

REVIEWED

LEGAL COUNSEL

GROUND LEASE AGREEMENT FIRST AMENDMENT

THIS FIRST AMENDMENT TO GROUND LEASE AGREEMENT (the "Amendment") is made and entered into as of the date of the last signature affixed hereto ("Commencement Date") by and between **DESCHUTES COUNTY**, a political subdivision of the State of Oregon ("Lessor"), and **THE CITY OF REDMOND** an Oregon municipal corporation, hereinafter referred to as ("Lessee"). Lessor and Lessee are referred to herein as "Party" or "Parties."

A. RECITALS

1. Lessor owns certain real property located at 1002 NE 17th Street, Redmond, OR, 97756. It contains +/- 1,750-acres as shown on Exhibit A, attached hereto and incorporated herein by reference ("Property").
2. Lessee is a municipal corporation who owns and operates certain municipal utilities (sewer and water) that will be used to provide services to the Property.
3. Lessor and Lessee are Parties to that certain Ground Lease Agreement known as Deschutes County Document No. 2023-636 dated July 27, 2023 (the "Original Lease"), shown as Exhibit A attached hereto and incorporated herein, pursuant to which Lessor leased to Lessee a portion of the Property containing +/- 12-acres, more or less, as specifically described in Exhibits B1 and as shown on B2, and described in C1 and as shown in C2 of the Original Lease ("Site").
4. In the Original Lease, Lessor agreed to lease to Lessee +/- 9.27-acres more or less of the Site for the purpose of developing Vehicle Camping referenced as East Redmond Safe Parking site ("ERSP"), specifically described in Exhibits B1 and as shown on B2, and the remaining +/- 3.23 acres more or less of the Site to Lessee for the purpose of developing the Village referenced as the project, described in C1 and as shown in C2.

B. AMENDMENT TO RECITALS

The recitals set forth in the Original Lease are hereby amended and restated as follows:

1. This Amendment replaces and cancels certain provisions of the Original Lease between the Parties relating to the subject matter hereof, rendering those provisions null and void upon execution of this Amendment.
2. Lessor desires for and Lessee agrees for the release, relinquishment, and surrender to the

Lessor of all right, title, and interest in a portion of the Site containing +/- 9.27-acres more or less, as more specifically described in **Exhibit B1** and as shown in **Exhibit B2** (the "Released Property").

3. Lessee shall retain its leasehold interest in the remaining +/- 3.23 acres of the Site as more specifically described in **Exhibit C1** and as shown in **Exhibit C2** (the "Retained Property").

C. WITNESSETH

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. **Effective Date.** This Amendment shall be effective as of the date of the last signature affixed hereto (the "Effective Date").
2. **County's Right to Lease.** As of the Effective Date, Lessor shall have the right to enter into a new ground lease or other agreement regarding the Released Property directly with a new partner, without any further consent or approval from Lessee.
3. **Mutual Release.** Lessor and Lessee mutually release each other from any and all obligations, liabilities, and responsibilities arising under or related to the Released Property, except as otherwise provided in this Amendment.
4. **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of Oregon.
5. **Full Force and Effect.** Except as expressly amended hereby, the Original Lease shall remain in full force and effect with respect to the Retained Property. In the event of any conflict between the terms of this Amendment and the Original Lease, the terms of this Amendment shall control.
6. **Counterparts.** This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Amendment to be effective for all purposes as of the Effective Date.

LESSOR:

DATED this ____ day of 2025,

BOARD OF COUNTY COMMISSIONERS
OF DESCHUTES COUNTY, OREGON

ANTHONY DEBONE, Chair

PATTI ADAIR, Vice-Chair

Recording Secretary

PHIL CHANG, Commissioner

STATE OF OREGON)
) ss.
County of Deschutes)

Before me, a Notary Public, personally appeared ANTHONY DEBONE, PATTI ADAIR, and PHIL CHANG, the above-named Board of County Commissioners of Deschutes County, Oregon and acknowledged the foregoing instrument on behalf of Deschutes County, Oregon.

DATED this _____ day of _____, 2025

Notary Public for Oregon My Commission Expires: _____

[SIGNATURE PAGE FOLLOW]

LESSEE:

DATED this ____ day of _____, 2025

City of Redmond, Oregon

Keith Witcosky, City Manager

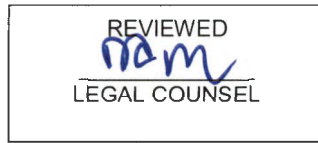
STATE OF OREGON)
) ss.
COUNTY OF DESCHUTES)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025,
by _____, as _____ of City of Redmond, Oregon,
an Oregon municipal corporation, on behalf of said City of Redmond, Oregon.

Notary Public for Oregon _____

My commission expires:

EXHIBIT A



GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT ("Agreement") is made as of the date of the last signature affixed hereto ("Commencement Date") by and between **DESCHUTES COUNTY**, a political subdivision of the State of Oregon ("Lessor"), and **THE CITY OF REDMOND** an Oregon municipal corporation, hereinafter referred to as ("Lessee"). Lessor and Lessee are referred to herein as "Party" or "Parties."

A. RECITALS

1. Lessor owns certain real property located at 1002 NE 17th Street, Redmond, OR, 97756. It contains +/- 1,750-acres as shown on Exhibit A, attached hereto and incorporated herein by reference. ("Property").
2. Lessee is a municipal corporation who owns and operates certain municipal utilities (sewer and water) that will be used to provide services to the Property.
3. Subject to the terms and conditions of this Agreement, the Parties desire to enter into this Agreement to lease a portion of the Property containing +/- 12-acres, more or less, as described on Exhibit B1 and as shown on Exhibit B2 and also described in Exhibit C1 and shown on Exhibit C2, attached hereto and incorporated herein by reference ("Site").
4. Lessor agrees to lease to Lessee the Site.
5. Lessee agrees to provide infrastructure and utilities to the Site as outlined below. A series of infrastructure improvements will be required to serve the East Redmond Campus (ERC) and allow it to be operational. The project recently received \$975,000 in state funding through Central Oregon Intergovernmental Council for the project. The Lessee and Sublessee(s) plan to raise additional capital for the project.
 - a. Utilities (water, sewer, and electrical) under Highway 126 and to the ERC for provision of homelessness services. In addition to serving the first 2-acres, utilities will allow future homeless services to be provided on the adjoining 10 acres of the Site (currently projected to serve as a managed vehicle camping area operated by Mountain View Community Development). This project has a current estimate of approximately \$525,000.
 - b. Community Building comprised of restrooms, showers, laundry, kitchen, common room, meeting space, etc. to support a village of up to 40 shelters. In the first years of operation, the community building will also be able to offer space for other homelessness services operating at the ERC. This project has a current estimate of approximately \$450,000.
 - c. If the actual cost exceeds the \$975,000 estimate, Lessee or Sublessee agrees to pay the full cost of the above improvements, subject to the following:
 - i. Lessee shall retain full control of the Utilities and Community Building project(s) scope and authority, and value engineering decisions.

- ii. Prior to construction, if the RFP estimate(s) exceeds the City Engineer's estimate, the Lessee retains the option to terminate the lease.
6. The ERC will initially consist of 15 or more individual shelter units and supportive structures. Shelters will house one to two individuals for an expected occupancy of 20 people. It is intended that a full-time director will oversee the Shelters and offer onsite case management and peer support. Staff will be supported by trained volunteers, partner service agencies, and an advisory group of residents.

B. WITNESSETH

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. TERM. The initial term of this Agreement shall be effective as of the date of the last signature affixed hereto ("Effective Date"), and shall expire **June 30, 2033**, unless sooner terminated in accordance with this Agreement, including that either party may terminate this Lease for any reason or no reason, with one hundred eighty (180) days in advance of term expiration and as further described and provided in Section B.20 of this Agreement.
 - 1.1 Upon no less than one hundred eighty (180) days, Lessee may submit a request in writing to Lessor to extend the Agreement. Any extension must be agreed upon by both parties in writing.
 - 1.2 In the event Lessor intends to transfer (whether directly, indirectly, voluntarily, involuntarily, or by operation of law) all or any part of Lessor's interest in the Site, Lessee will have a right of first refusal to provide a qualifying offer to purchase the Site.
2. RENT. Except as otherwise provided elsewhere in this Agreement, in recognition of the public benefit rendered by Lessee's activities, the annual lease rate is zero (\$00.00) for the term of this Agreement.
3. POSSESSION. Lessee's right to exclusive possession of the Site and obligations under the Agreement shall commence as of the Effective Date of this Agreement, except as otherwise provided herein. Lessee shall have all rights associated with possession of the Site, including the right to control, limit, revoke or restrict access to the Site.
4. CONDITION OF PROPERTY AND SITE. Lessor has made no warranties or representations regarding the condition of the Property or Site, including, without limitation, the sustainability of the Property or Site for intended uses, except as may be expressly set forth herein. Lessor has no obligation to repair, alter, and/or construct any improvements on the Property. Lessee has inspected and accepts the Site in its "AS IS"

condition upon taking possession, except as otherwise expressly set forth herein. Lessor will have no liability to Lessee, and Lessee will have no claim against Lessor, for any damage or injury or loss of use caused by the condition of the Property or Site, except as expressly set forth herein. Lessee is solely responsible for thoroughly inspecting the Site and ensuring that it is in compliance with all Legal Requirements (as defined below), except as expressly set forth herein.

5. PERMITTED USE. Site shall be used for homeless services as described in Section A, subsections 5 and 6 above.

6. RESTRICTIONS ON USE. In terms of use of the Site, Lessee shall:

- 6.1 Maintain improvements, structures and fences on the Site, if any, to standards of repair and safety reasonably acceptable to Lessor.

- 6.2 Except as undertaken in the ordinary course of conducting its Permitted Use and in compliance with applicable local, state and federal law, refrain from the disposal, spilling or discharging of any oil, gasoline, diesel fuel, chemicals, or other pollutants on the or Site. In the event of such spills, Lessee shall undertake any and all necessary actions to contain and remove from the Property or Site as provided by law.

- 6.3 Conform to all applicable Legal Requirements of any public authority affecting the Site and Lessee's specific use of Site, and correct at Lessee's own expense any failure of compliance created by Lessee or by reason of Lessee's specific use of the Site, except as expressly set forth in this Agreement. For purposes of this Agreement, the term "Legal Requirement(s)" means any and all rules, regulations, covenants, conditions, restrictions, easements, declarations, laws, statutes, liens, ordinances, orders, codes, rules, and regulations applicable to the Property and/or Lessee's specific use thereof of the Site, including, without limitation, the Americans with Disabilities Act of 1990, as amended (and the rules and regulations promulgated thereunder), all as now in force and/or which may hereafter be amended, modified, enacted, or promulgated.

- 6.4 Refrain from any use which would create a nuisance either on the Property or Site or offsite or damage the Property or Site, including but not limited to, creating offensive odors, excessive dust or noise on the Property or Site or maintaining a fire on the Property or Site. Nothing herein shall be construed to prohibit normal activities necessary to utilize the Site for its Permitted Use.

- 6.5 Refrain from making any unlawful use of said Property or Site.

7. LESSEE'S OBLIGATIONS. The following shall be the responsibility of the Lessee at Lessee's sole cost:

- 7.1 Arrangement for and deliver to the Site, as necessary, of all water sanitary sewer, gas, electrical, and other utility services deemed necessary by Lessee.

7.2 Structural repairs and maintenance of any screening, fences, buildings, water, sanitary sewer, gas and electrical services, and other utility services to the Site, as deemed necessary by Lessee.

7.2.1 Lessee at its sole discretion may require subsequent sub-lessee perform structural repairs and maintenance as described in Section 7.2. If sub-lessee fails to perform structural repairs and maintenance, Lessee shall provide said work.

7.3 All repairs necessitated by the activities or negligence of Lessee, its agents, employees, volunteers, sublessees or invitees on or in connection with the Property or Site.

7.4 All repairs or alterations required under Lessee's obligation to comply with Legal Requirements and regulations as set forth in "Restrictions on Use" above.

7.5 All landscape maintenance to ensure vegetation remains tidy and viable, including replacement of any plantings as necessary as well as all irrigation repairs and maintenance to help ensure landscape viability.

7.5.1 Lessee at its sole discretion may require subsequent sub-lessee to perform landscape maintenance as described in Section 7.5. If sub-lessee fails to perform landscape maintenance, Lessee shall provide said work.

7.6 All ad valorem tax and other real property assessments, bonds, levies or the like for the leased Site except as for provided and further described in Section B.8.

7.6.1 If applicable, Lessee at its sole discretion may require subsequent sub-lessee to pay any ad valorem tax or other assessments as described in Section 7.6. If sub-lessee fails to pay any ad valorem tax or other assessments, Lessee shall pay said ad valorem taxes or other assessments.

7.7 All taxes and assessments upon Lessee's personal property located on the Site.

7.8 The cost of any property and liability insurance maintained by Lessee as outlined in Section B.16 of this Agreement.

7.9 All utility charges associated with the operation for the Permitted Use of the Site, including but not limited to electricity, natural gas, water, sanitary sewer, and other such services as necessary.

7.10 All other costs, operations, or future improvements deemed necessary by Lessee associated with the Permitted Use of the Site.

8. TAXES AND ASSESSMENTS. After execution of this Agreement, Lessee shall apply within fifteen (15) days for a property tax exemption status based on Lessee's nonprofit status. If the property tax exemption application is denied and the taxing authority assesses real property tax and assessments for the Property, Site or Site Improvements, Lessee shall pay before delinquency, all assessments and levies against the portion of the Property and Lessee may invoice the County annually for the amount equal to the assessment. Lessee shall pay before delinquent, all personal property taxes on Lessee's fixtures, equipment, inventory and other personal property in or about the portion of the Property subject to taxation.
9. INSPECTION OF SITE. During the term of this Agreement, Lessor shall have the right to inspect the Site in the Lessee's presence with reasonable notice by Lessor.
10. REPAIRS. Lessee accepts the Site in its "AS IS" condition, except as expressly set forth herein. Lessee will at all times keep the Site in good condition consistent with the condition of the Site on the Effective Date and make all repairs during the term of the Agreement necessary to maintain the Site in good condition.
11. MUTUAL INDEMNIFICATION. The following indemnification provisions shall apply to the parties:
- 11.1 Except to the extent caused by the gross negligence or willful misconduct of Lessor, Lessee will indemnify, defend, and hold Lessor and Lessor's current and future elected officials, officers, employees, contractors, agents and volunteers (collectively, "Lessor's Agents") harmless for, from, and against any and all claims, losses, damages, and/or liabilities arising out of or related to, whether directly or indirectly, the following: (a) any negligence or misconduct of Lessee and/or Lessee's members, managers, officers, employees, agents, contractors, sublessees, and volunteers (collectively, "Lessee's Agents") on or at the Site; (b) any condition of the Site (including, without limitation, any improvements constructed thereon) that is caused solely by Lessee and/or Lessee's Agents while the Site is in the possession or under the control of Lessee; and/or (c) Lessee's breach and/or failure to perform any Lessee obligation, covenant, representation, and/or warranty under this Agreement. Lessee's indemnification obligations under this Section B.11.1 will survive the expiration or termination of this Agreement.
- 11.2 Except to the extent caused by the gross negligence or willful misconduct of Lessee, Lessor will indemnify, defend, and hold Lessee and Lessee's current and future elected officials, officers, employees, contractors, agents and volunteers (collectively, "Lessee's Agents") harmless for, from, and against any and all claims, losses, damages, and/or liabilities arising out of or related to, whether directly or indirectly, the following: (a) any negligence or misconduct of Lessor and/or Lessor's members, managers, officers, employees, agents, contractors and volunteers (collectively, "Lessor's Agents") on or at the Property; (b) any condition of the Site (including, without limitation, any improvements constructed thereon) that is caused solely by Lessor and/or Lessor's Agents while the Site is in the possession or under the control of Lessee; and/or (c) Lessor's breach and/or failure to perform any Lessor obligation, covenant, representation, and/or warranty under this Agreement. Lessor's

indemnification obligations under this Section B.11.2 will survive the expiration or termination of this Agreement.

12. PARTIAL TAKING. If a portion of the Site is condemned and Section B.12 TOTAL TAKING does not apply, the Agreement shall continue on the following terms:

12.1 Lessor shall be entitled to all of the proceeds of condemnation and Lessee shall have no claim against Lessor as a result of the condemnation.

12.2 Lessor shall proceed as soon as reasonably possible to make such repairs and alterations to the Site as reasonably practicable to return the Site to its condition existing at the time of the condemnation, but in no event shall Lessor be liable for repairs in excess of condemnation proceeds awarded to and received by Lessor. The Lessor may, but shall not be required to, perform alterations prior to the actual taking after the portion to be taken has been finally determined. Rent shall be abated to the extent the Site is untenable during the period of alteration and repair.

12.3 After the date on which title vests in the condemning authority or an earlier date on which alterations or repairs are commenced by Lessor to restore the balance of the Site in anticipation of taking, the rent, if applicable, shall be reduced commensurately with the reduction in value of the leased Site as an economic unit on account of the partial taking. If the parties are unable to agree upon the amount of the reduction of rent, the amount shall be determined by arbitration.

12.4 If a portion of the Lessor's Property not included in the leased Site is taken and severance damages are awarded on account of the leased Site, or an award is made for detriment to the leased Site as a result of change of grade of adjacent streets or other activity by a public body not involving a physical taking of any portion of the land, this shall be regarded as a partial condemnation of which subparagraphs (A) and (C) of "Partial Taking" above apply, and the rent, if applicable, shall be reduced to the extent of diminution of value of the Site as though a portion had been physically taken.

13. TOTAL TAKING. If a condemning authority takes all of the Site or a portion sufficient to render the Site reasonably unsuitable for the use which the Lessee was then making of the Site, the Agreement shall terminate as of the date the title vests in the condemning authority. Lessor shall be entitled to all of the proceeds of condemnation and the Lessee shall have no claim against Lessor as a result of the condemnation.

14. SALE IN LIEU OF CONDEMNATION - DEDICATION TO THE PUBLIC. Sale of all or part of the Site to a purchaser with the power of eminent domain in the face of a threat or probability of the exercise of the power shall be treated for the purpose of this Section B.14 as a taking by condemnation. Dedication to the public, sale, or transfer of all or a portion of the Site to the State of Oregon, its political subdivisions or United States of America, shall be treated as a Total Taking or Partial Taking, as applicable.

15. LIENS.

15.1 Except with respect to activities for which the Lessor is responsible, the Lessee shall pay as due all claims for work done on and for services rendered or material furnished to the Site and shall keep the Property free from any liens.

15.2 Lessee may withhold payment of any claim in connection with a good faith dispute over the obligation to pay, so long as Lessor's Property interests are not jeopardized. If a lien is filed as a result of nonpayment, Lessee shall, within thirty (30) days after knowledge of the filing, secure the discharge of the lien or deposit with Lessor cash or a sufficient corporate surety bond or other surety satisfactory to Lessor in an amount sufficient to discharge the lien plus any costs, attorney fees and other charges that could accrue as a result of a foreclosure or sale under a lien.

15.3 If Lessee fails to pay any such claims or to discharge any lien, or bond over any such lien, within thirty (30) days after written notice of such lien, Lessee shall remedy any lien. If Lessee fails to remedy any liens, Lessee will be in default and such default may be remedied or exercised in accordance to Section B.18.

16. INSURANCE.

16.1 Lessee shall keep the Site improvements and personal property of the Lessee insured at its own expense against fire and other risks covered by a standard fire insurance policy with an endorsement for extended coverage. The Lessor shall not be responsible for and shall not provide fire or extended coverage on the Site improvements or personal property of the Lessee. All insurance policies shall be written on an occurrence basis and be in effect for the term of this Agreement. Policies written on a "claims made" basis must be approved and authorized by Deschutes County Risk Management.

Claims Made Policy

(check only if applicable) ☐ Approved by County ☒ Not Approved by County



16.2 Liability Insurance: Lessee shall procure and during the term of the Agreement shall continue to carry and maintain commercial general liability insurance including fire legal liability and automobile liability insurance at Lessee's cost issued by a responsible company with limits of not less than \$1,000,000 for each occurrence and \$2,000,000 in the aggregate for commercial general liability insurance and \$1,000,000 combined single limit for automobile liability insurance. The limits of the insurance shall be subject to statutory changes as to maximum limits of liability imposed on municipalities of the State of Oregon during the term of this Agreement. Such insurance shall protect Lessee against the claims of Lessor on account of the obligations assumed by Lessee under this Agreement, and shall name, as additional insureds, Lessor and its elected officials, officers, agents, and employees. It is an affirmative obligation on the Lessee to advise the Lessor within ten (10) business days of any substantive change of any insurance policy or endorsement set out herein, and failure to do so may be construed to be a breach of this Agreement. If the insurance is canceled or terminated prior to termination of the Agreement, Lessee shall provide a new policy with the same terms. Lessee agrees

to maintain continuous, uninterrupted coverage for the duration of the Agreement.

16.2.1 Certificates evidencing such insurance and bearing endorsements requiring 30 days' written notice to Landlord prior to any change or cancellation shall be furnished to Lessor prior to Lessee's occupancy of the Site. Lessee shall maintain, on file with Lessor, a certificate of insurance certifying the coverage required as outlined. The adequacy of the insurance shall be subject to the approval of the Lessor's Risk Manager or Attorney. Failure to maintain liability insurance required by this paragraph shall be cause for immediate termination of this Agreement by Lessor.

16.3 Workers' Compensation Insurance: If Lessee is a subject employer under the Oregon Workers' Compensation law, it shall comply with ORS 656.017, by providing workers' compensation coverage for all its subject workers for the duration of this Agreement. The employer's liability limits shall have minimum limits of \$500,000 each accident; \$500,000 for disease, each employee and \$500,000 disease, policy limits.

16.3.1 The policy coverage shall include a waiver of subrogation in Deschutes County's favor. A certificate of insurance, or copy thereof, shall be attached to this Agreement, if applicable, and shall be incorporated herein and made a term and part of this Agreement. The adequacy of the insurance shall be subject to the approval of Lessor's Risk Manager or Attorney.

16.3.2 In the event the Lessee's workers compensation insurance coverage is due to expire during the term of this Agreement, the Lessee agrees to timely renew its insurance, either as a carrier-insured employer or a self-insured employer, as provided by Chapter 656 of the Oregon Revised Statutes, before its expiration, and the Lessee agrees to provide the Lessor such further certification of workers' compensation insurance as renewals of said insurance occur.

16.4 Subrogation: Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement, and in the event of insured loss, neither Party's insurance company shall have a subrogated claim against the other. This waiver shall be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company agrees in writing that such a waiver will not affect coverage under the policies. Each Party agrees to use best efforts to obtain such an agreement from its insurer, if the policy does not expressly permit a waiver of subrogation.

17. ASSIGNMENT AND SUBLEASE. Lessee will not sell, assign, mortgage, sublet, lien, convey, encumber, and/or otherwise transfer (whether directly, indirectly, voluntarily, involuntarily, or by operation of law) all or any part of Lessee's interest in this Agreement and/or in the Site (collectively, "Transfer") without Lessor's prior written consent. Notwithstanding anything to the contrary set forth in this Agreement, Lessee shall have the right to assign or transfer its interest in this Agreement to any affiliate of Lessee or

subsidiary of Lessee's ultimate parent, without Lessor's consent but with written notice to Lessor. Upon any approved Transfer, (a) the terms and conditions of this Agreement will in no way be deemed to have been waived or modified, (b) consent will not be deemed consent to any further Transfer, (c) the acceptance of Rent by Lessor from any other person will not be deemed to be a waiver by Lessor of any provision of this Agreement, and (d) no Transfer relating to this Agreement, whether with or without Lessor's consent, will modify, relieve, or eliminate any liability or obligations Lessee or any guarantor of this Agreement may have under this Agreement. Any Transfer which does not comply with this Agreement will be void and will constitute a breach of this Agreement.

17.1 Parties recognize Lessee will sublet or sublease all or a portion of the Site for the purposes outlined in Section A, subsections 5 and 6 above. Parties further recognize Lessee's intent to sublet or sublease all or a portion of the Site to a third party(s) for the purpose(s) of constructing and/or operating individual shelter units, supportive structures, recreational and vehicle camping, congregate shelter space, and/or other shelter options to provide housing options. Lessor consents to Lessee's sublet or sublease for the purpose(s) contained in Section B.17.1 of this Agreement.

18. DEFAULT. Each of the following will constitute an "Event of Default" and a breach of this Agreement:

18.1 Failure of Lessee to pay taxes or assessments as applicable, utilities or any other charge. If Lessor is notified of any such amounts related to the Site or Lessee's operations specific to the Site, said amounts must be paid by Lessee within ten (10) business days after written notice from Lessor.

18.2 Failure of Lessee to perform or comply with any term, condition, and/or covenant or fulfill any obligation of the Agreement (other than the payment of rent or other charge, cost, and/or expense) within thirty (30) days after written notice is received by Lessee from Lessor specifying the nature of the default with reasonable particularity. If the failure is in such a nature that it cannot be completely remedied within the thirty (30) day period, the failure will not be a default if Lessee begins correction of the failure within the thirty (30) day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable, so long as a full cure of said default is made within ninety (90) days of the original written notice.

18.3 Attachment, execution, levy, and/or other seizure by legal process of any right or interest of Lessee under this Agreement if not released within thirty (30) days.

18.4 Lessee becomes insolvent within the meaning of the United States Bankruptcy Code, as amended from time to time; an assignment by Lessee for the benefit of creditors; the filing by Lessee of a voluntary petition in bankruptcy; an adjudication that Lessee is bankrupt or the appointment of a receiver of the properties of Lessee; the filing of any involuntary petition of bankruptcy and failure of Lessee to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levying of execution on the leasehold interest and failure of Lessee to secure discharge of the attachment or release of the levy of execution within ten (10) days.

19. REMEDIES ON DEFAULT.

19.1 Upon the happening of an Event of Default, the Agreement may be terminated at the option of the Lessor or Lessee by notice in writing to Lessee or Lessor. The notice may be given at any time after any grace period for default given under Section B.20. All of Lessee's rights in relation to the Site and in all improvements on the Site will terminate as of the date of termination and/or expiration. Promptly after such notice, unless agreed upon by the Parties in writing, Lessee will surrender and vacate the Site and all improvements in good condition. Lessor may reenter and take possession of the Site and of all improvements and eject some or all parties in possession except any sub-lessee qualifying under any non-disturbance agreement by Lessor. Lessor and Lessee will have all rights and remedies available to Lessor and Lessee under this Agreement, at law, and in equity. Termination under this Section will not relieve Lessee from the payment of any sum then due to Lessor or from any claim for damages previously accrued or then accruing against Lessee. Termination under this Section will not relieve Lessor from the payment of any sum then due to Lessee or from any claim for damages previously accrued or then accruing against Lessor. If the Site is abandoned by Lessee in connection with a default, termination shall be automatic and without notice.

19.2 In the event Lessor terminates this Lease, the Lessor, or those having the Lessor's estate in the Site, lawfully at its option, may enter into and upon said demised Site and every part thereof, and repossess the same of Lessor's former estate, and expel said Lessee and those claiming by and through or under Lessee, and remove Lessee's effects at Lessee's expense, forcibly if necessary, and store the same, without being deemed guilty of trespass and without prejudice to any remedy which otherwise might be used for arrears of rent or preceding breach of covenant. If Lessor terminates the Agreement, Lessor will be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of this Agreement, and in addition to any other damages recoverable by Lessor, the reasonable costs of reentry and reletting including, without limitation, the cost of any clean-up, refurbishing, removal of Lessee's property and fixtures, and/or any other expense occasioned by Lessee's failure to quit the Site upon termination and to leave the Site in the required condition, including, without limitation, any remodeling costs, attorney fees, court costs, broker commissions, and advertising costs.

19.3 The foregoing remedies shall be in addition to, and shall not exclude, any other remedy available to Lessor under applicable law.

20. TERMINATION AND SURRENDER.

20.1 Upon expiration, abandonment, termination, revocation or cancellation of this Agreement, the Lessee shall surrender the Site to Lessor in the same condition as the Site was on the date of possession, except, that nothing in this Agreement shall be construed as to relieve Lessee of Lessee's affirmative obligation to surrender said Site in a condition which complies with all Legal Requirements. Upon Lessor's written approval, Lessee may leave Site improvements authorized by any land use permit. Lessee's obligation to observe and perform this covenant shall survive the expiration or the termination of the Agreement.

20.2 Termination on Default. In the event of a default, the Agreement may be terminated at the option of the non-defaulting Party by notice in writing to the other(s). The non-defaulting Party(s) shall be entitled to any remedies available to that Party under applicable law.

20.3 Termination (Convenience) of Agreement. It is the intent of the Parties hereto that the Site shall be used during said term as outlined in Section A. Notwithstanding this intent, Parties have the right to terminate this Agreement at any time upon giving the other Parties one hundred eighty (180) days written notice and in accordance with Section B.22 of this Agreement.

21. PERSONAL PROPERTY.

21.1 All personal property placed upon the leased Site during the term of this Agreement by Lessee shall remain the property of Lessee except as otherwise provided herein.

21.2 Unless agreed upon in writing by the Parties, upon abandonment, expiration, termination, revocation, or cancellation of this Agreement, Lessee shall remove from the Site all site improvements and personal property of Lessee on or prior to the date of such termination. If Lessee fails to remove all or part of such personal property on the expiration or termination of this Agreement then all such personal property shall become the property of Lessor.

22. NOTICES. Any notice by Lessee to Lessor or Lessor to Lessee must be mailed first class by the United States Postal Service (USPS), postage prepaid, addressed to the other at the address given below or at such other address as either may designate by written notice. Notice shall be deemed effective three (3) calendar days following posting at a USPS location as herein described.

LESSOR:
Deschutes County
Attention: Property Manager
P.O. Box 6005
Bend, Oregon 97708-6005

Physical: 14 NW Kearney
Bend OR 97703
541-385-1414 Office
541-317-3168 Fax
Kristie.Bollinger@deschutes.org

LESSEE:
City of Redmond
Attn: City Manager
411 SW 9th Street
Redmond, Oregon 97753

541-923-7710 Office
Admin@RedmondOregon.gov

23. NONWAIVER. Waiver by either party of strict performance of any provision of this Agreement shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

24. PARTNERSHIP. Lessor is not by virtue of this Agreement a partner or joint venture with Lessee in connection with activities carried on under this Agreement, and shall have no obligation with respect to Lessee's debts or any other liabilities of each and every nature.

25. LESSEE NOT AN AGENT OF LESSOR. It is agreed by and between the Parties that Lessee is not carrying out a function on behalf of the Lessor, and that Lessor does not have the right of direction or control of Lessee's operation under this Agreement or to exercise any control over the activities of Lessee.
26. LAND USE PERMIT. This Agreement does not constitute a land use permit, nor does acceptance of this Agreement by Lessor constitute approval of any legislative or quasi-judicial action required as a condition precedent to use of the land for the intended purpose.
27. LESSOR'S RIGHT TO CURE DEFAULTS. If Lessee fails to perform any obligations under this Agreement, Lessor shall have the option, but not the obligation, to do so after thirty (30) days' written notice to the Lessee. All of Lessor's actual and reasonable expenditures to correct the default shall be reimbursed by Lessee on demand with interest at the rate of nine percent (9%) per annum from the date of expenditure by Lessor. In the event that Lessee, upon using Lessee's best efforts, is unable to obtain all required land use permits, Lessee may terminate this Agreement upon written notice to Lessor. Lessee shall remain liable to Lessor following termination for all unpaid lease payments, charges and damages due prior to termination and any damages, expenses, costs or losses suffered by Lessor due to Lessee's termination of this Agreement.
28. NON-DISCRIMINATION: No person shall be subject to discrimination in the receipt of any services or benefits made possible by, or resulting from this Agreement on the grounds of sex, race, color, religion, creed, marital status, age, national origin, or disability. Any violation of this provision may be considered a material breach of this Agreement and grounds for termination by Lessor.
29. TIME IS OF THE ESSENCE. Time is of the essence of each and every provision of this Agreement.
30. SEVERABILITY. The Parties agree that if any term or provision of this Agreement is declared by a court of competent jurisdiction to be void, invalid or unenforceable, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular term or provision held to be void, invalid or unenforceable.
31. AUTHORITY. Lessee covenants that it possesses the legal authority to bind its principals to the terms, provisions and obligations contained within this Agreement. If it is determined that Lessee does not have authority to enter into this Agreement, Lessor may terminate this Agreement by providing written notice to Lessee.
32. MEDIATION and ARBITRATION.
- 32.1 Mediation. Before any party to this Agreement initiates Arbitration and/or litigation in Circuit Court, the parties must first attempt non-binding mediation. The parties shall split the cost of the mediator. If the parties are unable to agree on selection of the mediator, then the Director at Central Oregon Mediation shall choose. The mediation shall last no more than four (4) hours in duration.

32.2 Disputes for Arbitration. If any dispute arises between the Parties and the dispute cannot be resolved, the Parties shall submit the same to binding arbitration. If the Parties are unable to agree upon an arbitrator, then either party may apply to the presiding judge of Deschutes County to appoint the required arbitrator.

32.3 Procedure for Arbitration. The arbitration shall proceed according to the Oregon statutes governing arbitration, and the award of the arbitrator shall have the effect therein provided. The arbitration shall take place in Deschutes County. Common costs of the arbitration shall be shared equally by the Parties, but each Party shall pay its own attorney fees incurred in connection with the arbitration.

33. ENTIRE AGREEMENT. This Agreement and attached Exhibits, if any, constitute the entire agreement between the Parties concerning the subject matter of the Agreement and supersede any and all prior or contemporaneous negotiations and/or agreements between the Parties, whether written or oral, concerning the subject matter of this Agreement which are not fully expressed herein. This Agreement may not be modified or amended except by a writing signed by all Parties to this Agreement.
34. LESSOR DEFAULT. No act or omission of Lessor will be considered a default under this Agreement until Lessor has received thirty (30) days' prior written notice from Lessee specifying the nature of the default with reasonable particularity. Commencing from Lessor's receipt of such default notice, Lessor will have thirty (30) days to cure or remedy the default before Lessor will be deemed in default of this Agreement; provided, however, that if the default is of such a nature that it cannot be completely remedied or cured within the twenty-day cure period, there will not be a default by Lessor under this Agreement if Lessor begins correction of the default within the thirty-day cure period and thereafter proceeds with reasonable diligence to effect the remedy as soon as practical.
35. INTERPRETATION. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.
36. SEVERABILITY/SURVIVAL. If any of the provisions contained in this Agreement are held illegal, invalid or unenforceable, the enforceability of the remaining provisions shall not be impaired. All provisions concerning the limitation of liability, indemnity and conflicts of interest shall survive the termination or expiration of this Agreement for any cause.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be effective for all purposes as of the Effective Date.

LESSOR:

DATED this 26th day of July, 2023

Brenda Fritsvold

Recording Secretary

BOARD OF COUNTY COMMISSIONERS
OF DESCHUTES COUNTY, OREGON

Anthony DeBone
ANTHONY DEBONE, Chair

Patti Adair
PATTI ADAIR, Vice-Chair

Phil Chang
PHIL CHANG, Commissioner

STATE OF OREGON)
) ss.
County of Deschutes)

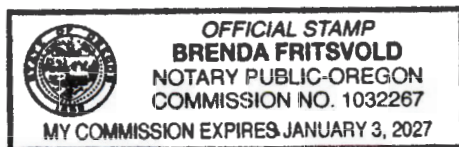
Before me, a Notary Public, personally appeared ANTHONY DEBONE, PATTI ADAIR, and PHIL CHANG, the above-named Board of County Commissioners of Deschutes County, Oregon and acknowledged the foregoing instrument on behalf of Deschutes County, Oregon.

DATED this 28th day of July, 2023

Brenda Fritsvold

Notary Public for Oregon

My Commission Expires: 1-03-2027



LESSEE:

DATED this 27th day of July, 2023

City of Redmond, Oregon

Keith Witcosky

Keith Witcosky, City Manager

STATE OF OREGON)
) ss.
COUNTY OF DESCHUTES)

The foregoing instrument was acknowledged before me this 27th day of July, 2023, by Keith Witcosky, as City Manager of City of Redmond, Oregon, an Oregon municipal corporation, on behalf of said City of Redmond, Oregon.

Notary Public for Oregon Kelly Morse
My commission expires: 10/17/26



EXHIBIT A
Overall TaxLot

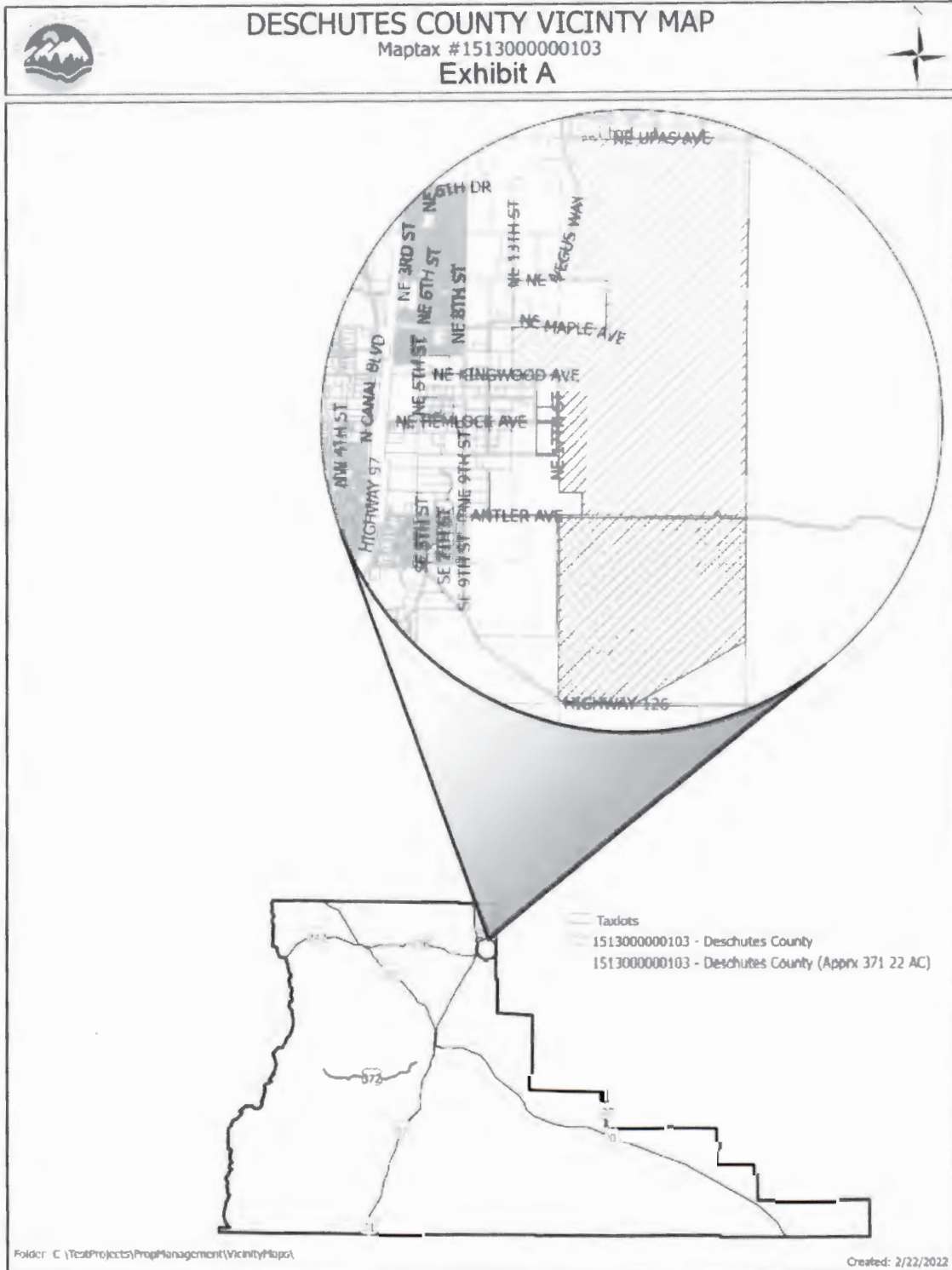


EXHIBIT B1
Site Description

EXHIBIT B1

A portion of Parcel 2 of Partition Plat 2022-17, located in the Southwest One-Quarter of the Southwest One-Quarter of Section 14, Township 15 South, Range 13 East, Willamette Meridian, City of Redmond, Deschutes County, Oregon, being more particularly described as follows:

Commencing at a brass cap at the Southwest corner of said Section 14; Thence along the West line of said Section 14 North 0°25'21" West 164.84 feet to a 5/8" iron rod with a yellow plastic cap marked "HWA" at the Southeast corner of Parcel 3 of Partition Plat 2009-21 and the West line of said Parcel 2 of Partition Plat 2022-17; Thence North 11°29'19" East 193.80 feet to the **TRUE POINT OF BEGINNING**; Thence parallel with and 40 feet Easterly of said West line of Section 14 North 0°25'21" West 530.53 feet; Thence North 90°00'00" East 713.35 feet; Thence South 0°25'21" East 630.45 feet; Thence North 90°00'00" West 217.53 feet; Thence North 40°12'03" West 134.75 feet; Thence South 89°34'49" West 409.60 feet to the **TRUE POINT OF BEGINNING**.

The Basis of Bearings is North 0°25'21" West along the West line of Section 14.

The above described land contains 9.27 acres, more or less.



EXHIBIT B2
Site Depiction

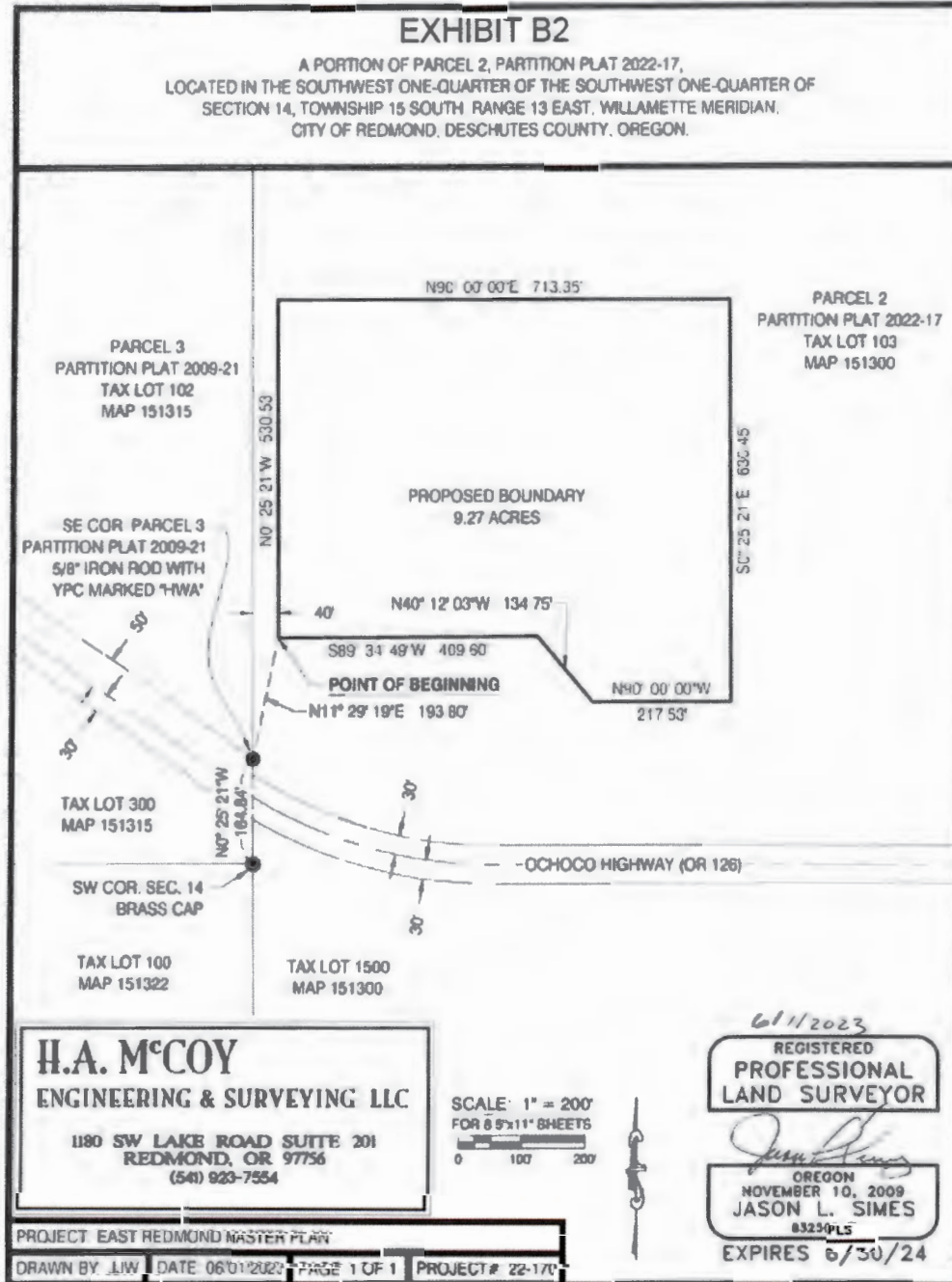


EXHIBIT C1
Site Description

EXHIBIT C1

A portion of Parcel 2 of Partition Plat 2022-17, located in the Southwest One-Quarter of the Southwest One-Quarter of Section 14, Township 15 South, Range 13 East, Willamette Meridian, City of Redmond, Deschutes County, Oregon, being more particularly described as follows:

Commencing at a brass cap at the Southwest corner of said Section 14; Thence along the West line of said Section 14 North $0^{\circ}25'21''$ West 164.84 feet to a $5/8''$ iron rod with a yellow plastic cap marked "HWA" at the Southeast corner of Parcel 3 of Partition Plat 2009-21 and the West line of said Parcel 2 of Partition Plat 2022-17; Thence South $87^{\circ}18'26''$ East 40.06 feet to the **TRUE POINT OF BEGINNING**; Thence parallel with and 40 feet Easterly of said West line of Section 14 North $0^{\circ}25'21''$ West 191.81 feet; Thence North $89^{\circ}34'49''$ East 409.60 feet; Thence South $40^{\circ}12'03''$ East 311.33 feet; Thence South $0^{\circ}01'53''$ West 50.32 feet; Thence parallel with and 40 feet Northerly of the North right of way line of the Ochoco Highway the following courses: North $89^{\circ}58'07''$ West 272.77 feet; On a curve to the right with a radius of 655.00 feet, a length of 353.25 feet, a central angle of $30^{\circ}54'02''$, and a chord that bears North $74^{\circ}31'07''$ West 348.99 feet to the **TRUE POINT OF BEGINNING**.

The Basis of Bearings is North $0^{\circ}25'21''$ West along the West line of Section 14.

The above described land contains 3.23 acres, more or less.

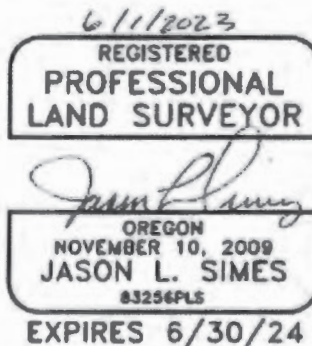


EXHIBIT C2
Site Depiction

