

October 7, 2019

WORKSHOPS

Vancouver City Hall - 415 W 6th Street, Vancouver WA

4:00-6:00 p.m. A Stronger Vancouver: Revenue Options Work Session

This workshop took place in the Aspen Room (1st floor) at City Hall.

Summary

Council received a final community feedback report regarding the Stronger Vancouver recommended package. Council also received an overview and discussed the details of the Stronger Vancouver revenue tools recommended by the Executive Sponsors Council and provided initial direction regarding specific elements of the recommendation that were included for Council's consideration.

COUNCIL DINNER/ADMINISTRATIVE UPDATES (6 PM)

COUNCIL REGULAR MEETING

Pledge of Allegiance

Call to Order and Roll Call

The regular meeting of the Vancouver City Council was called to order at 6:30 p.m. by Mayor McEnery-Ogle in the Council Chambers of City Hall, 415 W. 6th Street, Vancouver, Washington.

Present: Councilmembers Paulsen, Lebowsky, Glover, Stober, Turlay, Hansen, Mayor McEnery-Ogle

Absent: None

Approval of Minutes

Minutes - September 9, 2019

Motion by Councilmember Glover, seconded by Councilmember Paulsen, and carried unanimously to approve the meeting minutes of September 9, 2019.

Minutes - September 16, 2019

Motion by Councilmember Lebowsky, seconded by Councilmember Glover, and carried unanimously to approve the meeting minutes of September 16, 2019.

Minutes - September 23, 2019

Motion by Councilmember Paulsen, seconded by Councilmember Hansen, and carried unanimously to approve the meeting minutes of September 23, 2019.

Proclamation: Domestic Violence Awareness Month

Mayor McEnerny-Ogle presented a proclamation to Vancouver Police Chief James McElvain and Commander Amy Foster proclaiming October 2019 as Domestic Violence Awareness Month.

Special Presentation: Governor's Smart Communities Award

Ike Nwankwo, representing the Washington Department of Commerce, presented the Mayor and Council with the Governor's Smart Communities Award recognizing the City and its community partners for the Affordable Housing Strategy.

Citizen Communication (Items 1-7)

Mayor McEnerny-Ogle opened Citizen Communication and received the following testimony:

- Marsha Joslin, Vancouver, speaking in regards to Item 5, expressed concerns about a police officer's ability to record mental illness diagnoses in police reports without a formal diagnosis from a mental health professional.

There being no further testimony, Mayor McEnerny-Ogle closed Citizen Communication.

Consent Agenda (Items 1-7)

Motion by Councilmember Stober, seconded by Councilmember Glover, and carried unanimously to approve the Consent Agenda.

1. **SE Evergreen Hwy - Ellsworth to 112th Ave Water and Sewer - Final Construction Acceptance (Bid#18-25)**

Staff Report 137-19

Summary

C & R Tractor and Landscaping, Incorporated of Kelso, Washington, completed the construction of water and sewer utility improvements in Southeast Evergreen Highway between Ellsworth Avenue and 112th Avenue. The water utility improvements extended a new 12-inch water main 1,075 feet replacing an old high maintenance water main. The sewer utility improvements extended the sewer system 948 feet bringing sanitary sewer to the area. The existing roadway was in very poor condition and coordination between the City's Water, Sewer, and Transportation Groups lead to full reconstruction of the street. After the utility construction the entire width of Southeast Evergreen Highway between Ellsworth Avenue and 112th Avenue was repaved for an improved driving surface.

The work was satisfactorily completed in accordance with the plans and specifications. Contract costs are summarized below:

TOTAL CONTRACT COSTS	
<i>Labor, Equipment and Material</i>	<i>\$490,106.80</i>
<i>Sales Tax</i>	<i>\$28,168.77</i>
<i>Total</i>	<i>\$518,275.57</i>
<i>Retainage</i>	<i>\$24,505.34</i>

The original bid amount was \$507,155.25 compared to a final amount of \$518,275.57, an approximate 2% increase. The increase can be primarily attributed to the placement of additional rock used to stabilize loose soils found during the excavation for the utilities.

Apprenticeship utilization goals of 3% were not fully met. The contractor met 2% and paid a penalty on the 1% of unmet hours in the amount of \$973.24.

Request: Authorize the City Manager or designee to accept the SE

Evergreen Hwy – Ellsworth to 112th Avenue, Water and Sewer project as constructed by C & R Tractor and Landscaping, Incorporated of Kelso, Washington, and authorize release of retainage in the amount of \$24,505.34, subject to receipt of all documentation required by law.

Michelle Henry, Senior Civil Engineer, 487-7155

Motion approved the request.

2. **NE 152nd Ave and 43rd Street Sewer Realignment - Construction Acceptance**

Staff Report 138-19

Summary

Folden Corporation of Vancouver, Washington, has completed construction of the NE 152nd Ave Sewer Realignment project. The project will provide reliable sewer service to the adjacent properties as well as eliminate ongoing maintenance issues.

The work was completed satisfactorily in accordance with the plans and specifications. Contract costs are summarized below:

TOTAL CONTRACT COSTS	
<i>Labor, Equipment and Material</i>	<i>\$363,011.49</i>
<i>Sales Tax</i>	<i>\$21,443.96</i>
<i>Total</i>	<i>\$384,455.45</i>
<i>Retainage</i>	<i>\$18,150.57</i>

The original contract amount, including sales tax, was \$366,066.00. The final project cost was \$384,455.45, which was \$18,389.45 (just under 5%) greater than the original contracted amount. The difference between original contract amount and final contract amount can be attributed to the typical variances in unit prices and/or quantities commonly encountered during construction.

The project cost was below the threshold of \$500,000 that would have required apprenticeship utilization.

Request: Authorize the City Manager or designee to accept the facilities as constructed by Folden Corporation of Vancouver, Washington, and authorize release of the retainage in the

amount of \$18,150.57 subject to receipt of all documentation required by law.

Sheryl Hale, Senior Engineering Supervisor, 487-7151

Motion approved the request.

3. Approval of Purchasing Authority for Software and Related Services from SHI International

Staff Report 139-19

Summary

The City of Vancouver currently piggy-backs on the Washington State contract with SHI for software and related services. The City is able to use the SHI contract to purchase software from multiple vendors, including Microsoft, Adobe, Avolve, Barracuda, Citrix, Infor, Kronos, NetMotion Wireless, OpenText, Pitney-Bowes, Qualys, RSA Security, VMware, and others. Using the Washington State contract provides the City with greater volume discounts than it could achieve independently.

Request: Authorize the City Manager or designee to approve purchases from SHI International Corp. on NASPO ValuePoint Master Agreement No: ADSPO16-130651, Washington State Master Contract No: 06016, in an amount not to exceed \$1,800,000 over the life of the contract

Patrick Gilbride, Information Technology Director, 487-7650

Motion approved the request.

4. Professional Services Agreement for Professional Planning Services for the Transportation System Plan Update

Staff Report 140-19

Summary

The City's first Transportation System Plan (TSP) was adopted in 2004 after three years of community outreach, policy development, financial and system analysis, and project prioritization. It was developed to provide the City with a vision and technical framework to guide transportation policy, facility investments, and implement decisions over the next 20 years. It was intended to establish a link between both short-and long-term transportation system designs and policies of the Comprehensive Plan, reinforcing the association between transportation system priorities and economic development.

While the plan set a 20-year transportation vision for the community, factors such as increases in population, changes in land use, effects of the unanticipated economic downturn, improved mobility options, advancements in technology, and the evolution of transportation best practices have led the City to identify the TSP update as a high priority to ensure the system operates as safely and efficiently as possible. Further, completion of subarea plans such as the Vancouver City Center Vision Plan (VCCV), Section 30, and Westside Mobility Strategy, as well as the adoption of a Complete Streets policy, have established new policy and guidance that need to be incorporated more comprehensively into the City's TSP in order to provide consistent policy implementation.

The TSP update will provide a framework to guide transportation investments over the next 20 years or more in accordance with the community's vision and goals. It will be developed through a robust, equitable, and collaborative process with stakeholders and the community to help improve safety, mobility, and quality of life for City residents. It will include both short- and long-range strategies, and specific program, policy, and project recommendations to create an integrated multimodal transportation system that facilitates the safe and efficient movement of people and goods, accommodates anticipated growth, and is environmentally and fiscally sustainable.

Request: Authorize the City Manager or designee to execute a Professional Services Agreement with Nelson/Nygaard to provide professional planning services for the Transportation System Plan update, in an amount not to exceed \$1,091,523, and authorize the City Manager or designee to amend the contract as needed and to amend the value up to 10% of the not-to-exceed value stated here-in.

Jennifer Campos, Principal Transportation Planner, 487-7728; Rebecca Kennedy, Long Range Planning Manager, 487-7896

Motion approved the request.

Rebecca Kennedy, Long Range Planning Manager, and Jennifer Campos, Principal Transportation Planner, presented an overview of the work plan, key deliverables, and project timeline for the Transportation System Plan update.

5. Interlocal Agreement with Clark County for the Washington Association of Sheriffs and Police

Staff Report 141-19

Summary

WASPC has awarded funding to the Vancouver Police Department to partner with Clark County Crisis Services and SeaMar Community Services Northwest to enhance mental health. A total of \$314,917 will be available to these Clark County partners during the 12-month grant to support three new full-time mental health responder positions. This pilot program is designed to assist VPD officers in the field with individuals in crisis, to support pre-arrest diversion and connect individuals with additional resources, services, and treatment options.

Mental health is a critical public safety issue, and Clark County and the City of Vancouver currently have a robust crisis services network in place. The Vancouver Police Department is part of a strong network of dedicated local leaders and exceptional service organizations, which includes prosecutors and judiciary, crisis responders, behavioral health and treatment providers, and advocacy organizations.

This new initiative, which is modeled after existing successful programs already in place in Washington State, builds on the successes of the current crisis response program in Vancouver, which is highly successful in diverting individuals from the hospital or jail when other service providers are better suited to provide assistance. However, the current system is often at capacity, limiting access for field response to law enforcement calls. This grant will add resources to the current mobile outreach model and extend these services to individuals who are interacting with Vancouver Police.

Vancouver will partner with Clark County Crisis Services and SeaMar Community Services Northwest to provide pass-through funding for three new full-time mental health responder positions to assist VPD officers in the field with calls involving individuals in crisis, enhancing opportunities for early intervention and pre-arrest diversion, promoting a more effective use of criminal justice system resources and individual health and safety outcomes.

WASPC funding is effective July 1, 2019 – June 30, 2020, and will provide a total of \$314,917 to add and support three new full-time mental health responder positions to assist VPD officers in the field. All of the funding will be passed through to Clark County. No match or retention funding is required.

Request: Authorize the City Manager or designee to execute an Interlocal Agreement with Clark County to disburse grant funds to enhance mental health field response.

*James McElvain, Vancouver Police Chief, 487-7473;
Michael Githens, Police Finance & Logistics Supervisor,*

Motion approved the request.

6. Appointment to Urban Forestry Commission

Request: Appoint Dylan Saito and Chuleana Wheeler to the Urban Forestry Commission, terms beginning immediately and expiring October 1, 2023.

Councilmembers Stober and Lebowsky

Motion approved the request.

7. Approval of Claim Vouchers

Request: Approve claim vouchers for October 7, 2019.

Copy available upon request.

Motion approved claim vouchers for October 7, 2019, in the amount of \$11,890,021.61.

Public Hearings (Item 8)

8. Continuation of a temporary moratorium on the acceptance and processing of applications for permits for the development of new structures; the expansion of existing structures; or subdivisions in the Tower Mall area

Staff Report 136-19

AN ORDINANCE declaring an emergency and continuing a temporary moratorium for the duration of six months upon the acceptance and processing of applications for permits for the development of new structures; the expansion of existing structures; or subdivisions in the Tower Mall area as defined herein; establishing six months as the tentative effective period of this ordinance; and establishing an immediate effective date.

The Heights District Subarea is identified as a future urban center in the City of Vancouver Comprehensive Plan. In order to establish a vision for the area and guide its future growth and development, the City of Vancouver is undertaking a subarea planning process for the Heights

District. In June 2017, the Vancouver City Council approved the purchase of an 11.83-acre parcel known as the Tower Mall site. Following the purchase of the property, Council adopted a six-month development moratorium for the site and adjacent properties in the Tower Mall area, and has adopted four subsequent ordinances continuing the temporary moratorium, in November 2017, May 2018, November 2018, and April 2019. This temporary moratorium prohibits the acceptance and processing of applications for permits for the development of new structures, the expansion of existing structures, or subdivisions in the Tower Mall area.

After purchase of the Tower Mall site in May 2017, the City initiated a subarea planning process for the 228-acre Heights District. Over the last nearly two years, City staff and a consultant team have conducted extensive public outreach on the future of the Heights District, including one-on-one meetings, focus groups, group presentations, large public open houses, and online surveys. Staff have heard from a variety of stakeholders, including neighborhood associations, property owners, residents, Vancouver Public Schools, C-TRAN, the faith community, social service providers, non-profit organizations, community members with mobility challenges and people with disabilities, and a 20-member Community Advisory Committee that meets monthly and helps guide project decision-making.

In addition to public outreach, the project team has completed a detailed technical analysis of existing land use, transportation, and environmental conditions, as well as a feasibility study to determine what future uses and development typologies the market will support. Information gathered through the public outreach process, technical analysis, and market study informed the development of conceptual redevelopment alternatives for the Tower Mall Area, which were presented to the public in fall 2018 for input and feedback. Based on this public engagement and guided by the project goals, a draft redevelopment concept for the Tower Mall area was developed and made available for public review starting in April 2019. The draft redevelopment concept responds to public input that highlights the need for programmable open space, safer mobility and increased connectivity, a variety of housing types, and amenities that encourage community integration and support health, equity and wellness.

Over the last several months, the project team has continued to refine the redevelopment plan for the former Tower Mall, and incorporated this into a draft Heights District Plan that includes policies and recommendations for the entire District as well as those specific to the redevelopment area. District-wide recommendations related to land use, transportation, housing, economic development, parks and open space, and sustainability are included in the draft plan.

A public comment draft of the plan will be released in October 2019, in

advance of planned workshops with the Planning Commission and the City Council, and eventual public hearings for adoption of a final plan. A draft environmental impact statement will be released on a similar timeline, which provides an analysis of environmental impacts and outlines mitigation measures. Implementation steps, including the adoption of development regulations required to implement the vision established by the plan, will be developed early next year.

Continuation of the moratorium allows staff the time to complete the subarea planning process for the area that is currently underway and is anticipated to be completed by the end of 2019. A continuation of the temporary moratorium is necessary to ensure that future development aligns with the vision articulated in the forthcoming plan. This is intended to be the final extension of the development moratorium.

Request: On October 7, 2019, subject to second reading and public hearing, approve the ordinance.

Rebecca Kennedy, Long Range Planning Manager, 487-7896

Mayor McEnery-Ogle read the title of the ordinance into the record.

Rebecca Kennedy, Long Range Planning Manager, provided an overview of the proposed moratorium extension and a brief update on The Heights planning efforts and timeline.

Councilmember Glover thanked staff for their work on this project and recommended that, once implemented and built out, The Heights District should include one innovative element of surprise that cannot be found elsewhere.

Mayor McEnery-Ogle opened the public hearing and, receiving no testimony, closed the public hearing.

Motion by Councilmember Glover, seconded by Councilmember Stober, and carried unanimously to approve Ordinance M-4276 extending the development moratorium for six months.

Communications

A. From the Council

B. From the Mayor

C. From the City Manager

a. Solid Waste Advisory Commission Appointment

City Manager Eric Holmes requested confirmation from Council that they would like Rich McConaghy, the City's Environmental Resources Manager, to continue to serve as the Council's representative on the Clark County Solid Waste Advisory Commission. Council provided consensus confirming this request.

b. Adoption of Draft Charter for Task Force on Council Representation

Mr. Holmes provided Council with an overview of the draft charter for the Community Task Force on Council Representation, highlighting the major components.

Motion by Councilmember Paulsen, seconded by Councilmember Glover, and carried unanimously to approve the charter for the Community Task Force on Council Representation.

Adjournment

7:56 p.m.

Anne McEnery-Ogle, Mayor

Attest:

Natasha Ramras, City Clerk

Meetings of the Vancouver City Council are electronically recorded on audio and videotapes. The audio tapes are kept on file in the office of the City Clerk for a period of six years.

Public Art Program Update



October 21, 2019
Vancouver City Council
Workshop

Jeanette (Jan) Bader
Program & Policy Development Manager



Presentation Overview

- o Why Public Art?
- o Public Art Plan
- o Public Art Committee
- o Sources of Public Art
- o Next Steps



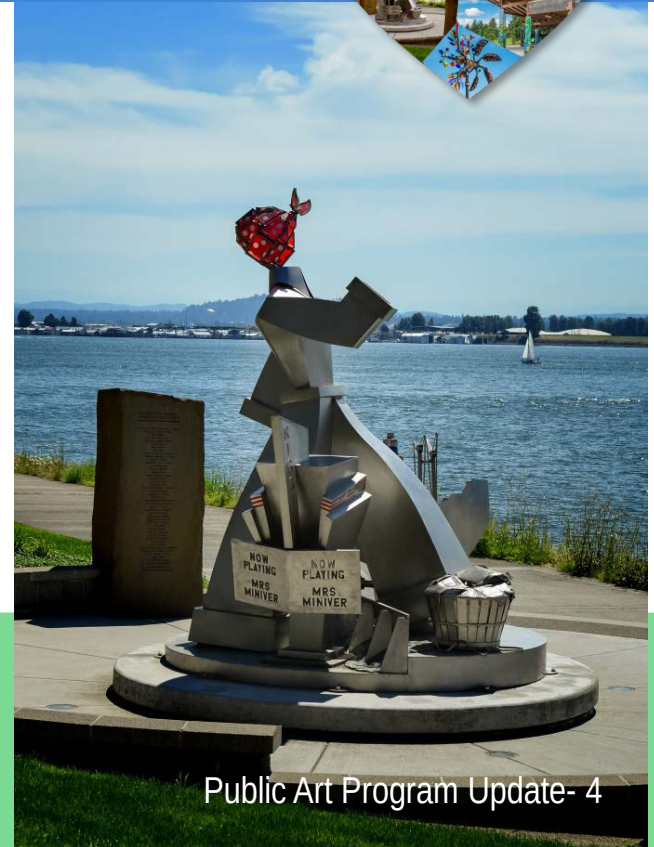


Why Public Art?

- o Adds interest and vibrancy to a community
- o Enhances gathering spaces
- o Contributes to a unique sense of “place”
- o Memorializes important people or events
- o Creates community pride

Public Art Program Elements

- o Public Art Plan
- o Public Art Committee
- o Inventory & Maintenance Plan



Public Art Program Update- 4

The Vision



The Public Art Program will integrate artwork into our community's public spaces, and reflect the diversity and character of Vancouver through a variety of artistic viewpoints and artistic mediums. Public art contributes to experiences which enrich our community, our economy, and our social and physical environment. We envision a community of public art that transforms and activates civic spaces - creating a unique identity for Vancouver.



Purpose of Public Art Program

- o Establish a diverse art collection
- o Engage local, regional and national artists
- o Provide opportunities for artists to advance their art
- o Support economic development and cultural tourism
- o Encourage understanding of public art and sparking dialogue
- o Make art accessible to all
- o Provide a legacy for future generations



Public Art Plan

Public Art Plan will include:

- o Scope of Collections;
- o Acquisition and disposition procedures;
- o Guidelines for art in the right-of-way;
- o Process for “citizen initiated” art projects;
- o Defined approval process including City Council approval



Public Art Committee

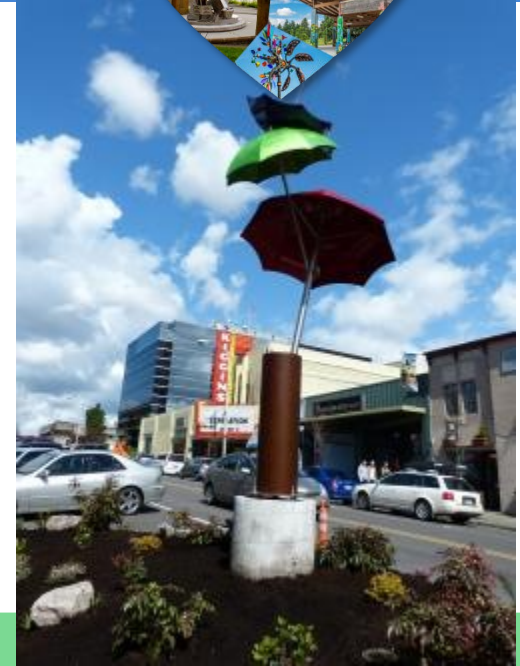
- o Oversees implementation of the Public Art Plan
- o Subcommittee of the Culture, Arts & Heritage Commission
- o A minimum of five members
- o An ad hoc seat for neighborhood/business district representatives

Sources of Public Art

Solicitation through
Request for Proposals

Upcoming:

- o Fourth Plain Corridor
- o Uptown Village



Sources of Public Art



Citizen Initiated Projects



Sources of Public Art



- o Private Projects in Public Right-of-Way
- o Tax Credit Projects

Sources of Public Art

Bequests or
Donations





Inventory & Maintenance

- ✓ Up-to-date inventory with treatment recommendations
- ✓ On-call roster of conservators and art technicians
- ✓ Collections Management System





Next Steps

- o Draft Public Art Plan
- o Public Feedback including Be Heard Vancouver
- o Council Approval



Thank You!

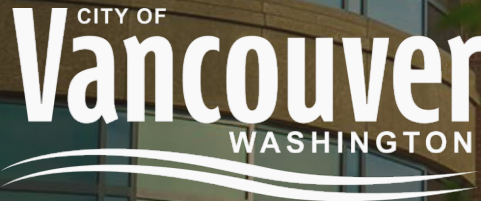


- o Jennifer Corio, Cobalt Design
- o Erin Dengerink, Artist
- o Taylor Krebbs, LSW Architects
- o Jean LaCrosse, ARTSTRA
- o Julie Rawls, Port of Vancouver
- o Janice Tracy, Society of Washington Artists
- o Cara Cantonwine, Project Manager

SR-501 Couplet Project Update

I-5 to Port of Vancouver

VANCOUVER
CITY HALL



October 21, 2019

Vancouver City Council Workshop

Ryan Lopossa, Streets & Transportation Manager

Presentation Overview

- Background
- Prior Council Review
- Project Scope
- Schedule
- Public Outreach
- Funding
- Next Steps

Background

- SR-501 (Mill Plain Blvd/15th Street Couplet) is jointly managed by WSDOT and the City
- WSDOT is responsible for pavement management, reconstruction and regulates use of the ROW
- COV is responsible for traffic operations, maintenance (snow plowing, street sweeping) and managing access to the ROW
- WSDOT is lead agency for the design and construction of the Couplet Project in consultation with COV, POV and C-TRAN

Background

- SR-501 is a critical freight route linking I-5 and the Port of Vancouver/West Vancouver Industrial areas
- SR-501 carries approximately 30,000 vehicles per day including over 3,000 freight trips per day
- Oversized freight traffic often must divert to City streets due to vertical clearance issues
- Per 2016 Westside Mobility Strategy, SR-501 Couplet has collision rates that are nearly four times the average for a comparable urban principal arterial

Prior Council Review

- December 10, 2018 Workshop
- Discussion of key issues and concerns
 - Impacts to corridor with addition of protected bike lanes
 - North-south bike and pedestrian circulation
 - Limited funding
 - Gaining consensus from key stakeholders

Project Scope

- Reconstruction of Two Intersections
 - Mill Plain/Washington
 - Mill Plain/Main
- Replacement of Three Traffic Signals
- Improvements to Traffic Signal Timing/Coordination
- Upgraded Pedestrian Ramps
- Buffered Bike Lanes
- Widened Sidewalks
- Improvements to bike/pedestrian crossings at Interchange
- Pavement Resurfacing



SR-501 Couplet Project Update - 7





Schedule

- Design/Environmental Review – Spring 2019 to Spring 2020
- Public Outreach – Fall 2019 to Spring 2020
- Construction
 - Intersection/Signal/ADA Ramps: Summer 2020*
 - Resurfacing/Restriping/Bike Lanes: Summer 2021

* - Key Improvements to be completed prior to Fall 2020 Interstate Bridge Trunnion Closure

Public Outreach

- Parking Advisory Committee – June 2019
- Open House – October 23, 2019
- Direct Mailers to Surrounding Neighborhoods – October 2019
- Canvassing along Project Corridor – October 2019
- Neighborhood Association Meetings – Winter 2019
- Meetings with POV and their Tenants - Ongoing
- Social Media - Ongoing

Funding

- \$7 Million – 2015 Connecting Washington Account (CWA)
- \$1 Million – CWA Mill Plain/I-5 Interchange Replacement
- \$4 Million – WSDOT Funds for ADA/Paver Projects



Next Steps

- Final PSE
- Completion of Public Outreach
- Construction

SR 501 - I-5 to Port of Vancouver | Corridor Modifications

Please Join Us!
WSDOT Open House
Oct. 23, 2019 | 4 - 7 p.m.
Vancouver Community Library
903 C Street, Vancouver

WSDOT is planning for corridor modifications on Mill Plain Boulevard (SR 501) between the Port of Vancouver and I-5.

What is planned?
Currently, oversized freight traffic must travel from this section of SR 501 onto city streets due to high points in the roadway and limited overhead clearances. Corridor modifications will increase safety along the corridor for all modes of transportation. Improvements will include reconstruction of two intersections (Washington Mill Plain and Main Street Mill Plain) and the replacement of three signal systems on Mill Plain (Columbia, Broadway and Main Street). Pedestrian and bicycle facilities will also be added including upgraded pedestrian ramps to current ADA standards, buffered bike lanes, wider sidewalks, the implementation of a shared use path and new crossing signals.

Project Timeline
The project is currently in the pre construction phase and preliminary public outreach and design work has begun. WSDOT will be canvassing local businesses along the corridor beginning in October 2019, and will also be meeting with neighborhood associations, businesses and the City of Vancouver. Design and Continued Outreach: April 2019 - February 2020
Construction Begins: Summer 2020

What to Expect During Construction
The project includes two construction projects and timelines.
1. Paving from Fort Vancouver Way to West 26th Avenue will occur during the summer of 2020 and 2021. The paving project will include corridor restriping to accommodate bicycle improvements. The majority of the paving project work will be completed at night.
2. Intersection Improvements will occur between summer and fall 2020 and will include the removal of high points in the roadway, reconstruction of traffic signals to improve mobility for large freight vehicles and increased safety along the corridor for all modes of transportation. Trees causing damage to the roadway and sidewalks will be removed during construction and replaced by the City of Vancouver. The intersection improvement work will be performed at night and during the day.
Both projects will involve construction, lane closures and detours. Impacts will be communicated in advance of construction in spring 2020.

For More Information
Contact: Susan Felt, WSDOT Clark County Engineering Office
360-905-1500 | SWRCC@WSDOT.WA.GOV
Visit: www.wsdot.wa.gov/Projects/SR501/0350501/0350501.htm#interior

WSDOT is an agency of the Washington State Department of Transportation. WSDOT is subject to the Freedom of Information Act (FOIA). Any information that is withheld from public release is based on the grounds of FOIA. WSDOT is committed to transparency and will make every effort to ensure that information is accessible to the public. If you have any questions or concerns, please contact WSDOT at 360-905-1500.



Questions and Discussion

- Ryan Lopossa, Streets & Transportation Manager

360-487-7706

ryan.lopossa@cityofvancouver.us

- Project Website:

<https://www.wsdot.wa.gov/Projects/SR501/i5toportofvanimprove/default.htm>



Staff Report 143-19

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 10/21/2019

SUBJECT Purchase of Turbine-Style Aeration Blowers for Wastewater Treatment - Sole Source

Key Points

- Blowers are used to provide large amounts of aeration air to the wastewater treatment process at Vancouver's two treatment plants.
- These proposed "turbo" blowers will be added to existing blower sets at both Westside and Marine Park Wastewater Treatment Plants. They will provide for backup, redundancy and paired operation to existing turbo blowers at the plants.
- A sole source justification to purchase two blowers was approved by City Public Works and Finance staff.
- The selection of APG-Neuros blowers is based on necessity to match the existing turbo blower units for consistent aeration duty (air pressure), standardization of maintenance and parts, and streamlining of process electronic controls integration.
- The turbo blowers are significantly more energy efficient than the other older centrifugal style blowers at the plants, and also provide for better aeration process control.

Strategic Plan Alignment

Goal 1, Objective 1.2: Ensure our infrastructure, including buildings and utilities, is safe, environmentally responsible and well maintained.

Present Situation

Current and increasing wastewater treatment demands often require more than one blower to provide aeration air to treatment processes. The current configuration with a turbo blower paired with an older centrifugal blower presents process control challenges in delivering aeration air to treatment processes.

The new turbo blowers will allow for streamlined operation to provide air supply when operating with

multiple turbo blowers.

The turbo blowers at Westside and Marine Park have proven effective in their nearly 10-year continuous operation, with no major maintenance or repair required.

Advantage(s)

The turbo blowers have a number of advantages:

1. They operate with about 25% less electricity than the older style centrifugal blowers. For a blower operating full time, the annual electrical savings are about \$30,000 per unit.
 - This blower project will qualify for Clark PUD's custom capital incentive dollars program.
2. The mechanical and process control electronics installation will fit into existing facilities with minimal modifications. The installation will not disrupt wastewater treatment operations.
3. The main shaft drive in the blower assembly use magnetic bearings which require no oil or grease lubrication, and therefore significantly less maintenance activity than the existing centrifugal units.

Disadvantage(s)

The sole source procurement of the blowers did not go through a competitive pricing process due to the need for compatibility with existing blowers at the Vancouver Treatment Plant. However, a survey of purchase prices at other municipalities across the U.S. showed similar pricing for the same size and type of APG-Neuros blowers.

Budget Impact

The turbo blowers are programmed into the Wastewater Treatment Capital budget for 2019 and 2020 at \$800,000, including installation. The purchase price for the two blowers is approximately \$450,000. Installation costs are anticipated to be \$300,000.

Prior Council Review

As part of 2019-20 Capital Budget

Action Requested

Authorize the City Manager or his designee to award and execute a contract and any required amendments with APG Neuros for two turbine-style blowers at their proposal total price of \$444,474, which includes Washington State sales tax.

Frank Dick, Wastewater Engineering Supervisor, 487-7179

ATTACHMENTS:

- ▣ APG-Neuros Proposals, including prices
- ▣ Sole Source Justification Forms

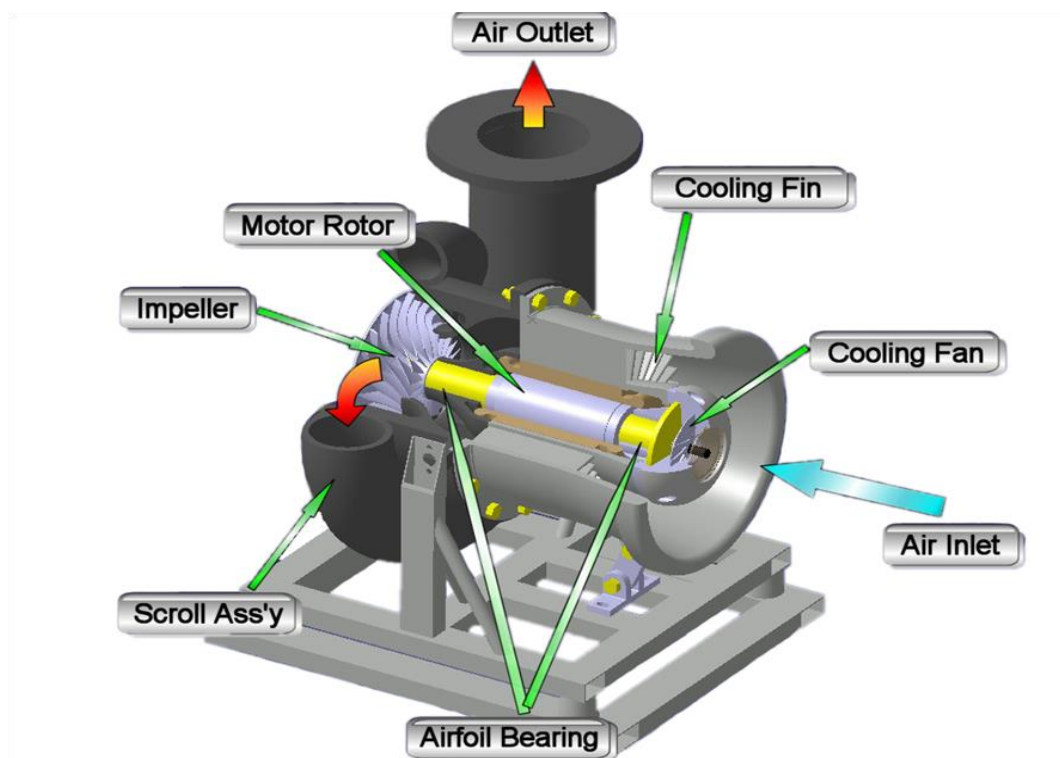
APG-Neuros Turbo Blower Scope of Supply Proposal

Vancouver Marine Park, WA

Prepared By APGN Inc. *dba* APG-Neuros

May 13, 2019

Proposal Reference # 11052



APG-Neuros Turbo Blower Core

Vancouver Marine Park, WA - APG- Neuros Turbo Blower - Performance Data

Ambient Conditions

Application	Aeration	
Blower Installation Location	Indoor	
Working Fluid	Air	
Inlet Pressure	14.66	PSIA

Design Conditions

	DP1	DP2	DP3	
Inlet Temperature	90	70	50	Deg. F
Relative Humidity	36	50	50	%
Design System Flow Rate	6,100			SCFM
Duty Discharge Pressure	9.1			PSIG
Flow Rate per Blower	6,100			SCFM
Number of Blowers - Duty	1			Units

Available Blower Performance

Model	NX300-C070			
Rate Motor Output Power	300			HP
Maximum Air Flow @ Duty Discharge Pressure per Blower	6,751	6,906	7,079	SCFM
Minimum Air Flow @ Duty Discharge Pressure per Blower	2,761	2,824	2,895	SCFM
Turndown from Maximum Flow	59%	59%	59%	%
Wire-to-Air Power @ Design Condition per Blower	216	206	196	kW
Discharge Temperature @ Design Condition	194	169	145	Deg. F
Maximum Discharge Pressure	14.1			PSIG
Rise-to-Surge	5			PSIG

Notes

Maximum Noise Level @ 3 feet	80	dBa
Dimensions per Blower, L / W / H	83/55/85	Inches
Weight per Unit	5639	lbs.
Heat Rejection inside Blower Room	0	kW
Cooling Requirements	0	kW
Input Voltage/Phase/Frequency	480/3/60	V/Phase/Hz
Full Load Amperage	324	Amps
Blower Inlet Air Entry type	Louvered	
Inlet Flange Size (Optional, if louvered inlet does not apply)	20	Inches
Discharge Flange Size	14	Inches

Note:

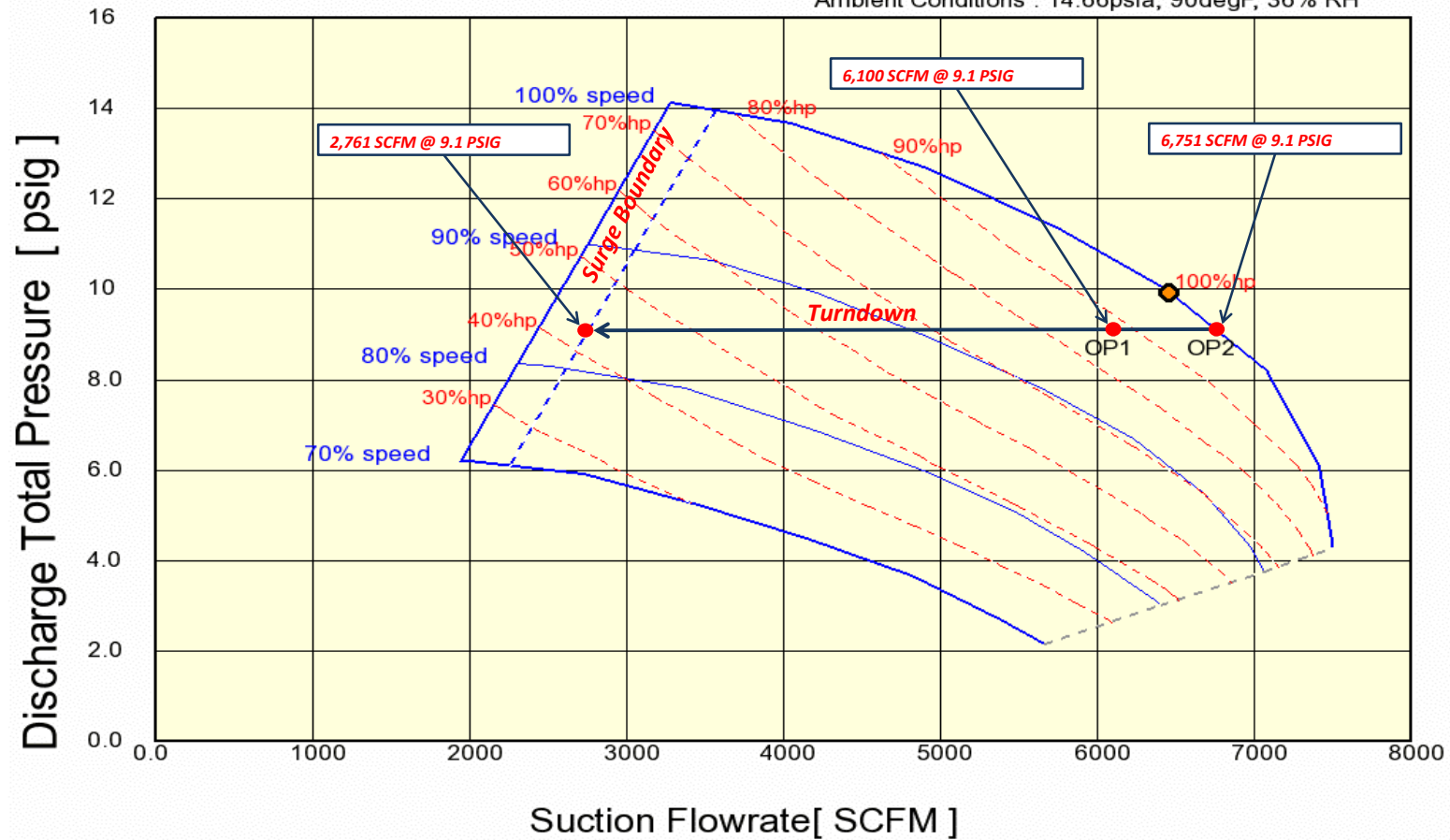
Wire power figures are reported based on ASME PTC-10 Performance Test Code standard.

SCFM defined at 68 Deg F, 14.7 psia and 36% relative humidity

Vancouver Marine Park, WA - APG - Neuros Turbo Blower - Performance Curves

PERFORMANCE CHARACTERISTICS OF NX300-C070

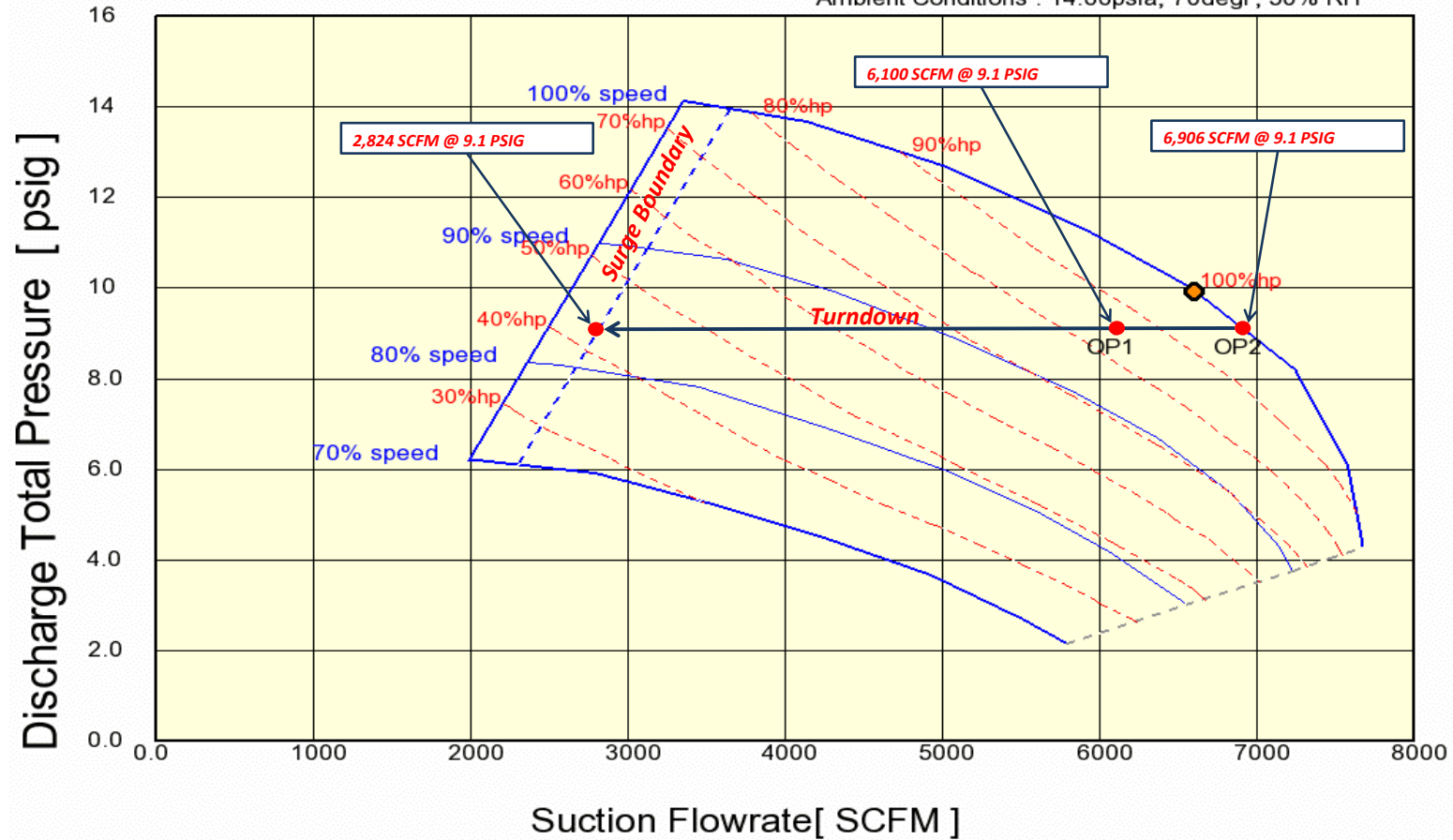
Ambient Conditions : 14.66psia, 90degF, 36% RH



Vancouver Marine Park, WA - APG - Neuros Turbo Blower - Performance Curves

PERFORMANCE CHARACTERISTICS OF NX300-C070

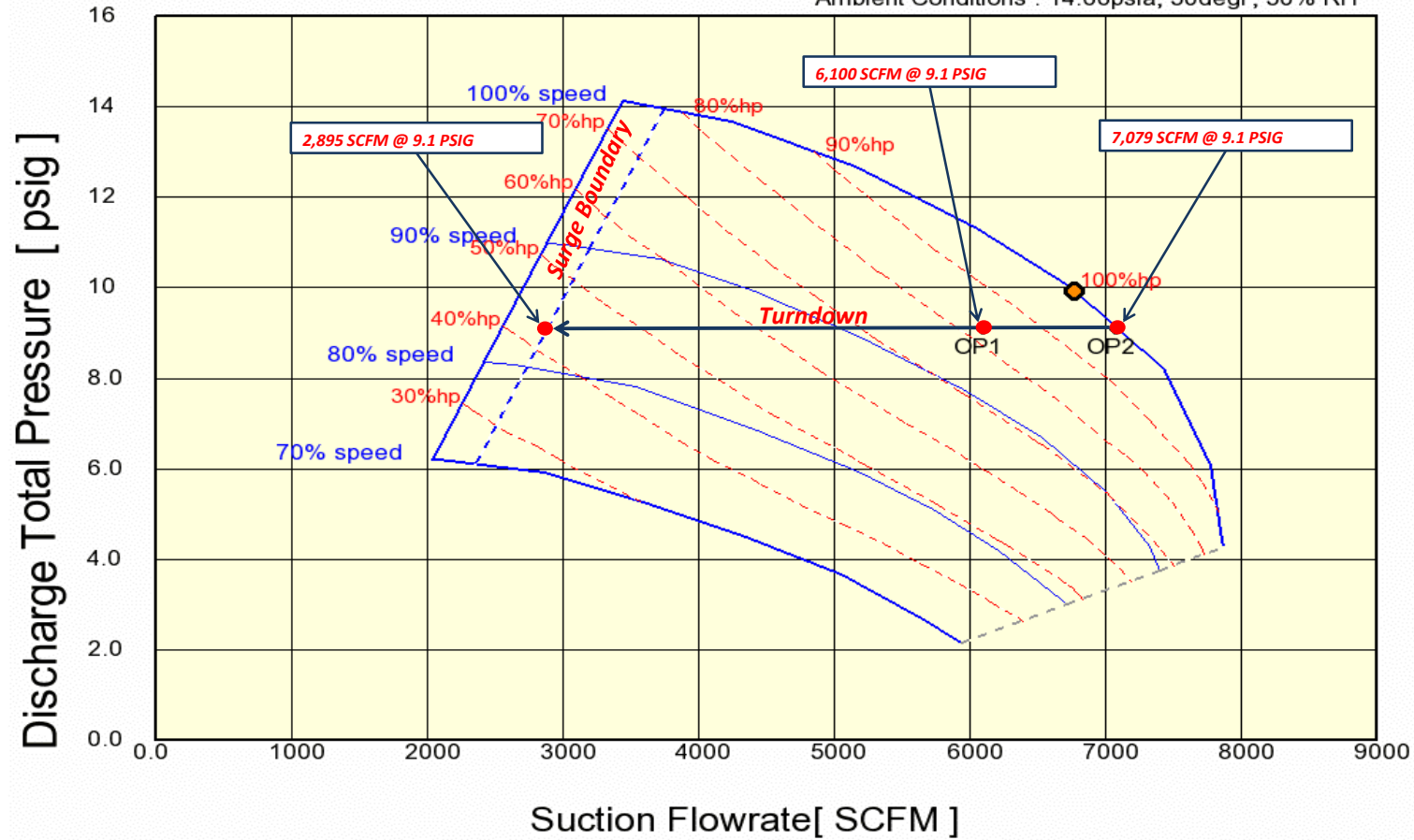
Ambient Conditions : 14.66psia, 70degF, 50% RH



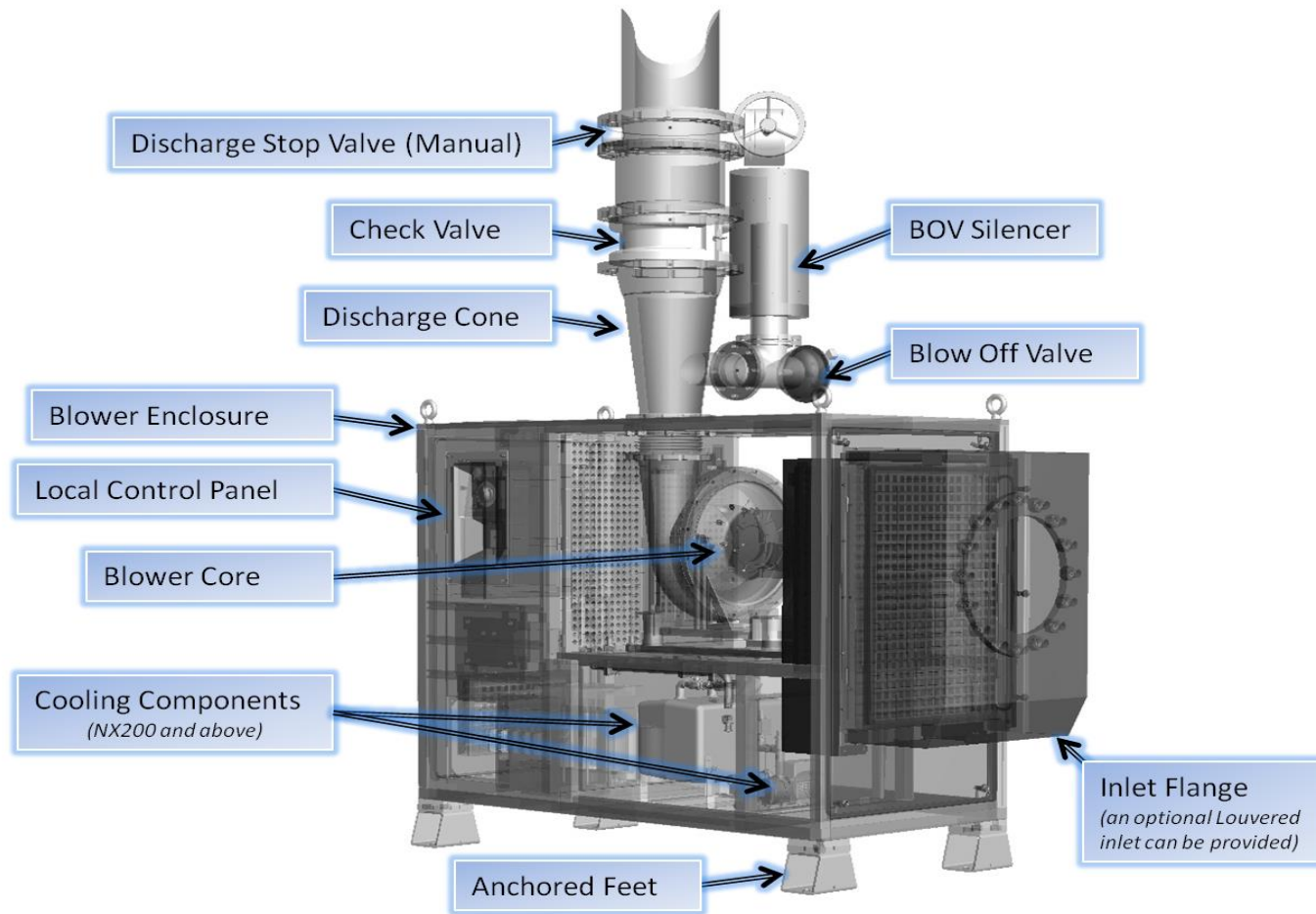
Vancouver Marine Park, WA - APG - Neuros Turbo Blower - Performance Curves

PERFORMANCE CHARACTERISTICS OF NX300-C070

Ambient Conditions : 14.66psia, 50degF, 50% RH



APG - Neuros Turbo Blower - Blower Components



**Image is not project specific.*

Vancouver Marine Park, WA - APG - Neuros Turbo Blower - Price & Summary

Budgetary Price (U.S. Dollars, 2019 Economy Year)

May-13-19

Proposal Number: 11052

Item	Equipment Item <i>(See Scope for more information)</i>	QTY		Price each (USD)	Total Price (USD)
1	NX300-C070 High Speed Turbo Blower	1	Included	\$ 222,237.00	\$ 222,237.00
	14 " Wafer Style Discharge Check Valve	1			
	14 " Discharge Butterfly Valve	1			
	14 " EPDM Discharge Duct Expansion Joint	1			
	Vibration sensor	1			
	Harmonic Filter - Installed inside the blower enclosure	1			
	Warranty One (1) Year on Blower equipment	1			
	Freight FOB Job Site	1			

Notes

Taxes and Duties are Not Included

Vancouver Marine Park, WA - APG - Neuros Turbo Blower - Scope of Supply

APGN Inc., agrees to sell to the Buyer, the equipment designated as included in this proposal subject to the Seller's General Terms and Conditions of Sales available upon request and special conditions outlined herein in this proposal.

1. Standard Turbo Blower Equipment *(Included)*

1.1 Blower Package

1. Blower Core with Permanent Magnet Synchronous Motor, Air Bearing and Forged Impeller
2. High Performance Variable Speed Drive / Inverter
3. Local Control Panel for Control and Monitoring with Allen Bradley - Compact Logix L24 PLC
4. Remote Control capability via Ethernet, LAN or Hard wiring
5. Temperature Sensors for motor, bearing, inlet and discharge air flow
6. Pressure Sensors for discharge conditions
7. Pressure Sensor and alert for air filter condition
8. Built in Flow Calculation
9. Built in Speed Measurement
10. Internal Expansion Joint
11. Internal vibration and dynamic effect Absorption Mounts
12. Line Input Reactor to maintain high power factor
13. Sinewave (Sinus) Filter
14. Built in Hi-Flow Synthetic pleated inlet air filters with 98% efficiency @ 10-microns
15. Set of pre-filters with 89% by weight per ASHRAE 52-76 and MERV 8 rating
16. Voltage Surge Protection
17. Uninterruptable Power Supply (UPS) - with 10 minute power supply to the Blower PLC
18. Remote Monitoring System (RMS)
19. All the component above are included in a Sound Enclosure

2. Standard Documentation *(Included)*

Submittal Information & Shop Drawings: PDF Electronic File

1. Bill of Material
2. Installation Drawings
3. Electrical and Control Drawings
4. Operation and Maintenance Manual
5. Commissioning Instructions

3. Standard Tests *(Included)*

1. Standard Blower Package Functional Acceptance Test
2. Unwitnessed PTC-10 Factory Performance Test

4. Quality Assurance and Control and Product Certification

- A. APG-Neuros Quality Assurance program is ISO 9001 certified
- B. APG-Neuros Turbo Blower is UL / CSA/ CE certified

APGN Inc.

1270 Michèle-Bohec, Blainville, QC, J7C-5S4

Tel: 450-939-0799 Fax: 450 939 2115

www.apg-neuros.com

Vancouver Marine Park, WA - APG - Neuros Turbo Blower - Scope of Supply

5. Proposal Validity and Seller Terms and Conditions

- A. Unless otherwise specified elsewhere in the Sales Agreements, the prices in this proposal are valid for ninety (90) days from the issue date on the cover page.
- B. This proposal, unless otherwise specified herein this document, is subject to the Seller Standard Terms and Conditions available upon request.
- C. The final selling price is subject to change contingent on final conformed specification review

6. Payment Terms:

- 10% on approval of Shop drawings
- 40% on release for production for material procurement
- 40% on equipment delivery to site
- 5% on issuance of preliminary O&M Manual
- 5% on completion of start-up and acceptance by owner
- All invoices are to be paid Net 30 days

1.5% Interest charge per month will be added to past due accounts of 45 days and over

Letter of Credit listing draw of payments against above deliverables will apply for Sales outside US and Canada.

100 % of invoice amount shall be payable by bank wire transfer without deduction and to be paid Net 30 days after invoice date.

Payment shall not be dependent on the buyer being paid by any third parties or equipment acceptance by owner.

7. Delivery Lead time:

Submittal package will be provided within 1-2 weeks of acceptance of Order.

Shipment will be made 10-12 weeks after approval of Submittals

Add Five percent (5%) escalation to Price for each partial or full quarter that shipment is extended beyond one year after order acceptance

8. Warranty

A. Standard Warranty (INCLUDED)

One (1) year from commissioning date or Eighteen (18) months from delivery, whichever occurs first.

Warranty will begin upon successful completion of start-up and certification for full-scale operation by APG-Neuros, or Six (6) months after shipment, whichever occurs first.

Under no circumstances will the warranty begin upon "beneficial use", completion of the project, or acceptance of the equipment as determined by the Engineer or End User.

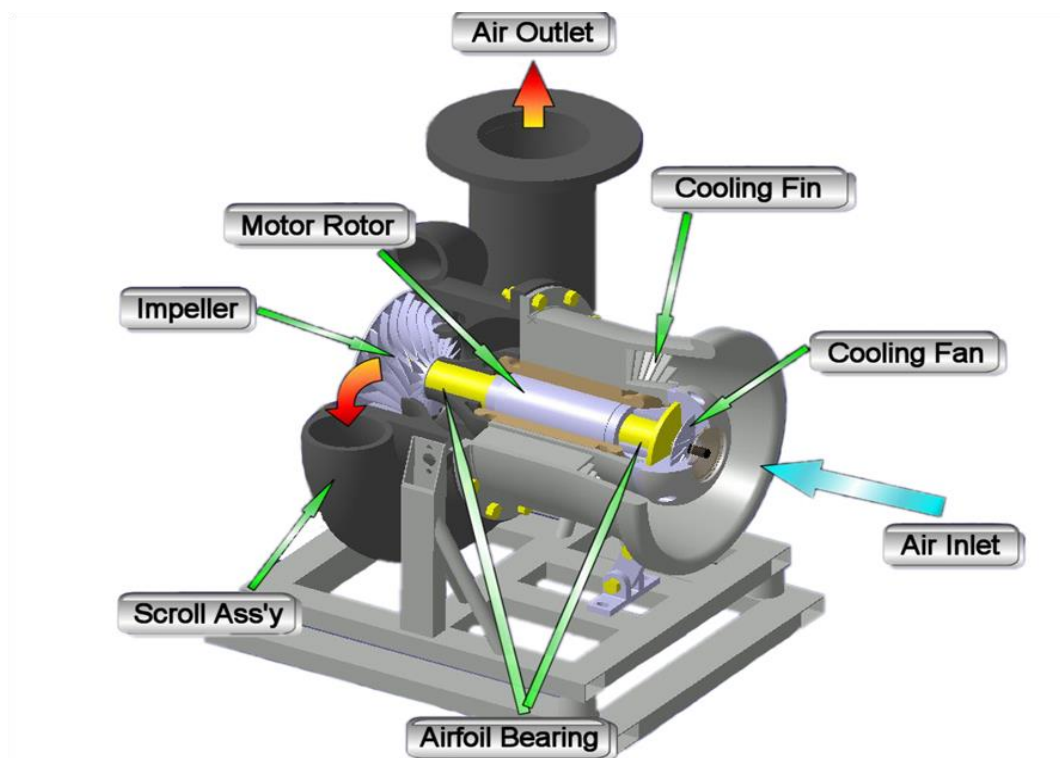
APG-Neuros Turbo Blower Scope of Supply Proposal

City of Vancouver, WA

Prepared By APGN Inc. *dba* APG-Neuros

May 13, 2019

Proposal Reference # 11053



APG-Neuros Turbo Blower Core

City of Vancouver, WA - APG- Neuros Turbo Blower - Performance Data

Ambient Conditions

Application	Aeration	
Blower Installation Location	Indoor	
Working Fluid	Air	
Inlet Pressure	14.5	PSIA

Design Conditions

	DP1	DP2	DP3	DP4	
Inlet Temperature	100		10		Deg. F
Relative Humidity	100		0		%
Design System Flow Rate	6,100	3,247	6,100	3,755	SCFM
Duty Discharge Pressure			8.1		PSIG
Flow Rate per Blower	6,100	3,247	6,100	3,755	SCFM
Number of Blowers - Duty			1		Units

Available Blower Performance

Model	NX300-C060				
Rate Motor Output Power	300				HP
Maximum Air Flow @ Duty Discharge Pressure per Blower	6,765		7,824		SCFM
Minimum Air Flow @ Duty Discharge Pressure per Blower	3,247		3,755		SCFM
Turndown from Maximum Flow	52%		52%		%
Wire-to-Air Power @ Design Condition per Blower	214	116	164	105	kW
Discharge Temperature @ Design Condition	191	190	84	86	Deg. F
Maximum Discharge Pressure	12.1				PSIG
Rise-to-Surge	4				PSIG

Notes

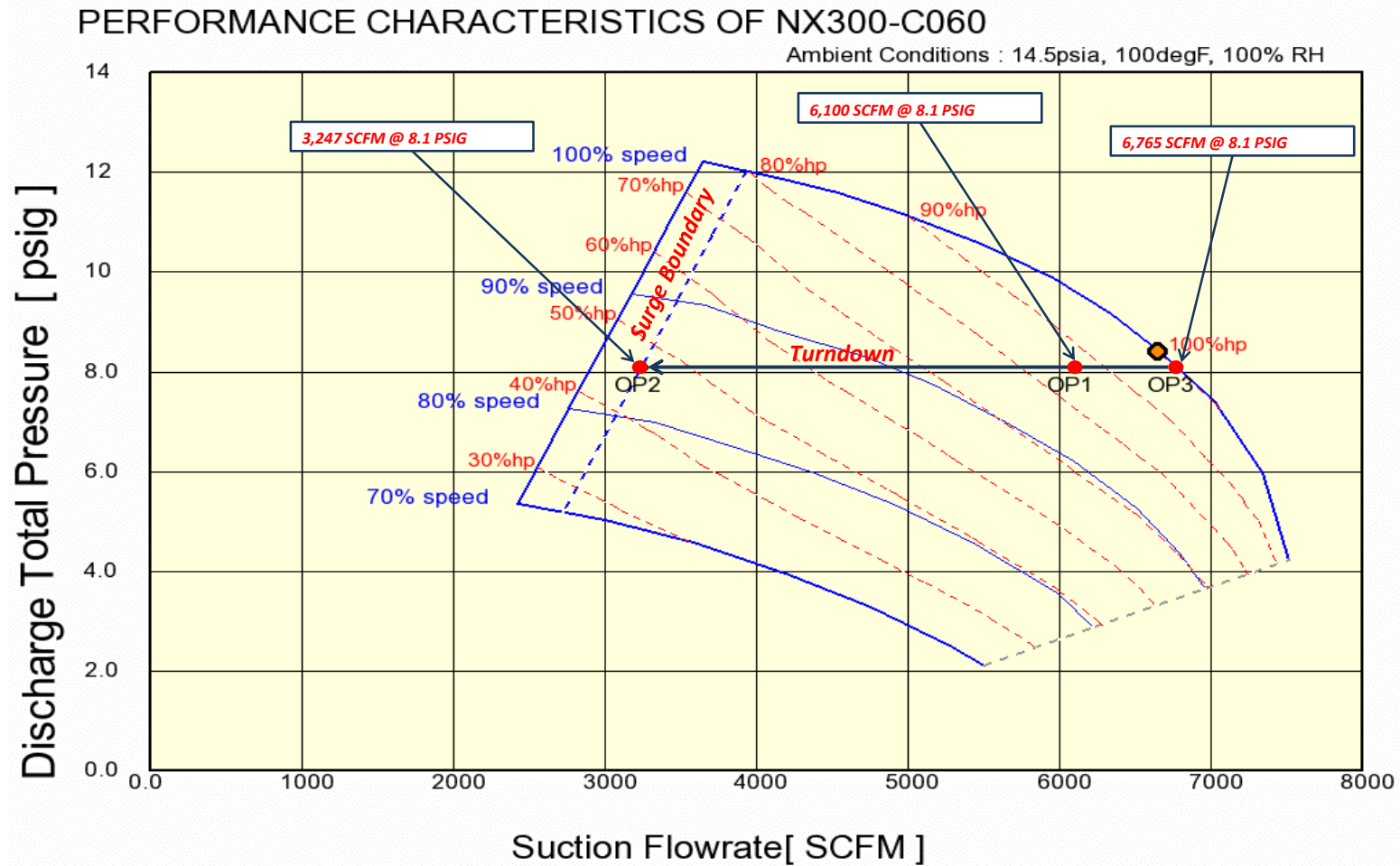
Maximum Noise Level @ 3 feet	80	dBa
Dimensions per Blower, L / W / H	83/55/85	Inches
Weight per Unit	5639	lbs.
Heat Rejection inside Blower Room	0	kW
Cooling Requirements	0	kW
Input Voltage/Phase/Frequency	480/3/60	V/Phase/Hz
Full Load Amperage	324	Amps
Blower Inlet Air Entry type	Louvered	
Inlet Flange Size (Optional, if louvered inlet does not apply)	20	Inches
Discharge Flange Size	14	Inches

Note:

Wire power figures are reported based on ASME PTC-10 Performance Test Code standard.

SCFM defined at 68 Deg F, 14.7 psia and 36% relative humidity

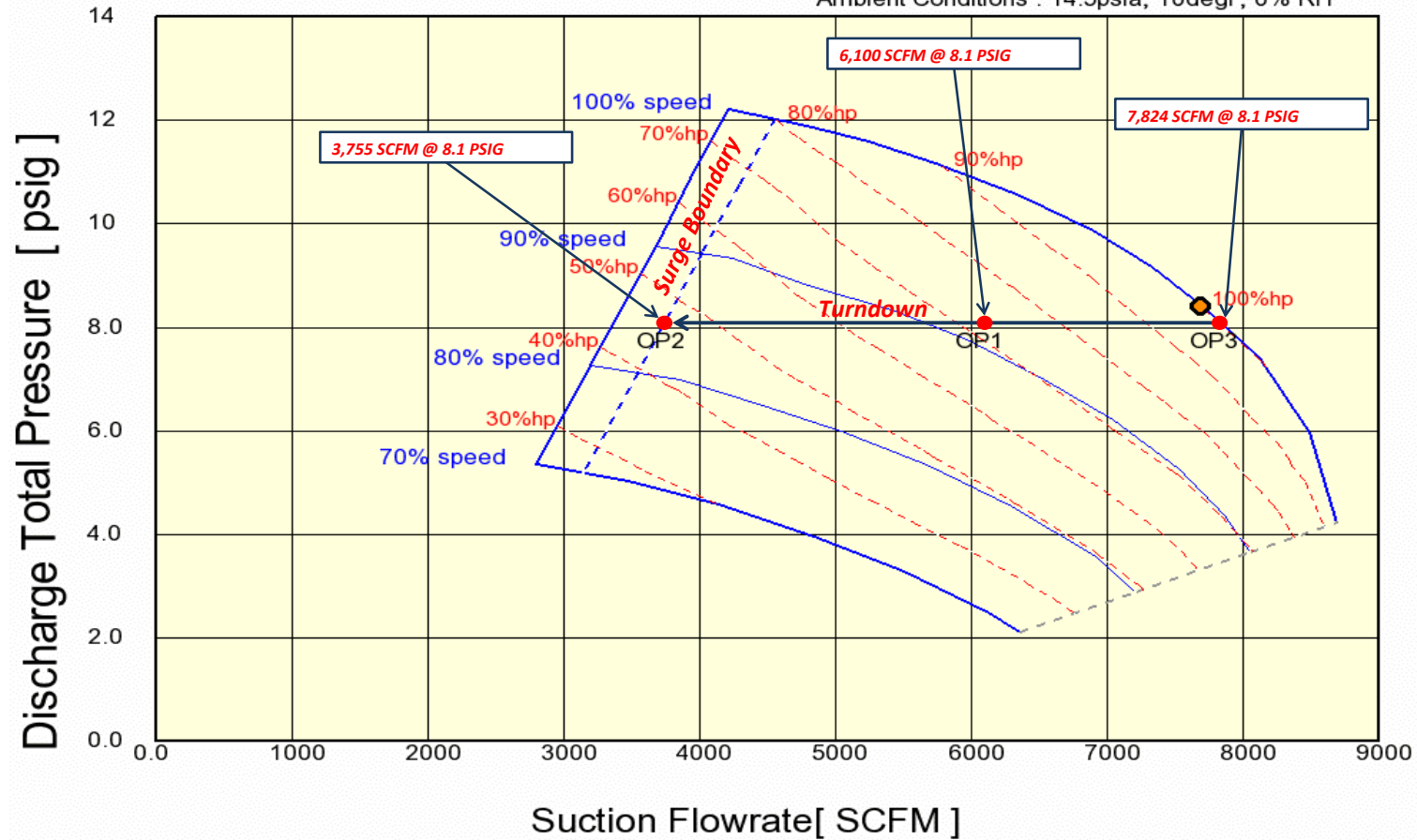
City of Vancouver, WA - APG - Neuros Turbo Blower - Performance Curves



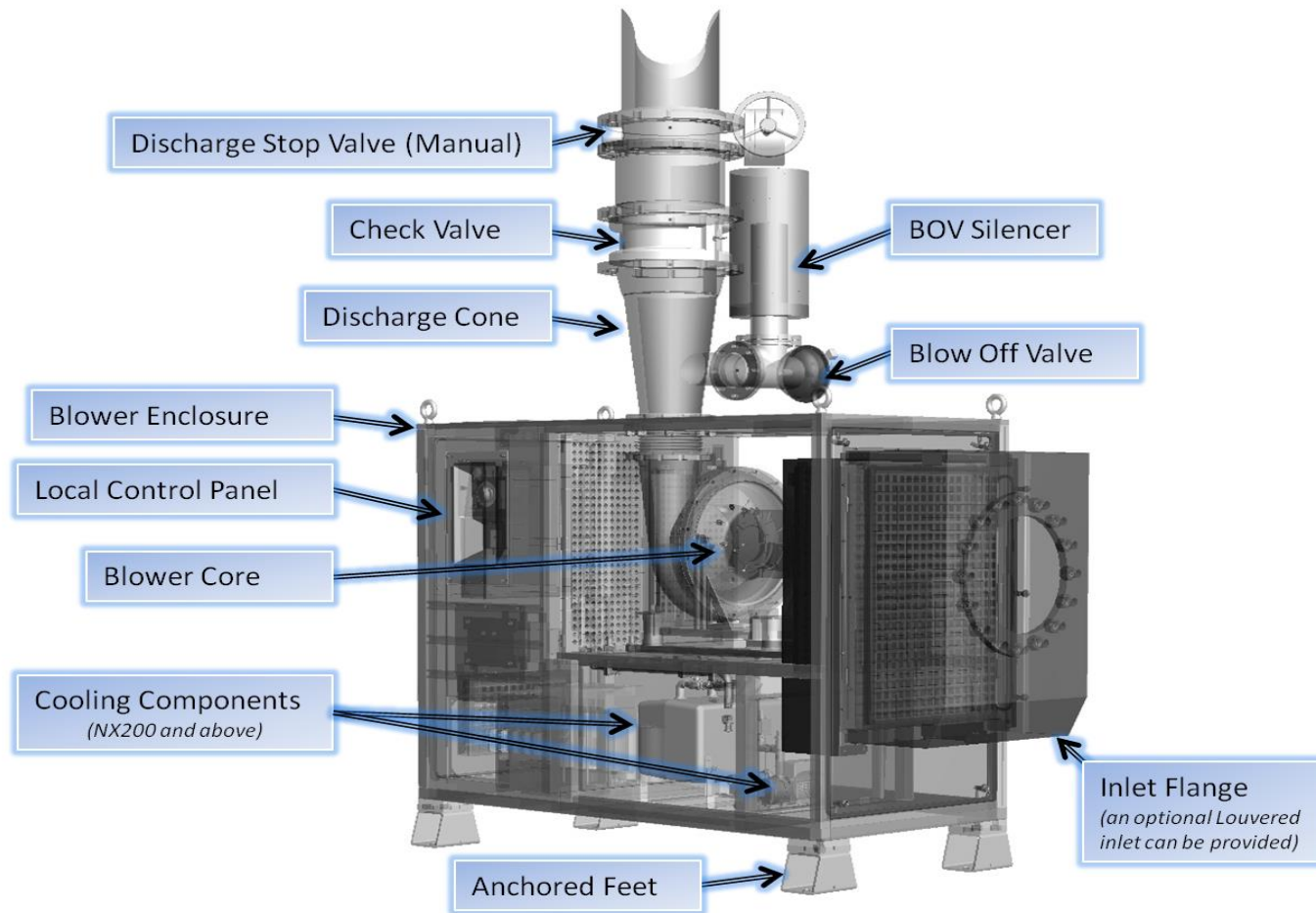
City of Vancouver, WA - APG - Neuros Turbo Blower - Performance Curves

PERFORMANCE CHARACTERISTICS OF NX300-C060

Ambient Conditions : 14.5psia, 10degF, 0% RH



APG - Neuros Turbo Blower - Blower Components



**Image is not project specific.*

City of Vancouver, WA - APG - Neuros Turbo Blower - Price & Summary

Budgetary Price (U.S. Dollars, 2019 Economy Year)

May-13-19

Proposal Number: 11053

Item	Equipment Item <i>(See Scope for more information)</i>	QTY		Price each (USD)	Total Price (USD)
1	NX300-C060 High Speed Turbo Blower	1	<i>Included</i>	\$ 222,237.00	\$ 222,237.00
	14 " Wafer Style Discharge Check Valve	1			
	14 " Discharge Butterfly Valve	1			
	14 " EPDM Discharge Duct Expansion Joint	1			
	Vibration sensor	1			
	Harmonic Filter - Installed inside the blower enclosure	1			
	Warranty One (1) Year on Blower equipment	1			
	Freight FOB Job Site	1			

Notes

Taxes and Duties are Not Included

City of Vancouver, WA - APG - Neuros Turbo Blower - Scope of Supply

APGN Inc., agrees to sell to the Buyer, the equipment designated as included in this proposal subject to the Seller's General Terms and Conditions of Sales available upon request and special conditions outlined herein in this proposal.

1. Standard Turbo Blower Equipment *(Included)*

1.1 Blower Package

1. Blower Core with Permanent Magnet Synchronous Motor, Air Bearing and Forged Impeller
2. High Performance Variable Speed Drive / Inverter
3. Local Control Panel for Control and Monitoring with Allen Bradley - Compact Logix L24 PLC
4. Remote Control capability via Ethernet, LAN or Hard wiring
5. Temperature Sensors for motor, bearing, inlet and discharge air flow
6. Pressure Sensors for discharge conditions
7. Pressure Sensor and alert for air filter condition
8. Built in Flow Calculation
9. Built in Speed Measurement
10. Internal Expansion Joint
11. Internal vibration and dynamic effect Absorption Mounts
12. Line Input Reactor to maintain high power factor
13. Sinewave (Sinus) Filter
14. Built in Hi-Flow Synthetic pleated inlet air filters with 98% efficiency @ 10-microns
15. Set of pre-filters with 89% by weight per ASHRAE 52-76 and MERV 8 rating
16. Voltage Surge Protection
17. Uninterruptable Power Supply (UPS) - with 10 minute power supply to the Blower PLC
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5. Commissioning Instructions

3. Standard Tests *(Included)*

1. Standard Blower Package Functional Acceptance Test
2. Unwitnessed PTC-10 Factory Performance Test

4. Quality Assurance and Control and Product Certification

- A. APG-Neuros Quality Assurance program is ISO 9001 certified
- B. APG-Neuros Turbo Blower is UL / CSA/ CE certified

APGN Inc.

1270 Michèle-Bohec, Blainville, QC, J7C-5S4

Tel: 450-939-0799 Fax: 450 939 2115

www.apg-neuros.com

City of Vancouver, WA - APG - Neuros Turbo Blower - Scope of Supply

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- 40% on equipment delivery to site
- 5% on issuance of preliminary O&M Manual
- 5% on completion of start-up and acceptance by owner
- All invoices are to be paid Net 30 days

1.5% Interest charge per month will be added to past due accounts of 45 days and over

Letter of Credit listing draw of payments against above deliverables will apply for Sales outside US and Canada.

100 % of invoice amount shall be payable by bank wire transfer without deduction and to be paid Net 30 days after invoice date.

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Submittal package will be provided within 1-2 weeks of acceptance of Order.

Shipment will be made 10-12 weeks after approval of Submittals

Add Five percent (5%) escalation to Price for each partial or full quarter that shipment is extended beyond one year after order acceptance

8. Warranty

A. Standard Warranty (INCLUDED)

One (1) year from commissioning date or Eighteen (18) months from delivery, whichever occurs first.

Warranty will begin upon successful completion of start-up and certification for full-scale operation by APG-Neuros, or Six (6) months after shipment, whichever occurs first.

Under no circumstances will the warranty begin upon "beneficial use", completion of the project, or acceptance of the equipment as determined by the Engineer or End User.



SOLE SOURCE JUSTIFICATION Purchases Above \$5,000

A sole source is defined as:

A purchase that is clearly and legitimately limited to a single source or supply.

- A. If there is a way to draft the specifications so that more than one respondent will reply, it is not a sole source.
- B. The use of sole source purchases shall be limited only to specific instances which are totally justified to satisfy compatibility or technical performance needs.

Immediately following award of a sole source contract, the contract (PO or paper contract) and the factual basis for the sole source procurement (this Sole Source Justification Form) must be recorded and open to public inspection (RCW 39.04.280(2)(a)).

I REQUEST THAT THE REFERENCED PURCHASE BE DECLARED A SOLE SOURCE PURCHASE.

Department: Sewer Engineering (Wastewater)	Requestor: Frank Dick x7179
Proposed supplier name and address: APGN Inc. 1270 Michele-Bohec Blaineville, QC J7C-5S4	Contract # (if applicable): Proposal #11052 Proposal #11053
Estimated cost of goods or services for this request: \$225,000 ea X 2 = \$450,000	Total Amount Spent to Date (if applicable): \$0

This is a sole source purchase because (Check all that apply):

- ☐ **Sole Source:** No other items are known to exist which perform the same function.
- ☒ **Special Design** – Item is specific design to fit in with an existing installation.
- ☐ **Consultant** – Providing professional or technical expertise of a unique nature or location availability.
- ☐ **Proprietary** – Item is held under exclusive title, trademark or copyright
- ☐ **Warranty Service** – The vendor is the sole provider of factory authorized warranty service.
- ☐ **Established Standard** – The vendor is the sole provider of goods and services for which the City has established a standard.
- ☐ **Used Item** – The vendor/distributor is a holder of a used item that would represent good value and is advantageous to the City (attach information on market price, availability, etc).

Describe the proposed goods or services.	Turbine style aeration blowers, Neuros NX300. The blowers provide high volume, pressurized air to aerobic activated sludge treatment basins at Westside and Marine Park wastewater treatment plants for necessary removal of carbon-based material from wastewater. The turbo blowers will pair with identical blowers at both treatment plants. These blowers are highly energy efficient. They are eligible for incentive funds from Clark PUD's efficiency program and will save annual electricity costs on the order of \$10,000 each.
What are the specific <u>necessary</u> features that this supplier provides that are not available from other suppliers?	The turbine and the blower assembly are highly engineered mechanical equipment and sensitive to even slight air header pressure changes from other blowers in sequence with them. Additionally, the highly complex programmable logic controller is proprietary to APGN, Inc. With two blowers operating at each plant, it is necessary they run from the same computer program logic, controls and safeguards.
Discuss how similar goods or services are <u>unable</u> to meet the required objective.	While other turbine style blowers are on the market, each manufacturer has their own turbine and controls design and would not match the existing APGN blowers at the Vancouver treatment plants.

What steps have you taken to verify that these features are not available elsewhere?

- ☐ Other brands/manufacturers were examined. Provide a list of phone numbers and names and explain why these did not meet the requirements:
- ☐ Other vendors were contacted but did not meet the requirements. Provide a list of companies and phone numbers and why they did not meet the requirements:
- ☒ Other, please explain: Contacted local rep for Neuros, APSCO (Corvallis), Shawn Clark 541-754-7292. He indicated direct purchase with Neuros. Blowers are same as current installation.

Can your requirements be modified so that competitive products or services may be used? ☐ Yes ☒ No

If yes, please explain modifications and potential costs:

Is this a one-time procurement?

☐ No* ☒ Yes

***If on-going sole source procurement is required, include or attach an estimate that shows total annualized expenditure for each year.**

PRICE REASONABLENESS (Check all that apply and attach back-up documentation)

I determined that the price is fair and reasonable because:

- ☐ I compared the proposed price to prices I previously paid for the same or similar goods and/or services. See PO # . Specify price:
- ☒ I compared the proposed price to current published catalog, price lists, or market prices as documented in the attachments and the proposed price is similar or less. **Attach relevant documentation.**
- ☐ I compared the proposed price to rough yardsticks, such as dollars per pound, per horsepower, or other units of measure and did not discover significant inconsistencies that warrant additional pricing inquiry.
- ☐ Based on my knowledge of the market, my experience of prior similar proposals, or knowledge imparted by technical experts.
- ☐ The price is set by law or regulations.
- ☐ Market research reveals that same or similar goods or services are available for a similar price.
- ☐ Other:

STATEMENT OF NEED AND CERTIFICATION:

My department's recommendation for sole source is based upon an objective review of the good/service being required and appears to be in the best interest of the City. I know of no conflict of interest on my part or personal involvement in any way with this request. No gratuities, favor, or compromising action have taken place. Neither has my personal familiarity with particular brands, types of equipment, materials or firms been a deciding influence on my request to sole source this purchase when there are other known vendors to exist.



9/17/2019

Signature (Requestor)

Date

Department/Division Manager

Based upon the above, I authorize the sole source acquisition of the goods or services specified.



9/17/2019

Signature

Date

Procurement Department Review

Based upon the above, I have reviewed this request and I ☒ support/ ☐ deny this request.



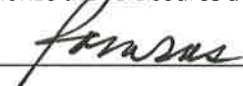
9/18/2019

Signature

Date

FMS Department Director Signature

Based upon the above, I authorize the sole source acquisition of the goods or services specified.

9-18-19

Signature

Date

****NOTE: This Sole Source Justification is valid for two (2) years from the noted date; a new justification form is needed for additional time, as new vendors may have entered the marketplace.***

Procurement Use Only	
Supplier Contract Number:	Staff Report # (if applicable):
Effective Date:	End Date:



Staff Report 144-19

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 10/21/2019

SUBJECT Third Amendment to Lease Agreement, Bethesda Church NW

Key Points

- Bethesda Church NW ("Bethesda") entered a Lease Agreement on April 17, 2014, which was amended on March 8, 2016 and June 6, 2018 ("Lease Agreement"), whereby Bethesda leased approximately 19,087 square feet of space in the Town Plaza, 5411 East Mill Plain Blvd., Vancouver, Washington.
- The City purchased the property on June 28, 2017, and assumed the rights and obligations under the Lease Agreement.
- City staff and Bethesda now wish to shorten the duration of the Lease Agreement by executing an amendment.

Strategic Plan Alignment

Goal 8: Strengthen commercial, retail and community districts throughout the city.

Present Situation

Bethesda is currently renting space in the Town Plaza, located at 5411 East Mill Plain Blvd. The City purchased the Town Plaza and assumed Bethesda's Lease Agreement on June 28, 2017. The lease has a termination date of December 31, 2019.

Bethesda is aware of the City's plans to redevelop the Town Plaza property and actively searched for a new location for its non-profit business. It has found a new location and will be moving into the new space, and wishes to end the Lease Agreement, effective October 31, 2019. In light of the City's future plans to redevelop the Town Plaza property, as well as the costs associated with maintaining the current buildings, the City has an interest in early termination of lease agreements and assisting tenants with relocation. City staff would like to amend the lease term by executing the Third Amendment to Lease Agreement, setting lease termination at midnight on October 31, 2019.

Advantage(s)

1. The City will have greater flexibility concerning the property leased by Bethesda.
2. Amending the lease will allow Bethesda to purchase space in a new location where it can continue to serve its parishioners long term.

Disadvantage(s)

Loss in rent revenue of approximately \$33,720.36, which may be offset by a reduction in building operation and maintenance costs.

Budget Impact

There will be no budget impact due to this transaction because the City's costs will not increase.

Prior Council Review

None

Action Requested

Authorize the City Manager or his designee to execute the Third Amendment to Lease Agreement between City of Vancouver and Bethesda Church NW.

Linda Carlson, Property Management Specialist, 487-8423

ATTACHMENTS:

- ▯ Third Amendment to Lease

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE (“Third Amendment”), is made and entered into as of October __, 2019 by and between CITY OF VANCOUVER, a Washington municipal corporation (“Landlord”), BETHESDA CHURCH NW, a Washington non-profit Corporation (Tenant”), and GEORGE ELLIOT, an individual, and MIKE STRAUP, an individual (collectively “Guarantors”).

RECITALS:

A. Bethesda Church NW and Tower Mall Holdings LLC entered a Lease Agreement dated April 10, 2014 (“Lease Agreement”), which was amended by a First Amendment to Lease dated March 8, 2016, between 5403 & 5411 East Mill Plain Boulevard Holdings, LLC, Bethesda Church NW, George Elliott and Mike Straup (“First Amendment to Lease”).

B. Under the Lease Agreement, as amended by the First Amendment to Lease, Tenant leases approximately 19,087 square feet in a shopping center commonly known as Town Plaza with an address of 5403 & 5411 East Mill Plain Blvd., Vancouver, Washington.

C. Guarantors guaranteed the obligations of Tenant under the Lease Agreement and First Amendment to Lease.

D. Landlord is the successor-in-interest to the previous landlords and is the owner of the property leased and interest of the “Landlord” under the Lease Agreement and First Amendment to Lease.

E. In June 2018, Tenant, Landlord, and Guarantors amended the term of the Lease Agreement by a Second Amendment to Lease, which established a lease termination date of December 31, 2019, with no option to renew.

F. Tenant now wishes to terminate the Lease Agreement before December 31, 2019, so that Tenant may move into another commercial space that is currently available to lease; Landlord wishes to assist Tenant with its efforts to relocate.

F. Accordingly, Tenant and Landlord have agreed to amend the term of the Lease Agreement so that the lease term expires on October 31, 2019. Tenant and Landlord agree that such early lease termination shall not be subject to any early termination penalties, fees, or holdbacks of Security Deposit amounts except as permitted under the Lease Agreement with regard to damage beyond normal wear and tear and any related repairs. Upon termination, neither party shall have any other obligations to the other, except as expressly required under the Lease Agreement.

AGREEMENT

IT IS MUTUALLY UNDERSTOOD AND AGREED by and between the Tenant, Landlord, and Guarantors:

1. Termination of Lease. The Termination Date of the Lease Agreement, as previously amended by the First Amendment and Second Amendment, is hereby amended. The Lease Agreement shall terminate on October 31, 2019. Tenant shall have no option to renew the term of the Lease.

Landlord, Tenant and Guarantors have executed and delivered this Third Amendment as of October __, 2019.

LANDLORD

The City of Vancouver

By: _____

Eric Holmes, City Manager

Date: _____

TENANT

Bethesda Church NW

By: _____

Title: _____

Date: _____

Approved as to Form:

Approved as to Form:

Jonathan Young, Acting City Attorney

Mark Sampath, Attorney for Bethesda Church

Attest: _____
Natasha Ramras, City Clerk

GEORGE ELLIOT, GUARANTOR

By: _____

Date: _____

MIKE STRAUP, GUARANTOR

By: _____

Date: _____

NOTARY BLOCKS ON NEXT PAGE

STATE OF WASHINGTON
COUNTY OF CLARK

On this _____ day of _____, 2019, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Eric Holmes, to me known to be the City Manager for the City of Vancouver, Washington, that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act of and deed of said City, for the uses and purposes therein mentioned, and on oath stated that the City of Vancouver authorized him to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and seal the day and year first above written.

.

Notary Public residing at _____

Printed Name: _____

My Commission Expires: _____

STATE OF WASHINGTON

COUNTY OF _____

On this _____ day of _____, 2019, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of Bethesda Church NW, the nonprofit corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act of and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that Bethesda Church NW authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and seal the day and year first above written.

.

Notary Public residing at _____

Printed Name: _____

My Commission Expires: _____

STATE OF WASHINGTON

COUNTY OF _____

On this _____ day of _____, 2019, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared George Elliot, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that he/she/they signed the same as his/her/their free and voluntary act and deed, for the uses and purposes therein mentioned.

Witness my hand and seal the day and year first above written.

Notary Public residing at _____
Printed Name: _____
My Commission Expires: _____

STATE OF WASHINGTON

COUNTY OF _____

On this _____ day of _____, 2019, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Mike Straup, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that he/she/they signed the same as his/her/their free and voluntary act and deed, for the uses and purposes therein mentioned.

Witness my hand and seal the day and year first above written.

Notary Public residing at _____
Printed Name: _____
My Commission Expires: _____

VOUCHER APPROVAL

We, the undersigned council members of the City of Vancouver, Clark County, Washington, do hereby certify that the merchandise or services hereinafter specified have been received and that the vouchers listed below are approved for payment in the amount of:

\$ 9,066,098.29 this 21st day of October 2019.

MAYOR

COUNCILMEMBER



AUDITING OFFICER

COUNCILMEMBER

DATE	INCLUSIVE CHECK NUMBERS	CHECK TOTAL
October 8 - October 14	Accounts Payable Checks (see attached)	\$ 6,016,314.55
October 8 - October 14	Hansen City Payments (see attached)	\$ 17,680.18
October 8 - October 14	Visa Refunds (see attached)	\$ 3,688.22
October 8 - October 14	Payroll Checks (see attached)	\$ 3,028,415.34
TOTAL		\$ 9,066,098.29

INVOICE PAYMENTS REPORT

<u>Payment Category</u>	<u>Payment Type</u>	<u>Check Number</u>	<u>Payment Date</u>	<u>Payment Amount</u>	<u>Payment Payee</u>	<u>Payment Memo if applicable</u>
Supplier Payment	Manual Wire	No Reference	10/8/2019	33,988.75	Gallagher Bassett Services Inc	
Supplier Payment	Manual Wire	No Reference	10/10/2019	12,882.53	Allegiance Benefit Plan Management Inc	
Supplier Payment	Manual Wire	No Reference	10/10/2019	75.00	HRA VEBA Plan	
Supplier Payment	Manual Wire	No Reference	10/10/2019	6,558.28	ICMA 401A	
Supplier Payment	Manual Wire	No Reference	10/10/2019	158,518.35	ICMA Corp	
Supplier Payment	Manual Wire	No Reference	10/10/2019	23,497.85	ING	
Supplier Payment	Manual Wire	No Reference	10/10/2019	1,170,753.31	Intermountain Slurry Seal Inc	
Supplier Payment	Manual Wire	No Reference	10/10/2019	584.92	Oregon SDU	
Supplier Payment	Manual Wire	No Reference	10/10/2019	66,271.87	State of Washington Department of Retirement System (PERS)	
Supplier Payment	Manual Wire	No Reference	10/10/2019	1,467.94	Vancouver Fire Command Officers	
Supplier Payment	Manual Wire	No Reference	10/10/2019	418,681.41	Vancouver Firefighters Union Health & Welfare Trust	
Supplier Payment	Manual Wire	No Reference	10/10/2019	24,439.06	Vancouver Firefighters Union Health & Welfare Trust	
Supplier Payment	Manual Wire	No Reference	10/10/2019	4,074.11	Washington SDU	
Supplier Payment	Manual Wire	No Reference	10/10/2019	17,500.00	Washington State Firefighters	
Supplier Payment	Manual Wire	No Reference	10/10/2019	198,750.00	Western States Health & Welfare Trust	
Supplier Payment	Manual Wire	No Reference	10/10/2019	13,815.28	Western States Health & Welfare Trust	
Supplier Payment	Manual Wire	No Reference	10/11/2019	86,915.26	Blue Cross Blue Shield of Oregon	
Supplier Payment	Manual Wire	No Reference	10/11/2019	865,934.90	Internal Revenue Service	
Supplier Payment	Manual Wire	No Reference	10/14/2019	20,601.00	State of Oregon Department of Revenue	
Supplier Payment	Manual Wire	No Reference	10/14/2019	749,248.60	State of Washington Department of Retirement System (PERS)	
Expense Payment	Direct Deposit	EFT-00026128	10/10/2019	116.00	Mark Castle	Employee Reimbursement
Cash Advance Payment	Direct Deposit	EFT-00026129	10/10/2019	41.25	John Janisch	Travel Advance
Expense Payment	Direct Deposit	EFT-00026130	10/10/2019	152.50	Ryan Starbuck	Employee Reimbursement
Cash Advance Payment	Direct Deposit	EFT-00026131	10/10/2019	177.50	Amanda Thompson	Travel Advance
Expense Payment	Direct Deposit	EFT-00026132	10/10/2019	2.50	Rainy Rau	Employee Reimbursement
Cash Advance Payment	Direct Deposit	EFT-00026133	10/10/2019	363.00	Lisa Takach	Travel Advance
Expense Payment	Direct Deposit	EFT-00026134	10/10/2019	1,031.47	Anne McEnerny-Ogle	Employee Reimbursement
Cash Advance Payment	Direct Deposit	EFT-00026135	10/10/2019	255.80	Greg Turner	Travel Advance
Expense Payment	Direct Deposit	EFT-00026136	10/10/2019	57.70	David Sturbelle	Employee Reimbursement
Cash Advance Payment	Direct Deposit	EFT-00026137	10/10/2019	137.50	John Janisch	Travel Advance
Cash Advance Payment	Direct Deposit	EFT-00026138	10/10/2019	212.50	Stephen Sloniker	Travel Advance
Expense Payment	Direct Deposit	EFT-00026139	10/10/2019	471.00	Tammy Michelson	Employee Reimbursement
Expense Payment	Direct Deposit	EFT-00026140	10/10/2019	83.85	Tara Erickson	Employee Reimbursement
Cash Advance Payment	Direct Deposit	EFT-00026141	10/10/2019	28.50	Tyler Chavers	Travel Advance
Expense Payment	Direct Deposit	EFT-00026142	10/10/2019	81.70	Leslie Degenhart	Employee Reimbursement
Cash Advance Payment	Direct Deposit	EFT-00026143	10/10/2019	177.50	Stacey Allington	Travel Advance

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Expense Payment	Direct Deposit	EFT-00026144	10/10/2019	165.73	Nolan Hanson	Employee Reimbursement
Cash Advance Payment	Direct Deposit	EFT-00026145	10/10/2019	140.25	Anna Vogel	Travel Advance
Expense Payment	Direct Deposit	EFT-00026146	10/10/2019	40.60	James Fields	Employee Reimbursement
Expense Payment	Direct Deposit	EFT-00026147	10/10/2019	276.43	Loretta Callahan	Employee Reimbursement
Expense Payment	Direct Deposit	EFT-00026148	10/10/2019	265.08	Monie Holmes	Employee Reimbursement
Expense Payment	Direct Deposit	EFT-00026149	10/10/2019	125.28	Tanya Gray	Employee Reimbursement
Expense Payment	Direct Deposit	EFT-00026150	10/10/2019	47.00	LaVonne Steiner-Weigel	Employee Reimbursement
Expense Payment	Direct Deposit	EFT-00026151	10/10/2019	70.70	Jan Bader	Employee Reimbursement
Expense Payment	Direct Deposit	EFT-00026152	10/10/2019	18.00	Robert Givens	Employee Reimbursement
Expense Payment	Direct Deposit	EFT-00026153	10/10/2019	16.23	Jordan Macfarlane	Employee Reimbursement
Expense Payment	Direct Deposit	EFT-00026154	10/10/2019	24.00	Kristine Olinger	Employee Reimbursement
Expense Payment	Direct Deposit	EFT-00026155	10/10/2019	230.61	Bradley French	Employee Reimbursement
Expense Payment	Direct Deposit	EFT-00026156	10/10/2019	24.00	Annette Griffy	Employee Reimbursement
Cash Advance Payment	Direct Deposit	EFT-00026157	10/10/2019	177.50	Jen Thomas	Travel Advance
Supplier Payment	Check	5924	10/10/2019	8,730.37	Aflac	
Supplier Payment	Check	5925	10/10/2019	5,352.70	AFSCME Local #307	
Supplier Payment	Check	5926	10/10/2019	3,612.00	Chapter 13 - Trustee	
Supplier Payment	Check	5927	10/10/2019	21,316.15	IAFF Local #452	
Supplier Payment	Check	5928	10/10/2019	751.06	IAM Local #1374	
Supplier Payment	Check	5929	10/10/2019	76.60	Legal Shield	
Supplier Payment	Check	5930	10/10/2019	8,181.06	Life Insurance Company of North America	
Supplier Payment	Check	5931	10/10/2019	575.00	MFS Service Center Inc	
Supplier Payment	Check	5932	10/10/2019	140.04	OPEIU Local #11	
Supplier Payment	Check	5933	10/10/2019	383.52	OPEIU Local #11	
Supplier Payment	Check	5934	10/10/2019	5,019.58	OPEIU Local #11	
Supplier Payment	Check	5935	10/10/2019	608.00	Teamsters Local #58	
Supplier Payment	Check	5936	10/10/2019	350.00	UA Local #290	
Supplier Payment	Check	5937	10/10/2019	1,338.28	United Way of the Columbia Willamette	
Supplier Payment	Check	5938	10/10/2019	13,101.08	Vancouver Police Officer Guild	
Supplier Payment	Check	5939	10/10/2019	3,081.60	Western Conference of Teamsters	
Supplier Payment	Check	5940	10/10/2019	1,058.96	Western Metal Industry Pension Plan	
Expense Payment	Check	5941	10/9/2019	25.66	Maureen Montague [C]	
Ad Hoc Payment	Check	5943	10/9/2019	64.31	Kanelis, Carrie	Utility Refunds: 0157013600-01
Ad Hoc Payment	Check	5944	10/9/2019	20.59	Keith, Eva M	Utility Refunds: 0061034790-02
Ad Hoc Payment	Check	5945	10/9/2019	39.20	Arlis K Borjesson	August - 50+ Driver/Planner Reimbursement
Ad Hoc Payment	Check	5946	10/9/2019	37.00	Beverly Schubert	August - 50+ Driver/ Planner Reimbursement
Ad Hoc Payment	Check	5947	10/9/2019	350.00	Carolina Rodriguez	Damage Deposit Refund Permit #R6366
Ad Hoc Payment	Check	5948	10/9/2019	100.00	Carter Park Neighborhood Association	20190930
Ad Hoc Payment	Check	5949	10/9/2019	120.00	Cascade Highlands Neighborhood Association	20191007

INVOICE PAYMENTS REPORT

<u>Payment Category</u>	<u>Payment Type</u>	<u>Check Number</u>	<u>Payment Date</u>	<u>Payment Amount</u>	<u>Payment Payee</u>	<u>Payment Memo if applicable</u>
Ad Hoc Payment	Check	5950	10/9/2019	100.00	Cimarron Neighborhood Association	20191003
Ad Hoc Payment	Check	5951	10/9/2019	100.00	Countryside Woods Neighborhood Association	20191007
Ad Hoc Payment	Check	5952	10/9/2019	47.75	David Jacky	August - 50+ Driver/Planner Reimbursement
Ad Hoc Payment	Check	5953	10/9/2019	20.00	DEBRORAH MAZOUR	Reissue of lost check
Ad Hoc Payment	Check	5954	10/9/2019	10.00	DEVIN R LORAIN	Reissue of lost check
Ad Hoc Payment	Check	5955	10/9/2019	299.40	Diversified Creditors Services	190920 Case # 14-2-01420-5
Ad Hoc Payment	Check	5956	10/9/2019	38.00	EAST FIRST STREET WATUMULL LLC	Reissue of lost check 2
Ad Hoc Payment	Check	5957	10/9/2019	44.00	EAST FIRST STREET WATUMULL LLC	Reissue of lost check
Ad Hoc Payment	Check	5958	10/9/2019	89.78	ESTATE OF CALVIN STARKEY SR	Reissue of lost check
Ad Hoc Payment	Check	5959	10/9/2019	158.90	ESTATE OF CATALINA WINEBRENNER	Reissue of lost check
Ad Hoc Payment	Check	5960	10/9/2019	120.00	Esther Short Neighborhood Association	20191007
Ad Hoc Payment	Check	5961	10/9/2019	100.00	Falanry Karuo	Damage Deposit Refund Permit #R7951
Ad Hoc Payment	Check	5962	10/9/2019	100.00	Father Blanchet Park Neighborhood Association	20190930
Ad Hoc Payment	Check	5963	10/9/2019	44.00	FOURTH PLAIN DAIRY QUEEN LLC	Reissue of lost check
Ad Hoc Payment	Check	5964	10/9/2019	467.50	Fred Neiman	190921 DARC
Ad Hoc Payment	Check	5965	10/9/2019	100.00	GAMESTOP INC	Reissue of lost check
Ad Hoc Payment	Check	5966	10/9/2019	135.00	GP PORTFOLIO LANDLORD #4 LLC	Reissue of lost check
Ad Hoc Payment	Check	5967	10/9/2019	24.34	Hanson, Nolan M	Reissue of lost check 3
Ad Hoc Payment	Check	5968	10/9/2019	20.76	Hanson, Nolan M	Reissue of lost check 2
Ad Hoc Payment	Check	5969	10/9/2019	62.92	Hanson, Nolan M	Reissue of lost check 1
Ad Hoc Payment	Check	5970	10/9/2019	15.00	James Waldner	Reissue of lost check
Ad Hoc Payment	Check	5971	10/9/2019	250.00	Jocelyn Pierce	Voucher #2003474.030
Ad Hoc Payment	Check	5972	10/9/2019	15.00	JOHN LEKAS	Reissue of lost check
Ad Hoc Payment	Check	5973	10/9/2019	100.00	Kevanna Park Neighborhood Association	20191007
Ad Hoc Payment	Check	5974	10/9/2019	250.00	Lilia Vintu	Voucher #2003481.030
Ad Hoc Payment	Check	5975	10/9/2019	44.00	LISAS COUNTRY KITCHEN	Reissue of lost check
Ad Hoc Payment	Check	5976	10/9/2019	28.00	LY, AARON	Reissue of lost check
Ad Hoc Payment	Check	5977	10/9/2019	41.63	METRO MIX INC	Conversion
Ad Hoc Payment	Check	5978	10/9/2019	21.78	MICHAEL WALSH AND ALIA WOOLFE	Reissue of lost check
Ad Hoc Payment	Check	5979	10/9/2019	189.91	NGUYEN,MAN C	Reissue of lost check
Ad Hoc Payment	Check	5980	10/9/2019	72.00	NORTHWEST ADHESIVES	Reissue of lost check
Ad Hoc Payment	Check	5981	10/9/2019	71.00	OVERHOLSER, CARLY	Reissue of lost check
Ad Hoc Payment	Check	5982	10/9/2019	3,279.36	Point Monitor	FRI-268787 Refund
Ad Hoc Payment	Check	5983	10/9/2019	57.09	Prairie Electric	MPE-260547 refund
Ad Hoc Payment	Check	5984	10/9/2019	15.28	Ramona Perkins	August - 50+ Driver/Planner Reimbursement
Ad Hoc Payment	Check	5985	10/9/2019	80.00	SCHMITZ, PATTY	Reissue of lost check
Ad Hoc Payment	Check	5986	10/9/2019	90.46	SHORT,KYLE AND PATRICIA	Reissue of lost check
Ad Hoc Payment	Check	5987	10/9/2019	32.50	SHUM, BRENT	Reissue of lost check
Ad Hoc Payment	Check	5988	10/9/2019	231.43	Tabatha Crop	20191002
Ad Hoc Payment	Check	5989	10/9/2019	120.00	Tammy Hickey	20190903
Ad Hoc Payment	Check	5990	10/9/2019	157.50	TAYLOR,THOMAS D	Reissue of lost check
Ad Hoc Payment	Check	5991	10/9/2019	7.36	URIBE,MICHAEL AND ERIKA	Reissue of lost check
Ad Hoc Payment	Check	5992	10/9/2019	75.00	XPRESS LEGAL SUPPORT LLC	Reissue of lost check
Ad Hoc Payment	Check	5993	10/9/2019	80.00	ZOOMCARE VANCOUVER	Reissue of lost check
Supplier Payment	Check	5994	10/9/2019	26,558.00	Accela Inc	
Supplier Payment	Check	5995	10/9/2019	2,404.75	A-Check America Inc - Remit-To: A-Check - Glendale	
Supplier Payment	Check	5996	10/9/2019	1,146.69	Advance Stores Company Incorporated - Remit-To: Advance Auto Parts - Atlanta	
Supplier Payment	Check	5997	10/9/2019	3,393.59	AKS Engineering & Forestry LLC	

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Supplier Payment	Check	5998	10/9/2019	5,572.64	Albina Holdings Inc	
Supplier Payment	Check	5999	10/9/2019	4,000.00	Alpha Media	
Supplier Payment	Check	6000	10/9/2019	2,548.98	American Medical Response Northwest Inc	
Supplier Payment	Check	6001	10/9/2019	400.00	American Medical Response Northwest Inc - Remit-To: AMR - Vancouver	
Supplier Payment	Check	6002	10/9/2019	262.50	Amira A Sonntag	
Supplier Payment	Check	6003	10/9/2019	127.31	Aramark Uniform & Career Apparel LLC - Remit-To: Aramark - Pasadena	
Supplier Payment	Check	6004	10/9/2019	7,952.10	AT & T Mobility II LLC	
Supplier Payment	Check	6005	10/9/2019	1,879.82	Blairco Inc	
Supplier Payment	Check	6006	10/9/2019	8,250.00	BNSF Railway Company	
Supplier Payment	Check	6007	10/9/2019	1,979.96	Bound Tree Medical LLC	
Supplier Payment	Check	6008	10/9/2019	1,086.78	Boys and Girls Clubs of Southwest Washington	
Supplier Payment	Check	6009	10/9/2019	11,213.14	Cadman Materials - Remit-To: Cadman - Chicago	
Supplier Payment	Check	6010	10/9/2019	441.00	Cale America Inc	
Supplier Payment	Check	6011	10/9/2019	4,013.19	Cascade Centers Inc	
Supplier Payment	Check	6012	10/9/2019	4,599.35	CECO Inc	
Supplier Payment	Check	6013	10/9/2019	415.24	Cellco Partnership - Remit-To: Cellco - Dallas	
Supplier Payment	Check	6014	10/9/2019	25,456.52	Century West Engineering Corp	
Supplier Payment	Check	6015	10/9/2019	4,343.83	City of Battle Ground - Remit-To: City of Battle Ground PD	
Supplier Payment	Check	6016	10/9/2019	10.70	City of Portland - Remit-To: City of Portland - General AR	
Supplier Payment	Check	6017	10/9/2019	127.00	City of Vancouver - Remit-To: COV Main	
Supplier Payment	Check	6018	10/9/2019	479.50	City of Vancouver - Remit-To: COV - Vehicle Reg	
Supplier Payment	Check	6022	10/9/2019	797.48	Clark Public Utility District No. 1	
Supplier Payment	Check	6023	10/9/2019	579.74	Clark Public Utility District No. 1	
Supplier Payment	Check	6024	10/9/2019	529.77	Clark Public Utility District No. 1	
Supplier Payment	Check	6025	10/9/2019	941.12	Clark Regional Emergency Services Agency (CRESA)	
Supplier Payment	Check	6026	10/9/2019	21,494.28	Columbia Resource Company	
Supplier Payment	Check	6027	10/9/2019	24.85	Comcast - Remit-To: Comcast Business - City of Industry	
Supplier Payment	Check	6028	10/9/2019	13.62	Comcast - Remit-To: Comcast Business - City of Industry	
Supplier Payment	Check	6029	10/9/2019	101.11	Comcast - Remit-To: Comcast Business - City of Industry	
Supplier Payment	Check	6030	10/9/2019	113.27	Comcast - Remit-To: Comcast Business - City of Industry	
Supplier Payment	Check	6031	10/9/2019	151.11	Comcast - Remit-To: Comcast Business - City of Industry	
Supplier Payment	Check	6032	10/9/2019	108.27	Comcast - Remit-To: Comcast Business - City of Industry	
Supplier Payment	Check	6033	10/9/2019	101.11	Comcast - Remit-To: Comcast Business - City of Industry	
Supplier Payment	Check	6034	10/9/2019	4,750.00	Consumer Opinion Services Inc	
Supplier Payment	Check	6035	10/9/2019	8,195.48	Copiers Northwest	
Supplier Payment	Check	6036	10/9/2019	1,120.54	Cross March Technologies Inc	
Supplier Payment	Check	6037	10/9/2019	3,930.00	David Corey PHD PC	
Supplier Payment	Check	6038	10/9/2019	1,708.38	Day Management Corp - Remit-To: Day Wireless - Milwaukie	
Supplier Payment	Check	6039	10/9/2019	1,723.62	DSU Peterbilt & GMC Inc	

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Supplier Payment	Check	6040	10/9/2019	2,162.65	Eagle Newspaper Inc	
Supplier Payment	Check	6041	10/9/2019	8,563.60	Ed's Economy Roofing	
Supplier Payment	Check	6042	10/9/2019	275.00	ERF Company Inc	
Supplier Payment	Check	6043	10/9/2019	73.75	Erickson Structural Consulting Engineers	
Supplier Payment	Check	6044	10/9/2019	3,113.75	Eric Thomas Lanciault	
Supplier Payment	Check	6045	10/9/2019	1,650.00	ETC Institute	
Supplier Payment	Check	6046	10/9/2019	6,126.71	Ferguson Enterprises - Remit-To: Ferguson - Dallas	
Supplier Payment	Check	6047	10/9/2019	3,738.90	Galls LLC	
Supplier Payment	Check	6048	10/9/2019	1,095.50	Government Revenue Solutions Holdings I LLC	
Supplier Payment	Check	6049	10/9/2019	288.34	Harrys Key Service Inc	
Supplier Payment	Check	6050	10/9/2019	6,148.65	H D Fowler Company Inc - Remit-To: H D Fowler - Bellevue	
Supplier Payment	Check	6051	10/9/2019	600,000.00	Housing Initiative LLC	
Supplier Payment	Check	6052	10/9/2019	1,395.24	Jacquelyn C Campbell	
Supplier Payment	Check	6053	10/9/2019	5,150.00	JCI Jones Chemicals Inc	
Supplier Payment	Check	6054	10/9/2019	50.00	J D Fulwiler & Company Insurance Inc.	
Supplier Payment	Check	6055	10/9/2019	2,625.00	Johns Hopkins University	
Supplier Payment	Check	6056	10/9/2019	36,711.00	Jonathan Jay	
Supplier Payment	Check	6057	10/9/2019	49,451.85	Keating Bucklin & McCormack Inc PS	
Supplier Payment	Check	6058	10/9/2019	3,011.35	L.N. Curtis & Sons	
Supplier Payment	Check	6059	10/9/2019	2,127.46	Lakeyland Inc	
Supplier Payment	Check	6060	10/9/2019	752.38	Landmark Ford	
Supplier Payment	Check	6061	10/9/2019	417.15	Latte No Sugar Co	
Supplier Payment	Check	6062	10/9/2019	234,000.00	Lifeline Connections	
Supplier Payment	Check	6063	10/9/2019	449.86	Mark IV Enterprises Inc	
Supplier Payment	Check	6064	10/9/2019	32,898.05	Mather and Sons Pump Service Inc	
Supplier Payment	Check	6065	10/9/2019	23,747.88	Meterreaders LLC	
Supplier Payment	Check	6066	10/9/2019	19,929.32	Minister & Glaeser Surveying Inc	
Supplier Payment	Check	6067	10/9/2019	4,803.89	Mobes Business Forms	
Supplier Payment	Check	6068	10/9/2019	418.47	Munnell-Sherrill Inc	
Supplier Payment	Check	6069	10/9/2019	275.00	Northwest Association of Community Development Managers	
Supplier Payment	Check	6070	10/9/2019	3,390.29	Northwest Natural Gas Company - Remit-To: NW Natural - Portland	
Supplier Payment	Check	6071	10/9/2019	2,165.35	Otak Inc	
Supplier Payment	Check	6072	10/9/2019	8,615.00	Parkeon	
Supplier Payment	Check	6073	10/9/2019	31.60	Parkmobile USA Inc	
Supplier Payment	Check	6075	10/9/2019	5,159.10	Pitney Bowes Inc	
Supplier Payment	Check	6076	10/9/2019	10,186.24	Portland Adventist Medical Center	
Supplier Payment	Check	6077	10/9/2019	98.06	Praxair Distribution Inc	
Supplier Payment	Check	6078	10/9/2019	1,035.00	Proforce Marketing Inc	
Supplier Payment	Check	6079	10/9/2019	600.00	Public Safety Testing Inc	
Supplier Payment	Check	6080	10/9/2019	15,024.24	Right Systems Inc	
Supplier Payment	Check	6081	10/9/2019	732.00	Rotschy Inc	
Supplier Payment	Check	6082	10/9/2019	134,919.22	Schetky Northwest Sales Inc	
Supplier Payment	Check	6083	10/9/2019	7,847.00	Second Step Housing	
Supplier Payment	Check	6084	10/9/2019	136,762.66	Share Inc	
Supplier Payment	Check	6085	10/9/2019	226.75	Software House International SHI - Remit-To: SHI - Dallas	

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Supplier Payment	Check	6086	10/9/2019	87,315.84	State of Washington Department of Ecology - Remit-To: State of Washington Department of Ecology	
Supplier Payment	Check	6087	10/9/2019	2,302.47	State of Washington Department of Transportation - Remit-To: WADOT - PO Box 47305	
Supplier Payment	Check	6088	10/9/2019	63.79	Stericycle Inc	
Supplier Payment	Check	6089	10/9/2019	275.00	Steves Creature Feature LLC	
Supplier Payment	Check	6090	10/9/2019	19,598.72	Structured	
Supplier Payment	Check	6091	10/9/2019	6,118.10	Sunbelt Controls Inc - Remit-To: Sunbelt Controls - Pasadena	
Supplier Payment	Check	6092	10/9/2019	95.00	T2 Systems Inc - Remit-To: T2- Atlanta	
Supplier Payment	Check	6093	10/9/2019	1,687.75	Towing & Recovering Services Inc	
Supplier Payment	Check	6094	10/9/2019	368.56	Triple J Enterprises	
Supplier Payment	Check	6095	10/9/2019	16,746.44	Two Rivers Termina LLC	
Supplier Payment	Check	6096	10/9/2019	237.38	United Parcel Service	
Supplier Payment	Check	6097	10/9/2019	300.00	United States Postal Service - Remit-To: United States Postal Service Carol Stream IL	
Supplier Payment	Check	6098	10/9/2019	4,460.88	Univar USA Inc	
Supplier Payment	Check	6099	10/9/2019	26.00	Vancouver Aire LLC	
Supplier Payment	Check	6100	10/9/2019	29,990.22	Wager Audio	
Supplier Payment	Check	6101	10/9/2019	15,131.85	Walter E Nelson Company	
Supplier Payment	Check	6102	10/9/2019	788.12	Wapiti NW LLC	
Supplier Payment	Check	6103	10/9/2019	1,026.36	Waste Management - Remit-To: Waste Management Los Angeles	
Supplier Payment	Check	6104	10/9/2019	123,467.17	Western Equipment Distributors - Remit-To: Western Equipment - Los Angeles	
Supplier Payment	Check	6105	10/9/2019	34,000.00	Workday Inc	
Supplier Payment	Check	6106	10/9/2019	5,098.15	YOLO Washington LLC	
Supplier Payment	Check	6108	10/9/2019	32,672.88	Life Insurance Company of North America	
Supplier Payment	Check	6109	10/9/2019	28,730.06	Northwest Staffing Resources Inc - Remit-To: NW Staffing - Portland	
Supplier Payment	Check	6110	10/9/2019	560.00	Petty Cash Custodian - Remit-To: Chad Williams	
Supplier Payment	Check	6112	10/9/2019	59,282.85	State of Washington Department of Employment Security - Remit-To: State of Washington Department of Employment Security / Seattle	
Supplier Payment	Check	6113	10/10/2019	1,000.00	Clark County	
Supplier Payment	Check	6114	10/10/2019	32,550.06	Clark County - Remit-To: Clark County - Treasurer Vancouver	
Supplier Payment	Check	6115	10/10/2019	40.00	Clark County - Remit-To: Reeta Fees	
Supplier Payment	Check	6116	10/10/2019	7,189.79	Columbia Resource Company	
Supplier Payment	Check	6117	10/10/2019	492.00	Rotschy Inc	
			SUBTOTAL	6,016,314.55		
Hansen			10/15/2019	17,680.18	City Payments	Posted 10-8-19 thru 10-14-19
			SUBTOTAL	17,680.18		
VISA			10/1/2019	1,393.22	Miscellaneous	Parks Class Refunds - FCC 10-8-19 thru 10-14-19
VISA			10/1/2019	1,895.00	Miscellaneous	Parks Class Refunds - MCC 10-8-19 thru 10-14-19
VISA			10/1/2019	-	Miscellaneous	Parks Class Refunds - Special Events 10-8-19 thru 10-14-19

INVOICE PAYMENTS REPORT

<u>Payment Category</u>	<u>Payment Type</u>	<u>Check Number</u>	<u>Payment Date</u>	<u>Payment Amount</u>	<u>Payment Payee</u>	<u>Payment Memo if applicable</u>
VISA			10/1/2019	400.00	Miscellaneous	Parks Class Refunds - WREC 10-8-19 thru 10-14-19
			SUBTOTAL	3,688.22		
			TOTAL	6,037,682.95		

City of Vancouver
Payroll Council Report
October 8, 2019 - October 14, 2019

Check No.	Date	Explanation	Amount
1760 - 1819	10/10/19	19 2019 Payroll	\$ 24,547.60
24176 - 26088	10/10/19	19 2019 Direct Deposits	\$ 3,003,867.74
N/A	10/10/19	NACHA return	\$ (1,411.00)
1820	10/11/19	Replacement Check for NACHA Return	\$ 1,411.00

\$ 3,028,415.34



Staff Report 145-19

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 10/21/2019

SUBJECT Block 10 Disposition and Development Agreement

Key Points

- Block 10 is a vacant City-owned block located north of W. 8th Street and east of Columbia Street which has been held for redevelopment.
- In May of 2019 City Council, in response to a private development proposal, directed staff to enter into negotiations with Holland Partner Group (Holland) for the disposition and development of the property.
- Holland proposes to build a full-block mixed use building consisting of 105-110 residential units, 80,000 square feet of office space, 12,500 square feet of ground floor retail space, and an internal two-level parking garage, with construction to commence no later than the first quarter of 2020.
- City staff and Holland have tentatively agreed to the terms of a long-term ground lease with an option to purchase, with such lease to take effect no later than December 31, 2019, in order for Holland to make full use of the available Opportunity Zone incentive.
- Key considerations requested by Holland include: 1) use of the City's Multi-Family Tax Exemption program (8-year option with 20% of the units to be rented at no more than 100% of Area Median Income); 2) that Holland's Option to Purchase the Vancouvercenter parking garage be extended by three (3) years under a separate agreement; 3) that Council favorably consider an ordinance amendment to VMC 20.630.020 "Building Lines" to allow the building to encroach 5 feet into the public right-of-way for its entire height; and 4) that the City will work with Holland to provide them with management oversight of the garage subject to separate agreement.
- The City Center Redevelopment Authority (CCRA) reviewed the proposal at its September 19, 2019, meeting and unanimously recommended that Council approved the Disposition and Development Agreement (DDA) (discussion on page 2 of attached CCRA draft minutes).

Strategic Plan Alignment

Goal 8, Objective 8.1: Make downtown Vancouver a vibrant destination for the community and

the region.

Action 8.1.1: Surplus Block 10 and issue an RFP to solicit a use that will contribute to the downtown vitality

Present Situation

Block 10 is a 41,681 square foot vacant City-owned block located east of Columbia Street and north of 8th Street in downtown Vancouver, zoned CX, City Center.

In the early 1990s, the City of Vancouver purchased five full city blocks on the north, northeast, and east sides of Esther Short Park from the Lucky Lager Brewery Company, which had vacated the property several years before. This purchase and subsequent planning efforts through the Esther Short Redevelopment Plan of 1998 spurred the dramatic improvements to the park itself and redevelopment of a number of properties in the vicinity of Esther Short Park, the oldest known public park in the Pacific Northwest. Block 10, which refers to its designation among the original thirty blocks included in the Esther Short Plan, is the last remaining vacant block of the former brewery blocks. The block was vacant and without any structures when the City purchased it in the early 1990s.

For years the City has held the block "in reserve" so as to not compete with other redevelopment efforts such as the Waterfront. An analysis from The Leland Group, consultants to the City, in 2015 indicated that with the Waterfront construction underway, the City should not try and "time the market," but instead should advertise the property for redevelopment.

In May of 2016, the City issued a Request for Proposals (RFP) and received three responses. Gramor Development was selected based on their proposed mixed use project including a grocery store, and negotiations between City staff and Gramor ensued. However, after more than two years of discussions of a possible disposition and development agreement (DDA) without reaching agreement on the terms, the City Council terminated negotiations with Gramor in May of 2019.

In May of 2019, City Council, in response to a proposal from The Holland Partner Group for a large mixed use project on Block 10 which would utilize the newly created Opportunity Zone incentives, provided direction to staff to commence negotiations with The Holland Partner Group with the intent to construct a large mixed-use project on Block 10.

The proposed development is described as follows:

- 80,000 square foot, four-story office building above a two-story parking deck, with 40,000 square feet to be occupied by Holland for their corporate headquarters
- 105-110 apartments in a five-story building over the same two-story parking deck
- 110 parking stalls on portions of two floors with driveway access from 8th Street on the south and 9th Street on the north.
- 12,500 square feet of active retail uses are proposed along portions of Columbia, 8th, and Washington Streets, with particular emphasis on the corners.
- A courtyard above the second floor would be usable by tenants (floors above the parking deck are in the shape of a "U" with the opening to the south). See attached architectural renderings at Exhibit 4.

Substantive elements negotiated by City staff included in the draft DDA are as follows:

- Holland commits to relocating its headquarters to the new building once completed.
- Construction is anticipated to commence no later than March 2020, but in no case later than May 2020.
- Disposition of the property will be through a ground lease of 60 years with a single extension of 39 years, with an option to purchase at the end of the 60th and 80th years, or at the end of the extension term if exercised.
- Target for execution of the ground lease is no later than December 31, 2019, in order to maximize the benefit to the project from the City's Opportunity Zone incentives.
- Building will encroach 5 feet over the sidewalk above the first floor up to the full height of the building (approximately 80 feet) on all four sides of the property, if City Council approves an amendment to VMC 20.630.020 "Building Lines" through a separate ordinance. This amendment was considered and deliberated by the Planning Commission on October 8, 2019. The six commission members in attendance on were equally divided on whether to recommend approval of the proposed amendment and could not obtain a majority vote for or against. (The full transcript and meeting minutes will be available for Council's review and consideration.) .
- 20% of the residential units would be rented at no greater than 100% of Area Median Income (AMI) to utilize the City's 8-Year Multi-Family Tax Exemption program, through a separate agreement to be considered by Council in the coming weeks.
- Holland requests an extension of their Option to Purchase the City's Vancouvercenter Parking Garage (located on the block to the south of the project) by three years (to December 2022), by separately amending the Vancouvercenter Disposition and Development Agreement.
- Holland is also requesting that they be allowed to operate the garage during the three-year period to maximize its use to the greatest extent through shared use by residential and office tenants, which have different peak periods of demand, in order to accommodate approximately 200 additional vehicles for tenants of Block 10, and through a separate agreement.

Substantive elements negotiated by City staff which will be in a forthcoming lease agreement (to be approved separately by City Council) are as follows:

- Ground lease will be an absolute triple net lease as follows:
 - \$2,500 per month until completion of the project or 36 months after execution of the lease, whichever is first;
 - \$5,500 per month from 37 months to 48 months;
 - \$11,100 per month from 49 months to the start of the 11th lease year (based on 4% cap rate applied to \$3.33 million appraised value;
 - In the 11th lease year, rent shall increase to \$13,875 per month;
 - An annual adjustment based on the Consumer Price Index for all Urban Consumers (CPI-U) will apply beyond year 10 subject to an annual ceiling of 3%.

Separate approvals that will be needed in order for the project to move forward include:

1. approval of the ground lease (City Council);
2. approval of an amendment to the Vancouvercenter DDA to extend Holland's Option to Purchase the parking garage by three years (City Council);
3. approval of an amendment to VMC 20.630.020 (City Council);
4. approval of an agreement regarding the application of the 8-Year Multi-Family Tax Exemption option to the project (City Council);

5. approval of a master operating agreement for the Vancouvercenter garage (City Council), or license of approximately 200 unreserved parking spaces in said garage (Parking Manager); and
6. approval of the land use/design review, engineering and building permits (City staff).

Advantage(s)

1. Facilitates the construction of the largest mixed use project in downtown - including the most space devoted to office use (80,000 square feet) - since the Recession;
2. Retains and grows employment in the downtown;
3. Activates the last remaining block from the City's acquisition of the former Lucky Lager Brewery nearly 30 years ago;
4. Active retail uses along Columbia, 8th, and Washington Streets will strengthen connections between Main Street and more recent development around Esther Short Park;
5. The project will provide 105 -110 units of housing, of which 20% will be workforce units rented at no more than 100% of Area Median Income for a period of 8 years;
6. One of the first projects to utilize the Opportunity Zone incentive; and
7. The proposed lease will provide an ongoing source of revenue to the City for further downtown redevelopment efforts.

Disadvantage(s)

1. The proposed ground lease will result in payment to the City over time, as opposed to payment of the full appraised value up front; however, this will provide an ongoing source of revenue while keeping upfront development costs low, which makes the project more feasible;
2. Development of Block 10 will eliminate one of the few remaining blocks that can be used for special event staging, however such use is infrequent and is not the highest and best use of the property.

Budget Impact

No budget impact anticipated. Ground lease will generate \$30,000 during each of the first three years and will increase as follows: to \$66,500/year in the fourth year; to \$133,200 for years 5 through 10; and stabilize at \$166,500 in year 10. An annual adjustment based on the Consumer Price Index for All Urban Consumers (CPI-U) will apply beyond year 10 subject to a ceiling of 3%.

Prior Council Review

- September 24, 2018 Workshop
- May 13, 2019 - Workshop
- September 9, 2019 - City Manager Communications

Action Requested

On Monday, October 21, 2019, subject to public hearing, adopt a resolution approving the Disposition and Development Agreement with Holland Partner Group for Block 10.

Chad Eiken, Community and Economic Development Director, 487-7882

ATTACHMENTS:

- ▣ Block 10 DDA Resolution
- ▣ Block 10 DDA with Exhibits
- ▣ CCRA draft minutes - Sept. 19, 2019

10/21/2019

RESOLUTION NO. M- [Resolution Number]

A RESOLUTION relating to the approval of a disposition and development agreement pursuant to RCW Chapter 36.70B; establishing various development regulations under which the Block 10 development shall be vested; and authorizing the City Manager to execute a disposition and development agreement.

WHEREAS, pursuant to RCW 36.70B.170, a city may enter into a development agreement for real property within its jurisdiction; and

WHEREAS, on February 22, 2016, by adoption of Resolution M-3881, the City Council declared Block 10, legally described as Lots 1, 2, 3, 4, 5, 6, 7 and 8, Block 10 West Vancouver according to the plat thereof recorded in Volume B of Plats, Page 40, records of Clark County, Washington, to be surplus to the needs of the city and authorized its disposition; and

WHEREAS, the City was approached by Holland Partner Group which expressed interest in acquiring Block 10 and developing its corporate headquarters, housing and retail uses on the site; and

WHEREAS, on May 13, 2019, by adoption of Resolution M-4007, the City Council authorized the disposition of Block 10 through negotiated sale and/or lease; and

WHEREAS, the parties have determined that it is in the mutual interest of the City and Holland Partner Group to enter into an agreement respecting the development of the property; and

WHEREAS, a public hearing was duly noticed and held by the City Council on Monday, October, 21, 2019, regarding the approval of the attached disposition and development agreement.

RESOLUTION - 1

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY OF VANCOUVER:

Section 1. The City Council, in accordance with RCW 36.70B.200, hereby authorizes the City Manager to execute on behalf of the City, a disposition and development agreement in the form attached hereto as Exhibit "A".

ADOPTED at a Regular Meeting of the Vancouver City Council this _____, of _____, 2019.

Anne McEnerny-Ogle, Mayor

Attest:

Natasha Ramras, City Clerk

Approved as to form:

Jonathan Young, Acting City Attorney

RESOLUTION - 2

BLOCK 10 VANCOUVER, WASHINGTON

LAND DISPOSITION AND DEVELOPMENT AGREEMENT

AMONG

THE CITY OF VANCOUVER, a Washington municipal corporation,

AS GROUND LESSOR

AND

HOLLAND ACQUISITION CO., LLC a Washington limited liability company

AS GROUND LESSEE

As of OCTOBER ___, 2019

**LAND DISPOSITION AND DEVELOPMENT AGREEMENT
(BLOCK 10 VANCOUVER, WASHINGTON)**

THIS LAND DISPOSITION AND DEVELOPMENT AGREEMENT (this “**Agreement**”) is made as of October _____, 2019 (the “**Effective Date**”), by and between the CITY OF VANCOUVER, a Washington municipal corporation (“**City**”), and HOLLAND ACQUISITION CO., LLC a Washington limited liability company (“**Lessee**” or “**Holland**”).

RECITALS

WHEREAS, City owns the real property commonly referred to as Block 10 bounded by Washington, Columbia, West 8th and West 9th Streets in the City of Vancouver, Washington, and legally described on Exhibit A attached hereto (the “**Property**”);

WHEREAS, City declared the Property surplus by Resolution No. M-3991, dated February 22, 2016;

WHEREAS, Holland submitted to the City a Letter of Intent for Ground Lease of Block 10 dated September 18, 2019 (“**LOI**”) which outlines Holland’s proposal to ground lease the Property and construct a mixed-use building on the Property consisting a four-story office tower and a five-story residential tower over a common two-story podium containing structured parking and retail on the ground floor;

WHEREAS, the City executed the LOI on October 3, 2019;

WHEREAS, Lessee shall cause the Holland Partners Group to relocate its Corporate Headquarters to the office tower upon completion which is expected to occupy 40,000 square feet of the office space on an initial base lease term no less than 10 years;

WHEREAS, Lessee intends to apply for the Multi-Family Housing Tax Exemption (“**MFTE**”) Program, which is authorized under state law (RCW 84.14) and codified in Chapter 3.22 of the Vancouver Municipal Code;

WHEREAS, the Parties desire to cause the construction and development of the Property including the construction of a mixed-use building, landscaping and other site and adjacent right of way improvements all in accordance with and subject to this Agreement;

WHEREAS, the parties acknowledge and agree that the City would not lease the Property to Holland without the development terms, conditions and obligations set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, Lessee and the City agree as follows:

ARTICLE 1. DEFINITIONS AND EXHIBITS

Section 1.1 Definitions.

In addition to the terms defined elsewhere in this Agreement, the following definitions shall apply throughout this Agreement.

(a) “**Agreement**” means this Disposition and Development Agreement, including the attached Exhibits and all subsequent operating memoranda and amendments to this Agreement.

(b) **“Business Days”** mean any day other than Saturday, Sunday or a holiday in which banks are not open in the state of Washington.

(c) **“Certificate of Occupancy”** means the final certificate of occupancy issued by the City, or comparable City sign-off, on the completion of construction of the Improvements.

(d) **“City”** means the City of Vancouver, Washington, a municipal corporation.

(e) **“Closing Date”** means the date of recording of the ground lease or memorandum of ground lease but in no event later than December 31, 2019.

(f) **“Construction Plans”** means all construction documentation upon which Lessee, and Lessee’s contractors, shall rely in building the Improvements and shall include, but not necessarily be limited to, final architectural drawings, landscaping plans and specifications, final elevations, building plans and specifications (also known as “working drawings”) and a time schedule for construction.

(g) **“Corporate Headquarters”** means the headquarters of Holland Partners Group which is located presently at 1111 Main Street, Suite 700, Vancouver, WA 98660.

(h) **“Development”** means the Property and the Improvements.

(i) **“Effective Date”** has the meaning set forth in the first sentence of this Agreement.

(j) **“Escrow”** means the escrow established with the Title Company for the purpose of conveying a ground lease for the Property from the City to Lessee.

(k) **“Hazardous Materials”** means any substance, material, or waste which is: (1) defined as a “hazardous waste”, “hazardous material”, “hazardous substance”, “extremely hazardous waste”, “restricted hazardous waste”, “pollutant” or any other terms comparable to the foregoing terms under any provision of Washington law or federal law; (2) petroleum and any fraction thereof; (3) asbestos and asbestos containing materials; (4) polychlorinated biphenyls; (5) radioactive materials; (6) mold; (7) Methyl Tertiary Butyl Ether (“MTBE”); or (8) determined by Washington, federal or local governmental authority to be capable of posing a risk of injury to health, safety, property or the environment. Without limiting the foregoing, Hazardous Materials means and includes any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance, or other similar term, by any Hazardous Materials Laws including any federal, state or local environmental statute, regulation or ordinance presently in effect that may be promulgated in the future, as such as statutes, regulations and ordinances may be amended from time to time.

(l) **“Hazardous Materials Laws”** means all federal, state, and local laws, ordinances, regulations, orders and directives governing hazardous waste, hazardous substances, discharges of pollutants to soil or groundwater, wastewater discharges, drinking water, air emissions, Hazardous Materials releases or reporting requirements, Hazardous Materials use, storage or disposal, and employee or community right-to-know requirements related to the work being performed under this Agreement.

(m) **“Improvements”** means the planned re-development of the Property with a multi-story, mixed-use building, landscaping and related improvements that comply with the City of Vancouver Municipal Code, in general reflect the design drawings attached at Exhibit C and meets the following minimum standards: (i) a minimum floor-area ratio of no less than 5.5:1 (including parking); (ii) a four-story office tower of a minimum of 80,000 gross square feet (plus or minus 2,500 square feet); a five-story residential tower with 105-110 residential units; and a two-story podium upon which the office and

residential towers will be constructed; (iii) use of high quality materials brick, stone or glass for exterior (no exterior insulation and finish system or wood siding (wood beam accents are acceptable); (iv) garage access located off of 9th Street and 8th Street; (v) 10,000 square feet of ground floor retail or restaurant as identified on Exhibit C located along Columbia, West 8th and Washington Streets; (vi) a minimum 110 parking stalls in a two-level internal garage; (vii) an open and windowed ground-level façade along Columbia, West 8th and Washington Streets; (viii) full frontage improvements (i.e. replacement of sidewalks, curbs, street lights and trees); (ix) locating all overhead utilities on the rights-of-way abutting the Property underground; and (ix) achieves, at a minimum, one of the following design standards: (A) Leadership in Energy Efficiency and Design (LEED) designation, (B) Earth Advantage Commercial Certificate, (C) Green Globes Certification, or (D) other equivalent sustainable design standard reasonably acceptable to the City. The Improvements will be reduced in size pursuant to Section 4.2 in the event of an Overhang Redesign.

(n) “**Lessee**” means Holland Acquisition Co., LLC a Washington limited liability company, and its permitted successor and assigns

(o) “**Parties**” means the City and Lessee.

(p) “**Property**” has the meaning set forth in the Recitals.

(q) “**Schedule of Performance**” means the summary projected schedule of actions to be taken by the Parties pursuant to this Agreement to achieve disposition of the Property to Lessee and the development of the Improvements on the Property. The Schedule of Performance is attached to this Agreement as Exhibit B. The Schedule of Performance is subject to force majeure and sidewalk Overhang Redesign delays.

(r) “**Term**” means the term of this Agreement, which shall commence on the Effective Date and shall continue until Closing unless earlier terminated pursuant to the terms hereof.

(s) “**Title Company**” means the Seattle, Washington office of Fidelity National Title, 600 University Street, Ste. 2424, Seattle, WA 98101, unless modified pursuant to Section 3.3.

Section 1.2 Exhibits.

The following exhibits are attached to and incorporated in the Agreement:

Exhibit A: Legal Description

Exhibit B: Schedule of Performance

Exhibit C: Design Renderings

Exhibit D: Letter of Intent

Exhibit E: Form Completion and Performance Guaranty

Exhibit F: Form of Payment Guaranty

ARTICLE 2. PREDISPOSITION REQUIREMENTS

Section 2.1 Conditions Precedent to City’s Obligation to Ground Lease the Property. The requirements set forth in this Section 2.1 are conditions precedent to the City’s obligation to execute and close on the Ground Lease:

(a) Escrow Deposit. Lessee shall have deposited the Deposit in Escrow pursuant to Section 3.2(a);

(b) Initial Ground Lease Rent. Lessee shall have deposited the initial rent payment pursuant to the Ground Lease;

(c) Pre-Application Conference. Lessee shall have held a pre-application conference with the City to discuss the Improvements to be developed on the Property;

(d) Preliminary Design Plans. Lessee shall have timely delivered to and the City shall have approved the conceptual design plans pursuant to Section 4.1(b) below;

(e) No Default. Lessee shall not be in default of its obligations under this Agreement beyond any applicable cure period;

(f) City Council Approval of Ground Lease. The City Council shall have duly reviewed and approved the form of Ground Lease negotiated by the parties pursuant to this Agreement;

(g) Representations and Warranties. All representations and warranties of Lessee contained in any part of this Agreement shall be true and correct in all material respects.

(h) Closing Documents. Lessee shall have delivered to escrow duly executed copies of the following documents:

(i) Ground Lease;

(ii) Memorandum of Ground Lease in recordable form;

(iii) Completion and Performance Guaranty substantially in the form attached at Exhibit E hereto;

(iv) Such affidavits and other documents as the Title Company may reasonably request to issue a leasehold policy of title insurance; and

(v) Such other documents as may be reasonably required to effectuate the Closing of the Ground Lease.

Section 2.2 Conditions Precedent to Lessee's Obligation to Ground Lease the Property. The requirements set forth in this Section 2.2 are conditions precedent to Lessee's obligation to execute and close on the Ground Lease:

(a) No Default. Lessor shall not be in default of its obligations under this Agreement beyond any applicable cure period;

(b) City Council Approval of Ground Lease. The City Council shall have duly reviewed and approved the form of Ground Lease negotiated by the parties pursuant to this Agreement;

(c) Drive Thru Teller. The City shall have provided the Drive Thru Teller notice pursuant to Section 2.6;

(d) Closing Documents. Lessor shall have delivered to escrow duly executed copies of the following documents:

- (i) Ground Lease;
- (ii) Memorandum of Ground Lease in recordable form;
- (iii) Such affidavits and other documents as the Title company may reasonably request to issue a leasehold policy of title insurance;
- (iv) Such other documents as may be reasonably required to effectuate the Closing of the Ground Lease; and

(e) Title Insurance. Title Company shall be irrevocably committed to issue the leasehold Title Policy to Lessee for insuring the cost of the Improvements showing title to the Property vested in the City subject only to the Permitted Exceptions (as defined in Section 3.6 below) and the documents to be recorded under this Agreement.

(f) Representations and Warranties. All representations and warranties of the City contained in any part of this Agreement shall be true and correct in all material respects.

Section 2.3 Payment Guaranty.

Concurrent with execution of this Agreement, Lessee shall deliver to the City a duly executed original of the Payment Guaranty in the form attached hereto at Exhibit F. Failure to timely deliver the Payment Guaranty shall be a material default of this Agreement.

Section 2.4 **Ground Lease Negotiations**

(g) Ground Lease Negotiations and Termination Right: The Parties shall undertake good faith negotiations on the terms and conditions of a Ground Lease for the Property. The Ground Lease shall incorporate the material terms and conditions outlined in the LOI attached at Exhibit D, the additional terms and conditions outlined in Article 4 below and such other customary and commercially reasonable terms the parties may agree upon to effectuate the terms and conditions of this Agreement, the LOI and the redevelopment of the Property. If the parties are unable to reach agreement on a mutually acceptable ground lease within thirty (30) days of the Effective Date, then either party may terminate this Agreement upon written notice to the other party, the Deposit shall be promptly disbursed to Lessee as Lessee's sole and exclusive remedy, and thereafter neither party hereto shall have any further rights, obligations or liabilities hereunder except to the extent that any right, obligation or liability set forth herein expressly survives termination of this Agreement. The Parties may extend the thirty (30) day negotiation period upon written agreement executed by both Parties.

(h) City Council Review and Approval of Ground Lease. If the Parties timely reach a mutually agreeable form of Ground Lease, then the City shall as soon as practicable present such Ground Lease for review, consideration and approval by the City Council. Nothing herein shall be deemed or construed to require the City Council to approve the form of Ground Lease presented. If the Vancouver City Council does not approve the Ground Lease by Closing, then this Agreement shall terminate, the Deposit shall be returned to Lessee as Lessee's sole and exclusive remedy, and thereafter neither party hereto shall have any further rights, obligations or liabilities hereunder except to the extent that any right, obligation or liability set forth herein expressly survives termination of this Agreement.

Section 2.5 Lessee Due Diligence Contingency.

(a) City Due Diligence Materials. Within five (5) days after the Effective Date, City shall make available for inspection to Lessee documents relating to the Property only to the extent such items are in City's possession or control (collectively the "**Due Diligence Materials**").

(b) Lessee Due Diligence Contingency. Lessee shall have a period (the "**Due Diligence Period**") commencing on the Effective Date and continuing until the date that is sixty (60) days following the Effective Date, (the "**Due Diligence Expiration Date**") to examine any and all aspects of the Property, including without limitation grading, settling, soil composition and condition, drainage, hydrology, existence of Hazardous Materials (if any), structural aspects, easements, rights of way, feasibility, building and other permits, approvals, laws and restrictions, land use and other governmental conditions and restrictions, likelihood of condemnation, zoning matters, traffic and flight patterns, demographics, title matters, matters disclosed by a survey of the Property if Lessee should obtain such a survey and/or desire an ALTA policy of title insurance, contracts that will survive Closing (if any), income and expenses of the Property and each portion thereof (if any), matters that would be disclosed by investigations of the types contemplated by this Section 2.2, and all other matters related to the suitability of the Property for Lessee's intended purposes, use and investment. All square footages, dimensions and sizes (if any) in any materials furnished or made available by City are approximate. Lessee has been urged to independently verify all such information. Lessee has also been urged to conduct its own investigations regarding any impact the zoning of the Property and development regulations may have on Lessee's intended use of the Property. Lessee may perform invasive inspections, borings, sampling and testing of soils, water air or other materials by (x) submitting to City the scope and specifications for such testing; and (y) obtaining the prior written consent of the City for such testing.

(c) Access. Lessee may enter the Property to conduct its due diligence. Lessee shall be solely responsible for all costs of inspections and shall restore the Property to the same condition it was in prior to inspection. Lessee agrees to indemnify and defend City from all liens, costs, claims and expenses, including attorneys' fees and experts' fees, arising from or relating to entry onto or inspection of the Property by Lessee, its agents and representatives. This agreement to indemnify and defend City shall survive Closing or termination of this Agreement.

Section 2.6 Notice of Removal of Drive-Thru Teller Permit.

On or before Closing, the City shall have provided the permit holder (the "**Bank**") for the bank drive-thru teller located in the West 9th Street right-of-way between Columbia and Washington Streets a notice of termination and removal of such structures with a compliance date no later than 30 days prior to estimated commencement of construction of the podium.

ARTICLE 3. DISPOSITION OF PROPERTY

Section 3.1 Ground Lease.

Provided the pre-disposition requirements set forth in Article 2 have all been satisfied or waived and the additional closing conditions set forth in Section 3.5 have been satisfied or waived, the City shall ground lease to Lessee, and the Lessee shall ground lease from the City, the Property pursuant to the Ground Lease.

Section 3.2 Opening Escrow.

(a) Not later than three (3) days of the Effective Date of this Agreement Lessee shall deposit with Escrow the sum of Two Hundred and Fifty Thousand Dollars (\$250,000.00) (“**Deposit**”) in good funds, by federal wire transfer. If Lessee fails to timely deposit the Deposit, Seller shall have the right, as its sole remedy therefor, to terminate this Agreement by giving Lessee written notice.

(b) Upon the expiration of the Due Diligence Period in Section 2.2(a), unless Lessee shall have terminated this Agreement, the Deposit shall be fully earned by the City and shall be non-refundable to Lessee except in the event of a default by City as provided in Section 7.3 below, the failure of a condition precedent for the benefit of Lessee described in Sections 2.2 or 3.3, or as otherwise expressly set forth in this Agreement. If Lessee elects to terminate this Agreement prior to the Due Diligence Expiration Date or the Entitlement Expiration Date the Deposit shall be immediately refunded to Lessee and the parties shall owe each other no obligations except for those that survive the termination of this Agreement.

(c) Escrow Agent shall hold the Deposit in an interest-bearing account in accordance with the terms and conditions of this Agreement. All interest accruing on such sums shall become a part of the Deposit and shall be distributed as part of the Deposit to the party entitled to such distribution in accordance with the terms of this Agreement. Notwithstanding any provision of this Agreement to the contrary, in no event shall either party have any responsibility or liability to the other in connection with the accrual or payment of interest on any portion of the Deposit.

(d) At Closing the Deposit shall be disbursed to the City and held by the City as a security deposit under the Ground Lease and shall thereafter be governed by the terms and conditions of the Ground Lease.

Section 3.3 Title and Survey.

(a) Title Examination. Within ten (10) days after the Effective Date, City shall deliver or cause to be delivered to Lessee a preliminary leasehold report for the Property (the “**Title Commitment**”) from Title Company, and, to the extent available, a legible copy of each document referenced in the Title Commitment as an exception to title (each, an “**Exception**”). Lessee may, at its cost, obtain an ALTA survey of the Property (“**Survey**”) within twenty (20) days after the Effective Date.

(b) Approval. No later than thirty (30) days following Lessee’s receipt of the Title Commitment (the “**Title Exam Deadline**”), Lessee shall notify City in writing of Lessee’s objections to any matters shown in the Title Commitment and stating Lessee’s objections to such matters. Any item(s) contained in the Title Commitment to which Lessee does not timely object prior to the Title Exam Deadline, shall be automatically and irrevocably be deemed a Permitted Exception unless such item constitutes a Must Remove Exception (as defined in Section 3.3(c)(ii) below).

(c) Title Update; Title Objections; Cure of Title Objections.

(i) In the event, following the Title Exam Deadline, the Title Commitment is revised (each, a “**Title Update**”) to disclose an Exception that was not on the Title Commitment or any earlier Title Update, or if The Title Company reduces coverage in any way or refuses to issue any endorsement (each, a “**New Exception**”), Lessee shall have until the date (the “**Updated Title Exam Deadline**”) which is five (5) business days after Lessee’s receipt of such Title Update, to notify City in writing that Lessee objects to any matters shown in the Title Update and stating Lessee’s objections to such matters. Any item(s) contained in a Title Update to which Lessee does

not timely object prior to the applicable Updated Title Exam Deadline shall be automatically and irrevocably deemed a Permitted Exception unless such item constitutes a Must Remove Exception.

(ii) City agrees that any of the following shown on the Title Commitment or any Title Update shall not constitute Permitted Exceptions and shall be cured or removed by City on or prior to Closing regardless of whether objected to by Lessee as provided in Section 3.3(b) or 3.3(c)(i): (A) any judgment liens against City for a defined and ascertainable amount, (B) any mechanics liens for a defined and ascertainable amount for work performed requested by or on behalf of the City, and (C) any Exception created voluntarily by City after the effective date of the Title Commitment, unless Lessee has approved of such Exception (collectively, the “**Must Remove Exceptions**”).

(iii) In the event Lessee shall timely notify City of objections to Exceptions shown in the Title Commitment, Survey or a Title Update prior to the applicable Title Exam Deadline or Updated Title Exam Deadline and in accordance with Section 3.3(b) or 3.3(c)(i), City shall have the right, but not the obligation, to cure such objections. Within five (5) days after receipt of the applicable Lessee’s notice of objections (whether to the Title Commitment, Survey or any Title Update), City shall notify Lessee in writing whether City elects to attempt to cure any or all of such objections (the “**City’s Cure Notice**”). If City elects to attempt to cure, and provided that Lessee shall not have terminated or be deemed to have terminated this Agreement in accordance with Sections 2.2(a) or (b) hereof, City shall have until the Closing Date to attempt to remove, satisfy or cure the same. Any Title Exception objected to by Lessee shall be deemed cured if it is removed as an exception in the Title Policy (including, through the posting of a bond) or if Title Company issues an endorsement insuring over such exception in a form reasonably acceptable to Lessee, which benefits not only Lessee but its successor and assigns who acquire an interest in the Property.

(iv) If City elects not to cure any matters properly objected to by Lessee in accordance with Section 3.3(b) or 3.3(c)(i) above, or if City is unable to effect a cure of those objections which it elected to cure prior to the Closing and so notifies Lessee in writing, or if City fails to respond to Lessee’s notice within said five (5) day period (which shall be deemed City’s election to not cure), Lessee shall have the following options to be exercised by Lessee in strict accordance with Section 3.3(c)(v) below: (A) to ground lease the Property subject to the those uncured objections; or (B) to terminate this Agreement by sending written notice thereof to City, and upon delivery of such notice of termination, this Agreement shall terminate and the Deposit shall be returned to Lessee as Lessee’s sole and exclusive remedy, and thereafter neither party hereto shall have any further rights, obligations or liabilities hereunder except to the extent that any right, obligation or liability set forth herein expressly survives termination of this Agreement.

(v) Lessee shall, within three (3) Business Days after receipt of City’s Cure Notice (or if no notice is given, within three (3) Business Days after expiration of the five (5) day period for Seller to provide the Seller’s Cure Notice) notify City in writing whether Lessee shall elect to accept the conveyance under clause (A) or to terminate this Agreement under clause (B) of Section 3.3(c)(iv) above. Lessee’s failure to notify City of termination of this Agreement within such three (3) business day period shall be deemed to be an election under clause (A) of Section 3.3(d)(iv) above.

(e) Title Policy. City agrees to execute an owner’s affidavit (“**Title Affidavit**”) in such form as the Title Company shall require for the issuance of the Title Policy. At Closing, the Title Company shall issue to Lessee at Closing a Leasehold Policy of Title Insurance (“**Title Policy**”), and if requested by or binding commitment to issue the Title Policy, provided that City shall not be required to cure any title exceptions or incur any liability in connection with the issuance of such policy (other than in connection

with the execution of the Title Affidavit as set forth above) unless expressly required hereunder or unless Seller elects under this Section 3.3. Furthermore, Lessee's request for extended coverage and/or endorsement shall not in way be a condition to or cause a delay in Closing, unless such endorsement is due to a cure elected by City under Section 3.3(c)(iii).

Section 3.4 Covenants of City Prior to Closing. During the period from the Effective Date until the earlier of (a) the Closing or (b) the termination of this Agreement, City shall, in addition to the covenants set forth elsewhere in this Agreement:

- (a) Maintain existing insurance coverage for the Property;
- (b) Not permit or suffer to exist any encumbrance, charge or lien to be placed or claimed upon the Property unless such encumbrance, charge or lien has been approved in writing by Lessee, or unless such encumbrance, charge or lien will be removed by City prior to the Closing;
- (c) Cause all Leases and tenancies of any portion of the Property to be terminated as of the Closing Date except for that Construction Parking Bulk Lease between the City and NASH-Holland Washington & Sixth, LLC with an effective Date of May 1, 2019;
- (d) Not enter into any new contracts or leases affecting the Property which extend past the Closing Date or amend any current contracts or leases affecting the Property, without the prior written consent of Lessee, which consent may be withheld in Lessee's sole discretion;
- (e) Maintain the Property and keep the Property in substantially the same condition on the Closing Date as on the Effective Date normal wear and tear and casualty or condemnation excepted;
- (f) Not sell, mortgage, pledge, hypothecate or otherwise transfer or dispose of all or any part of the Property or any interest therein (except in the ordinary course of business);
- (g) Comply with all laws applicable to the Property, or the use or occupancy thereof, or any operations or activities therein or thereon;
- (h) Comply with all existing permits, licenses and approvals required for the use and occupancy of, and all operations activities on, the Property, and keep all such permits, licenses and approvals in full force and effect; and
- (i) Not take any other action which would violate any laws applicable to the Property, or which would have an adverse effect upon the Property, or upon Lessee after Closing.

Section 3.5 Closing.

The Closing Date shall occur within thirty (30) days following the date on which all conditions precedent to conveyance set forth in Article 2 have been satisfied or waived, but in no event later than December 31, 2019 subject to satisfaction or waiver of the conditions in Article 2.

Section 3.6 Condition of Title.

On the Closing Date, City shall deliver possession of the Property to Lessee subject only to the Exceptions which are listed below in this Section 3.6 (the "**Permitted Exceptions**"):

- (a) applicable building and zoning laws and regulations;

- (b) the provisions of this Agreement;
- (c) items appearing of record or shown on the Title Commitment and, in any case, not objected to by Lessee or waived or deemed waived by Lessee in accordance with Sections 3.3(b) and 2.2(c) hereof;
- (d) any recordable documents which the parties hereto may mutually direct to be recorded against the Property or required to be recorded by Lessee's lender in connection with its financing;
- (e) any matter shown on the Survey (or would be shown on a correct survey); and
- (f) the Construction Parking Bulk Lease between the City and NASH-Holland Washington & Sixth, LLC with an effective date of May 1, 2019.

Section 3.7 Condition of Property.

(a) "AS IS" CONVEYANCE. LESSEE SPECIFICALLY ACKNOWLEDGES AND AGREES THAT IT IS GROUND LEASING THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT LESSEE IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM THE CITY AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER; (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY; (D) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE; (E) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF THE PROPERTY; (F) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY; (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS IN, ON, AT, UNDER OR ABOUT THE PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY; AND (H) THE CONDITION OF TITLE TO THE PROPERTY. LESSEE AFFIRMS THAT LESSEE HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE CITY OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE CITY MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. LESSEE ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY). LESSEE UNDERTAKES AND

ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

(b) Survival. The terms and conditions of this Section 3.7 shall expressly survive the Closing Date. The City is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any contractor, agent, employee, servant or other person except as set forth herein. Lessee has fully reviewed the disclaimers and waivers set forth in this Agreement with Lessee's counsel and understands the significance and effect thereof.

(c) Acknowledgment. Lessee acknowledges and agrees that: (1) to the extent required to be operative, the disclaimers of warranties contained in this Section are "conspicuous" disclaimers for purposes of all applicable laws and other legal requirements; and (2) the disclaimers and other agreements set forth herein are an integral part of this Agreement, that the City would not have agreed to ground lease the Property to Lessee pursuant to this Agreement without the disclaimers and other agreements set forth in this Section 3.6.

(d) Lessee's Release of the City. Lessee, on behalf of itself and anyone claiming by, through or under Lessee hereby waives its right to recover from and fully and irrevocably releases the City, its governing council, employees, officers, directors, representatives, and agents (the "**Released Parties**") from any and all claims, responsibility and/or liability that Lessee may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to: (1) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever; (2) any presence of Hazardous Materials; and (3) any information furnished by the Released Parties under or in connection with this Agreement except as set forth herein.

(e) Scope of Release. The release set forth in Section 3.6(d) hereof includes claims of which Lessee is presently unaware or which Lessee does not presently suspect to exist which, if known by Lessee, would materially affect Lessee's release of the Released Parties. Lessee specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, Lessee agrees, represents and warrants that Lessee realizes and acknowledges that factual matters now unknown to Lessee may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Lessee further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Lessee nevertheless hereby intends to release, discharge and acquit the City from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses.

Section 3.8 Costs of Escrow and Closing.

City shall pay the cost for a standard leasehold insurance policy. Lessee shall pay the cost for ALTA coverage and any other endorsements, transfer tax, Title Company document preparation, recordation fees and the escrow fees of the Title Company, if any, and any additional costs to close the Escrow.

Section 3.9 Real Estate Commissions.

City and Lessee each represent and warrant to the other that it has not engaged, in any manner, any broker or finder nor incurred any liability for any brokerage or finders' fees or commissions, in connection with this Agreement or the transactions contemplated thereby. City and Lessee shall indemnify, defend and hold harmless each other from and against any and all claims incurred or asserted against the other, and from and against all losses, liabilities, damages, costs and expenses, including reasonable attorneys' fees, actually incurred by the other as a result of any claims of any broker or finder in connection with this Agreement or the transactions contemplated thereby where such claims are allegedly based on actions of the indemnifying party or its agents or representatives.

The provisions of this Section 3.9 shall survive termination of this Agreement.

ARTICLE 4. ADDITIONAL GROUND LEASE TERMS

The Ground Lease negotiated by the parties shall include the terms already agreed to in the LOI attached at Exhibit D and such other mutual acceptable and customary terms of a ground lease. In addition, the Ground Lease shall contain terms that substantially conform to the intent of the following provisions:

Section 4.1 Permits and Conceptual Plan Approval

(a) Approval of Permits for Improvements. Lessee shall secure all permits and approvals needed to construct the Improvements. Lessee shall use commercially reasonable efforts to apply for and secure all necessary permits and approvals to construct the Improvements as set forth in the Schedule of Performance attached hereto as Exhibit B. Failure to secure permits by the target deadlines in Schedule B shall not constitute an event of default.

Lessee acknowledges that execution of this Agreement by the City does not constitute approval by the City of any required or additional permits, applications, or other required approvals, if any, and in no way limits the discretion of the City in the permit approval process.

(b) Conceptual Design Plans. By the date identified in Schedule B, Lessee shall submit conceptual design plans for the Improvements, including the most current plan set available, to the City for the City's review and approval.

The City shall approve or disapprove the conceptual design plans for the Improvements in writing within thirty (30) days following the City's receipt of the conceptual design plans for the Improvements. If the conceptual design plans for the Improvements are disapproved by the City, the City shall deliver a written notice to Lessee setting forth, in reasonable detail, the reasons for such disapproval. Lessee shall have fifteen (15) days following the receipt of such notice to submit revised conceptual design plans for the Improvements.

Lessee acknowledges that execution of this Agreement by the City does not constitute approval by the City of any required or additional permits, applications, or other required approvals, if any, and in no way limits the discretion of the City in the permit approval process.

Section 4.2 Improvements to Conform to Design Renderings.

Unless modified by operation of Section 4.3, the Improvements shall be designed and constructed substantially in accordance with the approved conceptual design plans. The Improvements shall be constructed in a good and workmanlike lien free manner and the terms and conditions of the land use permits and approvals and building permits granted by the City.

Section 4.3 Change in Design or Construction of Improvements.

(a) Within the timeframe set forth in the Schedule of Performance, the City shall prepare and present to the Vancouver City Council an amendment to section 20.630.020 “Building Lines” of the Vancouver Municipal Code to allow the Improvements to overhang the public right-of-way at a height of not less than twelve feet up to a maximum height of 85 feet and with a maximum overhang of not more than five (5) feet. The code revision would authorize a charge of \$1.40 per square foot of total floor area located in the right-of-way. The fee may be increased by percentage increase in the Consumer Price Index subject to a 3% cap (“**Code Amendment**”). Lessee agrees that the provision shall not be construed as a binding obligation on the City to amend the VMC and the City Council retains the sole and absolute discretion to approve this amendment to the VMC in accordance with their approval criteria.

(b) In the event the City does not approve the Code Amendment, City acknowledges that Lessee will be required to amend the scope of the Improvements to reduce their size (“**Overhang Redesign**”). Lessee shall propose changes in the Improvements to conform to existing zoning regulations. Lessee shall submit the Overhang Redesign to the City for its prior review and approval (which shall be separate from the City’s permit review and approval process), which approval shall not be unreasonably conditioned, withheld or delayed. City and Lessee shall work in good faith to agree upon the Overhang Redesign.

(c) The approval of changes in the Construction Plans by the City pursuant to this Section shall be in addition to any approvals required to be obtained from the City pursuant to building permit requirements. Approval of changes in the Construction Plans by the City shall not constitute approval by the City and shall in no way limit the City’s discretion in approving changes to the Construction Plans.

Section 4.4 Property Tax Exemption.

Subject to Holland submitting a complete the application and information as required and in compliance with the VMC Chapter 3.22, the parties hereby confirm and agree that the City will consider conditional approval of the eight (8) year tax exemption with 20% of the units renting at no more than 100% Area Median Income which shall be applicable to a five story multi-family building with approximately 105 to 110 units constructed substantially in accordance with the architectural elevations attached hereto as Exhibit C. Nothing herein shall be deemed an approval of such tax exemption.

Section 4.5 Commencement of Construction Improvements.

(a) Lessee shall commence construction of the Improvements no later than the date set forth in the Schedule of Performance. Lessee’s failure to commence construction by the deadline in the Schedule of Performance, subject to delay due to force majeure or an Overhang Redesign, shall constitute an event of default under the Ground Lease and shall entitle the City to exercise its remedies under the Ground Lease including without limitation to terminate the Ground Lease.

(b) Prior to the start of construction, Lessee shall give sixty (60) days’ written notice to the Vancouver Downtown Association (“**VDA**”) to remove improvements installed by VDA at the Property. If VDA does not remove the improvements before construction, Lessee shall remove and deliver such improvements to the VDA at Lessee’s sole cost and expense.

Section 4.6 Completion of the Improvements.

Lessee shall diligently prosecute to completion the construction of the Improvements no later than the date set forth in the Schedule of Performance. Lessee's failure to complete the Improvements by the deadline in the Schedule of Performance, subject to delay due to force majeure or an Overhang Redesign, shall constitute an event of default under the Ground Lease and entitle City to exercise its remedies under the Ground Lease including without limitation the City's rights under the Performance Obligation and Guaranty.

Section 4.7 Progress Report.

Until such time as Lessee has completed construction of the Improvements, as evidenced by issuance of final Certificates of Occupancy by the City for the Development, Lessee shall provide the City with monthly progress reports, or more frequent updates if City reasonably requires, regarding the status of the Development.

Section 4.8 Construction Responsibilities.

(a) It shall be the responsibility of Lessee to coordinate and schedule the work to be performed so that commencement and completion of construction will take place in accordance with this Agreement including without limitation the Schedule of Performance.

(b) Lessee shall be solely responsible for all aspects of Lessee's conduct in connection with the Development, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and managers. Any review or inspection undertaken by the City with reference to the Development is solely for determining whether Purchaser is properly discharging its obligations to the City and should not be relied upon by Lessee or by any third parties as a warranty or representation by the City as to the quality of the design or construction of the Development.

Section 4.9 Certificate of Completion.

Promptly after completion of all the Improvements on the Property in accordance with those provisions of this Agreement relating solely to the obligations of Lessee to construct the Improvements, the City shall provide an instrument so certifying the completion of the Improvements on the Property (the "**Certificate of Completion**"). The Certificate of Completion shall be conclusive determination that the covenants in this Agreement with respect to the obligations of Lessee to construct the Improvements on the Property have been met and provide grounds for termination of this Agreement as an encumbrance on the Property. Issuance of a Certificate of Completion by the City, however, shall not terminate the indemnity obligations of Lessee that survive the termination of this Agreement. The issuance of such Certificate of Completion shall be in addition to any approvals required to be obtained from the City pursuant to building permit requirements concerning temporary or permanent occupancy of the Improvements and such issuance shall City shall not constitute approval by the City regrading occupancy or any way limit the City's discretion in approving the Improvements for temporary or permanent occupancy.

Section 4.10 Entry by the City.

Lessee shall permit the City, through its officers, agents, or employees, at all reasonable times to enter into the Development after reasonable advanced written notice and acceptance by Lessee: (a) to inspect the work of construction to determine that the same is in conformity with the requirements of this Agreement; and (b) following completion of construction, to inspect the ongoing operation and management of the Development to determine that the same is in conformance with the requirements of

this Agreement. Purchaser acknowledges that the City is under no obligation to supervise, inspect, or inform Lessee of the progress of construction, or operations and Lessee shall not rely upon the City therefore. Any inspection by the City during the construction is entirely for its purposes in determining whether Lessee is in compliance with the Ground Lease and is not for the purpose of determining or informing Lessee of the quality or suitability of construction. Lessee shall rely entirely upon its own supervision and inspection in determining the quality and suitability of the materials and work, and the performance of architects, subcontractors, and material suppliers.

ARTICLE 5. REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of City.

City hereby makes the following representations and warranties to Lessee as of the Effective Date, which representations and warranties shall be deemed re-made as of the Closing, subject to the qualifications and exceptions provided in this Agreement:

(a) **Organization and Authority.** City is a Washington municipal corporation. City has the full right and authority to enter into this Agreement and to ground lease all of the Property and to otherwise consummate or cause to be consummated the transactions contemplated herein. The person signing this Agreement on behalf of City is authorized to do so. No consent, approval or action of, filing with or notice to any governmental or regulatory authority or any other person or entity on the part of City is required in connection with the execution, delivery and performance of Agreement or the consummation of the transactions contemplated.

(b) **No Breach.** The execution, delivery and performance of this Agreement by City and the consummation of the transaction contemplated herein will not: (i) to City's knowledge, result in a breach or acceleration of or constitute a default or event of termination under the provisions of any agreement or instrument by which the Property is bound or affected which would have a material adverse impact on the value of the Property or Lessee's ability to ground lease the Property; (ii) except for the Ground Lease, result in the creation or imposition of any lien, charge or encumbrance, against the Property or any portion thereof; or (iii) constitute or result in the violation or breach by City of any judgment, order, writ, injunction or decree issued against or imposed upon City or, to City's knowledge, result in the violation of any applicable law, rule or regulation of any governmental authority.

(c) **Litigation.** City has not received written notice of any litigation, claim, suit, hearing or investigation which has been filed or served against City or, to City's knowledge, the Property, that arises out of the ownership of the Property or would materially and adversely affect City's ability to perform its obligations hereunder.

(d) **Condemnation.** City has not received written notice of any pending condemnation proceedings relating to the Property, and to City's knowledge no such proceeding has been threatened.

(e) **Hazardous Materials.** To City's knowledge, except as disclosed in writing to Lessee City has received no written notice that the Property is in violation of any Hazardous Materials Laws.

Section 5.2 City's Knowledge.

The term “City’s knowledge” or any reference thereto shall mean and apply to the actual knowledge of the Community and Economic Development Director without any investigation or inquiry having been made or any implied duty to investigate or to make any inquiries.

Section 5.3 Survival of City 's Representations and Warranties; Indemnification.

City’ liability with respect to the representations and warranties of City set forth in this Agreement shall survive the Closing Date for a period of twelve (12) months (the “**Survival Period**”). From and after the Closing and until the end of the Survival Period City shall indemnify, defend and hold harmless Lessee, and each of Lessee’s members, managers, employees, agents, successors and assigns (“**Lessee Parties**”), from and against any and all claims, demands, actions, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including interest, penalties and reasonable attorneys’ fees, that Lessee shall incur or suffer as a result of, or that arise, result from or relate to any intentional, material breach of any of City’s representations, warranties or covenants under this Agreement.

Section 5.4 Representations and Warranties of Lessee.

Lessee hereby represents and warrants to City:

(a) ERISA. Lessee is not financing the ground lease or construction of Improvements on the Property with the assets of an employee benefit plan as defined in Section 3(3) of ERISA.

(b) Organization and Authority. Lessee has been duly organized or formed and is validly existing under the laws of Washington. Lessee has the full right, power and authority to ground lease the Property as provided in this Agreement and to carry out Lessee’s obligations hereunder, and all requisite action necessary to authorize Lessee to enter into this Agreement and to carry out its obligations hereunder have been, or by the Closing will have been, taken. The person signing this Agreement on behalf of Lessee is authorized to do so, and this Agreement is enforceable against Lessee in accordance with its terms, subject to bankruptcy, insolvency and similar laws.

(c) Pending Actions. There is no action, suit, arbitration, unsatisfied order or judgment, government investigation or proceeding pending against Lessee which, if adversely determined, could individually or in the aggregate materially interfere with Lessee’s ability to consummate of the transaction contemplated by this Agreement.

(d) Patriot Act and OFAC Compliance. Neither Lessee nor, to Lessee’s knowledge, any individual or entity having any interest in Lessee is (i) listed on the Specially Designated Nationals and Blocked Persons List or any other similar list maintained by the Office of Foreign Assets Control or the U.S. Department of the Treasury, pursuant to any authorizing statute, executive order or regulation; or (ii) a “specially designated global terrorist” or other person listed on Appendix A to Chapter V of 31 C.F.R., as the same has been from time to time updated and amended; or (iii) a person either (A) included within the term “designated national” as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515; or (B) designated under Sections 1(a), 1(b), 1(c) or 1(d) of Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 25, 2001) or a person similarly designated under any related enabling legislation or any other similar Executive Orders.

(e) Corporate Headquarters. Lessee shall cause Holland Partner Group to lease no less than two (2) full floors, containing approximately 40,000 square feet, of the Improvements for a base lease term

of no less than 10 years and shall cause Holland Partner Group to relocate its Corporate Headquarters to such leased premises upon completion of construction.

Section 5.5 Survival of Lessee's Representations and Warranties.

Lessee's liability with respect to the representations and warranties of Lessee set forth in this Agreement shall survive the Closing.

**ARTICLE 6.
DEFAULT AND REMEDIES**

Section 6.1 General Applicability.

The provisions of this Article shall govern the Parties' remedies for breach or failure of this Agreement.

Section 6.2 Default by Lessee.

If Lessee shall default in the performance of any of its obligations to be performed on or before the Closing Date and such default shall continue for seven (7) Business Days after written notice to Lessee, City, as its sole and exclusive remedy, may terminate this Agreement and receive the Deposit as liquidated damages for the breach of this Agreement, it being agreed between the parties hereto that the actual damages to City in the event of such breach are impractical to ascertain and the amount of the Deposit is a reasonable estimate thereof. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE DEPOSIT HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF CITY'S DAMAGES AND AS CITY'S EXCLUSIVE REMEDY AGAINST LESSEE, AT LAW OR IN EQUITY, IN THE EVENT OF A DEFAULT TO CONSUMMATE THE GROUND LEASE CONTEMPLATED BY THIS AGREEMENT ON THE PART OF LESSEE. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO CITY.

INITIALS: City _____ Lessee _____

Nothing contained in this Section 6.2 shall limit or prevent City from (i) enforcing any indemnity obligation of Lessee under this Agreement or preclude City from obtaining a damage award in connection therewith, or (ii) enforcing Lessee's other obligations and liabilities which survive a termination of this Agreement other than entering into the Ground Lease.

Section 6.3 Default by City. If City defaults in its obligation to close this Agreement (and such default shall continue for seven (7) Business Days after written notice to City), Lessee shall be entitled, as its sole and exclusive remedy shall elect either: (i) to terminate this Agreement, in which event (A) the Deposit shall be promptly returned to Lessee and (B) all other rights and obligations of City and Lessee hereunder (except those set forth herein which expressly survive a termination of this Agreement) shall terminate immediately; or (ii) to waive such matter or condition and proceed to Closing with no change to the agreed upon ground lease terms in the LOI. Notwithstanding the preceding sentence, if, at the Closing, City fails

to comply in any material respect with any of its obligations contained in Section 3.4 (the “**Closing Obligations**”), and if all conditions precedent to City’s obligations hereunder have been waived or satisfied, Lessee shall have, in lieu of Lessee’s remedies contained in the preceding sentence, the option to waive all other actions, rights, or claims for damages for the failure to perform such Closing Obligations (other than costs and expenses incurred in enforcing this Agreement and its right to enforce the indemnities and other provisions of this Agreement which expressly survive a termination of this Agreement or Closing), and to bring an equitable action to specifically enforce the Closing Obligations; provided, Lessee’s suit for specific performance shall be filed against City in a court having jurisdiction in the county and state in which the Property is located, on or before forty-five (45) days following the date the Closing Date should have occurred, failing which, Lessee shall be barred from enforcing this Agreement by specific performance and shall be deemed to have elected to terminate this Agreement as provided herein. If Lessee files a suit to enforce the Closing Obligations by specific performance, Lessee shall accept the Property from City subject only to the Permitted Exceptions. Other than as expressly provided herein, Lessee hereby waives any right to any damages resulting from City’s failure to perform its Closing Obligations or in the event of City’s default hereunder. The foregoing waiver is a material inducement to Seller in entering into this Agreement and shall survive the termination or expiration of this Agreement.

ARTICLE 7. GENERAL PROVISIONS

Section 7.1 Notices, Demands and Communications.

Formal notices, demands, and communications between the City and Lessee shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail/return receipt, or delivered personally, to the principal offices of the City and Lessee as follows:

City:

City of Vancouver
415 West 6th Street
Vancouver, WA 98660
Attn:

With a Copy to:

City of Vancouver
415 West 6th Street
Vancouver, WA 98660
Attn: City Attorney

Houlihan Law PC
303 E. 16th Street, Suite 201
Vancouver, WA
John@houlihan-law.com
jt@houlihan-law.com

Lessee:
Holland Acquisition Co., LLC
c/o Holland Partner Group

1111 Main Street, Suite 700
Vancouver, WA 98660
Attn: Principal Staff Officer / Notices
notices@hollandpartnergroup.com

With a Copy to:
The Oregon Law Group
1675 SW Marlow Avenue, Suite 404
Portland, OR 97225
Attn: Joel Kaplan
notices@oregonlawgroup.com

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected party may from time to time designate in writing. No party shall evade or refuse delivery of any notice.

Section 7.2 Non-Liability of City Officials, Employees and Agents.

No member, official, employee or agent of the City shall be personally liable to Lessee, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to Lessee or successor or on any obligation under the terms of this Agreement.

Section 7.3 Force Majeure Delay.

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of god; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; litigation (including suits filed by third parties concerning or arising out of this Agreement); inability to secure necessary labor, materials or tools; acts or failure to act of any public or governmental agency or entity (other than the acts or failure to act of the City); or any other causes (other than Lessee's inability to obtain financing for the Improvements) beyond the reasonable and foreseeable control or without the fault of the party claiming an extension of time to perform. An extension of time for any cause will be deemed granted if notice by the party claiming such extension is sent to the other within ten (10) days from the date the party seeking the extension first discovered the cause. Times of performance under this Agreement may also be extended in writing by the City and Lessee. In no event shall the cumulative delays exceed one hundred eighty (180) days, unless otherwise agreed to by the Parties in writing.

Section 7.4 Title of Parts and Sections.

Any titles of the articles, sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any part of its provision.

Section 7.5 General Indemnification.

Each Party (the “**Indemnifying Party**”) agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the other Party) the other Party (the “**Indemnified Party**”) and its respective governing council members, managers and employees, from all suits, actions, claims, causes of action, administrative proceedings, arbitrations, enforcement actions, costs, demands, judgments and liens arising out of Indemnifying Party's performance or non-performance under this Agreement, or any other

agreement executed pursuant to this Agreement, or arising out of acts or omissions of any of Indemnifying Party's contractors, subcontractors, or persons claiming under any of the aforesaid, except as directly caused by the Indemnified Party's willful misconduct or gross negligence. The provisions of this Section shall survive termination of this Agreement.

Section 7.6 Applicable Law.

This Agreement shall, in all respects, be governed, interpreted and enforced under and pursuant to the laws of the State of Washington.

Section 7.7 Severability.

If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 7.8 Venue.

In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the venue for such action shall be the Superior Court of Clark County, Washington.

Section 7.9 Binding Upon Successors.

(a) This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the Parties hereto. Any reference in this Agreement to a specifically named party shall be deemed to apply to any successor, heir, administrator, executor or assign of such party who has acquired an interest in compliance with the terms of this Agreement, or under law.

(b) The covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property. However, on the termination of this Agreement, such covenants and restrictions shall expire except to the extent of the specific terms and conditions of any recorded documents. Each and every contract, ground lease, or other instrument hereafter executed covering or conveying the Property shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed, or other instrument, unless the City expressly releases the Property from the requirements of this Agreement.

Section 7.10 Parties Not Co-Venturers.

Nothing in this Agreement is intended to or does establish the Parties as partners, joint-venturers, co-venturers, or principal and agent with one another.

Section 7.11 No Third-Party Beneficiaries.

No person or entity other than the City, Lessee, and their permitted successors and assigns shall have any right of action under this Agreement.

Section 7.12 Time is of the Essence.

In all matters under this Agreement, the Parties agree that time is of the essence.

Section 7.13 Action by the City.

Except as may be otherwise specifically provided in this Agreement, whenever any approval, notice, direction, finding, consent, request, waiver, or other action by the City is required or permitted under this Agreement, such action may be given, made, or taken by the City Attorney or by any person who shall have been designated in writing to Lessee by the City Manager, without further approval by the City Council. Any such action shall be in writing.

Section 7.14 Discretion Retained by City.

The City's execution of this Agreement does not constitute approval by the City and in no way limits the discretion of the City as part of the permit and approval process under applicable City Ordinances in connection with design, permitting and construction of the Improvements.

Section 7.15 Complete Understanding of the Parties.

This Agreement may be executed in counterparts and multiple originals. This Agreement and the attached exhibits constitute the entire understanding and agreement of the Parties with respect to the matters set forth in this Agreement.

Section 7.16 Amendments.

The Parties can amend this Agreement only by means of a writing executed by all Parties.

Section 7.17 Implementation Agreements.

The Parties acknowledge that the provisions of this Agreement require a close degree of cooperation and that new information and future events may demonstrate that changes are appropriate with respect to the details of performance of the Parties under this Agreement. The Parties desire, therefore, to retain a certain degree of flexibility with respect to the details of performance for those items covered in general terms under this Agreement. If and when, from time to time, the Parties find that refinements or adjustments are desirable, such refinements or adjustments shall be accomplished through operating memoranda or implementation agreements mutually approved in writing and signed by the Parties which, after execution shall be attached to this Agreement as addenda and become a part hereof. Operating memoranda or implementation agreements may be executed on the City's behalf by the City Attorney or any person who shall have been designated in writing to Lessee by the City Manager. In the event a particular subject requires notice or hearing, such notice or hearing shall be appropriately given. Notwithstanding the foregoing, nothing in this Section shall be deemed to require the City to consider any request by Lessee for a waiver of any particular obligation as set forth herein.

Section 7.18 Assignment.

Lessee shall be permitted to assign this Agreement, the Deposit and the rights of Lessee in connection therewith, once to a "Lessee's Affiliate" without the prior written consent of City, provided that Lessee delivers written notice no later than 10 days prior to the effective date of such assignment which shall provide reasonable evidence that the assignee is a "Lessee Affiliate" as defined herein. "Lessee's

Affiliate” means (a) any entity that directly or indirectly controls, is controlled by or is under common control with Lessee or (b) any entity at least a majority of whose economic interest is owned by Lessee. The term “control” means the power to direct the management of such entity through voting rights, ownership or contractual obligations. Except for the first assignment to a Lessee’s Affiliate, Lessee shall not assign its rights under this Agreement without the prior written consent of City which may be granted, denied or conditioned in the City’s sole and absolute discretion. No assignments shall relieve the assigning party from its obligations under this Agreement.

Section 7.19 Attorney Fees.

If any action or proceeding is commenced by either party to enforce their rights under this Agreement or to collect damages as a result of the breach of any of the provisions of this Agreement, the substantially prevailing party in such action or proceeding, including any appellate proceedings, shall be entitled to recover all reasonable costs and expenses, including, without limitation, reasonable attorneys’ fees and court costs, in addition to other relief awarded by the court.

Section 7.20 Construction.

The Parties acknowledge that they have each reviewed and revised this Agreement with their respective counsel and that the normal rule of construction that provides for ambiguities to be construed against the drafter shall not be applied when interpreting this Agreement.

Section 7.21 Multiple Originals; Counterparts.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the Effective Date.

LESSOR:

THE CITY OF VANCOUVER, a Washington municipal corporation,

By: _____
Name: _____
Title: _____

LESSEE:

HOLLAND ACQUISITION CO., LLC,

By: Holland Partner Group Management, Inc.
its Manager

By: _____
Clyde Holland
Chairman and CEO

ACCEPTANCE BY ESCROW AGENT:

Fidelity National Title hereby acknowledges that it has received a fully executed original or original executed counterparts of the foregoing Purchase and Sale Agreement and Joint Escrow Instructions and agrees to act as Escrow Agent thereunder and to be bound by and strictly perform the terms thereof as such terms apply to Escrow Agent.

Dated: _____, 2019

Fidelity National Title

By: _____
Name: _____
Title: _____

EXHIBIT A
LEGAL DESCRIPTION OF THE LAND

Lots 1, 2, 3, 4, 5, 6, 7, and 8, Block 10 West Vancouver according to the plat thereof recorded in Volume B of Plats, Page 40, records of Clark County Washington.

EXHIBIT B SCHEDULE OF PERFORMANCE

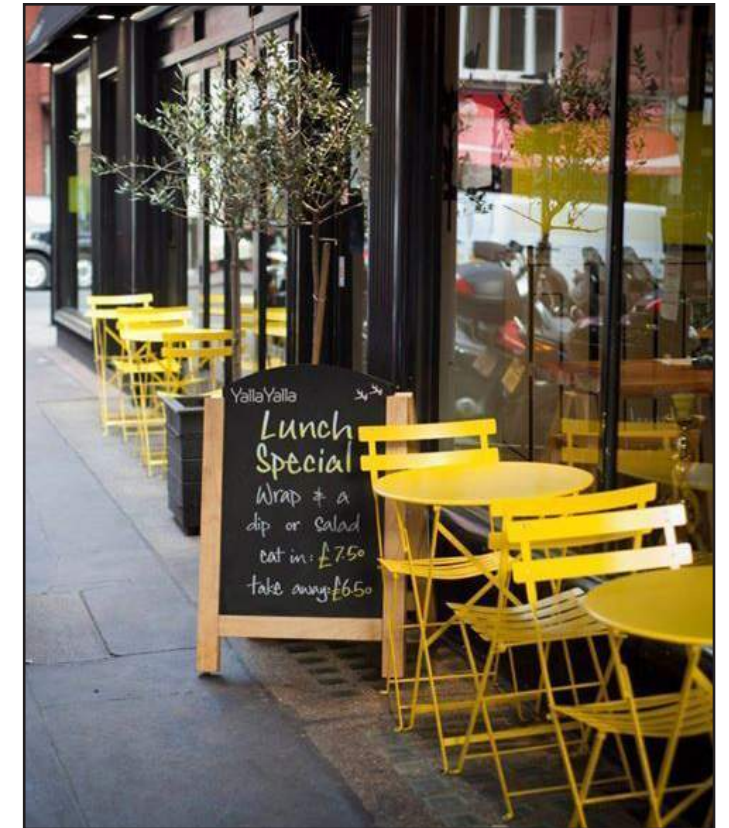
This Schedule of Performance summarizes the proposed schedule for various milestones under the Ground Lease. The description of items in this Schedule of Performance is meant to be descriptive only, and shall not be deemed to modify in any way the provisions of the Disposition and Development Agreement to which such items relate. Except for the commencement of construction and completion of construction, the Completion dates noted below are goals not deadlines, and so long as Lessee uses commercially reasonable diligence and efforts to complete the milestones set for the below and the Improvements, the failure to complete a milestone by the corresponding Date of Completion shall not constitute a failure of a condition or a default under the Agreement.

Lessee shall consult with Agency staff informally as necessary concerning such submission in order to assure that such submission will be complete and in a proper form.

Item	Milestone	Target Submission Date (if applicable)	Target Date of Completion
1.	Submission of Code Amendment to VMC 20.630.020		
2.	Pre-Application Meeting		30 days from Effective Date
3.	Site Approvals	November 14, 2019	60 days from submission
4.	City Council to hold public hearing on Code Amendment		November 18, 2019
5.	Delivery of conceptual design plans	November 14, 2019	
6.	Shoring & Excavation Permit	February 5, 2020	March 18, 2020
7.	Commence Construction		May 31, 2020
8.	Podium Building Permit	March 31, 2020	June 9, 2020
9.	Office Core & Shell Permit	June 10, 2020	September 2, 2020
10.	Multi Family Building Permit	June 10, 2020	September 2, 2020
11.	Tenant Improvement Permit	February 4, 2021	April 29, 2021
12.	Completion of Construction		30 months after issuance of Shoring and Excavation Permit

EXHIBIT C
DESIGN RENDERINGS

Block 10 | 8th & Washington Vancouver WA | Concept



Context Aerial View



Concept Renderings



Concept Renderings



Concept Renderings



Concept Renderings



Concept Massing in Context

Looking North East



Looking North West



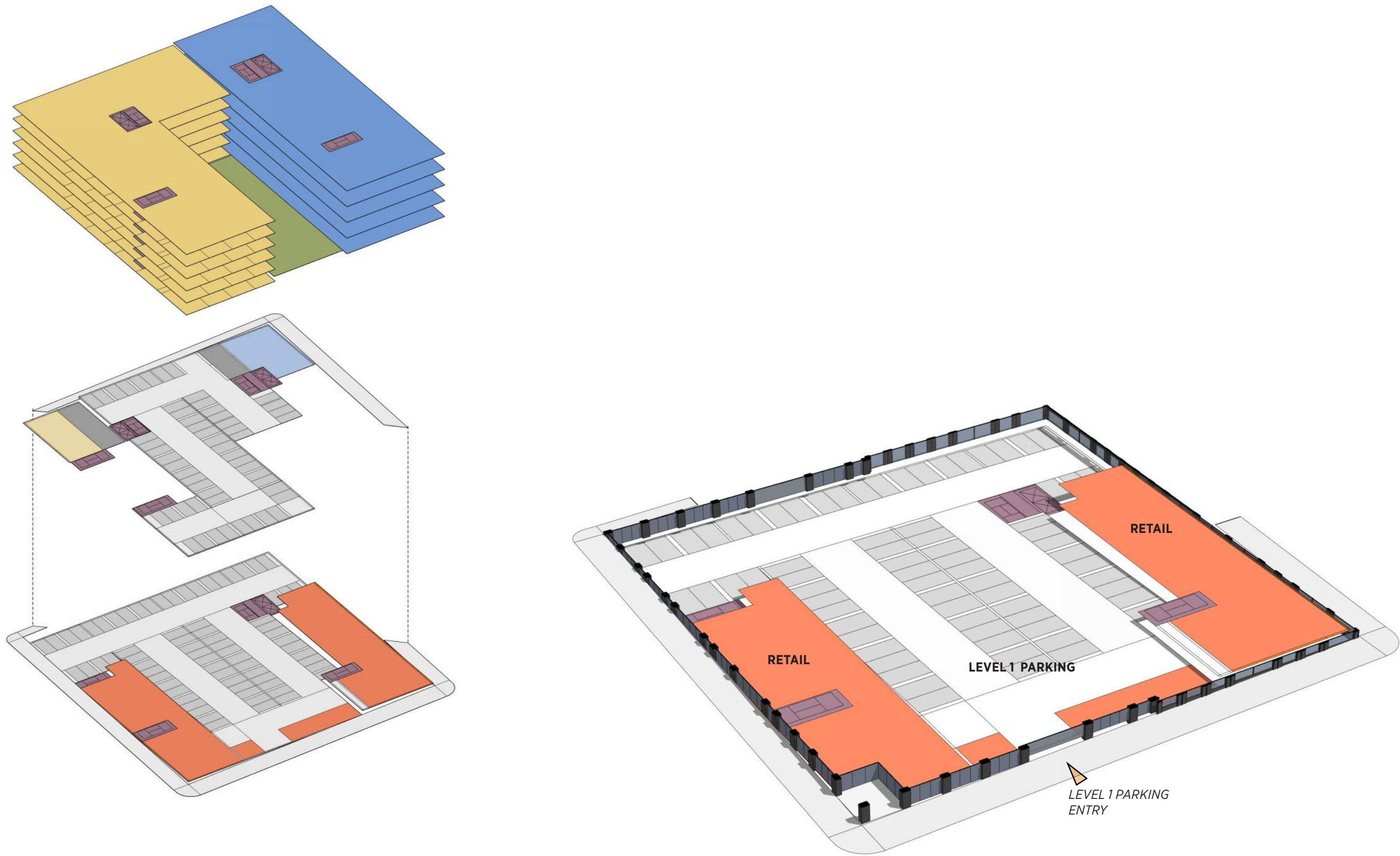
Looking South West

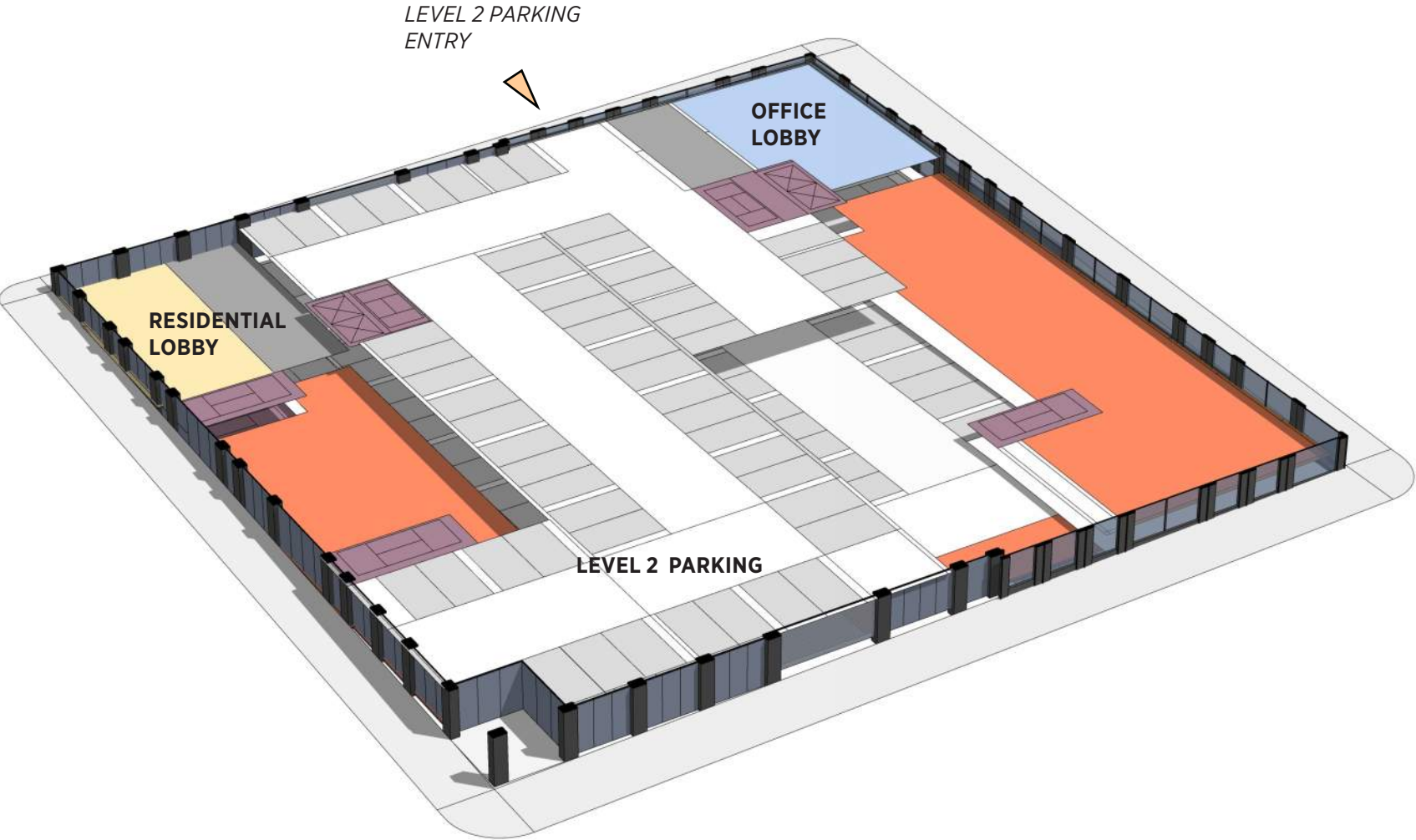
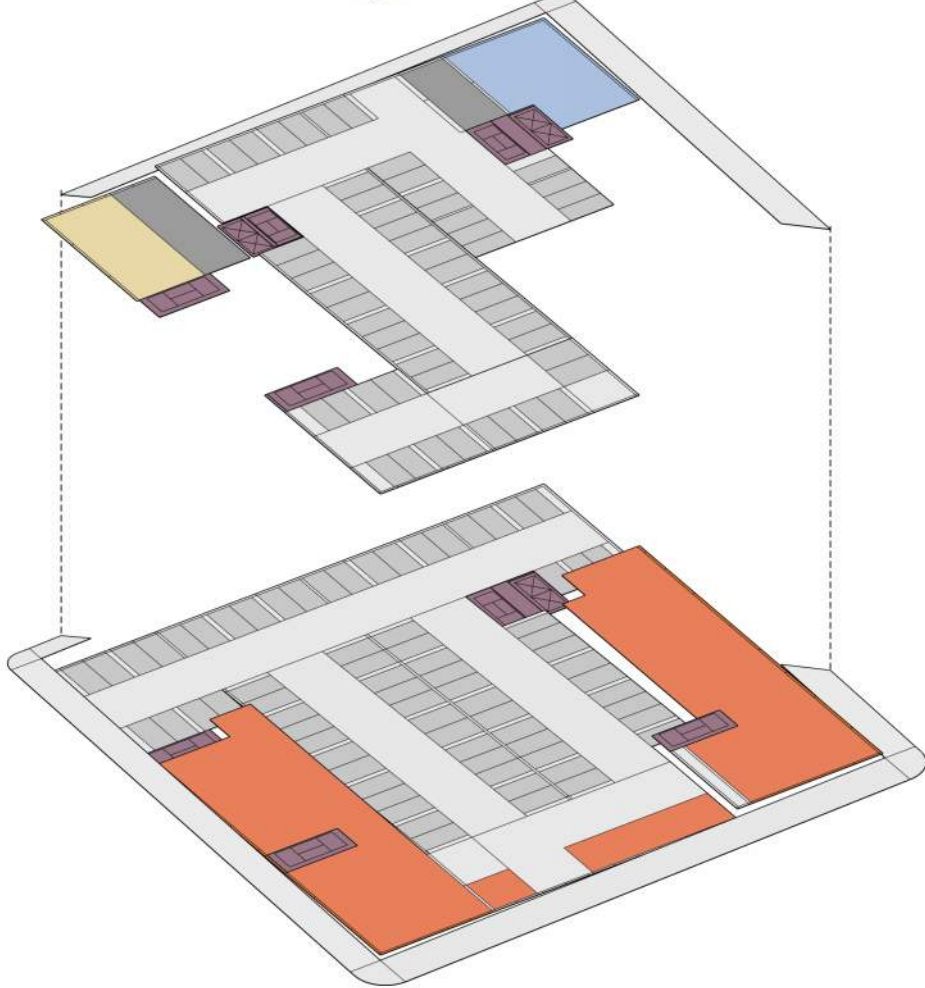
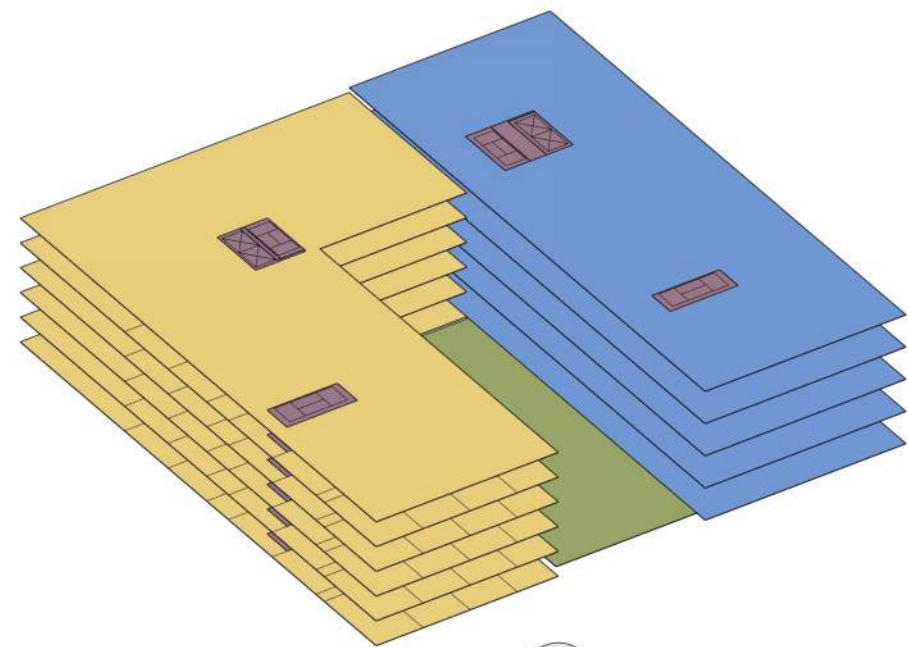


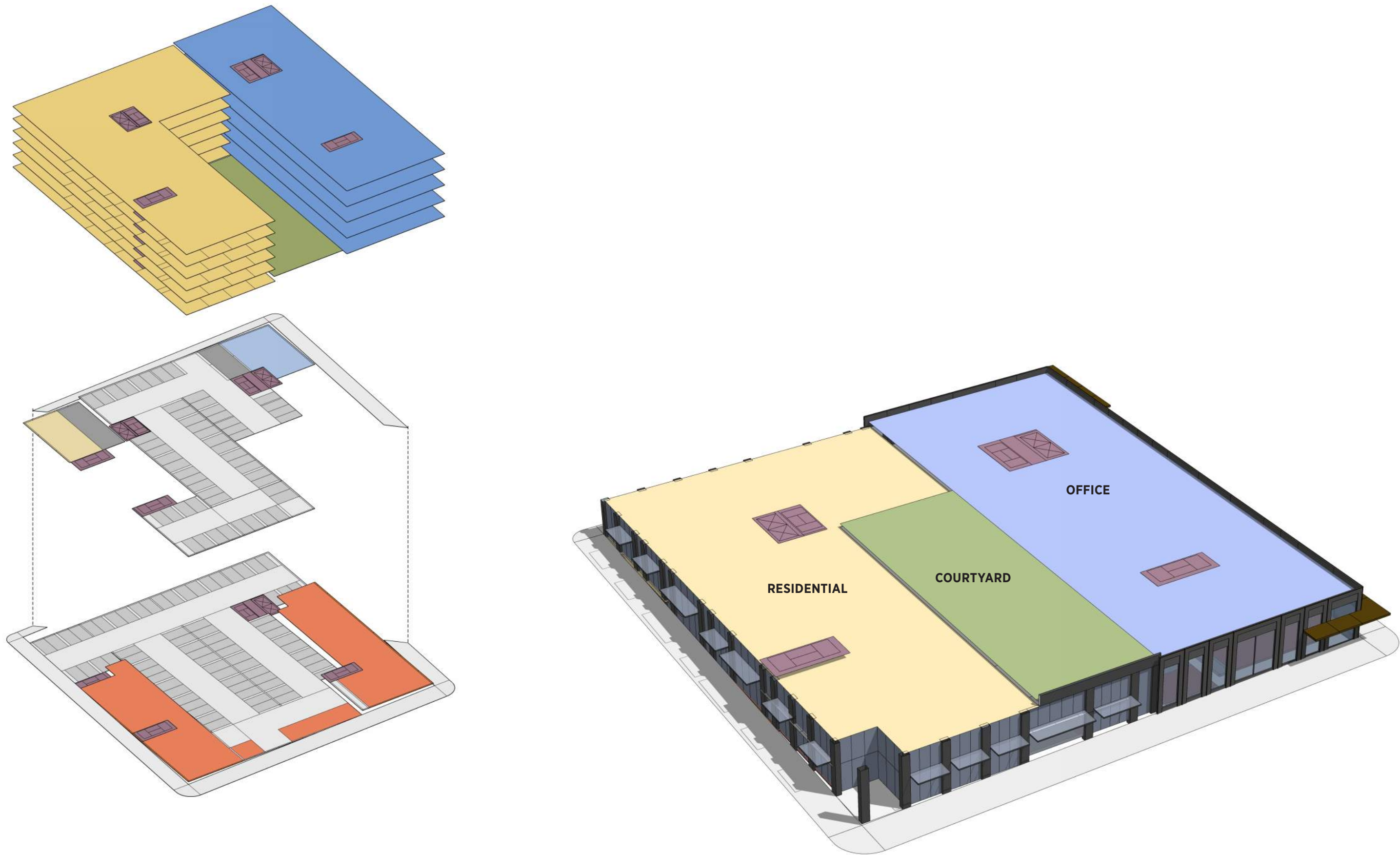
Looking South East

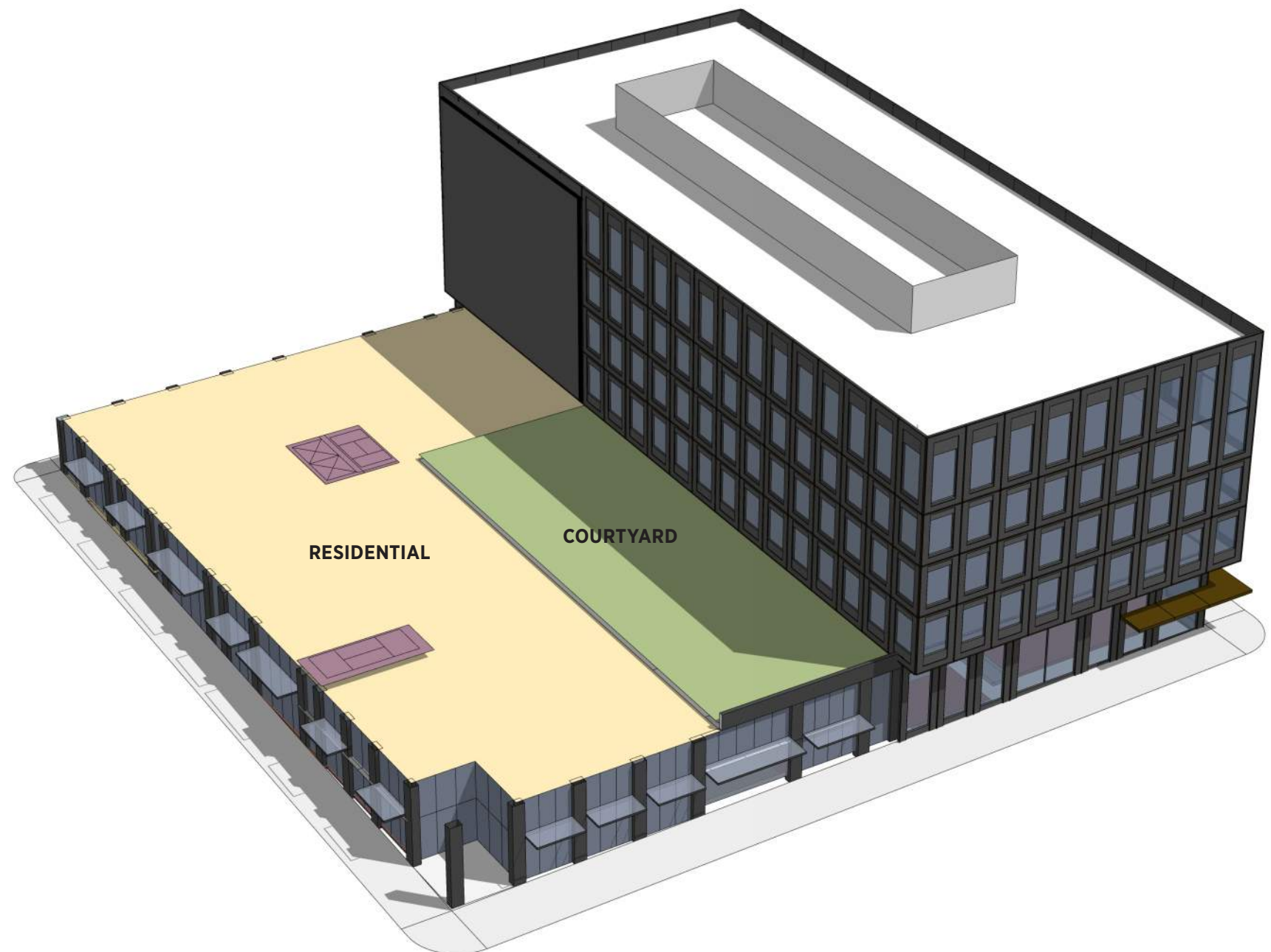
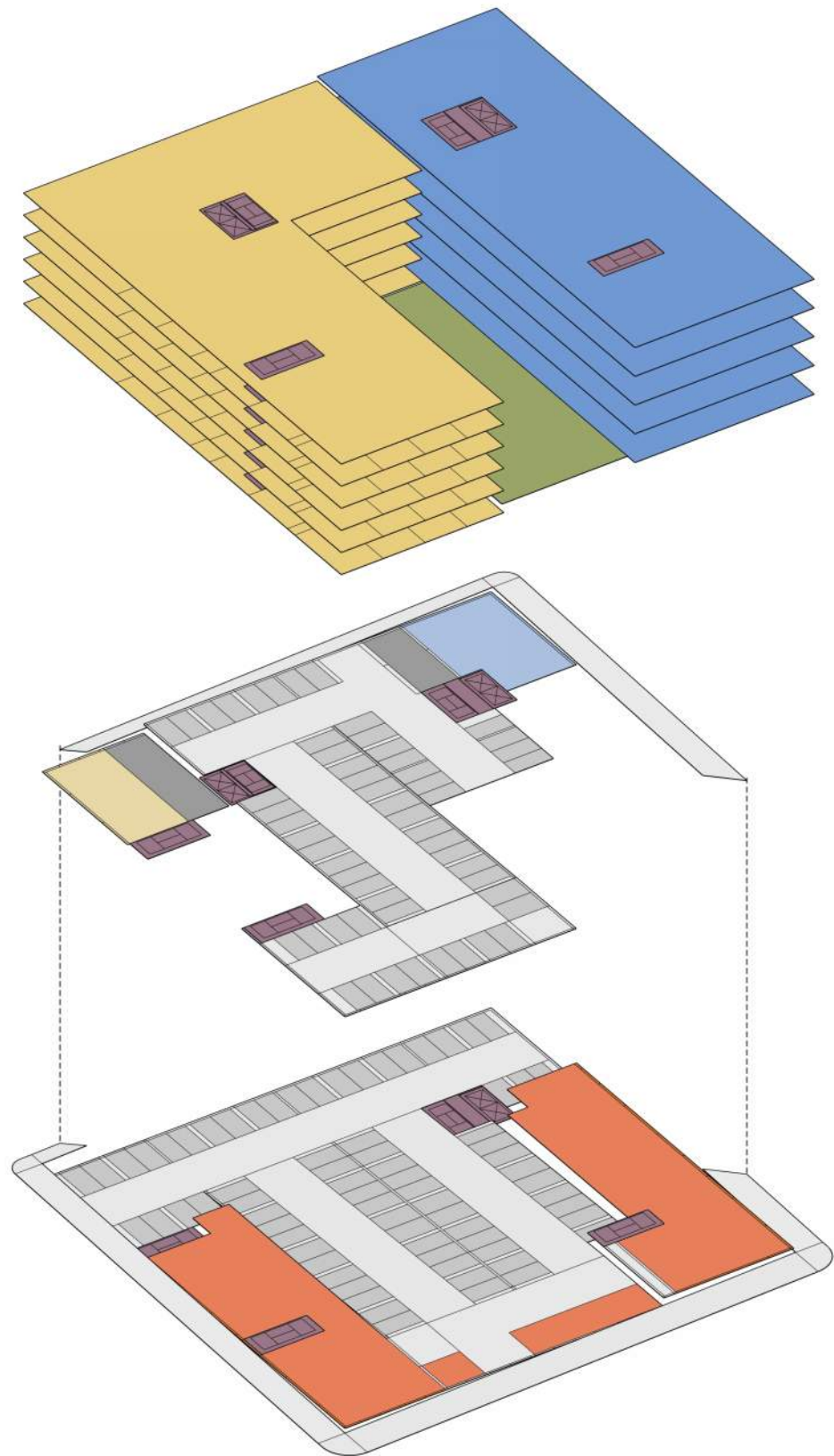
Massing in Context



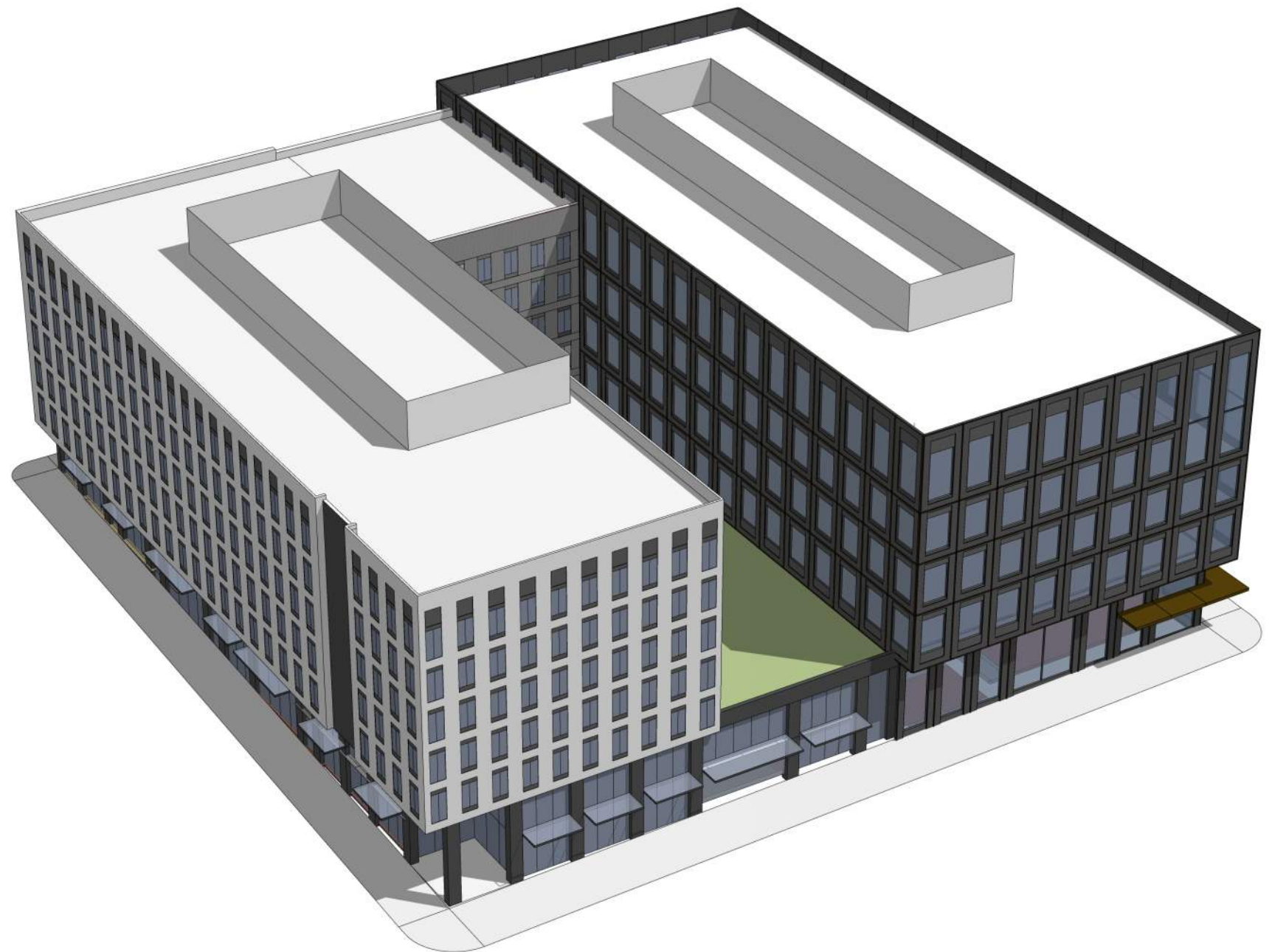
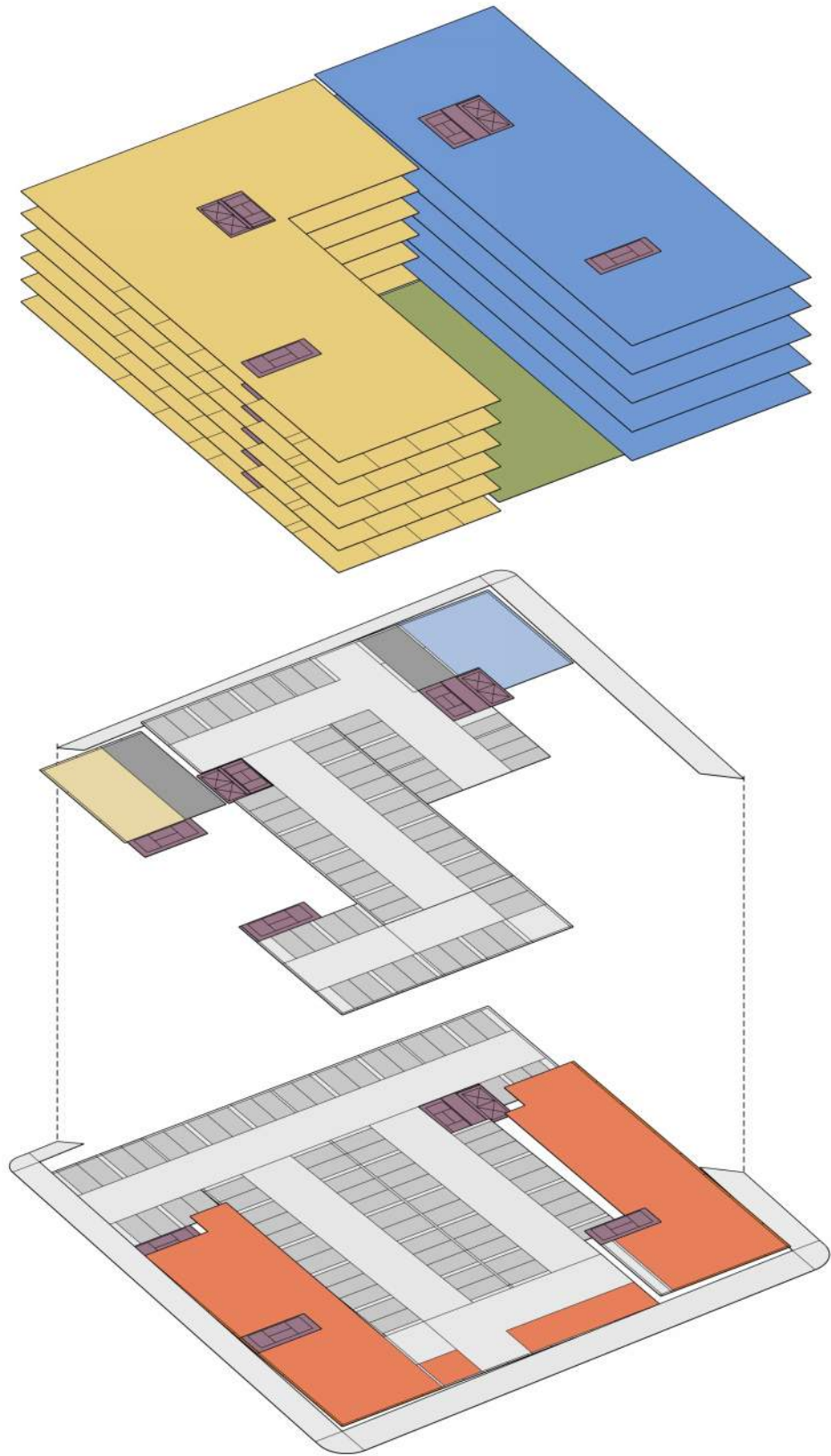








Axon - Podium +Office +Residential



Office & Residential Precedents

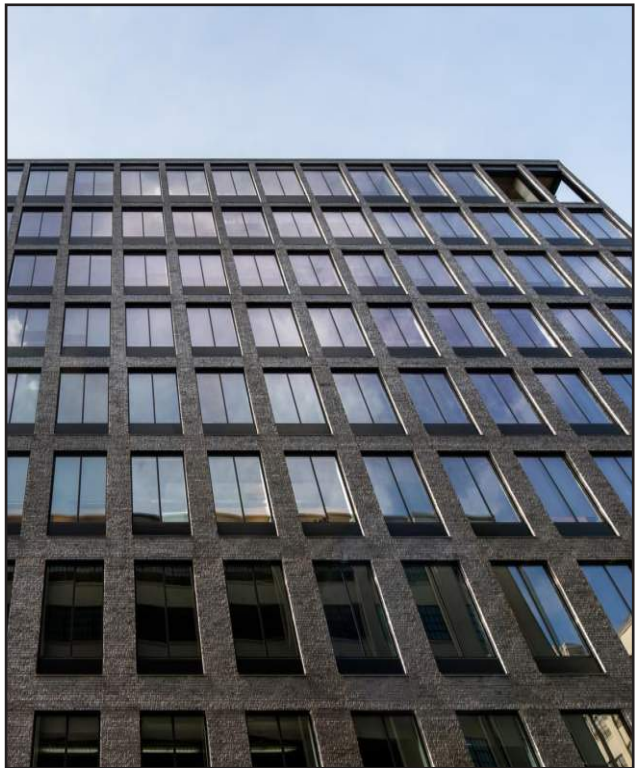
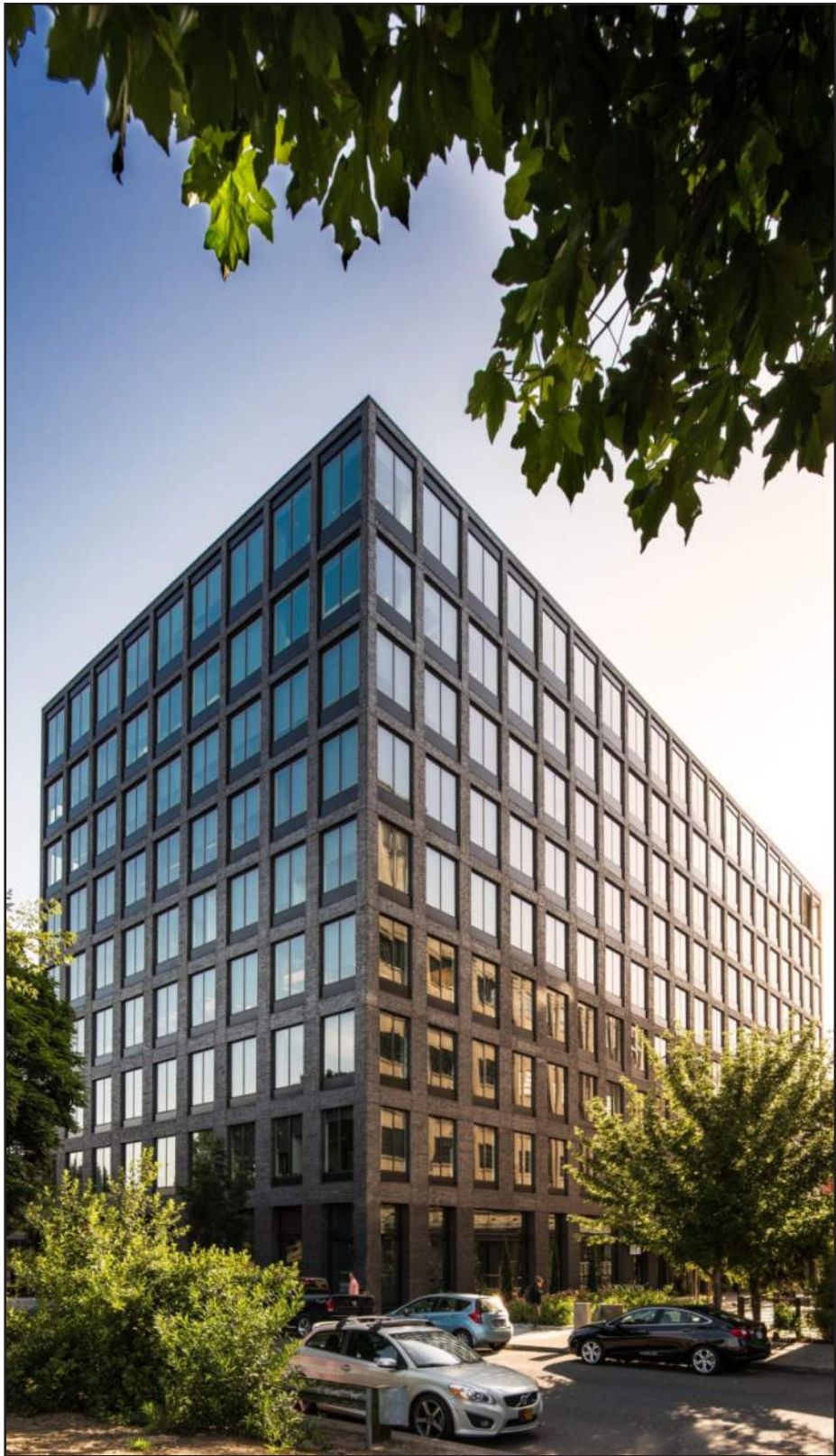


EXHIBIT D
LETTER OF INTENT



September 18, 2019

Via Email to: eric.holmes@cityofvancouver.us

Eric Holmes
City Manager
City of Vancouver
415 West 6th Street
P.O. Box 1995
Vancouver, WA 98668

Re: Letter of Intent for Ground Lease of Block 10

Dear Eric,

We are pleased to present this offer to ground lease the Block 10 parcel downtown Vancouver (the “Property”). We are submitting this offer on a confidential basis, and request that you honor its confidentiality. The purpose of this letter is to set forth a basis upon which the parties, together with their respective attorneys, may proceed to draft and negotiate toward the execution of a definitive and binding Disposition and Development Agreement (the “DDA”). During negotiation of the DDA, Holland requests the opportunity to present a business case on (1) how to retain and enhance Vancouver’s current competitive advantages over other employment centers and (2) how to use A Stronger Vancouver revenues and programs to enhance the business environment, livability and attractiveness of downtown Vancouver. It is understood that either party may terminate negotiations of the DDA at any time and for any reason prior to its execution.

Holland Partner Group is a fully integrated real estate development company with five operating divisions, development, construction, investments, redevelopment and property management. Holland operates in five markets, SW Washington and Portland, Seattle, Denver, Northern California and Southern California. Our Partners’ experience with development and redevelopment of multi-family and mixed-use assets represents approximately 50,000 units totaling over \$10 billion in value. In all markets in which we participate, we have chosen to focus on primarily urban sites proximate to employment centers and public transportation.

For more information on Holland Partner Group and our projects, please visit our website at <http://www.hollandpartnergroup.com/>.

This Letter of Intent includes the general terms and conditions upon which Holland Acquisition Co., LLC (“Holland”) desires to finalize a DDA with the City of Vancouver (“City”) for the ground lease of Block 10. Except for the items set forth in Section B below, this letter does not constitute a binding agreement or contract, and neither Holland nor City will be bound to lease Block 10 unless both Holland and City execute a binding DDA.

A. Non-Binding Terms. The following sets forth the anticipated but non-binding terms and conditions under which the City would ground lease Block 10 to Holland:

1. Block 10: Block 10 is bounded by Columbia Street to the west, W. 9th Street to the north, Washington Street to the east and W 8th Street to the south in Vancouver, Washington. The parties acknowledge that Block 10 may be subject to a short plat process to facilitate a ground lease transaction. Holland will reimburse the City for permitting fees and reasonable third-party costs incurred in the short plat process.
2. DDA: Promptly following the execution of this letter of intent, the parties will negotiate in good faith toward the execution of a definitive DDA. The initial negotiations will include a confirmation by the City that Holland is designated as the exclusive party with whom the City is negotiating a sale or lease of Block 10 and that all prior negotiations and commitments have expired. The DDA shall include the terms and conditions customarily set forth in an “Agreement to Ground Lease” including contingency periods for the condition of the property, title, project feasibility, permitting and financing. The DDA shall also provide that if parties have not already done so then they shall negotiate the definitive terms of a ground lease within 30 days of execution of the DDA. The parties acknowledge and agree to negotiate in good faith with respect to the structure of the ground lease to facilitate development of the project and potential segregation of leasehold improvement ownership between the three main components of the project as outlined below.

The target date for approval by the Council of this letter of intent is September 9, 2019. The target date for execution of the DDA (which will include the form of ground lease) is October 21, 2019. Any City fees payable for the DDA application and processing will be paid by Holland.
3. Deposit: On execution of the DDA, Holland will fund an earnest money deposit of \$250,000 to be held by the City. In the event the transaction fails to close

due to Holland's default, the deposit will be retained by the City as liquidated damages. The deposit shall be converted to a security deposit under the ground lease which will be refunded 60 days after Holland demonstrates that it has expended at least \$5 million in onsite construction hard costs.

4. Development: Holland anticipates developing a mixed-use project with a 4-story office building and a 5-story residential building with a minimum of 100 units constructed over a common 2-story podium with structured parking and retail spaces. The residential project shall include 20% of the units at no more than 100% of Area Median Income to satisfy an 8-year Multi-Family Tax Abatement. A preliminary massing study is attached as Exhibit A. Buildings must be approved through the City's downtown design review process for consistency with adopted design guidelines. Ground floor retail, in select areas indicated in Exhibit A, will be required on 8th Street, Columbia, and Washington frontages. Holland will be obligated at its cost and expense to construct full frontage improvements (replacement of sidewalks, curbs, lights, trees, etc.); underground all overhead utilities including cables extending off-site at SE corner of Block 10; and secure LEED, Earth Advantage or similar certification of the building(s). Holland understands that the Riverview Bank ATM and associated improvements on 9th Street operate subject to a revocable permit. The DDA will provide for the timing of the City's revocation of the permit in relation to Closing.

Holland intends and would commit in the DDA to move its corporate headquarters to the new building. The DDA and ground lease will require construction and completion of the project in its entirety on a basis to be described in a construction schedule to be incorporated into the DDA. Construction will be required to commence within 90 days of Ground Lease execution, subject to the City processing required building permits in a timely manner.

The project will include at least 110 parking stalls. Any additional required parking will be satisfied through a shared parking license at the Vancouvercenter parking garage.

The ground lease will provide for construction completion and performance guaranty by Holland Partner Group Investments, LLC, the intent of the parties being to provide security for the completion of project construction and performance of the ground lease from a financially viable party and no less than the guaranty provided to any construction lender.

5. Ground Lease / Option to Acquire Lessor Fee Interest / Ground Lessee: The initial term of the ground lease will be 60 years with a single extension term of 39 years. The ground lease will provide an option, in favor of Holland, to purchase the Property at (1) at the expiration of the 60th year of the ground lease, (2) conditioned on due and timely exercise of the extension option, at the expiration of the 80th year of the ground lease; or (3) conditioned on due and timely exercise of the extension option, at expiration of extension term. The purchase price of the Property shall be equal to the fair market value of the Property at that time appraised to its highest and best use, based on then existing zoning and as if unimproved. The determination of fair market value shall not take into account the then existing improvements or the ground lease.

The ground lessee shall be an LLC or other legal entity majority owned or controlled by Holland. The DDA and ground lease shall provide reasonable restrictions on the sale or assignment of the DDA or leasehold interests with the parties' intent being that Holland shall remain the main developer/proponent of the project during the DDA, and ground lease through at least substantial completion of construction. The assignment provisions are not intended to restrict assignments as may be commercially necessary to secure equity or debt for the project so long as Holland remains in control subject to commercially reasonable approvals/consents as may be required in the lessee operating agreement or loan documents.

The ground lease shall not be subject to cross-collateralization or cross-default agreements with other Holland projects.

The ground lease will anticipate and include provisions permitting conversion of the project into up to three commercial condominiums units, one for the office building, one for the residential building and possibly a third for the parking and retail uses. The conversion into condominiums would occur following completion of construction. Following conversion, Holland would have the right to replace the ground lease with up to three separate ground leases, each with respect to one of the condominium units. Holland would be named as the tenant under each separate ground lease until the condominium unit is transferred in accordance with applicable provisions of the separate ground lease. The ground rent would be apportioned among the separate ground leases based upon the relative appraised values of each condominium unit subject to the City's reasonable consent, not to be unreasonably withheld.

6. Ground Rent:
- The ground lease shall be an absolute triple net lease with all costs and expenses associated with the Property to be borne by the ground

lessee. The City will not subordinate its fee interest or leasehold interest to any lessee financing, however any financing of the City's fee interest will be subordinated to the leasehold interest. The ground lease will provide for appropriate recognition of the leasehold estate sufficient to enable the tenant to obtain market financing. The ground rent will be structured as follows: \$2,500 per month commencing upon execution of the ground lease thru the earlier of substantial completion of the project or 36 months after execution of the ground lease;

- \$66,500 per year / \$5,550 per month per month beginning 37 months after execution of the ground lease thru 48 months after execution of the ground lease;
- \$133,200 per year / \$11,100 per month beginning at 49 months after commencement of the ground lease thru start of the 11th lease year. This is calculated based on a 4% cap rate applied to \$3,330,000, the agreed value of the Property. Subject to the 11th year increase and the re-valuation provisions below, the rent will increase every year thereafter, beginning in the 5th lease year and continuing through the expiration of the lease, by the percentage change in in the Consumer Price Index for All Urban Consumers (CPI-U) (the "CPI"), subject to an annual ceiling of 3%;
- In the 11th lease year, the rent shall increase to \$166,500 per year / \$13,875 per month based on an 5% cap rate applied to \$3,330,000, the agreed value of the Property;
- In lease years 30 and 45 and, if the extension is timely and duly exercised, in lease years 60 and 80, the rent shall be the greater of: (a) the prior year's rent as increased by the CPI; or (b) 5% multiplied by the fair market value of the Property. In no event shall the rent determined by the appraisal adjustment be increased by more than 15% over the then existing rent as increased by the CPI adjustment. The fair market value of the property shall be determined by mutual agreement of the parties and if they cannot agree then by appraisal. The fair market value shall be defined as the value of the property as if unimproved and assuming the then-existing use of the property.
- In the event lessee elects at any time during the ground lease or extension to redevelop the Property or expand the project (e.g.

additional floors or infill development) then the rent shall be recalculated and such new rent will commence as of the date of substantial completion of the redevelopment. The rent shall be the greater of: (a) the prior year's rent as increased by the CPI or as determined by the appraisal process noted above if redevelopment revaluation occurs in years 30, 45, 60 or 80; or (b) 5% multiplied by the fair market value of the Property. The fair market value of the property shall be determined by mutual agreement of the parties and if they cannot agree then by appraisal. The fair market value shall be defined as the value of the property as if unimproved assuming the then-current use applicable to the redevelopment. The new rent will be subject to the subsequent annual CPI adjustment and mark to market rent recalculations if applicable.

7. Mutual Right of First Offer: The ground lease will provide for mutual rights of first offer in the event the lessor or lessee desire to sell their respective interests. The rights of first offer will be structured to facilitate lessor and lessee leasehold financing.
8. Closing: The target date for closing into the ground lease is no later than year-end. The City acknowledges that the Property is in an Economic Opportunity Zone and Holland must close into the ground lease by year-end in order to qualify for full EOZ tax benefits, which are a material inducement to Holland. Both Holland and the City will use commercial reasonable efforts to commence construction by December 31, 2019.
9. Housing: Holland intends to include a housing component in the residential component to assist the City in meeting the area's housing needs. Through development of the DDA, we will explore several topics:
 - The City would commit to support Holland's application for a bond allocation
 - The City staff would recommend to the City Council that they commit to a property tax exemption for Block 10, the amount of which might vary based on the percentage of units set aside for affordable housing and at what level of AMI rents are set.
10. Sidewalk Overhangs: Holland anticipates that the office and residential portions of the project will overhang public sidewalks a maximum of 5 feet on all four façades at a height of not less than 12 feet from the sidewalk. Holland acknowledges that such overhangs will require an amendment to VMC Title 20, Land Use

and Development Code and that the City is not obligated to approve such an amendment. The City will work in good faith to amend VMC Title 20 in accordance with and subject to City and Washington legal requirements. Inability to secure the overhangs will require a redesign of the project. If the City does not amend VMC Title 20 the City will approve a smaller building that is consistent with code requirements subject to the then applicable City administrative fee and agree to an updated construction time schedule to accommodate redesign, etc. The City and Holland will work together to find a mutually acceptable structure during the preparation of the DDA.

If VMC Title 20 is amended to allow such over-hang use of the public right of way, the amendment will include provisions for annual fees to occupy the public right of way. Project overhangs described above will be subject to an applicable annual fee for the floor area located in the air space overhanging the right of way. The fee is estimated for the year 2020 at \$1.40/sf of floor area and will increase annually by the percentage increase in the CPI subject to a 3% cap. For example, if a total of 10,000 sq.ft. of floor area on multiple floors was located over the right of way, then initial annual fee would be \$14,000.00. The permit fees will be in addition to the Ground Lease rent and NNN expenses.

11. Parking Structure: As you are aware, Holland acquired from Vandevco the option to purchase the parking garage at Vancouvercenter. In conjunction with the DDA, the parties will negotiate a three-year extension of the current Option expiration. The parties will discuss whether to enter into a separate operating agreement whereby Holland would operate the garage during the option period extension. The extension will be conditioned upon Holland closing on the ground lease.
12. SDCs: The City will, during negotiation of the DDA, provide “not to exceed” estimates on all System Development Charges applicable to the project.

B. Binding Provisions. The following terms of this letter are binding on Holland and City:

1. Existing Materials: City shall provide Holland, within five (5) business days of City’s execution of this letter, any and all documents, reports, studies, tests, engineering drawings, surveys or other pertinent materials which City has in its possession (or access to) which relate to Block 10.

2. Marketing of Property: City agrees that provided Holland is diligently pursuing an DDA with City, and during the term of the DDA, City will not (a) promote the sale or ground lease of Block 10 to, or solicit offers to purchase or ground lease Block 10 from, other parties, and (b) discuss or negotiate with other parties regarding any unsolicited offers received from third parties.

3. Confidentiality: Neither Holland nor City will disclose any of the forgoing without mutual approval except to their respective employees, counsel, professional advisors and current or prospective financial partners, City Council or as required by law. The parties acknowledge that this LOI and subsequent documents including without limitation the DDA and ground lease are subject to the Washington Public Records Act.

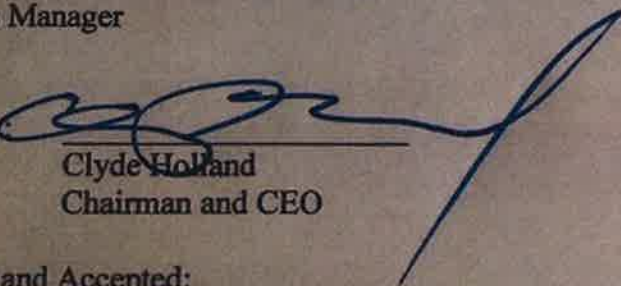
If these terms are agreeable, please sign this letter and return it to us via e-mail.

Eric, please call me if you have any questions. We look forward to working with you.

Sincerely,

Holland Acquisition Co., LLC,
By: **Holland Partner Group Management, Inc.**
its Manager

CHAMBERLAIN
APPROVED FOR SIGNATURE
BY: 

By: 

Clyde Holland
Chairman and CEO

Approved and Accepted:

City of Vancouver

By: 

Name: Eric Holmes

Title: City Manager

Date: September __, 2019

cc: Tom Parsons
Greg Daniels
Craig Parker
Brenner Daniels
Mark Bates
Joel Kaplan

EXHIBIT E
FORM COMPLETION AND PERFORMANCE GUARANTY

PAYMENT GUARANTY

THIS PAYMENT GUARANTY (the “**Guaranty**”) is dated as of October __, 2019, and made and given by HOLLAND PARTNER GROUP INVESTMENTS, LLC, a Washington limited liability company (the “**Guarantor**”), for the benefit of the CITY OF VANCOUVER, a Washington municipal corporation (the “**City**”).

RECITALS:

A. The City and the Holland Acquisition Co., LLC, a Washington limited liability company (the “**Company**”) have entered into that certain Land Disposition and Development Agreement (the “**DDA**”) as of even date herewith, wherein, among other things, the Company will ground lease from the City and the City will ground lease to Company the real estate commonly referred to as Block 10 bounded by Washington, Columbia, West 8th and West 9th Streets in the City of Vancouver, Washington, and legally described in the DDA (the “**Property**”).

B. Guarantor is an affiliate of the Company.

C. As an inducement for City to enter into the DDA with Company, Guarantor has agreed to execute and deliver this Guaranty to City.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the recitals, which are incorporated herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor hereby agrees as follows:

1. Capitalized terms used herein shall have the same meanings as set forth in the DDA unless specifically defined herein.

2. Guarantor does hereby guarantee to City the full and prompt payment of any and all indemnification obligations pursuant to Sections 2.2(a)(ii), 3.9 and 7.5 of the DDA (the “**Payment Obligations**”), including, without limitation, all reasonable attorneys’ fees and costs incurred by City or caused by the enforcement of this Guaranty. The Payment Obligations do not include non-indemnity related defaults under the DDA, which are intended to be collateralized by the Deposit.

3. The “**Guaranty Period**” shall be the period commencing as of the date hereof and ending on the date in which the Company and the City execute the Ground Lease.

4. This Guaranty is an absolute and unconditional guarantee of the Payment Obligations. It shall be enforceable against Guarantor and Guarantor’s successors and assigns, during the Guaranty Period only, without the necessity of any suit or proceedings on City’s part of any kind or nature whatsoever against Company, its successors or assigns, upon fifteen (15) days written notice of nonpayment, nonperformance or nonobservance. Notice shall be mailed to Guarantor c/o Holland Partner Group, 1111 Main Street, Suite 700, Vancouver, Washington 98660, or at any subsequent address that Guarantor shall have provided City in

writing. Guarantor hereby expressly agrees that the validity of this Guaranty and the Payment Obligations of Guarantor hereunder shall in no way be terminated, affected or impaired by reason of assertion or the failure to assert by City against Company, or Company's successors and assigns, of any of the rights or remedies reserved to City pursuant to the provisions of the DDA.

This is a guaranty of payment and not of collection. All sums payable to City under this Guaranty shall be payable without reduction for any offset, claims, counterclaims or defenses. All obligations of Guarantor hereunder shall be absolute and unconditional under any and all circumstances and shall not be discharged except by Guarantor's payment of the Guaranteed Obligations as herein provided. The liability of Guarantor under this Guaranty shall be direct and immediate and not conditional or contingent upon the pursuit of any remedies against Company or any other person, nor against any other property or monies now or hereafter securing the Payment Obligations whether held by City or by any person or entity on City's behalf or for City's account (the "**Collateral**"). Guarantor waives any right to require that an action be brought against Company or any other person or to require that resort be had to any Collateral. In the event, on account of the Bankruptcy Reform Act of 1978, as amended, or any other debtor relief law (whether statutory, common law, case law or otherwise) of any jurisdiction whatsoever, now or hereafter in effect, which may be or become applicable, Company shall be relieved of or fail to perform any of the Guaranteed Obligations, Guarantor shall nevertheless be fully liable therefor. In the event of a default under the DDA which is not cured within any applicable grace or cure period, the City shall have the right to enforce any or all of its rights, powers and remedies thereunder or hereunder, in any order and all rights, powers and remedies available to City in such event shall be nonexclusive and cumulative of all other rights, powers and remedies provided thereunder or hereunder or by law or in equity. If the Guaranteed Obligations are partially paid or discharged by reason of the exercise of any of the remedies available to City, this Guaranty shall nevertheless remain in full force and effect and Guarantor shall remain liable for all remaining Guaranteed Obligations, even though any rights which Guarantor may have against Company may be destroyed or diminished by the exercise of any such remedy. If the Guaranteed Obligations are otherwise partially paid or discharged for any reason, with or without the consent or cooperation of City, this Guaranty shall nevertheless remain in full force and effect and Guarantor shall remain liable for all remaining Guaranteed Obligations. Guarantor shall be liable, jointly and severally, with Company for all or any part of the Guaranteed Obligations.

5. To the extent permitted by law, Guarantor hereby waives and agrees not to assert or take advantage of (as a defense or otherwise):

- i. Any right to require City to proceed against Company or any other person, including, without limitation, any other guarantor or to proceed against or exhaust any Collateral held by City at any time or to pursue any other remedy in City's power or under any other agreement before proceeding against Guarantor hereunder;
- ii. The defense of the statute of limitations in any action hereunder;
- iii. Any defense that may arise by reason of the incapacity, lack of authority, death or

disability of any other person or persons or the failure of City to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or persons;

- iv. Demand, presentment for payment, notice of nonpayment, protest, notice of protest and all other notices of any kind, or the lack of any thereof, including, without limitation, notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of Company, City, any endorser or creditor of Company or of Guarantor or on the part of any other person whomsoever under this or any other instrument in connection with any obligation held by City;
- v. Any defense based upon an election of remedies by City;
- vi. Any right or claim or right to cause a marshalling of the assets of Guarantor;
- vii. Any principle or provision of law, statutory or otherwise, which is or might be in conflict with the terms and provisions of this Guaranty;
- viii. Any duty on the part of City to disclose to Guarantor any facts City may now or hereafter know about Company or the Collateral, regardless of whether City has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor or has a reasonable opportunity to communicate such facts to Guarantor, it being understood and agreed that Guarantor is fully responsible for being and keeping informed of the financial condition of Company, of the condition of the Collateral and of any and all circumstances bearing on the risk that liability may be incurred by Guarantor hereunder;
- ix. Any lack of notice of disposition or of manner of disposition of any Collateral;
- x. Failure to properly record any document or any other lack of due diligence by City in creating or perfecting a security interest in or collection, protection or realization upon any Collateral or in obtaining reimbursement or performance from any person or entity now or hereafter liable for the Loan Documents or any obligation secured thereby;
- xi. The inaccuracy of any representation or other provision contained in any DDA or Ground Lease document;
- xii. Any invalidity, irregularity or unenforceability, in whole or in part, of any one or more of the DDA documents;
- xiii. An assertion or claim that the automatic stay provided by 11 U.S.C. §362 (arising upon the voluntary or involuntary bankruptcy proceeding of Company) or any other stay provided under any other debtor relief law (whether statutory, common law, case law or otherwise) of any jurisdiction whatsoever, now or hereafter in effect, which may be or become applicable, shall operate or be interpreted to stay,

interdict, condition, reduce or inhibit the ability of City to enforce any of its rights, whether now or hereafter required, which City may have against Guarantor or the Collateral;

- xiv. Any modifications of the DDA or any obligation of Company relating to the DDA by operation of law or by action of any court, whether pursuant to the Bankruptcy Reform Act of 1978, as amended, or any other debtor relief law (whether statutory, common law, case law or otherwise) of any jurisdiction whatsoever, now or hereafter in effect or otherwise;
- xv. The release of Company or of any other person or entity including, without limitation, any other guarantor from performance or observance of any of the agreements, covenants, terms or conditions contained in the DDA by operation of law, City's voluntary act or otherwise;
- xvi. The taking of any other action by City including, without limitation, giving any notice of default or any other notice to, or making any demand on, Company or any other guarantor of all or any part of the Guaranteed Obligations or any other party; and
- xvii. Any other circumstance which might otherwise constitute a defense available to, or discharge of, Company or any other guarantor of all or any part of the Guaranteed Obligations.

6. **Representations and Warranties.** Guarantor hereby represents and warrants the following to City:

- i. This Guaranty directly and substantially benefits Guarantor. By executing this Guaranty, Guarantor acknowledges and knowingly accepts the full range of risks encompassed within a contract of guaranty;
- ii. Guarantor is familiar with, and has independently reviewed, the books and records regarding the financial condition of Company and is familiar with the value of any and all Collateral intended to be security for the payment of all or any part of the Guaranteed Obligations; provided, however, Guarantor is not relying on such financial condition or Collateral as an inducement to enter into this Guaranty and is not relying in any manner on any representation or statement of City;
- iii. Guarantor has adequate means to obtain from Company on a continuing basis information concerning the financial condition of Company and Guarantor is not relying on City to furnish, and shall have no right to require City to obtain or disclose, any information with respect to the Guaranteed Obligations, the financial condition or character of Company or the ability of Company to pay the Guaranteed Obligations, the existence of any Collateral or security for the Guaranteed Obligations, the existence or nonexistence of any other guaranties of all or any part of the Guaranteed Obligations, any actions or non-action on part of City, Company or any other person or entity or any other matter, fact or

occurrence whatsoever;

- iv. Guarantor has the power and authority to execute, deliver and perform this Guaranty and any other agreements executed by the Guarantor contemporaneously herewith and the execution, delivery and performance of this Guaranty and any other agreements executed by Guarantor contemporaneously herewith do not and will not violate (i) any agreement or instrument to which Guarantor is a party; (ii) any law, rule, regulation or order of any governmental authority to which Guarantor is subject; or (iii) its articles or certificate of incorporation, bylaws, or operating agreement if Guarantor is a corporation or limited liability company, or its partnership agreement, if Guarantor is a partnership, or its trust agreement, if Guarantor is a trust;
- v. Neither City nor any other party has made any representation, warranty or statement to Guarantor in order to induce Guarantor to execute this Guaranty;
- vi. The financial statements and other financial information regarding Guarantor heretofore delivered to City are true and correct in all respects and fairly present the financial position of Guarantor as of the date thereof and no material adverse change has occurred in the financial condition of Guarantor reflected in the financial statements and other financial information regarding Guarantor heretofore delivered to City since the date of the last statement thereof;
- vii. As of the date hereof, and after giving effect to this Guaranty and the obligations evidenced hereby, (i) Guarantor is and will be solvent; (ii) the fair saleable value of Guarantor's assets exceeds and will continue to exceed Guarantor's liabilities (both fixed and contingent); (iii) Guarantor is and will continue to be able to pay Guarantor's debts as they mature; and (iv) if Guarantor is not an individual, Guarantor has and will continue to have sufficient capital to carry on Guarantor's business; and
- viii. Guarantor has timely and accurately filed all federal, state, local tax or information returns and Guarantor is not delinquent in the payment of any income, property or other federal, state or local tax or assessment.
- ix. Guarantor hereby agrees to indemnify and hold City free and harmless from and against all loss, cost, liability, damage and expense, including reasonable attorneys' fees and costs, which City may sustain by reason of the inaccuracy or breach of any of the foregoing representations and warranties as of the date such representations and warranties are made.

7. During the Guaranty Period, this Guaranty shall be a continuing guarantee, and the liability of Guarantor hereunder shall in no way be affected, modified or diminished by reason of any assignment of the DDA, or by reason of any dealings of transactions or matters or things occurring between City and Company, its successors and assigns, whether or not notice thereof is given to Guarantor; provided, however, that Guarantor shall have no further Payment Obligations after the expiration of the Guaranty Period.

8. Guarantor further represents and warrants to City, as an inducement for City to enter into the DDA with Company, that Guarantor has a financial interest in Company and that Guarantor has received adequate value for the grant of this Guaranty.

9. All of City's rights and remedies under the DDA and under this Guaranty are intended to be distinct, separate and cumulative and no such right and remedy therein or herein mentioned is intended to be in exclusion of or in waiver of any of the others.

10. In the event suit or action is instituted to interpret or enforce the provisions of this Guaranty during the Guaranty Period, including, but not limited to obtaining injunctive relief, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees and costs at trial, in arbitration, on any appeal, and on any petition for review, in addition to all other sums provided by law.

11. Any action or proceeding brought by either party against the other for any matter arising out of or in any way relating to this Guaranty, the Property or the DDA, shall be heard, at City's option, in the court having jurisdiction located closest to the Property.

DATED AND EFFECTIVE as of the date first above written.

GUARANTOR:

Holland Partner Group Investments, LLC,
a Washington limited liability company

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Name: _____
Title: _____

EXHIBIT F

GUARANTY OF COMPLETION AND PERFORMANCE

By: **Holland Partner Group Investments, LLC,** “Guarantor”
a Washington limited liability company

In favor of: **City of Vancouver** “Landlord”

Dated: _____, 2020

Background

- A. Reference is made to the Ground Lease of even date hereof between Landlord, as landlord thereunder, and _____, a Delaware limited liability company, as Tenant thereunder (as the same may be amended, the “Ground Lease”). Capitalized terms used in this Guaranty, but not expressly defined herein or by reference to another document or source, shall have the same meanings as are respectively ascribed to those terms in the Ground Lease.
- B. Tenant is governed by an Operating Agreement dated as of _____ among Tenant’s members (the “JV Agreement”).
- C. Tenant has entered or will enter into that certain Construction Contract with Holland Construction, Inc., a Washington corporation (“Contractor”) relating to construction of certain new improvements (the “New Improvements”) (as the same may be amended, the “Construction Contract”).
- D. In order to finance construction of the New Improvements, Tenant has entered into a Construction Loan Agreement of even date herewith between Tenant and _____ (the “Lender”) Landlord (as the same may be amended, the “Loan Agreement”).
- E. Guarantor has an indirect ownership interest in Tenant.
- F. As a material inducement for Landlord to enter into the Ground Lease, Guarantor has agreed to execute and deliver this Guaranty.

Agreement

1. Guaranty. Guarantor hereby absolutely guarantees to Landlord: (a) completion of construction of the New Improvements within the time and in the manner required by the Ground Lease and Construction Contract (“Completion”) on or before 30 months after issuance of Shoring and Excavation Permit (the “Completion Date”), but subject to delay for Force Majeure Events (as such terms are defined in the Ground Lease); (b) the full and timely payment of all costs, expenses, charges and fees necessary for the fulfillment of the requirements of such Completion, including, without limitation, all cost overruns, and all fees for permits and licenses, utility expenses, amounts payable under the Construction Contract and all subcontracts relating to the

New Improvements, and amounts payable to all contractors, engineers, architects, subcontractors and material suppliers engaged in connection with any of the foregoing; (c) the fulfillment of all obligations under any and all extensions, modifications, rearrangements, and restatements of any of the obligations, liabilities, and duties described in (a) or (b) above; and (d) without duplication of any of the amounts set forth in clauses (a) through (c) above or Section 10 below, the payment of all costs, losses, liabilities and expenses resulting from the failure of Guarantor to comply with the terms of this Guaranty (all of the payments, obligations, duties, and agreements described in this Section 1 are referred to as the “Guaranteed Obligations”).

2. Enforcement of Guaranty.

(a) Except as otherwise expressly contemplated in this Guaranty, within five (5) business days after occurrence and during the continuance of an Event of Default by Lessee under the Ground Lease (as defined in the Ground Lease), Guarantor shall, at its sole cost and expense, pay or perform any such Guaranteed Obligations then due, including, without limitation, assuming construction of the New Improvements and diligently pursuing such construction to complete the New Improvements within the time and manner required in the Ground Lease and Construction Contract. Guarantor shall pay all costs and expenses in connection with such construction and shall indemnify and hold Landlord harmless from any and all losses, costs, liabilities, or expenses incurred in connection with such Completion of the New Improvements.

In the event Lender fails to make advances contemplated under the Loan Agreement and/or Tenant’s members fail to make equity contributions contemplated under the JV Agreement, through no fault of Guarantor or any affiliate of Guarantor, and Tenant ceases work on the Improvements (each, a “Debt and Equity Default”), Guarantor shall have two hundred seventy (270) days after the Debt and Equity Default to obtain replacement debt financing or equity investment (as applicable) on commercially reasonable terms, and to recommence work on the Improvements (each, a “Debt and Equity Cure”). Guarantor shall use all due diligence and commercially reasonable efforts to affect the Debt and Equity Cure. Guarantor shall provide Landlord monthly status reports of its efforts to affect the Debt and Equity Cure.

If Guarantor fails to affect a Debt and Equity Cure within two hundred seventy (270) days after the Debt and Equity Default (the “Initial Cure Period”), then Guarantor shall provide written notice of such failure to Landlord. Guarantor shall continue to use all due diligence and commercially reasonable efforts to continue to affect a Debt and Equity Cure, and Tenant, Guarantor, and Landlord shall have monthly briefings in which Tenant and Guarantor shall present detailed written evidence of their efforts to affect a Debt and Equity Cure, until Guarantor affects a Debt and Equity Cure (the “Extended Cure Period”). The Extended Cure Period shall expire the earlier of forty-five (45) days after a Debt and Equity Cure could have been affected and was not affected (“Cure Period Expiration”) or Guarantor’s receipt of written notice from the Landlord terminating the Extended Cure Period due to Landlord’s commercially reasonable insecurity that a Debt and Equity Cure will not be affected (“Cure Period Termination”). Any provision of this Guaranty to the contrary notwithstanding, Guarantor’s obligations under Sections 1 and 2 (b) of this Guaranty shall not commence until after the Cure Period Expiration. Furthermore, the Ground Lease shall provide as follows:

(1) So long as Tenant pays rent as and when due and otherwise performs its obligations under the Ground Lease, other than the timely completion of construction of the Improvements, the Landlord shall forebear exercising its remedies, including without limitation termination of the Ground Lease, until after the Cure Period Expiration; and

(2) Contemporaneously with a Cure Period Termination, Guarantor's obligations under Section 1 shall terminate, and Landlord may elect either: (1) to terminate the Ground Lease and take title to the Premises and Improvements, or (2) require Guarantor to purchase the Premises for the amount of Three Million Three Hundred Thousand Dollars (\$3,300,000); provided that Guarantor may designate an affiliate to complete the purchase .

(b) If Guarantor fails upon Landlord's request as and when required under this Guaranty to commence and thereafter diligently and continuously pursue Completion (but subject to Sections Error! Reference source not found. and Error! Reference source not found. above and a Debt and Equity Default), or if Guarantor fails to achieve Completion on or before the Completion Date , except in the case of a Debt and Equity Default, then Landlord shall have the right ("Landlord's Completion Right") (but not the obligation) in its sole and absolute discretion to complete the New Improvements itself or to cause a third party to complete the construction of the New Improvements. Guarantor shall pay to Landlord, immediately upon written demand, an amount equal to the difference between the actual costs incurred by Landlord in so completing the New Improvements and that are directly related to the construction of the New Improvements, including, without limitation, all licensing fees, permitting fees, amounts payable under any general construction contract and all subcontracts, and amounts payable to any architect, engineer or other consultant engaged in connection with the construction of the New Improvements (the "Actual Costs").

If any construction lien arising from or in connection with the construction of the New Improvements encumbers the Property, then Guarantor agrees, at its sole cost and expense, to immediately cause the removal of such construction liens. Such obligation shall be separate and apart from Tenant's obligation to post the Letter of Credit (as defined in the Lease), it being understood that the proceeds of such Letter of Credit are intended by Tenant and Guarantor to be used for purposes other than to pay for the removal any such construction liens.

3. Waivers. Guarantor waives any right to require that (i) any action be brought against Tenant or any other Person, (ii) Landlord enforce its rights against any other guarantor of the Guaranteed Obligations, (iii) Landlord have Tenant joined with Guarantor or any other guarantor of all or part of the Guaranteed Obligations, or (iv) Landlord pursue any other remedy in Landlord's powers whatsoever. Landlord shall not be required to mitigate damages or take any action to reduce, collect or enforce the Guaranteed Obligations. Guarantor waives any defense arising by reason of any disability, lack of corporate, limited liability company, and/or partnership authority or power, or other defense of Tenant, or of any other guarantor of the Guaranteed Obligations, and shall remain liable hereon regardless of whether Tenant or any other guarantor be found not liable thereon for any reason. Should Landlord seek to enforce the obligations of Guarantor by action in any court, Guarantor waives any necessity, substantive or procedural, that a judgment previously be rendered against Tenant or any other Person or that Tenant or any other

Person be joined in such cause or that a separate action be brought against Tenant or any other Person.

GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES:

(i) presentment, demand, protest, notice or acceptance, notice of dishonor, notice of nonperformance, notice of acceleration, notice of intent to accelerate and any other notice with respect to any of the Guaranteed Obligations and this Guaranty, and promptness in commencing suit against any party thereto or liable thereon, and/or in giving any notice to or making any claim or demand hereunder upon Guarantor, (ii) any right to require Landlord to (A) proceed against Tenant or any other guarantor, (B) proceed against or exhaust any security held by Landlord, or (C) pursue any remedy in Landlord's power whatsoever; (iii) any defense arising by reason of any incapacity, lack of authority, death or disability or other defense of Tenant or any other party or by reason of the cessation from any cause whatsoever of the liability of Tenant or any other party; (iii) all rights and defenses arising out of an election of remedies by Landlord; (iv) any defense based upon any lack of diligence by Landlord in the collection of the Guaranteed Obligations; (v) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; and (vi) any defense based upon any duty on the part of Landlord to disclose to Guarantor any facts Landlord may now or hereafter know about Tenant, regardless of whether Landlord has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor or has a reasonable opportunity to communicate such facts to Guarantor. This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have.

4. No Termination, Modification, or Impairment. Guarantor hereby consents and agrees to each of the following, and agrees that the Guaranteed Obligations shall not be released, diminished, impaired, reduced or adversely affected by any of the following, and waives any rights (including without limitation rights to notice) that Guarantor might otherwise have as a result of or in connection with any of the following, in each case to the fullest extent permitted by law:

(a) any amendment of the Ground Lease, the Construction Contract, the Loan Agreement or the JV Agreement;

(b) the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution, death, or lack of power of Tenant;

(c) the failure of Landlord or any other Person to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of such Collateral, property or security; or

(d) any payment by Tenant to Landlord is held to constitute a preference under the bankruptcy laws, or for any reason Landlord is required to refund such payment or pay such amount to Tenant or someone else.

5. Representations and Warranties. Guarantor represents and warrants that: (a) Guarantor has the power and authority to execute, deliver and perform its obligations under this Guaranty, (b) the execution, delivery and performance by Guarantor of this Guaranty do not violate

or conflict with any applicable laws, and do not violate or conflict with, breach, or constitute a default under, or require consent under any agreement or document binding or covering Guarantor or any of its property and (c) this Guaranty constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

6. Release. Upon Completion, Guarantor will be released from its obligations under this Guaranty and, at Guarantor's request, Landlord shall confirm in writing to Guarantor that all obligations of Guarantor under this Guaranty have been fulfilled, and that this Guaranty is of no further force or effect.

7. Litigation Costs. In the event Landlord brings an action to enforce this Guaranty, or in the event of a bankruptcy or insolvency proceeding involving Guarantor, Guarantor will reimburse Landlord for all expenses incurred by Landlord, including, but not limited to, attorneys' fees and costs (for in-house and outside counsel).

8. Successors and Assigns. This Guaranty shall be binding upon Guarantor, its administrators, successors and assigns, and shall inure to the benefit of and may be enforced by Landlord and its successors and assigns.

9. Events of Default. Guarantor shall be in default under this Guaranty upon the occurrence of any or all of the following events, circumstances or conditions (each of which shall be referred to herein as an "Event of Default"):

(a) Default in the timely payment or performance of any or all of the obligations imposed under, or any or all of the covenants, warranties and liabilities contained or referred to in, this Guaranty; or

(b) Any warranty, representation or statement made or furnished to Landlord by or on behalf of Guarantor (i) in connection with, or under the terms of, this Guaranty, or (ii) to induce Landlord to enter into the Ground Lease, proves to have been false in any material respect when made or furnished; or

(c) Insolvency, business failure, appointment of a receiver of any part of the property of, assignments for the benefit of creditors by, or the commencement of any proceeding under any state or federal bankruptcy or insolvency laws by or against, any Guarantor and, in the case of an involuntary proceeding under any federal or state bankruptcy law, if such proceeding shall not be dismissed within ninety (90) days after commencement thereof. Notwithstanding the foregoing, the events in this clause (c) shall not constitute an Event of Default if a replacement guarantor acceptable to Landlord in its reasonable discretion (meeting the Minimum Financial Requirement and having a direct or indirect ownership interest in Tenant) shall provide a replacement Limited Guaranty in substantially the form executed at Closing and a replacement Guaranty of Completion and Performance in substantially the form hereof; or

(d) Upon the entry of any monetary judgment or the assessment and/or filing of any tax lien against any Guarantor, or upon the issuance of any writ of garnishment or attachment against any property of, debts due to, or rights of any Guarantor, if such event would materially adversely affect Guarantor's ability to perform hereunder, unless in any such event such judgment, assessment, lien, garnishment or attachment is discharged or bonded within sixty (60) days.

10. Remedies; Continuance of Event of Default.

(a) Guarantor acknowledges that upon the occurrence of an Event of Default, Landlord shall have the right to enforce the Guaranteed Obligations by pursuing any and all rights and remedies available to Landlord against Guarantor, whether such rights and remedies are available at law or in equity.

(b) Notwithstanding anything to the contrary contained in this Guaranty, if an Event of Default has occurred (i) it shall be deemed to continue unless and until Landlord in its sole and absolute discretion in writing has waived the Event of Default, and (ii) unless Landlord in its sole and absolute discretion has agreed in writing to permit Guarantor to do so, neither Guarantor nor any other Person shall have any right to cure such Event of Default. If Landlord waives an Event of Default in writing or accepts in writing a cure by Guarantor of an Event of Default, following such written waiver or cure, such Event of Default shall cease to exist and shall no longer continue.

11. Notices. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the addresses set forth on page one.. Any such notices shall be either (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier, (b) sent by email, in which case notice shall be deemed delivered upon transmission, or (c) sent by personal delivery, in which case notice shall be deemed delivered upon receipt. Any notice sent by facsimile or personal delivery and delivered after 5:00 p.m. local time where the Property is located shall be deemed received on the next business day. A party's address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice. Notices given by counsel to Landlord shall be deemed given by Tenant, notices given by counsel to Tenant or Guarantor shall be deemed given by Landlord, and notices given to a party's counsel shall be deemed given to the party.

If to Guarantor:

Holland Partner Group Investments, LLC
c/o Holland Partner Group
1111 Main Street, Suite 700
Vancouver, WA 98660
Attn: Clyde Holland
E-mail: cluede@hollandpartnergroup.com

and a copy to:

c/o Holland Partner Group
1211 Daniels Street, #61708
Vancouver, WA 98660
Attention: Principal Staff Officer / Notices
Email: notices@hollandpartnergroup.com

With a copy to:

Oregon Law Group, P.C.

1675 SW Marlow Avenue, Suite 404
Portland, OR 97225
Attn: Elia Popovich
E-mail: notices@oregonlawgroup.com

If to Landlord: City of Vancouver
415 West 6th Street
Vancouver, WA 98660
Attn: _____

With a Copy to:

City of Vancouver
415 West 6th Street
Vancouver, WA 98660
Attn: City Attorney

With a copy to: Houlihan Law PC
303 E. 16th Street, Suite 201
Vancouver, WA
John@houlihan-law.com
jt@houlihan-law.com

12. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of Washington, without regard to the conflict of law rules of the State of Washington or any other jurisdiction. Guarantor hereby agrees that all actions or proceedings arising directly, indirectly or otherwise in connection with, out of or related to or from this Guaranty, or for recognition or enforcement of any judgment arising from same, shall be litigated, in Landlord's sole discretion and at Landlord's sole election, only in courts having a situs within or whose jurisdiction includes Clark County, Washington. Accordingly, Guarantor hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of any such action or proceeding in any court selected by Landlord. Guarantor also hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which Guarantor may now or hereafter have to the venue of any suit, action or proceeding in any court selected by Landlord. Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

13. Amendments. No amendment or waiver of any provisions of this Guaranty nor consent to any departure by Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Landlord, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Guarantor shall in any case entitle it to any other or further notice or demand in similar or other circumstances.

14. No Oral Agreements. This Guaranty represents the final agreement between the parties in connection with the subject matter hereof and may not be contradicted by evidence of

prior, contemporaneous, or subsequent oral agreements by the parties. There are no unwritten oral agreements with the parties.

15. Financial Representations, Warranties and Covenants. Guarantor hereby represents, warrants and covenants that:

(a) All financial statements and data that have been given to Landlord by Guarantor and Tenant with respect to Guarantor (A) are complete and correct in all material respects as of the date given; (B) accurately present in all material respects the financial condition of Guarantor on each date as of which the same have been furnished; and (C) have been prepared in accordance with the method of presentation provided by Guarantor's Statement of Net Worth and Liquidity document previously provided to Landlord.

(b) There has been no adverse change in the financial condition of Guarantor since (A) the date of the most recent financial statements given to Landlord with respect to Guarantor, or (B) the date of the financial statements given to Landlord immediately prior to the date hereof, other than changes in the ordinary course of business, none of which changes has been materially adverse, individually or in the aggregate.

(c) For so long as this Guaranty remain outstanding, (i) Guarantor, collectively, shall maintain a net worth of not less than Fifteen Million and 00/100 Dollars (\$15,000,000) and (ii) maintain liquidity (unencumbered cash) of not less than Five Million and 00/100 Dollars (\$5,000,000) ((i) and (ii) are collectively called, the "Minimum Financial Requirement"). An Appropriate Officer of Guarantor shall certify compliance with such Minimum Financial Requirement on a quarterly and annual basis.

16. Time. Time is of the essence of this Guaranty and all of its provisions.

17. Entire Agreement. This Guaranty is intended as a final expression of this agreement of guarantee and is intended also as a complete and exclusive statement of the terms of this agreement. No course of prior dealings between Guarantor and Landlord, no usage of the trade, and no parol or extrinsic evidence of any nature, shall be used or be relevant to supplement, explain, contradict or modify the terms and/or provisions of this Guaranty.

18. Severability. If any term, provision, covenant or condition hereof or any application thereof should be held by a court of competent jurisdiction to be invalid, void or unenforceable, such invalidity, voidness or unenforceability shall not impair, diminish, void, invalidate or affect in any way any other terms, provisions, covenants and conditions hereof or any applications thereof, all of which shall continue in full force and effect.

19. Headings. Section headings in this Guaranty are included for convenience of reference only and do not constitute a part of this Guaranty for any other purpose.

20. Counterparts. This Guaranty may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of such counterparts taken together shall constitute but one and the same instrument.

21. GUARANTOR ACKNOWLEDGEMENT AND WAIVER OF RIGHT TO TRIAL BY JURY. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW, GUARANTOR HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS GUARANTY.

Signature Appears on Following Page

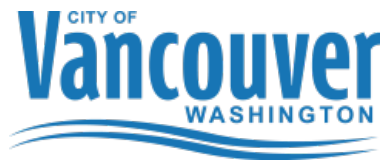
IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Guaranty as of the date first above written.

GUARANTOR:

HOLLAND PARTNER GROUP INVESTMENTS, LLC,
a Washington limited liability company

By: Holland Partner Group Management, Inc.,
a Delaware corporation,
its Manager

By: _____
Clyde P. Holland, Jr., CEO



CITY CENTER REDEVELOPMENT AUTHORITY

MEETING MINUTES

Vancouver City Hall – Council Chambers – 415 W. 6th Street
PO Box 1995 – Vancouver, Washington 98668-1995
www.cityofvancouver.us

Richard Keller • Marc Fazio • Debi Ewing • Jack Onder • Brad Hutton • David Copenhaver • Richard Krippaehne

September 19, 2019

REGULAR MEETING (Vancouver City Hall, Council Chambers)

The meeting agenda materials referenced in these minutes can be found [online](#).

ITEM 1: CALL TO ORDER AND ROLL CALL

The September 19, 2019 meeting of the City Center Redevelopment Authority was called to order at 12:11 pm by President Richard Keller in the Council Chambers of City Hall, 415 W. 6th Street, Vancouver, Washington.

Present: Richard Keller, Dick Krippaehne, Brad Hutton, David Copenhaver, Debi Ewing, Marc Fazio

Absent: Jack Onder

ITEM 2: APPROVAL OF MINUTES

Motion by Ewing, seconded by Krippaehne, and carried unanimously to approve the minutes from September 19, 2019.

ITEM 3: AC MARRIOTT HOTEL DESIGN REVIEW

Item Summary

Keith Jones, Senior Planner, City of Vancouver introduced the AC Marriott Hotel project. The project is a component of the Port of Vancouver's waterfront masterplan. Without a developer agreement, the design review is an administrative decision not requiring action from the CCRA board. The seven-story, 150-room hotel building will be located on block D of the Port of Vancouver master plan, at the corner of Daniels Way and Columbia Way, north of the Vancouver Landing Amphitheater and west of the Terminal 1 site. The building will contain structured parking on the second and third floors, 1,500 square feet of leasable retail and a ballroom on the first floor and 4,500 square feet of leasable office space on the seventh floor. A Z-shaped building form was selected for floors four through seven to maximize views of the river and downtown. The main façade will be a silver metal panel, with darker grey accents. The garage will be screened with faux wood aluminum fins in varying widths. The lower level will be a combination of masonry and glazing. The main lobby and lounge will be open, allowing views from the

porte-cochere and driveway through to the second entrance towards the river and renaissance trail. The exposed areas above the garage will contain landscaped green roofs without guest access.

Board Discussion

Chair Keller expressed appreciation for the design. No suggestions were made.

ITEM 4: BLOCK 10 REDEVELOPMENT PROPOSAL AND DRAFT DDA ELEMENTS

Item Summary

Chad Eiken, Community and Economic Development Director, introduced the Letter of Intent ("LOI") with Holland Partner Group for the redevelopment of Block 10. In May of 2019, City Council gave staff direction to enter into exclusive negotiations with Holland Partner Group. Elements in the resulting LOI will be transferred into a Disposition and Development Agreement and a Lease Agreement, which will go to City Council in late October.

The Block 10 building consists of a 5-story residential tower and a 4-story office tower above an enclosed 2-story, 110-stall parking structure with retail on the ground floor. A courtyard above the parking deck will provide common space for both the residents and office tenants. The Holland Partner Group has asked for a code amendment that would allow the building to encroach five feet over the public sidewalk for the full height of the building, which would be 75 to 80 feet in height. A detailed project description and substantive elements of the LOI were described in the staff report provided.

Board Discussion

David Copenhaver expressed support for allowing the five-foot overhang to extend up the full height of the building, stating that it would set a positive precedent. He commended the attractive and functional design of the building. Board members Krippaehne and Ewing agreed that the renderings had improved since the Development Subcommittee meeting and expressed appreciation for the current design. Marc Fazio recalled that the board had hesitated to endorse a residential use of the site, and stated that this project stays true to the board's vision of encouraging employment downtown and that the ability to retain Holland Partner Group headquarters in downtown Vancouver made this project especially important.

The board asked how the 3% CPI cap was determined. Staff indicated that this had been a negotiated value, and as this is the City's first ground lease opportunity, the negotiation team felt comfortable with 3% despite it being towards the low end of their range. President Keller encouraged staff to reinvest the revenue from the ground lease into future economic development projects, as consistent with the origin and purpose of the City Center Redevelopment Authority.

Motion by Ewing, seconded by Copenhaver, and carried unanimously to recommend approval of the project to City Council, recognizing that the elements within the LOI will form the terms of the Disposition and Development Agreement and the lease agreement.

ITEM 5: MEMORANDUM OF UNDERSTANDING BETWEEN CITY OF VANCOUVER AND CITY CENTER REDEVELOPMENT AUTHORITY FOR THE WATERFRONT GATEWAY PROPERTIES

Item Summary

Teresa Brum, Economic Development Division Manager, introduced the latest version of the draft Memorandum of Understanding between City of Vancouver and City Center Redevelopment Authority for the Waterfront Gateway Properties ("MOU") and the project manager, John Collum. Staff summarized the most recent revisions to the MOU. The draft has been reformatted so that the responsibilities of both parties are more clearly organized, specific language has been added to address the intended relationship between the parties and a section titled Future Agreement has been added to address future resource needs for the CCRA. A detailed summary of changes was included in the staff report provided with the meeting materials.

Board Discussion

David Copenhaver asked for clarification on the funding for the project. Staff stated that \$250,000 had been allocated in the City's biennial budget for consultant funding, not including City staff. So far, SERA Architects and Rick Williams have been engaged, and staff expects to hire consultants for the convention center expansion analysis and outside legal counsel on behalf of the CCRA in the near future. Once the MOU is in place, the CCRA would guide the allocation of the budget, but the City will continue to manage the financial activity of the project. Staff will provide the board with a monthly budget summary to aid their decisions.

Board members Krippaehne, Hutton and Fazio expressed that they had no further concerns about the draft MOU.

Motion by Krippaehne, seconded by Fazio, and carried unanimously to recommend approval of the Memorandum of Understanding between City of Vancouver and City Center Redevelopment Authority for the Waterfront Gateway Properties.

ITEM 6: EXECUTIVE DIRECTOR'S REPORT

Item Summary

Chad Eiken reported an update to the Development Project List, numbers 36, 151-157. Please see "CCRA Updated Development Project List and Map" dated September 2019.

CITIZEN COMMUNICATIONS

ADJOURNMENT

1:33 PM

Richard Keller, President

Meetings of the City Center Redevelopment Authority are electronically recorded on audio. The audio tapes are kept on file in the office of the City Clerk for a period of six years.



To request other formats, please contact:
City Manager's Office
(360) 487-8600 | WA Relay: 711
Amanda.Delapena@cityofvancouver.us



Staff Report 146-19

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 10/21/2019

SUBJECT Declaration of Real Property as Surplus - Waterfront Parcel

Key Points

- Section 3.2.2 of the initial Development Agreement between the City of Vancouver and Waterfront LLC provides for the City to convey to Developer the Developer Exchange Land, consisting of approximately 36,000 square feet of property, within sixty (60) days after all rights-of-way within the Developer Exchange Land have been improved with the public street improvements.
- The Third Amendment to the D.A. revised the above condition to allow the transfer to occur after the first phase of public improvements had been completed and inspected, which has since occurred, thereby satisfying the requirement in the D.A.
- A city sewer force main which serves the Waterfront extends east-west through the parcel, and a public easement will be recorded over it prior to any transfer, to allow for periodic maintenance as well as to protect it from adjacent development.

Strategic Plan Alignment

Goal 7, Objective 7.1: Support redevelopment of the Columbia River waterfront.

Goal 7, Action 7.1.2: Adopt infrastructure improvements, tax incentives and other tools to stimulate redevelopment of Vancouver's urban waterfront.

Present Situation

On October 19, 2009, the City of Vancouver and Columbia Waterfront LLC (CWLLC) entered into a development agreement regarding the future development of the Vancouver Waterfront, approved by Council under Resolution No. M-3700. Section 3.2.2 of the agreement (page 6) contains a commitment by the City of Vancouver to surplus an approximately 36,327 square foot remnant parcel located adjacent to and south of the BNSF railroad berm to CWLLC, in exchange for CWLLC constructing public streets and dedicating their property for such streets throughout the Waterfront project area.

CWLLC has completed all public improvements required in order for the surplus of this property to be executed, and such improvements have been inspected and accepted by the City. CWLLC has advised the City that they intend to transfer the land to the Port of Vancouver in order to facilitate the Port's master plan development.

Pursuant to the requirement of the D.A., an appraisal was completed for the City-owned property, by an MAI appraiser, and the public rights-of-way dedicated to the City by CWLLC have also been appraised. The property dedicated by CWLLC to the City for public rights-of-way has been estimated at 6.65 acres total and valued at \$12.17 million. The parcel to be surplus by the City is 36,327 square feet and is valued at \$510,000. Both appraisals have been accepted by the City and CWLLC.

CWLLC has met the conditions required prior to surplus and disposition of this property. A separate hearing is scheduled for November 4, 2019, to transfer the property to CWLLC per the adopted Development Agreement.

Advantage(s)

1. Formal action to surplus the subject property fulfills a commitment by the City contained in the 2009 Downtown Waterfront Development Agreement.
2. Transfer of the property to CWLLC will further advance the Waterfront redevelopment efforts.
3. A 15-footwide public easement will be recorded over the existing sewer force main, which will ensure that the City retains future access to it for maintenance.

Disadvantage(s)

None

Budget Impact

None

Prior Council Review

None

Action Requested

On October 21, 2019, following a public hearing, adopt a resolution approving certain real property located north of SE Columbia Way immediately west of Columbia Street (Assessor parcels 48840000 and 48850000) as surplus.

Chad Eiken, Community and Economic Development Director, 487-7882

ATTACHMENTS:

- ▣ Resolution
- ▣ Vicinity Map
- ▣ Legal Description and Survey of Parcel
- ▣ Downtown Waterfront Development Agreement
- ▣ 3rd Amendment to Waterfront DA
- ▣ Appraisal of CWLLC ROW Dedications
- ▣ Appraisal of City Property to be Surplused

This staff report references the terms and conditions of the request for approval. Any document referred to herein and that is not attached may be reviewed prior to the City Council meeting in the office of the City Manager. Documents may be reviewed following scheduled Council meetings in the office of Central Records, 415 West 6th Street, Vancouver, WA. Office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday.

10/21/19

RESOLUTION NO. M-_____

A RESOLUTION of the City of Vancouver declaring certain real property as surplus, directing its disposal and method of disposition.

WHEREAS, the City of Vancouver owns the real property listed on the attached Exhibit D (“Subject Property”); and

WHEREAS, Council reviewed Staff Report No. _____ and the surplus property report related to the Subject Property; and

WHEREAS, Council held a public hearing on October 21, 2019, to consider the surplus status of the Subject Property and whether the Subject Parcel should be disposed of or retained; and

WHEREAS, the Subject Property on Exhibit C is surplus to the needs of the City; and should be disposed of by transfer to Columbia Waterfront LLC (CWLLC) as prescribed in the Downtown Waterfront Development Agreement between City of Vancouver and CWLLC, dated October 19, 2009;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY OF VANCOUVER:

Section 1. The Subject Property is declared surplus to the needs of the City as described in Staff Report No. _____.

Section 2. The Subject Property shall be disposed of by transfer to CWLLC as provided for in the Downtown Waterfront Development Agreement, section 3.2.2.

RESOLUTION - 1

Section 3. The City of Vancouver Property Services Manager or designee is directed to prepare a proposal for disposition in compliance with this Resolution and Chapter 3.30 VMC.

ADOPTED at a Regular Meeting of the Vancouver City Council this 21st day of October, 2019.

Anne McEnerny-Ogle, Mayor

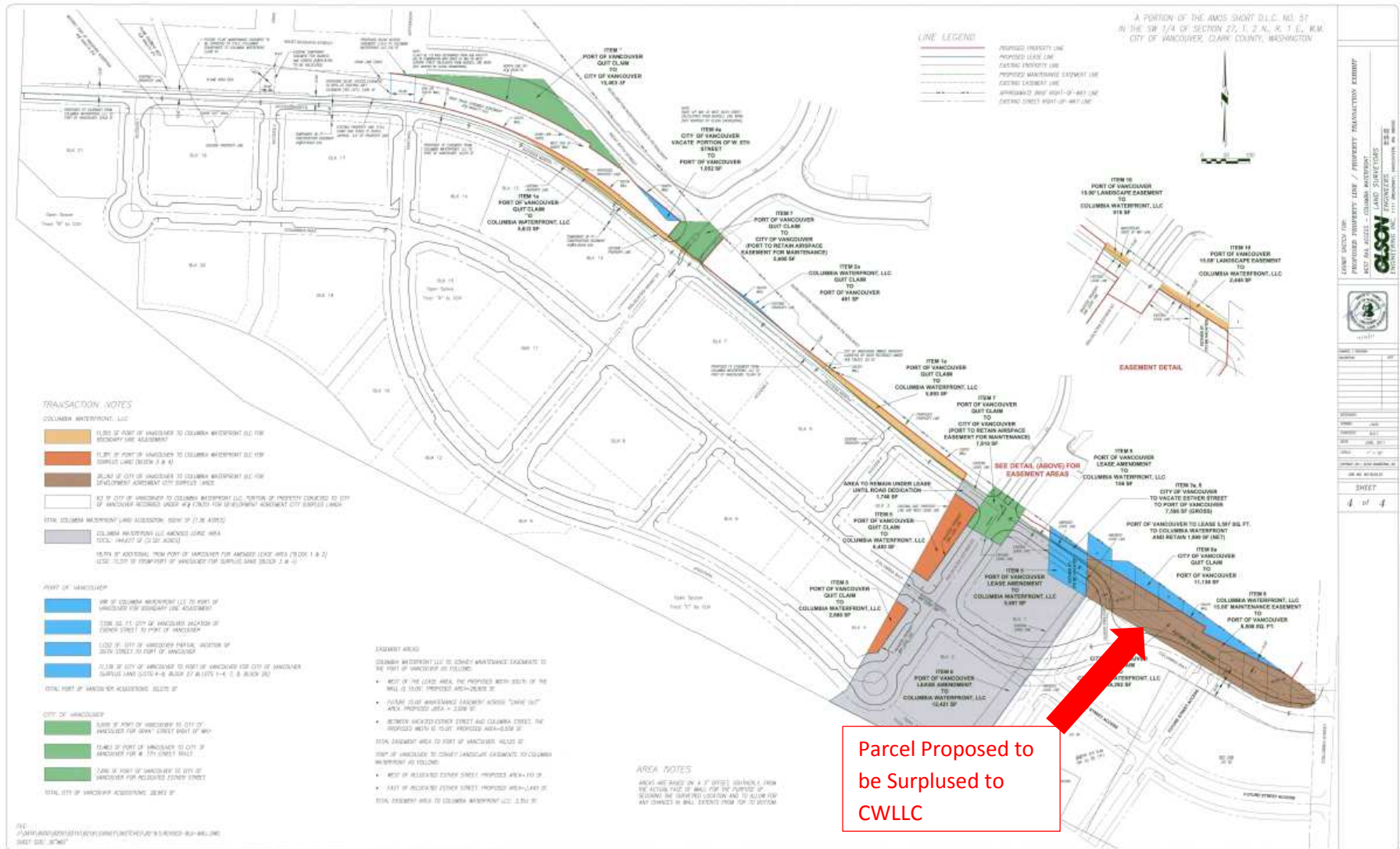
Attest:

Natasha Ramras, City Clerk

Approved as to form:

Jonathan Young, Acting City Attorney

Vicinity Map Showing Parcel to be Surplused



LEGAL DESCRIPTION FOR
CITY OF VANCOUVER SURPLUS PROPERTY
EAST OF VACATED ESTHER STREET

October 4, 2017

A parcel of property in a portion of the Amos Short Donation Land Claim No. 51 and located in the Southwest quarter of Section 27, Township 2 North, Range 1 East, of the Willamette Meridian, City of Vancouver, Clark County, Washington, being a portion of Lots 1, 2, 3, 4, 7 and 8 of Block 26 and Lots 4, 5, 6, 7 and 8 of Block 27 and of those portions of 3rd and Daniels Street in the Plat of West Vancouver recorded in Book "D" of Plats, at Page 30, records of the Clark County, lying Southwesterly of a line drawn parallel with and 30.00 feet from, when measured perpendicular to, the Burlington Northern and Santa Fe Railway Company's Main Track centerline as described in deed to the City of Vancouver, recorded under Auditor's File No. 3222569, records of Clark County, and lying Southerly of the following described line:

COMMENCING at a brass cap set at the Southeast corner of said Short Donation Land Claim;

THENCE North 02° 19' 17" East towards a stone with an "X" at the intersection of Main & 12th Streets as shown in Book 17 of Surveys at Page 21, records of the Clark County Auditor, a distance of 1046.42 feet;

THENCE North 87° 40' 43" West 1309.17 feet to the TRUE POINT OF BEGINNING;

THENCE South 57° 15' 28" East 112.45 feet;

THENCE South 58° 31' 22" East 1.07 feet;

THENCE South 55° 18' 29" East 21.51 feet;

THENCE South 60° 20' 03" East 21.69 feet;

THENCE South 58° 28' 53" East 399.69 feet;

THENCE South 26° 55' 22" West 13.87 feet;

THENCE South 63° 18' 52" East 11.14 feet;

THENCE South 63° 31' 50" East 181.27 feet;

THENCE South 57° 39' 23" East 13.79 feet to the South line of said Burlington Northern Santa Fe Railroad Company tract;

THENCE South 54° 22' 26" East along said South line 60.92 feet, more or less, to the West line of Columbia Street and the TERMINUS of said line.

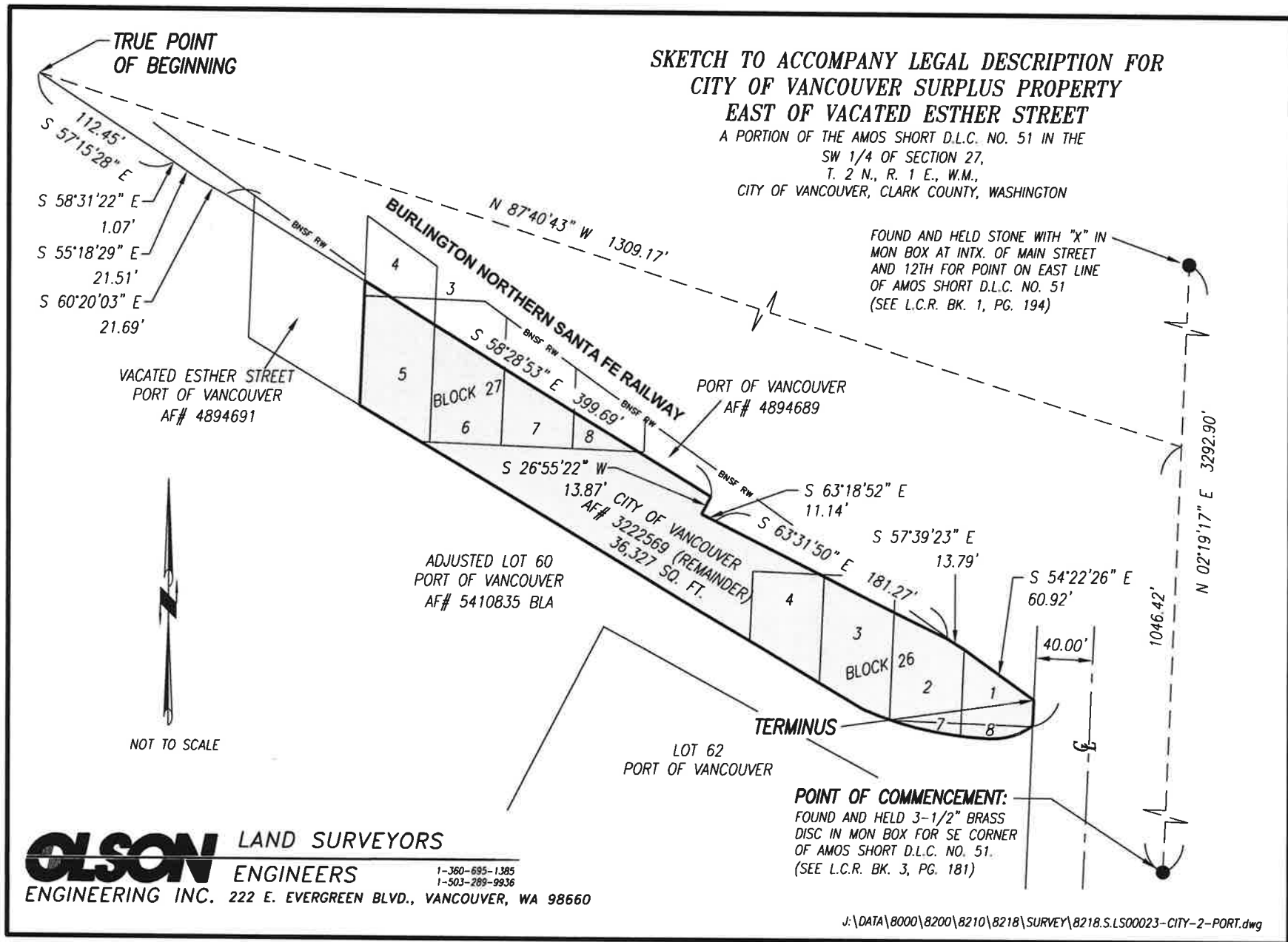
EXCEPT any portions lying West of the West line of Block 27, said Plat of West Vancouver, and that parcel conveyed by deed to the Port of Vancouver recorded under Auditor's File No. 9308180176, records of Clark County.

The intent of the above described parcel of land is to convey all that remainder of that parcel described in deed to the City of Vancouver, recorded under Auditor's File No. 3222569, records of Clark County.

Containing 36,327 square feet, more or less.



10-4-17





STAFF REPORT NO. 144-09

TO: Mayor and City Council
FROM: Pat McDonnell, City Manager

DATE: 10/19/09

Subject: Public Hearing -- approval of a Development Agreement with Columbia Waterfront, LLC for a conceptual master plan on approximately 32 acres generally located south of the BNSF right-of-way, west of Columbia, East of Jefferson and north of the Columbia River. (Parcels 49335-000, 502180-000, 48841-000, 48843-000, 502240-000).

Objective: Encourage and facilitate redevelopment of the site consistent with the Vancouver City Center Vision Plan (VCCV), the Esther Short Neighborhood Revitalization Strategy Area, City Center (CX) zoning, and to secure financial contributions to off-site access improvements and assure development of public amenities within the redevelopment consistent with the VCCV.

Present Situation: Columbia Waterfront LLC owns approximately 28 acres and has executed a long-term land lease with the Port of Vancouver for an adjacent 4 acres for a total of approximately 32 acres within the Columbia West Renaissance District of the VCCV ("Site"). Columbia Waterfront LLC intends to pursue approval of a master development plan for the site consistent with goals and policies of the VCCV to redevelop the site with an urban, mixed use addition to the City's downtown core. The development goals found in the VCCV, along with a range of mix of uses in the conceptual master plan appended to the Development Agreement (DA) is as follows:

Use	VCCV Goal	Master Development Concept	
		min	Max
Residential (units)	3014	2,500	3,300
Office/Commercial	450,000	400,000	1,120,000
Retail	125,000	100,000	400,000
Hotel (rooms)	200	0	160 rooms
Industrial/Institutional	110,000	0	0

In addition, the master concept plan calls for a total of approximately 10 acres of parks, plazas esplanades and open spaces to be developed or set aside for public use and access on full build out of the site. The master open space concept plan was created through a public process, and reviewed and endorsed by the Parks and Recreation Advisory Commission (PRAC) on March 20, 2009.

On September 17, 2009, the City Center Revitalization Authority reviewed the draft development agreement at a public meeting and forwarded a recommendation of conditional approval. The specifics of their recommendation were included in the draft of the agreement delivered to City Council at the September 21 work session. There are other modifications to the draft that are addressed in the attached memorandum.

Advantage(s): Advantages related to the proposed development agreement include:

1. Facilitates realization of the community vision as adopted in the VCCV.
2. Assures a range of density and mix of uses to be developed on the site over the full build out of the redevelopment area consistent with the VCCV.

3. Assures a total of approximately 10 acres of new public parks, plazas, esplanades and open spaces within the project, including continuous access to the shore of the Columbia River.
4. Assures an extension of the downtown grid through private improvement of public amenities within the redevelopment project, including streets, sidewalks, utilities, street lights, consistent with the City's vision and dedicated to the city, at an estimated private cost of approximately \$31 million.
5. Provides for continuation of the Renaissance Trail by assuring approximately .5 miles of continuous public access along the Columbia River, the full length of the project.
6. Provides for the addition of 20 new blocks to the downtown core, opening up additional opportunities for new development incomparable to any found in the greater metropolitan area.
7. Secures an \$8 million private contribution to off-site public access infrastructure by contract, personal guarantee and restriction of building permit issuance.
8. Assures that the public investment in the off-site access project will ultimately result in the private development envisioned in the VCCV.
9. Secures the potential for creation of up to 4,100 direct permanent jobs and approximately 12,000 construction jobs over the full build-out of the private redevelopment project.
10. Leverages public infrastructure investment to potential private investment at a ratio of 30:1.
11. Secures the potential return on investment from private development as follows:

ESTIMATED NET PRESENT VALUE OF FISCAL BENEFIT OVER 25 YEARS	
City of Vancouver	\$ 40.3
Other Local Government	\$ 50.9
State of Washington	\$ 146.9
TOTAL NET FISCAL BENEFIT	\$ 238.1

12. The access project embodied within the agreement has multiple collateral benefits, as follows:
 - a. Will result in establishment of a quiet zone in the downtown core.
 - b. Will improve vehicle safety by eliminating two at-grade crossings in the downtown.
 - c. Will add reliable, safe 24/7 access to the crescent area, improving industrial traffic movement and accessibility for emergency vehicles to 30 businesses located in the crescent area.
 - d. Will maximize the effectiveness of the Port of Vancouver West Vancouver Freight Access Project and the WSDOT West Vancouver Bypass projects, ultimately resulting in a 40% enhanced main-line freight rail efficiency.

Disadvantage(s): The City's commitment to build the access project as embodied in the agreement dedicates capital funding that may otherwise be used for other City transportation capital projects.

Budget Impact: The Development Agreement requires the City to complete the full access project in two phases, currently estimated at a total of \$44.3 million over two biennia. The City has secured through multiple sources \$34.8 million funding and financing for Phase I, much of which was adopted as part of or anticipated by the 2009-2010 budget. The City anticipates, based on existing legislative requests, an additional \$4.8 million in grants and earmarks, and has identified or applied

for an additional \$5.3 million in funding from state and federal grant sources, for a total of \$44.9 million of either secured, anticipated or identified funding and financing sources for the overall project. The specific funding and financing program for public street construction will be addressed with the 2011-2012 biennial budget, and the City will continue to strategically pursue outside funding in a manner that limits the local share of the project.

Action Requested:

On October 19, 2009, following a public hearing on the development agreement, adopt a resolution authorizing the City Manager or his designee to execute a development agreement with Columbia Waterfront, LLC vesting and reserving transportation capacity for the project, as well as the proprietary terms of the master redevelopment concept plan for the former Boise Cascade site.

Attachments:

- Staff analysis memorandum dated September 14, 2009.
- September 16, 2009 letter from Randy Printz re: draft DA
- Staff review of September 16, 2009 letter from Randy Printz re: outstanding issues on draft Development Agreement, dated October 7, 2009
- Resolution
- Development Agreement

C9100801/PM:EH:MW9



To: Ward Cook, Chair
City Center Revitalization Authority

From: Eric J. Holmes, Economic Development Director

Date: September 14, 2009

RE: Waterfront Redevelopment Project Development Agreement Overview and Analysis

Background

In June 2007, the City adopted the Vancouver City Center Vision Plan (VCCV), a vision for redevelopment of the downtown area that set goals to transform the downtown into an 18/7 environment embodying the concept of "messy vitality", a dynamic and rich mix of residential, cultural, civic, retail and entertainment places designed to attract growth, jobs and round-the-clock activity.

The VCCV carved the downtown core into six districts and established specific development goals for each. Included among these six areas is the Columbia West Renaissance district, more commonly referred to as the Waterfront District, which includes the highest concentration of new residential, commercial, office and new public open space of any district within the VCCV planning area. The Waterfront District includes approximately 60% of the total future planned development within the downtown core over the next 20 years.

In early 2008, the 28 acre former Boise Cascade mill site was purchased by Columbia Waterfront, LLC, a group of local investors comprised of Steve Oliva, Al Kirkwood, Steve Hansen and Gramor Waterfront LLC, represented by Barry Cain, and George Diamond. At that same time, this investor group secured a long term land lease for an additional 4 acres from the Port of Vancouver, bringing a total of approximately 32 acres under their control for redevelopment purposes.

Since that time, the City has been working with the developer and their design team, as well as the City and Developer's legal advisors, to craft the terms of a development agreement and master redevelopment concept plan for the redevelopment project. Attached to this memorandum is the final draft of the development agreement and the master redevelopment concept plan (as exhibits) for the CCRA's review.

On the whole, the agreement achieves three critical, primary objectives:

- **Provides certainty to both the City and Developer of a minimum development plan that runs with the land for the 20 year period of the agreement.**
 - Assuring a minimum development program (uses, mix, general configuration and density) for the site consistent with the goals of the VCCV.
 - Vesting the site with current development regulations and infrastructure capacity necessary to accommodate future redevelopment consistent with the master concept plan.
- **Assures construction of the off site Access Project.**
 - Obligates and secures an \$8 million contribution from the Developer to the off site access project.
 - Obligates the City to construct the access project if all other agreement terms are met.
- **Assures approximately 10 acres of public park, plazas and open spaces in the project, including a continuous public waterfront park along the sites river frontage.**
 - Provides for dedication of the waterfront park upon notice by the City after entitlement.
 - Obligates the developer to construct a core, useable park improvement prior to occupancy of the first building.

The agreement - except where expressly intended to, such as relative to a limited set of design standards - does not circumvent the development review process. Rather, it augments and provides some new parameters for development review to rely upon as they and the Planning Commission review the project.

Though the full agreement is essential to meet the mutual and individual interests and obligations of the City and the Developer for the project, analysis of the more substantive elements of the agreement and associated exhibits are provided below, by Section.

Analysis

- | | |
|-------------------|---|
| Recitals. | No substantive issues. |
| Section 1. | No substantive issues. |
| Section 2: | Sets the duration of the agreement at 20 years, and provides for both parties to vigorously resist any appeals. |
| Section 3: | Defines project site and minor land exchanges between City and developer. |
| Section 4: | Master Development Plan. This section is critical to assuring the community's goals, as reflected in the VCCV, are implemented on build out of the project. |

- Minimum density on the site at 4.5:1 floor area ratio. This ratio will result in a minimum of approximately 3 million s.f. of development upon build out of the project, which is consistent with the goals of the VCCV.
- Minimum and maximum densities for office, retail, residential and open space uses. The range for each of the se uses is consistent with the goals of the VCCV.
- Minimum sustainable design standard for all vertical development. Neither the VCCV nor the code specifies a sustainable design standard for vertical development in this district. This provision will assure that all new buildings within the redevelopment project meet, at a *minimum*, the design standards equivalent to USGBC LEED Silver.
- Basic configuration of the essential components of the master development concept plan (Exhibit B). While this agreement establishes the master concept plan against which, in part, the entitlement application will be measured, the agreement does not circumvent any of the development review processes required for the project.
- Development and design standards that will apply to full build out of the project. This includes vesting of current development regulations as well as a limited set of specific designs standards (Exhibit L) that apply to the project moving forward.

Section 5: Outlines the required land use approvals and a time frame for the Developer to pursue such approvals. Given that the technically complete application has been made, the substance of this section is generally limited to the fact that the entitlement submittal must be consistent with this agreement and that the City and developer will resist any future appeals of the master plan entitlement approvals.

Section 6: This section defines the specific circumstances under which either the City or Developer may terminate the agreement.

Section 7: This is critical to accomplishing some of the most substantive objectives of the agreement for both parties. This section:

- Defines the off-site transportation improvement that is essential to be able to develop the property consistent with the VCCV and conceptual master plan, and obligates the City to build the off site (provided all other agreement conditions are met).
- Defines \$8 million as the total amount of the developer's contribution to the off-site transportation improvements. This equates to approximately 18% of the total project costs, which are estimated at \$44.3 million. In addition, this section defines the terms of that contribution and the mechanism the developer will provide to secure it. The payment is assured in three primary ways:
 - The development agreement as a binding business contract. Execution of the DA obligates the developer to a stream of "transportation mitigation payments" over a maximum of 5 years totaling \$8 million. 10% of this amount (\$800,000) will be paid prior to the City going to construction of the access project, and the balance over the subsequent 5 years.
 - Personal guarantees of the individual investors. In addition to the DA as a contract, the individual investors will execute personal guarantees to guarantee

their share of the obligation proportionate to their ownership in the LLC. This distribution is outlined in Section 7.3.1.3. *Ball Janik, the City's outside counsel in this matter, has retained a CPA firm to perform a review of the financial statements of each of the investors and advice of the probability of the investors to meet their share of the \$8 million obligation as defined in this agreement. The opinion based on a review of financials was not available as of this writing, but is expected before final action on the agreement by the City Council. Should the CCRA forward a recommendation of approval to the Council, it should be contingent upon satisfactory conclusion of this financial review.*

- Payment in full by date certain. In addition to the schedule provided for in Section 7.3.1.1 and 7.3.1.2, the full outstanding balance must be paid in full prior to issuance of the first building permit for vertical construction (see section 7.3.1.2).

Section 8: This section vests the following project aspects for 20 years following execution of the agreement:

- Vests the project with the regulations in effect at the time of execution, except as modified by Section 4.3 and Exhibit I.
- Vests the certificate of concurrency and transportation capacity in the system of 2,391 PM peak hour trips, as well as provides a method for tracking trip consumption.
- Clarifies that these benefits and obligations run with the land.

Section 9: This section outlines other City and Developer obligations, and is critical to assuring the public parks, plazas and open spaces are established and built as envisioned by the community. This section:

- Provides for dedication of on site streets and utilities consistent with the master concept plan and typical entitlement processes.
- Defines the park, plazas, open space and trail components of the project, including:
 - The overall conceptual parks plan, which is generally consistent with the concept plan reviewed and endorsed by the Parks and Recreation Advisory Commission in spring of 2009.
 - The Waterfront Esplanade Plan design concept, as well as the triggering conditions that will result in dedication of the property to the City. This section also clarifies the lack of obligation of the City or developer to construct the full esplanade plan, but commits both to a cooperative effort to find funding to finish construction of the esplanade (Section 9.3.2).
 - The Core Park Improvements, which are those that will be built by the developer, at the developer's expense and maintained by the developer for 2 years following completion, which must occur prior to occupancy of the first building on site (Section 9.3.3).
 - Parameters for future use of the Waterfront Park & esplanade (Section 9.3.4).

- Provides for relevant and appropriate system development charge and impact fee credits consistent with the City's regulations and codes governing such credits.
- Provides for a temporary staging site for the City's waterfront access project on the development site.

Section 10: Provides for the general provisions, notices, etc.

LANDERHOLM, MEMOVICH, LANSVERK & WHITESIDES, P.S.

ATTORNEYS AT LAW

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Randall B. Printz

September 16, 2009

Eric Holmes, Economic Development Services Manager
City of Vancouver
210 E. 13th Avenue
Vancouver, WA 98666

Re: Columbia Waterfront Development Agreement

Dear Eric:

Eric, we received the City's latest revisions to the Development Agreement yesterday. We understand that you have sent that draft to the CCRA for their review prior to our meeting with them scheduled for Thursday of this week. Most of the changes that the City proposed are acceptable to us, but there are a few that we would like to comment on and have considered by the CCRA. We acknowledge the effort that has been put forth by both sides and that no agreement is ever perfect, nor can it address every conceivable situation that might arise in the future.

Following is a short list of provisions that are currently unacceptable to Columbia Waterfront (Columbia) in their current form and a corresponding proposed resolution that is intended to address the City's reason for including the provision, but in a manner that is acceptable to Columbia:

1) 7.1.3.2

In this section, the City has now added an "acceleration clause" that provides a stiff penalty for being more than ten days late with a payment. The City's new language requires that all payments provided for under the Agreement are accelerated and become immediately due and payable if the developer is late with any of the annual payment. Because this is an annual payment and because of the significance of the acceleration to not only Columbia Waterfront LLC, but to the guarantors under this Agreement, we propose a 30 day notice period in place of the ten day notice period, and we propose that the City would provide all of the guarantors with written notice. To effectuate these changes we propose the following language:

In the event that the Developer fails to make any payment when due and as required under this Section 7.3.1.2, then upon Thirty (30) days written notice to the Developer, and the guarantors identified in Section 7.3.1.3, the City may accelerate the required payment of all unpaid amounts

due under this Section 7.3.1.2, plus interest thereon at the rate of the City's cost of capital for financing the off-site transportation improvements.

2) 9.3.2

In this section, Columbia is donating the land to the City for its park. Columbia has requested that the City allow two restrictive covenants to be placed upon the property: (1) to have the property remain as a park in perpetuity; and, (2) that the limitation that the City (staff) has agreed to in Section 9.3.4 (no construction of buildings or permanent structures - and limited commercial activities) also remain in perpetuity beyond the life of the Agreement. The City as now placed language in the Agreement that accomplishes the park purposes in perpetuity, but not the other restrictions.

The vision for this area is a vibrant public park that will be functionally integrated with the development project and provide building owners and tenants with a unique waterfront experience. In order to attract the types of future building owners and tenants that will invest 100 – 150 million dollars to build buildings that are proposed for this site, there needs to be assurance that at the expiration of this agreement, that space will not be cluttered with future buildings that block views or otherwise detract from the unique urban waterscape that both Columbia and the City have envisioned for this area.

Those assurances need to be in place now, as these buildings will be here long after this agreement expires and few if any private entities would make that kind of investment with the possibility that at the expiration of this agreement, the entire area could detrimentally change. The City has agreed with these concerns as evidenced by the language in Section 9.3.4 restricting certain uses and structures for the life of the agreement. We are simply asking that these provisions survive the expiration of the agreement. The following language is proposed to address this issue:

The City agrees to allow a restrictive covenant to be placed upon the property that limits or restricts certain uses and structures as provided for in Section 9.3.4.

3) 9.3.2

In this provision the City has asked that the developer “warrant” that the land it purchased from Boise Cascade and which it is donating to the City for a park, be free of any hazardous substances that would require remediation. Columbia did extensive investigation into the environmental condition of the property as part of its purchase of it. Columbia is willing to make available to the City all of that information and material. Because Columbia has taken no action

on the property, it is clear that they have not contaminated the property. The issue is whether there is any remaining contamination on the site, not previously cleaned up by Boise. Based upon its investigation, Columbia does not believe there is any additional contamination; however, it is not in a position to warrant or guarantee that it does not.

As part of Columbia's purchase of the property, they obtained an indemnification agreement with Boise that essentially provides that in the event that additional contamination is found during construction, Boise would pay for any clean up costs in excess of \$500,000 for a period of eight years after the closing of the sale. This right does not appear to be assignable, but Columbia is willing to retain the property through the period that provision is in effect (assumedly the city would construct its park during this period.), in order to provide additional protection to the City for this risk. In this situation, the City would "effectively" although not "contractually" step into the shoes of Columbia. Thus, if additional contamination were found, the City's exposure would be limited to \$500,000 during the period that the Boise provision was in effect.

If this is acceptable to the City, the City and Columbia would need to work out the details (indemnification, rights of access etc.) of the City's construction of a park on property then owned by Columbia. Transfer of the property could occur as soon as the City constructed their park. Please understand that this is property that is being donated to the City, not purchased by the City. In the latter case, it is certainly typical for the seller to provide some type of indemnification for environmental liability. However, where property is being donated for parks, rights of way or other public purposes, it does not seem appropriate, nor is it typical for the person making the donation to also indemnify the donee. Such a practice would have a substantial chilling effect on the willingness of civic and philanthropic donors to make donations such as this.

4) 9.6

In order to preserve the aesthetics of the park area and to better integrate the park with the project, the developer and the City have agreed that the most appropriate place for permanent restrooms is in or attached to one of the buildings near the park. The developer has agreed to lease such space to the City at no cost to the City, but is requesting that the City pay to the developer the costs of what the City would have spent, if they constructed their own facilities or the pro-rata share of the costs of the building shell, whichever is less. The City is currently unwilling to make such a payment.

The City has agreed to pay for its utility costs for operating and maintaining the restrooms, but only if the utilities are separately metered. It is very common in commercial buildings to not have separate utility meters for each tenant, but rather to fairly pro rate the utility costs amongst the tenants. That is what Columbia is requesting in this case. Finally, the City desires to have the ultimate say in the precise location of the restrooms. The developer wishes to identify one or

more locations now, where such facilities would be located that are acceptable to the City. The following language is proposed to address this issue:

The Developer agrees that the City may lease one permanent public men's restroom and one permanent women's restroom within a building to be built by the Developer in one of the locations identified in Exhibit __. The ultimate location shall be determined by the developer, but must be in one of the areas depicted upon Exhibit __. The Developer shall lease ground floor space within that building to the City for a term equal to the life of the building for \$1.00. The Developer shall create "shell space" served by sewer, water, HVAC and electricity stubbed to the interior walls. The City shall pay the cost of all restroom fixtures and improvements and pay to the Developer the pro-rata share of the cost of building shell based upon the respective square footages of the building shell and the restroom; or an amount equal to the cost of the City constructing its own restrooms of comparable size, whichever is less. The City shall pay the cost of maintaining these restrooms in a first class manner, including the payment of all utilities and janitorial services. The parties agree to enter into commercially reasonable documents to implement the above, including hours of operation.

5) 10.14

The City is not willing to let Columbia assign its rights or obligations under this agreement without consent from the City. As the project moves forward and blocks are potentially sold or conveyed to other third parties for construction (example: company XYZ Inc wants to relocate its offices from California to Vancouver and build and own its own building) or to affiliated entities of Columbia, it is imperative that Columbia's rights under this agreement are able to be assigned to those future entities. For example, if buildings are sold to others, those owners would have no ability to enforce the Agreement's provisions requiring the City to maintain the park or restrooms or, or to construct the transportation improvements. Any future developer of these blocks, will want and require the same rights as provided to Columbia under this Agreement. The following language is proposed to address this issue:

Neither party may assign its respective rights or obligations under this agreement without the written consent of the other party, but such consent shall not be unreasonably withheld; provided however, that no assignment of Developers payment obligations arising under Section 7.3 shall be allowed without the written consent of the City in its sole discretion.

Columbia does understand that the City would be very cautious before it agreed to allow Columbia's payment obligations under the Agreement to be assigned to a third party; Columbia is not asking for that. They are only asking that the rights that they have under this agreement be transferrable to subsequent purchasers or affiliated entities.

Eric, on behalf of Columbia, I want to reiterate our appreciation for all of the hard work and spirit in which this agreement was negotiated. I hope you and Steve, as well as CCRA and Council will find these last items to be in the same spirit. We understand the interests that the

Re: Columbia Waterfront
October 8, 2009
Page 5

City is trying to further with these identified provisions and hope that our proposed changes will still further those interests, but do so in a manner that will allow the project to achieve the success that everyone wants. We look forward to seeing you on Thursday and discussing the DA with the CCRA.

Sincerely,

LANDERHOLM, MEMOVICH,
LANSVERK & WHITESIDES, P.S.

RANDALL B. PRINTZ

RBP/kf
Enclosure

c: Steve Janik, Ball Janik, LLP



To: Pat McDonnell, City Manager
City Council

From: Eric J. Holmes, Economic Development Director

Date: October 7, 2009

RE: Waterfront development Agreement ~ follow up items from September 21, 2009
City Council work session

At the September 21 work session on the draft development agreement recommended by the City Center Revitalization Authority (CCRA), Council requested some additional information, outlined below.

Landerholm Letter regarding draft Agreement

On September 21, City Council was given a copy of a letter from Randy Printz, representing Columbian Waterfront, LLC, outlining five outstanding items to resolve in the agreement. It is important to note that this letter was originally delivered to the City the evening of September 16, and delivered to the CCRA on September 17. The September 21st date on the copies of the letter distributed to Council at the workshop was the result of an automatic date stamp feature in the electronic document, and reflected the date it was printed, not the date it was delivered.

The items identified in the letter, and the City's stance on each, is addressed below:

1. Proposed amendment to Section 7.1.3.2. Mr. Printz proposed changing the notice provisions for accelerating required payments from 10 days to 30 days, and it includes all guarantors. **This is acceptable to the City and was incorporated into the CCRA recommended draft agreement delivered to the City Council at the workshop.**
2. Proposed amendment to Section 9.3.2 to require a restrictive covenant to be placed on the proposed waterfront park property. The draft agreement restricts the placement of buildings in the waterfront park to preserve views from the buildings facing the river as well as maintain the integrity of the overall project design. In order to accommodate this restriction, Section 9.6 provides for public restrooms to be incorporated into one of the permanent buildings. However, the restriction only runs for the life of the agreement, or 20 years. The developer proposes to record a covenant that contains these same restrictions that would survive the 20 year agreement term. **The staff and the developer have formulated an approach to address this issue as follows:**
 - **The provisions of Section 9.3.4 would apply to the waterfront park area for a period of 25 years following dedication of the park land to the City.**

- **A covenant restricting the use waterfront park area as a public park, including public park uses generally consistent with public parks in Vancouver, would be acceptable.**
3. Section 9.3.2 of the draft agreement provides that the developer will warrant or otherwise assure to the City's satisfaction that there are no hazardous materials in the waterfront park area. Mr. Printz's September 16 letter suggests a shared risk approach to addressing the potential hazardous waste on the site. **The City is continuing to work with the developer to understand the level of risk associated with any potential contamination, and to fashion a satisfactory approach to addressing this issue prior to the October 19 hearing.**
 4. Section 9.6 addressed the location and costs of the permanent public restrooms serving the waterfront park. **The CCRA recommended draft agreement delivered to City Council on September 21 reflects the resolution of this item.**
 5. Proposed amendment to Section 10.14 to refine the assignment provisions. Staff agrees with this proposed change, and **the CCRA recommended draft agreement delivered to Council on September 21 reflects resolution of this item.**

Fact sheet on Section 108 Loan Guarantee Program

A fact sheet on the Section 108 program was delivered to Council in early spring. A copy of this fact sheet is attached for Council's reference.

Visual Timeline

A basic visual timeline of activities associated with the project is attached for Council's reference.

H:\Econ dev\waterfront\development agreement\council follow up memo.10.7.09

10/19/09

RESOLUTION NO. M-3700

A RESOLUTION of the City Council of the City of Vancouver, Washington, conditionally authorizing the City Manager to execute a development agreement with Columbia Waterfront, LLC, a Washington Limited Liability Company.

WHEREAS, the Vancouver Civic Center Vision Plan (VCCV) contemplates a high density commercial, office, residential, and recreational development for the former Boise-Cascade site along the Columbia River waterfront area adjacent to downtown Vancouver; and

WHEREAS, the Boise-Cascade site has been acquired by investors acting through Columbia Waterfront, a Washington Limited Liability Company (Columbia Waterfront, LLC); and

WHEREAS, Columbia Waterfront, LLC proposes to develop the Columbia River waterfront area consistent with the VCCV if the City provides the necessary public infrastructure to connect to the waterfront; and

WHEREAS, Columbia Waterfront, LLC desires to financially contribute to the costs of infrastructure; and

WHEREAS, Columbia Waterfront, LLC and the City desire to enter an agreement to define the financial arrangement and the provision of such public infrastructure as well as to provide certain vesting rights; and

WHEREAS, land use regulatory matters will be provided for in subsequent land use approvals, including possible amendments to this Development Agreement after Planning Commission review and City Council approval.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY OF VANCOUVER:

Section 1. The City Manager is authorized to execute the Development Agreement as attached hereto.

Section 2. . Effective Date. The Development Agreement shall take effect upon execution by the parties thereto.

SIGNED this 19th day of October, 2009.



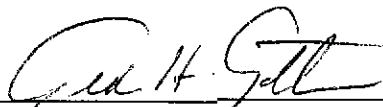
Royce E. Pollard, Mayor

Attest:



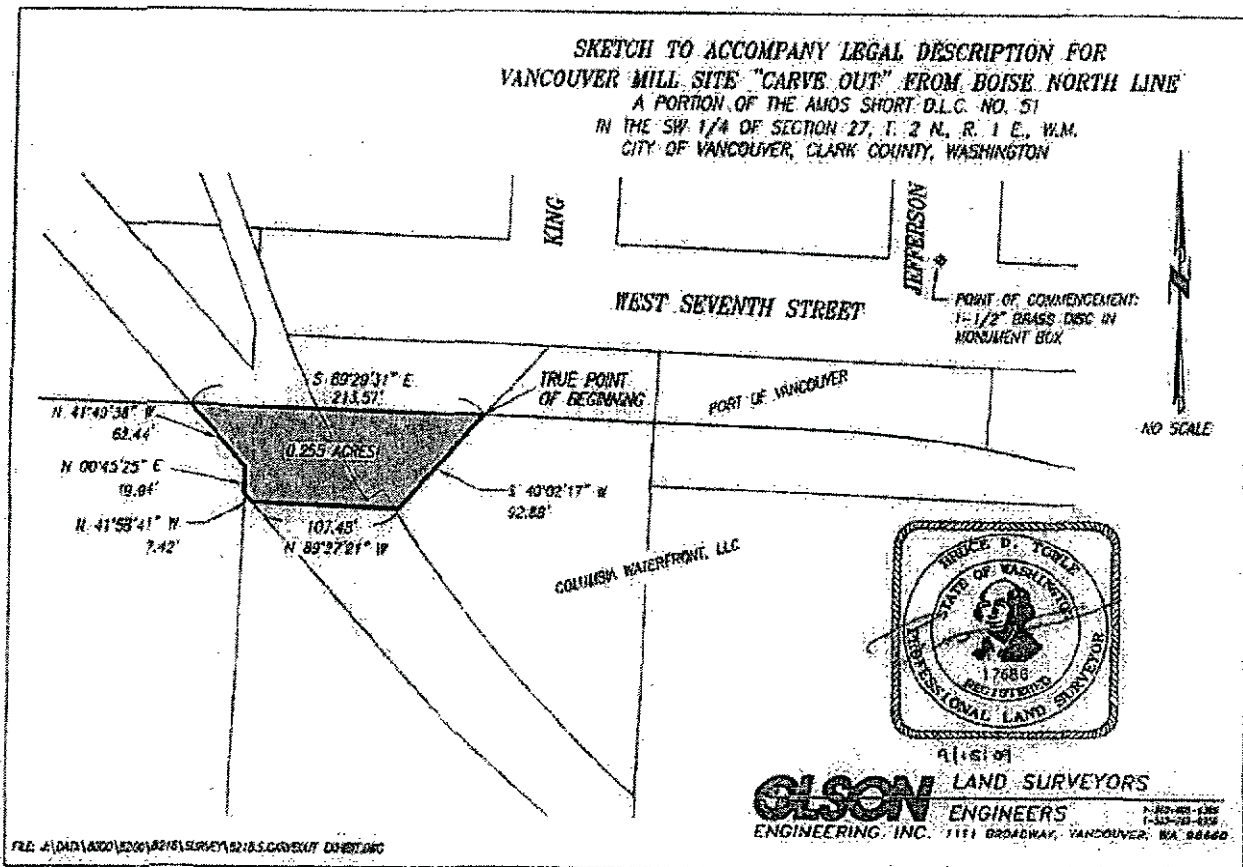
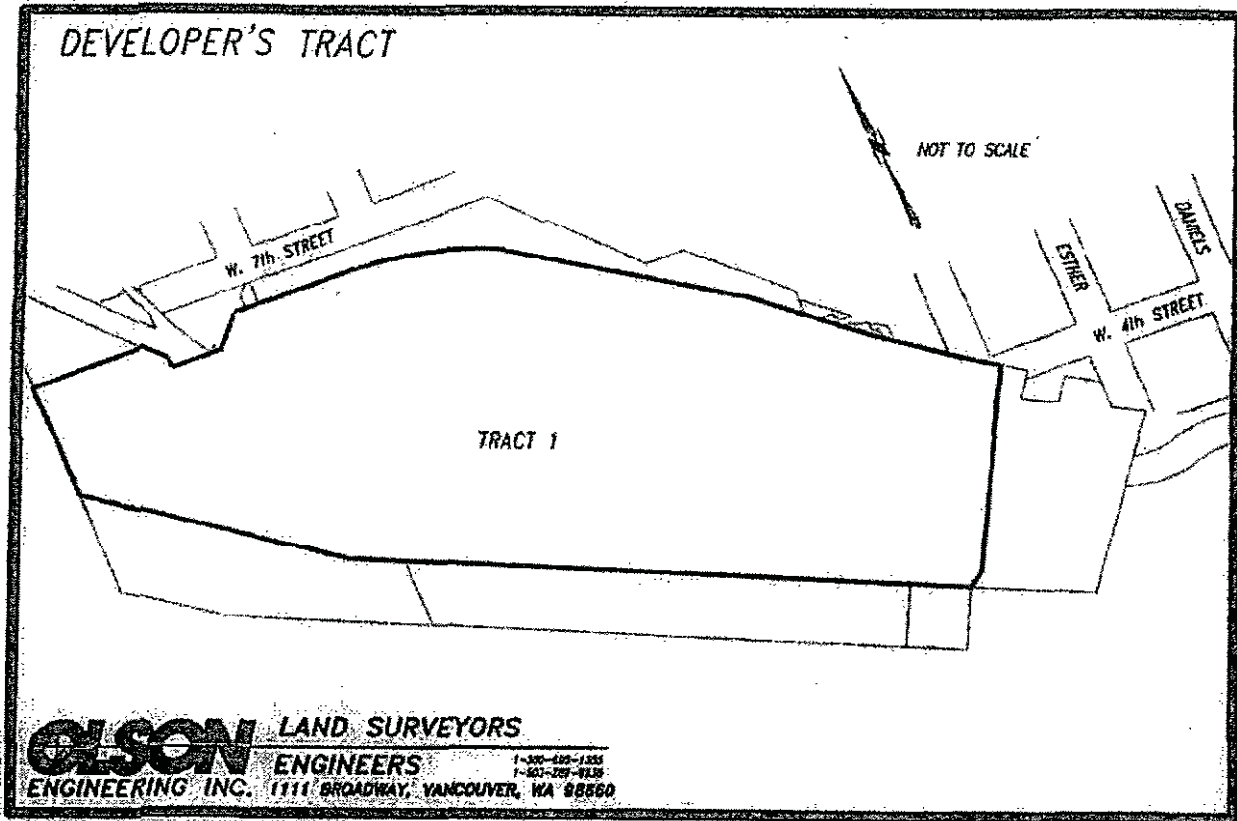
R. Lloyd Tyler, City Clerk
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:



Ted H. Gathe, City Attorney

Resolution Exhibit - Waterfront Development Agreement



4636752 AGR

RecFee - \$225.00 Pages: 164 - CITY OF VANCOUVER
Clark County, WA 01/22/2010 02:40



WHEN RECORDED RETURN TO:
City of Vancouver – City Clerk’s Office
PO Box 1995
Vancouver, WA 98668-1995

Document Title(s):
Downtown Waterfront Development Agreement

Reference Numbers(s) of Related Documents:

Additional Reference #'s on Page _____

Grantor(s):
The City of Vancouver, a Washington municipal corporation

Additional Grantors on Page _____

Trustee(s)

Grantee(s):
Columbia Waterfront LLC, A Washington limited liability company

Additional Grantees on Page _____

Legal Description: (abbreviated form i.e. lot, block, plat or section township, range, quarter/quarter)

Development agreement
SW 1/4, S27428, T2N, R1E

Additional Legal on Page _____

Assessor’s Property Tax Parcel/Account Number:

49335-000 ; 502180-000 ; 48841-000 ; 48843-000 ; 502240-000

Additional Parcel #'s on Page _____

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

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DOWNTOWN WATERFRONT DEVELOPMENT AGREEMENT

DATED: October 19, 2009

BETWEEN: THE CITY OF VANCOUVER,
a Washington municipal corporation (the "City")

AND: COLUMBIA WATERFRONT LLC,
a Washington limited liability company
c/o 19767 SW 72nd Avenue
Tualatin, OR 97062 (the "Developer")

RECITALS

The City adopted the Vancouver City Center Vision and District Plan on June 18, 2007 (the "VCCV"). The VCCV establishes a long-term comprehensive plan for several districts within the central part of the City of Vancouver. The VCCV sets forth the City's vision and comprehensive plan for the Columbia West Renaissance (Waterfront) District (the "CWWD").

The VCCV contains Guiding Principles and Plan Policies. Among the Guiding Principles are the following:

- Build on the successes and experience with the Esther Short Plan;
- Promote residential development, including affordable housing as key to a vital and attractive City Center;
- Support the Vision with strategic investments and public infrastructure – especially transportation.

Among the VCCV's Plan Policies are the following:

- Encourage residential development, including affordable housing, as the key to the City Center vitality ;
- Focus waterfront redevelopment on residential uses supported by significant public access, recreation, cultural, hospitality, entertainment and limited commercial uses;

- Overcome the barrier-like feeling of the BNSF railroad berm between downtown and the waterfront.

The VCCV established development goals for the CWRD. Those goals are not mandates; but rather, are aspirational goals for the CWRD. The public benefits from achieving the development goals of the VCCV for the CWRD are numerous and include: high-density urban redevelopment of a former industrial site, a vibrant mixed-use neighborhood, public access to riverfront development, a neighborhood including public parks, plazas and a riverside esplanade, and sustainable development.

Developer has acquired ownership of that approximately twenty-eight -acre parcel of land which constitutes most of the CWRD. A description of the Developer Parcel is attached as Exhibit A. Developer also has the right to acquire a small parcel of land adjacent to and northeast of the property described in Exhibit A, which is described on Exhibit A-1. The parcels described in attached Exhibits A and A-1 are collectively the "Developer Parcel." Developer intends to build a multi-phase redevelopment project (the "Project") that seeks to achieve the development goals of the VCCV for the CWRD.

The VCCV recognizes that the development goals for the CWRD cannot be accomplished, given the existing BNSF berm and tunnels and the existing street pattern in the vicinity of the berm. These conditions are extraordinary impediments to accomplishing the development goals of the VCCV for the redevelopment of the CWRD. In addition, to further the goals of the VCCV, the CWRD right-of-way acquisition and the relocation of a sewer trunkline will need to occur. The cost of overcoming these impediments are beyond the economic capability of the redevelopment of the Developer Parcel or any other property within the CWRD.

In order to further the development goals of the VCCV for the CWRD and to thereby achieve the public benefits of this redevelopment, the City is willing to invest public funds in the work which is necessary to tunnel through the BNSF berm and build the related

infrastructure improvements so that the CWRD can become an integral and exciting part of the central city of the City of Vancouver. The Developer cannot proceed with the development of the Developer's Parcel in a manner consistent with the VCCV without an assurance of this public investment. In addition, the Developer cannot proceed with the Project without certain other long-term assurances regarding the land use entitlements for the Developer's Parcel.

In order for the City to determine if the Developer's plans for the Project further the goals of the VCCV, and in order for the Developer to obtain the necessary predictability about what design and regulatory standards will apply to the development of the Project over the long term development of the Project, Developer has prepared a Master Development Plan which is attached as Exhibit B (the "Master Development Plan").

The Master Development Plan identifies certain development thresholds (such as square footages of certain uses and design standards). The intent of this Agreement is to establish the Master Development Plan and the design standards provided for in this agreement as the framework for the future development approvals required for the Project and described below. The execution of this agreement by the City, including the Master Development Plan, expressly does not constitute any quasi-judicial or legislative approvals of the Project.

The parties desire to enter into this Downtown Waterfront Development Agreement (the "Agreement") in order to assure sufficient funding for the necessary infrastructure work, to establish a collaborative framework to achieve the development goals of the VCCV and to provide certain basic commitments so that the parties can proceed with further planning and development activities.

The City has the authority to enter into this Agreement pursuant to RCW 36.70B.170(1), and the purposes of this Agreement are consistent with the legislative findings in RCW 36.70B.170(1).

NOW, THEREFORE, in consideration of the mutual promises of the parties set forth in this Agreement, the City and the Developer agree as follows:

SECTION 1 NATURE OF THIS AGREEMENT

This Agreement is a development agreement authorized pursuant to RCW 36.70B.170 through RCW 36.70B.210 and VMC 20.250.010 through VMC 20.250.050. Accordingly, it is a contractual agreement between the City and the Developer, subject to the City's approval by resolution adopted following a public hearing as provided for in RCW 36.70B.170 and VMC 20.250.050.

SECTION 2 EFFECTIVE DATE AND DURATION OF AGREEMENT

2.1 Effective Date.

This Agreement shall not be effective unless and until it is approved by the City Council of the City of Vancouver as provided in Section 1 above, subject to Section 2.2. The "Effective Date" of this Agreement is the date of the approval by the City Council of the City of Vancouver of the resolution adopting this Agreement.

2.2 Effect of Appeal.

In the event that the resolution of the City Council adopting this Agreement is appealed, then this Agreement shall remain effective during the pendency of the appeal or subsequent appeals; however, the obligations of the parties set forth in this Agreement shall be suspended pending the determination and final outcome of any and all appeals. In the event an appeal is filed, the City and the Developer both agree to vigorously resist any appeal. In the event that an appeal results in an outcome that is not an affirmation of the resolution adopting this Agreement, then the City agrees to appeal that initial determination until a final appeal has been determined. In the event that any final appeal of the City's resolution does not affirm the resolution adopting this Agreement, then either the City or the Developer may, by written notice

to the other, terminate this Agreement within sixty (60) days of the effective date of any such final appeal.

2.3 Duration.

The duration of this Agreement shall be for a period of twenty (20) years commencing with the Effective Date of this Agreement and terminating at the end of the 20th anniversary of the Effective Date, unless sooner terminated pursuant to the terms of this Agreement, except for the provisions of Section 9.3.4 which shall terminate as provided in Section 9.3.4.

SECTION 3 PROJECT SITE

3.1 Necessary Components of Project Site.

The parties agree that the following parcels of property or property interests are all of the required components of the "Project Site":

3.1.1 The Developer's Parcel described on attached Exhibit A;

3.1.2 A leasehold estate in that parcel of property owned by the Port of Vancouver and described on attached Exhibit C;

3.1.3 A leasehold estate in the shoreline and submersible lands along the north bank of the Columbia River owned by the State of Washington, Department of Natural Resources ("DNR") and described on attached Exhibit D;

3.1.4 That parcel of property owned by the City and described in Exhibit E;

3.1.5 An access easement on land owned by the Port of Vancouver and described on attached Exhibit F;

3.1.6 Those rights-of-way owned by the City and described on attached Exhibit G; and

3.2 Assemblage and Acquisition of Project Site.

With respect to the above components of the Project Site, other than the Developer's Parcel, the parties acknowledge and agree as follows.

3.2.1 Developer has obtained from the Port of Vancouver a leasehold estate with respect to the property described on attached Exhibit C for the term of not less than 80 years.

3.2.2 The City agrees within ten (10) days of the Effective Date to initiate the process necessary to declare that portion of property owned by the City and described in Exhibit E (the "Surplus Property") as surplus. If the Surplus Property has been declared surplus by the action of the City Council, then the City agrees to convey the Surplus Property to the Developer in exchange for the conveyance to the City and dedication of that land owned by the Developer and described on attached Exhibit H (the "Developer Exchange Land"). The appraised fair market value of the Surplus Property and the Developer Exchange Land shall be determined by an MAI appraiser, mutually acceptable to the City and the Developer, experienced in the valuation of commercial property in the central city of the City of Vancouver. The appraisal shall be completed within sixty (60) days of the determination that the Surplus Property is surplus. After the issuance of the Final Development Approvals with conditions acceptable to the Developer, the closing of the exchange of the Surplus Property and the Developer Exchange Land shall occur at the earlier of: (i) a mutually agreeable date within 160-180 days after written notice from the City to the Developer that the City is prepared to close; or (ii) on a mutually agreeable date within sixty (60) days after all rights-of-way within the Developer Exchange Land have been improved with public street improvements which have been completed and accepted by the City. Closing shall occur at a title insurance company mutually acceptable to the parties. At the closing, the parties shall convey their respective property to each other by means of bargain and sale deeds without any representations or warranties regarding the condition of

each property except for the warranty of title contained in the bargain and sale deed and free and clear of any monetary liens or encumbrances. Each party, at its expense, shall provide the other party with a standard ALTA form owner's title insurance policy insuring Developer as the owner of the Surplus Property and the City as owner of the Developer Exchange Land, subject to only those non-monetary liens and encumbrances which are of record. In addition, the Developer shall provide the City with lien releases from all contractors and subcontractors that were involved in constructing the above-described street improvements. All closing costs, including transfer taxes, shall be shared equally between the City and Developer. If the appraised fair market value of the Surplus Property exceeds the fair market value of the Developer Exchange Land, the Developer shall pay the excess to the City in cash. In the event the fair market value of the Surplus Property exceeds the fair market value of the Developer Exchange Land, the City shall not be required to make any payment to the Developer.

3.2.3 Within sixty days of the date that the Development Approvals are Final, the City agrees to commence the process of vacating the street rights-of-way described on attached Exhibit G and to thereafter expeditiously process the street vacation of these rights-of-way so as to declare these rights-of-way as surplus within six (6) months of the Final approval of the Development Approvals. Developer acknowledges that the vacation of a right-of-way is an exercise of the City's police power and, accordingly, the City cannot and is not committing to the vacation of these rights-of-way. Upon the final action of the City necessary for the vacation of these streets rights-of-way, the City agrees to convey these vacated street rights-of-way to Developer. Any consideration that may be owed to the City under the applicable provisions of RCW 35.79.030, shall be paid to the City by the Developer within thirty (30) days of the effective date of the street vacation.

SECTION 4 MASTER DEVELOPMENT PLAN

4.1 City Approval of Master Development Plan.

In reviewing the attached Master Development Plan, the City acted in its proprietary capacity as a party to this Agreement and did not act in its regulatory capacity, and the action of the City in reviewing the Master Development Plan was not a land use approval.

4.2 Preparation of Development Approvals.

Any application for the Development Approvals (defined below) submitted by the Developer for the Project Site shall be consistent with the Master Development Plan, the provisions of this Agreement and provide for the following:

4.2.1 An average floor area ratio (the ratio of square feet of gross floor area divided by the buildable area, including above ground parking), of the Project exclusive of rights-of-way, public parks and open spaces and esplanade area across the entire Project Site equal to 4.5:1. The Developer shall establish a minimum FAR for each block. The average FAR of all blocks combined, (except for blocks 9 and 12 which shall not be considered for FAR purposes, but shall exceed an FAR of 1:1) shall equal or exceed 4.5:1. The Developer may vary below the minimum per block FAR by up to 10%, provided a commensurate amount of square footage is transferred to another block. In the event that the Developer constructs a development on a block and the FAR of that development exceeds the minimum FAR assigned to that block, then the excess may be used to reduce the minimum FAR for a development on a different block. The Developer acknowledges the scope of the Environmental Impact Statement issued as part of the adoption of the VCCV, as well as any additional environmental review that may accompany the Development Approvals, and acknowledges that levels of development, density or transportation impacts beyond those covered by that Environmental Impact Statement or any additional SEPA review that may occur with respect to the Development Approvals may require further compliance with the State Environmental Protection Act.

4.2.2 Office Uses: No less than 400,000 square feet and no more than 1,120,000 square feet;

4.2.3 Residential Uses: No less than 2,500 residential units and no more than 3,300 residential units.

4.2.4 Retail Uses: No less than 100,000 square feet and no more than 400,000 square feet;

4.2.5 Park, trail and open space areas of approximately ten (10) acres in the general configuration and locations identified in the Master Development Plan.

4.2.6 All vertical development within the Project shall meet, at a minimum, the equivalent of a Leadership in Energy Efficiency and Design (LEED) silver standard or better, as published by the U.S. Green Building Council, or other equivalent sustainable design standard acceptable to the City that complies with the then currently adopted IBC.

4.2.7 Uses that would otherwise be allowed in the CX zone.

4.3 Design Standards.

The Developer intends to incorporate the design standards set forth in attached Exhibit I in its application for Development Approvals. The design standards attached as Exhibit I are acceptable to the City in its proprietary, non-regulatory capacity. The design standards that apply to the Project will be those set forth in the Final Development Approvals.

SECTION 5 LAND USE APPROVALS

5.1 Generally.

In general, Developer acknowledges that in order for the Developer to commence construction of the Project, the Developer will need to submit applications for and obtain the City's approval of the land use reviews described below. The Developer acknowledges that by approving the Master Development Plan, in its proprietary capacity, the City is not thereby

approving applications to be submitted for the following described land use approvals set forth in Section 5.2.

5.2 Required Land Use Approvals.

Developer agrees to submit technically complete applications for the following Development Approvals (defined below) no later than October 15, 2009. All of the applications for the Development Approvals must be consistent with: (i) the provisions of this Agreement; (ii) the Master Development Plan; and (iii) the Core Park Improvement Plan referred to in Section 9.3.3. After submittal of a technically complete application by the date set forth above, the Developer agrees to vigorously pursue the Development Approvals. The "Development Approvals" are the following land use approvals: Planned Unit Development approval; Preliminary Plat approval; Critical Areas Permit approval; Tree Removal Permit approval; Street Vacation approval; Planned Action Ordinance Concurrence approval; Shoreline Conditional Use approval; and Shoreline Substantial Development Permit approval.

5.3 City Regulatory Authority.

Notwithstanding the City's execution and approval of this Agreement, the City retains its regulatory authority over the Development Approvals referred to in Section 5.2. The City shall be free to approve, approve with conditions or disapprove any or all of the Development Approvals referred to in Section 5.2, based on the applicable criteria for such approvals. In the event that the City disapproves of an application for a Development Approval, then the Developer shall have no claim or cause of action against the City on account of the City's execution of this Agreement.

5.4 Potential Appeals.

In the event that, after the City approves a Development Approval referred to in Section 5.2, an appeal of that approval is filed, then the City and the Developer agree to vigorously resist any appeal until all appeals are exhausted and until there is final judicial

resolution of any and all appeals. In the event that any Development Approval granted by the City is ultimately resolved in a manner that overturns the Development Approval, then either party may terminate this Agreement by written notice to the other given within sixty (60) days of final judicial action. The Development Approval shall be "Final" upon the earlier of: (i) the City's issuance of the Development Approvals and the expiration of all appeal periods with no appeal being filed; or (ii) the resolution of all appeals in favor of the Development Approvals, with no further appeal being possible.

SECTION 6 TERMINATION BASED ON CONDITION SUBSEQUENT

6.1 Termination Events.

In the event that any of the following events occur, then either party may terminate this agreement by written notice to the other within sixty (60) days of the occurrence of such event:

6.1.1 The resolution of the City Council approving this Agreement is ruled invalid by final judicial action.

6.1.2 Developer is unable to obtain from the Port of Vancouver the easement referred to in Section 3.1.5.

6.1.3 Developer is unable to obtain the leasehold estate from the State of Washington, Department of Natural Resources referred to in Section 3.1.3.

6.1.4 Developer fails to pay the amount referred to in Section 7.3.1.1, the amounts referred to in Section 7.3.1.2 when and as due, or fails to provide the security referred to in Section 7.3.2, when and as required by those Sections.

6.1.5 The City is unable to enter into an agreement or agreements with BNSF, acceptable to the City, covering the relative rights and obligations of the City and BNSF with respect to the rail improvement and relocation project and the transportation improvement projects referred to in Section 7.2 below.

6.1.6 The Developer fails to diligently and in good faith pursue the Final Development Approvals; provided however, that only the City may terminate under this subsection.

6.1.7 The City fails to diligently and in good faith process the Developer's application for the Development Approvals; provided however, that only the Developer may terminate under this subsection.

6.2 Effect of Termination.

In the event of a termination elected pursuant to Section 6.1 prior to the date when the Developer's payment under Section 7.3.1.1 is due, such a termination shall terminate this Agreement in its entirety. In the event of a termination elected pursuant to Section 6.1 after the date when the Developer's payment under Section 7.3.1.1 is due, then the Agreement shall terminate except for the payment and performance obligations of the parties set forth in Section 7.

SECTION 7 TRANSPORTATION IMPROVEMENTS, CONSTRUCTION AND FUNDING

7.1 City Obligation to Commence and Complete Construction.

7.1.1 The City and Developer agree that in order to achieve the densities and uses called for in the VCCV and the Master Development Plan and to adequately mitigate the transportation impacts associated with the VCCV and the Project, off-site transportation infrastructure improvements must be completed. The City agrees to cause the following described off-site transportation improvements to be substantially completed no later than December 31, 2011, subject to the conditions in Section 7.1.2. The City agrees to pay the cost of completing the off-site transportation improvements, subject to Developer's obligation to make a contribution to the cost of these improvements pursuant to Section 7.3.1. The City's obligations under this Section 7.1 and 7.2 shall survive and supersede the termination provisions of Section 6, if Developer has

timely made all of its required payments and provided security to the City as provided for under Section 7.3

7.1.2 The City's obligations under Section 7.1.1 are subject to the following pre-conditions:

7.1.2.1 Developer has obtained the property interests referred to in Section 3.1.2, 3.1.3 and 3.1.5; and

7.1.2.2 Developer has paid the amount referred to in Section 7.3.1.1 and provided the City with security as described in Section 7.3.2

7.2 Required Off-Site Transportation Improvements.

The following are the off-site transportation improvement projects that need to be completed pursuant to the terms of this Agreement. These off-site transportation improvements are described on attached Exhibit J. The City agrees to cause the following described off-site transportation improvements to be substantially completed no later than December 31, 2011 (unless an earlier date is specified below), subject to the conditions in Section 7.1.2.

7.2.1 The relocation of the sewer trunkline located in Sixth Street North through a future Grant Street extension to Eighth Street, then west under the BNSF rail line at Eighth Street and Jefferson, by December 31, 2009.

7.2.2 The reconstruction of the BNSF main line and associated berm from approximately Columbia Street on the east to approximately Jefferson Street on the west, including construction of two new bridge structures located approximately at the current south terminus of Esther Street ("Esther Street Portal") and the former south terminus of Grant Street ("Grant Street Portal").

7.2.3 The construction of the extension of Esther Street, including the installation of sewer, water, and storm water utilities but not cable, fiber optic, telephone or gas (the "Private Utilities"), south through the Esther Street Portal to the north boundary of the Project Site. The City

will cooperate with the providers of the Private Utilities by granting easements for the location of the Private Utilities and coordinating the work of the City with the installation work of the providers of the Private Utilities. The City will not pay any of the cost of installing the Private Utilities.

7.2.4 The construction of Grant Street, including the installation of sewer, water and storm water utilities, but not the Private Utilities, from the north boundary line of the Project Site through the Grant Street Portal to a full movement intersection at Eighth Street. The City will cooperate with the providers of the Private Utilities by granting easements for the location of the Private Utilities and coordinating the work of the City with the installation work of the providers of the Private Utilities. The City will not pay any of the cost of installing the Private Utilities.

7.2.5 The construction of urban design elements on the north side the of Esther Street Portal and the Grant Street Portal, including landscaping, streetscaping, hardscaping, pedestrian walkways, street improvements and bike improvement, consistent with City construction drawings.

7.2.6 The City has commenced the process with the Federal Railway Administration ("FRA") to establish a "quiet" zone for the rail crossings at West 8th Street (east of Jefferson Street) and at Jefferson Street (north of West 8th Street). The City agrees to diligently pursue this process and to fund any improvements necessary (in excess of the costs paid by the Washington Department of Transportation or BNSF) to establish an exemption from FRA regulations and establish quiet zones at these intersections. The City makes no commitment as to the outcome of these efforts because the outcome is not within the City's control.

7.3 Funding of Off-Site Transportation Improvements.

7.3.1 Developer Contribution. Developer agrees to pay a total of \$8,000,000, which shall be used for paying a portion of the cost of the off-site transportation improvements described in Section 7.2 and any other transportation mitigation measure imposed by the City as

a condition of the Development Approvals, except as follows. In addition to the \$8,000,000, the Developer shall pay for: (i) all traffic improvements and mitigation measures that are on the Project Site; (ii) a temporary traffic signal and related improvements at the intersection of Columbia Street and the Projects ease/west arterial; and (iii) any transportation mitigation improvements required in the event the Project generates P.M. peak-hour trips in excess of the number of trips referred to in Section 8.3.1. This amount of \$8,000,000 shall be paid on the following schedule:

7.3.1.1 Developer shall pay to the City the sum of \$800,000 upon the later of: (i) the date the City executes a binding construction and maintenance agreement with BNSF or (ii) the Effective Date of this Agreement. This represents Developer's share of the civil design costs incurred as of the Effective Date with respect to the design of the off-site transportation improvements

7.3.1.2 On or before June 30, 2010 ("Initial Payment Date"), Developer shall pay to the City \$350,000. For the next three years, on the anniversary date of the Initial Payment Date, the Developer shall make an additional \$350,000 payment to the City. On the fourth anniversary date of the Initial Payment Date, the Developer shall make a final payment in the amount of \$5,800,000, subject to the early payment provisions set forth below. These funds shall be used by the City to pay a portion of the cost of the off-site transportation improvements. Payment of the first payment under this subsection prior to June 30, 2010 shall not cause the Initial Payment Date to be other than June 30, 2010. All amounts referred to in this Section 7.3.1.2 shall be accelerated and be due and payable within thirty (30) days after Developer (or an assignee, grantee or transferee of a portion of the Project Site) is issued the first building permit for the construction of a vertical structure intended for occupancy on the Project Site. In the event that the Developer fails to make any payment when and as required under this Section 7.3.1.2, then thirty (30) days written notice to Developer and the guarantors referred to in

Section 7.3.1.3, the City may accelerate the required payment of all unpaid amounts due under this Section 7.3.1.2 plus interest thereon at the rate of the City's cost of capital for financing the off-site transportation improvements.

7.3.1.3 Developer Payment Security. The following persons or entities agree to provide to the City personal guarantees, in the form attached as Exhibit K within thirty (30) days of the Effective Date, in the following percentages of the total amount of the Developer's payment obligations under Section 7.3.1.2:

Gramor Columbia Waterfront LLC	30.00%
Al Kirkwood	20.00%
Steve Hansen	20.00%
Steve Oliva	20.00%
Barry Cain	6.67%
George Diamond	3.33%

7.3.2 Effect of Appeal. In the event that an appeal is filed with respect to the City's resolution referred to in Section 2.1 or with respect to any land use approval referred to in Section 5.2, then Developer shall continue to be obligated to make the payments referred to in Section 7.3.1.2, so long as the City continues to construct and pay for the off-site transportation improvements referred to in Section 7.2.

7.3.3 Payment Default. In the event of a payment default of Developer's payment obligations in Section 7.3.1, the City shall have the right to terminate or suspend its obligation to fund and construct the transportation improvements referred to in Section 7.2.

SECTION 8 VESTING

The Project shall be vested to and have the right to utilize the following uses, design standards, urban services capacities, including transportation capacity allocations and mitigation measures through the year 2029, as follows.

8.1 Uses.

All uses currently allowed under existing zoning, as well as uses set forth in the Master Development Plan, including conditional uses, will be vested.

8.2 Design Standards.

All setbacks, landscape standards, design and architectural standards, street and pedestrian standards, parking standards, critical area and shoreline standards, floor area ratio and building coverage standards, stormwater, sewer, water and other utility standards and all other planning standards applicable to the development of the Project provided for under: state statutes and regulations (to the extent this Agreement can legally affect state statutes and regulations), City ordinances and regulations in effect on the submission date of the Developer's pre-application for the Development Approvals, all as provided for in this Agreement, the Master Development Plan, as it may be modified by any subsequent land use approvals issued by the City.

8.3 Transportation Concurrency Standards.

8.3.1 The Project shall be vested with 2,391 P.M. peak-hour trips ("Maximum Trips") which will be evidenced by the issuance of the City's Certificate of Concurrency attached as Exhibit L. The Project's trip generation and distribution to the City's transportation system shall be vested through the year 2029.

8.3.2 Pursuant to VMC 20.250.040, the Project, through execution of this Agreement, shall be deemed to have satisfied all transportation concurrency-regulations. The Developer's payment of funds under Section 7.3 shall constitute full and final satisfaction of any and all off-site mitigation or other regulatory requirements related to any of the Project's off-site transportation impacts (subject to Section 7.3.1); provided, however, if changes in the Project are proposed and approved in the future that increase the number of P.M. peak-hour trips above the

amount provided for in the attached Certificate of Concurrency, then the City shall have the right to impose additional lawful mitigation requirements upon such excess future trips.

8.3.3 For each building constructed as part of the Project, the City will determine the number of P.M. peak-hour trips that that building is expected to utilize and shall subtract that number of trips from the Maximum Trips. The number of vested trips remaining for the yet to be developed portions of the Project after subtracting trips for developed portions of the Project as described in this Section, shall be referred to as "Remaining Trips." The Developer shall, as part of the sale of a block or development parcel within the Project, assign a portion of the Remaining Trips to the block or development parcel being sold, based upon the building described in the Final Development Approvals (as they may be amended) and the P.M. peak-hour trips to be generated by such a building by setting forth such an assignment in an instrument to be recorded after approval of the instrument by the City, and thereafter, by recording the approved instrument. The Developer may not assign any of the Maximum Trips or Remaining Trips to parcels outside of the Project Site. Nothing herein shall be construed to reduce the Maximum Trip allocation to the Project as evidenced by the Certificate of Concurrency attached as Exhibit L, during the vesting period provided for in this Agreement. The purpose of the preceding sentence is to assure that if there is a change of use in a building or a part thereof that increases the number of PM Peak hour trips above the original trip determination by the City under this Section, that such trips are vested and allowed, provided they do not cause the Project as a whole to exceed the Maximum Trips.

8.4 Benefits and Obligations Run With the Land.

The vested rights set forth in Section 8 shall be binding on the Developer Parcel, shall burden and benefit the Developer Parcel, shall run with the land (the Developer Parcel) and shall be binding upon and inure to the benefit of the parties to this Agreement and their

respective transferees, successors in interest or assignees, and shall benefit and bind the City, all according to the terms of this Agreement.

SECTION 9 ADDITIONAL PROJECT REQUIREMENTS

The following are additional requirements and agreements between the City and the Developer with respect to the Project.

9.1 Dedication of On-Site Streets.

The Developer agrees that as the Project's infrastructure is being completed, the Developer will dedicate all on-site Project streets to the City, as required by the City's street dedication process. Nothing in this Agreement shall be construed to limit the Developer's right to receive transportation impact fee credits for any dedicated right-of-way qualifying for such credits.

9.2 Dedication of On-Site Utilities.

The Developer agrees that as the Project's infrastructure is being completed, the Developer will dedicate to the City all sewer, water and drainage improvements as required by the City's dedication process.

9.3 Public Parks, Esplanade and Open Spaces; Trail.

9.3.1 Conceptual Parks Plan. The City and the Developer have completed a public involvement process to secure public input regarding the ultimate design and amenities to be included in the City's park, (Conceptual Parks Plan) attached as Exhibit M.

9.3.2 Waterfront Esplanade. The parties desire that a public esplanade be constructed along the length of the Developer Parcel or leased by the Developer from the State of Washington, Department of Natural Resources ("DNR") and for it to be built in conformance to the Waterfront Esplanade Concept Plan attached as Exhibit N. After the issuance of the Final Development Approvals with conditions acceptable to the Developer, the Developer agrees to provide to the City (through the dedication of land owned by the Developer and/or assignment

of the DNR lease), at no cost to the City (other than Park Impact Fee Credits if such dedicated or leased land is on or placed upon in the future, the City's Capital Facilities Plan for Parks), the land identified in the Waterfront Esplanade Concept Plan and the Core Park Improvements Plan (defined below). The land leased by the Developer from the DNR and described in attached Exhibit D shall be assigned to the City, and the City shall accept such assignment within thirty (30) days of the Developer receiving the Final Development Approvals with conditions acceptable to the Developer. The Developer shall dedicate the land (except for the DNR leasehold) identified in the Waterfront Esplanade Concept Plan and the Core Park Improvements Plans on a mutually agreeable date (i) within 160-180 days after notice from the City; or (ii) within thirty (30) days after final completion of the improvements shown on the Core Park Improvements Plan, subject to the following. The dedication of this land may be delayed at the request of the City to a mutually agreeable date, or alternatively, the City may direct the Developer to convey this land to a third-party, non-profit organization dedicated to holding land for public park purposes. The Developer shall convey this land to the City free and clear of any liens or encumbrances (except for below-grade utility easements), and Developer shall provide the City with lien releases from all contractors and subcontractors that were involved in the construction of the Core Park Improvements. The City agrees to accept the conveyance of this land subject to a restrictive covenant restricting the use of this land in perpetuity to public park use consistent with the use of other City owned parks and the placement of buildings that are not inconsistent or not otherwise provided for in Exhibit M, each and benefiting the Developer Parcel, and with no other restrictions. Developer shall defend, indemnify and hold harmless the City from any and all costs of remediation of hazardous substances on or under the property described in attached Exhibit R ("Former Boise Property") as required by any state or federal agency, on the following terms and conditions:.

9.3.2.1 Developer shall have the right to conduct all excavation on the Former Boise Property associated with the Waterfront Esplanade Plan and the Core Park Improvement Plan;

9.3.2.2 The City shall be responsible for any cost of such excavation in excess of the estimated costs of the Core Park Improvements, provided that those cost are incurred for work consistent with Exhibit M;

9.3.2.3 Developer shall have the right to develop the plan for any required remediation of hazardous substances on the Former Boise Property and Developer shall have the right to control such remediation;

9.3.2.4 Developer shall not be required to transfer title to the Former Boise Property to the City prior to the completion of such remediation;

9.3.2.5 Developer shall complete the Core Park Improvements by January 30, 2016; and

9.3.2.6 All obligations on the part of Developer under this paragraph shall terminate on January 30, 2016.

At the present time, the City has not identified sufficient funding to construct the Waterfront Esplanade Concept Plan, nor have the parties agreed upon the final plans and specifications for its construction. As such, the City shall not be obligated to construct the Waterfront Concept Plan unless and until appropriate capital funding has been secured through mutual or exclusive efforts of the parties for such construction. All park improvements constructed by the City shall be constructed consistent with the Waterfront Esplanade Concept Plan, unless otherwise agreed by the parties. Except as otherwise provided in this Agreement, the Developer

shall not be obligated to construct the Waterfront Esplanade Concept Plan, unless the parties have agreed upon and have secured sources of funding for the construction of the public esplanade and park. However, upon mutual agreement, the Developer is free to cause the Waterfront Esplanade Concept Plan or a portion thereof to be built at the Developer's sole cost and expense.

9.3.3 Core Park Improvements. The Developer agrees to construct the Core Park Improvements for the waterfront park that are part of the Waterfront Esplanade Concept Plan on or before the issuance of the first certificate of occupancy (temporary or permanent) for any vertical development within the Project. "Core Park Improvements" shall consist of: demolition and removal of existing concrete, asphalt and other construction debris and rubble; grading of the public use areas all as depicted on Exhibit P to a useable finish and approximate final grade; installation of turf in the graded areas and necessary irrigation systems; physical demarcation of the upland boundary of the public use areas through the installation of appropriate signage; and construction of a 14-foot wide waterfront trail along the Project Site's entire Columbia River shoreline in the primary trail alignment depicted in Exhibit O that meets the City's multi-use waterfront trail standards published as of the date of this Agreement. The trail shall be a concrete trail (or other hard surface acceptable to the City) or shall consist of other hard surface material that is ADA compliant, all weather and which meets LEED neighborhood design standards. The park and trail improvements described above shall be in the approximate location as depicted on the Core Park Improvement Plan attached as Exhibit O or another mutually agreeable location established in the final design and permitting process. This trail and park area will be open to the public subject to the City's park rules and regulations and any additional reasonable rules and regulations to be agreed upon between the Developer and the

City needed to accommodate development of the Project. The Developer shall be entitled to any applicable park impact fee credits based upon construction of the trail or dedication of any park land to the City to the extent that such improvements are eligible for such credits under the City's Park Capital Facility Plan, as amended. The Developer agrees to maintain the trail and Core Park Improvements for a period of two (2) years after the completion of the trail for its entire length to a level equivalent to the City's urban regional park maintenance standard. Thereafter, the City shall be responsible for the maintenance of the trail and the Core Park Improvements to the same standard.

9.3.4 Use of Open Spaces, Parks and Pedestrianways. The Developer agrees that all open spaces, parks and pedestrian ways as identified in Exhibit O, within the Project will be open to the general public, subject only to reasonable rules and regulations designed to protect public safety and private property. The City agrees that it shall not permit any commercial activities to take place on any of the property dedicated by the Developer to the City, except for temporary commercial activities that are associated with ticketed or non-ticketed events, festivals and similar public gatherings. Temporary commercial activities shall be those that run for not more than three (3) consecutive days (with an additional day for set-up and an additional day for removal) and which cumulatively do not occur for more than thirty (30) days during a calendar year. After a period of three (3) years of active use of the park space, open space and trail, either party may, by written notice to the other, require a reassessment of the above restriction on commercial activities, and both parties shall consider modifying the above restrictions in good faith. With respect to any land dedicated to the City for park, open space, trails, utilities, streets or pedestrian walkways, the City agrees that it will not construct any permanent buildings or structures, except park furniture or other non-commercial amenities

reflected in the Conceptual Parks Plan or are otherwise typical for a regional park such as portable public restrooms, signage or information kiosks, and the City shall use such land in a manner generally consistent with the use of other City-owned public parks. The City shall provide and/or allow the Developer to reserve easements upon, above or below ground with respect to land dedicated to the City for the extension and construction of utilities, installation of piping for solar-heated water, maintenance of vegetation for views, outdoor restaurant seating and underground parking, provided such activities or uses are executed consistent with all applicable regulations. The provisions of this Section 9.3.4 will terminate on the 25th anniversary of when the Developer first conveys land to the City pursuant to Section 9.3.2.

9.4 System Development Charge Credits.

9.4.1 The City has determined that portions of the transportation improvements to be constructed by the Developer or paid for by the Developer pursuant to this agreement, are eligible for TIF credits pursuant to VMC Section 20.915.090. The City, having applied Section 20.915.040 and 20.915.090 of the VMC, has determined that the expenditure by Developer of the sum of \$8,000,000 pursuant to Section 7.3.2 and the construction by the Developer of transportation improvements eligible to receive TIF credits, will, upon that expenditure and completion of the transportation improvements, entitle Developer to a Transportation Impact Fee credit in the amount of \$8,000,000.

9.4.2 With respect to the Project's utility infrastructure, including sewer, water and drainage improvements, including the replacement of the Columbia Blvd. sewer pump station, listed on the City's sewer, water or storm water Capital Facilities Plans, upon construction of those improvements by the Developer and acceptance by the City, the City has determined that the

Developer shall receive systems development charge credits, subject to Section 14.04.235 of the VMC and the provisions of Resolution M-2492.

9.4.3 If Developer elects to construct the esplanade using its own funds, then the City's staff agrees to recommend that the City place the Waterfront Esplanade Plan on the Parks Capital Facilities Plan. The estimated value of the land and cost of the park improvements to be placed in the Parks Capital Facilities Plan shall be mutually agreed upon by the City and the Developer. If placed on the City's Parks Capital Facilities Plan and dedicated and constructed by the Developer, the Developer shall be entitled to Park Impact Fee Credits in the amount of the estimated value provided for in the Parks Capital Facilities Plan.

9.5 Staging Site.

The Developer agrees to make available to the City approximately two (2) acres of land west of the Grant Street Bridge, south of the railroad berm all within blocks 10, 13 and 14 as depicted on Exhibit P, for construction staging secured by temporary fencing. This property should be approximately square in shape and will be used for the staging of construction materials, equipment and other purposes associated with construction of the City's waterfront infrastructure improvements. The City reserves the right to supply temporary electrical power to the site for the purposes of installing security lighting and power to a construction trailer across the Developer's land at a location mutually agreed to by the City and the Developer. The City will hold the Developer harmless for liability associated with the use of this land and, at completion of the improvements, will return the property to its original condition or better. In the event of contamination caused by the above construction activity, the City will clean up and properly restore the property at no expense to the Developer. The Developer agrees to permit

access to this site across the Developer Parcel. The duration of this use is limited up to the earlier of: (i) the completion of the above construction activities; or (ii) December 31, 2011.

9.6 Permanent Restrooms.

The Developer agrees that the City may build permanent public restrooms within a building to be built by the Developer on either Block 6, 8, 9, 11 or 12, at a location identified on attached Exhibit Q. The ultimate location of the public restrooms shall be selected by the Developer at one of the locations identified on **Exhibit Q** and shall be made available as part of the first phase of Developer's Project. Until the City and the Developer have agreed on the location of the public restrooms, no building permits for permanent structures may be issued for any of the above-referenced blocks. The Developer shall lease ground floor space within that building to the City for a term equal to the life of the building for \$1.00. The Developer shall create "shell space" served by sewer, water, HVAC and electricity stubbed to the interior walls. The City shall pay the cost of all restroom fixtures and improvements. The City shall pay the cost of maintaining these restrooms. The public restrooms will be operated consistent with other City-owned public restrooms. If sewer, water and electricity are separately metered to these restrooms, then the City shall pay for such utility services. After the public restrooms are open, temporary restrooms shall be allowed under Section 9.3.4 only in conjunction with events, festivals and similar gatherings. The parties agree to enter into commercially reasonable documents to implement the above.

SECTION 10 GENERAL PROVISIONS

10.1 Effective Date.

The "Effective Date" is that date by which this Agreement has been executed by both parties.

10.2 Waiver.

The failure of either party at any time to require performance of any provision of this Agreement shall not limit the party's right to enforce the provision, nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

10.3 Prior Agreements.

This Agreement is the entire, final, and complete agreement of the parties pertaining to the matters covered by this Agreement, and supersedes and replaces all prior or existing written and oral agreements between the parties and/or their representatives relating to the same matters.

10.4 Notices.

Any notice under this Agreement shall be in writing and shall be effective when actually delivered in person, or one (1) business day after being sent by facsimile, with receipt being electronically confirmed or one (1) business day after deposit with a nationally recognized overnight courier service, with charges pre-paid, or three (3) days after being deposited in the U.S. mail, registered or certified, return-receipt requested, postage prepaid and addressed or sent by facsimile to the party at the address or number set forth below or such other address or number as either party may designate by written notice to the other.

If to the City:	City of Vancouver
	PO Box 1995
	Vancouver, WA 98668
	Attn: Pat McDonnell
	City Manager
	Fax No.:(360) 487-8625

With a copy to:
Office of the City Attorney
Attn: Brent Boger
Assistant City Attorney
Fax No.: (360) 487-8501

If to the Developer: Columbia Waterfront LLC
c/o Gramor, Inc.
19767 SW 72nd Avenue
Tualatin, OR 97062-8352
Attn: Barry Cain
President
Fax No.: (503) 654-9188

With a copy to: Landerholm, Memovich, Lansverk & Whitesides, P.S.
805 Broadway, Suite 1000
Vancouver, WA 98660
Attn: Randall B. Printz
Fax No.: (360) 696-2122

10.5 Applicable Law; Venue.

This Agreement has been entered into in Washington, and the Project Site is located in Washington. The parties agree that the laws of the state of Washington shall be used in construing this Agreement and enforcing the rights and remedies of the parties. Venue shall be in the Superior Court for Clark County, Washington; provided that, if litigation is properly brought in federal court, venue shall be in the U.S. District Court for the State of Washington.

10.6 Attorneys' Fees.

In the event of litigation to enforce or interpret this Agreement, the prevailing party shall recover its litigation costs, disbursements, paralegal fees, expert fees and attorneys' fees as determined by the judge at trial or upon any appeal or petition for review.

10.7 Condition of City Property.

The City makes no representation or warranty regarding the physical or environmental condition of any property to be conveyed by the City to the Developer pursuant to this Agreement.

10.8 Brokerage Commissions.

Neither the City nor the Developer have used a real estate broker, agent or finder in connection with this Agreement. Each party (for purposes of this Section, the "Indemnitor") agrees to defend, indemnify and hold harmless the other party (for purposes of this Section, the "Indemnitee") from and against any and all commissions or fees and arising out of the actions of the Indemnitor.

10.9 Invalid Provision.

If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never been a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and not be affected by such illegal, invalid or unenforceable provision or by its severance.

10.10 Time.

Time is of the essence in this Agreement.

10.11 City Inspection Rights.

The City shall be entitled at any reasonable time, to come upon any portion of the Project Site for purposes of inspecting the Project Site and the Developer's development of such portions for purposes of determining the Developer's compliance with its obligations under this Agreement. The City shall comply with any safety regulations generally imposed by the Developer with respect to construction activities on the Project Site.

10.12 Defined Terms.

A word that is capitalized and is not the first word in a sentence or is set off in quotation marks is a defined term. A defined term has the meaning given to it when first used in this Agreement.

10.13 Exhibits.

All Exhibits to this Agreement are an integral part of this Agreement and are incorporated into the text of this Agreement by reference.

10.14 Assignment.

Neither party may assign its respective rights or obligations under this Agreement without the prior written consent of the other party which consent shall not be unreasonably withheld; provided, however, that the Developer's obligations under Section 7.3.1 may only be assigned with the City's prior consent which may or may not be given in City's sole and complete discretion.

10.15 Amendment.

Any amendment to or modification of this Agreement must be in writing and signed by the parties.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement to be effective as of the date set forth above.

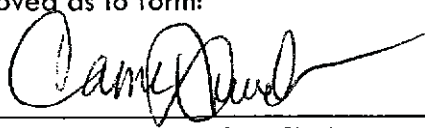
CITY:

CITY OF VANCOUVER, a Washington municipal corporation

By: 

Pat McDonnell, City Manager

Approved as to form:

By: 

R. Lloyd Tyler, City Clerk

By: Carrie Lewellen, Deputy City Clerk

Approved as to form:

By: Ted H. Gathe
Ted H. Gathe, City Attorney

DEVELOPER:

COLUMBIA WATERFRONT LLC, a Washington
limited liability company

By: Gramor Columbia Waterfront LLC

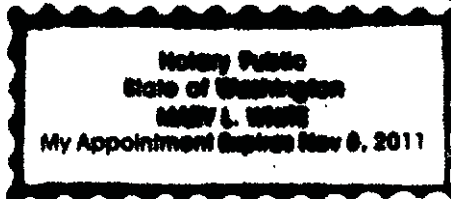
By: Gramor Investments Inc.

By: Barry A. Cain
Its: President

STATE OF WASHINGTON)
)ss
COUNTY OF CLARK)

I hereby certify that I know or have satisfactory evidence that Pat McDonnell is the person who appeared before me, and that said person acknowledged that he (he/she) is authorized to execute the foregoing document and acknowledges it as the City Manager of the City of Vancouver to be the free and voluntary act of such party for the uses and purposes therein mentioned.

Dated this 19th day of January, 2010
~~2009~~



Mary L. White
Notary Public for the State of Washington
Residing at Vancouver
My commission expires 11-8-11
Name (print) MARY L. White

STATE OF OREGON)
)ss
COUNTY OF WASHINGTON)

I hereby certify that I know or have satisfactory evidence that Barry Cain is the person who appeared before me, and that said person acknowledged that he (he/she) is authorized to execute the foregoing document and acknowledges it as the President of Gramor Investments, Inc., an Oregon corporation, Manager of Gramor Columbia Waterfront LLC, a Washington Limited Liability Company, Manager of Columbia Waterfront LLC, a Washington Limited Liability Company, to be the free and voluntary act of such party for the uses and purposes therein mentioned.

Dated this 8th day of January, 2010
~~2009~~



Kristin Woods
Notary Public for the State of Oregon
Residing at Portland
My commission expires May 19, 2010
Name (print) Kristin Woods

EXHIBIT A and A-1

Developer Parcel

EXHIBIT A
Developer's Parcel

Exhibit A

Real property in the City of Vancouver, County of Clark, State of Washington, described as follows:

TRACT 1:

A tract of land in the Southwest quarter of Section 27 and the Southeast quarter of Section 28, Township 2 North, Range 1 East, of the Willamette Meridian, Clark County, Washington, being more particularly described as follows:

COMMENCING at a 1 1/2" brass disk set in a monument box at the centerline of West Jefferson Street at a point on the North right-of-way line of West 7th Street (being 40.00 feet from centerline); THENCE S36°10'29"E, 1334.26 feet to a 1/2" iron rod with a plastic cap, scribed "Mursell 23856", said point marking the Northeast corner of First Class Tideland Tract No. 24 at a point on the West line of the Public Levee as shown on the Plat of Plan of a Part of the City of Vancouver as recorded in Book D of Plats, Page 30, Plat Records, Clark County, Washington, said iron rod being shown on that record of survey as recorded in Book 33 of Surveys, Page 13, Survey Records, Clark County, Washington; THENCE S00°45'25"W, along the West line of said Public Levee as shown on said Record of Survey, 219.19 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447" set at the Southwest corner of First Class Tideland Tract No. 25, said point being the TRUE POINT OF BEGINNING of the parcel herein described; THENCE S64°24'56"E, along the South line of said Tideland Tract No. 25, a distance of 132.26 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447"; THENCE N54°27'34"E, 41.54 to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447"; THENCE N27°29'06"E, 493.71 feet; THENCE Northwesterly, along the arc of a 3916.33 foot radius curve, concave Northerly, through a central angle of 06°01'08", an arc distance of 411.42 feet (chord bears N51°55'04"W, 411.23') to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447"; THENCE N48°54'29"W, 160.63 feet; THENCE N55°25'47"W, 567.92 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447"; THENCE Northwesterly, along the arc of a 784.49 foot radius curve, concave Southerly, through a central angle of 25°10'39", an arc distance of 344.73 feet (chord bears N76°54'12"W, 341.96 feet) to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447"; THENCE N89°29'31"W, 250.73 feet; THENCE S40°02'17"W, 92.88 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447"; THENCE N89°27'21"W, 107.48 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447"; THENCE N41°58'41"W, 7.42 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447"; THENCE N00°45'25"E, 19.94 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447"; THENCE N41°49'38"W, 62.44 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447"; THENCE N89°29'31"W, 254.74 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447" set of the West line of Lot 8 of the West half of the Amos Short Donation Land Claim as shown in said Record of Survey, Book 33, Page 13; THENCE S00°45'25"W, along the West line of said Lot 8 and the West line of First Class Tideland Tract No. 17, a distance of 275.71 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447" set at the Southwest corner of said Tideland Tract No. 17, said point being on the Inner Harbor line as shown on said Record of Survey, Book 33, Page 13; THENCE S52°48'29"E, along said Inner Harbor Line, 603.87 feet to an angle point in said Line; THENCE S64°24'56"E, continuing along said Inner Harbor Line, 1226.38 feet to the point of beginning.

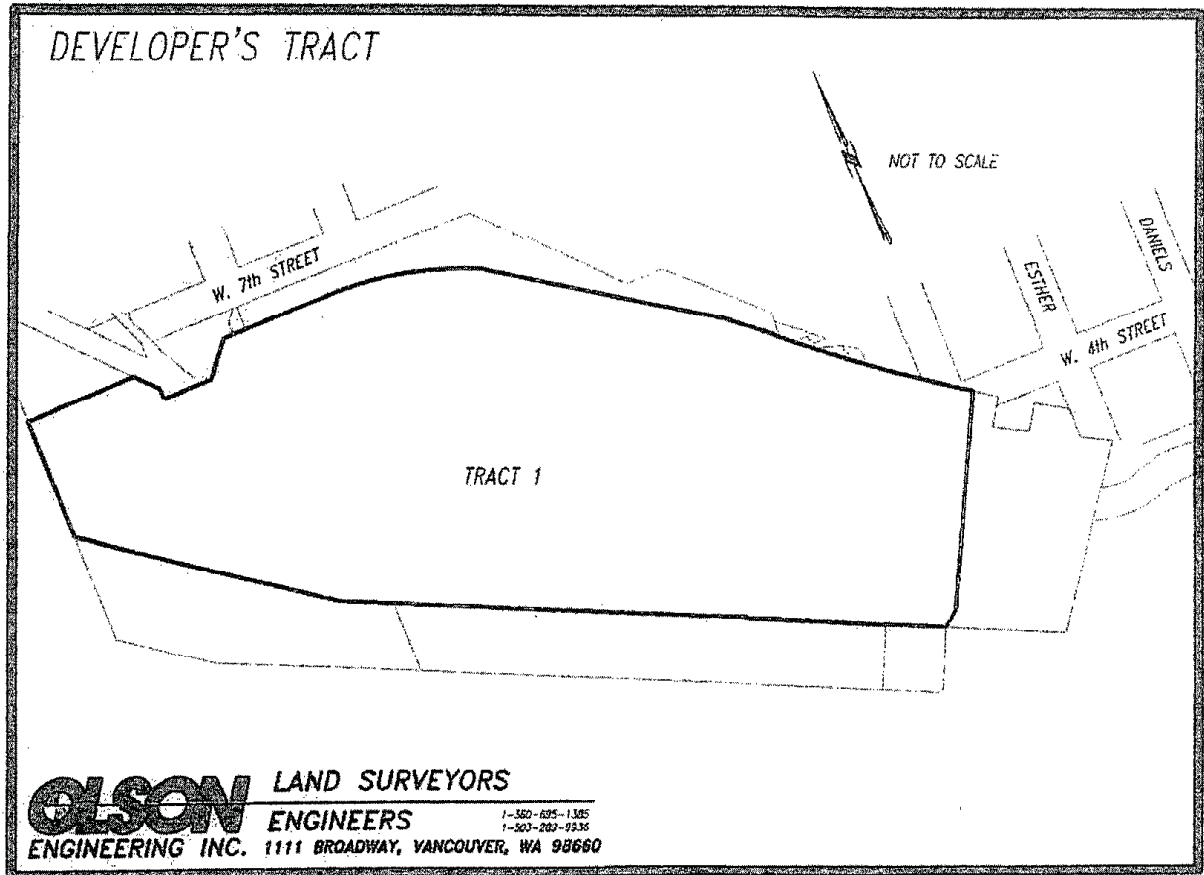


Exhibit A



LAND SURVEYORS
ENGINEERS

(509) 289-9936
1111 Broadway
Vancouver, WA
98660

LEGAL DESCRIPTION FOR COLUMBIA WATERFRONT
VANCOUVER MILL SITE
"CARVE OUT" FROM BOISE NORTH LINE

September 15, 2009

A tract of land in the Southwest quarter of Section 27 and the Southeast quarter of Section 28, Township 2 North, Range 1 East, of the Willamette Meridian, Clark County, Washington, being more particularly described as follows:

COMMENCING at a 1-1/2" brass disk set in a monument box at the centerline of West Jefferson Street at a point on the North right-of-way line of West 7th Street (being 40.00 feet from centerline);

THENCE South 36° 10' 29" East, 1334.26 feet to a 1/2" iron rod with a plastic cap, scribed "Mursell 23856", said point marking the Northeast corner of First Class Tideland Tract No. 24 at a point on the West line of the Public Levee as shown on the Plat of Plan of a Part of the City of Vancouver as recorded in Book D of Plats, Page 30, Plat Records, Clark County, Washington, said iron rod being shown on that record of survey as recorded in Book 33 of Surveys, Page 13, Survey Records, Clark County, Washington;

THENCE South 00° 45' 25" West, along the West line of said Public Levee as shown on said Record of Survey, 219.19 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447" set at the Southwest corner of First Class Tideland Tract No. 25;

THENCE South 64° 24' 56" East, along the South line of said Tideland Tract No. 25, a distance of 132.26 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447";

THENCE North 54° 27' 34" East, 41.54 feet to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447";

THENCE North 27° 29' 06" East, 493.71 feet;

THENCE Northwesterly, along the arc of a 3916.33 foot radius curve, concave Northerly, through a central angle of 06° 01' 08", an arc distance of 411.42 feet (chord bears North 51° 55' 04" West, 411.23 feet) to a 5/8" iron rod with a plastic cap, scribed "Mursell 30447";

THENCE North 48° 54' 29" West, 160.63 feet;

Z:\8060\8209\8210\8215\8218\803016leg.doc
JMB

Page 1 of 2

THENCE North $55^{\circ} 25' 47''$ West, 567.92 feet to a $5/8''$ iron rod with a plastic cap scribed "Mursell 30447";

THENCE Northwesterly, along the arc of a 784.49 foot radius curve, concave Southerly, through a central angle of $25^{\circ} 10' 39''$, an arc distance of 344.73 feet (chord bears North $76^{\circ} 54' 12''$ West, 341.96 feet) to a $5/8''$ iron rod with a plastic cap scribed Mursell 30447";

THENCE North $89^{\circ} 29' 31''$ West, 250.73 feet said point being the TRUE POINT OF BEGINNING of the parcel herein described;

THENCE South $40^{\circ} 02' 17''$ West, 92.88 feet to a $5/8''$ iron rod with a plastic cap, scribed "Mursell 30447";

THENCE North $89^{\circ} 27' 21''$ West, 107.48 feet to a $5/8''$ iron rod with a plastic cap, scribed "Mursell 30447";

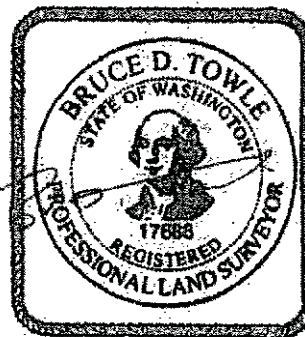
THENCE North $41^{\circ} 58' 41''$ West, 7.42 feet to a $5/8''$ iron rod with a plastic cap, scribed "Mursell 30447";

THENCE North $00^{\circ} 45' 25''$ East, 19.94 feet to a $5/8''$ iron rod with a plastic cap, scribed "Mursell 30447";

THENCE North $41^{\circ} 49' 38''$ West, 62.44 feet to a $5/8''$ iron rod with a plastic cap, scribed "Mursell 30447";

THENCE South $89^{\circ} 29' 31''$ East, 213.57 feet to the point of beginning.

Containing 0.26 acres more or less.



KING
 WEST SEVENTH STREET
 PORT OF VANCOUVER
 COLUMBIA WATERFRONT, LLC
 POINT OF COMMENCEMENT:
 1-1/2" BRASS INSC IN
 MONUMENT BOX
 TRUE POINT
 OF BEGINNING
 0.255 ACRES
 N 41°49'38" W
 62.44'
 N 00°45'25" E
 19.94'
 N 41°58'41" W
 7.42'
 S 89°29'31" E
 213.57'
 S 40°02'17" W
 92.88'
 107.48'
 N 89°27'21" W
 NO SCALE
 BRUCE D. TOWLE
 STATE OF WASHINGTON
 17686
 REGISTERED
 PROFESSIONAL LAND SURVEYOR
 41-5109
 LAND SURVEYORS
OLSON
 ENGINEERS
 ENGINEERING INC. 1111 BROADWAY, VANCOUVER, WA 98661
 FILE: J:\DATA\8000\8200\8218\SURVEY\5218.S\CHARTOUT EXHIBIT.DWG

Exhibit A₁

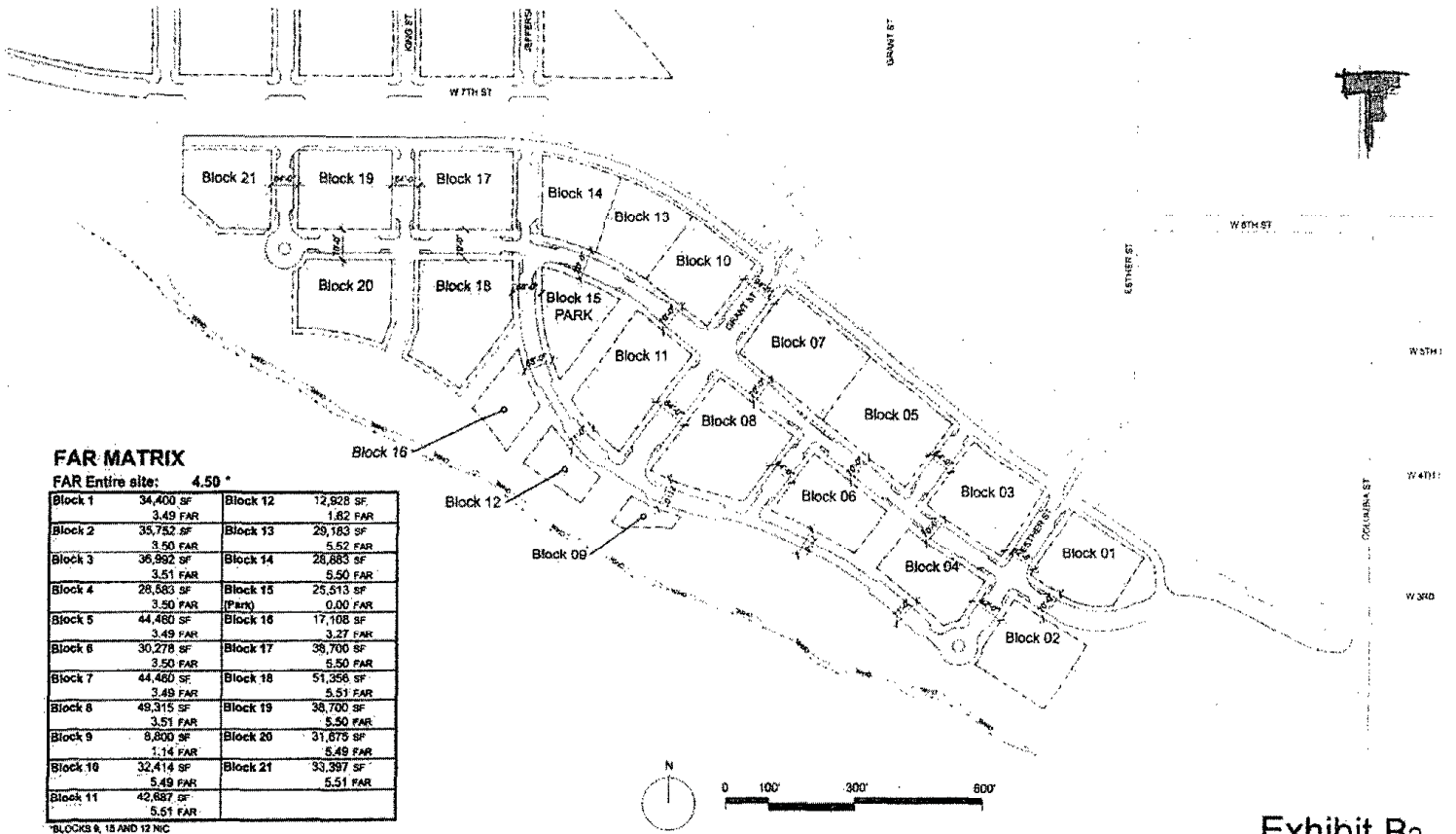
EXHIBIT B

Master Development Plan

EXHIBIT B

Master Development Concept Plan

- B1: Master Site Plan, lot and block pattern and street grid configuration
- B2: Minimum floor area ratio by block
- B3: Conceptual use mix and location; maximum density and floor area ratio by block
- B4: Massing diagram of range of floor area ratio
- B5: Conceptual parking diagram
- B6: Park, plaza and open space locations and configuration



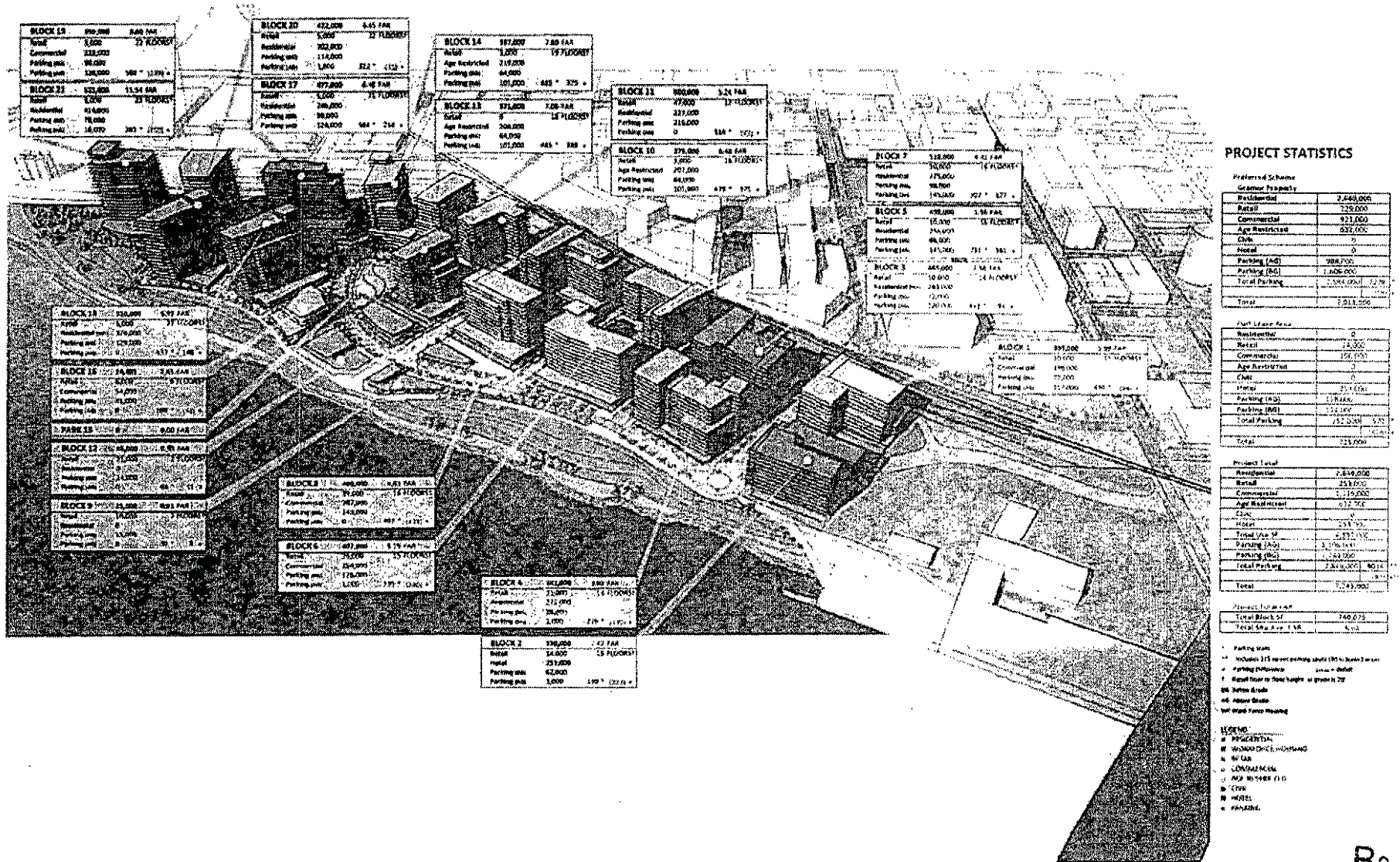
TWIST
ARCHITECTURE • DESIGN

Columbia Waterfront LLC

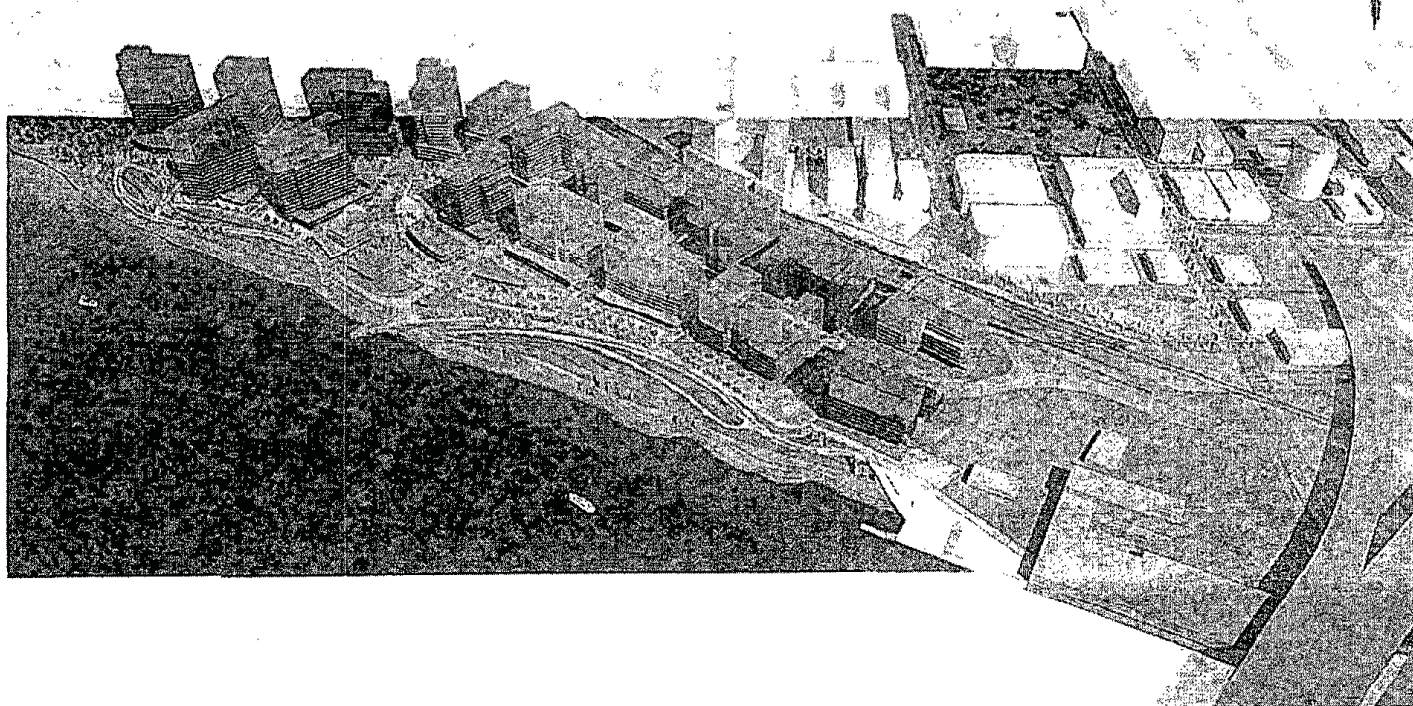
The Waterfront
Preferred Scheme
Based on WORK 2011-01
March 2012, 2012/03

Exhibit B2

Minimum FAR &
Street ROW



B3



TWIST
ARCHITECTURE • DESIGN

Columbia Waterfront LLC

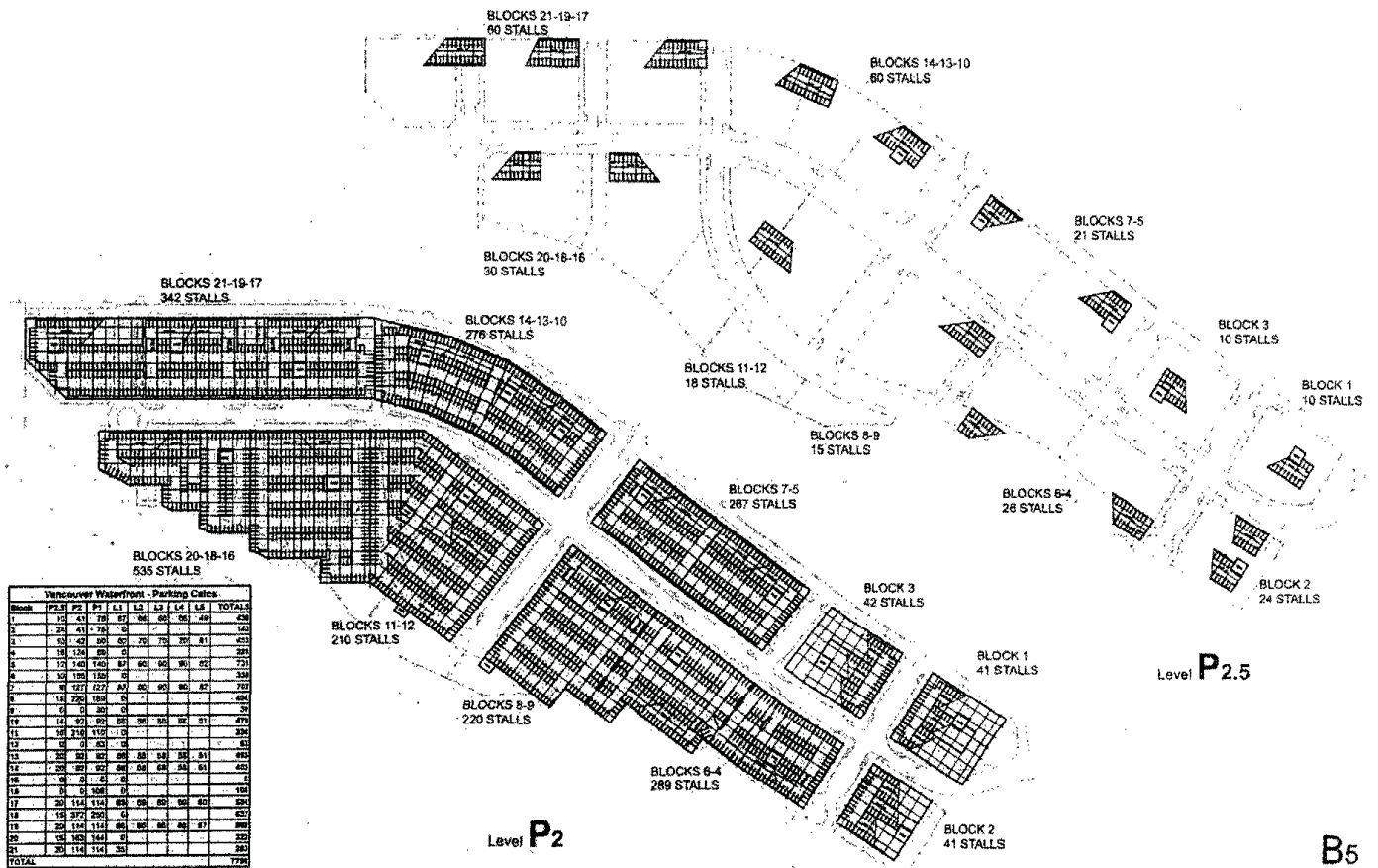
The Waterfront

Preferred Scheme
August 2008
July 1, 2009

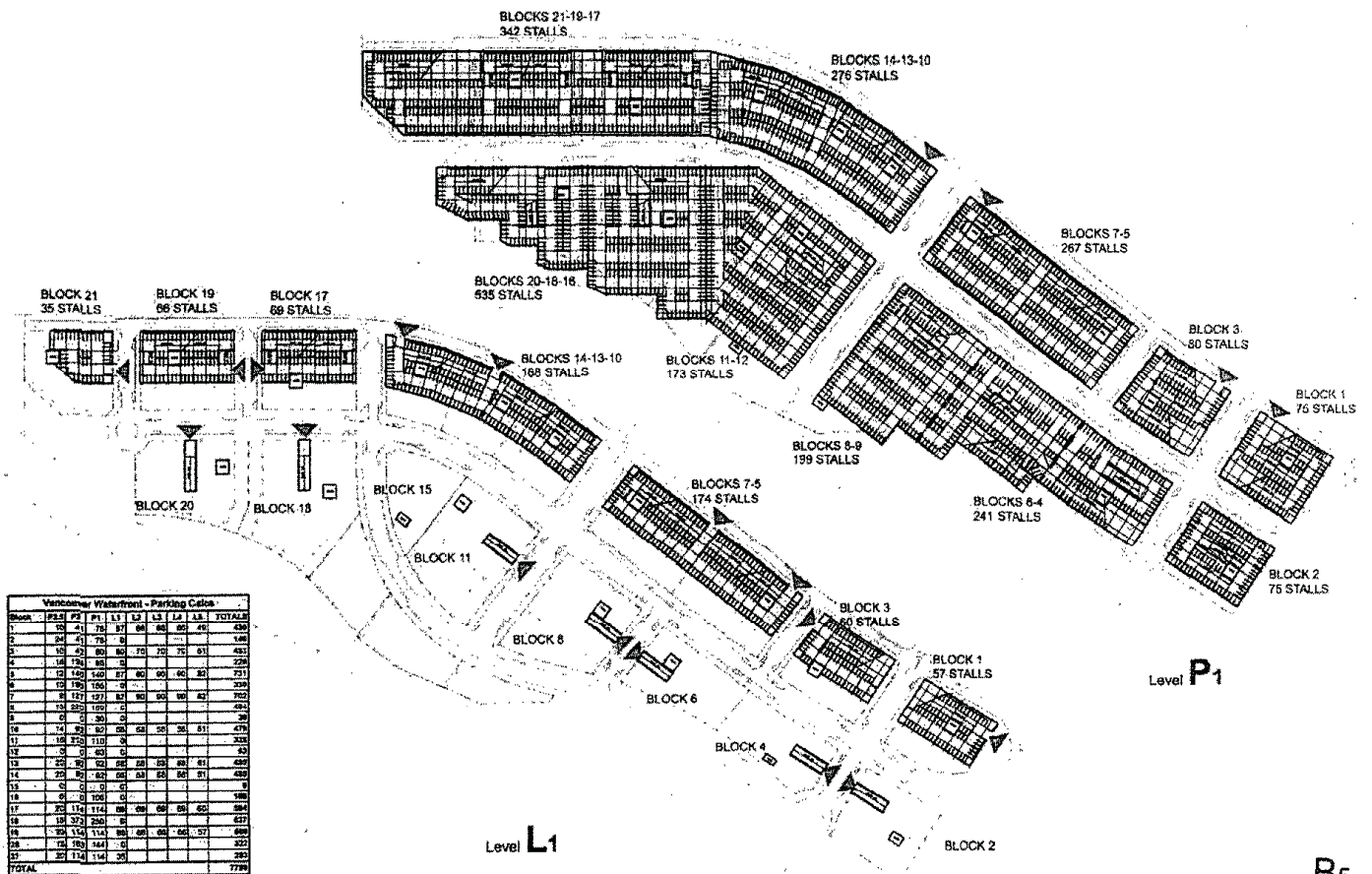
FAR **4.5 to 7.5**

FAR Comparison

Exhibit B4



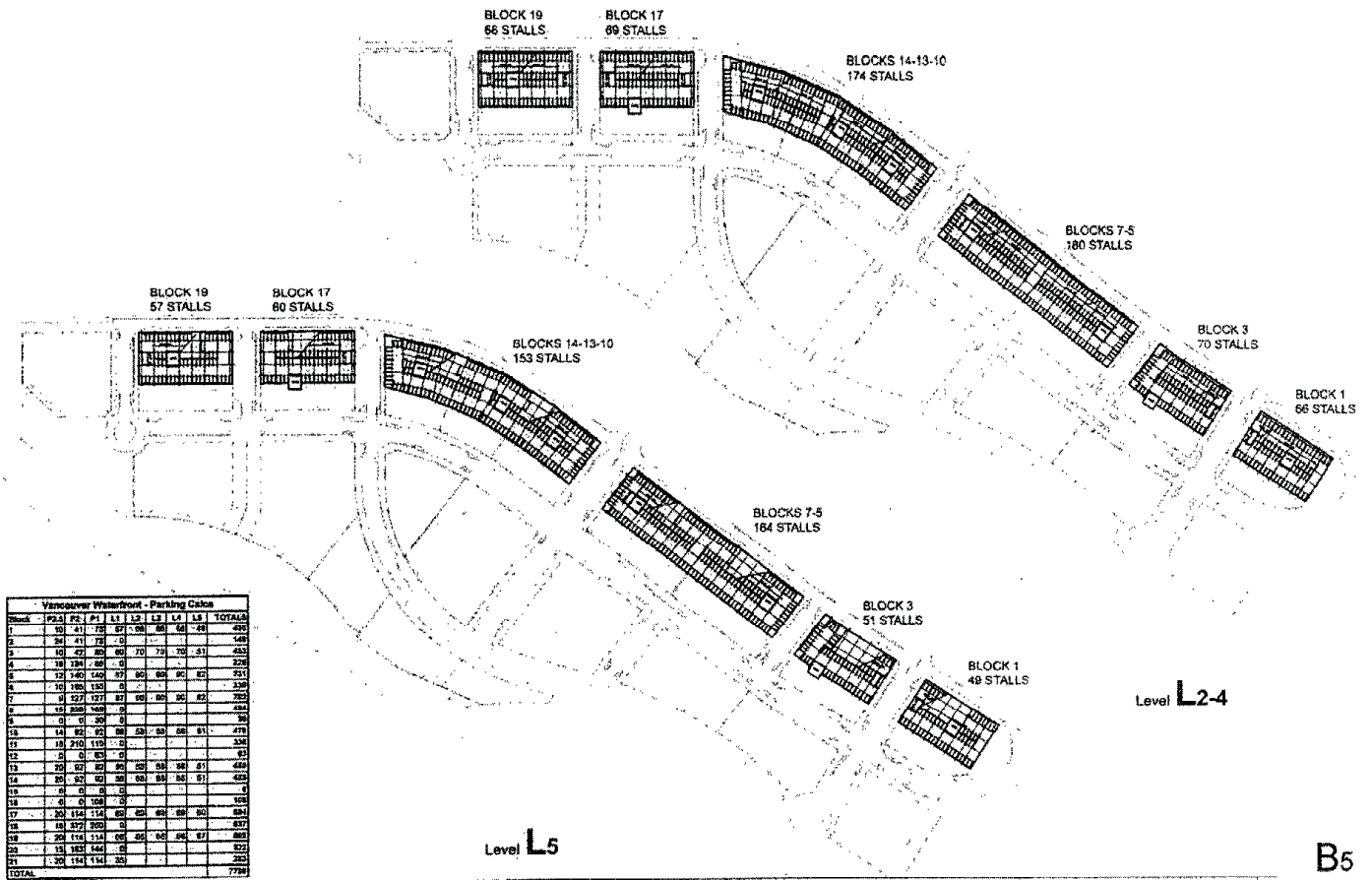
Vancouver Waterfront
Conceptual Parking Diagrams
Figure B5
Below Grade Parking



Potential Parking Garage Entry

Vancouver Waterfront
Conceptual Parking Diagrams

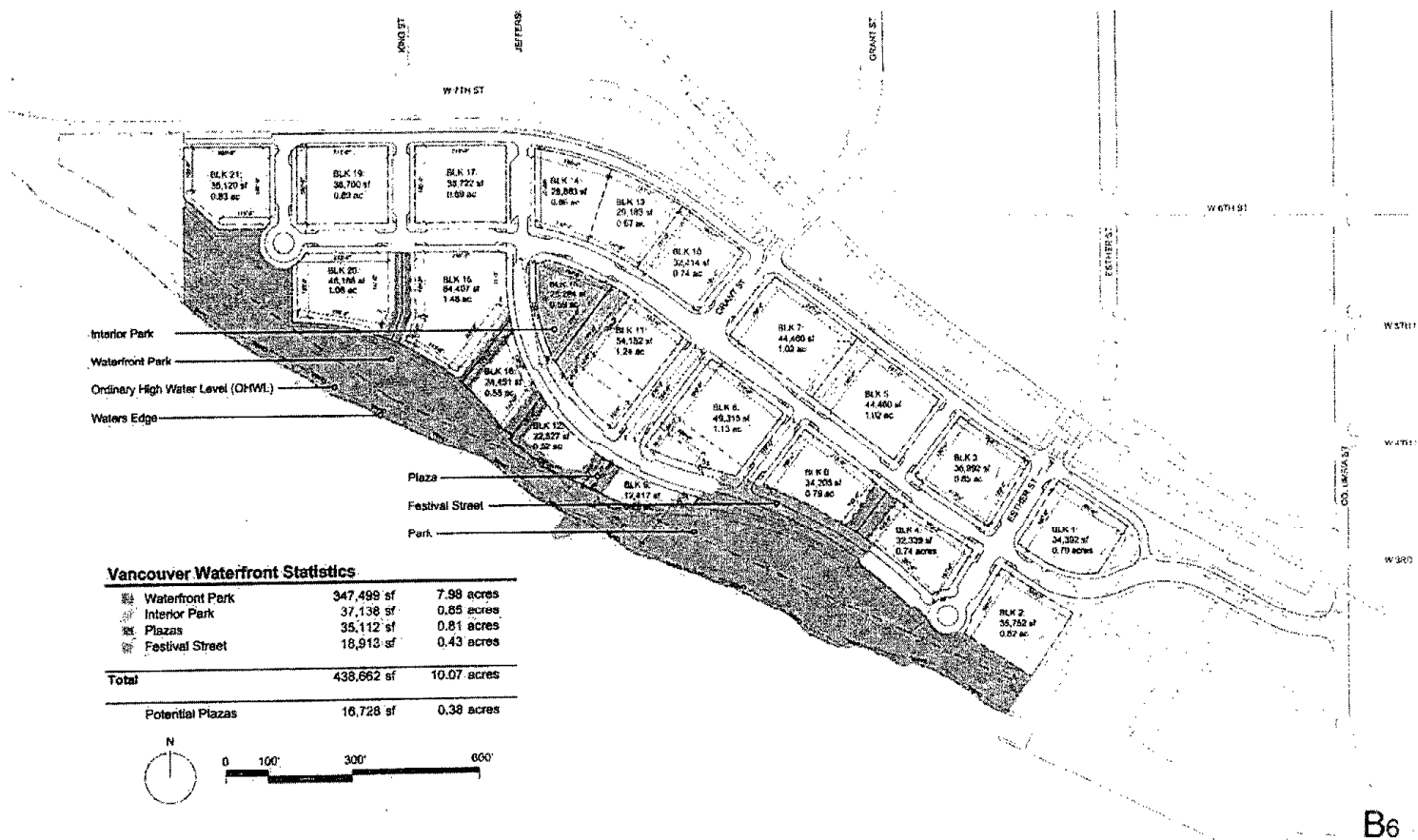
Figure B5
Below Grade Parking
and At Grade Parking



Vancouver Waterfront
Conceptual Parking Diagrams
June 19, 2007

Figure
Above Grade
Parking

B5



B6

Vancouver Waterfront
Site Plan / Master Plan
1995, 2000

Figure
Open Space
Areas

EXHIBIT C

Port of Vancouver Leasehold Property



LAND SURVEYORS
ENGINEERS

(509) 289-9936
1111 Broadway
Vancouver, WA
98660

LEGAL DESCRIPTION FOR GRAMOR DEVELOPMENT
PORT OF VANCOUVER LEASE PARCEL.

January 24, 2008

A portion of Lot 59 and Lot 60 of Binding Site Plan for a portion of the Port of Vancouver, recorded in Book 53 of Surveys at Page 141, sheet 8 of 8, records of the Clark County Auditor, lying in the Amos Short Donation Land Claim, situated in the Southwest quarter of Section 27, Township 2 North, Range 1 East of the Willamette Meridian in the City of Vancouver, Clark County, Washington, described as follows:

BEGINNING at the Southeast corner of Block 36, of the "City of Vancouver" as shown in Book 53 of Surveys at Page 141, records of the Clark County Auditor, said point also being the Northeast corner of said Lot 59 as shown on said Survey;

THENCE South $59^{\circ} 12' 14''$ East, along the North line of said Lot 60, a distance of 71.99 feet;

THENCE leaving said North line, South $37^{\circ} 58' 31''$ West, a distance of 443.92 feet to the Inner Harbor line as described in Harbor Line Commission - First Biennial Report - Appendix;

THENCE North $62^{\circ} 51' 57''$ West, along said Inner Harbor Line, a distance of 270.37 feet to a point which bears South $56^{\circ} 00' 44''$ West, from a 1/2" iron rod with plastic cap stamped "Mursell 23856";

THENCE leaving said Inner Harbor line, North $56^{\circ} 00' 44''$ East, a distance of 1.13 feet to said 1/2" iron rod;

THENCE continuing, North $56^{\circ} 00' 44''$ East, a distance of 41.54 feet to a 5/8" iron rod with plastic cap stamped "Mursell 30447";

THENCE North $29^{\circ} 02' 16''$ East, a distance of 419.30 feet to a point on the North line of said Lot 59;

THENCE North $29^{\circ} 02' 16''$ East, a distance of 74.41 feet to a point which bears North $29^{\circ} 02' 16''$ East, a distance of 493.71 feet from said 5/8" iron rod;

THENCE South $53^{\circ} 48' 42''$ East, a distance of 59.64 feet;

THENCE South $34^{\circ} 55' 44''$ West, a distance of 68.95 feet to the North line of said Lot 59;

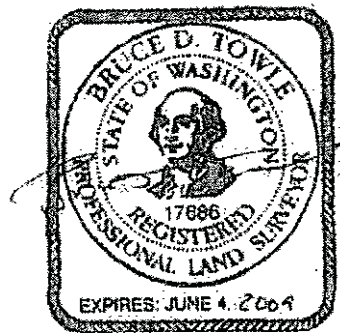
THENCE South $59^{\circ} 12' 14''$ East, along said North line, a distance of 81.75 feet;

THENCE North $34^{\circ} 55' 44''$ East, a distance of 62.73 feet;

THENCE South $56^{\circ} 00' 41''$ East, a distance of 78.14 feet to the West line of vacated Esther Street;

THENCE South $02^{\circ} 18' 57''$ West, along said West line, a distance of 66.23 feet to the POINT OF BEGINNING.

Containing 137,880 Sq. Ft. or approximately 3.165 acres.



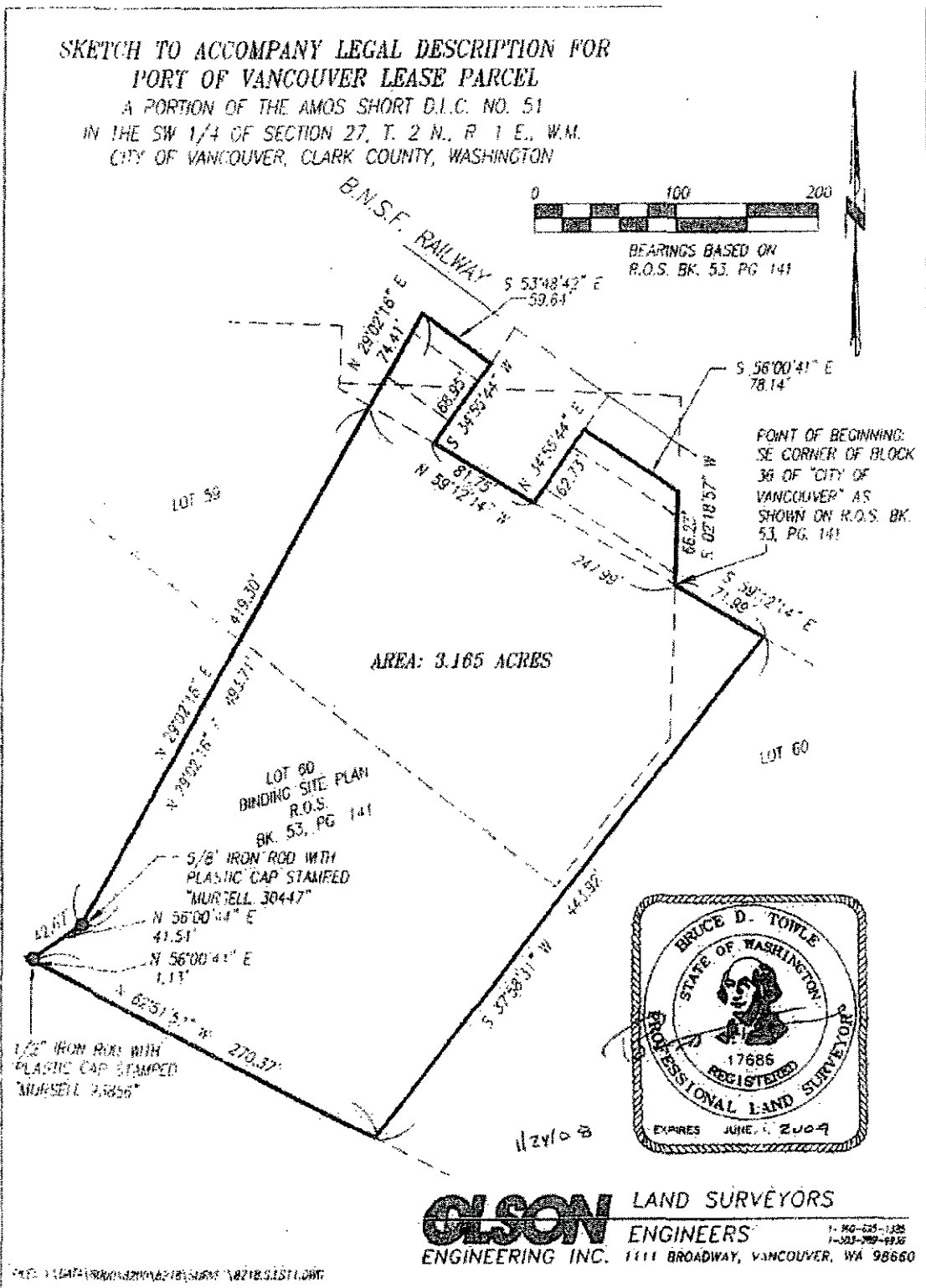


EXHIBIT D

Department of Natural Resources Leaschold

EXHIBIT D
Department of Natural Resources
Leasehold Submersible Lands

Exhibit D

Parcel "A"

HARBOR LANDS IN FRONT OF SECTION 27, TOWNSHIP 2 NORTH, RANGE 1 EAST, W.M., IN CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:
THE HARBOR AREA LYING IN FRONT OF TRACTS 19, 20, 21, 22, 23 AND 24 AND INTERVENING VACATED INGALLS AND HARNEY STREETS, VANCOUVER TIDELANDS, BOUNDED BY THE INNER AND THE OUTER HARBOR LINES, THE PRODUCED WEST LINE OF SAID TRACT 19, AND A LINE RUNNING SOUTHWESTERLY AT RIGHT ANGLES TO THE HARBOR LINES, FROM, THE SOUTHEAST CORNER OF SAID TRACT 24, TO THE OUTER HARBOR LINE, AS SHOWN ON THE OFFICIAL MAPS OF SAID TIDELANDS ON FILE IN THE OFFICE OF THE COMMISSIONER OF PUBLIC LANDS AT OLYMPIA, WASHINGTON, CONTAINING AN AREA OF 160,890 SQUARE FEET.

Parcel "B"

HARBOR LANDS IN FRONT OF SECTIONS 27 AND 28, TOWNSHIP 2 NORTH, RANGE 1 EAST, W.M. IN CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:
BEGINNING AT THE SOUTHEAST CORNER OF THE AMOS SHORT D.L.C.; THENCE S00°46'30" W, ALONG THE SOUTHERLY EXTENSION OF THE EAST LINE OF SAID SHORT D.L.C. 150.47 FEET TO THE INNER HARBOR LINE; THENCE N64°24'56" W, ALONG SAID INNER HARBOR LINE, 2997.01 FEET TO THE TRUE POINT OF BEGINNING; THENCE N64°24'56" W ALONG SAID INNER HARBOR LINE, 119.05 FEET; THENCE N52°48'29" W, ALONG SAID INNER HARBOR LINE, 604.00 FEET; THENCE S00°46'37" W, 248.52 FEET TO THE OUTER HARBOR LINE; THENCE S52°48'28"E ALONG SAID OUTER HARBOR LINE 228.30 FEET; THENCE S64°24'56"E, ALONG SAID OUTER HARBOR LINE, 452.19 FEET TO A POINT WHICH BEARS S00°45'25"W FROM THE TRUE POINT OF BEGINNING; THENCE N00°45'25"E, 165.27 FEET TO THE TRUE POINT OF BEGINNING; CONTAINING AN AREA OF 126,070 SQUARE FEET.

Parcel "C"

HARBOR LANDS IN FRONT OF SECTION 27 OF TOWNSHIP 2 NORTH RANGE 1 EAST OF THE WILLAMETTE MERIDIAN IN CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:
BEGINNING AT A POINT ON THE INNER HARBOR LINE AT THE SOUTH EAST CORNER OF FIRST CLASS TIDELAND TRACT NO. 24; THENCE S25°35'04"W, PERPENDICULARLY TO SAID INNER HARBOR LINE, 150.00 FEET TO THE OUTER HARBOR LINE; THENCE S64°24'56"E ALONG SAID OUTER HARBOR LINE, 132.26 FEET; THENCE N25°35'04"E, 150.00 FEET TO SAID INNER HARBOR LINE; THENCE N64°24'56"W ALONG SAID INNER HARBOR LINE, 132.26 FEET TO THE POINT OF BEGINNING, CONTAINING AN AREA OF 19,840 SQUARE FEET.

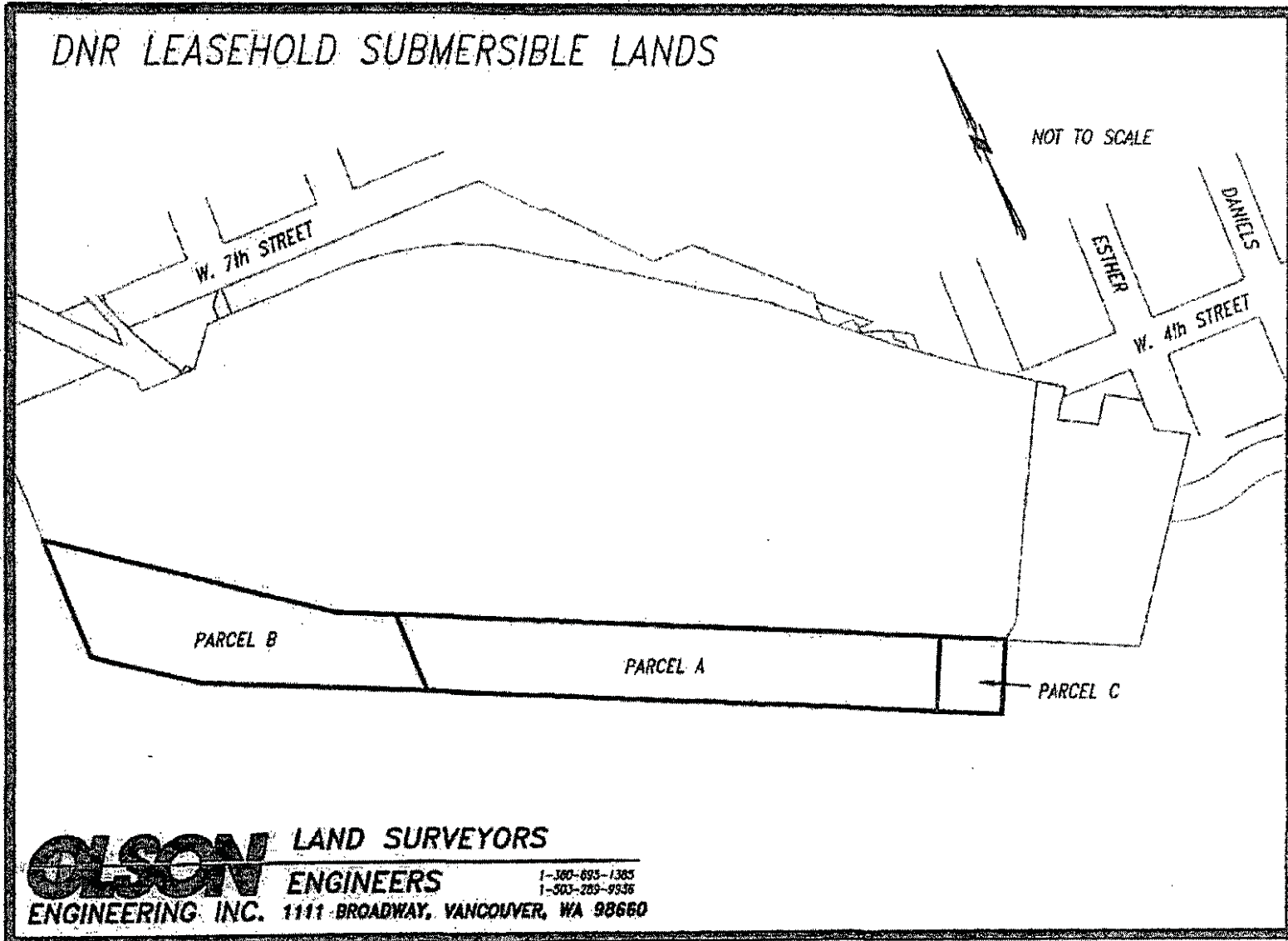


Exhibit D

EXHIBIT E

City Surplus Property

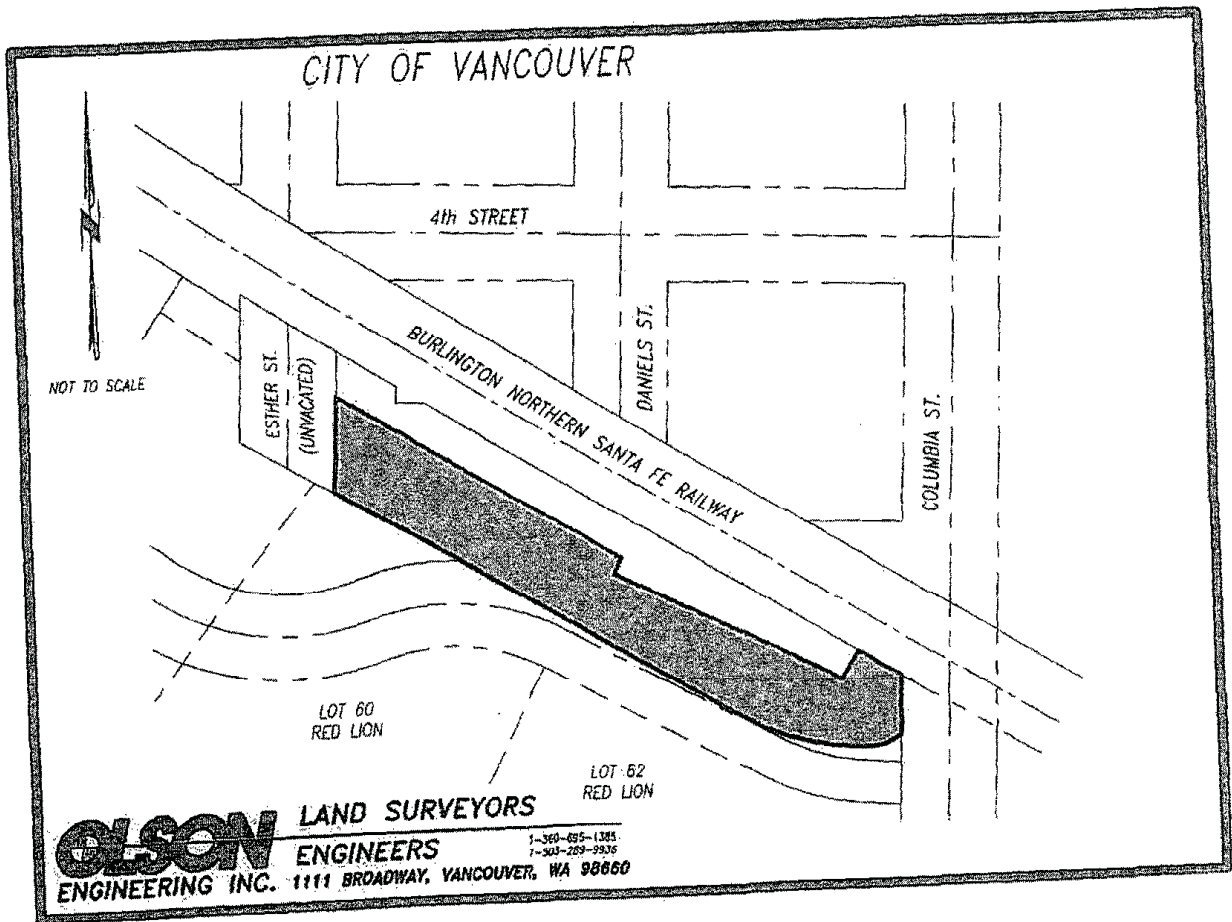


Exhibit E

EXHIBIT F

Port of Vancouver Easement Parcel



LAND SURVEYORS
ENGINEERS

(503) 289-9916
1111 Broadway
Vancouver, WA
98661

LEGAL DESCRIPTION FOR GRAMOR DEVELOPMENT
72.00 FOOT ROADWAY
PORT OF VANCOUVER PROPERTY

January 24, 2008

All that portion of the following described parcel of land lying Southerly of the North line of Lot 60 of Binding Site Plan for a portion of the Port of Vancouver, recorded in Book 53 of Surveys at Page 141, Sheet 8 of 8, records of the Clark County Auditor, lying in the Amos Short Donation Land Claim, situated in the Southwest quarter of Section 27, Township 2 North, Range 1 East of the Willamette Meridian in the City of Vancouver, Clark County, Washington, being a strip of land 72.00 feet wide, lying 36.00 feet on each side of the following described centerline:

COMMENCING at the Southeast corner of Block 36, of the "City of Vancouver" as shown in Book 53 of Surveys at Page 141, records of the Clark County Auditor, said point also being the Northeast corner of Lot 59 as shown on said Survey;

THENCE South 59° 12' 14" East, along the North line of said Lot 60, a distance of 71.99 feet;

THENCE leaving said North line, South $37^{\circ} 58' 31''$ West, a distance of 149.30 feet to a point on the arc of a non-tangent 200.00 foot radius curve to the left and TRUE POINT OF BEGINNING:

THENCE from a tangent bearing of South $69^{\circ} 47' 30''$ East, along said curve to the left; through a central angle of $39^{\circ} 28' 06''$, an arc distance of 137.77 feet to a point of reverse curvature with a 200.00 foot radius curve to the right;

THENCE along said curve to the right, through a central angle of $47^{\circ} 49' 25''$, an arc distance of 166.94 feet;

THENCE South-61° 26' 41" East, a distance of 210.68 feet to a point of curvature with a 170.00 foot radius curve to the left;

THENCE along said curve to the left, through a central angle of $23^{\circ} 29' 12''$, an arc distance of 69.69 feet;

THENCE South $84^{\circ} 55' 23''$ East, 32.47 feet, more or less, to a point on the West right of way line of Columbia Street, said point being 40.00 feet from, when measured perpendicular to the centerline of said Street, said point also being the Terminus of said centerline.

The intent of this description is to provide a uniform strip of land, 72.00 feet wide, the sidelines of which shall be lengthened or shortened as necessary to intersect said West line of Columbia Street and a line which bears South $37^{\circ} 58' 31''$ West and North $37^{\circ} 58' 31''$ East from the TRUE POINT OF BEGINNING to provide a uniform strip of land.



1124108

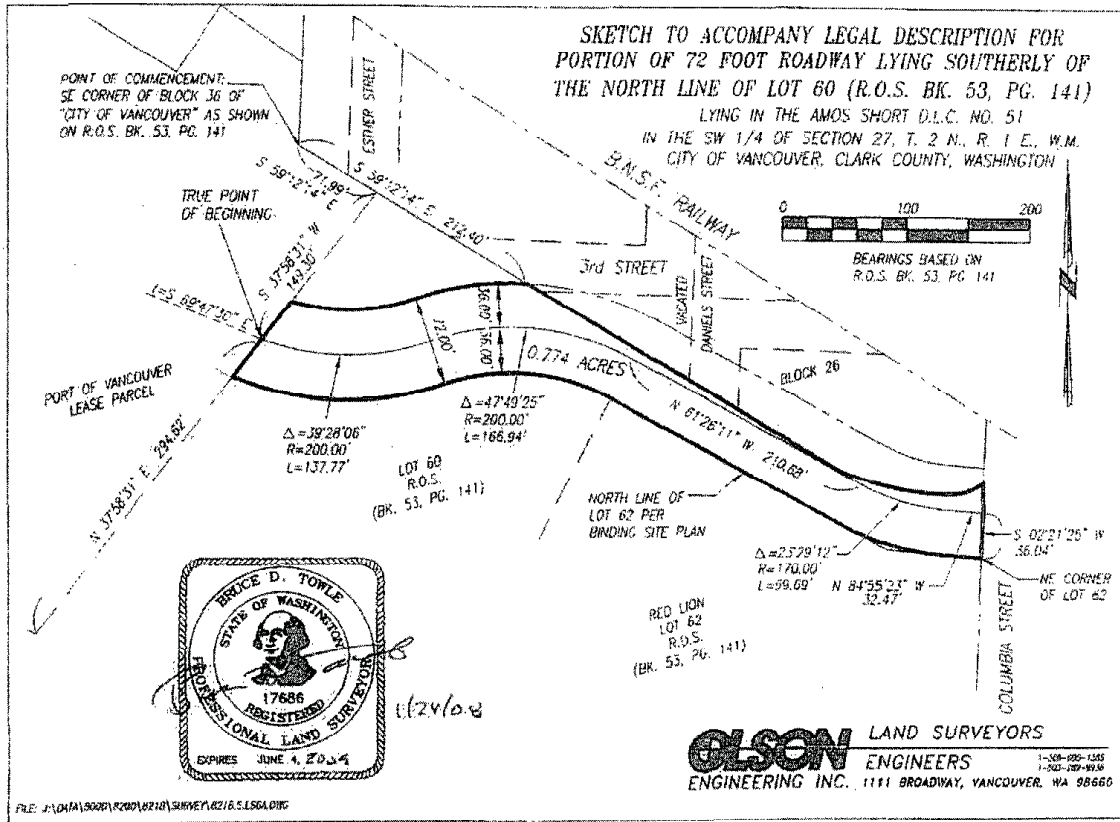


Exhibit F

EXHIBIT G

To Be Vacated Street Rights-of-Way

Exhibit G



LAND SURVEYORS
ENGINEERS

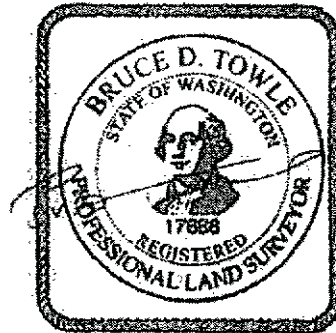
(503) 289-9936
1111 Broadway
Vancouver, WA
98660

LEGAL DESCRIPTION FOR COLUMBIA WATERFRONT Esther Street Right-of-Way to be Vacated

May 7, 2009

A parcel of property in the Plat of "West Vancouver" as platted in Book "D", Page 30 of Clark County Plat records and lying in the Southwest quarter of Section 27, Township 2 North, Range 1 East of the Willamette Meridian, Clark County, Washington described as follows:

All of Esther Street within said Plat of West Vancouver lying South of the Burlington Northern Santa Fe Railroad right-of-way.



5/7/09

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BDT

Page 1 of 1

EXHIBIT SKETCH FOR
GRAMOR DEVELOPMENT, INC.
COLUMBIA WATERFRONT

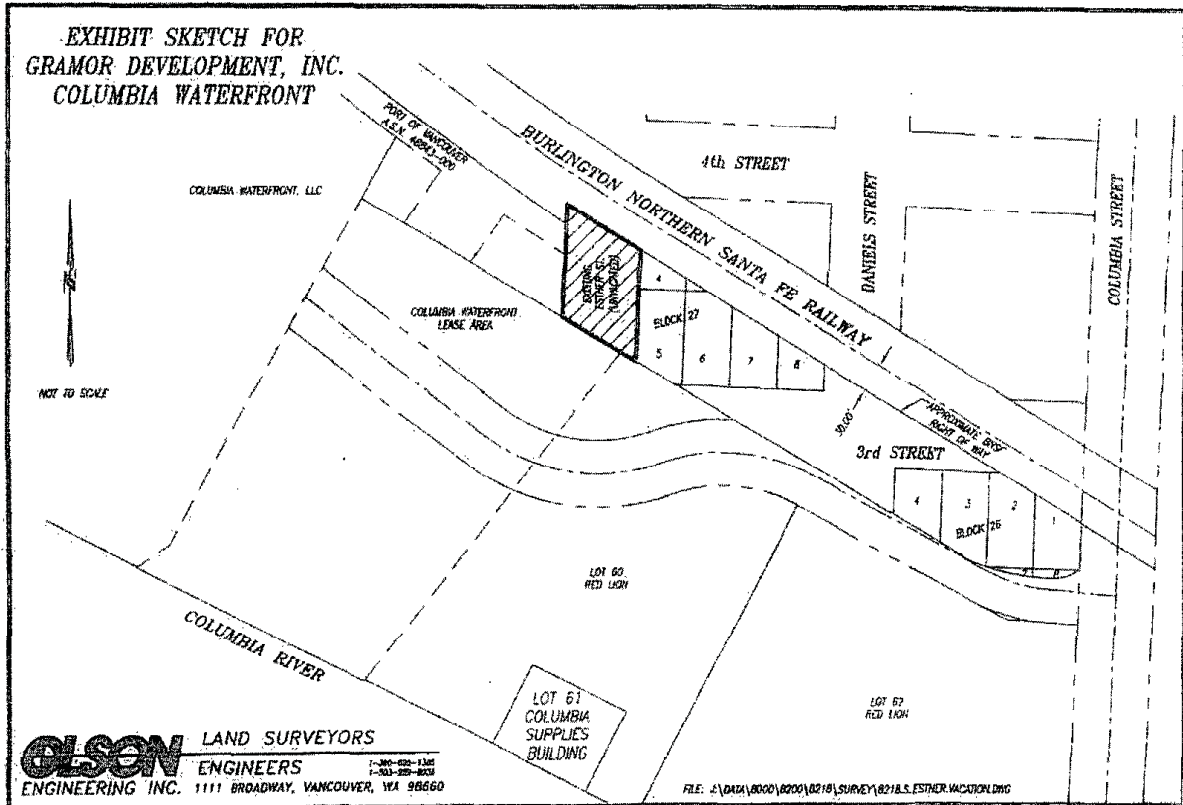
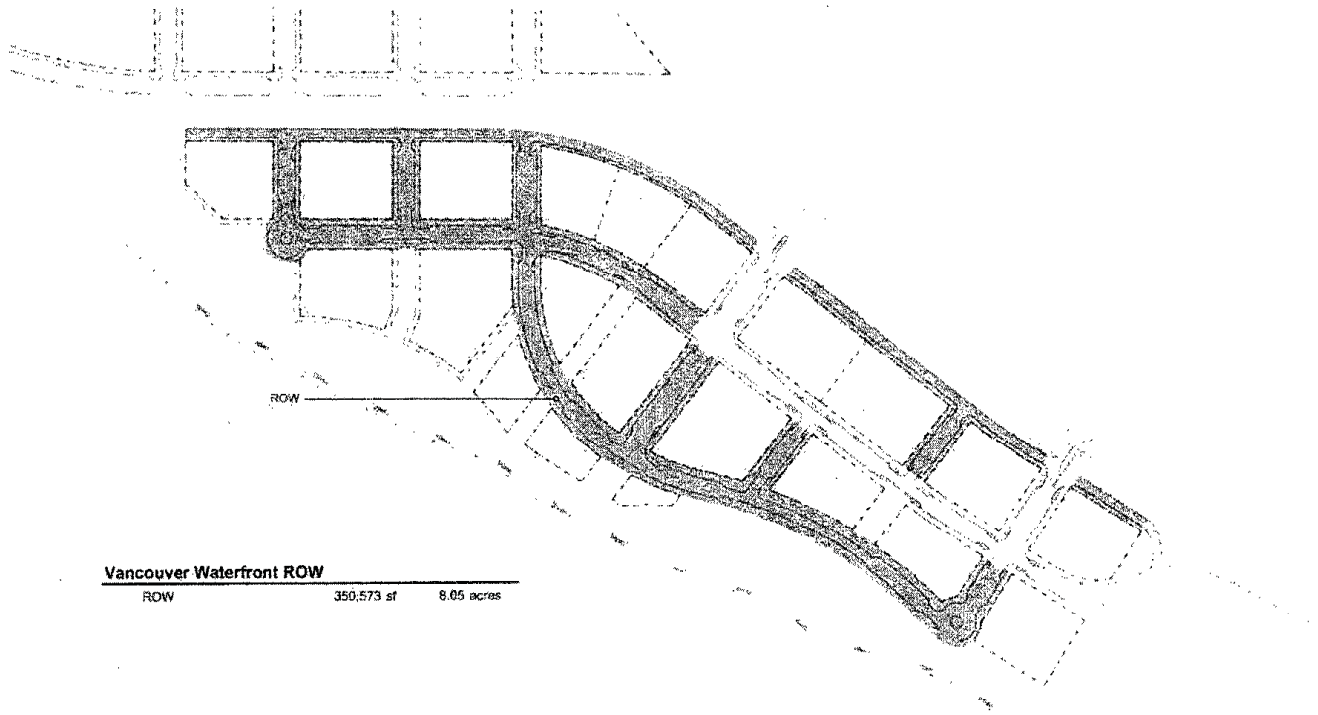


Exhibit G

EXHIBIT H

Developer Exchange Land



Vancouver Waterfront ROW

ROW 350,573 sf 8.05 acres

TWIST
ARCHITECTURE · DESIGN

Columbia Waterfront LLC

The Waterfront
Preferred Scheme

scheme
plan

Exhibit H

EXHIBIT I

Design Standards

The design standards set forth in this Exhibit I do not eliminate all other applicable City code established design standards, but rather only override the City code design standards that directly conflict with the following design standards.

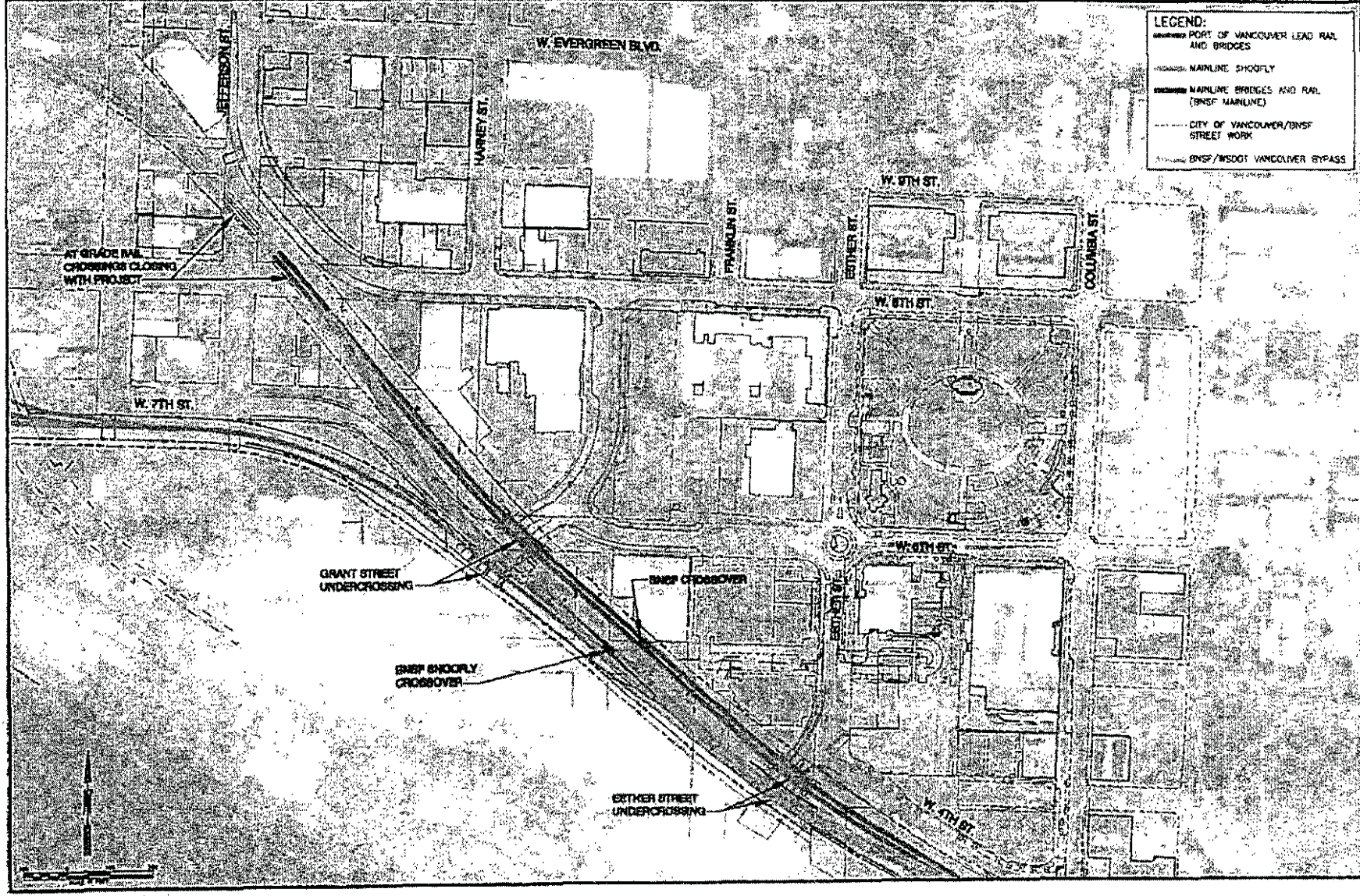
EXHIBIT I

- 1) Notwithstanding VMC 20.630.020(G), construction and permitted uses will be allowed under designated right-of-ways as determined by the master plan. The City will be responsible for the construction and maintenance of the at grade right-of-way. Right-of-way must be designed to accommodate current and future infrastructure needs including, but not limited to, the following:
 1. Design guidelines established by an approved master plan on the Property.
 2. Accommodate both current and future utility needs.
 3. Design adequate clearances and design tolerances for below grade parking and service uses.
- 2) Notwithstanding VMC 20.630.040, new construction facing a service or "alley" street on one side only may reduce the transparency requirement to 50% to include parking and service access. The balance of the building wall facing the service street shall be devoted to interest-creating features.
- 3) Notwithstanding VMC 20.630.050(C)(2)(b), for buildings over 120' in height, street façade (podiums) shall not exceed 68 feet in height and towers above podiums shall not be less than 50% or more than 75% of the footprint of the podium. When a tower/podium combination is proposed, no less than two adjoining faces of the tower shall form an unbroken plan from street level to at least 50% of total building height for blocks over 50,000 square feet.
- 4) Notwithstanding VMC 20.630.060(F), surface parking lots, including off-site accessory parking lots, may be allowed upon approval of a phased development plan, which provides for future buildings and elimination of the surface parking.
- 5) Notwithstanding VMC 20.630.080(D)(1), the design of the street system shall be based on a grid pattern and pedestrian system similar to the existing City Center grid of 200 foot blocks. Based on site and environmental constraints the planning official may approve smaller or larger blocks. Where blocks are 400 feet or longer on a face, a mid block pedestrian connections shall be provided, except for Grant and Esther Streets where no mid block connection shall be required.
- 6) Notwithstanding VMC 20.630.080(D)(4), The Developer may depart from the light design guidelines provided in the City's standards. The Developer shall submit proposed light design standards for approval by the City as part of the Development Approvals.

- 7) Notwithstanding VMC 20.630.080(D)(5), above grade structural parking is prohibited between the river and the first 90 feet of the buildings floor plate located nearest to the shoreline and at the interface of buildings and the river shoreline on blocks 2, 4, 6, 8, 9, 11, 12, 16, 15, 18, 20, 21, but shall be allowed beyond that 90 foot line if appropriately screened at the ground floor level consistent with the applicable provisions of VMC 20.630.
- 8) Notwithstanding VMC Table 20.430.030 – 1, ground floor residential units shall be allowed in multi story buildings, providing the floor area ratio requirements provided for in the Agreement are complied with.

EXHIBIT J

Off-Site Transportation Improvements



City of Vancouver/BNSF Waterfront Access Project
RAIL AND ROADWAY ALIGNMENTS

EXHIBIT K

Form of Guaranty

Exhibit K

GUARANTY AGREEMENT

Effective
Date: _____

From: _____ ("Guarantor")

In Favor of: The City of Vancouver, (the "City")
a Washington municipal corporation

Columbia Waterfront LLC, a Washington limited liability company, entered into that Downtown Waterfront Development Agreement dated _____, 2009 with the City (the "Agreement"). Pursuant to the Agreement, Columbia Waterfront LLC is obligated to pay to the City the sum of \$8,000,000, when and as set forth in Section 7.3.1 of the Agreement.

Guarantor is a member in Columbia Waterfront LLC and Guarantor will benefit from the City entering into the Agreement. The City would not have entered into the Agreement unless Guarantor agreed to enter into this Guaranty Agreement (the "Guaranty").

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows.

SECTION 1 GUARANTEED OBLIGATION

As used in this Agreement, the "Guaranteed Obligation" means the obligation of Columbia Waterfront LLC to pay to the City the sum of \$_____, when and as required by Section 7.3.1 of the Agreement, which is a portion of the obligation of Columbia Waterfront LLC to pay a total of \$8,000,000 to the City.

SECTION 2 AGREEMENT OF GUARANTY

2.1 Guarantor hereby guarantees, as primary obligor and not as surety, the punctual and complete performance and payment when due (whether at the stated maturity, by acceleration or otherwise) of the Guaranteed Obligation, in every instance without requiring any notice of nonpayment, nonperformance or nonobservance or proof of notice or demand in order to charge Guarantor therefor, and Guarantor agrees to pay any and all reasonable expenses which may be paid or incurred by the City in collecting any or all of the Guaranteed Obligation and/or enforcing any rights under this Guaranty.

2.2 Guarantor waives any and all notice of the creation or accrual of any of the Guaranteed Obligation and notice of or proof of reliance by the City upon this Guaranty or acceptance of this Guaranty, and the Guaranteed Obligation shall conclusively be deemed to have been created, contracted, incurred or continued, as the case may be, in reliance upon this Guaranty, and all dealings between Columbia Waterfront LLC or Guarantor and the City after the date hereof shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty.

2.3 Guarantor agrees that whenever at any time or from time to time it shall make any payment to the City on account of Guarantor's liability hereunder, it will notify the City in writing that such payment is made under this Guaranty for such purposes. No payment or payments made by Columbia Waterfront LLC or any other guarantor or any other person, or received or collected by the City from Columbia Waterfront LLC or any other guarantor or any other person, in any manner and at any time or from time to time, in reduction of or in payment of the Guaranteed Obligation shall be deemed to modify, reduce, release or otherwise affect the

liability of Guarantor hereunder which shall, notwithstanding any such payment or payments, remain liable for the Guaranteed Obligation until the Guaranteed Obligation is paid in full, which shall occur when the obligation of Columbia Waterfront LLC to pay the City \$8,000,000 has been paid in full.

2.4 Guarantor expressly agrees that the City may, without notice to the undersigned, modify the obligations of Columbia Waterfront LLC under the Agreement and grant extensions and concessions to Columbia Waterfront LLC in respect thereof (including, without limitation, changes in the time, manner or place of payment or any other term of any such obligations of Columbia Waterfront LLC) without in any manner affecting the liability of Guarantor hereunder.

2.5 This Guaranty shall remain in effect, and all rights of the City hereunder, and all obligations of Guarantor under this Guaranty, shall be continuing, absolute and unconditional notwithstanding: (a) any lack of validity or enforceability of the Guaranteed Obligation; (b) the absence of any attempt to collect the Guaranteed Obligation from Columbia Waterfront LLC, or Guarantor, any other guarantor or any other person or of any other action to enforce the same; (c) any bankruptcy, reorganization or insolvency of Columbia Waterfront LLC or Guarantor, or any successor or assignee thereof, or any disaffirmance or abandonment by a trustee thereof; (d) any law, regulation or order of any jurisdiction affecting any term of the Guaranteed Obligation or the City's rights with respect thereto; (e) any other circumstance which might otherwise constitute a defense, set-off or counterclaim applicable to, or a discharge of, Columbia Waterfront LLC, Guarantor or any other guarantor.

SECTION 3 SUBROGATION

3.1 Guarantor hereby agrees, notwithstanding anything to the contrary in this Guaranty, to expressly, irrevocably and unconditionally waive and relinquish any and all claims (as that term is defined in title 11 of the United States Code) it may now have or later have against Columbia Waterfront LLC for any payment or transfer of anything of value Guarantor may make, or may be obligated to make, for any reason whatsoever, including, without limitation, any and all rights of subrogation, reimbursement, indemnity, exoneration and contribution which Guarantor may have now or hereafter have against Columbia Waterfront LLC. This section shall inure to the benefit of the City and its respective successors and assigns.

3.2 GUARANTOR HEREBY WAIVES AND RELINQUISHES ANY DEFENSE BASED UPON THE LOSS OF ANY REIMBURSEMENT OR SUBROGATION RIGHTS AND ANY OTHER DEFENSE WHICH MAY ARISE OUT OF ANY ANTI-DEFICIENCY STATUTES OR OTHER LAWS OR LEGISLATIVE ENACTMENTS, AND ANY DEFENSE THAT MAY ARISE OUT OF ELECTION OF REMEDIES, OR DISCHARGE OR SATISFACTION OF OBLIGATIONS.

SECTION 4 RENEWALS, EXTENSIONS, MODIFICATIONS, ETC.

Guarantor hereby consents that, without the necessity of any reservation of rights against Guarantor: (a) any demand for payment of any of the Guaranteed Obligation made by the City may be rescinded and the Guaranteed Obligation continued; (b) the Guaranteed Obligation or the liability of any party upon or for any part thereof or guaranty thereof, may from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised, waived, surrendered or released by the City; and (c) subject to the terms thereof, any instrument

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or agreement evidencing, relating to, securing or guaranteeing the Guaranteed Obligation may be amended, modified, supplemented or terminated, in whole or in part, as the City may deem advisable from time to time, all without notice to or further assent by Guarantor, who will remain bound hereunder notwithstanding any such renewal, extension, modification, acceleration, compromise, amendment, supplement, termination, sale, exchange, waiver, surrender or release. Guarantor acknowledges and agrees that the City has no obligation to provide Guarantor with any information regarding Columbia Waterfront LLC or any other guarantor and that Guarantor has the ability to obtain without the assistance of the City all such information.

SECTION 5 FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE

No failure or delay on the part of the City in the exercise of any power, right or privilege under this Guaranty, and no course of dealing with respect thereto, shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any power, right or privilege thereunder preclude any other or further exercise thereof or the exercise of any other power, right or privilege. All rights and remedies existing under this Guaranty are cumulative to, and not exclusive of, any rights and remedies provided by law or otherwise available.

SECTION 6 WAIVER OF DEMAND, PROTEST, NOTICE, ETC.

Except as otherwise specifically provided in this Guaranty, Guarantor waives presentment, demand and protest and notice of presentment, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any documents evidencing the Guaranteed Obligation at any time held by the City on which Guarantor may in any way be liable.

SECTION 7 AMENDMENT; ASSIGNMENT

Except as otherwise provided herein, no amendment, modification, termination, or waiver of any provision of this Guaranty, or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Guarantor and the City.

SECTION 8 SEVERABILITY

The invalidity, illegality or unenforceability in any jurisdiction of any provision in or obligation under this Guaranty shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Guaranty.

SECTION 9 SUCCESSORS AND ASSIGNS

This Guaranty shall be binding upon and inure to the benefit of the City and shall be binding upon Guarantor's heirs, personal representatives, administrators, successors and assigns, except that Guarantor may not assign his or her rights or obligations hereunder or any portion hereof without the written consent of the City, which may be withheld in the City's sole discretion.

SECTION 10 TERMINATION OF GUARANTY

This Guaranty, and all obligations of Guarantor hereunder, shall terminate upon payment and performance in full of all Guaranteed Obligation. If, at any time, all or part of any payment of the Guaranteed Obligation theretofore made by Guarantor or any other person is rescinded or otherwise must be returned by the City for any reason whatsoever (including,

without limitation, the insolvency, bankruptcy or reorganization of any Guarantor or any other person), this Guaranty shall continue to be effective or shall be reinstated as to the Guaranteed Obligation which was satisfied by the payment to be rescinded or returned, all as though such payment had not been made.

SECTION 11 WAIVER OF TRIAL BY JURY

GUARANTOR ACKNOWLEDGE(S) AND AGREE(S) THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS GUARANTY OR THE RELATIONSHIP ESTABLISHED HEREBY WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES, AND THEREFORE, GUARANTOR HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING (INCLUDING ACTIONS SOUNDING IN TORT) TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR ARISING FROM THE TRANSACTION CONTEMPLATED HEREUNDER OR THE RELATIONSHIP ESTABLISHED HEREBY AND AGREE(S) THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE AND NOT BY A JURY.

SECTION 12 ATTORNEYS' FEES

In the event any suit, action, arbitration, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Guaranty or to enforce or interpret any provision herein, the prevailing party shall be entitled to recover its attorneys' and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in

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connection therewith, as determined by the court or arbitrator at trial or by the court on any appeal or review, in addition to all other amounts provided by law.

SECTION 13 VOLUNTARY GUARANTY

Guarantor represents and acknowledges that it is executing this Guaranty voluntarily and for its own benefit.

IN WITNESS WHEREOF, this Guaranty has been duly executed by Guarantor as of the date and year first above written.

Guarantor: _____



P.O. Box 1995 • Vancouver, WA 98668-1995

www.ci.vancouver.wa.us

December 16, 2009

Barry Cain, Managing Member
Columbia Waterfront, LLC
19767 SW 72nd AVE, SUITE 100
Tualatin, OR 97062

RE: Waterfront Development Agreement – Personal Guarantees

Barry:

We are in receipt of your requested changes to the form of the personal guaranty that was attached as Exhibit "K" to the Council-approved Columbia Waterfront, LLC Development Agreement.

There has been some discussion about the effect of interim payments on the amount of the guaranty. It is our intent that the interim payments will operate to proportionately reduce the amount of the guaranty consistent with each individual's share for the overall obligation. For example, a 20% guarantor would guaranty \$1.6 million prior to initial payment (20% of the \$8,000,000 developer contribution). After payment of the \$800,000 payment due under paragraph 7.3.1.1 of the Development Agreement, the guaranty amount would drop to \$1.44 million, or 20% of \$7.2 million. The enclosed chart expresses the City's view of how the guaranty will operate.

We believe that the intent expressed in this letter has been the intent expressed by the parties throughout negotiations, before the City Center Revitalization Authority and before the City Council. We do not believe that there is any need to change the language of the Development Agreement or to depart from the guaranty form attached at Exhibit K if your intent as to how the guaranty operates is consistent with the enclosed chart.

Please feel free to contact me if you have any questions.

Sincerely,

Eric J. Holmes
Economic Development Director

OPERATION OF DEVELOPMENT AGREEMENT
EXHIBIT K
GUARANTY

Guarantor	Share	Guaranty amount prior to initial payment	Guaranty amount after initial payment	Guaranty amount after payment due on 6/30/2010	Guaranty amount after Payment due on 6/20/2011	Guaranty Amount After Payment due on 6/30/2012	Guaranty Amount After Payment Due on 6/30/2013
Gramor LLC							
(Barry Cain)	30%	\$ 2,400,000	\$ 2,160,000	\$ 2,055,000	\$ 1,950,000	\$ 1,845,000	\$ 1,740,000
Al Kirkwood	20%	\$ 1,600,000	\$ 1,440,000	\$ 1,370,000	\$ 1,300,000	\$ 1,230,000	\$ 1,160,000
Steve Hansen	20%	\$ 1,600,000	\$ 1,440,000	\$ 1,370,000	\$ 1,300,000	\$ 1,230,000	\$ 1,160,000
Steve Oliva	20%	\$ 1,600,000	\$ 1,440,000	\$ 1,370,000	\$ 1,300,000	\$ 1,230,000	\$ 1,160,000
Barry Cain	6.67%	\$ 533,600	\$ 480,240	\$ 456,895	\$ 433,550	\$ 410,205	\$ 386,860
George Diamond	3.33%	\$ 266,400	\$ 239,760	\$ 228,105	\$ 216,450	\$ 204,795	\$ 193,140
Total	100.00%	\$ 8,000,000	\$ 7,200,000	\$ 6,850,000	\$ 6,500,000	\$ 6,150,000	\$ 5,800,000

GUARANTY AGREEMENT

Effective

Date: January 8, 2010

From: Barry A. Cain ("Guarantor")

In Favor of: The City of Vancouver, (the "City")
a Washington municipal corporation

Columbia Waterfront LLC, a Washington limited liability company, entered into the Downtown Waterfront Development Agreement dated October 19, 2009 with the City (the "Agreement"). Pursuant to the Agreement, Columbia Waterfront LLC is obligated to pay to the City the sum of \$8,000,000, when and as set forth in Section 7.3.1 of the Agreement.

Guarantor is the manager of BAC Columbia Waterfront LLC, a Washington limited liability company, which is a member in Columbia Waterfront LLC and Guarantor will benefit from the City entering into the Agreement. The City would not have entered into the Agreement unless Guarantor agreed to enter into this Guaranty Agreement (the "Guaranty").

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows.

SECTION 1 GUARANTEED OBLIGATION

As used in this Agreement, the "Guaranteed Obligation" means the obligation of Columbia Waterfront LLC to pay to the City the sum of \$533,600 when and as required by Section 7.3.1 of the Agreement, which is a portion of the obligation of Columbia Waterfront LC to pay a total of \$8,000,000 to the City.

SECTION 2 AGREEMENT OF GUARANTY

2.1 Guarantor hereby guarantees, as primary obligor and not as surety, the punctual and complete performance and payment when due (whether at the stated maturity, by acceleration or otherwise) of the Guaranteed Obligation, in every instance without requiring any notice of nonpayment, nonperformance or nonobservance or proof of notice or demand in order to charge Guarantor therefor, and Guarantor agrees to pay any and all reasonable expenses which may be paid or incurred by the City in collecting any or all of the Guaranteed Obligation and/or enforcing any rights under this Guaranty.

2.2 Guarantor waives any and all notice of the creation or accrual of any of the Guaranteed Obligation and notice of or proof of reliance by the City upon this Guaranty or acceptance of this Guaranty, and the Guaranteed Obligation shall conclusively be deemed to have been created, contracted, incurred or continued, as the case may be, in reliance upon this Guaranty, and all dealings between Columbia Waterfront LLC or Guarantor and the City after the date hereof shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty.

2.3 Guarantor agrees that whenever at any time or from time to time it shall make any payment to the City on account of Guarantor's liability hereunder, it will notify the City in writing that such payment is made under this Guaranty for such purposes. No payment or payments made by Columbia Waterfront LLC or any other guarantor or any other person, or received or collected by the City from Columbia Waterfront LLC or any other guarantor or any other person, in any manner and at any time or from time to time, in reduction of or in payment of the Guaranteed Obligation shall be deemed to modify, reduce, release or otherwise affect the

liability of Guarantor hereunder which shall, notwithstanding any such payment or payments, remain liable for the Guaranteed Obligation until the Guaranteed Obligation is paid in full, which shall occur when the obligation of Columbia Waterfront LLC to pay the City \$8,000,000 has been paid in full.

2.4 Guarantor expressly agrees that the City may, without notice to the undersigned, modify the obligations of Columbia Waterfront LLC under the Agreement and grant extensions and concessions to Columbia Waterfront LLC in respect thereof (including, without limitation, changes in the time, manner or place of payment or any other term of any such obligations of Columbia Waterfront LLC) without in any manner affecting the liability of Guarantor hereunder.

2.5 This Guaranty shall remain in effect, and all rights of the City hereunder, and all obligations of Guarantor under this Guaranty, shall be continuing, absolute and unconditional notwithstanding: (a) any lack of validity or enforceability of the Guaranteed Obligation; (b) the absence of any attempt to collect the Guaranteed Obligation from Columbia Waterfront LLC, or Guarantor, any other guarantor or any other person or of any other action to enforce the same; (c) any bankruptcy, reorganization or insolvency of Columbia Waterfront LLC or Guarantor, or any successor or assignee thereof, or any disaffirmance or abandonment by a trustee thereof; (d) any law, regulation or order of any jurisdiction affecting any term of the Guaranteed Obligation or the City's rights with respect thereto; (e) any other circumstance which might otherwise constitute a defense, set-off or counterclaim applicable to, or a discharge of, Columbia Waterfront LLC, Guarantor or any other guarantor.

SECTION 3 SUBROGATION

3.1 Guarantor hereby agrees, notwithstanding anything to the contrary in this Guaranty, to expressly, irrevocably and unconditionally waive and relinquish any and all claims (as that term is defined in title 11 of the United States Code) it may now have or later have against Columbia Waterfront LLC for any payment or transfer of anything of value Guarantor may make, or may be obligated to make, for any reason whatsoever, including, without limitation, any and all rights of subrogation, reimbursement, indemnity, exoneration and contribution which Guarantor may have now or hereafter have against Columbia Waterfront LLC. This section shall inure to the benefit of the City and its respective successors and assigns.

3.2 GUARANTOR HEREBY WAIVES AND RELINQUISHES ANY DEFENSE BASED UPON THE LOSS OF ANY REIMBURSEMENT OR SUBROGATION RIGHTS AND ANY OTHER DEFENSE WHICH MAY ARISE OUT OF ANY ANTI-DEFICIENCY STATUTES OR OTHER LAWS OR LEGISLATIVE ENACTMENTS, AND ANY DEFENSE THAT MAY ARISE OUT OF ELECTION OF REMEDIES, OR DISCHARGE OR SATISFACTION OF OBLIGATIONS.

SECTION 4 RENEWALS, EXTENSIONS, MODIFICATIONS, ETC.

Guarantor hereby consents that, without the necessity of any reservation of rights against Guarantor: (a) any demand for payment of any of the Guaranteed Obligation made by the City may be rescinded and the Guaranteed Obligation continued; (b) the Guaranteed Obligation or the liability of any party upon or for any part thereof or guaranty thereof, may from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised, waived, surrendered or released by the City; and (c) subject to the terms thereof, any instrument

or agreement evidencing, relating to, securing or guaranteeing the Guaranteed Obligation may be amended, modified, supplemented or terminated, in whole or in part, as the City may deem advisable from time to time, all without notice to or further assent by Guarantor, who will remain bound hereunder notwithstanding any such renewal, extension, modification, acceleration, compromise, amendment, supplement, termination, sale, exchange, waiver, surrender or release. Guarantor acknowledges and agrees that the City has no obligation to provide Guarantor with any information regarding Columbia Waterfront LLC or any other guarantor and that Guarantor has the ability to obtain without the assistance of the City all such information.

SECTION 5 FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE

No failure or delay on the part of the City in the exercise of any power, right or privilege under this Guaranty, and no course of dealing with respect thereto, shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any power, right or privilege thereunder preclude any other or further exercise thereof or the exercise of any other power, right or privilege. All rights and remedies existing under this Guaranty are cumulative to, and not exclusive of, any rights and remedies provided by law or otherwise available.

SECTION 6 WAIVER OF DEMAND, PROTEST, NOTICE, ETC.

Except as otherwise specifically provided in this Guaranty, Guarantor waives presentment, demand and protest and notice of presentment, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any documents evidencing the Guaranteed Obligation at any time held by the City on which Guarantor may in any way be liable.

SECTION 7 AMENDMENT; ASSIGNMENT

Except as otherwise provided herein, no amendment, modification, termination, or waiver of any provision of this Guaranty, or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Guarantor and the City.

SECTION 8 SEVERABILITY

The invalidity, illegality or unenforceability in any jurisdiction of any provision in or obligation under this Guaranty shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Guaranty.

SECTION 9 SUCCESSORS AND ASSIGNS

This Guaranty shall be binding upon and inure to the benefit of the City and shall be binding upon Guarantor's heirs, personal representatives, administrators, successors and assigns, except that Guarantor may not assign his or her rights or obligations hereunder or any portion hereof without the written consent of the City, which may be withheld in the City's sole discretion.

SECTION 10 TERMINATION OF GUARANTY

This Guaranty, and all obligations of Guarantor hereunder, shall terminate upon payment and performance in full of all Guaranteed Obligation. If, at any time, all or part of any payment of the Guaranteed Obligation theretofore made by Guarantor or any other person is rescinded or otherwise must be returned by the City for any reason whatsoever (including,

without limitation, the insolvency, bankruptcy or reorganization of any Guarantor or any other person), this Guaranty shall continue to be effective or shall be reinstated as to the Guaranteed Obligation which was satisfied by the payment to be rescinded or returned, all as though such payment had not been made.

SECTION 11 WAIVER OF TRIAL BY JURY

GUARANTOR ACKNOWLEDGE(S) AND AGREE(S) THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS GUARANTY OR THE RELATIONSHIP ESTABLISHED HEREBY WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES, AND THEREFORE, GUARANTOR HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING (INCLUDING ACTIONS SOUNDING IN TORT) TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR ARISING FROM THE TRANSACTION CONTEMPLATED HEREUNDER OR THE RELATIONSHIP ESTABLISHED HEREBY AND AGREE(S) THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE AND NOT BY A JURY.

SECTION 12 ATTORNEYS' FEES

In the event any suit, action, arbitration, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Guaranty or to enforce or interpret any provision herein, the prevailing party shall be entitled to recover its attorneys' and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in

GUARANTY AGREEMENT

Effective Date: January 8, 2010

From: Gramor Columbia Waterfront LLC ("Guarantor")

In Favor of: The City of Vancouver, (the "City")
a Washington municipal corporation

Columbia Waterfront LLC, a Washington limited liability company, entered into the Downtown Waterfront Development Agreement dated October 19, 2009 with the City (the "Agreement"). Pursuant to the Agreement, Columbia Waterfront LLC is obligated to pay to the City the sum of \$8,000,000, when and as set forth in Section 7.3.1 of the Agreement.

Guarantor is a member in Columbia Waterfront LLC and Guarantor will benefit from the City entering into the Agreement. The City would not have entered into the Agreement unless Guarantor agreed to enter into this Guaranty Agreement (the "Guaranty").

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows.

SECTION 1 GUARANTEED OBLIGATION

As used in this Agreement, the "Guaranteed Obligation" means the obligation of Columbia Waterfront LLC to pay to the City the sum of \$2,400,000 when and as required by Section 7.3.1 of the Agreement, which is a portion of the obligation of Columbia Waterfront LLC to pay a total of \$8,000,000 to the City.

SECTION 2 AGREEMENT OF GUARANTY

2.1 Guarantor hereby guarantees, as primary obligor and not as surety, the punctual and complete performance and payment when due (whether at the stated maturity, by acceleration or otherwise) of the Guaranteed Obligation, in every instance without requiring any notice of nonpayment, nonperformance or nonobservance or proof of notice or demand in order to charge Guarantor therefor, and Guarantor agrees to pay any and all reasonable expenses which may be paid or incurred by the City in collecting any or all of the Guaranteed Obligation and/or enforcing any rights under this Guaranty.

2.2 Guarantor waives any and all notice of the creation or accrual of any of the Guaranteed Obligation and notice of or proof of reliance by the City upon this Guaranty or acceptance of this Guaranty, and the Guaranteed Obligation shall conclusively be deemed to have been created, contracted, incurred or continued, as the case may be, in reliance upon this Guaranty, and all dealings between Columbia Waterfront LLC or Guarantor and the City after the date hereof shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty.

2.3 Guarantor agrees that whenever at any time or from time to time it shall make any payment to the City on account of Guarantor's liability hereunder, it will notify the City in writing that such payment is made under this Guaranty for such purposes. No payment or payments made by Columbia Waterfront LLC or any other guarantor or any other person, or received or collected by the City from Columbia Waterfront LLC or any other guarantor or any other person, in any manner and at any time or from time to time, in reduction of or in payment of the Guaranteed Obligation shall be deemed to modify, reduce, release or otherwise affect the

liability of Guarantor hereunder which shall, notwithstanding any such payment or payments, remain liable for the Guaranteed Obligation until the Guaranteed Obligation is paid in full, which shall occur when the obligation of Columbia Waterfront LLC to pay the City \$8,000,000 has been paid in full.

2.4 Guarantor expressly agrees that the City may, without notice to the undersigned, modify the obligations of Columbia Waterfront LLC under the Agreement and grant extensions and concessions to Columbia Waterfront LLC in respect thereof (including, without limitation, changes in the time, manner or place of payment or any other term of any such obligations of Columbia Waterfront LLC) without in any manner affecting the liability of Guarantor hereunder.

2.5 This Guaranty shall remain in effect, and all rights of the City hereunder, and all obligations of Guarantor under this Guaranty, shall be continuing, absolute and unconditional notwithstanding: (a) any lack of validity or enforceability of the Guaranteed Obligation; (b) the absence of any attempt to collect the Guaranteed Obligation from Columbia Waterfront LLC, or Guarantor, any other guarantor or any other person or of any other action to enforce the same; (c) any bankruptcy, reorganization or insolvency of Columbia Waterfront LLC or Guarantor, or any successor or assignee thereof, or any disaffirmance or abandonment by a trustee thereof; (d) any law, regulation or order of any jurisdiction affecting any term of the Guaranteed Obligation or the City's rights with respect thereto; (e) any other circumstance which might otherwise constitute a defense, set-off or counterclaim applicable to, or a discharge of, Columbia Waterfront LLC, Guarantor or any other guarantor.

SECTION 3 SUBROGATION

3.1 Guarantor hereby agrees, notwithstanding anything to the contrary in this Guaranty, to expressly, irrevocably and unconditionally waive and relinquish any and all claims (as that term is defined in title 11 of the United States Code) it may now have or later have against Columbia Waterfront LLC for any payment or transfer of anything of value Guarantor may make, or may be obligated to make, for any reason whatsoever, including, without limitation, any and all rights of subrogation, reimbursement, indemnity, exoneration and contribution which Guarantor may have now or hereafter have against Columbia Waterfront LLC. This section shall inure to the benefit of the City and its respective successors and assigns.

3.2 GUARANTOR HEREBY WAIVES AND RELINQUISHES ANY DEFENSE BASED UPON THE LOSS OF ANY REIMBURSEMENT OR SUBROGATION RIGHTS AND ANY OTHER DEFENSE WHICH MAY ARISE OUT OF ANY ANTI-DEFICIENCY STATUTES OR OTHER LAWS OR LEGISLATIVE ENACTMENTS, AND ANY DEFENSE THAT MAY ARISE OUT OF ELECTION OF REMEDIES, OR DISCHARGE OR SATISFACTION OF OBLIGATIONS.

SECTION 4 RENEWALS, EXTENSIONS, MODIFICATIONS, ETC.

Guarantor hereby consents that, without the necessity of any reservation of rights against Guarantor: (a) any demand for payment of any of the Guaranteed Obligation made by the City may be rescinded and the Guaranteed Obligation continued; (b) the Guaranteed Obligation or the liability of any party upon or for any part thereof or guaranty thereof, may from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised, waived, surrendered or released by the City; and (c) subject to the terms thereof, any instrument

or agreement evidencing, relating to, securing or guaranteeing the Guaranteed Obligation may be amended, modified, supplemented or terminated, in whole or in part, as the City may deem advisable from time to time, all without notice to or further assent by Guarantor, who will remain bound hereunder notwithstanding any such renewal, extension, modification, acceleration, compromise, amendment, supplement, termination, sale, exchange, waiver, surrender or release. Guarantor acknowledges and agrees that the City has no obligation to provide Guarantor with any information regarding Columbia Waterfront LLC or any other guarantor and that Guarantor has the ability to obtain without the assistance of the City all such information.

SECTION 5 FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE

No failure or delay on the part of the City in the exercise of any power, right or privilege under this Guaranty, and no course of dealing with respect thereto, shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any power, right or privilege thereunder preclude any other or further exercise thereof or the exercise of any other power, right or privilege. All rights and remedies existing under this Guaranty are cumulative to, and not exclusive of, any rights and remedies provided by law or otherwise available.

SECTION 6 WAIVER OF DEMAND, PROTEST, NOTICE, ETC.

Except as otherwise specifically provided in this Guaranty, Guarantor waives presentment, demand and protest and notice of presentment, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any documents evidencing the Guaranteed Obligation at any time held by the City on which Guarantor may in any way be liable.

SECTION 7 AMENDMENT; ASSIGNMENT

Except as otherwise provided herein, no amendment, modification, termination, or waiver of any provision of this Guaranty, or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Guarantor and the City.

SECTION 8 SEVERABILITY

The invalidity, illegality or unenforceability in any jurisdiction of any provision in or obligation under this Guaranty shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Guaranty.

SECTION 9 SUCCESSORS AND ASSIGNS

This Guaranty shall be binding upon and inure to the benefit of the City and shall be binding upon Guarantor's heirs, personal representatives, administrators, successors and assigns, except that Guarantor may not assign his or her rights or obligations hereunder or any portion hereof without the written consent of the City, which may be withheld in the City's sole discretion.

SECTION 10 TERMINATION OF GUARANTY

This Guaranty, and all obligations of Guarantor hereunder, shall terminate upon payment and performance in full of all Guaranteed Obligation. If, at any time, all or part of any payment of the Guaranteed Obligation theretofore made by Guarantor or any other person is rescinded or otherwise must be returned by the City for any reason whatsoever (including,

without limitation, the insolvency, bankruptcy or reorganization of any Guarantor or any other person), this Guaranty shall continue to be effective or shall be reinstated as to the Guaranteed Obligation which was satisfied by the payment to be rescinded or returned, all as though such payment had not been made.

SECTION 11 WAIVER OF TRIAL BY JURY

GUARANTOR ACKNOWLEDGE(S) AND AGREE(S) THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS GUARANTY OR THE RELATIONSHIP ESTABLISHED HEREBY WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES, AND THEREFORE, GUARANTOR HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING (INCLUDING ACTIONS SOUNDING IN TORT) TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR ARISING FROM THE TRANSACTION CONTEMPLATED HEREUNDER OR THE RELATIONSHIP ESTABLISHED HEREBY AND AGREE(S) THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE AND NOT BY A JURY.

SECTION 12 ATTORNEYS' FEES

In the event any suit, action, arbitration, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Guaranty or to enforce or interpret any provision herein, the prevailing party shall be entitled to recover its attorneys' and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in

connection therewith, as determined by the court or arbitrator at trial or by the court on any appeal or review, in addition to all other amounts provided by law.

SECTION 13 VOLUNTARY GUARANTY

Guarantor represents and acknowledges that it is executing this Guaranty voluntarily and for its own benefit.

IN WITNESS WHEREOF, this Guaranty has been duly executed by Guarantor as of the date and year first above written.

Guarantor:

Gramor Columbia Waterfront LLC,
a Washington limited liability company

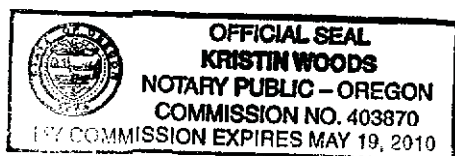
By: Gramor Investments, Inc.,
an Oregon corporation, Manager

By: [Signature]
Barry A. Cain, President

STATE OF OREGON)
)ss
COUNTY OF WASHINGTON)

I hereby certify that I know or have satisfactory evidence that Barry A. Cain is the person who appeared before me, and that said person acknowledged that he (he/she) is authorized to execute the foregoing document and acknowledges it as President of Gramor Investments Inc., an Oregon corporation, Manager of Gramor Columbia Waterfront LL, a Washington limited liability company to be the free and voluntary act of such party for the uses and purposes therein mentioned.

Dated this 8th day of January, 2010.



Kristin Woods
Notary Public for the State of Oregon
Residing at Portland
My commission expires May 19, 2010

GUARANTY AGREEMENT

Effective Date: January 8, 2010

From: Steven J. Oliva ("Guarantor")

In Favor of: The City of Vancouver, (the "City")
a Washington municipal corporation

Columbia Waterfront LLC, a Washington limited liability company, entered into the Downtown Waterfront Development Agreement dated October 19, 2009 with the City (the "Agreement"). Pursuant to the Agreement, Columbia Waterfront LLC is obligated to pay to the City the sum of \$8,000,000, when and as set forth in Section 7.3.1 of the Agreement.

Guarantor is the manager of Oliva Columbia Waterfront LLC, a Washington limited liability company, which is a member in Columbia Waterfront LLC and Guarantor will benefit from the City entering into the Agreement. The City would not have entered into the Agreement unless Guarantor agreed to enter into this Guaranty Agreement (the "Guaranty").

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows.

SECTION 1. GUARANTEED OBLIGATION

As used in this Agreement, the "Guaranteed Obligation" means the obligation of Columbia Waterfront LLC to pay to the City the sum of \$1,600,000 when and as required by Section 7.3.1 of the Agreement, which is a portion of the obligation of Columbia Waterfront LLC to pay a total of \$8,000,000 to the City.

SECTION 2 AGREEMENT OF GUARANTY

2.1 Guarantor hereby guarantees, as primary obligor and not as surety, the punctual and complete performance and payment when due (whether at the stated maturity, by acceleration or otherwise) of the Guaranteed Obligation, in every instance without requiring any notice of nonpayment, nonperformance or nonobservance or proof of notice or demand in order to charge Guarantor therefor, and Guarantor agrees to pay any and all reasonable expenses which may be paid or incurred by the City in collecting any or all of the Guaranteed Obligation and/or enforcing any rights under this Guaranty.

2.2 Guarantor waives any and all notice of the creation or accrual of any of the Guaranteed Obligation and notice of or proof of reliance by the City upon this Guaranty or acceptance of this Guaranty, and the Guaranteed Obligation shall conclusively be deemed to have been created, contracted, incurred or continued, as the case may be, in reliance upon this Guaranty, and all dealings between Columbia Waterfront LLC or Guarantor and the City after the date hereof shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty.

2.3 Guarantor agrees that whenever at any time or from time to time it shall make any payment to the City on account of Guarantor's liability hereunder, it will notify the City in writing that such payment is made under this Guaranty for such purposes. No payment or payments made by Columbia Waterfront LLC or any other guarantor or any other person, or received or collected by the City from Columbia Waterfront LLC or any other guarantor or any other person, in any manner and at any time or from time to time, in reduction of or in payment of the Guaranteed Obligation shall be deemed to modify, reduce, release or otherwise affect the

liability of Guarantor hereunder which shall, notwithstanding any such payment or payments, remain liable for the Guaranteed Obligation until the Guaranteed Obligation is paid in full, which shall occur when the obligation of Columbia Waterfront LLC to pay the City \$8,000,000 has been paid in full.

2.4 Guarantor expressly agrees that the City may, without notice to the undersigned, modify the obligations of Columbia Waterfront LLC under the Agreement and grant extensions and concessions to Columbia Waterfront LLC in respect thereof (including, without limitation, changes in the time, manner or place of payment or any other term of any such obligations of Columbia Waterfront LLC) without in any manner affecting the liability of Guarantor hereunder.

2.5 This Guaranty shall remain in effect, and all rights of the City hereunder, and all obligations of Guarantor under this Guaranty, shall be continuing, absolute and unconditional notwithstanding: (a) any lack of validity or enforceability of the Guaranteed Obligation; (b) the absence of any attempt to collect the Guaranteed Obligation from Columbia Waterfront LLC, or Guarantor, any other guarantor or any other person or of any other action to enforce the same; (c) any bankruptcy, reorganization or insolvency of Columbia Waterfront LLC or Guarantor, or any successor or assignee thereof, or any disaffirmance or abandonment by a trustee thereof; (d) any law, regulation or order of any jurisdiction affecting any term of the Guaranteed Obligation or the City's rights with respect thereto; (e) any other circumstance which might otherwise constitute a defense, set-off or counterclaim applicable to, or a discharge of, Columbia Waterfront LLC, Guarantor or any other guarantor.

SECTION 3 SUBROGATION

3.1 Guarantor hereby agrees, notwithstanding anything to the contrary in this Guaranty, to expressly, irrevocably and unconditionally waive and relinquish any and all claims (as that term is defined in title 11 of the United States Code) it may now have or later have against Columbia Waterfront LLC for any payment or transfer of anything of value Guarantor may make, or may be obligated to make, for any reason whatsoever, including, without limitation, any and all rights of subrogation, reimbursement, indemnity, exoneration and contribution which Guarantor may have now or hereafter have against Columbia Waterfront LLC. This section shall inure to the benefit of the City and its respective successors and assigns.

3.2 GUARANTOR HEREBY WAIVES AND RELINQUISHES ANY DEFENSE BASED UPON THE LOSS OF ANY REIMBURSEMENT OR SUBROGATION RIGHTS AND ANY OTHER DEFENSE WHICH MAY ARISE OUT OF ANY ANTI-DEFICIENCY STATUTES OR OTHER LAWS OR LEGISLATIVE ENACTMENTS, AND ANY DEFENSE THAT MAY ARISE OUT OF ELECTION OF REMEDIES, OR DISCHARGE OR SATISFACTION OF OBLIGATIONS.

SECTION 4 RENEWALS, EXTENSIONS, MODIFICATIONS, ETC.

Guarantor hereby consents that, without the necessity of any reservation of rights against Guarantor: (a) any demand for payment of any of the Guaranteed Obligation made by the City may be rescinded and the Guaranteed Obligation continued; (b) the Guaranteed Obligation or the liability of any party upon or for any part thereof or guaranty thereof, may from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised, waived, surrendered or released by the City; and (c) subject to the terms thereof, any instrument

or agreement evidencing, relating to, securing or guaranteeing the Guaranteed Obligation may be amended, modified, supplemented or terminated, in whole or in part, as the City may deem advisable from time to time, all without notice to or further assent by Guarantor, who will remain bound hereunder notwithstanding any such renewal, extension, modification, acceleration, compromise, amendment, supplement, termination, sale, exchange, waiver, surrender or release. Guarantor acknowledges and agrees that the City has no obligation to provide Guarantor with any information regarding Columbia Waterfront LLC or any other guarantor and that Guarantor has the ability to obtain without the assistance of the City all such information.

SECTION 5 FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE

No failure or delay on the part of the City in the exercise of any power, right or privilege under this Guaranty, and no course of dealing with respect thereto, shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any power, right or privilege thereunder preclude any other or further exercise thereof or the exercise of any other power, right or privilege. All rights and remedies existing under this Guaranty are cumulative to, and not exclusive of, any rights and remedies provided by law or otherwise available.

SECTION 6 WAIVER OF DEMAND, PROTEST, NOTICE, ETC.

Except as otherwise specifically provided in this Guaranty, Guarantor waives presentment, demand and protest and notice of presentment, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any documents evidencing the Guaranteed Obligation at any time held by the City on which Guarantor may in any way be liable.

SECTION 7 AMENDMENT; ASSIGNMENT

Except as otherwise provided herein, no amendment, modification, termination, or waiver of any provision of this Guaranty, or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Guarantor and the City.

SECTION 8 SEVERABILITY

The invalidity, illegality or unenforceability in any jurisdiction of any provision in or obligation under this Guaranty shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Guaranty.

SECTION 9 SUCCESSORS AND ASSIGNS

This Guaranty shall be binding upon and inure to the benefit of the City and shall be binding upon Guarantor's heirs, personal representatives, administrators, successors and assigns, except that Guarantor may not assign his or her rights or obligations hereunder or any portion hereof without the written consent of the City, which may be withheld in the City's sole discretion.

SECTION 10 TERMINATION OF GUARANTY

This Guaranty, and all obligations of Guarantor hereunder, shall terminate upon payment and performance in full of all Guaranteed Obligation. If, at any time, all or part of any payment of the Guaranteed Obligation theretofore made by Guarantor or any other person is rescinded or otherwise must be returned by the City for any reason whatsoever (including,

without limitation, the insolvency, bankruptcy or reorganization of any Guarantor or any other person), this Guaranty shall continue to be effective or shall be reinstated as to the Guaranteed Obligation which was satisfied by the payment to be rescinded or returned, all as though such payment had not been made.

SECTION 11 WAIVER OF TRIAL BY JURY

GUARANTOR ACKNOWLEDGE(S) AND AGREE(S) THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS GUARANTY OR THE RELATIONSHIP ESTABLISHED HEREBY WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES, AND THEREFORE, GUARANTOR HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING (INCLUDING ACTIONS SOUNDING IN TORT) TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR ARISING FROM THE TRANSACTION CONTEMPLATED HEREUNDER OR THE RELATIONSHIP ESTABLISHED HEREBY AND AGREE(S) THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE AND NOT BY A JURY.

SECTION 12 ATTORNEYS' FEES

In the event any suit, action, arbitration, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Guaranty or to enforce or interpret any provision herein, the prevailing party shall be entitled to recover its attorneys' and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in

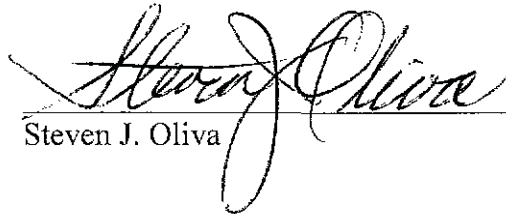
connection therewith, as determined by the court or arbitrator at trial or by the court on any appeal or review, in addition to all other amounts provided by law.

SECTION 13 VOLUNTARY GUARANTY

Guarantor represents and acknowledges that it is executing this Guaranty voluntarily and for its own benefit.

IN WITNESS WHEREOF, this Guaranty has been duly executed by Guarantor as of the date and year first above written.

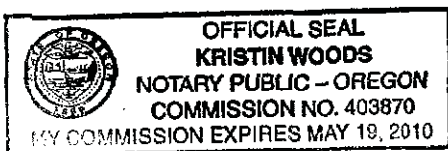
Guarantor:


Steven J. Oliva

Oregon
STATE OF ~~WASHINGTON~~)
Washington)ss
COUNTY OF ~~CLARK~~)

I hereby certify that I know or have satisfactory evidence that Steven J. Oliva is the person who appeared before me, and that said person acknowledged that he (he/~~she~~) is authorized to execute the foregoing document and acknowledges it to be the free and voluntary act of such party for the uses and purposes therein mentioned.

Dated this 22nd day of December, 2009.



Oregon
Notary Public for the State of ~~Washington~~
Residing at Portland, OR
My commission expires May 19, 2010

GUARANTY AGREEMENT

Effective Date: January 8, 2010

From: George N. Diamond ("Guarantor")

In Favor of: The City of Vancouver, (the "City")
a Washington municipal corporation

Columbia Waterfront LLC, a Washington limited liability company, entered into the Downtown Waterfront Development Agreement dated October 19, 2009 with the City (the "Agreement"). Pursuant to the Agreement, Columbia Waterfront LLC is obligated to pay to the City the sum of \$8,000,000, when and as set forth in Section 7.3.1 of the Agreement.

Guarantor is the manager of Diamond Columbia Waterfront LLC, a Washington limited liability company, which is a member in Columbia Waterfront LLC and Guarantor will benefit from the City entering into the Agreement. The City would not have entered into the Agreement unless Guarantor agreed to enter into this Guaranty Agreement (the "Guaranty").

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows.

SECTION 1 GUARANTEED OBLIGATION

As used in this Agreement, the "Guaranteed Obligation" means the obligation of Columbia Waterfront LLC to pay to the City the sum of \$266,400 when and as required by Section 7.3.1 of the Agreement, which is a portion of the obligation of Columbia Waterfront LLC to pay a total of \$8,000,000 to the City.

SECTION 2 AGREEMENT OF GUARANTY

2.1 Guarantor hereby guarantees, as primary obligor and not as surety, the punctual and complete performance and payment when due (whether at the stated maturity, by acceleration or otherwise) of the Guaranteed Obligation, in every instance without requiring any *notice of nonpayment, nonperformance or nonobservance or proof of notice or demand* in order to charge Guarantor therefor, and Guarantor agrees to pay any and all reasonable expenses which may be paid or incurred by the City in collecting any or all of the Guaranteed Obligation and/or enforcing any rights under this Guaranty.

2.2 Guarantor waives any and all notice of the creation or accrual of any of the Guaranteed Obligation and notice of or proof of reliance by the City upon this Guaranty or acceptance of this Guaranty, and the Guaranteed Obligation shall conclusively be deemed to have been created, contracted, incurred or continued, as the case may be, in reliance upon this Guaranty, and all dealings between Columbia Waterfront LLC or Guarantor and the City after the date hereof shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty.

2.3 Guarantor agrees that whenever at any time or from time to time it shall make any payment to the City on account of Guarantor's liability hereunder, it will notify the City in writing that such payment is made under this Guaranty for such purposes. No payment or payments made by Columbia Waterfront LLC or any other guarantor or any other person, or received or collected by the City from Columbia Waterfront LLC or any other guarantor or any other person, in any manner and at any time or from time to time, in reduction of or in payment of the Guaranteed Obligation shall be deemed to modify, reduce, release or otherwise affect the

liability of Guarantor hereunder which shall, notwithstanding any such payment or payments, remain liable for of the Guaranteed Obligation until the Guaranteed Obligation is paid in full, which shall occur when the obligation of Columbia Waterfront LLC to pay the City \$8,000,000 has been paid in full.

2.4 Guarantor expressly agrees that the City may, without notice to the undersigned, modify the obligations of Columbia Waterfront LLC under the Agreement and grant extensions and concessions to Columbia Waterfront LLC in respect thereof (including, without limitation, changes in the time, manner or place of payment or any other term of any such obligations of Columbia Waterfront LLC) without in any manner affecting the liability of Guarantor hereunder.

2.5 This Guaranty shall remain in effect, and all rights of the City hereunder, and all obligations of Guarantor under this Guaranty, shall be continuing, absolute and unconditional notwithstanding: (a) any lack of validity or enforceability of the Guaranteed Obligation; (b) the absence of any attempt to collect the Guaranteed Obligation from Columbia Waterfront LLC, or Guarantor, any other guarantor or any other person or of any other action to enforce the same; (c) any bankruptcy, reorganization or insolvency of Columbia Waterfront LLC or Guarantor, or any successor or assignee thereof, or any disaffirmance or abandonment by a trustee thereof; (d) any law, regulation or order of any jurisdiction affecting any term of the Guaranteed Obligation or the City's rights with respect thereto; (e) any other circumstance which might otherwise constitute a defense, set-off or counterclaim applicable to, or a discharge of, Columbia Waterfront LLC, Guarantor or any other guarantor.

SECTION 3 SUBROGATION

3.1 Guarantor hereby agrees, notwithstanding anything to the contrary in this Guaranty, to expressly, irrevocably and unconditionally waive and relinquish any and all claims (as that term is defined in title 11 of the United States Code) it may now have or later have against Columbia Waterfront LLC for any payment or transfer of anything of value Guarantor may make, or may be obligated to make, for any reason whatsoever, including, without limitation, any and all rights of subrogation, reimbursement, indemnity, exoneration and contribution which Guarantor may have now or hereafter have against Columbia Waterfront LLC. This section shall inure to the benefit of the City and its respective successors and assigns.

3.2 GUARANTOR HEREBY WAIVES AND RELINQUISHES ANY DEFENSE BASED UPON THE LOSS OF ANY REIMBURSEMENT OR SUBROGATION RIGHTS AND ANY OTHER DEFENSE WHICH MAY ARISE OUT OF ANY ANTI-DEFICIENCY STATUTES OR OTHER LAWS OR LEGISLATIVE ENACTMENTS, AND ANY DEFENSE THAT MAY ARISE OUT OF ELECTION OF REMEDIES, OR DISCHARGE OR SATISFACTION OF OBLIGATIONS.

SECTION 4 RENEWALS, EXTENSIONS, MODIFICATIONS, ETC.

Guarantor hereby consents that, without the necessity of any reservation of rights against Guarantor: (a) any demand for payment of any of the Guaranteed Obligation made by the City may be rescinded and the Guaranteed Obligation continued; (b) the Guaranteed Obligation or the liability of any party upon or for any part thereof or guaranty thereof, may from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised, waived, surrendered or released by the City; and (c) subject to the terms thereof, any instrument

or agreement evidencing, relating to, securing or guaranteeing the Guaranteed Obligation may be amended, modified, supplemented or terminated, in whole or in part, as the City may deem advisable from time to time, all without notice to or further assent by Guarantor, who will remain bound hereunder notwithstanding any such renewal, extension, modification, acceleration, compromise, amendment, supplement, termination, sale, exchange, waiver, surrender or release. Guarantor acknowledges and agrees that the City has no obligation to provide Guarantor with any information regarding Columbia Waterfront LLC or any other guarantor and that Guarantor has the ability to obtain without the assistance of the City all such information.

SECTION 5 FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE

No failure or delay on the part of the City in the exercise of any power, right or privilege under this Guaranty, and no course of dealing with respect thereto, shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any power, right or privilege thereunder preclude any other or further exercise thereof or the exercise of any other power, right or privilege. All rights and remedies existing under this Guaranty are cumulative to, and not exclusive of, any rights and remedies provided by law or otherwise available.

SECTION 6 WAIVER OF DEMAND, PROTEST, NOTICE, ETC.

Except as otherwise specifically provided in this Guaranty, Guarantor waives presentment, demand and protest and notice of presentment, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any documents evidencing the Guaranteed Obligation at any time held by the City on which Guarantor may in any way be liable.

SECTION 7 AMENDMENT; ASSIGNMENT

Except as otherwise provided herein, no amendment, modification, termination, or waiver of any provision of this Guaranty, or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Guarantor and the City.

SECTION 8 SEVERABILITY

The invalidity, illegality or unenforceability in any jurisdiction of any provision in or obligation under this Guaranty shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Guaranty.

SECTION 9 SUCCESSORS AND ASSIGNS

This Guaranty shall be binding upon and inure to the benefit of the City and shall be binding upon Guarantor's heirs, personal representatives, administrators, successors and assigns, except that Guarantor may not assign his or her rights or obligations hereunder or any portion hereof without the written consent of the City, which may be withheld in the City's sole discretion.

SECTION 10 TERMINATION OF GUARANTY

This Guaranty, and all obligations of Guarantor hereunder, shall terminate upon payment and performance in full of all Guaranteed Obligation. If, at any time, all or part of any payment of the Guaranteed Obligation theretofore made by Guarantor or any other person is rescinded or otherwise must be returned by the City for any reason whatsoever (including,

without limitation, the insolvency, bankruptcy or reorganization of any Guarantor or any other person), this Guaranty shall continue to be effective or shall be reinstated as to the Guaranteed Obligation which was satisfied by the payment to be rescinded or returned, all as though such payment had not been made.

SECTION 11 WAIVER OF TRIAL BY JURY

GUARANTOR ACKNOWLEDGE(S) AND AGREE(S) THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS GUARANTY OR THE RELATIONSHIP ESTABLISHED HEREBY WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES, AND THEREFORE, GUARANTOR HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING (INCLUDING ACTIONS SOUNDING IN TORT) TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR ARISING FROM THE TRANSACTION CONTEMPLATED HEREUNDER OR THE RELATIONSHIP ESTABLISHED HEREBY AND AGREE(S) THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE AND NOT BY A JURY.

SECTION 12 ATTORNEYS' FEES

In the event any suit, action, arbitration, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Guaranty or to enforce or interpret any provision herein, the prevailing party shall be entitled to recover its attorneys' and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in

connection therewith, as determined by the court or arbitrator at trial or by the court on any appeal or review, in addition to all other amounts provided by law.

SECTION 13 VOLUNTARY GUARANTY

Guarantor represents and acknowledges that it is executing this Guaranty voluntarily and for its own benefit.

IN WITNESS WHEREOF, this Guaranty has been duly executed by Guarantor as of the date and year first above written.

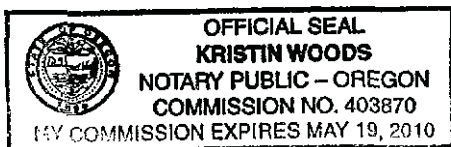
Guarantor:


George N. Diamond

STATE OF OREGON)
)ss
COUNTY OF WASHINGTON)

I hereby certify that I know or have satisfactory evidence that George N. Diamond is the person who appeared before me, and that said person acknowledged that he (he/~~she~~) is authorized to execute the foregoing document and acknowledges it to be the free and voluntary act of such party for the uses and purposes therein mentioned.

Dated this 22nd day of December 2009.



Kristin Woods
Notary Public for the State of Oregon
Residing at Portland, OR
My commission expires May 19, 2010

GUARANTY AGREEMENT

Effective Date: January 8, 2010

From: Allan Kirkwood ("Guarantor")

In Favor of: The City of Vancouver, (the "City")
a Washington municipal corporation

Columbia Waterfront LLC, a Washington limited liability company, entered into the Downtown Waterfront Development Agreement dated October 19, 2009 with the City (the "Agreement"). Pursuant to the Agreement, Columbia Waterfront LLC is obligated to pay to the City the sum of \$8,000,000, when and as set forth in Section 7.3.1 of the Agreement.

Guarantor is the president of Kirkwood & Kirkwood, Inc. which is the manager of Kirkwood Columbia Waterfront LLC, a Washington limited liability company, which is a member in Columbia Waterfront LLC and Guarantor will benefit from the City entering into the Agreement. The City would not have entered into the Agreement unless Guarantor agreed to enter into this Guaranty Agreement (the "Guaranty"). ✓

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows.

SECTION 1 GUARANTEED OBLIGATION

AKK
As used in this Agreement, the "Guaranteed Obligation" means the obligation of ~~Columbia Waterfront LLC~~ to pay to the City the sum of \$1,600,000 when and as required by "Guarantor" Section 7.3.1 of the Agreement, which is a portion of the obligation of Columbia Waterfront LLC to pay a total of \$8,000,000 to the City.

SECTION 2. AGREEMENT OF GUARANTY

2.1 Guarantor hereby guarantees, as primary obligor and not as surety, the punctual and complete performance and payment when due (whether at the stated maturity, by acceleration or otherwise) of the Guaranteed Obligation, in every instance without requiring any notice of nonpayment, nonperformance or nonobservance or proof of notice or demand in order to charge Guarantor therefor, and Guarantor agrees to pay any and all reasonable expenses which may be paid or incurred by the City in collecting any or all of the Guaranteed Obligation and/or enforcing any rights under this Guaranty.

2.2 Guarantor waives any and all notice of the creation or accrual of any of the Guaranteed Obligation and notice of or proof of reliance by the City upon this Guaranty or acceptance of this Guaranty, and the Guaranteed Obligation shall conclusively be deemed to have been created, contracted, incurred or continued, as the case may be, in reliance upon this Guaranty, and all dealings between Columbia Waterfront LLC or Guarantor and the City after the date hereof shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty.

2.3 Guarantor agrees that whenever at any time or from time to time it shall make any payment to the City on account of Guarantor's liability hereunder, it will notify the City in writing that such payment is made under this Guaranty for such purposes. No payment or payments made by Columbia Waterfront LLC or any other guarantor or any other person, or received or collected by the City from Columbia Waterfront LLC or any other guarantor or any other person, in any manner and at any time or from time to time, in reduction of or in payment of the Guaranteed Obligation shall be deemed to modify, reduce, release or otherwise affect the

liability of Guarantor hereunder which shall, notwithstanding any such payment or payments, remain liable for the Guaranteed Obligation until the Guaranteed Obligation is paid in full, which shall occur when the obligation of Columbia Waterfront LLC to pay the City \$8,000,000 has been paid in full.

2.4 Guarantor expressly agrees that the City may, without notice to the undersigned, modify the obligations of Columbia Waterfront LLC under the Agreement and grant extensions and concessions to Columbia Waterfront LLC in respect thereof (including, without limitation, changes in the time, manner or place of payment or any other term of any such obligations of Columbia Waterfront LLC) without in any manner affecting the liability of Guarantor hereunder. ✓

2.5 This Guaranty shall remain in effect, and all rights of the City hereunder, and all obligations of Guarantor under this Guaranty, shall be continuing, absolute and unconditional notwithstanding: (a) any lack of validity or enforceability of the Guaranteed Obligation; (b) the absence of any attempt to collect the Guaranteed Obligation from Columbia Waterfront LLC, or Guarantor, any other guarantor or any other person or of any other action to enforce the same; (c) any bankruptcy, reorganization or insolvency of Columbia Waterfront LLC or Guarantor, or any successor or assignee thereof, or any disaffirmance or abandonment by a trustee thereof; (d) any law, regulation or order of any jurisdiction affecting any term of the Guaranteed Obligation or the City's rights with respect thereto; (e) any other circumstance which might otherwise constitute a defense, set-off or counterclaim applicable to, or a discharge of, Columbia Waterfront LLC, Guarantor or any other guarantor.

SECTION 3 SUBROGATION

3.1 Guarantor hereby agrees, notwithstanding anything to the contrary in this Guaranty, to expressly, irrevocably and unconditionally waive and relinquish any and all claims (as that term is defined in title 11 of the United States Code) it may now have or later have against Columbia Waterfront LLC for any payment or transfer of anything of value Guarantor may make, or may be obligated to make, for any reason whatsoever, including, without limitation, any and all rights of subrogation, reimbursement, indemnity, exoneration and contribution which Guarantor may have now or hereafter have against Columbia Waterfront LLC. This section shall inure to the benefit of the City and its respective successors and assigns.

3.2 GUARANTOR HEREBY WAIVES AND RELINQUISHES ANY DEFENSE BASED UPON THE LOSS OF ANY REIMBURSEMENT OR SUBROGATION RIGHTS AND ANY OTHER DEFENSE WHICH MAY ARISE OUT OF ANY ANTI-DEFICIENCY STATUTES OR OTHER LAWS OR LEGISLATIVE ENACTMENTS, AND ANY DEFENSE THAT MAY ARISE OUT OF ELECTION OF REMEDIES, OR DISCHARGE OR SATISFACTION OF OBLIGATIONS.

SECTION 4 RENEWALS, EXTENSIONS, MODIFICATIONS, ETC.

Guarantor hereby consents that, without the necessity of any reservation of rights against Guarantor: (a) any demand for payment of any of the Guaranteed Obligation made by the City may be rescinded and the Guaranteed Obligation continued; (b) the Guaranteed Obligation or the liability of any party upon or for any part thereof or guaranty thereof, may from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised,

waived, surrendered or released by the City; and (c) subject to the terms thereof, any instrument or agreement evidencing, relating to, securing or guaranteeing the Guaranteed Obligation may be amended, modified, supplemented or terminated, in whole or in part, as the City may deem advisable from time to time, all without notice to or further assent by Guarantor, who will remain bound hereunder notwithstanding any such renewal, extension, modification, acceleration, compromise, amendment, supplement, termination, sale, exchange, waiver, surrender or release. Guarantor acknowledges and agrees that the City has no obligation to provide Guarantor with any information regarding Columbia Waterfront LLC or any other guarantor and that Guarantor has the ability to obtain without the assistance of the City all such information.

SECTION 5 FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE

No failure or delay on the part of the City in the exercise of any power, right or privilege under this Guaranty, and no course of dealing with respect thereto, shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any power, right or privilege thereunder preclude any other or further exercise thereof or the exercise of any other power, right or privilege. All rights and remedies existing under this Guaranty are cumulative to, and not exclusive of, any rights and remedies provided by law or otherwise available.

SECTION 6 WAIVER OF DEMAND, PROTEST, NOTICE, ETC.

Except as otherwise specifically provided in this Guaranty, Guarantor waives presentment, demand and protest and notice of presentment, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any documents evidencing

the Guaranteed Obligation at any time held by the City on which Guarantor may in any way be liable.

SECTION 7 AMENDMENT; ASSIGNMENT

Except as otherwise provided herein, no amendment, modification, termination, or waiver of any provision of this Guaranty, or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Guarantor and the City.

SECTION 8 SEVERABILITY

The invalidity, illegality or unenforceability in any jurisdiction of any provision in or obligation under this Guaranty shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Guaranty.

SECTION 9 SUCCESSORS AND ASSIGNS

This Guaranty shall be binding upon and inure to the benefit of the City and shall be binding upon Guarantor's heirs, personal representatives, administrators, successors and assigns, except that Guarantor may not assign his or her rights or obligations hereunder or any portion hereof without the written consent of the City, which may be withheld in the City's sole discretion.

SECTION 10 TERMINATION OF GUARANTY

This Guaranty, and all obligations of Guarantor hereunder, shall terminate upon payment and performance in full of all Guaranteed Obligation. If, at any time, all or part of any

payment of the Guaranteed Obligation theretofore made by Guarantor or any other person is rescinded or otherwise must be returned by the City for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of any Guarantor or any other person), this Guaranty shall continue to be effective or shall be reinstated as to the Guaranteed Obligation which was satisfied by the payment to be rescinded or returned, all as though such payment had not been made.

SECTION 11 WAIVER OF TRIAL BY JURY

GUARANTOR ACKNOWLEDGE(S) AND AGREE(S) THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS GUARANTY OR THE RELATIONSHIP ESTABLISHED HEREBY WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES, AND THEREFORE, GUARANTOR HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING (INCLUDING ACTIONS SOUNDING IN TORT) TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR ARISING FROM THE TRANSACTION CONTEMPLATED HEREUNDER OR THE RELATIONSHIP ESTABLISHED HEREBY AND AGREE(S) THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE AND NOT BY A JURY.

SECTION 12 ATTORNEYS' FEES

In the event any suit, action, arbitration, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Guaranty or to enforce or interpret any

provision herein, the prevailing party shall be entitled to recover its attorneys' and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court or arbitrator at trial or by the court on any appeal or review, in addition to all other amounts provided by law.

SECTION 13 VOLUNTARY GUARANTY

Guarantor represents and acknowledges that it is executing this Guaranty voluntarily and for its own benefit.

IN WITNESS WHEREOF, this Guaranty has been duly executed by Guarantor as of the date and year first above written.

Guarantor:

Allan Kirkwood
Allan Kirkwood

STATE OF WASHINGTON)
)ss
COUNTY OF CLARK)

I hereby certify that I know or have satisfactory evidence that Allan Kirkwood is the person who appeared before me, and that said person acknowledged that he (he/she) is authorized to execute the foregoing document and acknowledges it to be the free and voluntary act of such party for the uses and purposes therein mentioned.

Dated this 5th day of January, 2010.



Jeanine Wisbeck
Notary Public for the State of Washington
Residing at Vancouver, WA
My commission expires 02/15/2012

GUARANTY AGREEMENT

Effective Date: January 8, 2010

From: Steven Hansen ("Guarantor")

In Favor of: The City of Vancouver, (the "City")
a Washington municipal corporation

Columbia Waterfront LLC, a Washington limited liability company, entered into the Downtown Waterfront Development Agreement dated October 19th, 2009 with the City (the "Agreement"). Pursuant to the Agreement, Columbia Waterfront LLC is obligated to pay to the City the sum of \$8,000,000, when and as set forth in Section 7.3.1 of the Agreement.

Guarantor is the manager of Waterfront Development, LLC, which is a member in Columbia Waterfront LLC and Guarantor will benefit from the City entering into the Agreement. The City would not have entered into the Agreement unless Guarantor agreed to enter into this Guaranty Agreement (the "Guaranty").

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows.

SECTION 1 GUARANTEED OBLIGATION

As used in this Agreement, the "Guaranteed Obligation" means the obligation of the Guarantor & Columbia Waterfront LLC to pay to the City the sum of \$1,600,000 when and as required by Section 7.3.1 of the Agreement, which is a portion of the obligation of Columbia Waterfront LLC to pay a total of \$8,000,000 to the City.

SECTION 2 AGREEMENT OF GUARANTY

2.1 Guarantor hereby guarantees, as primary obligor and not as surety, the punctual and complete performance and payment when due (whether at the stated maturity, by acceleration or otherwise) of the Guaranteed Obligation, in every instance without requiring any notice of nonpayment, nonperformance or nonobservance or proof of notice or demand in order to charge Guarantor therefor, and Guarantor agrees to pay any and all reasonable expenses which may be paid or incurred by the City in collecting any or all of the Guaranteed Obligation and/or enforcing any rights under this Guaranty.

2.2 Guarantor waives any and all notice of the creation or accrual of any of the Guaranteed Obligation and notice of or proof of reliance by the City upon this Guaranty or acceptance of this Guaranty, and the Guaranteed Obligation shall conclusively be deemed to have been created, contracted, incurred or continued, as the case may be, in reliance upon this Guaranty, and all dealings between Columbia Waterfront LLC or Guarantor and the City after the date hereof shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty.

2.3 Guarantor agrees that whenever at any time or from time to time it shall make any payment to the City on account of Guarantor's liability hereunder, it will notify the City in writing that such payment is made under this Guaranty for such purposes. No payment or payments made by Columbia Waterfront LLC or any other guarantor or any other person, or received or collected by the City from Columbia Waterfront LLC or any other guarantor or any other person, in any manner and at any time or from time to time, in reduction of or in payment of the Guaranteed Obligation shall be deemed to modify, reduce, release or otherwise affect the

liability of Guarantor hereunder which shall, notwithstanding any such payment or payments, remain liable for the Guaranteed Obligation until the Guaranteed Obligation is paid in full, which shall occur when the obligation of Columbia Waterfront LLC to pay the City \$8,000,000 has been paid in full.

2.4 Guarantor expressly agrees that the City may, without notice to the undersigned, modify the obligations of Columbia Waterfront LLC under the Agreement and grant extensions and concessions to Columbia Waterfront LLC in respect thereof (including, without limitation, changes in the time, manner or place of payment or any other term of any such obligations of Columbia Waterfront LLC) without in any manner affecting the liability of Guarantor hereunder.

2.5 This Guaranty shall remain in effect, and all rights of the City hereunder, and all obligations of Guarantor under this Guaranty, shall be continuing, absolute and unconditional notwithstanding: (a) any lack of validity or enforceability of the Guaranteed Obligation; (b) the absence of any attempt to collect the Guaranteed Obligation from Columbia Waterfront LLC, or Guarantor, any other guarantor or any other person or of any other action to enforce the same; (c) any bankruptcy, reorganization or insolvency of Columbia Waterfront LLC or Guarantor, or any successor or assignee thereof, or any disaffirmance or abandonment by a trustee thereof; (d) any law, regulation or order of any jurisdiction affecting any term of the Guaranteed Obligation or the City's rights with respect thereto; (e) any other circumstance which might otherwise constitute a defense, set-off or counterclaim applicable to, or a discharge of, Columbia Waterfront LLC, Guarantor or any other guarantor.

SECTION 3 SUBROGATION

3.1 Guarantor hereby agrees, notwithstanding anything to the contrary in this Guaranty, to expressly, irrevocably and unconditionally waive and relinquish any and all claims (as that term is defined in title 11 of the United States Code) it may now have or later have against Columbia Waterfront LLC for any payment or transfer of anything of value Guarantor may make, or may be obligated to make, for any reason whatsoever, including, without limitation, any and all rights of subrogation, reimbursement, indemnity, exoneration and contribution which Guarantor may have now or hereafter have against Columbia Waterfront LLC. This section shall inure to the benefit of the City and its respective successors and assigns.

3.2 GUARANTOR HEREBY WAIVES AND RELINQUISHES ANY DEFENSE BASED UPON THE LOSS OF ANY REIMBURSEMENT OR SUBROGATION RIGHTS AND ANY OTHER DEFENSE WHICH MAY ARISE OUT OF ANY ANTI-DEFICIENCY STATUTES OR OTHER LAWS OR LEGISLATIVE ENACTMENTS, AND ANY DEFENSE THAT MAY ARISE OUT OF ELECTION OF REMEDIES, OR DISCHARGE OR SATISFACTION OF OBLIGATIONS.

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Guarantor hereby consents that, without the necessity of any reservation of rights against Guarantor: (a) any demand for payment of any of the Guaranteed Obligation made by the City may be rescinded and the Guaranteed Obligation continued; (b) the Guaranteed Obligation or the liability of any party upon or for any part thereof or guaranty thereof, may from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised, waived, surrendered or released by the City; and (c) subject to the terms thereof, any instrument

or agreement evidencing, relating to, securing or guaranteeing the Guaranteed Obligation may be amended, modified, supplemented or terminated, in whole or in part, as the City may deem advisable from time to time, all without notice to or further assent by Guarantor, who will remain bound hereunder notwithstanding any such renewal, extension, modification, acceleration, compromise, amendment, supplement, termination, sale, exchange, waiver, surrender or release. Guarantor acknowledges and agrees that the City has no obligation to provide Guarantor with any information regarding Columbia Waterfront LLC or any other guarantor and that Guarantor has the ability to obtain without the assistance of the City all such information.

SECTION 5 FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE

No failure or delay on the part of the City in the exercise of any power, right or privilege under this Guaranty, and no course of dealing with respect thereto, shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any power, right or privilege thereunder preclude any other or further exercise thereof or the exercise of any other power, right or privilege. All rights and remedies existing under this Guaranty are cumulative to, and not exclusive of, any rights and remedies provided by law or otherwise available.

SECTION 6 WAIVER OF DEMAND, PROTEST, NOTICE, ETC.

Except as otherwise specifically provided in this Guaranty, Guarantor waives presentment, demand and protest and notice of presentment, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any documents evidencing the Guaranteed Obligation at any time held by the City on which Guarantor may in any way be liable.

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Except as otherwise provided herein, no amendment, modification, termination, or waiver of any provision of this Guaranty, or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Guarantor and the City.

SECTION 8 SEVERABILITY

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SECTION 9 SUCCESSORS AND ASSIGNS

This Guaranty shall be binding upon and inure to the benefit of the City and shall be binding upon Guarantor's heirs, personal representatives, administrators, successors and assigns, except that Guarantor may not assign his or her rights or obligations hereunder or any portion hereof without the written consent of the City, which may be withheld in the City's sole discretion.

SECTION 10 TERMINATION OF GUARANTY

This Guaranty, and all obligations of Guarantor hereunder, shall terminate upon payment and performance in full of all Guaranteed Obligation. If, at any time, all or part of any payment of the Guaranteed Obligation theretofore made by Guarantor or any other person is rescinded or otherwise must be returned by the City for any reason whatsoever (including,

without limitation, the insolvency, bankruptcy or reorganization of any Guarantor or any other person), this Guaranty shall continue to be effective or shall be reinstated as to the Guaranteed Obligation which was satisfied by the payment to be rescinded or returned, all as though such payment had not been made.

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SECTION 12 ATTORNEYS' FEES

In the event any suit, action, arbitration, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Guaranty or to enforce or interpret any provision herein, the prevailing party shall be entitled to recover its attorneys' and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in

connection therewith, as determined by the court or arbitrator at trial or by the court on any appeal or review, in addition to all other amounts provided by law.

SECTION 13 VOLUNTARY GUARANTY

Guarantor represents and acknowledges that it is executing this Guaranty voluntarily and for its own benefit.

IN WITNESS WHEREOF, this Guaranty has been duly executed by Guarantor as of the date and year first above written.

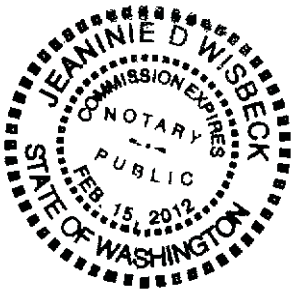
Guarantor:


Steven Hansen

STATE OF WASHINGTON)
)ss
COUNTY OF CLARK)

I hereby certify that I know or have satisfactory evidence that Steven Hansen is the person who appeared before me, and that said person acknowledged that he (he/she) is authorized to execute the foregoing document and acknowledges it to be the free and voluntary act of such party for the uses and purposes therein mentioned.

Dated this 5th day of January 2009.



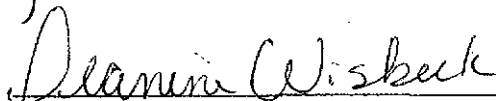

Notary Public for the State of Washington
Residing at Vancouver, WA
My commission expires 02/15/2012

EXHIBIT L

Certificate of Concurrency

P.O. Box 1995
Vancouver, WA 98668-1995



www.cityofvancouver.us

October 19, 2009

Columbia Waterfront LLC
19767 SW 72nd Avenue
Suite 100
Tualatin, Oregon 97062

Columbia Waterfront
PRJ2008-02040; ENG2009-00056; TIA2009-00051
CERTIFICATE OF CONCURRENCY-Revised

All projects submitted for review by the City of Vancouver require a certificate of concurrency, per VMC 11.95 and City Ordinances M-3354, M-3538, M-3536 and M-3537. Additionally, the applicant is required to submit a traffic study to assess the impact of the development to intersections serving the site per VMC 11.90 and VMC 11.95.

The project proposes to develop a master planned waterfront development at the site of the former Boise Cascade Paper facility located along the Columbia River in Downtown Vancouver. The proposed development has the characteristics that will extend the Downtown to Waterfront connecting the Esther Short neighborhood to the Columbia River. The project is anticipated to be completed 10 to 15 years. The development will include approximately 1,676 Condominiums, 1,624 Apartments, a 160 Room Hotel, approximately 218,000 SF of retail, approximately 1,119,000 SF of General Office and approximately 35,000 of restaurant. Based on submitted information, the parcel numbers are 0488410-000.

The following Average Daily Trips (ADT) and AM and PM peak hour vehicular trips are based on the Request for Certificate of Concurrency and Transportation dated May 12, 2009, from Chris Brehmer PE, with Kittelson & Associates. The trip generation is based on the ITE Trip Generation Manual, Land Use Codes 814 (Retail), 710 (General Office), 932 (Restaurant), 310 (Hotel), 230 (Condominiums), 220 (Apartments)

The net new trips are as follow after 40% Central City Transit/Internal Reduction. The reduction has been justified in the traffic information.

Land Use	Time Period	Entering Trips	Exiting Trips	Total Trips
ITE Codes 814 (Retail), 710 (General Office), 932 (Restaurant), 310 (Hotel), 230 (Condominiums), 220 (Apartments)	ADT	12,320	12,320	24,640
	AM Peak Hour	1,085	923	2,008
	PM Peak Hour	1,079	1,312	2,391

The project is located within the following Transportation Analysis Zone (TAZ) and adopted Transportation Management Zones (TMZ).

TMZ Corridor Name	TMZ Corridor Limit	Number of PM Peak Trips to Corridor	TAZ
VCCV	See Attached	2,391	#20

The project will also send trips to the following Transportation Management Zones (TMZs) that the project is not located within:

Corridor Name	Corridor Limit	Number of PM Peak Trips to Corridor
NE 112 th Avenue	NE 28 th Street to NE 51 st Street	3
NE 112 th Avenue	Mill Plain Blvd. to 28 th Street	5
NE Fourth Plain Blvd	I-5 to Stapleton Road	0
NE Fourth Plain Blvd	Port of Vancouver to I-5	89
Andresen Road	Mill Plain Blvd to SR-500	7
Andresen Road	SR-500 to 78 th Street	2
SE 164 th Avenue	SR-14 to SE 1 st Street	37
SE 192 nd Avenue	SR-14 to NE 18 th Street	13
SE Mill Plain Blvd	I-5 to Andresen Road	347
SE Mill Plain Blvd	Andresen to I-205	3
SE Mill Plain Blvd	I-205 to SE 136 th Avenue	4
SE Mill Plain Blvd	SE 136 th Ave to SE 164 th Ave	1
SE Mill Plain Blvd	SE 164 th Ave to SE 192 nd Ave	1

NE 18 th Street	NE 112 th Ave to NE 138 th Ave	1
NE 28 th Street	NE 112 th Ave to NE 138 th Ave	1
NE Burton Road	Andresen Road to NE 112 th Ave	3
St. John's Boulevard	Fourth Plain to 78 th Street	47
NE Fourth Plain Blvd	NE 117 th Ave to NE 162 nd Ave	0
NE Fourth Plain Blvd	Port of Vancouver to I-5	4
136 th Avenue	Mill Plain Blvd to NE 28 th Street	0
NE 138 th Avenue	NE 28 th Street to Fourth Plain	0
NE 162 nd Avenue	SE 1 st Street to Fourth Plain	0
NE 18 th Street	NE 138 th Ave to NE 162 nd Ave	0

I. VESTED TRIPS:

The proposed development does not have trips vested as part of any previous applications.

II. FINDINGS:

The proposed development is located within the recently adopted Planned Action Ordinance M-3833 known as Vancouver City Center Vision (VCCV). The City adopted plans included Final Environmental Impact Assessment (FEIS) which included a detailed traffic study and other analysis to determine the impacts of future developments within the area. The VCCV has been divided in to six different zones known as Columbia West Renaissance, Esther Short, Central Downtown, Westside Government, Central Downtown and Uptown Village. The proposed development is located at Columbia West Renaissance and as part adopted plan indicated on Table 2-4, Page 2-7, that the area has potential of generating 2,030 net new PM peak trips. The applicant's traffic study shows that the proposed development has potential of generating 2,391 PM peak trips.

On June 16, 2009 the City's traffic engineering consultant DKS Associates, completed an updated traffic analysis within in the VCCV area to determine if the added trips within the Columbia West Renaissance would have an adverse impacted to the system. The analysis determined that the impact would be negligible and LOS Standards will be maintained. *(Please see attached memo dated June 16, 2009)*

The applicant submitted a master plan level Traffic Analysis dated May 12, 2009, which includes a trip generation and distribution, level of service analysis, safety analysis, and queuing analysis. The applicant held a pre-application meeting with City staff. The pre-application staff report included a traffic study scoping from City concurrency staff requiring a traffic study to evaluate the impact of the proposed development onto the affected City of Vancouver intersections and concurrency corridors. The applicant's traffic engineer completed the required analysis and the following are the findings:

A. Level of Service (LOS)

The applicant's Traffic Analysis includes a LOS analysis for signalized and non-signalized intersections receiving 10 or more the AM or PM peak hour trips based on the scoping provided by the City of Vancouver. The scope of the analysis was limited to the following intersection around the project and interaction inside the development. Other impacted intersections within the VCCV were analyzed as part of the over all area traffic study.

- SE Columbia Shores Boulevard/SE Columbia Way
- Columbia Street/SE Columbia Way
- Esther Street/SE Columbia Way
- Grant Street/SE Columbia Way
- Esther Street/Alley North
- Grant Street/Alley North

The LOS analysis assumes the buildout development projects. The results of the LOS and mitigation plans are outlined Pages 13 to 22.

The applicant's traffic study identifies a potential need for future signalization of the SE Columbia Way/Columbia Street intersection, though the need for signalization will be dependant in part on the timing and configuration of the Columbia River Crossing project. Staff concurs with this finding. In conjunction with the trip compliance letter to be required of each development phase, the applicant shall provide an operations analysis and traffic signal warrant analysis at the SE Columbia Way/SE Columbia Street intersection. If and when one or more traffic signal traffic warrants are met at the intersection, the applicant shall signalize the intersection.

The applicant's traffic analysis identifies a future level of service failure at the SE Columbia Shores Boulevard/SE Columbia Way intersection that will occur regardless of site development. The applicant further identifies a proposed mitigation strategy that would involve converting the existing traffic signal north-south phasing from permitted phasing to split phasing. Staff supports the proposed mitigation. The applicant shall pay a proportionate share fee of the future split phasing project at the intersection.

B. Accident History

Detailed accident history were not analyzed as part this project, it will be analyzed as part of each detailed site plan review and approval. The applicant will be required to submit a traffic study compliance letter with each detailed site plan approvals.

C. Project Access Review

Based on the submitted master plan, the project is proposing number of accesses form the future parking garages on to the public streets. However, at the time detailed site plans each access will need to be evaluated to meet the City's Standards

D. Queuing Analysis

The applicant's traffic engineer performed a queuing analysis at the key intersections in the study scope. There are preliminary recommendations on page 21 of the study, however, at the time detailed site plans each access will need to be evaluated to meet the City's Standards

E. Concurrency Modeling

The City will incur a modeling expense for evaluating the impact of the proposed development on the concurrency corridors. The following are the operational model corridors impacted by the development and appropriate fees based on the submitted trip distribution. The fee is based on \$43.72/PM peak hour trip entering the corridor. The applicant shall reimburse this expense to the City prior to civil plan approval.

Corridor Name & Limits	Number of PM Peak Trips to Corridor	Fee Per Trip	Extension
NE 112 th Avenue 28 th Street to 51 st Street	3	\$43.72	\$131.16
NE 112 th Avenue Mill Plain to 28 th Street	5	\$43.72	\$218.60
Andresen Road Mill Plain Blvd to SR-500	7	\$43.72	\$306.04
Andresen Road SR-500 to 78 th Street	2	\$43.72	\$87.44
SE 164 th Avenue SR-14 to SE 1 st Street	37	\$43.72	\$1,500.00*
192 nd Avenue SR-14 to NE 18 th Street	13	\$43.72	\$568.36
Mill Plain Blvd. Andresen Road to I-205	3	\$43.72	\$131.16
Mill Plain Blvd. I-205 to 136 th Avenue	4	\$43.72	\$174.88
Mill Plain Blvd. 136 th Avenue to 164 th Avenue	1	\$43.72	\$43.72
NE 18 th Street NE 112 th Ave to NE 138 th Ave	1	\$43.72	\$43.72
Total			\$3,205.08

* The maximum fee per corridor is \$1500.00.

F. Transportation Impact Fee (TIF)

The proposed project is located within the Vancouver TIF Subarea which has a rate of \$139/ADT. This project is multiphase and multi year project. There will be site plan application for each phase; therefore TIF will be calculated separately based on the TIF rate at the time of site plan approval.

G. Traffic Mitigations / Proportionate Share

Based on the applicant's submitted traffic information as part of the master plan the following table lists predictions of PM peak hour vehicular trips generated by the proposed project that will enter intersections that have been identified by the City of Vancouver as being in need of mitigation due to insufficient infrastructure to support both existing and anticipated traffic. Developments sending new PM peak hour trips to identified intersections are required to pay a proportionate share fee to help fund the necessary improvements.

The following table provides a breakdown and summary of the impacted intersections and required proportionate share fees based on trip distribution submitted by the applicant's traffic engineer. The applicant shall pay these fees to the City prior to civil plan approval.

Intersection	Number of PM Peak Trips by Intersection	Fee per Trip	Extension
Mill Plain Blvd. / 164 th Ave	1 trip	\$184.20	\$184.20
Mill Plain Blvd. / NE 136 th Avenue*	1 trip	\$1,851.85	\$1,851.85
SE 20 th Street/SE 164 th Avenue	2 trips	\$143.95	\$287.90
SE McGillivray/ SE 164 th Avenue	8 Trips	\$494.51	\$3,956.08
SE 34 th Street/SE 164 th Avenue	36 Trips	\$844.59	\$30,405.24
NE 18 th Street / NE 112 th Avenue*	5 trips	\$3,608.55	\$18,042.75
Total			\$54,728.02

* Denotes TIF creditable location.

H. Prior to Issuance Occupancy

The proposed project is subject to VMC 11.95.120, which requires that the applicant obtain Final Occupancy for the proposed project within 30 months from the issuance date of the certificate of concurrency and prior to permanently vesting the trips for the project. The applicant may apply for an additional 6-month extension if 50% of the required improvements are complete at time of application, or obtain an approved development agreement to extend the trip vesting for the duration as approved by the City Council. Based on the City records, the applicant is working with City staff to prepare a development

agreement for the City Council approval that will depict the total vested trips and other requirements.

The applicant will be required a compliance letter for each phase site plan application that will contain a trip generation, trip accounting and trip distribution for accounting and tracking purposes only.

III. CONCLUSIONS:

This letter certifies that concurrency requirements have been met for the project with conditions, based on the traffic analysis submitted by the applicant. The following are the conditions that will apply to the project as part of this certificate of concurrency:

A. Prior to Issuance of Final Master Plan:

1. The applicant shall pay the model run and maintenance fees totalling \$3,205.08 for the trips entering the modeled corridors. Payment can be made at 4400 NE 77th Avenue, Development Review Department, lower level.
2. The applicant shall pay proportionate share fees totalling \$54,728.02. Payment can be made at 4400 NE 77th Avenue, Development Review Department, lower level.

B. Prior to Issuance of any Building Permits:

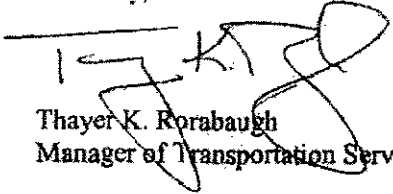
1. The applicant shall pay Transportation Impact Fee (TIF) due based on the TIF rate at the time each site plan.

C. Prior to Final Plat Approval:

1. The applicant shall comply with VMC 11.95 and City Ordinances M-3354, M-3538, M-3536 and M-3537 requirements.
2. To permanently vest the trips for the project, certificate of occupancy shall be obtained within 30-months from the issuance date of this certificate of concurrency, or obtain an approved developer's agreement with the City. Development agreements are subject to the City Council approval. Otherwise, the certificate of concurrency for the proposed project shall expire in 30-months from the issuance date of this certificate per amended VMC 11.95.120, adopted on February 20, 2001, by the City Council.

Additional transportation improvements are required as part of site development review, per the City of Vancouver's Street Standards, including but not limited to VMC 11.90.020 (Abutting street - Frontage improvements - Traffic Signal Participation), VMC 11.90.060 (Sight Distances), and VMC 11.90.083 (Arterial-Residential Street Intersections).

Sincerely,

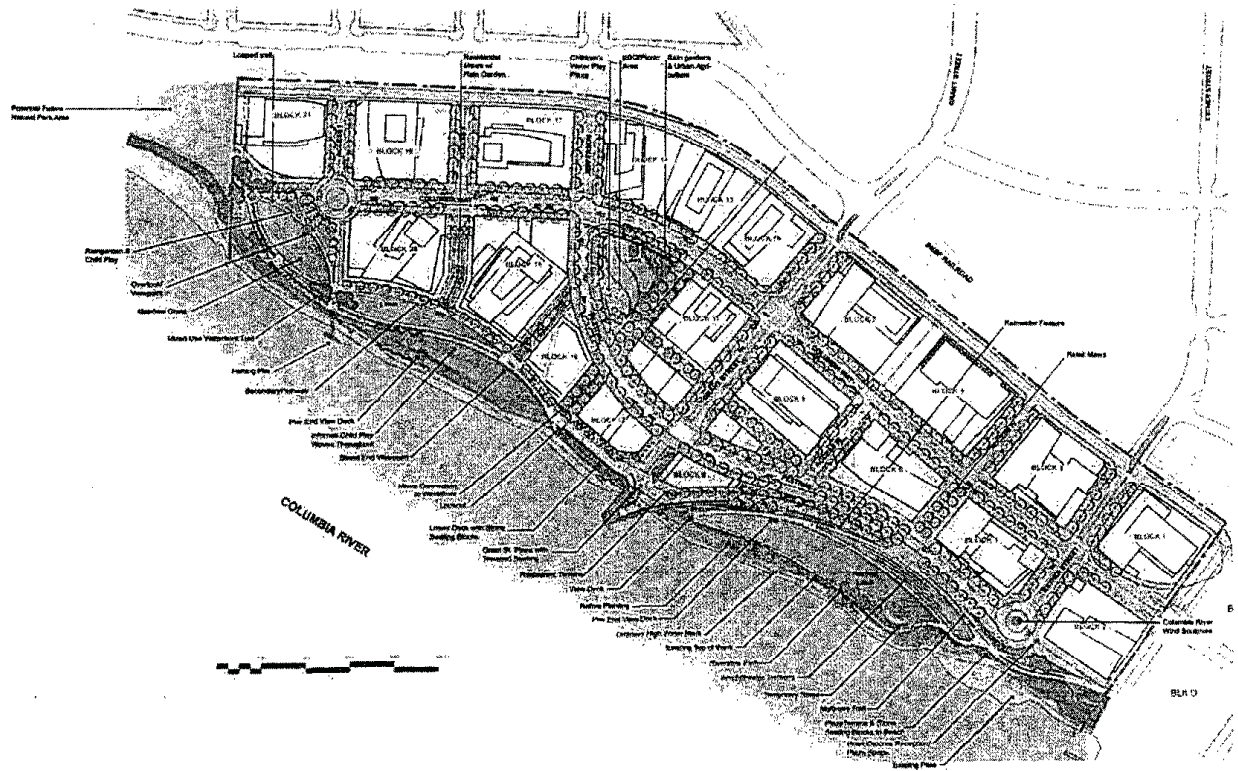


Thayer K. Rorabaugh
Manager of Transportation Services

cc Ahmad Qayoumi, PE, Transportation Services
Jon Wagner, Planning Case Manager, Development Review Services
Greg Turner, Planning Case Manager, Development Review Service
Randall Stark, PE, Transportation Services
File: Waterfront Development

EXHIBIT M

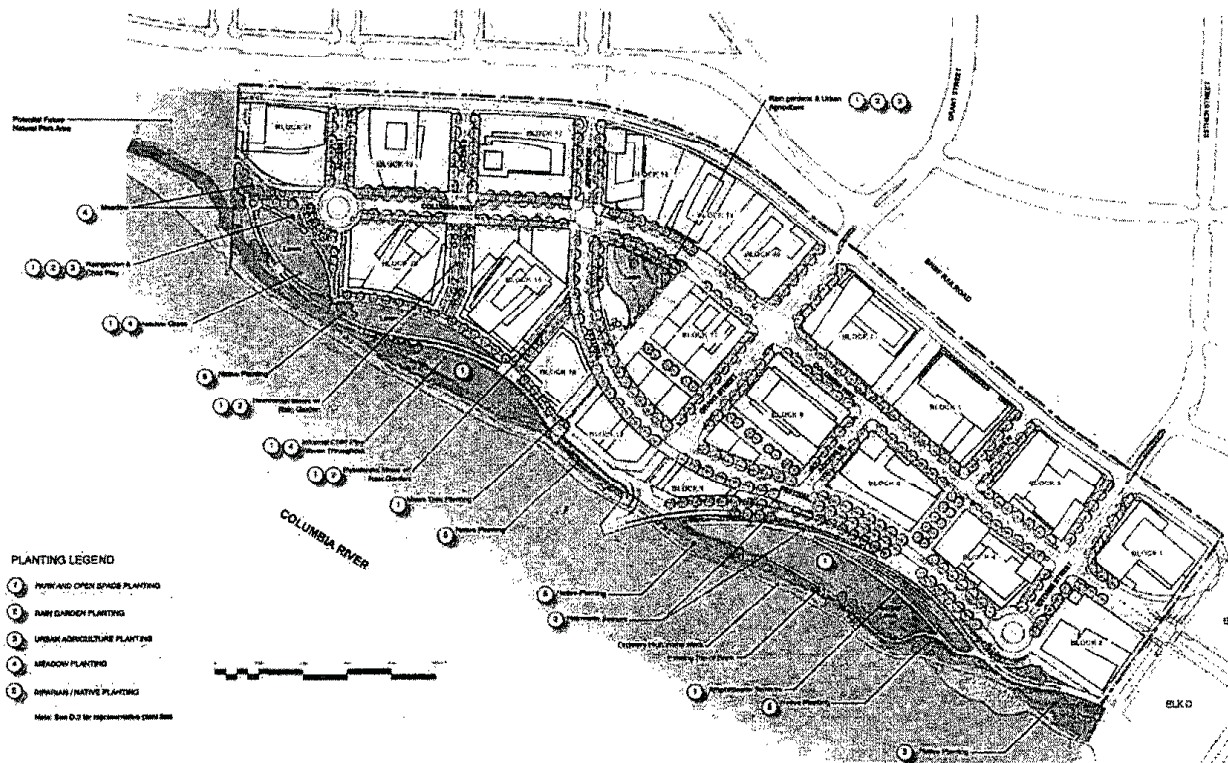
Conceptual Parks Plan



Scale 1" = 100'-0" (A1/C1/E1)

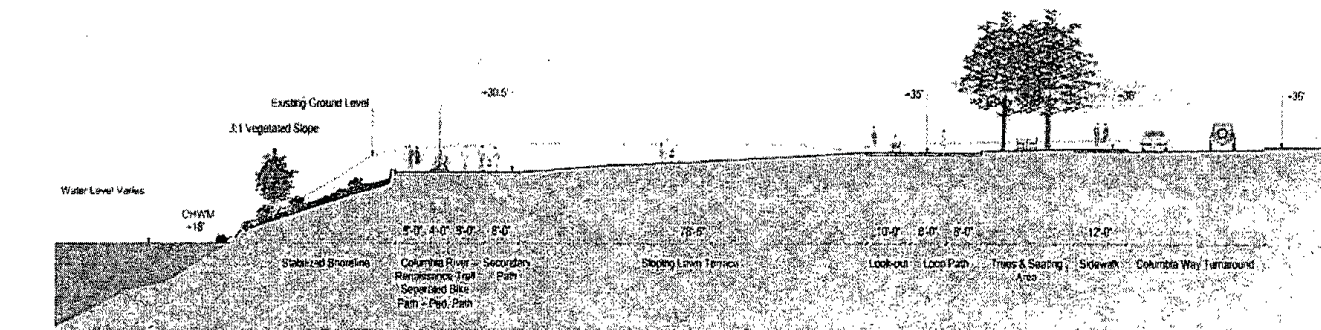
Vancouver Waterfront
Parks & Open Space Vision
May 15, 2004

figure **M**

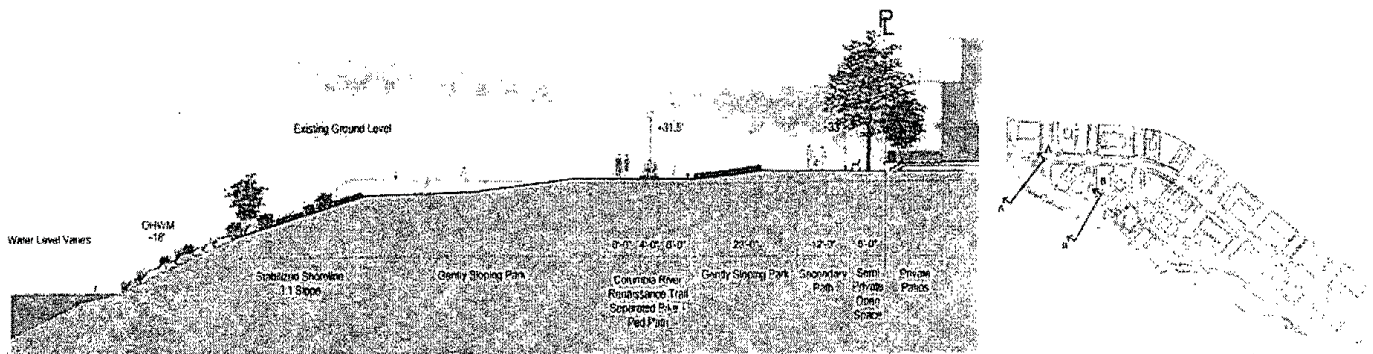


Vancouver Waterfront
 2007-2020 Parks & Open Space Vision
 Comprehensive Land Use Plan

figure **M**



Section A - Pathway, Park & Street Interface - Western Riverfront Park

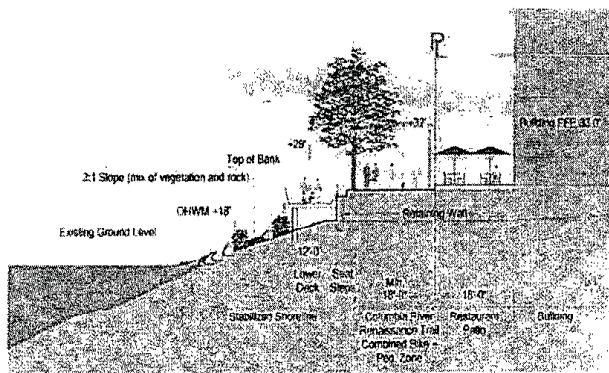


Section B - Pathway, Park & Residential Interface - Western Riverfront Park

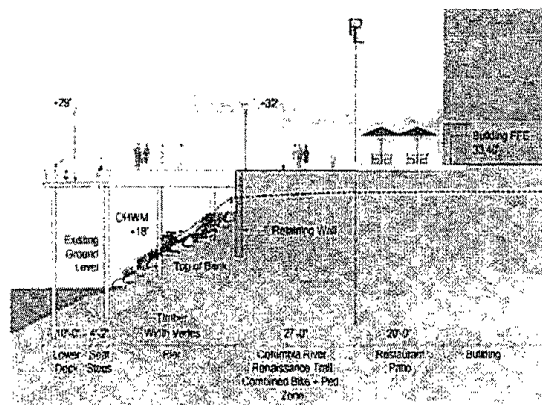
Scale 1" = 30'-0" (ARCH D)

Vancouver Waterfront
Parks & Open Space Vision
May 20, 2006
For: Vancouver Park Board

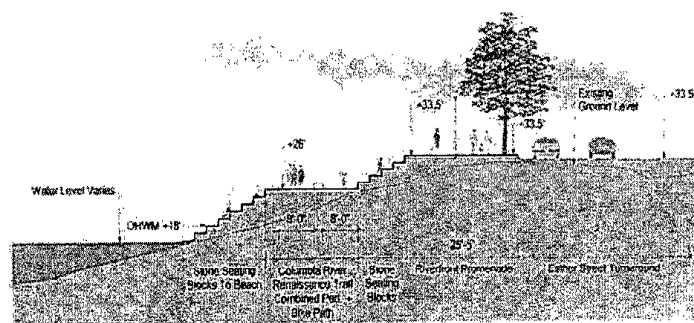
figure **M**



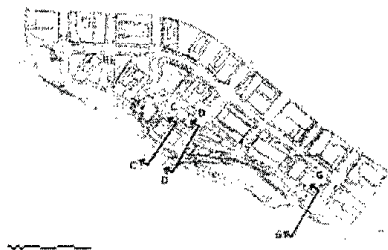
Section C - Park, Pathway & Retail/Restaurant Interface - Waterfront Park by Grant St.



Section D - Grant St. Plaza - Potential lookout and view deck



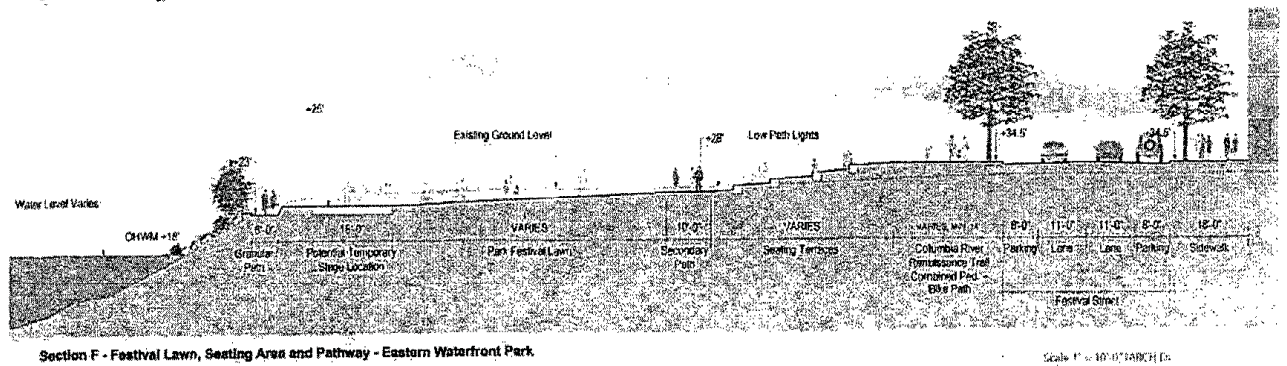
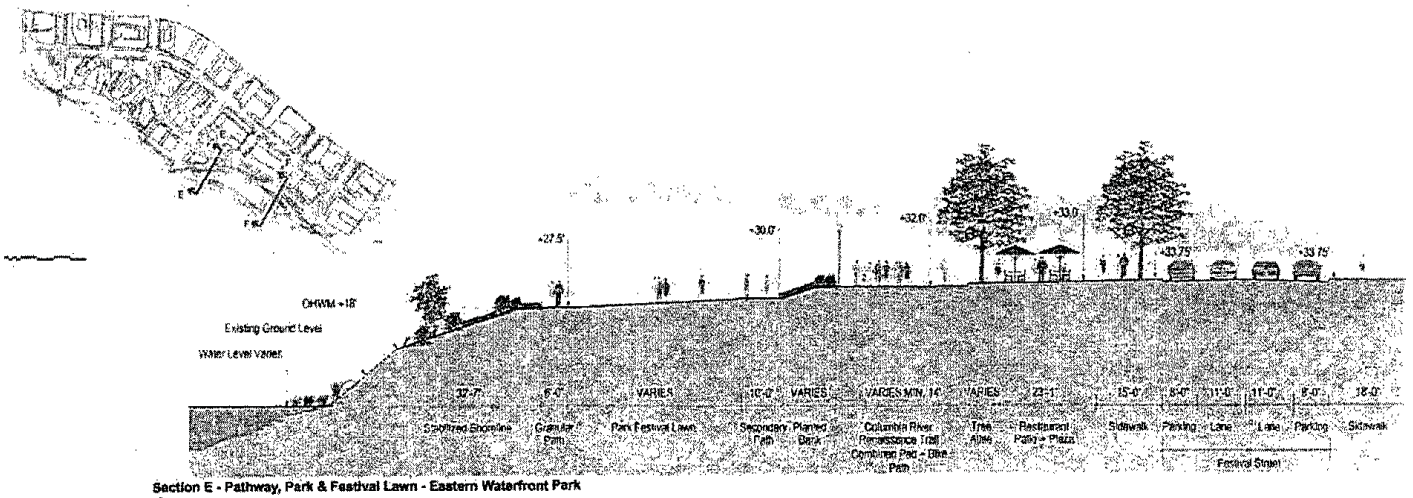
Section G - Esther Street End Riverfront Viewing - Eastern Waterfront Park



Scale 1" = 100'-0" (ASB 14.10)

Vancouver Waterfront
Parks & Open Space Vision
Prepared by: [illegible] 2011

figure **M**



Scale 1" = 10'-0" (ARCH. E)

Vancouver Waterfront
Parks & Open Space Vision
November 2009

figure **M**

4 WESTERN WATERFRONT COMMONS

- Stormwater collection & cleansing
- Looped multi-use trails & pathways
- On leash dog trail
- Plonic lawn for watching sunset
- Informal children's play
- Bench seating along path
- Viewing promontory with public art
- Natural meadow/native plant gardens
- Stormwater collection
- Park terraces feature
- Separated and combined waterfront trails

5 NATURAL AREA

- Bird Watching
- River Viewing
- Native Planting (Discovery/Exploration)
- Informal Seating
- Fishing Pier
- Riverfront Ecology Interpretation

6 WESTERN WATERFRONT TRAIL PARK

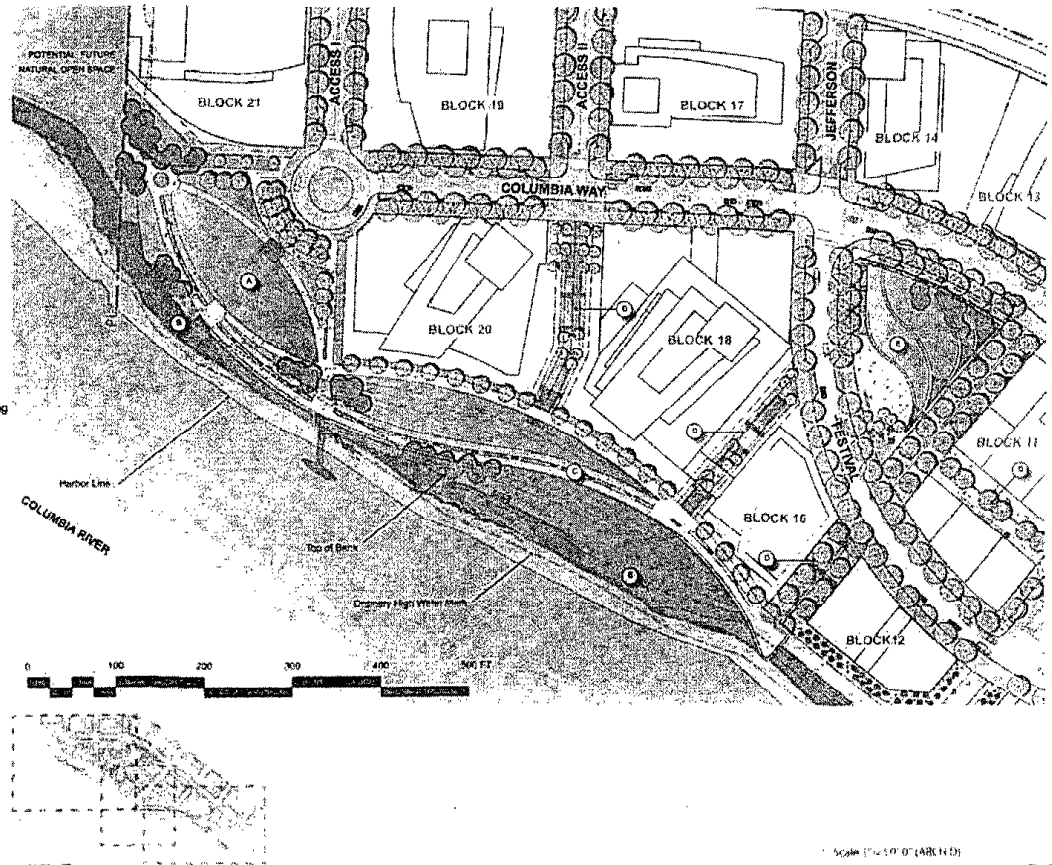
- "Front Lawn" - passive open space
- Viewing plaza with variety of seating opportunities & amount of shelter
- Informal children's play integrated within lawn area
- Separated waterfront multi-use recreational trail with seating
- Separated pathway mews connections to residential area
- Natural areas with native planting
- Historic references / memories / future references
- Meadowgrass areas
- Appropriate lighting levels and planting to ensure visibility / safety (CPTED)

7 MEWS/PEDESTRIAN PARK CONNECTIONS

- Connections through site
- Waterfront character drawn into the site
- Stormwater collection & bio-swales
- Pathway connections to the water

8 INTERNAL NEIGHBORHOOD PARK

- Informal play area
- Water play park
- Informal lawn for sunning, seating
- Neighborhood Plonic / BBQ area
- Bench and seat wall seating
- Covered picnic shelter/gathering space
- Stormwater collection



Vancouver Waterfront
Parks & Open Space Vision
2010-2015

figure M

④ RETAIL MEWS/PEDESTRIAN PARK CONNECTIONS

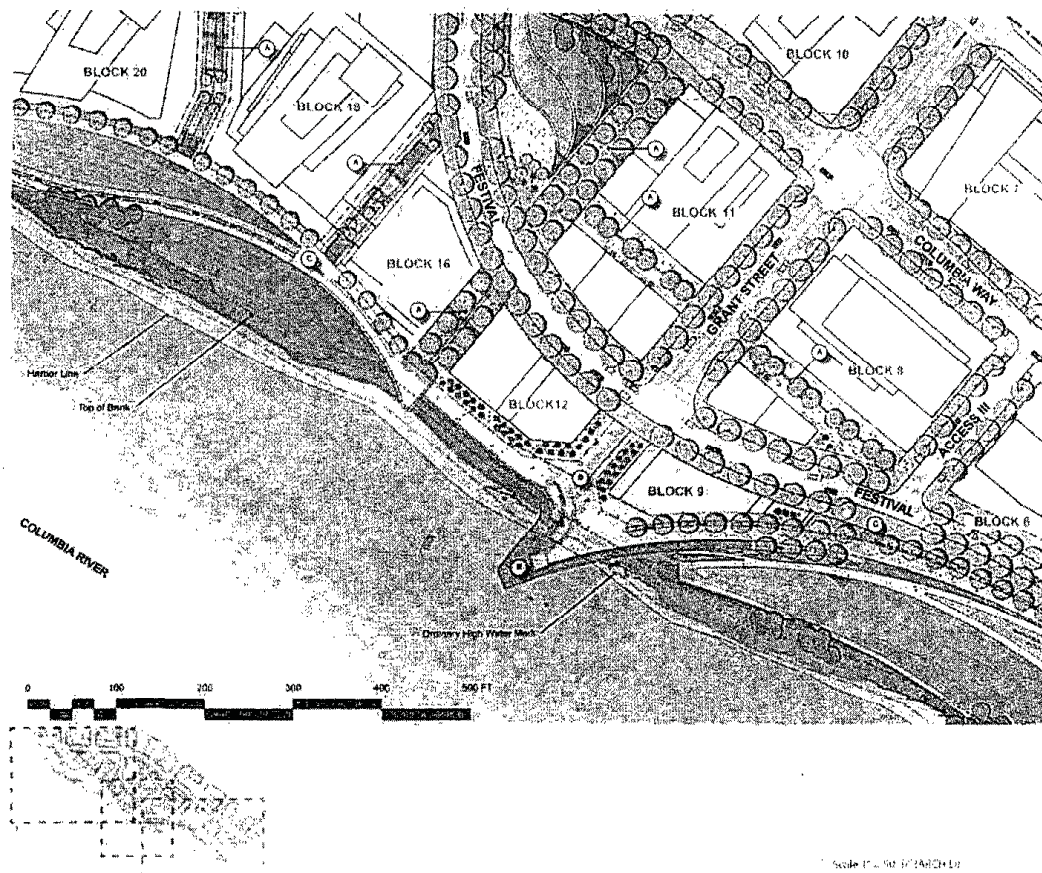
- Connections through site
- Waterfront character drawn into the site
- Stormwater collection & cleansing
- Pathway connections to the water

⑤ GRANT STREET WATERFRONT PLAZA

- Multi-use plaza space
- Restaurant/cafe patios and terraces
- People gathering
- Dock(s) for dinner cruise boats & water taxi
- Pier structure over water with potential to use existing piles/dolphins
- Viewing promontory
- Combined multi-use waterfront trail with variety of seating
- Landmark public art feature
- Historic references / memories / future references
- Terraced seating
- Residential

⑥ RETAIL MEWS/PEDESTRIAN CONNECTION

- Connections through site
- Waterfront character drawn into the site
- Viewing piers



Scale 1" = 50' (1" = 20M)

Vancouver Waterfront
Parks & Open Space Vision
Project Objectives & Guidelines

figure **M**

1 RETAIL MEWS/PEDESTRIAN CONNECTION

- Connections through site
- Waterfront character drawn into the site
- Pathway connections to the water

2 ESPLANADE

- Pedestrian area
- Public gathering spaces
- Seasonal artist space
- Public restrooms
- Informal and formal seating opportunities
- Combined bike/pedestrian waterfront trail

3 WATERFRONT TRAIL

- Pedestrian trail
- Viewing areas with shelter
- Variety of seating opportunities
- Natural areas with native vegetation

4 OPEN, FLEXIBLE MULTI-USE LAWN

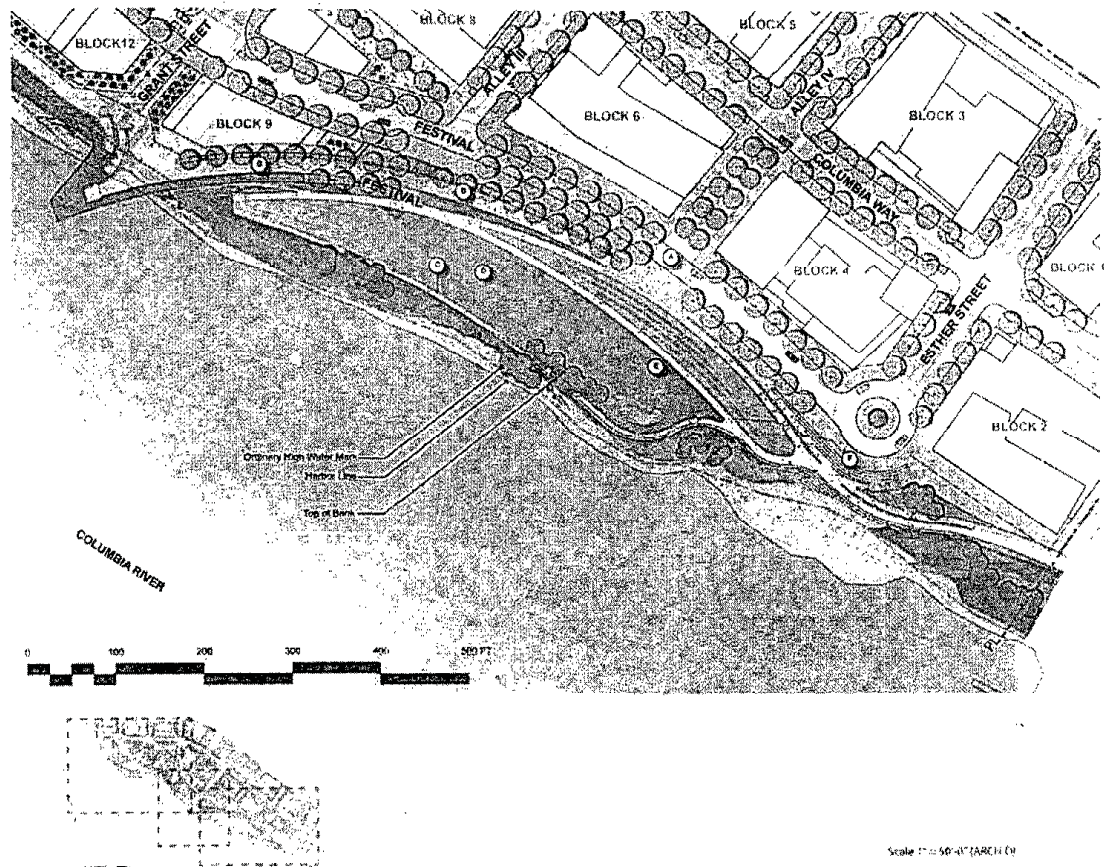
- Multi-use Trail
- Informal sport activities (frisbee, etc.)
- Seating/sunbathing
- Riverfront viewing
- Overflow seating for festivals
- Community gathering/event space

5 FESTIVAL LAWN

- Terraced lawn area with hard and soft seating opportunities
- Riverfront viewing from sloping lawn (place to watch fireworks)
- Informal performance space / Temporary Stage
- Gently sloped for lawnchair seating
- Power

6 RIVERFRONT VIEWING PROMONTORY

- Terraced viewing areas
- Visitor information kiosk
- Directional signs & wayfinding markers
- Ramps for universal accessibility
- Landmark/wayfinding public art about history/industry/nature/river
- Connection to Esther St. and the city
- Outdoor, hotel restaurant on waterfront



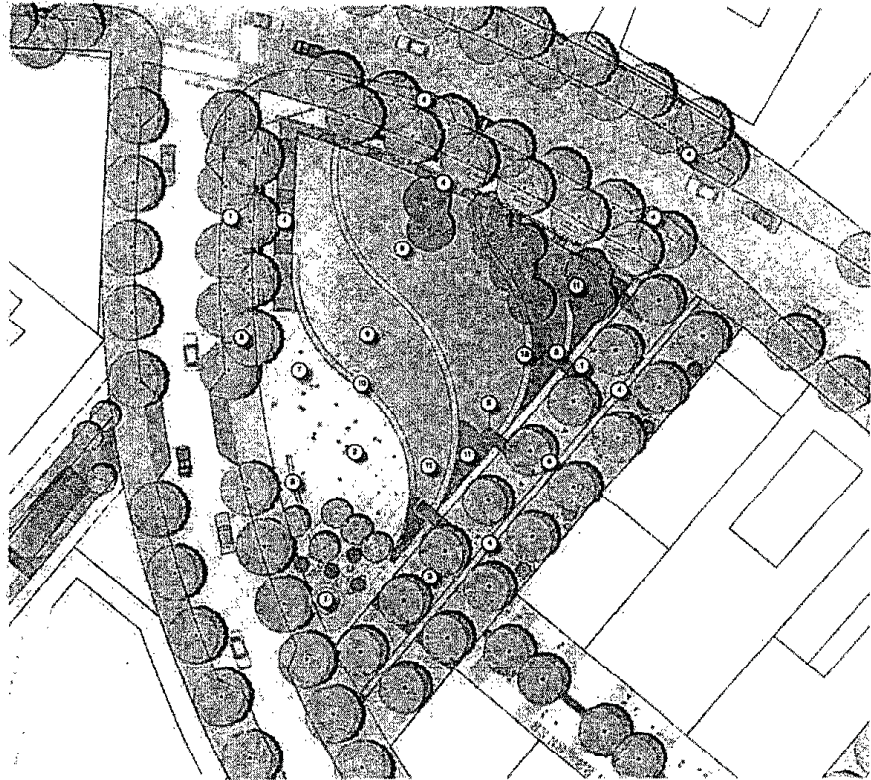
Scale: 1" = 50'-0" (ARCH. IN)

Vancouver Waterfront
 Jan. 20, 2001 Parks & Open Space Vision
 City of Vancouver Parks & Recreation - Downtown

figure **M**

KEY

- ① BIOPHONIC ROBOGAZEBO
- ② WATERPLAY JETTS
- ③ UNIT PAVED BIOPHONIC
- ④ PLAIN GARDEN
- ⑤ TIMBER BRIDGE CROSSING
- ⑥ PEDESTRIAN PROMENADE WITH LIGHT COLUMNS
- ⑦ WATER PLAY PLAZA
- ⑧ UPTOWN BAKERY BEATWELL
- ⑨ POND/SWIMMING LAWN
- ⑩ TERRACE BENCHES
- ⑪ PLAYERS



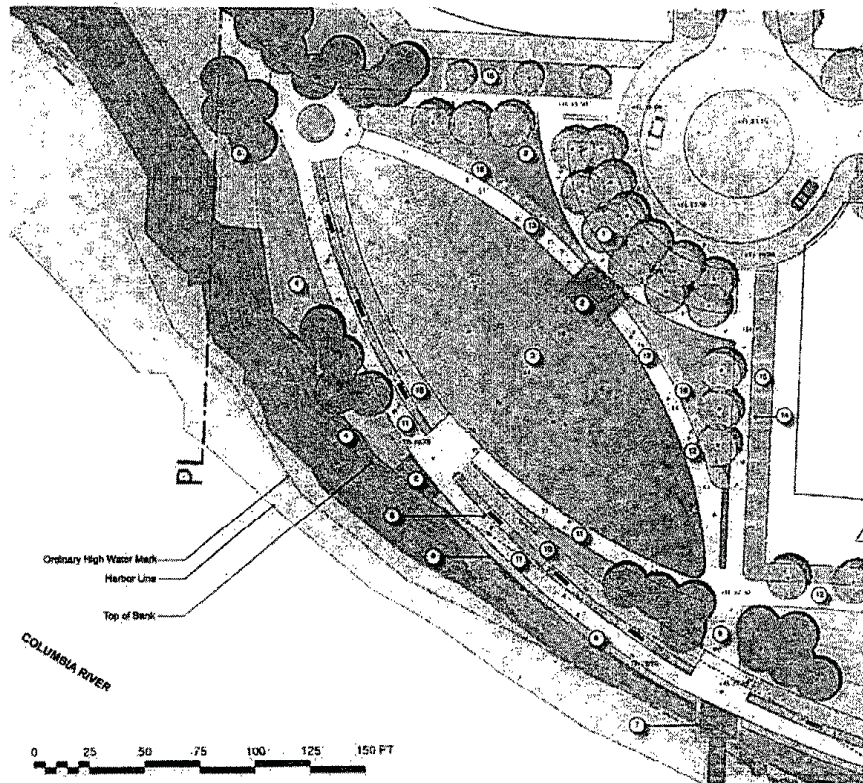
Scale 1" = 20' (1:200)

Vancouver Waterfront
 May 22, 2009 Parks & Open Space Vision
 Prepared by: [illegible] and [illegible]

figure **M**

DETAIL LEGEND:

1. PICNIC AREA WITH PICNIC TABLES, TREE BIOSCOPES AND GRANULAR PAVING
2. FISHERY VIEWING AREA
3. SLOPED LAWN TERRACE
4. MEADOW GRASSES AND NATURAL PLANTINGS
5. BIRD VIEWING AREA
6. STONE RETAINING WALL
7. TIMBER PLATFORM AND RAMP TO FISHING PIER
8. BENCHES
9. STAIRS
10. COLUMBIA RIVER RENAISSANCE TRAIL - BIKE PATH
11. COLUMBIA RIVER RENAISSANCE TRAIL - PEDESTRIAN PATH
12. COMBINED PATH
13. RAMP TO RIVERFRONT
14. PLAIN GARDEN
15. PARK BUFFER TO TOWN PLACES
16. WATER FEATURE WITH INFORMAL CHILDREN'S PLAY



Vancouver Waterfront
 May 20, 2008 Parks & Open Space Vision
 Prepared by: [illegible] [illegible]

figure **M**

- 1 SEATING FEATURE
- 2 TRAVEL DECK CONNECTED TO EXISTING DOCKPIERS
- 3 STONE CLAY WALLS
- 4 COLUMBIA RIVER TERRAPINCE TRAIL - COMBINED BRIDGE AND PEDESTAL FRAME
- 5 SPECIAL PLACE PLANNING
- 6 BENCHES
- 7 PUMP
- 8 TRAVEL DECK VIEWING PLATFORM
- 9 NATURAL PLANTING
- 10 RAIN GARDEN
- 11 STONE TERRACE
- 12 ATTACHMENT STRUCTURES - REPRESENT OF BOAT FRAMES
- 13 STAIRS

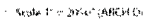


figure M

1. INFORMATION BOOK
2. COLLAGE WITH PERFORMANCE TITLES, REPAIRED BRICKS AND PEBBLES
3. STONE TERRACES SLATING
4. STAIRS
5. PUMP
6. SECONDARY CONCRETE WITH
7. SPARKLE POREDOSE PATH
8. NATURAL PLANTING
9. FESTIVAL LAWN
10. TEMPORARY BANDSHELL/PERFORMANCE STAGE
11. BLOPPED LAWN
12. STONE RETAINING WALL
13. FOUNTAIN AND SCULPTURE
14. CONCRETE TERRACES WITH LAWN
15. ART LIGHT FEATURES
16. EXISTING PILES
17. TEXTURED MOUND

Vancouver Waterfront figure

Vancouver Waterfront

$$\sum_{i=1}^n \frac{1}{i^2} = \frac{\pi^2}{6}$$

EXHIBIT N

Waterfront Esplanade Concept Plan

Exhibit N



Scale 1" = 100' or 30.48m
Vancouver Waterfront
 Parks and Open Spaces
 Plan
 PG

EXHIBIT O

Core Park Improvement Plan

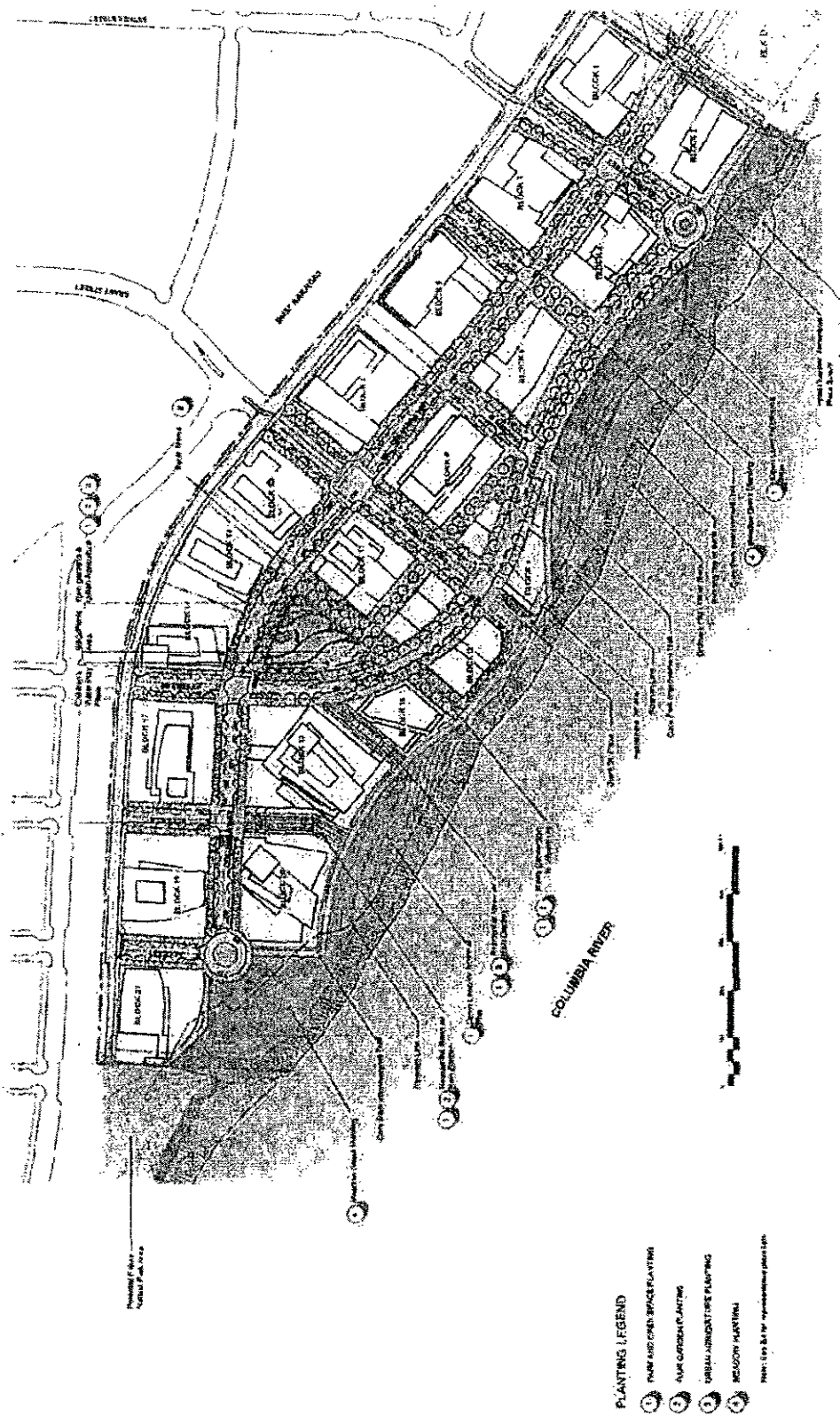


EXHIBIT P

Description of Staging Area

To be established by City and Developer prior to execution of the Development Agreement.

Exhibit P

Staging area

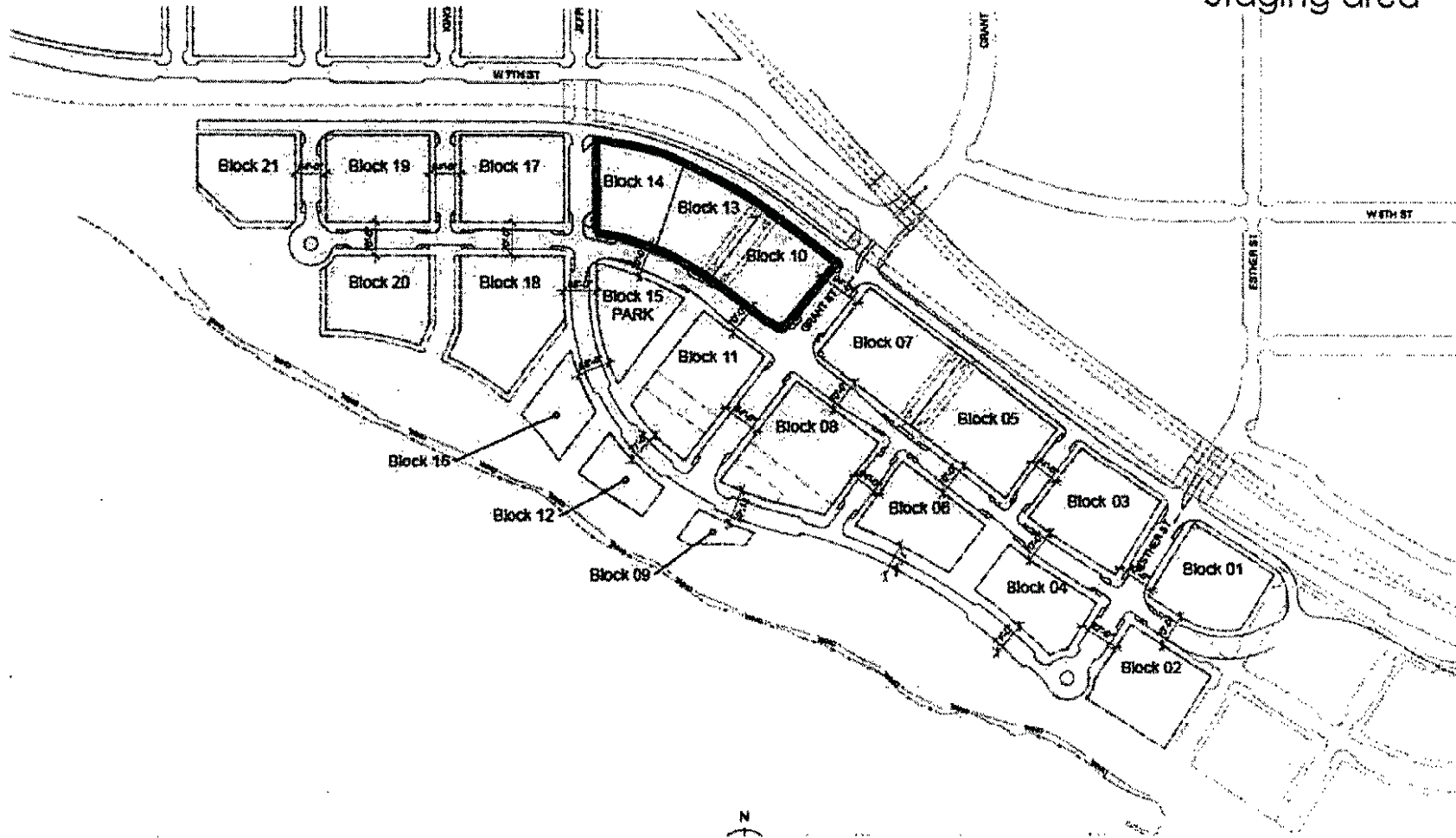
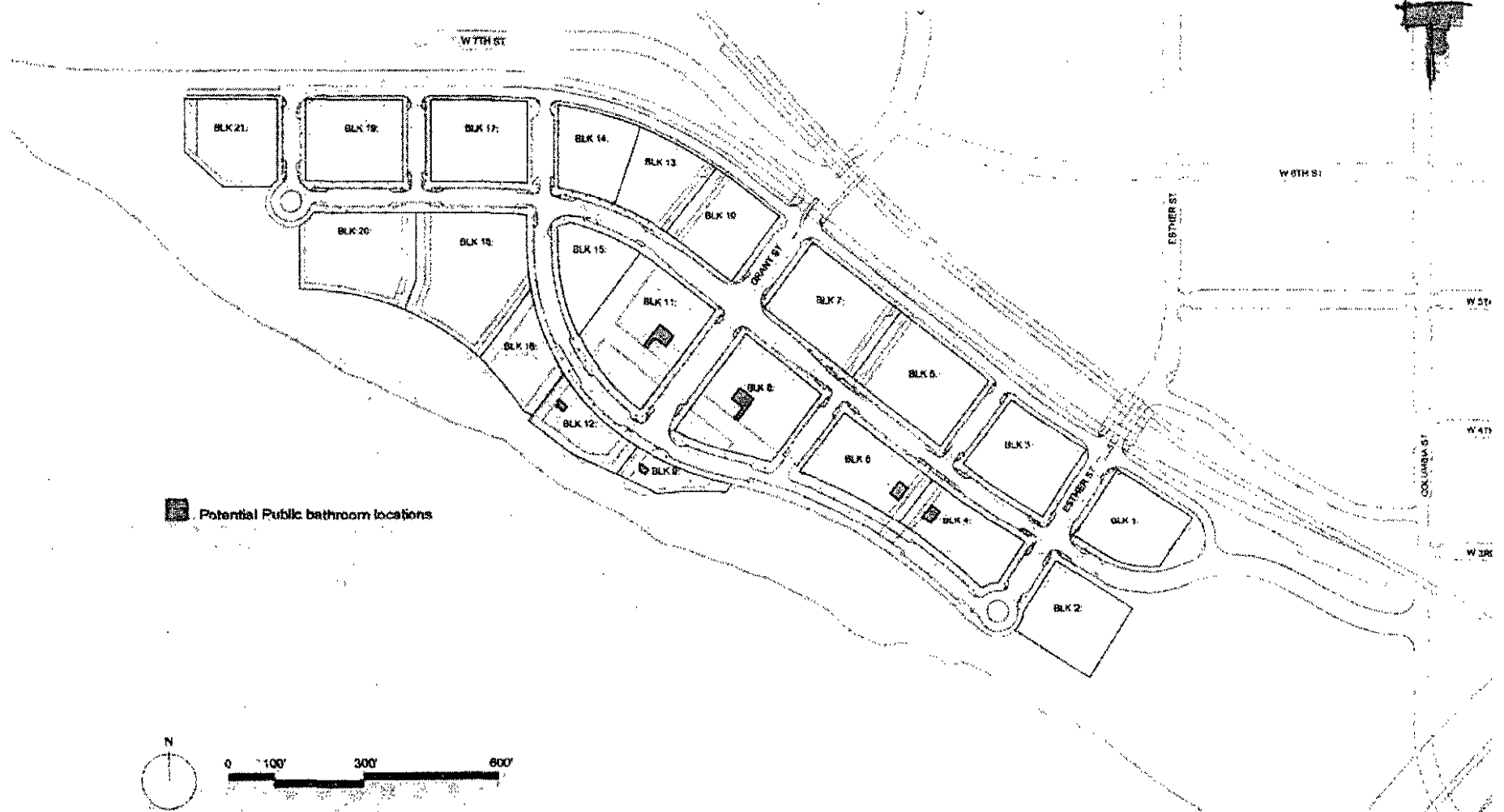


EXHIBIT Q

Public Restroom Locations



TWIST
ARCHITECTURE + DESIGN

Columbia Waterfront LLC

Vancouver Waterfront
Public Bathroom Locations
Revised 09/20/21
October 14, 2021

Site Plan



Item #10.

Staff Report 113-18

TO: Mayor and City Council

FROM: Eric Holmes, City Manager

DATE: 7/16/2018

SUBJECT Third Amendment to the Development Agreement with Columbia Waterfront, LLC

Key Points

- Unanticipated issues and prior construction delays are prompting City and Columbia Waterfront, LLC to propose several amendments to the Development Agreement;
- The minimum required density for the project would be reduced by approximately 24% due to a revised determination by the Federal Aviation Administration regarding allowable building heights;
- In addition to three previously approved surface parking lots, Blocks 7 and 10 would be allowed to be developed as interim surface parking to serve the project for up to 12 years, at which time structured parking must be provided;
- Developer agrees to pay for and install three free-standing public restroom units, in locations approved by Developer and City, and the location of a fourth future restroom unit would be selected, in lieu of public restrooms being located in one or more of the private buildings;
- Developer would make annual payments to the City for 12 years for the access project, in lieu of a final lump sum payment of \$4.75 million this fall;
- Developer agrees to pay the City \$3 million toward the waterfront park improvements in three \$1 million installments by 12/21/19, according to a payment schedule outlined by the City;
- A small City-owned tract of land north of Port of Vancouver's Terminal One project would be conveyed to the Developer sooner than originally anticipated, in order to facilitate a subsequent transfer to the Port of Vancouver for development.

Strategic Plan Alignment

Goal 7: Build on our status as the largest city on the Columbia River by strengthening connections to the river and the waterfront.

Goal 7, Objective 7.1: Support redevelopment of the Columbia River waterfront.

Present Situation

The City of Vancouver and Columbia Waterfront, LLC (CWLLC) entered into a Downtown Waterfront Development Agreement dated October 19, 2009, addressing a number of development issues relating to the development of a project known as the Waterfront and to be located on the shoreline of the Columbia River in downtown Vancouver, Washington.

Two separate amendments to the Development Agreement were approved by the City Council, on June 6, 2011 and on August 3, 2015.

Currently the first phase of private construction is underway, including restaurants on Blocks 9 and 11, an office tower and apartment tower on Block 6, and an apartment building on Block 8. A seven acre city park with a cable-stay pier structure over the Columbia River is under construction and should be complete later this summer. Additional blocks are in the conceptual design or permitting phases, and several blocks of surface parking have been completed.

The current set of proposed amendments is intended to address changes to the project that were not anticipated at the time of the initial development agreement or amendments, including:

1. A reduction in the minimum density of the project due to a recent revision to the allowable building heights by the Federal Aviation Administration;
2. Allow for two additional blocks to be developed for interim surface parking spaces, for a total of four surface parking lots, until such time as a permanent parking structure can be built, up to a maximum of 12 years;
3. Replace one or more public restroom facilities that were originally intended to be located in one or more of the private buildings near the park with four individual "Portland-Loo-style" restroom units, three of which will be paid for by CWLLC, and establish the locations and timing of their installation;
4. Spread out developer payments to the City for the access project instead of the currently-required final lump sum payment of \$4.75 million;
5. Formalize prior commitments that CWLLC will pay the City \$3 million toward the completion of the public park, according to an agreed upon schedule;
6. Inclusion of a reference to several changes to the adopted Waterfront Master Plan that were approved by the City on September 27, 2016;
7. Formalize a commitment by both parties to work together to survey property lines and easements in areas where City and CWLLC properties abut, in order to determine any encroachments or conflicts, and agreement to work cooperatively in resolving any such encroachments or conflicts; and
8. Allow for a small tract of city-owned land to be transferred to CWLLC upon completion and acceptance of all Phase 1 road and infrastructure improvements, instead of waiting until the road and infrastructure improvements are completed for the entire project as is stated in the current agreement.

Regarding the change in project density, the Federal Aviation Administration issued a new determination that the heights of the buildings in the Project must be lower than was originally approved, which reduces the potential development of the size of buildings and therefore requires reduction in the average floor area ratios (FAR) of the buildings and the minimum number of residential units. City staff met with the FAA and agree that the revised determination, which is final, does reduce the maximum allowable height of most buildings and therefore minimum required floor area ratios should be decreased proportionately.

More specifically, the existing reference to a required minimum overall FAR of 4.5:1 would be substituted with an FAR of 3.4:1, and would reference a new exhibit to the agreement that lists each block and its associated minimum FAR. The overall minimum density of the project would be decreased by approximately 24 percent. CWLLC indicates that the development will still be able to accommodate up to 2.3 million square feet of buildings, with 2,300 residential units.

Regarding parking lots, the approved master plan contemplates that all off-street parking will be provided in parking structures at full build-out. Until later phases can be built, there is not sufficient density to financially support stand-alone parking structures, so CWLLC has proposed interim surface parking lots, which will be phased out as parking structures are built later.

The change to the number of blocks that may be used for interim surface parking is necessary in order to serve the initial development projects as well as the public who will access the park, until such time as structure parking can be constructed. Previously, City and CWLLC agreed that Blocks 5, 11, and 15 could be developed for surface parking, which would be phased out when structured parking is constructed. CWLLC wishes to increase (by one net block) the number of blocks that are allowed to be developed for surface parking on an interim basis, to include Blocks 5, 7, 10, and 11. Block 15, previously allowed to be developed for surface parking, would be developed instead for the internal park.

Regarding public restrooms, the proposed revisions would amend Section 9.6 of the Agreement regarding responsibilities of both CWLLC and City in regard to the provision of public restrooms. The current agreement would require the public restrooms to be located within one or more of the private buildings, with the Developer to construct the shell space and provide utilities, with the City to fund and complete the interior improvements. As plans have evolved, and as both parties are continuing to discuss the final location of the restrooms, City staff and CWLLC are in agreement that public restrooms could be provided in three or four stand-alone restroom units (in the "Portland Loo" style), which are easier to monitor for safety as well as to maintain.

Regarding the timing of the developer's contribution to the access project, CWLLC requests an amendment to Section 8 of the Second Amendment in order to extend deadline for the Developer's Contribution to the Access Project (to be made in annual installments) by one year as well as to spread out the final lump sum payment over 12 years. Per the current agreement, CWLLC has been making a \$350,000 payment to the City every year, but has a \$4.75 million balance remaining which, per the agreement, is to be paid as a final lump sum. Per the proposed agreement, a new series of annual payments of \$392,307.70 would begin September 1, 2018, and would continue for the next 11 years. This revision would free up funds that could be put to use for more infrastructure and vertical construction to keep the momentum going, and would not have any adverse impact on the City's ability to make payments on any outstanding federal loans for the access project.

Regarding the Developer's contribution to the Waterfront Park, a Memorandum of Understanding between the City and CWLLC dated August 13, 2013 states that the Developer will contribute \$2,000,000 to the City for improvements to the Waterfront Park in exchange for the City constructing the Columbia Way improvements, which would be formalized in the proposed amendment. In addition, the Developer would agree to a \$1,000,000 contribution in exchange for the City constructing the core park improvements. Proposed changes to Section 9 of the Second Amendment are intended to clarify what is included in scope of work that triggers the payments, and extends the timeline for making the phased payments, due to weather-related delays in the

park construction. The final payment by CWLLC toward the park will be made by December 31, 2019.

The City Center Redevelopment Authority held a public meeting to consider the requested revisions to the development agreement at their June 15, 2017 meeting, and unanimously recommended that Council approve the amendment.

Advantage(s)

1. The amendment will acknowledge the revised density goals for the overall project in response to corresponding reductions in allowable building heights imposed by the FAA for much of the project;
2. Allowing the Developer to pay their remaining share of access infrastructure costs through annual installments instead of a final lump sum payment provides needed flexibility to invest in more vertical development in the near term;
3. The amendment will formalize commitments made by the Developer to pay \$3 million toward the City park improvements, in three installments;
4. The amendment will provide specifications for the design, location, and responsibility for funding and installation of three individual restroom units, and the location and design of a fourth future restroom unit.

Disadvantage(s)

1. Allowing two additional blocks to be used for interim surface parking lots results in an inefficient use of land and may delay vertical construction on these blocks; however, more density is needed in order for structured parking to be financially feasible, and ensuring sufficient parking for the first phase of construction is considered essential to the long-term success of the area;
2. The change from a public restroom(s) that is built into one or more buildings to three or four separate restroom units will result in fewer toilets, however the units will be more convenient to the public and easier to maintain and monitor than a more traditional enclosed building.

Budget Impact

None. Allowing the Developer to pay the remaining share of access infrastructure costs through annual installments will not affect the ability of the City to meet its obligations on remaining construction loans. The Developer's contribution to the park improvements has already been accounted for in the budget.

Prior Council Review

Council Workshop held June 11, 2018

Action Requested

On July 16, 2018, following a public hearing, adopt a resolution approving the amendments to the development agreement.

Chad Eiken, Community & Economic Development Director, 487-7882; Julie Hannon, Parks & Recreation Director, 487-8309; Bronson Potter, City Attorney, 487-8500

ATTACHMENTS:

- ▣ Resolution
- ▣ Development Agreement Amendment No. 3
- ▣ CCRA Minutes

7/16/18

RESOLUTION NO. M-3974

A RESOLUTION of the City Council of the City of Vancouver approving a Third Amendment to the Development Agreement with Columbia Waterfront, LLC for development of the Vancouver Columbia River Waterfront.

WHEREAS, the City of Vancouver and Columbia Waterfront, LLC (CWLLC) entered into a Downtown Waterfront Development Agreement on October 19, 2009, relating to the development of a project known as the Waterfront located on the shoreline of the Columbia River in downtown Vancouver, Washington; and

WHEREAS, such Development Agreement was authorized under RCW 36.70B.170 and VMC 20.250.010; and

WHEREAS, the Development Agreement has been amended twice in 2011 and 2015; and

WHEREAS, the first phase of private construction is underway, including restaurants on Blocks 9 and 11, an office tower and apartment tower on Block 6, an apartment building on Block 8, and a seven acre city park with a cable-stay pier structure over the Columbia; and

WHEREAS, additional blocks are in the conceptual design or permitting phases, and several blocks of surface parking have been completed; and

WHEREAS, the activities of CWLLC have demonstrated a significant commitment to proceeding with development of the Waterfront in an expeditious manner; and

WHEREAS, certain changed circumstances since the execution of the Development Agreement and amendments require revisions to the Agreement; and

RESOLUTION - 1

WHEREAS, those required revisions include: (1) a reduction in minimum density of the project due to a recent Federal Aviation Administration regulatory changes related to maximum building heights, (2) replacement of restroom requirements at the park, (3) spreading out developer payments provided for in the Development Agreement, (4) formalize prior commitments of CWLLC to pay the City \$3.0 million for the completion of a public park, (5) adding references to changes to the Waterfront Master Plan, (6) formalize a commitment to survey property lines, and (7) provide for the transfer of a small tract of city-owned land upon completion Phase I road and infrastructure improvements; and

WHEREAS, Council concludes that the public interest would be served by approval of such Third Amendment.

NOW, THEREFORE,

BE IT RESOLVED BY THE TRANSPORTATION BENEFIT DISTRICT OF THE
CITY OF VANCOUVER:

Section 1. The City Council of the City of Vancouver approves the Third Amendment to the Development Agreement as presented to the Council in the record herein.

Section 2. The City Council authorizes the City Manager to execute such Third Amendment.

DATED this 16th day of July, 2018.

DocuSigned by:

Anne McEnerney-Ogle

58CB15C0632F403...

Anne McEnerney-Ogle, Mayor

Attest:

DocuSigned by:

Carrie Lewellen

661359AB277E439...

Natasha Ramras, City Clerk

By: Carrie Lewellen, Deputy City Clerk

Approved as to form:

DocuSigned by:

E. Bronson Potter

AAC4768B6D2D446...

E. Bronson Potter, City Attorney

RESOLUTION - 3

THIRD AMENDMENT TO DOWNTOWN WATERFRONT DEVELOPMENT AGREEMENT

THIS THIRD AMENDMENT TO DOWNTOWN WATERFRONT DEVELOPMENT AGREEMENT (“**Third Amendment**”) is made and entered into effective July_____, 2018 (“**Effective Date**”), by and between the CITY OF VANCOUVER, a Washington municipal corporation (the “**City**”), and COLUMBIA WATERFRONT LLC, a Washington limited liability company (the “**Developer**”).

RECITALS

A. City and Developer entered into a Downtown Waterfront Development Agreement (“**Agreement**”) dated October 19, 2009, addressing a number of development issues relating to the development of a project known as the Waterfront and to be located on the shoreline of the Columbia River in downtown Vancouver, Washington.

B. On June 6, 2011, City and Developer entered into a First Amendment to the Downtown Waterfront Development Agreement (“**First Amendment**”) making certain changes to the Agreement.

C. On August 3, 2015, City and Developer entered into a Second Amendment to the Downtown Waterfront Development Agreement (“**Second Amendment**”) making certain changes to the Agreement. For the purpose of this Third Amendment, all references to “**Agreement**” shall mean the original Agreement as modified by the First and Second Amendments. Terms using initial capital letters herein that are not otherwise defined shall have the meanings given to them in the Agreement.

D. The Federal Aviation Administration issued its determination that at this time that the heights of the buildings in the Project must be limited which, if unchanged in the future, reduces the potential development of the size of buildings and therefore requires reduction in the average floor area ratios of the buildings and the minimum number of residential units.

E. City and Developer now desire to make further changes and modifications to the Agreement as detailed below. To the extent of an express conflict between the terms and provisions of this Third Amendment and the terms and provisions of the Agreement, the terms and provisions of this Third Amendment shall prevail.

AGREEMENT

NOW, THEREFORE, based upon the foregoing Recitals and the mutual covenants hereinafter set forth, City and Developer agree that the Second Amendment is amended as follows:

1. FAR. Section 4.2.1 of the Agreement is hereby amended by deleting all references to an average FAR of 4.5:1 for the entire Project site and substituting in their places references to an average FAR of 3.4:1 and a replacement Exhibit B2 is attached hereto setting forth the updated FAR Matrix.

Section 4.2.3 of the Agreement is amended to provide that the minimum number of residential units shall be no less than 2,000.

2. Surface Parking. Item 4) of Exhibit I of the Agreement addresses surface parking. On September 27, 2016, the Vancouver Planning Commission approved a request by the Developer to reduce the amount of required underground parking and allow two blocks of temporary surface parking on Blocks 11 and 15 to accommodate parking for the development occurring on Blocks 9 and 12. The Developer no longer wishes to use Block 15 for temporary surface parking. The City hereby approves the use of Blocks 5, 7, 10 and 11 for temporary surface parking as provided by VMC 20.630.080(D)(5). No other Block shall be used for surface parking without the City's approval. The surface parking is needed because the Project is a regional hub with parking needs for the park, the restaurants and the public. The interior landscaping requirements of VMC 20.945.040 are waived for the temporary surface parking; however, all other applicable requirements of VMC 20.945.040 shall apply. The temporary surface parking shall be made available to all members of the public on an equal basis including users of the park except for Block 5 which is subject to reserved parking rights for office tenants between 7:00 a.m. and 5:00 p.m. Monday through Friday for 120 spaces and shall be open to the public at all other times.

The temporary surface parking is authorized to be utilized for a period of six (6) years from the Effective Date of this Third Amendment. The Director of Community and Economic Development shall authorize temporary surface parking for an additional six (6) years if structured parking in the Waterfront is not economically feasible at the end of the first six (6) years based on then current commercial market conditions. If the temporary surface parking continues for more than six (6) years from the Effective Date of this Third Amendment, then the interior landscaping requirements of VMC 20.945.040 shall apply to such surface parking thereafter and Developer or the then current owners of the temporary surface parking Blocks shall have six (6) months thereafter to bring those Blocks into compliance with the interior landscaping requirements of VMC 20.945.040. The temporary surface parking is in all events only authorized to be utilized as temporary surface parking for a period of twelve (12) years from the Effective Date of this Third Amendment (with the second six (6) being subject to approval as detailed above).

A mixed-use project was approved for Block 8 (LUP-62534) on July 14, 2017. The approval required parking spaces to be provided for in the temporary surface parking. Developer provided 10 spaces pursuant to a Parking License Agreement dated September 18, 2017, Recorded October 2, 2017, Recording No. 5448275, AGR Records of Clark County, Washington.

3. Section 3 of the Second Amendment is amended to read as follows:

3. Restrooms, Electrical Building and Exhibit Q. The Second Amendment to the Agreement gave the Developer the option of building shell space for restrooms in one of its buildings or providing stand-alone restrooms. The Developer has chosen to provide stand-alone restrooms. The Developer shall provide and install three "Portland Loo" restrooms at its sole expense. Two of these restrooms shall be installed approximate to the water feature on the location noted as "Site A" on the attached Replacement Exhibit Q. These two restrooms on Site A shall be installed and operational by July 31, 2018. For

these two restrooms, the City shall be responsible for construction of the concrete pads, rough sewer, water and electrical service to the restroom site and the installation of an adjacent seat wall. The Developer shall be responsible for all other costs associated with the purchase, installation and operability of the restrooms.

If the City determines, in its sole discretion, that there is sufficient demand for a third restroom, then a third restroom shall be installed by the Developer within six (6) months of receiving notice from the City for the installation of the third restroom. The third restroom shall be installed at the location noted as "Site B" on the attached Replacement Exhibit Q. With respect to this third restroom, the City shall be responsible for construction of the concrete pad, rough sewer, water and electrical service to the restroom site. The Developer shall provide a utility easement for the benefit of this restroom between Blocks 18 and 20 connecting to Columbia Way as shown on the attached Replacement Exhibit Q and shall be responsible for all other costs associated with the purchase, installation and initial operability of the restroom.

The City shall have the right to install, at its sole expense, a fourth restroom on the location noted as "Site A" on the attached replacement Exhibit Q (for a total of three restrooms at "Site A"). The Developer shall not have any financial obligation for the acquisition or installation of this restroom, its sole obligation being to make the location available for the installation and maintenance of the restroom.

The City shall be responsible for all of the cost of the installation an electrical building that will house all the panels needed for the park, water feature and pier which will be located near the loos at Site A. If Developer elects to make design or aesthetic improvements to the Electrical Building, the Developer shall only pay the added costs to make those design or aesthetic improvements.

All the terms and conditions of Section 9.6 of the Agreement not expressly modified by this Section shall remain in full force and effect.

4. Section 8 of the Second Amendment is amended to read as follows:

8. Developer Contribution. Under Section 7.3.1 of the Agreement, as modified by Section 7.3.1.2 of the First Amendment and Section 8 of the Second Amendment, Developer is required to make a contribution ("**Contribution**") to the cost of the Access Project and other transportation mitigation measures. City and Developer agree that in lieu of paying as provided in the Agreement, Developer will make these payments as follows:

- a. The current balance of the Contribution is Four Million Seven Hundred Fifty Thousand and No/100 Dollars (\$4,750,000.00) after the payment of Three Hundred Fifty Thousand and No/100 Dollars (**\$350,000.00**) made on June 30, 2017.
- b. The Contribution shall not bear interest.

c. For the purpose of this Section, “**Commencement of Construction**” has occurred prior to the execution of this Third Amendment.

d. The **\$4,750,000** unpaid balance of the Contribution shall be amortized and paid in equal annual installments of Three Hundred Ninety-Five Thousand Eight Hundred Thirty-Three and 33/100 Dollars (**\$395,833.33**), with the first payment due September 1, 2018, and a like payment due on or before the same day of each of the following eleven (11) calendar years.

e. If the payments have not been made when due then the then-unpaid balance of the Contribution shall be due and payable in full at that time.

5. Section 9 of the Second Amendment is amended to read as follows:

9. Developer’s Contribution to Park. Under Section 9.3 of the Agreement and the August 23, 2013, Memorandum of Understanding (“**MOU**”) between Developer and the City, Developer agreed to dedicate land for the park and make the Core Park Improvements. In addition, in consideration of the City’s construction of Columbia Way, which was the responsibility of Developer, Developer agreed to contribute **\$2,000,000** towards the cost of the improvements to the park.

a. For the purpose of this Section, “**Phase I Work**” means the Phase Work I as set forth in Exhibit R of the Second Amendment with the date changes set forth below. “**Phase II Work**” means the Phase Work II work as set forth in Exhibit R of the Second Amendment with the date changes set forth below. For the purpose of this Section 9, the Phase I Work and the Phase II Work does not include the Columbia River water feature (although such water feature shall eventually be installed) or any planned, designed public art or future art installation or the fishing dock. A map of Phase I Work and Phase II Work is attached as Exhibit R to the Second Amendment.

b. City and Developer now agree that in lieu of Developer making the Core Park Improvements, Developer will make a cash contribution to the park construction in the sum of **\$1,000,000** upon execution of this Third Amendment and City will assume the responsibility for designing and constructing the Core Park Improvements. The date of that first **\$1,000,000** payment is hereinafter referred to as the “**Initial Payment Date**.”

c. City and Developer now agree that Developer will make a second payment of **\$1,000,000** to City on December 31, 2018. City and Developer now agree that Developer will make a third and final payment of **\$1,000,000** to City on December 31, 2019. City and Developer now agree that City shall substantially complete the Phase I Work by August 15, 2018 and Phase II Work by October 31, 2018.

6. Master Plan. The City approved the changes to the Master Plan on September 27, 2016 under City File Number PRJ2008-02040/LUP- 52910 (“**Master Plan Amendments**”) and to the extent of a conflict between the City approved Master Plan Amendments and the Agreement, as amended by this Third Amendment, the Agreement, as amended by this Third Amendment shall

control. In general, the Master Plan Amendments adopted design guidelines, revised the locations and amount of Open Spaces and reduced the amount of total parking shown for the maximum buildout plan of FAR 6.2:1, to delete the number of parking spaces shown under the park and under the streets.

7. Future Survey. Developer and City agree to prepare surveys, or collaborate on a single survey, within one year of the physical completion of the Phase I and II Park Work improvements for the purpose of identifying any public or private improvements that encroach into each other’s property and to prepare deeds or easements to resolve such encroachments.

8. Developer Exchange Land. Section 3.2.2 of the Agreement provides for City to convey to Developer the Developer Exchange Land “within sixty (60) days after all rights-of-way within the Developer Exchange Land have been improved with public street improvements which have been completed and accepted by the City.” Developer Exchange Land is described in Exhibit H of the Agreement. A replacement Exhibit H is attached to this Third Amendment removing certain public street improvements that must first be improved by Developer as a condition precedent to City’s conveyance to Developer of the Developer Exchange Land.

9. Remaining Terms. All of the remaining terms and conditions of the Agreement not expressly amended by the terms of this Third Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, City and Developer executed this Third Amendment with the intent that it be effective as of the Effective Date.

CITY:

CITY OF VANCOUVER, a Washington municipal corporation

By: _____
Eric Holmes, City Manager

Approved as to form:

By: _____
E. Bronson Potter, City Attorney

Attest:

By: _____
[], City Clerk

DEVELOPER:

COLUMBIA WATERFRONT LLC, a Washington limited liability company

By: Gramor Columbia Waterfront LLC, a Washington limited liability company, its Manager

By: Gramor Investments, Inc., an Oregon corporation, its Manager

By: _____
Barry A. Cain, President

Exhibit B2

Development Agreement
Revised Minimum FAR by Block

March 13, 2017

Block	Revised Reduced Min FAR	Block Size SF	Revised Min Building Area SF
1	3.49	35,770	124,837
2	3.22	35,752	115,251
3	3.20	36,877	118,102
4	3.00	32,229	96,695
5	2.93	45,202	132,451
6	2.82	34,205	96,446
7	2.71	44,315	120,221
8	2.69	48,670	130,726
9	1.14	13,540	15,436
10	4.22	32,288	136,148
11	4.07	54,152	220,566
12	1.62	22,582	36,583
13	3.80	29,183	110,749
14	3.59	28,833	103,368
15	0.00	25,284	0
16	3.27	32,193	105,271
17	3.51	38,722	136,071
18	3.70	56,784	209,955
19	3.60	38,700	139,471
20	3.69	46,187	170,421
21	3.69	36,372	134,087
a	3.19	767,840	2,452,857
b	3.40	706,434	2,400,838

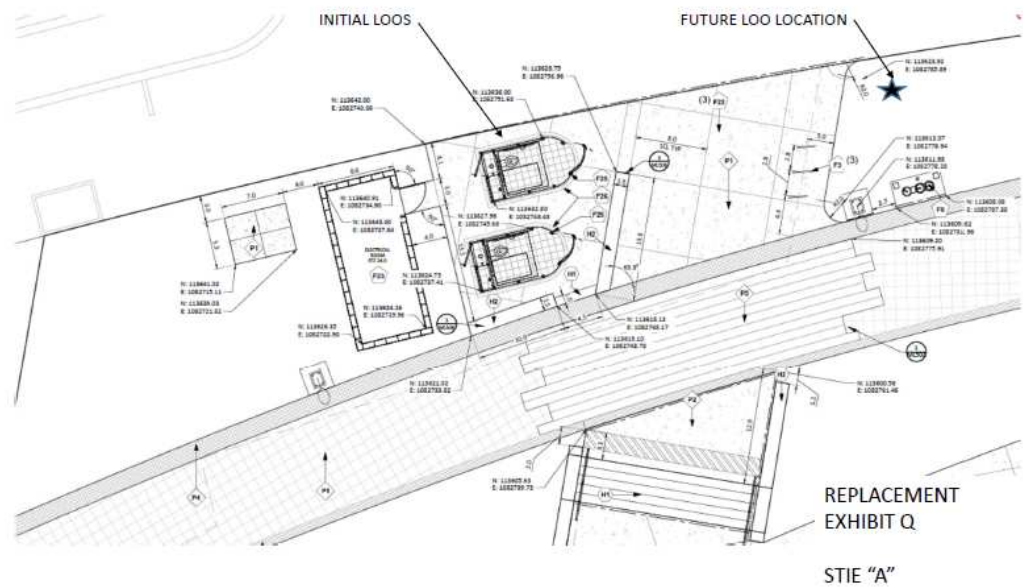
*Notes:**a. Totals and FAR with all blocks included**b. Totals and FAR with Blocks 9, 12 and 15 excluded.*



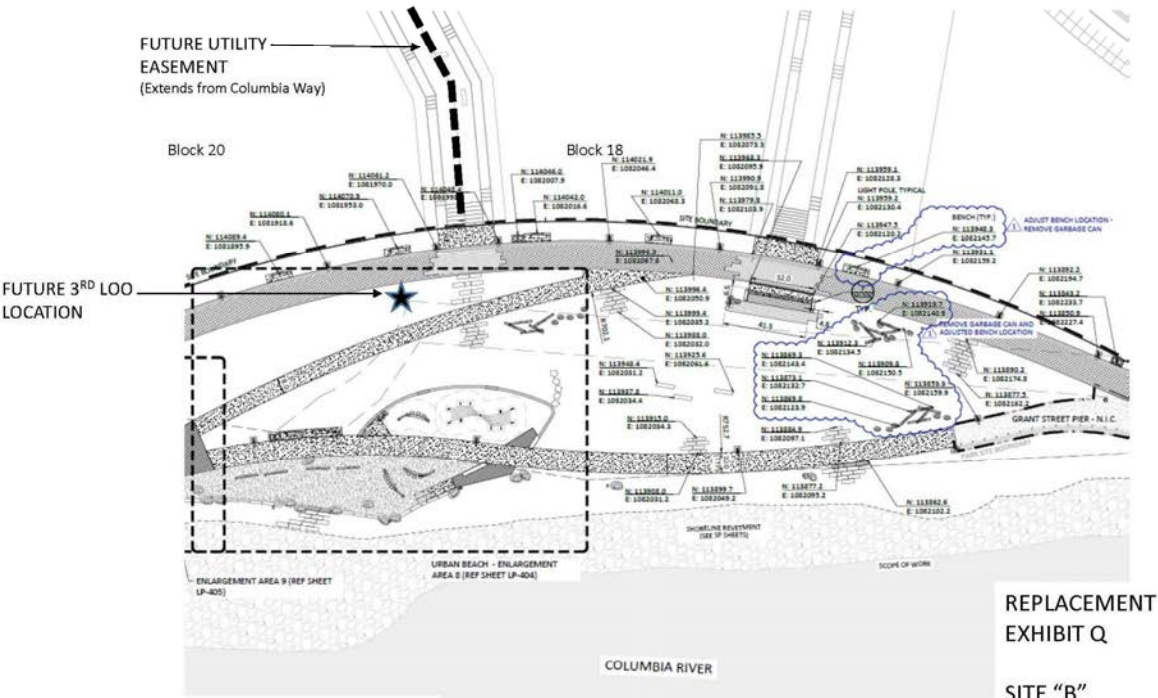
Vancouver Waterfront
Revised Exhibit H

05/22/2018

Replacement Exhibit Q – Site A



Replacement Exhibit Q – Site B





Richard Keller
President

Marc Fazio
Secretary/Treasurer

Christine Wamsley
Jack Onder
Deborah Ewing
David Copenhaver
Brad Hutton

Staff
Chad Eiken
Teresa Brum
Brent Boger
Rosemary Armour

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City of Vancouver City Center Redevelopment Authority

Meeting Summary/Meeting Minutes

June 15, 2017
11:50 a.m.
Council Chambers, City Hall

ROLL CALL

Present: Brad Hutton, David Copenhaver, Marc Fazio, Jack Onder, Deborah Ewing, Richard Keller
Absent: Christine Wamsley

Staff Present: Brent Boger, Chad Eiken, Greg Turner, Rosemary Armour

APPROVAL OF MINUTES

Motion made by Debi Ewing, seconded by David Copenhaver, and passed unanimously to approve the Minutes for May 18, 2017.

EXECUTIVE DIRECTOR'S REPORT

Development activity updates

Chad Eiken, Director, Community and Economic Development, City, reported on changes and updates on the Development Project List. Please see "CCRA Updated Development Project List" dated June 2017.

Chad gave an update on the Building Height Ordinance that was brought before the board back in March and went before Planning Commission on June 13, 2017, for a Public Hearing. There was very lengthy discussion and public testimony, and in the end there was a split vote to recommend approval of the changes to building heights to City Council. One of the main concerns by three of the planning commission members was doing away with the range of heights as they felt it was too limiting on future development in the downtown. Chad's sense was if the range had been left in and the control over the final building height was given to the local authority then they would have been okay with that.

Richard Keller, President, stated wasn't the whole basis for that, that the FAA decision was what the heights needed to be.

Chad responded that the current Ordinance is based on the heights that FAA would allow or could potentially allow. The concern was raised by the Pearson Aviation Advisory Committee that the FAA doesn't necessarily take all the local conditions into consideration from their desk in Renton when they do their computer modeling, it doesn't always take into consideration the cumulative effect of multiple buildings and it just looks at that particular elevation of the building and whether it meets their criteria.

Richard asked if this is completely separate from the issue with the Gramor Waterfront Group's allowable building heights.

Chad responded that was correct.

Richard asked if this was just building heights in regards to Pearson Airport.

Chad responded yes and also concerns raised by the pilots who use Pearson that their safe space has been narrowed because of the waterfront and that pushes them north of the railroad tracks and the FAA had approved a couple of buildings in that corridor that were taller than what Pearson felt was safe. The proposal is to lower the building heights to a maximum height. The input from this board was to make it as predictable as possible, not only to pilots but also developers, so staff came up with just one number and that's what developments will have to meet.

Board member Jack Onder asked if the three dissenting votes would have preferred to keep the maximum height the same but step it down for certain buildings.

Chad responded that they would have preferred to have an option in that each building could be looked at separately and reviewed by Pearson, as well as staff and the FAA, but to allow for the option of additional height and not just cap it.

Jack asked if they wanted the height to be above the maximum.

Chad clarified that it would be above the base height of a range. The low number in the range is what is allowed as of right; to go higher than that you have to get approval from the FAA and now Pearson and the local authority.

Richard asked what is going to happen.

Chad responded that is a good question. There was testimony from the development community as well as the pilots, both made excellent points and it will be up to council to determine whether the concerns about safety in the near term are more important than the long term growth of the downtown. They may decide to take another look at it when staff opens up the VCCV downtown plan for an update in a couple of years.

Board member David Copenhaver asked what is the zone of influx, is it from the waterfront up to 8th or 9th, or is it the entire city core.

Chad responded the real area of concern is essentially a narrow band north of the tracks, south of city hall, extending from I-5, south of City Hall all the way rounding the corner to the north up to about 9th Street.

David asked if this would not apply to Block 10.

Chad responded that is correct; Block 10 would be out of this area.

Board member Debi Ewing asked how it would impact any submittals or development projects that are in the queue now.

Chad responded that the projects that are in for review right now are currently vested under the current regulations as long as the projects keep moving forward to have a taller building than the new regulations would allow.

Richard asked if this impacts the city owned property south of the hotel.

Chad responded primarily yes.

Richard asked how many stories up those buildings can go, per this discussion.

Chad responded the proposal would be to take allowable range of heights from 100 up to 200 feet and reduce it to a flat number between 80 and 95 feet, so it is a pretty significant decrease in stories. Of all the properties that are affected, the city owned properties are the only ones that see a decrease in that allowed height limit.

Richard asked if you could still go up 10 stories.

Chad responded probably more like 6 or 7 stories.

TOWER MALL ACQUISITION OVERVIEW

Chad stated that the board had probably read about the city's recent acquisition of a portion of Tower Mall, which is located on Mill Plain. This was an opportunity that came up and staff conferred with City Council in executive session about whether to put in a bid. This was listed as a distressed property that was up for auction. Chad explained that he wanted to cover some of the slides that were presented to City Council in executive session so the board understands the background on why the city decided to take advantage of this opportunity.

Tower Mall was built in early 1970 to basically serve the residential community up there. It was the first indoor mall in Vancouver. Not long after this mall was built, Vancouver Mall was built further out and ever since Tower Mall has struggled to get decent tenants and has not been a vibrant center since. 12 acres came up for auction, including the main building associated with the mall; there are a number of outlying parcels, some of which are developed but most are underdeveloped or undeveloped. The previous assessed value was \$10 million and the previous sales price was \$12 million; the city purchased it for \$5 million and it will close in a week or two.

The idea behind this is that this property is located pretty centrally between I-5 and 205 and there are a lot of market forces at play that are resulting in development downtown as well as out on the eastern end of the city. There is really nothing happening in the middle part of the city and Tower Mall is basically surrounded by a number of city owned properties, Blandford Canyon, Cemetery to the east, including a portion that could be redeveloped, Burnt Bridge Creek to the north and then a fire station and water station also to the north. It is in close proximity to the Lower Grand Employment Area, Fourth Plain, and Peace Health and under the school levy there are three new replacement schools within a tenth of a mile, so there is a lot of activity in the nearby area.

Most of the properties are owned by LLCs, so they are investor owned properties and council gave authority to pursue acquisition of any other property that made sense in order to really consolidate the ownership of this mall. The thinking is similar to what the city has done in the Esther Short Redevelopment area where they would control a piece of it but create a plan for a larger area; a sub-area plan with an environmental analysis and market analysis. The board will be asked for their advice on the mix of uses that would make the most sense, but it is really to create an environment that will attract private investment. It is a long-term play that could take years or a decade to

come to fruition, but the city felt that it really couldn't pass this opportunity by and try to make a difference in the central part of the city. A total of 38 acres could be redeveloped and assembled, which is enough to create as much as 25 new city blocks.

Debi asked if the other properties are zoned the same as the compliment ownerships.

Chad responded yes, they are all zoned Community Commercial (CC). Some of the properties to the south have a covenant to prevent any residential housing, but residences are allowed above the ground-floor everywhere else in the CC district.

David asked if there was any preliminary analysis done on what this kind of density would do to the transportation corridor.

Chad responded not at this time. This all came up pretty quickly and they had to react and there was assistance from a qualified appraiser. They didn't give an appraisal but gave a ball park range of what a property in this condition might go for.

Jack asked if there were other bids.

Chad responded that there were others bids, in fact the auction was a failure and the city was the top private bidder. It was an online auction, the owner bided up twice after the city put in their bid because under the conditions of the auction it added more time to the clock and they were hoping somebody else would come in with a higher bid. The city did not bid against the property owner and then the city got a call saying that there was someone on the line who was interested at \$6 million and the city said no. The next morning they called and said that bid had fallen through and so they were willing to talk about the city's bid of \$5 million.

Richard asked what kind of revenue this would generate in its current condition.

Chad responded that there was an analysis of the revenue and it is underperforming right now, but it is about 40 percent leased and it is enough to cover the operations and maintenance.

Richard stated that this location was the center of the universe in World War II with all the war housing and when that was all torn down the Tower Mall showed up and it too was the center of the commercial universe for Vancouver. This seems like a unique opportunity and the challenge Richard had when he heard about it is that the board was not consulted at all and that gets back to the CCRA trying to partner with the city and coming up with priorities of where they should spend their time and money and allocating the resources.

Richard noted that this is unfortunately another example where there is a communication disconnect and the only way that the board is going to get on the same page with the city and be involved in key decisions like this is if they are representing the entire city. There are only so many hours in the day for the board members but maybe it would mean that they are just involved in very large projects that come through. He confessed that he was disappointed that the board was not included in this discussion and believes it is to the city's benefit and the board's benefit if they can have regular discussions and regular input as to what the development priorities for the city ought to be and try and get a handle on what kind of resources may be available and then help to allocate them, because you could take \$5 million and buy a big parcel in downtown Vancouver, or maybe get a location for a performing arts center,

or jump start the public parking facility. He is not saying that this is a bad investment of public funds.

Chad responded that there is a long list of needs.

Richard responded he doesn't believe that the board is part of that discussion and there is a risk of losing board members and interest of the people around the table if they are not included in those discussions.

Chad responded that he understands and stated that this was a very sensitive issue as this is a small community and it was very closely held. Council talked about it in an executive session before they came out to give the city manager the direction to move forward with the purchase. Frankly, there wasn't time and it is really the city manager's call who to include in something like this, but he would be happy to arrange a meeting with the city manager to talk about it; but that was the decision that was made.

David asked where the funds are coming from.

Chad stated that it was from undesignated general funds, as revenues came in higher than projected and budgeted for last year. Some of that undesignated set of funds will be used to do some pre-planning for the new operations center on Fourth Plain. Council felt comfortable spending the remainder of that on this project and they know all of the competing interests to, so they are not looking at this in a vacuum.

CCRA Development Subcommittee Report

Chad stated that the subcommittee met on June 1, 2017, and discussed the item on today's Agenda for Gramor Development, who has requested amendments to the development agreement.

WATERFRONT: DRAFT DEVELOPMENT AGREEMENT AMENDMENT #3

Chad Eiken went over his presentation. Please see "Waterfront Development Agreement – Third Amendment" Staff Report, dated June 15, 2017, and "Waterfront D.A. Proposed Third Amendment" Presentation, dated June 15, 2017.

Chad stated that approximately two months ago, Julie Hannon, Parks and Recreation Director, City, was before the board regarding proposed amendments to the waterfront agreement that the city was requesting, and had to do with the timing on when the city's portion of the park improvements would be constructed and moving those deadlines out, mainly because of the weather this winter that have caused some delays. Gramor also had some requested changes, which are before the board.

Julie Hannon, Parks and Recreation Director, stated that right now they are in a little bit of a flux due to the consistent weather we are having. Up until this week the water level was hovering at about 14; 15 is really flood level. It dropped a bit last week pretty dramatically but it is still at about 12.5. The tricky part is some of the floor of the nearby shore way has shifted with the current rain and fast currents. Last week they completed a survey at the bottom of the shoreline and are still waiting to get the data from that before they can decide if there is a change in how they can stagger and stage the construction. Right now Tapani, who is doing the two sides of the park, the east and west side, are on a suspended contract and are not on the site at all. They have put in all utilities they can and have done all the work they can do. They really need the water to get down to about 9.5 before they can get back on site, so

they are still several weeks away from getting restarted. They are hoping that the survey information will give some alternates of staging the equipment and construction, but they don't have enough information yet to look at any firm deadlines.

Richard asked for purposes of the board making a recommendation to the City Council, this is undecided which is a little odd and asked how they can recommend anything.

Chad responded that staff would really like to get the board's input on the first two items and if the board has input on the others that would be great as well.

Richard asked Julie if the basic point was that they need money from Gramor in time to be able to finish the park.

Julie responded that right now the way the schedule is, or the way it is anticipated moving forward, payments would be set back according to the construction that is in the current schedule, so the timing of getting the money and the construction they don't anticipate that relationship changing. It is just when the dates are going to occur, so it's date certain in the contract, but she does not believe there is any disagreement on either party that the funding will have the same relationship to the contract and one payment will come in and the next payment will come in a year later and then one comes in on final completion. So those relationships will still stay intact, it is just when the first trigger point is and that is what they do not know, which triggers the rest of the payments.

Richard asked if how it works is to get the last payment on final completion.

Julie responded that has worked and that has been the understanding from the beginning.

Richard asked Chad if he could define the board's role with regards to this.

Chad responded that staff would like a recommendation from the Board to move forward with the changes to the agreement, to the extent that if the board wants to narrow that to the two items, that would be fine as well. Staff is comfortable working through the remaining details on the other items.

Matt Grady, Gramor Development, stated he was glad to hear these discussions going on today; he and Chad have been working together and he knew that the FAA description of what has happened and what they are asking for would probably be the most complex piece of information to educate people about, so Matt helped Chad work on some of the slides generated and shown today. The line of thinking from the partnership was that the FAA took a difference change. They extended their permits a second time and lasts for 18 months. The whole development agreement and the whole development plan and everybody's investment strategies were all devoted to assuming that there would be that much density in everything on this project site. There was a change in the way the FAA likes to review their rules and regulations and they came back and determined basically that the 178 feet above sea level was what determines the maximum allowable height, pretty much across the site. This impacts the middle to the western part of the site, which is where there is more density and there is also provisions in the development agreement which state maximum and minimum amounts of square-footage. The partners take on that is even though the FAA has limited a number of the stories, they as developers of the site want to be given the opportunity to build as many dwelling units as they can, so the maximum capacity was

3,300 dwelling units. They could lose 500 dwelling units with this exercise that is going on right now by the FAA, but this project is going to keep on going for many years. After these first six blocks get developed there are 15 more blocks to get developed and they want the ability to capture as much density as they can.

Trends may change and people may want smaller units and therefore they build more units so they can get back close to the 3,300 units, but it is going to be a test of time and there are market shifts which may happen and they want to be prepared as a developer. The city has devoted a huge sum of money for the most robust park ever. The roads are going in now, the lift station, which is almost completed and was built on the assumption of close to the maximum build-out, so they are not going to unwind the new lift station which is ready to go online. They believe it is premature to give up on the ranges of numbers of units which are allowed in a certain section within the development agreement, so today we are talking about what we know.

They know the FAA's stance right now and when they go to renew again maybe there will be another change and somebody says there is something different going on and the interpretation is the same regulations they had in 2009. They also do not know where the bridge is going, that bridge design was designed once already and pretty much ready to go and now it is going to go through another redesign and there is push to actually work on that bridge and that will have a huge impact of patterns coming out of Pearson Airfield. That dice has not been thoroughly cast yet and he believes that it is pretty premature of them to give up on the FAA heights that they know today.

Richard asked if they decided as a group not to go through an appeal process, if there is such a process, with the FAA.

Matt responded that they have conferred with consultants they hired out of Chicago and they have accepted the heights only for those blocks that they are developing right now. The rest of them are held in advance so he can go back to the FAA in Seattle and explain they have another buyer for say block 17 and they want a height certain, so they will accept their height and will go with it right now because the options right now do not say anything, which means that they are subject to the city's heights because you cannot go higher than the range that the city has allocated. So they are holding those in advance right now just to let them sit there, because if they actually make a decision on all the rest of the lots right now then they have tainted their ability to go back to Washington DC in front of a whole new committee and actually petition the FAA, which is going to be the next step. Right now they can hold the decision and not actually cast it to go against the FAA, which takes a process. They think with the test of time they can get the density back up to where the city believes it was going to be even with the reductions in stories.

Richard asked if Matt was okay with this interim approach as amended.

Matt responded that they are.

Board member Brad Hutton asked regarding parking where it indicates that the 15-year period was too long, and would it be temporary standards for 5 to 6 years or is the city asking them to fully improve it.

Chad responded that it would be almost fully improved and the one missing piece would be the internal landscaping that would be required typically, which would not apply.

David asked if the waterfront has the option to charge for that parking or is it just free for the use of the retail and the park.

Matt responded that they will be privately owned and operated, so the waterfront will be charging for parking, commensurate with the same amount of parking fees which will be instituted on the streets.

David commented if you have a 7 F.A.R. and you have so much height and you reduce that to 3.5, theoretically the math for the bulk of the building is the same and if there was any analysis in a previous versus now to meet that F.A.R. Do they become squattier or wider or not as much pin tower, as he thought at some point there was a discussion about more view corridors and the idea was with the higher height, a certain max F.A.R. promoted or allowed the use of pin towers and assumes that this would not because they are maximizing that under a lower F.A.R.

Matt responded to a certain degree, as you are talking about buildings which would still be up 14 stories, and whether somebody can actually come up with a design which still maximizes the density. If you have a hallway and you go double-loaded on both sides and come up with a certain width, then soon it becomes uneconomical to build even at a wider platform because you are trying to get bigger more square footage in a lower elevation. So there comes a point where you have to push and pull both of those factors together.

David asked if that maybe opens up the waterfront to opposition from a shoreline issue who want to argue the fact that now the view corridors have been reduced from earlier designs.

Matt responded that they really haven't got into that type of a discussion as nobody has got that far. People are still gulping at the fact that they got chopped down in elevation that nobody has really thought what a collection of towers look like now that they are squattier and fatter.

Jack commented on David's question and Matt's response that it does limit the options and makes for perhaps a less exciting plan overall.

Matt responded that he would have to agree with that.

Board member Marc Fazio stated he was a little disappointed with the FAA as this development agreement is 10 years old.

Motion by Debi Ewing, seconded by Brad Hutton, and passed unanimously to recommend to City Council the proposed changes to the Waterfront Development Agreement with Columbia Waterfront LLC with regard to surface parking lots and F.A.R.

1505 BUILDING (15TH AND MAIN)

Patrick Tiland, Tiland Schmidt Architects, and Albert Angelo, gave a brief presentation on their project on 15th and Main. Please see "1505 Building Plans" document.

Richard asked if this project would be going in this year or is it a next year deal.

Albert responded that it would be this year.

David asked if the current parking meets all the current codes relative to surface parking.

Chad responded yes it does.

Richard asked how they would accommodate bikes.

Patrick responded that they have a secure bike locker in the garage that will serve 12 bikes.

Albert stated that there will be a shower and some other amenities downstairs that could be used for co-op and they want to make this a spot that is synergistic with the uptown development and other folks on Main Street where you are getting that crossover appeal from either retail or office and biking up to the restaurants. They are flexible and have had a few possible tenants already.

Richard asked what types of retail they hoped to get in there.

Albert responded that right now it is looking more office than retail even on the ground floor. There are some new companies coming in from Portland and others that are on second basis and hopefully coming round for third. It might need more than one-story and if they need the full building and they are able to take it all then they can work around and be flexible.

OVERVIEW OF CITY TO CITY VISIT TO MINNEAPOLIS - ST. PAUL

Chad and Richard showed the board slides from their trip to Minneapolis and St. Paul.

OTHER BUSINESS

There was no other business to be addressed.

EXECUTIVE SESSION (AS NEEDED)

No executive session was needed.

PUBLIC TESTIMONY

Richard opened Public Testimony.

- Todd Boulanger, 215 W. 4th Street. Todd stated he had comments on almost every item. Admin meeting housekeeping; it is tough for the public to follow what goes on in these meetings; for example when the March 16th Minutes aren't on the website, meeting materials aren't put up, the Tower Mall item wasn't on the Agenda; the board members got a handout but the public could not see what was going on.

On the 1505 project per circulation, the west driveway entrance maybe too close to SR 500, especially when the Vine is loading. He is not sure that WSDOT really looked into that driveway when the Vine project went in, so the developer may want to check that.

Richard responded that is beyond the board's scope and suggested Todd put it in writing.

Regarding the waterfront development agreement he concurs and believes that Richard and other board members asked about the message and believes the FAA is being tarred unfairly regarding the building height issue. It is a more complex issue; Pearson Pilots and the market not supporting all of the floors that potentially the developers could build and he believes that is missing in the message.

David asked if he could retrace that statement as he is not following.

Todd responded that he had read in the Columbian, and can only know what he reads at this meeting, that for one of the initial buildings the number of floors was lower than what the FAA would allow. That would mean that it is the financial market that is potentially holding that building to reach the F.A.R. Overall he is saddened that the waterfront is proposing about 2,500 people. It has been sold to the public as being a much larger area given the investment. Specifically on the materials handed out, attachment figure H may need to be rechecked. The short-term F.A.R. may be as low as 2.95 based on figure H, and that was the figure with the additional request for more blocks to be surface parking and that F.A.R. of 2.95 is actually 35 percent lower than the minimum in the 2009 development agreement. Additionally, for the development agreement he would recommend massaging the topic of surface parking and maybe put in language regarding mechanical parking as an additional option versus just another parking lot that could be there 6, 10, 15 years. He supports the city's stance that it should not underwrite private parking, which is important given some of the issues in the past. He supports Marc's comments about Gramor seeking to work with FAA legally on raising the heights and maybe the city should request that the building structural design support the addition of additional floors in the future if the FAA changes its mind as it may.

Richard thanked Todd for his feedback and stated that everybody, including the developer, wants the ability to do taller buildings down the road and he is sure they will fight for that. He suggested Todd put his details in a memo for Chad to review.

Richard closed Public Testimony.

NEXT MEETING

There being no additional business, the meeting adjourned at 1:30 p.m.

The next regular meeting will be held on July 20, 2017, at 11:50 a.m. at City Hall, Council Chambers.

Approved:

Richard Keller, President



To request other formats, please contact: Rosemary Armour (360) 487-7813 | WA Relay 711 | TTY: (360) 487-8602 | rosemary.armour@cityofvancouver.us

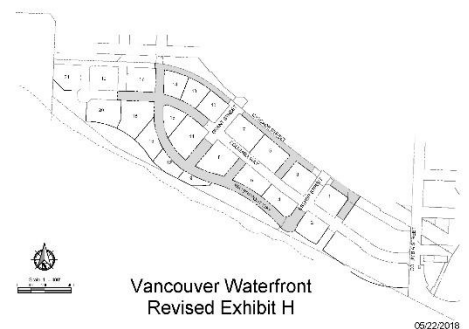
DEVELOPER EXCHANGE LAND (VANCOUVER WATERFRONT)

Various Streets in the Vancouver Waterfront, Including
Cascade Way & Waterfront Way
Vancouver, Washington 98660

APPRAISAL REPORT

Date of Report: July 31, 2019

Colliers File #: VAN190064



PREPARED FOR
Matt Grady
Columbia Waterfront, LLC
19767 SW 72nd Avenue, #100
Tualatin, OR 97062

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

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July 31, 2019

Matt Grady
Columbia Waterfront, LLC
19767 SW 72nd Avenue, #100
Tualatin, OR 97062

RE: Developer Exchange Land (Vancouver Waterfront)

Various Streets in the Vancouver Waterfront, Including Cascade Way & Waterfront Way
Vancouver, Washington 98660

Colliers File #: VAN190064

Mr. Grady:

This appraisal report satisfies the scope of work and requirements agreed upon by Columbia Waterfront, LLC and Colliers International Valuation & Advisory Services. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). My appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop an opinion of the Current Market Value (As Vacant) of the subject property's fee simple interest. Please refer to the Scope of Work and Extraordinary Assumptions regarding our valuation of the subject property. The following table conveys the final opinion of market value of the subject property that is developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Current Market Value ("As Vacant")	Fee Simple	July 19, 2019	\$12,170,000

The subject is a property which consists of a series of publicly dedicated right-of-way areas located throughout the Vancouver Waterfront development. These right-of-way areas, constructed by the developers as part of the Vancouver Waterfront development, are, in essence, a component of the larger mixed-use development, similar to streets dedicated as part of a subdivision. The subject property is irregular in shape and is broken into several components/streets. However, for purposes of this analysis and specified in the Extraordinary Assumptions below, the subject's shape is not factored into our valuation analysis. The subject property is a 6.65-acre area of various streets in the Vancouver Waterfront development, including Cascade Way & Waterfront Way, in Vancouver, Washington. The client has provided a site size for this right-of-way area, owned and dedicated to the City of Vancouver after being improved with street improvements by the developer of the Vancouver Waterfront, Columbia Waterfront, LLC. The subject property has been part of a long and complex process involving the re-development of the Vancouver Waterfront property, along with the construction of the West Vancouver Freight Access Project, as well as two new "tunnels" under the Burlington Northern Railroad Tracks connecting the Esther Short Park area with the new Vancouver Waterfront area.

As part of the Development Agreement, and with the construction of the road infrastructure in the Vancouver Waterfront, the City of Vancouver is now moving forward with the process of conveying ownership of an adjoining "Surplus Property" just NE of the subject property to Columbia Waterfront, LLC. However, before conveying ownership to our client, the City of Vancouver needs to compare the underlying land value of the subject property "As Vacant" with the underlying value of the Surplus Property. Columbia Waterfront, LLC, will then transfer ownership of the nearby Surplus Property to the Port of Vancouver, who will construct an extension of Cascade Street over the Surplus Property, providing north access to the Port of Vancouver parcels. The subject property has been improved with street improvements (curbs, gutters, asphalt paving, etc.). However, as discussed below, the subject property is being valued "As Vacant", in order to simply compare the underlying land value to the Surplus Property.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions". *USPAP* defines a Hypothetical Condition as, "that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at my opinion of value are fully discussed below. I advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

The subject property is not comprised of any individual tax parcels. Rather, the subject is publicly dedicated right-of-way owned by the City of Vancouver which was constructed as streets for the Vancouver Waterfront by the developer of the Vancouver Waterfront property and then dedicated to the City of Vancouver. For the purposes of this analysis, the client and the City of Vancouver are interested in comparing the underlying land value of the subject property site "As Vacant" with the value of a nearby Surplus Property owned by the City of Vancouver. Although the subject area is not a separate tax parcel and is not separately marketable, the Scope of Work for this appraisal assignment will value the subject property "As Vacant" on a "Price Per Square Foot" basis, with no site improvements, using comparable land sales of typical land sizes in downtown Vancouver. This concluded "Per Square Foot" land value will be assigned to the entire site area, with no differentiation with respect to the subject's shape, acknowledging the subject is part of a larger development site. This recognizes that the subject property is not a typical shape compared with other downtown Vancouver properties. We will make an attempt to adjust for the subject's larger, less marketable size. However, for the comparative purposes of this appraisal, this Scope of Work is considered reasonable given the scope of work for this appraisal assignment. This is considered a reasonable scope of work for this appraisal.

No other Extraordinary Assumptions were made for this assignment.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

RELIANCE LANGUAGE

My opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signature below indicates my assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**

Dean Meyer, MAI
Senior Valuation Services Director
Certified General Real Estate Appraiser
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CERTIFICATION OF APPRAISAL**ASSUMPTIONS & LIMITING CONDITIONS****ADDENDA**

Professional Service Agreement (PSA)	
Valuation Glossary	
Qualifications of Appraiser	
Qualifications of Colliers International Valuation & Advisory Services	

GENERAL INFORMATION

Property Name	Developer Exchange Land (Vancouver Waterfront)
Property Type	Land - Commercial Land
Address	Various Streets in the Vancouver Waterfront Including Cascade Way & Waterfront Way
City	Vancouver
State	Washington
Zip Code	98660
County	Clark
Core Based Statistical Area (CBSA)	Portland-Vancouver-Hillsboro, OR-WA
Market	Portland-Vancouver Metro Area
Submarket	Clark County
Latitude	45.623419
Longitude	-122.674193
Number Of Parcels	4
Assessor Parcels	Dedicated Right-of-Way
Census Tract Number	424.00

SITE INFORMATION

Land Area	Acres	Square Feet
Usable	6.65	289,780
Unusable	0.00	0
Excess	0.00	0
<u>Surplus</u>	<u>0.00</u>	<u>0</u>
Total	6.65	289,780
Topography	Generally Level at street grade	
Shape	Irregular	
Access	Good	
Exposure	Good	
Current Zoning	City Center (CX)	
Flood Zone	Zone X (Shaded)	
Seismic Zone	High Risk	

HIGHEST & BEST USE

As Vacant	Street Improvements As Part Of The Vancouver Waterfront Development
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EXPOSURE TIME & MARKETING PERIOD

Exposure Time	12 to 18 Months
Marketing Period	12 to 18 Months

VALUATION SUMMARY

VALUATION INDICES	CURRENT MARKET VALUE ("AS VACANT")
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	JULY 19, 2019

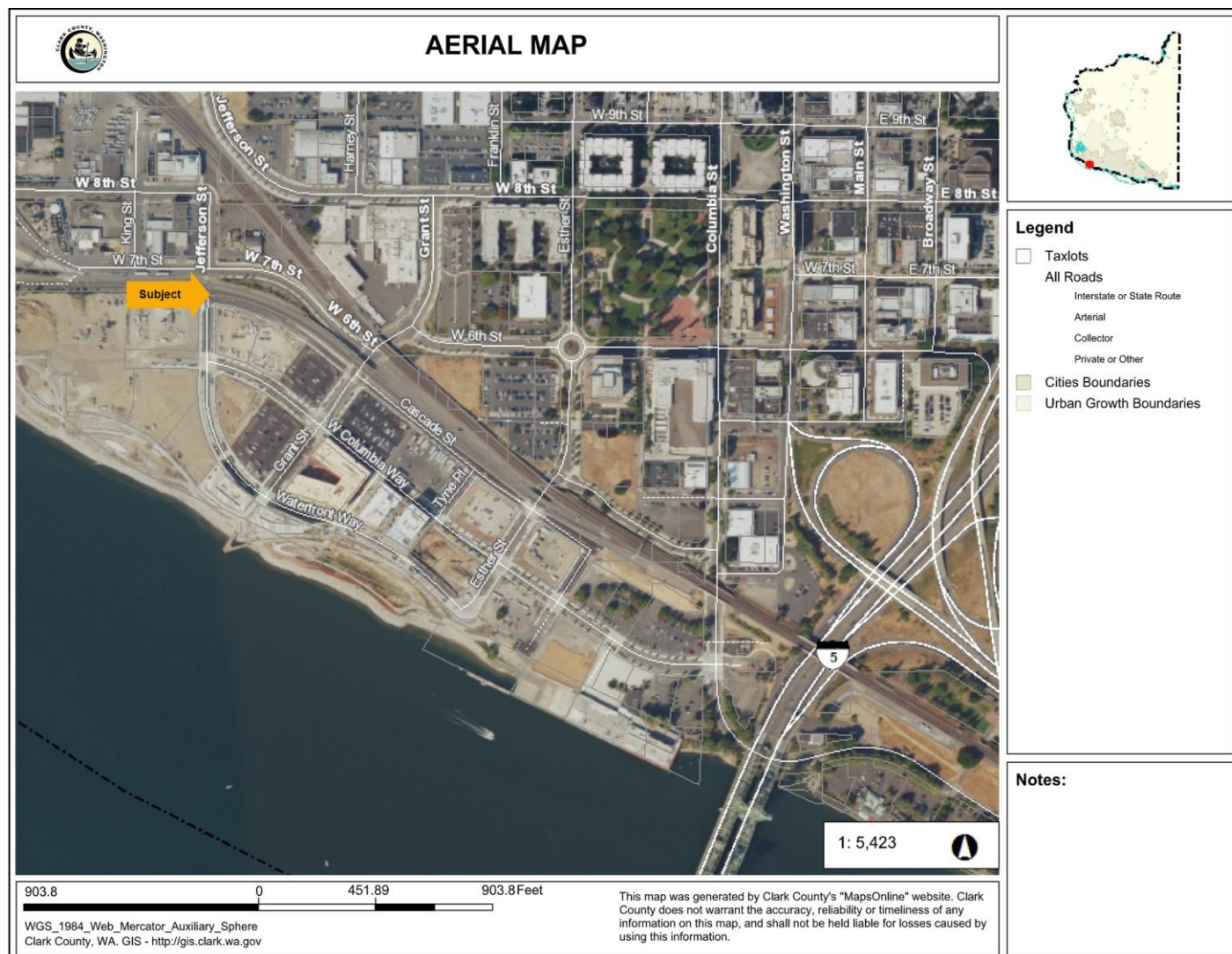
FINAL VALUE CONCLUSION

MARKET VALUE ("AS VACANT")	\$12,170,000
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LAND VALUATION

LAND VALUE ("AS VACANT")	\$12,170,000
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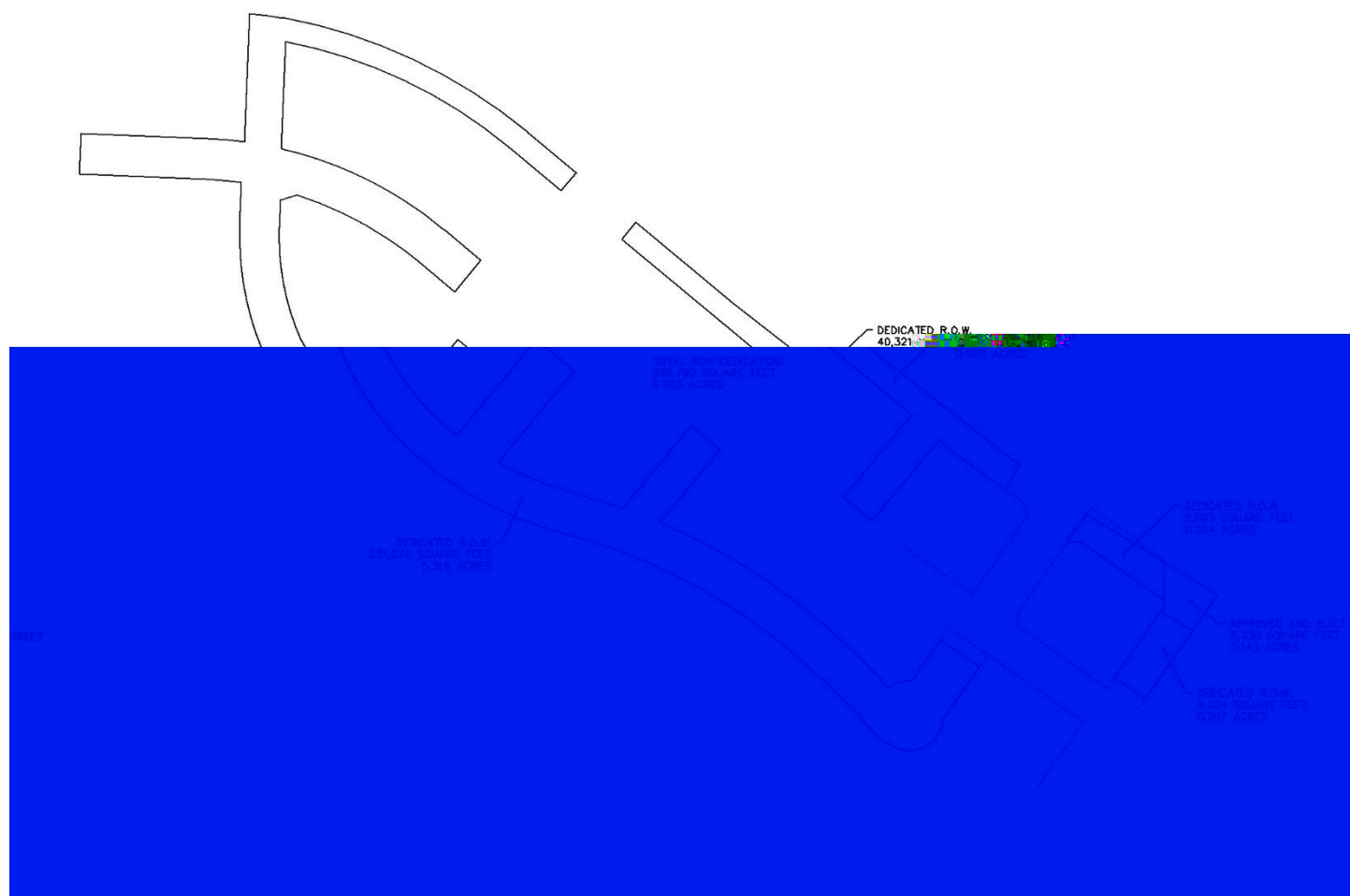
AERIAL PHOTOGRAPH



STREET MAP



STREET AREA MAP



SUBJECT PHOTOGRAPHS



**STREET SCENE: FACING WEST ALONG
CASCADE STREET FROM GRANT STREET**



**STREET SCENE: FACING EAST ALONG
CASCADE STREET FROM GRANT STREET**



**STREET SCENE: FACING SW ALONG
CASCADE STREET FROM WATERFRONT WAY**



**STREET SCENE: FACING SOUTH ALONG
WATERFRONT WAY AT CASCADE STREET**



**STREET SCENE: FACING SE ALONG
WATERFRONT WAY**



**STREET SCENE: FACING EAST ALONG
WATERFRONT WAY**



STREET SCENE: FACING NE ALONG GRANT STREET FROM WATERFRONT WAY



STREET SCENE: FACING NE ALONG PARKWAY PLACE FROM WATERFRONT WAY



STREET SCENE: FACING SE ALONG WATERFRONT WAY



STREET SCENE: FACING NE TOWARD INTERSECTION OF WATERFRONT WAY AND ESTHER STREET



STREET SCENE: FACING SW ALONG QUAYSIDE PLACE FROM CASCADE STREET



STREET SCENE: FACING SE ALONG CASCADE STREET FROM ESTHER STREET

PROPERTY IDENTIFICATION

The subject is a property which consists of a series of publicly dedicated right-of-way areas located throughout the Vancouver Waterfront development. The subject property is a 6.65-acre area of various streets in the Vancouver Waterfront development, including Cascade Way & Waterfront Way, in Vancouver, Clark County, Washington. There are no assessor's parcel numbers.

A detailed legal description was not provided.

SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- The appraiser analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends.
- The appraiser confirmed and analyzed legal and physical features of the subject, and how they impact the functionality and overall competitive position of the property.
- The appraiser completed an office and multi-family supply/demand market analysis of the Portland-Vancouver Metro Area market and Clark County sub-market. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraiser conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant.
- The appraiser confirmed and analyzed financial features of the subject property. This information, as well as trends established by confirmed market indicators, was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. This appraisal developed the Sales Comparison Approach (Site Valuation) approach to value as the sole indicator of value for the subject property. The subject property will first be valued on a "Per Square Foot" basis using land sales of a typical size and shape in the downtown Vancouver area. The concluded "Price Per Square Foot" will then be applied to the subject's entire site size, with no consideration given to the site improvements (street improvements) on the subject property. The client and the City of Vancouver will use this value to compare with the value of a nearby property in determining any compensation necessary in the transfer of this nearby parcel from the City of Vancouver to the client.
- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- I understand the Competency Rule of USPAP and the author of this report meets the standards.
- No one provided significant real property appraisal assistance to appraiser signing this certification.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Clark County Tax Assessor
Zoning Information	City of Vancouver Zoning Code
Site Size Information	Clark County Tax Assessor
New Construction	City of Vancouver / Clark County
Flood Map	InterFlood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	See Comparable Charts and Photo Pages for details
Subject Boundaries	Client

SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Dean Meyer, MAI	Yes	Site Only	July 19, 2019

CLIENT IDENTIFICATION

The client of this specific assignment is the Columbia Waterfront, LLC.

PURPOSE

The purpose of this appraisal is to develop an opinion of the Current Market Value ("As Vacant") of the subject property's fee simple interest.

INTENDED USE

The intended use of this appraisal is to assist the client in making internal business decision purposes regarding the details of the transfer of ownership of a nearby property to the client.

INTENDED USERS

Intended users of this report include the client, Columbia Waterfront, LLC. Additional intended users include the City of Vancouver. No other users are intended. Use of this report by Third-Parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	July 31, 2019
Date of Inspection	July 19, 2019
Valuation Date - As-Is	July 19, 2019

PERSONAL AND INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation.

PROPERTY AND SALES HISTORY

Current Owner

The subject property is currently public right-of-way which was constructed by Columbia Waterfront, LLC, and dedicated to the City of Vancouver to serve as access/circulation roads to the Vancouver Waterfront development, according to the Clark County Assessor's Office.

Three-Year Sales History

The Subject has not sold in the last three years.

Subject Sale Status

The subject is not currently listed for sale. According to Matt Grady, with Gramor Development, the subject property includes roads which are now public. These public right-of-way areas (public roads) were constructed by Columbia Waterfront, LLC, to serve the Vancouver Waterfront development. The subject property became involved around 12 to 14 years ago as part of a lengthy and complicated process of a Development Agreement between Columbia Waterfront, LLC (Developers of the Vancouver Waterfront), the City of Vancouver, Port of Vancouver, and Burlington Northern Railroad. Approximately 12 to 14 years ago, Columbia Waterfront, LLC, was making plans to develop the former Boise Cascade site and was working through a Development Agreement with the City of Vancouver. The Port of Vancouver was interested in improving access to the Port of Vancouver, further to the west/northwest, through the West Vancouver Freight Access Project. And Burlington Northern was planning to realign the railroad tracks to assist the Port of Vancouver with this access project, but also to allow for new "tunnels" being constructed at Esther Street and Grant Street, connecting the Esther Short Park area with the planned Vancouver Waterfront development, now being developed with vertical construction. Furthermore, the Port of Vancouver was involved in these planned projects because they own property immediately east of the subject property and is now interested in re-developing this property into a mixed-use development. As part of this Development Agreement, which has been modified several times, the City of Vancouver is to now transfer ownership of an adjoining property (Surplus Property) to Columbia Waterfront, LLC, with consideration to the value of the underlying subject land only, exclusive of the road improvements made by Columbia Waterfront, LLC, in the Vancouver Waterfront development. The subject property has not been listed for sale in the last 3 years and is not currently listed for sale.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the definition of Market Value is applicable. The definition of Market Value, along with all other applicable definitions for this assignment, is located in the Valuation Glossary section of the Addenda.

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

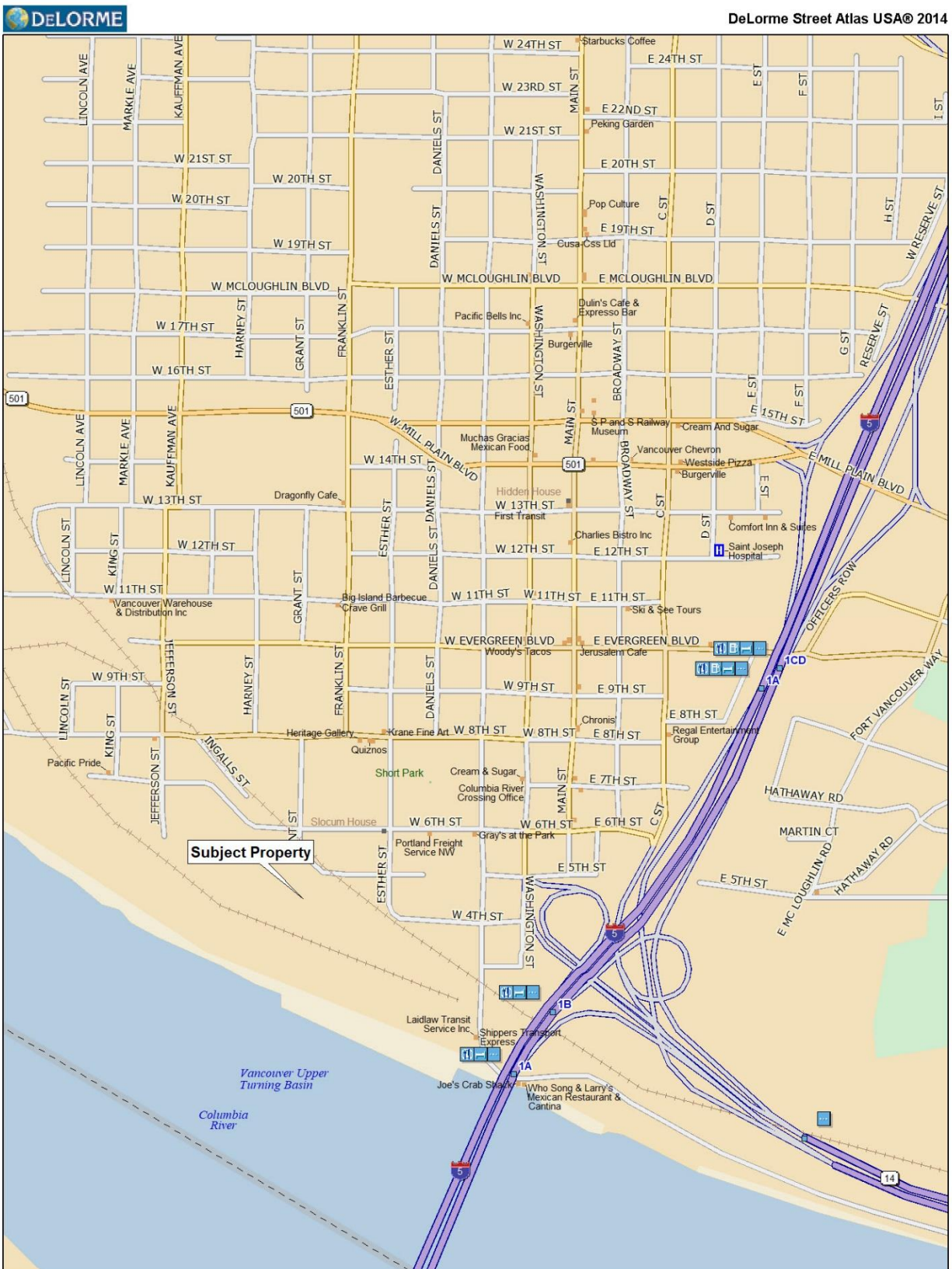
VALUE SCENARIOS

The valuation scenarios developed in this appraisal report include the Current Market Value ("As Vacant") of the subject property's fee simple interest.

REGIONAL MAP



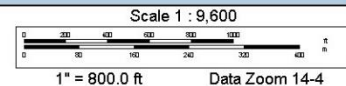
LOCAL AREA MAP



Data use subject to license.

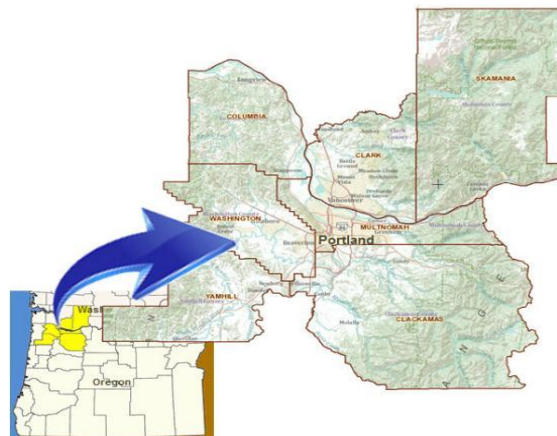
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REGIONAL ANALYSIS

Clark County is one of the 7 counties in Oregon and Washington within the Portland Metropolitan Statistical Area (MSA). It is located in the southwest section of the state of Washington, north of the Columbia River and Multnomah County Oregon. Clark County's 2018 population of 481,425 residents comprises roughly 20% of the total population for the entire Portland MSA. The city of Vancouver serves as the center for commerce and manufacturing within Clark County and is located directly across the Columbia River from the city of Portland.



DEMOGRAPHIC ANALYSIS

Based on regional data provided by Pitney Bowes/Gadberry Group – Groundview®, Clark County's population is anticipated to grow at a faster rate than both the State of Washington and the nation as a whole. While the median household income in Clark County is similar to the rest of the state of Washington, the median home value is slightly lower. Both regionally and statewide, more housing units are owner occupied rather than rented. Overall, the area has a growing population achieving wages higher than the national median and average, which is a positive for the region.

YEAR	US	WA	COUNTY	YEAR	US	WA	COUNTY
POPULATION				NUMBER OF HOUSEHOLDS			
2010 Total Population	308,745,538	6,724,540	425,363	2018	122,929,625	2,795,379	172,209
2018 Total Population	328,062,672	7,498,909	481,425	2023	126,604,011	2,901,737	180,828
2023 Total Population	339,788,898	7,964,865	515,450	CAGR	0.6%	0.7%	1.0%
2010 - 2018 CAGR	0.8%	1.4%	1.6%	AVERAGE HOUSEHOLD SIZE			
2018 - 2023 CAGR	0.7%	1.2%	1.4%	2018	2.60	2.63	2.78
POPULATION DENSITY				2023	2.62	2.69	2.83
2018 Per Square Mile	91	111	735	CAGR	0.13%	0.48%	0.40%
2023 Per Square Mile	94	118	787	HOUSING UNITS			
MEDIAN AGE				Owner Occupied	80,041,309	1,779,071	113,589
2018	37.35	37.07	37.54	Renter Occupied	42,888,316	1,016,308	58,620
2023	38.09	37.74	38.22	AVERAGE HOUSEHOLD INCOME			
CAGR	0.39%	0.36%	0.36%	2018	\$84,367	\$91,881	\$88,264
MEDIAN HOME VALUE				2023	\$100,862	\$108,814	\$104,615
2018	\$183,983	\$268,977	\$250,144	CAGR	3.6%	3.4%	3.5%
PER CAPITA INCOME				MEDIAN HOUSEHOLD INCOME			
2018	\$32,413	\$34,919	\$31,800	2018	\$58,828	\$66,860	\$66,992
2023	\$38,504	\$40,382	\$36,953	2023	\$70,600	\$79,241	\$78,764
CAGR	3.5%	2.9%	3.0%	CAGR	3.7%	3.5%	3.3%

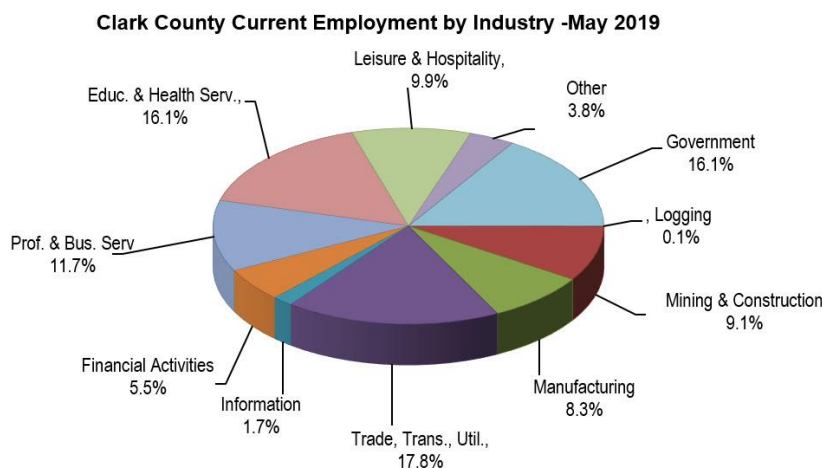
Source: Pitney Bowes/Gadberry Group - GroundView®

*Demographics present income projections in *constant dollars* (adjusted for inflation), rather than *current dollars* (not adjusted). All forecasts, are subject to demographer methodologies for modeling and definitional assumptions and procedures.

ECONOMY

Industry employment information from the Washington State Employment Security Department provides one of the best measures of state and local economic trends. It is important to note that eight out of eleven sectors have seen employment gains. The sectors that experienced gains are: Construction and Mining gained (+1,000 jobs or (+9.1%)), Education and Health Services gained (+500 jobs or (+16.1%)), Leisure and Hospitality gained (+500 jobs or (+9.9%)), Trade, Transportation and Utilities gained (+400 jobs or (+17.8%)), Financial Activities gained

(+300 jobs or (+5.5%), Professional and business services gained (+300 jobs or (+11.7%), Other services gained (+200 jobs or (+3.8%), and Government gained (+100 jobs or (+16.1%). Two employment sectors posted year over year losses - those sectors are: Information decreased by (-200 jobs or (-1.7%), and Manufacturing decreased by (-200 jobs or (-8.3%). One employment sector posted neither gains nor losses year over year - that sector is: Logging.



There are numerous large employers in Clark County; however, many employers have a larger presence on the Oregon side of the Portland MSA, which is where many residents of Clark County find employment. The following table lists the top employers in Clark County. The top employer in Clark County is PeaceHealth, which has recently expanded in East Vancouver.

TOP EMPLOYERS		
EMPLOYER NAME	EMPLOYEES	INDUSTRY
Peacehealth	4,571	Healthcare
Evergreen Public Schools	2,577	Education
Legacy Salmon Creek Medical Center	1,946	Healthcare
Battle Ground Public Schools	1,519	Education
The Vancouver Clinic Inc	1,374	Healthcare
Bonneville Power Administration	1,095	Communications
City of Vancouver	1,045	Government
WaferTech LLC	1,015	Communications
Camas School District No 117	793	Education

Source: Vancouver Business Journal as of 3/29/18

Residents in the region further benefit from the many large corporations, universities, hospitals and public sector (government) employers located in Portland. Regionally, the Ports of Vancouver and Portland serve as a West Coast hub for trade, commerce and travel. Also under the authority of the Port of Portland, Portland International Airport (PDX) accounts for the vast majority of passenger travel and air cargo in SW Washington and Oregon.

EMPLOYMENT

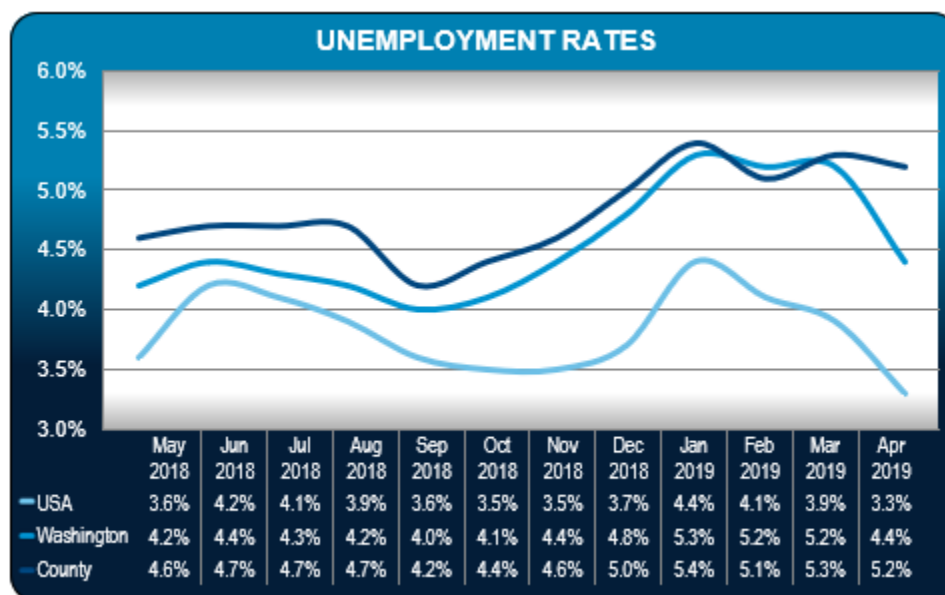
Triggered by the recession, there were three years of declines in the region beginning in 2009, but Clark County has since seen consecutive years of employment growth since. The most recent years of employment data (2009-2018) show employment growth, as well as a significantly decreasing unemployment rate.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2009 - 2018

TOTAL EMPLOYMENT					UNEMPLOYMENT RATE		
Year	Washington		Clark County, WA		United States*	Washington	Clark County, WA
	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2009	3,211,649	(2.4%)	190,185	(4.4%)	9.3%	9.2%	13.3%
2010	3,160,544	(1.6%)	188,628	(0.8%)	9.6%	10.0%	12.9%
2011	3,140,190	(0.6%)	186,816	(1.0%)	8.9%	9.3%	11.7%
2012	3,189,271	1.6%	189,704	1.5%	8.1%	8.1%	9.4%
2013	3,219,842	1.0%	190,701	0.5%	7.4%	7.0%	8.5%
2014	3,277,540	1.8%	194,319	1.9%	6.2%	6.1%	7.0%
2015	3,349,995	2.2%	200,230	3.0%	5.3%	5.6%	6.5%
2016	3,451,378	3.0%	207,286	3.5%	4.9%	5.3%	6.0%
2017	3,543,665	2.7%	215,888	4.1%	4.4%	4.7%	5.1%
2018	3,622,299	2.2%	219,230	1.5%	3.9%	4.5%	4.8%
2019 YTD May	3,876,783	7.0%	236,041	7.7%	3.4%	4.2%	4.8%

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate

Clark County's not-seasonally adjusted unemployment rate slightly wavered through the course of the last 12 months. The most current unemployment rate (May 2019) sits at 4.8%. As seen on the following graph, the unemployment rate in Clark County has typically been higher than the state and national averages each month.



SUMMARY

Employment gains throughout the last many years are noteworthy as evidenced by the highest employed level in the history of the MSA and the low annual unemployment rates. This trend of an increasing employment level and a stable to decreasing unemployment rate is expected to continue over the near term, as it did throughout 2017 and 2018. Most importantly, nearly all private-sector industries gained jobs over the year, indicating a broad-based and healthy economy. The positive employment indicators suggest good economic conditions overall.

LOCAL AREA ANALYSIS

The subject property is located in the downtown “core” area of the city of Vancouver, in Clark County. The subject property is located on the south side of the Burlington Northern Railroad Tracks, on publicly dedicated right-of-way within the Vancouver Waterfront blocks, many of which either have been or are currently being developed with a mix of commercial and multi-family residential uses. The subject’s immediate market is characterized as a mixed-use area, with office, multi-family, County-related buildings, and residential uses all in the area, and industrial uses at the extreme west end of the neighborhood. The following paragraphs summarize factors pertinent to the social, economic, and physical development of the market. The following paragraphs summarize factors pertinent to the social, economic, and physical development of the market area.

Demographics

The demographics for the subject’s local area are provided by (Pitney Bowes/Gadberry Group - GroundView On-line 2015), an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in *constant dollars* which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in *current dollars*, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2000 Population	6,609	53,132	189,032	2018	\$63,687	\$66,743	\$74,636
2010 Population	7,385	56,033	205,607	2023	\$80,173	\$80,532	\$89,015
2018 Population	8,443	62,113	228,782	Change 2018-2023	25.89%	20.66%	19.27%
2023 Population	9,055	65,692	242,897	MEDIAN HOUSEHOLD INCOME			
Change 2000-2010	11.74%	5.46%	8.77%	2018	\$41,690	\$48,530	\$55,800
Change 2010-2018	14.33%	10.85%	11.27%	2023	\$54,271	\$58,230	\$65,585
Change 2018-2023	7.25%	5.76%	6.17%	Change 2018-2023	30.18%	19.99%	17.54%
POPULATION 65+				PER CAPITA INCOME			
2010 Population	1,107	6,821	22,910	2018	\$33,109	\$28,314	\$29,477
2018 Population	1,478	8,957	29,745	2023	\$40,505	\$33,406	\$34,206
2023 Population	1,786	10,826	35,894	Change 2018-2023	22.34%	17.98%	16.04%
Change 2010-2018	33.51%	31.32%	29.83%	2018 HOUSEHOLDS BY INCOME			
Change 2018-2023	20.84%	20.87%	20.67%	<\$15,000	21.7%	13.2%	10.6%
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	12.7%	12.1%	10.7%
2000 Households	2,887	22,107	74,196	\$25,000-\$34,999	8.9%	10.2%	9.7%
2010 Households	3,536	23,959	83,564	\$35,000-\$49,999	13.9%	16.2%	14.1%
2018 Households	3,833	25,390	88,226	\$50,000-\$74,999	13.2%	18.1%	18.8%
2023 Households	4,020	26,287	91,235	\$75,000-\$99,999	11.9%	12.3%	13.1%
Change 2000-2010	22.48%	8.38%	12.63%	\$100,000-\$149,999	9.2%	10.4%	14.1%
Change 2010-2018	8.40%	5.97%	5.58%	\$150,000-\$199,999	5.0%	4.5%	5.0%
Change 2018-2023	4.88%	3.53%	3.41%	\$200,000 or greater	3.5%	3.0%	3.9%
HOUSING UNITS (2018)				MEDIAN HOME VALUE			
Owner Occupied	1,491	12,205	48,397	2018	\$209,934	\$204,403	\$247,499
Renter Occupied	2,399	13,173	39,852	AVERAGE HOME VALUE			
HOUSING UNITS BY YEAR BUILT				2018	\$237,840	\$236,546	\$279,497
Built 2010 or later	104	338	2,012	HOUSING UNITS BY UNITS IN STRUCTURE			
Built 2000 to 2009	671	2,786	11,626	1, detached	1,251	12,039	52,551
Built 1990 to 1999	268	3,138	10,344	1, attached	80	1,204	4,913
Built 1980 to 1989	175	1,874	6,976	2	241	2,565	5,090
Built 1970 to 1979	589	5,099	13,340	3 or 4	206	1,486	4,983
Built 1960 to 1969	417	3,186	9,120	5 to 9	204	1,359	5,436
Built 1950 to 1959	236	2,738	9,004	10 to 19	199	1,672	4,135
Built 1940 to 1949	250	2,854	7,874	20 to 49	292	1,379	3,288
Built 1939 or earlier	1,122	3,378	17,929	50 or more	1,120	2,490	5,456
				Mobile home	226	982	2,160
				Boat, RV, van, etc.	70	204	239

Source: Pitney Bowes/Gadberry Group - GroundView®

As noted in the table above, moderate population growth is anticipated to occur in the subject's market area (3-miles radius) over the next few years. This reflects the built-up character of the downtown area.

Residential Development

There is a considerable amount of residential development located in the subject's market area. Residential uses in the downtown area are primarily single-family residences located along the northern portion of downtown, primarily north of Mill Plain Boulevard and just west of the Interstate-5 freeway, with some older single-family residences on CX- and IL-zoned land northwest of the subject property. High-end apartment and condominium developments also exist along the Columbia River in the Tidewater Cove and Columbia Shores developments, and in the downtown "core" area. Residential uses in the downtown "core" area consist primarily of new condominiums constructed on the upper levels of the West Coast Bank, VancouverCenter, and Heritage Place mixed-use projects. The Uptown Village, further north of the downtown "core" area, consists of townhomes along Main Street, with some live-work units. And, as will be described below, the Vancouver Waterfront has added new multi-family units and will be adding more multi-family units to the market in 2019.

The residences in the area are commonly in average to good condition and were typically built in the 1960s and earlier. The average home price for single-family residences within a 3-mile radius of the subject property is \$236,546 (Pitney Bowes/Gadberry Group – GroundView Online). Homes are generally older and on small lots, as is typical of downtown residential areas. Many of the single-family homes along major thoroughfares and/or located around the “core” of downtown Vancouver have since been converted to commercial office uses, especially attorney’s offices in the areas east and south of the Clark County Courthouse.

Multi-family developments within proximity to the subject were generally built in the 2000’s and earlier and consist of mid-rise style facilities. There has been some multi-family development in the “core” area of the subject neighborhood, including Heritage Place and the Vancouver Center, both located near Esther Short Park. The Esther Short Commons project, located on the west end of the Esther Short Park, includes “for rent” apartments for residents at certain reduced income levels. There have also been scattered condominium conversions of older apartment buildings in the neighborhood. New development in downtown Vancouver includes The Vista Court Senior Housing apartment complex at West 14th and Esther Streets, completed in early 2012. Also, the Kirkland Union Plaza multi-family development for retired citizens is located along Mill Plain Boulevard and the Tinnakorn Loft units are under construction next to Kirkland Union Plaza. In the downtown “core” area, some apartments are proposed on the western portion of the Academy Site, along C Street, north of Evergreen Boulevard. This will be a positive impact on downtown Vancouver.

Prestige Plaza, a mixed-use project with 96 apartment units and ground floor commercial, was one of the first projects completed in recent years in downtown Vancouver. The same developer is now constructing Our Heroes Place, comprised of two adjacent projects (Ed Tower and Dollie Tower) and totaling 51 units. Construction was recently completed on a 6-story full-block apartment project called the Uptown (167 units), located on the full block bounded by Main Street, McLoughlin Boulevard, Washington Street, and West 17th Street, at the south end of the Uptown Village portion of downtown Vancouver. This project is located at the south end of the Uptown Village corridor of downtown Vancouver and will transform this area, bringing more residents downtown and enhancing the “critical mass” that is being sought for downtown Vancouver. The West 15 Apartments (120 units), a subsidized apartment project was completed in 2016 between Mill Plain Boulevard and 15th Streets, west of Columbia Street. The West 13 Apartments (96 units) were more recently completed in 2017 at Columbia and West 13th Streets. Another mixed-use project is proposed at the full block bounded by Washington, Main, 15th and 16th Streets, and a smaller project was recently completed (48 units) at the NE corner of 15th Street and E Street. Additional units are planned near Esther Short Park, showing a large concentration of new apartments being developed in the downtown “core” area of Vancouver. Also, The Holland Partnership recently revealed plans to construct a mixed-use project on Block 10, immediately NE of Esther Short Park. This project is proposed to include approximately 150,000 SF of office space, 125 units of housing, structured internal parking, and approximately 12,000 SF of retail and restaurant space on the ground floor. Also, the Holland has now begun construction of the 4th building in the Vancouver Center project. It will include 6 stories and 116 multi-family residential units and will continue to add to the “critical mass” in downtown Vancouver.

Waterfront Development

Columbia Waterfront LLC (a group of investors formed by Gramor Development, a local/regional developer), is now in the process of developing vertical buildings along the Waterfront neighborhood of Vancouver. This 35 acre area is just south of the downtown core and follows the Columbia River. The Vancouver Waterfront project has a long term tentative plan to be improved with an estimated 3,300 residential units (a mix of for-sale condos and apartments, as market conditions dictate), 1,000,000 SF of office space, and 250,000 SF of retail space. There is also a 7 acre park which was recently opened to the public in Fall 2018, and, more recently, now has a water feature completed in Summer 2019. With the current strong market conditions in the Portland region, as well as the recent successful absorption of at least one new, luxury property in Downtown Vancouver, the

developer is now constructing vertical apartment units in the first phase of the master plan. Phase 1 includes a pair of 2-story restaurant buildings which are now open and in the lease-up stage (intended to hold 2+ tenants each) on Blocks 9 and 12, Rediviva, a 7-story (55 to 60-Unit) apartment tower with ground floor retail (recently completed) on Block 6, The Murdock, a 7-story office building with about 60,000 SF of office space (anchored by the MJ Murdock Charitable Trust) and about 17,000 SF of ground floor retail space (recently completed), also on Block 6, and Riverwest, a 7-story (250-unit) apartment project on Block 8 (nearing completion). Another developer has an upscale hotel (138 Rooms) and condominiums (40 condo units) now under construction on Block 4, with ground floor commercial space. Several restaurants have announced plan to lease various space on the ground floor commercial space of these buildings.

More apartments are proposed for the area, showing a significant amount of new development to kickstart this major project in downtown Vancouver. This includes a wood-frame “all timber” apartment project on Block 3, a proposed 7-story, 239-Unit apartment building on Block 20. Most recently, a 12-story, 200-unit senior living building is now proposed on Block 18, with Blocks 18 and 20 located in the western portion of the Vancouver Waterfront. The Waterfront development is expected to have a positive impact on the appeal of Downtown Vancouver and the developer is planning to make the area very upscale, with ambitious planned retail, office, and apartment rent levels. Also proposed nearby is a re-development project by the Port of Vancouver, to include a mix of hotels, public space, and commercial space.

Commercial Development

Commercial development in the area is concentrated in the downtown “core” area, and along major thoroughfares, including Main and Broadway Streets, as well as Fourth Plain Boulevard and Mill Plain Boulevard. Other major transportation routes in the area include SR-14, which is an east/west freeway connecting downtown Vancouver with the Columbia River Gorge; and I-5, which is a major north/south freeway that connects downtown Vancouver to downtown Portland to the south and Seattle to the far north. The Downtown area was predominantly residential at one time with retail storefronts along Main and Broadway. Since then, the city has expanded and the demand for commercial products has led to numerous single-family conversions. Historical buildings exist throughout the area. The southern portion of town has since been redeveloped with newer, more intense, commercial development including: various mixed-use Class A office high-rises and civil and government buildings centered around the Courthouse and Citizens Service Center. Retail is scattered throughout downtown Vancouver, and consists of antique stores and consignment stores, with few retailers still operating. Former retail buildings such as Sparks Furnishings (Furniture Store) and Koplan’s Furniture have been purchased and renovated/converted to office/service uses.

In the downtown “core” area, there have been and are some additional planned development and upgrades around the downtown “core” of Vancouver. The former Vancouver City Hall was purchased by members of the Firstenberg family for use as office space and a parking garage. It has now been renovated and Berger Abam and Stewart Title Company are main tenants in the “Block 56” building which provides some creative office space. In the southern portion of the downtown “core” area, Killian-Pacific recently constructed the Hudson Building, a 3-story, 44,000 SF wood-frame and brick office building, with several banks, Killian-Pacific, and some other professional office tenants in the building. This building is now 100% leased as the newest office building in downtown Vancouver, with creative office space, exposed vaulted ceilings, and a considerable amount of natural lighting. Pacific Energy Concepts recently purchased a commercial building at 210 West 3rd Street and has completely renovated this building for their own occupancy as creative office space for their business. Ryan Hurley is now constructing a 6-level, 33,185 SF office condominium project just south of this property, with ground level parking for this property. A hotel is also planned along Columbia Street in this area.

Light and heavy industrial uses exist in the Columbia Business Center and the area west of the defined boundaries, in the Port of Vancouver neighborhood. In summary, the Downtown area consists mostly of older single-family residences to the north that transition to more intense commercial development to the south and

industrial uses along east/west boundary lines. South of SR-14 is the 248-acre Columbia Business Center, one of the largest industrial developments in the Portland area. This industrial park includes 26 buildings comprising roughly 2.3 million square feet of industrial space. Columbia Shores is another mixed-use development which resides west of the Columbia Business Center and includes: various office/retail buildings, Homewood Suites, Beaches and McMenamin's restaurant.

The subject's immediate area is the downtown "core" area of Vancouver, which has a mix of restaurant, service-oriented uses, and professional offices, in the southern portion of downtown Vancouver.

Community Services/Transportation

Community services and facilities are readily available in the area. These include public services such as fire stations, hospitals, police stations, and schools (all ages). The city also operates two police precincts with the Police Administration Building located next to Officer's Row. The Clark County Sheriff's Station, Jail, and Correction Facility also exist in the subject's neighborhood, next to the Courthouse.

The Mill Plain Extension facilitates industrial flow, linking the Port of Vancouver with Interstate-5 via Mill Plain Boulevard. Fourth Plain Boulevard has been reduced to two lanes (plus a center/third turn lane) east of the Burlington Northern Railroad Tracks in an attempt to focus industrial traffic onto the Mill Plain Boulevard extension and West 39th Street. The Port of Vancouver has now completed their long-term West Vancouver Freight Access Project which has improved access into and efficiency in and around the Port of Vancouver.

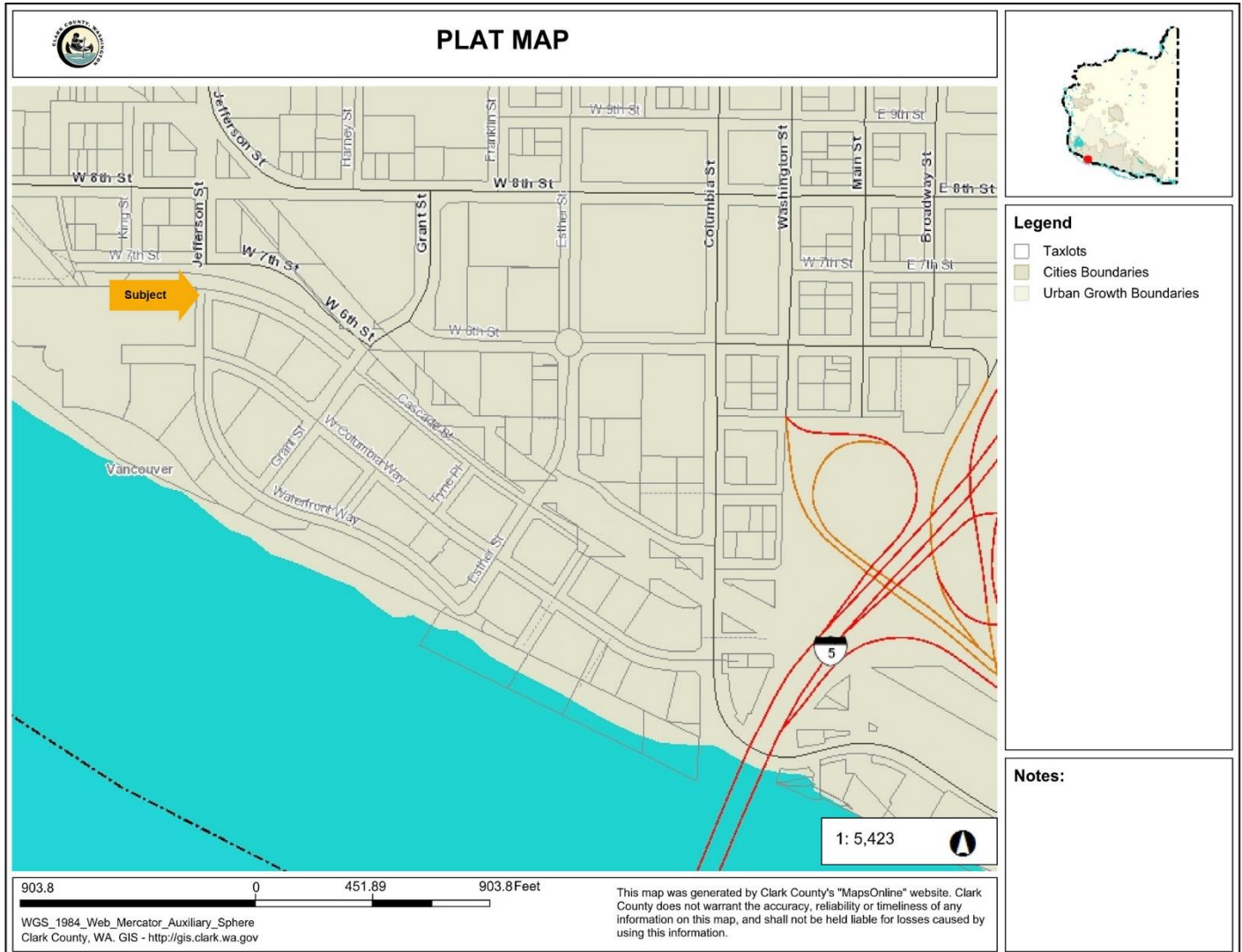
One road improvement/change is the extension of West 8th Street to Jefferson Street, where Jefferson Street extends north from West 8th Street. As the Vancouver Waterfront becomes more built-out and traffic increases, the City of Vancouver eventually plans to extend and realign Jefferson Street to Mill Plain Boulevard, near Markle Avenue to better facilitate traffic flow. This will be a positive for the western portion of the subject neighborhood with respect to exposure.

Public transportation, both bus and train, is available throughout and readily accessible from major freeways and thoroughfares. In addition, there are a number of parks in the area which adequately serve the subject's neighborhood. The primary focal point of downtown Vancouver is Esther Short Park, which has been completely renovated and improved with a Bell Tower, a brick plaza and water feature/stream designed for children, a playground, restroom facilities, and a rose garden, as well as a performing arts stage and grass lawn. The area is now an attractive setting for public gatherings and family-oriented/leisure activities.

SUMMARY

The subject is in an established area of Vancouver. Residential uses include older single-family development off the main thoroughfares and a significant amount of newer multi-family development in the downtown Vancouver area. The subject has a good location with respect to commercial services, thoroughfares, public transportation, and community services. Condition and appeal of the area is generally good. The area is anticipated to experience moderate growth in the foreseeable future. The growth in the immediate area is expected to be focused specifically on the Vancouver Waterfront property over time, which is located in close proximity to the tunnels at Esther and Grant Streets, connecting the Esther Short Park area with the Vancouver Waterfront property.

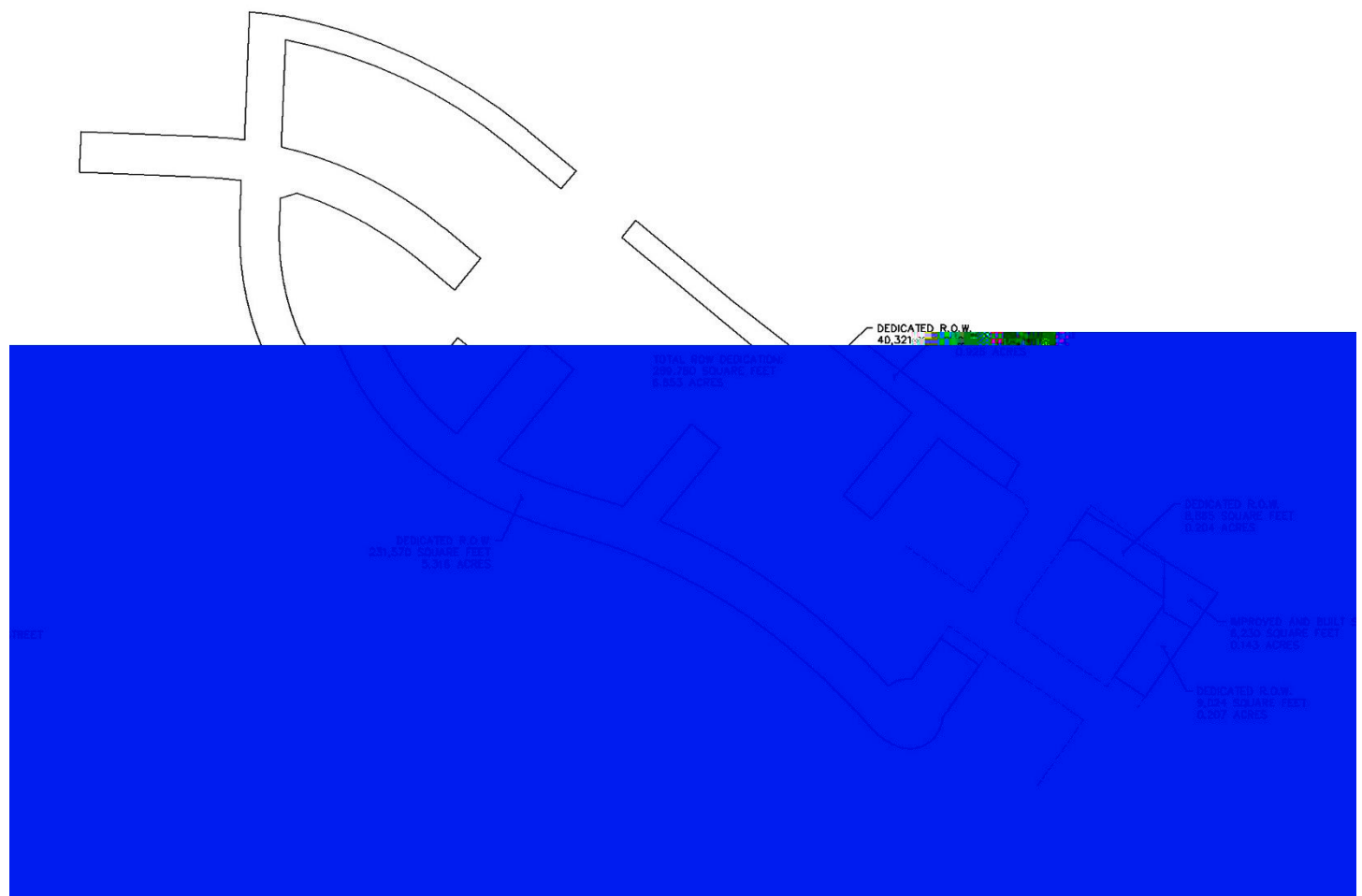
PLAT MAP



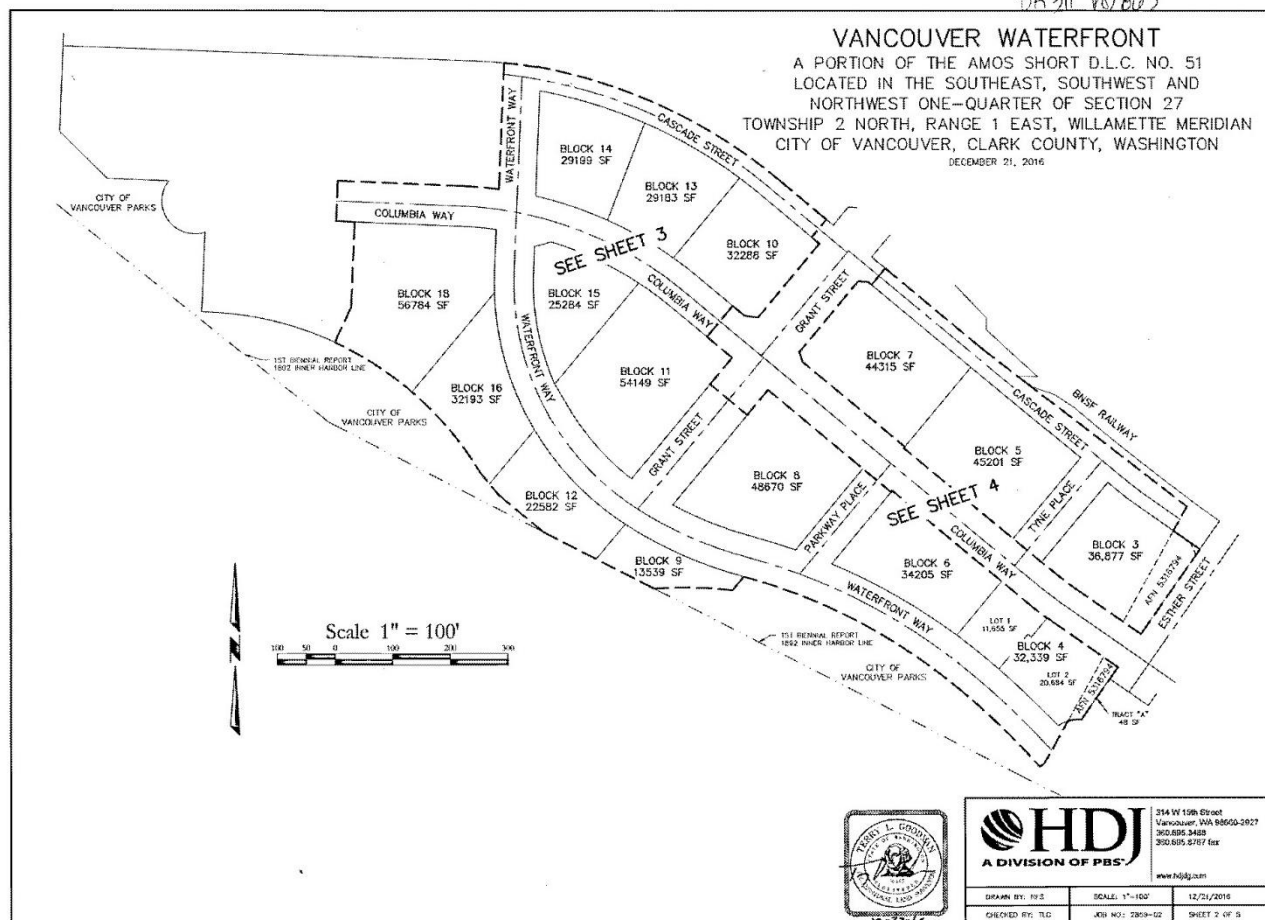
STREET MAP



STREET AREA MAP



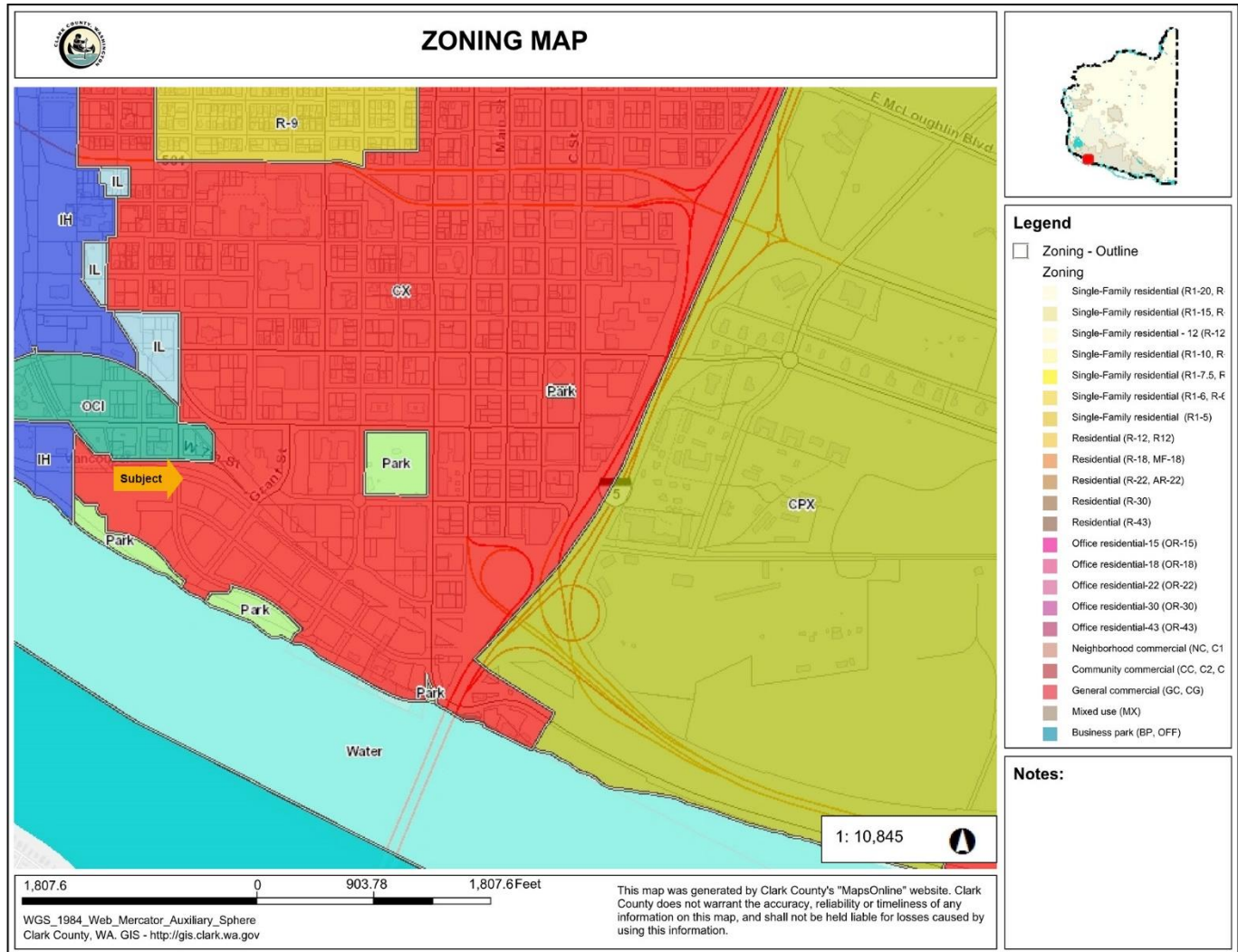
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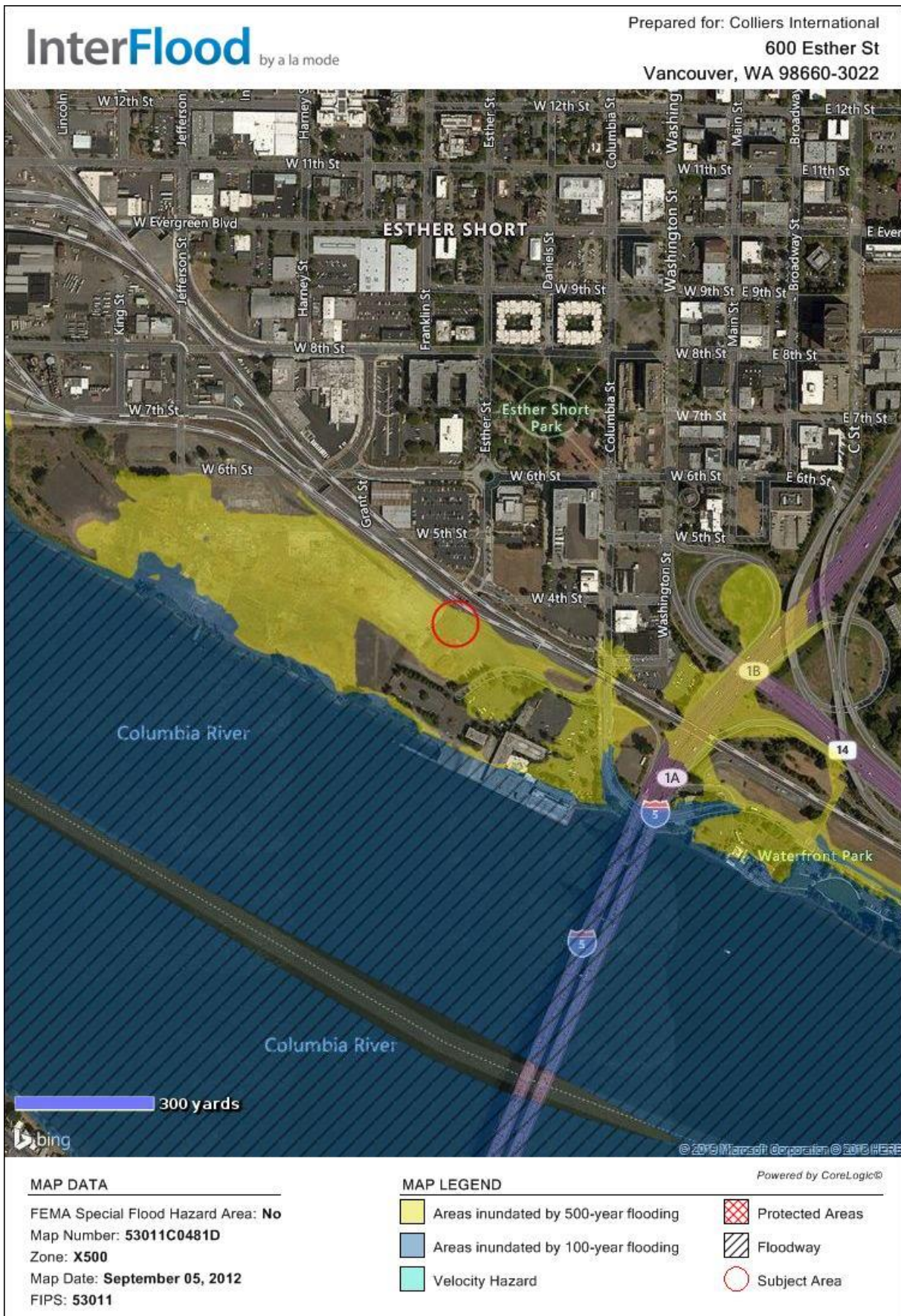
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ZONING MAP



FLOOD MAP



SITE DESCRIPTION

General Description

The subject site does not include individual tax parcels, as the subject site has already been dedicated to the City of Vancouver as Right-of-Way. Rather, the client has designated four (4) separate dedicated right-of-way areas as part of the public road infrastructure in the Vancouver Waterfront. As noted below, based on a survey of the subject property, the subject site has 289,780 SF (6.653 AC) of land area. We have shown these four dedicated right-of-way areas in the chart below. The area is estimated based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. Going forward, our valuation analyses will utilize the usable site area. The following discussion summarizes the subject site size and characteristics.

Adjacent Uses:

The subject property is bordered to the north by the Burlington Northern Railroad Tracks, to the south by the new restaurant buildings in the Vancouver Waterfront and the Columbia River, to the east by downtown commercial land owned by the Port of Vancouver, and to the west by additional blocks in the Vancouver Waterfront. The new Vancouver Waterfront development consists of a mix of commercial and multi-family residential uses, including restaurants and Class A office space, as well as retail space. This area, along with the nearby Esther Short Park on the north side of the Burlington Northern Railroad Tracks, is expected to become more intensely developed as downtown blocks, and the public areas are expected to continue as destination parks for Vancouver/SW Washington residents and a hub of activities and events.

Assessor Parcels See Multiple Parcel Chart For Breakdown

Number Of Parcels 4

Land Area	Acres	Square Feet
Primary Parcel	6.65	289,780
Unusable Land	0.00	0
Excess Land	0.00	0
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>
Total Land Area	6.65	289,780

Shape Elongated Irregular Shape. This is consistent with surrounding dedicated roads. The subject will be valued on a "Per Square Foot" value "As Vacant" by comparing the subject with land sales of more typical shapes and sizes in downtown Vancouver.

Topography Generally Level

Drainage Assumed Adequate

Utilities All available to the site

Street Improvements	Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetslights	Center Lane	Gutters
Columbia Way	Primary Street	two-way	two-lane	connector street	✓	✓	✓	✓	
Cascade Street	Secondary Street	two-way	two-lane	connector street	✓	✓	✓	✓	
Quayside Place	Secondary Street	two-way	two-lane	connector street	✓	✓	✓	✓	
Waterfront Way	Secondary Street	two-way	two-lane	connector street	✓	✓	✓	✓	

Frontage The subject property includes the above-mentioned streets and some other smaller stretches of public right-of-way in the Vancouver Waterfront development.

Accessibility Good - The subject has good access from the above-mentioned thoroughfares.

Exposure Good - The subject has good exposure from the above-mentioned thoroughfares.

Seismic High Risk. This is common for properties in SW Washington.

Flood Zone Zone X (Shaded). This is referenced by Community Number 0027, Panel Number 53011-C0481-D, dated September 05, 2012. Zone X (shaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Moderate risk areas within the 0.2-percent-annual-chance floodplain, areas of 1-percent-annual-chance flooding where average depths are less than 1 foot, areas of 1-percent-annual-chance flooding where the contributing drainage area is less

than 1 square mile, and areas protected from the 1-percent-annual-chance flood by a levee. No BFEs or base flood depths are shown within these zones. (Zone X (shaded) is used on new and revised maps in place of Zone B.)

Site Rating

Overall, the subject site, used in conjunction with the Vancouver Waterfront development, is considered a good to excellent commercial land site in terms of its location, exposure, and access to employment, education, commercial services, and a residential population base, recognizing its location in downtown Vancouver near the Columbia River, and adjacent to the Vancouver Waterfront blocks, which are currently being developed with a mix of commercial and residential uses.

Easements

A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised. This appraisal assumes that there are no negative value impacts on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Soils

A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

Hazardous Waste

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

ASSESSMENT & TAXATION

The subject property is located within the City of Vancouver municipality within the Clark County jurisdiction. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2019			Tax Rate	\$9.8757	
Tax Rate Area	37000			Taxes Current	Yes	
Taxes SF Basis	Total Land Area					
APN	LAND	IMPV	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
Dedicated R-of-Way	\$0	\$0	\$0	\$0	\$0	\$0
Dedicated R-of-Way	\$0	\$0	\$0	\$0	\$0	\$0
Dedicated R-of-Way	\$0	\$0	\$0	\$0	\$0	\$0
Dedicated R-of-Way	\$0	\$0	\$0	\$0	\$0	\$0
Totals	\$0	\$0	\$0	\$0	\$0	\$0
Total/SF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Base Tax						\$0
Total Base Tax Per SF						\$0.00

Source: Clark County Assessment & Taxation

Assessment & Taxation Description

Since the subject property is publicly dedicated right-of-way, there are not assessed values assigned to the subject property.

ZONING ANALYSIS

The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Vancouver Planning & Zoning Department
Current Zoning	City Center (CX)
Permitted Uses	Multi-family, Retail, Office, Residential, Light Industrial, Medical
Current Use	Dedicated and Improved Public Right-of-Way
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely
ZONING REQUIREMENTS	
Conforming Use	There are a variety of commercial uses which represent a conforming use within this zone.
Minimum Site Area (SF)	None
Minimum Yard Setbacks	
Front (Feet)	None
Rear (Feet)	None
Side (Feet)	None
Maximum Site Coverage	100%
Maximum Building Height	100-200 Feet

Source: City of Vancouver Planning & Zoning Department

Zoning Conclusions

Based on the interpretation of the zoning ordinance, a wide variety of commercial and mixed-uses are outright permitted uses for the subject site that could be rebuilt if unintentionally destroyed.

MARKET ANALYSIS

This section provides a study of office supply/demand conditions for the Portland-Vancouver Metro Area Market and Clark County Submarket, since the subject's surrounding area includes components which would most likely be office. In addition, because the subject area is also being developed with multi-family components, we will also discuss market conditions in the multi-family market. These findings are used to support my conclusions for the competitive position and exposure period for the subject property.

OFFICE

Therefore, this section provides a study of office supply/demand conditions for the Portland-Vancouver Metro Area Market and Clark County Submarket. These findings are used to support my conclusions for the competitive position and exposure period for the subject property.

PORTLAND-VANCOUVER METRO AREA OFFICE MARKET

The following is an analysis of supply/demand trends in the Portland-Vancouver Metro Area Office Market using information provided by CoStar. The table below presents historical data for key market indicators.

PORTLAND-VANCOUVER METRO AREA HISTORICAL STATISTICS (LAST FIVE YEARS)					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2014	103,262,392 SF	1,222,611 SF	1,781,725 SF	8.4%	\$20.88/SF
2015	103,336,501 SF	285,799 SF	344,330 SF	7.9%	\$22.24/SF
2016	104,571,183 SF	1,447,140 SF	1,406,353 SF	7.4%	\$23.61/SF
2017	104,900,307 SF	501,617 SF	818,826 SF	7.2%	\$24.41/SF
2018	106,638,941 SF	1,824,221 SF	1,034,524 SF	7.3%	\$25.74/SF
CAGR	0.6%	-	-	-	4.3%

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.

Source: Costar®

PORTLAND-VANCOUVER METRO AREA TRAILING FOUR QUARTER PERFORMANCE					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2018 Q3	106,060,658 SF	187,932 SF	256,874 SF	7.1%	\$25.53/SF
2018 Q4	106,638,941 SF	614,349 SF	289,343 SF	7.4%	\$26.40/SF
2019 Q1	106,736,001 SF	97,060 SF	155,852 SF	7.3%	\$26.64/SF
2019 Q2	106,731,845 SF	0 SF	(132,013) SF	7.4%	\$27.09/SF

Source: Costar®

PORTLAND-VANCOUVER METRO AREA MARKET TREND ANALYSIS			
	Q2 2019	2018	Last 5
Total SF	106,731,845	106,638,941	104,541,865
Vacant SF	7,927,885	7,731,323	7,957,727
Market Vacancy	7.4%	7.3%	7.6%
Construction Growth Rate	0.0%	1.7%	0.6%
Absorption Rate	(0.1%)	1.0%	1.0%
Average Asking Rent/SF	\$27.09	\$25.74	\$23.38

Source: Costar®

Portland-Vancouver Metro Area Market Conclusion

Based on the preceding analysis, the Portland-Vancouver Metro Area office market demonstrates relatively sound fundamentals and has shown considerable improvement from the 2008 economic downturn. The Portland market is benefiting from an improving economy that has recovered around 90% of jobs lost during the Great Recession. Many local businesses have again begun to expand their footprints and new start-ups have emerged. The growth has been met with diminishing availabilities, especially among large blocks of space. While there remain ample options for large users in the CBD, large blocks of high end office space are scarce in suburban

submarkets. Portland has seen a tendency for traditionally large tenants (legal or finance users, for example) to consolidate and downsize while creative (such as software or design firms) users have shown a tendency to expand their footprints. As can be seen in the charts above, there has been a stabilizing trend in vacancy rates and upward pressure on rents over the past 5 years, with more of a stabilizing in vacancy rates in recent quarters.

CLARK COUNTY OFFICE SUBMARKET OVERVIEW

The following is an analysis of supply/demand trends in the Clark County Office Submarket using information provided by CoStar. The table below presents historical data for key market indicators.

CLARK COUNTY HISTORICAL STATISTICS (LAST FIVE YEARS)					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2014	11,081,286 SF	118,895 SF	17,627 SF	10.4%	\$18.59/SF
2015	11,049,241 SF	0 SF	139,249 SF	10.0%	\$18.80/SF
2016	11,259,224 SF	258,383 SF	424,335 SF	8.0%	\$19.12/SF
2017	11,315,766 SF	59,700 SF	162,008 SF	7.0%	\$20.04/SF
2018	11,452,498 SF	139,432 SF	209,423 SF	6.1%	\$20.36/SF
CAGR	0.7%	-	-	-	1.8%

*Supply numbers based on information which is amended/updated on an on-going basis by CoStar.

Source: CoStar®

CLARK COUNTY TRAILING FOUR QUARTER PERFORMANCE					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2018 Q3	11,358,066 SF	0 SF	22,693 SF	6.1%	\$19.67/SF
2018 Q4	11,452,498 SF	94,432 SF	154,721 SF	5.6%	\$20.83/SF
2019 Q1	11,473,743 SF	21,245 SF	24,355 SF	5.5%	\$22.74/SF
2019 Q2	11,473,743 SF	0 SF	9,811 SF	5.4%	\$22.96/SF

Source: CoStar®

CLARK COUNTY MARKET TREND ANALYSIS			
	Q2 2019	2018	Last 5
Total SF	11,473,743	11,452,498	11,231,603
Vacant SF	624,385	696,312	931,998
Market Vacancy	5.4%	6.1%	8.3%
Construction Growth Rate	0.0%	1.2%	0.7%
Absorption Rate	0.1%	1.8%	1.7%
Average Asking Rent/SF	\$22.96	\$20.36	\$19.38

Source: CoStar®

Clark County Submarket Conclusion

The Clark County Submarket demonstrates a similar trend to the greater Portland-Vancouver Metro Area Market. Over the last five years (2014-2018), the vacancy rate ranged from 6.1% to 10.4%; however, as of the most recent (2nd) quarter in 2019, vacancy increased slightly to 5.5% from the previous quarter (1Q 2019) of 5.4%. Over the last 4 quarters, there has been a relatively stable trend in vacancy rates and positive absorption, with only a limited amount of new construction. Total net absorption from 2014 through 2018 was positive and was positive during the last four quarters. Asking rents during the past five years ranged from \$18.59 to \$20.36/SF and have exhibited mixed trending as of the most recent quarters, with the trend generally being office tenant “shifting” between buildings, both in downtown Vancouver and the suburbs, and not so much an influx of new office tenants into Clark County.

In regards to new construction, there have been very limited new buildings constructed. Near downtown Vancouver, Killian-Pacific constructed a build-to-suit office building for Home Depot’s Quote Center. Also, in the

downtown Vancouver area, along the Columbia River, a new 7-story, 70,000 SF office building was recently completed in the Vancouver Waterfront development, anchored by the MJ Murdock Charitable Trust.

In the suburban neighborhood of Camas along NW Lake Road, Matt Olson recently developed the 87,500 SF Dwyer Creek Business Center, an office/commercial building with a lower level, main level, and 2nd level, consisting of a mix of uses, including an indoor shooting range on the lower level, a mix of flex and commercial space on the main level, and some 2nd floor speculative office space. This reflects some speculative office/commercial space in the subject's immediate Camas area.

In the suburbs, there has generally been limited new construction of suburban office space, as rents have not yet increased enough to justify new construction. This has helped suburban office buildings maintain high occupancy in a strengthening economic and sub-market. Overall, the Clark County Submarket is expected to follow the trends of the larger Portland Market.

MULTI-FAMILY

In this section, an overview of market conditions which influence the marketability of the subject property as an apartment site will be considered. The major factors requiring consideration are the supply and demand conditions that influence multi-family development.

For purposes of this section, apartment complexes within the subject's market area will be analyzed. Emphasis is placed on facilities within proximity to the subject property. The following paragraphs discuss existing development (including projects under construction) and potential inventory will be analyzed. Demand will also be analyzed by examining vacancy, unemployment, and demographic and employment trends.

Existing Supply

A mix of apartment types has been built throughout the city. Vancouver is extensively populated with garden-style communities ranging from 100 to 300 units that were built in the 1970s through the present. These properties have typically been built in suburban neighborhoods of the city. The downtown core has seen primarily elevator-served development of both market and restricted rent nature with and without ground floor commercial space. There are also a few older elevator-served and "bricker" vintage properties in the downtown area but there has been a significant amount of recent apartment development in downtown Vancouver.

Proposed Supply

The number of multi-family building permits issued provides an indication of the potential future supply of multi-family units. (It is important to note that these permits include "For Sale" condominiums and attached homes, as multi-family rental apartment permits are not available.) The following is a profile of historical multi-family building permits issued in Vancouver and Clark County since 2000:

MULTIFAMILY BUILDING ACTIVITY		
Year	City of Vancouver	Clark County
2000	261	562
2002	519	620
2003	693	769
2004	426	575
2005	248	257
2006	586	595
2007	453	547
2008	177	188
2009	9	19
2010	55	107
2011	84	235
2012	214	338
2013	656	1,166
2014	614	748
2015	721	1,088
2016	397	750
2017	1,369	1,840
2018	797	1,026
2019 (February)	292	265

Source: U.S. Bureau of the Census & HUD

Due to the current strong apartment market conditions, multi-family construction has become more consistently feasible in good locations within Vancouver. It is noted that multi-family development in Clark County has historically been almost exclusively located in Vancouver but is now taking place in unincorporated areas such as Orchards in developments such as the Fountain Village Apartments. Market conditions in downtown Vancouver are currently strong, with little to no vacancy in smaller mixed-use projects such as the Murray's Corner and Ludesher mixed-use development. The Murray's Corner owner reports few vacancies in these units, with tenants often staying in their unit for several years. Also, the owner of the Ludesher building next door to the north of Murray's Corner has reported that his 9 units have remained full, acknowledging that he feels like he has kept his rents low in order to maintain 100% occupancy. The Prestige Plaza Apartments, completed in 2014, are now reported to have all of the 96 units leased, reflecting strong market conditions for apartments in downtown Vancouver. This development sold to an investor, prompting additional construction of apartment units in downtown Vancouver, described previously. Overall, the supply of apartment units is expected to continue to expand over the near term. As illustrated in the above chart, the trends show that 2017 was a "peak" year for new construction in the City of Vancouver and in unincorporated Clark County. 2018 showed a reduction in the number of units constructed in the City of Vancouver and in unincorporated Clark County. This is likely going to point towards the market approaching a saturation point in downtown Vancouver, although there is no evidence that this has yet been reached.

Planned/Developing/Recently Completed Supply

At this time, the appraisers are aware of several sites in downtown Vancouver which are known to be in various stages of preliminary planning, under construction, or recently completed. With the subject's location in the downtown "core" area of Vancouver, we have focused on the proposed projects in downtown Vancouver. The following table shows proposed and developing multi-family projects in the subject's immediate market.

POTENTIAL, DEVELOPING, and RECENT MULTIFAMILY ACTIVITY - CITY OF VANCOUVER

Proposed/Planning	Address	Submarket	# of Units
Vancouver Center South Tower	6th & Washington	Downtown	113
Esther Apartments	West 6th Street & Esther Street	Downtown	127
Jefferson Apartments	Jefferson Street & W. 8th Street	Downtown	89
Block 10	Columbia Street & West 8th Street	Downtown	250
Academy Apartments (Phase 1)	Evergreen Boulevard & C Street	Downtown	110
Academy Apartments (Phase 2)	East 11th Street	Downtown	240
Developing	Address	Submarket	# of Units
Our Heroes Place Apartments	Mill Plain Boulevard & D Street	Downtown	51
Block 6 (Waterfront)	West Columbia Way	Downtown	55
Block 8 (Waterfront)	West Columbia Way	Downtown	220
Clark	701 East McLoughlin Boulevard	Downtown	24
Recently Constructed	Address	Submarket	# of Units
The Uptown	Main Street & McLoughlin Boulevard	Downtown	167
Broadway	1901 Broadway Street	Downtown	48
Midtown	500 East 15th Street	Downtown	48
13 West Apartments	13th & Columbia Streets	Downtown	92
Herby ekoHaus	16th & C Streets	Downtown	18
Lincoln Place	1351 W. Lincoln Avenue	Downtown	30
15 West Apartments	401 West 15th Street	Downtown	120
Hamilton	2000 Broadway Street	Downtown	48
Prestige Plaza	307 East Mill Plain Boulevard	Downtown	92

Source: Colliers International Valuation & Advisory Services

As shown above, there are numerous moderate and large-scale apartment projects either planned or developing at this time in the greater Vancouver area, including the subject block. Other planned apartment units in the downtown “core” area include two phases of apartments, including ground floor commercial space, next to The Academy historical property at Evergreen Boulevard and C Street. It is noted that the vacant parcel approximately two blocks south of the subject is expected to be improved with the South Tower building, which will be part of the VancouverCenter development and will add 113 units. This project is expected to begin construction in Spring/Summer 2019. In addition, the Uptown (167 units recently completed in 2018) and 610 Esther (119 units proposed) properties, as well as other multi-family developments in the Vancouver Waterfront are also in Downtown Vancouver and will add to the local competitive supply of market rate units.

DEMAND

Demand for newer apartment units is most typically measured by general demographic trends (including population and employment growth). Vacancy rates, rent trends, and concessions also provide direct source of measuring apartment demand.

Projected Population

As shown in Local Area analyses, moderate to strong population and household growth is anticipated for the area over the next five years. The charts below summarize the expected population growth that will fuel apartment demand over the near term. Overall, demand for apartments and the subject’s units is expected to increase.

POPULATION			
	1 MILE	3 MILES	5 MILES
2000 Population	9,167	68,906	205,591
2010 Population	9,315	74,661	227,678
2017 Population	10,189	81,438	250,230
2022 Population	10,731	87,457	269,758
Change 2000-2010	1.61%	8.35%	10.74%
Change 2010-2017	9.38%	9.08%	9.91%
Change 2017-2022	5.32%	7.39%	7.80%

Source: Pitney Bowes/Gadberry Group - GroundView®

HOUSEHOLDS			
	1 MILE	3 MILES	5 MILES
2000 Households	4,205	28,290	81,259
2010 Households	4,314	31,502	92,549
2017 Households	4,528	33,419	98,316
2022 Households	4,715	35,593	104,562
Change 2000-2010	2.59%	11.35%	13.89%
Change 2010-2017	4.96%	6.09%	6.23%
Change 2017-2022	4.13%	6.51%	6.35%

Source: Pitney Bowes/Gadberry Group - GroundView®

Unemployment Trends

Clark County has elicited low unemployment rates over the last decade, which, coupled with increasing overall total employment, bodes well for the apartment market. The last three years (2015-2017) show strong employment growth. While the current 2018 numbers show a slight decline in county employment, as well as a small increase in the overall unemployment rate, the current figures are still strong and much improved from the post-recession figures of 2009. While the current number of employed is slightly lower than the 2017 annual figures, this is likely due to seasonal employment shifts, and the number of employed is anticipated to increase in the summer months. The Clark County unemployment rate tends to follow national business trends and remain close to Washington state's overall figures. Overall, it is evident that positive employment growth is occurring in the Clark County, which is expected to continue over the near term.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2008 - 2017							
TOTAL EMPLOYMENT					UNEMPLOYMENT RATE		
Washington		Clark County, WA			United States* Washington Clark County, WA		
Year	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2008	3,291,309	1.5%	198,972	1.1%	5.8%	5.4%	7.5%
2009	3,211,649	(2.4%)	190,185	(4.4%)	9.3%	9.2%	13.3%
2010	3,160,544	(1.6%)	188,628	(0.8%)	9.6%	10.0%	12.9%
2011	3,140,190	(0.6%)	186,816	(1.0%)	8.9%	9.3%	11.7%
2012	3,189,271	1.6%	189,704	1.5%	8.1%	8.1%	9.4%
2013	3,219,842	1.0%	190,701	0.5%	7.4%	7.0%	8.5%
2014	3,275,753	1.7%	194,621	2.1%	6.2%	6.1%	7.0%
2015	3,345,496	2.1%	200,483	3.0%	5.3%	5.7%	6.5%
2016	3,444,126	2.9%	207,514	3.5%	4.9%	5.3%	6.0%
2017	3,547,430	3.0%	215,782	4.0%	4.4%	4.8%	5.1%
2018-Feb	3,564,199	0.5%	214,233	(0.7%)	4.4%	5.3%	5.6%

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate

SUMMARY OF APARTMENT MARKET ANALYSIS

General economic conditions are improving in the Portland MSA (inclusive of Clark County) as elicited by a decreasing unemployment rate coupled with an increased employed level (net positive job growth). On a more local basis, unemployment has been dropping in Clark County as well. Vancouver rent growth has been positive and occupancy rates have remained relatively stable, despite increases in multi-family supply. It is important to note that this new supply will provide some competition for the subject, depending on which projects get built next, for the projects in the downtown "core" area of Vancouver, and the brand new supply is expected to compete at similar rent levels. Overall, current market conditions indicate strong demand for well-located units and the subject is located in a developing area of the downtown "core" area of the Vancouver Waterfront.

Investor Demand

Multi-family and mixed-use commercial lenders in downtown Vancouver are paying close attention to absorption rates for newly constructed projects to help determine the point at which downtown Vancouver is approaching a “saturation point”, and particular attention will be paid to the Vancouver Waterfront projects on Blocks 6 and 8, to see how these projects absorb higher-end apartment units. Furthermore, due to the current amount of single-family residential, multi-family residential, and commercial/industrial construction taking place in Clark County, coupled with increases in the prices of building materials, there is a concern that these increased construction costs will make it more difficult for projects to show financial feasibility.

Based on the sales used in this analysis, and the development of multi-family projects in downtown Vancouver, the proposed purchaser of the Block 10 property just NE of Esther Short Park has proposed a mix of office, multi-family, structured internal parking, and ground floor retail and restaurant space, in an 11-story office tower and 7-story residential tower with workforce housing. This shows demand for downtown commercial land.

Overall, there is expected to be continued demand for downtown commercial land, as new development in downtown Vancouver is anticipated in the near future. This, coupled with the limited supply of prime blocks of downtown land such as the Block 10, is going to increase demand for the subject property area in downtown Vancouver. The Vancouver Waterfront project, coupled with the Port of Vancouver’s proposed mixed-use development, is expected to transform the area along the Columbia River, west of Interstate-5.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys.

The availability of acquisition financing also factors into exposure time and marketing period. My review of the local capital market indicates that adequate financing options would have been available to consummate a sale of the subject on the date of value. Given the above analysis, the subject’s exposure/marketing period conclusions are summarized below.

Exposure Time Conclusion

12 To 18 Months

Marketing Period Conclusion

12 To 18 Months

HIGHEST AND BEST USE ANALYSIS

This section develops the highest and best use of the subject property as-vacant and as-improved. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

As-Vacant Analysis

Permitted uses of the subject's City Center (CX) zoning were listed in the Zoning Analysis section. Regarding physical characteristics, the subject site is elongated and irregular in shape, but serves as road area/infrastructure for the Vancouver Waterfront development. The subject property has good access and good exposure. Overall, the subject property is part of a larger development which is expected to be developed over time with a mix of commercial and residential uses. Based on my observations of land development trends for sites with similar zoning and physical characteristics as the subject and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is street improvements as part of the Vancouver Waterfront development.

VALUATION METHODS

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

The appraisal process, which is applied to most real estate properties, is designed to evaluate all factors that influence value. Regional and market area information has been presented to inform the reader of general outside influences that may affect value. In addition, the subject property has been described and the highest and use concluded. The following section deals directly with the valuation of the property.

The **Sales Comparison Approach** is used to estimate this value through a Land/Site Valuation. The other standard approaches to value, including the cost approach and the income approach, are not typically used when estimating land value and they are not applicable for this analysis. The sales comparison approach is briefly defined below.

LAND VALUATION

As previously discussed within the Valuation Methods section, the subject is valued as one marketable economic site in this appraisal. The most relevant unit of comparison is the price per square foot, as it best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning. A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. Overall, the sales selected represent the best comparables available for this analysis. The subject property includes various streets and street improvements developed by the client and circulating throughout the Vancouver Waterfront development. We will first estimate a “Per Square Foot” value “As Vacant” for the general subject area in/near the Vancouver Waterfront, based on the underlying zoning designation for the Vancouver Waterfront blocks (CX). This will be done by using downtown land sales in Vancouver and typical sizes of downtown land sales, and then applying this “Per Square Foot” value to the square footage indicated by the streets comprising the subject (6.653 AC), from the Survey Map provided by the client. Finally, at the end of this valuation section, we will make a discount for the subject’s large size as part of a larger development. We will not analyze or conclude any value for the site improvements on the street areas but will rather estimate a value of the subject property “As Vacant”.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase such as demolition costs and market conditions. The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	July 2019	(As-Is)	3%

The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

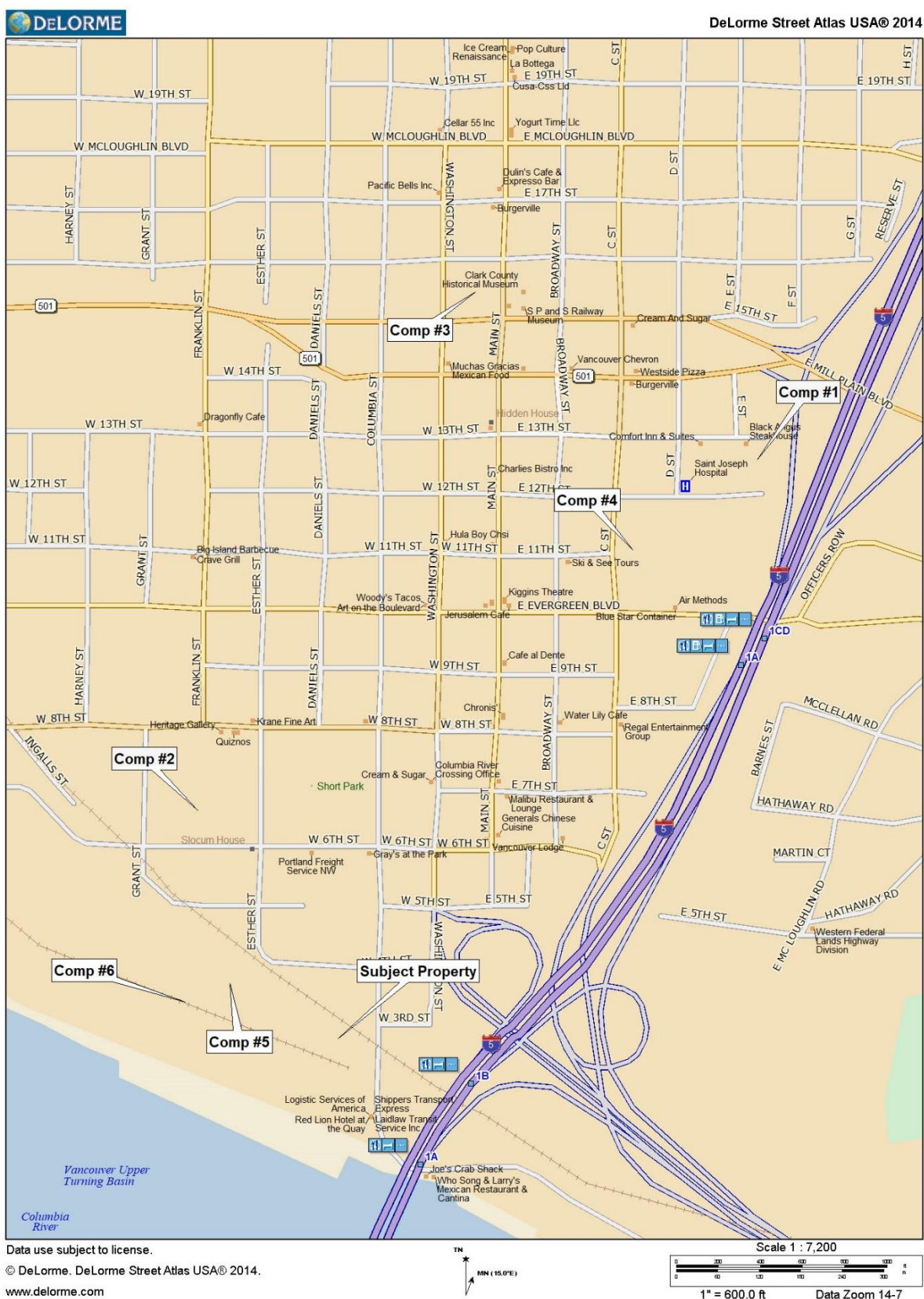
Qualitative adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate my logic in deriving a value opinion for the subject site.

Presentation

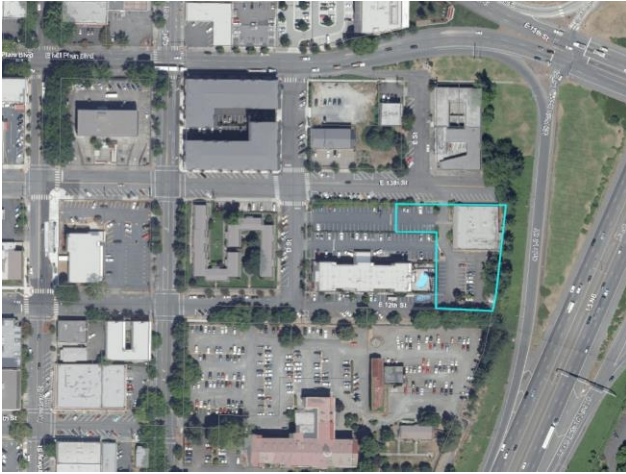
The following Land Sales Summation Table, Location Map and plat maps summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

LAND SALES SUMMATION TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Developer Exchange Land (Vancouver Waterfront)	Black Angus Property	Esther Apartment Site	15th & Main Full Block	Academy Mixed-Use Land Sale	Vancouver Waterfront (Block 4)	Vancouver Waterfront (Block 3)
Address	Various Streets in the Vancouver Waterfront Including Cascade Way & Waterfront Way	415 East 13th Street	550 W 6th St	1506 Main St	1015 C Street	Esther Street & West Columbia Way	West Columbia Way & Esther Street
City	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver
State	WA	WA	WA	WA	WA	WA	WA
Zip	98660	98660	98660	98660	98660	98660	98660
County	Clark	Clark	Clark	Clark	Clark	Clark	Clark
APN	Dedicated Right-of-Way	039431-001	49443-000	046390-000, 046485-000, 047283-000, 047280-000, 04	986035-621, 986035-622, 039224-000	986041-169 & 986041-168	986041-167
PHYSICAL INFORMATION							
SF	289,780	39,805	36,278	44,875	96,267	32,306	37,785
Location	Excellent	Average/Good	Good	Average/Good	Average/Good	Excellent	Excellent
Exposure	Good	Average	Average	Average	Average/Good	Good	Good
Access	Good	Average/Good	Average/Good	Good	Average/Good	Good	Good
Shape	Irregular	L-shaped	Rectangular	Square	Irregular	Rectangular	Square
Site Utility Rating	Average	Average	Average	Average	Average	Good/Excellent	Good/Excellent
Zoning	CX (City Center)	CX (City Center)	CX (City Center)	CX (City Center)	CX (City Center)	CX (City Center)	CX (City Center)
Flood Zone	Zone X (Shaded)	None	None	None	None	None	None
Corner	Yes	No	No	Yes	No	No	No
Topography	Generally Level	Level	Level	Level	Level	Level	Level
SALE INFORMATION							
Date		6/15/2017	4/11/2017	12/19/2017	11/16/2018	8/3/2017	6/18/2018
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$2,461,875	\$2,400,000	\$2,700,000	\$5,494,573	\$3,250,000	\$4,250,000
Analysis Price		\$2,461,875	\$2,400,000	\$2,700,000	\$5,594,573	\$3,250,000	\$4,250,000
\$/SF Land		\$61.85	\$66.16	\$60.17	\$58.12	\$100.60	\$112.48

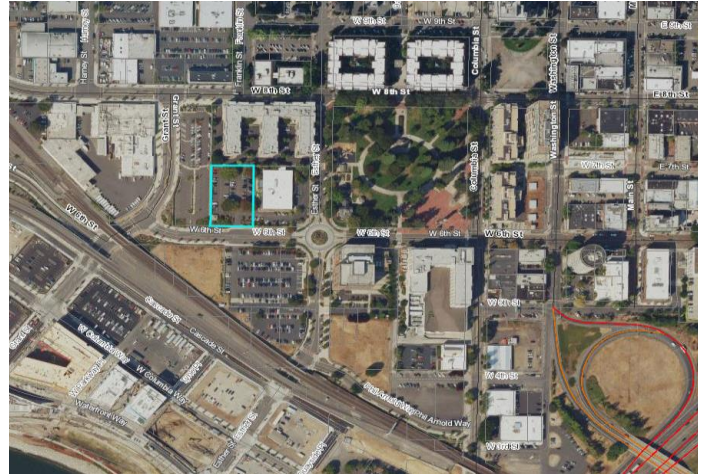
LAND SALES LOCATION MAP



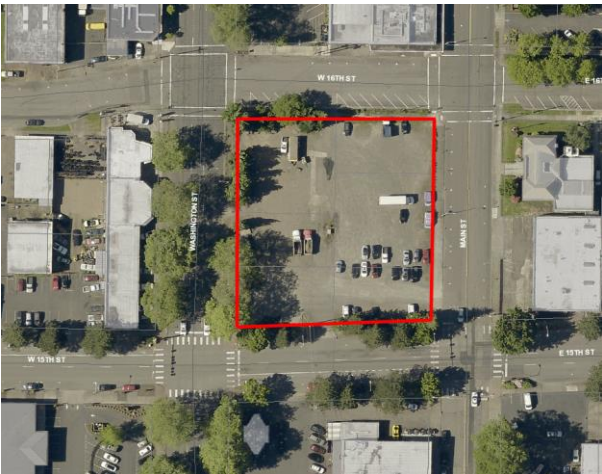
LAND SALES EXHIBITS



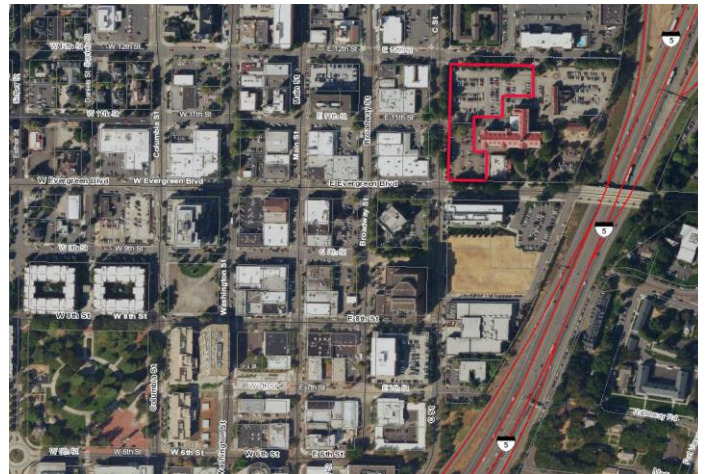
COMPARABLE 1



COMPARABLE 2



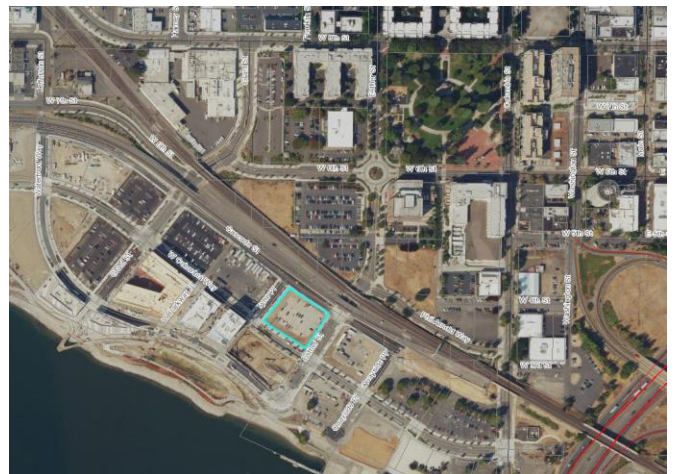
COMPARABLE 3



COMPARABLE 4



COMPARABLE 5



COMPARABLE 6

LAND SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Developer Exchange Land (Vancouver Waterfront)	Black Angus Property	Esther Apartment Site	15th & Main Full Block	Academy Mixed-Use Land Sale	Vancouver Waterfront (Block 4)	Vancouver Waterfront (Block 3)
Address	Various Streets in the Vancouver Waterfront including Cascade Way & Waterfront Way	415 East 13th Street	550 W 6th St	1506 Main St	1015 C Street	Esther Street & West Columbia Way	West Columbia Way & Esther Street
City	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver
APN	Dedicated Right-of-Way	039431-001	49443-000	046390-000, 046485-000, 047283-000, 047280-000, 04	986035-621, 986035-622, 039224-000	986041-169 & 986041-168	986041-167
SF	289,780	39,805	36,278	44,875	96,267	32,306	37,785
Location	Excellent	Average/Good	Good	Average/Good	Average/Good	Excellent	Excellent
Exposure	Good	Average	Average	Average	Average/Good	Good	Good
Access	Good	Average/Good	Average/Good	Good	Average/Good	Good	Good
Shape	Irregular	L-shaped	Rectangular	Square	Irregular	Rectangular	Square
Site Utility Rating	Average	Average	Average	Average	Average	Good/Excellent	Good/Excellent
SALE INFORMATION							
Date		6/15/2017	4/11/2017	12/19/2017	11/16/2018	8/3/2017	6/18/2018
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price		\$2,461,875	\$2,400,000	\$2,700,000	\$5,594,573	\$3,250,000	\$4,250,000
Price/SF		\$61.85	\$66.16	\$60.17	\$58.12	\$100.60	\$112.48
TRANSACTIONAL ADJUSTMENTS							
Property Rights		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions¹		6%	7%	5%	2%	6%	3%
Subtotal Transactional Adj Price		\$65.56	\$70.79	\$63.18	\$59.28	\$106.64	\$115.85
PROPERTY ADJUSTMENTS							
Location		Inferior	Inferior	Inferior	Inferior	Similar	Similar
Exposure		Inferior	Inferior	Inferior	Sl. Inferior	Similar	Similar
Access		Sl. Inferior	Sl. Inferior	Similar	Sl. Inferior	Similar	Similar
Site Utility Rating		Similar	Similar	Similar	Similar	Superior	Superior
TOTAL ADJUSTED PRICE		\$65.56	\$70.79	\$63.18	\$59.28	\$106.64	\$115.85
STATISTICS	UNADJUSTED	ADJUSTED					
LOW	\$58.12	\$59.28					
HIGH	\$112.48	\$115.85					
MEDIAN	\$64.01						
AVERAGE	\$76.56	\$80.22					

¹ Market Conditions Adjustment: 3%

Date of Value (for adjustment calculations): 7/19/19

LAND SALES ANALYSIS

In this analysis, six comparable land sales were researched in order to estimate a land value for the subject property. An attempt was made to find comparable land sales in the subject's immediate downtown "core" CBD area, of a typical size, acknowledging that the subject's size is larger than this typical size, as it is comprised of publicly dedicated right-of-way which totals 6.65 Acres. Also, the subject's shape is irregular, as the subject is comprised of various streets in and around the Vancouver Waterfront development. As will be mentioned below, due to the apartment market conditions which have strengthened in the past couple of years, driving new construction of apartment and mixed-use projects, there have been some sales for large blocks recently which suggest a trend of some upward pressure on downtown land values, especially for full/large blocks, likely due to the limited supply of available properties. However, in recent years, due to the volume of single-family residential, multi-family residential, and commercial/industrial construction in Clark County, coupled with the increases in construction costs for certain materials, the appreciation in land values has been tempered as developers attempt to achieve financial feasibility for certain projects.

The above land sales indicate a relatively wide range of land value for the subject property of between \$59.28 and \$115.85 per square foot.

The low end of the range is indicated by Comparable 3 (\$63.18), the sale of a full block site bounded by 15th, Main, 16th, and Washington Streets in downtown Vancouver. According to the broker, the buyer plans to develop a mixed-use project, primarily apartments, with some commercial space planned for the first floor. However, this comparable is slightly inferior to the subject property with respect to location and exposure, as it is located further from Esther Short Park, which has been the focal point of development activity and pedestrian traffic. It is slightly superior to the subject property with respect to access. Overall, it is considered to be a slightly low value indicator for the subject property.

The upper end of the range is indicated by Comparables 5 (\$106.64) and 6 (\$115.85). Comparable 5 (\$106.64) is the sale of the site currently being developed with the Hotel Indigo and Kirkland Tower projects in the Vancouver Waterfront. However, downward pressure was placed on this sales price because there was a restriction on this property of only a hotel. Comparable 6 (\$115.85), Block 3, is the most recently closed sale in the Vancouver Waterfront. It was purchased by an apartment developer who has initially proposed a timber-construction apartment project (5-over-1), but an exact unit count was not available. It is located at the NW corner of Esther Street and Columbia Way, immediately south of the Burlington Northern Railroad Tracks. These comparables are similar to the subject with respect to location, exposure, and access. However, as part of an approved Master-Planned Development, they are considered superior with respect to site utility. Overall, Comparables 5 (\$106.64) and 6 (\$115.85) are therefore considered to be upper limit value indicators for the subject property.

Comparable No. 2 (\$70.79) is the 2017 sale of a commercial site in downtown Vancouver, purchased for the development of a downtown apartment complex. The site was originally purchased from the City of Vancouver in January 2015, and the more recent 2017 sale actually reflects an internal transfer between some related parties involved in the development partnership. However, based on our interviews of the parties involved, the buyer and seller attempted to structure this sale at market, so it is utilized in this analysis. It is slightly inferior to the subject property with respect to its location near Esther Short Park, along with its slightly inferior exposure. Overall, however, it is located in relative close proximity to the Vancouver Waterfront development and is considered to be a good value indicator for the subject property.

Comparable No. 4 (\$59.28) is the sale of a commercial parcel in downtown Vancouver, along C Street. It was formerly part of the same ownership as The Academy historical property, which is generally located between East Evergreen Boulevard and East 11th Street, between C Street and Interstate-5. This is a surplus portion of

the historical property which had previously been used as surface parking leased to various office tenants in downtown Vancouver. It was sold as a mixed-use (apartment-commercial) site in downtown Vancouver which is planned to be developed with 110 apartment units to be located over 1st floor commercial retail/service space. It has been adjusted for the buyer's obligation to demolish the adjacent El Presidente restaurant, with the demolition costs estimated at \$100,000, which seems reasonable. Overall, it is a recent sale. However, it is considered to be inferior to the subject property with respect to location, exposure, and access. Therefore, it is considered to be a slightly low value indicator for the subject property.

Comparable 1 (\$65.56) is the sale of the Black Angus site, purchased by a local developer for ultimate re-development. It is currently developed with the Black Angus Restaurant and has some Interstate-5 exposure. Overall, however, it is inferior to the subject property with respect to location and exposure, and slightly inferior with respect to access. Therefore, it is considered a good, but slightly low indicator of value for the subject property.

Factors placing upward pressure on the subject's value are its "prime" location in the downtown CBD "core", its water view/orientation on the south side of the Burlington Northern Railroad Tracks, and its orientation as part of the Vancouver Waterfront development, where there has been a considerable amount of development activity and there is market demand for commercial space and apartment units. Therefore, the subject property is considered to be a desirable piece of commercial property in downtown Vancouver, in the Vancouver Waterfront development.

However, the current construction climate in Clark County and the upward pressure on development costs, both hard and soft costs, have placed some downward pressure on land values, as mentioned previously. The upward pressure on development costs limits what a developer can pay for a site and still achieve a financially feasible project.

Therefore, based on the above analysis, and considering the subject's location/exposure in the downtown "core" CBD of downtown Vancouver, along with current economic and market conditions, a value in the range of \$65.00 to \$75.00 per square foot would be considered appropriate for the subject property, with the mid-range of \$70.00 per square foot concluded. The subject's land value, "As Vacant", is calculated as follows: 6.65 Acres (289,780 SF) X \$70.00/SF = \$20,280,000 (Rounded). This value is based on a Marketing Period of approximately 12 to 18 months.

The following table summarizes the analysis of the comparables, reports the reconciled price per SF value conclusion, and presents the concluded value of the subject site "As Vacant".

CALCULATION OF LAND VALUE

The following table summarizes the analysis of the comparables, reports the reconciled price per square foot value conclusion, and presents the concluded value of the subject site.

CALCULATION OF LAND VALUE					
ANALYSIS				OVERALL	
COMP	PRICE	TRANSACTIONAL ¹	ADJUSTED	NOTES	COMPARISON
1	\$61.85	6%	\$65.56		PRIMARY
2	\$66.16	7%	\$70.79		PRIMARY
3	\$60.17	5%	\$63.18		PRIMARY
4	\$58.12	2%	\$59.28		PRIMARY
5	\$100.60	6%	\$106.64		PRIMARY
6	\$112.48	3%	\$115.85		PRIMARY
LOW	\$59.28			AVERAGE	\$80.22
HIGH	\$115.85			MEDIAN	\$68.18
COMPONENT		SUBJECT SF		\$/SF CONCLUSION	
MARKET VALUE ("AS VACANT")		289,780	x	\$70.00 =	\$20,280,000
Size Discount (Limited Marketability)				40%	(\$8,112,000)
TOTAL ADJUSTED VALUE					\$12,170,000

¹Cumulative ²Additive

Rounded to nearest \$10,000

MARKETABILITY DISCOUNT

The concluded "base" value of the overall subject site, as a fully marketable site with a regular size and a broader range of potential buyers, is \$70.00/SF. The above value is concluded, assuming the subject property has full marketability to a broad range of users/buyers, with a size which is adequate to support a range of commercial/mixed-use developments. However, the subject property is essentially part of a larger development. The subject's size represents 6.65 Acres, and the size/magnitude of the overall Vancouver Waterfront development is even larger. The subject property represents a portion of a significantly larger development, and the subject's size is significantly larger than the comparable land sales.

Therefore, based on the subject's larger size, a considerable discount is appropriate, likely in the range of 30% to 50%, with the mid-range of 40% concluded and applied to the subject property. This indicates a value for the subject property which is calculated as follows: \$70.00/SF X 60% (40% Discount) = \$42.00/SF X 289,780 SF = \$12,170,000, Rounded.

SUMMARY AND RECONCILIATION OF VALUES

The Current Market Value ("As Vacant") of the subject property is summarized as follows:

VALUE SUMMARY

Current Market Value "As Vacant" (7/19/19): **\$12,170,000**

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions of the signer are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signer of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- Dean Meyer, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- Dean Meyer, MAI inspected the property that is the subject of this report.
- No one provided significant real property appraisal assistance to appraiser signing this certification.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report Dean Meyer, MAI completed the continuing education program for Designated Members of the Appraisal Institute.



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 Certified General Real Estate Appraiser
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 dean.meyer@colliers.com

July 31, 2019
 Date

This appraisal is subject to the following assumptions and limiting conditions:

- The appraiser may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the firm with which the appraiser is connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal

injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- The appraiser assumes no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Professional Service Agreement (PSA)

Valuation Glossary

Qualifications of Appraiser

Qualifications of Colliers International Valuation & Advisory Services

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COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

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June 26, 2019

Dean M. Meyer, MAI
Senior Valuation Services Director
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dean.meyer@colliers.com

Matt Grady
Columbia Waterfront, LLC
19767 SW 72nd Avenue, #100
Tualatin, OR 97062
503.245.1976
matt@gramor.com

RE: Appraisal of: Commercial "Developer Exchange" Land (6.653 Acres)
Vancouver Waterfront (Downtown Vancouver), Vancouver, WA 98660

Dear Mr. Grady:

Thank you for considering Colliers International Valuation & Advisory Services, LLC for the assignment identified in the below stated Professional Service Agreement. Please sign one copy of the agreement and return it to me, thereby indicating your authorization for us to proceed with this assignment and your acceptance of the attached Terms and Conditions.

PROFESSIONAL SERVICE AGREEMENT ("Agreement")	
Project	Commercial "Developer Exchange" Land (6.653 Acres), Located in the Vancouver Waterfront Development in Downtown Vancouver, WA 98660 ("Property")
Location	Commercial "Developer Exchange" Land (6.653 Acres), Part of the Vancouver Waterfront Blocks, Downtown Vancouver, WA 98660
Project Description	Downtown Commercial (CX) Zoned Land, Located in a portion of the Vancouver Waterfront development, Vancouver, WA 98660. The property includes various streets developed by the client, but the focus of our analysis is the underlying land value "as vacant". The area totals 6.653 Acres and is part of the Vancouver Waterfront development.
Parties	Colliers International Valuation & Advisory Services, LLC ("CIVAS") and Columbia Waterfront, LLC (herein at times referred to as "Client")
Intended User	The appraisal will be prepared for Columbia Waterfront, LLC. Intended users include the Client. Additional intended users include the City of Vancouver. No other users are intended.
Intended Use	The report to be performed under this Agreement ("Appraisal") is intended only for use in internal decision-making purposes regarding the details of the transfer of ownership of a nearby property to the client. The report is not intended for any other use.
Purpose	Estimate Current Market Value in conformity with USPAP
Type of Appraisal	CIVAS will produce an Appraisal Report in which the appraiser's analysis and conclusions will be summarized within this document.
Rights Appraised	Fee Simple Interest
Date of Value	Current Date (Date of Inspection)

Colliers International Valuation & Advisory Services, and certain of its subsidiaries, is an independently owned and operated business and a member firm of Colliers International Property Consultants, an affiliation of independent companies with over 500+ offices throughout more than 63 countries worldwide.

PROFESSIONAL SERVICE AGREEMENT

CONTINUED

Scope of Work	CIVAS and/or its designated affiliate will provide the Appraisal in accordance with USPAP, and the Code of Ethics and Certifications Standards of the Appraisal Institute and State Licensing Laws. CIVAS will research relevant market data and perform analysis to the extent necessary to produce credible appraisal results. Based on our discussions with the Client, the Client has requested the following valuation scenarios: Current Market Value (As Vacant). CIVAS anticipates developing the following valuation approaches: Land Value (Sales Comparison Approach) An exterior (site) observation of the subject property will be performed. The subject property includes various streets and street improvements developed by the client and circulating throughout the Vancouver Waterfront development. We will first estimate a "Per Square Foot" value "As Vacant" for the general subject area in/near the Vancouver Waterfront, based on the underlying zoning designation for the Vancouver Waterfront blocks. This will be done by using downtown land sales in Vancouver and typical sizes of downtown land sales, and then applying this "Per Square Foot" value to the square footage indicated by the streets comprising the subject (8.853 AC), from the Survey Map provided by the client. We will not analyze or conclude any value for the site improvements on the street areas but will rather estimate a value of the subject property "As Vacant". The client and City of Vancouver will utilize this value to compare with the value of a nearby property in determining any compensation necessary in the transfer of this nearby parcel from the City of Vancouver to the client. The scope of work will be included in the Appraisal. A copy of the Assumptions and Limiting Conditions, which appear in the Appraisal, is available upon request.
Delivery	2 to 3 weeks, upon receipt of the Signed Professional Service Agreement
Professional Fee	\$2,900
Expenses	Fees include all associated expenses.
No. of Reports	One (1) Electronic Final Appraisal. No printed copies will be delivered to the client. If the client requests printed (hard) copies, the additional charge will be \$100 per report copy.
Retainer	No retainer is required.
Payment Terms	CIVAS will invoice Client for the Appraisal in its entirety at the completion of the assignment. Final payment is due and payable within five (5) business days upon delivery of the electronic copy of the Appraisal or within thirty (30) days of your receipt of our Appraisal, whichever is sooner.
Acceptance Date	These specifications are subject to modification if this Agreement is not accepted within three (3) business days from the date of this letter.

Terms and Conditions

The attached Terms and Conditions and Specific Property Data Request are deemed a part of this Agreement as though set forth in full herein. The following is a list of information we will need to begin our analysis. Please forward with the Agreement or as soon as possible.

- › Survey, if Any
- › Information on any offers made on the property in the last 3 years.
- › Any other information pertinent to the appraisal
- › Name and telephone number of property contact for physical inspection and additional information needed during the appraisal process
- › Property Contact **PUBLIC STREETS**
NONE, NEEDED

In addition to the items requested above, please forward any additional materials you would consider relevant in the analysis of the subject property.

Reliance Language – Non-Lender Client

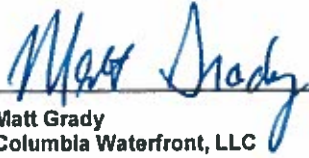
The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with the stated Intended Use. CIVAS is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by CIVAS or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that CIVAS will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CIVAS, by a party satisfactory to CIVAS. CIVAS hereby expressly grants to client the right to copy the Appraisal and distribute it to employees of client and to your accountants/auditors in its entirety (but not component parts) without the need to provide CIVAS with an Indemnification Agreement and/or Non-Reliance letter.

PROFESSIONAL SERVICE AGREEMENT

CONTINUED

If you have questions regarding the enclosed, please feel free to contact me. CIVAS appreciates this opportunity to be of service to you on this assignment and looks forward to serving you. If you have additional questions, please contact us.

I, Matt Grady, Columbia Waterfront, LLC, agree to the above stated terms and authorize Colliers International Valuation & Advisory Services, LLC to prepare the above referenced appraisal.



Date:

7.10.19

Matt Grady
Columbia Waterfront, LLC

Respectfully,

Colliers International Valuation & Advisory Services, LLC



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PROFESSIONAL SERVICE AGREEMENT

CONTINUED

TERMS AND CONDITIONS

"T&C"

- 1) The Appraisal will be subject to Colliers International Valuation & Advisory Services, LLC's ("CIVAS") Assumptions and Limiting Conditions that are incorporated into each appraisal, and any Extraordinary Assumptions and Hypothetical Conditions that may be incorporated into each appraisal.
- 2) Any capitalized, non-defined words shall have the same meaning as defined in the Agreement to which these T&Cs are attached.
- 3) Client is defined as the party signing the Agreement and shall be responsible for payment of the fees stipulated in the Agreement. Payment of the fee for the Appraisal is not contingent on the appraised value(s) or the outcome of the report(s). Additional fees will be charged on an hourly basis for any work that may exceed the scope of this proposal, including performing additional valuation scenarios, additional research, and conference calls, meetings, deposition preparation, deposition, trial testimony or travel that may exceed the time allotted by CIVAS for an assignment of this nature. If CIVAS is requested to cease working on the Appraisal for any reason prior to the completion of the appraisal(s), CIVAS will be entitled to bill the Client for the time spent to date at CIVAS' hourly rates for the personnel involved. The Client will be billed a minimum \$500 or at a rate of \$250 per hour for associate time, \$300 per hour for valuation services director, \$400 per hour for managing director, and \$450 per hour for executive managing director. If the Client delays completion of the assignment beyond ninety (90) days, the fee may be renegotiated. This may result in the total fee exceeding the original agreed fee agreed upon cost.
- 4) Client agrees to pay all fees and expenses, including attorney's fees, incurred by CIVAS in connection with the collection or attempted collection of the fees and expenses. In the event Client fails to make payments when due and payable, the amount due shall bear interest at 1.5% per month or the maximum rate permitted in the state in which the CIVAS office executing the Agreement is located, whichever is lesser.
- 5) The fee is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. If a draft is requested, the fee is considered earned upon delivery of our draft report.
- 6) In the event that either party commences any legal action relating to the provisions of the Agreement, including collection, the prevailing party shall be entitled to its actual attorneys' fees and costs. The Agreement shall be governed by and construed in accordance with the laws of the state where the CIVAS office executing the Agreement is located. The venue of any action arising out of the Agreement shall be the county where the CIVAS office executing the Agreement is located. Client will have up to thirty (30) days from receipt of the Draft Appraisal to review and communicate its review to CIVAS. CIVAS reserves the right to bill Client for additional appraisal efforts that may arise from the Client not responding within this time period.
- 7) CIVAS does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to CIVAS by Client.
- 8) CIVAS shall have no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The Appraisal will not constitute a survey of the Property analyzed.
- 9) Client shall provide CIVAS with such materials with respect to the Appraisal as requested by CIVAS and which are in the possession or under the control of Client. Client shall provide CIVAS with sufficient access to the Property to be analyzed and hereby grants permission for entry, unless discussed in advance to the contrary.
- 10) The data gathered in the course of the Appraisal (except data furnished by Client) and the Appraisal prepared pursuant to the Agreement are, and will remain, the property of CIVAS. With respect to data provided by Client, such data shall be confidential, and CIVAS shall not disclose any information identified as confidential furnished to CIVAS. Notwithstanding the foregoing, CIVAS is authorized by Client to disclose all or any portion of the Appraisal and the related data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable CIVAS to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
- 11) Unless specifically noted, CIVAS does not assume any duty to analyze or examine the Property or adjacent property for the possible presence of toxic and/or hazardous substances or materials (including but not exclusive to asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof) and accepts no liability regarding the issue. If such materials exist, CIVAS defers to the expertise of professionals specifically trained in analyzing the cost to remediate, which will not be a part of the appraisal fee proposal. The Appraisal will contain a comprehensive disclaimer to this effect.
- 12) CIVAS understands that there is no major or significant deferred maintenance in the Property which would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, and are not a part of the fee contemplated in the Agreement.
- 13) Client acknowledges that CIVAS is being retained hereunder as an independent contractor to perform the services described herein and nothing in the Agreement shall be deemed to create any other relationship between Client and CIVAS. The Agreement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal discussed herein.
- 14) Client agrees that its only remedy for losses or damages relating to the Agreement shall be limited to the amount of the appraisal fee paid by the Client and in no circumstances shall CIVAS be liable for any losses or damages in excess of this amount. Should the Client, or any other entitled party, make a claim against CIVAS, its directors, officers, employees and other affiliates and shareholders, relating to this engagement or the appraisal(s), the maximum damages recoverable from CIVAS, its directors, officers, employees and other affiliates and shareholders, shall be the amount of funds actually collected by CIVAS under the Agreement, and no claim shall be made for any consequential or punitive damages.
- 15) If CIVAS or any of its employees receives a subpoena or other judicial notification to produce documents or provide testimony involving the Appraisal in connection with a lawsuit or related proceeding, CIVAS will notify the Client of receipt of the subpoena or notification. However, if CIVAS is not part of the lawsuit or proceedings, Client agrees to compensate CIVAS for the professional

PROFESSIONAL SERVICE AGREEMENT

CONTINUED

time required and to reimburse CIVAS for the expenses incurred in responding to any such subpoena or judicial notification, including any attorneys' fees, as they are incurred. CIVAS is to be compensated at the prevailing hourly rates of the personnel responding to the subpoena or command for testimony.

- 16) If expert witness testimony is required in connection with the Appraisal, the following hourly rates will apply. The Client will be billed at the rate of \$250 per hour for associate time, \$350 per hour for valuation services director, \$400 per hour for managing director, and \$450 per hour for executive managing director. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes appraisal report) and all meetings related to court testimony.
- 17) Client shall indemnify and hold CIVAS, its parent, subsidiaries, affiliates, its officers, directors, employees and agents ("CIVAS Indemnities"), fully harmless against all losses, damages, claims, and expenses of any kind whatsoever (including costs and reasonable attorneys' fees), sustained or incurred by a third party as a result of the negligence or intentional acts or omissions of Client (including any failure to perform any duty imposed by law), any misrepresentation, distortion or if Client fails to provide complete and accurate information to CIVAS, for which recovery is sought against the CIVAS Indemnities by that third party; however, such obligation to defend and indemnify shall not apply to the extent caused by the negligent act or willful misconduct of CIVAS. Client shall indemnify and hold CIVAS Indemnities harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the Appraisal to any third party. **LIMITATION OF LIABILITY.** EXCEPT FOR THE INDEMNIFICATION PROVISION ABOVE, ANYTHING IN THE AGREEMENT TO THE CONTRARY NOTWITHSTANDING, UNDER NO CIRCUMSTANCES WHATSOEVER SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER.
- 18) The Appraisal and the name Colliers International Valuation & Advisory Services may not be used in any marketing or investment material or offering memoranda without CIVAS' prior written consent. CIVAS, its employees and appraisers have no liability to any recipients of any prepared material, and disclaim all liability to any party other than the Client.
- 19) Unless CIVAS consents in writing, the Appraisal cannot be used by any party or for any purpose other than the Client for the purposes specified in the Agreement. Should the Client provide a copy of this Appraisal to any person or entity not authorized by CIVAS in writing, Client hereby agrees to hold CIVAS, its directors, officers, employees and other affiliates and shareholders, harmless from all damages, expenses, claims and costs, including any attorney's fees. The Client acknowledges that any opinions and conclusions expressed by the professionals of CIVAS pursuant to the Agreement are made as employees and not as individuals. CIVAS' responsibility is limited to the Client, and the use of the Appraisal or related product by third parties shall be solely at the risk of the Client and/or third parties.
- 20) The use of this appraisal shall be used only for the purpose as set forth in the Intended Use section of the Agreement. In the event that the client wishes to use this report or portions of this report for any other purpose such as, to become part of or be referenced in, any offering or other material intended for the review of others, or to be submitted to others, will be at the Client's sole and absolute discretion and, if given, will be on condition that CIVAS will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CIVAS and the Client, by a party satisfactory to CIVAS and the Client. CIVAS does consent to Client submission of the complete Appraisal to rating agencies, loan participants or your accountants/auditors without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

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Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 (*Dictionary*).

Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition (USPAP).

The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013 (*14th Edition*).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (*Dictionary*)

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. (*14th Edition*)

Aggregate of Retail Values (ARV)

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called *sum of the retail values*. (*Dictionary*)

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. (*Dictionary*)

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (*Dictionary*)

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. (*14th Edition*)

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. (*Dictionary*)

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (*Dictionary*)

Cash-Equivalent Price

The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale. (*Dictionary*)

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. (*Dictionary*)

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Contract Rent

The actual rental income specified in a lease. *(14th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. *(14th Edition)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.

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8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. (*Dictionary*)

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. (*14th Edition*)

Economic Life

The period over which improvements to real property contribute to property value. (*Dictionary*)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (*Dictionary*)

Effective Date

The date on which the appraisal or review opinion applies (SVP) (*Dictionary*)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (*Dictionary*)

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. (*Dictionary*)

Effective Rent

The rental rate net of financial concessions such as periods of free rent during the lease term and above or below-market tenant improvements (TIs). (*14th Edition*)

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. (*Dictionary*)

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. (*Dictionary*)

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Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(14th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. *(Dictionary)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be temporary or permanent. *(Dictionary)*

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. (USPAP)

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Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. (*Dictionary*)

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. (*USPAP*)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. (*Dictionary*)

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. (*Dictionary*)

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. (*Dictionary*)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (*Dictionary*)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (*Dictionary*)

Going-concern

An established and operating business having an indefinite future life. (*Dictionary*)

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern or market value of the total assets of the business*. (*Dictionary*)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. (*Dictionary*)

Gross Leasable Area (GLA) - Commercial

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (*Dictionary*)

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Gross Living Area (GLA) - Residential

Total area of finished, above-grade residential area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) (*Dictionary*)

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for that asset when formulating the price that it would be willing to bid (IVS). (*Dictionary*)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (*USPAP*)

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. (*14th Edition*)

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. (*Dictionary*)

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. (*Dictionary*)

Insurable Replacement Cost

The cost estimate, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). (*Dictionary*)

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Interim Use

The temporary use to which a site or improved property is put until a different use becomes maximally productive. (*Dictionary*)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (*Dictionary*)

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. (*Dictionary*)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. (*Dictionary*)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (*Dictionary*)

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; also known as a *grandfathered use*. (*Dictionary*)

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas. (*Dictionary*)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (*14th Edition*)

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Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. (*Dictionary*)

Market Value (Interagency Guidelines)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. (*Dictionary*)

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. (*Dictionary*)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). (*14th Edition*)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (*Dictionary*)

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Off-site Costs

Costs incurred in the development of a project, excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. (*Dictionary*)

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. (*Dictionary*)

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. (*14th Edition*)

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. (*Dictionary*)

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. (*Dictionary*)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (*Dictionary*)

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. (*Dictionary*)

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. (*Dictionary*)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. (*Dictionary*)

Qualitative Adjustment

An indication that one property is superior, inferior, or the same as another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. (*Dictionary*)

Quantitative Adjustment

A numerical (dollar or percentage) adjustment to the indicated value of the comparable property to account for the effect of a difference between two properties on value. (*Dictionary*)

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. (*Dictionary*)

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Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (*Dictionary*)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (*Dictionary*)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.” (*Dictionary*)

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. (*Dictionary*)

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. (*USPAP*)

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

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Shopping Center Types (cont.)

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. (14th Edition)

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary)

Triple Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*. (Dictionary)

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. (Dictionary)

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. (Dictionary)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and non-payment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. (Dictionary)

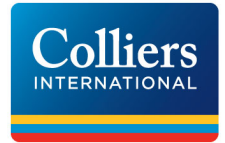
Yield Capitalization

A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. (Dictionary)



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Dean M. Meyer, MAI, has spent the last 30 years developing local commercial real estate expertise in the Vancouver office of Colliers International Valuation & Advisory Services, specializing geographically in Southwest Washington. His primary local expertise is in Clark County, with a vast range of experience in appraising commercial office, retail, industrial and special-use properties, along with commercial and industrial land. Various clients, including lenders, brokers, developers, attorneys, private owners, and governmental agencies, have turned to Dean for his expertise and service in the local Southwest Washington market. Dean cares about the relationships he has built with these clients in providing valuable real estate services for a variety of property types. Dean received his MAI (Member of the Appraisal Institute) designation in 1999, and continues to provide various real estate appraisal services to an extensive array of clients for various intended uses, including lending, right-of-way acquisition, estate planning, decision-making, tax appeal, divorce and arbitration. Dean has over 15 years of eminent domain experience involving various right-of-way acquisition assignments.

EXPERIENCE

Senior Valuation Services Director, 2006-present, Colliers International Valuation & Advisory Services. Specialty is primarily in office, retail, and industrial properties. Geographic area of specialty is in Southwest Washington.

Manager, 1999-2009, Colliers International Valuation & Advisory Services

Real Estate Appraiser, 1989-present, Colliers International Valuation & Advisory Services.

PROFESSIONAL MEMBERSHIPS & ACCREDITATIONS

Member – Appraisal Institute

APPRAISAL INSTITUTE COURSES

Real Estate Appraisal Principles

Basic Valuation Procedures

Capitalization Theory and Techniques, Parts A&B

Standards of Professional Practice, Parts A&B

Case Studies in Real Estate Valuation

Valuation Analysis and Report Writing

Appraisal of Nonconforming Uses

Scope of Work

Analyzing Distressed Real Estate

Rates & Ratios

Office Building Valuation

Introduction to Valuing Green Buildings

Eminent Domain and Condemnation

Uniform Appraisal Standards for Federal Land Acquisitions

OTHER RELATED COURSES

Finance and Investments

Economic Statistics

Business Practices in Society

Management Strategies and Policies

Advanced Technical Writing

Computer Science

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A



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License Number

12/18/1991

Issued Date

03/16/2020

Expiration Date


Pat Kohler, Director

PL-630-159 (R/3/16)



Colliers International

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Experience That Counts

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Embassies & Consulates
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Telecommunications

Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

Colliers Valuation & Advisory Services' reports are designed to deliver insight into a property's fundamentals, its competition and the overall market dynamics affecting value. A solid valuation report can be a strategic asset for investors, lenders and owners, provided that it addresses both a property's unique characteristics and the most current market conditions.

Commitment to high-end client service, coupled with Colliers International's unparalleled market intelligence and resources, differentiates us as the firm of choice in the real estate industry.

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Our professionals share a commitment to deliver the highest level of service and consistent results. We go the extra mile for our clients, whether this means meeting a tight deadline or working with a complex and challenging property.

TECHNOLOGY

Our unmatched report creation technology speeds appraisals through the pipeline. This secure, centralized production system generates a wide range of reports and high volume portfolio orders without delays.

INFORMATION

Today's business climate places valuation in a more pivotal position than ever before. All our appraisals are evaluated and approved by an experienced review team to ensure our clients receive concise and timely appraisals. With clear, prompt reporting and a comprehensive, big picture approach, Colliers International's Valuation and Advisory reports give our clients the information they need to make better business decisions.

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SURPLUS CITY OF VANCOUVER LAND

South Side of Burlington Northern Railroad Tracks,
Between Columbia Street & Esther Street
Vancouver, Washington 98660

APPRAISAL REPORT

Date of Report: April 30, 2019

Colliers File #: VAN190039



PREPARED FOR
Linda Carlson
Property Management Specialist
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PREPARED BY
COLLIERS INTERNATIONAL
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LETTER OF TRANSMITTAL

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April 30, 2019

Linda Carlson
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RE: Surplus City of Vancouver Land

South Side of Burlington Northern Railroad Tracks, Between Columbia Street & Esther Street
Vancouver, Washington 98660

Colliers File #: VAN190039

Ms. Carlson:

This appraisal report satisfies the scope of work and requirements agreed upon by City of Vancouver and Colliers International Valuation & Advisory Services. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). My appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest. The following table conveys the final opinion of market value of the subject property that is developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value	Fee Simple	April 12, 2019	\$510,000

The subject is a surplus right-of-way property located on a 0.83-acre site on the South Side of Burlington Northern Railroad Tracks, Between Columbia Street & Esther Street, in Vancouver, Washington. The client has provided a legal description and a site size for this surplus parcel, comprised of two tax parcels owned by the City of Vancouver and some vacated right-of-way in between the two tax parcels. There is only one abutting ownership which would be a logical purchaser of the subject property, the Port of Vancouver, which owns the property immediately south of the subject property. There is a short winding asphalt-paved road which used to circulate traffic through the neighborhood. However, with the construction of Columbia Way, west of Columbia Street, and into the Vancouver Waterfront development, this winding asphalt-paved road has been vacated and is now under the ownership of the Port of Vancouver. The subject property has been a part of a long and complex process of involving the re-development of the Vancouver Waterfront property, as well as the construction of the West Vancouver Freight Access Project, as well as two new "tunnels" under the Burlington Northern Railroad Tracks connecting the Esther Short Park area with the new Vancouver Waterfront area.

As part of the Development Agreement, and with the construction of the road infrastructure in the Vancouver Waterfront, the City of Vancouver is now moving forward with the process of conveying ownership of the subject property to Columbia Waterfront, LLC. Columbia Waterfront, LLC, will then transfer ownership to the Port of Vancouver, who will construct an extension of Cascade Street over the subject property, providing north access to the Port of Vancouver parcels.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions”. *USPAP* defines a Hypothetical Condition as, “that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis”.

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at my opinion of value are fully discussed below. I advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

The subject property is comprised of two individual tax parcels owned by the City of Vancouver, separated from each other by some vacated right-of-way. For the purposes of this analysis, although this area is not a separate tax parcel, this appraisal will call out an As-Is Value for the entire subject property, with the Extraordinary Assumption that the City of Vancouver, through the process of re-conveying the subject property to Columbia Waterfront, LLC, could complete a lot line adjustment, creating the subject parcel, without much delay. This is considered a reasonable assumption for this appraisal.

No other Extraordinary Assumptions were made for this assignment.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

RELIANCE LANGUAGE

My opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signature below indicates my assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**



Dean Meyer, MAI
Senior Valuation Services Director
Certified General Real Estate Appraiser
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dean.meyer@colliers.com

REPORT ORGANIZATION**PROPERTY AND ASSIGNMENT OVERVIEW**

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CERTIFICATION OF APPRAISAL**ASSUMPTIONS & LIMITING CONDITIONS****ADDENDA**

Engagement Letter	
Legal Description	
Valuation Glossary	
Qualifications of Appraiser	
Qualifications of Colliers International Valuation & Advisory Services	

GENERAL INFORMATION

Property Name	Surplus City of Vancouver Land
Property Type	Land - Commercial Land
Address	South Side of Burlington Northern Railroad Tracks, Between Columbia Street & Esther Street
City	Vancouver
State	Washington
Zip Code	98660
County	Clark
Core Based Statistical Area (CBSA)	Portland-Vancouver-Hillsboro, OR-WA
Market	Portland-Vancouver Metro Area
Submarket	Clark County
Latitude	45.623419
Longitude	-122.674193
Number Of Parcels	3
Assessor Parcels	048840-000, 048850-000, Right-of-Way
Total Taxable Value	\$91,300
Census Tract Number	424.00

SITE INFORMATION

Land Area	Acres	Square Feet
Usable	0.83	36,327
Unusable	0.00	0
Excess	0.00	0
<u>Surplus</u>	<u>0.00</u>	<u>0</u>
Total	0.83	36,327
Topography	Undulating above street grade	
Shape	Irregular	
Access	Average/Good	
Exposure	Average/Good	
Current Zoning	City Center (CX)	
Flood Zone	Zone X (Shaded)	
Seismic Zone	High Risk	

HIGHEST & BEST USE

As Vacant	Plottage With The Adjoining Property Immediately To The South For A Larger Commercial Development
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EXPOSURE TIME & MARKETING PERIOD

Exposure Time	12 to 18 Months
Marketing Period	12 to 18 Months

VALUATION SUMMARY

VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	APRIL 12, 2019

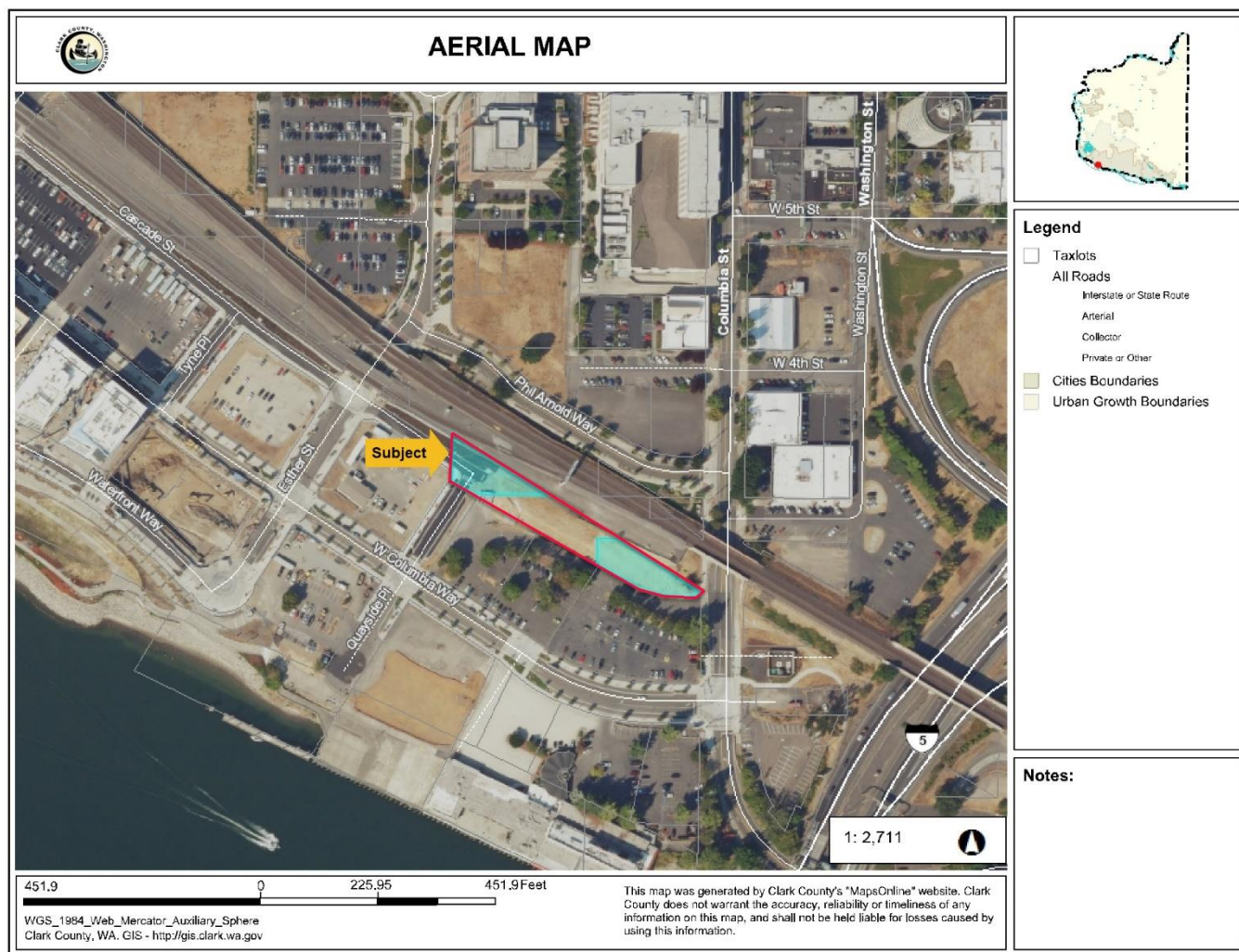
FINAL VALUE CONCLUSION

FINAL VALUE	\$510,000
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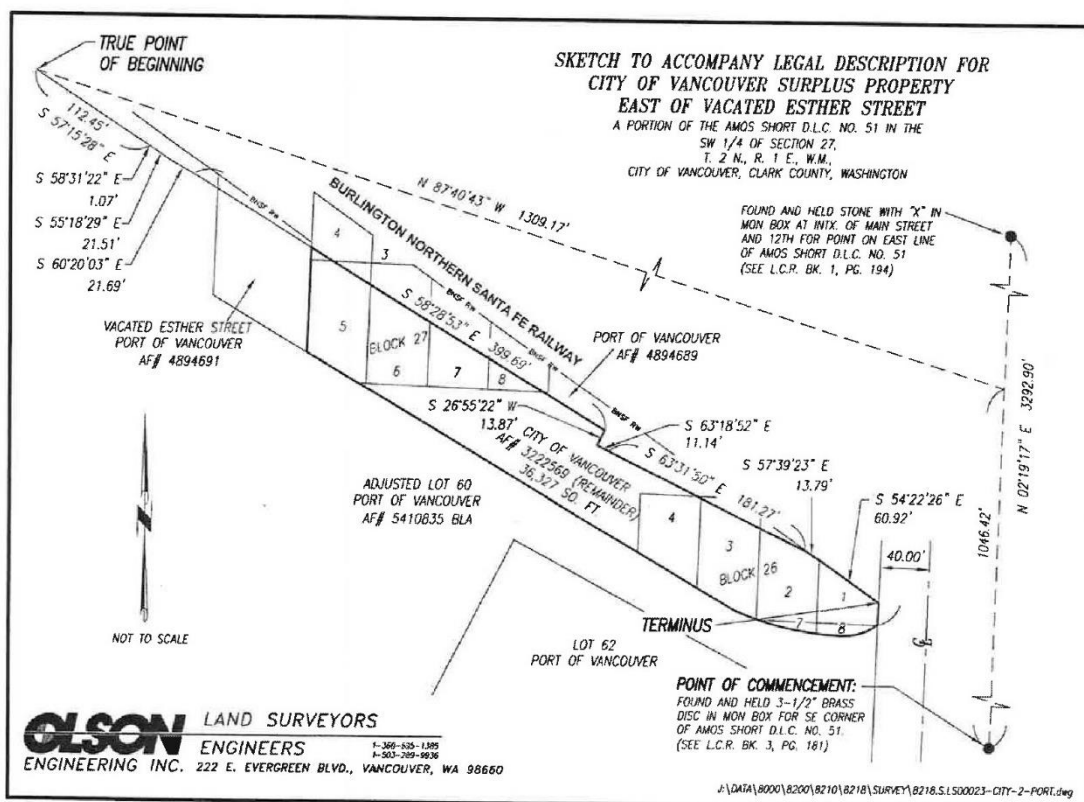
LAND VALUATION

LAND VALUE	\$510,000
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AERIAL PHOTOGRAPH



SURVEY MAP



SUBJECT PHOTOGRAPHS



STREET SCENE: FACING NORTH ALONG COLUMBIA STREET; SUBJECT AT LEFT



STREET SCENE: FACING SOUTH ALONG COLUMBIA STREET; SUBJECT AT RIGHT



STREET SCENE: FACING SOUTH ALONG QUAYSIDE PLACE; SUBJECT AT LEFT



STREET SCENE: FACING NORTH ALONG QUAYSIDE PLACE; SUBJECT AT RIGHT



STREET SCENE: FACING WEST ALONG CASCADE ST. FROM W. PORTION OF SUBJECT



STREET SCENE: FACING EAST ALONG CASCADE STREET TOWARD SUBJECT



**OVERVIEW OF SUBJECT PROPERTY, FACING
NW FROM COLUMBIA STREET**



**FACING WEST TOWARD SUBJECT FROM
COLUMBIA STREET**



FACING EAST TOWARD SUBJECT PROPERTY



**FACING NE TOWARD SUBJECT PROPERTY
FROM COLUMBIA WAY**



**FACING EAST FROM CENTRAL (ELEVATED)
PORTION OF SUBJECT PROPERTY**



**FACING WEST FROM CENTRAL PORTION OF
SUBJECT (VANCOUVER WATERFRONT IN
DISTANCE)**

PROPERTY IDENTIFICATION

The subject is a surplus right-of-way property located on a 0.83-acre site on the South Side of Burlington Northern Railroad Tracks, Between Columbia Street & Esther Street, in Vancouver, Clark County, Washington. The assessor's parcel numbers are: 048840-000, 048850-000, Right-of-Way.

The legal description of the subject property is presented in the Addenda.

SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- The appraiser analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends.
- The appraiser confirmed and analyzed legal and physical features of the subject, and how they impact the functionality and overall competitive position of the property.
- The appraiser completed an office and multi-family supply/demand market analysis of the Portland-Vancouver Metro Area market and Clark County sub-market. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraiser conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant.
- The appraiser confirmed and analyzed financial features of the subject property. This information, as well as trends established by confirmed market indicators, was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. This appraisal developed the Sales Comparison Approach (Site Valuation) approach to value as the sole indicator of value for the subject property.
- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- I understand the Competency Rule of USPAP and the author of this report meets the standards.
- No one provided significant real property appraisal assistance to appraiser signing this certification.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Clark County Tax Assessor
Zoning Information	City of Vancouver Zoning Code
Site Size Information	Clark County Tax Assessor
New Construction	City of Vancouver / Clark County
Flood Map	InterFlood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	See Comparable Charts and Photo Pages for details
Legal Description	Client

SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Dean Meyer, MAI	Yes	Site Only	April 12, 2019

CLIENT IDENTIFICATION

The client of this specific assignment is the City of Vancouver.

PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest.

INTENDED USE

The intended use of this appraisal is to assist the client in making internal business decisions related to this asset.

INTENDED USERS

City of Vancouver is the only intended user of this report. Use of this report by Third-Parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	April 30, 2019
Date of Inspection	April 12, 2019
Valuation Date - As-Is	April 12, 2019

PERSONAL AND INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation.

PROPERTY AND SALES HISTORY

Current Owner

The subject property is currently owned by the City of Vancouver, according to the Clark County Assessor's Office.

Three-Year Sales History

The Subject has not sold in the last three years.

Subject Sale Status

The subject is not currently listed for sale. According to Matt Grady, with Gramor Development, the subject property is now a surplus property owned by the City of Vancouver and also including vacated right-of-way. However, the subject property became involved around 12 to 14 years ago as part of a lengthy and complicated process of a Development Agreement between Columbia Waterfront, LLC (Developers of the Vancouver Waterfront), the City of Vancouver, Port of Vancouver, and Burlington Northern Railroad. Approximately 12 to 14 years ago, Columbia Waterfront, LLC, was making plans to develop the former Boise Cascade site and was working through a Development Agreement with the City of Vancouver. The Port of Vancouver was interested in improving access to the Port of Vancouver, further to the west/northwest, through the West Vancouver Freight

Access Project. And Burlington Northern was planning to realign the railroad tracks to assist the Port of Vancouver with this access project, but also to allow for new "tunnels" being constructed at Esther Street and Grant Street, connecting the Esther Short Park area with the planned Vancouver Waterfront development, now being developed with vertical construction. Furthermore, the Port of Vancouver was involved in these planned projects because they own property immediately south of the subject property, and is now interested in re-developing this property into a mixed-use development. As part of this Development Agreement, which has been modified several times, the City of Vancouver is to now transfer ownership to Columbia Waterfront, LLC, with consideration to road improvements made by Columbia Waterfront, LLC, in the Vancouver Waterfront development. There are several easements which impact the subject property, and these are discussed in this report. These easements, along with the elongated irregular shape of the subject property, are considered to have a negative impact on the marketability of the subject property. The subject property has not been listed for sale in the last 3 years and is not currently listed for sale.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the definition of Market Value is applicable. The definition of Market Value, along with all other applicable definitions for this assignment, is located in the Valuation Glossary section of the Addenda.

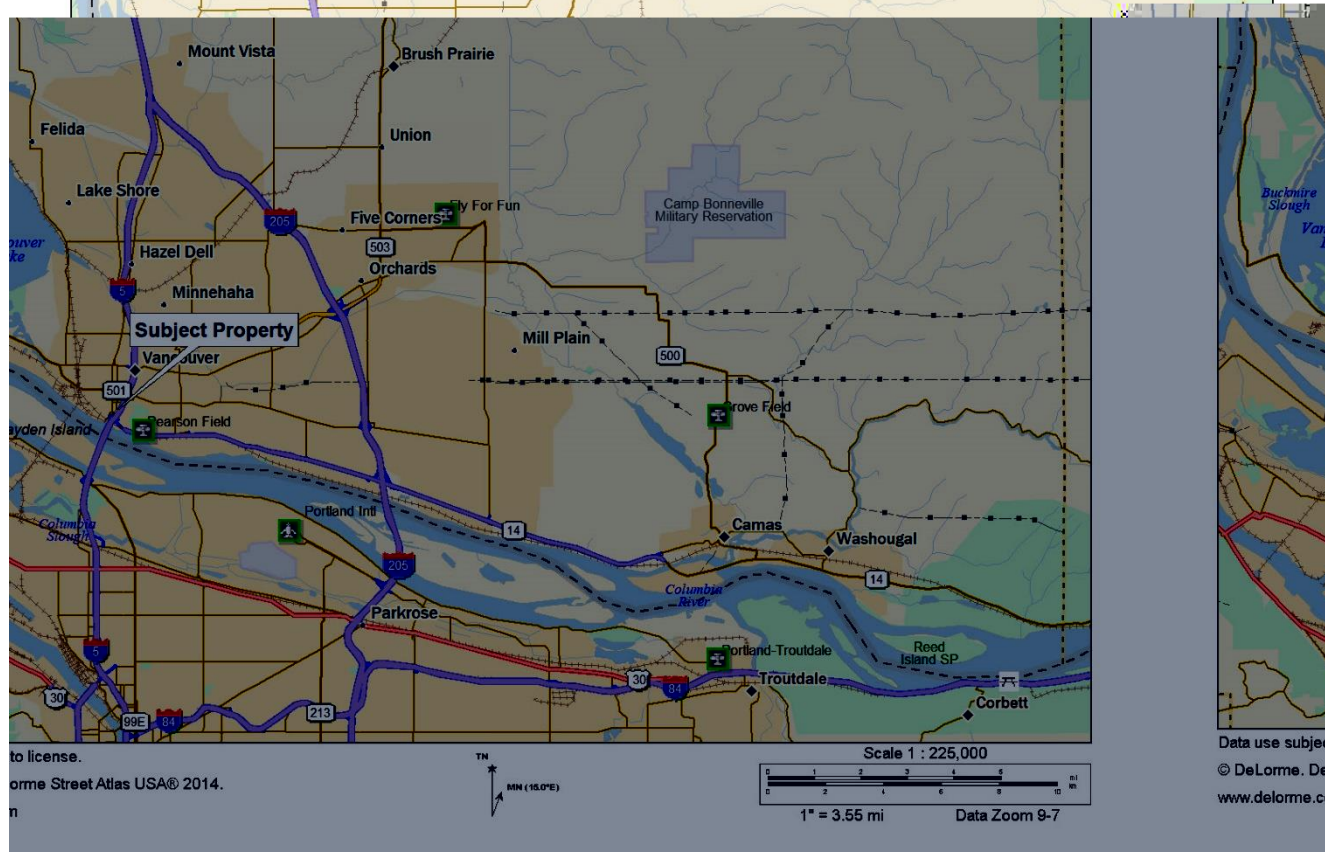
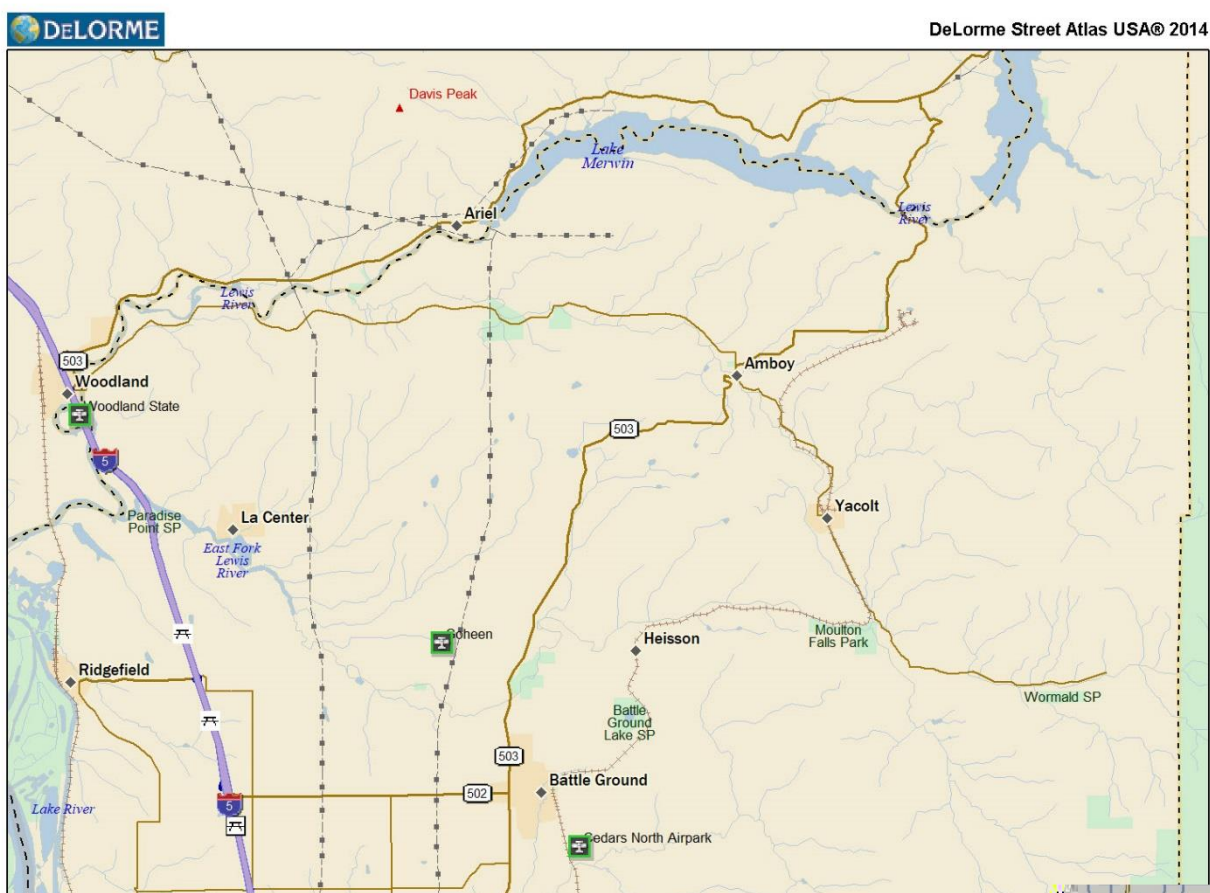
PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

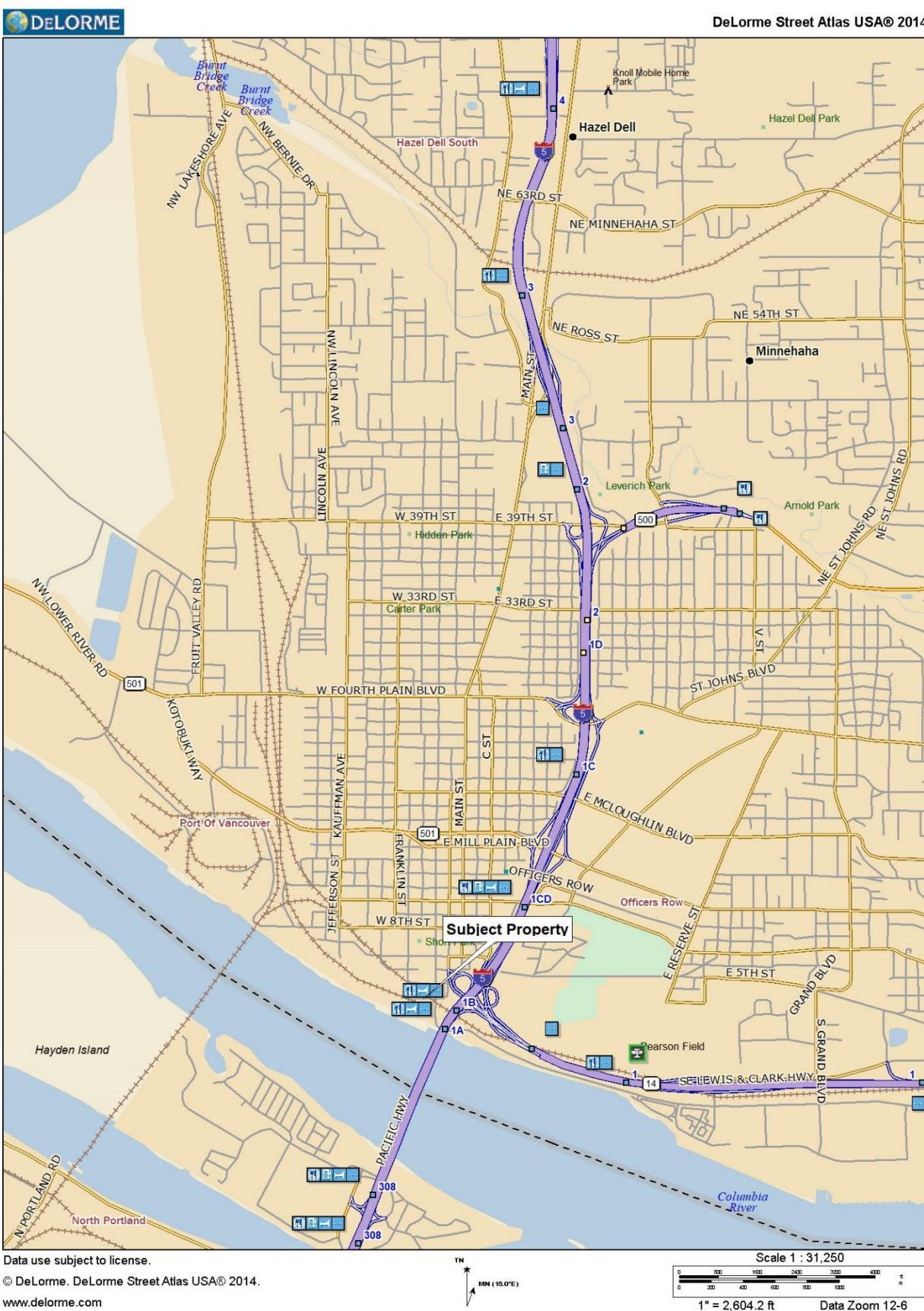
VALUE SCENARIOS

The valuation scenarios developed in this appraisal report include the As-Is Market Value of the subject property's fee simple interest.

REGIONAL MAP



LOCAL AREA MAP



REGIONAL ANALYSIS

Clark County, an important component in the make-up of the Portland Metropolitan Statistical Area (MSA), is located in the southwest section of the state of Washington. One-third of the county's labor force, about 60,000 workers, commute to Portland on a daily basis. The Columbia River, North America's largest source of hydroelectric power, forms the western and southern boundaries of the county.

Clark County's 2018 population of 481,425 residents comprises roughly 20% of the total population for the entire Portland MSA. The city of Vancouver serves as the center for commerce and manufacturing within Clark County. Clark County is located directly across the Columbia River from the city of Portland and is part of the larger Portland MSA, which is home to two Fortune 500 companies: Nike (sportswear and equipment supplier) and Precision Castparts (manufacturer of cast metal parts).



ECONOMY

Because most significant employers have a larger presence on the Oregon side of the Portland MSA, residents of Clark County frequently commute to areas of the Portland MSA for work. The top employer in Clark County is PeaceHealth, which has recently expanded in East Vancouver, occupying roughly 1/3 of the 478,000 SF Columbia Tech Center building. The following table lists the top ten employers in Clark County.

TOP EMPLOYERS		
EMPLOYER NAME	EMPLOYEES	INDUSTRY
Peacehealth	4,571	Healthcare
Evergreen Public Schools	2,577	Education
Legacy Salmon Creek Medical Center	1,946	Healthcare
Battle Ground Public Schools	1,519	Education
The Vancouver Clinic Inc	1,374	Healthcare
Bonneville Power Administration	1,095	Communications
City of Vancouver	1,045	Government
WaferTech LLC	1,015	Communications
Camas School District No 117	793	Education

Source: Vancouver Business Journal as of 3/29/18

DEMOGRAPHIC ANALYSIS

Based on updated 2018-2023 data provided by the online *Pitney Bowes/Gadberry Group - GroundView*, the county's compound annual growth rate (CAGR) is projected to grow at a rate of 1.4%/year, which is slightly faster than the state of Washington at (1.2% CAGR) and well above the national rate (0.7%). As shown in the table below, Clark County comprises a relatively small fraction (6.3%) of Washington's total population, considering that most of Clark County, outside of Vancouver, is rural and less densely populated. This grants more insight into Clark County's inclusion within the Portland CBSA, as many residents reside in Clark County due to the more affordable home values, but commute into the City of Portland for work. Please note that our demographics provider sets forth income projections in *constant dollars* which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in *current dollars*, which does not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodologies, are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

REGIONAL AREA DEMOGRAPHICS							
YEAR	US	WA	COUNTY	YEAR	US	WA	COUNTY
POPULATION				NUMBER OF HOUSEHOLDS			
2010 Total Population	308,745,538	6,724,540	425,363	2018	122,929,625	2,795,379	172,209
2018 Total Population	328,062,672	7,498,909	481,425	2023	126,604,011	2,901,737	180,828
2023 Total Population	339,788,898	7,964,865	515,450	CAGR	0.6%	0.7%	1.0%
2010 - 2018 CAGR	0.8%	1.4%	1.6%	AVERAGE HOUSEHOLD SIZE			
2018 - 2023 CAGR	0.7%	1.2%	1.4%	2018	2.60	2.63	2.78
POPULATION DENSITY				2023	2.62	2.69	2.83
2018 Per Square Mile	91	111	735	CAGR	0.13%	0.48%	0.40%
2023 Per Square Mile	94	118	787	HOUSING UNITS			
MEDIAN AGE				Owner Occupied	80,041,309	1,779,071	113,589
2018	37.35	37.07	37.54	Renter Occupied	42,888,316	1,016,308	58,620
2023	38.09	37.74	38.22	AVERAGE HOUSEHOLD INCOME			
CAGR	0.39%	0.36%	0.36%	2018	\$84,367	\$91,881	\$88,264
MEDIAN HOME VALUE				2023	\$100,862	\$108,814	\$104,615
2018	\$183,983	\$268,977	\$250,144	CAGR	3.6%	3.4%	3.5%
PER CAPITA INCOME				MEDIAN HOUSEHOLD INCOME			
2018	\$32,413	\$34,919	\$31,800	2018	\$58,828	\$66,860	\$66,992
2023	\$38,504	\$40,382	\$36,953	2023	\$70,600	\$79,241	\$78,764
CAGR	3.5%	2.9%	3.0%	CAGR	3.7%	3.5%	3.3%

Source: Pitney Bowes/Gadberry Group - GroundView®

In more recent months, strong housing occupancy has fueled an increase in residential construction, both in single-family and multi-family construction. Further of note is that the 2018 median household income in Clark County (\$66,992) is slightly more than the state of Washington's average (\$66,860) yet has exceeded the Nation's average (\$58,828). The slightly higher income level is a result of Clark County's proximity to major employers within the Portland MSA, which tends to create demand for more skilled labor, resulting in higher paying jobs.

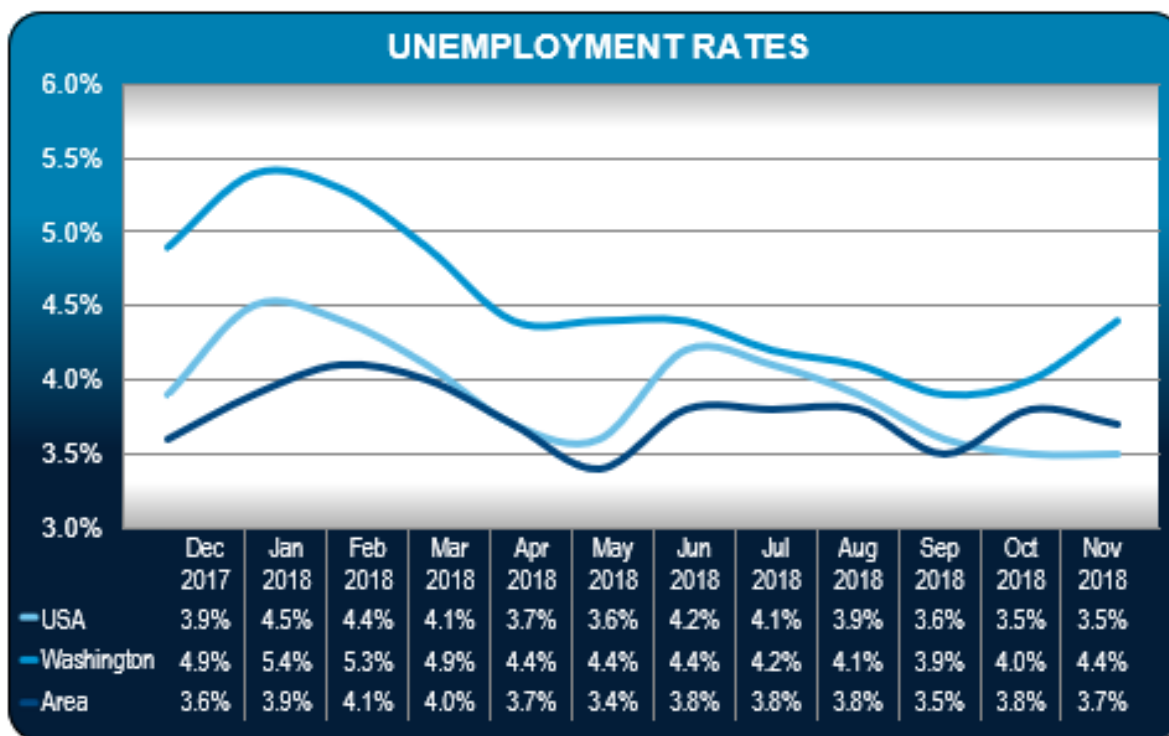
EMPLOYMENT

Total employment has fluctuated over the past decade in the state of Washington and Clark County, with strong gains in the first half of the decade followed by a slight drop corresponding with the recession in 2009. Clark County's local economy was hit even harder than the state as a whole, evidenced by a total employment drop of 4.4% in 2009, compared to 2.4% for the state. Layoffs continued for the State of Washington throughout 2010 and into 2011; however, the rate at which jobs were being lost began to lessen, with incremental employment gains year over year from 2012 through 2017. The state of Washington has since recovered fully from the recession. While annual employment levels in Clark County have also stabilized, it was initially at a slower rate than Washington State as a whole, but has since sped up. It is important to note that the Clark County annual unemployment rate has improved over the past 5 years, declining from 13.3% in 2009 to 5.1% in 2017.

EMPLOYMENT & UNEMPLOYMENT 2008-2017							
EMPLOYMENT					UNEMPLOYMENT RATE		
Year	Washington		Clark County		United States*	Washington	Clark County
	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2008	3,291,309	1.5%	198,972		5.8%	5.4%	7.5%
2009	3,211,649	-2.4%	190,185	-4.4%	9.3%	9.2%	13.3%
2010	3,160,544	-1.6%	188,628	-0.8%	9.6%	10.0%	12.9%
2011	3,140,190	-0.6%	188,816	0.1%	8.9%	9.3%	11.7%
2012	3,189,271	1.6%	189,704	0.5%	8.1%	8.1%	9.4%
2013	3,219,842	1.0%	190,701	0.5%	7.4%	7.0%	8.5%
2014	3,275,753	1.7%	194,621	2.1%	6.2%	6.1%	7.0%
2015	3,345,496	2.1%	200,483	3.0%	5.3%	5.7%	6.5%
2016	3,444,126	2.9%	207,514	3.5%	4.9%	5.3%	6.0%
2017	3,547,430	3.0%	215,782	4.0%	4.4%	4.8%	5.1%
2018 YTD Nov	3,671,584	3.5%	224,534	4.1%	3.6%	4.0%	4.4%

Source: U.S. Bureau of Labor Statistics

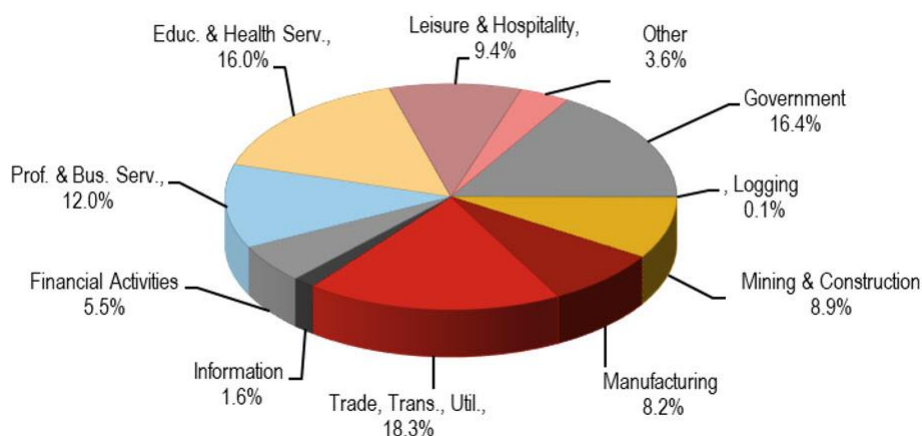
The unemployment rate (shown on the chart below) has fluctuated on a month-to-month basis over the past year but has generally followed seasonal trends. The county's non-seasonally-adjusted unemployment rate reached its peak in January/February 2015 (not shown on the chart below) (7.3%), but has since dropped. The county's unemployment rate continued to decrease at a slow but consistent pace throughout 2016. The current monthly unemployment rate sits at 3.7% as of November 2018, which is slightly higher than the state of Washington's monthly average (4.4%).



LABOR

Industry employment information from the Washington State Employment Security Department provides one of the best measures of state and local economic trends. The following chart displays the current sector employment for Clark County as of November 2018:

Clark County Current Employment by Industry - Nov 2018



After reviewing the most current data available (November 2018), year-over-year the county has experienced gains in nine out of eleven employment sectors. Year over Year gains were seen in the following employment sectors: Construction and Mining gained (+1,700 jobs or (+8.9%), Trade, transportation and Utilities gained (+900 jobs or (+18.3%), Leisure and Hospitality gained (+800 jobs or (+9.4%), Government gained (+700 jobs or (+16.4%), Education and Health Services gained (+600 jobs or (+16.0%), Professional and business services gained (+600 jobs or (+12.0%), Financial Activities gained (+500 jobs or (+5.5%), Manufacturing gained (+300 jobs or (+8.2%), and Other Services gained (+200 jobs or (+3.6%). One employment sector posted losses year over year, that sector is: Information lost (-100 jobs or (-1.6%). One sector posted neither losses year over year nor gains year over year, that sector is: Logging. The overall unemployment rate has been improving as evidenced by the increasing number of jobs in most sectors in Clark County. While not shown in the table above, a net gain of +6,200 jobs occurred between November 2017 and November 2018.

SUMMARY

Economic activities within Clark County indicate a positive trend, recognizing the region's steadily improving unemployment rate, which was 7.0% in 2014 but currently sits at 4.4%. Over-the-year statistics show annual increases in total employment levels, signifying improving economic conditions, particularly in the private sector. Although Clark County has historically lagged behind the state and the nation in regard to employment and other key economic indicators, the region's proximity to Portland is a positive encouragement. The appearance of positive indicators, such as a strong housing occupancy and annual increases in all major employment industries, provides evidence that the Clark County region is on a positive yet moderate upturn.

LOCAL AREA ANALYSIS

The subject property is located in the downtown “core” area of the city of Vancouver, in Clark County. The subject property is located on the south side of the Burlington Northern Railroad Tracks, between Columbia Street and Esther Street, in the downtown “core” area of Vancouver and just east of the Vancouver Waterfront blocks, many of which either have been or are currently being developed with a mix of commercial and multi-family residential uses. The subject’s immediate market is characterized as a mixed-use area, with office, multi-family, County-related buildings, and residential uses all in the area, and industrial uses at the extreme west end of the neighborhood. The following paragraphs summarize factors pertinent to the social, economic, and physical development of the market. The following paragraphs summarize factors pertinent to the social, economic, and physical development of the market area.

Demographics

The demographics for the subject’s local area are provided by (Pitney Bowes/Gadberry Group - GroundView On-line 2015), an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in *constant dollars* which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in *current dollars*, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2000 Population	6,609	53,132	189,032	2018	\$63,687	\$66,743	\$74,636
2010 Population	7,385	56,033	205,607	2023	\$80,173	\$80,532	\$89,015
2018 Population	8,443	62,113	228,782	Change 2018-2023	25.89%	20.66%	19.27%
2023 Population	9,055	65,692	242,897	MEDIAN HOUSEHOLD INCOME			
Change 2000-2010	11.74%	5.46%	8.77%	2018	\$41,690	\$48,530	\$55,800
Change 2010-2018	14.33%	10.85%	11.27%	2023	\$54,271	\$58,230	\$65,585
Change 2018-2023	7.25%	5.76%	6.17%	Change 2018-2023	30.18%	19.99%	17.54%
POPULATION 65+				PER CAPITA INCOME			
2010 Population	1,107	6,821	22,910	2018	\$33,109	\$28,314	\$29,477
2018 Population	1,478	8,957	29,745	2023	\$40,505	\$33,406	\$34,206
2023 Population	1,786	10,826	35,894	Change 2018-2023	22.34%	17.98%	16.04%
Change 2010-2018	33.51%	31.32%	29.83%	2018 HOUSEHOLDS BY INCOME			
Change 2018-2023	20.84%	20.87%	20.67%	<\$15,000	21.7%	13.2%	10.6%
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	12.7%	12.1%	10.7%
2000 Households	2,887	22,107	74,196	\$25,000-\$34,999	8.9%	10.2%	9.7%
2010 Households	3,536	23,959	83,564	\$35,000-\$49,999	13.9%	16.2%	14.1%
2018 Households	3,833	25,390	88,226	\$50,000-\$74,999	13.2%	18.1%	18.8%
2023 Households	4,020	26,287	91,235	\$75,000-\$99,999	11.9%	12.3%	13.1%
Change 2000-2010	22.48%	8.38%	12.63%	\$100,000-\$149,999	9.2%	10.4%	14.1%
Change 2010-2018	8.40%	5.97%	5.58%	\$150,000-\$199,999	5.0%	4.5%	5.0%
Change 2018-2023	4.88%	3.53%	3.41%	\$200,000 or greater	3.5%	3.0%	3.9%
HOUSING UNITS (2018)				MEDIAN HOME VALUE			
Owner Occupied	1,491	12,205	48,397	2018	\$209,934	\$204,403	\$247,499
Renter Occupied	2,399	13,173	39,852	AVERAGE HOME VALUE			
HOUSING UNITS BY YEAR BUILT				2018	\$237,840	\$236,546	\$279,497
Built 2010 or later	104	338	2,012	HOUSING UNITS BY UNITS IN STRUCTURE			
Built 2000 to 2009	671	2,786	11,626	1, detached	1,251	12,039	52,551
Built 1990 to 1999	268	3,138	10,344	1, attached	80	1,204	4,913
Built 1980 to 1989	175	1,874	6,976	2	241	2,565	5,090
Built 1970 to 1979	589	5,099	13,340	3 or 4	206	1,486	4,983
Built 1960 to 1969	417	3,186	9,120	5 to 9	204	1,359	5,436
Built 1950 to 1959	236	2,738	9,004	10 to 19	199	1,672	4,135
Built 1940 to 1949	250	2,854	7,874	20 to 49	292	1,379	3,288
Built 1939 or earlier	1,122	3,378	17,929	50 or more	1,120	2,490	5,456
				Mobile home	226	982	2,160
				Boat, RV, van, etc.	70	204	239

Source: Pitney Bowes/Gadberry Group - GroundView®

As noted in the table above, moderate population growth is anticipated to occur in the subject's market area (3-miles radius) over the next few years. This reflects the built-up character of the downtown area.

Residential Development

There is a considerable amount of residential development located in the subject's market area. Residential uses in the downtown area are primarily single-family residences located along the northern portion of downtown, primarily north of Mill Plain Boulevard and just west of the Interstate-5 freeway, with some older single-family residences on CX- and IL-zoned land northwest of the subject property. High-end apartment and condominium developments also exist along the Columbia River in the Tidewater Cove and Columbia Shores developments, and in the downtown "core" area. Residential uses in the downtown "core" area consist primarily of new condominiums constructed on the upper levels of the West Coast Bank, VancouverCenter, and Heritage Place mixed-use projects. The Uptown Village, further north of the downtown "core" area, consists of townhomes along Main Street, with some live-work units. And, as will be described below, the Vancouver Waterfront has added new multi-family units and will be adding more multi-family units to the market in 2019.

The residences in the area are commonly in average to good condition and were typically built in the 1960s and earlier. The average home price for single-family residences within a 3-mile radius of the subject property is \$236,546 (Pitney Bowes/Gadberry Group – GroundView Online). Homes are generally older and on small lots, as is typical of downtown residential areas. Many of the single-family homes along major thoroughfares and/or located around the “core” of downtown Vancouver have since been converted to commercial office uses, especially attorney’s offices in the areas east and south of the Clark County Courthouse.

Multi-family developments within proximity to the subject were generally built in the 2000’s and earlier and consist of mid-rise style facilities. There has been some multi-family development in the “core” area of the subject neighborhood, including Heritage Place and the Vancouver Center, both located near Esther Short Park. The Esther Short Commons project, located on the west end of the Esther Short Park, includes “for rent” apartments for residents at certain reduced income levels. There have also been scattered condominium conversions of older apartment buildings in the neighborhood. New development in downtown Vancouver includes The Vista Court Senior Housing apartment complex at West 14th and Esther Streets, completed in early 2012. Also, the Kirkland Union Plaza multi-family development for retired citizens is located along Mill Plain Boulevard and the Tinnakorn Loft units are under construction next to Kirkland Union Plaza. In the downtown “core” area, some apartments are proposed on the western portion of the Academy Site, along C Street, north of Evergreen Boulevard. This will be a positive impact on downtown Vancouver.

Prestige Plaza, a mixed-use project with 96 apartment units and ground floor commercial, was one of the first projects completed in recent years in downtown Vancouver. The same developer is now constructing Our Heroes Place, comprised of two adjacent projects (Ed Tower and Dollie Tower) and totaling 51 units. Construction was recently completed on a 6-story full-block apartment project called the Uptown (167 units), located on the full block bounded by Main Street, McLoughlin Boulevard, Washington Street, and West 17th Street, at the south end of the Uptown Village portion of downtown Vancouver. This project is located at the south end of the Uptown Village corridor of downtown Vancouver and will transform this area, bringing more residents downtown and enhancing the “critical mass” that is being sought for downtown Vancouver. The West 15 Apartments (120 units), a subsidized apartment project was completed in 2016 between Mill Plain Boulevard and 15th Streets, west of Columbia Street. The West 13 Apartments (96 units) were more recently completed in 2017 at Columbia and West 13th Streets. Another mixed-use project is proposed at the full block bounded by Washington, Main, 15th and 16th Streets, and a smaller project was recently completed (48 units) at the NE corner of 15th Street and E Street. Additional units are planned near Esther Short Park, showing a large concentration of new apartments being developed in the downtown “core” area of Vancouver. Also, Gramor Development recently revealed plans to construct a mixed-use project on Block 10, immediately NE of Esther Short Park. This project would include a grocery store on the ground floor, along with upper level apartments. The 4th building in the Vancouver Center project, after several delays, is now proposed for construction in Spring/Summer 2019. It will include 6 stories and 116 multi-family residential units and will continue to add to the “critical mass” in downtown Vancouver.

Waterfront Development

Columbia Waterfront LLC (a group of investors formed by Gramor Development, a local/regional developer), is now in the process of developing vertical buildings along the Waterfront neighborhood of Vancouver. This 35 acre area is just south of the downtown core and follows the Columbia River. The Vancouver Waterfront project has a long term tentative plan to be improved with an estimated 3,300 residential units (a mix of for-sale condos and apartments, as market conditions dictate), 1,000,000 SF of office space, and 250,000 SF of retail space. There is also a 7 acre park which was recently opened to the public and has one more phase with a planned water feature proposed for construction in 2019. With the current strong market conditions in the Portland region, as well as the recent successful absorption of at least one new, luxury property in Downtown Vancouver, the developer is now constructing vertical apartment units in the first phase of the master plan. Phase 1 includes a

pair of 2-story restaurant buildings which are now open and in the lease-up stage (intended to hold 2+ tenants each), a 7-story (55 to 60-Unit) apartment tower with ground floor retail (recently completed), a 7-story office building with about 60,000 SF of office space (anchored by the MJ Murdock Charitable Trust) and about 17,000 SF of ground floor retail space (recently completed), and another 7-story (250-unit) apartment project on Block 8 (under construction). Another developer has an upscale hotel and condominiums now under construction on one of the adjacent blocks. More apartments are proposed for the area, showing a significant amount of new development to kickstart this major project in downtown Vancouver. The Waterfront development is expected to have a positive impact on the appeal of Downtown Vancouver and the developer is planning to make the area very upscale, with ambitious planned retail, office, and apartment rent levels. Also proposed nearby is a redevelopment project by the Port of Vancouver, to include a mix of hotels, public space, and commercial space.

Commercial Development

Commercial development in the area is concentrated in the downtown “core” area, and along major thoroughfares, including Main and Broadway Streets, as well as Fourth Plain Boulevard and Mill Plain Boulevard. Other major transportation routes in the area include SR-14, which is an east/west freeway connecting downtown Vancouver with the Columbia River Gorge; and I-5, which is a major north/south freeway that connects downtown Vancouver to downtown Portland to the south and Seattle to the far north. The Downtown area was predominantly residential at one time with retail storefronts along Main and Broadway. Since then, the city has expanded and the demand for commercial products has led to numerous single-family conversions. Historical buildings exist throughout the area. The southern portion of town has since been redeveloped with newer, more intense, commercial development including: various mixed-use Class A office high-rises and civil and government buildings centered around the Courthouse and Citizens Service Center. Retail is scattered throughout downtown Vancouver, and consists of antique stores and consignment stores, with few retailers still operating. Former retail buildings such as Sparks Furnishings (Furniture Store) and Koplan’s Furniture have been purchased and renovated/converted to office/service uses.

In the downtown “core” area, there have been and are some additional planned development and upgrades around the downtown “core” of Vancouver. The former Vancouver City Hall was purchased by members of the Firstenberg family for use as office space and a parking garage. It has now been renovated and Berger Abam and Stewart Title Company are main tenants in the “Block 56” building which provides some creative office space. In the southern portion of the downtown “core” area, Killian-Pacific recently constructed the Hudson Building, a 3-story, 44,000 SF wood-frame and brick office building, with several banks, Killian-Pacific, and some other professional office tenants in the building. This building is now 100% leased as the newest office building in downtown Vancouver, with creative office space, exposed vaulted ceilings, and a considerable amount of natural lighting. Pacific Energy Concepts recently purchased a commercial building at 210 West 3rd Street and has completely renovated this building for their own occupancy as creative office space for their business. Ryan Hurley is now constructing a 6-level, 33,185 SF office condominium project just south of this property, with ground level parking for this property. A hotel is also planned along Columbia Street in this area.

Light and heavy industrial uses exist in the Columbia Business Center and the area west of the defined boundaries, in the Port of Vancouver neighborhood. In summary, the Downtown area consists mostly of older single-family residences to the north that transition to more intense commercial development to the south and industrial uses along east/west boundary lines. South of SR-14 is the 248-acre Columbia Business Center, one of the largest industrial developments in the Portland area. This industrial park includes 26 buildings comprising roughly 2.3 million square feet of industrial space. Columbia Shores is another mixed-use development which resides west of the Columbia Business Center and includes: various office/retail buildings, Homewood Suites, Beaches and McMenamin’s restaurant.

The subject’s immediate area is the downtown “core” area of Vancouver, which has a mix of restaurant, service-oriented uses, and professional offices, in the southern portion of downtown Vancouver.

Community Services/Transportation

Community services and facilities are readily available in the area. These include public services such as fire stations, hospitals, police stations, and schools (all ages). The city also operates two police precincts with the Police Administration Building located next to Officer's Row. The Clark County Sheriff's Station, Jail, and Correction Facility also exist in the subject's neighborhood, next to the Courthouse.

The Mill Plain Extension facilitates industrial flow, linking the Port of Vancouver with Interstate-5 via Mill Plain Boulevard. Fourth Plain Boulevard has been reduced to two lanes (plus a center/third turn lane) east of the Burlington Northern Railroad Tracks in an attempt to focus industrial traffic onto the Mill Plain Boulevard extension and West 39th Street. The Port of Vancouver has now completed their long-term West Vancouver Freight Access Project which has improved access into and efficiency in and around the Port of Vancouver.

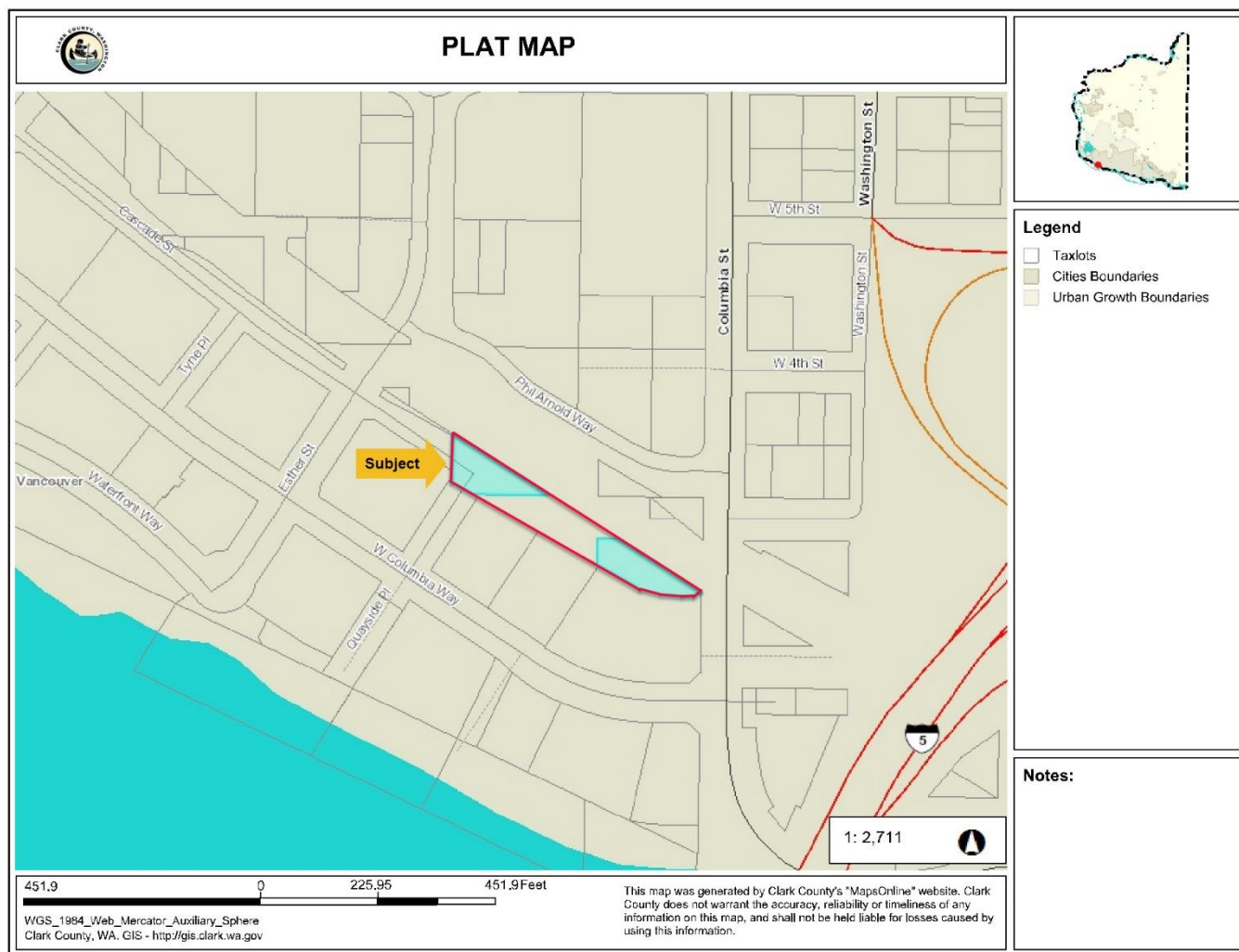
One road improvement/change is the extension of West 8th Street to Jefferson Street, where Jefferson Street extends north from West 8th Street. As the Vancouver Waterfront becomes more built-out and traffic increases, the City of Vancouver eventually plans to extend and realign Jefferson Street to Mill Plain Boulevard, near Markle Avenue to better facilitate traffic flow. This will be a positive for the western portion of the subject neighborhood with respect to exposure.

Public transportation, both bus and train, is available throughout and readily accessible from major freeways and thoroughfares. In addition, there are a number of parks in the area which adequately serve the subject's neighborhood. The primary focal point of downtown Vancouver is Esther Short Park, which has been completely renovated and improved with a Bell Tower, a brick plaza and water feature/stream designed for children, a playground, restroom facilities, and a rose garden, as well as a performing arts stage and grass lawn. The area is now an attractive setting for public gatherings and family-oriented/leisure activities.

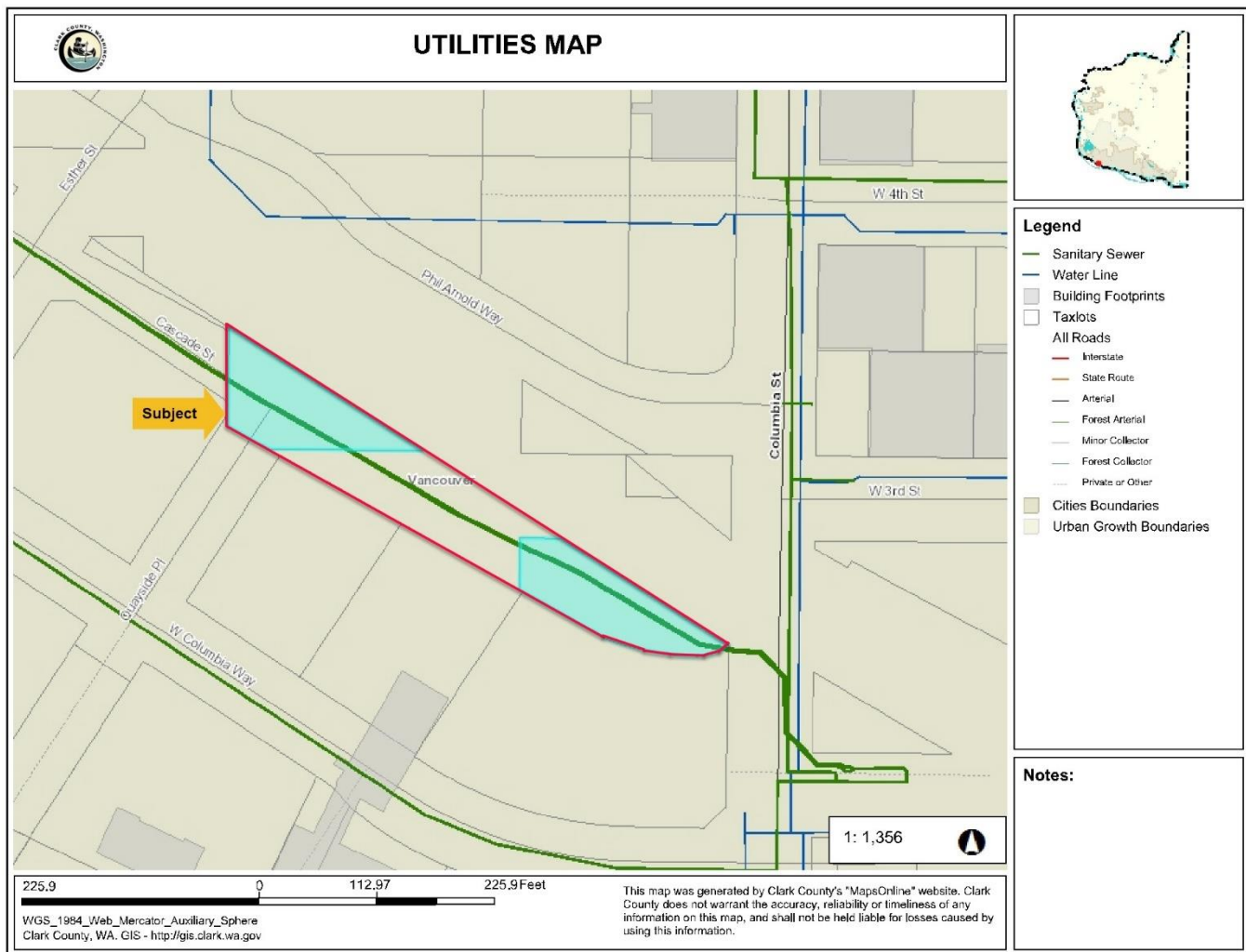
SUMMARY

The subject is in an established area of Vancouver. Residential uses include older single-family development off the main thoroughfares and a significant amount of newer multi-family development in the downtown Vancouver area. The subject has a good location with respect to commercial services, thoroughfares, public transportation, and community services. Condition and appeal of the area is generally good. The area is anticipated to experience moderate growth in the foreseeable future. The growth in the immediate area is expected to be focused specifically on the Vancouver Waterfront property over time, which is located in close proximity to the tunnels at Esther and Grant Streets, connecting the Esther Short Park area with the Vancouver Waterfront property.

PLAT MAP

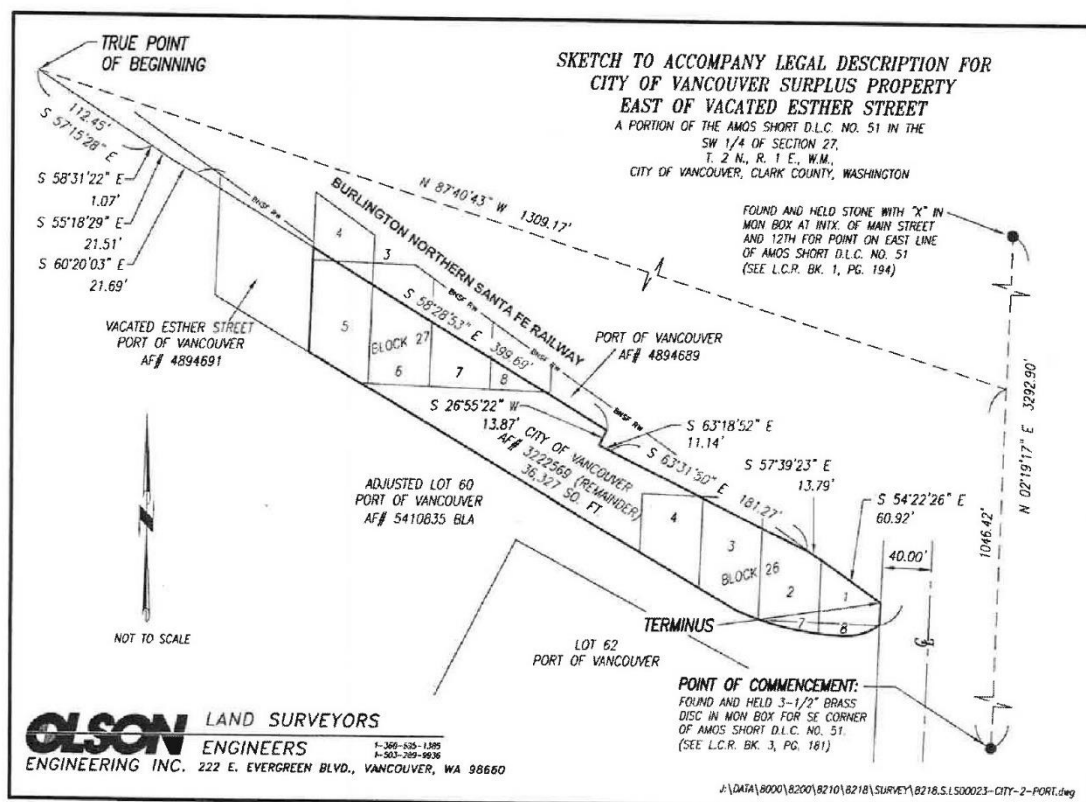


UTILITIES MAP



Subject

SURVEY MAP



ZONING MAP

Legend

- Zoning - Outline
- Zoning
 - Single-Family residential (R1-20, R1-15, R1-12, R1-10, R1-7.5, R1-6, R1-5)
 - Single-Family residential - 12 (R-12)
 - Single-Family residential (R1-10, R1-7.5, R1-6, R1-5)
 - Single-Family residential (R1-6, R1-5)
 - Single-Family residential (R1-5)
 - Residential (R-12, R12)
 - Residential (R-18, MF-18)
 - Residential (R-22, AR-22)
 - Residential (R-30)
 - Residential (R-43)
 - Office residential-15 (OR-15)
 - Office residential-18 (OR-18)
 - Office residential-22 (OR-22)
 - Office residential-30 (OR-30)
 - Office residential-43 (OR-43)
 - Neighborhood commercial (NC, C1)
 - Community commercial (CC, C2, C3)
 - General commercial (GC, CG)
 - Mixed use (MX)
 - Business park (BP, OFF)

Notes:

This map was generated by Clark County's "MapsOnline" website. Clark County does not warrant the accuracy, reliability or timeliness of any information on this map, and shall not be held liable for losses caused by using this information.

FLOOD MAP



SITE DESCRIPTION

General Description

The subject site consists of 2 tax parcels and a portion of some vacated right-of-way. As noted below, based on a survey of the subject property, the subject site has 36,327 SF (0.83 AC) of land area. This includes Tax Parcel #'s 048840-000 and 048850-000, which are highlighted in blue in some of our maps, along with the vacated right-of-way area in between these two City-owned tax parcels. The area is estimated based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. Going forward, our valuation analyses will utilize the usable site area. The following discussion summarizes the subject site size and characteristics.

Adjacent Uses:

The subject property is bordered to the north by the Burlington Northern Railroad Tracks, to the south by downtown commercial land owned by the Port of Vancouver, to the east by Columbia Street, which separates the subject property from a sewer lift station associated with the Vancouver Waterfront development, and Interstate-5, and to the west by Quayside Place, which separates the subject property from Cascade Street, which will be extended across the subject property site by the Port of Vancouver. The subject property is also located just northeast of the new Vancouver Waterfront development, consisting of a mix of commercial and multi-family residential uses, including restaurants and Class A office space, as well as retail space. This area, along with the nearby Esther Short Park on the north side of the Burlington Northern Railroad Tracks, is expected to become and continue as destination parks for Vancouver/SW Washington residents and a hub of activities and events.

Assessor Parcels See Multiple Parcel Chart For Breakdown

Number Of Parcels 3

Land Area	Acres	Square Feet
Primary Parcel	0.83	36,327
Unusable Land	0.00	0
Excess Land	0.00	0
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>
Total Land Area	0.83	36,327

Shape Elongated Irregular Shape. This is considered to have a negative impact on the subject property's value. The maximum width/depth of the subject is approximately 70 feet.

Topography Undulating with both at grade and above street grade elevations. The central portion of the site is a bermed area from the sloped access easement ramp leading from the NW corner of the subject up to the railroad lines, so this berm was constructed to support this sloped access ramp.

Drainage Assumed Adequate

Utilities All available to the site

Street Improvements	Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
Columbia Street	Primary Street	two-way	two-lane	connector street	✓	✓	✓	✓	✓
Cascade Street	Secondary Street	two-way	two-lane	connector street	✓	✓	✓	✓	✓
Quayside Place	Secondary Street	two-way	two-lane	connector street	✓	✓	✓	✓	✓

Frontage The subject property has approximately 30 lineal feet of frontage along Cascade Street, approximately 25 lineal feet of frontage along Quayside Place, and just a portion (tip) with frontage along Columbia Street.

Accessibility Average/Good - The subject has good access from the above-mentioned thoroughfares.

Exposure Average/Good - The subject has average/good exposure from the above-mentioned thoroughfares.

Seismic High Risk. This is common for properties in SW Washington.

Flood Zone Zone X (Shaded). This is referenced by Community Number 0027, Panel Number 53011-C0481-D, dated September 05, 2012. Zone X (shaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones.

Moderate risk areas within the 0.2-percent-annual-chance floodplain, areas of 1-percent-annual-chance flooding where average depths are less than 1 foot, areas of 1-percent-annual-chance flooding where the contributing drainage area is less than 1 square mile, and areas protected from the 1-percent-annual-chance flood by a levee. No BFEs or base flood depths are shown within these zones. (Zone X (shaded) is used on new and revised maps in place of Zone B.)

Site Rating

Overall, the subject site, as plottage with the property immediately to the south, is considered a good commercial land site in terms of its location, exposure, and access to employment, education, commercial services, and a residential population base, recognizing its location in downtown Vancouver near the Columbia River, and near the Vancouver Waterfront blocks, which are currently being developed with a mix of commercial and residential uses. However, on its own, the subject is considered to have very limited marketability because of its elongated, irregular shape, as well as the number of existing easements on the property. The subject property will benefit the property to the south by providing a buffer to the Burlington Northern Railroad Tracks and by providing land for the proposed right-of-way extension of Cascade Street, which, when constructed, will provide access to the property to the south via Cascade Street. Therefore, while not able to be developed on its own, it is considered to have contributory value to the property to the south.

Easements

A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. According to Matt Grady, with Gramor Development, and the City of Vancouver, there are several easements which have a significant impact on the subject property. First, there is a recorded 17-foot easement extending south from the face of the structural retaining wall of the Burlington Northern Railroad Track, for the purpose of maintaining the existing retaining wall. Second, there is a forced main line for sanitary sewer running through the central portion of the subject property (Please refer to the Utilities Map for more details). Third, there is an easement in favor of Burlington Northern Railroad over the northern portion of the property, along the sloped access ramp up from the street level to the railroad track level. This allows BNSF to access the rail lines over the subject property. Finally, the Port of Vancouver is obligated to construct an easterly extension of Cascade Street, from its existing termination near the subject's western boundary, all the way to Columbia Street. Therefore, while this will be a benefit to the adjoining owner to the south (Port of Vancouver), who is the only logical purchaser of the subject property, the above easements and obligations are considered to have a negative impact on the value of the subject property, and a significant discount to the subject's value is expected for these reasons, as well as the subject's elongated, irregular shape. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised. This appraisal assumes that there are no negative value impacts on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Soils

A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

Hazardous Waste

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

ASSESSMENT & TAXATION

The subject property is located within the City of Vancouver municipality within the Clark County jurisdiction. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2019			Tax Rate	\$9.8757	
Tax Rate Area	37000			Taxes Current	Yes	
Taxes SF Basis	Total Land Area					
APN	LAND	IMPV	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
048840-000	\$0	\$0	\$0	\$0	\$0	\$0
048850-000	\$91,300	\$0	\$91,300	\$0	\$91,300	\$902
Right-of-Way	\$0	\$0	\$0	\$0	\$0	\$0
Totals	\$91,300	\$0	\$91,300	\$0	\$91,300	\$902
Total/SF	\$2.51	\$0.00	\$2.51	\$0.00	\$2.51	\$0.02
Total Base Tax						\$902
Total Base Tax Per SF						\$0.02

Source: Clark County Assessment & Taxation

Assessment & Taxation Description

Taxes in the State of Washington are paid twice a year, on the 30th of April and the 31st of October. The assessed values typically are approximately 70 to 90 percent of market value. In the case of the subject property, the assessed value for the subject property represents only approximately 18 percent of our concluded as-is market value, which indicates that the subject property's assessed value is considerably low. However, for government/public agencies, which are tax exempt, the assessed value is not regulated/updated as closely as privately-held properties. Also, the subject property includes some right-of-way which, along with one of the tax parcels, has not been assigned an assessed value.

ZONING ANALYSIS

The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Vancouver Planning & Zoning Department
Current Zoning	City Center (CX)
Permitted Uses	Multi-family, Retail, Office, Residential, Light Industrial, Medical
Current Use	Vacant
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely
ZONING REQUIREMENTS	
Conforming Use	There are a variety of commercial uses which represent a conforming use within this zone.
Minimum Site Area (SF)	None
Minimum Yard Setbacks	
Front (Feet)	None
Rear (Feet)	None
Side (Feet)	None
Maximum Site Coverage	100%
Maximum Building Height	100-200 Feet

Source: City of Vancouver Planning & Zoning Department

Zoning Conclusions

Based on the interpretation of the zoning ordinance, a wide variety of commercial and mixed-uses are outright permitted uses for the subject site that could be rebuilt if unintentionally destroyed. The vacated right-of-way which comprises a portion of the subject property is assumed to also have a City Center (CX) zoning designation, similar to the two tax parcels comprising a portion of the subject property.

MARKET ANALYSIS

This section provides a study of office supply/demand conditions for the Portland-Vancouver Metro Area Market and Clark County Submarket, since the subject includes a component which would most likely be office. In addition, because the subject site would likely be developed with a multi-family component, we will also discuss market conditions in the multi-family market. These findings are used to support my conclusions for the competitive position and exposure period for the subject property.

OFFICE

Therefore, this section provides a study of office supply/demand conditions for the Portland-Vancouver Metro Area Market and Clark County Submarket. These findings are used to support my conclusions for the competitive position and exposure period for the subject property.

PORTLAND-VANCOUVER METRO AREA OFFICE MARKET

The following is an analysis of supply/demand trends in the Portland-Vancouver Metro Area Office Market using information provided by CoStar. The table below presents historical data for key market indicators.

PORTLAND-VANCOUVER METRO AREA HISTORICAL STATISTICS (LAST FIVE YEARS)					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2014	102,729,235 SF	1,222,611 SF	1,760,903 SF	8.5%	\$20.91/SF
2015	102,803,344 SF	285,799 SF	338,920 SF	7.9%	\$22.26/SF
2016	104,032,870 SF	1,441,984 SF	1,460,851 SF	7.5%	\$23.61/SF
2017	104,336,832 SF	476,455 SF	765,921 SF	7.3%	\$24.40/SF
2018	106,339,448 SF	2,088,203 SF	1,300,214 SF	7.3%	\$25.73/SF
CAGR	0.7%	-	-	-	4.2%

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.

Source: Costar®

PORTLAND-VANCOUVER METRO AREA TRAILING FOUR QUARTER PERFORMANCE					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2018 Q1	104,642,294 SF	335,149 SF	(207,254) SF	7.3%	\$25.51/SF
2018 Q2	105,370,649 SF	728,355 SF	731,002 SF	7.3%	\$25.49/SF
2018 Q3	105,858,747 SF	507,932 SF	586,011 SF	7.2%	\$25.54/SF
2018 Q4	106,339,448 SF	516,767 SF	190,455 SF	7.4%	\$26.36/SF

Source: Costar®

PORTLAND-VANCOUVER METRO AREA MARKET TREND ANALYSIS			
	Q4 2018	2018	Last 5
Total SF	106,339,448	106,339,448	104,048,346
Vacant SF	7,876,536	7,762,780	7,992,994
Market Vacancy	7.4%	7.3%	7.7%
Construction Growth Rate	0.5%	2.0%	0.7%
Absorption Rate	0.2%	1.2%	1.1%
Average Asking Rent/SF	\$26.36	\$25.73	\$23.38

Source: Costar®

Portland-Vancouver Metro Area Market Conclusion

Based on the preceding analysis, the Portland-Vancouver Metro Area office market demonstrates relatively sound fundamentals and has shown considerable improvement from the 2008 economic downturn. The Portland market is benefiting from an improving economy that has recovered around 90% of jobs lost during the Great Recession. Many local businesses have again begun to expand their footprints and new start-ups have emerged. The growth has been met with diminishing availabilities, especially among large blocks of space. While there remain ample options for large users in the CBD, large blocks of high end office space are scarce in suburban

submarkets. Portland has seen a tendency for traditionally large tenants (legal or finance users, for example) to consolidate and downsize while creative (such as software or design firms) users have shown a tendency to expand their footprints. As can be seen in the charts above, there has been a steady downward trend in vacancy rates and upward pressure on rents over the past 5 years, and more slow and steady improvement of vacancy rates in recent quarters.

CLARK COUNTY OFFICE SUBMARKET OVERVIEW

The following is an analysis of supply/demand trends in the Clark County Office Submarket using information provided by CoStar. The table below presents historical data for key market indicators.

CLARK COUNTY HISTORICAL STATISTICS (LAST FIVE YEARS)					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2014	11,091,231 SF	118,895 SF	17,913 SF	10.4%	\$18.59/SF
2015	11,059,186 SF	0 SF	138,274 SF	10.1%	\$18.80/SF
2016	11,269,169 SF	258,383 SF	427,224 SF	8.0%	\$19.12/SF
2017	11,300,711 SF	34,700 SF	162,008 SF	6.8%	\$19.89/SF
2018	11,454,825 SF	156,814 SF	216,705 SF	5.9%	\$20.32/SF
CAGR	0.6%	-	-	-	1.8%

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.

Source: Costar®

CLARK COUNTY TRAILING FOUR QUARTER PERFORMANCE					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2018 Q1	11,300,711 SF	0 SF	9,753 SF	6.0%	\$20.98/SF
2018 Q2	11,345,711 SF	45,000 SF	11,756 SF	6.2%	\$19.77/SF
2018 Q3	11,343,011 SF	0 SF	24,193 SF	6.0%	\$19.68/SF
2018 Q4	11,454,825 SF	111,814 SF	171,003 SF	5.4%	\$20.84/SF

Source: Costar®

CLARK COUNTY MARKET TREND ANALYSIS			
	Q4 2018	2018	Last 5
Total SF	11,454,825	11,454,825	11,235,024
Vacant SF	622,406	675,835	925,991
Market Vacancy	5.4%	5.9%	8.2%
Construction Growth Rate	1.0%	1.4%	0.6%
Absorption Rate	1.5%	1.9%	1.7%
Average Asking Rent/SF	\$20.84	\$20.32	\$19.34

Source: Costar®

CLARK COUNTY SUBMARKET CONCLUSION

The Clark County Submarket demonstrates a similar trend to the greater Portland-Vancouver Metro Area Market. Over the last five years (2014-2018), the vacancy rate ranged from 5.9% to 10.4%, showing a trend of decreasing vacancies; further, as of the most recent (4th) quarter in 2018, vacancy decreased further to 5.4% from the previous quarter (3Q 2018) of 5.9%. Over, the last 4 quarters, there has been a consistency in vacancy rates asking rates, generally positive absorption, with some new construction in Clark County. Total net absorption from 2014 through 2018 was positive and was also positive during the last four quarters. Asking rents during the past five years ranged from \$18.59 to \$20.32/SF and have exhibited positive trending as of the most recent quarters, with the trend somewhat being office tenant “shifting” between buildings, both in downtown Vancouver and the suburbs, and not so much an influx of new office tenants into Clark County. In recent years/quarters, however, with limited new construction, decreasing vacancies, and increasing rents, this trend is expected to continue to place upward pressure on office rents, to the point where new construction will eventually show feasibility, similar to the industrial market in the past several years.

In regards to new construction, there have been very limited new buildings constructed. Near downtown Vancouver, Killian-Pacific constructed a build-to-suit office building for Home Depot's Quote Center. Also, in the downtown Vancouver area, along the Columbia River, a new 7-story, 70,000 SF Murdock office building was recently completed in the Vancouver Waterfront development, anchored by the MJ Murdock Charitable Trust. According to the developers, this building is now 70% leased to various office tenants, showing demand for Class A office space along the Columbia River waterfront.

In the suburban neighborhood of Camas along NW Lake Road, Matt Olson recently developed the 87,500 SF Dwyer Creek Business Center, an office/commercial building with a lower level, main level, and 2nd level, consisting of a mix of uses, including an indoor shooting range on the lower level, a mix of flex and commercial space on the main level, and some 2nd floor speculative office space. This reflects some speculative office/commercial space in the subject's immediate Camas area.

In the suburbs, there has generally been limited new construction of suburban office space, as rents have not yet increased enough to justify new construction. This has helped suburban office buildings maintain high occupancy in a strengthening economic and sub-market. Overall, the Clark County Submarket is expected to follow the trends of the larger Portland Market. Office uses on the subject property site would most likely be individual buildings for owner-users.

MULTI-FAMILY

In this section, an overview of market conditions which influence the marketability of the subject property as an apartment site will be considered. The major factors requiring consideration are the supply and demand conditions that influence multi-family development.

For purposes of this section, apartment complexes within the subject's market area will be analyzed. Emphasis is placed on facilities within proximity to the subject property. The following paragraphs discuss existing development (including projects under construction) and potential inventory will be analyzed. Demand will also be analyzed by examining vacancy, unemployment, and demographic and employment trends.

Existing Supply

A mix of apartment types has been built throughout the city. Vancouver is extensively populated with garden-style communities ranging from 100 to 300 units that were built in the 1970s through the present. These properties have typically been built in suburban neighborhoods of the city. The downtown core has seen primarily elevator-served development of both market and restricted rent nature with and without ground floor commercial space. There are also a few older elevator-served and "bricker" vintage properties in the downtown area but there has been a significant amount of recent apartment development in downtown Vancouver.

Proposed Supply

The number of multi-family building permits issued provides an indication of the potential future supply of multi-family units. (It is important to note that these permits include "For Sale" condominiums and attached homes, as multi-family rental apartment permits are not available.) The following is a profile of historical multi-family building permits issued in Vancouver and Clark County since 2000:

MULTIFAMILY BUILDING ACTIVITY		
Year	City of Vancouver	Clark County
2000	261	562
2002	519	620
2003	693	769
2004	426	575
2005	248	257
2006	586	595
2007	453	547
2008	177	188
2009	9	19
2010	55	107
2011	84	235
2012	214	338
2013	656	1,166
2014	614	748
2015	721	1,088
2016	397	750
2017	1,369	1,840
2018	797	1,026
2019 (February)	292	265

Source: U.S. Bureau of the Census & HUD

Due to the current strong apartment market conditions, multi-family construction has become more consistently feasible in good locations within Vancouver. It is noted that multi-family development in Clark County has historically been almost exclusively located in Vancouver but is now taking place in unincorporated areas such as Orchards in developments such as the Fountain Village Apartments. Market conditions in downtown Vancouver are currently strong, with little to no vacancy in smaller mixed-use projects such as the Murray's Corner and Ludesher mixed-use development. The Murray's Corner owner reports few vacancies in these units, with tenants often staying in their unit for several years. Also, the owner of the Ludesher building next door to the north of Murray's Corner has reported that his 9 units have remained full, acknowledging that he feels like he has kept his rents low in order to maintain 100% occupancy. The Prestige Plaza Apartments, completed in 2014, are now reported to have all of the 96 units leased, reflecting strong market conditions for apartments in downtown Vancouver. This development sold to an investor, prompting additional construction of apartment units in downtown Vancouver, described previously. Overall, the supply of apartment units is expected to continue to expand over the near term. As illustrated in the above chart, the trends show that 2017 was a "peak" year for new construction in the City of Vancouver and in unincorporated Clark County. 2018 showed a reduction in the number of units constructed in the City of Vancouver and in unincorporated Clark County. This is likely going to point towards the market approaching a saturation point in downtown Vancouver, although there is no evidence that this has yet been reached.

Planned/Developing/Recently Completed Supply

At this time, the appraisers are aware of several sites in downtown Vancouver which are known to be in various stages of preliminary planning, under construction, or recently completed. With the subject's location in the downtown "core" area of Vancouver, we have focused on the proposed projects in downtown Vancouver. The following table shows proposed and developing multi-family projects in the subject's immediate market.

POTENTIAL, DEVELOPING, and RECENT MULTIFAMILY ACTIVITY - CITY OF VANCOUVER

Proposed/Planning	Address	Submarket	# of Units
Vancouver Center South Tower	6th & Washington	Downtown	113
Esther Apartments	West 6th Street & Esther Street	Downtown	127
Jefferson Apartments	Jefferson Street & W. 8th Street	Downtown	89
Block 10	Columbia Street & West 8th Street	Downtown	250
Academy Apartments (Phase 1)	Evergreen Boulevard & C Street	Downtown	110
Academy Apartments (Phase 2)	East 11th Street	Downtown	240
Developing	Address	Submarket	# of Units
Our Heroes Place Apartments	Mill Plain Boulevard & D Street	Downtown	51
Block 6 (Waterfront)	West Columbia Way	Downtown	55
Block 8 (Waterfront)	West Columbia Way	Downtown	220
Clark	701 East McLoughlin Boulevard	Downtown	24
Recently Constructed	Address	Submarket	# of Units
The Uptown	Main Street & McLoughlin Boulevard	Downtown	167
Broadway	1901 Broadway Street	Downtown	48
Midtown	500 East 15th Street	Downtown	48
13 West Apartments	13th & Columbia Streets	Downtown	92
Herby ekoHaus	16th & C Streets	Downtown	18
Lincoln Place	1351 W. Lincoln Avenue	Downtown	30
15 West Apartments	401 West 15th Street	Downtown	120
Hamilton	2000 Broadway Street	Downtown	48
Prestige Plaza	307 East Mill Plain Boulevard	Downtown	92

Source: Colliers International Valuation & Advisory Services

As shown above, there are numerous moderate and large-scale apartment projects either planned or developing at this time in the greater Vancouver area, including the subject block. Other planned apartment units in the downtown “core” area include two phases of apartments, including ground floor commercial space, next to The Academy historical property at Evergreen Boulevard and C Street. It is noted that the vacant parcel approximately two blocks south of the subject is expected to be improved with the South Tower building, which will be part of the VancouverCenter development and will add 113 units. This project is expected to begin construction in Spring/Summer 2019. In addition, the Uptown (167 units recently completed in 2018) and 610 Esther (119 units proposed) properties, as well as other multi-family developments in the Vancouver Waterfront are also in Downtown Vancouver and will add to the local competitive supply of market rate units.

DEMAND

Demand for newer apartment units is most typically measured by general demographic trends (including population and employment growth). Vacancy rates, rent trends, and concessions also provide direct source of measuring apartment demand.

Projected Population

As shown in Local Area analyses, moderate to strong population and household growth is anticipated for the area over the next five years. The charts below summarize the expected population growth that will fuel apartment demand over the near term. Overall, demand for apartments and the subject’s units is expected to increase.

POPULATION			
	1 MILE	3 MILES	5 MILES
2000 Population	9,167	68,906	205,591
2010 Population	9,315	74,661	227,678
2017 Population	10,189	81,438	250,230
2022 Population	10,731	87,457	269,758
Change 2000-2010	1.61%	8.35%	10.74%
Change 2010-2017	9.38%	9.08%	9.91%
Change 2017-2022	5.32%	7.39%	7.80%

Source: Pitney Bowes/Gadberry Group - GroundView®

HOUSEHOLDS			
	1 MILE	3 MILES	5 MILES
2000 Households	4,205	28,290	81,259
2010 Households	4,314	31,502	92,549
2017 Households	4,528	33,419	98,316
2022 Households	4,715	35,593	104,562
Change 2000-2010	2.59%	11.35%	13.89%
Change 2010-2017	4.96%	6.09%	6.23%
Change 2017-2022	4.13%	6.51%	6.35%

Source: Pitney Bowes/Gadberry Group - GroundView®

Unemployment Trends

Clark County has elicited low unemployment rates over the last decade, which, coupled with increasing overall total employment, bodes well for the apartment market. The last three years (2015-2017) show strong employment growth. While the current 2018 numbers show a slight decline in county employment, as well as a small increase in the overall unemployment rate, the current figures are still strong and much improved from the post-recession figures of 2009. While the current number of employed is slightly lower than the 2017 annual figures, this is likely due to seasonal employment shifts, and the number of employed is anticipated to increase in the summer months. The Clark County unemployment rate tends to follow national business trends and remain close to Washington state's overall figures. Overall, it is evident that positive employment growth is occurring in the Clark County, which is expected to continue over the near term.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2008 - 2017							
TOTAL EMPLOYMENT					UNEMPLOYMENT RATE		
Washington		Clark County, WA			United States* Washington Clark County, WA		
Year	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2008	3,291,309	1.5%	198,972	1.1%	5.8%	5.4%	7.5%
2009	3,211,649	(2.4%)	190,185	(4.4%)	9.3%	9.2%	13.3%
2010	3,160,544	(1.6%)	188,628	(0.8%)	9.6%	10.0%	12.9%
2011	3,140,190	(0.6%)	186,816	(1.0%)	8.9%	9.3%	11.7%
2012	3,189,271	1.6%	189,704	1.5%	8.1%	8.1%	9.4%
2013	3,219,842	1.0%	190,701	0.5%	7.4%	7.0%	8.5%
2014	3,275,753	1.7%	194,621	2.1%	6.2%	6.1%	7.0%
2015	3,345,496	2.1%	200,483	3.0%	5.3%	5.7%	6.5%
2016	3,444,126	2.9%	207,514	3.5%	4.9%	5.3%	6.0%
2017	3,547,430	3.0%	215,782	4.0%	4.4%	4.8%	5.1%
2018-Feb	3,564,199	0.5%	214,233	(0.7%)	4.4%	5.3%	5.6%

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate

SUMMARY OF APARTMENT MARKET ANALYSIS

General economic conditions are improving in the Portland MSA (inclusive of Clark County) as elicited by a decreasing unemployment rate coupled with an increased employed level (net positive job growth). On a more local basis, unemployment has been dropping in Clark County as well. Vancouver rent growth has been positive and occupancy rates have remained relatively stable, despite increases in multi-family supply. It is important to note that this new supply will provide some competition for the subject, depending on which projects get built next, for the projects in the downtown "core" area of Vancouver, and the brand new supply is expected to compete at similar rent levels. Overall, current market conditions indicate strong demand for well-located units and the subject is located in the established downtown "core" area of Vancouver, at the immediate NE corner of Esther Short Park, and is attractive to a large tenant pool.

Investor Demand

The most likely buyer of the subject property is likely an apartment/mixed-use developer. As mentioned previously, due to the current market, financing and economic conditions, there has been market activity for commercial facilities, though not any of a similar quality and condition as the subject. Multi-family and mixed-use commercial lenders in downtown Vancouver are paying close attention to absorption rates for newly constructed projects to help determine the point at which downtown Vancouver is approaching a “saturation point”, and particular attention will be paid to the Vancouver Waterfront projects on Blocks 6 and 8, to see how these projects absorb higher-end apartment units. Furthermore, due to the current amount of single-family residential, multi-family residential, and commercial/industrial construction taking place in Clark County, coupled with increases in the prices of building materials, there is a concern that these increased construction costs will make it more difficult for projects to show financial feasibility. Finally, with respect to the grocery anchor, the subject’s downtown market is much different than the sub-markets in and around downtown Portland, which show much higher critical mass, and a grocery store anchor is going to have slim margins in operating a grocery store in downtown Vancouver; consequently, this is going to place downward pressure on the rent level that a grocery store developer is going to be willing and able to pay for a grocery anchor space in any building proposed for the subject block. These factors are expected to at least temper appreciation in land values, and, in some cases, place some downward pressure on land values. This is considered to impact the subject property, based on the magnitude of the proposed project.

Based on the sales used in this analysis, and the development of multi-family projects in downtown Vancouver, the proposed developer of the Block 10 property just NE of Esther Short Park has also proposed a grocery-store anchor for the ground floor of the property, as the amount of “critical mass” in downtown Vancouver now appears to be approaching the level to support a grocery store. However, no formal announcement has been made regarding a grocery tenant.

Overall, for the subject property as assembled with the property immediately to the south, demand is considered to support a mixed-use office/multi-family development on the subject property site. There is expected to be continued demand for downtown commercial land, as new development in downtown Vancouver is anticipated in the near future, which, coupled with the limited supply of prime blocks of downtown land such as the Block 10, is going to increase demand for the subject property in downtown Vancouver. The Vancouver Waterfront project, coupled with the Port of Vancouver’s proposed mixed-use development, of which the subject property would be a part, is expected to transform the area along the Columbia River, west of Interstate-5.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys.

The availability of acquisition financing also factors into exposure time and marketing period. My review of the local capital market indicates that adequate financing options would have been available to consummate a sale of the subject on the date of value. Based on our analysis of the subject property and investigation of substitute properties in the marketplace, the subject is considered to have limited overall buyer appeal, with only one logical buyer located immediately south of the subject property, with a good competitive position if the property was exposed to the open market. Given the above analysis, the subject’s exposure/marketing period conclusions are summarized below.

Exposure Time Conclusion

12 To 18 Months

Marketing Period Conclusion

12 To 18 Months

HIGHEST AND BEST USE ANALYSIS

This section develops the highest and best use of the subject property as-vacant and as-improved. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

As-Vacant Analysis

Permitted uses of the subject's City Center (CX) zoning were listed in the Zoning Analysis section. Regarding physical characteristics, the subject site is elongated and irregular in shape, which is considered to negatively impacted its marketability. It has varying topography, noting there is a ramp leading up from street level up to the Burlington Northern Railroad Tracks at the north end, with average/good access and average/good exposure. The subject property has several easements which are considered to impact its development. Also, the owner/developer of the parcel immediately south of the subject property (Port of Vancouver), when they acquire the subject property, will have to construct a road (Cascade Street) over the majority of the subject property, all the way to Columbia Street. For the above reasons, the subject would not be developed on its own. The owners of the property immediately to the south (Port of Vancouver) do not have to purchase the subject property to develop their property, but in assembling the subject site as plottage to their existing ownership, they do benefit by deepening their overall site and allowing for more flexible setbacks and landscaping, including a deeper setback from the Burlington Northern Railroad Tracks. Additionally, the subject provides the adjoining property owner with an additional access point from the north end of the site, where Cascade Street will be constructed. Therefore, the subject property is not going to be developed on its own. Rather, it is most likely going to be developed in conjunction with the property immediately to the south. Based on my observations of land development trends for sites with similar zoning and physical characteristics as the subject and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is plottage with the adjoining property immediately to the south for a larger commercial development.

VALUATION METHODS

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

The appraisal process, which is applied to most real estate properties, is designed to evaluate all factors that influence value. Regional and market area information has been presented to inform the reader of general outside influences that may affect value. In addition, the subject property has been described and the highest and use concluded. The following section deals directly with the valuation of the property.

The **Sales Comparison Approach** is used to estimate this value through a Land/Site Valuation. The other standard approaches to value, including the cost approach and the income approach, are not typically used when estimating land value and they are not applicable for this analysis. The sales comparison approach is briefly defined below.

LAND VALUATION

As previously discussed within the Valuation Methods section, the subject is valued as one marketable economic site in this appraisal. The most relevant unit of comparison is the price per square foot, as it best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning. A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. Overall, the sales selected represent the best comparables available for this analysis.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase such as demolition costs and market conditions. The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	April 2019	(As-Is)	3%

The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

Qualitative adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate my logic in deriving a value opinion for the subject site.

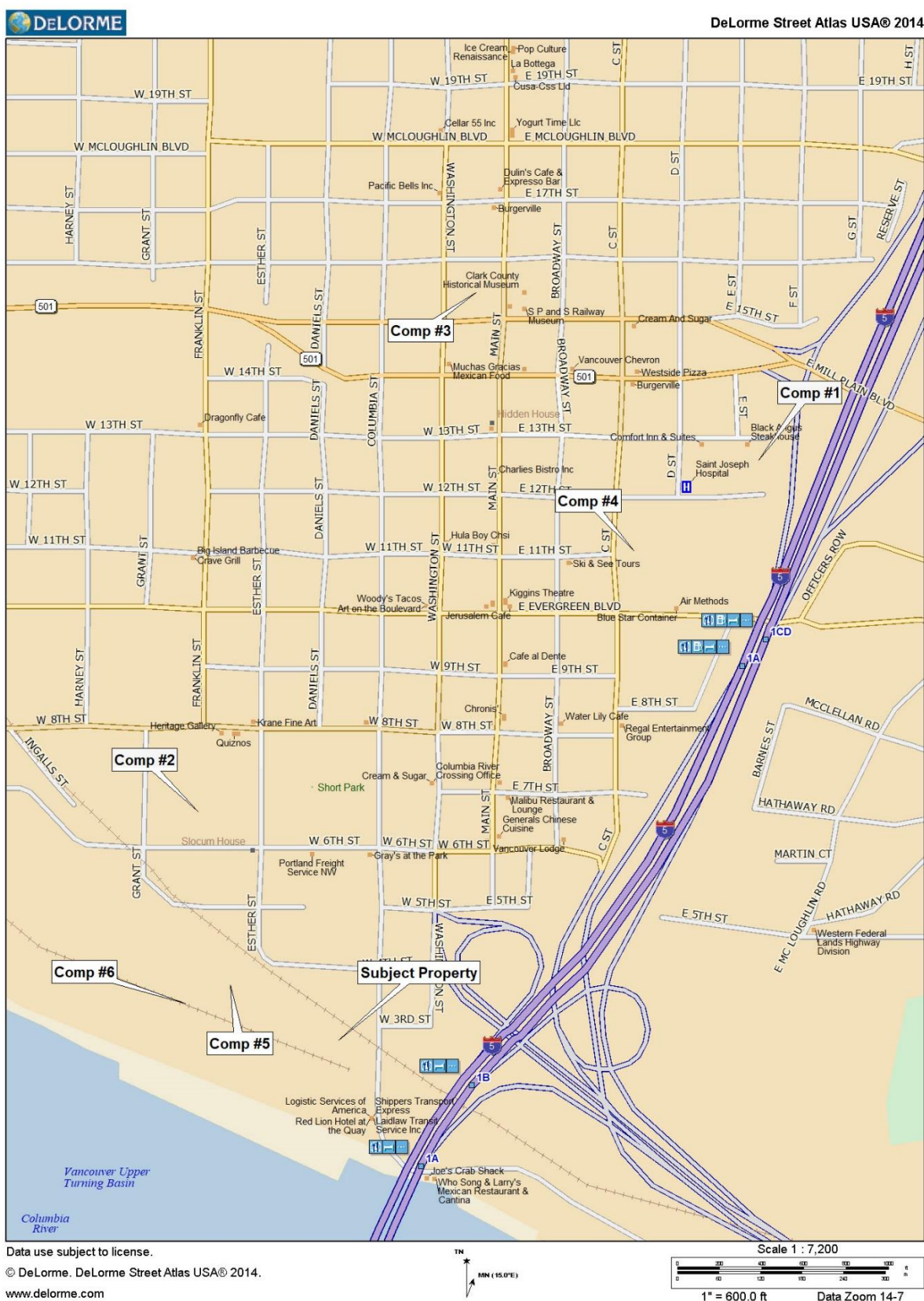
The following sales will be utilized to value the subject property assuming it has a broad range of buyers (buildable, etc.). The concluded "per square foot" value will be applied to the subject property. Following the conclusion of the "per square foot" value for the subject, the concluded value will be discounted to reflect the more limited marketability associated with its narrow, elongated shape, numerous easements and development constraints, along with the fact that it only has one legitimate likely buyer (owner of property to the south – Port of Vancouver), because this adjoining owner is the only legitimate owner which abuts the 36,327 square foot area. The owner to the south is the only likely beneficiary of the surplus subject parcel as an assemblage. Therefore, a discount to the value with full marketability is considered appropriate, because of the limited marketability of the subject's area to a single buyer and these development constraints.

Presentation

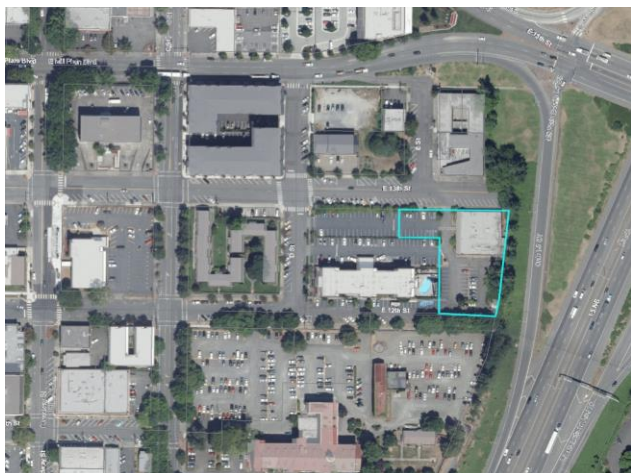
The following Land Sales Summation Table, Location Map and plat maps summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

LAND SALES SUMMATION TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Surplus City of Vancouver Land	Black Angus Property	Esther Apartment Site	15th & Main Full Block	Academy Mixed-Use Land Sale	Vancouver Waterfront (Block 4)	Vancouver Waterfront (Block 3)
Address	South Side of Burlington Northern Railroad Tracks, Between Columbia Street & Esther Street	415 East 13th Street	550 W 6th St	1506 Main St	1015 C Street	Esther Street & West Columbia Way	West Columbia Way & Esther Street
City	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver
State	WA	WA	WA	WA	WA	WA	WA
Zip	98660	98660	98660	98660	98660	98660	98660
County	Clark	Clark	Clark	Clark	Clark	Clark	Clark
APN	048840-000, 048850-000, Right-of-Way	039431-001	49443-000	046390-000, 046485-000, 047283-000, 047280-000, 04	986035-621, 986035-622, 039224-000	986041-169 & 986041-168	986041-167
PHYSICAL INFORMATION							
SF	36,327	39,805	36,278	44,875	96,267	32,306	37,785
Location	Good	Average/Good	Good	Average/Good	Average/Good	Excellent	Excellent
Exposure	Average/Good	Average	Average	Average	Average/Good	Good	Good
Access	Average/Good	Average/Good	Average/Good	Good	Average/Good	Good	Good
Shape	Irregular	L-shaped	Rectangular	Square	Irregular	Rectangular	Square
Site Utility Rating	Average	Average	Average	Average	Average	Good/Excellent	Good/Excellent
Zoning	CX (City Center)	CX (City Center)	CX (City Center)	CX (City Center)	CX (City Center)	CX (City Center)	CX (City Center)
Flood Zone	Zone X (Shaded)	None	None	None	None	None	None
Corner	No	No	No	Yes	No	No	No
Topography	Undulating	Level	Level	Level	Level	Level	Level
SALE INFORMATION							
Date		6/15/2017	4/11/2017	12/19/2017	11/16/2018	8/3/2017	6/18/2018
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$2,461,875	\$2,400,000	\$2,700,000	\$5,494,573	\$3,250,000	\$4,250,000
Analysis Price		\$2,461,875	\$2,400,000	\$2,700,000	\$5,594,573	\$3,250,000	\$4,250,000
\$/SF Land		\$61.85	\$66.16	\$60.17	\$58.12	\$100.60	\$112.48

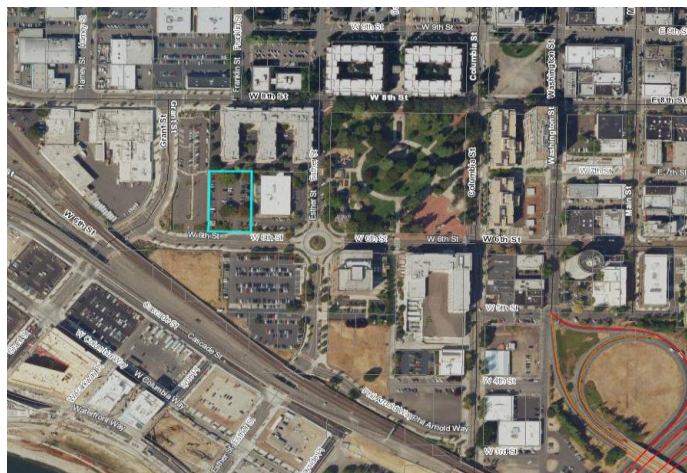
LAND SALES LOCATION MAP



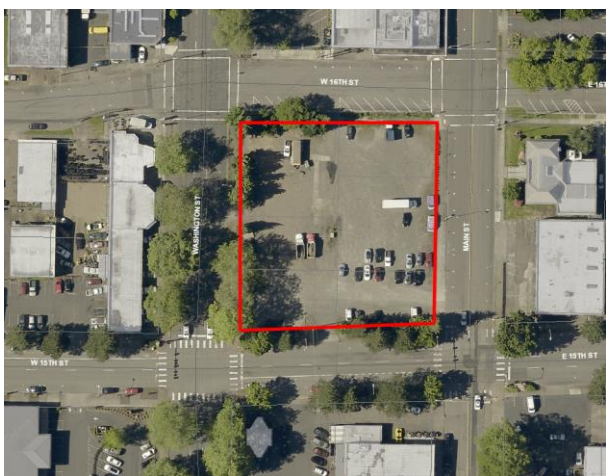
LAND SALES EXHIBITS



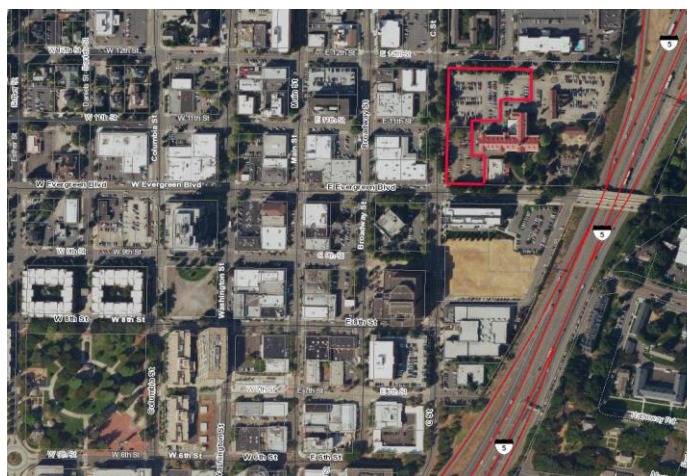
COMPARABLE 1



COMPARABLE 2



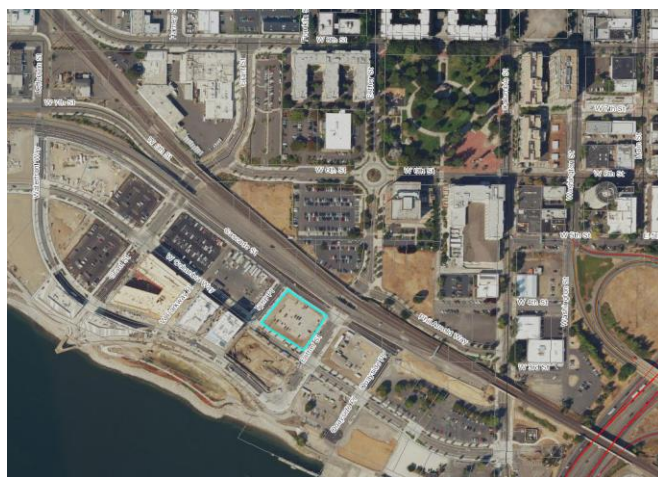
COMPARABLE 3



COMPARABLE 4



COMPARABLE 5



COMPARABLE 6

LAND SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Surplus City of Vancouver Land	Black Angus Property	Esther Apartment Site	15th & Main Full Block	Academy Mixed-Use Land Sale	Vancouver Waterfront (Block 4)	Vancouver Waterfront (Block 3)
Address	South Side of Burlington Northern Railroad Tracks, Between Columbia Street & Esther Street	415 East 13th Street	550 W 6th St	1506 Main St	1015 C Street	Esther Street & West Columbia Way	West Columbia Way & Esther Street
City	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver	Vancouver
APN	048840-000, 048850-000, Right-of-Way	039431-001	49443-000	046390-000, 046485-000, 047283-000, 047280-000, 04	986035-621, 986035-622, 039224-000	986041-169 & 986041-168	986041-167
SF	36,327	39,805	36,278	44,875	96,267	32,306	37,785
Location	Good	Average/Good	Good	Average/Good	Average/Good	Excellent	Excellent
Exposure	Average/Good	Average	Average	Average	Average/Good	Good	Good
Access	Average/Good	Average/Good	Average/Good	Good	Average/Good	Good	Good
Shape	Irregular	L-shaped	Rectangular	Square	Irregular	Rectangular	Square
Site Utility Rating	Average	Average	Average	Average	Average	Good/Excellent	Good/Excellent
SALE INFORMATION							
Date		6/15/2017	4/11/2017	12/19/2017	11/16/2018	8/3/2017	6/18/2018
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price		\$2,461,875	\$2,400,000	\$2,700,000	\$5,594,573	\$3,250,000	\$4,250,000
Price/SF		\$61.85	\$66.16	\$60.17	\$58.12	\$100.60	\$112.48
TRANSACTIONAL ADJUSTMENTS							
Property Rights		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions¹		6%	6%	4%	1%	5%	2%
Subtotal Transactional Adj Price		\$65.56	\$70.13	\$62.58	\$58.70	\$105.63	\$114.73
PROPERTY ADJUSTMENTS							
Location		Sl. Inferior	Similar	Sl. Inferior	Sl. Inferior	Superior	Superior
Size		Similar	Similar	Similar	Larger	Similar	Similar
Exposure		Sl. Inferior	Sl. Inferior	Sl. Inferior	Similar	Sl. Superior	Sl. Superior
Access		Similar	Similar	Sl. Superior	Similar	Sl. Superior	Sl. Superior
Shape		Inferior	Similar	Similar	Inferior	Similar	Similar
Site Utility Rating		Similar	Similar	Similar	Similar	Superior	Superior
TOTAL ADJUSTED PRICE		\$65.56	\$70.13	\$62.58	\$58.70	\$105.63	\$114.73
STATISTICS	UNADJUSTED	ADJUSTED					
LOW	\$58.12	\$58.70					
HIGH	\$112.48	\$114.73					
MEDIAN	\$64.01						
AVERAGE	\$76.56	\$79.56					

¹ Market Conditions Adjustment: 3%

Date of Value (for adjustment calculations): 4/12/19

LAND SALES ANALYSIS

In this analysis, six comparable land sales were researched in order to estimate a land value for the subject property. An attempt was made to find comparable land sales in the subject's immediate downtown "core" CBD area, of a size which is similar to the subject. As will be mentioned below, due to the apartment market conditions which have strengthened in the past couple of years, driving new construction of apartment and mixed-use projects, there have been some sales for large blocks recently which suggest a trend of some upward pressure on downtown land values, especially for full/large blocks, likely due to the limited supply of available properties. However, in recent years, due to the volume of single-family residential, multi-family residential, and commercial/industrial construction in Clark County, coupled with the increases in construction costs for certain materials, the appreciation in land values has been tempered as developers attempt to achieve financial feasibility for certain projects.

The above land sales indicate a relatively wide range of land value for the subject property of between \$58.70 and \$114.73 per square foot.

The low end of the range is indicated by Comparable 3 (\$62.58), the sale of a full block site bounded by 15th, Main, 16th, and Washington Streets in downtown Vancouver. According to the broker, the buyer plans to develop a mixed-use project, primarily apartments, with some commercial space planned for the first floor. However, this comparable is slightly inferior to the subject property with respect to location and exposure, as it is located further from Esther Short Park, which has been the focal point of development activity and pedestrian traffic. It is slightly superior to the subject property with respect to access. Overall, it is considered to be a slightly low value indicator for the subject property.

The upper end of the range is indicated by Comparable 5 (\$105.63) and 6 (\$114.73). Comparable 5 (\$105.63) is the sale of the site currently being developed with the Hotel Indigo and Kirkland Tower projects in the Vancouver Waterfront. However, downward pressure was placed on this sales price because there was a restriction on this property of only a hotel. Comparable 6 (\$114.73), Block 3, is the most recently closed sale in the Vancouver Waterfront. It was purchased by an apartment developer who has initially proposed a timber-construction apartment project (5-over-1), but an exact unit count was not available. It is located at the NW corner of Esther Street and Columbia Way, immediately south of the Burlington Northern Railroad Tracks. These comparables are similar to the subject with respect to location. However, as part of an approved Master-Planned Development, they are considered superior with respect to site utility, and superior with respect to location, exposure, and access. Overall, Comparables 5 (\$105.63) and 6 (\$114.73) are therefore considered to be upper limit value indicators for the subject property.

Comparable No. 2 (\$70.13) is the 2017 sale of a commercial site in downtown Vancouver, purchased for the development of a downtown apartment complex. The site was originally purchased from the City of Vancouver in January 2015, and the more recent 2017 sale actually reflects an internal transfer between some related parties involved in the development partnership. However, based on our interviews of the parties involved, the buyer and seller attempted to structure this sale at market, so it is utilized in this analysis. It is similar to the subject property with respect to its location near Esther Short Park. However, it is slightly inferior with respect to exposure. Overall, it is considered to be a good value indicator for the subject property.

Comparable No. 4 (\$58.70) is the sale of a commercial parcel in downtown Vancouver, along C Street. It was formerly part of the same ownership as The Academy historical property, which is generally located between East Evergreen Boulevard and East 11th Street, between C Street and Interstate-5. This is a surplus portion of the historical property which had previously been used as surface parking leased to various office tenants in downtown Vancouver. It was sold as a mixed-use (apartment-commercial) site in downtown Vancouver which is planned to be developed with 110 apartment units to be located over 1st floor commercial retail/service space. It

has been adjusted for the buyer's obligation to demolish the adjacent El Presidente restaurant, with the demolition costs estimated at \$100,000, which seems reasonable. Overall, it is a recent sale. However, it is considered to be slightly inferior to the subject property with respect to location and shape. It is also inferior to the subject property with respect to its larger, less marketable size. Therefore, it is considered to be a slightly low value indicator for the subject property.

Comparable 1 (\$65.56) is the sale of the Black Angus site, purchased by a local developer for ultimate re-development. It is currently developed with the Black Angus Restaurant and has some Interstate-5 exposure. Overall, however, it is slightly inferior to the subject property with respect to location, exposure, and shape, and is considered a good, but slightly low indicator of value for the subject property.

Factors placing upward pressure on the subject's value are its "prime" location in the downtown CBD "core", its water view/orientation on the south side of the Burlington Northern Railroad Tracks, and its orientation in close proximity to the Vancouver Waterfront development to the west, where there has been a considerable amount of development activity and there is market demand for apartment units. Therefore, the subject property is still considered to be a desirable piece of commercial property in downtown Vancouver, for some type of mixed-use (apartment-commercial) development.

However, the current construction climate in Clark County and the upward pressure on development costs, both hard and soft costs, have placed some downward pressure on land values, as mentioned previously. The upward pressure on development costs limits what a developer can pay for a site and still achieve a financially feasible project.

Therefore, based on the above analysis, and considering the subject's location/exposure in the downtown "core" CBD of downtown Vancouver, along with its shape and size and limited competition, along with current economic and market conditions, a value in the range of \$65.00 to \$75.00 per square foot would be considered appropriate for the subject property, with the mid-range of \$70.00 per square foot concluded, assuming the subject has full marketability. The subject's land value, assuming full marketability, is calculated as follows: 0.83 Acres (36,327 SF) X \$70.00/SF = \$2,540,000 (Rounded). This value is based on a Marketing Period of approximately 12 to 18 months.

The following table summarizes the analysis of the comparables, reports the reconciled price per SF value conclusion, and presents the concluded value of the subject site as a fully marketable site assembled with the adjoining property to the south.

CALCULATION OF LAND VALUE

The following table summarizes the analysis of the comparables, reports the reconciled price per square foot value conclusion, and presents the concluded value of the subject site.

CALCULATION OF LAND VALUE					
ANALYSIS				OVERALL	
COMP	PRICE	TRANSACTIONAL ¹	ADJUSTED	NOTES	COMPARISON
1	\$61.85	6%	\$65.56		PRIMARY
2	\$66.16	6%	\$70.13		PRIMARY
3	\$60.17	4%	\$62.58		PRIMARY
4	\$58.12	1%	\$58.70		PRIMARY
5	\$100.60	5%	\$105.63		PRIMARY
6	\$112.48	2%	\$114.73		PRIMARY
LOW	\$58.70			AVERAGE	\$79.56
HIGH	\$114.73			MEDIAN	\$67.85
COMPONENT		SUBJECT SF		\$/SF CONCLUSION	
TOTAL PROPERTY		36,327	x	\$70.00 =	\$2,540,000
Discount for Limited Marketability (Shape, Easements, One Buyer, Etc				80%	(\$2,032,000)
TOTAL ADJUSTED VALUE					\$510,000

¹Cumulative ²Additive

Rounded to nearest \$10,000

MARKETABILITY DISCOUNT

The concluded "base" value of the overall subject site, as a fully marketable site with a regular shape and a broader range of potential buyers, is \$70.00/SF, or \$2,540,000 (Rounded).

The above value is concluded, assuming the subject property has full marketability to a broad range of buyers/developers, with a size and shape which is adequate to support a range of commercial mixed-use developments, and therefore having full utility. However, the subject property has several physical characteristics that significantly limit its marketability.

First, the subject area has limited marketability because of its narrow, elongated shape which does not allow for many varieties of uses on it. These factors limit the utility of the site to a very narrow range of uses.

Second, the other primary physical factor that limits the marketability of the subject area is that it has several easements which limit the ability of the subject property to be developed. This includes a 17-foot easement along the northern boundary of the subject property for the purpose of maintaining the retaining wall. It also includes a sewer line easement through the central portion of the property which cannot be built upon. Finally, there is an access easement in favor of Burlington Northern Railroad which allows BNSF to access the rail lines. These easements are considered to limit the marketability of the subject property.

Third, the subject property is only abutted by one property owner to the south, the Port of Vancouver, with the railroad tracks bordering the north end, and two streets bordering the east and west ends. Therefore, there is only one legitimate buyer, the Port of Vancouver, which is also considered a significant limitation on the marketability of the subject property.

Therefore, based on this very limited number of buyers for the subject property, along with the easements and the elongated, irregular shape, a significant discount to the above value is considered necessary. The amount of the discount is considered to be commensurate with the number of other potential users/buyers of the subject property. A broad range of users/buyers would require a smaller discount, while a limited number of users/buyers would necessitate a greater discount. For example, one of three logical buyers of a commercial site in Longview purchased this site and, in establishing the purchase price, assigned a 50% discount to establish its value. This parcel only had access from three other abutting ownerships. This helps provide a benchmark for the subject property, which only has "one" likely buyer (public agency). Also, brokers and buyers of other properties with

physical restrictions, such as power lines, have indicated that these physical restrictions necessitate a discount of approximately 50% of the unencumbered value. This also helps establish a discount for the subject.

To provide further support for a discount, we have researched other remnant parcel sales and sales of vacated right-of-way to abutting owners. The results of this survey are summarized in the Land Sales Summation Table on the following page. The comparable land sales utilized indicate a range of discounts from 50% up to 84%-88%. Therefore, based on the number of potential buyers (1), along with the limitations on development because of its size, shape, and topography, a considerable discount is appropriate, higher than 50%, with a discount in the range of 70 to 90 percent considered appropriate for the subject property, and the mid-range of 80% concluded and applied to the subject property. This indicates a value for the subject property which is calculated as follows:

$\$70/\text{SF} \times 20\% \text{ (80\% Discount)} = \$14.00/\text{SF} \times 36,327 \text{ SF} = \$508,578$, rounded to \$510,000. This represents the As-Is Market Value of the subject property.

SUMMARY AND RECONCILIATION OF VALUES

The As-Is Market Value of the subject property is summarized as follows:

VALUE SUMMARY

As-Is Market Value (4/12/19):	\$510,000
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LAND SALES SUMMATION TABLE

Comparable 1	Transaction (Status/Date)	Analysis Price	Site Size (Acres/SF)	Zoning	Price Discount	Price per SF
Vacated Street Right-of-Way NE 152nd Avenue, S. of Fourth Plain Vancouver, WA	Recorded 10/1/2004	\$3,850	0.08 3,350	ML (Light Industrial)	50%	\$1.15
Comments:	Sale included a strip of excess NE 152nd Avenue right-of-way in Vancouver, WA. 10' x approximately 335' (3,350 SF). Sold for \$1.15/SF, which is about a 50% discount of the value of adjacent lands of \$2.50/SF. Purchased by Pedron RV Storage.					
Comparable 2						
Vacated Street Right-of-Way NE 152nd Avenue, S. of Fourth Plain Vancouver, WA	Recorded 10/1/2004	\$3,850	0.08 3,350	ML (Light Industrial)	50%	\$1.15
Comments:	Sale included a strip of excess NE 152nd Avenue right-of-way in Vancouver, WA. 10' x approximately 335' (3,350 SF). Sold for \$1.15/SF, which is about a 50% discount of the value of adjacent lands of \$2.50/SF. Purchased by Aho (Kunze Farms).					
Comparable 3						
Vacated NE Highway 99 NE Highway 99 Vancouver, WA	Recorded 1/1/2003	\$3,950	0.02 878	CH (Highway Commercial)	50%	\$4.50
Comments:	Parcel of excess NE Highway 99 right-of-way which sold from Clark County to the abutting owner. Approximately 15' in depth. Parcel sold to the abutting owner at a discount of approximately 50% of its value as combined with abutting lands. Parcel is used to provide parking and landscaping for the adjacent office building development.					
Comparable 4						
Salmon Creek Land SWC of Salmon Creek Ave. & NE 136th Vancouver, WA	Recorded 1/20/2012	\$5,776	0.09 3,850	OC (Office Campus)	82%	\$1.50
Comments:	Sale of a small surplus right-of-way strip, sold to the abutting owner, who was the only logical buyer, who plans to develop the adjoining site with a hospice care facility. Indicated price of \$9,624.75, but seller indicated the price allocated to the land only was \$5,776 (\$1.50/SF). This price represents a discount of approximately 82% of the market value of the surrounding land.					
Comparable 5						
Vacant Commercial Land 826 River Road Puyallup, WA	Recorded 3/1/1996	\$2,000	0.05 2,035	General Commercial	84% to 88%	\$0.98
Comments:	Parcel had no access and was purchased by the owner of the surrounding lands, who operates two auto dealerships. Price indicates a discount of approximately 84 to 88 percent of the value of surrounding lands.					

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions of the signer are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signer of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- Dean Meyer, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- Dean Meyer, MAI inspected the property that is the subject of this report.
- No one provided significant real property appraisal assistance to appraiser signing this certification.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report Dean Meyer, MAI completed the continuing education program for Designated Members of the Appraisal Institute.



Dean Meyer, MAI
Senior Valuation Services Director
Certified General Real Estate Appraiser
State of Washington License #1100795
+1 360 823 5263
dean.meyer@colliers.com

April 30, 2019
Date

This appraisal is subject to the following assumptions and limiting conditions:

- The appraiser may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the firm with which the appraiser is connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal

injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- The appraiser assumes no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Engagement Letter
Legal Description
Valuation Glossary
Qualifications of Appraiser
Qualifications of Colliers International Valuation & Advisory Services

Meyer, Dean

From: Carlson, Linda <Linda.Carlson@cityofvancouver.us>
Sent: Thursday, April 11, 2019 9:41 AM
To: Meyer, Dean
Subject: RE: Appraisal needed

Dean – Please move forward with this appraisal. I will get you a PO number once it is in our system.

Matt Grady from Gramor has some great knowledge of this property and would be able to answer most any question you may have. I have asked him if it would be OK for you to contact him with your questions and he said yes. His contact information is

Matt Grady
Matt@gramor.com
503-245-1976 work phone

Matt works for the entity that we will transfer this property to per the development agreement for the waterfront. He is anxious to get this appraisal information so that he can proceed forward with their project.

Thank you.

Linda Carlson | Property Management Specialist | City of Vancouver
Direct: 360.487.8423 | Fax: 360.487.8496 | E-mail: linda.carlson@cityofvancouver.us

From: Meyer, Dean [mailto:Dean.Meyer@colliers.com]
Sent: Monday, April 8, 2019 2:39 PM
To: Carlson, Linda
Subject: RE: Appraisal needed

CAUTION: This email originated from outside of the City of Vancouver. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Linda,

I drove down and took a look at the site and feel like I have a pretty good understanding of where it lies, even though it's tougher to pull up on GIS (right-of-way, etc.) and see.

Our fee to provide a Summary Appraisal on this property, in our own format, would be \$3,800, and our time-frame is about 3 weeks. So we could have it done by the end of April, or possibly a bit sooner.

Again, this would be our standard format. If you need any type of Yellow Book format for this appraisal, please let me know and I can re-quote.

One thing that I need to clarify is whether there will be an easement over this property in favor of BNSF, to access the railway. There are also a lot of notes on the Color Sheet you sent over, so we would need to go over those, as well. Maybe you have a point person who can go over a lot of the notes on that sheet.

Please let me know if you have any questions.

Thanks.

Dean

Dean M. Meyer, MAI

Senior Valuation Services Director

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View the current issue of [*Knowledge Leader*](#)

From: Carlson, Linda <Linda.Carlson@cityofvancouver.us>

Sent: Thursday, April 4, 2019 11:08 AM

To: Meyer, Dean <Dean.Meyer@colliers.com>

Subject: Appraisal needed

Importance: High

Dean – I need an appraisal completed of the area shown in brown (circled in red) on the attached map. I have also included a legal description of the parcel that was created by Olson Engineering when the waterfront project first began.

This area consists of two parcels and also some maybe ROW area – not exactly sure.

We need an appraisal to determine value before we transfer the property over to Columbia Waterfront LLC. There is also an access road for BNSF on the property.

Please advise cost and timeline to complete this.

I am out of office until Tuesday for my mothers service and will return a message at that time.

Thank you.

Linda Carlson | Property Management Specialist | City of Vancouver

Direct: 360.487.8423 | Fax: 360.487.8496 | E-mail: linda.carlson@cityofvancouver.us

From: irpark01@cityofvancouver.us [<mailto:irpark01@cityofvancouver.us>]

Sent: Thursday, April 4, 2019 11:00 AM

To: Carlson, Linda

Subject: Attached Image

LEGAL DESCRIPTION FOR
CITY OF VANCOUVER SURPLUS PROPERTY
EAST OF VACATED ESTHER STREET

October 4, 2017

A parcel of property in a portion of the Amos Short Donation Land Claim No. 51 and located in the Southwest quarter of Section 27, Township 2 North, Range 1 East, of the Willamette Meridian, City of Vancouver, Clark County, Washington, being a portion of Lots 1, 2, 3, 4, 7 and 8 of Block 26 and Lots 4, 5, 6, 7 and 8 of Block 27 and of those portions of 3rd and Daniels Street in the Plat of West Vancouver recorded in Book "D" of Plats, at Page 30, records of the Clark County, lying Southwesterly of a line drawn parallel with and 30.00 feet from, when measured perpendicular to, the Burlington Northern and Santa Fe Railway Company's Main Track centerline as described in deed to the City of Vancouver, recorded under Auditor's File No. 3222569, records of Clark County, and lying Southerly of the following described line:

COMMENCING at a brass cap set at the Southeast corner of said Short Donation Land Claim;

THENCE North 02° 19' 17" East towards a stone with an "X" at the intersection of Main & 12th Streets as shown in Book 17 of Surveys at Page 21, records of the Clark County Auditor, a distance of 1046.42 feet;

THENCE North 87° 40' 43" West 1309.17 feet to the TRUE POINT OF BEGINNING;

THENCE South 57° 15' 28" East 112.45 feet;

THENCE South 58° 31' 22" East 1.07 feet;

THENCE South 55° 18' 29" East 21.51 feet;

THENCE South 60° 20' 03" East 21.69 feet;

THENCE South 58° 28' 53" East 399.69 feet;

THENCE South 26° 55' 22" West 13.87 feet;

THENCE South 63° 18' 52" East 11.14 feet;

THENCE South 63° 31' 50" East 181.27 feet;

THENCE South 57° 39' 23" East 13.79 feet to the South line of said Burlington Northern Santa Fe Railroad Company tract;

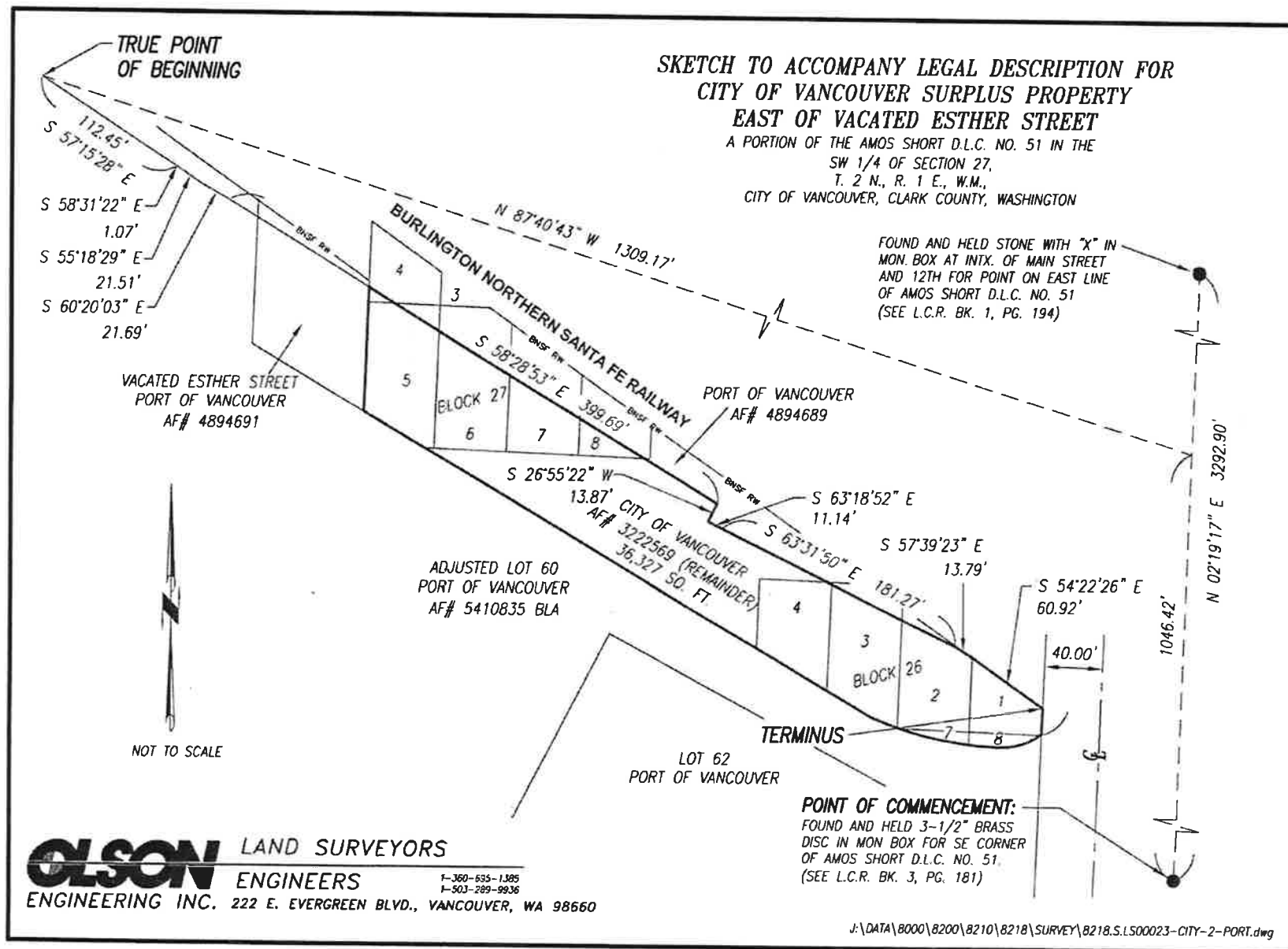
THENCE South 54° 22' 26" East along said South line 60.92 feet, more or less, to the West line of Columbia Street and the TERMINUS of said line.

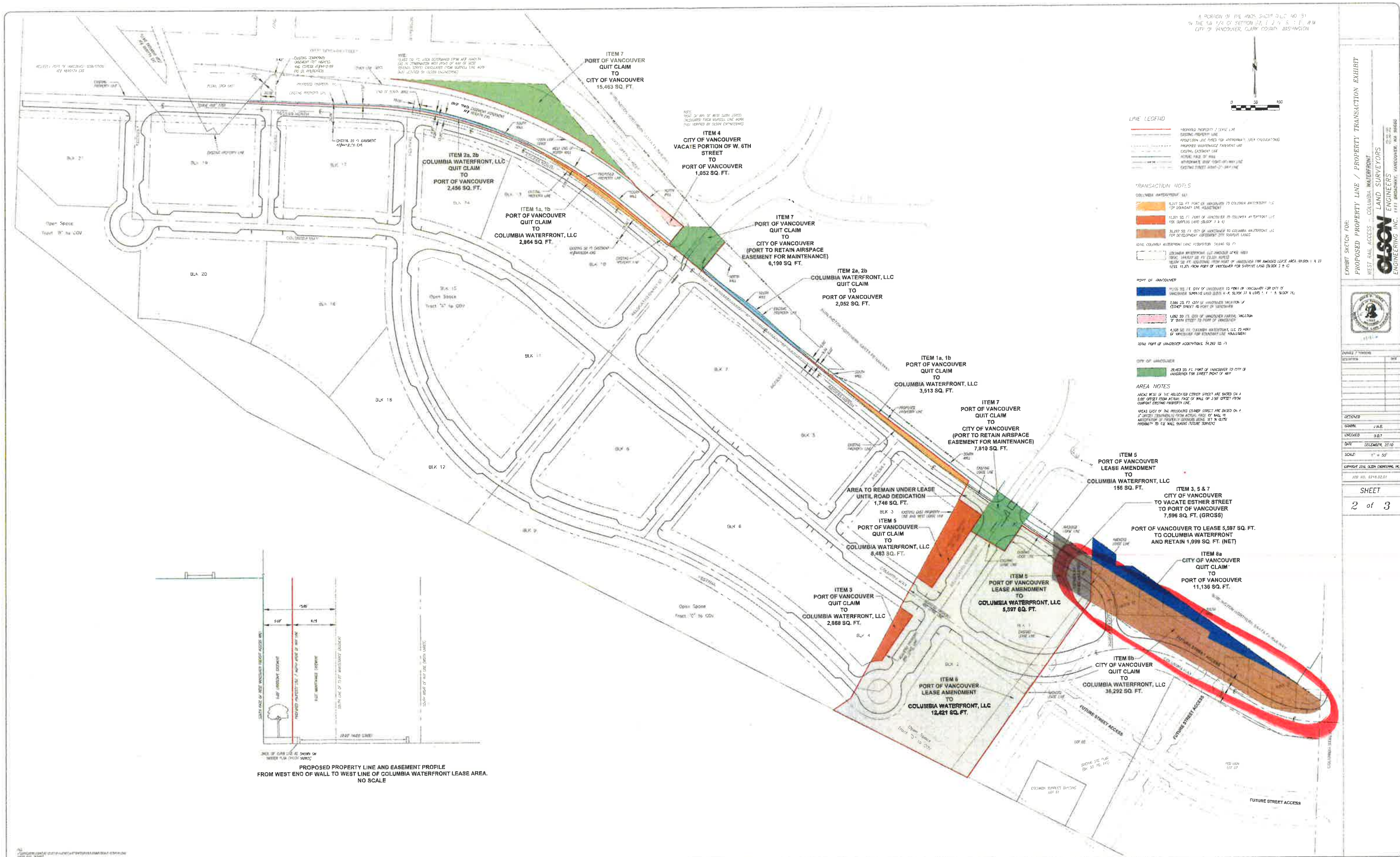
EXCEPT any portions lying West of the West line of Block 27, said Plat of West Vancouver, and that parcel conveyed by deed to the Port of Vancouver recorded under Auditor's File No. 9308180176, records of Clark County.

The intent of the above described parcel of land is to convey all that remainder of that parcel described in deed to the City of Vancouver, recorded under Auditor's File No. 3222569, records of Clark County.

Containing 36,327 square feet, more or less.







CONTACT DETAILS

DIR +1 206 695 4200
FAX +1 206 682 7938

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Suite 4800
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Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 (*Dictionary*).

Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition (USPAP).

The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013 (*14th Edition*).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (*Dictionary*)

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. (*14th Edition*)

Aggregate of Retail Values (ARV)

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called *sum of the retail values*. (*Dictionary*)

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. (*Dictionary*)

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (*Dictionary*)

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. (*14th Edition*)

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. (*Dictionary*)

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (*Dictionary*)

Cash-Equivalent Price

The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale. (*Dictionary*)

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. (*Dictionary*)

Valuation Glossary

Valuation & Advisory Services

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Contract Rent

The actual rental income specified in a lease. *(14th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. *(14th Edition)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.

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8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. (*Dictionary*)

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. (*14th Edition*)

Economic Life

The period over which improvements to real property contribute to property value. (*Dictionary*)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (*Dictionary*)

Effective Date

The date on which the appraisal or review opinion applies (SVP) (*Dictionary*)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (*Dictionary*)

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. (*Dictionary*)

Effective Rent

The rental rate net of financial concessions such as periods of free rent during the lease term and above or below-market tenant improvements (TIs). (*14th Edition*)

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. (*Dictionary*)

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. (*Dictionary*)

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Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(14th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. *(Dictionary)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be temporary or permanent. *(Dictionary)*

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. (USPAP)

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Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. (*Dictionary*)

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. (*USPAP*)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. (*Dictionary*)

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. (*Dictionary*)

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. (*Dictionary*)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (*Dictionary*)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (*Dictionary*)

Going-concern

An established and operating business having an indefinite future life. (*Dictionary*)

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern or market value of the total assets of the business*. (*Dictionary*)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. (*Dictionary*)

Gross Leasable Area (GLA) - Commercial

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (*Dictionary*)

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Gross Living Area (GLA) - Residential

Total area of finished, above-grade residential area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) (*Dictionary*)

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for that asset when formulating the price that it would be willing to bid (IVS). (*Dictionary*)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (*USPAP*)

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. (*14th Edition*)

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. (*Dictionary*)

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. (*Dictionary*)

Insurable Replacement Cost

The cost estimate, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). (*Dictionary*)

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Interim Use

The temporary use to which a site or improved property is put until a different use becomes maximally productive. (*Dictionary*)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (*Dictionary*)

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. (*Dictionary*)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. (*Dictionary*)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (*Dictionary*)

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; also known as a *grandfathered use*. (*Dictionary*)

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas. (*Dictionary*)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (*14th Edition*)

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Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. (*Dictionary*)

Market Value (Interagency Guidelines)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. (*Dictionary*)

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. (*Dictionary*)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). (*14th Edition*)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (*Dictionary*)

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Off-site Costs

Costs incurred in the development of a project, excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. (*Dictionary*)

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. (*Dictionary*)

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. (*14th Edition*)

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. (*Dictionary*)

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. (*Dictionary*)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (*Dictionary*)

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. (*Dictionary*)

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. (*Dictionary*)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. (*Dictionary*)

Qualitative Adjustment

An indication that one property is superior, inferior, or the same as another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. (*Dictionary*)

Quantitative Adjustment

A numerical (dollar or percentage) adjustment to the indicated value of the comparable property to account for the effect of a difference between two properties on value. (*Dictionary*)

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. (*Dictionary*)

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Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (*Dictionary*)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (*Dictionary*)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (*Dictionary*)

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. (*Dictionary*)

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. (*USPAP*)

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

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Shopping Center Types (cont.)

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. (14th Edition)

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. (*Dictionary*)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (*Dictionary*)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (*Dictionary*)

Triple Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*. (*Dictionary*)

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. (*Dictionary*)

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. (*Dictionary*)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and non-payment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. (*Dictionary*)

Yield Capitalization

A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. (*Dictionary*)



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Dean M. Meyer, MAI, has spent the last 23 years developing local commercial real estate expertise in the Vancouver office of Colliers International Valuation & Advisory Services, specializing geographically in Southwest Washington. His primary local expertise is in Clark County, with a vast range of experience in appraising commercial office, retail, industrial and special-use properties, along with commercial and industrial land. Various clients, including lenders, brokers, developers, attorneys, private owners, and governmental agencies, have turned to Dean for his expertise and service in the local Southwest Washington market. Dean cares about the relationships he has built with these clients in providing valuable real estate services for a variety of property types. Dean received his MAI (Member of the Appraisal Institute) designation in 1999, and continues to provide various real estate appraisal services to an extensive array of clients for various intended uses, including lending, right-of-way acquisition, estate planning, decision-making, tax appeal, divorce and arbitration.

EXPERIENCE

Senior Valuation Services Director, 2006-present, Colliers International Valuation & Advisory Services. Specialty is primarily in office, retail, and industrial properties. Geographic area of specialty is in Southwest Washington.

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APPRAISAL INSTITUTE COURSES

Real Estate Appraisal Principles

Basic Valuation Procedures

Capitalization Theory and Techniques, Parts A&B

Standards of Professional Practice, Parts A&B

Case Studies in Real Estate Valuation

Valuation Analysis and Report Writing

Appraisal of Nonconforming Uses

Scope of Work

Analyzing Distressed Real Estate

Rates & Ratios

Office Building Valuation

Introduction to Valuing Green Buildings

OTHER RELATED COURSES

Finance and Investments

Economic Statistics

Business Practices in Society

Management Strategies and Policies

Advanced Technical Writing

Computer Science

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Telecommunications

Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

Colliers Valuation & Advisory Services' reports are designed to deliver insight into a property's fundamentals, its competition and the overall market dynamics affecting value. A solid valuation report can be a strategic asset for investors, lenders and owners, provided that it addresses both a property's unique characteristics and the most current market conditions.

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Today's business climate places valuation in a more pivotal position than ever before. All our appraisals are evaluated and approved by an experienced review team to ensure our clients receive concise and timely appraisals. With clear, prompt reporting and a comprehensive, big picture approach, Colliers International's Valuation and Advisory reports give our clients the information they need to make better business decisions.

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