AGREEMENT FOR LEASE OF BUSINESS PREMISES

Date: June 1, 2015

Between: Newport Urban Renewal Agency (Agency), Lessor
169 SW Coast Highway, Newport, Oregon 97365

And: Cheryl Schones (Schones), Lessee
436 NW 12th Street, Newport, Oregon

Newport Urban Renewal Agency leases to Cheryl Schones and Cheryl Schones leases from the Newport Urban Renewal Agency the following described property (the "Premises"):

A 240 square foot building located at 3333 S Coast Highway and currently operated as Espressgo Coffee and Bakery, the dimensions of which are depicted on Exhibit A together with drive isles immediately adjacent thereto.

The building is situated on real property identified as follows:

Beginning at a point on the North line of Lot 2, Block J, HARBORTON, which point is the intersection of the North line of said Lot 2 and the East line of U.S. Highway 101; thence East along the said North line of Lot 2, 170.1 feet; thence South 3°18' West 299 feet, more or less, to the South line of said Lot 2; thence West on the South line of Lot 2 to the East line of U.S. Highway 101; thence Northerly along said East line of Highway 101 to the place of beginning, all in Lincoln County, Oregon.

Said lease is subject to the terms and conditions stated below:

Section 1. Term

1.1 Original Term. The term of this Lease shall be a month-to-month basis, commencing on June 1, 2015.

1.2 Possession. Lessee's right to possession and obligations under the lease shall commence on June 1, 2015.

Section 2. Rent

2.1 Base Rent. The base rent shall be $300.00 per month.

2.2 Additional Rent. All taxes, insurance costs, utility charges that Lessee is required to pay by this lease, if any, and any other sum that Lessee is required to pay to Agency, Newport, or third parties shall be additional rent.

2.4 No Partnership. Agency is not by virtue of this section a partner with Lessee in connection with the business carried on under this lease, and shall have no obligation with respect to Lessee's debts or other liabilities, and no interest in Lessee's profits.

Section 3. Use of the Premises

3.1 Permitted Use. The Premises shall be used as a drive through and walk up coffee kiosk. Lessee shall use the premises for no other purpose without the consent of Agency, which consent shall not be unreasonably withheld. The use and installation of business related equipment shall be contracted for by Lessee and installed and used at Lessee's cost.

3.2 Restrictions on Use. In connection with the use of the Premises, Lessee shall:

(1) Conform to all applicable laws and regulations of any public authority affecting the premises and the use, and correct at Lessee's own expense any failure of compliance created through Lessee's fault or by reason of Lessee's use, but shall not make any structural changes to effect such compliance without prior written consent of Agency.

(2) Refrain from any activity that would make it impossible to insure the Premises against casualty, would increase the insurance rate, or would prevent Agency from taking advantage of any ruling of the Oregon Insurance Rating Bureau, or its successor, allowing Agency to obtain reduced premium rates for long-term fire insurance policies, unless Lessee pays the additional cost of the insurance.

(3) Refrain from any use that would be reasonably offensive to other lessees or owners or users of neighboring premises or that would tend to create a nuisance or damage the reputation of the premises.

(4) Refrain from loading the electrical system or floors beyond the point considered safe by a competent engineer or architect selected by Agency.

(5) Refrain from making any marks on or attaching any sign, insignia, antenna, aerial, or other device to the exterior or interior walls, windows, or roof of the premises without the written consent and appropriate permits issued by Newport.

3.3. Hazardous Substances. Lessee shall not cause or permit any hazardous substance to be spilled, leaked, disposed of, or otherwise released on or under the Premises. Lessee may use or otherwise handle on the Premises only those Hazardous Substances typically used or sold for the purpose of perming maintenance and repairs. Lessee may store such Hazardous Substances on the Premises only in quantities necessary to satisfy Lessee's reasonably anticipated needs. Lessee shall comply with all environmental laws and exercise the highest

degree of care in the use, handling, and storage of Hazardous Substances and shall take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled, or stored on the Premises. Upon the expiration or termination of this Lease, Lessee shall remove all Hazardous Substances from the Premises. The term environmental law shall mean any federal, state, or local statute, regulation, or ordinance or any judicial or other governmental order pertaining to the protection of health, safety or the environment. The term Hazardous Substance shall mean any hazardous, toxic, infectious or radioactive substance, waste, and material as defined or listed by any environmental law and shall include, without limitation, petroleum oil and its fractions.

Section 4. Repairs and Maintenance

4.1 Lessee's Obligations. Lessee is responsible for all maintenance and repair of the Premises and shall keep the Premises in good condition.

4.2 Inspection of Premises. Agency shall have the right to inspect the Premises at any reasonable time upon the giving of 24 hours notice, except that such notice is not required in the event of an emergency.

Section 5. Alterations

5.1 Alterations Prohibited. Lessee shall make no improvements or alterations on the Premises of any kind without first obtaining Agency's written consent. All alterations shall be made in a good and workmanlike manner, and in compliance with applicable laws and building codes.

5.2 Ownership and Removal of Alterations. All improvements and alterations performed on the Premises by Lessee shall be the property of Agency when installed unless the parties agree otherwise. At any time Lessee relinquishes occupancy or the Lease is otherwise terminated, improvements and alterations installed by Lessee shall, at Agency's option, be removed by Lessee and the premises restored unless Agency specifically provides otherwise.

Section 6. Property Insurance

6.1. Casualty/Loss Insurance Required. Agency may keep the Premises insured at Agency's expense against fire and other risks covered by a standard fire insurance policy with an endorsement for extended coverage. Lessee shall bear the expense of any renter's insurance insuring its property on the Premises against such risks.

6.2 Waiver of Subrogation. Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement, and in the event of insured loss, neither party's insurance company

shall have a subrogated claim against the other. This waiver shall be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company agrees in writing that such a waiver will not affect coverage under the policies. Each party agrees to use best efforts to obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

Section 7. Taxes; Utilities

7.1 Property Taxes. Lessee shall pay all taxes on its personal property located on the Premises and any real property taxes that may be assessed on the Premises due solely to Lessee's use.

7.2 New Charges or Fees. If a new charge or fee relating to the ownership or use of the Premises or the receipt of rental therefrom, or in lieu of property taxes is assessed or imposed, then, to the extent permitted by law, Lessee shall pay such charge or fee.

7.3 Payment of Utilities Charges. Lessee shall be responsible for all utilities to the building including natural gas, electricity, water, sewer, garbage, door locks, and any telephone or telecommunication equipment.

Section 8. Damage and Destruction

8.1 Partial Damage. If the Premises are partly damaged and Section 6.1 does not apply, the Premises shall be repaired by Lessee at its' expense. Repairs shall be accomplished with all reasonable dispatch subject to interruptions and delays from labor disputes and matters beyond the control of Lessee and shall be performed in accordance with the provisions of Section 5.

8.2 Destruction. If the Premises are destroyed or damaged such that the cost of repair exceeds 25% of the value of the structure before the damage, either party may elect to terminate the lease as of the date of the damage or destruction by notice given to the other in writing not more than 45 days following the date of damage. In such event, all rights and obligations of the parties shall cease as of the date of termination, and Lessee shall be entitled to reimbursement of any prepaid amounts paid by Lessee and attributable to the anticipated term. If neither party elects to terminate, Lessee shall proceed to restore the Premises to substantially the same form as prior to the damage or destruction. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppages on account of labor disputes and matters beyond Lessee's reasonable control.

Section 9. Liability Insurance and Indemnity

9.1 Liens

(1) Except with respect to activities for which Agency is responsible, Lessee shall pay as due all claims for work contracted by Lessee for services rendered or material furnished to the Premises, and shall keep the Premises free from any liens. If Lessee fails to pay any such claims or to discharge any lien, Agency may do so and collect the cost as additional rent. Any amount so added shall bear interest at the then-current rate allowed by law from the date expended by Agency and shall be payable on demand. Such action by Agency shall not constitute a waiver of any right or remedy which Agency may have on account of Lessee default.

(2) Lessee may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, as long as Agency's property interests are not jeopardized.

9.2 Indemnification. Lessee shall indemnify and defend Agency from any claim, loss, or liability arising out of or related to any activity of Lessee on the Premises or any condition of the Premises in the possession or under the control of Lessee including any such claim, loss, or liability that may be caused or contributed to in whole or in part by Lessee's own negligence or failure to effect any repair or maintenance required by this lease. Agency shall have no liability to Lessee for any injury, loss, or damage caused by third parties, or by any condition of the Premises except to the extent caused by Agency's negligence or breach of duty under this lease.

9.3 Liability Insurance. Lessee shall procure and maintain during the term of the lease general liability insurance covering claims for injuries to members of the public or damage to property of others arising out of any covered negligent act or omission of Lessee or of any of its employees, agents or assigns, with $1,000,000 per occurrence and in the aggregate. Such insurance shall protect Agency on account of the obligations assumed by Lessee under this lease, and shall name Agency as an additional insured. A copy of the policy, issued by a company currently licensed in the State of Oregon and certified as a true copy by an authorized representative of the issuing company, or, at the discretion of the Agency, a certificate in a form satisfactory to Agency certifying to the issuance of such insurance, shall be furnished to Agency no later than June 1, 2015.

Section 10. Quiet Enjoyment; Warranty

Agency warrants that it is the owner of the Premises and has the right to lease them. Agency will defend Lessee's right to quiet enjoyment of the Premises from the lawful claims of all persons during the lease term.

Section 11. Assignment and Subletting

No part of the Premises may be assigned or subleased, nor may a right of use of any portion of the property be conferred on any third person by any other means, without the prior written consent of Agency.

Section 12. Default

The following shall be events of default:

12.1 Default in Rent. Failure of Lessee to pay any rent or other charge within 10 days after written notice that it is due.

12.2 Default in Other Covenants. Failure of Lessee to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within 20 days' after written notice by Agency specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 20-day period, this provision shall be complied with if Lessee begins correction of the default within the 20-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

Section 13. Termination

13.1 Termination. At any time Agency or Lessee may terminate the lease on not less than 90 days' prior notice to the other party. In the event of a default that is not remedied as set forth in Section 12, the lease may be terminated at the option of Agency by 30 days' written notice to Lessee. Agency may reenter and take possession of the premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender.

13.2 Remedies Cumulative. The foregoing remedy shall be in addition to and shall not exclude any other remedy available to Agency under applicable law.

Section 14. Surrender at Expiration

Upon expiration of the lease term or earlier termination, lessee shall pay any amount owed for utility service provided under Section 7.3. on a pro-rata basis for any partial month.

14.1 Condition of Premises. Upon expiration of the lease term or earlier termination, Lessee shall deliver all keys to Agency and surrender the Premises in first-class condition and broom clean. Alterations constructed by Lessee with permission from Agency shall not be removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purpose for which the Premises are leased shall be excepted but repairs for which Lessee is responsible shall be completed to the

latest practical date prior to such surrender. Lessee's obligations under this section shall be subordinate to the provisions of Section 8 relating to destruction.

14.2 Removal; Fixtures; Repair

(1) All fixtures placed upon the Premises during the term, other than Lessee's trade fixtures, shall, at Agency's option, become the property of Agency. If Agency so elects, Lessee shall remove any or all fixtures that would otherwise remain the property of Agency, and shall repair any physical damage resulting from the removal. If Lessee fails to remove such fixtures, Agency may do so and charge the cost to Lessee with interest at the legal rate from the date of expenditure.

(2) Prior to expiration or other termination of the lease term Lessee shall remove all furnishings, furniture, and trade fixtures that remain its property. If Lessee fails to do so, this shall be an abandonment of the property, and Agency may retain the property and all rights of Lessee with respect to the property shall cease or, by notice in writing given to Lessee within 20 days after removal was required, Agency may elect to hold Lessee to its obligation to remove the property. If Agency elects to require Lessee to remove the property, Agency may effect a removal and place the property in public storage for Lessee's account. Lessee shall be liable to Agency for the costs of removal, transportation to storage, and storage, with interest at the legal rate on all such expenses from the date of expenditure by Agency.

Section 14. Miscellaneous

14.1 Nonwaiver. Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

14.2 Notices. Any notice required or permitted under this lease shall be given when actually delivered or 48 hours after deposited in United States mail as certified mail addressed to the address first given in this lease or to such other address as may be specified from time to time by either of the parties in writing.

14.3 Succession. Subject to the above-stated limitations on transfer of Lessee's interest, this lease shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

14.4 Recordation. This lease shall not be recorded without the written consent of Agency.

14.5 Entry for Inspection. Agency shall have the right to enter upon the Premises at any time after 24 hours notice to Lessee to determine Lessee's compliance with this lease, to make necessary repairs to the building or to the Premises, or to show the Premises to any prospective lessee or purchaser. In addition, Agency shall have the right to place and maintain upon the Premises notices for leasing or

selling of the Premises after notice is provided that the lease is being terminated in accordance with Section 13.1. The 24 hour notice provision shall not apply in the event of an emergency.

14.6 Subordination

Lessee acknowledges and agrees to subordinate any interest of Lessee in the leased Premises to facilitate improvements Agency plans to make to adjoining public rights-of-way including, but not limited to:

(1) Agency transferring or conveying any interest in real property along the perimeter of the real property upon which the Premises is located;

(2) Agency locating and/or relocating utilities above or below the Premises and real property upon which the Premises is located;

(3) Agency staging construction materials and equipment on the Premises provided the staging activities do not unnecessarily interfere with the Lessee occupancy; and

(4) Agency relocating points of ingress and egress to the Premises.

Provided; however, that the Lessee shall not be required to subordinate its lease in any manner that causes the Lessee to give up use of the building during the term of the lease.

NEWPORT URBAN RENEWAL AGENCY

Spencer Nebel, Executive Director — Date: 05-19-15

Approved as to Form:

Steve Rich, City Attorney

Lessee — Date: 5/19/15
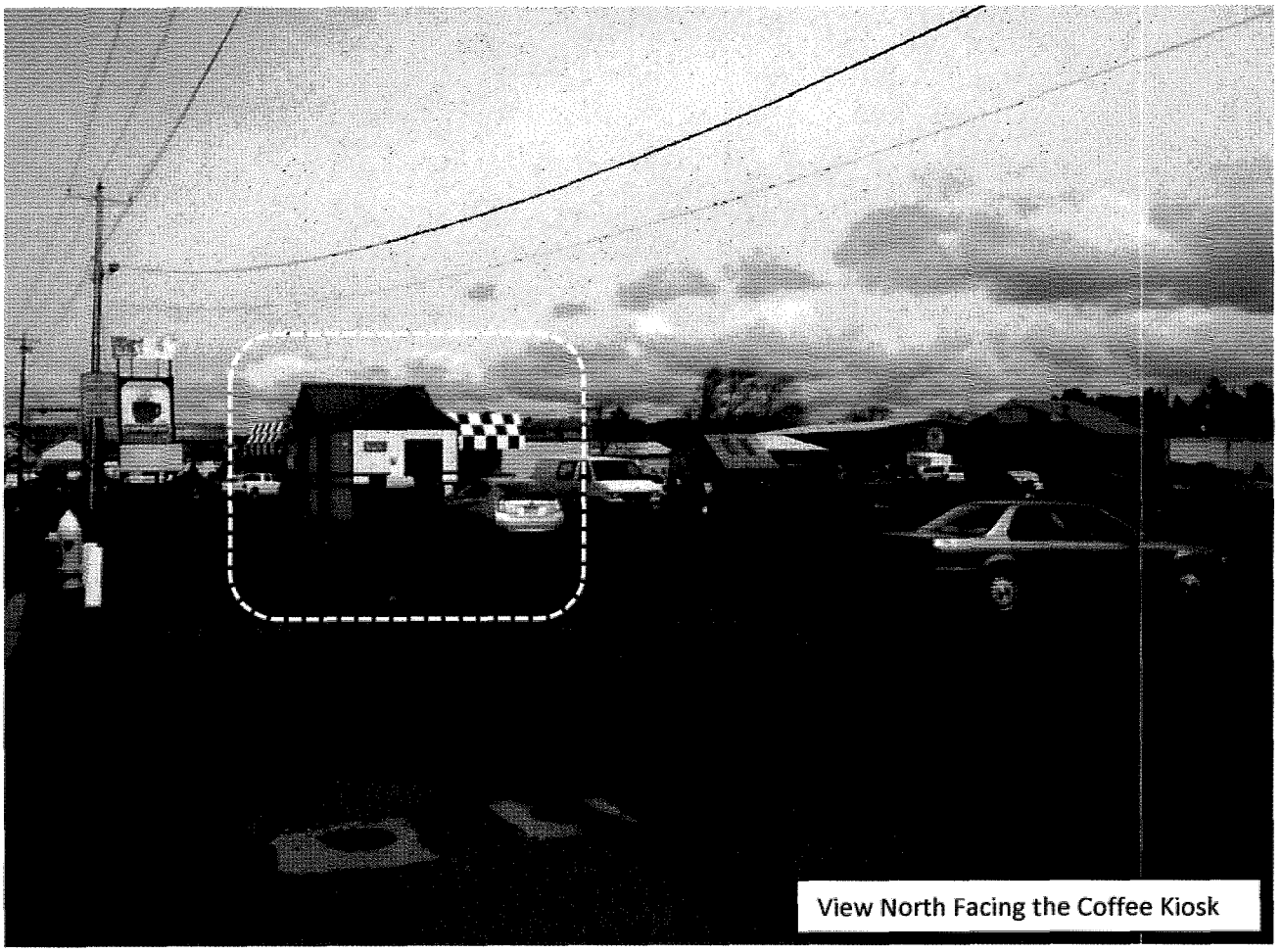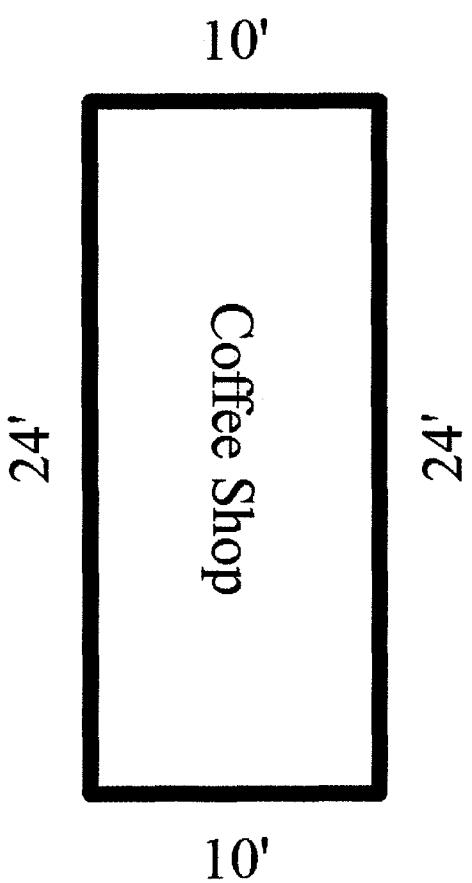
Exhibit A
EspressGo Coffee Kiosk Lease