



City of McMinnville

AIRPORT COMMISSION MEETING

KENT L. TAYLOR CIVIC HALL
200 NE Second Street

Tuesday, January 15, 2019
6:30 p.m.

Chair Jody Christensen

Commissioner Andy Benedict
Commissioner Doug Hurl
Commissioner Bob Peacock

Commissioner Mark Fowle
Vice-Chair John Lautenbach
City Councilor Adam Garvin

Welcome! All persons addressing the Airport Commission will please use the table at the front of the Board Room. If you desire to speak on any agenda item, please raise your hand to be recognized after the Chair calls the item. If you wish to address the Commission on any item not on the agenda, you may respond as the Chair calls for the *“Invitation to Citizens for Public Comment”* agenda item.

AGENDA

1. **CALL TO ORDER** (Chair Christensen)
2. **INVITATION TO CITIZENS FOR PUBLIC COMMENT**
 - *This section of the agenda allows for citizens to address the Airport Commission regarding any issue not on the agenda. The Chair will also invite airport users and business owners to report on current activities at the airport. Matters requiring further investigation or detailed answers will be referred to City staff for follow-up at a future meeting.*
3. **ELECTION OF OFFICERS** (All)
 - Per Section 2.28.020(D) of the Airport Commission rules, at its first meeting each year, the Commission shall elect a chairperson and a vice chairperson.
 - Commission Action Required: **By MOTION and VOTE, the Commission shall elect a Chair and Vice-Chair for calendar year 2019.**
4. **CONSIDER MINUTES OF THE NOVEMBER 6, 2018 COMMISSION MEETING**
 - Commission Action Required: **By MOTION and VOTE, the Commission shall approve the minutes from the November 6th meeting.**

The Kent L. Taylor Civic Hall building is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Recorder (503) 434-5702. For TTY services, please dial 711.

*Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Community Development Department.

5. **JERRY TRIMBLE HELICOPTERS LEASE REQUEST** (Jerry Trimble Helicopters)
- Commission Action Required: **The Commission shall provide direction to staff regarding the lease request. If directed, any lease amendment documents will be brought back to the Commission for review at a later date.**
6. **ITEMS FROM STAFF**
- Airport Manager's Report (Chris Norville, Potcake Aviation)
 - Fuel Farm Update (Rich Spofford / Chris Norville)
 - Airport Construction Projects Update (Rich Spofford)
7. **ITEMS FROM COMMISSIONERS** (All)
8. **ADJOURNMENT**

NOTE: The next Airport Commission meeting will be on **Tuesday, March 5, 2019 @ 6:30pm** in the Kent L. Taylor Civic Hall Building, 200 NE Second Street.

AIRPORT COMMISSION MEETING

**Tuesday, January 15, 2019
6:30pm**

Agenda Item 4. MINUTES OF THE NOVEMBER 6, 2018 MEETING

- Attachment 1: Proposed minutes.

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McMinnville Airport Commission Meeting Minutes

Kent L. Taylor Civic Hall
Tuesday, November 6, 2018

1. The meeting was called to order at 6:30pm by Chair Christensen. Commissioners present were Andy Benedict, Doug Hurl, John Lautenbach, Bob Peacock, Vice-Chair Lautenbach, and City Councilor Alan Ruden. Staff in attendance included Mike Bisset and Rich Spofford (City of McMinnville), and Meyer Puzon (Potcake Aviation - Airport Manager).
2. **Invitation to Citizens for Public Comment:** No public comment received.
3. **Consider Minutes of the September 4, 2018 Commission Meeting:** Chair Christensen asked for comments on the draft minutes from September 4, 2018 Commission meeting. Hearing no questions regarding the minutes, Chair Christensen asked for a motion to approve. A motion to approve the minutes, as presented, was made by Commissioner Hurl, and seconded by Commissioner Peacock; and the minutes were approved by unanimous vote of the Commissioners present.

4. **Items from Staff:**

- **Airport Manager's Report:** Airport Manager representative, Meyer Puzon, reported that trees in the approach areas were being removed, and that new noise complaints had been received related to helicopter training on alpha taxiway.

He noted that the runway 4/22 project was completely finished, and no further runway closures will be necessary.

Meyer indicated that the Oregon Department of Aviation is working on a pavement maintenance program project for the spring of 2019.

Commissioner Benedict asked about the status of the tree removal. Rich Spofford indicated he is working with the surveyor and the tree removal company, and that there are lots of trees on several properties that need to be dealt with. Some trees are being topped, and others are being removed completely. He estimated that the total cost for the work will be approximately \$50,000.

- **Fuel Farm Update:** Rich Spofford provided an update regarding the various options that are being explored to deal with the fuel situation; including refurbishment of the existing tank and purchase of a new tank.

Jerry Trimble testified that the fuel situation was unacceptable. Chair Christensen noted that the City and Potcake were diligently exploring solutions.

Meyer Puzon noted that some petroleum companies are declining to deal with aviation fuel.

David Rath, Precision Helicopters, indicated that he continues to work with Potcake Aviation to see if solutions to the fuel issued could be found.

- **Airport Construction Projects Update:** Rich Spofford provided an update regarding the upcoming apron project, and noted that an open house regarding the work was held. He noted that the design is ongoing, and that the City is pursuing funding options with the FAA and ODA. Rich indicated that the preliminary schedule has construction planned for July of 2019, but noted that could shift out if additional FAA funding is available.
- Commissioner Benedict asked if it was possible to add navigation systems to runway 17/35. Rich noted that the FAA wouldn't approve a precision approach to the crosswind runway. He indicated that that possibility could be explored during the planned Airport Layout Plan (ALP) update scheduled to start in 2021.
- John Dolan, airport user, asked about the scope of work for the apron project. Rich noted that the scope includes a new taxilane and transient tie-down area. He indicated that the ODA pavement maintenance work should include crack-sealing of the taxiways.
- Fee Stubberfield, airport user, asked about the limits of the apron work and if the project will address drainage issues. Rich indicated that the work will extend to the east of the east hangar, and that drainage improvements will be included.

5. Items from Commissioners:

- Chair Christensen noted that Commissioner Berry was ending his service on the Commission, and she asked for an update re: the appointment process. Mike Bisset noted that Commissioner Benedict's and Commissioner Berry's positions expire on December 31st. He noted that City Administration had advertised the vacancies, and that there were three interested parties – including interest by Commissioner Benedict in continuing his service. Mike indicated that the City would be scheduling interviews for the positions.
- Commissioner Lautenbach asked about plans for any new hangars. Rich Spofford noted that future hangar locations were as noted in the Airport Layout Plan. He noted that he is working with several parties interested in new hangars, and that he had received a deposit for a new hangar off of the taxiway serving the Evergreen hangar.

Meyer Puzon noted that Potcake Aviation was exploring the possibility of new hangars as well.
- Chair Christensen noted that the City Planning Department would soon begin the planning process related to the Three Mile Lane corridor.
- Commissioner Hurl indicated that he felt that everyone should work together to solve the fueling issue as quickly as possible.

The meeting was adjourned at 7:11pm.

AIRPORT COMMISSION MEETING

**Tuesday, January 15, 2019
6:30pm**

Agenda Item 5. JERRY TRIMBLE HELICOPTERS LEASE REQUEST

- Staff Memo
- Attachment 1: 2004 Lease Amendment & 1998 Caddis Lease
- Attachment 2: 2007 Lease Assignment – Wells
- Attachment 3: 2010 Lease Amendment
- Attachment 4: 2012 Lease Amendment Resolution 2012-10
- Attachment 5: 2017 Lease Extension
- Attachment 6: 2017 Lease Assignment – Wells/Row
- Attachment 7: Lease Amendment Request From JTH
- Attachment 8: Standard Land Lease Document

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City of McMinnville
Community Development Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7312

www.mcminnvilleoregon.gov

STAFF REPORT

DATE: January 9, 2019
TO: Airport Commission
FROM: Mike Bisset, Community Development Director
SUBJECT: Jerry Trimble Helicopters Lease Request

Report in Brief:

This action is the consideration of a lease amendment request from Jerry Trimble Helicopters to allow for the continued placement of the modular office building upon their leased area.

Background:

In 1998 the City entered into a Land Lease Agreement with Caddis Manufacturing for the lease of 20,000 square feet of property, and the construction of a hangar building, at the McMinnville Municipal Airport. The lease was amended in 2004 to increase the land lease area to 23,600 square feet (Attachment 1).

Per the lease agreement, the use of the hangar building was limited to “parking and storing of aircraft, and for maintenance and other routine activities associated with aircraft ownership.” The lease was subsequently assigned to Gary and Pamela Wells in 2007 (Attachment 2).

In 2010, the lease was amended (Attachment 3) to allow for aviation related commercial activities in addition to parking and storing of aircraft. Specifically, the lease amendment allowed for the use of the hangar for commercial flight instruction, and aircraft repair and maintenance.

At that time, the hangar did not have classroom or restroom facilities that are required by the adopted “Minimum Standards for Commercial Aeronautical Activities” for the Airport. The approved lease amendment allowed for the classroom and restroom facilities to be provided at the Fixed Based Operators (FBO) building until such time as they were constructed within the leased premises.

In 2012, the lease was amended again (Attachment 4) to allow for the placement of an office modular building on the premises that provided office, classroom, restroom and other business related facilities associated with the Lease. The lease amendment required that modular building be removed from the premises by the Lessee on or before May 1, 2022.

The original 1998 land lease agreement with Caddis Manufacturing was for a 20-year term, with a provision for one 20-year extension. In 2017, the land lease was extended to May 31, 2038 (Attachment 5).

In July of 2017, an assignment of lease document was recorded providing 50% interest in the lease to Gary Wells and 50% interest to Alison Row (Attachment 6).

Discussion:

The attached letter from Jerry Trimble Helicopters (Attachment 7) requests that the Commission consider amending the land lease to allow for the continued placement of the modular office building on the leased premises beyond 2022. Representatives from Jerry Trimble Helicopters will attend the January 15, 2019 Airport Commission meeting to review the proposal with the Commission.

One option, if the Commission is amenable to the continued placement of the modular, would be to incorporate language in the lease amendment allowing for five year extensions of the lease upon the completion of an assessment and inspection of the building. Those renewal and inspection terms are contained the City's current standard lease document (see Section 4 of Attachment 8).

Attachments:

1. 2004 Lease Amendment & 1998 Caddis Lease
2. 2007 Lease Assignment - Wells
3. 2010 Lease Amendment
4. 2012 Lease Amendment Resolution 2012-10
5. 2017 Lease Extension
6. 2017 Lease Assignment – Wells/Row
7. Lease Amendment Request from JTH – January 2019
8. Standard Land Lease Document

Recommendation:

The Commission should provide direction to staff regarding the lease request. If directed, any lease amendment documents would be brought back to the Commission for review at a subsequent Commission meeting.



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DMR-MODDMR Cnt=1 Stn=2 ANITA

\$80.00 \$10.00 \$11.00


**Land Lease Amendment
Caddis Manufacturing, Inc**

The City of McMinnville, a municipal corporation of the State of Oregon, Lessor, and Caddis Manufacturing, Inc., Lessee hereby agree to amend the land lease dated June, 9, 1998 entered into by the parties. All terms and conditions of that lease remain in full force except for the property being described in Exhibit "A" and the lease site area described in Section 4 Rent.

The property description shall be as described in the attached revised Exhibit "A" to include the taxiway constructed by Caddis Manufacturing and shall consist of 23,600 square feet.

IN WITNESS WHEREOF, the parties hereto have executed this lease amendment on the 27th day of August, 2004.

Lessee:

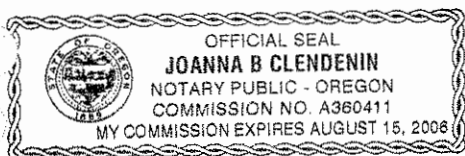

Caddis Manufacturing, Inc.

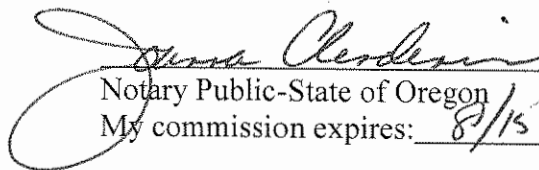
State of OREGON

County of Yamhill

Subscribed and sworn to (or affirm) before me on

August 27, 2004




Notary Public-State of Oregon

My commission expires: 8/15/06

Lessor:


City of McMinnville

State of OREGON

County of Yamhill

Subscribed and sworn to (or affirm) before me on

August 27, 2004




Notary Public-State of Oregon

My commission expires: 11-9-05

Approved as to form:


City Attorney

After Recording Return To
City of McMinnville
230 NE 2nd Street
McMinnville, Oregon 97128

Exhibit "A"

Caddis Manufacturing, Inc
Revised Property Description
August 9, 2004

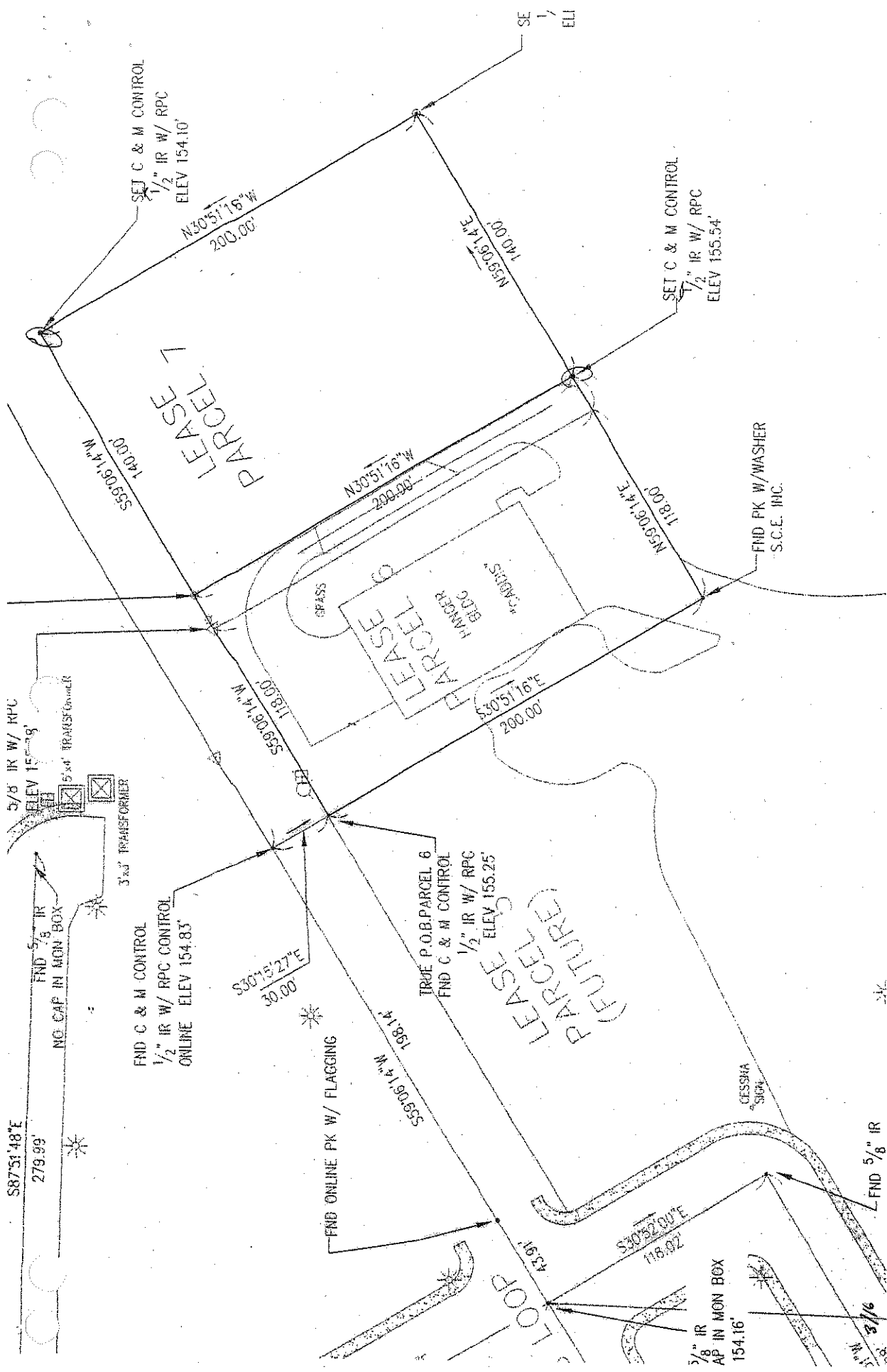
Lease Parcel 6

A portion of land in Section 26, Township 4 South, Range 4 West, of the Willamette Meridian, located on a portion of the property identified as the J. White DLC 83, Yamhill County, Oregon, being more particularly described as follows:

Beginning at a brass cap identified as the SE corner of the R Harris - DLC 80 and the NE corner of the J. White - DLC 82 located in the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of the Section 25, Township 4 South, Range 4 West, of the Willamette Meridian; thence S 89° 11' 14" W, 1883.69 feet to a found $\frac{1}{2}$ " iron rod with red plastic cap marked C & M control; thence S 59° 06' 14" W, 533.97 feet along the centerline of the future roadway to a found $\frac{1}{2}$ " iron rod with red plastic cap marked C & M control; thence S 30° 15' 27" E, 30.00 feet to a found $\frac{1}{2}$ " iron rod with red plastic cap marked C & M control, this point being the True Point of Beginning of said parcel; thence S 30° 51' 16" E, 200.00 feet to a PK nail with a washer marked S.C.E. INC.; thence N 59° 06' 14" E 118.00 feet to a set $\frac{1}{2}$ " iron rod with red plastic cap marked C & M control; thence N 30° 51' 16" W, 200.00 feet to a set $\frac{1}{2}$ " iron rod with red plastic cap marked C & M control; thence S 59° 06' 14" W, (passing over a found $\frac{5}{8}$ " iron rod with red plastic cap marked C & M control at 18.00 feet) 118.00 feet to the True Point of Beginning of said parcel.

This property description is written using the English system. When the word foot/feet is used it is defined as the US Survey Foot.

All bearings are based upon a line drawn from the intersection of Cirrus Avenue and Nimbus Loop to a found $\frac{1}{2}$ " iron rod with a red plastic cap marked C & M control, monumenting the centerline of the roadway extension.



Signed

LEASE

The parties hereto are the CITY OF MCMINNVILLE, a municipal corporation of the State of Oregon, Lessor, and CADDIS MANUFACTURING, INC., Lessee.

FOR AND IN CONSIDERATION of the mutual covenants hereinafter contained, the parties agree as follows:

1. **Lease and Description.** Upon the terms and conditions hereinafter set forth, the Lessor does hereby lease to Lessee and the Lessee does hereby lease from Lessor those certain premises situated in the City of McMinnville, County of Yamhill, State of Oregon, being a part of the McMinnville Municipal Airport, and being described as set forth on Exhibit "A" attached hereto and made a part hereof and hereinafter called "premises." The Lessee shall construct improvements on the premises, which improvements shall remain the property of the Lessee, its successors and assigns, during the terms of this Lease.

2. **Business Purpose.** The premises are to be used solely for the use of aircraft hangar buildings and facilities. The Lessee intends to construct on the premises an aircraft hanger building which is to be used for aeronautical purposes and specifically for the purpose of parking and storing aircraft, and for maintenance and other routine activities associated with aircraft ownership. The owners and occupants of units shall not engage in any other use of the premises without prior written consent from Lessor. The Lessee shall conduct and carry on in said premises only the business for which said premises are leased, and shall not use the premises for illegal purposes.

3. **Term.** The term of this lease shall be for Twenty (20) years, and shall commence 9 JUNE —, 1998, and end at midnight on 31 MAY —, 2018. Lessee shall have the option to renew the term of this lease for an additional period of Twenty (20) years upon written notice of not less than 365 days prior to the expiration of the original term of this lease. All of the terms and conditions of this lease, other than the rental shall remain the same.

4. **Rent.** The rent for said premises for the first year of this Lease, commencing upon execution hereof, shall be computed at the rate of \$0.1836 per square foot, based upon the entire lease site consisting of 20,000 square feet, together with additional rental in the form of all property and other taxes which are assessed against the premises during the terms of this lease. The said taxes shall be paid to the Yamhill County Tax Collector at such time as they are billed by the Yamhill County Tax Assessor each year commencing with the first tax statement received by Lessee. The rent for the period 9 JUNE — to 30 June, 1998, is due upon execution of the lease. Thereafter, such rent shall be paid to Lessor annually on the first day of SEPT — 1998 and to continue on the first day of SEPT in each succeeding year until this lease is terminated, and shall be mailed or delivered by hand to Lessor at City Hall, 230 NE Second Street, McMinnville, Oregon 97128, unless a different address is specified in writing by Lessor.

5. **Future Rental Periods.** Commencing on July 1, 1998 and once every year thereafter, the annual rental sum shall be adjusted based upon the CPI-W for Portland, Oregon, for the period July 1 through June 30 preceding such determination; provided, that the rent for said rental period shall not be more than ten (10) percent higher than the rent fixed for the prior lease year. Lessor shall bill tenant on or about 1 September for the year's total amount. Rent will not be considered late if paid within 30 days of billing.

a. The basic per square foot ground lease figure (0.1836) established at the commencement of this lease shall be reviewed on the anniversary dated every five years commencing 2003, and shall be adjusted following each review to reflect any increase in the then current market value of airport property being leased in the State of Oregon and Washington with emphasis upon the Willamette Valley. If the basic ground lease values are found to be greater than the fee then being charged, then the ground cost per square foot shall be so increased to the median value.

b. **Late Charges.** The pro-rated rent shall be due and owing as of the first day of this lease-year commencing 9 JUNE, 1998, to 30 June, 1998. Thereafter the rent shall be billed annually as stated in 4. In the event rent is not timely paid, Lessor may assess, and the Lessee shall pay upon any installment of rent or portion thereof not paid within thirty (30) days after such rent installment is due and payable, a late charge penalty for each month or fraction thereof during which the rent or a portion thereof is not paid, equal to five (5) percent of the amount of such rent or portion thereof (plus accrued late charge penalties, if any) due and payable, or, if the rent due and owing is not paid within 30 days after becoming so due and owing, Lessor, at Lessor's election, may terminate this lease in its entirety. The amount of the late charge penalty shall be added to the amount due each month, and the total thereof shall be subject to a late charge for each succeeding month or fraction thereof in the amount of five (5) percent of the total rental due for said period.

6. **Assignment of Lease; Release of Lessee.** At such time as Lessee may convey said leasehold to a third party, ~~shall~~ release Lessee from all liability with respect to the rent reserved by and the covenants, conditions, and stipulations contained in this lease, and all actions, proceedings, claims and demands with respect to any future breach, whether present or future, or any such covenants, conditions, and stipulations, provided Lessee first submits to Lessor for its approval the prospective successor Lessee. Denial of the sale or lease shall not be unreasonably withheld by Lessor. See Paragraph 16.

7. **Building Construction on Premises.** Any building construction proposed on the premises shall be approved by the Lessor. Any buildings so constructed shall be done strictly in accordance with full plans and specifications, including drawings and elevations showing the appearance and color of the finished building, to be filed with the Lessor prior to commencing construction. The building(s) shall be placed upon the lot at the location shown on the plot plan submitted to the Lessor or its designated official, which location must be first approved by the Lessor's City Manager. Any excess soil from this construction shall be removed from the site by the Lessee to a location determined by the Lessor's designated official.

a. Unless construction of the building to be located upon the premises is commenced within one hundred eighty (180) days of the date this lease is executed and the initial building completed within one hundred eighty (180) days after the commencement of construction, the Lessor shall have the right upon giving sixty (60) days' written notice to the Lessee to terminate this lease. In the event of such termination, the Lessor may retain all rents therefor received by it, and all rights of the Lessee shall absolutely terminate. In the event any rent is owing by the Lessee at the effective date of termination pursuant to said notice, the Lessee shall pay said rent within ten (10) days of said effective date. It shall be the responsibility of the Lessee to secure at Lessee's sole expense all permits and approval required for the use of the premises and construction of any building thereon.

b. **Signs.** All signs and symbols placed in the windows or doors or elsewhere about the premises, or upon the exterior part of the buildings, shall be subject to the approval of the Lessor or Lessor's agents. In the event the Lessee places signs or symbols on the exterior of said buildings or in the windows or on doors or elsewhere where they are visible from the street that are not satisfactory to the Lessor or Lessor's agents, the Lessor or Lessor's agents may immediately demand the removal of such signs or symbols, and the refusal of the Lessee to comply with such demand within a period of twenty-four (24) hours will constitute a breach of this lease, and entitle the Lessor to immediately recover possession of said premises in the manner provided by law. Any signs so placed on the premises shall be so placed with the understanding and agreement that the Lessee will remove the same at the termination of the tenancy herein created and repair any damage or injury to the premises caused thereby, and if not so removed by Lessee, then the Lessor may have the same removed at Lessee's expense. In installing any signs, the Lessee shall conform to all requirements of applicable laws and regulations and pay any applicable fees.

8. **Termination of this Land Lease.** This lease shall be terminated if Lessee is unable to obtain the necessary building permits for the construction of said hangar. Failure of Lessee to pay permit fees or to complete construction because of a building code violation is not grounds for termination of the lease by Lessee.

9. **Clearing and Grading Premises.** The Lessee shall perform at the Lessee's own expense any clearing or grading of the premises required. Grading and clearing shall be done to such standards and on such grades as the Lessor may require. The Lessee shall secure any grading permits that may be required prior to commencement of any grading.

10. **Repairs.** The premises have been inspected and are accepted in their present condition and Lessee will at all times keep the premises neat, clean, and in a sanitary condition. Any buildings placed upon the leased premises by Lessors will be maintained in a neat and clean condition. Lessee will replace any glass of all broken windows and doors of the buildings as may become cracked or broken, and except for reasonable wear and tear and damage by fire or other unavoidable casualty, will at all times present said premises in as good repair as they were at the time of construction. All repairs shall be at Lessee's sole cost and expense.

11. **Utilities.** The Lessee hereby covenants and agrees to pay all monthly or other regular charges for heat, light and water, and for all other public utilities which shall be used in or charged against the leased premises during the full term of this lease. Lessee is responsible for providing permanent utilities to the site that are in accordance with established city standards regarding size and materials subsequent to the date a building permit is issued for construction of any proposed buildings. Lessee shall pay for and install drainage utilities as required for the site. No occupancy shall occur until permanent utilities to site have been installed in accordance with Lessor's requirements. Any temporary utilities required shall be at Lessee's expense.

12. **Off Site Improvements:** In the event that Lessee installs and pays for any off site taxiway improvements at the request of and prior written agreement of Lessor, including, but not being limited to, a taxiway, the costs incurred by Lessee shall be a credit toward future rental payments under this lease.

13. **No Occupancy of Building(s) Prior to Issuance of Certificate of Occupancy.** The Lessee shall not occupy or use any building hereafter erected on the premises until a certificate of occupancy thereof shall have been issued.

14. **Care of Premises.** The Lessor shall not be called upon to make any improvements or repairs of any kind upon said premises and said premises shall at all times be kept and used in accordance with the laws of the State of Oregon and ordinances of the City of McMinnville, and in accordance with all directions, rules and regulations of the health officer, fire marshal, building official, or other proper officer of any pertinent and authorized public authority, at the sole cost and expense of the Lessee. The Lessee will neither commit nor permit any waste, damage, or injury to the premises and, at Lessee's own cost and expense, will keep all drainage pipes free and open and will protect water, heating, and other pipes so that they will not freeze or become clogged, and will repair all leaks, any damage caused by leaks or by reason of the Lessee's failure to protect and keep free, open, and unfrozen any of the pipes and plumbing on said premises.

15. **Liens and Insolvency.** Lessee shall keep the leased premises and the property on which the leased premises are situated free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee. If the Lessee becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee, or other liquidating officer is appointed for the business of the Lessee, the Lessor may cancel this lease at the Lessor's option.

16. **Assignment and Subletting.**

a. **Assignment.** This lease may be assigned by the Lessee in whole only and not in part, and only with the prior written consent of the Lessor.

In the event of an assignment, such assignment may only be made to an assignee for a use of the premises as set forth in paragraph 2 of this lease.

Subject to the provisions of paragraph 5 herein, the assignee must be shown to the Lessor to be of such financial standing and responsibility at the time of such assignment as to give reasonable assurance to the Lessor of prompt payment of all rents and other amounts to be paid under this lease, and of full compliance with all other terms, covenants, conditions, and provisions of this lease. No such assignment may be made or be of any force or effect if at the time of such assignment the Lessee is in default in any of the terms, covenants, conditions, and provisions of the lease, including default in the payment of rent; provided, however, the assignee may cure the default(s) prior to taking possession of the premises. No such assignment for any purpose shall be of any force or effect unless the Lessor first shall have consented, in writing, to said assignment and has received a true copy of the proposed assignment. The Lessor may refuse to consent to such assignment for any purpose herein above set forth. Such assignment shall include the then unexpired balance of the term of this lease.

b. Subleases. The Lessee may sublet the whole or any portion of any buildings on the premises, but not the real property, to a sublessee or sublessees; provided: (1) the Lessor has given its consent in writing prior to the sublease being effective and (2) the Lessor has received a true copy of the proposed sublease.

c. Rentals. The Lessee may rent hangar space for the purposes described in paragraph 2 of this lease on a month-to-month basis to sublessees, provided; (1) the Lessee submits and receives Lessor's approval of the proposed rental space; (2) the Lessee enters into hangar rental agreements only upon forms pre-approved by the Lessor; (3) the lessee keeps the Lessor informed of the name, address, telephone number and aircraft registration number of all current hangar sublessees; (4) the Lessee charges monthly hangar rental fees no less than the rates now or in the future charged by the Lessor for comparable hangars; (5) the Lessor reserves the right to object for cause to any specific hangar rental sublessee and reserves the right to require the Lessee to terminate the hangar rental agreement of such objectionable sublessee within sixty (60) days of notice of objection.

d. Default. If all or any part of the leased premises are sublet or occupied by anybody other than the Lessee, the Lessor may, after default by the Lessee, collect rent from any and all sublessees or occupants, and apply the net amount collected to the rent reserved herein, but no such collection shall be deemed a waiver of any agreement, term, covenant, or condition hereof, nor the acceptance by the Lessor of any sublessee or occupant as a Lessee.

17. Access. The Lessee will allow the Lessor or the Lessor's agents free access at all reasonable times and upon at least twenty-four (24) hours' notice to said premises during normal business hours for the purpose of inspection. Nothing herein shall be construed in any way as limiting the authority of the Lessor's building official under existing law.

18. Liability Insurance. Lessee shall at all times carry and maintain liability insurance in a company or companies rated in the current edition of Best's General Ratings as, at least, A (Excellent), and Financial Size Category of not less than Class X, or in such other company or

companies not so rated which may be acceptable to Lessor, insuring Lessee against all claims for damages for personal injury, including death, and against all claims for damage and destruction of property, which may arise by the acts or negligence of the Lessee, its agents, employees or servants, or by any means of transportation whatsoever, including owned, non-owned, and hired automobiles, to the extent required by the Oregon Tort Claims Act, as now in existence or as amended hereafter. Lessor shall be named in all such policies as an additional insured, and a duplicate certified true copy of the original of such insurance policy or policies shall be furnished to Lessor. Each such policy shall provide that the policy may not be canceled without the company first giving Lessor at least thirty (30) days' written notice.

19. Accidents - Indemnity. All personal property on said leased premises shall be at the risk of the Lessee. Lessor shall not be liable for any damage, either to person or property, sustained by the Lessee or others, caused by any defects now at said premises or hereafter occurring therein, or due to the condition of any buildings hereafter erected to any part or appurtenance thereof becoming out of repair, or caused by fire, or by the bursting or leaking of water, gas, sewer, or steam pipes, or from any act or neglect of Lessee, its employees, Lessees, or other occupants of said buildings, or any other persons, or due to the happening of any accident from any cause in or about said buildings. Lessee covenants to protect, save, and indemnify Lessor, its elected and appointed officials, and employees while acting within the scope of their duties as such, from and against all claims, demands and causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Lessee's employees or third parties on account of personal injuries, death, or damage to property arising out of the premises or in any way resulting from the willful or negligent acts or omissions of the Lessee and/or its agents, employees, or representatives.

20. Fire Insurance. The Lessee shall at all times and specifically during construction carry at its own expense fire insurance, hazard insurance, and vandalism and malicious mischief insurance on all buildings existing or hereafter constructed on the premises acceptable to the Lessor which policy or policies shall name Lessor as an additional insured as to the value of Lessor's interest as determined hereinafter, and to the extent of at least eighty percent (80%) of the value of the buildings. The original policy, a duplicate certified true copy, or such other evidence of insurance as the Lessor shall have agreed in writing to accept, shall be on deposit with the Lessor's Clerk at all times during the term hereof. Each such policy shall provide that the policy may not be canceled without the insurer first giving the Lessor at least thirty (30) days' prior written notice. No such policy shall contain a deductible clause greater than one thousand dollars (\$1,000) per claim. In the event of loss, the Lessee shall pay such deductible sum.

21. Application of Fire Insurance Proceeds in Event of Loss.

a. Total Destruction: "Total destruction" or "Totally destroyed" means destruction to an extent exceeding fifty (50) percent of the sound value of the building. If any building constructed on the leased premises is totally destroyed by fire, earthquake, or other casualty during the term of this lease, and if the Lessee desires to rebuild, the proceeds of the insurance shall be used for the purpose of rebuilding such building. If the Lessee elects not to rebuild, the proceeds

of any insurance shall be payable on a pro rata basis to the Lessor and Lessee in such proportions as to cause the unpaid portion of the lease payment for the unexpired portion of this lease to be paid in full to Lessor by the Lessee based upon the total number of years in the term of this lease and the number of years remaining.

If the Lessor and Lessee are unable to agree regarding the disposition of insurance proceeds therefor, the parties shall submit the matter to arbitration pursuant to the rules and regulations established by the Supplementary Trial Court Rules of the Circuit Court of The State of Oregon for the Twenty-fifth Judicial District. The parties may select any such alternative arbitrators, arbitration committee, or method as agreeable between the Lessor and Lessee. The decision of the majority of said arbitrators shall be binding upon the Lessor and Lessee, unless successfully modified by a court of law.

b. Partial Destruction: "Partial Destruction" means destruction to an extent not to exceed fifty percent (50%) of the sound value of the building. In the case of partial destruction, the proceeds shall be used by Lessee for repairing the damage. The Lessee shall give to Lessor written notice of loss immediately and a notice of intention to rebuild within sixty (60) days of loss. If the Lessee fails to give notice of intention to rebuild within the time specified, the Lessor shall then have the option to rebuild and shall give the Lessee notice in writing of such intention within one hundred twenty (120) days after receiving written notice of loss from the Lessee, subject to such policy conditions governing the replacement cost provisions therein. If either the Lessor or the Lessee elects to rebuild as above provided, such party shall prosecute the work of such rebuilding or repairing without delay. If both the Lessor and Lessee fail to give notice of intention to build as aforesaid within the times specified, both the Lessor and Lessee, or either of them, shall have the right to declare this lease terminated by written notice served upon the other party as provided in paragraph 24 herein. It is understood that if the Lessee sublets the premises and passes the expense of fire, earthquake or other casualty insurance or of liability insurance on to the sublessee, then Lessee will require all insurance policies required under the sublessee to name both the Lessor and Lessee (but as Lessor thereunder) as an additional insured as required above, as their interests may appear.

Any sublease shall reflect the provisions of this lease as to the selection of the insurer and the amount and nature of coverage.

22. Recovery of Leased Premises. The Lessor is authorized to recover the premises from the Lessee in the event that the Airport Commission for the City of McMinnville determines the premises are required for another airport purpose. In the event such a determination is made and the Lessor elects to recover the premises, Lessor shall compensate Lessee for the value of the remainder of this lease and the improvements constructed on the premises. Lessor and Lessee agree to each retain an MAI appraiser to determine the value of the remainder of this lease and the improvements on the premises. If those appraisers are unable to agree on a value, a third appraiser shall be appointed by the senior judge of the Circuit Court for Yamhill County and that appraiser's valuation shall be conclusive and binding upon both parties. The value of the improvements shall be pro-rated based upon the remaining unused portion of the term of this lease as that portion relates to the total term of this lease.

23. **Lessee's Right of Cancellation.** In addition to any other remedies available to the Lessee, this agreement shall be subject to cancellation by the Lessee should any one or more of the following occur:

a. **Abandonment of Airport.** The permanent abandonment of the airport as an operating airport by act or decision of the Lessor;

b. **Supervening Event.** The occurrence of any supervening event or act of God which precludes the Lessee, and any assigns of the Lessee, from the use of the property for the purposes stated herein or from the use of airport facilities. Neither Lessee nor Lessor shall have any liability under this subparagraph for any supervening event or act of God under any theory on which recovery may be sought;

c. **Lessor Breach of Lease.** The breach by the Lessor of any of the covenants, terms, or conditions of this lease to be kept, performed, and observed by the Lessor and the failure to remedy such breach within a period of sixty (60) days after written notice from the Lessee of the occurrence of the breach;

d. **Federal Government or Other Governmental Agency Control.** The assumption by the federal government or any other governmental agency of the control of the airport or any portion thereof which would preclude the Lessee from operating under the terms of the lease. Neither Lessor nor Lessee shall have any liability for loss of use occasioned by act of the federal government or any other government agency.

24. **Ownership of Constructed Improvements After Termination of Lease.** During the pendency of this lease, all buildings and improvements on the property shall be owned entirely by the Lessee and its successors and assigns. Upon termination of this Lease, unless otherwise allowed by Lessor, the Lessee shall have a period of thirty (30) days within which to remove its property, including any foundations or other improvements thereon. Lessee shall fill any excavations immediately and directly caused by such removal and leave the premises free and clear of debris.

With the consent of Lessor, Lessee may sell such improvements to future leaseholders or to Lessor.

Any improvements, including the buildings above-described, not removed by Lessee or otherwise transferred within the thirty days period, shall become and remain the property of the Lessor.

The Lessor may then remove said improvements and recover all costs associated with said removal from Lessee.

The Lessee may install in the premises such fixtures and equipment as the Lessee deems desirable at the Lessee's own expense. All such items shall remain the Lessee's property and may be

removed by the Lessee at or before termination of this lease, provided that the Lessee shall repair any damage to the premises caused by such removal.

25. **Notice.** All notices and consents hereunder shall be given in writing, delivered in person or mailed by certified mail, postage prepaid, to the receiving party at its address below, or to such other address as the receiving party may notify the sender beforehand referring to this lease:

LESSOR: CITY OF McMinnville
230 NE Second Street
McMinnville, OR 97128

LESSEE: CADDIS MANUFACTURING, INC.
3120 N. Highway 99W
McMinnville, OR 97128

26. **Governmental Fees.** All fees due under applicable law to the City, County, or State on account of any inspection made on leased premises by any officer thereof shall be paid by the Lessee.

27. **Default and Re-Entry.** Unless resulting from events enumerated in paragraphs 19, 20, or 22 herein if any rents above reserved, or any part thereof, shall be and remain unpaid when the same shall become due, or if the Lessee shall violate or default in any of the covenants and agreements herein contained, then the Lessor may cancel this lease upon giving 120 days' notice and re-entering said premises, but notwithstanding such re-entry by the Lessor, the liability of the Lessee for the rent provided for herein shall not be extinguished for the balance of the term of this lease, and the Lessee covenants and agrees to make good to the Lessor any deficiency arising from a re-entry and re-letting of the premises at a lesser rental than herein agreed to.

28. **Costs and Attorney's Fee.** The prevailing party shall be entitled to recover reasonable attorney's fees and costs in such amount as are fixed by the trial or appellate court, and all costs and expenses incurred by reason of the breach or default by the other under this lease, whether or not an action is filed.

29. **Breach of lease by Lessee.**

Each of the following shall be deemed a default or breach of this lease:

- a. Nonpayment of the whole or any portion of the rents herein reserved, or any other sum or sums of money due to Lessor from Lessee under the provisions hereof as and when due;
- b. Nonperformance by Lessee of any other covenant or condition herein contained on the part of Lessee to be kept and performed;
- c. Abandonment of the premises by Lessee; or

d. The adjudication of Lessee as bankrupt, the making by Lessee of a general assignment for the benefit of creditors, the taking by Lessee of the benefit of any insolvency act or law, or the appointment of a receiver or trustee in bankruptcy.

Within thirty (30) days after written notice from Lessor to Lessee demanding performance Lessor may declare a forfeiture of this lease and re-enter upon the premises and remove all persons and property therefrom, and in addition or in lieu thereof, Lessor may, at its option, pursue any other remedy provided by law or in equity for the enforcement of Lessor's rights under the provisions of this lease

In the event of breach of any condition or term contained herein by Lessee, in addition to the terms of the agreement, the Lessor shall have the right to terminate this lease upon giving written notice as provided in paragraph 24 herein.

30. Nonwaiver of Breach. The failure of either party to insist upon strict performance of any of the covenants and conditions of this lease, or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of any such strict performance as to any subsequent breach by Lessee of any kind whatsoever that is created by the other party of any other covenants or conditions, or of the exercise of any such option, and the same shall be and remain in full force and effect.

31. Removal of Property. In the event of any entry on or taking possession of the premises as aforesaid, the Lessor shall have the right, but not the obligation, to remove from the premises all personal property located therein or thereon and may store the same in any place selected by Lessor, including, but not limited to, a public warehouse, at the expense and risk of the owners of the said property. Unless otherwise provided by law, Lessor shall have the right to sell such stored property, without notice to the owner thereof after the property has been stored for a period of at least sixty (60) days, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Lessee to Lessor under any of the terms hereof, the balance, if any, to be paid to the owner thereof.

32. Heirs and Successors. Subject to the provisions hereof pertaining to assignment and subletting, the covenants and conditions of this lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors, and assigns of any of all of the parties hereto.

33. Holding over. Should the Lessee, without the prior written consent of the Lessor, hold over after the expiration of the term of this lease, Lessee agrees to pay Lessor established by Lessor.

Should the Lessee, with the prior written consent of the Lessor, hold over after the expiration of the terms of this lease, Lessee agrees to pay Lessor the rate of rental as set forth by this lease, unless a different rate is agreed upon.

In either event Lessee shall also be bound by all of the terms, covenants, and conditions as herein specified, so far as possible.

34. Lessor's Ownership. Lessor warrants that it is the owner of the leased premises and that it has the right to lease said premises under the terms of this lease. Lessor will defend Lessee's right to quiet enjoyment of the premises from disturbance by anyone claiming by, through, or under Lessor.

35. Nondiscrimination.

a. The Lessee, for itself, its representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that, in the event facilities are constructed, maintained, or otherwise operated on said property described in this lease for a purpose for which a Department of Transportation permit is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Program of the Department of Transportation, and as said regulations may be amended.

b. The Lessee, for itself, its representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from the participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; or (2) in the construction of any improvements in, over, or under such land and the furnishings of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (3) the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Program of the Department of Transportation, and as said regulations may be amended.

c. In the event of breach of any of the above nondiscrimination covenants, the Lessor shall have the right to terminate this lease and to re-enter and repossess said premises and facilities thereon and hold the same as if said lease had never been made or issued.

36. Hazardous Substances. The Lessee shall not permit hazardous substances, including any substances, materials, wastes, pollutants, oils or regulated substances, or substances defined or designated as hazardous, toxic, radioactive, dangerous, or any other term in or under any

14/16

environmental laws which may affect environmental or human health, to exist on the premises without complying with all rules, regulations, and policies of the State of Oregon and the United States Environmental Protection Agency. Lessee shall promptly notify the City Fire Department of the existence of any hazardous substances as required by state and federal regulations and shall comply with any requirements for hazardous waste disposal as may be imposed by applicable federal and state laws.

37. Motor Vehicle Parking on Premises. At any time when the Lessee is making use of aircraft, Lessee shall be permitted to park all motor vehicles within the aircraft hangar buildings. Such vehicles shall, at all times be parked within the premises.

38. Parking Aircraft on Premises. The Lessee shall at no time store any aircraft or permit any aircraft to be stored on the exterior portion of the premises. The Lessee has the right to hangar aircraft on said leased premises and the right to charge hangar rental fees at rates no less than those rates now or in the future charged by the City of McMinnville for comparable hangars. Aircraft may be parked on the exterior portion of the leased premises only for loading, unloading, fueling, and other purposes associated with short-term maintenance.

39. Venue. The venue of any suit, claim, demand, or proceeding which may be brought by either party under the terms of this lease or growing out of the tenancy under this lease shall be at the option of the Lessor in court(s) in Yamhill County, Oregon.

40. Site Plan. Where reference is made in this lease to a plot plan or site plan, it is understood and agreed between the parties that such plan must include, at a minimum, those matters hereinafter set forth and shall be in the form of a scale drawing of the entire premises with all of those matters set forth to scale and legibly thereon:

- a. Location of all structures and sizes thereof, together with size and location of any future structures which the Lessee anticipates may be placed on the premises;
- b. Location of all roads, driveways, entrances, and exits;
- c. Location of all parking areas and description of method of delineating such areas by curbs or other methods;
- d. Location of all utilities and, in case of underground utilities, mention thereof;
- e. Interior and exterior drainage;
- f. Location and type of all fencing and gates;
- g. Site and exterior building lighting.

IN WITNESS WHEREOF, the parties hereto have executed this lease on the 9 day of June, 1998.

Lessor;

CITY OF McMINNVILLE

ATTEST:

By

Mayor

By

City Clerk

Lessee;

~~CADDIS MANUFACTURING, INC.~~

By

By

June 17, 1998

ASSIGNMENT OF LEASE

PARTIES:

Lessor:

City of McMinnville - "City"
230 NE 2nd Street
McMinnville, OR 97128

Lessee and Assignor:

Caddis Manufacturing, Inc.
- "Caddis"
3120 N. Highway 99W
McMinnville, OR 97128

Assignee:

Gary Wells and Pamela Wells - "Wells"
10170 NW Hwy 99W
McMinnville, OR 97128

DATE:

9/20/07

ASSUMPTION OF LEASE

Assignee "Wells" hereby accepts the assignment by Assignor "Caddis" of that certain land lease dated the 3rd day of December 1998 and recorded in Instrument No. 1998-23897, Yamhill County records, between "City" and "Caddis", as amended on August 30, 2004 in Instrument No. 2004-17940, Yamhill County records, and assumes responsibility for payment and performance of all obligations of Assignor "Caddis" undertaken in the Lease Agreement, including payment of all rental charges required by the Lease, commencing with the yearly rental payment due on the first day of July 2008 for the lease property described in the attached Exhibit "A".

CONSENT

The "City," in consideration of "Wells" agreement to pay and perform the Lease, hereby consents to this assignment.

IN WITNESS WHEREOF, the undersigned have executed the foregoing on or effective as of the date first written above.

LESSOR

By:

[Signature]
City Manager

Date:

9.21.07

Attest:

By:

[Signature]
City Recorder

Date:

09-21-2007

AFTER RECORDING
RETURN TO:

City of McMinnville
230 NE 2nd Street
McMinnville, Or 97128

PAGE 1 OF 4 - ASSIGNMENT OF LEASE

OFFICIAL YAMHILL COUNTY RECORDS
JAN COLEMAN, COUNTY CLERK



00282260200700209900050057

200720990

11:14:35 AM 9/24/2007

DMR-ASSDMR Cnt=1 Stn=3 SUSIE
\$25.00 \$10.00 \$11.00

\$46.00

1-0140807

WESTERN TITLE & ESCROW

LESSEE AND ASSIGNOR

By: [Signature]
Caddis Manufacturing, Inc.

Date: 9-18-07

ASSIGNEE

By: _____
Gary Wells

Date: _____

By: _____
Pamela Wells

Date: _____

Approved as to form:

By: [Signature]
City Attorney

LESSEE AND ASSIGNOR

By: _____
Caddis Manufacturing, Inc.

Date: _____

ASSIGNEE

By: Gary Wells
Gary Wells

Date: 19 SEPT 07

By: Pamela Wells
Pamela Wells

Date: Sept. 19, 2007

Approved as to form:

By: City Attorney
City Attorney

EXHIBIT "A"

A leasehold interest created by that certain lease dated June 9, 1998, and recorded December 13, 1998, as Document No. 199823897 and amended by Land Lease Amendment dated August 27, 2004, and recorded August 30, 2004, as Document No. 200417940, by and between The City of McMinnville as lessor and Caddis Manufacturing, Inc., as lessee, in and to the following described property to-wit:

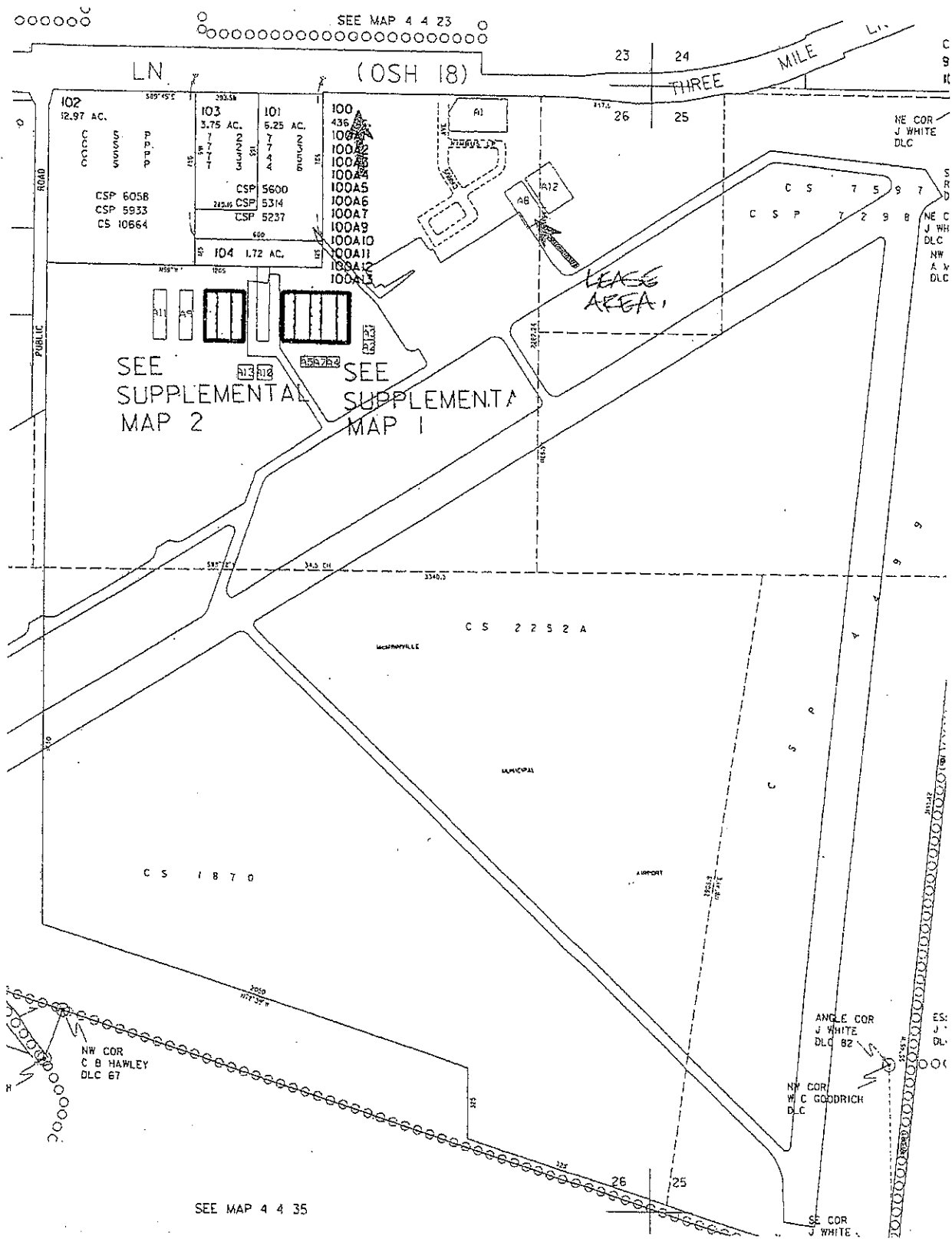
A portion of land in Section 26, Township 4 South, Range 4 West of the Willamette Meridian, located on a portion of the property identified as the J. White Donation Land Claim #83, Yamhill County, Oregon, being more particularly described as follows:

Beginning at a brass cap identified as the Southeast corner of the R. Harris Donation Land Claim #80, and the Northeast corner of the J. White Donation Land Claim #82, located in the Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4) of Section 25, Township 4 South, Range 4 West of the Willamette Meridian; thence South 89°11'14" West, 1,883.69 feet to a found 1/2" iron rod with red plastic cap marked C&M Control; thence South 59°06'14" West, 533.97 feet along the centerline of the future roadway to a found 1/2" iron rod with red plastic cap marked C&M Control; thence South 30°15'27" East, 30.00 feet to a found 1/2" iron rod with red plastic cap marked C&M Control, this point being the true point of beginning of said parcel; thence South 30°51'16" East, 200.00 feet to a PK nail with a washer marked S.C.E., Inc.; thence North 59°06'14" East 118.00 feet to a set 1/2" iron rod with red plastic cap marked C&M Control; thence North 30°51'16" West, 200.00 feet to a set 1/2" iron rod with red plastic cap marked C&M Control; thence South 59°06'14" West, (passing over a found 5/8" iron rod with red plastic cap marked C&M Control at 18.00 feet) 118.00 feet to the true point of beginning of said parcel.

PAGE 3 of 4

YAMHILL COUNTY

1" = 400'



PAGE 4 of 4



\$46.00

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201010442

3:05:13 PM 7/30/2010

DMR-LDMR Cnt=1 Stn=1 KAREN
\$10.00 \$10.00 \$11.00 \$15.00

**Land Lease Amendment
Gary Wells and Pamela Wells**

The City of McMinnville, a municipal corporation of the State of Oregon, Lessor, and Gary and Pamela Wells, Lessee, hereby agree to amend the land lease dated December 3, 1998 (as recorded in Instrument No. 1998-23897, Yamhill County Records), as amended on August 30, 2004 (as recorded in Instrument No. 2004-17940, Yamhill County records), and as assigned on September 24, 2007 (as recorded in Instrument No. 2007-20990, Yamhill County Records). All terms and conditions of that lease, as amended and assigned, remain in full force except **Section 2. Business Purpose** shall be revised to read:

"The premises are to be used solely for the use of aircraft hangar buildings and facilities. The Lessee intends to construct on the premises an aircraft hanger building which is to be used for aeronautical purposes and specifically for the purpose of parking and storing aircraft; aircraft repair and maintenance; aircraft flight instruction; and other routine activities associated with aircraft ownership. The owners and occupants of units shall not engage in any other use of the premises without prior written consent from Lessor. The Lessee shall conduct and carry on in said premises only the business for which said premises are leased, and shall not use the premises for illegal purposes. All uses and activities on the premises shall conform to the adopted "Minimum Standards for Commercial Aeronautical Activities." The required classroom and restroom facilities will be provided at the Fixed Based Operators (FBO) building until such time as they are constructed within the premises."

IN WITNESS WHEREOF, the parties hereto have executed this lease amendment on the 28th day of July, 2010.

LESSOR:

By: _____

City of McMinnville

Date: _____

7-28-10



State of OREGON
County of Yamhill

Subscribed and sworn (or affirmed)
before me on 7-28, 2010.

Christine R. Watts

Notary Public – State of Oregon

My commission expires: 05-11-12

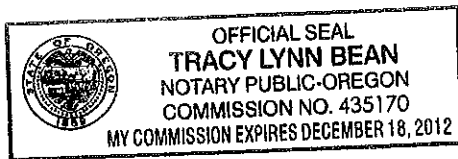
**AFTER RECORDING
RETURN TO:**

City of McMinnville
231 NE Fifth St
McMinnville, OR 97128

LESSEE:

By: Gary Wells
Gary Wells

Date: July 20, 2010



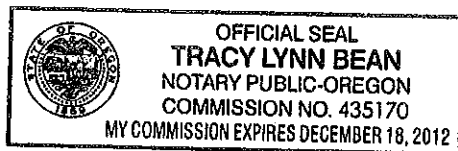
State of OREGON
County of Yamhill

Subscribed and sworn (or affirmed)
before me on July 20, 2010.

Tracy Lynn Bean
Notary Public - State of Oregon
My commission expires: 12-18-12

By: Pamela Wells
Pamela Wells

Date: July 20, 2010



State of OREGON
County of Yamhill

Subscribed and sworn (or affirmed)
before me on July 20, 2010.

Tracy Lynn Bean
Notary Public - State of Oregon
My commission expires: _____

Approved as to form:

MS
City Attorney

AFTER RECORDING
RETURN TO: City of McMinnville
231 NE Fifth St
McMinnville, OR 97128

RESOLUTION NO. 2012 - 10

A Resolution authorizing the City Manager to enter into an Amendment to the Land Lease Agreement entered into by and between the City of McMinnville and Gary and Pamela Wells.

RECITALS:

On December 3, 1998, the City of McMinnville and Caddis Manufacturing entered into a Land Lease Agreement. That lease was subsequently assigned to Gary and Pamela Wells on September 27, 2007. The lease was amended on July 28, 2010 to allow for aviation related commercial activities in addition to parking and storing of aircraft.

This lease amendment will allow for the placement of an office modular building on the premises that will provide office, classroom, restroom and other business related facilities associated with the Lease. The modular building shall be removed from the premises by the Lessee on or before May 1, 2022.

The request is consistent with the Airport Layout Plan, and the Airport's "Minimum Standards for Commercial Aeronautical Activities," and the lease amendment was approved by the Airport Commission at their March 6, 2012 Airport Commission meeting.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, OREGON, as follows:

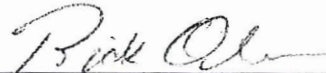
1. That entry into "Land Lease Amendment" (copy attached and incorporated by this reference) is hereby approved.
2. The City Manager is hereby authorized to execute this Amendment.
3. That this resolution shall take effect immediately upon passage and shall continue in full force and effect until modified, revoked, or replaced.

Adopted by the Common Council of the City of McMinnville at a meeting held the 13th day of March 2012 by the following votes:

Ayes: Hill, Jeffries, May, Menke, Ruden, Yoder

Nays: _____

Approved this 13th day of March 2012.



MAYOR

Approved as to form:



CITY ATTORNEY

AFTER RECORDING RETURN TO:
City of McMinnville
230 NE 2nd Street
McMinnville, OR 97128



00507128201700044730010017

\$41.00

03/20/2017 03:10:33 PM

DMR-LDMR Cnt=1 Stn=1023 CONFIRM
\$5.00 \$5.00 \$11.00 \$20.00

LEASE EXTENSION and MEMORANDUM OF LEASE

This lease extension is entered into on this 15th day of March, 2017, by and between the City of McMinnville, a municipal corporation of the State of Oregon (Lessor), and Gary Wells and Pamela Wells, as individuals (Lessee).

Original Recording #: 1998-23897

RECITALS:

The Lessor and Lessee are parties to a lease agreement entered into on June 9, 1998 between the Lessor and Caddis Manufacturing, Inc., (Lease) which lease was subsequently assigned to Lessee on September 20, 2007,) for property located at the McMinnville Municipal Airport as more particularly in Exhibit A of Instrument #200720990, Official Records of Yamhill County, Oregon, (Premises).

The original term of the Lease will expire on May 31, 2018, and the Lessee has provided Lessor with written notice exercising Lessee's right to extend the lease for one additional period of twenty (20) years.

NOW THEREFORE, the Parties agree as follows:

1. The term of the above-reference lease agreement is hereby extended to May 31, 2038.
2. All remaining terms and conditions of the Lease, other than the rental rate shall remain the same.

CITY OF MCMINNVILLE

By: Jeff Towery Date _____
Jeff Towery, City Manager

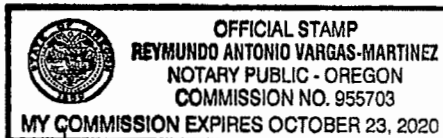
LESSEE

Gary Wells Date 3/14/17
Gary Wells

Pamela Wells Date 3/14/2017
Pamela Wells

State of Oregon)
County of Yamhill)

This record was acknowledged before me on (date) March 14th, 2017 by Gary Wells and Pamela Wells.



State of Oregon)
County of Yamhill)

R. Vargas
Notary Public - State of Oregon
My commission expires: 10-23-20

This record was acknowledged before me on (date) March 15, 2017 by Jeffrey Towery as City Manager for the City of McMinnville, Oregon.



Erica Lynn Thomas
Notary Public - State of Oregon
My commission expires: 12-11-20

After Recording Return To: City of McMinnville 230 NE 2 nd Street McMinnville, OR 97128	Send Tax Statements to: Gary Wells 8300 NE Hwy 99W McMinnville, OR 97128
--	--

Yamhill County Official Records **201719130**
DMR-LDMR
Stn=3 SUTTONS 11/30/2017 01:15:00 PM
3Pgs \$15.00 \$11.00 \$5.00 \$20.00 **\$51.00**

I, Brian Van Bergen, County Clerk for Yamhill County, Oregon, certify that the instrument identified herein was recorded in the Clerk records.
Brian Van Bergen - County Clerk

Assignment of Lease #201010442
City of McMinnville and Wells/Row

This Assignment is made effective July 1, 2017, from Gary Wells, ⁸³⁰⁰~~10170~~ NW Hwy 99W, McMinnville, Oregon 97128 (Assignor), to Alison Row 4050 SE Nimbus Loop, McMinnville, OR 97128 (Assignee). The intent is that Gary Wells will have a 50% undivided interest and Alison Row will have a 50% undivided interest in the Lease as tenants in common. *GW AR*

2881595
FIRST AMERICAN TITLE
This Assignment pertains to a Lease of real property located at 4050 SE Nimbus Loop - City of McMinnville, as more particularly described in Exhibit A of Official Yamhill County Records Instrument #201010442, Official Records of Yamhill County, Oregon (Premises). The original Lease was entered into between the City of McMinnville, 230 NE 2nd Street, McMinnville, Oregon 97128 (Lessor) and Caddis Manufacturing, Inc. (Caddis) on June 9, 1998 (Official Yamhill County Records Instrument #199823897). The Lease was subsequently assigned from Caddis to Gary Wells and Pamela Wells on September 20, 2007 (Official Yamhill County Records Instrument #200720990) (Lease Assignment). On March 15, 2017, the Lessor granted an extension of the term of the Lease to Gary Wells and Pamela Wells through May 31, 2038 (Official Yamhill County Records Instrument #201704473) (Lease Extension). On November 15, 2017, Pamela Well executed a quit claim deed, transferring and releasing all of her right, title and interest in the Lease to Gary Wells (Official Yamhill County Records Instrument #201718428) (Pamela Wells Release).

GW AR
For value received, Assignor assigns and transfers to Assignee a 50% undivided interest in the Lease, together with a 50% undivided interest in all the Assignor's right, title, and interest in and to the lease ~~and premises~~, subject to all the conditions and terms contained in the Lease, to have and to hold from July 1, 2017, until the present term of the Lease expires on May 31, 2038.

Assignor covenants that Assignor is the lawful and sole owner of the interest assigned hereunder; that this interest is free from all encumbrances; and that Assignor has performed all duties and obligations and made all payments required under the terms and conditions of the Lease.

Assignee agrees to pay all rent due after the effective date of this assignment, and to assume and perform all duties and obligations required by the terms of the Lease.

Assignee accepts the assignment and assumes and agrees to perform all obligations of the tenant under the Lease in strict conformance with the terms of the Lease, from and after the Effective Date.

Assignee accepts the Premises in its "AS IS" condition at the Effective Date. Lessor shall not be obligated to make any alterations or improvements to the Premises.

After Recording Return To:	Send Tax Statements to:
City of McMinnville 230 NE 2 nd Street McMinnville, OR 97128	Gary Wells 8300 NE Hwy 99W McMinnville, OR 97128

**Assignment of Lease #201010442
City of McMinnville and Wells/Row**

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FILED AMERICAN TITLE 2881595

Assignment is not effective until the Lessor has executed the consent provision on the last page of the Assignment.

Upon the effective date of the Assignment, Assignor and Assignee will be jointly and severally liable for the performance of all obligations under the Lease.

Lessor's consent to the Assignment shall not be construed as a waiver of Lessor's right to withhold consent to any future assignment, sublease or other transfer of the Lease or any interest in the Premises.

Assignment does not amend the Lease. The Lease is unmodified and in full force and effect.

ASSIGNOR

Gary Wells
Gary Wells

11-28-2017
Date

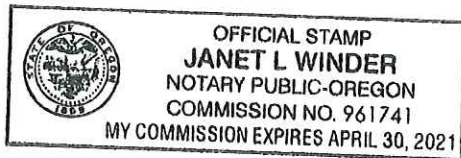
State of Oregon)
) ss.
County of Yamhill)

ASSIGNEE

Alison Row
Alison Row

11-27-2017
Date

This record was acknowledged before me on 11/28/2017 by Gary Wells.



[Signature]
Notary Public for Oregon
My Commission Expires: 4/30/2021

State of Oregon)
) ss.
County of Yamhill)

This record was acknowledged before me on 11/27/17 by Alison Row.



[Signature]
Notary Public for Oregon
My Commission Expires: 5/19/2020

CONSENT OF LESSOR

The City of McMinnville, Lessor named in the above assignment of lease, consents to that assignment of the Lease described above, that such consent is in accordance with, and subject to, the terms, conditions and covenants of the Assignment document. Lessor also consent to the agreement by Assignee to assume an obligation after July 1, 2017, for the payment of rent and performance of all duties and obligations as set forth in the Lease, to release Pamela Wells, from all duties and obligations under the Lease, including the payment of rent, after July 1, 2017, and to accept Assignee and Assignor as each holding a 50% undivided interest in the Lease.

LESSOR



City of McMinnville

City Manager

Title

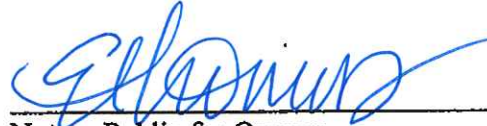
11.29.17

Date

State of Oregon)
) ss.
County of Yamhill)

This record was acknowledged before me on 11.29.2017 by Jeff Towery as City Manager for the City of McMinnville, Oregon.





Notary Public for Oregon
My Commission Expires: 12.11.2020

JERRY TRIMBLE

• HELICOPTERS •

1/1/2019

Airport Commission Members:

In 2012, JTHI was approved by the City to locate a 60'X12' modular building next to its hangar for office space. This lease amendment was valid for 10 years maturing in May of 2022. At this time, JTHI believes that it is in the best interest of all involved to tie the current expiration date of the amendment to that of the current hangar lease for 19 more years until May 31, 2038.

The reasons this makes good business sense for the airport are:

It is Jerry Trimble Helicopters Inc's (JTHI) understanding that the McMinnville Airport provides many economic and necessary services to the City of McMinnville and surrounding communities. It is in the best interest of all parties to keep the airport active and profitable. JTHI is primarily a flight school providing training to helicopter and airplane students from around the world. Since most of our customers arrive from outside the Willamette Valley the economic dollars spent here provide a very positive economic factor to our local businesses.

The future pilots trained at JTHI go on to provide many important services such as EMS, fire fighting, logging and tour pilots. These industries are a crucial part of a thriving economy.

All new hangars have been built with office space because there are no offices with bathrooms available to use/lease at the airport. Office space with a bathroom is needed and our modular is already in place and functional. Why remove functional office space when there is a need?

Our modular and space around it is well kept and tidy. The modular is in need of some minor repairs but we do not want to pay for upgrades if we are going to have to move it. If we are allowed to keep it in place, we will continue to keep it in a professional manner.

While JTH is currently looking at options for a permanent office and hangar space, we have only sourced funding for half of the needed cost of construction. If the City elects to maintain the current amendment dates, JTHI will be forced to make other arrangements which might include moving to another airport. Currently, if fuel were available, the City would be receiving approximately \$650 in flowage fees per year from JTHI. Also, we pay approximately \$7000/year for our half of the land lease as well as the associated property taxes.

Rich Spofford, Engineering Services Manager, asked us to give "compelling reasons" why the modular should permanently be tied to our existing hangar lease (as listed above). Since thriving business activity fits into the airports master plan, we can think of no compelling reasons why this office space should be moved in May of 2022.

Sincerely,

Alison Row
President
Jerry Trimble Helicopters

**CITY OF MCMINNVILLE, OREGON
MCMINNVILLE MUNICIPAL AIRPORT
REAL PROPERTY LEASE**

The parties hereto are the CITY OF McMINNVILLE, a municipal corporation of the State of Oregon, Lessor, and _____, Lessee,
FOR AND IN CONSIDERATION of the mutual covenants hereinafter contained,
the parties agree as follows:

1. Premises. Upon the terms and conditions hereinafter set forth, the Lessor does hereby lease to Lessee and the Lessee does hereby lease from Lessor those certain premises situated in the City of McMinnville, County of Yamhill, State of Oregon, being a part of the McMinnville Municipal Airport, and being described as set forth on Exhibit "A" attached hereto and made a part hereof and hereinafter called "premises".

The Lessee may use the Premises only for the purposes described in Section 2 below. Lessee may also use the public portions of the Airport in common with other users.

The parties agree that one, and only one, of the following circumstances exists on the leased property, and the Lessee has selected that applicable provision by checking the box next to its description (check one only):

- ☐ An existing hangar or structure, owned or to be acquired by Lessee, or owned by any other person or entity (other than the City), is currently located on the leased property, for an initial term not to exceed the useful lifetime of the Hangar as determined by an Inspection/Assessment Report as described in the Renewal Term Inspection Requirements (Section 4.1) listed below.
- ☐ A City-owned, existing hangar or structure currently located on the leased property, for an initial term not to exceed 1 year.
- ☐ No building is currently located on the leased premises, and Lessee intends to construct a new hangar thereon consistent with the terms and conditions of this lease and all applicable laws, for an initial term not to exceed 35 years
- ☐ No building is currently located on the leased premises, and Lessee intends to use the leased property for the approved aeronautical or non-aeronautical activity described in Exhibit B.

The premises have been inspected and are accepted in their present condition and Lessee will at all times keep the premises neat, clean, and in a sanitary condition.

2. **Use of Premises.** Lessee shall use and occupy the leased premises as permitted by any and all applicable ordinances, rules, laws and regulations, currently in force or as amended, and in accordance with the applicable provisions of the Airport's "Minimum Standards," and "Rules and Regulations" currently in place or as amended (digital copies of which are available on the airports website <http://www.mcminnvilleoregon.gov/airport> or print copies can be obtained by request from the Airport Manager), for the purpose of [check the appropriate box]:

- ☐ **Private, non-commercial aircraft storage** (only permissible aircraft maintenance is on Lessee's own aircraft as performed by Lessee or by regular employees of Lessee). If Lessee selects this box, Lessee shall be considered an "Airport Tenant", and shall comply with all portions of the Minimum Standards and Airport Rules and Regulations applicable thereto.
- ☐ **Acting as a "Fixed Base Operator" ("FBO").** If Lessee selects this box, Lessee shall use the leased premises consistent with one or more of the categories of "Fixed Base Operators" set forth in the Minimum Standards.
- ☐ **Specialized Aviation Service Operations (SASO).** If Lessee selects this box, Lessee shall use the leased premises consistent with one or more of the categories of "Specialized Aviation Service Operations" set forth in the Minimum Standards.
- ☐ **Approved Non-Aeronautical Use.** If Lessee selects this box, Lessee shall use the premises consistent with the attached, approved Non-Aeronautical Use Agreement and all applicable State and Federal laws.

It is agreed that the only activity which Lessee may conduct on the leased premises, directly or indirectly, alone or through others, is that which is authorized under the terms of the agreement.

3. **Term.** The initial term of this Lease is for XXXX (XX) years, beginning XXXX XX, 20XX and ending at midnight on XXXX XX, 20XX ("Initial Term").

4. **Options to Renew.** Lessee shall have the right, subject to City approval and subject to Lessee meeting the conditions contained herein prior to the expiration of the Initial Term, to renew this Lease for additional renewal terms of five (5) years each ("Renewal Term"), throughout the useful lifetime of the Hangar as determined by the provisions set forth in this Paragraph. Not less than ninety (90) days prior to the expiration of the Initial Term, and each Renewal Term approved under the conditions outlined herein, City shall give Lessee written notice of the pending expiration of the then current Lease term and of the inspection requirements outlined in Paragraph 4.1 of this Lease ("Renewal/Inspection Notice"). Provided Lessee meets all conditions of renewal as outlined herein and is not in default of any Lease provision, Lessee's desire to exercise such right of renewal shall be considered automatic. If Lessee does not desire to exercise the right of renewal, Lessee notify the City in writing within thirty (30) days of the date of City's Renewal/Inspection Notice, of the intent not to renew the Lease. Such notice of intent not to renew the Lease must contain an outline of Lessee's plans for removal of the hangar at the end of the existing term in accordance with Paragraph 5 of this Lease.

4.1 Renewal Term Inspection Requirements. Within thirty (30) days of the date of the City's Renewal/Inspection Notice, Lessee, at Lessee's sole expense, shall hire an independently licensed professional engineer, architect or building contractor to conduct an assessment and inspection of the Hangar based on the criteria set forth herein. Lessee shall cause such inspection and assessment to be completed, and a written report of all findings from the inspection ("Inspection/Assessment Report") to be filed with the City within sixty (60) days of the date of the City's Renewal/Inspection Notice to Lessee. Failure of the Lessee to order such inspection and assessment or to provide the City with the Inspection/Assessment Report as required, shall be considered a violation of the Lease, and shall be grounds for denial of the Renewal Term.

4.2 Inspection/Assessment Report. The Inspection/Assessment Report to be provided to the City shall include, but not be limited to:

4.2.1 A detailed list of any maintenance deficiencies found in the interior and on the exterior of the Hangar;

4.2.2 A statement verifying Lessee's compliance with current City of McMinnville Municipal Code Airport Property Regulations and the McMinnville Municipal Airport's adopted Minimum Standards for Commercial Aeronautical Activities, including the limits on storage of hazardous materials and appropriate usage of the Property; and

4.2.3 A structural assessment as to the remaining useful life of the Hangar and recommendations for improvements which would increase the useful life expectancy of the Hangar.

4.3 Deficiencies Satisfied. Lessee shall satisfy all deficiencies identified in the Inspection/Assessment Report within thirty (30) days of the date of such report. If deficiencies require more than thirty (30) days to correct, Lessee may make a written request to the City Manager for an extension of the standard correction time. The City Manager shall not unreasonably deny the extension. Failure of Lessee to correct each reported deficiency will result in ownership of the Hangar reverting to the City.

4.4 Appeal of Deficiencies. If Lessee objects to a deficiency identified in the Inspection/Assessment Report, Lessee may file a written appeal with the City Manager. Such appeal must be submitted to the City Manager within ten (10) days of the date of the Inspection/Assessment Report.

4.5 Approval of Renewal Term. Upon Lessee's completion of all conditions precedent to the commencement of the Renewal Term, including, but not limited to, the satisfactory correction of all deficiencies identified in the Inspection/Assessment Report, the City shall approve the extension of the Lease for one five-year Renewal Term, or for less than a five-year Renewal Term if the Inspection/Assessment Report reflects the conclusions outlined in the following Paragraph 4.6.

4.6 Final Renewal Term; Removal of Hangar. In the event the Inspection/Assessment Report results in a finding that the anticipated remaining useful life of the Hangar is five (5) years or less, the pending Renewal Term shall be deemed to be the last Renewal Term available under this Lease (the "Final Renewal Term"). In such event, Lessee shall agree, as a condition to approval of the Final Renewal Term, to remove the Hangar, at Lessee's expense, at the end of the Final Renewal Term. If the Lessee does not agree to remove the Hangar at the end of the Final Renewal Term, the

City shall deny the request to renew and Lessee must remove the Hangar and surrender the Property to the City within thirty (30) days of the expiration or termination of the Renewal Term then in effect. If Lessee fails to remove the Hangar as required, the City shall consider the Hangar a nuisance to be abated in accordance with McMinnville Municipal Code, and after notice to Lessee, may abate the nuisance and charge the Lessee the cost of abatement, plus a penalty as provided in the aforementioned Code.

4.7 Compliance with Airport Policy. Notwithstanding any other provision of this Lease, any part of this Paragraph 4 shall be amended as necessary to comply with any Airport policy adopted by the McMinnville City Council following recommendation of the City's Airport Commission, or its successor, provided that, no such amendment shall shorten a renewal term in effect on the date of policy adoption, or require Lessee to expend additional moneys on Hangar improvements during the Renewal Term in effect on the date of policy adoption.

5. Return Of Property At The End Of The Lease. Upon the expiration or termination of this Lease, Lessee shall remove the Hangar at Lessee's sole expense, and surrender the property to the City within thirty (30) days of the date of expiration or termination of the Lease. If Lessee fails to remove the Hangar, the City shall consider the Hangar a nuisance to be abated in accordance with McMinnville Municipal Code, and after notice to Lessee, may abate the nuisance and charge the Lessee the cost of abatement, plus a penalty as provided in the aforementioned Code.

6. Basis of Rent. Lessee agrees to pay to the Lessor for the use of the leased property (one of the following choices must be checked):

- ☐ Annual rent (see Section 6.1 and Section 6.2 below)
- ☐ A monthly rent of \$_____ per month, payable to the Airport Manager on the ____ day of each month during the pendency of the Lease. (*NOTE: monthly rent is only available for tenant agreements involving city-owned buildings*).

6.1 Annual Rent. The rent for said premises for the first year of this Lease, commencing upon execution hereof, shall be computed at the rate of \$_____ per square foot, based upon the entire lease site consisting of _____ square feet, together with additional rental in the form of all property and other taxes which are assessed against the premises during the terms of this lease. The said taxes shall be paid to the Yamhill County Tax Collector at such time as they are billed by the Yamhill County Tax Assessor each year commencing with the first tax statement received by Lessee. The rent for the period _____ **1, 201?** to _____ **30, 201?**, is due upon execution of the lease. Thereafter, such rent shall be paid to Lessor annually in each succeeding year until this lease is terminated, and shall be mailed or delivered by hand to Lessor at City Hall, 230 NE Second Street, McMinnville, Oregon 97128, unless a different address is specified in writing by Lessor.

6.2. Future Annual Rent Periods. Commencing on **July 1, 201?** and once every year thereafter, the annual rental sum shall be adjusted based upon the CPI-W for Portland, Oregon, for the period July 1 through June 30 preceding such determination; provided, that the rent for said rental period shall not be more than ten (10) percent

higher than the rent fixed for the prior lease year. Lessor shall bill lessee on or about **September 1** for the year's total amount. Rent will not be considered late if paid within 30 days of billing.

- a) The basic per square foot ground lease \$_____ established at the commencement of this lease shall be reviewed every five years on the anniversary date of this Lease, commencing 2015, and shall be adjusted following each review to reflect any increase in the then current market value of airport property being leased in the State of Oregon and Washington with emphasis upon the Willamette Valley. If the basic ground lease values are found to be greater than the fee then being charged, then the ground cost per square foot shall be so increased to the median value.
- b) **Late Charges.** The pro-rated rent shall be due and owing as of the first day of this lease-year, commencing _____ **1, 201?** to _____ **30, 201?**. Thereafter the rent shall be billed annually as stated in Paragraphs 4 and 5. In the event rent is not timely paid, Lessor may assess, and the Lessee shall pay upon any installment of rent or portion thereof not paid within thirty (30) days after such rent installment is due and payable, a late charge penalty for each month or fraction thereof during which the rent or a portion thereof is not paid, equal to five (5) percent of the amount of such rent or portion thereof (plus accrued late charge penalties, if any) due and payable, or, if the rent due and owing is not paid within 30 days after becoming so due and owing, Lessor, at Lessor's election, may terminate this lease in its entirety. The amount of the late charge penalty shall be added to the amount due each month, and the total thereof shall be subject to a late charge for each succeeding month or fraction thereof in the amount of five (5) percent of the total rental due for said period.

6.3 Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration of that removal period set forth in Paragraph 5 herein, unless the Lessor grants revocable permission in writing to allow such holdover while the parties are negotiating a new lease or lease extension in good faith. In the event that the Lessor does not grant or revokes permission for the holdover, and Lessee holds over in violation of Paragraph 5 and this Paragraph 6.3, then the rent then in effect payable from and after the time of the expiration or earlier removal period set forth in Paragraph 5 shall be equal to 150% of the rent applicable during the month immediately preceding such expiration or earlier termination.

7. Assignment of Lease; Release of Lessee. At such time as Lessee may convey said leasehold to a third party, Lessor shall release Lessee from all liability with respect to the rent reserved by and the covenants, conditions, and stipulations contained in this lease, and all actions, proceedings, claims and demands with respect to any future breach, whether present or future, or any such covenants, conditions, and stipulations, provided Lessee first submits to Lessor for its approval the prospective successor Lessee. Denial of the sale or lease shall not be unreasonably withheld by Lessor. See Paragraph 17.

8. Building Construction on Premises. Any building construction proposed on the premises shall be approved by the Lessor. Any buildings so constructed shall be done strictly in accordance with full plans and specifications, including drawings and elevations showing the appearance and color of the finished building, to be filed with the

Lessor prior to commencing construction. The building(s) shall be placed upon the lot at the location shown on the plot plan submitted to the Lessor or its designated official, which location must be first approved by the Lessor's City Manager. Any excess soil from this construction shall be removed from the site by the Lessee to a location determined by the Lessor's designated official. Area disturbed by construction shall be re-seeded to prevent erosion and be graded so that area can be mowed.

8.1 Construction Commencement. Unless construction of the building to be located upon the premises is commenced within one hundred eighty (180) days of the date this lease is executed and the initial building completed within one hundred eighty (180) days after the commencement of construction, the Lessor shall have the right upon giving sixty (60) days' written notice to the Lessee to terminate this lease. In the event of such termination, the Lessor may retain all rents therefor received by it, and all rights of the Lessee shall absolutely terminate. In the event any rent is owed by the Lessee at the effective date of termination pursuant to said notice, the Lessee shall pay said rent within ten (10) days of said effective date. It shall be the responsibility of the Lessee to secure at Lessee's sole expense all permits and approval required for the use of the premises and construction of any building thereon.

8.2 Signs. All signs and symbols placed in the windows or doors or elsewhere about the premises, or upon the exterior part of the buildings, shall be subject to the approval of the Lessor or Lessor's agents. In the event the Lessee places signs or symbols on the exterior of said buildings or in the windows or on doors or elsewhere where they are visible from the street that are not satisfactory to the Lessor or Lessor's agents, the Lessor or Lessor's agents may immediately demand the removal of such signs or symbols, and the refusal of the Lessee to comply with such demand within a period of twenty-four (24) hours will constitute a breach of this lease, and entitle the Lessor to immediately recover possession of said premises in the manner provided by law. Any signs so placed on the premises shall be so placed with the understanding and agreement that the Lessee will remove the same at the termination of the tenancy herein created and repair any damage or injury to the premises caused thereby, and if not so removed by Lessee, then the Lessor may have the same removed at Lessee's expense. In installing any signs, the Lessee shall conform to all requirements of applicable laws and regulations and pay any applicable fees.

9. Termination of this Land Lease. This lease shall be terminated if Lessee is unable to obtain the necessary building permits for the construction of said hangar. Failure of Lessee to pay permit fees or to complete construction because of a building code violation is not grounds for termination of the lease by Lessee.

10. Clearing and Grading Premises. The Lessee shall perform at the Lessee's own expense any clearing or grading of the premises required. Grading and clearing shall be done to such standards and on such grades as the Lessor may require. The Lessee shall secure any grading permits that may be required prior to commencement of any grading.

11. Repairs. The premises have been inspected and are accepted in their present condition and Lessee will at all times keep the premises neat, clean, and in a sanitary condition. Any buildings placed upon the leased premises by Lessee will be maintained in a neat and clean condition. Lessee will replace any glass of all broken windows and doors of the buildings as may become cracked or broken, and except for reasonable

wear and tear and damage by fire or other unavoidable casualty, will at all times present said premises in as good repair as they were at the time of construction. All repairs shall be at Lessee's sole cost and expense.

12. Utilities. The Lessee hereby covenants and agrees to pay all monthly or other regular charges for heat, light and water, and for all other public utilities which shall be used in or charged against the leased premises during the full term of this lease. Lessee is responsible for providing permanent utilities to the site that are in accordance with established city standards regarding size and materials subsequent to the date a building permit is issued for construction of any proposed buildings. Lessee shall pay for and install drainage utilities as required for the site. No occupancy shall occur until permanent utilities to the site have been installed in accordance with Lessor's requirements. Any temporary utilities required shall be at Lessee's expense.

13. Off Site Improvements: In the event that Lessee installs and pays for any off site improvements at the request of and prior written agreement of Lessor, including, but not being limited to a taxiway, the costs incurred by Lessee shall be a credit toward future rental payments under this lease.

14. No Occupancy of Building(s) Prior to Issuance of Certificate of Occupancy. The Lessee shall not occupy or use any building hereafter erected on the premises until a certificate of occupancy thereof shall have been issued.

15. Care of Premises. The Lessor shall not be called upon to make any improvements or repairs of any kind upon said premises and said premises shall at all times be kept and used in accordance with the laws of the State of Oregon and ordinances of the City of McMinnville, and in accordance with all directions, rules and regulations of the health officer, fire marshal, building official, or other proper officer of any pertinent and authorized public authority, at the sole cost and expense of the Lessee. The Lessee will neither commit nor permit any waste, damage, or injury to the premises and, at Lessee's own cost and expense, will keep all drainage pipes free and open and will protect water, heating, and other pipes so that they will not freeze or become clogged, and will repair all leaks, any damage caused by leaks or by reason of the Lessee's failure to protect and keep free, open, and unfrozen any of the pipes and plumbing on said premises.

16. Liens and Insolvency. Lessee shall keep the leased premises and the property on which the leased premises are situated free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee. If the Lessee becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee, or other liquidating officer is appointed for the business of the Lessee, the Lessor may cancel this lease at the Lessor's option.

17. Assignment and Subletting.

17.1 Assignment. This lease may be assigned by the Lessee in whole only and not in part, and only with the prior written consent of the Lessor.

- a) In the event of an assignment, such assignment may only be made to an assignee for a use of the premises as set forth in Paragraph 2 of this lease.

- b) Subject to the provisions of Paragraphs 6 and 7 herein, the assignee must be shown to the Lessor to be of such financial standing and responsibility at the time of such assignment as to give reasonable assurance to the Lessor of prompt payment of all rents and other amounts to be paid under this lease, and of full compliance with all other terms, covenants, conditions, and provisions of this lease. No such assignment may be made or be of any force or effect if at the time of such assignment the Lessee is in default in any of the terms, covenants, conditions, and provisions of the lease, including default in the payment of rent; provided, however, the assignee may cure the default(s) prior to taking possession of the premises. No such assignment for any purpose shall be of any force or effect unless the Lessor first shall have consented, in writing, to said assignment and has received a true copy of the proposed assignment. The Lessor may refuse to consent to such assignment for any purpose herein above set forth. Such assignment shall include the then unexpired balance of the term of this lease.

17.2 Transfer Fee. A non-refundable Transfer Fee of 1.5% of the amount paid by the new Lessee shall be paid to the Lessor to cover costs incurred for the assignment.

17.3 Subleases. The Lessee may sublet the whole or any portion of any buildings on the premises, but not the real property, to a sublessee; provided: (1) the Lessor has given its consent in writing prior to the sublease being effective and; (2) the Lessor has received a true copy of the proposed sublease.

17.4 Rentals. The Lessee may rent hangar space for the purposes described in Paragraph 2 of this lease on a month-to-month basis to sublessee provided: (1) the Lessee submits and receives Lessor's approval of the proposed rental space; (2) the Lessee enters into hangar rental agreements only upon forms pre-approved by the Lessor; (3) the Lessee keeps the Lessor informed of the name, address, telephone number, and aircraft registration number of all current hangar sublessees; (4) the Lessee charges monthly hangar rental fees no less than the rates now or in the future charged by the Lessor for comparable hangars; (5) the Lessor reserves the right to object for cause to any specific hangar rental sublessee and reserves the right to require the Lessee to terminate the hangar rental agreement of such objectionable sublessee within sixty (60) days of notice of objection.

17.5 Default. If all or any part of the leased premises are sublet or occupied by anybody other than the Lessee, the Lessor may, after default by the Lessee, collect rent from any and all sublessees or occupants, and apply the net amount collected to the rent reserved herein, but no such collection shall be deemed a waiver of any agreement, term, covenant, or condition hereof, nor the acceptance by the Lessor of any sublessee or occupant as a Lessee.

18. Lessor Access. The Lessee will allow the Lessor or the Lessor's agents free access at all reasonable times and upon at least twenty-four (24) hours notice to said premises during normal business hours for the purpose of inspection. Nothing herein shall be construed in any way as limiting the authority of the Lessor's building official under existing law.

19. Liability Insurance. Lessee shall at all times carry and maintain liability insurance in a company or companies rated AM Best A- (Excellent) or better, and Financial Size Category of not less than Class X, or in such other company or companies not so rated which may be acceptable to Lessor, insuring Lessee against all claims for damages for personal injury, including death, and against all claims for damage and destruction of property, which may arise by the acts or negligence of the Lessee, its agents, employees or servants, or by any means of transportation whatsoever, including owned, non-owned, and hired automobiles, up to at least the limits established by the Oregon Tort Claims Act, as now in existence or as amended hereafter. Lessor shall be named in all such policies as an additional insured, and a duplicate certified true copy of the original of such insurance policy or policies shall be furnished to Lessor. Each such policy shall provide that the policy may not be canceled without the company first giving Lessor at least thirty (30) days' written notice.

20. Accidents - Indemnity. All personal property on said leased premises shall be at the risk of the Lessee. Lessor shall not be liable for any damage, either to person or property, sustained by the Lessee or others, caused by any defects now at said premises or hereafter occurring therein, or due to the condition of any buildings hereafter erected to any part or appurtenance thereof becoming out of repair, or caused by fire, or by the bursting or leaking of water, gas, sewer, or steam pipes, or from any act or neglect of Lessee, its employees, sublessees, or other occupants of said buildings, or any other persons, or due to the happening of any accident from any cause in or about said buildings. Lessee covenants to protect, save, and indemnify Lessor, its elected and appointed officials, and employees while acting within the scope of their duties as such, from and against all claims, demands and causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Lessee's employees or third parties on account of personal injuries, death, or damage to property arising out of the premises or in any way resulting from the willful or negligent acts or omissions of the Lessee and/or its agents, employees, or representatives.

21. Fire Insurance. The Lessee shall at all times and specifically during construction carry at its own expense fire insurance, hazard insurance, and vandalism and malicious mischief insurance on all buildings existing or hereafter constructed on the premises acceptable to the Lessor which policy or policies shall name Lessor as an additional insured as to the value of Lessor's interest as determined hereinafter, and to the extent of at least eighty percent (80%) of the value of the buildings. The original policy, a duplicate certified true copy, or such other evidence of insurance as the Lessor shall have agreed in writing to accept, shall be on deposit with the Lessor's Community Development Department at all times during the term hereof. Each such policy shall provide that the policy may not be canceled without the insurer first giving the Lessor at least thirty (30) days' prior written notice. No such policy shall contain a deductible clause greater than one thousand dollars (\$1,000) per claim. In the event of loss, the Lessee shall pay such deductible sum.

22. Application of Fire Insurance Proceeds in Event of Loss.

22.1 Total Destruction: "Total destruction" or "Totally destroyed" means destruction to an extent exceeding fifty (50) percent of the sound value of the building. If any building constructed on the leased premises is totally destroyed by fire, earthquake, or other casualty during the term of this lease, and if the Lessee desires to rebuild, the proceeds of the insurance shall be used for the purpose of rebuilding such building. If the Lessee elects not to rebuild, the proceeds of any insurance shall be payable on a pro rata basis to the Lessor and Lessee in such proportions as to cause the unpaid portion of the lease payment for the unexpired portion of this lease to be paid in full to Lessor by the Lessee based upon the total number of years in the term of this lease and the number of years remaining.

If the Lessor and Lessee are unable to agree regarding the disposition of insurance proceeds therefor, the parties shall submit the matter to arbitration pursuant to the rules and regulations established by the Supplementary Trial Court Rules of the Circuit Court of The State of Oregon for the Twenty-fifth Judicial District. The parties may select any such alternative arbitrators, arbitration committee, or method as agreeable between the Lessor and Lessee. The decision of the majority of said arbitrators shall be binding upon the Lessor and Lessee, unless successfully modified by a court of law.

22.2 Partial Destruction: "Partial Destruction" means destruction to an extent not to exceed fifty percent (50%) of the sound value of the building. In the case of partial destruction, the proceeds shall be used by Lessee for repairing the damage. The Lessee shall give to Lessor written notice of loss immediately and a notice of intention to rebuild within sixty (60) days of loss. If the Lessee fails to give notice of intention to rebuild within the time specified, the Lessor shall then have the option to rebuild and shall give the Lessee notice in writing of such intention either within one hundred twenty (120) days after receiving written notice of loss from the Lessee or within one hundred twenty (120) days after Lessor should have received written notice of loss from the Lessee, subject to such policy conditions governing the replacement cost provisions therein. If either the Lessor or the Lessee elects to rebuild as above provided, such party shall prosecute the work of such rebuilding or repairing without delay. If both the Lessor and Lessee fail to give notice of intention to build as aforesaid within the times specified, both the Lessor and Lessee, or either of them, shall have the right to declare this lease terminated by written notice served upon the other party as provided in Paragraph 25 herein. It is understood that if the Lessee sublets the premises and passes the expense of fire, earthquake, or other casualty insurance or of liability insurance on to the sublessee, then Lessee will require all insurance policies required under the sublease to name both the Lessor and Lessee (but as Lessor thereunder) as an additional insured as required above, as their interests may appear. Any sublease shall reflect the provisions of this lease as to the selection of the insurer and the amount and nature of coverage.

23. Recovery of Leased Premises. The Lessor is authorized to recover the premises from the Lessee in the event that the Airport Commission for the City of McMinnville determines the premises are required for another airport purpose. In the event such a determination is made and the Lessor elects to recover the premises, Lessor shall compensate Lessee for the value of the remainder of this lease and the improvements constructed on the premises. Lessor and Lessee agree to each retain an MAI appraiser to determine the value of the remainder of this lease and the

improvements on the premises. If those appraisers are unable to agree on a value, a third appraiser shall be appointed by the senior judge of the Circuit Court for Yamhill County and that appraiser's valuation shall be conclusive and binding upon both parties. The value of the improvements shall be pro-rated based upon the remaining unused portion of the term of this lease as that portion relates to the total term of this lease.

24. Lessee's Right of Cancellation. In addition to any other remedies available to the Lessee, this agreement shall be subject to cancellation by the Lessee should any one or more of the following occur:

24.1 Abandonment of Airport. The permanent abandonment of the airport as an operating airport by act or decision of the Lessor;

24.2 Supervening Event. The occurrence of any supervening event or act of God which precludes the Lessee, and any assigns of the Lessee, from the use of the property for the purposes stated herein or from the use of airport facilities. Neither Lessee nor Lessor shall have any liability under this subparagraph for any supervening event or act of God under any theory on which recovery may be sought;

24.3 Lessor Breach of Lease. The breach by the Lessor of any of the covenants, terms, or conditions of this lease to be kept, performed, and observed: by the Lessor and the failure to remedy such breach within a period of sixty (60) days after written notice from the Lessee of the occurrence of the breach;

24.4 Federal Government or Other Governmental Agency Control. The assumption by the federal government or any other governmental agency of the control of the airport or any portion thereof which would preclude the Lessee from operating under the terms of the lease. Neither Lessor nor Lessee shall have any liability for loss of use occasioned by act of the federal government or any other government agency.

25. Notice. All notices and consents hereunder shall be given in writing, delivered in person or mailed by certified mail, postage prepaid, to the receiving party at its address below, or to such other address as the receiving party may notify the sender beforehand referring to this lease:

LESSOR: CITY OF McMinnville
230 NE 2nd Street
McMinnville OR 97128

LESSEE: _____

26. Governmental Fees. All fees due under applicable law to the City, County, or State on account of any inspection made on leased premises by any officer thereof shall be paid by the Lessee.

27. Default and Re-Entry. Unless resulting from events enumerated in Paragraphs 20, 21, or 23 herein, if any rents above reserved, or any part thereof, shall be and remain unpaid when the same shall become due, or if the Lessee shall violate or default in any of the covenants and agreements herein contained, then the Lessor may cancel this lease upon giving 120 days' notice and re-entering said premises, but notwithstanding such re-entry by the Lessor, the liability of the Lessee for the rent provided for herein shall not be extinguished for the balance of the term of this lease, and the Lessee covenants and agrees to make good to the Lessor any deficiency arising from a re-entry and re-letting of the premises at a lesser rental than herein agreed to.

28. Costs and Attorney's Fee. The prevailing party shall be entitled to recover reasonable attorney's fees and costs in such amount as are fixed by the trial or appellate court, and all costs and expenses incurred by reason of the breach or default by the other under this lease, whether or not an action is filed.

29. Breach of Lease by Lessee.

Each of the following shall be deemed a default or breach of this lease:

- Nonpayment of the whole or any portion of the rents herein reserved, or any other sum or sums of money due to Lessor from Lessee under the provisions hereof as and when due;
- Nonperformance by Lessee of any other covenant or condition herein contained on the part of Lessee to be kept and performed
- Abandonment of the premises by Lessee; or
- The adjudication of Lessee as bankrupt, the making by Lessee of a general assignment for the benefit of creditors, the taking by Lessee of the benefit of any insolvency act or law, or the appointment of a receiver or trustee in bankruptcy.

Within thirty (30) days after written notice from Lessor to Lessee demanding performance, Lessor may declare a forfeiture of this lease and re-enter upon the premises and remove all persons and property therefrom, and in addition or in lieu thereof, Lessor may, at its option, pursue any other remedy provided by law or in equity for the enforcement of Lessor's rights under the provisions of this lease.

In the event of breach of any condition or term contained herein by Lessee, in addition to the terms of the agreement, the Lessor shall have the right to terminate this lease upon giving written notice as provided in Paragraph 26 herein.

30. Nonwaiver of Breach. The failure of either party to insist upon strict performance of any of the covenants and conditions of this lease, or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of any such strict performance as to any subsequent breach by the other party of any kind whatsoever that is created by the other party of any other covenants or conditions, or of the exercise of any such option, and the same shall be and remain in full force and effect.

31. Removal of Property. In the event of any entry on or taking possession of the premises as aforesaid, the Lessor shall have the right, but not the obligation, to remove from the premises all personal property located therein or thereon and may store the same in any place selected by Lessor, including, but not limited to, a public warehouse, at the expense and risk of the owners of the said property. Unless otherwise provided by law, Lessor shall have the right to sell such stored property, without notice to the owner thereof after the property has been stored for a period of at least sixty (60) days, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Lessee to Lessor under any of the terms hereof, the balance, if any, to be paid to the owner thereof.

32. Heirs and Successors. Subject to the provisions hereof pertaining to assignment and subletting, the covenants and conditions of this lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors, and assigns of any of all of the parties hereto.

33. Lessor's Ownership. Lessor warrants that it is the owner of the leased premises and that it has the right to lease said premises under the terms of this lease. Lessor will defend Lessee's right to quiet enjoyment of the premises from disturbance by anyone claiming by, through, or under Lessor.

34. Nondiscrimination.

- a) The Lessee, for itself, its representatives, successors in interest and assigns, as a part of the consideration hereof does hereby covenant and agree as a covenant running with the land that, in the event facilities are constructed, maintained, or otherwise operated on said property described in this lease for a purpose for which a Department of Transportation permit is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Program of the Department of Transportation, and as said regulations may be amended.
- b) The Lessee, for itself, its representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from the participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; or (2) in the construction of any improvements in, over, or under such land and the furnishings of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (3) the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle

A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Program of the Department of Transportation, and as said regulations may be amended.

- c) In the event of breach of any of the above nondiscrimination covenants, the Lessor shall have the right to terminate this lease and to re-enter and repossess said premises and facilities thereon and hold the same as if said lease had never been made or issued.

35. Hazardous Substances. The Lessee shall not permit hazardous substances, including any substances, materials, wastes, pollutants, oils or regulated substances, or substances defined or designated as hazardous, toxic, radioactive, dangerous, or any other term in or under any environmental laws which may affect environmental or human health, to exist on the premises without complying with all rules, regulations, and policies of the State of Oregon and the United States Environmental Protection Agency. Lessee shall promptly notify the City Fire Department of the existence of any hazardous substances as required by state and federal regulations and shall comply with any requirements for hazardous waste disposal as may be imposed by applicable federal and state laws.

36. Motor Vehicle Parking on Premises. At any time when the Lessee is making use of aircraft, Lessee shall be permitted to park all motor vehicles within the aircraft hanger buildings. Such vehicles shall, at all times be parked within the premises.

37. Parking Aircraft on Premises. The Lessee shall at no time store any aircraft or permit any aircraft to be stored on the exterior portion of the premises. The Lessee has the right to hangar aircraft on said leased premises and the right to charge hangar rental fees at rates no less than those rates now or in the future charged by the City of McMinnville for comparable hangars. Aircraft may be parked on the exterior portion of the leased premises only for loading, unloading, fueling, and other purposes associated with short-term maintenance.

38. List of Housed Aircraft: Lessee shall provide a list of all based aircraft (operational and airworthy aircraft based at a facility for a majority of any 12 month period) housed on the leased premises to the Airport Manager's office, and shall keep said list current at all times. The list shall include the name, address, and phone number of each aircraft's owner(s), the aircraft make and model, and aircraft registration numbers.

39. Airport Access, Ingress, Egress and Driving Plan; Gate Cards. Lessor grants to Lessee the right of access, ingress to and egress from the leased premises to the taxiway and to the public streets by Lessee and Lessee's employees, licensees or invitees, so long as said rights are always exercised in conformance with any existing or hereinafter adopted policy, rule, regulation or law affecting or regulating such activity for the care, operation, maintenance and protection of the airport and the public, including the Driving Plan administered by the Airport Manager, or any amendment thereto.

Lessee understands, agrees and accepts that, as a tenant at the airport, Lessee is required to receive and complete Driving Plan training, and that the completion of such training, as evidenced by a certificate from the Airport Manager, is a required term and condition of this lease. Lessee, therefore, agrees to complete such training, if Lessee

has not already done so, within thirty (30) days of execution of this lease. If Lessee is a business entity, Lessee shall complete said training by and through each and every agent or employee of Lessee who will drive on the airport. Lessee shall ensure that all agents and employees comply with this section.

Failure to comply with this section following thirty (30) days notice of breach on this basis shall constitute grounds for default of this tenant agreement. Lessor reserves the right to require annual review of the Driving Plan training by the Lessee and/or Lessee's agents and employees. Should amendments be made to the Driving Plan administered by the Airport Manager, Lessee agrees to participate in any additional Driving Plan training Lessor shall deem necessary. Eligibility or continuing eligibility for an access card to airport security gates shall be contingent upon ongoing compliance with this section.

40. Compliance With Laws and Regulations. Lessee agrees to observe and obey during the term of this lease all laws, ordinances, rules, and regulations promulgated and/or enforced by Lessor or by other proper authority having jurisdiction over the conduct of operations at the airport, and to do all things necessary to stay or become in compliance with the same. Lessee further specifically agrees to comply with all requirements of the FAA, including but not limited to, those requirements originating out of the City of McMinnville's relationship with the FAA, or which find their origin in relation to grants or other contractual arrangements between the City of McMinnville and the FAA.

Lessee understands and agrees that the right of ingress and egress to runways, taxiways, and aprons, now and hereinafter designed by Lessor shall be subject to all Airport Rules and Regulations, Minimum Standards, laws, regulations, grant obligations, policies and ordinances now or hereinafter adopted, and that the use of said runways, taxiways and aprons shall be in common with others and that the same shall not be obstructed by Lessee or closed to the right of use or travel by others. Lessor shall provide notice to Lessee prior to any amendments to said documents, the most current versions of which may be obtained from the Airport Manager.

Lessor reserves the right to amend this lease to conform with any changes in Municipal, State or Federal laws, rules, regulations and ordinances. If at any time it is discovered that the provisions of this lease violate or are in any way inconsistent with current or later enacted Municipal, State or Federal laws, rules, regulations, ordinances, FAA policies, orders, advisory circular documents, grant obligations/assurances, or with any obligation the City of McMinnville may have with respect to the FAA, Lessor shall have the right to amend this lease as necessary to make this lease agreement consistent therewith.

41. Venue. The venue of any suit, claim, demand, or proceeding which may be brought by either party under the terms of this lease or growing out of the tenancy under this lease shall be at the option of the Lessor in court(s) in Yamhill County, Oregon.

42. Site Plan. Where reference is made in this lease to a plot plan or site plan, it is understood and agreed between the parties that such plan must include, at a minimum, those matters hereinafter set forth and shall be in the form of a scale drawing of the entire premises with all of those matters set forth to scale and legibly thereon:

- a) Location of all structures and sizes thereof, together with size and location of any future structures which the Lessee anticipates may be placed on the premises;
- b) Location of all roads, driveways, entrances, and exits;
- c) Location of all parking areas and description of method of delineating such areas by curbs or other methods;
- d) Location of all utilities and, in case of underground utilities, mention thereof;
- e) Interior and exterior drainage;
- f) Location and type of all fencing and gates;
- g) Site and exterior building lighting.

43. Construction Activities. Tenant's use of the Premises and/or Airport may be disrupted by certain expansion, improvement, construction, development, remodeling, and/or other activities on or at the Airport, including, without limitation, runway maintenance and repairs. Landlord will not be in default under this Lease (and Tenant will not be entitled to any abatement of Rent and/or other concessions) if Tenant is disrupted (temporarily or otherwise) in the use of the Premises and/or Airport due to the aforementioned activities.

IN WITNESS WHEREOF, the parties hereto have executed this lease on the ____ day of _____. 2017.

Lessor:

Lessee:

CITY OF McMINNVILLE

Jeff Towery, City Manager

Name:
Title:

Approved as to Form:

City Attorney