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Vol. <sup>m</sup> 74 Page 10135

LEASE

KNOW ALL MEN BY THESE PRESENTS, That this indenture of lease, made and entered into in Klamath Falls, Klamath County, Oregon, this 1st day of September, 1974, by and between KLAMATH COUNTY, a political subdivision of the State of Oregon, hereinafter called "lessors", and the KLAMATH-WORK ACTIVITIES CENTER, an Oregon non-profit corporation, hereinafter called "lessee";

W I T N E S S E T H:

FOR AND IN CONSIDERATION of the mutual covenants and agreements to be kept and performed by the parties hereto including the covenant to be a rental, recited herein, lessors have leased and do hereby lease to the lessee for a term of ninety-nine years from and after the 1st day of September, 1974, to and including the 31st day of August, 2073, the following described premises, to-wit:

Lots 38, 39, 40, 41, 42 and 43 of Block C  
INDUSTRIAL ADDITION to the City of Klamath Falls,  
Oregon.

If the lessee shall fully observe and perform all of the covenants and conditions of this lease devolving upon and to be performed by it, lessors hereby covenant and agree that said lessee shall have the peaceable possession and enjoyment of said premises.

During the term of this lease, lessee shall pay to lessors at the Klamath County Courthouse, Klamath Falls, Oregon, or such other place as the lessors may, from time to time, designate in writing, rent for the term of this lease as follows:

For the first year of the term of this lease, the sum of One and no/100 (\$1.00) Dollar, the receipt of which is hereby acknowledged by lessors, being the rental for the year 1974-75.

For the second through the ninety-ninth years of the term of this lease, the sum of One and no/100 (\$1.00) Dollar per year, payable on the 1st day of September of each year in advance;



yielding in all a total rental for the term of this lease of the total sum of \$99.00.

1. TAXES AND ASSESSMENTS, DAMAGES.

As part of the consideration for this lease, and in addition to the rentals hereinbefore provided, the lessee shall, as the same become due and payable, pay to the proper officers charged with the collection thereof, all taxes, assessments, excises, imposts and other charges of any and every kind, that may be levied, assessed, charged or imposed upon said premises, and upon any improvements thereon or which may be placed thereon. It being recognized that although lessee is a non-profit corporation, such taxes or assessments may be levied at some time during the term of the within lease.

The lessee will, at all times, save harmless the lessors and the demised premises, and the improvements thereon, from all such taxes, assessments and charges, and from all liens and penalties in connection therewith, from all public requirements as to reconstruction or repair of sidewalks, and also from any and all claims for damages in any way hereafter chargeable to, or payable for or in respect to said premises, or the use and occupancy thereof, or the sidewalks and streets adjoining said premises during said term.

It is expressly understood and agreed, however, that the lessee may, if it in good faith and upon reasonable grounds disputes the validity of any tax, assessment or other charge, lien, penalty or claim, including liens or claims of materialmen, mechanics or laborers, or any part thereof, defend against the same, and in good faith conduct any necessary proceedings to prevent and avoid the same, and in good faith conduct any necessary proceedings to prevent and avoid the same, provided that lessee shall first furnish to lessors, if lessors require the same, reasonable security for the payment of such tax, assessment, charge, penalty, lien or claim, together



with all costs and expenses at the end of such litigation, and lessee shall not, in the event of and during the bona fide prosecution of such litigation, be taken to be in default in respect to the subject matter of such litigation.

2. INSURANCE.

At all times during the term of this lease, including the period of construction or reconstruction of any building or buildings, the lessee will have the building or buildings, at any time upon said premises, insured against loss or damage by fire, with responsible insurance companies satisfactory to the lessors, said insurance to be in an amount equal to the replacement value of said building or buildings and improvements. All such insurance policies and all renewals thereof shall be deposited with the lessors. Any loss thereunder shall be held in trust for the purpose of deferring costs of rebuilding or repairing such building or buildings.

3. LAWFUL USE OF PREMISES.

During the term hereof lessee shall conform to and observe all ordinances, rules and regulations of said city and of all public authorities, boards or officers, relating to said premises or the improvements thereon, or the use thereof.

4. CONSTRUCTION OF BUILDING.

In excavating for and constructing any building or buildings on the leased premises, lessee will conform to and observe all laws, statutes, building codes, rules and regulations relating to such excavation and construction, and will further protect all buildings upon adjacent premises to the extent required by said laws, statutes, building codes, rules and regulations, and at all times have and keep the lessors and the premises hereby demised free and discharged of any charge or liability in favor of the owners or



such adjoining premises, or any other person or persons on account of such excavation or construction.

Lessee will pay and indemnify lessors from the payment of all loss, legal costs and charges, inclusive of counsel fees, by the lessors lawfully and reasonably incurred or expended in or about the prosecution or defense of any suit or other proceedings in discharging the premises or any part thereof from any liens, judgments or encumbrances created upon or against the same or against the lessee's leasehold estate, and any such costs and charges incurred on account of proceedings in obtaining possession of the premises after the termination of the lease by forfeiture or otherwise.

5. ASSIGNMENT.

Lessee shall not assign or transfer this lease without the written consent of the lessors.

6. INDEMNIFICATION OF LESSOR.

Lessee shall, at all times and at its own expense, keep all buildings and improvements situated on said premises at any time during the term of this lease in good order, condition and repair, and shall at all times save and keep lessors free and harmless from any and all damage or liability occasioned by any act or neglect of lessee or any agent or employee of lessee or any tenant of said premises holding under said lessee, and shall indemnify and save harmless lessors against and from any loss, cost, damage and expense arising out of or in connection with the erection of any building or improvements upon said premises and out of any accident causing injury to any person or property whomsoever or whatsoever, and due directly or indirectly to the use of the premises or any part thereof by lessee or any other person or persons holding under it. Lessee shall, at all times, maintain a public liability and property damage insurance policy with limits of \$100,000.00 and \$300,000.00 with a reliable insurance company satisfactory to lessors, naming lessors as additional insureds.

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7. DEFAULT BY LESSEE IN PAYMENT OF INSURANCE OR OTHER CHARGES.

In case of any default on the part of the lessee in the payment of any taxes, assessments, public charges or premiums on insurance, or the payment of any amounts herein provided to be paid other than amounts made payable on rents, so called, or in procuring insurance as herein provided for, the lessors may, on behalf of lessee, make any such payment or payments, or procure any such insurance, and lessee covenants thereupon, on demand, to reimburse and pay lessors any amount reasonably so paid or expended.

8. WAIVER.

It is hereby agreed by and between the parties hereto that no waiver of any condition or covenant in this instrument contained, or any breach thereof, shall be taken to constitute a waiver of any subsequent breach.

9. DAMAGE TO OR DESTRUCTION OF DEMISED PREMISES.

That no damage to or destruction of any building or buildings on the premises, by fire or other casualty, shall be taken to entitle lessee to surrender possession of the demised premises or to terminate this lease, and neither party hereto shall be released, by reason of the damage or destruction of the building or buildings on the demised premises, from the obligations created or imposed by virtue of this instrument.

10. USE OF PREMISES.

It is the intent of lessor and lessee that lessee shall use the premises and any improvements to be constructed thereon for the purpose of providing a workshop and related activities in a sheltered environment for mentally retarded and physically handicapped individuals who are residents of Klamath County, Oregon. In the event that lessee shall cease to use the premises herein



demised for the foregoing purposes, the lessors shall have the right to enter upon the above demised premises and take immediate possession thereof and thenceforth from the time of such entry this lease shall become void to all intents and purposes whatsoever and the demised premises shall revert to lessor. In such event, lessee covenants and agrees to execute any documents which may become necessary to clear the title to the premises so that lessor will have a marketable title in the event of such termination.

11. DEFAULT BY LESSEE.

This lease is made upon the condition that the lessee shall perform all covenants and agreements herein set forth to be performed by it, and that if at any time rent, taxes, assessments, insurance premiums, and other charges and payments aforesaid, or any of them, or any part thereof, shall become in arrear and unpaid for a period of 60 days after becoming due, if any of the covenants and agreements aforesaid shall not be performed as hereinbefore stipulated and agreed to be performed by said lessee, within the period of 60 days after default in performance, the said lessors, at any time thereafter, shall have full right, at their election, upon 30 days' written notice to enter upon the above-demised premises, and take immediate possession thereof, and bring suit for and collect all rents, taxes, assessments, insurance premiums, or other charges which shall have accrued up to the time of such entry, and thenceforth from the time of such entry this lease shall become void to all intents and purposes whatsoever, and this lease, and all improvements made on said premises, shall be forfeited to said lessors as liquidated damages, without compensation therefor to lessee; provided, also, that for rents due and non-performance of other conditions, lessors may sue at once, but not enter into possession upon forfeiture except as above provided.



12. REPLACEMENT OF IMPROVEMENTS.

In the event lessee shall erect the building on the leased premises hereinbefore required to be erected, and thereafter such building, or any other building, or any part of such building, hereafter erected upon said premises, shall be removed by lessee, or destroyed otherwise than by said fire, lessee shall proceed, within six months after such destruction or removal either in whole or in part of such building or any other building hereafter erected, to construct a new building or improvements <sup>of a value</sup> not less than \$ 125,000.00 free of contractor's, sub-contractor's or other statutory liens, or the possibility thereof. *278. R.P.*

13. RIGHT OF FIRST REFUSAL.

In the event that lessors desire or attempt to sell the fee title to the premises herein leased, lessee shall have the first right and privilege to purchase said property and to meet the terms of any bona fide offer which lessors may have for the purchase of said property.

14. BINDING EFFECT.

The terms, conditions, provisions, covenants and agreements hereof shall bind and benefit the heirs, representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed the day and year first hereinabove written.

LESSORS: KLAMATH COUNTY, OREGON by and through its Board of County Commissioners

*Bernard Williams*  
Chairman

*R. P. P.*  
Commissioner

*Lloyd Giff*  
Commissioner

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LESSEES: KLAMATH-WORK ACTIVITIES CENTER, INC.

By Mrs. Eston Balsiger  
Mrs. Eston Balsiger, President

By Timothy A. Bailey  
Timothy A. Bailey, Secretary

STATE OF OREGON )  
County of Klamath ) ss.

Personally appeared the above named BRYANT WILLIAMS, LLOYD GIFT and ROBERT A. PYLE, Commissioners for the County of Klamath, State of Oregon, known to be to be the identical persons described as lessors in the within lease and acknowledged the foregoing instrument to be their voluntary act and deed.

BEFORE ME this 20<sup>th</sup> day of August, 1974.

Virginia R. Bick  
NOTARY PUBLIC FOR OREGON  
My Commission expires: Sept. 23, 1976

STATE OF OREGON )  
County of Klamath ) ss.

Personally appeared MRS. ESTON BALSIGER and TIMOTHY A. BAILEY, who being first duly sworn, did say that they are the President and Secretary of KLAMATH-WORK ACTIVITIES CENTER, INC., an Oregon non-profit corporation, and that the seal annexed to the foregoing lease is the corporate seal of said corporation and that said lease was signed and sealed in behalf of said corporation by authority of its Board of Directors, and they acknowledged said lease to be its voluntary act and deed.

BEFORE ME this 20<sup>th</sup> day of August, 1974.

Virginia R. Bick  
NOTARY PUBLIC FOR OREGON  
My Commission expires: Sept. 23, 1976

STATE OF OREGON )  
County of Klamath ) ss.

Filed for record at request of:  
KLAMATH COUNTY BOARD OF COMMISSIONERS

on this 20<sup>th</sup> day of August, A. D. 19 74  
at 3:12 o'clock P. M. and duly  
recorded in Vol. 10135 of DEEDS  
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WM. D. MOORE, Clerk

By Harold J. [Signature]  
For Notary Deputy.

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