

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 04-103

Declaring a Portion of the Mead Building Located at 421 SW 5th Avenue, Portland, Oregon Known as 511 SW Washington, Portland, Oregon to be Surplus and Approving a Real Property Lease to Klein Jewelers

The Multnomah County Board of Commissioners Finds:

- a. The portion of County property located at 421 SW 5th Avenue, Portland, Oregon, known as 511 SW Washington (Property) is, at this time, surplus to any County use.
- b. The attached lease has been negotiated with Klein Jewelers.
- c. It is in the best interests of the County to lease the Property on the terms and conditions set forth in the attached lease.

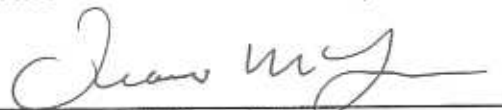
The Multnomah County Board of Commissioners Resolves:

1. The Board approves the attached lease. The County Chair is authorized to execute the lease substantially in the form attached to this Resolution.
2. The County Chair is authorized to execute renewals of the lease and to execute amendments to the lease without further Board action.

ADOPTED this 22nd day of July, 2004.




BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON



Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 

Matthew O. Ryan, Assistant County Attorney

COMMERCIAL LEASE

Date: July __, 2004

Between: Multnomah County ("Landlord")
Facilities and Property Management
Att: Asset Management – Leases
401 N. Dixon Street
Portland OR 97227-1865
Phone (503) 988-3322
Fax (503) 988-5082
Emergency (503) 988-3779

And: Karl J. Klein, Inc. dba Klein Jewelers ("Tenant")
511 SW Washington Street
Portland Oregon 97204
Phone (503) 226-6748
FAX (503) 273-8249

Landlord leases to Tenant and Tenant leases from Landlord the following described real property (the "Premises") on the terms and conditions stated below:

Retail storefront and office space located at 421 SW Fifth Avenue (Mead Building), to include 1122 square feet ground floor storefront retail space and 1521 square feet of mezzanine space, as further described in Exhibits A and B to this lease.

Section 1. Occupancy

1.1 Original Term. The term of this lease shall commence on July 1, 2004, and continue through June 30, 2009, unless sooner terminated as hereinafter provided.

1.2 Possession. Tenant's right to possession and obligations under the lease shall commence on July 1, 2004.

Section 2. Rent

2.1 Base Rent. During the original term of this lease, Tenant shall pay to Landlord as base rent the sum of \$2,957.50 per month. Rent becomes due on the first day of each month for which rent is charged. Landlord shall provide Tenant with an invoice listing the amount due within 30 days of the date the rent is due. Any unpaid amounts may be added to subsequent bills. Tenant shall remit payment for the full amount billed within 30 days of receiving an invoice from Landlord.

2.2 Additional Rent. All taxes, insurance costs, utility charges that Tenant is required to pay by this lease, and any other sum that Tenant is required to pay to Landlord or third parties shall be additional rent.

2.3 Rent Adjustment. The base rent provided in Section 2.1 shall be increased or decreased each July during the term of this lease by a percentage equal to the percentage change in the Consumer Price Index published by the United States Bureau of Labor Statistics of the United States Department of Labor. Comparisons shall be made using the index entitled Consumer Price Index – All Urban Consumers – Portland-Salem, OR-WA (1982-84 = 100) or the nearest comparable data on changes in the cost of living if such index is no longer published. The change shall be determined by comparison of the most recent figure available on July 1, 2004 and that available on July 1 of each succeeding year. In no event, however, shall base rent be reduced below that payable during the first year of this lease.

Section 3. Use of the Premises

3.1 Permitted Use. The Premises shall be used for the manufacture and retail sale of jewelry and related activities. The Premises may not be used for any other purpose without the consent of Landlord.

3.2 Restrictions on Use. In connection with the use of the Premises, Tenant shall:

(1) Conform to all applicable laws and regulations of any public authority affecting the premises and the use, and correct at Tenant's own expense any failure of compliance created through Tenant's fault or by reason of Tenant's use.

(2) Refrain from any activity that would make it impossible to insure the Premises against casualty or would increase the insurance rate.

(3) Refrain from any use that would be reasonably offensive to other tenants or owners or users of neighboring premises or that would tend to create a nuisance or damage the reputation of the premises.

(4) Refrain from loading the electrical system or floors beyond the point considered safe by a competent engineer or architect selected by Landlord.

(3) Refrain from making any marks on or attaching any sign, insignia, antenna, aerial, or other device to the exterior or interior walls, windows, or roof of the premises without the written consent of Landlord.

3.3 Hazardous Substances. Tenant shall not cause or permit any hazardous substance to be spilled, leaked, disposed of, or otherwise released on or under the Premises. Tenant may use or otherwise handle on the Premises only those hazardous substances typically used or sold in the prudent and safe operation of the activities specified in section 3.1. Tenant may store such hazardous substances on the Premises only in quantities necessary to satisfy Tenant's reasonably anticipated needs. Tenant shall comply with all environmental laws and exercise the highest degree of care in the use, handling, and storage of hazardous substances and shall take all practicable measures to minimize the quantity and toxicity of hazardous substances used, handled, or stored on the Premises. On the expiration or termination of this Lease, Tenant shall remove all hazardous substances from the Premises. As used in this section, the term "environmental law" means any federal, state, or local statute, regulation, or ordinance or any judicial or other governmental order pertaining to the protection of health, safety, or the environment. As used in this section, the term "hazardous substance" means any hazardous, toxic, infectious, or radioactive substance, waste, and material as defined or listed by any environmental law and shall include, without limitation, petroleum oil and its fractions.

Section 4. Repairs and Maintenance

4.1 Landlord's Obligations. The following shall be the responsibility of Landlord:

- (1) Repairs and maintenance of the roof, exterior walls (including painting), bearing walls, structural members, floor slabs, and foundation.
- (2) Repair of sidewalks, driveways, curbs, parking areas, and areas used in common by Tenant and Landlord or tenants of other portions of the same building.
- (3) Repair and maintenance of exterior water, sewage, gas, and electrical services up to the point of entry to the leased Premises.

4.2 Tenant's Obligations. The following shall be the responsibility of Tenant:

- (1) Maintenance and repair of interior walls, ceilings, doors, windows, floor coverings and related hardware, light fixtures, switches, and wiring and plumbing from the point of entry to the premises.
- (2) Maintenance and repair of the heating and air conditioning system systems and sprinkler systems within the Premises, if any.
- (3) Any repairs necessitated by the negligence of Tenant, its agents, employees, and invitees, except as provided in Section 6.3 dealing with waiver of subrogation, but including repairs that would otherwise be the responsibility of Landlord under Section 4.1.
- (4) Any repairs or alterations required under Tenant's obligation to comply with laws and regulations as set forth in Section 3.2(1).
- (5) All other repairs to the premises that Landlord is not required to make under Section 4.1.

4.3 Landlord's Interference with Tenant. In performing any repairs, replacements, alterations, or other work performed on or around the Premises, Landlord shall not cause unreasonable interference with use of the Premises by Tenant. Tenant shall have no right to an abatement of rent nor any claim against Landlord for any inconvenience or disturbance resulting from Landlord's activities performed in conformance with the requirement of this provision.

4.4 Reimbursement for Repairs Assumed. If Tenant fails or refuses to make repairs that are required by this section, Landlord may make the repairs and charge the actual costs of repairs to Tenant. Such expenditures by Landlord shall be reimbursed by Tenant on demand together with interest at the rate of 9% per annum from the date of expenditure by Landlord. Except in an emergency creating an immediate risk of personal injury or property damage, Landlord may not perform repairs that are the obligation of Tenant and charge Tenant for the resulting expense unless at least 14 calendar days before work is commenced tenant is given notice in writing outlining with reasonable particularity the repairs required, and Tenant fails within that time to initiate such repairs in good faith.

4.5 Inspection of Premises. Landlord has the right to inspect the Premises at any reasonable time to determine the necessity of repair. Whether or not an inspection is made, the duty of Landlord to make repairs does not mature until a reasonable time after Landlord has received from Tenant written notice of the repairs that are required.

Section 5. Alterations

5.1 Alterations Prohibited. Tenant shall not make any improvements or alterations on the Premises of any kind without first obtaining Landlord's written consent. All alterations

shall be made in a good and workmanlike manner, and in compliance with applicable laws and building codes. As used in this section, "alterations" includes the installation of telecommunications wiring, cables, and conduit.

5.2 Ownership and Removal of Alterations. All improvements and alterations performed on the Premises by either Landlord or Tenant shall be the property of Landlord when installed unless the Landlord's consent specifically provides otherwise. Improvements and alterations installed by Tenant shall, at Landlord's option, be removed by Tenant and the premises restored unless the Landlord's consent specifically provides otherwise.

Section 6. Insurance

6.1 Insurance Required. Lessee, at its expense, shall maintain at all times during the Term of this Lease commercial general liability insurance in respect of the Premises and the conduct or operation of its business, covering bodily injury and property damage on an "occurrence" form with \$1,000,000 minimum combined single-limit coverage. Multnomah County, its agents, officers and employees shall be named as additional insureds on the policy by endorsement. This coverage shall include Contractual Liability insurance for the indemnity provided under this contract. All policies of insurance shall be issued by good, responsible companies, reasonably acceptable to Lessor.

6.2 Increase in Coverage. Lessor may from time to time, but not more frequently than once every three years, require that the amount of commercial general liability insurance be increased so that the amount adequately protects Lessor's interests.

6.3 Waiver of Subrogation. Landlord shall not be liable to Tenant (or to Tenant's successors or assigns) for any loss or damage caused by fire or any of the risks enumerated in Tenant's fire insurance policy and, in the event of insured loss, Tenant's insurance company shall not have a subrogated claim against Landlord.

Section 7. Taxes and Utilities

7.1 Property Taxes. Tenant shall pay as due all taxes, assessments and levies on the Premises and all personal property located on the Premises. As used in this section, real property taxes include any fee or charge relating to the use, occupation or rental of the Premises, other than taxes on the net income of Tenant. Failure to pay all taxes, assessments and levies as due shall constitute an event of default under section 13.2 of this lease.

7.2 Special Assessments. If an assessment for a public improvement is made against the Premises, Landlord may elect to cause the assessment to be treated the same as general real property taxes under section 7.1.

7.3 Contest of Taxes. Tenant may contest the amount of any tax or assessment as long as such contest is conducted in a manner that does not cause any risk to Landlord's interest in the Premises.

7.4 No Proration of Taxes. Tenant shall pay taxes for any tax year in which this lease is in effect on July 1 without proration.

7.5 New Charges or Fees. If a new charge or fee relating to the possession or use of the Premises is assessed or imposed, then, to the extent permitted by law, Tenant shall pay such

charge or fee. However, Tenant has no obligation to pay any charge or fee based on the income derived by Landlord from this lease.

7.6 Payment of Utility Charges. Landlord shall pay the cost of all utilities, including electricity, heat, air conditioning, water, sewer and garbage service. Tenant shall pay the cost of all telephone and telecommunication service.

Section 8. Damage and Destruction

8.1 Partial Damage. If the Premises are partly damaged through no fault of Tenant and section 8.2 does not apply, the Premises shall be repaired by Landlord at Landlord's expense. Repairs shall be accomplished with all reasonable dispatch subject to interruptions and delays from labor disputes and matters beyond the control of Landlord.

8.2 Destruction. If the Premises are destroyed or damaged such that the Premises are unsuitable for the use that Tenant was then making of the premises, either party may elect to terminate the lease as of the date of the damage or destruction by notice given to the other in writing not more than 45 days following the date of damage. In such event all rights and obligations of the parties shall cease as of the date of termination, and Tenant shall be entitled to the reimbursement of any prepaid amounts paid by Tenant and attributable to the anticipated term. If neither party elects to terminate, Landlord shall proceed to restore the Premises to substantially the same form as prior to the damage or destruction. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppages on account of labor disputes and matters beyond Landlord's reasonable control.

8.3 Rent Abatement. Rent shall be abated during the repair of any damage to the extent the premises are untenantable, except that there shall be no rent abatement where the damage occurred as the result of the fault of Tenant.

8.4 Damage Late in Term. If damage or destruction to which section 8.2 would apply occurs within one year before the end of the then-current lease term, Tenant may elect to terminate the lease by written notice to Landlord given within 30 days after the date of the damage. Such termination shall have the same effect as termination under section 8.2.

Section 9. Eminent Domain

9.1 Partial Taking. If a portion of the Premises is condemned and section 9.2 does not apply, the lease shall continue on the following terms:

(1) Landlord shall be entitled to all of the proceeds of condemnation and Tenant shall have no claim against Landlord as a result of the condemnation.

(2) Landlord shall proceed as soon as reasonably possible to make such repairs and alterations to the Premises as are necessary to restore the remaining Premises to a condition as comparable as reasonably practicable to that existing at the time of the condemnation.

(3) After the date on which title vests in the condemning authority or an earlier date on which alterations or repairs are commenced by Landlord to restore the balance of the Premises in anticipation of taking, the rent shall be reduced in proportion to the reduction in value of the Premises as an economic unit on account of the partial taking, as determined by Landlord.

9.2 Total Taking. If a condemning authority takes all of the Premises or a portion sufficient to render the remaining premises reasonably unsuitable for the use that Tenant was

then making of the premises, the lease shall terminate as of the date the title vests in the condemning authorities. Such termination shall have the same effect as a termination by Landlord under section 8.2. Landlord shall be entitled to all of the proceeds of condemnation, and Tenant shall have no claim against Landlord as a result of the condemnation.

9.3 Sale in Lieu of Condemnation. Sale of all or part of the premises to a purchaser with the power of eminent domain in the face of a threat or probability of the exercise of the power shall be treated for the purposes of this section as a taking by condemnation.

Section 10. Liability and Indemnity

10.1 Liens

(1) Except with respect to activities for which Landlord is responsible, Tenant shall pay as due all claims for work done on and for services rendered or material furnished to the Premises, and shall keep the Premises free from any liens. If Tenant fails to pay any such claims or to discharge any lien, Landlord may do so and collect the cost as additional rent. Any amount so added shall bear interest at the rate of 9% per annum from the date expended by Landlord and shall be payable on demand. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have on account of Tenant's default.

(2) Tenant may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, as long as Landlord's property interests are not jeopardized. If a lien is filed as a result of nonpayment, Tenant shall, within 10 days after knowledge of the filing, secure the discharge of the lien or deposit with Landlord cash or sufficient corporate surety bond or other surety satisfactory to Landlord in an amount sufficient to discharge the lien plus any costs, attorney fees, and other charges that could accrue as a result of a foreclosure or sale under the lien.

10.2 Indemnification. Tenant shall indemnify and defend Landlord from, and reimburse Landlord for, any cost, including attorney fees, claim, loss, or liability suffered directly or from a third-party claim arising out of or related to any activity of Tenant on the Premises or any condition of the Premises in the possession or under the control of Tenant. Landlord shall have no liability to Tenant for any injury, loss, or damage caused by third parties, or by any condition of the Premises, except to the extent caused by Landlord's negligence or breach of duty under this lease. Landlord shall have no liability for the failure or interruption of utilities except to the extent caused by Landlord's negligence or breach of duty under this Lease and in no event for lost profits or consequential damages.

Section 11. Quiet Enjoyment; Estoppel Certificate

11.1 Landlord's Warranty. Landlord warrants that it is the owner of the Premises and has the right to lease it free of all encumbrances. Landlord will defend Tenant's right to quiet enjoyment of the Premises from the lawful claims of all persons during the lease term.

11.2 Estoppel Certificate. Either party shall, within 20 days following a request from the other party, execute and deliver to the other party a certificate stating whether or not this lease has been modified and is in full force and effect and specifying any modifications or alleged breaches by the other party. The certificate shall also state the amount of monthly base rent, the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid

rent. Failure to deliver the certificate within the specified time shall be conclusive on the party from whom the certificate was requested that the lease is in full force and effect and has not been modified except as represented in the notice requesting the certificate.

Section 12. Assignment and Subletting

No part of the Premises may be assigned, mortgaged, or subleased, or the use of any portion of the property conferred on any third person by any other means, without the prior written consent of Landlord. This provision shall apply to all transfers by operation of law. Consent in one instance does not prevent this provision from applying to a subsequent instance. Landlord may withhold or condition consent in its sole and arbitrary discretion.

Section 13. Default

The following shall be events of default:

13.1 Default in Rent. Failure of Tenant to pay any rent or other charge within 10 days after it is due.

13.2 Default in Other Covenants. Failure of Tenant to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within 20 days after written notice by Landlord specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 20-day period, this provision is complied with if Tenant begins to correct the default within the 20-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

13.3 Insolvency. Insolvency of Tenant; an assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; an adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of any involuntary petition of bankruptcy and failure of Tenant to secure a dismissal of the petition within 30 days after filing; attachment of or the levying of execution on the leasehold interest and failure of Tenant to secure discharge of the attachment or release of the levy of execution within 10 days shall constitute a default. If Tenant consists of two or more individuals or business entities, the events of default specified in this section apply to each individual unless within 10 days after an event of default occurs, the remaining individuals produce evidence satisfactory to Landlord that they have unconditionally acquired the interest of the one causing the default. If the lease has been assigned, the events of default so specified shall apply only with respect to the one then exercising the rights of Tenant under the lease.

13.4 Abandonment. Failure of Tenant for 10 days or more to occupy the Premises for one or more of the purposes permitted under this lease, unless such failure is excused under other provisions of this lease.

Section 14. Remedies on Default

14.1 Termination. In the event of a default the lease may be terminated at the option of Landlord by written notice to Tenant. Whether or not the lease is terminated by the election of Landlord or otherwise, Landlord is entitled to recover damages from Tenant for the default, and Landlord may reenter, take possession of the premises, and remove any persons or property by

legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender.

14.2 Reletting. Following reentry or abandonment, Landlord may relet the Premises and in that connection may make any suitable alterations or refurbish the Premises, or both, or change the character or use of the Premises, but Landlord is not required to relet for any use or purpose other than that specified in the lease or which Landlord may reasonably consider injurious to the Premises, or to any tenant that Landlord may reasonably consider objectionable. Landlord may relet all or part of the Premises, alone or in conjunction with other properties, for a term longer or shorter than the term of this lease, on any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession.

14.3 Damages. In the event of termination or retaking possession following default, Landlord is entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the lease term, the following amounts as damages:

(1) The loss of rental from the date of default until a new tenant is, or with the exercise of reasonable efforts could have been, secured and paying out.

(2) The reasonable costs of reentry and reletting including without limitation the cost of any cleanup, refurbishing, removal of Tenant's property and fixtures, costs incurred under section 14.5, or any other expense occasioned by Tenant's default including but not limited to, any remodeling or repair costs, attorney fees, court costs, broker commissions, and advertising costs.

(3) Any excess of the value of the rent and all of Tenant's other obligations under this lease over the reasonable expected return from the premises for the period commencing on the earlier of the date of trial or the date the premises are relet, and continuing through the end of the term. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of major Oregon banks in effect on the date of trial.

14.4 Right to Sue More than Once. Landlord may sue periodically to recover damages during the period corresponding to the remainder of the lease term, and no action for damages shall bar a later action for damages subsequently accruing.

14.5 Landlord's Right to Cure Defaults. If Tenant fails to perform any obligation under this lease, Landlord may do so after 30 days' written notice to Tenant. All of Landlord's expenditures to correct the default shall be reimbursed by Tenant on demand with interest at the rate of 9% annum from the date of expenditure by Landlord. Such action by Landlord shall not waive any other remedies available to Landlord because of the default.

14.6 Remedies Cumulative. The foregoing remedies are in addition to and do not exclude any other remedy available to Landlord under applicable law.

Section 15. Surrender at Expiration

15.1 Condition of Premises. On expiration of the lease term or earlier termination, Tenant shall deliver all keys to Landlord and surrender the Premises in first-class condition and broom clean. Alterations constructed by Tenant with permission from Landlord shall not be removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purpose for which the Premises are leased shall be excepted but repairs for which Tenant is responsible shall be completed to the

latest practical date before such surrender. Tenant's obligations under this section are subordinate to the provisions of section 8 relating to destruction.

15.2 Fixtures

(1) All fixtures placed on the Premises during the term, other than Tenant's trade fixtures, shall, at Landlord's option, become the property of Landlord. If Landlord so elects, Tenant shall remove any or all fixtures that would otherwise remain the property of Landlord and repair any physical damage resulting from the removal. If Tenant fails to remove such fixtures, Landlord may do so and charge the cost to Tenant with interest at the legal rate from the date of expenditure.

(2) Before expiration or other termination of the lease term, Tenant shall remove all furnishings, furniture, and trade fixtures that remain its property. If Tenant fails to do so, this failure shall be an abandonment of the property, and Landlord may retain the property and all rights of Tenant with respect to it shall cease or, by notice in writing given to Tenant within 20 days after removal was required, Landlord may elect to hold Tenant to its obligation of removal. If Landlord elects to require Tenant to remove, Landlord may effect a removal and place the property in public storage for Tenant's account. Tenant shall be liable to Landlord for the cost of removal, transportation to storage, and storage, with interest at the legal rate on all such expenses from the date of expenditure by Landlord.

15.3 Holdover

(1) If Tenant does not vacate the Premises at the time required, Landlord shall have the option to treat Tenant as a tenant from month to month, subject to all of the provisions of this lease except the provisions for term and renewal and at a rental rate equal to 150% of the rent last paid by Tenant, or to eject Tenant from the Premises and recover damages caused by wrongful holdover. Failure of Tenant to remove fixtures, furniture, furnishings, or trade fixtures that Tenant is required to remove under this lease shall constitute a failure to vacate to which this section shall apply if the property not removed will substantially interfere with occupancy of the Premises by another tenant or with occupancy by Landlord for any purpose including preparation for a new tenant.

(2) If a month-to-month tenancy results from a holdover by Tenant under this section, the tenancy shall be terminable at the end of any monthly rental period on written notice from Landlord given not less than 10 days before the termination date which shall be specified in the notice. Tenant waives any notice that would otherwise be provided by law with respect to a month-to-month tenancy.

Section 16. Miscellaneous

16.1 Nonwaiver. Waiver by either party of strict performance of any provision of this lease does not waive or prejudice the party's right to require strict performance of the same provision in the future or of any other provision. The acceptance of a late payment of rent does not waive the failure to perform an obligation under this Lease except for the failure to pay the rent so accepted when due and does not affect Landlord's remedies for failure to perform such other obligations.

16.2 Notices. Any notice required or permitted under this lease shall be given when actually delivered or 48 hours after deposited in United States mail as certified mail

addressed to the address first given in this lease or to such other address as may be specified from time to time by either of the parties in writing.

16.3 Succession. Subject to the above-stated limitations on transfer of Tenant's interest, this lease shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

16.4 Recordation. This lease shall not be recorded without the written consent of Landlord.

16.5 Entry for Inspection. Landlord shall have the right to enter on the Premises at any time to determine Tenant's compliance with this lease, to make necessary repairs to the building or to the Premises, or to show the Premises to any prospective tenant or purchaser, and in addition shall have the right, at any time during the last two months of the term of this lease, to place and maintain on the Premises notices for leasing or selling of the Premises.

16.6 Interest on Rent and Other Charges. Any rent or other payment required of Tenant by this lease shall, if not paid within 10 days after it is due, bear interest at the rate of 9% per annum from the due date until paid. In addition, if Tenant fails to make any rent or other payment required by this lease to be paid to Landlord within five days after it is due, Landlord may elect to impose a late charge of five cents per dollar of the overdue payment to reimburse Landlord for the costs of collecting the overdue payment. Tenant shall pay the late charge on demand by Landlord. Landlord may levy and collect a late charge in addition to all other remedies available for Tenant's default, and collection of a late charge shall not waive the breach caused by the late payment.

16.7 Proration of Rent. In the event of commencement or termination of this lease at a time other than the beginning or end of one of the specified rental periods, then the rent shall be prorated as of the date of commencement or termination and in the event of termination for reasons other than default, all prepaid rent shall be refunded to Tenant or paid on its account.

16.8 Time of Essence. Time is of the essence of the performance of each of Tenant's obligations under this lease.

Section 17. Arbitration

17.1 Disputes to Be Arbitrated. If any dispute arises between the parties regarding this lease, either party may request arbitration. If arbitration is requested the dispute will be decided by a single arbitrator selected by the parties, or if the parties cannot agree, appointed by the presiding judge of the Multnomah County Circuit Court.

17.2 Procedure for Arbitration. The arbitration shall be conducted in accordance with ORS 36.600 et seq. The arbitration shall take place in Portland, Oregon. Costs of the arbitration shall be shared equally by the parties, but each party shall pay its own attorney fees incurred in connection with the arbitration.

Section 18. Payment and Notice

18.1 Payment. Tenant shall remit all rent payments, tax payments and all other assessment, lien or other obligations payable to Landlord to:

Multnomah County
Attn: Treasury
501 SE Hawthorne, Suite 531
Portland OR 97214

18.2 Notice. Any notice required or permitted under this lease shall be given when actually delivered or 48 hours after deposited in United States mail as certified mail addressed to the address first given in this lease or to such other address as may be specified from time to time by either of the parties in writing.

Lessor:
by: *Chani Myf*
Title: Multnomah County Chair
Date: 07.22.04

Lessee:
by: *Kathleen M. Hellwege*
Title: Owner
Date: June 24, 2004

Reviewed:
AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY

By: *[Signature]*
John S. Thomas,
Assistant County Attorney

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-7 DATE 07.22.04
DEBORAH L. BOGSTAD, BOARD CLERK

EXHIBIT A-1

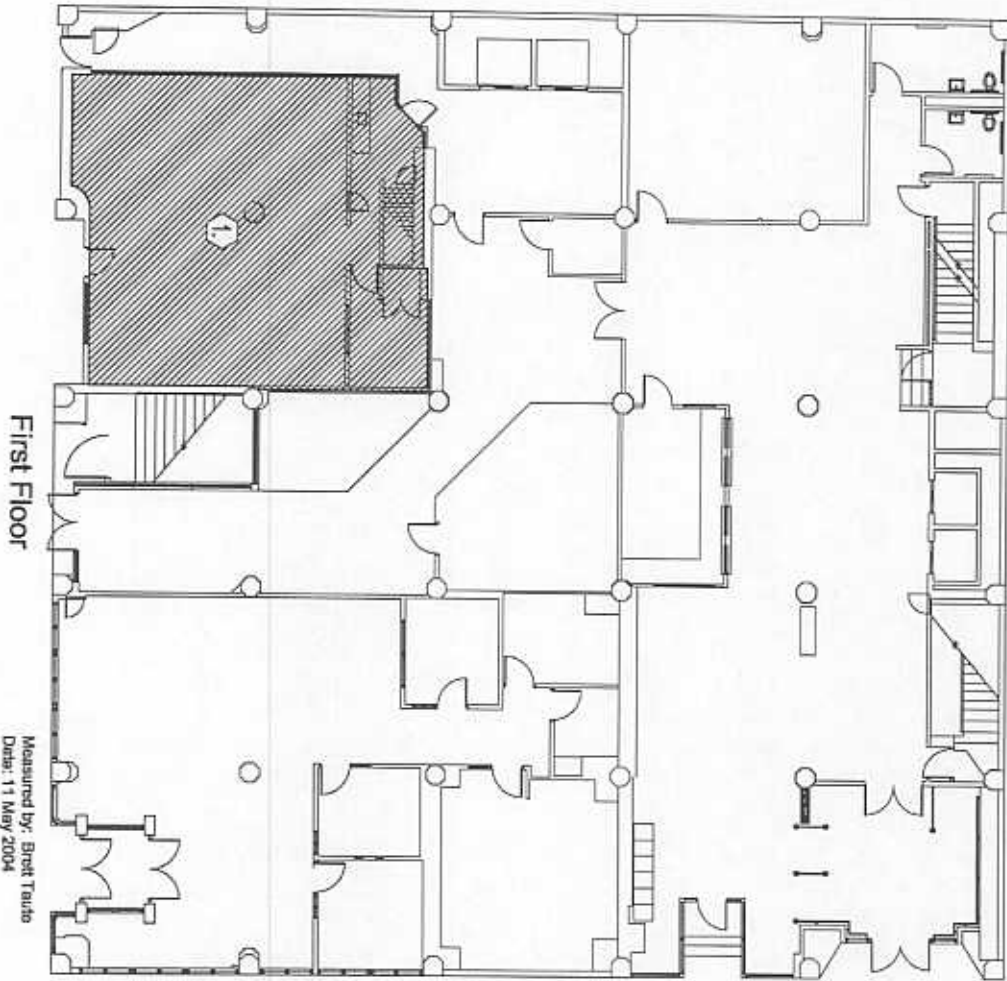
Occupant Information

① Space 1
1122 SqFt

Mead Building - 161

421 SW 5th Ave
Portland, OR 97204

Floor Information



Measured by: Brett Tauto
Date: 11 May 2004

EXHIBIT A-2

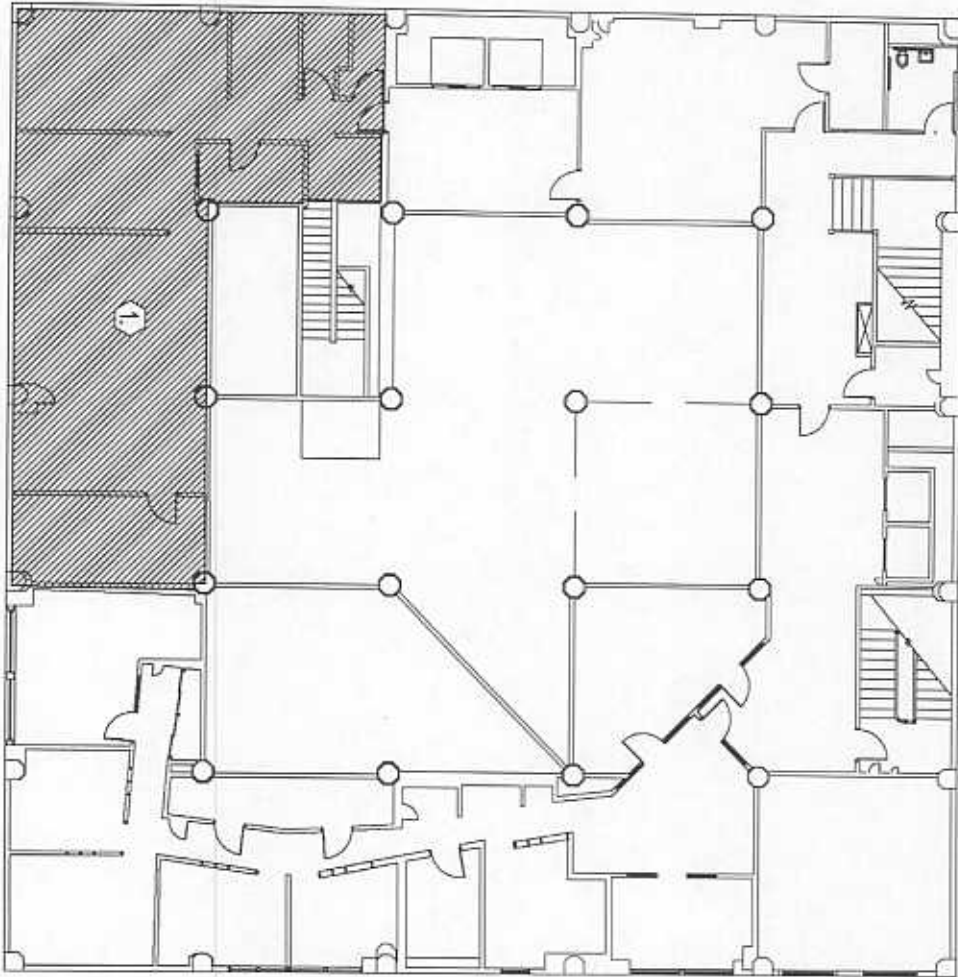
Occupant Information

① Space 1
1521 SqFt

Mead Building - 161

421 SW 5th Ave
Portland, OR 97204

Floor Information



Mezzanine

Measured by: Brett Taub
Date: 11 May 2004