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DEVELOPMENT AGREEMENT BETWEEN
THE CITY OF KLAMATH FALLS AND THE LEDGE LLC

This is an Agreement ("Development Agreement" or "Agreement") for the development of certain property located Klamath County, Oregon, legally described as follows, by and between the CITY OF KLAMATH FALLS, an Oregon municipal corporation and THE LEDGE, LLC, an Oregon limited liability company ("Buyer"). This Agreement shall be deemed executed on the date last signed by all parties.

RECITALS

A. Whereas, City owns fee simple title to the real property located at 425 Walnut Ave., Klamath Falls ("Property");

B. Whereas the Property is part of the same legal lot as City Hall, located at 225 South 5th Street, Klamath Falls. Seller and Buyer desire only to convey the portion of the property with the old Police Department and to accomplish this objective, have obtained a property division;

B. Whereas, City desires to sell the Property to Buyer, and Buyer desires to acquire the Property on the terms and conditions herein stated, so that the Property may be developed in a manner consistent with the Plan and Buyer's development plans;

C. Whereas, the Agreement requires Buyer, its successors and assigns to develop the Property subject to certain requirements, and provides City with a Power of Attorney to allow the City to convey the property back to the City if the Property is not developed as required;

D. Whereas, City agrees to sell property to Buyer via a Statutory Warranty Deed, and to secure the performance of the Buyer; and

NOW THEREFORE, in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

AGREEMENT

ARTICLE I - CLOSING

1.1. Acquisition and Conveyance. Buyer agrees to purchase from City and City agrees to sell to Buyer the real property described in Exhibit "A" attached hereto ("Property"). The purchase price shall be \$1,000. If the City fails to convey fee title to Buyer, this Agreement shall terminate, and be of no further force and effect within one hundred twenty (120) days from the date this Agreement is executed ("Acquisition Period"). City may, in its sole discretion, extend the Acquisition Period an additional sixty (60) days upon receipt of written notice from Buyer

1.2. Escrow. No escrow is necessary for this transaction.

1.3. Closing Date. This transaction will close on or before August 15, 2016, at the office of the City of Klamath Falls, 500 Klamath Avenue, at a time agreed to by the Parties.

1.4. Title.

A. The Buyer's obligation to purchase is conditioned on the Buyer's acceptance of the condition of title. City will furnish a preliminary title report (the "Title Report") showing the condition of title to the Property, together with copies of all exceptions listed therein. Buyer shall have ten (10) days following the execution of this Agreement to review the Title Report and to notify City, in writing, of Buyer's disapproval of any exceptions shown in the Title Report. Those exceptions not objected to by Buyer will be deemed acceptable to Buyer ("Permitted Exceptions"). If Buyer notifies City of its disapproval of any exception, City shall have ten (10) days after receiving Buyer's notice to either i) assure Buyer that the disapproved exception will be removed by closing, or ii) give Buyer notice that City cannot or will not remove the disapproved exception. If City notifies the Buyer that it cannot or will not remove a disapproved exception, Buyer may terminate this Agreement by written notice to City.

B. Notwithstanding the above, City may reserve or dedicate in the Deed, or by separate easement, an easement or easements across the Property for i) water, sewer or other utility lines; ii) irrigation water lines; iii) a petroleum pipeline; and iv) access. City may locate the easements anywhere on the Property. Under no circumstance, shall Buyer charge City, however denominated, for City's use of any easement created pursuant to this section.

1.5. **Document Review.** City shall make available to Buyer all investigation documents, including, but not limited to, environmental studies, inspection reports, topographical surveys and soil tests relating to the Property. Buyer shall have no fewer than forty-five (45) days following the date this Agreement is executed to review the documents prior to closing. City's obligation to close is conditioned on Buyer's approval of the investigation documents.

1.6. **Closing.** On or before the closing date, City shall deliver a warranty deed for the Property (the "Deed"), in substantially the form attached hereto as Exhibit B. Upon City's delivery of the Deed, Buyer shall sign and record the Deed. The Buyer shall pay all costs for recording the Deed and Development Agreement. Any assessments on the Property must be prorated as of the closing date. The City and Buyer shall share equally all other closing costs, if any.

1.7. Title Insurance.

A. Buyer may secure a title insurance commitment, issued by the company of their choosing, indicating that at the Closing (as defined below) such title insurance company will issue its A.L.T.A. Owner's Title Insurance policy at standard rates in favor of Buyer in the amount of the purchase price, insuring a good and marketable title to the Property, free and clear of all liens, encumbrances and restrictions, except utility easements and zoning restrictions acceptable to Buyer, and current real estate taxes which are to be prorated at Closing as hereinafter set forth. Said title insurance policy shall be issued immediately upon the Closing, with the cost thereof being paid by Buyer.

B. City shall not create any condition of title that would cause the title insurance commitment to be changed before Closing, unless such change results from the consent of the Buyer to such change in the condition of title. If a defect in title occurs prior to Closing, City shall cause such defect to be removed, if capable of removal before Closing, or if not, Buyer shall either accept such title as City is able to convey or terminate this Contract. City shall provide the Title Company with any affidavits or indemnity agreements necessary to issue the ALTA Owner's Insurance Policy consistent with the title insurance commitment and this Contract.

1.8. **Condition of Property.** Buyer is purchasing the Property "as is" with no requirement of the City to improve, repair or clean the Property.

ARTICLE II - PROPERTY DEVELOPMENT

2.2 **Development.** The Property is disposed of by the City with the intent that it be developed, and not held for speculative purposes. Therefore, the parties agree that Buyer will in good faith, use best efforts to improve the Property to function as a retail and office space as follows (the Project):

- Within 60 days of the Closing Date, perform the following: clean out, refurbish, and occupy office space; painting; stabilize roof leaks; and submit the application to rezone the Property to General Commercial.
- Within 120 days of the Closing Date, perform the following: refurbish the interior for rental space; demolition of existing garage/briefing room; and prepare for rental craft display and storage.
- Within 180 days of the Closing Date, perform roof repair.
- Within 365 days of the Closing Date, the building must be occupied and in regular use.

2.3 **Development Extension Option.** Upon written request by Buyer and with no less than 10 days prior notice to deadline, City may at its sole discretion, grant an extension to the dates in Section 2.2.

2.4 **No Speculation.** To prevent speculation, the Buyer may not sell or alienate the Property or any interest in the Property for the period of five years after the Closing Date.

2.5 **Reconveyance.** In the event that the Buyer violates Section 2.2 with any extensions granted under Section 2.3, or Section 2.4, the Property will be reconveyed to the City through an Irrevocable Power of Attorney granted to the City as described in Article III.

ARTICLE III - DEFAULT

3.1 An Event of Default shall occur if Buyer fails to perform in accordance with any provision in Article II of this Agreement. Upon the continuance of an Event of Default, City may elect to pursue its remedies set forth in this Article III.

3.2 Should City elect to exercise reconveyance through the City's Power of Attorney, City must first give Buyer a notice of default in writing at least 30 calendar days in advance of the date City intends to enforce the reconveyance (the "Notice Period"). The notice of default shall specify Buyer's default. Buyer shall have the right to cure any such default prior to expiration of the Notice Period.

3.3 If Buyer cures the default identified in the Notice, Buyer shall promptly notify City of such cure. If City deems Buyer's action to satisfactory cure the default, City shall by written notice to Buyer, declare the notice of default void. If Buyer fails to cure within the Notice Period, then City may proceed to enforce City's reconveyance under this Section. It is acknowledged that if the City elects to enforce the reconveyance, City will not pay the Buyer for the purchase price and any subsequent improvements of the Property.

3.4 **Irrevocable Power of Attorney.** To confirm the appointment hereby intended, and to avoid the necessity of recording this Agreement, together with any deed and associated re-conveyance

documents at the Klamath County Clerk, Buyer hereby irrevocably makes, constitutes and appoints the City Attorney of the City of Klamath Falls the lawful attorney in fact of Buyer, with limited authority consistent with this Agreement to make, execute, acknowledge and deliver good and sufficient deeds and conveyances for the same, giving and granting unto said attorney full power and authority consistent with this Agreement to do and perform all and every act necessary to be done to accomplish the above, as fully as might or could be done by Buyer with Buyer hereby ratifying and confirming all that said attorney shall lawfully do or cause to be done by virtue hereof, if and only in the event of Developer refusal to voluntarily execute such deed and other documents.

The original of this Agreement shall be retained by the Klamath Falls City Attorney, in escrow. Although granted on the condition of said appointment being exercised by City on the event of Buyer's refusal to voluntarily execute such deeds or other documents of re-conveyance necessary to effectuate the City's right upon complete compliance with the terms with Article II above, said appointment is and shall be irrevocable, intending to expedite such repurchase and reconveyance, and to avoid City of Klamath Falls' need to resort to court proceedings to effectuate its reconveyance rights.

3.5 Termination of City's Power of Attorney. The City Attorney shall release said escrowed original Limited Power of Attorney only upon: (a) construction has been completed as defined in this Agreement; and (b) five years has passed from the Closing Date, and contemporaneous with the recording of a deed (and such other re-conveyance documents) as deemed reasonable and necessary to effectuate City of Klamath Falls exercised re-conveyance rights.

ARTICLE IV - GENERAL PROVISIONS

4.1. Binding Effect. This Agreement is binding upon and shall inure to the benefit of the parties and their respective successors, heirs, legal representatives and assigns.

4.2. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same document.

4.3. Recording. This Agreement shall be recorded in land records of Klamath County, Oregon.

4.4. Notices. All notices or other communications required or permitted under this Agreement must be in writing and must be (1) personally delivered, and shall be deemed received on receipt at the office of the addressee, or; (2) sent by registered or certified mail, postage prepaid, return receipt requested, which notices and communications will be deemed received three days after deposit in the United States mail, postage prepaid, or; (3) sent by overnight courier delivery, which will be deemed received one business day after deposit with the courier, or; (4) sent by FAX, which notices and communications will be deemed received on the delivering party's receipt of a transmission confirmation.

To Buyer: The Ledge, LLC
 Michael Angeli, Owner
 369 S 6th Street
 Klamath Falls, OR 97601

To City: City of Klamath Falls
 City Manager
 PO Box 237
 Klamath Falls, OR 97601

4.6. **Authority.** The Parties and those signing on their behalf represent and warrant that they have the requisite legal power, right, and authority to enter into this Agreement, any instruments referred to herein, and to consummate the transactions contemplated here.

4.7. **Legal Relationships**

(a) **Relationship of Parties.** No joint venture, partnership, or other joint undertaking is intended by this Agreement. Neither party hereto will have any rights to make any representations or incur any obligations on behalf of the other. Neither party has authorized any agent to make any representations, admit any liability, or undertake any obligation on its behalf. Neither party is executing this Agreement on behalf of an undisclosed principal.

(b) **No Third-Party Beneficiaries.** No third party is intended to be benefited or afforded any legal rights under or by virtue of this Agreement.

(c) **Joint and Several Liability.** If either party comprises more than one person or entity, the obligations of each person or entity comprising such party under this Agreement will be joint and several.

(d) **Indemnified Parties.** Any indemnification contained in this Agreement for the benefit of a party will extend to the party's members, directors, shareholders, officers, employees, and agents.

4.8. **Assignments, Successors and Alienation.**

(a) **Assignments and Successors.** Buyer may not assign or otherwise transfer this Agreement or any interest herein, voluntarily, involuntarily, or by operation of law, without the prior written consent of City in each instance, which consent will not be unreasonably withheld. Buyer will not be released from its obligations under this Agreement in the event of any assignment or transfer unless expressly agreed to by City. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) **Alienation.** Buyer may not dispose of the Property.

4.9. **Time of Essence.** Except as otherwise specifically provided in this Agreement, time is of the essence for each and every provision of this Agreement.

4.10. **Invalidity of Provisions.** If any provision of this Agreement, or any instrument to be delivered by either party under this Agreement, is declared invalid or is unenforceable for any reason, the provision will be deleted from the document and will not invalidate any other provision contained in the document.

4.11. **Neutral Construction.** This Agreement has been negotiated with each party having the opportunity to consult with legal counsel and will be construed without regard to which party drafted all or part of this Agreement.

4.12. **Captions.** The captions of the sections and paragraphs in this Agreement are used solely for convenience and are not intended to limit or otherwise modify the provisions of this Agreement.

4.13. **Waiver.** The failure of either party at any time to require performance of any provision of this Agreement will not limit the party's right to enforce the provision. Waiver of any breach of any provision will not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

4.14. **Subsequent Modifications.** This Agreement and any of its terms may be changed, waived, discharged, or terminated only by a written instrument signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought.

4.15. **Counting of Days.** If the time for performance of any of the terms, conditions, and provisions hereof falls on a Saturday, Sunday, or legal holiday, then the time of the performance will be extended to the next business day thereafter.

4.16. **Venue.** In any action brought to interpret or enforce any of the provisions of this Agreement, the venue will be in Klamath County, Oregon.

4.17. **Applicable Law.** This Agreement will be construed, applied, and enforced in accordance with the laws of the state of Oregon. All sums referred to in this Agreement will be calculated by and payable in the lawful currency of the United States.

4.18. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties with respect to the Property and supersedes and replaces all written and oral agreements previously made or existing between the parties.

4.19. **Counterparts.** This Agreement may be executed simultaneously or in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same contract.

4.20. **Facsimile Copies.** Either party may rely on facsimile copies of this Agreement to the same extent as the originals.

4.21. **Statutory Disclaimer:**

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

ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

IN WITNESS WHEREOF, the parties hereto have subscribed their names

Dated the 15th day of August, 2016.

CITY OF KLAMATH FALLS




Todd Kellstrom, Mayor

ATTESTED BY: Elisa D. Olson

City Recorder

THE LEDGE, LLC



Michael Angeli, Managing Member

ATTESTED BY: Nickole M. Barrington

Printed Name/Title: Nickole M. Barrington
Paralegal

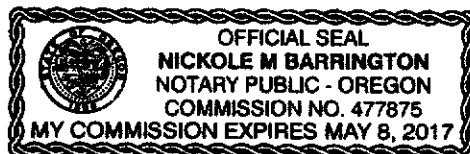
Exhibit A: Legal Description

Exhibit B: Statutory Warranty Deed

STATE OF OREGON)
County of Klamath)ss.

On the 15th day August, 2016, personally appeared Todd Kellstrom and Elisa D. Olson, who, each being first duly sworn, did say that the former is the Mayor and the latter is the City Recorder of the City of Klamath Falls, an Oregon municipal Corporation; and each of them acknowledged said instrument to be its voluntary act and deed.

BEFORE ME:

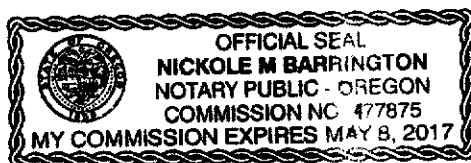


Nickole Marie Barrington
Notary Public for Oregon
My Commission Expires: 5-8-2017

STATE OF OREGON)
County of Klamath)ss.

On the 15th day August, 2016, personally appeared Michael Angeli, who, being duly sworn, did acknowledge that he is the Managing Member of The Ledge, LLC, and that the foregoing instrument was signed on behalf of the LLC, and was of his voluntary act and deed.

BEFORE ME:



Nickole Marie Barrington
Notary Public for Oregon
My Commission Expires: 5-8-2017

EXHIBIT A

A PARCEL OF LAND SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, SECTION 32, TOWNSHIP 38 SOUTH, RANGE 9 EAST, OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON. BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Parcel 2 as shown on the original plat of Land Partition 24-15 recorded in the Klamath County Clerk's Office June 23, 2016 and containing 6,902 square feet more or less; said Land Partition 24-15 true and exact copy on file in the Klamath County Surveyor's Office as County Survey 8195. Said Parcel 2 being vacated Lot 8 and a portion of Lot 9, Block 75, Klamath Addition to Linkville

EXHIBIT B

WARRANTY DEED

[Statutory]

THE CITY OF KLAMATH FALLS, an Oregon municipal corporation, hereinafter called Grantor, conveys and warrants to THE LEDGE, LLC, an Oregon limited liability corporation, hereinafter called Grantee, all real property rights to land situated in Klamath County, State of Oregon, described as:

See attached Legal Description described in Exhibit A

and covenants that Grantor is the owner of the above-described property free of all encumbrances except those of record and will warrant and defend the same against all persons who may lawfully claim the same, except as shown above.

The true and actual consideration paid for such transfer, stated in terms of dollars is One Thousand and 00/100 Dollars (\$1,000). As part of this property transaction Grantee has also signed a Development Agreement, which will be recorded consecutively, along with this Warranty 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. 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.

DATED this _____ day of August, 2016.

GRANTOR

CITY OF KLAMATH FALLS

Nathan Cherpeski, City Manager

ATTEST:

Elisa D. Olson, City Recorder

STATE OF OREGON)
)ss.
County of Klamath)

On the ____ day of August, 2016, personally appeared Nathan Cherpeski and Elisa D. Olson, who, each being first duly sworn, did say that the former is the City Manager and the latter is the City Recorder of the City of Klamath Falls, an Oregon municipal corporation, and that the instrument was signed on behalf of said municipal corporation; and each of them acknowledged said instrument to be its voluntary act and deed.

BEFORE ME:

Notary Public for Oregon
My Commission Expires: _____

GRANTEE

Michael Angeli, Managing Member – The Ledge, LLC

Michael Angeli hereby accepts the above described property from the City of Klamath Falls this _____ day of August, 2016.

STATE OF OREGON)
)ss.
County of Klamath)

On the ____ day of August, 2016, personally appeared Michael Angeli, who, being first duly sworn, did acknowledge that he is the Managing Member of The Ledge, LLC, that the foregoing instrument was signed on behalf of said LLC, that he is authorized to execute this instrument and that this instrument is the voluntary act and deed of the LLC.

BEFORE ME:

Notary Public for Oregon
My Commission Expires: _____