

**URBAN RENEWAL AGENCY BOARD MEETING MINUTES
MARCH 25, 2019**

0:00

DATE WOODBURN FIRE DISTRICT, CITY OF WOODBURN, COUNTY OF MARION,
STATE OF OREGON, MARCH 25, 2019

CONVENED The meeting convened at 6:34 p.m. with Chair Swenson presiding.

ROLL CALL

Chair Swenson	Present
Member Schaub	Present
Member Cornwell	Present
Member Carney	Present
Member Morris	Present
Member Ellsworth	Present
Member Serratos	Absent

Staff Present: City Administrator Derickson, City Attorney Shields, Assistant City Administrator Row, Public Works Director Liljequist, Economic Development Director Johnk, City Recorder Pierson

CONSENT AGENDA

A. Urban Renewal Agency minutes of February 25, 2019

Carney/Schaub ... adopt the Consent Agenda. The motion passed unanimously.

PRESENTATIONS

Fire Chief Budge provided information to the Council on the upgrades that were done to the fires station. These included seismic upgrades as well as remodeling the dorm rooms. He then provided the City Council a tour of the building.

ADJOURNMENT

Morris/Ellsworth... move to adjourn. The motion passed unanimously. Chair Swenson adjourned the meeting at 6:54

APPROVED _____
ERIC SWENSON, CHAIR

ATTEST _____
Heather Pierson, City Recorder
City of Woodburn, Oregon

April 8, 2019

TO: Urban Renewal Agency Chair and Members
FROM: Jamie Johnk, Economic Development Director
McKenzie Granum, Assistance City Attorney
SUBJECT: **PURCHASE AND BARGAIN SALE AGREEMENT – 333 N. FIRST STREET**

RECOMMENDATION:

Recommendation that the Urban Renewal Agency authorize the purchase of Real Property from Val Sobolev and George Z. Kalashnikoff for the property located at 333 N. First Street (Tax Lot No. 051W18BA00700).

BACKGROUND:

The building at 333 N. First Street burned down nearly 30 years ago. Since that time, the property owners had plans to rebuild and operate a commercial business in that location, however due to illness and financial constraints, that plan never came to fruition and the property sat vacant. In August 2013, the City required the property owners to secure the building and they added plywood to the front of the remaining structure and boarded up access to the back of the property.

Over the years, the plywood has provided a backdrop for graffiti and shielded the view of the transient activity that takes place behind the enclosure. This has resulted in numerous calls and letters to the City's code enforcement.

For the past few years, city staff has been working diligently with the property owner to encourage development or sale; however, the property owner had an unrealistic value for the property considering its condition. With the First Street project getting underway, City Administrator (Scott Derickson) authorized staff to discuss the possibility of the City buying the property for use as a public space for a period of time. After a great deal of discussion, Ms. Sobolev agreed to sell the property to the City for the Marion County RMV Assessment for the land at \$40,000.

Agenda Item Review: City Administrator City Attorney Finance

DISCUSSION:

This Purchase and Bargain Sale Agreement between the City of Woodburn and Val Sobolev and George Z. Kalashnikoff to purchase the property located at 333 N. First Street (Tax Lot No. 051W18BA00700) for \$40,000 is presented for consideration.

FINANCIAL IMPACT:

Purchase price of the property at 333 N. First Street (Tax Lot No. 051W18BA00700) in the amount of \$40,000.

PURCHASE AND BARGAIN SALE AGREEMENT

333 N. First Street, Woodburn, Oregon

THIS PURCHASE AND BARGAIN SALE AGREEMENT (“Agreement”) is entered into by and between the City of Woodburn, an Oregon municipal corporation (“Buyer”), and Val Sobolev and George Z. Kalashnikoff, individuals, not as tenants in common, but with the right of survivorship (“Seller”).

BACKGROUND

WHEREAS, Seller owns certain real property generally located at 333 N. First Street, Woodburn, Oregon, legally described in Exhibit A, attached hereto and incorporated herein by reference (the "Property");

WHEREAS, based upon information and belief that due to the structural and environmental condition of the Property it was not economically viable for the Seller to restore or rehabilitate the Property, Buyer desires to acquire the Property so that it may revitalize the site as part of the City of Woodburn's Urban Renewal Agency's 2019 First Street Project;

WHEREAS, the Buyer and Seller signed a Letter of Intent, wherein Seller conveyed non-binding acceptance of Buyer's offer to purchase the Property from Seller on the basis of a bargain sale transaction;

WHEREAS, Buyer and Seller now desire to enter into this Agreement to formalize the purchase and bargain sale of the Property, pursuant to the terms and conditions below;

WHEREAS, the effective date of this Agreement will be the date upon which the last of the parties executes this Agreement (the "Effective Date"), as evidenced by the dates next to the parties' signatures below; and

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. Purchase and Sale, Price, Gift, and Payment.

1.1. Purchase and Sale. For and in consideration of the Purchase Price (as defined in Section 1.2) and the mutual promises, covenants, representations, and warranties contained in this Agreement, Seller shall sell and convey, and the Buyer shall purchase the real property, together with all structures and improvements, located at 333 N. First Street, Woodburn, Marion County, Oregon, legally described in Exhibit A (the “Property”).

1.2. Purchase Price. Buyer shall pay the Seller the bargain sale price of Forty Thousand No/100th Dollars (\$40,000) as consideration for purchase of the Property (the “Purchase Price”).

1.3. Gift. As part of this Agreement's bargain-sale transaction, Seller is selling the Property to Buyer for a Purchase Price, which the Parties agrees may be below the Property's fair market value. Accordingly, the difference between the Property's fair market value and the Purchase Price is being donated by the Seller as a direct gift to the City of Woodburn. This donation/gift will be used solely for a public purpose and Buyer shall provide Seller with a written acknowledgment and receipt documenting Seller's donation (See IRS Publication 526, Charitable Contributions).

Prior to the Closing, Seller may obtain a qualified appraisal to determine the fair market value of the donated Property. Seller shall be solely and exclusively responsible for obtaining such appraisal and determining how and whether it may claim a deduction for its donation. Buyer makes no guarantees or warranties regarding tax deductibility for the value of the donated Property. Buyer encourages Seller to speak to a local tax professional (e.g. attorney or accountant) who will be familiar with the tax code, can help prepare necessary filings, and ensure that Seller is in compliance with both State and Federal Law.

1.4. Payment. The Purchase Price shall be payable by the Buyer to the Seller on or before the Closing Date (as defined in Section 2.2.1). Payment may be made through escrow opened with First American Title Company ("Title Company" or "Escrow Agent").

2. Escrow and Closing.

2.1. Opening of Escrow. Buyer will open an escrow account at the offices of First American Title Company at 681 Glatt Circle, Woodburn, Oregon ("Title Company"). Upon mutual execution of this Agreement, Buyer and Seller shall deliver a fully executed copy of this Agreement to Escrow Agent.

2.2. Closing.

2.2.1 Closing Date. The consummation of the purchase and sale of the Property (the "Closing") will occur within thirty (30) days after satisfaction or waiver of the Buyer's conditions to Closing set forth in Section 3.1. The term "Closing Date" means the date of Closing. The Closing will be conducted through escrow with the Escrow Agent (it being the intention of the Parties that all closing documentation and funds will be delivered to the Escrow Agent).

2.2.2 Seller's Closing Obligations. At the Closing, Seller shall:

- (a) Execute, acknowledge and deliver a Statutory Warranty Deed for the Property subject only to the Permitted Exceptions and such other agreements, documents and instruments as may be necessary to transfer, convey and assign the Property to Buyer;
- (b) Deliver to Buyer, pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, a non-foreign affidavit, stating that Seller is

not a foreign person and providing Seller's United States taxpayer identification number; and

- (c) Deliver to Buyer such other instruments or documents as may be required pursuant to the provisions hereof or as mutually agreed by counsel for Seller and Buyer to be necessary to fully consummate the transaction contemplated hereby.

2.2.3. Buyer's Closing Obligations. At the Closing, Buyer shall:

- (a) Deliver to Seller cash or immediately available funds for the Purchase Price;
- (b) Deliver to Seller a written acknowledgment/receipt documenting the value of the Property being donated by the Seller to the Buyer as part of this Agreement; and
- (c) Deliver to Seller such other instruments or documents as may be required pursuant to the terms hereof or mutually agreed by counsel for Seller and Buyer to be necessary to fully consummate the transaction contemplated hereby.

2.2.4. Allocation of Closing Expenses. The cost of closing the transaction shall be allocated between Seller and Buyer as follows:

- (a) Seller shall pay: (i) the premium for the ALTA owner's Title Policy required by Section 3.2.
- (b) Buyer shall pay: (i) Any cost of the Title Policy that exceeds the cost of the ALTA owner's coverage policy; (ii) the escrow fees of the Title Company; and (iii) the cost of recording the statutory warranty deed and any other documents that Buyer may choose to record.
- (c) All other expenses incurred by either party with respect to Closing, including, but not limited to, attorney's fees shall be borne and paid exclusively by the party incurring the same unless the parties agree in writing otherwise.

3. Title.

3.1. Title Review.

3.1.1. Preliminary Commitment. Within ten (10) days following the Effective Date, Seller will cause the Title Company to issue to Buyer, at Seller's cost and expense a Preliminary Commitment for the Title Policy referred to in Section 3.2 showing the status of title of the Property, showing all exceptions and conditions,

if any, affecting the Property which would appear in the Title Policy, and committing the Title Company to issue such a Title Policy to Purchaser. The Seller will also cause Title Company to concurrently deliver to Purchaser complete and legible copies of all instruments referred to in the Preliminary Commitment as conditions or exceptions to the title. Seller hereby authorizes and directs the Title Company to furnish to Buyer the foregoing items.

3.1.2. Buyer's Review. Buyer shall have ten (10) days after receipt of the Preliminary Commitment and exception documents to notify Seller, in writing, of its approval and disapproval of each exception shown in the Preliminary Commitment. Buyer's failure to notify Seller that it has disapproved a particular exception shall constitute Buyer's approval of that exception. Any exception that Buyer has approved shall become a Permitted Exception. Notwithstanding the foregoing, Permitted Exceptions shall not include and Seller shall be required to remove all Monetary Encumbrances, which shall be defined to mean (i) any monetary liens, including without limitation, the liens of any deeds of trust or other loan documents secured by the Property; or (ii) any mechanic's liens arising out of actions of Seller.

3.1.3. Seller's Response. Seller shall have ten (10) days after receipt of Buyer's notice to notify Buyer, in writing, of its agreement to cure or remove any of the disapproved exceptions. Seller's failure to notify Purchaser that it will cure or remove a particular exception shall constitute Seller's refusal to cure or remove that exception. Seller shall remove or cure by Closing the exceptions it has agreed to remove or cure and the Monetary Encumbrances.

3.1.4. Buyer's Rights. If Seller does not agree to cure or remove all exceptions disapproved by Buyer, Buyer shall have ten (10) days from Buyer's receipt of Seller's notice of the same or, if Seller has not provided such notice, then within ten (10) days of the deadline to provide it under Section 3.1.3 to notify Seller, in writing, whether it will in its sole discretion, waive such objections and close the transaction or terminate this Agreement. Buyer's failure to give such notice shall constitute Buyer's election to waive its objections and close the transaction. In that event, the disapproved exceptions shall become Permitted Exceptions. If Buyer elects to terminate this Agreement, Seller shall pay any cancellation fee or other cost to the Title Company, and this Agreement shall terminate and all rights and obligations of the parties shall terminate.

3.1.5. Update Title Matters. The foregoing notice and response procedure shall be repeated for any title exceptions first appearing after Buyer's receipt of the initial Preliminary Commitment, except that if the time period for delivery of any notice extends beyond the Closing Date, such notice and all subsequent notices shall be delivered on or before the Closing Date.

3.2. Title Policy. At Closing, Seller will, at its sole cost and expense, cause the Title Company to issue to Purchaser an ALTA owner's policy of title insurance, in the amount

of the Purchase Price, insuring Buyer against loss or damage arising from defects in title to the Property other than the Permitted Exceptions (the "Title Policy"). The policy shall contain such endorsements as shall be reasonably requested by Buyer.

If at Closing, the Title Company will not insure the title as provided above, Buyer may either proceed to close despite the lack of required insurance or terminate this Agreement. If Buyer terminates this Agreement, Seller shall pay any cancellation fee of the Title Company, and this Agreement shall terminate all rights and obligations of the parties will terminate.

4. Seller's Transfer of Property. During the term of this Agreement, Seller will not transfer, assign, convey, or otherwise encumber the Property or any interest therein without the prior written consent of Buyer, which may be given, withheld, or conditioned in Buyer's sole and absolute discretion. This Agreement will survive any transfer and be binding upon Seller's transferees, successors, and assigns.

5. Seller's Obligations. Seller shall make all principal and interest payments due under, and comply with each and every covenant and obligation imposed upon the owner of the Property by promissory notes, mortgages, deeds of trust, ground or other leases, and any other agreements affecting the Property, or secured by an interest in the Property or any part thereof, and will take any and all action as may be necessary to avoid any default under such agreements.

6. Property Taxes & Liens. Seller shall be responsible for any and all deferred or abated taxes and related interest and charges, any past due taxes and assessments through Closing and shall cause such to be paid and removed at or before Closing. The current year's taxes shall be prorated between the parties as of Closing. Seller shall not be responsible for the payment of any taxes and assessments that are levied against the Property after the Closing Date.

7. Representations and Warranties.

7.1. Title Covenant. Seller represents and warrants that Seller is the sole owner of fee title to the Property, free of all liens and encumbrances, and will defend such title from the lawful claims of persons claiming superior title.

7.2. Authority. Seller and Buyer represent and warrant that each has obtained all requisite authorizations for the execution and delivery of this Agreement and the performance of the transactions contemplated by this Agreement, and that the execution and delivery of this Agreement are made pursuant to such authorizations. Buyer is a validly existing municipal corporation pursuant to Oregon law and the City of Woodburn Charter.

7.3. Litigation. Seller represents and warrants that there are no pending claims or litigation or threats of claims or litigation or other matters of which Seller is aware that could adversely affect Buyer's title, use, or enjoyment of the Property.

7.4. Encroachments. To Seller's knowledge (a) all structures and improvements, including any driveways and accessory structures, are wholly within the lot lines of the

Property, (b) no existing building, structure, or improvement of any kind encroaches upon the Property from any adjacent property, and (c) there are no present or past discrepancies or disputes regarding the boundaries of the Property.

7.5. Rights and Contracts Affecting Property. Except for this Agreement, Seller has not entered into any other contracts for the sale of the Property, nor are there any existing rights of first refusal or options to purchase the Property. Except for those exceptions of record listed on the Title Report, Seller owns the Property in fee, free and clear of all liens, conditions, reservations, mortgages, leases, licenses, easements, prescriptive rights, permits, or other similar encumbrances. Seller has not sold, transferred, conveyed, or entered into any agreement regarding timber rights, mineral rights, water rights, "air rights," or any other development or other rights or restrictions relating to the Property, and to Seller's knowledge no such rights encumber the Property. There are no service contracts, leases, or other agreements pertaining to the Property that Buyer will be required to assume at Closing.

7.6. Public Improvements or Governmental Notices. To Seller's knowledge, there are no intended public improvements which will result in the creation of any liens upon the Property, nor have any notices or other information been served upon Seller from any governmental agency notifying Seller of any violations of law, ordinance, rule or regulation which would affect the Property.

7.7. Bankruptcy or Foreclosure Affecting Property. To Seller's knowledge, none of the following has occurred with respect to the Property or Seller: (i) appointment of a receiver, liquidator, or trustee for the real estate; (ii) institution of any proceeding for dissolution or liquidation; (iii) filing or any petition for bankruptcy, or action toward reorganization; or (iv) pending foreclosure or forfeiture action.

7.8. Brokers. Seller and Buyer represent and warrant that each shall be responsible for any fee or commission due to any broker employed by either party in connection with this transaction and shall not be responsible for any portion of the other parties' broker fees or commission.

7.9. Survival. The representations and warranties in this section shall survive Closing for a period of twelve (12) months.

8. Possession. Buyer will be entitled to sole possession of the Property from and after the Closing Date.

9. Risk of Loss. Risk of loss or damage to the Property by condemnation, eminent domain, or by further fire, flood, or any other casualty, from the Effective Date through Closing will be on the Seller and thereafter will be on the Buyer. Seller will immediately notify Buyer in writing of any such loss. Buyer shall notify Seller, in writing, within ten (10) days of Buyer's receipt of Seller's notice whether Buyer shall proceed to Closing. Buyer's failure to notify Seller that it will proceed to Closing shall constitute notice of disapproval of the loss. If Buyer disapproves this loss,

Seller shall pay any cancellation fee or other cost of the Title Company, and this Agreement shall terminate and all rights and obligations of the parties shall terminate.

10. Condition of Property. Excepting only the specific representations and warranties of Seller contained in Section 7 of this Agreement, all of which shall survive Closing and shall not merge with the deed, Buyer accepts the land, buildings, improvements, any personal property sold under this Agreement, and all other aspects of the Property in its present condition, AS IS, WHERE IS, including latent defects, without any representations or warranties from Seller or any agent or representative of Seller, expressed or implied, except for such warranties that may arise by law under the Deed and except as otherwise specifically set forth in this Agreement. Buyer agrees that Buyer has ascertained, from sources other than Seller or any agent or representative of Seller, the condition of the Property, its suitability for Buyer's purposes, and the applicable zoning, building, housing, and other regulatory ordinances and laws affecting the Property. Buyer accepts the Property with full awareness of these ordinances and laws as they may affect the present use or any intended future use of the Property. Except for such warranties that may arise by law under the Deed and except as otherwise specifically stated in this Agreement Seller has made no representations with respect to such condition or suitability of the Property or such laws or ordinances.

11. Waiver. The failure of either party at any time to require performance of any provision of this Agreement will not limit the party's right to enforce the provision except to the extent expressly set forth in a writing signed by that party, nor will 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.

12. Calculation of Time. In the event that the date upon which any time period ends or any duty or obligation hereunder is to be performed will occur upon a Saturday, Sunday, national banking holiday or State of Oregon holiday, then, in such event, the time period or the due date for such performance will be automatically extended to the next succeeding day that is not a Saturday, Sunday, national banking holiday or State of Oregon holiday. Except for express reference to "business" days, all time periods will be deemed to be calendar days.

13. Remedies. TIME IS OF THE ESSENCE REGARDING THIS AGREEMENT. If either Party fails to deliver necessary funds or documents, or fails to consummate the transaction by May 15, 2019, the Purchase Price, if deposited with the Escrow Agent, will be refunded to Buyer, this Agreement shall be null and void, and the parties shall have no further liability to the other arising out of this transaction.

14. Modifications and Integration. No modification, amendment, discharge or change of this Agreement, except as otherwise provided, shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, amendment, discharge or change is sought. This document is the entire, final, and complete agreement of the parties pertaining to the sale and purchase of the Property, and supersedes and replaces all prior or existing written and oral agreements between the parties or their representatives relating to the Property.

15. Successor Interests. This Agreement is binding on and inures to the benefit of the parties, their successors, and assigns, but no interest of Buyer may be assigned, subcontracted, or otherwise

transferred, voluntarily or involuntarily, without the prior written consent of Seller, which Seller may withhold in its sole discretion. Seller's consent to one transfer will not constitute consent to other transfers or waiver of this section. Any attempted assignment in violation of this provision will be void and of no effect with respect to Seller.

16. Notice. Any notice under this Agreement must be in writing and will be effective when actually delivered in person or three (3) days after being deposited in the U.S. mail, registered or certified, postage prepaid and addressed to the party at the address stated in this Agreement or such other address as either party may designate by written notice to the other. Mailing addresses for the parties are as follows:

16.1. For Seller: _____

16.2. For Buyer: City Administrator, City of Woodburn, 270 Montgomery Street, Woodburn, Oregon 97071.

17. Oregon Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between the Buyer and Seller that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon. Seller hereby agrees to the in personam jurisdiction of such court and waives any claims of an inconvenient forum.

[SIGNATURES FOLLOW ON NEXT PAGE]

The parties have entered into this Purchase & Bargain Sale Agreement as of the last date of signatures below.

SELLER:

VAL SOBOLEV

GEORGE Z. KALASHNIKOFF

Val Sobolev

George Z. Kalashnikoff

Date

Date

STATE OF OREGON)
) ss.
COUNTY OF MARION)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2019, by _____.

(Print Name)
Notary Public
My appointment expires:_____

STATE OF OREGON)
) ss.
COUNTY OF MARION)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2019, by _____.

(Print Name)
Notary Public
My appointment expires:_____

BUYER:

City of Woodburn,
an Oregon municipal corporation

Scott Derickson
City Administrator

Date

STATE OF OREGON)
) ss.
COUNTY OF MARION)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2019,
by _____ as the _____
of _____.

(Print Name)
Notary Public
My appointment expires: _____

EXHIBIT A

Real property in the County of Marion, State of Oregon, described as follows:

BEGINNING AT THE MOST SOUTHERLY CORNER OF LOT THREE (3), BLOCK TWO (2), IN ADDITION "A" TO THE CITY OF WOODBURN, MARION COUNTY, OREGON (PLAT VOLUME 1, PAGE 68); RUNNING THENCE NORTH 41° 15' EAST ALONG THE SOUTHEASTERLY LINE OF SAID LOT 3, 25.00 FEET; THENCE NORTH 48° 45' WEST PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID LOT 3, 80.00 FEET TO AN IRON PIPE WHICH IS 20.00 FEET SOUTH 48° 45' EAST OF NORTHWESTERLY LINE OF SAID LOT 3; THENCE SOUTH 41° 15' WEST PARALLEL WITH THE NORTHWESTERLY LINES OF LOTS 3 AND 4 OF SAID BLOCK 2, 28.00 FEET; THENCE SOUTH 49° 45' EAST PARALLEL WITH THE SOUTHWESTERLY LINE OF SAID LOT 3, 80.00 FEET TO THE SOUTHWESTERLY LINE OF SAID LOT 4; THENCE NORTH 41° 15' EAST TO THE POINT OF BEGINNING.

NOTE: THIS LEGAL DESCRIPTION WAS CREATED PRIOR TO JANUARY 1, 2008.

CERTIFICATE OF APPROVAL OF CONVEYANCE
(ORS 93.808)

The City of Woodburn, acting through its City Administrator, hereby approves and accepts, pursuant to ORS 93.808, the conveyance of warranty deed from Val Sobolev and George Z. Kalashnikoff of the real property described in the deed to which this Certificate is attached.

A copy of this Certificate may be affixed to, and recorded with, the warranty deed described above.

DATED this _____ day of _____, 2019.

CITY OF WOODBURN

Scott Derickson, City Administrator

State of Oregon)
) ss.
County of Marion)

The foregoing instrument was acknowledged before me on _____, 2019, by Scott Derickson, City Administrator of the City of Woodburn, acting under authority granted to him by the Woodburn City Council.

Notary Public for Oregon
My Commission Expires _____