

GRESHAM REDEVELOPMENT COMMISSION AGENDA

COMMISSION CHAIR TRAVIS STOVALL

COMMISSION VICE CHAIR DINA DINUCCI
COMMISSION ACTING CHAIR JERRY HINTON
COMMISSIONER JANINE GLADFELTER

COMMISSIONER VINCENT JONES-DIXON
COMMISSIONER EDDY MORALES
COMMISSIONER SUE PIAZZA

GRESHAM REDEVELOPMENT COMMISSION November 21, 2023

OPEN SESSION – 3:00 P.M.

**Gresham Civic Center, Public Safety & Schools Building, Council Chambers
1331 NW Eastman Parkway, Gresham, Oregon**

PLEASE NOTE

The Gresham Redevelopment Commission is transitioning back to in-person meetings. Members of the public are now welcome to attend in-person in the Council Chambers. This meeting will also be broadcast live at [GreshamOregon.gov/Agendas](https://greshamoregon.gov/Agendas) and via Zoom, an online meeting platform.

The City's business hours are Monday through Friday from 8:00 a.m. to 5:00 p.m.

Persons who desire to access the meeting and are unable to access the meeting via the livestream at [GreshamOregon.gov/Agendas](https://greshamoregon.gov/Agendas) or via Zoom are encouraged to contact Johntae Ivory, Administrative Assistant II, by calling 503-618-2473 or emailing johntae.ivory@greshamoregon.gov by 5:00 p.m. two (2) business days before the meeting, so that the City can provide alternate arrangements.

Persons who desire translation services for this meeting must notify Johntae Ivory, Administrative Assistant II, by calling 503-618-2473 or emailing johntae.ivory@greshamoregon.gov by 5:00 p.m. three (3) business days before the meeting, so that the City can make arrangements for translation services.

ZOOM ACCESS LINK AND CALL-IN NUMBERS FOR THIS MEETING

Click the link below to join the webinar:

<https://greshamoregon.zoom.us/j/87895316107?pwd=YTIJZFJrcTV5SU8xa1NoVWdXWXhsZz09>

Passcode: 4xERZB5sqX

Or One Tap Mobile:

US: +16699006833,,87895316107#,,,,*4983688933# or +12133388477,,87895316107#,,,,*4983688933#

Or Telephone:

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 213 338 8477 or +1 253 215 8782 or +1 646 876 9923

Webinar ID: 878 9531 6107

Passcode: 4983688933

International numbers available: <https://greshamoregon.zoom.us/j/87895316107?pwd=YTIJZFJrcTV5SU8xa1NoVWdXWXhsZz09>

PLEASE NOTE

Instructions for signing up for **written or oral testimony** are provided on this agenda under section A (2): Instructions to Citizens on Signing Up for Public Testimony Regarding Agenda and Non-Agenda Items.

**GRESHAM REDEVELOPMENT COMMISSION AGENDA - REVISED
NOVEMBER 21, 2023 – PAGE 2**

TIME ESTIMATE (Minutes)

A.	CALL TO ORDER BY PRESIDING OFFICER	5
1.	ROLL CALL OF THE GRESHAM REDEVELOPMENT COMMISSION	
2.	INSTRUCTIONS TO CITIZENS FOR TESTIFYING ON AGENDA AND NON-AGENDA ITEMS	
	Written Testimony must be received by 6:00 p.m. on Monday, November 20, 2023, via email to Johntae Ivory, Program Technician, at johntae.ivory@greshamoregon.gov	
	Oral Testimony: Persons wishing to provide oral testimony must register their request to Johntae Ivory, Program Technician, by calling 503-618-2473 or emailing johntae.ivory@greshamoregon.gov by 6:00 p.m. on Monday, November 20, 2023 and include their name, email address, phone number, and subject matter of the oral testimony.	
	<i>Mr. Ivory will send persons who wish to provide oral testimony via Zoom a Zoom link to use to provide the oral testimony.</i>	
B.	CITIZEN AND COMMUNITY GROUP COMMENTS FOR AGENDA (EXCEPT PUBLIC HEARING) AND NON-AGENDA ITEMS	10
1.	CITIZEN AND COMMUNITY GROUP COMMENTS	
C.	CONSENT AGENDA	5
	Commission actions are taken in one motion on Consent Agenda items; however, Commission members can remove items from the Consent Agenda to be addressed separately.	
1.	GRESHAM REDEVELOPMENT COMMISSION MEETING MINUTES	
	Commission approval of this item will approve the minutes of the Commission meeting of September 19, 2023.	
2.	APPROVAL OF LEASE OF 18430 E BURNSIDE	
	The purpose of this action is to approve a lease of 18430 E Burnside to the current tenant on the property.	
D.	PUBLIC HEARING	0
	None	
E.	COMMISSION BUSINESS	0
	None	
F.	COMMISSION MEASURES AND PROPOSALS	0
	None	
G.	ADJOURNMENT OF MEETING	

TOTAL ESTIMATED TIME (MINUTES): 15

**GRESHAM REDEVELOPMENT COMMISSION AGENDA - REVISED
NOVEMBER 21, 2023 – PAGE 3**

MEETING BROADCAST AND REPLAY SCHEDULE

Live Broadcast

- Comcast Channel 22 (322 HD) or Frontier Channel 33
- City of Gresham website: GreshamOregon.gov/Videos. (Under “Upcoming Events,” select the Redevelopment Commission “Agenda.” An active link to the Zoom meeting is posted on page 1 of the Agenda. Phone numbers are also posted for the option of attending the meeting by phone.)

Replays

- 4th Monday of the same month at 6:00 p.m. on Comcast Channel 30 (330 HD) or Frontier Channel 38
- 1st Friday of the following month at 11:30 p.m. on Comcast Channel 30 (330 HD) or Frontier Channel 38
- Any time after 72 hours following the meeting: GreshamOregon.gov/Videos

GRESHAM

REDEVELOPMENT COMMISSION

AGENDA ITEM TYPE: DECISION

Gresham Redevelopment Commission Meeting Minutes

Meeting Date: November 21, 2023

Agenda Item Number: C-1

REQUESTED COMMISSION ACTION

Move to approve minutes from the Gresham Redevelopment Commission meeting of September 19, 2023.

ATTACHMENTS

A. Meeting Minutes: September 19, 2023

FROM

Johntae Ivory, Program Technician

REVIEWED THROUGH

Brian Monberg, Executive Director of the Gresham Redevelopment Commission

FOR MORE INFORMATION

Staff Contact: Johntae Ivory, Administrative Assistant II

Telephone: (503) 618-2473

Staff E-Mail: Johntae.Ivory@GreshamOregon.gov

Website: GreshamOregon.gov/Urban-Renewal

A. CALL TO ORDER BY PRESIDING OFFICER

Chair Travis Stovall called the Gresham Redevelopment Commission (GRDC) meeting to order on Tuesday, September 19, 2023, at 2:37 P.M. via Conference Call +1 253 215 8782, Meeting ID 878 9531 6107 or <https://greshamoregon.zoom.us/j/87895316107>

1. ROLL CALL OF THE GRESHAM REDEVELOPMENT COMMISSION

Chair Stovall called the roll.

COMMISSION PRESENT: Commission Chair Travis Stovall
Commission Vice Chair Dina DiNucci
Commissioner Acting Chair Jerry Hinton
Commissioner Janine Gladfelter
Commissioner Eddy Morales
Commissioner Vincent Jones-Dixon

COMMISSION ABSENT: Commissioner Sue Piazza

STAFF PRESENT: Helen Toloza, Interim City Attorney
Eric Schmidt, Assistant City Manager
Nina Vetter, City Manager
Brian Monberg, Gresham Redevelopment Commission Executive Director
Johntae Ivory, Program Technician

2. INSTRUCTIONS TO CITIZENS ON SIGNING UP FOR PUBLIC TESTIMONY REGARDING AGENDA AND NON-AGENDA ITEMS

Chair Travis Stovall read the instructions.

B. CITIZEN AND COMMUNITY GROUP COMMENTS FOR AGENDA (EXCEPT PUBLIC HEARING) AND NON-AGENDA ITEMS

1. CITIZEN AND COMMUNITY GROUP COMMENTS

Johntae Ivory, Recording Secretary, reported that we have 3 public testimonies today:

- Ambrosia Johnson – Owner of The Lamb Clothing & Accessories
- Tralice Lewis – Owner of Callies Custom Hat Wigs
- Patrik McDade – Founder & Director for People-Place-Things

2 written testimonies submitted:

- Amanda Becket - Owner/Operator of Rad Root
- Patrik McDade - Founder & Director for People-Place-Things

C. CONSENT AGENDA

1. GRESHAM REDEVELOPMENT COMMISSION MEETING MINUTES

Commission approval of this item would approve the minutes of the Commission meetings of July 18, 2023.

Chair Stovall called for a motion on the Consent Agenda.

Motion was made by **Commissioner DiNucci** and seconded by **Commissioner Gladfelter** APPROVE CONSENT AGENDA ITEM C-1.

Chair Stovall asked if there was any discussion on the Consent Agenda or motion.

Hearing none, **Chair Stovall** called for the vote. The motion passed as follows:

Commission Chair Travis Stovall	YES
Commissioner Acting Chair Jerry Hinton	YES
Commission Vice Chair Dina DiNucci	YES
Commissioner Vincent Jones-Dixon	YES
Commissioner Eddy Morales	YES
Commissioner Sue Piazza	YES

D. PUBLIC HEARING

None

E. COMMISSION BUSINESS

1. 2029 COMMUNITY INVESTMENT FRAMEWORK: PROPOSED PRIORITIES AND PROJECTS

Staff will be presenting the draft 2029 Community Investment Framework proposed priorities and projects for Commission consideration and discussion.

Brian Monberg, Gresham Redevelopment Commission Executive presented the staff report. (Power Point presentation attached as Exhibit A.)

Commissioner Gladfelter asked if there's money allocated to each priority and is it feasible to accomplish the list of priorities with the help of other resources. She used the fire station as an example of how much funding it would cost to redevelop.

- Housing
- Community Safety
- Economic Opportunity
- Transportation
- Community Vibrancy

Mr. Monberg said that is the foundational question in terms of moving this forward and commit to putting them into the capital improvement program. If these look good to the commission, staff will focus on these priorities instead of other ideas. He said staff would be interested in proceeding in more detail with the Gresham Fire department about the cost of building a new fire station.

Eric Schmidt, Assistant City Manager said he had preliminary conversations with the Fire Chief and International Association of Fire Fighters (IAFF). They provided an estimate of 18-20 million dollars to build a new fire station and the building within the Urban Renewal area is well beyond its service life.

Mr. Monberg gave an estimate of 2–4-million-dollar range to help benefit ownership housing that would allow us to invest and produce. We had on the books planning level estimates for street improvements that would help improve Yamhill Street that range from 2-5 million dollars that could be leveraged for a regional or state grant. The economic development estimate is under 5 million dollars. Each of those priorities would meet the Urban Renewal plan and objectives in the 2–5-million-dollar range. We want to introduce what is feasible for success for each category and balance the economic trade-offs to give you an opportunity to weigh in on those as a commission in terms of where you want to invest.

Commissioner Hinton said it wasn't long ago that a proposed cost for a fire station was 8 million and now in a year it has gone from 8 million to 20 million. He asked if that is based off the price of a Hillsboro station.

Mr. Schmidt said yes, with inflation, construction cost, bay size, and living quarters, he understands it is a big number for a new fire station. If you're building a type of public facility that has a service life of 50-75 years and that is expected to withhold and be serviced after a seismic event, it increases the cost.

Commissioner Hinton asked if we have State and Federal funding for the money the city was awarded for redevelopment.

Mr. Monberg explained the projections were talking about are based on the funds that we have as part of the tax increment district though the city and we can certainly leverage effectively State and Federal funds for others. There is no funding allocation or a dedicated pool of funds at the State or Federal level that are directly contributing to the Urban Renewal program. Virtually every project that has been done goes into the Capital Improvement program and usually has some matching funds.

Commissioner Hinton asked about the average ratio that comes from the City versus State and Federal.

Mr. Monberg said one example from an assessment done by our consulting team is we've been able to get 4 times the return on a dollar. For every dollar of open renewal funds, there's been 4 times return that's either came from public or private funding to match it.

Commissioner Hinton asked, when was the last time was looked at changing the boundaries of Urban Renewal area?

Mr. Monberg explained there has been an assessment over the last few years. Any changes to the boundary would require voter approval for our Urban Renewal plan.

Commissioner Hinton would like the county to turn over Vance Park to the City of Gresham, because it's a huge point of destination and would help define Gresham. He believes we would all be proud, but we need more public pressure to push the County in that direction.

Commission Vice Chair Dina DiNucci acknowledged she serves on the Gresham Redevelopment Advisory Committee (GRDCAC) and said how great the discussions are and have great ideas, and she appreciates them. She explained, the advisory committee has talked about checking multiple boxes off when discussing future projects like with the fire station being used as a community center or adding training programs for high schoolers to go through and look at careers. They also had an idea we can

use build building that include public art as part of them. She believes it makes more sense to see dollar amounts and then make decisions on projects. The Commissioner asked about TriMet shelters being updated and if there have been specific needs or concerns in specific areas that were targeted because of accidents or is it just a broader vision?

Mr. Monberg said specific to safety, there has been good staff work in Urban Design & Planning and DES and there has been an active transportation plan that did prioritize pedestrian and bicycle improvements citywide, but certainly have implication to this area. We know there are areas where a lot of people like to walk and bike. He explained we have had a good dialogue with TriMet who have capital improvements planned and programed for this area. We will continue to work with them to support TriMet and the investments that would be made along the blue lines.

Commission Vice Chair Dina DiNucci said she wanted to bring up a discussion she had with Commissioner Dixon about utilizing things that we build or things that we do to the utmost ability. She said, when we talk about asset-based community development and utilizing what's in our community as much as possible like our police station. She would like us to look at ways to make it more beneficial for the community to get access to.

Chair Stovall said the priorities are foundational and he believes there's a lot of things discussed today that are springboards for things we can do. Moving forward, we need to leverage for all the facilities and remaining dollars that we can leverage. He asked, what are we really trying to accomplish when it comes to available home ownership housing. The concept of foundational ownership is generational wealth creation. Those types of things may be accomplished through different hybrids and innovative solutions that make be available to us that we're not thinking about. He believes the fire station is critical and they're not getting any cheaper. We have put off construction for way to long as a community and every year that we extend this, the debt of our facility gets greater and greater. We must start turning our focus to our capital and our capital improvements. It's the things we've under invested and historically these types of things are funded through general obligation bonds which we haven't seen in decades as we know. If there's any way, we can leverage the dollars and cents to be able to better invest in the community, we must do it. He said we want to provide a catalyst going forward. He's a huge fan of the concept of guiding the Vance Property forward and will continue to have conversations and he appreciates the feedback from the GRDC Advisory Committee.

F. COMMISSION MEASURES AND PROPOSALS

None

G. ADJOURNMENT OF MEETING

Hearing no further business, Chair Stovall adjourned the meeting at 3:55 P.M

TRAVIS STOVALL
CHAIR

Respectfully submitted,

**GRESHAM REDEVELOPMENT COMMISSION MEETING MINUTES
SEPTEMBER 19, 2023 – PAGE 5 OF 5**

/s/ Jhntae Ivory

Jhntae Ivory
Recording Secretary

GRESHAM

REDEVELOPMENT COMMISSION

AGENDA ITEM TYPE: DECISION

Approval of Lease of 18430 E Burnside

Meeting Date: November 21, 2023

Agenda Item Number: C-2

REQUESTED COMMISSION ACTION

Move to approve the Lease of 18430 E Burnside to the current tenant of the property.

PUBLIC PURPOSE AND COMMUNITY OUTCOME

The Gresham Redevelopment Commission purchased the property located at 18430 E Burnside in July, 2023. The current tenant's Lease expired during the timeline of the GRDC acquisition this summer, and the new proposed lease offers a three-year term.

The acquisition of the property supports Goals 2 and 8 of the Rockwood-West Gresham Renewal Plan: Goal 2, "Improve the Rockwood Town Center;" and Goal 8, "Promote Quality Development." Leasing the property, which is not proposed for immediate redevelopment, maintains an active tenant on the site and brings some income to the GRDC.

BACKGROUND

The Gresham Redevelopment Commission purchased this property in July 2023. It is comprised of three addresses: 18428, 18430, 18432 E Burnside. It is approximately 0.6 acres in size and adjacent to the Downtown Rockwood Development and the future B188 redevelopment site. The Lease under consideration today is for Classic Heat Source, a long-time tenant of 18430 E Burnside. The current tenant's Lease expired during the timeline of the GRDC acquisition this summer, and the new proposed lease offers a three-year term.

There are currently two other businesses located on the property with active leases. Staff recommends continuing the leases in the near future until the site is ready for redevelopment. GRDC ownership of this parcel ensures that it can be redeveloped in the future in a manner consistent with the goals of the Urban Renewal Plan and the GRDC. Dunn Carney LLP has represented the GRDC as legal counsel in this property transaction.

RECOMMENDATION and ALTERNATIVES

Move to approve the Lease of 18430 E Burnside to the current tenant of the property.

GRDC options include:

1. Approve the proposed Lease with modifications.

2. Elect not to approve the Lease at this time. Current tenant will be subject to hold-over provisions of previous lease until further action is taken.

BUDGET / FINANCIAL IMPACT

Approval of this Lease would generate \$122,412 in revenue over the three-year term of the Lease.

PUBLIC INVOLVEMENT

The GRDC approval of the property acquisition occurred on July 18, 2023. Staff has been in discussion with the private business at the address since that time.

NEXT STEPS

Staff will execute the Lease upon approval of the Lease by the GRDC.

ATTACHMENTS

A. Draft Lease

FROM

Brian Monberg, GRDC Executive Director

REVIEWED THROUGH

Eric Schmidt, Assistant City Manager
David Ross, Assistant City Attorney

FOR MORE INFORMATION

Staff Contact: Brian Monberg
Telephone: 503-618-2418
Staff E-Mail: Brian.Monberg@GreshamOregon.gov
Website: www.GreshamOregon.gov/UrbanRenewal

MULTI-TENANT RETAIL LEASE (OREGON)

Between

Gresham Redevelopment Commission

“Landlord”

And

Classic Heat Source Inc.

“Tenant”

Dated:

January 1, 2024

MULTITENANT RETAIL LEASE

Commercial Association of Brokers Oregon/SW Washington ©2006

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1 BASIC LEASE PROVISIONS	1
1.1 Name of Landlord ("Landlord").....	1
1.2 Address for Notices to Landlord.....	1
1.3 Address for Rent Payments.....	1
1.4 Name of Tenant ("Tenant") and	1
1.5 Address for Notices to Tenant	1
1.6 Business to be conducted by	2
1.7 Trade Name to be used by Tenant at Premises	2
1.8 Gross Leasable Area ("GLA") of Premises	2
1.9 Lease Term	2
1.10 Lease Dates	2
1.10.1 Date of Delivery of Possession.....	2
1.10.2 Lease Commencement	2
1.10.3 Rent Commencement Date	2
1.10.4 Date Payment of Percentage Rent Commences.....	2
1.10.5 Date Payment of Operating Expense Commences	2
1.10.6 Expiration Date	2
1.11 Minimum Rent.....	2
1.12 Minimum Rent Increase.....	3
1.13 Percentage Rent Rate	3
1.14 Tenant's Proportionate Share (Building).....	3
1.15 Tenant's Proportionate Share (Center).....	3
1.16 Minimum Hours of Operation	3

TABLE OF CONTENTS (cont'd.)

	<u>Page</u>
1.17 Landlord's Broker.....	3
1.18 Tenant's Broker	3
1.19 Security Deposit.....	3
1.20 Prepaid Rent.....	3
1.22 Radius Restriction Area	3
1.23 Exhibits	3
1.24 Definitions	4
1.24.1 Building.....	4
1.24.2 Center	4
1.24.3 Common Area.....	4
1.24.4 Default Interest Rate	4
1.24.5 [Intentionally Omitted]	4
1.24.6 Gross Leasable Area	4
1.24.7 [Intentionally Omitted]	4
1.24.8 Hazardous Materials	5
1.24.9 Landlord's Work.....	5
1.24.10 Lease Commencement Date	5
1.24.11 Premises	5
1.24.12 Rent Commencement Date	5
1.24.13 Site Plan	5
1.24.14 Tenant's Work	6
SECTION 2 DEMISE OF PREMISES; USE OF COMMON AREAS	5
2.1 Demise of Premises	5
2.2 Right to Use Common Area.....	5

TABLE OF CONTENTS (cont'd.)

	<u>Page</u>
SECTION 3 POSSESSION AND COMMENCEMENT OF TERM.....	6
3.1 Delivery of Possession and Commencement of Term.....	6
3.2 [Intentionally Omitted]	6
3.3 [Intentionally Omitted].....	7
SECTION 4 RENT	7
4.1 Minimum Rent.....	7
4.2 Minimum Rent Increase.....	7
4.3 [Intentionally Omitted]	7
4.4 Additional Rent.....	8
4.4.1 Operating Expenses	8
4.4.1.1 Operating Year.....	9
4.4.2 Taxes.....	9
4.4.3 Written Statement of Estimate.....	9
4.4.4 Final Written Statement	10
4.4.5 Tenant Examination	10
4.4.6 Tenant's Proportionate Share.....	11
4.4.7 Late Charges	11
4.5 Place of Payment	11
4.6 Cap on Operating Expenses and Taxes.....	11
SECTION 5 USE	12
5.1 Permitted Use.....	12
5.2 Further Covenants as to Use	12
5.3 Continuous Operation	12
5.4 Name of Business	13

TABLE OF CONTENTS (cont'd.)

	<u>Page</u>
5.5 Storage; Trash; Recycling.....	13
5.6 [Intentionally Omitted]	13
5.7 Protected Use.....	13
SECTION 6 UTILITIES.....	13
SECTION 7 INSURANCE; INDEMNITY	14
7.1 Tenant’s Insurance	14
7.1.2 Casualty and Business Interruption Insurance	14
7.1.3 Workmen’s Compensation Insurance	14
7.1.4 Insurance Policies	14
7.2 Landlord’s Insurance	15
7.3 Waiver of Subrogation.....	15
7.4 Indemnity of Landlord	15
SECTION 8 REPAIRS, MAINTENANCE AND ALTERATIONS.....	16
8.1 Maintenance of Premises and Building	16
8.2 Condition of Premises upon Termination.....	16
8.3 Alterations.....	16
8.4 Trade Fixtures	17
8.5 Entry and Inspection	17
8.6 Maintenance of Common Areas	17
SECTION 9 RECONSTRUCTION AND RESTORATION	17
9.1 Minor Damage	17
9.2 Substantial Damage	18
9.3 Abatement of Rent	18
9.4 Repair of Leasehold Improvements and Tenant’s Property	18

TABLE OF CONTENTS (cont'd.)

	<u>Page</u>
SECTION 10 ASSIGNMENT AND SUBLETTING.....	18
SECTION 11 CONDEMNATION.....	19
11.1 Entire or Substantial Taking.....	19
11.2 Partial Taking.....	19
11.3 Awards.....	19
SECTION 12 SIGNS.....	20
SECTION 13 OTHER OBLIGATIONS OF PARTIES.....	20
13.1 Liens.....	20
13.2 Surrender and Holding Over.....	20
13.3 Rights of Landlord.....	20
13.4 Priority of Lease.....	21
13.5 Landlord's Liability; Sale.....	21
13.6 Estoppel Certificate.....	21
13.7 Rules and Regulations.....	21
13.8 Existing Restrictions.....	22
13.9 Covenant of Quiet Enjoyment.....	23
SECTION 14 DEFAULTS; REMEDIES.....	23
14.1 Default.....	23
14.1.2 Payment Default.....	23
14.1.2 Unauthorized Transfer.....	23
14.1.3 Abandonment of Premises.....	23
14.1.4 Default in Certain Covenants.....	23
14.1.5 Default in Other Term Covenant.....	23
14.1.6 Insolvency Defaults.....	24

TABLE OF CONTENTS (cont'd.)

	<u>Page</u>
14.2 Remedies on Default.....	24
14.2.1 Retake Possession.....	24
14.2.2 Relet the Premises.....	24
14.2.3 Damages for Default.....	24
14.3 Cure of Tenant’s Default	25
14.4 Landlord Default.....	24
SECTION 15 SECURITY DEPOSIT.....	25
SECTION 16 LANDLORD’S AND TENANT’S WORK.....	26
SECTION 17 MISCELLANEOUS	26
17.1 Waivers	26
17.2 Recording.....	26
17.3 Notices	26
17.4 Exhibits.....	26
17.5 Construction of Lease Provisions	26
17.6 Successors.....	27
17.7 Attorneys’ Fees; Waiver of Jury Trial	27
17.8 Dispute Resolution.....	27
17.8.1 Disputes Subject to Arbitration	27
17.8.2 [Intentionally Omitted]	27
17.8.3 Arbitration.....	28
17.9 Hazardous Materials	29
17.9.1 Tenant's Representations.....	29
17.9.2 Tenant's Indemnity.....	29
17.10 Force Majeure	30

TABLE OF CONTENTS (cont'd.)

	<u>Page</u>
17.11 Limitation of Liability.....	30
17.11 Authority	30
17.12 No Offer	30
17.14 Confirmation of Understanding	30

MULTI-TENANT RETAIL LEASE (OREGON)

In consideration of the mutual promises of the parties set forth in this Multi-Tenant Shopping Center Lease (the "Lease"), the parties agree as follows:

SECTION 1 BASIC LEASE PROVISIONS

This Section sets forth certain definitions and a summary of the basic provisions contained in the Lease. In the event of any conflict between any provision contained in this Section 1 and a provision contained in the balance of the Lease, the latter shall control.

- 1.1 Name of Landlord ("Landlord"): Gresham Redevelopment Commission
- 1.2 Address for Notices to Landlord:
c/o KMO Real Estate
333 N. Main Avenue #109
Gresham, OR 97030
kerryann@kmorealestate.com
Phone No.: 503-661-8000 ext. 109
503-489-1150 (direct)
- 1.3 Address for Rent Payments:
c/o KMO Real Estate
333 N. Main Avenue #109
Gresham, OR 97030
kerryann@kmorealestate.com
Phone No.: 503-661-8000 ext. 109
503-489-1150 (direct)
- 1.4 Name of Tenant ("Tenant") and Address of Premises:
Classic Heat Source Inc.
18430 E. Burnside St.
Portland, OR 97233
- 1.5 Address for Notices to Tenant:
18430 E. Burnside Street
Portland, OR 97233
Phone No.: 503-669-7200
Email: fredk@classicheat.com
- 1.6 Business to be conducted by Tenant at Premises (see Section 5.1)
Retail sale of and the servicing and warehousing of woodstoves, barbecues, pellet stoves, gas fireplaces, parts and hearth accessories, and the retail sale of propane gas.

- 1.7 Trade Name to be used by Tenant at Premises (see Section 5.4) Classic Heat Source
- 1.8 Gross Leasable Area (“GLA”) of Premises: Approximately 3,292 sf
- 1.9 Lease Term (see Section 3): Thirty-six (36) months.
- 1.10 Lease Dates: January 1, 2024 – December 31, 2026
- 1.10.1 Date of delivery of possession: Tenant already in possession
- 1.10.2 Lease Commencement Date: January 1, 2024
- 1.10.3 Rent Commencement Date: January 1, 2024
- 1.10.4 Date Payment of Operating Expenses Commences: January 1, 2024
- 1.10.5 Expiration Date: December 31, 2026
- 1.11 Minimum Rent: (See Section 4).

<u>Month of Term</u>	<u>Monthly Minimum Rent</u>
<u>1-01-24 - 12-31-24</u>	<u>\$2,000.00</u>
<u>1-01-25 - 12-31-25</u>	<u>\$2,060.00</u>
<u>1-01-26 - 12-31-26</u>	<u>\$2,122.00</u>

- 1.12 Minimum Rent Increase (See Section 4.2)
- 1.13 Percentage Rent Rate: N/A
- 1.14 Tenant’s Proportionate Share (Building): N/A
- 1.15 Tenant’s Proportionate Share (Center): [45.2%]
- 1.16 Minimum Hours of Operation:
(See Section 5.3) N/A
- 1.17 Landlord’s Broker:
(See Section 17.11) N/A

- 1.18 Tenant's Broker:
(See Section 17.11) N/A
- 1.19 Security Deposit:
(See Section 15) \$ 1,850.00
- 1.20 Prepaid Rent:
(See Section 4.1) \$ N/A
- 1.21 Special Terms: N/A
- 1.22 Exhibits:
Exhibit A – Legal Description of the Center
Exhibit B1 – Site Plan of Center
Exhibit B2 – Floor Plan of Building with Premises Shown
Exhibit C – Rules and Regulations

1.23 Definitions:

1.23.1 Building: That certain building in the Center in which the Premises is located consisting of approximately 3292 square feet of Gross Leasable Area.

1.23.2 Center: That certain shopping center located in the City of Gresham, County of Multnomah, State of Oregon, consisting of approximately 7,292 square feet of Gross Leasable Area, and substantially as shown on the Site Plan. The legal description of the Center is attached as Exhibit A hereto.

1.23.3 Common Area: All areas and facilities within the Center not appropriated to the exclusive occupancy of tenants, including all vehicle parking spaces and areas, roads, traffic lanes, driveways, sidewalks, pedestrian walkways, landscaped areas, signs, service delivery facilities, common storage area, common utility facilities and all other areas provided and designated by Landlord for the nonexclusive use of Landlord, Tenant and other tenants of the Center and their respective employees, guests and invitees that from time to time exist.

1.23.4 Default Interest Rate: The prime rate of interest as declared by a major bank of national standing plus two (2) percentage points but not, in any event at a rate greater than the maximum rate of interest permitted by law, calculated from and after the date of Default or expenditure until paid.

1.23.5 Intentionally Omitted.

1.23.6 Gross Leasable Area: With respect to the Building (and each separate store space therein, including the Premises), the aggregate of: (i) the number of square feet of floor space on the ground level floor as measured from the outside of exterior walls or the center of any common walls, as the case may be, without deduction for columns or other structural elements within the Building. The Gross Leasable Area of the Center shall be equal to the aggregate amount of the Gross Leasable Areas of all premises in the Center as the same may be

modified, altered, expanded or reduced from time to time, but excluding the Gross Leasable Area of any noncontiguous storage areas, mezzanines, basements or kiosks. The Gross Leasable Area is sometimes referred to herein as the "GLA."

1.23.7 Intentionally Omitted.

1.23.8 Hazardous Materials: Petroleum, asbestos, polychlorinated biphenyls, radioactive materials, radon gas or any chemical, material or substance defined as or included in the definition of "hazardous substances, hazardous waste, hazardous materials, extremely hazardous waste, restrictive hazardous waste, or toxic substances," respectively, or words of similar import under any applicable federal, state or local law, ordinance, statute, rule or regulation, including but not limited to, the Comprehensive Environmental Response Compensation Liability Act of 1980, as amended, the Federal Water Pollution Control Act, as amended, ORS Chapter 465, Hazardous Materials, I, ORS Chapter 466, Hazardous Waste and Hazardous Materials II, ORS Chapter 468, Pollution Control and the Hazardous Materials Transportation Act, or any regulation or publication adopted or promulgated pursuant thereto, and any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Premises or the occupants of the Center on which may or could pose a hazard to the environment.

1.23.9 Landlord's Work: None.

1.23.10 Laws: All zoning and building laws, and all other laws, statutes, codes, ordinances, rules, regulations and other governmental requirements now in effect or becoming effective after the date this Lease is executed.

1.23.11 Lease Commencement Date: The Lease Commencement Date set forth in Section 1.10.

1.23.12 Premises: Those certain Premises consisting of the GLA in the Building as set forth in Section 1.8 above plus all loading docks and other appurtenances used exclusively by Tenant, which are located substantially as shown on the Building Floor Plan (See Exhibit B-2).

1.23.13 Rent Commencement Date: The Rent Commencement Date set forth in Section 1.10.

1.23.14 Site Plan: That certain Site Plan attached hereto as Exhibit B-1 showing the Premises, Building and Center thereon.

1.23.15 Tenant's Work: None.

SECTION 2 DEMISE OF PREMISES; USE OF COMMON AREAS

2.1 Demise of Premises. Commencing on the Lease Commencement Date, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises constructed or to

be constructed by Landlord in the Center for the Term as set forth in Section 1.9 above.

2.2 Right to Use Common Area. As an appurtenance to the Premises, Tenant, its employees, contractors and invitees shall have the right to use the Common Area for ingress and egress to and from the Premises and for automobile parking, on a non-exclusive basis and in common with other Tenants of the Center, upon the terms and conditions contained in this Lease and subject to such reasonable rules and regulations as Landlord may from time to time promulgate. Tenant shall not at any time park, or permit the parking, of motor vehicles in truck passageways or adjacent to any service delivery facility so as to interfere in any way with the use thereof by others, nor shall Tenant at any time park or permit parking of motor vehicles of its employees, suppliers or vendors other than in designated areas of the Common Area. Provided that Tenant's use of the Premises is not materially adversely affected thereby, Landlord shall have the right, which may be exercised from time to time and at any time in Landlord's sole discretion, to: (i) delete and or reconfigure portions of the Common Area; (ii) create additional legal parcels in the Common Area and improve such parcels with buildings; and (iii) use portions of the Common Area for any commercial purpose (including recycling centers, firework stands, and pay telephones). All parts of the Center including without limitation the Common Areas within the Center shall be used in strict compliance with the Rules and Regulations. Tenant shall not use any area outside of the Premises for any purpose other than those designated in writing given by Landlord to Tenant in advance. Tenant shall park and cause its employees, agents, and independent contractors to park only in those areas designated by Landlord from time to time. Tenant shall use, and cause its employees, suppliers, agents, and independent contractors to use loading areas in accordance with the Rules and Regulations. Tenant and Tenant's agents, employees, and independent contractors are prohibited from going on the roof or penetrating the roof.

SECTION 3 POSSESSION AND COMMENCEMENT OF TERM

3.1 Delivery of Possession and Commencement of Term. Tenant is occupying the Premises pursuant to that certain Commercial Lease dated for reference purposes as of May 31, 2007 and executed September 14, 2007, between Gresham Redevelopment Commission, as successor in title to William P. Hargrave, as landlord, and Classic Heat Source Inc, as tenant, which was amended by Amendment to Lease dated May 1, 2012; Second Amendment to Lease dated April 22, 2015; Third Amendment to Lease dated April 1, 2017; Fourth Amendment to Lease dated February 12, 2019; and Fifth Amendment to Lease dated February 8, 2021 (the "Prior Lease"). The Prior Lease shall terminate as of the Commencement Date of this Lease and, after such termination, neither party shall have any further liability to the other under the Prior Lease except for those obligations that survive the expiration of the Prior Lease under its terms. The parties agree that the Security Deposit Landlord is holding pursuant to the Prior Lease shall continue to be held by Landlord as the Security Deposit under this Lease. Tenant accepts the Premises "AS IS, WHERE IS" and as suitable for Tenant's intended use, in good and sanitary operating order, condition and repair, and without representation or warranty by Landlord as to the condition, use or occupancy which may be made thereof and acknowledges that the Gross Leasable Area of the Center, Building and Premises is as set forth in Section 1 above. Tenant shall be deemed to have measured the Premises and to have agreed that calculations of the Gross Leasable Area of the Premises, Building and Center are accurately set forth in Sections 1.8,

1.23.1, and 1.23.2 respectively. Landlord shall have the right to remeasure the Premises, the Building, and/or the Center and adjust the Additional Rent payable by Tenant based on such remeasurement.

3.2 Intentionally Omitted.

3.3 Intentionally Omitted.

SECTION 4 RENT

4.1 Minimum Rent

Throughout the Term, Tenant shall pay to Landlord, as minimum rent, the amounts set forth in the schedule set forth in Section 1.11 (“Minimum Rent”). Tenant shall pay Minimum Rent in advance on the first day of each calendar month of the Term at the address for rent payments set forth in Section 1.3, or at such other place as Landlord shall designate from time to time except that Tenant shall pay the first month’s Minimum Rent and Security Deposit on the date Tenant executes this Lease.

4.2 Minimum Rent Increase

Effective on each anniversary date of the Rent Commencement Date (each an “Adjustment Date”), Minimum Rent shall be increased by three percent (3%).

4.3 Intentionally Omitted

4.4 Additional Rent

4.4.1 Operating Expenses. For purposes of this Lease, the term “Operating Expenses” shall mean all expenses paid or incurred by Landlord (or on Landlord’s behalf) as reasonably determined by Landlord as necessary or appropriate for the operation, maintenance, repair and replacement of the Building, Center and the Common Areas thereon, including without limitation: (i) salaries, wages and benefits of employees of Landlord engaged in the repair, operation, maintenance and replacement thereon; (ii) payroll taxes, worker’s compensation insurance, uniforms and related expenses for such employees; (iii) the cost of all gas, utilities, sewer charges and other services furnished to the Building, Center or Common Areas (but not any individual premises in the Building or the Center); (iv) the cost of maintaining and repairing the Building, Center and Common Areas, including any replacement thereof; (v) the cost of all comprehensive general liability and “all risk” casualty insurance carried by Landlord, insuring the Building, Center and Common Areas; (vi) the cost for rental of all supplies and tools necessary for the maintenance and repair of the Building, Center and Common Areas; (vii) the cost of capital improvements, replacements and remodelings of the Common Areas, the cost of which shall be amortized (with interest on the unamortized balance at a commercially reasonable rate, as determined by Landlord) over the useful life of the improvements or remodelings and otherwise in accordance with generally accepted accounting principles uniformly applied as reasonably estimated by Landlord; (viii) alterations and improvements to the Building, Center and Common Areas (as opposed to those provided for the

exclusive benefit of any individual tenant of the Center) made by reason of laws and requirements of any public authority or the requirements of any insurance body, but excluding any such alteration or improvement that is included in Landlord's obligation to deliver the Premises, Building, Common Areas and Center in compliance with Law, as set forth in Section 3.1 above; (ix) management fees paid to a third party, or if no managing agent is employed by Landlord, Landlord shall be entitled to charge a reasonable management fee, and such fee shall be included in the Operating Expenses; (x) reasonable legal, accounting and other professional fees incurred in connection with the operation, maintenance, repair, replacement and management of the Building, Center and Common Areas; (xi) the cost of landscape and parking area maintenance, repair and, when necessary, as determined by Landlord, including the replacement thereof; (xii) janitorial and cleaning supplies and services; and (xiii) all other charges properly allocable to the operation, repair, maintenance and, if necessary, replacement of the Center, Common Areas, Building and Building Systems in accordance with generally accepted accounting principles.

4.4.1.1 Operating Year. The term "Operating Year" shall mean each calendar year of the Term. In the event the Lease Commencement Date or the Expiration Date occurs on any date other than the first (1st) day of the calendar year, all calculations, costs and payments referred to in this Section 4 shall be prorated for such portion of the calendar year to which they apply.

4.4.2 Taxes. The term "Taxes" shall include (i) all real and personal property taxes, charges, rates, duties and assessments (including local improvement district assessments) levied or imposed by any governmental authority with respect to the Center or any portion thereof, and any improvements, fixtures and equipment located therein or thereon, and with respect to all other property, real or personal, located in or on the Center, Common Areas and/or Building; (ii) any tax in lieu of or in addition to, or substitution of a real property tax; and (iii) any tax or excise levied or assessed by any governmental authority on the Rent payable under this Lease or Rent accruing from the use of the Center or any portion thereof, provided that this shall not include federal or state, or personal income taxes. If Landlord receives a refund of Taxes, then Landlord shall credit such refund, net of any professional fees and costs incurred by Landlord to obtain the same, against the Taxes for the Operating Year to which the refund is applicable or the current Operating Year, at Landlord's option. Notwithstanding the foregoing, Tenant shall pay before delinquency all taxes, assessments, license, fees and charges assessed, imposed or levied on (a) Tenant's business operations, (b) all trade fixtures, (c) leasehold improvements (d) merchandise and (e) other personal property in or about the Premises.

4.4.3 Written Statement of Estimate. Prior to the Lease Commencement Date, Landlord shall furnish Tenant with a written statement setting forth Landlord's estimate of the cost of Operating Expenses and Taxes and Tenant's Proportionate Share (Center) thereof for the first Lease Year. Thereafter, prior to the commencement of each Operating Year after the first Operating Year or as soon thereafter as reasonably possible, Landlord shall furnish Tenant with a written statement setting forth the estimated cost of Operating Expenses and Taxes and Tenant's Proportionate Share (Center) thereof for the next Operating Year. Tenant shall pay to Landlord as Additional Rent commencing on the Lease Commencement Date, and thereafter on the first day of each calendar month, an amount equal to one-twelfth (1/12th) of the amount of Tenant's

Proportionate Share (Center) of the estimated cost of Operating Expenses and Taxes, as shown in Landlord's written statement for that Operating Year. In the event Landlord fails to deliver said written estimate, Tenant shall continue to pay to Landlord an amount equal to one-twelfth (1/12th) of Tenant's Proportionate Share (Center) of the estimated cost of Operating Expenses and Taxes for the immediately preceding Operating Year until Landlord does furnish the written estimate. Upon receipt of such written estimate, Tenant shall pay an amount equal to the difference between Tenant's Proportionate Share (Center) of the estimated cost of Operating Expenses and Taxes for the expired portion of the current Operating Year and the Tenant's actual payments during such time, and any payments by Tenant in excess of Tenant's Proportionate Share (Center) of the estimated cost of Operating Expenses, Taxes and Insurance shall be credited to the next due payment of Rent from Tenant. Landlord reserves the right, from time to time, to adjust the estimated cost of Operating Expenses and Taxes, and Tenant shall commence payment of one-twelfth (1/12th) of such revised estimate on the first (1st) day of the month following receipt of the revised estimate.

4.4.4 Final Written Statement. Within one hundred twenty (120) days after the close of each Operating Year during the Term, Landlord shall deliver to Tenant a written statement (the "Operating Statement") setting forth Tenant's Proportionate Share (Center) of the actual cost of Operating Expenses and Taxes for the Center for the preceding Operating Year for each such item. In the event Tenant's Proportionate Share (Center) of the actual cost of Operating Expenses and Taxes for the preceding Operating Year is greater than the amount paid by Tenant for such Operating Expenses and Taxes, Tenant shall pay the amount due to Landlord as Additional Rent within thirty (30) days after receipt by Tenant of such statement. In the event Tenant's Proportionate Share (Center) of the actual cost of Operating Expenses and Taxes for the preceding Operating Year is less than the amount paid by Tenant for such Operating Expenses and Taxes, then Landlord shall, at Landlord's election, either (i) pay the amount of Tenant's overpayment to Tenant within thirty (30) days following the date of such statement, or (ii) apply such overpayment to Tenant's next Rent payment, reimbursing only the excess over such next Rent payment, if any. If an Operating Year ends after the expiration or termination of this Lease, any Additional Rent in respect thereof that is payable under this Section shall be paid by Tenant within ten (10) days of its receipt of the Operating Statement for such Operating Year, and any Additional Rent paid by Tenant in excess of the amount due under this Lease for the portion of the Operating Year after expiration or termination of this Lease for that Operating Year shall be refunded by Landlord to Tenant within ten (10) days of the expiration of that Operating Year. The late delivery of any written statement by Landlord shall not constitute a waiver of Tenant's obligation to pay Tenant's Proportionate Share (Center) of Operating Expenses and Taxes, but Landlord shall use reasonable efforts to deliver such written statements as soon as reasonably possible after the commencement of each Operating Year.

4.4.5 Tenant Examination. The Operating Statement referred to herein need not be audited but shall contain sufficient detail to enable Tenant to verify the calculation of Operating Expenses, Taxes and Insurance for the Premises. In addition, Tenant, upon at least fifteen (15) days' advance written notice to Landlord and during business hours, may examine any records used to support the figures shown on the Operating Statement, provided however, that Tenant shall only be entitled to make such an examination once in each Lease Year, and the examination shall not be conducted by anyone who is engaged on a contingent fee basis to

represent Tenant. Tenant and any person conducting the examination on behalf of Tenant shall enter into a confidentiality agreement reasonably satisfactory to Landlord and Tenant. In the event any such examination by Tenant discloses that the Operating Expenses were overstated, Landlord shall immediately refund such amount and if overstated by five percent (5%) or more of the actual Operating Expenses, Landlord shall also pay the Tenant actual and reasonable cost of Tenant's examination.

4.4.6 Tenant's Proportionate Share. With respect to Operating Expenses, Taxes and Insurance that Landlord allocates to the Building, Tenant's Proportionate Share (Building) shall be the percentage set forth in Section 1.14, as adjusted by Landlord from time to time resulting from a re-measurement of or changes in the physical size of the Premises or the Building, whether such changes in size are due to an addition to or a sale or conveyance of a portion of the Building or otherwise. With respect to Operating Expenses, Taxes and Insurance which Landlord allocates to the Center or any portion thereof, Tenant's Proportion Share (Center) shall be with respect to Operating Expenses, Taxes and Insurance that Landlord allocates to the Center or any portion thereof, the percentage set forth in Section 1.15 and as adjusted by Landlord from time to time resulting from a re-measurement of or changes in the physical size of the Premises or the Center, whether such changes in size are due to an addition to or a sale or conveyance of a portion of the Center or otherwise. Notwithstanding the foregoing, Landlord may equitably adjust Tenant's Proportionate Shares for repair, replacement or service that benefits only the Premises or only a portion of the Building and/or the Center or that varies with the occupancy with the Building and/or the Center.

4.4.7 Late Charges. Tenant acknowledges that late payment of any Minimum Rent or other payment required by this Lease from Tenant to Landlord will result in costs to Landlord, the extent of which is extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if Tenant fails to make any Minimum Rent, Additional Rent or other payment required by this Lease to be paid to Landlord within ten (10) days of the date it is due, Landlord may elect to impose a late charge of five percent (5%) of the overdue payment, to reimburse Landlord for the cost of collecting the overdue payment together with interest thereon at the Default Interest Rate. Landlord may levy and collect a late charge in addition to all other remedies available for Tenant's default, and collection of a late charge shall not be in lieu of nor shall it waive the breach caused by the late payment.

4.5 Place of Payment

All payments required to be paid by Tenant under this Lease other than Minimum Rent, will constitute Additional Rent. Tenant shall make all payments of additional rent at the address for rent payments set forth in Section 1.3, or at such other place as Landlord shall designate from time to time.

4.6 Cap On Operating Expenses and Taxes. Notwithstanding the foregoing, the Tenant's Proportionate Share of Operating Expenses and Taxes shall not exceed the following amounts:

<u>Lease Year</u>	<u>Annual Amount</u>
-------------------	----------------------

1	<u>\$15,600.00</u>
2	<u>\$16,068.00</u>
3	<u>\$16,550.04</u>

SECTION 5 USE

5.1 Permitted Use

Tenant shall use the Premises only for the purpose set forth in Section 1.6 and for no other purpose without the written consent of Landlord, which consent Landlord shall not unreasonably withhold or delay. Landlord may condition its consent to any proposed change in use on reasonable conditions including without limitation, an increase in Minimum Rent to the fair market rental value of the Premises. Should Landlord withhold its consent to a proposed change in use for any of the following reasons, the withholding of such consent shall be deemed to be reasonable: (a) conflict, incompatibility or duplication of the proposed use with other uses or restrictions in or pertaining to the Center; (b) any proposed change in use which would diminish the reputation or profitability of the other businesses located in the Center; (c) the proposed use would adversely impact the use of the Common Areas by other tenants of the Center; (d) Tenant is then in Default of the Lease or has been in Default during the twelve (12) month period preceding the date Tenant requests the change in use; and (e) any other criteria or requirement deemed reasonable by Landlord.

5.2 Further Covenants as to Use

5.2.1 Except for Landlord's obligations as specifically set forth in this Lease, Tenant shall comply at its expense with all applicable Laws (defined in Section 13.8), including without limitation those regarding the maintenance, operation, condition, and use of the Premises and Center when and as required by the applicable public authority. Tenant shall not use the Premises in conflict with any Laws nor shall Tenant permit anything to be done in or about the Premises which will conflict with any Laws.

5.2.2 Tenant shall not conduct or permit any activities on the Premises which will likely increase the fire insurance rate upon the Center or cause a cancellation of any of Landlord's insurance policies; or create a nuisance or damage the reputation of the Center or be reasonably offensive to Landlord or other tenants. Tenant shall not permit any offensive noise, odor, or light to be emitted from the Premises. Tenant shall use grease traps, hair interceptors, and/or other drain protection devices in all drains if reasonably required by Landlord. Tenant shall not allow the disposal of any medical waste at the Premises or in Center trash receptacles by Tenant or Tenant's employees, agents, or independent contractors.

5.2.3 Tenant shall keep the Premises clean and orderly and will operate its business in the Premises in a first-class, professional manner. Tenant shall supervise its employees and cause Tenant's agents, independent contractors, employees, customers, suppliers

and invitees to conduct their activities in such a manner as to comply with the requirements of this Lease and the Rules and Regulations.

5.3 Continuous Operation

Tenant shall continuously use and conduct its business described in Section 1.6 on the Premises during, at a minimum, the hours set forth in Section 1.16. Tenant shall carry and offer for sale at all times a full and complete stock of merchandise, and shall maintain adequate personnel for the efficient servicing of its customers. Tenant shall not lower the quality of its merchandise or change the quality of its business without Landlord's prior written consent. In the event Tenant fails to operate its business in the Premises for a period of thirty (30) days for any reason other than a casualty or condemnation that materially interferes with Tenant's operation of its business in the Premises, Tenant shall be deemed to have abandoned the Premises and Landlord shall have the right to exercise any and all rights and remedies set forth in this Lease. Tenant shall use best efforts to operate the business conducted on the Premises in a diligent manner that will produce the maximum volume of Gross Sales.

5.4 Name of Business

The advertised name of the business operated in the Premises is set forth in Section 1.7. Tenant agrees not to change its advertised name without the prior written consent of Landlord which consent Landlord shall not unreasonably withhold.

5.5 Storage; Trash; Recycling

Tenant shall not store anything outside except in such areas approved in writing in advance by Landlord. Tenant shall use only trash and garbage receptacles approved by Landlord. Tenant shall dispose of trash and other matter in a manner acceptable to Landlord, at Tenant's expense. Tenant shall comply with all recycling programs required by applicable Laws or by Landlord from time to time. The parties acknowledge that Tenant is currently storing inventory and other property in an area behind the Building enclosed by chain link fence (the "Yard"). Tenant shall at all times keep the Yard in a secure and tidy condition, free of vermin or intruders. Tenant shall not place any Hazardous Materials or flammable materials (other than the propane canisters mentioned in Section 17.9) in the Yard. Prior to the expiration or sooner termination of the Lease, Tenant shall remove all personal property now or hereafter placed in the Yard (the "Yard Contents") and leave the Yard in broom clean condition.

5.6 Intentionally Omitted

5.7 Protected Use

So long as Tenant has not committed an event of default under this Lease and has not ceased using the Premises for the use described in Section 1.6 above, Landlord will not lease space in the Center to another tenant for the same primary purpose as the use described in Section 1.6 above.

SECTION 6 UTILITIES

Tenant shall pay for all charges for utilities and services supplied to the Premises, including (without limitation) "hookup" and service charges for electricity, gas, telephone, cable, water, and sewer. If consumption is not separately metered to the Premises, Tenant shall pay Landlord as an Operating Expense for all utilities consumed on the Premises at a rate reasonably determined by Landlord which is not in excess of the cost to Landlord, in accordance with the provisions of Section 4.4.1. If Tenant disputes such method of billing, then Tenant may install and pay for separate meters to measure separate utility consumption. If Tenant is billed directly by the utility provider, Tenant shall pay for the applicable utilities within the time permitted for payment by the utility company. Landlord shall not be liable for any failure or interruption of utilities or services to the Premises.

SECTION 7 INSURANCE; INDEMNITY

7.1 Tenant's Insurance

7.1.1 Tenant shall continuously maintain at its expense comprehensive public general liability insurance in respect of the Premises and the conduct or operation of the business in the Premises, naming Landlord and its managing agent, if any, and any mortgagee of the Center whose name and address have been previously furnished to Tenant as additional insureds, with Two Million Dollars (\$2,000,000) minimum combined single limit coverage or its equivalent. All such insurance shall insure the performance by Tenant of Tenant's indemnity obligations set forth in Section 7.4 of this Lease and for the injury to, illness of, or death of persons and damage to property. If applicable, Tenant shall carry liquor liability insurance in an amount and in form acceptable to Landlord.

7.1.2 Casualty and Business Interruption Insurance

Tenant shall continuously maintain at its expense (a) fire and extended coverage insurance on all furnishings, leasehold improvements, fixtures, inventory and equipment located on the Premises, for the full replacement value, (b) insurance on all plate glass on the Premises for its replacement cost and (c) business interruption coverage. The proceeds of such insurance, so long as this Lease remains in effect, shall be used to repair or replace the leasehold improvements, fixtures, inventory, equipment, and plate glass so insured and to compensate Tenant for any damage incurred by Tenant resulting from any interference with Tenant's ability to operate its business in the Premises.

7.1.3 Workmen's Compensation Insurance

At all times during the Lease Term and any extensions or renewals, Tenant agrees to keep and maintain and cause Tenant's agents, contractors and subcontractors to keep and maintain, workmen's compensation insurance and other forms of insurance as may from time be required by Law or may otherwise be necessary to protect Landlord and the Premises from claims of any person who may at any time work on or in the Premises, whether as a servant, agent or employee of Tenant or otherwise. Such insurance shall be maintained at the expense of Tenant or Tenant's agents, contractors or subcontractors and not at the expense of Landlord.

7.1.4 Insurance Policies

All insurance policies to be carried by Tenant shall include only reasonable and prudent deductible amounts. All insurance policies shall name Landlord, Landlord's managing agent, and Landlord's mortgagee as additional insureds and shall be provided by companies and with loss-payable clauses satisfactory to Landlord, with ratings no less than A+ by A.M. Best. Copies of all policies or certificates evidencing such insurance in form acceptable to Landlord shall be delivered to Landlord by Tenant prior to Tenant's occupancy of the Premises. All policies and certificates shall bear endorsements requiring thirty days' written notice to Landlord prior to any change or cancellation.

7.2 Landlord's Insurance

During the Lease Term, Landlord shall maintain in full force and effect a policy or policies of insurance covering the Building and the Center that shall provide coverage against such risks as are commonly covered under (i) a comprehensive public general liability insurance policy, and (ii) a "special form/all-risk" policy (including earthquake and/or flood coverage, at Landlord's election), together with loss of Rents and secondary liability insurance, and (iii) such other insurance as Landlord deems reasonably necessary and all reasonable deductibles paid under all such policies of insurance. Such insurance shall contain such policy limits and deductibles, shall be obtained through such insurance company or companies, and shall be in such form as Landlord deems appropriate. All insurance proceeds payable under Landlord's casualty insurance carried hereunder shall be payable solely to Landlord, and Tenant shall have no interest therein. Tenant shall pay to Landlord, as Additional Rent, an amount equal to Tenant's Proportionate Share (Building) and/or the Tenant's Proportionate Share (Center), whichever is appropriate of all amounts paid by Landlord as set forth in this Section 7.2 as part of the Operating Expense in accordance with Section 4.4.1. Notwithstanding the foregoing, Landlord may elect to self-insure, in which event the amount of the self insurance cost reasonably allocable, in Tenant's discretion, to the self insurance for this Property, shall be an Operating Expense.

7.3 Waiver of Subrogation

Neither party nor its officers, directors, employees, agents, or invitees shall be liable to the other party for any loss or damage caused by water damage or any of the risks covered by an all risk policy of property insurance or under workers compensation insurance, and there shall be no subrogated claim by one party's insurance carrier against the other party arising out of any such loss. Landlord and Tenant shall each cause their respective insurers to carry their policies to include or be endorsed to include such waivers of subrogation.

7.4 Indemnity of Landlord

Tenant shall indemnify, defend, and hold harmless Landlord and Landlord's officers, directors, partners, employees, agents, and independent contractors from any and all claims or liability for any uninsured damage to any property and for any injury, illness, or death of any person occurring in or on the Premises when such damage, injury, illness or death shall be

caused by the act or failure to act of Tenant, its agents, servants, employees, invitees or licensees, by any breach of this Lease by Tenant, or by any use of the Premises during the Term.

7.5 Indemnity of Tenant

Landlord shall indemnify, defend, and hold harmless Tenant and Tenant's officers, directors, partners, employees, agents, and independent contractors from any and all claims or liability for any uninsured damage to any property and for any injury, illness, or death of any person occurring in or on the Center when such damage, injury, illness or death shall be caused by the sole, active negligence or intentional misconduct of Landlord, its agents, servants or employees, or by any breach of this Lease by Landlord.

SECTION 8 REPAIRS, MAINTENANCE AND ALTERATIONS

8.1 Maintenance of Premises and Building

8.1.1 Landlord shall maintain, repair and replace, where necessary, the Building roof, HVAC, gutters, utility systems to point of entry into the Premises, downspouts, foundation, and structure and the costs thereof shall be included in Operating Expenses; provided, however, that if the need for any such maintenance, repair or replacement is directly and solely related to Tenant's use of the Premises, Tenant shall pay the entire amount incurred by Landlord for such maintenance, repair or replacement.

8.1.2 Tenant shall, at Tenant's own expense, keep the Premises in good condition and repair, including without limitation, the maintenance, replacement and repair of any storefront, doors, window casement, glazing, plumbing, and electrical wiring, using contractors first approved in writing by Landlord. Tenant shall keep the sidewalk in front of the Premises free and clear of ice, snow and debris. All such maintenance shall conform to the requirements under any applicable warranties. Tenant, at Tenant's own expense, shall be responsible for providing janitorial services and regular pest extermination services to the Premises using properly licensed and bonded contractors first approved in writing by Landlord.

8.2 Condition of Premises upon Termination

Tenant shall, upon the termination of this Lease, surrender the Premises to Landlord broom clean, in good condition and repair, except for ordinary wear and tear and for casualty damage. All or any of the alterations or improvements to the Premises chosen by Landlord (excluding trade fixtures installed by Tenant and Tenant's other personal property) shall, at Landlord's option, either (a) become part of the Premises and belong to Landlord and shall be surrendered with the Premises without disturbance upon the termination of the Lease, or (b) be removed by Tenant prior to the termination of this Lease, in which event Tenant shall repair all damage caused thereby. Landlord shall deliver written notice to Tenant no later than sixty (60) days prior to the Expiration Date of Landlord's exercise of the foregoing option. In the event Landlord fails to provide such notice, Landlord shall be deemed to have elected clause (b) above.

8.3 Alterations

Tenant shall not make or permit to be made any alterations or improvements (i) to the exterior, structure, roof, electrical, mechanical or plumbing systems of the Premises or (ii) that cost in excess of Ten Thousand Dollars (\$10,000) without the prior written consent of Landlord which Landlord may grant or deny in its sole discretion. In the event Landlord consents to Tenant making any alterations or improvements, the same shall be made at Tenant's sole expense, using a contractor first approved in writing by Landlord, and the same shall be made in accordance with plans and specifications first approved in writing by Landlord. Landlord may require a cash deposit or other reasonable security to assure Landlord that the cost of such alterations or improvements shall be paid promptly when and as due to avoid any liens. Also, Tenant shall (a) pay Landlord an administrative charge not to exceed Five Hundred Dollars (\$500.00) for costs of any supervision of the work and the review of plans and specifications or (b) reimburse Landlord for the cost of any supervisor, engineer, or other person who reviews the plans and specifications and/or any work performed by Tenant or its contractor at the Premises, promptly within ten days after billing therefor. Landlord may impose such other conditions as Landlord may reasonably deem fit.

8.4 Trade Fixtures

Upon the termination of this Lease, Tenant shall remove all trade fixtures, movable furniture, and equipment located on the Premises which belong to Tenant, and repair at its expense any damage caused to the Premises by such removal. If Tenant fails to remove such property, this shall be an abandonment of the property and Landlord may either (a) retain the property and all rights of Tenant with respect to it shall cease, (b) require Tenant to remove the property, or (c) effect a removal and place the property in storage for Tenant's account. Tenant shall be liable to Landlord for the cost or reasonable value of removal, restoration, transportation to storage and storage, with interest on all such as expenses as provided in Section 14.3 below.

8.5 Entry and Inspection

Landlord and its agents and employees may enter the Premises at any time in the event of an emergency or, in any other event, after twenty-four (24) hours prior oral notice to determine Tenant's compliance with this Lease, to make necessary repairs, or to show the Premises to prospective tenants, lenders or purchasers. After request by Landlord, Tenant shall provide Landlord with a key to all doors at the Premises.

8.6 Maintenance of Common Areas

Landlord, at its expense, shall keep the Common Area in the Center, neat, clean and free of ice, snow, trash and other debris and shall maintain the Common Area in the Center at all times during the Term in a state of condition and repair comparable to the condition as of the Commencement Date (ordinary wear and tear, damage due to casualty and condemnation excepted). Landlord may at any time delegate such maintenance or any portion thereof to any third party, affiliated or nonaffiliated, upon such terms and conditions as Landlord deems appropriate. All costs incurred by Landlord in maintaining the Common Area shall be included

in Operating Expenses and Tenant shall pay to Landlord Tenant's Proportionate Share (Center) of the Operating Expenses as additional rent as set forth in Section 4.4 above.

SECTION 9 RECONSTRUCTION AND RESTORATION

9.1 Damage

If, during the Term, the Premises are damaged by fire or other casualties Landlord may elect, in its sole discretion, to terminate this Lease by giving Tenant written notice of such termination within sixty (60) days after the date of such damage. Otherwise, Landlord shall promptly commence commercially reasonable action to restore the Premises and/or the Center to a condition comparable to that existing prior to the damage and shall thereafter prosecute such restoration to completion with diligence. Tenant shall cooperate with Landlord during the period of repair and vacate all or any part of the Premises to the extent necessary for the performance of the required work.

9.2 Intentionally Omitted.

9.3 Abatement of Rent

All Rent shall be abated during the period and to the extent the Premises is not reasonably usable for Tenant's use. If the damage does not cause any material interference with Tenant's use, there shall be no Rent abatement.

9.4 Repair of Leasehold Improvements and Tenant's Property

Repair, replacement, or restoration of any fixtures, inventory, leasehold improvements, equipment, and personal property (the "Tenant's Personal Property") shall be the responsibility of Tenant. In the event of (i) damage or destruction of Tenant's Personal Property by fire or other casualty, and (ii) this Lease is not terminated as set forth in Paragraph 9.1 above, Tenant shall promptly commence the restoration and repair of Tenant's Personal Property to a condition comparable to that existing prior to the damage and thereafter, shall prosecute such restoration and repair to completion with diligence.

SECTION 10 ASSIGNMENT AND SUBLETTING

Tenant shall not (voluntarily or by operation of law) assign, mortgage, pledge, hypothecate or encumber the Premises or Tenant's leasehold estate or sublet any portion of the Premises, or otherwise transfer any interest in the Premises without Landlord's prior written consent in each instance, which consent shall not be unreasonably withheld. Should Landlord withhold its consent to a proposed transfer for any of the following reasons, the withholding shall be deemed to be reasonable: (a) conflict, incompatibility or duplication of the proposed use with other uses or restrictions in or pertaining to the Center; (b) financial inadequacy or managerial inexperience of the proposed transferee; (c) any proposed change in use which would diminish the reputation or profitability of the other businesses located in the Center; (d) the proposed use would adversely impact the use of the common facilities by other tenants of the Center; (f) Tenant is then in default of the Lease or has been in default on two or more occasions during the

twelve (12) month period preceding the date Tenant requests the transfer; (g) failure by Tenant to deliver to Landlord an assignment or sublease executed by Tenant and such assignee or sublessees, as applicable, in form and content reasonably acceptable to Landlord; and (h) any other reasonable criteria or requirement. If Tenant is a corporation or other entity, the transfer of a forty-five percent (45%) or greater interest in cumulative total in the stock or other form of ownership of Tenant shall be deemed an assignment within the meaning of this Section. If Tenant is a partnership, any change in the partners shall be deemed an assignment of this Lease. If Tenant requests consent to a proposed transfer, Tenant shall pay all attorneys' fees and other reasonable costs incurred by Landlord in connection with the requested transfer not to exceed \$1,500.00. In no event shall Tenant be released from its obligations under this Lease in connection with any transfer of its interest in the Lease or the Premises.

SECTION 11 CONDEMNATION

11.1 Entire or Substantial Taking

If any part of the Premises or the Common Areas shall be taken under the power of eminent domain, and such taking renders the balance of the Premises unusable for Tenant's use, this Lease shall terminate on notice by Landlord or Tenant to the other party as of the date the condemning authority takes possession. A sale by Landlord to any authority with power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed a taking under the power of eminent domain under this Section 11.

11.2 Partial Taking

In the event of any taking under the power of eminent domain which does not result in a termination of this Lease pursuant to Section 11.1, the Minimum Rent payable hereunder and Tenant's Proportionate Share shall be reduced, effective on the date the condemning authority takes possession, in the same proportion as the reduction in Gross Leasable Area of the Premises. Landlord shall promptly, at its sole expense and subject to receipt of an award sufficient to cover such restoration, commence the restoration of the portion of the Premises not taken and shall prosecute such restoration to completion with diligence so that the Premises is as near its former condition as is reasonably possible, and this Lease shall continue in full force and effect. If such repairs are not commenced by Landlord within thirty (30) days from the date of such taking, Tenant may terminate this Lease by written notice to Landlord within thirty (30) days after the expiration of said thirty (30)-day period.

11.3 Awards

Any award for taking of all or any part of the Premises under the power of eminent domain shall be the property of the Landlord, whether such award shall be made as compensation for diminution in value of the leasehold or for taking of the fee. Tenant hereby assigns to Landlord all interest in any such award. Nothing in this Lease shall preclude Tenant from making a separate claim for the value of its lost trade fixtures, Tenant's Personal Property or moving expenses so long as any such claim or award resulting from such claim does not reduce Landlord's award.

SECTION 12 SIGNS

Tenant shall not construct or install any signs, banners or other advertising material visible from the exterior of the Premises without the prior written consent of Landlord. Any such signs on the Premises have been designed and constructed in compliance with all applicable Laws. In no event shall handwritten signs be acceptable.

SECTION 13 OTHER OBLIGATIONS OF PARTIES

13.1 Liens

Tenant shall pay when and as due all claims for work done on the Premises or for services rendered or materials furnished to the Premises and shall keep the Premises free from any liens other than liens created by Landlord. If Tenant fails to pay such claim or to discharge any lien within thirty (30) days of demand, Landlord may either (i) pay such claim on behalf of Tenant, and collect such amount from Tenant as Additional Rent or (ii) obtain a bond covering such lien and collect all costs and expenses incurred in obtaining the bond, including attorney's fees, from Tenant as Additional Rent. Amounts paid by Landlord shall bear interest and be repaid by Tenant as provided in Section 14.3 below. Any action taken by Landlord as allowed hereby shall be in addition to any other right or remedy and shall not constitute a waiver of any right or remedy Landlord may have because of Tenant's breach of this Lease.

13.2 Surrender and Holding Over

13.2.1 Tenant shall remove the Yard Contents (defined in Section 5.5) and all its movable property and trade fixtures which can be removed without damage to the Premises prior to expiration or sooner termination of this Lease. If Tenant shall fail to perform these obligations at or prior to the termination or expiration of this Lease, Landlord may, at its option, (a) demolish, remove and/or store any such items and otherwise perform such obligations in any manner not prohibited by law, at the expense of Tenant and with no liability whatsoever, and (b) continue to hold Tenant liable for Minimum Rent and Additional Rent hereunder, at the holdover rate set forth in this Section, until all such obligations are performed.

13.2.2 Surrender. Tenant shall, at the expiration or termination of this Lease, peacefully surrender and deliver the Premises to Landlord in as good a condition as when received by Tenant under the Prior Lease or as thereafter improved, except ordinary wear and tear and except damage by fire or other casualty which this Lease does not obligate Tenant to repair.

13.2.3 Holdover. If Tenant fails to vacate the Premises when required, including failure to remove all of the items described in this Lease for removal or to perform any related restoration work, Tenant shall be a tenant at sufferance subject to all of the obligations of Tenant set forth in this Lease, except that Minimum Rent shall be 150% of the Rent being charged when the Lease Term expired or the right of possession otherwise ended. Landlord may also recover damage caused by any such holdover including, without limitation, consequential damages.

13.3 Rights of Landlord

Landlord shall have the right to change the name or designation of the Center without notice or liability to Tenant. Except as otherwise set forth herein, Landlord shall also have the right to grant to anyone the exclusive right to conduct a particular business or undertaking in the Center. Without implying consent to any use not included in Section 1.6, Tenant shall not use the Premises for any use which violates any exclusivity provision in any lease at the Center. Landlord shall provide Tenant with a list of all such exclusivity provisions within five (5) days after the effective date of this Lease or within five (5) days after a new lease with an exclusivity provision becomes effective.

13.4 Priority of Lease

This Lease shall be subject and subordinated at all times to the lien of all mortgages, deeds of trust and other financing instruments now in effect or subsequently placed upon the Center, all without the necessity of having further instruments executed by Tenant to effectuate such subordination. If any party providing financing or funding to Landlord requires that Tenant execute any document evidencing such subordination or requiring Tenant to give it written notice of any default by Landlord, giving such party the right to cure any such default and preventing Tenant from terminating this Lease unless such default remains uncured after foreclosure has been completed, or any other reasonable provisions which do not materially increase Tenant's obligations under this Lease, if such agreement contains commercially reasonable nondisturbance protections for Tenant's benefit Tenant shall execute and deliver such agreement required by such party in order to accomplish this purpose within ten days after Landlord's written request therefor.

13.5 Landlord's Liability; Sale

The liability of Landlord under this Lease shall be limited to Landlord's interest in the Center, and any judgment against Landlord shall be enforceable solely against Landlord's interest in the Center. In the event the original Landlord hereunder, or any successor owner of the Center, shall sell, convey, or otherwise transfer its interest in the Center, all liabilities and obligations on the part of the original Landlord, or such successor owner, under this Lease accruing thereafter shall terminate. All liabilities and obligations of Landlord accruing thereafter shall be binding upon the new owner. Tenant agrees to attorn to such new owner.

13.6 Estoppel Certificate

Within ten (10) days after written request by either party to the other, the requested party shall deliver a written statement to the requesting party stating (i) the amount of all Minimum Rent, and the date to which the Minimum Rent and other charges have been paid, (ii) whether the Lease is unmodified and in full force and effect, (iii) that there is no current default by the other party, or, if such default exists, a description thereof, and (iv) any other matters that may reasonably be requested by the requesting party or by any prospective lender or purchaser.

13.7 Rules and Regulations

Tenant agrees to comply with all reasonable rules, regulations and requirements for the Center, as adopted and modified by Landlord from time to time (the "Rules and Regulations") and to cause Tenant's contractors, employees, agents, and invitees to abide by the Rules and Regulations. The Rules and Regulations applicable to the Center as of the date hereof are attached to this Lease as Exhibit C. Tenant agrees that Landlord shall not be responsible to Tenant for the noncompliance by any other tenant or occupant of the Center with the Rules and Regulations. In the event of a conflict between the Rules and Regulations and this Lease, the terms of this Lease shall prevail.

13.8 Existing Restrictions

This Lease is subject to all easements, restrictions, agreements, mortgages and deeds of trust which are of record.

13.9 Covenant of Quiet Enjoyment

Landlord covenants that, as long as no event of default shall have occurred that remains uncured beyond any applicable cure period allowed by this Lease, Tenant shall peaceably and quietly have, hold and enjoy the Premises during the term of this Lease without any interruption or disturbance from Landlord or any party claiming, by, through, or under Landlord, subject to the terms and conditions of this Lease.

SECTION 14 DEFAULTS; REMEDIES

14.1 Default

The following shall be events of default:

14.1.1 Payment Default. Failure of Tenant to pay any Minimum Rent or Additional Rent, or any other amount due under this Lease within five (5) days of receipt of notice that the same is past due. No notice and no opportunity to cure shall be required if Landlord has previously given Tenant notice of failure to make any such payment required by this Lease two (2) or more times in any twelve (12)-month period during the Term.

14.1.2 Unauthorized Transfer. Tenant makes any transfer of Tenant's interest in this Lease, including any assignment or subletting thereof, without Landlord's prior written consent as required under Section 10.

14.1.3 Abandonment of Premises. Tenant fails to occupy or use the Premises for the purposes described in Section 1.7 for a total of thirty (30) or more consecutive calendar days during the Term, unless such failure is excused under other provisions of this Lease.

14.1.4 Default in Certain Covenants. Failure of Tenant to deliver the instruments described in Section 13.4 or Section 13.6 within five (5) days of receipt of written notice from Landlord after the expiration of the time for delivery required in such Sections, as applicable, or

failure of Tenant to comply with any applicable Law when and as required by the applicable governmental authority.

14.1.5 Default in Other Term or Covenant. Failure of Tenant to comply with any other term, covenant or condition of this Lease or to fulfill any other obligation of this Lease within twenty days after written notice by Landlord specifying the nature of the failure with reasonable particularity. No notice and no opportunity to cure shall be required if Landlord has previously given Tenant notice of failure to comply with such term or condition or fulfill such other obligation of this Lease two or more times in any twelve-month period during the Term.

14.1.6 Insolvency Defaults. Dissolution, termination of existence, insolvency on a balance sheet basis or business failure of Tenant; the commencement by Tenant of a voluntary case under the federal bankruptcy laws or under any other federal or state law relating to insolvency or debtor's relief; the entry of a decree or order for relief against Tenant in an involuntary case under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief; the appointment of or the consent by Tenant to the appointment of a receiver, trustee or custodian of Tenant or of any of Tenant's property; an assignment for the benefit of creditors by Tenant; Tenant's failure generally to pay its debts as such debts become due; the making or suffering by Tenant of a fraudulent transfer under applicable federal or state law; concealment by Tenant of any of its property in fraud of creditors; or the imposition of a lien through legal proceedings or distraint upon any of the property of Tenant which is not discharged or bonded. During any period in which there is a Guarantor(s) of this Lease, each reference to "Tenant" in this paragraph shall be deemed to refer to "Guarantor or Tenant" separately.

14.2 Remedies on Default

Upon default, Landlord may exercise any one or more of the following remedies, or any other remedy available under applicable law:

14.2.1 Retake Possession. To the extent permitted by law, Landlord may re-enter and retake possession of the Premises, without notice, either by summary proceedings or other applicable action or proceeding. Landlord shall not use self-help to retake possession of the Premises. Landlord may use the Premises for Landlord's own purposes or relet it upon any reasonable terms without prejudice to any other remedies that Landlord may have by reason of Tenant's default. None of these actions will be deemed an acceptance of surrender by Tenant. To the extent permitted by law, and except as expressly provided in this Lease, Tenant waives the service of any notice of intention to terminate this Lease or to retake the Premises, and waives service of any demand for payment of Rent or for possession, and of any and every other notice or demand required or permitted under applicable law.

14.2.2 Relet the Premises. Landlord at its option may relet the whole or any part of the Premises, from time to time either in the name of Landlord or otherwise, to such tenants, for such terms ending before, on, or after the expiration date of the Term, at such rentals and upon such other conditions (including concessions and free rent periods) as Landlord, in its sole discretion, may determine to be appropriate. Landlord shall use commercially reasonable efforts to mitigate any damages incurred by Landlord as a result of any default by Tenant. If there is

other comparable unleased space in the Center, Landlord shall have no obligation to relet the Premises prior to leasing other space in the Center.

14.2.3 Damages for Default. Whether or not Landlord retakes possession of or re-lets the Premises, Landlord may recover all damages caused by the default (including but not limited to unpaid Rent, attorneys' fees reasonably incurred, all costs of reletting the Premises, the unamortized cost of improvements installed by Landlord for Tenant and unamortized broker commissions) together with interest thereon at the Default Interest Rate. Landlord may sue periodically to recover damages as they accrue during the remainder of the Term without barring a later action for further damages. Landlord may at any time bring an action for accrued damages plus damages for the remaining Term as allowed by Law.

14.3 Cure of Tenant's Default

Without prejudice to any other remedy for default, Landlord may perform any obligation of Tenant or make any payment required by Tenant under this Lease if Tenant fails to do so. The cost of performance, including reasonable attorneys' fees and all disbursements, shall immediately be repaid by Tenant upon demand, together with interest at the Default Interest Rate from the date of expenditure until fully paid.

14.4 Landlord Default

Failure of Landlord to comply with any other term, covenant or condition of this Lease or to fulfill any other obligation of this Lease within thirty days after written notice by Tenant specifying the nature of the failure with reasonable particularity shall constitute a default by Landlord under this Lease. Without prejudice to any other remedy for default, if Landlord defaults on its maintenance, repair or replacement obligations in Section 8.1.1, Tenant may perform such obligations of Landlord. Tenant shall have the right to offset the cost of such performance, including reasonable attorneys' fees and all disbursements, against Tenant's obligation to pay Rent.

SECTION 15 SECURITY DEPOSIT

The parties acknowledge the Landlord is holding the sum set forth in Section 1.19 (the "Security Deposit"), as security for the full and faithful performance by Tenant of every provision of this Lease. If Tenant is in default of any provision of this Lease, Landlord may, but shall not be obligated to, apply all or any part of the Security Deposit to remedy such default. If any portion of the Security Deposit is so applied, Tenant shall immediately deposit with Landlord cash in an amount sufficient to restore the Security Deposit to its original amount. Landlord may commingle the Security Deposit with Landlord's funds and Tenant shall not be entitled to interest on the Security Deposit. If Tenant shall fully and faithfully perform every provision of this Lease, the Security Deposit or any balance thereof shall be returned to Tenant within thirty (30) days after the expiration of the Term.

SECTION 16 LANDLORD'S AND TENANT'S WORK

Landlord is not required to perform any tenant improvements or perform any work in, on or about the Premises.

SECTION 17 MISCELLANEOUS

17.1 Waivers

No waiver by either party of performance of any provision of this Lease shall be deemed to be a waiver of nor prejudice such party's right to otherwise require performance of the same provision or any other provision.

17.2 Recording

Tenant shall not record this Lease or any memorandum thereof without the prior written consent of Landlord, which consent Landlord may withhold in its sole discretion.

17.3 Notices

Except as otherwise expressly set forth in this Lease, all notices under this Lease shall be in writing and shall be effective when delivered in person, including FedEx or UPS, or if mailed, two (2) business days after deposit in the United States mail, certified with return receipt requested and postage prepaid and addressed to the address of Tenant shown in Section 1.5 or to the address of Landlord shown in Section 1.2 or at such other address as may be designated by either party by notice to the other given in accordance with this Section 17.3.

17.4 Exhibits

The Exhibits set forth in Section 1.22 are attached to this Lease and are made a part of this Lease as if set forth in full herein.

17.5 Construction of Lease Provisions

(a) This Lease shall be construed and governed by the laws of the State of Oregon; (b) the invalidity or nonenforceability of any provision hereof shall not affect or impair any other provisions hereof; (c) this Lease constitutes the entire agreement of the parties and supersedes all prior agreements or understandings between the parties with respect to the subject matter hereof; (d) this Lease may not be modified or amended except by written agreement signed by both parties; (e) if there be more than one tenant, the obligations hereunder imposed upon Tenant shall be joint and several; (f) time is of the essence of this Lease and each and every provision hereof; (g) nothing contained herein shall create the relationship of principal and agent or of partnership or of joint venture between the parties hereto and no provisions contained herein shall be deemed to create any relationship other than that of landlord and tenant; (h) all provisions, the full performance of which is not required prior to the expiration or earlier termination of this Lease shall survive the expiration or earlier termination of this Lease and shall be fully enforceable thereafter; and (i) there have been no representations made by Landlord or its agents or understandings made between the parties other than those set forth in this Lease.

17.6 Successors

Subject to any limitations on assignments in this Lease, all of the provisions of this Lease shall inure to the benefit of and be binding upon the successors and assigns of the parties to this Lease.

17.7 Attorneys' Fees; Waiver of Jury Trial

In the event suit or action is instituted to interpret or enforce any term of this Lease, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial, on petition for review, or on appeal, in addition to all other sums provided by law. THE PARTIES EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION OR PROCEEDING BROUGHT BY EITHER PARTY OR ANY OTHER PARTY RELATING TO (i) THIS LEASE OR ANY UNDERSTANDINGS OR PRIOR DEALINGS BETWEEN THE PARTIES HERETO, OR (ii) THE PREMISES, THE BUILDING OR THE CENTER OR ANY PART THEREOF.

17.8 Dispute Resolution

17.8.1 Disputes Subject to Arbitration. Any dispute between the parties relating to the interpretation of their rights and obligations under this Lease or in which the amount in controversy is a liquidated sum of less an \$50,000 shall be resolved solely by arbitration in accordance with the provisions of this Section 17.8. Notwithstanding the foregoing, this Section 17.8 shall not be applicable to any dispute concerning the payment of Rent (including actions for forcible entry and unlawful detainer and ejection), use of the Premises or any dispute in which the amount in controversy is more than \$50,000.

17.8.2 Intentionally Omitted.

17.8.3 Arbitration. Any dispute between the parties that is to be resolved by arbitration as provided in this Section 17.8, shall be settled and decided by arbitration conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as then in effect (the "Arbitration Rules"), except as provided below. Any such arbitration shall be held and conducted in the city or county in which the Center is located, before one (1) arbitrator who shall be selected by mutual agreement of the parties; if agreement is not reached on the selection of such arbitrator within fifteen (15) days of receipt of a written demand for arbitration as set forth below, then such arbitrator shall be appointed by the presiding judge of the Circuit Court of the County in Oregon in which the Center is located. The provisions of the Arbitration Rules shall apply and govern such arbitration subject, however, to the following:

17.8.3.1 Any demand for arbitration shall be in writing and must be made within ninety (90) days after the claim, dispute or other matter in question has arisen. The arbitration proceeding shall commence within thirty (30) days of appointment of the arbitrator and all document exchange and other discovery of evidence shall be completed within twenty (20) days of such appointment.

17.8.3.2 The arbitrator appointed must be a former or retired judge or practicing attorney with at least ten (10) years experience in real property and commercial matters.

17.8.3.3 The arbitrator shall resolve the controversy in accordance with the Arbitration Rules, applicable law and the terms and conditions of this Lease. Thereafter, the arbitrator shall prepare in writing and provide to the parties his/her decision, including factual findings and reasons on which such decision is based.

17.8.3.4 The arbitration proceeding shall be conducted and completed within five (5) days after its commencement and the decision of the arbitrator must be made within sixty (60) days from the date of receipt of the written demand for arbitration.

17.8.3.5 The prevailing party shall be awarded reasonable attorneys' fees, expert and non-expert witness costs and expenses, and other costs and expenses incurred in connection with the arbitration, unless the arbitrator, for good cause, determines otherwise.

17.8.3.6 Costs and fees of the arbitrator shall be borne by the non-prevailing party.

17.8.3.7 The decision of the arbitrator, which may include equitable relief, shall be final and judgment may be entered into on such decision in accordance with applicable law in any court having jurisdiction over the matter.

17.9 Hazardous Materials; Indemnities

17.9.1 Tenant's Representations Tenant warrants and represents to Landlord that at no time during Tenant's occupancy of the Premises has it stored or used, or will it store, or use, or permit the storage or use on, in or under the Premises of any Hazardous Materials. Notwithstanding the foregoing, Landlord consents to the prudent use by Tenant of normal and customary chemicals and substances (including Hazardous Materials) applied in accordance with sound practices in the use of the Premises, Building and Center in quantities and in accordance with all Laws (i.e., products used for normal cleaning of the Premises or in office machinery, and up to five propane canisters for operation of equipment). Tenant, shall properly store and dispose of all Hazardous Materials brought onto the Premises or the Property by Tenant, its employees, agents, contractor, invitees, or licensees, as approved or authorized by Law and shall not store or dispose of any Hazardous Materials on the Premises.

17.9.2 Tenant's Indemnity. Tenant hereby agrees to indemnify and hold Landlord harmless from and against all costs, including attorneys' fees and court cost incurred in the clean-up and restoration of the Premises resulting from (i) any Hazardous Materials brought onto the Premises by Tenant or its agents, employees, contractors or invitees and any contamination by Hazardous Materials that results, directly or indirectly from the use of the Premises by Tenant; and (ii) any and all claims for liability, loss, damage, or expenses (including attorneys' fees), suffered by Landlord in conjunction with

the existence on the Premises, including the soil or groundwater underlying or adjacent to the Premises and the water, sewage and drainage systems connected to and within the Premises of Hazardous Materials to the extent such hazardous materials were deposited, discharged or stored on or about the Premises by Tenant, its employees, agents, contractors or invitees.

17.10 Force Majeure

Whenever a period of time is prescribed in this Lease for action to be taken by either party, except for the payment of money, such party shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, acts of terrorism, Laws, or any other causes of any kind whatsoever which are beyond the reasonable control of the party.

17.11 Limitation of Liability

Landlord's liability under this Lease shall be subject to the limitations set forth in the provisions of the Oregon Tort Claims Act and the Oregon Constitution.

17.12 Authority

The persons executing this Lease on behalf of Landlord and Tenant each hereby covenant and warrant that the execution of this Lease is duly authorized by the party executing this Lease, that such party is qualified to do business in Oregon, and that the person signing on behalf of each party was duly authorized by that party to bind that party to this Lease.

17.13 No Offer

This Lease is submitted to Tenant based on the understanding that such submittal is not an offer and will not bind Landlord in any way until (a) Tenant has duly executed and delivered this Lease to Landlord, and (b) Landlord has executed and delivered this Lease to Tenant.

17.14 Confirmation of Understanding

If English is not Tenant's first language Tenant should seek the services of an interpreter and an attorney to review and explain the content of this Lease. Tenant acknowledges that Tenant has either consulted such professional advisors and has had the contents and legal effect of this Lease explained in Tenant's native language and Tenant waives any claim against Landlord as a result of Tenant's inability to understand the terms, covenants and conditions of this Lease. Tenant hereby releases Landlord from any claim of Tenant resulting from any misunderstanding by Tenant of the terms and conditions of this Lease.

The parties have executed this Lease to be effective on **January 1, 2024**.

Landlord: GRESHAM REDEVELOPMENT COMMISSION

By: Brian Monberg
Its: Executive Director

Approved as to form

Tenant: CLASSIC HEAT SOURCE INC.

By: Fred Kirkpatrick
Its: President

CONSULT YOUR ATTORNEY. THIS DOCUMENT HAS BEEN PREPARED FOR SUBMISSION TO YOUR ATTORNEY FOR REVIEW AND APPROVAL PRIOR TO SIGNING. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE COMMERCIAL ASSOCIATION OF BROKERS OREGON/SW WASHINGTON OR BY THE REAL ESTATE LICENSEES INVOLVED WITH THIS DOCUMENT AS TO THE LEGAL SUFFICIENCY OR TAX CONSEQUENCES OF THIS DOCUMENT.

THIS FORM SHOULD NOT BE MODIFIED WITHOUT SHOWING SUCH MODIFICATIONS BY REDLINING, INSERTION MARKS, OR ADDENDA.

EXHIBIT A

(Legal Description of the Center)

A tract of land in Section 32, Township 1 North, Range 3 East of the Willamette Meridian, being parts of Blocks 3 and 4, LUMSDEN, as originally platted, and also part of Vacated S.E. Short Street, as vacated by County Order 1747 on August 8, 1950, in the City of Gresham, County of Multnomah and State of Oregon, described as follows, to-wit:

Commencing at the Southwest corner of said Section 32; thence South $89^{\circ}50'30''$ East along the South line of said Section 32 a distance of 550.38 feet; thence North $0^{\circ}34'30''$ West along the West line of LUMSDEN as originally platted a distance of 530 feet to the Southwest corner of Block 4, LUMSDEN; thence South $89^{\circ}52'30''$ East along the South line of said Block 4, which is also the North line of S.E. Pine Street, a distance of 36.11 feet to the true point of beginning of the tract to be described herein; thence North $0^{\circ}34'30''$ West parallel to the West line of said Blocks 3 and 4 to a point in the South line of E. Burnside Street, a county road; thence Southeasterly along the South line of said E. Burnside Street to a point which is East 136.11 feet from the West line of Blocks 3 and 4 when measured at right angles thereto; thence South $0^{\circ}34'30''$ East parallel to the West line of said Blocks 3 and 4 to a point in the North line of S.E. Pine Street; thence North $89^{\circ}52'30''$ West along the North line of said S.E. Pine Street 100 feet to the true point of beginning.

EXHIBIT B-1

(Site Plan of the Center)



EXHIBIT B-2

(Floor Plan of Building with Premises shown)

EXHIBIT C

RULES AND REGULATIONS

The following Rules and Regulations shall remain in full force and effect until Tenant is notified in writing by Landlord of any changes or amendments to the Rules and Regulations.

1. Landlord's employees or agents shall not perform any work or do anything outside of their regular duties for Tenant, unless under special instructions from Landlord.
2. ~~All loading and unloading of goods, merchandise, supplies, and all other items used, held, or stored by Tenant in connection with the Premises shall be done only through the rear door of the Premises. Tenant shall cause all deliveries to be completed within thirty (30) minutes each and shall cause all deliveries to occur outside the hours of 11 a.m. to 1 p.m. and 4 p.m. to 8 p.m.~~
3. No aerial or satellite dishes or antennas shall be erected on the roof or exterior walls of the Premises or the Building of which the Premises are a part.
4. Landlord reserves the right to require Tenant to discontinue any display or demonstration in or from the Premises which, in Landlord's sole opinion, interferes with the use of the public passageways of the Center or constitutes a nuisance or an unhealthy or unsafe condition.
5. Tenant shall at all times maintain an adequate number of suitable fire extinguishers in good working order in the Premises for use in case of local fires, including electrical or chemical fires.
6. Tenant shall immediately notify Landlord of any breakage, injury, fire, or disorder which comes to its attention which occurs in or about the Premises or any of the Common Areas.
7. Tenant shall not permit the use in the Premises of any device or instrument, such as a sound reproduction system, television sets, phonographs or radios or excessively bright, changing, flashing, flickering, moving or neon lights, or other lighting devices or any similar devices, intended to be audible or visible beyond the confines of the Premises, nor shall Tenant permit any act or thing upon the Premises disturbing to normal sensibilities or other tenants in the Center.
8. Tenant shall not, at any time, place any security gate or grille in front of the entrance doors or storefront of the Premises.
9. Canvassing, soliciting, and peddling in the Center is prohibited, and Tenant shall not encourage same. Tenant shall not solicit business in the parking area or other Common Areas, or distribute handbills or other advertising matter in or upon automobiles parked in

the Center, provided that the foregoing shall not prohibit Tenant from using direct mail solicitation or advertising in the regular communications media.

10. Landlord reserves the right to exclude from the Center at any time disorderly persons and any person who does not have sufficient reason for being on or about the Center. If requested in writing by Landlord, Tenant shall promptly furnish to Landlord an up-to-date list of Tenant's employees and give reasonable advance notice to Landlord of invitees expected outside of regular business hours.
11. Employees of Landlord are prohibited from receiving any packages or other articles delivered to the Center for Tenant and, should any such employee receive any such package or article, her or she in so doing shall be the agent of Tenant and not Landlord.
12. Tenant shall insure that all entrance doors in the Premises shall be locked when the Premises are not in use.
13. Landlord shall not be responsible to Tenant for the non-observance or violation of any of these Rules and Regulations at any time by any other tenant of the Center.
14. Tenant shall furnish and install all light bulbs for the Premises.
15. Tenant and Tenant's employees shall park their cars only in those portions of the parking areas which may be designated for that purpose by Landlord from time to time. If requested in writing by Landlord, Tenant shall promptly furnish Landlord with the automobile license numbers of the automobiles used by Tenant and Tenant's employees and shall require its employees to place a sticker on their vehicles indicating their right to park in the parking area if such stickers are provided by Landlord. Tenant hereby authorizes Landlord to remove or cause to be removed from the Center any of Tenant's car or cars belonging to Tenant's employees which are not parked in designated areas. Any such removal shall be at Tenant's sole cost and expense. Tenant hereby waives and releases Landlord and hereby indemnifies and agrees to hold Landlord harmless from all claims, liabilities, costs, and expenses which may result or arise from such unauthorized parking.
16. Landlord may, upon written request by Tenant, waive the compliance by Tenant of any of the foregoing Rules and Regulations, provided that (i) no waiver shall be effective unless signed by Landlord or Landlord's authorized agent, (ii) any such waiver shall not relieve Tenant from the obligation to comply with such Rule or Regulation in the future unless expressly consented to by Landlord, and (iii) no waiver granted to Tenant shall relieve any other tenant from the obligation of complying with the foregoing Rules and Regulations, unless such other tenant has received a similar waiver in writing from Landlord.
17. The term "Tenant" as used herein shall also mean, in addition to the Tenant under the Lease, any sublessee, assignee, agent, servant, contractor, employee, invitee, or licensee of Tenant. All said parties are subject to compliance with these Rules and Regulations.