

BUILDING IMPROVEMENT AGREEMENT

This Building Improvement Agreement (this "Agreement") is dated _____, 2020, but made effective for all purposes as of _____, 2020 (the "Effective Date"), between City of John Day ("City"), an Oregon municipal corporation, whose address is address is 450 East Main Street, John Day, Oregon 97845, and Tyler Sheedy Construction, Inc. ("Company"), an Oregon corporation, whose address is 300 NW Charolais Drive, John Day, Oregon 97845.

RECITALS:

- A. City and Company are parties to a certain Purchase and Sale Agreement dated November 27, 2019 (the "Sale Agreement"), pursuant to which City sold to Company and Company purchased from City certain commercial real property (and all fixtures and improvements located thereon) commonly known as 135 W. Main Street, John Day, Oregon 97845 and containing a certain commercial building and related improvements, which real property is more particularly described on the attached Exhibit A (collectively, the "Property").
- B. The parties are entering into this Agreement pursuant to Section 7 of the Sale Agreement to, among other things, describe the terms and conditions under which Company will complete the Improvements.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained in this Agreement and the Sale Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Unless defined elsewhere in this Agreement, capitalized terms used in this Agreement have the meanings assigned to them in the attached Appendix A.
2. Improvements.
 - 2.1 Design. Subject to the terms and conditions contained in this Agreement, in consideration of City of City's sale of the Property to Company, Company will design and complete the Improvements in accordance with the following: (a) all applicable land use, building, and/or construction reviews and/or approvals; (b) the Standards; (c) the Proposal; and (d) the Laws. If a conflict arises between any of the foregoing, City's interpretation of the applicable requirements concerning the Improvements will be binding and controlling on Company. Design and construction of the Improvements is at Company's cost and expense, including, without limitation, all costs and expenses concerning licensing, permits, inspections, and approvals.
 - 2.2 Construction. Company will properly design, construct, and complete the Improvements subject to and in accordance with this Agreement. If the Improvements are not timely completed in accordance with this Agreement, City may complete construction of the Improvements and/or pursue any other rights and remedies provided under this Agreement and/or the Transaction Documents. Once commenced, Company will prosecute construction of the Improvements diligently, continuously, and in accordance with this Agreement. Company will cooperate with City and promptly provide upon City's request any information and/or documentation reasonably requested by City from time to time to determine Company's compliance with this Agreement.
 - 2.3 Minimum Standards. Notwithstanding anything contained in this Agreement to the contrary, Company will perform the following at Company's cost and expense: (a) construct and complete the Improvements using Company's best care, skill, and diligence, in a good and workmanlike manner, and in compliance with the Standards, the Laws, the Proposal, and this Agreement; (b) furnish, provide, and pay for all labor, materials, equipment, tools, supplies, machinery, transportation, and/or services necessary or appropriate to properly construct and complete the Improvements; (c) properly manage and dispose of all waste, garbage, and debris, including, without limitation, sediment, paint, cement wash, asphalt, motor oil, and grease, in accordance with the

Laws; (d) pay when due all charges for labor and materials used for Company's construction work; and (e) timely and properly pay Company's employees for their services concerning the Improvements subject to and in accordance with the Laws. The Improvements will be free from deficiencies and/or defects in materials and workmanship. Company will only use new and good quality materials and equipment for the Improvements. City will have the right to inspect construction of the Improvements at reasonable intervals to ensure Company is complying with its obligations under this Agreement.

2.4 Inspection. Company will provide the Notice of Completion to City when Company reasonably determines that the Improvements have been completed in accordance with this Agreement. Within a reasonable period of time after City's receipt of the Notice of Completion, City will inspect the Improvements to determine if the Improvements have been completed in accordance with this Agreement. After completing the inspection, City will provide Company the Correction Notice if City identifies any Improvements that require correction and/or completion. Company will complete any required corrections and/or Improvements identified in the Correction Notice within the Correction Period. At the conclusion of the Correction Period, City and Company will conduct a joint walk-through inspection for the purpose of confirming that Company has properly completed any required corrections and/or Improvements. Company will pay all costs of City's inspection and any other costs incurred by City in connection with City's enforcement of this Section 2.4.

2.5 Approval; Costs. City will provide Company the Approval Notice upon City's approval of the completed Improvements. City's approval of the Improvements will be completed solely to protect City's interests. City will not be a guarantor of, or responsible for, proper construction of the Improvements. City's approval of the Improvements will not constitute a representation or warranty that the Improvements were properly designed or completed or create any City liability or obligation. Notwithstanding anything contained in this Agreement to the contrary, Company will pay any costs incurred by City to perform any required inspections and testing (including, without limitation, soil and material testing), immediately upon City's written demand.

3. Security. Company's obligations to City under this Agreement are secured by a perfected security interest in the Collateral. City's security interest in the Collateral is evidenced by the Trust Deed. Company will execute and deliver all documents City may require concerning the transaction contemplated under this Agreement and/or the Improvements. All documents will be in form and substance acceptable to City.

4. Representations; Warranties; Covenants. In addition to any other Company representations, warranties, and covenants contained in this Agreement, Company represents, warrants, and covenants to City as follows:

4.1 Authority; Binding Obligation; Conflicts. Company is an Oregon corporation duly organized and validly existing under the laws of the State of Oregon. Company has full power and authority to sign and deliver this Agreement and to perform all Company's obligations under this Agreement. This Agreement is the legal, valid, and binding obligation of Company, enforceable against Company in accordance with its terms. The signing and delivery of this Agreement by Company and the performance by Company of all Company's obligations under this Agreement will not (a) breach any agreement to which Company is a party, or give any person the right to accelerate any obligation of Company, (c) violate any law, judgment, and/or order to which Company is subject, and/or (d) require the consent, authorization, and/or approval of any person, including, without limitation, any governmental body. No action, arbitration, audit, hearing, investigation, litigation, suit, and/or other proceeding is pending or threatened against Company. No representation or warranty made by Company in this Agreement includes any untrue statement or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

4.2 Sophistication; Investigation; Disclosure. Company has knowledge and experience in real estate development matters necessary to make Company capable of evaluating the merits and risks of this Agreement. Company has entered into this Agreement on the basis of its own examination and personal knowledge. Company has had full opportunity to investigate and examine, and to ask questions and receive answers concerning this Agreement. Company has obtained all information desired in connection with this Agreement. Company has not relied on any representations or warranties made by City other than those expressly contained in this Agreement.

Company will disclose this Agreement to all lenders and other persons or entities having a financial, ownership, and/or possessory interest in or to the Property. Company will comply with and give all notices required under the Laws. Company will maintain proper licensure with the Oregon Construction Contractors Board and maintain proper insurance and bonding as required under this Agreement and the Laws. Notwithstanding anything contained in this Agreement to the contrary, Company will use licensed and bonded contractors familiar with the Laws and of good reputation to complete the Improvements.

4.3 No Transfer; Condition of Property. Company will not Transfer (as defined below) all or any portion of the Property without City's prior written consent. Upon City's request, Company will permit City to (a) inspect the Property and Improvements (and, to this end, Company will permit any City representative access to the Property for purposes of performing the aforementioned inspection), and (b) inspect and copy Company's books of account and records concerning the Property and/or Improvements, including, without limitation, all contracts involving the ownership, lease, use, and/or operation of the Property, and proof of payment and documentation concerning the Improvements. Company and the Property will comply with all Laws. Company will timely pay all charges, costs, and expenses related to or concerning (whether directly or indirectly) Property, including, without limitation, insurance costs, telephone charges, licenses, utility charges, and all costs and expenses incurred in connection with Company's ownership, use, occupancy, maintenance, improvement, and/or repair of the Property.

4.4 Company Insurance. Company will obtain and maintain the following insurance: (a) general liability and property damage insurance (occurrence version) against personal injury claims arising out of the Company's activities on, or any condition of, the Property with limits of no less than \$2,000,000.00 per occurrence, \$4,000,000.00 in the aggregate; (b) comprehensive automobile liability insurance for all owned, non-owned, and hired vehicles that are or may be used by Company with limits of no less than \$2,000,000.00 per occurrence, \$4,000,000.00 in the aggregate; and (c) workers' compensation insurance in form and amount sufficient to satisfy the requirements of applicable Oregon law. Each liability insurance policy will be in form and content satisfactory to City and will contain a severability of interest clause. By separate endorsement, each liability insurance policy will name City and City's officers, employees, agents, and volunteers as additional insureds. Company's insurance will be primary, and any insurance carried by City will be excess and noncontributing. Company will provide evidence of the insurance coverage (including applicable endorsements) required to be maintained by Company under this Section 4.4 prior to the commencement of construction of the Improvements and upon City's demand. All policies of insurance Company is required to carry under this Agreement will provide that the insurer waives the right of subrogation against City.

4.5 Hazardous Substances. Company will not cause and/or permit any Hazardous Substances to be spilled, leaked, disposed of, and/or otherwise released in, on, under, and/or about the Property and/or any surrounding areas.

4.6 Indemnification. Company releases and will defend, indemnify, and hold City and City's Representatives harmless for, from, and against all claims, actions, proceedings, damages, liabilities, obligations, costs, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, resulting from or arising out of, whether directly or indirectly, the following: (a) any breach and/or inaccuracy of and/or failure to perform any Company representation, warranty, and/or covenant made in this Agreement and/or any Transaction Document; (b) design, construction, installation, and/or completion of the Improvements; (c) the acts or omissions of Company and/or Company's Representatives which arise in any manner out of Company's and/or Company's Representatives' construction of the Improvements; (d) damage, injury, and/or death to person or property caused directly or indirectly by Company and/or Company's Representatives; (e) Company's failure to pay and/or perform any covenant and/or obligation required to be performed by Company under this Agreement and/or any Transaction Document; and/or (f) all clean-up, removal, and remediation work arising out of or resulting from Company's failure to comply with Section 4.5. Company's indemnification obligations provided in this Section 4.6 will survive the termination of this Agreement.

5. Term; Defaults.

5.1 Term. Subject to the terms and conditions contained in this Agreement, the term of this Agreement commenced on the Effective Date and will remain in full force and effect until February __, 2025, unless sooner terminated as provided in this Agreement. This Agreement may be extended by the parties' mutual written agreement.

5.2 Default; Termination. Company will be in default under this Agreement if Company breaches and/or otherwise fails to perform any Company representation, warranty, covenant, and/or obligation contained in this Agreement, time of payment and performance being of the essence. A default by Company under any Transaction Document will constitute a default by Company under this Agreement. A default by Company under this Agreement will constitute a default by Company under each Transaction Document. Upon occurrence of a default, City will have all rights and remedies available under this Agreement (and all other Transaction Documents), at law, and/or in equity and City may, in addition to any other remedy available to City under this Agreement, terminate this Agreement. All available remedies are cumulative and may be exercised singularly or concurrently. Notwithstanding anything contained in this Agreement to the contrary, City's termination of this Agreement will not constitute a waiver of any rights, claims, and/or causes of action City may have against Company.

6. Miscellaneous.

6.1 Expenses; Notices. Except as otherwise provided in this Agreement, each party will bear the party's own fees, costs, and expenses incurred in connection with this Agreement, including, without limitation, the preparation, negotiation, signing, and performance of this Agreement. Any notice will be deemed given when personally delivered or delivered by email or facsimile transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by U.S. mail, postage prepaid, certified, return receipt requested, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed given on the next following business day.

6.2 Time of Essence; No Assignment; Binding Effect. Time is of the essence with respect to all dates and time periods in this Agreement. Company will not assign or delegate any of Company's rights or obligations under this Agreement to any person without the prior written consent of City. Subject to the immediately preceding sentence, this Agreement will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit. Notwithstanding anything contained in this Agreement to the contrary, this Agreement will not be construed to create third party beneficiary rights or remedies in any party whatsoever.

6.3 Amendment; Waiver; Severability; Attorney Fees. This Agreement may be amended only by a written document signed by the party against whom enforcement is sought. No waiver will be binding on a party unless it is in writing and signed by the party making the waiver. A party's waiver of a breach of a provision of this Agreement will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. If a provision of this Agreement is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Agreement will not be impaired. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Agreement, or otherwise in connection with the subject matter of this Agreement, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's attorney fees and other fees, costs, and expenses of every kind, including, without limitation, the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

6.4 Further Assurances; Termination; Survival; Discretion. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Agreement. The termination of this Agreement, regardless of how it occurs, will not relieve a party of obligations that have accrued before the termination. All provisions of this Agreement that would reasonably be expected to survive the termination of this Agreement will do so, including, without limitation, the indemnification obligations under Section 4.6. When City is exercising any consent, approval, determination, and/or similar discretionary action under this Agreement, the standard will be City's sole discretion.

6.5 Attachments; Governing Law. Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement. This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement. Any action, suit, or proceeding arising out of the subject matter of this Agreement will be litigated in courts located in Grant County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Grant County, Oregon. This Agreement may be signed in counterparts. A fax or email transmission of a signature page will be considered an original signature page.

6.6 Entire Agreement; Interpretation. This Agreement and the other Transaction Documents contain the entire understanding of the parties regarding the subject matter of this Agreement and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Agreement. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. If a date for performance of an obligation or delivery of any notice hereunder falls on a day other than a business day, the date for such performance or delivery of such notice will be postponed until the next ensuing business day. For purposes of this Agreement, a "business day" means a normal working day (i.e., Monday through Friday of each calendar week, exclusive of Federal and state holidays and one day following each of Thanksgiving, Christmas, and New Year's); the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity.

6.7 Legal Representation; Waiver. City has employed the law firm of Bryant, Lovlien & Jarvis, P.C., Bend, Oregon ("Law Firm") to prepare this Agreement and the other Transaction Documents. Law Firm represents only Seller in connection with this Agreement and the other Transaction Documents. Company has thoroughly reviewed this Agreement (and the other Transaction Documents) with counsel of Company's choosing or has knowingly waived the right to do so. The rule of construction that a written instrument is construed against the party preparing or drafting such instrument will specifically not be applicable in the interpretation of this Agreement and the other Transaction Documents. **Company irrevocably waives all right to a trial by jury in any proceeding hereafter instituted by or against Company in respect to this Agreement and/or any other Transaction Document. Company acknowledges that the transaction of which this Agreement is a part is a commercial transaction.**

[end of agreement – signature page follows]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed on the date first written above and effective for all purposes as of the Effective Date.

CITY:
City of John Day,
an Oregon municipal corporation

COMPANY:
Tyler Sheedy Construction, Inc.,
an Oregon corporation

By: _____

By: Tyler M. Sheedy, President

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Appendix A
Definitions

“Agreement” has the meaning assigned to such term in the preamble.

“Approval Notice” means written notice from City to Company informing Company that City has approved the completed Improvements subject to and in accordance with this Agreement.

“Assumption Agreement” means a certain Assignment and Assumption Agreement dated effective November 27, 2019 between Company and City pursuant to which City assigned, and Company assumed, City rights and obligations arising out of certain leases concerning the Property.

“City” has the meaning assigned to such term in the preamble.

“Collateral” means all Company’s right, title, and interest in and to the Property, together with the following: (a) all interests, estates, and rights that Company now has and/or may acquire in the Property; (b) all options, agreements, and contracts for the purchase or sale of all or any part of the Property or interests in the Property; (c) all Company rights, titles, and interests, now owned or hereafter acquired, in and to all buildings and other improvements of every nature now or hereafter located on the Property; and (d) all appurtenances and additions to and substitutions and replacements of the Property.

“Company” has the meaning assigned to such term in the preamble.

“Correction Notice” means written notice identifying with reasonable particularity any Improvements City believes Company failed to construct in accordance with this Agreement.

“Correction Period” means the period commencing on the date of Company’s receipt of the Correction Notice and expiring thirty (30) days thereafter.

“Deed” means a certain Bargain and Sale Deed dated November 27, 2019 recorded in Grant County Official Records on November 27, 2019 as Document No. 20192337 conveying the Property to Company.

“Effective Date” has the meaning assigned to such term in the preamble.

“Environmental Law(s)” means any federal, state, and/or local statute, regulation, and/or ordinance, or any judicial or other governmental order pertaining to the protection of health, safety, or the environment and/or designed to minimize, prevent, punish, or remedy the consequences of actions that damage or threaten the environment or public health and safety, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§9601 et seq., ORS 468B.195-197 (including any regulations promulgated thereunder), the Hazardous Materials Transportation Act, 49 U.S.C. §§1801 et seq., and the Resource Conservation and Recovery Act, 42 U.S.C. §§6901 et seq.

“Hazardous Substance(s)” means any hazardous, toxic, infectious, and/or radioactive substance, waste, and/or material as defined, controlled, and/or listed by any Environmental Law, including, without limitation, petroleum oil and its fractions.

“Improvements” means those certain structural and non-structural rehabilitation and other improvements in and to the Property, including, without limitation, those improvements described and depicted in the Proposal.

“Law(s)” means all federal, state, and local laws, statutes, ordinances, codes, regulations, orders, rules, covenants, conditions, easements, declarations, leases, liens, and/or restrictions directly or indirectly affecting or concerning the ownership, use, condition, maintenance, leasing, and/or operation of all or any part of the

Property, including, without limitation, all Environmental Laws and the Oregon Residential Landlord and Tenant Act (ORS 90.100 et al.).

“Notice of Completion” means Company’s written notice that the Improvements have been completed in accordance with this Agreement.

“Personal Guaranty” means a certain Personal Guaranty dated November 27, 2019 made by Tyler M. Sheedy in favor of City.

“Promissory Note” means that certain Secured Promissory Note dated effective November 27, 2019 made by Company in favor of City in the original principal amount of \$125,000.00.

“Property” has the meaning assigned to such term in Recital A.

“Proposal” means, collectively, (a) that certain Tyler Sheedy Construction – Project Proposal for Weaver Building Sale dated June 25, 2019, and (b) that certain document titled “Weaver Building 2019-2024.” The Proposal is attached hereto as Exhibit B.

“Representative(s)” means each present and future officer, director, manager, member, employee, agent, contractor, and/or representative of the identified person.

“Sale Agreement” has the meaning assigned to such term in Recital A.

“Standards” means the United States Secretary of the Interior’s “Standards for Rehabilitation” (1990 revised version).

“Transaction Document(s)” means the following: (a) this Agreement; (b) Deed; (c) Promissory Note; (d) Assumption Agreement; (e) Personal Guaranty; (f) Trust Deed; (g) the Sale Agreement; and (h) all other agreements and/or instruments entered into between the parties concerning the transaction contemplated under the Sale Agreement.

“Transfer” means any transfer of the Property, including, without limitation, any sale, conveyance, exchange, gift, and/or lease of the Property (including any agreement involving the ownership, lease, and/or use of all or any portion of the Property).

“Trust Deed” means that certain Trust Deed, Assignment of Leases and Rents, and Fixture dated effective November 27, 2019 and recorded in Grant County Official Records on November 27, 2019 as Document No. 20192338 made by Company in favor of City to secure Company’s obligations under the Sale Agreement, this Agreement, the Promissory Note, and all other Transaction Documents.

Exhibit A
Real Property Legal Description

The real property is legally described as follows:

Land in the City of John Day, Grant County, Oregon, as follows:

In Block "E": Beginning at a point on the Northerly right of way line of Main Street in the City of John Day; said point being the Southwest corner of the Leo Gunther property; said point also being 590.7 feet South and 558.8 feet West of the North quarter corner of Sec. 26, Twp. 13 S., R. 31 E., W.M.;

thence N. 7° 28' E., along the Westerly line of the Gunther property (and extending beyond the Northwest corner of said property 8.0 feet) 83.0 feet;

thence N. 81° 24' W. 50.70 feet;

thence N. 8° 26' E. 6.82 feet;

thence N. 86° 12' W. 36.02 feet;

thence S. 3° 50' W. 22.04 feet;

thence N. 87° 53' W. 6.08 feet;

thence S. 1° 55' W. 59.57 feet to the Northerly right of way line of said Main Street;

thence S. 78° 02' E., along said Northerly right of way line, 85.66 feet to the point of beginning.

ALSO, Beginning at a point which is 494.01 feet South and 579.14 feet West of the North 1/4 corner of Sec. 26, Twp. 13 S., R. 31 E., W.M.;

thence N. 89° 59' 33" E. 27.50 feet;

thence S. 0° 39' 00" W. 3.00 feet;

thence N. 89° 44' 00" E. 2.27 feet;

thence S. 8° 03' 45" W. 10.34 feet;

thence N. 82° 11' 27" W. 28.68 feet;

thence N. 0° 39' 00" E. 9.32 feet to the point of beginning.

All according to Map of Survey No. 518 as filed in the Office of the Grant County Surveyor.

SAVE & EXCEPT from the above described property all that portion included in Deed from L. A. Groen and Mary Ellen Groen, husband and wife, to G. L. Herburger and Edythe C. Herburger, husband and wife, dated July 17, 1978, recorded July 18, 1978 in Book 119, Page 354, Deeds, to-wit:

Beginning at a point where the North line of Main Street intersects the West line of North Canyon Blvd., said point being 599.34 feet South and 509.83 feet West of the North 1/4 corner of Sec. 26, Twp. 13 S., R. 31 E., W.M.;

thence N. 78° 57' W., along the North line of said Main Street, 48.00 feet;

thence N. 6° 11' 15" E. 11.79 feet;

thence N. 81° 56' 15" W. 5.21 feet;

thence N. 8° 03' 45" E. 81.50 feet;

thence N. 89° 44' E. 40.73 feet to the West line of said North Canyon Blvd.;

thence S. 0° 39' W., along said West line, 102.55 feet, to the point of beginning.

All according to Map of Survey No. 518 as filed in the Office of the Grant County Surveyor.
(Tax Acct. 3-1 13-31-26BA TL2401; Ref. 1121)

Land in the CITY OF JOHN DAY, Grant County, Oregon, as follows:

In Block "E": Beginning at a point 487.74 feet South and 579.10 feet West from the North quarter corner of Sec. 26, Twp. 13 S., R. 31 E., W.M.;

thence N. 0° 55' E. 28.6 feet;

thence S. 89° 13' E. 70.5 feet to the West boundary line of Church Street;

thence N. 0° 55' E. 20.0 feet;

thence N. 89° 13' W. 75.0 feet;

thence N. 0° 55' E. 5.4 feet;

thence N. 89° 13' W. 14.5 feet;

thence N. 0° 55' E. 29.4 feet to the North boundary line of Lot 7 in said Block "E";

thence N. 89° 13' W. 65.5 feet to the Northwest corner of said Lot 7;

thence S. 0° 38' E. 85.3 feet;

thence S. 88° 37' E. 22.5 feet;

thence N. 55° 00' E. 18.7 feet;

thence S. 79° 15' E. 46.0 feet to the point of beginning,

being a portion of Lots 6 and 7 in said Block "E".

ALSO, Beginning at a point on the West line of Canyon Blvd. (formerly Church Street); said point being 496.8 feet South and 508.8 feet West of the North quarter corner of Sec. 26, Twp. 13 S., R. 31 E., W.M.;

thence N. 89° 13' W. 43.0 feet;

thence N. 0° 55' E. 3.0 feet;

thence N. 89° 13' W. 27.5 feet;

thence N. 0° 55' E. 5.0 feet;

thence N. 79° 15' W. 46.0 feet;

thence S. 55° 00' W. to a point which is N. 3° 50' E. of the most Northwesterly corner of the tract of land conveyed to Heinrich Gottfried Brandli, et ux, by Deed dated Aug. 15, 1961, recorded Sept. 26, 1961 in Book 85, Page 582, Deed Records of Grant County, Oregon;

thence S. 3° 50' W. to said Northwesterly corner;

thence S. 86° 12' E. 36.02 feet;

thence S. 8° 26' W. 6.82 feet;

thence S. 81° 24' E. 50.70 feet;

thence S. 7° 28' W. 8.00 feet;

thence N. 88° 03' E. 40.00 feet to the West line of said Canyon Blvd.;

thence N. 0° 55' E., along said West line, 18.1 feet to the place of beginning;

SAVE & EXCEPT the Easterly portion of the above described tract conveyed to Wallace D. Muzzy, et ux, by Deeds dated Oct. 17, 1968, recorded Oct. 24, 1968 in Book 99, Page 640, Deed Records of Grant County, Oregon; and dated June 17, 1969, recorded June 18, 1969 in Book 101, Page 223, said Deed Records.

ALSO, Beginning at the Northwest corner of Lot 6 in said Block "E";

thence N. 89° 13' W. 14.7 feet;

thence S. 0° 55' W. 29.4 feet;

thence S. 89° 13' E. 14.5 feet to the West line of said Lot 6;

thence N. 0° 55' E., along said West line, 29.4 feet to the place of beginning.

(Tax Acct. 3-1 13-31-26BA TL2600; Ref. 1124)

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Exhibit B
Proposal

[attached]

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