

FIRST AMENDMENT TO LEASE

This is the First Amendment to that certain lease by and between the CITY OF SALEM, an Oregon municipal corporation ("Lessor") and RUDY'S STEAKHOUSE LLC, an Oregon LLC ("Lessee") dated July 10, 2017 ("Lease").

RECITALS:

Whereas, pursuant to the Lease, Lessor leased to Lessee, certain real property located at 350 Chemeketa Street NE, Salem, Marion County, Oregon, as described in the Lease; and

Whereas, Lessor and Lessee are desirous of amending the Lease to provide a longer lease term and extension options.

Now therefore, the Parties agree as follows:

A. Article 2 of the Lease is hereby modified as follows:

2. TERM: The term of this Lease shall be ~~two~~ twenty (2 20) years commencing on August 1, 2017 and continuing through July 31, ~~2019~~ 2037. Lessee shall be entitled to possession immediately upon the commencement of Term.

A. Renewal Option

If Lessee has fully and faithfully complied with all the terms of this Lease, Lessee shall have the right, ~~at the option of~~ upon mutual agreement of Lessor and Lessee, to renew this Lease for ~~five~~ four (~~54~~) three five (35) year terms commencing on the date following the termination of the original term and each successive renewal term.

- 1) The option shall be exercised, if at all, by written notice from Lessee to Lessor given not less than ninety (90) days prior to the last day of the then-expiring term. Lessor shall within fifteen (15) days of request of Lessee's written notice, provide a written response to Lessee indicating if Lessor consents to exercise of the option.
- 2) The terms and conditions of the Lease for the option term shall be identical with the terms and conditions of this Lease for the primary term, except for rent which shall be adjusted in accordance with Paragraph 3 below.

- 3) In the event Lessee fails to exercise any option within the time and in the manner required herein, said option, and all subsequent options, shall be automatically null and void, unless otherwise agreed to in writing by Lessor.

B. Article 3 of the Lease is hereby modified as follows:

3. RENT:

Lessee shall pay a monthly rent to Lessor during the term of this Lease. Monthly rent is payable in advance on the first day of each month at Lessor's address stated in the Lease or such other places as Lessor may from time to time designate in writing.

Monthly rent not paid within seven (7) days of the due date shall be subject to a late charge of thirty-five and no/100 Dollars (\$35.00) per day, computed to include the first day due and continuing until both rent and late charges are fully paid. Any dishonored check shall be treated as unpaid rent and shall be subject to the same charges plus thirty-five and no/100 Dollars (\$35.00) as special handling fee and must be made good by cash, money order, or certified check within twenty-four (24) hours of notification.

Lessee shall pay monthly base rent as described below. In addition to base rent, Lessee shall also pay all common area, utility, insurance, and property tax currently at **\$0.326** per square foot or \$1,988.82 monthly (Lessee pays common area charges on 6,092 SF as described in Section 4).

Base Rent during the term and any option term(s) will be paid as follows:

Aug. 1, 2017 – Dec. 31, 2017	\$0.00 (\$0.00/SF)
Jan. 1, 2018 – July 31, 2018	\$3,656.80 (\$0.70/SF)
Aug. 1, 2018 – July 31, 2019	\$3,918.00 (\$0.75/SF)
Aug. 1, 2019 – July 31, 2022	\$4,179.20 (\$0.80/SF)
Aug. 1, 2022 – July 31, 2025	\$4,440.40 (\$0.85/SF)
Aug. 1, 2025 – July 31, 2028	\$4,701.60 (\$0.90/SF)
Aug. 1, 2028 – July 31, 2031	\$4,962.80 (\$0.95/SF)
Aug. 1, 2031 – July 31, 2034	\$5,224.00 (\$1.00/SF)
<u>Aug. 1, 2034 – July 31, 2037</u>	<u>\$5,537.44 (\$1.06/SF)</u>
<u>Aug. 1, 2037 – July 31, 2040</u>	<u>\$5,869.69 (\$1.12/SF)</u>
<u>Aug. 1, 2040 – July 31, 2043</u>	<u>\$6,221.87 (\$1.19/SF)</u>
<u>Aug. 1, 2043 – July 31, 2046</u>	<u>\$6,595.18 (\$1.26/SF)</u>
<u>Aug. 1, 2046 – July 31, 2049</u>	<u>\$6,990.89 (\$1.34/SF)</u>
<u>Aug. 1, 2049 – July 31, 2052</u>	<u>\$7,410.34 (\$1.42/SF)</u>
<u>Aug. 1, 2052 – July 31, 2055</u>	<u>\$7,854.96 (\$1.50/SF)</u>
<u>Aug. 1, 2055 – July 31, 2057</u>	<u>\$8,326.26 (\$1.59/SF)</u>

Rent for a partial month upon the commencement or expiration of the term of this Lease shall be prorated on a per diem basis. The Base Rent amounts indicated above do not include Common Area, utility, insurance, and property taxes, which shall be determined as set forth in this Lease. In addition to Rent, Lessee also agrees to transfer gas meter/line, which solely serves the Premises, into its name and be responsible for all costs.

IN WITNESS WHEREOF the Parties have executed this instrument in their respective names by their duly authorized representatives as of the date above written.

LESSEE:

RUDY'S STEAKHOUSE LLC

LESSOR:

CITY OF SALEM

By: _____
Robert Kunke

By: _____
Steven D. Powers, City Manager

Date: _____

Date: _____