

**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 McMinnville, 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 an apartment building located at 1944 NE Baker Street, McMinnville, Oregon 97128 ("Premises").

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 shall be for five (5) years to commence following (i) completion of construction, (ii) issuance of an occupancy permit and (iii) inspection satisfactory to TENANT in its sole discretion and ending June 30, 2022 ("Lease Term"). Subject to Section 2.2, TENANT may extend the Lease Term 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 \$12,000.00 per month, payable in advance not later than the 5<sup>th</sup> of the month ("Monthly Rent" or "Rent"). 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 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 and common areas therein, 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 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, \_\_\_\_\_, \_\_\_\_\_.

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 untenantable, 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 untenantable 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 untenantable, 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

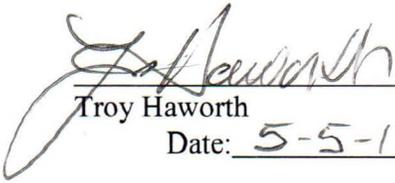
AND

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

(signature page follows)

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

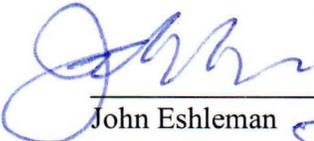
**LANDLORD: TDJC, LLC, acting by and through Troy and Dana Haworth AND John and Catherine Eshleman**

  
Troy Haworth  
Date: 5-5-17

  
Dana Haworth  
Date: 5-5-17

Taxpayer Identification Number:  
on file

on file

  
John Eshleman  
Date: 5-5-17

  
Catherine Eshleman  
Date: 5-5-17

Taxpayer Identification Number:  
\_\_\_\_\_

\_\_\_\_\_

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

  
Stan Primozych, Chair  
Board of Commissioners  
Date: 5-23-17

Accepted by Yamhill County  
Board of Commissioners on  
5-23-17 by Board Order  
# 17-170