



**CITY OF MOLALLA
CITY COUNCIL REGULAR MEETING
AGENDA**

Council Chambers | Molalla Civic Center - 315 Kennel Avenue - Molalla
Wednesday | February 14, 2024 | 7:00 PM

NOTICE: City Council will hold this meeting in-person and through video Live-Streaming on the City's Facebook Page and YouTube Channel. Written comments may be delivered to City Hall or emailed to recorder@cityofmolalla.com. Submissions must be received by 12:00 p.m. the day of the meeting.

6:00 PM – EXECUTIVE SESSION OF THE CITY COUNCIL:

Executive Session will begin at 6:30 PM and end prior to the City Council Regular Meeting. Executive Sessions are closed to the public.

- Pursuant to Oregon Public Record Law, ORS 192.660(2):

(a) to consider the employment of a public officer, employee, staff member, or individual agent.

(e) To conduct deliberations with persons designated by the governing body to negotiate real property transactions.

1. CALL TO ORDER AND FLAG SALUTE

2. ROLL CALL

3. CONSENT AGENDA

- A. Goal Setting Meeting Minutes – January 20, 2024 Pg. 3
- B. City Council Meeting Minutes – January 24, 2024 Pg. 38
- C. Personnel Policy Update – Paid Leave Oregon Pg. 41

4. EXECUTIVE SESSION ANNOUNCEMENT/ACTION

5. PRESENTATIONS, PROCLAMATIONS, CEREMONIES

- A. Finance Department – Audit Presentation by SingerLewak

6. PUBLIC COMMENT

(Citizens are allowed up to 3 minutes to present information relevant to the City but not listed as an item on the agenda. Prior to speaking, citizens shall complete a comment form and deliver it to the City Recorder. The City Council does not generally engage in dialog with those making comments but may refer the issue to the City Manager. Complaints shall first be addressed at the department level prior to addressing the City Council.)

7. PUBLIC HEARINGS

8. ORDINANCES AND RESOLUTIONS

9. GENERAL BUSINESS

- A. City Council Calendar Adjustment – April 24, 2024(Keyser) Pg. 45
- B. 2024 Council Goals - Adoption(Huff) Pg. 46
- C. Additional FTE Request (Huff) Pg. 48
- D. Non-Profit Lease Criteria – 209 Kennel Avenue (Huff) Pg. 52
- E. Lease Authorization – Antfarm Youth & Family Services (Keyser & Childress) Pg. 64

10. STAFF COMMUNICATION

- A. Budget Committee Openings Announcement

11. COUNCIL COMMUNICATION

12. ADJOURN



City of Molalla
City Council – Goal Setting Conference
Minutes – Saturday, January 20, 2024
Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla City Council Goal Setting Work Session of January 20, 2024 was called to order by Mayor Scott Keyser at 8:33am.

COUNCIL ATTENDANCE

Mayor Scott Keyser, Council President Jody Newland, Councilor Leota Childress, Councilor Terry Shankle, Councilor Crystal Robles, Councilor Eric Vermillion, and Councilor RaeLynn Botsford.

STAFF IN ATTENDANCE

Dan Huff, City Manager; Christie Teets, City Recorder, Mac Corthell, Assistant City Manager; Chris Long, Police Chief, Cindy Chauran, Finance Director; Diana Hadley, Library Director; Rebekah Murcray; Assistant Library Director.

DISCUSSION ITEMS

[For the complete video account of the Part 1, please go to YouTube
“City of Molalla Goal Setting Conference – January 20, 2024 \(Part 1\)”](#)

Part 1:

A. City Manager Welcome

- Q & A – See report from 12-13-2023 Work Session

City Manager Huff provided a recap of the report provided to Councilmembers at the December 13, 2023 meeting. He explained that each department would have a brief presentation describing their current responsibilities in the City. Mr. Huff focused on Grants that are available for the City of Molalla to apply for and the amount of staff time that each of these items require. Currently staff is applying for funding with the Ford Family Foundation, DLCD grants, Behavioral Health Specialist grant, Chief Yelkus Park, and a community room for the new Police Facility. Some grants are awarded and some are not.

Mr. Huff commended Molalla Communications as a major contributor to funding for projects in the City. MCC donated funds towards Strawberry Park and the completion of the new Pickleball Court at Long Park.

B. Department Presentations

- Finance Director
 - I. Council Stipends as Payroll

Finance Director Chauran explained that SAIF annually conducts an audit on the City. Currently, Councilors receive a monthly stipend and receive a 1099 form from the City at the end of each year. It has been suggested by our auditors that City Council’s stipends transition to a payroll item, as the City has to pay workers compensation fees in the event of injuries. Ms. Chauran handed out W-4 forms to each Councilor and informed them moving forward they will receive stipends in the form of payroll. Councilor Childress feels this is a wise change, as it will save 15.2% in fees by switching to payroll.

- City Recorder
 - I. Work Session Announcements:
 - Harrassment Training 2024
 - Ethics -OGEC (SEI Filing, Gifts, Honorarium)
 - II. Website Update to Council Bios
 - III. 2024 City Council Calendar – handout
 - IV. Discussion Items – submitted to City Recorder
 - V. CCA Dinner – May 2024

City Recorder Teets spoke to Councilmembers about updating their bios on the city’s website. She provided a form for them to fill out and return to her. Ms. Teets also spoke with Council regarding the 2024 calendar year and events that are currently planned. She reminded Council that Molalla is hosting the CCA (City/County Association) Dinner in May. Councilors discussed topics for this event.

- Library Presentation (slideshow)
 - I. Tourism: Music in the Park (FA2, FA4)
Reptile Man

Library Director Hadley introduced the infographic that was provided in the Council packet. She also shared a presentation to Council which explained all of the different programs that are available through the Library. The PowerPoint presentation is attached to these meeting minutes.

- Police Department Presentation/Q & A
 - I. Police Facility Project
 - II. Public Camping Ordinance Update

Chief Long shared that in 2023, the Police Department achieved it’s number one goal, and that was to pass a GO Bond to build a new police facility. He explained the next steps in the process of attaining funding and provided a timeline estimation for when construction could begin.

Chief Long spoke to Council regarding the passing of the Public Camping Ordinance. He reported that people are not camping in Long, Fox, or Clark Park, they are staying in Oddfellows, where the resolution states.

- Community Development Presentation/Q & A
 - I. Molalla Current
 - II. Economic Development
 - III. 2023 Annual Report – Q & A

Assistant City Manager Corthell gave a brief presentation about the projects taking place in the Community Development Department. Many are years long projects, that are continuations from the year prior. He shared the successes of the addition of the Code Enforcement Specialist. In approximately six months, over 240 code cases have met compliance and been closed. Mr. Corthell referenced the 2023 Annual Report that he provided to Council at the December 13, 2023 meeting, expanding further on the projects underway. Mr. Corthell highlighted the Master Plans, the Wastewater Treatment Plant project, paving, and I & I projects.

Mayor Keyser called a recess at 9:52am. He reconvened the Goal Setting Conference at 10:15am.

[For the complete video account of the Part 2, please go to YouTube “City of Molalla Goal Setting Conference – January 20, 2024 \(Part 2\)”](#)

Part 2:

C. Review 2023 Council Goals and Accomplishments – Set 2024 Goals

- Focus Area #1: Resilience, History, Culture, Location
- Focus Area #2: Welcoming, Friendly, Safe, Inclusive
- Focus Area #3: Economically Sound, Managed Growth, Business, Education
- Focus Area #4: Resource Hub
- Focus Area #5: Beauty, Tranquility, Natural Areas

City Recorder Teets shared like items submitted by City Council members to the group. Similar items being:

- Youth Engagement
- Town Hall/Civic Engagement

(continued on next page)

- Emergency Preparedness/Disaster Management (in progress via City Staff – Emergency Operation Plan underway)
- Truck Route (in progress via City Staff – Molalla Forest Road improvements in discussion)
- Attract Businesses to Molalla (in progress via City Staff – SEDCOR membership, Economic Development Plan)

Councilors deliberated on where to begin with Focus Areas, and shortly after Mayor Keyser began the discussion. Mayor Keyser proposed an IGA for a lobbyist between Canby, Estacada, Sandy, and Molalla. He feels it would be beneficial to have a representative at the State level. Council and staff discussed the possibility of competition for funding between the cities. This item will continue to be discussed, and the group understands that it would need to be a budgeted item if there is a decision to move forward.

Other topics discussed in this section were: BRIC Grant opportunities, housing programs, designated industrial park, inviting businesses to town, updating the Molalla Area Vision and Action Plan 2030, citizen’s academy, and civic education

Councilors agreed that it would be helpful to have the previous Project Manager lead the Vision and Action Plan update. Council would like to add this as a Council Goal, and begin budgeting for the update. Much discussion took place about updating the survey provided to Molalla residents.

Mayor Keyser called a recess at 11:59am. He reconvened the Goal Setting Conference at 12:38pm.

[For the complete video account of the Part 3, please go to YouTube “City of Molalla Goal Setting Conference – January 20, 2024 \(Part 3\)”](#)

Part 3: Review 2023 Council Goals and Accomplishments – Set 2024 Goals (continued from Part 2)

Part 3 of Goal Setting began with review of 2023 Council Goals, found on Page 38 of the packet. Council discussed which items they felt should remain, which have been completed, and which goals should be updated. This process took place for Focus Areas 1 – 5 and will be brought to City Council for approval on February 14, 2024.

Mayor Keyser called a recess at 2:34pm. He reconvened the Goal Setting Conference at 2:48pm.

[For the complete video account of the Part 4, please go to YouTube “City of Molalla Goal Setting Conference – January 20, 2024 \(Part 4\)”](#)

Part 4: Review 2023 Council Goals and Accomplishments – Set 2024 Goals (continued from Part 2-3)

In regard to resources with the community, Mayor Keyser suggested that Antfarm help with juvenile court. Chief Long explained that juveniles must go through Clackamas County for legal reasons, however, Antfarm can assist in carrying out restitution in our area. Continued conversation took place around Antfarm and their partnership within the City of Molalla.

Councilor Robles announced that she would continue community meetings with Plaza Los Robles. She is translating community events to the hispanic community, who appreciate the effort and communication.

Council President Newland suggested dates for town hall meetings in March, June, September, and November.

ADJOURN

Mayor Keyser adjourned the Goal Setting Conference at 3:25pm.

Scott Keyser, Mayor

ATTEST: _____
Christie Teets, CMC - City Recorder

Name: _____

Bio:

Current Activities (specific to City):

Community Involvement (outside of City Council, former CPC's, boards, commissions, etc.):

Please list years involved. Ex. Chamber of Commerce, 2006-2022 – Ford Family Foundation, 2022-current. Attach an additional page, if necessary.

Please return to Christie no later than February 21, 2024.

2024 CCA Dinner Schedule

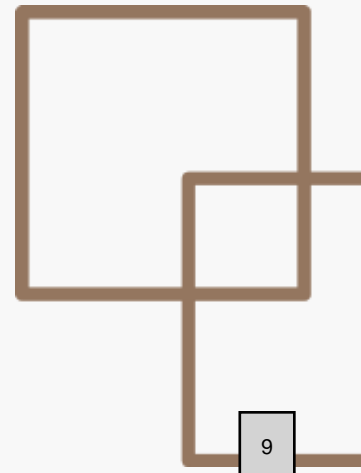
January	4 th Thursday	Canby
February	4 th Thursday	Estacada
March	SKIP	**Spring Break**
April	SKIP	**LOC Conference**
May	1 st Thursday	Molalla
June	1 st Thursday	Milwaukie
July-August-September	SKIP	Summer & Back-to
October	4 th Thursday	Sandy
November – December	SKIP	Holidays

2024 CCA Dinner Schedule

January	4 th Thursday	Canby
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Molalla Public Library





MOLALLA PUBLIC LIBRARY



Total People Visited
39,589



Checking out



In-house

1st Checkout

91,835

Renewal

50,146



Digital



Checkouts

23,311

Database Usage

7,297



164 Programs for all ages
10,727 People in attendance

• Adults

20 Programs
1,881 People

Music in the Park, Make it Monday, Cultural Programs, and Guest Presentations



• Children

92 Programs
4,669 People

Storytime, STEAM Powered Fun!, LEGO Club, Homeschool Huddle, Summer Reading Craft events and Guest Presentations

• Teens

10 Programs
896 People

Teen STEAM, Maker Space events, and Summer Reading Guest Presentations

• Outreach

42 Programs
3,281 People

Daycare visits, Homebound services, Bookmobile visits to Colton, Los Robles and the Adult Center



2022-2023 Year-at-a-glance





Early Childhood



Increased attendance at storytime and Children's programming!



Teen Experiences



Robots, 3-D Pens, Manga art classes, and more!



Adult Events



Monthly crafts, Mexican cooking classes, and special events!





Outreach Services



Taking the library out into the community!



Los Robles



Bookmobile



Celebrate Molalla



Summer Fun!



Record attendance numbers!

Future Goals



- Expand Music in the Park to 5 performers
- Relocate Reptile Man to Clark Park
- Increase amount of all types of programs and attendance, including one-on-one computer assistance
- Increase social media and online awareness
- Increase number of bookmobile stops
- Open Community Room to the public
- Expand Books on Wheels program to reach more homebound patrons





Thank You



LOCAL GOVERNMENT 101

ACTIVITY 1: IDENTIFYING YOUR CITY

1. What is your city?
2. Where is it located?
3. What do you like about your city?
4. Draw the city that you live or draw a fictional city.

ACTIVITY 2: IF YOU WERE A MAYOR

1. What would you do if you were the Mayor?
2. What are some rules you would create?
3. Draw yourself as Mayor.

ACTIVITY 3: SOLVING THE CITY PROBLEM

1. How can you make your city warmer during winter?
2. Where do you go to cool in summer?



ACTIVITY 3: SOLVING THE CITY PROBLEM

Potholes are broken in places in the road. How would you fix a pothole?

During a snowstorm streets become slick because the water in the snow freezes to them. Can you think of a way to make them less slick?



ACTIVITY 3: SOLVING THE CITY PROBLEM

1. If you were a police officer and you saw a car crash, what would you do?
2. You are a city manager. And you see that there are a lot of cars stuck in the traffic. How would you fix the problem?



ACTIVITY 3: SOLVING THE CITY PROBLEM

A park has overgrown grass and it is becoming unsafe for the people living in your city neighborhood. How would you solve the problem?



ACTIVITY 4; GUESS THE CITY JOB

Guess the city job description and what do they do?



ACTIVITY 4; GUESS THE CITY JOB

Guess the city job description and what do they do?



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ACTIVITY 4; GUESS THE CITY JOB

Guess the city job description and what do they do?



ACTIVITY 5: REFLECTION AND QUESTION

What are some things you learned about local government and what other questions do you have?



FOCUS AREA #1

Molalla is a resilient community that passionately recognizes and builds on its history, culture, and location.

Strategies:

- Be deliberate about building identity
- Embed collaborative thinking and practice in all actions
- Identify, support, and build on local culture including arts, history, heritage, and humanities

FOCUS AREA 1-5 UPDATE VISION & ACTION PLAN

- PARK NAMING POLICY

FOCUS AREA #2

Molalla is a welcoming, friendly and vibrant community with an attractive hometown feel that is safe, hospitable, and inclusive of all residents, businesses, and visitors.

Strategies:

- Develop the physical infrastructure needed to support a welcoming community
- Foster socially welcoming activities and embrace diversity as our strength
- Engage youth

- UPDATE PARKS MASTER PLAN
- TRAFFIC UNIT

FOCUS AREA #3

Molalla is an economically sound and growing community which is evident in the diversity of businesses, partnerships, education, innovation, and the strong work ethic of its people.

Strategies:

- Develop and sustain an environment for successful economic development and managed growth
- Encourage youth participation in job development

- INDUSTRIAL PARK
- TRUCK ROUTE
- IDENTIFY TARGET INDUSTRIES (trees)
- CITIZEN ACADEMY
- CIVICS 101 - TOWNHALL SESSIONS SEPT.
 - emergency preparedness (police, fire, CERT)
 - budget 101 - MARCH
 - City responsibilities (water, sewer, roads)
 - YOUTH ENGAGEMENT - Nov.
- LIBRARY FACILITY

FOCUS AREA #4

Molalla is... a full-service hub of resources

Strategies:

- Inventory and promote available services, resources, and opportunities in Molalla



- ENCOURAGE MDLALLA
CURRENT USE - TEXTS/SIGN UP!
- UPDATE EMERGENCY MANAGEMENT PLAN
- NEW LIBRARY FACILITY
- PROMOTING VOLUNTEERING OPPORTUNITIES

FOCUS AREA B5

A beautiful and tranquil area where people are deeply connected to its unique natural features.

Strategies:

- Strengthen regional partnerships to identify key natural resources
- Develop new programs and support existing efforts dedicated to protecting natural areas
- Create sustainable tourism activities and promotion campaigns

- INCORPORATE ART w/ NEW POLICE FACILITY
- MURAL CODE

AGENDA ITEMS:

- UPDATE VISION & ACTION PLAN
 - Direct Staff
- COUNCILOR VERMILLION ASSIGNMENT
 - YOUTH ED/ENGAGEMENT
- FARM ANIMALS -
UPDATE POLICY
(CHICKENS)
- AQUATIC CENTER APPT.
- MOLALLA VIDEO

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Molalla Resid
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WORK SESSION:

- Attracting Businesses
viable options
- PARK NAMING
POLICY
- MURAL CODE



City of Molalla
City Council - Regular Meeting
Minutes – January 24, 2024
Molalla Civic Center | 315 Kennel Ave. | Molalla, OR

CALL TO ORDER

The Molalla City Council Meeting of January 24, 2024 was called to order by Mayor Scott Keyser at 7:01p.m.

COUNCIL ATTENDANCE

Present: Mayor Scott Keyser, Council President Jody Newland, Councilor Leota Childress, Councilor Terry Shankle, Councilor Crystal Robles, Councilor Eric Vermillion, and Councilor Raelynn Botsford.

STAFF IN ATTENDANCE

Dan Huff, City Manager; Christie Teets, City Recorder; Mac Corthell, Assistant City Manager.

APPROVAL OF AGENDA

Approved as presented.

CONSENT AGENDA

- A. Work Session Meeting Minutes – January 10, 2024
- B. City Council Meeting Minutes – January 10, 2024

ACTION:

Council President Newland moved to approve the Consent Agenda; Councilor Robles seconded. Motion passed 7-0.

AYES: Vermillion, Shankle, Childress, Newland, Robles, Botsford, Keyser.

NAYS: None.

ABSENTIONS: None.

PRESENTATIONS, PROCLAMATIONS, CEREMONIES

- A. OCCMA President Presentation

City Manager Huff was recently named the 2024 OCCMA President. Scott Derickson, City of Woodburn Administrator attended the meeting to honor Mr. Huff with the Passing of the Lantern. Mr. Derickson thanked Council for the opportunity to attend the meeting and to make the presentation to Mr. Huff. Mayor Keyser thanked Mr. Huff for his mentorship, leadership, and expressed his pride in Mr. Huff's accomplishments.

- B. Letter of Commendation

Assistant City Manager Corthell shared a letter of commendation with Councilors, noting outstanding work by Sam Miller, Engineering Section Manager.

PUBLIC COMMENT

None.

PUBLIC HEARINGS

None.

ORDINANCES AND RESOLUTIONS

None.

GENERAL BUSINESS

- A. PAL Building Lease: Follow-Up Discussion

(continued on next page)

ACTION:

Councilor Childress made a motion to direct staff to update the lease agreement at 209 Kennel Avenue to meet Council's current standards, seconded by Mayor Keyser.

Council President Newland sought clarification regarding what the standards are, and whether the lease would be provided to non-profit organizations only. Councilor Childress stated that Council might want to look at the criteria for leasing, hours of operation, etc. Council President Newland requested consideration towards leasing the building for-profit organization, nonprofit, or for the use of a community center. Council President Newland shared that community members had concerns about the building being leased for one dollar. Mayor Keyser asked City Manager Huff to clarify why cities participate in the one dollar lease option.

Mr. Huff explained that if a property is leased for profit, it changes the identity of the property. The City does not pay taxes on the property when it is leased as a nonprofit organization, however, it would if it was a for-profit organization. There has to be a charge, so organizations charge one dollar. He went on to say that the City leases the Library and Fox Park from MRSD for one dollar per year. Councilor Shankle reminded the group that if the building was used for a community area, there would be costs incurred in running it. Mayor Keyser invited public comment.

Emma Smith, Aurora, employee of Antfarm, explained to Councilmembers that she is a Fuel Reduction Assessment Coordinator. Ms. Smith is responsible for job experience training in wildfire training, property assessment, landscaping, chainsaw use, and more. The property at 209 Kennel Avenue would be a beneficial space for the Antfarm to use for providing this training.

Neal Hatley, Sandy, director of Antfarm Workforce, explained services that would be provided at the 209 Kennel Avenue building. It would be a home for youth internships, auto mechanics, how to write a resume, and the community wildfire defense program. Mr. Hatley requested Council reconsider their decision to lease the property to Antfarm.

Junaita Aniceto, Silverton, Director of Youth and Family Services with Antfarm, was heartbroken when Council decided not to lease the property at 209 Kennel Avenue to Antfarm. She invited each Councilor to Antfarm to learn more about the programs that Antfarm provides. She is surprised that Clackamas County does not have more services to provide in Molalla

Juan Venegas, Molalla, spoke on behalf of Antfarm. He got involved with the program and eventually became an employee. Juan assists youth with resumes, job interviews, and building professional foundations. He is proud to be involved with Antfarm and hopes Council will reconsider the lease at 209 Kennel Avenue.

Alec Lambert, Molalla, feels that his colleagues represented everything that he wanted to say and had nothing further to add.

Mayor Keyser requested that Councilor Childress restate her motion. She stated that her purpose in bringing this forward was to be ready to handle business when it is proposed to Council. Councilor Robles stated that the community advocated what they did not want to be held in that space, and she feels it's important that they honor that. Councilor Botsford requested that the lease be reviewed by our City Attorney. City Manager Huff stated that the previous lease was reviewed by the attorney, as well.

More discussion took place about attorney review and review by Council. Council also felt it was important that the lease state no overnight sleeping.

Councilor Childress stated that she would like to amend her motion. As there was a previous motion on the table, Mayor Keyser retracted his second. Councilor Childress restated her motion that "the City Council deem 209 Kennel Avenue to be leased for nonprofit organizations only and that Council instruct the staff to update the lease to meet Council's current standards as they are developed", seconded by Mayor Keyser. Council President Newland questioned if whether part of standards being created would be how the property is advertised. Councilor Childress stated not at this time and called for the vote.

ACTION:

Councilor Childress moved that the City Council deem 209 Kennel Avenue to be leased for nonprofit organizations only and that Council instruct the staff to update the lease to meet Council's current standards as they are developed, seconded by Mayor Keyser. Motion passed 7-0.

AYES: Vermillion, Shankle, Childress, Newland, Robles, Botsford, Keyser.

NAYS: None.

ABSENTIONS: None.

B. Mt. Hood Territory Tourism Grant Application

Assistant City Manager Corthell presented his staff report to Council, explaining that the grant money amount staff is seeking is \$100,000. Letters of support are available for Mayor Keyser to sign on behalf of Council and for Parks CPC co-chairs Newland and Robles to sign. Council agreed via consensus to move forward with the grant application.

C. Goal Setting Conference – Discussion & Wrap-Up

City Manager Huff thanked Councilmembers for donating their Saturday for Goal Setting. Mr. Huff met with Ford Family Foundation regarding updating the Vision and Action Plan. There are details to work out, therefore staff will report back. The goal is for this item to become a line item in the 2025-2026 FY Budget.

STAFF COMMUNICATION

- Assistant City Manager Corthell met with community partners regarding distributing the Natural Hazard Mitigation Plan.
- City Manager Huff thanked Council members for responding to the Chamber dinner reservation. He also thanked Councilors for allowing him to participate as the current president of OCCMA.
- City Recorder Teets had nothing to report.

COUNCIL COMMUNICATION

- Councilor Botsford made a final announcement regarding the Chamber Auction & Dinner. She also announced that Molalla Middle School is seeking parent volunteers for an extra set of eyes at the school.
- Councilor Vermillion announced the upcoming MRSD Board meeting dates.
- Councilor Robles had nothing to report.
- Councilor Shankle had nothing to report.
- Councilor Childress had nothing to report.
- Council President Newland announced that the next Parks CPC will be held on February 5th at 5:30pm in the City Hall Conference Room.
- Mayor Keyser thanked City staff for the hard work during the ice storm. He gave a brief update of the Tuesday meeting of the Clackamas County Mayors, City Managers, and Commissioners. He also reminded everyone participating in the LOC Conference to contact city staff as rsvp's are due.

[For the complete video account of the City Council Meeting, please go to YouTube
"Molalla City Council Meetings – January 24, 2024"](#)

ADJOURN

Mayor Keyser adjourned the meeting at 8:13p.m.

Scott Keyser, Mayor

ATTEST:

Christie Teets, CMC - City Recorder



CITY OF MOLALLA

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Staff Report

Agenda Category: General Business

Agenda Date: February 14, 2024

From: Andy Oliva, Human Resources Manager
Approved by: Dan Huff, City Manager

SUBJECT: Paid Leave Oregon (PLO) Policy – Addendum to Employee Handbook

FISCAL IMPACT: N/A

RECOMMENDATION/RECOMMEND MOTION: Include Paid Leave Oregon as an addendum to current Employee Handbook

BACKGROUND: Paid Leave Oregon is a new State program and benefits began in September 2023. Paid Leave Oregon (PLO) provides employees easy access to paid leave benefits for events that impact their families, health, and safety. Paid Leave Oregon (PLO) is a State-run program, administered by the Oregon Employment Department (OED) that allows eligible employees to take up to 12-weeks of paid time off per benefit year.

It is recommended by CIS Insurance to include this information in the Personnel Policy.

Paid Leave Oregon Policy - Addendum

Approved by City Council, February 14, 2024

Paid Leave Oregon (PLO)

Paid Leave Oregon (PLO) is a state-run program, administered by the Oregon Employment Department (OED), that allows eligible employees to take up to 12-weeks of paid time off per benefit year, for the following reasons:

- **Family leave** – for an employee to care for an eligible family member with a serious illness or injury, or to bond with a new child after birth, adoption, or foster care placement.
- **Medical leave** – for an employee experiencing their own serious health condition or disability due to pregnancy.
- **Safe leave** – for an employee or eligible child dependent experiencing issues related to sexual assault, domestic violence, harassment, bias, or stalking.

The Paid Leave program also allows employees to take an additional two (2) weeks of Paid Leave for pregnancy, childbirth, or related medical conditions.

An additional four (4) weeks of unpaid leave is also allowed for other OFLA-protected reasons if the employee is eligible under OFLA.

Notification Requirements

Although the Paid Leave Oregon program is administered by the Oregon Employment Department (OED), employees are required to notify the City of Molalla when they have applied for leave.

Foreseeable Leave: If the need for Paid Leave is foreseeable or planned, the employee is required to provide the Human Resources department with at least 30 days' written notice before paid leave begins.

Unforeseeable: If the need for Paid Leave is unforeseeable or unplanned, an employee is required to provide oral notice to the Human Resources department within 24 hours of the start of the leave, and the employee must also provide written notice within three (3) days after the start of the leave.

If the employee's dates of scheduled leave change, are extended by the PLO program, or if the reason for leave becomes known and/or, if circumstances change during the leave and the leave period differs from the employee's original notice, the employee must notify the Human Resources department within three business days, or as soon as possible.

Regardless of the reason for leave, or whether the need for leave is foreseeable, employees are expected to comply with the City of Molalla's normal call-in procedures.

Under Oregon law, an employee who fails to follow these notification requirements may receive reduced PLO benefits.

Concurrent use of OFLA/FMLA Leave

If an employee's Paid Leave is also eligible for protected leave under OFLA and/or FMLA, OFLA/FMLA leave must be taken concurrently with Paid Leave.

Employees must provide sufficient information for the City of Molalla to determine if the Paid Leave qualifies for OFLA/FMLA leave. Employees who have applied for Paid Leave benefits are required to complete an OFLA / FMLA Leave Request Form and return it to the Human Resources department.

If an employee is eligible for OFLA and/or FMLA leave due to a serious health condition or has a family member with a serious health condition, employees must furnish medical certification information as required by the City of Molalla's leave policy.

Accrued Leave and Holiday Pay While on Leave

Employees using accrued leave in addition to receiving PLO benefits will continue to accrue sick, vacation, or other employer-provided leave, and receive holiday pay. Employees who do not use accrued leave while on a Paid Leave will not accrue sick, vacation, or other employer-provided leave, and will not receive holiday pay.

Benefits While on Leave

If an employee is receiving Paid Leave benefits, the City of Molalla will continue the employee's healthcare, life, and all eligible voluntary coverage, on the same terms as if the employee had continued to work. An employee wishing to maintain coverage when on Paid Leave is responsible for paying their share of premiums, the same as when premiums were paid by the employee, prior to receiving Paid Leave benefits.

Medical Certification Prior to Returning to Work

If an employee uses more than three consecutive scheduled workdays for their own serious health condition, and the Paid Leave is used concurrently with OFLA and/or FMLA, prior to returning to work the employee must furnish medical certification from their healthcare provider stating that the employee is able to resume work.

Job Protection

Employees who worked for the City of Molalla for more than 90 consecutive calendar days prior to taking Paid Leave may be reinstated to their former position if the position still exists. If the position has been eliminated, the employee may be restored to a different position with similar job duties with the same employment benefits and pay.

Reinstatement is not guaranteed if the position has been eliminated under circumstances where the law does not require reinstatement.

Employees are expected to promptly return to work when the circumstances requiring Paid Leave have been resolved. If an employee does not return to work at the end of their Paid Leave, reinstatement may not be available.

Use of Accrued Leave During Paid Leave

PLO benefits may not provide employees with 100% of their gross regular wages. Employees receiving PLO benefits may choose to request accrued paid leave (sick, vacation, paid time off, etc.), and/or comp time in addition to receiving Paid Leave benefits. Employees who wish to use accrued leave with their PLO benefits must notify the Human Resources department.

Complaint Procedure

The City of Molalla prohibits retaliation against an employee with respect to hiring or any other term or condition of employment because the employee asked about, requested, or used Paid Leave.

Who to Contact for More Information

For more information, or if you have questions about the Paid Leave Oregon policy, contact the Human Resources department.

For more information about the PLO program, including steps for applying for PLO benefits and contact information, go to <https://paidleave.oregon.gov/>

A poster with Paid Leave Oregon information, including information about how to apply for benefits is in the employee bulletin boards or at the Human Resources department.



CITY OF MOLALLA

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Staff Report

Agenda Category: General Business

Agenda Date: February 14, 2024

From: Christie Teets, City Recorder
Approved by: Dan Huff, City Manager

SUBJECT: April 24, 2024 City Council Meeting

FISCAL IMPACT: N/A

RECOMMENDATION/RECOMMEND MOTION: I move that we cancel the April 24, 2024 regular Council meeting, due to scheduling conflicts.

BACKGROUND:

At the January 20, 2024 Goal Setting Conference, the calendar for the year was discussed. Staff and Council have opportunities to attend conferences throughout the year.

The League of Oregon Cities Spring Conference is scheduled for April 25th – 27th and located in Klamath Falls. Due to the amount of time needed for travel, Councilors and Staff will need to leave on Wednesday, April 24th.

Staff suggests canceling the April 24th meeting, as MMC Chapter 1.02.060 Council Meetings (A) states: Regular meetings to conduct Council business will be held on the 2nd and 4th Wednesday s of each month unless canceled by the Mayor for good cause.



COUNCIL GOALS CREATED FOR 2024

FOCUS AREA 1

A resilient community that passionately recognizes and builds on its history, culture, and location.

- Promote Diversity and Inclusion Opportunities
- Update Parks Master Plan
- Park Naming Policy
- Update Molalla Area Vision & Action Plan 2020-2030

FOCUS AREA 2

A welcoming, friendly, and vibrant community, an attractive hometown feel that is safe, hospitable, and inclusive of all residents, businesses, and visitors.

- Update Parks Master Plan
- Traffic Unit
- Update Molalla Area Vision & Action Plan 2020-2030

FOCUS AREA 3

An economically sound and growing community which is evident in the diversity of businesses, partnerships, education, innovation, and the strong work ethic of its people.

- New Library Facility
- Civic Education – Town Hall Sessions
 - Emergency Preparedness (Police, Fire, CERT)
 - Budget 101
 - Youth Engagement

(continued next page)

- City Responsibilities (water, sewer, roads)
- Industrial/Business Park
- Identify Target Industries
- Establish Truck Route
- Citizen Academy
- Update Molalla Area Vision & Action Plan 2020-2030

FOCUS AREA 4

A full-service hub of resources.

- Update Emergency Management Plan
- New Library Facility
- CONNECT
- Promote Volunteer Opportunities
- Encourage MOLALLA CURRENT & Text-Alert Use
- Update Molalla Area Vision & Action Plan 2020-2030

FOCUS AREA 5

A beautiful tranquil area where people are deeply connected to its natural features.

- Incorporate Art with new Police Facility
- Finalize Mural Code
- Update Molalla Area Vision & Action Plan 2020-2030



CITY OF MOLALLA

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Staff Report

Agenda Category: General Discussion

Agenda Date: February 14, 2024

From: Dan Huff, City Manager
Approved by: Dan Huff, City Manager

SUBJECT: New/additional Community Development FTE Request

FISCAL IMPACT: N/A

RECOMMENDATION/RECOMMEND MOTION: Approve the addition of a Community Development Technician within the Community Development Department.

BACKGROUND:

Attached to this memo is a job description for a new position within the Community Development Department. This position is not within the 2023-2024 Budget and requires Council action to add this FTE (full-time employee) to our employee base. If approved, Staff will shift the current support staff position to the Finance Department for restructuring.

Council will notice that this position has been elevated from the level of support staff and will provide a higher level of expertise to the department as we increase tasks in the areas of economic development and public engagement. Council goals reflect this need/desire, and our current staff needs assistance.

Staff always intends to make these requests as part of our annual budgeting process, but we cannot always get the timing correct. This position will enhance our ability to engage with the public in a more timely and efficient manner and provide a needed level of relief for our management staff.

We have an unobstructed view of our budget at this point in the fiscal year and we can easily cover the slight cost increase. The current support staff position that will be shifted over to City Hall will be split into thirds: Finance/Court and City Records Office.

We are happy to answer any questions you may have.



CITY OF MOLALLA

EMPLOYMENT OPPORTUNITY

Community Development Technician

FLSA Status:	Non-Exempt
Department:	Community Development
Union Representation:	Non-Represented

Class Summary

The Community Development Technician reports to the Assistant City Manager and works independently the majority of the time. This position has three primary focus areas: 1) economic development coordination and project management, 2) public information and public engagement coordination, and 3) front end clerical and technical support for the Community Development Department including Planning, Public Works, Engineering, Building Maintenance, Code Enforcement, and Economic Development. Performs other tasks as assigned.

Duties and Responsibilities

(An employee in this classification may perform any of the following duties; however, these examples do not include all the specific tasks that an employee may be expected to perform)

ECONOMIC DEVELOPMENT

1. Assists the Assistant City Manager in developing the City's Tourism and Economic Development programs.
2. Independently organizes, and coordinates tourism and economic development projects and initiatives including, but not limited to:
 - a. Business attraction, expansion, and retention.
 - b. Programs to stimulate commercial and industrial development in the City.
 - c. Targeted marketing strategies for business attraction, retention, and development programs.
 - d. Identifies, disseminates and/or applies for funding opportunities to support tourism and economic development.
3. Provides input into the design, development, and production of marketing tools for professional publication; works to develop and/or prepare City ads and written narratives for publication.
4. Serves as liaison and facilitates communication amongst City departments, community groups, developers, business owners/operators, and outside agencies regarding community-wide economic development initiatives.

5. Collects, compiles and analyzes information for dissemination to potential business clients, including economic, statistical, financial, population, growth, demographic and other information.
6. Performs a full range of complex duties in support of administrative functions and areas; prepares and presents staff reports and other necessary correspondence; assists in the research for policies, analyzes, and recommends changes and improvements to existing municipal codes and ordinances.
7. Develops, implements, and tracks economic development efforts to maximize the efficiency and effectiveness of the City's economic development program.

PUBLIC INFORMATION & ENGAGEMENT

1. Coordinates the City's Social Media presence:
 - a. Develops and curates engaging content for social media platforms.
 - b. Assists in creation and editing of written, video, and photographic content.
 - c. Coordinates social media contributions with city staff and other city partners.
2. Coordinates the City's Digital Public Engagement Platform ("The Molalla Current"):
 - a. Develops project pages and implements appropriate widgets and tools necessary to invoke the desired public engagement responses.
 - b. Works with project managers to keep the City's public engagement platform current and provide appropriate information in a timely manner.
 - c. Monitors the city's public engagement platform and collects, distributes, and/or responds to public participation as appropriate.
3. Coordinates the Community Development portion of the City Website:
 - a. Curates and edits content intended for deployment on the City's website.
 - b. Ensures best practices in website management are consistently followed.
 - c. Works with City staff and other City partners to collect information, create website pages, and post information on the City's website.
4. Develops or assists in developing the Monthly Newsletter and Quarterly Community Development Report.

CLERICAL & TECHNICAL SUPPORT

1. Responsible for all front-line public interactions for the department. Monitors front counter, departmental phone lines, emails and other message media.
2. Develops Planning Commission meeting agendas, compiles meeting packets, and serves as scribe at Planning Commission meetings.
3. Collects and compiles data for annual reporting requirements, public inquiries, and other department initiatives.
4. Independently intakes, catalogues, and prepares all Planning and Engineering process application files.
5. Coordinates with other city departments, outside agencies, and the public.
6. Assists in organizational development of the Community Development Department by facilitating: development of materials and processes, identification of areas for potential improvement, and organization of the department's digital filing systems.

7. Active safety committee participant, coordinates department safety inspections, and meets periodically to discuss safety issues.
8. Independently administers portions of several department processes.
9. Coordinates overall department organization in terms of both physical and virtual assets.
10. Other tasks as assigned.

Minimum Qualifications (required)

- A high level of proficiency and experience using and learning electronic platforms. At a minimum, Microsoft Office Suite, and Social Media platforms.
- Highly evolved verbal, written and digital communication skills.
- Strong ability to work with the public and deescalate confrontational situations.
- Clear understanding of modern office practices, methods and equipment.
- Ability to work well independently and in a team environment.
- Advanced time management and prioritization skills.
- Sound independent judgment.
- Ability to manage a diverse workload with competing priorities.
- Self-starter capable of working independently on a number of projects and initiatives.

Preferred Qualifications (not required)

- Bi-Lingual English/Spanish preferred.
- Basic knowledge of land use and permitting is preferred.
- Functional knowledge of Oregon Public Meeting Law is preferred.
- Basic knowledge of Economic Development principles is preferred.

Education and Experience

- High School Diploma required.
 - Bachelor’s Degree preferred.
- 3 years of experience relevant to the description of this position is required.

OR

- The city will consider applicants with any combination of education and experience that illustrates qualification for this role.

Working Conditions

- Primarily office environment with prolonged sitting, computer use, and repetition.
- Some standing, bending, and lifting up to 50 lbs.

Approved as to form:

City Manager, Dan Huff

Date



CITY OF MOLALLA

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Staff Report

Agenda Category: General Discussion

Agenda Date: February 14, 2024

From: Dan Huff, City Manager
Approved by: Dan Huff, City Manager

SUBJECT: Pal Building – Non-Profit Lease Criteria

FISCAL IMPACT: N/A

RECOMMENDATION/RECOMMEND MOTION: Approve general language within the Pal Building Lease Agreement.

BACKGROUND:

Attached to this memo is a Commercial Lease Agreement focused on future use of the Pal Building located at 209 Kennel Avenue. Council made a motion during the January 24th City Council meeting to develop a lease for non-profit businesses only using “Council criteria”. Although criteria were not specified by Council, Staff has attempted to identify criteria that we have understood as expectations for this city owned structure to be leased.

Staff are available for questions and clarification during the meeting.

CITY OF MOLALLA



COMMERCIAL LEASE AGREEMENT

This COMMERCIAL LEASE AGREEMENT (hereinafter the "Agreement" or "Lease") is entered into, this ____ DAY of MONTH, 202X, by and between City of Molalla, a municipal corporation (hereinafter referred to as the "Landlord") and _____, 501(c)(3) nonprofit corporation located at 209 Kennel Ave., Molalla, Oregon, (hereinafter referred to as "Tenant") both of which may be referred to hereinafter as "Party" or "Parties".

LANDLORD AND TENANT DO HEREBY COVENANT, CONTRACT AND AGREE AS FOLLOWS:

1. The Premises

(a) Except as set forth below, Landlord does hereby lease to the Tenant and the Tenant does hereby lease and take from Landlord the Premises located in Molalla, Oregon, identified as 209 Kennel Ave., Molalla, Oregon, 97038, which is located on a portion of tax lot 52E09CB 7705 as set forth in the property report in Exhibit A, which is attached hereto and incorporated herein. The Premises are comprised of the building, parking spaces in front of the building and a fenced back yard behind the building. This Lease does not grant any rights of access to light or air over any part of the Premises.

(b) A remodel project shall be defined as any alteration of the premises that exceeds normal maintenance and upkeep. Tenant may conduct a remodel project that includes siding replacement as an extra benefit to the City and community. Tenant is only allowed to conduct remodel projects with written approval of the City Council or their designee. The City will not be financially liable for any such project without express written agreement thereto prior to project commencement. Additionally, Tenant agrees to ensure all contractors are properly insured and operating under all applicable laws and rules. Tenant agrees to indemnify and hold landlord harmless for claims arising out of any and all remodel projects conducted by Tenant.

2. Lease Term

The lease agreement shall commence on DAY of MONTH, 202X, and shall terminate on DAY of MONTH, 202X.

3. Lease Extension

The parties may choose to extend this agreement upon such terms as may be agreed upon in writing and signed by the parties at the time of any such extension. The parties intend that no holdover leasehold interests shall be established or permitted, and that Tenant shall surrender the Premises on DAY of MONTH 202X, unless an extension of this lease or a new lease is entered into by the parties.

4. Purpose

4.1 Tenant is expressly prohibited from utilizing any portion of the premises

as: _____

without express written permission from the Molalla City Council in an addendum to this agreement.

4.1.1 Exceptions:

4.1.2 The term of the exception in Section 4.1.1 of this agreement shall be at the sole discretion of the City Council or their Designee and may be cancelled with 24-hour notice at any time, with or without cause, and Tenant shall cease all activities subject to the exception in Section 4.1.1 within the 24-hour notice period.

4.2 In accordance with the Policy of the Molalla City Council, Tenant shall be registered with the Oregon Secretary of State as a non-profit entity under Sections 501(c)(3) or 501(c)(19) of the Internal Revenue Code.

4.2.1 Additionally, Tenant shall only utilize the premises to conduct activities and operations that comply with their non-profit status as described in Section 4.2 above.

4.3 In the event of loitering on, or in the proximity of, the premises by any person affiliated with Tenant or Tenants services, Tenant agrees to discuss and discourage loitering outside of the building both on the premises and surrounding public spaces.

4.3.1 Tenant agrees to discontinue any affiliation on or near the premises with any person who continues to loiter after being warned by Tenant.

4.4

4.4.1 Tenant shall submit a report to the City Council or designee annually at the earliest regular session of the City Council after one-year elapses from the prior report and beginning one-year after the effective date of the lease. The report is due to the City Recorder seven (7) days prior to the meeting at which the report will be given, and a member of Tenant's executive staff will be required to present the report at the City Council meeting and respond to council inquiries.

4.5 Tenant shall not use or knowingly permit upon any part of the Premises any article which may be dangerous, unless safeguarded as required by law, nor allow or cause any condition on the Premises which constitutes a nuisance, public or private, or which may make void or voidable any insurance in force with respect to the Premises. Tenant shall not use or permit the use of the Premises for any purpose which would adversely affect the value or character of the Premises, or which would constitute strip or waste. Tenant shall comply, at Tenant's own expense, with all laws and regulations of any municipal, county, state, federal or other public authority respecting Tenant's particular use of the Premises.

4.6 Tenant shall refrain from any activity in Tenant's use of the Premises which would make it impracticable to insure the Premises or the buildings or prevent Landlord from taking advantage of the ruling of the Insurance Rating Bureau of the state allowing Landlord to obtain reduced premiums for long term fire insurance policies unless Tenant pays the additional cost of the insurance. If Tenant installs any electrical equipment that overloads the lines in the Premises or any such buildings or installs any other type of equipment that increases the likelihood of fire over that of a general office or retail sales use, Tenant shall at Tenant's own expense make whatever changes are necessary to comply with the requirements of the insurance underwriters and the governmental authorities having jurisdiction.

4.7 Tenant will keep the Premises clean and orderly and will use the Premises in a first-class, professional manner. Tenant will supervise its employees and cause Tenant's agents, independent contractors, employees, customers, suppliers, and invitees to conduct their activities in a manner that complies with the requirements of this Lease.

5. Hazardous Materials

Neither Tenant nor Tenant's agents or employees will cause or permit any Hazardous Material, as hereinafter defined, to be brought, stored, used, generated, released into the environment, or disposed of on, in, under, or about the Premises, except reasonable quantities of cleaning supplies and office supplies necessary to or required as part of Tenant's business that are generated, used, kept, stored, or disposed of in a manner that complies with all laws regulating any such Hazardous Materials and with good business practices. Tenant covenants to remove from the Premises (or the Building, Project or Common Areas, if applicable), upon the expiration or sooner termination of this Lease and at Tenant's sole cost and expense, any and all Hazardous Materials brought, stored, used, generated, or released on, in, or into the environment by Tenant, its agents, employees, or invitees during the term of this Lease. As used herein, the term Hazardous Material means any hazardous or toxic substance, material, or waste that is or becomes regulated by any local governmental authority, the state of Oregon, or the United States government. The term Hazardous Material includes, without limitation, any material or substance that is defined as

- a) "hazardous waste", "extremely hazardous waste", "restricted hazardous waste", "hazardous substance", "hazardous material", or "waste" under any federal, state, or local law,
- b) petroleum, and
- c) asbestos.
- d) The provisions of this Section 16(b) will survive any termination of this Lease.

6. Rent, Late Fees, Security Deposit and Taxes

Tenant shall pay to Landlord the amount of one dollar (\$1) per year payable to Landlord on or before the Fifteenth day of April in any year in which this lease is in effect. In addition, Tenant shall pay to Landlord the amount necessary to reimburse Landlord's costs to maintain fire and extended coverage insurance on the Premises within 30 days of receiving notice from Landlord of the reimbursement amount due. Landlord shall use commercially reasonable efforts to find the most affordable fire and extended coverage insurance available, but otherwise, which insurance to purchase shall be made by Landlord in its sole discretion. These combined payments are hereinafter referred to as "Rent". Rent shall be paid to Landlord, in advance without demand at 117 N. Molalla, Avenue Molalla, OR 97038, or at such other place as the parties can agree upon. The Tenant agrees that rent shall be paid in lawful money of the United States. No Security Deposit or Damage Deposit is due under this Lease.

It is the parties' understanding that no property or personal taxes are owing on this Property. However, if the County determines that property or personal taxes are owed for any reason, including but not limited to Tenant's loss of its tax exemption status, then Tenant shall be responsible for and pay as additional rent before delinquent any and all applicable assessments and real and personal property taxes assessed to the Premises during the Term of this Lease. All applicable real property taxes and assessments payable for a period, part of which shall be within the Term of this Lease and part of which shall be either before or after the Term of this Lease, shall be prorated, and Tenant shall pay the portion allocated to the Lease term. Landlord shall give Tenant not less than sixty (60) days written notice of the amount and due date of any such assessment and/or property tax. In the event Tenant is unable to pay the amount within the sixty-day notice period, Tenant may enter into a separate promissory note payable to Landlord over a period not to exceed six (6) months or the Term of this Lease, whichever is less, to reimburse Landlord for the cost of such taxes, assessments, and interest thereon.

If any applicable assessment or property taxes exist, Tenant may be eligible for total or partial property tax exemption provided Tenant can demonstrate it is a tax exempt or governmental entity and has provided timely certification to allow Landlord to apply for and be granted exemption from real property taxes on the Premises described herein pursuant to ORS 307.112. Once granted, the Additional Rent for property taxes and assessments shall not be applicable. Such determination is solely at the discretion of the Clackamas County (Oregon) Department of Assessment and Taxation. If Tenant believes it is eligible for such waiver, Tenant is solely responsible for gathering the pertinent information, completing the required forms, and accomplishing any and all tasks required by the County so Landlord may apply for property tax exemption for part or all of the leased space. Provided Tenant provides such information, Landlord shall promptly execute and submit all required documentation to the County to apply for the exemption. Because the County exemption determination is made only at certain times during the Tax Year, Tenant shall be responsible for its proportionate share of Property Taxes until such an exemption is granted by Clackamas County. Tenant shall pay any such tax or assessment to Landlord as described in the preceding paragraph.

7. Utilities

Tenant shall be solely liable for utility charges as they become due, including those for water, sewer, gas, electricity, telephone, internet and other services and utilities used by Tenant on the Premises during the term of this Lease Agreement unless otherwise expressly agreed in writing by Landlord.

8. Assignment and Subleasing

Except as provided in section 4 of this lease, Tenant shall not assign this Agreement or Sublease or grant any license to use the Premises or any part thereof without the prior written consent of the Landlord. Consent by the Landlord to one such assignment, subleasing or license, shall not be deemed to be consent to any subsequent assignment, sublease, or license. Any assignment, sublease, or license without the prior written consent of the Landlord or an assignment or subleasing by operation of law shall be absolutely null and void, and shall, at the Landlord's option, terminate this Agreement.

9. Repairs and Maintenance

During the Lease term, Tenant shall,

- a) At Tenant's expense, make all necessary repairs to the Premises and improvements located thereon and, at Tenant's expense perform all necessary maintenance in order to keep the same in good order and condition. Tenant agrees to

abide by any applicable federal, state, or local laws related to such repairs and maintenance, including but not limited to structural issues, roofing, HVAC and electrical.

- b) Tenant shall take good care of the Premises and shall, at the expiration or termination of this Agreement, surrender and deliver up the Premises to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable use and wear and damage by fire or other casualty excepted.
- c) Tenant shall permit Landlord and Landlord's employees and agents to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same upon reasonable notice to Tenant. Landlord or its employees and agents shall have the right to enter the Premises at reasonable times, upon twenty-four hours advance written notice to Tenant, in order to make such repairs as Landlord shall deem necessary or desirable in the event that Tenant has failed to make such repairs after receiving written notice from Landlord. Tenant shall grant emergency access to protect the property upon immediate need by the Landlord, its employees, or agents. In addition, Landlord, its employees, and agents shall have access to the Premises at the beginning of each monthly calendar quarter for any necessary maintenance reviews. Nothing contained in this Section shall be deemed to impose any obligation upon Landlord not expressly stated elsewhere in this Lease.

10. Landlord's Interference with Tenant

Any repairs, maintenance, other work performed on or around the Premises by Landlord, or other use of the Premises by Landlord shall be done in such a way as to interfere as little as reasonably possible with use of the Premises by Tenant. Landlord shall respect Tenant's professional needs and responsibilities while exercising rights under this Agreement. If Landlord's activities materially interfere or disturb Tenant's business, Tenant's rent will be abated proportionately for the period of substantial interference and/or substantial disturbance.

11. Changes, Alterations, and Additions by Tenant

Tenant shall not make any changes, alterations, or additions, including any initial Tenant improvements, in or to the Premises, nor contract for any such changes, alterations or additions, without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld or unduly delayed. Prior to requesting Landlord's consent to any such changes, alterations or additions, Tenant will provide Landlord with all relevant plans, specifications, names and addresses of contractors, copies of proposed contracts and any permits required in such form as may be required by Landlord. In addition, Landlord shall be furnished such surety bonds, cash deposits or securities or other indemnifications as Landlord may require to indemnify Landlord against potential liens, costs, damages, or expenses relating to such changes, alterations or additions. All permanently attached partitions, plumbing, electrical wiring, additions to or improvements upon the Premises, whether installed by Landlord or Tenant, shall be and become a part of the building as soon as installed and the property of Landlord unless otherwise provided in this Lease.

It is the parties' understanding that the Property will be remodeled to some extent, with funds for that remodel coming from donations received by Tenant from a third-party donor (the "Remodel Project.") Tenant agrees to provide Landlord with a written scope of work and any requested contractor bios for any work related to the Remodel Project. Tenant agrees not to engage in the Remodel Project or any part thereof until it has received donation funds or other sources of income necessary to ensure the proper completion of the Remodel Project, which may be completed in stages. Tenant agrees that before any work may be performed it must provide to Landlord evidence of income funds necessary to properly complete the Remodel Project and that it must obtain written consent from Landlord to begin such work. Tenant is entirely responsible for the costs to complete any and all portions of any remodel, and Tenant agrees to compensate Landlord for any work Landlord must perform to complete the Remodel Project should any portion remain incomplete at the lease's termination.

Any work performed by Tenant in or to the Premises shall comply with all applicable laws, including but not limited to any applicable building codes, land use requirements and prevailing wage mandates.

12. Removal Of Tenant's Trade Fixtures

All of Tenant's trade fixtures installed, affixed and/or otherwise attached to the Premises by Tenant (the "Trade Fixtures") shall be the property of Tenant. Any and all such Trade Fixtures may at any time and from time to time during the term of this Lease,

or at the termination of this Lease, either by default or otherwise, be removed by Tenant from the Premises without any obligation on the part of Tenant to replace said Trade Fixtures. Tenant shall be allowed a reasonable time to remove the Trade Fixtures from the Premises and Tenant shall be responsible for repairing any damage caused thereby and for restoration of any carpet, walls, or ceiling where Trade Fixtures were removed. Trade fixtures not removed in accordance with this section at the termination of this Lease shall become property of Landlord.

13. Signage

Except as may otherwise be agreed to by the Parties in order to facilitate the advertisement of events being held on the Premises, Tenant shall not install any free standing sign outside the Premises; inscribe any inscription; post, place or in any manner display any sign, notice, picture, placard or poster, or any advertising matter whatsoever, anywhere in or about the Premises at places visible (either directly or indirectly as on outline or shadow on a glass pane) from anywhere outside the Premises without first obtaining Landlord's written consent thereto which consent shall not be unreasonably withheld. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too inconsistent with or inappropriate to the Premises. Tenant shall repair all damage to the Premises resulting from the removal of signs installed by Tenant.

14. Insurance

Landlord shall maintain fire and extended coverage insurance on the Building and the Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Premises. Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Premises.

Landlord shall not be required to maintain insurance against thefts within the Premises. Landlord shall not be liable for any loss or damage to person or property sustained by Tenant, or other persons, which may be caused by the Premises, or any improvements thereon or appurtenances thereto, or by any other cause of whatsoever nature, unless solely caused by the gross negligence of Landlord.

Tenant agrees, during the term of this Lease or any renewal or extension thereof, to maintain in force and effect, at Tenant's expense, the coverages specified below, and insuring against the risks under this Lease, and shall provide Landlord the protection afforded by the Oregon Tort Claims Act, ORS 30.270 to 30.300 as amended or interpreted by a Court of competent jurisdiction. Tenant's insurance shall be issued by and binding upon an insurance company with an AM Best rating of "A" or better. Such Insurance shall be the primary coverage, and Tenant's insurance is excess and solely for damages or losses for which Landlord is responsible. The coverages indicated below are minimums for Tenant's Insurance. In no case shall it be less than stated in this Section. In all cases, the Tenant shall be responsible for any deductible associated with the insurance coverage.

A Certificate of Insurance along with a true copy of the Policy Endorsements approved by the City's insurance carrier cited in this Section delivered to Landlord by Tenant will be satisfactory proof of the required insurance.

- (a) "Occurrence" Insurance Form. Each policy shall be written on an "occurrence" form with an admitted insurance carrier licensed to do business in the State of Oregon and acceptable to Landlord. Each policy shall contain an endorsement entitling Tenant and Landlord to not less than 30 days prior written notice of any material change, non-renewal, or cancellation. None of the required liability insurance may be arranged on a "claims made" basis.
- (b) Types and Amounts of Required Insurance. During the Lease Period, the Tenant shall maintain in force, at its own expense, the following types and amounts of insurance:
 - (i) Comprehensive general liability:
 - Two million dollars for bodily injury or death to each person,
 - Two million dollars for property damage resulting from any one accident or incident,
 - Three million dollars aggregate, and
 - Two million dollars for all other types of liability.

(ii) The policy shall be endorsed to include the additional insureds listed hereinafter with limits not less than stated above, or as may be unilaterally adjusted from time to time by Landlord in order to track increases in insurance industry standard coverage and/or trends in awards to injured parties, as well as to conform to any adjustments made to the Oregon Tort Claims Act limits.

(c) Coverage Period. Except as otherwise provided, the insurance required by this Section shall be maintained by Tenant throughout the Lease Period and such other period(s) of time during which the Tenant is operating within the Premises or is engaged in the installation or removal of goods or equipment, including while being onsite to carry out any repair, remodeling or other activity allowed or required under this Lease whether that activity is within or without the Lease Period.

(d) Required Policy Endorsement Language. Each such insurance policy shall contain the following endorsements and an acknowledgment that notice of cancellation or nonrenewal will be sent in writing thirty (30) days after the written notice. Within thirty days after receipt by Lessee of such notice and in no event later than ten (10) business days prior to such cancellation or expiration of any policy, the Tenant shall obtain and furnish to Landlord new Certificates of Insurance and endorsements issued by a responsible insurer acceptable to Landlord as evidence the Tenant meets the requirements of this Section.

(i) Additional Insureds Endorsement. The following specific "additional insureds" language shall be included: "The City of Molalla, its elected and appointed officials, officers, agents, employees and volunteers."

(ii) A Separation of Aggregate Limits Endorsement. Any insurance policy cited above containing an annual aggregate limit of liability shall be issued with a Separation of Aggregate Limits Endorsement with respect to Lessee's and Lessor's interests' renewal will be sent in writing to the Named Insured and that the policy will remain in effect for at least thirty (30) days.

15. Damage And Destruction Of The Premises

If the Premises or any other part of the Buildings or Structures are damaged by fire or other casualty resulting from any act or negligence of Tenant or of Tenant's agents, employees, volunteers, or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance. This obligation shall survive any termination of this Agreement pursuant to the following paragraph.

In the event of substantially total destruction of the Building by fire or other casualty, either Party may terminate this Lease as of the date of said fire or casualty. In the event of damage to the Building by fire or other casualty to the extent of fifty percent (50%) or more of the sound value of the Building, Landlord may or may not elect to repair the Building. Written notice of Landlord's election shall be given Tenant within thirty (30) days after the occurrence of said damage. If such notice is not so given, Landlord conclusively shall be deemed to have elected not to repair. In the event Landlord elects not to repair the Building, this Lease shall terminate with the date of the damage. If the Building is partially destroyed and the damage does not amount to fifty percent (50%) of the sound value thereof, or if greater than such extent and Landlord elects to repair, then except as provided in the preceding paragraph, Landlord shall repair the Building with all convenient speed and shall have the right to take possession of and occupy, to the exclusion of Tenant, all or part of said Building in order to make the necessary repairs. Tenant hereby agrees to vacate, upon request, all, or any part of the Building in order to make the necessary repairs.

For the period of time between the day of the damage and until repairs have been substantially completed, there shall be such an abatement of the Rent as the nature of the injury or damage and its interference with the occupancy of the Premises by Tenant shall warrant. If, however, the damage is slight, Landlord shall not cause any material interference with the occupation of the Premises by Tenant, then there shall be no abatement of the Rent and Landlord shall repair the damage with all convenient speed. If, however, such damage cannot be repaired within one hundred twenty (120) days after the date of such damage, then Tenant shall have the option of terminating this Lease upon written notice to Landlord. If Tenant exercises its option to terminate this Lease, then in such case, Tenant shall pay rent apportioned to the date of damage and shall immediately surrender the Premises to Landlord, who may enter and repossess the same.

16. Indemnification

Indemnification by Tenant: Tenant shall defend and indemnify Landlord and save Landlord harmless from and against any and all liability, damages, costs or expenses, including reasonable attorney fees, arising from any act, omission or negligence of Tenant, or the officers, contractors, licensees, agents, servants employees, guests, invitees or visitors of Tenant, 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; provided, that the foregoing provision shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused solely by the fault of Landlord, or of any officer, contractor, licensee, agent, servant, employee, guest, invitee or visitor of Landlord

17. Condemnation

If the Premises or any portion are taken or damaged under any right of eminent domain or any transfer in lieu thereof, Landlord shall have the option of terminating this Lease upon the giving of written notice within sixty (60) days after the taking. If this Lease is not so terminated, Landlord will repair and restore the Premises, and this Lease will continue, but, commencing with the date on which Tenant is deprived of the use of any portion of the Premises or of any rights under this Lease, Rent will be proportionately abated or reduced, based on the extent to which Tenant's use of the Premises is impaired. The term "eminent domain" shall include the exercise of any similar governmental power and any purchase or other acquisition in lieu of condemnation.

Proceeds from eminent domain shall be paid to Landlord. Tenant shall make no claim to any portion thereof, except that Tenant may make a claim in the condemnation proceedings for the value of Tenant's interest in any improvement constructed by Tenant, so long as the claim does not reduce the amount of Landlord's claim, and except to the extent such award has been made specifically to Tenant. Tenant shall have the right to file a claim against the contemnor for any taking of fixtures and improvements owned by or paid for by Tenant and for relocation expenses.

18. Landlord's Warranty

Landlord warrants it has the right to lease the Premises free of all encumbrances, except easements, conditions, and restrictions of record. Subject to these exceptions, Landlord will defend Tenant's right to quiet enjoyment of the Premises from the lawful claims of all persons during the Lease Term.

19. Subordination to Mortgages & Estoppel Certificates

Landlord warrants that the property is not encumbered by any lien or mortgage and that Landlord will not mortgage this property as a security for any indebtedness during the pendency of this Lease term without lessee's written consent. Should lessee consent, then this Lease, and all rights of Tenant, will be subject and subordinate to all mortgages that may hereafter affect the Premises, whether or not the mortgages also cover other lands and buildings, to each and every advance under such mortgages, and to all renewals, modifications, replacements, and extensions of such mortgages. The preceding sentence is self-operative, and no further instrument of subordination will be required. In confirmation of the subordination, Tenant will promptly execute, acknowledge, and deliver any instrument that Landlord or any mortgagee may reasonably request to evidence the subordination.

20. Force Majeure

In the event that either party hereto shall be delayed, hindered in or prevented from performing any act required hereunder by reason of strikes, lockouts, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, adverse weather conditions or any other reason of a like nature not the fault of or beyond the control of the party delayed in performing such act, then performance of such act shall be excused for the period of the delay and the period allowed for the performance of such act shall be extended for a period equivalent to the period of such delay. Notwithstanding anything contained herein to the contrary, Tenant shall not be excused from the payment of rent or other sums of money which may become due under the terms of this Lease.

21. Quiet Enjoyment

Landlord hereby covenants and agrees that if Tenant shall perform all of the covenants and agreements herein stipulated to be performed by Tenant, Tenant shall at all times during the continuance hereof, have peaceable and quiet enjoyment and possession of the Premises without any interference or hindrance from Landlord or any person or persons claiming by, through, or under Landlord.

22. Relationship To Parties

The relationship of the Parties to this Lease is that of Landlord and Tenant. Landlord is not a partner or joint venturer with Tenant in any respect for any purpose in the conduct of Tenant's business or otherwise.

24. Default

If the premises are deserted or vacated by Tenant for more than ninety (90) days, or if proceedings are commenced against Tenant under a bankruptcy act or for the appointment of a trustee or receiver of Tenant's property either before or after the commencement of the Lease Term, or if Tenant fails to perform any of Tenant's obligations under this Lease and the failure continues for more than thirty (30) days after written notice of the default is given by Landlord to Tenant, Tenant shall be in default and Landlord shall have all rights available to Landlord in law or equity for breach of this Lease, unless such default or breach of the Lease reasonably takes longer than thirty (30) days to cure. Tenant shall have such additional time as necessary to cure, provided that Tenant shall have commenced to cure within said thirty (30) day period and thereafter diligently pursue said cure to completion.

If Landlord fails to pay any installment of taxes or assessment or any interest, principal, costs or other charges upon any lease, mortgage or deed of trust or other lien or encumbrances affecting the premises, and to which this Lease may be subordinate when any of the same become due, or Landlord fails to make any repairs or do any work required of Landlord by the provisions of this Lease, and the failure continues for more than thirty (30) days after written notice of default is given by Tenant to Landlord, Landlord shall be in default and Tenant shall have all rights available to Tenant in law or equity for breach of this Lease.

If Tenant fails to pay Rent within ten (10) business days after written notice from Landlord, provided that only one such written notice from Landlord is required in any 12-month period, Tenant shall be in default and Landlord shall have all rights available to Landlord in law, at equity or under statute for breach of this Lease including the right to terminate this Lease.

In the event of termination of this Lease, Landlord shall use its best efforts to mitigate Tenant's damages and shall be entitled to recover the following amounts as damages:

- a) The loss of reasonable rental value from the date of default until a new Tenant has been, or with the exercise of reasonable efforts could have been, secured up to and including the date of termination.
- b) The reasonable costs of reentry and re-letting including the cost of any clean-up, broker commissions, attorney's fees, and advertising costs necessary to re-let the Premises.
- c) Any excess of the value of the rent and all of Tenant's other obligations under this Lease over the reasonable expected return from the Premises for the period commencing on the date of award and continuing through the end of the term. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of the United States National Bank of Oregon, or its successors, in effect on the date of trial.

Failure by either Landlord or Tenant to insist upon the strict performance of any term or condition of this Lease, or the failure to exercise any right or remedy available on a breach of this Lease, shall not be deemed to be a waiver of any such breach or of any term or condition. No waiver of any breach shall affect or alter any term or condition of this Lease, and each such term or condition shall continue in full force and effect with respect to any other existing or subsequent breach of this Lease.

If Tenant shall be in default under the terms of this Lease, Landlord may cure such default on behalf of Tenant in which event Tenant shall reimburse Landlord for all sums paid to effect the cure.

25. Time is of the Essence

Time is of the essence of this Lease with respect to the performance by either Party of the obligations under this Lease.

26. Surrender at Expiration

Tenant shall, on the last day of the Lease Term, or upon the sooner termination thereof, peaceably and quietly surrender the Premises to Landlord, broom-clean, including all alterations, replacements, changes or additions placed by Tenant thereon, in as good condition and repair as at the Possession Date and as any new structures, replacements, additions or improvements constructed, erected added or placed thereon by Tenant are when completed, with normal wear and tear excepted. All fixtures placed upon the Premises during the Lease Term other than Tenant's Trade Fixtures shall, at Landlord's option, become the property of Landlord. Moveable furniture, decorations, floor coverings other than hard surface bonded or adhesively fixed flooring, curtains, blinds, furnishings, and trade fixtures shall remain the property of Tenant if placed on the Premises by Tenant.

If Landlord so elects and so notifies Tenant at the time approval is given for the installation thereof, Tenant shall remove any or all fixtures which would otherwise remain the property of Landlord and shall repair any physical damage resulting from the removal. If Tenant fails to remove such fixtures, Landlord may do so and charge the cost to Tenant with interest at 9% per annum from the date of expenditure. Tenant shall remove all furnishings, furniture and trade fixtures which remain the property of Tenant. If Tenant fails to do so, this shall be an abandonment of the property and Landlord may retain the property and all rights of Tenant with respect to it shall cease or, by notice in writing given to Tenant within twenty (20) days after removal was required, Landlord may elect to hold Tenant to Tenant's obligation of removal. If Landlord elects to require Tenant to remove, Landlord may affect removal and place the property in public storage for Tenant's account. Tenant shall be liable to Landlord for the cost of removal, transportation to storage and storage with interest on all such expenses from the date of expenditure by Landlord.

27. Termination

- (a) Landlord may terminate this lease for any one of the following, or any other cause permitted by law:
 - 1. arrear of rent or additional rent beyond ten days from the Fifteenth of the month after written notice,
 - 2. the bankruptcy or insolvency of the Tenant,
 - 3. substantial damage to or destruction of the Premises,
 - 4. any significant willful or negligent damage to the Premises caused by the Tenant or by persons permitted on the Premises by the Tenant,
 - 5. a material change in the use of the Premises by the Tenant in particular (without limiting the generality of this provision), if any change affects the Landlord's building insurance or that constitutes a nuisance,
 - 6. any unauthorized assignment or subletting of this lease by the Tenant, or
 - 7. any sale or material change in use of the building in which the Premises are located by the Landlord.
- (b) Tenant may terminate this lease if the cost of any single repair or maintenance required under section 9 is in excess of fifty thousand dollars (\$50,000.00), provided that Landlord may, in its sole discretion, contribute funds to any repair or maintenance in order to limit Tenant's costs below this amount. If Landlord determines to contribute funds to any repair or maintenance that give rise to Tenant's right to terminate under this paragraph, Landlord shall inform Tenant of this fact within eight (8) business days after Tenant has provided notice to Landlord of Tenant's intent to terminate. Tenant's ability to terminate shall cease if Landlord contributes funds to cause Tenant's costs for the repair or maintenance that give rise to the right to terminate to be less than the amount set forth above.

Should Landlord elect to terminate this lease, notification shall be sent to the Tenant via United States Postal first-class certified mail, postage prepaid, return receipt requested, thirty (30) days prior to the date of intended lease termination. Should Tenant elect to terminate this lease, notification shall be sent to Landlord via United States Postal first-class certified mail, postage prepaid, return receipt requested, ten (10) business days prior to the date of intended lease termination.

Notification shall be sent to the parties as follows:

If to Landlord: City of Molalla
Attention: City Manager
PO Box 248
Molalla, OR 9703 8
(503)829-6855 (Phone)
(503)829-3676 (FAX)

If to Tenant: _____
Attention:
ADDRESS
Molalla, Oregon 97038

28. Liens

Except with respect to activities for which the Landlord is responsible, Tenant shall pay as due all claims by third parties for work done on and for services rendered or material furnished to the leased Premises and requested or authorized by Tenant. Tenant shall keep the Premises free from all liens, including construction, mechanics and material men's liens, arising from any act or omission of Tenant or those claiming under Tenant. If Tenant fails to pay any such claims or discharge any lien, other than liens Tenant disputes with the Oregon Construction Contractor's Board in good faith, Landlord may do so and collect the cost as additional rent. Further, if Tenant fails to secure the discharge of any lien within ten (10) business days of Landlord's notice to Tenant requiring such removal or discharge, and Landlord is under threat of foreclosure or sale or put in other financial jeopardy under the lien, Landlord shall take all appropriate actions to discharge the lien and shall pay any costs, attorney fees and other charges that could accrue as a result and bill the total cost to Tenant as additional rent. Any amount so added shall bear interest from the date due by invoice and shall be payable upon demand. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have because of Tenant's default. Landlord shall have the right to post and maintain on the Premises such notices of non-responsibility as are provided for under the lien laws of the State of Oregon.

29. Construction

The Section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any parts of this Lease. If the context so requires, the singular pronoun shall be taken to mean and include the plural and generally all grammatical changes shall be made, assumed, and implied so as to apply this document to the specific party or parties to this Lease and to their agents, employees, and representatives. This Lease shall be interpreted in accordance with the fair meaning of its words and both parties certify they either have been or have had the opportunity to be represented by their own counsel and that they are familiar with the provisions of this Lease, which provisions have been fully negotiated, and agree that the provisions hereof are not to be construed either for or against either party as the drafting party.

30. Governing Law

This Lease is governed by the statutory and case law of the State of Oregon. The parties hereby indicate by their signatures below that they have read and agree with the terms and conditions of this Agreement in its entirety.

31. Successors

All covenants, agreements, terms, and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, and successors.

32. Entire Agreement

This Lease and the attached Exhibits and schedules, if any, contain the entire agreement of the Landlord and Tenant concerning the Premises and all prior written and oral agreements and representations between the parties are void. Landlord and Tenant

agree that there are no implied covenants or other agreements between the parties except as expressly set forth in this Lease. Neither Landlord nor Tenant is relying on any representations of the other party except those expressly set forth herein.

33. Remedies Cumulative

Each right and remedy provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Tenant or Landlord of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the party in question of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

34. Bankruptcy

This Lease shall not be assigned or transferred voluntarily or involuntarily by operation of law. It may, at the option of Landlord, be terminated if Tenant is adjudged bankrupt or insolvent, or makes an assignment for the benefit of creditors, or files or is a party to the filing of a petition in bankruptcy, or commits an act of bankruptcy, or in case a receiver or a trustee is appointed to take charge of any of the assets of Tenant or sublessees and assigns in or about the Premises and such receiver or trustee is not removed within thirty (30) days after the date of appointment, or in the event of judicial sale of the personal property in or on the Premises upon judgment against Tenant or any sublessee or assignee, unless such property or reasonable replacement thereof is installed on the Premises. To the extent permitted by law, this Lease or any sublease hereunder shall not be considered as an asset of a debtor in possession or an asset in bankruptcy, insolvency, receivership, or other judicial proceedings.

35. Costs and Attorney Fees

Except as otherwise provided in this Agreement, any dispute relating to this Agreement, or in the event that a suit, action, arbitration, or other proceeding of any nature whatsoever, including, without limitation, any proceeding under the U.S. Bankruptcy Code and involving issues peculiar to federal bankruptcy law or any action seeking a declaration of rights or an action for rescission, is instituted to interpret or enforce this Agreement or any provision of this Agreement, each party shall bear its owns costs including attorney fees.

36. Execution in Counterparts

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

Executed this ____ DAY of MONTH, 202X.

Finished in the presence of

FOR LANDLORD

FOR TENANT

City Manager, City of Molalla

Name, Title

Date: _____



CITY OF MOLALLA

117 N. Molalla Avenue
PO Box 248
Molalla, OR 97038

Staff Report

Agenda Category: General Discussion

Agenda Date: February 14, 2024

From: Dan Huff, City Manager
Approved by: Dan Huff, City Manager

SUBJECT: Pal Building – AntFarm Lease

FISCAL IMPACT: N/A

RECOMMENDATION/RECOMMEND MOTION: Authorize the City Manager to enter into a Commercial Lease Agreement with the AntFarm for the city owned Pal Building.

BACKGROUND:

Included with this e-mail Council will find a proposed Commercial Lease Agreement for the AntFarm to use the Pal Building (209 Kennel Avenue) for their Youth and Family Services operation in Molalla. The AntFarm complies with the general criteria Council has declared as required (but did not identify) to lease this property as follows:

- AntFarm is a non-profit 501 (C) 3 business.
- AntFarm provides community benefit to the entire City and surrounding area.
- Structure/property cannot be used as an extreme weather center.
- AntFarm focuses on youth.

Council will recall that we received a legal opinion regarding Section 1.02.100(M) and the ability for Council reconsider an action previously voted on by Council. Based on the legal opinion provided by the city attorney, Council may consider this action again.

The remaining aspect of this authorization will be to continue and build on a relationship City Staff has developed with the AntFarm in or Police Department, Compliance Program, Public Works and serving community members and youth in need who are not homeless.

CITY OF MOLALLA



COMMERCIAL LEASE AGREEMENT

This COMMERCIAL LEASE AGREEMENT (hereinafter the "Agreement" or "Lease") is entered into, this ____ day of MONTH, 2024, by and between City of Molalla, a municipal corporation (hereinafter referred to as the "Landlord") and AntFarm, Inc., a 501(c)(3) nonprofit corporation located at 209 Kennel Ave., Molalla, Oregon, (hereinafter referred to as "Tenant") both of which may be referred to hereinafter as "Party" or "Parties".

LANDLORD AND TENANT DO HEREBY COVENANT, CONTRACT AND AGREE AS FOLLOWS:

1. The Premises

(a) Except as set forth below, Landlord does hereby lease to the Tenant and the Tenant does hereby lease and take from Landlord the Premises located in Molalla, Oregon, identified as 209 Kennel Ave., Molalla, Oregon, 97038, which is located on a portion of tax lot 52E09CB 7705 as set forth in the property report in Exhibit A, which is attached hereto and incorporated herein. The Premises are comprised of the building, parking spaces in front of the building and a fenced back yard behind the building. This Lease does not grant any right of access to light or air over any part of the Premises.

(b) A remodel project shall be defined as any alteration of the premises that exceeds normal maintenance and upkeep. Tenant may conduct a remodel project that includes siding replacement as an extra benefit to the City and community. Tenant is only allowed to conduct remodel projects with written approval of the City Council or their designee. The City will not be financially liable for any such project without express written agreement thereto prior to project commencement. Additionally, Tenant agrees to ensure all contractors are properly insured and operating under all applicable laws and rules. Tenant agrees to indemnify and hold landlord harmless for claims arising out of any and all remodel projects conducted by Tenant.

2. Lease Term

The lease agreement shall commence on MONTH DAY, 2024, and shall terminate on MONTH DAY, 2029.

3. Lease Extension

The parties may choose to extend this agreement upon such terms as may be agreed upon in writing and signed by the parties at the time of any such extension. The parties intend that no holdover leasehold interests shall be established or permitted, and that Tenant shall surrender the Premises on MONTH DAY, 2029, unless an extension of this lease or a new lease is entered into by the parties.

4. Purpose

4.1 Tenant is expressly prohibited from utilizing any portion of the premises as an Extreme Weather Center, a Warming Center, Cooling Center, Smoke Shelter, or the like, without express written permission from the Molalla City Council in an addendum to this agreement.

4.1.1 Except that Tenant may use the premises as an emergency shelter upon written permission from the Molalla City Council or their Designee during a bona-fide emergency duly declared by the Molalla City Council.

4.1.2 The term of the exception in Section 4.1.1 of this agreement shall be at the sole discretion of the City Council or their Designee and may be cancelled with 24-hour notice at any time, with or without cause, and Tenant shall cease all activities subject to the exception in Section 4.1.1 within the 24-hour notice period.

4.2 In accordance with the Policy of the Molalla City Council, Tenant shall be registered with the Oregon Secretary of State as a non-profit entity under Sections 501(c)(3) or 501(c)(19) of the Internal Revenue Code.

4.2.1 Additionally, Tenant shall only utilize the premises to conduct activities and operations that comply with their non-profit status as described in Section 4.2 above.

4.2.2 Tenant shall not provide homeless or houseless services on the premises except to persons under the age of 25 as a peripheral component of additional Youth Services.

4.3 In the event of loitering on, or in the proximity of, the premises by any person affiliated with Tenant or Tenants services, Tenant agrees to discuss and discourage loitering outside of the building both on the premises and surrounding public spaces.

4.3.1 Tenant agrees to discontinue any affiliation on or near the premises with any person who continues to loiter after being warned by Tenant.

4.4 Tenant shall submit the report to the City Council or designee annually at the earliest regular session of the City Council after one-year elapses from the prior report and beginning one-year after the effective date of the lease. The report is due to the City Recorder 7 days prior to the meeting at which the report will be given, and a member of Tenant's executive staff will be required to present the report at the City Council meeting and respond to council inquiries.

4.5 Tenant shall not use or knowingly permit upon any part of the Premises any article which may be dangerous, unless safeguarded as required by law, nor allow or cause any condition on the Premises which constitutes a nuisance, public or private, or which may make void or voidable any insurance in force with respect to the Premises. Tenant shall not use or permit the use of the Premises for any purpose which would adversely affect the value or character of the Premises, or which would constitute strip or waste. Tenant shall comply, at Tenant's own expense, with all laws and regulations of any municipal, county, state, federal or other public authority respecting Tenant's particular use of the Premises.

4.6 Tenant shall refrain from any activity in Tenant's use of the Premises which would make it impracticable to insure the Premises or the buildings or prevent Landlord from taking advantage of the ruling of the Insurance Rating Bureau of the state allowing Landlord to obtain reduced premiums for long term fire insurance policies unless Tenant pays the additional cost of the insurance. If Tenant installs any electrical equipment that overloads the lines in the Premises or any such buildings or installs any other type of equipment that increases the likelihood of fire over that of a general office or retail sales use, Tenant shall at Tenant's own expense make whatever changes are necessary to comply with the requirements of the insurance underwriters and the governmental authorities having jurisdiction.

4.7 Tenant will keep the Premises clean and orderly and will use the Premises in a first-class, professional manner. Tenant will supervise its employees and cause Tenant's agents, independent contractors, employees, customers, suppliers, and invitees to conduct their activities in a manner that complies with the requirements of this Lease.

5. Hazardous Materials

Neither Tenant nor Tenant's agents or employees will cause or permit any Hazardous Material, as hereinafter defined, to be brought, stored, used, generated, released into the environment, or disposed of on, in, under, or about the Premises, except reasonable quantities of cleaning supplies and office supplies necessary to or required as part of Tenant's business that are generated, used, kept, stored, or disposed of in a manner that complies with all laws regulating any such Hazardous Materials and with good business practices. Tenant covenants to remove from the Premises (or the Building, Project or Common Areas, if applicable), upon the expiration or sooner termination of this Lease and at Tenant's sole cost and expense, any and all Hazardous Materials brought, stored, used, generated, or released on, in, or into the environment by Tenant, its agents, employees, or invitees during the term of this Lease. As used herein, the term Hazardous Material means any hazardous or toxic substance, material, or waste that is or becomes regulated by any local governmental authority, the state of Oregon, or the United States government. The term Hazardous Material includes, without limitation, any material or substance that is defined as

- a) "hazardous waste", "extremely hazardous waste", "restricted hazardous waste", "hazardous substance", "hazardous material", or "waste" under any federal, state, or local law,
- b) petroleum, and
- c) asbestos.
- d) The provisions of this Section 16(b) will survive any termination of this Lease.

6. Rent, Late Fees, Security Deposit and Taxes

Tenant shall pay to Landlord the amount of one dollar (\$1) per year payable to Landlord on or before the Fifteenth day of April in any year in which this lease is in effect. In addition, Tenant shall pay to Landlord the amount necessary to reimburse Landlord's costs to maintain fire and extended coverage insurance on the Premises within 30 days of receiving notice from Landlord of the reimbursement amount due. Landlord shall use commercially reasonable efforts to find the most affordable fire and extended coverage insurance available, but otherwise, which insurance to purchase shall be made by Landlord in its sole discretion. These combined payments are hereinafter referred to as "Rent". Rent shall be paid to Landlord, in advance without demand at 117 N. Molalla, Avenue Molalla, OR 97038, or at such other place as the parties can agree upon. The Tenant agrees that rent shall be paid in lawful money of the United States. No Security Deposit or Damage Deposit is due under this Lease.

It is the parties' understanding that no property or personal taxes are owing on this Property. However, if the County determines that property or personal taxes are owed for any reason, including but not limited to Tenant's loss of its tax exemption status, then Tenant shall be responsible for and pay as additional rent before delinquent any and all applicable assessments and real and personal property taxes assessed to the Premises during the Term of this Lease. All applicable real property taxes and assessments payable for a period, part of which shall be within the Term of this Lease and part of which shall be either before or after the Term of this Lease, shall be prorated, and Tenant shall pay the portion allocated to the Lease term. Landlord shall give Tenant not less than sixty (60) days written notice of the amount and due date of any such assessment and/or property tax. In the event Tenant is unable to pay the amount within the sixty-day notice period, Tenant may enter into a separate promissory note payable to Landlord over a period not to exceed six (6) months or the Term of this Lease, whichever is less, to reimburse Landlord for the cost of such taxes, assessments, and interest thereon.

If any applicable assessment or property taxes exist, Tenant may be eligible for total or partial property tax exemption provided Tenant can demonstrate it is a tax exempt or governmental entity and has provided timely certification to allow Landlord to apply for and be granted exemption from real property taxes on the Premises described herein pursuant to ORS 307.112. Once granted, the Additional Rent for property taxes and assessments shall not be applicable. Such determination is solely at the discretion of the Clackamas County (Oregon) Department of Assessment and Taxation. If Tenant believes it is eligible for such waiver, Tenant is solely responsible for gathering the pertinent information, completing the required forms, and accomplishing any and all tasks required by the County so Landlord may apply for property tax exemption for part or all of the leased space. Provided Tenant provides such information, Landlord shall promptly execute and submit all required documentation to the County to apply for the exemption. Because the County exemption determination is made only at certain times during the Tax Year, Tenant shall be responsible for its proportionate share of Property Taxes until such an exemption is granted by Clackamas County. Tenant shall pay any such tax or assessment to Landlord as described in the preceding paragraph.

7. Utilities

Tenant shall be solely liable for utility charges as they become due, including those for water, sewer, gas, electricity, telephone, internet and other services and utilities used by Tenant on the Premises during the term of this Lease Agreement unless otherwise expressly agreed in writing by Landlord.

8. Assignment and Subleasing

Except as provided in section 4 of this lease, Tenant shall not assign this Agreement or Sublease or grant any license to use the Premises or any part thereof without the prior written consent of the Landlord. Consent by the Landlord to one such assignment, subleasing or license, shall not be deemed to be consent to any subsequent assignment, sublease, or license. Any assignment, sublease, or license without the prior written consent of the Landlord or an assignment or subleasing by operation of law shall be absolutely null and void, and shall, at the Landlord's option, terminate this Agreement.

9. Repairs and Maintenance

During the Lease term, Tenant shall,

- a) at Tenant's expense, make all necessary repairs to the Premises and improvements located thereon and, at Tenant's expense perform all necessary maintenance in order to keep the same in good order and condition. Tenant agrees to abide by any applicable federal, state, or local laws related to such repairs and maintenance including but not limited to structural issues, roofing, HVAC and electrical.

- b) Tenant shall take good care of the Premises and shall, at the expiration or termination of this Agreement, surrender and deliver up the Premises to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable use and wear and damage by fire or other casualty excepted.
- c) Tenant shall permit Landlord and Landlord's employees and agents to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same upon reasonable notice to Tenant. Landlord or its employees and agents shall have the right to enter the Premises at reasonable times, upon twenty-four hours advance written notice to Tenant, in order to make such repairs as Landlord shall deem necessary or desirable in the event that Tenant has failed to make such repairs after receiving written notice from Landlord. Tenant shall grant emergency access to protect the property upon immediate need by the Landlord, its employees, or agents. In addition, Landlord, its employees, and agents shall have access to the Premises at the beginning of each monthly calendar quarter for any necessary maintenance reviews. Nothing contained in this Section shall be deemed to impose any obligation upon Landlord not expressly stated elsewhere in this Lease.

10. Landlord's Interference with Tenant

Any repairs, maintenance, other work performed on or around the Premises by Landlord, or other use of the Premises by Landlord shall be done in such a way as to interfere as little as reasonably possible with use of the Premises by Tenant. Landlord shall respect Tenant's professional needs and responsibilities while exercising rights under this Agreement. If Landlord's activities materially interfere or disturb Tenant's business, Tenant's rent will be abated proportionately for the period of substantial interference and/or substantial disturbance.

11. Changes, Alterations, and Additions by Tenant

Tenant shall not make any changes, alterations, or additions, including any initial Tenant improvements, in or to the Premises, nor contract for any such changes, alterations or additions, without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld, or unduly delayed. Prior to requesting Landlord's consent to any such changes, alterations or additions, Tenant will provide Landlord with all relevant plans, specifications, names and addresses of contractors, copies of proposed contracts and any permits required in such form as may be required by Landlord. In addition, Landlord shall be furnished such surety bonds, cash deposits or securities or other indemnifications as Landlord may require to indemnify Landlord against potential liens, costs, damages, or expenses relating to such changes, alterations or additions. All permanently attached partitions, plumbing, electrical wiring, additions to or improvements upon the Premises, whether installed by Landlord or Tenant, shall be and become a part of the building as soon as installed and the property of Landlord unless otherwise provided in this Lease.

It is the parties' understanding that the Property will be remodeled to some extent, with funds for that remodel coming from donations received by Tenant from a third-party donor (the "Remodel Project.") Tenant agrees to provide Landlord with a written scope of work and any requested contractor bios for any work related to the Remodel Project. Tenant agrees not to engage in the Remodel Project or any part thereof until it has received donation funds or other sources of income necessary to ensure the proper completion of the Remodel Project, which may be completed in stages. Tenant agrees that before any work may be performed it must provide to Landlord evidence of income funds necessary to properly complete the Remodel Project and that it must obtain written consent from Landlord to begin such work. Tenant is entirely responsible for the costs to complete any and all portions of any remodel, and Tenant agrees to compensate Landlord for any work Landlord must perform to complete the Remodel Project should any portion remain incomplete at the lease's termination.

Any work performed by Tenant in or to the Premises shall comply with all applicable laws, including but not limited to any applicable building codes, land use requirements and prevailing wage mandates.

12. Removal Of Tenant's Trade Fixtures

All of Tenant's trade fixtures installed, affixed and/or otherwise attached to the Premises by Tenant (the "Trade Fixtures") shall be the property of Tenant. Any and all such Trade Fixtures may at any time and from time to time during the term of this Lease, or at the termination of this Lease, either by default or otherwise, be removed by Tenant from the Premises without any obligation on the part of Tenant to replace said Trade Fixtures. Tenant shall be allowed a reasonable time to remove the Trade Fixtures from the Premises and Tenant shall be responsible for repairing any damage caused thereby and for restoration of any

carpet, walls, or ceiling where Trade Fixtures were removed. Trade fixtures not removed in accordance with this section at the termination of this Lease shall become property of Landlord.

13. Signage

Except as may otherwise be agreed to by the Parties in order to facilitate the advertisement of events being held on the Premises, Tenant shall not install any free standing sign outside the Premises; inscribe any inscription; post, place or in any manner display any sign, notice, picture, placard or poster, or any advertising matter whatsoever, anywhere in or about the Premises at places visible (either directly or indirectly as on outline or shadow on a glass pane) from anywhere outside the Premises without first obtaining Landlord's written consent thereto which consent shall not be unreasonably withheld. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too inconsistent with or inappropriate to the Premises. Tenant shall repair all damage to the Premises resulting from the removal of signs installed by Tenant.

14. Insurance

Landlord shall maintain fire and extended coverage insurance on the Building and the Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Premises. Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Premises.

Landlord shall not be required to maintain insurance against thefts within the Premises. Landlord shall not be liable for any loss or damage to person or property sustained by Tenant, or other persons, which may be caused by the Premises, or any improvements thereon or appurtenances thereto, or by any other cause of whatsoever nature, unless solely caused by the gross negligence of Landlord.

Tenant agrees, during the term of this Lease or any renewal or extension thereof, to maintain in force and effect, at Tenant's expense, the coverages specified below, and insuring against the risks under this Lease, and shall provide Landlord the protection afforded by the Oregon Tort Claims Act, ORS 30.270 to 30.300 as amended or interpreted by a Court of competent jurisdiction. Tenant's insurance shall be issued by and binding upon an insurance company with an AM Best rating of "A" or better. Such Insurance shall be the primary coverage, and Tenant's insurance is excess and solely for damages or losses for which Landlord is responsible. The coverages indicated below are minimums for Tenant's Insurance. In no case shall it be less than stated in this Section. In all cases, the Tenant shall be responsible for any deductible associated with the insurance coverage.

A Certificate of Insurance along with a true copy of the Policy Endorsements approved by the City's insurance carrier cited in this Section delivered to Landlord by Tenant will be satisfactory proof of the required insurance.

- (a) "Occurrence" Insurance Form. Each policy shall be written on an "occurrence" form with an admitted insurance carrier licensed to do business in the State of Oregon and acceptable to Landlord. Each policy shall contain an endorsement entitling Tenant and Landlord to not less than 30 days prior written notice of any material change, non-renewal, or cancellation. None of the required liability insurance may be arranged on a "claims made" basis.
- (b) Types and Amounts of Required Insurance. During the Lease Period, the Tenant shall maintain in force, at its own expense, the following types and amounts of insurance:
 - (i) Comprehensive general liability:
 - Two million dollars for bodily injury or death to each person,
 - Two million dollars for property damage resulting from any one accident or incident,
 - Three million dollars aggregate, and
 - Two million dollars for all other types of liability.
 - (ii) The policy shall be endorsed to include the additional insureds listed hereinafter with limits not less than stated above, or as may be unilaterally adjusted from time to time by Landlord in order to track increases in insurance industry standard coverage and/or trends in awards to injured parties, as well as to conform to any adjustments made to the Oregon Tort Claims Act limits.

(c) Coverage Period. Except as otherwise provided, the insurance required by this Section shall be maintained by Tenant throughout the Lease Period and such other period(s) of time during which the Tenant is operating within the Premises or is engaged in the installation or removal of goods or equipment, including while being onsite to carry out any repair, remodeling or other activity allowed or required under this Lease whether that activity is within or without the Lease Period.

(d) Required Policy Endorsement Language. Each such insurance policy shall contain the following endorsements and an acknowledgment that notice of cancellation or nonrenewal will be sent in writing thirty (30) days after the written notice. Within thirty days after receipt by Lessee of such notice and in no event later than ten (10) business days prior to such cancellation or expiration of any policy, the Tenant shall obtain and furnish to Landlord new Certificates of Insurance and endorsements issued by a responsible insurer acceptable to Landlord as evidence the Tenant meets the requirements of this Section.

(i) Additional Insureds Endorsement. The following specific "additional insureds" language shall be included: "The City of Molalla, its elected and appointed officials, officers, agents, employees and volunteers."

(ii) A Separation of Aggregate Limits Endorsement. Any insurance policy cited above containing an annual aggregate limit of liability shall be issued with a Separation of Aggregate Limits Endorsement with respect to Lessee's and Lessor's interests' renewal will be sent in writing to the Named Insured and that the policy will remain in effect for at least thirty (30) days.

15. Damage And Destruction Of The Premises

If the Premises or any other part of the Buildings or Structures are damaged by fire or other casualty resulting from any act or negligence of Tenant or of Tenant's agents, employees, volunteers, or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance. This obligation shall survive any termination of this Agreement pursuant to the following paragraph.

In the event of substantially total destruction of the Building by fire or other casualty, either Party may terminate this Lease as of the date of said fire or casualty. In the event of damage to the Building by fire or other casualty to the extent of fifty percent (50%) or more of the sound value of the Building, Landlord may or may not elect to repair the Building. Written notice of Landlord's election shall be given Tenant within thirty (30) days after the occurrence of said damage. If such notice is not so given, Landlord conclusively shall be deemed to have elected not to repair. In the event Landlord elects not to repair the Building, this Lease shall terminate with the date of the damage. If the Building is partially destroyed and the damage does not amount to fifty percent (50%) of the sound value thereof, or if greater than such extent and Landlord elects to repair, then except as provided in the preceding paragraph, Landlord shall repair the Building with all convenient speed and shall have the right to take possession of and occupy, to the exclusion of Tenant, all or part of said Building in order to make the necessary repairs. Tenant hereby agrees to vacate, upon request, all, or any part of the Building in order to make the necessary repairs.

For the period of time between the day of the damage and until repairs have been substantially completed, there shall be such an abatement of the Rent as the nature of the injury or damage and its interference with the occupancy of the Premises by Tenant shall warrant. If, however, the damage is slight, Landlord shall not cause any material interference with the occupation of the Premises by Tenant, then there shall be no abatement of the Rent and Landlord shall repair the damage with all convenient speed. If, however, such damage cannot be repaired within one hundred twenty (120) days after the date of such damage, then Tenant shall have the option of terminating this Lease upon written notice to Landlord. If Tenant exercises its option to terminate this Lease, then in such case, Tenant shall pay rent apportioned to the date of damage and shall immediately surrender the Premises to Landlord, who may enter and repossess the same.

16. Indemnification

Indemnification by Tenant: Tenant shall defend and indemnify Landlord and save Landlord harmless from and against any and all liability, damages, costs or expenses, including reasonable attorney fees, arising from any act, omission or negligence of Tenant, or the officers, contractors, licensees, agents, servants employees, guests, invitees or visitors of Tenant, 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; provided, that the foregoing provision shall not be construed to make Tenant responsible for

loss, damage, liability or expense resulting from injuries to third parties caused solely by the fault of Landlord, or of any officer, contractor, licensee, agent, servant, employee, guest, invitee or visitor of Landlord

17. Condemnation

If the Premises or any portion are taken or damaged under any right of eminent domain or any transfer in lieu thereof, Landlord shall have the option of terminating this Lease upon the giving of written notice within sixty (60) days after the taking. If this Lease is not so terminated, Landlord will repair and restore the Premises, and this Lease will continue, but, commencing with the date on which Tenant is deprived of the use of any portion of the Premises or of any rights under this Lease, Rent will be proportionately abated or reduced, based on the extent to which Tenant's use of the Premises is impaired. The term "eminent domain" shall include the exercise of any similar governmental power and any purchase or other acquisition in lieu of condemnation.

Proceeds from eminent domain shall be paid to Landlord. Tenant shall make no claim to any portion thereof, except that Tenant may make a claim in the condemnation proceedings for the value of Tenant's interest in any improvement constructed by Tenant, so long as the claim does not reduce the amount of Landlord's claim, and except to the extent such award has been made specifically to Tenant. Tenant shall have the right to file a claim against the contemnor for any taking of fixtures and improvements owned by or paid for by Tenant and for relocation expenses.

18. Landlord's Warranty

Landlord warrants it has the right to lease the Premises free of all encumbrances, except easements, conditions, and restrictions of record. Subject to these exceptions, Landlord will defend Tenant's right to quiet enjoyment of the Premises from the lawful claims of all persons during the Lease Term.

19. Subordination to Mortgages & Estoppel Certificates

Landlord warrants that the property is not encumbered by any lien or mortgage and that Landlord will not mortgage this property as a security for any indebtedness during the pendency of this Lease term without lessee's written consent. Should lessee consent, then this Lease, and all rights of Tenant, will be subject and subordinate to all mortgages that may hereafter affect the Premises, whether or not the mortgages also cover other lands and buildings, to each and every advance under such mortgages, and to all renewals, modifications, replacements, and extensions of such mortgages. The preceding sentence is self-operative, and no further instrument of subordination will be required. In confirmation of the subordination, Tenant will promptly execute, acknowledge, and deliver any instrument that Landlord or any mortgagee may reasonably request to evidence the subordination.

20. Force Majeure

In the event that either party hereto shall be delayed, hindered in or prevented from performing any act required hereunder by reason of strikes, lockouts, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, adverse weather conditions or any other reason of a like nature not the fault of or beyond the control of the party delayed in performing such act, then performance of such act shall be excused for the period of the delay and the period allowed for the performance of such act shall be extended for a period equivalent to the period of such delay. Notwithstanding anything contained herein to the contrary, Tenant shall not be excused from the payment of rent or other sums of money which may become due under the terms of this Lease.

21. Quiet Enjoyment

Landlord hereby covenants and agrees that if Tenant shall perform all of the covenants and agreements herein stipulated to be performed by Tenant, Tenant shall at all times during the continuance hereof, have peaceable and quiet enjoyment and possession of the Premises without any interference or hindrance from Landlord or any person or persons claiming by, through, or under Landlord.

22. Relationship To Parties

The relationship of the Parties to this Lease is that of Landlord and Tenant. Landlord is not a partner or joint venturer with Tenant in any respect for any purpose in the conduct of Tenant's business or otherwise.

24. Default

If the premises are deserted or vacated by Tenant for more than ninety (90) days, or if proceedings are commenced against Tenant under a bankruptcy act or for the appointment of a trustee or receiver of Tenant's property either before or after the commencement of the Lease Term, or if Tenant fails to perform any of Tenant's obligations under this Lease and the failure continues for more than thirty (30) days after written notice of the default is given by Landlord to Tenant, Tenant shall be in default and Landlord shall have all rights available to Landlord in law or equity for breach of this Lease, unless such default or breach of the Lease reasonably takes longer than thirty (30) days to cure. Tenant shall have such additional time as necessary to cure, provided that Tenant shall have commenced to cure within said thirty (30) day period and thereafter diligently pursue said cure to completion.

If Landlord fails to pay any installment of taxes or assessment or any interest, principal, costs or other charges upon any lease, mortgage or deed of trust or other lien or encumbrances affecting the premises, and to which this Lease may be subordinate when any of the same become due, or Landlord fails to make any repairs or do any work required of Landlord by the provisions of this Lease, and the failure continues for more than thirty (30) days after written notice of default is given by Tenant to Landlord, Landlord shall be in default and Tenant shall have all rights available to Tenant in law or equity for breach of this Lease.

If Tenant fails to pay Rent within ten (10) business days after written notice from Landlord, provided that only one such written notice from Landlord is required in any 12-month period, Tenant shall be in default and Landlord shall have all rights available to Landlord in law, at equity or under statute for breach of this Lease including the right to terminate this Lease.

In the event of termination of this Lease, Landlord shall use its best efforts to mitigate Tenant's damages and shall be entitled to recover the following amounts as damages:

- a) The loss of reasonable rental value from the date of default until a new tenant has been, or with the exercise of reasonable efforts could have been, secured up to and including the date of termination.
- b) The reasonable costs of reentry and re-letting including the cost of any clean-up, broker commissions, attorney's fees, and advertising costs necessary to re-let the Premises.
- c) Any excess of the value of the rent and all of Tenant's other obligations under this Lease over the reasonable expected return from the Premises for the period commencing on the date of award and continuing through the end of the term. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of the United States National Bank of Oregon, or its successors, in effect on the date of trial.

Failure by either Landlord or Tenant to insist upon the strict performance of any term or condition of this Lease, or the failure to exercise any right or remedy available on a breach of this Lease, shall not be deemed to be a waiver of any such breach or of any term or condition. No waiver of any breach shall affect or alter any term or condition of this Lease, and each such term or condition shall continue in full force and effect with respect to any other existing or subsequent breach of this Lease.

If Tenant shall be in default under the terms of this Lease, Landlord may cure such default on behalf of Tenant in which event Tenant shall reimburse Landlord for all sums paid to effect the cure.

25. Time is of the Essence

Time is of the essence of this Lease with respect to the performance by either Party of the obligations under this Lease.

26. Surrender at Expiration

Tenant shall, on the last day of the Lease Term, or upon the sooner termination thereof, peaceably and quietly surrender the Premises to Landlord, broom-clean, including all alterations, replacements, changes or additions placed by Tenant thereon, in as good condition and repair as at the Possession Date and as any new structures, replacements, additions or improvements constructed, erected added or placed thereon by Tenant are when completed, with normal wear and tear excepted.

All fixtures placed upon the Premises during the Lease Term other than Tenant's Trade Fixtures shall, at Landlord's option, become the property of Landlord. Moveable furniture, decorations, floor coverings other than hard surface bonded or adhesively fixed flooring, curtains, blinds, furnishings, and trade fixtures shall remain the property of Tenant if placed on the Premises by Tenant.

If Landlord so elects and so notifies Tenant at the time approval is given for the installation thereof, Tenant shall remove any or all fixtures which would otherwise remain the property of Landlord and shall repair any physical damage resulting from the removal. If Tenant fails to remove such fixtures, Landlord may do so and charge the cost to Tenant with interest at 9% per annum from the date of expenditure. Tenant shall remove all furnishings, furniture and trade fixtures which remain the property of Tenant. If Tenant fails to do so, this shall be an abandonment of the property and Landlord may retain the property and all rights of Tenant with respect to it shall cease or, by notice in writing given to Tenant within twenty (20) days after removal was required, Landlord may elect to hold Tenant to Tenant's obligation of removal. If Landlord elects to require Tenant to remove, Landlord may affect removal and place the property in public storage for Tenant's account. Tenant shall be liable to Landlord for the cost of removal, transportation to storage and storage with interest on all such expenses from the date of expenditure by Landlord.

27. Termination

- (a) Landlord may terminate this lease for any one of the following, or any other cause permitted by law:
 - 1. arrear of rent or additional rent beyond ten days from the Fifteenth of the month after written notice,
 - 2. the bankruptcy or insolvency of the Tenant,
 - 3. substantial damage to or destruction of the Premises,
 - 4. any significant willful or negligent damage to the Premises caused by the Tenant or by persons permitted on the Premises by the Tenant,
 - 5. a material change in the use of the Premises by the Tenant in particular (without limiting the generality of this provision), if any change affects the Landlord's building insurance or that constitutes a nuisance,
 - 6. any unauthorized assignment or subletting of this lease by the Tenant, or
 - 7. any sale or material change in use of the building in which the Premises are located by the Landlord.
- (b) Tenant may terminate this lease if the cost of any single repair or maintenance required under section 9 is in excess of fifty thousand dollars (\$50,000.00), provided that Landlord may, in its sole discretion, contribute funds to any repair or maintenance in order to limit Tenant's costs below this amount. If Landlord determines to contribute funds to any repair or maintenance that give rise to Tenant's right to terminate under this paragraph, Landlord shall inform Tenant of this fact within eight (8) business days after Tenant has provided notice to Landlord of Tenant's intent to terminate. Tenant's ability to terminate shall cease if Landlord contributes funds to cause Tenant's costs for the repair or maintenance that give rise to the right to terminate to be less than the amount set forth above.

Should Landlord elect to terminate this lease, notification shall be sent to the Tenant via United States Postal first-class certified mail, postage prepaid, return receipt requested, thirty (30) days prior to the date of intended lease termination. Should Tenant elect to terminate this lease, notification shall be sent to Landlord via United States Postal first-class certified mail, postage prepaid, return receipt requested, ten (10) business days prior to the date of intended lease termination.

Notification shall be sent to the parties as follows:

If to Landlord: City of Molalla
 Attention: City Manager
 PO Box 248
 Molalla, OR 9703 8
 (503)829-6855 (Phone)
 (503)829-3676 (FAX)

If to Tenant: AntFarm Molalla
 Attention: Nunpa
 213 N. Molalla Avenue
 Molalla, Oregon 97038

28. Liens

Except with respect to activities for which the Landlord is responsible, Tenant shall pay as due all claims by third parties for work done on and for services rendered or material furnished to the leased Premises and requested or authorized by Tenant. Tenant shall keep the Premises free from all liens, including construction, mechanics, and material men's liens, arising from any act or omission of Tenant or those claiming under Tenant. If Tenant fails to pay any such claims or discharge any lien, other than liens Tenant disputes with the Oregon Construction Contractor's Board in good faith, Landlord may do so and collect the cost as additional rent. Further, if Tenant fails to secure the discharge of any lien within ten (10) business days of Landlord's notice to Tenant requiring such removal or discharge, and Landlord is under threat of foreclosure or sale or put in other financial jeopardy under the lien, Landlord shall take all appropriate actions to discharge the lien and shall pay any costs, attorney fees and other charges that could accrue as a result and bill the total cost to Tenant as additional rent. Any amount so added shall bear interest from the date due by invoice and shall be payable upon demand. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have because of Tenant's default. Landlord shall have the right to post and maintain on the Premises such notices of non-responsibility as are provided for under the lien laws of the State of Oregon.

29. Construction

The Section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any parts of this Lease. If the context so requires, the singular pronoun shall be taken to mean and include the plural and generally all grammatical changes shall be made, assumed, and implied so as to apply this document to the specific party or parties to this Lease and to their agents, employees, and representatives. This Lease shall be interpreted in accordance with the fair meaning of its words and both parties certify they either have been or have had the opportunity to be represented by their own counsel and that they are familiar with the provisions of this Lease, which provisions have been fully negotiated, and agree that the provisions hereof are not to be construed either for or against either party as the drafting party.

30. Governing Law

This Lease is governed by the statutory and case law of the State of Oregon. The parties hereby indicate by their signatures below that they have read and agree with the terms and conditions of this Agreement in its entirety.

31. Successors

All covenants, agreements, terms, and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, and successors.

32. Entire Agreement

This Lease and the attached Exhibits and schedules, if any, contain the entire agreement of the Landlord and Tenant concerning the Premises and all prior written and oral agreements and representations between the parties are void. Landlord and Tenant agree that there are no implied covenants or other agreements between the parties except as expressly set forth in this Lease. Neither Landlord nor Tenant is relying on any representations of the other party except those expressly set forth herein.

33. Remedies Cumulative

Each right and remedy provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Tenant or Landlord of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the party in question of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

34. Bankruptcy

This Lease shall not be assigned or transferred voluntarily or involuntarily by operation of law. It may, at the option of Landlord, be terminated if Tenant is adjudged bankrupt or insolvent, or makes an assignment for the benefit of creditors, or files or is a party to the filing of a petition in bankruptcy, or commits an act of bankruptcy, or in case a receiver or a trustee is appointed to take charge of any of the assets of Tenant or sublessees and assigns in or about the Premises and such receiver or trustee is not

removed within thirty (30) days after the date of appointment, or in the event of judicial sale of the personal property in or on the Premises upon judgment against Tenant or any sublessee or assignee, unless such property or reasonable replacement thereof is installed on the Premises. To the extent permitted by law, this Lease or any sublease hereunder shall not be considered as an asset of a debtor in possession or an asset in bankruptcy, insolvency, receivership, or other judicial proceedings.

35. Costs and Attorney Fees

Except as otherwise provided in this Agreement, any dispute relating to this Agreement, or in the event that a suit, action, arbitration, or other proceeding of any nature whatsoever, including, without limitation, any proceeding under the U.S. Bankruptcy Code and involving issues peculiar to federal bankruptcy law or any action seeking a declaration of rights or an action for rescission, is instituted to interpret or enforce this Agreement or any provision of this Agreement, each party shall bear its own costs including attorney fees.

36. Execution in Counterparts

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

Executed this XX day of MONTH 2024.

Finished in the presence of:

FOR LANDLORD

FOR TENANT

City Manager, City of Molalla

AntFarm, Representative

Date: _____
