor or purchaser of its interest. Tenant agrees that if Tenant fails to execute and deliver such certificate within such 10 day period, Landlord may execute and deliver such certificate on Tenant's behalf and that such certificate will be binding on Tenant.

21. Hazardous Substances.

(a) Except for small quantities of cleaners, copier fluids and toner used in the ordinary course of Tenant's Permitted Use and in compliance with all Applicable Laws, Tenant shall not, and shall not cause or allow any other party to, construct, use, deposit, store, dispose, place or locate on or about the Premises any Hazardous Substances (defined below) without the prior written consent of Landlord, which may be withheld or denied for any reason or no reason at all. If Landlord consents in writing to any Hazardous Substances on the Premises, Tenant shall ensure that such Hazardous Materials remain sealed in their containers at all times while in the Premises, except when necessary for use, and Tenant shall comply with all Applicable Laws in connection with the use, storage and disposal of all Hazardous Substances.

(b) Tenant shall immediately notify Landlord of: (i) any disposal, release, discharge, migration, spill, or leak of Hazardous Substances; (ii) any inspection, enforcement, clean-up or other regulatory action taken or threatened by any regulatory authority with respect to any Hazardous Substances on, about, above, beneath or from the Building or the migration thereof from or to other property; (iii) any demands or claims made or threatened by any party relating to any loss or injury claimed to have resulted from any Hazardous Substances on, about, above, beneath or from the Building; and (iv) any matters where Tenant is required by any Applicable Laws to give a notice to any regulatory authority concerning Hazardous Substances on or from the Building. Tenant shall indemnify, defend, and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including direct, indirect, special and consequential damages of any type) which arise during or after the Lease Term as a result of contamination by Hazardous Substances as a result of Tenant's use or activities or omissions, or the use, activities or omissions of Tenant's employees, agents or contractors. Tenant shall be liable under this Section 21 for the effects of any contamination or injury to person, property, or the environment created or suffered by Tenant, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration, and/or abatement thereof, or of any contamination therein involved. Tenant's obligations under this Section 21 shall survive the expiration or earlier termination of this Lease.

(c) For purposes of this Lease, "**Hazardous Substances**" means any material or substance: (a) which is defined or becomes defined as a "hazardous substance", "hazardous waste", "infectious waste", "chemical mixture or substance", "dangerous", "toxic", or "air pollutant" under Applicable Laws, or any like or similar term or terms; (b) contains petroleum, crude oil or any fraction thereof; (c) containing polychlorinated biphenyls (PCB's); (d) contains asbestos; (e) which is radioactive; (f) which displays toxic, reactive, ignitable or corrosive characteristics, as all such terms are used in their broadest sense, and are defined or become defined by Applicable Laws; or (g) which cause a nuisance upon or waste to any portion of the Building.

22. **Brokerage Fees.** Tenant represents and warrants to Landlord that it has not dealt with any broker in connection with this Lease. Tenant agrees to indemnify and hold Landlord free and harmless from and against all claims for brokerage commissions or fees and/or finder's fees by any other person or entity claiming to have been retained by Tenant in connection with this transaction or to be the procuring cause of this transaction on behalf of Tenant. Tenant's obligations under this Section 22 shall survive the expiration or earlier termination of this Lease.

23. **Security Deposit.** Upon the execution of this Lease, Tenant shall deposit in cash with Landlord the Security Deposit to secure Tenant's faithful performance of this Lease. If Tenant Defaults under this Lease, Landlord may apply all or any portion of the Security Deposit to cure such Default or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so applies any portion of the Security Deposit, Tenant shall immediately, upon written demand, restore the Security Deposit to the full amount hereinabove stated. LANDLORD SHALL NOT BE REQUIRED TO KEEP THE SECURITY DEPOSIT SEPARATE FROM ITS GENERAL ACCOUNTS AND TENANT SHALL NOT BE ENTITLED TO ANY INTEREST ON ITS SECURITY DEPOSIT. Provided Tenant is not in Default of this Lease, within 60 days after the expiration of the Term and the vacation of the Premises by Tenant, the Security Deposit, less any portion thereof to which Landlord may be entitled, shall be returned to Tenant. Landlord will have the right to continue to hold the Security Deposit following the expiration of the Term until all of Tenant's obligations under this Lease have been satisfied.

24. **Alterations to the Building.** Landlord has the right at any time to alter the Building without any such acts constituting an actual or constructive eviction and without incurring any liability to Tenant, so long as such changes

do not deny Tenant access to the Premises or otherwise adversely affect Tenant's Permitted Use of the Premises in an unreasonable manner. Landlord shall use commercially reasonable efforts to minimize interference with Tenant's Permitted Use of the Premises during the making of such changes or alterations, provided that Landlord shall have no obligation to employ contractors or labor at overtime or other premium pay rates or to incur any other overtime costs or additional expenses whatsoever. In the event

25. General Provisions.

(a) Waiver by either party of strict performance of any provision of this Lease will not be a waiver nor prejudice the party's right otherwise to require performance of the same provision or any other provision.

(b) Subject to the limitations on transfer of Tenant's interest, this Lease shall bind and inure to the benefit of the parties, their respective heirs, successors and assigns.

(c) If this Lease commences or terminates at a time other than the first day or last day of one of the specified rental periods, then Base Rent shall be prorated as of such date, and in the event of termination for reasons other than Default, all prepaid Rent shall be refunded to Tenant or applied to sums due and owing by Tenant. Tenant warrants that it has full right and authority to enter into this Lease, and, so long as Tenant complies with all terms of this Lease, it shall be entitled to peaceable and undisturbed possession of the Premises free from any eviction or disturbance by Landlord or persons claiming through Landlord.

(d) Notices between the parties relating to this Lease shall be in writing, effective when delivered either in person or by facsimile (as evidenced by transmission confirmation receipt), or if mailed, effective on the second (2nd) day following mailing, postage prepaid, certified mail, return receipt requested, and by regular first class mail, to the address for the party stated in this Lease or to such other address as either party may specify by notice to the other. Rent shall be payable to Landlord at the address set forth on the cover page.

(e) TIME IS OF THE ESSENCE with respect to the performance by Tenant of each and every provision of this Lease. This Lease shall be governed by the laws of Oregon State.

(f) If either party brings legal action against the other party to enforce any provision of this Lease, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to any other damages awarded at arbitration, trial and upon any appeal.

(g) Annually, within ninety (90) days after the end of Tenant's fiscal year, Tenant shall furnish to Landlord, the financial statements of Tenant and any other party which is then liable for any of the obligations under this Lease. In addition, in the event that Landlord is then in the process of selling or refinancing the Building, upon Landlord's request, Tenant shall provide to Landlord financial statements for Tenant and any other party which is then liable for any of the obligations under this Lease for the most recent fiscal quarter then ended, as well as year to date financial statements, provided, however, that if Tenant is a publicly traded company and the information set forth in this Section 25(g) is available through public information, Tenant shall be relieved of its obligations under this Section 25(g).

(h) Landlord, and Landlord's contractors, agents and consultants may enter the Premises at all reasonable times, upon reasonable prior notice, which may be oral, other than in the case of any emergency, in which case any such party may enter the Premises at any time without notice, to (a) inspect the same; (b) exhibit the same to prospective purchasers, prospective mortgagees or tenants; (c) determine whether Tenant is complying with all of its obligations under this Lease, including, without limitation, the handling of Hazardous Substances; (d) supply services to be provided by Landlord to Tenant under this Lease; or (e) post notices of non-responsibility or to make repairs or improvements in or to the Premises. Landlord may at any time place on or about the Premises or Building any ordinary "For Sale" signs, and Landlord may at any time during the last one hundred eighty (180) days of the Term hereof place on or about the Premises any ordinary "For Lease" signs. Tenant hereby waives any claim for damages for any injury to, or interference with, Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by such entry or repair or service work which Landlord deems to be reasonably necessary.

(i) Notwithstanding anything in this Lease to the contrary, Landlord shall incur no liability to Tenant

with respect to, and shall not be responsible for any failure to perform, any of Landlord's obligations hereunder if such failure is caused by any reason beyond the control of Landlord including, but not limited to, acts of the Tenant, its agents, employees or contractors, other occupants of the Building, governmental law, ordinances, rules or regulations, strike, labor trouble, fire, flood, earthquake, civil commotion, act of war, terrorism or failure or disruption of utility services ("**Force Majeure Events**"). The amount of time for Landlord to perform any of Landlord's obligations shall be extended by the amount of time Landlord is delayed in performing such obligation by reason of any Force Majeure Event. Notwithstanding anything in this Lease to the contrary, Tenant shall incur no liability to Landlord with respect to, and shall not be responsible for any failure to perform, any of Tenant's obligations hereunder, other than the payment of Base Rent, if such failure is caused by any reason beyond the control of Tenant including, but not limited to acts of the Landlord, its agents, employees or contractors, other occupants of the Building, governmental law, ordinances, rules or regulations, strike, labor trouble, fire, flood, earthquake, civil commotion, act of war, terrorism or failure or disruption of utility services. The amount of time for Tenant to perform any of Tenant's obligations shall be extended by the amount of time Tenant is delayed in performing such obligation by reason of any Force Majeure Event.

(j) Notwithstanding anything to the contrary contained in this Lease, it is expressly understood and agreed that: (a) the recourse of Tenant against Landlord with respect to the alleged breach by Landlord of any representation, warranty, covenant, undertaking or agreement contained in any of this Lease or otherwise arising out of this transaction or Tenant's use of the Premises or the Building (collectively, "**Landlord's Lease Undertakings**") shall extend only to Landlord's interest in the Property, and not to any other assets of Landlord; and (b) no personal liability or personal responsibility of any sort with respect to any of Landlord's Lease Undertakings or any alleged breach thereof is assumed by, or shall at any time be asserted or enforceable against Landlord (beyond the interest of Landlord in the Property and any insurance Landlord may carry with respect to its interest in the Property) or any of Landlord's agents, representatives or elected or appointed officials. Landlord shall have the right to sell, transfer or assign the Property, or any part thereof, or Landlord's interest in this Lease in which event Landlord shall be automatically freed and relieved from all applicable liability with respect to performance of any covenant or obligation on the part of Landlord after the date of such transfer or conveyance. Any Security Deposits or advance rents held by Landlord shall be turned over to the successor and said successor and all of the obligations of the Landlord hereunder shall be binding on Landlord, its successors and assigns, only during their respective periods of ownership.

(k) The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall not affect the validity of any other provision hereof.

(l) This Lease contains all of the terms, covenants, conditions, warranties and agreements between the parties with respect to any matter mentioned herein. There are no oral or written promises, conditions, representations, understandings, interpretations or terms of any kind as conditions or inducements to this execution of this Lease or in effect between the parties. This Lease may not be amended, altered or modified in any way except in writing signed by the parties.

(m) No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

(n) This Lease shall be binding upon the parties, their personal representatives, successors, and assigns and be governed by the laws of the State of Oregon. Any litigation between the parties hereto concerning this Lease shall be initiated in the County in which the Premises are located or in applicable Federal court.

(o) Tenant assumes all responsibility for the protection of the Premises, Tenant, its agents and invitees and their property from the acts of third parties.

(p) Preparation of this Lease by either Landlord or Tenant or Landlord's agent or Tenant's agent and submission of same to Tenant or Landlord shall not be deemed an offer to lease. This Lease is not intended to be binding until mutually executed and delivered by all parties hereto.

(q) Nothing in this Lease creates any relationship between the parties other than that of lessor and lessee, and nothing in this Lease constitutes the Landlord a partner of Tenant or a joint venture or member of a common enterprise with Tenant.

(r) This Lease may be executed in multiple counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one and the same agreement.

(s) The parties acknowledge that this Lease is the result of negotiations between the parties, and in construing any ambiguity hereunder no presumption shall be made in favor of either party. No inference shall be made from any item that has been stricken from this Lease other than the deletion of such item.

(t) Tenant shall neither be relieved from the performance of any of its covenants or obligations under this Lease, including, without limitation, the obligation of Tenant to pay Rent, nor entitled to terminate this Lease, due to a breach or default by Landlord of any of its covenants or obligations under this Lease, unless otherwise expressly provided in this Lease.

(u) THE PARTIES HERETO SHALL, AND THEY HEREBY DO, WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF, OR IN ANY WAY CONNECTED WITH, THIS LEASE, THE PREMISES, OR ANY CLAIM OF INJURY OR DAMAGE.

(v) Landlord shall in no event be in default under this Lease unless Landlord shall neglect or fail to perform any of its obligations hereunder and shall fail to remedy the same within thirty (30) days after notice to Landlord specifying such neglect or failure, or if such failure is of such a nature that Landlord cannot reasonably remedy the same within such thirty (30) day period, Landlord shall fail to commence promptly (and in any event within such thirty (30) day period) to remedy the same and to prosecute such remedy to completion with diligence and continuity. No notice from Tenant to Landlord alleging any default by Landlord shall be effective unless and until a copy of the same is given to the holder of any Superior Instrument (provided Tenant shall have been furnished with the name and address of such holder), and the curing of any of Landlord's defaults by such holder shall be treated as performance by Landlord. This Lease shall be construed as though Landlord's covenants contained herein are independent and not dependent, and Tenant hereby waives the benefit of any law or statute to the contrary.

(w) In the event Tenant is obligated to pay any amount under this Lease, whether to Landlord or a third party, Tenant shall pay together with that amount the applicable Oregon state and local sales tax.

[signatures on next page]

Exhibit A
Lease Guaranty

Brian Grant and Leigh Grant, (individually and together "Guarantor") whose address is 7450 Ridge Drive, Gladstone, Oregon 97027, as a material inducement to and in consideration of the Urban Renewal Agency for the City of Oregon City ("Landlord"), entering into a written lease (the "Lease") with Grant's Landing, LLC d/b/a Coasters Crossing ("Tenant"), of even date herewith, pursuant to which Landlord leased to Tenant and Tenant leased from Landlord, premises located in Oregon City, Oregon commonly known as 1757 Washington Street, Oregon City, Oregon 97045 unconditionally, absolutely and irrevocably and jointly and severally guarantees and promises to and for the benefit of Landlord that Tenant shall punctually perform all of Tenant's obligations under the Lease.

Guarantor waives the benefit of any statute of limitations affecting Guarantor's liability under this Guaranty.

The provisions of the Lease may be changed (including, but not limited to, renewal, extension or modification of the Lease) by agreement between Landlord and Tenant at any time, or by course of conduct, without the consent of or without notice to Guarantor. This Guaranty shall guarantee the performance of the Lease as changed. Assignment of the Lease by either Landlord or Tenant (as permitted by the Lease) shall not affect this Guaranty.

This Guaranty shall not be affected by Landlord's failure or delay in enforcing any of its rights.

If Tenant defaults under the Lease, Landlord may proceed immediately against Guarantor or Tenant, or both, or Landlord may enforce against Guarantor or Tenant, or both, any rights that it has under the Lease, or pursuant to applicable laws. If the Lease terminates and Landlord has any rights it may enforce against Tenant after termination, Landlord may enforce those rights against Guarantor without giving previous notice to Tenant or Guarantor, or without making any demand on either of them.

Guarantor waives the right to require Landlord to (1) proceed against Tenant; (2) proceed against or exhaust any security that Landlord holds from Tenant; or (3) pursue any other remedy in Landlord's power. Guarantor waives any defense based on the termination of Tenant's liability from any cause. If Guarantor becomes insolvent, becomes the subject of any bankruptcy or insolvency proceeding, or makes an assignment for the benefit of creditors, Landlord may, without notice or demand, accelerate all of Guarantor's obligations so that they are immediately due and payable.

Guarantor waives any claim or other right now existing or hereafter acquired against Tenant, or any other person who is primarily or contingently liable on the Lease, that arises from the performance of Guarantor's obligations under this Guaranty, including, without limitation, any right of contribution, indemnity, subrogation, reimbursement, exoneration, and the right to participate in any claim or remedy of Landlord against Tenant or any collateral security therefore which Landlord now has or hereafter acquires, whether or not such claim, right or remedy arises under contract, law or equity. Guarantor agrees to indemnify Landlord and hold it harmless from and against all loss and expense, including legal fees, suffered or incurred by Landlord as a result of claims to avoid any payment received by Landlord from Tenant, or for its account or from collateral, with respect to obligations of Tenant guaranteed herein. Guarantor agrees that the obligations of Tenant guaranteed herein shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Tenant is rescinded or must be otherwise restored by any holder of any of the guaranteed obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and Guarantor agrees that it will indemnify Landlord on demand for all reasonable payments, costs, and expenses, including legal fees, incurred by Landlord in connection with such rescission or restoration.

Guarantor waives its right to enforce any remedies that Landlord now has, or later may have, against Tenant. Guarantor waives any right to participate in any security now or later held by Landlord. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty, and waives all notices of the existence, creation, or incurring of new or additional obligations.

If Landlord assigns or otherwise transfers its interest in the Lease, "Landlord" as used in this Guaranty, shall mean Landlord's successors.

The parties are signing this Lease on the Effective Date stated in the introductory clause.

Landlord: **URBAN RENEWAL AGENCY FOR THE
CITY OF OREGON CITY**

By: Renate Mengelberg

Name: Renate Mengelberg

Title: URC Chair

Tenant: Land B Station, LLC
~~GRANT'S LANDING, LLC~~

Signature: Brian Grant

Brian Grant, Member

Signature: Leigh Grant

Leigh Grant, Member



CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: Urban Renewal Commission
From: City Manager, Tony Konkol

Agenda Date: 5/19/2021

SUBJECT:

Study of Urban Renewal – Next Steps Under Current Contract

STAFF RECOMMENDATION:

Accept Leland Consulting Group's Memorandum Exploring Next Steps

EXECUTIVE SUMMARY:

The attached memorandum summarizes the Urban Renewal Commission meeting on April 19, 2021, including key takeaways and desired next steps. It also provides a summary of the consultant's recommended action items for the remainder of the Urban Renewal Study project.

BACKGROUND:

On April 19, 2021, The Oregon City Urban Renewal Commission discussed the direction of urban renewal based on the findings of the ongoing Urban Renewal Study.

During the meeting, the Leland Consulting Group team and the Commissioners discussed several important issues including:

- findings from the outreach to urban renewal opponents, which led to a lengthy discussion of URA-owned properties, the City Charter, and other elements; and
- the advantages and disadvantages, and financial implications of a variety of options for the District.

Although there was not an official vote by the Urban Renewal Commission with regard to a specific use of urban renewal, all Commissioners verbally advocated for moving forward and decided they would like to explore more options on how to use urban renewal in Oregon City. The major takeaways and discussion items are outlined in the attached memorandum provided by the Leland Consulting Group.

Further, Commissioners discussed several potential next steps and raised some further questions during the meeting. In its memorandum (attached), Leland Consulting Group suggests areas where they could assist under the remainder of the current contract. Which include:

- **Bond Counsel.** If the Agency anticipates issuing long-term debt, it is desirable to have bond counsel review the Agency's current legal situation and provide the Board with a high-level presentation of the available financing options and special financing considerations and legal opinion implications of the ongoing litigation and appeal. The Leland team has engaged an experienced bond counsel to help brief the Urban Renewal Commissioners on this topic.
- **Updated Financial Projections.** The Leland Team will update and present financial projections to assist the Board with their understanding of the financial capabilities of the Agency.
- **Update Project Costs.** The Leland Consulting Group will prepare a high-level analysis of inflation-adjusted costs to 2021, and forecast completion dates to provide the Board with an updated assessment of the scope of projects they can more realistically anticipate completing.
- **Project Planning.** Leland will assist the Commission with scoping new or revised projects, specifically for urban renewal-owned properties that may require feasibility studies, conceptual drawings, development solicitation, etc.

OPTIONS:

1. Accept the report on Next Steps as presented by Leland Consulting Group
2. Do not accept the report

BUDGET IMPACT:

Amount: \$82,911.00
 FY(s): 2020-2021
 Funding Source(s): Urban Renewal

Oregon City Urban Renewal Study

April 19 Meeting Summary & Proposed Next Steps

Date May 11, 2021
To James Graham, Tony Konkol
 City of Oregon City
From Sam Brookham, Leland Consulting Group
CC Andy Parks, GEL Oregon

This memo summarizes the Urban Renewal Commission meeting on April 19, 2021, including key takeaways and desired next steps. It also provides a summary of the consultant's recommended action items for the remainder of the Urban Renewal Study project.

The Oregon City Urban Renewal Commission meeting on April 19 was scheduled to provide a forum to discuss the direction of urban renewal in Oregon City based on the findings of the ongoing Urban Renewal Study.

During the meeting, the Leland Consulting Group team and the Commissioners discussed the following items.

- Revisited the Urban Renewal Study project process, highlighting that the consultant team is closing out Phase 1 and is ready to move on with Phase 2.
- Recapped the previous Commission meeting, which included direction to revisit the current Plan (e.g., the vision and its goals and objectives), questions about the overlapping taxing districts, additional educational elements, and options and alternatives for the District.
- Debriefed on the Oregon City Business Alliance presentation.
- Presented findings from the outreach to urban renewal opponents, which led to a lengthy discussion of URA-owned properties, the City Charter, and other elements
- Presented the alternatives analysis, which outlined the advantages, disadvantages, and financial implications of a variety of options for the District.
- Discussed next steps for the project process and the Urban Renewal District more generally.

The latter three items in the bulleted list below generated in-depth discussion between the Commissioners, City staff, and the LCG team. The key takeaways from this discussion and the next steps that were identified as a result are detailed as follows.

Key Takeaways

While there was not an official vote by the Urban Renewal Commission, all Commissioners verbally advocated for moving forward and decided they would like to explore more options for how to use urban renewal in Oregon City. The major takeaways and discussion items are outlined below.

- **Proceed with Urban Renewal.** Commissioners share a desire to continue with the Downtown Oregon City/North End Urban Renewal District but take efforts to refresh the Urban Renewal Plan, revisit the vision, revamp the project list, and potentially add a termination date (contingent on more information).
- **Establish Priorities for the City and Urban Renewal.** Is it residential, employment, or something else? Is there a specific area of focus that should be receiving more attention? These priorities should be established before

exploring the projects or anything else in the Plan. It is important to note that the goals of the 2007 Plan include improving the area as a commercial and employment center.

- **Potentially Reallocate a Greater Share of Taxes to Overlapping Taxing Districts.** The LCG team presented an option to increase the frozen base to increase the tax revenue for the taxing districts. Commissioners generally supported the notion of reallocating additional tax revenue (i.e., not levying the full authority) to the taxing districts, but prefer to maintain the flexibility of doing it for a predetermined length of time rather than a permanent refreezing of the frozen tax base to a higher level. While this will require further discussion, this action will likely be embraced by Oregon City residents, although efforts to revert to the current frozen base at a later date may become politically problematic. Alternatively, a permanent increase in the frozen base extends the life of the district by only three years because it reduces the amount of tax increment revenue upfront.
- **Prioritize Actions that can be made through Minor Amendments.** It is important to the Commissioners to not spend a lot more time in the planning phase. While a substantial amendment would be a lengthy process that would take the best part of a year, a minor amendment can be done administratively in relatively little time. All of the potential actions that have been discussed thus far, including changing the project list, making small adjustments to the boundary, and other general text edits, can be done under a minor amendment.
- **Messaging is Critical.** The Commissioners want to be proactive and be seen moving forward with urban renewal. However, there must also be a clear vision for urban renewal; OC 2040 could be one answer.
- **Focus on a Project-based Approach.** Commissioners see a need to shift to a project-based approach that considers specific projects under the larger umbrella of a vision and strategy for the District. Essentially, projects need to meet the goals and policies that the URA has established. Projects that generate a high return on investment and create housing or jobs are especially preferable. Large projects that result in significant job creation would, in turn, create income taxes, local spending, housing demand, and school attendance (increasing school revenue). Certain project types should also be explored, such as a parking structure, downtown upper story redevelopment (including seismic improvements), a downtown quiet zone, and improving the connection between the End of the Oregon Trail Interpretive Center to Main Street.
- **Focus on Quick Wins.** Major projects take many years of planning; small, incremental projects—particularly those on properties controlled by the URA—can build public support, generate tax increment, and create momentum to help advance major projects.
- **Focus on URA-owned Properties.** The Commissioners want to determine a vision for these properties, then begin working to realize that vision through a developer solicitation and negotiation process (i.e., issuing a developer RFP). Some possible steps of this process may involve conducting a market and feasibility study to identify potential development types that would pencil under current market conditions and engaging an architect to develop high-level concepts (site plans, renderings).
- **Consider the Public Participation Process.** The Commissioners recognize the need to take charge of the Plan and do the work before engaging the public. There may be opportunities to utilize existing avenues, such as OC 2040, but there does not need to be a comprehensive public engagement process; specific presentations to the public are the preferred option and considered more impactful. The ultimate demonstration of public participation is a vote, but there is not yet a consensus on whether putting a plan or project to the voters is needed or wanted. Some find this suggestion to be potentially problematic, vague, or broad, while others would like more information about what the question to the public would look like. The LCG team said that many communities take the Plan to their communities, such as Corvallis. If the Commission chose to take a plan or project to the Oregon City voters, it would benefit from implementing a deliberate campaign in support, establishing a committee, and engaging legal counsel.

Project Next Steps

Commissioners discussed several potential next steps and raised some further questions during the meeting. Some of these items are the responsibility of Commissioners or City staff, and some other items could be conducted by the consultant team. This section suggests areas where the consultant team could assist under the remainder of the current contract.

To help implement the City's downtown urban renewal program a few items require additional understanding and clarification. Specifically, does the URA envision utilizing long-term debt to complete the Plan? This decision has significant impacts on the timing of and capability of the Agency to fund various projects.

Bond Counsel. If the Agency anticipates issuing long-term debt, we believe it is desirable to have bond counsel review the Agency's current legal situation and provide the Board with a high-level presentation of the available financing options and special financing considerations and legal opinion implications of the ongoing litigation and appeal. We will address issued debt and incurred indebtedness. The LCG team has engaged an experienced bond counsel to understand the cost and scope of this work.

Updated Financial Projections. We will update and present financial projections to assist the Board with their understanding of the financial capabilities of the Agency, i.e., a range of forecasted debt capacity of the Agency, by fiscal year, given various assumptions, such as debt maturity (10, 15 and 20 years), growth rates of assessed value within the district (current rate of growth, +1.0 percent and +2.0 percent scenarios), and a low, mid and high-interest rate on borrowings.

Update Project Costs. We will prepare a high-level analysis of inflation-adjusted costs to 2021, and forecast completion dates to provide the Board with an updated assessment of the scope of projects they can more realistically anticipate to complete. Note that the adopted Plan's maximum indebtedness of \$130 million was in constant dollars, not inflation-adjusted dollars, noting that to complete all elements of the Plan, would likely require Plan amendment(s) at a future date.

Project Planning. We will assist the Commission with scoping new or revised projects, specifically for urban renewal-owned properties that may require feasibility studies, conceptual drawings, development solicitation, etc. We recognize the desire to move quickly to develop an actionable plan and will provide the guidance to undertake this effort.

We will also review with staff the methodology used to recover City costs via reimbursement from the URA, document and suggest any changes as well as potential impacts of past administrative costs to the Plan.

Questions

The LCG team has provided preliminary answers to the six questions listed below. Each question may need to be explored in more detail; preliminary answers follow.

- If we were to take the plan to a vote, what would the question to the public look like?
- What would be the process to refresh the Plan?
- What is the likely timeline for revising the Plan (minor amendments only)?
- What is the impact of the downtown area on the District's finances? What would happen if it was removed?
- What are the financial implications of adding a termination date?
- What are the financial implications of a substantial amendment?

If we were to take the plan to a vote, what would the question to the public look like?

An example question is as follows: "Shall the Downtown Oregon City Urban Renewal Plan, including the collection and use of tax increment funds, be approved?"

What is the likely timeline for revising the Plan (minor amendments only)?

Many elements should be completed within 90-120 days, although challenging decisions or specific, complex projects may require additional time depending on the Board's desire for the scope of work to make decisions.

What is the impact of the downtown area on the District's finances? What would happen if it was removed?

This would require additional analysis. Any material change to the District's boundary, i.e., removing property that has increased in value since freezing the base, will reduce tax increment and defer completion of the Plan. It would be simpler to adjust the frozen base than to remove property from the district. An additional benefit of this approach is maintaining the ability to expend urban renewal moneys in any area retained within the URA. Once removed, URA investment will cease.

What are the financial implications of adding a termination date?

The implications depend on the date of the termination. If the date is prior to the expected date to expend the \$130 million maximum indebtedness, the termination date may reduce planned investment. However, that may be offset if there is a sense of urgency within the Agency to complete projects more quickly.

What are the financial implications of a substantial amendment?

Requires some analysis, however, the most significant would be revenue sharing with other taxing districts if a given threshold is met. This would extend the district's life.



Oregon City Urban Renewal Study

Urban Renewal Commission Meeting



May 19, 2021



Purpose & Agenda

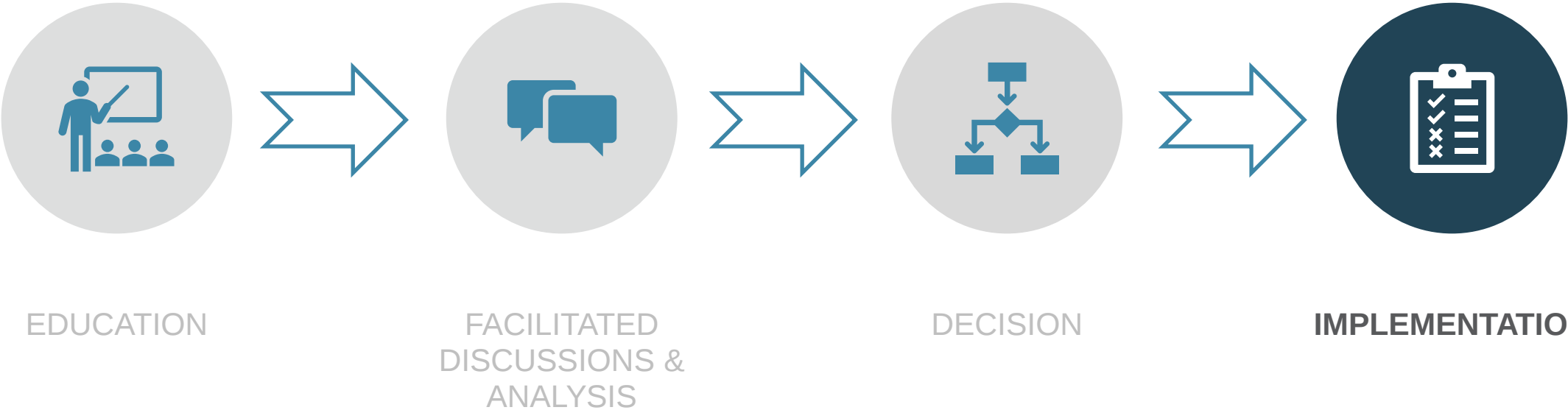
Purpose:

Identify action items for the implementation phase of the Urban Renewal Study.

Agenda:

- Recap last Commission Meeting
- Options for Next Steps

Project Process



Q: Does the City want to use Urban Renewal? **A: YES**

April 19 Commission Meeting

- Proceed with Urban Renewal
- Revisit the Vision
- Establish Priorities, e.g., residential, employment
- **Prioritize Actions made through Minor Amendments**, e.g., including changing the project list, making small adjustments to the boundary, and other general text edits
- Focus on a Project-based Approach
- Focus on Quick Wins, including UR-owned Properties

Questions We Heard

- If we were to take the plan to a vote, what would the question to the public look like?
- What is the likely timeline for revising the Plan (minor amendments only)?
- What are the financial implications of adding a termination date?

Requires Further Analysis:

- What are the financial implications of a substantial amendment?
- What is the impact of the downtown area on the District's finances? What would happen if it was removed?

How We Can Help (Under Our Current Contract)

- **Explore Debt Related Matters**
 - Engage Bond Counsel
- **Update Financial Projections**
 - Assist the Board with their understanding of the financial capabilities of the Agency
- **Update Project Costs**
 - Adjust for inflation to provide an updated assessment of projects
- **Assist with Project Planning**
 - Draft project scopes, specifically for urban renewal-owned properties

Discussions to Assist with Implementation

- **Debt related matters**

- “Debt” definitions in Urban Renewal
- To issue debt or not?
- Types of debt available to Oregon City URA
- Impact of issued debt on plan implementation
 - Impacts to project costs associated with timing
- Timing related to pending appeal

- **City administrative costs**

- Review of methodology to recover City costs from URA
- Is there a need/desire to update methodology?

THANKS FOR JOINING US!



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Strategic Advisors to Public and Private Development



CITY OF OREGON CITY URBAN RENEWAL COMMISSION DRAFT MINUTES

Virtual Meeting
Monday, April 19, 2021 at 7:00 PM

VIRTUAL MEETING OF THE URBAN RENEWAL COMMISSION

CALL TO ORDER AND ROLL CALL

Chair Denyse McGriff called the meeting to order at 7:01 PM.

PRESENT: Commissioner Frank O'Donnell, Commissioner Shawn Cross, Commissioner Denyse McGriff, Commissioner Doug Neeley, Commissioner Rachel Lyles Smith, Commissioner Rocky Smith, Jr.

STAFFERS: City Manager Tony Konkol, City Recorder Kattie Riggs, Economic Development Manager James Graham, Finance Director Matt Zook

CITIZEN COMMENTS

There were no citizen comments.

DISCUSSION ITEM

1. Alternatives Analysis – Study of Urban Renewal

James Graham, Economic Development Manager, introduced Anais Mathez, Andy Parks, and Sam Brookham from Leland Consulting.

Since the project began in August 2020, the consultant team led by Leland Consulting Group, has conducted a variety of engagement activities to review general information about urban renewal and the District, collect questions and concerns, and become familiar with the overall project. These engagement activities provided an important baseline of information the consultant team used to solicit feedback from representatives of overlapping taxing districts, community members, and opponents to Tax Increment Funding (TIF). Engagement activities included stakeholder interviews with taxing districts, a community meeting, presentations to community groups, town hall drop-in sessions, and an online survey.

Sam Brookham, Leland Consultant, kicked off the presentation with a brief background on the purpose, the recap of the last meeting regarding current plan, overlapping taxing districts, educational engagement, and alternatives. The current Urban Renewal Plan regarding the purpose of Urban Renewal was to eliminate blight, to improve the area as a commercial and employment center and stimulate private development as part of the Comprehensive Plan and to fulfill the Metro Region 2040 Growth Concept Plan. Mr. Brookham provided an update on the presentation that was provided to the Oregon City Business Alliance members. He provided a few statistics from the polling gathered during the meeting.

There was discussion on some of the polling response questions/categories and how they were composed.

Mr. Brookham mentioned that they had conversations with opponents of Urban Renewal including Craig Danielson and John Williams. They were not opposed to urban renewal but opposed to the way in which

it had been used. Opponents supported putting an Urban Renewal Plan to a vote of the people and they would prefer projects that would broaden the tax base and shorten the timeframe. Also, they supported not removing District-owned properties from the tax rolls, so they can be used to grow the tax base. Additionally, the opponents supported revisiting the governing structure and were supportive of the "right" projects.

Commissioner Lyles Smith asked for more clarity on what would be put out to a public vote. Mr. Brookham explained that the Urban Renewal Plan could be sent to voter for approval and that the Plan be re-written to have a more community focused direction. Andy Parks, Leland Consultant, commented that many cities take their urban renewal plans to a public vote. Commissioner Smith asked if the opponents were concerned about urban renewal funds being used for staffing and administration.

Commissioner O'Donnell felt the Urban Renewal Commission needed to develop a Plan that encompassed what the Commission and the community would like to see and what projects they would like to accomplish. He also thought elected officials with a few community members should be the governing structure and should not include non-elected board members.

Chair McGriff did not support the current Urban Renewal Plan as written but supported updating the Plan and it should include small and large projects. She supported having staff for implementing the Plan. She felt the McDonald's Restaurant project adjacent to Clackamette Park was not done correctly. Chair McGriff supports projects focused on properties currently owned by the Commission.

Commissioner Neeley disagreed that urban renewal projects be limited to strictly properties owned by the Urban Renewal Commission.

Mr. Brookham continued with the presentation by posing the question, does the City want to use urban renewal? If yes, does the current Plan meet the current needs. If no, then the City could close the District. If the City wants to use urban renewal, the options to move forward would be to retain the District as is, or, amend the Plan.

Chair McGriff felt there should be an additional option of updating the Plan.

Commissioner O'Donnell felt there should be an end date to the Urban Renewal Plan.

Commissioner Lyles Smith asked the clarifying question of would any change to the Plan be an update or an amendment to the Plan.

Commissioner O'Donnell asked if a minor amendment would be to alter the reduction in collection, add an end date, and a boundary adjustment.

There was discussion with Mr. Parks regarding what constitutes amending the plan. Also discussed was the mechanism of reducing taxes on properties for periods of time.

Mr. Graham asked about establishing an end date of the District and Mr. Parks commented that he had not seen that done in Oregon. Mr. Graham also commented about reducing greater financial returns because of a shorter timeline. Mr. Parks provided some further explanation on return on investment, as it related to urban renewal.

Mr. Brookham continued with the presentation by providing the advantages and disadvantages of three options: retaining the District as is, retain and refreeze the tax base income, and closing the District. Mr. Brookham reviewed the current status of the District.

Commissioner O'Donnell asked Mr. Parks regarding the disadvantages of increasing the frozen tax base and Mr. Parks provided explanation of how doing so extends the timeline by three years.

Commissioner Neeley wanted to know how much the Downtown Main Street project generates in taxing base and if that was closed-out, what would be the impacts. Chair McGriff indicated she did not support closing out the Downtown project.

The Commission, Mr. Konkol and the consultants had discussions on what would happen if the District were closed and what would happen to District-owned properties.

Commissioner Lyles Smith supported updating the Plan and retaining the tax base. Commissioner O'Donnell wanted maximum flexibility and supported the temporary reduction in tax rate and establishing an end date. Commissioner Smith supported smaller projects and updating the Plan and reducing the tax rate. Also focus on the downtown and then work to outer properties. Commissioner Cross supported retaining the District as is. Also, add a quiet zone for downtown and not move on any existing properties. Commissioner Neeley supported adding seismic upgrades for buildings in the downtown.

Chair McGriff suggested all the Commissioners review the current Plan and make their review edits and bring them back to the Commission. Commissioner Lyles Smith had concerns about slowing down the process if too much time is spent on rewriting the Plan. Chair McGriff felt that the Plan updating could happen concurrently with working on existing properties.

Commissioner O'Donnell supported placing a parking structure downtown; utilizing multiple small projects that will demonstrate success.

Mr. Konkol suggested refreshing the Plan, re-examining the tax rate, and providing ideas for existing properties as immediate focus points. Commissioner Smith asked if the focus is more residential or commercial in nature. How would the Commission determine the vision? Commissioner O'Donnell supported developing upper residential units in downtown buildings.

Mr. Konkol suggested staff would come back to the Commission with the following focus points: how to look at refining the Plan, create the vision and establish a project list. Mr. Konkol asked the Commission how much public participation was expected in the process.

Chair McGriff suggested to utilize existing processes to engage public at a dedicated meeting. Commissioner O'Donnell felt that public engagement would be largely through a public vote. Commissioner Neeley felt there needed to be presentations to the public. Chair McGriff felt there needed to be discussion on how to move forward.

Mr. Graham commented developing a vision was important and there needed to be a framework in order to make decisions.

COMMUNICATIONS

There were no communications.

ADJOURNMENT

Chair McGriff adjourned the meeting at 8:58 PM.

Respectfully submitted,

Kattie Riggs, City Recorder



CITY OF OREGON CITY

URBAN RENEWAL COMMISSION

DRAFT MINUTES

Virtual Meeting
Wednesday, April 21, 2021 at 6:00 PM

VIRTUAL MEETING OF THE URBAN RENEWAL COMMISSION

CALL TO ORDER AND ROLL CALL

Chair Denyse McGriff called the meeting to order at 6:00 PM.

PRESENT: 6 - Commissioner Frank O'Donnell, Commissioner Shawn Cross, Commissioner Denyse McGriff, Commissioner Doug Neeley, Commissioner Rachel Lyles Smith, Commissioner Rocky Smith, Jr.

STAFFERS: 4 - City Manager Tony Konkol, Finance Director Matt Zook, Economic Development Director James Graham, Economic Development Coordinator Ann Griffin, Asst. City Recorder Jakob Wiley

CITIZEN COMMENTS

There were no citizen comments.

DISCUSSION ITEM

1. Commercial Lease Renewal with Clackamas Landscape Supply, Inc.

James Graham, Economic Development Manager, introduced the item and the two options being considered for the proposed lease to Clackamas Landscape Supply.

Steve Pearson, owner of Clackamas Landscape Supply, described the business' needs for timelines and moving out of the property. The business would prefer to have adequate notice to allow them to remove their concrete blocks and draw down their gravel supply. Mr. Pearson would prefer to have enough notice to not purchase materials before the winter season, when gravel cannot be quarried, and he would be relying on shipped from out of state. If he had the months of November to February to vacate the property, he would deplete the inventory rather than purchase product before the winter season.

The Commissioners discussed various timelines for the lease and the ramifications of each on Clackamas Landscape Supply, Inc.

Motion made by Commissioner Cross, seconded by Commissioner Neeley, to execute a lease lasting until December 2021, provide a one-year notice to terminate the lease, and revisit the lease at an Urban Renewal Commission meeting held in December 2021. The motion passed by the following vote:

Yea: 6 - Commissioner O'Donnell, Commissioner Cross, Commissioner McGriff, Commissioner Neeley, Commissioner Lyles Smith, and Commissioner Smith, Jr.

2. Minutes of the March 17, 2021 Urban Renewal Commission Meeting

Commissioner Doug Neeley departed the meeting at 6:40 PM and returned at 6:42 PM. Commissioner Neeley did not take part in the vote regarding the Minutes of March 17, 2021.

Motion made by Commissioner Lyles Smith, seconded by Commissioner Smith, to approve the Minutes of March 17, 2021. The motion passed by the following vote:

Yea: 5 - Commissioner O'Donnell, Commissioner Cross, Commissioner McGriff, Commissioner Smith, Commissioner Smith, Jr.

Absent: 1 - Commissioner Neeley

COMMUNICATIONS

3. Financial Reports for the Fiscal Year Ended June 30, 2020

Matt Zook, Finance Director, provided a brief financial update and was there to answer any questions posted by the Urban Renewal Commission. The Urban Renewal Agency has a financial position of about \$3,000,000.00 and no debt. The Commissioners did not have any questions.

ADJOURNMENT

Chair Denyse McGriff adjourned the meeting at 6:45 PM.

Respectfully submitted,

Kattie Riggs, City Recorder

Public Comment for Urban Renewal Commission - 05/19/2021

[illegible]

Public Comment for Urban Renewal Commission - 05/19/2021

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City of Oregon City

MEETING DATE:	<u>May 19, 2021</u>	☒ Regular Meeting ☐ Work Session ☐ Special Meeting
LOCATION:	City Hall - Chambers	
CONVENE:	6:01 PM	ADJOURN: 7:02 PM

Vote	URBAN RENEWAL COMMISSION	PRESENT	ABSENT
1	Commissioner Rachel Lyles Smith	X	
2	Commissioner Adam Marl	X	
3	Commissioner Shawn Cross (VC)	X	
4	Commissioner Rocky Smith	X	
5	Commissioner Doug Neeley	X	
6	Commissioner Frank O'Donnell	X	
7	Chair Denyse McGriff	X	

STAFF	TITLE	PRESENT
Tony Konkol	City Manager	X
Kattie Riggs	City Recorder	X
James Graham	Economic Development Manager	X
Matt Zook	Finance Director	X

ADDITIONAL SUPPORT:	PRESENT