Health, Housing & Human Services
CLACKAMAS COUNTY

Rodney A. Cook
Director

July 23, 2024

BCC Agenda Date/Item: _____

Clackamas County
Board of County Commissioners

Approval of a Local Subrecipient Grant Agreement with Central City Concern for Chez Ami Mental Health Housing Operations. Total Agreement value of $427,040.71 for 36 months. Funding through Oregon Health Authority. No County General Funds are involved.

Previous Board Action/Review	Briefed at issues 7.25.24		
Performance Clackamas	Ensuring safe, healthy and secure communities through the provision of mental health and substance use services.		
Counsel Review	Yes	**Procurement Review**	No
Contact Person	Mary Rumbaugh	**Contact Phone**	503-742-5305

EXECUTIVE SUMMARY: The Behavioral Health Division of the Health, Housing and Human Services Department requests the approval of a Local Subrecipient Grant Agreement with Central City Concern for Chez Ami Mental Health Housing Operations. Chez Ami Mental Health Housing is a forty (40) unit housing community located at 8358 SE Causey Avenue in Happy Valley. The community provides low-income housing and supportive services for Clackamas County residents.

In 2000, the County purchased the land for the community and executed a sixty (60) year ground lease with Central City Concern, the general manager of Chez Ami. The community was constructed utilizing various local, state and federal sources of funding. Initially operating costs were provided by the Department of Housing and Urban Development. It was later determined that these funds could not be utilized to fund ongoing operating costs, leaving the housing community with minimal operating funds. For nearly two decades, the Behavioral Health Division has awarded operating funds to Central City Concern to operate the two-story, alcohol and drug free community in accordance with the terms and conditions of the ground lease.

The Agreement's maximum value is $427,040.71 for 36 months, expiring June 30, 2026. This agreement document was delayed due to changing the type of agreement and resolving differences between Grants and County Counsel. The funds ensure that rents remain affordable for residents and are to be utilized for building maintenance and repairs, personnel costs, materials and services, including client food, appliances and building security, as well as utilities, including gas, electricity and water/sewer.

RECOMMENDATION: Staff respectfully requests that the board approve this agreement.

Respectfully submitted,

Rodney A. Cook

Rodney A. Cook, Director
Health, Housing and Human Services

For Filing Use Only

CLACKAMAS COUNTY, OREGON
LOCAL SUBRECIPIENT GRANT AGREEMENT

Program Name: Chez Ami Operations H3S Agreement #11706
Program Number: N/A

This Agreement is between **Clackamas County**, Oregon, acting by and through its Department of Health, Housing and Human Services, Behavioral Health Division ("COUNTY"), and Central City Concern ("SUBRECIPIENT"), an Oregon Nonprofit Corporation.

Clackamas County Data

Grant Accountant: Lorrie Biggs	Program Manager: Mary Rumbaugh
Clackamas County – Finance 2051 Kaen Road Oregon City, OR 97045 503-742-5421 lbiggs@clackamas.us	Clackamas County – Behavioral Health Division 2051 Kaen Road, Suite 154 Oregon City, OR 97045 503-742-5335 MaryRum@clackamas.us

Subrecipient Data

Finance/Fiscal Representative: Michelle Roberts	Program Representative: Justin Bombara
Central City Concern 523 NW Everett Portland, OR 97209 Michelle.Roberts@ccconcern.org	Central City Concern 523 NW Everett Portland, OR 97209 503-525-8483 Justin.Bombara@ccconcern.org

RECITALS

1. Central City Concern is the general manager of Chez Ami Mental Health Housing, a forty (40) unit housing community located at 8358 SE Causey Avenue, Happy Valley, Oregon. The community provides low-income housing and supportive services for Clackamas County residents.
2. In 2000, Clackamas County purchased land for the housing community. On August 30, 2000, the COUNTY and Central City Concern executed a sixty (60) year Ground Lease. The property was constructed with funds from various local, state and federal sources. Initially operating funds were provided by the Department of Housing and Urban Development. It was later determined that these fund could not be used to cover operating costs which left the housing community with minimal operating funds. For nearly two decades, Clackamas County Behavioral Health has awarded operating funds to Central City Concern towards the operation of Chez Ami Mental Health Housing.
3. COUNTY requires that Central City Concern continues operating the multi-unit property as an alcohol and drug free community in accordance with the terms and conditions of the Lease. Section 9.4 of the Lease identifies the performance and reporting requirements.

NOW THEREFORE, according to the terms of this Local Grant Agreement the COUNTY and SUBSUBRECIPIENT agree as follows:

AGREEMENT

1. **Term and Effective Date.** This Agreement shall become effective on the date it is fully executed and will terminate on June 30, 2026, unless sooner terminated or extended pursuant to the terms hereof. Eligible expenses for this Agreement may be charged during the period beginning **July 1, 2023** and expiring **June 30, 2026**, subject to additional restrictions set forth below and to the exhibits attached hereto, and unless this Agreement is sooner terminated or extended pursuant to the terms hereof. No grant funds are available for expenditures after the expiration date of this Agreement.

2. **Program.** The Program is described in Exhibit A: Subrecipient Statement of Program Objectives & Performance Reporting, attached hereto and incorporated by this reference herein. SUBRECIPIENT agrees to carry out the Program in accordance with the terms and conditions of this Agreement and according to SUBRECIPIENT scope of work in Exhibit A.

3. **Standards of Performance.** SUBRECIPIENT shall perform all activities and programs in accordance with the requirements set forth in this Agreement and all applicable laws and regulations. Furthermore, SUBRECIPIENT shall perform all activities and programs in with the requirements of the **Community Mental Health Program ("CMHP") Intergovernmental Agreement** that is the source of the grant funding. SUBRECIPIENT shall further comply with any requirements required by Oregon Health Authority ("OHA"), together with any and all terms, conditions, and other obligations as may be required by the applicable local or State agencies providing funding for performance under this Agreement, whether or not specifically referenced herein. SUBRECIPIENT agrees to take all necessary steps, and execute and deliver any and all necessary written instruments, to perform under this Agreement including, but not limited to, executing all additional documentation necessary to comply with applicable State other funding requirements.

4. **Grant Funds**. This is a non-federal subrecipient agreement. COUNTY's funding for this Agreement is the **Community Mental Health Program Intergovernmental Agreement** issued to COUNTY by OHA**.** The maximum, not to exceed, grant amount that the COUNTY will pay is **$427,041.71.** This is a fixed price grant, the award is conditional and disbursements will be made in accordance with the schedule and requirements contained in Required Financial Reporting and Payment Request. Failure to comply with the terms of this Agreement may result in withholding of payment. Funds advanced and unspent must be returned to COUNTY within 30 days of the end of termination period in Section 1 if award conditions are not met.

5. **Amendments.** The terms of this Agreement shall not be waived, altered, modified, supplemented, or amended, in any manner whatsoever, except by written instrument signed by both parties. **SUBRECIPIENT must submit a written request including a justification for any amendment to COUNTY in writing at least forty-five (45) calendar days before this Agreement expires.** No payment will be made for any services performed before the beginning date or after the expiration date of this Agreement except for the final payment. If the maximum compensation amount is increased by amendment, the amendment must be fully executed before SUBRECIPIENT performs work subject to the amendment.

6. **Termination.** This Agreement may be suspended or terminated prior to the expiration of its term as follows:

    a. At COUNTY's discretion, upon thirty (30) days' advance written notice to SUBRECIPIENT;
    b. Immediately upon written notice to SUBRECIPIENT if SUBRECIPIENT fails to comply with any term of this Agreement;

c. At any time upon mutual agreement by COUNTY and SUBRECIPIENT.
d. Immediately upon written notice provided to SUBRECIPIENT that COUNTY has determined funds are no longer available for this purpose.
e. Immediately upon written notice provided to SUBRECIPIENT that COUNTY lacks sufficient funds, as determined by COUNTY in its sole discretion, to continue to perform under this Agreement.
f. Immediately upon written notice to SUBRECIPIENT if SUBRECIPIENT is in default under this Agreement.

Upon completion of improvements or upon termination of this Agreement, any unexpended balances shall remain with COUNTY.

7. Effect of Termination. The expiration or termination of this Agreement, for any reason, shall not release SUBRECIPIENT from any obligation or liability to COUNTY, or any requirement or obligation that:

a. Has already accrued hereunder;
b. Comes into effect due to the expiration or termination of the Agreement; or
c. Otherwise survives the expiration or termination of this Agreement.

Following the termination of this Agreement, SUBRECIPIENT shall promptly identify all unexpended funds and return all unexpended funds to COUNTY. Unexpended funds are those funds received by SUBRECIPIENT under this Agreement that (i) have not been spent or expended in accordance with the terms of this Agreement; and (ii) are not required to pay allowable costs or expenses that will become due and payable as a result of the termination of this Agreement.

8. Funds Available and Authorized. COUNTY certifies that it has received an award sufficient to fund this Agreement. SUBRECIPIENT understands and agrees that payment of amounts under this Agreement is contingent on COUNTY receiving appropriations or other expenditure authority sufficient to allow COUNTY, in the exercise of its sole administrative discretion, to continue to make payments under this Agreement.

9. Future Support. COUNTY makes no commitment of future support and assumes no obligation for future support for the activity contracted herein except as set forth in Section 8.

10. State Procurement Standards

a) COUNTY's performance under the Agreement is conditioned upon SUBRECIPIENT's compliance with, and SUBRECIPIENT shall comply with, the obligations applicable to public contracts under the Local Contract Review Board ("LCRB") regulations (Appendix C of Clackamas County Code, located at http://www.clackamas.us/code/), which are incorporated by reference herein.

b) Procurements for goods and services under this award shall use processes as outlined below:

$0-$5,000	Direct procurement	One vendor contact
$5,000-$50,000	Intermediate procurement	Obtain & document three quotes, award on best value
$50,000-$150,000	Intermediate Plus procurement	Issue request for quotes or other appropriate form of solicitation, award on best value
+$150,000	Formal	Formal solicitation process following written procurement policies

c) All procurement transactions, whether negotiated or competitively bid and without regard to dollar value, shall be conducted in a manner so as to provide maximum open and free competition. All sole-source procurements in excess of $5,000 must receive prior written approval from COUNTY in addition to any other approvals required by law applicable to SUBRECIPIENT. Justification for sole-source procurement in excess of $5,000 should include a description of the project and what is being contracted for, an explanation of why it is necessary to contract noncompetitively, time constraints and any other pertinent information. Intergovernmental agreements are excluded from this provision.

d) SUBRECIPIENT must maintain written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award and administration of contracts. If SUBRECIPIENT has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, SUBRECIPIENT must also maintain written standards of conduct covering organizational conflicts of interest. SUBRECIPIENT shall be alert to organizational conflicts of interest or non-competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. Contractors that develop or draft specifications, requirements, statements of work, and/or Requests for Proposals ("RFP") for a proposed procurement must be excluded by SUBRECIPIENT from bidding or submitting a proposal to compete for the award of such procurement. Any request for exemption must be submitted in writing to COUNTY.

e) SUBRECIPIENT agrees that, to the extent they use contractors or subcontractors, SUBRECIPIENT shall use small, minority-owned, and/or women-owned businesses when possible.

11. No Duplicate Payment. SUBRECIPIENT may use other funds in addition to the grant funds to complete the Program; provided, however, SUBRECIPIENT may not credit or pay any grant funds for Program costs that are paid for with other funds and would result in duplicate funding.

12. Non-supplanting. SUBRECIPIENT must ensure funds provided in this Agreement are used to supplement and not supplant moneys budgeted or received from any other source for the same activities.

13. General Agreement Provisions.

a) Non-appropriation Clause. If payment for activities and programs under this Agreement extends into COUNTY's next fiscal year, COUNTY's obligation to pay for such work is subject to approval of future appropriations to fund the Agreement by the Board of County Commissioners.

b) Indemnification. SUBRECIPIENT agrees to indemnify and hold COUNTY, and its elected officials, officers, employees, and agents, harmless with respect to any claim, cause, damage, action, penalty or other cost (including attorney's and expert fees) arising from or related to (1) SUBRECIPIENT's negligent or willful acts or those of its employees, agents, or those under SUBRECIPIENT's control; or (2) SUBRECIPIENT's acts or omissions in performing under this Agreement including, but not limited to, any claim by State or Federal funding sources that SUBRECIPIENT used funds for an ineligible purpose. SUBRECIPIENT is responsible for the actions of its own agents and employees, and COUNTY assumes no liability or responsibility with respect to SUBRECIPIENT's actions, employees, agents or otherwise with respect to those under its control.

c) Assignment. This Agreement may not be assigned in whole or in part without the prior express written approval of COUNTY.

d) Independent Status. SUBRECIPIENT is independent of COUNTY and will be responsible for any federal, state, or local taxes and fees applicable to payments hereunder. SUBRECIPIENT is

not an agent of COUNTY and undertakes this work independent from the control and direction of COUNTY excepting as set forth herein. SUBRECIPIENT shall not seek or have the power to bind COUNTY in any transaction or activity.

e) Notices. Any notice provided for under this Agreement shall be effective if in writing and (1) delivered personally to the addressee or deposited in the United States mail, postage paid, certified mail, return receipt requested, (2) sent by overnight or commercial air courier (such as Federal Express), (3) sent by electronic mail with confirming record of delivery confirmation through electronic mail return-receipt, or by confirmation that the electronic mail was accessed, downloaded, or printed. Notice will be deemed to have been adequately given three days following the date of mailing, or immediately if personally served. For service by facsimile or by electronic mail, service will be deemed effective at the beginning of the next working day.

f) Governing Law. This Agreement is made in the State of Oregon and shall be governed by and construed in accordance with the laws of that state without giving effect to the conflict of law provisions thereof. Any litigation between COUNTY and SUBRECIPIENT arising under this Agreement or out of work performed under this Agreement shall occur, if in the state courts, in the Clackamas County court having jurisdiction thereof, and if in the federal courts, in the United States District Court for the State of Oregon.

g) Abuse Reporting. SUBRECIPIENT shall comply with all processes and procedures of child abuse (ORS 419B.005 – 419B.050), mentally ill and developmentally disabled abuse (ORS 430.731 – 430.768 and OAR 407-045-0250 through 407-045-0370) and elder abuse reporting laws (ORS 124.050 – 124.092) as if SUBRECIPIENT were a mandatory abuse reporter. If SUBRECIPIENT is not a mandatory reporter by statute, these reporting requirements shall apply during work hours only. SUBRECIPIENT shall immediately report to the proper State or law enforcement agency circumstances (and provide such other documentation as may be relevant) supporting reasonable cause to believe that any person has abused a child, a mentally ill or developmentally disabled adult or an elderly person, or that any such person has been abused.

h) Severability. If any provision of this Agreement is found to be illegal or unenforceable, this Agreement nevertheless shall remain in full force and effect and the provision shall be stricken.

i) Counterparts. This Agreement may be executed in any number of counterparts, all of which together will constitute one and the same Agreement. Facsimile copy or electronic signatures shall be valid as original signatures.

j) Third Party Beneficiaries. Except as expressly provided in this Agreement, there are no third party beneficiaries to this Agreement. The terms and conditions of this Agreement may only be enforced by the parties.

k) Binding Effect. This Agreement shall be binding on all parties hereto, their heirs, administrators, executors, successors and assigns.

l) Integration. This Agreement contains the entire Agreement between COUNTY and SUBRECIPIENT and supersedes all prior written or oral discussions or Agreements.

m) No Attorney Fees. In the event any arbitration, action or proceeding, including any bankruptcy proceeding, is instituted to enforce any term of this Agreement, each party shall be responsible for its own attorneys' fees and expenses.

n) Debt Limitation. This Agreement is expressly subject to the limitations of the Oregon Constitution and Oregon Tort Claims Act and is contingent upon appropriation of funds. Any provisions herein that conflict with the above referenced laws are deemed inoperative to that extent.

14. Agreement Documents.

This Agreement consists of the following documents, which are attached and incorporated by reference herein:

- Exhibit A: SUBRECIPIENT Scope of Work and Performance & Reporting Requirements
- Exhibit B: SUBRECIPIENT Budget and Compensation
- Exhibit C: Insurance
- Exhibit D: CMHP Required Provider Agreement Provisions
- Exhibit E: CMHP Required Federal Terms and Conditions
- Exhibit F: Ground Lease

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In the event of a conflict between the terms of any exhibits to this Agreement, interpretations shall be based on the following order of precedence:

- This Agreement
- Exhibit D
- Exhibit F
- Exhibit E
- Exhibit A
- Exhibit C
- Exhibit B

(Signature Page Follows)

SIGNATURE PAGE TO SUBRECIPIENT GRANT AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

CLACKAMAS COUNTY

By: _____

Its: _____

Dated: _____

Approved to Form

By: Sarah Foreman
County Counsel

Dated: 07/08/2024

CENTRAL CITY CONCERN

By: DocuSigned by: Andrew B. Mendenhall

Its: President & CEO

Dated: 6/20/2024

EXHIBIT A
SUBRECIPIENT SCOPE OF WORK AND PERFORMANCE REPORTING

PROGRAM NAME: Chez Ami Operations	**H3S Agreement #11706**
SUBRECIPIENT: Central City Concern	

Chez Ami Mental Health Housing is a forty (40) unit housing community located at 8358 SE Causey Avenue in Happy Valley, Oregon. The community provides low-income housing and supportive services for Clackamas County residents.

Central City Concern is the general manager of the facility. Clackamas County and Central City Concern maintain a sixty year Ground Lease executed on August 30, 2000. The Lease, included as Exhibit F of this Agreement, details the requirements of Central City Concern as the property/general manager.

Statement of Work

SUBRECIPIENT will operate a two-story, alcohol and drug free community in accordance with the terms and conditions of the Lease. All rents are rent subsidized with tenant paying rent based on their income.

Per the Section 9.2.5 of the Lease, SUBRECIPIENT shall operate the community "in accordance with all laws, licenses, permits, regulations applicable to, and in a manner at least equal in cleanliness, safety, and supportive services, to those standards being used for special needs or supportive housing, or similar housing facilities serving the housing needs of the persistently and the chronically mentally ill."

Compensation provided through this Agreement, which helps ensure that rents remain affordable, and in accordance with the Lease, shall be utilized for the following: building maintenance and repairs including plumbing, electrical and elevator repairs; personnel costs and other related costs for the on-site community building assistant and manager; materials and services including client food, appliances, and building security and utilities including gas, electricity and water/sewer.

Performance and Reporting Requirements

SUBRECIPIENT performance and reporting requirements are included in Section 9.4 of the Lease. Requirements include annual meetings with COUNTY to occur in the first quarter of each calendar year and submission of reports, audits and budget to include:

- **a.** The annual audit of the project and any audit of the SUBRECIPIENT prepared by an independent financial firm for the tax credit partners in the building;
- **b.** Any audits or reports of noncompliance under Section 42 of the Internal Revenue Code;
- **c.** Annual performance report for the Department of Housing and Urban Development's Supportive Housing Program;
- **d.** Annual operating budget and capital improvement budget; and
- **e.** Monthly occupancy reports.

EXHIBIT B
SUBRECIPIENT BUDGET AND COMPENSATION

PROGRAM NAME: Chez Ami Operations	**H3S Agreement #11706**
SUBRECIPIENT: Central City Concern	

a. Payment for all Work performed under this Agreement shall be subject to the provisions of ORS 293.462 and shall not exceed the total maximum sum of **$427,040.71**.

Budget Category	FY24 Budget	FY25 Budget	FY26 Budget
Personnel	$ 18,523.20	$ 26,626.25	$ 26,626.25
Other Payroll Expenses	$ 7,197.00	$ 8,436.40	$ 8,436.40
Materials and Supplies	$ 27,673.62	$ 28,780.56	$ 28,780.56
Utilities	$ 21,399.30	$ 25,433.10	$ 25,433.10
Facility and Operating Expenses	$ 28,862.00	$ 38,325.00	$ 38,325.00
Administrative Costs	$ 19,694.47	$ 24,244.25	$ 24,244.25
Annual Totals	**$ 123,349.59**	**$ 151,845.56**	**$ 151,845.56**
Agreement Total	**$427,040.71**		

b. SUBRECIPIENT shall submit one invoice each fiscal year for the corresponding value identified above. SUBRECIPIENT shall reference Agreement **#11706** on invoice and all correspondence regarding this Agreement.

Invoices and any supporting documentation shall be sent by email or mail to:

BHAP@clackamas.us

Clackamas County Behavioral Health Division
Accounts Payable
2051 Kaen Road, Suite #154
Oregon City, Oregon 97045

When submitting electronically, designate SUBRECIPIENT name and Agreement #**10716** in the subject of the email.

c. Payment shall be made to SUBRECIPIENT, within thirty (30) days, following the COUNTY's review and approval of the invoice submitted by SUBRECIPIENT. SUBRECIPIENT shall not submit invoices for, and the COUNTY will not pay, any amount in excess of the maximum compensation amount set forth above. If this maximum compensation amount is increased by amendment of this Agreement, the amendment must be fully effective before SUBRECIPIENT performs Work subject to the amendment.

EXHIBIT C
INSURANCE

During the term of this Agreement, SUBRECIPIENT shall maintain in full force at its own expense, each insurance noted below:

1. **Workers Compensation.** SUBRECIPIENT, its subcontractors, if any, and all employers providing work, labor, or materials under this Agreement are subject employers under the Oregon Workers' Compensation Law, and shall either comply with ORS 656.017, which requires said employers to provide workers' compensation coverage that satisfies Oregon law for all their subject workers, or shall comply with the exemption set out in ORS 656.126. SUBRECIPIENTS shall maintain employer's liability insurance with limits of $500,000 each accident, $500,000 disease each employee, and $500,000 each policy limit.

2. **Professional Liability.** ☒ **Required by COUNTY** ☐ **Not required by COUNTY**

   Professional Liability insurance with a combined single limit, or the equivalent, of not less than $1,000,000 for each claim, incident, or occurrence, with an annual aggregate limit of $2,000,000. This is to cover damages because of personal injury, bodily injury, death, or damage to property caused by error, omission or negligent acts related to the professional services to be provided under this Agreement. The policy must provide extending reporting period coverage for claims made within two years after the Agreement is completed.

   ☐ If this box is checked Professional Liability limits shall be $2,000,000 per occurrence and $4,000,000 in annual aggregate.

3. **General Liability.** ☒ **Required by COUNTY** ☐ **Not required by COUNTY**

   General Liability insurance with a combined single limit, or the equivalent, of not less than $1,000,000 for each claim, incident, or occurrence, with an annual aggregate limit of $2,000,000 for Bodily Injury and Property Damage for the protection of the **COUNTY and its officers, elected officials, agents, and employees**. It shall include contractual liability coverage for the indemnity provided under this Agreement.

   ☐ If this box is checked General Liability limits shall be $2,000,000 per occurrence and $4,000,000 in annual aggregate for bodily injury/death, and $200,000 per occurrence and $600,000 annual aggregate for property damage.

4. **Automobile Liability.** ☒ **Required by COUNTY** ☐ **Not required by COUNTY**

   ☒ **Commercial Automobile Liability** insurance with a combined single limit, or the equivalent, of not less than $1,000,000 for each accident for Bodily Injury, Death, and Property Damage, including coverage for owned, hired, or non-owned vehicles, as applicable.

   ☐ **Commercial Automobile Liability** insurance limits shall be $2,000,000 per occurrence and $4,000,000 in annual aggregate for bodily injury/death, and $200,000 per occurrence and $600,000 annual aggregate for property damage.

   ☐ **Personal Automobile Liability** insurance limits shall be not less than $250,000/occurrence, $500,000/aggregate, and $100,000/property damage.

5. **Physical Abuse and Molestation Liability.** ☒ **Required by COUNTY** ☐ **Not required by COUNTY**

Physical Abuse and Molestation Liability insurance with a combined single limit of not less than $1,000,000 each claim, incident, or occurrence, with an annual aggregate limit of $2,000,000. Coverage shall be provided through either general liability or professional liability coverage. Proof of Sex Abuse/Molestation insurance coverage must be provided.

6. **Privacy and Network Security.** ☒ **Required by COUNTY** ☐ **Not required by COUNTY**

Privacy and Network Security coverages shall be obtained and maintained to provide protection against liability for (a) system attack; (b) denial or loss of service attacks; (c) spread of malicious software code; (d) unauthorized access and use of computer systems; and (e) liability from the loss or disclosure of confidential data with limit of $1,000,000 per claim/annual aggregate.

☐ If this box is checked Privacy and Network Security limit shall be at least $4,000,000.

7. Additional Insured Provision. The insurance, other than Professional Liability (except to the extent it only applies to Commercial General Liability exposures), Workers' Compensation, Personal Automobile Liability and Pollution Liability Insurance, shall include **Clackamas County and its officers, elected officials, agents, and employees** as an additional insured.

8. Primary Coverage Clause. SUBRECIPIENT's insurance shall apply as primary and will not seek contribution from any insurance or self-insurance maintained by, or provided to, the additional insureds listed above. This must be noted on the insurance certificate.

9. Cross-Liability Clause. A cross-liability clause or separation of insureds condition will be included in all general liability, professional liability, pollution and errors and omissions policies required by this Agreement.

10. **"Tail" Coverage**. If any of the required insurance policies is on a "claims made" basis, such as professional liability insurance, the SUBRECIPIENT shall maintain either "tail" coverage or continuous "claims made" liability coverage, provided the effective date of the continuous "claims made" coverage is on or before the effective date of the Agreement, for a minimum of twenty-four (24) months following the later of: (i) the SUBRECIPIENT's completion and COUNTY's acceptance of all Services required under the Provider Agreement; or (ii) the expiration of all warranty periods provided under the Agreement. Notwithstanding the foregoing 24-month requirement, if the SUBRECIPIENT elects to maintain "tail" coverage and if the maximum time period "tail" coverage reasonably available in the marketplace is less than the 24-month period described above, then the SUBRECIPIENT may request and COUNTY may grant approval of the maximum "tail" coverage period reasonably available in the marketplace. If COUNTY approval is granted, the SUBRECIPIENT shall maintain "tail" coverage for the maximum time period that "tail" coverage is reasonably available in the marketplace.

11. **Self-insurance**. SUBRECIPIENT may fulfill one or more of its insurance obligation herein through a program of self-insurance, provided that SUBRECIPIENT's self-insurance program complies with all applicable laws, provides coverage equivalent in both type and level to that required in this Exhibit, and is reasonably acceptable to COUNTY. SUBRECIPIENT shall furnish an acceptable insurance certificate to COUNTY for any insurance coverage required by this Agreement that is fulfilled through self-insurance. Stop-loss insurance and reinsurance coverage against catastrophic and unexpected expenses may not be self-insured.

12. Certificates of Insurance. SUBRECIPIENT shall furnish evidence of the insurance required in this Agreement. SUBRECIPIENT will maintain the insurance in full force throughout the duration of this Agreement. No Agreement shall be in effect until the required certificates have been received, approved, and accepted by COUNTY. A renewal certificate will be sent to COUNTY ten (10) days prior to coverage expiration. The insurance for general liability and commercial automobile liability must include an endorsement naming **Clackamas County and its officers, elected officials, agents, and employees** as additional insureds with respect to the Work under this Agreement. If

requested, complete copies of insurance policies, trust agreements, etc. shall be provided to the COUNTY. The SUBRECIPIENT shall be financially responsible for all pertinent deductibles, self-insured retentions and/or self-insurance.

Certificate Holder should be:

Clackamas County, 2051 Kaen Road, Suite 154, Oregon City, Oregon 97045

Certificates of Insurance should be submitted electronically or by mail to:

BHContracts@clackamas.us

Clackamas County
Contracts Administration
2051 Kaen Road, Suite 154
Oregon City, OR 97045

13. **Insurance Carrier Rating.** Coverages provided by the SUBRECIPIENT must be underwritten by an insurance company deemed acceptable by the COUNTY. Insurance coverage shall be provided by companies admitted to do business in Oregon or, in the alternative, rated A- or better by Best's Insurance Rating. The COUNTY reserves the right to reject all or any insurance carrier(s) with an unacceptable financial rating.

14. **Waiver of Subrogation.** SUBRECIPIENT agrees to waive their rights of subrogation arising from the Work performed under this Agreement.

15. **Notice of cancellation or change**. There shall be no cancellation, material change, exhaustion of aggregate limits, reduction of limits, or intent not to renew the insurance coverage(s) without thirty (30) days written notice from the SUBRECIPIENT or its insurer(s) to the COUNTY at the following address: Clackamas County Behavioral Health Division, 2051 Kaen Road, Suite 154, Oregon City, OR 97045 or BHContracts@clackamas.us.

16. **Insurance Compliance.** The COUNTY will be entitled to enforce SUBRECIPIENT compliance with the insurance requirements, and will take all reasonable steps to enforce such compliance. Examples of "reasonable steps" include issuing stop work orders (or the equivalent) until the insurance is in full force, terminating the Agreement as permitted by the Agreement, or pursuing legal action to enforce the insurance requirements. In no event shall COUNTY permit a SUBRECIPIENT to work under this Agreement when the COUNTY is aware that the SUBRECIPIENT is not in compliance with the insurance requirements.

EXHIBIT D
CMHP REQUIRED PROVIDER SUBRECIPIENT AGREEMENT PROVISIONS

1. **Expenditure of Funds.** SUBRECIPIENT may expend the funds paid to SUBRECIPIENT under this Agreement solely on the delivery of contracted services subject to the following limitations (in addition to any other restriction of limitations imposed by this Agreement):

   a. SUBRECIPIENT may not expend on the delivery of Service any funds paid to SUBRECIPIENT under this Agreement in excess of the amount reasonable and necessary to provide quality delivery of these Services.

   b. If this Agreement requires SUBRECIPIENT to deliver more than one service, SUBRECIPIENT may not expend funds paid to SUBRECIPIENT under this Agreement for a particular service on the delivery of any other service.

   c. If this Agreement requires SUBRECIPIENT to deliver Addiction Treatment, Recovery & Prevention, and Problem Gambling Services, SUBRECIPIENT may not use the funds paid to SUBRECIPIENT under this Agreement for such services to:

      i. Provide inpatient hospital services;

      ii. Make cash payment to intended recipients of health services;

      iii. Purchase or improve land, to purchase, construct or permanently improve (other than minor remodeling) any building or other facility or to purchase major medical equipment;

      iv. Satisfy any requirement for expenditure of non-federal funds as a condition for receipt of federal funds (whether the federal funds are received under this Agreement or otherwise);

      v. Carry out any program prohibited by section 245(b) of the Health Omnibus Programs Extension Act of 1988 (codified at 42 U.S.C. 300ee-5), which generally prohibits funds provided under this Agreement from being used to provide Individuals with hypodermic needles or syringes so that such Individuals may use illegal drugs, unless the Surgeon General of the Public Health Service determines that a demonstration needle exchange program would be effective in reducing drug abuse.

   d. SUBRECIPIENT may expend funds paid to SUBRECIPIENT under this Agreement only in accordance with OMB Circulars or 45 CFR Part 75, as applicable on Allowable Costs. If SUBRECIPIENT receives $500,000 or more in federal funds (from all sources) in its fiscal year beginning prior to December 26, 2014, it shall have a single organization-wide audit conducted in accordance with the Single Audit Act. If SUBRECIPIENT expends $750,000 or more in federal funds (from all sources) in a fiscal year beginning on or after December 26, 2014, it shall have a single organization-wide audit conducted in accordance with the provisions of 45 CFR Part 75, subpart F. If SUBRECIPIENT expends less than $500,000 in Federal funds in a fiscal year beginning prior to December 26, 2014, or less than $750,000 in a fiscal year beginning on or after that date, it is exempt from Federal audit requirements for that year. Records must be available for review or audit by appropriate officials. SUBRECIPIENT, if subject to this requirement, shall at SUBRECIPIENT's own expense submit to OHA a copy of, or electronic link to, its annual audit subject to this requirement covering the funds expended under this Agreement and shall submit or cause to be

submitted to OHA the annual audit of any subrecipient(s), contractor(s), or subcontractor(s) of SUBRECIPIENT responsible for the financial management of funds received under this Agreement. Copies of all audits must be submitted to OHA within thirty (30) calendar days of completion. Audit costs for audits not required in accordance with the Single Audit Act are unallowable. SUBRECIPIENT may not use the funds received under this Agreement for inherently religious activities, as described in 45 CFR Part 87.

2. Records Maintenance, Access and Confidentiality.

a. Access to Records and Facilities. COUNTY, the Oregon Health Authority, the Secretary of State's Office of the State of Oregon, the Federal Government, and their duly authorized representatives shall have access to the books, documents, papers and records of SUBRECIPIENT that are directly related to this Agreement, the funds paid to SUBRECIPIENT hereunder, or any services delivered hereunder for the purpose of making audits, examinations, excerpts, copies and transcriptions. In addition, SUBRECIPIENT shall permit authorized representatives of COUNTY and the Oregon Health Authority to perform site reviews of all services delivered by SUBRECIPIENT hereunder.

b. Retention of Records. SUBRECIPIENT shall retain and keep accessible all books, documents, papers, and records that are directly related to this Agreement, the funds paid to SUBRECIPIENT hereunder or to any services delivered hereunder, for a minimum of six (6) years, or such longer period as may be required by other provisions of this Agreement or applicable law, following the termination or expiration of this Agreement. If there are unresolved audit or other questions at the end of the six (6) year period, SUBRECIPIENT shall retain the records until the questions are resolved.

c. Expenditure Records. SUBRECIPINET shall document the expenditure of all funds paid to SUBRECIPIENT under this Agreement. Unless applicable federal law requires SUBRECIPIENT to utilize a different accounting system, SUBRECIPIENT shall create and maintain all expenditure records in accordance with generally accepted accounting principles and in sufficient detail to permit COUNTY and the Oregon Health Authority to verify how the funds paid to SUBRECIPIENT under this Agreement were expended.

d. Client Records. Unless otherwise specified in this Agreement, SUBRECIPIENT shall create and maintain a client record for each client who receives services under this Agreement. The client record must contain:

i. Client identification;

ii. Problem assessment;

iii. Treatment, training and/or care plan;

iv. Medical information when appropriate; and

v. Progress notes including service termination summary and current assessment or evaluation instrument as designated by the Oregon Health Authority in administrative rules.

SUBRECIPIENT shall retain client records in accordance with OAR 166-150-0005 through 166-150-0215 (State Archivist). Unless OAR 166-150-0005 through 166-150-0215 requires a

longer retention period, client records must be retained for a minimum of six (6) years from termination or expiration of this Agreement.

e. Safeguarding of Client Information. SUBRECIPIENT shall maintain the confidentiality of client records as required by applicable state and federal law, including without limitation, ORS 179.495 to 179.507, 45 CRF Part 205, 45 CRF Part 2, any administrative rule adopted by the Oregon Health Authority, implementing the foregoing laws, and any written policies made available to SUBRECIPIENT by COUNTY or by the Oregon Health Authority. SUBRECIPIENT shall create and maintain written policies and procedures related to the disclosure of client information, and shall make such policies and procedures available to COUNTY and the Oregon Health Authority for review and inspection as reasonably requested by COUNTY or the Oregon Health Authority.

f. Data Reporting. All Individuals receiving Services with funds provided under this Agreement must be enrolled and that Individual's record maintained in the Measures and Outcome Tracking System (MOTS) as specified in OHA's MOTS Reference Manual, located at: http://www.oregon.gov/oha/hsd/amh-mots/Pages/index.aspx, and the "Who Reports in MOTS Policy", as follows:

Which Behavioral Health Providers are Required to Report in MOTS?

The data collection system for the Health Systems Division (HSD) is the Measures and Outcomes Tracking System or MOTS. In general, behavioral health providers who are either licensed or have a letter of approval from the HSD (or the former Addictions & Mental Health Division [AMH]), and receive public funds to provide treatment services are required to report to MOTS. In addition to the general rule above, there are four basic ways to classify who is required to submit data to MOTS:

i. Providers with HSD Agreements that deliver treatment services (this includes Community Mental Health Programs [CMHP], Local Mental Health Authorities [LMHA] and other types of community behavioral health providers); these programs should all have a license or letter of approval from the HSD or AMH;

ii. Providers that are subcontractors (can be a subcontractor of a CMHP or other entity that holds a contract with HSD or OHA, such as a Mental Health Organization [MHO], or a Coordinated Care Organization [CCO]);

iii. Providers that HSD does not contract with but are required to submit data to MOTS by State/Federal statute or rule; these include DUII providers and methadone maintenance providers; and

iv. Providers that contract with other governmental agencies (e.g., Oregon Youth Authority [OYA] or the Department of Corrections [DOC] to deliver mental health and/or substance abuse services).

NOTE: Primary care physicians that provide a single service on behalf of the CMHP are not required to report the MOTS status or service level data.

If there are any questions, contact MOTS Support at MOTS.Support@odhsoha.oregon.gov.

3. **Alternative Formats of Written Materials.** In connection with the delivery of Services, SUBRECIPIENT shall make available to Client, without charge, upon the Client's reasonable request:

   a. All written materials related to the services provided to the Client in alternate formats, including accessible electronic formats, brailed documents, and large print upon request. If SUBRECIPIENT does not have access to such alternate formats, then SUBRECIPIENT can request them from OHA.

   b. All written materials related to the services provided to the Client in the Client's language. If SUBRECIPIENT does not have access to such languages, then SUBRECIPIENT can request written materials in the Client's language from OHA.

   c. Oral interpretation services related to the services provided to the Client in the Client's language.

   d. Sign language interpretation services and telephone communications access services related to the services provided to the Client. SUBRECIPIENT shall work with OHA if it does not have staff that fluently speak the language of an eligible Client, including qualified Sign Language Interpreters for Clients who are deaf or hard of hearing and whose preferred mode of communication is sign language.

   For purposes of the foregoing, "written material" means materials created by SUBRECIPIENT, in connection with the services being provided to the requestor. The SUBRECIPIENT may develop its own forms and materials and with such forms and materials the SUBRECIPIENT shall be responsible for making them available to a Client, without charge to the Client, in the prevalent non-English language(s) within the County service area. OHA shall be responsible for making it forms and materials available, without charge to the Client or Provider, in the prevalent non-English language(s) within the COUNTY's service area.

4. **Reporting Requirements.** SUBRECIPIENT shall prepare and furnish the following information to COUNTY and the Oregon Health Authority when a service is delivered under this Agreement.

   a. Client, service and financial information as specified in the applicable Service Description attached hereto and incorporated herein by this reference.

   b. All additional information and reports that COUNTY or the Oregon Health Authority reasonably requests, including, but not limited to, the information or disclosure described in Exhibit E, Required Federal Terms and Conditions, Section 14, Disclosure.

5. **Compliance with Law.** SUBRECIPIENT shall comply with all state and local laws, regulations, executive orders and ordinances applicable to the Agreement or to the delivery of services hereunder. Without limiting the generality of the foregoing, SUBRECIPIENT expressly agrees to comply with the following laws, regulations and executive orders to the extent they are applicable to the Agreement:

   a. all applicable requirements of state civil rights and rehabilitation statutes, rules and regulations;

b. all state laws governing operation of community mental health programs, including without limitation all administrative rules adopted by the Oregon Health Authority related to community mental health programs or related to client rights, OAR 943-005-0000 through 943-005-0070, prohibiting discrimination against Individuals with disabilities;

c. all state laws requiring reporting of client abuse; and

d. ORS 659A.400 to 659A.409, ORS 659A.145 and all regulations and administrative rules established pursuant to those laws in the construction, remodeling, maintenance and operation of any structures and facilities, and in the conduct of all programs, services and training associated with the delivery of services under this Agreement.

The laws, regulations and executive orders are incorporated by reference herein to the extent that they are applicable to the Agreement and required by law to be so incorporated. All employers, including SUBRECIPIENT, that employ subject workers who provide services in the State of Oregon shall comply with ORS 656.017 and provide the required Workers' Compensation coverage, unless such employers are exempt under ORS 656.126. In addition, SUBRECIPIENT shall comply, as if it were COUNTY thereunder, with the federal requirements set forth in **Exhibit E, Required Federal Terms and Conditions**. For purposes of the Agreement, all references in this Agreement to federal and state laws are references to federal and state laws as they may be amended from time to time.

6. Unless SUBRECIPIENT is a State of Oregon governmental agency, SUBRECIPIENT agrees that it is an independent contractor and not an agent of the State of Oregon, the Oregon Health Authority or COUNTY.

7. To the extent permitted by applicable law, SUBRECIPIENT shall defend (in the case of the state of Oregon and the Oregon Health Authority, subject to ORS Chapter 180), save and hold harmless the State of Oregon, the Oregon Health Authority, and COUNTY, and their officers, employees, and agents from and against all claims, suits, actions, losses, damages, liabilities, costs and expenses of any nature whatsoever resulting from, arising out of, or relating to the operations of the SUBRECIPIENT, including but not limited to the activities of SUBRECIPIENT or its officers, employees, subcontractors or agents under this Agreement.

8. SUBRECIPIENT understands that SUBRECIPIENT may be prosecuted under applicable federal and state criminal and civil laws for submitting false claims, concealing material facts, misrepresentation, falsifying data system input, other acts of misrepresentation, or conspiracy to engage therein.

9. SUBRECIPIENT shall only conduct transactions that are authorized by the COUNTY for transactions with the Oregon Health Authority that involve COUNTY funds directly related to this Agreement.

10. SUBRECIPIENT(S) that are not units of local government as defined in ORS 190.003 shall obtain, at SUBRECIPIENT's expense, and maintain in effect with respect to all occurrences taking place during the term of the Agreement, insurance requirements as defined in the Agreement and incorporated herein by this reference (**Exhibit C, Insurance**).

11. SUBRECIPIENT(S) that are not units of local government as defined in ORS 190.003, shall indemnify, defend, save and hold harmless the State of Oregon and its officers, employees and agents (Indemnitee) from and against any and all claims, actions, liabilities, damages, losses, or expenses (including attorneys' fees) arising from a tort (as now or hereafter defined in ORS 30.260) caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of SUBRECIPIENT or any of the officers, agents, employees or subcontractors of the SUBRECIPIENT (Claims). It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by the SUBRECIPIENT from and against any and all Claims.

12. SUBRECIPIENT shall include sections 1 through 11, in substantially the form set forth above, in all permitted SUBRECIPIENT contracts under this Agreement.

13. Ownership of Intellectual Property.

a. Except as otherwise expressly provided herein, or as otherwise required by state or federal law, OHA and the COUNTY will not own the right, title and interest in any intellectual property created or delivered by the SUBRECIPIENT in connection with the Services. With respect to that portion of the intellectual property that the SUBRECIPIENT owns, SUBRECIPIENT grants to OHA and the COUNTY a perpetual, worldwide, non-exclusive, royalty-free and irrevocable license, subject to any provisions in the Agreement that restrict or prohibit dissemination or disclosure of information, to: (1) use, reproduce, prepare derivative works based upon, distribute copies of, perform and display the intellectual property; (2) authorize third parties to exercise the rights set forth in Section 13.a.(1) on OHA and the COUNTY's behalf; and (3) sublicense to third parties the rights set forth in Section 13.a.(1).

b. If state or federal law requires that OHA or COUNTY grant to the United States a license to any intellectual property, or if state or federal law requires that OHA or the United States own the intellectual property, then SUBRECIPIENT shall execute such further documents and instruments as OHA may reasonably request in order to make any such grant or to assign ownership in the intellectual property to the United States or OHA. To the extent that OHA becomes the owner of any intellectual property created or delivered by SUBRECIPIENT in connection with the Services, OHA will grant a perpetual, worldwide, non-exclusive, royalty-free and irrevocable license, subject to any provisions in the Agreement that restrict or prohibit dissemination or disclosure of information, to SUBRECIPIENT to use, copy distribute, display, build upon and improve the intellectual property.

EXHIBIT E
CMHP REQUIRED FEDERAL TERMS AND CONDITIONS

SUBRECIPIENT shall comply with the following federal requirements, when federal funding is being used to fund this Agreement. For purposes of this Agreement, all references to federal and state laws are references to federal and state laws as they may be amended from time to time.

1. **Miscellaneous Federal Provisions.** SUBRECIPIENTS shall comply with all federal laws, regulations, and executive orders applicable to the Agreement or to the delivery of Services. Without limiting the generality of the foregoing, SUBRECIPIENT expressly agrees to comply with the following laws, regulations and executive orders to the extent they are applicable to the Agreement: (a) Title VI and VII of the Civil Rights Act of 1964, as amended, (b) Sections 503 and 504 of the Rehabilitation Act of 1973, as amended,(c) the Americans with Disabilities Act of 1990, as amended, (d) Executive Order 11246, as amended, (e) the Health Insurance Portability and Accountability Act of 1996, as amended, (f) the Age Discrimination in Employment Act of 1967, as amended, and the Age Discrimination Act of 1975, as amended, (g) the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, (h) all regulations and administrative rules established pursuant to the foregoing laws, (i) all other applicable requirements of federal civil rights and rehabilitation statutes, rules and regulations, and (j) all federal law governing operation of Community Mental Health Programs, including without limitation, all federal laws requiring reporting of Client abuse. These laws, regulations and executive orders are incorporated by reference herein to the extent that they are applicable to the Agreement and required by law to be so incorporated. No federal funds may be used to provide Services in violation of 42 U.S.C. 14402.

2. **Equal Employment Opportunity.** SUBRECIPIENT shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in U.S. Department of Labor regulations (41 CFR Part 60).

3. **Clean Air, Clean Water, EPA Regulations.** If this Agreement, including amendments, exceeds $100,000 SUBRECIPIENT shall comply with all applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act (42 U.S.C. 7606), the Federal Water Pollution Control Act as amended (commonly known as the Clean Water Act) (33 U.S.C. 1251 to 1387), specifically including, but not limited to Section 508 (33 U.S.C.1368), Executive Order 11738, and Environmental Protection Agency regulations (2 CFR Part 1532), which prohibit the use under non-exempt Federal contracts, grants or loans of facilities included on the EPA List of Violating Facilities. Violations shall be reported to OHA, United States Department of Health and Human Services and the appropriate Regional Office of the Environmental Protection Agency. SUBRECIPIENTS shall include in all contracts with subcontractors receiving more than $100,000, language requiring the subcontractor to comply with the federal laws identified in this section.

4. **Energy Efficiency.** SUBRECIPIENT shall comply with applicable mandatory standards and policies relating to energy efficiency that are contained in the Oregon energy conservation plan issued in compliance with the Energy Policy and Conservation Act 42 U.S.C. 6201 et. seq. (Pub. L. 94-163).

5. **Truth in Lobbying.** By signing this Agreement, SUBRECIPIENT certifies, to the best of the SUBRECIPIENT's knowledge and belief that:

a. No federal appropriated funds have been paid or will be paid, by or on behalf of SUBRECIPIENT, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative contract, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative contract.

b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the SUBRECIPIENT shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying" in accordance with its instructions.

c. SUBRECIPIENT shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients and subcontractors shall certify and disclose accordingly.

d. This certification is a material representation of fact upon which reliance was placed when this Agreement was made or entered into. Submission of this certification is a prerequisite for making or entering into this Agreement imposed by section 1352, Title 31 of the U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

e. No part of any federal funds paid to SUBRECIPIENT under this Agreement shall be used, other than for normal and recognized executive legislative relationships, for publicity or propaganda purposes, for the preparation, distribution, or use of any kit, pamphlet, booklet, publication, electronic communication, radio, television, or video presentation designed to support or defeat the enactment of legislation before the United States Congress or any State or local legislature itself, or designed to support or defeat any proposed or pending regulation, administrative action, or order issued by the executive branch of any State or local government.

f. No part of any federal funds paid to SUBRECIPIENT under this Agreement shall be used to pay the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity designed to influence the enactment of legislation, appropriations, regulation, administrative action, or Executive order proposed or pending before the United States Congress or any State government, State legislature or local legislature or legislative body, other than for normal and recognized executive-legislative relationships or participation by an agency or officer of a State, local or tribal government in policymaking and administrative processes within the executive branch of that government.

g. The prohibitions in subsections (e) and (f) of this section shall include any activity to advocate or promote any proposed, pending or future Federal, State or local tax increase, or any proposed, pending, or future requirement or restriction on any legal consumer product, including its sale or marketing, including but not limited to the advocacy or promotion of gun control.

h. No part of any federal funds paid to SUBRECIPIENT under this Agreement may be used for any activity that promotes the legalization of any drug or other substance included in schedule I of the schedules of controlled substances established under section 202 of the Controlled Substances Act except for normal and recognized

executive congressional communications. This limitation shall not apply when there is significant medical evidence of a therapeutic advantage to the use of such drug or other substance or that federally sponsored clinical trials are being conducted to determine therapeutic advantage.

6. **Resource Conservation and Recovery.** SUBRECIPIENT shall comply with all mandatory standards and policies that relate to resource conservation and recovery pursuant to the Resource Conservation and Recovery Act (codified at 42 U.S.C. 6901 et. seq.). Section 6002 of that Act (codified at 42 U.S.C. 6962) requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by the Environmental Protection Agency. Current guidelines are set forth in 40 CFR Part 247.

7. **Audits.** Subrecipients, as defined in 45 CFR 75.2, shall comply with applicable Code of Federal Regulations (CFR) governing expenditure of federal funds. If a sub-recipient expends $500,000 or more in federal funds (from all sources) in a fiscal year beginning prior to December 26, 2014, a subrecipient shall have a single organization-wide audit conducted in accordance with the Single Audit Act. If a subrecipient expends $750,000 or more in federal funds (from all sources) in a fiscal year beginning on or after December 26, 2014, it shall have a single organization-wide audit conducted in accordance with the provisions of 45 CFR part 75, subpart F. Copies of all audits must be submitted to COUNTY within thirty (30) calendar days of completion. If a sub-recipient expends less than $500,000 in Federal funds in a fiscal year beginning prior to December 26, 2014, or less than $750,000 in a fiscal year beginning on or after that date, it is exempt from Federal audit requirements for that year. Records must be available for review or audit by appropriate officials.

8. **Debarment and Suspension.** SUBRECIPIENT shall not permit any person or entity to be a provider if the person or entity is listed on the non-procurement portion of the General Service Administration's "List of Parties Excluded from Federal Procurement or Non-procurement Programs" in accordance with Executive Orders No. 12549 and No. 12689, "Debarment and Suspension". (See 2 CFR Part 180.) This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory authority other than Executive Order No. 12549. Providers with awards that exceed the simplified acquisition threshold shall provide the required certification regarding their exclusion status and that of their principals prior to award.

9. **Drug-Free Workplace.** SUBRECIPIENT shall comply with the following provisions to maintain a drug-free workplace: (i) SUBRECIPIENT certifies that it will provide a drug-free workplace by publishing a statement notifying its employees that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance, except as may be present in lawfully prescribed or over-the-counter medications, is prohibited in SUBRECIPIENT's workplace or while providing Services to OHA clients. SUBRECIPIENT's notice shall specify the actions that will be taken by SUBRECIPIENT against its employees for violation of such prohibitions; (ii) Establish a drug-free awareness program to inform its employees about: The dangers of drug abuse in the workplace, SUBRECIPIENT's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations; (iii) Provide each employee to be engaged in the performance of Services under this Agreement a copy of the statement mentioned in paragraph (i) above; (iv) Notify each employee in the statement required by paragraph (i) above that, as a condition of employment to provide services under this Agreement, the employee will: abide by the terms of the statement, and notify the employer of

any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) calendar days after such conviction; (v) Notify OHA within ten (10) calendar days after receiving notice under subparagraph (iv) above from an employee or otherwise receiving actual notice of such conviction; (vi) Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program by any employee who is so convicted as required by Section 5154 of the Drug-Free Workplace Act of 1988; (vii) Make a good-faith effort to continue a drug-free workplace through implementation of subparagraphs (i) through (vi) above; (viii) Require any provider to comply with subparagraphs through (vii) above; (ix) Neither SUBRECIPIENT, or any of SUBRECIPIENT's employees, officers, agents may provide any Service required under this Agreement while under the influence of drugs. For purposes of this provision, "under the influence" means: observed abnormal behavior or impairments in mental or physical performance leading a reasonable person to believe the SUBRECIPIENT or SUBRECIPIENT's employee, officer, agent or provider has used a controlled substance, prescription or non-prescription medication that impairs the SUBRECIPIENT or SUBRECIPIENT's employee, officer, agent or provider's performance of essential job function or creates a direct threat to OHA clients or others. Examples of abnormal behavior include, but are not limited to: hallucinations, paranoia or violent outbursts. Examples of impairments in physical or mental performance include, but are not limited to: slurred speech, difficulty walking or performing job activities; and (x) Violation of any provision of this subsection may result in termination of this Agreement.

10. **Pro-Children Act.** SUBRECIPIENT shall comply with the Pro-Children Act of 1994 (codified at 20 U.S.C. Section 6081 et. seq.).

11. **Medicaid Services.** To the extent SUBRECIPIENT provides any Service in which costs are paid in whole or in part by Medicaid, SUBRECIPIENT shall comply with all applicable federal and state laws and regulation pertaining to the provision of Medicaid Services under the Medicaid Act, Title XIX, 42 U.S.C. Section 1396 et. seq., including without limitation:

a. Keep such records as are necessary to fully disclose the extent of the services provided to Individuals receiving Medicaid assistance and shall furnish such information to any state or federal agency responsible for administering the Medicaid program regarding any payments claimed by such person or institution for providing Medicaid Services as the state or federal agency may from time to time request. 42 U.S.C. Section 1396a (a)(27); 42 CFR Part 431.107(b)(1) & (2).

b. Comply with all disclosure requirements of 42 CFR Part 1002.3(a) and 42 CFR 455 Subpart (B).

c. Maintain written notices and procedures respecting advance directives in compliance with 42 U.S.C. Section 1396 (a) (57) and (w), 42 CFR Part 431.107 (b) (4), and 42 CFR Part 489 subpart I.

d. Certify when submitting any claim for the provision of Medicaid Services that the information submitted is true, accurate and complete. CSUBRECIPIENT shall acknowledge SUBRECIPIENT's understanding that payment of the claim will be from federal and state funds and that any falsification or concealment of a material fact may be prosecuted under federal and state laws.

e. Entities receiving $5 million or more annually (under this Agreement and any other Medicaid agreement) for furnishing Medicaid health care items or services shall, as a condition of receiving such payments, adopt written fraud, waste and abuse policies and procedures and inform employees, Providers, and agents about the policies and

procedures in compliance with Section 6032 of the Deficit Reduction Act of 2005, 42 U.S.C. § 1396a (a) (68).

12. **ADA.** SUBRECIPIENT shall comply with Title II of the Americans with Disabilities Act of 1990 (codified at 42 U.S.C. 12131 et. seq.) in the construction, remodeling, maintenance and operation of any structures and facilities, and in the conduct of all programs, services and training associated with the delivery of Services.

13. **Agency-Based Voter Registration.** If applicable, SUBRECIPIENT shall comply with the Agency-based Voter Registration sections of the National Voter Registration Act of 1993 that require voter registration opportunities be offered where an Individual may apply for or receive an application for public assistance.

14. **Disclosure.**

a. 42 CFR 455.104 requires the State Medicaid agency to obtain the following information from any provider of Medicaid or CHIP services, including fiscal agents of providers and managed care entities: (1) the name and address (including the primary business address, every business location and P.O. Box address) of any person (Individual or corporation) with an ownership or control interest in the provider, fiscal agent or managed care entity; (2) in the case of an Individual, the date of birth and Social Security Number, or, in the case of a corporation, the tax identification number of the entity, with an ownership interest in the provider, fiscal agent or managed care entity or of any subcontractor in which the provider, fiscal agent or managed care entity has a 5% or more interest; (3) whether the person (Individual or corporation) with an ownership or control interest in the provider, fiscal agent or managed care entity is related to another person with ownership or control interest in the provider, fiscal agent or managed care entity as a spouse, parent, child or sibling, or whether the person (Individual or corporation) with an ownership or control interest in any subcontractor in which the provider, fiscal agent or managed care entity has a 5% or more interest is related to another person with ownership or control interest in the provider, fiscal agent or managed care entity as a spouse, parent, child or sibling; (4) the name of any other provider, fiscal agent or managed care entity in which an owner of the provider, fiscal agent or managed care entity has an ownership or control interest; and, (5) the name, address, date of birth and Social Security Number of any managing employee of the provider, fiscal agent or managed care entity.

b. 42 CFR 455.434 requires as a condition of enrollment as a Medicaid or CHIP provider, to consent to criminal background checks, including fingerprinting when required to do so under state law, or by the category of the provider based on risk of fraud, waste and abuse under federal law. As such, a provider must disclose any person with a 5% or greater direct or indirect ownership interest in the provider whom has been convicted of a criminal offense related to that person's involvement with the Medicare, Medicaid, or title XXI program in the last ten (10) years.

c. COUNTY or OHA reserves the right to take such action required by law, or where COUNTY or OHA has discretion, it deems appropriate, based on the information received (or the failure to receive) from the provider, fiscal agent or managed care entity.

15. Special Federal Requirements Applicable to Addiction Treatment, Recovery & Prevention Services for Agencies receiving Substance Abuse Prevention and Treatment (SAPT) Block Grant funds.

a. Order for Admissions:

(i) Pregnant women who inject drugs;
(ii) Pregnant substance abusers;
(iii) Other Individuals who inject drugs; and
(iv) All others.

b. Women's or Parent's Services. If SUBRECIPIENT provides A&D 61 and A&D 62 Services, SUBRECIPIENT must:

(i) Treat the family as a unit and admit both women or parent and their children if appropriate.

(ii) Provide or arrange for the following services to pregnant women and women with dependent children:

1. Primary medical care, including referral for prenatal care;
2. Pediatric care, including immunizations, for their children;
3. Gender-specific treatment and other therapeutic interventions, e.g. sexual and physical abuse counseling, parenting training, and child care;
4. Therapeutic interventions for children in custody of women or parent in treatment, which address, but are not limited to, the children's developmental needs and issues of abuse and neglect; and
5. Appropriate case management services and transportation to ensure that women or parents and their children have access to the services in 1 through 4 above.

c. Pregnant Women. If SUBRECIPIENT provides any Addiction Treatment, Recovery & Prevention Services other than A&D 84, Problem Gambling, Client Finding Outreach Services, SUBRECIPIENT must:

(i) Within the priority categories, if any, set forth in a particular Service Description, give preference in admission to pregnant women in need of treatment, who seek or are referred for and would benefit from such Services, within forty-eight (48) hours;

(ii) If SUBRECIPIENT has insufficient capacity to provide treatment Services to a pregnant woman, SUBRECIPIENT must refer the women to another Provider with capacity or if no available treatment capacity can be located, the outpatient Provider that the Individual is enrolled with will ensure that Interim Services are being offered. Counseling on the effects of alcohol and drug use on the fetus must be given within forty-eight (48) hours, including a referral for prenatal care; and

(iii) Perform outreach to inform pregnant women of the availability of treatment Services targeted to them and the fact that pregnant women receive preference in admission to these programs.

d. Intravenous Drug Abusers. If SUBRECIPIENT provides any Addiction Treatment, Recovery & Prevention Services other than A&D 84, Problem Gambling, Client Finding Outreach Services, SUBRECIPIENT must:

(i) Within the priority categories, if any, set forth in a particular Service Description and subject to the preference for pregnant women described above, give preference in admission to intravenous drug abusers;

(ii) Programs that receive funding under the grant and that treat Individuals for intravenous substance abuse, upon reaching ninety (90) percent of its capacity to admit Individuals to the program, must provide notification of that fact to the State within seven (7) calendar days;

(iii) If SUBRECIPIENT receives a request for admission to treatment from an intravenous drug abuse, SUBRECIPIENT must, unless it succeeds in referring the Individual to another Provider with treatment capacity, admit the Individual to treatment not later than:

1. Fourteen (14) calendar days after the request for admission to SUBRECIPIENT is made;

2. One hundred-twenty (120) after the date of such request if no Provider has the capacity to admit the Individual on the date of such request and, if Interim Services are made available not less than forty-eight (48) hours after such request; or

3. If SUBRECIPIENT has insufficient capacity to provide treatment Services to an intravenous drug abuser, refer the intravenous drug abuser to another Provider with capacity or if no available treatment capacity can be located, the outpatient provider that the Individual is enrolled with will ensure that interim services are being offered. If the Individual is not enrolled in outpatient treatment and is on a waitlist for residential treatment, the provider referring the Individual to residential services will make available counseling and education about human immunodeficiency virus (HIV) and tuberculosis (TB), risk of sharing needles, risks of transmission to sexual partners and infant, steps to ensure HIV and TB transmission does not occur, referral for HIV or TB treatment services, if necessary, within forty-eight (48) hours.

e. **Infectious Diseases.** If SUBRECIPIENT provides any Addiction Treatment, Recovery & Prevention Services, other than A&D 84, Problem Gambling, Client Finding Outreach Services, SUBRECIPIENT must:

(i) Complete a risk assessment for infectious disease including Human Immunodeficiency Virus (HIV) and tuberculosis (TB), as well as sexually transmitted diseases, based on protocols established by OHA, for every Individual seeking Services from SUBRECIPIENT; and

(ii) Routinely make tuberculosis services available to each Individual receiving Services for alcohol/drug abuse either directly or through other arrangements with public or non-profit entities and, if SUBRECIPIENT denies an Individual admission on the basis of lack of capacity, refer the Individual to another provider of tuberculosis services.

(iii) For purposes of (ii) above, "tuberculosis services" means:

1. Counseling the Individual with respect to tuberculosis;

2. Testing to determine whether the Individual has contracted such disease and testing to determine the form of treatment for the disease that is appropriate for the Individual; and

3. Appropriate treatment services.

f. **OHA Referrals.** If SUBRECIPIENT provides any Addiction Treatment, Recovery & Prevention Services, other than A&D 84, Problem Gambling, Client Finding Outreach Services, SUBRECIPIENT must, within the priority categories, if any, set forth in a particular Service Description and subject to the preference for pregnant women and intravenous drug users described above, give preference in Addiction Treatment, Recovery & Prevention and Problem Gambling Service delivery to persons referred by OHA.

g. **Barriers to Treatment.** Where there is a barrier to delivery of any Addiction Treatment, Recovery & Prevention and Problem Gambling Service due to culture, gender, language, illiteracy, or disability, SUBRECIPIENT shall develop support services available to address or overcome the barrier, including:

(i) Providing, if needed, hearing impaired or foreign language interpreters.

(ii) Providing translation of written materials to appropriate language or method of communication.

(iii) Providing devices that assist in minimizing the impact of the barrier.

(iv) Not charging clients for the costs of measures, such as interpreters, that are required to provide nondiscriminatory treatment.

h. **Misrepresentation.** SUBRECIPIENT shall not knowingly or willfully make or cause to be made any false statement or representation of a material fact in connection with the furnishing of items or Services for which payments may be made by COUNTY or OHA.

i. **Oregon Residency.** Addiction Treatment, Recovery & Prevention and Problem Gambling Services funded through this Agreement, may only be provided to residents of Oregon. Residents of Oregon are Individuals who live in Oregon. There is no minimum amount of time an Individual must live in Oregon to qualify as a resident so long as the Individual intends to remain in Oregon. A child's residence is not dependent on the residence of his or her parents. A child living in Oregon may meet the residency requirement if the caretaker relative with whom the child is living is an Oregon resident.

j. **Tobacco Use.** If SUBRECIPIENT has Addiction Treatment, Recovery & Prevention Services treatment capacity that has been designated for children, adolescents, pregnant women, and women with dependent children, SUBRECIPIENT must implement a policy to eliminate smoking and other use of tobacco at the facilities where the Services are delivered and on the grounds of such facilities.

k. **Client Authorization.** SUBRECIPIENT must comply with 42 CFR Part 2 when delivering an Addiction Treatment, Recovery & Prevention Service that includes disclosure of Client information for purposes of eligibility determination. SUBRECIPIENT must obtain Client authorization for disclosure of billing information, to the extent and in the manner required by 42 CFR Part 2, before a Disbursement Claim is submitted with respect to delivery of an Addiction Treatment, Recovery & Prevention Service to that Individual.

16. Special Federal Requirements Applicable To Addiction Treatment, Recovery & Prevention Services for Contractors Receiving Temporary Assistance for Needy Families (TANF) Grant Funds.

Funding Requirements. TANF may only be used for families receiving TANF, and for families at-risk of receiving TANF, and for the purpose of providing housing services (room and board) for Individuals who are dependent children ages eighteen (18) years or younger whose parent is in adult addiction residential treatment, so that the children may reside with their parent in the same treatment facility. Families at-risk of receiving TANF must:

a. Include a dependent child age eighteen (18) years of age or under, who is living with a parent or caretaker relative. "Caretaker relative" means a blood relative of the child; stepmother, stepfather, stepbrother, or stepsister, or an individual who has legally adopted the child.

b. Be an Oregon resident.

c. Have income at or below 250% of the Federal Poverty Level.

Use of TANF block grant funds and state expenditures counted towards TANF MOE must meet the requirements of 45 CFR Part 263. Only non-medical services may be provided with TANF Block Grant Funds.

17. Community Mental Health Block Grant. All funds, if any, awarded under this Agreement for Community Mental Health Services are subject to the federal use restrictions and requirements set forth in Catalog of Federal Domestic Assistance Number 93.958 and to the

federal statutory and regulatory restrictions imposed by or pursuant to the Community Mental Health Block Grant portion of the Public Health Services Act, 42 U.S.C. 300x-1 *et. seq*., and SUBRECIPIENT shall comply with those restrictions.

18. **Substance Abuse Prevention and Treatment.** To the extent SUBRECIPIENT provides any Service in which costs are paid in whole or in part by the Substance Abuse, Prevention, and Treatment Block Grant, SUBRECIPIENT shall comply with federal rules and statutes pertaining to the Substance Abuse, Prevention, and Treatment Block Grant, including the reporting provisions of the Public Health Services Act (42 U.S.C. 300x through 300x-66) and 45 CFR 96.130 regarding the sale of tobacco products. Regardless of funding source, to the extent SUBRECIPIENT provides any substance abuse prevention or treatment services, SUBRECIPIENT shall comply with the confidentiality requirements of 42 CFR Part 2. CMHP may not use the funds received under this Agreement for inherently religious activities, as described in 45 CFR Part 87.

19. **Information Required by 2 CFR Subtitle B with guidance at 2 CFR Part 200.** All required data elements in accordance with 45 CFR 75.352 are available at: http://www.oregon.gov/oha/hsd/amh/Pages/federal-reporting.aspx.

20. **Super Circular Requirements.** 2 CFR Part 200, or the equivalent applicable provision adopted by the awarding agency in 2 CFR Subtitle B, including but not limited to the following:

a. **Property Standards.** 2 CFR 200.313, or the equivalent applicable provision adopted by the awarding federal agency in 2 CFR Subtitle B, which generally describes the required maintenance, documentation, and allowed disposition of equipment purchased with federal funds.

b. **Procurement Standards.** When procuring goods and services (including professional consulting services), applicable state procurement regulations found in the Oregon Public Contracting Code, ORS chapters 279A, 279B, and 279C or 2 CFR §§ 200.318 through 200.326, or the equivalent applicable provision adopted by the awarding federal agency in 2 CFR Subtitle B, as applicable.

c. **Contract Provisions.** The contract provisions listed in 2 CFR Part 200, Appendix II, or the equivalent applicable provision adopted by the awarding federal agency in 2 CFR Subtitle B, that are hereby incorporated into this Exhibit, are, to the extent applicable, obligations of SUBRECIPIENT, and SUBRECIPIENT shall also include these contract provision in its contracts with non-Federal entities.

EXHIBIT F
LEASE

GROUND LEASE

CHEZ AMI

Clackamas County
Landlord

Central City Concern
Tenant

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GROUND LEASE

This Ground Lease, dated as of the 30th day of August, 2000 (the "Reference Date"), is between **CLACKAMAS COUNTY, an Oregon Municipal corporation** (the "Landlord"), and **CENTRAL CITY CONCERN, an Oregon public benefit Corporation** (the "Tenant").

1. LEASED PREMISES; CONTINGENCY.

1.1 Upon the terms and conditions herein contained, Landlord leases to Tenant, and Tenant leases from Landlord, (i) that certain parcel of real property described in Exhibit "A", in Clackamas County, Oregon, together with all improvements situated on such land and all rights, privileges, and easements appurtenant thereto (hereinafter referred to as the "Leased Premises"). Tenant intends to develop the Leased Premises for use as special needs housing for and affordable to the persons described in Section 9.2. Tenant intends to finance and develop a building containing approximately 40 to 50 units of special needs housing on the Leased Premises. Tenant shall be obligated to demolish the existing improvements as required to prepare the Leased Premises for use as special needs housing on the Leased Premises (the "Housing Facility"). Tenant shall use its reasonable efforts to obtain the public approvals, the permits, and the funding required to develop the Housing Facility (the "Approvals, Permits, and Funding").

1.2 In the event that (a) Tenant is unable to obtain the Approvals, Permits, and Funding within one hundred eighty (180) days after the Effective Date (as defined in Section 1.4) (the "Contingency Period") or (b) the conditions, singly or in the aggregate, attached to the Approvals, Permits, and Funding are so onerous as to make the development and/or operation of the Facility economically unfeasible, as determined by Tenant in its sole and reasonable judgment, or (c) the voters of the State of Oregon approve in November, 2000, Measure 7 (Property Rights) or Measure 8 (Spending Limit) or Measure 91 (Elimination of Cap on Federal Tax Deduction), Tenant may (x) terminate this Lease by notice to Landlord given within ten (10) days after expiration of the Contingency Period or the issuance date of the Approvals, Permits, and Funding, whichever date is the earlier to occur, or (y) extend the Contingency Period for an additional one hundred twenty (120) days, provided that (i) Tenant has submitted plans for the Housing Facility to Clackamas County (the "County"), (ii) Tenant has applied for the Approvals, Permits, and Funding and is diligently attempting to obtain the same, and (iii) Tenant has elected to extend the Contingency Period by providing written notice thereof to Landlord at least three (3) days prior to the expiration of the Contingency Period.

1.3 If Tenant has not obtained the Approvals, Permits, and Funding in a form and with conditions acceptable to Tenant on or before any extended term of the Contingency Period, then this Lease shall terminate upon expiration of the extended Contingency Period and Landlord and Tenant shall be released from all obligations and liabilities under this Lease.

1.4 Subject to the contingencies described in Section 1.2 and 1.3 above, this Ground Lease shall be effective as of (a) the date this Ground Lease has been fully executed by the parties or (b) the date Landlord has purchased and taken possession of the Leased Premises; whichever date is the last to occur shall be the "Effective Date" or the "Commitment Date."

2. LANDLORD SUBORDINATION FOR PREDEVELOPMENT AND CONSTRUCTION FINANCING. Landlord shall join in the execution of predevelopment and construction financing documents (but not as a borrower or co-obligor) if the following conditions are satisfied:

2.1 The loan or financing documents provide that the lender shall not seek repayment of the indebtedness from Landlord and that the lender's sole recourse with respect to Landlord shall be against Landlord's interest in the Leased Premises;

2.2 The loan or financing documents provide that the proceeds of casualty insurance will be made available first for the restoration of the improvements made to the Leased Premises (the "Housing Improvements") and any remaining balance shall be applied to the repayment of the indebtedness;

2.3 The loan or financing documents provide that the lender will give Landlord notice and opportunity to cure any default of Tenant. If the default is monetary, then Landlord shall have ten (10) days' notice. If the default is nonmonetary, then Landlord shall have thirty (30) days' notice. If the default cannot by its nature be cured by Landlord within 30 days and Landlord commences diligently to prosecute the curing of the default, then the notice period shall be extended for as long as Landlord continues diligently to proceed to cure the default. If Landlord must terminate this Lease and evict Tenant from possession of the Leased Premises before it will be possible to cure the default, then Landlord's acting to do so shall constitute diligent prosecution of the curing of the default. If the cure of the default cannot by its nature be commenced within thirty (30) days despite the exercise of reasonable diligence, the cure period shall begin on the date notice is given and shall continue as long as Landlord takes all steps that may be practicable under the circumstances so that the cure may begin and as long as Landlord diligently prosecutes the cure thereafter. The trust deed shall provide that Tenant's termination of this Lease and eviction of Tenant shall be deemed to cure any status default of Tenant such as a bankruptcy filing;

2.4 The loan or financing documents shall allow the sale of Landlord's interest without it constituting a default;

2.5 With respect to predevelopment financing, Tenant has delivered to Landlord copies of the applications for all sources of funding sufficient to complete construction and development of the Housing Facility. With respect to any construction financing, Tenant has delivered to Landlord a fully executed letter of intent from one or more tax credit investors;

2.6 All proceeds of any predevelopment or construction loan will be applied to the costs of constructing and developing the Housing Facility; and

2.7 The loan or financing documents shall require payment in full of all indebtedness evidenced by such documents to be made on or before a date which is not more than eighteen (18) months from the date the Housing Facility is placed in service for the purposes of Section 42 of the Internal Revenue Code, and financial projections for the Housing Facility indicate that such payment is feasible.

3. Intentionally left blank.

4. LANDLORD'S INTERESTS. Without Landlord's prior written consent, which may be withheld in Landlord's sole discretion, Tenant shall not further encumber Landlord's interest in the Leased Premises except as provided in Section 2 above. Under no circumstances shall Landlord's interest in the Leased Premises be encumbered at expiration of Lease Term.

5. LEASE TERM. The term of this Lease (hereinafter referred to as the "Lease Term") shall commence on the Commencement Date and shall expire at 12:01 a.m. on July 1, 2060. Upon expiration of the Lease Term, Tenant shall surrender the Leased Premises and all improvements thereon to Landlord free of any lien or encumbrance and shall surrender to Landlord all operating reserves, replacement reserves, and tenant security deposits relating to the Leased Premises. After expiration of the Lease Term, Tenant shall have no rights to occupy or use the Leased Premises or any improvements thereon.

6. RENT.

6.1 Rent. The rent payable by Tenant under this Lease is the sum of $1.00 per annum and Landlord and Tenant acknowledge Tenant's prepayment of such rent for the first ten (10) years.

6.2 Net Lease. The parties agree that Landlord shall receive the rent, as net income from the Leased Premises, without any abatement, reduction, set-off or deduction except as permitted by this Lease.

7. ASSIGNMENT OR SUBLETTING. Tenant shall not assign or sublet the entirety of the Leased Premises without the prior written consent of Landlord, which consent may be withheld in the sole and reasonable discretion of Landlord. Tenant may not engage a third party to operate or manage the Leased Premises without obtaining the prior written consent of Landlord to such engagement, which consent may be withheld in the sole and reasonable discretion of Landlord. Any assignment or subletting shall be subject to all of the terms and provisions of this Lease, and Tenant shall remain fully liable and responsible for all rent and other Tenant obligations and covenants hereunder notwithstanding any assignment or subletting, unless released from such liabilities pursuant to the express term hereof. Landlord agrees that an

assignment and assumption of this Lease to and by a limited partnership of which Tenant is the sole general partner shall be deemed reasonable if the terms of any applicable agreement of limited partnership shall not impair Landlord's interest in the Leased Premises.

8. RIGHT OF FIRST REFUSAL.

8.1 Grant of Right. Landlord hereby grants Tenant a right of first refusal as defined, conditioned, and limited herein (the "Right of First Refusal"). Except as provided in Sections 8.2 and 8.3, in the event Landlord has received a bona fide offer to purchase or made a bona fide offer to sell, transfer, or assign Landlord's interest in the Leased Premises and the Ground Lease and desires to sell or transfer or assign its interests in the Leased Premises and the Ground Lease, Landlord shall advise Tenant in writing of such desire, and Tenant shall have one hundred twenty (120) days from the date such notice is received from (the "RFR Period") to exercise its Right of First Refusal.

8.2 Terms of Exercise. Tenant shall exercise its right of first refusal in the manner set forth in this subsection 8.2. If not exercised in the manner or time as provided herein, such right shall cease.

8.2.1 Tenant shall give written notice of its intent to acquire Landlord's interest in the Leased Premises and the Ground Lease prior to the expiration of the RFR Period. Such Notice shall state a date for closing of the purchase (which closing date shall not be later than ninety (90) days from the date of Tenant's notice to Landlord) and shall state all substantive terms of the proposed purchase. Except as to the purchase price, the terms of Tenant's proposed purchase shall be substantially identical or superior to the terms of the offer previously made to Landlord by the competing purchaser (as reasonably determined by Landlord).

8.2.2 The purchase price to be paid by Tenant to Landlord shall be determined as follows: if Tenant and Landlord are unable to agree on an appraiser within twenty (20) days after receipt by Landlord of Notice from Tenant of its intent to exercise the RFR Right, then Tenant and Landlord shall each select an appraiser within twenty-one (21) days of the expiration of said twenty-day period. The two appraisers shall together appoint a third appraiser within fifteen (15) days after the appointment of the second appraiser. In the event Tenant or Landlord fails to appoint an appraiser within the time permitted, a single appraiser may perform the appraisal. The appraiser(s) so appointed shall each determine the fair market value of Landlord's interest in the Leased Premises and the Ground Lease within thirty (30) days after the appointment of the third appraiser, and the fair market value of such assets for the purpose of determining the purchase price shall be, in the event of three appraisers, the average of the three appraisers' determinations; provided that if one or more of the appraisers' determinations is more than ten percent (10%) higher or lower than the average of the three determinations, such appraisers' determination shall be disregarded in determining the purchase price of the assets, and provided, further, that if none of the appraisers' determinations is equal to or less than ten percent (10%) higher or lower than the average of the three determinations, the purchase price shall be

the middle of the three determinations. If only one appraiser has been appointed pursuant to this paragraph, the single appraisal shall determine the purchase price. The entire purchase price shall be paid to Landlord at the closing in cash or immediately available funds. Tenant and Landlord shall share equally the cost of the third appraiser, if one is selected, and each party shall pay the cost of any appraiser selected solely by that party. Landlord shall be responsible for its own attorneys' fees incurred in connection with the closing. All other costs of the transaction, including the costs of any appraiser selected mutually by Tenant and the Landlord, and any filing fees, shall be paid by Tenant.

8.3 Limitation. The right of first refusal granted in Section 8.1 shall not apply in the event that Landlord intends to sell, transfer, or assign its interest in the Leased Premises and/or the Ground Lease to a housing authority established under ORS Chapter 456 (or a successor law), an entity vested with powers of Clackamas County under ORS 190.003 through 190.130 (or a successor law), a service district or other entity formed by action of, or providing services or facilities for, Clackamas County under ORS Chapter 451 (or a successor law), or any municipal corporation or other public body politic and corporate formed under authority granted to Clackamas County.

9. PERMITTED USE; OPERATING REQUIREMENTS; REPORTING.

9.1 Except as provided in Section 9.2, the Leased Premises may be used and operated by Tenant for the purposes of developing, managing, and operating the Housing Facility, and for all uses incidental to such principal uses, including uses for office purposes, for storage of goods and for any other purpose permitted by applicable zoning laws. Tenant shall keep the Leased Premises and sidewalks and service-ways adjacent to the Leased Premises neat, clean, and free from dirt, rubbish, and pests at all times, and shall store all trash and garbage within the Leased Premises, arranging for the regular pickup of such trash and garbage at Tenant's expense. Tenant shall operate the Housing Facility in a manner consistent with Section 1.1 at all times in a professional manner and keep the Leased Premises in a condition comparable to other high quality multi-family facilities in the surrounding neighborhood.

9.2 Operating Requirements. Except as provided in Section 9.3, the Leased Premises shall be used in a manner consistent with the following requirements.

9.2.1 The Housing Facility shall be operated for Eligible Tenants. Eligible Tenants shall be those persons with persistent and chronic mental illness, a dual diagnosis which includes a persistent and chronic mental illness, or a substantially similar diagnosis, and with incomes that do not exceed the most restrictive requirements of any of the funding sources for this Facility, or, absent restrictions of funding sources, incomes that do not exceed sixty percent (60%) of the median family income (adjusted for family size) for Clackamas County, and such that the rents charged such persons (other than resident managers) do not exceed fifty percent (50%) of such person's income as determined in a manner consistent with Handbook 4350.3

published by the United States Department of Housing and Urban Development as it may be amended from time to time.

9.2.2 Prior to commencement of initial rent-up, Tenant shall confer with Clackamas County Mental Health ("CCMH") to develop a marketing plan reasonably acceptable to both parties. Such plan shall address the methods by which prospective tenants will be referred through CCMH or a successor agency to the Housing Facility, will be placed on the Waiting List (as defined in Section 9.2.4) when all housing units are in use, and will be referred directly to the Facility by Tenant when there are no Eligible Tenants on the Waiting List or otherwise available through CCMH. Such marketing plan may be amended by written agreement signed by the Tenant and CCMH. Such marketing plan shall also be the subject of the annual consultation meeting provided for under Section 9.2.6.

9.2.3 During initial rent-up of the Housing Facility, one hundred percent (100%) of the units shall be made available for thirty (30) days to Eligible Tenants referred by CCMH. Such 30-day period shall commence upon receipt by Landlord of Notice to Landlord that one or more certificates of occupancy relating to each residential building on the Leased Premises has been issued. Tenant, or its designated property manager, shall make a final determination as to whether a person so referred shall be accepted as a tenant, provided that tenant eligibility criteria shall have been previously negotiated in good faith by CCMH and Tenant at least thirty (30) days prior to the date upon which applications for tenancy are first accepted. In no event shall the eligibility criteria be in violation of Section 42 of the Internal Revenue Code or applicable HUD anti-discrimination regulations.

9.2.4 Following initial occupancy, Tenant shall maintain a waiting list of Eligible Tenants referred by CCMH (the "Waiting List"). When (a) a unit occupied by a CCMH-referred Eligible Tenant has become vacant, or (b) any unit has become vacant if fewer than one hundred percent (100%) of the units are then occupied by CCMH-referred Eligible Tenants, Tenant shall first use the Waiting List to fill such vacant unit. In the event there are no Eligible Tenants on the Waiting List, Tenant may immediately fill such vacancy with any Eligible Tenant without regard to the source of the referral. Such flexibility for Tenant shall continue until there are Eligible Tenants on the Waiting List, at which time Tenant shall use the Waiting List to fill such vacant units.

9.2.5 The Housing Facility shall be operated in accordance with all laws, licenses, permits, regulations applicable to, and in a manner at least equal in cleanliness, safety, and supportive services, to those standards being used for special needs or supportive housing, or similar housing facilities serving the housing needs of the persistently and the chronically mentally ill.

9.2.6 During the term of the Lease, Tenant shall initiate during the first quarter of each calendar year a consultation meeting with CCMH. During such consultation meeting Tenant shall provide CCMH the reports, audits, and budgets set forth in Section 9.4 and shall

inform CCMH of any circumstances which Tenant reasonably believes could materially impair the operations of the Housing Facility. Further, Tenant shall promptly, upon their occurrence or receipt, give notice to CCMH of any fact or circumstance which Tenant reasonably believes will materially impair the operations of the Housing Facility or prevent compliance with this Section 9.2, and give Landlord copies of any notice of noncompliance received by Tenant in connection with the tax credits allocated for the Project.

9.2.7 Notices to CCMH as required under this Section 9.2 shall be delivered and be effective as set forth in Section 18 hereof.

9.2.8 Landlord, in its capacity as the provider of mental health services to residents of Clackamas County, will provide (to the extent and in the manner authorized by applicable law) to all Eligible Tenants adequate support services to allow them to live in a relatively independent environment and in a way that is safe for them and for the other residents and staff ("Mental Health Support Services"). In the event Landlord determines that Landlord will no longer be able to provide sufficient funds to provide the residents of the Housing Facility with adequate Mental Health Support Services, Landlord shall provide prompt notice of such determination to Tenant pursuant to Section 18 hereof.

9.3 Change in Use.

9.3.1 In the event Tenant reasonably determines and so notifies Landlord that (a) sufficient funds are not available to operate the Housing Facility in a safe and clean manner consistent with Section 9.2, or to provide the residents of the Housing Facility with adequate Mental Health Support Services, or (b) the occupancy of the Housing Facility cannot be maintained at a level necessary to permit, on an annual basis, the Housing Facility to meet its current reasonable operating expenses (including the cost of supportive services), reserve requirements, and debt service requirements as set forth in the current annual budget presented to Landlord in accordance with Section 9.4 hereof, the parties will use reasonable efforts to come to an agreement about changing the use of the Housing Facility so that it continues to operate as low-income housing and serving low income people in need of housing. The parties understand and agree that to deal effectively with the conditions specified in this Section 9.3.1, the rents may have to be raised to a level which is considered "affordable" for persons having incomes at a maximum of sixty percent (60%) of median income for Clackamas County or as may be allowed by the financing or low income housing tax credit documentation. In the event the parties are unable to discuss and execute such agreement within thirty (30) days of the notice provided to Landlord by Tenant pursuant to this section, Tenant, in its sole discretion, may (y) change the use of the Housing Facility, provided such changed housing (1) retains rent and income restrictions sufficient to constitute a "qualified low income housing project" within the meaning of Section 42(g) of the Internal Revenue Code, (2) conforms with any land-use restrictive covenant required by the State of Oregon related to the low income housing tax credits, and (3) conforms with the covenants, if any, required by the United States Department of Housing and Urban Development in connection with the development or operation of the Housing Facility, or

(z) terminate this Ground Lease by giving written notice of termination to Landlord, and thereafter neither party shall be further obligated to the other hereunder.

9.3.2 Nothing in this Section 9.3.2 shall, in any way, negate or affect the discretion or ability of Tenant to make the change in the use of the Housing Facility described in Section 9.3.1. In the event Tenant makes a change in the use of the Housing Facility without the agreement of the County pursuant to Section 9.3.1, Tenant agrees to advise the County, promptly after the change is made, of Tenant's implementation plan, which will include matters such as tenant selection and tenant preference. If requested by the County, Tenant agrees to discuss its implementation plan with the County at a mutually convenient time.

9.3.3 In the event Tenant establishes to the reasonable satisfaction of Landlord that the Housing Facility cannot be operated consistent with Sections 9.1 and 9.2 for any good and sufficient reason other than those specified in Section 9.3.1 above, Tenant may change the use of the Housing Facility, provided such changed housing (1) retains rent and income restrictions sufficient to constitute a "qualified low income housing project" within the meaning of Section 42(g) of the Internal Revenue Code, (2) conforms with any land-use restrictive covenant required by the State of Oregon related to the low income housing tax credits, and (3) conforms with any other covenants required by the United States Department of Housing and Urban Development.

9.3.4 In the event Tenant makes a change in the use of the Housing Facility pursuant to Section 9.3.3, Tenant agrees to advise the County, promptly after the change is made, of Tenant's implementation plan, which will include matters such as tenant selection and tenant preference. If requested by the County, Tenant agrees to discuss such implementation plan with the County at a mutually convenient time.

9.4 Both parties understand that the funding sources for this project will closely monitor the performance of the housing, both financially and programmatically. Tenant shall provide to Landlord, annually in connection with the consultation described in Section 9.2.6, copies of any and all reporting required by funding sources, including without limitation:

a. the annual audit of the project and any audit of the Tenant prepared by an independent financial firm for the tax credit partners in the building,
b. any audits or reports of noncompliance under Section 42 of the Internal Revenue Code,
c. annual performance reports for the Department of Housing and Urban Development's Supportive Housing Program,
d. annual operating budget and the capital improvement budget, and
e. monthly occupancy reports.

Landlord shall not impose additional reporting requirements other than those required by the project's funders (except for operating and capital improvements budgets and monthly occupancy

reports even if funders cease to require the same), unless Tenant is found to be out of compliance with those requirements.

10. TAXES; INSURANCE.

10.1 Taxes. Landlord is a tax exempt municipal corporation. Tenant therefore is not likely to be obligated to pay the real estate ad valorem taxes due with respect to the Leased Premises. However, special assessments may be imposed in respect of public improvements benefitting Leased Property, such as street improvements. In the event any special assessment or lien evidencing such assessment is imposed, Tenant shall pay the same when due. In the event that Tenant shall desire to contest in good faith any such lien or assessment, Tenant, at its sole cost and expense, may file all such protests or other instruments, and institute and prosecute proceedings for the purpose of such contest, without cost or liability to Landlord, however, Landlord shall use its best efforts to support Tenant's claim of exemption from real estate ad valorem tax for the duration of the Lease. If Tenant is required by the taxing authority to post sufficient bond or indemnity with the taxing authority to pay such liens or assessments before challenging the same, Tenant shall comply with that requirement.

10.2 Insurance.

10.2.1 Tenant shall pay all premiums with respect to, and maintain in force, the following liability and hazard insurance policies for the benefit of Landlord, Tenant, and the Leased Premises:

(a) Casualty Insurance covering the Leased Premises:
100% replacement cost, "all risk," with an ordinance coverage endorsement and $25,000 deductible.

(b) Liability Insurance covering the parties and all operations on the Leased Premises:
Comprehensive general liability insurance in an amount not Less than $3,000,000 combined single limit per occurrences for bodily injury, death, and property damage liability.

10.2.2 The hazard insurance provided by Tenant shall insure the Leased Premises and the Housing Improvements thereon, or any substitutions or replacements therefore, against fire and other risks covered by an "all risk" fire and casualty insurance policy with an endorsement for extended coverage, including (without limitation) builder's risk insurance during any construction period. Such insurance shall cover the full replacement costs of the covered improvements with reasonable deductibles and shall provide protection against any peril included within the classification of risks covered by the standard form fire and extended coverage policy. Except as otherwise provided in this Lease, any proceeds of such insurance shall be used for the repair or replacement of the property damaged or destroyed unless this Lease is terminated by reason of a casualty under Section 17.

10.2.3 All insurance carried in accordance with this Section 10 shall be endorsed to provide that:

(a) The interests of Landlord and Tenant shall not be invalidated by any action or inaction of the named insureds or any other person;

(b) The insurer under any hazard insurance policy waives all right of subrogation against Tenant and Landlord and their respective agents, contractors, and employees, or to any person or entity occupying or using any portion of the Leased Premises;

(c) Such insurance shall be primary without right of contribution of any other insurance carried by or on behalf of the insureds;

(d) No cancellation of such insurance for any reason and no substantial change in its coverage that affects the interest of the insureds shall be effective as to the insureds until the thirtieth (30th) day after they shall have received written notice from such insurer of such cancellation or change;

(e) Such policies shall protect each insured thereunder in the same manner as though a separate policy had been issued to each, but nothing in such policy shall operate to increase the insurer's liability under such policy beyond the limits of liability set forth therein; and

(f) Landlord shall be a named additional insured.

10.2.4 If Tenant fails to maintain any insurance required by this Section 10, Landlord may (but need not) obtain, after reasonable notice to Tenant or without notice if no coverage is in place, such insurance and Tenant shall reimburse Landlord upon demand for its cost.

10.2.5 Tenant shall furnish Landlord with certificates of insurance or copies of policies of required insurance on or before the date that is thirty (30) days after the Effective Date, and within ten (10) days prior to the expiration or cancellation of any policy then in effect.

10.2.6 Landlord and Tenant each release the other with respect to any claim (including a claim for negligence) which it might otherwise have against the other party hereto for loss, damage, or destruction with respect to its property, to the extent such loss, damage, or destruction is covered by insurance proceeds.

11. UTILITIES. Tenant shall be responsible for obtaining and paying for gas, electricity, water, sanitary sewer, and other utility services to serve the Leased Premises. Landlord shall have no duty or responsibility with regard to the provision of utility service to the Leased

Premises nor shall Landlord be responsible for any interruption in any utility service to the Leased Premises, except to the extent that the interruption in service is a result of the negligence or willful misconduct of Landlord or its contractors, agents, or employees.

12. MAINTENANCE AND REPAIR; LIENS.

12.1 Maintenance and Repair. Tenant, at its sole cost and expense, shall keep and maintain the Leased Premises during and after construction of the Housing Improvements thereon in a safe and clean condition and, at the expiration of the Lease Term, shall deliver the Leased Premises and all Housing Improvements to Landlord, as improved hereunder, subject to reasonable wear and tear from the anticipated use and in consideration of the term of lease. Tenant agrees that its maintenance obligations shall include the following with respect to the Leased Premises:

12.1.1 Maintaining a safe and clean condition during construction;

12.1.2 Prompt removal of all litter, trash and waste;

12.1.3 Maintaining adequate replacement reserves; and

12.1.4 Performance of maintenance, repairs, and replacement as reasonably required to maintain the Housing Improvements in a safe, clean, and habitable condition.

If any repairs, replacements, or maintenance required on the part of Tenant hereunder are not accomplished within thirty (30) days after written notice to Tenant from Landlord (or for such longer period so long as Tenant has commenced the required repairs or maintenance, and is diligently and in good faith pursuing the completion thereof), Landlord may perform such repairs, replacements, or maintenance, and Tenant shall pay Landlord, immediately upon demand, the cost of such repairs, replacements, or maintenance, together with interest thereon at the rate of nine percent (9%) from the date paid, until repaid by Tenant.

Landlord (or its agents) shall have the right to enter the Leased Premises for the purposes of inspecting the same, or for the purpose of doing anything that may be required under this Lease, or for the purpose of performing repairs or maintenance required to be performed by Tenant; provided, however, in no event shall Landlord's entry onto the Leased Premises be made without reasonable advance notice to Tenant or unreasonably interfere with the conduct of Tenant's business on the Leased Premises unless Landlord reasonably believes that an emergency exists or there is a likelihood of damage to property, or injury to persons, in which event Landlord may enter the Leased Premises at any time.

12.2 Compliance with Law; Environmental Indemnity.

12.2.1 Tenant, at its sole cost and expense, shall faithfully observe and comply with all valid requirements of all municipal, state, and federal authorities now in force, or which may hereafter be in force, pertaining to the use of the Leased Premises by Tenant.

12.2.2 Tenant shall comply with all regulations, ordinances, rules, and laws regarding hazardous substances and wastes (hereinafter referred to as "Environmental Laws") relative to Tenant's occupancy and use of the Leased Premises. Any hazardous substances or wastes located on the Leased Premises, and arising out of Tenant's, or any of Tenant's contractors or employees, occupancy and use or activities on the Leased Premises from and after the Effective Date, shall be the responsibility of Tenant. Tenant shall have no liability to Landlord with respect to any hazardous substances or wastes which were located in, on, or under the Leased Premises prior to the Effective Date, or which at any time migrate to the Leased Premises from elsewhere, except to the extent that Tenant has agreed to perform remediation work with respect to the Leased Premises. No underground or other storage tanks storing hazardous substances shall be located by Tenant on the Leased Premises. Tenant shall immediately disclose to Landlord any knowledge Tenant may have of any hazardous substances which have been stored, used, or disposed of on the Leased Premises in violation of applicable laws. As used herein, the phrase "hazardous substances" shall mean and include any oil, petroleum, hazardous substances, pollutants, contaminants, hazardous wastes, hazardous materials, dangerous waste, extremely hazardous waste, toxic waste, asbestos, urea formaldehyde, radon, or air pollution, as any such term or similar term is now or hereafter used, regulated, defined, or understood in or under any Environmental Laws.

12.2.3 Tenant Indemnity. Tenant shall indemnify, defend, and save the Landlord harmless from any and all of the costs, fees, penalties, and charges assessed or imposed upon the Landlord as a result of Tenant's use, disposal, transportation, generation, and/or sale of hazardous substances or wastes in or about the Leased Premises. Provided, however, Tenant shall not be liable to the Landlord, nor have any duty to indemnify the Landlord for any cost, fee, penalty, or charge assessed or imposed upon the Landlord as a result of the use, disposal, transportation, generation, and/or sale of hazardous substances or wastes occurring prior to the Effective Date of this Lease. The indemnity provided under this section shall survive cancellation or termination of this Lease with respect to causes or events occurring before such cancellation or termination.

12.2.4 Landlord Indemnity. Landlord shall indemnify, defend, and save the Tenant harmless from any and all of the costs, fees, penalties, and charges assessed or imposed upon the Tenant as a result of Landlord's use, disposal, transportation, generation, and/or sale of hazardous substances or wastes in or about the Property. Provided, however, Landlord shall not be liable to Tenant, nor have any duty to indemnify Tenant for any cost, fee, penalty, or charge assessed or imposed upon Tenant as a result of the use, disposal, transportation, generation, and/or sale of hazardous substances or wastes caused by Tenant and occurring after the Effective

Date of this Lease. The indemnity provided under this section shall survive cancellation or termination of this Lease with respect to causes or events occurring before such cancellation or termination.

12.3 Construction Liens.

12.3.1 Tenant's Covenants. Tenant shall pay all costs for work, labor, or services performed on or for the Leased Premises for the benefit of Tenant, or materials supplied to or for the Leased Premises for the benefit of Tenant, and Tenant shall keep the Leased Premises and Improvements free of all mechanics' liens and other liens on account of such work. In no event shall Tenant have the right, authority or power to bind Landlord, or any interest of Landlord in the Leased Premises, for any claim for labor or material, or for any other charge or expense incurred in the construction, or alteration of, the Improvements.

12.3.2 Tenant's Contest of Lien. If Tenant desires to contest any claim of lien arising from work done on or for the Leased Premises for Tenant, Tenant shall first furnish Landlord with a statutory bond issued by a responsible corporate surety in the required amount, adequate to discharge the lien. If a final judgment establishing the validity or existence of any such lien for any amount is entered, Tenant shall immediately pay and satisfy such judgment.

12.3.3 Landlord's Right to Cure. If Tenant is in default in paying any charge for which a lien claim and suit to foreclose the lien have been filed, and Tenant has not bonded the lien pursuant to Section 12.3.2, Landlord, after ten (10) days' notice to Tenant, may (but shall not be required to) pay the claim and any associated costs, and the amount so paid shall be immediately due and owing from Tenant to Landlord, together with interest thereon from the date paid by Landlord until repaid by Tenant, at the rate of nine percent (9%).

12.3.4 Notice of Lien. If any claim of lien is filed against the Leased Premises, or any action affecting the title to the Leased Premises, or any of the Improvements or other property thereon, is commenced, the party receiving notice of such lien or action shall immediately give the other party written notice thereof, but in any event no later than five (5) days after receipt of such notice, but the failure to provide any such notice will not relieve the responsible party from its obligations with respect to such claim of lien.

12.4 Performance of Loan Obligations. Tenant covenants that it shall pay and perform as and when due all obligations established under the terms of any loans relating to the Leased Premises or secured by the Leased Premises or the Landlord's interest in the Leased Premises.

13. IMPROVEMENTS; MANAGEMENT; FUNDING AND SERVICE OBLIGATIONS.

13.1 Construction of Housing Improvements. Tenant shall submit to Landlord a preliminary site plan and elevations depicting the Housing Facility to be constructed on the Leased Premises and the same shall be subject to the approval of Landlord, which approval shall not be unreasonably withheld or delayed. So long as the final building plans and specifications (the "Plans") are substantially consistent with the preliminary site plan and elevations approved by Landlord and comply with applicable building codes, Landlord shall have no right of approval with respect to the Plans or any change which may be made to the Plans by Tenant from time to time. After completion of construction of the Housing Facility, Tenant shall provide Landlord with a complete set of plans and specifications for the Housing Improvements and any such alterations as built as well as a copy of an "as built" survey thereof. Tenant will keep Landlord fully informed of the status of all work undertaken or to be undertaken on the Leased Premises.

Tenant may, at its cost and expense, erect exterior building signage on the Housing Facility provided that all exterior signage is approved by the applicable governmental authorities. All signs installed at the Premises by Tenant shall be maintained in good repair at Tenant's expense, and Tenant shall be responsible for the cost of all electricity consumed in illuminating the same.

The term "Housing Facility" shall include any approved additions thereto, and any approved replacement or substitutions therefore. Tenant shall commence construction of the Housing Facility immediately after it obtains the Permits for construction of the same, and shall diligently and continuously pursue the completion of construction of the Housing Facility. The Housing Facility and work to be performed by Tenant hereunder shall be constructed in a good and workmanlike manner in compliance with all applicable permits, authorizations, building codes, and all other applicable laws, ordinances, rules, and regulations of any governmental authorities having jurisdiction.

No approval of designs, site plans, plans, specifications, or other matters by a party shall be construed as a representation by the approving party that such designs, site plans, plans, specifications, or other matters will, if followed, result in properly designed improvements.

In the event Tenant is required to pay for the cost of any material offsite improvements, such as improvements to the sidewalk, street, or utility extensions, in connection with construction of the Housing Improvements, CCMH will support Tenant's request for the use of County community development block grant funds or urban renewal funds if such funds are available to pay for such costs.

13.2 Ownership of Improvements. Upon the expiration or termination of this Lease, title to all Housing Improvements and fixtures then owned by Tenant and situated on the Leased Premises automatically shall vest in Landlord free and clear of all claims to, or against them by

Tenant or any third party; provided, however, that Tenant shall retain title to all furniture, furnishings, office machinery, equipment, and other items of personal property of a similar or dissimilar nature and Tenant may remove such items of property from the Leased Premises upon expiration of the Lease Term provided that Tenant repairs any damage that may be caused to the Improvements in connection with such removal. Any items of property not removed by Tenant upon expiration or termination of the Lease Term shall be deemed to have been abandoned by Tenant.

13.3 Alterations.

13.3.1 Interior Alterations. Provided that Tenant is not in default hereunder, Tenant shall have the right, at any time and from time to time during the Lease Term, to make such interior changes and alterations to any of the interior components of the Facility, if any, as Tenant shall deem necessary or desirable, without the prior consent of Landlord, provided that such changes or alterations do not constitute structural alterations or hinder the ability of Tenant to perform its obligations under this Lease. All alterations shall be performed without cost to Landlord or encumbrance of the Landlord's interest in the Leased Premises.

13.3.2 Exterior Alterations. After completion of initial construction of the Housing Improvements, the following conditions shall apply with regard to any material exterior alterations to the Housing Improvements proposed to be made by Tenant:

(a) Except for minor alterations and exterior maintenance and repair which would cost less than $25,000 to complete, all such alterations shall be subject to the prior approval of the Landlord acting in its capacity as Landlord, which approval shall not be unreasonably withheld or delayed,

(b) All such alterations shall be completed by Tenant in accordance with all applicable laws, rules, ordinances, and regulations, and applicable restrictive/protective covenants.

(c) All such exterior changes and alterations shall be performed without cost to Landlord or encumbrance of the Landlord's interest in the Leased Premises. Landlord shall reasonably cooperate with Tenant, to the extent necessary, with regard to obtaining necessary permits for such changes, alterations, and new construction from the County including joining in the execution of applications for such construction permits or other authorizations whenever such actions are necessary.

(d) All work done in connection with any such alterations shall be done in a good and workmanlike manner.

(e) Tenant shall give Landlord at Least thirty (30) days' prior written notice before commencing any exterior alterations to the Improvements.

(f) Any exterior alteration shall be made within a reasonable time, in a good and workmanlike manner, and in compliance with all applicable permits, authorizations, building codes, and all other applicable laws, ordinances, rules, and regulations of any governmental authorities having jurisdiction.

Any approval by Landlord under this section shall not be interpreted as a regulatory approval by Landlord acting in its governmental capacity.

13.4 Management. Except as provided in the following sentence, Tenant shall be solely responsible for the management and operation of the Housing Facility; provided, however, such management and operation shall be consistent with the terms and conditions of this Lease including, without limitation, Section 9.2. In the event Tenant contracts out the management and operation of the Housing Facility to a third party property manager, Landlord may require Tenant to terminate the engagement of such property manager in the event of: (i) one or more acts of gross negligence, willful misconduct, or fraud, (ii) one or more acts which violate the loan documents, tax regulations, or governmental regulations applicable to the operation of the Housing Facility so as to materially and adversely affect the interests of Landlord in the Leased Premises, or (iii) one or more material failures to operate the Housing Facility in a manner consistent with the terms of the Lease or provide reports to the Landlord as required herein, or (iv) failure of such property manager to maintain all insurance generally maintained by property managers including worker's compensation coverage and reasonable liability coverage (with non-owned vehicle coverage).

13.5 Funding and Service Obligations. Landlord is authorized to provide certain mental health services to residents of Clackamas County. Landlord will use reasonable efforts to provide to the Eligible Tenants adequate Mental Health Support Services beginning with the first day of operation of the Facility and continuing thereafter. Landlord and Tenant understand that the initial level of Mental Health Support Services is preliminary in nature and that during the first year of operation, Tenant may determine that additional services are required. Tenant shall notify Landlord of such additional requirements and the parties shall work in good faith to modify the level of Mental Health Support Services to a level that both parties feel will be sufficient to serve the Eligible Tenants in the Facility. Landlord will use reasonable efforts to provide sufficient funds from the County's general fund or from other sources of revenue to fund adequate Mental Health Support Services . Landlord and Tenant contemplate that the funding levels will increase if additional services are needed for the Eligible Tenants, and in any event, will increase annually at a minimum of three percent (3%) or the CPI, whichever is greater. Tenant understands that Landlord, in its capacity as the funding provider for mental health services in the County, cannot commit or bind the County to provide funds beyond the current fiscal year, and that the County will use its reasonable efforts to fund the services at the required levels, but its failure to provide sufficient funds will not be deemed a default of this Agreement, but such lack of funding will allow Tenant to exercise its rights to the extent provided under Section 9.3.

14. INDEMNIFICATION. Each party hereto (an "Indemnitor") covenants and agrees to indemnify, defend, save and hold the other party (an "Indemnitee") and the Leased Premises free, clear, and harmless from all liabilities, losses, costs, expenses (including attorneys' fees), judgments, claims, liens, and demands of any kind in connection with, arising out of, or by reason of any breach by the Indemnitor with respect to the performance of its obligations under this Lease. The indemnities provided in this Section shall survive the cancellation or termination of this Lease with respect to events occurring before such cancellation or termination. Notwithstanding any other provision in this Ground Lease, any obligation of Landlord under this Section 14 shall be limited by and subject to the provisions of the Oregon law pertaining to tort claims against public bodies, including ORS 30.260-30.300 (or successor law) and Article XI, Section 10 of the Oregon Constitution.

15. DEFAULT, INSOLVENCY, REMEDIES.

15.1 Default. It shall be a default and breach of this Lease if any of the following shall occur at any time during the Lease Term:

15.1.1 Tenant shall fail to make payment of any monetary sums specified to be paid by Tenant or on before the date the same shall become due, and such failure shall continue for a period of fifteen (15) days after notice of such default is given to Tenant;

15.1.2 Tenant shall fail to observe or perform any of Tenant's other covenants, agreements, or obligations hereunder and such failure shall continue for a period of thirty (30) days after notice of such default is given to Tenant; provided, however, that if such default is of such a nature that it cannot reasonably be expected to be cured within said thirty (30) days, then the cure period shall be extended for such longer time as may be reasonably necessary so long as Tenant commences to cure the failure within said thirty (30)-day period, in good faith and with due diligence, and thereafter diligently and continuously prosecutes the same to completion; or

15.1.3 If a petition to have Tenant adjudicated a bankrupt or any other proceeding under any federal or state law relating to bankruptcy, bankruptcy reorganization, insolvency, or relief of debtors shall be filed or instituted by Tenant or shall be filed or instituted against Tenant, as debtor, and not be dismissed within ninety (90) days from the date of such filing or institution, or if a receiver, guardian, conservator, trustee, or assignee, or any other similar officer or person shall be appointed to take charge of all Tenant's property and such appointment is not vacated within ninety (90) days after the date of filing.

15.2 Landlord's Remedies on Default. Upon default hereunder by Tenant, Landlord, at Landlord's election, may terminate this Lease by giving Tenant notice of termination. On the giving of the notice of termination, all of Tenant's rights in the Leased Premises and in all Improvements shall terminate. Promptly after notice of termination, Tenant shall surrender and vacate the Leased Premises, and all Housing Improvements, and Landlord may re-enter and take possession of the Leased Premises and all Housing Improvements and eject all parties in

possession, or eject some and not others, or eject none. Termination under this section shall not relieve Tenant from the payment of any sums then due to Landlord, or from any claim for damages previously accrued or then accruing against Tenant. If the Lease is terminated in accordance with these provisions, Tenant hereby covenants to peaceably and quietly surrender the Leased Premises to Landlord and to execute and deliver to Landlord such instruments as shall be required by Landlord, as will properly evidence termination of Tenant's rights hereunder and its interest herein. If Tenant shall be in default under this Lease and, if, as a consequence of such default, Landlord shall incur any expense as aforesaid or recover a money judgment against Tenant, or both, the amount of any expense incurred until recovered shall bear interest at the rate of nine percent (9%) per annum ("Default Rate"). In addition to all other remedies provided herein, all nonmonetary covenants, agreements, or obligations of Tenant may, at Landlord's discretion, be enforced by specific performance.

15.3 Tenant's Remedies on Default of Landlord. Landlord shall be in default under this Lease if Landlord fails to perform any of its obligations hereunder and said failure or breach continues for a period of thirty (30) days after written notice thereof from Tenant to Landlord (unless such failure cannot reasonably be cured within thirty (30) days, in which event Landlord shall have commenced to cure said breach or failure within said thirty (30)-day period and shall diligently prosecute cure of the failure or breach to completion to avoid being in default); no advance notice of Tenant's intent to cure a default of Landlord shall be required in the event of an emergency. In addition to any rights Tenant may have under this Lease or by law or in equity by reason of a breach or default by Landlord, Tenant may, at its option and upon written notice, without waiving any rights or remedies (including the right to recover damages) incur any expense necessary to perform the obligation of Landlord specified in such notice, and recover such expense from Landlord. If Landlord shall be in default under this Lease and, if, as a consequence of such default, Tenant shall incur any expense as aforesaid or recover a money judgment against Landlord, or both, the amount of any expense incurred until recovered shall bear interest at the Default Rate.

16. CONDEMNATION.

16.1 If all the Leased Premises and the Housing Improvements are taken or condemned, by right of eminent domain or by purchase in lieu of condemnation, or if such portion of the Premises or the Improvements shall be so taken or condemned that the portion remaining is not sufficient and suitable, in Tenant's sole judgment to permit the restoration of the Improvements following such taking or condemnation, then this Lease and the Term, at Tenant's option, shall cease and terminate as of the date on which the condemning authority takes possession (any taking or condemnation of the land described in this section being called a "Total Taking"), and the Rent shall be apportioned and paid to the date of such Total Taking.

16.2 If this Lease expires and terminates as a result of a Total Taking, the rights and interests of the parties shall be determined as follows:

16.2.1 The total award or awards for the Total Taking shall be apportioned and paid in the following order of priority:

(a) Landlord shall have the right to and shall be entitled to receive directly from the condemning authority, in its entirety and not subject to any trust, that portion of the award which is defined and referred to as the "Land Award," and Tenant shall not be entitled to receive any part of the Land Award. The term Land Award shall mean that portion of the award in condemnation or change of grade proceedings that represents the fair market value of the Premises, considered as vacant, unimproved but encumbered by this Lease, the consequential damage to any part of the Premises that may not be taken, the diminution of the assemblage or plottage value of the Premises not so taken and all other elements and factors of damage to the Premises; but in all events such damage or valuation shall take into consideration that the Premises is encumbered by this Lease;

(b) Tenant shall have the right to and shall be entitled to receive directly from the condemning authority, that portion of the award referred to as the "Leasehold Award." The term Leasehold Award shall mean that portion of the award in condemnation proceedings that represents the fair market value of Tenant's interest in the Improvements and the fair market value of Tenant's leasehold estate as so taken and, provided this Lease is not terminated as a result of such condemnation or taking, the consequential damages to any part of the Improvements.

(c) It is the intent of the parties that the Land Award and Leasehold Award will equal the total amount of the awards respecting a total taking.

16.2.2 If the court or such other lawful authority as may be authorized to fix and determine the awards fails to fix and determine, separately and apart, the Land Award and the Leasehold Award, such awards shall be determined and fixed by written agreement mutually entered into between Landlord and Tenant, and if an agreement is not reached within twenty (20) days after the judgment or decree is entered in the proceedings, the controversy shall be resolved in the same court as the condemnation action is brought, in such proceedings as may be appropriate for adjudicating the controversy.

16.3 If, during the Term, there is a taking or condemnation of the Premises or the Improvements that is not a total taking and not a temporary taking of the kind described below, or in the event of the change in the grade of the streets or avenues on which the Premises abuts, this Lease and the Term shall not cease or terminate but shall remain in full force and effect with respect to the portion of the Premises and of the Improvements not taken or condemned (any taking or condemnation or change of grade of the kind described in this section being referred to as a "Partial Taking"), and in such event, the total award or awards for the taking shall be apportioned and paid in the following order of priority:

(a) Landlord shall have the right to and shall be entitled to receive directly from the condemning authority, in its entirety and not subject to any trust, that portion of the award that equals the Land Award, and Tenant shall not be entitled to receive any part of the award; and

(b) Tenant shall have the right to and shall be entitled to receive directly from the condemning authority the balance of the award, to be applied by the recipient as it shall deem appropriate.

16.4 In the event of a taking of all or a part of the Premises or the Improvements for temporary use, this Lease shall continue without change, as between Landlord and Tenant, and Tenant shall be entitled to the entire award made for such use; provided that Tenant shall be entitled to file and prosecute any claim against the condemnor for damages and to recover the same, for any negligent use, waste, or injury to the Premises or the Improvements throughout the balance of the then current Term. The amount of damages so recovered shall belong to Tenant.

16.5 In the event of any dispute between Tenant and Landlord with respect to any issue of fact arising out of a taking mentioned in this section, such dispute shall be resolved by the same court in which the condemnation action is brought, in such proceedings as may be appropriate for adjudicating the dispute.

17. CASUALTY.

17.1 Total Casualty. If the entire Leased Premises shall be destroyed by fire or any other casualty prior to December 31 of the sixteenth (16th) year following that year in which the Housing Improvements become available for occupancy, Tenant shall apply all available insurance proceeds to replacement of such Improvements or take such action as may be required by the low income housing tax credit documents. If the entire Leased Premises shall be destroyed by fire or any other casualty after such date, this Lease shall terminate and expire as of the date.

17.2 Partial Casualty. If a portion of the Leased Premises shall be destroyed by fire or any other casualty, and the remaining part is not suitable, in Tenant's reasonable opinion, for the continued economic conduct of Tenant's business, Tenant may terminate this Lease by giving Landlord written notice thereof within thirty (30) days after the date of such casualty.

17.3 Restoration of Improvements. In the event Tenant elects, or is otherwise obligated by the terms and provisions hereof or by financing or low income housing tax credit documents, to repair and/or reconstruct the Housing Improvements, Tenant shall promptly repair, replace, restore, and reconstruct the same in substantially the form in which they existed prior to such casualty, with at least as good workmanship and quality as the Housing Improvements being repaired or replaced and all insurance proceeds related thereto shall be made available to Tenant for such purposes. If Tenant fails to obtain permits within four (4) months after the occurrence

of the casualty, or fails to commence reconstruction within sixty (60) days following the issuance of building permits for rebuilding (which Tenant shall seek diligently), then Landlord may, in its sole discretion, terminate this Lease by providing written notice to Tenant to such effect. Such termination shall be effective on the ninetieth (90th) day following such notice unless, in the case of Tenant's failure to timely commence reconstruction or failure to diligently prosecute the same, within thirty (30) days following notice of Landlord's intention to so terminate, Tenant does either commence reconstruction or resumes diligent prosecution of the same.

17.4 Business Interruption Insurance. All proceeds of any business interruption insurance maintained by Tenant shall belong solely to Tenant, and Landlord shall have no right or interest therein. All proceeds of insurance policies maintained by Tenant with respect to its furniture, fixtures, and equipment and other contents of the Leased Premises owned by Tenant shall be payable solely to Tenant and shall be the sole property of Tenant.

17.5 Insurance Proceeds. Except as otherwise provided in this Section 17 or by the financing or low income housing tax credit documents, all insurance proceeds and other payments on account of any casualty shall be paid to Landlord and Tenant as their interests may appear. In the event Tenant terminates this Lease under Section 17.1 or Section 17.2 herein, Landlord shall, at a minimum, be entitled to receive insurance proceeds equal to the reasonable cost of demolition of the Housing Improvements.

18. NOTICES. All notices required or permitted hereunder shall be in writing and shall be served on the Parties at the following address:

If to Tenant:
Central City Concern
2 NW Second Avenue
Portland, Oregon 97209
Attn: Executive Director
Facsimile number: (503) 294-4321

with a copy to:
Dean Gisvold, Esq.
McEwen, Gisvold, Rankin, Carter & Streinz LLP
1100 SW Sixth, Suite 1600
Portland, Oregon 97204
Facsimile number: (503) 243-2687

If to Landlord:
Clackamas County
c/o Clackamas County Mental Health Division
998 Library Court
Oregon City, Oregon 97045
Attn: Director
Facsimile number: _____

with a copy to: James M. Coleman, Esq.
Clackamas County Counsel
906 Main Street
Oregon City, Oregon 97045
Facsimile number: 503-650-8925

Any such notices may be sent by (a) certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the U.S. mail or (b) a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier or (c) facsimile transmission, in which case notice shall be deemed delivered upon electronic verification that transmission to recipient was completed. The above addresses and facsimile numbers may be changed by written notice to the other party; provided that no notice of a change of address or facsimile number shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice. Counsel for either party may give any notice permitted or required herein.

19. WAIVER. No waiver by any party of any provision hereof shall be deemed a waiver of any other provisions hereof or of any subsequent breach by the other parties of the same or any other provision.

20. JOINDER IN APPLICATIONS FOR PERMITS; PERFORMANCE ON BEHALF OF PARTIES.

20.1 Both parties agree, within a reasonable time after a request by the other party, to join, without cost, expense, or liability to such party, in any and all applications for permits, licenses or other authorizations required by any governmental or other body claiming jurisdiction in connection with any construction work or development which the requesting party may perform or desire to perform hereunder, and such grants by the requesting party for public utility and other easements, local improvement district, street dedications, street widenings, erosion control, buffer strips, landscaping, and such other similar matters as are requested by the requesting party; provided that the work related to the permit, license, or other authorization being requested must have been approved by the parties in accordance with the terms of this Lease.

20.2 If either party shall fail to make any payment or perform any act required hereunder to be made or performed by such party, then the other party (after such notice to the defaulting party as may be reasonable under the circumstances) may, but shall be under no obligation to, make such payment or perform such act with the same effect as if made or performed by the defaulting party. The defaulting party shall reimburse the other party for all sums so paid by the other party and for all costs and expense incurred in connection with the performance of any such act, and all such sums shall bear interest at the Default Rate from the date of expenditure until the date of such reimbursement.

21. ESTOPPEL STATEMENT. Landlord and Tenant shall, upon not less than fifteen (15) days' prior request by the other, promptly execute, acknowledge and deliver to the requesting party a written statement certifying (a) that this Lease is unmodified and in full force and effect (or if there have been any modifications, that the same is in full force and effect as modified and stating the modifications), (b) the dates, if any, to which the rent and other sums payable hereunder have been paid, (c) whether to the knowledge of Landlord or Tenant, as the case may be, there are then existing any defaults under this Lease or any defenses or offsets to the payment of rent and other charges and if so, specifying the same, and (d) any other statements reasonably requested by the other party. Any such statement delivered pursuant to the foregoing may be relied upon by any prospective purchaser or mortgagee (including assignees) of the fee interest in the Leased Premises or the leasehold estate created hereby.

22. CONVEYANCE BY LANDLORD. The term "Landlord" as used in this Lease, so far as the covenants and obligations on the part of Landlord are concerned, shall mean the Landlord or its assignees at the time in question, and, in the event of any transfer or transfers of title thereto, the Landlord named (and, in the case of any subsequent transfer, the then grantor) shall be released from the date of such transfer of all personal liability as respects the performance of any covenants or obligations by Landlord thereafter to be performed; provided that (i) any funds in the hands of Landlord or the then grantor, at the time of such transfer, in which Tenant has an interest shall be delivered to the grantee, and (ii) the transferee shall have assumed all obligations of Landlord arising hereunder after the date of transfer.

23. MISCELLANEOUS.

23.1 Memorandum of Lease. Upon the request of either Landlord or Tenant, the parties hereto shall each execute, acknowledge and cause to be recorded a memorandum of this Lease which shall set forth the description of the Leased Premises, the Lease Term, and such other information respecting this Lease as may be agreed upon by Landlord and Tenant. Under no circumstances will this Lease be recorded by either party hereto.

23.2 Holding Over. If Tenant holds over after the termination of this Lease, such holding over shall not be considered as being a renewal of this Lease, and such holding over shall be construed to be a tenancy from month to month only, under the same terms and conditions as are provided in this Lease.

23.3 Entire Agreement. Except as may be specifically referred to herein, there are no covenants, promises, agreements, conditions, or understandings, either oral or written, between the parties hereto, pertaining to this Lease other than as herein set forth. No subsequent alteration, amendment, change, or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them. This instrument shall supersede any and all prior agreements of the parties hereto with respect to the subject matter hereof.

23.4 Attorneys' Fees. If suit or action is commenced to enforce compliance with any term, covenant, or condition of this Lease, the party not prevailing shall pay to the prevailing party a sum which the trial judge determines is reasonable as attorneys' fees to be allowed in the suit or actions, and court costs, and if appeal is taken from any judgment or decree in the suit or action, the party not prevailing on the appeal shall pay to the prevailing party such further sums as the appellate court shall adjudge reasonable as attorneys' fees on appeal and court costs.

23.5 Successors. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to the provisions of Section 4.

23.6 Interest on Past Due Obligations. Any amount due from one party to the other and not paid when due shall bear interest at the Default Rate.

23.7 Severability. Any provisions of this Lease determined to be invalid by a court of competent jurisdiction shall not affect any other provision hereof.

23.8 Force Majeure. The occurrence of any of the following events shall excuse performance of such obligations of Landlord or Tenant as are rendered impossible or reasonably impracticable to perform while such event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes therefore; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental action; civil commotion; fire or other casualty; and other causes beyond the reasonable control of the party obligated to perform. Notwithstanding the foregoing, the occurrence of such events shall not excuse such obligations as this Lease may nevertheless otherwise impose on the party to obey, remedy, or avoid, despite such event, and the occurrence of such events shall not excuse a party from an obligation to pay any sum due under this Lease except to the extent that a payment obligation is deferred by reason of the failure to satisfy conditions to payment.

23.9 Captions. Section headings are inserted herein for convenience only and are not intended to construe, modify, or interpret the contents of this Lease.

23.10 Governing Law. The parties intend that this Agreement shall be governed by and construed in accordance with the laws of the State of Oregon.

23.11 Brokers. Tenant represents and warrants to Landlord that it has not engaged or had discussions with any broker or agent who would be entitled to a commission or fees in connection with the negotiation or execution of this Lease, and Tenant agrees to indemnify and hold harmless Landlord from and against any and all costs, expenses, or liabilities for such commissions or other compensation or charges claimed by or awarded to any other broker or agent on the basis of any agreements made or alleged to have been made by or on behalf of Tenant. Landlord represents and warrants to Tenant it has not engaged nor had discussions with any broker who would be entitled to commission or fee in connection with the negotiation or execution of this Lease and Landlord agrees to indemnify and hold harmless Tenant from and

against any and all costs, expenses, or liabilities for all commissions or other compensation or charges claimed by or awarded to any broker or agent on the basis of any agreements made or alleged to have been made by or on behalf of Landlord.

23.12 No Liens. Landlord warrants and represents to Tenant that there are no current mortgages, deeds of trust, land sale contracts, ground leases, or other liens applicable to the Leased Premises other than the lien for ad valorem taxes not yet due and payable.

23.13 No Partnership. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture between Landlord and Tenant, it being expressly understood and agreed that neither the computation of rent nor any other provision contained in this Lease nor any act or acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of Landlord and Tenant.

23.14 Authority and Status. The persons executing this Lease on behalf of Tenant and Landlord covenant and warrant to the other parties that (a) they are duly authorized to execute this Lease on behalf of the party for whom they are acting, and (b) the execution of this Lease has been duly authorized by the party for whom they are acting. Tenant warrants and covenants that, for the Lease Term, it is and shall be an Oregon public benefit corporation exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Landlord warrants and covenants that, for the Lease Term, it is and shall be a body public and corporate under the laws of Oregon.

23.15 Time of the Essence. Time is of the essence with respect to the performance of each of the terms, provisions, covenants, and conditions contained in this Lease.

23.16 Constants. Whenever a constant is referred to herein (*e.g.*, "2000 constant" or "Measured in 2000 dollars"), the Consumer Price Index for the Portland, Oregon, Metropolitan Area published by the U.S. Department of Labor (or the nearest metropolitan area or a comparable index if that index is not published or no longer published) shall be utilized to gauge the inflationary rate to be applied to determine the sum of money in then current dollars that is equivalent to the applicable amount of dollars circa 2000.

23.17 Consents. The parties hereto agree to act in good faith and with fair dealing with one another in the execution, performance, and implementation of the terms and provisions of this Lease. Whenever the consent, approval, or other action of a party is required under any provision of this Lease, such consent, approval or other action shall not be unreasonably withheld, delayed, or conditioned by a party unless the provision in question expressly authorizes such party to withhold or deny consent or approval or decline to take action in accordance with a different standard, in which case the consent or approval or the decision to not take action may be withheld, delayed, or conditioned in accordance with the different standard (any provision

indicating that consent is not to be unreasonably withheld is to be interpreted to mean that consent shall not be unreasonably withheld, delayed, or conditioned.)

23.18 Further Assurances. Each of the parties hereto shall execute and provide all additional documents and other assurances that are reasonably necessary to carry out and give effect to the intent of the parties reflected in this Lease.

23.19 Tax Credit Documentation. The parties understand and acknowledge that the cost of constructing the Housing Improvements will be funded through a variety of sources, including capital contributions of investors which will receive the benefits of federal low income housing tax credits. The parties agree that during the tax credit Compliance Period (as that term is defined in Section 42 of the Internal Revenue Code) this Lease shall be interpreted in a manner such that it is substantially consistent with the requirements of Section 42 of the Internal Revenue Code respecting low income housing tax credits, and the regulations promulgated thereunder. Further, Landlord agrees that its interest in the Leased Premises shall be subordinate to the provisions of the Land Use Restrictive Covenant and Extended Use Agreement to be recorded in favor of the State of Oregon in connection with the low income housing tax credits, but only to the extent required under Section 42(h)(6)(B) of the Internal Revenue Code.

24. STATUTORY WARNING.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

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, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. 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 APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

[*Signatures on following page*]

LANDLORD: **CLACKAMAS COUNTY,**
an Oregon Municipal corporation

By: _____
Irene Fischer-Davidson
Director, Department of Human Services, County of Clackamas

TENANT: **CENTRAL CITY CONCERN**
an Oregon public benefit corporation

By: _____
Richard Harris
Executive Director

Exhibit "A"

Legal Description of the Premises

Parcel I: Beginning at a point in the North line of Lot 16 in CAUSEY'S SUBURBAN TRACT NO. 1, in the County of Clackamas and State of Oregon, which is 355.0 feet West of the Northeast corner of said Lot 16; thence West along the North line of Lots 16 and 17, 60.0 feet; thence Southerly parallel to the East line of Lot 16, 264.55 feet to a point which is 266.75 feet North of the South line of Lot 17; thence Easterly parallel to the South line of Lots 17 and 16, 60.0 feet thence Northerly parallel to the East line of Lot 16, 264.20 feet to the point of beginning.

Parcel II: Beginning at a point in the North line of Lot 17 in CAUSEY'S SUBURBAN TRACT NO. 1, in the County of Clackamas and State of Oregon, which is 17.5 feet West of the Northeast corner of said Lot 17; thence West along the North line of said Lot 17, 60.0 feet; thence Southerly parallel to the East line of said lot, 264.90 feet to a point which is 266.75 feet North of the South line of said Lot 17; thence Easterly parallel to the South line of said lot, 60.0 feet; thence Northerly parallel to the East line of said lot, 264.55 feet to the point of beginning.

Containing approximately 31,746 square feet of land, more or less.