

Three Rivers School District
Lease of Selma Elementary School
18255 Redwood Highway, Selma, Oregon 97538
to
SELMA COMMUNITY AND EDUCATION
CENTER (SCEC)
7/1/2009-6/30/2019

PURPOSE OF LEASE:

This lease is made and entered into by THREE RIVERS SCHOOL DISTRICT, Josephine County, Oregon, hereby referred to as Lessor, and SELMA COMMUNITY AND EDUCATION CENTER (SCEC) referred to as Lessee for the purpose of the Lessee using the premises located at 18255 Redwood Highway, (Selma Elementary School) Selma, Oregon 97538, for the operation of SCEC programs and for no other purposes whatsoever without Lessor's written consent. These premises are described as follows:

School Building:	No more than 15,000 square feet
Description:	Classrooms, Cafeteria, Kitchen, Office area and Gymnasium
Property:	approx. 4.23 acres

Improper Use. Lessee shall not make any unlawful, improper or offensive use of the premises, or cause any waste of the premises, or permit any objectionable noise or odor to escape or to be emitted from the premises, or do anything or permit anything to be done upon or about the premises in any way tending to create a nuisance.

Parking Area. The Lessee will share with the Lessor the parking area immediately surrounding the entire building as well as the north and south exits. The Lessor's school buses will use the east and west entrances for purposes of transporting students and maintenance as necessary. Effort will be made by the Lessee to not interfere with the Lessor's busing operations.

Kitchen Equipment. Lessor shall retain all rights to the kitchen equipment in the facility. If at any time the equipment is needed by the Lessor 30 days notice will be given to the Lessee before removal.

Condition of Premises. *Exhibit A* to be completed in a joint walk-through between the Lessee and Lessor, prior to June 30, 2009.

Improvements to Building. All improvements upon the Premises, whether done by the Lessor or Lessee, shall become a part of the building as soon as installed and be the property of the Lessor. Any situations contrary to this clause must have prior written approval of the Lessor.

LESSEE RESPONSIBILITIES:

1. **Compliance with Law.** Lessee shall comply at Lessee's own expense with all laws and regulations of any municipal, county, state, federal or other public authority respecting the use of the Premises.
2. **Insurance: Indemnity.**
 - 2.1 **Property Damage Insurance:** Lessor shall obtain, at Lessee's expense, and keep in force during the term of the Lease, property insurance covering all structures for their insurable replacement costs on a "Special Perils" property form including Earthquake. Lessee shall also obtain, at Lessee's expense, property coverage for Tenants Improvements and Betterments and contents.
 - 2.2 **Liability for Injury:** Lessee is a private non-profit body and liable for the torts of its employees and agents. Lessee further agrees to indemnify and hold Lessor harmless from any and all claims by or on behalf of any person, firm or corporation arising from the occupancy, business activity, work or use of the Premises. Lessee shall provide coverage for all employees coming under the scope of State Workers' Compensation laws. This shall include Employers Liability Insurance with coverage of not less than \$100,000 per accident. Lessee shall be responsible for maintenance of the property as well as safety for its employees and the general public.
 - a. **Limits of Coverage.** Lessee shall obtain, at Lessee's expense, and keep in effect during the term of this contract, Comprehensive General Liability Insurance covering Bodily Injury and Property Damage on an "occurrence" form (1986 ISO or equivalent). This coverage shall include Contractual Liability Insurance for the indemnity provided under this contract. The following limits of insurance will be carried:

Coverage	Limit
General Aggregate	\$1,000,000
Products-Completed Operations Aggregate	1,000,000
Personal and Advertising Injury	1,000,000
Each Occurrence	1,000,000
Fire Damage (Any One Fire)	50,000
Medical Expense (Any One Person)	5,000
 - b.
- 2.3 **Additional Insured.** Lessor, its officers, directors, and employees shall be added as additional insured with respect to this lease. All liability insurance policies will be affect the provision shall be physically endorsed on to the policy.

- 2.4 **Cancellation Notice.** There shall be no cancellation, material change, and exhaustion of aggregate limits or intent not to renew insurance coverage without thirty (30) days written notice to Lessor. Any failure to comply with this provision will not affect the insurance coverage provided to Lessor. The thirty (30) days notice of cancellation provision shall be physically endorsed on to the policy.
- 2.5 **Carrier Acceptability.** Coverages provided by Lessee must be underwritten by an insurance carrier rated as "A" or better by A. M. Best and Company. Lessor reserves the right to reject all or any insurance carrier(s) with an unacceptable financial rating.
- 2.6 **Certificate of Insurance:** As evidence of the insurance coverage required by the contract, Lessee shall furnish a Certificate of Insurance to Lessor. No contract shall be effected until the required certificates have been received and approved by Lessor. The certificate will specify and document all provisions within this contract. A renewal certificate will be sent to the above address ten (10) days prior to coverage renewal.
3. **Utilities/Custodial/Maintenance.** Lessee shall be responsible for payment of all utilities used in the operation of Lessee's SCEC Program. Lessee shall provide, under the direction of the Director of Plant Operation and Maintenance for Lessor, at Lessee's expense, custodial service and interior, exterior and grounds maintenance for the leased Premises. Costs of utilities and services provided to the leased premises will be paid by the Lessee. Minor repairs, costing up to \$500, will be considered the responsibility of the Lessee, and will be paid by the Lessee. In the event damages are caused to the Premises by the negligent acts of the Lessee, Lessee agrees to pay for said damages.
4. **Peaceful Existence.** Lessee shall have the right to quietly and peaceably occupy the Premises without any disturbance from Lessor.
5. **Improvements to Building (Conditions).** Lessee may make additional improvements to the Premises, at Lessee's expense, subject to the following conditions.
- All plans for remodeling costing more than \$500 shall be approved in writing by Lessor, in advance and
 - All alterations shall be in accordance with applicable building codes, asbestos abatement requirements and performed in a professional and workmanlike manner, and
 - All building permit costs will be at the expense of the Lessee.
6. **Reasonable Access by Lessor.** Lessee shall grant Lessor or its agents the right to enter upon the premises for the purpose of examining the condition thereof, or for any other lawful purpose, provided that the entry is done in a peaceable manner and at a reasonable time.

LESSOR RESPONSIBILITIES

1. Insurance: Indemnity. Property Damage Insurance: Lessor shall obtain, at Lessee's expense, and keep in force during the term-of the Lease, property insurance covering all structures for their insurable replacement costs on a "Special Perils" property form. Lessee shall reimburse Lessor the cost of such insurance.
2. Building and Grounds Maintenance. Repairs over \$500 will be made at the option of the Lessor, at Lessor's expense. If Lessor opts not to repair damages over \$500, Lessee will have the option to terminate the lease.
3. Seismic Inspection of Gymnasium. Lessor shall inspect the gymnasium on a monthly basis for seismic stability, at Lessor's expense. Lessor retains the right to close the gym or any associated areas should it be deemed in the best interest of the public. The Lessor is the sole judge determiner of what is in the best interest of the public. Should areas be closed to use by Lessee, Lessee will have the option to terminate the lease.
4. Destruction of Building. In the event of the destruction of the Premises by fire or other casualty:
 - a. If the damage equals 50% or more of the value of the Premises, Lessor may, at its election, repair the Premises. Lessor must give Lessee written notice of its election to repair within thirty (30) days of the occurrence causing the damage. If Lessor fails to properly give the notice, Lessor shall be conclusively deemed to have elected not to repair. If Lessor elects not to repair the Premises, this Lease shall terminate as of the date of the occurrence causing the damage.
 - b. If the damage equals less than 50% of the value of the Premises, or if it is more and Lessor elects to repair, Lessor shall repair the Premises with all reasonable diligence. Lessor shall have the right to take possession of and occupy, to the exclusion of the Lessee, all or any part of the Premises reasonably required in order to make the necessary repairs and Lessee agrees to vacate those portions upon reasonable advance notice. For the period of time between the date of the damage and the date the repairs are completed, there shall be a reasonable reimbursement to the Lessee for utilities used in the repairs of the Premises. Lessee shall not be entitled to any other compensation.

COMPENSATION

1. Rent. The total annual rent shall be \$10. Payment is due prior to the first day of operation each year of this agreement. Lessee shall not conduct or allow any uses of the premises, which would cause loss of property tax exemption without the permission of Lessor. If the property becomes subject to property tax as a result of this lease, under ORS 307.166 or any successor law, Lessee shall pay that tax as additional rent.

2. Exemption from Taxation. Lessee is a non-profit organization and is eligible for real property tax exemption as provided by ORS 307.112, and will apply for said exemption. The rent payable by Lessee under terms of the lease agreement has been established to reflect the savings resulting from the exemption from taxation.

TERMS OF LEASE

1. Signing and Term of Contract. The commencement of the Lease shall be July 1, 2009 and run for a period of 10 years, ending June 30, 2019, with an option to renew for an additional period.
2. Option to Renew: This lease may be renewed for an additional period by mutual agreement of Lessor and Lessee. The renewal will be for the same conditions as stated herein, except the amount of the rent payments. To renew, Lessee and Lessor must give written notice not less than three (3) months prior (April 1) to the original expiration date of June 30, 2019.
3. Assignment. Lessee shall not assign or transfer this Lease, or any interest herein, or sublease any portion of the Premises without prior written consent of Lessor. Lessor's consent shall not be unreasonably withheld. This Lease is personal to Lessee.
4. Non-Payment Clause. Notwithstanding any other provision of this Lease, this Lease shall terminate in the event SCEC shall fail to meet any of its payment responsibilities as specified in this agreement.
5. Expiration. At the expiration of the term of this Lease, or upon any sooner proper termination, Lessee will quit and deliver up the premises to the Lessor, or its assignees, peaceably, quietly and in as good order and condition, reasonable use and wear and damage by fire and the elements excepted, as the same are now in or hereafter may be put in by Lessor.
6. Events or Default. The following events shall be deemed to be events of default by Lessee under this Lease:
 - a. Lessee shall fail to pay any financial responsibilities as required herein, and such failure shall continue for a period of thirty (30) days from the date such failure.
 - b. Lessee shall fail to comply with any term, provision or covenant of this lease, and shall not cure such failure within thirty (30) days after written notice thereof to Lessee.
7. Offer to Purchase. Notwithstanding any other provision in this lease, Lessor may, with 60 days' notice to Lessee, sell the Premises to any buyer found qualified by the School Board to purchase it.

8. Reversion to School.
- a. Notwithstanding any other provision in this lease, Lessor may, with 60 days' notice to Lessee, repossess the premises when, in the opinion of the Board, the forecast for elementary school enrollment in the Illinois Valley area makes it necessary to re-open the Selma Elementary School.
 - b. Notwithstanding any other provision in this lease, Lessor may, with 60 days' notice to Lessee, repossess the premises when, in the opinion of the Board, it becomes necessary to re-open Selma for any other needed educational program, for example: an alternative center, special education transition program etc.
9. Remedies. Upon the occurrence of any such events of default described in Terms of Lease. Section 6 hereof, Lessor shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:
- a. Terminate this Lease, in which event Lessee shall immediately surrender the premises to Lessor, and if Lessee fails so to do, Lessor may, without prejudice to any other remedy which it may have for possession, enter upon and take possession of the Premises and expel or remove Lessee and any other person who may be occupying such premises or any part thereof.
 - b. Enter upon and take possession of the Premises as set out in Section (a.) above, and re-let the Premises for such terms ending before, on or after the expiration date of the Lease term at such rentals and upon such other conditions (including concessions and prior occupancy periods) as Lessor in its sole discretion may determine. Lessor shall make a good faith effort to re-let the Premises but is under no obligation to do so.
10. Option to Purchase. If at any time in the future, the Lessor shall offer this property for sale, the SCEC shall be given the first opportunity to purchase at the established price. The confirmed price of all major improvements, less depreciation, that are made by SCEC to the facility will be credited toward the purchase price of the facility.

**THREE RIVERS SCHOOL DISTRICT
JOSEPHINE COUNTY, OREGON
LESSOR**

**SELMA COMMUNITY and EDUCATION CENTER
JOSEPHINE COUNTY, OREGON
LESSEE**

Superintendent Dan B. Hiles-Kentala

Director [Signature]

Date 5/28/09

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