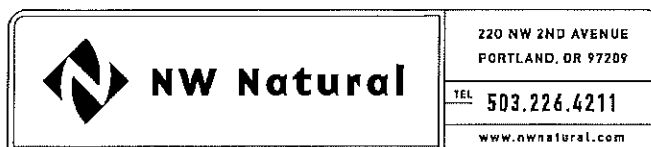


ZACHARY D. KRAVITZ
Associate Counsel
Tel: 503.220.2379
Fax: 503.220.2584
Email: zachary.kravitz@nwnatural.com



December 6, 2016

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attention: Filing Center
3930 Fairview Industrial Drive SE
Post Office Box 1088
Salem, Oregon 97308-1088

Re: Northwest Natural's Gas Company's Notice of Property Sale

Pursuant to ORS 757.480(2), Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "the Company"), provides this notice of the sale of a utility owned property ("Notice"). Specifically, NW Natural sold 1,250 square feet of improved land located at NW 30th Ave., Portland, Oregon to Cairn Pacific Acquisition for \$45,000 on October 7, 2016. The after-tax gain on sale will be reflected in the property sales balancing account and returned to ratepayers through the Schedule 178 "Regulatory Adjustment Rate" in the 2017-18 Purchase Gas Adjustment (PGA) mechanism. The property was sold in accordance with the terms of a Real Estate Purchase and Sale Agreement, which is attached to this Notice as Attachment A. A recorded copy of the Special Warranty Deed evidencing the transfer of the Property to Cairn Pacific Acquisitions LLC, dated and recorded October 7, 2016, is included with this Notice as Attachment B.

The transfer of the property will not interfere with the Company's ability to access or operate its facilities. Furthermore, the public is not harmed because the Company will continue to be able to fulfill its obligation to provide safe, reliable gas service.

Please address correspondence on this matter to me with copies to the following:

eFiling
NW Natural Rates & Regulatory Affairs
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
Telephone: (503) 226-4211, ext. 3589
eFiling@nwnatural.com

Please call me if you have any questions or require any further information.

Sincerely,

/s/ Zachary D. Kravitz
Zachary D. Kravitz
Associate Counsel
Attachments

**REAL ESTATE PURCHASE
AND SALE AGREEMENT
(NW 30th Ave., PORTLAND, OR – Tax ID R307722)**

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (this "**Agreement**") is made by and between **CAIRN PACIFIC ACQUISITION LLC**, an Oregon limited liability company and/or assigns ("**Buyer**"), and **Northwest Natural Gas Company** (collectively, "**Seller**").

Seller is the owner of certain real property located in Multnomah County, Oregon containing approximately 1,250 square feet of improved land located on NW 30th Ave., Portland, Oregon and more particularly described on the attached **Exhibit A** (the "**Land**"). As used in this Agreement, "**Property**" means collectively the following: (A) the Land and all rights, privileges and appurtenances belonging or pertaining thereto (the "**Real Property**"); (B) all improvements and fixtures located on the Land, if any (the "**Improvements**"); and (C) all assignable development rights related to the Real Property or the Improvements or any part thereof, if any (the "**Development Rights**", all on the terms, covenants and conditions set forth in this Agreement).

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and other valuable consideration, Seller and Buyer agree as follows:

1. **Agreement.** Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property subject to and in accordance with the terms and conditions of this Agreement.

2. **Purchase Price Payment.**

(a) **Purchase Price Amount.** The total purchase price for the Property (the "**Purchase Price**") shall be Forty-Five Thousand Dollars (\$45,000.00). The Purchase Price shall be payable in cash at Closing (as defined below).

(b) **Earnest Money.** Within three (3) business days after the Effective Date (as defined below), Buyer shall open an escrow with Tigor Title Company ("**Title Company**"), 111 SW Columbia Street, Suite 1000, Portland, Oregon 97201, Attention: All Swallow, Phone (503) 219-2179, and shall deposit with Title Company an earnest money note in the amount of Three Thousand Dollars (\$3,000.00) (the "**Earnest Money Note**"). Within three (3) business days after the removal of Buyer's Due Diligence Contingency (defined below), the Earnest Money Note shall be converted to cash (the "**Earnest Money**") and shall be deemed non-refundable (except for a default by Seller, casualty, condemnation or any material representation or material warranty of Seller shall not be substantially true and correct at the Closing). The Earnest Money is applicable to the Purchase Price.

3. **Review of Property.**

(a) **Seller's Deliveries.** Within ten (10) days of the Effective Date, Seller shall deliver to Buyer copies of all information, documentation and reports to the extent in Seller's department of Risk and Land's possession pertaining to the Property, including, without limitation, the following (collectively, the "**Seller Documents**"): (a) all plans, drawings, specifications, soils reports, engineering and architectural studies, zoning studies or reports, hazardous waste studies, geotechnical reports, hydrology reports, wetland studies, topographical maps, boundary and ALTA surveys, environmental reports, grading plans, and similar data relating to the Property; (b) copies of all contracts and agreements between

Seller and Seller's consultants relating to the materials addressed in Section 3.1(a), above; and (c) all permits, entitlement documents, zoning agreements, mitigation agreements with any governmental agency, and any traffic studies for the Property or surrounding properties, and all correspondence related thereto. Seller is making the Seller Documents available to Buyer as an accommodation to Buyer. Seller makes no representation or warranty whatsoever as to the accuracy or completeness of the Seller Documents, provided Seller does warrant that any document provided by Seller is a complete copy of such document in Seller's files. Buyer acknowledges that its decision whether to complete the purchase of the Property shall be made solely on the basis of Buyer's own due diligence and not on reliance on Seller's Documents.

(b) **Buyer's Review.** As of the Effective Date, Seller shall provide Buyer and its agents and consultants with access to and entry upon the Property to inspect each and every part thereof to determine its present condition and, at Buyer's sole cost and expense, to prepare such reports, tests and studies, including, without limitation, any tests, geological reports, surveys, hazardous/toxic materials investigations and other physical investigations of, on, or in the Property. Buyer shall not excavate or drill in the Property or alter any improvements or otherwise engage in any invasive activities relating to or testing of the Property without the prior written consent of Seller, which consent may be subject to Seller's reasonable conditions. Buyer shall indemnify and hold harmless the Seller from any mechanics or materialmen's liens filed against the Property as a result of Buyer's entry upon the Property in accordance with this Section 3.2 and with respect to any claims arising out of Buyer's entry to the Property. Before entering the Property to perform testing of any kind, Buyer shall provide Seller evidence of commercial general liability insurance (combined single limit, not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate) which policy shall include Seller as an additional insured by endorsement which endorsement shall be referenced in the evidenced of insurance.

(c) **Due Diligence Contingency.** The obligations of Buyer under this Agreement are, at Buyer's option and in its sole and complete discretion, subject to the complete satisfaction or waiver, on or before the date that is forty five (45) days after the delivery by Seller of the Seller Documents to Buyer (the "**Due Diligence Contingency Date**") of the following contingencies (individually and collectively, the "**Due Diligence Contingency**"): (a) the Property and its physical condition, zoning and land use approvals and restrictions, and all systems, utilities, and access rights pertaining to the Property are suitable in every respect for Buyer's intended use; (b) the Seller Documents are acceptable to Buyer; and (c) it is economically feasible for Buyer to own, develop and operate the Property in a manner and upon terms and conditions satisfactory to Buyer. Buyer may, in Buyer's sole discretion, terminate this Agreement at any time, on or prior to the Due Diligence Contingency Date, by written notice to Seller, if Buyer determines that the Due Diligence Contingency set forth in this Section 3.3 will not be satisfied on or before the Due Diligence Contingency Date. If Buyer fails to give notice to Seller that the Due Diligence Contingency has been satisfied or waived on or before the Due Diligence Contingency Date, Buyer shall be deemed to have terminated this Agreement. If Buyer terminates or is deemed to have terminated this Agreement in accordance with this Section 3.3, the Earnest Money Note shall be returned to Buyer. If Buyer terminates this Agreement and Seller is not in default of its obligations under this Agreement, Buyer shall provide Seller with copies (without representation or warranty) of any final third party prepared reports pertaining to the physical condition of the Property.

4. Title.

(a) **Conveyance.** Upon Closing, Seller shall execute and deliver to Buyer a special warranty deed (the "**Deed**"), conveying fee title to the Property, subject only to the Permitted Exceptions, if any, approved by Buyer in accordance with Section 4(b) and an exception for such matters that would be shown by a true and correct survey and the Central Assessment Property Tax Exception (as such term is defined below).

(b) **Title Insurance.** At Closing, Seller shall at Buyer's expense furnish to Buyer an ALTA Standard Coverage Owner's Policy of Title Insurance (the "**Policy**") issued by Title Company, insuring title vested in Buyer in the amount of the Purchase Price against any loss or damage by reason of defect in Seller's title to the Property, other than the Permitted Exceptions as determined hereunder. Seller agrees to execute and deliver to Title Company a standard title affidavit. Within five (5) business days after the Effective Date, Buyer shall deliver to Seller a preliminary commitment for the Policy, together with legible copies of all documents referenced or described therein (collectively, the "**Commitment**"). Buyer shall be responsible for securing, at Buyer's sole expense an ALTA survey of the Property (the "**Survey**"). Buyer shall notify Seller in writing of Buyer's approval of any exceptions or other defects shown in the Commitment ("**Permitted Exceptions**") within fifteen (15) days of receipt by Buyer and Buyer's counsel of the Commitment. Seller shall with respect to liens and encumbrances which can be satisfied and released by the payment of money, eliminate such exceptions to title on or before Closing. With respect to other encumbrances or exceptions, Seller shall have no obligation whatsoever to eliminate any encumbrances or exceptions. If Buyer is not satisfied with the condition of title, then on or before the expiration of the Due Diligence Contingency Date, Buyer may, at its sole option, to either: (i) terminate this Agreement, whereupon the Earnest Money Note or the Earnest Money, and any interest accrued thereon shall be returned to Buyer and no party shall have any right or remedy against the other; or (ii) waive its prior disapproval and elect to approve such exception(s) as Permitted Exceptions. If, notwithstanding the foregoing, title to the Property is not insurable subject only to the then Permitted Exceptions and cannot be made so insurable by the Closing Date, Buyer may, at its sole option, terminate this Agreement whereupon the Earnest Money and interest accrued thereon shall be returned to Buyer, or Buyer may waive its prior disapproval and elect to approve such exception(s) as a Permitted Exception, whereupon this Agreement shall remain in full force and effect. If Buyer elects to terminate this Agreement as herein provided, Seller shall pay any cancellation fee charged by the Title Company for the Commitment. Notwithstanding the above or anything to the contrary herein, Buyer acknowledges that the because Seller is a regulated utility, real property owned by Seller is centrally assessed by the Oregon Department of Revenue and that the Commitment and the Deed will contain an exception (which shall be included as a Permitted Exception) substantially similar to the following: "Pursuant to ORS 308.505 through 308.665, the Oregon State Department of Revenue has assessed the subject property along with other real property in Multnomah County which is owned by Northwest Natural Gas Company, and we are unable to aggregate the amount of tax, if any. Due to the power and authority of the Department of Revenue to correct any assessment errors, this property may be subject to additional taxes following a transfer of title" (the "Central Assessment Property Tax Exception").

(c) **[Intentionally Deleted].**

(d) **Condemnation.** In the event that the Property, or any part thereof, is or becomes the subject of a condemnation proceeding before Closing, then Buyer may elect either to: (a) terminate this Agreement, in which event the Earnest Money Note or the Earnest Money and any interest accrued thereon, shall be returned to Buyer and all rights and

obligations of the parties hereunder shall cease; or (b) proceed to consummate and Close the purchase of the Property hereunder, in which event the Purchase Price for the Property shall be reduced by the total of any awards or other proceeds received by Seller at or before Closing with respect to any such condemnation proceeding. If Buyer elects to Close and the award or other proceeds have not been received by Seller at or before Closing, then at Closing, Seller shall assign to Buyer all rights of Seller in and to any awards or other proceeds payable by reason of any such condemnation proceeding. Seller agrees to notify Buyer in writing of any condemnation proceedings within five (5) days after Seller learns thereof.

(e) **Risk of Loss.** If, prior to the Closing Date, any part of the Property is destroyed or suffers material damage affecting Buyer's intended use, Buyer shall have the right, exercisable by giving notice of such decision to Seller within five (5) business days after receiving written notice of such damage or destruction or condemnation threat, to terminate this Agreement, in which event the Earnest Money Note or the Earnest Money and any interest accrued thereon, shall be returned to Buyer and all rights and obligations of the parties hereunder shall cease. If Buyer does not timely elect to terminate this Agreement, all insurance and/or condemnation proceeds payable to Seller shall be assigned by Seller to Buyer.

(f) **Development Approvals.** So long as this Agreement remains in effect, Buyer shall have the exclusive right to pursue and obtain all necessary approvals for developing the Property in such manner as Buyer shall deem appropriate in Buyer's sole discretion. Seller hereby grants to Buyer the right to, among other things: (a) enter into discussions and negotiations regarding the Property with all governmental authorities having jurisdiction; and (b) apply in its own name for any plat, permit, rezoning, change in comprehensive plan designation, development agreement, variance or conditional use request, site plan, local improvement district, or other approval which may be required incident to Buyer's planned development of the Property provided in no event shall any of the same be binding on the Property if and until Buyer completes the purchase of the Property. Seller (at no cost to Seller) shall reasonably cooperate with Buyer in connection with applying for any governmental approvals, which cooperation shall be limited to the execution and delivery of any applications as may be reasonably requested by Buyer to the extent that Seller (as the Owner of the Property) is obligated to sign any application for such application to be processed.

5. Closing.

(a) **Closing Contingencies.** Buyer's obligation to Close this transaction shall be further conditioned upon all of Seller's representations and warranties set forth in Section 7 hereof being true, correct and complete as of the Closing.

(b) **Royal Oak Property Closing.** Buyer's obligation to Close this transaction shall be conditioned upon Buyer completing purchase of the adjacent 54,885 square foot parcel ("Royal Oak Property") as depicted on Exhibit B. For avoidance of doubt, in such case, Buyer shall not be entitled to a return of its Earnest Money and the Earnest Money shall be released to Seller.

(c) **Escrow.** "Closing," and "Closing Date" shall mean the date the Deed for the Property from Seller to Buyer is recorded and Seller is entitled to the delivery of Buyer's funds. Closing shall occur in escrow (the "Escrow") will occur on the date that is no later than thirty (30) days after Buyer has completed purchase of the Royal Oak Property, but in no circumstance will the Closing Date extend beyond two hundred ten (210) days following the Effective Date (the "Outside Closing Date"). Buyer and Seller shall deposit into the

Escrow all instruments and monies necessary to complete the Closing in accordance with this Agreement, including all instructions and closing statements not inconsistent herewith. Closing shall occur when all Seller deliveries and Buyer deliveries have been made and the Title Company is committed to issue the Policy and the Seller Policy. Buyer shall give Seller not less than fifteen (15) business days' notice of the Closing Date.

(d) **Prorations.** General real property taxes and assessment installments for the current year shall not be prorated as of the Closing.

(e) **Possession.** Buyer shall be entitled to possession on Closing, free and clear of all lease and contracts.

(f) **Costs.** Buyer shall pay: (i) the cost of recording the Deed; (ii) the cost of the Survey; (iii) the cost of the Policy, and any endorsements to the Policy required by Buyer; and (iv) the Title Company's Escrow fee.

(g) **Seller's Deliveries to Closing.** On or before Closing, Seller shall duly execute and deposit into Escrow:

(i) the Deed;

(ii) an assignment of Seller's interests in the Development Rights in the form attached as Exhibit D;

(iii) a certificate in a form acceptable to Buyer that Seller is not a "foreign person" as such term is defined in the Internal Revenue Code; and

(iv) such other documents which Seller is specifically required to deliver to Buyer pursuant to this Agreement or are otherwise reasonably required in order to consummate this transaction.

6. **Seller's Representations and Warranties.** Seller represents and warrants to Buyer that the following facts are true as of the date of Seller's execution hereof and as of Closing, or as of such other dates as may be set forth herein:

(a) **Marketable Title.** Seller owns fee simple title to the Property.

(b) **No Violations and Actions.** The execution, delivery and performance by Seller of its obligations under this Agreement do not constitute a default under any of the provisions of any law, governmental rule, regulation, judgment, decree or order by which the Seller is bound, or by any of the provisions of any contract to which the Seller is a party or by which the Seller is bound or, if Seller is not an individual, by the Seller's declaration of trust, certificate of incorporation, bylaws, limited liability company operating agreement or partnership agreement, as the case may be.

(c) **Liens.** All persons and entities supplying labor, materials, and equipment to the Property have been paid, there are no claims of liens and there are no service contracts applicable to the Property. All contracts for the furnishing of goods, labor, construction or other services to the Property shall be terminated as of the Closing Date.

(d) **[INTENTIONALLY DELETED].**

(e) **[INTENTIONALLY DELETED].**

(f) **Litigation.** There is no litigation, claim, investigation or other proceeding pending or, to Seller's actual knowledge, threatened against or affecting the Property, the use thereof, or the Seller which may become a lien against the Property.

(g) **Hazardous Materials.** Seller has received no written notice that the Property is in violation of any federal, state, local or administrative agency ordinance, law, rule, regulation, order or requirement relating to environmental conditions or Hazardous Materials ("**Environmental Laws**"). For the purposes hereof, "**Hazardous Materials**" shall mean any substance, chemical, waste or other material which is listed, defined or otherwise identified as "hazardous" or "toxic" under any federal, state local or administrative agency law or ordinance including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*; the Federal Water Pollution Control Act, U.S.C. §§ 1251 *et seq.*; the Clean Air Act, 42 U.S.C. §§ 7401 *et seq.* or any similar or analogous state or local statute or ordinance, or any regulation, order, rule, or requirement adopted thereunder, as well as any formaldehyde, urea, polychlorinated biphenyls, petroleum, petroleum product or by-product, crude oil, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel or mixture thereof, radon, asbestos, and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. §§ 3011 *et seq.*

(h) **Contracts.** Seller has not committed nor obligated itself in any manner whatsoever to sell the Property to any person other than Buyer. Without limiting the generality of the foregoing, no right of first refusal regarding the Property exists. Seller will not, prior to Closing, offer to or enter into any backup or contingent option or other agreement to sell the Property to any other person.

(i) **Leases.** There are no existing Leases with respect to the Property.

(j) **Foreign Person or Entity.** Seller is not a foreign person, non-resident alien, foreign corporation, foreign partnership, foreign trust, or foreign estate, as those terms are defined in the Internal Revenue Code and the Income Tax Regulations promulgated thereunder. At Closing, Seller shall deliver to Buyer a certificate of non-foreign status in form required by the Income Tax Regulations and reasonably acceptable to Buyer.

(k) **Violations of Laws.** Seller has received no written notice that the Property is in violation of any applicable laws.

Buyer's rights to enforce such representations, warranties and covenants shall survive the Closing for a period of one (1) year and shall terminate and be of no further force or effect thereafter and no enforcement action may be brought against Seller after such one year period.

7. **Buyer's Representations and Warranties.** Buyer represents and warrants to Seller that the following facts are true as of the date of Buyer's execution hereof and as of Closing:

(a) **Power and Authority.** Buyer is a limited liability company organized and validly existing under the laws of the State of Oregon. No further action is necessary on the part of Buyer to make this Agreement fully and completely binding upon Buyer in accordance with its terms.

(b) **No Violations and Actions.** The execution, delivery and performance by Buyer of its obligations under this Agreement do not constitute a default under any of the provisions of any law, governmental rule, regulation, judgment, decree or order by which the Buyer is bound, or by any of the provisions of any contract to which the Buyer is a party or by which the Buyer is bound, or by the Buyer's certificate of formation, operating agreement, or other organizational documents, as the case may be.

(c) **As-Is.** Except as expressly set forth in this Agreement and the Deed, Buyer specifically acknowledges and agrees that Property is being sold in an "AS IS" condition and "WITH ALL FAULTS." Except as expressly set forth in this Agreement and the Deed, no representations or warranties have been made or are made and no responsibility has been or is assumed by Seller as to any matters concerning the Property, including, without limitation, the condition of the Property or its value, the environmental conditions of the Property, boundaries, or as to another fact or condition which has or might affect the Property. Buyer acknowledges the possible presence of asbestos materials in or part of the shed on the Property. Notwithstanding any other term or condition of this Agreement, Buyer agrees in connection with its redevelopment of the Property to remove and dispose of the shed in compliance with all applicable laws and regulations governing asbestos handling, removal and disposal, specifically including Environmental Laws.

8. **Events of Default.**

(a) **By Seller.** In the event Seller, without legal excuse fails to Close, Buyer will be entitled in addition to all other remedies available at law or in equity, (i) to seek specific performance of Seller's obligation to Close under this Agreement; or (ii) to terminate this Agreement by written notice to Seller and Title Company and Seller shall pay all of Buyer's actual out of pocket costs incurred in connection with Buyer's due diligence of the Property not to exceed \$10,000 in any event. If Buyer terminates this Agreement pursuant to clause (ii) of this Subsection 8 (a), the Escrow will be terminated, the Earnest Money Note, the Earnest Money, and any interest accrued thereon shall immediately be returned to Buyer, all documents will be immediately returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement except that Seller shall pay any costs of terminating the Escrow and any cancellation fee for the Commitment.

(b) **By Buyer.** If Closing and the consummation of the transaction herein contemplated does not occur as herein provided by reason of any default of Buyer, and Buyer fails to complete the purchase of the Property, Seller may terminate this Agreement by written notice to Buyer. Buyer and Seller agree that it would be impractical and extremely difficult to estimate the damages suffered by Seller as a result of Buyer's failure to complete the purchase of the Property pursuant to this Agreement, and that under the circumstances existing as of the date of this Agreement, the liquidated damages provided for in this Section 9 represent a reasonable estimate of the damages which Seller will incur as a result of such failure. **THEREFORE, BUYER AND SELLER HEREBY AGREE THAT A REASONABLE ESTIMATE OF THE TOTAL DAMAGES THAT SELLER WOULD SUFFER IN THE EVENT THAT BUYER DEFAULTS AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY IS AN AMOUNT EQUAL TO THE ALL OF THE EARNEST MONEY. SUCH AMOUNT WILL BE THE FULL, AGREED AND LIQUIDATED DAMAGES FOR THE BREACH OF THIS AGREEMENT BY BUYER, AND AFTER PAYMENT THEREOF TO SELLER, NEITHER PARTY SHALL HAVE ANY FURTHER OBLIGATION TO OR RIGHTS AGAINST THE OTHER.**

9. Miscellaneous.

(a) **General Provisions.** This is the entire agreement of the parties with respect to the Property and supersedes all prior written or oral agreements or understandings. This Agreement may be modified only in writing signed by both parties. This Agreement shall be construed according to the laws of the State of Oregon. The parties have been represented by their respective legal counsel in connection with negotiation of this Agreement, and accordingly waive the rule of construction that this Agreement shall be construed against its drafter. If the date for any performance required hereunder is not expressly stated to occur within a certain number of business days, then such performance shall be determined by calendar days, unless the date for such performance under this Agreement falls on a weekend or holiday, in which case the time shall be extended to the next business day. "Business day" means a day that both national banks and Title Company are open for business in Portland, Oregon.

(b) **Notices.** Any demand, request or notice which either party hereto desires or may be required to make or deliver to the other shall be in writing and shall be deemed given when personally delivered, when delivered by private courier service (such as Federal Express), when received if by telecopy (with a copy by mail) or three (3) days after being deposited in the United States Mail in certified form, return receipt requested, in each case addressed as follows:

If to Seller: Northwest Natural Gas Company
220 NW 2nd Avenue
Portland, OR 97209
Attn: Steve Walti
Telephone No.: (503) 721-2447
Facsimile No.: (503) 721-2516

with a copy to: Northwest Natural Gas Company
220 NW 2nd Avenue
Portland, Oregon 97209
Attn: Kat Rosenbaum
Telephone No.: (503) 220-2354
Facsimile No.: (503) 721-2516

and to Bateman Seidel
888 SW Fifth Avenue, Suite 1250
Portland, Oregon 97204
Attn: Chris Gram
Telephone No.: (503) 972-9931
Facsimile No.: (503) 972-9951

If to Buyer: Rob Hinnen
Cairn Pacific LLC
1015 NW 11th Avenue, Suite 242
Portland, OR 97209
Telephone No.: (503) 345-6733
Facsimile No.: (503) 444-9017

with a copy to: Brix Law LLC
75 SE Yamhill Street
Suite 202
Portland, OR 97214
Attn: Bradley S. Miller
Telephone No.: (503) 741-2311
Email: bmillier@brixlaw.com

For purposes of notices, either party may change its address to any address that is not a post office box by giving notice to the other in the manner herein prescribed.

(c) **Commissions.** Seller warrants and represents to Buyer that no broker or finder has been engaged by it in connection with the transaction contemplated by this Agreement. Buyer warrants and represents to Seller that no broker or finder has been engaged by it in connection with the transaction contemplated by this Agreement. In the event any other claims for brokers' or finders' fees or commissions are made in connection with the negotiation, execution, or consummation of this Agreement, then Buyer shall indemnify, hold harmless, and defend Seller from and against such claims if they are based upon any statement, representation or agreement made by Buyer, and Seller shall indemnify, hold harmless, and defend Buyer if such claims shall be based on any statement, representation or agreement made by Seller.

(d) **Waiver.** Failure of either party at any time to require performance of any provision of this Agreement shall not limit such party's right to enforce such provision, nor shall any waiver of any breach of any provision of this Agreement constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself.

(e) **[INTENTIONALLY DELETED].**

(f) **Attorneys' Fees.** With respect to any dispute relating to this Agreement, or in the event that a suit, action, arbitration, or other proceeding of any nature whatsoever, including (without limitation), any proceeding under the U.S. Bankruptcy Code and involving issues peculiar to federal bankruptcy law or any action seeking a declaration of rights or an action for rescission, is instituted to interpret or enforce this Agreement or any provision of this Agreement, the prevailing party shall be entitled to recover from the losing party its reasonable attorneys', paralegals', accountants' and other experts' and professional fees and all other fees, costs and expenses actually incurred and reasonably necessary in connection therewith including (without limitation) deposition and expert fees and costs incurred in creating exhibits and reports, as determined by the judge or arbitrator at trial or other proceeding, or on any appeal or review, in addition to all other amounts provided by law.

(g) **Arbitration.** ANY DISPUTE BETWEEN BUYER AND SELLER RELATED TO THIS AGREEMENT, OR THE PROPERTY, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT WILL BE RESOLVED BY ARBITRATION GOVERNED BY THE FEDERAL ARBITRATION ACT AND, TO THE EXTENT NOT INCONSISTENT WITH THAT STATUTE, CONDUCTED IN ACCORDANCE WITH THE RULES OF PRACTICE AND PROCEDURE FOR THE ARBITRATION OF COMMERCIAL DISPUTES OF ARBITRATION SERVICES OF PORTLAND ("**ASP**"). THE ARBITRATION SHALL BE CONDUCTED IN PORTLAND, OREGON AND ADMINISTERED BY ASP, WHICH WILL APPOINT A SINGLE ARBITRATOR. ALL ARBITRATION HEARINGS WILL BE COMMENCED WITHIN THIRTY (30) DAYS OF THE DEMAND FOR ARBITRATION UNLESS THE ARBITRATOR, FOR SHOWING OF GOOD CAUSE, EXTENDS THE

COMMENCEMENT OF SUCH HEARING. THE DECISION OF THE ARBITRATOR WILL BE BINDING ON BUYER AND SELLER, AND JUDGMENT UPON ANY ARBITRATION AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. THE PARTIES ACKNOWLEDGE THAT, BY AGREEING TO ARBITRATE DISPUTES, EACH OF THEM IS WAIVING CERTAIN RIGHTS, INCLUDING ITS RIGHTS TO SEEK REMEDIES IN COURT (INCLUDING A RIGHT TO A TRIAL BY JURY), TO DISCOVERY PROCESSES THAT WOULD BE ATTENDANT TO A COURT PROCEEDING, AND TO PARTICIPATE IN A CLASS ACTION.

(h) **Waiver of Jury Trial.** BUYER AND SELLER EACH WAIVES RIGHT TO A JURY IN ANY LITIGATION IN CONNECTION WITH THIS AGREEMENT, OR THE PROPERTY, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. BUYER AND SELLER EACH ACKNOWLEDGES THAT THIS WAIVER HAS BEEN FREELY GIVEN AFTER CONSULTATION BY IT WITH COMPETENT COUNSEL. THIS SECTION 10(g) HAS BEEN INCLUDED ONLY FOR THE EVENT THAT, DESPITE THE PARTIES' INTENTION, THE AGREEMENT TO ARBITRATE DISPUTES IS HELD TO BE INAPPLICABLE, AND NOTHING IN THIS SECTION 10.8 IS INTENDED TO QUALIFY THE PARTIES' AGREEMENT TO ARBITRATE ALL DISPUTES.

(i) **Severability.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(j) **Operating Covenants.** Between the date of this Agreement and the Closing Date, Seller shall continue to operate the Property as it has in the past and carry insurance in the same manner as before the making of this Agreement, as if Seller were retaining the Property. In no event may Seller, without Buyer's prior written consent, which consent may be withheld by Buyer in its sole discretion, enter into: (a) any new leases or occupancy agreements for the Property; or (b) any service contracts affecting the Property that are not terminable at the Closing.

(k) **Assignment.** This Agreement shall be fully assignable by Buyer. This Agreement shall bind and inure to the benefit of the heirs, successors, and assigns of the parties hereto.

(l) **No Memorandum.** This Agreement shall not be recorded. Seller and Buyer shall, at Buyer's request, execute and record a short form memorandum hereof. If Buyer relinquishes its right to purchase the Property at any time, Buyer shall execute and deliver to Seller a recordable release of the memorandum.

(m) **Exhibits.** All Exhibits attached hereto are incorporated herein by this reference.

(n) **Effective Date.** For all purposes of this Agreement, the term "Effective Date" shall mean the last date upon which both Seller and Buyer have executed and delivered this Agreement.

(o) **Counterparts.** This Agreement may be signed in counterparts, each of which shall be deemed an original and when taken together shall constitute one and the same instrument. The execution and delivery of facsimile or e-mail copies of this Agreement shall be deemed to be delivery of an original signature.

(p) **Confidentiality.** Seller and its representatives shall hold in confidence all data and information obtained with respect to the other or the business of the other, whether obtained before or after the execution and delivery of this Agreement, and shall not disclose the same to others; provided, however, that Seller may disclose: (i) prior to the Closing, to the employees, lenders, consultants, accountants and attorneys of Seller, any such data and information, if such persons agree to treat such data and information confidentially; (ii) on and after the Closing, to the public, the fact that Seller has sold the Property; and (iii) at any time, to governmental officials or other third parties (including the public, respecting information contained in public reports), any such data and information as may be required to comply with Seller's reporting requirements under law. The provisions of this Section 10.16 shall survive the Closing or any termination of this Agreement.

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

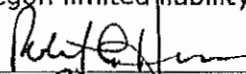
[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE]

BUYER:

Cairn Pacific Acquisitions LLC,
an Oregon limited liability company

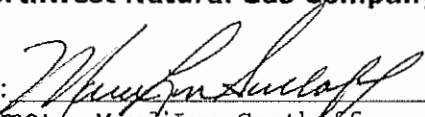
By: Cairn Pacific Holdings LLC
an Oregon limited liability company

By: 
Name: Robert A. Hinnen
Title: Member

Date Signed: April 22, 2016

SELLER:

Northwest Natural Gas Company

By: 
Name: MardiLyn Saathoff
Title: Senior Vice President and General Counsel

Date Signed: April 29, 2016

- Exhibit A: Legal Description of Property
- Exhibit B: Royal Oak Property Site Plan
- Exhibit C: Earnest Money Promissory Note
- Exhibit D: Assignment of Development Rights

EXHIBIT A
TO
REAL ESTATE PURCHASE AND SALE AGREEMENT

LEGAL DESCRIPTION OF PROPERTY

The south 25 feet of Lot 11, Block 10, WILLAMETTE HEIGHTS ADDITION TO THE CITY OF PORTLAND,
in the City of Portland, County of Multnomah, and State of Oregon.

EXHIBIT B TO REAL ESTATE PURCHASE AND SALE AGREEMENT

ROYAL OAK SITE PLAN

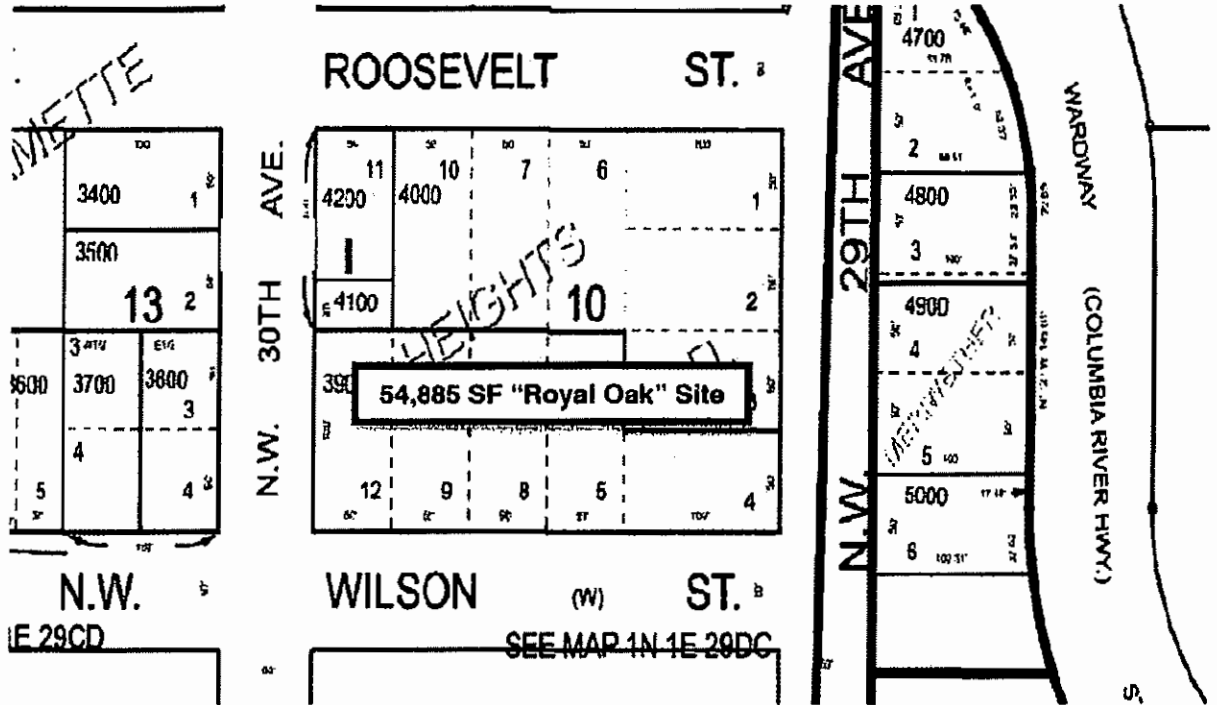


EXHIBIT C
TO
REAL ESTATE PURCHASE AND SALE AGREEMENT

EARNEST MONEY PROMISSORY NOTE

\$3,000

Portland, Oregon

April ____ 2016

For value received, **CAIRN PACIFIC ACQUISITIONS LLC**, an Oregon liability company ("**Maker**"), hereby promises to pay to the order of Ticor Title Company, 111 SW Columbia Street, Suite 1000, Portland, Oregon 97201 ("**Payee**"), the principal sum of Three Thousand Dollars (\$3,000.00) at such times and in such amounts as set forth in Section 2 of that certain Real Estate Purchase and Sale Agreement, executed by Maker, as Buyer, and **Northwest Natural Gas Company**, as Seller, pertaining to the real property commonly located at NW 30th Ave., Portland, Oregon (the "**Real Estate Purchase Agreement**"). Maker shall be entitled to repay this Promissory Note in whole or in part at any time without penalty or premium.

Maker will pay to any holder of this Promissory Note all reasonable attorneys' fees incurred by such holder in collecting any amount due under this Promissory Note following a default in payment by Maker.

This Promissory Note may be changed, amended or modified only by a writing expressly intended for such purpose and executed by the party against whom enforcement of the change, amendment or modification is sought.

This Promissory Note is delivered pursuant to the Real Estate Purchase Agreement. Maker's liability under this Promissory Note will be extinguished upon the termination (or deemed termination) of the Real Estate Purchase Agreement by Maker pursuant to the terms of such Real Estate Purchase Agreement.

This Promissory Note, and its validity, enforcement and interpretation, shall be governed by the laws of the State of Oregon, without regarding to any principles of conflicts of law.

Cairn Pacific Acquisitions LLC,
an Oregon limited liability company

By: Cairn Pacific Holdings LLC
an Oregon limited liability company

By: _____

Name: _____

Title: Member _____

EXHIBIT D
TO
REAL ESTATE PURCHASE AND SALE AGREEMENT

ASSIGNMENT OF DEVELOPMENT RIGHTS

This Assignment of Development Rights (this "**Assignment**") is made and entered into _____, 20__, by and between **Northwest Natural Gas Company** ("**Assignor**"), and _____ ("**Assignee**").

For good and valuable consideration paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged by Assignor, Assignor does hereby assign, transfer, set over and deliver unto Assignee all of Assignor's right, title, and interest in all development rights related to property located on NW 30th Avenue, Portland, Oregon (the "**Development Rights**").

Except as otherwise expressly provided in that certain Real Estate Purchase and Sale Agreement between Assignor and Assignee dated as of April __, 2016, by accepting this Assignment and by its execution hereof, Assignee assumes the payment and performance of, and agrees to pay, perform and discharge, all the debts, duties and obligations to be paid, performed or discharged from and after the date hereof, by the owner under the Development Rights. Assignee agrees to indemnify, hold harmless and defend Assignor for, from and against any and all claims, losses, liabilities, damages, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting by reason of the failure of Assignee to pay, perform or discharge any of the debts, duties or obligations assumed or agreed to by Assignee after the date hereof.

All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed on the date and year first above written.

Assignor:

Northwest Natural Gas Company

By: _____

Name: _____

Assignee:

| | |
|---|-----------------------------------|
| Multnomah County Official Records R Weldon, Deputy Clerk | 2016-126832 |
| 1R-W DEED Pgs=4 Stn=70 ATKRH \$20.00 \$11.00 \$10.00 \$20.00 | 10/07/2016 02:04:44 PM \$61.00 |

Recorded by TICOR TITLE 3626082299ams

After Recording Return To:
Brix Law LLP
75 SE Yamhill Street, Suite 202
Portland, OR 97214
Attn: Bradley S. Miller

Unless a change is requested all tax statements shall be sent to:

Cairn Pacific Acquisitions LLC
1015 NW 11th Ave., Suite 242
Portland, OR 97209

SPECIAL WARRANTY DEED

Northwest Natural Gas Company, an Oregon corporation, which acquired title as Portland Gas & Coke Company, a corporation ("Grantor"), conveys and specially warrants to **Cairn Pacific Acquisitions LLC**, an Oregon limited liability company ("Grantee"), the real property located on NW 30th Avenue, Portland, Oregon, and legally described on Exhibit A attached hereto, free of encumbrances created or suffered by Grantor except as specifically set forth on Exhibit B attached hereto.

The true consideration paid for this conveyance is Forty-Five Thousand and 00/100 Dollars (\$45,000.00).

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

[SIGNATURE PAGE FOLLOWS]

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[SIGNATURE PAGE FOLLOWS]

Dated this 7th day of October, 2016.

GRANTOR: **Northwest Natural Gas Company,**
an Oregon corporation

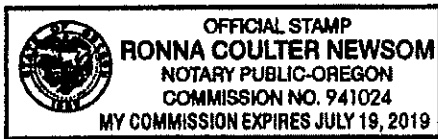
By: *MardiLyn Saathoff*

Name: MardiLyn Saathoff

Title: Senior Vice President and General Counsel

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this 7th day of September, 2016, by MardiLyn Saathoff, as Sr. VP + General Counsel of Northwest Natural Gas Company, an Oregon corporation, on behalf of such company.



Ronna Coulter Newsom
Notary Public for Oregon
My Commission Expires: 9/19/19

EXHIBIT A
Legal Description

The South 25 feet of Lot 11, Block 10, WILLAMETTE HEIGHTS ADDITION TO THE CITY OF PORTLAND, in the City of Portland, County of Multnomah and State of Oregon.

EXHIBIT B
Permitted Encumbrances

1. General and special taxes and assessments, a lien not yet due or payable.
2. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
3. Facts, rights, interests or claims which are not shown by the Public Records but which could be ascertained by an inspection of the Land or by making inquiry of persons in possession thereof.
4. Easements, or claims of easement, not shown by the Public Records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
5. Any encroachment (of existing improvements located on the subject land onto adjoining land or of existing improvements located on adjoining land onto the subject land), encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land.
6. Any lien or right to a lien for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the Public Records.
7. Pursuant to ORS 308.505 through 308.665, the Oregon State Department of Revenue has assessed the subject property along with other real property in Multnomah County which is owned by Northwest Natural Gas Company, and we are unable to segregate the amount of tax, if any. Due to the power and authority of the Department of Revenue to correct any assessment errors, this property may be subject to additional taxes following a transfer of title.

Tax Account No.: R307722

8. Rights of the public to any portion of the Land lying within streets, roads and highways.
9. An easement created by instrument, including terms and provisions thereof;

Dated: March 19, 1984

Recorded: May 10, 1984

Recorder's Fee No.: 84-031744, Book: 1746, Page: 1598

In Favor Of: Pacific Northwest Bell Telephone Company, a Washington corporation

For: Underground communication lines, above ground cabinets and other appurtenances