

## COMMERCIAL LEASE AGREEMENT

This agreement is made and entered into this \_\_\_th day of December, 2018, by and between Pringle Place, LLC, hereinafter referred to as "Landlord" and The City of Salem, an Oregon municipal corporation, hereinafter referred to as "Tenant."

### WITNESSETH

WHEREAS, Landlord owns that certain real property situated in the County of Marion, State of Oregon, commonly known as 2558 Pringle Rd. SE, Suite E, Salem, Oregon;

WHEREAS, Tenant is desirous of leasing a portion of said real property for the purpose of storage and related uses.

WHEREAS, Tenant has agreed to lease a portion of said real property from Landlord, and Landlord has agreed to lease said portion of real property to Tenant pursuant to the terms and conditions of this agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants, promises and agreements herein contained, the Parties hereby covenant, promise and agree with each other as follows:

1. Premises: Landlord demises and leases to Tenant and Tenant hereby agrees to lease from Landlord that portion of the real property commonly known as 2558 Pringle Rd. SE, Suite E, Salem, Oregon, described as follows:

1.1 Approx. 1,622 square feet of demised space.

which shall hereafter be referred to as the "Premises."

2. Term; Possession: The term of this lease shall be two (2) years, commencing on January 1<sup>st</sup>, 2019, (hereafter "Commencement Date"), and continuing until December 31<sup>st</sup>, 2020, unless otherwise extended or terminated by operation of this agreement.

2.1 Possession: Tenant's right to possession and obligations under this lease shall commence on the Commencement Date, and such possession shall continue throughout the term of the lease and any renewals thereof, provided Tenant performs all of the obligations set forth herein.

3. Rent: Tenant agrees to pay to Landlord as and for rent for the Premises during the term of the lease, the following:

3.1 Concurrently with the execution of this agreement, Tenant has paid to Landlord the sum of \$10,500.00 representing base rent payable from the Commencement Date through December 31<sup>st</sup>, 2019. The Tenant shall pay \$10,800.00 on January 1<sup>st</sup>, 2020 for the remainder of their initial Lease Term.

All rent payments shall be mailed to Landlord at **C/O Willamette Management Services, PO Box 748, Salem, OR 97308**, or such other place as Landlord may designate to Tenant in writing. Rent shall be deemed paid when received by Landlord.

4. **Past Due Payments:** In the event any rent or other payment owing from Tenant to Landlord pursuant to this lease shall become overdue for a period in excess of five (5) days, a late charge in the amount of **\$50.00** shall be paid by Tenant to Landlord, which late charge shall be payable upon demand. Said late charge shall be in addition to and not in lieu of any other remedy Landlord may have and any fee, charge, payment and advancements Landlord may be entitled to hereunder or by law. In the event any rent or other payment owing from Tenant to Landlord pursuant to this lease shall become overdue for a period in excess of thirty (30) days, such unpaid amounts shall bear interest from the due date thereof to the date of payment at the rate of one percent (1%) per month. (12% APR).

5. **Security Deposit:** To secure the prompt and faithful payment of the rental in this Lease and the faithful performance by Tenant of all the other covenants and conditions herein contained, Tenant has deposited with Landlord the sum of **\$875.00**, the receipt whereof is hereby acknowledged by Landlord. In the event Tenant defaults in any payment of rent or fails to perform any of the other covenants or conditions herein contained, Landlord shall have the right to apply said deposit, or any portion thereof, toward the curing of such default or failure. In the event of any such application by Landlord, Tenant shall, upon written demand of Landlord, forthwith deposit with Landlord a sufficient amount of cash to restore said deposit to the original amount thereof, and Tenant's failure to do so within ten (10) days after receipt of such demand from Landlord shall carry with it the same consequences as failure to pay an installment of rent due under this Lease. In the event this Lease is terminated for any other reason than default upon the part of Landlord, damage or destruction to the demised Premises, or condemnation (in any of which events said deposit, less any portion thereof which may have been utilized by Landlord to cure any default or apply to any damages suffered by Landlord, shall be refunded to Tenant), Landlord shall have the right to retain said deposit until the expiration of the term of this Lease by lapse of time (whether or not this Lease has been earlier terminated) so that the full damages of Landlord may be ascertained. At the expiration of the term of this Lease by a lapse of time, provided Tenant has paid all of the rental herein called for and fully performed all of the other covenants and conditions on its part agreed to be performed, Landlord shall return to Tenant said deposit less any portion thereof which may have been utilized by Landlord to cure any default or apply to any damages suffered by Landlord. Neither said deposit nor the application thereof by Landlord, as herein above provided, shall be a bar or defense to any action in unlawful detainer or to any action which Landlord may at any time commence for a breach of any of the covenants or conditions of this Lease. No interest shall accrue to Tenant or be payable by Landlord on account of such security deposit.

6. **Utilities:** Tenant hereby covenants and agrees to pay all charges for **No Utilities**, which shall be used in or charged against the Premises during the full term of this Lease. Tenant further agrees that any additional utilities constructed and installed at Tenant's request and for Tenant's use in connection with the Premises shall be done so at Tenant's sole cost and expense, and none of said charges shall be permitted to become a lien against the Premises.

7. **Property Taxes:**

7.1 Real Property Taxes: Landlord shall be responsible for the payment of all real property taxes assessed against the Leased Premises.

7.2 Personal Property Taxes: Tenant shall pay, when due, any and all taxes levied or assessed and which become payable during the term hereof upon all of Tenant's leasehold improvements, equipment, furniture, fixtures, inventory and any other personal property located on the Premises.

8. Insurance:

8.1 Liability Insurance: Tenant agrees to defend, indemnify, keep and save Landlord harmless from any obligation, liability, cost or expense (including attorneys' fees), suit or claim for damage or injury sustained on the Premises and arising out of Tenant's use of the Premises, or any act or omission by Tenant, its subtenants, concessionaires, or Tenant's employees, officers, agents, customers, invitees or licensees, during the term of this Lease and any renewal or extension hereof. In connection therewith, Tenant agrees to carry, at its sole cost and expense, in responsible companies authorized to do business in the State of Oregon, or through the Tenant's self-insured status, public liability insurance with limits of at least **\$1,000,000** single limits for damage to property, and to have Landlord named therein as additional insured.

Certificates or binders evidencing such insurance shall be provided to Landlord upon execution of this agreement, and shall bear an endorsement providing that the insurance shall not be cancelled without at least twenty (20) days' prior written notice to Landlord of such cancellation of insurance under any such policy.

8.2 Fire Insurance: Landlord agrees to keep the leased premises and improvements located thereon fully insured against fire and other risk covered by a standard fire and casualty insurance policy with an endorsement for extended coverage in a face amount equal to the full insurable value thereof.

Tenant agrees to provide fire insurance in an amount sufficient to protect Tenant's improvements, equipment, fixtures, and personal property located on the leased premises, in an amount deemed reasonable by Tenant.

8.3 Waiver of Subrogation: Each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right to recovery by way of subrogation against either party in connection with any damage or loss by any policy. Neither party shall be liable to the other for any damages or loss insured against under any insurance policy maintained by either party.

9. Liability to Third Persons:

9.1 Liens: Tenant shall keep the Premises free and clear of all liens or encumbrances imposed or threatened to be imposed on the Premises which would affect

Landlord's title to the Premises and which arise by reason of any contract, act or omission of Tenant.

9.2 Hold Harmless: Tenant agrees to hold Landlord harmless against any and all claims, damages, suits or causes of action for damages brought on account of injury to any person or persons or property or loss of life arising out of the use, operation and maintenance of the Premises unless such were caused by any act of negligence or omission of Landlord or its employees or agents.

10. Use:

10.1 During the term of this Lease, and except as otherwise provided in this Section 10, Tenant shall use the Premises for the purposes of storage and related uses, and for no other purpose without the prior written consent of the Landlord. Under no circumstances will Tenant use the Premises for retail purposes, or for residential purposes or living quarters for its employees, agents or contractors.

11. Compliance with the Law:

11.1 Except as provided in Section 11.2, throughout the term of this Lease, Tenant shall at its expense conform to and comply or cause compliance in all material respects with all applicable laws including without limitation all laws, rules, regulations, ordinances, approvals, consents, authorizations, orders, and other requirements of governmental or regulatory agencies or authorities with respect to the operation of the Premises, including all zoning, safety, sanitation, pollution, and environmental protection requirements applicable to Premises, except to the extent valid variances, waivers, exceptions, or similar exceptions have been obtained therefrom (provided, that the same are not subject to time limitations or to any contingencies or restrictions which would cause the same to terminate upon a change in the ownership of, or in the persons operating, the Premises). Tenant shall do or cause to be done all things necessary to preserve and keep in full force and effect permits required for the conduct of its business and operations from the time of commencement of this Lease until its expiration or termination. In the event of any change in applicable codes or laws during the terms of this Lease or any renewal or extension hereof, Tenant will correct/conform to same at its sole cost and expense.

Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all liabilities, losses, and costs, including Landlords' reasonable attorney and legal fees at trial and on appeal, which Landlord may incur because of Tenant's breach of the provisions of this paragraph.

11.2 To the extent that any change in the applicable laws, or regulations would require the construction or installation of capital improvements which would become a part of the real property, then Tenant may at Tenant's expense, complete such construction or installation. In the event Tenant does not desire to make such improvements, then, within thirty (30) days of the date of written notification of Tenant's decision, Landlord shall elect whether to complete such improvements at Landlord's

expense. If Landlord does not so elect, then Tenant shall have the option of terminating the lease, which termination shall also terminate Tenant's obligation to pay rent after the date possession is delivered to Landlord.

12. Repairs, Care of Premises & Alterations: Except as set forth in Sections 12.1 and 12.2, Landlord shall be under no obligation to rebuild, replace, or make repairs of any nature, structural or otherwise, to the Premises or any improvements located thereon during the term of this Lease or any renewal or extension hereof. Tenant shall, at all times, take good care of the Premises and any improvements placed thereon, and shall, at its sole cost and expense, make all repairs and replacements required due to use, normal deterioration and obsolescence.

12.1 Landlord shall deliver the Leased Premises to Tenant with all electrical systems, HVAC units and plumbing in good working order.

12.2 Landlord shall be responsible for maintenance and repairs to the roof, exterior walls, foundation, structural aspects of the building and utilities from the street to the Premises, except to the extent such repairs are required as a result of the negligence or willful act of the Tenant, in which event such maintenance and repairs shall be the responsibility of the Tenant.

12.3 Tenant shall maintain and repair the interior of the Premises, including all interior painting, windows, and doors, should they be damaged as a result of the Tenant's negligence.

12.4 Tenant may, from time to time, at its sole cost and expense, make additions to, alterations of, substitutions and replacements for, and removals from the improvements, provided, however, that (a) any of the foregoing action shall be done in good and workmanlike manner, by licensed contractors approved by Landlord, and (b) all such additions, alterations, substitutions, replacements and removals shall be expeditiously completed in compliance with all governmental laws, ordinances, rules, regulations and requirements applicable thereto, and (c) any such additions, alterations, substitutions, replacements and removals shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld, and Tenant shall give to Landlord thirty (30) days' prior written notice of its intention to undertake same. Tenant shall promptly pay for all such additions, alterations, substitutions, replacements or removals, shall discharge any and all liens filed against the Premises and any improvements thereon arising out of such additions, alterations, substitutions, replacements or removals, provided however, that Tenant may contest any lien in good faith and shall discharge such lien as soon as any judgment upholding the lien becomes final, and in any case prior to the foreclosure of such lien. Tenant shall procure and pay for all required permits and licenses in connection therewith and shall indemnify Landlord from any and all loss, costs or expenses for personal injury or property damage sustained on the Premises and arising out of the making of such addition, alteration, substitution, replacement or removal.

13. Damage or Destruction: If the leased premises are damaged and the nature and extent of the damages or cause thereof is covered under the insurance policies then in effect,

Landlord, with reasonable diligence, shall repair the damage if the repairs can be made under applicable laws and regulations, and Tenant shall be entitled to a proportionate abatement of rent to the extent the Premises are untenable subsequent to damage and during the period of repairs. Tenant agrees that it shall assign to Landlord all rights to insurance proceeds paid for the purpose of making such repairs.

Except as set forth below, if the leased premises are damaged in a manner not covered by the insurance policies then in effect, or to an extent beyond the coverage limits of said policies, Landlord, at Landlords' election, may either repair the damage or terminate this lease. Landlord shall notify Tenant in writing of Landlords' election to repair or to terminate the lease within thirty (30) days after the occurrence of such damage and the failure of the Landlord to notify Tenant of Landlords' election within that time shall automatically terminate this lease. In the event Landlord elects to repair the damage, Landlord shall do so with reasonable diligence and Tenant shall be entitled to a proportionate abatement of rent to the extent the Premises is untenable subsequent to damage and during the period of repair. Tenant agrees that it shall assign to Landlord all rights to applicable insurance proceeds paid for the purpose of making such repairs, if Landlord elects to make such repairs.

If due to the nature and/or extent of the damages, Landlord has elected to terminate the lease, Tenant shall have the option of effectuating said repairs at Tenant's expense, provided that Landlord shall pay for said repairs to the extent of all insurance proceeds received by Landlord, less proceeds designated for, or equal to all rents abated as a result of the damage.

14. Eminent Domain: If the leased premises, in part or in whole, be taken or condemned for public use (an agreed sale to a public or a quasi-public corporation or utility after threat of condemnation constituting a public taking as used herein) then all compensation awarded upon such condemnation or taking shall be paid directly to the Landlord and except as hereinafter set forth, the Tenant hereby irrevocably assigns and transfers to the Landlord all Tenant's right and claim to compensation or damage, including severance damages, to which they as Tenant might become entitled during the term hereof by reason of such taking. Landlord agrees to reimburse Tenant for the unamortized portion of improvements made by Tenant on the premises where such improvements have resulted in an added value to the premises. Upon any such taking by condemnation, the title to the property so taken shall rest in the condemner, free and clear of this lease, subject to the Landlords' right to compensation in the stead of the Tenant and as owner, and except for such rights to compensation, this lease shall terminate as the property so taken.

15. Signs: Tenant acknowledges that Landlord is retaining all rights to signage on the real property, excepting that which may be used to identify the business of Tenant. Tenant agrees that Landlord shall have the right to post "For Lease" signs on the Premises during the final 60 days of the term of this lease.

15.1 Tenant shall have the right at its sole expense to install signage on the windows of the Leased Premises, provided that, Tenant first obtains Landlord's written approval, which approval shall not be unreasonably withheld, and that such signage complies with all applicable codes and regulations.

16. Assignment & Subletting: Tenant shall not assign this Lease nor sublet any portion of the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld; and in the case of such assignment or subletting, Tenant shall, nevertheless, remain primarily liable to Landlord for all of Tenant's obligations under the Lease. All reasonable costs incurred by Landlord in investigating the prospective assignee, including attorney fees, shall be paid by Tenant.

In determining whether to grant consent to the Tenant's sublet or assignment request, the Landlord may consider any reasonable factor. Landlord and Tenant agree that any one of the following factors will be reasonable grounds for deciding the Tenant's request:

- A. Financial strength of the proposed subtenant/assignee.
- B. Business reputation of the proposed subtenant/assignee.
- C. Managerial and operational skills of the proposed subtenant/assignee, and
- D. Use of the Premises by the proposed subtenant/assignee.

If Landlord refuses consent on any of the above listed grounds or any other reasonable ground, the burden shall be on the Tenant to prove the Landlord acted arbitrarily and had no reasonable basis for concluding that such grounds existed.

This Lease is not subject to involuntary transfer. If Tenant files a petition in bankruptcy, or is declared bankrupt or insolvent according to law, or makes an assignment for the benefit of its creditors, or if the Leasehold estate is taken or sought to be taken, on execution, then, at the option of Landlord, this Lease shall terminate and Landlord, without notice or demand, may re-enter the Premises and remove all persons and effects therefrom without prejudice to any remedies which might otherwise be used by Landlord for any breach of Tenant's covenants.

17. Estoppel, Attornment & Subordination:

17.1 Sale by Landlord: Subject to the rights of Tenant as set forth hereinbelow, Landlord may sell, assign, or transfer the fee to the Premises, and Tenant shall honor any of such from and after receipt by Tenant of an executed counterpart of all documents relating thereto (which documents shall expressly include an assumption of the obligations of Landlord hereunder and a recognition of the rights and estates of Tenant hereunder). If Landlord sells or transfers the Premises, Landlord shall be released from any liability thereafter accruing under this Lease. Landlord also may transfer any security deposit or prepaid rent to Lessor's successor and on such transfer Landlord shall be discharged from any further liability in reference to the security deposit or prepaid rent.

17.2 Estoppel & Attornment Agreements: It is agreed that if called upon by Landlord to do so, Tenant will execute an estoppel certificate and/or an attornment agreement referring to the agreements made in this Lease and certifying to said conditions within ten (10) days of being presented with such documents.

17.3 Subordination: Tenant acknowledges that this Lease is and shall be second, inferior, junior and subordinate to the lien of any mortgage or trust deed or other encumbrance now or hereafter placed on the Premises by Landlord, and to all advances made or hereafter to be made upon the security thereof. Within fourteen (14) days of request by Landlord, Tenant will execute a subordination agreement certifying this acknowledgment, provided holder of the lien of said mortgage or trust deed agrees that in the event Tenant is not in default under the terms of this Lease Agreement, it will take no action against the interest of Tenant. Nothing contained in this Paragraph shall require Tenant to agree to any subsequent modification in the term of this Lease nor shall any mortgagee succeeding to Landlords' interest have any greater rights hereunder than Landlord.

18. Title to Improvements: Except as set forth in Section 19, all of the improvements made to or constructed by Tenant on the premises shall become and be a part of the realty, all such improvements shall remain upon, and be surrendered in good condition, reasonable wear and tear and damage by casualty or the elements excepted, with the Premises at the expiration or termination of this Lease, and shall thereafter be the property of Landlord.

19. Return of Premises: Tenant covenants and agrees that at the end of the Lease term or any renewal or extension hereof, or upon any sooner termination of this Lease, to quit and deliver up the Premises to Landlord peaceably and quietly and in good order and repair, reasonable wear and tear and damage by fire or other casualty excepted.

Tenant shall remove all of its trade fixtures, equipment, inventory and signs and any other items which are the personal property of Tenant or under Tenants control. Any such items not installed at Tenant's expense may not be removed unless Tenant has Landlords' specific written consent to do so.

In the event the Premises are damaged by reason of the removal of any of the foregoing items, Tenant shall promptly, and in a workmanlike manner, repair such damage at its own expense.

Tenant agrees to hold Landlord harmless from any third Party claims of whatever nature for the rights or interest in any items Tenant might remove from the Premises.

20. Holding Over: If Tenant remains in possession of the Premises after the expiration or any extension or renewal hereof, such continued possession shall, if rental is paid by Tenant and accepted by Landlord, create a month-to-month tenancy on the terms herein specified, and said tenancy may be terminated at any time by either Party by thirty (30) days' prior written notice to the other Party.

In the event Tenant so holds over or remains in possession and Landlord accepts any payment of rental or related charges in an amount less than the full amount due, Landlords' acceptance of such payment shall not be deemed or constitute a waiver of Landlords' right to receive and/or collect the full amount due.

21. Access to Leased Premises: Tenant shall permit Landlord and its agents to enter

upon the Premises at reasonable times and upon reasonable notice (except in the event of an emergency as to which such time and notice requirements shall not apply) to inspect and examine the Premises. Tenant shall permit Landlord and its agents to enter upon the Premises at reasonable times and upon reasonable notice (except in the event of an emergency as to which such time and notice requirements shall not apply) to make such repairs (including the bringing of materials that may be required therefor into or upon the premises) as Landlord may reasonably deem necessary, without any such act constituting an eviction of Tenant in whole or in part, without rent in any manner abating while such repairs are being made, and without responsibility for any loss or damage to Tenant's business or property other than such loss or damage resulting from the negligence of Landlord, its agents, employees or contractors.

21.1 In addition to Landlord's rights of access set forth above, Landlord or its agents, shall have the right with reasonable notice, to enter onto the Premises during the final 60 days of the term hereof, to show the Premises to prospective future tenants.

22. Events of Default: Each of the following shall be deemed a default by Tenant:

22.1 Tenant's failure to pay rent as herein provided within eight (8) days of the date it is due;

22.2 Abandonment of the Leased Premises by Tenant;

22.3 Tenant's failure to perform any other term, condition or covenant of this lease to be observed by Tenant;

22.4 The sale of Tenant's leasehold interest hereunder pursuant to execution;

22.5 The adjudication of Tenant as bankrupt;

22.6 The making by Tenant of a general assignment for the benefit of creditors;

22.7 The appointment of a receiver in equity for Tenant's property unless Tenant is diligently pursuing a reasonable course of action to vacate, satisfy, or set aside the appointment.

22.8 The appointment of a trustee or receiver for Tenant's property in a reorganization, arrangement or other bankruptcy proceeding unless Tenant is diligently pursuing a reasonable course of action to vacate, satisfy, or set aside the appointment.

22.9 Tenant's filing of a voluntary petition in bankruptcy or for reorganization or arrangement or the serving on the Tenant of an involuntary petition in bankruptcy or for reorganization or arrangement against Tenant if such petition is not vacated within thirty (30) days after the filing thereof; or

22.10 Tenant's filing of an answer admitting bankruptcy or agreeing to reorganization or arrangement.

23. Landlords' Rights Upon Tenant's Default: In the event of any default provided in the foregoing Section 22.1 or 22.2 or in the event of any other default as set forth in Section 22 and the continuance of such default after twenty (20) days written notice from Landlord to Tenant (except in the event such default is of a nature as not to be reasonably susceptible to cure within said twenty (20) day period, in which case the period of cure shall be extended so long as Tenant commences its efforts to cure within said twenty (20) day period and thereafter diligently pursues the same to completion), Landlord, in addition to any other rights or remedies at law or in equity, may:

23.1 Elect to terminate this lease effective immediately upon written notice of termination to Tenant and, subject to Oregon law, may re-enter the premises, remove all persons and property therefrom and store such property in a public warehouse or elsewhere at the sole cost and for the account of Tenant, all without resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby;

23.2 In the event that Tenant has failed to perform any of its covenants under this lease other than a covenant to pay rent, perform on behalf of and at the expense of Tenant the covenant or covenants of Tenant which are in default (entering upon the premises for such purpose, if necessary). The cost of such performance by Landlord, together with interest thereon at the rate of thirteen percent (13%) per annum from the date such expenditure is made or cost incurred, shall be paid by Tenant to Landlord upon demand. Landlords' performance of any such covenant shall not be construed as a waiver of Tenant's default or of any other right or remedy of Landlord in respect of such default, nor as a waiver of any covenant, term or condition of this lease; or

23.3 Immediately re-enter, the premises remove all persons and property therefrom, and store such property in a public warehouse or elsewhere at the sole cost and for the account of Tenant all without service of notice or resort to legal process, without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby, and without such re-entry being deemed to terminate this lease.

Notwithstanding the provisions of this Section regarding notice and opportunity to cure, in the event of a default provided in Section 22, Landlord may exercise the remedy provided in Section 23.2 without any notice to Tenant of its unperformed obligation if the unperformed obligation of Tenant reasonably constitutes an emergency.

24. Re-Letting: In the event Landlord re-enters the premises as provided in Section 23.3, or takes possession of the premises pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may either terminate this lease, or from time to time without terminating this lease, make alterations and repairs for the purpose of re-letting the premises and re-let the premises or any part thereof for such term or terms (which may extend beyond the lease terms provided that Tenant shall not be responsible for any such periods beyond the lease terms), at such rental and upon such other terms and conditions as Landlord reasonably deems advisable. Upon such re-letting, all rentals received from such re-letting shall be applied first to payment of costs and expenses (including, without limitation, reasonable attorneys' fees)

incurred by Landlord in connection with such repossession, removal, re-letting, alterations and repairs; second, to the payment of rent and any other indebtedness due and unpaid hereunder; and the remainder, if any, shall be held by Landlord and applied in payment of future rent as it becomes due and payable hereunder. If the rentals received from such re-letting during any month are less than amounts to be paid hereunder by Tenant during that month, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. No re-entry or taking of possession by Landlord of the premises shall be construed as an election to terminate this lease unless a written notice of termination is given to Tenant. Notwithstanding any re-letting without termination, Landlord may at any time thereafter elect to terminate this lease for Tenant's previous default.

25. Damages Upon Termination: In the event that Landlord at any time terminates this lease for any default by Tenant, in addition to any other remedies Landlord may have, Landlord may recover from Tenant any damages which may be due or sustained prior to such termination, all damages Landlord may incur by reason of such default, including costs of recovering the premises, making alterations and repairs for the purpose of re-letting, reasonable attorneys' fees, and the value at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this lease for the remainder of the lease terms over the then reasonable rental value of the premises for the remainder of the lease term less any reasonably anticipated vacancy period. All such amounts shall be immediately due and payable from Tenant to Landlord.

26. Indemnification upon Default: Upon any default by Tenant hereunder, Tenant shall be liable for and hereby agrees to pay any and all liabilities, losses, and reasonable costs and expenses including attorneys' fees incurred by Landlord as a proximate result of Tenant's default and in exercising Landlord's rights and remedies in connection with such default.

27. Notice: Except as applicable law may otherwise require, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed given when delivered by personal delivery or three business days after placement in the U.S. mail, certified or registered mail, postage prepaid, addressed as follows;

LANDLORD: C/O Willamette Management Services  
PO Box 748  
Salem, OR 97308

TENANT: City of Salem  
Urban Development Department  
350 Commercial St. NE  
Salem, OR 97301

Any party may at any time change its address for such purposes by delivering or mailing to the other parties a notice of such change.

28. Hazardous Waste: Landlord represents that, to the best of its knowledge, it has complied with all federal, state and local environmental laws affecting the Leased Premises.

Landlord further agrees to indemnify, protect, and hold Tenant harmless from any claim, action or liability arising from the existence of, or contamination to, on or under the Leased Premises by Hazardous Substances, as defined hereinbelow, prior to Tenant taking possession of the Leased Premises, or otherwise caused by any act or omission of Landlord. Such indemnification shall include, without limitation, any reasonable attorney, accountant, consulting or engineering fees incurred in defending any action brought against Tenant for which this indemnification applies. Tenant agrees that it shall be solely and exclusively responsible for compliance with all state, federal and local environmental laws and regulations with respect to its activities on the Leased Premises. Tenant agrees to indemnify and hold harmless Landlord, their successors and assigns, against and in respect of, any and all damages, claims, loss, liabilities, demands, liens, penalties, fines, lawsuits, and other proceedings and costs and expenses associated therewith (including, without limitation, reasonable attorney, accounting, consulting, and engineering fees), which may be imposed on Landlord, their successors or assigns, or asserted against Landlord, their successors or assigns, by and other party or parties (including, without limitation, a governmental entity) arising out of any activities on the Leased Premises during Tenant's ownership, possession or control of the Leased Premises which directly or indirectly result in the Property or any other property becoming contaminated with hazardous substances. In the event of such contamination, Tenant agrees that she will, at her own cost, take all actions which are necessary and desirable to clean up any hazardous substances affecting the property, including any removal, containment and remedial action required by applicable governmental authorities.

Tenant agrees to immediately notify Landlord if Tenant becomes aware of (a) any hazardous substance or other environmental problem or liability with respect to the Leased Premises or adjacent property or (b) any lien, claim, action taken or notice given by any party regarding the presence of hazardous substances or other environmental problems or liability with respect to the Leased Premises or adjacent property.

Tenant's obligations hereunder are unlimited. The representations, warranties and covenants of Tenant set forth in this paragraph shall continue in effect and shall survive the expiration of this lease. Tenant acknowledges that the covenants, representations, warranties, obligations set forth in this paragraph are separate and distinct from their other obligations hereunder.

As used in this Contract, "Hazardous Substances" shall mean: asbestos, polychlorinated biphenyls, environmentally regulated substances or material or any other substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance, or other similar term, by any federal, state or local environmental statute, regulation, or ordinance presently in effect or that may be promulgated in the future, as such statutes, regulations and ordinances may be amended from time to time.

Hazardous substances shall also include any substance which after release into the environmental and upon exposure, ingestion, inhalation or assimilation, either directly from the environmental or indirectly by ingestion through food chains or otherwise, will or may reasonably be anticipated to cause sickness, death, disease, behavior abnormalities, cancer or genetic abnormalities.

#### 29. General Provisions:

29.1 Accord and Satisfaction: No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rental and additional rental required under the terms of this Lease shall be deemed to be other than on account of the earliest stipulated rental, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rental be deemed an accord and satisfaction and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rental or pursue any other remedy in this Lease contained.

29.2 Quiet Enjoyment: Tenant may and shall peaceably and quietly have and enjoy the Premises for the term hereinabove specified and providing always that Tenant has faithfully kept and performed all covenants and conditions herein contained.

29.3 Modifications: This Lease may not be modified except by endorsement in writing attached hereto, dated and signed by the Parties. Neither Party shall be bound by any statement of any agent or employee modifying this Lease.

29.4 Succession: This Lease shall be binding upon the Parties hereto, their legal representatives, heirs, administrators, executors, successors and, so far as this Lease and the term or terms hereby created are assignable, their assigns.

29.5 Landlords' Right to Execute: Landlord covenants with Tenant that it is the owner of the Premises and that it has good right to Lease same for the term and upon the conditions herein contained by it to be kept and performed. Landlord will defend Tenant's right to quiet enjoyment of the lease Premises from the lawful claims of all persons during the lease term.

29.6 Tenant's Right to Execute: Tenant covenants with Landlord that it has full right and authority to sign this Lease on its own and on behalf of other entities as may be represented by its signature hereto. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation; in accordance with the by-laws of said corporation and that this Lease is binding upon said corporation.

29.7 Non-Waiver: It is expressly understood and agreed that the waiver by Landlord of any default under the terms hereof, whether in payment of rent or otherwise, shall in no event be construed to be a waiver of any other or subsequent breach of the same or any other covenant herein contained.

29.8 Remedies Cumulative: The various rights, options, elections and remedies of Landlord and Tenant, respectively, contained in this Lease shall be cumulative and no one of them shall be construed as exclusive of any other, or of any right, priority or remedy allowed or provided for by law and not expressly waived in this Lease.

29.9 Attorney's Fees: In the event that suit or action is instituted by either Party hereto to procure any remedy for any breach of this Lease or for interpretation of any of the terms or conditions hereof, the prevailing Party shall be allowed such sum as the

court may adjudge reasonable as attorneys' fees and court costs in such suit or action or any appeal therefrom.

29.10 No Partnership: Landlord is not, by virtue of this Lease, a partner or joint venturer with Tenant and shall have no obligation with respect to Tenant's debts or other liabilities and no interest in Tenant's projects.

29.11 Applicable Law: The Premises are located in the State of Oregon. The Parties agree that the determination of rights, remedies and the validity of any portion of this Lease shall be determined by the laws of the State of Oregon.

29.12 Disclaimer: This document constitutes the entire agreement between the Parties hereto and supersedes any prior agreement, verbal or written, and any prior representation, either implied or actual.

29.13 Severability: In the event that any provision of this Lease shall be proven to be invalid, void or illegal, it shall in no way affect, impair or invalidate any other provision hereof, and all remaining provisions shall remain in full force or effect.

29.14 Time is of the Essence: Time is of the essence of this Lease and the performance of all of the terms and conditions herein.

29.15 Sectional Headings: The index, sectional headings and subheadings in this Lease are for the purpose of convenience and heading only, and shall in no way be held to explain, modify or aid in the interpretation, construction or meaning of the provisions of this Lease.

30. No Smoking Policy: Tenant acknowledges that Landlord has instituted a no smoking policy within all buildings on the real property. Tenant agrees to inform all of its employees that smoking is not allowed in any building and must be done at least 10' from any door. Tenant shall provide receptacles for any butts and shall be responsible for maintaining a clean area. Landlord shall have the right at all times to post signage in or about the real property to that effect.

31. Representations: The Tenant acknowledges that, except as otherwise set forth herein, this Lease is accepted and executed on the basis of Tenant's own examination and personal knowledge of the value and condition of the premises; that no representations as to the value, condition or repair of the premises has been made by Landlord, or Landlord's agent, and that Tenant takes the provisions AS IS, without warrant, express or implied, except as specifically set forth in this agreement.

32. Brokerage Fee: It is acknowledged that all fees payable to Gall Real Estate Services, LLC incident to this transaction shall be the sole responsibility of Landlord.

33. Preparation of Agreement: Tenant is advised to seek independent legal counsel with regard to execution of this agreement.

34. Renewal Option: Tenant shall have two (2) Renewal Options of one (1) year each, provided the Tenant is not in default of any portion of the Lease. The lease payment shall be \$925.00 per month for the First Renewal Option and \$950.00 per month for the Second Renewal Option.

**LANDLORD**  
Pringle Place, LLC  
C/O Willamette Management Services

**TENANT**  
City of Salem

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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