



**SHERIFF'S OFFICE TERREBONNE SUBSTATION
REAL PROPERTY LEASE
DOCUMENT # 2023-672**

THIS LEASE made and entered into by and between DERYL J. FERGUSON, Lessor, and DESCHUTES COUNTY, a political subdivision of the State of Oregon, herein called "Lessee,"

The Lessor owns real property known as 8154 11th Street, Suite 3 located in Terrebonne, Oregon 97760, hereinafter called the "leased real property" and generally described as follows:

Approximately 1,911 square feet of office space in the south end of the office building, with two dedicated front entrances and two rear entrances and with two dedicated parking spaces in the front of the building and all of the parking available at the rear of the building.

In consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the Lessor and the Lessee agree as follows:

1. TERM AND RENEWAL. The term of this Lease shall commence as of August 1, 2023, and continue through July 31, 2025, with the option to renew for an additional (1) one year period upon the agreement of both parties.
2. TERMINATION. This Lease may be terminated by either party upon sixty (60) days written notice to each other.
3. POSSESSION. Lessee's right to possession and obligations under the Lease shall continue uninterrupted, except as otherwise provided herein.
4. CONDITION OF PROPERTY. Lessor covenants and represents that it has full right, power, and authority to enter into this Lease for the term herein granted and that the leased real property may be used by the Lessee during the entire term for the purposes herein set forth. Lessor further covenants that the leased real property meets all current local, state and federal codes, ordinances, regulations and laws relating to the occupancy and use of said real property.
5. RENT. Lessee shall pay to Lessor as basic rent, the sum of Two Thousand, One Hundred, and Ten Dollars, and Fifty Cents (\$2,110.50) per month until July 31, 2025.

Rent shall be prorated for any partial month of occupancy.

Rent shall be payable on the first day of each month without notice or demand to Deryl Ferguson, 6775 NE 11th St, Redmond, Oregon 97756 or at such other place as may be designated in writing by Lessor. The basic rent payable on said real property reflects a standard market rental rate within the Terrebonne, Oregon real estate market, with consideration given to tax savings which offsets the basic rental rate. Said rent amount reflects the savings on real property taxes accruing by way of real property tax exemptions obtained by Lessee, pursuant to ORS 307.112.

6. TAXES. Lessor shall be responsible for all real property taxes and assessments on the real property.
7. SECURITY DEPOSIT. No security deposit shall be required as a condition of this Lease.
8. TAXES. Lessor shall be responsible for all real property taxes and assessments on the real property.
9. ADDITIONAL RENT. As additional rent, Lessee shall pay the following amounts:
 - a. Charges for heating and electricity. All other utilities are paid by the Lessor.
 - b. All amounts which Lessee is required to reimburse Lessor for expenses incurred by Lessor in discharging Lessee's obligations, pursuant to this Lease.
10. PERMITTED USE. The real property shall be used for office space and office related functions, consistent with applicable ordinances of Deschutes County, and for no other purpose.
11. RESTRICTIONS ON USE. In connection with the use of the real property, Lessee shall:
 - a. Obtain Lessor's written approval in advance of any placement of signs, development plans, layout plans, construction, reconstruction, or alteration of improvements, or revision of layout or construction plans for the real property.
 - b. Occupy the improvements, structures and real property in a manner consistent with reasonable standards of orderliness, neatness, sanitation, and safety acceptable to Lessor, and shall not allow solid wastes to accumulate on the real property.
 - c. Conform to all applicable laws and regulations of any public authority affecting the real property and the use of said real property and correct at Lessee's own expense any failure of compliance created exclusively through the fault of Lessee and not related to or caused by a defect, deficiency or condition of said real property which predated the execution of this Lease.
 - d. Exercise diligence in protecting from damage the real property and property of Lessor covered by and used in connection with this Lease.
 - e. Refrain from the disposal, spilling or discharging of any oil, gasoline, diesel fuel, chemicals, wood waste products, or other pollutants on the leased real property. In the event of such spills, Lessee shall undertake any and all necessary actions further described in section 15 to contain and remove such pollution from the leased real property.
12. LESSOR'S OBLIGATIONS. The following shall be the responsibility of the Lessor's:

At all times during this lease:

- a. Provide and pay for all utilities except Lessee is responsible for payment of heating and electric charges.
- b. Maintain fire and general casualty insurance coverage for all structures on the leased real property.
- c. Arrange for and deliver to the real property, water, sewage, electrical and other utility services reasonably necessary for utilization of the real property.
- d. Repair and maintain the building and real property in a safe, functional and attractive condition.
- e. Maintain existing landscaping and parking lot, including snow removal, in a neat, orderly and attractive condition.
- f. If any signage is installed for the building, provide sufficient signage space for the public to be notified of Lessee's location.

13. LESSEE'S OBLIGATIONS. The following shall be the responsibility of the Lessee:

- a. Any repairs necessitated by the negligence of Lessee, his agents, employees and invitees.
- b. Pay Lessor for any damage resulting from negligence or from the violation of the terms of this Lease.

14. INSPECTION OF REAL PROPERTY. Lessor shall have the right to inspect the real property in the Lessee's presence at any reasonable time or times and in a non-disruptive manner after giving reasonable notice.

15. ENVIRONMENTAL POLLUTION. The provisions of this section supplement other Lease provisions that might be applied concerning Lessor and Lessee's obligations, responsibilities and liabilities for environmental pollution, present and future, and for compliance with the laws, regulations or orders of any governmental agency concerning environmental pollution, present and future, on the real property. To the extent that the provisions of this section conflict with any such other provisions, the provisions of this section shall control.

Where terms of this section use terms that are found in applicable state and federal environmental pollution laws, those terms shall have the same meaning as they have in those state and federal laws.

Lessor covenants that the real property does not now contain any amounts of hazardous, toxic, radioactive or other substances for which a property owner or operator may be made liable under state or federal environmental pollution or health and safety laws. Accordingly, Lessor agrees that as between the Lessor and Lessee, Lessor will assume responsibility and liability as set forth below in the removal and indemnification provision for any release or discharge of hazardous, toxic, radioactive or other dangerous substances regulated under state or federal pollution control laws which occurred prior to Lessee's possession of the leased real property.

Except as undertaken in the ordinary course of conducting its business, Lessee agrees that during the term of this Lease, Lessee will not generate, store, process or dispose of or release or discharge into the environment hazardous, toxic, radioactive or other dangerous substances on or about the leased real property in any amount, nor will Lessee allow such prohibited activities to take place on the leased property during the Lease term.

Lessee agrees to report, contain and remove in conformance with applicable state and federal law any releases of hazardous, toxic, radioactive or other substances regulated under state or federal pollution control laws that are found to have been introduced to the leased real property by Lessee during the term of this Lease or any releases of such materials found off the real property that originated from the real property during the Lease term and to be responsible for the cost of removal of such substances.

Lessor agrees to indemnify, defend and hold the County, its officers, agents and employees harmless from and against any claims, demands, causes of action or suits for damages, reimbursement or any other cost of compliance, including, but not limited to, remedial action costs, removal costs, natural resources damages, penalties, punitive damages, interest costs, attorney fees and damages of any kind to third parties, arising from the discharge, release or threatened release on or in the leased real property of any hazardous, toxic or radioactive substances occurring prior to the term of this Lease.

The obligations, responsibilities and liabilities of this section are continuing obligations, responsibilities and liabilities and shall not be extinguished by the termination of this Lease.

16. PARTIAL TAKING. If a portion of the leased real property is condemned and the paragraph entitled "Total Taking" does not apply, the Lease shall continue on the following terms:

- a. Lessor shall be entitled to all of the proceeds of condemnation and Lessee shall have no claim against Lessor as a result of the condemnation. However, Lessee shall be entitled to any and all relocation proceeds.
- b. Lessor shall proceed as soon as reasonably possible to make such repairs and alterations to the real property as reasonably practicable to return the real property to its condition existing at the time of the condemnation. The Lessor may, but shall not be required to, perform alterations prior to the actual taking after the portion to be taken has been finally determined. Rent shall be abated to the extent the real property is untenable during the period of alteration and repair.
- c. After the date on which title vests in the condemning authority or an earlier date on which alterations or repairs are commenced by Lessor to restore the balance of the property in anticipation of taking, the rent shall be reduced commensurately with the reduction in value of the leased real property as an economic unit on account of the partial taking. If the parties are unable to agree upon the amount of the reduction of rent, the amount shall be determined by arbitration.
- d. If a portion of the Lessor's real property not included in the leased real property is taken and severance damages are awarded on account of the leased real property, or

an award is made for detriment to the leased real property as a result of change of grade of adjacent streets or other activity by a public body not involving a physical taking of any portion of the land, this shall be regarded as a partial condemnation of which subparagraphs (A) and (C) of "Partial Taking" above apply, and the rent shall be reduced to the extent of diminution of value of the real property as though a portion had been physically taken.

17. TOTAL TAKING. If a condemning authority takes all of the leased real property or a portion sufficient to render the real property reasonably unsuitable for the use, which the Lessee was then making of the real property, the Lease shall terminate as of the date the title vests in the condemning authority. Termination as described herein shall not impair Lessee's right to relocation assistance benefits.
18. SALE IN LIEU OF CONDEMNATION - DEDICATION TO THE PUBLIC. Sale of all or part of the leased real property to a purchaser with the power of eminent domain in the face of a threat or probability of the exercise of the power shall be treated for the purpose of this Paragraph as a taking by condemnation. Dedication to the public, sale, or transfer of all or a portion of the real property of Lessor to a municipal corporation, the State of Oregon or United States of America, shall be treated as a total or partial taking, as applicable.
19. LIENS.
 - a. Except with respect to activities for which the Lessor is responsible, the Lessee shall pay as due all claims for work done on and for services rendered or material furnished to the leased real property and shall keep the real property free from any liens related to Lessee's occupation of the leased real property. If Lessee fails to pay any such claims or to discharge any lien, Lessor may do so and collect the cost as additional rent. Any amount so added shall bear interest at the rate of nine per cent (9%) per annum from the date expended by Lessor and shall be payable on demand. Such action by Lessor shall not constitute a waiver of any right or remedy, which Lessor may have on account of Lessee's default.
 - b. Lessee may withhold payment of any claim in connection with a good faith dispute over the obligation to pay, so long as Lessor's property interests are not jeopardized. If a lien is filed as a result of nonpayment, Lessee shall, within thirty (30) days after knowledge of the filing, secure the discharge of the lien or deposit with Lessor cash or a sufficient corporate surety bond or other surety satisfactory to Lessor in an amount sufficient to discharge the lien plus any costs, attorney fees and other charges that could accrue as a result of a foreclosure or sale under a lien.
20. LIABILITY INSURANCE. The liability of Lessee as a self-insured political subdivision of the State of Oregon is governed by the provisions of Oregon Revised Statutes. Lessee shall not be obligated to provide additional or supplementary liability insurance coverage.
21. ASSIGNMENT AND SUBLEASE. The Lessee may sublease the use of the real property covered under this Lease in accordance with the terms and provisions of this Lease subject to the written consent of the Lessor, which shall not be unreasonably withheld, conditioned or delayed.

22. DEFAULT. The following shall be events of default:
- a. Failure of Lessee to pay any rent or other charge within ten (10) days after it is due.
 - b. Failure of either Lessor or Lessee to comply with any term or condition or fulfill any obligation of the Lease within thirty (30) days after written notice by the other party specifying the nature of the default with reasonable particularity. If the default is in such a nature that it cannot be completely remedied within the thirty (30) day period, this provision shall be complied with if the defaulting party begins correction of the default within the thirty (30) day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.
23. REMEDIES ON DEFAULT.
- a. In the event of default, the Lease may be terminated at the option of the party not in default by notice in writing to the defaulting party. The notice may be given at any time after the grace period for default given under the paragraph entitled "Default." If the property is abandoned by Lessee in connection with a default, termination shall be automatic and without notice.
 - b. The foregoing remedies shall be in addition to, and shall not exclude, any other remedy available to either party under applicable law.
24. PERSONAL PROPERTY.
- a. All personal property placed upon the leased real property during the term by Lessee shall remain the property of Lessee except as otherwise provided herein.
 - b. Upon abandonment, termination, revocation, or cancellation of this Lease, the Lessee shall remove, within a reasonable time, all personal property. If Lessee fails to remove all or part of such personal property within thirty (30) days, then they shall become the property of Lessor.
25. SURRENDER OF LEASED REAL PROPERTY. Upon abandonment, termination, revocation or cancellation of this Lease, the Lessee shall surrender the real property to Lessor in the same condition as the real property was on the date of possession. With Lessor's approval, Lessee may leave site improvements authorized by any land use permit. Lessee's obligation to observe and perform this covenant shall survive the expiration or the termination of the Lease.
26. NOTICES. Any notice by Lessee to Lessor or Lessor to Lessee must be served by certified or registered mail, postage prepaid, addressed to the other at the address given below or at such other address as either may designate by written notice.

LESSOR:
Deryl Ferguson
1971 NW Canyon Dr.
Redmond, OR 97756

LESSEE:
L. Shane Nelson, Sheriff
63333 W. Highway 20
Bend, Oregon 97703

27. NON-WAIVER. Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.
28. PARTNERSHIP. Lessee is not by virtue of this Lease a partner or joint venturer with Lessor in connection with activities carried on under this Lease, and shall have no obligation with respect to Lessor's debts or any other liabilities of each and every nature.
29. AGENCY. It is agreed by and between the parties, that neither party is carrying out a function on behalf of the other party, and neither party has the right of direction or control of the other parties' business under this Lease nor shall either party exercise any control over the activities of the other party.
30. LAND USE PERMIT. This Lease does not constitute a land use permit, nor does acceptance of this Lease by Lessee constitute approval of any legislative or quasi-judicial action required as a condition precedent to use of the land for the intended purpose.
31. LESSOR'S RIGHT TO CURE DEFAULTS. If the Lessee fails to perform any obligations under this Lease, the Lessor shall have the option to do so after thirty (30) days written notice to the Lessee. All of the Lessor's expenditures to correct the default shall be reimbursed by the Lessee on demand with interest at the rate of nine per cent (9%) per annum from the date of expenditures by the Lessor. This provision shall not be construed as placing any obligation upon Lessor to perform obligations assigned to Lessee herein.
32. NON-APPROPRIATION. In the event sufficient funds shall not be appropriated for the payment of rent required to be paid under this Lease, and if Lessee has not funds legally available for rent from other sources, then Lessee may terminate this Lease. If this Lease is to be terminated by reason of non-appropriation of funds, Lessee shall give Lessor 90 days advance written notice of the date of termination. Any termination hereunder shall coincide with the beginning of the Lessee's fiscal year.
33. ARBITRATION REQUIRED AND ATTORNEYS' FEES: Any dispute or claim that arises out of or that relates to this agreement, or to the interpretation, breach, or default thereof, or to the existence, scope or validity of this agreement or the arbitration agreement, shall be resolved by arbitration in accordance with the then arbitration rules of and by filing a claim with Arbitration Service of Portland, Inc., and judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof. In the event suit or action is brought, or an arbitration proceeding is initiated, to enforce or interpret any of the provisions of this agreement, or that arise out of or relate to this agreement, the prevailing party shall be entitled to reasonable attorney's fees in connection therewith. The determination of who is the prevailing party and the amount of the reasonable attorney's fees to be paid to the prevailing party shall be decided by the arbitrator(s), with respect to attorney's fees incurred prior to and during the arbitration proceedings, and by the court or courts, including any appellate court, in which such matter is tried, heard, or decided, including a court that hears a request to compel or stay litigation or that hears any exceptions or objections to, or requests to modify, correct, or vacate, an arbitration award submitted to it for confirmation as a judgment.


34. TIME IS OF THE ESSENCE. Time is of the essence of each and every provision of this Lease.
35. SEVERABILITY. The parties agree that if any term or provision of this Lease is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Lease did not contain the particular term or provision held to be invalid.
36. AUTHORITY. The signatories to this agreement covenant that they possess the legal authority to bind their respective principals to the terms, provisions and obligations contained within this agreement.

LESSOR:

DERYL FERGUSON

Date

LESSEE:

 070323

L. Shane Nelson, Sheriff

BOARD OF COUNTY COMMISSIONERS
FOR DESCHUTES COUNTY, OREGON

ANTHONY DEBONE, Chair

 A3

William Bailey, Captain 7.5.23

PATTI ADAIR, Vice Chair

PHIL CHANG, Commissioner

ATTEST:

Recording Secretary

Date