

1 **LEASE**

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4
5 **DATED:** February __, 2004

6
7 **BETWEEN:** PACIFIC REALTY ASSOCIATES, L.P.,
8 a Delaware limited partnership

LANDLORD

9
10 **AND:** MULTNOMAH COUNTY OREGON,
11 a public entity

TENANT

12
13
14 **PRELIMINARY**
15

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

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

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

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

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

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

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

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

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

44 **1. Use of the Premises.**

45 1.1. Tenant shall use the Premises only for the purpose of conducting the following
46 business:

47 Storage and office use by Multnomah County Sheriff.

48 If such use is prevented by any law or governmental regulation, Tenant may use
49 the Premises for other reasonable uses or terminate this Lease, subject to Landlord's prior written
50 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.
45

1
2 IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the
3 respective dates set opposite their signatures below, but this Agreement on behalf of such party shall
4 be deemed to have been dated as of the date first above written.

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

8
9 By: PacTrust Realty, Inc.,
10 a Delaware corporation,
11 its General Partner

12 Date: _____, 2004

13 By: _____
14 David G. Hicks
15 Vice President

16
17 Address for Rent Payments to Landlord:
18 PacTrust
19 Unit 80
20 P.O. Box 5000
21 Portland, OR 97208-5000

22
23 Note: The unit number (Unit 80) must be listed on
24 a line separate from the P.O. Box line.

25
26 Address for Notices to Landlord:
27 Pacific Realty Associates, L.P.
28 Attn: Legal Dept.
29 15350 S.W. Sequoia Parkway, Suite 300
30 Portland, OR 97224

31
32 **TENANT:**
33 **MULTNOMAH COUNTY OREGON,**
34 a public entity

35
36 By: BOARD OF COUNTY COMMISSIONERS
37 FOR MULTNOMAH COUNTY, OREGON

38
39 Date: _____, 2004

40 By: _____
41 Diane M. Linn
42 Multnomah County Chair

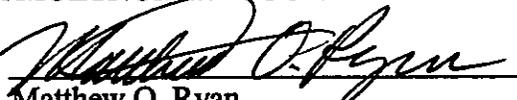
43
44 Address for Legal Notices to Tenant:
45 Multnomah County
46 Facilities and Property Management
47 401 N. Dixon
48 Portland, OR 97227-1865

49
50 With a copy to:
51 Multnomah County Attorney
52 501 SE Hawthorne
53 Portland, OR 97214

54
55 Address for Invoices to Tenant
56 Multnomah County
57 Facilities and Property Management
58 401 N. Dixon
59 Portland, OR 97227-1865

60
61 Tenant Employer Identification Number:
62 93-6002309

63 Reviewed:
64 AGNES SOWLE, COUNTY ATTORNEY
65 FOR MULTNOMAH COUNTY

66 By: 
67 Matthew O. Ryan
68 Assistant County Attorney

NE 59TH AVE.

NE 50TH AVE.

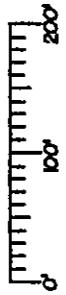
NE 57TH AVE.

NE HASSALO ST.

EXHIBIT A

MULTNOMAH COUNTY
8/3/95

BANFIELD INDUSTRIAL PARK



A FARMTRUST PROPERTY

PARK ENTRANCE

THE PREMISES

D

FENCED YARD

C

FENCED YARD

B

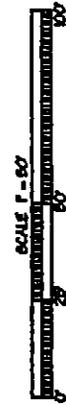
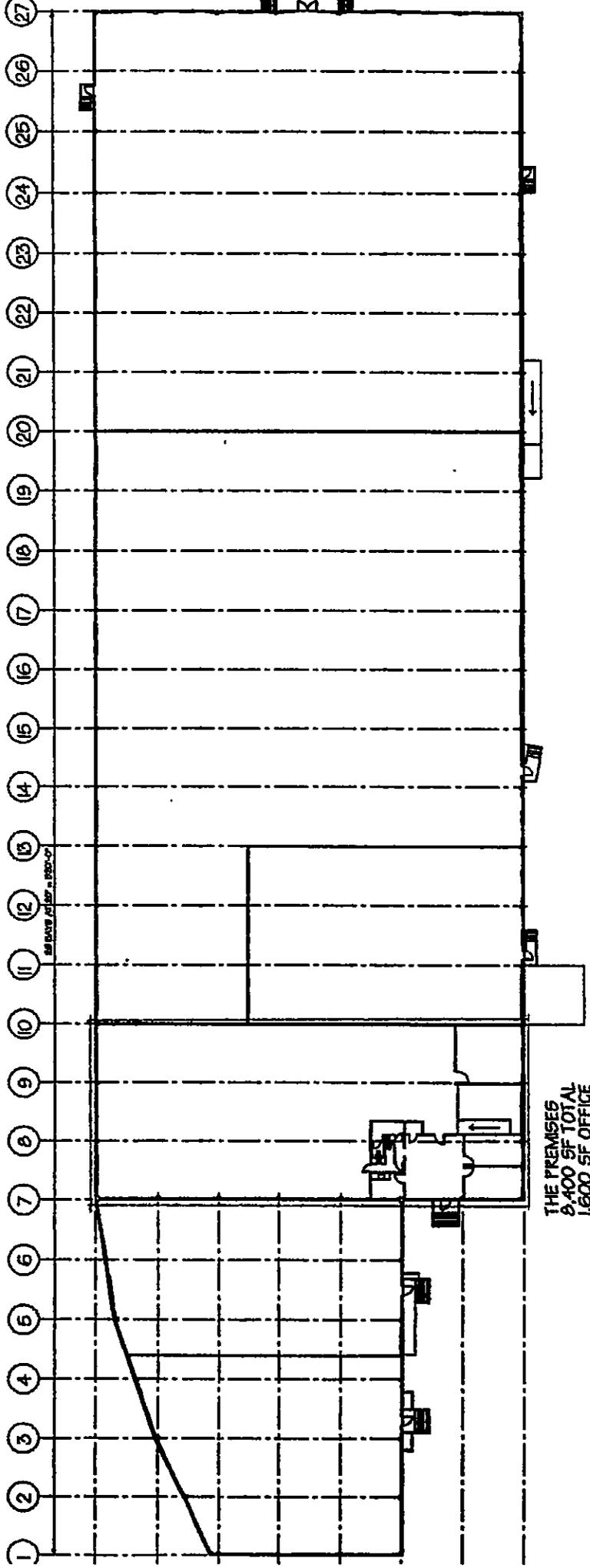
A

NE 59TH AVE.

NE 57TH AVE.

NE IRVING ST.

NE 59TH AVE.



MULTNOMAH COUNTY

BANFIELD INDUSTRIAL PARK
 BUILDING B (PTR #61)
 5622 NE HASSALO ST.
 PORTLAND, OR 97213
 8/3/95

A PACIFICRUST PROPERTY

EXHIBIT B