

PORT OF HOOD RIVER COMMISSION
Tuesday, July 15, 2014
Marina Center Boardroom
5:00 p.m.

Regular Session Agenda

1. Call to Order
 - a. Modifications, Additions to Agenda
 2. Election of Officers
 3. Public Comment (5 minutes per person per subject; 30 minute limit)
 4. Consent Agenda
 - Approve Minutes of June 17, 2014 Regular Session
 - Ratify Change Order No. 1 with Wildish Standard Paving Co. to Modify Schedule for Bridge Approach Overlay Project
 - Ratify Change Order No. 2 with Even Construction in the Amount of \$7,693 for a Revised Contract Amount of \$194,581
 - Approve Lease with CRG Freight in the Maritime Building
 - Authorize Lease with Hood River Yacht Club in the Marina Park
 - Authorize Lease with Columbia River Acupuncture in the Marina Park Office Building
 - Authorize Lease with Peterson Brothers Construction in Timber Incubator Building Suite 300 Subject to Legal Counsel Review
 - Approve Re-appointment of Pauly Rogers & Company, P.C. as Port Auditor
 - Authorize Broker/Dealer Agreement with Vining Sparks and Piper Jaffrey
 - Authorize Accounts Payable to Jaques Sharp Attorneys at Law in the Amount of \$5,646
 5. Reports, Presentations and Discussion Items
 - Event Site E. coli Water Sampling – Coles Environmental
 - Mt. Adams Transit Fixed-Route Van Route
 - Commissioners' Cup Sailing Regatta
 6. Director's Report/Informational Items
 7. Commissioner, Committee Reports
 - PNWA Summer Conference – Streich
 - Urban Renewal Agency– Streich, Shortt
 8. Action Items
 - a. Approve Reappointment of Jaques Sharp Attorneys at Law as Port Legal Counsel
 - b. Approve Reappointment of Columbia River Insurance as Insurance Agent of Record
 - c. Approve Change in Personnel Policy to Compensate Non-Exempt Staff for Hours Worked on Federal Holidays
 - d. Approve Contract with Surround Architecture for a Jensen Building Feasibility Study Not to Exceed \$4,400
 - e. Approve IGA with City of Hood River for Sewer Outfall Project
 - f. Approve Amended and Restated DDA with Key Development for the Expo Property
 8. Commission Call
-
9. Executive Session under ORS 192.660(2)(e) Real Estate Negotiations
 10. Possible Action
 11. Adjourn

If you have a disability that requires any special materials, services, or assistance, please contact us at 541-386-1645 so we may arrange for appropriate accommodations.

*The chair reserves the opportunity to change the order of the items if unforeseen circumstances arise. The Commission welcomes public comment on issues not on the agenda during the public comment period. With the exception of factual questions, the Commission does not immediately discuss issues raised during public comment. The Commission will either refer concerns raised during public comment to the Executive Director for a response or will request that the issue be placed on a future meeting agenda. People distributing copies of materials as part of their testimony should bring **10 copies**. Written comment on issues of concern may be submitted to the Port Office at any time.*

Commission Memo

To: Commissioners
From: Michael McElwee
Date: July 15, 2014
Re: Election of Officers and Committee Assignments for FY 2014-15

One of the first actions needing to be taken by the Commission in July is the election of officers for the 2014-15 fiscal year.

Our Governance Policy states that each officer elected shall take office immediately and serve until the first Commission meeting of the following year, or until a successor is elected. Typically, a Commissioner serves two consecutive terms as President. It is the practice of the Board to require a member of the Commission to have served for at least one year on the Board before becoming eligible for nomination for the office of President or Vice President.

The 2013-14 slate of officers was as follows:

- President – Rich McBride
- Vice President – Brian Shortt
- Secretary – Hoby Streich
- Treasurer – Jon Davies
- Commissioner – Fred Duckwall

In addition the new or re-elected President discusses committee assignments with each Commissioner to identify their preferences for the new fiscal year. Assignments are then presented for Commission approval at the regular Commission meeting following the election of officers. The list below represents the committee assignments for FY 2013-14.

Internal Committees:

Airport (two Commissioners, by Governance)	Fred Duckwall, Hoby Streich
Budget (by Statute)	All Commissioners
Finance (by Governance)	Secretary and Treasurer
Personnel (by Governance)	President and Vice President

Waterfront Recreation (one Commissioner, by Governance)	Rich McBride
Marina Ad-Hoc <i>NOTE: By Governance, Ad Hoc Committees have limited assignments not to exceed two years. This committee was formed in July, 2012.</i>	Jon Davies

Organizational Appointments:

Pacific Northwest Waterways Association	NO APPOINTMENT: as needed, decided on a case-by-case basis
HR Urban Renewal Agency	Brian Shortt, Hoby Streich
Gorge Innoventure Advisory Committee (ex officio)	Jon Davies
Mid-Columbia Economic Development Department <i>NOTE: Oregon Port representative (Cascade Locks, Hood River, The Dalles) rotates every two years.</i>	Port Staff

RECOMMENDATION: Discussion, nomination and election of officers.

**Port of Hood River Commission
Meeting Minutes of June 17, 2014
Marina Center Boardroom
5:00 P.M.**

THESE MINUTES ARE NOT OFFICIAL until approved by the Port Commission at the next regular meeting.

Present: Commissioners Jon Davies, Fred Duckwall, Rich McBride, Brian Shortt, and Hoby Streich; Port Counsel Gil Sharp; from staff, Michael McElwee, Fred Kowell, Anne Medenbach, and Laurie Borton

Absent: Port Counsel Jerry Jaques

Media: Ben Mitchell, Hood River News

1. Call to Order: President Rich McBride called the meeting to order at 5:02 p.m.
a. **Modification, Additions to Agenda:** Staff requested to add a Use Agreement with Arts in Education of the Gorge under Action Items.

2. Public Comment: None.

3. Consent Agenda:

- o Approve minutes of June 3, 2014 Regular Session and June 12, 2014 Special Session
- o Authorize Addendum 2 to Intergovernmental Agreement with MCEDD
- o Authorize Addendum 6 to the Pfriem Lease in the Halyard Building
- o Authorize Addendum 2 to the PocketFuel Lease in the Halyard Building
- o Authorize Addendum 1 to the Real Carbon Lease in the Halyard Building
- o Authorize Accounts Payable to Jaques, Sharp, Sherrerd, FitzSimons and Ostrye in the Amount of \$5,329

Motion: Move to approve Consent Agenda items of June 3, 2014 Regular Session Minutes, authorize Addendum 2 to the Intergovernmental Agreement with MCEDD, and Addendum 1 to Real Carbon Lease in the Halyard Building

Move: Duckwall

Second: Streich

Vote: **Aye:** Davies, Duckwall, McBride, Shortt, and Streich

MOTION CARRIED

Motion: Move to approve Consent Agenda item of June 12, 2014 Special Session Minutes

Move: Duckwall

Second: Streich

Vote: **Aye:** Davies, McBride, and Shortt

Abstain: Duckwall, and Streich (absent from meeting)

MOTION CARRIED

Motion: Move to approve Consent Agenda items authorizing Addendum 6 to the Pfriem Lease in the Halyard Building, Addendum 2 to the PocketFuel Lease in the Halyard Building, and Accounts Payable to Jaques, Sharp, Sherrerd, FitzSimons and Ostrye in the amount of \$5,329

Move: Duckwall

Second: Streich

Vote: **Aye:** Duckwall, McBride, Shortt, and Streich

Abstain: Davies (conflict of interest stated due to client relationship)

MOTION CARRIED

4. Reports, Presentations and Discussion Items:

- Hood River Valley Sailing Program (Gorge Sailing Team)-Kass Bergstrom: Kass Bergstrom, Leif Bergstrom and Erin Sutherland spoke about the spring program and thanked the Commissioners, Port staff, and community for the overwhelming support of the student sailing program. The Gorge Sailing Team will be assisting with the summer youth sailing program, participating in sailing regattas, and Bergstrom said she hoped to organize a "Commissioner's Cup" regatta this summer with participation from interested Port Commissioners. Bergstrom said the program is planned to be offered again in 2015.

- Bridge Crossing Tickets: Elimination of bridge crossing tickets had been discussed at the April 22, 2014 Budget Committee meeting and Executive Director Michael McElwee queried the Commission if there was still support. The response from the Commission was varied on both pricing and timeline--from offering no discount, to reducing or eliminating the price gap between a BreezeBy and cash crossing and monitoring the results, to charging a premium price on a book of tickets. *The resulting consensus was to not offer a discount after January 1, 2015 and to monitor ticket usage to determine whether or not to eliminate tickets all together.* Both McElwee and Finance Manager Fred Kowell commented that discussion would continue in the fall.

5. Director's Report/Informational Items: McElwee noted he would be away from the office for the PNWA summer conference June 23-25, followed by a family vacation. Commissioner Streich will also attend the PNWA conference. The Nichols Basin project has been ranked fourth out of 32 statewide applications for LGGP funding and a decision should be known in July. McElwee thanked Genevieve Scholl-Erdmann for her work on the application. The *ConnectOregon V* application was ranked 65 out of 102 statewide projects and funding is not anticipated. Replacement floats for the Marina boathouse dock were damaged in the off-loading process; engineer Andrew Jansky will provide an opinion on damage. Coles Environmental Consulting is taking parallel water samples at the Event Site in response to elevated levels of E. coli identified in Columbia Riverkeeper test results. This should help the Port in assessing the situation and gaining a better understanding of the situation. An electronic speed sign has been installed on the bridge and it appears to be effective in slowing traffic down near the tollbooth. The bridge approach overlay project will be awarded to Wildish Standard Paving Company and outreach plans have begun to communicate the construction schedule.

6. Commissioner, Committee Reports:

- Urban Renewal Agency-- Commissioner Streich reported on the June 9 meeting with an update on the State Street Project and the work that will be completed on restrooms, curbs and gutters; the Agency also approved a resolution adopting the budget.
- Waterfront Recreation-- President McBride reported on the June 12 meeting which brought members up to speed on various waterfront projects (Frontage Road, Nichols Basin, Hook Trail). CGKA will assist Port crews July 4th in getting kites to move from the sandbar to the beach after 7pm, and a flag line will be used to help remind people of off-limit areas.
- Marina Ad-hoc Committee-- Commissioner Davies reported on the June 17 meeting in which goals, projects, and improvements were discussed. Further discussions looking at financial costs will occur before recommendations are brought back to the Commission for discussion.

7. Action Items:

a. Approve Task Order 15 with HNTB for Construction Administration Services Not to Exceed \$15,000: Anne Medenbach, Development/Property Manager reported that HNTB, the Port's bridge engineering firm, will assist with the Bridge Approach Overlay and Joint Rehabilitation Project's construction management services. The scope of work covers potential items of support and allows the Port to choose services as required.

Motion: Move to Approve Task Order 15 with HNTB for Construction Administration Services Not to Exceed \$15,000.

Move: Duckwall

Second: Streich

Vote: **Aye:** Davies, Duckwall, McBride, Shortt, and Streich

MOTION CARRIED

b. Approve Resolution No. 2013-14-9 Accepting FAA Grant in the Amount of \$188,095 for Airport Master Plan Update: The Port applied for a Federal Aviation Administration Airport Improvement Program (AIP) grant in May that would be used to update the Airport Master Plan. Medenbach reported an offer letter had been received for a grant totaling \$188,095. A Port match of 10% will be required. The project's proposed completion date is September 2015 with Century West Engineering leading the project work.

Motion: Move to Approve Resolution No. 2013-14-9 Accepting FAA Grant in the Amount of \$188,095 for Airport Master Plan Update.

Move: Streich

Second: Duckwall

Vote: **Aye:** Davies, Duckwall, McBride, Shortt, and Streich

MOTION CARRIED

c. Approve Arts in Education of the Gorge Sponsorship and Use Agreements: This walk-on agenda item is the result of a change in sponsorship from Art of Community, which was approved by the Commission on April 15, to Arts in Education. One piece of art will be displayed in the Marina Park on the lawn between the Chamber and DMV buildings and three displays on the Waterfront on the east and west sides of the Jensen Building, and at 2nd and Riverside. Sponsorship will terminate June 30, 2015.

Motion: Move to Approve Arts in Education of the Gorge Sponsorship and Use Agreements.

Move: Shortt

Second: Streich

Vote: **Aye:** Duckwall, McBride, Shortt, and Streich

Abstain: Davies (insurance client conflict of interest)

MOTION CARRIED

8. Commission Call: Davies reported that he safely picked up McElwee from a Shaver tugboat which McElwee piloted under the Interstate Bridge. McBride reported he had attended the Insitu open house last week and their new Bingen facility is very nice. He also noted on constituent comments regarding the visibility and effectiveness of the speed sign on the bridge. McBride also noted he had sold his first car that week. Shortt inquired about the longevity of poplar trees and suggested the Port monitor the trees by the pedestrian footbridge and museum.

9. Executive Session: Regular Session was recessed at 5:58 p.m. and the Commission was called into Executive Session under ORS 192.660(2)(e) Real Property; ORS 192.660(2)(f) Exempt Public Records; and ORS 192.660(2)(i) Performance Evaluations of Public Officers and Employees.

Following Real Property discussions Borton, Medenbach, and Kowell were excused from Executive Session at 7:35 p.m.

Following the Exempt Public Records discussion McElwee was excused from Executive Session at 7:55 p.m. He rejoined the Commission at 8:10 p.m. for continuing discussion on Performance Evaluations of Public Officers and Employees.

10. Possible Action: The Commission was called back into Regular Session at 8:28 p.m. The following action was taken as a result of Executive Session.

Motion: Move to authorize Executive Director to finalize and sign a Severance Agreement with an employee as discussed in Executive Session.

Move: Davies

Second: Duckwall

Vote: **Aye:** Davies, Duckwall, McBride, Shortt, and Shortt

MOTION CARRIED

11. Adjourn: President McBride adjourned the meeting at 8:30 p.m.

Respectfully submitted,

Laurie Borton

ATTEST:

Rich McBride, President, Port Commission

Hoby Streich, Secretary, Port Commission

Commission Memo

To: Commissioners
From: Anne Medenbach
Date: July 15, 2014
**Re: Bridge Overlay Project - Wildish Standard Paving Co.
Change Order No. 1**

Change Order No. 1 addresses the schedule of the Bridge Overlay work. The first change addresses closure dates and time of Monday through Friday, 6:00 a.m. to 6:00 p.m., beginning July 21st through August 8th, 2014.

As the dates for the daytime closures have changed, the night time closures needed to be bumped up to fit within the new schedule, which is addressed in Item 2.

This is a no cost change order.

RECOMMENDATION: Ratify Change Order No. 1 with Wildish Standard Paving Co.

Date: <u>July 1, 2014</u>	PORT OF HOOD RIVER	Change Order Number <u>1</u>
CHANGE ORDER		

<input checked="" type="checkbox"/> Ordered by Engineer under terms of the Contract <input checked="" type="checkbox"/> Change proposed by Contractor	Contract No. _____ CRP No.: <u>N/A</u> F.A. # <u>N/A</u> Project Title <u>Approach Overlay and Deck Joint Rehabilitation-Hood River Bridge</u>
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TO: WILDISH STANDARD PAVING CO. 3600 Wildish Lane, Eugene, OR 97408
(Contractor Name and Address)

You are hereby required to comply with the following changes from the contract plans and specifications:
 This change order to increase the number of working days of the contract by 3 days..

DESCRIPTION OF CHANGES	Decrease in Contract Price	Increase in Contract Price
Description 1. Lane restrictions should be scheduled to occur between the hours of 6:00 AM and 6:00 PM Monday through Friday. Section 00220.40e (1) in the contract should be modified to: Weekdays: Between 6:00 PM and 6:00 AM. 2. Night closure dates should be ammended as follows: The dates in Section 00220.40 (f) in the contract should be modified to: July 22nd, 23rd or 24th July 28th, 29th or 30th August 4th, 5th or 6th	Subtotal NO COST	NO COST
TOTALS		

Original Contract Amount	Current Contract Amount	Est. Net Change This Order	Est. Total After This Change
\$266,381.40	\$266,381.40	\$0.00	\$266,381.40

The time for completion shall be:
 (increased) (decreased) (not changed) by _____ working days.

ACCEPTED _____ Date _____
(Contractor)

_____ Date _____
(Surety, when required)

<input checked="" type="checkbox"/> APPROVAL RECOMMENDED <input type="checkbox"/> APPROVED Project Engineer <u>07-09-2014</u> Date	APPROVED Port of Hood River Executive Director <u>7/19/14</u> Date
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Commission Memo

To: Commissioners
From: Michael McElwee
Date: July 15, 2014
Re: Marina Boathouse Dock Project-Change Order No. 2

The Boathouse Dock Project is substantially complete. Remaining tasks include final connections for 5-6 boathouses and solving the GFCI tripping issue.

Even Construction has submitted the attached Change Order Requests (CORs) for two construction items. Together, these constitute Change Order No. 2 to their existing construction contract and are summarized as follows:

- **COR #3: Fender Logs** **\$5,587**

The Contractor used temporary fender logs during installation. Port purchase of the fender logs will allow them in-place, parallel to each boathouse and provide long term protection.

- **COR #4: Additional Flotation** **\$2,106**

The existing walkway required additional flotation above that contained in the Contractor's bid.

If approved, Change Order No. 2 would add \$7,693 to the contract with Even Construction. The overall contract would be increased to \$194,581.

RECOMMENDATION: Ratify Change Order No. 2 to the Contract with Even Construction Not to Exceed \$7,693.

Port of Hood River Change Order Request #3

Project Name: PORT OF HOOD RIVER BOATHOUSE DOCK REPLACEMENT
Date: 6/25/2014
Reason: 10 Fender logs supplied and installed
 As approved by John at the Port of Hood River on 6/25/14

Item	Materials	Amount
Floatation		2750
10 Fender logs @ \$275/log		900
2 workers for 1 hour each per log @ \$45/hour		1,125
.75 hour of tugboat time for each log @ \$150/hour		
	Sub-Total:	4,775
		812
<i>Profit & Overhead 17%</i>		
	TOTAL OF CURRENT CHANGE ORDER:	5,587
	<i>Previous Change Order Requests:</i>	7,533
	Total of All Change Order Requests:	13,120
	Original Contract Amount	179,355
	NEW CONTRACT AMOUNT:	192,475

**Port of Hood River
Change Order Request #4 (revised)**

Project Name: PORT OF HOOD RIVER BOATHOUSE DOCK REPLACEMENT
Date: 7/10/2014
Reason: Additional Foam installed between gangway and new dock connection to provide for level walkway and accommodate for new electrical wire loading.

Notes:
 1) Foam under gangway provided under separate change order, foam at dock connection provided under base contract.
 2) Even construction is providing 11 blocks as temporary fendering to protect dock until boat house connections are complete. If these are damaged or not returned, Even Construction reserves the right to bill for at \$75 each.

Item	Materials	Amount
Floatation		1,800
	8 blocks of foam installed @ \$225/block	
	Sub-Total:	1,800
	<i>Profit & Overhead 17%</i>	306
	TOTAL OF CURRENT CHANGE ORDER:	2,106
	<i>Previous Change Order Requests:</i>	13,120
	Total of All Change Order Requests:	15,226
	Original Contract Amount	179,355
	NEW CONTRACT AMOUNT:	194,581

Commission Memo

To: Commissioners
From: Anne Medenbach
Date: July 15, 2014
Re: CRG Freight Lease

CRG Freight has been a tenant in the Maritime Building since July of 2012. They would like to extend their lease for an additional year at the CPI adjusted rate of \$0.59/sf. Their new lease will extend their tenancy through June 30, 2015.

RECOMMENDATION: Approve Lease with CRG Freight in the Maritime Building.

Commission Memo

To: Commissioners
From: Anne Medenbach
Date: July 15, 2014
Re: Hood River Yacht Club Lease

The Port Commission renewed the Hood River Yacht Club (HRYC) lease two years ago for a two year term. At that time, HRYC wanted a 10 year lease, but the two parties were not able to agree on improvements. So the lease was renewed for two years.

Since that time, the Port has:

- Replaced the roof
- Is scheduled to remodel the bathrooms/showers in FY 2015.

In recent discussions, HRYC would like to wait to extend to a long term lease until the Marina Master Plan is complete. Once that plan is complete, HRYC can make a decision as to what improvements are needed that will enhance Club membership and program participation. HRYC is looking forward to working with the Port to establish and carry out the new Master Plan effort.

This lease extends the term for one more year with a one (1) year renewal option and a month-to-month holdover clause. The rate will increase by 3% (\$0.62/sf; \$520/month) for the new term.

RECOMMENDATION: Approve Lease with Hood River Yacht Club in the Marina Park.

Commission Memo

To: Commissioners
From: Anne Medenbach
Date: July 15, 2014
Re: Columbia River Acupuncture - New Lease

Columbia River Acupuncture, a Port tenant since April 2007, desires to sign a new five (5) year lease with an option to renew for an (1) additional year. The rent will increase from \$260 per month (\$1.32 psf) to \$266 per month (\$1.35) modified gross.

The term sheet for the proposed new lease is attached.

This Lessee is also requesting that the Port improve the premises by:

- Replacing the carpet
- Patching the drywall holes from the original construction
- Painting the interior
- Replacing the interior hollow door with a solid wood door

Total estimated cost for improvements is under \$1000

RECOMMENDATION: Approve Lease with Columbia River Acupuncture in the Marina Park Office Building commencing July 1, 2014.

Lease Term Sheet
Marina Office Building
 700 E. Port Marina Drive, Suite 101
 Prepared: July 1, 2014

TENANT:	Columbia River Acupuncture LLC
USES:	Medical services
AREA:	197 s.f.
RATE:	\$1.35 psf \$265.95 per Month
RATE ADJUSTMENT:	CPI adjustment
TERM:	One (5) year term with One (1) year renewal option
COMMISSION:	None
NNN COSTS:	Tenant pays: Prorated taxes, gas, electricity and tenant insurance. Port pays: Sewer, water, garbage, building insurance, maintenance, property management
JOBS:	2
BUILDING IMPROVEMENTS:	Landlord to provide: carpet, drywall patching, repaint And a solid wooden interior door.
MAINTENANCE:	Port pays for maintenance.
COMMENTS:	Columbia River Acupuncture would like to be able to terminate their lease IF they move into a waterfront Port owned property with a long term lease.

Commission Memo

To: Commissioners
From: Anne Medenbach
Date: July 15, 2014
Re: Peterson Brothers Construction - New Lease

Peterson Brothers Construction (PBC) would like to lease Suite 300 in the Timber Incubator building. Prigel Machine is vacating the suite as of July 31, 2014. PBC would like to move in on August 1, 2014. They are a commercial and residential construction company out of Parkdale. They have grown to the point that they need a professional office and small shop area. They keep the majority of their materials elsewhere.

They would like to start with a 1 year lease as they want to ensure a good fit. They would then like to extend to three years. They want to do all of their TI's in exchange for one month's free rent. The proposed rate is \$0.55/sf/month (\$1,375) modified gross.

RECOMMENDATION: Approve Lease with Peterson Brothers Construction, subject to legal counsel review.

Lease Term Sheet

3875 Heron Drive (Timber Incubator Building)
Suite 300

Prepared: July 15, 2014

TENANT:	Peterson Brothers Construction
USES:	Construction storage and office space
AREA:	2,500 sf
RATE:	\$0.55/sf/month (\$1,375 monthly)
RATE ADJUSTMENT:	CPI
TERM:	one (1) year term with one (3) year renewal option. Effective date, August 1, 2014. One month of abated rent as tenant is doing own TI's.
COMMISSION:	None.
NNN COSTS:	Landlord will pay: Water and Sewer Tenant will pay: Gas, electricity, property taxes & telecom
JOBS:	3+
BUILDING IMPROVEMENTS:	Tenant will do own improvements i.e. replace office carpet with tile, drywall patch and paint in exchange for one (1) month free rent.
MAINTENANCE:	Landlord pays for external maintenance. Tenant pays for internal maintenance.
COMMENTS:	Peterson would like to use the area in Exhibit A to store up to two construction trailers. 4 designated parking spaces will also be included as indicated in Exhibit A.

Peterson Brothers Construction

Exhibit A



Commission Memo

To: Commissioners
From: Fred Kowell
Date: July 15, 2014
Re: Reappointment of Auditor

As a matter of official record, the Port's auditing firm should be reappointed at the first meeting of the new fiscal year.

Through an RFP process in 2012, the Commission approved the firm of Pauly, Rogers and Co., P.C. to audit the Port's financial statements for the fiscal years ending June 30, 2012 through June 30, 2014, with options for each of three subsequent fiscal years.

It should be noted that reappointments of Port legal counsel and insurance agent-of-record are agenda Action Items for this meeting.

RECOMMENDATION: Approve reappointment of Pauly, Rogers and Co., P.C. as Port Auditor for FYs 2014-16.

Commission Memo

To: Commissioners
From: Fred Kowell
Date: July 15, 2014
Re: Broker/Dealer Agreement

Part of the Port's Investment Policy is to acquire a Broker/Dealer that has the ability to trade securities on the Port's behalf. I have selected two Broker/Dealers to look at, Vining Sparks and Piper Jaffrey, respectively. Both Broker/Dealers are licensed in Oregon and are national firms that have SEC reporting and safekeeping capabilities. Both Broker/Dealers, taken as a whole, have the majority of the Oregon local government accounts as well so their familiarity of the Oregon Investment rules are well known.

I am currently working through these agreements to negotiate the waiving of certain transaction fees. Since I am still negotiating the fee structure with them, I recommend that once that is in place, the Executive Director will be allowed to sign the agreement as structured.

RECOMMENDATION: Authorize Broker/Dealer Agreement with Vining Sparks and Piper Jaffrey.

Commission Memo

To: Commissioners
From: Fred Kowell
Date: July 15, 2014
Re: Accounts Payable Requiring Commission Approval

Jaques Sharp Attorneys at Law

\$5,646.00

Attorney services per attached summary

TOTAL ACCOUNTS PAYABLE TO APPROVE

\$5,646.00

JAQUES SHARP

— ATTORNEYS AT LAW —
205 3RD STREET / PO BOX 457
HOOD RIVER, OR 97031
(Phone) 541-386-1311 (Fax) 541-386-8771

CREDIT CARDS ACCEPTED

MSM
RECEIVED
JUL 09 2014

Account No:

Page: 1
July 07, 2014
PORTOHAM

HOOD RIVER, PORT OF
1000 E. PORT MARINA DRIVE
HOOD RIVER OR 97031

Previous Balance	Fees	Expenses	Advances	Payments	Balance
MCELWEE EMPLOYMENT CONTRACT 54.00	378.00	0.00	0.00	-54.00	\$378.00
ENVIRONMENTAL INSURANCE 306.00	18.00	0.00	0.00	-306.00	\$18.00
MISCELLANEOUS MATTERS JJ 234.00	198.00	0.00	0.00	-234.00	\$198.00
ORDINANCE #24 180.00	18.00	0.00	0.00	-180.00	\$18.00
ORS 777 CHANGES 1,239.00	1,512.00	0.00	0.00	-1,239.00	\$1,512.00
REGULAR MEETING FEE JJ 0.00	700.00	0.00	0.00	-700.00	\$0.00
CITY SEWER OUTFALL PROJECT (City of HR) 72.00	0.00	0.00	0.00	-72.00	\$0.00
ODELL PROPERTY 720.00	738.00	0.00	0.00	-720.00	\$738.00
EXPO SITE DEVELOPMENT (Key Development; Pickhardt) 756.00	522.00	0.00	0.00	-756.00	\$522.00
LEASE ODELL BUILDING (Oregon Brineworks, LLC) 18.00	0.00	0.00	0.00	-18.00	\$0.00
SOFTWARE CONTRACT (RECORDS) 234.00	0.00	0.00	0.00	-234.00	\$0.00

Previous Balance	Fees	Expenses	Advances	Payments	Balance
S.D.A.O. INSURANCE TRUST 288.00	0.00	0.00	0.00	-288.00	\$0.00
CONTRACT (Big Ads, Inc) Airport Ad Contract 324.00	0.00	0.00	0.00	-324.00	\$0.00
BRIDGE SOFTWARE 54.00	0.00	0.00	0.00	-54.00	\$0.00
BRIDGE OVERLAY PAVING CONTRACT 486.00	144.00	0.00	0.00	-486.00	\$144.00
SIGN POLICY ISSUES 0.00	600.00	0.00	0.00	0.00	\$600.00
COMMISSION CONFLICTS 0.00	348.00	0.00	0.00	0.00	\$348.00
JUNE 2014 EMPLOYMENT MATTERS 0.00	774.00	0.00	0.00	0.00	\$774.00
NON DISCLOSURE AGREEMENT 0.00	378.00	0.00	0.00	0.00	\$378.00
CITY POLICE IGA (City of Hood River) 414.00	18.00	0.00	0.00	-414.00	\$18.00
<u>5,379.00</u>	<u>6,346.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-6,079.00</u>	<u>\$5,646.00</u>

THIS STATEMENT REFLECTS SERVICES PROVIDED AND PAYMENTS RECEIVED THROUGH THE 30th OF JUNE UNLESS OTHERWISE STATED

Executive Director's Report

July 15, 2014

Staff & Administrative

- I was out of the office from June 23-July 8, in part, attending the PNWA mid-year meeting with Commissioner Streich. We presented a PowerPoint on the Hood River Bridge which will be posted on the Port's web site. This was an excellent conference.
- Although I was not in town, the July 4th waterfront celebration went off very well. A big thank you goes to John Mann and the Facilities staff who worked long hours prior to and on the 4th.
- The holiday weekend also brought a significant amount of additional customers and inquiries to the Port office. Melissa, Jean, Janet and Laurie were very busy and did exceptional work covering things.
- On July 31 I will present the "State of the Port" to Hood River Rotary at the club's weekly lunch. All Commissioners are invited to attend.
- I have been asked to represent OPPA and testify in Salem on July 17 to support the various port projects that are recommended for approval by the state-wide Connect Oregon Review Committee. These projects include those located in Clatskanie, Port of St. Helens and Port of Morrow.

Recreation

- Staff is considering enhanced enforcement of parking regulations on 1st Street and Portway Avenue adjacent to the Event Site. Currently parking is limited in some areas to 90 minutes but enforcement has been minimal. One approach is to issue warning stickers for 2-3 weeks then request towing by Guzman Towing for flagrant violators.
- During the week of July 7-11 the Marina Breakwater was used for the ABK Windsurfing Camp.
- Even Construction is substantially complete on the new Boathouse Dock. We did not have full cooperation from some boathouse owners and 5-6 final connections have not been made. In addition there is an ongoing problem with the GFCI being tripped from inside one or more boathouses, likely from incorrectly wired appliances. This is a significant challenge to solve. Staff, the project electrical engineer, and contractor are working to resolve the problem.
- 25% construction drawings for the NBWE project are nearly complete. We expect to schedule a PAC and public meeting by the end of the month to get additional feedback.
- State and federal in-water work permits have been received for the Hook Launch Project. Since the City is still uncertain about both funding and permits for the sewer extension project, the Port will need to consider the possibility of bidding the launch separately so in-water work can be done during the winter fish window.

Development

- The Level 1 Environmental Assessment for the Hanel Mill site is effectively complete. An update will be provided in executive session.
- The City has issued an RFP for the Waterfront Refinement Plan. Proposals are due July 21.
- Review and public notice for the two zone change applications related to the Expo Property are being "tolled" (delayed) by 30 days at my request. This will allow Site Plan Review applications to be submitted by Key Development and then allow all applications to be reviewed by the City simultaneously instead of consecutively. It should save 3-4 months of schedule.
- I expect to follow-up with staff at PacifiCorp later this month on some of the matters at our lunch on May 29. These include the power box on Marina Green, electrical service to the Nichols Basin West Edge and future development of Lot #1.
- The Naito project hearing on the remand from LUBA has been continued to July 15.

Airport

- Century West Engineering is preparing a specific schedule for the upcoming Master Plan process. One important initial step will be selection of an advisory committee.
- The FBO has installed a second windsock above the FBO Building. This has been an ongoing request by local pilots.
- The Port has received the attached "No Further Action Determination" letter from the State of Oregon Department of Environmental Quality related to the Airport's agricultural spraying facilities. This concludes a nearly seven-year process.

Bridge/Transportation

- We have received word from the USCG that some bridge navigation lights are not operational. Staff is taking immediate steps to correct this problem.
- Wildish Standard Paving is now proposing to carry out the work for the approach ramp re-paving project between July 21 and August 8. This will substantially shorten the time that bridge users are impacted.
- The Fracture Critical report has been received from ODOT and is being reviewed by HNTB. If any immediate issues had been identified the Port would have been notified.
- An advertising agency requested partial closure of the Bridge this month to shoot a Porsche commercial. Due to the potential impacts to users we declined the opportunity.
- Fred Kowell and Jack Lerner have followed up with 3M Company with regard to tolling equipment upgrades. 3M engineers have taken measurements and looked more substantively at the overall operations. Fred is now working out

a WEBX conference whereby staff will look into their toll operating system and back office customer service application.

- Fred instituted a new quarterly toll collector meeting. Toll collectors assist in the agenda and the resolution of issues that come up at the bridge. The first meeting went well with everyone coming out with a list that added clarity to some issues, resolved others, and some issues that cannot be resolved.
- Due to her ongoing health issues, Linda Anaya has decided to remove herself from being a toll collector. The Port will now look at recruiting for this position but may need to put a seasonal staff person in place during this peak summer season.



Oregon

John A. Kitzhaber, MD, Governor

Department of Environmental Quality
Eastern Region Bend Office
475 NE Bellevue Drive, Suite 110
Bend, OR 97701
(541) 388-6146
FAX (541) 388-8283
TTY 711

July 9, 2014

Mr. Mike McElwee
Executive Director
Port of Hood River
1000 E. Port Marina Drive
Hood River OR 97031

Re: No Further Action Determination, Ken Jernstedt Airfield, Agricultural Spraying Facilities, Tax lot 2600, Tucker Road and Airport Way, Hood River County, ECSI #4096, 4097

Dear Mr. McElwee:

The Oregon Department of Environmental Quality (DEQ) has determined that no further action is required to address contamination at the sites referred to above.

Notice regarding a proposed No Further Action determination was issued in the Hood River News and Secretary of State's Bulletin on June 1, 2014. Public comments were requested by July 1, 2014. DEQ did not receive any comments.

Because contamination at this site does not exceed levels that are protective of public health and the environment, no further action is required under the Oregon Environmental Cleanup Law, ORS 465.200 et seq., unless new or previously undisclosed information becomes available. We have updated the Environmental Cleanup Site Information System (ECSI) database to reflect this determination.

Key documents pertaining to this no further action determination are available at <http://www.deq.state.or.us/lq/ECSI/ecsi.htm>, under ECSI # 4097.

DEQ recommends keeping a copy of all of the documentation associated with this determination with the permanent facility records. If you have any questions about this letter, please contact Bob Schwarz, Project Manager, 541-298-7255, extension 230.

Sincerely,

David Anderson
Eastern Region Cleanup Program Manager

Cc: Site File
Bob Schwarz, DEQ, The Dalles
David Coles, dcolescec@comcast.net



Port of
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June 17, 2014

Senator Jeffery A. Merkley
United States Senate
313 Hart Senate Office Building
Washington, DC 20510

Re: 2014 WRRDA

Dear Senator Merkley:

The commissioners and staff of the Port of Hood River extend our sincere thanks and appreciation for your work on the Water Resources Reform and Development Act (WRRDA).

We particularly appreciate your efforts to insure that WRRDA contained language vacating a portion of the Nichols Basin flowage easement. This simple modification will lower regulatory costs and bring greater certainty to an important trail and water access project. Since recreational objectives are so intertwined with upland development, we anticipate positive momentum for private investment as well.

We also wish to acknowledge the role of your excellent staff, particularly Liz Cooney. We know that passing complex legislation is difficult. Thank you for listening to our flowage easement issue and your responsiveness in achieving a solution in the 2014 WRRDA.

Respectfully,

Michael S. McElwee
Executive Director

cc: Port Commissioners Jon Davies, Fred Duckwall, Rich McBride, Brian Shortt, and Hoby Streich



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June 17, 2014

Representative Greg Walden
U.S. House of Representatives
2182 Rayburn House Office Building
Washington, DC 20515-0001

Re: 2014 WRRDA

Dear Representative Walden:

The commissioners and staff of the Port of Hood River extend our sincere thanks and appreciation for your work on the Water Resources Reform and Development Act (WRRDA).

We particularly appreciate your efforts to insure that WRRDA contained language vacating a portion of the Nichols Basin flowage easement. This simple modification will lower regulatory costs and bring greater certainty to an important trail and water access project. Since recreational objectives are so intertwined with upland development, we anticipate positive momentum for private investment as well.

We also wish to acknowledge the role of your excellent staff, particularly Riley Bushue and Thomas Griffin. We know that passing complex legislation is difficult. Thank you for listening to our flowage easement issue and your responsiveness and diligence.

Respectfully,

Michael S. McElwee
Executive Director

cc: Port Commissioners Jon Davies, Fred Duckwall, Rich McBride, Brian Shortt, and Hoby Streich



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July 9, 2014

COPIES TO
COMMISSION

Lori Stirn, District Director
Hood River Valley Parks and Recreation District
1601 May Avenue
Hood River OR 97031

Dear Lori:

On behalf of the Port Commission and the Nichols Basin West Edge Recreation Area Project Advisory Committee, I would like to thank the HRV Parks & Rec District for your funding support for the Port's Hook Waterfront Trail Extension Project, and also for your letter of support for the Nichols Basin West Edge Recreation Area and Trail grant application to the Local Government Grants Program.

We are very excited to have received word that the Port will be recommended for funding Nichols Basin West Edge Recreation Area Project, with LGGP funding \$445,000 of the \$776,809 total project budget.

Following the Port's successful grant request to OPRD's Recreational Trails Program Grant to complete the trail segment alone, the Port moved forward with the project plan development for the surrounding recreation area, forming a Project Advisory Committee with broad public representation across various stakeholder groups. The PAC is now guiding the final design development of the trail and the recreation area, and landscape architecture firm Walker/Macy is bringing the plans to construction-ready drawings.

Now that the project scope is fully developed, and the lion's share of funding for the project secured, the Port feels strongly that we will be able to make the planned – and significant – improvements on the Nichols Basin West Edge within the next two years.

The Port has committed a total cash match to these two grants of \$209,546. As this project will greatly increase capacity at the waterfront and serve more diverse user groups than we've ever been able to serve before, the Port is requesting SDC funds in the amount of \$35,000. This SDC support would help to free up a large part of that match contribution for needed improvements and maintenance requirements in other waterfront areas.

Thank you, once again for your support of Port's development of these much-needed recreational areas in our community, along our beautiful waterfront. I appreciate the District Board's time and consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael McElwee', with a stylized flourish extending to the right.

Michael McElwee
Executive Director

July 2014

Commission Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																																																																																																
		1	2	3 SPIT CLOSED-NOON	4 Independence Day SPIT CLOSED OFFICE CLOSED	5 SPIT REOPENS-NOON																																																																																																																
6	7 Junior Sailing Program & Gorge Sailing Team So. Basin Dock, thru 8/15 ABK Windsurf Camp Marina Beach thru 11th	8	9	10 KB4C ES-Move in day	11 KB4C ES Exclusive Use	12 KB4C ES Exclusive Use Lot 1 Overflow Parking KB4C Picnic Shelter Resv.																																																																																																																
13 KB4C ES Exclusive Use	14	15 Marina Ad-hoc, 8am Commission Mtg, 5pm * Election of Officers	16	17 R/C Yachts in Marina Basin thru 20th	18 Picnic Shelter Resv.	19 Gorge Cup Race ES Partial Use Picnic Shelter Reservation																																																																																																																
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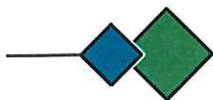
Commission Memo

To: Commissioners
From: Liz Whitmore
Date: July 15, 2014
Re: Event Site E. coli Water Sampling

David Coles of Coles Environmental Consulting provided an analysis (see attached report) of Columbia Riverkeeper's ongoing water sampling procedures testing for E. coli. Data included in his report shows there was only one occurrence last summer when E.coli levels were high on two consecutive days, thus prompting warning signage at the Event Site. The likely source of the E.coli is suspected to come from goose droppings, dogs, and other riparian wildlife.

On June 17, Mr. Coles took his own water samples alongside the Riverkeeper volunteer representative and submitted them to Apex Laboratories, a highly regarded commercial environmental laboratory in Tigard. He states in his report that the results from the two sets of samples are in good agreement. For future sampling, he recommends that when Columbia Riverkeeper detects a spike in E. coli exceeding DEQ's water quality standard that six additional water samples be taken (the following day) along the entire beach which "should provide a much more statistically meaningful evaluation of potential risk to the public". Discussions are in progress with Columbia Riverkeeper to provide the additional sampling for a nominal fee to the Port.

RECOMMENDATION: For discussion.



Coles Environmental Consulting, Inc.

750 South Rosemont Road, West Linn, OR 97068
503-636-3102, Fax: 503-699-1980

MEMORANDUM

Date: 01 July 2014

To: Liz Whitmore
Port of Hood River

From: David G. Coles, M.S., R.G., L.G.
Coles Environmental Consulting, Inc.

Subject: **Evaluation of Columbia Riverkeeper's E. coli Analysis Results for Surface-Water Samples Collected at the Port's Waterfront Recreation Areas**

At your request, I have reviewed the Columbia Riverkeeper's surface-water analysis results for E. coli in samples collected from four locations within the Port's waterfront recreation areas. The attached figure shows the locations for these samples. On 17 June, I was present at the site to obtain split samples from the Riverkeeper's representative, Emily Long. Samples were collected by Ms. Long by wading into the water to mid-calf depth. A grab sample was then collected and immediately poured into both the Riverkeeper's and CEC's sterilized sample bottles. CEC transported the four samples to Apex Laboratories, Tigard, Oregon in a chilled container and under a proper chain-of-custody form.

The attached table shows all of the analysis results that I have available. The blue highlighted data set at the bottom of the table is for the four split samples that CEC asked Apex Laboratories to analyze. Given the general variation observed in most environmental samples, these two sets of split samples are in good agreement. That indicates that the Riverkeeper's analysis procedure appears to be consistent with a highly regarded commercial environmental laboratory. Assessing Riverkeeper's analysis approach was the primary purpose of the split sampling effort. The only variable in this exercise was the laboratories conducting the analyses.

On five occasions, Riverkeeper reported concentrations of E. coli that exceeded the DEQ water quality standard of 406 MPN. These data are highlighted in red in the table. Assuming that their sampling protocol and laboratory procedures have not deviated from those utilized for the 17 June sampling event, the E. coli concentrations at the waterfront are quite variable, ranging from a high of >2,419 MPN to being undetected. The higher concentrations tended to occur during June through August. However, many low values also were observed during this period (13 sampling events) and only three sampling events occurred outside of the summer (one in January 2014 and two in May 2014). Thus, there are insufficient data to define a seasonal trend.

The likely source of the E. coli at this site is Canada goose droppings, dogs, and other riparian wildlife. Such sources are probably intermittent and localized and may be due, in part, to visitors tracking droppings from the grass slopes into the water. The key issue relates to whether occasional E. coli exceedances represent a real health threat to the public during their use of the waterfront recreational areas. While I default to DEQ's water quality standard, I do question whether the single grab sample at the event site, or even the two samples at the waterfront park site, constitutes a statistically valid representation of water quality over the entire area of water at each recreational site.

To resolve this issue, I recommend that whenever the Riverkeeper staff detect an exceedance, the subsequent confirmatory sampling should include the collection of samples along the entire beach that encompasses the recreational water body. The orange sampling points in the attached figure show six additional sampling locations within the event site and four additional samples within the park site. The results from an analysis of these additional samples should provide a much more statistically meaningful evaluation of potential risk to the public. These data will show variations in the E. coli concentration at each site and the mean concentration will be a better representation of area-wide concentrations. An even more meaningful sampling would require a boat to collect random samples throughout each recreational embayment. However, this may prove to be too cumbersome to implement on short notice.



- = Columbia Riverkeeper's sampling sites
- = recommended confirmatory sampling sites when levels >406 MPN observed

outer hook

waterfront park-west

waterfront park-east

event site



Table 1: Columbia Riverkeeper's E.coli analysis results (MPN), Port of Hood River waterfront areas.

Sampling Date	Event Site	Waterfront Park-East	Waterfront Park-West	Outer Hook
06/24/13	272.3	20.3	110.6	10.9
06/26/13	>2,419	not sampled	not sampled	not sampled
07/01/13	686.7	76.6	25.6	9.7
07/02/13	77.6	not sampled	not sampled	not sampled
07/08/13	58.85	32.7	22.8	6.3
07/15/13	5.2	48.7	33.2	3.1
07/22/13	55.2	416	328.2	3.1
07/23/13	not sampled	50.4	not sampled	not sampled
07/29/13	3.1	27.2	18.3	34.5
08/05/13	57.1	49.6	98.5	85.5
08/12/13	21.6	60.9	49.6	13.5
08/19/13	55.4	9.6	12.2	9.7
08/27/13	30.7	29.5	12.1	866.4
08/28/13	not sampled	not sampled	not sampled	14.8
09/03/13	7.4	12.0	5.2	4.1
01/16/14	1.0	0	1.0	0
05/21/14	7.4	6.3	6.3	5.1
05/28/14	98.8	27.8	10.9	1.0
06/03/14	410.6	209.8	17.3	12.2
06/04/14	41.0	not sampled	not sampled	not sampled
06/17/14	11.9	17.3	13.5	10.8
06/17/14*	8.40	20.1	21.3	9.70

*Red denotes concentrations exceeding DEQ's water quality standard of 406 MPN. Split samples analyzed by Apex Laboratories.

Commission Memo

To: Commissioners
From: Michael McElwee
Date: July 15, 2014
Re: Bridge Transit

The Commission has discussed and evaluated various ways to increase mass transit and facilitate pedestrian/bicycle crossings of the Hood River Bridge.

- In 2010 the Port funded a study entitled "Non-motorized Crossing Alternatives for the Hood River Bridge" that showed a fixed-route transit system would be the most likely means to facilitate ped/bike crossings of the Bridge.
- In 2011 Mt. Adams Transportation Service (MATS) added a limited fixed-route van transit system to increase opportunities for bridge users with special needs or who did not wish to drive. At that time, the Port approved an allocation of funds to MATS to add bicycle racks to two vans. These racks were never installed and no funds were expended.
- In 2012 the Port's engineer conducted a structural analysis and determined it was infeasible to add a pedestrian sidewalk on the bridge.
- Early this year the Commission approved the Strategic Business Plan which includes a Transportation Strategy to "Identify ways to reduce the growth of traffic volume and improve connectivity for pedestrians and bicyclists."

Over the past few months I have discussed this issue with Scott Turnoy and the Gorge Translink Group. An enhanced fixed-route system, run by MATS, still appears to be the most reasonable and cost effective way to provide an alternative for people wishing to cross the Bridge. Unfortunately, the MATS system currently in place has not been used to any great degree. This likely stems from the fact that it is not widely publicized and both the route and frequency are too limited. I asked Paige Rouse to discuss the possibilities with Scott in more detail and to prepare recommendations. Please see her report, which is attached.

RECOMMENDATION: For Discussion.

Update on Mats/Hood River Bridge Bicycle Crossings

Date: July 11, 2014
To: Michael McElwee
From: Paige Rouse

Progress has been made in the past month toward the creation of a workable, dependable option for public bicycle transportation across the Hood River Interstate Bridge. So far we have planned and estimated costs for promotions and outreach for the program. Scott Turnoy (Gorge TransLink/MCEDD), Norma Pickett (Mt. Adams Transportation Service) and I have consulted on ways the service could function more conveniently. MATS is supportive of the program, provided it's compatible with transporting residents with special needs. Here is a summary of the program details to date, and promotional opportunities.

- Bike transportation available Mon/Wed/Fri. Cost is \$1 each way. Cyclists must notify MATS in advance for bike transport.
- MATS' bus route schedule revised, with more stops detail, and additional bus end-of-day. Schedule attached – note, transportation for dialysis patients and Opportunity Connections workers take priority on some routes. Scott plans some employment surveys with idea that a stop may later be added to Bingen Point. Also once State St./Hood River construction is completed, a downtown stop may change to 3rd & State St. With the new schedule, there are added stops, and the possibility of using this transportation choice for two to three-hour stays, or 7-8 hour durations (for employment).
- Initial promotional budget of \$3000 projects would cover:
 - Adding Vehicle Graphics
 - Photography
 - Newspaper / Radio Publicity / Ads
 - Social Media Graphic
 - Rack Card
 - Posters
- The Port has committed \$2000 towards MATS purchase of vehicle bicycle racks. Norma indicated one minivan bike rack is necessary initially, since bikes fit inside larger shuttle busses. Cost of this rack is just over \$500. Would the Port Commission be willing to rededicate a portion of the \$2000 commitment toward outreach/publicity?
- Gorge TransLink Drive Less Connect grant award is imminent, and Scott has dedicated \$1500 of it toward bicycle bridge crossing promotions/ outreach.

Draft: Mt. Adams Transportation Service
 White Salmon/Bingen to Hood River Bus Schedule
 Mondays, Wednesdays, and Fridays

RUN 1 – Built around run to Opportunity Connections	
WHITE SALMON LIBRARY	8:15 AM
OAK & HUMBOLDT, BINGEN (BANK)	8:17 AM
MCDONALDS (BINGEN)	8:20 AM
PORT OF HOOD RIVER*	8:25 AM
OPPORTUNITY CONNECTIONS (THOMSEN RD)	8:45 AM
3 RD & CASCADE (BPOE)*	9:05 AM
WALMART*	9:10 AM
CGCC – INDIAN CREEK CAMPUS* ^β	9:15 AM
ROSAUERS*	9:17 AM
PROVIDENCE HOSPITAL*	9:20 AM
PORT OF HOOD RIVER*	9:25 AM
BRIDGE MART (BINGEN)	9:27 AM
OAK & HUMBOLDT, BINGEN (NAPA)	9:30 AM
WHITE SALMON LIBRARY	9:33 AM

RUN 3 – Built around pick up at Opportunity Connections	
WHITE SALMON LIBRARY	1:30 PM
OAK & HUMBOLDT, BINGEN (BANK)	1:32 PM
MCDONALDS/BN	1:35 PM
PORT OF HOOD RIVER*	1:40 PM
OPPORTUNITY CONNECTIONS (THOMSEN RD)	2:00 PM
3 RD & CASCADE (BPOE)*	2:15 PM
WALMART*	2:20 PM
CGCC – INDIAN CREEK CAMPUS* ^β	2:25 PM
ROSAUERS*	2:27 PM
PROVIDENCE HOSPITAL*	2:30 PM
PORT OF HOOD RIVER*	2:35 PM
BRIDGE MART (BINGEN)	2:38 PM
OAK & HUMBOLDT, BINGEN (NAPA)	2:40 PM
WHITE SALMON LIBRARY	2:43 PM

RUN 2 – Built around run to Providence Hospital	
WHITE SALMON LIBRARY	11:40 AM
OAK & HUMBOLDT, BINGEN (BANK)	11:50 AM
MCDONALDS (BINGEN)	11:55 AM
PORT OF HOOD RIVER*	12:00 PM
PROVIDENCE HOSPITAL*	12:15 PM
CGCC – INDIAN CREEK CAMPUS* ^β	12:20 PM
ROSAUERS*	12:22 PM
WALMART*	12:27 PM
PORT OF HOOD RIVER*	12:32 PM
BRIDGE MART (BINGEN)	12:35 PM
OAK & HUMBOLDT, BINGEN (NAPA)	12:37 PM
WHITE SALMON LIBRARY	12:40 PM

RUN 4 – Built around pick up at Providence Hospital	
WHITE SALMON LIBRARY	4:20 PM
OAK & HUMBOLDT, BINGEN (BANK)	4:22 PM
MCDONALDS (BINGEN)	4:25 PM
PORT OF HOOD RIVER*	4:30 PM
3 RD & CASCADE (BPOE)*	4:34 PM
WALMART*	4:39 PM
CGCC – INDIAN CREEK CAMPUS* ^β	4:44 PM
ROSAUERS*	4:46 PM
PROVIDENCE HOSPITAL*	4:50 PM
PORT OF HOOD RIVER*	5:05 PM
BRIDGE MART (BINGEN)	5:08 PM
OAK & HUMBOLDT, BINGEN (NAPA)	5:11 PM
WHITE SALMON LIBRARY	5:30 PM

*Stops in Hood River, Oregon

^β Stops not necessary on Fridays (CGCC not open on Fridays)

Commission Memo

To: Commissioners
From: Michael McElwee
Date: July 15, 2014
Re: Proposed Commissioner Cup Regatta

The following is a proposal from Kassen Bergstrom (President of the Gorge Sailing Team) and Jaime Mack (Co-founder of the Gorge Junior Sailing Program) for a "Commissioners' Cup Sailing Regatta. I recall that this idea was generated last year from Commissioner Shortt and discussed at the June 17 Marina Ad Hoc Committee and Commission meetings.

First off, we would like to say we are very excited about having a regatta in Hood River and are thankful for Port of Hood River interest and support.

We propose to run a one-day regatta on either Saturday August 16th or Sunday August 17th. We are planning for a fun, relaxed day of racing with a lunch break that involves a fun race with one Commissioner and one High School sailor in our 420 sailboat.

We are thinking the number of kids racing during the day will be about 30. We plan on using approximately 10 Optimist sailboats and 7 420 boats. The Optimists have just one sailor under 12 years of age and the 420 has two sailors between the age of 12 and 18.

We would like to propose that for this regatta we use the floating docks set up for the Junior Sailing program in the marina. Another good option would be to use the east side of the main dock at the boat launch, but for an August weekend, that could be pretty congested.

The races will all start and end out on the water allowing for a calm entry and exit from the docks.

As far as the actual on-the-water races go, we are planning to have both 420's and Opti's out in the river below the bridge, racing together with a committee boat and 3-4 safety boats. If the wind is too crazy, we would like to run the Opti's in the marina.

If we do end up running the little kids in the marina, racing will be halted when boats from the south end of C-dock or the float plane dock need to arrive or depart from their slips. We will do our best to not get in the way of any other marina users during the day.

As the main sponsor of the "Commissioners' Cup Regatta", we are hoping that the Port of Hood River will waive any permit fees as well as donate \$500 toward race committee expenses, gas, t-shirts, and dinner for event participants and volunteers. There will also be an entry fee for this event. If there is a deficit, the Gorge Sailing Team will cover the difference.

The sailors will be supplying their own lunches and snacks, but dinner will be hosted at the Hood River Yacht Club in the evening. We have talked with the HRYC about covering our regatta under their insurance policy for races. We are hoping that HRYC will support our event.

If there is any more information that you need from me, please don't hesitate to ask.

Thank you!

Kassen Bergstrom
President, Gorge Sailing Team
541 490-2703

RECOMMENDATION: For Discussion.

Commission Memo

To: Commissioners
From: Fred Kowell
Date: July 15, 2014
Re: Reappointment of Legal Counsel for FY 2014-15

As a matter of official record, the Port's legal counsel should be reappointed at the first meeting of the new fiscal year.

Reappointment of Columbia River Insurance as the Port's Insurance Agent-of-Record is an Action Item for this agenda, and action to reappoint the auditing firm is a Consent Agenda item.

RECOMMENDATION: Reappoint Jaques Sharp Attorneys at Law as Port Legal Counsel for FY 2014-15.

Commission Memo

To: Commissioners
From: Fred Kowell
Date: July 15, 2014
**Re: Reappointment of Insurance Agent-of-Record
for FY 2014-15**

As a matter of official record, the Port's insurance agent-of-record should be reappointed at the first meeting of the new fiscal year.

Reappointment of the Port's legal counsel of record is addressed as a separate agenda Action Item and reappointment of the auditing firm is listed as a Consent Agenda item for this meeting.

RECOMMENDATION: Reappoint Columbia River Insurance as Port Insurance Agent-of-Record for FY 2014-15.

Commission Memo

To: Commissioners
From: Fred Kowell
Date: July 15, 2014
Re: Overtime on a Holiday

Over the years, the Port has extended overtime pay (pay at a rate of 1.5 times the regular rate) to Maintenance staff on the Fourth of July holiday as well as paying regular Holiday pay. This was the only holiday and incident whereby Port staff got paid 2.5 times their regular rate. This practice has been around for many years (over 17 years) but it was never explicitly provided for within our Personnel Policy.

Our current Policy pays any non-exempt employee time and a half pay for the hours worked on a holiday. I would like to formally make a change in our Personnel Policy that allows hours worked on a holiday to be paid at double the regular rate of pay, which would bring our current practice in line with this updated change in Policy.

A holiday is a special time for family and friends. To effectively operate our bridge and provide maintenance support is a vital role the Port must perform during these special days. The economic impact of moving to double the rate of pay would be around \$1,800 (annually) overall. However, the other intangibles to staff and the community are much more significant.

RECOMMENDATION: Approve change in the Personnel Policy to compensate all non-exempt staff for hours worked on a holiday at double their regular rate of pay.

Commission Memo

To: Commissioners
From: Liz Whitmore
Date: July 15, 2014
Re: Jensen Building – Breezeway Replacement

In December, the Commission reviewed a conceptual design for site work, landscaping, utilities, cut-outs and rolling doors in the existing breezeway building for a proposed Jensen Market configuration. Subsequently, the Breezeway was looked at by a building inspector and determined to be in need of substantial upgrading.

Mark VanderZanden of Surround Architecture has provided a proposal (see attached) for feasibility design services in the amount of \$4,400 for a small light industrial building to replace the existing Breezeway building. The design concept and cost estimate option would be a simple low-cost, stand-alone structure which could accommodate two anchor users and the proposed outdoor market. A financial pro forma, including options to renovate or replace the existing Breezeway building, will be developed by staff for future decision making by the Commission.

RECOMMENDATION: Approve contract with Surround Architecture for design services associated with the Jensen Building Breezeway not to exceed \$4,400 plus reasonable reimbursable expenses.

To: Port of Hood River
Attention Liz Whitmore, Waterfront Coordinator

Re: Proposal for feasibility and design services for a Light Industrial building concept

The project is study for a permanent facility associated with the structure at the Port of Hoods River's Public Market concept. The design and concept would be for a stand alone structure, which could accommodate a couple of anchor users, plus be base for the outdoor market. A preliminary budget would be established but those assumptions need to be tested through this phase of design. The study would engage potential users to vet a program.

Proposal for services: Concept design and feasibility. The purpose of this scope of work is to develop a feasible concept, and create and publish documents for use to consider moving forward with implementation of final design and construction. Surround Architecture, Inc. proposes the following work plan to provide that deliverable.

1. Project research \$600
 - a. Local Planning department codes and processes for entitlement
 - b. Review building reports to date
 - c. Assemble base drawings and materials
 - d. Confirm code issues.
 - e. Review concepts with 2 potential users.
2. Program confirmation \$400
 - a. Confirm sizes of market areas and specifics needs
 - b. Development of a cost model based on historical information
3. Preliminary concept design \$1400
 - a. Sketch drawings of configuration
 - b. Sketch perspective images
 - c. Owner review of design
4. Feasibility review \$800
 - a. Refine or recreated budget model based on concept areas and construction type
 - b. Verify concept for codes and requirements
 - c. Develop proforma information to study financials
5. Final concept design \$1200
 - a. Refine and complete concept design for uses. These documents would include information for mechanical systems approach, structural system approach, outline form specifications and other details needed for a cost estimate.
 - b. Detailed cost estimate
 - c. Owner review, presentation.

Schedule: Surround will complete this scope with 6 weeks.

Fees: Surround will bill for work on an hourly basis, not to exceed a final sum of \$4400. Hourly rates for firm principals are \$130/hour, and architect staff rates are \$80/hour.

Exclusions: hazardous materials assessments, soils tests, or structural reviews are excluded.

Commission Memo

To: Commissioners
From: Liz Whitmore
Date: July 15, 2014
Re: IGA with City of Hood River for Hook Launch and Pedestrian Pathway Improvements

An Intergovernmental Agreement between the City of Hood River and the Port has been developed by staff, legal counsel, and City personnel. Please see attached IGA and Exhibits A, B, C, and D. Major components of the agreement include:

- The Port will grant to the City a non-exclusive permanent easement twenty-feet wide and a temporary easement forty-feet wide from the cul-de-sac continuing in an east-west direction along the Hook access road.
- The City shall pay for the installation of conduit at the cul-de-sac and running the length of the Hook access road. The Port shall pay for the conduit, boxes, and fittings.
- The City shall pay for a paved eight-foot wide pedestrian path running east-west along the Hook access road and terminating at the new launch area.
- The Port and City will each pay 50% of the cost of providing and installing boulders as a vehicular barrier for the pedestrian pathway.
- The launch drawings will be incorporated into the outfall relocation package as a "bid alternate" which the City and/or Port may accept or reject as part of the outfall project. If the bid alternate is rejected by either party, the Port will bid and manage the project independently of the City.

The Port will pay for all additional trail amenities (light bollards, seat wall, rigging area and curb). This will be bid as a separate project from the outfall relocation work and managed by Port staff. The schedule for the outfall relocation is undetermined at this time. If the City's project does not commence this fall, Port staff is recommending moving forward with the launch independently and beginning construction winter 2014-15.

RECOMMENDATION: Approve the Intergovernmental Agreement between the City of Hood River and the Port of Hood River for the Hook Launch and Pedestrian Pathway Improvements.

INTERGOVERNMENTAL AGREEMENT
Wastewater Treatment Plant Outfall and River Launch and Pedestrian Pathway
Improvements

Parties to this Agreement:

CITY OF HOOD RIVER
An Oregon Municipal Corporation
P.O. Box 27
Hood River, OR 97031

The "City"

PORT OF HOOD RIVER
An Oregon Port District
P.O. Box 239
Hood River, OR 97031

The "Port"

RECITALS

WHEREAS, the City owns and operates a municipal wastewater collection system and treatment plant ("WWTP") to serve the residents and businesses of the City and needs to site and construct a new discharge outfall pipeline from the existing WWTP across real property owned by the Port to a discharge point in the Columbia River; and

WHEREAS, the Port owns and manages real property within the City's corporate limits along the Columbia River waterfront and desires to construct certain pedestrian pathway improvements providing recreational public access between the public right-of-way and a river front area known as the Hook and certain improvements to the recreational area on the west side of the Hook; and

WHEREAS, the City desires to obtain an easement from the Port across Port property for the City's discharge outfall pipe, and the Port desires to coordinate and collaborate with the City in the construction of its pedestrian pathway and recreational area on the Hook.

NOW THEREFORE, based on the foregoing Recitals, the mutual covenants provided for in this Agreement, and for valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Port and City Responsibilities: The Port and City shall be responsible for the following:
 - a) WWTP Outfall Easement; Improvements: The Port shall grant to the City a non-exclusive permanent easement twenty feet wide and a temporary construction easement forty feet wide in the location described in the Terra Surveying Legal Description labeled **Exhibit 'A'** and shown on the Terra Surveying Exhibit Map, each dated June 19, 2014, attached hereto and incorporated herein by this reference. The easement will accommodate the construction, operation, maintenance, repair and future replacement of an underground sanitary sewer outfall pipe across Port property generally running east-west under the Port's Hook access road from the City's WWTP to the Columbia River. The easement will be recorded in Hood River County official records. The City shall pay for the installation of 4" PVC conduit running underground from the easterly end of the easement area to the westerly end of the easement area and will be installed on the edge of the outfall pipe trench. The Port shall pay for the 4" conduit material,

boxes, and fittings to be installed by the City; boxes shall be placed at approximate 250' intervals. The City shall pay for the installation of one 4" PVC conduit sleeve at the cul-de-sac on Portway and the Port shall pay for the 4" conduit material. City construction in the area where the discharge outfall pipeline is installed shall comply with the requirements of the Port's engineer, Stuart Cato stated in his letter dated August 19, 2013, labeled **Exhibit 'B'**, attached hereto and incorporated herein by this reference. The specifications and drawings for the sanitary sewer outfall pipe are set forth in documents prepared by Bell Design Company dated June 10, 2014, which are incorporated herein by this reference, which have been reviewed and approved by the Port. Prior to making a substantial change to the Bell Design Company specifications or drawings the City will consult with the Port about the proposed change. The Port will also cooperate with the City in the design and construction of the sanitary sewer outfall pipe.

- b) Pedestrian Pathway: The Port will cooperate and coordinate with the City and the City's engineer in the design, bidding and construction of a paved, eight foot wide recreational pedestrian pathway to be installed and paid for, by the City, running east-west along the Hook access road ending at the northwest terminus of the road at the "river launch", as shown in simp.L drawings labeled **Exhibit 'C'**, attached hereto and incorporated herein by this reference. The City shall pay the cost of asphalt paving and subgrade preparation shown in the Bell Design Company drawings dated June 10, 2014. The Port shall be responsible for all other improvements, e.g., traffic barriers, light bollards, synthetic turf, poured in place curbing, sitting wall and other improvements shown in **Exhibit 'C'**. The Port and City will each pay 50% of the cost of providing and installing boulders as a vehicular barrier for the pathway. The City shall be responsible for obtaining any required federal, state or local permits for this work.
- c) River Launch: The Port will cooperate and coordinate with the City and the City's engineer in the design, bidding and construction of a recreational river access, and associated use area, at the northwest terminus of the Hook access road for windsurfers and other recreational users of the river ("river launch improvements"). The Port shall pay the cost of plans, specifications, and permitting for the river launch improvements, and provide them to the City's engineer to include in the sewer outfall project bid documents as a bid alternate. The river launch improvements will be listed as a separate bid item that may be accepted or rejected by the City and/or Port when the sewer outfall project contract is awarded. If either the City or Port determines that the river launch improvements work should not be part of the sewer outfall project work, because of bid cost or because timing of construction will not coincide with other sewer outfall construction, either the Port or City may withdraw the river launch improvements work from the sewer outfall construction project. If the City proceeds with river launch improvements as part of the sewer outfall project, the Port will pay the City any costs the City incurs for constructing and related expenses associated with these improvements within 30 days of the City's presentment of any invoice for that work. The Port shall be responsible for obtaining any required federal, state or local permits for this work. The general location and design concept for the recreational river access is illustrated in **Exhibit 'D'**, attached hereto and incorporated herein by this reference.
- d) It is the responsibility of the Port to maintain constructed facilities not including the Wastewater Treatment Pipes. Maintenance shall include the pedestrian pathway, lighting system, bollards, boulders, electrical conduit, and the vegetative filter strip.

2. City of Hood River: The City shall be responsible for the following:

a) WWTP Outfall Easement: The City shall coordinate and cooperate with the Port in the design and construction of its sanitary sewer outfall pipe within the easement granted to it by the Port. The City shall be responsible for the cost of designing, constructing and related expenses associated with the sanitary sewer outfall pipe. The City shall be responsible for obtaining any required federal, state or local permits and for compliance with the appropriate applicable public bidding and procurement laws.

b) Pedestrian Pathway: The City will cooperate and coordinate with the Port in the design and preparation of bid documents associated with the construction of a recreational pedestrian pathway east to west along the Hook access road ending at the northwest terminus of the road and pathway amenities. This work shall be combined by the City with other related construction in the area. This work will be a City public improvement project paid for by the City, and the City will be the contracting party in one or more public works contracts executed for this work. The City shall be responsible for compliance with the applicable public bidding and procurement laws. The Port shall participate with the City in an advisory capacity in the following ways:

- i. Preparation of plans, construction drawings, specifications and bid packets.
- ii. Bid review, selection and/or rejection of contractor(s),
- iii. Review and oversight of construction and all change orders during construction,
- iv. Review, inspection, acceptance or rejection of work;

c) River Launch: The City will cooperate and coordinate with the Port in the design and preparation of bid documents associated with the construction of river launch improvements at the northwest terminus of the Hook access road for windsurfers and other recreational users of the river. This work may be combined by the City with other related construction in the area. If the City awards a contract for the river launch improvements work as part of the sewer outfall project, this work will be a City project, and the City will be the contracting party in any public contract that is executed for this work. The City shall be responsible for compliance with the appropriate applicable public bidding and procurement laws. The Port shall participate with the City in an advisory capacity in the following ways:

- i. Preparation of plans, construction drawings, specifications and the bid packets,
- ii. Bid review, selection and/or rejection of contractor(s) in the Port's discretion,
- iii. Review and oversight of construction and City change orders during construction,
- iv. Review, inspection, acceptance or rejection of work by the City,
- v. Payment or reimbursement to the City of all invoices for work associated with the river launch improvements, and of any change orders resulting from Port construction decisions made during or at the conclusion of construction, within 30 days of presentment by the City. The Port will not reimburse the City for any costs incurred by the City associated with its management or administration of the project.

3. Final Design and Cost Allocation. The parties acknowledge that the precise scope of each project is not known at this time, especially with regard to the river launch improvements, nor is the precise cost to each party. Those details will be forthcoming as the parties discuss and design each project, which may necessitate amendment of this Agreement. Toward this end, the parties shall cooperate in the design and construction of all improvements described in this Agreement and during the design phase shall allocate to each party all cost items for which each party shall be responsible. The parties acknowledge that payments from the Port for its

cost items may be from funds derived from third-party sources.

4. Statutory Intergovernmental Agreement and Authority. This Agreement is entered into by and between the parties as a statutory intergovernmental agreement pursuant to ORS 190.003 to 190.130. The individuals whose signatures appear below certify that each is fully authorized by their respective governing body to execute this Agreement on the party's behalf and to fully bind the party to its terms.

5. Entire Agreement. This Agreement, including Exhibits A, B, C and D referenced herein and the recitals, constitute the entire agreement between the parties with regard to the matters addressed herein. No terms or representations not set forth in this Agreement or the referenced exhibits shall be considered a part of or enforceable under this Agreement.

6. Effective Date, Term and Modification: This Agreement shall be effective as of the last date signed below, and its term shall be perpetual until all obligations stated herein have been fully performed. This Agreement may be modified at any time only upon the mutual written consent of all parties.

7. No Third Party Beneficiaries. This Agreement is strictly and solely between the parties signed below, and it shall not create any obligation on the part of either party to perform or pay anything to or on behalf of anyone not a party to this Agreement. This Agreement does not create any rights in favor of or for any person or entity that is not a party to this Agreement.

8. Dispute Resolution and Attorney Fees: Any dispute arising under this Agreement shall be resolved, first, through direct communication between the Port Executive Director and the City Manager including any appropriate staff, then by mediation and then by binding arbitration in Hood River County, Oregon under Oregon law. Each party shall be responsible for its own costs associated with dispute resolution and for one half of the cost of a mediator and/or arbitrator.

IT IS SO AGREED:

For the City of Hood River:

For the Port of Hood River:

Hood River City Manager

Port of Hood River Executive Director

Date: _____

Date: _____

Approved as to form:

Approved as to form:

City Attorney

Attorney for the Port

Exhibit 'A'
TERRA SURVEYING
P.O. Box 617
Hood River, OR 97031
PHONE (541) 386-4531
E-Mail: terra@gorge.net

LEGAL DESCRIPTION
FOR
A
SEWER LINE EASEMENTS

The purpose of this description is to describe the centerline of a 20 foot wide permanent sewer line easement and a 40 foot wide temporary construction easement, both are positioned from this described centerline located in the northwest quarter of Section 25 and the northeast quarter of Section 26 all located in Township 3 North, Range 10 East of the Willamette Meridian in Hood River County and State of Oregon, said centerline is described more particularly as follows.

Commencing at a 5/8" iron rod L.S. 72306 which is monumenting the point of beginning of a 80 foot wide perpetual ingress/egress easement to the city of Hood River on Instrument #750615, said monument is referenced at the southwesterly interior corner on Hood River County partition plat #2009-055. Thence North 88°19'26" West along the north line of the City of Hood River Sewer department a distance of 649.63 feet to a similar iron rod monumenting the northwest corner of said Sewer department; thence South 00°13'39" East along west line of said Sewer department a distance of 13.82 feet to the centerline of a constructed sewer discharge pipe and the point of beginning of the following described centerline.

Thence North 88°17'13" West a distance of 14.89 feet to a point; thence North 01°05'10" West a distance of 345.19 feet to a point; thence North 63°34'19" West a distance of 1200.76 feet to a point; thence North 71°09'46" West at distance of 335.70 feet to the terminus of this description, side lines shall be lengthened or shortened to make ends meet.

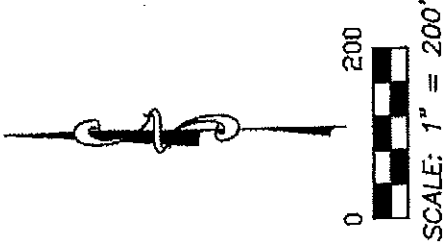
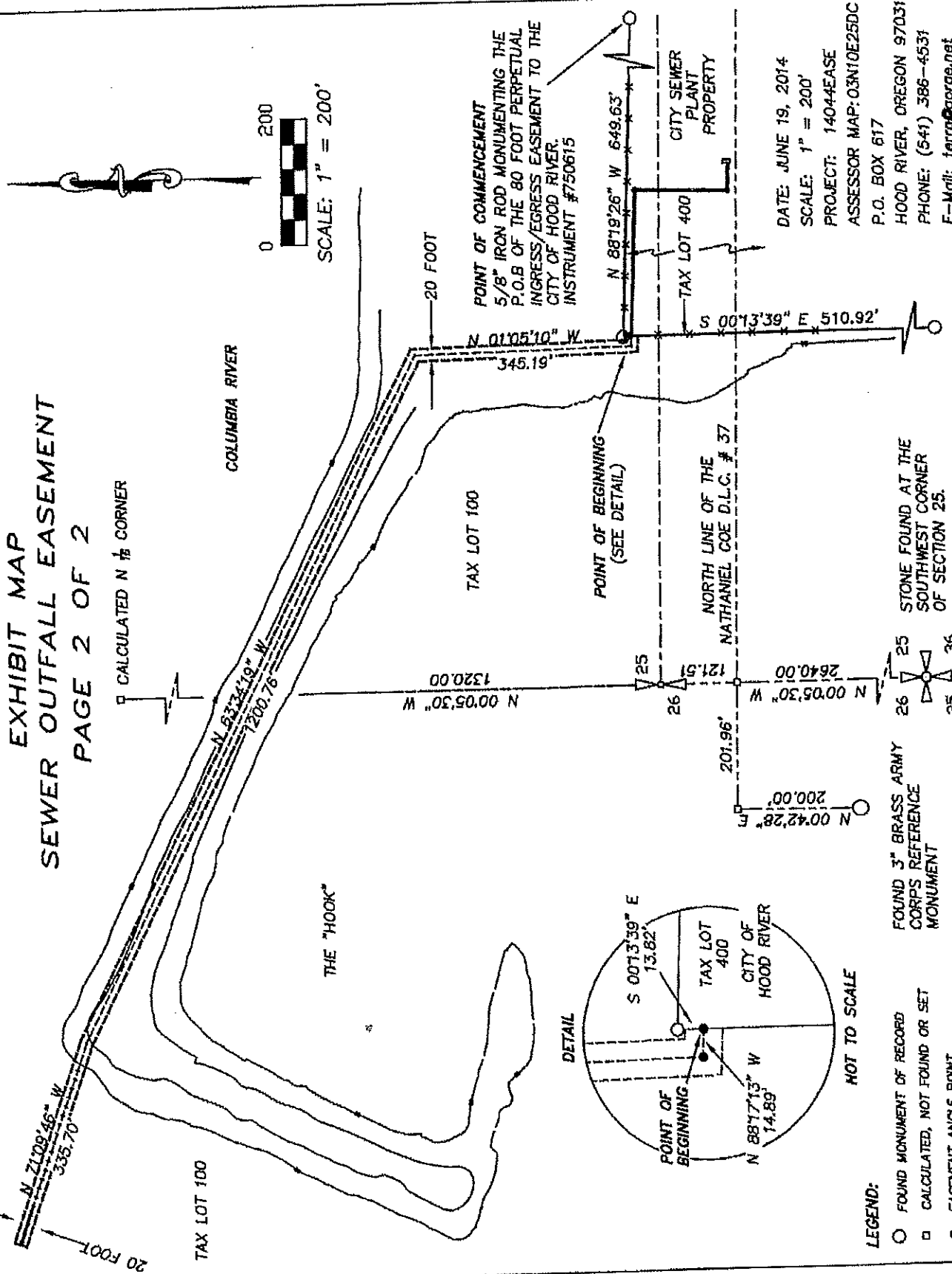
June 19, 2014
EMC



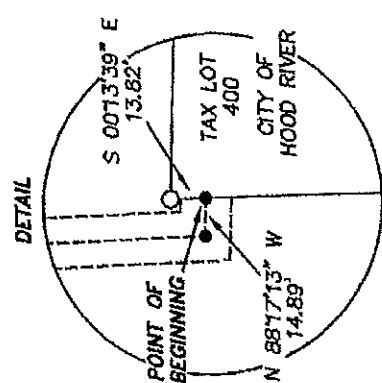
Expire: Dec 2015

TERRA SURVEYING

EXHIBIT MAP
SEWER OUTFALL EASEMENT
PAGE 2 OF 2




DATE: JUNE 19, 2014
SCALE: 1" = 200'
PROJECT: 14044EASE
ASSESSOR MAP: 03N10E25DC
P.O. BOX 617
HOOD RIVER, OREGON 97031
PHONE: (541) 386-4531
E-Mail: terra@gorge.net



NOT TO SCALE

- LEGEND:
- FOUND MONUMENT OF RECORD
 - CALCULATED, NOT FOUND OR SET
 - EASEMENT ANGLE POINT
- FOUND 3" BRASS ARMY CORPS REFERENCE MONUMENT
- FOUND 3" BRASS ARMY CORPS REFERENCE MONUMENT
- STONE FOUND AT THE SOUTHWEST CORNER OF SECTION 25.

EXHIBIT 'B'

 Stuart L. Cato, PE, CWRE
CONSULTING CIVIL ENGINEERS
8555 SW Katherine Lane, Portland, Oregon 97225
tel 503.292.0383 :: fax 503.292.0383 :: cell 503.701.2097

August 19th 2013

Mr. Michael S. McElwee
Executive Director
Port of Hood River
1000 E. Port Marina Drive
Hood River OR. 97031

RE: The Hook WWTP Outfall Sewer

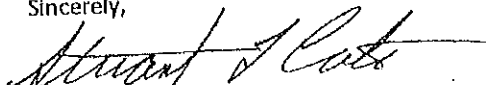
Dear Michael,

We have reviewed the City of Hood River WWTP Outfall Project Plans for construction of a sewer in the Hook Road and have the following comments:

1. Sheet C 2.1. - A note should be added that the driveway ramp has to be replaced from scoring joint to scoring joint and be reinforced with mesh as built. This will restore minimum adequate strength to the ramp and prevent isolated settlement of the repair portion. The replacement should be doweled into the remaining existing ramp.
2. Sheet C2.1 and 2.2. - The surface restoration should be 2" of HMA 22' wide from the driveway to station 8 + 50 in the vicinity of the end of the Riverfront Trail. The present surfacing is AC grindings that have bonded to resemble Oil Mat paving not rock surfacing. The oil mat will be damaged not only by excavation and spoils but also construction equipment.
3. General surface restoration all sheets. -The surface restoration using crushed rock should run from the edge of the trench to a point 15' minimum from edge of trench on the side that excavated material is stored and 5' from edge of trench on the opposite side. Approximately 70% of the excavated material may be immediately hauled offsite. It is common during trenching to place the remaining excavated material adjacent to the trench for refilling. About half of the excavated material will be sand with some silt and would turn to slurry or dust depending on the weather. It needs to be removed and the storage area covered with at least 2" of clean crushed rock. The surface restoration crushed rock is call as 1-1/4"-0" minus on the plan sheets and 3/4"-0" minus on the detail sheet. Either size material will be satisfactory.
4. Place 4" PVC conduit sleeves across the sewer at the driveway on Portway.

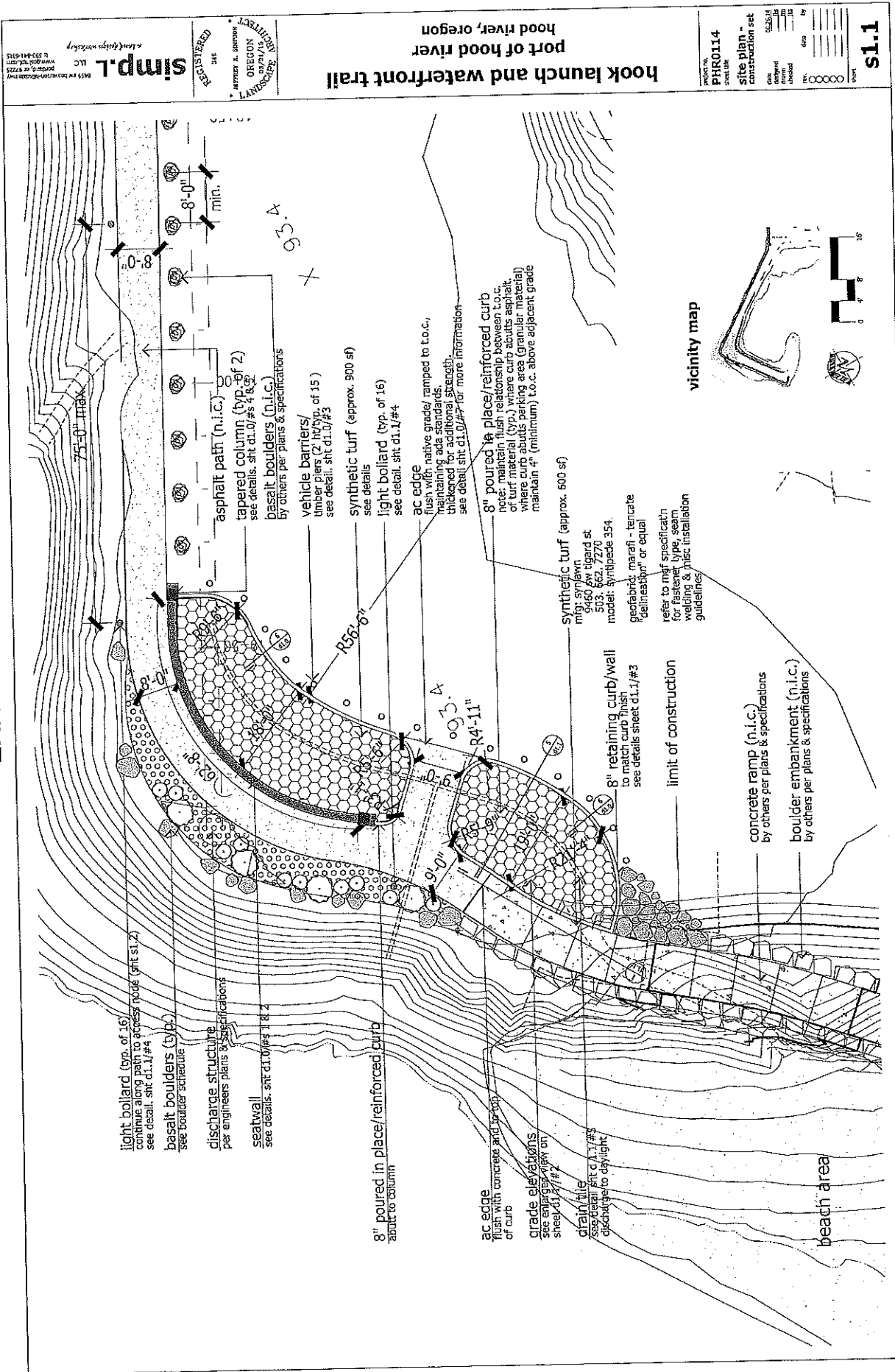
If you have any question please contact me by phone 503-292-0383 or e-mail slca@onemain.com.

Sincerely,


Stuart L. Cato PE

SLC/slc
Port Industrial Park
The Hook Road Restoration

EXHIBIT 'C'

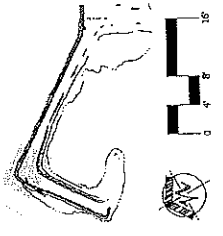


hook launch and waterfront trail
port of hood river
hood river, oregon

PROJECT NO. PH00114
SHEET NO. 1
DATE 03.05.16
DRAWN BY JTB
CHECKED BY JTB
DESIGNED BY JTB

S1.1

vicinity map



light bollard (typ. of 16)
continue along path to access road (sht sl.2)
see detail, sht. d1.1/#4

basalt boulders (n.i.c.)
see boulder schedule

discharge structure
per engineers plans & specifications

seawall
see detail, sht. d1.0/#3 1, 8, 4

8" poured in place/reinforced curb
about to column

ac edge
flush with concrete and top
of curb

grade elevations
see enlarged view on
sheet d1.2/#2

drain tile
see detail, sht. d1.1/#5
discharge to daylight

beach area

asphalt path (n.i.c.) - (sf 2)
see details, sht. d1.0/#s 4 & 5

basalt boulders (n.i.c.)
by others per plans & specifications

vehicle barriers/
timber piles (T) (typ. of 15)
see detail, sht. d1.0/#3

synthetic turf (approx. 900 sf)
see details

light bollard (typ. of 16)
see detail, sht. d1.1/#4

ac edge
flush with native grade/ ramped to t.o.c.,
maintaining ada standards,
thickened for additional strength.
see detail, sht. d1.0/#2 for more information

8" poured in place/reinforced curb
note: maintain flush relationship between t.o.c.
of turf material (typ.) where curb abuts asphalt,
where curb abuts parking area (granular material)
maintain 4" (minimum) t.o.c. above adjacent grade

synthetic turf (approx. 600 sf)
mfg: synlawn
9460 6w rigid st
503, 622, 7270
model: synlucide 354
prefabricated, marafi - terracote
delineation or equal

refer to mfg specificath
for fastener type, seam
welding & misc installation
guidelines

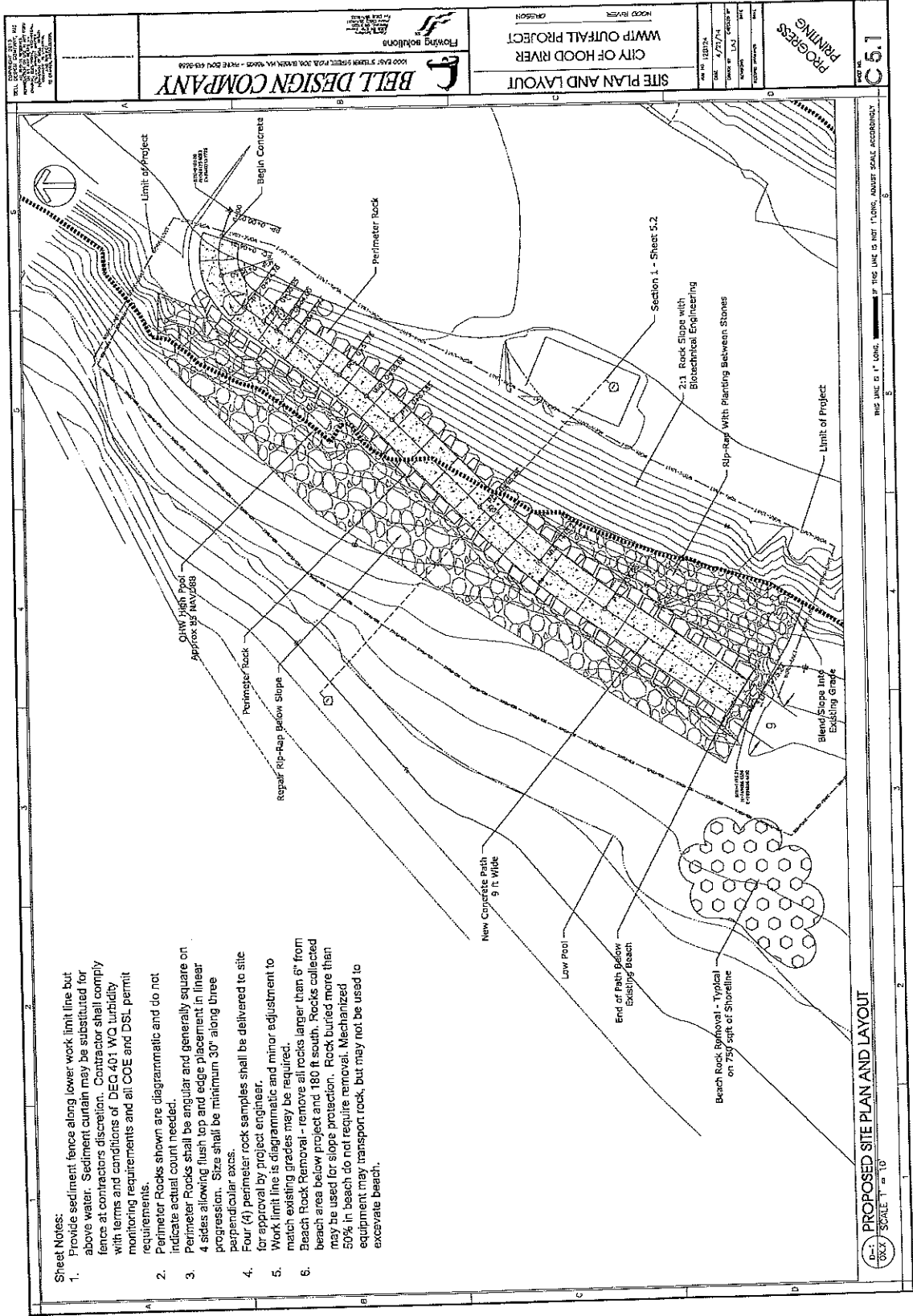
8" retaining curb/wall
to match curb finish
see details sheet d1.1/#3

limit of construction

concrete ramp (n.i.c.)
by others per plans & specifications

boulder embankment (n.i.c.)
by others per plans & specifications

EXHIBIT 'D'



Sheet Notes:

1. Provide sediment fence along lower work limit line but above water. Sediment curtain may be substituted for fence at contractor's discretion. Contractor shall comply with terms and conditions of DEQ 401 WQ turbidity monitoring requirements and all COE and DSL permit requirements.
2. Perimeter Rocks shown are diagrammatic and do not indicate actual count needed.
3. Perimeter Rocks shall be angular and generally square on 4 sides allowing flush top and edge placement in linear progression. Size shall be minimum 30" along three perpendicular axes.
4. Four (4) perimeter rock samples shall be delivered to site for approval by project engineer.
5. Work limit line is diagrammatic and minor adjustment to match existing grades may be required.
6. Beach Rock Removal - remove all rocks larger than 6" from beach area below project and 180 ft south. Rocks collected may be used for slope protection. Rock buried more than 50% in beach do not require removal. Mechanized equipment may transport rock, but may not be used to excavate beach.

D-1 PROPOSED SITE PLAN AND LAYOUT
SCALE 1" = 10'

THIS LINE IS NOT TO BE USED AS A SCALE ACCURACIOUSLY

PROGRESS PRINTING

BELL DESIGN COMPANY
1000 EAST 37TH STREET, PORTLAND, OREGON 97214
503.281.1111
www.bell-design.com

CITY OF HOOD RIVER
WWTP OUTFALL PROJECT
HOOD RIVER, OREGON

DATE: 4/25/14
DRAWN BY: JAJ
CHECKED BY: JAJ
SCALE: AS SHOWN
PROJECT NO: 132524
SHEET NO: 5.1

Commission Memo

To: Commissioners
From: Michael McElwee
Date: July 15, 2014
Re: Key Development EXPO Property DDA

Attached is the final draft Amended and Restated Disposition and Development Agreement (DDA) for the Expo property for possible action. Staff and General Counsel will review any final modifications to this DDA at the meeting.

COMMENDATION: Authorize Amended and Restated Disposition and Development Agreement with Key Development Corporation for the Expo Property subject to General Counsel Review.

**AMENDED AND RESTATED AGREEMENT FOR DISPOSITION
OF PROPERTY FOR DEVELOPMENT
PARCELS 1 AND 2, WATERFRONT BUSINESS PARK**

This **AMENDED AND RESTATED AGREEMENT FOR DISPOSITION OF PROPERTY FOR DEVELOPMENT** (this "Agreement") is made as of _____, 2014 by the **PORT OF HOOD RIVER**, a municipal corporation ("Port") and **KEY DEVELOPMENT CORPORATION**, an Oregon domestic corporation ("Buyer"). Port and Buyer are referred to jointly in this Agreement as "Parties" and individually as a "Party."

RECITALS

1. The Parties previously entered into an Agreement for Disposition of Property for Development dated December 23, 2013, relating to the Property (as defined below) (the "Original Agreement"). The Parties desire to amend and restate the Original Agreement in its entirety, as provided herein.
2. Port is responsible for creating and carrying out economic development objectives and programs of the State of Oregon under the authority of ORS Chapter 777 and is the owner of real property on the Hood River Waterfront generally described as the Waterfront Business Park.
3. Buyer is interested in purchasing Parcels 1 and 2 of Hood River County Partition Replat 2012-05P, in Hood River, Oregon (individually "Parcel 1" and "Parcel 2"), which are shown in Exhibit I to this Agreement. The Buyer desires to partition Parcel 2 into three parcels shown as Future Replat Parcels 1a, 2a and 3a on Exhibit H. Buyer desires to: (i) construct an industrial building on Parcel 1, which industrial building Buyer intends to lease or sell to one or more third-party users; (ii) construct a commercial building on each of Parcels 1a and 2a, which commercial buildings Buyer intends to lease or sell to third party users; and (iii) remove the improvements currently located on Parcel 3a known as the "Expo Building" and develop Parcel 3a as a parking lot (collectively, the "Project"). The Project is described more fully in the Scope of Development, attached hereto as Exhibit C. Parcels 1, 1a, 2a, and 3a are hereinafter collectively referred to as the "Property". As described above, Parcels 1 and 2 are shown on Exhibit I, and future Parcels 1a, 2a and 3a are shown on Exhibit H.
4. The Port Commission has determined that the Buyer's plans and objectives are consistent with the Port's Waterfront Development Strategy, and that implementing the Buyer's plans will facilitate area economic development, the creation of quality jobs and implementation of a high quality commercial project in the Waterfront Business Park. The Parties are now prepared to enter into a definitive agreement for Buyer to undertake acquisition of the Property, to develop and operate the Project.
5. The completion of the Project according to the terms of this Agreement, including the Scope of Development, the Jobs Plan and Schedule of Performance, is a material inducement to Port's sale of the Property to Buyer.
6. Port finds that Buyer's use of the Property pursuant to this Agreement, will help achieve the community and Port goals for, among others, job creation and high

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quality development consistent with the Waterfront Development Strategy. The Port further finds that the Property is not needed for public use.

AGREEMENT

This Agreement shall incorporate by this reference, the Recitals, the Definitions and all Exhibits hereto. The Parties, in consideration of the premises and the agreements set forth herein and for other valuable consideration the receipt and adequacy of which are hereby acknowledged, covenant and agree as follows:

1. ORIGINAL AGREEMENT; DEFINITIONS

1.1 **Original Agreement.** Upon full execution of this Agreement, this Agreement shall amend, restate and supersede the Original Agreement in its entirety, and the Original Agreement shall be of no further force or effect, provided however that the Agreement shall be considered to be in effect on and after December 23, 2013, the Original Agreement Effective Date.

1.2 **Definitions.** Words that are capitalized, and which are not the first word of a sentence, are defined terms. A defined term has the meaning given it when it is first defined in this Agreement. Some defined terms are first defined in the text of this Agreement, and some are first defined in Exhibit D, which is a glossary of all defined terms. Defined terms may be used together and the combined defined term has the meaning of the combined defined terms. A defined term that is a noun may be used in its verb or adjective form and vice-versa. If there is any difference between the definition of a defined term in the text of this Agreement and the definition of that term in Exhibit D, the definition in the text controls. Defined terms may be used in the singular or the plural.

2. GENERAL TERMS OF CONVEYANCE

2.1 **Conveyance of Property.** Upon satisfaction of the Conditions Precedent to Conveyance in Section 2.6 hereof, the Port will convey the Property to Buyer pursuant to a Special Warranty Deed in substantially the form attached hereto as Exhibit A. The Closing shall occur in an escrow closing at the office of the Escrow Agent not later than the date set forth in the Schedule of Performance attached hereto as Exhibit B unless the Parties agree to a later date.

2.2 **Buyer Deposit.** Buyer has deposited into Escrow the sum of Fifty Thousand and no/100 Dollars (\$50,000.00) as a deposit to secure the Buyer's obligation to purchase the Property ("Buyer Deposit"). If the Parties Close the purchase, the Buyer Deposit will be credited to the Purchase Price. If the Buyer elects to terminate this Agreement before October 23, 2014, the Buyer Deposit will be returned to the Buyer. If the Buyer has not elected to terminate before October 23, 2014, and the Parties do not Close the purchase for any reason other than Port's default under this Agreement, the Port will retain the Buyer Deposit as compensation for the Port's costs incurred in pursuing the conveyance of the Property to the Buyer, and for holding the Property off the market through the scheduled Closing Date.

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2.3 Purchase Price. The Purchase Price for the Property is the sum of:

2.3.1 One Million Two Hundred Twelve Thousand Six Hundred and no/100 Dollars (\$1,212,600.00) for the Expo Building and Parcel 3a; plus

2.3.2 \$10.50 per square foot for Parcels 1a and 2a, with the square footage to be calculated by reference to the area of Parcels 1a and 2a as determined by the Partition completed pursuant to Section 3.3.2 below; plus

2.3.3 \$8.20 per square foot for Parcel 1.

2.4 Payment. Buyer will pay the Purchase Price as follows:

2.4.1 Port may, in Port's sole discretion, finance Seven Hundred Forty Thousand and no/100 Dollars (\$740,000.00) of the Purchase Price on the following terms ("Purchase Price Loan"):

(a) The Purchase Price Loan is due on the earlier of the date that is 24 months after the Closing Date; or the date the City issues a Certificate of Occupancy for the improvements ("Completion") for the first to be completed of Parcels 1a or 2a ("Due Date");

(b) The unpaid principal amount of the Purchase Price Loan will bear interest at the rate of five percent (5%) per annum beginning on the Closing Date, amortized over a twenty (20) year period;

(c) Buyer will make interest only payments quarterly during the period between the Closing Date and the Due Date;

(d) Buyer will pay the Purchase Price Loan principal and any accrued interest on the Due Date;

(e) The Purchase Price Loan will be evidenced by a Note and Trust Deed(s) and any other loan documents reasonably required by the Port ("Purchase Price Loan Documents").

2.4.2 Buyer will pay the Purchase Price in cash at Closing, with credit for the Buyer Deposit and credit for a Purchase Price Loan, if any.

2.5 Title Review.

2.5.1 Buyer has reviewed a preliminary title report for the Property from the Escrow Agent (the "Title Report"), report No. 0046511, dated December 27, 2013. Buyer has approved the exceptions described on the attached Exhibit A-1 (the "Permitted Exceptions").

2.5.2 Port covenants and agrees that it shall not further encumber the Property (other than the Permitted Exceptions) without the written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed. Buyer may obtain an update to the Title Report at any time prior to the Closing and Buyer shall promptly provide Port with a copy of any such updated Title Report. Within twenty (20) days following its

receipt of the updated Title Report, Buyer shall object to Port in writing to any exceptions to title. Within ten (10) days after Buyer's written notice to Port described in the preceding sentence, Port shall notify Buyer in writing of its intention to remove or not remove the objectionable exceptions to title prior to Closing. If the Port notifies the Buyer of its intention to not remove some or all of the objected to exceptions, Buyer may terminate this Agreement by giving the Port notice of termination within five days after the receipt of the Port's notice given pursuant to this sentence, or Buyer may proceed to close subject to same. If Buyer does not give notice of termination pursuant to this subsection 2.5.2, Buyer shall close subject to the objected to exceptions.

2.5.3 The Permitted Exceptions and any exceptions to which Buyer does not timely object in writing, or otherwise accepts at Closing, are the "Final Permitted Exceptions."

2.6 Title Insurance, Survey, Property Taxes and Closing Costs.

2.6.1 The Port, at its expense, shall provide Buyer with a standard coverage ALTA Owner's Policy of Title Insurance, issued by Escrow Agent, covering the Property insuring Buyer in the amount of the Purchase Price, all free and clear of encumbrances except the standard exceptions and the Final Permitted Exceptions. Buyer, at its option and its expense, may elect to obtain extended coverage under such policies of title insurance and any endorsements to the policy that Buyer desires, and the Port agrees to execute any affidavits or other documents required by the Escrow Agent to enable Buyer to obtain such coverage.

2.6.2 The Buyer will pay the costs for recording a Memorandum of this Agreement, the Deed and any other documents required by Buyer to be recorded.

2.6.3 Each of the Buyer and the Port shall pay one-half (1/2) of any escrow fees charged by Escrow Agent. In addition, Buyer shall be obligated to pay all property taxes from and after the Closing Date, including any property taxes due on the Property as a result of its transfer to a taxable entity and the subsequent loss of the public ownership tax exemption. Any assessments on the Property shall be prorated as of the Closing Date, except that the Port shall be obligated to pay installments due through the Closing Date for any assessments that may be paid in installments, and Buyer shall be responsible for installment payments due after the Closing Date. All other Closing costs, if any, shall be allocated in accordance with the customary practice in Hood River County.

2.7 Conditions Precedent to Conveyance.

2.7.1 Conditions.

Buyer and the Port are not obligated to Close unless the following conditions are satisfied to the reasonable satisfaction of the benefited Party. The Party benefited by a particular condition shall not unreasonably withhold, condition or delay acknowledgment that the condition has been satisfied. The Parties shall act diligently and in good faith to satisfy conditions over which they have control or influence.

(a) Buyer. Buyer is not obligated to purchase the Property until, to Buyer's satisfaction:

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(i) Port shall have given Buyer satisfactory proof of marketable title and the issuance of a preliminary title insurance commitment evidencing the willingness of a title insurance company to insure the Property, subject only to the standard exceptions and the Final Permitted Exceptions;

(ii) Buyer has obtained a commitment(s) of the private equity and/or private or commercial financing sources to provide construction and permanent financing in an amount sufficient to allow Buyer to purchase and develop the Property according to the Scope of Development;

(iii) The City has given all land use approvals for the Project, the appeal period for such approvals has passed without an appeal being filed; or, if an appeal has been filed, it has been satisfactorily resolved;

(iv) The Port has approved Final Construction Drawings for the Project pursuant to the process and criteria described in Section 5.4 below;

(v) Buyer has provided a Development Program for the Project which shall include a written and numeric description of anticipated building uses and associated floor areas in the completed Project satisfactory to the Port;

(vi) Buyer has provided a Jobs Plan for the Project including a description of the number, description and wage rates of expected jobs in the Project in order to achieve the goals of the Strategy, specifically, the Port's minimum job density goal of one job for every 1000 square feet of building improvements;

(vii) The City has issued building permits for Project;

(viii) Buyer shall have approved the environmental condition of the Property;

(ix) The Port and the Buyer shall have entered into, or be prepared at Closing to enter into, an agreement which provides that Buyer, and after transfer, any subsequent owner of the Property or any portion thereof, shall pay an annual assessment of \$0.25 per square foot of building area owned by the Buyer or any subsequent owner, respectively, to maintain the public open space and rights-of-way on property that the Port maintains in the waterfront area ("Open Space Assessment Agreement"). The Open Space Assessment Agreement will run with the Property, and any portions thereof, and will set forth the duration of the assessment, a calculation methodology for the amount of the assessment including an annual adjustment for inflation, enforcement and other terms to implement the intent of this subsection;

(x) If the Port provides the Purchase Price Loan pursuant to Section 2.4 above, the Port and the Buyer have approved the form of the Purchase Price Loan Documents, each in its reasonable discretion, and the parties are prepared to execute the Purchase Price Loan Documents at Closing;

(xi) The Port and the Buyer have agreed to the final form of the Deed (Exhibit A);

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(xii) The Port has maintained the necessary financial and human resources anticipated for the Port to complete any tasks that are the responsibility of the Port under this Agreement;

(xiii) No litigation is pending which prevents the Port or Buyer from performing their respective obligations under this Agreement;

(xiv) The Rezone and the Partition described in Sections 3.3.1 and 3.3.3, respectively, have been completed and all appeal periods have expired without an appeal having been filed, or if an appeal has been filed, the appeal has been dismissed to the satisfaction of Buyer; and

(xv) The City has taken final action to remove the Use Restriction as described in Section 3.3.3 and all appeal periods have expired without an appeal having been filed, or if an appeal has been filed, the appeal has been dismissed to the satisfaction of Buyer.

(b) Port. Port is not obligated to sell the Property until, to Port's satisfaction:

(i) Buyer delivers to the Port a statement of the commitment of private equity and financing sources to provide funding in an amount sufficient to allow Buyer to purchase and develop the Property, which commitment is approved by the Port;

(ii) The City has given all land use approvals for the Project, the appeal period for such approvals has passed without an appeal being filed; or, if an appeal has been filed, it has been satisfactorily resolved;

(iii) The Port has approved Final Construction Drawings for the Project pursuant to the process and criteria described in Section 5.4 below;

(iv) Buyer has provided, and Port has approved, a Development Program for the Project which shall include a written and numeric description of anticipated building uses and associated floor areas in the completed Project satisfactory to the Port;

(v) Buyer has provided, and Port has approved, a Jobs Plan for the Project including a description of the number, description and wage rates of expected jobs in the Project in order to achieve the goals of the Strategy, specifically, the Port's minimum job density goal of one job for every 1,000 square feet of building improvements;

(vi) Buyer has obtained building permits for the Project;

(vii) Buyer is a duly organized, existing Oregon corporation and has full authority to enter into and perform the obligations of this Agreement;

(viii) Port has received the performance guaranty required by Section 5.5.2 below;

(ix) The zoning changes and the Partition described in Section 3.3 below have been completed and all appeal periods have expired without an

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appeal having been filed, or if an appeal has been filed, the appeal has been dismissed to the satisfaction of Port;

(x) The City has taken final action to remove the Use Restriction as described in Section 3.3.3 and all appeal periods have expired without an appeal having been filed, or if an appeal has been filed, the appeal has been dismissed to the satisfaction of Port;

(xi) The Port and the Buyer shall have entered into, or be prepared to enter into at Closing, the Open Space Assessment Agreement on terms acceptable to Port;

(xii) If the Port provides the Purchase Price Loan pursuant to Section 2.4 above, the Port and the Buyer have approved the form of the Purchase Price Loan Documents, each in its reasonable discretion, and the parties are prepared to execute the Purchase Price Loan Documents at Closing;

(xiii) The Port and the Buyer have agreed to the final form of the Deed (Exhibit A);

(xiv) The Buyer has maintained the necessary financial and human resources anticipated for the Buyer to complete the Project; and

(xv) No litigation is pending which prevents Port or Buyer from performing their respective obligations under this Agreement.

2.7.2 Elections upon Non-Occurrence of Conditions. Except as provided below, if any condition in Section 2.7.1 is not fulfilled to the satisfaction of the benefited Party or Parties on the earlier of (i) the date designated for satisfaction of the condition, or (ii) on the date scheduled for Closing in the Schedule of Performance, subject to any extension that may be granted pursuant to this Section 2.7.2, then such benefited Party or Parties may elect to:

(a) Terminate this Agreement, which termination shall become effective sixty (60) days after the notice of termination is sent ("Termination Date") unless, before the sixty (60) day period ends, the other Party fulfills such condition or conditions to the reasonable satisfaction of the benefited Party or Parties; or

(b) Waive in writing the benefit of that condition precedent to its obligation to perform under this Agreement, and proceed in accordance with the terms hereof; or

(c) Extend the Termination Date by which the applicable condition may be satisfied, but only if the other Party agrees in writing to the extension.

2.7.3 Final Termination Date.

(a) If all of the conditions precedent under Section 2.7.1. have not been satisfied, waived or otherwise resolved pursuant to this Agreement on or before November 30, 2014, then this Agreement shall automatically terminate on December 31, 2014 ("Final Termination Date") unless the date for satisfying the unsatisfied condition(s) is extended by agreement of the Parties prior to the Final Termination Date, or unless the

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failure of satisfaction of the conditions precedent is the result of an unavoidable delay, as described in Section 9.8 below (Unavoidable Delay).

(b) If the Final Termination Date is extended for a period of Unavoidable Delay, the maximum period of Unavoidable Delay shall be no longer than 180 days.

(c) If the Agreement is terminated for failure of satisfaction of the conditions precedent, without breach by the Port, then the obligations of the Parties to each other under this Agreement shall terminate, and the Escrow Agent shall deliver the Buyer Deposit to the Port, as compensation for the Port's costs incurred in pursuing the conveyance of the Property to the Buyer, and for holding the Property off the market through the scheduled Closing Date. Neither the Port nor the Buyer shall have any other recourse against the other for failure of satisfaction of the conditions precedent without breach by the Port.

2.8 Port Representations and Warranties.

Port represents that:

2.8.1 The Port is not a foreign person within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended.

2.8.2 The Port has full power and authority to enter into and perform this Agreement in accordance with its terms, and the Port has taken all requisite entity action in connection with the execution of this Agreement.

2.8.3 No representation, warranty or statement of the Port in this Agreement or any of the exhibits attached contains any untrue statement of a material fact or, to the Port's knowledge, omits a material fact necessary to make the statements of facts contained herein not misleading.

2.8.4 As of the date hereof there are no breaches by the Port under this Agreement or events that with the passage of time would constitute a breach of the Port under this Agreement.

2.8.5 To the Port's knowledge, the Port has received no notice from any municipal, state or federal government ("Authority") that the Property is in violation of, or subject to any existing, pending, or threatened investigation or inquiry by any Authority or of any remedial obligations under any applicable laws, statutes, regulations, rules, ordinances, codes, permits or orders of any governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and their political subdivisions and all applicable judicial, administrative and regulatory decrees and judgments pertaining to the protection of health or safety or the environment.

2.8.6 Prior to the Closing Date, the Port shall notify Buyer of any material change in the Port's representations and warranties or in any information furnished to Buyer pursuant to this Agreement from the date hereof to the Closing Date. After such notification, Buyer shall have thirty (30) days to give the Port notice of termination of the Agreement based on the material change stated in the Port's notice, with a termination date not less than ten (10) days after the date of the Buyer notice, and if the Agreement is thereafter terminated, the Escrow Agent shall pay the Buyer Deposit to the Buyer. If Buyer does not

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provide the notice of termination pursuant to this subsection, then the transaction shall proceed to Closing.

2.8.7 The Property is not subject to any leases which will survive Closing.

2.8.8 To the Port's knowledge, there is no litigation, action, suit, or any condemnation, environmental, zoning, or other government proceeding pending or threatened, which may affect the Property, Port's ability to perform its obligations under this Agreement, or Buyer's ability to develop the Project according to all applicable laws, ordinances, rules and regulations.

2.8.9 "Port's knowledge" shall mean the actual knowledge of the Port's Executive Director, Michael McElwee, or his successor, without duty of investigation or inquiry.

2.9 Buyer Representations and Warranties.

Buyer represents that:

2.9.1 Buyer has full power and authority to enter into and perform this Agreement in accordance with its terms, and Buyer has taken all requisite entity action in connection with the execution of this Agreement and the transactions contemplated hereby.

2.9.2 No representation, warranty or statement of Buyer in this Agreement or any of the exhibits attached contains any untrue statement of a material fact or omits a material fact necessary to make the statements of facts contained herein not misleading.

2.9.3 As of the date hereof there are no breaches by Buyer under this Agreement or events that with the passage of time would constitute a breach of Buyer under this Agreement.

2.9.4 Buyer enters into this Agreement without reliance upon any verbal representation of any kind by Port, its employees, agents or consultants regarding any aspect of the site, the Project, its feasibility, financing or compliance with any governmental regulation.

3. PUBLIC IMPROVEMENTS AND INFRASTRUCTURE; PARTITION; ZONING

3.1 **No Utility Service Representations.** Notwithstanding the representations of Section 2.8 above, Buyer will determine for its own benefit that, public and private utilities are available to the Property with sufficient capacity to serve the Project, and that any utilities located within the Property are acceptable or shall be removed by Buyer, at Buyer's expense.

3.2 **Subsurface, Surface and Building Conditions.** Except for the representations of Section 2.8 above and the terms of this Section 3, the Property shall be conveyed to Buyer "AS IS". Port makes no warranties or representations as to the suitability of the soil conditions or any other conditions of the Property or structures thereon for any improvements to be constructed by the Buyer, and Buyer warrants that it has not relied on any representations or warranties outside this Agreement, made by Port as to the environmental condition of the Property, the suitability of the soil conditions or any of the conditions of the Property for any improvements to be constructed by the

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Buyer. Buyer agrees that the Port will not be liable for any loss, cost or damage which may be caused or incurred by Buyer by reason of any such soil or physical conditions on the Property. Port has allowed Buyer free access to Port's records with respect to conditions of the soils and will assist in obtaining the cooperation of other public and private agencies having such information.

3.3 Re-Zone and Partition.

3.3.1 Re-Zone. Port has filed an application for the City to remove the Use Restriction described in Section 3.3.3 and will file a rezone application to zone Parcel 1 LI (Light Industrial). The Port shall use reasonable efforts to seek approval for such applications and to complete the zoning change as quickly as is reasonably practical, with the understanding that these rezoning processes will be prepared and processed simultaneously, and coordinated with, the Partition described in Section 3.3.2, and that Port pursuing this zoning change is dependent on the Partition. The Port will pay all costs and fees relating to the **Parcel 1** rezone.

3.3.2 Partition. To create Parcels 1a, 2a and 3a as separate, legal parcels, Parcel 2 must be partitioned. Buyer has submitted an application to partition Parcel 2 prior to Closing (the "Partition"). City approval of the partition application shall be a condition of the Parties' obligation to Close as provided in Section 2.7.1 above. The Partition application was submitted to the City for simultaneous processing with Port's zoning changes applications described in Section 3.3.1. The Partition shall create three separate parcels (1a, 2a and 3a), which shall be configured as shown on Exhibit H. Buyer shall be solely responsible for obtaining land use approval from the City of Hood River for the Partition; provided, however, the Port shall cooperate as Buyer may reasonably request from time to time at no cost to the Port. Buyer will pay all costs and fees relating to the Partition.

3.3.3 Removal of Use Restriction. The portions of the Property that are zoned commercial are subject to a restriction (the "Use Restriction") contained in the September 18, 1998 City of Hood River Planning Commission recommendation adopted by the City Council in approving a zone change from industrial to commercial (the "1998 Zone Change"). That Use Restriction states: "The use of the subject property will be limited to the specific use identified in the need - Expo Center, parking lot, Conference Center, Visitor's Center and Chamber of Commerce. This condition can be removed upon approval of the proposed commercial designation of the subject properties through the legislative rezone for the Waterfront Plan." Buyer cannot complete the Project with the Use Restriction in place, and therefore, Port has filed an application with the City of Hood River, seeking an amendment to the 1998 Zone Change to remove the Use Restriction so that it no longer encumbers the Property. The Port agrees to use reasonable efforts to cause the City to complete the process to remove the Use Restriction as quickly as is reasonably practical. The Parties will share equally the costs and fees relating to the application seeking the removal of the Use Restriction.

4. ECONOMIC DEVELOPMENT – JOB CREATION/JOB DENSITY

Buyer acknowledges that the Strategy requires a minimum job density of one job for each 1,000 square feet of building improvement built in the Waterfront Business Park subdivision. As part of the submission of the Project site plan for review by the Port pursuant to the Port's Waterfront Business Park Design Guidelines, Buyer shall provide the Jobs Plan to the Port. As the Project proceeds, Buyer will update the Jobs Plan to include more detail as available and any changes.

5. DEVELOPMENT

5.1 Project Scope of Development. Buyer has identified the preliminary Scope of Development for the Project as shown in Exhibit C attached hereto. The Conceptual Plans for the Project and a Preliminary Project Budget are included in the Scope of Development. As design of the Project proceeds pursuant to Section 5.4 below, Buyer will update the Scope of Development to reflect the revisions made pursuant to the Design Guidelines review process to the Scope of Development. The revised and refined Scope of Development is subject to Port approval by the Port in the Port's discretion, and the amended Scope, upon Port approval, will be deemed to replace the Scope of Development attached as Exhibit C.

5.2 Project Schedule. Buyer has prepared and Port has approved the Project Schedule attached hereto as Exhibit B. The Parties may amend by mutual agreement the Schedule as required to accommodate changed conditions, or otherwise. If an action on the Schedule is dependent on occurrence of an earlier action on the Schedule, the extension of the date to complete the earlier action shall automatically extend the date for completion of the dependent action. Either Party may, at any time, propose an integrated Schedule to reflect revisions earlier approved. The other Party shall approve or disapprove of the restated Schedule within ten (10) days after receipt from the proposing Party, provided however, that a Party may only disapprove a restated Schedule if the restated Schedule has errors of calculation or is otherwise factually incorrect. Any approved revised Schedule, upon Port approval, will be deemed to replace the Schedule attached as Exhibit B. To the extent that the Parties agree upon changes to the Schedule that would impact the ability of the Parties to meet the Final Termination Date set forth in Section 2.7.3, the Final Termination Date shall be deemed extended accordingly.

5.3 Financing. Buyer will obtain all private equity and/or private or commercial construction and permanent financing necessary to acquire the Property and complete construction of the Project. Buyer will arrange all financing at its sole cost and expense. Not later than fifteen (15) business days before the date scheduled for Closing, Buyer will provide to the Port evidence of the financing agreements necessary to complete the acquisition and the Project. The Port will review the financing agreements for consistency with the terms of this Agreement. The Port will notify the Buyer of any objections to or questions about terms of the financing agreements within ten (10) business days of receipt of the financing agreements by the Port. Buyer will respond to any Port objections or questions from the Port within ten (10) business days of Buyer's receipt of the Port's notice, for the Port to determine if Buyer's financing is acceptable.

5.4 Plans, Drawings and Port Review.

5.4.1 Design Guideline Process. Buyer will diligently pursue the design work necessary to construct the Project. Port and Buyer will engage in the process for design review described in the Waterfront Business Park Design Guidelines, revised by the Port Commission July 21, 2010 attached hereto as Exhibit E ("Design Guidelines"). Buyer will submit the initial Site Plan for Port review not later than the date required in the Project Schedule, and the Parties will thereafter cooperate to produce acceptable plans for the Project. The Port shall have the right to approve or disapprove the plans submitted by Buyer during the Design Guidelines process in the Port's sole discretion.

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5.4.2 **Design Guideline Review Criteria.** Port will apply the criteria in Sections III and IV of the Design Guidelines in reviewing the Buyer's plans. As provided in the Design Guidelines, Buyer may not apply for City Site Plan review or for City building permits until Port has approved the Plans to be submitted.

5.4.3 **Changes in Approved Drawings.** If Buyer wants to change any Drawings after approval by Port, Buyer shall submit the proposed changes to Port for approval. Buyer acknowledges that it may be required to secure separate City approval of such changes. Port shall assist Buyer throughout City design review and any land use process of the appropriate agencies, to obtain approval for Port approved plans submitted by the Buyer, but Port does not represent or warrant that its assistance will guarantee approval. Port shall not incur any costs related to providing such assistance.

5.5 Diligent Completion; Guaranty

5.5.1 Subject to the terms and conditions of this Agreement, after Closing, Buyer will complete the Project through the construction of improvements on the Property in substantial conformance with, and without any material deviation from, the Final Construction Drawings, and in compliance with the Schedule of Performance, subject to Unavoidable Delay as provided in Section 9.8. Buyer agrees to keep Port informed of its progress with respect to development of the Project during construction, with periodic reports to be issued no less frequently than once a month until the City issues a final Certificate of Occupancy for the Project. Such update reports may be made via email correspondence to Michael McElwee or his successor.

5.5.2 As security for the substantial completion of the Project, as a condition to Closing, Jeff Pickhardt will execute a personal guaranty of the performance of the Project construction on terms acceptable to the Port.

5.6 Project Team

The Buyer has notified the Port of the names and contact information for the Buyer's architect, structural engineer, general contractor, and project manager, and other key Buyer team members ("Project Team"). These persons/firms are listed on Exhibit E. Buyer will notify Port of any changes to the Project Team. Port may contact any member of the Project Team directly to obtain information about the Project at any time. Each Project Team member is authorized by this Agreement to provide Port with any Project information requested by Port if Buyer is authorized to release such information, provided Port's request does not result in charges for providing the information, or if the Project Team member intends to charge for providing the information that Port agrees in advance with the Project Team member to pay such charges. Notwithstanding the foregoing, in no event shall any attorney have the right or obligation under this Section 5.6 to breach attorney-client privilege.

5.7 **Port Role in Construction Approval Process.** Port will upon Buyer's request, assist Buyer in obtaining the City approvals necessary to commence construction and complete the Project as proposed in this Agreement. The Parties understand and agree that Port cannot guarantee such approvals, but Port shall use its best efforts in working with the City and any other parties necessary to accomplish the Project.

5.8 Inspection and Property Access.

5.8.1 **Before Conveyance of Property.** Before conveying the Property to Buyer, and pursuant to a written Permit of Entry, the Port shall allow Buyer and Buyer's employees, agents and consultants to enter upon the Property at all reasonable times whenever and to the extent necessary to carry out the purposes of this Agreement.

5.8.2 **After Conveyance of Property.** After conveying the Property to Buyer during construction of the Project, and until a final Certificate of Occupancy is issued, Buyer's work shall, upon reasonable notice, be accessible at all reasonable times for inspection by representatives of the Port. Port agrees not to interfere with the work occurring on the Property. In the event that Port or its representatives enter the Property pursuant to this Section 5.8.2, they shall do so at their own risk and shall comply with all construction site rules established by Buyer and Buyer's contractors. In addition, Port shall not be entitled to indemnification for any losses, liability or injury arising in connection with entry to the Property pursuant to this Section 5.8.2, except to the extent the same arises out of the gross negligence or willful misconduct of Buyer.

5.9 **Liens.** Buyer agrees that in the event any statutory lien shall be filed against the Property prior to the City's issuance of a final Certificate of Occupancy for the Project by reason of labor, services, or materials supplied to or at the request of Buyer or pursuant to any construction in the Project, it shall pay and discharge the same of record within thirty (30) days after the filing thereof, subject also to the provisions of the following sentence. Buyer shall have the right to contest the validity, amount or applicability of any such respective liens by appropriate legal proceedings, and so long as it shall furnish bond or indemnity as hereinafter provided, and be prosecuting such contest in good faith, the requirement that it pay and discharge such items within said thirty (30) day period shall not be applicable, provided, however, that in any event, Buyer shall within thirty (30) days after the filing thereof, bond in accordance with applicable laws, or in the alternative indemnify against such liens in amount and form satisfactory to induce the Escrow Agent to insure over such liens or to reissue or update its existing policy, binder or commitment without showing any title exception by reason of such liens and, further, the Buyer shall indemnify and save harmless the Port from all loss, damage, liability, expense or claim whatsoever (including attorneys' fees and other costs of defending against the foregoing) resulting from the assertion of any such liens. In the event such legal proceedings shall be finally concluded (so that no further appeal may be taken) adversely to the Buyer, Buyer shall within five (5) days thereafter cause the lien(s) to be discharged of record.

6. ENVIRONMENTAL MATTERS

6.1 **Indemnification.** Buyer shall comply with all Environmental Laws with respect to its construction, business and the operation of the Project from and after the date of Conveyance, except for matters caused in whole or in part by the act or failure to act of the Port or its employees, agents, contractors, or invitees. Buyer shall defend, indemnify and hold harmless the Port, its successors and assigns, against any and all damages, claims, losses, liabilities and expenses, including, without limitation, reasonable legal, accounting, consulting, engineering and other expenses which may be imposed on or incurred by the Port or asserted against the Port, and its successors or assigns, by any other party or parties, including, without limitation, a governmental entity, to the extent arising out of a violation of Environmental Laws by Buyer. The indemnity set forth in this Section 6.1 shall survive the issuance of the final Certificate of Occupancy.

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6.2 Contribution. The foregoing indemnity does not limit any rights of contribution that the Parties may have against others under applicable law or agreement. The indemnity is intended only as an allocation of responsibility between the Parties to this Agreement.

7. ASSIGNMENT PROVISIONS

7.1 No Assignment. Unless approved by the express written consent of Port, no assignments of interest in this Agreement shall be permitted, or transfer of the Property shall be permitted until after the City has issued a final Certificate of Occupancy ("CO") for the applicable portion of the Project, it being the intent of the parties that Buyer may assign or transfer its interest in this Agreement or the Property on a building-by-building basis if and when such building obtains a final CO. Port may condition its approval of a transfer or assignment as Port finds necessary in its sole discretion.

7.2 Permitted Assignment or Transfer. Notwithstanding Section 7.1, "assignment or transfer" shall not include:

7.2.1 Any Mortgage(s) which Buyer may cause to attach to the Property;

7.2.2 A one-time transfer to an entity whose majority owner is Buyer and/or Jeff Pickhardt;

7.2.3 The use of a third party accommodator to effect a tax deferred exchange in connection with acquisition of the Property pursuant to IRC §1031; or

7.2.4 The transfer to a Community Development Corporation to facilitate the use of New Market Tax Credits (NMTC) for Project construction.

Any assignment or transfer permitted by this Section 7.2 shall not operate to relieve the Buyer of the Buyer obligations under this Agreement.

8. PERMITTED MORTGAGES

8.1 Mortgagee Protection Provisions.

8.1.1 Effect of Revesting on Mortgages. Any repurchase of the Property by the Port pursuant to Section 9.4. shall be subject to and limited by, and shall not defeat, render invalid, or limit in any way the rights of a Mortgagee.

8.1.2 Mortgagee Not Obligated To Construct. Notwithstanding any of the provisions of the Agreement, except those which are covenants running with the Property, a Mortgagee or its designee for purposes of acquiring title at foreclosure shall in no way be obligated by the provisions of this Agreement to undertake or complete the improvements on the Property or to guarantee such completion, provided, however that nothing in this Agreement shall be deemed or construed to permit or authorize any such Mortgagee to devote the Property or any part thereof to any uses, or to construct any improvements thereon other than those uses or improvements provided or permitted in this Agreement.

8.1.3 Copy of Notice of Default to Mortgagee. If Port delivers any notice or demand to Buyer with respect to any breach of or default by Buyer in its

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obligations or covenants under this Agreement, Port shall at the same time send a copy of such notice or demand to each Mortgagee of which the Buyer has given the Port written notice and provided an address, at the last address of such Mortgagee shown in the records of Port.

8.1.4 **Mortgagee's Options to Cure Defaults.** After any Buyer default in, or breach of this Agreement where Buyer fails to cure or remedy said breach, each Mortgagee may, at its option, cure or remedy such breach or default within thirty (30) days after passage of the latest date for Buyer's cure of the breach or default, and if permitted by its loan documents, to add the cost thereof to the Mortgage debt and the lien of its Mortgage. If the breach or default is with respect to construction of the improvements, nothing contained in this Agreement shall be deemed to prohibit such Mortgagee, either before or after foreclosure or action in lieu thereof, from undertaking or continuing the construction or completion of the improvements, provided that the Mortgagee notifies Port in writing of its intention to complete the Project according to the approved Final Construction Drawings.

8.1.5 **Amendments Requested by Mortgagee.** Port shall execute amendments to this Agreement or separate agreements to the extent reasonably requested by a Mortgagee proposing to make a loan to Buyer secured by a security interest in all or any part of the Property and/or the Project, provided that such proposed amendments or other agreements do not materially and adversely affect the rights of Port or its interest in the Property.

9. DEFAULT; REMEDIES

9.1 Default and Cure.

9.1.1 **Default by Buyer.** A default shall occur if Buyer breaches any material provision of this Agreement, whether by action or inaction, and such breach continues and is not remedied within thirty (30) days after Buyer receives written notice from Port specifying the breach. Buyer's failure to act diligently and in good faith to satisfy conditions over which it has control or influence is a breach. In the case of a breach which cannot with due diligence be cured within a period of thirty (30) days, a default shall occur if Buyer does not commence the cure of the breach within thirty (30) days after Buyer receives written notice from Port and thereafter diligently prosecute to completion such cure. A default also shall occur if Buyer makes any assignment for the benefit of creditors, or is adjudicated as bankrupt, or has a receiver, trustee or creditor's committee appointed over it that is not removed within one hundred eighty (180) days after appointment. A default shall occur, and Port shall be irreparably harmed by such default, if Buyer or its assignee constructs any portion of the Project in a manner materially inconsistent with Port-approved Drawings. Buyer shall not be in default hereunder for failure to pay any tax, assessment, lien or other charge if Buyer in good faith is contesting the same and, if necessary to avoid foreclosure, has furnished an appropriate bond or other undertaking to assure payment in the event Buyer's contest is unsuccessful.

9.1.2 **Default by Port.** A default shall occur if Port breaches any material provision of this Agreement, whether by action or inaction, and such breach continues and is not remedied within thirty (30) days after Port receives written notice from Buyer specifying the breach. The Port's failure to act diligently and in good faith to satisfy conditions over which it has control or influence is a breach. In the case of a breach which cannot with due diligence be cured within a period of thirty (30) days, a default shall occur if the Port does

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not commence the cure of the breach within thirty (30) days after the Port receives written notice from the Buyer and thereafter diligently prosecute to completion such cure.

9.2 Port's Pre-Conveyance Remedies. If Buyer fails to comply with any material term of this Agreement and is in default before the Property is conveyed to Buyer, Port shall either (i) terminate this Agreement by written notice to Buyer, without waiving any cause of action Port may have against Buyer and collect the Buyer Deposit; or (ii) specifically enforce the obligations of Buyer under this Agreement. Buyer acknowledges that the damages to the Port in the case that Buyer fails to Close are difficult to determine and agrees that the amount of the Buyer Deposit is a reasonable estimate of the compensation for such damages, and that the forfeiture of the Buyer Deposit is liquidated damages, not a penalty. If Port terminates this Agreement as provided in this Section 9.2, then Buyer shall deliver to Port within thirty (30) days after such termination, copies of all Property market research, design documents, engineering documents, proformas and financial projections prepared for Buyer by third parties, and which Buyer is authorized to release; and design and construction contracts which Port may use in any manner that Port deems appropriate with the consent of any party having approval rights thereunder.

9.3 Restoration. If, prior to acquiring the Property Buyer performs any activities on the Property, and Buyer does not acquire the Property for any reason, Buyer agrees, upon Port request, to restore the Property to substantially the condition that existed prior to the time that Buyer performed any activities thereon. Port may elect to require that any improvements Buyer has installed on the Property remain on the Property.

9.4 Port's Post-Conveyance Remedies for Buyer's Failure to Undertake, Diligently Prosecute or Complete Construction.

In addition to any remedy allowed by Section 9.7 below, if, after Closing, Buyer fails to begin the development of the Property by the Start Construction date in the Schedule of Performance or such other "Start Construction Date" agreed to in writing by the Parties; or if after beginning development, Buyer discontinues development for a period that the Port reasonably determines will result in Buyer's failure to complete the Project by the date required by the Certificate of Occupancy date in the Schedule of Performance or such other "Certificate of Occupancy Date" agreed to in writing by the Parties, then Port may demand in writing that Buyer cure such default within thirty (30) days. If Buyer discontinues development for a consecutive period of thirty (30) or more days (subject to Unavoidable Delay), the Port is entitled to a presumption that the discontinuance will result in Buyer's failure to complete development by the date required by this Agreement. "Discontinuing development" means a failure to make material progress in the customary course of building construction. If Buyer does not cure the default within the thirty (30) day period (or in the case that such default is not curable within said thirty (30) day period, if Buyer shall have not commenced and be diligently pursuing such cure to completion), then, such action or inaction shall create in the Port the Port's right to repurchase the Property and any improvements constructed by Buyer on the Property as follows:

9.4.1 The Port will pay to the Buyer the amount of the Purchase Price together with seventy-five percent (75%) of the total of all amounts spent by Buyer as the Hard Costs of construction of improvements on the Property as of the date of the repurchase, reduced by:

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(a) the amount of any real property taxes, use fees, assessments, liens or other charges against the Property, including any Mortgage debt or potential Mortgage charges, which Buyer has not paid in full prior to Buyer's re-conveyance to Port;

(b) the amount of the Port's payment in full of any indebtedness or claims affecting title to the Property prior to or at the time of repurchase, including payoff of a Mortgage debt and Mortgage charges, which Buyer hereby agrees may be paid by the Port;

(c) the cost of an ALTA title insurance policy in the amount of the Purchase Price insuring Port as owner and any escrow fees charged by the Escrow Agent; and,

(d) an amount equal to 5% of the Purchase Price if repurchase occurs prior to construction of the Project, and an amount equal to 10% of the Purchase Price if repurchase occurs after construction of the Project has begun, to compensate Port for loss of use of the Property prior to re-conveyance, and to apply to Port costs or losses that could result from Port exercising Port's right to repurchase the Property.

9.4.2 The Port shall give Buyer notice of the Port's election to repurchase after expiration of any cure period allowed by Sections 9.1.1. and 9.4.

9.4.3 Upon receipt of the Port's notice, Buyer shall thereafter take all action, including the payment of all debts and the execution of all documents necessary to re-convey marketable title to the Property to the Port, free and clear of all liens and encumbrances other than the lien of any Mortgages and the Final Permitted Exceptions. In addition, if the Port accepts other title exceptions that are the result of Buyer's pursuit of the development of the Project, or determines that the Buyer, after using its good faith efforts, cannot remove one or more of such exceptions, Port shall accept the re-conveyance subject to the exceptions described in this sentence. Buyer shall re-convey the Property to Port in escrow through the offices of the Escrow Agent.

9.4.4 At the time of re-conveyance, Buyer shall provide to the Port a standard coverage ALTA Owner's Policy of Title Insurance, issued by Escrow Agent, covering the Property insuring Port in the amount of the Purchase Price, all free and clear of encumbrances except the standard exceptions, any Mortgages and the Final Permitted Exceptions.

9.4.5 At reconveyance, Buyer shall provide Port with any work product produced by any third parties for Buyer, including copies of all Property market research, design documents, engineering documents, proformas and financial projections prepared for Buyer, and which Buyer is authorized to release; and design and construction contracts which Port may use in any manner that Port deems appropriate with the consent of any party having approval rights thereunder.

9.5 Buyer's Pre-Conveyance Remedies. If Port defaults as to any material term of this Agreement prior to Closing, Buyer may, as its exclusive remedy: (i) terminate this Agreement by written notice to Port, in which case the Escrow Agent shall return the Buyer Deposit to the Buyer; or (ii) specifically enforce the obligations of the Port under this Agreement.

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9.6 Buyer's Post-Conveyance Remedies. In the event of Port's material default after the Port conveys the Property to Buyer, Buyer may, as its exclusive remedy, specifically enforce the obligations of the Port under this Agreement.

9.7 Nonexclusive Remedies. The rights and remedies provided by this Agreement, including but not limited to the Port's right to repurchase the Property pursuant to Section 9.4 above, shall not be deemed exclusive, except where otherwise indicated, and shall be in addition to any and all rights otherwise available at law or in equity. The exercise by either Party of one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or of any of its remedies for any other default by the other Party, including, without limitation, the right to compel specific performance. Any limitation of remedies set forth herein should not limit or affect the obligations of a Party under any contractual indemnities set forth herein.

9.8 Unavoidable Delay.

9.8.1 Neither a Party nor Party's successor in interest shall be considered in breach of or in default with respect to any obligation created hereunder or progress in respect thereto if the delay in performance of such obligations (the "Unavoidable Delay") is due to causes that are unforeseeable, beyond its control, and without its fault or negligence, including but not limited to acts of God, acts of the public enemy, acts of the government, acts of the other Party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquake, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation involving a Party or others relating to zoning or other governmental action or inaction pertaining to the Project, extraordinary delay in the issuance of necessary permits for the Project, malicious mischief, condemnation action, delays of litigation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar events and/or occurrences beyond the control of such Party.

9.8.2 It is the purpose and intent of this provision that, in the event of the occurrence of any such Unavoidable Delay, the time or times for performance of the obligations of the Port or Buyer as the case may be, shall be extended for the period of the Unavoidable Delay; provided, however, that the Party seeking the benefit of this Section shall, within thirty (30) days after the Party becomes aware of the causes of any such Unavoidable Delay, notify the other Party in writing of the cause or causes of the delay and the estimated time of correction. Notwithstanding any other provision of this Agreement, the time for Parties' performance shall not be extended by one or more events of Unavoidable Delay for a cumulative period greater than 180 days.

9.9 Mediation and Arbitration.

9.9.1 **Mediation.** Any dispute under this Agreement may be resolved by mediation. If the Parties agree to use a mediator they will each pay one half the costs of mediation.

9.9.2 **Arbitration.** If an unresolved dispute involves payment of money only and not a demand for any other remedy, the dispute shall be resolved by arbitration. If mutually agreed, the Parties may also submit a dispute to arbitration which involves a

remedy other than payment of money. Any arbitration instituted to resolve a dispute shall be in accordance with the rules of the Arbitration Service of Portland then in effect. The Parties shall use a single arbitrator mutually agreeable to them. If they are unable to agree upon an arbitrator, or a process to select one, either Party may apply to the Hood River County Circuit Court to appoint one. The award rendered by an arbitrator shall be binding on the Parties and may be entered in the Hood River County Circuit Court.

10. PORT OPTIONS TO PURCHASE PARCEL 1

The Port shall have an option to purchase Parcel 1, and any improvements thereon (the "Option Property") on the terms provided in this Section 10 (the "Option"). The Option shall be valid for a three (3) year period, starting on the fifteenth (15th) anniversary of the recording of the Deed and ending on the day before the eighteenth (18th) anniversary of the recording of the Deed (the "Option Term").

10.1 If the Port intends to exercise the Option, it shall first give to the owner of the Option Property ("Owner") a notice of its intent ("Notice of Intent") during the Option Term.

10.2 Owner will, within ten (10) days of the date of the Port's Notice of Intent, make available for Port's review and copying at Port's sole expense, during the Review Period at a location to be determined by Owner in Hood River, Oregon, all of the following items, if applicable and if the same are in Owner's immediate possession and control or are available to Owner (collectively, "Due Diligence Documents"): (a) copies of any plans, specifications, engineering plans and studies, architectural drawings, physical condition or environmental reports (including geological surveys/tests and geotechnical seismic/structural reports), floor plans and other plans for Option Property; (b) copies of any certificates of occupancy and all other licenses and permits for Option Property required by law and issued by any governmental authorities having jurisdiction over Option Property; (c) copies of the most recent tax bills covering Option Property, as well as any notices of re-assessment; (d) copies of appraisals; (e) copies of utility bills for the past 24-month period; (f) financial records for Option Property, showing Owner's revenue and expenses during the period after Owner's purchase of Option Property; (g) records of property maintenance, including existing contracts, repair invoices and inspection reports for the past 24-month period; (h) agreements with any public agency affecting the redevelopment potential of Option Property; (i) leases, options to buy or land sale agreements for Option Property; and copies of documents creating financial obligations and/or liens affecting Option Property, including mortgages, trust deeds and contractor claims. In the event the Option terminates or the parties fail to close the purchase of the Option Property, Port will promptly return all original Due Diligence Documents to Owner, and will retain copies in accordance with the provisions of Section 12.21. In the event the parties close, the original Due Diligence Documents will become the property of Port.

10.3 In addition, immediately upon receipt of the Port's Notice of Intent, Owner will provide a preliminary title report for the Option Property ("Option Title Report") from the Escrow Agent or a mutually agreed upon escrow agent ("Option Escrow Agent") together with copies of all documents listed as title exceptions as provided by the Option Escrow Agent. Within the Review Period, Port shall object to any exceptions to title, other than exceptions created or suffered by Owner that are security for a sum of money, including mortgages, deeds of trust, tax liens, contractor liens and judgment liens ("Option Property Liens"), by giving written notice to the Owner. Within ten (10) days of Port's written notice to Owner described in the preceding sentence, Owner shall notify Port in writing of its

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intention to remove or not remove the objectionable exceptions to title prior to Closing. If Owner refuses to remove an objectionable exception to title Owner's refusal to do so must be reasonable. In any event Owner will remove from title any Option Property Liens and will pay all outstanding taxes and assessments. If Owner notifies the Port of its intention to remove some or all of the objected to exceptions, Owner shall do so at or before Option closing. If one or more exceptions unacceptable to Owner cannot be or will not be removed by Owner at or before Option closing, and it is reasonable for Owner to refuse to remove an exception, then Port may exercise any of the following rights by written notice to Owner within 15 days of receiving Owner's statement about not removing an exception: (1) Port may terminate the Option, (2) Port may accept title to the Property subject to the unacceptable exception, or (3) Port may attempt to cure an unacceptable exception without cost or liability to Owner (but Owner will be obligated to cooperate fully and assist Port to join in curative activities and execution of any curative instruments that will operate to remove an unacceptable exception).

10.4 For a period of one hundred twenty (120) days, commencing on the date of Port's Notice of Intent, ("Review Period"), Port, its employees, agents and contractors (collectively, "Authorized Parties") may review the Due Diligence Documents, and do any of the following at Port's sole cost and expense and according to this Section 10.4 (collectively, "Permitted Activities"): (a) conduct any and all physical inspections of Option Property; (b) conduct environmental testing and audits of and with respect to Option Property as Port deems necessary; (c) make any inquiries or conduct any research with respect to the compliance or status of Option Property with regard to any laws, zoning ordinances, rules, orders, regulations or the like of any applicable governmental authority or body; (d) conduct such engineering inspections of Option Property as Port deems necessary, including inspections as may be necessary to determine the structural integrity of the Expo Building or other improvements; (e) conduct such mechanical inspections of the Expo Building as Port deems necessary, including inspections of the electrical, plumbing, heating, ventilating and air-conditioning systems used in connection with the Expo Building or other improvements; (f) conduct appraisals of the Option Property including two appraisals for the Option Property as required by ORS 777.116(2); and (g) undertake other reasonable inspection or examination of the Expo Building and Option Property. During the Review Period until Option Closing Owner will not incur new Option Property obligations which may affect the value of the Option Property, or create or suffer lien interests affecting the Option Property, other than are disclosed in the Due Diligence Documents and Option Title Reports, without the written consent of the Port.

10.5 If, in Port's sole discretion, based upon the results of the Permitted Activities and review of the Due Diligence Documents, Port determines that the Property is satisfactory, Port may exercise the Option by giving notice to Owner ("Option Exercise") prior to the expiration of the Review Period. If Port does not give the Option Exercise within the Review Period or if within the Review Period the Port notifies Owner that the Port will not exercise the Option, the Port's Option shall terminate.

10.6 If the Port timely exercises the Option, Option closing shall occur on a date designated by the Port in its Option Exercise not earlier than thirty (30) days after Option Exercise is received by Owner but in no event later than one hundred twenty (120) days after the Option Exercise ("Option Closing Date"). The purchase price pursuant to this Option shall be the fair market value of the land and all improvements located on the Option Property (the "Option Purchase Price"). If the Port timely exercises the Option, the Port shall present to the Owner a proposed Option Purchase Price after the Port has received two

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appraisals for the Option Property as required by ORS 777.116(2). If the Owner does not agree with the Proposed Option Purchase Price, and the parties have not negotiated an agreed upon Option Purchase Price within thirty (30) days after the Port presents the proposed Option Purchase Price, the Owner may, within ten (10) days thereafter, elect to submit the matter to appraisers by providing written notice to the Port, and appointing an Owner's Appraiser. The Owner's Appraiser shall be an individual who must be a real property appraiser, licensed by the State of Oregon and with not less than five years' experience appraising industrial or commercial properties in Hood River County, Oregon. The Port will appoint one of the Appraisers who have appraised the Option Property by giving notice to the Owner within 5 days of the Port's receipt of the name of the Owner's Appraiser. Within ten (10) days of the Port's appointment, the parties' Appraisers shall jointly select a third Appraiser, who shall determine the fair market value Option Purchase Price in its then as-is condition ("Third Appraiser"). If Port objects to the Option Purchase Price established by the Third Appraiser, the Port may terminate the Option within 10 days after receiving the Third Appraiser's Option Purchase Price determination. If the parties have submitted the matter to the Third Appraiser before the Closing Date, but the Third Appraiser has not determined the Option Purchase Price within the Option Term, the Option Closing Date shall be extended for a reasonable period to allow the orderly closing of the Option Property purchase. The parties will each pay the costs and fees of its own Appraiser, but equally share the cost of the Third Appraiser.

10.7 Option closing shall occur through the Option Escrow Agent, and Owner shall provide the Port with a standard policy of title insurance at Option closing, subject to all exceptions that the Port has approved under this Section 10.1. The parties shall share equally in the cost of the Option Escrow Agent, and all other costs and expenses shall be paid in accordance with local custom in Hood River, Oregon. All expenses and revenue with respect to the Option Property shall be prorated as of closing. Owner will assign any Lessor interests or other Owner Option Property rights to Port at Option closing. At Option closing Port shall pay the Option Property Price in cash, and proceeds shall be used to pay all Option Property Liens, if any, so there are no liens listed as an exception in Port's policy of title insurance.

11. PORT RIGHT OF FIRST OFFER

Except as otherwise provided in this Section 11, in the event that after the completion of the Project, Buyer intends to sell or otherwise convey fee simple ownership of the Property, or any part thereof, as improved as part of the Project ("Offered Property"), Buyer shall not take steps to market the Offered Property, nor respond to an unsolicited offer for the acquisition of the Offered Property without first giving written notice of that intent or that offer to the Port and negotiating in good faith with the Port for a period of sixty (60) days to determine if Buyer and Port can agree on the fair market value of the Offered Property and on the other terms and conditions for a Port purchase of the Offered Property. However, this Section 11 is not a right of first refusal or an option; and, accordingly, if the Buyer and the Port cannot reach an agreement after sixty (60) days of good faith negotiations, Buyer shall be free to sell or otherwise convey the Offered Property. The right of first offer provided in this Section 11 shall not apply to: (a) any transfers of the Offered Property to an Affiliate of Buyer; or (b) the first sale or other transfer by Buyer of each portion of the Property to a third party, provided each such transfer occurs within one hundred eighty (180) days from the date a Certificate of Occupancy is issued with respect to that portion of the Property.

12. MISCELLANEOUS PROVISIONS

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12.1 Port Contract Manager. Port has designated Michael S. McElwee as the Port Contract Manager. The Port Contract Manager shall have the authority to take action to implement this Agreement on behalf of the Port and shall have such other authority as is specifically assigned to the Port Contract Manager in this Agreement or is otherwise delegated by the Port Commission.

12.2 Compliance with Laws; Discrimination. Buyer shall comply with all applicable laws and, for itself and its successor and assigns, agrees that during the construction of the Project Buyer will not discriminate against any employee or applicant for employment because of race, color, religion, age, gender, sexual orientation or national origin.

12.3 Notice.

12.3.1 Any notice or communication under this Agreement by either Party to the other shall be deemed given and delivered (a) forty-eight (48) hours after being dispatched by registered or certified U.S. mail; postage prepaid, return receipt requested, or (b) when received if personally delivered, and:

12.3.2 In the case of a notice or communication to Buyer, addressed as follows:

Key Development Corporation
Jeff Pickhardt, President
P.O. Box 208
Bend, OR 97709

12.3.3 In the case of a notice or communication to the Port, addressed as follows:

Mr. Michael S. McElwee
Executive Director
Port of Hood River
1000 E. Port Marina Drive
Hood River, OR 97031

With a copy to:

Mr. Jerry J. Jaques
Jaques Sharp, Attorneys at Law
P.O. Box 457
Hood River, OR 97031

or addressed in such other way in respect to either Party as that Party may, from time to time, designate in writing dispatched as provided in this Section. Notice given in any other manner shall be effective upon receipt by the Party for whom the same is intended.

12.4 Merger. None of the provisions of this Agreement are intended to or shall be merged by reason of the Deed transferring title to the Property from the Port to Buyer or any successor in interest, and any such Deed shall not be deemed to affect or impair the provisions and covenants of this Agreement, but shall be deemed made pursuant to this Agreement.

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12.5 Headings. Titles of the sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

12.6 Waivers. Except as otherwise expressly provided in this Agreement, no waiver made by either Party with respect to the performance, or manner or time thereof, of any obligation of the other Party or any condition inuring to its benefit under this Agreement shall be considered a waiver of any other rights of the Party making the waiver. No waiver by Port or Buyer of any provision of this Agreement or any breach thereof shall be of any force or effect unless in writing; and no such waiver shall be construed to be a continuing waiver.

12.7 Attorneys' Fees. If a suit, action, or other proceeding of any nature whatsoever, including, without limitation, any proceeding under U.S. Bankruptcy Code, is instituted to interpret or enforce any provision of this Agreement, or with respect to any dispute relating to this Agreement, including, without limitation, any action in which a declaration of rights is sought or an action for rescission, the prevailing Party shall be entitled to recover from the losing Party its reasonable attorneys', paralegals', accountants', and other experts' fees and all other fees, costs and expenses actually incurred and reasonably necessary in connection therewith, as determined by the judge or arbitrator at trial or arbitration, as the case may be, or on any appeal or review, in addition to all other amounts provided by law. This provision shall cover costs and attorney fees related to or with respect to proceedings in Federal Bankruptcy Courts, including those related to issues unique to bankruptcy law.

12.8 Choice of Law. This Agreement shall be governed by Oregon law.

12.9 Calculation of Time. All periods of time referred to herein shall include Saturdays, Sundays, and legal holidays in the State of Oregon, except that if the last day of any period falls on any Saturday, Sunday or legal holiday, the period shall be extended to include the next day which is not a Saturday, Sunday or legal holiday.

12.10 Construction. In construing this Agreement, singular pronouns shall be taken to mean and include the plural and the masculine pronoun shall be taken to mean and include the feminine and the neuter, as the context may require.

12.11 Legal Purpose. Buyer agrees that it shall use the Property solely for lawful purposes.

12.12 Severability. If any clause, sentence or any other portion of the terms and conditions of this Agreement becomes illegal, null or void for any reason, the remaining portions will remain in full force and effect to the fullest extent permitted by law.

12.13 Entire Agreement. This Agreement and the attachments hereto are the entire agreement between the Parties. There is no other oral or written agreement between the Parties with regard to this subject matter. There are no oral or written representations made by a Party, implied or express, other than those contained in this Agreement.

12.14 Modifications. Any modifications to this Agreement shall be made in writing and executed by both Parties. The Parties recognize that circumstances may change and

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that it may be in the interest of both Parties that Agreement be amended from time to time. For this reason, each of the Parties will consider changes that may be proposed by the other during the term of this Agreement. Port Contract Manager may approve minor modifications to this Agreement without Port Commission approval. "Minor Modifications" include:

12.14.1 Changes in the Schedule of Performance when deemed warranted by the Port Contract Manager which do not exceed sixty days, excluding a change in the Final Termination Date; and

12.14.2 Corrections of errors, clarifications, or minor modifications that do not change the substantive content of the Agreement.

All other modifications to the Agreement must be approved by the Port Commission.

12.15 Successors and Assigns. Subject to the provisions of Section 7, the benefits conferred by this Agreement, and the obligations assumed thereunder, shall inure to the benefit of and bind the successors and assigns of the Parties.

12.16 Place of Enforcement. Subject to the provisions of Section 9.9 relating to mediation and arbitration, any action or suit to enforce or construe any provision of this Agreement by any Party shall be brought in the Circuit Court of the State of Oregon for Hood River County, or the United States District Court for the District of Oregon in Portland, Oregon.

12.17 No Partnership. Nothing contained in this Agreement or any acts of the Parties hereby shall be deemed or construed by the Parties, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or any association between any of the Parties.

12.18 Non-waiver of Government Rights. Subject to the terms and conditions of this Agreement, by making this Agreement and delivery of the deeds, Port is specifically not obligating itself, or any other agency with respect to any discretionary action relating to development or operation of the improvements to be constructed on the Property, including, but not limited to, rezoning, variances, environmental clearances or any other governmental approvals which are or may be required, except as expressly set forth herein.

12.19 Approvals. Where approvals of Port are required, Port will approve or disapprove within ten (10) business days after receipt of the material to be approved, except where a longer or shorter time period is specifically provided to the contrary. Failure by Port to approve or disapprove within said period of time shall be deemed approval. Any disapproval shall state in writing the reasons for such disapproval. Approvals will not be unreasonably withheld, conditioned or delayed except where rights of approval are expressly reserved to Port's sole discretion in this Agreement. Buyer, upon receipt of such disapproval, shall revise such disapproved portions in a manner responsive to the stated reasons for disapproval and resubmit the same to Port within thirty (30) days after receipt of the notice of disapproval.

12.20 Approval by Port Contract Manager. Unless specified to the contrary elsewhere in this Agreement as to a particular consent or approval, whenever consent or approval by Port is required under the terms of this Agreement, all such consents or

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approvals shall be given in writing from the Port Contract Manager, or from such other staff as the Port Commission has designated.

12.21 Authorization and Confidentiality.

12.21.1 Port and Buyer will each seek all approvals required by law, bylaws, operating agreements or pertinent corporate documents in order to enter into this Agreement.

12.21.2 Except for published information or information ascertainable from public records, any confidential information furnished or disclosed by Port in connection with the Project, will be held by Buyer in confidence and will not be divulged to any third party, except for a Party's advisors and consultants or as may be necessary to further the development of the Project.

12.21.3 Buyer acknowledges that information provided to the Port is subject to the Oregon Public Records Law (ORS 192.410 to 192.505). If the Buyer submits information to the Port in confidence which should be reasonably considered to be confidential, such as Buyer's or Buyer's members' financial information, projected Project costs, Project pro forma statements, lender correspondence or documentation, information, or Buyer's member's personal information, and the Port obliges itself in good faith not to disclose the information, the Port will consider whether the public interest will suffer from the disclosure of such information, and if so, to the extent allowed by state law, Port will hold in confidence such information, and will not divulge such information to any third party, except for Port's advisors and consultants. To be considered confidential information, any materials submitted must be marked as "Submitted in Confidence" on the first page of any such materials. As between the Parties, the Port's decision to disclose or to hold information in confidence shall be final.

12.21.4 Except as required by Section 9.2 in the case of Buyer default, if for any reason the Project fails to materialize, then each Party will return all such confidential information to the Party from whom it was obtained.

12.22 Brokers. Each party represents and warrants to the other that it has not engaged any broker or other real estate professional in connection with this Agreement. Port will indemnify, defend and hold Buyer harmless from and against any fees, commissions, and charges claimed by any broker, agent or other person or entity who has acted on behalf of the Port and is owed a commission by the Port under a written broker agreement with the Port in connection with the Property or this transaction. Buyer will indemnify, defend and hold the Port harmless from and against any fees, commissions, and charges claimed by any broker, agent or other person or entity who has acted on behalf of the Buyer and is owed a commission under a written broker agreement with Buyer in connection with the Property or this transaction.

12.23 Recording of Memorandum of Agreement. Port shall provide for recording a Memorandum of this Agreement within thirty (30) days of the Effective Date. The form of the Memorandum of Agreement is attached as Exhibit G to this Agreement. When the City issues to Buyer a final Certificate of Occupancy or if the Agreement is terminated, the Parties shall cooperate to promptly record an Amended Memorandum of Agreement to reflect the surviving covenants of this Agreement.

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Executed in multiple counterparts as of the day and year first above written.

PORT OF HOOD RIVER, OREGON

By: _____

APPROVED AS TO FORM:

Port General Counsel

KEY DEVELOPMENT CORPORATION

By: _____
Jeff Pickhardt, President

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EXHIBITS

Exhibit A - Form of Deed

Exhibit A-1 - List of Permitted Exceptions

Exhibit B - Schedule of Performance

Exhibit C - Scope of Development

Exhibit D - Glossary of Defined Terms

Exhibit E - Design Guidelines for the Waterfront Business Park

Exhibit F - Project Team

Exhibit G - Form of Memorandum of Agreement

Exhibit H - Survey Drawing for Expo Redevelopment Project

Exhibit I - Survey Drawing of Existing Parcels 1 and 2, Hood River County Partition Replat
2012-05P

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EXHIBIT A
FORM OF STATUTORY SPECIAL WARRANTY DEED

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EXHIBIT A
FORM OF STATUTORY SPECIAL WARRANTY DEED

After Recording Return to and
Tax Statements to be sent to:

Key Development Corporation
Jeff Pickhardt, President
P.O. Box 208
Bend, OR 97709

STATUTORY SPECIAL WARRANTY DEED

KNOW ALL PEOPLE, that the PORT OF HOOD RIVER a municipal corporation (which, together with any successor public agency designated by or pursuant to law, is herein called the "Port"), conveys and specially warrants to KEY DEVELOPMENT CORPORATION, an Oregon corporation (the "Buyer"), and unto its successors and assigns, all the following described real property, with the tenements, hereditaments and appurtenances (herein called the "Property"), situated in the County of Hood River and State of Oregon:

[Insert legal description here]

free of liens or encumbrances created or suffered by Grantor except as set forth on the attached Exhibit A.

The conveyance is made pursuant to that certain Agreement for Disposition and Development of Property located in Hood River County, between Buyer and the Port, dated _____, 201_, a Memorandum of which was recorded on _____, 201_ as Document No. _____, Records of Hood River County, Oregon (the "DDA"). Any capitalized terms in this Deed shall have the meanings set out in the DDA, unless otherwise defined herein. The Buyer has given \$_____ and other value for this conveyance.

The conveyance is subject to the following:

1. All easements, covenants, restrictions, conditions and encumbrances of record; and
2. The right of the Port, upon Buyer default under particular conditions specified in the DDA, to exercise any remedy provided in the DDA including the right to repurchase the Property.
3. The right of the Port to purchase all or part of the Property under an Option or Right of First Offer under terms specified in the DDA.

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It is intended that the delivery of this Deed shall not effect a merger of those provisions of the DDA that are intended by the terms of said Agreement to continue after the delivery of this Deed.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, 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.

IN WITNESS WHEREOF, the Port of Hood River, a _____ of the State of Oregon, has caused this Deed to be executed this ___day of _____, 201__.

[Insert signature block and notary for Port here.]

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EXHIBIT A-1

LIST OF PERMITTED EXCEPTIONS

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EXHIBIT A-1

LIST OF PERMITTED EXCEPTIONS

1. Restrictions, easements and dedications contained on the face of the plat of Waterfront Business Park and Re-Plat Partition No. 201205P.
2. Covenant, including the terms and provisions thereof;
Recorded :February 18, 1998
Microfilm No. :980589 (Records of Hood River County, OR)
3. Hood River Waterfront Urban Renewal District (City of Hood River Ordinance 1959), subject to the terms and provisions thereof:
Recorded :September 3, 2008
Microfilm No. :200803433 (Records of Hood River County)
4. A Declaration of Access Easement Agreement, subject to the terms and provisions thereof:
Executed by :Port of Hood River, a municipal corporation
Dated :October 22, 2012
Recorded :October 23, 2012
Microfilm No. :201203663 (Records of Hood River County, OR)
5. A Grant of Parking Easement Agreement, subject to the terms and provisions thereof:
By and between :Port of Hood River, a municipal corporation
And :Key Development Corporation
Recorded :October 23, 2012
Microfilm No. :201203666 (Records of Hood River County, OR)
Affects :Parcel 1
6. A Grant of Access Easement Agreement (Portway), subject to the terms and provisions thereof:
By and between :Port of Hood River, a municipal corporation
And :Key Development Corporation
Recorded :October 23, 2012
Microfilm No. :201203667 (Records of Hood River County, OR)
Affects :Parcel 2

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EXHIBIT B

SCHEDULE OF PERFORMANCE

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EXHIBIT B

SCHEDULE OF PERFORMANCE

<u>Activity</u>	<u>Expected Completion Date</u>
Retain Architect	2/3/2013
Site Due Diligence	2/3/2014
Preliminary Plan Review Meeting with Port (DG)*	3/3/2014
Submit Draft Site Plan and Preliminary Plans for Port Approval (DG)	7/30/2014
Complete Design Development Drawings	8/21/2014
Complete Design Development Cost Estimates	9/1/2014
Complete Construction Drawings	10/20/2014
Submit Construction Drawings for Port Approval Prior to Applying for Building Permits	10/20/2014
Submit for Building Permits	10/22/2014
Submit Construction Drawings Changes for Port Approval, if required (DG)	11/2/2014
Obtain Building Permits	12/25/2014
Closing	1/26/2015
Start Construction – 1 (Lot 6)	2/28/2015
Start Construction – 2a	9/19/2015
Start Construction – 1a	9/19/2016
Substantial Completion 1 (Lot 6)	10/17/2015
Certificate of Occupancy 1 (Lot 6)	9/17/2015
Certificate of Occupancy 2a	10/13/2015
Certificate of Occupancy 1a	9/19/2017

*DG refers to a step in the process for plan review pursuant to the Waterfront Business Park Design Guidelines.

Schedule of Performance relies on timely completion of the zone change and partition. The zone change and partition is assumed to be completed by October 1, 2014.

Delay of completion shall shift Expected Completion Dates correspondingly. For example, a 30 day delay shall shift Complete DD and preceding events by 30 days.

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EXHIBIT C
SCOPE OF DEVELOPMENT

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EXHIBIT C
SCOPE OF DEVELOPMENT

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**EXHIBIT C
RENDERING**



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EXHIBIT C

ARCHITECTURE NARRATIVE

Lot 4 Architecture Narrative

The project consists of two separate buildings: a new mixed-use building to the north of the existing EXPO building and a new mixed-use building to the east of the existing EXPO building. The existing EXPO building will be demolished and its footprint will be dedicated to new parking spaces.

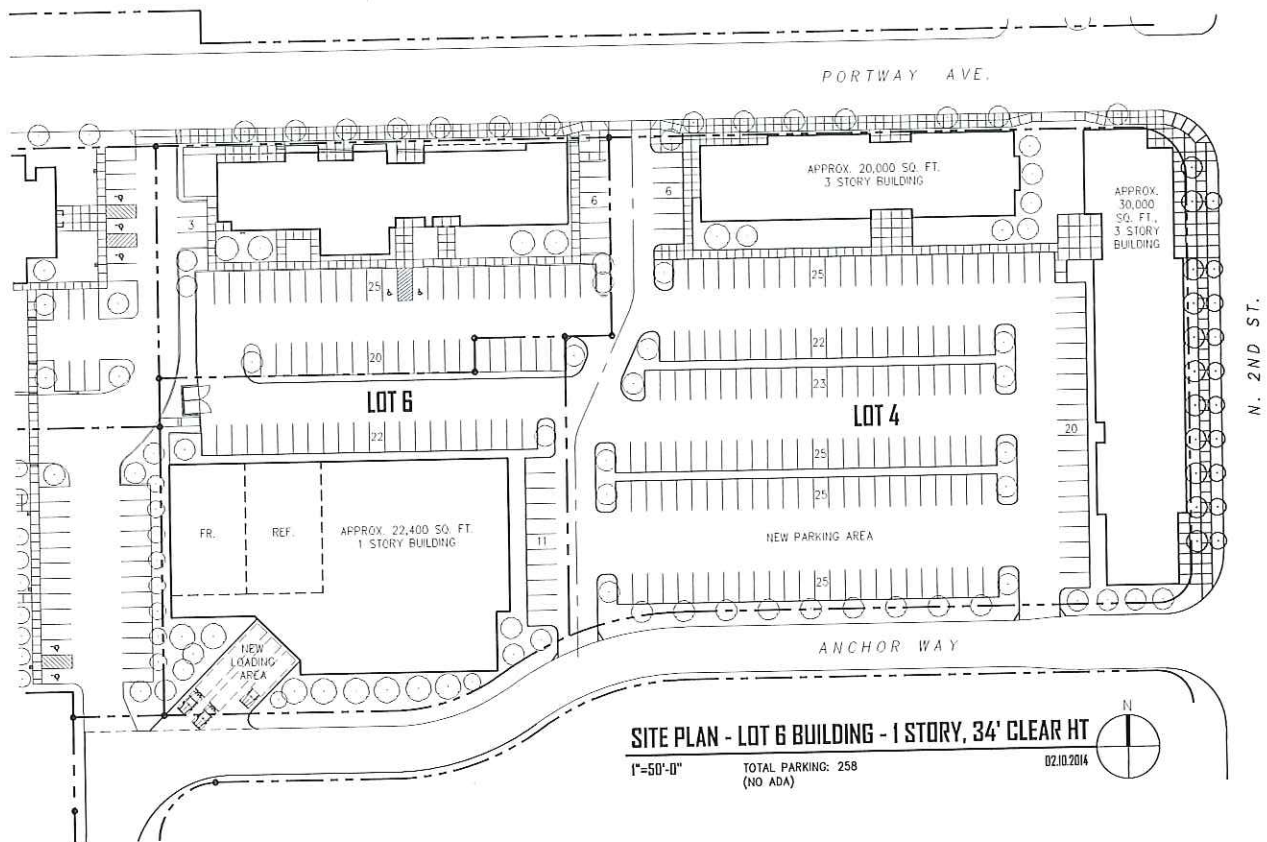
The new mixed-use building to the north of the existing EXPO building will be three stories, with ground floor retail type uses, and upper floors that may include office, and possible residential use. The building will be oriented to the north with views of the Columbia River. The project will be built of concrete masonry or brick, and include steel, wood, and glass details. The project will include outdoor spaces for use by tenants. Parking for 60 spaces for this building will be on site, in the former EXPO building space. The completed building will be approximately 25,000-30,000 square feet. A new entry plaza space will be created at the eastern building face. This building will include showers and changing facilities, and indoor bike parking.

The new mixed-use building to the east of the existing EXPO building will be three stories, with ground floor commercial or retail type uses, and upper floors of office space. This building will include the corner of the lot facing Portway and 2nd Avenues, and there will be special architectural features oriented on the corner. This building will have 68 parking spaces in the former EXPO building space. The project will be built of concrete masonry or brick, and include steel, wood, and glass details. The project will include outdoor spaces for use by tenants. The completed building will be approximately 30,000-36,000 square feet. This building will include showers and changing facilities, and indoor bike parking.

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EXHIBIT C

SITE PLAN



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EXHIBIT C
DEVELOPMENT BUDGET



Improvements 22,000
Site Area -

Concept Budget 6/7/2014		\$/Foot	% of Project
Land			
Acquisition Cost	950,000		
Real Estate Taxes	-		
Acquisition Closing Costs/Title	-		
Sub Total	950,000	43	21.60%
Pre-Development Costs			
Environmental Studies	4,500		
Pre-application conference	2,500		
Boundary and Topo Survey	6,500		
Entitlement Criteria Research	2,500		
Geotechnical Studies	9,500		
Traffic Studies	3,500		
Sub Total	29,000	1	0.66%
Legal			
Lender	15,000		
DDA	5,000		
Land Purchase	-		
Sub Total	20,000	1	0.45%
Design Consultants			
Architecture/Landlord	115,000		
Sub Consultants	15,000		
LEED	-		
Reimbursable	7,500		
Sub Total	137,500	6	3.13%
Permit/Utility Fees			
Plan Review	25,000		
SDC	15,000		
Franchise Utilities	15,000		
Miscellaneous	5,000		
Sub Total	60,000	3	1.36%
Building			
Third Party Material Testing	15,000		
Shell and Core	2,748,041	125	
Freezer/Cooler	150,000		
Builders Risk Ins	15,000		
Sub Total	2,928,041	133	66.58%
RE Brokerage (Leasing)			
Commission	-		
Sub Total	-	0	0.00%
SUBTOTAL	4,124,541		
Developer Overhead			
Overhead/Expenses	206,227		
Sub Total	206,227	9	4.69%
Loan Fees			
Origination Fee	-		
Appraisal Fee	-		
Construction Interest	-		
Sub Total	-	0	0.00%
Contingency			
Soft Cost	67,000		1.52%
Hard Cost	-		0.00%
		0	
TOTAL	4,397,768		100%
Total/Ft			

PORT OF HOOD RIVER/KEY DEVELOPMENT CORPORATION
AMENDED AND RESTATED DDA LOTS 4 & 6 - JULY 15, 2014

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EXHIBIT D

GLOSSARY

EXHIBIT D

GLOSSARY

1. "**Affiliate**" means an entity that controls, is controlled by, or is in common control with the Buyer.
2. "**Agreement**" means this Agreement for Disposition of Property for Development and all attached Exhibits.
3. "**Appraiser**" has the meaning set forth in Section 10.2 herein.
4. "**Authority**" has the meaning set forth in Section 2.7.5 herein.
5. "**Buyer**" means Key Development Corporation, an Oregon corporation.
6. "**Buyer Deposit**" has the meaning set forth in Section 2.2 herein.
7. "**Certificate of Occupancy**" means a certificate of occupancy or similar document or approval issued by the appropriate building authority, that indicates a structure may be occupied or an improvement (such as in the case of a parking lot) may be used for its intended purposes.
8. "**City**" means the City of Hood River, Oregon, a municipal corporation of the State of Oregon.
9. "**Close**" or "**Closing**" means the conveyance of the Property to Buyer by the Port by Deed and the simultaneous payment of the Purchase Price by Buyer to the Port, all as more specifically described in Section 2 of this Agreement.
10. "**Closing Date**" means the date on which Port conveys the Property to Buyer.
11. "**Conceptual Plans**" mean the preliminary floor plans, elevations of the building and site drawings for the Project included in the Scope of Development, Exhibit C.
12. "**Deed**" means the form of Statutory Special Warranty Deed conveying fee simple title to the Property to Buyer subject to the conditions specified in this Agreement, including the right to repurchase the Property, substantially in the form attached to this Agreement as Exhibit A.
13. "**Design Guidelines**" means the Waterfront Business Park Design Guidelines revised by the Port Commission July 21, 2010, attached hereto as Exhibit E.
14. "**Development Program**" has the meaning set forth in Section 2.6.1(a)(v).
15. "**Effective Date**" means December 23, 2013, the Original Agreement effective date referred to in Section of the Recitals..
16. "**Environmental Laws**" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*; the Federal Water Pollution Control Act, U.S.C. §§ 1251 *et seq.*; the Clean Air Act, 42 U.S.C. §§ 7401 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1471 *et seq.*; Toxic Substances Control Act, 15 U.S.C. §§ 2601 *et seq.*; Refuse Act, 33 U.S.C. §§ 407 *et seq.*; Emergency Planning and Community Right-To-Know Act, 42 U.S.C. §§ 11001 *et seq.*; Occupational Safety and Health Act, 29 U.S.C. §§ 65 *et seq.*, to the extent it includes the emission of any

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Hazardous Material; Federal Insecticide, Fungicide, and Rodenticide Act, Federal Pesticide Act of 1978, 7 U.S.C. §§ 136 *et seq.*; Federal Safe Drinking Water Act, 42 U.S.C. §§ 300(f) *et seq.*; or any similar or analogous state or local statute or ordinance, or any regulation, order, rule, or requirement adopted thereunder which regulates Hazardous Substances.

17. "**Escrow Agent**" means AmeriTitle.
18. "**Final Construction Drawings**" means all plans and specifications required to complete the Project pursuant to the terms of this Agreement approved by the Port and the appropriate City agencies.
19. "**Final Permitted Exceptions**" has the meaning set forth in Section 2.4.3.
20. "**Hard Costs**" means the direct contractor or subcontractor costs for labor, material, equipment, and services; contractors' overhead and profit; and other direct construction costs. Hard Costs do not include the compensation paid to the architect, engineer or other consultants; the cost of acquiring the Property or required rights-of-way; legal costs; permits and fees; financing fees; construction Interest and operating expenses; leasing and real estate commissions; advertising and promotion; and supervision.
21. "**Hazardous Substances**" means any substance, chemical, waste or other material which is listed, defined or otherwise identified as "hazardous" or "toxic" under any federal, state local or administrative agency law or ordinance (collectively "Environmental Laws") including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*; the Federal Water Pollution Control Act, U.S.C. §§ 1251 *et seq.*; the Clean Air Act, 42 U.S.C. §§ 7401 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1471 *et seq.*; Toxic Substances Control Act, 15 U.S.C. §§ 2601 *et seq.*; Refuse Act, 33 U.S.C. §§ 407 *et seq.*; Emergency Planning and Community Right-To-Know Act, 42 U.S.C. §§ 11001 *et seq.*; Occupational Safety and Health Act, 29 U.S.C. §§ 65 *et seq.*, to the extent it includes the emission of any Hazardous Material and includes any Hazardous Material for which hazard communication standards have been established; Federal Insecticide, Fungicide, and Rodenticide Act, Federal Pesticide Act of 1978, 7 U.S.C. §§ 136 *et seq.*; Federal Safe Drinking Water Act, 42 U.S.C. §§ 300(f) *et seq.*; or any similar or analogous state or local statute or ordinance, or any regulation, order, rule, or requirement adopted thereunder, as well as any formaldehyde, urea, polychlorinated biphenyls, petroleum, petroleum product or by-product, crude oil, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel or mixture thereof, radon, asbestos, and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. §§ 3011 *et seq.*
22. "**Jobs Plan**" has the meaning set forth in Section 2.6.1(a)(vi).
23. "**Laws**" means any applicable governmental rule, regulation, code, law, statute, ordinance, order, policy, or similar binding pronouncement enacted by any local, state, or federal government agency, bureau, department, or government.
24. "**Mortgage**" means a mortgage or deed of trust against the Property, or any portion thereof securing the loan of funds solely for the purpose of Buyer acquiring and developing the Property, recorded in the real property records of Hood River County, Oregon.
25. "**Mortgagee**" means the holder of any Mortgage together with any successor or assignee of such holder. The term "Mortgagee" shall include any Mortgagee as owner

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of the property or any part thereof as a result of foreclosure proceedings, or action in lieu thereof, or any insurer or guarantor of any obligation or condition secured by a mortgage but shall not include (a) any other party who thereafter obtains title to the Property or such part from or through a Mortgagee or (b) any other purchaser at foreclosure sale other than a Mortgagee.

26. "**Offered Property**" has the meaning set forth in Section 10.1 herein.
27. "**Open Space Assessment Agreement**" has the meaning set forth in Section 2.7.1 (a) (ix) and 2.7.1 (b) (xi) herein.
28. "**Option**" has the meaning set forth in Section 10.1 herein.
29. "**Option Escrow Agent**" has the meaning set forth in Section 10.3 herein.
30. "**Option Exercise**" has the meaning set forth in Section 10.1 herein.
31. "**Option Property**" has the meaning set forth in Section 10.1 herein.
32. "**Option Purchase Price**" has the meaning set forth in Section 10.2 herein.
33. "**Option Term**" has the meaning set forth in Section 10.1 herein.
34. "**Option Title Report**" has the meaning set forth in Section 10.2 herein.
35. "**Owner**" has the meaning set forth in Section 10.3 herein.
36. "**Partition**" has the meaning set forth in Section 3.3.2 herein.
37. "**Port**" means the Port of Hood River, a municipal corporation.
38. "**Preliminary Project Budget**" means the Buyer's initial estimate of the costs for the Project including hard and soft costs, permits, and developer fee.
39. "**Project**" generally means the Property, fixtures and the buildings existing on the Property to be renovated, and other improvements to be newly constructed, by Buyer on the Property as initially described in the Scope of Development and refined through the Port-approved Drawings.
40. "**Project Team**" has the meaning set forth in Section 5.6 herein.
41. "**Property**" has the meaning set forth in Recital 2.
42. "**Purchase Price**" means the price Buyer shall pay to the Port for the Property to be conveyed by the Port to Buyer pursuant to Section 2.3.
43. "**Release**" means releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, disposing or dumping.
44. "**Rezone**" has the meaning set forth in Section 3.3.1 herein.
45. "**Schedule of Performance**" means the document describing the schedule by which the Buyer's obligations under this Agreement will be completed, attached hereto as Exhibit B.
46. "**Scope of Development**" means the detailed description of the rehabilitation of improvements and the new improvements to be built comprising the Project, attached hereto and incorporated herein as Exhibit C.
47. "**Title Report**" has the meaning set forth in Section 2.4.1.
48. "**Unavoidable Delay**" has the meaning set forth in Section 9.8.1 herein.
49. "**Upzone Parcel**" has the meaning set forth in Section 3.3.1 herein.

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50. "**Waterfront Development Strategy**" means the policy adopted by the Port Commission September 18, 2007 to promote business development, jobs retention and creation, and promotion of quality development in the Waterfront Business Park.
51. "**Waterfront Business Park**" means the subdivision of land by the Port, approved by the City and recorded on October 27, 2009 in the records of Hood River County, Oregon.

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EXHIBIT E
WATERFRONT BUSINESS PARK DESIGN GUIDELINES

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EXHIBIT E
WATERFRONT BUSINESS PARK DESIGN GUIDELINES

PORT OF HOOD RIVER
WATERFRONT BUSINESS PARK

DESIGN GUIDELINES

July 20, 2010

These Design Guidelines (Guidelines) have been adopted by the Port of Hood River Commission (Port) to ensure that high quality site planning, architecture, engineering and landscape architecture are developed and maintained throughout the Hood River Waterfront Business Park (Park).

I. GENERAL APPLICATION

- A. These Guidelines apply to all development projects carried out on land leased or purchased from the Port located within the Park. The Guidelines will typically be used in association with disposition agreements, leases or other contracts which will reflect the unique requirements, such as schedule and compliance actions, for individual projects. "Development" includes any building or site improvement, construction, renovation or rehabilitation, and exterior alterations to existing buildings. Notwithstanding the generality of the preceding sentence, the Guidelines do not apply to:
1. Interior modifications which do not alter the exterior appearance of a building; or
 2. A development that the Port has exempted from the application of the Guidelines;
- B. The Port may limit application or waive specified Guidelines in its sole discretion.
- C. In addition to applicable Guidelines, proposed development in the Waterfront Business Park shall conform to the requirements of other governing bodies, including but not limited to, the City of Hood River (City).
- D. The Port will review proposed development based upon the purposes of these Guidelines set out in Sections III.A and IV.A below, as implemented through the criteria of Sections III.B and IV. B. below, and considering the available facts regarding the particular development, and the best interests of property owners in the Park.

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II. REVIEW PROCESS

The Port will review and approve Plans for all development in the Park using the following process. The Port's authority is exercised in its proprietary capacity as seller or lessor of property, and the Port's decisions relating to the Guidelines are not land use decisions. During the review, the Port will consider the unique aspects of each development and assist individual developers or tenants as necessary to avoid delay or inconveniences in the execution of plans. It is not the Port's intent to dictate design features. The Port encourages creative design, quality development and collaboration between developers and businesses which will enhance the Park.

For each development, the property owner will designate its representative(s) for engagement with the Port, and the Port is entitled to rely on the statements of the representatives as those of the owner. For purposes of these Guidelines, an owner or its representative with authority to act on behalf of the owner will be referred to as the "developer." The Port shall act through its Executive Director or his/her designee.

A. Preliminary Plan Review Meeting

A pre-design and orientation meeting shall be held with the developer, architect and Port staff to discuss the proposed development, design concept, and specific considerations associated with these Guidelines ("Preliminary Plan Review"). This meeting will provide initial Port design input and an overview of the review process. This meeting should be held in the early stages of development design. The Port may provide input and recommendations based on the preliminary plans during the meeting, and during any period after the meeting to which the parties may agree. However, the Port's recommendations are not binding on the developer. The Port need not produce a written record of this meeting, unless the Port determines that the proposed development is clearly not subject to these Guidelines, in which case, the Port will notify the developer of that determination, and the developer need not continue in the review process.

B. Plan Review

Unless the Port notifies the developer as a result of the Preliminary Plan Review that the Guidelines do not apply, prior to submitting a development plan to the City of Hood River for regulatory Site Plan review, the developer shall provide draft site plans to the Port, and obtain Port approval of those plans. These site plans are intended to provide as much detail as possible on the development to determine conformance with the Design Guidelines.

Preliminary plans shall consist of the following:

1. A cover sheet or page showing general project information including project title, date, owner, developer, architect/engineer team, engineer, address for notices to the developer, the development schedule and project location.
2. A brief development summary describing the project including, intended uses, employee projection, hours of operation, estimated traffic impact and truck access needs, building size, parking, landscape concept, building design intent, noise, light, or odors associated with the proposed use, and any other pertinent project information requested by the Port as a result of the Preliminary Plan Review.
3. Site plan drawn to an appropriate scale showing:
 - (1) The location and dimensions of property lines, street rights-of-way, easements (proposed and existing) and setbacks (buildings, parking, etc.).

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- (2) Building location;
 - (3) Driveway/ curb cut locations and sizes;
 - (4) Parking, loading and service area layout, including designated parking areas for employee, visitor, or other limited use parking areas, maneuvering areas, outdoor storage and refuse collection locations;
 - (5) Location of sidewalks and pedestrian paths;
 - (6) Type and location of planting material and landscape features;
 - (7) Location of all utilities including gas, electricity, telephone, water and storm and sanitary sewers;
 - (8) Grading and site drainage information; and
 - (9) Proposed type, location, size, height, material, lighting of exterior signs.
4. Floor plans which indicate the layout and uses for all building floors. These drawings should also indicate primary entrances and potential office and/or showroom space, if applicable. Interior materials and finishes need not be presented.
 5. Elevations showing proposed exterior wall and roof materials, height of proposed structure, and any special architectural features, such as canopies, columns, and the like.
 6. Location, height, and size of any exterior mechanical, electrical or process equipment whether on site or roof-mounted, and the proposed screening technique for such equipment.

A meeting with Port staff is encouraged to describe the submitted materials. Regardless of whether a meeting is held, within ten working days of the Port's receipt of all materials, or longer time period if the Port needs additional time to review the materials and notifies the developer ("Plan Review Period"), the Port shall respond in writing to the developer indicating the Port's findings relating to the Building Design Guidelines and the Site Design Guidelines set out in Sections III and IV below, including the Port's intent to allow any deviation from the Guidelines. During the Plan Review Period, Port staff may contact the developer to discuss the submission and resolve any specific site issues or concerns.

If the Port finds that the proposed plan does not comply with the applicable Guidelines or that insufficient information has been submitted, and the Port does not waive or limit the Guidelines, then the developer shall modify the proposed site plan to satisfy the Guidelines, and thereafter resubmit the revised site plan for Port approval. The Port's review of a revised site plan will be limited to review of the revisions to the previously non-complying components of the development and any other components added or changed from the original site plan submitted. The Port will complete a review of the revised site plan within five (5) working days of resubmission, or longer time period if the Port needs additional time to review the materials and notifies the developer, with the same opportunities for discussion as in the original review.

Developer may not submit its proposed site plan for City regulatory Site Plan review until the Port and the developer have agreed to the proposed site plan. If the City's regulatory Site Plan review changes a component previously approved by the Port, the City Site Plan review decision shall govern the site plan provided the change is a City requirement not requested by the developer or if requested by the developer the change is acceptable to the Port.

C. Final Plan Review

Prior to submitting plans and related information necessary for City building permits, the developer shall provide one copy of the information to the Port for Port review and approval. The Port will review and notify the developer within ten working days of any non-conformance with these Guidelines, or later if the Port needs additional time to review the information and notifies the developer, and unless the Port waives compliance, the Port will specify changes that are necessary. The Port will not object to any components of the development which it has previously approved, or to any component changed by City Site Plan review provided the change is a City requirement not requested by the developer or if requested by the developer the change is acceptable to the Port. The developer shall not submit the information to the City for building permit review until the Port has approved the submission.

D. Construction Review

If changes are made to any Port approved plans during the City building permitting process, the developer shall clearly describe and highlight such changes and provide one copy to the Port for review prior to any changes being constructed. The Port will make any comments on the changes within ten working days of receipt of the changes from the developer, or later if the Port needs additional time to review the changes and notifies the developer. Developer will seek to incorporate the Port's comments into the development to the extent reasonably possible within the requirements of the City permitted plans.

E. Record Drawings

As-constructed drawings (single hard copy and digital copy) of all development on the site and all underground utilities, including any required utility easement area, shall be furnished to the Port no more than thirty days after the City issues the final City Certificate of Occupancy for the development.

III. Building DESIGN Guidelines

A. *PURPOSE*

The following Building Design Guidelines are intended to enhance compatibility with the surrounding area, provide permanence, and contribute to a safe, high quality pedestrian-oriented streetscape and encourage high quality architectural design for all facilities within the Park, thus strengthening the image as a unique business campus.

B. *GUIDELINES*

1. Provide variety in the use of materials and permanent architectural features, such as windows, recesses, off-setting walls, changes in materials, and other features which may be proposed;
2. Use high quality and long-lasting building materials, such as brick, tilt-up concrete, wood, or masonry. Metal buildings are not permitted, however metal roofs and metal as an accent exterior finish material may be used.
3. Highlight main entrances with architectural features, such as windows, recesses, and canopies, and provide protection, if possible, from natural elements.
4. Use ground floor windows or product display niches on elevations that border pedestrian streets, unless the Port finds such features are not feasible or reasonable given the building use and location.

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5. Vary roof lines along large building facades facing streets and other public rights-of-way with differing materials and/or stacking of the parapet heights or by other articulation method.
6. Provide architectural interest and variety on building elevations adjacent to public streets through the use of scoring, changes in materials, and the use of a variety of finishes such as wood, brick and concrete block.
7. If possible, screen roof mounted equipment from view from the far side of sidewalk adjacent to streets or adjacent properties by use of parapet wall, mechanical enclosure (penthouse), or other feature that is made of a primary exterior finish material. At a minimum, all mechanical units shall be painted to match the color of the building to minimize visual impacts.
8. Place buildings near adjacent streets with no parking between the street and the front elevation, to encourage a better pedestrian environment.
9. Consider use of energy efficient and sustainable design techniques including the use of solar panels. If such techniques are not incorporated, the developer's submission will include an explanation of the lack of use.

IV. Site Design Guidelines

A. *PURPOSE*

The following Site Design Guidelines are intended to create landscape areas that contribute to the aesthetics of the surrounding area, provide attractive setting for buildings, and provide safe, interesting outdoor spaces for employees, customers, users, and the community.

B. *GUIDELINES*

1. Provide street-side planting and location of utilities within the planting areas where possible in the landscaped street setbacks, with only minimal disruption of these planting areas by access drives.
2. Provide a safe, all-weather, efficient, and aesthetically pleasing pedestrian circulation system serving each site, including connecting parking areas with building entries and connecting each building site to the adjacent pedestrian street circulation systems, if available. Materials shall include but not be limited to: scored concrete, or pavers (asphalt or otherwise), or similar materials.
3. Screen service and loading areas adequately from streets, pedestrian circulation areas, open space areas, and adjacent parcels.
4. Minimize the visual impact of all exterior components of communications, plumbing, power, processing, heating, cooling and ventilating systems from adjoining streets, parcels, buildings, and open space areas, with the goal that they should not be visible from a nearby sidewalk on the other side of the street.
5. Ensure that each site development will not create a nuisance to adjacent sites or streets, or objectionable disturbance to occupants of adjacent properties including but not limited to noise, odor, lighting, and any outdoor equipment. The determination of "nuisance" shall be in the Port's sole discretion.
6. Wherever possible, utilize native vegetative species which are disease and drought resistant and are well suited for the climate in Hood River, provided that the Port may approve proposed alternative species based on the developer's justification of the alternate. Recommended species for street trees are listed below and other species are subject to Port approval:

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- Acer Rubrum 'October Glory' October Glory Red Maple
 - Fraxinus Pennsylvanica "Cimmoron' Cimmoron Green Ash
 - Tilia Cordata 'Chancellor' Chancellor Littleleaf Linden
7. Utilize water conserving irrigation systems for landscape areas to minimize water usage. If developer determines such a system is not feasible, developer will explain its determination as part of the submission to the Port.

Port Contact:

All plans and correspondence and submission of plans shall be directed to:

Port of Hood River
1000 E. Port Marina Drive
Hood River, OR 97031

Attention: Executive Director

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EXHIBIT F
PROJECT TEAM

Environmental:	Kleinfelder Engineering
Civil:	Pioneer Surveying and Engineering
Geotechnical/Material Testing:	GeoDesign Kleinfelder Engineering
Design:	Stemach Design; Stacey Stemach
Structural:	KPFF Structural Engineers; Aaron Burkhardt
Legal:	DDA – Ball Janik LLP; Laura Cooper
Transportation Consultant:	MacKenzie
Contractor:	Celilo Contracting; Mannie Mills
Developer/Project Manager:	Key Development Corporation; Jeff Pickhardt

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EXHIBIT G
FORM OF MEMORANDUM OF AGREEMENT

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EXHIBIT G
FORM OF MEMORANDUM OF AGREEMENT

After recording return to:

Mr. Michael S. McElwee
Executive Director
Port of Hood River
1000 E. Port Marina Drive
Hood River, OR 97031

THIS MEMORANDUM OF AMENDED AND RESTATED AGREEMENT FOR DISPOSITION OF PROPERTY FOR DEVELOPMENT ("Memorandum") shall serve as notice to all persons that the **PORT OF HOOD RIVER**, a municipal corporation ("Port"), and **KEY DEVELOPMENT CORPORATION**, an Oregon corporation ("Buyer"), entered into an Agreement For Disposition of Property for Development dated as of _____, 201__ ("Agreement") relating to the real property to be conveyed by the Port (the "Port Property") located in Hood River County, Oregon. The Port Property is more particularly described in Exhibit A attached hereto and incorporated herein.

The parties to the Agreement are:

Port of Hood River
1000 E. Port Marina Drive
Hood River, OR 97031

and

Key Development Corporation
Jeff Pickhardt, President
P.O. Box 208
Bend, OR 97709

Among other things, the Agreement requires the Port to convey the Port Property to Buyer upon the satisfaction of certain conditions precedent, and requires Buyer to complete certain private improvements on the Port Property all as more particularly set forth in the Agreement (the "Project"). Other property or value was part of the whole consideration given for the Port Property conveyance referenced herein.

As a condition subsequent to the Port Property conveyance, in the event of a Buyer default under particular conditions specified in the Agreement, Port shall have legal remedies, including the right to repurchase the Property according to the terms of the Agreement. The Port also has an option to purchase a portion of the Property and a right of first offer for a portion of the Property. Port and Buyer execute this Memorandum to acknowledge being bound by the Agreement and to give notice of the Agreement to third parties.

The Agreement amends and restates in its entirety Agreement for Disposition of Property for Development dated December 23, 2013 relating to the Property (as defined below) (the "Original Agreement"), a memorandum of which was recorded in the real property records of Hood River County on _____ at _____ (the "Original Memorandum"). The Original Agreement is no longer of any force or effect and the parties hereby terminate the Original Memorandum, which shall no longer encumber the Property.

PORT OF HOOD RIVER/KEY DEVELOPMENT CORPORATION
AMENDED AND RESTATED DDA LOTS 4 & 6 – JULY 15, 2014

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Port and Buyer execute this Memorandum to acknowledge being bound by the Agreement and to give notice of the Agreement to third parties.

PORT OF HOOD RIVER:

By: _____

Date: _____

KEY DEVELOPMENT CORPORATION

By: _____

Jeff Pickhardt, President

Date: _____

STATE OF OREGON)
) ss.
COUNTY OF HOOD RIVER)

This instrument was acknowledged before me on _____, 201_, by _____ of the PORT OF HOOD RIVER.

Notary Public for
My commission expires:_____

STATE OF OREGON)
) ss.
COUNTY OF HOOD RIVER)

This instrument was acknowledged before me on _____, 201_, by Jeff Pickhardt, President of Key Development Corporation, an Oregon corporation, as its duly authorized representative.

Notary Public for
My commission expires:_____

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EXHIBIT H
SURVEY DRAWING FOR EXPO REDEVELOPMENT PROJECT

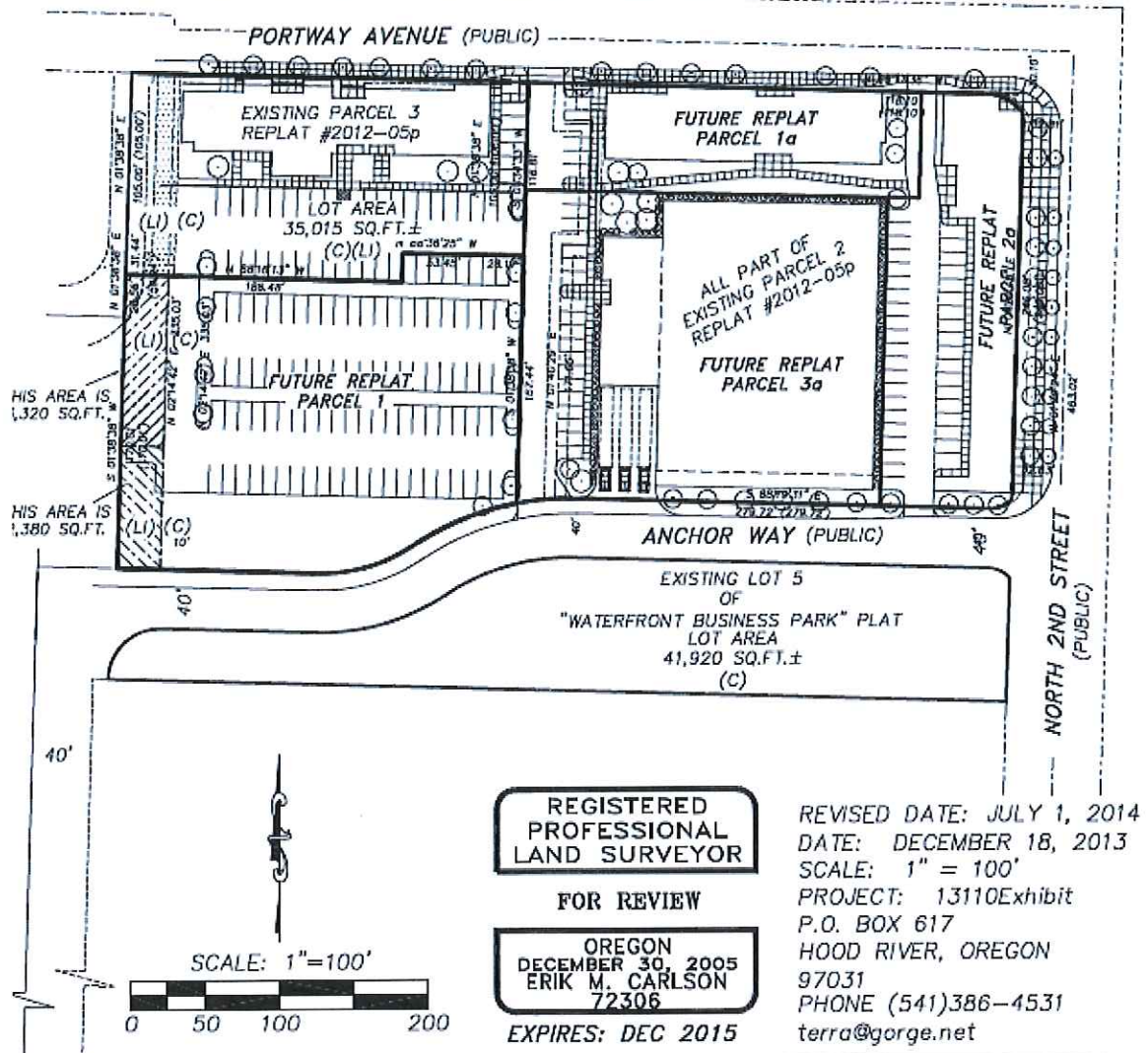
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TERRA SURVEYING
EXHIBIT H
FOR
EXPO RE-DEVELOPMENT PROJECT
ZONING/AREA TABLE

PARCEL	ZONE	AREA
1a	(C)	19,150 SQ. FT.±
2a	(C)	23,450 SQ. FT.±
3a	(C)(LI)	51,065 SQ. FT.±
1	(C)(LI)	51,745 SQ. FT.±

CITY PARK

(C) GENERAL COMMERCIAL
(LI) LIGHT INDUSTRIAL



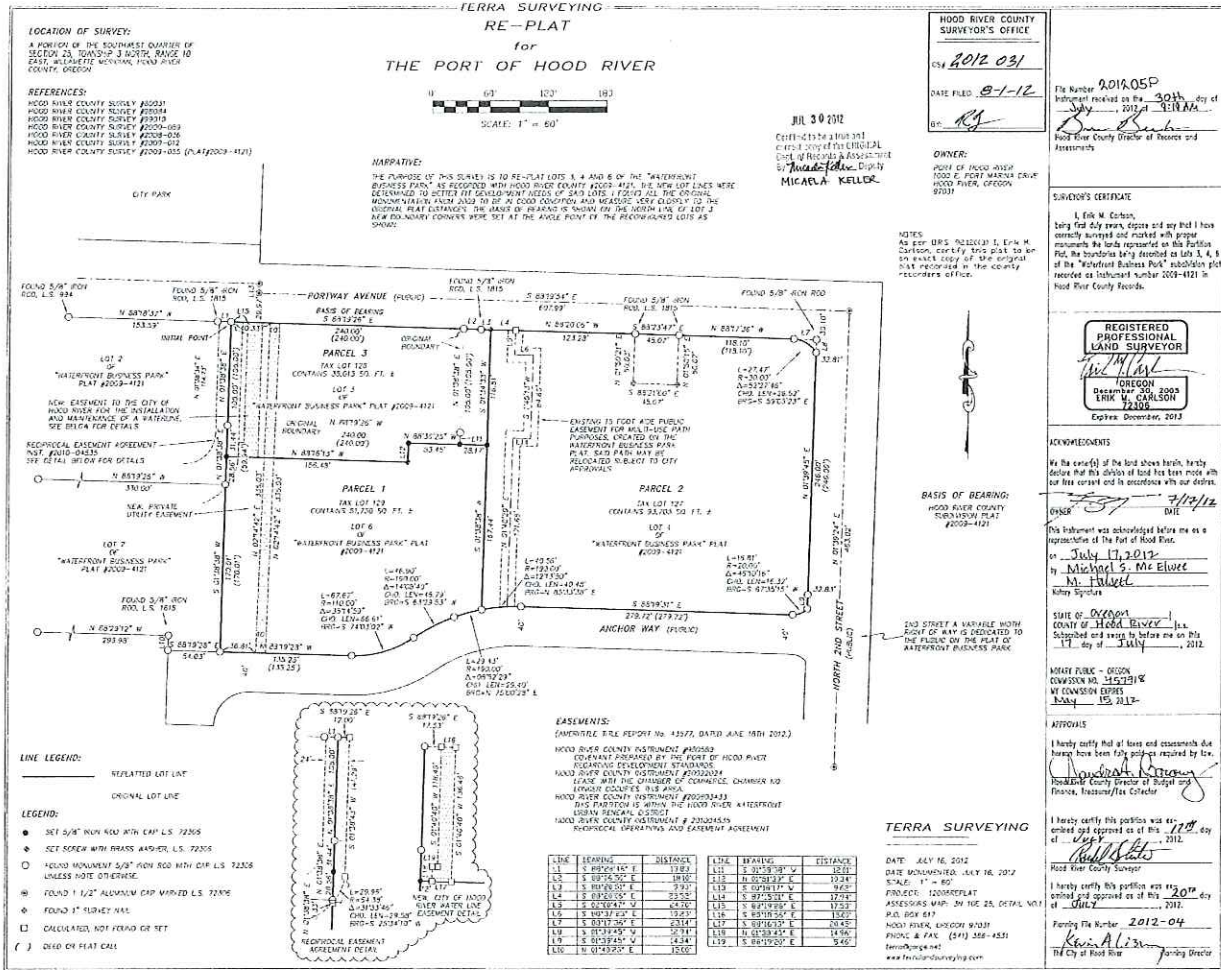
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EXHIBIT I

**SURVEY DRAWING OF EXISTING PARCELS 1 AND 2
HOOD RIVER COUNTY PARTITION REPLAT 2012-05P**

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EXHIBIT I
SURVEY DRAWING OF EXISTING PARCELS 1 AND 2
HOOD RIVER COUNTY PARTITION REPLAT 2012-05P



LOCATION OF SURVEY:
A PORTION OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 3 NORTH, RANGE 10 EAST, WILAMETTE MERIDIAN, HOOD RIVER COUNTY, OREGON.

TERRA SURVEYING
RE-PLAT
for
THE PORT OF HOOD RIVER

HOOD RIVER COUNTY SURVEYOR'S OFFICE
CS 2012 031
DATE FILED 8-1-12

The Number 2012.05P
Instrument received on the 30th day of July, 2012, at HOOD RIVER, OREGON.

JUL 30 2012
Certified to be a true and correct copy of the ORIGINAL as recorded in the County of Hood River, Oregon.

OWNER:
PORT OF HOOD RIVER
1000 E. PORT WALKER DRIVE
HOOD RIVER, OREGON
97123

SURVEYOR'S CERTIFICATE
I, Erik M. Carlson, being duly sworn, depose and say that I have carefully surveyed and marked with proper monuments the lands represented on this Partition Plat. The boundaries being described on Lots 3, 4, & 6 of the "Waterfront Business Park" subdivision plat recorded as Instrument number 2009-0121 in Hood River County Records.

REGISTERED PROFESSIONAL LAND SURVEYOR
Erik M. Carlson
December 20, 2003
OR 1200
Expires December, 2013

ACKNOWLEDGMENTS
We the owner(s) of the land shown herein, hereby declare that this division of land has been made with our free consent and in accordance with our desires.
DATE: 7/12/12
BY: Michael S. MacElroy
M. HANZEL
Kathy Spitzer

STATE OF OREGON
COUNTY OF HOOD RIVER
I, the undersigned, being duly sworn, depose and say that I am the owner of the land shown on this Plat, and that I have signed and approved the same.

APPROVALS
I hereby certify that all taxes and assessments due herein have been fully paid as required by law.
Michael S. MacElroy
Hood River County Director of Budget and Finance, Treasurer/Tax Collector

TERRA SURVEYING
DATE: JULY 16, 2012
DATE RECORDED: JULY 16, 2012
SCALE: 1" = 60'
PROJECT: 12005REPLAT
ADJACENT PROP. ON THE S.E. CORNER OF THE PLAT, BOOK 617

LINE LEGEND:
REFLATED LOT/LAT
ORIGINAL LOT LINE
LEGEND:
● SET 3/8" MON ROD WITH CAP, L.S. 72208
○ SET SODEN WITH BRASS ANCHER, L.S. 72205
○ FOUND MONUMENT 3/8" MON ROD WITH CAP, L.S. 72208 UNLESS NOTED OTHERWISE
○ FOUND 1/2" ALUMINUM CAP W/IRON L.S. 72206
○ FOUND 1" SURVEY NAIL
□ CALCULATED, NOT FOUND OR SET
() DATA ON PLAT ONLY

EASEMENTS:
CONVERTIBLE TITLE REPORT No. 43277, DATED JUNE 18TH 2012)
HOOD RIVER COUNTY INSTRUMENT #2008282
EQUIPMENT ANCHORAGE BY THE PORT OF HOOD RIVER
RECREATION DEVELOPMENT STANDARDS
HOOD RIVER COUNTY INSTRUMENT #2009243
LEASE WITH THE CHAIRMAN OF COMMERCE, CHAMBER AND TOURISM COUNCILS, 318 AVENUE
HOOD RIVER COUNTY INSTRUMENT #2009243
THIS PARTITION IS WITHIN THE HOOD RIVER WATERFRONT URBAN GENERAL DISTRICT
HOOD RIVER COUNTY INSTRUMENT # 200226555
RECIPROCAL EASEMENTS AND EASEMENT AGREEMENT

Table with columns: LINE, BEARING, DISTANCE, LINE, BEARING, DISTANCE. Contains survey data for various lines and points.

RECEIVED JUL 31 2012

CS2012 031