

THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

URA RESOLUTION NO. 226

A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE AUTHORIZING EXECUTION OF A LEASE AGREEMENT WITH THE WEST LINN/WILSONVILLE SCHOOL DISTRICT FOR PROPERTY KNOWN AS THE "TOWN CENTER SCHOOL SITE" ACQUIRED BY THE URBAN RENEWAL AGENCY FROM THE NORTHWEST DISTRICT OF THE WESLEYAN CHURCH

WHEREAS, on October 25, 2007 the Urban Renewal Agency of the City of Wilsonville (the "Agency") acquired approximately 11.51 acres of land from the Northwest District of the Wesleyan Church for partial redevelopment as affordable housing and this land is comprised of the entirety of tax lots 02600, 02700, 02706, 02707, 02708, 02709, 02900, 03000, and 03100 on Map 3S1W13CD in Clackamas County; and

WHEREAS, at the time of purchase this land was improved with two buildings on tax lot 03000 (the "Property") which were outside of the area redeveloped into the Creekside Woods Affordable Senior Housing project; and

WHEREAS, on July 15, the Agency entered into a lease with the West Linn/Wilsonville School District (the "District") through which the Agency leased the Property to the District for use as a school for \$80,000 per year; and

WHEREAS, on May 17th, 2011 the Agency and the District renewed this lease for \$90,000 per year, extending the least term to June 30, 2013 with a one-year renewal option; and

WHEREAS, the District is interested in entering into a new lease which would include the one-year renewal period and three additional years with the new lease term beginning July 1, 2013 and ending June 30, 2017; and

WHEREAS, the terms for the proposed new lease are identified in Exhibit A, attached hereto and incorporated herein by reference; and

WHEREAS, the City of Wilsonville and its Urban Renewal Agency have no planned use for the Property prior to July 1, 2017;

NOW, THEREFORE, THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. The City of Wilsonville's Urban Renewal Agency Board authorizes its Executive Director to negotiate and execute a lease for property as described above with the West

Linn/Wilsonville School District and approves the terms described in Exhibit A, attached hereto and incorporated herein by this reference, subject to final negotiated modifications to form by the City Attorney.

2. The Lease Agreement shall have a four year term with no renewals.

3. Rent for the Property shall be \$90,000 per year and increased annually on July 1 of each lease year by the annual January Portland-Salem CPI-U rate, with the first CPI increase to occur July 1, 2013.

4. This resolution shall be effective upon adoption.

ADOPTED by the Wilsonville Urban Renewal Agency at a regular meeting thereof this 18th day of March, 2013, and filed with the Wilsonville City Recorder this date.


Tim Knapp, Board Chair

ATTEST:


Sandra C. King, City Recorder, MMC

SUMMARY OF VOTES:

Chair Knapp	Yes
Member Goddard	Yes
Member Starr	Yes
Member Fitzgerald	Excused
Member Stevens	Yes

Exhibit A - Commercial Lease between Urban Renewal Agency of the City of Wilsonville and West Linn-Wilsonville School District.

Proposed Terms

- Lease period to commence July 1, 2013 and expire June 30, 2017.
- District must provide the City with an exit strategy prior to execution of new lease.
- Rent to continue at the current rate of \$90,000 per year and escalated annually July 1 of each lease year by the annual January Portland-Salem CPI-U rate. The first CPI increase will occur July 1, 2013.
- District to be responsible for all utilities, repairs, maintenance and insurance, excluding landscaping.
- ~~District is to pay a monthly landscaping fee of \$567 tied to the same CPI increase as the rent increase. City to be responsible for all site landscaping.~~
- District and City to perform agreed upon repairs and maintenance identified during the 2012 property inspection.
- Continued non-exclusive parking agreement.
- City and Agency retain the right to reserve the meeting space in the former church building (Kiva Building) through the District's building reservation system

Required repairs and maintenance identified in 2012 annual inspection:

City:

1. Install a French drain to prevent the north basement stairwell from flooding from poor grade drainage around the stair well.
2. Provide locks for electrical disconnect boxes for the heat pumps at the back of the church building near playground.
3. Repaint both buildings and repair woodpecker damage to siding.
4. Repair dormer vent louvers which have been damaged by birds
5. Treat roofs for moss removal. Note: new roofs will be needed in approximately 5 years.

District:

1. Re-grade the playground chips away from the building siding to provide 6-inches of clearance.
2. Inspect playground equipment and remove or repair any equipment that does not meet playground safety standards.
3. Replace existing windows that do not have tempered glass with tempered glass.
4. Clean all rain gutters.
5. Restripe existing parking lot as necessary.

SCHOOL FACILITIES LEASE

BETWEEN

URBAN RENEWAL AGENCY OF THE CITY OF
WILSONVILLE

AND

WEST LINN-WILSONVILLE SCHOOL DISTRICT

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EXHIBITS

Exhibit A.....Lease Premises
Exhibit B.....Notice to Tenants

SCHOOL FACILITIES LEASE

This **SCHOOL FACILITIES LEASE** (“Lease”), dated _____, 2013, is by and between the **URBAN RENEWAL DISTRICT OF THE CITY OF WILSONVILLE** (“Lessor”) and the **WEST LINN-WILSONVILLE SCHOOL DISTRICT** (“Lessee”). Lessor and Lessee are collectively sometimes referred to herein as the “Parties.”

RECITALS

A. Lessor is the owner of two adjoining buildings located at 29796 SW Town Center Loop East, Wilsonville, Oregon 97070 (the “Buildings”), Clackamas County, Oregon. The Buildings are identified as the Church Building and the School Building, and both are being leased to Lessee for school purposes, as more particularly described below.

B. Lessor and Lessee were parties to a lease for the Buildings, dated May 17, 2011 that expires on June 30, 2013 (“Expiring Lease”). Although the Expiring Lease had a one year renewal option, Lessee elected not to exercise that one year renewal option but instead requested that Lessor and Lessee negotiate for a new longer term lease. Lessor was agreeable to doing so, and the Parties have agreed upon a new four (4) year Lease, on the terms and conditions set forth below.

NOW, THEREFORE, the Parties, intending to be legally bound by the terms of this Lease, agree as follows:

1. AGREEMENT TO LEASE

1.1 Description of Premises and Condition

Lessor hereby leases to Lessee the Buildings, along with the use of certain Common Areas, as shown and described on **Exhibit A** (collectively the “Premises”), subject to the terms of this Lease. Lessor will retain the right to periodically use portions of the ground level of the Church Building, including the large conference room, available office space, restrooms, and the kitchen located within the Church Building, subject to making advance reservations for such use. Lessee shall have exclusive use of the School Building and the basement of the Church Building. The Premises are leased in “As Is” condition. This Lease is a triple net lease, meaning that Lessee is responsible for all repair and maintenance of the Premises except for structural repairs and maintenance identified as Lessor’s responsibility in **Section 7.3**. Lessee is also responsible for any and all taxes assessed against the Premises, including improvements located thereon, and for insuring all of Lessee’s property and improvements located within the Premises.

1.1.1 Permitted Use

Lessee may use the Premises for what is commonly referred to as its Art Tech program, including school classrooms and related school activities (the “Permitted Use”). No other use may be made of the Premises by Lessee without the prior written consent of Lessor, which may be granted or denied in Lessor’s sole discretion.

1.1.2 Limits on Use

1.1.2.1 No portion of the Premises may be used for temporary or permanent residential use.

1.1.2.2 Lessee shall not, without the prior written consent of Lessor, use any device which would violate any local noise ordinance or cause substantial noise, vibration, fumes, debris, or electronic interference on or adjacent to the Premises. Lessor reserves the right to impose reasonable restrictions on hours of operations or other conditions or activities at the Premises, as Lessor deems reasonable.

1.1.2.3 No satellite or electronic transmitting devices (other than telephone, internet, or telefax machines) shall be installed, maintained, or operated on the Premises, except with the written approval of Lessor.

1.1.2.4 Lessee shall not use or permit anyone else to use the Premises, nor shall Lessee permit anything to be done on the Premises which: (i) adversely affects or is likely to adversely affect the Premises; (ii) creates any condition that may be a safety hazard or violates any law, including the Wilsonville Lessor Code; (iii) creates or tends to create a hazard or a nuisance; or (iv) interferes in any way with Buildings systems operations.

1.2 Use of Common Areas

Lessor grants to Lessee the nonexclusive right to use, in common with Lessor and the public, the areas of the Premises designated by Lessor to be Common Areas, including the parking lot, walkways, streets, roadways, landscape areas, and other public conveniences ("Common Areas"), as depicted on **Exhibit A**.

2. TERM

This Lease shall be binding on the Parties as of July 1, 2013 ("Effective Date"). The term of this Lease (the "Lease Term") shall commence on the Effective Date, and shall continue thereafter for a period of four (4) years, terminating on June 30, 2017 (the "Expiration Date"), unless earlier terminated under the provisions of this Lease. Each year, from July 1 through June 30, is referred to as a "Lease Year." Notwithstanding any other provision of this Lease, the Lessee shall have the right to shorten the term of this Lease by one or more full years of the four-year term hereof. If the Lessee wishes to exercise this right, the Lessee shall give written notice to the Lessor of the Lessee's intention to exercise such right at least ninety (90) days prior to the anniversary of the Effective Date upon which the Lessee intends that the term of this Lease shall end and prior to which the Lessee intends to vacate the Premises. Upon the giving of such written notice, this Lease shall expire upon the anniversary of the Effective Date so designated in such notice. Any Lease termination date earlier or later than the Expiration Date is referred to herein as the "Termination Date."

3. RENT

3.1 Basic Rent, Additional Rent, and Rent

This Lease is a triple net lease. Lessee shall pay Rent (as hereinafter defined) to Lessor as set forth in **Sections 3.1.1 and 3.1.2**, and adjusted as provided in **Section 3.2**.

3.1.1 Basic Rent

“Basic Rent” for the Premises is Ninety Thousand Dollars (\$90,000) per year during the first Lease Year, payable in monthly installments of Seven Thousand Five Hundred Dollars (\$7,500), subject to annual increase each Lease Year thereafter, as provided in **Section 3.2**.

3.1.2 Additional Rent; Rent

All other sums which become payable by Lessee to Lessor under this Lease shall also be considered “Additional Rent.” “Rent,” as used in this Lease, shall mean Additional Rent and Basic Rent.

3.2 Adjustments to Basic Rent

If this Lease is then in effect, beginning on July 1, 2014, and on every July 1 thereafter (each an “Adjustment Date”), the Lease Rate used to calculate Basic Rent shall increase by any changes in the Consumer Price Index Rate described in **Section 3.2.1**; provided, however, in no event shall any Rent be adjusted downward.

3.2.1 Consumer Price Index Rate

3.2.1.1 Adjustments to Rent. Increases to Basic Rent shall be calculated by increasing the then-current Basic Rent by a percentage equal to Lessor's calculation of the percentage change over the preceding twelve (12) month period of the “Portland-Salem Consumer Price Index, All Items, 1982-84=100, for All Urban Consumers” published in the Monthly Labor Review by the Bureau of Labor Statistics of the United States Department of Labor (the “CPI-U”), using the CPI-U published as of sixty (60) days prior to the Adjustment Date as the ending date of the twelve (12) month period. In the event that the change in the CPI-U for the relevant period decreases, the Lease Rate(s) used to calculate Basic Rent shall remain unchanged.

3.2.1.2 In the event the CPI-U is discontinued, the “Consumer Price Index - U.S. Lessor Average for All Items for Urban Wage Earners and Clerical Workers (1982-84=100)” published in the Monthly Labor Review by the Bureau of Labor Statistics of the United States Department of Labor shall be used for making the computation. If the CPI-U base year 1982-84 (or other base year for a substituted index) is changed, the denominator figure used in making the computation in this **Section 3.2.1** shall accordingly be changed so that all increases in the CPI-U from the base year are taken into account, notwithstanding any such change in such CPI-U base year.

3.2.2 Effective Date of Adjustment; Payment of Adjustments

Lessee acknowledges that adjustments to the Rent will be effective and payable as of the Adjustment Date, even though the new rate may not be calculated until some time after the Adjustment Date. Lessee agrees to (i) pay the new rate upon receipt of Lessor's invoice containing the new rate; and (ii) pay any difference between the Rent actually paid to Lessor after the Adjustment Date and the amount due for such period (the “Rent Adjustment Payment”) within thirty (30) days after Lessor's invoice therefor.

3.3 Security Deposit

Lessee shall not be required to post a security deposit unless an Event of Default (as defined in **Section 13**) shall occur during the Lease Term. Should an Event of Default occur but be cured so that this Lease remains in effect, Lessee shall deposit with Lessor, and continuously maintain, a cash security deposit in the amount equal to one (1) month of then current Basic Rent ("Security Deposit"). The Security Deposit shall secure Lessee's full and faithful performance and observance of all of Lessee's obligations under this Lease. The Security Deposit shall not be considered to be held in trust by Lessor for the benefit of Lessee, and shall not be considered an advance payment of Rent or a measure of Lessor's damages in the case of an Event of Default (as defined in **Section 13.1**) by Lessee. The Security Deposit shall not earn interest for Lessee and may be commingled with other funds of Lessor. Lessor may, but shall not be obligated to, draw upon and apply the Security Deposit to: (i) pay any Rent not paid on or before the date it is due, and Lessor shall not be required to give notice or opportunity to cure before drawing on the Security Deposit; (ii) pay any other amounts due under this Lease; and/or (iii) remedy any violation of this Lease, after Lessee has received notice and opportunity to cure, if such notice and opportunity to cure is required under this Lease. If Lessor applies any of the Security Deposit to any of the above, Lessee shall, immediately upon demand, replenish the Security Deposit to its full amount. If Lessee fully performs all of its obligations under this Lease, the Security Deposit, or any balance remaining, will be released within thirty (30) days from the Expiration Date or earlier Termination Date of this Lease. However, if any question exists concerning Lessee's full compliance with this Lease, or if there is any obligation under this Lease to be performed after the Expiration Date, or earlier Termination Date of this Lease, Lessor shall be entitled to require that the Security Deposit remain in place until Lessor is fully satisfied that there has been no violation of this Lease and all obligations due under this Lease have been fully performed, even if it takes Lessor longer than thirty (30) days to make such a determination to Lessor's satisfaction.

3.4 Time and Place of Rent Payment

Lessee shall pay any Rent due to Lessor, in advance, on or before the first (1st) day of each calendar month. Payment of Rent shall be made without offset, abatement, or deduction to Lessor at the following address or such other place as Lessor may designate: **City of Wilsonville, 29799 SW Town Center Loop E, Wilsonville, OR 97070 (Attention Finance Dept.)**.

3.4.1 Delinquency Charge

All Rent not paid when due shall bear a "Delinquency Charge" of twelve percent (12%) per annum or the maximum rate of interest allowed by law, whichever is less. Such interest shall be charged from the date due until the Rent and the Delinquency Charge are both paid in full. Imposition of a Delinquency Charge shall not constitute a waiver of any other remedies available to Lessor for failure to timely pay Rent.

3.4.2 Acceptance of Rent

Lessor's acceptance of a late or partial payment of Rent and/or a Delinquency Charge shall not constitute a waiver of any Event of Default, nor shall it prevent Lessor from exercising any of its other rights and remedies granted to Lessor under this Lease or by law. It is hereby agreed that any endorsements or statements on checks of waiver, compromise, payment in

full, or any other similar restrictive endorsement, shall have no legal effect. Lessee shall remain in default and obligated to pay all Rent due even if Lessor has accepted a partial or late payment of Rent.

3.5 Utilities and Janitorial Services

All utilities serving the Premises shall be placed in the name of Lessee and Lessee shall pay all such charges directly. Utilities include, but are not limited to, gas, electrical, telephone, water, sewer, garbage, cable, and internet. Lessee is also responsible for payment of its own janitorial services and shall keep the Premises in good clean condition at all times.

3.6 Taxes

Lessee agrees to pay, when due, all taxes, assessments, user fees, and other applicable charges, however named, which become due after the Effective Date of this Lease, levied by the state, county, Lessor, district, or any other body upon the Premises or any improvements located on the Premises, or upon any interest of Lessee acquired pursuant to this Lease, or any possessory right which Lessee may have in or to the Premises or the improvements thereon by reason of Lessee's occupancy thereof, as well as all taxes, assessments, user fees or other such charges on all property, real or personal, owned or leased by Lessee in or about said Premises (collectively, "Taxes"), together with any other tax or charge levied wholly or partly in lieu thereof. If available by law, rule, or order of the taxing authority, Lessee may, but only with Lessor's prior written consent, make payments in installments. To the extent that Lessee qualifies for tax-exempt status, Lessee may apply for and provide proof of such exemption; however, unless an exemption is obtained and in effect, Lessee shall pay all Taxes due under this Section. Lessee may contest the validity of an assessment against the Premises so long as Lessee deposits with an escrow agent approved by Lessor, with irrevocable instructions to pay such funds to the taxing authority upon written instruction from Lessor, sufficient funds to satisfy any amount determined to be owing at the conclusion of the proceeding to contest the assessment. In the event that Lessee fails to pay Taxes on or before their due date, then, in addition to all other remedies set forth in **Section 13**, Lessor shall automatically have the right, but not the obligation, to pay the Taxes and any interest and penalties due thereon, with no notice to Lessee, and Lessee shall immediately reimburse Lessor for any sums so paid. Lessee understands that the Premises are exempt from real property taxes until leased to a taxable entity and, although Lessor understands that Lessee is a public school district exempt from real property taxes, it is Lessee's responsibility to obtain tax exempt status through Clackamas County, if required. In the event that the term of this Lease ends after the end of any tax year, Lessee, unless exempt, shall be responsible for payment of property taxes for the entire tax year, without proration or, in the event of any change in property tax law, for any taxes due under such law (currently the tax year runs from July 1 to June 30).

3.6.1 Clackamas County as Third Party Beneficiary

Lessee agrees that Clackamas County, Oregon, is an intended third party beneficiary of Lessee's obligation, if any, under this Lease to pay taxes owed to Clackamas County, and that Clackamas County may enforce such obligation directly, by an action for a money judgment, without affecting any right or remedy available under this Lease or otherwise.

3.7 Other Fees

Lessee may be subject to such other fees and costs as are now or hereafter imposed by Lessor on similarly situated users of Lessor property.

3.8 Parking

Lessee shall have a non-exclusive right to use the parking lot areas on the Premises. Lessee is solely responsible for the maintenance of the parking lot areas, which includes but is not limited to all asphalt repair, striping, cleaning, ice, snow, and debris removal. No parking lot maintenance or repair will be provided by Lessor. Lessee agrees that it will restripe the paved parking lot no later than summer 2014.

4. LESSEE'S OTHER OBLIGATIONS

4.1 "As Is" Condition of Premises

Lessee accepts the Premises in "As Is" condition with absolutely no warranties as to condition or suitability for use being given by Lessor. All improvements made to the Premises ("Lessee's Improvements"), unless otherwise specified in **Section 7**, shall be made and maintained by Lessee, at Lessee's sole expense.

4.2 Lessor's Consent Required

Except as otherwise provided in this Lease, Lessee shall make no improvements or alterations on or to the Premises of any kind, without first obtaining Lessor's written consent. In addition to any other requirements imposed by applicable law, Lessee shall not commence work on any permitted alteration or improvement unless Lessee obtains a construction permit from Lessor. In connection with such approval and permit process, Lessor may impose reasonable requirements on Lessee and on the contractors and agents performing work on behalf of Lessee, including, but not limited to, the requirement to submit plans and specifications in such detail and quantity as is determined necessary by Lessor. Lessor shall have thirty (30) days from the date of the submission of all required information concerning the work to approve, disapprove, or approve subject to conditions, the proposed work. Once approved, the work shall be performed only in accordance with the approved plans and specifications, and with any conditions imposed upon such approval. All work performed on the Premises shall be performed in a workmanlike manner and, once commenced, shall be completed promptly thereafter.

4.3 Ownership of Lessee's Improvements

Subject to Lessor's reversionary rights set out in **Section 12.4**, Lessee shall be the owner of all Lessee Improvements constructed by Lessee upon the Premises during the Lease Term.

4.4 Removal and Demolition

Except as provided elsewhere in this Lease, Lessee shall not remove or demolish, in whole or in part, any improvements on the Premises without the prior written approval of Lessor, which may, at its discretion, condition such approval upon the obligation of Lessee to replace the same by an improvement specified in such approval and to remove the same upon expiration of this Lease.

4.5 No Liens

Lessee agrees to pay, when due, all sums for labor, services, materials, supplies, furnishings, machinery, or equipment which have been provided or ordered, with Lessee's consent, to the Premises. If any lien is filed against the Premises which Lessee wishes to protest, then Lessee shall immediately deposit cash with Lessor, or procure a bond acceptable to Lessor, in an amount sufficient to cover the cost of removing the lien from the Premises. Failure to remove the lien or furnish the cash or bond acceptable to Lessor within ten (10) days shall constitute an Event of Default under this Lease, and Lessor shall automatically have the right, but not the obligation, to pay the lien off with no notice to Lessee and Lessee shall immediately reimburse Lessor for any sums so paid to remove any such lien. Lessee shall not encumber the Premises or any improvements thereon without prior written approval of Lessor.

4.6 Signs

Lessee shall not erect, install, nor permit upon the Premises any sign or other advertising device without first having obtained Lessor's written consent through Lessor's required sign review approval process pursuant to the Wilsonville Lessor Code. Lessee shall remove all signs and sign hardware upon termination of this Lease and restore the sign location to its former state, unless Lessor elects to retain all or any portion of the signage.

4.7 Compliance with Laws

Lessee shall comply with all applicable federal, state, and local laws, rules, regulations, and ordinances, including, but not limited to, laws pertaining to Americans with Disabilities Act ("ADA"); state and local building code requirements; Workers' Compensation laws; minimum and prevailing wage requirements; laws, rules and regulations, and policies relative to occupational safety and health; all fire code requirements; all federal, state, regional, and local environmental laws; and ordinances and rules adopted by Lessor.

4.8 Fire Safety

Lessee shall exercise due and reasonable care and caution to prevent and control fire on the Premises and, to that end, shall provide and maintain such fire suppression and other fire protection equipment as may be required pursuant to applicable governmental laws, ordinances, statutes, and codes for the purpose of protecting the improvements adequately and restricting the spread of any fire from the Premises to any property adjacent to the Premises.

4.9 Noninterference with Utilities

Lessee shall do nothing that could interfere with the drainage or sewerage systems, fire hydrants, heating and air conditioning systems, electrical systems, water systems, gas, fire suppression systems, fire alarm system, or plumbing on the Premises. Lessee is solely responsible for ordinary repair and maintenance of all systems but must notify Lessor immediately in the event of any major system failure.

5. MOVEMENT OF EQUIPMENT OR PROPERTY WITHIN THE BUILDINGS

Lessee shall, at its own expense, provide protective padding or other protective devices that will protect entrance and exit doors and all other Premises property from damage while moving its furniture and equipment or other property at or around the Premises.

6. SANITATION AND CLEANLINESS

6.1 Public Areas

Lessee shall keep Common Areas free of hazardous conditions originating from Lessee's operations. Lessee shall notify Lessor promptly upon becoming aware of other hazardous conditions within the Common Areas, whether or not such hazard was caused by Lessee's operations.

6.2 Handling of Trash

Lessee shall be responsible for the adequate sanitary handling of all trash and other refuse for the Premises and shall provide for its timely removal.

6.3 Waste Reduction, Recycling, Reuse

6.3.1 Generally

Lessee shall place all garbage, refuse, and recyclable materials in the appropriate containers located in the designated area(s) of the Premises. Lessee shall participate in Lessor's recycling program. Lessee shall provide and use suitable covered fireproof receptacles for all trash and other refuse. Lessee shall not permit boxes, cartons, barrels, pallets, or other similar items to be piled or stored in view of any Common Areas.

6.3.2 Recyclable Materials

Lessee shall provide containers for recycling the following: (i) corrugated cardboard; (ii) magazines; (iii) newspapers; (iv) tin and steel cans; (v) glass that is clear, brown, or green; and (vi) office paper, including letterhead, typing paper, colored paper, recycled paper, photocopy paper, and computer paper. Recyclable materials must be separated into the appropriate containers and not placed in with the other trash.

7. LESSOR/LESSEE OBLIGATIONS

7.1 Delivery of Premises

Lessee is already in possession of the Premises pursuant to a prior lease.

7.2 Condition of Property

Lessor makes no warranties or representations regarding the condition of the Premises, including, without limitation, the suitability of the Premises for Lessee's intended uses. Lessee has inspected and accepts the Premises in "As Is" condition upon taking possession, and assumes all risks of the condition of the Premises, known and unknown. Lessor shall have no liability to Lessee, and Lessee shall have no claim against Lessor, for any damage or injury caused by the condition of the Premises. Unless otherwise agreed to in writing by Lessor, Lessor shall have no responsibility to bring the Premises into compliance with any laws, including, without limitation, any building, occupancy codes, or the ADA.

7.3 Lessor's Maintenance and Repair Obligations

Lessor shall have no construction obligations with respect to the Premises. However, Lessor agrees to perform the following maintenance prior to September 2013: (i) Lessor will repair or replace the damaged dormer vent louvers on the School Building; (ii) Lessor will

install locks on the electrical disconnect boxes for the heat pumps; (iii) Lessor will install a French drain to help alleviate the north basement stairwell flooding. Thereafter, Lessor shall be responsible for maintaining the roof and exterior siding of the Building in reasonable condition, as Lessor deems necessary. Lessee will fully cooperate with Lessor when Lessor is fulfilling its maintenance and repair obligations, as set forth above. Lessor will schedule such work so as to eliminate any avoidable interference with Lessee's use of the Premises.

7.4 Lessee Maintenance and Repair Obligations

Except for Lessor maintenance and repair obligations set forth in **Section 7.3**, Lessee shall be responsible for all other repair and maintenance of the Premises. Specifically, in 2013, Lessee must, at a minimum, complete the following: clean and repair or replace all exterior gutters to good working condition; re-grade the playground chips away from the Building siding to provide at least 6 inches of clearance at all times; replace all windows that do not meet building code for a school with glass that meets current building code requirements. Parking lot striping must be completed by Lessee no later than the summer of 2014. Lessee will be responsible for prompt removal of any graffiti on the Premises and prompt repair of other vandalism that may occur to the Premises. Lessor will fully cooperate with Lessee when Lessee is fulfilling its maintenance and repair obligations, as set forth above. Lessee is also responsible for maintaining the landscaping on the Premises in clean, mowed, weeded, watered, and well-manicured condition at all times during this Lease. Lessee shall promptly replace any plants that do not survive or become diseased.

7.5 Lessor's Rights If Lessee Fails to Maintain and Repair

If Lessee fails to promptly and regularly perform its maintenance obligations hereunder, Lessor may perform those obligations on behalf of Lessee and charge Lessee the full cost thereof, plus interest at the rate of 12% per annum until repaid in full. Before Lessor undertakes to perform on behalf of Lessee, Lessor will provide Lessee with written notice describing with particularity Lessee's failure to perform its required repair, maintenance, or replacement obligations as set forth in this Lease. Lessee will then have ten (10) days to respond to Lessor's notice by completing the repair, maintenance, or replacement within that time period or by starting to make the repair, maintenance, or replacement within that time period and advising Lessor of how long it will take Lessee to complete such work, using good faith and diligent efforts. Notwithstanding the foregoing, nothing contained herein requires Lessor to perform any such work on behalf of Lessee, and failure of Lessee to perform its repair, maintenance, and replacement obligations, as set forth in this Lease, shall constitute an Event of Default under this Lease.

7.6 Right to Terminate

In the event the Premises should suffer significant structural damage, including, but not limited to, the need for a full roof repair, earthquake damage, mold infestation, or significant dry rot, either Lessor or Lessee shall have the option to terminate this Lease early, upon the giving of reasonable notice to the other. Reasonable notice shall be deemed to be the end of the current school year, if school is in session, as long as the Premises are habitable but may be immediate if either party deems the Premises to be uninhabitable for Lessee's Permitted Uses.

8. LESSOR RESPONSIBILITIES AND RIGHT OF ACCESS

8.1 No Maintenance of Premises

Lessor shall have no responsibility to maintain, repair, or replace any portion of the Premises, except only those items listed as Lessor's responsibility in **Section 7.3**. Lessor shall have no liability for failure to perform any such required maintenance and repair unless written notice of the need for such maintenance or repair, for which Lessor is responsible, is given by Lessee and Lessor fails to commence efforts to remedy the problem in a reasonable time and manner. Lessee will fully cooperate with Lessor when Lessor is fulfilling its maintenance and repair obligations, as set forth above. Lessor will schedule such work so as to eliminate any avoidable interference with Lessee's use of the Premises. Any repair of damage caused by Lessee, Lessee's employees, agents, contractors, or invitees shall be Lessee's responsibility and shall be done at Lessee's sole expense.

8.2 Lessor Access to Property

Lessor shall have the right to enter upon the Premises for the purposes of: (i) confirming the performance by Lessee of all obligations under this Lease; (ii) doing any other act which Lessor may be obligated or have the right to perform under this Lease; (iii) using the Church Building as set forth in **Section 1.1**; and (iv) for any other lawful purpose. Such entry shall be made with reasonable advance notice and during normal business hours, where practical, except in cases of emergency or a suspected violation of this Lease or the law. Lessee waives any claim against Lessor for damages for any injury or interference with Lessee's business, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by such entry, except to the extent caused by the negligence or willful misconduct of Lessor. Lessee shall not install new locks on any doors without the prior consent of Lessor. In the event that Lessor approves the installation of any new locks, Lessor shall be given keys with which to unlock all locks installed by Lessee. Lessor shall have the right to use any and all means which Lessor may deem reasonable to open doors in an emergency in order to obtain entry into the Premises.

8.3 Lessor Authority Over the Premises

In addition to any other rights granted by law or by this Lease, Lessor reserves the following rights: (i) to permit others to use those portions of the Church Building reserved by Lessor pursuant to **Section 1.1**, provided such use does not unreasonably interfere with Lessee's use of the Premises; (ii) to close all or any portion of the Buildings if necessary due to safety; (iii) to construct improvements at the Buildings; and (iv) to bar from the Premises anyone who fails to comply with any applicable laws, including applicable Lessor Ordinances.

9. ENVIRONMENTAL MANAGEMENT AND COMPLIANCE

9.1 Definitions

For the purposes of this Lease, the following definitions shall apply:

9.1.1 Environmental Laws

"Environmental Laws" shall be interpreted in the broadest sense to include any and all federal, state, and local statutes, regulations, rules, permit terms, codes, and ordinances, now or hereafter in effect, as the same may be amended from time to time, and applicable

decisional law, which in any way govern materials, substances, regulated wastes, emissions, pollutants, animals or plants, noise, or products and/or relate to the protection of health, natural resources, safety, or the environment.

9.1.2 Hazardous Substances

“Hazardous Substances” shall be interpreted in the broadest sense to include any and all substances, emissions, pollutants, materials, or products defined or designated as hazardous, toxic, radioactive, dangerous, or regulated wastes or materials, or any other similar term in or under any Environmental Laws. “Hazardous Substances” shall also include, but not be limited to, fuels, petroleum, and petroleum derived products. However, fuels, petroleum, or petroleum derived products, so long as entirely contained within vehicles, including automobiles, aircraft, and marine vessels, shall not be defined as “Hazardous Substances” under the terms of this Lease.

9.1.3 Environmental Costs

“Environmental Costs” shall be interpreted in the broadest sense to include, but not be limited to, costs and damages arising from or relating to: (i) any actual or claimed violation of or noncompliance with any Environmental Law; (ii) claims for damages, response costs, fines, fees, or other relief relating to matters addressed in any Environmental Law; (iii) injunctive relief relating to matters addressed in any Environmental Law; (iv) Hazardous Substance Releases (as defined in **Section 9.1.4**); and (v) violations of any environmental provisions of this Lease. Costs and damages, as used in this Section, shall include, but not be limited to: (a) costs of evaluation, testing, analysis, clean-up, remediation, removal, disposal, monitoring, and maintenance; (b) costs of reporting to or negotiating with any government agency; (c) fees of attorneys, engineers, consultants, and experts, whether or not taxable as costs, incurred at, before, or after trial, appeal, or administrative proceedings; (d) lost profits; and (e) diminution of value, loss, or restriction on use of property.

9.1.4 Hazardous Substance Release

“Hazardous Substance Release” shall be interpreted in the broadest sense to include the spilling, discharge, deposit, injection, dumping, emitting, releasing, leaking, or placing of any Hazardous Substance into the air or into or on any land or waters, except as authorized by a then current permit issued under applicable Environmental Laws.

9.2 General Environmental Obligations of Lessee

9.2.1 Lessee Management and Conduct

Lessee shall manage and conduct all of its activities on or relating to the Premises in compliance with all Environmental Laws and the Environmental provisions of this Lease. Lessee shall manage and, as appropriate, secure the Premises and its occupation or use of the Premises so as to prevent any violation of Environmental Laws by any party on or relating to the Premises.

9.2.2 Prohibition on Use of Hazardous Substances; Exceptions

No use, handling, storage, generation, creation, placing, disposal, or transportation of any Hazardous Substance is permitted on, about, or from the Premises, except small quantities of ordinary janitorial, office, and school supplies available at retail.

9.2.3 Lessee's Liability for Hazardous Substance Releases

Lessee shall be liable for any Hazardous Substance Release that is caused by Lessee's use of the Premises, including any Hazardous Substance Release caused by Lessee's employees, students, contractors, or invitees, that occurs during the term of the Lease. Any Environmental Cost arising therefrom shall be paid by Lessee on or before the date such Environmental Costs are due. Any Environmental Cost incurred by, paid by, or assessed against Lessor, for which Lessee is responsible under this Lease, shall be paid by Lessee within thirty (30) days after the date of written notice or invoice from Lessor.

9.2.4 Environmental Response and Notice to Lessor

Lessee shall promptly notify Lessor upon becoming aware of: (i) a violation or alleged violation of any Environmental Law related to the Premises or to Lessee's occupation or use of the Premises; (ii) any Hazardous Substance Release on, under, or adjacent to the Premises or threat of or reasonable suspicion of any of the same; and (iii) any notice or communication from a governmental agency or any other person directed to Lessee relating to any Hazardous Substance, Hazardous Substance Release, or any violation or alleged violation of any Environmental Laws which relate to the Premises or to Lessee's occupation or use of the Premises. In the event of an environmental incident of any kind occurring in connection with Lessee's operations, Lessee shall be responsible for all necessary response and shall promptly notify Lessor of the incident and the response. If notice must be given on the weekend or after 5:00 p.m. on any day, Lessee shall notify Lessor by calling Lessor's emergency telephone number. That number is currently 1-866-252-3614.

9.3 Environmental Inspection

Lessor reserves the right, at any time and from time to time, after notice to Lessee, to inspect the Premises for environmental compliance.

10. INDEMNITY AND INSURANCE REQUIREMENTS

10.1 General Indemnity

To the extent allowed under Oregon law, Lessee agrees to defend (using legal counsel reasonably acceptable to Lessor), indemnify, and hold harmless Lessor from and against, and reimburse Lessor for, any and all actual or alleged claims, damages, expenses, costs, including Environment Costs as defined in **Section 9.1.3**, attorney fees and related costs of defense which may be imposed upon or claimed against or incurred by Lessor and which arise from any of the following, unless exclusively resulting from Lessor's negligence or willful misconduct with respect to those areas of the Premises being used by Lessor: (i) any act, omission, or negligence of Lessee relating to Lessee's activities at the Premises; (ii) any use, occupation, management, or control of the Premises by Lessee, whether or not due to Lessee's own act or omission and whether or not occurring on the Premises; (iii) any condition created in or about the Premises by Lessee after the Effective Date of this Lease; (iv) any breach, violation, or nonperformance of any of Lessee's obligations under this Lease; and (v) any damage caused by Lessee on or to the Premises. For purposes of this **Section 10.1 (i) - (v)**, "Lessee" shall be deemed to include Lessee's employees, students, volunteers, agents, invitees, and contractors.

10.2 Insurance Requirements

Insurance requirements set forth below do not in any way limit the amount or scope of liability of Lessee under this Lease. The amounts listed indicate only the minimum amounts of insurance coverage Lessor is willing to accept to help insure full performance of all terms and conditions of this Lease. All insurance required by Lessee under this Lease shall meet the following minimum requirements:

10.2.1 Certificates; Notice of Cancellation

On or before the Effective Date of this Lease, and thereafter during the term of the Lease, Lessee shall provide Lessor with current certificates of insurance, executed by a duly authorized representative of each insurer, as evidence of all insurance policies required under this **Section 10.2.1**. No insurance policy may be canceled, materially revised, or non-renewed without at least thirty (30) days' prior written notice being given to Lessor. Insurance must be maintained without any lapse in coverage during the term of the Lease. Insurance allowed to lapse without Lessor consent shall be deemed an immediate Event of Default under this Lease. Lessor shall also be given certified copies of Lessee's policies of insurance, upon request. Failure of Lessor to demand such certificates or other evidence of full compliance with these insurance requirements, or failure of Lessor to identify a deficiency from evidence that is provided, shall not be construed as a waiver of Lessee's obligation to maintain the insurance required by this Lease.

10.2.2 Additional Insured; Separation of Insureds

Lessor shall be named as an additional insured in each general liability policy. Such insurance shall provide cross-liability coverage equivalent to the standard Separation of Insureds clause published by the Insurance Services Office ("ISO") or its successor organization.

10.2.3 Primary Coverage

The required policies shall provide that the coverage is primary and will not seek any contribution from any insurance or self-insurance carried by Lessor.

10.3 Required Insurance

At all times during the term of the Lease, Lessee shall provide and maintain the following types of coverage:

10.3.1 General Liability Insurance

Lessee shall maintain an occurrence form commercial general liability policy or policies insuring against liability arising from activities conducted in Premises (including loss of use thereof), operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability insured under an insured contract (including the tort liability of another assumed in a business contract) occurring on or in any way related to the Premises or occasioned by reason of the operations of Lessee. Such coverage shall be written on an ISO occurrence form CG 00 01 01 96 (or a substitute form providing equivalent coverage) in an amount of not less than TWO MILLION DOLLARS (\$2,000,000) per occurrence.

10.3.2 Fire Legal Liability Insurance

Lessee shall maintain fire legal liability insurance in an amount equal to ONE HUNDRED THOUSAND DOLLARS (\$100,000) per occurrence.

10.3.3 Property Insurance

Lessor shall insure all permanent fixtures affixed to the Buildings that are not the property of Lessee. Lessee is responsible to insure all of Lessee's own personal property, trade fixtures, Lessee's Improvements, and all property in its care, custody, and control (including student's property), which items shall not be covered by Lessor insurance, and Lessor shall have no liability to Lessee for any loss thereof.

10.3.4 Automobile Liability Insurance

Lessee shall maintain an automobile liability policy or policies insuring against liability for bodily injury, death, or damage to property, including loss of use thereof, and occurring in any way related to the use, loading, or unloading of Lessee's owned, hired, and non-owned automobiles on and around the Premises. Coverage shall be in an amount of not less than TWO MILLION DOLLARS (\$2,000,000) each accident.

10.3.5 Workers' Compensation Insurance

Lessee shall maintain in force workers' compensation insurance for all of Lessee's employees, including coverage for employer's liability in an amount not less than required by Oregon law.

10.3.6 Lessee's Risks

Lessee shall be responsible for obtaining any insurance it deems necessary to cover its own risks, including without limitation: (i) business interruption, such as gross earnings, extra expense, or similar coverage; (ii) Lessee's Improvements (as conditioned by **Section 10.3.3**), trade fixtures, and other personal property; and/or (iii) automobile physical damage and/or theft. In no event shall Lessor be liable for any (a) business interruption or other consequential loss sustained by Lessee, (b) damage to or loss of Lessee's Improvements, trade fixtures, or other personal property; (c) loss due to theft; or (d) damage to or loss of an automobile, whether or not such losses are insured.

10.4 Waiver of Subrogation

The Parties hereto waive any right of action that they and/or their insurance carriers might have against the other for property loss or damage, to the extent that such loss or damage is covered by any property insurance policy or policies and to the extent that proceeds (which proceeds are free and clear of any interest of third parties) are received by the party claiming the loss or damage. This waiver of subrogation does not apply to the deductible amount. The Parties hereto agree to give to each insurance company that has issued to it a policy of fire, extended coverage, or other property insurance written notice of the terms of this mutual waiver of subrogation and to have said insurance policies properly endorsed (if necessary) to prevent the invalidation of said insurance coverages by reason of this waiver and (if requested) to give to the other party a certificate from its insurance company to that effect.

10.5 Periodic Review

Lessor shall have the right to periodically review the types, limits, and terms of insurance coverage. In the event Lessor determines that such types, limits, and/or terms should be changed, Lessor will give Lessee a minimum of thirty (30) days' notice of such determination, and Lessee shall modify its coverage to comply with the new insurance requirements of Lessor. Lessee shall also provide Lessor with proof of such compliance by giving Lessor an updated certificate of insurance within fifteen (15) days.

10.6 Survival of Indemnities

The indemnities set forth in this **Section 10** shall survive the expiration or earlier termination of the Lease and shall remain fully enforceable thereafter.

11. DAMAGE OR DESTRUCTION

Lessee shall immediately notify Lessor of damage or destruction to any improvements located on the Premises.

12. TERMINATION

12.1 Termination Date

This Lease shall automatically terminate on the Expiration Date.

12.2 Earlier Termination Due to Damage or Destruction

Lessor or Lessee shall be entitled to terminate this Lease early and without liability, pursuant to **Section 7.6**, if there is significant damage to the Buildings that Lessor elects not to repair or that Lessee believes will take too long to repair to allow Lessee to continue to occupy the Premises.

12.3 Duties on Termination

Upon the Expiration Date or earlier Termination Date of the Lease, Lessee shall deliver all keys to the Premises to Lessor, and surrender the Premises in a clean and sanitary condition, including any improvements on the Premises, including Lessee's Improvements, in good condition. Depreciation and wear from ordinary use for the purpose for which the Premises were let need not be restored, but all repairs for which Lessee is responsible shall be completed to the date of surrender.

12.4 Title to Lessee's Improvements

Upon the Expiration Date or earlier Termination Date of this Lease, any improvements affixed to the Premises and installed by Lessee, at Lessor's sole discretion, shall become the property of Lessor. Notwithstanding the foregoing, Lessor may, by written notice given to Lessee not later than thirty (30) days prior to the expiration of this Lease, or thirty (30) days after the earlier termination of this Lease, require Lessee, at Lessee's expense, to remove any or all improvements installed or constructed by Lessee on the Premises and restore the Premises.

12.5 Holding Over

If Lessee shall hold over after the Expiration Date or earlier Termination Date of this Lease, and Lessor and Lessee have not otherwise agreed, in writing, to the terms and provisions

of such holding over, Lessee shall be deemed by Lessor to be either a month-to-month holdover tenant or a tenant at sufferance, and Lessee shall remain bound by all terms, covenants, and agreements hereof. If Lessee is deemed to be a holdover tenant, Lessee and Lessor agree that: (i) the tenancy shall be from month-to-month and may be terminated at any time by thirty (30) days' prior written notice from either party to the other; and (ii) Basic Rent shall adjust as of the date of such termination or expiration of the Lease to one hundred-fifty percent (150%) of the Basic Rent amount determined under **Section 3.2**. In the event that Lessor deems Lessee a tenant at sufferance, all of the provisions of the previous sentence shall apply, except that Lessor will notify Lessee, in writing, that Lessee is a tenant at sufferance. Thereafter, Lessor may take immediate action to evict Lessee, without notice, and may otherwise exercise any other rights and remedies available to it at law or in equity for breach of this Lease.

12.6 Lessee's Personal Property

12.6.1 Removal Requirement

Inventory, furniture, decorations, detached floor covering, curtains, blinds, furnishings, and removable trade fixtures shall remain the property of Lessee if placed on the Premises by Lessee, at Lessee's expense. At or before the termination of this Lease, Lessee, at Lessee's expense, shall remove from the Premises any and all of Lessee's removable personal property and shall repair any damage to the Premises resulting from the installation or removal of such personal property. Title to any items of Lessee's trade fixtures and other personal property that remain on the Premises after the termination of this Lease shall, at the option of Lessor, be automatically taken by Lessor, and Lessor shall have the option, in its sole discretion, of: (i) retaining any or all of such trade fixtures and other personal property without any requirement to account to Lessee therefor, or (ii) removing and disposing of any or all of such trade fixtures and other personal property and recovering the cost thereof, plus interest from the date of expenditure at Lessor's then current interest rate, from Lessee upon demand. Any items being stored by Lessee must be removed by Lessee immediately upon termination. Any such items remaining on the Premises upon the Expiration Date or earlier Termination Date of this Lease shall be stored by Lessor at the sole expense of Lessee.

12.6.2 Time for Removal

The time for removal of any property that Lessee is required to remove from the Premises upon termination shall be on or before the Expiration Date or earlier Termination Date of this Lease.

13. DEFAULT

13.1 Event of Default

The occurrence of any of the following shall constitute an "Event of Default" (also referred to herein as "Default"):

13.1.1 Default in General

Failure of Lessee to pay any Rent or to comply with any term, covenant, or condition of this Lease within ten (10) days after written notice by Lessor describing the nature of the default. Furthermore, if any Event of Default threatens to cause serious harm to Lessor or other tenants or persons, then Lessor shall not be required to serve any notice before proceeding

to request immediate injunctive relief. If Lessee begins in good faith to cure the Event of Default within the ten-day period but needs additional time to complete the cure, then Lessor shall grant Lessee additional time to complete the cure. Failure to pay Rent, however, is strictly limited to the ten-day cure period and the time will not be extended for an Event of Default for failure to pay Rent. Violation of the same Lease provision three or more times shall be an automatic Event of Default for which there may be no cure period, in Lessor's sole discretion.

13.1.2 Abandonment

Failure of Lessee for thirty (30) days or more to use and occupy the Premises for one or more of the purposes permitted under this Lease unless such failure is excused under other provisions of this Lease.

13.2 Remedies on Default

Immediately following an uncured Event of Default or an Event of Default for which there is no cure period, Lessor may exercise any or all of the following remedies, in addition to any other rights and remedies provided in this Lease or at law or equity:

13.2.1 Re-Entry

Lessor may re-enter the Premises, or any part thereof, by suitable action or proceeding at law, or by force or otherwise, without being liable for indictment, prosecution, or damages as a result of such entry, and may repossess the Premises and remove any person or property therefrom, to the end that Lessor may have, hold, and enjoy the Premises.

13.2.2 Rent Recovery and Other Damages

Whether or not Lessor retakes possession or relets the Premises, Lessor shall have the right to recover unpaid Rent and all damages caused by the Default. Damages shall include, without limitation, all legal expenses and other related costs incurred by Lessor as a result of Lessee's Default; all costs incurred by Lessor in restoring the Premises to good order and condition. To the extent permitted under Oregon law, Lessor may sue periodically for damages as they accrue without barring a later action for further damages.

13.3 Termination

Even though Lessee has breached this Lease, this Lease shall continue for so long as Lessor does not terminate Lessee's right to possession, and Lessor may enforce all of its rights and remedies under this Lease. Acts of maintenance or preservation or efforts to relet the Premises, or the appointment of a receiver upon initiative of Lessor to protect Lessor's interest under this Lease, shall not constitute a termination of Lessee's rights to possession unless written notice of termination is given by Lessor to Lessee. Any notice to terminate may be given before or within the cure period for default and may be included in a notice of failure of compliance. No such termination shall prejudice Lessor's right to claims for damages for such breach or any other rights and remedies of Lessor. Lessor may terminate this Lease at any time upon the occurrence of an Event of Default.

13.4 Remedies Cumulative and Nonexclusive

Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law or in equity, including, without limitation,

suits for injunctive relief and specific performance. The exercise or beginning of the exercise by Lessor of any such rights or remedies will not preclude the simultaneous or later exercise by Lessor of any other such rights or remedies. All such rights and remedies are nonexclusive.

13.5 Curing Lessee's Defaults

If Lessee shall fail to perform any of Lessee's obligations under this Lease, Lessor, without waiving such default, may (but shall not be obligated to) perform the same for the account of and at the expense of Lessee, without notice in a case of emergency and, in any other cases, only if such failure continues after the expiration of thirty (30) days from the date Lessor gives Lessee notice of the failure. Lessor shall not be liable to Lessee for any claim for damages resulting from such action by Lessor. Lessee agrees to reimburse Lessor upon demand, as Additional Rent, any amounts Lessor may spend in complying with the terms of this Lease on behalf of Lessee. Lessor shall have the same rights and remedies in the event of the nonpayment of sums due to be reimbursed under this Section, as in the case of Default by Lessee in the payment of any other Rents. Any sums to be so reimbursed shall bear a Delinquency Charge.

14. ASSIGNMENT, SUBLEASE, MORTGAGE, AND TRANSFER

14.1 General Prohibition

This Lease is personal to Lessee. No part of the Premises, nor any interest in this Lease, may be assigned, pledged, transferred, mortgaged, or subleased by Lessee, nor may a right of use of any portion of the Premises be conveyed or conferred on any third party by Lessee by any other means. Any assignment or attempted assignment shall be void. This provision shall apply to all transfers, including any that may occur by operation of law.

14.2 Estoppel Certificates

Lessee agrees to execute and deliver to Lessor, at any time and within ten (10) days after written request, a statement certifying, among other things: (i) that this Lease is unmodified and is in full force and effect (or if there have been modifications, stating the modifications); (ii) whether or not Lessor is in default in performance of any of its obligations under this Lease and, if so, specifying the nature of each such default; and (iii) whether or not any event has occurred which, with the giving of notice, the passage of time, or both, would constitute such a default by Lessor and, if so, specifying the nature of each such event. Lessee shall also include in any such statement such other information concerning this Lease as Lessor reasonably requests. The Parties agree that any statement delivered pursuant to this Section shall be deemed a representation and warranty by Lessee, which may be relied upon by Lessor and by potential or actual purchasers and lenders with whom Lessor may be dealing, regardless of independent investigation. If Lessee fails to provide such statement within ten (10) days after Lessor's written request therefor, Lessee shall be deemed to have given such statement and shall be deemed to have admitted the accuracy of any information contained in the request for such statement.

15. GENERAL PROVISIONS

15.1 Laws of Oregon

This Lease is governed by the laws of Oregon. Any disputes relating to this Lease must be resolved in accordance with the laws of Oregon. Jurisdiction shall be with Clackamas County Circuit Court.

15.2 Covenants, Conditions, and Restrictions

This Lease is subject and subordinate to the effect of any covenants, conditions, restrictions, easements, mortgages, deeds of trust, ground leases, rights of way, and any other matters of record pertaining to the Premises and to any applicable land use or zoning laws or regulations. Lessee shall, upon request of Lessor, execute and deliver agreements of subordination in the form requested by Lessor.

15.3 No Benefit to Third Parties

Lessor and Lessee are the only Parties to this Lease and, as such, are the only Parties entitled to enforce its terms.

15.4 No Implied Warranty

In no event shall any consent, approval, acquiescence, or authorization by Lessor be deemed a warranty, representation, or covenant by Lessor that the matter approved, consented to, acquiesced in, or authorized is appropriate, suitable, practical, safe, or in compliance with any applicable law or this Lease. Lessee shall be solely responsible for such matters and Lessor shall have no liability therefor.

15.5 Notices

All notices required or desired to be given under this Lease shall be in writing and may be delivered by personal delivery or by deposit in the United States mail, postage prepaid, as certified mail, return receipt requested, and addressed as follows:

To Lessor: Urban Renewal Agency of the City of Wilsonville
 Attn.: Urban Renewal Manager
 29799 SW Town Center Loop E
 Wilsonville, OR 97070

and to Lessee: West Linn-Wilsonville School District
 Attn: Tim Woodley
 22210 SW Stafford Rd
 Tualatin OR 97062

Any notice delivered by personal delivery shall be deemed received by the addressee upon actual delivery; any notice delivered by mail as set forth in this Lease shall be deemed received by the addressee on the third business day after deposit in the United States mail in the continental United States, postage prepaid. The addresses to which notices are to be delivered may be changed by giving notice of such change in accordance with this notice provision.

15.6 Time of the Essence

Time is of the essence in the performance of and adherence to each and every covenant and condition of this Lease.

15.7 Nonwaiver

Waiver by Lessor of strict performance of any provision of this Lease shall not be deemed a waiver of or prejudice Lessor's right to require strict performance of the same provision in the future or of any other provision of this Lease.

15.8 Survival

Any covenant or condition (including, but not limited to, indemnification provisions) set forth in this Lease, the full performance of which is not specifically required prior to the expiration or earlier termination of this Lease, and any covenant or condition which by its terms are to survive the termination of this Lease, shall survive the expiration or earlier termination of this Lease and shall remain fully enforceable thereafter.

15.9 Partial Invalidity

If any provision of this Lease is held to be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

15.10 Lease Subject to Bonds and Ordinances

This Lease shall be subject and subordinate to existing bonds and ordinances which create liens and encumbrances affecting the Premises. Lessee agrees that Lessor may hereafter adopt bond ordinances which impose liens or encumbrances on said Premises and Lessor's interest in the leasehold. In order to comply with the requirements of existing Lessor bond ordinances, Lessee hereby makes an irrevocable commitment not to claim depreciation, cost recovery, or an investment credit with respect to any of the leased space or to any improvements constructed by Lessor using Lessor funds or Lessor bond funds, or constructed by Lessee or someone else but paid for using Lessor funds or Lessor bond proceeds.

15.11 Lease Subject to Nondiscrimination

No person shall be illegally discriminated against by Lessee in violation of state or federal law on grounds that include, but are not limited to, sex, gender, race, color, creed, marital status, age, disability, or national origin. Any violation of this provision shall be grounds for termination of this Lease by Lessor.

15.12 Security

Lessee is solely responsible for security in and around the Premises.

15.13 Limitation on Lessor Liability

Lessor shall have no liability to Lessee for loss, damage, or injury suffered by Lessee on account of theft or any act or omission of any third party, including other users of the Premises. Lessor shall only be liable for its own willful misconduct or negligence and then only to the extent of actual and not consequential damages and only as allowed pursuant to Oregon law.

Although this Lease gives Lessor certain rights of inspection, such rights shall impose no obligation on Lessor to make any inspections, nor impose liability on Lessor if Lessor fails to make such inspections.

15.14 Calculation of Time

“Legal Holiday” shall mean any holiday observed by the City of Wilsonville. “Business Days” shall mean Monday through Friday and shall exclude Saturday, Sunday, and Legal Holidays. Unless referred to as Business Days, all periods of time referred to in this Lease shall include Saturdays, Sundays, and Legal Holidays. However, if the last day of any period falls on a Saturday, Sunday, or Legal Holiday, then the period shall be extended to include the next day which is not a Saturday, Sunday, or Legal Holiday.

15.15 Headings, Table of Contents, and Table of Definitions

The section headings, table of contents, and table of definitions contained in this Lease are for convenience in reference and are not intended to define or limit the scope of any provision of this Lease.

15.16 Exhibits Incorporated by Reference

All Exhibits attached to this Lease are incorporated by reference in this Lease for all purposes.

15.17 Modification

This Lease may not be modified except by a writing signed by Lessor and Lessee.

15.18 Brokers

Lessee and Lessor each represent to one another that they have not dealt with any leasing agent or broker in connection with this Lease, and each agrees to indemnify and hold harmless the other from and against all damages, costs, and expenses (including attorney, accountant and paralegal fees) arising in connection with any claim of an agent or broker alleging to have been retained by the other in connection with this Lease.

15.19 Attorney Fees/Venue

If a suit, action, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Lease or to interpret or enforce any rights or obligations hereunder, the prevailing party shall be entitled to recover attorney, paralegal, accountant, and other expert fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court or body at trial or on any appeal or review, in addition to all other amounts provided by law. If Lessor is required to seek legal assistance to enforce any term of this Lease, such fees shall include all of the above fees, whether or not a proceeding is initiated. Payment of all such fees shall also apply to any administrative proceeding, trial, and/or any appeal or petition for review. Whenever this Lease requires Lessee to defend Lessor, it is agreed that such defense shall be by legal counsel reasonably acceptable to Lessor. Venue for any suit, action, or proceeding of any nature to enforce any term of this Lease shall be within Clackamas County, Oregon.

15.20 Entire Agreement

This Lease represents the entire agreement between Lessor and Lessee relating to Lessee's use of the Premises and shall supersede all previous communications, representations, or agreements, whether verbal or written, between the Parties hereto. It is understood and agreed by Lessee that neither Lessor nor Lessor's agents or employees have made any representations or promises with respect to this Lease or the making or entry into this Lease, except as expressly set forth in this Lease, and that no claim or liability or cause for termination shall be asserted by Lessee against Lessor for, and Lessor shall not be liable by reason of, the claimed breach of any representations or promises not expressly stated in this Lease, any other oral agreement with Lessor being expressly waived by Lessee.

15.21 Provisions Applicable to Others

All provisions of this Lease governing Lessee's obligations or responsibilities and Lessee's activities and conduct on, about, or from the Premises shall apply to Lessee's students, teachers, agents, other employees, invitees, and contractors.

15.22 Successors; the Parties

The rights, liabilities, and remedies provided for in this Lease shall extend to the heirs, legal representatives, and, so far as the terms of this Lease permit, successors and assigns of the Parties hereto. The words "Lessor" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations that may be or become such parties hereto.

15.23 Interpretation of Lease; Status of Parties

This Lease is the result of arms-length negotiations between Lessor and Lessee and shall not be construed against Lessor by reason of its preparation of this Lease. Nothing contained in this Lease, including the method of computation of rentals or construction of improvements in the Premises, shall be deemed or construed as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the Parties hereto.

15.24 Defined Terms

Capitalized terms shall have the meanings given them in the text of this Lease.

15.25 Capacity to Execute

Lessor and Lessee each warrant and represent to one another that this Lease constitutes a legal, valid, and binding obligation of that party. The individuals executing this Lease personally warrant that they have full authority to execute this Lease on behalf of the entity for whom they purport to be acting.

15.26 Counterparts

This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

(signatures on following page)

IN WITNESS HEREOF, the Parties have subscribed their names hereto effective as of the year and date first written above.

West Linn-Wilsonville School District

City of Wilsonville

By: _____

By: _____

Print Name: _____

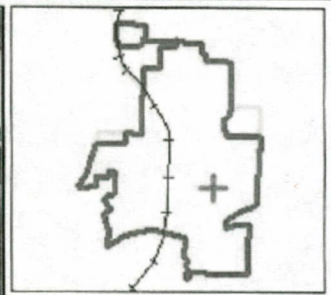
Print Name: _____

As Its: _____

As Its: _____

APPROVED AS TO FORM:

Barbara A. Jacobson, Assistant City Attorney
City of Wilsonville, Oregon

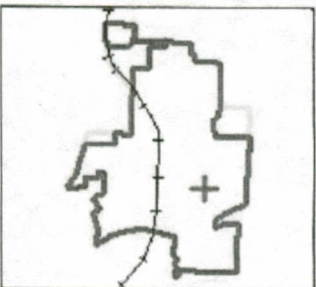


School Building

Church Building

Scale 1:750
1 in = 63 ft

EXHIBIT A



Scale 1:750
1 in = 63 ft

EXHIBIT A

EXHIBIT B

NOTICE TO TENANTS

Dear Tenant:

As you are aware, your Lease with Lessor requires you to pay all property taxes assessed against the property you occupy. The Lessor of Wilsonville and Clackamas County take this obligation seriously, and will strictly enforce it. If taxes are not paid promptly when due, Lessor may pursue remedies for default, including termination of your Lease. Clackamas County may also pursue a collection action for unpaid taxes.

Property tax statements are sent by Clackamas County each November. If you wish to have your property tax statements sent to a different address, please contact the Clackamas County Division of Assessment and Taxation at:

Clackamas County
Assessment & Taxation
Development Services Bldg
150 Beaver Creek Rd
Oregon City, OR 97045
Telephone: (503) 655-8671