



AGENDA

Thursday, January 26, 2012 - 10:00 AM

Board of County Commissioners Business Meeting

Beginning Board Order No. 2012-12

I. PRESENTATIONS *(Following are items of interest to the citizens of the County)*

1. Congressional Update from Congressman Kurt Schrader
2. Overview of Partnership Agreements between Non-Profits Partners and Clackamas County Service District No. 1 (John Nagy, Water Environment Services)

II. DISCUSSION ITEM *(The following items will be individually presented by County staff or other appropriate individuals. Citizens who want to comment on a discussion item may do so when called on by the Chair.)*

WATER ENVIRONMENT SERVICES

1. Approval of an Agreement to Jointly Purchase Real Property (Mike Kuenzi, Chris Storey)

III. CITIZEN COMMUNICATION *(The Chair of the Board will call for statements from citizens regarding issues relating to County government. It is the intention that this portion of the agenda shall be limited to items of County business which are properly the object of Board consideration and may not be of a personal nature. Persons wishing to speak shall be allowed to do so after registering on the blue card provided on the table outside of the hearing room prior to the beginning of the hearing. Testimony is limited to three (3) minutes. Comments shall be respectful and courteous to all.)*

IV. CONSENT AGENDA *(The following items are considered to be routine, and therefore will not be allotted individual discussion time on the agenda. Many of these items have been discussed by the Board in Study Session. The items on the Consent Agenda will be approved in one motion unless a Board member requests, before the vote on the motion, to have an item considered at its regular place on the agenda.)*

A. Health, Housing & Human Services

1. Approval of a Revenue Agreement with Central City Concern for Funding of Mental Health Services - BH

B. Elected Officials

1. Approval of Previous Business Meeting Minutes – BCC

V. COMMISSIONERS COMMUNICATION

NOTE: *Regularly scheduled Business Meetings are televised and broadcast on the Clackamas County Government Channel. These programs are also accessible through the County's Internet site. DVD copies of regularly scheduled BCC Thursday Business Meetings are available for checkout at the Clackamas County Library in Oak Grove by the following Saturday. You may also order copies from any library in Clackamas County or the Clackamas County Government Channel.*

<http://www.clackamas.us/bcc/business/>



Water Quality Protection
Surface Water Management
Wastewater Collection & Treatment

Michael S. Kuenzi, P.E.
Director

January 26, 2012

Board of County Commissioners
Clackamas County

Members of the Board:

**OVERVIEW OF PARTNERSHIP AGREEMENTS BETWEEN NON-PROFIT PARTNERS AND
CLACKAMAS COUNTY SERVICE DISTRICT NO. 1**

WES' surface water management program is focused on watershed health and integrated watershed management. WES' vision is to improve watershed health by managing its surface water program efficiently and effectively, using financial resources to provide the most benefit through prioritized activities and investments. Developing partnerships with local community groups and organizations is a critical component in achieving this vision.

Clackamas County Service District No. 1 ("CCSD#1") has existing Partnership Agreements (the "Agreements") with Clackamas River Basin Council, Johnson Creek Watershed Council, North Clackamas Urban Watersheds Council, Friends of Trees, SOLV, CCSWCD and PSU. These agreements provide for a variety of services to District customers including streamside restoration (planting native vegetation), invasive species removal, working with schools, tabling community events, sharing District materials and outreach information, and soliciting community input on activities.

RECOMMENDATION

No recommendation at this time. Staff is providing this information to update the BCC on the partnership agreements.

Sincerely,

Michael Kuenzi
Director, Water Environment Services

For information on this issue or copies of attachments, please contact Trista Crase at 503-742-4566.

Improving Watershed Health Through Community Partnerships

A Presentation to the Clackamas County Board of County Commissioners



January 26, 2012



A Healthy Watershed

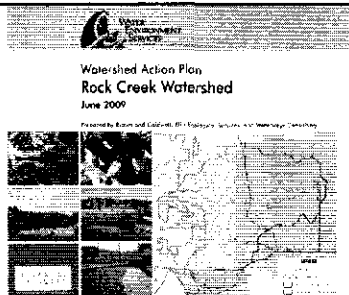


» A Surface Water Program that has a balanced approach between:

- Maintenance of existing infrastructure
- Retrofits of under-performing facilities
- Riparian restoration and wetland enhancement
- Public involvement & education



Watershed Action Plans



- » Completed in 2009
- » Set priorities for future investments
- » Direct restoration efforts to water bodies most in-need
- » Issues in HIGH priority stream reaches:
 - bank erosion
 - invasive species removal
 - other issues that signal poor water quality and hydrology issues



Watershed Health Program

- » Educational program
- » WES partnered with Portland State University to create watershed specific curriculum for in-district schools
- » This year nearly 400 students have been protecting, restoring, enhancing or educating their communities about the importance of watershed health



The riparian zone provides SERVICES to the community:

» **Drainage services**

- flood control
- bank stabilization
- infiltration

» **Fish and wildlife services**

- habitat connectivity
- provides quality habitat

» **Services to people**

- water quality
- air quality
- aesthetics
- recreation opportunities
- economic opportunities
- increases the natural wealth of area

» **Flood protection services**

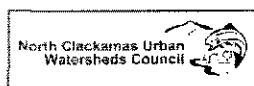
- traps debris
- traps silt deposits

...*Restoration projects maximize these services*



Approach to watershed health—how do we get it done?

» **Partners**



North Clackamas Schools

» **Capital projects**

» **Grants**



Why partner?

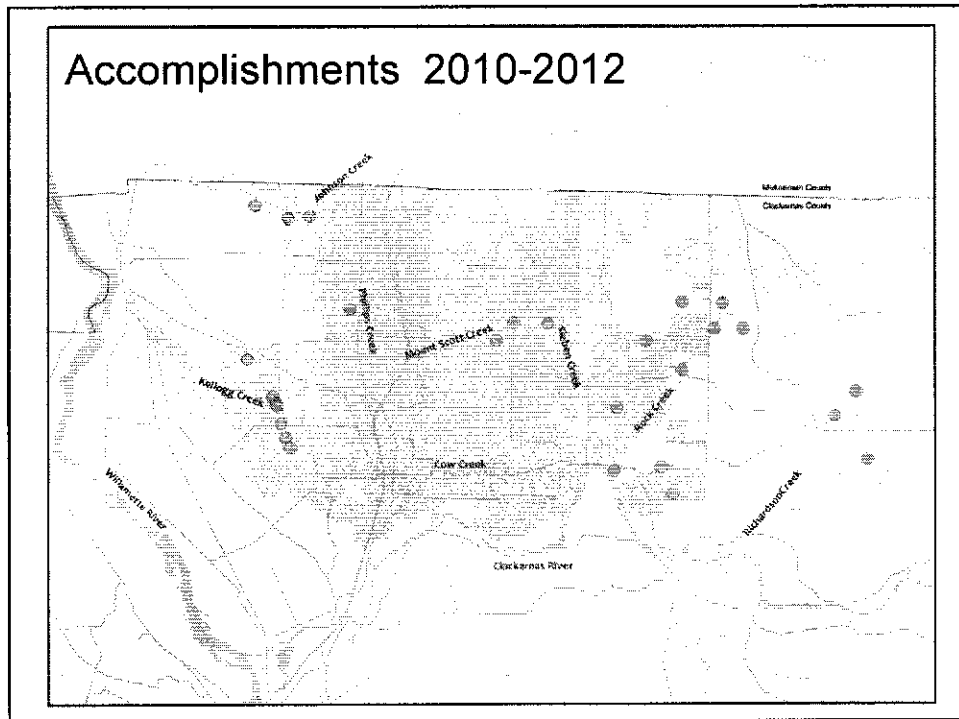


- » Maximize resources, staff time and expertise
- » Get people involved to encourage long term stewardship
- » Capitalize on strong community connection and reputation of our partners
- » Expand the potential of what can be accomplished by working together

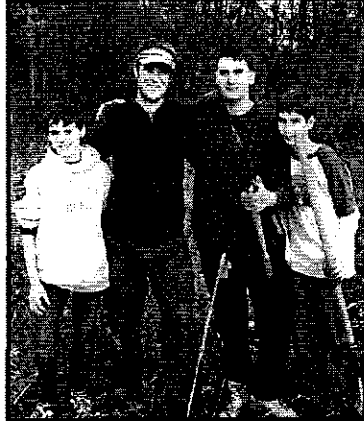
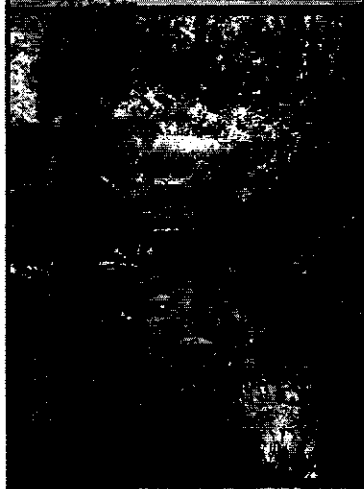
Accomplishments

- » 400 students educated on watershed health and/or engaged in projects FY 2011-12
- » Over 4,750 linear feet of riparian corridor FY 2010-11
- » 850 trees and 970 shrubs planted FY 2010-11
- » Over 1,100 volunteers FY 2010-11





**North Clackamas
Urban Watersheds Council**



Annual Report 2010-2011

*People and Nature Flourishing
in a Healthy Ecosystem*

North Clackamas Urban Watersheds Council



Dear Readers,



The North Clackamas Urban Watersheds Council completed our second year with our expectations met and exceeded! We are building a strong, well-functioning Council.

We started a Streamside Stewards Program on Kellogg Creek, planted over 1,000 trees on the Lower Mt. Scott reach on the Turning Point Church property, held many work parties, hosted 3 tours, and generated 624 volunteer hours!

We are partners in 3 major NIN Capital Grant proposals, and are working solidly with others as well. NCUWC has a website up and running, and a Facebook presence. Our funding sources are included in this report.

What's next? We expect to hire a part time coordinator in the 2011-2012 fiscal year, continue to expand and train our Board, and strengthen our existing partnerships as we develop our capacity.

Thanks to everyone who has participated with us. We're thrilled to begin our third year protecting and enhancing our local watersheds!

Marshall Johnson, Co-Chair

Eric Shawn, NCUWC Co-Chair

Creating a Strong Well-Functioning Council

- We have expanded our Council Board to include a representative from the Friends of Rinearson Creek, and a commercial representative from McFarlane's Bark, a company located on Mt. Scott Creek.
- Outreach materials including an Information tri-fold brochure and a Streamside Stewards Program flier are now available in the community.
- NCUWC members attended the OWEB Bi-Annual Conference, became a member of the Clackamas County Councils, a group of coordinators from Watershed Councils throughout Clackamas County, and met regularly with the regional watershed council outreach group, networking and learning from each other.
- Monthly meetings are well attended and a well developed planning is driving the Council forward strategically.



Special Projects

- NCUWC initiated a Streamside Stewards Program, reaching out to over 150 residents in the KMS Watershed. We knocked on 56 doors, and conducted 23 site visits with interested property owners.
- Our Lower Mt. Scott Creek Education and Enhancement Project finished its first year. With support from local youth, NCUWC planted over 1,000 trees along the riparian corridor on property owned by the Turning Point Church and the Clackamas Community Land Trust. The project will continue through August 2012.



Public Education, Outreach and Advocacy

During 2010-11:

- NCUWC hosted five Volunteer Work Parties, engaging 155 community volunteers of all ages in for over 650 total volunteer hours. 130 of these hours were donated by NCUWC Board Representatives.
- Conducted public outreach at six community events, reaching an estimated 910 people.
- Hosted three tours including the Annual Watershed-wide Tour, Earthday at Three Creeks Natural Area. Tours received 94 total participants.

Project Partnerships

- NCUWC is partnering with several different agencies and groups in a range of important community projects.
- We are a partner in the Oak Lodge Sanitary District's Nature in the Neighborhoods (NIN) Metro Grant to remove the Boardman Creek Culvert at Walta Vista and River Road, in Oak Grove. Once removed, fish will have access to the Boardman Creek watershed. This is a high priority for many agencies and community groups.
- We're an active partner on WES's Metro NIN Capital Grant project to do in-stream improvement in North Clackamas Park. This is an ongoing project for our watershed council.
- We are also a partner on the Urban Green/TriMet/OLSD NIN Capital Grant project for the Park Avenue Terminus. The project envisions a restored riparian area with native plantings connected to the Trolley Trail.
- NCUWC is partnering with the Rinearson Coalition to attend Gladstone Council meetings, assist in volunteer work in Meldrum Bar Park, and to help with outreach and education.

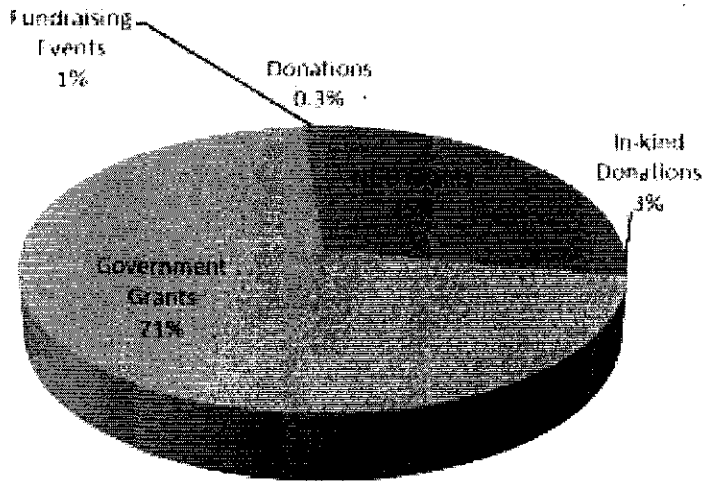
What's Next for NCUWC?

- Hiring a part-time coordinator
- Finding additional funding to continue and expand our Streamside Stewards Program that is now on Kellogg Creek.
- Expanding capacity on the Council itself. Provide continued training.
- Annual Watershed Tours. 2011-2012 was in July, in the Oak Grove/Jennings Lodge area. Next year, we will return to the Kellogg/Mt. Scott watersheds.
- Continuing education and outreach to the community and networking with area groups, agencies and other Councils.



FY2010-2011 Financial Report

Income Sources 7/1/10 to 6/30/11



Additional thanks to:

Clackamas County Water Environment Services and the Clackamas County Soil & Water Conservation District for ongoing council support and restoration project funding.

Metro for granting funds for our Lower Mt Scott Creek Education and Enhancement Project, to restore 16 acres of riparian habitat adjacent to the Turning Point Church and North Clackamas Park.

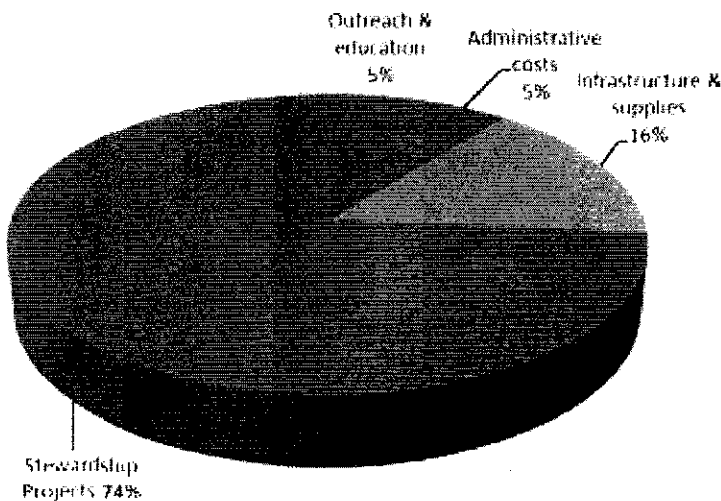
The North Clackamas Parks and Recreation District for their invaluable partnership on multiple projects throughout the watershed.

City of Milwaukie for personnel and IT support.

Oak Lodge Sanitary District for monthly meeting space.

This work is only possible with support from these partnerships!

Expenses 7/1/10 to 6/30/11





BENEFITS:

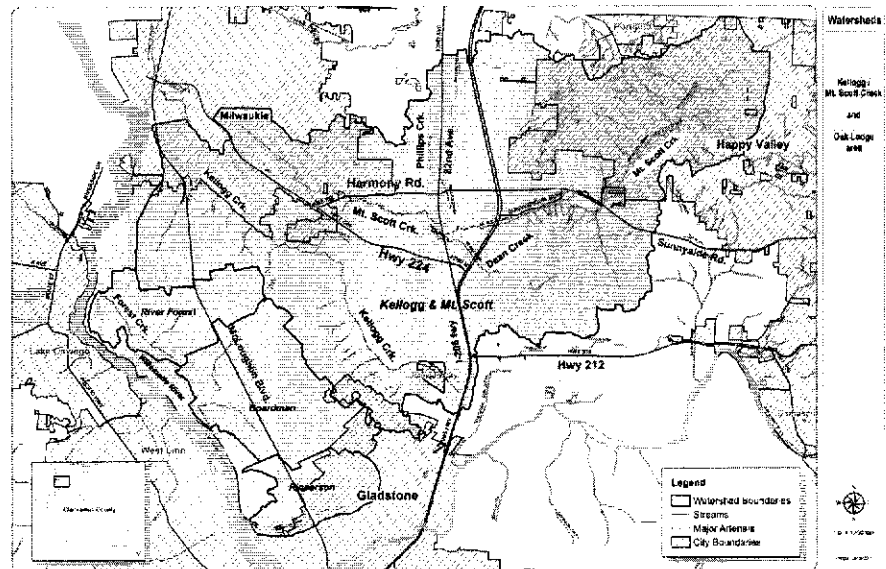
- Free aggressive weed control
- Native trees and shrubs provide habitat for fish and wildlife
- Reduced risk of erosion (for you and your downstream neighbors)
- Increased shade cools the creek, and helps threatened salmon thrive.
- NCUWC manages contractors, and obtains any needed permits.



Streamside Stewards Program

WHAT'S INVOLVED?

The Streamside Stewards program provides eligible property owners free weed control and tree planting along the creek.



WHO IS ELIGIBLE?

Participation in the Streamside Stewards Program is 100% voluntary. Free services are available to streamside properties with good habitat potential, along prioritized reaches of Kellogg, and Mt Scott Creeks. Contact us today to learn more about signing up!

What is a healthy riparian area?

A healthy riparian area consists of established streamside vegetation, which acts as a buffer to the creek. A healthy riparian area is abundant in native northwest plants, and provides crucial habitat for northwest fish and wildlife. Native riparian vegetation supports normal stream function and helps control erosion and flooding.



TELL ME MORE!

- Contact us at 503-550-9282 or restoration@ncuwc.org to schedule a free site visit
- NCUWC staff and contractor will visit your property to learn about the site and discuss with you potential restoration actions which could help achieve watershed goals.
- If you choose to sign up for Streamside Stewards, NCUWC would commit to working with you to make a plan that might include weed treatment, planting native trees and shrubs, and/or maintaining the area along the creek, for free.
- Both parties will sign an agreement that outlines the restoration plan and timeline. Our staff will manage the project, obtain any necessary permits, and supervise contracted crews.
- As the property owner, you would commit to maintaining the work area according to the agreement established between the two parties.
- NCUWC will review, approve, and prioritize projects based on recommendations from the WES Watershed Action Plan.



Our services are offered free of charge. North Clackamas Urban Watersheds Council is a non-regulatory, tax-exempt non-profit organization (501c3). All of our observations are strictly confidential. For more information about us see www.ncuwc.org

This project is made possible with special support from Clackamas County Water Environment Services (WES). For more information on WES' services see: <http://www.riverhealth.org/>



Beyond clean water.

Water Quality Protection
Surface Water Management
Wastewater Collection & Treatment

Michael S. Kuenzi, P.E.
Director

January 26, 2012

Board of County Commissioners
Clackamas County
As Governing Body of
The Clackamas County Service District No. 1
And
The Tri-City Service District

Members of the Board:

APPROVAL OF AN AGREEMENT TO JOINTLY PURCHASE REAL PROPERTY

Clackamas County Service District No. 1 ("CCSD#1") and the Tri-City Service District ("TCS") staff come before the Board seeking approval of the potential acquisition of real property located in West Linn, Oregon currently owned by the Blue Heron bankruptcy estate. Attached hereto is a proposed purchase and sale agreement between the Blue Heron estate and the Districts (the "Agreement") signed by the US Trustee. The Districts will hold the property jointly for their shared benefit and utilization in addressing long term growth and regulatory needs. This real property matter was discussed with the Board in executive study sessions on May 17, 2011, October 11, 2011, and December 13, 2011. At the October 11 meeting staff was authorized to negotiate a proposed agreement with a purchase price of not more than \$3 million.

The Blue Heron Company has been in bankruptcy since December 2009. In May 2011 the bankruptcy court ordered that the company convert to a forced liquidation under Chapter 7 and assets begin to be sold. The US Trustee, on behalf of the estate, engaged a broker to market the real property assets of the company.

The Districts are interested in the approximately 38 acre site in West Linn (the "Property"), where the company used lagoons to treat industrial wastewater. The Property includes a substantial outfall at a deep point of the Willamette River and associated NPDES (Clean Water Act) permit. The permit is rated for discharges up to 12 million gallons per day, approximately the same size as either the Kellogg or Tri-City plants operated by the Districts, and sizeable heat load and other Total Maximum Daily Load ("TMDL") allocations that should be more than sufficient to meet future needs.

TMDL allocations, especially temperature limits, already assigned by the Oregon Department of Environmental Quality ("DEQ") are currently substantial drivers in capital planning for the Districts. The districts will be required to make significant new capital and operational expenditures because they do not have the ability to increase heat discharges into the Willamette River commensurate with expected flow increases. Planning-level estimates for constructing facilities to comply with existing regulatory TMDL restrictions are at ~\$130 million. Obtaining the Property and utilizing the outfall and associated permit appears to be a much cheaper

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www.clackamas.us/wes/

alternative, and would allow the Districts to realize potential savings of ~\$80 million. Rate modeling suggests this equals a savings of approximately \$10 per each district customer per month for at least the next 20 years.

The Trustee initially suggested a purchase price of \$12 million as an industrial site and later provided an appraisal of the property with a value of up to \$2.9 million outside of industrial uses. WES staff has been in negotiations with the Trustee since June 2011. Staff has reached tentative agreement on all major terms subject to BCC approval, and review by the bankruptcy court. In summary, the Agreement provides for a purchase price of \$1.75 million for the Property and the conveyance pipe running from the southern border of the Blue Heron Mill site to the Property and all associated easements.

The Agreement contains appropriate due diligence time periods and contingencies, and contemplates closing the transaction 75 days after execution unless one of the contingencies are triggered. As part of the due diligence process, WES staff is prepared to undertake a full Level 2 Environmental Review, which will include sampling of the settled materials at the bottom of the lagoons, diver inspection of the outfall, and sampling of relevant areas of the Property. The Board will be kept informed of any material findings in the due diligence process if authorized to proceed with the transaction.

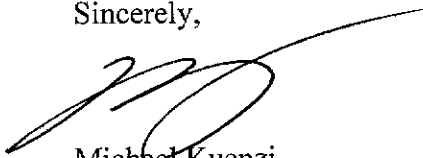
While additional steps remain, including public involvement with the City of West Linn and continued discussions with DEQ regarding regulatory issues, staff feels that the proposed transaction represents a high value proposition for ratepayers with an excellent return on the costs of acquisition and remediation.

Recommendation:

1. Staff respectfully requests the Board, acting as the governing body of CCSD#1, approve the proposed transaction.
2. Staff respectfully requests the Board, acting as the governing body of TCSD, approve the proposed transaction.

For purposes of clarity of authorization, staff recommends that the Board vote on the matter once as the governing body of CCSD#1 and once as the governing body of TCSD.

Sincerely,



Michael Kuenzi
Director, Water Environment Services

FOR INFORMATION ON THIS ISSUE OR COPIES OF ATTACHMENTS PLEASE CONTACT
TRISTA CRASE AT (503) 742-4566

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into as of January __, 2012 (the "Effective Date") by and between each of Tri-City Service District and Clackamas County Service District No. 1 (collectively "Buyer") and Peter C. McKittrick, Trustee for the Estate of Blue Heron Paper Company, Inc., Bankruptcy Case No. 09-40921-rld7 ("Seller").

Recitals:

A. Seller is the court appointed Chapter 7 Bankruptcy Trustee for the Estate of Blue Heron Paper Company, Inc., Bankruptcy Case No. 09-40921-rld7 (the "Bankruptcy Case"), and in that capacity Seller is selling certain land located in Clackamas County, Oregon, and described on the attached Exhibit A, including (i) any and all buildings; structures and appurtenances to such real property existing in place as of the Closing Date (as defined in Section 5.1) including but not limited to the outfall, diffuser and conveyance pipe running from the river side boundary of the mill site to the real property described on the attached Exhibit A and related easements for such pipeline but excluding any pipe on the mill site real property parcels; (ii) certain fixtures located on the property as provided in Section 1.1; (iii) Seller's rights under its NPDES permit with respect to the outfall and diffuser located at the real property, including Seller's waste load allocations as provided in Section 1.2; and (iv) all easements, rights, privileges and appurtenances to or benefiting the Property, but otherwise specifically excluding any items of tangible personal property located on the property and any other intangible rights not expressly set forth above in this paragraph (including, without limitation, water rights) (the "Property").

B. Subject to Court Approval (as defined in Section 4.1.2), Seller desires to sell the Property to Buyer, and Buyer desires to purchase the Property from Seller, for the price and on the other terms and conditions set forth in this Agreement.

Agreements:

In consideration of the foregoing, the mutual covenants of the parties set forth in this Agreement, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Purchase and Sale. Subject to Court Approval, Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, for the price and on the terms and conditions set forth in this Agreement.

1.1 Fixtures Included in the Sale. The Property to be sold shall include the fixtures located on the Property, except that it shall not include any of the items listed on the attached Exhibit B. The Parties agree that Seller shall not allow removal of any equipment on Exhibit B identified by Buyer until August 31, 2013.

1.2 NPDES Permit Included in the Sale. Seller's NPDES permit and associated Willamette River waste load allocations to the extent associated with the discharge of pollutants (including heat load, total suspended solids, biological oxygen demand, turbidity, lead, zinc and other pollutants) to the Willamette River through the outfall located at the Property will be transferred to Buyer. Buyer agrees to undertake at its cost all actions necessary for the Oregon Department of Environmental Quality ("DEQ") to transfer Seller's NPDES permit and waste load allocations (pursuant to the Willamette River total maximum daily load determination by DEQ) to Buyer and Seller agrees to execute any reasonably necessary documents or applications to assist in this transfer. Buyer and Seller shall, during the Diligence Period, either (i) arrive at an agreement with DEQ for the splitting of the NPDES permit based on location of outfalls, such that outfall 001 and all associated load allocations shall go with the Property, and outfalls 002-5 and associated loads shall go with the mill site, or (ii) Seller and NRI both shall enter into a usage and indemnification agreement with Buyer on terms reasonably satisfactory to Buyer, Seller and NRI for the use of the NPDES permit after Closing that maintains Seller's ability to discharge incidental wastewater during the decommissioning and demolition of the Blue Heron Paper Company mill site and to discharge stormwater runoff from the mill site and protects Buyer from expenses and potential fines for nonconformance with the permit's requirements. In either case, Seller and NRI both shall enter into a usage and indemnification agreement with Buyer on terms reasonably satisfactory to Buyer, Seller and NRI to allow NRI to discharge through the lagoon and outfall 001 treated wastewater incidental to the decommissioning of the mill site (e.g., equipment wash down water and stormwater) through April 30, 2013. Seller makes no representation regarding the transferability of the NPDES permit or the associated waste load allocations. It is the Parties' expectation that NRI will continue operational and environmental monitoring responsibilities at the lagoon site for so long it is utilizing the lagoons in support of the Mill site.

1.3 Other Property Excluded from the Sale. Buyer acknowledges that except as provided in Sections 1.1 and 1.2 above, the Property does not include any personal property, intangible rights or other interests of Seller which are not appurtenant to the Property, including, without limitation, any of Seller's accounts, contracts, insurance policies, choses in action or other intangible rights or claims.

2. Purchase Price; Earnest Money. [It appears in our interations somewhere the numbering codes were stripped out. Please update to add back when finalizing for Trustee's signature]

2.1 Purchase Price. The purchase price for the Property ("Purchase Price") shall be the sum of \$1,750,000.

2.2 Payment. Buyer shall pay the entire Purchase Price to Seller in immediately available funds at the Closing (defined in Section 5.1).

2.3 Earnest Money. Buyer has deposited with Seller an amount equal to ten percent (10%) of the Purchase Price, which amount shall constitute earnest money with respect to this transaction (the "Earnest Money"). The Earnest Money shall be credited against the

Purchase Price at the Closing. The Earnest Money shall be refunded to Buyer only (i) upon a termination of this Agreement following the failure of any of the conditions set forth herein to Buyer's obligation to consummate this transaction, (ii) upon Seller's failure to convey the Property to Buyer as provided herein, other than as a result of Buyer's default hereunder; or (iii) as otherwise expressly provided in this Agreement. In the event Buyer fails to consummate its purchase of the Property in accordance with this Agreement notwithstanding the satisfaction or waiver of all conditions to Buyer's obligation to do so, the Earnest Money shall be retained by Seller as liquidated damages and shall constitute Seller's sole remedy against Buyer on account of such failure to consummate this transaction. Seller and Buyer acknowledge and agree that the damages that would be incurred by Seller on account of such a failure to close by Buyer would be difficult to ascertain with reasonable certainty and that the amount of the Earnest Money constitutes a reasonable approximation of such damages and not a penalty.

3. Pre-Closing Matters.

3.1 Access to Property. From time to time prior to the Closing or the earlier termination of this Agreement, Buyer and its representatives shall have the right, after reasonable notice to Seller and at reasonable times, to enter upon the Property in accordance with the Access Agreement between Buyer and Seller dated December 8, 2011, for the purpose of conducting any investigation or test reasonably related to Buyer's purchase or prospective use of the Property; *provided* that all such activities shall be conducted at no out-of-pocket expense to Seller. Buyer shall (i) indemnify, defend, and hold harmless Seller from and against any claim, loss, liability, or expense (including reasonable attorneys' fees) arising from or related to bodily injury or property damage caused by Buyer's activities on the real property described on the attached Exhibit A pursuant to this Section 3.1, and (ii) if Buyer does not acquire the Property pursuant to this Agreement, fully compensate Seller for any physical damage to, or any lien or encumbrance imposed on, the Property and attributable to Buyer's activities pursuant to this Section 3.1. Notwithstanding the foregoing or any other provision of this Agreement, Buyer shall have no liability with respect to the Buyer's mere discovery of existing conditions on or of the Property, except to the extent that Buyer's activities exacerbate such existing conditions.

3.2 Access to Records and Blue Heron Employee. From time to time prior to the Closing or the earlier termination of this Agreement, Buyer and its representatives shall have the right to inspect all books, records, maps, surveys, reports, contracts, aerial photographs, deeds, agreements, abstracts, and other materials related to the Property, the NPDES permits, any associated property being purchased as described on Exhibit B, each as within Seller's possession or control. Any such inspection shall take place during normal business hours at the office(s) of Seller at which such materials are located after reasonable notice to Seller and upon not less than 2 business days' notice to Seller, and shall be undertaken without expense to Seller. Seller shall also make available to Buyer one knowledgeable current or former employee of Blue Heron Paper Company to answer technical or operational questions relating to the Property.

3.3 Title Matters. Buyer will receive an updated preliminary title report for the Property from Lawyers Title Insurance Company within 10 days of execution of this Agreement together with legible copies of all vesting documents and exception documents referenced therein

(the "Title Report"). The "Permitted Exceptions" shall consist of all matters of public record described on such Title Report with reasonable specificity, except for any monetary liens and encumbrances, which will be paid or removed by Seller or any liens, claims and encumbrances removed or to be removed by the Court Approval (as defined in Section 4.1.2) at or before Closing. It is a condition to Closing that: (1) there are no discrepancies in or disputes regarding the boundaries of the Property and (2) there are no encroachments or prescriptive or adverse rights on or affecting the Property or any portion thereof. In addition, at Closing Seller shall provide Buyer with a copy of written leases with terms reasonably satisfactory to Buyer allowing for 90 days termination upon delivery of written notice with the two tenants on the Property, which tenants shall be current as to rent as of the Closing Date (as defined in Section 5.1), and Seller shall assign such leases to Buyer at Closing without any warranties whatsoever by Seller.

4. Conditions to Closing.

4.1 Buyer's Conditions. Buyer's obligation to close this transaction shall be subject to and contingent upon the satisfaction (or express waiver in writing by Buyer in its sole discretion) of each of the following conditions:

4.1.1 Due Diligence Approval. Buyer's obligation to purchase the Property shall be contingent upon Buyer's review and approval of all aspects of the Property in Buyer's sole and absolute discretion (including, without limitation, the Property's physical and environmental condition, zoning, code compliance and feasibility, regulatory status and DEQ actions with respect to current or pending permits) within 60 days following the Effective Date of this Agreement (the "Due Diligence Deadline"). If Buyer gives notice to Seller of Buyer's termination of this Agreement pursuant to this paragraph on or before the Due Diligence Deadline, then this Agreement shall terminate and the Earnest Money shall be promptly returned to Buyer. If Buyer fails to give notice of termination on or before the Due Diligence Deadline, then Buyer shall be conclusively deemed to have waived the due diligence condition to Closing set forth in this paragraph.

4.1.2 Court Approval. The issuance of an Order in the Bankruptcy Case approving the terms and conditions of sale of the Property free and clear of all liens, claims and encumbrances to the fullest extent permitted by the Bankruptcy Code, except for those expressly agreed to by Buyer, (the "Court Approval").

4.1.3 Performance of Obligations. Each of the obligations and covenants of Seller to be performed prior to or on the Closing Date pursuant to this Agreement shall have been performed in all respects, and Seller's representations, warranties, and covenants set forth in this Agreement shall be true and correct as of the Closing Date.

4.1.4 Title Policy. The Title Company shall have committed to issue the title insurance policy contemplated by Section 5.5.

4.1.5 NRI Global. Buyer shall have reached an agreement with NRI Global, Inc. ("NRI") concerning its interim use of the Property and continuing regulatory obligations that is

satisfactory in Buyer's sole discretion by the Due Diligence Deadline. If Buyer gives notice to Seller of Buyer's termination of this Agreement pursuant to this paragraph on or before the Due Diligence Deadline, then this Agreement shall terminate and the Earnest Money shall be promptly returned to Buyer.

4.1.6 No Material Changes. At the Closing Date, there shall have been no material adverse changes related to or connected with the Property.

4.2 Seller's Conditions. Seller's obligation to close this transaction shall be subject to and contingent upon the satisfaction (or express waiver in writing by Seller in its sole discretion) of each of the following conditions:

4.2.1 Court Approval. Satisfaction of the Court Approval conditions.

4.2.2 Accuracy of Representations. Each of Buyer's representations, warranties, and covenants set forth in this Agreement shall be true and correct as of the Closing Date.

4.2.3 Performance of Obligations. Each of the obligations and covenants of Buyer to be performed prior to or on the Closing Date pursuant to this Agreement shall have been performed in all respects.

5. Closing.

5.1 Time and Place of Closing. This transaction shall be closed in escrow (the "Closing") at the office of Lawyers Title Insurance Company in Portland, Oregon ("Escrow Agent"), or at such other location as the parties may mutually agree. The Closing shall take place on a date mutually acceptable to the parties within the closing time frames set forth in the Court Approval, but in any event not later than fifteen (15) days following the expiration (or express waiver in writing by Buyer) of the Due Diligence Period. The date on which the Closing occurs is referred to herein as the "Closing Date."

5.2 Events of Closing. At the Closing, the following shall occur:

5.2.1 Buyer shall pay the Purchase Price (subject to credit for the Earnest Money and adjustments to reflect prorations and closing costs), to Seller by delivery of immediately available funds to Escrow Agent.

5.2.2 Seller shall execute, acknowledge, and deliver to Buyer a Trustee's Deed, with same legal effect as a statutory Bargain and Sale Deed (the "Deed"), conveying the Property to Buyer subject only to the Permitted Exceptions.

5.2.3 The parties shall take such other actions as may be reasonably necessary to complete the Closing in accordance with this Agreement.

5.3 Prorations; Special Use Deferral. Property taxes and governmental assessments on the Property shall be prorated between Seller and Buyer as of the Closing Date.

Buyer shall assume liability for any deferred taxes not currently due but disclosed to Buyer by Seller in the Title Report, and shall indemnify, defend, and hold harmless Seller from and against any such disclosed deferred taxes assessed against the Property as a result of any change in their use or classification caused by Buyer after the Closing Date.

5.4 Closing Costs. The costs associated with the Closing shall be allocated as follows:

5.4.1 Seller shall pay (i) one-half of the escrow fee of Escrow Agent, and (ii) the premium for the title insurance policy contemplated by Section 5.5.

5.4.2 Buyer shall pay (i) one-half of the escrow fee of Escrow Agent, and (ii) all recording fees with respect to the Deed.

5.4.3 All other closing costs shall be apportioned between the parties as legally required, or in accordance with customary practices in Clackamas County, Oregon.

5.4.4 Except as expressly provided in this Agreement, each party shall bear all costs and expenses incurred by such party in connection with this transaction.

5.5 Title Insurance Policy. The Title Company shall deliver to Buyer, at Seller's expense, a standard coverage owner's policy of title insurance with respect to the Property, with a coverage amount equal to the Purchase Price, subject only to the Permitted Exceptions, the standard exceptions to such policies, and any liens or encumbrances suffered or created by Buyer.

5.6 Possession. Buyer shall be entitled to possession of the Property upon the Closing.

6. Representations and Warranties.

6.1 Seller's Representations and Warranties. Seller represents and warrants to Buyer as follows:

6.1.1 Subject to receiving Court Approval, Seller has full power and authority to execute, deliver, and perform its obligations under this Agreement and all instruments required to be delivered by Seller hereunder.

6.1.2 Neither Seller's execution and delivery of this Agreement, nor its performance of its obligations hereunder, will violate any court order, including, without limitation, the Bankruptcy Case.

6.1.3 Contracts, Leases, Rights Affecting Property. Seller has not entered into, and will not, except as allowed pursuant to Section 8.17, enter into any other contracts for the sale of the Property.

6.1.4 Breach of Agreements. The execution of this Agreement will not constitute a breach or default under any agreement to which Seller is bound, including without limitation the asset sale agreement with NRI.

6.1.5 Disclosure of All Relevant Information. Seller has not intentionally failed to disclose, and to Seller's actual knowledge, Seller's agents who have communicated with Buyer in connection with the sale of the Property have not intentionally failed to disclose, any material information of which Seller or such agents are aware with respect to the Property, including as described in Section 3.2 hereof, and Seller does not have actual knowledge of any material facts or conditions that would make any of the information provided by Seller to Buyer misleading or inaccurate in any material respects.

6.1.6 Foreign Person. Seller is not a "foreign person" as defined in Internal Revenue Code Section 1445 and any related regulations. At the Closing, Buyer will have no duty to collect withholding Taxes for Seller pursuant to the Foreign Investment in U.S. Real Property Tax Act of 1980, as amended, or pursuant to ORS 314.258, or any regulations promulgated with respect thereto.

6.1.7 Changed Conditions. If Seller discovers any information or facts that would materially change the foregoing warranties and representations or the transactions contemplated by this Agreement, Seller shall immediately give written notice to Buyer of those facts and information. If the problem is not remedied before Closing, Buyer may elect to either: (a) terminate this Agreement, in which case Buyer shall have no obligation to purchase the Property and all escrow payments shall be refunded to Buyer, or (b) defer the Closing Date for a period not to exceed ninety (90) days or until such problem has been remedied, whichever occurs first. If the problem is not remedied within that timeframe, Buyer may elect to terminate this Agreement and receive a refund of its Escrow Deposit as its sole and exclusive remedy.

6.1.8 No Violations. Except as disclosed to Buyer in writing, Seller has not received and has no actual knowledge of any written notices from any governmental agencies of any material violations of building codes and/or zoning ordinances or other governmental laws, regulations or orders with respect to the Property, including the NPDES permit. For purposes of this paragraph, "actual knowledge" shall mean the personal knowledge of Peter C. McKittrick.

6.2 Buyer's Representations and Warranties. Buyer represents and warrants to Seller as follows:

6.2.1 Buyer has full power and authority to execute, deliver, and perform Buyer's obligations under this Agreement and all instruments required to be delivered hereunder. All requisite authorizing action has been taken by Buyer in connection with the execution and delivery of the Agreement and the consummation of the transaction.

6.2.2 Buyer has not incurred any obligation, contingent or otherwise, for brokerage or finders' fees or commissions or for any other similar payment in connection with this transaction.

6.2.3 Buyer acknowledges that this Agreement is subject to Court Approval and all

of the terms and conditions of such Court Approval, including, without limitation, the terms of any closing requirements and procedures in connection with the sale of the Property.

6.2.4 Buyer is a disinterested party in the Bankruptcy Case (as such term is defined by the United States Bankruptcy Code), and except as otherwise disclosed to Seller in writing, Buyer has no business, family or financial relationship with any parties with an interest in the bankruptcy case, including, without limitation, creditors, professionals and their affiliates.

6.3 Renewal of Representations and Warranties. All representations and warranties contained in this Section 6 shall be deemed made as of the Effective Date and renewed as of the Closing Date.

6.4 No Other Representations and Warranties; Condition of Property.

6.4.1 Each party hereby acknowledges and agrees that no representations or warranties have been made with respect to the Property or this transaction other than those expressly set forth in this Section 6, elsewhere in this Agreement, or in the Deed. Buyer acknowledges that it has investigated the Property to its satisfaction and agrees that, subject to the due diligence investigation and the representations and warranties of Seller set forth in Section 6.1, elsewhere in this Agreement, and in the Deed, **BUYER WILL BE TAKING THE PROPERTY IN ITS "AS IS" CONDITION WITH NO WARRANTY, EXPRESS OR IMPLIED, AND WITH ALL FAULTS**, including latent defects, if any, and defects and conditions, if any, that cannot be observed by casual inspection. Without limiting the generality of the foregoing provisions of this Section 6.4, Buyer acknowledges and agrees that, except as expressly set forth in Section 6.1, neither Seller nor anyone acting by, for or through Seller has made any representations or warranties including, but not limited to those with respect to, and Buyer hereby releases Seller and anyone acting by, for or through Seller, from any loss, liability or claim including, but not limited to those arising from, (i) the fitness of the Property for any particular purpose, (ii) the condition of the Property, or the existence or condition of any building, structures, or other improvements thereon, (iii) any applicable building, zoning, or fire laws or regulations or compliance therewith or the existence or compliance with any required permits of any governmental authority, except the existence of the NPDES permit, (iv) Buyer's ability to obtain any type of development or building permits at any time, (v) the availability or existence of any water, sewer, or other utilities or utility districts, (vi) the inadequacy or non-existence of any access rights to or from the Property, (vii) the presence in, on, or under the Property or any improvements thereon, or any adjacent property, of hazardous substances or contamination of any kind, (viii) the acreage or square footage of the Property, and (ix) the transferability of the NPDES permit or associated waste load allocations. Buyer expressly waives any statutory right or cause of action based on any of the above matters, including, without limitation, any statutory obligation of disclosure with respect to such matters, except as provided elsewhere in this Agreement.

6.4.2 Buyer acknowledges that the provisions of this Section 6.4 were a negotiated part of this agreement and serve as an essential component of the consideration for this Agreement. Without limiting the generality of the foregoing, the parties specifically acknowledge that Buyer has had

an opportunity to inspect the premises with regard to environmental concerns and the Purchase Price has been negotiated to eliminate all claims relating to environmental matters. Consequently, this provision bars all claims brought by the Buyer concerning the condition of the Property pursuant to the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, the Federal Resource Conservation and Recovery Act ("RCRA"), as amended, and any applicable, similar federal and/or state legislation. Notwithstanding the parties' intent that this provision bar all such claims, should a court of competent jurisdiction deem otherwise, the presence of this provision shall serve as the overwhelming, primary factor in any equitable apportionment of liability or damages under CERCLA, RCRA, and other such legislation.

6.4.3 Buyer hereby waives, releases, acquits and forever discharges Seller, its employees or agents or any other person acting on behalf of Seller, of and from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses, or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Buyer now has or which may arise in the future on account of or in any way growing out of or in connection with any physical characteristics or existing condition of the Property, including, without limitation, subsurface conditions and solid and hazardous wastes, and hazardous substances, on, under, or related to the Property, and any laws rules or regulations applicable thereto.

7. Default; Remedies.

7.1 Time of Essence. Time is of the essence of the parties' obligations under this Agreement.

7.2 Limitation of Buyer Remedies and Damages. Buyer acknowledges that Seller is acting solely through the authority of the Court pursuant to the Bankruptcy Case, and Buyer therefore agrees that Buyer's sole and absolute remedy for any breach of this Agreement by Seller shall be to terminate this Agreement and obtain a refund of the Earnest Money deposited by Buyer. Under no circumstance shall Seller or anyone acting by, for or through Seller be liable to Buyer or Buyer's heirs, successors or assigns, for direct, indirect, consequential, incidental, punitive or exemplary damages, or damages of any other kind arising out of or related to this Agreement or the Property. Buyer further acknowledges and agrees that Seller would not be willing to enter into this Agreement without Buyer's agreement to the foregoing limitation of remedies and damages.

8. Miscellaneous Provisions.

8.1 Risk of Loss. Seller shall bear the risk of loss of the Property prior to Closing. In the event that the Property is damaged or destroyed, in whole or in part, or becomes subject a taking or other condemnation by exercise of eminent domain, in whole or in part, including any deed or other conveyance or grant in lieu thereof, Seller shall immediately notify Buyer of such damage, destruction, or exercise of eminent domain, and Buyer shall have the right, in its sole discretion, to (i) terminate this Agreement and receive a full refund of the Earnest Money or (ii) proceed to Closing, in which event Seller shall credit to Buyer against the

Purchase Price all proceeds received by Seller with respect to such damage, destruction, or exercise of eminent domain, and assign to Buyer all of Seller's rights to receive any such proceeds not received by Seller.

8.2 Survival. All provisions of this Agreement that contemplate performance or continuation after the Closing Date (including, without limitation, indemnity obligations) shall survive the Closing and be fully enforceable thereafter.

8.3 Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and, subject to the restrictions on assignment set forth herein, their respective successors and assigns.

8.4 Assignment. Buyer shall not assign any of its rights or obligations under this Agreement without the prior written consent of Seller. No assignment of this Agreement shall release Buyer from its obligations under this Agreement.

8.5 Notices. All notices under this Agreement shall be in writing. Notices may be (i) delivered personally, (ii) transmitted by facsimile, (iii) delivered by a recognized national overnight delivery service, or (iv) mailed by certified United States mail, postage prepaid and return receipt requested. Notices to any party shall be directed to the address set forth below, or to such other or additional address as any party may specify by notice to the other party. Any notice delivered in accordance with this paragraph shall be deemed given when actually received or, if earlier, (a) in the case of any notice transmitted by facsimile, on the date on which the transmission is confirmed, (b) in the case of any notice delivered by a recognized national overnight delivery service, on the next business day after delivery to the service or, if different, on the day designated for delivery, or (c) in the case of any notice mailed by certified U.S. mail, two business days after deposit therein.

If to Seller: c/o Peter McKittrick, Trustee
13067 NW Cornell Road, PMB #229
Portland, OR 97229
Fax No.: (503) 961-8180

With copy to: Ball Janik LLP
Attn: Brad T. Summers
101 SW Main Street, Suite 1100
Portland, OR 97204
Fax No.: (503) 295-1058

If to Buyer: Tri-City Service District and Clackamas County
Service District No. 1
Attn: Chris Storey, Assistant County Counsel
Development Services Building
150 Beavercreek Road, 4th Floor
Oregon City, OR 97045
Fax No.: (503) 742-4565

With copy to: Perkins Coie LLP
Attn: Lawrence H. Reichman
1120 N.W. Couch Street
Tenth Floor
Portland, OR 97209-4128
Fax No.: (503) 727-2222

8.6 Waiver. Any party's failure to exercise any right or remedy under this Agreement, delay in exercising any such right or remedy, or partial exercise of any such right or remedy, shall not constitute a waiver of that or any other right or remedy hereunder. A waiver of any breach of any provision of this Agreement shall not constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself. No waiver of any provision of this Agreement shall be binding on a party unless it is set forth in writing and signed by such party.

8.7 Amendment. This Agreement may not be modified or amended except by the written agreement of the parties.

8.8 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable, then (i) such provision shall be enforceable to the fullest extent permitted by applicable law, and (ii) the validity and enforceability of the other provisions of this Agreement shall not be affected and all such provisions shall remain in full force and effect.

8.9 Integration. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements with respect thereto. The parties acknowledge and agree that there are no agreements or representations relating to the subject matter of this Agreement, either written or oral, express or implied, that are not set forth in this Agreement.

8.10 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Oregon and any applicable provisions of the United States Bankruptcy Code, without regard to the principles of conflicts of law that would provide for application of another law.

8.11 Jurisdiction.

8.11.1 Prior to the closing of the Bankruptcy Case, except as otherwise expressly provided in this Agreement, the parties agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall

be brought exclusively in the Bankruptcy Court, and each of the Parties hereby irrevocably (a) consents to the jurisdiction of the Bankruptcy Court (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding, and (b) waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in the Bankruptcy Court or that any such suit, action or proceeding which is brought in the Bankruptcy Court has been brought in an inconvenient forum.

8.11.2 Upon the closing of the Bankruptcy Case, except as otherwise expressly provided in this Agreement, the parties agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement may be brought in any court having subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Oregon, and each of the Parties hereby irrevocably (a) consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding, and (b) waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum.

8.12 Construction and Interpretation. The headings or titles of the sections of this Agreement are intended for ease of reference only and shall have no effect whatsoever on the construction or interpretation of any provision of this Agreement; references herein to sections are to sections of this Agreement unless otherwise specified. Meanings of defined terms used in this Agreement are equally applicable to singular and plural forms of the defined terms. As used herein, (i) the term "party" refers to a party to this Agreement, unless otherwise specified, (ii) the terms "hereof," "herein," "hereunder," and similar terms refer to this Agreement as a whole and not to any particular provision of this Agreement, (iii) the term "this transaction" refers to the transaction(s) contemplated by this Agreement, and (iv) the term "including" is not limiting and means "including without limitation." In the event any period of time specified in this Agreement ends on a day other than a business day, such period shall be extended to the next following business day. All provisions of this Agreement have been negotiated at arm's length and this Agreement shall not be construed for or against any party by reason of the authorship or alleged authorship of any provision hereof.

8.13 Execution. This Agreement may be executed in any number of counterparts, all of which together shall constitute one and the same agreement. Each party may rely upon the signature of each other party on this Agreement that is transmitted by facsimile as constituting a duly authorized, irrevocable, actual, current delivery of this Agreement with the original ink signature of the transmitting party.

8.14 Incorporation of Recitals, Exhibits, and Schedules. The Recitals to this Agreement and any Exhibits or Schedules attached to this Agreement are incorporated herein by this reference.

8.15 Further Assurances. Each party agrees to execute and deliver such

additional documents and instruments as may reasonably be required to effect this transaction fully, so long as the terms thereof are consistent with the terms of this Agreement.


8.16 Oregon Statutory Disclaimer. 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, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. 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, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

8.17 Terms of Overbid. Upon execution of this Agreement and the filing of appropriate motions and notices with the Bankruptcy Court for approval therewith, the Buyer acknowledges that per the Bankruptcy Code that other interested buyers may submit bids for the Property. In consideration of this Agreement and the transaction contemplated herein, Seller agrees to only accept bids for the Property in such process that are substantially similar in terms and at least \$100,000 greater in purchase price. If a qualified overbid is submitted and Buyer does not increase their bid, then the Earnest Money shall be promptly released back to Buyer.

9. Agreement Subject to Terms of Court Approval. Notwithstanding any other provision of this Agreement to the contrary, this Agreement is expressly made subject in all respects to the terms of sale set forth in the Court Approval (which are incorporated herein by reference), including, without limitation, the terms of any overbid and closing procedures included in the Court Approval. In the event any provision of this Agreement is in conflict with the terms and conditions of bidding and sale set forth in the Court Approval, then the terms and conditions of the Court Approval shall be controlling.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date first set forth above.

Seller:



Peter C. McKittrick, Trustee for the Estate
of Blue Heron Paper Company, Inc.,
Bankruptcy Case No. 09-40921-rld7

Buyer:

Tri-City Service District
By: _____
Title: _____

Clackamas County Service District No. 1
By: _____
Title: _____

EXHIBIT A

Legal Description of Property

[To be added after survey by Buyer]

EXHIBIT B

List of Excluded Assets

1 Allis Chalmers forklift, model FP60-24-2PS, s/n 53987000, 7,000 lb. cap., 144" lift, pneumatic tires

1 Tug boat

(2) Coffing electric hoists, (1) 5 ton, (1) 2 ton, with beam and structure

1 Ingersoll-Rand air compressor, model 2475 N 5, s/n 30T 906199, 5 hp, mounted on vertical receiving tank, with retractable hose reel (in shed)

Drill press, (1) dual grinder, (3) "C" clamps, (1) rigging block, (1) vise

Oxy acetylene welding cart, with torch, hose, gauge, tanks, (1) battery charger, (2) ladders, (1) shop vacuum, (2) storage cabinets, with contents

1 Flammable storage cabinet, (1) H.D. storage cabinet

(6) Assorted motors, cable reels*

Assorted pond aerators, (located in ponds)*

*** = Assets that shall not be removed until August 31, 2013.**

January 26, 2012

Board of Commissioners
Clackamas County

Members of the Board:

**Approval of a Revenue Agreement with Central City Concern for
Funding of Mental Health Services at Chez Ami Apartments**

Clackamas County Behavioral Health Division (CCBHD) of Health, Housing and Human Services Department (H3S) requests the approval of a Renewal Revenue Agreement with Central City Concern (CCC) for the purpose of providing on-site mental health services for residents of the Chez Ami Apartments, a 40-unit affordable housing development for low-income people with disabilities. The apartments are located at 8358 SE Causey Avenue in Portland

In August 2000, the Board authorized H3S to purchase a site for the Chez Ami Apartments. The Board also approved a long-term ground lease with CCC to assure the use of the property for the term of the lease to serve low-income people with disabilities within Clackamas County.

CCC is awarded a grant through the federal Department of Housing and Urban Development's Supportive Housing Program (SHP) for Chez Ami operations and supportive services; however, none of the funds received through the SHP grant for operations or services can be considered income to CCC. Federal layering rules do not allow the use of SHP operating and service funds with tax credits and other federal funds in the same project. The Board last reviewed and approved this agreement on January 27, 2011.

This is one of two agreements to remedy the tax credit accounting problem. Under this agreement, CCBHD will provide on-site services for a total amount of \$196,902 revenue. No County General Funds are involved. County Counsel has reviewed and approved this contract as part of the H3S contract standardization project. This agreement commences February 1, 2012 and terminates January 31, 2013.

Recommendation

We recommend approval of this agreement and that Cindy Becker be authorized to sign on behalf of the Board of County Commissioners.

Respectfully submitted,



Cindy Becker
Director

For information on this issue or copies of attachments,
please contact Emily M. Zwetzig/H3S Office of Business Services at (503)742-5318.

**CHEZ AMI
SERVICES AGREEMENT**

This Agreement is made this 1st day of February, 2012, between **CENTRAL CITY CONCERN**, an Oregon non-profit corporation ("Central City"), and **CLACKAMAS COUNTY BEHAVIORAL HEALTH DIVISION** ("CCBHD").

- A. Central City, as general partner of Chez Ami, is general manager of a 40-unit affordable housing project that delivers mental health services to residents of Clackamas County, Oregon, and provides affordable housing to such residents in connection with the delivery of those services (the "Project").
- B. Central City has received a Supported Housing Program ("SHP") grant from the United State Department of Housing and Urban Development ("HUD"), which provides grant funds to Central City in connection with the Project.
- C. The parties desire to enter into this agreement to memorialize certain understandings regarding the funding of Project services.

NOW, THEREFORE, the parties agree as follows:

- 1. Central City HUD SHP Grant: Portions of Central City's SHP grant will be dedicated to Project services. Central City will pay to CCBHD One Hundred Ninety Six Thousand Nine Hundred Two Dollars (\$196,902.00), all from Central City's SHP Grant in order to fund the project services delivered through CCBHD. Payment will be made in monthly installments as invoiced by CCBHD on the first day of each month during the year.

Central City will be considered in breach of contract if payment is not received within 30 days of due date.

- 2. Annual Review. The agreement contained herein is subject to annual review and availability of funds. The parties, nonetheless, agree to continue the foregoing funding arrangement from year to year, subject to extension of the SHP grant.
- 3. This contract is expressly subject to the debt limitation of Oregon Counties set forth in Article XI, Section 10 of the Oregon Constitution, and is contingent upon funds being appropriated thereof. Any provisions herein which would conflict with law are deemed inoperative to that extent.

- E. This contract is effective **February 1, 2012** and terminates **January 31, 2013**.

Chez Ami - Services Agreement
Page 2

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

CENTRAL CITY CONCERN,
an Oregon non-profit corporation

By: 
~~Central City Concern~~ 1/13/12
Executive Director

Date: _____

CLACKAMAS COUNTY

By: _____
Teri Beemer, Director
Behavioral Health Division

Date: _____

By: _____
Cindy Becker, Director
Health, Housing and Human Services Department

Date: _____

BOARD OF COUNTY COMMISSIONERS BUSINESS MEETING MINUTES

A complete video copy and packet including staff reports, of this meeting can be viewed at <http://www.clackamas.us/bcc/business/>

Thursday, January 5, 2012 – 10:00 AM

Public Services Building - 2051 Kaen Road, Oregon City, OR 97045

PRESENT: Commissioner Charlotte Lehan
Commissioner Jim Bernard
Commissioner Ann Lininger
Commissioner Paul Savas
Commissioner Jamie Damon

~Pledge of Allegiance~

I. PRESENTATION

- *1. **REMOVED** - Congressional Update from Congressman Kurt Schrader (*this presentation has been rescheduled for 1-26-2012*)

II. PUBLIC HEARINGS

1. Second Reading of Ordinance No. 01-2012 Amending Chapter 2.08, Ballot Measure 37 Claim Processing Procedure Authorization from the Clackamas County Code
David Anderson, County Counsel presented the staff report and stated the first reading of this ordinance was on December 22, 2011.

Chair Lehan opened the public hearing and asked if anyone wished to speak, seeing none she closed the public hearing and asked for a motion to read the ordinance by title only.

MOTION:

Commissioner Bernard: I move we read ordinance 01-2012 amending chapter 2.08, Ballot Measure 37 Claim Processing Procedure Authorization from the Clackamas County Code by title only.

Commissioner Damon: Second.

Chair Lehan – all those in favor:

Commissioner Damon: Aye.

Commissioner Savas: Aye.

Commissioner Lininger: Aye.

Commissioner Bernard: Aye.

Chair Lehan: Aye.

Chair Lehan – all those opposed: - The Ayes have it and the motion is approved.

Chair Lehan asked Clerk to read the Ordinance by title only.

Chair Lehan then asked for a motion.

MOTION:

Commissioner Bernard: I move we adopt ordinance 01-2012 amending chapter 2.08, Ballot Measure 37 Claim Processing Procedure Authorization from the Clackamas County Code.

Commissioner Lininger: Second.

Chair Lehan – all those in favor:

Commissioner Damon: Aye.

Commissioner Savas: Aye.

Commissioner Lininger: Aye.

Commissioner Bernard: Aye.

Chair Lehan: Aye.

Chair Lehan – all those opposed: - The Ayes have it and the motion is approved.

2. Second Reading of Ordinance No. 02-2012 Adding Chapter 2.14, County Surveyor, to the Clackamas County Code

David Anderson, County Counsel presented the staff report and stated the first reading of this ordinance was on December 22, 2011.

Chair Lehan opened the public hearing and asked if anyone wished to speak, seeing none she closed the public hearing and asked for a motion to read the ordinance by title only.

MOTION:

Commissioner Savas: I move we read ordinance 02-2012 adding chapter 2.14, County Surveyor, to the Clackamas County Code by title only.

Commissioner Bernard: Second.

Chair Lehan – all those in favor:

Commissioner Damon: Aye.

Commissioner Savas: Aye.

Commissioner Lininger: Aye.

Commissioner Bernard: Aye.

Chair Lehan: Aye.

Chair Lehan – all those opposed: - The Ayes have it and the motion is approved.

Chair Lehan asked Clerk to read the Ordinance by title only.

Chair Lehan then asked for a motion.

MOTION:

Commissioner Lininger: I move we adopt ordinance 02-2012 adding chapter 2.14, County Surveyor, to the Clackamas County Code.

Commissioner Damon: Second.

Chair Lehan – all those in favor:

Commissioner Damon: Aye.

Commissioner Savas: Aye.

Commissioner Lininger: Aye.

Commissioner Bernard: Aye.

Chair Lehan: Aye.

Chair Lehan – all those opposed: - The Ayes have it and the motion is approved.

3. Second Reading of Ordinance No. 03-2012 Repealing Chapter 8.08, Adult Care Homes, from the Clackamas County Code

David Anderson, County Counsel presented the staff report and stated the first reading of this ordinance was on December 22, 2011.

Chair Lehan opened the public hearing and asked if anyone wished to speak, seeing none she closed the public hearing and asked for a motion to read the ordinance by title only.

MOTION:

Commissioner Damon: I move we read ordinance 03-2012 repealing chapter 8.08, Adult Care Homes, from the Clackamas County Code by title only.

Commissioner Savas: Second.

Chair Lehan – all those in favor:

Commissioner Damon: Aye.

Commissioner Savas: Aye.

Commissioner Lininger: Aye.

Commissioner Bernard: Aye.

Chair Lehan: Aye.

Chair Lehan – all those opposed: - The Ayes have it and the motion is approved.

Chair Lehan asked Clerk to read the Ordinance by title only.

Chair Lehan then asked for a motion.

MOTION:

Commissioner Savas: I move we adopt ordinance 03-2012 repealing chapter 8.08, Adult Care Homes, from the Clackamas County Code.

Commissioner Lininger: Second.

Chair Lehan – all those in favor:

Commissioner Damon: Aye.

Commissioner Savas: Aye.

Commissioner Lininger: Aye.

Commissioner Bernard: Aye.

Chair Lehan: Aye.

Chair Lehan – all those opposed: - The Ayes have it and the motion is approved.

III. DISCUSSION ITEMS

-NO DISCUSSION ITEMS SCHEDULED

IV. CITIZEN COMMUNICATION

<http://www.clackamas.us/bcc/business/>

1. Jayson Scott, 2655 SE Torbank Road, Milwaukie/Oak Grove, representing Milwaukie Area Business Alliance – submitted letter regarding a Minority Report on the McLoughlin Area Plan which will be submitted to the County Planning Commission on 1-9-12.
2. Kevin Johnson, Gladstone – submitted letter regarding concerns and questions regarding the Gladstone library.
3. Brian Johnson, Gladstone – continued reading Kevin's letter regarding the Gladstone library.

Steve Wheeler stated we would look into this issue, and will respond to the questions.

4. Jim Sanders, Milwaukie – Milwaukie light rail should be brought to voters.
5. Yavonne Lazarus, Milwaukie – spoke against Milwaukie light rail – question about Mil. Elks and Blue Heron property.
6. Jim Knapp, Milwaukie – right to vote on Milwaukie light rail.
7. Les Poole, Milwaukie – spoke about Mil. light rail, Gladstone library and the 25 million Trimet contract.
8. Karen Lee, Oregon City submitted a letter in opposition to Milwaukie light rail. (did not speak)

V. CONSENT AGENDA

Chair Lehan asked the Clerk to read the Consent Agenda by title.

MOTION:

Commissioner Savas: I move we approve the Consent Agenda.

Commissioner Bernard: Second.

~Board Discussion on item A.2~

Chair Lehan – all those in favor:

Commissioner Damon: Aye.

Commissioner Savas: Aye.

Commissioner Lininger: Aye.

Commissioner Bernard: Aye.

Chair Lehan: Aye.

Chair Lehan – all those opposed: - The Ayes have it and the motion is approved.

A. Health, Housing & Human Services

1. Approval of a Substance Abuse Treatment Services Agreement with Volunteers of America for Outpatient Substance Abuse Services - Behavioral Health
2. Approval of an Amendment to the Intergovernmental Agreement Among Community Development, Service District No. 1 and the Development Agency for a Sewer Hoop-up Program – Community Development

B. Department of Transportation & Development

1. Approval of a Contract with OBEC Engineers for Consulting Engineering Services for the Replacement of Salmon River (Elk Park Road) Bridge - Purchasing

C. Elected Officials

1. Approval of Previous Business Meeting Minutes – BCC

VI. WATER ENVIRONMENT SERVICES

1. Execution of a Purchase and Sale Agreement between Mr. Silvio Carli and Clackamas County Service District No. 1

VII. COMMISSIONERS COMMUNICATION

<http://www.clackamas.us/bcc/business/>

MEETING ADJOURNED – 11:00 AM

NOTE: Regularly scheduled Business Meetings are televised and broadcast on the Clackamas County Government Channel. These programs are also accessible through the County's Internet site. DVD copies of regularly scheduled BCC Thursday Business Meetings are available for checkout at the Clackamas County Library in Oak Grove by the following Saturday. You may also order copies from any library in Clackamas County or the Clackamas County Government Channel.

<http://www.clackamas.us/bcc/business/>