

**OFFICE LEASE**

Execution Date: 10-18-2017, 2017

Between: JJSS Property LLC, an Oregon limited liability company ("Landlord")  
2817 NW Nela Street  
Portland, OR 97210

And: Yamhill County, acting by and through its Health and  
Human Services Department ("Tenant")  
627 NE Evans  
McMinnville, Oregon 97128

Landlord leases to Tenant and Tenant leases from Landlord the following described property (the "Premises") on the terms and conditions stated below:

A portion of tax lot #R4421BD07201, aka  
330-340 NE Kirby Street  
McMinnville, OR 97128  
Approximately 10,000 rentable square feet

**SECTION 1. OCCUPANCY**

**1.1 Original Term.** The term of this lease will commence upon the above listed Execution Date or October 1, 2017, whichever is later (the "Commencement Date") and will continue through September 30, 2022, unless sooner terminated as hereinafter provided. Notwithstanding the provisions of this Section 1.1, Tenant may at any time during the original term of this lease, or any renewal term of this lease under Section 1.3, elect to terminate this lease without cause by providing Landlord with at least 180 days' notice of such termination. In the event this lease is terminated as provided herein during the original term only, then Tenant agrees to reimburse Landlord for any unearned commissions that Landlord has paid to Landlord's and Tenant's brokers related to this lease. The parties agree that the total earned commission to both Landlord and Tenant's brokers is \$30,888.00 and that the amount of any potential outstanding unearned commission shall be reduced by 10% for each 6-month period during the original term. This lease will terminate on the date set forth in Tenant's termination notice and be effective as of the termination date, after such date neither party will have any liability or obligation under this lease, except for any warranty, representation, indemnification, or obligation that by its terms extends beyond the term of this lease.

**1.2 Possession; Landlord Representation.**

(a) Tenant's right to possession and obligations under the lease (including, but not limited to, Tenant's obligation to pay rent) will commence on the later of (i) Commencement Date or (ii) on the date that Landlord delivers the Premises to Tenant in broom clean condition to Tenant's reasonable satisfaction. Landlord will have no liability for delays in delivery of

B.O. 17-426

*JL* 

possession and Tenant will not have the right to terminate this lease because of delay in delivery of possession except as hereinafter provided.

(b) Except as specifically set forth in this lease, Tenant acknowledges that:

(i) Tenant has inspected the Premises and accepts the same in its current "AS IS, WHERE IS" condition; and

(ii) Except as expressly provided in this lease, Tenant acknowledges and confirms that the Premises are of its selection and to its specifications, that the Premises are suitable for its permitted use under Section 3.1, and that the Premises are satisfactory to Tenant.

(c) Landlord represents to Tenant that as of the above Execution Date, the following are in good condition and repair: (i) the heating and air-conditioning systems and equipment, (ii) the electrical and plumbing facilities, including sewer and septic systems (iii) structural and non-structural portions of the building comprising the Premises, and (iv) the roof of the building comprising the Premises.

**1.3 Renewal Option.** If this lease is not in default at the time each option is exercised or at the time the renewal term is to commence, Tenant will have the option to renew this lease for 2 successive terms of 5 years each, as follows:

(a) Each of the renewal terms will commence on the day following expiration of the preceding term.

(b) The option may be exercised by written notice to Landlord given not less than 60 days prior to the last day of the expiring term. The giving of such notice will be sufficient to make the lease binding for the renewal term without further act of the parties. Landlord and Tenant will then be bound to take the steps required in connection with the determination of rent as specified below.

(c) The terms and conditions of the lease for each renewal term will be identical with the original term except for base monthly rent. Base monthly rent for a renewal term will be, (i) \$10,000.00 per month for the first year of the first renewal term and then increased by 2.5% each year until the lease is terminated.

## **SECTION 2. RENT; ADDITIONAL RENT; SECURITY DEPOSIT**

**2.1 Base Monthly Rent.** During the original term, Tenant will pay to Landlord as base monthly rent:

October 1, 2017 through December 31, 2017:	Base Monthly Rent Waived
January 1, 2018 through September 30, 2018:	\$8,800 per month
October 1, 2018 through September 30, 2019:	\$8,800 per month
October 1, 2019 through September 30, 2020:	\$8,800 per month
October 1, 2020 through September 30, 2021:	\$9,200 per month
October 1, 2021 through September 30, 2022:	\$9,500 per month

JL. 

Base monthly rent will be payable on the first day of each month in advance at such place as may be designated by Landlord.

## 2.2 Additional Rent

(a) Tenant, during the term of this lease, shall pay up to, but not in excess of, \$4,000 for any 12-month period toward the cost of Landlord's building hazard insurance to insure the Premises. Landlord's building hazard insurance shall provide (i) comprehensive liability insurance covering the Premises and all operations of Tenant in or about the Premises for bodily injury and property damage liability for the Premises, in amounts not less than \$1,000,000 each occurrence, \$2,000,000 general aggregate, and (ii) insurance on the insurable improvements comprising the Premises against damage by fire and related perils in an amount equal to one-hundred percent (100%) of the replacement cost of the insurable improvements with guaranteed full replacements costs (including coverage for rent loss in the event of damage or destruction). Landlord shall provide Tenant with written proof of payment and coverage certificate(s) for the Premises prior to Tenant's payment. If the actual cost of building hazard insurance for the Premises as described above for a particular 12-month period is less than \$4,000.00, Tenant shall only be required to pay the actual cost of building hazard insurance for that 12-month period. Tenant shall have 30 days from review and approval of building hazard insurance documentation to make payment. If Landlord fails to purchase and keep in force any of the insurance described herein, Tenant may, but shall not be required to, purchase and keep in force the same, and Landlord shall reimburse Tenant the full amount of Tenant's expense with respect thereto.

**2.3 Security Deposit.** To secure Tenant's compliance with all terms of this lease, Tenant shall paid Landlord the sum of \$10,000 as a deposit. The deposit will be refunded to Tenant within 30 days after expiration of the lease term or other termination not caused by Tenant's default.

**2.4 Common Area Maintenance (CAM) Adjustment.** Tenant shall pay to Landlord, as additional rent, Tenant's Proportionate Share of the amount by which CAM expenses for the building of which the Premises forms a part. The Tenant's share of CAM expenses are based on Tenant's square footage. The square footage of the entire building of which the Premises forms a part is 16,000 and the Tenant's square footage is 10,000 thus, Tenants share of the CAM expenses shall be 62.5 % ( $10,000/16,000 = 62.5\%$ ). Landlord shall bill Tenant for Tenant's share of CAM expenses monthly. "CAM" expenses shall be limited to expenses for repair and maintenance of the parking lot, parking lot lighting and landscaping.

## SECTION 3. USE OF THE PREMISES

**3.1 Permitted Use.** The Premises will be used for commercial purposes as commercial office space for Tenant and for no other purpose.

**3.2 Restrictions on Use.** In connection with the use of the Premises, Tenant must:

*JL* 

(a) Conform to all applicable laws and regulations of any public authority affecting the Premises and the use, and correct at Tenant's own expense any failure of compliance created through Tenant's fault.

(b) Refrain from any activity that would make it impossible to insure the Premises against casualty.

(c) Refrain from any use that would be reasonably offensive to other tenants or owners or users of neighboring premises or that would tend to create a nuisance or damage the reputation of the Premises.

(d) Refrain from loading the electrical system or floors beyond the point considered safe by a competent engineer or architect selected by Landlord.

(e) Refrain from attaching any sign, insignia, antenna, aerial, or other device to the exterior or interior walls, windows, or roof of the Premises without the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

(f) Operate Tenant's equipment and undertake Tenant's practices and operations in an environmentally friendly manner.

### **3.3 Hazardous Substances.**

(a) Tenant will not cause or permit any Hazardous Substance to be spilled, leaked, disposed of, or otherwise released on or under the Premises. Tenant may use or otherwise handle on the Premises only those Hazardous Substances typically used or sold in the prudent and safe operation of the business specified in Section 3.1. Tenant may store such Hazardous Substances on the Premises only in quantities necessary to satisfy Tenant's reasonably anticipated needs. Tenant will comply with all Environmental Laws and exercise the highest degree of care in the use, handling, and storage of Hazardous Substances and will take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled, or stored on the Premises. Upon the expiration or termination of this lease, Tenant will remove all Hazardous Substances from the Premises. The term Environmental Law will mean any federal, state, or local statute, regulation, or ordinance or any judicial or other governmental order pertaining to the protection of health, safety or the environment. The term Hazardous Substance will mean any hazardous, toxic, infectious or radioactive substance, waste, and material as defined or listed by any Environmental Law and will include, without limitation, petroleum oil and its fractions.

(b) Landlord represents to Tenant that Landlord has no knowledge of, or notice from any governmental agency of, any violation of any Environmental Laws regarding the Premises and knows of no Hazardous Substances in, or, under, or migrating onto the Premises.

## **SECTION 4. REPAIRS AND MAINTENANCE**

**4.1 Landlord's Obligations.** The following will be the responsibility of Landlord at its cost:

jl SWS

(a) Repairs, maintenance and replacement of the gutters, downspouts, and sewer or septic services leading to and serving the Premises.

(b) Repair, maintenance and replacement of the roof, roofing materials heating and air conditioning (HVAC) system, subject to Tenant's obligations under Section 4.2(d).

(c) Repair, maintenance and replacement of wiring and plumbing, up to the point of entry to the Premises.

(d) Other structural repairs, maintenance, or replacement necessitated by structural disrepair by Landlord.

(e) Repair, maintenance and replacement of exterior walls, ceilings, siding, framing, awnings and foundation of the Premises.

(f) Repair, maintenance, and replacement of interior walls, ceilings, framing, doors, windows, floors, and floor covering, light fixtures, switches and wiring, plumbing sewer and septic services, when such repair, maintenance, or replacement is made necessary because of Landlord's failure to keep the Premises in repair as provided in this Section 4.1.

**4.2 Tenant's Obligations.** Other than the obligations of Landlord set forth in Section 4.1, Tenant will at its cost be solely responsible to maintain the Premises, and all improvements in good order, condition, and repair, including without limitation:

(a) Repairs, maintenance, and replacement of interior walls, ceilings, doors, windows, and related hardware, light fixtures, switches, and wiring and plumbing from the point of entry to the Premises.

(b) Any repairs, maintenance, and replacement caused solely by the negligence of Tenant, its agents, employees, and invitees.

(c) Ordinary maintenance of the HVAC system and any repairs necessary because of improper maintenance, subject to Section 4.2(d) below. Landlord hereby consents to Tenant's right, but not obligation, to contract with a service company for the ordinary maintenance of the foregoing.

(d) Repair, maintenance and replacement of roof, roofing materials or HVAC system in an amount not to exceed \$5,000.00 per each 12-month period of the term of this lease. Any additional repair, maintenance and replacement costs for the roof, roofing materials or HVAC system per 12-month period shall be the responsibility of Landlord under Section 4.1(c).

(e) Periodic landscaping of the Premises and the property of which the Premises are a part (as part of its CAM obligations), cleaning of gutters, and as necessary moss removal from the roof.

(f) Routine maintenance and cleaning of the parking areas on the property of which the Premises are a part (as part of its CAM obligations), and including snow removal, sweeping, and garbage removal.

(g) Any repairs or alterations required under Tenant's obligation to comply with laws and regulations as set forth in Section 3.2(a).

(h) All other repairs to the Premises which Landlord is not required to make under Section 4.1.

**4.3 Landlord's Interference with Tenant.** In performing any repairs, replacements, alterations, or other work performed on or around the Premises, Landlord will not cause unreasonable interference with use of the Premises by Tenant. Tenant will have no right to an abatement of rent nor any claim against Landlord for any inconvenience or disturbance resulting from Landlord's activities performed in conformance with the requirement of this provision, unless Tenant suffers material disruption or inability to use the Premises for the purposes leased, in which case rent will be abated consistent with Section 8.3.

**4.4 Reimbursement for Repairs Assumed.** If Tenant fails to make repairs that are required by this Section 4, Landlord may make, but is under no duty to make, the repairs and charge the actual costs of repairs to Tenant. Such expenditures by Landlord will be reimbursed by Tenant on demand together with interest at the rate of 9 percent per annum from the date of expenditure by Landlord. Except in an emergency creating an immediate risk of personal injury or property damage, Landlord may not perform repairs which are the obligation of Tenant and charge Tenant for the resulting expense unless at least 15 days before work is commenced Tenant is given notice in writing outlining with reasonable particularity the repairs required and Tenant fails within that time to initiate such repairs in good faith.

**4.5 Inspection of Premises.** Except in the event of an emergency (when no such notice shall be required), Landlord shall provide Tenant with at least 24 hours prior notice of Landlord's intent to inspect the Premises. Whether or not such inspection is made, the duty of Landlord to make repairs as outlined above in any area in Tenant's possession will not mature until a reasonable time after Landlord has received from Tenant written notice of the repairs that are required, except in the event emergency repairs may be required, in such event Tenant will give Landlord appropriate notice considering the damages.

## **SECTION 5. IMPROVEMENTS AND ALTERATIONS**

**5.1 Improvements and Alterations Prohibited.** Tenant may make no improvements or alterations on the Premises of any kind without first obtaining Landlord's written consent. All alterations will be made in a good and workmanlike manner, and in compliance with applicable laws and building codes. As used herein, "alterations" includes the installation of computer and telecommunications wiring, cables, and conduit.

**5.2 Ownership and Removal of Alterations.** All improvements and alterations performed on the Premises by either Landlord or Tenant will be the property of Landlord when installed unless the applicable Landlord's consent or work sheet specifically provides otherwise. Improvements and alterations, including those installations under Sections

JL SWS

5.1, installed by Tenant will, at Landlord's option, be removed by Tenant and the Premises restored unless the applicable Landlord's consent or work sheet specifically provides otherwise.

## **SECTION 6. INSURANCE**

**6.1 Tenant's Property Insurance.** Tenant will keep insured, at Tenant's cost, all improvements to the Premises installed by Tenant and all personal property located in the Premises against fire and other risks covered by a standard fire insurance policy with an endorsement for extended coverage.

**6.2 Tenant's Insurance.** Tenant will carry (a) liability insurance with limits of not less than One Million Dollars (\$1,000,000) combined single limit bodily injury and property damage, and (b) Business Auto Liability insurance covering owned, non-owned, and hired vehicles with a limit of not less than One Million Dollars (\$1,000,000) per occurrence, which insurance must have an endorsement naming Landlord, Landlord's lender, if any, and Landlord's managing agent, if any, as an additional insured, cover the liability insured under Section 10.2 of this lease and be in a form and with companies reasonably acceptable to Landlord. Prior to occupancy, Tenant will furnish a certificate evidencing such insurance that will state that the coverage will not be canceled or materially changed without thirty (30) days' advance written notice to Landlord, Landlord's lender, if any, and Landlord's managing agent, if any. Tenant will furnish to Landlord a renewal certificate at least thirty (30) days prior to expiration of any policy.

**6.3 Waiver of Subrogation.** Neither party will be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement carried by the other, and in the event of insured loss, neither party's insurance company will have a subrogated claim against the other. This waiver will be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company agrees in writing that such a waiver will not affect coverage under the policies. Each party agrees to use best efforts to obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

## **SECTION 7. TAXES; UTILITIES**

### **7.1 Property Taxes.**

(a) Tenant will pay as due all taxes on its personal property located on the Premises. Tenant will pay as due all real property taxes and special assessments levied against the Premises. As used herein, real property taxes includes any fee or charge relating to the ownership, use, or rental of the Premises, other than taxes on the net income of Landlord or Tenant.

(b) Tenant may apply for a real property tax exemption for the Premises. Landlord agrees and acknowledges that if, as a result of such application, the Premises becomes partially or fully exempt from taxes, Tenant will be allocated the entirety of the taxes saved by virtue of Tenant's exemption from some or all such taxes. If requested by Tenant, Landlord agrees to submit or sign any paperwork as owner required for Tenant's application for real

property tax exemption. Only for purposes of ORS 307.112(1)(b), the parties agree that the rent payable under this lease has been established to reflect the savings of below market rent, resulting from exemption from taxation.

**7.2 Contest of Taxes or Assessments.** Tenant will be permitted to contest the amount of any tax or assessment as long as such contest is conducted in a manner that does not cause any risk that Landlord's interest in the Premises will be foreclosed for nonpayment.

**7.3 Proration of Taxes.** Tenant's share of real property taxes and assessments for the years in which this lease commences or terminates will be prorated based on the portion of the tax year that this lease is in effect.

**7.4 Payment of Utilities Charges.** Tenant will pay when due all charges for services and utilities incurred in connection with the use, occupancy, operation, and maintenance of the Premises, including (but not limited to) charges for fuel, water, gas, electricity, sewage disposal, power, telephone, and janitorial services. If any utility services are provided by or through Landlord, charges to Tenant will be comparable with prevailing rates for comparable services.

## **SECTION 8. DAMAGE AND DESTRUCTION**

**8.1 Partial Damage.** If the Premises are partly damaged and Section 8.2 does not apply, the Premises will be repaired by Landlord at Landlord's expense. Repairs will be accomplished with all reasonable dispatch subject to interruptions and delays from labor disputes and matters beyond the control of Landlord.

**8.2 Destruction.** If the Premises are destroyed or damaged such that (a) the cost of repair exceeds 25 percent of the value of the structure before the damage, (b) if Landlord reasonably determines not more than 45 days following the date of damage that the Premises cannot be restored within 180 days of such determination, or (c) Landlord reasonably determines that more than \$25,000 of the restoration and other costs will not be covered by Landlord's insurance, Landlord may elect to terminate the lease as of the date of the damage or destruction by notice given to Tenant in writing not more than 45 days following the date of damage. In such event all rights and obligations of the parties will cease as of the date of termination, and Tenant will be entitled to the reimbursement of any prepaid amounts paid by Tenant and attributable to the anticipated term. If Landlord does not elect to terminate, Landlord, at Landlord's expense, will proceed to restore the Premises to substantially the same form as prior to the damage or destruction, at Landlord's expense. Work will be commenced as soon as reasonably possible and thereafter will proceed without interruption except for work stoppages on account of labor disputes and matters beyond Landlord's reasonable control.

**8.3 Rent Abatement.** Rent will be abated during the repair of any damage to the extent the Premises are unusable by Tenant, except that there will be no rent abatement where the damage occurred as the result of the fault of Tenant.

**8.4 Damage Late in Term.** If damage or destruction to which Section 8.1 would apply occurs within one year before the end of the then-current lease term, either party may elect to terminate the lease by written notice to the other party given within 30 days after the

date of the damage. Such termination will have the same effect as termination by Landlord under Section 8.2.

## **SECTION 9. EMINENT DOMAIN**

**9.1 Partial Taking.** If a portion of the Premises is condemned and Section 9.2 does not apply, the lease will continue on the following terms:

- (a) Landlord will be entitled to all of the proceeds of condemnation, and Tenant will have no claim against Landlord as a result of the condemnation.
- (b) Landlord will proceed as soon as reasonably possible to make such repairs and alterations to the Premises as are necessary to restore the remaining Premises to a condition as comparable as reasonably practicable to that existing at the time of the condemnation.
- (c) After the date on which title vests in the condemning authority or an earlier date on which alterations or repairs are commenced by Landlord to restore the balance of the Premises in anticipation of taking, the rent will be reduced in proportion to the reduction in value of the Premises as an economic unit on account of the partial taking.
- (d) If a portion of Landlord's property not included in the Premises is taken, and severance damages are awarded on account of the Premises, or an award is made for detriment to the Premises as a result of activity by a public body not involving a physical taking of any portion of the Premises, this will be regarded as a partial condemnation to which Sections 9.1(a) and 9.1(c) apply, and the rent will be reduced to the extent of reduction in rental value of the Premises as though a portion had been physically taken.

**9.2 Total Taking.** If a condemning authority takes all of the Premises or a portion sufficient to render the remaining Premises reasonably unsuitable for the use that Tenant was then making of the Premises, the lease will terminate as of the date the title vests in the condemning authorities. Such termination will have the same effect as a termination by Landlord under Section 8.2. Landlord will be entitled to all of the proceeds of condemnation, and Tenant will have no claim against Landlord as a result of the condemnation.

**9.3 Sale in Lieu of Condemnation.** Sale of all or part of the Premises to a purchaser with the power of eminent domain in the face of a threat or probability of the exercise of the power will be treated for the purposes of this Section 9 as a taking by condemnation.

## **SECTION 10. LIABILITY AND INDEMNITY**

### **10.1 Liens.**

(a) Except with respect to activities for which Landlord is responsible, Tenant will pay as due all claims for work done on and for services rendered or material furnished to the Premises by Tenant, and will keep the Premises free from any liens. If Tenant fails to pay any such claims or to discharge any lien, Landlord may do so and collect the cost as additional rent. Any amount so added will bear interest at the rate of 9 percent per annum from the date expended by Landlord and will be payable on demand. Such action by Landlord will not

constitute a waiver of any right or remedy which Landlord may have on account of Tenant's default.

(b) Tenant may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, as long as Landlord's property interests are not jeopardized. If a lien is filed as a result of nonpayment, Tenant will, within 10 days after knowledge of the filing, secure the discharge of the lien or deposit with Landlord cash or sufficient corporate surety bond or other surety satisfactory to Landlord in an amount sufficient to discharge the lien plus any costs, fees, and other charges that could accrue as a result of a foreclosure or sale under the lien.

**10.2 Indemnification.** Subject to Article XI, Section 10 of the Oregon Constitution and the Oregon Tort Claims Act, Tenant will indemnify and defend Landlord, its employees, and its agents from and against any claim, loss, or liability arising out of or related to any activity of Tenant on the Premises. Landlord will indemnify and defend Tenant, its employees and agents from and against any claim, loss, or liability arising out of or related to the gross negligence or willful misconduct of Landlord, its employees, and its agents on the Premises.

## **SECTION 11. ESTOPPEL CERTIFICATE; SUBORDINATION**

**11.1 Estoppel Certificate.** Either party will, within 20 days after notice from the other, execute and deliver to the other party a certificate stating whether or not this lease has been modified and is in full force and effect and specifying any modifications or alleged breaches by the other party. The certificate will also state the amount of base monthly rent, the dates to which rent has been paid in advance, and the amount of any security deposit. Failure to deliver the certificate within the specified time will be conclusive upon the party from whom the certificate was requested that the lease is in full force and effect and has not been modified except as represented in the notice requesting the certificate.

**11.2 Subordination.** Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this lease will be subject and subordinate at all times to ground or underlying leases and to the lien of any mortgages or deeds of trust now existing and encumbering the Premises, Landlord's interest or estate in the Premises, or any ground or underlying lease; provided, however, that if the lessor, mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have Tenant's interest in this lease be superior to any such instrument, then, by notice to Tenant, this lease will be deemed superior, whether this lease was executed before or after said instrument. This lease is and will be prior to any mortgage or deed of trust ("New Encumbrance") recorded after the date of this lease and affecting the building. However, if any lender holding a New Encumbrance secured by the building requires that this lease be subordinate to the New Encumbrance, then Tenant agrees that this lease will be subordinate to the New Encumbrance if the holder thereof agrees in writing with Tenant that no foreclosure, deed given in lieu of the foreclosure, or sale pursuant to the terms of the New Encumbrance, or other steps or procedures taken under the Encumbrance will affect Tenant's right to possession and quiet enjoyment, use, and occupancy of the Premises so long as Tenant pays rent and timely observes and performs all of the provisions of this lease. Tenant covenants and agrees to execute and deliver within thirty (30) days of Landlord's request,

*JL* *SUB*

such further commercially reasonable instruments evidencing such subordination or superiority of this lease as may be reasonably required by a lender or ground lessor.

## **SECTION 12. ASSIGNMENT AND SUBLETTING**

No part of the Premises may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the Premises be conferred on any third person by any other means, without the prior written consent of Landlord. This provision will apply to all transfers by operation of law. If Tenant is a corporation or partnership, this provision will apply to any transfer of a majority voting interest in stock or partnership interest of Tenant. No consent in one instance will prevent the provision from applying to a subsequent instance. Landlord may withhold or condition such consent in its sole and arbitrary discretion. In determining whether to consent to assignment Landlord may consider the following factors: financial ability of assignee; business experience of assignee; the proposed use of assignee.

## **SECTION 13. DEFAULT**

The following will be events of default:

**13.1 Default in Rent.** Failure of Tenant to pay any rent or other charge within 10 days after it is due.

**13.2 Default in Other Covenants.** Failure of Tenant to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within 15 days after written notice by Landlord specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 15-day period, this provision will be complied with if Tenant begins correction of the default within the 15-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

**13.3 Insolvency.** Insolvency of Tenant; an assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; an adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of any involuntary petition of bankruptcy and failure of Tenant to secure a dismissal of the petition within 30 days after filing; attachment of or the levying of execution on the leasehold interest and failure of Tenant to secure discharge of the attachment or release of the levy of execution within 10 days will constitute a default. If Tenant consists of two or more individuals or business entities, the events of default specified in this Section 13.3 will apply to each individual unless within 10 days after an event of default occurs, the remaining individuals produce evidence satisfactory to Landlord that they have unconditionally acquired the interest of the one causing the default. If the lease has been assigned, the events of default so specified will apply only with respect to the one then exercising the rights of Tenant under the lease.

**13.4 Abandonment.** Failure of Tenant for 15 days or more to occupy the Premises for one or more of the purposes permitted under this lease, unless such failure is excused under other provisions of this lease.



## SECTION 14. REMEDIES ON DEFAULT

**14.1 Termination.** In the event of a default the lease may be terminated at the option of Landlord by written notice to Tenant. In the event the Landlord elects to terminate the lease due to a default of the Tenant, Landlord will be entitled to recover damages from Tenant for the default, and Landlord may reenter, take possession of the Premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender.

**14.2 Reletting.** Following reentry or abandonment, Landlord may relet the Premises and in that connection may make any suitable alterations or refurbish the Premises, or both, or change the character or use of the Premises, but Landlord will not be required to relet for any use or purpose other than that specified in the lease or which Landlord may reasonably consider injurious to the Premises, or to any tenant that Landlord may reasonably consider objectionable. Landlord may relet all or part of the Premises, alone or in conjunction with other properties, for a term longer or shorter than the term of this lease, upon any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession.

**14.3 Damages.** In the event of termination or retaking of possession following default (but not termination that is otherwise allowed in accordance with the terms of the lease), Landlord will be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the lease term, the following amounts as damages:

(a) The loss of rental from the date of default until a new tenant is, or with the exercise of reasonable efforts could have been, secured and paying rent.

(b) The reasonable costs of reentry and reletting including without limitation the cost of any cleanup, refurbishing, removal of Tenant's property and fixtures, costs incurred under Section 14.5, or any other expense occasioned by Tenant's default including but not limited to, any remodeling or repair costs, fees, court costs, broker commissions, and advertising costs.

(c) Any excess of the value of the rent and all of Tenant's other obligations under this lease over the reasonable expected return from the Premises for the period commencing on the earlier of the date of trial or the date the Premises are relet, and continuing through the end of the term. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of major Oregon banks in effect on the date of trial.

**14.4 Right to Cure Defaults.** If either party fails to perform any obligation under this lease, then the non-defaulting party will have the option to do so after 30 days' written notice to the defaulting party. All expenditures to correct the default will be reimbursed on demand with interest at the rate of 9 percent per annum from the date of expenditure. Such action by either party will not waive any other remedies available to either party because of the default.

**14.5 Remedies Cumulative.** The foregoing remedies will be in addition to and will not exclude any other remedy available to Landlord under applicable law.

## **SECTION 15. SURRENDER AT EXPIRATION**

**15.1 Condition of Premises.** Upon expiration of the lease term or earlier termination on account of default or as otherwise provided under the terms of this lease, Tenant will deliver all keys to Landlord and surrender the Premises in the same condition in which it was received, reasonable wear and tear excepted, and broom clean. Alterations constructed by Tenant with permission from Landlord will not be removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purpose for which the Premises are leased will be excepted but repairs for which Tenant is responsible will be completed to the latest practical date prior to such surrender. Tenant's obligations under this section will be subordinate to the provisions of Section 8 relating to destruction.

### **15.2 Fixtures.**

(a) All fixtures placed upon the Premises during the term, other than Tenant's trade fixtures, will, at Landlord's option, become the property of Landlord. If Landlord so elects, Tenant will remove any or all fixtures that would otherwise remain the property of Landlord, and will repair any physical damage resulting from the removal. If Tenant fails to remove such fixtures, Landlord may do so and charge the cost to Tenant with interest at the legal rate from the date of expenditure.

(b) Prior to expiration or other termination of the lease term Tenant will remove all Tenant's furnishings, furniture, and trade fixtures installed by Tenant that remain its property. If Tenant fails to do so, this will be an abandonment of the property, and Landlord may retain the property and all rights of Tenant with respect to it will cease or, by notice in writing given to Tenant within 20 days after removal was required, Landlord may elect to hold Tenant to its obligation of removal. If Landlord elects to require Tenant to remove, Landlord may effect a removal and place the property in public storage for Tenant's account. Tenant will be liable to Landlord for the cost of removal, transportation to storage, and storage, with interest at the legal rate on all such expenses from the date of expenditure by Landlord.

### **15.3 Holdover.**

(a) If Tenant does not vacate the Premises at the time required, Landlord will treat Tenant as a tenant from month to month, subject to all of the provisions of this lease except the provisions for term and renewal and at a rental rate equal to 120 percent of the base monthly rent last paid by Tenant during the original term or applicable renewal term. Failure of Tenant to remove fixtures, furniture, furnishings, or trade fixtures that Tenant is required to remove under this lease will constitute a failure to vacate to which this section will apply if the property not removed will substantially interfere with occupancy of the Premises by another tenant or with occupancy by Landlord for any purpose including preparation for a new tenant.

(b) If a month-to-month tenancy results from a holdover by Tenant under this Section 15.3, the tenancy will be terminable at the end of any monthly rental period on written notice from Landlord given not less than 15 days prior to the termination date which will be specified in the notice.

## SECTION 16. RIGHT OF FIRST REFUSAL

**16.1** As long as Tenant is not in default under this lease, Tenant will, at all times during the term of this lease, as it may be extended under Section 1.3, have the right of first refusal to purchase the Premises from Landlord. This right of first refusal will not apply to any transfer by Landlord to any affiliate of Landlord (an "Exempt Transfer") but will survive an Exempt Transfer. Except as provided below, if Landlord elects to sell the Premises during the Term, Landlord will not list the Premises with a broker or otherwise market the Premises for sale without first making an offer ("Landlord's Offer") to Tenant for a price and on terms and conditions acceptable to Landlord and allowing Tenant 90 days from the date Tenant receives the offer to respond. If Tenant accepts Landlord's Offer, then the parties will be bound by the contract formed by such offer and acceptance. If Tenant fails to respond, then Landlord may sell the Premises to any person for such price and terms as Landlord desires without further notice to Tenant. If Tenant makes a counteroffer within the 90 days, Landlord will have the option of accepting the counteroffer at any time during the 180 days after it is delivered to Landlord. Tenant may not withdraw any counteroffer until 180 days after it is given. During that time or any time thereafter, Landlord may market and sell the Premises to a third party, as long as the sale is for a price that is greater than the price contained in Tenant's counteroffer.

**16.2** If Landlord receives an acceptable unsolicited offer to purchase the Premises during the Term, then before accepting the offer Landlord will give Tenant a copy of the executed offer. When Tenant receives the offer, Tenant will have the option to purchase the Premises (or portion covered by the offer, as the case may be) at the same price and on the same terms and conditions as are contained in the offer. The option may be exercised only by notice to Landlord within 10 days after receiving the offer, together with reasonably satisfactory evidence that Tenant is ready and able to make payment and otherwise fully and timely perform all of its obligations under the offer and together with any deposit required by the offer. If Tenant fails to timely exercise its purchase option, then Landlord may sell the Premises according to the terms of the offer to the third-party offeror.

## SECTION 17. MISCELLANEOUS

**17.1 Nonwaiver.** Waiver by either party of strict performance of any provision of this lease will not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

**17.2 Attorney Fees.** In the event that either party to this Agreement shall take any action, judicial or otherwise, to enforce or interpret any of the terms of this lease agreement, each party shall be wholly responsible for its own expenses which it may 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 non-judicial action.

**17.3 Notices.** Any notice required or permitted under this lease will be given when actually delivered or 48 hours after deposited in United States mail as certified mail addressed to the address first given in this lease or to such other address as may be specified from time to time by either of the parties in writing.

**17.4 Succession.** Subject to the above-stated limitations on transfer of Tenant's interest, this lease will be binding on and inure to the benefit of the parties and their respective successors and assigns.

**17.5 Recordation.** This lease will not be recorded without the written consent of Landlord.

**17.6 Entry for Inspection.** Except in the event of an emergency (when no such notice shall be required), Landlord shall provide Tenant with at least 24 hours prior notice of Landlord's intent to inspect the Premises to determine Tenant's compliance with this lease, to make repairs to the building or to the Premises, or to show the Premises to any prospective tenant or purchaser, and in addition will have the right, at any time during the last six months of the term of this lease, to place and maintain upon the Premises notices for leasing or selling of the Premises.

**17.7 Interest on Rent and Other Charges.** Any rent or other payment required of Tenant by this lease will, if not paid within 10 days after it is due, bear interest at the rate of 9 percent per annum (but not in any event at a rate greater than the maximum rate of interest permitted by law) from the due date until paid. In addition, if Tenant fails to make any rent or other payment required by this lease to be paid to Landlord within 10 days after it is due, Landlord may elect to impose a late charge of five cents per dollar of the overdue payment to reimburse Landlord for the costs of collecting the overdue payment. Tenant will pay the late charges under this Section 17.7 upon demand by Landlord. Landlord may levy and collect a late charge in addition to all other remedies available for Tenant's default, and collection of a late charge will not waive the breach caused by the late payment.

**17.8 Proration of Rent.** In the event of commencement or termination of this lease at a time other than the beginning or end of one of the specified rental periods, then the base rent will be prorated as of the date of commencement or termination and in the event of termination for reasons other than default, all prepaid rent will be refunded to Tenant or paid on its account.

**17.9 Commissions.** Landlord will pay a leasing commission in accordance with a separate agreement between Landlord and broker, if applicable.

**17.10 Time of Essence.** Time is of the essence of the performance of each of Tenant's obligations under this lease.

**17.11 Quiet Enjoyment.** Landlord covenants and agrees that Tenant, while paying the rent and performing its other covenants and agreements contained in this Lease, will quietly have, hold, and enjoy the Premises for the term (including any renewal term under Section 1.3) without hindrance or molestation from Landlord or those claiming by, through, or under Landlord, subject to the terms and provisions of this lease.

IN WITNESS WHEREOF, Landlord and Tenant have entered into and executed this lease as of the date first written above.

LANDLORD:

JJSS PROPERTY, LLC, an Oregon  
limited liability company

By: JENNY C. LEB  
Name: Jenny C. LeB  
Title: Member

Oct 18, 2017

TENANT:

YAMHILL COUNTY, acting by and through  
its HEALTH AND HUMAN SERVICES  
DEPT.

By: Silas Halloran-Steiner  
Name: SILAS HALLORAN-STEINER  
Title: HHS DIRECTOR

Accepted by Yamhill County  
Board of Commissioners on  
10-19-17 by Board Order  
# 17-420

## Exhibit A

Tenant Improvement List for Yamhill County offices at 330-340 NE Kirby Street, McMinnville, OR

The following are the requested items for Tenant Improvement to be completed and paid for by the Tenant.

- Add two (2) ADA unisex restrooms as indicated on attached annotated floor plan for space or in a center area if the specified location will not be optimal.
- Update and make existing bathrooms ADA compliant, as needed.
- Add and Delete Walls as indicated on floor plan
- Add interior doors as indicated on floor plan
- Paint all walls throughout the suite a neutral color acceptable to Tenant
- Paint and repair all white woodwork and trim as needed
- Replace all carpet throughout the suite with Tenant review and approval prior to installation
- Install 11 electronic keyless security locks on 5 exterior doors, and 6 interior doors as indicated on the accompanying floor plan.
- Tenant will be responsible to bring in fiber cabling to the building for their use and intends to pay for this enhancement prior to move in.

PLEASE REFER TO ACCOMPANYING FLOOR PLAN ON THE FOLLOWING PAGE attached.



