



825 NE Multnomah, Suite 2000  
Portland, Oregon 97232

February 20, 2015

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Public Utility Commission of Oregon  
3930 Fairview Industrial Dr SE  
Salem, Oregon 97302-1166

Attn: Filing Center

RE: UP \_\_\_\_—Application for an Order Authorizing the Sale of Certain Property in  
Pendleton, Oregon

Enclosed for filing by PacifiCorp d/b/a Pacific Power is an application seeking approval for the proposed sale of certain property located in Pendleton, Oregon.

PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By E-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com).

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah St., Suite 2000  
Portland, OR 97232

Please direct informal questions with respect to this filing to Natasha Siores, Director of Regulatory Affairs and Revenue Requirement, at (503) 813-6583.

Sincerely,

R. Bryce Dalley  
Vice President, Regulation

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP \_\_\_\_\_

In the Matter of the Application of  
PACIFICORP d/b/a PACIFIC POWER  
for an Order Authorizing the Sale of  
Certain Property in Pendleton, Oregon

APPLICATION OF PACIFICORP

1           Under ORS 757.480(1)(a) and in accordance with OAR 860-027-0025, PacifiCorp  
2   d/b/a Pacific Power (Company) seeks approval from the Public Utility Commission of  
3   Oregon (Commission) for the proposed sale of certain property located in Pendleton, Oregon  
4   (Pendleton Property), to a developer (Buyer). In support of this Application, PacifiCorp  
5   provides the following:

6   **I.     Background**

7           The Company owns certain property totaling approximately 3.75 acres in Pendleton,  
8   Oregon, of which approximately 1.125 acres is used by local operations for storage, pole top  
9   rescue training, and electric facilities and considered distribution property situs Oregon.  
10   PacifiCorp has received an offer to purchase the 3.75 acres for the purpose of constructing an  
11   office and crime laboratory for the State of Oregon. Buyer will be participating in a request  
12   for proposal issued by the State of Oregon. The Company determined that the Pendleton  
13   Property is not needed for utility operations and entered into a purchase and sale agreement  
14   to effectuate the transaction. PacifiCorp’s use of the property will not be affected by the sale  
15   because training and storage activities will be moved to an adjacent location. Additionally,  
16   PacifiCorp will retain easements for any utility facilities located within the Pendleton  
17   Property. Included with this Application as Attachment A is a copy of the Agreement for  
18   Sale and Purchase of Real Estate by and between PacifiCorp and Buyer.

1 The Pendleton Property is partially classified as utility property and partially  
2 classified as non-utility (i.e. not included in rate base) property. The sales price of the entire  
3 Pendleton Property is \$540,000 with \$162,000 attributable to the utility portion. The book  
4 value of the utility portion is \$53,741. The net proceeds from this transaction would be  
5 approximately \$104,658, and will flow to customers through Schedule 96, the property sales  
6 balancing account. The net proceeds reflect administrative costs of \$3,600 that the Company  
7 estimates that it will incur for performing the transaction and that are attributable to the  
8 utility portion. As more fully explained below, this transaction will not affect PacifiCorp's  
9 ability to perform its public duties.

## 10 **II. Compliance with OAR 860-027-0025(1) Filing Requirements**

### 11 **A. Address**

12 The Company's exact name and address of its principal business office are:

13 PacifiCorp  
14 825 NE Multnomah Street  
15 Portland, OR 97232

### 16 **B. State in which incorporated; date of incorporation; other states in which** 17 **authorized to transact utility business**

18 PacifiCorp is a corporation organized and existing under and by the laws of the State  
19 of Oregon. PacifiCorp's date of incorporation is August 11, 1987. PacifiCorp is authorized  
20 to provide retail electric service in Oregon, California, Washington, Idaho, Wyoming and  
21 Utah.

### 22 **C. Communications and notices**

23 All notices and communications with respect to this Application should be addressed  
24 to:

PacifiCorp Oregon Dockets  
825 NE Multnomah St., Ste 2000  
Portland, OR 97232  
Email: [OregonDockets@pacificorp.com](mailto:OregonDockets@pacificorp.com)

Michelle Mishoe  
Senior Counsel  
PacifiCorp  
825 NE Multnomah St., Ste 1800  
Portland, OR 97232  
Telephone: 503.813.5977  
Facsimile: 503.813.7252  
Email: [michelle.mishoe@pacificorp.com](mailto:michelle.mishoe@pacificorp.com)

1 In addition, PacifiCorp respectfully requests that all data requests regarding this  
2 matter be addressed to:

3 By e-mail (**preferred**) datarequest@pacificorp.com

4 By regular mail Data Request Response Center  
5 PacifiCorp  
6 825 NE Multnomah St., Suite 2000  
7 Portland, OR 97232

8 Informal inquiries may also be directed to Natasha Siores, Director of Regulatory  
9 Affairs and Revenue Requirement at (503) 813-6583.

10 **D. Principal officers**

<u>Name</u>	<u>Title</u>
Gregory E. Abel	Chairman of Board & Chief Executive Officer
Micheal G. Dunn	President & Chief Executive Officer, PacifiCorp Energy
Cindy A. Crane	President & Chief Executive Officer, Rocky Mountain Power
R. Patrick Reiten	President & Chief Executive Officer, Pacific Power
Douglas K. Stuver	Senior Vice President & Chief Financial Officer

11 **E. Description of business; designation of territories served**

12 The Company engages in the generation, purchase, transmission, distribution and sale  
13 of electric energy in Benton, Clackamas, Clatsop, Coos, Crook, Deschutes, Douglas, Gilliam,  
14 Hood River, Jackson, Jefferson, Josephine, Klamath, Lake, Lane, Lincoln, Linn, Marion,  
15 Morrow, Multnomah, Polk, Sherman, Tillamook, Umatilla, Wallowa, Wasco, and  
16 Washington Counties in Oregon. PacifiCorp also engages in the generation, purchase,

1 transmission, distribution and sale of electric energy in the states of Washington, California,  
2 Idaho, Wyoming and Utah.

3 **F. Statement showing for each class and series of capital stock: brief**  
4 **description; amount authorized; amount outstanding; amount held as**  
5 **required securities; amount pledged; amount owned by affiliated**  
6 **interests; amount held in any fund**

7 Not applicable. This transaction does not involve the sale of financial instruments or  
8 PacifiCorp stock.

9 **G. Statement showing for each class and series of long-term debt and notes:**  
10 **brief description of amount authorized; amount outstanding; amount**  
11 **held as required securities; amount pledged; amount held by affiliated**  
12 **interests; amount in sinking and other funds**

13 Not applicable. This transaction does not involve the sale of financial instruments.

14 **H. Purpose of application; description of consideration and method of**  
15 **arriving at amount thereof**

16 Buyer approached PacifiCorp with an offer to purchase the Pendleton Property after  
17 determining it could be suitable for constructing an office building and crime laboratory for  
18 the State of Oregon. The Company countered with an offer higher than the valuation  
19 provided by a broker's opinion of value. Buyer accepted the Company's counter offer. The  
20 Company files this Application to obtain Commission approval of the sale of the Pendleton  
21 Property to Buyer.

22 Based on information provided by a broker's opinion of value, the total sales price is  
23 \$540,000, with \$162,000 being attributable to the utility portion of the Pendleton Property,  
24 which is above fair market value. Buyer will pay the sales price to PacifiCorp upon closing.

1           **I. Statement of facilities to be disposed of; description of present use and**  
2                                   **proposed use; inclusion of all operating facilities of parties to the**  
3                                   **transaction**

4           PacifiCorp will sell a 3.75-acre parcel of property of which approximately 1.125 is  
5           currently used to support the Company’s operations in Pendleton, Oregon. The Company  
6           uses the Pendleton Property for pole top rescue training and storage, but has determined that  
7           such uses could be located on adjacent or nearby parcels owned by PacifiCorp. Additionally,  
8           certain facilities for the provision of electric service cross the Pendleton Property. PacifiCorp  
9           will retain easements to allow those facilities to remain in place. Buyer intends to use the  
10          property as part of a construction project for the State of Oregon. PacifiCorp will continue to  
11          use the Pendleton Property, through its retained easements, to operate and maintain its  
12          facilities crossing the property.

13           **J. Statement by primary account of cost of the facilities and applicable**  
14                                   **depreciation reserve**

15          The book value (cost) included in Electric Plant in Service, FERC account 101, of the  
16          Pendleton Property is \$53,741.

17           **K. Required filings with other state or federal regulatory bodies**

18          This transaction does not require approvals from any other state or federal regulatory  
19          bodies.

20           **L. Facts relied upon by applicant to show transaction is within the public**  
21                                   **interest**

22          ORS 757.480 requires Commission approval for sales of property necessary and  
23          useful in the performance of public service with a value in excess of \$100,000. See ORS  
24          757.480(1)(a). OAR 860-027-0025(1)(l) requires that the utility show that such a proposed

1 sale is “consistent with the public interest.” The Commission has previously held that this  
2 standard requires only a “no harm” showing.<sup>1</sup>

3 The proposed transaction will not harm customers. Certain PacifiCorp facilities cross  
4 the affected property. However, PacifiCorp will continue to be able to operate and maintain  
5 those facilities for the ongoing provision of safe and reliable electric service to its customers.  
6 Additionally, the Company’s current use of the Pendleton Property for pole top rescue  
7 training and storage can be relocated to nearby PacifiCorp property.

8 **M. Reasons relied upon for entering into the proposed transaction; benefits**  
9 **to customers**

10 Please refer to sections I. and L., and the Background Section, above.

11 **N. Amount of stock, bonds, or other securities, now owned, held or**  
12 **controlled by applicant, of the utility from which stock or bonds are**  
13 **proposed to be acquired**

14 Not applicable. This transaction does not involve the sale of stock or other financial  
15 instruments.

16 **O. Statement of franchises held; date of expiration; facilities of transferees**

17 Not applicable. This transaction will not affect PacifiCorp’s service territory.

18 **III. Compliance with OAR 860-027-0025(2) Filing Requirements**

19 **A. Exhibit A. Articles of Incorporation**

20 Not applicable. Review of the Articles of Incorporation would not advance the  
21 Commission’s analysis of this Application because the subject transaction involves the

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<sup>1</sup> See, e.g., *In the Matter of a Legal Standard for Approval of Mergers*, Docket UM 1011, Order No. 01-778 (Sept. 4, 2001) (“The remainder of the statutory scheme, those statutes governing transfer, sale, affiliated interest transactions, and contracts, either expresses no standard (for instance, ORS 757.480, .485) and has been read to require a no harm standard, or contains a ‘not contrary to the public interest’ standard (ORS 757.490, .495.)”) (emphasis added); *In the Matter of the Application of PacifiCorp*, Docket UP 168, Order No. 00-112, at 6 (Feb. 29, 2000) (regarding the sale of the Centralia generating plant); *In the Matter of Portland General Electric*, Docket UP 158, Order No. 00-111, at 2 (Feb. 29, 2000) (regarding the sale of the Colstrip generating units); *In the Matter of the Application of Portland General Electric*, Docket UP 165/UP 170, Order No. 99-730, at 7(Nov. 29, 1999) (regarding the sale of the Centralia generating plant).

1 conveyance of utility property and does not affect the Company's corporate structure or  
2 governance.

3 **B. Exhibit B. Bylaws**

4 Not applicable. Review of PacifiCorp's bylaws would not advance the Commission's  
5 analysis of this Application because the subject transaction involves the conveyance of utility  
6 property and does not affect the Company's corporate structure or governance.

7 **C. Exhibit C. Resolution of directors authorizing transaction**

8 This transaction did not require approval from the Company's board of directors.

9 **D. Exhibit D. Mortgages, trust, deeds or indentures securing obligation of**  
10 **each party**

11 The majority of the Company's real property is subject to a lien under the Mortgage  
12 and Deed of Trust, dated as of January 9, 1989, from PacifiCorp to The Bank of New York  
13 Mellon Trust Company, N.A. (as successor to The Bank of New York Mellon) as Trustee, as  
14 amended and supplemented. The Company will request for a partial release of mortgage  
15 instrument for the Pendleton Property to record at closing.

16 **E. Exhibit E. Balance sheet showing booked amounts, adjustments to record**  
17 **the proposed transaction and pro forma, with supporting fixed capital or**  
18 **plant schedules in conformity with the forms in the annual report**

19 This transaction will not materially affect the Company's balance sheet.

20 **F. Exhibit F. Known contingent liabilities**

21 There are no known contingent liabilities associated with this transaction.

22 **G. Exhibit G. Comparative income statements showing recorded results of**  
23 **operations, adjustments to record the proposed transaction and pro**  
24 **forma, in conformity with the form in the annual report**

25 Not applicable. The transaction will not materially affect the Company's income  
26 statement.



**H. Exhibit H. Analysis of surplus for the period covered by income statements referred to in G**

Not applicable. The transaction will not materially affect the Company's income statement.

**I. Exhibit I. Copy of contract for transaction and other written instruments**

Included with this Application as Attachment A is a copy of the Agreement for Sale and Purchase of Real Estate by and between PacifiCorp and buyer.

**J. Exhibit J. Copy of each proposed journal entry to be used to record the transaction**

The proposed journal entries are shown in the table immediately below.

<b>Pendleton Pole Yard ORUM-0040 Parcel Sale</b>											
<b>Asset</b>											
102572	In Nonutility since 5/13/2005										
304514	Moved to utility from Nonutility 2/25/2013										
	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>540,000.00</td> <td>Sale Price:</td> </tr> <tr> <td>(12,000.00)</td> <td>Admin Costs</td> </tr> <tr> <td><b>528,000.00</b></td> <td><b>Net Proceeds:</b></td> </tr> </table>					540,000.00	Sale Price:	(12,000.00)	Admin Costs	<b>528,000.00</b>	<b>Net Proceeds:</b>
540,000.00	Sale Price:										
(12,000.00)	Admin Costs										
<b>528,000.00</b>	<b>Net Proceeds:</b>										
<b>Asset</b>	<b>GL Acct</b>	<b>Debit</b>	<b>Credit</b>	<b>FERC Acct</b>	<b>Description</b>						
		528,000.00			Proceeds						
102572	12110		125,396.30	121	Nonutility Property						
304514	36010		53,741.27	101	Electric Plant in Service						
102572	554000	244,203.70		421.1	Nonutility Gain on Sale						
304514	554000	104,658.73		421.1	Utility Gain on Sale						
	554000		104,658.73	421.1	Gain on Sale-Utility only						
	288114	104,658.73			Oregon Balancing Account						
<b>OREGON BALANCING ACCOUNT CALCULATION for utility property only</b>											
Total Gain					<b>348,862.43</b>						
Oregon Allocation % (% of parcel in utility)					<b>30.00%</b>						
To move to Oregon Balancing Account					<b>104,658.73</b>						

**K. Exhibit K. Copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts required by (1)(l) of this rule and reasons as required by (1)(m).**

This Application and attachments contain the necessary information to demonstrate the benefits of this transaction and for the Commission to base its decision. However, the Company is prepared to provide additional information as requested by the Commission.

1 **IV. Prayer for Relief**

2 PacifiCorp respectfully requests a Commission order:

- 3 (a) finding that the sale of the Pendleton Property will not harm the Company's  
4 customers and is consistent with the public interest;
- 5 (b) granting other such relief as the Commission deems necessary and proper.

DATED: February 20, 2015.

Respectfully submitted,



Michelle R. Mishoe, # 07242  
Senior Counsel  
Pacific Power

**ATTACHMENT A**

**Agreement for Sale and Purchase of Real Estate**

**AGREEMENT FOR SALE AND PURCHASE  
OF REAL PROPERTY**

This Agreement for Sale and Purchase of Real Estate (this "Agreement") is entered into as of the 7<sup>th</sup> day of March 2014 ("Effective Date"), by and between North County Investments LLC ("Buyer") and PACIFICORP, an Oregon corporation ("Seller").

**RECITALS**

A. Seller is owner of fee title to certain real property totaling approximately 3.75 acres located in the City of Pendleton, County of Umatilla, State of Oregon, parcel number: 2N3205-00-00393, as more particularly described in Exhibit A attached hereto and by this reference made a part hereof.

B. Subject to the terms and conditions herein, Buyer desires to purchase and Seller desires to sell to Buyer the real property described in Recital A together with all improvements, structures, appurtenances, rights, privileges and easements belonging thereto (collectively referred to herein as the "Property") as more particularly shown on Exhibit B, which is attached hereto and incorporated herein by reference.

NOW, THEREFORE, Buyer and Seller agree as follows:

**ARTICLE I  
AGREEMENT TO PURCHASE AND SELL; PURCHASE PRICE**

1.1 Purchase and Sale. Subject to the terms and conditions set forth in this Agreement, Seller agrees to convey to Buyer, and Buyer agrees to purchase and take from Seller, all right, title and interest in and to the Property.

1.2 Purchase Price. Buyer shall pay to Seller Five Hundred Forty Thousand Dollars (\$540,000.00) (the "Purchase Price") for the Property.

1.3 Payment of Purchase Price. Buyer shall pay the Purchase Price to Seller as follows:

(a) Within ten (10) business days of full execution of this Agreement, Buyer shall pay a deposit of Five Thousand Dollars (\$5,000.00) (the "Earnest Money Deposit") delivered to an escrow account with Fidelity National Title, 900 SW 5<sup>th</sup> Avenue, Suite 1825, Portland, OR 97204, phone (503) 219-9083 (option 2) (the "Title Company") to be held in escrow and credited toward the Purchase Price on the Closing Date (hereinafter defined). The Earnest Money Deposit shall be non-refundable except as specifically stated herein.

(b) Buyer shall pay the balance of the Purchase Price by immediately available funds on the Closing Date adjusted for prorations on the Closing Date as provided herein.

1.4 Regulatory Approvals. Seller's obligation to convey the Property is expressly conditioned on Seller obtaining all required regulatory approvals, if any.

## ARTICLE II BUYER'S DUE DILIGENCE

2.1 Buyer's Inspection. Upon execution of this Agreement Buyer shall have until the Closing Date ("Due Diligence Period") to inspect the Property, perform studies, receive award and license/lease from the State of Oregon to construct a new office/laboratory, and to acquire the permits necessary for Buyer to construct and operate an office/laboratory on the Property ("Planned Use"). During the Due Diligence Period, Buyer, its employees or agents may enter the Property upon providing two (2) business days' notice to Seller's property management department at 503-813-5700, to inspect the Property and perform surveys or tests as Buyer may elect at its expense; provided, however, that such entry shall not unreasonably interfere with the activities of Seller on the Property and Buyer shall, within a reasonable period of time, restore the Property to its similar condition immediately prior to entry. Seller agrees to cooperate with Buyer as necessary for Buyer to acquire such permits as underlying landowner.

(a) Should the Buyer elect to proceed with this transaction at the end of or during the Due Diligence Period, Buyer shall remove all contingencies and Earnest Money shall be applied toward the Purchase Price.

(b) Prior to the end of the Due Diligence Period, Buyer shall have the right terminate this Agreement upon written notice to Seller that Buyer, in its sole discretion, is not satisfied with the condition of the Property.

(c) Buyer shall provide proof of insurance coverage prior to entering upon the property. Buyer shall indemnify, hold harmless and defend Seller from and against any claims, costs (including reasonable attorneys' fees), losses, liabilities, damages, liens, penalties, demands, causes of action and suits of any nature arising out of the inspections of and/or entry onto the Property by Buyer, its agents, employees or contractors, unless caused by Seller's gross negligence or willful misconduct. This indemnity includes an obligation of Buyer to promptly return the Property to its pre-test and pre-inspection condition at Buyer's sole cost. All costs and expenses of all of Buyer's tests, inspections, and studies shall be paid by the Buyer.

(d) Insurance. Without limiting any liabilities or any other obligations of Buyer and its contractors, Buyer and its contractors shall procure and continuously maintain, with insurers having an A.M. Best's rating of A-VII or better, insurance against claims for injury to persons or damage to property which may arise from or in connection with this Agreement or Buyers use or occupancy of the Property as follows:

i. Workers' Compensation. Coverage as required by law. Buyer shall furnish proof thereof satisfactory to Seller within 14 days prior to commencing any work on the Property. All Workers' Compensation policies shall contain provisions that the insurance companies will have no right of recovery or subrogation against PacifiCorp, its parent, divisions, affiliates, subsidiary companies, co-lessees, co-venturers, agents,

directors, officers, employees, servants, and insurers, it being the intention of the PacifiCorp and Buyer that the insurance as effected shall protect all parties.

ii. Employers' Liability. Insurance with a minimum single limit of \$1,000,000 each accident, \$1,000,000 disease each employee, and \$1,000,000 disease policy limit.

iii. Commercial General Liability. The most recently approved ISO (Insurance Services Office) policy, or its equivalent, written on an occurrence basis, with limits not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate (on a per location basis) to protect against and from any and all loss by reason of bodily injury or property damage on or about the Property, including the following coverages:

- (1) Bodily injury, property damage, and personal injury coverage, including damage to PacifiCorp's Electric Facilities or Improvements as a result of Buyers', its contractors', subcontractors' or agents' negligence.
- (2) Contractual liability
- (3) Premises and Products/Completed Operations
- (4) Independent Contractors

iv. Automobile Liability. The most recently approved ISO policy, or its equivalent, with a minimum single limit of \$1,000,000 for bodily injury and property damage including sudden and accidental pollution liability, with respect to Buyers vehicles whether owned, hired or non-owned, assigned to or used in any way on the Property.

v. Umbrella Liability. Insurance with a minimum limit of \$5,000,000 each occurrence/aggregate where applicable to the excess of the coverages and limits required in Employers' Liability, Commercial General Liability, and Automobile Liability insurance referenced above. Such insurance policies shall be maintained to cover any liability arising from Buyer's use of the Property and indemnification as identified in this Permit.

vi. Certificate of Insurance. Buyer shall provide to PacifiCorp a certificate of insurance evidencing its insurance coverage. The policies required herein, except Workers' Compensation and Employers' Liability, shall include provisions or endorsements naming PacifiCorp, its parent, affiliates, subsidiaries, its officers, directors, agents, employees or servants as additional insured.

vii. Buyer's Insurance Primary. To the extent of Buyer's negligent acts or omissions, all policies required under this Agreement shall include provisions that such insurance is primary with respect to the interest of PacifiCorp and that any other insurance maintained by PacifiCorp is excess and noncontributory insurance with the insurance required hereunder, and provisions that the policy contain a cross liability or severability of interest clause or endorsement.

viii. No Right of Recovery or Subrogation. Unless prohibited by applicable law, all required insurance policies shall contain provisions that the insurer will have no right of recovery or subrogation against PacifiCorp, its parent, divisions, affiliates, subsidiaries companies, co-lessees, or co-venturers, agents, directors, officers, employees, servants, and insurers, it being the intention of the PacifiCorp and Buyer that the insurance as affected shall protect all parties.

ix. Notice Prior to Change or Cancellation. Buyer's insurance required under this Section shall contain provisions that such policies cannot be cancelled or their limits of liability reduced without 1) ten (10) calendar days' prior written notice to PacifiCorp if cancelled for nonpayment of premium, or 2) thirty (30) calendar days' prior written notice to PacifiCorp if cancelled for any other reason.

### **ARTICLE III TITLE INSURANCE**

3.1 Commitment of Title Insurance. Within three (3) business days from full execution of this Agreement, Seller shall deliver or cause to be delivered to Buyer a commitment for title insurance covering the Property on the standard form prescribed by the American Land Title Association (the "Commitment"), issued by the Title Company and dated on or before the date of this Agreement. Buyer shall have the option, at its sole cost and expense to obtain an extended owner's coverage policy. Seller hereby represents and warrants to Buyer that Seller shall not record nor cause to be recorded nor permit the recording of any encumbrances against the Property during the term of this Agreement.

3.2 Title. Seller will convey the Property AS IS without any representation or warranty as to the condition of title and Buyer agrees that it shall rely exclusively on title insurance for protection with respect to the status and marketability of the title to the Property. Seller will not otherwise be required to cure any title condition affecting the Property provided, however, that Seller shall cause the Property to be released from the mortgage of Morgan Guaranty Trust Company of New York prior to Closing (as hereinafter defined).

3.3 Right of Way Easements. Seller has electric facilities on the Property and Buyer will grant Easements to Seller for the construction, operation, maintenance, repair, reconstruction, replacement, enlargement, and removal of Seller's electric power transmission, distribution and communication lines and all necessary or desirable accessories and appurtenances thereto in the form provided by the Seller prior to Closing (the "Right of Way Easements").

3.4 Delivery of Title Insurance. On the Closing Date, the Title Company shall commit to issue to and in favor of Buyer a standard coverage owner's policy of title insurance with respect to the Property in the amount of the Purchase Price, effective as of the Closing Date, containing no exceptions other than the Permitted Exceptions (the "Title Policy") and containing such title policy endorsements that may be obtained in Oregon as Buyer may require. Seller shall cause Title Company to deliver the Title Policy to Buyer within thirty (30) days after the Closing Date.

**ARTICLE IV  
REPRESENTATIONS AND WARRANTIES**

4.1 Representations and Warranties of Seller. Seller makes the following representations and warranties to Buyer, as of the date of this Agreement and as of the Closing Date, each of which representations and warranties shall survive the conveyance of title to the Property by Seller to Buyer (the "Closing") and delivery of the Statutory Warranty Deed.

(a) Seller is the owner of fee title to the Property, subject to the any deeds of trust, indentures or mortgages of record that Seller has agreed to timely eliminate as provided in Section 3.2 above.

(b) Seller has the right, power and authority to execute, deliver, and perform this Agreement and to consummate the transaction provided for herein.

(c) No contracts, leases, licenses, commitments or undertakings of which Seller is a party exist relating to the Property except for the lease that is in effect as of the date of the execution of this Agreement and which will expire or be terminated prior to December 31, 2014; and except for the State of Oregon's use of a portion of the property for access to the State's property, which use Seller will reasonably attempt to terminate upon written request from Buyer.

(d) At the signing of this Agreement, the Seller represents itself. No other person, broker or entity, whether or not affiliated with Seller, is entitled to a commission, finder's fee or other compensation arising from this Agreement, as regarding Seller. Seller shall indemnify, defend and hold Buyer harmless from and against any and all claims, loss or damage relating to or arising out of any claim for compensation by any broker, person or entity claiming by or through Seller.

4.2 Representations and Warranties of Buyer. Buyer makes the following representations and warranties to Seller, as of the date of this Agreement and as of the Closing Date, each of which representations and warranties shall survive the closing and delivery of the Statutory Warranty Deed.

(a) Buyer has the right, power and authority to execute, deliver and perform this Agreement.

(b) At the signing of this Agreement, the Buyer represents that it is represented by a real estate broker. All associated fees entitled to a commission, finder's fee or other compensation arising from this Agreement shall be paid by Buyer. Buyer shall indemnify, defend and hold Seller harmless from and against any and all claims, loss or damage relating to or arising out of any claim for compensation by any broker, person or entity claiming by or through Buyer.

4.3 Acknowledgment by Buyer Regarding Seller's Representations and Warranties. Except as expressly set forth in other portions of this Agreement, Buyer hereby affirms that



neither Seller nor its agents, employees, representatives or attorneys have made, nor has Buyer relied upon any representation, warranty, or promise (either express or implied) with respect to the Property or any other subject matter of this Agreement including, without limitation:

(a) the general plan designation, zoning, value, use, tax status or physical condition of any part of the Property or the improvements to the Property;

(b) the flood elevations, drainage patterns and soil and subsoils composition and compaction levels and other conditions at the Property; or

(c) the existence or nonexistence of any hazardous or toxic substance, waste or material (as defined or regulated by any federal, state or local law or regulation).

#### **ARTICLE V SELLER'S USE OF THE PROPERTY PRIOR TO CLOSING**

From and after Seller's execution of this Agreement, with exception of Seller's mortgage of Morgan Guaranty Trust Company of New York, Seller shall not grant or convey any easement, lease, license, permit or any other legal or beneficial interest in or to the Property or engage in any contract with any party other than Buyer regarding the purchase or sale of the Property, without the prior written consent of Buyer. Further, except as otherwise provided for herein, Seller agrees to pay, as and when the same are due, all payments on any encumbrances presently affecting the Property and any and all taxes, assessments and levies in respect of the Property through the Closing Date. Seller shall perform ordinary maintenance on the Property, including all improvements, as the same presently exists until the Closing Date.

#### **ARTICLE VI CLOSING**

6.1 Time and Place of Closing. The purchase and sale transaction contemplated by this Agreement shall be closed via the Title Company within the earlier of 1) sixty (60) days after the Buyer's receipt of permits required for Planned Use or, 2) December 12, 2014 (the "Closing Date"), or at such earlier time and place as the parties may mutually agree in writing, provided that Buyer does not terminate the Agreement sooner as specified in Section 2.1(c) above.

6.2 Closing. The 'Closing' shall be defined as the performance of the following events with each being declared to have occurred simultaneously with the other:

(a) All documents to be recorded and funds to be delivered hereunder shall be delivered to the Title Company in escrow, to hold, deliver, record and disburse in accordance with supplemental escrow instructions, the form and content of which shall be agreed to by the parties prior to Closing.

(b) At the Closing or sooner as otherwise stated in the escrow instructions, the following shall occur:

(i) Seller shall deliver or cause to be delivered in accordance with the escrow instructions:

(1) Statutory Warranty Deed conveying the Property to Buyer, duly executed and acknowledged by Seller and in proper form for recording;

(2) Any other funds, instruments or documents as may be reasonably requested by Buyer or the escrow agent or reasonably necessary to effect or carry out the purposes of this Agreement (which funds, instruments or documents are subject to Seller's prior approval, which approval may not be unreasonably withheld or delayed);

(3) Partial release of mortgage; and

(4) Seller's Right of Way Easements duly executed and acknowledged by Seller and in proper form for recording.

(ii) Buyer shall deliver or cause to be delivered in accordance with the escrow instructions:

(1) The balance of the Purchase Price;

(2) Any other funds, instruments or documents as may be reasonably requested by Seller or the Title Company or reasonably necessary to effect or carry out the purposes of this Agreement (which funds, instruments or documents are subject to Buyer's prior approval, which approval may not be unreasonably withheld, conditioned or delayed); and

(3) Seller's Right of Way Easements duly executed and acknowledged by Buyer and in proper form for recording

(c) Buyer and Seller shall each deliver to the other two (2) executed copies of such party's Statement of Settlement setting forth all prorations, credits provided in this Agreement, disbursements of the Purchase Price, and expenses of the Closing.

(d) Buyer and Seller shall each pay half of closing costs, escrow charges and transfer taxes, if any. Buyer shall pay for lender's title insurance policy and Seller shall pay for standard owner's title policy. Buyer shall pay for any additional premium required for an extended owner's policy of title insurance and the cost of any endorsements requested by Buyer.

## **ARTICLE VII REMEDIES**

7.1 Seller's Default. If Seller fails or refuses to perform its obligations under this Agreement, and such failure or refusal is not cured within five (5) business days after Seller's receipt of written notice of such failure from Buyer, Title Company shall immediately refund to Buyer the Earnest Money Deposit, without prejudice to any other legal or equitable right or remedy of Buyer against Seller, including but not limited to specific performance.

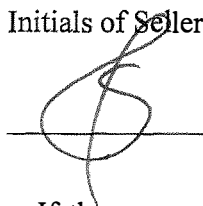
7.2 Buyer's Default. If Buyer fails or refuses to perform its obligations under this Agreement, and such failure or refusal is not cured within five (5) business days after Buyer's receipt of notice of such failure from Seller, Seller shall be given the Earnest Money Deposit as liquidated damages as Seller's sole and exclusive remedy.

LIQUIDATED DAMAGES: BUYER AND SELLER HEREBY AGREE THAT IT WOULD BE DIFFICULT TO ASCERTAIN THE ACTUAL DAMAGES RESULTING FROM A MATERIAL BREACH OF THIS AGREEMENT BY BUYER. THEREFORE, BUYER AND SELLER AGREE THAT IN THE EVENT OF A MATERIAL BREACH BY BUYER, SELLER'S SOLE AND EXCLUSIVE REMEDY SHALL BE RETENTION OF THE EARNEST MONEY DEPOSIT IN THE AMOUNT OF FIVE THOUSAND DOLLARS AS LIQUIDATED DAMAGES. BUYER AND SELLER AGREE THAT THIS LIQUIDATED DAMAGES PROVISION REPRESENTS REASONABLE COMPENSATION FOR THE LOSS INCURRED BY BUYER'S MATERIAL BREACH HEREUNDER.

Initials of Buyer:

\_\_\_\_\_

Initials of Seller:

  
\_\_\_\_\_

7.3 Escrow Cancellation Charges. If the escrow established in connection with this Agreement fails to close because of Seller's default, Seller will be liable for any cancellation charges by the Title Company. If the escrow fails to close because of Buyer's default, Buyer will be liable for any cancellation charges by the Title Company. If the escrow fails to close for any other reason, Buyer and Seller will split any cancellation charges equally, except that Seller must bear the entire cost of the Commitment and any amendments thereto.

## ARTICLE VIII PRORATIONS

8.1 Property Taxes. Seller shall pay through the county assessor, escrow, or otherwise, all property taxes for the Property during the tax year in which Closing occurs.

## ARTICLE IX INDEMNITY

9.1 Indemnification. To the fullest extent permitted by law, Seller shall indemnify, hold harmless and defend Buyer, its employees, officers, representatives and/or agents (collectively, the "Buyer Indemnified Parties") against any and all claims, demands, suits, losses, costs and damages of every kind and description arising from activities upon the Property during

7.1 Seller's Default. If Seller fails or refuses to perform its obligations under this Agreement, and such failure or refusal is not cured within five (5) business days after Seller's receipt of written notice of such failure from Buyer, Title Company shall immediately refund to Buyer the Earnest Money Deposit, without prejudice to any other legal or equitable right or remedy of Buyer against Seller, including but not limited to specific performance.

7.2 Buyer's Default. If Buyer fails or refuses to perform its obligations under this Agreement, and such failure or refusal is not cured within five (5) business days after Buyer's receipt of notice of such failure from Seller, Seller shall be given the Earnest Money Deposit as liquidated damages as Seller's sole and exclusive remedy.

LIQUIDATED DAMAGES: BUYER AND SELLER HEREBY AGREE THAT IT WOULD BE DIFFICULT TO ASCERTAIN THE ACTUAL DAMAGES RESULTING FROM A MATERIAL BREACH OF THIS AGREEMENT BY BUYER. THEREFORE, BUYER AND SELLER AGREE THAT IN THE EVENT OF A MATERIAL BREACH BY BUYER, SELLER'S SOLE AND EXCLUSIVE REMEDY SHALL BE RETENTION OF THE EARNEST MONEY DEPOSIT IN THE AMOUNT OF FIVE THOUSAND DOLLARS AS LIQUIDATED DAMAGES. BUYER AND SELLER AGREE THAT THIS LIQUIDATED DAMAGES PROVISION REPRESENTS REASONABLE COMPENSATION FOR THE LOSS INCURRED BY BUYER'S MATERIAL BREACH HEREUNDER.

Initials of Buyer:



Initials of Seller:



7.3 Escrow Cancellation Charges. If the escrow established in connection with this Agreement fails to close because of Seller's default, Seller will be liable for any cancellation charges by the Title Company. If the escrow fails to close because of Buyer's default, Buyer will be liable for any cancellation charges by the Title Company. If the escrow fails to close for any other reason, Buyer and Seller will split any cancellation charges equally, except that Seller must bear the entire cost of the Commitment and any amendments thereto.

#### ARTICLE VIII PRORATIONS

8.1 Property Taxes. Seller shall pay through the county assessor, escrow, or otherwise, all property taxes for the Property during the tax year in which Closing occurs.

#### ARTICLE IX INDEMNITY

9.1 Indemnification. To the fullest extent permitted by law, Seller shall indemnify, hold harmless and defend Buyer, its employees, officers, representatives and/or agents (collectively, the "Buyer Indemnified Parties") against any and all claims, demands, suits, losses, costs and damages of every kind and description arising from activities upon the Property during

Seller's ownership, including attorneys' fees and/or litigation expenses, brought, made against or incurred by the Buyer Indemnified Parties.

**ARTICLE X  
MISCELLANEOUS**

10.1 "AS IS" SALE. BUYER AGREES, SUBJECT TO THE REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN OR IN ANY CONVEYANCE DOCUMENTS OR CERTIFICATIONS, THAT IT SHALL TAKE THE PROPERTY "AS-IS," "WHERE-IS," AND WITH ALL FAULTS AND CONDITIONS THEREON. ANY INFORMATION, REPORTS, STATEMENTS, DOCUMENTS OR RECORDS (COLLECTIVELY, THE "DISCLOSURES") PROVIDED OR MADE TO BUYER OR ITS CONSTITUENTS BY SELLER OR ANY OF SELLER'S AFFILIATES OR REPRESENTATIVES CONCERNING THE CONDITION OF THE PROPERTY SHALL NOT BE REPRESENTATIONS OR WARRANTIES, EXCEPT TO THE EXTENT EXPRESSLY SET FORTH HEREIN OR IN ANY CONVEYANCE DOCUMENTS OR CERTIFICATIONS. BUYER SHALL NOT RELY ON SUCH DISCLOSURES, BUT RATHER, BUYER SHALL RELY ONLY ON ITS OWN INSPECTION OF THE PROPERTY AND THE REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN AND IN ANY CONVEYANCE DOCUMENT OR CERTIFICATION. BUYER ACKNOWLEDGES AND AGREES THAT, SUBJECT TO THE REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN OR IN ANY CONVEYANCE DOCUMENTS OR CERTIFICATIONS ABOVE, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, (B) THE INCOME TO BE DERIVED FROM THE PROPERTY, (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON, (D) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY INCLUDING WITHOUT LIMITATION ZONING, (E) THE HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, OR (F) ANY OTHER MATTER WITH RESPECT TO THE PROPERTY, AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS EXCEPT TO THE EXTENT EXPRESSLY SET FORTH HEREIN OR IN ANY CONVEYANCE DOCUMENTS OR CERTIFICATIONS REGARDING TERMITES OR WASTES, AS DEFINED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS AT 40 C.F.R., OR ANY HAZARDOUS SUBSTANCE, AS DEFINED BY THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT OF 1980 ("CERCLA"), AS AMENDED, AND REGULATIONS PROMULGATED THEREUNDER. TO THE FULLEST EXTENT PERMITTED BY LAW, BUYER (AND ANY ENTITY AFFILIATED WITH OR CLAIMING BY, THROUGH OR UNDER BUYER) HEREBY WAIVE, RELEASE AND AGREE NOT TO MAKE ANY CLAIM OR BRING ANY COST

RECOVERY ACTION OR CLAIM FOR CONTRIBUTION OR OTHER ACTION OR CLAIM AGAINST SELLER OR SELLER'S AFFILIATES BASED ON (A) ANY FEDERAL, STATE, OR LOCAL ENVIRONMENTAL OR HEALTH AND SAFETY LAW OR REGULATION, INCLUDING CERCLA OR ANY STATE EQUIVALENT, OR ANY SIMILAR LAW NOW EXISTING OR HEREAFTER ENACTED, (B) ANY DISCHARGE, DISPOSAL, RELEASE, OR ESCAPE OF ANY CHEMICAL, OR ANY MATERIAL WHATSOEVER, ON, AT, TO, OR FROM THE PROPERTY, OR (C) ANY ENVIRONMENTAL CONDITIONS WHATSOEVER ON, UNDER, OR IN THE VICINITY OF THE PROPERTY, EXCEPT FOR CLAIMS BASED UPON A BREACH OF ANY REPRESENTATIONS AND WARRANTIES CONTAINED HEREIN OR IN ANY CONVEYANCE DOCUMENTS OR CERTIFICATIONS. WITHOUT LIMITATION UPON BUYER'S RIGHT TO RELY ON THE EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED HEREIN OR IN ANY CONVEYANCE DOCUMENTS OR CERTIFICATIONS, BUYER REPRESENTS TO SELLER THAT BUYER HAS CONDUCTED SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS BUYER DEEMS NECESSARY OR DESIRABLE TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS OR TOXIC SUBSTANCES ON OR DISCHARGED FROM THE PROPERTY, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR ITS AGENTS, REPRESENTATIVES OR EMPLOYEES WITH RESPECT THERETO. UPON CLOSING, BUYER (AND ANY ENTITY AFFILIATED WITH OR CLAIMING BY, THROUGH OR UNDER BUYER) SHALL ASSUME THE RISK THAT ADVERSE MATTERS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY BUYER'S INVESTIGATIONS, AND BUYER (AND ANY ENTITY AFFILIATED WITH OR CLAIMING BY, THROUGH OR UNDER BUYER), UPON CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED SELLER (AND SELLER'S AFFILIATES) FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, WHICH BUYER MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER (AND SELLER'S AFFILIATES) AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS, ERRORS OR OMISSIONS IN DESIGN OR CONSTRUCTION, OR PHYSICAL CONDITIONS, VIOLATIONS OF ANY APPLICABLE LAWS AND ANY AND ALL OTHER ACTS, OMISSIONS, LIABILITIES EVENTS, CIRCUMSTANCES OR MATTERS REGARDING THE PROPERTY, EXCEPT FOR BREACHES BY SELLER OF THE EXPRESS PROVISIONS OF THIS AGREEMENT OR ANY CONVEYANCE DOCUMENTS OR CERTIFICATIONS.

THE PROVISIONS OF THIS SECTION 10.1 SHALL SURVIVE THE CLOSING AND ANY TERMINATION OF THIS AGREEMENT.

10.2 Statutory Disclosure. 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.

10.3 Entire Agreement. This Agreement contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements, whether written or oral, between the parties respecting such matters. Any amendments or modifications hereto, in order to be effective, shall be in writing and executed by the parties hereto.

10.4 Amendments. This Agreement may be amended or modified only by written mutual agreement.

10.5 Survival. All warranties, representations, covenants and agreements contained in this Agreement shall survive the execution and delivery of this Agreement and all documents delivered in connection with this Agreement, and shall survive the Closing of the transaction contemplated by this Agreement and all performances in accordance with this Agreement.

10.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, administrators, and assigns; provided, however, that Buyer's interest in this Agreement or in the Property are not assignable without prior written consent of Seller which shall not be unreasonably withheld.

10.7 Notices. Any notice, demand or document which any party is required or any party desires to give or deliver to or make upon any other party shall be in writing, and may be personally delivered or given or made by recognized overnight courier service or by United States registered or certified mail, return receipt requested, with postage prepaid, addressed as follows:

**To Seller:**

PacifiCorp  
Transaction Services  
825 NE Multnomah, LCT 1700  
Portland, OR 97232

**With a copy to:**

PacifiCorp  
Legal Department  
825 NE Multnomah, LCT 1800  
Portland, OR 97232

**To Buyer:**

North County Investments LLC  
815 Hendrick  
Elgin, OR  
97827

Any party may designate a different address for itself by notice similarly given. Unless provided herein, any such notice, demand or document so given shall be effective upon delivery of the same to the proper address of the party or parties to whom the same is to be given.

10.8 Time of Essence. Time is of the essence in the performance of each and every term, condition, and covenant of this Agreement.

10.9 Counterparts. This Agreement may be executed in any number of counterparts which together shall constitute the contract of the parties.

10.10 Paragraph Headings. The paragraph headings herein contained are for purposes of identification only and shall not be considered in construing this Agreement.

10.11 Attorneys' Fees. The prevailing party in any legal proceeding brought to enforce rights hereunder shall recover from the other party its reasonable attorneys, fees and costs. As used herein in the term "prevailing party" means the party entitled to recover the costs in any suit, whether or not brought to judgment, and whether or not incurred before or after the filing of suit.

10.12 Waiver. Except as herein expressly provided, no waiver by a party of any breach of this Agreement or any warranty or representation under this Agreement by another party shall be deemed to be a waiver of any other breach of any kind or nature (whether preceding or succeeding and whether or not of the same or similar nature) and no acceptance of payment or performance by a party after any such breach by another party shall be deemed to be a waiver of any further breach of this Agreement or of any representation or warranty by such other party whether or not the first party knows of such a breach at the time it accepts such payment or



performance. No failure on the part of a party to exercise any right it may have by the terms of this Agreement or by law upon the default of another party, and no delay in the exercise of any such right by the first party at any time when such other party may be in default, shall operate as a waiver of any default, or as a modification in any respect of the provision of this Agreement.

10.13 Jury Trial Waiver. To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this Agreement. Each party further waives any right to consolidate, or to request the consolidation of, any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

10.14 Exhibits. Any and all exhibits attached or to be attached hereto are hereby incorporated and made a part of this Agreement by reference.

10.15 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Oregon.

10.16 No Recording. This Agreement shall not be recorded in the real property records.

10.17 Further Instruments. Each party hereto shall from time to time execute and deliver such further documents or instruments as the other party, its counsel or the Title Company may reasonably request to effectuate the intent of this Agreement, including without limitation, documents necessary for compliance with the laws, ordinances, rules and regulations of any applicable governmental authorities.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date and year first above written.

**BUYER**

By: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

**SELLER**

PACIFICORP, an Oregon corporation  
By: \_\_\_\_\_  
Print: STUART KELLY  
Its: MD construction and support servs.  
Date Signed: March 7<sup>th</sup>, 2014

performance. No failure on the part of a party to exercise any right it may have by the terms of this Agreement or by law upon the default of another party, and no delay in the exercise of any such right by the first party at any time when such other party may be in default, shall operate as a waiver of any default, or as a modification in any respect of the provision of this Agreement.

10.13 Jury Trial Waiver. To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this Agreement. Each party further waives any right to consolidate, or to request the consolidation of, any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

10.14 Exhibits. Any and all exhibits attached or to be attached hereto are hereby incorporated and made a part of this Agreement by reference.

10.15 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Oregon.

10.16 No Recording. This Agreement shall not be recorded in the real property records.

10.17 Further Instruments. Each party hereto shall from time to time execute and deliver such further documents or instruments as the other party, its counsel or the Title Company may reasonably request to effectuate the intent of this Agreement, including without limitation, documents necessary for compliance with the laws, ordinances, rules and regulations of any applicable governmental authorities.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date and year first above written.

**BUYER**

By: North County Investments, LLC  
Date Signed: March 6, 2014

**SELLER**

PACIFICORP, an Oregon corporation

By: \_\_\_\_\_  
Print: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

EXHIBIT A

Lot 2 of Partition Plat 1994-39 Recorded November 30, 1994 in Partition Plat records of Umatilla County, Oregon.

Situated in the Southwest Quarter of Section 5, Township 2 North, Range 32 East of the Willamette Meridian, City of Pendleton, Umatilla County, Oregon.

EXHIBIT B

This map was prepared for Assessment and Taxation purposes only and has NOT been prepared for legal, engineering or surveying purposes.



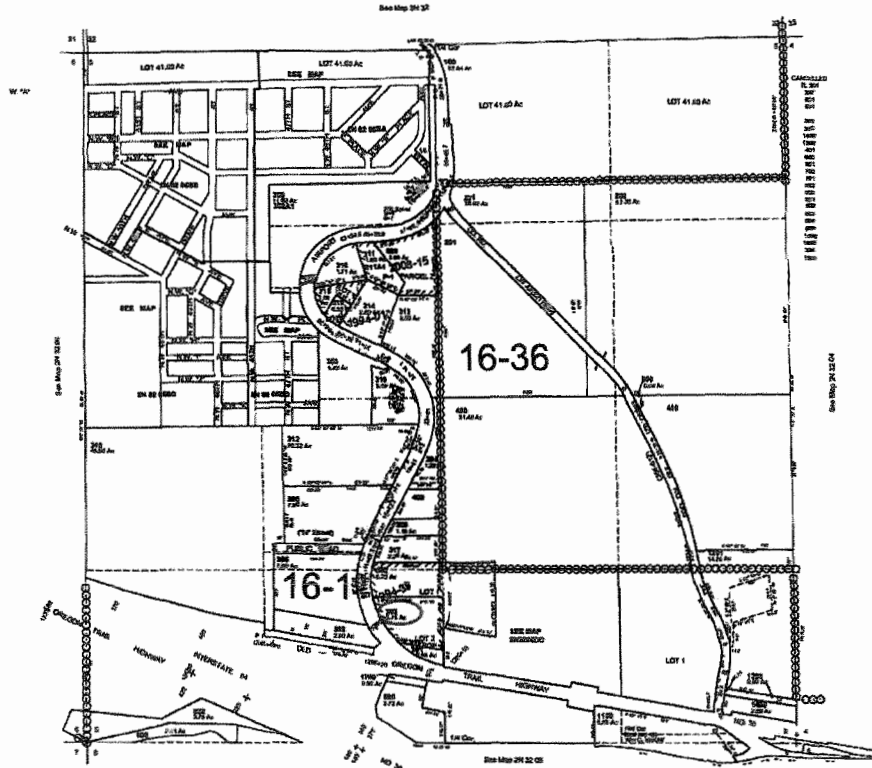
SEC 5 T 2N R 32E WM  
UMATILLA COUNTY, OR

Revised: 07/16/08

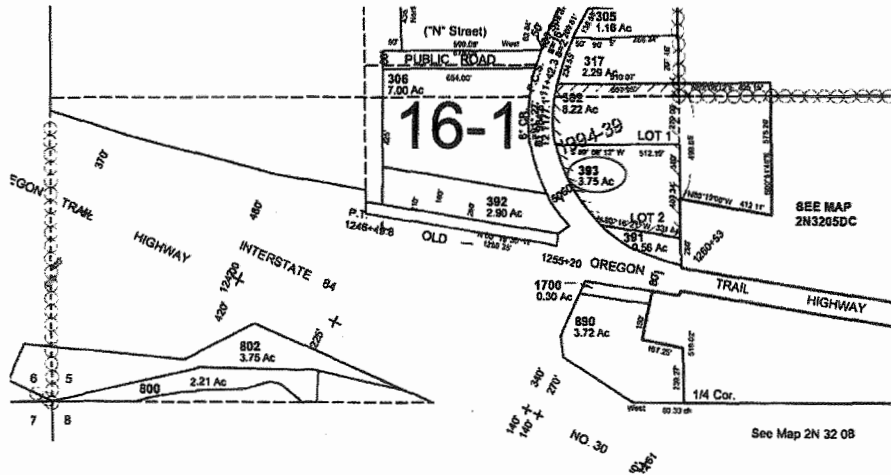
2N 32 05

AERIAL PHOTO NO. 4P-105

SCALE: 1" = 400'



2N 32 05



See Map 2N 32 08

**FIRST AMENDMENT TO AGREEMENT FOR SALE AND PURCHASE OF REAL  
PROPERTY**

This FIRST AMENDMENT TO AGREEMENT FOR SALE AND PURCHASE OF REAL PROPERTY (the "First Amendment") is entered into this 11<sup>th</sup> day of December, 2014 ("Effective Date") by and between North County Investments LLC ("Buyer") and PACIFICORP, an Oregon corporation ("Seller").

**RECITALS**

A. On the 7th day of March, 2014, Buyer and Seller entered into that certain Agreement for Sale and Purchase of Real Property (the "Agreement") for the purchase of certain Property totaling approximately 3.75 acres located in the County of Umatilla, State of Oregon.

B. Buyer and Seller desire to enter into this First Amendment to amend the Agreement to allow for the following: (i) increase the Earnest Money Deposit from Five Thousand Dollars (\$5,000) to Twenty-Five Thousand Dollars (\$25,000), (ii) extend the Due Diligence period and Closing Date to allow the Buyer additional time for alternative funding due to the State of Oregon delaying the project to construct a new office/laboratory, (iii) modify liquidated damages to align with increased Earnest Money Deposit, and (iv) clarify means of accepting counterpart signatures.

C. Capitalized terms not defined in this First Amendment have the same meaning as in the Agreement.

NOW, THEREFORE, the parties agree as follows:

1. The following is added to Section 1.3 (a) as Section 1.3(a)(1):

1) Buyer shall deposit an additional Twenty Thousand Dollars \$20,000 to the escrow account within ten (10) business days of mutual execution of the First Amendment, bringing the total Earnest Money Deposit to \$25,000. The Earnest Money Deposit shall be credited toward the Purchase Price on the Closing Date (hereinafter defined). The Earnest Money Deposit shall be non-refundable except as specifically stated in this Agreement.

2. Section 2.1 of the Agreement is deleted in its entirety and replaced with the following:

2.1 Buyer's Inspection. Upon execution of this Agreement Buyer shall have until the Closing Date ("Due Diligence Period") to inspect the Property, perform studies, and to acquire funding for the Property. During the Due Diligence Period, Buyer, its employees or agents may enter the Property upon providing two (2) business days' notice to Seller's property management department at 503-813-5700, to inspect the Property and perform surveys or tests as Buyer may elect at its expense; provided, however, that such entry shall not unreasonably interfere with the activities of Seller on the Property and Buyer shall, within a reasonable period

of time, restore the Property to its similar condition immediately prior to entry. Seller agrees to cooperate with Buyer as necessary for Buyer to acquire such permits as underlying landowner.

3. Section 2.1(b) is revised to add the following to the end of the Section:

Seller shall have the right to retain the Earnest Money Deposit except as specifically stated herein should Buyer terminate this Agreement.

4. Section 6.1 of the Agreement is deleted in its entirety and replaced with the following:

6.1 Time and Place of Closing. The purchase and sale transaction contemplated by this Agreement shall be closed via the Title Company by June 12, 2015 (the "Closing Date"), or at such earlier time and place as the parties may mutually agree in writing, provided that Buyer does not terminate the Agreement sooner as specified in Section 2.1(b) above.

5. Section 7.2 of the Agreement is deleted in its entirety and replaced with the following:

7.2 Buyer's Default. If Buyer fails or refuses to perform its obligations under this Agreement, and such failure or refusal is not cured within five (5) business days after Buyer's receipt of notice of such failure from Seller, Seller shall be given the Earnest Money Deposit as liquidated damages as Seller's sole and exclusive remedy.

LIQUIDATED DAMAGES: BUYER AND SELLER HEREBY AGREE THAT IT WOULD BE DIFFICULT TO ASCERTAIN THE ACTUAL DAMAGES RESULTING FROM A MATERIAL BREACH OF THIS AGREEMENT BY BUYER. THEREFORE, BUYER AND SELLER AGREE THAT IN THE EVENT OF A MATERIAL BREACH BY BUYER, SELLER'S SOLE AND EXCLUSIVE REMEDY SHALL BE RETENTION OF THE EARNEST MONEY DEPOSIT IN THE AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS AS LIQUIDATED DAMAGES. BUYER AND SELLER AGREE THAT THIS LIQUIDATED DAMAGES PROVISION REPRESENTS REASONABLE COMPENSATION FOR THE LOSS INCURRED BY BUYER'S MATERIAL BREACH HEREUNDER.

Initials of Buyer:

\_\_\_\_\_

Initials of Seller:

  
\_\_\_\_\_

6. Section 10.9 of the Agreement is revised to add the following to the end of the Section:

Said counterparts may be transmitted by one party to the other by facsimile or electronic mail.



7. Agreement for Sale and Purchase of Real Property Remains in Effect. Except as expressly amended herein, the terms and conditions of the Agreement for Sale and Purchase of Real Property remain in full force and effect.

**Buyer**  
North County Investments LLC

**By:** \_\_\_\_\_  
**Print:** \_\_\_\_\_  
**Its:** \_\_\_\_\_  
**Date Signed:** \_\_\_\_\_


**Seller**  
PACIFICORP, an Oregon corporation

**By:** \_\_\_\_\_  
**Print:** STUART KGWY  
**Its:** MD, Construction & Support Svcs  
**Date Signed:** 12/11/14



7. Agreement for Sale and Purchase of Real Property Remains in Effect. Except as expressly amended herein, the terms and conditions of the Agreement for Sale and Purchase of Real Property remain in full force and effect.

**Buyer**  
North County Investments LLC

By:   
Print: Dennis R. Cross  
Its: Managing member  
Date Signed: Dec. 11, 2014

**Seller**  
PACIFICORP, an Oregon corporation

By: \_\_\_\_\_  
Print: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

ASSIGNMENT

For value received, North County Investments LLC, of 815 Hemlock, City of Elgin, registered as an LLC in the State of Oregon, as a signor, assigns, transfers, and sets over to James B Williams, of 16479 S.E. Oak Meadow Court, City of Damascus, in the State of Oregon, as a assignee, all of North County Investments LLC's right, title and interest in and to the attached Agreement for Sale and Purchase of Real Property Agreement, subject to all the terms and conditions of such agreement. Said Agreement is attached hereto as exhibit "A" and incorporated herein by this reference.

This Assignment is binding on all heirs, successors and assigns.

I remiss, release, and quitclaim to assignee, all of my right, title, and interest in and to the property described in, and agreed to be conveyed in the attached Agreement.

Dated this 9th day of January, 2014-2015

In witness whereof, the managing member of North County Investments LLC has executed this Assignment at 4:20 pm, on this 9th day of January, 2014-2015

  
North County Investments LLC  
By Dennis Cross, Managing Member

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**ACCEPTANCE OF ASSIGNMENT**

I, James E. Williams, hereby accepts the Assignment of the Agreement attached as exhibit "A" subject to all of the terms and conditions of such Agreement.


Dated this 9<sup>th</sup>, day of JANUARY, ~~2014~~ 2015

  
James E. Williams

**CONSENT TO ASSIGNMENT**

PACIFICORP, an Oregon corporation, hereby consents and accepts the foregoing assignment, subject to the terms and conditions of the assignment and the agreement for sale and Purchase of Real Property, attached as exhibit "A".

Dated this 20<sup>th</sup>, day of JANUARY, ~~2014~~ 2015

PACIFICORP, an Oregon corporation  
By:   
Print: STUART KELLY  
Its: MD. Construction Support Svcs.