

LETTER OF AGREEMENT BETWEEN THE CITY OF SANDY, OR
AND NORTH STAR DESTINATION STRATEGIES, INC.

1. This is written to detail the terms of an Agreement whereby North Star Destination Strategies, Inc. (hereinafter referred to as North Star) is to develop a BrandPrint™ for City of Sandy, OR (hereinafter also referred to as the Client) under the general direction of and for the benefit of the Client.
2. North Star's compensation will be derived from the sources below:
 - a. North Star will provide a BrandPrint for City of Sandy, OR. The general outline of such a document is attached as part of the Contract as Exhibit A.
 - b. A fee of \$75,000 will be paid to North Star for third party research expenditures and for time involved in the production of a BrandPrint™ which is not to exceed four hundred eighty seven (487) hours. The agreed upon maximum four hundred eighty seven (487) hours to be dedicated to the project will be the governing factor in the depth of the Document. North Star expects to complete the scope of work within this allotment of hours and will not exceed the maximum number of hours for the project outlined in Exhibit A.
 - c. Any additional requests of North Star beyond the agreed upon Document and designated hours will be billed at the blended rate of \$150.00 per hour. Should additional work be requested, for work beyond the scope of this Agreement, North Star will receive written approval of the additional related cost prior to initiating work.
3. The Client will pay North Star \$37,500 at the beginning of the project. The next 25% (\$18,750) will be paid at the completion of the Research and Strategy Presentation. The remaining 25% will be paid in three installments of \$6,250 following the Research and Strategy Presentation with the final installment due upon completion of the project. A service charge of 1-1/2% (18% per annum) will be charged on all sums not paid within a 30-day period after date of billing. The Client agrees to pay all costs of collection and a reasonable attorney's fee incurred in the collection of past due accounts.

4. Notwithstanding any other provisions hereof, North Star or the Client may terminate this Agreement at any time upon fifteen days written notice to either parties. If termination of the Agreement is requested by the Client prior to completion of the Document, the Client will remain responsible for payment of all hours involved in the preparation of the Document prior to said termination at a rate of \$150.00 per hour. Client will be responsible for payment of any outside cost incurred prior to the termination including costs of materials ordered or delivered thereafter if North Star is unable to halt such delivery. Under no circumstances will North Star be obligated to breach any lawful contractual commitment to others.
5. Upon termination of this Agreement, North Star shall transfer, assign and make available to the Client, or its representatives, all property and materials in its possession or control belonging to the Client and paid for by the Client. In the event that the material, which is the subject of this Agreement, is copyrightable subject matter, North Star and Client agree that for the purposes of this order the material shall be a work made for hire and the property of the Client. In the event that the material which is the subject of this Agreement is not copyrightable subject matter, or for any reason is determined not to be a work made for hire, then and in such event North Star hereby assigns all right, title and interest to said material to Client for the fees specified herein. Concepts, logos and straplines not selected by the Client remain the intellectual property of North Star.
6. The Client agrees to cooperate with North Star in the performance of the Services, including meeting with North Star and providing North Star with such non-confidential information that the Client may have that may be relevant and helpful to North Star's performance of the Services. It may be necessary for the Client to share trade secrets and/or other confidential and/or proprietary information or matter with North Star. The parties agree that such information and the materials referenced in the contract, the results and developments there from are confidential and/or proprietary information belonging to the Client.

North Star agrees not to disclose to any third party any such trade secrets and/or confidential or proprietary information for its own separate benefit. North Star will be responsible for its employees or agents complying with the provisions of this Agreement.

7. Stock photography used for the demonstration of creative concepts is not to be reproduced or published in any way without first negotiating usage rights with the appropriate stock image provider.

8. To ensure that the recommended strapline (tagline) is available for use and capable of being trademarked, North Star will conduct a trademark registration search with the United States Patent and Trademark Office via their web site: <http://www.uspto.gov/main/trademarks.htm>. North Star will report any records found relating to the strapline. The pursuit of an official, legally-binding trademark is the responsibility of the Client.
9. This Agreement may be modified only upon the written and mutual consent of both parties. This Agreement and the documents referenced herein embody the entire Agreement of the parties. This Agreement shall supersede all previous communications, representations or agreements either verbal or written, between the parties. This procurement is being conducted on behalf of and may be used by other public bodies, agencies, institutions and localities of the several states, territories of the United States and the District of Columbia with the consent of the Contractor.
10. North Star will:
 - Make payment promptly, as due, to all persons supplying North Star with labor or material for the prosecution of the work provided for in the Agreement;
 - Pay all contributions or amounts due to the State Accident Insurance Fund incurred in the performance of this Agreement;
 - Not permit any lien or claim to be filed or prosecuted against the Client on account of any labor or material furnished;
 - Be responsible for all federal, state and local taxes applicable to any compensation or payments paid to North Star under this Contract and pay to the Department of Revenue all sums withheld from employees under ORS 316.167. Unless North Star is subject to backup withholding, the Client will not withhold from such compensation or payments any amount(s) to cover North Star's federal or state tax obligations;
 - Promptly make payments due to any person, co-partnership or association or corporation furnishing medical, surgical and hospital care or other needed care and attention, incident to sickness or injury, to the employee of North Star, of all sums which North Star agrees to pay for such services and all moneys and sums which North Star collected or deducted from the wages of employees pursuant to any law, contract or agreement for the purpose of providing or paying for such service.; and

- North Star and its subcontractors, if any, are subject to Oregon Workers' Compensation Law, which requires all employers that employ subject workers who work under this Agreement in the State of Oregon to comply with ORS 656.017 and provide the required workers' compensation coverage, unless such employers are exempt under ORS 656.126. North Star shall ensure that each of its subcontractors, if any, complies with these requirements.
11. North Star represents and warrants that it has complied with, and will continue to do so while this Agreement is effective:
- All tax laws of Oregon, including but not limited to ORS 305.620 and ORS Chapters 316, 317, and 318;
 - Any tax provisions imposed by a political subdivision of Oregon that applied to North Star, its property, operations, receipts, or income, or to its performance of or compensation for any work;
 - Any tax provisions imposed by a political subdivision of Oregon that applied to North Star, or to goods, services, or property, whether tangible or intangible, provided by North Star; and
 - Any rules, regulations, charter provisions, or ordinances that implemented or enforced any of the foregoing tax laws or obligations.
12. Oregon law governs this Agreement, without respect to conflict of laws principles. Any suit or action to enforce this Agreement must be brought in Circuit Court for the State of Oregon, Clackamas County. The parties agree to the personal jurisdiction of this court.

City of Sandy, OR

North Star Destination Strategies

 Seth Atkinson
 City Manager

 Don R. McEachern
 President / CEO

 Date

 Date

EXHIBIT A - SCOPE OF WORK

1. EDUCATION

One of the most valuable skills North Star brings to the branding table is an understanding of how best to navigate the political waters that surround such a project. We know when projects can derail, how to maneuver difficult political situations and who to include in the process. With this in mind, we have developed strategies for sidestepping potential problems and keeping your branding initiative on course.

Early understanding is critical to the smooth implementation of a community brand. Educating your residents, businesses and stakeholders on the purpose, process and possibility of a brand early is the first step in achieving buy-in from these important audiences. In addition, specific attention must be given to your steering committee, to ensure you are all singing from the same sheet music on what this initiative is and what it will accomplish. North Star has created an array of educational tools designed to increase understanding of and support for the Sandy branding initiative. Toward that end, we provide:

Educational Presentation: Live PowerPoint presentation (during the in-market trip) to your steering committee as

well as private and public sector stakeholder groups (determined and assembled by client) for purposes of educating and furthering buy-in of community branding. This is not a canned presentation. We will collaborate with the Sandy branding team to determine who your audiences are and what you want to convey. Then we craft the presentation to meet those goals.

Educational PowerPoint: We provide the Sandy team with a copy of the community branding PowerPoint presentation. This gives you the ability to carry on the education and engagement via additional presentations, distribution to interested parties or placement on community websites. We're also happy to train your stakeholders while we're in-market on making the presentation or answering questions.

2. RESEARCH

Having carefully evaluated Sandy's situation and goals, North Star has identified the following research studies as absolutely necessary to achieve those goals. This compiled body of data points us in the direction we need to go to craft your story. You will notice both qualitative and quantitative studies included in this recommended matrix. North Star strongly advocates a mixed method approach to research because it will tell you not just "How, When, What and Where" but also "Why". Only through mixed methodology can your community obtain a true picture of where your brand is now, why, where it should be and how that preferred identity can best be accomplished. To gain a comprehensive understanding on the Sandy, OR brand North Star will review the comprehensive evaluation report in addition to the following studies:

Situation Analysis: This establishes the current lay of the land from the perspective of your critical partners. We administer a questionnaire to each internal group or organization. We meet with these groups to more fully

understand your primary objectives, general history, political landscape, resources, competitors, etc.

Research, Planning, Communications and Media Audit: We conduct a comprehensive review of any relevant research and planning documents. In addition, we review and analyze existing marketing materials, branding, logos and messaging from public and private sector partners as well as recent press related to Sandy.

Familiarization Tour: Tour of commercial sites, business and technology parks, housing developments, community center(s), retailers, restaurants, outdoor recreation areas, parks, arts, etc.

Key Stakeholder Interviews & Focus Groups: Some of our most valuable nuggets for the purposes of defining your DNA and crafting your creative work come from these intensive one-on-one interviews and focus groups with key stakeholders (including leaders from city staff, real estate agents, park officials, elected officials, board members, business community, schools, civic organizations, etc.). We also want to talk to articulate individuals who are passionate about Sandy (poets, coaches, ministers, historians, matriarchs, patriarchs and more). We know you want us to talk to everyone, so we continue the conversations via phone once we get back to the office. Because we can react to the information they give us with original questions, these interviews often lead us down exciting discovery paths not revealed by quantitative surveys.

Vision Survey: This open-ended, right-brained survey challenges stakeholders to provide deeper comments and opinions. We administer the survey digitally and in paper form to the list provided by you, guaranteeing all your valuable stakeholders are able to participate. This tool dovetails beautifully with the qualitative interviews (described previously) because it extends your participant universe and allows you to layer trending opinions with in-depth perspectives.

Online Community Survey & Brand Barometer: Giving residents a forum for sharing is important. We use some of the themes identified in the vision surveys to craft a quantitative survey posted online for community-wide participation. The brand barometer, conducted as a part of the community survey, measures the strength of Sandy's resident advocacy relative to the rest of the United States as a place to live, work and play. In other words, how likely are your residents to advocate Sandy for starting a business or visitation. We promote this survey using traditional and social media. Fascinating similarities and differences between leadership perspectives and resident perspectives are often revealed.

Quantitative Perception Study: This survey is conducted using a statistically significant random sampling of consumers and non-consumers in outside markets using existing inquiry records. Data will be cross-tabulated in a number of ways to reveal the most insightful patterns between consumer and non-consumer groups. For instance, perceptions and attitudes for those who have visited Sandy will be compared and contrasted to those who have not visited and are reporting perceptions purely on reputation. This study measures:

- Overall awareness and perceptions of Sandy.
- Overall awareness and perceptions of the competition.
- Measurements of Sandy's delivery of quality of life indicators.
- Consumer experiences with Sandy.
- Attitudes regarding Sandy's strengths and weaknesses.
- Consumer opinions regarding what needs to be added or taken away.
- Changes in consumer perceptions of Sandy after visiting.

- Patterns of visitation activities associated with consumers' primary purpose of visitation.

Competitive Positioning Review: A brand message and marketing strategy analysis to evaluate Sandy's position relative to the competition in the State and in the region.

3. INSIGHTS & STRATEGY

Our insights come from asking a number of thought-provoking questions: What brand "story" does the research tell? What emotional attachments can the brand hold? What are Sandy's core values? How does the brand fit into the consumer's lifestyle? How can the brand best be used to elicit Sandy's desired emotional/behavioral responses? It is from these insights that we determine the overall positioning of the brand.

These insight questions are compiled in a succinct storyline that leads directly to Sandy's strategic brand platform (DNA Definition). This platform is the **critical touch point for all branded activity moving forward**. For maximum brand impact, all efforts, thoughts, communications and actions should literally and symbolically support its essence.

Situation Brief & Insight Development: We get our sharpest research and strategic minds together at one time to review of all research findings. Data on its face has limited value but the connections between data points open up understanding and opportunity. The entire North Star team led by CEO Don McEachern weaves together these connections into a compelling set of insights that start to tell Sandy story.

DNA Definition: Based on those insights, this guiding statement for the management and development of your brand is developed. This definition should serve as the touch point for all Sandy activity moving forward. Many of our communities reference their DNA Definition when making decisions about everything from policy to infrastructure improvement to promotions. Included in your DNA definition is:

Target audience: For whom Sandy has the most appeal.

Frame of reference: Geographic context of Sandy

Point of difference: What makes Sandy special.

Benefit: Why it should matter to the consumer.

“Research and Strategy” Presentation: This represents a critical juncture in the project. We prepare a comprehensive review of all relevant research, insights and recommended DNA Definition. A preview of this presentation is shared with key branding committee members for purposes of editing and fine-tuning. The collaboratively perfected presentation is then made at a larger stakeholder meeting. DNA Definition approval is required before proceeding.

4. CREATIVITY & DESIGN

In this stage, all insight and strategy from the creative brief and workshop are transformed into tangible creative products that embody Sandy. Straplines and logos (with graphic standards) are created. As well as additional deliverables will also be developed to express the new brand identity in the context of its future use.

Creative Workshop: A collaborative, interactive meeting between the North Star team and Sandy creative team that explores the roles of different creative elements and identifies creative preferences. Our goal is to most effectively hone in on the type of work you want without limiting the creative thinking of our writers, graphic designers and art directors. This meeting is always lots of fun for everyone involved.

Straplines & Rationale (5): A strapline is not the be-all and the end-all for your brand. But it is the start of the story. (We adopted the phrase “strapline” rather than tagline because the job of this line is to strap together the missions and agendas of all the organizations in Sandy). Depending on how safe or edgy you want to be, Sandy strapline can capture people’s attention immediately and pique their curiosity or it can serve as a solid, hard-working tool that starts the job of positioning Sandy in the minds of consumers. North Star will provide a minimum of three different straplines along with rationales for the strengths of each line. We also conduct trademark and Google searches to ensure the availability of each line. This is a critical step and one often overlooked by many professionals. But there is nothing more frustrating than getting to the end of the project with a strapline that is not available to you.

Logos (7): These logo options will represent a range of options. We will also provide a round of revisions to the selected options. We design this logo with and without the state name and with and without the strapline in both a vertical and horizontal lockups, representing all the different ways you will use it.

Logo Family: North Star is known for its logo families and we want to make sure key stakeholders in Sandy have access a version of the mark they can use. We will also provide details on the framework to be used in any number of ways moving forward.

Color Palette (2): We start by developing logos in black and white to reduce color bias. But once that decision is made we open the possibilities visually by allowing you to select between two very different palettes. This is a key decision in how your visual brand identity will “feel” since color evokes emotion

Looks (2): Think about it. If the only tool we gave you was a line, then all you would be able to do is put that line on stationery, t-shirts and the top of your website. We go far beyond that, crafting two entirely different visual looks that allow you to choose how your brand messaging will be conveyed in terms of headlines, photography style, special graphic elements or detailing and copy points. The creative committee will select one look and it will be applied to all subsequent deliverables.

Graphic Standards Guide: This guide contains all necessary information for using your logo, color, typefaces, language, narrative and other key elements to ensure consistency across all mediums and from any organization. We provide digital and printed versions of this Guide as well InDesign files so you can edit as necessary.

Brand Narrative: Your DNA Definition is the core or what makes Sandy special. The narrative takes that core and describes it in artistic and compelling language for connecting emotionally with your different consumers. The narrative defines your personality and Sandy tone of voice. It can be woven into ad copy, placed on websites, integrated into speeches and distributed to businesses to use in their own communications about the place they call

home. The more it is used, the more widely your message is dispersed.

Custom Deliverables (10-12): To assist in the communication of the final logo concept, North Star will work with you in identifying a list of 10-12 custom design deliverables that target your specific goals. This is a powerful addition as it brings the logo to life in the real world. Examples include:

- Print and Electronic Advertising
- Website Design
- Digital Banner Advertisements
- Email Marketing Design
- Social Media Application
- Marketing Materials for Partners
- Billboard Design
- Economic Development Folder
- Local Partner Brand Application
- Stationery Package
- PowerPoint Template(s)
- Merchandising

5. ACTION

In this stage, North Star develops a must-do strategic action and communications plan for the first 6 to 36 months following your brand's development. This plan comprises the fundamental action steps that ensure the brand gains traction and maintains momentum. Many of these tasks involve setting up the organization and cooperation that will propel your brand forward. Our goal - and yours - is to make sure that the Sandy brand is the guiding principle for your future, not just a logo and line on your letterhead.

As part of this action plan, we will craft a selection of high-impact custom action ideas designed to raise the profile of your brand and put it to work in every corner of your community. Custom ideas generally fall into the following categories:

- **Policy** (laws or measures that support the brand strategy.)
- **Sports** (tournaments, events, youth sports, etc.)
- **Environmental Applications** (look at your community as if it were a canvas)
- **Purpose Initiatives** (charities, sponsorships, etc.)
- **Festivals** (repackage existing events/festivals or develop new ones that connect to your brand strategy.)
- **Arts** (public art campaigns, partnerships with art organizations, art contests with visitors, residents, students, artists in residence programs.)
- **Private Sector** (ideas and tools to engage businesses and other private sector organizations.)
- **Exports** (goods that are manufactured, grown or packaged in your community for export; even a famous person or idea from your community can be considered an export.)
- **Awards** (civic awards, organizational awards, etc.)
- **Education** (programs in schools, small business/entrepreneur mentoring, education for front-line hospitality staff, etc.)
- **Sustainability** (residential green initiatives, tax incentives for green industries, etc.)
- **Health** (community health programs, school-based health initiatives, business-based health initiatives, hospital and health care agency partnerships.)
- **Economic Development** (marketing, communications, training, outreach, resources, etc. . . all specifically related to economic development.)
- **Tourism** (marketing, communications, training, products, packaging, merchandise, etc . . . all specifically related to tourism.)
- **Events** (any organized activity that ties back to the brand ranging in scope from festivals to health fairs to career counseling to community clean-up days.)
- **Incentives** (tax incentives for businesses, entrepreneurs, art organizations, etc. that are in line with the brand strategy.)
- **Master Planning** (design and development of infrastructure and support systems that correlate with the brand strategy.)

12-Month Follow Up: We follow up after a year of your brand implementation to discuss the successes enjoyed

and hurdles that you are working to overcome. We provide suggestions and direction for next steps in your continual brand integration.