

TRANSIENT ROOM TAX ABATEMENT AGREEMENT

THIS TRANSIENT LODGING ROOM TAX ABATEMENT AGREEMENT (this “Agreement”) dated as of December 15, 2025, is entered into by and between Outpost Dundee, LLC, an Oregon limited liability company, or its affiliates (“OUTPOST DUNDEE”), and the City of Dundee, an Oregon municipal corporation (the “City”).

Recitals

A. The City has adopted a transient room tax which requires each transient to pay a fee in the amount of ten percent (10%) of the rent charged by the operator for the privilege of occupancy in any hotel in the City as further described in Dundee Municipal Code (“DMC”) Chapter 3.04.

B. Pursuant to DMC 3.04.060, (i) ten percent (10%) of the rent charged to a hotel occupant by the operator must be remitted to the City consistent with DMC 3.04.110, except that the operator may retain five percent (5%) of such collected tax to help defray costs associated with the administration and collection of the tax; (ii) records must adequately show that the portion retained by the operator is accurate; (iii) thirty percent (30%) of the collected tax is required to be placed in the City’s general fund and to be used to fund City services; and (iv) seventy percent (70%) of the collected taxes must be placed in a special revenue fund known as the “tourism fund”.

C. The tourism fund must be used to fund tourism promotion or tourism-related facilities. As used in DMC 3.04.060, “tourism-related facilities” includes improved real property with a useful life of ten (10) or more years that has a substantial purpose of supporting tourism or accommodating tourist activities, which includes a hotel.

D. Outpost Dundee seeks to operate the Terrain Hotel, an upscale, independent boutique hotel in the City of Dundee, which is anticipated to feature approximately 80 room, luxury, full-service hotel and spa, together with a public courtyard, meeting and conference facilities, a full-service spa, and a restaurant and bar, all open to the public (the “Hotel”). The overall project will also include retail and community-gathering spaces at the AVA/Space Dundee facility located at 9th Street and Alder Street, serving as a gateway to the local wine region; approximately 154 new parking spaces will be added to or adjacent to the Hotel site to support tourist and community use. The Hotel and overall project is anticipated to attract additional visitors to the City, contribute to the City’s economic vitality, expand the City’s tax base, generate TRT and other revenue, enhance the quality of facilities, goods and services available to residents and visitors, and increase full-time and part-time employment opportunities within the City.

E. When built, the Hotel will constitute improved real property with a useful life of ten (10) or more years that has a substantial purpose of supporting tourism or accommodating tourist activities and therefore qualifies as a tourism-related facility as defined in the DMC and is eligible to receive special revenue from the Tourism Fund pursuant to DMC 3.04.060.

F. The City recognizes that the operation of the Hotel will: (a) attract visitors to the City; (b) contribute to the economic vitality of the City; (c) expand the City’s tax base; (d) generate significant increased transient room taxes and other revenue to the City; (e) further enhance the quality of facilities, goods, and services available to the City and its residents; and (f) otherwise improve the economic and physical conditions in the City.

G. The City acknowledges that there are challenges for the operation of hotels in the current real estate, hospitality, and other economic market conditions, and the City desires to encourage and incentivize the operation and stabilization of a hotel in the City to assist the City in achieving its economic and community enhancement goals, which are stated herein.

H. It is in the best interest of the City to incentivize and encourage the, operation, and maintenance of hotel facilities that would not otherwise exist, thereby (i) creating new sources of tax revenues which supports the public services that the city provides its residents; (ii) supporting the City's economic and community enhancement goals, including expanding the economic opportunities and expanding the City's employment base.

I. The authority granted and the purposes to be accomplished by this chapter are properly local governmental and public purposes for which public funds can be expended and that the operation, maintenance, and expansion of the inventory of hotels is of paramount importance to the city of Dundee, its residents, and businesses.

Agreement

NOW, THEREFORE, based upon the foregoing Recitals and in consideration of the mutual covenants and conditions hereinafter set forth, the Parties agree as follows:

1. Definitions. The following terms shall have the meanings set forth below when used in this Agreement.

1.1 "Force Majeure Event" means any cause or circumstance outside of the reasonable control of the Hotel owner or operator, including without limitation, acts of God, fires, floods, earthquakes, unusually severe weather, explosions, epidemics, pandemics, quarantine restrictions, any other governmental restrictions, riots, strikes, labor disputes, labor shortages, freight embargoes, delays of suppliers or subcontractors, the inability to procure equipment, facilities, sources of energy, materials, or supplies in the open market, and malicious mischief.

1.2 "Hotel" has the meaning given to it in Recital D above.

1.3 "Party" means any party to this Agreement. The "Parties" shall be all parties to this Agreement.

1.4 "Property" means that certain real property located along N. Highway 99W in Dundee, Oregon and legally described on the attached Exhibit A.

1.5 "TRT" means the transient room tax generated by the Hotel pursuant to the TRT Law. TRT shall not include (a) any penalties, assessments, collection costs, or other costs, fees, or charges resulting from the late or delinquent payment of the TRT, or (b) any other taxes or fees levied by, collected for, or allocated to a federal, state, or local government or other entity.

1.6 "TRT Abatement Period" means the period (a) beginning on the first (1st) day of the first (1st) full calendar month immediately following the date on which the Hotel first opens for overnight lodging business to the general public, and (b) continuing for a period of twenty (20) years thereafter or until the earlier termination of this Agreement in accordance with its terms. If, at any time during the TRT Abatement Period, the Hotel is closed and ceases to

provide overnight lodging to the general public due to reasonably required renovations, a casualty event, condemnation, or other Force Majeure Event, then the TRT Abatement Period shall automatically be extended day-for-day by the number of days that the Hotel remains closed as a result thereof.

1.7 “TRT Law” means Chapter 3.04 of the Dundee Municipal Code and any other state laws authorizing the City to levy the TRT.

2. Reduction in Urban Renewal Grant Agreement Contingency. This Agreement is contingent upon OUTPOST DUNDEE consenting to the amendment of the Urban Renewal Grant Agreement as follows:

2.1 The \$300,000.00 Grant for Improvements is deleted

2.2 A grant in the amount of \$700,000 for the Improvements if construction commences by June 1, 2026.

2.3 A grant in the amount of \$500,000 for the Improvements if construction commences by September 30, 2026.

2.4 A grant in the amount of \$250,000 for the Improvements if construction commences by December 31, 2026.

2.5 If construction commences after December 31, 2026, the Urban Renewal Grant Agreement is terminated with no further financial obligation to OUTPOST DUNDEE.

3. Hotel Opening Contingency. This Agreement is contingent upon OUTPOST DUNDEE opening the Hotel and securing, obtaining, and maintaining all government approvals required for the operation of the Hotel. The City acknowledges and agrees that (a) OUTPOST DUNDEE's ability to open the Hotel is dependent upon a variety of factors, including without limitation, availability of financing, construction costs, and real estate, hospitality, and other economic market conditions, and (b) OUTPOST DUNDEE has no obligation under this Agreement to open or operate the Hotel. If the Hotel is not open to the general public by December 31, 2031 (the “Opening Deadline”), then this Agreement shall automatically terminate. Additionally, OUTPOST DUNDEE may terminate this Agreement at any time prior to the Opening Deadline by delivering a written termination notice to the City if OUTPOST DUNDEE determines for any reason in its sole and absolute discretion that the opening of the Hotel is no longer feasible. The City's execution of this Agreement does not have any binding effect on any future land use applications or other approvals that the City may consider relating to the Property or the operation of the Hotel on the Property.

4. TRT Abatement. If the Hotel is open to the general public on or before the Opening Deadline and subject to the satisfaction of and compliance with all other terms and conditions of this Agreement, the City agrees to abate a portion of TRT generated by the Hotel during the TRT Abatement Period in accordance with the following schedule. TRT shall be calculated and reported in accordance with DMC 3.04.030 and shall be remitted to the City net of the Percentage of TRT to be Abated during the TRT Abatement Period as described below.

TRT Abatement Period	Percentage of TRT to be Abated/Year	Maximum Cap of TRT Abatement/Year	Minimum Percentage of TRT to be Paid to City/Year
Years 1-2	70%	\$500,000	30%
Years 3 - 20	50%	\$800,000	50%

Upon the earlier of (a) the expiration of the TRT Abatement Period, or (b) when the aggregate amount of TRT paid to OUTPOST DUNDEE reaches \$13.7 million, the City shall have no obligation to further abate any portion of TRT generated by the Hotel and instead, the City shall have the right to collect one hundred percent (100%) of all TRT generated by the Hotel less the five percent (5%) the operator may retain to defray costs associated with the administration and collection of the tax, all in accordance with TRT Law.

The Parties expressly intend that (a) this Agreement is an authorized expenditure of tourism funds for a tourism-related facility in accordance with DMC Section 3.04.060, (b) this Agreement be considered an agreement between the transient lodging tax collector and the unit of local government under Oregon Revised Statutes 320.360(4).

5. Reporting Requirements. OUTPOST DUNDEE shall undertake such reporting and timely remittance of the TRT to the City as required under TRT Law, except as otherwise modified by this Agreement. Included in the reporting shall be a calculation of the TRT, the percentage and dollar amount of TRT paid to the City, and the percentage and dollar amount of TRT abated, all in accordance with Section 3 above. If desired, OUTPOST DUNDEE will also provide annual reporting consistent with the monthly reporting required by TRT Law. OUTPOST DUNDEE will work cooperatively with the City to establish the form and content of all reports required under this Agreement. The Parties desire to meet prior to the beginning of operations to discuss the reporting and documentation of accepted accounting practices.

6. Inspection and Audit by the City. Financial records, and other similar documents and records of OUTPOST DUNDEE that pertain to the payment of TRT under this Agreement shall be open for inspection by the City or its agents after providing at least five (5) business days' notice to OUTPOST DUNDEE. The purpose of such audit is to ensure compliance with the terms of this Agreement and to verify the accuracy of OUTPOST DUNDEE's payment of TRT under TRT Law and this Agreement. Promptly following the City's written request therefor, OUTPOST DUNDEE shall provide copies of records or documents to the City free of charge.

7. Hotel Operations and Compliance with Laws. OUTPOST DUNDEE shall operate the Hotel on the Property throughout the TRT Abatement Period and shall otherwise comply with all federal, state, and local statutes, laws, ordinances, regulations, orders, and rules related to the operation of the Hotel on the Property and the performance of its obligations under this Agreement.

8. Indemnification. OUTPOST DUNDEE agrees for itself and for its successors and assigns, to indemnify, defend with counsel reasonably acceptable to the City (the City hereby agreeing that counsel appointed by an insurance company is reasonable), and hold the City, together with its officers, members, officials, employees, agents, volunteers, and representatives, harmless from and against any loss, liability, claim, or judgment ("Claims") arising from or related to this Agreement, but only to the extent such Claims were caused by OUTPOST DUNDEE or anyone for whom OUTPOST DUNDEE is liable.

9. Defaults and Remedies. If either Party breaches any of its obligations under this

Agreement (the “Defaulting Party”), the other Party may give the Defaulting Party written notice of the default (a “Default Notice”). If the default is not cured by the Defaulting Party within thirty (30) days after the Defaulting Party’s receipt of a Default Notice, it shall constitute a “Event of Default” under this Agreement; provided that, if a cure cannot reasonably be effected within such 30-day period, such failure shall not be an Event of Default so long as the Defaulting Party promptly (in any event, within thirty (30) days after receipt of a Default Notice) commences a cure and notifies the other Party of its intent to cure, and thereafter diligently (in any event within a reasonable time after receipt of a Default Notice) prosecutes such cure to completion. Upon the occurrence of an Event of Default, the non-defaulting Party may terminate this Agreement and/or file any action available in law or equity against the Defaulting Party.

10. Attorneys’ Fees. If a suit, action, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Agreement or to interpret or enforce any rights or obligations under this Agreement, the prevailing or non-defaulting party shall be entitled to recover from the losing or defaulting party all of its attorneys’ , paralegals’ , accountants’ , and other experts’ fees and expenses and all other fees and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court at trial or on any appeal or review, in addition to all other amounts provided by law.

11. Assignment. OUTPOST DUNDEE may assign this Agreement to any owner or operator of the Property or Hotel, which may or may not be an affiliate of OUTPOST DUNDEE. The City shall not assign this Agreement.

12. Notices. All notices provided or permitted to be given under this Agreement must be in writing with all applicable postage and delivery charges prepaid and may be sent by: (a) depositing same in the United States mail, registered or certified with return receipt requested; (b) delivering the same in person; (c) delivering the same by FedEx or UPS or similar express delivery service; (d) emailing the same provided that such notice is sent on the same business day by one of the methods described in subsections (a) through (c). Notices may be given by counsel to a Party on behalf of such Party. Notices given in accordance herewith shall be effective upon the earlier of actual delivery or refusal of a Party to accept delivery thereof, if sent to a Party at the following applicable address:

If to OUTPOST DUNDEE: John von Schlegell
760 SW Ninth Avenue, Suite 2300
Portland, OR 97205

With a copy to: Davis Wright Tremaine LLP
Elaine Albrich
560 SW 5th Avenue, Suite 700
Portland, OR 97201

If to City: City of Dundee
Attn: City Administrator
PO Box 220
620 S.W. 5th Street
Dundee, OR 97115

With a copy to: Jordan Ramis, P.C.
Attn: Peter Hicks

1211 S.W. 5th Avenue
Portland, OR 97204

13. Entire Agreement; Amendments. This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter of this Agreement. There are no promises, terms, conditions, warranties, representations, or obligations other than those contained in this Agreement. This Agreement supersedes all previous communications, negotiations, representations, and agreements, either verbal or written, between the Parties hereto concerning the subject matter of this Agreement. No modification of or amendment to this Agreement will be effective unless such modification or amendment is in writing and signed by both Parties to this Agreement.

14. No Waiver. No waiver by any Party of any provision of this Agreement or any breach thereof shall be of any force or effect unless it is in writing and signed by the Party. No waiver of any provision of this Agreement or any breach thereof will constitute or operate as a waiver of any subsequent default under this Agreement, and no delay, failure or omission in exercising or enforcing any right, privilege or option under this Agreement will constitute a waiver, abandonment or relinquishment of any such right, privilege or option.

15. 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.

16. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Oregon. Venue shall be in the Circuit Court for Yamhill County.

17. Authority. The Parties and those signing on their behalf represent and warrant that they have the requisite legal power, right, and authority to enter into this Agreement, any instruments referred to herein, and to consummate the transactions contemplated herein. In addition to the foregoing, the City represents and warrants to OUTPOST DUNDEE that (a) the execution of this Agreement will not conflict in any material respect with, or constitute a material breach of or default under, any law, court decree, administrative regulation, resolution, ordinance or other agreement to which the City is a Party or by which it is bound and (b) there is no action, suit, proceeding, or investigation before or by any court or government, city, or body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the execution or delivery of this Agreement, or the use of TRT as contemplated by this Agreement, which, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to abate the TRT amounts under the Agreement. Should any third party successfully challenge the validity of this Agreement through a taxpayer suit which results in a final judgment, after any appeals or appeal periods have been exhausted, in favor of said third party, either Party may terminate this Agreement upon thirty (30) days written notice to the other Party. Each Party agrees to vigorously defend any such legal challenges, including appeals of any adverse court ruling where appropriate. In the event of such legal challenge, each Party will be responsible for all of its own costs and expenses, including attorneys' fees and expert witnesses. In the case of said final judgement, the Parties will in good faith work towards a new agreement that meets the original financial goals of the Parties and takes into account the legal effect of the final judgment.

18. Execution and Delivery. This Agreement may be executed in multiple counterparts, all of which, when taken together, shall constitute one and the same instrument. The execution and delivery of this Agreement by any lawful electronic means, including use of an e-signature program (e.g., DocuSign) or the delivery of a signed copy of this Agreement by email, shall be sufficient to bind the Parties hereto.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

OUTPOST DUNDEE:

OUTPOST DUNDEE
an Oregon limited liability company

By: _____

Its: Managing Member

CITY:

CITY OF DUNDEE,
an Oregon municipal corporation

By: _____

Name: David Ford

Title: Mayor

By: _____

Name: Brandon Hamilton

Title: Interim City Administrator

EXHIBIT A

Property Legal Description