



Kent Taylor Civic Hall
200 NE Second Street
McMinnville, OR 97128

**City Council Meeting Agenda
Tuesday, July 11, 2017**

**6:00 p.m. – Dinner Meeting
7:00 p.m. – Regular Council Meeting**

Welcome! All persons addressing the Council will please use the table at the front of the Council Chambers. All testimony is electronically recorded. Public participation is encouraged. If you desire to speak on any agenda item, please raise your hand to be recognized after the Mayor calls the item. If you wish to address Council on any item not on the agenda, you may respond as the Mayor calls for "Invitation to Citizens for Public Comment."

6:00 PM – DINNER MEETING – CONFERENCE ROOM

1. CALL TO ORDER
2. REVIEW CITY COUNCIL AGENDA
3. ADJOURNMENT

7:00 PM – REGULAR COUNCIL MEETING – COUNCIL CHAMBERS

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. INVITATION TO CITIZENS FOR PUBLIC COMMENT – *The Mayor will announce that any interested audience members are invited to provide comments. Anyone may speak on any topic other than: a topic already on the agenda; a matter in litigation, a quasi-judicial land use matter; or a matter scheduled for public hearing at some future date. The Mayor may limit the duration of these comments.*
4. PRESENTATION
 - a. Yamhill County Gospel Rescue Mission
 - b. Receive Report and Recommendation from Gary Eastlund, Hagan Hamilton to approve the 2017 – 2018 Property, Liability, Workers Compensation, and Auto Insurance Coverages.
 - c. HB 4079 – UGB Affordable Housing Pilot Project Application Submittal
5. CONSENT AGENDA
 - a. Consider the Minutes of the May 9, 2017 and June 27, 2017 Dinner and Regular Meetings.
6. RESOLUTION
 - a. **Resolution No. 2017-52**: A Resolution amending the McMinnville Affordable Housing Task Force Annual Action Plan.

Kent Taylor Civic Hall is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made a least 48 hours before the meeting to the City Recorder (503) 435-5702. For TTY services, please dial 711.

7. ORDINANCES
 - a. **Ordinance No. 5030**: An Ordinance authorizing lease of real property located at the McMinnville Airport to Redtail Soaring, LLC, pursuant to ORS 271.310.
 - b. **Ordinance No. 5031**: An Ordinance authorizing lease of real property located at the McMinnville Airport to Potcake Farms, LLC, pursuant to ORS 271.310.
 - c. **Ordinance No. 5032**: An Ordinance authorizing lease of real property located at the McMinnville Airport to Kauer Family Farms, LLC, pursuant to ORS 271.310.
8. ADVICE/ INFORMATION ITEMS
 - a. Reports from Councilors on Committee & Board Assignments
 - b. Department Head Reports
 - c. Cash & Investment Report
9. EXECUTIVE SESSION: EXECUTIVE SESSION UNDER ORS 192.660(2)(d) TO CONDUCT DELIBERATIONS WITH PERSONS DESIGNATED TO CARRY OUT LABOR NEGOTIATIONS.
10. ADJOURNMENT

Kent Taylor Civic Hall is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made a least 48 hours before the meeting to the City Recorder (503) 435-5702. For TTY services, please dial 711.

Insurance. It's What We Do.

June 19, 2017

McMinnville City Councilors
Scott Hill, Mayor
Jeff Towery, City Manager

life auto home
health business
employee benefits



Re: Insurance Programs Stewardship Report
July 1, 2017 – June 30, 2018

I would like to thank you for your continued support of Hagan Hamilton as your Agent of Record for the City insurance programs. I have reviewed the renewal proposals and my recommendation to the Council is to accept the renewal offers from CIS for:

- PROPERTY/LIABILITY
- AUTO
- MECHANICAL BREAKDOWN
- WORKERS COMPENSATION

The proposed annual contribution for the CIS Package, not including the workers compensation, is \$454,655. This represents a 4.1% increase over the prior year contribution of \$436,631, which is in line with the average member increase of 3% to 5%.

The CIS workers compensation renewal has decreased slightly. The City experience modification factor dropped from .88 to .76 which resulted in a deposit premium of \$92,583 down from \$94,230 last year.

With regard to the Airport Liability Insurance I recommend acceptance of the renewal proposal from Ace Property and Casualty Insurance Company for:

- AIRPORT OWNERS AND OPERATORS LIABILITY

The renewal premium for the Airport Liability policy is the same as the expiring policy term at \$5,675.

In looking to the future, it is difficult to predict where the insurance premiums will be in the next few years. I am optimistic that future premiums will remain fairly static, and I will keep you informed of any changes as soon as they come to my attention. Thank you again for your past, present and future support of me and Hagan Hamilton Insurance.

Respectfully,



Gary E. Eastlund CIC ARM CRM
Risk Management Consultant

McMINNVILLE
503.472.2165 p

NEWBERG
503.538.4455 p

SHERIDAN
503.843.2384 p

ST. HELENS
503.397.0123 p

CITY OF McMinnville
MINUTES OF DINNER MEETING
of the McMinnville City Council
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, May 9, 2017 at 6:00 p.m.

Presiding: Scott A. Hill, Mayor

Recording: Melissa Grace, City Recorder

Councilors:	<u>Present</u>	<u>Excused Absence</u>
	Adam Garvin	Remy Drabkin
	Kevin Jeffries	
	Kellie Menke, Council President	
	Alan Ruden	
	Wendy Stassens	

Also present were City Manager Jeff Towery, City Attorney David Koch,
Finance Director Marcia Baragary, Planning Director Heather Richards, and
Community Development Director Mike Bisset.

DINNER

CALL TO ORDER: Mayor Hill called the Dinner Meeting to order at 6:20 p.m. and welcomed all in attendance.

DISCUSSION:

Mayor Hill asked for a volunteer to lead the Pledge of Allegiance and Council President Menke volunteered.

Mayor Hill reviewed the agenda for the evening.

Discussion ensued regarding the proposal from the Oregon International Air Show for an air show in McMinnville.

RESOLUTION NO. 2017-32: A Resolution initiating the proceedings and setting a date and time for a public hearing to vacate a portion of NE Macy Street (RV 1-17).

Community Development Director Bisset stated that there was a request from the Yamhill County Gospel Rescue Mission and H & R Burch Limited Partnership for the City Council to initiate the vacation process for NE Macy Street.

RESOLUTION NO. 2017-33: A Resolution Approving a Waiver of Deed Restriction. *(Request for waiver of deed restriction regarding height for the property located at 3950 SE Three Mile Lane.)*

City Attorney Koch shared that the City received a request for waiver of deed restriction relating to height for 3950 SE Three Mile Lane. The request was related to a proposed 135 foot telecommunications tower. Staff did not have a recommendation on whether or not to grant the request.

City Manager Towery shared that he engaged approximately 22 stakeholders in discussion regarding the recruitment of the Parks and Recreation Director position.

ADJOURNMENT: The Dinner Meeting was adjourned at 6:56 p.m.

Melissa Grace, City Recorder

CITY OF McMinnville
MINUTES OF REGULAR MEETING
of the McMinnville City Council
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, May 9, 2017, at 7:00 p.m.

Presiding: Scott A. Hill, Mayor

Recording: Melissa Grace, City Recorder

Councilors:	<u>Present</u>	<u>Excused Absence</u>
	Adam Garvin	Remy Drabkin
	Kevin Jeffries	
	Kellie Menke, Council President	
	Alan Ruden	
	Wendy Stassens	

Also present were City Manager Jeff Towery, City Attorney David Koch, Community Development Director Mike Bisset, Police Chief Matt Scales, Planning Director Heather Richards, Information Systems Director Scott Burke, and members of the news media, Tom Henderson of the *News Register*, and Dave Adams of KLYC radio.

AGENDA ITEM

1. CALL TO ORDER: Mayor Hill called the meeting to order at 7:00 p.m. and welcomed all in attendance.
2. PLEDGE OF ALLEGIANCE: Council President Menke led the Pledge of Allegiance.
3. INVITATION TO CITIZENS FOR PUBLIC COMMENT: Mayor Hill invited the public to comment.

Mark Riche, McMinnville resident, said he had come last year to the Council to discuss a fortified alcohol ban on 3rd Street. He expressed his concerns with fortified alcohol and his desire for it to be banned in certain areas. This would eliminate the drunkenness problem on 3rd Street. He then discussed demolition permits versus deconstruction permits. Mr. Riche also stated that

under USC #8, any US citizen that knowingly assisted an illegal alien committed a felony. Any jurisdiction that declared they were open jurisdictions were subject to arrest. Police Officers and City officials who ignored or violated USC #8 were committing a Section 274 federal felony. If a person lived in a jurisdiction that refused to enforce the law for whatever reason, the officials making the decisions were financially liable for any crime committed in their jurisdiction by an illegal alien. He noted it was not long ago that someone was stabbed in the 7-11 parking lot by an illegal alien. He suggested Council read USC #8.

Bill Stuvig, McMinnville resident, thought that the City was not cooperating with him on the sewer lateral line replacement program. He stated the project had not been completed due to the rain, and because of that his \$250 incentive had been taken away. He thought he should be granted an extension.

Sheila Alfsen, Professor of Geology, shared that she has been giving talks all over the state regarding the risk of a Cascadia earthquake. She was concerned that the City had eliminated the Emergency Management position. She stated that a large earthquake was a scientific certainty and the City needed to be preparing and she was willing to help where needed.

Mayor Hill explained the Council was planning to address emergency management in a different, more meaningful way.

Michael Wells, McMinnville resident, was concerned about the aftermath of an earthquake such as bridges failing, no running water or electricity, and downtown buildings crumbling. The future of McMinnville depended on how long it took to recover from an earthquake. He shared ideas on how the City could be better prepared.

4.

PROCLAMATIONS

a. National Public Works Week Proclamation

Several members of the Public Works Department were present to receive the proclamation.

Mayor Hill read the proclamation declaring May 21-27, 2017 as National Public Works Week and presented it to Community Development Director Mike Bisset.

Community Development Director Bisset expressed appreciation to the Public Works staff. He noted there would be an Employee Recognition Barbecue on May 18th and discussed the “Touch a Truck” program at the elementary schools.

b. National Police Week Proclamation

Police Chief Matt Scales several members of the Police Department.

Mayor Hill read the proclamation declaring May 15-21, 2017 as National Police Week and presented it to Police Chief Scales.

5. CONSENT AGENDA

5.a. Request from Center Market #17 for a liquor license at 509 NE Baker Street.

5.b. Request from Izzy’s Restaurant for a liquor license at 1290 N Highway 99 W.

Council President Menke MOVED to adopt the consent agenda;
SECONDED by Councilor Garvin. Motion PASSED unanimously.

6. NEW BUSINESS

6.a. Request from Jessica Rex on behalf of Memorial Elementary School PTA for noise variance waiver for an event on May 12th, 2017

Ms. Rex explained that the request was for the annual Spring Fling fundraiser and there would be some outdoor performances from 5 to 7:45 p.m. on the Memorial Elementary School playground.

Councilor Jeffries MOVED to approve the noise variance waiver for the Spring Fling event on May 12, 2017; SECONDED by Councilor Ruden. Motion PASSED unanimously.

7. PRESENTATIONS

7.a. Economic Development Update – Jody Christenson

Marketing Specialist Lacy Dykgraaf and Executive Director Jody Christenson provided Council with an economic development update.

Ms. Christenson shared how they structured their work around three pillars: McMinnville Made, McMinnville Sites, and McMinnville Works.

Ms. Dykgraaf discussed the projects and events they had done. Ms. Christenson said they spent a considerable amount of time visiting businesses

and discussing their problems in order to generate programs and resources to help businesses. They were also a part of recruitment teams and worked with partners around the region to know what the best resources were. They had an aspiration goal of creating 1,500 family wage jobs in 15 years. To achieve this, they would have to average 11 jobs per industrial acre. The forecast for job growth for McMinnville over the next 20 years was 1.7% growth which fit in with this goal.

Ms. Dykgraaf defined advanced manufacturing and family wage jobs. She explained how the definition of advanced manufacturing was changing to include technology.

Ms. Christenson explained that they were working on diversifying the businesses in McMinnville and growing the tech industry. Many of these businesses could be based anywhere in the world and McMinnville offered a great lifestyle for employees.

Ms. Christenson stated that the McMinnville Economic Development Partnership received a grant from the Oregon Talent Council to deliver four workshops on how they grew their community internship program. She detailed the upcoming events.

Ms. Christenson asked for the City's mindful eye when making decisions on development on industrial property and land use in order not to impede the process.

7.b.

McMinnville Airshow Proposal – Bill Braack, Oregon International Air Show

Mr. Braack briefed the Council on the proposal to provide an airshow in McMinnville in 2018. The City of Hillsboro conducted a survey on the reason why people came to the city and the number one reason was for the airshow. He stated that having an airshow was a great way to showcase what the City had to offer. They are a 501c3 that exists to raise money for Oregon charities and have held events for 30 years and had helped raise \$2 million since 2003. They planned to work with local partners and charities and would be helping brand the event to McMinnville.

Discussion ensued regarding public safety concerns, parking and lodging resources, and benefits to the community.

Mr. Braack stated that the first year in 2018 would be smaller in order to validate their assumptions that McMinnville could handle a larger show in 2019. Their initial goal for each day was 15,000 per day. A formal review would be conducted after the 2018 event to see if a larger event could be accommodated.

A July 1st deadline for a binding agreement with the City was discussed. Councilor Ruden expressed his concern with the quick turn-around time and the amount of details that needed to be worked out. Some of the support services the City would have to provide would put a strain on the community.

Mr. Braack explained outside resources that could be used to assist with the event as well as volunteer coordination.

Police Chief Scales shared his significant concerns with public safety.

Councilor Jeffries expressed concerns with the short turn-around time and the success of the event. He thought they needed another year to work on this and suggested turning in the paperwork next July 1st for 2019.

Councilor Menke shared her excitement for the event but echoed the concerns of doing the event in 2018.

The Council agreed that they would like to move forward with an air show as some point in the future but they were not ready to sign an agreement by July 1st.

Discussion ensued regarding staff and public safety attending the Hillsboro Air Show in order to evaluate how the City of McMinnville could handle the event.

8. RESOLUTIONS

- 8.a. **Resolution No. 2017-32:** A Resolution initiating the proceedings and setting a date and time for a public hearing to vacate a portion of NE Macy Street (RV 1-17).

Community Development Director Bisset explained that the City received a letter from the Yamhill County Gospel Rescue Mission and H & R Burch Limited Partnership, the two adjacent property owners, to request the Council initiate a vacation process for a portion of Macy Street south of 14th. He displayed a map of Macy Street. In the 1990s, the City improved Lafayette Avenue and created a connection from 13th to 14th so the area would access the traffic signal at Lafayette and Riverside. At that time the street connection between 14th and Macy was closed due to site distance issues. Since that time the area had been accessed off of 13th. If the vacation proceeded, the area would be returned to the two adjacent property owners and the Burch Partnership indicated they would donate their portion to the Mission. That would allow the Mission to create additional parking and to

proceed with their expansion plans. Mr. Bisset explained the vacation process. Staff and the Affordable Housing Task Force both recommended that the Council initiate the vacation process.

Council President Menke MOVED to adopt Resolution No. 2017-32 initiating the proceedings and setting a date and time for a public hearing to vacate a portion of NE Macy Street (RV 1-17); SECONDED by Councilor Stassens. Motion PASSED unanimously.

8.b.

Resolution No. 2017-33: A Resolution Approving a Waiver of Deed Restriction. (*Request for waiver of deed restriction regarding height for the property located at 3950 SE Three Mile Lane.*)

City Attorney Koch stated that they City received a request for a waiver of deed restriction on property located at 3950 SE Three Mile Lane. This property was sold by the City to Evergreen Helicopters Inc. in 1971. At that time the City held back five deed restrictions. The owners of the property, Kit P. Johnston and Caralee Johnston, entered into an agreement with PI Tower Development LLC to lease a portion of the property for the construction and the erection of a telecommunications tower. The proposed height for the tower was 135 feet, which exceeded the height restriction in the deed. They were asking to waive the deed restriction to relieve them from the 100 foot height limit.

Brandon Olsen of PI Tower Development LLC stated Verizon Wireless would be the anchor tenant. He shared that they wanted the tower to expand coverage and capacity in this area. The height would enable them to handle multiple tenants instead of building two towers. This structure could handle four tenants and a second application had been received by T-Mobile. This site was selected because it was zoned industrial and was a central location to provide service to the neighborhood to the north and the Evergreen Museum. The tower would be striped due to the airport being in the area. They owned the physical structure and would be happy to look into how they could help provide emergency services capacity and coverage.

Dave Adams, KLYC radio, stated they had embarked on street level broadcasting. He explained that when they were doing a news report or covering a community event at Evergreen, it was difficult especially when other people were using their cell phones. Evergreen was being developed as a tourist destination and that area needed to have better coverage.

Jody Christenson, Airport Commission Chair, said this was the first she had heard about this project and her only concern was if there would be an impact to aircraft landing or taking off. She stated that would have been vetted through the Department of Aviation.

Mr. Olsen said both the Department of Aviation and the FAA approved the tower. It was not on airport property, which was why it had not come to the Airport Commission.

Councilor Stassens asked about the seismic precautions being taken for the tower. Mr. Olsen explained a geotechnical report had been done and construction of the tower would follow the codes for seismic safety.

Councilor Garvin asked about the diameter of the tower. Mr. Olsen stated that it was an average slim tower.

Councilor Ruden suggested not approving the resolution that night in order to have more discussion on what could be done for emergency services.

Councilor Garvin mentioned that as a member of the Yamhill Communications Agency (YCOM) Board it would be a benefit for the City to have rights as a tenant on the tower. City Attorney Koch said if that was the direction of Council, there needed to be a conversation with PI Tower Development about what a reservation of rights would look like and what the needs and expectations would be.

JW Millegan, McMinnville resident, stated that the City was giving away air rights and thought that the City could be charging money for those rights.

Police Chief Scales stated that the police radios had a dead zone in this area.

There was Council consensus to direct the City Attorney to negotiate with PI Tower Development regarding reserving space on the tower for emergency services.

9. **ADVICE/ INFORMATION ITEMS**

9. a. **Reports from Councilors on Committee and Board Assignments**

No reports were heard.

9.b. Department Head Reports

City Attorney Koch updated the Council on the Municipal Court's Clean Slate Program. This was a six-month program that offered the opportunity for people to pay off outstanding fines and fees at 50 cents on the dollar as long as the amount was paid in full. The program started in April and at the end of the six months, there would be a more aggressive collection of the fines and fees.

10. EXECUTIVE SESSION UNDER ORS 192.660(2)(d) TO CONDUCT
DELIBERATIONS WITH PERSONS DESIGNATED TO CARRY OUT LABOR
NEGOTIATIONS.

11. ADJOURNMENT: Mayor Hill adjourned the Regular City Council meeting
at 9:27 p.m.

Melissa Grace, City Recorder

CITY OF McMINNVILLE
MINUTES OF DINNER MEETING
of the McMinnville City Council
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, June 27, 2017 at 6:00 p.m.

Presiding: Kevin Jeffries, Councilor

Recording: Melissa Grace, City Recorder

Councilors:	<u>Present</u>	<u>Excused Absence</u>
	Adam Garvin	Remy Drabkin
	Alan Ruden	Scott Hill, Mayor
	Wendy Stassens	Kellie Menke, Council President

Also present were City Manager Jeff Towery, City Attorney David Koch, Finance Director Marcia Baragary, Planning Director Heather Richards, Fire Chief Rich Leipfert, and Community Development Director Mike Bisset.

DINNER

CALL TO ORDER: Mayor Hill called the Dinner Meeting to order at 6:21 p.m. and welcomed all in attendance.

DISCUSSION:

Mayor Hill asked for a volunteer to lead the Pledge of Allegiance and Councilor Ruden volunteered.

It was noted that a proclamation reading for “Fill the Boot” would be presented this evening.

The agenda for the evening was reviewed.

ADJOURNMENT: The Dinner Meeting adjourned at 6:45 p.m.

Melissa Grace, City Recorder

CITY OF McMINNVILLE
MINUTES OF REGULAR MEETING
of the McMinnville City Council
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, June 27, 2017, at 7:00 p.m.

Presiding: Kevin Jeffries, Councilor

Recording: Melissa Grace, City Recorder

Councilors:	<u>Present</u>	<u>Excused Absence</u>
	Adam Garvin	Remy Drabkin
	Alan Ruden	Scott Hill, Mayor
	Wendy Stassens	Kellie Menke, Council President

Also present were City Manager Jeff Towery, City Attorney David Koch, Community Development Director Mike Bisset, Police Chief Matt Scales, Planning Director Heather Richards, Information Systems Director Scott Burke, Associate Planner Chuck Darnell and Dave Adams of KLYC radio.

AGENDA ITEM

1. CALL TO ORDER: Councilor Jeffries called the meeting to order at 7:00 p.m. and welcomed all in attendance.

2. PLEDGE OF ALLEGIANCE: Councilor Ruden led the Pledge of Allegiance.

3. INVITATION TO CITIZENS FOR PUBLIC COMMENT: Councilor Jeffries invited the public to comment.

Mark Davis, 632 SE Washington Street, commented on the Recology rates and garbage collection. He noted that he would like for more opportunity for public discussion.

Dave Adams, 1100 NE Lafayette Avenue, shared that Operation Eagles Wings, are starting a petition drive to acquire a medal of honor for Leonard DeWitt. He asked that the Council show their support through a resolution.

ADD ITEM

PROCLAMATION

Councilor Jeffries presented a Proclamation to McMinnville Fire Department declaring July 7th and 8th as McMinnville Fire Department “Fill The Boot” Day.

4. PUBLIC HEARING

4.a. Proposed supplemental budget for the fiscal year ending June 30, 2017 (related to the Airport Maintenance Fund).

Councilor Jeffries opened the public hearing at 7:15 p.m.

There were no public comments received.

Councilor Jeffries closed the public hearing at 7:15 p.m.

5. PRESENTATION

5a. Receive Report and Recommendation from Gary Eastlund, Hagan Hamilton to approve the 2017 – 2018 Property, Liability, Workers Compensation, and Auto Insurance Coverages.

Gary Eastland was not present. It was noted that this item would be moved to the July 11, 2017 meeting.

6. CONSENT AGENDA

6.a. Consider the Minutes of the October 13, 2015 Meeting.

6.b. Approve Recology Rates.

6.c. Liquor License Application – Open Claim Vineyard LLC (*2803 NE Orchard Avenue*)

Councilor Stassens MOVED to adopt the consent agenda; SECONDED by Councilor Garvin. Motion PASSED unanimously.

7. RESOLUTIONS

7.a. **Resolution No. 2017-41:** A Resolution increasing the Planning permitting fees by approximately 1.7% for fiscal year 2017-2018, effective July 1, 2017.

Planning Director Richards explained that the rate increases are based on a 1.7% increase. She noted that the Portland CPE-W index was used to determine the increase.

Councilor Ruden MOVED to adopt Resolution No. 2017-41 increasing the Planning permitting fees by approximately 1.7% for fiscal year 2017-2018, effective July 1, 2017; SECONDED by Councilor Stassens. Motion PASSED unanimously.

- 7.b. **Resolution No. 2017-42:** A Resolution adopting a supplemental budget for fiscal year 2016-2017 and making supplemental appropriations.

Finance Director Baragary explained that a public hearing was not required for the increase in the telecommunications fund because the expenditures do not exceed 10 percent of the total expenditures in the adopted budget.

She noted that the total estimated cost of the relocation of Federal Aviation Administration facilities impacted by the City's rehabilitation of Runway 4-22 is \$541,072.00. This was more than the 10 percent of the total expenditures and therefore a public hearing was required. The public hearing was noticed in the newspaper and held this evening.

Councilor Garvin MOVED to adopt Resolution No. 2017-42 adopting a supplemental budget for fiscal year 2016-2017 and making supplemental appropriations; SECONDED by Councilor Stassens. Motion PASSED unanimously.

- 7.c. **Resolution No. 2017-43:** A Resolution making a budgetary transfer of appropriation authority for fiscal year 2016-2017.

Finance Director Baragary stated that when the fiscal year 2016-2017 budget was adopted the total appropriations for Emergency Medical Services in the Ambulance Fund were \$4,145,455. She explained the unanticipated circumstances resulting in the need to transfer \$65,000 in appropriation authority from the Ambulance Fund contingency appropriation to the Ambulance Fund Personnel Services appropriation category.

Councilor Stassens MOVED to adopt Resolution No. 2017-43 making a budgetary transfer of appropriation authority for fiscal year 2016-2017; SECONDED by Councilor Garvin. Motion PASSED unanimously.

- 7.d. **Resolution No. 2017-44:** A Resolution providing for and approving a form of contract by and between the City of McMinnville, Oregon and the McMinnville Rural Fire Protection District (MRFPD).

Fire Chief Leipfert stated that the contract with MRFPD includes a five percent increase from last year's contract. In addition, the rural district has

budgeted to fund the replacement of a firefighting skid unit for one of the City's brush trucks.

Councilor Garvin MOVED to adopt Resolution No. 2017-44 providing for and approving a form of contract by and between the City of McMinnville, Oregon and the McMinnville Rural Fire Protection District; SECONDED by Councilor Stassens. Motion PASSED unanimously.

- 7.e. **Resolution No. 2017-45:** A Resolution adopting a new fee schedule for ambulance services provided by the City of McMinnville and repealing Resolution No. 2016-35.

Fire Chief Leipfert stated that staff is recommending a 2.2% increase to the ambulance fee schedule in order to assist in offsetting the general fund support for ambulance service.

Discussion ensued regarding ambulance rate recovery from Medicare and Medicaid.

Councilor Stassens MOVED to adopt Resolution No. 2017-45 adopting a new fee schedule for ambulance services provided by the City of McMinnville and repealing Resolution No. 2016-35; SECONDED by Councilor Ruden. Motion PASSED unanimously.

- 7.f. **Resolution No. 2017-46:** A Resolution Declaring the City's election to receive state revenues.

Finance Director Baragary stated that the Resolution allows the City to receive certain state shared revenues. She noted that all of the required public hearings were held and laws were followed as outlined in Oregon Revised Statutes 221.770 and 471.810.

Councilor Stassens MOVED to adopt Resolution No. 2017-46 declaring the City's election to receive state revenues; SECONDED by Councilor Garvin. Motion PASSED unanimously.

- 7.g. **Resolution No. 2017-47:** A Resolution Extending the City of McMinnville's workers compensation coverage to the City of McMinnville volunteers.

Finance Director Baragary noted that the city must submit a resolution to the insurer declaring its intent to cover volunteer personnel under the workers' compensation insurance plan.

Discussion ensued regarding the number of volunteers covered under the coverage.

Councilor Stassens MOVED to adopt Resolution No. 2017-47 extending the City of McMinnville's workers compensation coverage to the City of McMinnville volunteers; SECONDED by Councilor Ruden. Motion PASSED unanimously.

7.h.

Resolution No. 2017-48: A Resolution certifying provision of municipal services by the City of McMinnville as required by ORS 221.760.

Finance Director Baragary that ORS 221.760 (1) designates certain prerequisites for cities in a county of over 100,000 population to receive State shared revenues from cigarette, gas and liquor taxes. She noted that the resolution certifies that the City meets the prerequisites for receiving cigarette, gas and liquor taxes.

Councilor Ruden MOVED to adopt Resolution No. 2017-48 certifying provision of municipal services by the City of McMinnville as required by ORS 221.760; SECONDED by Councilor Garvin. Motion PASSED unanimously.

7.i.

Resolution No. 2017-49: A Resolution adopting the budget for the fiscal year beginning July 1, 2017; making the appropriations; imposing the property taxes; and categorizing the property taxes.

Finance Director Baragary stated that the City's Budget Committee met on May 17, 2017 and approved the Budget as presented by the Budget Officer.

Ms. Baragary outlined some changes made to the budget as allowed under ORS 294.456. She noted that four projects from 2016-2017 will be carried forward to 2017-2018. The projects relate to the following funds: Airport Maintenance Fund, Transportation Fund, Park Development Fund and Wastewater Capital Fund.

Ms. Baragary then reviewed increases in appropriations for 2017-2018 to the General Fund, Park and Recreation Department in the amount of \$11,000 for the possible replacement of a main water heater at the Community Center.

Councilor Stassens MOVED to adopt Resolution No. 2017-49 adopting the 2017-2018 budget in the total amount of \$114,773,667 for the fiscal year beginning July 1, 2017; to make the appropriations in the amount of \$77,684,600; to impose and categorize the City of McMinnville's permanent property tax rate of \$5.0200 per \$1,000 assessed value for general operations and \$3,486,085 for debt service.; making the appropriations; SECONDED by Councilor Ruden. Motion PASSED unanimously.

- 7.j. **Resolution No. 2017-50:** A Resolution awarding the contract for the NW Hill Road Improvements Project, Project 2015-16.

Community Development Director Bisset stated that the NW Hill Road Project is the largest of the five Capital Improvement Projects identified within the Transportation Bond approved by voters in 2014. The work on the project will begin this summer and is expected to be completed by October 31, 2018. Mr. Bisset displayed a vicinity map and aerial view of the work area.

Mr. Bisset stated that on Thursday June 15th seven bids were received, opened and public read for the project. Pacific Excavation, Inc. provided a bid of \$6,975,000.00 which was deemed to be the lowest responsible and responsive bid.

Councilor Stassens MOVED to adopt Resolution No. 2017-50 awarding the contract for the NW Hill Road Improvements Project, Project 2015-16; making the appropriations; SECONDED by Councilor Garvin. Motion PASSED unanimously.

- 7.k. **Resolution No. 2017-51:** A Resolution ratifying an amendment to the collective bargaining agreement between the City of McMinnville and the International Association of Fire Fighters, Local 3099 (IAFF) for Part Time plus employees to be represented by the bargaining group for the period starting July 1, 2017.

Fire Chief Leipfert explained that IAFF Local 3099 and the City agreed to move the Part Time Plus positions into the bargaining unit. He noted the financial implications as well as the flexibility of scheduling that the change brings.

Councilor Garvin MOVED to adopt Resolution No. 2017-51 ratifying an amendment to the collective bargaining agreement between the City of McMinnville and the International Association of Fire Fighters, Local 3099 (IAFF) for Part Time plus employees to be represented by the bargaining group for the period starting July 1, 2017; SECONDED by Councilor Stassens. Motion PASSED unanimously.

8. **ORDINANCES**

- 8.a. **Second Reading** on Ordinance No. 5023: An Ordinance Amending The McMinnville Zoning Ordinance Specific To Section 17.53.101(L) (Land Division Standards – Street Grades And Curves) To Allow Local Street Grades Up To And Including Fifteen (15) Percent.

City Attorney Koch read by title only Ordinance No. 5023 Amending The McMinnville Zoning Ordinance Specific To Section 17.53.101(L) (Land Division Standards – Street Grades And Curves) To Allow Local Street Grades Up To And Including Fifteen (15) Percent. (No Councilor present requested that the Ordinance be read in full.)

Planning Director Richards followed up on previous concerns of the Council related to street grade and fire protection service.

Councilor Stassens MOVED to approve Ordinance No. 5023 Amending The McMinnville Zoning Ordinance Specific To Section 17.53.101(L) (Land Division Standards – Street Grades And Curves) To Allow Local Street Grades Up To And Including Fifteen (15) Percent; SECONDED by Councilor Ruden. Motion PASSED 3-1. AYES: Garvin, Stassens, Ruden. NAY: Jeffries.

- 8.b. **Second Reading** on Ordinance No. 5024: An Ordinance Amending Planned Development Ordinance No. 4868 To Allow Exceptions To Current Street Grade, Block Length, Block Circumference And Lot Depth To Width Standards And To Amend An Approved Residential Subdivision And Phasing Plan On Approximately 132 Acres Of Land.

City Attorney Koch read by title only Ordinance No. 5024 Amending Planned Development Ordinance No. 4868 To Allow Exceptions To Current Street Grade, Block Length, Block Circumference And Lot Depth To Width Standards And To Amend An Approved Residential Subdivision And Phasing Plan On Approximately 132 Acres Of Land. (No Councilor present requested that the Ordinance be read in full.)

Councilor Ruden MOVED to approve Ordinance No. 5024 Amending Planned Development Ordinance No. 4868 To Allow Exceptions To Current Street Grade, Block Length, Block Circumference And Lot Depth To Width Standards And To Amend An Approved Residential Subdivision And Phasing Plan On Approximately 132 Acres Of Land; SECONDED by Councilor Stassens. Motion PASSED 3-1. AYES: Garvin, Stassens, Ruden. NAY: Jeffries.

- 8.c. First Reading with possible Second Reading of Ordinance No. 5027: An Ordinance Amending The McMinnville Zoning Ordinance Specific To Chapter 17.57 (Landscaping), Chapter 17.58 (Trees), And Chapter 17.06 (Definitions).

Associate Planner Darnell stated that the Landscape Review Committee reviewed Chapters 17.57 and 17.58 of the Zoning Ordinance related to landscaping and trees. He noted that a public hearing was held and the Landscape Review Committee reviewed the testimony received and the

proposed amendments. The Planning Commission then unanimously recommended approval of the proposed amendments to Chapter 17.57 and Chapter 17.58.

Mr. Darnell reviewed the updates to Chapter 17.57 and Chapter 17.58 of the Zoning Ordinance.

Discussion ensued regarding maintenance, enforcement of the ordinance and the communication plan.

No Councilor present requested that the Ordinance be read in full.

City Attorney Koch read by title only Ordinance No. 5027 Amending The McMinnville Zoning Ordinance Specific To Chapter 17.57 (Landscaping), Chapter 17.58 (Trees), And Chapter 17.06 (Definitions).

Councilor Garvin MOVED to pass Ordinance No. 5027 to a second reading; SECONDED by Councilor Stassens. Motion PASSED unanimously.

City Attorney Koch read by title only for a second time Ordinance No. 5027.

Councilor Stassens MOVED to approve Ordinance No. 5027 Amending The McMinnville Zoning Ordinance Specific To Chapter 17.57 (Landscaping), Chapter 17.58 (Trees), And Chapter 17.06 (Definitions); SECONDED by Councilor Garvin. Ordinance No. 5027 PASSED by a unanimous roll-call vote.

8.d.

First Reading with possible Second Reading of Ordinance No. 5028: An Ordinance amending the McMinnville City Code, Chapter 2.33, specific to the Landscape Review Committee.

Planning Director Richards explained that the amendments update the enabling language for the Landscape Review Committee and moves the information about the committee to Chapter 2 of the City Code where other commissions and committees are found.

No Councilor present requested that the Ordinance be read in full.

City Attorney Koch read by title only Ordinance No. 5028 amending the McMinnville City Code, Chapter 2.33, specific to the Landscape Review Committee.

Councilor Stassens MOVED to pass Ordinance No. 5028 to a second reading; SECONDED by Councilor Garvin. Motion PASSED unanimously.

City Attorney Koch read by title only for a second time Ordinance No. 5028.

Councilor Stassens MOVED to approve Ordinance No. 5028 amending the McMinnville City Code, Chapter 2.33, specific to the Landscape Review Committee; SECONDED by Councilor Ruden. Ordinance No. 5028 PASSED by a unanimous roll-call vote.

- 8.e. First Reading with possible Second Reading of Ordinance No. 5029: An Ordinance repealing Ordinance 4267 and granting a non-exclusive gas utility franchise to Northwest Natural Gas Company.

City Attorney Koch noted that the City Council adopted an Ordinance on October 4th, 1983 granting Northwest Natural Gas Company a 20-year non-exclusive Gas Utility Franchise Agreement. Mr. Koch noted that the agreement expired in 2003. He stated that staff have been working with Northwest Natural Gas on revision to the terms and conditions, including an increase in the franchise fee charged to the Franchisee. Mr. Koch stated that staff recommends an increase in the Franchise Fee to the rate of 5% which is in line with 75% of 20 of the surrounding communities.

No Councilor present requested that the Ordinance be read in full.

Councilor Stassens MOVED to pass Ordinance No. 5029 to a second reading; SECONDED by Councilor Garvin. Motion PASSED unanimously.

City Attorney Koch read by title only Ordinance No. 5029 repealing Ordinance 4267 and granting a non-exclusive gas utility franchise to Northwest Natural Gas Company.

Councilor Garvin MOVED to approve Ordinance No. 5029 repealing Ordinance 4267 and granting a non-exclusive gas utility franchise to Northwest Natural Gas Company; SECONDED by Councilor Stassens. Ordinance No. 5029 PASSED by a unanimous roll-call vote.

9. ADVICE/ INFORMATION ITEMS

9. a. Reports from Councilors on Committee and Board Assignments

Councilor Ruden noted that the Affordable Housing Task Force and the Airport Commission are meeting this week.

Councilor Jeffries shared that the Council of Governments approved their budget.

- 9.b. Department Head Reports

Chief Leipfert shared that a Deputy Fire Marshal has been made a conditional offer of employment.

Chief Scales stated that the Police Department raised \$3,000 for Special Olympics of Yamhill County. He also commented on the recruits in training.

9.c. Cash & Investment Report

9.d. Building Division Report

10. ADJOURNMENT: Councilor Jeffries adjourned the Regular City Council Meeting at 8:26 p.m.

Melissa Grace, City Recorder



City of McMinnville
Planning Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311

www.mcminnvilleoregon.gov

STAFF REPORT

DATE: July 11, 2017
TO: Mayor and City Councilors
FROM: Heather Richards, Planning Director
SUBJECT: **Resolution No. 2017-52** (Amending the Affordable Housing Action Plan)

Council Goal:

Promote Sustainable Growth and Development

Report in Brief:

This is the consideration of Resolution No. 2017-52, amending the Affordable Housing Action Plan adopted by Resolution No. 2016-20.

Background:

In April, 2016, the McMinnville City Council approved Resolution No. 2016-20, establishing an Affordable Housing Task Force and an Affordable Housing Action Plan. One of the covenants of the Resolution was that the Affordable Housing Task Force would provide an annual progress report to the McMinnville City Council and recommend any amendments to the Affordable Housing Action Plan at that time.

On June 13, 2017, the Affordable Housing Task Force presented a progress report to the McMinnville City Council, and presented their recommendations for amending the Affordable Housing Action Plan.

At that meeting, the City Council directed the Task Force to move forward with a Resolution memorializing the suggested amendments.

Discussion:

The suggested amendments broaden the scope of evaluating property opportunities under Action #2 of the Mid-Term plan from just city-owned property to county-owned property and non-profit owned properties in order to increase the potential property opportunity and recognize that this is not just a city problem to solve. The amendment also broadens the types of programs to leverage towards solutions.

The suggested amendments also add Action #4 to the Mid-Term plan which encourages the City to explore the viability of an application for the HB 4079 pilot project that would allow a UGB amendment for affordable housing for a qualifying property less than 50 acres in size and close to amenities.

And finally, the suggested amendments reorder the actions in the Long-Term plan to conduct the needs assessment first and then review the city's inventory to respond to those needs.

The suggested amendments are highlighted on the next page.

~~Strikethrough font~~ is recommended deletions. **Bold underline font** is recommended additions/changes.

McMinnville Affordable Housing Task Force Action Plan

Immediate/ Short Term Actions (Due date: May 1, 2017)

1. Memorialize System Development Charge discounts for affordable housing projects.
2. Review recently adopted inclusionary zoning law and, if warranted, draft an inclusionary zoning ordinance and present to the Council for consideration.
3. Offer an expedited permit process to builders including affordable housing.
4. Research "Cottage Codes" from other jurisdictions and, if warranted, prepare ordinance language for adoption by the Council and for inclusion in McMinnville's zoning ordinance.

Mid-Term (Due date: May 1, 2018)

1. Evaluate the impact of a density bonus for developers including affordable housing units.
2. **Survey the city for property opportunities (City-owned, County-owned and Non-Profit-owned). Research and evaluate creative programs to leverage these properties for affordable housing (affordable housing exchange, land trusts, etc.)**
~~Survey the city for vacant city-owned lots. Review an affordable housing exchange to local builders for use of said land.~~
3. Review emergency shelter zoning ordinance provisions and revise as necessary to provide allowance for tiny homes or temporary shelter to residents suffering from homelessness.
4. **Explore the viability of an application for the HB 4079 Pilot Project.**

Long Term (Due date: May 1, 2019)

(Revised priority)

1. **(2)** Review the City's inventory of surplus lands to assess for possible rezoning to multi-family housing.
2. **(4)** Reach out to local service groups to involve them in neighborhood stabilization programs.
3. **(1)** Conduct or partner with an outside organization to complete a needs assessment in regards to housing for the city of McMinnville.
4. **(3)** Evaluate the possibility and sources for a local match fund for nonprofit builders.

Fiscal Impact:

There is no anticipated additional fiscal impact to the City of McMinnville with this decision. Some of the action items in the Affordable Housing Action Plan do require budget resources, but the suggested amendments should not change that fiscal impact one way or another.

Council Options:

1. **APPROVE** Resolution No 2017-52, amending the Affordable Housing Action Plan.
2. Request more information.
3. **DO NOT APPROVE** Resolution No. 2017-52, maintaining the Affordable Housing Action Plan outlined in Resolution No. 2016-20.

Recommendation/Suggested Motion:

Staff recommends that the Council approve Resolution No. 2017-52.

“I MOVE TO APPROVE RESOLUTION NO. 2017-52.”

RESOLUTION NO. 2017 - 52

A Resolution amending the Affordable Housing Action Plan.

RECITALS:

The City of McMinnville understands the value and need for affordable housing in the City of McMinnville; and

The McMinnville City Council would like to increase the availability of affordable housing for low and no-income residents of the City of McMinnville; and

After extensive research, the City Council determined in September 2015, the best way to assist Citizens who are experiencing homelessness or who are on the verge of losing their current home was to increase housing availability for low and no-income families. To develop this policy, the Council directed the formation of an Affordable Housing Task Force with the task of developing an action plan to meet this focus; and

The City of McMinnville created a McMinnville Affordable Housing Task Force and adopted an Affordable Housing Action Plan on April 26, 2016 with Resolution No. 2016-20; and

Resolution No. 2016-20 calls for an annual update to the City Council reporting on past accomplishments and next steps and making recommendations to amend the Affordable Housing Action Plan if needed; and

On June 13, 2017, the Affordable Housing Task Force provided a presentation to the City Council; and

At that presentation, the Affordable Housing Task Force recommended a few amendments to the Affordable Housing Action Plan.

NOW, THEREFORE, THE COMMON COUNCIL FOR THE CITY OF MCMINNVILLE ORDAINS AS FOLLOWS:

Section 1. That the Affordable Housing Action Plan adopted by Resolution No. 2016-20 be amended per Exhibit A of this Resolution.

Section 2. This Resolution shall take effect immediately.

Passed by the Council this 11th day of July, 2017 by the following votes:

Ayes: _____

Nays: _____

Approved this 11th day of July, 2017.

MAYOR

Approved as to form:

CITY ATTORNEY

EXHIBIT A

McMinnville Affordable Housing Task Force Action Plan

Immediate/ Short Term Actions (Due date: May 1, 2017)

1. Memorialize System Development Charge discounts for affordable housing projects.
2. Review recently adopted inclusionary zoning law and, if warranted, draft an inclusionary zoning ordinance and present to the Council for consideration.
3. Offer an expedited permit process to builders including affordable housing.
4. Research "Cottage Codes" from other jurisdictions and, if warranted, prepare ordinance language for adoption by the Council and for inclusion in McMinnville's zoning ordinance.

Mid-Term (Due date: May 1, 2018)

1. Evaluate the impact of a density bonus for developers including affordable housing units.
2. Survey the city for property opportunities (City-owned, County-owned and Non-Profit-owned). Research and evaluate creative programs to leverage these properties for affordable housing (affordable housing exchange, land trusts, etc.)
3. Review emergency shelter zoning ordinance provisions and revise as necessary to provide allowance for tiny homes or temporary shelter to residents suffering from homelessness.
4. Explore the viability of an application for the HB 4079 Pilot Project.

Long Term (Due date: May 1, 2019)

1. Review the City's inventory of surplus lands to assess for possible rezoning to multi-family housing.
2. Reach out to local service groups to involve them in neighborhood stabilization programs.
3. Conduct or partner with an outside organization to complete a needs assessment in regards to housing for the city of McMinnville.
4. Evaluate the possibility and sources for a local match fund for nonprofit builders.



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

www.mcminnvilleoregon.gov

STAFF REPORT

DATE: June 30, 2017
TO: Jeff Towery, City Manager
FROM: Rich Spofford, Engineering Services Manager
VIA: Mike Bisset, Community Development Director
SUBJECT: Proposed Land Lease – Redtail Soaring

Report in Brief:

This action is the consideration of a proposed lease with Redtail Soaring for 8.7 acres of airport property for glider operations.

Background:

In October of 2011 the City entered into a five year lease with Redtail Soaring for 8.7 acres of airport property for glider operations. The lease period expired on September 30, 2016. The final lease amount was \$1,471 per year.

Discussion:

Redtail Soaring has indicated that they would like to enter into another five year lease to conduct glider operations at the airport. The lease area remains the same as the prior lease.

The initial five year lease period will expire on June 30, 2022, and the lease documents allow for one five year extension of the lease.

The initial lease rate has been increased to \$1,522.50, which is equivalent to \$175.00 per acre per year. That lease amount matches the lease amount included in the proposed Kauer Family Farms LLC farm lease, and it is likely that the Redtail Soaring lease area would be farmed if it wasn't used for glider operations.

The proposed lease was reviewed by the Airport Commission at the meeting on June 29, 2017 (see attached draft meeting minutes). The Airport Commission unanimously recommended that the City Council approve the proposed lease with Redtail Soaring, LLC.

Attachments:

1. Ordinance
2. Proposed lease
3. Lease Exhibits
4. Draft minutes of June 29th Airport Commission meeting

Recommendation:

The Airport Commission recommends that the City Council approve the proposed lease with Redtail Soaring for 8.7 acres of airport property for glider operations.

ORDINANCE NO. 5030

An Ordinance authorizing lease of real property located at the McMinnville Airport to Redtail Soaring, LLC, pursuant to ORS 271.310.

RECITALS:

This Ordinance authorizes the lease of one (1) parcel totaling approximately eight and seven/tenths (8.7) acres of real property at the McMinnville Municipal Airport for glider operations.

The lease is for a period of five (5) years, with the possibility of one (1) subsequent five-year extension.

The consideration for the lease of this property is as outlined in lease documents commences at \$175.00 per acre per year.

The Airport Commission considered the proposed lease at the June 29, 2017 Commission meeting, and unanimously recommended that the City Council approve the lease.

Now, therefore, THE CITY OF McMINNVILLE ORDAINS AS FOLLOWS:

Section 1. That the lease to Redtail Soaring, LLC is hereby approved, and the City Manager is authorized to sign the lease documents.

Passed by the Council this 11th day of July, 2017 by the following votes:

Ayes: _____

Nays: _____

Approved this 11th day of July, 2017.

MAYOR

Attest:

RECORDER

Approved as to form:



CITY ATTORNEY

GROUND LEASE FOR GLIDER OPERATIONS

This Lease is entered into by and between the CITY OF McMinnville, a municipal corporation of the State of Oregon (hereinafter "Lessor") and RED TAIL SOARING, LLC, an Oregon corporation (hereinafter "Lessee").

The parties mutually agree as follows:

1. Lease and Description. Under the agreements, terms, covenants, and conditions specified in this Lease, the Lessor leases to the Lessee and the Lessee leases from the Lessor 8.7 acres of real property (hereinafter "Premises") located at the McMinnville Municipal Airport in the City of McMinnville, Yamhill County, Oregon. The Premises are described in Exhibit "A," which is attached hereto and incorporated by this reference. There is a portable building located on the Premises. Lessor has no ownership rights in the portable building and makes no representations or warranties about the building. Lessee may remove this building at any time without permission of the Lessor and shall remove it at the termination of this Lease absent mutual agreement to retain it.

2. Business Purpose. Absent prior written approval of the Lessor, the Premises are to be used solely for the Lessee's glider business. All uses and activities on the Premises shall further be in conformance with the City's adopted "Minimum Standards for Commercial Aeronautical Activities, McMinnville Municipal Airport," adopted McMinnville Municipal Code Title 11 – Airport and Aircraft, and the recommendations in the Airport's Fly Friendly Program, all incorporated by this reference. The Lessee may provide glider rides and instruction to the general public. The Lessee may, in conjunction with the Lessee's business, station and provide tie down areas for gliders and provide automobile parking space for customers and spectators. Lessee shall not conduct motorized aircraft operations from the Premises other than in conjunction with the glider operations. The Lessee shall not use the Premises for illegal purposes.

3. Term. The term of this Lease shall be 5 years, commencing July 1, 2017, and ending at midnight on June 30, 2022.

4. Rent. The initial annual rent for the Premises for the first year of this Lease (July 1, 2017 to June 30, 2018) is \$1,522.50 (equivalent to \$175.00 per year per acre), and is due upon execution of the Lease. Thereafter, the Lessee will pay rent to the Lessor annually until this Lease is terminated. Rent 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.

Additional rent, in the form of all property and other taxes which are assessed against the Premises during the term of this Lease, will be due as follows: the taxes shall be paid to the Yamhill County Tax Collector when they are billed by the Yamhill County Tax Assessor each year, commencing with the first tax statement received by Lessee. Should Lessee fail to pay these taxes when due, Lessor may pay the taxes and, until Lessee pays Lessor the amount of the taxes and any late charges, Lessor may consider that amount a late rental payment under paragraph 5 of this Lease.

5. Future Rental Periods. On or about July 1 each year during the period of this Lease, the annual rental sum will be adjusted based upon the CPI-W for Portland, Oregon, for the period July 1 through June 30 preceding the adjustment. The rent for each year will not be more than ten (10) percent higher than the rent for the prior year. Lessor will bill Lessee on or about September 1 for the annual rent. Rent will be due within 30 days of billing and will be considered late should it be paid after that time.

6. Late Charges. In the event a rent payment (including taxes), or any portion of a rent payment, is late, Lessor may assess, and the Lessee shall pay, a late charge for each month or fraction of a month during which the rent, or a portion of the rent, is not paid. The late charge will be five percent (5%) of the amount of rent due and payable. The amount of the late charge will be added to the amount due each month, and the total will be subject to late charges each month or fraction of a month that the rent is in arrears. Alternatively, should any one or more rent payments be late, Lessor, at Lessor's sole election, may terminate this Lease in its entirety pursuant to paragraph 25 of this Lease.

7. Lease Term Extensions: The lease may, upon mutual agreement of the Lessor and the Lessee, be extended for one (1) five (5) year extension. Lessee shall provide written notification to the Lessor, at least thirty (30) days prior to the expiration of the lease, that Lessee wishes to extend the lease. The parties will, at that time, renegotiate the lease price and the comprehensive general liability insurance coverage amount. If a mutually acceptable price and coverage amount cannot be agreed upon, the extension of the lease will fail.

8. Signs. All signs and symbols placed on the Premises will be subject to the Lessor's sign ordinances and also subject to approval by the Lessor. The Lessor may demand the immediate removal of signs and symbols. The refusal of the Lessee to comply within twenty-four (24) hours will constitute a breach of this Lease, and entitle the Lessor to terminate this Lease pursuant to paragraph 25 of this Lease. Any signs properly placed on the Premises will be removed at the termination of the Lease and the Lessee shall repair any damage or injury to the Premises caused by the signs. If signs are not removed by Lessee, then the Lessor may have them removed at Lessee's expense.

9. Building Construction on Premises. Any construction the Lessee proposes on the Premises shall be first approved by the Lessor. Any buildings will be constructed 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 buildings will be placed upon the lot at the location shown on the plot plan submitted to the Lessor, and the location must be approved by the Lessor prior to construction. The Lessee shall not occupy or use any building Lessee erects on the Premises until a certificate of occupancy for that building has been issued. Any excess soil from construction shall be removed from the site by the Lessee to a location determined by the Lessor. Areas disturbed by construction shall be re-seeded to prevent erosion and be graded so the areas can be mowed.

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 on the Premises will be maintained in a neat and clean condition. Lessee will, except for reasonable wear and tear and damage by fire or other unavoidable casualty, maintain the Premises in a condition as good as that at the time this Lease was entered into. All repairs shall be at Lessee's sole cost and expense.

11. Utilities. The Lessee agrees to pay all monthly or other regular charges for all public utilities which shall be used in or charged against the Premises during the full term of this Lease. Lessee is responsible for providing any needed utilities to the Premises. These utilities shall be in accordance with established city standards regarding size and materials. Lessee shall pay for and install any needed drainage utilities.

12. Care of Premises. The Lessor will not be called upon to make any improvements or repairs of any kind upon the Premises and the Premises will 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. At Lessee's own cost and expense, Lessee 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 and 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 the Premises.

13. Liens and Insolvency. Lessee will keep the Premises 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, in Lessor's sole discretion, terminate this Lease pursuant to paragraph 25 of this Lease.

14. 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. An assignment may only be made to an assignee for a use of the Premises specified in Paragraph 2 of this Lease.

An assignee must be able to demonstrate financial standing and responsibility at the time of the assignment sufficient 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 agreements, terms, covenants, and conditions of this Lease. No assignment may be made or be of any force or effect if at the time of the assignment, the Lessee is in default in any of the agreements, terms, covenants, and/or conditions of the Lease, including default in the payment of rent. However, the assignee may cure the default(s) prior to taking possession of the Premises.

No assignment for any purpose shall be of any force or effect unless the Lessor has consented, in writing, to the assignment and has received a true copy of the proposed assignment. The Lessor may refuse to consent to the assignment for any purpose, but approval of the assignment shall not be unreasonably withheld by the Lessor.

An assignment will be for the unexpired balance of the term of this Lease. Once a valid assignment has been made, Lessor will release Lessee from the agreements, terms, covenants, and conditions, including the payment of rent, specified in this Lease and the assignee will, from that time, assume the position of Lessee.

- b) **Subleases.** The Lessee may sublet the whole or any portion of the Premises 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. 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 (as Lessor under the sublease) as an additional insured. Any sublease shall reflect the provisions of this Lease as to the selection of the insurer and the amount and nature of coverage.

- c) **Default.** If all or any part of the Premises are sublet or occupied by any party 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 payable by the Lessee, but this collection and application shall not be deemed a waiver of any agreement, term, covenant, or condition of the Lease, nor shall it be deemed an acceptance by the Lessor of any sublessee or occupant as a Lessee.

15. Access. With at least twenty-four (24) hours prior written notice, the Lessee will allow the Lessor free access to the Premises during normal business hours for the purpose of inspection. This shall not be construed in any way as limiting the authority of the Lessor's building official under existing law.

16. Liability Insurance. Lessee shall maintain in force, at its own expense, general liability insurance, on an occurrence basis, with a combined single limit of not less than \$1,000,000 each occurrence for personal injury or death and property damage. This shall include contractual liability coverage. Lessee shall furnish acceptable insurance certificates to City at the time the Lease is executed. The certificate must provide that the City, its officers, agents, and employees are Additional Insureds but only with respect to the activities anticipated by this Lease. The certificate shall further include a clause specifying that there shall be no cancellation, material change, reduction of limits, or intent not to renew the insurance coverage without thirty days written notice from Lions or its insurer to the City. Insuring companies or entities are subject to City acceptance. Lessee shall be financially responsible for all pertinent deductibles.

17. Accidents - Indemnity. The risk for all personal property on the Premises shall be on 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 on the Premises or which occur at a later date, or due to the condition of any buildings, 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 officers, agents, and employees, sublessees, or other occupants of any buildings, or any other persons, or due to the happening of any accident from any cause in or about the buildings. Lessee covenants to protect, save, indemnify, and hold harmless Lessor, its elected and appointed officials, employees, and agents while acting within the scope of their duties, from and against all claims, demands, and causes of action of any kind or character, including the cost of defense, 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 officers, agents, and employees.

18. Fire Insurance. The Lessee shall at all times carry, at its own expense, fire insurance, hazard insurance, and vandalism and malicious mischief insurance on all buildings 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 as of the time of the loss, and to the extent of at least eighty percent (80%) of the value of the buildings. A current certificate of insurance shall be provided to Lessor annually. Each 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. Without prior written consent of the Lessor, 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.

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

- a) **Total Destruction:** For purposes of paragraph 18, the parties agree that the portable building on the Premises at the time this Lease is executed has no monetary value and is exempt from the provisions of paragraph 18. "Total destruction" or "totally destroyed" means destruction to an extent exceeding fifty percent (50%) of the sound value of any building constructed on the Premises after this Lease is entered into. If any building constructed on the 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.

If the Lessor and Lessee are unable to agree regarding the disposition of insurance proceeds, the parties shall submit the matter to arbitration pursuant to the rules and regulations established by the American Arbitration Association. Alternatively, the parties may select any such alternative arbitrators, arbitration committee, or method as agreeable between the Lessor and Lessee. The decision of the arbitrator(s) 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 exceeding fifty percent (50%) of the sound value of any building constructed on the Premises after this Lease is entered into. 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. If either the Lessor or the Lessee elects to rebuild, that party will prosecute the work of such rebuilding or repairing without delay. If both the Lessor and Lessee fail to give notice of intention to rebuild 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 of this Lease.

20. 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 any improvements Lessee constructs on the Premises after this Lease is entered into. Lessor and Lessee agree to each retain an MAI appraiser to determine the value of the remainder of this Lease and any improvements. If those appraisers are unable to agree on a value, a third appraiser will be appointed by the senior judge of the Circuit Court for Yamhill County and that appraiser's valuation will be conclusive and binding upon both parties. The value of the improvements shall be pro-rated based upon the remaining term of this Lease as that portion relates to the total term of this Lease.

21. Lessee's Right of Termination. In addition to any other remedies available to the Lessee, this agreement shall be subject to termination 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 Premises 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 agreements, terms, covenants, 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 thirty (30) 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.

22. Ownership of Constructed Improvements After Termination of Lease. During the pendency of this Lease, any buildings and improvements on the Premises shall be owned entirely by the Lessee and its successors and assigns. Upon termination of this Lease, Lessee shall remove all buildings and improvements built upon and made by the Lessee to the Premises 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 buildings and improvements, 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.

23. Notice. All notices and consents specified in this Lease 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 provide in writing to the sending party:

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

LESSEE:
RED TAIL SOARING

24. Governmental Fees. All fees due to the City, County, or State for any inspection made on the Premises by any officer shall be paid by the Lessee.

25. Costs and Attorney's Fees. If a suit or action is filed to enforce any of the agreements, terms, covenants, or conditions of this Lease, the prevailing party shall be entitled to recover from the other party, in addition to costs and disbursements provided by statute, any sum which a court, including any appellate court, may adjudge reasonable as attorney's fees.

26. 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 Lease, as and when due;
- b) Nonperformance by Lessee of any other agreement, term, covenant, or condition of the Lease;
- 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.

Thirty (30) days after written notice from Lessor to Lessee demanding performance, if Lessee has not cured the default (or, in the case of a cure which cannot be completed in thirty days, made significant and substantial efforts to cure the default), Lessor may declare this Lease to be terminated. Lessor may re-enter upon the Premises and remove all persons and property, and in addition to or in lieu of re-entry, 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.

Notwithstanding the termination of this Lease, a re-entry, or any other remedial actions taken by Lessor, liability for the rent payments provided for by this Lease shall not be extinguished. Upon early termination, rent is due and owing for the balance of the originally anticipated term of the Lease.

Lessor may, at its sole discretion, re-let the Premises. Lessee remains responsible, throughout the originally anticipated term of this Lease, for any deficiency arising from re-letting the Premises at a lower rental amount than the originally anticipated Lease would have provided.

27. Removal of Property. In the event of any entry on or taking possession of the Premises as provided in this Lease, the Lessor shall have the right, but not the obligation, to remove from the Premises all personal property located on the Premises and may store that property in any place selected by Lessor, including, but not limited to, a public warehouse, at the expense and risk of the owners of the property. Unless otherwise provided by law, Lessor shall have the right to sell the 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 this sale are to be applied first to the cost of the 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 agreements, terms, covenants, and conditions of the Lease. The balance of the proceeds, if any, is to be paid to the owner of the property.

28. Nonwaiver of Breach. The failure of either party to insist upon strict performance of any of the agreements, terms, covenants, and conditions of this Lease, or to exercise any option conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of strict performance as to any subsequent breach by the other party or a waiver of the exercise of any option.

29. Heirs and Successors. Subject to the provisions in this Lease pertaining to assignment and subletting, the agreements, terms, 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 to the Lease.

30. Holding over. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration of that removal period set forth in Section 4.6 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 Section 22 and this Section 30, then the rent then in effect payable from and after the time of the expiration or earlier removal period set forth in Paragraph 22 shall be equal to 150% of the rent applicable during the month/year immediately preceding such expiration or earlier termination.

31. Lessor's Ownership. Lessor warrants that it is the owner of the Premises and that it has the right to lease the 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.

32. Nondiscrimination.

- a) The Lessee, for itself, its representatives, successors in interest and assigns, as a part of the consideration for this Lease, does hereby covenant and agree as a covenant running with the land that, in the event buildings or improvements are constructed, maintained, or otherwise operated on the Premises 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 buildings, improvements, 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 those regulations may be amended.

- b) The Lessee, for itself, its representatives, successors in interest and assigns, as a part of the consideration for this Lease, 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 participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of Lessee's buildings or improvements or (2) in the construction of any improvements in, over, or under the Premises and the furnishings of services on the Premises, 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 those 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 the Premises, buildings, and improvements on the Premises and hold them as if this Lease had never been made or issued.

33. 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 McMinnville 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.

34. Venue. 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 brought in Yamhill County, Oregon.

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

Lessor:

CITY OF McMINNVILLE

Lessee:

RED TAIL SOARING

Jeff Towery, City Manager

Name:
Title:

Approved as to Form:

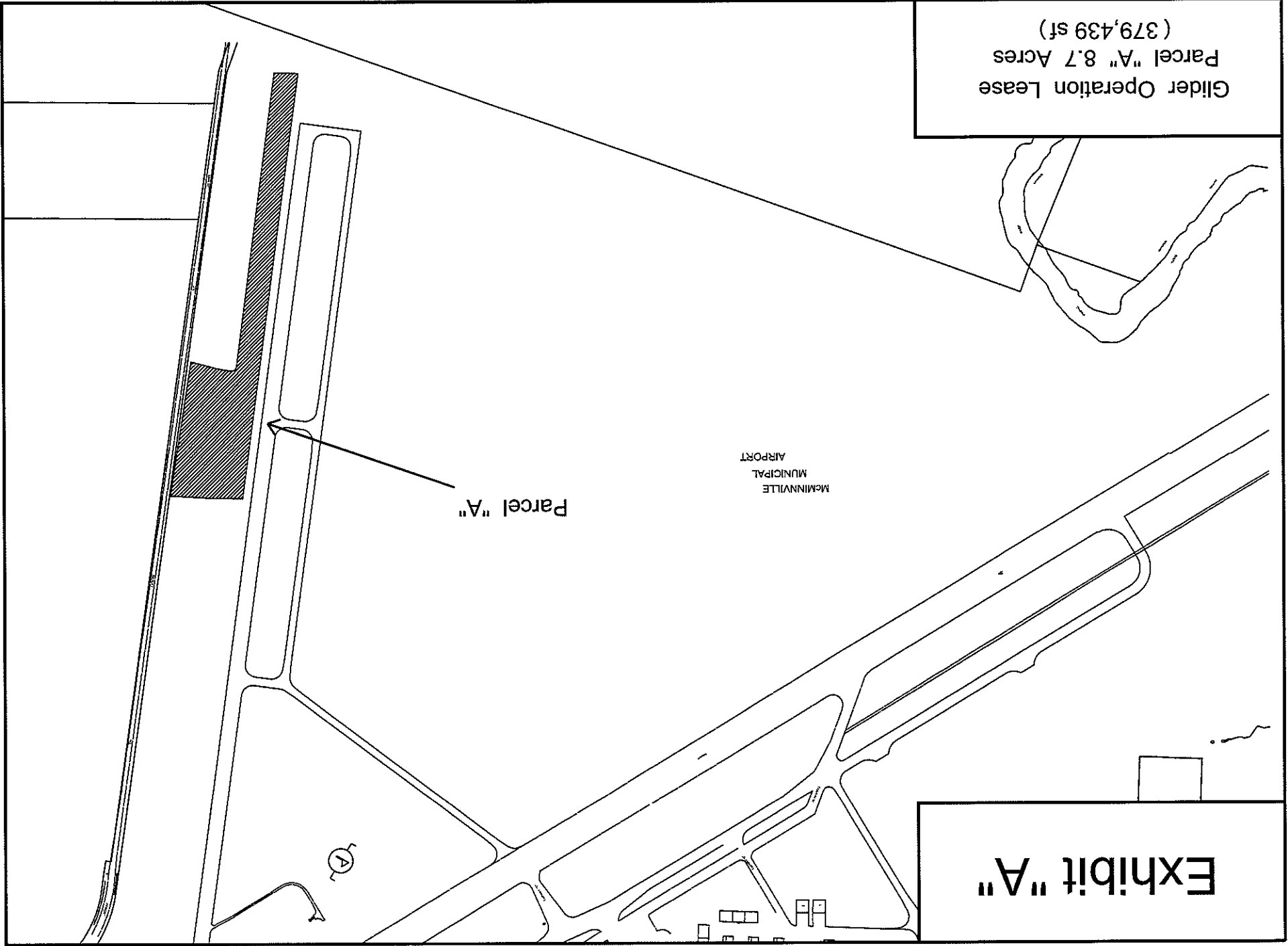
City Attorney

Exhibit A

Being a part of the John White D.L.C. No. 82, Southeast $\frac{1}{4}$ Section 26, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follow:

Beginning at the Southeast corner of the Reuben Harris D.L.C. No. 80 thence traveling southerly 618.09 feet along the east boundary of said D.L.C. to the Southwest corner of the Darlin Smith D.L.C. No. 88 said corner also being the Northwest corner of the Absalom Meridith D.L.C. No. 84. Thence traveling South $06^{\circ} 35'$ West along the centerline of Yamhill County Road #464 as shown on Yamhill County Survey No. 3566 a distance of 2653 feet more or less, thence leaving said centerline and traveling North $83^{\circ} 25'$ West 27' more or less to the True Point of Beginning; Thence North $88^{\circ} 21'$ West 183.70 feet to a point; thence South $89^{\circ} 38' 22''$ West 166.47 feet to a point; thence South $06^{\circ} 12' 06''$ West 2070.39 feet to a point; thence South $89^{\circ} 50' 42''$ East 115.54 feet to a point; thence North $06^{\circ} 06' 03''$ East 1426.61 feet to a point; thence North $52^{\circ} 17' 22''$ East 43.30' along the chord of a 30' radius curve bearing right with an arch length of 48.37'; thence South $81^{\circ} 31' 18''$ East 54.98' to a point; thence South $77^{\circ} 08' 54''$ East 136.75 feet to a point; thence North $07^{\circ} 26' 34''$ East 653.36 feet to the True Point of Beginning.

The above described tract of land contains 8.7 acres.





McMinnville Airport Commission Meeting Minutes

Kent L. Taylor Civic Hall
Thursday, June 29, 2017

1. The meeting was called to order at 6:30pm by Chair Christensen. Commissioners present were Jody Christensen, Andy Benedict, Brad Berry, Doug Hurl, John Lautenbach, Bob Peacock, and Councilor Alan Ruden. Staff in attendance included Mike Bisset & Rich Spofford (City of McMinnville), and Ingo Nehls & Holly Nehls (Konect Aviation - Airport Manager).
2. **Invitation to Citizens for Public Comment:** None.
3. **Consider Minutes of the May 2, 2017 Commission Meeting:** Chair Christensen asked for comments on the draft minutes from May 2, 2017 Commission meeting. Hearing none, she asked for a motion to approve. A motion to approve the minutes, as presented, was made by Commissioner Berry and seconded by Commissioner Peacock; and the minutes were approved by unanimous vote of the Commissioners present.
4. **Kauer Family Farms LLC Lease Request:** Rich Spofford provided a brief staff report regarding the proposed farm lease with Kauer Family Farms LLC, and referred the Commissioners to the staff report and proposed lease that were included in the meeting packet. He noted that staff recommended that the Commission forward the lease to the City Council with a recommendation of approval.

Chair Christensen asked if any of the Commissioners had questions related to the proposal. Commissioner Benedict asked what the farm lease revenue would be used for. Rich explained that the revenue stays in the Airport Fund, and is used to fund airport operations and maintenance, and that revenues can be used as match funds for project grants.

Commissioner Lautenbach asked about the spraying that was included in the lease. Rich noted that farmer has been used to spray runway/taxiway areas, and that using the farmer to do the spraying is beneficial to both airport and the farmer, as they are careful not to damage their own crop. Rich noted that the runway/taxiway spraying is necessary from a safety standpoint, and thus there is a waiver from the streaked horned lark protections.

Commissioner Berry noted that he felt that the lease proposal process was a good one, and that he felt that the proposed farm lease rate was in line with other area farm lease rates. He complemented staff on their efforts related to the proposal.

Commissioner Peacock noted that section 13(l)(2) of the lease needed to be corrected to read "2. Radio equipped with the common traffic advisory frequency (CTAF)" as there is no ground control frequency at the airport.

Commissioner Lautenbach asked about the length of the lease. Rich noted that it is a five-year lease with the option for one five-year extension. He noted that he understood that the typical duration for the grass seed crop is 7-10 years.

Chair Christensen asked for a motion regarding the proposal. A motion to recommend that City Council approve the lease, as corrected, with Kauer Family Farms LLC was made by Commissioner Peacock and seconded by Commissioner Lautenbach. The motion was approved by unanimous vote of the Commissioners present.

5. **Redtail Soaring Lease Request:** Rich Spofford provided a brief staff report regarding the proposed lease with Redtail Soaring, LLC for glider operations at the airport, and referred the Commissioners to the staff report and proposed lease that were included in the meeting packet. He noted that Redtail Soaring, LLC had been conducting glider operations at the airport, and that their prior lease had expired. He noted that the proposed lease rate is equivalent to the farm lease rate, and that the area would likely be farmed if it weren't used for glider operations. Rich indicated that staff recommended that the Commission forward the lease to the City Council with a recommendation of approval.

Chair Christensen asked if any of the Commissioners had questions related to the proposal.

Commissioner Benedict asked if the tow plane and gliders were equipped with radios. Colin Gyenes indicated that he was a tow pilot for Redtail Soaring, and that the tow plane and gliders were equipped with radios.

Airport neighbor Jody Lucich noted that the tow plane was very noisy, and she asked if the glider operations would be increasing and if there would be earlier flights occurring. Colin Gyenes, tow pilot for Redtail Soaring, indicated that they had recently made changes to the tow plane propeller and that they were operating the plane at fewer RPM's. He felt that has helped with noise issues. He indicated that he believed that the Redtail Soaring ownership would be open to trying to minimize noise impacts on neighbors. Chair Christensen suggested that Redtail Soaring continue to work with the Airport Managers to understand and respond to any noise concerns.

Chair Christensen asked for a motion regarding the proposal. A motion to recommend that City Council approve the lease with Redtail Soaring, LLC was made by Commissioner Berry and seconded by Commissioner Peacock. The motion was approved by unanimous vote of the Commissioners present.

6. **Potcake Farms LLC Lease Request:** Mike Bisset provided a brief staff report regarding the proposed lease with Potcake Farms LLC for the construction of two new hangars at the airport, and referred the Commissioners to the staff report and proposed lease that were included in the meeting packet. He explained the proposed lease was for an initial term of 35 years, and that the lease could then be extended in five year increments based on an assessment/inspection of the buildings. At the end of the final lease extension, the Lessee will need to remove the building, and the lease area would become available for the City to release. He noted that staff had reviewed lease rates at other airports to help set the rate of \$0.27 per square foot per year. Mike indicated that staff recommended that the Commission forward the lease to the City Council with a recommendation of approval.

Chair Christensen asked if any of the Commissioners had questions related to the proposal.

Commissioner Berry asked if system development charges (SDC's) would be assessed on the buildings. Mike Bisset noted that the standard City SDC's for transportation and sanitary would be assessed, and that the City did not have an "airport" SDC.

Commissioner Berry asked if the lease area was contained to the footprint of the hangars. Roy Armstrong, Potcake Farms LLC owner, indicated that the proposed lease area of 15,150 square feet did include area outside of the hangar footprints, as noted in the included legal description.

Commissioner Hurl noted that he thought that the proposed lease terms seemed to be good for the Airport and for the Lessee.

Councilor Ruden asked if there were renderings for the proposed hangars. Roy Armstrong showed a rendering of the proposed hangars, and noted the building sizes. Councilor Ruden suggested that the proposed hangar elevations should be included in the information forwarded to the City Council for review.

Airport user Alan Zanuzoski indicated that he had concerns that proposed lease term, including the five year extensions, was different than the existing leases at the airport. Specifically, those leases did not allow for extensions, and at the end of the existing leases the buildings were to be owned by the City. He noted that he believed that the new lease terms were not fair to existing lease holders. The Commission, Mr. Zanuzoski, and staff, spent significant time discussing the benefits of the proposed lease language for both the City and hangar lessees, and the need to determine what to do with current leases that didn't include those provisions. Several Commissioners recommended that Mr. Zanuzoski elevate his concerns to the City Council for consideration, and they noted that they did not want to prevent the proposed lease with Potcake Farms LLC from moving forward.

Chair Christensen asked for a motion regarding the proposal. A motion to recommend that City Council approve the lease with Potcake Farms LLC was made by Commissioner Hurl and seconded by Commissioner Peacock. Commissioner Berry proposed an amendment to the motion that would recommend that the City Council work with existing lease holders regarding potential revisions to their current lease terms. The motion, as amended, was approved by unanimous vote of the Commissioners present.

7. **Items from Staff:**

- A. **Airport Manager's Report:** Airport Manager Holly Nehls provided a brief report to the Commission, and noted that the runway project was progressing. She noted that they have been busy completing mowing, and that she was working with City staff regarding blackberry and weed removal. She noted a few noise complaints, and that she had been letting people know that the recent flight activity changes were due to the runway project and that those changes would be temporary.

Commissioner Hurl asked about jet activity at the airport. Holly noted that many of the same airport users were still using the airport, and that they were using smaller jets. She noted that the jet traffic was weather dependent, and that there were more jet diversions to other airports when the weather was bad.

Commissioner Hurl asked about fuel sales and the surcharge paid to the City. Holly noted that the surcharge is volume based, and that their contract with the City was developed knowing that the runway project would be occurring. She noted that guaranteed fuel sales in the contract did not start until 2018, after the runway project is completed.

- B. **Runway 4-22 Construction Update:** Rich Spofford noted that Holly covered the construction update, and that he did not have anything to add.

Mike Bisset thanked Holly for her work helping develop the new lease forms.

8. **Items from Commissioners:**

- Commissioner Benedict discussed request to raise the pattern at the airport by 200' to 1200' (1000' AGL), and noted that he felt the change would reduce airport noise and increase safety. Mike Bisset noted that staff and Konect had reviewed the request and concurred that the change should help with noise issues, particularly to the south. The change could be implemented by filing the appropriate paperwork with FAA, and the change could take up to 90 days to implement. There are no costs associated with the change. Mike noted staff was in support of the proposal.

Alan Zanuzoski clarified that the proposed change would be to raise the traffic pattern to 1000' above ground level (AGL).

Airport neighbor Susan Beachy spoke to her concerns regarding airport traffic to the south. She noted she felt that airport traffic was lower than the 500' required distance above ground level. Alan Zanuzoski clarified that the 500' requirement does not apply to taking off or landing.

Airport user Robert Maurice inquired if the proposed change would result in an enforceable altitude or a recommended altitude. Commissioner Benedict noted that the new altitude would become the published traffic pattern altitude for the airport.

Chair Christensen asked for a motion regarding the proposal. Commissioner Benedict made a motion to direct staff to move forward with implementing the change. The motion was seconded by Commissioner Peacock. The motion was approved by unanimous vote of the Commissioners present.

The meeting was adjourned at 7:56pm.



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

www.mcminnvilleoregon.gov

STAFF REPORT

DATE: June 30, 2017
TO: Jeff Towery, City Manager
FROM: Mike Bisset, Community Development Director
SUBJECT: Proposed Land Lease – Potcake Farms LLC

Report in Brief:

This action is the consideration of a proposed lease with Potcake Farms, LLC for 15,150 square feet of airport property to construct two aircraft hangars.

Background:

Potcake Farms, LLC has worked with City Engineering Staff and the Airport Manager to determine a site on airport property to develop and build to aircraft hangars.

Discussion:

The attached proposed lease reflects the construction of two aircraft hangars on 15,150 square feet of airport property. The location of the proposed hangars is consistent with the adopted Airport Layout Plan.

The initial term for the lease is for thirty-five (35) years, which ends on July 31, 2052. Per the terms of the lease, Potcake Farms, LLC will have the right, subject to City approval, to renew the lease for additional renewal terms of five (5) years each, throughout the useful lifetime of the built hangars. Prior to each five year renewal, Potcake Farms, LLC will be required to hire an independently licensed professional engineer, architect or building contractor to conduct an assessment and inspection of the hangars. Based on the results of the inspection/assessment, the lease can be extended as long as there is an estimated useful life of the hangars of at least five years, and as long as any noted deficiencies are addressed.

In the event the inspection/assessment report results in a finding that the anticipated remaining useful life of the hangars is five (5) years or less, the pending renewal term will be deemed to be the last renewal term available under the lease. In such event, Potcake Farms, LLC will agree, as a condition to approval of the final renewal term, to remove the hangars, at their expense, at the end of the final renewal term. At that time, the lease area will become available for redevelopment.

The initial lease rate for the premises will be \$0.27 per square foot per year. City Engineering Staff has reviewed lease rates at other area airports of similar size and usage. The proposed initial lease rate is consistent with the rates charged at the other reviewed airports. The terms of the lease indicate that the lease rate will be reviewed every five years, and that it can 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.

The proposed lease was reviewed by the Airport Commission at the meeting on June 29, 2017 (see attached draft meeting minutes). The Commission was in support of the proposed lease terms, but noted that existing lease holders at the airport do not have the same options at the end of their existing leases. Airport users in attendance at the Airport Commission expressed similar concerns, and suggested that the City Council needed to consider potential revisions to existing leases, to ensure that all lessees at the airport were treated equitably. The Airport Commission unanimously recommended that the City Council approve the proposed lease with Potcake Farms LLC, and the Commission further unanimously recommended that the City Council separately work with existing lease holders regarding potential revisions to their current lease terms.

Attachments:

1. Ordinance
2. Proposed lease
3. Lease Exhibits
4. Proposed hangar building renderings
5. Draft minutes of June 29th Airport Commission meeting

Recommendation:

The Airport Commission recommends that the City Council approve the proposed lease with Potcake Farms, LLC for 15,150 square feet of airport property to construct two aircraft hangars.

ORDINANCE NO. 5031

An Ordinance authorizing lease of real property located at the McMinnville Airport to Potcake Farms, LLC, pursuant to ORS 271.310.

RECITALS:

This Ordinance authorizes the lease of one (1) parcel totaling approximately fifteen thousand, one hundred fifty (15,150) square feet of real property at the McMinnville Municipal Airport for the construction of two hangars.

The lease is for a period of thirty-five (35) years, with the provision for five (5) year lease extensions as outlined in the lease documents.

The consideration for the lease of this property is as outlined in lease documents commences at \$0.27 per square foot per year.

The Airport Commission considered the proposed lease at the June 29, 2017 Commission meeting, and unanimously recommended that the City Council approve the lease.

Now, therefore, THE CITY OF McMINNVILLE ORDAINS AS FOLLOWS:

Section 1. That the lease to Potcake Farms, LLC is hereby approved, and the City Manager is authorized to sign the lease documents.

Passed by the Council this 11th day of July 2017 by the following votes:

Ayes: _____

Nays: _____

Approved this 11th day of July 2017.

MAYOR

Attest:

RECORDER

Approved as to form:



CITY ATTORNEY

**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 Potcake Farms, LLC, 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 adopted "Minimum Standards for Commercial Aeronautical Activities", McMinnville Municipal Code Title 11 – Airport and Aircraft, and the recommendations in the Airport's Fly Friendly Program 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 thirty-five (35) years, beginning August 1, 2017 and ending at midnight on July 31, 2052 ("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 **\$0.27** per square foot, based upon the entire lease site consisting of **15,150 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 prorated rent for the period **August 1, 2017 to June 30, 2018, in the amount of \$3,749.63**, 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, 2018** 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 **\$0.27** 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. Thereafter the rent shall be billed annually as stated in Paragraphs 6.1 and 6.2. 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: POTCAKE FARMS, LLC

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

Leland MacDonald & Assoc., LLC
Land Surveyors
3765 Riverside Drive
McMinnville, OR 97128
Phone: 472-7904
Fax: 472-0367



26 April 2017

Lease Description for: POTCAKE FARMS, LLC

A tract of land located in Section 26, Township 4 South, Range 4 West, of the Willamette Meridian in Yamhill County, Oregon, the perimeter of said tract being more particularly described as follows:

Commencing at an iron pipe and brass cap marking the northeast corner of the JOHN WHITE DONATION LAND CLAIM NUMBER 82; thence South $89^{\circ}45'00''$ West 5323.88 feet to an iron pipe marking the northwest corner of said claim; thence South $82^{\circ}55'26''$ East 2799.77 feet to the POINT OF BEGINNING; thence South $27^{\circ}55'23''$ East 110.00 feet; thence North $62^{\circ}04'37''$ East 165.00 feet to a point from which the northeast corner of said WHITE claim bears North $80^{\circ}36'57''$ East 2379.93; thence North $27^{\circ}55'23''$ West 70.00 feet; thence South $62^{\circ}04'37''$ West 75.00 feet; thence North $27^{\circ}55'23''$ West 40.00 feet; thence South $62^{\circ}04'37''$ West 90.00 feet to the POINT OF BEGINNING, containing 15,150 square feet, more or less, as shown on attached Exhibit "___".

End of Description

LEASE MAP for: POTCAKE FARMS, LLC

LOCATION: NE 1/4 SEC. 26, T. 4 S., R. 4 W., W.M.
A PORTION OF THE JOHN WHITE DLC #82
CITY OF MCMINNVILLE, YAMHILL COUNTY, OREGON

TAX LOT: R4426 - 00100

DATE: APRIL 26, 2017

IRON PIPE IN MONUMENT BOX,
NORTHWEST CORNER OF THE JOHN WHITE DLC #82

IRON PIPE AND YAMHILL COUNTY BRASS CAP,
NORTHEAST CORNER OF THE JOHN WHITE DLC #82

S89°45'00"W 5323.88'

S82°55'26"E 2799.77'

NIMBUS LOOP (PRIVATE)

N80°36'57"E 2379.93'

N27°55'23"W

40.00'

S62°04'37"W

75.00'

N27°55'23"W

70.00'

PROPOSED
HANGAR

PROPOSED
HANGAR

LEASE BOUNDARY
AREA = 15,150 SQ. FT.

S27°55'23"E 110.00'

N62°04'37"E 165.00'

CIRRUS AVENUE (PRIVATE)

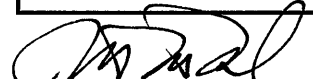
NORTH

SCALE: 1" = 60'

EXHIBIT " _ " "

LELAND MACDONALD & ASSOC., LLC
FORMERLY DBA MATT DUNCKEL & ASSOC.
3765 RIVERSIDE DRIVE
MCMINNVILLE, OREGON 97128
PHONE: 503-472-7904
FAX: 503-472-0367
EMAIL: LEE@MACDONALDSURVEYING.COM

REGISTERED
PROFESSIONAL
LAND SURVEYOR



OREGON
January 16, 2002
LELAND A. MACDONALD
53226

Expires 31 December 2018

#8158



McMinnville Airport Commission Meeting Minutes

Kent L. Taylor Civic Hall
Thursday, June 29, 2017

1. The meeting was called to order at 6:30pm by Chair Christensen. Commissioners present were Jody Christensen, Andy Benedict, Brad Berry, Doug Hurl, John Lautenbach, Bob Peacock, and Councilor Alan Ruden. Staff in attendance included Mike Bisset & Rich Spofford (City of McMinnville), and Ingo Nehls & Holly Nehls (Konect Aviation - Airport Manager).
2. **Invitation to Citizens for Public Comment:** None.
3. **Consider Minutes of the May 2, 2017 Commission Meeting:** Chair Christensen asked for comments on the draft minutes from May 2, 2017 Commission meeting. Hearing none, she asked for a motion to approve. A motion to approve the minutes, as presented, was made by Commissioner Berry and seconded by Commissioner Peacock; and the minutes were approved by unanimous vote of the Commissioners present.
4. **Kauer Family Farms LLC Lease Request:** Rich Spofford provided a brief staff report regarding the proposed farm lease with Kauer Family Farms LLC, and referred the Commissioners to the staff report and proposed lease that were included in the meeting packet. He noted that staff recommended that the Commission forward the lease to the City Council with a recommendation of approval.

Chair Christensen asked if any of the Commissioners had questions related to the proposal. Commissioner Benedict asked what the farm lease revenue would be used for. Rich explained that the revenue stays in the Airport Fund, and is used to fund airport operations and maintenance, and that revenues can be used as match funds for project grants.

Commissioner Lautenbach asked about the spraying that was included in the lease. Rich noted that farmer has been used to spray runway/taxiway areas, and that using the farmer to do the spraying is beneficial to both airport and the farmer, as they are careful not to damage their own crop. Rich noted that the runway/taxiway spraying is necessary from a safety standpoint, and thus there is a waiver from the streaked horned lark protections.

Commissioner Berry noted that he felt that the lease proposal process was a good one, and that he felt that the proposed farm lease rate was in line with other area farm lease rates. He complemented staff on their efforts related to the proposal.

Commissioner Peacock noted that section 13(l)(2) of the lease needed to be corrected to read "2. Radio equipped with the common traffic advisory frequency (CTAF)" as there is no ground control frequency at the airport.

Commissioner Lautenbach asked about the length of the lease. Rich noted that it is a five-year lease with the option for one five-year extension. He noted that he understood that the typical duration for the grass seed crop is 7-10 years.

Chair Christensen asked for a motion regarding the proposal. A motion to recommend that City Council approve the lease, as corrected, with Kauer Family Farms LLC was made by Commissioner Peacock and seconded by Commissioner Lautenbach. The motion was approved by unanimous vote of the Commissioners present.

5. **Redtail Soaring Lease Request:** Rich Spofford provided a brief staff report regarding the proposed lease with Redtail Soaring, LLC for glider operations at the airport, and referred the Commissioners to the staff report and proposed lease that were included in the meeting packet. He noted that Redtail Soaring, LLC had been conducting glider operations at the airport, and that their prior lease had expired. He noted that the proposed lease rate is equivalent to the farm lease rate, and that the area would likely be farmed if it weren't used for glider operations. Rich indicated that staff recommended that the Commission forward the lease to the City Council with a recommendation of approval.

Chair Christensen asked if any of the Commissioners had questions related to the proposal.

Commissioner Benedict asked if the tow plane and gliders were equipped with radios. Colin Gyenes indicated that he was a tow pilot for Redtail Soaring, and that the tow plane and gliders were equipped with radios.

Airport neighbor Jody Lucich noted that the tow plane was very noisy, and she asked if the glider operations would be increasing and if there would be earlier flights occurring. Colin Gyenes, tow pilot for Redtail Soaring, indicated that they had recently made changes to the tow plane propeller and that they were operating the plane at fewer RPM's. He felt that has helped with noise issues. He indicated that he believed that the Redtail Soaring ownership would be open to trying to minimize noise impacts on neighbors. Chair Christensen suggested that Redtail Soaring continue to work with the Airport Managers to understand and respond to any noise concerns.

Chair Christensen asked for a motion regarding the proposal. A motion to recommend that City Council approve the lease with Redtail Soaring, LLC was made by Commissioner Berry and seconded by Commissioner Peacock. The motion was approved by unanimous vote of the Commissioners present.

6. **Potcake Farms LLC Lease Request:** Mike Bisset provided a brief staff report regarding the proposed lease with Potcake Farms LLC for the construction of two new hangars at the airport, and referred the Commissioners to the staff report and proposed lease that were included in the meeting packet. He explained the proposed lease was for an initial term of 35 years, and that the lease could then be extended in five year increments based on an assessment/inspection of the buildings. At the end of the final lease extension, the Lessee will need to remove the building, and the lease area would become available for the City to release. He noted that staff had reviewed lease rates at other airports to help set the rate of \$0.27 per square foot per year. Mike indicated that staff recommended that the Commission forward the lease to the City Council with a recommendation of approval.

Chair Christensen asked if any of the Commissioners had questions related to the proposal.

Commissioner Berry asked if system development charges (SDC's) would be assessed on the buildings. Mike Bisset noted that the standard City SDC's for transportation and sanitary would be assessed, and that the City did not have an "airport" SDC.

Commissioner Berry asked if the lease area was contained to the footprint of the hangars. Roy Armstrong, Potcake Farms LLC owner, indicated that the proposed lease area of 15,150 square feet did include area outside of the hangar footprints, as noted in the included legal description.

Commissioner Hurl noted that he thought that the proposed lease terms seemed to be good for the Airport and for the Lessee.

Councilor Ruden asked if there were renderings for the proposed hangars. Roy Armstrong showed a rendering of the proposed hangars, and noted the building sizes. Councilor Ruden suggested that the proposed hangar elevations should be included in the information forwarded to the City Council for review.

Airport user Alan Zanuzoski indicated that he had concerns that proposed lease term, including the five year extensions, was different than the existing leases at the airport. Specifically, those leases did not allow for extensions, and at the end of the existing leases the buildings were to be owned by the City. He noted that he believed that the new lease terms were not fair to existing lease holders. The Commission, Mr. Zanuzoski, and staff, spent significant time discussing the benefits of the proposed lease language for both the City and hangar lessees, and the need to determine what to do with current leases that didn't include those provisions. Several Commissioners recommended that Mr. Zanuzoski elevate his concerns to the City Council for consideration, and they noted that they did not want to prevent the proposed lease with Potcake Farms LLC from moving forward.

Chair Christensen asked for a motion regarding the proposal. A motion to recommend that City Council approve the lease with Potcake Farms LLC was made by Commissioner Hurl and seconded by Commissioner Peacock. Commissioner Berry proposed an amendment to the motion that would recommend that the City Council work with existing lease holders regarding potential revisions to their current lease terms. The motion, as amended, was approved by unanimous vote of the Commissioners present.

7. Items from Staff:

- A. **Airport Manager's Report:** Airport Manager Holly Nehls provided a brief report to the Commission, and noted that the runway project was progressing. She noted that they have been busy completing mowing, and that she was working with City staff regarding blackberry and weed removal. She noted a few noise complaints, and that she had been letting people know that the recent flight activity changes were due to the runway project and that those changes would be temporary.

Commissioner Hurl asked about jet activity at the airport. Holly noted that many of the same airport users were still using the airport, and that they were using smaller jets. She noted that the jet traffic was weather dependent, and that there were more jet diversions to other airports when the weather was bad.

Commissioner Hurl asked about fuel sales and the surcharge paid to the City. Holly noted that the surcharge is volume based, and that their contract with the City was developed knowing that the runway project would be occurring. She noted that guaranteed fuel sales in the contract did not start until 2018, after the runway project is completed.

- B. **Runway 4-22 Construction Update:** Rich Spofford noted that Holly covered the construction update, and that he did not have anything to add.

Mike Bisset thanked Holly for her work helping develop the new lease forms.

8. Items from Commissioners:

- Commissioner Benedict discussed request to raise the pattern at the airport by 200' to 1200' (1000' AGL), and noted that he felt the change would reduce airport noise and increase safety. Mike Bisset noted that staff and Konect had reviewed the request and concurred that the change should help with noise issues, particularly to the south. The change could be implemented by filing the appropriate paperwork with FAA, and the change could take up to 90 days to implement. There are no costs associated with the change. Mike noted staff was in support of the proposal.

Alan Zanuzoski clarified that the proposed change would be to raise the traffic pattern to 1000' above ground level (AGL).

Airport neighbor Susan Beachy spoke to her concerns regarding airport traffic to the south. She noted she felt that airport traffic was lower than the 500' required distance above ground level. Alan Zanuzoski clarified that the 500' requirement does not apply to taking off or landing.

Airport user Robert Maurice inquired if the proposed change would result in an enforceable altitude or a recommended altitude. Commissioner Benedict noted that the new altitude would become the published traffic pattern altitude for the airport.

Chair Christensen asked for a motion regarding the proposal. Commissioner Benedict made a motion to direct staff to move forward with implementing the change. The motion was seconded by Commissioner Peacock. The motion was approved by unanimous vote of the Commissioners present.

The meeting was adjourned at 7:56pm.



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

www.mcminnvilleoregon.gov

STAFF REPORT

DATE: June 30, 2017
TO: Jeff Towery, City Manager
FROM: Rich Spofford, Engineering Services Manager
VIA: Mike Bisset, Community Development Director
SUBJECT: Proposed Farm Lease – Kauer Family Farms, LLC

Report in Brief:

This action is the consideration of a proposed lease with Kauer Family Farms, LLC for the farming of 333.9 acres of airport property.

Background:

In March of 2017, the City issued a Request for Proposals (RFP) package for the leasing of farm land at the McMinnville Municipal Airport. A majority of the undeveloped land outside of the safety areas has been leased for dry agricultural farming purposes for many years. Twelve parcels of undeveloped land, totaling 333.9 acres, were identified for inclusion in the farm lease, and each of these parcels has been farmed in the past.

Per the RFP, the lease duration will be for an initial term of five years, with one additional five year renewal period. The successful proposer is required to furnish all labor, materials, supplies, and equipment, machinery to dry farm airport compatible crops. Livestock uses of the leased parcels is prohibited, and the RFP not that there is no irrigation available located on the property available for use in growing crops.

Over the past several years, many of the parcels included in the RFP have not been farmed. Because they haven't been farmed, the Airport has expended maintenance funds to keep the areas mowed/weeded.

The few parcels that have been farmed in recent years have been generating approximately \$14,000 in annual revenue for the Airport Fund, and include:

- A lease with Kauer Farms for farming of 213 acres @ ~\$56 per acre per year;
- A lease with Van Holland Farms for farming of 34.7 acres @ ~\$35 per acre per year; and
- A lease with Creekside Valley Farms for farming of 9 acres @ ~\$20 per acre per year.

Discussion:

On April 12, 2017, three proposals were received from the following firms:

- Kauer Family Farms, LLC.
- Creekside Valley Farms
- Dan Boersma

The proposals were reviewed, evaluated, and ranked by a selection committee, including City Engineering Manager Rich Spofford, Public Works Superintendent David Renshaw, and Airport Manager Holly Nehls. The evaluation criteria, as outlined in the RFP documents, included a review of each proposer's experience and qualifications; the proposer's financial qualifications; the lease proposal terms; and the proposer's airport farming experience.

Upon completion of the review process, it was determined that the proposal from Kauer Family Farms, LLC was in the best interest of the airport. The Kauer Family Farms, LLC proposal included an initial rate of \$175.00 per acre per year (first year revenue will be \$58,432.50), with 3% increases in each of the subsequent years of the lease. The total financial compensation over the initial five year lease period will be approximately \$310,000 (see Exhibit A in the attached proposed lease).

In addition to the proposed financial compensation, Kauer Family Farms, LLC has proposed to perform the following services to the Airport at no charge:

- a) Mowing services for the large grass areas that cannot be farmed. Such mowing services will be provided up to twice per lease year, at the sole cost and expense of the Kauer Family Farms, LLC; and
- b) Weed sprayings services of all taxiway/runway shoulders, old taxiway areas, and overrun shoulder areas. Such spraying services will be provided up to twice per lease year, at the sole cost and expense of the Kauer Family Farms, LLC.

Over the past few years, the Airport has spent approximately \$20,000 annually to have the noted mowing and weed spraying services completed.

The proposed lease was reviewed by the Airport Commission at the meeting on June 29, 2017 (see attached draft meeting minutes). One minor correction, as noted, to the lease was recommended. The Airport Commission unanimously recommended that the City Council approve the proposed lease with Kauer Family Farms, LLC.

Attachments:

1. Ordinance
2. Proposed lease
3. Lease Exhibits
4. Draft minutes of June 29th Airport Commission meeting

Recommendation:

The Airport Commission recommends that the City Council approve the proposed lease with Kauer Family Farms, LLC for the farming of 333.9 acres of airport property.

ORDINANCE NO. 5032

An Ordinance authorizing lease of real property located at the McMinnville Airport to Kauer Family Farms, LLC, pursuant to ORS 271.310.

RECITALS:

This Ordinance authorizes the lease of twelve (12) parcels totaling approximately three hundred thirty three and nine/tenths (333.9) acres of real property at the McMinnville Municipal Airport that are not currently needed for operation or expansion of the Airport.

The public interest will be best served by entering into the lease for the preservation of the property for future airport usage and for the generation of revenue.

The lease is for a period of five (5) years, with the possibility of one (1) subsequent five-year extension.

The consideration for the lease of this property is as outlined in Exhibit A of the lease documents, and commences at \$175.00 per acre per year.

The Airport Commission considered the proposed lease at the June 29, 2017 Commission meeting, and unanimously recommended that the City Council approve the lease.

Now, therefore, THE CITY OF McMINNVILLE ORDAINS AS FOLLOWS:

Section 1. That the lease to Kauer Family Farms, LLC is hereby approved, and the City Manager is authorized to sign the lease documents.

Passed by the Council this 11th day of July, 2017 by the following votes:

Ayes: _____

Nays: _____

Approved this 11th day of July, 2017.

MAYOR

Attest:

RECORDER

Approved as to form:



CITY ATTORNEY

**LEASE OF REAL PROPERTY
BY AND BETWEEN
CITY OF McMinnville, Oregon
AND
Kauer Family Farms, LLC**

This lease is made and entered into on _____, by and between City of McMinnville, a municipal corporation of the State of Oregon (Lessor), and Kauer Family Farms, LLC. (Lessee).

1. Premises: In consideration of the covenants and agreements contained in this lease, Lessor leases to Lessee the following parcels located in Yamhill County, Oregon: Parcel A, B C, H, I, J, K, L, L1, M N, and O, comprising 333.9 acres, as indicated and described in Exhibit A attached hereto and incorporated herein by this reference.

2. Period of the Lease: The lease on the Premises shall commence upon the date set forth above, and shall terminate at midnight on August 31, 2022, unless earlier terminated pursuant to the terms of this lease. Lessee covenants with Lessor that, upon termination of this lease, Lessee will quit and deliver the Premises and all future erections, improvements, or additions to or upon the Premises, to Lessor, peaceably and in as good an order and condition as the Premises are now or may in the future be put by Lessor. Loss by fire, flood, unavoidable casualty, and reasonable use and wear of the Premises is excepted.

3. Consideration: Lessee agrees to pay Lessor, as rent for the premises, the sum of \$175.00 per acre for each lease year. The lease year immediately following execution of this lease shall run from the date the lease is fully executed through August 31, 2022 and payment for this year is due July 15, 2017. The remaining lease years shall commence September 1st each year, and shall end at midnight on the 31st day of the following August. Payment for the remaining lease years shall be in cash, billed on or about September 15 and due on or before October 15, which payment will be for the lease year commencing the previous September 1. Lease payments shall be increased by 3% on an annual basis for the term of the lease.

Payments shall be made to City of McMinnville and be mailed or delivered to City of McMinnville, Attn: Finance Department, 230 NE 2nd Street, McMinnville, OR 97128. Lessee will include with the payment a statement that the payment relates to the "Airport Farm Lease."

Any lease payment required of Lessee that is not paid within ten days of the due date shall bear interest at the rate of the maximum rate of interest permitted by law (at the time of the signing of this agreement, 9% per annum) from the due date until paid.

In addition to the financial consideration stated above, the Lessee agrees to perform the following services when so requested by the Lessor:

- a) Mowing services for the large grass areas that cannot be farmed at the request of the Lessor. Such mowing services will be provided up to twice per lease year, at the sole cost and expense of the Lessee; and
- b) Weed sprayings services of all taxiway/runway shoulders, old taxiway areas, and overrun shoulder areas at the request of the Lessor. Such spraying services will be provided up to twice per lease year, at the sole cost and expense of the Lessee.

4. Expenses Caused by Lease Termination: Lessor agrees not to terminate the lease during the normal crop growing season unless required to do so in order to meet Airport facility expansion needs, or other future Lessor needs. Lessor shall not be liable for any expense incurred by Lessee in producing crops, except upon termination of lease by Lessor for Lessor's beneficial use of the premises under the terms of this section. Should Lessor terminate the lease pursuant to the terms of this section, Lessee shall be entitled to out of pocket expenses and labor and equipment costs but shall not be entitled to any future profits from crops. In no event shall the Lessee be entitled to any expenses or potential profits beyond the current lease year relative to crops with multi-year production.

5. Taxes: Lessee will pay, when levied, one-hundred percent (100%) of real property taxes on the leased Premises, as well as one-hundred percent (100%) of any taxes upon personal property constructed and maintained upon the Premises. It is the intent of the parties that Lessor will not be required to pay any taxes or assessments on the leased Premises, during the term of the lease.

6. Encumbrances: Should there ever be a mortgage or other encumbrance on the Premises, Lessor agrees to keep the encumbrance in good standing at all times, to make all payments when due, and not to suffer or permit payments to be or become in default.

7. Relationship of the Parties: The Lessor and Lessee agree that under no circumstances shall this lease be construed as giving rise to a partnership between them, and neither Lessor nor Lessee shall be liable for the debts or obligations of the other.

8. Lease Term Extensions; Holdover: The lease may, upon mutual agreement of the Lessor and the Lessee, be extended for one (1) five (5) year extension. Lessee shall provide written notification to the Lessor, at least thirty (30) days prior to the expiration of the lease, that Lessee wishes to extend the lease. The parties will, at that time, renegotiate the lease price and the comprehensive general liability insurance coverage

amount. If a mutually acceptable price and coverage amount cannot be agreed upon, the extension of the lease will fail.

Lessee has no right to retain possession of the Premises or any part thereof beyond the termination date period set forth in Paragraph 2 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 2 and this Paragraph 8, then the rent then in effect payable from and after the time of termination set forth in Paragraph 2 shall be equal to 150% of the rent applicable during the month immediately preceding such termination.

9. Notices Directed to: Notices required or permitted under this lease shall be directed to:

Lessor:
City of McMinnville
Attn: Community Dev. Dir
231 NE 5th Street
McMinnville, OR 97128
(503) 434-7312
(503) 474-4955 (Fax)

Lessee:
Kauer Family Farms, LLC
7145 SE Amity Dayton Hwy
Amity OR 97101
Dave Kauer
(503) 437-4027

10. Use of the Premises: The Premises will not be used in any way prohibited by law or governmental regulation. Should they be so used, the lease will automatically terminate immediately, notwithstanding the provisions of Section 4 of this lease, and the Lessor will not be responsible for any compensation to Lessee of any kind.

In connection with the use of the Premises, Lessee will conform to all applicable laws and regulations of any public authority affecting the premises and the use, and correct, at Lessee's own expense, any failure of compliance created through Lessee's fault or by reason of Lessee's use. Lessee shall refrain from any activity that would make it impossible to insure the Premises against casualty, would increase the insurance rate, or would prevent Lessor from taking advantage of any available reduction in insurance rates unless Lessee pays the additional cost. Lessee shall refrain from any use that would be reasonably offensive to owners or tenants or users of neighboring premises or that would tend to create a nuisance.

Lessee shall not cause or permit any hazardous substances or contaminants to be spilled, leaked, disposed of, or otherwise released on the Premises without strict environmental controls satisfactory to Lessor. Lessee shall comply with all environmental laws (including federal, state, and local laws, and any judicial or other governmental orders pertaining to the protection of health, safety, or the environment) and exercise the highest degree of care in handling hazardous substances or

contaminants and shall take all practicable measures to minimize the quantity and toxicity of hazardous substances on the Premises. Upon the expiration or termination of this agreement, Lessee shall remove all hazardous substances or contaminants from the Premises.

11. Special Conditions of Use: The Lessee further agrees to:

- (a) Farm and cultivate the Premises in a judicious manner; keep the fences, hedges, buildings and improvements thereon in as good condition and repair as the same are now or as they may be put in subsequently by either party hereto, ordinary wear and tear and damage by fire, flood, unavoidable casualty, and the elements alone excepted;
- (b) Not allow noxious weeds to go to seed on the premises, but to destroy them, and keep out the weeds and grass on roads within and adjoining the Premises;
- (c) Not burn any straw or crop residues except as permitted by law, and then only with Lessor's permission;
- (d) Follow standard treatment for diseases of all seed sown on the Premises and pay the cost thereof;
- (e) Take proper care of all trees, vines and shrubs and prevent injury to them and, except when needed for fences, not cut down any live trees except with Lessor's permission;
- (f) Keep all ditches clean, open and free from brush and growth;
- (g) Allow no stock on the premises;
- (h) Not plow pastures or meadow-land without Lessor's consent;
- (i) Not allow damage or waste to Lessor's property;
- (j) Pay all expenses of delivering crops to market;
- (k) Not assign this lease, nor sublet or permit any person(s) other than members of Lessee's family and employees to occupy the Premises without consent of Lessor being first obtained in writing; and
- (l) Plant only annual crops, or perennial crops that would allow the application of biosolids and abstain from planting any crop that could prohibit the application of biosolids.

12. Access: Lessee is required to coordinate access with the owner(s) and lessee(s) of the adjacent properties (if any) and minimize the disruption or damage caused. Any cost associated with damage or alteration to adjacent properties related to this lease will be paid by the Lessee.

(a) Airport Security - Lessee recognizes its obligations to comply with federal airport security regulations applicable to the Airport. The City shall notify Lessee of any such federal airport security regulations which City becomes aware of and which are or may become applicable to Lessee's use or occupancy of the Premises. As of the date of execution of this lease, there are no applicable security regulations that apply to the use or occupancy of the Premises.

(b) Lessee shall ensure that the airfield environment is kept continuously free of debris, equipment, and/or other materials that might endanger aircraft.

(c) For emergency purposes, all vehicles shall be equipped with radio, telephone, or similar devices for contact by City or Airport Operations personnel. In the event of an emergency, Lessee acknowledges the need to be prepared to move workers, vehicles, and equipment immediately at the direction of the City or Airport Operations.

(d) No smoking will be allowed within the airfield.

13. Vehicles on Airport Property

The purpose of this section is to provide for the safety of vehicle operations in the airfield environment, should such vehicle operation occur. Enforcement of these requirements will be by the City, Police, or Airport Operations Staff. Violations of the requirements may be cause for Lessee's work to be stopped and Lessee's safety procedures to be evaluated. The City, in its sole discretion, will have the authority to determine when Lessee's work may safely be continued.

The driving requirements are as follows:

(a) Yield the right-of-way to a) moving aircraft, whether under tow or their own power, and b) pedestrians.

(b) Within the airfield environment, equipment, vehicle, and personnel travel outside the work area is restricted to established route(s).

(c) Obey stop signs and markings.

(d) Yield right-of-way to emergency vehicles displaying rotating beacons (other than amber) and/or using sirens and other audible emergency signals.

(e) Observe the posted speed limits.

(f) Regardless of a posted speed limit, a lower speed may be required in order to account for congestion, reduced visibility, slippery surfaces, or other hazardous conditions. No vehicle shall be driven in a manner that endangers persons or property.

(g) The speed limit of all service roads is 25 MPH or as posted.

(h) Motor vehicles shall be equipped with omni-directional amber flashing lights, head lights, tail lights, and flashers that shall be used between sunset and sunrise or when visibility is low.

(i) Non-motorized equipment shall have reflective devices displayed on the front, back, and sides.

(j) Vehicle operators shall have a current and valid state driver's license on their person.

(k) Unattended vehicles shall not be left with engines running.

(l) Vehicles operating in aircraft movement areas may require the following:

1. Escort provided by Airport Operations Personnel or other designated personnel.
2. Radio equipped with common traffic advisory frequency (CTAF).

(m) Unattended vehicles will be parked clear of service and perimeter roads.

(n) Loads being carried shall be contained by sufficient means to assure no loss of any portion of the load.

(o) Equipment that extends 15 feet or more above ground level shall be cleared through the City prior to moving onto site. Equipment that may be lowered readily shall be lowered at night, during reduced daytime visibility, and during other periods of storage to comply with the 15-foot height limitation.

(p) If directed by the City, equipment that cannot be lowered below the 15-foot height limitation shall be lighted at night and during periods of reduced daytime visibility. The lighting shall be mounted on the highest point of the equipment, shall be omni-directional, and shall consist of, as a minimum, one 100-watt bulb enclosed within an aviation red lens. Also, for daytime operations, an FAA-approved three-foot square orange and white checkered flag shall be mounted at the high point.

14. Maintenance: Lessee shall have full responsibility for maintenance of the Premises. Lessee shall keep the Premises clean and in good appearance. Lessee shall make no physical alterations without permission of the Lessor.

15. Insurance Requirements: Lessor shall keep the Premises insured at Lessor's expense against fire and any other risks covered by a standard fire insurance policy.

Lessee shall insure any property of Lessee on the Premises against the same risks. Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy.

Lessee shall, before the commencement of this agreement, procure and, during the term of this agreement, maintain the following insurance at Lessee's cost: Comprehensive general liability insurance in a responsible company with limits of not less than \$1,000,000 for injury to persons or property. This insurance shall cover all risks arising directly or indirectly out of Lessee's activities on or any condition of the Premises. Such insurance shall protect Lessee against the claims of Lessor on account of the indemnification obligations assumed by Lessee below. The insurance shall name the Lessor as an additional insured. Certificates evidencing this insurance and bearing endorsements requiring thirty days' written notice to Lessor prior to any change or cancellation shall be furnished to Lessor prior to Lessee's occupancy of the Premises.

16. Indemnification: Lessee shall indemnify, hold harmless and defend Lessor from any claim, loss, or liability arising out of or related to any activity of Lessee on the Premises or any condition of the Premises in the possession or under the control of Lessee. Lessor shall have no liability to Lessee for any injury, loss, or damage caused by third parties, or by any condition of the Premises except to the extent caused by Lessor's negligence or breach of duty under this agreement.

17. Damage to or Destruction of the Premises: If the Premises are partially damaged, they shall be repaired as soon as practicable at Lessor's expense. If the Premises are destroyed or damaged to the extent that the cost of repair exceeds 25% of the value of the Premises before the destruction or damage, either party may elect to terminate this lease as of the date of the destruction or damage by written notice to the other party not more than thirty (30) days following the date of the destruction or damage. In such circumstances, the rights and obligations of the parties will cease as of the date of the termination and Lessee shall be entitled to reimbursement of any prepaid lease amount, prorated. If neither party elects to terminate, Lessor shall, as soon as practicable, restore the Premises to substantially the same condition as before the destruction or damage. Lessee shall be reimbursed a prorated amount of lease payments for any period during which the Premises are not usable.

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

19. Assignment, Mortgage, Subleases: No part of the Premises may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the Premises be conferred on any third person by any other means, without prior written consent of Lessor. This provision shall apply to all transfers by operation of law, including a

transfer of a majority voting interest in stock or partnership interest of Lessee. No consent in one instance shall prevent this provision from applying to a subsequent instance. Lessor may withhold or condition consent in its sole and arbitrary discretion. Lessor shall consent to a transaction covered by this provision when withholding consent would be unreasonable in the circumstances. Lessor shall not unreasonably delay consent.

20. Early Termination of Lease by Agreement: If the Lessee desires to terminate this lease agreement at times other than those anticipated by Section 2 or Section 8, a request must be submitted in writing to the Lessor at least thirty (30) days in advance of the intended termination date. If the request for early termination of the lease agreement is granted, the Lessee will quit and deliver the Premises to the Lessor by the agreed upon termination date, peaceably and in as good an order and condition as the Premises are now or may in the future be put by Lessor. Rent payments shall not be pro-rated when the lease is terminated under this section.

21. Default and Remedies: The following events shall constitute default:

Failure of Lessee to pay any lease payments within thirty (30) days after payment is due.

Failure of Lessee to comply with any term or condition or fulfill any obligation of this agreement (other than the payment of lease payments) within twenty (20) days after written notice from the Lessor specifying the nature of the default with reasonable particularity. If the default is of a nature that cannot be completely corrected within twenty (20) days, this provision shall be complied with if Lessee commences correction within twenty (20) days (or as soon as practicable) and proceeds with reasonable diligence and in good faith.

Insolvency of the Lessee, an assignment by Lessee for the benefit of creditors, filing by Lessee of a voluntary petition of bankruptcy, an adjudication that Lessee is bankrupt or the appointment of a receiver for the properties of Lessee, filing of any involuntary petition of bankruptcy and failure of Lessee to secure a dismissal of the petition within thirty (30) days after filing, attachment of or the levying of execution on the leasehold interest and failure of Lessee to secure discharge of the attachment or release of the levy of execution with ten (10) days.

Failure of the Lessee to occupy the Premises for the purposes permitted under this agreement for the period of one (1) year.

In the event of a default, this agreement may be terminated at the option of the Lessor by written notice to Lessee. Whether or not the lease is terminated by the election of Lessor, Lessor shall be entitled to recover damages from Lessee for the default and Lessor may re-enter, take possession of the Premises, and remove any persons or

property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender. Following re-entry or abandonment, Lessor may re-let the Premises, or any part thereof, but Lessor shall not be required to re-let.

In the event of termination or re-taking of possession following default, Lessor shall be entitled to recover immediately, without waiting until the due date of any future lease payment or until the date fixed for expiration of the lease, the following amounts as damages:

The loss of lease payments from the date of default until a new tenant is, or with the exercise of reasonable efforts could have been, secured and paying.

The reasonable costs of re-entry and re-letting, including without limitation the cost of any cleanup, removal of Lessee's property and fixtures, and any other costs or expenses incurred through Lessee's default.

Any excess of the value of the rent and all of Lessee's other obligations under this agreement over the reasonable expected return from the Premises for the period commencing on the earlier of the date of trial or the date the premises are re-let, and continuing through the end of the term.

Lessor may sue periodically to recover the damages during the period corresponding to the remainder of the lease term, and no action for damages shall bar a later action for damages subsequently accruing.

The above remedies are in addition to and shall not exclude any other remedy available to Lessor under applicable law.

The limitations on remedies shall not preclude either party from seeking or obtaining injunctive relief or from seeking recovery against the other under any contractual indemnity set out in this agreement or for causing physical damage or injury to persons or property.

22. Strict Performance: Waiver by either party of strict performance of any provision of this agreement shall not be a waiver of or prejudice the party's right to require strict performance of the same provision or of any other provision in the future.

23. Attorney Fees: If suit or action is instituted in connection with any controversy arising out of this agreement, the prevailing party shall be entitled to recover, in addition to costs, such sums as the court may adjudge reasonable as attorney fees at trial, on petition for review, and on appeal.

24. Successors and Assigns: Subject to the above-stated limitations on transfer of Lessee's interest, this agreement shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

25. Recording: This agreement shall be recorded at the expense of Lessor.

26. Lessor's Rights: Lessor shall have the right to enter upon the Premises at any time to determine Lessee's compliance with the terms of this agreement, and, in addition, shall have the right, at any time during the last year of the term of the lease, to place and maintain upon the Premises notices for leasing or selling the Premises.

27. Time of the Essence: Time is of the essence of the performance of each of Lessee's obligations under this agreement.

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

Lessor:

CITY OF McMINNVILLE

Lessee:

KAUER FAMILY FARMS, LLC

Jeff Towery, City Manager

Name:
Title:

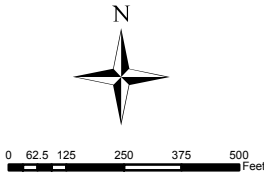
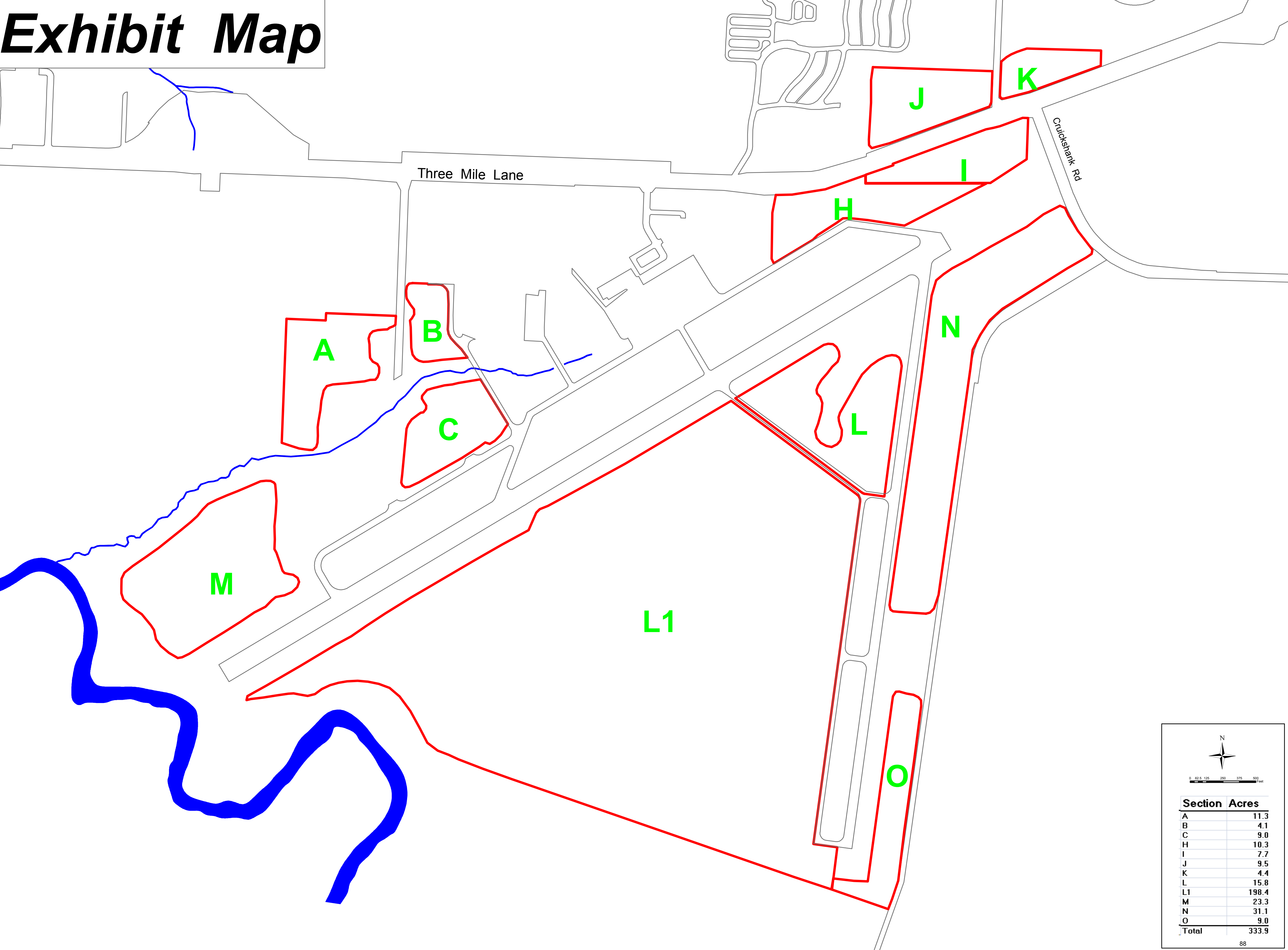
Approved as to Form:

City Attorney

EXHIBIT A

		Rent Due on or before September 1:				
Parcel	Acres	2017	2018	2019	2020	2021
A	11.3	\$1,977.50	\$2,036.83	\$2,097.93	\$2,160.87	\$2,225.69
B	4.1	\$717.50	\$739.03	\$761.20	\$784.03	\$807.55
C	9	\$1,575.00	\$1,622.25	\$1,670.92	\$1,721.05	\$1,772.68
H	10.3	\$1,802.50	\$1,856.58	\$1,912.27	\$1,969.64	\$2,028.73
I	7.7	\$1,347.50	\$1,387.93	\$1,429.56	\$1,472.45	\$1,516.62
J	9.5	\$1,662.50	\$1,712.38	\$1,763.75	\$1,816.66	\$1,871.16
K	4.4	\$770.00	\$793.10	\$816.89	\$841.40	\$866.64
L	15.8	\$2,765.00	\$2,847.95	\$2,933.39	\$3,021.39	\$3,112.03
L1	198.4	\$34,720.00	\$35,761.60	\$36,834.45	\$37,939.48	\$39,077.67
M	23.3	\$4,077.50	\$4,199.83	\$4,325.82	\$4,455.59	\$4,589.26
N	31.1	\$5,442.50	\$5,605.78	\$5,773.95	\$5,947.17	\$6,125.58
O	9	\$1,575.00	\$1,622.25	\$1,670.92	\$1,721.05	\$1,772.68
TOTAL	333.9	\$58,432.50	\$60,185.51	\$61,991.05	\$63,850.78	\$65,766.29

Exhibit Map



Section	Acres
A	11.3
B	4.1
C	9.0
H	10.3
I	7.7
J	9.5
K	4.4
L	15.8
L1	198.4
M	23.3
N	31.1
O	9.0
Total	333.9

Parcel A:

Being a part of the John White D.L.C. No. 82, Northwest ¼ Section 26, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at the Northwest corner of the John White D.L.C. No. 82 as shown on Yamhill County Survey No. 9110; thence traveling South 89° 45' East 832.16 feet to a point on said North boundary to a point which is perpendicular to the northerly extension of the West right-of-way of Armory Way as shown on said survey No. 9110; thence South 00° 15' East 30 feet to a ¾" iron pipe as shown on said survey No. 9110; thence as shown on said survey No. 9110, South 00° 15" East 100 feet to a 5/8 inch iron rod; thence as shown on said survey No. 9110, South 00° 15" East 592.00 feet to a ¾ inch iron pipe; thence as shown on said survey No. 9110, South 00° 15" East 410.64 feet to a ¾ inch iron pipe, said pipe being for the purposes of this description the True Point of Beginning; thence South 89° 45' 00" West 532.24 feet to a point; thence South 01° 01' 31" West 55.62 feet to a point; thence South 89° 54' 14" West 299.55 feet to a point; thence South 00° 07' 19" East 944.83 feet to a point; thence South 74° 17' 28" East 138.74 feet to a point; thence South 85° 57' 19" East 104.54 feet to a point; thence North 31° 23' 40" E 65.41 feet along the chord of an 81 foot radius curve to the left with an arc length of 67.33 feet; thence North 01° 30' 38" West 120.41 feet to a point; thence North 07° 06' 43" East 282.53 feet to a point; thence North 54° 00' 52" East 83.25 feet along the chord of an 83 foot radius curve to the right with an arc length of 87.16 feet; thence North 81° 18' 01" East 325.29 feet to a point; thence North 04° 49' 46" East 119.67 feet along the chord of an 89 foot radius curve to the left with a arc length of 131.13 feet; thence North 50° 59' 12" West 72.46 feet along the chord of a 102 foot radius curve to the right with an arc length of 74.08 feet; thence North 06° 47' 33" West 147.24 feet to a point; thence North 44° 49' 32" East 94.53 feet along the chord of a 72 foot radius curve to the right with an arc length of 103.25 feet; thence North 83° 53' 26" East 74.38 feet to a point; thence North 58° 07' 36" East 70.17 feet to a point; thence North 01° 22' 17" East 70.46 feet to the True Point of Beginning.

The above described tract of land contains 11.3 acres more or less.

Parcel B:

Being a part of the John White D.L.C. No. 82, North ½ Section 26, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at the Northwest corner of the John White D.L.C. No. 82 as shown on Yamhill County Survey No. 7273; thence traveling South 89° 45' East 892.06 feet to a point on the North boundary of said White D.L.C. said point being perpendicular to the northerly extension of the West property line of a 17.05 acre lot as shown on Yamhill County Survey No. 7273; thence traveling South 00° 15' West 30 feet to a ¾ inch iron pipe which is the Northwest corner of the above mentioned 17.05 acre lot; thence traveling along the west boundary of said 17.05 acre lot South 00° 15' West 850.69 feet to a ¾ inch iron pipe which is the Southwest corner of the above mentioned 17.05 acre lot; thence traveling South 89° 45' East 56.75 feet along the South boundary of said 17.05 acre lot to a point, said point being for the purposes of this description the True Point of Beginning; thence traveling South 59° 28' 51" West 49.34 feet along the chord of a 49 foot radius curve to the left with an arc length of 51.75 feet; thence South 00° 43' 09" East 94.15 feet to a point; thence South 35° 59' 00" East 99.49 feet to a point; thence South 18° 13' 53" West 89.33 feet along the chord of a 93 foot radius curve to the right with an arc length of 93.16 feet; thence South 06° 03' 00" East 260.23 feet to a point; thence South 56° 33' 27" East 98.58 feet along the chord of a 107 foot radius curve to the left with an arc length of 102.45 feet; thence North 82° 47' 40" East 339.05 feet to a point; thence North 42° 09' 49" West 194.91 feet to a point; thence North 21° 29' 54" West 70.28 feet along the chord of a 118 foot radius curve to the right with an arc length of 71.37 feet; thence North 01° 24' 49" West 287.49 feet to a point; thence North 58° 57' 38" West 104.91 feet along the chord of a 92 foot radius curve to the left with an arc length of 111.66 feet; thence South 88° 14' 54" West 63.60 feet to a point; thence North 38° 42' 35" West 6.69 feet to a point; thence South 89° 45' 00" West 113.92 feet to the True Point of Beginning.

The above described tract of land contains 4.1 acres more or less.

Parcel C:

Being a part of the John White D.L.C. No. 82, North ½ Section 26, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at a point located 1601.97 feet South and 1483.18 feet East of the Northwest corner of the John White D.L.C. No. 82, said point being for the purposes of this description the True Point of Beginning; Thence traveling South 78° 41' 59" West 277.06 feet to a point; thence South 73° 23' 34" West 136.35 to a point; thence South 38° 15' 47" West 59.55 feet to a point; thence South 04° 30' 05" West 21.71 feet to a point; thence South 34° 18' 32" East 62.51 feet to a point; thence South 21° 21' 38" West 54.77 feet along the chord of a 46 foot radius curve bearing right with an arc length of 58.61 feet; thence South 43° 42' 09" West 179.69 feet along the chord of a 180 foot radius curve to the left with an [arc](#) length of 188.17 feet; thence South 03° 40' 24" West 411.84 feet to a point; thence South 65° 16' 22" East 69.68 feet along the chord of a 43 foot radius curve bearing left with an arc length of 81.17 feet; thence North 57° 52' 07" East 667.72 feet to a point; thence South 74° 01' 09" East 35.25 feet to a point; thence North 41° 01' 24" East 204.41 feet along the chord of a 352 foot radius curve to the left with an [arc](#) length of 207.39 feet; thence North 33° 23' 22" West 400.87 feet to the True point of Beginning.

The above described tract of land contains 9.0 acres more or less.

Parcel H:

Being a part of the John White D.L.C. No. 82, and a part of the Darlin Smith D.L.C. No. 88, and a part of the Reuben Harris D.L.C No. 80, Northwest ¼ Section 25, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at a point which bears North 37.37 feet more or less from the Northeast corner of the John White D.L.C. No. 82; thence East 7.05 feet more or less said point being for the purposes of this description the True Point of Beginning; thence South 88° 06' 17" West 949.74 feet to a point; thence North 02° 10" West 63.69 feet to a point; thence South 73° 06' 33" West 580.81 feet along the chord of a 1918 foot radius curve bearing right with an arc length of 583.04 feet; thence South 86° 28' 38" West 122.87 feet to a point; thence South 09° 28' 19" West 138.14 feet to a point; thence South 00° 57' 08" East 350.43 feet to a point; thence South 27° 11' 02" East 37.97 feet to a point; thence North 57° 11' 54" East 347.54 feet to a point; thence North 43° 09' 43" East 51.08 feet to a point; thence North 54° 35' 45" East 231.93 feet to a point; thence South 84° 38' 07" East 603.23 feet to a point; thence North 54° 51' 07" East 627.03 feet to the True Point of Beginning.

The above described tract of land contains 10.3 acres more or less.

Parcel I:

Being a part of the John White D.L.C. No. 82, and a part of the Darlin Smith D.L.C. No. 88, and a part of the Reuben Harris D.L.C No. 80, Northwest ¼ Section 25, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at a point which bears North 37.37 feet more or less from the Northeast corner of the John White D.L.C. No. 82; thence East 7.05 feet more or less said point being for the purposes of this description the True Point of Beginning; thence South 88° 06' 17" West 949.74 feet to a point; thence North 02° 10" West 63.69 feet to a point; thence North 69° 05' 31" East 222.18 feet to a point; thence North 21° 39' 38" West 11.71 feet to a point; thence North 67° 54' 15" East 757.37 feet to a point; thence North 75° 37' 02" East 107.11 feet to a point; thence North 67° 48' 39" East 184.71 feet to a point; thence North 89° 27' 32" East 41.38 feet to a point; thence South 00° 08' 13" West 314.45 feet to a point; thence South 54° 51' 07" West 329.62 feet to the True Point of Beginning.

The above described tract of land contains 7.7 acres more or less.

Parcel J:

Being a part of the Reuben Harris D.L.C. No. 80, Southwest ¼ Section 24, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at a point which bears North 889.31 feet more or less from the Southeast corner of the Reuben Harris D.L.C. No. 80; thence East 19.76 feet more or less said point being for the purposes of this description the True Point of Beginning; thence North 89° 53' 14" West 910.37 feet to a point; thence South 00° 55' 44" West 596.18 feet to a point; thence South 43° 49' 31" East 29.78 feet to a point; thence North 68° 42' 52" East 950.80 feet to a point; thence North 19° 57' 47" East 35.76 feet to a point; thence North 00° 18' 10" East 237.03 feet to the True Point of Beginning.

The above described tract of land contains 9.5 acres more or less.

Parcel K:

Being a part of the Darlin Smith D.L.C. No. 88, Southwest ¼ Section 24, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at a point which bears North 964.89 feet more or less from the Southeast corner of the Reuben Harris D.L.C. No. 80; thence East 46.53 feet more or less said point being for the purposes of this description the True Point of Beginning; thence North 61° 11' 27" East 217.56 feet along the chord of a 487 foot radius curve bearing right with an arc length of 219.41 feet; thence North 89° 40' 26" East 565.55 feet to a point; thence South 00° 44' 10" East 115.13 feet to a point; thence South 68° 05' 12" West 586.87 feet to a point; thence South 73° 29' 08" West 192.22 feet to a point; thence South 88° 09' 43" West 19.92 feet to a point; thence North 33° 50' 35" West 20.88 feet to a point; thence North 00° 34' 36" East 264.04 feet to the True Point of Beginning.

The above described tract of land contains 4.4 acres more or less.

Paecel L:

Being a part of the John White D.L.C. No. 82, Northeast $\frac{1}{4}$ Section 25, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at the Northeast corner of the John White D.L.C. No. 82 said point also being the Southeast corner of the Reuben Harris D.L.C. No. 80, thence traveling southerly 618.09 feet along the east boundary of said White D.L.C. (east boundary line shown on Yamhill County Survey #3566 being described as North $00^{\circ} 23'$ East and said boundary line further described on Yamhill County Survey #7597 as South $00^{\circ} 21' 08''$ West) to the Southwest corner of the Darlin Smith D.L.C. No. 88 said point also being the Northwest corner of the Absalom Meridith D.L.C. No. 84; thence South $06^{\circ} 35'$ West along the centerline of County road #464 as shown on Yamhill County Survey #3566 a distance of 1829.66 feet to a point on the center line of said County road; thence leaving said county road traveling North $83^{\circ} 25' 00''$ West 527.66 feet to a point in the center of the City of McMinnville Municipal Airport infield taxiway westerly 80.17 feet more or less from the intersection of Runway 17-35 and the infield taxiway to a point for the purposes of this description being the True Point of Beginning; thence along the centerline of the said infield taxiway, North $84^{\circ} 04' 48''$ West 159.93 feet to the intersection of said infield taxiway and the parallel taxiway; thence North $55^{\circ} 10' 36''$ West 1216.34 feet to a point; thence North $57^{\circ} 03' 31''$ East 787.02 feet to a point; thence South $41^{\circ} 43' 07''$ East 164.93 feet along the chord of a 86 foot radius curve bearing right with an arc length of 222.38 feet; thence South $40^{\circ} 40''$ West 184.92 feet to a point; thence South $28^{\circ} 48' 29''$ West 50.27 feet to a point; thence South $11^{\circ} 10' 54''$ East 89.30 feet along the chord of a 65 foot radius curve bearing left with an arc length of 98.57 feet; thence South $07^{\circ} 45' 24''$ East 107.88 feet along the chord of a 131 foot radius curve bearing right with an arc length of 111.18 feet; thence South $15^{\circ} 19' 46''$ West 162.62 feet to a point; thence North $85^{\circ} 48''$ East 203.68 feet along the chord of a 103 foot radius curve bearing left with an arc length of 356.16 feet; thence North $19^{\circ} 50' 06''$ West 72.41 feet to a point; thence North $05^{\circ} 27' 22''$ East 63.01 feet along the chord of a 76 foot radius curve bearing right with an arc length of 64.97 feet; thence North $27^{\circ} 54' 01''$ East 271.15 feet to a point; thence North $29^{\circ} 06' 59''$ East 63.37 feet to a point; thence North $42^{\circ} 30' 19''$ East 96.39 feet to a point; thence North $56^{\circ} 43' 48''$ East 135.07 feet to a point; thence South $59^{\circ} 26' 56''$ East 140.47 feet along the chord of a 78 foot radius curve to the right with an arc length of 174.03 feet; thence South $05^{\circ} 44' 58''$ West 1003.01 feet to the True Point of Beginning.

The above described tract of land contains 15.8 acres more or less.

Parcel L1:

Being a part of the John White D.L.C. No. 82, Southwest ¼ Section 25, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at a point located 238.44 feet North and 472.36 feet West of the Northeast corner of the Cyrus B. Hawley D.L.C. No. 67, said point being for the purposes of this description the True Point of Beginning; Thence traveling North 72° 25' 42" West 3089.88 feet to a point; thence North 62° 21' 30" West 185.74 feet along the chord of a 337 foot radius curve to the right with an arc length of 188.17 feet; thence North 30° 00' 54" West 274.48 feet to a point; thence North 81° 47' 27" West 736.85 feet along the chord of a 500 foot radius curve to the left with an arc length of 828.34 feet; thence North 89° 32' 52" West 163.50 feet to a point; thence South 80° 01' 55" West 360.91 feet to a point; thence North 10° 01' 30" East 31.09 feet to a point; thence North 57° 39' 11" East 2485.34 feet to a point; thence North 21° 25' 23" East 150.18 feet to a point; thence North 58° 26' 09" East 1706.88 feet to a point; thence South 55° 08' 37" East 1197.82 feet to a point; thence South 24° 34' 55" East 55.85 feet along the chord of a 55 foot radius [curve](#) to the right with an arc length of 58.57 feet; thence South 05° 56' 49" West 2632.05 feet to a point; thence South 84° 03' 06" East 192.76 feet to a point; thence South 07° 44' 30" West 324.10 to the True Point of Beginning.

The above described tract of land contains 198.4 acres more or less.

Parcel M:

Being a part of the John White D.L.C. No. 82, Southwest ¼ Section 26, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at a point located 2634.89 feet South and 514.51 feet West of the Northwest corner of the John White D.L.C. No. 82, said point being for the purposes of this description the True Point of Beginning; thence traveling South 38° 57' 16" West 123.05 feet to a point; thence South 49° 16' 29" West 702.47 feet to a point; thence South 00° 36' 47" East 203.22 feet along the chord of a 275 foot radius curve to the left with an arc length of 208.14 feet; thence South 53° 59' 17" East 180.56 feet to a point; thence South 32° 08' 14" East 219.38 feet along the chord of a 335 foot radius curve to the right with an arc length of 223.50 feet; thence South 58° 22' 00" East 241.52 feet along the chord of a 262 foot radius curve to the left with an arc length of 251.02 feet; thence North 55° 56' 33" East 741.97 feet to a point; thence North 56° 11' 17" East 170.73 feet along the chord of a 204 foot radius curve to the right with an arc length of 176.14 feet; thence North 44° 18' 17" East 149.22 feet along the chord of a 148 foot radius curve to the left with an arc length of 156.34 feet; thence North 42° 12' 19" West 70.74 feet along the chord of a 63 foot radius curve to the left with an arc length of 75.10 feet; thence North 72° 00' 37" West 87.73 feet along the chord of a 125 foot radius curve to the right with an arc length of 89.65 feet; thence North 21° 03' 23" West 143.90 feet to a point; thence North 03° 54' 20" West 521.34 feet to a point; thence North 38° 17' 50" West 16.81 feet to a point; thence North 87° 20' 49" West 101.97 feet along the chord of a 163 foot radius curve to the left with an arc length of 103.71 feet; thence South 63° 42' 01" West 436.34 feet to the True Point of Beginning.

The above described tract of land contains 23.3 acres more or less.

Parcel N:

Being a part of the John White D.L.C. No. 82, and a part of the Darlin Smith D.L.C. No. 88, and a part of the Absalom Meridith D.L.C. No. 84, West 1/2 Section 25, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at the Northeast corner of the John White D.L.C. No. 82 said point also being the Southeast corner of the Reuben Harris D.L.C. No. 80, thence traveling southerly 453.75 feet more or less along the east boundary of said White D.L.C. (east boundary line shown on Yamhill County Survey #3566 being described as North 00° 23' East and said boundary line further described on Yamhill County Survey #7597 as South 00°21'08" West) to a point for the purposes of this description being the True Point of beginning; thence South 57° 41' 45" West 399.67 feet to a point; thence South 47° 56' 03" West 73.84 feet to a point; thence South 14° 40' 44" West 122.23 feet to a point; thence South 5° 55' 21" West 2378.10 feet to a point; thence South 30° 26' 17" East 54.31 feet to a point along the chord of a 57 foot radius curve bearing left with an arc length of 56.62 feet; thence South 87° 57' 16" East 252.29 feet to a point; thence North 55° 25' 15" East 71.98 feet to a point along the chord of a 84 foot radius curve bearing left with an arc length of 74.38 feet; thence North 16° 45' 54" East 109.70 feet to a point; thence North 06° 06' 34" East 1883.93 feet to a point; thence North 34° 42" East 385.34 feet to a point along the chord of a 800 foot radius curve bearing right with an arc length of 389.16 feet; thence North 56° 28' 02" East 798.16 feet to a point; thence North 09° 45' 15" East 31.70 feet to a point; thence North 39° 45' 24" West 182.66 feet to a point; thence North 32° 39' 23" West 136.67 feet to a point; thence North 26° 42' 06" West 62.13 feet to a point; thence North 67° 49' 28" West 42.69 feet to a point; thence South 57° 41' 45" West 627.38 feet more or less to the True Point of Beginning.

The above described tract of land contains 31.1 acres more or less.

Parcel O:

Being a part of the John White D.L.C. No. 82, Southwest ¼ Section 25, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon being further described as follows:

Beginning at a point located 238.44 feet North and 472.36 feet West of the Northeast corner of the Cyrus B. Hawley D.L.C. No. 67, said point being for the purposes of this description the True Point of Beginning; Thence traveling North 07° 44' 30" East 84.41 feet to a point; thence South 86° 45' 31" East 263.65 feet to a point; thence North 05° 53' 05" East 1423.81 feet to a point; thence North 51° 53' 28" East 60.80 feet along the chord of a 47 foot radius curve to the right with an arc length of 66.09 feet; thence South 78° 24' 32" East 111.15 feet to a point; thence South 36° 42' 10" East 103.56 feet along the chord of a 74 foot radius curve with an arc length of 114.64 feet; thence South 05° 42' 54" West 1342.11 feet to a point; thence South 17° 29' 09" West 229.00 feet to a point; thence North 72° 37' 32" West 457.62 feet to the True Point of Beginning.



McMinnville Airport Commission Meeting Minutes

Kent L. Taylor Civic Hall
Thursday, June 29, 2017

1. The meeting was called to order at 6:30pm by Chair Christensen. Commissioners present were Jody Christensen, Andy Benedict, Brad Berry, Doug Hurl, John Lautenbach, Bob Peacock, and Councilor Alan Ruden. Staff in attendance included Mike Bisset & Rich Spofford (City of McMinnville), and Ingo Nehls & Holly Nehls (Konect Aviation - Airport Manager).
2. **Invitation to Citizens for Public Comment:** None.
3. **Consider Minutes of the May 2, 2017 Commission Meeting:** Chair Christensen asked for comments on the draft minutes from May 2, 2017 Commission meeting. Hearing none, she asked for a motion to approve. A motion to approve the minutes, as presented, was made by Commissioner Berry and seconded by Commissioner Peacock; and the minutes were approved by unanimous vote of the Commissioners present.
4. **Kauer Family Farms LLC Lease Request:** Rich Spofford provided a brief staff report regarding the proposed farm lease with Kauer Family Farms LLC, and referred the Commissioners to the staff report and proposed lease that were included in the meeting packet. He noted that staff recommended that the Commission forward the lease to the City Council with a recommendation of approval.

Chair Christensen asked if any of the Commissioners had questions related to the proposal. Commissioner Benedict asked what the farm lease revenue would be used for. Rich explained that the revenue stays in the Airport Fund, and is used to fund airport operations and maintenance, and that revenues can be used as match funds for project grants.

Commissioner Lautenbach asked about the spraying that was included in the lease. Rich noted that farmer has been used to spray runway/taxiway areas, and that using the farmer to do the spraying is beneficial to both airport and the farmer, as they are careful not to damage their own crop. Rich noted that the runway/taxiway spraying is necessary from a safety standpoint, and thus there is a waiver from the streaked horned lark protections.

Commissioner Berry noted that he felt that the lease proposal process was a good one, and that he felt that the proposed farm lease rate was in line with other area farm lease rates. He complemented staff on their efforts related to the proposal.

Commissioner Peacock noted that section 13(l)(2) of the lease needed to be corrected to read "2. Radio equipped with the common traffic advisory frequency (CTAF)" as there is no ground control frequency at the airport.

Commissioner Lautenbach asked about the length of the lease. Rich noted that it is a five-year lease with the option for one five-year extension. He noted that he understood that the typical duration for the grass seed crop is 7-10 years.

Chair Christensen asked for a motion regarding the proposal. A motion to recommend that City Council approve the lease, as corrected, with Kauer Family Farms LLC was made by Commissioner Peacock and seconded by Commissioner Lautenbach. The motion was approved by unanimous vote of the Commissioners present.

5. **Redtail Soaring Lease Request:** Rich Spofford provided a brief staff report regarding the proposed lease with Redtail Soaring, LLC for glider operations at the airport, and referred the Commissioners to the staff report and proposed lease that were included in the meeting packet. He noted that Redtail Soaring, LLC had been conducting glider operations at the airport, and that their prior lease had expired. He noted that the proposed lease rate is equivalent to the farm lease rate, and that the area would likely be farmed if it weren't used for glider operations. Rich indicated that staff recommended that the Commission forward the lease to the City Council with a recommendation of approval.

Chair Christensen asked if any of the Commissioners had questions related to the proposal.

Commissioner Benedict asked if the tow plane and gliders were equipped with radios. Colin Gyenes indicated that he was a tow pilot for Redtail Soaring, and that the tow plane and gliders were equipped with radios.

Airport neighbor Jody Lucich noted that the tow plane was very noisy, and she asked if the glider operations would be increasing and if there would be earlier flights occurring. Colin Gyenes, tow pilot for Redtail Soaring, indicated that they had recently made changes to the tow plane propeller and that they were operating the plane at fewer RPM's. He felt that has helped with noise issues. He indicated that he believed that the Redtail Soaring ownership would be open to trying to minimize noise impacts on neighbors. Chair Christensen suggested that Redtail Soaring continue to work with the Airport Managers to understand and respond to any noise concerns.

Chair Christensen asked for a motion regarding the proposal. A motion to recommend that City Council approve the lease with Redtail Soaring, LLC was made by Commissioner Berry and seconded by Commissioner Peacock. The motion was approved by unanimous vote of the Commissioners present.

6. **Potcake Farms LLC Lease Request:** Mike Bisset provided a brief staff report regarding the proposed lease with Potcake Farms LLC for the construction of two new hangars at the airport, and referred the Commissioners to the staff report and proposed lease that were included in the meeting packet. He explained the proposed lease was for an initial term of 35 years, and that the lease could then be extended in five year increments based on an assessment/inspection of the buildings. At the end of the final lease extension, the Lessee will need to remove the building, and the lease area would become available for the City to release. He noted that staff had reviewed lease rates at other airports to help set the rate of \$0.27 per square foot per year. Mike indicated that staff recommended that the Commission forward the lease to the City Council with a recommendation of approval.

Chair Christensen asked if any of the Commissioners had questions related to the proposal.

Commissioner Berry asked if system development charges (SDC's) would be assessed on the buildings. Mike Bisset noted that the standard City SDC's for transportation and sanitary would be assessed, and that the City did not have an "airport" SDC.

Commissioner Berry asked if the lease area was contained to the footprint of the hangars. Roy Armstrong, Potcake Farms LLC owner, indicated that the proposed lease area of 15,150 square feet did include area outside of the hangar footprints, as noted in the included legal description.

Commissioner Hurl noted that he thought that the proposed lease terms seemed to be good for the Airport and for the Lessee.

Councilor Ruden asked if there were renderings for the proposed hangars. Roy Armstrong showed a rendering of the proposed hangars, and noted the building sizes. Councilor Ruden suggested that the proposed hangar elevations should be included in the information forwarded to the City Council for review.

Airport user Alan Zanuzoski indicated that he had concerns that proposed lease term, including the five year extensions, was different than the existing leases at the airport. Specifically, those leases did not allow for extensions, and at the end of the existing leases the buildings were to be owned by the City. He noted that he believed that the new lease terms were not fair to existing lease holders. The Commission, Mr. Zanuzoski, and staff, spent significant time discussing the benefits of the proposed lease language for both the City and hangar lessees, and the need to determine what to do with current leases that didn't include those provisions. Several Commissioners recommended that Mr. Zanuzoski elevate his concerns to the City Council for consideration, and they noted that they did not want to prevent the proposed lease with Potcake Farms LLC from moving forward.

Chair Christensen asked for a motion regarding the proposal. A motion to recommend that City Council approve the lease with Potcake Farms LLC was made by Commissioner Hurl and seconded by Commissioner Peacock. Commissioner Berry proposed an amendment to the motion that would recommend that the City Council work with existing lease holders regarding potential revisions to their current lease terms. The motion, as amended, was approved by unanimous vote of the Commissioners present.

7. **Items from Staff:**

- A. **Airport Manager's Report:** Airport Manager Holly Nehls provided a brief report to the Commission, and noted that the runway project was progressing. She noted that they have been busy completing mowing, and that she was working with City staff regarding blackberry and weed removal. She noted a few noise complaints, and that she had been letting people know that the recent flight activity changes were due to the runway project and that those changes would be temporary.

Commissioner Hurl asked about jet activity at the airport. Holly noted that many of the same airport users were still using the airport, and that they were using smaller jets. She noted that the jet traffic was weather dependent, and that there were more jet diversions to other airports when the weather was bad.

Commissioner Hurl asked about fuel sales and the surcharge paid to the City. Holly noted that the surcharge is volume based, and that their contract with the City was developed knowing that the runway project would be occurring. She noted that guaranteed fuel sales in the contract did not start until 2018, after the runway project is completed.

- B. **Runway 4-22 Construction Update:** Rich Spofford noted that Holly covered the construction update, and that he did not have anything to add.

Mike Bisset thanked Holly for her work helping develop the new lease forms.

8. **Items from Commissioners:**

- Commissioner Benedict discussed request to raise the pattern at the airport by 200' to 1200' (1000' AGL), and noted that he felt the change would reduce airport noise and increase safety. Mike Bisset noted that staff and Konect had reviewed the request and concurred that the change should help with noise issues, particularly to the south. The change could be implemented by filing the appropriate paperwork with FAA, and the change could take up to 90 days to implement. There are no costs associated with the change. Mike noted staff was in support of the proposal.

Alan Zanuzoski clarified that the proposed change would be to raise the traffic pattern to 1000' above ground level (AGL).

Airport neighbor Susan Beachy spoke to her concerns regarding airport traffic to the south. She noted she felt that airport traffic was lower than the 500' required distance above ground level. Alan Zanuzoski clarified that the 500' requirement does not apply to taking off or landing.

Airport user Robert Maurice inquired if the proposed change would result in an enforceable altitude or a recommended altitude. Commissioner Benedict noted that the new altitude would become the published traffic pattern altitude for the airport.

Chair Christensen asked for a motion regarding the proposal. Commissioner Benedict made a motion to direct staff to move forward with implementing the change. The motion was seconded by Commissioner Peacock. The motion was approved by unanimous vote of the Commissioners present.

The meeting was adjourned at 7:56pm.

CITY OF MCMINNVILLE - CASH AND INVESTMENT BY FUND
April 2017

FUND #	FUND NAME	GENERAL OPERATING		
		CASH IN BANK	INVESTMENT	TOTAL
01	General	\$656,985.97	\$8,986,935.33	\$9,643,921.30
05	Special Assessment	674.08	150,618.82	151,292.90
07	Transient Lodging Tax	618.54	48,000.00	48,618.54
10	Telecommunications	792.04	1,030.00	1,822.04
15	Emergency Communications	904.39	66,094.81	66,999.20
20	Street (State Tax)	160.75	1,887,949.87	1,888,110.62
25	Airport Maintenance	262.98	300,749.03	301,012.01
40	Public Safety Facility Construction	70.03	2,805.24	2,875.27
45	Transportation	439.57	13,571,087.56	13,571,527.13
50	Park Development	688.81	1,285,174.56	1,285,863.37
58	Urban Renewal	337.83	1,779,511.44	1,779,849.27
59	Urban Renewal Debt Service	892.41	304,769.91	305,662.32
60	Debt Service	992.91	1,100,895.54	1,101,888.45
70	Building	748.27	899,000.00	899,748.27
75	Sewer	481.12	1,231,989.07	1,232,470.19
77	Sewer Capital	599.05	18,985,103.65	18,985,702.70
79	Ambulance	458.76	(210,164.72)	(209,705.96)
80	Information Systems & Services	319.08	190,713.61	191,032.69
85	Insurance Reserve	115.96	1,550,290.54	1,550,406.50
CITY TOTALS		666,542.55	52,132,554.26	52,799,096.81

MATURITY DATE	INSTITUTION	TYPE OF INVESTMENT	INTEREST	CASH VALUE
			RATE	
N/A	Key Bank of Oregon	Checking & Repurchase Sweep Account	0.15%	\$ 666,542.55
N/A	Key Bank of Oregon	Money Market Savings Account	0.02%	10,004,023.44
N/A	State of Oregon	Local Government Investment Pool (LGIP)	1.30%	26,730,835.28
N/A	State of Oregon	Park Improvement Bonds (LGIP)	1.30%	765,498.35
N/A	State of Oregon	Transportation Bond (LGIP)	1.30%	11,993,929.71
N/A	State of Oregon	Urban Renewal Loan Proceeds (LGIP)	1.30%	2,011,511.44
N/A	MassMutual Financial Group	Group Annuity	3.00%	626,756.04
				<u>\$ 52,799,096.81</u>