

COMMERCIAL OFFICE LEASE

Date: October 1st, 2023 (“Effective Date”)

Between: BBG Investments, LLC (“Landlord”)
1100 Industrial Parkway, Bldg A Suite 100
Newberg, Oregon 97132

And: Yamhill County, acting by and through its (“Tenant”)
Health and Human Services Department
422 NE 5th Street, Suite B
McMinnville, Or 97128

For valuable consideration, Landlord hereby leases to Tenant and Tenant leases from Landlord the Leased Property, defined below, on the terms and conditions stated below (the “Lease”):

Section 1. Leased Property; Term

1.1 Leased Property. Landlord owns the real property located at 345 Evans Street, McMinnville, Oregon, as legally described on the attached Exhibit A (the “Real Property”), and on the Real Property there is a commercial building (the “Building”). Upon and subject to the terms and conditions set forth in the Lease, Landlord leases to Tenant and Tenant leases from Landlord Landlord’s interest in and to a portion of the Building as described on the attached Exhibit B, that is generally comprised of rentable space of 2,045.19 square feet, but excluding any rights of access to light and air over the premises or any adjacent premises, and subject to any reciprocal easements, rights of way or restrictions recorded against the Real Property (collectively referred to as the “Leased Property”).

1.2 Size; Proportion.

- (1). Building: The total leasable square footage (wall to wall) of the Building is 14,638;
- (2). Leased Property: The total leasable square footage (wall to wall) of the Leased Property is 2,045.19;
- (3) Proportionate Share: Tenant’s Proportionate Share is approximately 13.97%. If the leasable square footage of the Building is increased or decreased, Landlord may modify Tenant’s Proportionate Share of the leasable square footage of the Building to reflect such change.

1.3 Common Areas. Common Areas includes portions of the Building used in common, including without limitation areas and facilities outside of the Leased Property and outside of any other leasable space, but all within the Real Property, such as lobby areas, building corridors, foyers, electrical and telephone closets, common restrooms, mechanical and service rooms, janitor’s closets, loading docks, the parking lot, the sidewalks, the main entrance to the Building, the stairs, the elevator and the fire escapes. Tenant shall have the non-exclusive right to use the Common Areas. Landlord shall use reasonable efforts to maintain and repair Common Areas, and to cause any such repairs to be made promptly; provided, however, unless

B.O. 23-387

Landlord acts unreasonably, Landlord shall have no liability for any delays in causing such repairs to be made, including without limitation, any liability for injury to or loss of Tenant's business, nor shall any delays entitle Tenant to any abatement of Base Rent or damages, or be deemed an eviction of Tenant in whole or in part.

1.4 Condition of the Leased Property. The Leased Property shall be delivered in its "as is" condition, but broom and mop clean. Tenant understands and agrees that (i) Landlord has completed any and all tenant improvements to the Leased Property required of Landlord; and (ii) on and after the Commencement Date, as defined below, except as provided in Section 8.2, Landlord shall perform no other tenant improvements to the Leased Property. By accepting possession of the Leased Property, Tenant acknowledges that it is aware of and has examined to its satisfaction the condition of the Leased Property and Common Areas, and that no representations as to the condition or permitted use of the Leased Property or Common Areas or any personal property located therein have been made by Landlord or any agent or person acting for Landlord. Tenant acknowledges and agrees that Tenant (1) accepts the Leased Property and Common Areas and is leasing the Leased Property and using the Common Areas "AS IS, WHEREAS" in its present condition, with no warranty, express or implied; and (2) such property is suitable for Tenant's intended use, is in good and sanitary operating order, condition and repair. Tenant waives and releases any claim or action against Landlord in respect of the condition of the Leased Property, and of Common Areas, on the Commencement Date, including any defects or adverse conditions latent or patent, matured or unmatured, known or unknown by Tenant or Landlord.

The Building and Real Property is smoke free. To insure there is no smoking in the Building or anywhere on the Real Property, "smoke" or "smoking" shall include the inhaling, exhaling, breathing, carrying, or possession of any lighted or unlighted cigarette, cigar, pipe, vaping pipe, e cigarette or other product containing any amount of tobacco, weed or substance for the purpose of inhaling or tasting its emission, and all tobacco products and inhalant delivery system components as defined in Oregon's Indoor Clean Air Act, as amended from time to time. None of Tenant's officers, employees, agents, guests, directors, commissioners, volunteers, clients, and invitees shall smoke, nor permit anyone to smoke, in the Building or on the Real Property. Smoking shall be prohibited throughout the entire Building and Real Property, including but not limited to, hallways, stairways, elevators, foyers, common rooms and facilities, decks, patios, exterior landings, front steps, entrance ways, roof tops, fire escapes, basements, storage areas, parking areas, driveways, walkways, lawns, gardens, and adjoining grounds. Landlord may post "No Smoking" signs at the entrance and exits, in Common Areas, and in conspicuous places on the grounds of the Building. Tenant shall inform Tenant's officers, employees, agents, guests, directors, commissioners, volunteers, clients, and invitees of the no smoking rule. Tenant acknowledges that the adoption and/or enforcement of the no smoking rule shall not make the Landlord a guarantor of Tenant's officers, employees, agents, guests, directors, commissioners, volunteers, clients and invitees's health or of the smoke-free condition of the Leased Property and Common Areas. Landlord specifically disclaims any implied or express warranties that the Building, Common Areas, or Leased Property will have any higher or

improved air quality standards than any other rental property. Landlord cannot and does not warranty or promise that the Building or the Real Property will be free from secondhand smoke.

1.5 Commencement Date; Term. Tenant shall be given possession of the Leased Property at 5 PM on October 1st, 2023 (the “**Commencement Date**”). The initial Term of the Lease shall commence on the Commencement Date and continue for 60 months, unless sooner terminated as provided herein (the “**Term**”).

1.6 Renewal. Provided that Tenant is not in default of the Lease at the time the Option, defined below, is exercised, or at the time the Option is to commence, Landlord grants Tenant one (1) option to extend the initial term of the Lease for an additional period of 60 months (the “**Option**”) on the same terms, covenants and conditions of the Lease, except that monthly Base Rent will be as agreed upon by the parties, but in no event less than 105% of the Base Rent for the immediately preceding month (i.e., the last month of the initial Term). Tenant may exercise this Option, if at all, by giving Landlord written notice at least 120 days before the expiration of the initial Term.

1.7 Early Termination. After 24 months from the Commencement Date, and provided Tenant is not in default, if Tenant’s funding from the State of Oregon and the Federal government is substantially reduced or completely discontinued, Tenant may elect to terminate the Lease by giving Landlord 160 days’ prior written notice. In the event of termination of the Lease under this section, Tenant shall forfeit the security deposit, and, except for those obligations then accrued (including without limitation Tenant’s obligation to (i) pay Base Rent and Additional Rent through the date Tenant vacates the Leased Property, (ii) comply with any surrender obligations and cure any defaults, and (iii) those obligations that specifically survive termination), all rights and obligations of the parties shall cease as of the date of termination.

1.8 Parking. The Building will have six (6) reserved parking spaces, and these spaces will be available to all tenants of the Building on a ‘first come, first serve’ basis.

Section 2. Rent

2.1 Base Rent. Beginning on the Commencement Date Tenant shall pay Landlord annual base rent as set forth on the attached Exhibit C, with each monthly installment of such annual base rent due on the first day of the month, in advance, at such place as may be designated by Landlord (“**Base Rent**”) Rent for any partial calendar month will be prorated based on a 30-day month for the number of days during that partial month the Leased Property is occupied by Tenant. All Base Rent shall be in addition to those sums required under Section 2.2 as Additional Rent. The parties acknowledge that the Base Rent is below market rates for comparable space because Tenant is an entity that is exempt from paying real estate tax and that in the event Tenant obtains the Abatement (as defined herein), the Additional Rent (as defined herein) would reflect the savings below market rent resulting from the Abatement, pursuant to ORS 307.112.

2.2 Additional Rent. Beginning on the Commencement Date, Tenant shall pay the following, as Additional Rent, together with all interest and charges that may accrue in the event of Tenant's failure to pay such amounts: (1) all charges for utilities and services used by or furnished to Tenant on the Leased Property (as further described in Section 7); (2) all costs of insurance (as further described in Section 6); (3) property taxes (as further described in Section 7); (4) Tenant's Proportionate Share of Building Charges (as further defined in Subsection 2.7); and (5) all other amounts for which Tenant is liable under the Lease. To the extent a component of Additional Rent is an annual amount, such as real estate tax paid by Landlord for the Real Property, Tenant shall pay 1/12th of Tenant's Proportionate Share of such amount each month with and at the time Base Rent is due. For other components of Additional Rent, such as a one-time charge, Tenant shall pay Tenant's Proportionate Share of such amount upon demand by Landlord. To the extent possible, Tenant shall establish utility and provider accounts in its own name directly with the utility or other provider, and Tenant shall pay all utility or other charges directly to the provider; if Tenant fails to timely pay any such charge, it shall be deemed a Default under the Lease.

2.3 Late Charge. If Tenant fails to pay Base Rent within ten (10) days of the date it is due, Tenant shall immediately pay Landlord a late fee in the amount of five percent (5%) of the monthly Base Rent amount then in effect to reimburse Landlord for the cost of collecting the overdue payment. For example, if the monthly Base Rent is \$7,000, then the late fee would be \$350 for that month. In addition, if Tenant fails to pay on the date due any Additional Rent or payment required to be paid to or for the benefit of Landlord, Landlord may elect to impose upon Tenant a late fee of \$250. In addition, all Base Rent, Additional Rent and other charges and amounts due to be paid under the Lease not paid within 10 days of the due date shall bear interest at the rate of 12% per annum from the date due until the date paid in full. Except for the Base Rent late fee which shall be immediately due as set forth above, Tenant shall pay any other the late charges and interest set forth above in this Section, upon demand by Landlord. Landlord may levy and collect the late charges and interest in addition to all other remedies for Tenant's default, and collection of such amounts shall not waive the breach caused by the late payment.

2.4 Net Lease. All payments required to be paid by Tenant under the Lease, other than Base Rent, shall constitute Additional Rent. The Lease is intended to be a net lease, meaning that Tenant shall pay all expenses of every type relating to the Leased Property after commencement of the Term, and all rentals shall be received by Landlord without set-off, offset, abatement, or deduction of any kind (except as specifically set forth in Section 15.9).

2.5 Security and Protection. Tenant acknowledges that the rental payable to Landlord under the Lease does not include the cost of monitoring, guard service or other security or protection measures, and that Landlord shall have no obligation whatsoever to provide such services or security measures. Tenant assumes all responsibility for the protection of Tenant, its officers, employees, agents, volunteers and invitees, and the Leased Property, from the acts of third parties.

2.6 Security Deposit. To secure Tenant's compliance with all terms of the Lease, Tenant has paid Landlord the sum of \$7,000 as a deposit. The deposit shall be a debt from Landlord to Tenant, refundable within 30 days after expiration of the Term or other termination not caused by Tenant's default. Landlord may commingle the deposit with its funds and Tenant shall not be entitled to interest on the deposit. Landlord shall have the right to offset against the deposit any sums owing from Tenant to Landlord and not paid when due, any damages caused by Tenant's default, the cost of curing any default by Tenant should Landlord elect to do so, and the cost of performing any repair or cleanup that is Tenant's responsibility under the Lease. The use of the deposit to offset against damages and costs shall not be an exclusive remedy in any of the above cases, but may be invoked by Landlord, at its option, in addition to any other remedy provided by law or the Lease for Tenant's nonperformance. Landlord shall give notice to Tenant each time an offset is claimed against the deposit and, unless the Lease is terminated, Tenant shall--within 10 days after such notice--deposit with Landlord a sum equal to the amount of the offset so that the total deposit amount, net of offset, shall remain constant throughout the Term. If Tenant is not in default of the Lease at the expiration or termination of the Lease, and except as provided above in Section 1.7, and in Section 5.1, Landlord shall return to Tenant the unapplied remaining portion of the deposit then in Landlord's possession.

2.7 Building Charges.

(1) Building Charges means all expenses paid or incurred by Landlord (or on Landlord's behalf) as reasonably determined by Landlord as necessary or appropriate for the ownership, operation, maintenance, management, inspection, improvement, security, upkeep, and capital and other repair and replacements of the components of the Real Property, Common Areas, Building and Leased Property, including without limitation real property taxes, insurance, repairs, maintenance, landscaping, exterior window washing, snow or ice removal, and similar costs and expenses for the Real Property, together with an administrative fee of ten percent (10%) of all such expenses (but excluding an administrative fee on the administrative fee). During the Term, Tenant shall pay, as Additional Rent, Tenant's Proportionate Share of all Building Charges, in the time and manner specified above.

(2) Attached on Exhibit D is a listing of specific estimated amounts of some components of Additional Rent. If Landlord incurs over \$500 annually in a category of costs not listed on Exhibit D and not described in Section 2.7(1) (collectively referred to as "New Additional Rent Costs"), Landlord will provide Tenant with documentation supporting the New Additional Rent Costs. Tenant shall pay Tenant's Proportionate Share of the New Additional Rent Costs in the manner provided above in Section 2.7(1), unless Tenant reasonably disputes the New Additional Rent Costs. In the event of such a dispute, the parties will use their best efforts to resolve the dispute to enable Tenant to pay its Proportionate Share of the New Additional Rent Costs. To minimize disputes and streamline the process of paying Additional Rent, Tenant shall not have the right to dispute amounts incurred by Landlord in a category not listed on Exhibit D and not described in Section 2.7(1) that total less than \$500 annually.

2.8 Real Estate Tax Abatement. Tenant may, at its sole cost and expense, file necessary paperwork concerning the Real Property with the appropriate governmental body to

allow such governmental body to grant the Leased Property a special tax abatement. Landlord, at no cost to Landlord, shall sign any reasonably necessary paperwork to assist Tenant to achieve such tax abatement. If as a result of Tenant's submittal, Landlord receives a refund or abatement of real estate taxes for the Leased Property (the "Abatement"), Landlord shall take the Abatement, net of Landlord's professional fees or costs incurred by Landlord to obtain or calculate the Abatement ("Landlord's Costs"), and offset the net Abatement amount against Tenant's Proportionate Share of real estate taxes calculated as if no Abatement had been received by Landlord. Landlord to provide Tenant with copies of Landlord's Costs. In no event shall Landlord be required to issue a check or refund money to Tenant concerning the Abatement nor incur unrecovered costs associated with the Abatement issue. For example, assume the real estate taxes would be \$36,000 with no abatement, \$24,000 with an abatement, Tenant's Proportionate Share of Building Charges is 33%, and Landlord's costs to process the Abatement equals \$200. Tenant's Proportionate Share of real estate taxes will be calculated on the original \$36,000 and equal \$12,000. The Abatement would equal \$12,000, and the net Abatement would equal \$11,800. The Additional Rent that Tenant would be required to pay as real estate taxes would be \$200 (\$12,000 original amount less \$11,800 net Abatement applied

2.9 Signs. Landlord shall design, purchase and install an exterior sign for the Building, and such sign may list the names of some or all of the tenants of the Building. Landlord shall also design, purchase and install interior sign holders in the Common Areas near the elevator on each floor of the Building. After receiving Landlord's prior written approval as to style, materials and method of affixing to a wall or door, Tenant shall design, purchase and install (i) 2" by 6" sign sliders to go into the sign holder at the elevator on each floor; (ii) any interior signs in the Common Areas to be installed at or near the door to Tenant's Leased Property; and (iii) all signage inside Tenant's Leased Property.

Section 3. Use of the Leased Property

3.1 Permitted Use.

(1) The Leased Property may be used for only legally permissible commercial office space uses, and only provided and to the extent that any such activities are legal, permitted and in compliance with all laws, rules and regulations of any public official or authority, concerning the Leased Property and the Real Property. The Leased Property may not be used for any use relating to marijuana, including without limitation growing, cultivating, manufacturing, processing, or distributing marijuana or its related products or services. The Leased Property may also not be used for any purpose that is illegal, unlawful, impermissible or in violation of any laws, rules, regulations or pronouncements of any public authority or that would prevent Landlord from maintaining, obtaining or refinancing any mortgage or financing on the Real Property. Tenant shall provide and maintain reasonable security measures to protect the Leased Property. Tenant shall not allow any signage for its business to be used without the prior written consent of Landlord. Tenant represents and warrants to Landlord that Tenant has obtained and will maintain throughout the Term all necessary governmental permits, licenses and approvals required to operate its business on the Leased Property. Tenant, at its expense, shall at all times comply fully with all laws pertaining to the Leased Property and to its operations on the Leased Property. If any use to which Tenant is using the Leased Property becomes illegal, unlawful,

impermissible or in violation of any laws, rules and regulations of any public official or authority, Tenant shall immediately cease using the Leased Property for such use, and, at its sole cost and expense, cure any defaults and pay any fines arising out of such illegal use. If Tenant fails to comply with any portion of this subsection, such failure shall be deemed an event of default.

(2) During the Term, Tenant assumes the risk of loss or the decrease in the enjoyment, profitability and beneficial use of the Leased Property as a consequence of any damage or destruction thereof by utility outages, interruptions, bursting, erupting or failures; fires; floods; the elements; casualties; thefts; riots; terrorism; wars or otherwise; or in consequence of Tenant's actions or inactions; foreclosures; attachments; levies or executions (other than by Landlord or Landlord's employees, authorized agents or contractors, and those claiming from, through or under Landlord).

3.2 Restrictions on Use. In connection with the use of the Leased Property, Tenant shall:

(1) Conform and cause the Leased Property to conform to all applicable laws and regulations of any public authority affecting the Leased Property and its use, including the Americans with Disabilities Act ("ADA"), and correct at Tenant's own expense any failure of compliance created through Tenant's fault or by reason of Tenant's use.

(2) Refrain from any activity that would make the Leased Property uninsurable, or would prevent Landlord from taking advantage of any ruling of the Oregon Insurance Rating Bureau, or its successor, allowing Landlord to obtain reduced premium rates for long-term fire insurance policies.

(3) Refrain from any use that is or would be unlawful, improper, or offensive to other tenants or owners or users of neighboring property, would permit any objectionable noise or odor to be emitted from the Leased Property, that would tend to create a nuisance or damage the reputation of the Leased Property, or that would be a violation of any rules or regulations of Landlord.

(4) Tenant will install only such equipment in the Leased Property as is customary for the Permitted Use and will not overload the floors or electrical circuits of the Leased Property or Building or change the wiring or plumbing of the Building or Leased Property. Any equipment, cables, wiring, conduit, additional dedicated circuits, and any additional air conditioning required because of any such equipment installed by Tenant will be installed, maintained, and operated at Tenant's sole expense and in accordance with Landlord's requirements.

(5) Refrain from making any marks on or attaching any sign, insignia, antenna, aerial, or other device to the exterior or interior walls, windows, or ceiling of the Leased Property (or roof of the Real Property) without the written consent of Landlord which consent Landlord may withhold or condition in its sole discretion.

(6) Tenant, at its expense, shall at all times comply fully with all laws pertaining to the protection of human health and the environment, and all laws regarding the use, generation, storage, transportation, treatment, disposal and handling of Hazardous Substances at, arising from or originating on the Leased Property. Tenant shall not cause or permit any Hazardous Substance to be spilled, leaked, disposed of, or otherwise released at, arising from or originating on or under the Leased Property. Tenant may use or otherwise handle on the Leased Property 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 Leased Property only in quantities necessary to satisfy Tenant's reasonably anticipated needs in the permitted use of the Leased Property and only after obtaining Landlord's prior written approval. Tenant shall comply with all Environmental Laws and exercise the highest degree of care in the use, handling, and storage of Hazardous Substances and shall take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled, or stored on the Leased Property. Upon the expiration or termination of the Lease, Tenant shall remove all Hazardous Substances from the Leased Property. The term Environmental Law shall mean any federal, state, or local statute, regulation, rules, or ordinance or any judicial or other governmental order pertaining to the protection of health, safety or the environment, environmental quality, contamination, or clean-up. The term Hazardous Substance shall mean and include any and all hazardous, toxic, infectious or radioactive substance, waste, and material as defined or listed by any Environmental Law and shall include, without limitation, PCBs, petroleum oil and its fractions and asbestos and asbestos-containing materials.

(7) Subject to Article XI, Section 10 of the Oregon Constitution and the Oregon Tort Claims Act, Tenant will indemnify and hold harmless Landlord and all mortgagees having an interest in the Real Property, and its and their respective partners, directors, officers, agents, and employees from and against any and all claims arising from or in connection with the violation of laws including without limitation the ADA and Environmental Laws, occurring in, at, or about the Building and the Real Property due to the acts or omissions of Tenant or its partners, directors, officers, agents, and employees, together with all costs, expenses, and liabilities incurred or in connection with each such claim, action, proceeding, or appeal, including, without limitation, all attorney fees and expenses.

(8) Landlord may make and Tenant will comply with all rules and regulations of the Building and the Real Property (the "Rules") as Landlord may revise and enforce from time to time. The Rules are in addition to and will not be construed to modify or amend the Lease in any way, and in the event of any conflict between the terms of the Lease and any Rule, the terms of the Lease will govern.

(9) Tenant will have access to the Leased Property 24 hours per day, 7 days per week, and 52 weeks per year. During times other than normal Building hours, Landlord may require that Tenant's employees, officers, and invitees identify themselves or display Building passes to enter the Building and may regulate elevator access. Subject to any federal or state security regulations, Landlord will not be liable to Tenant for permitting or refusing to permit access to the Leased Property by anyone.

(10) Following at least 24 hours' written notice to Landlord, Tenant may move furniture and bulky articles in and out of the Building and make independent use of any elevators in accordance with the Rules and at times approved by Landlord (which approval Landlord will not unreasonably withhold).

(11) Tenant may install its own locks on any entrance doors to the Leased Property, and within five (5) days of taking possession of the Leased Property Tenant shall deliver to Landlord a full set of keys that fit all the locks on any entrance doors to the Leased Property. Tenant shall not place any additional locks upon the Building, including without limitation the main entrance to the Building; provided, however, Tenant shall be permitted to add interior door lock(s) within the Leased Property for medical file room(s) and is not required to provide the keys for the locked medical file room(s) to Landlord.

(12) Landlord shall not be liable to Tenant for any damage by or from any act or negligence of any other tenant of the Building or other occupant of the Real Property, or by any owner or occupant of adjoining or contiguous property. Landlord shall not be liable for any injury or damage to persons or property resulting in whole or in part from the criminal activities of others.

(13) Subject to Article XI, Section 10 of the Oregon Constitution and the Oregon Tort Claims Act, Tenant shall be responsible for and reimburse Landlord for the full amount of any and all damages to the Leased Property, Common Areas or the Building, and persons and property therein, caused by the negligent, grossly negligent, reckless, or intentional acts of itself, its employees, agents, invitees, licensees or contractors.

3.3 Continuous Operation. Tenant shall not abandon the Leased Property and shall occupy the Leased Property continuously for the purpose stated in the Lease and carry on business during the hours customary in comparable businesses similarly situated with adequate inventory and personnel. This provision shall not prevent Tenant from closing for brief periods when reasonably necessary for inventory, repairs, remodeling (when permitted), or other legitimate purpose related to the business carried on, or when closure is the result of a labor dispute, however caused, or other factors not within Tenant's control.

Section 4. Repairs and Maintenance

4.1 Landlord's Obligations. Except where the defect or damage requiring repair or replacement results from or is caused by Tenant or Tenant's activities on the Real Property, Landlord will repair, maintain, and replace, when necessary, (1) the Common Areas, and the Building's roof, foundation, exterior walls, interior structural walls, interior elevator and stairs and stairwell, entrance doors, and exterior fire escapes; (2) the structural components and systems such as mechanical, fire suppression, electrical, HVAC, gas, and plumbing currently in the Common Areas of the Building; and (3) the structural components and systems such as mechanical, fire suppression, electrical, HVAC, gas and plumbing in the Leased Property ("**Landlord's Obligation**"). The cost of the items in (3) above, together with an administrative

fee of ten percent (10%), shall be billed directly to Tenant as Additional Rent. Tenant expressly waives the benefits of any statute now or later in effect that would otherwise give Tenant the right to make repairs at Landlord's expense and deduct that cost from Rent owing to Landlord. In performing Landlord's Obligations, Landlord shall not cause unreasonable interference with Tenant's use of the Leased Property.

4.2 Tenant's Obligations. Except for Landlord's Obligation set forth in Section 4.1, Tenant shall be responsible for all other repairs, and for all maintenance, replacements, alterations and improvements (i) to the Leased Property, including the sky bridge and the door of the sky bridge that connects the sky bridge to the building adjacent to the Real Property (as described in Section 5.1 below); (ii) to the fixtures in the Leased Property, including without limitation, the ceilings, walls, floors, paint, windows, wiring and lighting, plumbing, carpets, systems, and appurtenances thereto, together with any and all alterations, additions and improvements therein and thereto; and (iii) to and for any Landlord Obligation excluded under Section 4.1 because the defect or damage requiring repair or replacement resulted from or was caused by Tenant or Tenant's activities on the Real Property (collectively, the "**Leased Property Components**"). Tenant, at its expense, shall take good care of all of the Leased Property Components, and Tenant shall put, keep and maintain the Leased Property Components in first-class repair and in good and safe order, appearance and condition, and shall not commit or suffer any waste or injury to the Leased Property Components, Building, Common Areas or Real Property. To that end Tenant shall, at Tenant's sole expense, promptly make or cause to be made all needed repairs, replacements, renewals, and restorations, non-structural, interior and exterior, ordinary and extraordinary, foreseen and unforeseen, to the Leased Property Components and to the equipment or structures now or hereafter placed and used on the Leased Property, and all other fixtures, machinery and equipment now or hereafter belonging to or connected with the Leased Property or used in their operation and all such repairs, replacements, renewals, and restorations as necessitated by the negligence of Tenant, its agents, employees, invitees or contractors. Tenant shall be responsible to repair and/or replace any damage to the Leased Property Components and any property on the Leased Property resulting from Tenant's or any use by Tenant's employees, agents, contractors or guests, use of the Leased Property. With reasonable prior notice of not less than twenty four (24) hours (except in the event of an emergency when no such notice is required), Landlord shall have the right to inspect the Leased Property at any reasonable time or times to determine Tenant's compliance with this section.

4.3 Reimbursement for Repairs by Landlord. If Tenant fails or refuses to make repairs or comply with other obligations that are required by this Section 4, Landlord may (but is not obligated to) make the repairs or perform such obligations and charge the actual costs thereof to Tenant. Such expenditures by Landlord shall be reimbursed by Tenant on demand together with interest at the rate of 12% per annum from the date of expenditure by Landlord until paid in full.

Section 5. Alterations

5.1 Alterations Prohibited. Tenant shall make no additions, improvements or alterations on the Leased Property without first obtaining Landlord's written consent, which

consent Landlord may withhold or condition in its sole discretion. Included in Tenant's square footage is a sky bridge from the Leased Property connecting to the building adjacent to the Real Property (the "Sky Bridge"). Landlord expressly consents to the following alterations to the Leased Property: (i) installation of fiber optic and other data wiring and cabling as required by Tenant to connect the Leased Property to Tenant's network and Tenant's adjacent office space, potentially through the Sky Bridge; (ii) installation of key card accessible security doors; and (iii) opening the wall to the Sky Bridge and related alterations necessary to provide full access to and use of the Sky Bridge for Tenant's ingress and egress between the adjacent building, the "Moore Building," to the Leased Property. Subject to this Section 5.1, Tenant wishes to utilize the Sky Bridge, and Tenant, at its expense, shall make all additions, improvements and alterations necessary and proper to connect the Sky Bridge from the Leased Property to the adjacent building. Tenant shall pay as due all claims for work done on and for services rendered or material furnished to the Leased Property, and all additions, improvements and alterations (including without limitation the additions, improvements and alterations performed to connect the Leased Property to the adjacent building through the Sky Bridge as described herein) shall be made in a good and workmanlike manner, lien free, pursuant to appropriate permits and in compliance with applicable laws and building codes, including ADA and Environmental Laws, and in a manner that minimizes any interference with the quiet enjoyment of other occupants or invitees of the Building. Landlord shall have the right to post and maintain on the Leased Property such notices of non-responsibility as are provided for under the lien laws of Oregon. Tenant will not directly or indirectly create or allow to remain, and will promptly discharge at its expense, any lien, encumbrance, attachment, title retention agreement or claim upon the Leased Property or any attachment, levy, claim or encumbrance in respect of the Rent (as fully described in Section 2). As used herein, *alterations* includes the installation of computer and telecommunications wiring, cables, and conduit. If Tenant (i) does not receive final approval from the City of McMinnville for use of the Sky Bridge; (ii) is not able to have full access to and use of the Sky Bridge for Tenant's ingress and egress between the adjacent building, the "Moore Building," to the Leased Property; or (iii) determines that it will cost Tenant more than \$5,000 to connect the Sky Bridge as set forth above, thereafter, upon 30 days prior written notice, Tenant may terminate the Lease. In the event of termination of the Lease under this section, Tenant shall forfeit the security deposit, and, except for those obligations then accrued (including without limitation Tenant's obligation to (i) pay Base Rent and Additional Rent through the date Tenant vacates the Leased Property, (ii) comply with any surrender obligations and cure any defaults, and (iii) those obligations that specifically survive termination), and Tenant's obligation to return the Sky Bridge to the condition it was in when delivered to Tenant on the Commencement Date, all rights and obligations of the parties shall cease as of the date of termination.

5.2 Ownership and Removal of Alterations. Unless the applicable Landlord's consent specifically provides otherwise, or unless the parties agree otherwise, all improvements and alterations (including without limitation partitions, plumbing, electrical, wiring, and installation of telecommunications wiring, cables, and conduits if any) performed on the Leased Property by either Landlord or Tenant shall be the property of Landlord when installed, with title vested in Landlord. Landlord may require that Tenant remove any such improvements,

alterations, wiring, cables, or conduit installed by or for Tenant and restore the Leased Property to good condition and repair upon expiration or earlier termination of the Lease. Any contractor used by Tenant for any work in the Leased Property will be subject to review and approval by Landlord

5.3 Alterations by Landlord. As long as the modification, alteration, or change does not materially interfere with Tenant's business in the Leased Property, Landlord may modify, alter, or change any improvements in the Building, the parking area, other Common Areas and the Real Property.

Section 6. Insurance

6.1 Liability and Fire Insurance.

(1) Prior to going into possession of the Leased Property, Tenant, at its sole cost and expense, shall obtain and then shall continuously maintain for the Term, or be charged for Tenant's proportional cost of any such policy obtained or paid for by Landlord,

A. Commercial general liability insurance (occurrence form) with \$1,000,000 per occurrence/\$3,000,000 aggregate limits, using Insurance Services Office Form CG0013 or the equivalent, or such higher amounts as Landlord may reasonably require from time to time. Such liability policy shall provide coverage for bodily injury and property damage liability, and personal (including defamation) and advertising injury liability, and assault and battery coverage of \$100,000 occurrence/\$100,000 aggregate and Tenant must carry loss of income coverage equal to 12 months actual loss of revenue to include rental lease expense. Such insurance shall cover all risks arising directly or indirectly out of Tenant's activities on or any condition of the Leased Property whether or not related to an occurrence caused or contributed to by Landlord's negligence. Such insurance shall protect Tenant against the claims of Landlord on account of the indemnity obligations assumed by Tenant hereunder. Such insurance shall be endorsed with an ISOCG20110413, Additional Insured Endorsement (or such other additional insured endorsement specified by Landlord) listing as additional insureds Landlord, any lender whose loan is secured by a lien against the Real Property, their respective shareholders, members, partners, joint venturers, affiliates, subsidiaries, successors and assigns, and any directors, officers, employees or agents of such persons or entities, and shall provide contractual liability insurance applying to the Lease. If Tenant's use of the Leased Property includes any activity or matter that would be excluded from coverage under the Commercial General Liability policy CG0013, Tenant shall obtain such endorsements to that policy or otherwise obtain insurance to insure all liability arising from such activity or matter in such amounts as Landlord may reasonably require. The policy required under this Section shall be written as a primary policy and not contributing to nor in excess of any coverage Landlord may choose (in its sole discretion) to maintain. Certificates evidencing such insurance and bearing endorsements set forth herein shall be furnished to Landlord prior to Tenant's occupancy of the Leased Property. Tenant shall provide Landlord with written notice at least 30 days prior to any change or cancellation of such insurance.

B. Property damage insurance on Tenant's personal property, equipment, tenant improvements and trade fixtures located at the Leased Property for their full replacement value, with a minimum coverage of \$300,000, covering all risks included under Causes of Loss - "Special Form" coverage, with Landlord as a loss payee.

C. Adequate worker's compensation insurance coverage for all persons employed by or volunteering for Tenant on the Leased Property in accordance with the requirements of applicable federal, state and local laws and employer's liability insurance that covers its employees' claims.

D. Such other insurance on or in connection with any of the Leased Property as Landlord may reasonably require.

(2) All such insurance shall be in form, amounts acceptable to Landlord, and with Oregon approved insurance companies with an AM Best rating of no less than A. All such policies shall contain a reasonable deductible amount, not to exceed \$10,000, for which Tenant is responsible. Tenant shall not violate, or permit to be violated, any of the conditions of any of the policies of insurance affecting the Leased Property, and Tenant shall perform and satisfy the requirements of the companies writing the policies.

(3) During the term of this Lease, Landlord shall maintain property damage insurance on the Building covering all risks included under Causes of Loss - "Special Form" coverage and/or such other coverage as Landlord or its lender may reasonably designate, on a full replacement cost basis. The full cost of such insurance, and any deductibles paid for by Landlord, shall be included as a Building Charges under subsection 2.7, for which Tenant shall pay Tenant's Proportionate Share.

6.2 Waiver of Subrogation. Anything to the contrary in the Lease notwithstanding, neither party, nor its officers, directors, employees, agents, or invitees, nor in the case of Tenant, its permitted subtenants, shall be liable to the other (or to the other's successors or assigns) or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible property, when such loss is caused by any of the perils which are or could be insured against under the terms of any property insurance required to be carried under the Lease or any property insurance actually carried, regardless of whether it is required under the Lease, or losses under workers' compensation laws and benefits, even though the loss or damage might have been occasioned by the negligence of such party, its agents or employees (this clause shall not apply however to any damage caused by intentionally wrongful acts or omissions or to claims for third party liability or negligence). Each party agrees to use best efforts to obtain such an agreement of waiver from its insurer if the insurance policy does not expressly permit a waiver of subrogation.

Section 7. Taxes; Utilities; Wages

7.1 Property Taxes.

(1) Beginning on the Commencement Date Tenant shall pay as and when due all taxes, fees and permits and other costs on or associated with the use of its personal property, equipment, fixtures or other property located or used on the Leased Property.

(2) Real estate taxes, ad valorem, special assessments or similar taxes levied, assessed or charged against the Real Property (including the Building, improvements and the Leased Property) shall be Building Charges. As used herein, real estate taxes includes any fee or charge relating to the ownership, use, capital employed or rental of the Real Property, other than taxes on the net income of Landlord or Tenant. If a new charge or fee relating to the ownership or use of the Real Property or the receipt of rental therefrom or in lieu of real estate taxes is assessed or imposed, then, to the extent permitted by law, such charge shall be included in Building Charges. Tenant, however, shall have no obligation to pay any income, profits, or franchise tax levied on the net income derived by Landlord from the Lease. The full cost of any such real estate tax shall be included as in Building Charges under subsection 2.7, for which Tenant shall pay Tenant's Proportionate Share.

7.2 Utilities Charges. Beginning on the Commencement Date Tenant shall pay when due all charges for services and utilities incurred in connection with the use, occupancy, operation, and maintenance of the Leased Property, including without limitation charges for heat, fuel, water, gas, electricity, garbage, sewage disposal, power, refrigeration, air conditioning, telephone, cable, satellite and related telecommunication systems, and maintenance and janitorial services. If any utility services are provided by, under or through Landlord, charges to Tenant shall be comparable with prevailing rates for comparable services. If the charges are not separately metered or stated, the full cost of such charge shall be included in Building Charges under subsection 2.7, for which Tenant shall pay Tenant's Proportionate Share.

7.3 Wages for Tenant's Employees. Tenant shall be solely responsible for all compensation, taxes, insurance and other charges associated with Tenant's employees and other workers, volunteers or agents.

Section 8. Damage and Destruction

8.1 Destruction. If the Leased Property is destroyed or damaged such that the cost of repair exceeds 50% of the value of the Leased Property before the damage, or if the Building is destroyed or damaged such that the cost of repair exceeds 50% of the value of the Building before the damage, either party may elect to terminate the Lease as of the date of the damage or destruction by notice given to the other in writing not more than 45 days following the date of damage. If any destruction or damage is caused by or relates to activities of Tenant, Tenant shall pay the full cost of any deductible on any fire or casualty policy covering the Real Property. In the event of termination of the Lease under this section, except for those obligations then accrued, including without limitation Tenant's obligation to pay the full cost of any deductible, and those that specifically survive termination, all rights and obligations of the parties shall cease as of the date of termination.

8.2 Partial Destruction; Restoration. If neither party elects to terminate under Section 8.1 above, or if the particular property described above in Section 8.1 is partly damaged such that the cost of repairs is less than 50% of the value of such property before the damage, to the extent of available insurance proceeds, Landlord will promptly restore the Leased Property to substantially the condition existing immediately before the damage, and the Lease will continue in full force and effect.

8.3 Rent Abatement. Base Rent shall be abated during the repair of any damage to the extent the Leased Property are untenable, except that there shall be no rent abatement where the damage occurred as the result of the fault of Tenant or where there is no material interference with Tenant's use of the Leased Property.

8.4 Repair of Tenant's Property. Repair, restoration or re-installation of any Tenant fixtures, equipment, or personal property, and tenant improvements installed by Tenant after the Commencement Date, shall be the responsibility of Tenant.

Section 9. Eminent Domain. If a condemning authority takes all of the Leased Property or a portion sufficient to render the remaining Leased Property reasonably unsuitable for the use that Tenant was then making of the Leased Property, the Lease shall terminate as of the date the title vests in the condemning authorities. In any condemnation, Landlord shall be entitled to all of the proceeds of condemnation, and Tenant shall have no claim against Landlord as a result of the 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 shall be treated for the purposes of this section as a taking by condemnation.

Section 10. Indemnity. Tenant shall pay when due all claims for work done on and for services rendered or material furnished to the Leased Property, and shall keep the Leased Property 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 shall bear interest at the rate of 12% per annum from the date expended by Landlord and shall be payable on demand. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have on account of Tenant's default. Subject to Article XI, Section 10 of the Oregon Constitution and the Oregon Tort Claims Act, Tenant shall indemnify, defend and reimburse Landlord for, from and against any claim, loss, judgment, damage, penalty, fine, liability, or any cost or expense in connection therewith (including reasonable attorney fees), whether suffered directly or from a third party claim arising out of or related to (i) any use, activity or omission of Tenant or its members, employees, agents, invitees or contractors, on the Leased Property or Common Areas; (ii) any condition of the Leased Property in the possession or under the control of Tenant; (iii) Tenant's breach of any term or condition of the Lease, including without limitation environmental covenants; (iv) any damage to any person or property on or about the Leased Property, Common Areas or Real Property arising from or related to Tenant's use of the Leased Property, Common Areas or Real Property; or (v) the conduct of Tenant's business or any activity, work or things done, permitted or suffered by Tenant in or about the Leased Property or elsewhere. Landlord shall have no liability to Tenant or its

members, directors, commissioners, employees, agents, invitees or contractors for any injury, loss, or damage caused by third parties or for any failure or interruption of utilities. In addition, Landlord shall have no liability to Tenant or its members, directors, commissioners, employees, agents, invitees or contractors for any condition of the Leased Property (except for damage or injury caused by Landlord in breach of Landlord's obligations under Section 4.1), and Landlord shall have no liability to Tenant or its members, directors, commissioners, employees, agents, invitees or contractors for consequential or special damages, including lost profits, of Tenant or any person claiming through or under Tenant. The obligations of Tenant under this section shall survive termination of the Lease.

Section 11. Quiet Enjoyment; Mortgage Priority. Landlord warrants that it is the owner of the Real Property, including the Leased Property and has the right to lease them free of all encumbrances except Landlord's financial encumbrances against the Real Property, including the Leased Property, items of record and those items disclosed in writing to Tenant. Subject to these exceptions, and provided that Tenant is not in default of the Lease, Landlord will defend Tenant's right to quiet enjoyment of the Leased Property from the lawful claims of all persons claiming by, under or through Landlord during the Term. Neither Landlord nor its agents shall have any liability to Tenant for loss or damages arising from the acts, including criminal acts, of other tenants or third parties. The Lease shall be subordinate to any financing of Landlord, including any trust deed or mortgage now or subsequently placed upon the Leased Property and all renewal and extensions thereof. If requested by Landlord, Tenant shall promptly execute and deliver any document required to effectuate or confirm such subordination. If the Leased Property are sold as a result of foreclosure of any encumbrance thereon, or otherwise transferred by Landlord, Tenant shall attorn to the purchaser or transferee.

Section 12. Estoppel Certificate; Financial Statements. Within ten (10) days after Landlord's written request, Tenant shall execute and deliver a written statement stating the date to which the rent and other charges have been paid, whether the Lease is unmodified and full force and effect, whether or not Landlord is in default in performance of any provision of this Lease, and any other matters that may be reasonably requested by Landlord. Any such statement delivered hereunder may be relied upon by Landlord, any purchaser of the Leased Property, and any lender holding a mortgage or deed of trust secured by the Leased Property. Within ten (10) days after Landlord's written request, Tenant shall furnish to Landlord Tenant's most current financial statement prepared in the ordinary course of Tenant's business, or, if Tenant has no financial statement, Tenant's most recent Federal tax return. Landlord may make such financial statement or tax return available to any prospective lender or purchaser of the Leased Property. Landlord shall otherwise keep such financial statement confidential and shall require any such prospective lender or purchaser to do the same.

Section 13. Assignment and Subletting. Tenant shall not assign, mortgage, sublease, or confer a right of use of any portion of the Leased Property to or on any third person, or transfer any of Tenant's rights under the Lease, without the prior written consent of Landlord, and so long as any proposed subtenant or assignee (a) is compatible with Landlord's regular credit, reputation and use standards for the Building and does not conflict with any existing or potential

tenant of the Building or provision of any lease with any tenant of the Building; and (b) maintains an audited net worth equal to or greater than that of Tenant as of the Lease Commencement Date, Landlord's consent will not be unreasonably withheld. This provision shall apply to all transfers by operation of law, merger and any transfer of any ownership or voting interest in membership interests of Tenant. No consent in one instance shall prevent the provision from applying to a subsequent instance. Any attempted transfer without consent shall be null and void and, at the option of Landlord, will cause termination of the Lease. Regardless of any transfer, any guarantor shall remain fully liable and obligated under any guaranty unless and until Landlord has, upon Landlord's sole discretion, entered into a written assumption agreement by any new party specifically releasing any guarantor from such liability and obligation.

Section 14. Default The following shall be events of default:

14.1 Default in Rent. Failure of Tenant to pay any Base Rent, Additional Rent or other charges under the Lease when due.

14.2 Default in Use of the Leased Property. Failure of Tenant to comply with the terms and conditions of Section 3.

14.3 Unauthorized Transfer. Tenant makes any transfer without Landlord's prior written consent, which consent Landlord may withhold or condition in its sole discretion. Tenant makes any change in Tenant's entity, ownership, or control without Landlord's prior written consent, which consent Landlord may withhold or condition in its sole discretion.

14.4 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, or use of the Leased Property under Section 3.1) within 20 days after written notice by Landlord specifying the nature of the default with reasonable particularity (except in the case of emergency, in which event Landlord will be required to give only such notice as is reasonable under the circumstances). If the default is of such a nature that it cannot be completely remedied within the 20-day period, this provision shall be complied with if Tenant begins correction of the default within the 20-day period and thereafter proceeds in good faith and with all diligence to complete the cure as soon as possible but in no event later than 90 days after the date of Landlord's notice of default.

14.5 Insolvency. Dissolution, termination of existence, insolvency on a balance sheet basis or business failure of Tenant; the commencement by Tenant of a voluntary case under the federal bankruptcy laws or under any other federal or state law relating to insolvency or debtor's relief; the entry of a decree or order for relief against Tenant in an involuntary case under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief; the appointment of or the consent by Tenant to the appointment of a receiver, trustee, or custodian of Tenant or of any of Tenant's property; an assignment for the benefit of creditors by Tenant; the making or suffering by Tenant of a fraudulent transfer under applicable federal or state law; concealment by Tenant of any of its property in fraud of creditors; the

making or suffering by Tenant of a preference within the meaning of the federal bankruptcy law; or the imposition of a lien through legal proceedings or distraint upon any of the property of Tenant which is not discharged or bonded. Each reference to "Tenant" in this paragraph shall be deemed to refer to each party comprising Tenant.

14.6 Abandonment. Failure of Tenant for 7 days or more to occupy the Leased Property for one or more of the purposes permitted under the Lease, unless such failure is excused under other provisions of the Lease.

Section 15. Remedies on Default

15.1 Termination. In the event of a default, Landlord may immediately or later, at Landlord's option, legally terminate the Lease, with written notice to Tenant specifying the date of termination. Whether or not the Lease is terminated by the election of Landlord or otherwise, Landlord shall be entitled to recover damages from Tenant for the default, and Landlord may reenter, take possession of the Leased Property, terminate Tenant's right to possession of the Leased Property, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages, without having accepted a surrender and without prejudice to any remedy which might be available to Landlord.

15.2 Reletting. Following reentry or abandonment, Landlord may relet the Leased Property and in that connection may make any suitable alterations or refurbish the Leased Property, or both, or change the character or use of the Leased Property, but Landlord shall 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 Leased Property, or to any tenant that Landlord may reasonably consider objectionable. Landlord may relet all or part of the Leased Property, alone or in conjunction with other properties, for a term longer or shorter than the term of the Lease, on any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession.

15.3 Damages. In the event of termination or retaking of possession following default, Landlord shall be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Term, all damages caused by Tenant's default, including without limitation all unpaid and future rent, attorneys' fees and costs related to the default, and the following:

(1) The amount of rent owing under the Lease from the date of default through the expiration of the Term. The amount of rent due hereunder shall survive termination of the Lease.

(2) The reasonable costs of reentry and reletting including without limitation the cost of any cleanup, refurbishing, removal of Tenant's property and fixtures, all costs incurred by Landlord in restoring the Leased Property to good order and condition, or in remodeling, repairing, renovating or otherwise preparing the Leased Property for reletting, costs incurred under Section 15.5, or any other expense occasioned by Tenant's default including without limitation any attorneys' fees and expenses, court costs, broker commissions, and advertising

costs. Tenant agrees that notwithstanding any entry by Landlord, Tenant will continue to pay on the dates originally required under the Lease for the payment of all amounts designated as rents, amounts equal to the several installments of rents and other charges payable in favor of Landlord for the balance of the Term. Tenant shall be entitled to a credit in the net amount of rent received by Landlord in reletting after deduction of all Landlord's direct and indirect expenses incurred in reletting the Leased Property.

15.4 Right to Sue More than Once. Landlord may sue periodically to recover damages during the period corresponding to the remainder of the Term, and no action for damages shall bar a later action for damages subsequently accruing.

15.5 Landlord's Right to Cure Defaults. If Tenant commits a default described in Section 3 and fails to cure as set forth in such section, Landlord shall have the option to immediately cure the default. Such expenditures by Landlord shall be reimbursed by Tenant on demand together with interest at the rate of 12% per annum from the date of expenditure by Landlord until paid in full.

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

15.7 Joint and Several Liability. If Tenant is more than one person or entity, the liability of each tenant making up Tenant shall be joint and several.

15.8 Landlord Limited Liability. Tenant shall look only to Landlord's interest in the Leased Property for satisfaction of Tenant's remedies for collection of a judgment (or other judicial process) requiring payment of money by Landlord in the event of any default by Landlord hereunder, and no other property or assets of Landlord shall be subject to levy or execution or other enforcement procedure for satisfaction of Tenant's remedies under or with respect to the Lease.

15.9 Landlord Default. If Landlord breaches or otherwise fails to fulfill any of its obligations under the Lease, Tenant shall promptly notify Landlord in writing of such breach. If Landlord fails to cure such breach within thirty (30) days after receipt of Tenant's notice, or if the breach is of such character as to require more than thirty (30) days to cure and Landlord fails to commence to cure within thirty (30) days after receipt of Tenant's notice and thereafter diligently proceed to cure such breach, then, in either event, Tenant may, at its option and to the extent permitted by Oregon law, cure such breach, and setoff or deduct from Base Rent any reasonable expenses incurred and paid for by Tenant in curing the breach.

Section 16. Surrender at Expiration

16.1 Condition of Leased Property. Upon expiration of the Term or earlier termination on account of default, or Tenant's termination under Section 1.5, Tenant shall deliver all keys to Landlord and surrender the Leased Property in first class condition and broom clean, reasonable wear and tear for the purpose permitted hereunder excepted. Repairs and

maintenance for which Tenant is responsible shall be completed by Tenant prior to such surrender. Tenant shall remove all of its equipment, furnishings and trade fixtures that remain its property and restore all damage resulting from such removal. If Tenant fails to remove such property, the failure shall be deemed an abandonment of the property, all rights of Tenant in such property shall cease and Landlord may dispose of it in any manner without liability to Tenant.

16.2 Holdover

(1) If Tenant does not vacate the Leased Property at the time required, or remove its personal property and trade fixtures and repair any damage, Landlord shall have the option to treat Tenant as a tenant at sufferance, subject to all of the provisions of the Lease except the provisions for term and renewal, and at a rental rate equal to 120 percent (120%) of the then Base Rent plus all other amounts due by Tenant under the Lease, or to eject, evict or otherwise lawfully remove Tenant from the Leased Property and recover damages caused by wrongful holdover. Failure of Tenant to remove fixtures, furniture, furnishings, or trade fixtures that Tenant is required to remove under the Lease shall constitute a failure to vacate to which this section shall apply if the property not removed will substantially interfere with occupancy of the Leased Property by another tenant or with occupancy by Landlord for any purpose including preparation for a new tenant.

(2) If a tenancy at sufferance results from a holdover by Tenant, the tenancy shall be terminable at will at any time by Landlord. Tenant waives any notice that would otherwise be provided by law with respect to such a tenancy.

Section 17. Miscellaneous

17.1 Nonwaiver. Waiver by either party of strict performance of any provision of the Lease shall 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. The acceptance of a late payment of rents due under the Lease shall not waive the failure to perform an obligation under the Lease except for the failure to pay rent so accepted when due and shall not affect Landlord's remedies for failure to perform such other obligations.

17.2 Attorneys' Fees. In the event of any collection actions by Landlord under the Lease, Landlord shall be entitled to recover from Tenant Landlord's reasonable attorneys' fees and costs and disbursements. In the event any suit, action or proceeding is instituted to interpret or enforce the terms of the Lease, or in the event of any dispute or breach arising out of the Lease, the prevailing party shall be entitled to recover from the other such sums as the court may adjudge reasonable attorneys' fees at trial, on appeal, including in any bankruptcy and arbitration proceeding, in addition to the prevailing party's costs and disbursements.

17.3 Notices. Any notice required or permitted under the Lease shall be deemed effective when actually delivered or 48 hours after deposited in United States mail as first class mail addressed to the address first given in the 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, the Lease shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

17.5 Entry for Inspection. With reasonable prior notice of not less than twenty four (24) hours (except in the event of an emergency when no such notice is required), Landlord, and its agents and representatives shall have the right to enter upon the Leased Property (by any means necessary in the case of an emergency) to determine Tenant's compliance with the Lease, to make necessary repairs to any of the Leased Property, or to show the Leased Property to any prospective tenant or purchaser, and in addition shall have the right, at any time, to place and maintain upon the Leased Property notices for leasing or selling of the Leased Property. Landlord shall use its reasonable efforts not to cause unreasonable interference with use of the Leased Property by Tenant. If Landlord uses such reasonable efforts, Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Leased Property and any other loss occasioned by Landlord's entry, inspection, maintenance, repair or replacement.

17.6 Recordation. Neither the Lease nor a memorandum of the Lease shall be recorded without the prior written consent of Landlord, which consent Landlord may withhold or condition in its sole discretion

17.7 Time of Essence. Time is of the essence of the performance of each of Tenant's and Landlord's obligations under the Lease.

17.8 Invalidity of Particular Provisions. If any term or provision of the Lease or the application of the Lease to any person or circumstances is, to any extent, invalid or unenforceable, the remainder of the Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and each term and provision of the Lease shall be valid and be enforced to the fullest extent permitted by law.

17.9 Drafting and Representation. The parties understand that the law firm of Donna C. Kreitzberg, PC has served as legal counsel to Landlord in the negotiation and drafting of the terms of the Lease, and does not represent any other party in connection with the Lease. Christian Boenisch, of Yamhill County, Oregon, has served as legal counsel to Tenant in the negotiation and drafting of the terms of the Lease. The provisions of the Lease have been examined, negotiated, and revised by the parties, and/or their counsel, and no implication will be drawn against any party hereto by virtue of the drafting of the Lease.

17.10 Force Majeure. If the performance by either of the parties of their respective obligations under the Lease (excluding Tenant's monetary obligations) is delayed or prevented in whole or in part by any legal requirement (and not attributable to an act or omission of the party), or by any acts of God, fire or other casualty, floods, storms, explosions, accidents, epidemics, war, civil disorders, strikes, or other labor difficulties, shortage or failure of supply of materials,

labor, fuel, power, equipment, supplies or transportation, or by any other cause not reasonably within the party's control, whether or not specifically mentioned, the party shall be excused, discharged, and released of performance to the extent such performance or obligation (excluding Tenant's monetary obligations) is so limited or prevented by such occurrence without liability of any kind.

17.11 Entire Agreement. The Lease, including the attached Exhibits, contains the entire agreement between the parties and, except as otherwise provided, can be changed, modified, or amended only by written agreement of the parties. It is mutually acknowledged and agreed by the parties that there are no verbal agreements, representations, warranties, or other understandings affecting the Lease.

17.12 Counterparts. The Lease may be executed in counterparts, each of which will be deemed to be an original copy of the Lease and all of which, when taken together, will be deemed to constitute one and the same agreement.

17.13 No Partnership. Landlord is not by virtue of the Lease a partner or joint venturer with Tenant in connection with the business carried on under the Lease, and shall have no obligation with respect to Tenant's debts or other liabilities, and no interest in Tenant's profits.

17.14 Survival. Any obligation of a party under the Lease not fully performed at expiration or earlier termination of the Lease shall survive such expiration or termination and shall be fully enforceable thereafter by the non obligated party.

17.15 Tenant. Tenant is a political subdivision of the State of Oregon. Tenant has all requisite legal power and authority to enter into the Lease and perform its obligations hereunder. The party or parties signing for Tenant represents and warrants to Landlord the following: (1) that he/she is duly authorized to execute and deliver the Lease on behalf of Tenant in accordance with a duly adopted resolution of the appropriate governing body of Tenant; (2) that the Lease is binding upon Tenant in accordance with its terms; and (3) Tenant has the ability to perform all of its obligations under the Lease. Tenant shall provide Landlord with a certified copy of such resolution within five (5) days of the execution of the Lease.

Section 18. Governing Law; Arbitration The Lease shall be construed, applied and enforced in accordance with the laws of the State of Oregon. Any dispute, claim, or controversy between the parties concerning the Lease except any action for recovery of the Leased Property including without limitation ejection or eviction, shall be settled by binding arbitration before a single, neutral attorney arbitrator, using the Arbitration Services of Portland. Arbitration shall occur in Portland, Oregon, unless the parties agree otherwise. The parties shall be entitled to conduct discovery in accordance with the Oregon Rules of Civil Procedure, subject to limitation by the arbitrator to secure just and efficient resolution of the dispute. If the amount in controversy exceeds \$10,000, the arbitrator's decision shall include a statement specifying in reasonable detail the basis for and computation of the amount of the award, if any. Judgment upon the arbitration award may be entered in any court having jurisdiction.

The parties have signed the Lease as of the Effective Date.

Landlord:

BBG Investments, LLC
an Oregon limited liability company

By: 
William Gee, Member

By: 
Barbara Gee, Member

Tenant:

Yamhill County, a political subdivision of
the State of Oregon, acting by and through
its Health and Human Services Department

By: 
Lindsey Manfrin, Director
627 NE Evans
McMinnville, Or 97128
(503) 434-7523

Accepted by Yamhill County
Board of Commissioners on
10.19.23 by Board Order
BO. 23-387

EXHIBIT A
Legal Description

Commonly known as: 422 NE 5th Street, McMinnville, OR 97128
Lots 1 and 2, block 18, ORIGINAL TOWN OF MCMINNVILLE, County of
Yamhill, state of Oregon.

EXHIBIT C
Base Rent

All monthly base rent is due on the 1st day of each month, in advance:

Rent for original Term:

1. First 12 months: Rental of \$1.51 per square footage, \$37,116.00 per year, payable \$3,093.00 per month beginning OCT 1st, 2023, and continuing thereafter for 12 months SEPT 31 2024
2. Second 12 months: Rental of \$1.56 per square footage, \$38,280.00 per year, payable \$3,190.00 per month beginning on the day following the expiration of the previous Term, and continuing thereafter for 12 months OCT 1 2024 - SEPT 31 2025
3. Third 12 months: Rental of \$1.62 per square footage, \$39,756.00 per year, payable \$3,313.00 per month beginning on the day following the expiration of the previous Term, and continuing thereafter for 12 months OCT 1 2025 - SEPT 31 2026
4. Fourth 12 months: Rental of \$1.68 per square footage, \$41,232.00 year, payable \$3,436.00 per month beginning on the day following the expiration of the previous Term, and continuing thereafter for 12 months OCT 1 2026 - SEPT 31 2027
5. Fifth 12 months: Rental of \$1.73 per square footage, \$42,456.00 per year, payable \$3,538.00 per month beginning on the day following the expiration of the previous Term, and continuing thereafter for 12 months OCT 1 2027 - SEPT 31 2028

EXHIBIT D

The following are estimates of the amounts and types of expenses and costs that will be included as "Additional Rent" under Section 2.2.

NOTE: All amounts are estimates only and other items will be included as Additional Rent as they are incurred by Landlord.

Real estate taxes	\$17,000 per year (this figure is based on unoccupied space & before remodeling & tenant improvements Estimated Tenant portion based on 13.97% = \$197.91/m
Insurance	\$1,300 per year Estimated Tenant portion based on 13.97% = \$15.13/m
Repairs and maintenance for common areas	\$1,500 per year Estimated Tenant portion based on 13.97% = \$17.46/m
Misc repairs and maintenance For elevator, plumbing, electrical, HVAC etc	\$12,000 per year Estimated Tenant portion based on 13.97% = \$139.70/m
Landscaping	\$3,600 per year Estimated Tenant portion based on 13.97% = \$41.91/m
Water & Fire suppression	\$9,600 per year Estimated Tenant portion based on 13.97% = \$111.76/m