

LEASE AGREEMENT

LEASE AGREEMENT (this "Lease" or this "Agreement") is made and executed as of the ____ day of _____ 2010 ("Effective Date"), by and between the CITY OF PORTLAND, by and through its PARKS AND RECREATION BUREAU (hereinafter "LESSOR", "City" or "PPR"), and OREGON YACHT CLUB, LTD. (hereinafter "Lessee" or "OYC"), collectively referred to as the "Parties".

RECITALS

WHEREAS, OYC, a floating home community, owns the property located at 6901 SE Oaks Park Way;

WHEREAS, City owns the real property adjacent to OYC's property and referred to as State ID 1S1E14C 300 or R328442 ("City Property"), and, as the upland owner, has preferential rights to lease the State owned submerged and submersible lands that front the City property;

WHEREAS, OYC holds a Submerged and Submersible Waterway Lease ("Existing Waterway Lease") from Department of State Lands ("DSL"), but has recently learned that a portion of its leasehold actually is fronting on the City Property;

WHEREAS, under the DSL rules for leasing of DSL-owned submerged and submersible lands, the owner of the upland property fronting such lands has the first preference right to lease the bounding submerged and submersible lands from DSL;

WHEREAS, OYC has requested and the City is willing to obtain a new waterway lease from DSL of the DSL-owned submerged and submersible lands fronting on the City Property and then assign it to OYC so that the entire moorage is authorized under DSL rules; and

WHEREAS, OYC has also requested, and the City is willing, to lease an approximately 4753 square foot portion of the City Property to OYC to facilitate OYC's use of its moorage;

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and benefits stated herein, and in further consideration of the obligations, terms and considerations hereinafter set forth and recited, PPR and OYC agree as follows:

AGREEMENT

1. Lease. City hereby leases to OYC the Premises for purposes related to operating a floating home moorage on the terms and conditions set forth in this Lease.

2. Premises. The area to be used by OYC under this Agreement is depicted on Exhibit A hereto. The "Premises" consists of approximately 4,753 square feet of real property, which is a portion of the City Property.

3. Assignment of PPR Waterway lease; Renewals. Subject to DSL rules and regulations, PPR agrees that for the Term (as defined below) of this Lease it will obtain and maintain a New Waterway Lease, including renewals thereof coterminous with the Term of this

Lease for the area of the moorage that currently fronts the City Property ("New Waterway Lease"), all in accordance with this Section 3. PPR acknowledges and agrees that this will require PPR to apply for the New Waterway Lease, on terms substantially similar to OYC's Existing Waterway Lease, except that the New Waterway Lease will have an initial term of not less than fifteen (15) years and will provide one (1) fifteen-year extension term. So long as OYC is not in default beyond any applicable cure period under this Lease, and unless this Lease is sooner terminated in accordance with its terms, PPR will timely exercise all such extension options under the New Waterway Lease. Upon obtaining the New Waterway Lease, and each extension term thereof, PPR will immediately assign the New Waterway Lease to OYC and OYC will be solely responsible for all obligations as lessee under the New Waterway Lease. OYC agrees that it will be responsible, at its own cost, for preparing and submitting the required DSL application materials, including any DSL application or review fee, associated with obtaining and assigning the New Waterway Lease. Without limitation of the foregoing, PPR agrees to timely cooperate in the application processes and to execute such applications for the initial New Waterway Lease, for any extensions thereof, and for all assignments thereof to OYC, in accordance with this Section 3.

4. Authorized Use. OYC is authorized to use the Premises solely for reasonable uses associated with a floating home moorage and maintenance of the Premises, including but not limited to periodic dredging of river bottom and removal of spoils, pilings, and riprap incidental to such dredging, with all such uses to be in strict accordance with the terms and conditions of this Agreement.

5. Term. The initial term ("Initial Term") of this Agreement will commence on the Effective Date and will terminate at midnight on later of the 15th anniversary of the Effective Date or the 15th anniversary of the effective date of the New Waterway Lease. The intent of the Parties is that this Lease shall run conterminously with the New Waterway Lease.

6. Renewal Term. OYC shall have the option to extend the Initial Term of this Agreement for one (1) additional extension term of fifteen (15) years, commencing on the first day following the last day of the Initial Term, subject to OYC not being in default beyond any applicable cure period at the time it exercises the option. OYC may exercise such option by giving PPR written notice of its exercise of the option prior to the expiration of the Initial Term. The Initial Term, collectively with the extension term is hereinafter referred to as the "Term."

7. Acceptance of Premises. OYC has examined the Premises and accepts them in "as is" condition. No representations or warranties as to the condition or suitability of the said Premises have been made by City or its officers, agents or employees. Except as provided for otherwise herein, City shall have no liability to OYC for any damage, business loss, or injury caused by the condition of the Premises.

8. Prior Existing Rights. OYC accepts the Premises subject to any and all valid, existing interests of record, including, but not limited to permits, licenses, leases, easements, franchise agreements, railroad facilities, pipelines, telephone, telegraph, communication, power and signal lines or any other similar facilities, together with any future installations permitted under existing agreements. Subject only to the foregoing in this Section 8, OYC shall have quiet

and peaceful possession and enjoyment of the Premises so long as OYC is not in default of this Lease beyond any applicable cure period.

9. Net Lease. It is the intention and purpose of the City and OYC that this Lease shall be a "net lease" to City, with Lessee to pay all costs or expenses, general and special, ordinary and extraordinary, foreseen and unforeseen and of every kind and nature whatsoever that may arise out of or are reasonably attributable to Lessee's use and operation of the Premises, reasonable wear and tear excepted, during the Term. Such costs and expenses include, but are not limited to, taxes, utilities, trash removal, security, insurance, and/or property assessments, if applicable. All provisions of this Lease relating to expenses are to be construed in light of such intention and purpose to construe this Lease as a "net lease."

10. Rent. The rent for use of the Premises and the other rights granted herein shall be \$840.00 per year ("Rent"). This fee shall be increased annually by the same percentage that the annual rental for the New Waterway Lease is increased annually.

A. Payment Schedule. Rent will be paid in advance on or before the first (1st) day of January of each year of the agreement, without invoice from City and without offsets by OYC. Payments will be sent to PPR at the address provided herein, or at such other address as PPR may notify OYC of in writing from time to time.

B. Late Fee. OYC shall be charged a late fee of \$100.00 in any year in which any Rent payment, or portion thereof, has not been received within ten (10) days after the due date.

C. Interest. Any payment due under this Agreement, including late fees or repair reimbursements, or portion thereof, that has not been made within ten (10) days after the due date shall bear interest at the lesser of one and one quarter percent (1.25%) per month, compounded monthly, or the maximum rate permitted by law, from the due date until the date that payment is made.

11. Use Schedule, Responsibilities, Restrictions and Limitations

A. Maintenance and Repair. OYC is responsible, at its cost, for maintaining the Premises and any improvements in the Premises in a good, clean and safe condition no worse than its condition at the Effective Date. OYC will be responsible for removing non-native invasive species from the Premises on an annual basis. Any plantings will be coordinated through Parks' Property Manager.

B. Improvements Prohibited. OYC will not make new temporary or permanent improvements on the Premises without the prior written approval of PPR's Property Manager, which may not be unreasonably withheld. OYC's request to make improvements will be processed through Parks' Non-Park Use Permit process, which, among other things, requires the applicant to submit an application and provide detailed plans prepared by licensed contractors.

C. Dredging. PPR understands that OYC will need to dredge on the Premises periodically. Prior to such work, OYC will obtain such permits or approvals as are

required under applicable law, and will obtain PPR's approval through the Non-Park Use Permit process, which approval by PPR will not be unreasonably withheld, conditioned, or delayed, particularly, but without limitation, where OYC has obtained all other permits or approvals required under applicable law with respect to such work. All dredging costs will be borne by OYC.

D. Nuisance, Waste, Hazardous Substances. OYC shall refrain from any use which is offensive or annoying or interferes or obstructs the rights of City or others, including authorized users of adjacent City property. OYC shall not create or permit to be created any condition which would: constitute a fire hazard; permit any objectionable noise or odor to be emitted or escape from the Premises; in any manner result in defacement or injury of the Premises; impair the strength or durability of structural components of the Premises other than reasonable wear and tear; or be dangerous to persons or property. OYC shall not store gasoline or other highly combustible materials on the Premises at any time.

E. Safety. OYC will promptly, after becoming aware of such conditions or practices, correct any unsafe condition of the Premises for which OYC is responsible, as well as any unsafe practices by OYC's licensees, contractors, invitees, or other persons reasonably under OYC's control thereon. Promptly after becoming aware of the occurrence of injury or damage to persons or property occurring on the Premises, OYC shall submit a written report of the incident to PPR. OYC shall cooperate fully with City in the investigation of any damage to persons or property occurring on or about the Premises.

F. Compliance with Law.

1. OYC, at its cost, shall comply at all times with all applicable federal, state and local laws, rules, regulations, ordinances, policies, statutes and decisions, as applied to and with respect only to OYC's use of the Premises, as said provisions of law may change over time.

2. OYC, at its cost, shall be solely responsible for obtaining all licenses and permits necessary to comply with applicable provisions of law.

3. OYC, at its cost, shall comply with all orders, notices, regulations or requirements of any governmental authority respecting the use of the Premises.

12. City Responsibilities and Authority

A. Maintenance and Repair. OYC is primarily responsible for maintenance of the Premises, but PPR may maintain the Premises as it would similar Park property if it so chooses, provided such maintenance does not interfere with OYC's use of the Premises.

B. PPR Access. City shall have access to the Premise at all times, including without limitation during the periods when OYC is performing any work with City's prior approval, to inspect the Premises to determine if OYC is in compliance with its obligations under this Agreement, to inspect OYC's work, or to determine if any damage has been caused. It is expressly understood by the parties that City, whether or not it conducts visits or inspections,

assumes no responsibility for the quality, adequacy or safety of any maintenance or other work that is done by or for OYC.

13. Hazardous Materials. OYC shall not dispose at, on, or about the Premises any Hazardous Substance (as defined in ORS 465.200, or as it may hereafter be amended, and any implementing regulations) and shall handle all Hazardous Substances in a manner that protects the Premises and the environment from accidental spills and releases. OYC or any of its officers, employees, agents, contractors, subcontractors, servants, successors, assigns, or others reasonably under OYC's control shall not cause or authorize to occur any unauthorized release of a Hazardous Substance or any condition of pollution or nuisance at, on or about the Premises, whether affecting surface water or groundwater, air, the land or the subsurface environment. In the event that there is a spill or release of Hazardous Substances on the Premises caused by OYC, its officers, employees, agents, contractors, or invitees, OYC will report the spill or release to PPR within 24 hours of OYC's first knowledge thereof, which shall mean actual notice to or knowledge of the Commodore of OYC of such spill or release. Reporting to PPR will not substitute for any required reporting to regulatory agencies. OYC will be responsible for any and all costs associated with corrective actions needed to remedy any Hazardous Substance release that occurs as a result of OYC's use or occupancy of the Premises.

14. No Liens. OYC shall keep the Premises and all PPR property used in connection with this agreement free from any liens arising from any work performed, materials furnished, or obligations incurred by or at the request of OYC. If any lien is filed against any portion of the Premises or PPR property used in connection with this agreement as a result of the acts or omissions of OYC, or of OYC's employees, agents or contractors, OYC shall discharge, bond or otherwise secure the same to PPR's reasonable satisfaction within thirty (30) days after OYC has notice that the lien has been filed. If OYC fails to discharge, bond or secure any lien within such thirty (30) day period, then, in addition to any other right or remedy of PPR, PPR may, at its election, upon five (5) days' prior written notice to OYC, discharge the lien by either paying the amount claimed to be due or obtaining the discharge by deposit with a court or a title company or by bonding. OYC shall pay on demand any amount so paid by PPR for the discharge or satisfaction of any lien, and all reasonable attorneys' fees and other legal expenses of PPR incurred in defending any such action or in obtaining the discharge of such lien, together with all necessary reasonable disbursements in connection therewith.

15. Indemnification and Insurance

A. Indemnification by OYC.

1. OYC shall indemnify, protect and defend the City, its directors, officers, employees and agents, against, and hold the City, its directors, officers, employees and agents, harmless from any and all liabilities, obligations, losses, damages, fines, penalties, claims, demands, suits, actions, causes of action, charges, judgments, costs and expenses (including all reasonable attorneys' fees and court costs) (collectively, "Losses") of any nature whatsoever that may be imposed upon, incurred or paid by, or asserted against the City, its directors, officers, employees and agents, OYC, the Premises or any interest therein to the extent that such Losses are the result of, arise from, or are in connection with any of the following:

a. Any injury to or death of any person or any damage to property occurring from any use of or cause in, on or about the Premises to the extent arising from the acts or omissions of OYC or its agents, representatives, employees, contractors, subcontractors, successors, assigns or invitees;

b. The use, non-use, condition, possession, occupation, operation, repair, maintenance or management of the Premises or of the improvements or any component thereof to the extent arising from the acts or omissions of OYC or its agents, representatives, employees, contractors, subcontractors, successors, assigns or invitees;

c. Any construction, reconstruction, repairs, changes or alterations on or to, or any work done in, on or about, the Premises or any part thereof by or at the direction of OYC;

d. Any negligent or tortious act on the part of OYC or any of its agents, representatives, employees, contractors, subcontractors, successors, assigns or invitees;

e. The release of any Hazardous Substance on the Premises or the migration of any Hazardous Substances to other properties or released into the environment, caused by or resulting from the negligence or willful misconduct of OYC or its agents, representatives, employees, contractors, subcontractors, successors, assigns or invitees;

f. Failure of OYC to perform or comply with any term, covenant or condition of this Agreement; or

g. Violation or alleged violation by OYC of any contract or agreement to which OYC is a party or any law, regulation, rule, ordinance, statute or decision, in each case affecting the Premises, or OYC's use thereof, or OYC's occupancy, use, possession, operation, repair, maintenance or management of or any portion of the PPR Premises pursuant hereto.

2. There is hereby expressly excluded from the scope of the foregoing indemnity any matter to the extent that such matter results solely from the negligence or willful misconduct of the City (or its employees, agents, contractors).

3. If any action or proceeding is brought against the City, its directors, officers, employees or agents, which action or proceeding is based upon a claim for which OYC is obligated to indemnify the City hereunder, OYC shall, upon notice from the City, at OYC's expense, defend such action or proceeding through counsel reasonably acceptable to the City.

B. Insurance.

Lessee shall maintain public liability and property damage insurance that protects the Lessee and the City and its officers, agents and employees from any and all claims, demands,

actions and suits for damage to property or personal injury, including death, arising from the Lessee's work under this Agreement. The insurance shall provide coverage for not less than \$2,000,000 for personal injury to each person, \$2,000,000 for each occurrence, and \$2,000,000 for each occurrence involving property damage; or a single limit policy of not less than \$2,000,000 covering all claims per occurrence. The insurance shall be without prejudice to coverage otherwise existing and shall name as additional insureds the City and its officers, agents and employees. Notwithstanding the naming of additional insureds, the insurance shall protect each insured in the same manner as though a separate policy had been issued to each, but nothing herein shall operate to increase the insurer's liability as set forth elsewhere in the policy beyond the amount or amounts for which the insurer would have been liable if only one person or interest had been named as insured. The coverage must apply as to claims between insureds on the policy.

The insurance shall provide that the insurance shall not terminate or be canceled without thirty (30) days written notice first being given to the Property Manager, Portland Parks and Recreation. If the insurance is canceled or terminated prior to completion of the Agreement, the Lessee shall provide a new policy with the same terms. The Lessee shall maintain continuous, uninterrupted coverage for the duration of the Agreement. The insurance shall include coverage for any damages or injuries arising out of the use of automobiles or other motorized vehicles by the Lessee. PPR shall have the right during the Term to increase the minimum liability coverage required under this Section 15.B, as reasonably deemed appropriate by the City's Risk Manager due to statutory or legal changes to the maximum liability that may be imposed on municipalities of the State of Oregon during the Term of this Lease. Lessee shall maintain on file with the Property Manager, Parks and Recreation, a certificate of insurance certifying the coverage required under this Agreement. The adequacy of the insurance shall be subject to the approval of the City Attorney. Failure to maintain insurance after notice and opportunity to cure as per Section 16.B shall be cause for immediate termination of this Lease by the City.

Lessee and all employers working under this Agreement and on the Premises shall comply with Oregon's workers compensation law, Oregon Revised Statutes Chapter 656, which requires subject employers to provide workers' compensation coverage for all their subject workers. If required by law, the Lessee shall maintain workers' compensation insurance coverage for the duration of this Agreement.

Lessee shall require all contractors or subcontractors working on the Premises to meet the same indemnification and insurance requirements that are required of Lessee.

16. Default; Remedies

A. Events of Default. The following events shall constitute events of default by OYC:

1. If OYC fails to pay any portion of the Rent or other amounts payable hereunder within ten (10) days of written notice of such failure to pay;
2. If OYC fails to perform any other covenant in this Agreement within thirty (30) days after written notice from PPR specifying the failure, provided that

if such failure cannot, with due diligence, be cured within a period of thirty (30) days, OYC shall not be deemed to be in default if OYC begins to cure the failure within such thirty (30) day period and thereafter diligently prosecutes such cure to completion;

3. The bankruptcy or insolvency of OYC or if a receiver or trustee is appointed to take charge of any of the assets of OYC in or on the Premises and such receiver or trustee is not removed within thirty (30) days after the date of appointment, or in the event of judicial sale of the personal property in or on the Premises upon judgment against Licenses thereunder

B. Remedies for Default. Upon the occurrence of an event of default under this Section 16, PPR shall have the following rights and remedies, as well as any other remedies available at law or in equity.

1. City shall have the right to suspend OYC's use of the Premises until the default is cured.

2. So long as the default is not cured after the expiration of the applicable cure period, PPR shall have the right to terminate this Agreement by written notice to OYC. Such termination shall be effective immediately if public health, safety or welfare is at risk. Otherwise such termination shall be effective thirty (30) days after the written notice.

17. Termination.

A. In addition to the early termination provisions in Section 16, PPR may terminate this Lease upon one (1) year's advance written notice to OYC if OYC's use of the Premises interferes with City's use or development of the Premises in the best interests of the City and its citizens, as determined solely by City Council. In such event, however, the termination of this Lease shall not terminate the New Waterway Lease.

B. Upon expiration of the Lease term or early termination, Lessee shall surrender the Premises to City in the condition in which it was required to be maintained during the term by the express terms of this Lease. All repairs for which Lessee is responsible shall be completed prior to such surrender. All Lessee property shall be removed within thirty (30) days after termination. Should Lessee fail to effect the removals or make repairs, City may do so and charge the cost to Lessee together with late charges as provided by this Agreement from the date of the expenditure. Lessee shall be responsible for all damages to City as a result of Lessee's failure to surrender the Premises in accordance with the Agreement, and this clause shall survive the termination of the Agreement.

C. In the event that the City is unable, or defaults in its obligation to, obtain or renew the New Waterway Lease and assign such lease to OYC in accordance with Section 3, or if the New Waterway Lease is terminated prior to the expiration of the Term of this Lease, OYC may terminate this Lease by delivering written notice to PPR, after which OYC shall have no further obligation under this Lease except for obligations which expressly survive the termination of this Lease. This termination right is not intended to in any manner limit any other rights or remedies available to OYC under this Lease or applicable laws.

18. Exclusion of Certain Damages. Neither party shall be liable to the other party hereunder or in connection with the transactions contemplated hereunder, whether in contract or in tort, for indirect, incidental, exemplary, punitive, consequential or other special damages (including lost profits), whether or not such damages are foreseeable or unforeseeable, except to the extent that such damages are included in third-party claims that are covered by the indemnities under Section 15.

19. Force Majeure. Neither PPR nor OYC shall be in default hereunder if the performance of any act required of it hereunder is prevented or delayed by reason of events, contingencies or causes beyond its reasonable control and without its fault, including, but not limited to, fire, flood, earthquakes, lightning, unusually severe weather, acts of God, acts of any governmental authority, war, riot, accidents, embargoes, strikes, labor disputes, shortage of labor, fuel, raw materials, or machinery, or technical or yield failure, affecting such party or its suppliers or subcontractors; provided, however, that nothing in this Section 19 shall excuse OYC from the prompt payment of any amount required under this Agreement.

20. Right of First Refusal. Subject to applicable law with respect to the disposition of real property owned by PPR, during the Term of this Lease, OYC shall have the right of first refusal to purchase the fee title to the Premises on the following terms. During the Term, prior to PPR's acceptance of any bona fide offer from any person (meaning any natural person, legal entity, or governmental authority) to purchase the Premises, PPR shall promptly notify OYC of such offer in writing. OYC shall then have Thirty (30) days following the date of OYC's receipt of such notice in which to notify PPR whether or not OYC wishes to purchase the Premises on the same terms as are contained in such offer. If OYC timely notifies PPR of its election not to purchase the Premises, or fails to deliver any notice to PPR with respect to OYC's election within such thirty-day period, then OYC's right of first refusal shall be automatically extinguished effective upon the expiration of such thirty-day period, except that if the City thereafter fails to consummate the sale of the Premises in accordance with the bona fide offer within six months after the expiration of the 30-day period, then OYC's right of first refusal shall not be extinguished, but shall remain in force. If OYC timely notifies PPR of OYC's intent to purchase the Premises, then PPR will be obligated to convey marketable fee title in and to the Premises to OYC (on the terms contained in the offer of which PPR notified OYC in its notice) within such time after PPR's receipt of OYC's notice of election to purchase as is reasonably necessary to obtain any required City Council approval, land division approvals, or to ensure marketable title. If the City defaults in its obligation to convey title to the Premises, or is unable to deliver marketable title to the Premises to OYC following OYC's exercise of its right to purchase the Premises pursuant to this Section, then OYC's right of first refusal shall survive and any subsequent purchaser of the Premises shall take title subject to this Lease and OYC's right of first refusal.

21. Miscellaneous

A. City Consent. Unless otherwise stated, whenever consent, approval or direction by Lessor is required under the terms contained herein, all such consent, approval or direction must be in writing from the Director of PPR or a person designated in writing by the Director.

B. Taxes. Pursuant to Oregon Revenue and Taxation Code, PPR hereby notifies OYC that one or more of the rights granted to OYC under this Agreement may be construed by Oregon state or county taxing authorities as creating a possessory interest in OYC that is subject to property taxation and that, if so, OYC may be subject to the payment of property taxes levied on such possessory interest.

1. If any other real property or personal property taxes or assessments of any kind are levied with respect to the OYC's use of the PPR Premises, OYC shall be responsible for such taxes or assessments. If bills for such taxes or assessments are sent to PPR, rather than OYC, PPR shall timely provide OYC with such bills or, if appropriate, with an invoice and documentation evidencing OYC's share of such taxes or assessments.

2. OYC shall pay all taxes or assessments for which it is responsible, above, before the same become delinquent. OYC shall have the right, at no cost to PPR, to contest with the taxing authorities any such taxes or assessments.

C. Eminent Domain

1. Either party receiving any notice of an intended taking affecting the Premises or any portion thereof, any service of legal process relating to condemnation or any other notification in connection with any taking, condemnation or purchase, sale or transfer in lieu of condemnation, shall promptly give the other party notice. For purposes of this Lease, taking or condemnation includes a sale to a purchaser with the power of eminent domain in the face of a threat or the probability of the exercise of the power.

2. If all or a portion of the Premises, is taken by a corporation or governmental authority having right of eminent domain, by exercise of that right or by purchase, whether the taking be a direct physical taking or an indirect taking compensable by way of severance damages or the like, unless Lessor is the condemning authority, Lessor shall be entitled to all of the proceeds of the taking with respect to the Premises and OYC shall have no claim against Lessor as a result of the taking except for a return of prepaid rent. Nothing herein shall prevent Lessee from asserting a separate claim against the condemning authority with respect to any of Lessee's property affected by such condemnation. If the Premises remaining after the taking, if any, are sufficient for OYC's use, in its discretion, OYC shall pay rent reduced commensurately with the reduction in size of the premises on account of the taking. If the premises remaining are not sufficient for OYC's use, in its discretion, OYC may terminate this Lease as of the date possession of the Premises is taken.

D. Holding Over. If OYC remains in possession of the Premises or any part thereof after the expiration of the term hereof without the express written consent of Lessor, such occupancy shall be a tenancy from month-to-month with monthly rent in the amount of 125% of the monthly Rent at the time of expiration, plus all other charges payable hereunder, and upon all terms hereof, applicable to month-to-month tenancy. The hold over tenancy may be terminated at will at any time by Lessor, and during such hold over, Lessor shall have the right to adjust the rent payments, charges, or use fees upon thirty (30) days written notice to OYC.

E. Dispute Resolution. In the event of disputes, the parties agree to make reasonable efforts to resolve the dispute using the City's normal administrative procedures, including, but not limited to, the use of a City Hearing Officer, before initiating any formal legal action, provided, however, nothing in this paragraph or this Lease will delay or limit either party's right to seek an injunction, specific performance, or other interim remedy otherwise available under applicable law. Any litigation arising under this lease shall occur in the court sitting in Multnomah County having proper jurisdiction.

F. Third-Party Use of the Premises. OYC may not lease, license, transfer to, or swap, exchange with, or otherwise grant any third party the right to use or occupy the Premises. It is understood and agreed that, notwithstanding any such arrangements, no such third party shall have any rights under this Agreement, either as a party hereto or a third-party beneficiary.

G. Signage. OYC may not display or erect any signs or banners, whether temporary or permanent, on the Premises or other PPR property used in connection with this agreement without the advanced written approval of PPR's Property Manager, which shall not be unreasonably withheld.

H. Assignment

1. PPR may assign, at its sole discretion, this Agreement to any successor entity having responsibility for PPR management and/or operation the property and premises thereon; and the assignee shall be responsible for the performance of all terms and conditions of this Agreement applicable to PPR.

2. OYC shall not assign this Agreement without the prior written consent of PPR, which consent may be withheld at PPR's sole discretion, and any purported assignment without such consent shall be void.

I. Notices. All notices under this Agreement shall be in writing and shall be deemed validly given if sent by mail, nationally recognized courier or facsimile transmission, and shall be effective upon receipt. If any such notice or communication is not received or cannot be delivered due to a change in the address of the receiving party of which notice was not previously given to the sending party or due to a refusal to accept by the receiving party, such notice or other communication shall be effective on the date delivery is attempted. Notices should be addressed as follows:

PPR:	Portland Parks and Recreation Bureau 1120 SW 5th Ave, Suite 1302 Portland, Or 97204 Attention: Property Manager Telephone: (503) 823-5229 Facsimile: (503) 823-5570
	<u>With a copy to:</u>

	Office of the City Attorney 1221 SW 4th Ave, Room 430 Portland, OR 97204 Attention: Harry Auerbach Telephone: (503) 823-4047 Facsimile: (503) 823-3089
OYC:	Oregon Yacht Club, LTD 6901 SE Oaks Park Way Portland, OR 97202 Attention: Secretary

Any party may change the designated recipient of notices by so notifying the other party in writing.

J. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Oregon, excluding its choice of law principles.

K. Entire Agreement. This Agreement constitutes the entire agreement of the parties and shall supersede any prior or contemporaneous agreements or negotiations, whether written or oral, between the parties, regarding the subject matter herein.

L. No Third Party Rights. Nothing in this Agreement is intended to create any rights in any third parties.

M. Further Documents. Each party agrees to cooperate with the other in the execution of any documents necessary to protect its rights under this Agreement.

N. Illegality. If any provision of this Agreement is determined by a proper court to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement and this Agreement shall remain in full force and effect without such invalid, illegal or unenforceable provision.

O. Waiver in Writing. No waiver of any provision of this Agreement or any breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving party and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other or subsequent breach of this Agreement.

P. No Partnership. Nothing contained in this Agreement is intended to create, or shall in any event or under any circumstance be construed as creating, a partnership or a joint venture between PPR and OYC.

Q. Exhibits; Successors; Time of Essence; Counterparts; Amendments. The Exhibits attached to this Agreement are made a part of this Agreement. This Agreement shall benefit and bind PPR and OYC and their respective personal representatives, heirs, successors and assigns. Time is of the essence of this Agreement. This Agreement may be executed in counterparts, each of which shall be an original, but all of which shall constitute one

and the same Agreement. This Agreement may not be amended or modified except by a written instrument signed by PPR and OYC.

IN WITNESS WHEREOF, PPR and OYC have caused their duly authorized representatives to execute this Agreement in triplicate.

LESSOR:

PORTLAND PARKS AND RECREATION
BUREAU

By: _____

Name: _____

Title: _____

Date: _____

OYC:

OREGON YACHT CLUB, LTD

By: Mary Schutten

Name: Mary Schutten

Title: Commodore, CEO of OYC

Date: December 19, 2010

APPROVED AS TO FORM

[Signature]
CITY ATTORNEY

ZTec Engineers, Inc.

Civil ♦ Structural ♦ Surveying

John McL. Middleton, P.E.

Chris C. Fischborn, P.L.S.

Ronald b. Sellards, P.E.

3737 SE 8th Ave.

Portland, OR 97202

503-235-8795

FAX: 503-233-7889

Email: chris@ztengineers.com

November 10, 2010

Oregon Yacht Club

Lease Area from the City of Portland

Property Described in Book 1851, Page 1, Dated 7-3-1957

A lease area over and across a portion of that tract of land described in that deed recorded July 3, 1957 in Book 1851, Page 1, Multnomah County Deed Records, located in the Southwest One-quarter of Section 14, Township 1 South, Range 1 East, of the Willamette Meridian, in the City of Portland, Multnomah County, Oregon. Said lease area being more particularly described as follows:

Commencing at a 5/8 inch iron rod with a yellow plastic cap stamped, "ZTEC LS 1944" found at the Northeast corner of that tract of land recorded October 31, 1980, in Book 1480, Page 2128, Multnomah County Deed Records, said point being on the Northwesterly right of way line of the O.W.P. Railway Company right of way; thence North 88°52'25" West, along the North line of said Book 1480, Page 2128 tract, a distance of 129.00 feet to the top of bank of the Willamette River and the true point of beginning of the lease area herein described; thence North 41°50'50" East, along said top of bank, a distance 120.00 feet; thence North 45°00'00" West a distance of 35.00 feet to the ordinary low water line of said Willamette River; thence South 41°50'50" West, along said ordinary low water line, a distance of 152.00 feet; thence South 88°52'25" East, a distance of 46.11 feet to the true point of beginning of the lease area herein described.

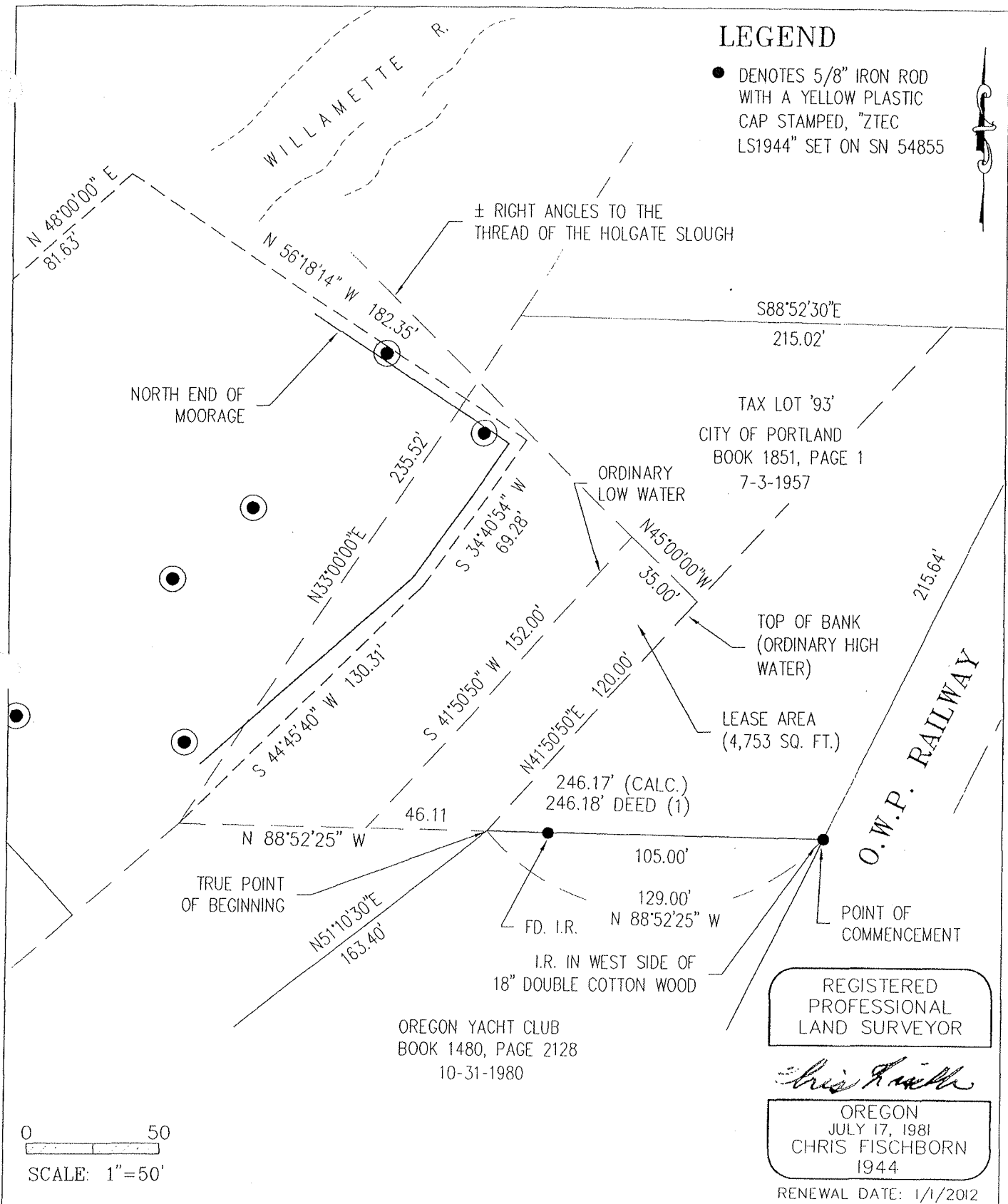
Said lease area contains an area of 4,753 square feet more or less.



LEGEND

- DENOTES 5/8" IRON ROD
WITH A YELLOW PLASTIC
CAP STAMPED, "ZTEC
LS1944" SET ON SN 54855

± RIGHT ANGLES TO THE
THREAD OF THE HOLGATE SLOUGH



TITLE: **EXHIBIT**

DATE: 10-14-10 PLOT DATE: 12/14/10

DWG BY: JWS CHK BY: CCF

SHEET: 1 OF 1 FILE: T2169-1ESMT2

CLIENT: OREGON YACHT CLUB

ZTec ENGINEERS, INC.

3737 S.E. 8TH AVE.
PORTLAND, OREGON 97202
(503) 235-8795

Upon recordation return to:

Christopher C. Criglow
Perkins Coie LLP
1120 NW Couch Street, 10th Floor
Portland, OR 97209

MEMORANDUM OF LEASE AGREEMENT

This MEMORANDUM OF LEASE AGREEMENT is made this _____ day of _____, 201_ (hereinafter the "Effective Date"), between the CITY OF PORTLAND, by and through its PARKS AND RECREATION BUREAU ("PPR") and OREGON YACHT CLUB, LTD. ("OYC").

WITNESSETH:

OYC and PPR are parties to that certain Lease Agreement dated _____, 201_ (the "Lease"), whereby PPR has leased to OYC the real property located in the City of Portland, Multnomah County, Oregon, described on Exhibit A attached hereto (the "Premises"), under and as more particularly described in Lease. OYC and PPR wish to record this Memorandum of Lease in the Official Records of Multnomah County, Oregon, for purposes of putting third parties on notice of the Lease, and in particular, the following:

1. Term. The Initial Term of the Lease commenced _____, 201_, the "Effective Date" of the Lease, and will continue, if not earlier terminated, until the later of the 15th anniversary of such Effective Date or the 15th anniversary of the effective date of the "New Waterway Lease", as defined in the Lease, between OYC and the State of Oregon, through its Department of State Lands. OYC has the right under the Lease to extend the Initial Term of the Lease for one (1) renewal term of fifteen (15) years commencing on the expiration of the Initial Term.
2. Other Agreements. The Lease includes PPR's agreement during the Term of the Lease to apply for and obtain the New Waterway Lease concerning certain submerged and submersible lands adjacent to the Premises and to assign such lease to OYC, all as more fully set forth in the Lease.
3. Incorporation of Lease. All terms and conditions of the Lease are hereby incorporated herein by reference as if fully set forth herein. Capitalized terms used and not otherwise defined in this Memorandum of Lease have the meanings given to them in the Lease.
4. Conflicts with Lease. This Memorandum of Lease is solely for notice and recording purposes and shall not be construed to alter, modify, expand, diminish or supplement the provisions of the Lease. In the event of any inconsistency between the provisions of this Memorandum of Lease and the provisions of the Lease, the provisions of the Lease shall govern.
5. Counterparts. This Memorandum of Lease may be executed in multiple counterparts.

[Signature Page Follows]

IN WITNESS WHEREOF, PPR and OYC have executed this instrument this ____ day of _____, 2010.

PPR:

PORTLAND PARKS AND RECREATION
BUREAU

By: _____

Name: _____

Title: _____

Date: _____

OYC:

OREGON YACHT CLUB, LTD.

By: Mary Schutten

Name: Mary Schutten

Title: Commodore, CEO of OYC

Date: December 19, 2010

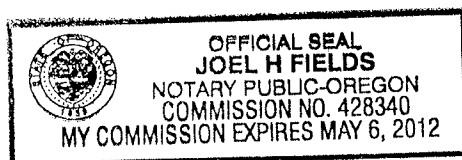
STATE OF OREGON)
) ss.
COUNTY OF MULTNOMAH)

The foregoing instrument was acknowledged before me this ____ day of _____, 2010 by _____ as _____ of the PORTLAND PARKS AND RECREATION BUREAU, on behalf of said Bureau.

Notary Public for Oregon
My commission expires: _____

STATE OF OREGON)
) ss.
COUNTY OF MULTNOMAH)

The foregoing instrument was acknowledged before me this 19th day of December, 2010 by Mary Schutten as Commodore / CEO of the OREGON YACHT CLUB, LTD., an Oregon corporation, on behalf of said corporation.



Joel H. Fields
Notary Public for Oregon
My commission expires: May 6, 2012

APPROVED AS TO FORM

[Signature]
CITY ATTORNEY

ZTec Engineers, Inc.

Civil ♦ Structural ♦ Surveying

John McL. Middleton, P.E.

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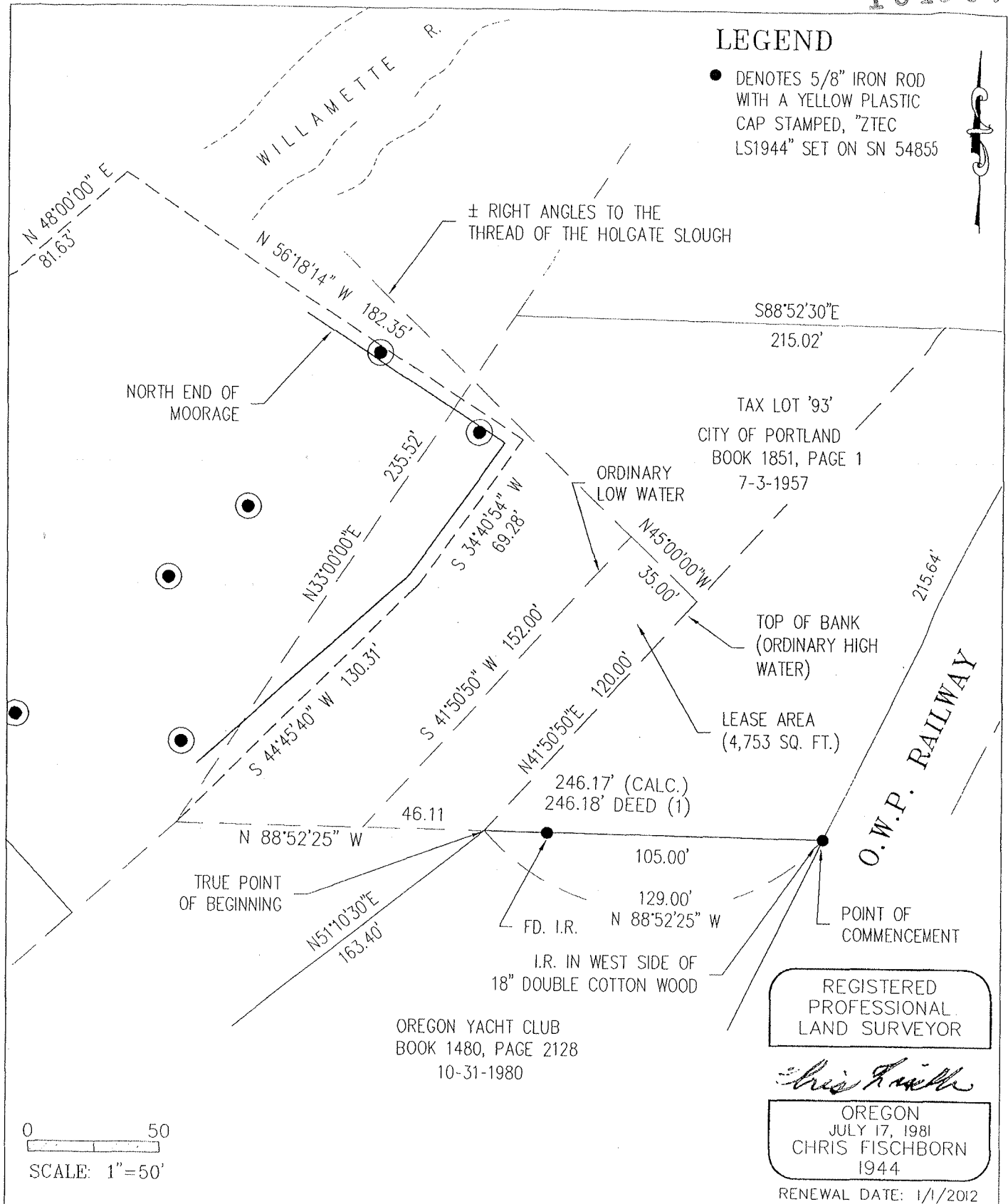
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184357

LEGEND

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TITLE:	EXHIBIT		ZTec ENGINEERS, INC. 3737 S.E. 8TH AVE. PORTLAND, OREGON 97202 (503) 235-8795
DATE:	10-14-10	PLOT DATE:	
DWG BY:	JWS	CHK BY:	
SHEET:	1 OF 1	FILE:	
		T2169-1ESMT2	CLIENT: OREGON YACHT CLUB