

MEMORANDUM

T. 4. a.
HACSA

MEMORANDUM DATE: 15 June 2011
AGENDA DATE: 13 July 2011

TO: Board of HACSA Commissioners
AGENCY: Housing and Community Services Agency of Lane County
PRESENTED BY: James R. McCoy, Development Director
AGENDA ITEM TITLE: ORDER/ In the Matter of Authorizing a Memorandum of Understanding (MOU) with ShelterCare regarding the Acquisition of the Hawthorn Apartments in Eugene.

I. PROPOSED MOTION:

IT IS MOVED THAT THE EXECUTIVE DIRECTOR IS AUTHORIZED TO:

1. EXECUTE THE MEMORANDUM OF UNDERSTANDING WITH SHELTERCARE (INCLUDED AS ATTACHMENT "A") REGARDING THE ACQUISITION OF THE MULTI-FAMILY APARTMENT COMPLEX KNOWN AS THE HAWTHORN APARTMENTS; AND
2. CREATE THE HAWTHORN-AT-29TH LIMITED LIABILITY COMPANY (AS ORGANIZED BY THE DRAFT OPERATING AGREEMENT PROVIDED IN ATTACHMENT "B").

II. AGENDA ITEM/SUMMARY:

This Board Order represents the initial step involved with acquisition and preservation of the Hawthorn Apartments, a 35-unit apartment complex serving individuals and households with psychiatric disabilities in Eugene.

III. BACKGROUND:

A. Background:

Originally constructed in 1982 as subsidized housing for individuals with psychiatric disabilities, Hawthorn Apartments is a 35-unit, two-story low-income apartment complex in south Eugene that is an "expiring use" project. Such projects were generally privately developed as low-income housing during the 1970's and early 1980's using federal subsidy programs. After a period of time (usually thirty years), the developer has the right to "prepay" the mortgage and convert the project to market rate housing.

In 2010, ShelterCare, the Eugene-based non-profit that has provided support services to Hawthorn residents since its construction, acted to preserve the project's affordability by using temporary financing to acquire it. ShelterCare applied for and obtained tax credits and other subsidies for permanent financing, but was unable to sell the low-income tax credits because of its lack of development experience and financial strength. ShelterCare has requested that HACSA "step into its shoes" and acquire the project so that it continues as low-income, supportive housing for its residents.

B. Analysis

Project Description

Hawthorn consists of three two-story walk-up buildings of wood-frame construction. Each building contains unit "clusters" consisting of five one-bedroom units opening into a shared interior community space and an outdoor deck/patio. In addition, Hawthorn contains service and management offices for on-site tenant support, a laundry room, and a larger community space. All units currently receive project-based Section 8 rental assistance. Individuals and households residing in these units pay no more than 30% of their income for rent and utilities.

Hawthorn's location at 29th and Willamette streets is ideal for this resident population. It is located directly on major north-south and east-west Lane Transit District (LTD) bus routes (with 30-minute frequency of service) and is within a block of major shopping, grocery, restaurant and office services. At the same time, it is nestled in a safe, established residential neighborhood. Its central location provides convenient access to medical services, supported employment opportunities, and parks and community centers.

HACSA Due Diligence

HACSA has carried out the following activities steps to determine if acquisition and rehabilitation is feasible:

- * Site, building, and unit inspections
- * Phase I environmental review, asbestos and lead-based paint assessment
- * Consultation with ShelterCare and the private property management company
- * Review (and revision) of the proposed rehabilitation scope of work with ShelterCare and the general contractor
- * Contact with lenders and funding sources to discuss transfer of funding commitments to HACSA.

Review indicates that the proposed financing package for acquisition and rehabilitation is sufficient to proceed with the initial steps:

1. Execute the Memorandum of Understanding (MOU) between ShelterCare and HACSA (Provided in Attachment "A").

This MOU outlines the terms and conditions under which HACSA and ShelterCare will cooperate to assist HACSA's acquisition, rehabilitation and management of the project. Its essential points may be summarized as follows:

HACSA will be responsible for:

- serving as developer and construction manager
- Negotiating the sale of tax credits
- Negotiating construction and permanent financing
- Serving as Managing Member of the LLC.

ShelterCare will be responsible for:

- Assisting HACSA in assuming existing funding commitments
- Providing services to residents.

2. Create a HACSA-controlled Limited Liability Corporation (LLC) to serve as the vehicle for sale of the low-income housing tax credits.

Financing for this project will include sale of federal low-income housing tax credits to provide equity. For such projects, an initial step in obtaining tax credit equity involves creating either a shell partnership or limited liability company. At the appropriate time, the LLC operating agreement will be amended by board action to "sell" these credits to an investor who will step in as a new member.

The attorney representing HACSA in this proposed MOU, Mr. Douglas Blomgren of Bateman Seidel, has reviewed and approved this document.

C. Recommendation.

Approve the proposed Motion.

E. Timing.

Upon approval of the Order, the Executive Director will execute the Memorandum and carry out the creation of the "shell" LLC.

IV. IMPLEMENTATION/FOLLOW-UP:

HACSA staff will return to the Board at future dates regarding the Purchase Agreement for the project, the admission of an equity investor as a member of the LLC, and the closing of the permanent loan.

V. ATTACHMENTS:

Attachment 1: DRAFT Memorandum of Agreement

Attachment 2: DRAFT LLC Operating Agreement

[Note: These documents have been reviewed by Douglas Blomgren at Bateman, Seidel, PC.]



ATTACHMENT 1

MEMORANDUM OF AGREEMENT

29TH PLACE / HAWTHORN APARTMENTS

This Memorandum of Agreement ("Agreement") is made by and between ShelterCare, an Oregon nonprofit corporation ("ShelterCare"); and the Housing and Community Services Agency of Lane County, a public body corporate and politic of the State of Oregon ("HACSA") effective as of _____, 2011 (the "Effective Date").

Recitals

A. For the purpose of acquiring and rehabilitating the property described in Exhibit A (the "Project") ShelterCare has previously formed Hawthorn Apartments LLC, an Oregon single member limited liability company ("Hawthorn"), obtained certain financing as described in Exhibit B, and engaged consultants and advisors to assist it in the acquisition and financing of the Project. ShelterCare has also obtained an award of Low-Income Housing Tax Credits in respect of the Project amounting to \$332,367 (\$107,367 in 2010 credits and \$225,000 in 2011 credits).

B. A portion of the equity investment required for development of the Project is likely to be provided by Wincopin Circle LLLP, a Maryland limited liability limited partnership associated with Enterprise Community Investment, Inc. ("Investor") pursuant to a commitment letter dated as of November 1, 2010. Investor's commitment assumes that the Project will be owned by a limited liability company of which HACSA would be managing member ("Owner").

C. ShelterCare and HACSA each wish to establish an understanding between them as to the terms and conditions upon which HACSA would become the managing member of Owner and ShelterCare would be reimbursed for expenses it has incurred so far in connection with the Project.

NOW THEREFORE, in consideration of the foregoing recitals and of the mutual promises appearing below, the parties hereto agree as follows:

Agreement

1. Establishment of Owner, Execution of New Purchase and Sale Agreement.

(a) ShelterCare agrees that after formation of Owner by HACSA, ShelterCare will cause Hawthorn to enter into an agreement of purchase and sale with Owner pursuant to which the Project will be sold to Owner at a time acceptable to Investor and in connection with the admission of Investor as a member of Owner.

(b) HACSA agrees that it will cause Owner to enter into a purchase and sale agreement pursuant to which Owner will agree to purchase the Project from Hawthorn for a price substantially the same as the price paid by Hawthorn.

2. Development Duties of HACSA and Shelter.

Upon execution of this Agreement, HACSA and ShelterCare agree that ShelterCare will have no further obligations relating to development of the Project except as set forth in Section 1. above and as expressly provided below. HACSA and ShelterCare agree to allocate the development obligations relating to development of the Project as follows:

(a) HACSA will be responsible for serving as developer and construction manager of the Project and may engage (whether in the name of HACSA or in the name of Owner, as appropriate) consultants, advisors and other professionals (including without limitation, architects and contractors) as it determines to be appropriate.

(b) HACSA will be responsible for negotiating the terms of an amended operating agreement to become effective upon the admission of Investor as the investor member of Owner. It is anticipated that, as finally executed, the amended operating agreement of Owner will provide that HACSA is the managing member, the guarantor of certain obligations, and will be granted an option to acquire the Project or the investor member's interest in Owner upon completion of the compliance period established under Section 42 of the Internal Revenue Code of 1986 as amended (the "Code").

(c) HACSA will be responsible for negotiating the terms of such additional financing as may be required for the Project, including construction, term and subordinate debt.

(d) HACSA and ShelterCare will each cooperate with the other to negotiate and execute amendments to existing funding agreements such that the responsibility of ShelterCare under the terms of certain funding, as identified in Exhibit C, is transferred to HACSA and HACSA becomes the lender under the terms of loans, as identified in Exhibit C, previously made by ShelterCare to Hawthorn.

(e) HACSA and ShelterCare will each cooperate with the other to draft and execute an assignment and reimbursement agreement pursuant to which, at closing of the investment by Investor in Owner, previously unreimbursed expenses incurred by ShelterCare in connection with the Project will be reimbursed and ShelterCare will assign to the Owner any contract or development rights in respect of the Project in which ShelterCare continues to have an interest.

(f) HACSA and ShelterCare will each cooperate with the other to draft and cause Hawthorn and the Owner to execute an assignment agreement pursuant to which Hawthorn assigns to the Owner all of Hawthorn's rights under any agreements or permits relating to the Project including, without limitation, the existing leases, financing facilities, market studies, environmental analyses, tax credit agreements, architecture agreements, permits and the like.

(g) HACSA and ShelterCare agree that, as between themselves, any developer fee payable by Owner to the developer of the Project shall be paid 100% to HACSA.

3. Management and Operating Duties.

(a) HACSA will have the authorities and the obligations of managing member and tax matters partner under the amended operating agreement of Owner, including, without limitation, the obligation to provide timely operating, tax and audit information to the other members of the Owner.

(b) HACSA will be responsible for engaging, with the consent of Investor and, as necessary, lenders and/or the state of Oregon, a property management agent for the Project.

(c) HACSA will be responsible for engaging, with the consent of the Investor, accountants, legal counsel and other professional advisors for the Owner.

(d) HACSA will be responsible for assembling such cost certifications and other documents as may be necessary to qualify the Project for the Low-Income Housing Tax Credit.

(e) ShelterCare shall not be a member of Owner and shall have no rights or duties with respect to operation and management of the Project.

4. Default. In the event a party to this Agreement breaches any promise set forth herein, and fails to cure that breach within ten (10) days after receiving written notice of the breach from the other party, the breaching party shall be in default. Upon the occurrence of an event of default, the party not in default may pursue any right or remedy allowed by law or in equity and may pursue any such rights or remedies singly, together, or successively. Exercise of any such right or remedy shall not be deemed an election of remedies, and failure to exercise any right or remedy shall not be deemed a waiver of any existing or subsequent default or a waiver of any such right or remedy.

5. Amendment. This Agreement may not be modified or amended except by the written agreement of the parties.

6. Attorneys' Fees. With respect to any dispute relating to this Agreement, or in the event that a suit, action, arbitration, or other proceeding of any nature whatsoever, including, without limitation, any proceeding under the U.S. Bankruptcy Code and involving issues peculiar to federal bankruptcy law, any action seeking a declaration of rights or an action for rescission, is instituted to interpret or enforce this Agreement or any provision of this Agreement, the prevailing party shall be entitled to recover from the losing party its reasonable attorneys', paralegals', and other experts' and professional fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the judge or arbitrator at trial or other proceeding, or on any appeal or review, in addition to all other amounts provided by law.

7. Notices, Etc. All notices, requests, claims, demands, and other communications provided for or permitted hereunder must be in writing (including facsimile transmission) and faxed, mailed (first class mail, charges prepaid), or delivered personally to the address or facsimile number set forth on the signature pages hereof or at such other address or facsimile number as is designated by a party in a written notice to the other parties. All such notices and communications are, when mailed or faxed, effective when received at the relevant address. Facsimile transmissions must be followed by a hard copy of such faxed communications sent by first class mail, postage and charges prepaid. Facsimile transmissions will not be effective until receipt thereof is confirmed.

8. Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, administrators, successors and permitted assigns.

9. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the transactions contemplated by this Agreement and supersedes all prior and contemporaneous agreements between them in respect to such transactions.

10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original of this Agreement and all of which shall be one agreement.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Oregon.

12. Further Cooperation. HACSA and ShelterCare agree to execute any and all further instruments and documents, and to take and do such further acts, as may be reasonably necessary to effect the transaction anticipated by this Agreement.

[signature page follows]

**HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY**, a public body
corporate and politic of the State of Oregon

By: _____
Larry A. Abel, Executive Director
177 Day Island Road
Eugene, OR 97401
LAbel@HACSA.us

SHELTERCARE, an Oregon nonprofit
corporation

By: _____
Susan A. Ban, Executive Director
1790 West 11th Ave., Suite 290
Eugene, OR 97402

Attachments:

Exhibit A	Description of Project
Exhibit B	Current Project Financing
Exhibit C	Financing to be Transferred from ShelterCare to HACSA

**MEMORANDUM OF UNDERSTANDING
EXHIBIT A**

Description of Project

A residential apartment complex on a parcel of approximately 0.93 acres (40,511 square feet) with 3 2-story residential buildings, a former manager's house converted to office space, a office/community building and 19 parking spaces. The improvements comprise 19,559 square feet of gross building area and 16,270 square feet of net rentable area. The real property is located at 29th Place & Willamette Street, Eugene, Oregon, and is more particularly described as follows:

Real property in the County of Lane, State of Oregon, described as follows:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 3, BLOCK 1, CRESTVIEW ADDITION TO EUGENE, AS PLATTED AND RECORDED IN BOOK 16, PAGE 21, LANE COUNTY OREGON PLAT RECORDS; THENCE SOUTH 0° 03' 00" WEST 50.00 FEET TO THE NORTHERLY LINE OF LOT 2, BLOCK 4, CRESTVIEW ADDITION TO EUGENE; THENCE ALONG SAID NORTHERLY LINE NORTH 89° 46' 00" EAST 4.00 FEET TO THE NORTHEAST CORNER THEREOF; THENCE LEAVING SAID NORTHERLY LINE, ALONG THE EASTERLY LINE OF LOT 2, SOUTH 0° 03' 00" WEST 77.53 FEET TO THE SOUTHEAST CORNER THEREOF BEING THE SOUTHERLY LINE OF SAID CRESTVIEW ADDITION TO EUGENE; THENCE LEAVING THE EASTERLY LINE OF LOT 2 ALONG THE SOUTHERLY LINE OF CRESTVIEW ADDITION TO EUGENE, SOUTH 89° 46' 00" WEST 194.90 FEET TO A POINT BEING 40.00 FEET EASTERLY OF THE CENTERLINE OF WILLAMETTE STREET; THENCE LEAVING SAID SOUTHERLY LINE PARALLEL WITH AND 40.00 FEET FROM SAID CENTERLINE NORTH 0° 03' 00" EAST 270.53 FEET TO THE NORTHERLY LINE OF LOT 3, BLOCK 1, CRESTVIEW ADDITION TO EUGENE; THENCE ALONG SAID NORTHERLY LINE NORTH 89° 46' 00" EAST 121.90 FEET; THENCE LEAVING SAID NORTHERLY LINE SOUTH 0° 03' 00" WEST 143.00 FEET TO THE SOUTHERLY LINE OF SAID LOT 3; THENCE ALONG SAID SOUTHERLY LINE NORTH 89° 46' 00" EAST 69.00 FEET TO THE POINT OF BEGINNING, IN LANE COUNTY, OREGON.

THIS LEGAL DESCRIPTION WAS CREATED PRIOR TO JANUARY 07, 2008.

Tax Parcel Number: 0631976 and 5523681

**MEMORANDUM OF UNDERSTANDING
EXHIBIT B**

Current Financing of Project

1. NOAH Predevelopment Financing (repaid upon construction loan closing)

OHAF Loan Agreement
Promissory Note (\$1,200,000)
Deed of Trust With Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing
Guaranty executed by ShelterCare

2. HOME Financing

29th Place HOME Agreement and Addendum
HOME Promissory Note (\$700,000)
Secured by Assignment of Beneficiary's Interest in Trust Deed relating to Project

3. State of Oregon Department of Human Services-AMH Funding

Community Housing Development Agreement
Amendment No. 1 to Community Housing Development Agreement
Community Housing Development Promissory Note (\$115,000)
Secured by Assignment of Beneficiary's Interest in Trust Deed relating to Project

**MEMORANDUM OF UNDERSTANDING
EXHIBIT C**

Funding to be Transferred from ShelterCare to HACSA

1. HOME Loan from City of Eugene to ShelterCare

29th Place HOME Agreement and Addendum
HOME Promissory Note (\$700,000)
Assignment of Beneficiary's Interest In Trust Deed
HOME Declaration of Restrictive Covenants

2. Loan from ShelterCare to Hawthorn LLC (Re-loan of HOME funds)

Loan Agreement (HOME Funds) between ShelterCare and Hawthorn LLC
Promissory Note (\$700,000) payable to ShelterCare
Deed of Trust with ShelterCare as beneficiary; assigned to City of Eugene

3. State of Oregon Department of Human Services Conditional Grant to ShelterCare

Community Housing Development Agreement
Amendment No. 1 to Community Housing Development Agreement
Community Housing Development Promissory Note
Assignment of Beneficiary's Interest In Trust Deed

4. Loan from Shelter Care to Hawthorn LLC (Re-loan of DHS / AMH funds)

Loan Agreement (DHS-AMH Funds) between ShelterCare and Hawthorn LLC
Promissory Note (\$115,000) payable to ShelterCare
Trust Deed and Security Agreement with ShelterCare as beneficiary; assigned to DHS



ATTACHMENT 2

**OPERATING AGREEMENT
OF
HAWTHORN AT 29TH LLC**

This OPERATING AGREEMENT of HAWTHORN-AT-29TH LLC ("Agreement") is made and entered into effective as of _____, 2011, by the Housing Authority and Community Services Agency of Lane County, Oregon, a housing authority established under ORS 456.

SECTION 1. THE LIMITED LIABILITY COMPANY

1.1 **Formation.** The name of the limited liability company is HAWTHORN-AT-29TH LLC (the "Company"). The execution and filing of the Articles of Organization of HAWTHORN-AT-29TH LLC (the "Articles") created the Company under the Oregon Limited Liability Company Act (the "Act"). The Member hereby organizes the Company, on the terms and conditions set forth in this Agreement and pursuant to the Act. The rights and obligations of the Company and its Member shall be as provided in the Act, except as otherwise expressly provided in this Agreement.

1.2 **Purpose.** The company shall further the purposes of the Member as contemplated by ORS 456.120(20) or its successor statute to provide decent safe and sanitary housing for persons or families of lower income by, among other things and without limitation, developing, acquiring, constructing, rehabilitating, operating, managing and/or leasing one or more multi-family residential developments intended to serve, predominantly, low income persons.

1.3 **Duration.** The Articles set forth the life of the Company.

1.4 **Registered Office and Agent.** The registered office of the Company shall be located in the State of Oregon at the location designated in the Articles or at such other location as may be selected by the Member on the filing of any notices required by law. The initial registered agent shall be the person or entity designated as such in the Articles. The registered agent shall have a business office identical with such registered office.

1.5 **Defects as to Formalities.** A failure to observe any formalities or requirements of this Agreement, the Articles or the Act shall not be grounds for imposing personal liability on the Member for liabilities or obligations of the Company.

**SECTION 2. NAME, ADDRESS, MEMBERSHIP
INTEREST, AND CAPITAL CONTRIBUTION OF MEMBER**

2.1 **Names, Address and Membership Interest.** The name, address, initial capital contribution and membership interest of the Member are as follows:

Name and Address	Initial Contribution (agreed value and property Contributed)	Membership Interest
Housing Authority and Community Services Agency of Lane County 177 Day Island Road Eugene, OR 97401	\$100	100%

2.2 **Initial Contribution.** The Member shall contribute the consideration described in Section 2.1 upon the Member's signing of this Agreement. The value of the Member's initial contribution shall be as set forth in Section 2.1.

SECTION 3. MEMBER LIABILITY

The Member's liability shall be limited as set forth in this Agreement, the Act and other applicable law. The Member shall not be personally liable for any debts or losses of the Company, except as required by law or by this Section 3. If the Member rightfully receives the return, in whole or in part, of the Member's capital contribution to the Company, the Member is nevertheless liable to the Company only to the extent now or hereafter provided by the Act. If the Member receives a distribution by the Company that is in violation of Section 63.229 of the Act (i.e., made when the Company is unable to pay its debts as they become due in the ordinary course of business or made when the Company's liabilities exceed its assets (after giving effect to the distribution)) and if the Member knew, or should have known, that such distribution was at the time in violation of Section 63.229 of the Act, the Member is liable to the Company for a period of two (2) years after such distribution for the amount of the distribution.

SECTION 4. ACTIONS OF MEMBER

All determinations, approvals and actions with respect to the affairs of the Company shall be made by vote of the Member. Any such determination, approval or action required or permitted to be taken by the Member shall be approved if the Member votes in favor thereof, which vote may, at the Member's option, be documented by written consent or other written instrument. A record shall be maintained of the major determinations, approvals or actions of the Member with respect to the affairs of the Company, and shall be kept with the other books and records of the Company.

SECTION 5. MANAGEMENT

5.1 **Management.** The management of the business and affairs of the Company and its property shall be vested in the Member. Provided, however, the Member may designate from time to time an Operating Officer or other officer, to serve at the pleasure of the Member and to perform such functions and have such authority as may be specified by an action of the Member made in accordance with Section 4.1 of this Agreement.

5.2 **Books and Records.** Full and complete books and records, including those specified in Section 63.771 of the Act, shall be maintained by the Company at all times.

SECTION 6. DISTRIBUTIONS

6.1 **Net Cash From Operations.** To the extent net cash from operations is available (as determined by the Member), and subject to Section 6.2, the Company shall distribute to the Member net cash from operations in such amounts and at such intervals as are determined by the Member.

6.2 **Net Cash from Capital Events.** To the extent net cash is available from the destruction, sale or other disposition of some or all of the Company's property, or from any refinancing or any other capital event, the Company shall distribute to the Member net cash from such event in an amount determined by the Member

6.3 **Limitations on Distributions.** Notwithstanding anything contained in this Agreement or the Articles to the contrary, no distribution shall be made to the Member in violation of the Act (including Section 63.229).

SECTION 7. INDEMNITY

The Company shall indemnify the Member and shall make advances for expenses, to the maximum extent permitted under the Act; provided, however, that this provision shall not eliminate or limit the Member's liability for:

- (a) Any breach of the Member's duty of loyalty to the Company as described in this Agreement;
- (b) Acts or omissions not in good faith that involve intentional misconduct or a knowing violation of law;
- (c) Any unlawful distribution under the Act; or
- (d) Any transaction from which the Member derives an improper personal benefit.

SECTION 8. DISSOLUTION AND WINDING UP

8.1 **Dissolution Events.** The Company shall dissolve and commence winding up and liquidating on the first to occur of any of the following ("Dissolution Event(s)"):

8.1.1 The vote of the Member to dissolve the Company;

8.1.2 The sale or other disposition (other than lease) of all or substantially all of the Company's property, unless the Member elects to continue the Company following the sale or disposition; or

8.1.3 Any other event under Section 63.621 of the Act for which the Act does not permit elimination in the Articles or in this Agreement.

The foregoing events shall be the exclusive events that shall cause the dissolution and winding up of the Company.

8.2 **Winding Up.** Upon the occurrence of a Dissolution Event, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and Member, and the Member shall not take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs. To the extent not inconsistent with the foregoing, all obligations in this Agreement shall continue in full force and effect until such time as the Company property has been distributed pursuant to this Section 8.2. The Member shall (1) be responsible for overseeing the winding up and dissolution of the Company, (2) take full account of the Company's liabilities and assets, (3) cause the Company property to be liquidated as promptly as is consistent with obtaining the fair value thereof, and (4) cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as determined by the Member, subject to requirements of the Act or other applicable law.

8.3 **Notice of Dissolution.** If a Dissolution Event occurs and the Company is dissolved and liquidated, the Company shall, within thirty (30) days thereafter, provide written notice thereof to the Member and to all other parties with whom the Company regularly conducts business (as determined in the discretion of the Member) and shall comply with the notice and publication provisions of ORS 63.641 and ORS 63.644.

SECTION 9. GENERAL CONTRACT PROVISIONS

9.1 **Governing Law.** This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Oregon.

9.2 **Savings Clause.** If any provision of this Agreement shall be held to be invalid and unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected hereby.

9.3 **No Third Party Beneficiaries.** The provisions of this Agreement are intended solely for the benefit of the Member and shall create no rights enforceable by any third party, including creditors of the Company, except as otherwise required by the Act or other applicable law.

IN WITNESS WHEREOF, the Member has executed this Agreement effective the date set forth above.

Housing Authority and Community Services
Agency of Lane County

By: _____
Larry A. Abel, Executive Director