

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 04-029

Approving First Amendment and Extension of Lease with Watamull Properties Corp. (Watamull), Landlord, for Office Space at 2205 NE Columbia Blvd., Portland, Oregon, and Authorizing County Chair to Execute Lease Amendments and Renewals

The Multnomah County Board of Commissioners Finds:

- a. Multnomah County has a lease for approximately 9,987 square feet of office space on the 1st floor of the building known as the Department of Community Corrections (DCC) Northeast District Office which will expire March 31, 2004.
- b. Multnomah County DCC has leased space in the building located at 2205 NE Columbia Blvd., Portland, Oregon since approximately 1986 as a staff field office for conducting parole and probation counseling.
- c. Multnomah County DCC is still in need of the leased space at the 2205 NE Columbia Boulevard location, and the County and Watamull have agreed to amend and extend the lease for a period of twenty-four (24) months, with an option to renew the lease for one (1) successive term of one year upon expiration of the extended term.
- d. The First Amendment to the lease has been established to reflect a fixed base rental rate of \$7,000 per month for the term of the renewal that is below market resulting from the property tax exemption received by the County for use of the property.
- e. The County property tax exemption provision in the lease has been revised so that real property taxes are no longer paid as part of the lease payments, and the County will not be required to make annual adjustments to the lease payments to recapture tax exemption savings.
- f. The First Amendment to the lease deletes the Special Provisions Paragraph 2 - Termination clause which allowed termination only on any June 30th, and substitutes a Special Provisions - Tenant's Termination Right clause that provides the County with expanded rights to terminate the lease if funding is not provided by the Board to continue the lease for the use as a staff field office for parole and probation purposes.

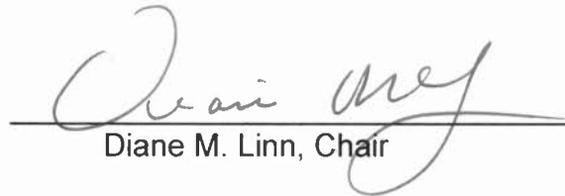
The Multnomah County Board of Commissioners Resolves:

1. Multnomah County shall enter into and execute the attached First Amendment to the real property lease agreement between Watamull Properties Corp. for office space in the property located at 2205 NE Columbia Blvd., Portland, Oregon, to extend the lease term twenty-four (24) months, with an option to renew the lease for one (1) successive term of one year.
2. The County Chair is authorized to execute the attached First Amendment to the lease with Watamull Properties Corp. for the property referenced above and any subsequent renewals and amendments to the lease consistent with State and local law.

ADOPTED this 25th 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

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE is made this 25th day of March, 2004, by and between WATUMULL PROPERTIES CORP., (the "Landlord"), and Multnomah County, a Political Subdivision of the State of Oregon (the "Tenant").

WHEREAS, Landlord and Tenant entered into a Lease agreement dated April 29, 1999, (the "Lease"), for certain Premises located at 2205 NE Columbia Blvd., Portland, Oregon 97211, ("Premises") and consisting of approximately 9,987 square feet, as more fully described in the Lease; WHEREAS, Landlord and Tenant desire to extend the Lease for an additional term, and to modify the Lease accordingly, as follows;

NOW THEREFORE, in consideration of the covenants and agreements contained herein, the parties hereby mutually agree as follows:

1. **Term:** Effective April 1, 2004 through March 31, 2006; with one (1) option to renew for one (1) successive term of one (1) year, provided written notice of Tenant's intent to exercise such option is received no later than one hundred twenty (120) days prior to the expiration of the base term, and provided that Tenant is not then in default.
2. **Base Rent:** April 1, 2004 through March 31, 2006 = \$7,000.00 per month
3. The existing **Special Provisions Paragraph 2 - Termination** shall be deleted in its entirety and the following special provision substituted:

Tenant's Termination Right:

- 2.1 If sufficient funds have not been provided in the budget approved by the Board of County Commissioners for the functions which will operate in the Premises to permit Tenant, in the exercise of its reasonable administrative discretion, to continue this Lease, Tenant shall have the right to terminate this lease strictly in accordance with, and subject to, the terms and conditions contained in this Paragraph 2 ("Tenant's Termination Right"). Tenant shall exercise Tenant's Termination Right, if at all, by giving notice thereof to Landlord (the "Termination Notice"), which Termination Notice must be received by Landlord not less than one hundred twenty (120) days prior to the date Tenant desires to terminate the Lease (the "Termination Date") and which Termination Notice must specify the Termination Date. During the period of time following receipt by Landlord of the Termination Notice, Tenant may negotiate with Landlord for continued occupancy of a portion of the Premises at a reduced rent; however, neither party shall be obligated to the other to conclude an agreement with respect to such reduction of space and/or reduction of rent. Either party may terminate such negotiations with ten (10) days written notice to the other, and upon such notice, Landlord shall be free to commit the Premises to other parties for occupancy at any time following the Termination Date. If Tenant delivers the Termination Notice to Landlord and Landlord and Tenant do not, for any reason whatsoever, negotiate a reduction of space and/or reduction of rent as provided above, the Lease shall terminate on the Termination Date, as if such date were the original expiration date of this Lease. All obligations under this Lease shall continue up to and including

Page Two
First Amendment to Lease
Multnomah County
March 25, 2004

the Termination Date, and upon the Termination Date, Tenant shall surrender possession of the Premises and deliver the same to Landlord in the condition required under this Lease.

2.2 The Termination Right specified in the Paragraph 2.1 is personal to Multnomah County. Upon any assignment by Multnomah County of all or any portion of its interest in and to this Lease, the Termination Right shall be null and void and of no further force or effect.

4. The existing **Special Provisions Paragraph 3 - Tax Exemption Savings** shall be deleted and the following special provision substituted:

Property Tax Exemption:

3.1 If the Tenant does not maintain an exemption from real property taxes as provided in Paragraph 3.3, in conjunction with monthly rent payments, Tenant shall pay Tenant's proportionate share of real property taxes for the Premises. Tenant's proportionate share of real property taxes shall mean that percentage of the total assessment affecting the Premises which is the same as the percentage which the rentable area of the Premises bears to the total rentable area of all buildings covered by the tax statement. Such amount shall be estimated annually by Landlord in good faith to reflect actual or anticipated real property taxes. Upon Termination of this Lease or at periodic intervals during the term hereof, Landlord shall compute the real property taxes during such period. Subject to any exemption obtained by Tenant pursuant to Paragraph 3.3, any actual overpayment by Tenant shall be credited to Tenant, and any actual deficiency shall be paid by the Tenant within thirty (30) days after receipt of Landlord's statement.

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

3.3 Under the provisions of ORS 307.112, Multnomah County Oregon, a public entity ("Multnomah County") is entitled to claim an exemption from real property taxes for the Premises, which the County has obtained. To the extent Multnomah County maintains such an exemption, Multnomah County shall not be liable for payment of any additional sum for real property taxes, but shall remain liable for payment of Bancrofted special assessments and any other real property taxes described in this Paragraph 3.3 for which Multnomah County does not receive an exemption. The total compensation paid by Multnomah County under this Lease has been established to reflect the savings below market rent resulting from the exemption from taxation as provided in this Paragraph 3.1.

5. Correction:

The misspelling of the word "Provisions" is hereby corrected in the title line of the Special Provisions lease page.

6. Brokerage:

Tenant represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no other broker, agent or other person brought about this transaction, and Tenant agrees to indemnify and hold Landlord harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction. The provisions of this Article shall survive the termination of this lease.

7. Condition of Premises:

The Premises is leased in "As-is" condition.

EXCEPT AS SPECIFICALLY MODIFIED HEREIN, all terms and conditions of the original Lease shall remain in full force and effect, except that with regard to any provision therein granting Tenant any right or privilege to renew or extend said lease; any provisions therein for alterations, repairs, or decorations; and any provisions granting free rent.

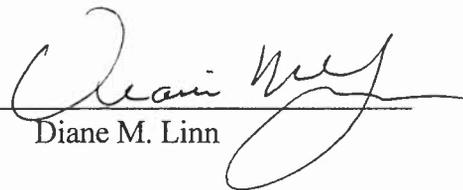
IN WITNESS THEREOF, the parties have executed this agreement the day and year first written above.

WATUMULL PROPERTIES CORP.
a Hawaii Corporation

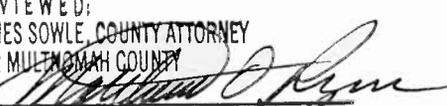
By: _____

Its: _____

MULTNOMAH COUNTY,
a Political Subdivision of the State of
Oregon

By: 
Diane M. Linn

Its: Multnomah County Chair

REVIEWED:
AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY
BY: 
ASSISTANT COUNTY ATTORNEY
DATE: March 25, 2004