

THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

URA RESOLUTION NO. 173

A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE AUTHORIZING EXECUTION OF A LEASE AGREEMENT WITH THE WEST LINN/WILSONVILLE SCHOOL DISTRICT FOR THE SCHOOL BUILDING LOCATED ON PROPERTY ACQUIRED BY THE URBAN RENEWAL AGENCY FROM THE NORTHWEST DISTRICT OF THE WESLEYAN CHURCH

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

WHEREAS, at the time of purchase this land was improved with two buildings on tax lot 03000 which are both outside of the area intended for redevelopment; and

WHEREAS, one of these two buildings was designed and constructed to function as a school building (School Building); and

WHEREAS, the West Linn/Wilsonville School District is in need of building space in Wilsonville to accommodate educational programs; and

WHEREAS, the West Linn/Wilsonville School District desires to lease the entirety of the School Building; and

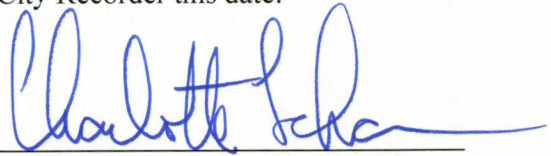
WHEREAS, the City of Wilsonville and its Urban Renewal Agency have no planned use for the School Building for a three year period commencing July 1, 2008;

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. The City of Wilsonville's Urban Renewal Agency Board authorizes its Executive Director to negotiate and execute a lease for property as described above with the West Linn/Wilsonville School District and approves the form and terms in the "Lease Agreement" as identified in Exhibit 1, attached hereto and incorporated herein by this reference, subject to final negotiated modifications to form by the City Attorney.
2. The Lease Agreement shall have a three year term with no renewals.

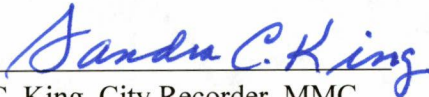
3. Rent for the School Building and associated common areas shall not be less than \$80,000 per year.
4. This resolution shall be effective upon adoption.

ADOPTED by the Wilsonville Urban Renewal Agency at a regular meeting thereof this 7th day of July 2008, and filed with the Wilsonville City Recorder this date.



CHARLOTTE LEHAN, Board Chair

ATTEST:



Sandra C. King, City Recorder, MMC

SUMMARY OF VOTES:

Chair Lehan	<u>Yes</u>
Member Kirk	<u>Yes</u>
Member Knapp	<u>Yes</u>
Member Ripple	<u>Yes</u>
Member Núñez	<u>Yes</u>

Exhibit 1 - Lease Agreement

~ DRAFT ~

**LEASE BETWEEN
WEST LINN - WILSONVILLE SCHOOL DISTRICT AND
THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE**

RECITALS

This Lease, hereinafter termed "Lease" is entered into this ____ day of _____, 2008, by and between West Linn - Wilsonville School District, an Oregon nonprofit corporation, hereinafter termed "Tenant", and the Urban Renewal Agency of the City of Wilsonville (the "Agency"), hereinafter termed "Landlord", collectively termed "Parties".

WHEREAS, Landlord owns in fee approximately 1.89 acres comprised of the entirety of tax lots 02900 and 03000 on Map 3S-1W-13CD in Clackamas County and more particularly described as set forth in Exhibit "A", attached hereto and incorporated by reference herein, and hereinafter termed "Property"; and

WHEREAS, two buildings are currently located on the Property and these are the former Wesleyan Church Building, hereinafter termed the "Church Building" and the former Wesleyan School Building, hereinafter called the "School Building" described more particularly as set forth in Exhibit "B" attached hereto and incorporated by reference herein; and

WHEREAS, the Property also includes parking spaces, landscaping, a playground with play equipment, and a basketball court, hereinafter termed the "Common Areas" described more particularly as set forth in Exhibit "C" attached hereto and incorporated by reference herein; and

WHEREAS, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, the School Building, attached hereto and incorporated by reference herein, for the term, at the rental rates, and upon all of the terms, covenants and conditions set forth in this Lease; and

WHEREAS, both Landlord and Tenant are now willing and able to enter into this Lease based on the following covenants, terms and conditions.

AGREEMENT

1. TERM - The Term of the Lease shall commence on the 1st day of July, 2008 and shall terminate promptly at the end of the 30th day of June, 2011, unless sooner terminated pursuant to the terms of this Lease.

2. **RENEWAL OPTION** – The Lease is non-renewable. The City intends to use the School Building commencing July 1, 2011.

3. **SCHOOL BUILDING** - The building, including all improvements therein and consisting of approximate 9,844 square feet of floor area identified as the School Building on attached Exhibit B and commonly known by street address of 29796 SW Town Center Loop East in Wilsonville Oregon.

In addition to Tenant's right to use and occupy the School Building as hereinafter specified, Tenant shall have non-exclusive rights to the Common Areas including parking spaces, landscaping, the playground and play equipment, and the basketball court on the Property. Tenant's use of the Common Areas must be coordinated with Landlord and Tenant must provide Landlord with a schedule of intended hours of use in order to reduce conflicts between Tenant's use of the Common Areas and Landlord's use of the Church Building and the Common Areas. Tenant shall have no rights to the Church Building as a part of this Lease but may request to use space in the Church Building on an hourly rental basis during times the Landlord is not using the Church Building.

4. **DELIVERY OF SCHOOL BUILDING, PARKING AND COMMON AREAS** - Landlord shall deliver the School Building to Tenant in "as is" condition on the Commencement Date referenced in Section 1 of this Lease.

4.1 Acceptance of School Building – Tenant hereby acknowledges: (a) that it has been advised by the Landlord to satisfy itself with respect to the condition of the School Building (including but not limited to the electrical and fire sprinkler systems, security, environmental aspects, seismic and earthquake requirements, air conditioning and heating system (HVAC), compliance with the Americans with Disabilities Act and applicable zoning, municipal, county, state and federal laws, ordinances and regulations, and any covenants of restrictions of record (collectively, "Applicable Laws"); (b) that Tenant has made such investigation as it deems necessary with reference to such matters, is satisfied with reference thereto, and assumes all responsibility therefore as the same relate to Tenant's occupancy of the School Building and/or the terms of this Lease; and (c) that neither Landlord, nor any of Landlord's agents, has made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease.

Tenant hereby acknowledges that it has been advised by the Landlord that prior to receiving a certificate of occupancy to run school programming activities in the School Building it must receive necessary approvals from the City of Wilsonville Planning Department, including but not limited to any changes in site signage, and changes in building use, and any changes in parking use. Specifically, Tenant must provide the City of Wilsonville Planning Department and the City Engineer with a parking plan for the School Building including anticipated parking needs as they correspond to days of the week and operational hours for faculty, staff, students, and visitors using the School Building. Tenant must also provide the City of Wilsonville Planning Department and the City Engineer with a transportation plan for students using the School Building. This transportation plan must indicate the number of students expected to use each mode of transportation, including but not limited to walking, bicycling, individual automobiles,

and public and school bus service. The City Engineer needs this information to determine whether or not the public right of way fronting the Property needs to be signed as a school zone.

Tenant also specifically acknowledges that it has been advised by Landlord of Landlord's intent to initiate construction activities on adjacent land owned by Landlord, that said construction activities may last the entire term of this Lease, and in accepting the School Building accepts any inconveniences, including but not limited to noise and dust, generated by these construction activities.

4.2 Parking – Tenant shall be entitled to non-exclusive use of parking spaces on the Property. Parking spaces on the Property will be shared by the Tenant and its users of the School Building and Landlord and users of the Church Building. Tenant's use of parking spaces on the Property must be coordinated with Landlord and Tenant must provide Landlord with a schedule of intended hours of use. Tenant shall not be entitled to use parking spaces on adjacent property owned by Landlord, all of which are reserved for parking use by employees and visitors of the City of Wilsonville Community Center, Public Works Department, and Police Department. Tenant may submit written requests to the Landlord for permission to use parking spaces on adjacent property owned by Landlord for special events during non-use hours by the Landlord, and its occupants, guests, and invitees. Such special event parking requests may be approved at the discretion of the Landlord.

Parking spaces on the Property shall be used for parking by vehicles no larger than a full-size passenger automobiles or pick-up trucks. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers, contractors, students or invitees to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities.

If Tenant permits or allows any of the prohibited activities described in Section 4.2, then Landlord shall have the right, without notice, in addition to other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant.

4.3 Tenant's Rights to Common Areas – Landlord hereby grants to Tenant, for the benefit of Tenant and their respective employees, suppliers, shippers, customers, contractors, students or invitees, during the term of the Lease, the non-exclusive right to use Common Areas on the Property including parking areas, landscaped areas, the playground and play equipment, and the basketball court. Tenant's use of the Common Areas must be coordinated with Landlord and Tenant must provide Landlord with a schedule of intended hours of use in order to reduce conflicts with Landlord's use of the Common Areas. Tenants use of the Common Areas is subject to the terms of any rules and regulations or restrictions governing the use of the Property.

Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Landlord, which consent may be revoked at any time. In the event that any unauthorized storage shall occur, the Landlord shall have the right, without notice, in addition to such

other rights and remedies that it may have, to remove the property and charge the cost of such removal and disposal to Tenant.

4.4 Rules and Regulations of Common Areas – Landlord or such person(s) as Landlord may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable Rules and Regulations. Tenant agrees to abide by and conform to all such Rules and Regulations, and to cause its employees, suppliers, shippers, customers, contractors, students or invitees to so abide and conform.

5. **BASE RENT** - Annual rent for the term of this Lease shall be Eighty Thousand and No/100 Dollars (\$80,000.00). Annual rent shall be payable in equal monthly installments of one-twelfth (1/12th) of the total yearly rent, which shall be Six Thousand Six Hundred Sixty-Six and 66/100 Dollars (\$6,666.66), on the first day of each and every calendar month during the term hereof and shall be considered overdue if not paid by the Tenant by the 10th day of each month.

6. **UTILITIES** - Tenant shall pay when first due directly to the appropriate utility company the cost of all such utilities used for the School Building which are separately metered for telephone, electric service, water/sewer, gas, garbage, and fire/safety monitoring.

Tenant, at its sole expense, shall be responsible for all janitorial and restroom supplies in the School Building.

7. **REPAIR AND MAINTENANCE** - By taking possession of the School Building, Tenant shall be deemed to have accepted the School Building as being in good, sanitary order, condition and repair, and Tenant, at its sole cost and expense, shall:

7.1 Keep and maintain in good order, tenantable condition and repair (including the replacement of parts and equipment, if necessary) the School Building and every part thereof, and any and all appurtenances thereto wherever located, including without limitation the interior portion of all doors, door checks, windows and window frames, plate glass, store front, all plumbing facilities within the School Building, signs, fixtures, and electrical systems (whether or not located in the School Building), sprinkler systems, walls, floors and ceilings, exterior landscaping and lighting in the Common Areas of the Property and the School Building, and the existing playground equipment and play area located in the Common Areas of the Property; and

7.2 Keep and maintain in good order, tenantable condition and repair (including the replacement of parts and equipment, if necessary) the heating, ventilating and air conditioning system. In order to assure Landlord that the heating, ventilating and air conditioning system for the School Building will be properly maintained, Tenant shall, prior to taking occupancy of the School Building, enter into a maintenance contract in a form and with a subcontractor approved by Landlord. A copy of said maintenance contract shall be provided to Landlord as a condition of taking possession of the School Building. In like manner, evidence of renewal or replacement of said maintenance contract shall be provided annually on each anniversary date of this Lease. The obligation

to provide the maintenance contract shall not limit the duty to maintain the heating, ventilating and air conditioning (HVAC) system as aforesaid, but shall be in addition thereto; and

7.3 Keep and maintain the School Building in a clean, sanitary and safe condition in accordance with state and federal laws, and in accordance with all directions, rules, and regulations of health officers, fire marshals, building inspectors, or regulatory jurisdiction over the School Building; and Tenant shall comply with all laws, regulations and ordinances affecting the School Building. Install and maintain fire extinguishers and other fire protection devices, and comply with all requirements of any insurance policies and the insurance underwriters insuring the School Building; and

7.4 Permit no waste or damage to the School Building, and Tenant shall carry out a program of regular maintenance and repair to the School Building, including the painting or refinishing of all areas of the interior so as to impede, to the extent possible, deterioration by ordinary wear and tear, and to keep the same in an attractive condition. Additionally, Tenant agrees, at its sole cost and expense, to paint interior walls and install interior carpet within one year after the Commence Date. At the termination of this Lease, Tenant shall surrender the School Building in good condition, reasonable wear and tear and loss by fire or other casualty excepted; and

7.5 Keep and maintain in good repair the foundation, exterior walls and roof of the School Building, as well as the structural portions of the School Building (including the doors, door frames, door checks, window and window frames located in exterior building walls). Notwithstanding the foregoing, Landlord shall have the right to approve any repairs, maintenance or the like affecting the exterior appearance of the School Building; and

7.6 Landlord shall have no duty to repair or maintain the School Building or any part thereof. In no event shall Landlord be liable in damages or otherwise for any failure, reduction or interruption of any utility or other services on or to the School Building; and

7.7 If Tenant fails to maintain the School Building and Common Areas as outlined above in Section 7 thru Section 7.7, Landlord may send a written demand to Tenant for performance of maintenance duties. If, after (30) business days of this written demand, Tenant has not remedied the situation and has continued to fail to perform maintenance duties, Landlord or its authorized representative may, but is not obligated, to perform maintenance duties. In performing such maintenance duties, Landlord will have no liability to Tenant for any loss or damage. In the event Landlord performs, or causes to be performed, any of Tenant's maintenance duties then Tenant shall be liable for all of Landlord's costs and expenses. Such performance of maintenance duties by Landlord shall not constitute a waiver of Tenant's default under Lease for failing to do same.

8. USE - Tenant may use the School Building for public school-related purposes, activities and programs. Tenant agrees to comply with all applicable laws, ordinances and regulations in connection with its use of the School Building. Tenant shall not allow the School Building to be used for any improper, immoral, unlawful, or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance (whether

public or private) in, on, under or about the School Building, including but not limited to objectionable or harmful noises and odors. Tenant shall not use the School Building in any manner that will constitute waste, nuisance or unreasonable annoyance to the owners or occupants of adjacent properties.

9. COOPERATION - Due to of overlapping use of a portion of Landlord's Property, Tenant agrees to fully cooperate with others authorized by Landlord in matters of access, parking, landscape maintenance, building maintenance and other matters affecting the Property.

10. MODIFICATIONS AND STRUCTURAL COMPONENT - Tenant shall not make nor cause to be made any alterations, installations, additions or improvements in, on, under or about the School Building without Landlord's prior written consent in each and every instance. Any proposed alterations, installations, additions or improvements desired by the Tenant shall be presented to Landlord in written form with detailed plans. All written consent given by Landlord shall be deemed conditioned upon: (a) Tenant's acquiring all applicable permits required by governmental authorities; (b) the furnishing of copies of such permits together with a copy of the plans and specifications for the alterations, installations or improvements to Landlord prior to commencement of the work thereon; and (c) the compliance by Tenant with all conditions of said permits in a prompt and expeditious manner. Any alterations, installations, additions or improvements during the term of the Lease shall be done in a good and workmanlike manner, with good and sufficient materials, and be in compliance with all applicable requirements.

Any alterations, installations, additions or improvements in or to said School Building, except movable furniture and movable trade fixtures, shall become a part of the realty and belong to Landlord and shall be surrendered with the School Building at the expiration of Lease or termination of Tenant's right to possession of the School Building; provided; however, that Landlord may require Tenant, at Tenant's sole cost and expense, to remove any alterations, installations, additions or improvements made by Tenant. Prior to the expiration or termination of this Lease, Tenant shall remove all Tenant's property and all of the property designated by Landlord for removal from the School Building, and make, or reimburse Landlord for the costs of, all repairs to the School Building resulting from such removal.

11. DAMAGE AND DESTRUCTION - If any building(s) now located on the Property is damaged or destroyed, Landlord shall have the option, but not the obligation, of restoring or replacing the building(s) or constructing a similar facility on the Property.

12. INDEMNITY - Tenant shall indemnify and defend Landlord from any claim, loss or liability arising out of or related to any activity of Tenant on or about the School Building to the extent insurable.

13. LIABILITY INSURANCE - Landlord shall not be responsible for any injury or damage to any person or property in or about the School Building caused by any act,

neglect, fault of, or omission of any duty by Tenant, its agent, servant, employees or invitees. Tenant agrees at its sole cost and expense to maintain insurance coverage in an amount of \$5,000,000 to fund any liability for any act, neglect, fault of or omission of any duty arising out of Tenant's use and occupation of the School Building. Tenant will provide Landlord with proof of liability insurance naming Landlord as "additional insured" prior to occupying the School Building for school purposes. Landlord shall maintain insurance on the building structure and on such building contents as are owned by the Landlord. Tenant shall be responsible for insuring its property.

14. WAIVER OF SUBROGATION - The Parties release each other and their respective authorized representatives from any claims for damage to any person or to the School Building and to the fixtures, personal property, tenant improvements and alterations of either Landlord or Tenant in or about the School Building that are caused by or result from risks insured against under the insurance policies required herein and in force at the time of such damage.

15. SIGNAGE - Tenant, at its cost, shall have the right to place, construct and maintain exterior signage on the Property in conformance with existing City Ordinances, including any required sign permit. Location of the exterior signage must have prior written approval of the Landlord. At the end of the lease term, Tenant, at its cost, shall cause the signage to be removed and any damage to the School Building shall be repaired by the Tenant at its sole expense.

16. RIGHT OF ENTRY - Landlord, or its designated agent, shall have the right to enter the School Building at reasonable times for the purpose of inspecting, maintaining, or repairing the same, subject only to providing reasonable notice. However, Landlord may enter the School Building at any time and without advance notice to Tenant if necessitated by an emergency situation, or if such entry is required in order to protect or preserve the School Building from incurring significant damage. In any case, Tenant agrees to not unreasonably refuse entry to Landlord.

17. ELECTION TO TERMINATE - Upon ninety (90) days' written notice to other Party, Tenant or Landlord may elect to terminate this Agreement with or without cause.

18. NOTICE - Any notice or communication that either Party desires or is required to give to the other Party shall be in writing and either served personally or sent by prepaid, first class mail addressed to the other Party at the address set forth below:

Landlord

Urban Renewal Agency
29799 SW Town Center Loop East
Wilsonville, Oregon 97070
Attn: Project Manager

Tenant

West Linn - Wilsonville School District
P.O. Box 35
West Linn, Oregon 97068
Attn: Director of Operations

Coordination and communication between the Parties regarding the terms of this Lease shall occur between Landlord's representative, Project Manager Kristin Retherford, and Tenant's representative, Director of Operations Tim Woodley.

19. ATTORNEY'S FEES - Should any Party to the Lease need to enforce any of the covenants, terms, or conditions of this Lease, including taking any action to cure default or initiate termination, that Party shall make a request in writing before taking any further action against the other Party. The Parties agree to first attempt to resolve any disputes arising under this Lease by mediation, and only if that process is unsuccessful should the Parties resort to any legal action as may be necessary or desirable.

20. VENUE - Claims, disputes or other matters in question between the Parties to this Lease arising out of or relating to this Lease or breach thereof shall be subject to and decided by mediation or arbitration. Such mediation or arbitration shall be conducted in accordance with the Construction Industry Mediation or Arbitration Rules of the American Arbitration Service of Portland, Oregon currently in effect. Any mediation or arbitration costs shall be split equally between the Parties.

21. SEVERANCE - Should a court of law determine by judgment that any of the covenants, terms, or conditions of this Lease are invalid or unlawful, then to the extent possible, such covenants, terms, or conditions shall be severed from the Lease, and any such judicial determination shall not impair the validity of the remainder of the Lease, which remainder shall constitute the whole of the Lease.

22. SUBLEASE - Tenant shall not assign or encumber its interest in this lease or in the School Building or sublease all or any part of the School Building or allow any other person or entity to occupy all or any part of the School Building without the prior written approval by Landlord.

23. BINDING ON SUCCESSORS - All rights and liabilities herein given to, or imposed upon, the respective Parties hereto shall extend to and bind the respective heirs, executors, administrators, successors and assigns of said Parties.

24. AUTHORITY - All individuals executing this Lease on behalf of that entity represent that they are authorized to execute and deliver this Lease on behalf of that entity.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease on the day and year first above written.

WEST LINN - WILSONVILLE SCHOOL DISTRICT

By: _____

Its: _____

Date: _____

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

By: _____

Arlene Loble
Executive Director

Date: _____

Exhibit List

Exhibit A ~Property

Exhibit B ~ School Building

Exhibit C ~ Common Area

Town Center Loop E

31W13CD02900

31W13CD03000

EXHIBIT A

 The Property

Photo: July 2007



Feet

50






EXHIBIT B

 The School Building

Photo: July 2007



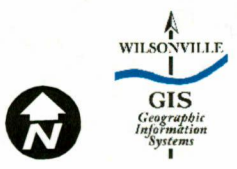
 Feet
50


Town Center Loop E

EXHIBIT C

 Common Areas

Photo: July 2007



 Feet
50

**COMMUNITY DEVELOPMENT DEPARTMENT
STAFF REPORT**

DATE: July 7, 2008
TO: Board Chair and Members
FROM: Kristin Retherford, Urban Renewal Project Manager
SUBJECT: Building lease to the West Linn/Wilsonville School District

Recommendation: Staff recommends the Urban Renewal Agency Board authorize the Agency's Executive Director to enter into a building lease with the West Linn/Wilsonville School District.

Background: The West Linn/Wilsonville School District has offered to rent the school building located on property acquired by the Agency from the Northwest District of the Wesleyan Church for \$80,000 per year for a three year, non-renewable term commencing July 2008. The space would be used for a variety of educational programming, including but not limited to:

- And expansion of the Art Tech program
- STEP – an intervention program for kids heading to expulsion
- Post high school programs for special education students up to age 21
- Life learning programs for kids who will always live in group homes
- Head Start preschool
- District preschool:
- Structured programs for suspended students (as an alternative to being at home or unsupervised in the community)
- Drug and alcohol programs; counseling and intervention for students
- Seminar space and interaction space for students enrolled in on-line courses
- Programs for expelled students

The District intends to construct over \$100,000 in tenant improvements as well as assume all maintenance responsibilities during the term of their lease.

Kristin Retherford
Urban Renewal Project Manager

Date