

STATE OF OREGON
INTERGOVERNMENTAL OFFICE SPACE LEASE AGREEMENT

THIS LEASE AGREEMENT, dated February 20, 2004, is by and between MULTNOMAH COUNTY, a political subdivision of the State of Oregon (Lessor), and the STATE OF OREGON, acting through its Department of Human Services (Lessee).

The parties acknowledge and agree that time is of the essence with respect to all the terms, conditions and provisions of this lease; therefore, MULTNOMAH COUNTY hereby leases to the State and the State leases from MULTNOMAH COUNTY the Premises described below under the following terms and conditions:

1. **Premises.** A total of approximately 8,473 rentable square feet (subject to confirmation of CAD drawings) on the second floor, as shown on the attached Exhibit A, which by this reference is made a part hereof, in the MDT Building located at the Gateway Children's Center, also known as the Children's Receiving Center, located at 10225 East Burnside Street, Portland, Multnomah County, Oregon 97216.

2. **Term.** The original term of this Lease shall commence October 1, 2003 and shall continue through April 30, 2004. This is a short term Lease, pending further negotiations between the parties.

3. **Rent.** Lessee shall pay Base Rent in advance at the address for Lessor stated at Paragraph 20 - "Notices" by the 10th day of each month for the current month. The Base Rent for any partial month shall be prorated on a pro rata basis. The monthly Base Rent for this Full Service lease shall be \$13,611.67 (\$20.00 per square foot per year).

4. **Use.**
4.1 Lessee may use the Premises for business offices, storage, and other legal purposes including but not limited to functions related to the conduct of its business as a state agency, where such conduct would include agency activities providing services to individuals or groups whose presence is or could be detrimental or harmful to the safety of the youth being served by the Gateway Children's Center.

4.2 **Restrictions on Use.** In connection with the use of the Premises, Tenant shall:

(a) Conform to all applicable laws, ordinances and regulations of any public authority affecting the premises and the use, and correct at Tenant's own expense any failure of compliance created through Tenant's fault or by reason of Tenant's use, but Tenant shall not be required to make any structural changes to effect such compliance.

(b) Refrain from any activity that would make it impossible to insure the Premises against casualty, would increase the insurance rate, or would prevent Landlord from taking advantage of any ruling of the Oregon Insurance Rating Bureau, or its successor, allowing Landlord to obtain reduced premium rates for long-term fire insurance policies, unless Tenant pays the additional cost of the insurance.

(c) Refrain from any use that would be reasonably offensive to other tenants or owners or users of neighboring premises or that would tend to create a nuisance or damage the reputation of the premises.

(d) Refrain from loading the electrical system or floors beyond the point considered safe by a competent engineer or architect selected by Landlord.

(e) Refrain from making any marks on or attaching any sign, insignia, antenna, aerial, or other device to the exterior or interior walls, windows, or roof of the premises without the written consent of Landlord, which shall not be unreasonably withheld.

5. **Parking.** Lessee, its employees, and clientele shall have the exclusive right to park in five (5) spaces at the MDT Building (subject to later confirmation of parking allocation by Lessor), which shall be marked as such by Lessor. Lessor's parking lot guidelines are as shown on the attached Exhibit B. In addition, Lessee

shall have the same right as other Tenants of Lessor to park in the facility's common parking areas, if common area parking is provided or exists during the term of this Lease.

6. Lessor Covenants.

(a) Lessor covenants that it has the right to make this Lease and to lease the Premises to Lessee; that possession of the Premises will be delivered to Lessee free of other tenants and of conflicting claims; and that on paying the rent and performing its covenants of this Lease, Lessee may enjoy the rights granted by this Lease free from rightful interference by any third party.

(b) Lessor covenants that the Premises, including any common areas in the building to be used by Lessee, and meet the requirements of the Americans with Disabilities Act (ADA) for accessibility known to Lessor at the date of execution of this Lease in accordance with the standards provided in the ADA Accessibility Guidelines for Buildings and Facilities (ADAAG), to the extent, at the minimum, the Premises including the common areas have: (1) an accessible entrance and an accessible route therefrom to those areas in which the principal activities of Lessee as a state agency will be conducted; (2) accessible restroom facilities; and (3) to the extent required at the execution of this Lease, accessible parking for the disabled in compliance with Oregon Revised Statutes (ORS) 447.233, if parking is provided within the lease.

(c) Lessor hereby discloses that the building was constructed before January 1, 1978, when the building industry had not generally refrained from using materials containing asbestos-containing materials (ACM), and covenants that all known and accessible ACM in the Premises have been removed or abated and the Premises have been inspected by a competent inspector qualified to perform such inspection under applicable law and regulations and certified as safe from all friable ACM.

7. Improvements and Alterations. Lessor has furnished the Premises with standardized systems furniture, as described on the attached drawing 'Furniture included in Lease', page 1, marked Exhibit C, which shall remain the property of Lessor. Lessee may place fixtures, partitions, personal property, and the like in the Premises and may make nonstructural improvements and alterations to the Premises, subject to Lessor's written consent, which shall not be unreasonably withheld. Alterations requested by Lessee shall be performed by Lessor at the expense of Lessee. Lessee agrees that any such improvements and alterations made by Lessee with Lessor's consent shall become the property of the Lessor. At Lessor's written request, Lessee may be required to remove such items at the end of the Lease term. In the event such Lessor's request is received, Lessee agrees to restore the Premises to its original condition, subject to reasonable wear and tear.

8. Maintenance and Repair

(a) Lessor shall perform at Lessor's sole cost and expense all necessary maintenance and repairs of: (1) the structure, foundation, exterior walls, roof, doors and windows, elevators, emergency lighting, and Lessor-provided fire extinguishers, Lessor provided window coverings, sidewalks, and parking area which are located in or serve the Premises, maintaining the Premises and the common areas in a hazard free condition; (2) the heating, air conditioning, plumbing, electrical, and lighting systems in the Premises, replacing parts or the system as necessary, obtaining required permits and inspections from Codes enforcement authorities; (3) the Premises, improvements, grounds, and landscaping, keeping them in good repair and appearance, replacing dead, damaged or diseased plant materials when Lessor determines necessary; (4) interior walls, performing touch-up and repainting as necessary when it is due to normal wear or deterioration; (5) Lessor supplied systems furniture, performing touch-up, recovering, maintenance and repair as necessary when it is due to normal wear or deterioration; and (6) carpets and other floor coverings. Carpets and other floor coverings shall be repaired and replaced as necessary by Lessor at Lessor's sole cost and expense when it is due to premature wear/deterioration or due to normal and expected wear and tear. Lessor understands and agrees that the carpets and other floor coverings provided or installed in the Premises at the commencement of this Lease shall be of the type and quality to last at least through the original term of the Lease; and that the

areas identified by Lessee as the high traffic areas such as public/client waiting areas shall be maintained as necessitated by excess use. Carpets and floor coverings which fail to last through the original term of the Lease under normal and expected wear shall be considered "premature wear" for the purposes of this paragraph. Lessor shall at Lessor's sole cost and expense provide, furnish, install, and replace all exterior and interior light fixtures, including ballasts, bulbs, and fluorescent tubes, except when Lessor is NOT responsible for providing the janitorial services under this Lease, in which case Lessee shall be responsible for replacing the interior bulbs and interior fluorescent tubes. The parties acknowledge that energy conservation to the extent feasible is in the best interest to both parties, and agree to make best efforts to contribute toward gaining energy efficiency wherever possible.

(b) Should Lessor fail to maintain the Premises in accordance with above requirements, and after reasonable prior notification to Lessor to remedy the problems, Lessee may contract for necessary labor, equipment and material to bring Premises within those requirements and shall deduct related costs plus reasonable administrative costs from future rent payments.

(c) Lessee shall take good care of the interior of the Premises and at the expiration of the term surrender the Premises in as good condition as at the commencement of this Lease, excepting only reasonable and expected wear and tear, permitted alterations, and damage by fire or other casualty.

9. Heating, Ventilation and Air-conditioning (HVAC) Standards.

(a) The HVAC system shall operate so as to satisfy all of the factors contributing to the comfortable conditions with respect to cooling, heating and fresh air intakes, per the applicable building codes and the standards applicable to similar office buildings in the area.

(b) System Maintenance: Lessor shall be responsible for maintaining the system in proper operating condition.

10. Utilities and Services.

(a) Lessor will cause the utilities and services listed below to be furnished to the Premises. Charges shall be paid as indicated:

<u>Utility or Service</u>	<u>Monthly Charges Paid By:</u>	
	<u>Lessor</u>	<u>/ Lessee</u>
Water	X	_____
Sewer	X	_____
Electricity	X	_____
Gas	X	_____
Fuel Oil	X	_____
Trash Removal	X	_____
Janitorial Service	X	_____
Recyclables Removal (State Recycle Program)	X	_____
Window Washing	X	_____
Snow and Ice Removal	X	_____
Building Security (If required)	X	_____

(b) Lessor shall arrange for janitorial services that comply with the specifications contained in the attached Exhibit D. In doing so, Lessor shall make best effort to support the policy of the State of Oregon, as provided in Oregon Revised Statutes 279.015 and 279.835 to 279.855, by contracting with a qualified nonprofit agency for disabled individuals, otherwise referred to as Qualified Rehabilitation Facility (QRF), whenever such is locally available and feasible. If Lessor no longer provides janitorial service, Lessee may choose to contract directly with QRF for janitorial services and the rent shall be reduced by an amount equal to the cost of janitorial services specified at the time Lessee chooses to contract with a QRF. The Lessor

hereby agrees to provide to Lessee the Lessor's most recent invoice for payment of such services. The Lease shall be amended to reflect the reduction in rent.

(c) **Recycling Materials:** Lessor shall support the policy of the State of Oregon for recycling materials as provided in Oregon Revised Statutes ORS 279.560 and 279.635. In case Lessee as a state agency is required to participate in the State Recycle Program, which may be operated by a state contracted QRF service provider, Lessor will cooperate with the State Recycle Program.

(d) **Telephone Cable and Wire:** Lessor shall be responsible for providing and maintaining all telephone cable and wire to the telephone/computer room/closet in the Premises, and from there to the individual telephone/computer jacks in each room, including bringing sufficient number of lines to the telephone closet(s) on the floor or in the area where the Premises are located for Lessee's use. Installation of any new station wire and maintenance of all station wire shall be Lessee's responsibility. Station wire means that wire or cable which runs between the station jack(s) and the telephone closet(s), and those which run between and among station jacks.

(e) Should Lessor fail to provide the janitorial and other services at the levels specified hereinabove, including applicable Exhibits or attachments to this Lease, and after reasonable written notification to Lessor, Lessee may contract for necessary labor, equipment and material to correct the deficiencies and shall deduct the related costs plus reasonable administrative costs from future rent payments.

11. Insurance. Lessee shall provide for its own personal property damage coverage and liability insurance, within the limits as provided under ORS 30.260 to 30.300, and as limited by Oregon Constitution, Article XI, Section 7. Lessor shall provide for its own liability coverage and real property damage coverage for the building structure and the building systems, subject to the same limitations as provided under the law.

12. Statement of Self-Insurance. The Lessor, Multnomah County, and the Lessee, State of Oregon, are each individually self-insured for its property and liability exposures, as subject to the Oregon Tort Claims Act, ORS 30.260 through 30.300. A Certificate of Self-Insurance will be provided, upon request of the other party.

13. Limited Indemnities of the Parties.

(a) To the extent permitted by Article XI, Section 7 of the Oregon Constitution and subject to the limits of the Oregon Tort Claims Act, ORS 30.260 through 30.300, Lessee shall defend, indemnify and hold Lessor harmless from any claim, loss or liability arising out of or related to the negligent activity of Lessee on the Premises or any condition of the Premises of which Lessee has knowledge or reasonably ought to have knowledge or which is under the control of Lessee.

(b) To the extent permitted by Article XI, Section 10 of the Oregon Constitution and subject to the limits of the Oregon Tort Claims Act, ORS 30.260 through 30.300, Lessor shall defend, indemnify and hold Lessee harmless from any claim, loss or liability arising out of or related to the negligent activity of Lessor or Lessor's breach of duty under the Lease.

14. Default. Neither party shall be in default under this Lease until written notice of the unperformed obligation has been given and that obligation remains unperformed after notice for fifteen (15) days in the case of a payment or for thirty (30) days in the case of other obligations. If the obligation, other than a payment, cannot be performed within the thirty-day period, there shall be no default if the responsible party commences a good faith effort to perform the obligation within such period and continues diligently to complete the performance. In case of a default the nondefaulting party may terminate this Lease with thirty (30) days prior written notice to the defaulting party, and it shall be entitled to recover damages or any other

remedy provided by applicable law, or it may elect to perform the defaulting party's obligation and recover from the defaulting party the costs plus interest at the legal rate for judgment. If Lessee makes such expenditures as the nondefaulting party, those expenditures may be deducted from the rent.

15. Confidentiality of Business Information. Lessor and Lessee acknowledge that Lessor's use of the Property and Lessee's permitted use of the Premises may include the creation, management and retention of business information of a personal or confidential nature, and that the unauthorized acquisition or disclosure of such information may be grounds for civil and/or criminal liability. Lessor and Lessee, for themselves, their agents, employees and contractors, agree that, subject to the Oregon Public Records Law, ORS chapter 192, they will refrain from any action that reasonable would be deemed to jeopardize the confidentiality of business information of the other party or to expose such information to disclosure, whether such information has been identified to the other party as confidential or otherwise, and will reasonably cooperate with each other to affirmatively protect the confidentiality of all information so designated as confidential or otherwise of a sensitive nature. Lessor and Lessee acknowledge and agree that violation of the provisions of this section, except when required under the Public Records Law, may constitute a material breach of the Lease, for which the non-violating party may terminate the Lease and for which additional remedies may also be available.

16. Waiver of Subrogation. Neither Lessor nor Lessee shall be liable to the other for any loss arising out of damage to or destruction of the Leased Premises or the Facility or the contents thereof, when such loss is caused by any of the perils which are or could be included within or insured against by a standard form of fire insurance with extended coverage, including sprinkler leakage insurance, if any. All such claims against one another for any and all loss, however caused, hereby are waived. Said absence of liability shall exist whether or not the damage or destruction is caused by the negligence of either Lessor or Lessee or by any of its respective agents, servants or employees. Each party shall fully provide its own property damage insurance protection at its own expense, and each party shall look to its respective insurance carriers for reimbursement of any such loss, and further, the insurance carriers involved shall not be entitled to subrogation under any circumstance.

17. Casualty Damage. If the Premises or improvements thereon are damaged or destroyed by fire or other casualty to such a degree that the Premises are unsuitable for the purpose leased, and if repairs cannot reasonably be made within ninety (90) days, Lessee may elect to cancel this Lease. Lessor shall in all cases promptly repair the damage or ascertain whether repairs can be made within ninety (90) days, and shall promptly notify Lessee of the time required to complete the necessary repairs or reconstruction. If Lessor's estimate for repair is greater than ninety (90) days, then Lessee, upon receiving said estimate will have twenty (20) days to determine if it wishes to cancel this Lease. Following damage, and including any period of repair, Lessee's rental obligation shall be reduced to the extent the Premises cannot reasonably be used by Lessee.

18. Taxes

(a) **Property Taxes.** Tenant shall pay as due all taxes on its personal property located on the Premises. Tenant shall, upon invoice from landlord, reimburse Landlord for all real property taxes levied against the Premises. As used herein, real property taxes include any fee or charge relating to the ownership, use or rental of the Premises, other than taxes on net income of Landlord. If Tenant intends to seek exemption from real property taxes Tenant shall apply for exemption through Multnomah County Assessment and Taxation pursuant to ORS 307.112.

(b) **Special Assessments.** If an assessment for a public improvement is made against the Premises, Landlord may elect to cause such assessment to be paid in the maximum number of installments allowed by law, in which case all of the installments payable with respect to the lease term shall be treated the same as general real property taxes for purposes of Section 7.1.

(c) **Contest of Taxes.** Tenant shall be permitted to contest the amount of any tax or assessment as long as such contest is conducted in a manner that does not cause any risk that Landlord's interest in the Premises will be foreclosed for nonpayment. Landlord shall cooperate in any reasonable manner with such contest by Tenant.

(d) **Proration of Taxes.** Tenant's share of real property taxes and assessments for the years in which this lease commences or terminates shall be prorated based on the portion of the tax year that this lease is in effect.

19. Hazardous Substances. Tenant shall not cause or permit any Hazardous Substance to be spilled, leaked, disposed of, or otherwise released on or under the Premises. Tenant may use or otherwise handle on the Premises only those Hazardous Substances typically used or sold in the prudent and safe operation of the Permitted Use specified in Section 3.1. Tenant may store such Hazardous Substances on the Premises only in quantities necessary to satisfy Tenant's reasonably anticipated needs. Tenant shall comply with all Environmental Laws and exercise the highest degree of care in the use, handling, and storage of Hazardous Substances and shall take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled, or stored on the Premises. Upon the expiration or termination of this Lease, Tenant shall remove all Hazardous Substances from the Premises. The term Environmental Law shall mean any federal, state, or local statute, regulation, or ordinance or any judicial or other governmental order pertaining to the protection of health, safety or the environment. The term Hazardous Substance shall mean any hazardous, toxic, infectious or radioactive substance, waste, and material as defined or listed by any Environmental Law and shall include, without limitation, petroleum oil and its fractions.

20. Notices. Notices between the parties shall be in writing, effective when personally delivered to the address specified herein, or if mailed, effective seventy two (72) hours following mailing to the address for such party specified below or such other address as either party may specify by notice to the other:

LESSOR: Multnomah County
Facilities and Property Management
401 N Dixon Street
Portland, OR 97227
Telephone: 503-988-3322 ext. 28773; Fax: 503-988-5082

LESSEE: Department of Human Services
500 Summer St NE
Salem, OR 97310-1012
Kathy Majcher, or successor
Telephone: (503) 945-5668; Fax: (503) 947-5316

21. Merger.
THIS LEASE CONSTITUTES THE ENTIRE LEASE BETWEEN THE PARTIES. NO WAIVER, CONSENT, MODIFICATION OR CHANGE OF TERMS OF THIS LEASE SHALL BIND EITHER PARTY UNLESS IN WRITING AND SIGNED BY BOTH PARTIES. SUCH WAIVER, CONSENT, MODIFICATION OR CHANGE, IF MADE, SHALL BE EFFECTIVE ONLY IN THE SPECIFIC INSTANCE AND FOR THE SPECIFIC PURPOSE GIVEN. THERE ARE NO UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS, ORAL OR WRITTEN, NOT SPECIFIED HEREIN REGARDING THIS LEASE. THE PARTIES, BY THE SIGNATURE BELOW OF THEIR RESPECTIVE AUTHORIZED REPRESENTATIVES, HEREBY ACKNOWLEDGES THAT THE PARTIES HAVE READ THIS LEASE, UNDERSTAND IT, AND AGREE TO BE BOUND BY ITS TERMS AND CONDITIONS.

This Lease shall not become effective and shall not be binding upon the State of Oregon or any agency thereof until it has been executed, in the signature spaces provided below, by all parties to this Agreement, including those whose approval is required.

The parties have executed this Lease the _____ day of _____, 2004.

LESSOR: MULTNOMAH COUNTY
A political subdivision of the State of Oregon

By: _____
Multnomah County Chair Diane M. Linn

APPROVED AS TO LEGAL FORM

By: _____
Matthew D. Ryan

LESSEE: STATE OF OREGON, acting by and through its
Department of Human Services

By: _____
Judy L. Nichols

APPROVAL: STATE OF OREGON, acting by and through the
Department of Administrative Services

By: _____
Facilities Division

Exhibits

1. Exhibit A – MDT Building floor plans (attached)
2. Exhibit B – Parking Assignments and Guidelines (attached)
3. Exhibit C – Systems Furniture list supplied in MDT Building (attached)
4. Exhibit D - Enhanced Janitorial Services Co-wide (attached)

DHS-CRCLse-MDTBldg-MultCty-2517
FJK26Nov03

Occupant Information

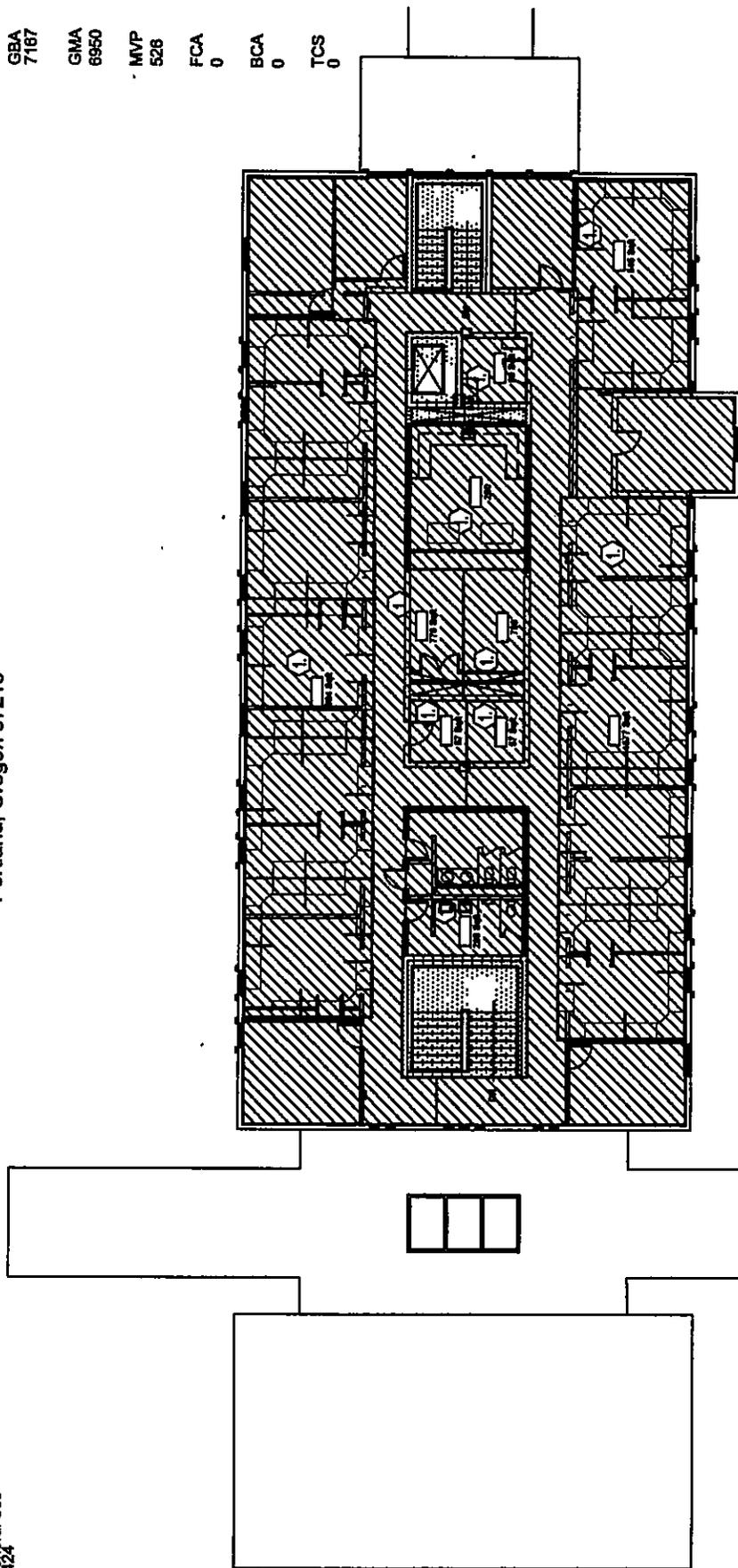
① Non-County
State DHS
General Use
6424

Gateway Children's Center Multi-Disciplinary Team Building - 439

10225 E Burnside Street
Portland, Oregon 97216

Floor Information

GBA 7167
GMA 6950
MVP 528
FCA 0
BCA 0
TCS 0



For BDMC Use Only
Rentable Area
6424
(0.1% variance allowed)
2 in MVP
Control # 624



Measured by: Brett Taulie
Date: 04 December 2003

EXHIBIT A

Second Floor

December 2003
Bob Liby

Figures above do not include common areas or lease adjustments.
For further information contact the Property Manager.

EXHIBIT B
GATEWAY CHILDREN'S CENTER
(GCC)

PARKING GUIDELINES

1. Twenty spaces will be reserved for visitors. Visitor spaces will be marked. Social Services building receptionist will provide visitor passes. Accommodation will be made for visitors with children to conveniently pick up passes.
2. Staff who must have a car due to disability will get a space. There are four designated handicap spaces.
3. Staff who must have their own vehicle for work purposes will get a space; if possible. Staff who can "Park-and-Ride" should, and employers who provide Tri-Met passes should expect employees to use them.
4. Publicly owned (government) vehicles will be identified as such.
5. Visitor spaces will be marked. All other spaces will be marked as reserved and numbered.
6. Employers should encourage staff to park on street (102nd Avenue) whenever possible.
7. Itinerant staff who use the building occasionally will follow Guideline #3. Tri-Met Park & Ride lots at Gateway Transit Center or 122nd Avenue can be used for the brief commute to the Gateway Children's Center.
8. Remaining spaces will be allocated by the County Facilities & Property Management based on number of staff assigned to the Gateway Children's Center.

Occupant Information

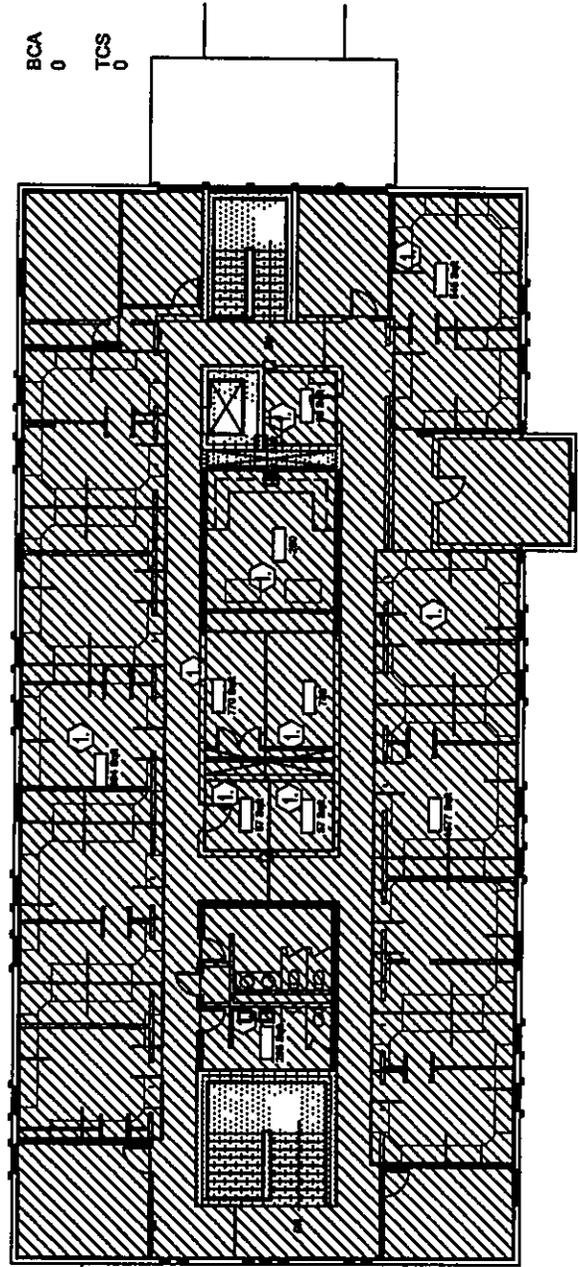
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Floor Information

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GMA 6950
MVP 528
FCA 0
BCA 0
TCS 0



For BDMC Use Only
Rentable Area
6424
(0.1% variance allowed)
2 in MAP
Control # 624



Measured by: Brett Tauls
Date: 04 December 2003

EXHIBIT C

Second Floor

December 2003
Bob Lilly

Figures do not include common areas or lease adjustments.
For further information contact the Property Manager.

NON-DEPT.
BASELINE

Description of Services	One Day Week	Five Days Week	Monthly	Quarterly	Semi- Annual	Annual
Dust mop all areas using a treated mop	X					
Empty and damp wipe all waste receptacles, replace liners as needed	X					
Spot clean all vertical surfaces	X					
Sanitize and polish all drinking fountains	X					
Clean and polish all metal bright work	X					
Spot clean all walls, control panels, thresholds and elevators	X					
Clean elevator door tracks on each floor	X					
Detail Vacuum all carpeted areas	X					
Collect recycle from collection points	X					
Complete mop all resilient floor surfaces	X					
Spot clean with extractor or spotting agent all carpet spots and spills	X					
Clean door glass and relite glass	X					
Clean non-glass transparent materials using plexiglass cleaner & cloth	X					
Sanitize public phone receivers	X					
Clean all horizontal surfaces within 72" in height			X			
Dust all high reach areas			X			
Vacuum all upholstered furniture			X			
Dust all low reach areas including baseboards and ledges			X			
Vacuum all ceiling and wall air grills			X			
Spot clean all upholstered furniture and fabric partitions			X			
Dust all office furniture and equipment within 72" height			X			
Dust around and behind public computer and DYNA terminals			X			
Clean window sills and ledges			X			
Clean public washable furniture and equipment with disinfectant cleaner			X			
Clean and polish wood furniture and surfaces with wood cleaner/preservative			X			
Wash all ceiling and wall air grills				X		
Dust blinds and drapes				X		
Clean, disinfect all restroom partitions	X					
Polish all metal bright work	X					
Empty trash, replace liners and clean outside of containers		X				
Vacuum all carpeted areas		X				
Clean, disinfect all rest room, locker room fixtures (ie. toilet, urinals sinks)		X				

EXHIBIT D