

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING )	RESOLUTION NO. 94-2018-A
A LEASE WITH THE AMERICAN )	
ADVERTISING MUSEUM FOR )	
SPACE IN THE METRO )	Introduced by
REGIONAL CENTER )	Rena Cusma,
)	Executive Officer

WHEREAS, A requirement of the City of Portland Zoning Code was the inclusion of retail space along Grand Avenue at Metro Regional Center; and


WHEREAS, a 2,652 square foot gallery space was designed and constructed and is located at the south end of the Metro Regional Center on the first floor, thereby complying with the City of Portland zoning requirement; and

WHEREAS, A Lease, a copy of which is attached as Exhibit A, has been prepared which provides for the tenancy of the American Advertising Museum in the gallery space;

WHEREAS, Prior approval of leases of real property owned by the District is required by Metro Code 2.04.033 (a) (3) now, therefore;

BE IT RESOLVED, that the Metro Council authorizes the Executive Officer to execute the Lease attached as Exhibit A with the American Advertising Museum.

ADOPTED by the Metro Council this 25th day of August, 1994.

  
Ed Washington,  
Deputy Presiding Officer

## LEASE

THIS LEASE made as of this \_\_\_\_\_ day of \_\_\_\_\_ 1994, between METRO, hereinafter referred to as "Landlord," whose address is 600 N.E. Grand Avenue, Portland, OR 97232-2736, and the AMERICAN ADVERTISING MUSEUM, whose address is Nine N.W. Second Avenue, Portland, OR 97209, hereinafter referred to as "Tenant."

### RECITALS

1. Landlord owns and occupies the Premises ~~Building~~ located at 600 NE Grand Avenue, Portland, Oregon 97232-2736, ~~and described herein on Exhibit "A." and known as the Metro Regional Center.~~
2. Tenant desires to lease a portion of ~~these Premises~~ ~~the Building~~ from Landlord.
3. The parties desire to have a Lease agreement defining the terms of the Lease.

In consideration of the mutual covenants contained herein, the parties agree as follows:

**SECTION 1. PREMISES.** Tenant leases from Landlord ~~a portion of the Premises as described in Exhibit Attachment "A."~~

### **SECTION 2. TERM; POSSESSION.**

2.1 **Term.** The Lease Term shall commence January 1, 1995 (the "Commencement Date") and continue through December 31, 1997 unless sooner terminated pursuant to the terms hereof. A "Lease Year," as such term is used herein, shall run from the Commencement Date or its anniversary ("Anniversary") until the day immediately preceding the next Anniversary.

2.2 **Renewal Option.** In the event the Lease is not in default at the time the option is exercised and at the time the renewal term is to commence, then Tenant shall have the option to renew this Lease for one (1) term of two (2) years, as follows:

a) **Commencement.** The renewal term shall commence on the day following expiration of the original term.

b) **Exercise.** The option may be exercised by written notice to Landlord given not less than one hundred and twenty (120) days prior to the last day of the expiring term. The giving of such notice shall be sufficient to make the Lease binding for

the renewal term without further act of the parties. Landlord and Tenant shall then be bound to take the steps required in connection with the determination of rent as specified below.

c) **Terms and Conditions.** The terms and conditions of the Lease for each renewal term shall be identical with the original term, except for the applicable rent and except that Tenant will no longer have any option to renew this Lease. No additional security deposit, other than the original \$1,500 security deposit, shall be required during the renewal term. Rent for the option period shall be determined by the following method:

1) compute the percent increase, if any, of the Consumer Price Index published by the United States Department of Labor for the Portland, Oregon, metropolitan area for all urban consumers or the nearest comparable data on changes in the cost of living for the Portland metropolitan area as selected by Landlord if such index is no longer published ("CPI") between that most recently published as of the current Anniversary and that published as of the immediately preceding Anniversary;

2) multiply the Rent for the immediately preceding Lease Year by said percent; provided, however, that, at the minimum, the Rent shall be increased by 4 percent of the immediately preceding Lease Year's Rent and that, at the maximum, by 6 percent of the preceding Lease Year's Rent; and

3) add the product so obtained to the Rent for the immediately preceding year, with the sum to be the Rent for the option period.

**2.3 Tenant's Work.** Landlord will notify Tenant when the Building and Premises are ready for the commencement of Tenant's work and installation of Tenant's improvements, personal property and performance of other work. Tenant, on request, will apprise Landlord of the date when the Premises are then expected to be ready for occupancy. Tenant will promptly perform the work, if any, required to ready the Premises for Tenant's possession and use, in accordance with the ~~terms drawing~~ attached as ~~Exhibit Attachment~~ "B." If Landlord requires, Tenant shall, at Tenant's expense, return the premises to their original condition upon the termination of this Lease. Landlord shall not be required to perform any work to ready the Premises for Tenant's occupancy.

**2.4 Delivery of Possession.** Delivery of possession of the Premises (the "Possession Date") will occur when Tenant actually occupies or takes possession of the Premises by, among other things, moving equipment, fixtures, materials, or other personal property onto the Premises, or by commencement of Tenant's improvements to the Premises. Tenant shall not so occupy or take possession of the Premises without first giving Landlord written notice thereof. Landlord shall have no liability for delays in delivery of possession caused by labor disputes, shortages of materials, acts of God, holdover by prior tenants, or other causes. All obligations of Tenant under this Lease, with the exception of payment of Rent, shall commence as of the Possession Date. Payment of Rent shall commence as of the Commencement Date. Tenant shall not have the right to terminate this Lease because of

delay in the delivery of possession for any reason, unless possession is delayed beyond October 1, 1994; provided that Tenant shall have no right to terminate if said delay is caused by the direct action or inaction of Tenant. In order to exercise the limited right to terminate provided for by the previous sentence, Tenant shall, at its option, give written notice to Landlord of the termination prior to the tender of possession to Tenant, thereby terminating its future obligations under this Lease; provided, however, that Landlord shall not be liable to Tenant for any damages, but shall be required to return Tenant's security deposit and pre-paid rent. Notwithstanding the above, if possession is not delivered to Tenant on or before the Commencement Date, Tenant's obligation to pay Rent will be delayed until possession is delivered, that is Tenant shall be entitled to one additional days free rent for each additional day which possession is delayed.

**SECTION 3. RENT.** Tenant shall pay to Landlord the Rent monthly for the Premises and any additional rent provided herein without deduction or offset. Rent for any partial month during the term shall be prorated to reflect the number of days during the month the Tenant occupies the Premises. Additional rent means amounts determined under Paragraph 4 of this Lease.

Rent for the first three (3) months of the Lease Term shall be zero. Rent for the remaining thirty-three (33) months of the Lease Term shall be \$1,564.68 per month, which is based on a yearly rate of \$7.08 per sq. ft. Tenant acknowledges that the First Year Rent, as well as rent for all subsequent years of the Lease, is computed based on 2,652 sq. ft., the square footage of the Premises.

3.1 **Time and Place of Payment.** Rent will be paid in advance on the first day of each month at the address for Landlord set forth in this Lease. Rent is uniformly apportionable day to day.

3.2 **Security Deposit.** Upon execution of this Lease, Tenant shall pay a security deposit to Landlord in the amount of \$1,500. The deposit shall be held by Landlord to secure all payments and performance due from Tenant under this Lease. Landlord may commingle the deposit with its funds and will owe no interest on the deposit. Landlord may apply the deposit to the cost of performing any obligation which Tenant fails to perform within the time require by this Lease, but such application by Landlord shall not be the exclusive remedy for Tenant's default. If the deposit is applied by Landlord, Tenant shall pay the sum necessary to replenish the deposit to its original amount upon Landlord's demand. To the extent not applied by Landlord, the deposit shall be refunded to Tenant within ten (10) days after expiration of the Lease Term.

**SECTION 4. UTILITIES; CUSTODIAL; OTHER CHARGES.** This is a "full service" Lease. Landlord is responsible for providing the following:

**Assessments; Capital Improvement Assessments.** All assessments (excluding real property taxes), and public charges on the Building and underlying real property.

**Utilities.** All utilities and services on the Building including electricity, gas, sewer and water, property insurance, garbage and recycling haul services.

**Common Area Maintenance.** The maintenance and operation of the Common Areas. "Common Areas" as used herein shall be defined as: all areas of the Building and the underlying real property not otherwise leased to a tenant, including, but not limited to, the breezeway and Lobby areas (including areas covered by awnings), the garbage and recycling area, all landscaped areas including those along the public streets (but excluding the parking area) and all Building mechanical elements.

**4.1 Extraordinary Operating Costs.** The parties recognize that by virtue of extraordinary use of the Premises by Tenant, extraordinary operating costs may result. Therefore, the parties agree that the Rent is based only upon use of the Premises during ordinary business hours of the Tenant and employing ordinary office equipment. Tenant agrees to pay as additional rent any such extraordinary operating expenses within forty-five (45) days of demand by Landlord.

**4.2 Real Property Taxes.** Tenant represents that Tenant is a tax-exempt entity and has no responsibility for payment of property taxes. If Tenant's representation is inaccurate or, if, for any reason whatsoever, Tenant's tax-exempt status is revoked, all real property taxes which are assessed as a result of Tenant's occupancy of the Premises will become due by Tenant as Rent. Tenant shall make such payments by November 1 in the year in which they are assessed.

**SECTION 5. PARKING.** Tenant shall have the option of purchasing from Landlord the use of up to five (5) monthly parking spaces in the adjacent Metro Grand and Irving Parking Garage at the then current monthly rate. Use is limited to normal business hours during weekdays, except during recognized public holidays. Tenant will be separately billed monthly for the use of the parking spaces. This option for parking spaces is subject to the usual terms and conditions of the standard parking space rental agreement. No visitors' parking is provided under this Lease.

**SECTION 6. USE.** Tenant shall use the Premises for the display space associated with the American Advertising Museum and for no other purposes without Landlord's written consent. A more detailed description of the American Advertising Museum's operation is attached as ~~Exhibit~~ Attachment "C." Tenant shall at its expenses promptly comply with all applicable laws, ordinances, rules and regulations of any public authority and shall not annoy, obstruct, or interfere with the rights of other Building occupants.

**SECTION 7. MAINTENANCE AND ALTERATIONS.**

**7.1 Tenant's Obligations.** Landlord shall not be required to make any repairs, alterations, additions or improvements to or upon the Premises or Building during the term of this Lease, except only those specifically hereinafter provided for in Section 8.2

below. Tenant hereby agrees to maintain and keep the Premises, including all interior doors and relites in as good repair, operating condition, working order, and appearance, and as clean and safe during the entire term of this Lease as they were as of the Possession Date, at Tenant's own cost and expense. In this regard, Tenant shall, as necessary: a) replace equipment and fixtures, b) replace broken or damaged interior and exterior glass in the windows and doors of the Premises with glass of as good or better quality as that now in use, and c) paint the interior of the Premises. Finally, Tenant hereby agrees to be responsible and pay for the repair or replacement of any part of the Building damaged as a result of the action or inaction of Tenant or its agents, independent contractors, employees, suppliers or invitees; provided that Tenant's obligation to pay for the damage caused by its invitees and suppliers shall be limited to damages to the (Tenant's interior) Premises, its windows or doors only.

7.2 Landlord's Obligations; Representations. Landlord agrees to maintain in good order and repair during the term of this Lease the exterior walls, roof, gutters, downspouts, structural systems and foundation, heating, ventilating and cooling systems, interior wiring, plumbing and rain pipes of the Building. It is understood and agreed that Landlord reserves and at any and all times shall have the right to repair or improve the Building or to add thereto, and, for that purpose, at any time may erect scaffolding and other necessary structures about and upon the Building and Premises. In such event, Landlord and Landlord's representatives, contractors and workmen may enter in or about the Building and Premises with such materials as Landlord may deem necessary therefor. Tenant waives any claim against Landlord for damages, including disruption of business resulting therefrom, caused by third parties not in Landlord's control. To the best of Landlord's knowledge, the Premises as turned over to Tenant will be in compliance with the structured requirements of the Americans with Disabilities Act ("ADA"). To the extent the Premises are not, Landlord will be responsible for compliance. (This shall not reduce Tenant's obligation itself to comply with the requirements of the ADA with respect to its own leasehold improvements).

7.3 Alterations; Signs. Tenant shall not alter, add to or improve the Premises, Building or install additional electrical equipment, machinery or any signs without Landlord's prior written consent. All alterations shall be made in a good and workmanlike manner, and any alterations and fixtures, including partitions, plumbing, electrical wiring and other additions and improvements, installed by Tenant (other than trade fixtures and equipment) shall become part of the Building and belong to Landlord. The parties specifically agree as follows:

Signs. Landlord will consider, in its sole discretion, allowing Tenant to place signage identifying Tenant on the Building facade. Landlord's prior approval of the proposed placement and design of signage by Tenant is required prior to installation of Tenant signage. All Tenant signage shall be in conformance with the sign code, shall not damage the Building's exterior, and in Landlord's reasonable opinion shall be tasteful. In any event, the signage and its installation shall be at the sole cost and expense of Tenant.

**SECTION 8. LIENS.** Tenant shall pay as due all claims for work done on or for services rendered or material furnished to the Premises or, on its behalf, to the Building, and shall keep the Premises and the Building free from any liens other than liens created by Landlord or other tenants; provided, however, that, so long as Tenant escrows cash with Landlord or provides a surety bond sufficient to pay the claim or lien, Tenant shall not be required to pay a claim or lien which it is validly contesting and the non-payment of which does not constitute a default by Landlord under any financing against the Building. If Tenant fails to pay such claim or to discharge any lien created or suffered by Tenant, Landlord may do so and collect such amount as additional rent. Amounts paid by Landlord shall bear interest and be repaid by Tenant as provided in paragraph 11.3 below. Such payment by Landlord shall not constitute a waiver of any right or remedy Landlord may have because of Tenant's default.

**SECTION 9. DEFAULT BY TENANT.** The following shall be events of default by Tenant:

9.1 **Payment Default.** Failure of Tenant to make any rent or other payment under this Lease within ten (10) days after it is due; provided, however, that Landlord shall give Tenant notice and five (5) business days following such notice to cure such default. However, Landlord shall have no obligation to give notice if Landlord has previously given Tenant notice of a failure to make the same type of payment twice in the last twelve (12) months.

9.2 **Unauthorized Transfer.** Tenant makes any transfer without Landlord's prior written consent as required under paragraph 9.1.

9.3 **Abandonment of Buildings.** Tenant abandons the Building, for which purpose "abandons" means a failure by Tenant to occupy and use the Building for the purposes permitted under this Lease for a total of seven (7) business days or more during the Lease Term, unless such failure is excused under other provisions of this Lease.

9.4 **Default in Other Covenants.** Failure of Tenant to comply with any other term or condition or fulfill any other obligation of this Lease within thirty (30) days after notice by Landlord specifying the nature of the default with reasonable particularity.

**SECTION 10. DEFAULT BY LANDLORD.** Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time. However, Landlord shall perform its obligations within thirty (30) days after receiving written notice from Tenant specifying where and how Landlord has failed to perform its obligations. However, if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

**SECTION 11. REMEDIES ON DEFAULT.** Upon default, Landlord may exercise any one or more of the following remedies, as well as any other remedy available under applicable law:

11.1 Retake Possession. Landlord may reenter and retake possession of the Premises either by summary proceedings, force, any other applicable action or proceeding, or otherwise, all without notice to Tenant except as may be required by law. 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.

11.2 Damages for Default. Whether or not Landlord retakes possession or relets the Premises, Landlord may recover all damages caused by the default (including but not limited to unpaid rent, reasonable attorneys' fees relating to the default, and reasonable costs of reletting). Landlord may sue periodically to recover damages as they accrue during the remainder of the Lease 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 Lease Term.

11.3 Cure of Tenant's Default. Without prejudice to any other remedy for default, Landlord may perform any obligation or make any payment required to cure a default by Tenant. The cost of performance, including reasonable attorneys' fees and all disbursements, shall immediately be repaid by Tenant upon demand, together with interest from the date of expenditure until fully paid at the rate of 15 percent per annum, but not in any event at a rate greater than the maximum rate of interest permitted by law.

**SECTION 12. SURRENDER AND EXPIRATION.**

12.1 Condition of Building. Upon expiration of the Lease Term or earlier termination on account of default, Tenant shall deliver all keys to Landlord and surrender the Premises in first-class condition. Depreciation and wear from ordinary use for the purpose for which the Building was let need not be restored, but all repairs for which Tenant is responsible' shall be completed to the latest practical date prior to such surrender.

12.2 Fixtures. Tenant shall promptly remove all of its furnishings, furniture, and trade fixtures that remain the property of Tenant and reasonably restore all damage caused by such removal. If Tenant fails to effect such a removal within twenty (20) days after Landlord's notice in writing and request for removal, this failure shall constitute an abandonment of the property and Landlord may retain the property and all rights of Tenant with respect to it shall cease. In the alternative, by notice in writing given to Tenant within twenty (20) days after removal was required, Landlord may elect to hold Tenant to its obligation of removal. If Landlord elects to require Tenant to remove, Landlord may effect a removal and place the property in public storage for Tenant's account. Tenant shall be



liable to Landlord for the cost of removal, restoration, transportation to storage, and storage, with interest on all such expenses as provided in paragraph 12.3 below.

12.3 Holdover. If Tenant does not vacate the Premises at the time required, Landlord shall have the option to treat Tenant as a tenant from month to month, subject to all of the provisions of this Lease (except that the term will be month to month and the initial Base Rent will be 115 percent of the amount of Base Rent being paid by Tenant at the expiration of the Lease Term), or to eject Tenant from the Premises and recover damages caused by wrongful holdover.

12.4 For Sale and For Rent Signs. During the period of one hundred (100) days prior to the date above provided for the termination of this Lease, Landlord may post on the Building thereof signs notifying the public that the Premises are "for sale" or "for lease;" provided, however, that any signs outside the Premises shall be above the level of the Premise's windows.

**SECTION 13. INSURANCE**. The Tenant shall hold and save harmless Metro, and indemnify, and defend its elected officials, employees, and agents from damages arising out of acts of Tenant, Tenant employees, agents, and visitors. Tenant shall continuously maintain at its expense comprehensive general liability insurance on its business in the Premises with a combined single limit of One Million Dollars (\$1,000,000), or such higher limits as Landlord may reasonably require from time to time. Tenant shall also maintain such other insurance on Tenant's operation as Landlord may reasonably require during the Lease Term. All such insurance shall name Landlord, its elected officials, departments, agents and employees, as an additional insured and shall contain a contractual liability endorsement referring to this Lease. The policies shall be in a form, amounts and with companies reasonably acceptable to Landlord. Certificates evidencing such insurance and bearing endorsements requiring thirty (30) days' written notice to Landlord prior to any change or cancellation shall be furnished to Landlord prior to Tenant's occupancy of the Building. Tenant shall also notify Landlord prior to any change or cancellation of such insurance.

**SECTION 14. WAIVER OF RIGHTS**. Each party hereby releases the other from any and all liability or responsibility to the other (or anyone claiming through or under them by way of subrogation or otherwise) for any loss or damage to the Premises, the Building, or property thereon caused by peril which would be covered by a standard "all risks" property insurance policy and water damage, whether or not such insurance is in force or is collectible, even if such loss or damage shall have been caused by the fault or negligence of the party, or anyone for whom such party may be responsible.

**SECTION 15. ASSIGNMENT AND SUBLETTING**. Tenant shall not assign this Lease or further sublet all or part of the Premises without the prior written consent of Landlord. Landlord shall not unreasonably withhold consent to any assignment or subletting provided the proposed tenant is compatible with Landlord's standards for the Building and is

financially sound. The giving of such consent in one instance shall not preclude the need for Tenant to obtain Landlord's consent to further transfers.

**SECTION 16. ATTORNEYS' FEES.** In the event of any suit or action by either party to enforce any provision of this Lease, or in any other suit or action arising out of or in connection with this Lease, the prevailing party shall be entitled to recover its costs of suit or action and reasonable attorneys' fees whether at trial or appeal.

**SECTION 17. CUMULATIVE RIGHTS AND REMEDIES.** No right or remedy or election hereunder shall be deemed exclusive but shall, whenever possible, be cumulative with all other rights and remedies at law or in equity.

**SECTION 18. TIME OF THE ESSENCE.** Time is of the essence of the performance of each of Tenant's obligations in this Lease.

**SECTION 19. AMENDMENTS.** This Lease shall not be amended or modified except by agreement in writing signed by both parties.

**SECTION 20. EXHIBITS/ATTACHMENTS.** ExhibitAttachment "A," ExhibitAttachment "B" and ExhibitAttachment "C" which are referred to in this Lease are attached hereto and by this reference incorporated herein.

**SECTION 21. CONSENT OF LANDLORD.** Whenever consent, approval or direction by Landlord is required under the terms contained herein, all such consent, approval or direction must be in writing.

**SECTION 22. QUIET POSSESSION.** Upon Tenant paying the rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all provisions of this Lease.

**SECTION 23. SECTION HEADINGS.** The section headings to the sections of this Lease are not part of the Lease and shall have no effect upon the construction or interpretation of any part of it.

**SECTION 24. COMPLETE AGREEMENT.** There are no oral agreements between Landlord and Tenant affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, advertising, agreements and understandings, oral or written, if any, between Landlord and Tenant or displayed by Landlord or its agents to Tenant with respect to the subject matter of this Lease, the Premises or the Building. There are no representations between Landlord and Tenant other than those contained in this Lease and all reliance with respect to any representations is solely upon representations contained in this Lease.

**SECTION 25. THIRD PARTIES.** Landlord and Tenant are the only parties to this Lease and as such are the only parties entitled to enforce its terms. Nothing in this Lease gives or shall be construed to give or provide any benefit, direct, or indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its term.

**SECTION 26. ESTOPPEL CERTIFICATES.** Within seven (7) days after Landlord's written request, Tenant shall deliver a written statement stating the date to which the rent and other charges have been paid, whether the Lease is unmodified and in full force and effect, and any other matters that may reasonably be requested by Landlord.

**SECTION 27. INSPECTION.** Landlord or its authorized representatives may enter at any time to determine Tenant's compliance with this Lease, to make necessary repairs, or to show the Premises and Building to any prospective tenants or purchasers; provided, however, that, except in the case of emergency repairs, such entry will be: a) made only on at least 24 hours prior oral or written notice, b) during normal business hours, and c) with an employee or Tenant to accompany Landlord or its representatives.

**SECTION 28. REPRESENTATIONS.** Tenant certifies that no representations as to the condition or repair of the Premises have been made by Landlord or its agents, and that no agreement to alter, repair, or improve said Premises has been made by Landlord, except as expressly set forth herein.

**SECTION 29. NOTICES.** Notices under this Lease shall be in writing, effective when delivered, or if mailed, effective on the second day after mailed postage prepaid to the address for the party set forth on page 1 of this Lease, or to such other address as either party may specify by notice to the other. Rent shall be payable to Landlord at the same address and in the same manner.

**SECTION 30. PARTIAL INVALIDITY.** Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and other provisions shall remain in full force and effect.

**SECTION 31. OBSERVANCE OF LAW.** Tenant, at Tenant's expense, shall comply with all laws, rules, orders, ordinances, directions, regulations, and requirements of federal, state, county and municipal authorities, now in force or which may hereafter be in force during the term of this Lease, which shall impose any duty upon Landlord or Tenant with respect to the use, occupation or alteration of the Premises.

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**SECTION 32. CHOICE OF LAW.** This Lease shall be governed by the laws of the State of Oregon.

**AMERICAN ADVERTISING MUSEUM**

**METRO**

\_\_\_\_\_

\_\_\_\_\_

**Rena Cusma, Executive Officer**

Date \_\_\_\_\_

Date \_\_\_\_\_

**APPROVED AS TO FORM:**

**APPROVED AS TO FORM:**

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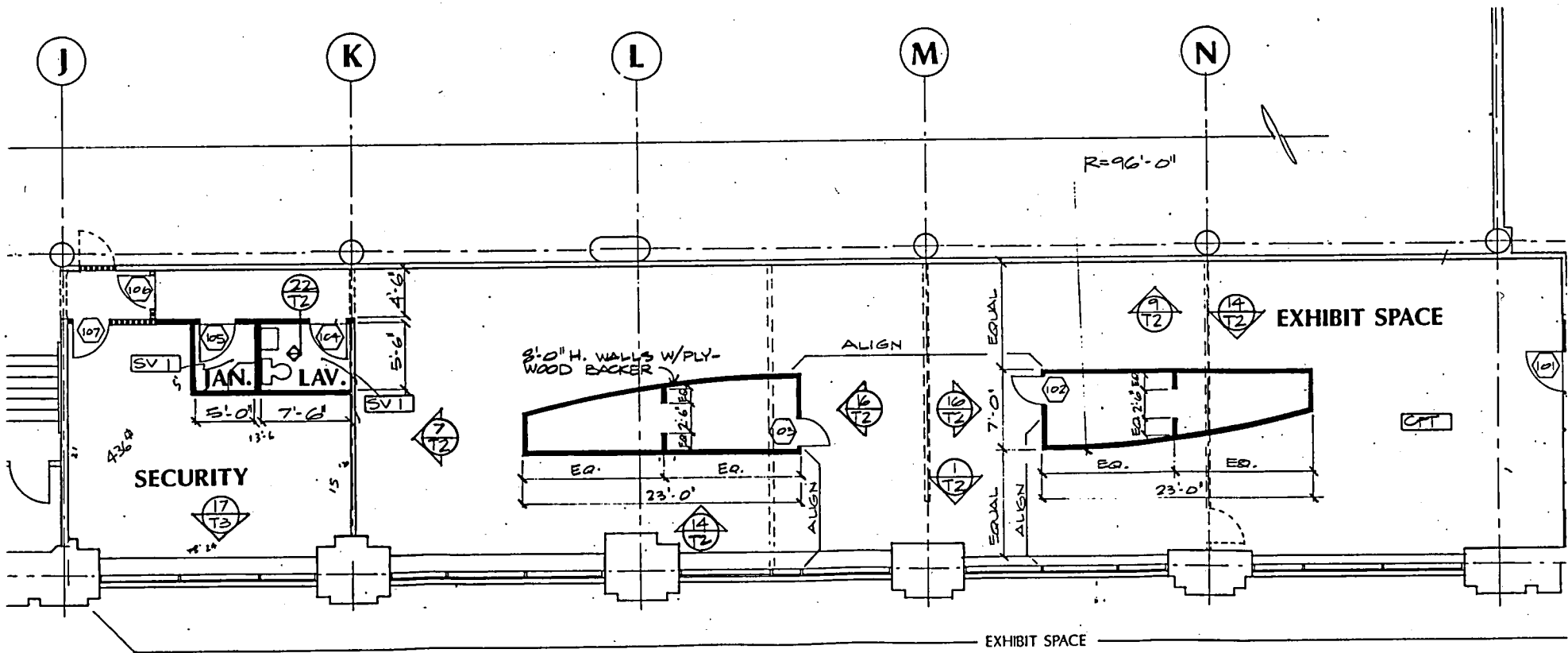
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**Daniel B. Cooper, General Counsel**

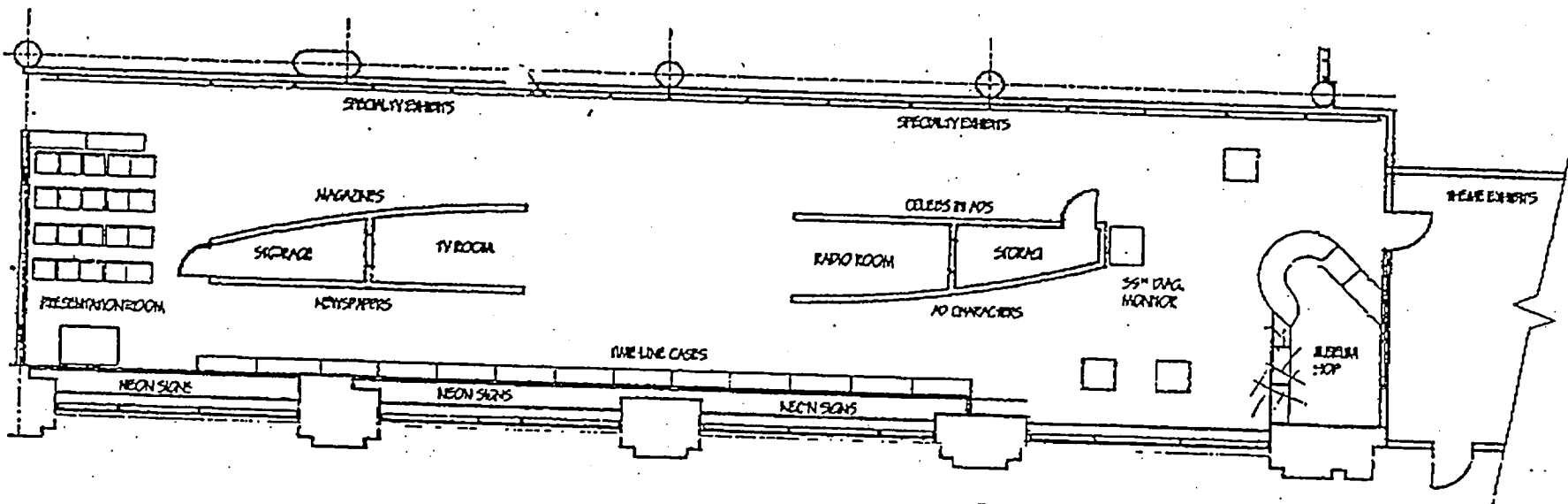
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gl  
1209



Grand Avenue



AD MUSEUM FLOOR PLAN 1/8" = 1'

PRELIMINARY DRAWING


**COLOR & DESIGN EXHIBITS INC**  
 PORTLAND • SEATTLE • SAN JOSE  
 (503) 243-6400 (206) 622-7764 (408) 4328228

8-1-94

(EXHIBIT) Attachment C  
Lease Agreement  
American Advertising Museum/Metro

1. The American Advertising Museum will have full discretion in establishing its hours of operation which will include weekday as well as Saturday and Sunday public visiting hours, evening public visiting hours, and evening private party hours.
2. The American Advertising Museum will have full discretion in establishing its admission fees including fees to public visitors, fees for private and public events, and fees for tours.
3. The American Advertising Museum will have full use of the Premises for Museum sponsored events which may include admission fees and/or group rental fees.
4. The American Advertising Museum is permitted to serve and/or sell food and beverages including alcoholic beverages in conjunction with its private and/or public special events. The American Advertising Museum will be responsible for securing any required permits or licenses.
5. Musical entertainment will be permitted in conjunction with Museum special events provided there is no disruption of other Metro building occupants and such entertainment is in accordance with city ordinances.
6. Subject to availability and prior arrangement with the landlord, The American Advertising Museum will have use of the North Plaza for special private and/or public events. It is understood that there will be no additional rental charge, but it is agreed that the Museum will pay extra-ordinary costs should they occur.
7. Subject to availability and prior arrangement with the landlord, The American Advertising Museum will have use of Metro conference room space during Metro's regularly scheduled hours. It is understood that there will be no additional rental charge, but it is agreed that the Museum will pay extra-ordinary costs should they occur.
8. The American Advertising Museum accommodates tour groups periodically during regular public visiting hours. In the event additional rest room capacity is needed to serve these tour groups, the American Advertising Museum will have access to rest rooms off the main lobby area and off the South lobby area through the garage. At the discretion of Metro, additional security maybe required for this access. In the event additional security is required, the Museum will be responsible for such additional security as an extraordinary cost.
9. For after hours events the Museum can arrange for security to be on duty to provide guests with access to the rest room areas referenced in point #8. The charge for security will be an extraordinary operating cost. The Museum needs to arrange for security through Metro Security manager at least one week in advance of event.
10. "Extraordinary Operating Costs" as referenced under Section 4.1 are those not included or covered by rent and the normal services provided under this lease. These costs may be applicable during the Museum's hours of operation which do not coincide with Metro's regular hours as specified in point #10. These costs will be assessed on an hourly basis as follows:

Security: \$14.00 per hour per person  
Cleaning: \$16.00 per hour per person  
HVAC: \$5.00 per hour

If these actual costs to Metro increase, the increase will be passed on to The American Advertising Museum.

The Museum will not be required to hire additional security or cleaning service on Sundays for regular visiting hours. Should the Museum need cleaning services beyond the hours defined in point #11 below, it will be assessed on an hourly basis.

11. Metro's normal business hours are Monday through Friday from 7:00 a.m. to 6:00 p.m. and Saturday from 8:00 a.m. to 5:00 p.m. except for holidays (see attached). These are the normal hours of HVAC service included in the Museum's rent. It is understood that the Museum will be open on Sundays from 12 noon to 5:00 p.m., and will be charged extra for HVAC at a rate of \$5.00 per hour for each Sunday the Museum operates. HVAC can also be arranged for after hours evens and Metro holidays at a rate of \$5.00 per hour.
12. By special notice, the Museum may request their normal cleaning service be completed after evening events provided the cleaning crew has access to the Museum space by 10:00 p.m., and that service can be completed by 12 midnight. Service required after 12 midnight will be at time and a half. See point #9.
13. Should the Museum need additional cleaning services, it may scheduled these with Metro. The charge for these services will be an "Extraordinary Operating Cost." Arrangements for additional cleaning services need to be made at least one week in advance.
14. The American Advertising Museum will be able to use its window space for appropriate Museum signage including neon, directionals, and event promotions pending prior approval of the landlord. It is understood that the Museum has sole discretion as to the hours its neon signs may remain illuminated as long as these hours are in compliance with any city sign/code requirements.
15. Suppliers to the American Advertising Museum, i.e. caterers and movers, will have access to the garage and its entrance to the Museum space for the purposes of loading and unloading. Arrangements need to be made at least one week in advance. Additional security maybe required and would be considered an extraordinary operating cost.
16. Subject to prior approval by Metro, the Museum may install a security system exclusive to its space. It is understood that the Museum's garage entrance is monitored by Metro security.
17. It is understood that (~~routing~~) routine maintenance will be handled by Metro.



STAFF REPORT

IN CONSIDERATION OF RESOLUTION NUMBER 94-2018 WHICH AUTHORIZES A LEASE WITH THE AMERICAN ADVERTISING MUSEUM FOR SPACE IN THE METRO REGIONAL CENTER

Date: July 25, 1994

Presented by: Berit Stevenson

FACTUAL BACKGROUND AND ANALYSIS

As a part of the design and construction of the improvements at the Metro Regional Center, a Gallery space was included and is located on the first floor along Grand Avenue. The 2,652 square foot space responds to a requirement of the City of Portland Central City Plan to provide for retail space along at least 50 % of the Grand Avenue building frontage.

General Services staff have been negotiating a tenancy with staff of the American Advertising Museum and have prepared the attached Lease. The lease provides for a three year term with an additional two year option. Monthly base rent for the space will be \$1,564.68. This figure includes the amortization of the first three months of rent which will be deferred and amortized over the term of the lease to assist the Advertising Museum during their move. The direct operating expenses of the space have been estimated to be \$4.38 per square foot. The lease rate equates to \$6.50 per square foot.

In addition to base rent, the Advertising Museum will pay extra-ordinary expenses which result from their operations. An example of these would be the cost of additional security which would be necessary during evening gallery events. All other operating expenses such as utilities are included in the base rent.

The lease includes an attachment entitled Summary - Points of Agreement which describes the operations of the Advertising Museum in more detail. Specifically, the Museum is open to the general public, charges an admission fee and hosts gallery opening events which occur after hours and include a typical gallery reception with an attendance of 100 to 200 persons. The Museum is currently open for business Tuesday through Sunday and expects to maintain similar hours of operation.

BUDGET IMPACT

Revenues which would accrue from this lease have not been reflected in the FY 94-95 budget. Therefore, enterprise revenues will be higher than expected. This will result in a decrease in the amount of interfund transfer to the Bulding Management Fund necessary for Regional Center debt service.

RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 94-2018.

## FINANCE COMMITTEE REPORT

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RESOLUTION NO. 94-2018A, AUTHORIZING A LEASE WITH THE AMERICAN ADVERTISING MUSEUM FOR SPACE IN THE METRO REGIONAL CENTER

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Date: August 15, 1994

Presented by: Councilor Kvistad

**COMMITTEE RECOMMENDATION:** At its August 10 meeting the Finance Committee voted 5-0 to recommend Council adoption of Resolution No. 94-2018A. Voting in favor were Councilors Monroe, Gardner, Kvistad, McLain, and Washington. Councilors Buchanan, Devlin, and Van Bergen were absent.

**COMMITTEE DISCUSSION/ISSUES:** Principal Analyst Berit Stevenson presented the staff report. She said this lease was the result of months of negotiations with the American Advertising Museum to fill the gallery space along Grand Avenue in Metro Regional Center. That space was required by the City of Portland to be built for a retail tenant. Council Analyst Casey Short said the changes in the "A" version before the committee were housekeeping only.

In response to a question from Councilor McLain, Ms. Stevenson said the lease payments included Metro payment of utilities and regular janitorial services. Councilor McLain asked about security for the space and access to the parking garage. Ms. Stevenson said there is a back door which opens to the garage, which must remain unlocked during business hours under fire safety codes. She assured Councilor McLain that Metro's security office was next to that door, and that it is monitored by Metro's security cameras; she added that the door in question would be available only for Museum staff and not the general public.

Councilor Kvistad asked if the rent per square foot was competitive with the market. Ms. Stevenson said it is, although the space is not ideal for retail space because Grand Avenue is not an active pedestrian area. Councilor Kvistad asked what a comparable rate would be in the area, and Ms. Stevenson said Metro is discussing lease terms for the Plaza space at \$12/square foot. (The rate in the lease for the Advertising Museum is \$7.08/square foot.)

In response to a question from Councilor Washington, Ms. Stevenson said the goal for leasing this space was to cover our costs and make a little more, and this lease does that. She said she thought this was a good deal for Metro because it met those goals. Councilor Monroe added that it would provide an additional place for convention attendees to go in the neighborhood.

Councilor Gardner asked if this met the City's requirement that the space be a retail space. Ms. Stevenson said the requirement was to build the space for retail, and that requirement was met by building it out. She added that the Advertising Museum does have a gift shop, so there should be no question the requirement is met.