

**LEASE AGREEMENT**

THIS LEASE AGREEMENT (“Lease Agreement”), dated March 22, 2024, is by and between

MOLALLA RIVER SCHOOL DISTRICT  
("Lessor"),

and

CITY OF MOLALLA, ("Lessee"),

**RECITALS:**

*WHEREAS*, the Lessor leased the property depicted in Exhibit A to the Lessee pursuant to a 25 year lease at \$1 per year set to expire on September 30, 2023;

*WHEREAS*, the parties entered into a Lease Modification in 2011, dividing the “Park” and “Library” portions of the property into two distinct leases;

*WHEREAS*, the 2011 Lease Modification stated that the lease for the “Park” was to be renewed automatically on a year-to-year basis and the lease for the “Library” had an undefined term;

*WHEREAS*, the parties entered into a Lease Modification in 2023, similar to the 2011 Lease Modification, which did not establish a term for the “Library” lease;

*WHEREAS*, the parties wish to clearly define the terms of the lease for the “Park” and the “Library” for a one year period as follows:

## **AGREEMENT:**

(1) **PROPERTY.** For the consideration of the payments and covenants hereinafter specified, to be respectively paid and performed by the parties, Lessor leases to Lessee, and Lessee leases from Lessor, for the term and at the rental and upon the conditions hereinafter specified, the following described real property:

The premises as defined in THE LEASE is depicted in Exhibit A, and by this reference incorporated herein. The areas on Exhibit A labeled "Park" and outlined in green are one area for the purpose of this Lease Agreement and the area labeled "Library" and outlined in pink is the other.

(2) **TERM.** The term of this lease shall be for a period of one (1) year beginning March 22, 2024 through March 22, 2025.

(3) **RENT.** The rental herein reserved unto the Lessor and which the Lessee covenants to promptly pay, unto the Lessor at the initial rate of \$1.00 per year.

(4) **RENEWAL.** The Lessor intends that the lease will terminate on March 22, 2025 and will not be extended unless the parties renegotiate a mutually agreeable rental rate.

(5) **CONDITION OF PREMISES.** Premises shall be leased in an "as is" condition provided.

(6) **CONSENT REQUIRED.** Lessee shall not make any alterations, additions, or improvements to or upon the premises in excess of \$50,000 that would require the hiring of a licensed and bonded contractor without Lessor's prior written consent, which shall not be unreasonably withheld.

- (7) DUTIES OF LESSEE. The Lessee shall:
- (a) Grant lessor access to the PROPERTY for the purpose of affixing, at the District's expense, matching signage wherever there is current signage for the "Park" and the "Library" stating "This Molalla River School District property is proudly made available to the community in partnership with the City of Molalla."
  - (b) Keep the premises free from all liens, including construction liens, which are based on any act or omission of Lessee, or any person claiming under Lessee.
  - (c) Permit Lessor or its agents to go upon the premises during business hours upon reasonable notice for the purpose of examining or repairing any part of the premises or the modular office building in which they are located, and at any time during the last 60 days of term of this lease with at least 24 hours' notice to Lessee, or any renewal thereof, to place "to let" or "to lease" signs on the premises. Notice shall not be required in the event of an emergency situation requiring immediate attention.
  - (d) Comply, at Lessee's expense, with all statutes, ordinances, orders, and regulations of any duly constituted governmental authority pertaining to the premises or their specific use by Lessee.
  - (e) Permit no environmentally hazardous substances or materials (as defined from time to time by applicable law) to be released, used or stored on the premises.
  - (f) Be responsible for structural repair and maintenance of the modular office building.
  - (g) Be responsible for the heating facilities and those repairs and alterations required of Lessee. Lessee shall keep the same in good condition and repair in compliance with applicable statutes, codes and regulations.



(8) UTILITIES AND SERVICES: In addition to the base rent the Lessee shall pay for all utilities servicing the Premises, including but not limited to electricity, natural gas, telephone and data services, janitorial services and garbage service.

(9) REPAIRS AND ALTERATIONS. Lessee shall maintain and repair, at their expense, the roof, structural parts of the "Library" space and HVAC. Lessee shall maintain the interior of the premises in reasonably good condition, at its expense. Lessee will maintain all plumbing, electrical, lighting fixtures and bulbs on the premises. At the termination of this lease, Lessee shall surrender the premises to Lessor in broom swept condition, ordinary wear and tear and casualty excepted.

(10) REAL ESTATE TAXES. The Lessee shall not pay real property taxes as the property is owned by MOLALLA RIVER SCHOOL DISTRICT and Lessee is a public entity, qualifying for exemption. If after the commencement date (set forth in paragraph 2 Term) it is determined that Lessee does not qualify for the exemption, then the Lessee shall pay its pro-rata share of real estate taxes due on the Premises.

(11) INDEMNIFICATION. Except for damage or injury caused by willful acts or omissions of Lessor, its agents, or employees, Lessee shall defend and indemnify Lessor and save Lessor harmless from and against any and all claims, demands, liabilities, damages, costs, or expenses, including attorney fees, arising from any act, omission, or negligence of Lessee, or the officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors of Lessee in or about the premises, or arising from any accident, injury, or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the premises. Except for damage or injury caused by willful acts or omissions of Lessee, its agents, or employees, Lessor shall defend and

indemnify Lessee and save Lessee harmless from and against any and all claims, demands, liabilities, damages, costs, or expenses, including attorney fees, arising from any act, omission, or negligence of Lessor, or the officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors of Lessor in or about the premises, or arising from any accident, injury, or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the premises

(12) LIABILITY INSURANCE. Lessee shall procure and thereafter during the term of the lease shall continue to carry the following insurance at Lessee's cost: commercial general liability insurance, in a responsible company, for bodily injury and property damage with limits of not less than \$1,000,000 per occurrence or \$2,000,000.00 general aggregate coverage. Such insurance shall cover all risks arising directly or indirectly out of Lessee's activities on or any condition of the Premises whether or not related to an occurrence caused or contributed to by Lessor's negligence. Such insurance shall protect Lessee against the claims of Lessor on account of the obligations assumed by Lessee, and shall name Lessor as an additional insured. Certificates evidencing such insurance and bearing endorsements requiring 10 days' written notice to Lessor prior to any change or cancellation shall be furnished to Lessor immediately after execution of this lease.

(13) DAMAGE OR DESTRUCTION. If the Premises are destroyed or damaged to the extent of 40% of the Premises, Lessor may elect to terminate the lease as of the date of the damage or destruction by notice given to Lessee in writing not more than 45 days following the date of damage.

(14) FIRE AND CASUALTY INSURANCE. Lessee shall keep the premises and building improvements insured at their full insurable value against fire and other risks covered



by a standard insurance policy with an endorsement for extended coverage. Lessee shall carry and bear the expense of insurance insuring the property of Lessee on the premises against such risks.

(15) RELEASE OF SUBROGATE RIGHTS. Neither of the parties shall be liable to the other of them, or to any subrogee, for any loss arising out of damage to or destruction of the premises, or for loss arising out of damage to or destruction of the contents of the premises, when the loss is caused by any of the perils included within a standard form of fire and extended coverage insurance policy. This paragraph shall be binding upon the parties whether or not the damage or destruction is caused by the negligence of either Lessor or Lessee, or their agents, employees, or representatives, and any and all rights of recovery on account thereof by either including any and all rights carrier or insurer on account thereof, are hereby waived and released.

(16) ASSIGNMENT. The Lessee may assign this lease or underlet the said premises, and permit the occupancy or use of any part thereof by any other person, with written notice to Lessor so long as the purpose is consistent with Lessee's mission.

(17) EMINENT DOMAIN. If any part or all of the premises is taken by a corporation or governmental authority having the right of eminent domain, by exercise, or by purchase under threat of exercise, of that right, this lease shall terminate as of the date title vests in the condemning authority. In such event, all rights and obligations of the parties shall cease as of the date of termination. Lessor shall be entitled to that portion of the award exceeding any award for loss of business, relocation benefits, if any, and any proceeds which are on account of the taking of equipment, fixtures or other personal property of Lessee. Lessee shall have no other claim

against Lessor or the condemning authority on account of the taking of such property.

(18) HOLDING OVER. If Lessee holds over after the term of this lease, Lessee shall remain bound by all the covenants of this lease, except that the holding over shall be construed to create a tenancy from month to month.

(19) DEFAULT BY LESSEE. Time and the strict performance of this agreement are of the essence thereof, and the default by Lessee for thirty (30) days after receipt of written notice and opportunity to cure in any rent payment shall immediately entitle Lessor, at its option, to cancel and terminate this lease. The default by Lessee in any other covenant in this lease, after 30 days' written notice and opportunity to correct such default, shall entitle Lessor, at its option, to cancel and terminate this lease. If this lease is so terminated, Lessor shall be entitled to the immediate and peaceable possession of all said real property, except as otherwise provided in the Lease Agreement, and Lessee shall forthwith vacate premises without any further notice or proceedings, and Lessor shall have the immediate right to enter said premises, forcibly if necessary, and to remove all persons and their effects from said property without being guilty of trespass. Waiver by Lessor of any default shall not be deemed to be a continuing waiver of such default or of any similar default or of the strict performance of the terms of this lease in any particular.

(20) DEFAULT BY LESSOR. If Lessor fails to perform any covenant, condition, or agreement on its part to be performed under this Lease within thirty (30) days after receipt of written notice from Lessee specifying such failure (or if such failure cannot reasonably be cured within thirty (30) days, if Lessor does not commence to cure the failure within that thirty (30) day period or does not diligently pursue such



cure to completion), then such failure will constitute a default hereunder and Lessor may be liable to Lessee for damages sustained by Lessee to the extent they are result of Lessor's default.

(21) LIEN FOR RENT. Pursuant to ORS 87.162 through 87.551, Lessor shall have a lien upon the property of Lessee brought upon the leased premises. Pursuant to these statutes, Lessor may take possession of the personal property and sell it and apply the proceeds of sale upon the unpaid rent.

(22) VACATING THE PREMISES. At the termination of this lease for any reason whatsoever, Lessee shall promptly vacate the premises and deliver them to Lessor in broom swept condition, ordinary wear and tear and damage by fire or other casualty alone excepted. All partitions, plumbing, electrical wiring, and other additions to or improvements upon the premises, whether installed by Lessor or Lessee, except movable office fixtures, trade fixtures, and signs, shall remain the property of the Lessor. Lessee shall remove all of its property at the termination of this lease without damage or injury to the premises. If Lessee fails to remove any of its property, including signs, or fails to repair any damage to the premises occasioned by it during its occupancy or removal, then on the termination of this lease, Lessor may remove Lessee's said property and repair such damage to the premises at the expense of Lessee, which Lessee shall pay on demand, and Lessor may sell, destroy, or otherwise dispose of any such property without liability to Lessee, except to apply the proceeds from any sale to any amount due Lessor from Lessee.

(23) RESERVATIONS. This lease does not grant to Lessee by implication or otherwise, any right to light and air, except the openings in walls abutting on public streets.



(24) ATTORNEY'S FEES. In case suit, action, or appeal is instituted to enforce any of the terms or provisions of this lease, then the prevailing party in such suit, action, or appeal shall be entitled to, and the other party shall pay, in addition to the costs and disbursements provided by statute, such additional sum as the court may adjudge reasonable for attorney's fees in such suit, action, or appeal.

(25) FORCE MAJEURE. The parties hereto agree that failure to perform any provision, representation or warranty contained in this lease due to an event of Force Majeure shall not cause such failing party to be in default of this lease. Force Majeure shall mean an occurrence beyond the reasonable control of the party affected including, but not limited to, acts of God or the public enemy, forces, explosions, perils of the sea, flood, drought, war, riot, sabotage, accident, embargo, or without limiting the foregoing circumstances, any circumstance of like or different character beyond the reasonable control of the party so failing; or interruption of or delay in transportation, inadequacy, shortage, excessive costs or failure of supply of energy or raw materials, labor trouble from whatever cause arising and whether or not the demands of the employees involved are reasonable and within said party's power to concede, or compliance by either party with any order, action, direction or request of any governmental officer, department agency, authority or committee thereof.

(26) PARTIES. This lease shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns, so far as assignable.

(27) NOTICES. All notices from Lessor to Lessee in connection with this lease shall be directed to CITY OF MOLALLA, 117 N. Molalla Ave., Molalla, OR 97038.

(28) All notices to Lessor in connection with this lease shall be directed to MOLALLA RIVER SCHOOL DISTRICT, 412 S. Swiegle Ave, Molalla, OR 97038.

(29) QUIET ENJOYMENT. Lessor represents and warrants to Lessee that it is the owner of the premises and has the right to lease to them. Lessor's agent (the signatory to this Lease) represents and warrants to Lessee that it has full right and authority to execute this Lease on behalf of Lessor. Lessor agrees to defend Lessee's right to quiet enjoyment of the premises from the lawful claims of any persons during the Lease term.

(30) GOVERNING LAW AND VENUE. The parties hereby submit to jurisdiction in Clackamas County, Oregon and agree that any and all disputes arising out of or related to this Lease shall be litigated exclusively in the Circuit Court for Clackamas County, Oregon and in no federal court or court of another county or state. Each party to this Lease further agrees that pursuant to such litigation, the party and the party's officers, employees, and other agents shall appear, at that party's expense, for deposition in Clackamas County, Oregon.

(31) INCONSISTENT STATE AND FEDERAL LAWS. From time to time, state and federal laws are inconsistent such that an activity permitted under state law is prohibited under federal law, or vice versa. As noted elsewhere in this Agreement, Lessee(s) and/or Lessee(s) shall at all times comply with all governmental requirements, (including federal, state and local laws and regulations), and cause all sub-Lessees, sub-lessees, agents and other users of the Premises to so comply. For example, although the retail production, sale or distribution of marijuana products is allowed under some state's laws, it is prohibited under the federal Controlled Substances Act. Therefore, in this instance, Lessee(s) and/or Lessee(s) must comply, and cause all sub-



Lessees, sub-lessees, agents and other users to comply with federal law. Failure to comply is grounds for immediate default subject to the provisions of the Default section of the Lease.

LESSEE: CITY OF MOLALLA

By:

 CITY MANAGER 3-25-24

LESSOR:

MOLALLA RIVER SCHOOL DISTRICT

By:

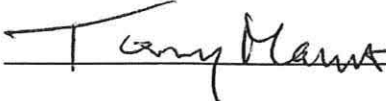
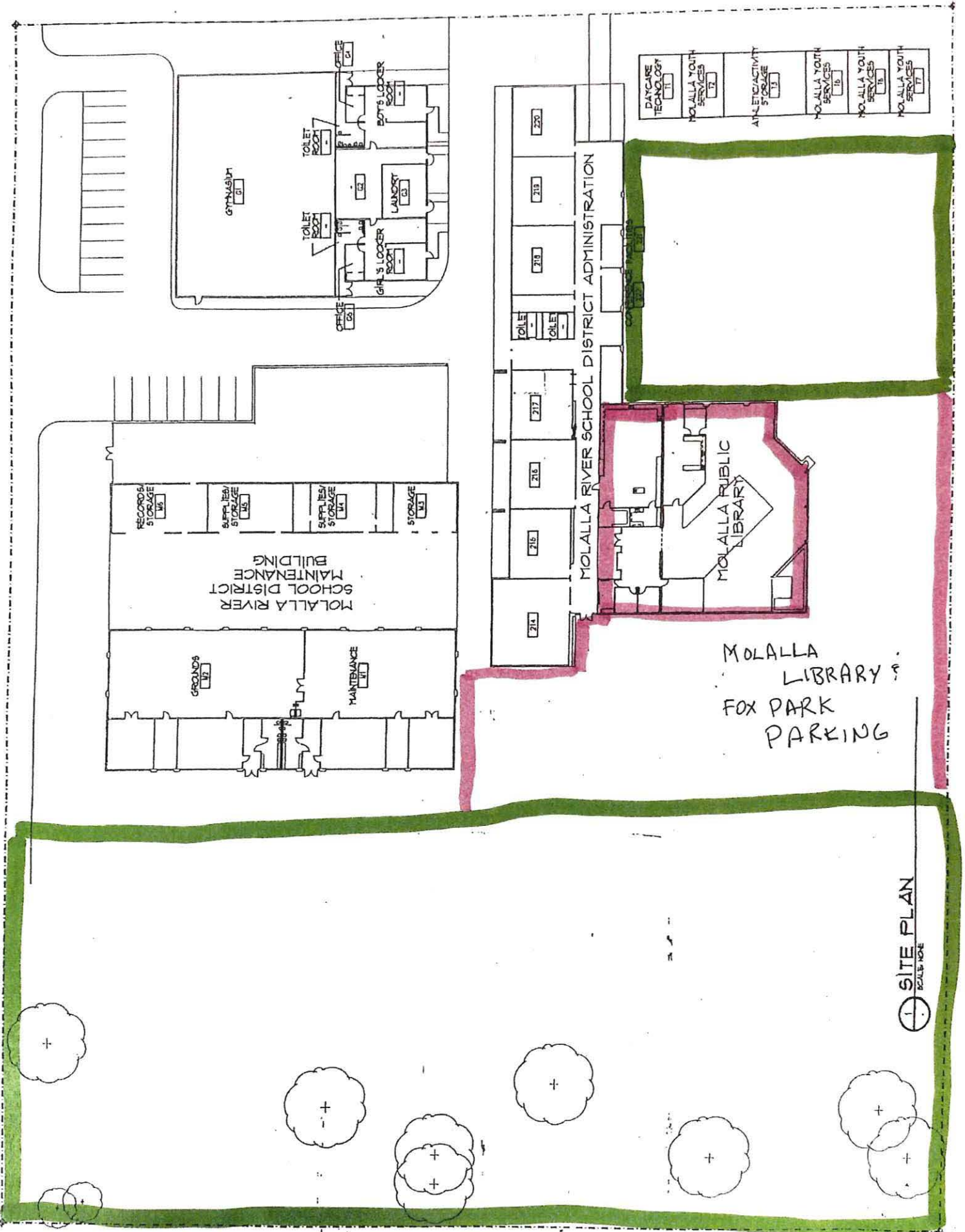
 Superintendent 3/21/2024

Exhibit A



1 SITE PLAN  
SCALE: N/A