

**MULTNOMAH COUNTY CONSENT
TO
PORT CITY SUBLEASE TO ALBERTINA KERR**

THIS CONSENT ("Consent") is granted by **MULTNOMAH COUNTY, OREGON**, a political subdivision of the State of Oregon ("**County**"), to **THE PORT CITY DEVELOPMENT CENTER**, an Oregon nonprofit corporation, as Sublessor ("**Port City**"), and to **ALBERTINA KERR CENTERS, INC.**, an Oregon nonprofit corporation, as Sublessee ("**Albertina Kerr**") as of the last date of signature indicated below.

RECITALS:

WHEREAS, on November 1, 2000, Port City, as Lessor, and County, as Lessee, entered into a Ground Lease Agreement ("**Ground Lease**") of certain real property acquired by Port City at 2124 N. Williams Ave., Portland, further described in Exhibit "A" attached hereto (the "**Premises**");

WHEREAS, County financed Port City's acquisition, construction, renovation, improvement and equipping of certain facilities on the Premises by issuing Revenue Bonds (the "**Bonds**");

WHEREAS, County and Port City entered into a Sublease Agreement of the Premises from County to Port City, which was amended by a First Amendment dated July 25, 2002, and a Second Amendment to Sublease dated November 29, 2007, and provided for Port City's payment of monthly rent to be used by County to repay the Bonds (the "**County Sublease**");

WHEREAS, Port City desires to sub-sublease the Premises to Albertina Kerr, and Albertina Kerr desires to sub-sublease the Premises from Port City, upon the terms and conditions set forth in a Sublease made and entered into effective as of January 31, 2013, a copy of which is attached hereto as Exhibit "B" and made a part hereof (the "**Port City Sublease**");

WHEREAS, Section 3 of the Port City Sublease requires Albertina Kerr to pay monthly rental of \$3,350 per month to Port City in advance on the first of each month;

WHEREAS, Section 10.1 of the County Sublease requires Port City to obtain County's consent to any sublease of Port City's interest in the County Sublease;

WHEREAS, Port City and Albertina Kerr have requested the County's consent to the Port City Sublease; and

WHEREAS, the material considerations for County's consent to the Port City Sublease are continued operation of the vocational training center on the Premises, which is being accomplished through the Port City Sublease and Port City's transfer of its operating agreements to Albertina Kerr, and Port City's agreement to deliver to County, in partial satisfaction of Port City's obligations under the County Sublease, the monthly rental paid by Albertina Kerr under the Port City Sublease;

NOW, THEREFORE, in consideration of the above recitals, which are a material part of this Consent, and in consideration of Port City's endorsement over and prompt delivery to County of each monthly rental check paid by Albertina Kerr, County hereby consents to the Port City Sublease, effective as of the date set forth below.

County:

MULTNOMAH COUNTY, OREGON,
a political subdivision of the State of Oregon

By: [Signature]
Jeff Cogen
Chair

Reviewed and approved:

JENNY M. MORF, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By: [Signature]
Kenneth M. Elliott
Assistant County Attorney

Date: March 21, 2013

Port City:

THE PORT CITY DEVELOPMENT CENTER,
an Oregon nonprofit corporation

By: [Signature]
(Print Name) JOHN W. FUNKLEA
President, Board of Directors

Date: April 9, 2013

Albertina Kerr:

ALBERTINA KERR CENTERS, INC.,
an Oregon nonprofit corporation

By: [Signature]
Christopher J. Krenk
President & CEO

Date: 4/5/13

EXHIBIT "A"

Legal Description of the Premises

PARCEL 1: The West 85 feet of Lots 25 and 26, and the South 10 feet of the West 85 feet of Lot 24, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon, and

PARCEL 2: That part of Lots 24, 25, and 26, Block 23, ALBINA, in the City of Portland, County of Multnomah and State of Oregon, described as follows, to wit:

Beginning at the Southeast corner of said Lot 26, and thence running Northerly along the East lines of said Lots, 110 feet; thence Westerly and parallel with the South line of said Lot 24, a distance of 40 feet; thence Southerly and parallel with the East lines of said Lots, 110 feet to the South line of said Lot 26; and thence Easterly 40 feet to the place of beginning.

EXHIBIT "B"

Executed Copy of Port City Sublease

SUBLEASE

THIS SUBLEASE ("**Sublease**") is made and entered effective as of the 31st day of January, 2013, by and between The Port City Development Center, an Oregon nonprofit corporation ("**Port City**") and Albertina Kerr Centers, Inc., an Oregon nonprofit corporation ("**Albertina Kerr**").

WITNESSETH:

A. Port City, as landlord, and County of Multnomah ("**County**") entered into that certain Ground Lease Agreement dated November 1, 2000 and amended on July 25, 2002 ("**Ground Lease**"), covering and describing the premises known as 2124 N Williams Avenue, Portland, Oregon ("**Premises**"), a true and correct copy of the Ground Lease and Lease Amendment being attached hereto as Exhibits A & B and made a part hereof for all purposes.

B. County, as sublandlord, and Port City, as subtenant entered into that certain Sublease Agreement dated November 1, 2000 with a First Amendment dated July 25, 2002 and a Second Amendment dated November 29, 2007 ("**Sublease 1**"), covering and describing the **Premises**, a true and correct copy of the Sublease being attached hereto as Exhibits C, D, and E and made a part hereof for all purposes.

C. Port City desires to sub-sublease the Premises to Albertina Kerr, and Albertina Kerr desires to sub-sublease the Premises from Port City upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, Port City and Albertina Kerr hereby agree as follows:

1. **Subleased Premises.** Port City hereby subleases to Albertina Kerr, and Albertina Kerr hereby subleases from Port City, all the Premises ("**Subleased Premises**").
2. **Term.** Subject to and upon the terms and conditions hereinafter set forth, this Sublease shall be in force on a month-to-month basis ("**Sublease Term**") commencing on February 1, 2013.
3. **Base Sublease Rental.** Albertina Kerr agrees to pay to Port City as rent ("**Base Sublease Rental**") for the Subleased Premises the cash sum of \$3,350 per month. Base Sublease Rental shall be payable in advance to Port City on the first day of each calendar month throughout the Sublease Term, at the following address (or such other address as may be designated by Port City from time to time):

Terry Loerke, Treasurer
The Port City Development Center
2720 SW Corbett Avenue
Portland, OR 97201

Albertina Kerr agrees to pay all Base Sublease Rental and additional sums due under this Sublease to Port City without demand, counterclaim, or set-off.

4. **Utilities.** Albertina Kerr shall be responsible for all utilities consumed at the Subleased Premises, including, but not limited to, electricity, gas, telephone, water, sewer and trash pickup and disposal.

5. **Parking.** During the Sublease Term, Albertina Kerr shall be entitled to use and enjoy any parking rights available to County under the Ground Lease and/or Port City under Sublease 1 in addition to any additional parking rights granted pursuant to this Sublease, if any.

6. **Ground Lease.** This Sublease is subject to all the provisions, terms, covenants, and conditions of the Ground Lease and Sublease 1.

6.1 **Duties and Obligations.** Albertina Kerr assumes and agrees to perform and observe all provisions, terms, covenants, and conditions of the "tenant" under the Ground Lease and Sublease 1 as the same relate to the Subleased Premises and to Albertina Kerr's use and occupancy of the same during the Sublease Term, except as may be expressly provided to the contrary herein. Except to the extent assumed by Albertina Kerr in this Sublease, Port City agrees to fully and timely perform all of the "landlord" duties and obligations under the Ground Lease and Sublease 1;

6.2 **Entire Agreement.** Port City warrants and represents that (i) the Ground Lease and (ii) Sublease 1 represents Port City's entire agreement with the County relating to the Premises;

6.3 **Representations.** Port City advises Albertina Kerr that Port City is two (2) months in arrears on Port City's payments under Sublease 1 and the County has delivered notice to Port City that Port City is in default under the Sublease (collectively, "**Current Default**"). Port City acknowledges that (i) Port City shall be solely liable to the County for all cost and expense to the County related to the Current Default and (ii) Albertina Kerr shall have no liability associated with the Current Default. Except for the Current Default, Port City warrants and represents that Port City has received no notice, and has no actual knowledge, of (1) any default by the County or any breach by Port City of any of its obligations under the Ground Lease; and/or (2) any default by the Port City or any breach by the County of any of its obligations under Sublease 1; and

6.4 **Modification.** Port City agrees to refrain from entering into any amendment to or modification of the Ground Lease and/or Sublease 1 that would conflict with or materially limit the rights granted to Albertina Kerr by this Sublease.

7. **Repair of Subleased Premises.**

7.1 To the extent Port City has obligations as the landlord to County pursuant to the Ground Lease regarding repair, maintenance, or condition of the Subleased Premises or building, Port City agrees to use reasonable diligence to perform the same for the benefit of Albertina Kerr, when applicable;

7.2 To the extent County has obligations to Port City pursuant to Sublease 1 regarding repair, maintenance, or condition of the Subleased Premises or building, Port City

agrees to use reasonable diligence to cause the County to perform the same for the benefit of Albertina Kerr, when applicable.

7.3 Except as provided above, Albertina Kerr shall repair, maintenance, or condition of the Subleased Premises pursuant to this Sublease.

8. **Use.** Albertina Kerr agrees to use the Subleased Premises only for the purposes permitted by the Ground Lease and Sublease 1 and for no other purposes, all in accordance with applicable law.

9. **Port City's Acts.** Albertina Kerr shall not be responsible for the discharge and performance of the duties and obligations required to be performed and/or discharged by Port City and/or County in connection with the Ground Lease and/or Sublease 1 prior to the commencement of the Sublease Term. In that regard, Port City indemnifies, and agrees to defend; with counsel chosen by Albertina Kerr, and hold Albertina Kerr harmless from and against any and all loss, cost, expense, or liability (including, without limitation, attorneys' fees, accountants' fees, and court costs) resulting from any claims or causes of action existing in favor of or asserted by any party arising out of or relating to Port City's failure to perform any duties or obligations imposed on Port City under the Ground Lease and/or Sublease 1 with respect to periods beginning before the commencement of the Sublease Term, including, without implied limitation, related to the Current Default.

10. **Port City's Remedies.** Port City shall be entitled to all the rights and remedies available to Landlord under the Ground Lease following an event of default by County thereunder and to any other rights and remedies available to a landlord under applicable law. Port City shall be entitled to all the rights and remedies available to Port City under this Sublease following an event of default by Albertina Kerr. Upon any default by Albertina Kerr under this Sublease and the expiration of any and all applicable notice and cure periods, Port City, without being under any obligation to do so and without thereby waiving such default, may make such payment or remedy such other default for the account of Albertina Kerr, and thereupon Albertina Kerr agrees to and shall pay to Port City, immediately upon demand, all reasonable costs, expenses, and disbursements incurred by Port City in taking such remedial action.

11. **Default by Port City.** Any provision in this Sublease or the Ground Lease to the contrary notwithstanding, if Port City fails to perform its obligations under this Sublease and such failure (a) interferes substantially with the normal use of the Subleased Premises as allowed in this Sublease, and (b) continues for more than three (3) consecutive days, then the Base Sublease Rental shall be proportionately abated until such interference is eliminated or the Subleased Premises are otherwise rendered tenantable again. If Port City fails to perform its obligations under the Ground Lease, Sublease 1 or this Sublease and the interference resulting therefrom continues for a period of thirty (30) or more consecutive days, then Albertina Kerr shall have the right and option to cancel the Sublease by giving written notice to Port City after the end of such thirty (30) day period.

12. **Quiet Enjoyment.** Albertina Kerr shall peacefully have, hold, and enjoy the Subleased Premises, subject to the terms and conditions of this Sublease, Sublease 1 and the

Ground Lease, provided that Albertina Kerr timely and fully performs all of its covenants, duties, and obligations under this Sublease.

13. Governing Law. This Sublease shall be governed by and construed in accordance with the internal laws of Oregon, without regard to the conflicts of laws principles thereof. To the extent they may lawfully do so, Port City and Albertina Kerr agree that venue for any litigation between them related to this Sublease shall be in courts (federal or state) sitting in Multnomah County.

14. Notices. Any notice or other communication to any party required or permitted to be given under this Sublease must be in writing and shall be effectively given if hand delivered or if sent by United States Mail, postage prepaid, certified or registered, return receipt requested, to the following addresses:

If to Port City:

Terry Loerke, Treasurer
The Port City Development Center
2720 SW Corbett Avenue
Portland, OR 97201

If to Albertina Kerr:

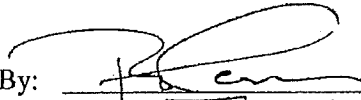
Chris Krenk, President and CEO
Albertina Kerr Centers
424 NE 22nd Avenue
Portland, OR 97232

Any notice mailed shall be deemed to have been given on the second (2nd) business day following the date of deposit of such item in a depository of the United States Postal Service. Notice effected by hand delivery or facsimile shall be deemed to have been given at the time of actual delivery. Any party shall have the right to change its address to which notices shall thereafter be sent by giving the other parties notice thereof.

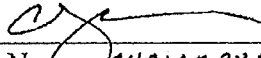
15. Successors and Assigns. This Sublease shall be binding upon and shall inure to the benefit of Port City, Albertina Kerr and their respective successors and assigns.

EXECUTED on the day and date first written above.

PORT CITY:

By: 
Printed Name: TERRY LOENKE
Title: Board Member

ALBERTINA KERR:

By: 
Printed Name: CHRISTOPHER J. KRENKE
Title: President - CEO