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After recording, return to:

Sun Forest Estate Special Road District
c/o William Leech
1300 Sun Forest Dr.
La Pine, Oregon 97739

05/24/2016 01:07:12 PM

Fee: \$82.00

INTERGOVERNMENTAL AGREEMENT

This INTERGOVERNMENTAL AGREEMENT (this "Agreement") is entered into effective as of 05-01-16 by and between Sun Forest Estates Special Road District, an Oregon special road district ("Sun Forest"), and Oregon Outback Rural Fire Protection District, an Oregon rural fire protection district ("Outback").

RECITALS

- A. Sun Forest and Outback (each an "Owner" and collectively, the "Owners") own certain real property located in Klamath County, Oregon, as more particularly described on the attached Exhibit A, together with all fixtures and improvements (the "Property").
- B. Each Owner holds title to the Property as a tenant in common under Oregon Law.
- C. The Owners intend to be mere co-owners of the Property, and do not intend to create a partnership, business entity, or intergovernmental entity.
- D. Pursuant to ORS 190.010, the Owners desire to set forth the terms and conditions of their co-tenancy arrangement, and other matters related to the ownership of the Property.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual obligations contained herein, the sufficiency of which is hereby acknowledged, the Owners do hereby agree as follows:

SECTION 1. CO-TENANCY

1.1 Intent of Co-Tenancy. Each Owner shall individually own a physically undivided one-half interest in the Property, and shall hold title in the Property as tenants in common. Subject to the terms and conditions of this Agreement, each Owner shall be entitled to possession of the whole parcel, and shall have all the associated rights to a proportionate share of any rents or profits generated from the ownership of the Property.

1.2 No Treatment of Co-Tenancy as an Entity. The Owners acknowledge that this Agreement shall not constitute a partnership, joint-venture, or any relationship other than co-tenancy. Neither Owner shall conduct business under a common name, execute an agreement identifying the other Owner as partner, joint-venturer, shareholder, or member of any form of entity, or otherwise hold itself out as a partnership, joint-venture, or other form of entity.

SECTION 2. PERMITTED USES

2.1 Public Benefit. The Owners and their respective officers, directors, employees, volunteers, agents, contractors, and invitees (the "Permitted Users" may use the Property for any activity customarily associated with a special road district and a rural fire protection district as applicable. If an Owner desires to engage in any other activity, it shall first obtain the permission of the other Owner. Notwithstanding the foregoing, the Owners acknowledge that their respective interests in the Property are subject to a reversionary clause contained in the deed recorded on January 6, 2016 as Document No. 2016-000121 in Klamath County, Oregon ("Reversionary Clause"). The Reversionary Clause requires that the Property be held by the Owners for a public benefit for a period of no less than twenty years. The Owners shall not agree to or otherwise permit any uses on the Property that would implicate the Reversionary Clause. The Owners further agree to seek removal of the Reversionary Clause from Klamath County once the twenty year period has expired.

2.2 Structures. With the consent of both Owners, structures and other improvements may be constructed on the Property. Prior to initiating construction, the proposing Owner shall submit plans and specifications of the proposed improvement to the other Owner for its review and approval. To the extent reasonably practical, improvements shall be designed and constructed to allow for joint use by the Owners. Unless otherwise agreed to by the parties, costs for construction and maintenance of improvements shall be shared equally.

2.3 Well. The Owners agree that a well for providing water to the Property is essential for the Owners to fully utilize the Property. A well providing sufficient water for the Owners' respective uses shall be installed no later than January 1, 2026. The costs of the well shall be shared equally by the Owners.

2.4 Fire Truck Access. The Owners acknowledge that Outback provides emergency services to the public and must be able to egress people and equipment from Property at a moment's notice. No Permitted User may install, construct, or otherwise create any permanent or temporary obstruction of the gate or any emergency vehicle, including, without limitation, the parking or queuing of vehicles. If the terms of this Section 2.4 are violated, Outback shall have the right, in addition to all other rights it may have at law or in equity, but not the obligation, to cause any such obstruction to be removed and Outback shall, to the maximum extent permitted by law, have no liability to the Permitted User or the obstruction owner on account thereof.

SECTION 3. REVENUE, EXPENSES, LOSSES, AND DISBURSEMENTS

3.1 Sharing of Revenue, Losses, and Expenses. Except as otherwise provided herein, or otherwise agreed to by the Owners, all revenues generated by the Property and all costs and expenses associated with the ownership and operation of the Property shall be shared between the Owners equally.

3.2 Revenues. Each Owner shall separately account for any revenues derived from the Property. If the Owners enter into any agreement pertaining to the Property that would generate revenues for the Owners on account of their ownership of the Property (i.e. leases, licenses, profits, etc.), such agreement shall specify that amounts owed to the Owners shall be evenly and separately paid to each Owner.

SECTION 4. MAINTENANCE

4.1 Unless otherwise agreed to by the Owners, the Owners are equally responsible for all costs of maintenance, repair, and reconstruction of the Property and any improvements thereon.

4.2 Each calendar year, the Owners shall agree on a maintenance plan and budget for the following year. Such maintenance plan and budget shall:

(a) Identify routine and non-routine maintenance items to be completed in the following year ("Annual Expenses");

(b) Identify non-routine maintenance items to be completed in the next two to thirty years ("Reserve Expenses");

(c) The estimated costs of each Annual and Reserve Expense;

(d) The amount authorized to be spent on Annual Expenses and the contribution, if any, towards future Reserve Expenses;

(e) Whether the items to be completed will be performed by the Owners or contracted out.

If the parties cannot agree on a maintenance plan and budget, the prior year's maintenance plan and budget, to the extent applicable, will continue in effect.

4.3 Manager. From time to time, the Owners may appoint a manager to organize and oversee repairs and maintenance of the Property. The manager is authorized to complete the tasks identified in the maintenance plan and collect costs from the Owners for budgeted maintenance items. The manager shall obtain the consent of the Owners prior to performing any additional work and prior to authorizing any expenditure in excess of the approved budget.

4.4 Reserves. Each Owner agrees to establish a reserve account for the purpose of banking annual contributions towards future Reserve Expenses. Unless otherwise agreed to by the Owners, the amount in each Owner's reserve fund should be the same as the other Owner.

4.5 Owner-Caused Damage. To the extent repair or replacement of the Property or any improvement thereon is necessitated by the negligence or willful misconduct of a Permitted User, the Owner for whom the Permitted User is associated shall be responsible for the costs and shall return the Property to its prior condition within a reasonable time. If the responsible party cannot be identified, the Owners shall equally contribute towards required repairs or maintenance.

4.6 Default. In the event an Owner shall fail to pay its proportionate share for maintenance, such Owner shall be deemed to be in default under the terms of this Agreement and the other Owner may contribute and pay the amount at issue pro-rata, or in such other manner as they may mutually agree upon in writing. During the term of default, interest shall accrue on the unpaid balance at the rate of 9% per annum. All amounts due plus interest thereon shall be immediately due and payable without further demand and notice. In addition, if the default shall

continue uncured for more than six (6) calendar months, the non-defaulting Owner may elect to purchase the defaulting Owner's undivided interest in the Property for the price established under Section 8.4, and in the manner provided under Section 8.5. Any cash distributions which may become payable to a defaulting Owner shall be reduced by the outstanding amounts due, plus interest thereon.

SECTION 5. DECISION-MAKING & ALTERNATIVE DISPUTE RESOLUTION

5.1 Except as otherwise provided in this Agreement, both Owners must consent to any decision concerning the use, maintenance, or disposition of the Property and any motion or proposal without unanimous consent shall fail.

5.2 Any dispute or claim that arises out of or that relates to this Agreement, or to the interpretation, breach, or default thereof, or to the existence, scope or validity of this Agreement, shall be resolved by binding arbitration before a single arbitrator in accordance with the then current rules of the Arbitration Service of Portland, Inc. Judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof. In the event suit or action is brought, or an arbitration proceeding is initiated, to enforce or interpret any of the provisions of this Agreement, or that arise out of or relate to this Agreement, the prevailing party shall be entitled to costs and reasonable attorney's fees in connection therewith, including those incurred upon appeal. The determination of who is the prevailing party and the amount of costs and reasonable attorney's fees to be paid to the prevailing party shall be decided by the arbitrator(s), with respect to amounts incurred prior to and during the arbitration proceedings, and by the court or courts, including any appellate court, in which such matter is tried, heard, or decided, including a court that hears a request to compel or stay litigation or that hears any exceptions or objections to, or requests to modify, correct, or vacate, an arbitration award submitted to it for confirmation as a judgment.

SECTION 6. LIENS AND ENCUMBRANCES

6.1 Removal by Owner. Any lien or encumbrance on an Owner's interest in the Property, including, but not limited to, any judicial attachment, judgment lien, whether arising out of a court order or judgment, any lien in connection with taxes or assessments claimed due by any governmental authority, and/or any lien arising under federal or state bankruptcy or insolvency laws, shall be discharged by the Owner and the interest released within thirty (30) days after the lien is filed or otherwise becomes effective. The failure to discharge the lien and obtain the release of the interest within the stated time shall constitute a default under the terms of this Agreement.

6.2 Bond. The Owner against whose interest a lien or judgment applies shall deposit with the remaining Owners, within ten (10) days after the lien is filed or otherwise becomes effective, cash, a corporate surety bond, or other security satisfactory to the other Owner in an amount sufficient to discharge the lien, costs, attorney fees, and other charges which could accrue as a result of a foreclosure or sale under the lien. Upon making the deposit, the Owner shall not be considered in default.

SECTION 7. TRANSFERS

7.1 No Right to Transfer, Partition, and Encumber. No Owner shall have the right to convey, encumber, partition or otherwise transfer (each a "Transfer") all or any portion of such Owner's undivided interest in the Property without the consent of the other Owner. Any Transfer without the consent of the other Owner or in any manner that implicates the Reversionary Clause shall be void.

7.2 Buy-Out Rights. The Owners shall have the option to purchase the interest of any Owner upon the occurrence of any of the following events to any Owner:

- (a) Upon the dissolution of any Owner;
- (b) Upon the commencement of any voluntary or involuntary bankruptcy against an Owner, or any transfer or assignment by an Owner for the benefit of creditors at a time during which an Owner is insolvent; or
- (c) If, after a period of six months, an Owner has failed to cure its default of this Agreement commencing from the service of notice of such default by the other Owner.

Upon the occurrence of any event listed in subsection 7.2, the entitled Owner shall have the option, for a period of one hundred and eighty days (180) days from the date of the event triggering the Owner's right of purchase, to purchase all of the interest of the affected Owner by delivering written notice of exercise to the affected Owner or their successor(s) in interest (the "Exercise Notice"). If the Reversionary Clause is in effect at the time, the Owners shall work with Klamath County to allow for conveyance to the Owner. If such efforts are ineffective, the affected owner shall convey its interest as soon as the Reversionary Clause is no longer effective.

7.3 Purchase Price. The purchase price for an affected Owner's interest in the Property shall be \$1.00 and shall be paid within thirty (30) days of the Exercise Notice.

7.4 Additional Requirements. Any sale of an ownership interest in the Property shall be subject to all the terms and conditions of this Agreement and the Reversionary Clause (for as long as it remains effective). In addition, for the sale of any interest in the Property to be effective as to a third-party, the third-party shall agree to be bound by all the terms and conditions of this Agreement by executing a counterparty copy of this Agreement.

SECTION 8. INDEMNITY & INSURANCE

8.1 Indemnity. To the maximum extent permitted by law, an Owner shall have no liability to the other Owner, third parties, or the public arising out of any condition, improvement, maintenance, repair or replacement of the Property or the use thereof. Each Owner shall defend (with counsel reasonably acceptable to the other Owner), indemnify, and hold the other Owner harmless for, from, and against any claim, loss, damage, or other liability (including attorneys' fees whether incurred at trial, on appeal, or in any arbitration or bankruptcy proceeding) to the extent arising out of or resulting from (i) the indemnifying Owner and their Permitted Users' use of the Property, or (ii) the indemnifying Owner's and their Permitted Users' failure to comply with the terms, restrictions, and provisions of this Agreement.

8.2 Hazardous Materials. The Owners will not cause or permit any Hazardous Substance (as defined below) to be spilled, leaked, disposed of, or otherwise released on or under the Property. Each Owner may use or otherwise handle on the Property only those Hazardous Substances typically used or sold in the prudent and safe operation of their permitted uses of the Property. Each Owner may store such Hazardous Substances on the Premises only in quantities necessary to satisfy the Owner's reasonably anticipated needs. Each Owner will comply with all Environmental Laws and exercise the highest degree of care in the use, handling, and storage of Hazardous Substances and will take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled, or stored on the Property. Each Owner shall indemnify, defend and hold the other Owner harmless from and against any and all losses, costs, expenses, claims and liabilities (including, without limitation, reasonable attorney fees and costs) resulting from or arising out of their use, storage, treatment, transportation, presence, release or disposal of Hazardous Substances in, on, under or about the Property, to the extent resulting directly or indirectly from the activities of the indemnifying Owner or its Permitted Users. The term "Environmental Law" will 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" will 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.

8.3 Casualty Insurance. Individually, or collectively, the Owners will carry one or more insurance policies that (a) provide coverage for the Premises in an amount not less than the replacement value of all improvements and personal property normally stored on the Property at any given time, and (b) cover the Property from all-risks, and (c) name the Owners as either primary or additional insureds. If the casualty insurance is held collectively, it shall be considered an Annual Expense maintenance item and included in the annual maintenance plan and budget.

8.4 Liability Insurance. Each Owner will obtain and maintain insurance policies that provide adequate coverage for all risks normally insured against by a rural fire protection district or a special road district, as applicable.

SECTION 9. TERMINATION OF AGREEMENT

9.1 Events of Termination. This Agreement shall terminate upon the earlier of the following events: (i) the time at which there is only one Owner or one successor to the Owners; or (ii) the written agreement of the Owners to terminate this Agreement.

9.2 Effect on Obligations. Termination shall not affect the rights or obligations of the Owners which arise prior to termination and all indemnify obligations shall survive termination.

SECTION 10. MISCELLANEOUS

10.1 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed received forty-eight (48) hours after deposit in the U.S. Mail, and shall be given by registered or certified mail, postage prepaid, addressed to each Owner at the Owner's principal

place of business, or at such other address as any Owner may hereafter designate in writing and delivered to the other Owners.

10.2 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of each of the Owners, their respective heirs, executors, administrators, legal representatives, successors and assigns.

10.3 Integration. This Agreement contains the entire Agreement of the Owners and supersedes all prior and contemporaneous agreements between them with respect to the subject matter of this Agreement. Except as fully set forth herein, there are no representations, agreements, or understandings, oral or written, among the Owners relating to this Agreement.

10.4 Severability. If any term or provision of this Agreement shall be found by a court of competent jurisdiction to be invalid or unenforceable in any respect, the validity and enforceability of the term or provision in any other respect, and of the remainder of this Agreement, shall not be affected thereby and shall remain valid and enforceable to the fullest extent permitted by law.

10.5 Governing Law. This Agreement shall be subject to, and governed by, the laws of the state of Oregon, and venue for any dispute hereunder shall lie in Klamath County, Oregon.

10.6 Construction. Whenever required by the context of this Agreement, the singular shall include the plural and vice versa, and the masculine, feminine, and neuter genders shall be considered interchangeable. The parties agree that the rule of construction that ambiguities be resolved in favor of the non-drafting party shall expressly not apply to this Agreement.

[signature and notary page follows]

IN WITNESS WHEREOF, the undersigned parties have caused this Agreement to be duly executed and delivered as of the day and year first written above.

OWNERS:

Sun Forest Estates Special Road District,
an Oregon special road district

By: Larry L. Berry
Its: Chairman of Board

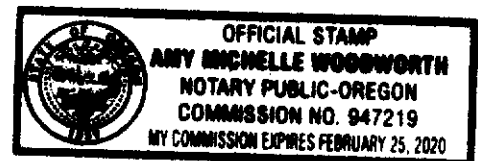
Oregon Outback Rural Fire Protection District,
an Oregon rural fire protection district

By: Gerald E. Crenshaw
Its: Board member

State of Oregon)
) ss.
County of Deschutes

The foregoing instrument was acknowledged before me on May 3rd,
2016 by Larry L. Berry as Chairman of Board of Sun Forest Estates Special
Road District, an Oregon special road district.

[Signature]
Notary Public for Oregon



State of Oregon)
) ss.
County of Deschutes

The foregoing instrument was acknowledged before me on May 3rd 2016,
2016 by Gerald E. Crenshaw as Board member of Oregon Outback Rural
Fire Protection District, an Oregon rural fire protection district.

[Signature]
Notary Public for Oregon

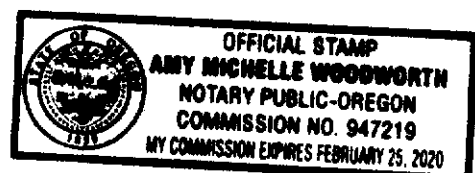


EXHIBIT A
Property Description

Lot 6, Block 9, SUN FOREST ESTATES, tract 1060, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.
R-2310-036D0-03000-000