

LEASE

This lease ("Lease"), made and entered into this _____ day of _____, 2020 by and between DEEMS, INC., an Oregon corporation, ("Landlord") and the CITY OF SALEM, an Oregon municipal corporation, ("Tenant").

WITNESSETH

In consideration of the terms and conditions herein contained, Landlord leases to Tenant and Tenant leases from Landlord the Premises hereinafter described.

1. PREMISES:

The entire building (the "Building"), consisting of approximately 10,130 square feet identified in Exhibit A, commonly known as 595 Cottage Street NE, Salem, Oregon, 97301, and the parking lot identified in Exhibit B.

2. TERM:

A. Primary Term:

The Lease shall be for a term of four (4) years, commencing on July 1, 2020, and shall continue through June 30, 2024.

B. Holdover:

Should Tenant holdover the leased premises or any part thereof after the expiration of the primary or option terms of this Lease, if any, unless otherwise agreed in writing, such holding over shall constitute a tenancy from month to month only, and may be terminated by thirty (30) days written notice of termination. During any such holdover tenancy, Tenant shall pay as base monthly rental the then fair market value for the Premises, provided however, that such amount shall not be less than the total of the base monthly rental for the last month under the last expiring term. During such tenancy, Tenant shall be bound by all of the terms, covenants and conditions herein specified so far as applicable.

C. Lease Year:

The term "Lease Year" shall mean successive years throughout the term of this Lease, including both primary and option terms. The first Lease Year shall be that period between July 1, 2020 and June 30, 2021.

D. Possession:

Tenant shall be entitled to possession of the Leased Premises on the commencement date, July 1, 2020.

E. Option Terms:

Provided that the Lease is not then in default, Tenant shall have the right and option to renew this Lease for three (3) consecutive two (2) year terms, subject to the following conditions:

- 1) Each option shall be exercised, if at all, by written notice thereof from Tenant to Landlord given not less than one hundred eighty (180) days prior to the last day of the then-expiring term.
- 2) The terms and conditions of the Lease for each option term, if any, shall be identical with the terms and conditions of this Lease for the primary term, except for rent.
- 3) In the event Tenant fails to exercise any option within the time and in the manner required herein, said option, and subsequent options if any, shall be automatically null and void.

3. RENT:

Tenant shall pay to Landlord, during the entire term of this Lease, primary and option terms, a monthly rental.

The rental rate, commencing July 1, 2020, shall be \$196,800 annually, or \$16,400.00 per month.

The rental rate for each succeeding lease year in both the Primary and Option Terms will be increased by 2.0% from the previous Lease Year.

Tenant shall pay said monthly rent in lawful U.S. currency, monthly, in advance, on the first day of each month, at Landlord's address herein contained or such other place as Landlord may hereafter from time to time designate in writing.

Monthly rent not paid within ten (10) days of the due date therefor shall bear interest at the rate of ten percent (10%) per annum from the date it is due until paid.

Monthly rent for months of less than thirty (30) days upon the commencement or expiration of the term of this Lease shall be prorated on a per diem basis.

4. USE OF PREMISES:

The Premises are to be used only for general office purposes and for no other business or purpose without the prior written consent of Landlord. No act shall be done in or about the Premises that is unlawful or that will increase the existing rate of insurance on the

Building or increase the operating expenses for the Premises above and beyond that reasonable and customarily anticipated. Tenant shall not commit or allow to be committed any waste upon the Premises. Tenant shall at all times comply with any and all laws, regulations or ordinances of any and all governmental authorities relating to the use and occupancy of the Premises and Building and shall observe such reasonable rules and regulations as may be adopted and made available to Tenant by Landlord from time to time for the safety, care, cleanliness of the Premises or the Building, for the preservation of good order on the Premises or the Building, or the efficient maintenance and operation of the Premises or the Building.

5. CARE OF PREMISES:

Tenant shall take good care of the Premises. Tenant shall not make any alterations, additions or improvements in or to the Premises, or make changes to locks on doors, or add, disturb or in any way change any plumbing, mechanical or electrical systems, or any part thereof, without first obtaining the written consent of Landlord, and, where appropriate, in accordance with plans and specifications approved by Landlord. All damage or injury done to the Premises or Building by Tenant, including but not limited to the cracking or breaking of glass of any windows and doors, shall be paid for by Tenant and Tenant shall pay for all damage to the Premises or Building caused by acts or omissions of Tenant or Tenant's officers, contractors, agents, invitees, licensees or employees. All normal repairs necessary to maintain the Premises and Building in a tenantable condition shall be done by or under the direction of Landlord and at Landlord's expense except as otherwise provided herein. Necessary repairs shall be those reasonably determined by Landlord necessary in order to maintain the Premises and Building as a first class office building in Salem, Oregon.

Should the Tenant choose to place power generating equipment on the property, the Tenant is responsible for clean up of any contamination of the property resulting from the placement and/or use of said equipment and responsible to repair any damage to the building mechanical system caused by use of the said equipment.

6. SERVICES AND UTILITIES:

Landlord shall maintain or cause to be maintained, landscaping and parking lot of the Premises and the exterior of the Building in good order and condition, except for damage occasioned by any act or omission of Tenant, the repair of which damage shall be paid for by Tenant.

Tenant shall furnish and be responsible for the following utilities and services: Water, with the exception of water used for landscape irrigation, which is separately metered and the responsibility of the Landlord; Sewer; Electricity; Gas; Trash removal; Janitorial service and supplies; Window washing; Snow and ice removal; and building security.

Notwithstanding anything herein contained, Tenant shall bear as its sole cost and expense any and all charges and expenses for the installation and maintenance of Tenant's communication systems, including wiring, terminals and peripheral items.

Landlord shall not be liable for any loss, injury or damage to property caused by or resulting from any variation, interruption or failure of such services due to any cause whatsoever, or from failure to make any repairs or perform any maintenance, except as provided under Section 14, "Damage or Destruction." No temporary interruption or failure of such services incident to the making of repairs, alterations or improvements, or due to accident, strike or conditions or events beyond Landlord's reasonable control shall be deemed an eviction of Tenant or relieve Tenant from any of Tenant's obligations hereunder, including the payment of rent.

7. SURRENDER AT TERMINATION:

Upon termination of this Lease by lapse of time or otherwise, Tenant shall at once surrender possession of the Premises and deliver Premises to Landlord in good condition, reasonable wear and tear and damage or destruction by fire or other casualty which Tenant is not obligated to repair excepted. Upon surrender, all right, title and interest of Tenant in Premises shall cease. Tenant shall deliver all keys to the Premises to Landlord. The Tenant shall remove all items, installed by the Tenant, that are unique to the general office building function.

All tenant improvements installed upon the Premises by Landlord or Tenant prior to or during the term of this Lease shall at all times remain the property of Landlord free of any right, claim or interest of Tenant. All furniture, fixtures and equipment installed upon the Premises by Tenant prior to or during the term of this Lease shall be removed by Tenant prior to the expiration or other termination of this Lease. All such removal shall be accomplished in a workmanlike manner so as not to damage the Premises, the structural qualities of the building, plumbing, electrical lines or other utilities. No act or omission by Landlord, its agents or employees during the Lease term, including delivery of keys to any of Landlord's agents or employees, shall be deemed an acceptance of a surrender of the Premises and no agreement to accept surrender of the Premises shall be valid unless in writing signed by Landlord.

8. LANDLORD'S ACCESS:

Tenant shall permit Landlord and its agents to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same, or for purposes of cleaning, repairing, altering or improving the Premises or the Building. Nothing contained in this paragraph shall be deemed to impose any obligation upon Landlord not expressly stated elsewhere in this Lease. When reasonably necessary, Landlord may temporarily close entrances, doors, corridors, elevators or other facilities without liability to Tenant by reason of such closure and without such action by Landlord being construed as an eviction of Tenant from any duty of observing and performing any of the provisions of this Lease.

With prior Tenant consent, Landlord shall have the right to enter the Premises for the purpose of showing the Premises to prospective tenants within the period of 180 days prior to the expiration or sooner termination of the Lease term, which consent shall not be unreasonably withheld.

9. ASSIGNMENT/SUBLETTING:

A. Assignment:

Tenant shall not assign or hypothecate this Lease, or any of the rights of Tenant hereunder, except to a corporation or partnership controlled by Tenant, without the prior written consent of Landlord, which consent shall not be unreasonably withheld.

B. Subletting:

Tenant shall not sublet the Premises, or any part thereof, without the prior written consent of Landlord, which consent shall not be unreasonably withheld.

Any sublease shall be subject and subordinate to this Lease. No right, estate or privilege of any subtenant shall exceed the rights, estate or privileges of Tenant hereunder. In the event of any termination of this Lease whether by expiration, forfeiture, cancellation, surrender or for any other purpose, any sublease shall, at the option of Landlord, terminate and any dispossession of Tenant shall, at the option of Landlord, automatically dispossess any subtenant.

If any part of the Premises is sublet or is occupied by anybody other than Tenant, Landlord may, after default by Tenant, collect rent from any subtenant or occupant and apply the net amount collected to the rent reserved herein, but such collection shall not be a waiver of any agreement, term, covenant or condition of this Lease, or the acceptance by Landlord of any subtenant or occupant as Tenant.

10. WAIVER OF SUBORNATION:

Whether the loss or damage is due to the negligence of either Landlord or Tenant, their agents or employees, or any other cause, Landlord and Tenant do each herewith and hereby release and relieve the other, their agents or employees, from responsibility for, and waive their entire claim of recovery for: (1) any loss or damage to real or personal property of either, located anywhere in the building, including the Building itself, arising out of or incident to the occurrence of any other perils which may be covered by their respective fire insurance policies, with extended coverage endorsements, or (2) loss resulting from business interruption at the Premises or loss of rental income from the Building, arising out of or incident to the occurrence of any of the perils which may be covered by the Business Interruption Insurance policy and by the Loss of Rental Income Insurance policy held by Landlord or Tenant.

Each party shall use reasonable efforts to cause its insurance carriers to consent to such waiver of all rights of subornation against the other party. Notwithstanding the foregoing, no such release shall be effective unless the aforesaid insurance policy or policies shall expressly permit such a release or contain a waiver of the carrier's right to be subordinated.

Notwithstanding the foregoing, no such release shall be effective to release the liability of either party to the other which is otherwise expressly provided for by the remaining terms of this Lease or loss or damage not covered by the insurance policies referred to herein.

11. INDEMNIFICATION:

Subject to the limitations of the Oregon Constitution and the Oregon Tort Claim Act, Tenant shall indemnify Landlord from and against any and all liens, claims, demands, causes of action or liability for damages, arising from the negligence of Tenant or its officers, agents, or employees in or about the Building or Premises; or, arising from any accident, injury or damage to any person or property, occurring in or about the Building or Premises as a result of the negligence of Tenant, or its officers, contractors, agents, employees.

12. LIENS:

Tenant agrees that it will pay or cause to be paid all costs for work done by it or caused to be done by it on the Premises and that all work done in connection therewith shall be done with reasonable diligence, in a good and workmanlike manner, and in compliance with all applicable laws and regulations of governmental authority having jurisdiction, and consistent with a first class office building in Salem, Oregon.

With respect to such activities, Tenant shall keep the Premises free and clear of any and all mechanics and/or material man's liens, as well as any other liens, on account of work done for Tenant or persons claiming under it. Tenant agrees to and shall pay, indemnify, defend and save Landlord free and harmless from liability, loss, damage, costs, attorney's fees and all other expenses on account of claims of lien for work performed or material furnished to the Premises for Tenant or persons claiming under it.

If Tenant fails to pay such claims or to discharge any lien, Landlord may do so and Tenant shall, within ten (10) days of demand, pay Landlord the amount so expended. Any such sums not paid within the time stated herein shall bear interest at the rate of ten percent (10%) per annum from the date it was due until the date it is paid. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have on account of Tenant's default.

Notwithstanding the above, Tenant may, at its sole cost and expense, protest and contest by legal proceedings the validity or amount of lien or assessment herein agreed to be paid

by Tenant. Tenant shall prosecute such protest or contest with due diligence. Notwithstanding any of the aforesaid, Tenant shall pay in full and discharge any such lien or assessment before any levy or attachment against the Premises is executed or if a final judgment is entered.

13. SIGNS/ADVERTISING:

Tenant shall have the right, at its own expense, to place its business name on the exterior portion of the leased premises, so long as it obtains and complies with any permit or license required.

There is not currently upon the property, of which the Premises are a part, a freestanding monument sign identifying either the building of which the Premises are a part or the tenants thereof.

14. DAMAGE OR DESTRUCTION:

In case of damage to the Premises or the Building by fire or other casualty, Tenant shall give immediate notice thereof to Landlord who shall cause the damage to be repaired with reasonable speed, subject to delays which may arise by reason of adjustment of loss under insurance policies and for delays beyond the reasonable control of Landlord. Said repairs shall provide that upon completion the Premises and Building will be substantially the same as before the occurrence of the subject damage.

To the extent that the Premises are rendered untenable following said damage and until completion of repairs, the rent shall be proportionately abated, except in the event that such damage resulted from or was contributed to, directly or indirectly, by the act, fault or neglect of Tenant, or its officers, contractors, agents, or employees in which event there shall be no abatement of rent except to the extent Landlord receives proceeds from Landlord's rental income insurance policy, if any, to compensate Landlord for loss of rent.

In the event that damage to the Premises or Building is, in Landlord's sole discretion, substantial or total, or, in the event insurance proceeds are not, in Landlord's sole discretion, sufficient to pay for necessary damage repairs, Landlord may elect at its sole option not to repair or rebuild. Landlord shall notify Tenant in writing of Landlord's decision not to repair or rebuild within sixty (60) days from the date of such damage and this Lease shall terminate as of the date of such notice without further right or obligation of either party to the other under the terms of this Lease. Tenant shall thereupon promptly vacate the Premises and Building and the rent provided for hereunder shall be adjusted to the date of such vacation.

In the event the Premises or Building shall be substantially damaged or totally destroyed by fire or other cause at any time during the last year of the primary or any option of the Lease, either Landlord or Tenant may terminate this Lease upon written notice to the other

given within sixty (60) days of the date of such damage or destruction and the rights and obligations of either party each to the other under the terms of this Lease shall terminate.

This Lease shall terminate as of the date of such notice and Tenant shall thereupon promptly vacate the Premises and the rent shall be adjusted to the date of such vacation.

No damages, compensation or claim shall be payable by Landlord to Tenant for inconvenience, annoyance, loss of business or other such damage or compensation resulting from business interruption arising from any damage, destruction, repair or restoration of all or any part of the Premises or the Building. In the event of repairs or restoration, Landlord shall use its best efforts to effect such repairs promptly and in such manner as not to unreasonably interfere with Tenant's occupancy.

The provisions of this paragraph shall be considered an expressed agreement governing any case of damage or destruction of the Building or Premises by fire or other casualty.

15. CONDEMNATION:

A. If all of the Premises or such portion or portions thereof as may be required for the reasonable use of the Premises are taken by eminent domain, inverse condemnation or otherwise taken for any public use whatsoever by any legally constituted authority, this Lease shall automatically terminate as of the date the title vests in the condemning authority and all rents and other payments shall be paid to that date.

B. In the event of a taking of a part of the Premises so that the remaining portion is suitable for the continuation of Tenant's business, then this Lease shall continue in full force and effect covering the remaining Premises and the rent shall be equitably reduced based on the proportion by which the floor and parking areas of the Premises are reduced, such rent reduction to be effective as of the date title to such portion vests in any condemning authority.

16. PARKING:

Exhibit B is the current parking plan of the Parking Lot adjacent to the Building. Landlord shall provide Tenant exclusive use of the Parking Lot. Such parking shall be of no additional charge to Tenant. Tenant may modify the Parking Lot plan with prior approval by Landlord, which approval will not be unreasonably withheld. However, under no circumstances can the number of parking spaces be reduced to less than those required by code.

17. COMMISSION:

Landlord and Tenant covenant and agree with each other that there are no real estate fees or commissions of any kind or nature payable as a result of this transaction. Landlord

shall pay, defend, indemnify and hold Tenant harmless from and against any and all claim for or on account of said commissions to said realty firm.

18. SUBORDINATION /ATTORNMEN/ NON-DISTURBANCE/ESTOPPEL
CERTIFICATE:

Landlord shall have the right to assign, transfer, convey or hypothecate, in whole or in part, Landlord's interest in this Lease, the Premises and the Building. If Landlord shall assign its interest under this Lease or transfer or convey its interest in the Premises or the Building, other than a transfer or conveyance for security purposes only, such assignee, transferee, or grantee shall thereafter be deemed to be Landlord hereunder and Landlord shall be automatically released from any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

Landlord may, for any purpose, finance, refinance or in any other fashion hypothecate its interest in this Lease, the Premises or the Building for loan or security purposes and shall be entitled to execute and deliver for recording appropriate form of Mortgage, Deed of Trust, lien or other security or encumbrance document against its interest in this Lease, the Premises or the Building to secure Landlord's obligation created thereby.

In the event of any such transfer(s) of Landlord's interest above referenced, this Lease shall be subordinate to, and Tenant shall attorn to, the interest of Landlord's assignee, transferee, grantee or lender. Tenant will execute all documents in the form submitted by Landlord, including subordination and attornment agreements, necessary for Landlord's assignment, conveyance, hypothecation or financing of Landlord's interest in this Lease, the Premises or the Building, and Tenant will deliver to Landlord said documents fully executed within ten (10) days of receipt by Tenant.

Notwithstanding the above, it shall be a condition of any such subordination or attornment that, so long as Tenant is not in default under the terms of this Lease, this Lease shall remain in full force and effect for the full term hereof and Landlord's assignee, transferee, grantee or lender shall recognize Tenant's rights in the Premises under this Lease. Upon request by Tenant, as a condition to Tenant's execution of any subordination or attornment document, Landlord's assignee, transferee, grantee or lender shall execute and deliver to Tenant a non-disturbance agreement in form satisfactory to Landlord.

Tenant shall, from time to time, upon the written request of Landlord, execute and deliver to Landlord or its designee, a written statement in form satisfactory to Landlord stating: (1) the date of execution, commencement and termination of this Lease; (2) the amount of base monthly rent currently paid by Tenant and the date to which such rent has been paid; (3) a certification that this Lease is in full force and effect, has not been assigned, modified or amended in any way (or specifying the date and terms of any such agreement affecting this Lease), that all conditions under this Lease to be performed by Landlord have been satisfied, and that on the date of execution thereof there are no existing defenses or offsets which Tenant has against the enforcement of this Lease by Landlord. It is

intended that any such statement delivered pursuant to this paragraph may be relied upon by the prospective grantee or a mortgagee of Landlord's interest in this Lease, the Premises or Building. If Tenant shall fail to respond within ten (10) days of receipt by Tenant of a written request by Landlord as herein provided, Tenant shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the truth and accuracy of any information supplied by Landlord on the face thereof.

19. DEFAULT:

Time is of the essence hereof.

Tenant shall be in default under this Lease upon the occurrence of any one or more of the following events or conditions:

- A. Default in payment: Tenant's failure to pay any rent or other charge or payment obligation under this Lease when the same is due in a full and timely manner.
- B. Default in performance other than payment: Tenant's failure to perform in a full, proper and timely manner any term, obligation, covenant or condition under this Lease other than the payment of rent or any other charge.
- C. Failure of business/insolvency: The failure or termination of the business of Tenant to be operated upon the Premises, the commencement of any insolvency or receivership proceedings by or against Tenant, or the insolvency of Tenant.
- D. Abandonment of Premises: The abandonment or vacation of the Premises by Tenant.

Tenant shall have the following rights of cure:

- A. Upon the occurrence of a default by nonpayment on the due date of any rent, charge or other payment obligation due by the terms of this Lease, or any part thereof, in a full and timely manner, Landlord shall provide written notice thereof to Tenant. Tenant shall have ten (10) days from the date of said written notice within which to cure the subject default and make the required payment in full and complete amount. In the event that Tenant fails to cure the subject default within the time provided for herein, Landlord shall be entitled to pursue the remedies provided for herein upon default.
- B. Upon the occurrence of a default in any other covenant, term, condition or obligation required by the terms of this Lease other than the nonpayment of rent, charges or other payment obligation, Landlord shall provide written

notice thereof to Tenant. Tenant shall have thirty (30) days from the date of said written notice within which to cure the subject default and any other covenant, other than nonpayment of rent, charges or other payment obligation. In the event that Tenant fails to cure the subject default within the time provided for therein, Landlord shall be entitled to pursue the remedies provided for herein upon default. However, in any situation which would reasonably require a cure in less than thirty (30) days, the time allowed for cure shall be reduced to such reasonable shorter period.

20. REMEDIES UPON DEFAULT:

The acceptance by Landlord of any partial or late payment or performance by Tenant shall not constitute a waiver of Landlord's right to demand prompt and timely payment and performance during the term of this Lease.

In the event of a default in any one or more of the respects described above, and if said default shall continue after written notice beyond the period for cure described above, Landlord shall have the following rights and remedies, none of which shall be exclusive of the other, nor exclusive of any other remedy otherwise provided for by law or in equity. Landlord shall be entitled to pursue its remedies, at its sole option, and without further notice or demand of any kind to Tenant after initial notice of default referred to above.

A. Affirmation of Lease:

Continue this Lease in full force and effect, which election shall not waive Landlord's right, at its option, at any time thereafter to elect to terminate this Lease.

B. Termination of Lease:

Terminate this Lease, which termination shall be effective upon the date of written notice thereof to Tenant, without further act or notice by Landlord required.

Tenant's every right, interest of claim to title, possession and occupancy of the Premises and Building shall terminate upon such termination.

Tenant shall immediately vacate and surrender possession and occupancy of the Premises and Building to Landlord and remove its personal property in the manner provided for by Paragraph 7 hereof.

C. Landlord's Reletting:

Upon Landlord's re-entry of the Premises, Landlord may, at its own option, in addition to any other rights and remedies it may have or in conjunction therewith, from time to time relet the Premises or any part thereof for such term or terms (which may be for a term less than or extending beyond the term of this Lease) and

at such rental and upon such other terms and conditions as Landlord, in its sole discretion, may deem advisable, with the right to repair, renovate, remodel, redecorate, alter and change the Premises as may be required or suited for the reletting of the Premises.

Any rents collected from such reletting shall be applied first to the payment of any costs and expenses of such reletting, second to the payment of any indebtedness from Tenant to Landlord other than rent due hereunder, and third to the payment of rent due hereunder.

21. NON-WAIVER:

The acceptance by Landlord of any partial or late payment or performance by Tenant shall not constitute a waiver of Landlord's right to demand prompt and timely payment and performance during the term of this Lease.

A waiver by Landlord of any breach or default shall not be deemed a waiver of any other breach or default.

Landlord's consent to or approval of any act by Tenant requiring such consent or approval shall not be deemed to waive or abrogate the requirement of Landlord's consent or approval of any subsequent or similar act.

22. SUCCESSORS AND ASSIGNS:

All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon Landlord and Tenant, together with their respective heirs, executors, administrators, successors and assigns.

23. SEVERABILITY:

A final determination by a Court of competent jurisdiction that any provision of this Lease is invalid shall not affect the validity of any other provision, and any provision so determined to be invalid shall, to the extent possible, be construed to accomplish its reflected intent.

24. SURVIVAL OF WARRANTIES:

All representations, warranties and covenants made by the parties in this Lease shall survive the execution, termination or expiration hereof, except as otherwise indicated.

25. ENTIRE AGREEMENT/AMENDMENTS:

This Lease contains all covenants and agreements between Landlord and Tenant relating to the terms and conditions of this Lease, and this Lease supersedes and cancels any and all previous negotiations, agreements and communications between the parties whether

written or oral. This Lease may be amended or modified only by written instrument executed by both Landlord and Tenant.

26. GOVERNING LAW:

This Lease shall be governed by and construed in accordance with the laws of the State of Oregon.

27. TENANT'S TERMINATION RIGHT:

Tenant reserves the sole right to terminate this agreement at the beginning of any fiscal year (July 1) of which funds are not appropriated for the perpetuation of this agreement or funding is not provided for the program using the facility as required by ORS 294.100.

28. TAXES:

Tenant shall apply to exempt the Premises from ad valorem taxes (property tax) as of July 1, 2020.

Tenant shall pay one-twelfth (1/12) of the annual ad valorem tax as additional monthly rent for each month in which ad valorem taxes are not exempt.

29. NOTICES:

Any notice, request, demand, instruction or other communication to be given by the parties hereto by the terms hereof shall be in writing and shall be delivered in person or sent by U. S. Mail, postage prepaid, to the addresses below by certified mail, return receipt requested, or to such other person or addresses that the parties may hereinafter designate in writing. Said notices shall be deemed given upon the personal delivery or posting thereof.

LANDLORD:

Deems, Inc.
1155 Chemeketa Street NE
Salem, OR 97301

TENANT:

City of Salem
Attn: Real Property Services Manager
350 Commercial Street NE
Salem, OR 97301

BILLINGS:
City of Salem
Finance Department
555 Liberty St SE, Room 230
Salem, OR 97301

30. FORCE MAJEURE:

Time periods for Landlord's or Tenant's performance of any provisions under this Lease shall be extended for periods of time during which the non-performing party's performance is prevented due to circumstances beyond the party's control, including without limitation, strikes, embargos, governmental regulations, acts of God, war or other strife.

31. RECORDING:

This Lease shall not be recorded by either Landlord or Tenant, provided however, either party may record a Memorandum of Lease.

32. TENANT IMPROVEMENTS:

Landlord and Tenant agree that the Premises are leased to Tenant in an "as-is" condition without any representation or warranty of any kind by Landlord to Tenant, or any responsibility of Landlord to Tenant to improve the Premises, except that which is expressly listed below.

Landlord shall, at its cost and expense, make the following tenant improvements to the Building:

- A. Upon Tenant's request, paint interior of Building, colors to be specified by Tenant.
- B. Replace current blinds in the Dispatch Room to a product mutually agreed upon by Tenant and Landlord and repair any broken blinds throughout the Building .
- C. Remodel the Communications Center Storage Room . Work shall include, but not be limited to: wall removal, carpet repair, and installation of necessary electric improvements as determined by Tenant.
- D. Upon Tenant's request, replace carpet in Communications Center Room with carpet approved by Tenant.

- E. Install two (2) paver walkways in the median strip on the east side of the building.
- F. At Tenant's request, Landlord shall contribute a maximum of Twelve Thousand dollars (\$12,000) toward security improvements of the Building (bollards, barriers, fencing, etc.).

Tenant is responsible for the installation and maintenance of Tenant's total communication system, including the wiring, terminals, and peripheral items.

Tenant shall not furnish, install or construct upon the Premises any tenant improvements without the prior written consent of Landlord, which consent shall not be unreasonably withheld.

IN WITNESS WHEREOF, this Lease has been executed the date and year first above written.

LANDLORD:

TENANT:

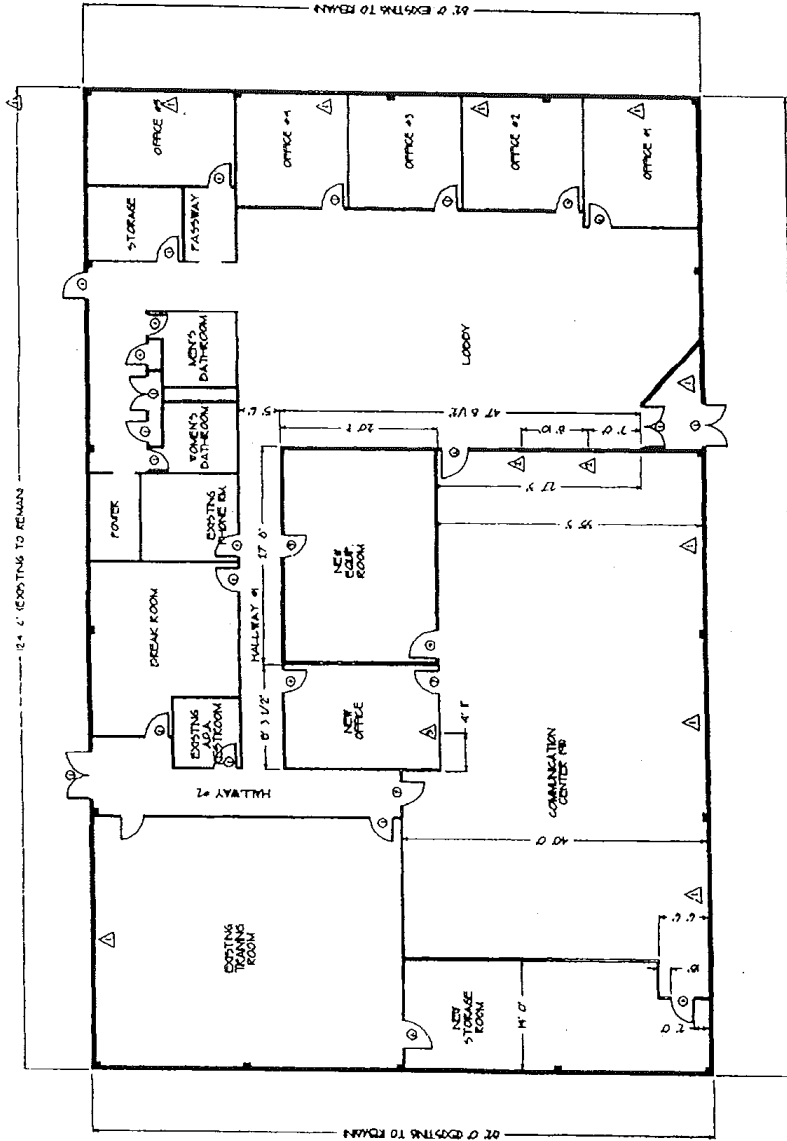
Deems, Inc.

City of Salem

Thomas Bowers, President

Steven D. Powers, City Manager

Exhibit A



595 COTTAGE STREET NE
FLOOR PLAN



Exhibit B

