

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

**RESOLUTION NO. 04-025**

Approving a Real Property Lease Between Pacific Realty Associates, L.P., (PacTrust), and Multnomah County Leasing Property at 5622 NE Hassalo Street, Portland, Oregon, and Authorizing the County Chair to Execute the Lease Agreement and Other Instruments Required to Complete the Lease of Said Real Property

**The Multnomah County Board of Commissioners Finds:**

- a. The County first executed a Lease with Pacific Realty Associates, L.P., (PacTrust) for the property known as 5622 NE Hassalo Street, (A portion of Building "B" of Banfield Industrial Park), Portland, Oregon, in 1995 to meet the warehousing and distribution needs of the County Sheriff. The Lease was renewed by amendments in 1998 and 2000. The second Lease Amendment expired on September 30, 2003.
- b. By County Resolution 03-093, the Board resolved and directed Facilities and Property Management (FPM) to evaluate efficiency and cost-savings of co-location or merger of Central Stores and the Sheriff's warehouse. The Sheriff's Office requested its warehouse facility be independent from the general County facility. Late last year, FPM negotiated for the County's Materiel Management/Central Stores and Distribution a lease for its warehouse needs at a separate facility within the Banfield Industrial Park, which now provides for Central Stores space to be in close proximity to the Sheriff's facility.
- c. FPM has negotiated lease terms for warehouse space which meets the needs of the County Sheriff. PacTrust, the Landlord, has agreed to the terms and conditions in the attached proposed lease with the County, as Tenant, to continue the use of this space for the County Sheriff's warehouse, distribution, and office uses.

**The Multnomah County Board of Commissioners Resolves:**

1. Multnomah County, as tenant shall enter into and execute the attached real property lease between Pacific Realty Associates, L.P., (PacTrust), and the County for the property known as 5622 NE Hassalo Street, (A portion of Building "B" of Banfield Industrial Park as more particularly described in the attached lease), Portland, Oregon.

2. The County Chair is authorized to execute the attached lease between PacTrust, and the County for the property described therein and other instruments required to complete the lease of said real property, including future renewals and amendments to the lease.

ADOPTED this 4th day of March, 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

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**LEASE**

**DATED:** February \_\_, 2004

**BETWEEN:** PACIFIC REALTY ASSOCIATES, L.P.,  
a Delaware limited partnership

**LANDLORD**

**AND:** MULTNOMAH COUNTY OREGON,  
a public entity

**TENANT**

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**PRELIMINARY**

This Lease is made with reference to the following facts, intentions and objectives:

A. On August 4, 1995, Landlord and Tenant entered into a lease (as amended, the "Prior Lease") for approximately 8,400 square feet of warehouse and office space located in Building B, Banfield Industrial Park, 5622 NE Hassalo Street, Portland, Oregon 97213 and as further described on Exhibits A and B attached to this Lease and incorporated herein (hereinafter referred to as the "Premises").

B. The term of the Prior Lease expired on September 30, 2003; thereafter, Tenant has continued to occupy and use the Premises on a month-to-month basis under the terms and conditions of the Prior Lease.

C. Landlord and Tenant have agreed to execute a new lease for the Premises all as more particularly set forth below.

D. If the Premises consist of a portion but not all of a building, the building housing the Premises is hereinafter referred to as "the Building."

E. Landlord hereby leases the Premises to Tenant for a term of thirty-three (33) months commencing January 1, 2004 and continuing through September 30, 2006 (the "Initial Term"). During the Initial Term, Tenant shall pay to Landlord a monthly base rent ("Base Rent" or "base rent") of \$2,847.00 per month.

F. All rent, including base rent together with the charges, taxes and expenses to be paid to Landlord specified in Paragraphs 3 and 4 of this Lease, is payable in advance on the first day of each calendar month without deduction or offset except to the extent specifically provided in this Lease.

G. Tenant agrees to accept the Premises in "as-is" condition on the date hereof. Tenant acknowledges that Tenant has been occupying and operating in and on the Premises since on or about October 1, 1995 pursuant to the Prior Lease and that, under this Lease, Tenant is continuing to occupy and operate in and on the Premises in its "as is" and present condition, without, except to the extent provided in the Prior Lease, any representation or warranty by or from Landlord as to the condition of the Premises, the habitability of the Premises, the fitness of the Premises for Tenant's use, or the zoning of the Premises.

H. This Lease is subject to the following additional terms to which the parties agree:

**1. Use of the Premises.**

1.1. Tenant shall use the Premises only for the purpose of conducting the following business:

Storage and office use by Multnomah County Sheriff.

If such use is prevented by any law or governmental regulation, Tenant may use the Premises for other reasonable uses or terminate this Lease, subject to Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed.

1 1.2. In connection with its use, Tenant shall at its expense comply with all applicable  
2 laws, ordinances, and regulations of any public authority, including those requiring alteration of the  
3 Premises because of Tenant's specific use; shall create no nuisance nor allow any objectionable  
4 liquid, odor, or noise to be emitted from the Premises; shall store no gasoline or other highly  
5 combustible materials on the Premises, except small quantities as used by Tenant in its operations,  
6 which would violate any applicable fire code or regulation nor conduct any operation that will  
7 increase Landlord's fire insurance rates for the Premises; and shall not overload the floors or  
8 electrical circuits of the Premises. Landlord shall have the right to approve the installation of any  
9 power-driven machinery by Tenant and may select a qualified electrician whose opinion will control  
10 regarding electrical circuits and a qualified engineer or architect whose opinion will control  
11 regarding floor loads. Allowable ground floor load shall be 500 pounds per square foot.

12 1.3. Without limiting the foregoing and subject to Paragraph 1.5 herein, Tenant shall,  
13 at Tenant's sole cost and expense, make such alterations and additions to the Premises and the  
14 Building required due to Tenant's racking configuration and storage of products within the Premises.  
15 Such alterations and additions to the Premises may be required for compliance with applicable  
16 building and fire codes, and may include, without limitation, installation of fire rated separation  
17 walls, fire sprinkler system upgrades, racking sprinklers, smoke vents, curtain boards, small hose  
18 stations and firefighter entrances.

19 1.4. Tenant may erect a sign stating its name, business, and product after first securing  
20 Landlord's written approval of the size, color, design, wording, and location, and all necessary  
21 governmental approvals. No signs shall be painted on the Building or exceed the height of the  
22 Building. All signs installed by Tenant shall be removed upon termination of this Lease with the  
23 sign location restored to its former state.

24 1.5. Tenant shall make no alterations, additions, or improvements to the Premises or  
25 change the color of the exterior without Landlord's prior written consent and without a valid building  
26 permit issued by the appropriate governmental agency. Upon termination of this Lease, any such  
27 alterations, additions, or improvements (including without limitation all electrical, lighting,  
28 plumbing, heating and air-conditioning equipment, doors, windows, partitions, drapery, carpeting,  
29 counters, and physically attached fixtures), except Tenant's trade fixtures, shall at once become part  
30 of the realty and belong to Landlord unless the terms of the applicable consent provide otherwise, or  
31 Landlord requests that part or all of the additions, alterations, or improvements be removed. In such  
32 case, Tenant shall at its sole cost and expense promptly remove the specified additions, alterations,  
33 or improvements and repair and restore the Premises to its original condition.

34 **2. Security Deposit.** None required.

35 **3. Utility Charges; Maintenance.**

36 3.1. Tenant shall pay when due all charges for electricity, natural gas, water, garbage  
37 collection, janitorial service, sewer, and all other utilities of any kind furnished to the Premises  
38 during the Lease term. If charges are not separately metered or stated, Landlord shall apportion the  
39 utility charges on an equitable basis. Landlord shall have no liability resulting from any interruption  
40 of utility services caused by fire or other casualty, strike, riot, vandalism, the making of necessary  
41 repairs or improvements, or any other cause beyond Landlord's reasonable control. Tenant shall  
42 control the temperature in the Premises to prevent freezing of any sprinkler system.

43 3.2. Landlord shall repair and maintain the roof, gutters, downspouts, drainpipes to  
44 sewers, exterior walls, building structure, foundation, exterior paved areas, curbs, sidewalks, and  
45 landscaping, of the Premises in good condition. Except for such obligations of Landlord, Tenant  
46 shall keep the Premises neatly maintained and in good order and repair. Tenant's responsibility shall  
47 include maintenance and repair of the exposed electrical system, above-slab plumbing,  
48 air-conditioning and heating systems, overhead and personnel doors, and the replacement of all  
49 broken or cracked glass with glass of the same quality. Tenant shall refrain from any discharge that  
50 will damage the septic tank or sewers serving the Premises.

51 3.3. If the Premises have a separate entrance, Tenant shall keep, during normal  
52 operating hours, the sidewalks abutting the Premises or the separate entrance free and clear of snow,  
53 ice, debris, and obstructions of every kind.

1 3.4. Tenant shall properly maintain the heating, ventilating, and air conditioning  
2 system (the "System"), at its sole cost and expense. Tenant has represented to Landlord that its staff  
3 are trained mechanical systems service technicians. Tenant shall maintain the System in accordance  
4 with standards set forth in a reputable service contractor's standard contract.

5 3.5. Landlord shall maintain the structural elements of the Building, including the  
6 roof, and Tenant shall be responsible for the System as provided above.

7 3.6. Landlord shall use its best efforts to provide a one day response by return call to  
8 inquiries or requests for maintenance and shall initiate maintenance work within five (5) days of any  
9 requests.

10 **4. Taxes, Assessments, and Operating Expenses.**

11 4.1. In conjunction with monthly rent payments, Tenant shall each month pay a sum  
12 representing Tenant's proportionate share of operating expenses for the Premises. Tenant's  
13 proportionate share of operating expenses for the Building shall be computed by dividing the  
14 rentable area of the Premises by the total rentable area of the Building. If in Landlord's reasonable  
15 judgment this method of allocation results in an inappropriate allocation to Tenant, Landlord shall  
16 select some other reasonable method of determining Tenant's proportionate share. Such amount  
17 shall be estimated annually by Landlord in good faith to reflect actual or anticipated costs. Upon  
18 termination of this Lease or at periodic intervals during the term hereof, Landlord shall compute its  
19 actual costs for such expenses during such period. Any overpayment by Tenant shall be credited to  
20 Tenant, and any deficiency shall be paid by Tenant within thirty (30) days after receipt of Landlord's  
21 statement. Landlord's records of expenses for operating expenses may be inspected by Tenant at  
22 reasonable times and intervals. Tenant shall not retain any third party auditor on a contingency fee  
23 basis to perform any audit or inspection of Landlord's records.

24 4.2. To the extent Tenant has not maintained an exemption from real property taxes as  
25 provided in Paragraph 4.5, in conjunction with monthly rent payments, Tenant shall pay Tenant's  
26 proportionate share of real property taxes for the Premises. Tenant's proportionate share of real  
27 property taxes shall mean that percentage of the total assessment affecting the Premises which is the  
28 same as the percentage which the rentable area of the Premises bears to the total rentable area of all  
29 buildings covered by the tax statement. Such amount shall be estimated annually by Landlord in  
30 good faith to reflect actual or anticipated real property taxes. Upon termination of this Lease or at  
31 periodic intervals during the term hereof, Landlord shall compute the real property taxes during such  
32 period. Subject to any exemption obtained by Tenant pursuant to Paragraph 4.5, any actual  
33 overpayment by Tenant shall be credited to Tenant, and any actual deficiency shall be paid by  
34 Tenant within thirty (30) days after receipt of Landlord's statement.

35 4.3. Real property taxes charged to Tenant hereunder shall include all general real  
36 property taxes assessed against the Premises or payable during the Lease term, installment payments  
37 on Bancrofted special assessments, whether or not any such tax is now in effect. Tenant shall not,  
38 however, be obligated to pay any tax based upon Landlord's net income.

39 4.4. Operating expenses charged to Tenant hereunder shall include all usual and  
40 necessary costs of operating and maintaining the Premises, Building, and any surrounding common  
41 areas including, but not limited to, the cost of all utilities or services not paid directly by Tenant,  
42 property insurance, property management, maintenance and repair of landscaping, parking areas, and  
43 any other common facilities. Operating expenses shall not include roof replacement or correction of  
44 structural deficiencies of the Building.

45 4.5. Under the provisions of ORS 307.112, Multnomah County Oregon, a public entity  
46 ("Multnomah County") is entitled to claim an exemption from real property taxes for the Premises,  
47 which the County has obtained.. To the extent Multnomah County maintains such an exemption,  
48 Multnomah County shall not be liable for payment of any additional sum for real property taxes, but  
49 shall remain liable for payment of Bancrofted special assessments and any other real property taxes  
50 described in this Paragraph 4 for which Multnomah County does not receive an exemption. The  
51 total compensation paid by Multnomah County under this Lease has been established to reflect the  
52 savings below market rent resulting from the exemption from taxation as provided in this  
53 Paragraph 4.5.

1                   **5.   Parking and Storage Areas.**

2                   5.1.   Tenant, its employees, and customers shall have the exclusive right to use any  
3 private parking spaces immediately adjacent to the Premises. Tenant shall have access to all parking  
4 stalls immediately adjacent to the Premises. Tenant shall control the use of such parking spaces so  
5 that there will be no unreasonable interference with the normal traffic flow, and shall permit no  
6 parking on any landscaped or unpaved surface. Under no circumstances shall trucks serving the  
7 Premises be permitted to block streets.

8                   5.2.   Tenant shall not store any materials, supplies, or equipment outside in any  
9 unapproved or unscreened area. If Tenant erects any visual barriers for storage areas, Landlord shall  
10 have the right to approve the design and location. Trash and garbage receptacles shall be kept  
11 covered at all times.

12                   **6.   Tenant's Indemnification; Liability Insurance.**

13                   6.1.   Tenant shall not allow any liens to attach to the Premises as a result of its  
14 activities. Tenant shall indemnify and defend Landlord from any claim, liability, damage, or loss  
15 arising out of any activity on the Premises or within the Building or the common areas serving the  
16 Building, by Tenant, its agents, or invitees or resulting from Tenant's failure to comply with any  
17 term of this Lease.

18                   6.2.   Subject to Paragraph 7, Tenant shall carry general liability insurance on an  
19 occurrence basis with combined single limits of not less than \$2,000,000.00. Such insurance shall  
20 be provided by an insurance carrier reasonably acceptable to Landlord and shall be evidenced by a  
21 certificate delivered to Landlord stating that the coverage will not be canceled or materially altered  
22 without thirty (30) days' advance written notice to Landlord. Landlord shall be named as an  
23 additional insured on such policy.

24                   **7.   Multnomah County's Right to Self-Insure.**

25                   So long as Multnomah County is the Tenant under this Lease, in lieu of the provisions of  
26 Paragraph 6.2, Multnomah County may provide the liability insurance required under Paragraph 6.2  
27 either by a self insurance fund established pursuant to ORS 30.282 or, to the extent Multnomah  
28 County has so elected, by the Insurance Fund created pursuant to ORS 278.425 and administered by  
29 the Oregon Department of Administrative Services. A certificate of Self-Insurance or of Insurance  
30 under ORS 278.425 in form specified by applicable provisions of the Oregon Revised Statutes will  
31 be provided to Landlord immediately following execution of this Lease and such certificate shall be  
32 kept current or reissued as required by Landlord.

33                   **8.   Property Damage; Subrogation Waiver.**

34                   8.1.   If fire or other casualty causes damage to the Building or the Premises in an  
35 amount exceeding thirty percent (30%) of the full construction-replacement cost of the Building or  
36 Premises, respectively, either party may elect to terminate this Lease as of the date of the damage by  
37 notice in writing to either party within thirty (30) days after such date. Otherwise, Landlord shall  
38 promptly repair the damage and restore the Premises to their former condition as soon as practicable.  
39 Rent shall be reduced during the period to the extent the Premises are not reasonably usable for the  
40 use permitted by this Lease because of such damage and required repairs.

41                   8.2.   Landlord shall be responsible for insuring the Building, and Tenant shall be  
42 responsible for insuring its personal property and trade fixtures located on the Premises.

43                   8.3.   Landlord and Tenant each hereby releases the other, and the other's partners,  
44 officers, directors, agents and employees, from any and all liability and responsibility to the  
45 releasing party and to anyone claiming by or through it or under it, by way of subrogation or  
46 otherwise, for all claims, or demands whatsoever which arise out of damage or destruction of  
47 property occasioned by perils which can be insured by an All Risk Property Insurance Coverage  
48 Form, including endorsements extending coverage to the perils of earthquake and flood. Landlord  
49 and Tenant grant this release on behalf of themselves and their respective insurance companies and  
50 each represents and warrants to the other that it is authorized by its respective insurance company to  
51 grant the waiver of subrogation contained in this Paragraph 8.3. This release and waiver shall be

1 binding upon the parties whether or not insurance coverage is in force at the time of the loss or  
2 destruction of property referred to in this Paragraph 8.3.

3 **9. Condemnation.**

4 9.1. If a condemning authority takes the entire Premises or a portion sufficient to  
5 render the remainder unsuitable for Tenant's use, then either party may elect to terminate this Lease  
6 effective on the date that possession passes to the condemning authority. Otherwise, Landlord shall  
7 proceed as soon as practicable to restore the remaining Premises to a condition comparable to that  
8 existing at the time of the taking. Rent shall be abated during the period of restoration to the extent  
9 the Premises are not reasonably usable by Tenant, and rent shall be reduced for the remainder of the  
10 term in an amount equal to the reduction in rental value of the Premises caused by the taking. All  
11 condemnation proceeds shall belong to Landlord as set forth in Paragraph 9.2.

12 9.2. Except as provided in Paragraph 9.1 above, any and all awards payable by the  
13 condemning authority or other governmental agency in connection with a taking under the right of  
14 eminent domain shall be the sole property of Landlord; provided, however, that nothing contained  
15 herein shall prevent Landlord and Tenant from prosecuting separate claims in any condemnation  
16 proceeding for the values of their respective interests, provided that the award which would  
17 otherwise be payable to Landlord is not diminished by Tenant's prosecution of a separate claim.  
18 Any sums specifically awarded to Tenant for relocation expenses shall not be payable to Landlord in  
19 any event.

20 **10. Assignment and Subletting.**

21 10.1. Tenant shall not assign its interest under this Lease nor sublet the Premises  
22 without first obtaining Landlord's consent in writing. This provision shall apply to all transfers by  
23 operation of law or through mergers and changes in control of Tenant. No assignment shall relieve  
24 Tenant of its obligation to pay rent or perform other obligations required by this Lease and no one  
25 assignment or subletting shall be a consent to any further assignment or subletting. If Tenant assigns  
26 this Lease or sublets the Premises for an amount in excess of the rent called for by this Lease, such  
27 excess shall be paid to Landlord promptly as it is received by Tenant.

28 10.2. Subject to the above limitations on transfer of Tenant's interest, this Lease shall  
29 bind and inure to the benefit of the parties, their respective heirs, successors, and assigns.

30 **11. Default.**

31 Any of the following shall constitute a default by Tenant under this Lease:

32 11.1. Tenant's failure to pay rent or any other charge under this Lease within ten (10)  
33 days after it is due (provided, however, that the first time in any twelve (12) month period that  
34 Tenant fails to pay rent or any other charge under this Lease within ten (10) days after it is due,  
35 Tenant shall not be in default under this Lease unless such failure continues for ten (10) days after  
36 receipt by Tenant of notice of such failure), or failure to comply with any other term or condition  
37 within twenty (20) days following written notice from Landlord specifying the noncompliance. If  
38 such non-monetary noncompliance cannot be cured within the twenty (20) day period, this provision  
39 shall be satisfied if Tenant commences correction within such period and thereafter proceeds in good  
40 faith and with reasonable diligence to effect compliance as soon as possible.

41 11.2. Tenant's insolvency; assignment for the benefit of its creditors; Tenant's voluntary  
42 petition in bankruptcy or adjudication as bankrupt, or the appointment of a receiver for Tenant's  
43 properties.

44 **12. Remedies for Default.**

45 In case of default as described in Paragraph 11 above, Landlord shall have the right to the  
46 following remedies which are intended to be cumulative and in addition to any other remedies  
47 provided under applicable law:

48 12.1. Terminate this Lease without relieving Tenant from its obligation to pay damages.

1           12.2. Retake possession of the Premises by summary proceedings or otherwise, in  
2 which case Tenant's liability to Landlord for damages shall survive the tenancy. Landlord may, after  
3 such retaking of possession, relet the Premises upon any reasonable terms. No such reletting shall be  
4 construed as an acceptance of a surrender of Tenant's leasehold interest.

5           12.3. Recover damages caused by Tenant's default which shall include reasonable  
6 attorneys' fees at trial and on any appeal therefrom. Landlord may sue periodically to recover  
7 damages as they occur throughout the Lease term, and no action for accrued damages shall bar a  
8 later action for damages subsequently accruing. Landlord may elect in any one action to recover  
9 accrued damages plus damages attributable to the remaining term of the Lease equal to the  
10 difference between the rent under this Lease and the reasonable rental value of the Premises for the  
11 remainder of the term, discounted to the time of judgment at the rate of six (6%) percent per annum.

12           12.4. Make any payment or perform any obligation required of Tenant so as to cure  
13 Tenant's default, in which case Landlord shall be entitled to recover all amounts so expended from  
14 Tenant, plus interest at the rate of ten percent (10%) per annum from the date of the expenditure.

15           **13. Surrender on Termination.**

16           13.1. On expiration or early termination of this Lease, Tenant shall deliver all keys to  
17 Landlord, have final utility readings made on the date of move out, and surrender the Premises clean  
18 and free of debris inside and out, with all mechanical, electrical, and plumbing systems in good  
19 operating condition, all signing removed and defacement corrected, and all repairs called for under  
20 this Lease completed. The Premises shall be delivered in the same condition as at the  
21 commencement of the term, subject only to depreciation and wear from ordinary use. Tenant shall  
22 remove all of its furnishings and trade fixtures that remain its property and restore all damage  
23 resulting from such removal. Failure to remove said property shall be an abandonment of same, and  
24 Landlord may dispose of it in any manner without liability.

25           13.2. If Tenant fails to vacate the Premises when required, subject to the provisions of  
26 Paragraph 14, Landlord may elect either to treat Tenant as a tenant from month to month, subject to  
27 all provisions of this Lease except the provision for term, or to eject Tenant from the Premises and  
28 recover damages caused by wrongful holdover.

29           **14. Holdover Provision.**

30           Upon sixty (60) days notice to Landlord, Tenant shall be allowed to holdover in the  
31 Premises upon expiration of the initial Lease term, or any extension thereof, for a period not to  
32 exceed three (3) months at a monthly Base Rent rate of one hundred twenty-five percent (125%) of  
33 the immediately preceding monthly Base Rent rate. Tenant shall provide ninety (90) days advance  
34 written notice to Landlord of its intent to holdover. The provisions of this Paragraph 14 are personal  
35 to Multnomah County Oregon. Upon any assignment by Multnomah County of all or any portion of  
36 its interest in and to this Lease, the provisions of this Paragraph 14 shall be null and void and of no  
37 further force or effect.

38           **15. Landlord's Liability.**

39           15.1. Landlord warrants that so long as Tenant complies with all terms of this Lease it  
40 shall be entitled to peaceable and undisturbed possession of the Premises free from any eviction or  
41 disturbance by Landlord or persons claiming through Landlord.

42           15.2. All persons dealing with Pacific Realty Associates, L.P. ("Partnership") must look  
43 solely to the property and assets of Partnership for the payment of any claim against Partnership or  
44 for the performance of any obligation of Partnership as neither the general partner, limited partners,  
45 employees, nor agents of Partnership assume any personal liability for obligations entered into on  
46 behalf of Partnership (or its predecessors in interest) and their respective properties shall not be  
47 subject to the claims of any person in respect of any such liability or obligation. As used herein, the  
48 words "property and assets of partnership" exclude any rights of Partnership for the payment of  
49 capital contributions or other obligations to it by the general partner or any limited partner in such  
50 capacity.

1                   **16. Mortgage or Sale by Landlord; Estoppel Certificates.**

2                   16.1. This Lease is and shall be prior to any mortgage or deed of trust ("Encumbrance")  
3 recorded after the date of this Lease and affecting the Building and the land upon which the Building  
4 is located. However, if any lender holding an Encumbrance secured by the Building and the land  
5 underlying the Building requires that this Lease be subordinate to the Encumbrance, then Tenant  
6 agrees that this Lease shall be subordinate to the Encumbrance if the holder thereof agrees in writing  
7 with Tenant that so long as Tenant performs its obligations under this Lease no foreclosure, deed  
8 given in lieu of the foreclosure, or sale pursuant to the terms of the Encumbrance, or other steps or  
9 procedures taken under the Encumbrance shall affect Tenant's rights under this Lease. If the  
10 foregoing condition is met, Tenant shall execute the written agreement and any other documents  
11 required by the holder of the Encumbrance to accomplish the purposes of this Paragraph.

12                   16.2. If the Building is sold as a result of foreclosure of any Encumbrance thereon or  
13 otherwise transferred by Landlord or any successor, Tenant shall attorn to the purchaser or  
14 transferee, and the transferor shall have no further liability hereunder.

15                   16.3. Either party shall within twenty (20) days after notice from the other execute and  
16 deliver to the other party a certificate stating whether or not this Lease has been modified and is in  
17 full force and effect and specifying any modifications or alleged breaches by the other party. The  
18 certificate shall also state the amount of monthly base rent, the dates to which rent has been paid in  
19 advance, and the amount of any security deposit or prepaid rent. Failure to deliver the certificate  
20 within the specified time shall be conclusive upon the party of whom the certificate was requested  
21 that the Lease is in full force and effect and has not been modified except as may be represented by  
22 the party requesting the certificate.

23                   **17. Governing Laws; Disputes - Attorneys' Fees.**

24                   This Agreement is governed by and subject to interpretation to the laws of the State of  
25 Oregon. In the event of any litigation arising out of this Lease, the prevailing party shall be entitled  
26 to recover from the other party, in addition to all other relief provided by law or judgment, its  
27 reasonable costs and attorneys' fees incurred both at and in preparation for trial and any appeal or  
28 review, such amount to be as determined by the court(s) before which the matter is heard. Disputes  
29 between the parties which are to be litigated shall be tried before a judge without a jury.

30                   **18. Severability.**

31                   If any provision of this Lease is held to be invalid, unenforceable or illegal the remaining  
32 provisions shall not be affected and shall be enforced to the fullest extent permitted by law.

33                   **19. Interest and Late Charges.**

34                   Rent not paid within ten (10) days of when due shall bear interest from the date due until  
35 paid at the rate of ten percent (10%) per annum. Landlord may at its option impose a late charge of  
36 \$.05 for each \$1.00 of rent for rent payments made more than ten (10) days late in addition to  
37 interest and other remedies available for default.

38                   **20. General Provisions.**

39                   20.1. Waiver by either party of strict performance of any provision of this Lease shall  
40 not be a waiver of nor prejudice the party's right otherwise to require performance of the same  
41 provision or any other provision.

42                   20.2. Subject to the limitations on transfer of Tenant's interest, this Lease shall bind and  
43 inure to the benefit of the parties, their respective heirs, successors, and assigns.

44                   20.3. Landlord shall have the right to enter upon the Premises after giving Tenant  
45 twenty-four (24) hour verbal notice, excepting that Landlord shall not be required to give such notice  
46 in times of emergency, to determine Tenant's compliance with this Lease, to make necessary repairs  
47 to the Building or the Premises, or to show the Premises to any prospective tenant or purchasers.  
48 During the last two months of the term, Landlord may place and maintain upon the Premises notices  
49 for leasing or sale of the Premises.

1           20.4. If this Lease commences or terminates at a time other than the beginning or end of  
2 one of the specified rental periods, then the rent (including Tenant's share of real property taxes, if  
3 any) shall be prorated as of such date, and in the event of termination for reasons other than default  
4 all prepaid rent shall be refunded to Tenant or paid on its account.

5           20.5. Tenant shall within ten (10) days following Landlord's written request deliver to  
6 Landlord a written statement specifying the dates to which the rent and other charges have been  
7 paid, whether the Lease is unmodified and in full force and effect, and any other matters that may  
8 reasonably be requested by Landlord.

9           20.6. Notices between the parties relating to this Lease shall be in writing, effective  
10 when delivered, or if mailed, effective on the second day following mailing, postage prepaid, to the  
11 address for the party stated in this Lease or to such other address as either party may specify by  
12 notice to the other. Rent shall be payable to Landlord at the same address and in the same manner.

13           20.7. This Lease is the entire agreement between the parties, and there are no  
14 agreements or representations between the parties except as expressed herein.

15           20.8. All provisions of this Lease have been negotiated by Landlord and Tenant at arm's  
16 length and neither party shall be deemed the scrivener of this Lease. This Lease shall not be  
17 construed for or against either party by reason of the authorship or alleged authorship of any  
18 provision hereof or by reason of the status of the respective parties as Landlord or Tenant.

19           **21. Environmental.**

20           21.1. Definitions. The term "Environmental Law" shall mean any federal, state or local  
21 statute, regulation or ordinance or any judicial or other governmental order pertaining to the  
22 protection of health, safety or the environment. The term "Hazardous Substance" shall mean any  
23 hazardous, toxic, infectious or radioactive substance, waste and material as defined or listed by any  
24 Environmental Law and shall include, without limitation, petroleum oil and its fractions.

25           21.2. Use of Hazardous Substances. Tenant shall not cause or permit any Hazardous  
26 Substance to be spilled, leaked, disposed of or otherwise released on or under the Premises. Tenant  
27 may use and sell on the Premises only those Hazardous Substances typically used and sold in the  
28 prudent and safe operation of the business permitted by Paragraph 1 of this Lease. Tenant may store  
29 such Hazardous Substances on the Premises, but only in quantities necessary to satisfy Tenant's  
30 reasonably anticipated needs. Tenant shall comply with all Environmental Laws and exercise the  
31 highest degree of care in the use, handling and storage of Hazardous Substances and shall take all  
32 practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled  
33 or stored on the Premises.

34           21.3. Notices. Tenant shall immediately notify Landlord upon becoming aware of the  
35 following: (a) any spill, leak, disposal or other release of a Hazardous Substance on, under or  
36 adjacent to the Premises; (b) any notice or communication from a governmental agency or any other  
37 person relating to any Hazardous Substance on, under or adjacent to the Premises; or (c) any  
38 violation of any Environmental Law with respect to the Premises or Tenant's activities on or in  
39 connection with the Premises.

40           21.4. Spills and Releases. In the event of a spill, leak, disposal or other release of a  
41 Hazardous Substance on or under the Premises caused by Tenant or any of its contractors, agents or  
42 employees or invitees, or the suspicion or threat of the same, Tenant shall (i) immediately undertake  
43 all emergency response necessary to contain, cleanup and remove the released Hazardous Substance,  
44 (ii) promptly undertake all investigatory, remedial, removal and other response action necessary or  
45 appropriate to ensure that any Hazardous Substances contamination is eliminated to Landlord's  
46 reasonable satisfaction, and (iii) provide Landlord copies of all correspondence with any  
47 governmental agency regarding the release (or threatened or suspected release) or the response  
48 action, a detailed report documenting all such response action, and a certification that any  
49 contamination has been eliminated. All such response action shall be performed, all such reports  
50 shall be prepared and all such certifications shall be made by an environmental consultant reasonably  
51 acceptable to Landlord.

1           21.5. Condition Upon Termination. Upon expiration of this Lease or sooner  
2 termination of this Lease for any reason, Tenant shall remove all Hazardous Substances and facilities  
3 used for the storage or handling of Hazardous Substances from the Premises and restore the affected  
4 areas by repairing any damage caused by the installation or removal of the facilities. Following such  
5 removal, Tenant shall certify in writing to Landlord that all such removal is complete.

6           21.6. Assignment and Subletting. Notwithstanding the provisions of Paragraph 10 of  
7 this Lease, it shall not be unreasonable for Landlord to withhold its consent to any assignment,  
8 sublease or other transfer of the Tenant's interest in this Lease if a proposed transferee's anticipated  
9 use of the Premises involves the generation, storage, use, sale, treatment, release or disposal of any  
10 Hazardous Substance.

11           21.7. Indemnity.

12           21.7.1. By Tenant. Tenant shall indemnify, defend and hold harmless Landlord,  
13 its employees and agents, any persons holding a security interest in the Premises, and the respective  
14 successors and assigns of each of them from and against any and all claims, demands, liabilities,  
15 damages, fines, losses, costs (including without limitation the cost of any investigation, remedial,  
16 removal or other response action required by Environmental Law) and expenses (including without  
17 limitation attorneys' fees and expert fees in connection with any trial, appeal, petition for review or  
18 administrative proceeding) arising out of or in any way relating to the use, treatment, storage,  
19 generation, transport, release, leak, spill, disposal or other handling of Hazardous Substances on the  
20 Premises by Tenant or any of its contractors, agents or employees or invitees. Tenant's obligations  
21 under this Paragraph shall survive the expiration or termination of this Lease for any reason.  
22 Landlord's rights under this Paragraph are in addition to and not in lieu of any other rights or  
23 remedies to which Landlord may be entitled under this agreement or otherwise.

24           21.7.2. By Landlord. Landlord shall indemnify, defend and hold harmless  
25 Tenant and its employees and agents and the respective successors and assigns of each of them from  
26 and against any and all claims, demands, liabilities, damages, fines, losses, costs (including without  
27 limitation the cost of any investigation, remedial, removal or other response action required by  
28 Environmental Law) and expenses (including without limitation attorneys' fees and expert fees in  
29 connection with any trial, appeal, petition for review or administrative proceeding) arising out of or  
30 in any way relating to the actual or alleged use, treatment, storage, generation, transport, release,  
31 leak, spill, disposal or other handling of Hazardous Substances on the Premises by Landlord, or any  
32 of its contractors, agents or employees or by Landlord's previous tenants of the Premises. Landlord's  
33 obligations under this Paragraph shall survive the expiration or termination of this Lease for any  
34 reason. Tenant's rights under this Paragraph are in addition to and not in lieu of any other rights or  
35 remedies to which Tenant may be entitled under this Agreement or otherwise.

36           21.8. Landlord shall remove contamination by Hazardous Substances, if any is found  
37 during the term of this Lease, or undertake to have the party or parties responsible for contamination  
38 by Hazardous Substances remove such contamination (or otherwise deal with Hazardous Substances  
39 in a manner which is in conformance with Environmental Laws) in or about the Premises and the  
40 Building other than Hazardous Substances introduced by Tenant, its agents, employees or  
41 contractors or invitees. Landlord represents that to its actual knowledge, Landlord has received no  
42 notice of and has no knowledge of any violation of Laws relating to Hazardous Substances or the  
43 existence of Hazardous Substances at the Premises or Building.

44           **22. Renewal Option.**

45           If not then in default, Tenant shall have the option to renew this Lease for one (1)  
46 additional two (2)-year term (the "Renewal Term") by giving Landlord written notice of its intent to  
47 extend at least ninety (90) days prior to expiration of the Initial Term. All provisions of this Lease  
48 shall apply during the Renewal Term, except that the monthly Base Rent for the Renewal Term shall  
49 be equal to the monthly Base Rent then in effect as of the expiration of the Initial Term multiplied by  
50 a fraction, the numerator of which shall equal the CPI (as defined below) published for the month  
51 which is closest to the month prior to the month in which the Renewal Term commences and the  
52 denominator of which shall equal the CPI published for the month which is closest to the month  
53 prior to the month in which the Initial Term commences; provided, however, in no event shall the  
54 monthly Base Rent payable by Tenant following any such adjustment be less than the monthly Base  
55 Rent payable by Tenant immediately preceding the commencement of the Renewal Term. The

1 "CPI" shall mean the Consumer Price Index-Urban for Portland-Salem, OR-WA, known as the  
2 Portland CPI-U published by the Bureau of Labor Statistics of the United States Department of  
3 Labor. If such index is no longer published, the nearest comparable data on changes in the cost of  
4 living shall be used.

5 **23. Early Termination Right.**

6 23.1. If sufficient funds have not been provided in the budget approved by the Board of  
7 County Commissioners for the functions which will operate in the Premises to permit Tenant, in the  
8 exercise of its reasonable administrative discretion, to continue this Lease, Tenant shall have the  
9 right to terminate this Lease strictly in accordance with, and subject to, the terms and conditions  
10 contained in this Paragraph 23 ("Tenant's Termination Right"). Tenant shall exercise Tenant's  
11 Termination Right, if at all, by giving notice thereof to Landlord (the "Termination Notice"), which  
12 Termination Notice must be received by Landlord not less than one hundred twenty (120) days prior  
13 to the date Tenant desires to terminate this Lease (the "Termination Date") and which Termination  
14 Notice must specify the Termination Date. During the period of time following receipt by Landlord  
15 of the Termination Notice, Tenant may negotiate with Landlord for continued occupancy of a  
16 portion of the Premises at a reduced rent; however, neither party shall be obligated to the other to  
17 conclude an agreement with respect to such reduction of space and/or reduction of rent. Either party  
18 may terminate such negotiations with ten (10) days written notice to the other, and upon such notice,  
19 Landlord shall be free to commit the Premises to other parties for occupancy at any time following  
20 the Termination Date. If Tenant delivers the Termination Notice to Landlord and Landlord and  
21 Tenant do not, for any reason whatsoever, negotiate a reduction of space and/or reduction of rent as  
22 provided above, the Lease shall terminate on the Termination Date as if such date were the original  
23 expiration date of this Lease. All obligations under this Lease shall continue up to and including the  
24 Termination Date, and upon the Termination Date, Tenant shall surrender possession of the Premises  
25 and deliver the same to Landlord in the condition required under this Lease.

26 23.2. The Termination Right specified in this Paragraph 23 is personal to Multnomah  
27 County. Upon any assignment by Multnomah County of all or any portion of its interest in and to  
28 this Lease, the Termination Right shall be null and void and of no further force or effect.

29 **24. Brokers.**

30 Each party warrants that it has had no dealings with any real estate broker or agent in  
31 connection with the negotiation or execution of this Lease. Landlord hereby agrees to indemnify and  
32 hold Tenant harmless from and against any and all costs, expenses and liabilities for commissions  
33 and other compensation claimed by any broker or agent acting on Landlord's behalf in connection  
34 herewith. Tenant hereby agrees to indemnify and hold Landlord harmless from and against any and  
35 all costs, expenses and liabilities for commissions and other compensation claimed by any broker or  
36 agent acting on Tenant's behalf.

37 **25. Oregon Tort Claims Act.**

38 Any covenant herein by Tenant to defend, indemnify or hold harmless the Landlord shall  
39 be limited to the extent of the applicable provisions of the Oregon Tort Claims Act, ORS 30.260-  
40 30.300, and required notice of claim shall be subject to the provisions of ORS 30.275 as applicable.

41 **26. Agreement.**

42 This Lease represents the entire and integrated written agreement between the parties and  
43 supersedes all prior communication, negotiations, representations or agreements either oral or  
44 written between the parties.  
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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the respective dates set opposite their signatures below, but this Agreement on behalf of such party shall be deemed to have been dated as of the date first above written.

**LANDLORD:**  
**PACIFIC REALTY ASSOCIATES, L.P.,**  
a Delaware limited partnership

By: PacTrust Realty, Inc.,  
a Delaware corporation,  
its General Partner

Date: \_\_\_\_\_, 2004

By: \_\_\_\_\_  
David G. Hicks  
Vice President

Address for Rent Payments to Landlord:  
PacTrust  
Unit 80  
P.O. Box 5000  
Portland, OR 97208-5000

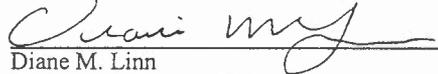
Note: The unit number (Unit 80) must be listed on a line separate from the P.O. Box line.

Address for Notices to Landlord:  
Pacific Realty Associates, L.P.  
Attn: Legal Dept.  
15350 S.W. Sequoia Parkway, Suite 300  
Portland, OR 97224

**TENANT:**  
**MULTNOMAH COUNTY OREGON,**  
a public entity

By: BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

Date: MARCH 4, 2004

By:   
Diane M. Linn  
Multnomah County Chair

APPROVED : MULTNOMAH COUNTY  
BOARD OF COMMISSIONERS  
AGENDA # R-12 DATE 03-04-04  
DEBORAH L. BOGSTAD, BOARD CLERK

Address for Legal Notices to Tenant:  
Multnomah County  
Facilities and Property Management  
401 N. Dixon  
Portland, OR 97227-1865

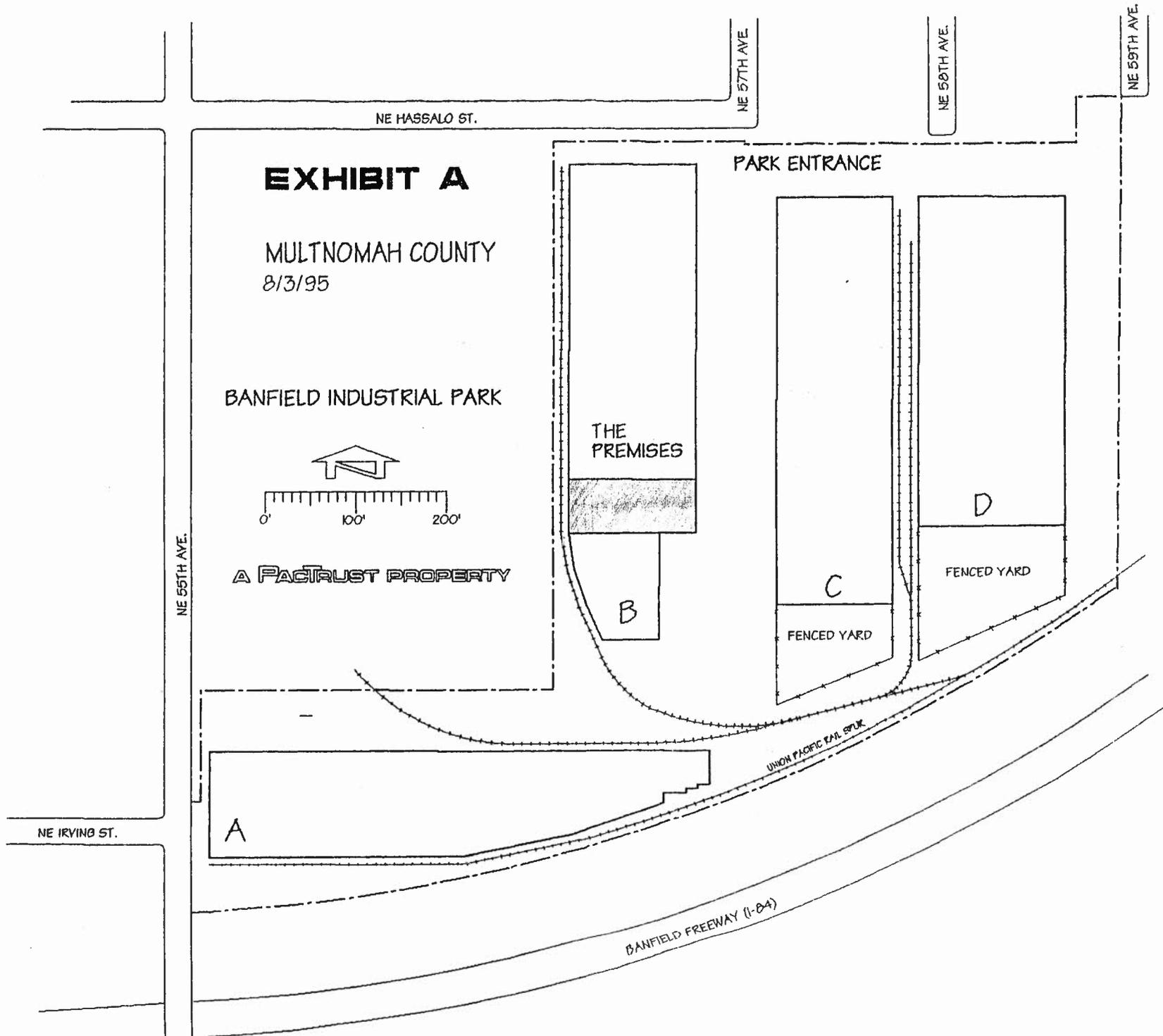
With a copy to:  
Multnomah County Attorney  
501 SE Hawthorne  
Portland, OR 97214

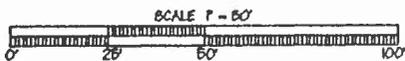
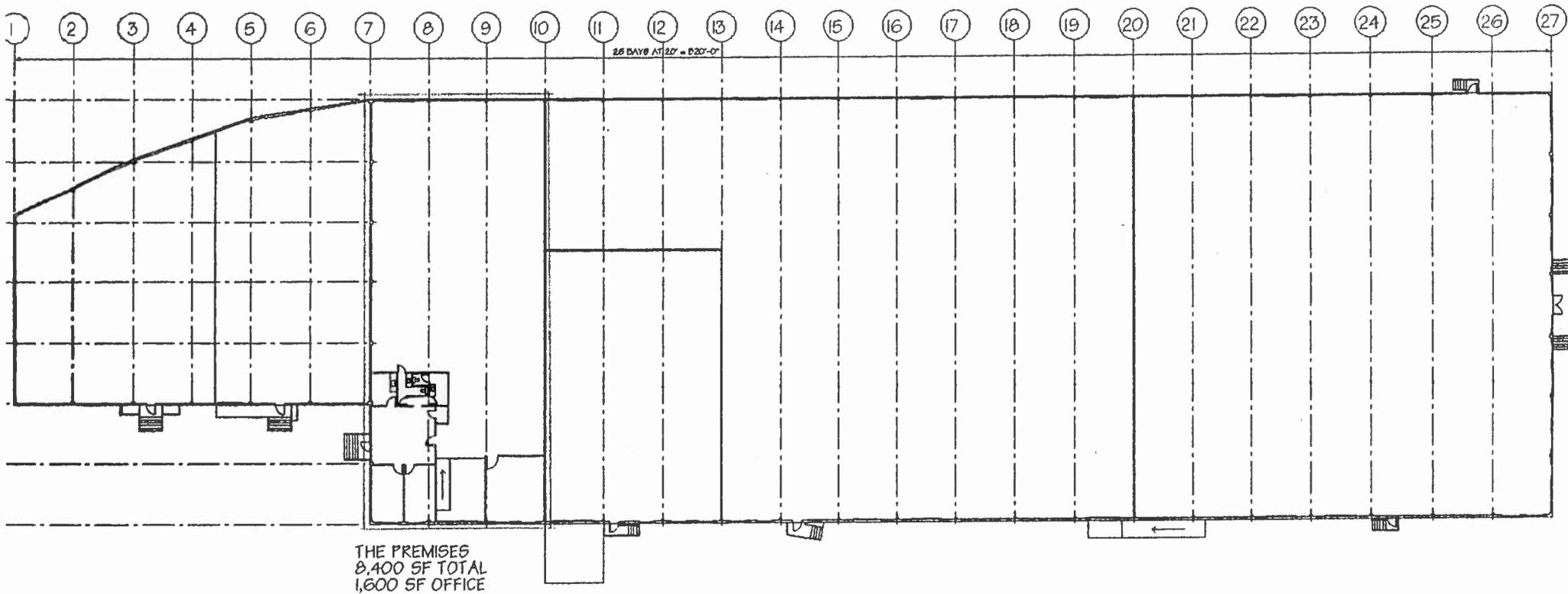
Address for Invoices to Tenant  
Multnomah County  
Facilities and Property Management  
401 N. Dixon  
Portland, OR 97227-1865

Tenant Employer Identification Number:  
93-6002309

Reviewed:  
AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY

By:   
Matthew O. Ryan  
Assistant County Attorney





A **FACTRUST** PROPERTY

MULTNOMAH COUNTY

**EXHIBIT B**

BANFIELD INDUSTRIAL PARK

BUILDING B (PTR #61)  
5622 NE HASSALO ST.  
PORTLAND, OR 97213

8/3/95