

**LEASE AGREEMENT
TDJC LLC / Yamhill County**

THIS LEASE AGREEMENT ("Lease Agreement") is made the last date set forth adjacent to the signatures of the parties below between TDJC LLC ("LANDLORD"), an Oregon Limited Liability Company and **Yamhill County**, a political subdivision of the State of Oregon, acting by and through Yamhill County Health and Human Services ("TENANT") for TENANT to lease real property and related improvements located in Sheridan, Oregon for the housing of individuals and families with mental health and/or substance use disorders by the TENANT.

Section 1. BASIC LEASE DATA AND EXHIBITS

1.1 **Leased Premises:** The premises consist of multiple apartment buildings completed in two phases located at 675 SE Sheridan Road, Sheridan, Oregon 97378 ("Premises"). Phase I consists of 30 units of 1, 2, and 3 bedroom apartments and Phase II consists of 36 units of 1, 2 and 3 bedroom apartments. The Premises also contain an ADA central space, central space kitchen, two offices, playground, walking paths, garden, safety fence and paved parking area, all completed as part of Phase I. The Premises driveway connects to Riverside Terrace apartments and contains an ADA sidewalk and curbing.

1.2 **Parties:** The parties to this Lease Agreement are as follows:

LANDLORD: TDJC, LLC acting through:

Troy and Dana Haworth
15110 Blacktail Court
McMinnville, OR 97128

AND

John and Catherine Eshleman
23600 SE Franquette Drive
Amity, OR 97101

TENANT: Yamhill County, acting by and through
Yamhill County Health and Human Services
Attn: Silas Halloran-Steiner
627 NE Evans
McMinnville, OR 97128

1.3 **Lease Term; Renewal:** The lease term for the entire Premises shall be for five (5) years to commence immediately following (i) completion of construction, (ii) issuance of an occupancy permit and (iii) inspection satisfactory to TENANT in its sole discretion of Phase I ("Lease Term"). Upon satisfaction of the above conditions, TENANT and LANDLORD will mutually agree on the Lease Term commencement date. Subject to Section 2.2, TENANT may extend the Lease Term for the entire Premises for an additional five (5) year term at the expiration of the original Lease Term by giving LANDLORD written notice of the extension not later than 90 days before expiration of the original Lease Term. The Lease Term is effective as of the commencement date written above.

1.4 **Rent:** Rent is \$26,550.00 per month for Phase I and \$31,860.00 additional rent per month for Phase II for a combined total of \$58,410 per month once both phases are completed, inspected to TENANT's sole satisfaction and certificate(s) of occupancy issued, payable in advance not later than the 5th of the month ("Monthly Rent" or "Rent TENANT's obligation to pay Phase I rent shall not begin until Phase I has been completed, inspected to TENANT's sole satisfaction and a certificate of occupancy has been issued for Phase I. TENANT's obligation to pay Phase II rent shall not begin until Phase II has been completed, inspected to TENANT's sole satisfaction and a certificate of occupancy has been issued for Phase II. On the first anniversary of the Lease Term, and on each anniversary thereafter while this Lease Agreement is in effect, the monthly Rent shall be increased by two percent (2%).

1.5 **Use:** The entire Premises will be occupied exclusively by TENANT as housing for individuals and families with mental health and/or substance use disorders.

Section 2. TERM AND TERMINATION

2.1 The Term of this Lease Agreement is set forth in Section 1.4.

2.2 TENANT may terminate this Lease Agreement (i) upon thirty (30) days written notice if LANDLORD fails to fulfill any provision of this Lease Agreement or commits any act in violation of this Lease Agreement, (ii) upon ninety (90) days written notice to LANDLORD in the event that TENANT's federal or state funding should become unavailable, or (iii) upon one hundred eighty (180) days written notice without cause.

2.3 LANDLORD may terminate this Lease Agreement upon thirty (30) days written notice if TENANT fails to fulfill any provision of this Lease Agreement or commits any act in violation of this Lease Agreement. LANDLORD shall provide the following specified periods of advance notice for the stated grounds for discharge:

- a. Three days advance notice for termination of nonpayment of Rent.
- b. Not less than 24 hours advance notice if TENANT or any client or guest of TENANT irreparably endangers or threatens to endanger the health or safety of LANDLORD's employees, or other persons lawfully on the Premises; or threatens immediate irreparable damage to any property of LANDLORD, another tenant of LANDLORD, or another person lawfully upon the Premises; or commits any act which is outrageous in the extreme.
- c. 30 days advance notice for all other reasons based on a violation of this Lease Agreement or sale of the Premises by LANDLORD.

Section 3. RENT

3.1 All Rent shall be paid to LANDLORD or LANDLORD's authorized agent at the address indicated in Section 1 or at such other places as may be designated by LANDLORD from time to time. All Rent shall be due and payable on the first of the month.

Section 4. TAXES

4.1 The parties recognize that the Rent under this Lease Agreement has been established based upon LANDLORD's understanding that a property tax exemption will be obtained on the real property that contains the Premises due to TENANT's status as a local government and that the Rent has been established to reflect the savings below market rent resulting from the exemption from taxation pursuant to ORS 301.112. However, both parties acknowledge and agree that any request for an exemption from ad valorem or any other form of property taxes shall be the sole and exclusive responsibility of LANDLORD. If the real property remains subject to ad valorem or any other form of property taxes the Rent payable under this Lease Agreement will be subject to modification by mutual written agreement of both parties.

Section 5. PERMITTED USE

5.1 The Premises are to be used for the operation of those activities described in Section 1 and for no other purpose, without prior written consent of LANDLORD.

Section 6. USES PROHIBITED

6.1 TENANT shall not use any portion of the Premises or property upon which the Premises are located for purposes other than those specified in this Lease Agreement. No use shall be made or permitted to be made upon the Premises, nor acts done which will increase the existing rate of insurance upon the Premises or property upon which the Premises are located, or cause cancellation of insurance policies covering said Premises or property.

Section 7. MAINTENANCE AND REPAIRS; ALTERATIONS; IMPROVEMENTS

7.1 LANDLORD, at its expense, shall provide all regular maintenance and repair services upon the Premises. LANDLORD shall maintain and repair all buildings on the Premises, including any common areas therein, including the ADA central space, ADA central space kitchen, two offices, playground, walking paths, ADA sidewalks and curbs and garden in a decent, safe and sanitary condition in conformance with applicable codes or regulations materially affecting health and safety and shall make all necessary repairs to the Premises and dwelling units within the Premises with reasonable promptness. LANDLORD's maintenance and repair obligations shall include, but are not limited to, maintaining in good and safe working order all structural, roofing, electrical, plumbing, sanitary, heating, cooling, ventilation, outdoor lighting, safety fence and paved parking areas and other facilities (including windows and glazing, missing screens and screen or storm doors, except as provided elsewhere herein) and supplied appliances. LANDLORD shall provide all major exterior lawn maintenance and landscape needs, including but not limited to, pruning, bark dust, bushes and shrubs. LANDLORD not less than annually shall perform an inspection and assessment of all exterior lawn maintenance and landscape needs.

7.2 TENANT, at its expense, shall maintain and keep the assigned yard area in good order and repair, reasonable wear and tear excepted, and shall provide routine yard maintenance including mowing, edging and watering. TENANT agrees to keep all areas of the Premises clean and free from all accumulation of debris and garbage, to dispose from the Premises and the dwelling units within the Premises all garbage and other waste in a clean and safe manner. TENANT shall notify the LANDLORD promptly of the need for repairs to the Premises or

dwelling units within the Premises and notify the LANDLORD of known unsafe conditions in the common areas and grounds which may lead to damage or injury. TENANT agrees to pay reasonable charges (other than for normal wear and tear) for repairs or damages to the Premises or common areas caused by TENANT, its client, sub-tenants or guests. However, unless caused by an act of God, TENANT is responsible for replacement of broken windows, damaged or missing screens and screen or storm doors. Such charges shall be billed to TENANT by LANDLORD and shall specify the items of damage included, the corrective actions taken and the cost thereof.

7.3 TENANT shall make no alterations to Premises without the prior, express, and written consent of LANDLORD, which consent shall not unreasonably be withheld.

7.4 All alterations, change, and improvements built, constructed, or placed on the Premises by TENANT, with the exception of fixtures removable without damage to the Premises and movable personal property, shall, unless otherwise provided by written agreement between TENANT and LANDLORD, be the property of LANDLORD and remain on the Premises at the expiration or earlier termination of this Lease Agreement.

Section 8. UTILITIES, APPLIANCES AND COMMON SERVICES

8.1 LANDLORD, as part of Monthly Rent, shall be responsible for providing water, garbage and sewer services. LANDLORD shall also be responsible for providing the following appliances and amenities in each rental unit: full size refrigerator, stove (with cooktop and oven), microwave, garbage disposal, dishwasher, washer/dryer, hot water heater, air conditioner/heater. Landlord shall also be responsible for providing air conditioner/heater, data ports and basic office suite needs in the office areas, as well as refrigerator, stove, microwave, garbage disposal, dishwasher in the larger central meeting area adjacent to the offices.

8.2 TENANT shall be responsible for the payment of electricity and telecommunications (phone, TV and internet) services.

Section 9. DAMAGE OR DESTRUCTION

9.1 If the Premises shall be destroyed or rendered untenable, either wholly or in part, by fire or other unavoidable casualty, LANDLORD may, at its option, restore the Premises to its previous condition, and in the meantime the Monthly Rent shall be abated in the same proportion as the untenable portion of the Premises bears to the whole thereof; but unless LANDLORD within thirty (30) days after the happening of any such casualty, shall notify TENANT of its election to so restore the Premises, this Lease shall thereupon terminate and end.

9.2 If the Premises shall be destroyed or damaged by fire or other casualty insured against under LANDLORD'S fire and extended coverage insurance policy to the extent that more than fifty percent (50%) thereof is rendered untenable, or in case the Premises shall be materially destroyed or damaged by other casualty other than those covered by such insurance policy, notwithstanding that the Premises may be unaffected directly by such destruction or damage, LANDLORD may, at its election, terminate this Lease Agreement by notice in writing to TENANT within sixty (60) days after such destruction or damage. Such notice shall be effective thirty (30) days after receipt thereof by TENANT.

Section 10. ASSIGNMENT AND SUBLETTING

10.1 TENANT shall not assign this Lease Agreement or sublet any portion of the Premises without the prior written consent of the LANDLORD.

Section 11. ORDINANCES AND STATUTES

11.1 TENANT and LANDLORD shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the Premises, occasioned by or affecting the Premises or the use thereof by TENANT. The commencement or dependency of any state or federal court abatement proceeding affecting the use of the Premises shall be deemed a breach hereof by LANDLORD.

Section 12. ENTRY AND INSPECTION

12.1 TENANT shall permit LANDLORD or LANDLORD's agents to enter upon the Premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same.

Section 13. INDEMNIFICATION OF LANDLORD

13.1 Subject to the limitations and conditions of the Oregon Tort Claims Act, ORS 30.260-30.300, and the Oregon Constitution, TENANT shall defend and indemnify LANDLORD and save it harmless from and against any and all liability, damages, costs or expenses, including attorneys fees, arising from any act, omission, or negligence of TENANT and sub-tenants, or the officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors of TENANT in or about the Premises, or arising from any accident, injury, or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the Premises; provided that the foregoing provision shall not be construed to make TENANT responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the sole negligence of LANDLORD, or of any officer, contractor, licensee, agent, servant, employee, guest, invitee or visitor of LANDLORD. LANDLORD shall defend and indemnify TENANT and save it harmless from and against any and all liability, damages, costs or expenses, including attorney fees, arising from any act, omission, or negligence of LANDLORD or the officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors of LANDLORD in or about the Premises, or arising from any accident, injury, or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the Premises; provided that the foregoing provision shall not be construed to make LANDLORD responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the sole negligence of TENANT, or of any officer, contractor, licensee, agent, servant, employee, guest, invitee or visitor of TENANT.

Section 14. INSURANCE

14.1 LANDLORD shall obtain fire and property damage insurance on the Premises structure but not on TENANT's contents. TENANT shall name LANDLORD as an additional insured under its comprehensive general liability insurance policy. TENANT agrees to obtain workers compensation insurance for all its subject workers working at the PREMISES. LANDLORD

shall be responsible for maintaining insurance for LANDLORD's property stored at the Premises.

Section 15. SURRENDER OF POSSESSION

15.1 Upon expiration of the term of this Lease Agreement, whether by lapse of time or otherwise, TENANT shall promptly and peacefully surrender the Premises to LANDLORD.

Section 16. HOLDOVER

16.1 If TENANT shall, with the written consent of LANDLORD, hold over after the expiration of the term of this Lease Agreement, such tenancy shall be month-to-month. During such tenancy, TENANT agrees to pay LANDLORD the same rate of rental as the immediately preceding months, unless a different rate shall be agreed upon, and to be bound by all of the terms, covenants, and conditions herein specified, so far as applicable.

Section 17. SUCCESSORS

17.1 All of the covenants, agreement, terms and conditions contained in the Lease Agreement shall apply to and be binding upon LANDLORD and TENANT and their respective heirs, executors, administrators and successors.

Section 18. PETS AND ANIMALS

18.1 TENANT shall not keep or allow any animals or pets on the Premises without the prior written consent of LANDLORD.

Section 19. WAIVER OF RIGHTS TO RELOCATION ASSISTANCE

19.1 TENANT hereby waives its rights to recover any relocation assistance from LANDLORD under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, or other applicable relocation assistance law.

Section 20. ENTIRE AGREEMENT

20.1 The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties.

Section 21. QUIET ENJOYMENT

21.1 LANDLORD covenants that on paying the Rent and performing the covenants contained in this Lease Agreement, TENANT shall peacefully and quietly have, hold and enjoy the Premises for the agreed Term.

Section 22. GOVERNING LAW; JURISDICTION

22.1 It is agreed that this Lease Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Oregon and is subject to jurisdiction in the courts of Yamhill County Oregon.

Section 23. ATTORNEY FEES AND COSTS

23.1 In the event that either party to this Lease Agreement shall take any action, judicial or otherwise, to enforce or interpret any of the terms of this Lease, each party shall be wholly responsible for its own expenses which it may reasonably incur in taking such action, including costs and attorney fees, whether incurred in a suit or action or appeal from a judgment or decree therein or in connection with any nonjudicial action.

Section 24. HAZARDOUS MATERIALS

24.1 LANDLORD shall indemnify, defend and hold TENANT harmless from and against any and all liabilities, penalties, fines, forfeitures, demands, claims and costs which TENANT may be responsible for as a result of bodily injuries, property damage, contamination or other adverse effects on the environment, or any violation or alleged violation of any statute, ordinance, order, rule or regulation of a governmental entity or agency to the extent caused by, arising out of, or connected with the presence of any Hazardous Materials on the Premises, which Hazardous Material is on the Premises as a result of the act or omission of someone other than TENANT or TENANT's assigns, agents, contractors or invitees. As used herein, "Hazardous Material" means any material or substance which may pose a present or future threat to human health or the environment, including Hazardous Waste as that term is used in the Resources Conservation and Recovery Act (42 USC 6901 et seq.)

Section 25. NOTICES

25.1 Any notice required or permitted under this Lease Agreement shall be given when actually delivered or forty-eight hours after deposited in the United States mail as certified mail addressed to the address set forth below or to such other address as may be specified from time to time by either of the parties in writing.

LANDLORD: TDJC, LLC, acting through:

Troy and Dana Haworth
15110 Blacktail Court
McMinnville, OR 97128

AND

John and Catherine Eshleman
23600 SE Franquette Drive
Amity, OR 97101

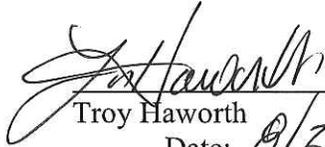
TENANT: Yamhill County, acting by and through
Yamhill County Health and Human Services
Attn: Silas Halloran-Steiner
627 NE Evans
McMinnville, OR 97128

AND

Yamhill County
Attn: County Counsel
434 NE Evans
McMinnville, OR 97128

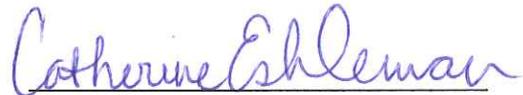
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date written below their names.

LANDLORD: TDJC, LLC, acting by and through Troy and Dana Haworth AND John and Catherine Eshleman


Troy Haworth
Date: 8/27/19


Dana Haworth
Date: 8/27/19


John Eshleman
Date: 8/27/19


Catherine Eshleman
Date: 8/27/19

Taxpayer Identification Number: 81-3491172

TENANT: Yamhill County, a political subdivision of the State of Oregon.


Richard L. "Rick" Olson, Chair

Board of Commissioners

Date: 9-5-19

Accepted by Yamhill County
Board of Commissioners on
9/5/19 by Board Order
19-324



ADMINISTRATION
ADULT PROGRAMS
PUBLIC HEALTH PROGRAMS
FAMILY AND YOUTH PROGRAMS
DEVELOPMENTAL DISABILITIES

HEALTH AND HUMAN SERVICES DEPARTMENT

ADMINISTRATION

627 N.E. Evans – McMinnville, OR 97128 – Phone 503-434-7523 – Fax 503-434-9846 – TTY 1-800-735-2900

November 16, 2018

Massey Casper
Housing Authority of Yamhill County
135 NE Dunn Place
McMinnville, OR 97128

Dear Mr. Casper:

I want to thank the Housing Authority of Yamhill County (HAYC) for its continued effort to provide quick housing stabilization for special needs populations served by Yamhill County Health and Human Services (HHS). We are very fortunate to have a longstanding and effective partnership with our various projects, including the successful Section 8 Housing Choice “Fast Track” Vouchers program that we jointly administer.

Yamhill County HHS is working with a private developer on an exciting new project in Sheridan aimed to meet community need for affordable housing. The identified site is the land currently under contract for purchase adjacent to the Riverside Terrace apartment complex. Early development project goals have been obtained and the developer is now in the design phase.

The vision is to create multigenerational, safe, affordable housing with a focus on recovery-support, wellbeing, and service to others as part of the model. We are excited about the potential partnership with Riverside Terrace residents who might want to mentor and support young families or individuals in need of prosocial connection and community support. We plan to have an onsite peer housing specialist like we have successfully achieved at our most recent supportive housing developments: Baker Field and Aspen Ridge. Additionally, we will explore other peer support such as having Certified Recovery Mentors and 12 step meetings onsite. There may be opportunities for nutrition/cooking, healthy lifestyle support, and parent coaching depending on the availability of grant funds or volunteers to support these activities.

Priority populations will be single adults and/or families who are experiencing behavioral health challenges and identify as in recovery from substance use disorder or other mental health challenges. Within this population we intend to identify 10 units for veterans and/or their families who meet criteria for VASH rental assistance. All individuals shall: 1) have some level of ongoing treatment support and/or completion from HHS and/or other community-based programs and 2) be willing to live in a recovery-focused, safe, nurturing environment which requires some level of service to others and/or community participation. Individuals and/or their children must be open to receiving peer or other natural supports to ensure that they are accountable to their recovery goals while housed at this location.

Committed to supporting safety, wellness, and dignity for all

B.O. 19-324
Exhibit "A"
Pg 1 of 2

Ideally, individuals who are eligible for Section 8 or VASH voucher support will be allowed to carry this voucher with them to another Yamhill County rental location. This follows the same model for Baker Field and Aspen Ridge.

While the project is still under design, we imagine up to 65 units in a combination of 1, 2, 3 bedroom(s) with ADA accessible units on the ground level. We will also design an ADA accessible central meeting space with bathrooms, kitchen, roll-up doors to covered area, pet area, play structure(s), and walking/biking paths. There will be offices for the peer housing specialist, administrative support for landlord/tenant agreements, Certified Recovery Mentors, and others who might be helping residents achieve their full potential. Please note that the central meeting space and kitchen would be available for use for Riverside Terrace residents if this is something that HAYC would like to pursue.

Early indication is that the City of Sheridan is supportive of the project. The initial pre-construction meetings did not present any major obstacles for the design, permitting, and construction. One option surfaced, however, that would allow for a circular driveway by sharing the entry road into Riverside Terrace. We would like to pursue this option if possible as it will allow for best use of the space and also open a walking path or sidewalk for Riverside Terrace residents if we do agree to share the central meeting areas. The project will be built in two phases with anticipated opening as early as November 2019 for roughly half of the units and the central meeting space. Phase two will complete in January 2021.

In conclusion, we are seeking HAYC support of this vision and your authorization of the following:

- ❖ Approval for up to 55 prioritized Section 8 Housing Choice Voucher (approximately half beginning November 2019 and the remainder beginning January 2021).
- ❖ Approval for up to 10 prioritized VASH rental assistance vouchers (approximately half beginning November 2019 and the remainder beginning January 2021).
- ❖ Approval for Mr. Massey to work with Yamhill County HHS on an administrative services contract similar to the one we have in place for Aspen Ridge and Baker Field to administer rental agreements (final contract to come back to the HAYC Board).
- ❖ Approval for Mr. Massey to work on a Memorandum of Understanding (MOU) or include terms in the agreement for administrative services to permit Riverside Terrace residents to have access to the central meeting space, as well as pursue the shared driveway access, including possible need for an easement which, if needed, Yamhill County Counsel will prepare.

As a long term partner in creating sustainable programs and community solutions, I hope the Housing Authority of Yamhill County can join in the development of this project. Again, the goal will be to allow individuals who remain Section 8 Housing Choice Vouchers or VASH eligible to move into other residences throughout the county if they so desire like our existing partnership model today.

The long term outcome of this project will be individuals and families living in safe, affordable housing while leading healthy, prosocial lives as valued members of our community in Sheridan and across the communities of Yamhill County.

With gratitude,

Silas Halloran-Steiner
Director, Yamhill County Health and Human Services