

**INTRAGENCY
LEASE AGREEMENT**

This Intraagency Lease Agreement (this "Lease") is made this ___ day of _____, 2016 by and between the Portland Housing Bureau ("PHB") and the Bureau of Environmental Services ("BES"). BES and PHB may be referred to herein jointly as the "Parties" or individually as a "Party".

RECITALS

- A. PHB desires to lease from BES, and BES desires to lease to PHB, certain BES-controlled real property located at 2400 NW Front Avenue and commonly known as Terminal 1 and consisting of approximately 14.48 acres of land with a 96,000 square foot warehouse and more particularly described on Exhibit "A" attached hereto (collectively, the "Premises").
- B. Portland is experiencing a housing crisis with a shortage of affordable housing for very-low-income households. The number of people in need of emergency shelter continues to remain high in our community, with 1,800 people counted as unsheltered and 872 people counted as in emergency shelter in the 2015 Point-In-Time report.
- C. Recognizing the significant need to provide adequate, safe and habitable places for people experiencing homelessness to rest and sleep, the Portland City Council ("Council") declared a housing emergency on October 7, 2015 (the "Housing Emergency"), focused on establishing new temporary housing and shelter space
- D. Pursuant to the Housing Emergency, PHB is working with local non-profit and private sector partners in coordination with the Joint Office of Homeless Services on a proposal to provide a temporary mass shelter and services for approximately up to 400 people at the Premises (the "Temporary Shelter").
- E. Also, pursuant to the Housing Emergency, PHB is working with local non-profit and private sector partners on the analysis and proposal to provide services at the Premises known as the Oregon Trail of Hope project ("Trail of Hope").
- F. Subject to the terms and conditions set forth herein, PHB desires to use the Premises for the Temporary Shelter and for the purpose of further assessing the feasibility of Trail of Hope and its subsequent implementation and operation.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, BES and PHB hereby agree as follows:

Section 1. Term and Termination.

1.1 Term. The term of this Lease will commence on October 7, 2016 (the "Commencement Date") for an initial term of six (6) months and shall automatically renew for two (2) successive six (6) month terms (collectively, the "Term"), unless termination occurs in compliance with the terms of this Lease, is agreed upon in writing, or occurs because Council directs cancellation, modification or termination.

1.2 Amendments. This Lease may be amended, modified or extended without new consideration, but only by written instrument executed by the Parties.

1.3 Effect of Termination. PHB's right to possession and PHB's obligations under this Lease shall commence on the Commencement Date. At the conclusion of the Term, both BES and PHB shall be relieved of all further obligations under this Lease. However, any liability resulting from any act or omission which occurred during the Term of this Lease shall be the responsibility of PHB and shall survive the expiration or other termination of this Lease.

Section 2. Funding and Rent.

2.1 Funding. BES shall have no responsibility for any costs or expenses in connection with this Lease, the Temporary Shelter or Trail of Hope. For avoidance of doubt, no ratepayer funds shall be used in connection with this Lease, the Temporary Shelter or Trail of Hope.

2.2 Base Rent. During the Term, PHB shall pay to BES as monthly rent an amount sufficient to cover BES's expenses arising in connection with the Premises, but in no case less than \$10,000 per month (the "Rent"). The Rent shall be payable on the first day of each month to BES. In the event of commencement or termination of this Lease at a time other than the beginning or end of a month, the Rent shall be prorated on a daily basis.

Section 3. Permitted Use; Operation

3.1 Use. PHB shall use the Premises for the purposes of: (i) implementing the Temporary Shelter; and (ii) further assessing and determining the feasibility of Trail of Hope, including obtaining any permits and/or approvals required for use of the Premises for the Temporary Shelter, its implementation and subsequent operation by a third party to be selected by PHB (the "Operator") in coordination with the Joint Office of Homeless Services, all without expense whatsoever to BES. PHB shall have exclusive use of the Premises subject to BES's right to enter into or upon the Premises for the purposes of examining the condition thereof, or for any other lawful purpose. BES's right of inspection shall not unreasonably interfere with PHB's use of the Premises.

3.2 Operation. Because PHB's lease of the Premises is to immediately implement the Temporary Shelter, PHB may sublease to the Operator or otherwise permit operation of the Premises by the Operator so long as any sublease or operating agreement permitting such operation requires the Operator to obtain insurance coverage in amounts generally required for similar City projects and that Operator defend, indemnify and hold harmless the City from and against all claims, costs, expenses, losses, damages, and liabilities, including, without limitation,

reasonable legal, accounting, and other expenses which may be imposed on or incurred as a result of PHB's lease of the Premises.

3.3 BES Reimbursement. Any activities performed by PHB upon the Premises shall be without expense of any kind (direct or indirect) whatsoever to BES. PHB shall be solely responsible for all maintenance and operating costs relating to the use of the Premises. Should BES incur costs or real property taxes as a result of PHB's use of the Premises, PHB agrees to reimburse BES promptly upon the presentation of an invoice and documentation of such expense.

Section 4. Restrictions on Use; Hazardous Substances

4.1 Compliance with Laws. PHB shall, in the use of the Premises, comply with all rules, regulations, and laws in effect by any local, state or federal authority having jurisdiction over the Premises. PHB is solely responsible for obtaining any other permits or approvals as may be necessary for the use of the Premises.

4.2 Hazardous Substances. Neither PHB nor PHB's agents or employees shall cause or permit any Hazardous Material, as hereinafter defined, to be brought upon, stored, used, generated, released into the environment or disposed of on, in, or about the Premises, except in a manner that complies with all laws regulating any such Hazardous Materials and with good business practices. PHB covenants to remove from the Premises upon expiration or sooner termination of this Lease and at PHB's sole cost and expense, any and all Hazardous Materials brought upon, stored, used, generated, or released onto the Premises by PHB, its licensees, agents, or employees during the Term. PHB shall promptly notify BES of any release of Hazardous Materials on, in, or about the Premises that PHB, PHB's agents or employees becomes aware of during the Term, whether caused by PHB, PHB's agents or employees, or any other persons or entities. As used herein the term "Hazardous Materials" includes, without limitation, any material or substance that is 1) defined as a hazardous waste, hazardous substance or hazardous material under any federal, state or local law, 2) petroleum, and 3) asbestos.

4.3 Additional Use Restrictions. No subsurface ground penetration, disturbance or removal of any structures will be allowed on the Premises.

Section 5. Maintenance Obligations

5.1 PHB Maintenance Obligations. The Parties acknowledge and agree that PHB's use of the Premises under this Lease is temporary. Accordingly, PHB shall make no structural improvements to the Premises. PHB shall maintain and keep the Premises in a clean and orderly condition at all times and shall be responsible to remove litter, scrap, rock, or debris of any kind during the Term of this Lease, whether this material was left by PHB or not. PHB shall be responsible for and shall repair any damage to existing improvements, including landscaping and sidewalks that are caused by or may result from PHB's use of the Premises. PHB shall remove all graffiti within 48 hours of discovery.

5.2 BES Obligations. Throughout the Term, BES shall have no obligation to repair or maintain the Premises and shall not be required to furnish to PHB any facilities, services or

utilities of any kind without prompt payment therefor. BES shall in no event be required to make any alterations, rebuildings, replacements, changes, additions, improvements, or repairs during the Term. In addition, during the Term, BES shall not enter into any agreements with respect to the sale, lease, maintenance or operation of the Premises or any portion thereof that would negatively impact the use of the Premises by PHB.

Section 6. Surrender and Early Termination

6.1 Surrender. Upon termination of this Lease, PHB shall remove all temporary facilities and other personal property from the Premises and repair any damage to the Premises that is caused by or may result from PHB's use of the Premises and shall restore the Premises to the same or better condition as existing immediately prior to PHB's taking possession of the Premises, or to such other condition as BES may reasonably approve. If restoration is impossible or, at BES's discretion, in lieu of restoration, PHB shall compensate BES for any physical damage to the Premises in the amount BES and PHB may reasonably determine.

6.2 Early Termination.

6.2.1 PHB may terminate this Lease at any time by providing BES with thirty (30) days advance written notice of its intent to so terminate.

6.2.2 The Parties may agree to early termination in writing at any time during the Term.

6.2.3 Termination pursuant to this Section 6.2 shall relieve both BES and PHB of all further obligations under this Lease with respect to the Premises, except that any liability resulting from any act or omission of PHB which occurs during the Term of this Lease shall survive the expiration or other termination of this Lease.

Section 7. Dispute Resolution.

If a dispute arises regarding this Lease, the Parties agree to exercise good faith in expeditiously resolving any conflict by discussion and resolution first through their respective Project Managers. The Project Manager for PHB is Jennifer Chang. The Project Manager for BES is _____ . If the conflict cannot be resolved by the Project Managers, then the conflict should be brought to the attention of the Directors of PHB and BES. Any conflict not resolved by direct communication between the Directors of the two bureaus will be brought to the attention of the Commissioners in Charge of the two bureaus for further discussion and resolution. Council shall be the final arbiter of any interbureau dispute that cannot be resolved by any of the other processes noted.

IN WITNESS WHEREOF, PHB and BES have caused this Lease to be executed by their duly authorized officers on the Effective Date.

PHB:

**The City of Portland Acting by and through the
Portland Housing Bureau**

By: _____
Kurt Creager, Director

BES:

**The City of Portland Acting by and through the
Bureau of Environmental Services**

By: _____
Michael Jordon, Director

Approved as to Form
