

**Three Rivers School District  
Lease of the former Merlin Elementary School  
345 Merlin-Galice Road, Merlin, Oregon, 97532**

**to**

**The Rogue Valley Young Marines  
From November 1, 2015, to October 31, 2020  
(An extension of the current Lease)**

**Purpose of Lease:**

This lease is made and entered into by **Three Rivers School District**, Josephine County, Oregon, hereby referred to as Lessor, and the **Rogue Valley Young Marines (RVYM)**, referred to as Lessee, for the purpose of the Lessee using the premises located at 345 Merlin-Galice Road (the former Merlin Elementary School, known herein as the "Premises"), Merlin, Oregon, 97532, for the operation of the RVYM programs and for no other purposes whatsoever without Lessor's written consent. These premises are described as follows:

- School Building: 12,221 square feet
- Description: Classrooms, office area, multi-purpose room, library
- Property: 2.95 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.

**Grounds Area**

The Lessee will share with the Lessor the parking area immediately to the east and north of the existing buildings.

**Equipment and Furnishings**

Lessor shall retain all rights to the equipment and furnishings in the facility. If at any time, either the equipment or furnishings are needed by the Lessor, 30 days' notice will be given to the Lessee before removal.

**Condition of Premises**

Lessee acknowledges the presence of asbestos on the Premises and promises at all times to keep all floor tiles fully encapsulated with floor finish and to take any and all other measures to safeguard the occupants from exposure to asbestos.

## **Improvements to the Buildings**

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'S RESPONSIBILITIES:**

1. Compliance with Law. Lessee shall comply at Lessee's own expense with all laws and regulations of any municipal, county, state, or federal, or other public authority respecting the use of the Premises.
2. Insurance: Indemnity.
  - 2.1. Property Damage Insurance: Lessee 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 coverage. 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 occupancy, business activity, work or use of the Premises. Lessee shall provide coverage for all employees coming under the scope of State Worker's 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.
    - 2.2.1. 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 the contract. The following limits of insurance will be carried.

2.2.1.1. General Aggregate	\$1,000,000
2.2.1.2. Products-Completed Operations Aggregate	\$1,000,000
2.2.1.3. Personal and Advertising Injury	\$1,000,000
2.2.1.4. Each Occurrence	\$1,000,000
2.2.1.5. Fire Damage (any one fire)	\$ 50,000
2.2.1.6. Medical Expense (any one person)	\$ 5,000
- 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 affected by this provision shall be physically endorsed onto this 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 days' written notice to Lessor. Any failure to comply with this provision will not affect the insurance coverage provided to Lessor. The thirty days' notice of cancellation provision shall be physically endorsed onto this 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 affected until the required certificates have been received and approved by Lessor. The certificate will specify and document all provisions within the contract. A renewal certificate will be sent to the above address ten days prior to coverage renewal.
3. Utilities/Custodial/Maintenance. Lessee shall be responsible for payment of all utilities used in the operation of the Lessee's program. Lessee shall provide, under the Lessor's Director of Maintenance, at Lessee's expense, custodial service, and interior maintenance, for the leased Premises. Costs of utilities and services provided to the leased Premises will be paid by the Lessee at a rate of \$75.00 per month. Rogue Valley Young Marines will be responsible for providing fuel oil used to heat the west wing building. Minor repairs to the leased areas, 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 such damages.
4. Peaceful Existence. Lessee shall have the right to occupy designated areas of the Premises without any disturbance from lesser. Lessee shall share designated areas with the lesser and the rest of the premises will be used by Three Rivers School District as an alternative center.
  - 4.1 The Young Marines will be leasing the kitchen, supply room, "staff training room," pantry, main west wing building and one west wing storage room without disturbance from the Lessor.
  - 4.2 The Lessee and Lesser will share the use of the cafeteria, one west wing storage room and grounds.
5. Improvements to Building (Conditions). Lessee may make additional improvements to the Premises, at Lessee's expense, subject to the following conditions.
  - 5.1. All plans for remodeling costing more than \$500 shall be approved, in advance, in writing by Lessor
  - 5.2. All alterations shall be in accordance with applicable building codes, asbestos abatement requirements, and performed in a professional and workmanlike manner
  - 5.3. 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'S 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. Lessor may inspect the buildings, as required, for seismic stability, at Lessor's expense. Lessor retains the right to close either of the buildings,

or any associated areas, should it be deemed to be in the best interest of the public. The Lessor is the sole judge determine of what is meant by "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:
  - 4.1. If the damage equals 50 percent 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 days of the occurrence causing the damage. If Lessor fails to give the notice properly, 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.
  - 4.2. If the damage equals less than 50 percent 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; 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 \$10.00. Payment is due prior to the first day of operation each year of this agreement. Lessee shall not conduct or allow 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 the terms of this 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 November 1, 2015, and run for a period of 60 months, ending on October 31, 2020, with an option to renew for additional year(s).
2. Option to renew. This lease may be renewed 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 thirty days prior to the expiration date of October 31, 2020.
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 that the RVYM fails 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 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.
  - 6.1. 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 of such failure.
  - 6.2. Lessee shall fail to comply with any term, provision, or covenant of this lease, and shall not cure such failure within thirty 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. 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 alternative or elementary school enrollment in Three Rivers School District makes it necessary to expand the use at Merlin Elementary School.
9. Remedies. Upon the occurrence of any such events of default described in Terms of Lease, Section 6, above, Lessor shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:
  - 9.1. Terminate this Lease, in which event Lessee shall immediately surrender the Premises to Lessor, and if Lessee fails to do so, 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.
  - 9.2. Enter upon and take possession of the Premises, 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 such obligation to do so.
  - 9.3. The District may be closing, reconfiguring, or selling some of its 19 major sites. It is likely that Merlin will be on the "short list" of sites whose function may change over the next year. If that becomes the case, the Three Rivers School District will notify the Young Marines in writing and request that the organization be prepared to vacate the buildings 90 days from the date of such written notification. The District can do so for any of the reasons mentioned above, or for other reasons.

Any capital improvements made to the Merlin Site by the Rogue Valley Young Marines, however funded, are the responsibility solely of the Rogue Valley Young Marines. The District will not be liable for any financial losses incurred by the Rogue Valley Young Marines if the District decides to sell or otherwise dispose of the property.

10. Option to Purchase. If at any time in the future, the Lessor shall offer this property for sale, the RVYM shall be given the first opportunity to purchase at the established price. The confirmed price of all major improvements that are made by RVYM to the facility will be credited toward the purchase price of the facility.

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For the Three Rivers School District:

For the Rogue Valley Young Marines:

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(Signed)

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(Signed)

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(Printed Name)

\_\_\_\_\_  
(Printed Name)

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