

**LEASE AGREEMENT  
(Yamhill County/First Transit)**

THIS LEASE AGREEMENT ("Lease") is made this 22 day of Oct., 2015 between Yamhill County, a political subdivision of the State of Oregon ("Lessor" in this agreement) and First Transit, Inc., a Delaware corporation, operating locally at PO Box 393, McMinnville, Oregon, 97128 ("Lessee" in this agreement). Lessee's Tax Identification Number is 23-1716119. Based on the mutual covenants set forth below, Lessor and Lessee agree as follows:

**Section 1 Demised Premises.** Lessor leases to Lessee the following described property located in the City of McMinnville, State of Oregon:

The land, building and related improvements located at 800 NE 2<sup>nd</sup> Street, McMinnville, Oregon, 97128, consisting of approximately 1,248 square feet.

**Section 2 Term.** The term of this Lease is July 1, 2015 through June 30, 2016.

**Section 3 Rent.** Lessee shall pay to Lessor as rent the total aggregate amount of not less than Twelve Thousand Three Hundred Sixty Six Dollars and 00/100 (\$12,366.00) for the entire term of this Lease, payable in monthly installments, with payments commencing effective October 1, 2014. An installment shall be no less than one month's rent fixed at \$1,374.00 per month. Rent shall be payable on the first day of installment period in advance at such place as may be designated by Lessor. Payment shall be made to: Yamhill County, ATTN: Transit Manager, 434 NE Evans, McMinnville, OR 97128

**Section 4 Quiet Enjoyment.** Lessor covenants that on paying the rent and performing the covenants contained in this Lease, Lessee shall peacefully and quietly have, hold, and enjoy the Demised Premises for the agreed term.

**Section 5 Use of Demised Premises.**

A. The Demised Premises shall be used and occupied by Lessee for commercial purposes relating to the operation of public transportation and related services only, except as may be otherwise allowed under a sublease authorized under this Lease Agreement.

B. Lessee's use of the Demised Premises shall be in full compliance with all statutes, ordinances, rules, regulations and laws of governmental authorities applicable to the Demised Premises. Lessee shall not do anything which will create a nuisance or a danger to persons or property.

**Section 6 Number of Occupants.** Lessee agrees that the Demised Premises shall be occupied by no more than allowed by the fire marshal.

**Section 7 Condition of Demised Premises.** Lessee stipulates that Lessee has examined the

Demised Premises, including the grounds and all buildings and improvements, and that they are, at the time of this Lease, in good order and tenantable condition for the purpose for which Lessee intends to use the Demised Premises.

**Section 8 Assignment and Subletting.**

A. Without the prior, express, and written consent of Lessor, which shall not unreasonably be withheld, Lessee shall not assign this Lease, or sublet or grant any concession or license to use the Demised Premises or any part of the Demised Premises, without written advance approval by Lessor.

B. A consent by Lessor to one assignment, subletting, concession, or license shall not be deemed to be a consent to any subsequent assignment, subletting, concession, or license.

**Section 9 Alterations and Improvements.**

A. Lessee shall make no alterations to the building on the Demised Premises without the prior, express, and written consent of Lessor, which consent shall not unreasonably be withheld.

B. All alterations, change, and improvements built, constructed, or placed on the Demised Premises by Lessee, with the exception of fixtures removable without damage to the Demised Premises and movable personal property, shall, unless otherwise provided by written agreement between Lessor and Lessee, be the property of Lessor and remain on the Demised Premises at the expiration or earlier termination of this lease.

**Section 10 Damage to Demised Premises.** Lessee shall be responsible to bear the cost of any repair for damages to the Demised Premises caused by Lessee or Lessee's employees, contractors, subcontractors, agents, invitees or persons on the Demised Premises with the permission of, for the benefit of, or in connection with Lessee's occupancy. This responsibility does not include responsibility for damage caused by the general public when on the Demised Premises to access public transit, which responsibility shall remain with Lessor.

**Section 11 Dangerous Materials.** Lessee shall not keep or have on the Demised Premises any article or thing of a dangerous, inflammable, environmentally hazardous or explosive character that might unreasonably increase the danger of fire on the Demised Premises or that might be considered hazardous or extra hazardous by any responsible insurance company or create potential environmental cleanup liability for Lessor.

**Section 12 Utilities.** Lessor shall be responsible for arranging and paying for all utility services required on the Demised Premises.

**Section 13 Maintenance and Repair.**

A. Lessor shall be responsible for all exterior and interior maintenance and repair of the Demised Premises during the term of this Lease.

B. Lessee shall notify Lessor of the need for any maintenance or repair, and Lessor's responsibility to maintain or repair shall not arise until such notice has been given.

C. Lessee shall be responsible for interior custodial services. If Lessee fails to provide custodial services as required under this Lease, then Lessor may, after giving Lessee written notice of Lessor's election to do so, and the failure of Lessee to provide for such custodial services, arrange for such custodial services to be provided on behalf of and for the account of Lessee. In such event, custodial services shall be paid for by Lessee as Additional Rent and payment shall be due promptly upon receipt of a bill therefor.

D. Lessee agrees that no signs shall be placed or painting done on or about the Demised Premises by Lessee or at Lessee's direction without the prior, express, and written consent of Lessor except for small signs identifying Lessee and any sublessee. Lessor hereby expressly consents to Lessee posting signs required by local, state or federal law.

**Section 14 Animals.** Lessee shall keep no domestic or other animals on or about the Demised Premises without the prior, express, and written consent of Lessor.

**Section 15 Right of Inspection.** Lessor and Lessor's agents shall have the right at all reasonable times during the term of this Lease to enter the Demised Premises for the purpose of inspecting the same and all building and improvements on the Demised Premises.

**Section 16 Holdover by Lessee.** Should Lessee remain in possession of the Demised Premises with the consent of Lessor after the natural expiration of this Lease, a new tenancy from month to month shall be created between Lessor and Lessee which shall be subject to all the terms and conditions of this Lease, but shall be terminable on 15 days written notice served by either Lessor or Lessee on the other party.

**Section 17 Surrender of Demised Premises.** At the expiration of the Lease term, Lessee shall quit and surrender the Demised Premises in as good state and condition as they were at the commencement of this Lease, reasonable use and wear and damages by the elements excepted.

**Section 18 Default.** If any default is made in the payment of rent, or any part of the rent, at the times specified in this Lease, or if any default is made in the performance of or compliance with any other term or condition of this Lease, the Lease, at the option of Lessor, shall terminate and be forfeited, and Lessor may re-enter the Demised Premises and remove all persons from the Demised Premises. Lessee shall be given written notice of any default or breach. Termination and forfeiture of the lease shall not result if, within 5 days from receipt of such notice, Lessee has corrected the default or breach or has taken action reasonably likely to affect such correction

within a reasonable time.

**Section 19    Reserved.**

**Section 20    Insurance.**

A.     Lessor shall maintain, throughout the entire term of this Lease, fire and property damage insurance on the Demised Premises, but not on Lessee's contents on the Demised Premises or in the building located on the Demised Premises.

B.     Lessee shall purchase and maintain in force, with an insurance carrier reasonably acceptable to Lessor, a policy of comprehensive liability insurance covering the Demised Premises and all operations of Lessee in or about the Demised Premises for bodily injury and property damage liability for limits of liability not less than (i) \$1,000,000 each occurrence (combined single limit for bodily injury and property damage); (ii) \$1,000,000 for personal injury liability; (iii) \$1,000,000 aggregate for products-completed operations; (iv) \$2,000,000 general aggregate; and (v) \$10,000,000 umbrella coverage with respect to each of the foregoing, with a deductible of not more than \$25,000. Said policy shall insure against any and all liability of Lessee and Lessor with respect to the Demised Premises. Lessee shall name Lessor as a named insured under its comprehensive general liability insurance policy. Lessee shall furnish Lessor with a certificate of such insurance annually, which certificate shall name Lessor as additional insured and shall provide for at least twenty (20) day prior written notice to Lessor before cancellation or modification. Failure of Lessee to renew or replace such insurance at least thirty (30) days before the expiration date thereof shall constitute a material default under this Lease.

C.     Lessee shall purchase and maintain insurance on the insurable improvements comprising the Demised Premises against damage by fire and the perils now specified in the most current standard extended coverage endorsement in an amount equal to one-hundred percent (100%) of the replacement cost of the insurable improvements with guaranteed full replacement cost (\$814,610.00), exclusive of the cost of excavations, foundations and footings, together with insurance against sprinkler damage, vandalism and malicious mischief. Such insurance shall include coverage for rent loss in the event of damage or destruction. The deductible under said policy of insurance shall be no more than \$25,000. Lessor shall be named as loss payee under said policy. The insurance provided for herein may be brought within the coverage of a blanket policy of insurance carried and maintained by Lessee.

D.     Lessee shall purchase and maintain in full force and effect insurance covering all of the items comprising Lessee's leasehold improvements, trade fixtures, equipment and personal property from time to time in, on or upon the Demised Premises in an amount not less than their full replacement cost from time to time, providing protection against any peril included within the classification "fire and extended coverage," together with insurance against sprinkler damage (if applicable), vandalism and malicious mischief.

E. All Lessee's policies of insurance provided for herein shall be issued by insurance companies with a general policyholder's rating of not less than A (or equivalent rating if such are changed) as rated in the most current available "Best's Insurance Reports" and qualified to do business in the State of Oregon. Executed copies of the policies of insurance and applicable endorsements shall be delivered to Lessor thirty (30) days after the commencement date of the Lease term and thereafter within thirty (30) days prior to the expiration of the term of each policy. All public liability and property damage policies shall contain a provision that Lessor, although named as an additional insured, shall be entitled to recover under such policies for any loss occasioned by Lessor, or the employees, agents, contractors or invitees of Lessor. When any such policy expires or terminates, a renewal or additional policy shall be purchased and maintained by Lessee. All policies of insurance provided by Lessee shall be written as primary policies, not contributing, with or in excess of coverage which Lessor may carry, and shall contain a provision that the insurer shall give to Lessor thirty (30) days prior written notice of any cancellation or lapse, or of any reduction in the amounts of insurance. Lessee shall be responsible for the purchase of any and all insurance required under this Lease to be provided by Lessee from a financially responsible insurance company, it being agreed that in the event of the insolvency of the insurance company selected by Lessee or if, for any other reason, such insurance company is unable to pay the full amount of any claim, Lessee shall be liable for the payment of such claim to the extent not paid by the insurer.

F. If Lessee fails to purchase and keep in force any of the insurance required of Lessee in this Section, Lessor may, but shall not be required to, purchase and keep in force the same, and Lessee shall reimburse Lessor the full amount of Lessor's expense with respect thereto, said reimbursement to be made within twenty (20) days after Lessee receives written demand for such reimbursement by Lessor.

G. Lessee agrees to obtain workers compensation insurance for all its subject workers working at the Demised Premises. Lessee will be responsible for maintaining insurance for Lessee's property stored in the building located on the Demised Premises.

**Section 21 Indemnification of Lessor.** Except as otherwise provided in the Lease, Lessee shall defend, indemnify and hold Lessor harmless from claims of any nature that might be asserted against Lessor on account of Lessee's use of the Demised Premises or activities occurring on the Demised Premises during the term of this Lease.

**Section 22 Binding Effect.** The covenants and conditions contained in this Lease shall apply to and bind the heirs, legal representatives, and assigns of the parties, and all covenants are to be construed as conditions of this Lease.

**Section 23 Governing Law; Jurisdiction.** It is agreed that this Lease shall be governed by, construed, and enforced in accordance with the laws of the State of Oregon and is subject to jurisdiction in the courts of Yamhill County Oregon.

**Section 24 Time of the Essence.** It is specifically declared and agreed that time is of the

essence of this Lease.

**Section 25 Attorney Fees and Costs.** In the event that either party to this Lease shall take any action, judicial or otherwise, to enforce or interpret any of the terms of this Lease, each party shall be wholly responsible for its own expenses which it may reasonably incur in taking such action, including costs and attorney fees, whether incurred in a suit or action or appeal from a judgment or decree therein or in connection with any nonjudicial action.

**Section 26 Non-appropriation.** Both parties recognize Lessor is subject to certain constitutional provisions and laws restricting its authority to obligate county funds in future fiscal years. Therefore, in the event no funds or insufficient funds are appropriate and budgeted or are otherwise not available in any fiscal year, Lessor will immediately notify Lessee of such occurrence and the Lease shall terminate on the last day of the fiscal year for which appropriations were received.

**Section 27 Entire Agreement.**

This Lease shall constitute the entire agreement between the parties. Any prior understanding or representation of any kind preceding the date of this Lease shall not be binding upon either party except to the extent incorporated in this Lease.

**Section 28 Modification of Agreement.**

Any modification of this Lease or additional obligation assumed by either party in connection with this Lease shall be binding only if evidenced in a writing signed by each party or an authorized representative of each party.

**Section 29 Notices.**

Any notice required or permitted under this Lease shall be given when actually delivered or forty-eight hours after deposited in the United States mail as certified mail addressed to the address set forth below or to such other address as may be specified from time to time by either of the parties in writing.

**Lessor:** Yamhill County, Oregon  
Attn: Board of Commissioners  
434 NE Evans  
McMinnville, OR 97128

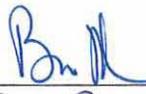
**Lessee:** First Transit  
P.O. Box 393  
McMinnville, OR 97128

In witness whereof, this Lease Agreement was approved by Lessor on 10-22-15 by Board Order 15-431. This Lease Agreement was approved by Lessee on the date set forth adjacent to Lessee's signature below.

**YAMHILL COUNTY, LESSOR**

By:   
Mary Starrett, Vice-Chair  
Board of Commissioners  
Date: 10-22-15

**FIRST TRANSIT, LESSEE**

By:   
Print Name: Bruce Rasch  
Title: SVP, General Counsel  
Date: 02-09-16

APPROVED AS TO FORM

  
CHRISTIAN BOENISCH  
County Counsel

Accepted by Yamhill County  
Board of Commissioners on  
10-22-15 by Board Order  
# 15-431