

LEASE

**BUREAU OF GENERAL SERVICES – BUREAU OF HUMAN RESOURCES
THE PORTLAND BUILDING CHILD CARE CENTER**

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This lease is made and entered into this _____ day of September, 2000, by and between the Bureau of General Services, (Landlord) and Bureau of Human Resources, (Tenant).

RECITALS:

A. Tenant has or will contract with a child care provider (Contractor) to operate and manage a child care facility at the premises. By that contract, Contractor has or will agree to abide by the provisions of this lease as made applicable to Contractor by specific references in the lease provisions. This lease and the contract between Tenant and Contractor are intended to be complementary and to work together. The use of references to Contractor in this lease are intended to avoid the redundancy of repeating applicable provisions in the contract. However, this method of contract drafting shall not result in Contractor becoming a party to this lease, and Contractor shall not by virtue of this lease become a tenant, partner, joint venturer, beneficiary, or subtenant of Landlord or Tenant.

B. Tenant claims no prior interest in the leasehold premises.

AGREED:

In consideration of the leasing of the premises described below and of the mutual agreements contained herein, each party expressly covenants and agrees as follows:

1. Premises

Landlord and Tenant agree to lease the premises described as approximately 5,593 interior square feet and 1,100 exterior square feet located on the first floor, southeast corner, of The Portland Building, 1120 SW Fifth Avenue, Portland, Oregon 97204. The premises are shown on Exhibit 1.

2. Term

The term of this lease shall commence September 25, 2000 and shall terminate on October 15, 2005 unless sooner terminated under the provisions hereof.

3. Rent

Rent is assessed at the same rate as charged to other tenants of The Portland Building. Tenant acknowledges the rent is collected by Landlord as a courtesy to Tenant via interagency agreement with City bureaus occupying The Portland Building, City Hall, and The 1900 Building. The rent rate may change from time to time, but shall be the same

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amount as charged to other tenants of The Portland Building. The rent shall include basic Maintenance services as provided to other tenants of The Portland Building. Maintenance services not included within the rent rate shall be billed at the then-current Maintenance service rate. A chart showing billable services is attached as Exhibit 2.

4. Replacement of Equipment, Appliances, Furniture

Tenant shall be responsible for replacement of equipment, appliances and furniture within the leased premises, except as otherwise provided by Exhibit A to PTE Services Contract # 51396, Section II. 5 and 6. Landlord may adjust the interagency agreement with City bureaus, upon request by Tenant, to provide additional funds for replacement of equipment, appliances and furniture.

5. Property Taxes

- a) Unless exempt, Tenant and Contractor shall be responsible for and pay before delinquent all taxes or fees assessed during the term of this lease against any leasehold or personal property of any kind owned by or placed upon or about the premises by Tenant or Contractor.
- b) Unless exempt, in addition to the rent required by this lease, Tenant or Contractor shall pay real property taxes assessed and levied on the premises. If the premises comprise only a portion of the property assessed, Tenant or Contractor shall pay a pro-rated portion of the taxes billed. However, the amount of real property taxes to be paid by Tenant or Contractor shall be reduced for each month during any real property tax year not within the term of this lease. All real property tax payments shall be paid by Tenant or Contractor to Landlord annually, in a lump sum, within thirty days (30) days after Landlord bills Tenant. As used herein, the term "real property taxes" shall not include business license fees, excise taxes, sales taxes, corporation taxes, income taxes, or any tax on personal property which may be imposed by any city, county, state, or federal government or any special district or agency, and those taxes shall remain the responsibility of Tenant and Contractor.

6. Option to Extend

Tenant is given one (1) option to extend the term of this lease for a period not to exceed five (5) years, commencing on the expiration of the original term. The extension period shall be at the same rent rate as the original lease term, and all provisions of the original lease, except the term of the lease, shall apply. In order to exercise this option Tenant shall not at any time during the term of this lease have been or be in default of the lease. If Tenant has at any time during the lease term defaulted in its performance of any of the terms and conditions of this lease, then this option is void. If Tenant elects to renew the term of this lease, it shall give to Landlord its written notice of election not later than ninety days (90) prior to the expiration of the original term. If this lease has been assigned or all or a portion of the premises have been sublet, this option shall be deemed null and void and neither Tenant nor any assignee or subtenant shall have the right to exercise the option during the term of assignment or sublease.

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7. Common Area Use

Landlord shall keep common areas in a neat, clean, and orderly condition and shall repair any damage thereto. Tenant, for the use and benefit of Tenant, its agents, employees, licensees, invitees, Contractor, and sub-tenants, shall have the non-exclusive right in common with Landlord or other present and future owners, tenants and their agents, employees, licensees, and sub-tenants to the use of the common areas during the entire term of this lease, or any extension thereof, in accordance with Landlord's building rules and regulations. Landlord reserves the right to change the entrances, exits, traffic lanes, boundaries and locations of the common areas.

8. Utilities

- a) Landlord shall furnish and pay for electricity, heating and air conditioning, and water and sewage disposal service to the premises. Landlord shall furnish and pay for janitorial service to a standard as provided to the office portions of the building.
- b) Tenant or Contractor shall pay promptly when due all charges for additional or special janitorial service, cable television, or other utilities of any kind furnished to the premises. If Landlord receives and pays bills for any utilities to the premises, Tenant shall reimburse Landlord upon demand. If any utility services are provided by or through Landlord, charges to Tenant or Contractor shall be comparable with prevailing rates for comparable services. In no event shall Tenant or Contractor overload the electrical circuits from which Tenant or Contractor obtains current.
- c) Telephone charges and Internet or other computer services shall be paid for as provided by PTE Services Contract # 51396 Exhibit A, Section I. 24.

9. Contractor as Independent Entity

Contractor in connection with the business carried on under this lease is not by virtue of this lease a partner, joint venturer, tenant or subtenant of Landlord or Tenant, and Landlord and Tenant shall have no obligation with respect to Contractor's debts or other liabilities.

10. Permitted Use

- a) The premises shall be used, managed, and operated by Tenant and Contractor for the following exclusive purposes and no others: **Child Care Center**. No other use may be made of the premises without the prior written consent of Landlord. Contractor shall do business on the premises under the name of **Joyful Noise**. Contractor shall use the premises only as provided by this lease and Tenant's agreement with Contractor, PTE Services Contract # 51396, which is incorporated herein by this reference.

- b) Tenant or Contractor shall not permit any cash, credit card, or coin-operated vending, novelty or gaming machines or equipment on the premises without the prior written consent of Landlord; and shall not permit the use of any part of the premises for a second-hand store, pawnshop, nor for an auction, distress or fire sale, or bankruptcy or going-out-of-business sale or the like.
- c) Tenant and Contractor acknowledge the premises are in a "no smoking" building, pursuant to ORS 433.835 et seq., within which smoking of cigars, cigarettes, pipes, or other smoking instruments shall not be permitted.

11. Styrofoam

No products containing or composed of polystyrene foam (Styrofoam) shall be sold or used by Tenant or Contractor, unless such products are exempted from this requirement in writing by Landlord. Exemptions shall be based upon a showing that there are no acceptable alternatives and that enforcement of this condition would cause Tenant or Contractor undue hardship.

12. Nuisance, Waste, Hazardous Substances

- a) Tenant and Contractor shall refrain from any use which is improper, immoral, unlawful, objectionable or which is offensive or annoying or interferes or obstructs the rights of Landlord or other tenants or owners, users, or occupants of the premises, or nearby properties. Tenant and Contractor shall not create or permit to be created any condition which would constitute a fire hazard, impair the strength or durability of the structure, or be dangerous to persons or property. Tenant or Contractor shall not sell or permit to be sold any spirituous, vinous, or malt liquors on the premises. Tenant or Contractor shall not sell or permit to be sold any controlled substance on or about the premises. Tenant or Contractor shall not install any power machinery on the premises except under the supervision and with the prior written consent of Landlord. Tenant or Contractor shall not store gasoline or other highly combustible materials on the premises at any time.
- b) Tenant or Contractor shall not use the premises in such a way or for such a purpose that the fire insurance rate on the building in which the premises are located is thereby increased or that would prevent Landlord from taking advantage of any rulings of any agency of the State of Oregon, or its successors, which would allow Landlord to obtain reduced premium rates for long term fire insurance policies.
- c) The term "Hazardous Substances", as used in this lease, shall have the meaning set out at ORS 465.200(15)(1999 Ed) or as it may be amended, including asbestos.
- d) Tenant and Contractor shall, at their own expense, comply with all laws regulating the use, generation, release, manufacture, refining, production, handling, processing, storage, transportation, or disposal of Hazardous Substances. Tenant and Contractor shall not cause or permit to occur any violation of any federal, state, or local law, ordinance, or regulation now or hereafter enacted, related to environmental conditions at, on, under or about

the premises arising from Tenant's or Contractor's use or occupancy of the premises, including, but not limited to, soil and groundwater conditions.

- e) Tenant and Contractor shall not cause or permit to occur the use, generation, release, manufacture, refining, production, handling, processing, storage, or disposal of any Hazardous Substance on, under or about the premises, or the transportation to or from the premises of any Hazardous Substance without Landlord's prior written approval.
- f) Tenant and Contractor shall, at their own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental authorities.
- g) Should any governmental authority or any third party demand that a clean up plan be prepared and that a clean up be undertaken because of any release of Hazardous Substances that occurs as a result of Tenant's or Contractor's use or occupancy of the premises, then Tenant or Contractor shall, at their own expense, prepare and implement the required plans and provide all financial assurances in accordance with applicable requirements.
- h) Tenant and Contractor shall promptly provide all information regarding the use, generation, storage, transportation, release, manufacture, refining, production, handling, processing, or disposal of Hazardous Substances that is requested by Landlord. If Tenant or Contractor fails to fulfill any duty imposed under this provision within a reasonable time, Landlord may do so; and in such case, Tenant and Contractor shall cooperate with Landlord in order to prepare all documents Landlord deems necessary or appropriate to determine the compliance therewith; and Tenant and Contractor shall execute all documents promptly upon Landlord's request. No such action by Landlord and no attempt made by Landlord to mitigate damages under any applicable law shall constitute a waiver of any of Tenant's or Contractor's obligations under this provision.
- i) Tenant and Contractor's obligations and liabilities under this provision shall survive the expiration or termination of this lease.

13. Fire Prevention

Tenant and Contractor shall exercise due diligence and care and caution to prevent and control fire on the premises and shall install fire extinguishers throughout the premises in accordance with rules and regulations as set forth by the Fire Marshal. All paints oils and other flammable materials shall be stored in suitably protected outbuildings or compartments in accordance with rules and regulations as set forth by the Fire Marshal.



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14. Square Footage

Tenant's signature to this lease verifies the approximate square footage of the premises. The monthly rent and any other charges provided by this lease shall not be adjusted by reason of any claimed variation in square footage by either Landlord or Tenant.

15. Alterations and Additions

Tenant and Contractor shall not make or allow to be made any alterations, additions or improvements to or of the premises or any part thereof or its contents without first obtaining the written consent of Landlord. All alterations, additions or improvements to or of the premises, including, but not limited to, wall covering, paneling, built-in cabinet work, but excepting movable furniture and trade fixtures, shall at once become a part of the realty and belong to Landlord and shall be surrendered with the premises. If Landlord consents, any alterations, additions or improvements to the premises by Tenant or Contractor shall be made by Tenant or Contractor at their own cost and expense. Upon termination of this lease, Tenant and Contractor shall upon written demand by Landlord, at their own cost and expense, immediately, and with all due diligence, remove any alterations, additions or improvements made by Tenant or Contractor, designated by Landlord to be removed. Tenant and Contractor shall immediately and with all due diligence, at their own cost and expense, repair any damage to the premises caused by such removal.

16. Tenant improvements

- a) All work performed by Tenant or Contractor on the premises shall be done in strict compliance with all applicable building, fire, sanitary and safety codes, and other applicable laws, statutes, regulations, and ordinances. Landlord shall secure all necessary permits for the work. To the extent required by law, Landlord shall apply for permits and submit permit plans to the City of Portland, Office of Planning and Development Review, or other appropriate City bureau or government agency, within ten (10) days of Landlord's written consent to Tenant's or Contractor's plans and specifications. All plans for construction, alteration, or changes shall be signed and sealed by an architect or engineer licensed by the State of Oregon.
- b) Landlord's written approval of the plans, specifications, and working drawings for Tenant's or Contractor's alterations, construction or changes shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities.
- c) Tenant or Contractor shall keep the premises free from all liens in connection with any work. All work performed by Tenant or Contractor shall be carried forward expeditiously, shall not interfere with Landlord's work or the work to be performed by or for other tenants, and shall be completed within a reasonable time. All work shall be completed in a good workmanlike manner. Landlord or Landlord's employees or agents shall have the right at all reasonable times to inspect the quality and progress of the work. Tenant and Contractor agree to provide



Landlord with marked plans of the premises and the alterations, construction or changes at completion of Tenant's or Contractor's construction.

17. Entry Prior to Commencement Date

Tenant and Contractor shall have the right prior to the commencement date to enter the premises at such reasonable times as designated by Landlord for the purpose of installing the furniture, furnishings, fixtures and equipment. No furniture, furnishings, fixtures or equipment shall be acquired or installed until Tenant or Contractor submits to Landlord layouts, drawings and descriptions of the decor, all of which shall be approved in writing by Landlord prior to any furniture, furnishings, fixtures or equipment being placed by Tenant or Contractor upon the premises. Any entry by Tenant or Contractor prior to the commencement shall be subject to the terms of this lease.

18. Improvements by Landlord

All improvements provided by Landlord remain the property of Landlord and shall remain in the premises at the termination of this lease.

19. Building Alteration and Repair

In the event Landlord, during the term of this lease, shall be required by the City of Portland, the order or decree of any court, or any other governmental authority, to repair, alter, remove, reconstruct, or improve any part of the premises or building, then the repairing, alteration, removal, reconstruction or improvement may be made by and at the expense of Landlord without any interference or claim for damages by Tenant or Contractor, and Tenant and Contractor shall not be entitled to an abatement or adjustment of rent. Whether or not ordered to do so by a governmental authority, Landlord and Landlord's agents and employees shall have the right from time to time during the term of this lease to enter into and upon the premises for the purpose of maintaining the premises and making such alterations and repairs and doing such other things to the building or its equipment as may become necessary or advisable, without any interference or claim for damages by Tenant or Contractor. Notwithstanding any provision herein, Landlord shall not be required to make any repair which it deems to be uneconomic. In the event Landlord determines that a repair shall not be made, it shall notify Tenant and Contractor whose sole remedy for failure to make such repair shall be their right to terminate this lease on sixty (60) days written notice to Landlord.

20. Signs and Attachments

Tenant or Contractor shall not, without Landlord's prior written consent, place any marks, signs, advertisement, notice, marquee, awning, decoration, antenna, aerial, or any other device or attachment in, on or to the roof, front, windows, doors or exterior walls of the premises or the building. Any sign or attachment placed upon the premises by Tenant or Contractor with Landlord's consent shall be removed at Tenant's or Contractor's expense upon termination of this lease, and all damage caused by the removal shall be repaired at their expense. Subject to the provisions hereof, Tenant or Contractor shall have the right to install or cause to be installed appropriate signs to advertise the nature of



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Contractor's business. Tenant and Contractor shall properly maintain any signage they install pursuant to this provision. The cost of such installation, operation and maintenance shall be borne by Tenant or Contractor.

21. Maintenance and Repair

- a) Except for repairs which are Landlord's responsibility, pursuant to subsection b) of this provision, Tenant and Contractor shall at all times maintain the premises and all improvements of any kind, which may be erected, installed or made thereon by Landlord or Tenant or Contractor in a neat condition, free of trash and debris, in good and substantial condition, order and repair. Landlord's responsibility to the premises shall include, without limitation, the following:
- i) Performance of all necessary maintenance and repair upon the electrical fixtures, switches and wiring from the Tenant's service panel, doors, windows, hardware, exposed plumbing, indoor ceilings, walls, and floors;
 - ii) Replacement of all broken or cracked glass with glass of quality equal to that existing at the commencement of the lease term;
- b) Subject to the limitations in subsection c) of this provision, Landlord shall maintain in serviceable condition the sidewalks, roof, gutters and downspouts, exterior walls and concealed plumbing in the premises and building, and elevators, and shall maintain and repair and make any major replacement of the mechanical equipment including any heating or air conditioning unit, unless such maintenance and repair are caused by Tenant or Contractor or their agent's, employee's or invitee's negligence, misuse or failure to comply with any provisions of this lease, in which case Tenant and Contractor shall pay Landlord the actual cost of the maintenance and repairs. No rent abatement shall occur when maintenance, repairs or replacement of sidewalks, roof, exterior walls, gutters or downspouts, concealed plumbing, mechanical equipment including heating or air conditioning, or elevators are being performed by Landlord.
- c) Landlord shall have no duty to make any repairs which are its obligations under this lease until Tenant has given written notice to Landlord of the repairs to be made or condition to be corrected. Landlord shall have no liability for failure to make any repair required of it if the repair is completed within a reasonable time following the notice from Tenant. Tenant and Contractor waive the right to make repairs or maintain at Landlord's expense under any law, statute or ordinance now or hereafter in effect.

22. Observance of Landlord's Rules and Regulations

Tenant and Contractor agrees to comply with all rules and regulations respecting use of the premises and the common areas promulgated by Landlord from time to time and communicated to Tenant in writing. Tenant and Contractor shall permit Landlord to make reasonable inspection of the premises from time to time to determine whether Tenant or Contractor is complying with Landlord's rules and regulations and the provisions of this lease. A copy of Landlord's

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current policies, rules and regulations is attached as Exhibit 3. Landlord reserves the right to change its' policies, rules and regulations in it sole discretion without prior notice to Tenant or Contractor.

23. Liens

Tenant and Contractor shall keep the premises free from all liens, including mechanics liens, arising from any act or omission of Tenant or Contractor or those claiming under them. Tenant or Contractor shall pay as due all claims for work done, for services rendered or material furnished to the premises at their request. If Tenant or Contractor fails to pay any claims or to discharge any lien, Landlord may do so and collect all costs of discharge, including its' reasonable attorney's fees from Tenant. Such action by Landlord shall not constitute a waiver of any right or remedy Landlord may have on account of Tenant's or Contractor's default. Tenant or Contractor may withhold payment of any claim in connection with a good faith dispute over the obligation to pay, so long as Landlord's property interests are not jeopardized. If a lien is filed as a result of nonpayment, Tenant and Contractor shall, within ten (10) days after knowledge of filing, provide Landlord with an executed copy of a discharge of the lien, or deposit with Landlord cash or a sufficient corporate surety bond or other security satisfactory to Landlord in an amount sufficient to discharge the lien plus any costs, attorney's fees or other charges that could accrue as a result of any foreclosure sale or sale under the lien. This lease shall be subject and subordinate to such liens and encumbrances as are on or as Landlord may hereafter impose on the land and building, and Tenant and Contractor shall upon request of Landlord, execute and deliver agreements of subordination consistent with this provision.

24. Damage or Destruction

- a) In the event of the damage or destruction of the premises or of the building of which they are a part, by fire, or by fire and water or other casualty to the extent of fifty percent (50%) or more of the value thereof prior to the casualty, Landlord may elect either to reconstruct or not to reconstruct the premises. If the election is not to reconstruct the premises, then this lease shall terminate as of the date of casualty and Landlord shall have the right to take possession and occupy the premises to the exclusion of Tenant and Contractor, and Tenant and Contractor agree to vacate the premises. Tenant shall be entitled to abatement of rent unless the damage is due to the fault or negligence of Tenant or Contractor or their agents, employees or invitees. If, however, the repair so occasioned shall not amount to fifty percent (50%) of the value prior to the casualty, then Landlord shall repair the damaged portion of the premises with all convenient speed. Landlord shall have the right to take possession of and occupy, to the exclusion of Tenant or Contractor, all of the premises or any part thereof, for the purpose of such reconstruction or repair. Tenant and Contractor agree to vacate, upon request, all or any part of the premises which Landlord may reasonably require for repair purposes. Landlord shall not be required to make any repairs or replacement of any leasehold improvements, fixtures, or other personal property of Tenant or Contractor. Landlord shall be entitled to all proceeds of insurance coverage for the premises or the building.

- b) Notwithstanding anything to the contrary contained in this provision, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the premises when the damage resulting from any casualty covered by this provision occurs during the last twelve (12) months of the term of this lease or any extension thereof.

25. Assignment and Subletting

- a) Tenant shall not assign or mortgage this lease or any interest herein and shall not sublet the premises or any part thereof, or any right or privilege pertinent thereto or permit any other person (the agents, employees and invitees of Tenant or Contractor excepted) to occupy or use the premises or any portion thereof, without first obtaining the written consent of Landlord. Consent by Landlord to one assignment, subletting, transfer, occupation or use by another person shall not be deemed to be a consent to any subsequent assignment, subletting, transfer, occupation or use by another person.
- b) Consent to an assignment, sublet, transfer, occupation or use shall not release the original named Tenant from liability for the continued performance of the terms and provisions on the part of Tenant to be kept and performed, unless Landlord specifically and in writing releases the original named Tenant from liability.
- c) Any assignment, subletting, transferring, occupation or use without the prior written consent of Landlord shall be void and shall, and at the option of Landlord, terminate this lease. This lease shall not, nor shall interest herein, be assignable, as to the interest of Tenant, by operation of law, without the prior written consent of Landlord.
- d) Landlord shall not unreasonably withhold its consent to any assignment, subletting, transfer, occupation or use provided the rent required by this lease is not altered and the proposed Tenant is compatible with Landlord's normal standards for the premises. If Tenant proposes a subletting, assignment, transfer, occupation or use, Landlord shall have the option of terminating this lease and dealing directly with the proposed subtenant or assignee, or any third party.
- e) If an assignment, subletting, transfer, occupation or use is permitted, the net value of any rent received by Tenant as a result of such transaction shall be paid to Landlord promptly following its receipt by Tenant. Tenant shall pay any costs incurred by Landlord in connection with a request for assignment, subletting, transfer, occupation or use including reasonable attorneys' fees.

26. Assignability

The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties.

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27. Sale by Landlord

In the event of any sale of the premises by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants, and obligations contained in or derived from this lease arising out of any act, occurrence or omission occurring after the consummation of the sale. The purchaser, at such sale or any subsequent sale of the premises, shall be deemed, without any further agreement between the parties and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of Landlord under this lease.

28. Entry by Landlord

- a) Landlord reserves, and shall at any and all times have, upon notice to Tenant or Contractor, the right to enter the premises to inspect the same, to submit the premises to prospective purchasers or tenants, to post notices of non-responsibility, to repair the premises and any portion of the building of which the premises are a part that Landlord may deem necessary or desirable, without abatement of rent and may for that purpose erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, always providing that the entrance to the premises shall not be unreasonably blocked thereby, and further providing that the business of Tenant or Contractor shall not be interfered with unreasonably.
- b) Tenant and Contractor agree to maintain the premises in a clean and orderly fashion that is consistent with the use and appearance of the building. In the event that Tenant or Contractor does not conform to this provision, Landlord reserves the right, upon written notice, and at Tenant's or Contractor's sole cost and expense, to reenter the premises for the specific purpose of rectifying the condition and restoring the premises to the condition, use and appearance intended by the parties at the time this lease was executed.
- c) Tenant and Contractor hereby waive any claims for damages or for any injury or inconvenience to or interference with Tenant's or Contractor's business, any loss of occupancy or quiet enjoyment of the premises, and any other loss occasioned thereby pursuant to this provision.
- d) For each of the aforesaid purposes, Landlord shall at all time have and retain a key with which to unlock all of the doors in, upon and about the premises, excluding Tenant's or Contractor's vaults, safes and files, and Landlord shall have the right to use any and all means which Landlord may deem proper to open the doors of the premises in an emergency, in order to obtain entry to the premises, without liability to Tenant or Contractor, except for any failure to exercise due care for Tenant's or Contractor's property.
- e) Any entry to the premises obtained by Landlord by any means shall not under any circumstances be construed or deemed to be forcible or unlawful entry into, or a detainer of, the premises, or an eviction of Tenant from the premises or any portion thereof.



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- f) Landlord shall not be liable for the consequences of admitting by passkey or refusing to admit to the premises, Tenant or its agents, employees, Contractor or other persons claiming the right of admittance.

29. Default by Tenant

The following shall be events of default:

- a) Failure of Tenant or Contractor to comply with any applicable term or condition or to fulfill any obligation of this lease other than payment of charges, within ten (10) days after written notice by Landlord specifying the nature of the default with reasonable particularity. However, if the default is of such a nature that it cannot be completely remedied within the ten (10) day period, Tenant and Contractor shall not be in default if Tenant and Contractor begins correction of the default within the ten (10) day period and thereafter proceeds with reasonable diligence and in good faith to correct the default as soon as practical and to completion.
- b) The abandonment of the premises by Tenant or Contractor or the failure of Tenant or Contractor to occupy the premises for fifteen (15) days or more, for one or more of the designated purposes of this lease unless such failure is excused under other provisions of this lease.
- c) The bankruptcy or insolvency of Tenant or Contractor or if a receiver or trustee is appointed to take charge of any of the assets of Contractor, sub-tenants or assignees in or on the premises or in the event of judicial sale of the personal property in or on the premises upon judgement against Contractor or any sub-tenant or assignee thereunder unless otherwise directed by order of a bankruptcy court.

30. Remedies On Default by Tenant

- a) In the event of default, Landlord may elect to terminate Tenant's or Contractor's right to possession of the premises by notice to Tenant. Following such notice, Landlord may re-enter, take possession of the premises and remove any persons or property by legal action or self-help, with the use of reasonable force and without liability for damages. Landlord shall have a security interest in Tenant's or Contractor's property on the premises at the time of re-entry to secure all sums owed or to become owing Landlord under this lease. Perfection of such security interest shall be taking possession of the property or otherwise as provided by law.
- b) Following re-entry by Landlord because of Tenant's or Contractor's default, Landlord may re-let the premises. Landlord may alter, refurbish or change the character or use of the premises in connection with any re-letting. Re-letting by Landlord following Tenant's or Contractor's default shall not be construed as an acceptance or a surrender of the premises. If rent received upon re-letting exceeds the rent received under this lease, Tenant shall have no claim to the excess.

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- c) Following re-entry, Landlord shall have the right to recover from Tenant and Contractor the following charges:
- i) All unpaid charges for the period prior to re-entry, plus late charges, if any, as provided by this lease.
 - ii) All costs incurred by Landlord by reason of Tenant's or Contractor's default, including, but not limited to the cost of recovering the premises, of re-letting or attempting to re-let the premises, including without limitation, the cost of clean up and repair and preparation for a new tenant, the cost of correcting any defaults or restoring any unauthorized alterations, the amounts of any real estate commissions or advertising expenses and the unamortized cost of any improvements installed at Landlord's expense to meet Tenant's or Contractor's special requirements.
 - iii) Reasonable attorney's fees incurred in connection with the default, whether or not any litigation has commenced.
- d) Landlord may institute actions periodically to recover damages as they accrue throughout the lease and no action for accrued damages shall be a bar to a later action for damages subsequently accruing. Nothing in this lease shall be deemed to require Landlord to wait until the lease terminates to institute action. Landlord may obtain a decree of specific performance requiring Tenant and Contractor to pay damages as they accrue. Alternately, Landlord may elect in any one action to recover accrued damages plus damages attributable to the remaining term of the lease.
- e) In the event that Tenant or Contractor remains in possession following default and Landlord does not elect to re-enter, this lease shall remain in effect and Landlord may enforce all of its rights and remedies hereunder and Landlord may recover all unpaid rent or other charges, plus late charges, and shall have the right to cure any non-monetary default and recover the cost of such cure from Tenant or Contractor. In addition, Landlord shall be entitled to recover attorney's fees reasonably incurred in connection with the default, whether or not litigation has commenced. Landlord may institute actions to recover such amounts as they accrue and no one action for accrued damages shall bar a later action for damages subsequently accruing.
- f) The foregoing remedies shall not be exclusive but shall be in addition to all other remedies and rights provided under applicable law, and no election to pursue one remedy shall preclude resort to another consistent remedy. Tenant's or Contractor's liability to Landlord for default shall survive termination of this lease.

31. Trade Fixtures, Default, Remedies

Without limiting the remedies elsewhere provided by this lease, Landlord's remedies shall include the removal of Contractor's trade fixtures, (as defined under Oregon law), equipment, furnishings, chattels and furniture from the premises and storage and retention of same until all damages are paid. In such event, the damages recoverable by Landlord from Tenant or Contractor shall include the cost of removal of the foregoing items, repair and restoration of the



EXHIBIT D



premises, transportation to storage, and storage charges, with interest on all such expenses from the date of expenditure by Landlord until repaid as provided herein together with the other items of damages set forth in this lease. Upon payment of all damages, Landlord shall release the trade fixtures, equipment furnishings, chattels and furniture to Contractor. Provided, however, and without limiting the default provisions of this lease, if payment in full of all damages is not received, Contractor's property on the premises is subject to the lien foreclosure remedies of ORS 87.162 et seq. Tenant and Contractor waive all rights or claims against Landlord as to the failure or difficulty of mitigation of damages by reason of removal of the foregoing items from the premises, and Tenant or Contractor may not then assert that the premises cannot be leased to a third party because of the removal of the items.

32. Default by Landlord, Remedies

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time. However, Landlord shall perform its obligations within thirty (30) days after receiving written notice from Tenant specifying where and how Landlord has failed to perform its obligations. However, if the nature of Landlord's obligations is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. In no event shall Tenant have the right to terminate this lease as a result of Landlord's default and Tenant's remedies shall be limited to damages and /or an injunction.

33. Landlord's Inability to Perform

Landlord shall not be deemed in default for the non-performance or for any interruption or delay in performance of any of the terms, covenants and conditions of this lease if due to any labor dispute, strike, lockout, civil commotion or operation, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, inability to obtain labor, services or materials, or through act of God or other cause beyond the reasonable control of Landlord, providing such cause is not due to the willful act or neglect of Landlord.

34. General Provisions

- a) Cumulative Rights and Remedies. No right or remedy or election provided by this lease shall be deemed exclusive but shall, whenever possible, be cumulative with all other rights and remedies available at law or in equity.
- b) Time is of the Essence. Time is of the essence in this lease.
- c) Non-Waiver. Acceptance by Landlord of any rental or other benefits under this lease shall not constitute a waiver of any default. Any waiver by Landlord of the strict performance of any of the provisions of this lease shall not be deemed to be a waiver of subsequent breaches of a different character, occurring either before or subsequent to

EXHIBIT D

such waiver, and shall not prejudice Landlord's right to strict performance of the same provision in the future or of any other provision of this lease.

- d) Amendments. This lease shall not be amended or modified except by agreement in writing signed by the parties.
- e) For Rent Signs. During the period of ninety (90) days prior to the date for the termination of this lease, or upon default by Tenant or Contractor, Landlord may post on the premises a sign notifying the public that the premises are "for rent" or "for lease".
- f) Exhibits. Exhibits, which are referred to in this lease, are attached hereto and by this reference incorporated herein.
- g) Authority of Tenant. If Tenant is a corporation, each individual executing this lease on behalf of that corporation shall be duly authorized to execute and deliver this lease on behalf of the corporation, in accordance with the bylaws of the corporation, and the corporation warrants and represents that this lease is binding on the corporation.
- h) Consent of Landlord. Whenever consent, approval or direction by Landlord is required under the terms contained herein, all such consent, approval or direction shall be in writing from the Commissioner-in-Charge.
- i) Quiet Possession. Upon Tenant paying the rent reserved hereunder and observing and performing all of the covenants, conditions, and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the premises for the entire term hereof, subject to all provisions of this lease.
- j) Recordation. Neither Landlord or Tenant shall record this lease, but a short form memorandum hereof may be recorded at the request of Landlord.
- k) Provision Headings and Capitalization. The provision headings to the provisions of this lease are not part of the lease and shall have no effect upon the construction or interpretation of any part of it. Capitalization of certain words is provided to assist the reader. Capitalization of words or lack thereof shall have no effect upon the construction or interpretation of this lease.
- l) Complete Agreement. There are no oral agreements between Landlord, Tenant, or Contractor affecting this lease, and this lease supersedes and cancels any and all previous negotiations, arrangement, brochures, advertising, agreement and understandings, oral or written, if any between Landlord, Tenant or Contractor, or displayed by Landlord or its agents to Tenant or Contractor with respect to the subject matter of this lease, the premises or the building. With respect to this lease, there are no representations between Landlord, Tenant and Contractor or between any real estate broker and Tenant or Contractor, other than those contained in the lease, and all reliance with respect to any representations is solely upon representations contained in this lease.



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- m) Joint Obligation. If there be more than one Tenant, the obligations imposed hereunder shall be joint and several.
- n) Third Parties. Landlord and Tenant are the only parties to this lease and as such are the only parties entitled to enforce its terms. Nothing in this lease gives or shall be construed to give or provide any benefit, direct, or indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of the lease. Contractor is not a party to this lease, and shall not by virtue of this lease become a beneficiary of the lease, or a partner, joint venturer, tenant or subtenant of Landlord and Tenant.
- o) Partial Invalidity. Any provision of this lease which shall prove to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision of the lease and other provisions shall remain in full force and effect.
- p) Observance of Law. Tenant and Contractor, at their expense, shall comply with all laws, rules, orders, ordinances, directions, regulations, and requirements of federal, state, county, and municipal authorities, now in force or which may hereafter be in force during the term of this lease.
- q) Americans With Disabilities Compliance
- i) Tenant shall comply, at their sole expense, with all applicable provisions of the Americans With Disabilities Act of 1990 (ADA), as it may be amended, including any duty the ADA may impose on Landlord, Tenant as a result of Tenant's or Contractor's use, occupation, or alteration of the premises.
 - ii) Within ten (10) days after receipt, Landlord and Tenant shall advise the other in writing, and provide the other with copies (as applicable) of any notices alleging violation of the ADA relating to any portion of the building or premises; any claims made or threatened in writing regarding noncompliance with the ADA and relating to any portion of the building or premises; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to any portion of the building or premises.
 - iii) In the event of any assignment or sublet of the premises, Tenant and Tenant's assignee or subtenant shall agree to comply with the ADA, at their sole expense, and agree to be jointly liable under this lease for any duty the ADA may impose upon Tenant or Tenant's assignee or subtenant as a result of their use, occupation or alteration of the premises. Landlord reserves the right to withhold consent to a proposed assignment or sublet if the assignment or sublease fails to contain provisions required by this lease to ensure ADA compliance at Tenant's or Tenant's assignee's or subtenant's expense. Landlord further reserves the right to withhold consent to a proposed assignment or sublet if the proposed use, occupation or alteration by the assignee or subtenant shall require alterations to the premises to comply with the ADA which are inconsistent with Landlord's management interests.



EXHIBIT D



- s) Choice of Law and Forum. This lease shall be governed by the laws of the State of Oregon. Any litigation arising under this lease shall occur in the Multnomah County Circuit Court.

35. Surrender Upon Termination

- a) Upon expiration of the lease term or earlier termination because of default, Tenant and Contractor shall deliver all keys to Landlord and shall surrender the premises to Landlord in a condition reasonably similar to that existing upon possession and broom clean. Alterations constructed by Tenant or Contractor pursuant to Landlord's permission shall not be removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purposes for which the premises were let, need not be restored, but all repairs for which Tenant or Contractor is responsible shall be completed prior to such surrender. Tenant's and Contractor's obligation under this provision shall not apply in case of termination of this lease due to destruction of the premises.
- b) With the exception of Tenant's or Contractor's movable trade fixtures, all other fixtures placed upon the premises during the term shall, at Landlord's option, become the property of Landlord. Landlord may elect to require Tenant and Contractor to remove all fixtures which would otherwise remain the property of Landlord, and to repair any damage resulting from the removal. Should Tenant or Contractor fail to effect the removals or make repairs, Landlord may do so and charge the cost to Tenant and Contractor together with late charges as provided by this lease from the date of the expenditure.
- c) Tenant and Contractor shall remove all furnishings, furniture, and trade fixtures that remain the property of Tenant and Contractor. Failure to do so shall be an abandonment of the property and Tenant and Contractor shall have no further rights therein except as provide below. Landlord may elect to proceed as follows with respect to such abandoned property:
- i) Retain or dispose of the property as Landlord sees fit.
 - ii) Following twenty (20) days written notice to Tenant and Contractor, remove the property and place it in public storage for Tenant's or Contractor's account, in which case Tenant and Contractor shall be liable for the cost of removal, transportation and storage, plus interest as provided herein from the date of all expenditures.
- d) Should Tenant or Contractor fail to vacate the premises when required, Landlord may elect to take legal action to eject Tenant and Contractor from the premises and to collect any damages caused by Tenant's or Contractor's wrongful holding over.
- e) Tenant's or Contractor's failure to remove property as required by subsection c) of this provision shall constitute a failure to vacate to which subsection d) of this provision shall apply if the property not removed will substantially

interfere with occupancy of the premises by another tenant or with occupancy by Landlord for any purpose including preparation for a new tenant.

36. Holding Over

If Tenant and Contractor remain in possession of the premises or any part thereof after the expiration of the term hereof without the express written consent of Landlord, such occupancy shall be a tenancy from month-to-month with rent in the amount of the last monthly rent, plus all other charges payable hereunder, and upon all terms hereof, applicable to month-to-month tenancy. The hold over tenancy may be terminated at will at any time by Landlord. Landlord shall have the right to adjust the rent payments, charges, or use fees upon thirty (30) days written notice to Tenant and Contractor. Unless Contractor is exempt from real property taxes assessed on the premises, in the event of hold over beyond June 30th of any year, Contractor shall be responsible for payment of real property taxes for the entire year without proration.

37. Tenant's Statement

Tenant shall, from time to time, upon written request of Landlord, execute, acknowledge and deliver to Landlord or its designate a written statement stating the date this lease was executed, the date the term commenced, the date the lease expires, the date Tenant entered into occupancy of the premises, the amount of monthly rent and the date to which such rent has been paid, and certifying that this lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way (or specifying the date and terms of agreement so affecting this lease), that this lease represents the entire agreement between the parties as to this lease, that all conditions under this lease to be performed by the Landlord have been satisfied, that all required contributions by Landlord to Tenant on account of Tenant's improvements have been received, that on this date there are no existing defenses or offsets which Tenant has against the enforcement of this lease by Landlord, that no rent has been paid more than one month in advance, and that no security has been deposited with Landlord except as expressly set forth in this lease. It is intended that any such statement delivered pursuant to this provision may be relied upon by a prospective purchaser of Landlord's interest or a mortgagee of Landlord's interest or assignee of any mortgage upon Landlord's interest in the building in which the premises are located.

38. Notices

Any notices required or permitted by law or this lease to be given to either party shall be effective upon mailing by United States certified mail, addressed as specified below, or to such other address as either party may specify to the other in writing from time to time during the term of this lease.

To Landlord: CITY OF PORTLAND
Bureau of General Services, Property Management
1120 SW Fifth Avenue, Room 1204



EXHIBIT D



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Portland, Oregon 97204
Telephone: 503-823-6932
Fax: 503-823-5342

To Tenant: Bureau of Human Resources
Contact: Tom Schneider
1120 SW Fifth Avenue, Room 404
Portland, Oregon 97204
Telephone: 503-823-4158
Fax: 503-823-4156

and

To Contractor: Joyful Noise, Inc.
Alice Smith
333 SW First Avenue, Suite A
Portland, Oregon 97204
Telephone: 503-326-6827
Fax: 503-326-5915

IN WITNESS WHEREOF, The Landlord and the Tenant have executed this lease in triplicate on the day and year written.

Bureau of Human Resources, Tenant

Tom C. Schneider, Admin Svcs.
(Insert Name, Title) *Manager*

09/20/00
Date

Bureau of General Services, Landlord

[Signature]
Ron Bergman, Interim Director

Date

APPROVED AS TO FORM

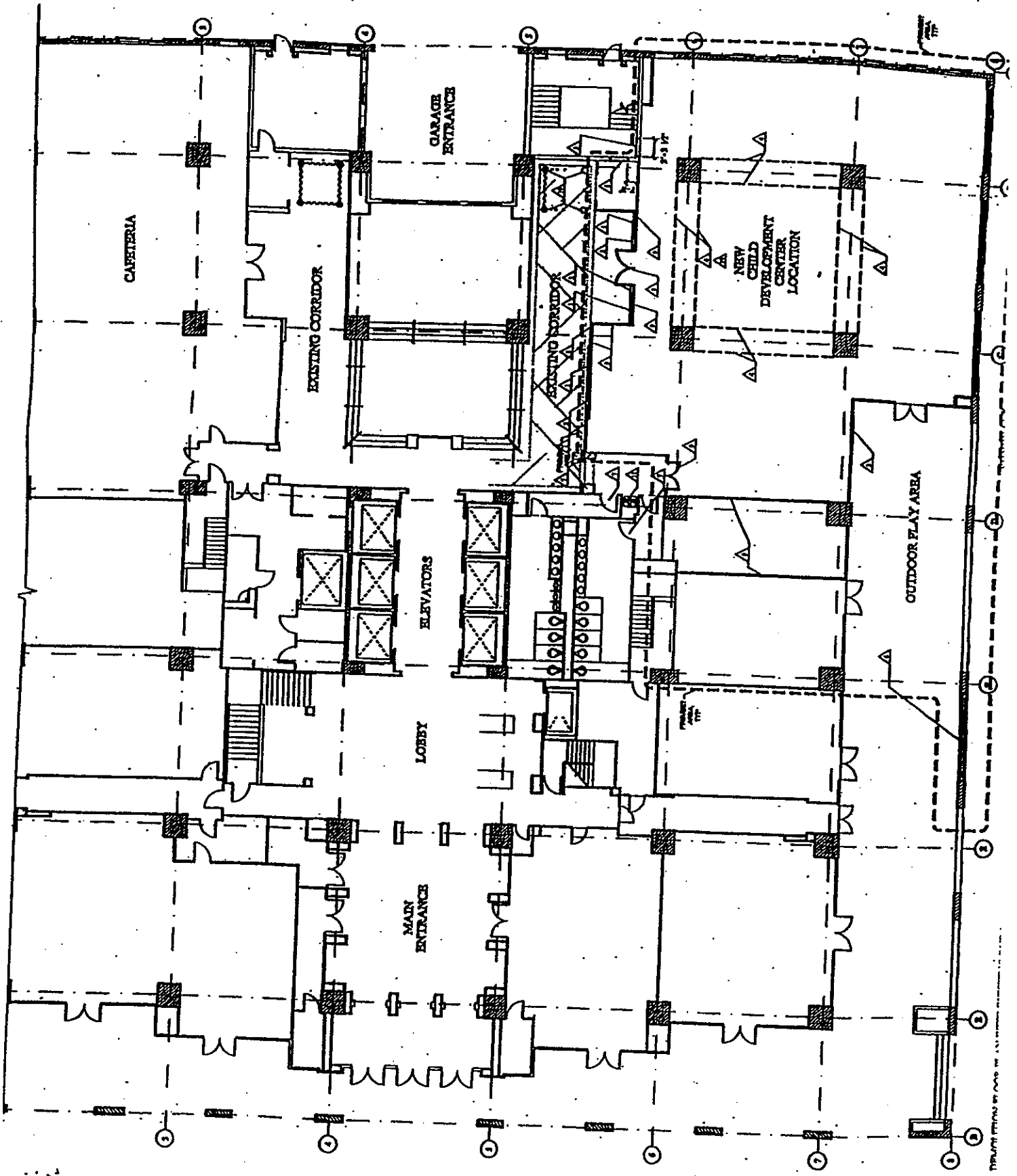
[Signature]
Deputy City Attorney

EXHIBIT 1
Location of Premises
(attached)



EXHIBIT D





TRACED FROM ORIGINAL BY [unreadable]



EXHIBIT D



EXHIBIT 2

Billable Services

(attached)



PORTLAND, OREGON

BUREAU OF GENERAL SERVICES

Jim Francesconi, Commissioner
David O. Kish, Director
1120 SW Fifth Ave., Room 1204
Portland, Oregon 97204
(503) 823-5252
FAX (503) 823-6924
TDD: (503) 823-6868

FACILITIES SERVICES MAINTENANCE DIVISION STANDARD AND BILLABLE SERVICES

March 4, 1999

I. Standard Services

Heating, Ventilating and Air conditioning

1. Repairs to building system.
2. Changing filters.
3. Lubrication.
4. Cleaning.
5. Daily inspections.
6. - Make adjustments.
7. Calibrate thermostats.
8. Clean cooling towers.
9. Provide water treatment to systems.

Electrical

1. Relamp with standard bulbs.
2. Replace ballasts.
3. Replace outlets.
4. Replace light switches.
5. Troubleshoot electrical problems.
6. Reset tripped circuit breakers.

Plumbing

1. Repair and/or replace plumbing fixtures.
2. Unclog drain systems.
3. Repair water leaks.
4. Repair drinking fountains.
5. Fix leaky faucets.

Carpentry

1. Repair or replace broken locks.
2. Repair or replace bad door closers.
3. Adjust door closers.
4. Adjust door hinges.
5. Re-align doors.

continued

EXHIBIT D

II. BILLABLE SERVICES**Painting**

1. Painting requested out of normal cycle.
2. Special painting or wallpaper.
3. Furniture refinishing.
4. Special signage.

Moves

All moving of material or furniture not related to building repairs.



EXHIBIT D



EXHIBIT 3
Landlord's Rules and Regulations

POLICIES & PROCEDURES FOR TENANTS OF THE PORTLAND BUILDING

These Policies and Procedures are intended to be in the best interest of all building occupants. The goal is to provide a safe, pleasant and productive work environment for all occupants.

IN CASE OF EMERGENCY

9-1-1

FIRE, POLICE AMBULANCE

First call:

9-1-1

Then call Building Security at 823-5388

Building Security - Weekends, holidays and after hours: 823-5252

State your name, location and telephone number, type and location of emergency.

All problems concerning building security, suspicious persons, bomb threats or fire alarms within the building are to be directed to the Security desk.

1. Common areas/Mail rooms - Shall be kept free of boxes and debris and will not be used for storage. Doors to common areas to be kept closed at all times.
2. Thermostats - Each tenant thermostat has a lever to be used to set the system. This is located on the lower right-hand side of the thermostat. "Heat" setting is for heating only. "Auto" indicates the air conditioning will come on and off as needed to maintain the selected setting. "Off" indicates no action will be taken; neither heating nor cooling.
3. Solicitation - Prohibited within the building.
4. Building Care and Appearance - Methods of affixing items to wall surfaces are to be approved in advance by the Building Manager. Art work within individual offices may be arranged as the occupant wishes. Hanging plants or other objects from the ceiling or lighting system is prohibited. All requests for space planning assistance, remodeling, signs or similar services are to be submitted to the Bureau of General Services.
5. Building Access - Normal building hours are 7:00 AM to 6:00 PM, Monday through Friday. After hours access is given to authorized personnel. The Security Desk in the building lobby maintains the authorized personnel list, and updates this list monthly. A sign-in/out log is maintained at the Security Desk. Contact the Bureau of General Services Reception desk to add or delete names from the authorized personnel list. All roof, mechanical and electrical areas are off limits to all building users.
6. Bicycles, motorized vehicles - Motorized vehicles are not to be parked in the bicycles racks or any area not authorized for such use. Bicycles are to be parked only in designated racks.
7. Basement parking - Limited short-term parking is available in the building parking level. The Autoport Parking Garage at SW 2nd and Madison is available to building visitors. The City encourages the use of mass transit by building tenants.

leases/bldgregs.tpb Revised 08/21/00

EXHIBIT D

EXHIBIT A EXHIBIT D
PROFESSIONAL, TECHNICAL, OR EXPERIENCE SERVICES
CONTRACT NO. 51396

OCT 09 2000

This Contract is between the City of Portland, acting by and through its Elected Officials, hereafter called "City," and Joyful Noise, Inc., hereafter called "Contractor."

Recitals

- 1) The City desires to establish a childcare center for its employees in order to attract and retain a high quality workforce, create a family friendly work environment, and improve downtown livability. The establishment of a childcare center for City employees supports the City's workforce planning needs by making the City an employer of choice. After issuing a Childcare Request for Proposal (RFP) and reviewing proposals received in response to the RFP, a selection committee has determined that Joyful Noise is best suited to provide childcare services to the children of City employees.
- 2) The City has or will enter into a lease for the premises which the Contractor will use for operation and maintenance of the child care center. By agreement to this contract, the Contractor will agree to abide by the applicable provisions of the lease. The applicable provisions of the lease are identified by specific reference to the Contractor in the lease provisions. This contract and the lease are intended to be complementary and to work together. The use of references to the Contractor in the lease is intended to avoid the redundancy of repeating applicable provisions of the lease in this contract. This method of contract drafting, however, shall not result in the Contractor becoming a party to the lease, and the Contractor shall not, by virtue of the lease, become a beneficiary of the lease, or a partner, joint venturer, tenant or subtenant of the City.

Agreed:

1. Effective and Termination Dates

This Contract shall become effective on September 25, 2000 (or on the date at which every party has signed this Contract, whichever is later.) This Contract shall terminate on October 15, 2005.

2. Statement of Work

The statement of work is contained in Exhibit A attached hereto and by this reference made a part hereof.

3. Consideration

- a) The payment shall be full compensation for work performed, services rendered, and for all labor, materials, supplies, equipment, and incidentals necessary to perform the work and services.
- b) Participants of the childcare program shall pay the Contractor directly for services rendered.
- c) Tuition rates shall be established as outlined in Exhibit A, section III.

Terms and conditions continued on pages 2 - 5.

CONTRACTOR DATA AND SIGNATURE

Name (please print): Joyful Noise, Inc. Address: 333 SW First Ave., Suite A, Portland, OR 97204

Social Security #: _____

Federal Tax ID #: _____ State Tax ID #: _____ Business License # _____

Citizenship: Nonresident alien Yes No

Business Designation (check one): Individual Sole Proprietorship Partnership Limited Liability Co (LLC)
 Estate/Trust Corporation Public Service Corp. Government/Nonprofit

Payment information shall be reported to the IRS under the name and taxpayer I.D. number provided above. Information shall be provided prior to contract approval. Information not matching IRS records could subject the Contractor to 20 percent backup withholding.

I, the undersigned, agree to perform the work required by this Contract in accordance to the terms and conditions as provided on pages 1-5 of this Contract; certify that I/my business am not/is not in violation of any Oregon tax laws; certify that my business is an Equal Employment Opportunity Affirmative Action Employer as required by Chapter 3.100 of Code of the City of Portland; and certify I am an independent Contractor as defined in ORS 670.600.

Agreed by the Contractor:

[Signature] RESIDENT 9-19-00
Signature/Title Date

CITY OF PORTLAND SIGNATURES

Agreed by Mayor or Commissioner:

[Signature] 10/4/2000
Elected Official or Delegate Date

Agreed by Bureau Director:

[Signature] 9/20/00
Bureau Director Date

Agreed by City Auditor:

[Signature] 10/6/00
City Auditor Date

Approved as to form by City Attorney:
(Rev.12/99)

[Signature] 9-20-00
Office of City Attorney Date

CITY OF PORTLAND
EXHIBIT B
STANDARD CONTRACT PROVISIONS FOR
PROFESSIONAL, TECHNICAL & EXPERT SERVICES (MANDATORY PROVISIONS)

4. Access to Records

The Contractor shall maintain, according to professional accounting standards and on a current basis, and the City and its duly authorized representatives shall, upon 24 hours notice to the contractor, have access to, the books, documents, papers, and records of the Contractor which are directly pertinent to this Contract for the purpose of making audit, examination, excerpts, and transcripts for a period of six (6) years after the expiration of this Contract. Copies of applicable records shall be made available upon request. The City shall pay for the reasonable cost of copies requested by the City.

5. Audits

- a) The City, either directly or through a designated representative, may conduct financial and performance audits of the billings and services specified in this Contract at any time in the course of the Contract and during the six (6) year period established by section 4, Access to Records. Audits shall be conducted in accordance with generally accepted auditing standards as promulgated in Government Auditing Standards by the Comptroller General of the United States General Accounting Office.
- b) If an audit discloses that payments to the Contractor were in excess of the amount to which the Contractor was entitled, then the Contractor shall repay the amount of the excess to the City.
- c) If an audit shows performance of services is not efficient in accordance with Government Auditing Standards, or that the program is not effective in accordance with Government Auditing Standards, the City may pursue remedies provided under section 9, **Early Termination** and section 12, **Remedies**.

6. Enforcement of Contract

The passage of the Contract termination date as provided in Section 1, Effective and Termination Dates, shall not extinguish, prejudice, or limit either party's right to enforce this Contract with respect to any default or defect in performance that has not been cured.

7. Commencement of Work

The Contractor agrees that work being done pursuant to this Contract shall not be commenced until after :

- a) worker's compensation, and liability insurance is obtained, as provided in Exhibit C, Insurance; and,
- b) this Contract is fully executed by the parties and approved by the City Attorney's Office; and,
- c) the effective date of this Contract as specified in section 1, Effective and Termination Dates.

8. Funds

The City certifies that sufficient funds are available and authorized for expenditure to finance the cost of this Contract.

9. Early Termination

- a) The City and the Contractor, by mutual written agreement, may terminate this Contract at any time.
- b) The City, on sixty (60) days written notice to the Contractor, may terminate this Contract for any reason deemed appropriate in its sole discretion.
- c) Either the City or the Contractor may terminate this Contract in the event of a breach of the Contract by the other. Prior to such termination, however, the party seeking the termination shall give to the other party written notice of the breach and of the party's intent to terminate. If the party has not entirely cured the breach within thirty (30) days of the notice, then the party giving the notice may terminate the Contract at any time thereafter by giving a written notice of termination.

10. Breach of Contract

- a) The City or the Contractor shall breach this Contract if it fails to perform any substantial obligation under the Contract, except as provided in subsection (b) of this section.
- b) Neither the City nor the Contractor shall have breached this Contract by reason of any failure to perform a substantial obligation under the Contract if the failure arises out of causes beyond its control and without its fault or negligence. Such causes may include acts of God or the public enemy, acts of the federal, state or local governments, fires, floods, epidemics, volcanic eruptions, quarantine restrictions, strikes, freight embargoes and unusually severe weather. Should either the City or the Contractor fail to perform because of a cause described in this subsection, the City and the Contractor shall make a mutually acceptable revision in Exhibit A, section I, Contractor Provided Services, Exhibit A, section II, City Provided Services in Support of the Program, and Exhibit A, section III, Annual Review/Reporting Process, Budget and Tuition.

11. Payment on Early Termination

- a) In the event of termination under subsection 9(a) or 9(b), **Early Termination** hereof, the Contractor shall be allowed to keep tuition collected for work performed in accordance with the Contract prior to the termination date. In the event of Contract termination in the midst of a billing cycle, Contractor shall prorate any tuition costs and refund the balance of the fees collected for that period to participants.

- b). In the event of termination under subsection 9(c), **Early Termination** hereof, by the Contractor due to a breach by the City, then the City shall allow the Contractor to keep tuition collected as provided in subsection (a) of this section.
- c) In the event of termination under subsection 9(c), **Early Termination** hereof, by the City due to a breach by the Contractor, then the City shall allow the Contractor to keep tuition collected prior to the breach as provided in subsection (a) of this section. Contractor shall refund tuition for the period after which the breach occurred.

12. Remedies

- a) Under section 9, **Early Termination** and section 12, **Remedies** the City shall be entitled to any equitable and legal remedies that are available in the event of breach of this Contract by the Contractor.
- b) In the event of breach of this Contract by the City, then the Contractor's remedy shall be limited to termination of the Contract and receipt of payment as provided in section 9(c), **Early Termination** and section 11(b), **Payment on Early Termination**.

13. Subcontracts and Assignment

Contractor shall not subcontract, assign or transfer any of the work of this Contract, without the prior written consent of the City. Notwithstanding City approval of a subcontractor, the Contractor shall remain obligated for full performance hereunder, and the City shall incur no obligation other than its obligations to the Contractor hereunder. The Contractor agrees that if subcontractors are employed in the performance of this Contract, the Contractor and its subcontractors are subject to the requirements and sanctions of ORS Chapter 656, Workers' Compensation.

14. Independent Contractor Status

- a) The Contractor is engaged as an independent contractor and shall be responsible for any federal, state, and local taxes and fees applicable to payments hereunder.
- b) The Contractor, its subcontractors and their employees are not employees of the City and are not eligible for any benefits through the City including, without limitation, federal social security, health benefits, workers' compensation, unemployment compensation, and retirement benefits.

15. Notice

Any notice provided for under this Contract shall be sufficient if in writing and delivered personally to the following addressee or deposited in the United States Mail, postage prepaid, certified mail, return receipt requested, addressed as follows, or to such other address as the receiving party hereafter shall specify in writing:

If to the City:

Bureau of Human Resources
Attn: Tom Schneider
1120 SW Fifth, Room 404
Portland OR 97204
Voice 503-823-4158; Fax 503-823-4156

If to the Contractor:

Joyful Noise
Attn: Alice Smith
333 SW First Ave, Ste A
Portland, OR 97204
Voice 503-326-6827; Fax 503-326-5915

16. City Project Manager

- a) The City Project Manager shall be Tom Schneider or such other person as shall be designated in writing by the head of the Bureau of Human Resources.
- b) The Project Manager is authorized to approve work and billings hereunder, to give notices referred to herein, to terminate this Contract as provided herein and to carry out any other actions referred to herein.

17. Nondiscrimination

Contractor agrees to comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules, and regulations. Contractor also shall comply with the Americans With Disabilities Act of 1990 (Pub I. No. 101-336) including Title II of that Act, ORS 659.425, and all regulations and administrative rules established pursuant to those laws.

18. Compliance with Applicable Law

In connection with its activities under this Contract, Contractor shall comply with all applicable federal, state and local laws and regulations. Contractor shall complete Exhibit B, Independent Contractor/Workers' Compensation Insurance Questionnaire, which is attached hereto and by this reference made a part hereof.

19. Indemnification

- a) The Contractor shall hold harmless, defend and indemnify for public liability and property damage the City, and the City's officers, agents and employees against all claims, demands, actions and suits (including all attorney's fees and costs) brought against any of them arising from the Contractor's or any subcontractor's work under this Contract.
- b) The Contractor shall hold harmless, defend and indemnify for professional liability the City and the City's officers, agents and employees against all claims, demands, actions and suits (including all attorney's fees and costs) brought against any of them arising from the Contractor's negligent acts or omissions, or any subcontractor's negligent acts or omissions under this Contract.

20. Standard of Care

The standard of care applicable to the Contractor's service shall be the degree of skill and diligence normally employed by professional childcare providers performing the same or similar services at the time such services are performed. The Contractor shall perform such additional work as may be necessary to correct errors in the work required under this Contract without undue delays and without additional cost.

21. Insurance

Contractor's insurance requirements are provided in Exhibit C which is incorporated as a part of this Contract by this reference.

22. Successors in Interest

The provisions of this Contract shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and approved assigns.

23. Severability

If any term or provision of this Contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, 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 the Contract did not contain the particular term or provision held to be invalid.

24. Governing Law

This Contract shall be construed according to the laws of the State of Oregon. Any action or suits involving any question arising under this Contract shall be brought in the Circuit Court of Multnomah County Oregon.

25. Amendments

- a) The City and the Contractor may amend this Contract at any time only by written amendment executed by the City and the Contractor. Unless otherwise provided, if the original contract required an ordinance, any amendment that increases the amount of compensation payable to the Contractor shall be approved by ordinance of the City Council. If the original contract did not require an ordinance, the Commissioner-in-Charge may approve an amendment increasing the amount of compensation, provided the total contract price does not exceed \$19,806. The Project Manager may agree to and execute any other amendment on behalf of the City.
- b) Any change in the Statement of Work shall be deemed an amendment subject to subsection (a).

26. Business License

The Contractor shall obtain a City of Portland business license as required by PCC Chapter 7.02.030 prior to beginning work under this Contract. The Contractor shall provide a business license number in the space provided on page one of this Contract.

27. Prohibited Interest

- a) No City officer or employee during his or her tenure or for one year thereafter shall have any interest, direct or indirect, in this Contract or the proceeds thereof.
- b) No City officer or employee who participated in the award of this Contract shall be employed by the Contractor during the period of the Contract.

28. Payment to Vendors and Subcontractors

The Contractor shall timely pay all suppliers, lessors and contractors providing it services, materials or equipment for carrying out its obligations under this Contract. The Contractor shall not take or fail to take any action in a manner that causes the City or any materials that the Contractor provides hereunder to be subject to any claim or lien of any person without the City's prior written consent.

29. Merger/Non-waiver Clause

This Contract and attached exhibits constitute the entire Contract between the parties. No waiver, consent, modification, or change of terms of this Contract shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification, or change if made, shall be effective only in specific instances and for the specific purpose given. There are no understandings,

agreements, or representations, oral or written, not specified herein regarding this Contract. Contractor, by the signature of its authorized representative, hereby acknowledges that he or she has read this Contract, understands it and agrees to be bound by its terms and conditions.

OPTIONAL PROVISIONS (selected by City Project Manager)

30. Arbitration: /___/ Applicable /X/ Not Applicable

- a) Any dispute arising out of or in connection with this Contract, which is not settled by mutual agreement of the Contractor and the City within sixty (60) days of notification in writing by either party, shall be submitted to an arbitrator mutually agreed upon by the parties. In the event the parties cannot agree on the arbitrator, then the arbitrator shall be appointed by the Presiding Judge (Civil) of the Circuit Court of the State of Oregon for the County of Multnomah. The arbitrator shall be selected within thirty (30) days from the expiration of the sixty (60) day period following notification of the dispute. The arbitration, and any litigation arising out of or in connection with this Contract, shall be conducted in Portland, Oregon, shall be governed by the laws of the State of Oregon, and shall be as speedy as reasonably possible. The applicable arbitration rules for the Multnomah County courts shall apply unless the parties agree in writing to other rules. The arbitrator shall render a decision within forty-five (45) days of the first meeting with the Contractor and the City. Insofar as the Contractor and the City legally may do so, they agree to be bound by the decision of the arbitrator.
- b) Notwithstanding any dispute under this Contract, whether before or during arbitration, the Contractor shall continue to perform its work pending resolution of a dispute, and the City shall make payments as required by the Contract for undisputed portions of work.

31. Progress Reports: /X/ Applicable /___/ Not Applicable

The Contractor shall provide annual and quarterly status reports to the Project Manager as provided in Exhibit A.

32. Contractor's Personnel: /___/ Applicable /X/ Not Applicable

EXHIBIT A
CONTRACT FOR PROFESSIONAL, TECHNICAL, OR EXPERT SERVICES
Statement of the Work

I. Contractor Provided Services

Contractor shall provide the following services:

1. Operate and manage a high quality, fee for service, childcare program at the City of Portland childcare facility during the core hours of 6:30 AM through 6:00 PM Monday through Friday (The Center).
2. Establish a program to work with parents to promote and encourage parental involvement in Center operation, to meet fluctuating needs, and to discuss issues of concern. Suggested methods include: seek parent's advice in regards to curricula, fund raising, and Center operations; schedule regular parent conferences and exit interviews; and provide a reference library of childcare and parenting materials.
3. Make reasonable efforts to maximize enrollment of City employed parents, including publicity and advertising to solicit City employees.
4. Provide Parent Handbooks detailing Center policies and procedures to all parents of children enrolled in the Center.
5. Process applications and maintain Center waiting list using the current enrollment priority lists:
 - a) Prioritization of available student spaces for initial enrollment

1 st Priority	One space, either infants through toddler or preschool, allocated to the children of staff of the Center
2 nd Priority	Children of City employees working in the Portland Building, Development Building, or City Hall
3 rd Priority	Children of City employees who are not working out of either the Portland Building, Development Building, or City Hall
4 th Priority	One space for children of staff of the Center, in whichever age category noted in the "1 st Priority" that is unfilled by the child assuming 1 st Priority
5 th Priority	Additional children of staff of the Center
6 th Priority	Children of the general public

b) Prioritization of available student spaces for subsequent enrollment

- 1st Priority One space, either infants through toddler or preschool, allocated to the children of Center staff
- 2nd Priority Siblings of currently enrolled children of City employees working in the Portland Building, Development Building, or City Hall
- 3rd Priority Children of City employees working in the Portland Building, Development Building, or City Hall
- 4th Priority Siblings of children of City employees who are not working out of either the Portland Building, Development Building, or City Hall
- 5th Priority Children of City employees who are not working out of either the Portland Building, Development Building, or City Hall
- 6th Priority One space for children of staff of the Center, in whichever age category noted in the "1st Priority" that is unfilled by the child assuming 1st Priority
- 7th Priority Siblings of the two children of staff of the Center noted in the "1st and 6th Priorities"
- 8th Priority Additional children of staff of the Center
- 9th Priority Children of the General Public

If the available number of student spaces are not filled from the highest priority, each vacant space shall be offered to the next highest priority rank until available space is filled. Space which becomes available shall be filled from the waiting list based on the "priority" ranking provided above. The City reserves the right to change the order of the priority list and refine to recognize additional priority categories.

Contractor shall provide childcare on a full or part-time basis and the Center shall allow "drop-in service" on a space available basis. The Contract shall attempt to prioritize all part-time, full-time, drop-in or other types of childcare using the enrollment priorities.

6. Contractor shall maintain the following teacher child ratios:

<u>Age Group</u>	<u>Number of children</u>	<u>Ratio-Teacher: Child</u>
Infant (6wks to 12 mos)	8	1:4
Wobbler(13 mos to 20 mos)	8	1:4
Toddler(21 mos to 2 ½ yrs)	12	1:4
Young Preschool (2 ½ to 4 yrs)	14	1:7
Old Preschool (4 to 5 yrs)	20	1:10
Estimated Participant Total	62	

7. Provide all staffing and staff training. At a minimum, staff should receive 15 hours of training annually in age appropriate curriculum, the prevention and detection of child abuse, and first aid and CPR.

8. Have all staff certified by the State ("State Certified"), in accordance with the "Rules for the Certification of Child Care Centers" published by the State of Oregon, Employment Department, Child Care Division (CCD).
9. Complete criminal history background checks as required by CCD, and other checks as requested by the City of Portland.
10. Provide a qualified, full-time, on site Director.
11. Consistent staffing in a child development center is valuable. Contractor is encouraged to provide wages and benefits that help to retain its employees. Since rent, utilities, janitorial services, and local phone service shall be provided by the City, it is expected that better than industry wages and benefit packages shall be offered to the Center's employees. Consistent with the City's minimum wage for specific contracts, the Contractor is encouraged to pay permanent teaching staff at or above the City's established wage of \$8.00 per hour (rate established for July 1, 1999 through June 30, 2000). Rates are adjusted annually based on the City's minimum annual rate published by the City of Portland Bureau of Purchases.
12. Provide medical benefits to employees.
13. Provide paid holidays to employees for City-recognized holidays when the Center is closed.
14. Be responsible for the complete management and operations of the Center, including but not limited to, all aspects of child care, teaching, staff selection and training, curriculum development, parent relations, fee collection, record keeping, financial reporting and budget preparation and submission.
15. Provide all equipment necessary for the operation of the Center, which is not identified as being provided by the City.
16. Arrange for bookkeeping and accounting functions.
17. Establish, implement and maintain health, safety and security procedures for children, parents and staff during operation hours. At a minimum, the Contractor shall provide an emergency evacuation plan for the Center and shall conduct regular fire drills.
18. Provide all program supplies, including consumable manipulatives, office supplies, first aid supplies, and other equipment/supplies necessary in the on-going program.
19. Coordinate and meet with Portland Building Childcare Committee to meet fluctuating needs and discuss issues of concern.

20. Provide supplies, snacks, lunch, any other nutritional requirements for daily operations as required by the CCD. The City shall provide an on-site kitchen. Contractor shall provide a cook and prepare meals on-site.
21. Pay for all costs associated with the operation of the childcare Center except as noted in Section "II, City Provided Services in Support of the Program."
22. Provide all laundry service needs of the childcare Center.
23. Develop a list of start-up equipment and supplies and their costs as a collaborative effort with the facilities liaison designated by the Project Manager.
24. Contractor shall provide telephones and arrange for telephone services beyond those provided by the City, including any Internet services desired by the Contractor. The Contractor shall pay all long distance and Internet service charges. City shall be providing local phone service.
25. Special or additional cleanup needs not covered in item four (4) of Exhibit A, section II, City Provided Services in Support of the Program, which are inherent in the operation of the childcare facility are the responsibility of the Contractor.
26. Contractor shall not discriminate on the basis of sex, race, religion, color, age, marital status, political affiliation, national origin, sexual orientation or disability with respect to enrollment of children or employment of staff. Religious teaching and dissemination of religious or political material shall not be allowed.
27. Media coverage of the Center shall be approved in writing in advance by the City. Contractor shall submit to the City for approval all written and/or printed materials to be submitted to the media prior to distribution or publication.
28. Contractor shall ensure that any equipment purchased by the City, the Contractor, or parent advisory group is marked to identify the respective purchaser. Upon termination of the contract, equipment purchased by the City or parent advisory group shall remain with the Center and equipment purchased by the Contractor may be removed by the Contractor. Equipment purchased by the City or a parent advisory group and repaired or altered by the Contractor shall remain in the Center upon termination of the Contract.
29. Contractor shall be responsible for any damage to City provided equipment, appliances, toys and furniture or the Center that occurs due to wrongful or negligent acts of the Contractor, Contractor's employees or agents. Normal wear and tear due to the everyday operation of the Center or City provided equipment is not the responsibility of the Contractor, except as noted below in Item 30.

30. The City may purchase extended warranties to cover servicing of the appliances. Servicing of the appliances after the expiration of the warranties shall be the responsibility of the Contractor.
31. Contractor shall obtain prior written permission from City of Portland Bureau of General Services facilities management to install toys or equipment that attach to the interior or exterior floors, walls, or ceilings. Additionally, the City shall approve in writing the purchase and installation of multi-story or climbing structures prior to purchase.
32. Contractor shall develop an inclement weather policy to ensure the Center is open the same hours and days as the City.
33. Contractor shall provide access to the Center at all times to representatives of the City. Contractor shall provide access to legal guardians of children enrolled in the Center during regular operating hours.
34. Contractor shall apply for, obtain, and maintain any license, permit or accreditation that are necessary to open and operate the Center in the State of Oregon. In addition, Contractor shall receive and maintain accreditation from the National Association for the Education of Young Children (NAEYC) immediately following 12 months of startup. Contractor agrees to provide proof of licensing and accreditation on an annual basis as part of the annual review process. If a license or accreditation is suspended or revoked for any reason, Contractor agrees to notify the City Project Manager immediately.
35. a) Contractor shall comply with applicable provisions of the lease between BGS and BHR, as provided by specific reference to the Contractor in the lease, for use of the space. Requests for modification to or improvement of the space being provided to the Contractor in which to operate the Center shall be approved by, and coordinated through, the City Project Manager.

b) Contractor shall be responsible for all responsibilities of Tenant and Contractor as required in the lease, unless specifically agreed in writing to the contrary by the City and Contractor, except for lease section 34 r), Americans for Disabilities Compliance. In the event compliance with any requirement of the Americans with Disabilities Act of 1990 (ADA) is required, the City may at its expense perform such work as necessary to achieve ADA compliance. If the cost of compliance is prohibitive as determined by the City in its sole discretion, this contract may be terminated as provided by section 9 b), Early termination

c) The lease is attached hereto and incorporated into this contract by this reference as Exhibit D.
36. Contractor shall be responsible for any real and personal property taxes unless Contractor has received a property tax exemption under ORS 307.145 through the Multnomah County of Oregon Division of Assessment and Taxation.

II. City Provided Services in Support of the Program

1. Provide a child care facility with approximately 5,593 internal square feet and 1,100 exterior square feet (6,693 total square feet) on the first floor of the Portland Building.
2. Maintain in a serviceable condition the roof, exterior walls, the concealed plumbing, and maintain and repair and make any major replacement of the mechanical equipment including heating or air conditioning, unless such maintenance and repair are caused by the Contractor's, agent's, employee's, or invitee's negligence, misuse or failure to comply with the lease agreement between the Bureau of General Services (BGS) and the Bureau of Human Resources (BHR) for the use of the space.
3. Furnish and pay for local phone service, water, electricity, natural gas if applicable, and garbage, recycling and sewage disposal service to the Center premises. Long distance telephone service shall be provided by the Contractor.
4. Provide basic janitorial service equivalent to the standards established for the rest of the Portland Building which includes providing toilet paper, paper towels, and hand washing soap, trash removal twice daily, and daily sink and toilet cleaning. Carpets shall be cleaned biannually throughout the Center and quarterly in the infant/wobbler rooms. Windows shall be cleaned and walls painted on the rotational schedule set up for the Portland Building. Any special or additional cleanup needs inherent in the operation of a childcare facility, including the kitchen facility, are the responsibility of the Contractor. The Contractor shall be responsible for keeping the diaper changing areas cleaned and sanitized.
5. Provide the appliances necessary for the operation of the Center. A list of Center equipment shall be jointly developed and agreed to by the Contractor and the City's Project Manager and shall be attached to the Contract as Exhibit E which is incorporated into this Contract by this reference.
6. Should an appliance cease to operate and it is determined that it is not feasible to repair the appliance, the City shall purchase a replacement. Cost considerations such as repair costs exceeding the value of the appliance based on its useful life, repair costs adversely affecting tuition rates, etc., shall be considered prior to purchasing a replacement. In the event the Contractor's budgetary conditions are such that the purchase of a replacement appliance does not adversely impact tuition rates, the City may require that the Contractor buy a replacement.
7. Oversee the Center's operations through the City Project Manager and as applicable through consultation with the Portland Building Child Care Committee.
8. The City shall provide the Project Manager a fund to replace equipment after the third year based upon an estimate of the useful life of the equipment.

9. The City shall allow the Contractor to schedule two (2) paid inservice days per calendar year for the purposes of classroom preparation and professional training related to childcare.

III. Annual Review/Reporting Process, Budget and Tuition

1. The City shall conduct an annual review process that shall include: the Contractor submitting a proposed budget, review of proposed tuition changes, and a parent's survey. The review may include a site inspection and/or meetings with the Contractor, Contractor employees, and parents.
2. Contractor is required to cooperate with the City by participating in interviews or responding to staff questions. City staff shall issue an annual report concerning the status of the Center.
3. Contractor has developed and City staff has reviewed the first budget and related tuition. The budget is attached and made a part of this Contract as Exhibit F. The budget and tuition attached to this Contract as Exhibit F shall remain in effect until December 31, 2000. The first increase in tuition rates for this Contract shall be January 2001. The budget and related tuition for January 2001 through December 2001 shall be developed after the Bureau of Labor Statistics makes available the "July 2000," "First Half 2000" CPI rate.
4. Tuition shall be reviewed by the Contractor and the City on an annual basis and revised as necessary to maintain the financial viability of the Center. The City expects minimal annual tuition increase. Increases in tuition beyond the schedule provided for in items "3" and "5" of this section should be solely for the purpose of adding new programs or increasing staff salaries and/or benefits.
5. Contractor shall schedule a meeting with Center parents and City staff at least 30 days prior to increasing tuition to discuss tuition changes for the following year. The Contractor shall present the proposed budget and tuition increases. The City expects minimal annual tuition increases. Prior to January 1, 2001 the tuition rates shall be based on the budget attached as Exhibit F.
6. Budget increases for an upcoming fiscal year shall be calculated by taking the prior year's budget and applying appropriate inflationary percentages. When developing the annual budget increases, the Materials and Services budget shall be limited to no more than the Consumer Price Index for Urban Consumers (CPI-U) for the "July," "First Half" percent issued in the August preceding the Fiscal Year in which the increase is to be effective. Increases for Personal Services shall be limited to no more than the Consumer Price Index for Urban Wage Earners (CPI-W) for the "July," "First Half" percent issued in the August preceding the Fiscal Year in which the increase is to be effective, plus 2 (two) %. The 2% increase above CPI for Personal Services is intended to cover regularly scheduled merit and benefit increases for Center staff.

The sum of the adjusted Materials and Services and Personal Services line items shall be defined as the target budget. Once the target budget has been initially calculated based on the schedule above, the overall proposed budget allocation may be shifted between Materials and Services and Personal Services categories, providing that the resulting overall budget is within the target budget.

Should the budget subtotals of Materials and Services and Personal Services exceed the percentage schedule outlined above, Contractor shall provide rationale for the difference. If warranted the Project Manager may approve a total budget and supporting tuition of CPI plus two percent.

7. The overall budget for the period beginning January 1, 2001 and ending December 31, 2001 shall not exceed the annualized budget for calendar year 2000 increased by CPI plus 1%. Prior to formalizing the budget ending December 31, 2001, compensation for Center staff shall be reviewed and should a larger increase be needed to cover the cost of annual performance increases, Project Manager may approve up to a two (2) percent increase in the overall budget and an associated increase in tuition.
8. Contractor shall be allowed to budget a contingency fund to provide assurance that all costs will be covered. After the first year of operation revenue and expenditure patterns are expected to stabilize. In the second and subsequent contract years the contingency fund shall be reviewed by the City and the Contractor to ensure that it is kept to a reasonable minimum.
9. Contractor shall notify the City of City purchased or provided property that is becoming worn or unservicable.
10. Contractor shall be required to prepare and submit the following periodic reports to the project manager:
 - (a) Annual reports which detail enrollment size, staffing, ages of children, parent affiliations to City, financial reports, facility reports, facility condition, unusual concerns, and any other relevant general information and any additional requested information. Report should include proof of current state and local licenses; proof of insurance coverage as required by the City.
 - (b) By November 15 of each year, Contractor shall supply a yearly proposed annual operating budget for the upcoming calendar year in format agreeable to the City.
 - (c) By February 28 of each year, a year end review of Contractor's financial books, records, payroll and expenditure of the previous year shall be prepared by a certified public accountant or auditor. The City reserves the right to verify the accuracy of any statement and to arrange for, at the City's expense, an audit of Contractor's financial records at any time. Financial reports provided by the Contractor shall be

substantially similar in form to those attached as Exhibit G. Exhibit G is incorporated into this Contract by this reference.

- (d) At least quarterly financial reports including a balance sheet due on January 30, April 30, July 30 and October 30. Reports should include monthly and year to date summaries. Financial reports referred to in Exhibit A, section III, item 10, subsection (d) shall be substantially similar in form to those attached as Exhibit G.
- (e) Incident reports which detail all criminal or other incidents requiring medical attention. These written reports shall be delivered to the City within 24 hours of the occurrence.

Upon reasonable request by the City, Contractor shall demonstrate its financial capability of continuing its operations under this Contract.

VI. Miscellaneous Provisions

1. Proceeds from fundraising shall become the property of the party who is responsible for a preponderance of the creative, planning, and implementation activities in support of a fundraiser. The Contractor, the City or a parent advisory group by prior written arrangement may agree to split the costs of a fundraiser based upon each party's level of responsibility. Any funds from fundraising shall be divided as agreed to in advance in writing by the parties.

**EXHIBIT B
INDEPENDENT CONTRACTOR CERTIFICATION STATEMENT**

SECTION A

CONTRACTOR CERTIFICATION I, undersigned, am authorized to act on behalf of entity designated below, hereby certify that entity has current Workers' Compensation Insurance.

Signature	Date	Entity
If entity does not have Workers' Compensation Insurance, City Project Manager and Contractor complete the remainder of this form.		

SECTION B

ORS 670.600 Independent Contractor; standards. As used in various provisions of ORS Chapters 316, 656, 657, and 701, an individual or business entity that performs labor or services for remuneration shall be considered to perform the labor or services as an "independent contractor" if the standards of this section are met. The contracted work meets the following standards:

1. The individual or business entity providing the labor or services is free from direction and control over the means and manner of providing the labor or services, subject only to the right of the person for whom the labor or services are provided to specify the desired results;
2. The individual or business entity providing labor or services is responsible for obtaining all assumed business registrations or professional occupation licenses required by state law or local government ordinances for the individual or business entity to conduct the business;
3. The individual or business entity providing labor or services furnishes the tools or equipment necessary for performance of the contracted labor or services;
4. The individual or business entity providing labor or services has the authority to hire and fire employees to perform the labor or services;
5. Payment for the labor or services is made upon completion of the performance of specific portions of the project or is made on the basis of an annual or periodic retainer.

Project Manager Signature _____

_____ Date

SECTION C

Independent contractor certifies he/she meets the following standards:

1. The individual or business entity providing labor or services is registered under ORS Chapter 701, if the individual or business entity provides labor or services for which such registration is required;
2. Federal and state income tax returns in the name of the business or a business Schedule C or form Schedule F as part of the personal income tax return were filed for the previous year if the individual or business entity performed labor or services as an independent contractor in the previous year; and
3. The individual or business entity represents to the public that the labor or services are to be provided by an independently established business. Except when an individual or business entity files a Schedule F as part of the personal income tax returns and the individual or business entity performs farm labor or services that are reportable on Schedule C, an individual or business entity is considered to be engaged in an independently established business when four or more of the following circumstances exist. Contractor check four or more of the following:
 - ___ A. The labor or services are primarily carried out at a location that is separate from the residence of an individual who performs the labor or services, or are primarily carried out in a specific portion of the residence, which portion is set aside as the location of the business;
 - ___ B. Commercial advertising or business cards as is customary in operating similar businesses are purchased for the business, or the individual or business entity has a trade association membership;
 - ___ C. Telephone listing and service are used for the business that is separate from the personal residence listing and service used by an individual who performs the labor or services;
 - ___ D. Labor or services are performed only pursuant to written contracts;
 - ___ E. Labor or services are performed for two or more different persons within a period of one year; or
 - ___ F. The individual or business entity assumes financial responsibility for defective workmanship or for service not provided as evidenced by the ownership of performance bonds, warranties, errors and omission insurance or liability insurance relating to the labor or services to be provided.

Contractor Signature _____

_____ Date

EXHIBIT C

INSURANCE (The Project Manager must answer and initial 2, 3, and 4 below).

During the term of this Contract Contractor shall maintain in force at its own expense, each insurance noted below:

1. Workers Compensation insurance in compliance with ORS 656.017, which requires subject employers to provide Oregon workers' compensation coverage for all their subject workers (contractors with one or more employees, unless exempt under ORS 656.027).
 2. Child Molestation, Child Abuse and Sexual Molestation, Incidental Medical Malpractice Liability, Discrimination, and Personal Injury (advertising Liability, false arrest, wrongful detention, libel and slander) provided either as special endorsements to the General Liability insurance certified below, or as separate policies and coverage, with combined single or general aggregate limits for each claim, incident or occurrence, in amounts acceptable to the City's Risk Manager and City Attorney's Office and no less than \$1,000,000 each claim, incident, or occurrence.
-
3. Required and attached or Waived by City Attorney : _____
 General Liability insurance with a combined single limit of not less than \$500,000 each occurrence for Bodily Injury and Property Damage. It shall include contractual liability coverage for the indemnity provided under this Contract, and shall provide that City of Portland, and its agents, officers, and employees are Additional Insured but only with respect to the Contractor's services to be provided under this Contract:
 4. Required and attached or Waived by City Attorney : _____
 Automobile Liability insurance with a combined single limit of not less than \$500,000 each occurrence for Bodily Injury and Property Damage, including coverage for owned, hired, or nonowned vehicles, as applicable:
 5. Required and attached or Waived by City Attorney : _____
 Professional Liability insurance with a combined single limit of not less than \$1,000,000 each claim, incident, or occurrence. This is to cover damages caused by error, omission or negligent acts related to the professional services to be provided under this Contract.
 6. Certificates of insurance. As evidence of the insurance coverages required by this Contract, the Contractor shall furnish acceptable insurance certificates to the City at the time Contractor returns signed contracts. The certificate shall specify all of the parties who are Additional Insured and shall include the 30-day cancellation clause that provides that the insurance shall not terminate or be cancelled without 30 days written notice first being given to the City Auditor. Insuring companies or entities are subject to City acceptance. If requested, complete policy copies shall be provided to the City. The Contractor shall be financially responsible for all pertinent deductibles, self-insured retentions, and/or self-insurance. On all types of insurance, there shall be no cancellation, material change, reduction of limits, or intent not to renew the insurance coverage(s) without 30-days written notice from the Contractor or its insurer(s) to the City.

ACORD CERTIFICATE OF LIABILITY INSURANCE

EXHIBIT D

FORM ID LH
JOYFU-2

DATE (MM/DD/YY)
09/20/00

PRODUCER

Fullerton & Company
P. O. Box 29018
Portland OR 97296-9018
Phone: 503-274-6511 Fax: 503-274-6524

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED

Joyful Noise Child Care Centers, Inc.
333 SW 1st Avenue #A
Portland OR 97204

INSURER A: Assurance Co of America
INSURER B: Executive Risk Indemnity
INSURER C:
INSURER D:
INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	PPS34974205	05/15/00	05/15/01	EACH OCCURRENCE \$1,000,000
	<input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				FIRE DAMAGE (Any one fire) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 Abuse & M 50,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	PPS34974205	05/15/00	05/15/01	COMBINED SINGLE LIMIT (EA accident) \$1,000,000
					BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				
A	EXCESS LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE	PPS34974206	05/15/00	05/15/01	EACH OCCURRENCE \$1,000,000
	<input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				AGGREGATE \$1,000,000 \$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS - OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	OTHER Directors and officers liability	75114639100	01/01/00	01/01/01	D&O liab \$1,000,000

APPROVED AS TO FORM

Jeffrey L. Rogers
CITY ATTORNEY

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

RE: City Kids 1120 SW 5th, Portland, OR 97204

Certificate holder is additional insured as per form CG2012 attached.

Fax # 823-4156

CERTIFICATE HOLDER

ADDITIONAL INSURED; INSURER LETTER: A

CANCELLATION

City of Portland
Personnel Dept.
Tom
1120 SW 5th Ave
Portland OR 97204-1971

PORTCIT

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

Timothy J. Huber

SEP 20 2000

POLICY NUMBER: PPS34974205
Joyful Noise Child Care Center, Inc.

COMMERCIAL GENERAL LIABILITY
BUREAU OF HUMAN RESOURCES

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED
STATE OR POLITICAL SUBDIVISIONS -- PERMITS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

State or Political Subdivision:

City of Portland

(If No entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured any state or political subdivision shown in the Schedule, subject to the following provisions:

1. This insurance applies only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.
2. This insurance does not apply to:
 - a. "Bodily injury", "property damage", "personal injury" or "advertising injury" arising out of operations performed for the state or municipality; or
 - b. "Bodily injury" or "property damage" included within the "products-completed operations hazard".

Certificate of Insurance

SAIF CORPORATION

400 High St SE
Salem, OR 97312-1000
Toll Free 1-800-285-8525

RECEIVED
SEP 20 2000

**OREGON WORKERS' COMPENSATION
CERTIFICATE OF INSURANCE**

MAIL TO:

BUREAU OF HUMAN RESOURCES

CERTIFICATE HOLDER:

CITY OF PORTLAND - HUMAN RESOURCES
ATTN: TOM SCHNEIDER
1120 SW FIFTH AVE
PORTLAND, OR 97204

CITY OF PORTLAND - HUMAN RESOURCES
ATTN: TOM SCHNEIDER.
1120 SW FIFTH AVE
PORTLAND, OR 97204

The policy of insurance listed below has been issued to the insured named below for the policy period indicated. The insurance afforded by the policy described herein is subject to all the terms, exclusions and conditions of such policy.

POLICY NO.	POLICY PERIOD	ISSUE DATE
490277	01/01/2000 TO 01/01/2001	09/20/2000

INSURED:
JOYFUL NOISE CHILD CARE INC
333 SW 1ST
PORTLAND, OR 97204-3440

BROKER OF RECORD:
J B L & K RISK SERVICES
220 NW 2ND AVENUE SUITE 800
PORTLAND, OR 97209

LIMITS OF LIABILITY:

- Bodily Injury by Accident \$100,000 each accident
- Bodily Injury by Disease \$100,000 each employee
- Bodily Injury by Disease \$500,000 policy limit

DESCRIPTION OF OPERATIONS/LOCATIONS/SPECIAL ITEMS:

For CityKids Child Development Center

IMPORTANT:

The coverage described above is in effect as of the issue date of this certificate. It is subject to change at any time in the future.

This certificate is issued as a matter of information only and confers no rights to the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policies above.

CANCELLATION:

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL MAIL 30 DAYS' WRITTEN NOTICE TO THE ABOVE NAMED CERTIFICATE HOLDER.

AUTHORIZED REPRESENTATIVE



Start-Up Equipment Purchased by City

EXHIBIT E

	Purchase & Own	Quantity
Kitchen	Equipment per Construction Documents	
Teacher Lounge	Staff Table (salvage)	1
Playground	<i>Climbing Structure w/Slide</i>	1
	<i>Safety Matt under and around structure</i>	1
	Trikes (10")	2
	Trikes (12")	2
	Timball/Basketball Hoop	1
	<i>Scooters (sit and glide)</i>	6
	Cozy Coup Car	1
	<i>Covered Storage Bins (lockable)</i>	2
Shared Equipment		
	<i>Bye Bye Buggie (4 seater)</i>	2
	Craft Paper and Rack	1
	Tunnel Labyrinth (rotate thru classrooms)	1
	Lego/Duplo Manipulative Table	2
	Lego/Duplo Storage Box for Table	2
	Duplo Blocks - Large Basic Set	2
Infant Room	Institutional Crib & Mattress (with solid end mirror?)	6
	Evacuation Crib & Mattress	2
	30" Round Table (12" high)	1
	First Chairs (5" high)	4
	High Chair	2
	<i>Rocking Chair</i>	2
	<i>Baby Loft</i>	1
	Sparkle Snuggle Nest	1
	Baby Bouncer	1
	<i>Baby Bop Pillows</i>	1
Wobbler Rm	Book Display	1
	Mat Hanger	1

	Rest Mat	8
	First Chairs (6 1/2" height seat)	8
	30" Round Table (14" height)	2
	Toddler Sand and Water Table	1
	Locking Low Storage Unit (96" by 28" h)	1
Toddler Rm	Chairs (8" high)	12
	30" by 48" Rectangular Table	2
	Rest Mat	12
	Mat Hanger	1
	Kitchen/Dining Set	1
	Locking Low Storage Unit (96" by 28" h)	1
	24" Storage Shelve Unit	2
	Toddler Sand and Water Table	1
	Book Display	1
	Model 1 Starter Kit - Loft	1
	Wall Mirror	1
Young Preschool	36" Round Table (18" high)	2
	48" Rount Table (18" high)	2
	Super Little Chair (10" high)	16
	Kitchen Set/Home Living	1
	Hinged Storage Unit (30")	1
	Dining Set 30" Round Table	1
	Set of Two 10" maple chairs	1
	Book Display	1
	Sand & Water Table	1
	Top for Sand & Water Table	1
	24" Storage Shelve Unit	2
	Model 2 Loft	1
	Art Island	1
	Post Office Cubby	1
	Action Tracks & Trains	1
	Rest Mat	14
	Mat Hanger	2
Older Preschool	60" X 30" Retangular Table	1
	48" Rount Table (20" high)	4

Super Little Chair (10" high)	22
Kitchen Set/Home Living	1
Hinged Storage Unit (30")	2
Dining Set 30" Round Table	1
Set of Two 10" maple chairs	1
Book Display	1
Sand & Water Table	1
24" Storage Shelve Unit	2
Model 2 Loft	1
Art Island	1
Post Office Cubby	1
Action Tracks & Trains	1
Rest Mat	20
Mat Hanger	2

EXHIBIT D

Exhibit G

RECEIVED

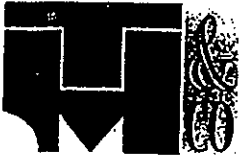
JUL 26 2000

BUREAU OF HUMAN RESOURCES

JOYFUL NOISE CHILD CARE CENTERS, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE ONE MONTH AND TWELVE MONTHS ENDED DECEMBER 31, 1999



JP MURPHY & CO LLP
CERTIFIED PUBLIC
ACCOUNTANTS

The Board of Directors
Joyful Noise Child Care Centers, Inc.
Portland, Oregon

We have compiled the accompanying statement of financial position-cash basis of Joyful Noise Child Care Centers, Inc. (a not-for-profit corporation), as of December 31, 1999, and the related statement of activities-cash basis for the one month and twelve months then ended, and the accompanying supplementary information contained in Schedules 1-3, which is presented only for supplementary analysis purposes, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position and results of operations. Accordingly, these statements are not designed for those who are not informed about such matters.

JP Murphy & Co. LLP

January 17, 2000

EXHIBIT D

JOYFUL NOISE CHILD CARE CENTERS INC

STATEMENT OF FINANCIAL POSITION

CASH BASIS

DECEMBER 31, 1999

ASSETS

CURRENT ASSETS

CASH	106,478
PAYROLL ADVANCE	1,785
PREPAID EMPLOYEE BENEFITS	109
PREPAID W/H RETIRE. CONT. PAY.	405

TOTAL CURRENT ASSETS

108,777

PROPERTY AND EQUIPMENT

EQUIPMENT	12,074
FURNITURE & FIXTURES	4,421
EDUCATIONAL & DEVELOPMENTAL	11,636

TOTAL PROPERTY AND EQUIPMENT

28,131

LESS: ACCUMULATED DEPRECIATION

(21,610)

NET PROPERTY AND EQUIPMENT

6,521

TOTAL ASSETS

115,298

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

FUNDRAISER PAYABLE - METRO BRD	3,932
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TOTAL LIABILITIES

3,932

NET ASSETS - ALL UNRESTRICTED

NET ASSETS - PRIOR	72,565
--------------------	--------

NET ASSETS - PRIOR - MK	4,472
-------------------------	-------

NET ASSETS - CURRENT YEAR	34,329
---------------------------	--------

TOTAL NET ASSETS

111,366

TOTAL LIABILITIES AND NET ASSETS

115,298

EXHIBIT D

JOYFUL NOISE CHILD CARE CENTERS INC
 STATEMENT OF ACTIVITIES - CASH BASIS
 FOR THE ONE MONTH AND
 TWELVE MONTHS ENDED DECEMBER 31, 1999

	-- PERIOD TO DATE --		--- YEAR TO DATE ---	
	ACTUAL	PER CENT	ACTUAL	PER CENT
CHANGES IN UNRESTRICTED NET ASSETS				
REVENUE				
TUITION CHARGES	99,662	80.0	1,103,097	87.3
REFUNDS	0	.0	(275)	.0
DROP IN	1,196	1.0	6,968	.6
REGISTRATION	175	.1	1,625	.1
BREAKFAST/LUNCH	72	.1	792	.1
WAITING LIST	170	.1	710	.1
LATE CHARGES	32	.0	240	.0
PARENTS LUNCH	0	.0	0	.0
DIAPER CHARGES	539	.4	6,402	.5
USDA FOOD PROGRAM	2,731	2.2	14,971	1.2
FIELD TRIP RECEIPTS	0	.0	3,051	.2
FUNDRAISING EVENTS	6,792	5.4	6,178	.5
SUPPORT	13,949	11.2	107,799	8.5
OTHER INCOME	568	.5	18,125	1.4
OTHER INCOME - EDUCATION FEES	0	.0	700	.1
INTEREST INCOME	253	.2	1,967	.2
STAFF CHILD CARE BENEFIT	(1,511)	(1.2)	(8,610)	(.7)
TOTAL REVENUE	124,628	100.0	1,263,740	100.0
EXPENSES				
PERSONAL SERVICES				
SALARIES & PERSONAL LEAVE	83,490	67.0	873,341	69.1
DENTAL INSURANCE	1,048	.8	3,607	.3
INSURANCE - HEALTH	4,302	3.5	16,772	1.3
PAYROLL TAXES	7,118	5.7	76,466	6.1
WORKERS COMPENSATION	647	.5	5,814	.5
TOTAL PERSONAL SERVICES	96,605	77.5	976,000	77.2
MATERIALS AND SERVICES				
INSURANCE - LIABILITY	471	.4	6,814	.5
PAYROLL PREPARATION	439	.4	2,805	.2
TRAINING	9	.0	3,900	.3
TRAINING - FROM FUNDRAISERS	0	.0	2,155	.2
FOOD	4,116	3.3	47,787	3.8
CONSUMABLE SUPPLIES	597	.5	6,220	.5
EDUCATIONAL SUPPLIES	579	.5	11,864	.9
EDUC SUPPLIES-FROM FUNDRAISERS	1,114	.9	4,752	.4
EQUIP PURCH - FROM FUNDRAISERS	0	.0	0	.0
LICENSE FEES	151	.1	972	.1
BANK CHARGES	0	.0	5	.0

SEE ACCOUNTANTS' COMPILATION REPORT

EXHIBIT D

JOYFUL NOISE CHILD CARE CENTERS INC
 STATEMENT OF ACTIVITIES - CASH BASIS
 FOR THE ONE MONTH AND
 TWELVE MONTHS ENDED DECEMBER 31, 1999

	-- PERIOD TO DATE --		--- YEAR TO DATE ---	
	ACTUAL	PER CENT	ACTUAL	PER CENT
ACCOUNTING	2,622	2.1	10,925	.9
LEGAL	0	.0	367	.0
ADVERTISING	187	.2	1,770	.3
OFFICE	845	.7	7,162	.6
RENT, JANITORIAL & UTILITIES	8,212	6.6	98,545	7.8
REPLACEMENT	2,692	2.2	4,074	.3
TRAVEL	82	.1	1,613	.1
TUITION ASSISTANCE	2,000	1.6	6,000	.5
AUDIT	0	.0	2,531	.2
DIAPERS	798	.6	5,184	.4
MISCELLANEOUS	86	.1	3,361	.3
MISC EXPENSES-FROM FUNDRAISERS	1,142	.9	2,092	.2
INTEREST	0	.0	0	.0
KINDERGARTEN EDUCATION FEES	0	.0	827	.1
CASUAL LABOR	890	.7	1,080	.1
CASUAL LABOR-FROM FUNDRAISERS	0	.0	0	.0
BENEFITS - CHILD CARE	0	.0	0	.0
DEPRECIATION	362	.3	4,345	.3
PARKING	376	.3	4,315	.3
DONATIONS	0	.0	0	.0
FIELD TRIPS	(101)	(.1)	2,586	.2
MUSIC/DANCE PROGRAM	585	.5	6,760	.5
TOTAL MATERIALS AND SERVICES	28,274	22.7	252,811	20.0
TOTAL EXPENSES	124,879	100.2	1,228,811	97.2
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS BEFORE EXPENDITURES OUT OF SUPPORT REVENUE	(251)	(.2)	34,929	2.8
EXPENDITURES OUT OF SUPPORT REVENUE				
TRAINING - FROM SUPPORT	0	.0	0	.0
MISC EXPENSES - FROM SUPPORT	0	.0	510	.0
EDUC SUPPLIES - FROM SUPPORT	0	.0	0	.0
EQUIPMENT PURCH - FROM SUPPORT	0	.0	90	.0
CASUAL LABOR - FROM SUPPORT	0	.0	0	.0
TOTAL EXPENDITURES OUT OF SUPPORT REVENUE	0	.0	600	.0
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(251)	(.2)	34,329	2.7

SUPPLEMENTARY INFORMATION

EXHIBIT D

JOYFUL NOISE CHILD CARE CENTERS INC
 SCHEDULE 2 - COMPARISON OF ACTUAL TO
 BUDGET FOR DOWNTOWN CENTER FOR THE ONE
 MONTH AND TWELVE MONTHS ENDED DECEMBER 31, 1999

	PERIOD TO DATE			YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	BUDGET VAR	ACTUAL	CURRENT BUDGET	BUDGET VAR
CHANGES IN UNRESTRICTED NET ASSETS						
REVENUE						
TUITION CHARGES	65,130	58,407	6,723	698,747	700,884	(2,137)
REFUNDS	0	0	0	0	0	0
DROP IN	719	389	330	4,610	4,668	(58)
REGISTRATION	140	115	25	1,215	1,380	(165)
BREAKFAST / LUNCH	72	60	12	792	720	72
WAITING LIST	170	0	170	700	0	700
LATE CHARGES	32	40	(8)	240	480	(240)
PARENTS LUNCH	0	0	0	0	0	0
USDA FOOD PROGRAM	1,830	940	890	10,031	11,280	(1,249)
FIELD TRIP RECEIPTS	0	0	0	2,334	0	2,334
FUNDRAISING EVENTS	6,178	250	5,928	6,087	3,000	3,087
SUPPORT	5,738	100	5,638	8,893	1,200	7,693
OTHER INCOME	538	100	438	3,167	1,200	1,967
OTHER INCOME - EDUCATION FEES	0	63	(63)	700	756	(56)
INTEREST INCOME	169	0	169	1,318	0	1,318
STAFF CHILDCARE DISCOUNT	(1,286)	(1,000)	(286)	(5,912)	(12,000)	6,088
TOTAL REVENUE	79,430	59,464	19,966	732,922	713,568	19,354
EXPENSES						
PERSONAL SERVICES						
SALARIES & PERSONAL LEAVE	53,645	64,644	(9,001)	541,603	535,728	(5,875)
DENTAL INSURANCE	503	163	(340)	1,791	1,956	165
INSURANCE - HEALTH	1,948	1,080	(868)	8,837	12,960	4,123
PAYROLL TAXES	4,597	4,241	(356)	47,533	50,892	3,359
WORKERS' COMP. INS.	434	357	(77)	3,896	4,284	388
TOTAL PERSONAL SERVICES	61,127	50,485	(10,642)	603,660	605,820	2,160
MATERIALS AND SERVICES						
INSURANCE - LIABILITY	316	480	164	4,566	5,760	1,194
PAYROLL PREPARATION	290	140	(150)	1,840	1,680	(160)
TRAINING	9	225	216	2,450	2,700	250
TRAINING - FROM FUNDRAISERS	0	63	63	2,155	750	(1,405)
FOOD	2,911	2,800	(112)	33,121	33,600	479
SUPPLIES - CONSUMABLE	597	350	(247)	4,404	4,200	(204)
EDUCATIONAL SUPPLIES	254	650	397	7,699	7,800	101
EDUC SUPPLIES-FROM FUNDRAISERS	1,133	62	(1,071)	4,407	750	(3,657)
EQUIP PURCH - FROM FUNDRAISERS	0	63	63	0	750	750
RENTAL FEES	151	32	(119)	707	384	(323)
TR. CHARGES	0	20	20	3	240	237
ACCOUNTING	1,757	800	(957)	7,625	9,600	1,975

SEE ACCOUNTANTS' COMPILATION REPORT

EXHIBIT D

JOYFUL NOISE CHILD CARE CENTERS INC
 SCHEDULE 2 - COMPARISON OF ACTUAL TO
 BUDGET FOR DOWNTOWN CENTER FOR THE ONE
 MONTH AND TWELVE MONTHS ENDED DECEMBER 31, 1999

	PERIOD TO DATE			YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	BUDGET VAR	ACTUAL	CURRENT BUDGET	BUDGET VAR
LEGAL	0	300	300	215	3,600	3,385
ADVERTISING	126	90	(35)	2,095	1,080	(1,015)
OFFICE	561	360	(201)	4,538	4,320	(218)
REPLACEMENT	857	200	(657)	2,120	2,400	280
TRAVEL	0	100	100	611	1,200	589
TUITION ASSISTANCE	2,000	500	(1,500)	6,000	6,000	0
ADMIT	0	166	166	1,196	1,992	796
MISCELLANEOUS	17	165	148	2,159	1,980	(179)
MISC EXPENSES-FROM FUNDRAISERS	717	62	(655)	1,517	750	(767)
INTEREST	0	0	0	0	0	0
KINDERGARTEN EDUCATION FEES	0	63	63	827	756	(71)
CASUAL LABOR	712	30	(682)	889	360	(529)
CASUAL LABOR-FROM FUNDRAISERS	0	0	0	0	0	0
BENEFITS - CHILD CARE	0	0	0	0	0	0
DEPRECIATION	214	250	36	2,570	3,000	430
PARKING	376	345	(31)	4,315	4,140	(175)
DONATIONS	0	0	0	0	0	0
FIELD TRIP EXPENSES	(101)	0	101	1,864	0	(1,864)
MUSIC/DANCE PROGRAM	585	650	65	6,760	7,800	1,040
TOTAL MATERIALS AND SERVICES	13,482	8,966	(4,516)	106,653	107,592	939
TOTAL EXPENSES	74,609	59,451	(15,158)	710,313	713,412	3,099
(INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS BEFORE EXPENDITURES OUT OF SUPPORT REVENUE	4,821	13	4,808	22,609	156	22,453
EXPENDITURES OUT OF SUPPORT REVENUE						
TRAINING - FROM SUPPORT	0	0	0	0	0	0
MISC EXPENSES - FROM SUPPORT	0	0	0	350	0	(350)
EDUC SUPPLIES - FROM SUPPORT	0	0	0	0	0	0
EQUIPMENT PURCH - FROM SUPPORT	0	0	0	90	0	(90)
CASUAL LABOR - FROM SUPPORT	0	0	0	0	0	0
TOTAL EXPENDITURES OUT OF SUPPORT REVENUE	0	0	0	440	0	(440)
(INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	4,821	13	4,808	22,169	156	22,013

SEE ACCOUNTANTS' COMPILATION REPORT

JOYFUL NOISE CHILD CARE CENTERS, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE THREE MONTHS ENDED

*This is
a center
1/4 day
report*



TOP MURPHY & CO. LLP
CERTIFIED PUBLIC
ACCOUNTANTS

The Board of Directors
Joyful Noise Child Care Centers, Inc.
Portland, Oregon

We have compiled the accompanying statement of financial position-cash basis of Joyful Noise Child Care Centers, Inc. (a not-for-profit corporation), as of March 31, 1999, and the related statement of activities-cash basis for the three months then ended, and the accompanying supplementary information contained in Schedules 1-3, which is presented only for supplementary analysis purposes, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position and results of operations. Accordingly, these statements are not designed for those who are not informed about such matters.

Top Murphy & Co. LLP

May 12, 1999

EXHIBIT D
 JOYFUL MOISE CHILD CARE CENTERS INC.
 STATEMENT OF FINANCIAL POSITION
 CASH BASIS
 MARCH 31, 1999

ASSETS

CURRENT ASSETS		
CASH	83,175	
DUE FROM CBI	240	
PAYROLL ADVANCE	5,430	
PREPAID W/H RETIRE. CONT. PAY	330	
PAYROLL CLEARING	(6)	
TOTAL CURRENT ASSETS		89,169
PROPERTY AND EQUIPMENT		
EQUIPMENT	10,920	
FURNITURE & FIXTURES	3,186	
EDUCATIONAL & DEVELOPMENTAL	11,469	
TOTAL PROPERTY AND EQUIPMENT	25,575	
LESS: ACCUMULATED DEPRECIATION	(18,287)	
NET PROPERTY AND EQUIPMENT		7,288
TOTAL ASSETS		96,457

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
EMPLOYEE BENEFITS PAYABLE	87	
FUNDRAISER PAYABLE - METRO BDD	2,279	
TOTAL LIABILITIES		2,366
NET ASSETS - ALL UNRESTRICTED		
NET ASSETS - PRIOR	72,564	
NET ASSETS - PRIOR - MK	4,473	
NET ASSETS - CURRENT YEAR	17,054	
TOTAL NET ASSETS		94,091
TOTAL LIABILITIES AND NET ASSETS		96,457

EXHIBIT D
 JOYFUL NOISE CHILD CARE CENTERS INC
 STATEMENT OF ACTIVITIES - CASH BASIS
 FOR THE ONE MONTH AND
 THREE MONTHS ENDED MARCH 31, 1999

	← PERIOD TO DATE →		← YEAR TO DATE →	
	ACTUAL	PER CENT	ACTUAL	PER CENT
CHANGES IN UNRESTRICTED NET ASSETS				
REVENUE				
TUITION CHARGES	94,367	89.5	280,880	88.9
REFUNDS	(21)	.0	(20)	.0
DROP IN	299	.3	1,269	.4
REGISTRATION	65	.1	135	.0
BREAKFAST/LUNCH	108	.1	180	.1
WAITING LIST	110	.1	140	.0
LATE CHARGES	0	.0	41	.0
PARENTS LUNCH	0	.0	0	.0
DIAPER CHARGES	561	.5	1,642	.5
USDA FOOD PROGRAM	1,292	1.2	3,796	1.2
FIELD TRIP RECEIPTS	331	.3	714	.2
FUNDRAISING EVENTS	0	.0	0	.0
SUPPORT	8,434	8.0	25,809	8.2
OTHER INCOME	10	.0	2,636	.8
OTHER INCOME - EDUCATION FEES	0	.0	0	.0
INTEREST INCOME	91	.1	262	.1
STAFF CHILD CARE BENEFIT	(181)	(.2)	(1,424)	(.5)
	-----		-----	
TOTAL REVENUE	105,466	100.0	316,060	100.0
	-----		-----	
EXPENSES				
PERSONAL SERVICES				
SALARIES & PERSONAL LEAVE	66,414	63.0	211,170	66.8
DENTAL INSURANCE	(298)	(.3)	255	.1
INSURANCE - HEALTH	1,115	1.1	4,210	1.3
PAYROLL TAXES	5,830	5.5	18,739	5.9
WORKERS COMPENSATION	1,190	1.1	2,788	.9
	-----		-----	
TOTAL PERSONAL SERVICES	74,251	70.4	237,162	75.0
	-----		-----	
MATERIALS AND SERVICES				
INSURANCE - LIABILITY	449	.4	2,777	.9
PAYROLL PREPARATION	592	.6	960	.3
TRAINING	557	.5	2,110	.7
TRAINING - FROM FUNDRAISERS	0	.0	0	.0
FOOD	3,728	3.5	10,911	3.5
CONSUMABLE SUPPLIES	528	.5	1,426	.5
EDUCATIONAL SUPPLIES	721	.7	2,809	.9
EDUC SUPPLIES-FROM FUNDRAISERS	0	.0	0	.0
EQUIP PURCH - FROM FUNDRAISERS	0	.0	0	.0
LICENSE FEES	0	.0	0	.0
BANK CHARGES	0	.0	0	.0

SEE ACCOUNTANTS' COMPILATION REPORT

EXHIBIT D
 JOYFUL NOISE CHILD CARE CENTERS INC.
 STATEMENT OF ACTIVITIES - CASH BASIS
 FOR THE ONE MONTH AND
 THREE MONTHS ENDED MARCH 31, 1999

	-- PERIOD TO DATE --		--- YEAR TO DATE ----	
	ACTUAL	PER CENT	ACTUAL	PER CENT
ACCOUNTING	1,034	1.0	2,901	.9
LEGAL	0	.0	0	.0
ADVERTISING	358	.3	1,163	.4
OFFICE	548	.5	1,613	.5
RENT, JANITORIAL & UTILITIES	8,212	7.8	24,636	7.8
REPLACEMENT	12	.0	68	.0
TRAVEL	72	.1	285	.1
TUITION ASSISTANCE	1,500	1.4	1,500	.5
AUDIT	264	.3	2,531	.8
DIAPERS	406	.4	1,117	.4
MISCELLANEOUS	109	.1	573	.2
MISC EXPENSES-FROM FUNDRAISERS	0	.0	0	.0
INTEREST	0	.0	0	.0
KINDERGARTEN EDUCATION FEES	0	.0	0	.0
CASUAL LABOR	150	.1	150	.0
CASUAL LABOR-FROM FUNDRAISERS	0	.0	0	.0
BENEFITS -- CHILD CARE	0	.0	0	.0
DEPRECIATION	340	.3	1,022	.3
PARKING	355	.3	952	.3
DONATIONS	0	.0	0	.0
FIELD TRIPS	410	.4	650	.2
MUSIC/DANCE PROGRAM	1,040	1.0	1,690	.5
TOTAL MATERIALS AND SERVICES	21,385	20.3	61,844	19.6
TOTAL EXPENSES	95,636	90.7	299,006	94.6
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS BEFORE EXPENDITURES OUT OF SUPPORT REVENUE	9,830	9.3	17,054	5.4
EXPENDITURES OUT OF SUPPORT REVENUE				
TRAINING - FROM SUPPORT	0	.0	0	.0
MISC EXPENSES - FROM SUPPORT	0	.0	0	.0
EDUC SUPPLIES - FROM SUPPORT	0	.0	0	.0
EQUIPMENT PURCH - FROM SUPPORT	0	.0	0	.0
CASUAL LABOR - FROM SUPPORT	0	.0	0	.0
TOTAL EXPENDITURES OUT OF SUPPORT REVENUE	0	.0	0	.0
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	9,830	9.3	17,054	5.4

SEE ACCOUNTANTS' COMPILATION REPORT

SUPPLEMENTARY INFORMATION

JOYFUL HOUSE CHILD CARE CENTER
 EXHIBIT D
 SCHEDULE 2 - COMPARISON OF ACTUAL TO
 BUDGET FOR DOWNTOWN CENTER FOR THE ONE
 MONTH AND THREE MONTHS ENDED MARCH 31, 1999

	PERIOD TO DATE			YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	BUDGET VAR	ACTUAL	CURRENT BUDGET	BUDGET VAR
CHANGES IN UNRESTRICTED NET ASSETS						
REVENUE						
TUITION CHARGES	60,422	58,407	2,015	177,257	175,221	2,036
REFUNDS	0	0	0	0	0	0
DROP IN	205	389	(184)	889	1,167	(278)
REGISTRATION	0	115	(115)	35	345	(310)
BREAKFAST / LUNCH	108	60	48	180	180	0
WAITING LIST	110	0	110	140	0	140
LATE CHARGES	0	40	(40)	41	120	(79)
PARENTS LUNCH	0	0	0	0	0	0
USDA FOOD PROGRAM	866	940	(74)	2,543	2,820	(277)
FIELD TRIP RECEIPTS	330	0	330	714	0	714
FUNDRAISING EVENTS	0	250	(250)	0	750	(750)
SUPPORT	100	100	0	1,050	300	750
OTHER INCOME	0	100	(100)	0	300	(300)
OTHER INCOME - EDUCATION FEES	0	63	(63)	0	189	(189)
INTEREST INCOME	62	0	62	176	0	176
STAFF CHILDCARE DISCOUNT	(181)	(1,000)	819	(543)	(3,000)	2,457
2. REVENUE	62,022	59,464	2,558	182,482	178,392	4,090
EXPENSES						
PERSONAL SERVICES						
SALARIES & PERSONAL LEAVE	41,397	44,644	3,247	127,101	133,932	6,831
DENTAL INSURANCE	(222)	163	385	156	489	333
INSURANCE - HEALTH	492	1,080	588	2,506	3,240	734
PAYROLL TAXES	3,623	4,241	618	11,298	12,723	1,425
WORKERS' COMP. INS.	797	357	(440)	1,868	1,071	(797)
TOTAL PERSONAL SERVICES	46,087	50,485	4,398	142,929	151,455	8,526
MATERIALS AND SERVICES						
INSURANCE - LIABILITY	301	480	179	1,861	1,440	(421)
PAYROLL PREPARATION	380	140	(240)	621	420	(201)
TRAINING	198	225	27	1,380	675	(705)
TRAINING - FROM FUNDRAISERS	0	63	62	0	188	188
FOOD	2,674	2,800	127	7,435	8,400	964
SUPPLIES - CONSUMABLE	384	350	(34)	963	1,050	88
EDUCATIONAL SUPPLIES	478	650	172	1,879	1,950	71
EDUC SUPPLIES-FROM FUNDRAISERS	0	62	62	0	187	187
EQUIP PURCH - FROM FUNDRAISERS	0	63	63	0	188	188
LICENSE FEES	0	32	32	0	96	96
UNK CHARGES	0	20	20	0	60	60
ACCOUNTING	745	800	55	2,283	2,400	116

SEE ACCOUNTANTS' COMPILATION REPORT

JOYFUL NOISE CHILD CARE CENTERS INC
 EXHIBIT B
 SCHEDULE 2 - COMPARISON OF ACTUAL TO
 BUDGET FOR DOWNTOWN CENTER FOR THE ONE
 MONTH AND THREE MONTHS ENDED MARCH 31, 1999

	PERIOD TO DATE			YEAR TO DATE		
	ACTUAL	CURRENT BUDGET	BUDGET VAR	ACTUAL	CURRENT BUDGET	BUDGET VAR
LEGAL	0	300	300	0	900	900
ADVERTISING	107	90	(18)	496	270	(226)
OFFICE	380	360	(20)	1,110	1,080	(30)
REPLACEMENT	12	200	188	68	600	532
TRAVEL	13	100	87	49	300	251
TUITION ASSISTANCE	1,500	500	(1,000)	1,500	1,500	0
AUDIT	120	166	46	1,196	498	(698)
MISCELLANEOUS	96	165	69	349	495	147
MISC EXPENSES-FROM FUNDRAISERS	0	62	62	0	187	187
INTEREST	0	0	0	0	0	0
KINDERGARTEN EDUCATION FEES	0	63	63	0	189	189
CASUAL LABOR	150	30	(120)	150	90	(60)
CASUAL LABOR-FROM FUNDRAISERS	0	0	0	0	0	0
BENEFITS - CHILD CARE	0	0	0	0	0	0
DEPRECIATION	194	250	56	581	750	169
PARKING	355	345	(10)	952	1,035	83
DONATIONS	0	0	0	0	0	0
FIELD TRIP EXPENSES	409	0	(409)	650	0	(650)
MUSIC/DANCE PROGRAM	1,040	650	(390)	1,690	1,950	260
TOTAL MATERIALS AND SERVICES	9,536	8,966	(570)	25,213	26,898	1,685
ALL EXPENSES	55,623	59,451	3,828	168,142	178,353	10,211
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS BEFORE EXPENDITURES OUT OF SUPPORT REVENUE	6,399	13	6,386	14,340	39	14,301
EXPENDITURES OUT OF SUPPORT REVENUE						
TRAINING - FROM SUPPORT	0	0	0	0	0	0
MISC EXPENSES - FROM SUPPORT	0	0	0	0	0	0
EDUC SUPPLIES - FROM SUPPORT	0	0	0	0	0	0
EQUIPMENT PURCH - FROM SUPPORT	0	0	0	0	0	0
CASUAL LABOR - FROM SUPPORT	0	0	0	0	0	0
TOTAL EXPENDITURES OUT OF SUPPORT REVENUE	0	0	0	0	0	0
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	6,399	13	6,386	14,340	39	14,301

City of Portland, Oregon

BUDGET/FINANCIAL COUNCIL ACTION IMPACT STATEMENT

INITIATOR'S SUMMARY OF COUNCIL ACTION (Deliver original to the Bureau of Financial Planning. Retain Copy.)

1. Name of Initiator Tom Schneider	2. Bldg/Room No. 106/404	3. Tele.No. 823-4158	4. Bureau/Office/Department Human Resources
---------------------------------------	-----------------------------	-------------------------	--

5. To be Filed a. Date 09-27-00	b. Calendar (Circle One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>	6. Date Submitted to OF&A Analyst 09-18-00
------------------------------------	--	---

7. Fund Name- General

Category 2

Routine and Budgeted Items

Please Check Appropriate Box and List \$ Amount

- | | |
|--|--------------------------------|
| <input type="checkbox"/> Contracts | <input type="checkbox"/> Other |
| <input type="checkbox"/> Annual Supply Contracts | |
| <input type="checkbox"/> Grants | |
| <input type="checkbox"/> Claims Payment Under \$15,000 | |
| <input type="checkbox"/> Call for Bids on Purchasing Contracts | |
| <input type="checkbox"/> Creation of a Local Improvement District | |
| <input type="checkbox"/> Reports to Council Regarding Completion of Projects | |

Category 3

Non-Routine or Unbudgeted Items

SUMMARY OF ACTION: In concise terms, describe what is to take place through the enactment of this Council action. Where applicable, narrative should include answers to the following questions:

a. What action(s) is(are) proposed?

Authorize Contract with Joyful Noise to provide childcare and development services to City employees.

b. Who will be affected by the action proposed? Other city bureaus? Citizens? The business community?

City bureaus in City Hall, the Portland Building and the Development Building are contributing funds to cover the cost of the rent associated with the center space on the first floor of the Portland Building. Employees are paying tuition fees directly to Joyful Noise to cover the operating expenses associated with the delivery of childcare and development services.

c. What will the action cost? In this fiscal year? Subsequent year(s)? How much revenue will it generate? In this fiscal year? In subsequent fiscal year(s)? If there are indirect costs or future commitments implied as a necessary accompaniment or result of this action, include an estimate of these costs even if the action does not formally authorize any expenditure.

Execution of this contract is not expected to directly incur any costs as participants will be paying the service provider directly for services.

d. Is the cost included in the current year's budget? If so, which Fund or AU? If not, identify funding sources and amounts (i.e., interagency, contingency/unforeseen, grants, administrative transfers, etc.).

See "c" above.

e. Have alternatives to this action been explored?

Please put any additional information on the opposite side of this form

Yvonne L. Deckard

APPROPRIATION UNIT HEAD (Typed Name and Signature)

ORDINANCE No. 17 4 928

* Contract with Joyful Noise, Inc. to provide childcare and development services. (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. Programs to facilitate early childhood development are critical to the long-term success of children in school and community livability.
2. Council has recognized and supported the need for employee and family friendly programs, to attract and retain a qualified workforce and assist the City in achieving strategic business goals. An onsite childcare facility is expected to increase employee efficiency and performance, assist the City in attaining essential business goals, and improve community livability.
3. After utilizing the formal competitive selection process as required by Section 5.68 of the City Code, it was determined that Joyful Noise, Inc. is the most capable of delivering quality childcare and development services to children of City of Portland employees.
4. The scope of contractor services provided for under the contract includes the operation of a high quality childcare and development program for up to 62 children during the core hours of 6:30 AM through 6:00 PM, Monday through Friday.
5. City bureaus in the Portland Building, the Development Building, and City Hall have agreed to cover all the lease costs of the space being provided on the first floor of the Portland Building for the operation of the City's childcare program, hereafter referred to as CityKids Childcare and Development Center.
6. Tuition directly collected from the parents of children enrolled in CityKids Childcare and Development Center are intended to cover the ongoing operating costs incurred in the delivery of childcare and development services.

NOW, THEREFORE, the Council directs:

- a. The Mayor and Auditor are hereby authorized to execute the Contract, in a form substantially similar to that attached as Exhibit A.

Section 2. The Council declares that an emergency exists because it is necessary to authorize this contract so that this program begins in a timely manner; therefore, this Ordinance shall be in force and effect from and after its passage by the Council.

Passed by the Council, **SEP 27 2000**

Mayor Katz
Office of Management and Finance
Bureau of Human Resources
Tim Grewe: Yvonne Deckard: Tom Schneider
September 27, 2000

GARY BLACKMER
Auditor of the City of Portland

By 
Deputy

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Mayor Katz
Office of Management and Finance
Bureau of Human Resources
Tim Grewe: Yvonne Deckard: Tom Schneider
September 27, 2000

GARY BLACKMER
Auditor of the City of Portland

By *Nancy Green*
Deputy

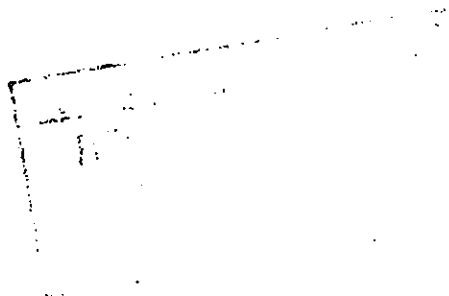


EXHIBIT D

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