

LEASE AGREEMENT
(Stanard Residuary Marital Trust / Yamhill County)

THIS LEASE AGREEMENT is made this 8 day of August, 2016, between Stanard Residuary Marital Trust, Mark Stanard, Trustee (hereinafter referred to as "Lessor") and Yamhill County, a political subdivision of the State of Oregon (hereinafter referred to as "Lessee"). Based upon the mutual covenants and conditions set forth hereinbelow, Lessor and Lessee agree as follows:

Section 1. Demised Premises.

Lessor leases to Lessee the following described property located in the City of McMinnville, State of Oregon:

The building and land located at 520 East Fourth Street, McMinnville, Yamhill County, Oregon, consisting of approximately 4,000 square feet.

Section 2. Term.

A. The term of this lease is January 1, 2016, through December, 31, 2020.

B. Conditional Option to Renew. Lessor grants to Lessee a conditional option to renew this Lease Agreement for an additional four-year term, after expiration of the term of this Lease Agreement; provided, however, that a renewal of this Lease Agreement shall become effective only if both parties agree to the terms and conditions of a renewal. To exercise this option, Lessee must give Lessor written notice of the intention to do so at least ninety (90) days before the original term expires. If the parties have not agreed on the terms and conditions of a renewal by the date the original term expires, and Lessee remains in possession of the premises, then Lessee shall be treated as a holdover in accordance with Section 16.

Section 3. Rent.

A. Lessee shall pay to Lessor as rent \$1,400.00 per month. Rent shall be payable on the first day of each month in advance. Payments shall be made to: Stanard Residuary Marital Trust, c/o Fitzpatrick & McKenzie, 290 SW Hill Road, McMinnville, OR 97128.

In exchange for work previously provided by the Lessee, upon the commencement of this lease the Lessee shall have the first month of occupancy rent free.

B. Rent Escalation: The Base Rent provided in Section 3A above will increase on the first day of the second lease year, and thereafter on the first day of every subsequent lease year (including any lease year during the option periods, to reflect the increase, if any, in the Consumer Price Index: US City Average-All Items and Major Group Figures for All Urban

Consumers, (1982 through 1984 = 100) (hereinafter referred to as the "CPI-U") published by the United States Bureau of Labor Statistics of the United States Department of Labor between the date of adjustment (the "Adjustment Date") and the date on which the base rent was last adjusted (the "Comparison Date"). For purpose of adjusting base rent on the first Adjustment Date, the

Comparison Date will be the date of commencement of this Lease Agreement. On each Adjustment Date, the base rent then in effect will be increased, but not decreased, by multiplying the base rent by a fraction, the numerator of which is the CPI-U published most recently before the applicable Adjustment Date, and the denominator of which is the CPI-U published most recently before the Comparison Date. In no event will the base rent be adjusted downward from the base rent in effect immediately preceding an Adjustment Date, nor will any increase in base rent on any Adjustment Date be less than one percent (1%) nor more than five percent (5%) of the base rent on the Comparison Date.

Section 4. Quiet Enjoyment.

Lessor covenants that on paying the rent and performing the covenants contained in this Lease Agreement, Lessee shall peacefully and quietly have, hold, and enjoy the demised premises for the agreed term.

Section 5. Use of Premises.

The demised premises shall be used and occupied by Lessee for governmental purposes only, except as may be allowed under a sublease authorized under this Lease Agreement. Lessee intends to use the premises for storage of records and goods.

Section 6. Number of Occupants.

Lessee agrees that the demised premises shall be occupied by no more than allowed by the fire marshal.

Section 7. Condition of Premises.

Lessee stipulates that Lessee has examined the demised premises, including the grounds and all buildings and improvements, and that they are, at the time of this Lease Agreement, in good order and tenantable condition for the purpose for which Lessee intends to use the premises.

Section 8. Assignment and Subletting.

A. Without the prior, express and written consent of Lessor, which shall not be unreasonably withheld, Lessee shall not assign this Lease Agreement or sublet or grant any concession or license to use the premises or any part of the premises, without written advance

approval by Lessor. To assist Lessor in determining whether to consent to a proposed assignment or sublease, Lessor may request and shall receive financial, asset and credit information from the proposed assignee, and also request credit references for such proposed assignee, provided however, that all such information provided shall remain confidential

B. A consent by Lessor to one assignment, subletting, concession, or license shall not be deemed to be a consent to any subsequent assignment, subletting, concession or license.

C. Any transfer hereunder by Lessee will not result in Lessee being released or discharged from any liability under this Lease Agreement. Any sale, assignment, encumbrance, subletting, occupation, lien, or other transfer of this Lease Agreement that does not comply with the provisions of this Section 7 will be null and void.

Section 9. Alterations and Improvements.

A. Lessee shall make no alterations to the building on the demised premises without the prior, express, and written consent of Lessor, for which consent shall not be unreasonably withheld.

B. All alterations, changes, and improvements built, constructed, or placed on the demised premises by Lessee, with the exception of fixtures removable and without damage to the premises and movable personal property shall, unless otherwise provided by written agreement between Lessor and Lessee, be the property of Lessor and remain on the demised premises at the expiration or earlier termination of this Lease Agreement.

Section 10. Damage to Premises.

Lessee shall repair any damage to the demised premises caused by Lessee's agents, persons on premises with the permission of, for the benefit or in connection with Lessee's occupancy.

Section 11. Dangerous Materials.

Lessee shall not keep or have on the leased premises any article or thing of a dangerous, inflammable, environmentally hazardous or explosive character that might unreasonably increase the danger of fire on the leased premises or that might be considered hazardous or extra hazardous by any responsible insurance company or create potential environmental cleanup liability for Lessor.

Section 12. Utilities.

Lessee shall be responsible for arranging and paying for all utility services required on the premises.

Section 13. Maintenance and Repair.

A. Lessee shall be responsible for ordinary interior building maintenance during the term of this Lease Agreement and any renewal of this Lease Agreement; provided, however, that Lessee shall also be responsible for repairing routine plumbing defects or electrical defects inside the interior walls, floors and ceilings of the premises.

B. Major maintenance and repair of the leased premises shall also be the responsibility of the Lessor except as provided in Section 10 hereinabove. Lessee shall notify Lessor of the need for major maintenance or repair, and Lessor's responsibility to maintain or repair shall not arise until such notice has been given. For purposes of this subsection, "major maintenance and repair" includes maintenance, repair and replacement of all exterior walls and ceilings; exterior siding; all exterior and interior framing, sprinkler systems, floors, foundation, window glass (unless damage to window glass was the fault of Lessee), window frames or other structural repairs or maintenance necessitated by structural disrepair or structural defects; roof and roofing materials; HVAC systems; all electrical, plumbing, drainpipe, gutter, sewer or septic services leading to and from or located throughout the building and serving the demised premises.. Major maintenance and repair does not include painting or other routine maintenance or repair of floor coverings or Lessee fixtures or trade fixtures.

C. Lessee agrees that no signs shall be placed or painting done on or about the leased premises by Lessee or at Lessee's direction without the prior, express, and written consent of Lessor except for small signs identifying Lessee and any sublessee that are in compliance with the sign ordinance of the City of McMinnville.

Section 14. Animals.

Lessee shall keep no domestic or other animals on or about the leased premises without the prior, express and written consent of Lessor.

Section 15. Right of Inspection.

Lessor and Lessor's agents shall have the right at all reasonable times during the term of this Lease Agreement and any renewal of this Lease Agreement to enter into the demised premises for the purpose of inspecting the premises and all buildings and improvements on the premises.

Section 16. Holdover by Lessee.

Should Lessee remain in possession of the demised premises with the consent of Lessor after the natural expiration of this Lease Agreement, a new tenancy from month to month shall be created between Lessor and Lessee which shall be subject to all the terms and conditions of this Lease Agreement, but shall be terminable on 15 days' written notice served by either Lessor Lessee on the other party. Any holdover by Lessee without the consent of Lessor shall constitute a tenancy at

sufferance terminable by Lessor at will.

Section 17. Surrender of Premises.

At the expiration of the lease term, Lessee shall quit and surrender the demised premises in as good state and condition as they were at the commencement of this Lease Agreement, reasonable use and wear and damages by the elements excepted.

Section 18. Default.

If any default is made in the payment of rent, or any part of the rent, at the times specified in this Lease Agreement, or if any default is made in the performance of or compliance with any other term or condition of this Lease Agreement, the lease, at the option of Lessor, shall terminate and be forfeited, and Lessor may re-enter the premises and remove all persons from the premises. Lessee shall be given written notice of any default or breach. Termination and forfeiture of the Lease Agreement shall not result if, within five (5) days from receipt of such notice, Lessee has corrected the default or breach or has taken action reasonably likely to affect such correction within a reasonable time. Upon any default by either Lessee or Lessor, both parties shall have all remedies available at law or in equity.

Section 19. Property Tax Exemption.

The parties recognize that the term and the rent paid under this Lease Agreement has been established based upon Lessor's understanding that a property tax exemption may be obtained on the real property because of Lessee's status as a local government. However, both parties acknowledge that any request for an exemption from ad valorem property taxes shall be the sole and exclusive responsibility of Lessor. The rent payable under this Lease Agreement shall not be changed if the real property remains subject to property taxation; however, the term of this Lease Agreement may be shortened to a month-to-month tenancy at Lessor's option in the event a property tax exemption cannot be obtained.

Section 20. Insurance.

Lessor shall obtain fire and property damage insurance on the structure but not on Lessee's contents. Lessee shall name Lessor as a named insured under its comprehensive general liability insurance policy. Lessee agrees to obtain workers' compensation insurance for all its subject workers working at the demised premises. Lessee will be responsible for maintaining insurance for Lessee's property stored in the building. , Lessor and Lessee do each herewith and hereby release and relieve the other from responsibility for, and waive their entire claim of recovery for any loss or damage to the real or personal property of either located anywhere in the premises or the building and including the building itself, arising out of or incident to the occurrence of any of the perils which may be covered by the fire and lightning insurance policy, with extended coverage endorsement, in common use in the McMinnville locality. Each party shall obtain any special endorsements, if required by their insurer, to evidence compliance with the

aforementioned waiver.

Section 21. Indemnification of Lessor.

Except as otherwise provided in this Lease Agreement, Lessee shall defend, indemnify, and hold Lessor harmless from claims of any nature that might be asserted against Lessor on account of Lessee's use of the premises during the term of this Lease Agreement.

Section 22. Binding Effect.

The covenants and conditions contained in this lease agreement shall apply to and bind the heirs, legal representatives, and assigns of the parties, and all covenants are to be construed as conditions of this Lease Agreement.

Section 23. Governing Law.

It is agreed that this Lease Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Oregon.

Section 24. Attorney Fees and Costs.

Except as provided to the contrary in Section 26, in the event that either party to this Lease Agreement shall take any action, judicial or otherwise, to enforce or interpret any of the terms of this contract, each party shall be wholly responsible for its own expenses which it may reasonably incur in taking such action, including costs and attorney fees, whether incurred in a suit or action or appeal from a judgment or decree therein or in connection with any nonjudicial action.

Section 25. Hazardous Materials.

A. Lessor shall indemnify, defend, and hold Lessee harmless from and against any and all liabilities, penalties, fines, forfeitures, demands, claims, and costs which Lessee may be responsible for as a result of bodily injuries, property damage, contamination or other adverse effects on the environment, or any violation or alleged violation of any statute, ordinance, order, rule or regulation of a governmental entity or agency to the extent caused by, arising out of, or connected with the presence of any hazardous material on the demised premises, which hazardous materials on the demised premises as a result of the act or omission of someone other than Lessee, Lessee's assigns, Lessee's agents, Lessee's contractors or Lessee's invitees.

B. As used in Subsection A above, "hazardous material" means any material or substance which may pose a present or future threat to human health or the environment, including hazardous waste as that term is used in the Resources Conservation and Recovery Act (42 USC 6901 et seq).

Section 26. Non-appropriation.

Both parties recognize Lessee is subject to certain constitutional provisions and laws restricting its authority to obligate county funds in future fiscal years. Therefore, in the event no funds or insufficient funds are appropriate and budgeted or are otherwise not available in any fiscal year for payments due under this Lease Agreement, Lessee will immediately notify Lessor of such occurrence and the Lease Agreement shall terminate on the last day of the fiscal year for which appropriations were received without penalty or expense to Lessee, except as to the portions of payments herein agreed upon for which funds shall have been appropriated and budgeted or are otherwise available.

Section 27. Entire Agreement.

This Lease Agreement shall constitute the entire agreement between the parties. Any prior understanding or representation of any kind preceding the date of this Lease Agreement shall not be binding upon either party except to the extent incorporated in this Lease Agreement.

Section 28. Modification of Agreement.

Any modification of this Lease Agreement or additional obligation assumed by either party in connection with this Lease Agreement shall be binding only if evidenced in writing signed by each party or an authorized representative of each party.

Section 29. Notices.

Any notice required or permitted under this Lease Agreement shall be given when actually delivered or forty-eight (48) hours after deposited in the United States mail as certified mail, addressed to the address set forth below, or to such other address as may be specified from time to time by either of the parties in writing.

Lessor: Stanard Residuary Marital Trust
_____, Trustee
c/o Fitzpatrick & McKenzie
290 SW Hill Road
McMinnville, OR 97128

Lessee: Yamhill County
Attn: Board of Commissioners
535 E. Fifth Street
McMinnville, OR 97128

In witness whereof, this Lease Agreement was approved by Lessee on the 18th day of

August 2016, by Board Order 16-336 This Lease Agreement was approved by lessor on the date set forth adjacent to Lessor's signature below.

STANARD RESIDUARY MARITAL TRUST

8-29-16
Dated

By: Mark Stander
_____, Trustee

YAMHILL COUNTY, OREGON

8/18/16
Dated

By: [Signature]
Chair, Board of Commissioners

Approved As To Form
by [Signature]
Christian Boenisch
County Counsel
Yamhill County

Accepted by Yamhill County
Board of Commissioners on
8-18-16 by Board Order
16-336