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Dallas Urban Renewal Agency Board of Directors Agenda

Monday, July 18, 2016, 7:00 p.m. (following the City Council meeting)
Brian Dalton, Presiding
Dallas City Hall
187 SE Court Street
Dallas, Oregon 97338

All persons addressing the Board of Directors will please use the table at the front of the Board. All testimony is electronically recorded. If you wish to speak on any agenda item, please sign in on the provided card.

ITEM	RECOMMENDED ACTION
1. Roll Call	
2. Review and approval of minutes of June 20, 2016, meeting PG. 2	Approval
3. Reappointment of URDAC members PG. 3	Motion
4. URDAC recommendation on Armory purchase agreement PG. 6	Motion
5. Other Business	
6. Adjournment	

DALLAS DEVELOPMENT COMMISSION
URBAN RENEWAL AGENCY
Monday, June 20, 2016
Civic Center

1 The Dallas Development Commission Urban Renewal Agency Board of Directors met in regular
2 session on June 6, 2016, at 7:47 p.m. in the Civic Center of City Hall with Brian
3 Dalton presiding.

4 **ROLL CALL**

5 Directors present: Jim Fairchild, Kelly Gabliks, Micky Garus, Bill Hahn, Jackie Lawson, Kevin
6 Marshall, Murray Stewart, and LaVonne Wilson. Excused: Ken Woods, Jr.

7 Also present were: City Attorney Lane Shetterly, Chief of Police Tom Simpson, Fire Chief Fred
8 Hertel, Engineering and Environmental Services Director Fred Braun, Finance Director Cecilia
9 Ward, City Recorder Emily Gagner, and Recording Secretary Jeremy Teal.

10 **REVIEW AND APPROVAL OF MINUTES OF FEBRUARY 16, 2016, MEETING**

11 It was moved by Director Gabliks *to approve the minutes of the June 6, 2016, meeting as*
12 *presented.* The motion was duly seconded and carried with a vote of 8-0.

13 **RESOLUTION**

14 **Resolution No. 2016-02:** A Resolution adopting a budget for the Dallas Development Commis-
15 sion Urban Renewal Agency for the fiscal period beginning July 1, 2016 and ending June 30,
16 2017, appropriating budget funds, and certifying a request for the maximum amount of revenue.
17 Lawson declared potential conflict of interest due to her ownership of property downtown.

18 A roll call vote was taken and Mayor Dalton declared Resolution UR 2016-01 to have PASSED
19 BY A VOTE OF 8-0 with Director Jim Fairchild, Director Kelly Gabliks, Director Micky Garus,
20 Director Bill Hahn, Director Jackie Lawson, Director Kevin Marshall, Director Murray Stewart,
21 Director LaVonne Wilson, voting YES.

22 **OTHER BUSINESS**

23 **ADJOURNMENT**

24 There being no further business, the meeting was adjourned at 7:49 p.m.

25 Read and approved this _____ day of _____ 2016.

Chair Brian W. Dalton

ATTEST:

City Manager

DALLAS URBAN RENEWAL AGENCY REPORT

TO: DALLAS URBAN RENEWAL AGENCY BOARD OF DIRECTORS

<i>City of Dallas</i>	Agenda Item No. 3	Topic: URDAC Member Appointments
Prepared By: Jason Locke, Community Development/ Operations Director <i>JL</i>	Meeting Date: July 18, 2016	Attachments: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Approved By: Ron Foggin, City Manager		

RECOMMENDED ACTION: Reappoint Bob Brixius and Nancy Adams to 4-year terms on the URDAC, and appoint an Agency member to a 4-year term.

BACKGROUND: The Agency officially established the rules and member terms for the Urban Renewal District Advisory Committee in 2014. The rules specify that the 9 members serve 4-year terms, and that the membership is composed of the Mayor, no more than 2 Agency members, and a downtown business/building owner.

The members whose terms are expired are: Nancy Adams, Bob Brixius, and Agency Member Jim Fairchild. (The Mayor's term does not expire). Both Nancy Adams and Bob Brixius have expressed their desire to continue serving on the URDAC. (Bob Brixius is the downtown business owner)

The members whose terms expire in 2018 are: Ken Jacroux, Joe Koubek, Rich Rohde, and Agency Member LaVonne Wilson.

FISCAL IMPACT: None

ATTACHMENTS:

URDAC Rules

Dallas Development Commission, Urban Renewal Agency

Resolution No. 2014-01

URBAN RENEWAL DISTRICT ADVISORY COMMITTEE (URDAC)

There is hereby continued an Urban Renewal District Advisory Committee (hereinafter referred to as URDAC) for the City of Dallas Urban Renewal District (Hereinafter referred to as District). URDAC shall consist of seven to nine members appointed by the Dallas Development Commission, Urban Renewal Agency (hereinafter referred to as the Agency), and shall include a downtown business and/or building owner, the Mayor, and not more than two Agency members. Members need not reside within the City of Dallas.

Terms and Attendance

(1) The term of office for each member is four years. Members in office at the time this resolution takes effect shall continue in office until the expiration of their appointments, as made by the Agency.

(2) A vacancy shall be filled by the Agency for the unexpired term of any member. A member of the URDAC may be removed by the Agency for misconduct or nonperformance of duty. In the event that a member is absent from three meetings in any 12-month period without an excuse, or in the event of an emergency, the URDAC may recommend removal of the member or the Agency may remove the member on its own initiative.

(3) At its first meeting in each calendar year, the board shall elect a chairperson and vice chairperson. The chairperson shall preside at all meetings and the vice chairperson shall preside over the meetings in the event that the chairperson is absent.

Procedures

(1) A majority of the members of the URDAC shall constitute a quorum, and a majority of a quorum may transact business. Meetings shall be held monthly, and only when there is business to transact. Procedures of the URDAC shall be subject to the Oregon Public Meetings Law and governed by Roberts Rules of Order.

(2) Any potential or actual conflict of interest shall be disclosed at the meeting of the commission where the action is being taken. A member of the URDAC shall not participate in any committee proceeding or action in which the member has an actual conflict of interest.

Duties

The URDAC shall be advisory to the Agency and shall:

(1) Review and recommend projects to the Agency for approval.

- (2) Make recommendations related to the Agency budget.
- (3) Engage in planning for future District projects and programs.
- (4) Develop and, with the approval of the Agency, implement grant and or other improvement programs.
- (5) Generally encourage community interest in downtown and the District.
- (6) Such other responsibilities as the Agency may, from time to time, direct.

Limitation on Authority

The actions of the URDAC shall be advisory only and shall not constitute policy of the Agency, nor shall such actions be binding upon the Agency or upon the District. The Agency may adopt all or part of any recommendation of the URDAC, with or without amendment.

Adopted: June 2, 2014
Approved: June 2, 2014

BRIAN W. DALTON, CHAIR

ATTEST:

APPROVED AS TO FORM:

RONALD W. FOGGIN,
CITY MANAGER

LANE P. SHETTERLY,
CITY ATTORNEY

DALLAS URBAN RENEWAL AGENCY

REPORT

TO: DALLAS URBAN RENEWAL AGENCY BOARD OF DIRECTORS

<i>City of Dallas</i>	Agenda Item No. 4	Topic: Old Armory Site Purchase Agreement
Prepared By: Jason Locke, Community Development/ Operations Director	Meeting Date: July 18, 2016	Attachments: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Approved By: Ron Foggin, City Manager		

RECOMMENDED ACTION: Accept the recommendation of the URDAC and direct the City Manager to reject the Purchase Agreement for the Old Armory site located at 817 SW Church Street, or determine another course or action.

BACKGROUND: In 2010, the Agency set aside funds for the purchase of the Old Armory site through the 2010/11 budget process. The discussion at the time was that acquisition of the property would provide an opportunity to redevelop the site, probably in partnership with a developer, that would result in a new privately-owned building and that the property and improvements would come back on the tax rolls and provide both increment value for the District and future property tax revenue for the City. At that time, the Old Armory was in the first stages of being demolished, and discussions with the state ensued. The purchase could have taken place at that time, but an underground tank was discovered, which required remediation by the state under the direction of the DEQ. The state and the City had informally agreed upon a purchase price of \$120,000 at that time. Since then, the state has been monitoring the site for fuel migration from the removed tank. Our understanding is that the monitoring period will be over and the subsequent issuance of the "No Further Action" letter by the DEQ will occur sometime in 2017.

Highlights of the Purchase Agreement:

- The purchase price is \$120,000, with the Agency paying the closing costs.
- The actual sale of the property will not occur until the environmental issue has been satisfactorily addressed, which would be evidenced by a "No Further Action" letter issued by the DEQ.
- Once we enter into the purchase agreement, we are obligated to purchase the property.

After receipt of the Purchase Agreement, the URDAC spent 2 meetings discussing the issue of the proposed purchase, and has recommended that the Agency not go forward with the purchase. The main reasons include the issue of environmental concerns and the liability the Agency would be taking on, the realistic ability to redevelop the property as has been envisioned, the potential return on investment and the payback to the District, and the current level of vacant buildings that are located in the general vicinity (The Dallas Market, Old Safeway, and former DHS building). The URDAC feels that the money that has been set aside for the purchase can be utilized for other projects on the project list, and provide more "bang for the buck" and direct positive impact on the District.

FISCAL IMPACT: The purchase agreement requires 10% (\$12,000) of the purchase price be placed in escrow until the actual transaction occurs, at which time the additional \$108,000 plus closing costs will be due. The UR Budget for the last 5 years has contained a line item for this purchase in the amount of \$125,000. If the Agency does not move forward with the purchase, there will be no fiscal impact.

ATTACHMENTS:

- 1) Recommendation by the URDAC
- 2) URDAC minutes from July 5, 2016
- 3) URDAC Minutes from June 7, 2016
- 4) Draft Purchase Agreement

Dallas Armory Property Recommendation by the URDAC (Analysis)



The purpose of urban renewal in Oregon is to stimulate economic growth and development. Any capital project contemplated by an urban renewal agency should be carefully evaluated according to certain criteria:

1. Is the project economically feasible? Is there a reasonable probability that it will prove practical and effective?
2. Will the project generate an adequate return on investment? Will it produce a satisfactory economic improvement with corresponding benefit to the property tax rolls?

Based on the information made available to our committee, it is our majority belief that this project as presently envisioned fails to satisfy the above tests. We see no evidence that a complete, well thought out plan is in place for developing the property post-acquisition.

Our concerns fall naturally into two areas, mirroring the above criteria.

Feasibility

Finding a buyer

If the District were to acquire the property, it would then be necessary to find a developer willing to take on the project. This seems problematical to us.

- We know of no experienced commercial developer who has expressed a positive interest in the property or presented a basic roadmap for development
- Considering the location (vacant buildings all around, problematical property next door, etc.), we have grave doubts about being able to attract a responsible developer in the foreseeable future
- Given the property's history of environmental problems, it seems doubtful that a developer would want to risk a major investment there
- We are aware of no market research data that could be used to tempt a developer to overlook the obvious negatives

In summary, there appears to us to be a substantial risk that the District could find itself in possession of an unmovable white elephant for a very long term.

Securing Financing

A developer is likely to require financing. Given the economic circumstances of the neighborhood and the property's history of soil contamination, acquiring such backing may be no easy task.

Managing the Sale and Conveyance

Marketing of the property to a notional developer will involve a substantial coordination effort by staff. Given the lack of staff experience with commercial real estate transactions of this kind as well as the heavy workload to which staff is already subjected, we are concerned about the ability of staff to effectively manage the myriad of details involved in negotiation and transfer of the property while overseeing the issues discussed in the next section, below.

Type of Construction

We do not see any criteria in place for insuring that the construction undertaken will be satisfactory in terms of the following:

- Style; consistency with the historical nature of the district. We do not want another courthouse annex experience.
- Access and parking; impact on existing parking, which is already under stress. Current issues with the proposed Senior Center offer a cautionary tale.

Return on Investment

Protecting our Investment

No strategy has been outlined for the performance criteria to be negotiated with the developer. These include but are not limited to the following:

- All matters associated with the price and any concessions that the URD would be forced to make to a developer to consummate the deal
- Time (scheduling and length of construction)
- Performance guarantees, forfeits, defaults, and penalties
- Safeguards to insure successful completion of the project and guard against the creation of another Independence Station

Payback

This, after all, is the goal of urban renewal—lasting economic growth. To make a convincing case for moving forward with this project, we would wish to know the following:

- The value of the notional new building; when it can reasonably be expected to begin paying taxes
- Considering that the district has less than 40% of its calendar life remaining, we would want to have in place a workable plan for dealing successfully with the above issues in time for the property to begin returning significant tax revenue before the district sunsets
- Staff analysis of other possible uses of the funds that could produce a useful payoff, sooner

Summary

There are numerous imponderables in the project as proposed. Given the unknowns described here, the majority of the Advisory Committee views the project as possessing an abundance of risk coupled with tenuous and uncertain justification. It is our consensus that these funds could better be employed elsewhere in the District.



1 **MINUTES - DRAFT**

2 Members Present: Chair Rich Rohde, Bob Brixius, Brian Dalton, Joe Koubek, LaVonne Wilson, David
3 Shein, Nancy Adams, and Ken Jacroux

4 Absent: Jim Fairchild

5 Staff: Community Development Director Jason Locke, Planner Suzanne Dufner

6 Visitors: Sue Rohde, Paul Trahan

7 **CALL TO ORDER**

8 Chair Rich Rohde called the meeting to order at 5:30 p.m. Jason Locke commented that several
9 committee members' terms expired on June 7, 2016. The Urban Renewal Agency will reappoint
10 committee members interested in serving again at their July 18th meeting. A quorum was established of
11 the remaining committee members. Committee members whose terms had expired were welcome to
12 participate in the discussion but could not make any motions or vote on any of the meeting agenda
13 items.

14 **APPROVAL OF MINUTES**

15 The minutes of the June 7, 2016 meeting were presented and approved.

16 **PUBLIC COMMENTS**

17 There were none.

18 **OLD BUSINESS**

19 Jason Locke provided an update on current URA projects. The sidewalk replacement projects on
20 Jefferson Street are nearly complete. They still need to work on irrigation and possibly installing a bench.
21 The projects came in a lot less than originally budgeted which will free up some budget for the next
22 sidewalk section in front of the Courthouse. The 600 Block of Main Street next to the old Cooley Building
23 is badly in need of an immediate sidewalk replacement. Jason met with Joe Koubek regarding an
24 information sign. Joe will provide some photos of the sign renderings at next month's meeting. Richard
25 Rhode asked whether staff considered placing any additional garbage cans on Jefferson Street. Jason
26 said yes, across from City Hall but that they are out of garbage cans right now.

27 Suzanne Dufner indicated Pressed's grant award that was approved last July was about ready to expire
28 and staff would be sending them a letter to see if they needed an extension.

29 Brian Dalton reported the contractor for the DDA mural on the side of the Polk-a-Dots building would be
30 starting work this month.

31 The committee continued discussion on the Armory site acquisition. David Shein made a motion
32 recommending the armory site purchase be removed from the budgeted list of URA projects and the
33 funds be made available for other projects. Joe Koubek 2nd the motion. David Shein indicated he had a
34 letter to provide the Urban Renewal Board explaining why they do not support the project in the event

35 the motion passes. Brian Dalton read an email from Ken Jacroux from earlier that day. Ken commented
36 that he is not in favor of approving funds to purchase the old Armory site and he recommends the
37 funding be made available for use on more immediate projects. A copy of Ken's email was provided to
38 staff. Jason Locke pointed out there are risks associated with both sides of the issue, purchasing or not
39 purchasing the site. David Shein commented the district will most likely sunset in 5 years. If the funds
40 are released now they can be used now. Brian Dalton commented the funds can be used for leverage
41 and he recommended creating a development plan for Church Street. Nancy Adams commented she
42 was okay with releasing the funds. LaVonne Wilson commented that she sees the risk factors associated
43 with the liability of the property as a big issue. Rich Rhode asked for a roll call for committee members
44 to vote on the motion. All 4 active committee members (Koubek, Shein, Wilson, and Rhode) voted yes.
45 The motion passed unanimously. Jason Locke indicated he would forward David Shein's letter to the
46 Board as part of the recommendation. The Urban Renewal Board will need to pass a resolution to
47 amend the budget and remove funding for the Armory site.

48 **NEW BUSINESS**

49 New business was already covered under project updates. The next project is replacing the sidewalk on
50 Jefferson Street in front of the Courthouse.

51 **MEMBER COMMENTS**

52 Joe Koubek asked about the status of the banner poles. Jason Locke commented staff is working on a
53 mechanism for rigging up banners.

54 LaVonne Wilson commented that she hoped the 4 committee members would seriously consider being
55 reappointed.

56 **STAFF COMMENTS**

57 None.

58 **OTHER BUSINESS**

59 The meeting adjourned from City Hall at 6:10 p.m.



1 **MINUTES - DRAFT**

2 Members Present: Chair Rich Rohde, Bob Brixius, Brian Dalton, Jim Fairchild, Joe Koubek, LaVonne
3 Wilson, David Shein, and Ken Jacroux

4 Absent: Nancy Adams

5 Staff: City Manager Ron Foggin, Community Development Director Jason Locke,
6 Planner Suzanne Dufner

7 Visitors: Sue Rohde, Paul Trahan

8 **CALL TO ORDER**

9 Chair Rich Rohde called the meeting to order at 5:30 p.m.

10 **APPROVAL OF MINUTES**

11 The minutes of the April 5, 2016 meeting were presented and approved.

12 **PUBLIC COMMENTS**

13 There were none.

14 **OLD BUSINESS**

15 Jason Locke provided an update on URA project activities. Work has begun on the sidewalk repair
16 projects on Jefferson Street and will be completed within the next week or so. Staff found banner poles
17 to use on the City shops property. Suzanne Dufner provided an update on Façade Grant activities. The
18 Downtown Association was awarded a façade grant to repair the side of Polk-a-Dots and paint a
19 historical mural on the wall facing the Bank of America parking lot. Pressed has an approved URA Façade
20 Grant for signage and lighting but has not completed the work yet. Washington Street Steakhouse and
21 Pub was recently awarded a façade grant (not out of the URA fund) for landscaping and painting.

22 Brian Dalton and Ken Jacroux provided recommendations to staff on where to place trash receptacles in
23 the Downtown. Staff is reviewing the recommendations and will send out an update to URDAC on
24 progress made implementing the recommendations. Pressed suggested a bottle recycling receptacle be
25 installed near their building.

26 Joe Koubek commented that he will be meeting with Jason to discuss historical signage in the
27 Downtown in the near future.

28 A question was raised regarding how to go about investigating the installation of Main
29 Street/Downtown signage at the intersection of Ellendale and Kings Valley Highway. Staff indicated they
30 will raise this issue when talking to ODOT about other signage issues.

31 Next the group held a discussion regarding the purchase of the old Armory site. Ron Foggin provided an
32 overview of what's been done over the past two (2) years with regards to cleaning up and purchasing
33 the site. The site has been in the URA budget to purchase for \$125,000 over the past six (6) years. The
34 state punctured an underground heating tank during the demolition of the Armory Building that
35 resulted in having to clean-up and monitor the site for contamination over the past two (2) years. After
36 months of not hearing from the State regarding the details of purchasing the property, City staff heard
37 from the State's Department of Administrative Services (DAS) with the help of the Governor's Regional
38 Solutions Team. The State emailed the City a purchase agreement to buy the site last month. The City

39 Attorney reviewed the agreement and suggested some edits. Staff is now in the processing of bringing
40 the agreement to the URA for consideration, consistent with budget protocol. Purchase of the site
41 would allow the URA to provide some control over the development and use of this corner in the future.
42 If purchased, the URA would send out an RFP to identify a developer to work with on the development
43 of the site.

44 Ken Jacroux commented that in light of the URA coffers being thinner than originally anticipated, URDAC
45 felt it was important to reconsider and discuss the purchase in more depth before moving forward.

46 Ron Foggin commented that the main purpose for obtaining the site is for economic development and
47 to control the property. One of the challenges facing Downtown redevelopment is unrealistic sale or
48 lease prices of buildings that have not been maintained properly over time.

49 Jason Locke commented it would be a good idea to budget funds for a consultant to prepare some
50 preliminary drawings and costs to provide prospective developers information on redevelopment
51 opportunities for the site. If the URA decides not to purchase the property, the property will sit there
52 and not generate any money now or when the district expires.

53 Paul Trahan provided public comment regarding his experience with the redevelopment of brownfield
54 sites. He contacted DEQ and they indicated the certification process to clear the site of contamination
55 has not been completed and that the state and their contractor were at odds with one another. They
56 couldn't say when the Notice of No Further Action (NFA) would be ready. The NFA doesn't necessarily
57 protect the property owner as the state can reexamine these cases every five (5) years. The URA should
58 have an indemnification clause to protect themselves from any risk associated with the property. The
59 State created a PPA (Perspective Purchase Agreement) to limit the liability of future property owners
60 that purchase brownfield sites. A PPA requires the completion of a Phase 2 Environmental Assessment.
61 The URA should also be asking for a Warranty Deed not a Bargain and Sale Deed.

62 David Shein asked how does the URA prevent something like Independence Station from happening?
63 Paul indicated that could happen if the URA does not obtain an indemnification agreement.

64 Jason Locke clarified the timeline for completing the environmental monitoring would be in FY 16-17
65 and the URA would not buy anything until certain milestones are met such as a PPA or other form of
66 indemnification agreement to minimize any inherent risks associated with developing the site.

67 Ken Jacroux asked whether the property sale would take place after DEQ was done cleaning up the site.
68 Jason indicated that was the intent. The URA will be providing comments from legal staff that may or
69 may not be accepted by the state.

70 David Shein commented on the overriding goal to prevent anything bad from happening on this corner
71 is not consistent with the purpose of urban renewal. Urban renewal activities should be undertaken to
72 generate revenue and obtain a return on investment. He referred to the memo with his specific
73 concerns about the purchase and said that he was caught off guard about the timing of the purchase. In
74 the best case scenario there would be two (2) years left of urban renewal after the site is developed. He
75 questioned whether this pencil's out now and make sense today. He moved to advise the agency to
76 drop the project, remove it from the budget and make the funds available for other projects. Joe Koubek
77 seconded the motion.

78 Joe commented that any purchase of the property should only be made contingent on completing the
79 environmental clean-up of the site. The URA will still need to maintain the property if they purchase the
80 site. He doesn't think the URA should be a landlord or relator.

81 Ken Jacroux asked about what funds were needed to make the property ready for development –
82 planning and design, permitting process, Phase 2 environmental etc. He has concerns regarding the
83 ability of a developer to obtain commercial financing for the project. Paul commented a Phase 2
84 environmental would probably cost \$12-15,000. The committee discussed the use of a design bid build
85 process.

86 LaVonne Wilson thanked staff for their efforts and for the information Paul provided. She expressed
87 concerns regarding the amount of risk and liability associated with the site and doesn't believe that it is
88 something the URA should be involved with or move forward on.

89 Brian Dalton likes the idea of moving projects forward and appreciates staff's efforts. He would love to
90 see the issue studied in greater detail in order to better understand the issues involved with the
91 purchase. He has not decided whether or not to support the purchase yet.

92 David Shein recommended they move agenda item #5 to the next meeting.

93 Jason Locke acknowledged they've always been aware of some risk involved with the purchase of the
94 site and staff does not take it personally if the committee decides not to pursue the purchase of the site.
95 The committee should not let the amount of staff time invested in the purchase thus far be a factor in
96 their decision.

97 Joe Koubek requested they move to postpone the vote pending additional discussion and information.
98 He removed his second for the original motion on the floor and David Shein withdrew the motion. David
99 made a new motion that the URA take no action on the purchase agreement for the old Armory site
100 until key issues are resolved by URDAC. Joe Koubek seconded the new motion and the motion passed
101 unanimously.

102 URDAC will discuss the issues further at their July meeting.

103 Joe Koubek asked for a report on URDAC meeting attendance. Suzanne said she would email the
104 attendance report to URDAC.

105 **NEW BUSINESS**

106 Discussion postponed until the next meeting.

107 **MEMBER COMMENTS** None.

108 **STAFF COMMENT** None.

109 **OTHER BUSINESS** None.

110 The meeting adjourned from City Hall at 6:45 p.m.

Purchase and Sale Agreement

THIS PURCHASE AND SALE AGREEMENT (this "**Agreement**") is between the State of Oregon, acting by and through the Oregon Military Department ("**Seller**") and the City of Dallas, an Oregon municipal corporation, acting by and through the Dallas Urban Renewal Agency ("**Buyer**"). This Agreement is effective on the date when it is last executed by Seller or Buyer (the "**Effective Date**"). Buyer and Seller are each a "**Party**" and together the "**Parties**."

Buyer and Seller agree as follows:

1. Agreement to Purchase and Sell. Seller shall sell to Buyer, and Buyer shall purchase from Seller, that certain unimproved real property commonly known as 817 SW Church Street in the City of Dallas, Polk County, Oregon, Tax Lot 11300 (the "**Property**"), as described on Exhibit A and depicted on Exhibit B, subject to the terms and conditions of this Agreement.

2. Purchase Price.

2.1 Buyer shall pay to Seller One Hundred Twenty Thousand Dollars (**\$120,000.00**) in immediately available funds (the "**Purchase Price**") at Closing (as defined in Section 10 below). Buyer shall deposit the Purchase Price with the Escrow Agent (as defined in Section 9 below) on or before the Closing Date (as defined in Section 10 below), for delivery to Seller upon satisfaction of all conditions precedent to the Closing as described in this Agreement.

2.2 Within five (5) business days after the Effective Date, Buyer shall transfer the sum of Twelve Thousand Dollars (**\$12,000.00**) to the Escrow Agent as an earnest money deposit (the "**Earnest Money Deposit**"). The Earnest Money Deposit and earnings thereon, if any, are together the "**Escrow Funds**." The Escrow Funds shall be refundable to Buyer if the conditions of Buyer, as set forth in Section 6 below, are not satisfied, or Buyer has not waived such conditions. At Closing, Buyer shall receive a credit against the Purchase Price in an amount equal to the Escrow Funds.

3. Examination of Title. Buyer may request a copy of a current title report for the Property (the "**Title Report**") from the Escrow Agent. Buyer will have fifteen (15) business days after the Effective Date within which to give notice in writing to Seller of any objection to title or to any liens or encumbrances affecting the Property. Within fifteen (15) business days of receipt of any notice of objection from Buyer, Seller shall give Buyer written notice of whether it is willing and able to remove the objected-to exceptions. Within ten (10) business days of Seller's notice, Buyer shall elect whether to purchase the Property subject to the exceptions which Seller is not willing or able to remove, or to terminate this Agreement. In the event Buyer does not timely elect to terminate this Agreement pursuant to this Section 3, Buyer shall be deemed to have elected to purchase the Property subject to such exceptions.

4. Property Condition.

4.1 The Property is sold "AS-IS," and with all faults. Buyer understands and acknowledges that Buyer has had the opportunity to inspect the Property; that Seller does not make and has not made any representations or warranties of any kind whatsoever, either express or implied, with respect to the condition of the Property; and that Seller shall have no liability relating to the condition of the Property.

4.2 Concurrently with the execution of this Agreement, Seller has delivered to Buyer the documents described in this Section 4.2 (together the "**Environmental Documents**"). The Environmental Documents describe certain ground contamination on the Property, and the remediation thereof, by Seller.

(a) "Removal of Decommissioned Heating Oil Tank and Associated Petroleum-Impacted Soil and Groundwater, Former Dallas Armory, Dallas, Oregon," dated July 2012; and

(b) "Residual Soil and Groundwater Contamination Investigation and Remediation, Former Dallas Armory, Dallas, Oregon," dated September 2012.

Buyer understands and acknowledges that Seller's delivery of the Environmental Documents to Buyer does not in any way constitute a representation or warranty from Seller about any environmental matter, but is rather merely a conveyance to Buyer of documents in Seller's possession regarding environmental matters relating to the Property. Buyer further understands and acknowledges that Seller does not represent or warrant that the Environmental Documents constitute all of the documents or information in Seller's possession regarding environmental matters relating to the Property.

5. Conditions of Seller. Seller's obligation to sell the Property is conditioned upon each of the following being satisfied or waived by Seller:

5.1 Buyer has not provided Seller with notice of Buyer's termination of this Agreement pursuant to Section 3 above.

5.2 Remediation of the ground contamination on the Property as described in the Environmental Documents, as evidenced by receipt of a "No Further Action" letter from Oregon Department of Environmental Quality (the "**DEQ**"), or other assurance of remediation reasonably satisfactory to Buyer.

5.3 Seller has received all necessary approvals and satisfied all State of Oregon statutes and administrative rules pertaining to the disposition of interests in real property.

5.4 Buyer's performance of all of its obligations under this Agreement.

6. Conditions of Buyer. Buyer's obligation to purchase the Property is conditioned upon each of the following being satisfied or waived by Buyer:

6.1 Buyer has not provided Seller with notice of Buyer's termination of this Agreement pursuant to Section 3 above.

6.2 Remediation of the ground contamination on the Property as described in the Environmental Documents, as evidenced by receipt of a "No Further Action" letter from the DEQ, or other assurance of remediation reasonably satisfactory to Buyer.

6.3 Seller's performance of all of its obligations under this Agreement.

7. Conveyance by Statutory Bargain and Sale Deed. At Closing, title to the Property, subject only to the approved title exceptions pursuant to Section 3 above, shall be conveyed from Seller to Buyer by a statutory bargain and sale deed substantially in the form of Exhibit C (the "**Deed**").

8. Title Insurance. Buyer is responsible for obtaining and paying the premium for any title insurance policy (the "**Title Policy**") Buyer desires to obtain for the Property.

9. Escrow Instructions. Upon execution of this Agreement, the Parties shall deposit an executed copy of this Agreement with First American Title Company in Dallas, Oregon (the "**Escrow Agent**"). Seller and Buyer shall execute such reasonable additional and supplementary escrow instructions as may be appropriate to enable the Escrow Agent to comply with the terms of this Agreement; however, in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement will control.

10. Closing. The closing of the sale and purchase of the Property (the "**Closing**") shall be held, and delivery of all items to be made at the Closing shall be made, at the offices of the Escrow Agent, within thirty (30) days after Seller's delivery to Buyer of a "No Further Action" letter from the DEQ, or other assurance of remediation reasonably satisfactory to Buyer of remediation of the ground contamination on the Property as described in the Environmental Documents, provided all of the other conditions set forth in Sections 5 and 6 have been satisfied or waived. The date of Closing is the "**Closing Date**".

11. Seller's Closing Documents. At or before Closing, Seller shall deposit the following items with the Escrow Agent:

11.1 the duly executed and acknowledged Deed; and

11.2 such additional funds, if any, as Seller is obligated to provide under this Agreement that are necessary to close this transaction.

12. Buyer's Closing Documents. At or before Closing, Buyer shall deposit the following items with the Escrow Agent:

12.1 the Purchase Price; and

12.2 such additional funds as Buyer is obligated to provide under this Agreement that are necessary to close this transaction.

13. Taxes and Closing Costs.

13.1 Buyer is responsible for real property taxes and assessments, if any, on the Property.

13.2 Buyer shall pay the premium for the Title Policy, if any.

13.3 Buyer shall pay the recording fee for the Deed.

13.4 Buyer shall pay all other Closing costs and escrow fees, if any.

14. Required Actions of Buyer and Seller. Buyer and Seller shall execute all such instruments and documents and take all actions as may be necessary or convenient in order to consummate the purchase and sale contemplated by this Agreement and shall use their best efforts to accomplish Closing in accordance with the provisions stated in this Agreement.

15. Seller's Representations and Warranties. Seller represents and warrants as follows:

15.1 Seller has the legal power, right, and authority to enter into this Agreement and the instruments referred to here and to consummate the transactions contemplated in this Agreement.

15.2 This Agreement and all documents required to be executed by Seller are and will be valid, legally binding obligations of and enforceable against Seller in accordance with their terms.

15.3 Neither the execution and delivery of this Agreement and documents referred to here, nor the incurring of the obligations set forth here, nor the consummation of the transactions here contemplated, nor compliance with the terms of this Agreement and the documents referred to herein, conflict with or result in the material breach of any terms, conditions, or provisions of, or constitute a default under any bond, note, or

other evidence of indebtedness, or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease, or other agreements or instruments to which Seller is a party or affecting the Property.

15.4 The persons executing this Agreement and the instruments referred to here on behalf of Seller have the legal power, right, and actual authority to bind Seller to the terms and conditions of this Agreement.

15.5 Seller's representations and warranties contained here are true and accurate, and are not misleading. Seller's representations and warranties contained here will be continuing and will be true and correct as of the Closing Date with the same force and effect as if remade by Seller in a separate certificate at that time. Seller's representations and warranties contained here will survive Closing and will not merge into the Deed and the recordation of the Deed in the official records.

16. Buyer's Representations and Warranties. Buyer represents and warrants as follows:

16.1 Buyer has the legal power, right, and authority to enter into this Agreement and the instruments referred to here and to consummate the transactions contemplated here.

16.2 This Agreement and all documents required by it to be executed by Buyer are and will be valid, legally binding obligations of, and enforceable against Buyer in accordance with their terms.

16.3 Neither the execution and delivery of this Agreement and documents referred to here, nor the incurring of the obligations set forth here, nor the consummation of the transactions contemplated, nor compliance with the terms of this Agreement and the documents referred to herein, conflicts with or results in the material breach of any terms, conditions, or provisions of or constitute a default under any bond, note, or other evidence of indebtedness, or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease, or other agreements or instruments to which Buyer is a party.

16.4 The persons executing this Agreement and the instruments referred to here on behalf of Buyer have the legal power, right, and actual authority to bind Buyer to the terms and conditions of this Agreement.

16.5 All requisite action has been or will be undertaken by Buyer in connection with entering into this Agreement and the instruments referred to here and the consummation of the transactions contemplated here. No further consent or action by any judicial or administrative body, governmental authority, or other party is required.

16.6 Except for title review under Section 3 above, Buyer has completed its due diligence review of the Property and accepts the Property AS-IS, in the condition as of the Effective Date.

16.7 Buyer's representations and warranties contained here are true and accurate, and are not misleading. Buyer's representations and warranties contained here will be continuing and will be true and correct as of the Closing Date with the same force and effect as if remade by Buyer in a separate certificate at that time. Buyer's representations and warranties contained here will survive Closing and will not merge into the Deed and the recordation of the Deed in the official records.

17. **Brokers.** Each Party hereby represents and warrants to the other that it did not employ or use any broker or finder to arrange or bring about this transaction and that there are no claims or rights for brokerage commissions or finder's fees in connection with the transactions contemplated by this Agreement.

18. **Amendment and Modification.** This Agreement may be amended, modified or supplemented only by a written agreement signed by Buyer and Seller.

19. **Notices.** All notices required or permitted hereunder shall be in writing and shall be served on the Parties at the following addresses:

Seller: Oregon Military Department
Attention: Dennis Ruth
Chief, Planning & Programming (Acting)
PO Box 14350
Salem, OR 97309-5047

With a copy to: Shelby E. Robinson, AAG, or successor
Oregon Department of Justice
1162 Court Street NE
Salem, OR 97301-4096

Buyer: City of Dallas
Attention: Jason Locke
187 SE Court Street
Dallas, OR 97338

With a copy to: _____

Any such notices may be sent by: (a) certified mail, return receipt requested, in which case notice will be deemed delivered five (5) business days after deposit, postage prepaid in the U.S. mail; (b) a nationally recognized overnight courier, in which case notice will be deemed delivered one business day after deposit with such courier; or (c) facsimile transmission, in which case notice will be deemed delivered upon electronic verification that transmission to recipient was completed.

20. Default; Remedies. If either Party fails to perform as required by this Agreement, the other Party may: (a) bring an action for damages for breach of contract; or (b) pursue any other legal remedy against the defaulting Party as may be allowed at law or in equity.

21. Personal Property. There is no personal property included in the transaction contemplated in this Agreement.

22. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties, and their respective successors in interest and assigns, but in no event shall any Party be relieved of its obligations under this Agreement without the express written consent of the other Party.

23. Governing Law; Venue. The laws of the State of Oregon (without giving effect to its conflicts of law principles) govern all matters arising out of or relating to this Agreement, including, without limitation, its validity, interpretation, construction, performance, and enforcement. Any Party bringing a legal action or proceeding against any other Party arising out of or relating to this Agreement shall bring the legal action or proceeding in the Circuit Court of the State of Oregon for Marion County. Each Party hereby consents to the exclusive jurisdiction of such court, waives any objection to venue, and waives any claim that such forum is an inconvenient forum.

24. Counterparts. This Agreement may be executed in two or more fully or partially executed counterparts, each of which will be deemed an original binding the signer thereof against the other signing Party, but all counterparts together will constitute one and the same instrument.

25. Entire Agreement. This Agreement and any other document to be furnished pursuant to the provisions of this Agreement embody the entire agreement and understanding of the Parties as to its subject matter. There are no restrictions, promises, representations, warranties, covenants, or undertakings other than those expressly set forth or referred to in such documents. This Agreement and such documents supersede all prior agreements and understandings between the Parties with respect to the subject matter of this Agreement.

26. Severability. If for any reason a court of competent jurisdiction finds any provision of this Agreement, or portion thereof, to be unenforceable, that provision of this Agreement will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the remainder of this Agreement will continue in full force and effect.

27. Survival. All representations, warranties and covenants made by the Parties shall survive Closing.

28. Time is of the Essence. Time is of the essence in relation to the Parties' performance of any and all of their obligations under this Agreement.

29. Statutory Notice. THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

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Executed as of the last date written below.

Seller:

The State of Oregon,
acting by and through
the Oregon Military Department

Buyer:

City of Dallas,
an Oregon municipal corporation,
acting by and through the
Dallas Urban Renewal Agency

By: _____
MICHAEL E. STENCEL, Major General
As its: Adjutant General
Date: _____

By: _____
As its: _____
Date: _____

Exhibits:

- Exhibit A – Legal Description of Property
- Exhibit B – Graphic Depiction of Property
- Exhibit C – Form of Deed

#6216652v2

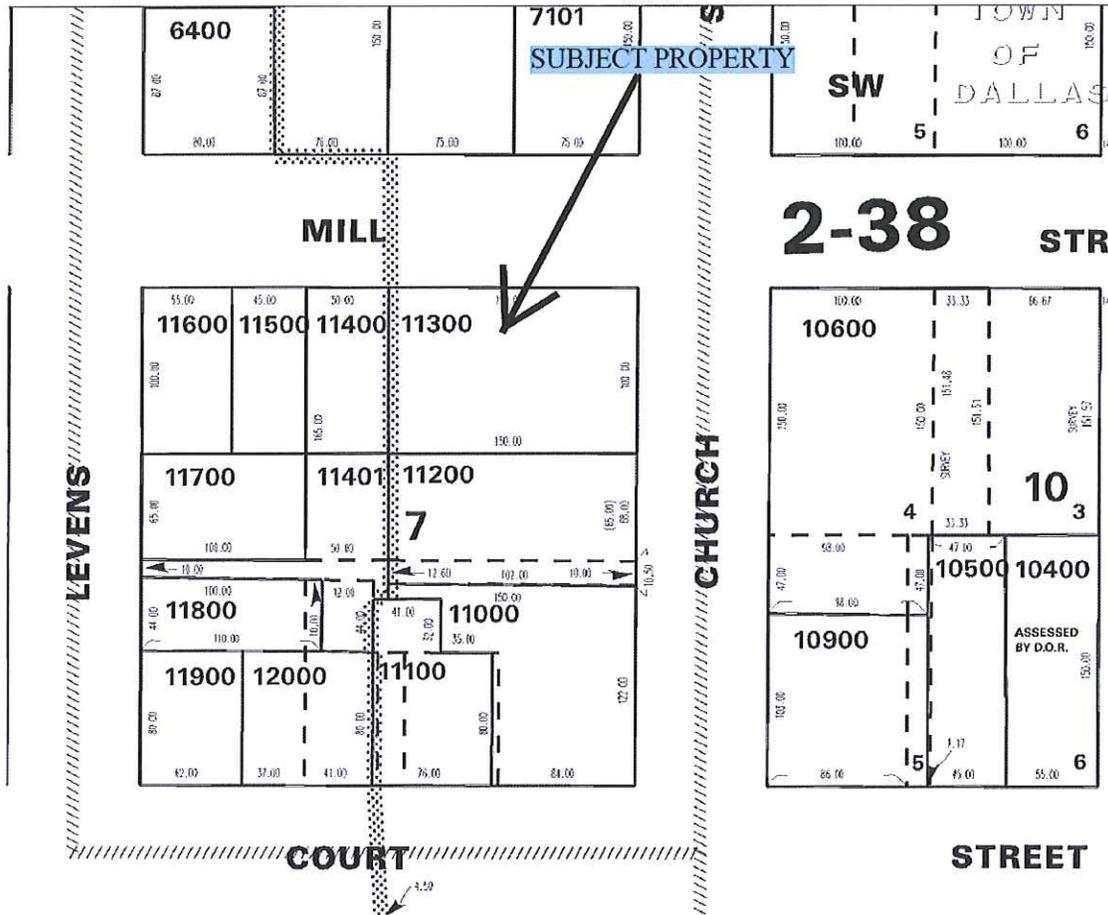
EXHIBIT A
Legal Description of the Property

Real property in the City of Dallas, County of Polk, State of Oregon,
described as follows:

A part of the Donation land Claim of Isaac Levens and wife, Not. No. 1963,
Claim No. 51, in township seven (7) south of range five (5) west of the
Willamette Meridian in Polk County, Oregon; and more particularly
described as follows, to-wit; beginning at a point 80 feet west of the
Northwest corner of Block No. 10, in the original town of Dallas, Polk
County; thence running south 100 feet; thence West 150 feet; thence North
100 feet; and thence East 150 feet to the place of beginning.

EXHIBIT B
Graphic Depiction of Property

SE¼NE¼, Section 32, T. 7 S., R. 5 W., WM
POLK COUNTY, OREGON



**EXHIBIT C
Form of Deed**

After recording return to:

City of Dallas
Attn: Jason Locke
187 SE Court Street
Dallas, OR 97338

Send a copy to:

Oregon Military Department
Attn. Arthur Arroyo
Real Property Manager, Installations Div.
PO Box 14350
Salem, OR 97309-5047

Until a change is requested,
all tax statements shall be sent to the following address:

Grantee as above

**BARGAIN AND SALE DEED
(ORS 93.860)**

The State of Oregon, acting by and through the Oregon Military Department, Grantor, conveys to the City of Dallas, an Oregon municipal corporation, Grantee, the following described real property (the "Property"), together with all improvements thereupon:

See: Exhibit A, attached hereto.

The true consideration for this conveyance is \$ 120,000.00.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

Dated this ____ day of _____, 2016.

The State of Oregon, acting by and through the Oregon Military Department, Grantor

By: _____
MICHAEL E. STENCEL, Major General
As its: Adjutant General

STATE OF OREGON)
) ss:
COUNTY OF MARION)

This instrument was acknowledged before me on _____, 2016 by Michael E. Stencil, Major General, as the Adjutant General and authorized representative of the Oregon Military Department.

SAMPLE
Notary Public for Oregon
My Commission Expires: _____

Exhibit A
Property Description