

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2017-063

Declaring a Portion of the Yeon Building Surplus; and Approving a Lease.

The Multnomah County Board of Commissioners Finds:

- a. The County is not using, and does not intend at this time to use, approximately 10,000 s.f. of fleet service bays at the County's Yeon Building, 1620 SE 190th Ave, Portland, OR 97233 ("Property"). The configuration of this Property makes repurposing for another County use impractical. Per FAC-3, Sec. IV, it is appropriate to declare this Property surplus and offer it for lease.
- b. The City of Gresham has a need for a facility to service its fleet vehicles and desires to lease the Property for a period of five years at fair rental rates.
- c. Leasing compatible space to the City of Gresham provides an opportunity for interagency cooperation in serving the community;
- d. It is in the best interests of the County execute a lease substantially in conformance with the lease attached hereto as Exhibit 1.

The Multnomah County Board of Commissioners Resolves:

1. The Property is declared surplus for the term of a lease executed in substantial conformance with the lease attached hereto as Exhibit 1.
2. The Chair is authorized to execute a lease substantially in conformance with the lease attached hereto as Exhibit 1; and to execute renewals or amendments of the same without further Board action.

ADOPTED this 13th day of July, 2017.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Deborah Kafoury

Deborah Kafoury, Chair

REVIEWED:
JENNY M. MADKOUR, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By *Jed Tomkins*
Jed Tomkins, Senior Assistant County Attorney

Submitted by: Sherry Swackhamer, Director, Department of County Assets.

GRESHAM FLEET OPERATIONS LEASE

Parties

Landlord: MULTNOMAH COUNTY, OREGON

Tenant: CITY OF GRESHAM, OREGON

THROUGH THIS GRESHAM FLEET OPERATIONS LEASE ("Lease"), effective June 1, 2017 or upon execution by both parties whichever comes last ("Commencement Date"), Landlord leases to Tenant and Tenant leases from Landlord the Premises on the following terms and conditions:

1. **Notice and Delivery Addresses.** Subject to Section 43 ("Notices") of this Lease, delivery of notices shall be made to the following addresses, or such other place as either Party may designate in writing from time to time:

- a. For notice or delivery to Landlord:

Multnomah County
Attn: Facilities and Property Management
401 N Dixon
Portland, OR 97227
Fax: 503-988-5082
Email: madeline.herrle@multco.us

- b. For notice or delivery to Tenant:

City of Gresham
Facilities Division
ATTN: Toby Hazelbaker, Fleet Manager
1333 NW Eastman Parkway
Gresham, OR 97030
Fax: 503-618-2512
Email: toby.hazelbaker@greshamoregon.gov

2. **Term.** This term of this Lease commences on the Commencement Date and terminates at the end of the sixtieth (60th) month following the Commencement Date ("Termination Date"), unless sooner terminated under the provisions of this Lease ("Term").
3. **Premises.** As further described in this Section, approximately 20,055 rentable square feet, within the building commonly known as the Yeon Building ("Building") located at 1620 SE 190th, Portland, Oregon ("Property," inclusive of all land and improvements thereto), as more particularly shown in Exhibit A of this Lease, together with the Tenant Parking granted in this Lease ("Premises").
 - a. Tenant shall have exclusive use of approximately 9,892 useable square feet within the Building as shown in Exhibit B of this Lease ("Exclusive Area").

- b. Tenant shall have nonexclusive use, in common with the other tenants of the Building and shop floor, Landlord, and any other person granted use by Landlord, of approximately 6,961 useable square feet comprised of Building common area (13,922 SF Common Drive divided by 2) as shown in **Exhibit B** of this Lease (“Shared Area”).
- c. Tenant shall have nonexclusive use, in common with the other tenants of the Building, Landlord, and any other person granted use by Landlord, of additional Building common area as shown in **Exhibit B** of this Lease expressed as Tenant’s prorata share of such area at a load factor of 1.19% applied to the total area of the Exclusive and Shared Areas ($9,892\text{sf} + 6,961\text{sf} = 16,853\text{sf} \times 1.19 = 20,055 \text{ square feet}$) (“Floor Common Area”).
- d. **Parking.**
 - i. Tenant may bring, and may allow its agents to bring, licensed, insured, and operable vehicles that are part of Tenant’s fleet and are in need of maintenance, including needing new parts yet to be delivered, to the Property and may park not more than fifteen (15) of such vehicles in the area adjacent to the outbound-bays side of the Building as shown in **Exhibit C** of this Lease and in no other area of the Property.
 - ii. On a nonexclusive basis, Tenant’s employees may park their personal commuting vehicles (“Employee Vehicles”) in the designated general parking areas on the Property and in no other area of the Property provided that each such vehicle is licensed, insured, and operable.

4. **Delivery and Acceptance of Possession.** Landlord will deliver the Premises to Tenant in good condition and repair on the Commencement Date. By acceptance of possession of the Premises, Tenant acknowledges (i) that Tenant accepts the Premises “AS IS, WHERE IS” and as suitable for Tenant’s intended use, in good and sanitary operating order, condition, and repair, and without representation or warranty by Landlord of the condition, use, or occupancy that may be made thereof; and (ii) that the area of the Premises is as set forth in Section 3 (“Premises”) of this Lease.

5. **Rent & Payment.**

- a. Tenant shall pay rent in the amount of thirteen thousand nine hundred fifty-five dollars (\$13,955.00.) per month (“Base Rent”).
- b. The amount of Base Rent will increase annually on each anniversary of the Commencement Date by a fixed three percent (3%).
- c. Base Rent shall be paid in advance of the first day of each calendar month throughout the Term, except the first month of Base Rent shall be paid upon the execution of this Lease. If a partial month exists at the commencement of the Term, Tenant shall pay upon the execution of this Lease one full month’s Base Rent plus the prorated amount for the partial month, as determined by Landlord.

- d. All other sums payable by Tenant to Landlord under this Lease other than Base Rent shall be deemed "Additional Rent." Base Rent and Additional Rent may be referred to collectively as "Rent."
- e. Additional Rent shall be payable as such sums become due or as demanded by Landlord or as otherwise required under this Lease.
- f. No monthly billing statement of Rent will be provided by Landlord.
- g. Rent shall be paid in lawful money of the United States of America, without deduction or offset, prior notice or demand, payable to "Multnomah County," and delivered by Tenant to Landlord.
- h. Payment by Tenant or receipt by Landlord of a lesser amount than Rent due shall not be deemed full payment on the account. No endorsement or statement on any check or payment shall be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of Rent due, or pursue any other remedies available to Landlord. Payments received shall be credited to the oldest outstanding amount due.
- i. Rent not paid by Tenant when due or demanded shall bear interest at the rate of one percent (1%) per month, provided that the interest rate on overdue accounts is subject to periodic adjustment in writing to reflect Landlord's then current interest rate charged on overdue accounts.
- j. In the event that any check, draft or other instrument of payment delivered by Tenant is dishonored for any reason, Tenant agrees to pay Landlord the sum of \$35 in addition to any late fee, and Landlord may, at its option, require Tenant to pay all future Rent by cashier's or certified checks or other methods.
- k. Except as otherwise provided in this Lease, the obligation to pay Rent and other monies commences on the Commencement Date.

6. Property Taxes. Tenant is exempt from taxation generally. However, if property taxes, charges, or fees are, as a result of this Lease, assessed against the Property or any leasehold or personal property of any kind owned by or placed upon or about the Property by Tenant, Tenant shall be responsible for and pay before delinquent all such taxes, charges, or fees assessed during the Term. Tenant is solely responsible for preserving its rights to tax exemption. To the extent Tenant obtains an exemption from such taxes, charges, or fees, Tenant shall not be liable for payment to Landlord of any additional sum for taxes, charges, or fees, but shall remain liable for payment of any other such taxes, charges, or fees for which Tenant has not received an exemption. The total compensation paid by Tenant under this Lease has been established to reflect the savings of below market rent resulting from the exemption from taxation.

7. Utilities and Other Expenses.

- a. Landlord will furnish reasonable utilities to the Premises, including electricity, water, sewer, gas, , and trash collection, and shall manage, repair, maintain

(including snow removal from lots and roads*), insure and operate the Premises, Building, and Property in the manner and to the extent required under this Lease, with all costs attributable thereto subject to reimbursement by Tenant for its prorata share thereof ("Tenant's Share"). *Snow removal will be subject to a separate charge than what is estimated under (c) below.

- b. Tenant's Share shall be equal to Tenant's rentable square footage divided by the total square footage of the Building multiplied by Landlord's estimated utilities rate, which shall be subject to adjustment from time to time, but no less than annually on a fiscal year basis (July 1 – June 30).
- c. Tenant shall make estimated monthly payment of Tenant's Share, which amounts shall be reconciled annually and a new budget amount provided by Landlord to Tenant each fiscal year. If, upon reconciliation, Tenant's estimated monthly payment of Tenant's Share exceeds the actual amount of Tenant's Share, Landlord shall credit any overpayment to Tenant's next monthly rental payment. If, upon reconciliation, Tenant's estimated monthly payment of Tenant's Share results in underpayment of the actual amount of Tenant's Share, Tenant shall promptly pay the difference to Landlord.
- d. Initially, as of the Commencement Date, Tenant's Share shall be \$1,855.09 per month (20,055, rentable sf multiplied by Landlord's estimated utilities rate of \$1.11 per square foot per year for Fiscal Year 2018-2019).
- e. Upon prior approval by Landlord, Tenant may connect equipment to Landlord's generator located at the Premises, provided that Tenant shall promptly disconnect any such equipment upon demand by Landlord, which demand shall be in Landlord's sole discretion.

8. Security Deposit. Intentionally deleted

- 9. Late Fee.** In addition to other remedies, if any Rent is not received by Landlord within ten (10) days after it is due, Landlord may impose a late fee equal to five percent (5%) of the amount of the delinquent Rent for the month in which the Rent is delinquent or a minimum of \$50.00, whichever is greater. Tenant shall pay any late fee immediately upon request by Landlord. The imposition by Landlord and/or the payment by Tenant of any late fee shall not waive or cure Tenant's default. Failure to impose a late fee on one occasion does not effect a waiver of Landlord's right to impose a late fee on subsequent delinquencies.

10. Uses.

- a. Tenant shall use and occupy the relevant portions of the Premises to which Tenant has any rights, in accordance with the provisions of this Lease, for the following exclusive purpose(s) and no other(s): City of Gresham's fleet maintenance operations. No other use may be made of the Premises without the prior written consent of Landlord.
- b. Tenant shall do business on the Premises under the name of City of Gresham Fleet

Operations.

- c. In addition to any other prohibitions or limitations on Tenant's use of the Premises contained in this Lease, Tenant shall not:
 - i. Use or permit the Premises to be used in any illegal manner.
 - ii. Create or permit to be created any damage, nuisance or waste to the Premises or the building, or cause defacement or injury of the building, including impairment of its strength or durability.
 - iii. Disturb, interfere or obstruct the rights of Landlord or other tenants, users, or occupants of the building.
 - iv. Cause damage or injury to nearby properties or property owners.
 - v. Create or permit to be created any condition which would constitute a fire or environmental hazard, or be dangerous to persons or property.
 - vi. Injure the reputation of the building.
 - vii. Permit the Premises to be used for lodging or sleeping purposes.
 - viii. Sell or permit to be sold any alcoholic beverages or alcoholic liquors on the Premises excepting upon Landlord's prior written consent and pursuant to the limitations of state issued permit(s) or license(s).
 - ix. Sell or permit to be sold any controlled substances on or about the Premises.
 - x. Install, affix or attach any trade fixtures on the Premises except with the prior written consent of Landlord.
 - xi. Incorrectly or unsafely store or use gasoline or other highly combustible materials on the Premises.
 - xii. Permit the sale of any pornographic material on the Premises.
 - xiii. 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, or permit any gambling or social gaming.
 - xiv. Permit the use of the Premises for a second-hand store, pawnshop, or for conducting auction, distress or fire sale, or bankruptcy or going-out-of-business sale or the like.
 - xv. Make use of roller skates, roller blades, skateboards, bicycles, unicycles or other similar devices or apparatus.
- d. At Tenant's own expense, Tenant shall comply with all orders, notices, regulations or requirements of any governmental authority respecting the use of the Premises.
- e. Tenant shall not use the Premises in any manner that will cause the building or Property to be subject to higher risk and insurance premiums.
- f. Tenant shall comply with Landlord's safety and risk rules and regulations as set

forth in **Exhibit D** of this Lease as well as Landlord's regular maintenance requirements, safety drills, and shared tools and equipment usage rules. Landlord may, in its sole discretion, change its rules, regulations, and requirements respecting use of the Premises, Building, Property or any facility or other component or appurtenance thereof, including the rules and regulations set forth in **Exhibit D**, without prior notice to Tenant.

- g. The Premises are in a "no smoking" building, pursuant to ORS 433.835 et. seq. Tenant shall not permit smoking of cigars, cigarettes, pipes, or other smoking instruments within the Premises. If the Premises may be accessed directly from exterior doors, no smoking shall be permitted within at least ten (10) feet from entrances, exits, windows that open and ventilation intakes that served the enclosed area, or fifty (50) feet of such openings if public employees utilize the building as their workplace. This prohibition applies to electronic smoking devices, electronic cigarettes, e-cigarettes and any other similar instruments that mimic the act of smoking a cigarette while inhaling nicotine. Tenant shall ensure that its agents, invitees and permittees comply with all provision of state and local smoking regulations.
- h. Nothing in this Lease prohibits law enforcement and emergency service providers, meter readers, and property inspectors, and other governmental agents to reasonable and lawful access to the Premises during the Term to perform their emergency service, community caretaking, regulatory and governmental functions.
- i. During the Term, and at such times as Tenant is in full compliance with its obligations under this Lease, Tenant shall have quiet enjoyment of the Premises subject to all terms and conditions of this Lease. This subsection and any Landlord obligations under this Lease are not applicable to a holdover tenant.

11. Shared Area and Common Area Use.

- a. The Common Area shall be all areas or facilities outside the Exclusive and Shared Areas and within the exterior boundary of the Premises, as designated by Landlord from time to time for general nonexclusive use of any tenants or authorized users of the Premises, Building, or Property, for ingress and egress, subject to the rights, powers and privileges reserved in Landlord and in accordance with Building rules and regulations. Portions of the Premises restricted to solely County access are not common areas and are identified in **Exhibit B**.
- b. Landlord reserves the right to change entrances, exits, traffic lanes, boundaries and locations of the Common Area or otherwise set aside portions of the Common Area for special uses. No storing or placing of property, temporarily or permanently, in the Common Area without Landlord's written authorization is permitted. Tenant property stored or placed without authorization in the Common Area shall be deemed abandoned and removed without notice to Tenant. Tenant shall be liable for expenses that Landlord incurs, including Landlord's overhead charges, for removal and disposal of Tenant property improperly stored in the Common Area or

Tenant's or its invitees' misuse or damage to the Common Area.

- c. Tenant's use of the Shared Area and Common Area will be undertaken in a reasonable manner in recognition that other parties have equal or greater rights to the use of such areas and in compliance with the provisions of Section 10 ("Uses") of this Lease. Landlord may, in its sole discretion, institute formal or informal processes to schedule uses of the Shared Area and Common Area, including allowing for the reserved, exclusive use of such areas or establishing certain parties, including Landlord itself, as having priority use of such areas.

12. Fire Prevention. Tenant shall not use the Premises in any manner that causes the fire insurance rate on the building in which the Premises are located to be increased or that would prevent Landlord from taking advantage of any ruling of the Insurance Services Offices of Oregon, or its successors, which could allow Landlord to obtain reduced premium rates for long term fire insurance policies. Tenant shall prevent and control fire on the Premises and comply with any rules and regulations set forth by the Fire Marshal. Tenant shall promptly pay for any fire inspection or re-inspection fee assessed to the Premises and make all corrections as ordered 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. Tenant shall comply with any building emergency or safety plan that may be implemented for tenant safety and cooperate in routine fire drills as periodically required by Landlord.

13. Overloading Floors. Tenant shall not overload the floors of the Premises so as to cause any undue or serious stress or strain to the building in which the Leased Area is located, or any part thereof. Landlord shall have the right, at any time, to call upon any competent engineer or architect whom Landlord may choose, to decide whether or not the floors of the Premises, or any part thereof, are being overloaded so as to cause any undue or serious stress or strain on the building, or any part thereof. The decision of the engineer or architect shall be final and binding upon Tenant. Tenant shall immediately relieve the overloading by lightening the load or reinforcing the Premises or building, and shall repair any damage resulting from the overloading.

14. Signs and Attachments. Tenant shall not place signage or attachment in or on the Premises, any common area or the exterior of the building, including windows or doors, to advertise the nature of Tenant's business, without Landlord's consent. Landlord may refuse consent to any proposed signage or attachment that is in Landlord's sole opinion inconsistent with or inappropriate to the Premises or building, or the uses of any other tenants. If Landlord approves a sign or attachment, Tenant is required to comply with applicable laws regulating signs. Tenant is solely responsible for costs for installation, maintenance, removal and repair of damage related to an authorized Tenant signage. Authorized signage shall be kept in good and safe condition by Tenant. Tenant shall seek Landlord consent prior to altering or substituting any authorized signage.

15. Acceptance of Areas. Tenant has examined the Exclusive and Shared Areas and accepts them in "AS IS" condition. No representations or warranties as to the condition of the Exclusive and Shared Areas have been made by Landlord or its officers, agents or employees. Tenant is

responsible for determining whether Tenant's proposed use of Exclusive and Shared Areas conforms to applicable zoning or building codes. Landlord shall have no liability to Tenant for any damage or injury caused by the condition of the Premises or for any latent defect in the Premises except those latent defects known to Landlord. All furnishings, appliances, fixtures, improvements, surface coverings, decoration and other contents of the Exclusive Area shall be provided by Tenant at its own expense, except for the furniture provided by Landlord at the Tenant's request that will be identified and further addressed in a separate letter agreement. All furnishings, appliances, fixtures, improvements, surface coverings, decoration and other contents in the Shared Area after Tenant move-in shall be for shared and not exclusive use by either Landlord or Tenant. Tenant accepts the Exclusive and Shared Areas subject to any and all existing permits, licenses, leases, easements, railroad facilities, pipelines, telephone, telegraph, communication, power and signal lines or any other similar facilities, together with any future installations thereof.

16. Square Footage. Tenant's signature to this Lease verifies the approximate square footage of the Premises. The Base Rent and any other charges assessable under this Lease shall not be adjusted by reason of any claimed variation in square footage by either party unless by mutual agreement between the parties.

17. Alterations and Additions. With the exception of Tenant's improvements to the Premises which are outlined in building plans attached hereto as Exhibit "E", Tenant shall not make or allow to be made any alterations, additions or improvements to or of the Exclusive Area or any part thereof or its contents without first obtaining the written consent of Landlord. All alterations, additions or improvements to or of the Exclusive Area, 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. Any authorized alterations, additions or improvements to the Exclusive Area by Tenant shall be made by Tenant at Tenant's own expense. Upon termination of this Lease and at Tenant's own expense, Tenant shall remove all alterations, additions or improvements made by Tenant and designated by Landlord to be removed, and shall repair any damages caused by the removal. Landlord may condition its consent to installation of "a work of visual art", as defined in the Visual Artists Rights Act (VARA) (17 U.S.C. Sec. 106A et seq), in the Premises on Tenant tendering and Landlord accepting a written waiver of moral rights under the VARA executed by the artist acknowledging that the work may be subject to destruction or removal.

18. Tenant Improvements.

- a. All work performed to 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, including any County Building Policies pertaining to construction, repair or building improvements to County properties. . Prior to the commencement of any work, Tenant shall submit to Landlord's Property Manager and obtain Landlord's written consent to all of the following: Tenant's plans, specifications and work drawings detailing the alteration, construction or changes to the Premises proposed by Tenant; Tenant's estimated costs; and, the names of Tenant's general contractors and major subcontractors,

along with copies of contractors/subcontractors' certificates of insurance and bonding. As required by law, Tenant shall apply for permits and submit permit plans to the City of Gresham's Community Development Department or other appropriate City bureaus, or government agency with permitting responsibility, within ten (10) days of obtaining Landlord's written consent to Tenant's plans and specifications. All Tenant Improvement plans for construction, alteration or changes to the Premises shall be signed and sealed by an architect or engineer licensed by the State of Oregon. Tenant shall provide Landlord with proof of valid permits prior to commencement of any work and proof of inspection approval after work completion.

- b. Landlord's written consent and approval of proposed or constructed Tenant Improvement shall create no responsibility or liability on the part of Landlord for design completeness, sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities, and shall not be construed as Landlord's warranty or approval of the adequacy, competence, experience, bonding or licensure of any contractors/subcontractors or the quality of the work that may be performed by these persons. Tenant remains liable to Landlord for non-compliance and defects in any work performed by Tenant's contractors/subcontractors.
- c. All work performed by Tenant shall be carried forward expeditiously and completed within the time agreed. Tenant's work shall not interfere with Landlord's work or any other authorized activities at the Premises or Property. All work shall be completed in a good workmanlike manner. Landlord or Landlord's employees or agents shall have the right at all times to inspect the quality and progress of the work. Tenant shall provide Landlord all construction drawings (inclusive of architectural, structural, mechanical, and electrical drawings) on computer disks in format readable by AutoCAD 2012 (or the appropriate format or version utilized by the City), at completion of Tenant's construction.
- d. Upon the termination of this Lease, Tenant shall remove from the Premises and building all of Tenant's property and any alterations or improvements installed by or on behalf of Tenant, unless Tenant has obtained written consent from Landlord to leave such alteration or improvement in place as Landlord's property. Such improvements may include, without limitation, any cabling, conduit or other equipment installed for telecommunications services. Tenant shall promptly repair any damage to Landlord's property caused by such removal, and restore the area to the condition the area was in prior to installation of the property in question. If Tenant fails to remove its property, alterations, or improvements, Landlord may at its discretion keep or use some or all of the property as Landlord's own without any compensation due to Tenant, or elect to remove, store, and sell some or all of the property in accordance with applicable law, and at Tenant's expense. The covenants set forth in this Section shall survive the termination of this Lease.
 - i. All Tenant telecommunication equipment shall be labeled as Tenant property and Tenant shall provide documentation thereof to Landlord promptly after installation.

- ii. Tenant shall coordinate with Landlord whenever Tenant desires to inspect, repair, or maintain Tenant telecommunication equipment and any such work must be done with utmost care to avoid damage, loss of operability, or other negative impact to Landlord's telecommunication system or equipment.
 - iii. Tenant understands that if Tenant telecommunication equipment causes interference to Landlord's use of Landlord's telecommunication system or equipment, Tenant shall take prompt corrective actions to correct or eliminate the interference. If such interference is not resolved to Landlord's satisfaction, in Landlord's sole discretion, then, upon demand by Landlord, in Landlord's sole discretion, Tenant shall: (i) remove all of the Tenant telecommunication equipment, or any portion thereof specified by Landlord; and/or (ii) cease operation of such equipment
- e. Tenant shall ensure that its contractors and subcontractors are licensed with the Oregon Construction Contractors Board and in compliance with and other state or local business license requirements. Prior to the commencement of any construction or alteration work, Tenant will provide the names of Tenant's general contractors and major subcontractors, along with copies of contractors/subcontractors' certificates of insurance and bonding to Landlord. Tenant's contractors and subcontractors must comply with the commercial general liability insurance coverage, including automobile insurance and workers compensation insurance, that is required of Tenant under this Lease, with Multnomah County named as additional insured. Tenant's contractors shall be required to have in place performance bonds or other provisions assuring the timely and diligent completion of any work.

19. Improvements by Landlord. [Intentionally deleted].

20. Alterations by Landlord.

- a. In the event Landlord, during the Term, is mandated by order or decree of any court, or a governmental authority including but not limited to the Community Development Department in exercise of its regulatory or zoning authority, to repair, alter, remove, reconstruct, or improve any part of the Property or building, then the work may be made by and at the expense of Landlord without any interference or claim for damages by Tenant. Tenant may be entitled to an abatement or adjustment of rent in proportion to the material interference with Tenant's occupancy of the Premises during the course of the mandated work, unless the need for the work was caused by Tenant's use of the Premises or Tenant's action in alteration, installation, maintenance, repair or other Tenant work at the Premises.
- b. Landlord may, in its sole discretion, make alterations to the Property as it deems desirable and necessary. Landlord will exercise this right in a manner which reasonably minimizes interference with Tenant's use of the Premises.

21. Maintenance and Repair.

- a. Except for maintenance or repairs which are Landlord's responsibility, Tenant shall at all times maintain the Exclusive Area and all improvements of any kind, which may be erected, installed or made thereon by Landlord or Tenant in clean, safe, sanitary, and operable condition. All maintenance and repair made by Tenant must comply with Landlord's sustainability practices and in compliance with all applicable laws. Tenant'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 or exceeding that which existed on the Commencement Date. Landlord reserves the right to require Energy Star rated or similar energy efficient products be utilized when glass for exterior doors and windows must be replaced. Should Landlord exercise this right, Landlord agrees to pay for the differential in cost between replacement with similar quality to replacement with energy efficient standards.
- b. Landlord will maintain in serviceable condition the parking areas, sidewalks, roof, gutters and downspouts, Shared and Common Areas, exterior walls and concealed plumbing in the Premises and Building, and elevators, if any, and will maintain, repair or make any major replacement of Building mechanical equipment including any heating or air conditioning unit.
 - i. If Landlord incurs additional expenses for janitorial service, maintenance, clean-up or repair of the Property due to use of the Property by Tenant or its employees, agents, contractors, licensees or invitees, Tenant shall be liable for and promptly pay the additional expense upon demand by Landlord.
 - ii. If Landlord incurs expenses for maintenance or repairs that are Tenant's responsibility or for repair any damage to the Shared or Common Area caused by Tenant or its employees, agents, contractors, licensees or invitees, Tenant shall be liable for and promptly pay the additional expense upon demand by Landlord.
 - iii. Landlord shall have no duty for maintenance or repair under this Lease until Tenant has given written notice to Landlord of the work to be performed or condition to be corrected. Landlord shall have no liability to Tenant for failure to make any maintenance or repair required of Landlord if the required work is completed timely following Tenant's notice.
 - iv. Tenant waives the right to make repairs or maintain at Landlord's expense under any law, statute or ordinance now or hereafter in effect.
 - v. Notwithstanding any provisions in this Lease, Landlord shall not be required to make any repair which it deems to be uneconomic, provided that, in the

event that the failure to make the repair significantly or materially impairs Tenant's use of the Premises, Landlord offers an alternative to repair that enables Tenant to continue all material use by Tenant of the Premises. In the event Landlord determines that a repair shall not be made and fails to offer an alternative to repair in accordance with this paragraph, Landlord shall so notify Tenant whose sole remedy for failure to make such repair or offer such alternative shall be Tenant's right to terminate this Lease on thirty (30) days written notice to Landlord if the failure to make repair significantly and materially impairs Tenant's use of the Premises.

- vi. Tenant shall have no right to rent abatement or any claim against Landlord for any inconvenience or disturbance 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. Landlord may erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, and shall take care not to unreasonably block entrances to the Premises.

22. Security Measures. Landlord may, but shall have no obligation to, provide security service or to adopt security measures regarding the Property, Building or Premises. Any security measures or services provided to the Property, Building or Premises by Landlord may be modified at any time without prior notice to Tenant. Tenant shall cooperate with all security measures adopted by Landlord. Landlord will provide 24 hour access via its access control system to all Tenant's authorized employees, and Tenant intends to utilize Landlord's existing security system.

23. Liens.

- a. Tenant shall keep the Premises, Building, and Property free from all liens, including mechanics liens, arising from any act or omission of Tenant or those claiming under Tenant. Tenant shall pay as due all claims for work done, for services rendered or material furnished to the Premises at its request. If Tenant fails to pay any claims or to discharge any lien, Landlord may discharge the lien and collect all costs of discharge, including its reasonable attorney's fees, from Tenant as Additional Rent. Assessment of Additional Rent by Landlord under this Section shall not constitute a waiver of any other right or remedy Landlord may have on account of Tenant's default. Tenant 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 shall, within ten (10) days after notice 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 action arising from 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 shall upon request of Landlord, execute and deliver

agreements of subordination consistent with this Section.

- b. No Tenant request for consent to liens or security interest covering tenant's inventory, fixtures, furniture or equipment in favor of bona fide third party lender providing financing to tenant or subordination of landlord's statutory or contractual landlord's lien shall be agreed to unless Tenant provides additional security or guaranty as additional consideration. Tenant shall pay Landlord's administrative overhead expenses or the sum of \$500, whichever is greater, associated with review of any request for the consent in this Section.

24. No Subsurface or Air Rights. This Lease does not grant any rights of access to light or air over any part of the real property in which the Premises are located. Landlord has no liability for interference with light and air. This Lease is not a grant of mineral rights or any subsurface rights except where applicable and as necessary when excavation and installation of foundations and improvements under the Premises may be authorized by Landlord.

25. Eminent Domain. A party shall give prompt notice to the other party upon receipt of any notice from a condemning authority of a proposed action under eminent domain affecting the Premises or any portion thereof. If all or a portion of the Premises is taken by a condemning authority, by eminent domain or by sale or purchase in lieu of condemnation, Landlord shall be entitled to all of the proceeds of the taking and Tenant shall have no claim against Landlord as a result of the taking except for a return of prepaid Base Rent in proportion to the portion of Premises taken by condemnation. If the Premises remaining after a partial taking are sufficient for practical operation of Tenant's business, Landlord shall proceed as soon as reasonably possible to make necessary repairs to cause the Premises to be comparable to that existing prior to the taking. Tenant's Base Rent shall be reduced to the extent of the reduction in the rental value of the Premises on account of the portion physically taken. Base Rent shall be abated to the extent that the Premises are untenable during such period of alteration and repair. If the portion of the Premises remaining is not sufficient for practical operation of Tenant's business, this Lease shall terminate as of the date title vested in the condemning authority.

26. Indemnification.

- a. Subject to the limitations of the Oregon Tort Claims Act and the Oregon Constitution, Tenant shall indemnify and hold harmless Landlord and Landlord's officers, agents and employees from any and all liability, damage, expenses, attorney's fees, causes of actions, suits, claims or judgments, arising out of or connected with (i) the use, occupancy, management or control of the Premises, (ii) any failure of Tenant to comply with the terms of this Lease or any violation of law or ordinance and (iii) the acts or omission of Tenant, its agents, officers, directors, employees or invitees. However, Tenant shall not be liable for claims caused by the sole negligence of Landlord, its officers, agents or employees. Tenant shall, at Tenant's cost and expense, defend any and all claims, demands, actions or suits which may be brought against Tenant or Landlord or Landlord's officers, agents or employees, either alone or in conjunction with others upon any such above mentioned cause or claim, and shall satisfy, pay and discharge any and all judgments, including attorney fees and costs, that may be recovered against Tenant

or Landlord or Landlord's officers, agents, and employees, in any such action or actions in which they may be party defendants.

- b. Landlord and its officers, agents and employees shall not be liable for any injury to the goods, stock, merchandise or any other property of Tenant or to any person in or upon the Premises including, but not limited to, damage by fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the building or from the pipes, appliances or plumbing works therein or from the roof, street or subsurface or from any other place resulting from dampness, or collapse of the building in which the Premises are located or any portion thereof, or any other cause, unless caused by or due to the sole negligence of Landlord or its officers, agents, and employees.
- c. Tenant shall give Landlord prompt written notice of casualty, crime, accident or other adverse incidents on the Premises. As a material part of the consideration to Landlord, Tenant assumes all risk of damage to property or injury to persons, in, upon or about the Premises from any cause other than Landlord's sole negligence, and Tenant waives all claims in respect thereof against Landlord.
- d. Subject to the limitations of the Oregon Tort Claims Act and the Oregon Constitution, Tenant shall indemnify, defend and hold Landlord, its officers, employees and agents harmless from any claims, judgments, damages, penalties, fines, costs, liabilities or losses (including without limitation, diminution in value of the Premises) which arise during or after the Term as a result of environmental contamination resulting from the acts or omissions of Tenant, its employees or agents. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any environmental cleanup, remedial, removal or restoration work in response to hazardous substances, hazardous materials, pollutants, toxics or regulated environmental contaminants of any kind as a direct or indirect result of Tenant's activities. Tenant shall promptly take all action at its sole expenses as are necessary to return the Premises to the condition existing prior to the release of contaminants. Except for immediate initial response actions necessary to protect human health and the environment from substantial imminent harm, Tenant shall obtain Landlord's approval of all such response action which approval shall not be unreasonably withheld.
- e. Tenant shall have control of the defense and settlement of any claims in this Section. However, Tenant and any attorney engaged by Tenant shall not defend the claim in the name of Landlord, nor purport to act as legal representative of Landlord, without first receiving from Landlord's attorney the authority to act as legal counsel for Landlord, and shall not settle any claim on behalf of Landlord without the approval of Landlord's attorney. Notwithstanding Tenant's obligation to indemnify, defend and hold harmless Landlord, Landlord may at its election assume its own defense and settlement at any time.
- f. The covenants set forth in this Section shall survive the termination of this Lease.

27. Liability and Property Insurance.

- a. Tenant shall maintain commercial general liability and property damage insurance, , that protects Tenant and Landlord and Landlord's officers, agents and employees as additional insureds from any and all risks, claims, demands, actions, and suits for damage to property including without limitation cracking or breaking of glass or personal injury, including death, arising directly or indirectly from Tenant's activities. The insurance shall protect Tenant against the claims of Landlord on account of the obligations assumed by Tenant under this Lease and shall protect Landlord and Tenant against claims of third persons. The insurance shall provide coverage in accordance with the OTCA. The insurance shall be without prejudice to coverage otherwise existing and shall name as additional insureds Landlord and its officers, agents, and employees. Tenant's coverage shall be primary and non-contributory with any other insurance and self-insurance. Tenant shall not terminate or cancel the insurance required in this Lease without thirty (30) days written notice first being given to Landlord. If the insurance is cancelled or terminated prior to termination of this Lease, Tenant shall provide a new policy with the same terms. Tenant agrees to maintain continuous, uninterrupted coverage for the duration of this Lease. Landlord reserves the right to require that Tenant obtain business auto insurance coverage if, during the Term, Tenant owns or uses automobile(s) or motor vehicles in the course of its business or activities at the Premises. In such case, the automobile insurance shall include coverage for any damages or injuries arising out of the use of automobiles or other motor vehicles by the Tenant at Premises and in its business and shall be in amount of not less than \$2,000,000 per accident. Tenant shall also obtain insurance coverage for business interruption and in an amount sufficient to meet Tenant's full Lease obligations.
- b. Tenant shall maintain on file with Landlord a certificate of insurance, with relevant endorsements or policy covenants, certifying the coverage required in this Section. The adequacy of the insurance shall be subject to the approval of the County Attorney. Failure to maintain liability insurance and to maintain a current certificate of insurance on file with Landlord shall be cause for immediate termination of this Lease by Landlord. Landlord reserves the right to request a complete copy of Tenant's insurance policy. In addition, pursuant to ORS 468A.395, Tenant shall maintain a bond with the Department of Environmental Quality ("DEQ"), copies of which shall be provided to Landlord upon request.
- c. Landlord reserves the right to modify the coverage amounts and requirements per statutory change and per any change in County policy and/or recommendations by County Attorney and/or Risk Management, during the Term.

28. Waiver of Subrogation.

- a. Landlord and Tenant each agree to waive claims arising in any manner arising in favor of either Landlord or Tenant and against the other for loss or damage to property located within or constituting a part or all of the Premises, Building, or Property to the extent the loss or damage is covered by property damage insurance

the party is required to carry under this Lease. The waiver also applies to Tenant's officers, employees, and agents and to Landlord's officers, agents and employees. The waiver does not apply to claims arising from the willful misconduct of Landlord or Tenant.

- b. Tenant acknowledges that Landlord is self-insured for liability and carries a high deductible property insurance policy and that Landlord will not obtain any insurance policy under this Lease. If Tenant is unable, despite its best efforts, to find an insurance company that will issue a policy containing a waiver meeting the requirements of this Section at commercially available rates, then it shall give Landlord written notice within thirty (30) days after the Commencement Date. Upon the date of issuance of such notice, both parties shall be released from their obligation of waiver of subrogation.

29. Workers' Compensation Insurance. Tenant shall comply with the workers' compensation law, ORS Chapter 656, and as it may be amended from time to time. Unless Tenant demonstrates to the satisfaction of Landlord that Tenant is exempted from workers' compensation insurance requirements, Tenant shall maintain coverage for all subject workers and provide to Landlord proof of valid workers' compensation insurance covering the entirety of Term.

30. Damage or Destruction.

- a. If the Premises are damaged or destroyed by fire, or by fire and water or by other casualty, then Landlord may elect either to reconstruct or not to reconstruct the Premises. If the election is not to reconstruct the Premises, then: i) this Lease shall terminate as of the date of casualty; ii) Landlord shall have the right to immediately take possession and occupy the Premises to the exclusion of Tenant; iii) Tenant agrees to promptly vacate the Premises no later than ten (10) days of Landlord's election not to reconstruct; and iv) Tenant shall be entitled to reimbursement of any prepaid Rent that may have been paid between the date of casualty and Landlord's election not to reconstruct. If the election is to reconstruct the Premises, Landlord shall proceed with due diligence to restore the Premises to substantially the same condition as prior to the casualty, subject to any delays caused by acts of God, labor strikes, materials shortage or other events beyond Landlord's control.
- b. If Landlord undertakes reconstruction or repair, Landlord shall have the right to take possession of and occupy, to the exclusion of Tenant, all of the Premises or any part thereof, for the purpose of the reconstruction or repair, and Tenant agrees to cooperate with Landlord in vacating from all or any part of the Premises reasonably required for repair purposes. For the period of time between the date of the casualty and until Landlord's repair work is substantially completed, Tenant is entitled to rent abatement in proportion to the portion of the Premises not useable by Tenant due to the casualty or required by Landlord for repair. Any Rent already paid shall be held as a credit against future Tenant obligations. Tenant shall not be entitled to rent abatement during Landlord's repairs if the damages were the result of the negligence or intentional conduct of Tenant or Tenant's employees, agents

or invitees. If the Premises are slightly injured and the damage does not cause any material interference of Tenant's occupancy of the Premises, then there shall be no abatement of rent during Landlord's repair. Except for abatement of rent as may be provided in this Section, Tenant shall have no claim against Landlord for any injury suffered by Tenant, including but not limited to claims for interference with or loss of Tenant's business, profits, property or occupancy arising from a casualty or by reason of any repairs to the Premises or the building necessitated by the casualty.

- c. Notwithstanding anything to the contrary contained in this Section, Landlord has no obligation to: i) restore any other space in the building; ii) repair or replace any Tenant leasehold improvements or alterations, furniture, fixtures, equipment or personal property; iii) to reconstruct the Premises or the building if Landlord deems uneconomic; or iv) to repair, reconstruct or restore the Premises or building when the damage resulting from any casualty occurs during the last twenty-four (24) months of the Term or any extension thereof. Landlord shall be entitled to all proceeds of insurance.

31. Assignment and Subletting.

- a. Tenant shall not assign, mortgage, sublet, pledge or transfer this Lease or any interest therein or in any way part with possession of all or any part of the Premises, or permit or license the use or occupancy by any other person without Landlord's prior consent. Any assignment, subletting, transferring, occupation or use by any other person without the prior written consent of Landlord shall be void and shall be a material default.
- b. In addition to any other relevant conditions, Landlord may condition consent for assignment, sublet or transfer on the following: i) the rent paid by the assignee or subtenant to Tenant shall not be for Tenant's profit making, and must not exceed Tenant's Rent obligation to Landlord; ii) the assignee or subtenant establishes financial capability, operational experience and stability to the satisfaction of Landlord; iii) the assignee's or subtenant's uses are compatible with the permitted uses for the Premises; iv) the assignee or subtenant does not owe any debt to Multnomah County; and v) the assignee or subtenant does not have any legal dispute or claim or litigation against Multnomah County including notice of tort claim. Consent to one assignment, subletting, transfer, occupation or use by Landlord: i) shall not be deemed to be a consent to any subsequent assignment, subletting, transfer, occupation or use by any other person(s); ii) shall not release the original named Tenant from liability for the continued performance of the terms and provisions, unless Landlord specifically and in writing releases the original named Tenant from liability; and, iii) shall not be a release of Tenant's guarantor, if any, under the terms of the Guaranty of this Lease and Landlord may request Tenant's guarantor to execute documents necessary to insure the continuation of its guaranty. If an assignment, subletting, transfer, occupation or use is permitted, all Rent due under this Lease received by Tenant as a result of such transaction shall be paid to Landlord promptly following its receipt by Tenant. Tenant shall pay any administrative costs incurred by Landlord in connection with a request for

assignment, subletting, transfer, occupation or use including attorneys' fees or the sum of \$500.00, whichever is greater. Tenant shall pay costs within ten (10) days of billing by Landlord.

- c. This Lease shall not be assigned by operation of law unless: i) Tenant, its receiver or trustee or proposed assignee provides Landlord with notice of proposed assignment at least sixty (60) days prior to effective date of such assignment by operation of law; ii) Tenant, its receiver or trustee or proposed assignee demonstrates to Landlord that the proposed assignee has the same or better capability and stability than Tenant; and iii) Tenant, its receiver or trustee or proposed assignee cures all Lease defaults, or provides adequate assurances of prompt cure if such is permitted by law, prior to effective date of such assignment by operation of law.
- d. In the event of merger, acquisition or consolidation of Tenant with any parent, subsidiary, successor or affiliated corporation, limited liability company or partnership, the resulting corporate entity shall be deemed Tenant and not a third party requiring Landlord consent only if: Tenant and/or the resulting corporate entity notify Landlord of the change in corporate identity or status within five (5) business days; the resulting corporate entity agrees to assume of all Tenant liability and responsibilities under this Lease; the resulting corporate entity has the same or better financial capability and stability to assume Tenant liability and responsibilities; and the resulting corporate entity executes documents acknowledging the corporate change and assumption of responsibility as may be requested by Landlord. Change of Tenant's corporate status arising from administrative dissolution shall be deemed a transfer for the purposes of this Section. Nothing in this Section or this Lease requires Landlord to grant consent to assign or sublease premises to a person or entity with whom Landlord may be engaged in litigation or legal dispute with the County, or who may have tendered Tort Claims Notice to the County.
- e. The covenants and conditions contained in this Lease apply to and bind the heirs, successors, executors, administrators and assigns of the parties.

32. Sale by Landlord. In the event of sale of the Premises by Landlord, Landlord shall be 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, provided that under the terms of the sale the purchaser is obligated, without any further agreement between the Parties and any such purchaser, to have assumed and to have agreed to carry out any and all of the covenants and obligations of Landlord under this Lease.

33. Entry by Landlord.

- a. Landlord shall have the right to enter the Premises from time to time:
 - i. To inspect its conditions.

- ii. To determine whether Tenant is complying with all provisions of this Lease.
 - iii. To submit the Premises to prospective purchasers or tenants.
 - iv. To post notices of non-responsibility.
 - v. During the ninety (90) days prior to Lease termination or upon default by Tenant, to post a sign notifying the public that the Premises are available for leasing.
 - vi. To maintain, repair, or make alterations or improvements to the Premises and any portion of the Building or Property that Landlord may deem necessary or desirable and doing such other things to the Premises, Building, or Property as may become necessary or advisable in Landlord's sole discretion.
- b. When possible, as determined in Landlord's sole discretion, Landlord shall give Tenant 24 hours advance notice of Landlord's intent to enter the Premises and may post such notice on the door to the Premises or deliver such notice in any other form or manner.
 - c. If Tenant fails to maintain the Premises in a clean and orderly fashion consistent with the use and appearance of the Building or fails to maintain or repair any condition for which Tenant holds the obligation of maintenance or repair, then upon written notice and at Tenant's expense beyond any applicable cure period for Tenant to correct the condition cited as unacceptable, Landlord may enter the Premises to rectify the condition and to restore the Premises to the condition, use and appearance that existed at the time this Lease was executed.
 - d. 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, and Landlord shall notify Tenant's representative of the emergency entry as soon as practicable thereafter.
 - e. Landlord has the right under this Section to enter the Premises without any interference from Tenant. Any entry to the Premises obtained by Landlord 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. With respect to any entry into or upon the Premises by Landlord under this Section, Tenant hereby waives any claims for abatement of rent, any other damages, any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by such entry.
 - f. In the event of Landlord's entry, Landlord shall not be liable for the consequences of admitting by passkey or refusing to admit Tenant or its agents, employees or other persons claiming the right of admittance. Tenant, its employees or those having business with Tenant may be required to identify themselves or show passes in order to gain access to the Premises or Building. Landlord may regulate access to Building elevators, rooftops, electrical or mechanical rooms.

34. Default by Tenant.

- a. Any one or more of the following shall be an “Event of Default”:
 - i. Failure of Tenant to pay any Rent or any other monetary obligations required by this Lease within ten (10) days after it is due.
 - ii. Failure of Tenant to comply with any term, condition or covenant of this Lease or to perform any obligations of this Lease, within ten (10) days after written notice by Landlord. If the failure is of such nature that it cannot be completely remedied within the ten (10) day period, then Tenant shall commence cure within the ten (10) day period, notify Landlord of Tenant’s steps for cure and estimate time table for full correction of the failure, and proceed with due diligence and good faith to correct the failure as soon as practical and to completion. If Tenant fails to perform or comply with any obligation two (2) or more times in any twelve (12) month period, then notwithstanding that such default was cured by Tenant, any further similar failure to comply will be an Event of Default without the ability for cure.
 - iii. The abandonment of the Premises by Tenant for any duration, cessation of Tenant’s business at Premises, or the failure of Tenant to occupy the Premises for fifteen (15) days or more unless Tenant’s failure to occupy is excused by Landlord.
 - iv. An insolvency, receivership or bankruptcy proceeding is filed by or against Tenant or its guarantor to declare Tenant or its guarantor insolvent or bankrupt, or to seek a plan of reorganization or arrangement by Tenant or its guarantor with its creditors, unless such petition is withdrawn or dismissed within thirty (30) days after the date of its filing.
 - v. Appointment of receiver or trustee for the business or property of Tenant or its guarantor, unless such appointment is vacated within ten (10) days of its entry.
 - vi. Tenant or its guarantor makes an assignment of Tenant’s or the guarantor’s property for the benefit of its creditors, or if in any other manner Tenant’s or guarantor’s interest in this Lease is passed to another person by operation of law.
 - vii. If Tenant or its guarantor admits in writing of Tenant’s or the guarantor’s inability to meet Tenant debts as they mature.
- b. Upon filing of a petition under the Federal Bankruptcy Code (Title 11 United States Code, as may be amended or supplemented):
 - i. Tenant or Tenant’s trustee shall perform promptly and fully each and every obligation of Tenant under this Lease until such time as this Lease is either rejected or assumed by order of the bankruptcy court or pursuant to the Bankruptcy Code. Acceptance of any performance does not constitute waiver or relinquishment of Landlord’s rights under this Lease or the law.
 - ii. In the event Tenant or Tenant’s trustee elects to reject this Lease or where this

Lease is deemed rejected pursuant to the Bankruptcy Code, then Landlord shall immediately be entitled to possession of the Premises without further obligation to Tenant or the trustee.

- iii. In the event Tenant or Tenant's trustee elects to assume and/or to assign this Lease pursuant to the Bankruptcy Code, in addition to any other requirement imposed upon Tenant, Tenant shall: within ten (10) days from the date of assumption, cure of all Lease defaults and compensate Landlord for any actual pecuniary loss that may have resulted from Tenant's defaults, or provide adequate assurances of cure and compensation; and adequate assurances of future performance of all Tenant obligations under this Lease. Landlord and Tenant acknowledge such conditions are commercially reasonable.
- iv. If Tenant or Tenant's trustee has assumed this Lease and elects to assign Tenant's interest under this Lease to any other person, such interest may be assigned only if the intended assignee has provided adequate assurance of future performance of all of Tenant's obligations under this Lease, and executes and delivers to Landlord an instrument by which the assignee assumes all obligations of this Lease from and after the date of assignment.
- v. "Adequate assurance of future performance" means that Landlord has ascertained that each of the following conditions has been satisfied: (1) the assignee and its guarantor document by current financial statements, certified by the chief financial officer(s), or similar financial documents showing a net worth and working capital in amounts at least equal to Tenant's and its guarantor's as of the time the Tenant became the lessee under this Lease so as to assure future performance by the assignee of all Lease obligations; (2) the assumption or assignment will not breach any use, confidentiality or exclusivity provisions in this Lease; and, (3) Landlord has obtained consents or waivers from any third parties that may be required under a lease, mortgage, financing arrangement or other agreement by which Landlord is bound, to enable Landlord to permit such assignment.
- vi. Landlord's acceptance of Rent or any other payment from any trustee, receiver, assignee, person or other entity will not be deemed to have waived nor waives the requirement of Landlord's consent, Landlord's right to terminate this Lease for any transfer of Tenant's interest under this Lease without such consent, or Landlord's claim for any amount of Rent due from Tenant.

35. Remedies on Default by Tenant.

- a. Upon occurrence of an Event of Default, Landlord may: exercise any legal or equitable right or remedy it may have. Landlord's remedies in this Section 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 liability to Landlord for default shall survive termination of this Lease. If termination of this Lease is stayed by the order of the bankruptcy court, then Landlord shall have the right to terminate this Lease and

Tenant shall vacate the Premises following the expiration of such stay or the failure of Tenant or its bankruptcy trustee to assume this Lease within the time prescribed for assumption or as may be allowed by an order of the court.

- b. Following re-entry by Landlord due to termination, 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 default shall not be construed as an acceptance or a surrender of the Premises. If base rent received upon re-letting exceeds the Base Rent received under this Lease, Tenant shall have no claim to the excess. If Landlord has other vacant space in the Building, prospective tenants may be placed in such other space without prejudice to Landlord's claim to damages or loss of Rent from Tenant. Landlord shall have a security interest in Tenant'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.
- c. Landlord shall have the right to recover from Tenant the following charges: i) all unpaid Rent or other monetary obligations, plus interest and late charges as provided by this Lease; ii) any loss of Rent from default until new tenant is secured and paying Rent; iii) all costs incurred by Landlord by reason of Tenant's default, including, but not limited to, correcting or curing Tenant's default, recovering the Premises, re-letting or attempting to re-let the Premises, loss of expected rental income, cleaning and repairing Premises, preparing Premises for a new tenant, restoring any unauthorized alterations, paying real estate commissions or advertising Premises, and paying unamortized cost of any improvements installed at Landlord's expense to meet Tenant's special requirements; and, iv) 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 Term, 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 this Lease terminates to institute action. Landlord may obtain a decree of specific performance requiring Tenant 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.
- e. In addition to any other remedies, Landlord shall have a lien pursuant to ORS 87.162 et seq. for unpaid Rent against Tenant's property on the Premises, and may remove Tenant's property (trade fixtures as defined under Oregon law, equipment, furnishings, chattels and furniture) from the Premises and store and retain such property until all damages are paid, or until foreclosure of Landlord's lien. Tenant waives all rights or claims against Landlord as to the failure or difficulty of mitigation of damages by reason of removal of Tenant's property from the Premises, and Tenant may not assert that the Premises cannot be leased to a third party due to the removal of the items.

36. Surrender Upon Termination.

- a. Upon termination of this Lease, Tenant shall deliver all keys to Landlord and surrender the Premises to Landlord in good and clean condition. Tenant does not need to restore the Premises due to depreciation and wear from ordinary use for the purposes for which the Premises were let. Any repair that Tenant is required to make in this Lease shall be completed prior to surrender.
- b. Except for Tenant's movable trade fixtures, all fixtures placed upon the Premises shall become the property of Landlord. Landlord may elect to require Tenant to remove any fixtures which would otherwise remain the property of Landlord, and to repair any damage resulting from the removal. If Tenant fails to remove fixtures or make repairs, Landlord may do so and charge the cost to Tenant together with interest and late charges as provided by this Lease from the date of the expenditure.
- c. Tenant shall remove all furnishings, furniture and trade fixtures that remain the property of Tenant. Failure to remove all Tenant's property shall constitute a failure to vacate and surrender Premises. Property not removed shall be deemed abandoned property and of inconsequential value, and Tenant shall have no further rights therein except as provided below. Landlord may elect to: i) retain or dispose of the abandoned property as Landlord sees fit; or ii) perfect and foreclose Landlord's lien for damages, including expenses for removal and storage of Tenant's property, under ORS 87.162 et seq. If Tenant fails to vacate and surrender the Premises, Landlord may take legal action to eject Tenant from the Premises. Tenant shall be responsible for all consequential damages to Landlord as a result of Tenant's failure to surrender and vacate the Premises in accordance with this Lease . This clause shall survive the termination of this Lease .

37. Holding Over.

- a. Holdover tenant has no right to retain possession of the Exclusive or Shared Areas or any part thereof beyond the termination of this Lease. If Tenant fails to surrender and vacate the Exclusive or Shared Areas as required, Landlord has all the rights and remedies available to a Landlord against a holdover tenant in wrongful possession including ejectment and recovery of damage. Any security deposit in landlord's possession under this Lease shall become Landlord's property.
- b. At Landlord's option, Landlord may impose on a holdover tenant a term of month-to-month. The month-to-month tenancy shall be at an adjusted monthly rental rate of one-hundred ten percent (110%) of the Base Rent for the month immediately preceding the termination, plus all other Additional Rent payable under this Lease, and shall be subject to all obligations and conditions required of Tenant in this Lease, except: Landlord shall not be required to perform any work, furnish any materials or make any repairs or maintenance within the Premises during the month-to-month tenancy; the month-to-month tenancy may be terminated by Landlord at will at any time; Tenant shall have no rights to rent abatement or offset; Landlord may begin to assess as Additional Rent charges for utilities or services

during the month-to-month tenancy that may have been previously provided as Landlord's expense; Landlord shall have the right to further adjust Base Rent or Additional Rent upon ten (10) days written notice. In the event that the month-to-month tenancy goes beyond June 30th of any year, Tenant shall be responsible for payment of real property taxes for the entire year without proration. Tenant waives any notice that would otherwise be required by law with respect to a month-to-month tenancy.

38. Default by Landlord, Remedies. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord. Landlord agrees to perform its obligations within thirty (30) days after receiving written notice from Tenant specifying where and how Landlord has failed to perform its obligations. 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.

39. 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: Acts of God (natural disasters, earthquakes, floods and fires); war, riots, sabotage or terrorism; government restrictions, sanctions, embargos, or import/export regulations; labor disputes, strikes or lockouts;; inability to obtain labor, services or materials; or other similar causes beyond the reasonable control of Landlord, providing such cause is not due to the willful act or neglect of Landlord.

40. General Provisions.

- a. Every covenant in this Lease will be construed to be material, whether or not the covenant expressly provides. No right or remedy or election provided by this Lease shall be deemed exclusive or limiting but shall, whenever possible, be cumulative with all other rights and remedies available at law or in equity. Landlord's acceptance of Rent or Landlord's forbearance or waiver of any breach or violation by Tenant shall not be construed as a continuing waiver or consent to any subsequent breach or violation by Tenant and shall not bar Landlord's right to demand strict compliance with the provision breached or violated or with any other provisions of this Lease. No course of dealing between Landlord and Tenant shall construe waiver of Landlord's right or Tenant's obligations under this Lease .
- b. If Tenant fails to fulfill any duty imposed under this Lease, Landlord may do so; and in such case, Tenant shall cooperate with Landlord in order to prepare all documents Landlord deems necessary or appropriate to determine the compliance therewith; and Tenant 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 obligations under this Lease. Tenant shall reimburse Landlord for any costs incurred by Landlord, including attorney fees, as a result of Landlord's performance

under this Subsection.

- c. Time is of the essence in this Lease.
- d. On termination of this Lease, Tenant shall, at Tenant's own expense, remove all Hazardous Substances from the Premises. The covenants set forth in this Subsection shall survive the termination of this Lease.
- e. There are no oral agreements between Landlord and Tenant 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 and Tenant or displayed by Landlord or its agents to Tenant with respect to the subject matter of this Lease, the Premises or the building. There are no representations between Landlord and Tenant, or between any real estate broker and Tenant, other than those contained in this Lease, and all reliance with respect to any representations is solely upon representations contained in this Lease. This Lease shall not be amended or modified except by agreement in writing signed by the parties. This Lease or a Memorandum of Lease shall not be recorded without written consent of Landlord.
- f. 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. Tenant shall provide any corporate authorization documents as may be requested by Landlord.
- g. If there be more than one Tenant, the obligations imposed hereunder shall be joint and several.
- h. Landlord and Tenant are the only parties to this Lease and 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 this Lease .
- i. Nothing in this Lease shall be construed to create the relationship of principal and agent, partnership, joint venturer or other association between Landlord and Tenant in connection with the business carried on by Tenant under this Lease, other than a non-residential landlord and tenant relationship. Landlord shall have no obligation with respect to Tenant's debts or other liabilities.
- j. If any clause or provision of this Lease is or becomes illegal, invalid, impossible to perform or unenforceable under present or future laws effective during the Term, such clause shall be severable from this Lease and the Parties intend that the remainder of this Lease shall not be affected and, if the remainder of this Lease results in an invalid or incomplete agreement, the Parties intend that in lieu of the severed clause, there be added a clause or provision as similar in terms possible and which is legal, enforceable and equitable to complete the agreement.

- k. In addition to any specific covenant in this Lease and upon Tenant's sole expense, Tenant 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.
- l. This Lease shall be governed by the laws of the State of Oregon, without regard to the conflicts of law provisions therein. Any litigation arising under this Lease shall occur in the Multnomah County Circuit Court.
- m. This Lease will be construed with equal weight for the rights of both parties, the terms and conditions of this Lease having been determined by fair negotiation with due consideration of the rights and requirements of both parties, and any ambiguities shall not be construed for or against either party. Unless sole or arbitrary discretion is permitted herein, actions, consent or approval required of a Party shall not be unreasonably withheld, conditioned or delayed in the circumstances.
- n. Americans With Disabilities Compliance.
 - i. Tenant shall comply, at Tenant's sole expense, with the Americans With Disabilities Act (ADA), including any duty the ADA may impose on Landlord or Tenant as a result of Tenant's use, occupation or alteration of the Premises. Where tenant improvements can be accomplished under either 1991 or 2010 ADA design standards, Tenant shall elect the 2010 ADA design standards for accessibility.
 - ii. Within ten (10) days after receipt, Landlord and Tenant shall advise the other party in writing, and provide the other party with copies (as applicable) of any notices alleging violation of or noncompliance with the ADA relating to the Premises or any portion of the building to which Tenant has a right to use due to this Lease, or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to the Premises or any portion of the building to which Tenant has a right to use due to this Lease.
 - 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 the expenses of Tenant, Tenant's assignee or subtenant. 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.

- o. This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute a single instrument. The Parties agree that they may conduct this transaction, including any amendments or extension, by electronic means including the use of electronic signatures and facsimiles.

41. Tenant's Statement. Within ten (10) business days of Tenant's actual receipt of request from Landlord, Tenant shall execute, acknowledge and deliver a written statement stating the date this Lease was executed, the Commencement Date, the Termination Date, the date Tenant entered into occupancy of the Premises, the amount of Base Rent and the date to which Base Rent has been paid, and certifying that: i) 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); ii) this Lease represents the entire agreement between the parties as to the Premises; iii) that all conditions or obligations required to be performed by the Landlord have been satisfied; iv) that all required contributions by Landlord to Tenant on account of Tenant's improvements have been received; v) that there are no existing defenses or offsets which Tenant has against the enforcement of this Lease by Landlord; vi) that no Base Rent has been paid more than one month in advance; and, vii) that security deposit has or has not been deposited with Landlord as the case may be, and the amount if deposited. It is intended that Tenant's Statement delivered pursuant to this Section 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, or by any entity reviewing the City for bond funding or other municipal financing.

42. Tenant's Representation. Intentionally deleted.

43. Notices. Unless another manner of notice is specified or required, notices provided for in this Lease shall be in writing and effective: (a) upon delivery, if delivered personally to the identified representative below; (b) if to Tenant, upon delivery to the manager or person in charge of the Premises during regular business hours with a copy to the manager listed in Section 1b; (c) upon mailing, if deposited in the United States mail, postage prepaid; or (d) upon deposit, if tendered to an overnight or commercial courier (such as Federal Express), and addressed to the person and address below, or to another designee or address as either party may specify in writing from time to time. Notice sent by facsimile transmission or electronic mail (email) is deemed sufficient when received during regular business hours, except for notice related to default or termination.

IT IS SO AGREED and the duly authorized representatives of the Parties hereby execute this Lease to be effective as of the Commencement Date:

MULTNOMAH COUNTY, LANDLORD

CITY OF GRESHAM, TENANT

Deborah Kafoury, Chair

Printed: _____

Date _____

REVIEWED:

JENNY MADKOUR, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY

Assistant County Attorney

Date _____

REVIEWED:

City Attorney

EXHIBIT A

Location of The Premises



EXHIBIT B

Location of The Leased Space

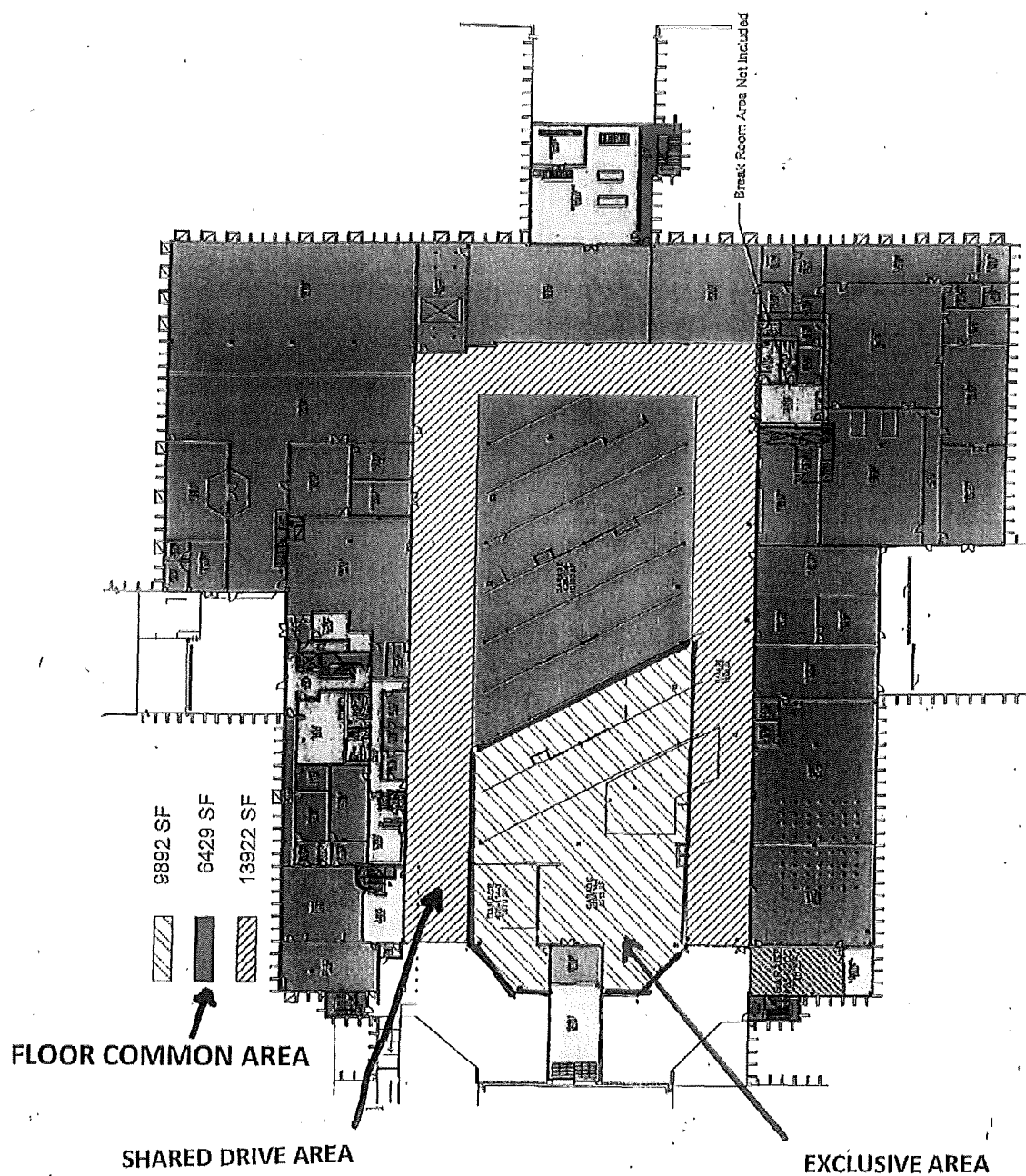


EXHIBIT C

Location of Reserved Parking

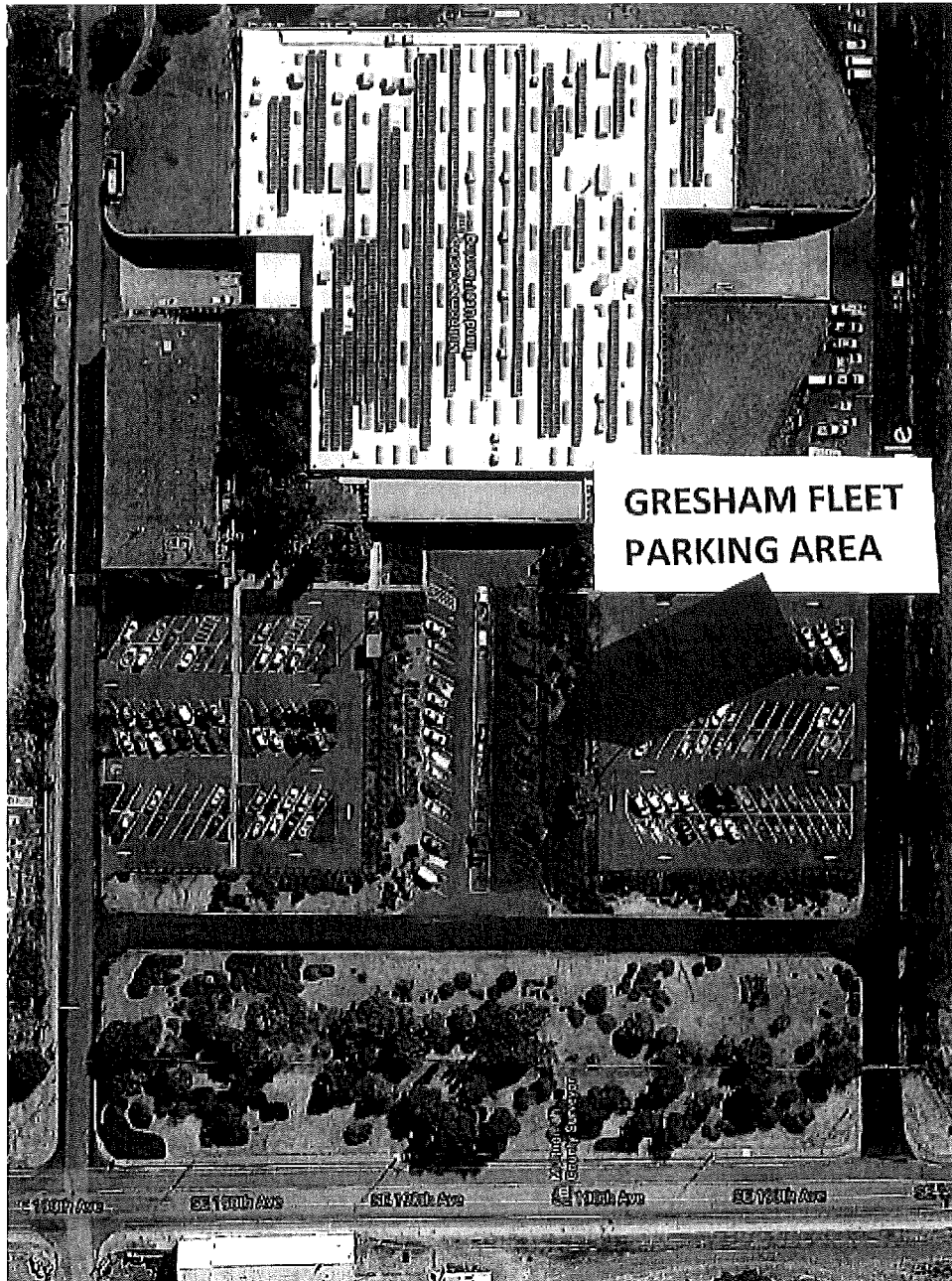


EXHIBIT D

General Tenant Rules and Regulations

BUILDING REGULATIONS FOR YEON BUILDING

IN CASE OF POLICE/FIRE EMERGENCY:

CALL 9-1-1

State your name, your address and telephone number, and the type of emergency.

Notify Landlord's Property Manager of the emergency situation by phone and in writing – as soon as possible or within one business day. As appropriate, Tenant should communicate with on-site maintenance or security staff about the emergency situation.

In Case of Mechanical or Plumbing Emergency:

A. COMMON AREA

1. Corridor doors between leased premises and the common area are to be kept closed when not in use.
2. Tenant shall take extra care in delivery and move in/move out of heavy or bulky equipment, furniture, inventory, supplies, or other property to avoid damage to common area (such as damaging or leaving marks on walls or thresholds). Hand trucks, dollies, carts or baskets shall be equipped with rubber tires and adequate side guards and padding.
3. Canvassing, soliciting, peddling and distribution of handbills or other materials are not allowed from the Premises, building or property without Landlord's permission.
4. **Tenant will comply with any reasonable rules set up for use of shared spaces such as Conference Rooms, Locker Rooms and Lobby Reception desk.**

B. MECHANICAL EQUIPMENT

1. If applicable, identify and label electric circuit breakers to assist building maintenance staff.

2. In order to save costs and reduce consumption of natural resources:
 - Turn off or unplug electronics, electrical equipment, appliances and machinery (such as computers, printers, copiers, coffee makers, ovens/toasters) when not in use and before leaving the Premises. Utilize 'sleep' or energy saving mode for printers and computers, during working hours if not in active use, or if needed for remote access. Energy Star rated surge protectors are recommended.
 - Make sure faucets are turned off (water not flowing or dripping) and repair or report any plumbing leaks to Facilities Dispatch at 503-988-3779.
 - Set thermostats to automatically control high and low settings.
 - Turn off lights when area is not in use and when leaving the Premises.
 - Maximize efficiency of heating and cooling systems by closing doors and windows and drawing or opening blinds as appropriate. Report drafty conditions around exterior windows and doors to Facilities Dispatch at 503-988-3779.
 - All equipment purchased by the Tenant for use on the Premise shall be UL certified and Energy Star Rated if applicable.
3. Tenant may not operate portable heaters, fans, air-conditioners or other climate control devices except where authorized by Landlord and in a manner which would not overload the electrical circuits or cause a fire hazard. Any authorized devices must be operated only for the minimal duration needed, and turned off before leaving the Premises or after business hours

C. **TRASH, RECYCLING AND COMPOSTING**

1. Trash, recycling and composting services and receptacles at designated collection property point(s) are only for on-Premises generated waste materials from Tenant's authorized activities. In order to divert materials from the landfills, Tenants are required to recycle and compost.
2. If Tenant has assigned receptacles, Tenant must routinely clean and sanitize receptacles as needed to maintain a healthy and nuisance-free environment, or as requested by Landlord. Receptacle lids must be kept closed.
3. Follow the instructions for trash, recycling and composting noted on the appropriate receptacles or from commercial waste hauler, such as appropriate sorting, bundling and rinsing. Do not include off-Premises waste material, residential/household waste, furniture, office equipment, electronics, automotive equipment or any other items not permitted by the commercial waste hauler. There are recycling centers and non-profit organizations available to accept items such as office equipment, electronics, furniture, etc. Contact Metro at 503-234-3000 for more information.
4. The Landlord has a dry waste policy, where by all non-toxic liquid waste such as coffee, soda, etc... should be emptied into the sink prior to placing the container in the landfill or recycling containers and all food should be placed in the appropriate

compost container if available. Compostable liners must be placed in composting containers.

5. All waste material must be handled in a clean, sanitary and safe manner. Trash bags must be securely tied to prevent spillage. Keep the waste collection areas clean and clear of all debris so waste haulers can perform their services. As applicable, the door to the trash room or the gate to the trash enclosure is to be kept closed and locked at all times.
6. All Tenants must comply with Oregon's 2007 Electronic Recycling Law which prohibits any person from disposing of computers, monitors, televisions and other Covered Electronic Devices (CEDs). These items must be recycled, reused or refurbished. Contact Metro at 503-234-3000 for information.
7. Do not dispose, flush or place into building plumbing fixtures: coffee grounds, sweepings, trash, paper towels, rags, feminine hygiene products, or any other substances or materials which are not intended or suitable for disposal in the public sewer system. Those items suitable for disposal in the public sewer system are bathroom tissue and human waste only.
8. Tenant will incur additional charges for excessive or inappropriate trash, or clean up caused by Tenant's action or non-action.
9. For Union Station: Waste collection point is located outside the building at the northwest corner of the building, and may be changed or relocated at Landlord's option. Tenant is responsible for taking out office trash for timely collection.

D. **EXTRA CHARGES**

1. Security or utility expense or liability to Landlord due to Tenant's activities or omissions.

E. **RESTRICTED AREAS**

1. Tenant shall report any break-ins, suspicious activities or visible damage to restricted or secured areas to Landlord and/or police.

F. **WATER FEATURES & VERMIN**

1. Tenant shall obtain Landlord's permission before installing any aquarium, or water fountain or related displays.
2. Tenant shall notify Landlord if Premises becomes infested with insects or vermin. If the infestation was caused by Tenant's action or lack of action, the cost of extermination shall be Tenant's responsibility.

G.
H. **CONSTRUCTION PRECAUTIONS**

1. Take precaution and due care around any construction areas in or around the building. Comply with all construction barriers and signage. Tenant shall not walk through or interfere with construction areas, or impede or interfere with the work of construction personnel.

These building regulations are in addition to, and shall not be construed to in any way to modify, alter or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease. Landlord reserves the right to make such other rules and regulations as in its sole judgment from time to time as may be needed for safety and security, for care and cleanliness of the building and for the preservation of the good order at the building. Tenant agrees to abide by all rules and regulations adopted by Landlord

GRESHAM FLEET OPERATIONS LEASE

GRESHAM FLEET OPERATIONS LEASE

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GRESHAM CITY COUNCIL

AGENDA ITEM TYPE: DECISION



Approval of Lease Agreement Between Multnomah County and the City of Gresham

Meeting Date: May 16, 2017
Service Areas: FMS

Agenda Item Number: E-2
Service Area Managers: Bernard Seeger

REQUESTED COUNCIL ACTION

Approve a five-year land use lease with Multnomah County at the John B. Yeon Multnomah County Facility, at 1620 SE 190th Ave Gresham, OR 97233, to provide an updated and expanded space solution for the City's fleet operations services.

PUBLIC PURPOSE AND COMMUNITY OUTCOME

Properly maintained and repaired City fleet and equipment are critical to the safe and effective delivery of both emergency and non-emergency City services. To meet this high standard of service in an efficient and cost effective manner, the City's Fleet requires an adequate operating space for its staff of three mechanics, a parts specialist, analyst, and supervisor. The Yeon facility lease will meet these requirements and further enhance the important partnership between the City and County as they pursue their mutual interests and strategic goals.

BACKGROUND

The City's fleet office has been operating out of the Public Schools and Safety (PSS) building since 1982. In the last 35 years the City's fleet has grown substantially while the fleet's operating space remains unchanged at two bays plus limited space for lubricants, parts, tires, and administration. During the summer of 2016, the City's 30 Ton lift in the north bay became compromised after almost three decades of use. On July 5, 2016, staff requested the authority to replace this system and was granted approval by Council to purchase a new system for \$102,114. After further due diligence by staff and engineers, it was determined the concrete work for both bays would have to be re-designed and replaced to accommodate another in-ground Heavy Duty lift system. The cost of this redesign and concrete work was estimated at another \$150,000 - on the low end. Given the estimate \$250,000 (or more) repair cost for a service area with significant space constraints, staff concluded it should consider other alternatives for these resources. After hiring a consultant to conduct a fleet space study and examining multiple options, with special attention on the County facility, staff concluded a move to the Yeon facility was in the City's best near-to-mid-term fleet service interests and needs. It's also noteworthy, the City already has an over ten year established presence at the Yeon site with its Transportation Signal Operations shop. With these findings, staff engaged County personnel and negotiated a lease as provided in Exhibit A. In assessing the cost, staff noted that the County is proposing the same internal service charge on a per-square-foot charge it levies on its own staff and operations. In addition, its utility pass through cost is much lower than identified in similar lease agreements.

RECOMMENDATION AND ALTERNATIVES

Recommendation:

Approve a five-year land use lease with Multnomah County at the John B. Yeon Multnomah County Facility, at 1620 SE 190th Ave Gresham, OR 97233, to provide an updated and expanded space solution for the City's fleet operations services.

Alternative:

Council could choose to amend or decline this lease proposal. This would lead to a continuation of degraded fleet operational effectiveness and efficiency until an amended lease or another space solution was identified and implemented. Further, this operational challenge would incrementally increase the City's risk exposure for City operations that involve a fleet component.

BUDGET / FINANCIAL IMPACT

The cost of the lease is included in the FY2017/18 Proposed Budget. The cost for 12 months of occupancy is \$167,460 + Utilities.

PUBLIC INVOLVEMENT

Not applicable.

NEXT STEPS

If approved, City facilities staff under the direction of the fleet office will move forward with the construction of administrative and parts storage space and then conduct a complete move of operations soon after.

ATTACHMENTS

Proposed Five-Year Multnomah County Lease.

FROM:

Bernard Seeger, Finance and Management Services Director

REVIEWED THROUGH:

Sharron Monohon, Budget and Financial Planning Director
Bernard Seeger, Finance & Management Services Director
David Ris, City Attorney
Office of Governance and Management

FOR MORE INFORMATION

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Staff E-Mail: Bernard.seeger@greshamoregon.gov
Website: www.greshamoregon.gov