



Elizabeth Comfort
Finance Director

Department of Finance

Public Services Building
2051 Kaen Road, Suite 490 | Oregon City, OR 97045

December 14, 2023

BCC Agenda Date/Item: _____

Board of County Commissioners
Clackamas County

Approval of Lease Amendment 1 for Commercial Space at the Clackamas Corner Property with American Property Management for the Justice Court. Total value is \$1,657,614.50 for a ten (10) year term. Funding is through Justice Court fees and fines. No County General Funds are involved.

Previous Board Action/Review	Briefed at Issues December 12, 2023. Original lease signed June 27, 2013.		
Performance Clackamas	The continued leasing of this property will ensure safe and healthy communities and build public trust through good government.		
Counsel Review	Yes	Procurement Review	No
Contact Person	Jeff Jorgensen	Contact Phone	971-221-8033

EXECUTIVE SUMMARY: The County requested negotiation of a lease amendment in the Summer of 2023 for the continued lease of the Clackamas Corner property for the Municipal Division of State Courts, also known as the Clackamas County Justice Court, located at 11750 SE 82nd Avenue, Suite D, Happy Valley, Clackamas County, Oregon.

The Clackamas County Justice Court has occupied the existing 7,850 square foot leased facility since July 1, 2013. The Justice Court adjudicates traffic violations and civil cases including evictions and small claims. There have been many factors involved in determining whether the Court should amend the lease and continue in its current location including safety and access at the Court location, service by public transportation, adequate space for Court operations, free parking and a low impact on the surrounding neighborhoods. These factors will continue to be met in the Justice Court’s current location.

The Justice Court original security deposit was established at \$11,264.00, but an additional security deposit amount of \$2,179.27 is required and will be held by the landlord for the duration of the lease amendment.

RECOMMENDATION: Staff recommends that the Board approve execution of the lease amendment of commercial space at the Clackamas Corner Property to continue to house the Justice Court functions for the next ten years.

Respectfully submitted,

Elizabeth Comfort

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Director Finance

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AMERICAN PROPERTY MANAGEMENT
 2154 N.E. Broadway Portland, Oregon 97232
 Mailing Address: P.O. Box 12127, Portland, Oregon 97212
 Phone 503-281-7779 Fax 503-460-2616

**FIRST AMENDMENT TO LEASE
 LEASE EXTENSION**

Date: December 7, 2023

It is mutually agreed that the Lease Agreement (“LEASE”) dated June 27, 2013 between WESTON INVESTMENT CO. LLC; dba, AMERICAN PROPERTY MANAGEMENT successor in interest to Clackamas Corner LLC (“LANDLORD”), and Clackamas County, a municipal subdivision of the State of Oregon (“TENANT”) for Suite D consisting of approximately 7,850 rentable square feet (this measurement includes a load factor for the Floor of 0%) (“Premises”) in the Clackamas Corner Building located at 11750 SE 82nd Ave. in Clackamas, Oregon (“Building”) is hereby modified as follows:

If any provisions contained in this First Amendment to Lease are inconsistent with any other provisions of the LEASE, the provisions contained in this First Amendment to Lease shall control.

Article 1 EXTENSION TERM

Section 1.2 of the LEASE, “Lease Term”, shall be amended with the addition of the following:

Commencing December 26, 2023, the Lease term shall be extended for a period of ten (10) years and six (6) days and terminate December 31, 2033 (“Extension Term”).

Article 2 BASE RENT

Section 2.1 of the LEASE, “Base Rent”, shall be deleted and replaced with the addition of the following:

The TENANT agrees to pay Base Rent based upon the following rent schedule:

<u>Base Rental Period</u>	<u>Base Rent Per Month</u>
December 26, 2023 through December 31, 2024	\$10,303.13
January 1, 2025 through December 31, 2025	\$10,612.22
January 1, 2026 through December 31, 2026	\$10,930.59
January 1, 2027 through December 31, 2027	\$11,258.51
January 1, 2028 through December 31, 2028	\$11,596.27
January 1, 2029 through December 31, 2029	\$11,944.16
January 1, 2030 through December 31, 2030	\$12,302.48
January 1, 2031 through December 31, 2031	\$12,671.55
January 1, 2032 through December 31, 2032	\$13,051.72
January 1, 2033 through December 31, 2033	\$13,443.27

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Article 3 ADDITIONAL RENT

Section 2.2 of the LEASE, "Additional Rent," shall be amended as follows:

Section 2.2.1 of the LEASE, "Payment of Additional Rent," shall be deleted and replaced with the following:

Beginning December 26, 2023, the Additional Rent Charges shall include Insurance. Section 11 of the Lease shall not be changed. TENANT shall be liable for its proportionate share of Operating Expenses, as defined in Section 2.2.2, incurred by LANDLORD in connection with the operation of the Shopping Center ("Additional Rent"). The Additional Rent shall be fixed and TENANT shall agree to pay the Additional Rent as follows:

<u>Additional Rental Period</u>	<u>Additional Rent Per Month</u>
December 26, 2023 through December 31, 2024	\$2,001.30
January 1, 2025 through December 31, 2025	\$2,101.37
January 1, 2026 through December 31, 2026	\$2,206.44
January 1, 2027 through December 31, 2027	\$2,316.76
January 1, 2028 through December 31, 2028	\$2,432.60
January 1, 2029 through December 31, 2029	\$2,554.23
January 1, 2030 through December 31, 2030	\$2,681.94
January 1, 2031 through December 31, 2031	\$2,816.04
January 1, 2032 through December 31, 2032	\$2,956.84
January 1, 2033 through December 31, 2033	\$3,104.68

Sections 2.2.3, 2.2.4, 2.2.5, 2.2.6, 2.2.7, 2.2.8, and 2.2.9 shall be deleted in their entirety.

Article 4 SECURITY DEPOSIT

Section 5 of the LEASE, "Security Deposit," shall be amended with the addition of the following:

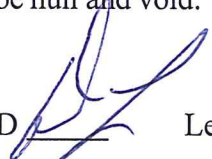
The TENANT shall submit, within thirty (30) days of this signed First Amendment to Lease, an additional Security Deposit of \$2,179.27 which shall be held by the LANDLORD together with Security Deposit currently deposited with the LANDLORD under the original Lease (\$11,264.00). The Security Deposit equal to last month's base rent (\$13,443.27) shall be held by the LANDLORD in accordance with the provisions of the original LEASE.

Article 5 OPTION TO EXTEND

Section 24, "Option to Renew," of the Lease shall be deleted and replaced with the following:

Option to Extend

TENANT shall be entitled to two (2) options to extend this LEASE for a term of five (5) years commencing after this agreement, which expires December 31, 2033, at the then prevailing market terms and conditions. TENANT to provide LANDLORD with no less than one hundred eighty (180) days and no more than two hundred forty (240) days written notice evidencing TENANT'S exercising of said right to negotiate for said option to extend prior to the expiration of this agreement. If LANDLORD and TENANT have not fully executed an extension agreement thirty (30) days prior to the expiration of this agreement, this option to extend shall be null and void.

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(a.) TENANT shall have no right to exercise said Option, notwithstanding any provision in the granting of Option to the contrary; (i) during the period commencing with the giving of any notice of Default under Paragraph 18.2 and continuing until the notice Default is cured or; (ii) during the period of time any monetary obligation due LANDLORD from TENANT is unpaid (without regard to whether notice thereof is given to TENANT), or (iii) during the time TENANT is in breach of this LEASE, or (iv) in the event the LANDLORD has given to TENANT three (3) or more notices of separate Defaults during the twelve (12) month period immediately proceeding the exercise of said Option, whether or not the Defaults are cured.

(b.) The Option granted to TENANT in the LEASE is personal to the original TENANT named on Page 1 hereof and cannot be voluntarily assigned or exercised by any person or entity other than said original TENANT while the original TENANT is in full and actual possession of the Premises and without the intention of thereafter assigning or subletting. The Option herein granted to TENANT is not assignable, either as part of an assignment of this LEASE or separately or apart therefrom, and no Option may be separated from this LEASE in any manner, by reservation or otherwise.

Article 6 RENT CONCESSION

Section 26, "Rent Concession", shall be added to the LEASE as follows:

TENANT shall receive a rent concession valued at \$61,818.84 to be applied as a monthly rent credit of \$5,151.57 toward January 2024 through December 2024 rent only.

Article 7 COMPLETE AGREEMENT

The signing of this First Amendment to Lease by the parties hereto constitutes a Lease between them incorporating all of the terms and conditions contained in the original LEASE heretofore made between TENANT and LANDLORD, or LANDLORD'S predecessor in interest, except as modified by the terms of this First Amendment to Lease. If any provisions contained in this First Amendment to Lease are inconsistent with any other provisions of the original LEASE, the provisions in this First Amendment to Lease shall control. This First Amendment to Lease is to be attached to the original LEASE, which is to be deemed a part of it. This First Amendment to Lease shall not be binding at the sole option of the LANDLORD if, as of the commencement date of the Extension Term herein, the TENANT is in default under any of the provisions of the original LEASE above described.

Article 8 EXPIRATION OF OFFER

This offer to extend TENANT'S LEASE shall expire if this First Amendment to Lease is not signed and delivered to the LANDLORD on or before December 31, 2023. The payment of rent and additional Security Deposit as referenced above shall be paid within thirty (30) days of the date this Amendment is signed.

Article 9 CONSTITUTIONAL DEBT LIMITATION

Paragraph 27 shall be added to the Lease as follows:

27. Debt Limitation. This Lease is expressly subject to the debt limitation of Oregon Counties set forth in Article XI, Section 10 of the Oregon Constitution, and is contingent upon funds being appropriated therefor. Any provisions herein which would conflict with law are deemed inoperative to that extent.



Article 10 **BROKERAGE**

Upon execution of this First Amendment to Lease, Landlord shall pay to Colliers International OR, LLC (“Colliers”), the sum of \$29,252.04(the “Brokerage Fee”), which sum constitutes Colliers’ brokerage fee earned as part of the amendment negotiations. The Tenant is not responsible for payment of the Brokerage Fee.

Article 12 **NO ATTORNEY FEES**


Paragraph 29 shall be added to the Lease as follows:

29. No Attorney Fees. Notwithstanding any other provision of the Lease, including paragraph 21, in the event any arbitration, action or proceeding, including any bankruptcy proceeding, is instituted to enforce any term of this Lease, each party shall be responsible for its own attorneys' fees and expenses.

IN WITNESS WHEREOF, the respective parties have executed this instrument in duplicate on this, the day, the month, and the year herein below written, any corporation signature being by authority of its Board of Directors.

LANDLORD:
WESTON INVESTMENT CO. LLC;
of dba, AMERICAN PROPERTY MANAGEMENT

TENANT :
Clackamas County, a municipal subdivision of the State
Oregon

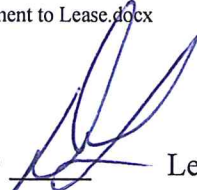
X 
Douglas D. Lindholm
Senior Vice President of Commercial Property

By: _____
Name: _____
Title: _____

DATE: 12-7-2023

DATE: _____

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