

# AIRPORT COMMISSION MEETING AGENDA

Tuesday, February 7, 2006  
\*\*\*\*City Hall, Conference Room D\*\*\*\*  
7:00 a.m.

- |       |              |   |
|-------|--------------|---|
| I.    | Information  | Open Meeting, Introductions - David Hamby, Chair  |
| II.   | Approval     | Review of January 3, 2005 Minutes   |
| III.  | Information  | Visitor Comments  |
| IV.   | New Business | Casa Jet transfer<br>Lowther hangar land lease extension/sublease to C.A.S.<br>Pacific Rim hangar land lease assumption<br>Corvallis Aero Service land lease addendum<br>AVIA Aviation land lease assumption<br>G & C Maintenance lease |
| V.    | Old Business | FAA NPIAS 5 year projects-Finance Comm. Report  |
| VI.   | Information  | Update on Industrial Park - Mysty   |
| VII.  | Information  | Update on Airport - Dan   |
| VIII. | Information  | Update on FBO's - FBO's   |
| VIII. | Information  | Update on City Council - Betty  |
| IX.   | Information  | Information sharing<br>• Monthly Financial Report   |

## COMMISSION MEMBERS

David Hamby - Chair  
Jim Moran - Vice Chair  
Todd Brown -  
Bill Gleaves  
Louise Parsons  
Tom Picht  
Marion Rose  
Lanny Zoeller  
Betty Griffiths - Council Liaison

## **Airport Commission Meeting Guidelines**

In order to ensure that Airport Commission meetings are run efficiently and effectively, the following guidelines have been adopted:

- A. Placards with Commission members' names will be placed on the meeting room tables and members grouped near the head of the table. This will allow visitors, consultants, and visiting Councilors, etc., to be aware of who the Commission members and support staff are.
- B. All members, visitors and others wishing to ask questions or participate in a discussion must raise their hand, be recognized by the chair (vice or acting chair) and called upon (in order) before participating.
- C. Visitors' comments at the beginning of the meeting:
  - 1. Visitors' comments will be taken from approximately 7:05 a.m. to 7:20 a.m. (15 minutes).
  - 2. Visitors' comments are limited to items which are **not** on the agenda.
  - 3. The members will decide what to do with the visitors' comments, i.e., request that staff research them, put them on the next month's agenda, thank him/her for their comment and take no action, etc.
  - 4. Visitors' comments will not be discussed at length during the meeting. Rather, a determination will be made as to how best to address the visitors' issue/comment.
- D. Visitors' discussion/participation on specific agenda items:
  - 1. The presenter (staff, consultant, Commission member, etc.,) will report on the agenda item.
  - 2. The presenter will then take questions first from Commission members and staff.
  - 3. Visitors may then make brief comments and/or ask specific questions of the presenter regarding the item.
  - 4. The chair (vice or acting chair) will decide (based upon time constraints, etc.,) when to end the visitor participation on agenda items.
  - 5. Commission members will then discuss the item with no further visitor participation.
  - 6. The members will then take action on the item.

**AIRPORT COMMISSION  
MINUTES  
January 3, 2006**

**Present**

David Hamby, Chair  
Jim Moran, Vice Chair  
Lanny Zoeller  
Bill Gleaves  
Marion Rose  
Louise Parsons  
Tom Picht

**Absent**

Todd Brown  
Betty Griffiths, Council Liaison

**Staff**

Jon Katin, Transportation Supervisor  
Dan Mason, Airport Coordinator

**Visitors**

Tyler Parsons, pilot, OPA  
Eric Dapp, pilot, airport tenant  
Mysty Rusk, EDP  
Craig Tate, Corvallis Aero Services  
Rod Lockrem, Honey B, LLC

**SUMMARY OF DISCUSSION**

Agenda Item	Information Only	Held for Further Review	Recommendations
I. Open Meeting, Introductions			
II. Review of November 1, 2005 Minutes			Approved
III. Visitor Comments	X		
IV. New Business • EP&T/Kattare Land Lease • FAA NPIAS 5 Year Projects		X	Approved
V. Old Business • Casa Jet Update	X		
VI. Update on Industrial Park	X		
VII. Update on Airport	X		
VIII. Update on FBOs	X		
IX. Update on City Council	N/A		
X. Information Sharing • Monthly financial report	X		

**CONTENT OF DISCUSSION**

**I. Open Meeting, Introductions**

Chair Hamby opened the meeting at 7:00 am. Staff and visitors were introduced.

## **II. Review of Minutes**

The November 1, 2005 minutes were approved.

## **III. Visitor Comments**

No visitor comments were received.

## **IV. New Business**

- **EP&T/Kattare Land Lease**

### **Background:**

There is a pending sale of the EP&T building at the end of SW Hout Street. EP&T has been the occupant of this building for the last fifteen years. Records show EP&T's land lease expired in 2001 but they have continued to occupy the land and pay rent and [all associated inflation](#) adjustments to it. The lease contains a clause stating that thirty days after termination of the lease, the City may retain the buildings or remove the buildings at the Lessee's expense. Kattare, a potential buyer, has emerged with interest in buying the buildings. Ms. Rusk recommended that the Commission approve the transfer of the land lease to Kattare. Another option is the City could take ownership of the buildings then lease them to Kattare.

### **Discussion:**

Airport Coordinator Dan Mason said staff submitted the proposed Kattare lease to the City Attorney's Office whereupon staff was told that the previous lease expired in 2001. In the case of an expired lease, after thirty days the buildings could become property of the City. Therefore, EP&T cannot sell the buildings because technically they are not the owners. Because real property is involved, the City Council will need to decide ownership. Staff requested from the Commission a recommendation for either the City to take ownership of the buildings or for the City to continue to consider the EP&T lease intact and current since 2001 to be forwarded to City Council.

**Commissioners Gleaves and Picht, respectively, moved and seconded that the Commission recommend to City Council that the EP&T lease, which expired in 2001, be considered valid.**

Follow-up discussion ensued. Commissioner Rose asked why the situation was not resolved when this issue first came to light several years ago. Ms. Rusk said it was her belief that there was a valid lease in place. Jon Katin said a search was done on all relevant Commission minutes and no references to an EP&T lease renewal request were found.

**The motion passed unanimously, with Commissioner Zoeller abstaining due to a conflict of interest.**

Another issue which has arisen from the EP&T lease is an option EP&T exercised which allowed for another .56 acres added to the leased parcel. This extended their property to

the right-of-way on the west side. Kattare asked for a reduction in leased property of nine or ten feet to the south and thirty-two feet to the west. This tract of land is currently being used by Venell Farms for farming grass seed. Staff concluded that 1.34 acres of this leased property is not being farmed and this property, identified as "Tract 7a" of Exhibit A, was deemed by staff to be an appropriate amount of land to be leased by Kattare. Because this is a 50-year lease, a clause was inserted into the land lease which states "Lessee agrees to assume lease of the property between the western edge of this lease and the right of way of the proposed northern extension of SW Plumley Street if and when that extension is made (approximately 0.14 acres)." Kattare has agreed to this language.

**Commissioners Gleaves and Moran, respectively, moved and seconded that the Commission recommend that Kattare's property be reduced as shown in Tract 7a of Exhibit "A" with the caveat that the previously leased land would be assumed by Kattare in the event of the SW Plumley Street extension.**

Discussion ensued regarding the motion. Chair Hamby said he was reluctant to endorse the request until Dan Mason told him about Venell Farms's farming of the unused land. Venell farms much of the unused land. Dan said there has never been platting of the land at the Corvallis Municipal Airport/Industrial Park. A number of parcels were drawn up in the 1960's which were never recorded with Benton County. The proposed right-of-way was included in the Airport Industrial Park Master Plan.

**The motion passed unanimously, with Commissioner Zoeller abstaining due to a conflict of interest.**

Another issue is the question of whether the Commission recommends continuing with the current lease or signing a new lease. Mysty Rusk said Kattare cannot acquire funds for the lease unless the City approves a fifty-year lease. The lease includes an escalation clause, which states there will be an annual increase and every five (5) years all properties will be appraised.

**Commissioners Gleaves and Parsons, respectively, moved and seconded that the Commission approve staff's recommendation of a fifty-year lease with Kattare. The lease will take effect February 6, 2006, pending City Council's approval. The motion passed unanimously, with Commissioner Zoeller abstaining due to a conflict of interest.**

Chair Hamby suggested staff devise a system to track current leases. Jon Katin said he and Dan Mason have reviewed all leases and expiration dates and will track them vigilantly.

Eric Dapp asked if future applicants will be able to apply for fifty-year leases. Jon Katin said the Urban Services Committee (USC) and City Council will [determine review](#) the policy issue in [conjunction with](#) after Kattare's lease is ~~decided~~.

- **FAA NPIAS 5 Year Projects**

The Commission was referred to a handout titled “NPIAS (National Plan of Integrated Airport Systems) 5 Year Capital Improvement Projects”. The FAA (Federal Aviation Administration) designates for the City \$150,000 per year in entitlement funds, which can be banked for up to four years for use at the airport for various projects. Any project must be deemed “necessary usage”. Facility infrastructure is not eligible for these funds. Staff anticipates banking 2006 funds and using them for a project in future years.

The Commission was asked to suggest projects that were or were not listed in the Airport Master Plan. Chair Hamby asked Commissioners to send project suggestions to Dan Mason as soon as possible. Marion Rose, Jim Moran and Dan Mason, who make up the Airport Commission Finance Subcommittee, agreed to conference and further discuss this matter. Commission Gleaves emphasized to the subcommittee that the corporate area where new hangars are being built is an area which should be strongly considered.

## **V. Old Business**

### **• Casa Jet Update**

Dan Mason said an aviation attorney from Rochester, NY, a self-proclaimed “#1 Casa Jet person in the country” has offered to pay the liens for AVIA Aviation and the City for storage of the Casa Jet covering the last two and one-half years. He would take possession of the jet, keep it in Corvallis until the summer, have his mechanic disassemble it, ship it back to New York and work with the registered owner to obtain a reconditioned title. Liens currently total just more than \$5,000. The City Attorney’s Office has been in contact with the attorney.

## **VI. Update on Industrial Park**

- Misty Rusk said there is a potential suitor for the Electroglass building. The building would require substantial retro-fitting.
- There are two ongoing projects being recruited. Project Mustang, a manufacturer which builds small trailers, is a multi-state project. Project Bio Fuel, a bio fuel facility, is a State of Oregon-only project.

## **VII. Update on Airport**

Dan Mason reported a new U.S. flag and a new State of Oregon flag in front of the main hangar are being purchased by the City. The flags are on order and expected to be delivered soon.

## **VIII. Update on FBO's**

Rod Lockrem said Honey B has been operating Corvallis Aero Service for approximately one year. Honey B considers the main hangar unsuitable for a maintenance facility. It was decided to build a new facility because upgrading the current one would be prohibitively expensive. The new facility is proposed to be an 8,000-10,000 square foot hangar with offices and classrooms attached. It is to be located to the west of the main hangar. The CH2M Hill hangar has been leased as a maintenance facility in the meantime.

Jerry Trimble, formerly of AVIA Aviation, is the new director of maintenance. Rick Brisby is also employed by Honey B. Ron Gustafson has left the FBO business, so Honey B purchased all of AVIA's assets, including, but not limited to, airplanes, helicopters, fuel trucks and fuel farms. The City will be asked to assign the lease of the area on which the fuel farm resides and AVIA's maintenance hangar occupies in the corporate hangar area. Honey B will not assume any property on which HTSI resides, nor did it purchase the modular buildings.

Dan Mason said moving the fuel farms for the proposed building has already been included in the Airport Master Plan and he would check with the FAA for possible funding. Commissioner Gleaves asked Mr. Lockrem to provide drawings of the proposal to the Commission. Mr. Lockrem agreed to provide the drawings.

## **IX. Update on City Council**

Councilor Griffiths was not present.

## **X. Information Sharing**

### **• Monthly Financial Report**

There was no discussion.

- Commissioner Gleaves said he believes that the City Council needs to be more informed about airport operations. It was his perception that Council knew very little about the airport's issues.

**The meeting was adjourned at 8:15 am.**

**NEXT MEETING: February 7, 2006, 7:00 am in City Hall Conference Room "D".**

## LEASE ADDENDUM

This Lease Addendum, dated this \_\_\_\_\_ day of \_\_\_\_\_, 2006, is to amend the land lease agreement dated March 10, 2003, by and between the City of Corvallis, an Oregon municipal corporation, hereinafter referred to as the City, and AVIA Aviation Services, Inc., hereinafter referred to as the Lessee.

### 1. PREMISES

The City, in consideration of the terms, covenants and agreements contained herein, does hereby remove from the lease to the Lessee the property as shown on Exhibit A and described in Exhibit B, located at the Corvallis Municipal Airport, located about three and one-half miles south of Corvallis, all in Benton County, Oregon.

### 2. RENT

In accordance with Section 20 of the original land lease, the original lease rate of \$0.16/sqft/year is increased to the lease rate of \$0.19/sqft/year plus the two CPI percentage rate increases which have been applied to the original lease rate (1.4% in 2004, 2.6% in 2005). A monthly total of **\$1937.35** will be due and payable on March 1, 2006 for the 2.7 acres described in Exhibits A-1 and B-1.

### 3. AGREEMENT

All other conditions and terms, written and agreed upon are as per the said lease dated March 10, 2003.

IN WITNESS WHEREOF, the parties hereto have executed this lease addendum on the date and year first written below:

DATED this \_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
Ron Gustafson, Owner  
AVIA AVIATION SERVICES, INC.

STATE OF OREGON    )  
                                  ) ss.  
COUNTY OF BENTON )

Personally appeared the above-named RON GUSTAFSON, who acknowledged he is the OWNER and he accepted the foregoing instrument on behalf of AVIA AVIATION SERVICES, INC. Before me this \_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
NOTARY PUBLIC FOR OREGON  
My Commission expires \_\_\_\_\_

ACCEPTED BY:  
CITY OF CORVALLIS, OREGON

STATE OF OREGON    )  
                                  ) ss.  
COUNTY OF BENTON )

\_\_\_\_\_  
Jon S. Nelson, City Manager

Personally appeared the above-named JON S. NELSON, who acknowledged he is the City Manager of

Corvallis and he accepted the foregoing instrument on behalf of the City of Corvallis by authority of its City Council. Before me this \_\_\_\_ day of \_\_\_\_\_, 2006.

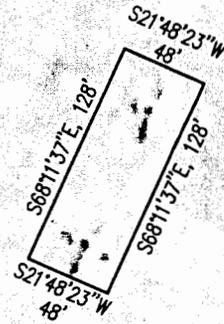
\_\_\_\_\_  
NOTARY PUBLIC FOR OREGON

My Commission expires \_\_\_\_\_

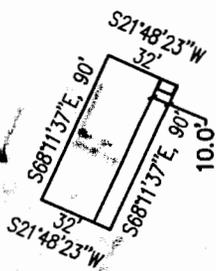
Approved as to form:

\_\_\_\_\_  
City Attorney

Ramp Area



Fuel Farm



FILE: X:\Divisions\Engineering\Capital Planning&Projects\Surveys\AIRPORT\LEASE\CAS fuel farm-ramp area.dwg

DESIGNED  
DRAWN CRB  
CHECKED  
DATE January 2006  
SCALE: 1" = 100'

CORVALLIS AERO SERVICE  
GROUND LEASE  
EXHIBIT "A"  
0.2 Acres

## Exhibit B

Corvallis Aero Service Land Lease for Ramp, Fuel Farm, and Card-lock Areas.

### **Ramp Area -**

Beginning at a point which is East 181.04 feet, South 1025.50 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21°48'23"W, 48.00 feet; thence S 68°11'37"E, 128.00 feet; thence N 21°48'23"E, 48.00 feet; N 68°11'37"W, 128.00 feet to the point of beginning. Containing 6144 square feet, more or less.

### **Together with Fuel Farm -**

Beginning at a point which is West 335.37 feet, South 643.43 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21°48'23"W, 32.00 feet; thence N 68°11'37"W, 90.00 feet; thence N 21°48'23"E, 32.00 feet; S 68°11'37"E, 90.00 feet to the point of beginning. Containing 2880 square feet, more or less.

### **Together with Card-lock Fuel Area -**

Beginning at a point which is West 335.37 feet, South 643.43 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21° 48' 23"W, 32.00 feet to the **point of beginning**; thence S 21° 48' 23" W, 10.00 feet; thence N 68° 11' 37" W 90.00 feet; thence N 21° 48' 23" E, 10.00 feet; thence S 68° 11' 37" E, 90.00 feet to the point of beginning. Containing 900 square feet, more or less.

SE Corner of the  
Alfred Rhinehart  
D.L.C. No 73

SOUTH  
765.69'

EAST  
560.72'

Taxiway B (North)  
N30°43'26"E  
172.06

S68°8'54"E  
168.74

Paved parking lot

47.37  
S20°40'53"W

S68°49'53"E  
208.79

Paved road

Beacon

N21°51'43"E  
150.00

Paved AC area

Paved AC area

405.00  
N68°8'17"W

275.21  
S21°51'43"W

Taxiway A (East)

SCALE



DESIGNED  
DRAWN wbd  
CHECKED  
DATE October 2002  
SCALE: as shown

# AVIA Ground Lease Exhibit A-1



## EXHIBIT B-1

### AVIA Ground Lease Legal For 2.70 Acres

Beginning at the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence East, 560.72 feet; thence South, 765.69 feet to the TRUE POINT OF BEGINNING; thence S 68°08'54"E, 168.74 feet; thence S 20°40'53"W, 47.37 feet; thence S 68°49'53"E, 208.79 feet; thence S 21°51'43"W, 275.21 feet; thence N 68°08'17"W, 405.00 feet; thence N 21°51'43"E, 150.00 feet; thence N 30°43'26"E, 172.06 feet to the true point of beginning. Containing 2.70 acres, more or less.

LEASE ADDENDUM

This Lease Addendum, dated this 9TH day of MARCH, 2005, is to amend the lease agreement dated March, 10, 2003, by and between the City of Corvallis, an Oregon municipal corporation, hereinafter referred to as the City, and AVIA Aviation Services, Inc., hereinafter referred to as the Lessee.

1. PREMISES

The City, in consideration of the terms, covenants and agreements contained herein, does hereby lease to the Lessee the property as shown on Exhibit A-3 and described in Exhibit B-3, located at the Corvallis Municipal Airport, located about three and one-half miles south of Corvallis, all in Benton County, Oregon. The land is to be used for a card-lock fueling facility and appurtenances associated with Lessee's fuel facility.

2. AGREEMENT

All other condition and terms, written and agreed upon are as per the said lease dated March 10, 2003.

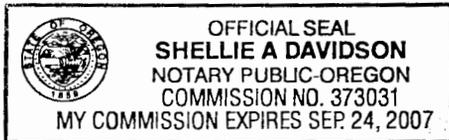
IN WITNESS WHEREOF, the parties hereto have executed this lease addendum on the date and year first written below:

DATED this 9th day of March, 2005.

[Signature]
Ron Gustafson, Owner
PRESIDENT
AVIA AVIATION SERVICES, INC.

STATE OF OREGON )
COUNTY OF BENTON ) ss.

Personally appeared the above-named RON GUSTAFSON, who acknowledged he is the OWNER and he accepted the foregoing instrument on behalf of AVIA AVIATION SERVICES, INC. Before me this 9th day of March, 2005.



[Signature]
NOTARY PUBLIC FOR OREGON
My Commission expires 9/24/07

ACCEPTED BY:
CITY OF CORVALLIS, OREGON

[Signature]
Jon S. Nelson, City Manager

STATE OF OREGON )
COUNTY OF BENTON ) ss.

Personally appeared the above-named JON S. NELSON, who acknowledged he is the City Manager of Corvallis and he accepted the foregoing instrument on behalf of the City of Corvallis by authority of its City Council. Before me this 11th day of March, 2005.



[Signature]
NOTARY PUBLIC FOR OREGON
My Commission expires 8-31-05

Approved as to form:

[Signature]
City Attorney

Ramp Area

Fuel Farm

← card-lock system - 0.02 acre

FILE: X:\...\Surveys\AIRPORT\LEASE\avia fuel farm-ramp area.dwg

DESIGNED
DRAWN wbd
CHECKED
DATE January 2005
SCALE: 1" = 100'

AVIA Ground Lease  
 Exhibit A-3  
 0.02 Acres



## Exhibit B-3

AVIA Ground Lease for card-lock fuel system - 0.02 acres

Beginning at a point which is West 335.37 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21° 48' 23"W, 32.00 feet to the point of beginning; thence S 21° 48' 23" W, 10.00 feet; thence N 68° 11' 37" W 90.00 feet; thence N 21° 48' 23" E, 10.00 feet; thence S 68° 11' 37" E, 90.00 feet to the point of beginning. Containing 900 square feet, more or less.

# SASO LAND LEASE AGREEMENT CORVALLIS AIRPORT

THIS LEASE, made this 10<sup>th</sup> day of **March, 2003**, is by and between the City of Corvallis, an Oregon municipal corporation, hereinafter referred to as the City, and **AVIA Aviation Services, Inc.**, hereinafter referred to as the Lessee.

## 1. PREMISES

The Corvallis Municipal Airport is owned and managed by the City of Corvallis and is operated as an Enterprise Fund, in that all fees, land lease and rent revenues are retained by the City for the exclusive operation of the Airport. The City, in consideration of the terms, covenants, and agreements contained herein, does hereby lease to the Lessee the following property located at the Corvallis Municipal Airport:

See Attached Exhibit "A"1,2 -site plans, Exhibit "B" 1,2 -legals.

## 2. TERM

The Lessee shall have the right to possession, use, and enjoyment of the leased property for a period of Thirty (30) years, beginning on **January 1, 2003** and ending **December 31, 2032**.

## 3. RENT

A. Rental Rate. Lessee shall pay in advance, a monthly rent payment by the first day of each month beginning **April 2003**, and continuing on the first day of each month thereafter during the term of this lease. The monthly rate for the above-described land shall be determined as follows: **\$ 0.16** per square foot = **\$20,261.76** as an annual base rate. Annual base rate/12 = **\$1,688.48** as a monthly rent payment. Rental payments are to be made payable to the City of Corvallis and are to be delivered in person or mailed to the City at the address given in Section 23 of this lease.

B. Late Charges. It is hereby agreed that if rent is unpaid after fifteen (15) days following the due date, the Lessee shall pay a late charge of \$1.00 per day computed to include the first day due and continuing until both rent and late charges are fully paid. Payments will be applied first to late charges, then to outstanding rent.

FOR COUNTY RECORDING ONLY:

AFTER RECORDING RETURN TO CITY OF CORVALLIS  
ENGINEERING DIVISION, CITY HALL, EXT 5057

C. Annual Adjustment. The rental rate shall be adjusted annually utilizing the January through December U.S. City Average Consumer Price Index, with adjustments made July 1 of each year commencing July 2003. The City shall give written notice to Lessee at least thirty (30) days in advance of the annual adjustment date.

D. Land Rental Rate Adjustment. Notwithstanding 3C above, at each 10 year lease anniversary date, the land lease rate will be adjusted based on 10% of the appraised market value of the parcel.

#### **4. USE OF THE PROPERTY**

A. Scope of Operation and Required Services. Lessee shall comply with the conditions of the airport rules and regulations, as identified in the Corvallis Airport Handbook - Rules, Regulations, Pilot Information and Building Standards (Airport Handbook), and the Minimum Standards for Commercial Aeronautical Activities (Minimum Standards), and by these references incorporated into and made a part of this lease. The Airport Handbook and Minimum Standards may be revised from time to time by the City.

B. Conformance with Laws. Lessee shall conform to all applicable laws and regulations, municipal, state, and federal, affecting the premises and the use thereof.

C. Nuisance. Lessee shall not use or permit the use or occupancy of the property for any illegal or immoral purposes, or commit or permit anything which may constitute a menace or hazard to the safety of persons using the property, or which would tend to create a nuisance, or that interferes with the safe operation of aircraft using the Corvallis Airport.

D. Hazardous Materials. Lessee shall not store or handle on the premises or discharge onto the property any hazardous wastes or toxic substances, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9675, and as further defined by state law and the City's Sewer Regulations, Municipal Code Chapter 4.03 as amended, except upon prior written notification to the City and in strict compliance with rules and regulations of the United States and the State of Oregon and in conformance with the provisions of this lease. Any violation of this section may, at the City's option, cause this lease to be immediately terminated in accordance with the provisions of Section 18 of this lease.

E. Roads. Lessee shall be entitled to reasonable use for its purposes of the roads and public ramp areas and taxiways now existing and serving the leased property. The City may locate and relocate roads as desirable to improve the Corvallis Municipal Airport so long as reasonable and adjacent access is provided to Lessee.

#### **5. WATER, SEWER, AND DRAINAGE SYSTEMS**

A. Water, Drainage, and Domestic Waste. The City agrees to provide the use and benefits of the public water, sewer, and drainage systems as they now exist or may be later modified. Conditions for the use of these systems shall be the same as the conditions and regulations applying within the corporate limits of the City of Corvallis, including any assessments or charges for any expansion or intensification of Lessee's use of the property.

**B. Utility Bills.** Water, sewer, and drainage charges shall be paid by the Lessee in addition to the basic monthly land lease and at the same rates applicable within the corporate limits of the City of Corvallis. The Lessee shall promptly pay all water, sewer, and drainage charges, and all other utility charges, for the premise as they come due.

**C. Prohibited Discharges.** Discharge of industrial waste, as that term is defined in the Sewer Use Ordinance, Ord. 83-3 as amended, into the sanitary sewer system, drainage system, surface ponds or ditches, or elsewhere is specifically prohibited, except as permitted by a valid Industrial Wastewater Discharge Permit in strict accordance with the Sewer Use Ordinance and applicable state and federal laws. Violation of any provisions contained in sections 27 through 39E of Ord. 83-3, as amended, as presently constituted or as amended hereafter, may cause this lease to be immediately terminated in accordance with the provisions of Section 18 of this lease.

**D. Discharge Response Procedures.** In the event of any discharge or spill of noxious or hazardous material into the environment, sewer system, or drainage system, Lessee shall immediately notify the Oregon Department of Environmental Quality and the City. The City and any appropriate state or federal agency shall have the right to inspect the premises immediately to determine if the discharge or spill constitutes a violation of any local, state, or federal laws, rules, or regulations. If a violation exists, the City shall notify the Lessee of the specific violations and Lessee shall immediately cease all activities and use of the property until the violations are remedied, all at the Lessee's sole cost and expense and without expense whatsoever to the City.

**E. South Corvallis Drainage Master Plan.** Lessee hereby agrees to comply with the requirements of the "South Corvallis Drainage Master Plan", approved by the City Council in February 1997. Future improvements within the Industrial Park or Airport in compliance with the approved drainage plan may include parcel assessments or charges. Conditions and regulations for any assessment or charges shall be similar to those conditions or regulations applying within the corporate limits of the City of Corvallis.

## **6. DEVELOPMENT STANDARDS**

This agreement is made subject to the terms and conditions as referenced in Chapter XIV Development and Building Standards of the Corvallis Airport Handbook. In addition, compliance with all Corvallis development regulations is required relative to the City's Land Development Code (LDC). Where not otherwise specified by the Airport Corvallis Airport Handbook, the City's zoning provisions shall apply. Enforcement of development provisions is the responsibility of the City's Development services Department and, where specified by the Corvallis Airport Master Plan, the Airport Design Review Committee.

## **7. ALTERATIONS, IMPROVEMENTS AND GENERAL MAINTENANCE**

**A. Right to Construct.** The Lessee, at its own expense may construct structural improvements on the leased property, subject to Lessee's compliance with all applicable city, county, and state laws and regulations and issuance of necessary building permits.

**B. Ownership of Improvements.** Any buildings constructed on the leased property during the term of this lease shall belong to the Lessee and may be removed by the Lessee at will. Lessee shall have the right to enter the premises during the thirty day period following termination of this lease to remove any of its property, including buildings or other improvements, on the leased premises. If, after thirty days after termination of the lease, any of said property remains

on the premises, the City may retain the property, or, at its option, remove the property at the Lessee's expense.

C. Sale of Improvements. City shall have the first right of refusal to purchase Lessee's improvements, if Lessee decides to sell the improvements.

D. Above Ground Fuel Tanks. Lessee shall have the right to maintain its own above ground fuel tank facility in accordance with the latest City, State, Federal Aviation Administration (FAA) or DEQ requirements for above ground fuel facilities. Lessee's above ground fuel facility shall provide for containment of any fuel spill, and shall be completely fenced. The security fence, containment structure and fuel tanks shall be installed and maintained at the Lessee's expense.

E. General Maintenance. During the entire term of this lease, and for any additional time that Lessee shall hold the Leased Premises, Lessee shall keep the premises, including improvements, in neat, sanitary, well-maintained condition.

No machinery, equipment, or property of any kind shall be stored or kept outside of the building; and any wrecked, permanently disabled, or otherwise unsightly aircraft shall not be kept unless housed within the hangar space.

Lessee shall permit no aircraft at any time to be left standing unattended or parked, even temporarily, upon any roadway/taxiway or access road within said airport, and the City shall have the right and privilege, at the expense of the Lessee, to remove from any public road or access road which approaches the airport or within the airport any such aircraft that Lessee or any of its tenants may leave standing or parked upon any such road or roadway/taxiway.

Lessee or any guest shall not park any vehicle outside the boundary of the leased premises herein described other than designated public parking areas. Any vehicle parked in violation of this section shall be moved at Lessee's expense by City.

## **8. ENTRY ON PROPERTY**

A. Right to Inspect. The City shall have the right to enter the property at any reasonable time or times to examine the condition of the premises or Lessee's compliance with the terms of this lease.

B. Access. The City retains the right to enter the leased premises at any reasonable time or times to repair or modify City utilities located upon the property or to conduct repairs or other work on the property.

## 9. ASSIGNMENT AND SUBLETTING

The Lessee shall not assign or sublease this lease without the prior written consent of the City; provided, however, that the City shall not unreasonably withhold such consent. Lessee shall have the right to sublet space within any building it may construct on the leased premises to others, subject to the following conditions:

- 1) No sublease shall relieve Lessee from primary liability for any of its obligations under this lease, and Lessee shall continue to remain primarily liable for payment of rent and for performance and observance of its other obligations and agreements under this lease.
- 2) Every sublease shall require the sublessee to comply with and observe all obligations of the Lessee under this lease, with the exception of the obligation to pay rent to the City.

## 10. LIENS

The Lessee shall promptly pay for any material and labor used to improve the leased property and shall keep the leased property free of any liens or encumbrances.

## 11. TAXES

The Lessee shall promptly pay all real and personal property taxes levied upon the leased premises during the tax year that they become due. Lessee shall not permit a lien for other than the current year's taxes to be placed on the leased property.

## 12. INSURANCE

A. Coverage Requirements. The Lessee shall purchase and maintain General Liability Insurance that provides at least premises and operations coverage. The limit of liability shall be no less than \$1,000,000 per occurrence with not less than a \$2,000,000 general aggregate. The policy shall name the City of Corvallis, its officers, agents, and employees as an additional insured.

B. Certificate of Insurance. At the time that this lease is signed, the Lessee shall provide to the City a certificate of insurance complying with the requirements of this section and indicating that insurer will provide the City with 30 days notice prior to cancellation. A current certificate shall be maintained at all times during the term of this lease.

## 13. HOLD HARMLESS

A. General. The Lessee shall at all times indemnify, protect, defend, and hold the City of Corvallis, its officers, agents, and employees harmless from any claims, demands, losses, actions, or expenses, including attorney's fees, to which the City may be subject by reason of any property damage or personal injury arising or alleged to arise from the acts or omissions of the Lessee, its agents, or its employees, or in connection with the use, occupancy, or condition of the property.

B. Environmental Protection. The Lessee shall be liable for, and shall hold the City harmless from, all costs, fines, assessments, and other liabilities arising from Lessee's use of the premises resulting in the need for environmental cleanup under state or federal environmental protection and liability laws, including, but not limited to, costs of investigation, remedial and removal actions, and post-cleanup monitoring arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9675, as presently constituted or hereafter amended.

#### **14. NONDISCRIMINATION**

The Lessee agrees that no person shall be excluded from participation in the use of the premises on the basis of race, color, creed, religion, sex, sexual preference, age, physical or mental disability, source of income, or national origin or shall otherwise be subjected to discrimination in the use of the premises.

#### **15. CONDITIONS ON PROPERTY BY THE UNITED STATES OF AMERICA**

This agreement is made subject to the terms and conditions and restrictions of transfer recorded in Book 121, Page 40 and Book 125, Page 239, deed records of Benton County, Oregon, as modified by the Instrument of Release recorded in Book 182, Page 238 of said deed records.

#### **16. WAIVER OF BREACH**

A waiver by the City of a breach of any term, covenant, or condition of this lease by the Lessee shall not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition of the lease.

#### **17. DEFAULT**

A. Declaration of Default. Except as otherwise provided in this lease, the City shall have the right to declare this lease terminated and to re-enter the property and take possession upon either of the following events:

- A. Rent and Other Payments. If the annual rent or any other payment obligation, including but not limited to property taxes and utility bills, remains unpaid for a period of 30 days after it is due; or
- B. Terminates SASO License. If Lessee fails to renew annual SASO license and/or does not comply with the requirements of the license within 30 days of written notice by the Lessor; or
- C. Other Obligations. If any other default is made in this lease and is not corrected after 30 days written notice to the Lessee. Where the default is of such nature that it cannot reasonably be remedied within the 30-day period, the Lessee shall not be deemed in default if the Lessee proceeds with reasonable diligence and good faith to effect correction of the default.

B. Court Action. It is understood that either party shall have the right to institute any proceeding at law or in equity against the other party for violating or threatening to violate any provision of this lease. Proceedings may be initiated against the violating party for a restraining injunction or for damages or for both. In no case shall a waiver by either party of the right to seek relief under this provision constitute a waiver of any other or further violation.

## **18. TERMINATION**

A. Immediate Termination. Where a specific violation of this lease gives the City the option to terminate this lease immediately, this lease shall be terminated upon written notification to the Lessee.

B. Termination Upon 30 Days Default. In the event of any other default under Section 17 of this lease, the lease may be terminated at the option of the City upon written notification to the Lessee.

C. Surrender Upon Termination. Upon termination or the expiration of the term of the lease, the Lessee will quit and surrender the property to the City in as good order and condition as it was at the time the Lessee first entered and took possession of the property under this or a prior lease, usual wear and damage by the elements excepted.

D. Restoration of Property. Upon termination or expiration of this lease or Lessee's vacating the premises for any reason, the Lessee shall, at its own expense, remove and properly dispose of all tanks, structures, and other facilities containing waste products, toxic, hazardous, or otherwise, which exist on the leased property or beneath its surface. Lessee shall comply with all applicable state and federal requirements regarding the safe removal and proper disposal of said facilities containing waste products. If the Lessee fails to comply or does not fully comply with this requirement, the Lessee agrees that the City may cause the waste products and facilities to be removed and properly disposed of, and further Lessee agrees to pay the cost thereof with interest at the legal rate from the date of expenditure.

E. Holding Over. No holding over upon expiration of this lease shall be construed as a renewal thereof. Any holding over by the Lessee after the expiration of the term of this lease or any extension thereof shall be as a tenant from month to month only and not otherwise.

## **19. NONEXCLUSIVE**

This lease agreement shall not be construed to give the Lessee an exclusive right to perform aeronautically associated service operation or activities at the Corvallis Municipal Airport, as contained in the airport minimum standards.

## **20. FUEL FLOWAGE FEE RECORDS**

Lessee covenants and agrees to remit monthly to the City the sum of 5 cents per gallon for all fuel used, pumped, transferred, consumed, or shared by the Lessee as additional rental herein: that books shall be kept by Lessee covering its operations: and the City, its authorized agents, and representatives shall have the right to examine books and records of Lessee at any reasonable time. That the information obtained by the City from those books and records, either directly or indirectly, shall be kept confidential and shall not be made public information. The City

may from time to time establish increased fuel flowage fees for all fuel used by Lessee on the airport. Any increases in the fuel flowage fee will be applied uniformly to all airport fuel operators in order to maintain parity for all fueling operations. Fuel flowage fees are due and payable to the City within 15 days after the end of each month. Lessee agrees that under this agreement, no aviation fuel will be provided to the general public for retail sale. If Lessee ceases to use the fuel facility, the City may require Lessee to renegotiate the compensation terms of this lease.

**21. RECORDING FEES**

The lease will be recorded with the Benton County Assessor's Office and the Lessee shall be responsible for paying all associated fees.

**22. ATTORNEY FEES**

If any suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover, in addition to damages and costs, such sum as the trial court or appellate court, as the case may be, may adjudge reasonable as attorney fees.

**23. NOTICE**

When any notice or anything in writing is required or permitted to be given under this lease, the notice shall be deemed given when actually delivered or 96 hours after deposited in United States mail, with proper postage affixed, directed to the following address:

City: City of Corvallis  
Public Works Department  
Attention: Airport Manager  
P.O. Box 1083  
Corvallis, Oregon 97339-1083

Lessee: AVIA Aviation Services, Inc.  
Corvallis Municipal Airport  
5671 SW Plumley Street  
Corvallis, Oregon 97333

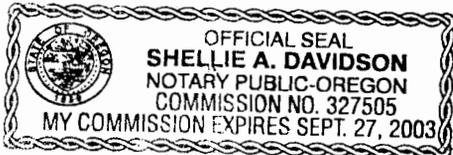
IN WITNESS WHEREOF, the parties hereto have executed this lease the date and year first written below.

DATED this 10 day of March, 2003.

Ron Gustafson  
Ron Gustafson, Owner  
AVIA AVIATION SERVICES, INC.

STATE OF OREGON )  
                          ) ss.  
COUNTY OF BENTON )

Personally appeared the above-named RON GUSTAFSON, who acknowledged he is the QWNER and he accepted the foregoing instrument on behalf of AVIA AVIATION SERVICES, INC. Before me this 10th day of March, 2003.



Shellie A. Davidson  
NOTARY PUBLIC FOR OREGON  
My Commission Expires 9/27/03

ACCEPTED BY:  
CITY OF CORVALLIS, OREGON

STATE OF OREGON )  
                          ) ss.  
County of Benton )

By: Jon S. Nelson  
JON S. NELSON, CITY MANAGER

Personally appeared the above-named JON S. NELSON, who acknowledged he is the City Manager of CORVALLIS and he accepted the foregoing instrument on behalf of the City of CORVALLIS by authority of its City Council. Before me this 28th day of January, 2003.



Emely A. Day  
NOTARY PUBLIC FOR OREGON  
My Commission Expires 08/31/05

Approved as to form

Janet B. 12/12/02  
City Attorney                      Date

SE Corner of the  
Alfred Rhinehart  
D.L.C. No 73

SOUTH  
HILOS  
69'99"

EAST  
560.72'

Taxiway B (North)  
N30°43'26"E  
172.08

S68°8'54"E  
168.74

Paved parking lot

47.37  
S20°40'53"W

S68°49'53"E  
208.79

Paved road

N21°51'43"E  
150.00

Paved AC area

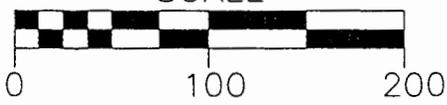
Paved AC area

405.00  
N68°8'17"W

275.21  
S27°51'43"W

Beacon

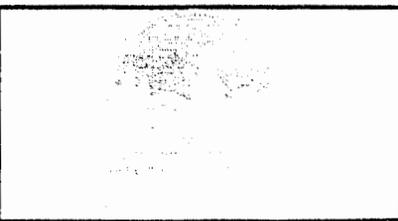
SCALE



Taxiway A (East)

DESIGNED  
DRAWN wbd  
CHECKED  
DATE October 2002  
SCALE: as shown

# AVIA Ground Lease Exhibit A-1



## EXHIBIT B-1

### AVIA Ground Lease Legal For 2.70 Acres

Beginning at the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence East, 560.72 feet; thence South, 765.69 feet to the TRUE POINT OF BEGINNING; thence S 68°08'54"E, 168.74 feet; thence S 20°40'53"W, 47.37 feet; thence S 68°49'53"E, 208.79 feet; thence S 21°51'43"W, 275.21 feet; thence N 68°08'17"W, 405.00 feet; thence N 21°51'43"E, 150.00 feet; thence N 30°43'26"E, 172.06 feet to the true point of beginning. Containing 2.70 acres, more or less.



DESIGNED  
DRAWN wbd  
CHECKED  
DATE October 2002  
SCALE: NONE

AVIA Ground Lease  
Exhibit A-2  
0.2 Acres



## Exhibit B-2

### AVIA Ground Lease for Ramp and Fuel Farm

#### Ramp Area -

Beginning at a point which is East 181.04 feet, South 1025.50 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21°48'23"W, 48.00 feet; thence S 68°11'37"E, 128.00 feet; thence N 21°48'23"E, 48.00 feet; N 68°11'37"W, 128.00 feet to the point of beginning. Containing 6144 square feet, more or less.

#### Fuel Farm -

Beginning at a point which is West 335.37 feet, South 643.43 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21°48'23"W, 32.00 feet; thence N 68°11'37"W, 90.00 feet; thence N 21°48'23"E, 32.00 feet; S 68°11'37"E, 90.00 feet to the point of beginning. Containing 2880 square feet, more or less.

## MEMORANDUM

TO: Airport Commission

FROM: Dan Mason, Airport Coordinator

DATE: February 7, 2006

SUBJECT: CASA JET TRANSFER TO PRIVATE PARTY

### Issue

Mr. Karl W. Kunze, an attorney from Rochester, New York has sent a proposal to the City of Corvallis to pay off the outstanding liens on the CASA jet, and take possession of the aircraft. His proposal states he will attempt to obtain a legal title on the aircraft from the previous owner, and will continue to lease the t-hangar it is currently occupying for a period of approximately six months until he can remove it. He will give the City a letter indemnifying them and taking full responsibility for the aircraft.

### Discussion

The "CASA Jet", N620HA has been left at the Corvallis Municipal Airport for many years. It has been floating around in tie-downs and t-hangars and is has been in a City t-hangar since April, 2003. The registered owner, Shepard Aircraft Corporation, President Jim Sullivan, once operated out of the Corvallis Airport back in the early 90's, but went out of business around 1991. The previous airport manager, Buck Taylor sent three letters to Mr. Sullivan from March, 2000 to April, 2003, attempting to contact him to dispose of the aircraft. That last letter, a certified letter, was signed for by Mr. Sullivan in Modesto, California, and stated that if he did not contact the City within 15 days the City would take possession of the aircraft for the accrued storage, tie-down, hangar fees and administrative costs. Mr. Sullivan has never contacted the City.

Mr. Karl Kunze contacted the City on December 8, 2005 with his proposal to pay off the liens, take physical possession of the aircraft, indemnify the City of Corvallis, and attempt to contact

Mr. Sullivan and obtain a clear title to the aircraft. The City has been unable to dispose of the aircraft and staff would appreciate Mr. Kunze relieving the Corvallis Municipal Airport of this problem.

Recommendation

Staff recommends that the Airport Commission recommend the City Council approve the proposed disposition of the Casa Jet.

Review and Concur:

---

Jon S. Nelson  
City Manager

Attachment

**KUNZE & KUNZE, PLLC**  
ATTORNEYS AT LAW

KARL W. KUNZE\*  
KAAREN A. KUNZE\*\*

DON B. IWANICKI  
OF COUNSEL

\*ALSO ADMITTED IN CALIFORNIA  
AND THE DISTRICT OF COLUMBIA

\*\*ALSO ADMITTED IN OREGON AND ILLINOIS

THE POWERS BUILDING  
16 WEST MAIN STREET • SUITE 204  
ROCHESTER, NEW YORK 14614-1601

TEL: (585) 262-2120  
FAX: (585) 262-2625  
(NOT FOR SERVICE)

GENESEE COUNTY OFFICE  
43 JACKSON STREET  
P.O. BOX 604  
BATAVIA, NEW YORK 14021-0604  
(585) 343-4577

December 8, 2005

Mr. Dan Mason  
City of Corvallis  
Public Works  
P. O. Box 1083  
Corvallis, OR 97339-1083

**RE: Casa Jet, N620HA**

Dear Mr. Mason:

It was a pleasure speaking with you today regarding the old Casa Jet that you have stored at your airport. I understand the aircraft is currently registered to Shepard Aircraft Corporation.

I understand that the City as well as Avia Aviation both have informal lien claims against the aircraft. I am interested in taking possession of the aircraft, as I understand that you and the Avia cannot sell the aircraft since you do not hold title.

My proposal would be as follows: I would pay the City lien claim for the hangar space to date. I would also pay to keep the aircraft stored in the hangar for the next six months. At the same time I would also pay off the lien claim by Avia Aviation and I intend to speak with their owner shortly. On payment of the lien claims I would keep the aircraft in the T-Hangar at your airport until I could arrange to have my truck and mechanic come and pick it up. I would then take physical possession of the aircraft and return it to my home.

Thereafter, I would attempt to obtain legal title to the aircraft from Shepard Aircraft Corporation. I clearly understand that taking possession of the aircraft would in no way indicate that the City or Avia Aviation has sold the aircraft to me, simply that I have paid their lien claims and assumed possession of the aircraft. I will then deal with Shepard Aircraft Corporation and Mr. James Sullivan to obtain clean title.

Mr. Dan Mason  
December 8, 2005  
Page 2

I would like to speak with you and/or the City Attorney in this matter as soon as possible. I would also appreciate receiving an invoice faxed to my office indicating what the current City lien claim is for T-Hangar storage.

Very truly yours,

A handwritten signature in black ink, appearing to read "Karl W. Kunze". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Karl W. Kunze

KWK/db



CITY OF CORVALLIS  
501 SW MADISON  
P.O. BOX 1083 ID #93-6002145  
CORVALLIS, OR 97339-1083

(541) 766-6941

TO: KARL KUNZE  
16 W. MAIN #204  
ROCHESTER, NY 14614

INVOICE NO: 48472  
DATE: 12/29/05

CUSTOMER NO: 8622/271993

TYPE: 5B - PW: AIRPORT/T-HANGARS

QUANTITY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
1.00	T-HANGAR RENT (#01-#30) Jet storage fee: April 1, 2003 thru June 30, 2004 at \$106.00 per month. July 1, 2004 thru December 31, 2005 at \$109.00 per month.	3,443.00	3,443.00

PLEASE RETURN BOTTOM STUB WITH YOUR PAYMENT TO  
INSURE PROPER POSTING TO YOUR ACCOUNT. THANK YOU.

TOTAL DUE: \$3,443.00

PLEASE DETACH AND SEND THIS COPY WITH REMITTANCE

DATE: 12/29/05 DUE DATE: 1/30/06  
CUSTOMER NO: 8622/271993

NAME: KUNZE, KARL  
TYPE: 5B - PW: AIRPORT/T-HANGARS

REMIT AND MAKE CHECK PAYABLE TO:  
CITY OF CORVALLIS  
P.O. BOX 1083  
ATTN: FINANCE - ACCOUNTS RECEIVABLE  
CORVALLIS OR 97339-1083

(541) 766-6941

INVOICE NO: 48472  
TERMS: NET 30 DAYS

AMOUNT: \$3,443.00

## MEMORANDUM

TO: Airport Commission

FROM: Dan Mason, Airport Coordinator

DATE: February 7, 2006

SUBJECT: Corvallis Aero Service purchase of AVIA Aviation assets and hangar.

### Issue

Honey B. LLC dba Corvallis Aero Service, a Fixed Base Operator (FBO) at the Corvallis Municipal Airport, has purchased most of the business assets of the only other FBO, AVIA Aviation Services. AVIA will no longer be an FBO and is discontinuing use of the AVIA Aviation Services name and will use the business name of Pacific Rim Aviation, LLC. Corvallis Aero Service has also purchased from Pacific Rim Aviation, the corporate hangar at 5556 SW Plumley Place and wants to assume the land lease for that hangar. They have also requested an addendum to their current land lease to include the ramp, fuel farm and cardlock self-service fuel areas that AVIA had been leasing. AVIA Aviation Services has requested an addendum to their current land lease to remove those areas and then assignment of their land lease to Pacific Rim Aviation, LLC.

### Discussion

Honey B. LLC dba Corvallis Aero Service took over the Fixed Base Operation in the Main Hangar (5695 Airport Place) at the Corvallis Municipal Airport in February, 2005. Since then they have renovated the office, pilot lounge and classroom spaces, have expanded their flight training operations, cleaned-out and sublet portions of the hangar, and are in the process of establishing an FAA 141 class and self-service fueling. They have just concluded an agreement with AVIA Aviation Services, Inc., and Pacific Rim Aviation, LLC. (both owned by Ron Gustafson) to purchase most of the assets of AVIA Aviation and the corporate hangar(5556 SW Plumley Place) AVIA used for aircraft maintenance which was owned by Pacific Rim Aviation. AVIA Aviation will no longer be an FBO.

This report and attached lease addendums and assignments are to update the Corvallis Aero Service, AVIA Aviation Service and Pacific Rim Aviation leases.

Corvallis Aero Service requests the City of Corvallis consent for their assumption of the Pacific Rim Aviation's land lease dated on the corporate hangar at 5556 SW Plumley Place.

AVIA Aviation Service requests that the five ramp tie-down spaces, fuel farm and card-lock area they had leased from the City, be removed from their land lease and be added to Corvallis Aero

Services land lease with the City's consent. The addendum to the AVIA land lease also shows an increase in the lease rate from \$0.16/sqft/year to \$0.19/sqft/year plus CPI increases. The reduced was applied to the original lease to offset the fuel flowage fees that were also being paid by AVIA Aviation. Since AVIA Aviation has ceased fuel sales and sold the fuel farm to Corvallis Aero Services, Section 20 of the original lease authorizes renegotiation of that rate.

AVIA Aviation Services requests the City consent to their assignment of their SASO land lease to Pacific Rim Aviation.

### Recommendation

Staff recommends that the Airport Commission recommends to the Urban Services Committee to recommend City Council approve the Assumption of Lease and Consent to Assign for Corvallis Aero Service, the Lease Addendum for AVIA Aviation Services removing the ramp, fuel farm and card-lock fuel areas from their land lease, the Lease Addendum for Corvallis Aero Services to add those areas to their land lease, and the assignment of AVIA Aviation Services land lease to Pacific Rim Aviation.

Review and Concur:

---

Jon S. Nelson  
City Manager

Attachment

## ASSUMPTION OF LEASE AND CONSENT TO ASSIGN

Honey B. LLC dba Corvallis Aero Service, Assignee of all the right, title and interest in the leasehold estate described in the attached Exhibits A, B, C and D, hereby assumes all rights and obligations of the Assignor, Pacific Rim Aviation, LLC under the September 5, 2002 land lease and subsequent 2004 lease addendum with the City of Corvallis; and further agrees to abide by all terms and conditions of the lease, including payment of rent, and to indemnify and hold harmless Pacific Rim Aviation, LLC from any liability under such lease.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2006

HONEY B, LLC. dba Corvallis Aero Service

By: \_\_\_\_\_  
Mark Perry, Owner  
HONEY B, LLC.

The City of Corvallis, as Lessor under the above-described lease, consents the assignment by Pacific Rim Aviation, LLC, Assignor, to Honey B, LLC dba Corvallis Aero Service, Assignee, of all of Assignor's right, title and interest in the September 5, 2002 lease and subsequent 2004 lease addendum of the property described in Exhibits A, B, C, and D; and the City accepts Honey B, LLC. dba Corvallis Aero Service as Lessee under that lease.

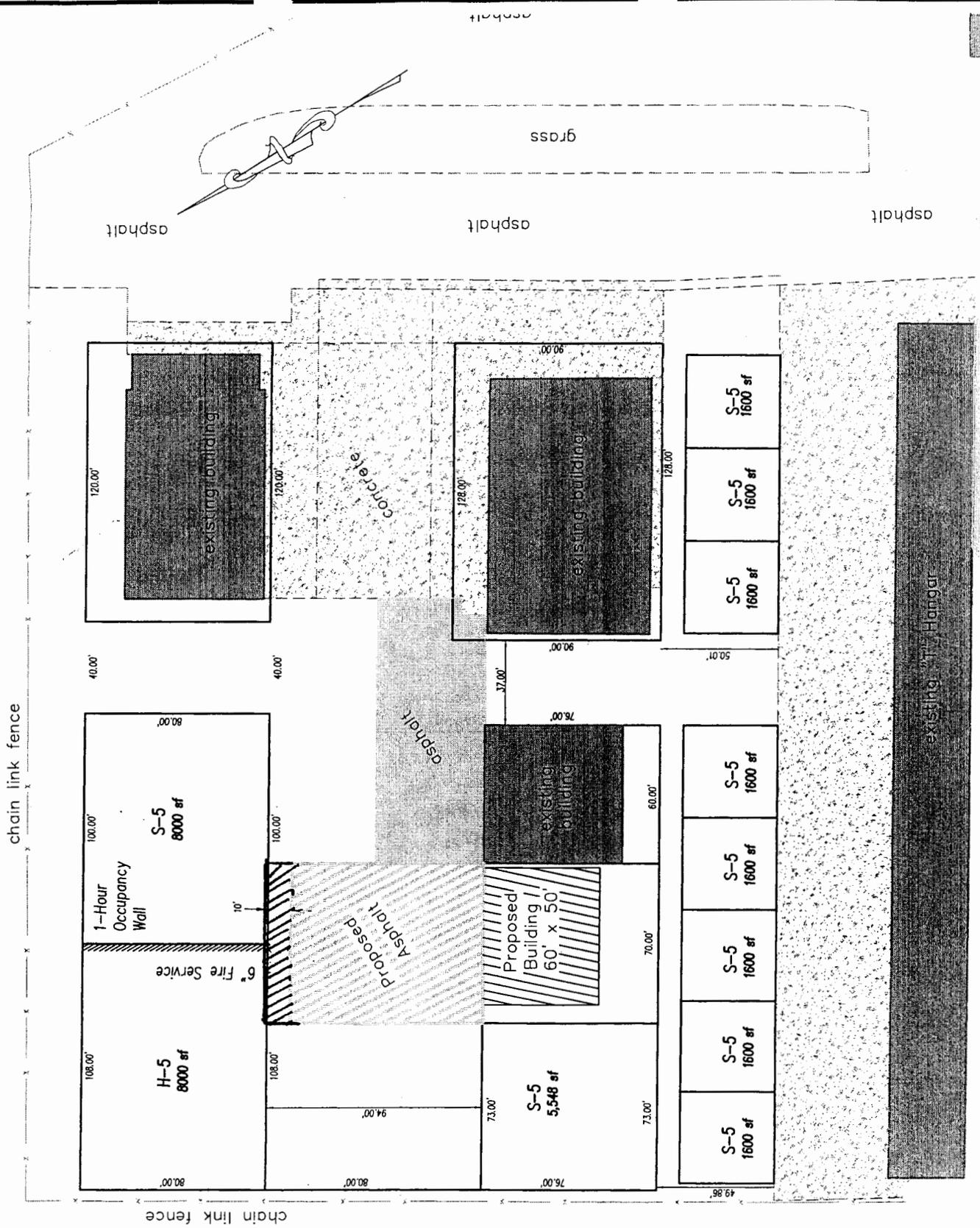
DATED this \_\_\_\_ day of \_\_\_\_\_, 2006

CITY OF CORVALLIS

By: \_\_\_\_\_  
Jon S. Nelson, City Manager

Approved As to Form

\_\_\_\_\_  
City Attorney



ACAD File: N:\AIRPORT\LEASE\corporate control\corporate control.dwg

DESIGNED
DRAWN wbd
CHECKED
DATE July 2002
SCALE: 1"=60' (8 1/2 x 11)

# Pacific Rim Aviation Corporate Hangar

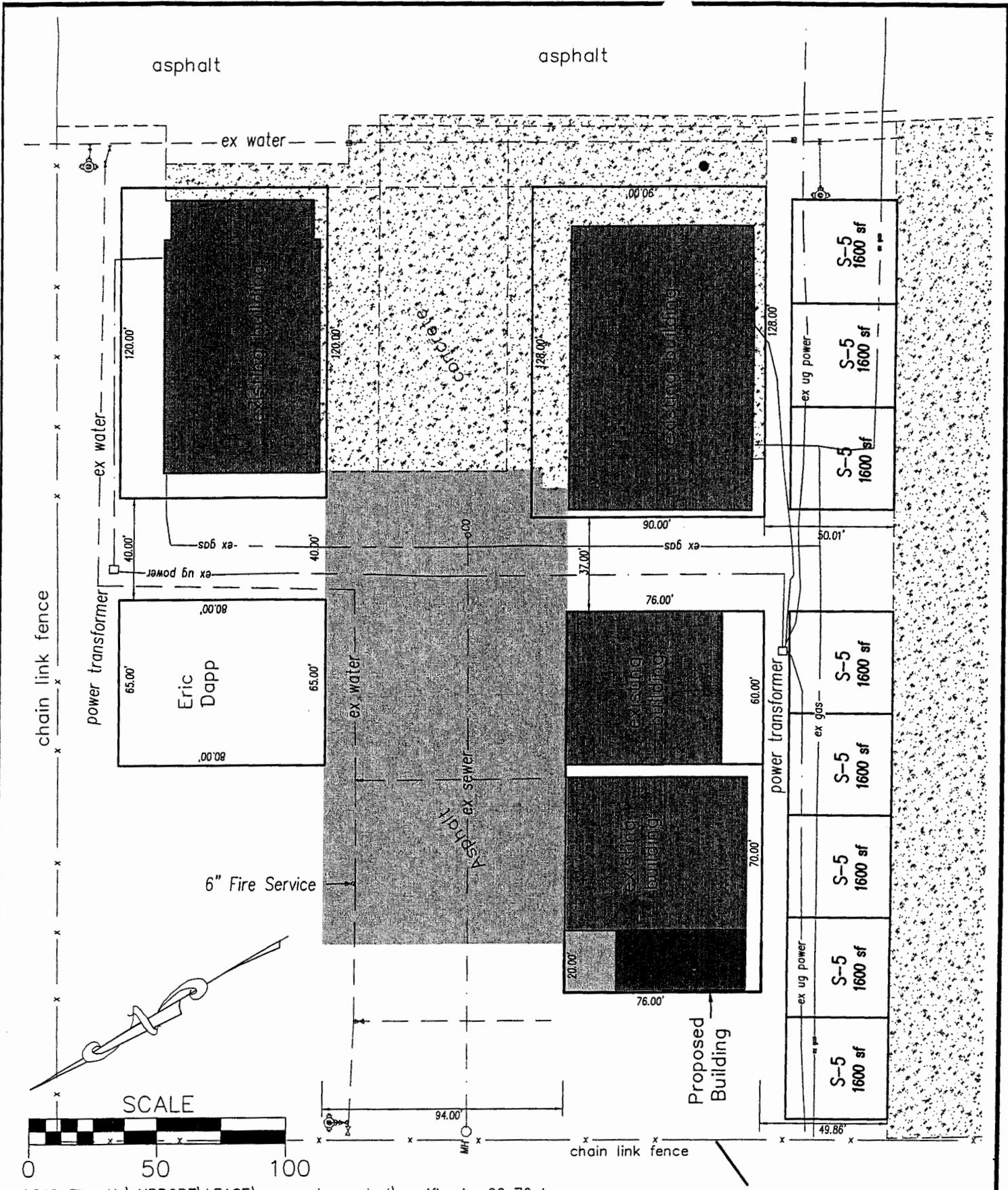
## EXHIBIT A



## EXHIBIT B

Pacific Rim Corporate Hangar  
70 x 76 Parcel Site #1

Beginning at a point that is South, 202.43 feet and East, 811.58 feet from the southeast corner of the Alfred Rhinehart D.L.C. No. 73, in Section 27 of Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence N 59°10'44"W, 225.00 feet to the TRUE POINT OF BEGINNING; thence N 30°49'16"E, 76.00 feet; thence N 59°10'44"W, 70.00 feet; thence S 30°49'16"W, 76.00; thence S 59°10'44"E, 70.00 feet to the TRUE POINT OF BEGINNING. Containing 5,320 square feet, more or less.



ACAD File: N:\AIRPORT\LEASE\corporate control\pacific rim 20x76.dwg

DESIGNED
DRAWN wbd
CHECKED
DATE June 2004
SCALE: as shown

Pacific Rim  
 20' x 76' Lease Parcel  
**EXHIBIT C**



**EXHIBIT D**

Pacific Rim Corporate Hangar Addition  
20' x 76'

Beginning at a point that is South, 202.43 feet and East, 811.58 feet from the southeast corner of the Alfred Rhinehart D.L.C. No. 73, in Section 27 of Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence N 59°10'44"W, 295.00 feet to the TRUE POINT OF BEGINNING; thence N 30°49'16"E, 76.00 feet; thence N 59°10'44"W, 20.00 feet; thence S 30°49'16"W, 76.00; thence S 59°10'44"E, 20.00 feet to the TRUE POINT OF BEGINNING. Containing 1,520 square feet, more or less.

# LEASE ADDENDUM

THIS ADDENDUM, is to that lease agreement dated September 5, 2002, between the **City of Corvallis**, an Oregon municipal corporation, hereinafter referred to as Lessor, and **Pacific Rim Aviation, LLC**, hereinafter referred to as Lessee. This addendum shall not change the terms or conditions of the September 5, 2002 lease agreement, except as specifically provided herein.

## 1. PREMISES

The Lessor, in consideration of Lessee's request, terms covenants, and agreements does hereby agree to modify the original lease parcel and lease to Lessee that additional property described in Exhibit "C" and "D" attached.

## 2. INCORPORATION OF TERMS AND CONDITIONS

If this addendum is silent on a term or condition, the lease of this property described in Exhibit "C" shall be subject to the terms and conditions of the September 5, 2002 lease agreement, as they have been adjusted or amended as of the date of execution of this addendum.

## 3. RENT

For the use and possession of the property described in Exhibit "C", Lessee shall pay the current land rental rate paid for the property shown in Exhibit "A" of the underlying lease dated September 5, 2002 as that rate has been re-evaluated effective June 1, 2004 in accordance with the terms and conditions of the original lease agreement dated September 5, 2002. The additional lease amount is \$295.04. A total of **\$1,327.68** will be due and payable on September 1, 2004 that includes the original lease and the addendum lease.

## 4. CONSTRUCTION OF TAXI-LANE

As required in the original lease dated September 5, 2002, the Lessee has constructed the full width of the taxi-lane as described in Chapter XIV. Section B2c of the Corvallis Municipal Airport Handbook. The Lessee is to be reimbursed the cost of one half (1/2) of the total cost of the required full width taxi-lane as described in Section B2c. The future developer/tenant of the hangar site opposite of this leased site is to pay Pacific Rim Aviation/ Mr. Ron Gustafson the total sum of **\$10,694.02** plus interest based on the total CPI index as per the Airport Land Leases, from date of original construction to the date of the new land lease.

It is further agreed by both parties that the obligation of paving the additional 20' of taxi-lane for this amended lease agreement shall be waived until such time there is construction on the opposite (north) side of the taxi-lane. The Lessee then agrees to pay for the cost associated with the 20' frontage to the center of the additional taxi-lane.

## 5. ORIGINAL LEASE AGREEMENT

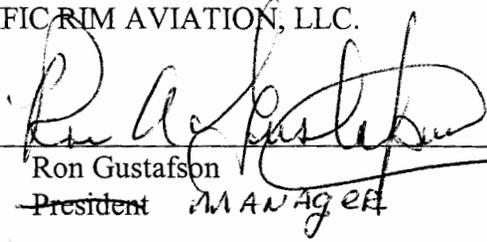
All other terms and conditions of the existing lease between Lessor and Lessee shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this lease amendment effective \_\_\_\_\_, 2004.

CITY OF CORVALLIS

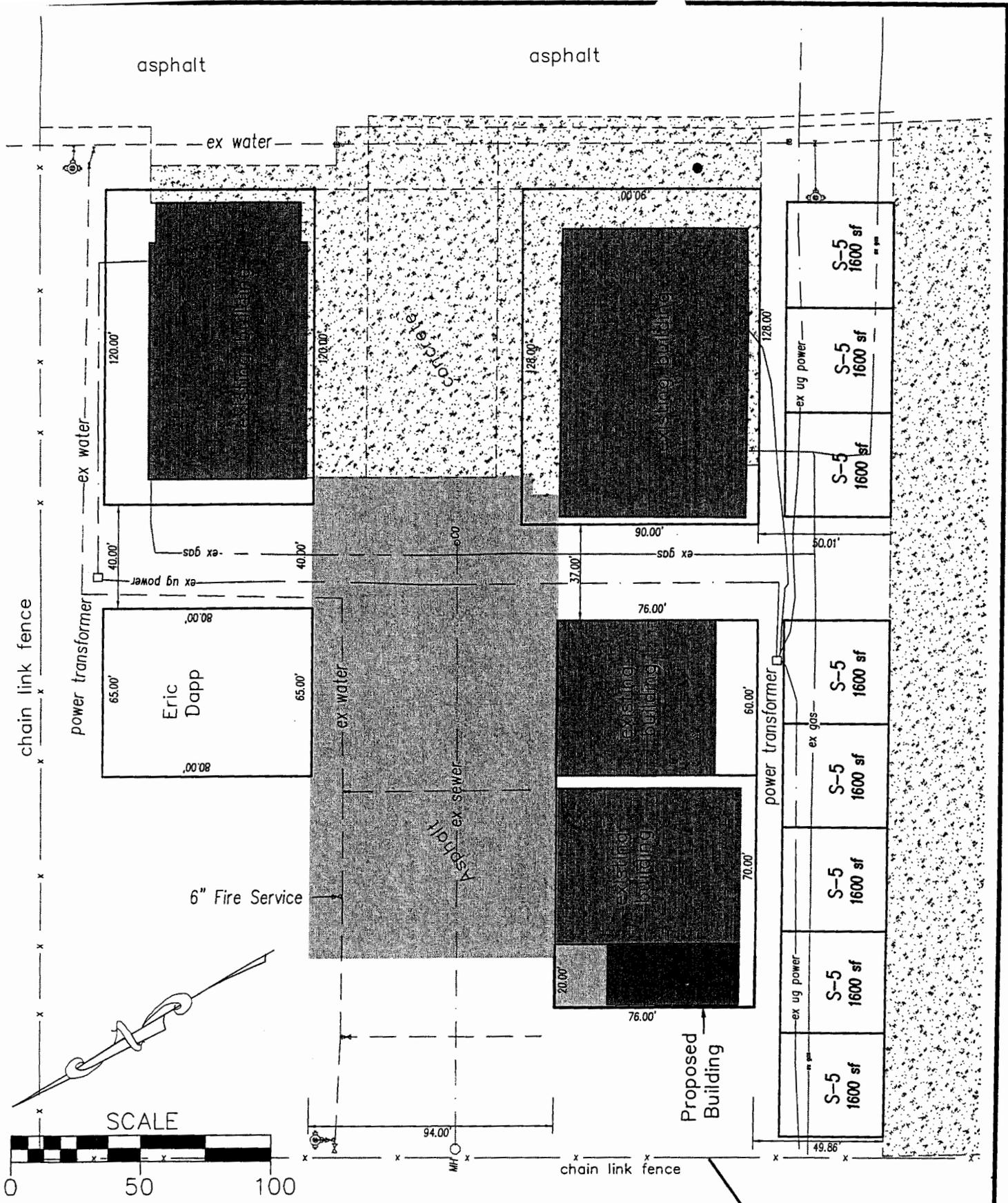
By:   
City Manager

PACIFIC RIM AVIATION, LLC.

By:   
Ron Gustafson  
~~President~~ MANAGER

Approved as to form:

  
City Attorney



ACAD File: N:\AIRPORT\LEASE\corporate control\pacific rim 20x76.dwg

DESIGNED
DRAWN wbd
CHECKED
DATE June 2004
SCALE: as shown

Pacific Rim  
20' x 76' Lease Parcel  
**EXHIBIT C**

**CORVALLIS**  
SURVEY OFFICE  
ENHANCING COMMUNITY LIVABILITY

## EXHIBIT D

Pacific Rim Corporate Hangar Addition  
20' x 76'

Beginning at a point that is South, 202.43 feet and East, 811.58 feet from the southeast corner of the Alfred Rhinehart D.L.C. No. 73, in Section 27 of Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence N 59°10'44"W, 295.00 feet to the TRUE POINT OF BEGINNING; thence N 30°49'16"E, 76.00 feet; thence N 59°10'44"W, 20.00 feet; thence S 30°49'16"W, 76.00; thence S 59°10'44"E, 20.00 feet to the TRUE POINT OF BEGINNING. Containing 1,520 square feet, more or less.

# LAND LEASE AGREEMENT CORVALLIS AIRPORT

THIS LEASE, made this 5<sup>th</sup> day of **September, 2002**, is by and between the City of Corvallis, an Oregon municipal corporation, hereinafter referred to as the City, and Pacific Rim Aviation LLC, Ron Gustafson, owner, hereinafter referred to as the Lessee.

## 1. PREMISES

The Corvallis Municipal Airport is owned and managed by the City of Corvallis and is operated as an Enterprise Fund, in that all fees, land lease and rent revenues are retained by the City for the exclusive operation of the Airport. The City, in consideration of the terms, covenants, and agreements contained herein, does hereby lease to the Lessee the following property located at the Corvallis Municipal Airport:

See Attached Exhibit "A" site plan and Exhibit "B" legal.

## 2. TERM

The Lessee shall have the right to the possession, use, and enjoyment of the leased property for a period of Twenty (20) years, beginning on **September 5, 2002** and ending August 31, 2022. The term of this lease may be extended for two additional ten-year periods provided Lessee notifies the City in writing at least sixty (60) days prior to the termination date of this lease.

## 3. RENT

A. Rental Rate. Lessee shall pay in advance, an annual rent payment by the first of the month beginning **September 5, 2002**, and continuing on the first day of each September thereafter during the term of this lease. The annual rate for the above-described land shall be determined as follows: **\$ 0.19** per square foot = **\$1,010.80** as an annual base rate. Rental payments are to be made payable to the City of Corvallis and are to be delivered in person or mailed to the City at the address given in Section 20 of this lease.

B. Late Charges. It is hereby agreed that if rent is unpaid after fifteen (15) days following the due date, the Lessee shall pay a late charge of \$1.00 per day computed to include the first day due and continuing until both rent and late charges are fully paid. Payments will be applied first to late charges, then to outstanding rent.

C. Annual Adjustment. The rental rate shall be adjusted annually utilizing the January through December U.S. City Average Consumer Price Index, with adjustments made July 1 following the publication of the annual index, commencing July 2003. The City shall give written notice to Lessee at least thirty (30) days in advance of the annual adjustment date.

D. Land Rental Rate Adjustment. Notwithstanding 3C above, at each 10 year lease anniversary date, the land lease rate will be adjusted based on 10% of the appraised market value of the parcel.

E. Extended Term. If this lease is extended as provided in Section 2 of this lease, the rental rate shall continue to be adjusted annually on the basis described in Section 3C & D above.

✓ Lease Agreement /rev CVO702: City / Pacific Rim  
After Recording Return to:  
City Hall Engineering - Dianne ext 5057

#### **4. USE OF THE PROPERTY**

A. Scope of Operation. Lessee shall comply with the conditions of the airport rules and regulations, as identified in the Corvallis Airport Handbook - Rules, Regulations, Pilot Information and Building Standards (Airport Handbook), and by this reference incorporated into and made a part of this lease. The Airport Handbook may be revised from time to time by the City.

B. Conformance with Laws. Lessee shall conform to all applicable laws and regulations, municipal, state, and federal, affecting the premises and the use thereof.

C. Nuisance. Lessee shall not use or permit the use or occupancy of the property for any illegal or immoral purposes, or commit or permit anything which may constitute a menace or hazard to the safety of persons using the property, or which would tend to create a nuisance, or that interferes with the safe operation of aircraft using the Corvallis Airport.

D. Hazardous Materials. Lessee shall not store or handle on the premises or discharge onto the property any hazardous wastes or toxic substances, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9675, and as further defined by state law and the City's Sewer Regulations, Municipal Code Chapter 4.03 as amended, except upon prior written notification to the City and in strict compliance with rules and regulations of the United States and the State of Oregon and in conformance with the provisions of this lease. Any violation of this section may, at the City's option, cause this lease to be immediately terminated in accordance with the provisions of Section 18 of this lease.

E. Roads. Lessee shall be entitled to reasonable use for its purposes of the roads and taxiways now existing and serving the leased property. The City may locate and relocate roads as desirable to improve the Corvallis Municipal Airport so long as reasonable and adjacent access is provided to Lessee.

#### **5. WATER, WASTEWATER, AND STORM WATER SYSTEMS**

A. Water, Drainage, and Domestic Waste. The City agrees to provide the use and benefits of the public water, wastewater, and storm water systems as they now exist or may be later modified. Conditions for the use of these systems shall be the same as the conditions and regulations applying within the corporate limits of the City of Corvallis, including any assessments or charges for any expansion or intensification of Lessee's use of the property.

B. Utility Bills. Water, wastewater, and storm water charges shall be paid by the Lessee in addition to the basic monthly land lease and at the same rates applicable within the corporate limits of the City of Corvallis. The Lessee shall promptly pay all water, wastewater, and storm water charges, and all other utility charges, for the premises as they come due.

C. Prohibited Discharges. Discharge of industrial waste, as that term is defined in the Sewer Use Ordinance, Ord. 83-3 as amended, into the sanitary wastewater system, storm water system, surface ponds or ditches, or elsewhere is specifically prohibited, except as permitted by a valid Industrial Wastewater Discharge Permit in strict accordance with the Sewer Use Ordinance and applicable state and federal laws. Violation of any provisions contained in sections 27 through 39E of Ord. 83-3, as amended, as presently constituted or as amended hereafter, may cause this lease to be immediately terminated in accordance with the provisions of Section 18 of this lease.

D. Discharge Response Procedures. In the event of any discharge or spill of noxious or hazardous material into the environment, wastewater system, or storm water system, Lessee shall immediately notify the Oregon Department of Environmental Quality and the City. The City and any appropriate state or federal agency shall have the right to inspect the premises immediately to determine if the discharge or spill constitutes a violation of any local, state, or federal laws, rules, or regulations. If a violation exists, the City shall notify the Lessee of the specific violations and Lessee shall immediately cease all activities and use of the property until the violations are remedied, all at the Lessee's sole cost and expense and without expense whatsoever to the City.

E. South Corvallis Drainage Master Plan. Lessee hereby agrees to comply with the requirements of the "South Corvallis Drainage Master Plan," approved by the City Council in February 1997. Future improvements within the Corvallis Airport, in compliance with the approved drainage plan, may include parcel assessments or charges. Conditions and regulations for any assessment or charges shall be similar to those conditions or regulations applying within the corporate limits of the City of Corvallis.

## **6. DEVELOPMENT STANDARDS**

This agreement is made subject to the terms and conditions as referenced in Chapter XIV Development and Building Standards of the Airport Handbook. In addition, compliance with all Corvallis development regulations is required relative to the City's Land Development Code (LDC). Where not otherwise specified by the Airport Handbook, the City's zoning provisions shall apply. Enforcement of development provisions is the responsibility of the City's Development Services Department and, where specified by the Corvallis Airport Master Plan, the Airport Design Review Committee.

## **7. ALTERATIONS, IMPROVEMENTS AND GENERAL MAINTENANCE**

A. Right to Construct. The Lessee, at its own expense, may construct structural improvements on the leased property, subject to Lessee's compliance with all applicable city, county, and state laws and regulations and issuance of necessary building permits. The Lessee shall be obligated to commence construction of such facilities within 12 months from the date the lease is signed and to complete construction within 12 months. The lessee may apply for a six month extension to this time period provided written request is given 90 days prior to the end of the 12 months. This notice shall include a new completion date.

B. Ownership of Improvements. Any buildings constructed on the leased property during the term of this lease shall belong to the Lessee and may be removed by the Lessee at will. Lessee shall have the right to enter the premises during the thirty-day period following termination of this lease to remove any of its property, including buildings or other improvements, on the leased premises. If, after thirty days after termination of the lease, any of said property remains on the premises, the City may retain the property, or, at its option, remove the property at the Lessee's expense.

C. Construction of Taxi-Lane. The Lessee agrees to construct a taxi-lane improvement along the entire frontage of leased property as per the Airport Handbook, Chapter XIV. Section B.2. The taxi-lane shall be asphalt-concrete (AC) built to City and FAA standards and shall include a designed storm drain system. The Airport will maintain the taxi-lane in good and serviceable condition for the duration of the lease.

D. Sale of Improvements. City shall have the first right of refusal to purchase Lessee's improvements, if Lessee decides to sell the improvements.

E. General Maintenance. During the entire term of this lease, and for any additional time that Lessee shall hold the leased premises, Lessee shall keep the premises, including improvements, in neat, sanitary, well-maintained condition.

No machinery, equipment, or property of any kind shall be stored or kept outside of the building; and any wrecked, permanently disabled, or otherwise unsightly aircraft shall not be kept unless housed within the hangar space.

Lessee shall permit no aircraft at any time to be left standing unattended or parked, even temporarily, upon any roadway/taxiway or access road within said airport, and the City shall have the right and privilege, at the expense of the Lessee, to remove from any public road or access road which approaches the airport or within the airport any such aircraft that Lessee or any of its tenants may leave standing or parked upon any such road or roadway/taxiway.

Lessee or any guest shall not park any vehicle outside the boundary of the leased premises herein described other than designated public parking areas. Any vehicle parked in violation of this section shall be moved at Lessee's expense by City.

## **8. ENTRY ON PROPERTY**

A. Right to Inspect. The City shall have the right to enter the property at any reasonable time or times to examine the condition of the premises or Lessee's compliance with the terms of this lease.

B. Access. The City retains the right to enter the leased premises at any reasonable time or times to repair or modify City utilities located upon the property or to conduct repairs or other work on the property.

## **9. ASSIGNMENT AND SUBLETTING**

The Lessee shall not assign or sublease this lease without the prior written consent of the City; provided, however, that the City shall not unreasonably withhold such consent. Lessee shall have the right to sublet space within any building it may construct on the leased premises to others, subject to the following conditions:

- 1) No sublease shall relieve Lessee from primary liability for any of its obligations under this lease, and Lessee shall continue to remain primarily liable for payment of rent and for performance and observance of its other obligations and agreements under this lease.
- 2) Every sublease shall require the sublessee to comply with and observe all obligations of the Lessee under this lease, with the exception of the obligation to pay rent to the City.

## **10. LIENS**

The Lessee shall promptly pay for any material and labor used to improve the leased property and shall keep the leased property free of any liens or encumbrances.

## **11. TAXES**

The Lessee shall promptly pay all real and personal property taxes levied upon the leased premises during the tax year that they become due. Lessee shall not permit a lien for other than the current year's taxes to be placed on the leased property.

## **12. INSURANCE**

A. Coverage Requirements. The Lessee shall purchase and maintain General Liability Insurance that provides at least premises and operations coverage. The limit of liability shall be no less than \$1,000,000 per occurrence with not less than a \$2,000,000 general aggregate. The policy shall name the City of Corvallis, its officers, agents, and employees as an additional insured.

B. Certificate of Insurance. At the time that this lease is signed, the Lessee shall provide to the City a certificate of insurance complying with the requirements of this section and indicating that insurer will provide the City with 30 days notice prior to cancellation. A current certificate shall be maintained at all times during the term of this lease.

## **13. HOLD HARMLESS**

A. General. The Lessee shall at all times indemnify, protect, defend, and hold the City of Corvallis, its officers, agents, and employees harmless from any claims, demands, losses, actions, or expenses, including attorney's fees, to which the City may be subject by reason of any property damage or personal injury arising or alleged to arise from the acts or omissions of the Lessee, its agents, or its employees, or in connection with the use, occupancy, or condition of the property.

B. Environmental Protection. The Lessee shall be liable for, and shall hold the City harmless from, all costs, fines, assessments, and other liabilities arising from Lessee's use of the premises resulting in the need for environmental cleanup under state or federal environmental protection and liability laws, including, but not limited to, costs of investigation, remedial and removal actions, and post-cleanup monitoring arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9675, as presently constituted or hereafter amended.

## **14. NONDISCRIMINATION**

The Lessee agrees that no person shall be excluded from participation in the use of the premises on the basis of race, color, creed, religion, sex, sexual orientation, age, physical or mental disability, source of income, or national origin or shall otherwise be subjected to discrimination in the use of the premises.

## **15. CONDITIONS ON PROPERTY BY THE UNITED STATES OF AMERICA**

This agreement is made subject to the terms and conditions and restrictions of transfer recorded in Book 121, Page 40 and Book 125, Page 239, deed records of Benton County, Oregon, as modified by the Instrument of Release recorded in Book 182, Page 238 of said deed records.

## **16. WAIVER OF BREACH**

A waiver by the City of a breach of any term, covenant, or condition of this lease by the Lessee shall not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition of the lease.

## 17. DEFAULT

A. Declaration of Default. Except as otherwise provided in this lease, the City shall have the right to declare this lease terminated and to enter the property and take possession upon either of the following events:

- 1) Rent and Other Payments. If the annual / monthly rent or any other payment obligation, including but not limited to property taxes and utility bills, remains unpaid for a period of 30 days after it is due; or
- 2) Other Obligations. If any other default is made in this lease and is not corrected after 30 days written notice to the Lessee. Where the default is of such nature that it cannot reasonably be remedied within the 30-day period, the Lessee shall not be deemed in default if the Lessee proceeds with reasonable diligence and good faith to effect correction of the default.

B. Court Action. It is understood that either party shall have the right to institute any proceeding at law or in equity against the other party for violating or threatening to violate any provision of this lease. Proceedings may be initiated against the violating party for a restraining injunction or for damages or for both. In no case shall a waiver by either party of the right to seek relief under this provision constitute a waiver of any other or further violation.

## 18. TERMINATION

A. Immediate Termination. Where a specific violation of this lease gives the City the option to terminate this lease immediately, this lease shall be terminated upon written notification to the Lessee.

B. Termination Upon 30 Days Default. In the event of any other default under Section 17 of this lease, the lease may be terminated at the option of the City upon written notification to the Lessee.

C. Surrender Upon Termination. Upon termination or the expiration of the term of the lease, the Lessee will quit and surrender the property to the City in as good order and condition as it was at the time the Lessee first entered and took possession of the property under this or a prior lease, usual wear and damage by the elements excepted.

D. Restoration of Property. Upon termination or expiration of this lease or Lessee's vacating the premises for any reason, the Lessee shall, at its own expense, remove and properly dispose of all tanks, structures, and other facilities containing waste products, toxic, hazardous, or otherwise, which exist on the leased property or beneath its surface. Lessee shall comply with all applicable state and federal requirements regarding the safe removal and proper disposal of said facilities containing waste products. If the Lessee fails to comply or does not fully comply with this requirement, the Lessee agrees that the City may cause the waste products and facilities to be removed and properly disposed of, and, further, Lessee agrees to pay the cost thereof with interest at the legal rate from the date of expenditure.

E. Holding Over. No holding over upon expiration of this lease shall be construed as a renewal thereof. Any holding over by the Lessee after the expiration of the term of this lease or any extension thereof shall be as a tenant from month to month only and not otherwise.

**19. RECORDING FEES**

The lease will be recorded with the Benton County Assessor's Office and the Lessee shall be responsible for paying all associated fees.

**20. ATTORNEY FEES**

If any suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover, in addition to damages and costs, such sum as the trial court or appellate court, as the case may be, may adjudge reasonable as attorney fees.

**21. NOTICE**

When any notice or anything in writing is required or permitted to be given under this lease, the notice shall be deemed given when actually delivered or 96 hours after deposited in United States mail, with proper postage affixed, directed to the following address:

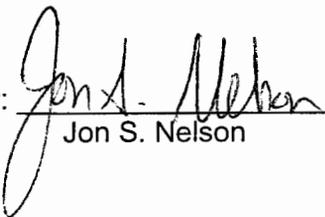
City: City of Corvallis  
Public Works Department  
Attention: Airport Manager  
P.O. Box 1083  
Corvallis, Oregon 97339-1083

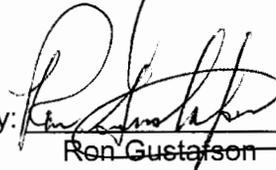
Lessee: Pacific Rim Aviation LLC  
5671 SW Plumley Street  
Corvallis, OR 97333

IN WITNESS WHEREOF, the parties hereto have executed this lease the date and year first written above.

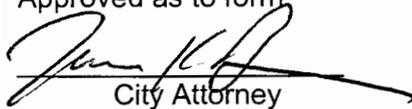
CITY OF CORVALLIS, OREGON

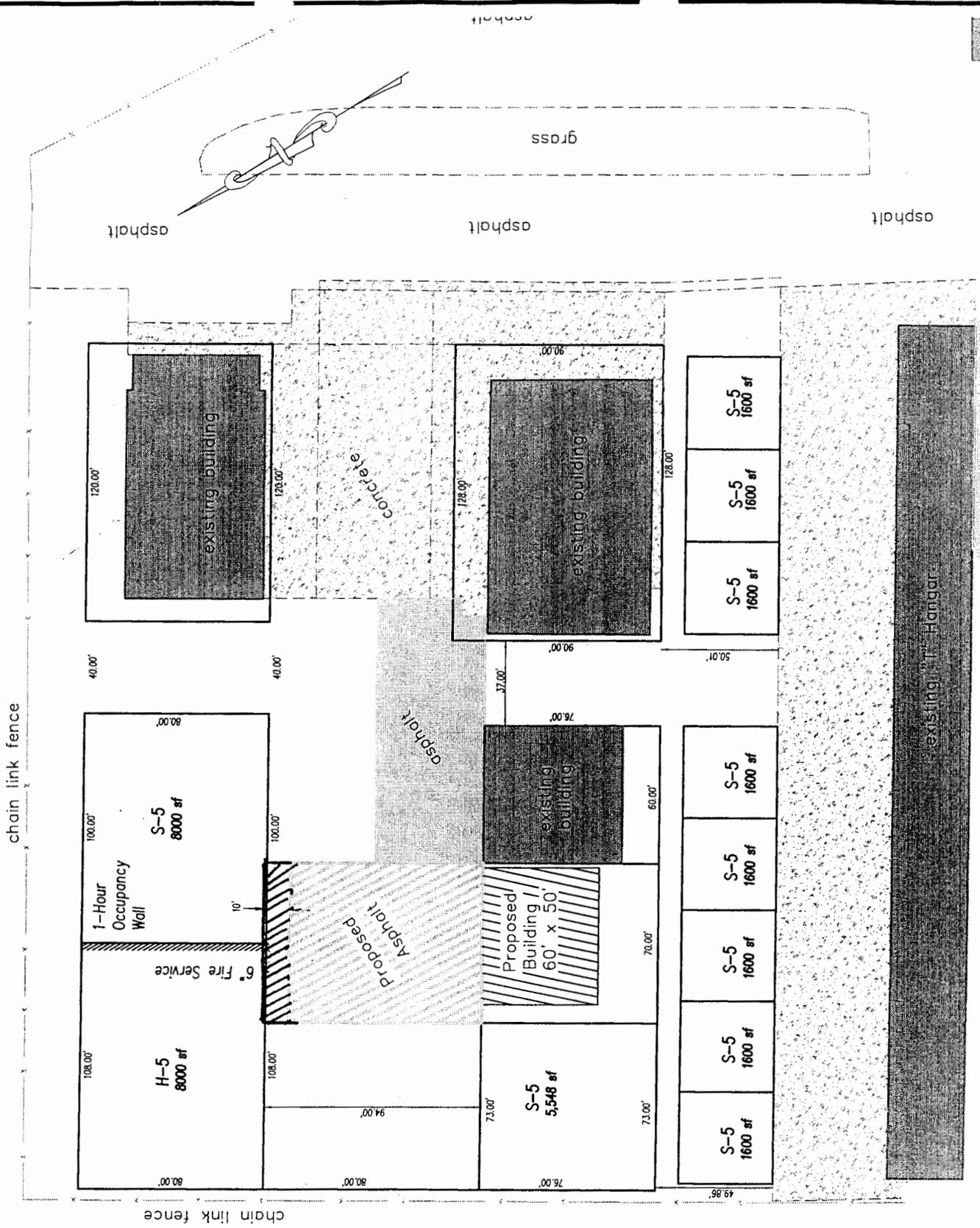
PACIFIC RIM AVIATION LLC

By:  Date 9/5/02  
Jon S. Nelson

By:  Date 9/5/02  
Ron Gustafson

Approved as to form:

  
City Attorney



ACAD File: N:\AIRPORT\LEASE\corporate control\corporate control.dwg

DESIGNED
DRAWN wbd
CHECKED
DATE July 2002
SCALE: 1"=60' (8 1/2 x 11)

# Pacific Rim Aviation Corporate Hangar

## EXHIBIT A



## EXHIBIT B

Pacific Rim Corporate Hangar  
70 x 76 Parcel Site #1

Beginning at a point that is South, 202.43 feet and East, 811.58 feet from the southeast corner of the Alfred Rhinehart D.L.C. No. 73, in Section 27 of Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence N 59°10'44"W, 225.00 feet to the TRUE POINT OF BEGINNING; thence N 30°49'16"E, 76.00 feet; thence N 59°10'44"W, 70.00 feet; thence S 30°49'16"W, 76.00; thence S 59°10'44"E, 70.00 feet to the TRUE POINT OF BEGINNING. Containing 5,320 square feet, more or less.

# LEASE ADDENDUM

This lease addendum, dated \_\_\_\_\_ day of \_\_\_\_\_, 2006, is to that lease agreement dated October 27, 1986, amended December 1, 1997, and assumed in February, 2005 between the **City of Corvallis**, an Oregon municipal corporation, hereinafter referred to as Lessor, and **Honey B, LLC dba Corvallis Aero Service**, hereinafter referred to as Lessee. This addendum shall not change the terms or conditions of the October 27, 1986 lease agreement or the December 1, 1997 lease amendment, except as specifically provided herein.

## 1. PREMISES

The Lessor, in consideration of Lessee's request, terms covenants, and agreements does hereby agree to lease to Lessee that additional property described in Exhibit "A" and "B" (attached).

## 2. INCORPORATION OF TERMS AND CONDITIONS

If this addendum is silent on a term or condition, the lease of this property described in Exhibit "B" shall be subject to the terms and conditions of the October 27, 1986 lease agreement, as they have been adjusted or amended as of the date of execution of this addendum.

## 3. RENT

For the use and possession of the property described in Exhibit "B", Lessee shall pay the current land rental rate paid for the property by the previous lessee, AVIA Aviation Services, Inc. (\$.16/sqft/year) as that rate has been re-evaluated effective July 1, 2005 in accordance with the terms and conditions of the original lease agreement with AVIA dated March 10, 2003. The additional lease amount is \$137.66 per month. A total of \$1099.89 will be due and payable on March 1, 2006 that includes the original lease and the addendum lease.

## 4. ORIGINAL LEASE AGREEMENT

All other terms and conditions of the existing lease between Lessor and Lessee shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this lease addendum on the date and year first written below:

DATED this \_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
Mark Perry, President  
Honey B, LLC dba Corvallis Aero Service

STATE OF OREGON    )  
                                  ) ss.  
COUNTY OF BENTON )

Personally appeared the above-named MARK PERRY, who acknowledged he is the OWNER and he accepted the foregoing instrument on behalf of HONEY B, LLC. Before me this \_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
NOTARY PUBLIC FOR OREGON  
My Commission expires \_\_\_\_\_

ACCEPTED BY:  
CITY OF CORVALLIS, OREGON

\_\_\_\_\_  
Jon S. Nelson, City Manager

STATE OF OREGON    )  
                                  ) ss.  
COUNTY OF BENTON )

Personally appeared the above-named JON S. NELSON, who acknowledged he is the City Manager of Corvallis and he accepted the foregoing instrument on behalf of the City of Corvallis by authority of its City Council. Before me this \_\_\_\_ day of \_\_\_\_\_, 2006.

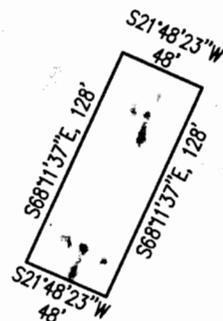
\_\_\_\_\_  
NOTARY PUBLIC FOR OREGON

My Commission expires \_\_\_\_\_

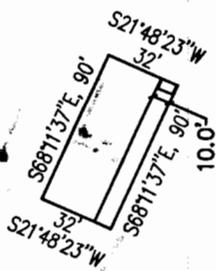
Approved as to form:

\_\_\_\_\_  
City Attorney

Ramp Area



Fuel Farm



FILE: X:\Divisions\Engineering\Capital Planning&Projects\Surveys\AIRPORT\LEASE\CAS fuel farm-ramp area.dwg

DESIGNED

DRAWN CRB

CHECKED

DATE January 2006

SCALE: 1" = 100'

CORVALLIS AERO SERVICE

GROUND LEASE  
EXHIBIT "A"

0.2 Acres

## Exhibit B

Corvallis Aero Service Land Lease for Ramp, Fuel Farm, and Card-lock Areas.

### **Ramp Area -**

Beginning at a point which is East 181.04 feet, South 1025.50 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21°48'23"W, 48.00 feet; thence S 68°11'37"E, 128.00 feet; thence N 21°48'23"E, 48.00 feet; N 68°11'37"W, 128.00 feet to the point of beginning. Containing 6144 square feet, more or less.

### **Together with Fuel Farm -**

Beginning at a point which is West 335.37 feet, South 643.43 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21°48'23"W, 32.00 feet; thence N 68°11'37"W, 90.00 feet; thence N 21°48'23"E, 32.00 feet; S 68°11'37"E, 90.00 feet to the point of beginning. Containing 2880 square feet, more or less.

### **Together with Card-lock Fuel Area -**

Beginning at a point which is West 335.37 feet, South 643.43 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21° 48' 23"W, 32.00 feet to the **point of beginning**; thence S 21° 48' 23" W, 10.00 feet; thence N 68° 11' 37" W 90.00 feet; thence N 21° 48' 23" E, 10.00 feet; thence S 68° 11' 37" E, 90.00 feet to the point of beginning. Containing 900 square feet, more or less.

**LEASE ASSIGNMENT AGREEMENT**

DATE: February \_\_, 2005

PARTIES: Corvallis Aero Service, Inc., ("CAS, Inc.")  
an Oregon Corporation f.k.a.  
Berteau Aviation, Inc.  
P.O. Box 606  
Corvallis, Oregon 97339

and

Honey B LLC, ("Honey B")  
an ~~Oregon~~ Limited Liability Company  
Washington  
P.O. Box 73399  
Puyallup, WA 98373

**RECITALS:**

A. CAS, Inc. is the current Lessee in a lease wherein the City of Corvallis is the Lessor. The lease provides for the use of real property located at the Corvallis Municipal Airport and the operation of a Fixed Based Operation ("FBO"). A copy of the lease agreement is attached hereto as Exhibit 1 ("Lease Agreement") and incorporated herein by reference.

B. Honey B desires to assume the lease from CAS, Inc. including all rights and obligations under the Lease Agreement.

C. In accordance with the requirements for operation of the FBO as set forth in the Lease Agreement and Corvallis Municipal Code Chapter 8.02, CAS, Inc. entered into a sublease agreement whereby Frontier Flight Services, Inc. provides flight instruction. A copy of the sublease is attached hereto as Exhibit 2 and incorporated herein by reference.

D. CAS, Inc., has entered into a Management Agreement with Honey B, under the terms of which agreement Honey B will operate CAS, Inc.'s FBO. That Management Agreement will terminate upon the execution of this Lease Assignment Agreement ("Agreement") and closing after the occurrence of conditions precedent set forth in Sections 8 and 9 of this Agreement.

E. A sublease currently exists with JBH, Enterprises, Inc.

F. This Lease Assignment Agreement shall be effective when signed by both parties and consented to by the City of Corvallis.

**AGREEMENT:**

**SECTION 1. LEASE TRANSFER AND ASSUMPTION OF OBLIGATIONS**

CAS, Inc. assigns all of its interest in the Lease Agreement attached hereto as Exhibit 1 to Honey B which accepts the assignment and assumes all responsibilities under the Lease Agreement.

1.1 Honey B shall perform all duties required by the Lease Agreement.

1.2 Honey B shall honor the existing sublease with Frontier Flight Services, Inc. for operation of a flight instruction program.

1.3 Honey B shall honor the existing sublease of JBH, Enterprises Inc. and any other subleases that exist at the time of closing.

**SECTION 2. PURCHASE AGREEMENT**

2.1 Honey B has agreed to purchase certain assets owned by CAS, Inc. That agreement is contained in an Asset Sale Agreement. Its terms are not set forth in the assignment. Upon execution of this Assignment of Lease, the rights of Honey B, CAS, Inc., and the City of Corvallis shall be governed by the terms of this Agreement and the lease and sub-leases described herein. The Asset Sale Agreement shall govern all other agreements between Honey B and CAS, Inc.

2.2 Honey B agrees to give CAS, Inc. six (6) months to remove furniture, fixtures, and equipment currently located on the real property.

2.3 Honey B agrees to give CAS, Inc. reasonable use of the premises to marshal and sell its furniture, fixtures, and equipment and agrees to reasonably cooperate in the process of the sale of the furniture, fixtures, and equipment.

**SECTION 3. CONSIDERATION FOR ASSIGNMENT**

The consideration for this assignment is CAS, Inc.'s assignment of its rights under the lease attached hereto as Exhibit 1 and Honey B's agreement to perform CAS, Inc.'s duties under that lease. Additional consideration is described in the Asset Sale Agreement. Notwithstanding any provision of the Asset Sale Agreement, upon execution of this Assignment of Lease and acceptance by the City of Corvallis, this assignment shall be considered and treated as a conveyance of all of CAS, Inc.'s rights under the lease with the City of Corvallis. CAS, Inc. shall have no further rights under the underlying Lease Agreement.

**SECTION 4. REPRESENTATIONS AND WARRANTIES OF CAS, INC.**

CAS, Inc. represents and warrants to Honey B as follows:

**4.1 Corporate Existence.** CAS, Inc. is now and on the closing date will be a corporation duly organized and validly existing under the laws of the state of Oregon. CAS, Inc. has all requisite corporate power and authority to enter into this Agreement.

**4.2 Authorization.** The execution, delivery, and performance of this Agreement have been duly authorized and approved by the board of directors and shareholders of CAS, Inc., and this Agreement constitutes a valid and binding Agreement of CAS, Inc. in accordance with its terms.

**4.3 Accuracy of Representations and Warranties.** None of the representations or warranties of CAS, Inc. contain or will contain any untrue statement of a material fact or omit or will omit or misstate a material fact necessary in order to make statements in this Agreement not misleading. CAS, Inc. knows of no fact that has resulted, or that in the reasonable judgment of CAS, Inc. will result, in a material change in the business, operations, or assets associated with the lease that has not been set forth in this Agreement or otherwise disclosed to Honey B.

## **SECTION 5. REPRESENTATIONS OF HONEY B**

Honey B represents and warrants as follows:

**5.1 Entity Existence.** Honey B is a limited liability company duly organized and validly existing under the laws of the state of Oregon. Honey B has all requisite power and authority to enter into this Agreement and perform its obligations hereunder.

**5.2 Authorization.** The execution, delivery, and performance of this Agreement have been duly authorized and approved in the manner required under its existing management agreements, and this Agreement constitutes a valid and binding Agreement of Honey B in accordance with its terms.

**5.3 Accuracy of Representations and Warranties.** None of the representations or warranties of Honey B contain or will contain any untrue statement of a material fact or omit or will omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

## **SECTION 6. COVENANTS OF CAS, INC.**

**6.1 CAS, Inc.'s Covenants Prior to Closing.** CAS, Inc. agrees that between the date of this Agreement and the closing date, CAS, Inc. will continue to comply with requirements and obligations under the lease that is the subject of this Agreement in the usual and ordinary course and in substantial conformity with all applicable laws, ordinances, regulations, rules, or orders, and will use its best efforts to preserve its business organization and preserve the continued operation of its business with its customers, suppliers, and others having business relations with CAS, Inc.

**6.2 Access to Premises.** At reasonable times before the closing date, CAS, Inc. will provide Honey B and its representatives with reasonable access during business hours to the

leasehold property.

**6.3 Conditions and Best Efforts.** CAS, Inc. will use its best efforts to effectuate the transactions contemplated by this Agreement and to fulfill all the conditions of the obligations of CAS, Inc. under this Agreement, and will do all acts and things as may be required to carry out its respective obligations under this Agreement and to consummate and complete this Agreement.

## **SECTION 7. COVENANTS OF HONEY B**

**7.1 Conditions and Best Efforts.** Honey B will use its best efforts to effectuate the transactions contemplated by this Agreement and to fulfill all the conditions of Honey B's obligations under this Agreement, and shall do all acts and things as may be required to carry out Honey B's obligations and to consummate this Agreement. Honey B has entered into a separate Management Agreement with CAS, Inc., under the terms of which it will manage the FBO at Corvallis Municipal Airport pending closing of the Asset Purchase Agreement and execution of the Agreement. Honey B will perform all conditions described in that Management Agreement.

**7.2 Confidential Information.** If for any reason the assignment of the lease is not closed, Honey B will not disclose to third parties any confidential information received from CAS, Inc. or in the course of investigating, negotiating, and performing the transactions contemplated by this Agreement.

## **SECTION 8. CONDITIONS PRECEDENT TO OBLIGATIONS OF HONEY B**

The obligation of Honey B to purchase the Assets is subject to the fulfillment, of each of the following conditions, any one or portion of which may be waived in writing by Honey B:

**8.1 Representations, Warranties, and Covenants of CAS, Inc.** All representations and warranties made in this Agreement by Honey B shall be true as of the closing date as fully as though such representations and warranties had been made on and as of the closing date, and, as of the closing date, Honey B shall not have violated or shall not have failed to perform in accordance with any covenant contained in this Agreement.

**8.2 Consent of Lessor.** CAS, Inc. shall have obtained the Lessor's written approval of the assignment and transfer of the lease.

## **SECTION 9. CONDITIONS PRECEDENT TO OBLIGATIONS OF CAS, INC.**

The obligations of CAS, Inc. to consummate the transactions contemplated by this Agreement are subject to the fulfillment, of each of the following conditions, any one or a portion of which may be waived in writing by CAS, Inc.:

**9.1 Representation, Warranties, and Covenants of Honey B.** All representations and warranties made in this Agreement by CAS, Inc. shall be true as of the closing date as fully as though

such representations and warranties had been made on and as of the closing date, and CAS, Inc. shall not have violated or shall not have failed to perform in accordance with any covenant contained in this Agreement.

**9.2 Consent of Lessor.** CAS, Inc. shall have obtained the Lessor's written approval of the assignment and transfer of the lease.

**9.3 Payment of Purchase Price.** Honey B shall have provided payment of the purchase price as described in the Asset Sale Agreement.

## **SECTION 10. HONEY B'S ACCEPTANCE**

Honey B represents and acknowledges that it has entered into this Agreement on the basis of its own examination, personal knowledge, and opinion of the value of the lease. Honey B has not relied on any representations made by CAS, Inc. other than those specified in this Agreement. Honey B further acknowledges that CAS, Inc. has made no agreement or promise to repair or improve any of the leasehold improvements, and that Honey B takes all such property in the condition existing on the date of this Agreement, except as otherwise provided in this Agreement.

## **SECTION 11. RISK OF LOSS**

The risk of loss, damage, or destruction to the property to be conveyed to Honey B under this Agreement shall be borne by CAS, Inc. to the time of closing. In the event of such loss, damage, or destruction, CAS, Inc., to the extent reasonable, shall replace the lost property or repair or cause to repair the damaged property to its condition before the damage. If replacement, repairs, or restorations are not completed before closing, then the purchase price shall be adjusted by an amount agreed upon by Honey B and CAS, Inc. that will be required to complete the replacement, repair, or restoration following closing. If Honey B and CAS, Inc. are unable to agree, then CAS, Inc., at its sole option and notwithstanding any other provision of this Agreement, upon notice to Honey B, may rescind this Agreement and declare it to be of no further force and effect, in which event there shall be no closing of this Agreement and all the terms and provisions of this Agreement shall be deemed null and void.

## **SECTION 12. INDEMNIFICATION AND SURVIVAL**

**12.1 Survival of Representations and Warranties.** All representations and warranties made in this Agreement shall survive the closing of this Agreement, except that any party to whom a representation or warranty has been made in this Agreement shall be deemed to have waived any misrepresentation or breach of representation or warranty of which such party had knowledge before closing. Any party learning of a misrepresentation or breach of representation or warranty under this Agreement shall immediately give written notice thereof to all other parties to this Agreement.

## **12.2 CAS, Inc.'s Indemnification.**

**12.2.1** CAS, Inc. agrees to indemnify and hold Honey B, its successors, and assigns harmless from and against:

**12.2.1.1** Any and all claims, liabilities, and obligations of every kind and description, contingent or otherwise, arising out of or related to the operation of CAS, Inc.'s business prior to the close of business on the day before the closing date, except for claims, liabilities, and obligations of CAS, Inc. expressly assumed by Honey B under this Agreement or paid by insurance maintained by CAS, Inc., or Honey B.

**12.2.1.2** Any and all damage or deficiency resulting from any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any agreement on the part of CAS, Inc. under this Agreement.

**12.2.2** CAS, Inc.'s indemnity obligations under this agreement shall be subject to the following:

**12.2.2.1** If any claim is asserted against Honey B that would give rise to a claim by Honey B against CAS, Inc. for indemnification under the provisions of this paragraph, then Honey B shall promptly give written notice to CAS, Inc. concerning such claim and CAS, Inc. shall, at no expense to Honey B, defend the claim.

**12.2.2.2** CAS, Inc. shall not be required to indemnify Honey B for an amount that exceeds the total purchase price paid by Honey B under the Asset Sale Agreement.

**12.3 Honey B's Indemnification.** Honey B agrees to defend, indemnify, and hold harmless CAS, Inc. from and against:

**12.3.1** Any and all claims, liabilities, and obligations of every kind and description arising out of or related to the operation of the business following closing or arising out of Honey B's failure to perform obligations of CAS, Inc. assumed by Honey B pursuant to this Agreement.

**12.3.2** Any and all damage or deficiency resulting from any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any agreement on the part of Honey B under this Agreement.

## **SECTION 13. CLOSING**

**13.1 Time and Place.** Once approval is granted by the City of Corvallis, this Agreement shall be closed at the leasehold premises at Corvallis Municipal Airport, at such other time and date as the parties may agree in writing. If closing has not occurred on or before June 1, 2005, then either party may elect to terminate this Agreement. If, however, the closing has not occurred because of a breach of contract by one or more parties, the breaching party or parties shall remain liable for

breach of contract.

**13.2 Obligations of CAS, Inc. at the Closing.** At the closing and coincidentally with the performance by Honey B of its obligations described in this Agreement, CAS, Inc. shall deliver to Honey B the following:

**13.2.1** The Lease Agreement described in Section 1 of this Agreement.

**13.2.2** Possession of the property to be conveyed pursuant to this Agreement.

**13.2.3** Such other certificates and documents as may be called for by the provisions of this Agreement.

**13.3 Obligations of Honey B at the Closing.** At the closing and coincidentally with the performance by CAS, Inc. of its obligations described in this Agreement, Honey B shall deliver to CAS, Inc. such certificates and documents as may be called for by the provisions of this Agreement.

#### **SECTION 14. RIGHTS AND OBLIGATIONS SUBSEQUENT TO CLOSING**

**14.1 CAS, Inc.'s Right to Pay.** In the event Honey B fails to make any payment of taxes, assessments, insurance premiums, or other charges that Honey B is required to pay to third parties under this Agreement, CAS, Inc. shall have the right, but not the obligation, to pay the same. Honey B will reimburse CAS, Inc. for any such payment immediately upon CAS, Inc.'s demand, together with interest at the same rate provided in any agreement from the date of CAS, Inc.'s payment until Honey B reimburses CAS, Inc. Any such payment by CAS, Inc. shall not constitute a waiver by CAS, Inc. of any remedy available by reason of Honey B's default for failure to make the payments.

#### **SECTION 15. TERMINATION OF AGREEMENT**

**15.1 By Mutual Consent.** This Agreement may be terminated by mutual written consent of Honey B and CAS, Inc.

**15.2 Breach of Representations and Warranties; Failure of Conditions.** Honey B may elect by notice to CAS, Inc., and CAS, Inc. may elect by notice to Honey B, to terminate this Agreement if:

**15.2.1** The terminating party shall have discovered a material error, misstatement, or omission in the representations and warranties made in this Agreement by the other party which shall not have been cured by such other party within 30 days after written notice to such other party specifying in detail such asserted error, misstatement, or omission, or by the closing date, whichever occurs first.

**15.2.2** All of the conditions precedent of the terminating party's obligations under this Agreement as set forth in either Section 8 or 9, as the case may be, have not occurred and have

not been waived by the terminating party on or prior to the closing date.

**15.3 Closing Notwithstanding the Right to Terminate.** The party with a right to terminate this Agreement pursuant to Section 15.2.1 or 15.2.2 shall not be bound to exercise such right, and its failure to exercise such right shall not constitute a waiver of any other right it may have under this Agreement, including but not limited to remedies for breach of a representation, warranty, or covenant.

## **SECTION 16. MISCELLANEOUS**

**16.1 Additional Documents.** Each party shall execute such additional documents and take such actions as are reasonably requested by either party in order to complete or confirm the transactions contemplated by this Agreement.

**16.2 Counterparts.** This Agreement may be executed in two or more counterparts, which together shall constitute one agreement.

**16.3 Governing Law.** This Agreement shall be governed by Oregon law.

**16.4 Headings.** Headings in this Agreement are for convenience only and shall not affect its meaning.

**16.5 Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions.

**16.6 Notices.** Any notice, demand, or communication required or permitted to be given by any provision of this Agreement shall be deemed to have been sufficiently given or served for all purposes if delivered personally to the party or to an executive officer of the party to whom the same is directed or, if sent by first class mail, postage prepaid, addressed to the address which is set forth in this Agreement. A party to this Agreement may change addresses by giving written notice of the same in the manner provided by this Section. Except as otherwise provided herein, any such notice shall be deemed to be given three business days after the date on which it was deposited in the United States mail, addressed, and mailed as stated above.

**16.7 Waivers.** The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent that party or any other party from seeking redress for any subsequent violation or to thereafter insist upon the strict performance of each and every covenant and condition of this Agreement.

**16.8 Rights and Remedies Cumulative.** The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy shall not preclude or waive the right to use any or all other remedies. Such rights and remedies are given in addition to any other rights of the parties that may exist by law, statute, ordinance, rule, regulation or otherwise.

**16.9 Heirs, Successors, and Assigns.** Each of the covenants, terms, provisions and agreements contained herein shall be binding upon and inure to the benefit of the parties hereto, and, to the extent permitted by this Agreement, their respective spouses, heirs, legal representatives, personal representatives, successors and assigns.

**SECTION 17. ATTORNEY FEES AND LITIGATION EXPENSE**

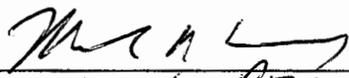
In the event any suit, action, or other proceeding is instituted to enforce or determine the parties' rights or duties arising out of the terms of this Agreement, the prevailing party shall recover from the losing party reasonable attorney fees incurred in such proceeding, action, or suit, or any appeal therefrom, to the extent deemed reasonable by the court having jurisdiction over the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first written above.

CORVALLIS AERO SERVICE, INC.

By:   
Name: Dana Wilt  
Title: President

HONEY B, LLC

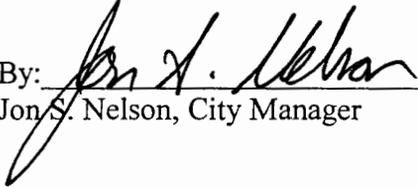
By:   
Name: Mark Perry  
Title: Manager

**ASSUMPTION OF LEASE AND CONSENT TO ASSIGN**

The City of Corvallis, as Lessor, consents the assignment by Corvallis Aero Services Incorporated, Assignor, to Honey B LLC, Assignee, of all of Assignor's right, title and interest in the October 27, 1986 lease and the City accepts Honey B LLC as Lessee under that lease.

DATED this 29<sup>th</sup> day of MARCH, 2005

CITY OF CORVALLIS

By:   
Jon S. Nelson, City Manager

Approved as to form:

  
City Attorney

L E A S E

THIS LEASE, made and entered into this 27th day of October, 1986, is by and between the CITY OF CORVALLIS, a municipal corporation of Oregon, hereinafter referred to as "LESSOR," and BERTEA/AVIATION, INC., hereinafter referred to as "LESSEE."

This in consideration of the covenants and agreements herein contained on the part of the Lessee to be kept and performed, Lessor does hereby lease to the Lessee those portions of the Corvallis Municipal Airport located about 3-1/2 miles south of Corvallis, all in Benton County, Oregon, described as "Parcel FBO 1", which consists of two parcels of land containing 1.65 and 3.428 acres totaling 5.078 acres and the buildings and improvements located on the described 5.078 acres, as shown on Exhibit A, which by this reference is hereby incorporated herein.

1. ACCESS: Access, together with the necessary ingress and egress to all of the listed property and the right to use all runways, taxiways, aprons, approaches, aviation aids, parking lots, and other public areas as necessary or desirable for the operations of the Lessee is provided.
2. TERM: This Lease shall run from July 31, 1987, to and including July 30, 2017. Lessee shall have the option to renew

this Lease for one (1) additional 10-year period on the same terms and conditions except for the establishment of the land rental rate as herein provided. The option shall be exercised by notice in writing to the Lessor not less than sixty (60) days nor more than one hundred and twenty (120) days before the last day of the expiring term.

3. RENTAL RATES: The rental rate for the above described land shall be \$123.50 per acre per month, which is one percent per month of the per acre land value. This will total \$627.13 per month.

For the second 10-year period of this lease, to-wit, the period commencing July 31, 1997, and ending July 30, 2007, Lessee shall pay a monthly rental in advance computed by Lessor by first ascertaining a fair market value of the premises, exclusive of buildings, structures, and improvements placed on the premises by, through, or under the Lessee, its successors or assigns, and then applying to said fair market value a rental rate of 1 percent per month of the value so determined.

The determination of the monthly land rental rate for the second 10-year period shall be made not less than 6 months before the expiration of the original 10-year period of the lease.

For the third 10-year period of this lease, to-wit, a period commencing July 31, 2007, and ending July 30, 2017, Lessee shall

pay a monthly rental in advance computed in the same manner as is provided herein for computation of monthly rental for the second 10-year period of this lease.

The rental rate for the buildings located on the above described land shall be \$850.00 per month, with an annual rate adjustment based upon the movement of the Portland Consumers Price Index up to a maximum of 5 percent adjusted annually utilizing the January through December average with adjustments made April 1 of each year commencing April 1, 1988. Lessor shall review movement of the Portland Consumer Price Index every 10 years commencing July 31, 1997. The 5% maximum annual rate adjustment may be revised at this time.

Lessor shall maintain at Lessor's expense, the roof and exterior of the buildings on the leased premises in a good condition of repair with Lessor to make repairs, or maintenance in a timely manner following written notice from Lessee of the necessity for such repairs or maintenance. Lessee shall maintain at Lessee's expense the internal portion of the leased premises in good condition and repair.

4. NONDISCRIMINATION: Lessee agrees that there will be no discrimination against any employee or person receiving service on account of race, color, sex, religious background, marital status, mental or physical disability, ancestry, or national origin in its performance of this Lease.

5. SCOPE OF OPERATION AND REQUIRED OPERATIONS: Lessee will comply with minimum operating standards as mutually agreed upon between Lessor and Lessee, as shown on Exhibit B herein. The minimum operating standards may be revised from time to time by Lessor, and as mutually agreed upon by Lessee.

6. NONEXCLUSIVE: That this Lease agreement shall not be construed to give the Lessee an exclusive right to perform aeronautically associated service operation or activities of the type herein above indicated at the Corvallis Municipal Airport.

7. HANGAR SPACE: That the Lessee will make available to private airplane owners a storage space for airplanes within the large hangar as space will accommodate, and in the tie-down area covered hereby, at reasonable rates to be determined by said Lessee.

8. FUEL TANKS: Lessee will install and maintain its own fuel tanks in accordance with the latest state, FAA or DEQ requirement for fuel tanks. The berm and/or security fence will be installed and maintained by the Lessor. Until such time as Lessee installs its own fuel tanks, Lessee agrees to pay the sum of \$50.00 per month additional rent for the use of a fuel tank and pump belonging to Lessor, and Lessee shall perform all necessary maintenance on the pump.

9. ATTORNEYS FEES: In the event either of the parties hereto institutes suit or action to procure any remedy for any breach hereof, the party prevailing shall recover from the other party such sum for attorneys fees in such suit or action and on any appeal therefrom as the court shall adjudge to be reasonable.

10. FEDERAL AVIATION ADMINISTRATION (FAA) REQUIREMENTS: That in the event that the FAA shall place any reasonable restrictions on the Lessor herein in conflict with any provision hereof in order to qualify the City of Corvallis for federal funds in connection with the development of the airport, that this agreement shall be modified as necessary in order to comply with such reasonable FAA requirements. The Lessee shall be given notice of any such proposed requirement at the earliest reasonable times so that Lessee may protect its interest by making its position known to the FAA.

11. INSURANCE - INDEMNIFICATION: Berteia/Aviation, Inc. (Lessee) shall indemnify defend, and hold CITY and CITY'S employees and agents harmless from and against any and all claims, losses, actions, or damages made or suffered by any person that results directly or indirectly from any negligent act of Lessee or Lessee's employees, agents, or invitees arising in connection with or related to Lessee's use or occupancy of the Premises or the conduct of Lessee's operations at Airport.

CITY agrees to notify Lessee in writing as soon as practicable of any claim, demand or action arising out of an occurrence covered under Lease of which the CITY has knowledge, and to cooperate with Lessee and/or Lessee's Insuror in the investigation and defense thereof.

Lessee shall obtain and maintain continuously in effect at all times during the term of this lease, property insurance on the main hangar building in the amount of \$200,000 for Lessor. The insurance shall insure Lessor and Lessee's improvements on the premises, now existing on or hereafter erected, against loss by fire extended coverage and vandalism.

12. NATIONAL EMERGENCY: This Lease may be renegotiated in the event of a national emergency.

13. REVIEW AND EXPANSION: Lessee agrees to secure Lessor's approval on all buildings, locations, signs, and all other physical features to be placed on the property subject to this Lease.

14. FUEL FLOWAGE FEE RECORDS: Lessee covenants and agrees to handle and sell aviation fuel to the public and others requiring the same for reasonable prices and to remit to the Lessor the sum of 2 cents per gallon for all fuel sold or used by the Lessee as additional rental herein; that books shall be kept by Lessee covering its operations; and the Lessor, its authorized agents and representatives shall have a right to examine books and

records of Lessee at any reasonable time. That the information obtained by the Lessor from those books and records, either directly or indirectly, shall be kept confidential and shall not be made public information. Lessor may from time to time establish increased fuel flowage fees for all fuel sold or used by Lessee on the airport. Any increases in the fuel flowage fee will be applied uniformly to all Fixed Base Operators (FBOs) in order to maintain parity between the FBOs.

15. UTILITIES: Lessee will pay for all electric power, gas, and water consumed by Lessee.

16. FIRE: Lessee agrees to participate in necessary fire fighting activities that are so determined by Lessor.

17. AIRPORT LICENSE: That in the event the Lessor shall for good cause revoke Lessee's license or Lessee's license is terminated under the provisions of Ordinance 64-53 as that ordinance now provides or is hereafter amended to conform to recommendations of the FAA for municipal airport licensing ordinance, then and in that event this Lease may be terminated by either party hereto. The automatic expiration of the license for failure to pay fee or for any other nominal violation shall not be considered as a termination for cause until and after the Lessee is given notice of the default and an opportunity to reinstate the license.

18. WATER AND SEWER SERVICE: It is understood and agreed that if and when the City of Corvallis shall provide new and different water and sewer systems to the leased premises, the old systems shall be abandoned and the Lessee shall participate in the cost of the new improvements through the formation of assessment districts, without remonstrance.

19. UNICOM/ALTIMETER READINGS/WEATHER OBSERVATIONS: Lessee shall receive a credit of \$75.00 per month for operation of the Airport Unicom Base Radio, in conjunction with providing qualified personnel to observe and record the weather in accordance with the Federal Meteorological Handbook as provided by and in conjunction with the National Weather Service.

The monthly credit shall begin on August 1, 1987, provided that Lessor has installed the necessary instruments and equipment required for taking weather observations, and provided that Lessee is prepared to commence taking weather observations by certified personnel. If Lessor and/or Lessee are not prepared to provide weather observations on or before August 1, 1987, the monthly credit shall not commence until the weather service station is in operation.

20. ASSIGNMENT, TRANSFER, AND SUBLETTING: Lessee agrees that it will not assign, transfer, or sublease the whole or any portion of this Lease or the leased premises without first having obtained written approval of the Lessor, and Lessor will not unreasonably withhold approval.

In the event of any assignment, transfer, or sublease approved by the Lessor, any assignee, transferee, or sublessee shall be subject to the same conditions, obligations, and terms as set forth here.

20. Lessee has the first right of refusal to lease the easterly portion of the upper balcony of the south lean to of the main hangar currently occupied by Lessor, if Lessor decides to vacate the area.

IN WITNESS THEREOF, the parties hereto have executed this agreement the date and year first above written.

CITY OF CORVALLIS, OREGON

By:   
OPERATIONS SERVICES PROGRAM MANAGER

BERTEA/AVIATION, INC.

By:   
President

Approved as to Form:

  
City Attorney

EXHIBIT A

LEGAL DESCRIPTION  
PARCEL FBO 1  
BERTEA AVIATION, INC.

PARCEL FBO 1A

Beginning at a point South 08°23'39" East, 423.90 feet from the southeast corner of the Alfred Rhinehart Donation Land Claim, No. 73 in section 22 of Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon: thence North 70°02'40" West, 100.90 feet; thence 240.89 feet along the arc of a 246.69 foot radius curve left (the chord of which bears South 49°59'34" West, 231.43 feet); thence North 67°58'52" West, 214.00 feet; thence South 0°33'23" West, 105.98 feet; thence South 67°58'52" East, 358.42 feet; thence North 22°01'48" East, 155.09 feet; thence North 69°08'00" East, 36.17 feet; thence North 21°52'23" East, 126.95 feet to the point of beginning, containing 1.65 acres, more or less.

Together with the following:

PARCEL FBO 1B

Beginning at a point South 14°08'54" East, 424.80 feet from the southeast corner of the Alfred Rhinehart Donation Land Claim, No. 73 in section 22 of Township 12 South, Range 5 West of the Willamette Meridian in Benton County, Oregon; thence South 22°07'48" West, 163.12 feet; thence South 68°07'25" East, 228.91 feet; thence 92.53 feet along the arc of a 58.47 foot radius curve right (the chord of which bears South 23°24'30" East, 83.18 feet); thence South 21°55'44" West, 44.81 feet; thence 99.77 feet along the arc of a 63.45 foot radius curve right (the chord of which bears South 66°58'18" West, 89.80 feet); thence South 67°58'52" East, 231.88 feet; thence North 31°00'49" East, 414.86 feet; thence North 58°29'27" West, 360.11 feet; thence South 21°48'15" West, 89.99 feet; thence South 68°13'06" East, 36.23 feet; thence South 21°51'35" West, 49.79 feet; thence North 68°02'24" West, 202.74 feet to the point of beginning, containing 3.428 acres, more or less.





Lessor hereby leases those portions of the buildings and improvements described as follows:

In main hangar (C-28), all of the ground floor except that portion of the west bay of the south lean-to, now in use for public restrooms and except the corridor which extends from the public waiting room to the public restrooms and except that portion of the south lean-to now in use as a public waiting room;

Also, in that main hangar, all of the balcony of the north lean-to and the westerly 150 feet of balcony in the south lean-to;

Also, the building immediately north of the main hangar known as C-27;

Also, that portion of the tie-down and ramp area lying generally west of the main hangar and between the north line of the concrete apron and the main hangar;

Also, access to and use of the ramp area lying generally east of the main hangar and between the north line of the concrete apron and the main hangar, in common with others.



EXHIBIT B

MINIMUM OPERATING STANDARDS

**SCOPE OF OPERATION:** That the Lessee will have the right to operate a mechanics school; a commercial shop; a flying school; charter flights; cross-country flying; sales agency for new and used aircraft and equipment; radio and electronic equipment; aircraft parts (retail and wholesale); navigational and airmen supplies and accessories; flight operations; auto and aircraft rental; vending machines and food service; flying service; parking areas; aircraft financing and insuring operations' aerial advertising; helicopter service; forest fire fighting and patrol services; aviation fuel and oil sales and service; aircraft, engine, and accessory maintenance; agricultural chemical operations and aerial mapping, surveying, and photography; and the Lessee shall have the right to do all things necessary or desirable in connection with handling any one of the foregoing and any other activities agreeable to the Lessor.

**REQUIRED OPERATIONS:** That during operating hours Lessee will furnish services to private plane owners and maintain full-time operations of line aeronautical services as defined in Section 6 of Ordinance 64-53 consistent with the following licenses and any additional licenses and activities agreed upon by the Lessor:

1. Fuel and oil sales license
2. Aircraft, engine, and accessory maintenance license
3. Flight training license
4. Aircraft charter and taxi license
5. Aircraft rental license
6. Aircraft sales license
7. Miscellaneous aeronautical license

**INSURANCE:** Lessee shall obtain and maintain continuously in effect at all times during the term of this Agreement, at their expense, the following Insurance:

1. **LIABILITY POLICIES** shall include Contractual Liability coverage for CITY hereunder. CITY shall be named as an Additional Insured on Lessee's Insurance Policies. Each policy shall contain an endorsement entitling CITY to thirty (30) days' prior written notice of any material change or cancellation. All policies required hereunder shall be placed with companies acceptable to CITY and shall be in such form as CITY prescribes. A copy of all Policies or Certificates of Insurance thereof satisfactory to CITY shall be delivered to CITY prior to commencement of operations by Lessee;
2. **HANGARKEEPER'S LEGAL LIABILITY INSURANCE** in the minimum amount of \$500,000.00 each aircraft and \$500,000 each occurrence;

- 
3. AIRPORT PREMISES INSURANCE protecting City against any and all liability by reason of Lessee's conduct incident to the use of the Premises Leased or under control of Lessee at the Airport, caused by or arising out of any wrongful act or omission of Lessee in the minimum amount of \$1,000,000.

The City Manager, for reasonable cause, may from time to time adjust these requirements upon application in writing by the Lessee provided the spirit and intent of comprehensive aeronautical services are met by the Lessee.

## ADDENDUM TO LEASE

Agreement between the City Of Corvallis and Berteia Aviation, Inc. dated October 27, 1986 to modify the terms of occupancy in Hangar T-317

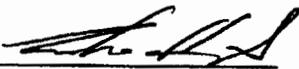
1. Berteia Aviation, Inc. hereby agrees to release the following area as described in Exhibit "A", attached, in Hangar T-317

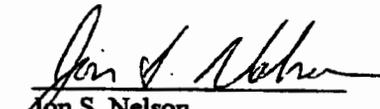
- a. Approximately 600 square feet on the south side of Hangar T-317, commonly referred to as the "waiting area".
- b. Approximately 115 square feet adjacent to the "waiting area", commonly referred to as the "ticket counter"
- c. Approximately 124 square feet of hallway between the "waiting room and the area commonly referred to as the "OPA meeting room"

2. In exchange for the aforementioned areas, the City of Corvallis, agrees to the following:

- a. The City of Corvallis shall, in the course of its scheduled remodeling, provide and install floor covering in the hallways, waiting room and the OPA meeting room at a cost not to exceed \$4,500.00, that is acceptable to Berteia Aviation, Inc.
- b. The City of Corvallis agrees to return the "waiting area", "the ticket counter", and the hallways to Berteia Aviation, Inc. at the termination of this agreement

3. This agreement shall commence on February 1, 1999 and continue through such a time as the City of Corvallis and Harbor Airlines and/or its successors or sub-lessee maintain a valid lease requiring space in Hangar T-317.

  
Ed W. Hennings, Secretary  
Berteia Aviation, Inc.

  
Jon S. Nelson  
City of Corvallis

Approved As to Form:

  
City Attorney

COVERED SIDEWALK

Public Hall

BERTHA

WAITING ROOM

Ticket Counter

BREAK RM (OFFICE)

VIP OFFICE

OPA MEETING ROOM

To Restrooms

LEASE SPACES to AIRLINES

AREA Requested for additional NEW flooring

OPEN HANGAR AREA

15'

7'6"

11'9"

## **AMENDMENT**

THIS AMENDMENT, is to that lease agreement dated October 27, 1986, between the City of Corvallis, an Oregon municipal corporation, hereinafter referred to as Lessor, and Berteau Aviation, Inc., hereinafter referred to as Lessee. This amendment shall not change the terms or conditions of the October 27, 1986 lease agreement, except as specifically provided herein.

### **1. PREMISES**

The Lessor, in consideration of Lessee's request, terms, covenants, and agreements does hereby agree to modify the original lease parcel and lease to Lessee that property described in Exhibit "A", attached. The land described in Exhibit "A" shall replace the original leased premises shown in Exhibit "B".

### **2. INCORPORATION OF TERMS AND CONDITIONS**

If this amendment is silent on a term or condition, the lease of this property described in Exhibit "A" shall be subject to the terms and conditions of the October 27, 1986 lease agreement, as they have been adjusted or amended as of the date of execution of this amendment.

### **3. RENT**

For the use and possession of the property described in Exhibit "A", Lessee shall pay the current land rental rate per acre paid for the property shown in Exhibit "B" of the underlying lease dated October 27, 1986, as that rate has been re-evaluated effective August 1, 1997 in accordance with the terms and conditions of the original lease agreement dated October 27, 1986.

### **4. ORIGINAL LEASE AGREEMENT**

Lessor hereby agrees to trade to Lessee, the area lost by the demolition of City building C-27, for the easterly portion of the upper balcony of the south lean-to of the main hangar building, found in page 2 of Exhibit "A" of the original lease agreement dated October 27, 1986.

All other terms and conditions of the existing lease between Lessor and Lessee shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this lease amendment effective 12-1, 1997.

CITY OF CORVALLIS

By: Jon A. Nelson  
City Manager

BERTEA/AVIATION, INCORPORATED

By: Ed W. Hennings  
Corporation Secretary

Approved as to form:

James K. Brown  
City Attorney

f:\Barrowja\bertea.amd

**LEASE AMENDMENT  
EXHIBIT "A"**

**LEGAL DESCRIPTION  
PARCEL FBO 1  
BERTEA AVIATION, INC.**

**PARCEL FBO 1A**

Beginning at a point South 08°23'39" East, 423.90 feet from the southeast corner of the Alfred Rhinehart Donation Land Claim, No. 73 in section 22 of Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21°52'53"W, 126.95 feet; thence S 69°08'00"W, 36.17 feet; thence S 22°01'48"W, 155.09 feet; thence N 67°58'52"W, 259.77 feet; thence S 22°01'08"W, 37.09 feet; thence N 67°58'52"W, 98.65 feet; thence N 22°01'08"E, 37.09 feet; thence N 0°33'23"E, 87.31 feet; thence S 67°58'52"E, 130.61 feet; thence N 22°01'48"E, 215.10 feet; thence S 70°02'40"E, 286.09 feet to the point of beginning. Containing 2.18 acres, more or less.

Together with the following:

**PARCEL FBO 1B**

Beginning at a point South 14°08'54" East, 424.80 feet from the southeast corner of the Alfred Rhinehart Donation Land Claim, No. 73 in section 22 of Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 68°02'24"E, 202.74'; thence S 22°07'48"W, 23.98'; thence S 68°03'39"E, 38.47'; thence 263.86 feet along the arc of a 168.00 foot radius curve right (the chord of which is 237.57', and bears S 23°03'57"E); thence S 21°55'44"W, 137.84'; thence N 67°58'52"W, 185.13'; thence 99.77 feet along the arc of a 63.45 foot radius curve left (the chord of which is 89.80 feet and bears N 66°58'18"E); thence N 21°55'44"E, 44.80'; thence 92.53 feet along the arc of a 58.47 foot radius curve left (the chord of which is 83.18' and bears N 23°24'30"W); thence N 68°07'25"W, 228.91'; thence N 22°07'48"E, 163.12' to the point of beginning. Containing 1.78 acres, more or less.

**PARCEL FBO 1C**

Beginning at a point South 40°32'44" East, 452.79 feet from the southeast corner of the Alfred Rhinehart Donation Land Claim, No. 73 in section 22 of Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 59°13'14"E, 376.40'; thence S 30°46'46"W, 53.00'; thence N 59°13'14"W, 376.40'; thence N 30°46'46"E, 53.00' to the point of beginning. Containing 0.46 acres, more or less.

SE Corner DLC No. 73

FBO 1C

Area being added by this lease agreement

Area to be released by this lease agreement

Area being added by this lease agreement

Area being reconfigured by this lease agreement

FBO 1A

hangar building

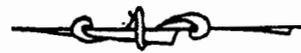
FBO 1B

fuel farm

1987 LEASE AGREEMENT

EXHIBIT "A"

(nts)



## MEMORANDUM

TO: Airport Commission

FROM: Dan Mason, Airport Coordinator

DATE: February 7, 2006

SUBJECT: Lowther Lease Extension and Sublease Consent

### Issue

The Fred Lowther Trust is requesting a ten year extension on the land lease for the corporate hangar at 5560 SW Plumley Place. The Trust is also requesting approval of their sublease of that hangar to Corvallis Aero Service.

### Discussion

This hangar was the first corporate hangar built at Corvallis Municipal Airport. The original land lease was with Advanced Control Technology, Inc. on October 27, 1983 for a 20 year term ending October 6, 2003. The land lease was assumed by CH2M Hill in 1984 and then by the Fred Lowther Trust on September 14, 1995. This lease included one renewal option for a term of ten years. That renewal option was to be exercised by a written request to the City within 180 days preceding termination of the primary term (October 6, 2003). This was never done, however, the previous Airport Manager was informed verbally by Fred Lowther of his desire to exercise that option if he could not sell the hangar in a timely manner. The hangar has been up for sale but is now subleased to Corvallis Aero Service for use as their maintenance hangar. It is the desire of Fred Lowther that the ten year extension option be exercised. This request for approval of the extension is being routed due to the gap in the lease since the primary term ended on October 6, 2003.

Corvallis Aero Service, the only Fixed Base Operator at the Corvallis Municipal Airport, has found it difficult to conduct maintenance operations in the Main Hangar that they lease from the City. Due to these difficulties, they wish to use that hangar as office, classroom and storage only and have entered into a sublease with the Fred Lowther Trust for the use of the corporate hangar at 5560 SW Plumley Place. The Fred Lowther Trust requests the sublease with Corvallis Aero Service be approved by the City of Corvallis.

### Recommendation

Staff recommends that the Airport Commission recommends to the Urban Services Committee to

recommend City Council approve the ten-year extension of the Fred Lowther Trust land lease from the end of the primary lease term in 2003, and the sublease of that hangar to Corvallis Aero Services.

Review and Concur:

---

Jon S. Nelson  
City Manager

Attachment

**LEASE EXTENSION**

Per the written request of Fred Lowther (attachment 1) of the Fred Lowther Trust, dated January 15, 2006, and in accordance with Section 2.1 of the original Corporate Hangar Site Lease dated October 27, 1983 between the City of Corvallis and Advanced Control Technology, Inc. and assumed by Fred Lowther Trust on September 14, 1995, an extension is hereby granted for a period of ten years from the end date of the primary term of the original lease. This extension is for the period from that end date, October 6, 2003 through October 6, 2013.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

CITY OF CORVALLIS

By: \_\_\_\_\_  
Jon S. Nelson, City Manager

FRED LOWTHER TRUST

By: \_\_\_\_\_  
Fred R. Lowther, Trustee of the  
FRED LOWTHER TRUST

Approved as to Form:

\_\_\_\_\_  
City Attorney



January 15, 2006

Dan Mason  
Airport Coordinator  
Public Works Department  
1245 NE 3rd Street  
PO Box 1083  
Corvallis, OR 97330

Dear Mr. Mason,

It is my understanding that my original lease dated October 27, 1983, and assumed by the, Fred Lowther Trust on September 14, 1995 as become delinquent. I believe I have a ten year option I can exercise. Buck Taylor and I discussed this renewal, I continually asked Buck to get the paper work ready , and he continually told me he would get right on that, then before anything got accomplished Buck left Corvallis for another job. It was never my intension to let this lease laps, I have continued to pay the yearly lease and the property taxes, I do not feel I am delinquent in anyway except for Buck's negligence. Please call my home @ 929-3733 to set up a time that will work for both of us to get the new lease signed.

There also seems to be confusion as to the address of this hangar. On all lease and city documents the address is 5560 SW Plumley, but the county tax roll has it listed as 5570 SW Plumley. Please let me know the correct address, so the correct address will be on the new lease agreement.

Sincerely

Fred Lowther  
PO Box 815  
Corvallis, OR 97339  
541-754-3733

Rec'd @ Pw  
1/19/06 D

## Sublease Consent of Master Lessor

The City of Corvallis (Master Lessor) hereby consents to this Sublease, conditioned on Sublessor's agreement to the following:

- (1) Sublessor is not released from its obligations in any respect under the Master Lease dated October 27, 1983 with Advanced Control Technology, and assumed by Fred Lowther Trust on September 14, 1995..
- (2) This consent shall not be deemed a consent to any future sublease of the Premises or assignment of the Master Lease.
- (3) By this consent, City of Corvallis does not warrant the accuracy of any of the provisions of the Lease, nor shall the City of Corvallis be deemed a party to the sublease or in privity with the Sublessee.

DATED this \_\_\_\_\_ day of February, 2006.

Master Lessor:

CITY OF CORVALLIS

By \_\_\_\_\_  
Jon S. Nelson, City Manager

Sublessor:

FRED LOWTHER TRUST

By \_\_\_\_\_  
Fred R. Lowther, Trustee of the  
FRED LOWTHER TRUST

Approved as to form:

\_\_\_\_\_  
City Attorney

①

January 15, 2006

RECEIVED  
JAN 19 2006  
PUBLIC WORKS

Dan Mason  
Airport Coordinator  
Public Works Department  
1245 NE 3rd Street  
PO Box 1083  
Corvallis, OR 97330

Dear Mr. Mason,

I have entered into a sub-Lease agreement with Corvallis Aero Service, for the corporate hangar located at 5560 Plumley. I am asking that the city approve this sub-Lease, and also am asking for approval for them to do FBO maintenance operations, at this site. A copy of the sub-Lease, I do believe you already have, if not let me know and I will provide you with a copy.

Sincerely,



Fred Lowther  
PO Box 815  
Corvallis, OR 97339  
541-754-3733

LEASE

THIS LEASE, made and entered into on December 23, 2005, by and between Fred R. Lowther Trustee, of Fred R. Lowther, hereinafter called lessor, and Corvallis Aero Service dba Honey B. LLC, Mark R. Perry, hereinafter called lessee:

WITNESSETH: That in consideration of the covenants and agreements herein contained, lessor hereby leases to lessee those premises described as 5570 SW Plumley St. Corvallis, OR. 97333  
AKA: T12-R5W-Sec.27-TL# 0000300A09 Benton County Oregon

in the City of CORVALLIS, State of OREGON,

TO HAVE AND TO HOLD the premises for a period commencing December 1, 2005, and continuing through November 30, 2006. Lessee agrees to pay, during the term of this lease, the full sum of \$ 2,700.00, to be paid as follows: Per month, Due and payable the first of each month

TO: Fred R. Lowther, P. O. Box 339, Corvallis Oregon, 97339-0339.

Both Lessor and Lessee agree to an extension of this lease for an additional 12 month period beginning December 1, 2006 Thru November 30, 2007. Lessee agrees to give the Lessor 30 days written notice of intent. Extension lease payments are to be negotiated by November 30, 2006.

LESSOR AGREES TO: Pay the City gound lease on the subject property.  
Pay the Annual taxes on the subject property.

LESSEE AGREES TO: Carry renters personal property insurance.  
Provide liability insurance (See paragraph below).  
Accept the building in as-is contition.

 **COPY**

Lessor Initials fl Date: 11/23/05

Lessee Initials MRP Date: 11/23/05

Lessee agrees to make no unlawful, improper or offensive use of the premises. At the expiration of the lease term or upon any termination of this lease, lessee will quit and deliver up the premises and all future erections, improvements or additions to or upon the same, to lessor, peaceably and in as good an order and condition as the same now are or may be put in by lessor, reasonable use and wear thereof excepted. Lessee will not suffer or commit any strip or waste thereof, nor make or suffer to be made any alterations or additions to or upon the same, nor assign this lease, nor sublet or permit any other person(s) to occupy the same without consent of lessor being first obtained in writing. Lessor and lessor's representatives, at reasonable times, may enter into and upon the same to examine the condition thereof. Lessee will, at lessee's expense, keep and deliver to lessor liability insurance policies in form and with an insurer satisfactory to lessor, naming lessor as an additional insured party.



If the rent shall be in arrears for more than 15 days, or if lessee shall neglect or fail to do, perform, or observe any of the covenants hereinbefore contained which on lessee's part are to be performed, then lessor may immediately, or at any time thereafter, and while neglect or default continues, and without further notice or demand, enter into and upon the premises, or any part thereof, repossess the same, and expel lessee, and those claiming under lessee, and remove lessee's effects without being taken or deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent, or preceding breach of covenant.

Any waiver of any breach of covenant to be kept and performed by lessee shall not be deemed or considered a continuing waiver and shall not operate to bar or prevent lessor from declaring a forfeiture for any succeeding breach, either of the same condition or covenant or otherwise. Time is of the essence of this instrument.

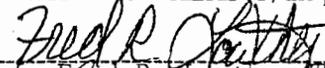
Any holding over by lessee after the expiration of the term of this lease, or any extension thereof, shall be deemed a tenancy at sufferance and not otherwise.

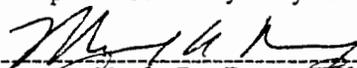
In the event any suit or action is brought to collect any rent due hereunder, to enforce any provision of this lease, or to repossess the premises, the losing party agrees to pay such sum as the trial court may adjudge reasonable as attorney fees and costs of such suit or action to be allowed the prevailing party in such suit or action and upon any appeal therefrom.

This instrument shall bind and inure to the benefit of both parties hereto and their respective executors, administrators, successors in interest and assigns.

 COPY

IN WITNESS WHEREOF, the parties have executed this lease in duplicate on the day and year first written above.

  
 Lessor: Fred R. Lowther Trustee

 11/23/05  
 Lessee: Mark R. Perry Honey B. LLC

Witness

Witness



**ASSUMPTION OF LEASE AND CONSENT TO ASSUMPTION**

The Fred Lowther Trust, Assignee of all of the right, title and interest in the leasehold estate described in the attached Exhibit A, hereby assumes all rights and obligations of the Assignor, CH2M Hill, Inc., under the October 27, 1983 lease with the City of Corvallis, recorded December 27, 1984, in Benton County Microfilm Records as document #M-63599-84; and further agrees to abide by all terms and conditions of the lease, including payment of rent, and to indemnify and hold harmless CH2M Hill, Inc., from any liability under such lease.

DATED this 14 day of SEPTEMBER, 1995.

FRED LOWTHER TRUST

By: \_\_\_\_\_  
Fred R. Lowther, Trustee of the  
FRED LOWTHER TRUST

The City of Corvallis, as Lessor under the above-described lease, consents the assignment by CH2M Hill, Inc., Assignor, to the Fred Lowther Trust, Assignee, of all of Assignor's right, title and interest in the October 27, 1983 lease of the property described in Exhibit A; and the City accepts the Fred Lowther Trust as Lessee under that lease.

DATED this \_\_\_\_ day of September, 1995.

CITY OF CORVALLIS

Approved As to Form:

Scott A. Jewel  
City Attorney

By: Jon S. Nelson

ASSIGNMENT

THIS ASSIGNMENT is made December 27, 1984, between ADVANCED CONTROL TECHNOLOGY, INC., herein referred to as "Assignor", and CH2M HILL, INC., herein referred to as "Assignee".

RECITALS

1. Assignor entered into a lease, on October 27, 1983, with the City of Corvallis, an Oregon municipal corporation, Corvallis, Oregon, herein referred to as Lessor, which agreement was evidenced of record by Memorandum of Lease recorded December 27, 1984 as M- 63599, Microfilm Records, Benton County, Oregon.

2. Assignor desires to assign, and the Assignee desires to assume the rights, duties, and liabilities of the Lessee.

In consideration of Thirteen Thousand Five Hundred Dollars (\$13,500.00), receipt of which is acknowledged by the Assignor, Assignor assigns the lease entered into with the Lessor on October 27, 1983 to Assignee effective December 27, 1984, for the balance of the term as provided in the lease.

Assignee shall assume all rights and duties required of Assignor under the lease, a copy of which the Assignee has read and approved, including all payments thereby and shall comply with all terms and conditions of the lease.

ADVANCED CONTROL TECHNOLOGY, INC.

*Charles E. Pietka*

by: Charles E. Pietka,  
Vice President Finance

CH2M HILL, INC.

*F. E. Hill*

by: Floyd E. Hill,  
Director of Financing,  
Planning and Resources

M-63600  
12/27/84  
2:17 PM

STATE OF OREGON        )  
                                  ) ss.  
County of Benton        )

On this 27 day of December, 1984, personally appeared the within named Charles E. Pietka as Vice President Finance for Advanced Control Technology and acknowledged the foregoing instrument to be executed on behalf of said corporation.

Sandy R. Hill  
Notary Public for Oregon  
My commission expires: 2-20-84

STATE OF OREGON        )  
                                  )  
County of Benton        )

On this 27 day of December, 1984, personally appeared the within named Floyd E. Hill, Director of Financing, Planning and Resources, for CH2M Hill, Inc. and acknowledged the foregoing instrument to be executed on behalf of said corporation.

Sandy R. Hill  
Notary Public for Oregon  
My commission expires: 2/20/84

CONSENT TO ASSIGNMENT

THIS CONSENT TO ASSIGNMENT agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between the CITY OF CORVALLIS, a municipal corporation of the State of Oregon, hereinafter called the "Lessor," and ADVANCED CONTROL TECHNOLOGY, INC., an Oregon corporation, hereinafter referred to as "Lessee."

RECITALS

1. Lessor demised to Lessee premises located at the Corvallis Municipal Airport on October 27, 1983, for a primary term of 20 years, commencing October 6, 1983, and ending October 6, 2003, with a renewal provision for an additional 10 years.

2. Lessee is prohibited by Section 13 of the lease from assigning the lease without the written consent of Lessor.

3. Lessee desires to assign lease to CH2M HILL, INC., of 2300 N.W. Walnut Boulevard, Corvallis, Oregon, hereinafter referred to as "Assignee."

4. Lessee guarantees that CH2M HILL, INC., has agreed to assume all rights and duties required of Advanced Control Technology, Inc., under the terms of the lease.

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

Lessor consents to the assignment of the lease described above to Assignee and does accept the Assignee as the new tenant and does release Advanced Control Technology, Inc., from any responsibility under the lease.

IN WITNESS WHEREOF, the parties have executed this agreement the day and year first above written.

CITY OF CORVALLIS

By: \_\_\_\_\_

CITY MANAGER

ADVANCED CONTROL TECHNOLOGY, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
CITY ATTORNEY

CORPORATE HANGAR SITE LEASE

THIS LEASE, made this 27th day of October, 1983, is by and between the CITY OF CORVALLIS, a municipal corporation of the State of Oregon, hereinafter called the "Lessor", and ADVANCED CONTROL TECHNOLOGY, INC., an Oregon corporation, hereinafter called the "Lessee".

W I T N E S S E T H:

In consideration of the covenants contained herein, Lessor does hereby lease and let to the Lessee the premises described below and as shown on Exhibit A, which is attached hereto and by this reference incorporated herein, upon the following terms and conditions:

Beginning at a point that is South 202.43 feet and East 811.58 feet from the southeast corner of the Alfred Rhinehart Donation Land Claim No. 73 in Section 27, Township 12 South, Range 5 West, Willamette Meridian, Benton County, Oregon; thence North 59°10'44" West, 180.00 feet; thence North 30°49'16" East, 90.00 feet; thence South 59°10'44" East, 180.00 feet; thence South 30°49'16" West, 90.00 feet to the Point of Beginning.

There is hereby reserved to the Lessor, its successors, and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein leased, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace or landing at, taking off from, or operating on Corvallis Municipal Airport, hereinafter referred to as "Airport".

Section 1. PRIMARY TERM. The term of this lease is from October 6, 1983, to and including October 6, 2003.

Section 2. RENEWAL TERM.

2.1 Renewal Term. Provided the Lessee is not in default in the performance of any term or condition of this lease, Lessee shall have the option to extend this lease for a renewal term of ten (10) years, commencing with the termination of the primary term, upon the following conditions:

2.1.1 The renewal option may be exercised at any time within one hundred eighty (180) days preceding termination of the primary term by giving written notice to Lessor. If not exercised within such period and in such manner, the option to renew shall be void.

2.1.2 Within sixty (60) days after receipt of Lessee's notice of exercise of the renewal term option, Lessor shall cause the improvements to be inspected by the Building Official, or his/her designated representative, of the City of Corvallis, hereinafter referred to as Building Official. The inspection shall be for the purpose of determining whether the improvements are in satisfactory condition and repair, and have, at that time, an additional life expectancy of not less than ten (10) years beyond the current term.

2.1.3 Following the inspection, Lessor shall notify Lessee of the determination. The additional renewal term, if granted, shall become effective on the termination of the primary term subject to Lessee's satisfactory compliance with the provisions of Section 2.1.4.

2.1.4 Notwithstanding a determination that the improvements are in good condition and repair, with a useful life of not less than ten (10) years beyond the current term, subject to supplemental rewriting, Lessor may require, as a further condition to the Lessee's right to continue the lease for the period of the renewal term, that Lessee make such alterations, improvements, or repairs to the leasehold improvements as Lessor deems necessary or appropriate for the good of the Airport, taking into consideration the state of repair and condition of other similar and newer improvements located at the Airport and the overriding desire to maintain at the Airport clean, safe, and attractive facilities for noncommercial users. Items considered for improvement shall include, but shall not be limited to, structural integrity of the hangar, exterior finish, condition and operation of doors, and condition of roof. To effectuate any such additional conditions, Lessee's right to continue the lease during the renewal term shall be subject to a supplemental writing between Lessor and Lessee, setting forth a reasonable time, determined by Lessor, in which such alterations and repairs will be made and providing that upon Lessee's failure to make such alterations and repairs within that period, the Lease renewal term provision shall immediately terminate, in which event the provisions of Section 23 shall apply.

2.1.5 The Building Official may, at Lessor's expense, employ the services of outside consultants to assist in making a life expectancy determination, inspecting the structural integrity of the improvements, and for the purpose of determining what alterations and repairs, if any, should be required as a further condition of the renewal term as provided in Section 2.1.4.

2.1.6 As used herein, the Building Official is the individual occupying that position at the time the inspection is made, or that person's designee or agent, or the individual occupying a similar position in a successor agency or governmental unit having building code jurisdiction over the Airport facilities.

2.1.7 The rent and all other terms and conditions of the lease shall be subject to adjustment or amendment at the commencement of the renewal term. Adjustment of rental shall be made on the basis of the factors mentioned in Section 4 and disputes regarding such adjustment shall be determined by arbitration in the manner provided in Section 4.

Section 3. RENT. Lessee shall pay the Lessor the sum of Two Thousand, Four Hundred Thirty Dollars and No Cents (\$2,430.00) per year as the rent, for the period from October 1 to September 30. Rent is payable in advance and shall be paid by the year. The amount paid at the Lease Execution, Fourteen Thousand, Nine Hundred Thirty-One Dollars and Thirty Cents (\$14,931.30), is payment in full for the first ten years of the primary term. Thereafter, rent for each year shall be paid on or before the first day of the month of October.

Section 4. ADJUSTMENT TO RENT. The rent shall be subject to adjustment commencing on the first day of the eleventh, fourteenth, seventeenth, and twentieth years of the primary term, as set by the Lessor, not less than sixty (60) days prior to implementation. The rent set in 1993 will be a maximum of \$3,645 per year.

4.1 During the renewal period, the rent shall be subject to rent adjustments effective the first day of the third, sixth, and ninth years, as set by the Lessor, not less than sixty (60) days prior to implementation.

4.2 In the event the Lessee does not agree that the rent adjustment provided by the Lessor is reasonable, the Lessee can request to have the proposed rent reviewed. The rent review shall consist of conducting a survey for like usage at the following airports: Mahlon Sweet Field (Eugene), Hillsboro (Port of Portland), and Medford/Jackson County. The rents paid per year, per square foot, shall be totaled and averaged. The rent shall not in any event exceed 100 percent of the average of the rent survey.

4.3 In the event that the Lessee does not agree with the findings of the survey, the Lessee may, within ten (10) days of receiving notification of the survey findings, request in writing that the question be submitted to arbitration in accordance with the provisions of ORS 33.210 to 33.340 or the future corresponding provision of any such law.

Section 5. TAXES. Lessee shall pay when levied any taxes or assessments as due on the leased premises, as well as any taxes upon real and personal property constructed and maintained upon the premises, it being the intent of the parties that Lessor shall not be required to pay any taxes or assessments on the leased premises. Lessee shall not place or suffer to be placed against said premises any liens or encumbrances by, through, or under it which may become superior to the interest of the Lessor.

Section 6. UTILITY PAYMENTS. Lessee shall, promptly as the bills become due and payable, pay for any and all water, power, light, telephone, and other utility service used by the Lessee in or about the leased premises during the term of this lease or any renewal hereof. Lessee shall pay the cost of installing meters or other expenses incurred in the process of providing service to the premises.

Section 7. APPROVAL OF PLANS AND CONSTRUCTION.

7.1 Lessee shall construct and maintain upon the leased premises an aircraft hangar which shall in all respects comply with applicable laws, rules, regulations, ordinances, and resolutions of all government entities, including Lessor. The plans and specifications of the hangar shall be subject to approval by Benton County and the City of Corvallis. Lessee shall submit such plans and specifications within ninety (90) days of the date hereof. No site preparation or construction shall be commenced without first obtaining the written approval from Lessor. Lessee shall commence construction within ninety (90) days, weather permitting, after approval of the plans and specifications and shall complete such construction within a reasonable time thereafter, weather permitting, as determined by the Building Official.

7.2 Prior to the commencement of any such work, Lessee shall furnish Lessor with a good and sufficient surety bond guaranteeing the completion of such building and the payment of all bills therefor.

Section 8. USE OF THE PREMISES. The Lessee may use the leased premises for the following purposes and no others without the prior written approval of the City of Corvallis Airport Manager, hereinafter referred to as "Airport Manager":

8.1 Storage of Lessee's private aircraft;

8.2 Aircraft storage for rent;

8.3 Storage of fuel not available for resale;

8.4 Maintenance and repair of the tenant's aircraft by tenant or by a person or firm authorized by Lessor to perform such services at the Airport;

8.5 Air charter and taxi service activities;

8.6 Storage for related equipment.

Any such sublease is subject to the provisions of Section 13. Sublessee will act independently, and shall comply with all applicable ordinances, rules, and regulations. In addition, Lessee agrees upon request from Lessor, from time to time, to provide a list of persons or firms renting space on the premises for storage of aircraft.

Lessee shall obtain and maintain at all times the necessary and appropriate licenses as covered within City ordinance. Lessee agrees that the Air Charter and Taxi Service License obtained in conjunction with this agreement shall apply only to the aircraft currently owned by Lessee, aircraft serial number BB-1069, and registration number N6393F. Licenses for air charter and taxi service for additional aircraft shall not be unreasonably withheld.

#### Section 9. CONDITIONS ON USE OF PROPERTY.

9.1 The Lessee shall not commit waste and will not use, suffer, or permit the use or occupancy of the property heretofore described for any illegal or immoral purposes nor commit, suffer, or permit anything which will or may constitute a menace, nuisance, or hazard to the safety of persons or property. Lessee will use said property in a lawful manner, keep and maintain the same in sanitary condition and comply with all governmental laws and requirements, including Fire and Life Safety Codes, with respect thereto, all at the Lessee's sole cost and expense and without expense whatsoever to the Lessor.

9.2 The Lessee shall not permit the erection of any structure or object nor permit the growth of any tree on the land conveyed hereunder above a mean sea level elevation of 340 feet. In the event the aforesaid covenant is breached, the Lessor reserves the right to enter on the land conveyed hereunder and to remove the offending structure or object or cut the offending tree, all of which shall be at the expense of the Lessee.

9.3 The Lessee shall not make use of the same property in any manner which might interfere with the landing and taking off of aircraft or otherwise constitute an airport hazard from the Corvallis Municipal Airport. In the event the aforesaid covenant is breached, the Lessor reserves the right to enter on the land conveyed hereunder and cause the abatement of such interference at the expense of the Lessee.

Section 10. PEACEFUL POSSESSION. The Lessee paying the rent hereby reserved and performing the covenants and agreements by it to be kept and performed as herein provided, may peaceably hold

and enjoy said premises during said terms without any interruption by the Lessor or any person lawfully claiming under or through it, except as herein otherwise provided.

Section 11. LESSEE'S ADDITIONAL RIGHTS. Lessee shall have the use of Corvallis Municipal Airport facilities and navigational aids for the purpose of landing, take-off, and taxiing of Lessee's aircraft and related rights of ingress and egress, subject to the current laws, rules, regulations, ordinances, and resolutions of applicable governmental bodies, including Lessor, as provided without obligation to the best ability of the City of Corvallis.

Section 12. RESTRICTIONS ON USE. The Lessee's rights provided for hereunder are expressly limited to the purposes permitted in Section 8, except as otherwise approved in writing by the Lessor. Lessee shall not offer or permit the sale of fuel or commercial repair service to be offered to or rendered in or from the hangar or hangar site.

Section 13. ASSIGNMENT, SUBLEASE, OR OTHER TRANSFER OF POSSESSION OR CONTROL OF THE PREMISES. Lessee acknowledges that the operation and use of the Airport are matters of public interest. Lessee further acknowledges that Lessor has granted this lease to Lessee in partial consideration of Lessor's understanding of Lessee's particular experience in matters of aviation, financial integrity, and other similar factors and that this lease is personal between Lessor and Lessee. Therefore, and in any event, except as permitted in Sections 8 and 27.5, Lessee shall not assign this lease, encumber this lease or any interest in the premises or improvements, or in any other manner transfer possession or control of the premises to any other person without the prior written approval of Lessor.

Section 14. SPECIFIC OBLIGATIONS OF LESSEE. In connection with Lessee's occupancy and use of the leased premises, the following specific conditions shall apply:

14.1 Utilities. Lessor shall provide utility service consisting of water, sanitary sewer, and storm sewer to the premises, upon the condition that Lessee assumes and agrees to pay, in advance or otherwise as required by Lessor, the costs incidental thereto, including, but not limited to, necessary meters, transmission lines, connection fees, and charges for utility services provided. Lessee is entitled to connect to any storm sewers and sanitary sewers, and to water and utility outlets at its sole cost and expense. Lessee shall have the sole responsibility and expense to provide all other utility services than those listed above.

14.2 Maintenance. Lessee shall, at its own cost and expense, keep and maintain the leased premises, including hangar building and all other improvements, in a condition of repair satisfactory to the Airport Manager. In determining

whether or not the premises are in proper condition, the Airport Manager shall take into consideration the appearance and character of other similar improvements at the Airport which are in good condition and repair. It is specifically acknowledged that the condition of repair includes appearance of the premises and improvements and therefore the condition of paint or other exterior finish. Lessee shall not store parts, equipment, or other materials outside the hangar structure. Lessee shall cause all Lessee's refuse to be removed from the premises and the Airport.

14.3 Compliance with Laws. Lessee shall comply with all rules and regulations relating to the Airport and all applicable laws, ordinances, rules, and regulations of any governmental bodies having jurisdiction over the Airport with respect to Lessee's activity in relation to the use and occupancy of the premises and of the Airport in general. Lessee shall also abide by any additional rules and regulations from time to time promulgated by Lessor. Any act or failure to act by Lessee or by any sublessee, employee, invitee, or agent of Lessee in violation of any such laws, ordinances, rules, and regulations shall be deemed a violation of this lease.

14.4 Signs. In addition to compliance with any ordinance of the City of Corvallis pertaining to signs, Lessee shall not permit to be maintained any sign or billboard on the premises or at the Airport without the prior written approval of the Airport Manager.

14.5 Alterations, Improvements, and Changes Permitted. Lessee shall have the right to make such alterations, improvements, and changes to any building which may from time to time be on the premises as Lessee may deem necessary, or to replace any such building with a new one of at least equal value, provided that prior to making any structural alterations, improvements, or changes, or to replacing any such building, Lessee shall obtain Lessor's written approval of plans and specifications therefor, which approval Lessor shall not unreasonably withhold, provided that the value of the building shall not be diminished and the structural integrity of the building shall not be adversely affected by any such alterations, improvements, or changes, or that any proposed new building is at least equal in value to the one which it is to replace, as the case may be. In the event of disapproval, Lessor shall give to Lessee an itemized statement of reasons therefor. Lessee will in no event make any alterations, improvements, or other changes of any kind to any building on the premises that will decrease the value of such building, or that will adversely affect the structural integrity of the building. Prior to commencing any work that will cost in excess of One Hundred Thousand Dollars and No Cents (\$100,000.00), Lessee shall furnish Lessor, on demand,

with a good and sufficient surety bond insuring the completion of such work and the payment of all bills therefor.

14.6 Damage to and Destruction of Improvements. The damage, destruction, or partial destruction of any building or other improvement which is a part of the premises shall not release Lessee from any obligation hereunder, and in case of damage to or destruction of any such building or improvement, Lessee shall at its own expense promptly repair and restore the same to a condition as good or better than that which existed prior to such damage or destruction.

14.7 Fuel Flowage Fee. Lessee will remit, on a yearly basis, four cents (4¢) per gallon of all fuel purchased by Lessee during the period from October 1 to September 30. Such fuel flowage fees shall be accompanied by copies of State of Oregon Form 1347-3M-6-80, Report of Licensed Aircraft Fuel Retailer, or its replacement form, in addition to copies of all applicable invoices. Fuel flowage fee shall be fixed for the first ten (10) years of the primary term, unless adjustment to the fee is mutually agreed upon. Fuel flowage fee shall then become and remain equal with fee extended to other parties. Fuel flowage fee adjustments shall occur at rent adjustment intervals. The procedure outlined in Section 4.2 shall be utilized to adjust fuel flowage fees.

14.8 Common Corridor. Lessee shall be responsible for the construction of a concrete apron, approximately 60 feet by 125 feet, which shall meet all current operational requirements of Lessee. Should Lessee's operational requirements change in conjunction with Section 14.5, Alterations, Improvements, and Changes Permitted, and Lessee receives sole benefit from the extension of the concrete apron to a total of approximately 60 feet by 225 feet, as depicted in Exhibit D, Lessee shall be responsible for such construction. It is acknowledged that the concrete apron shall serve as a "common corridor", allowing access and egress to all contiguous corporate parcels. Construction of the "common corridor" shall be in conformance with the City of Corvallis Standard Construction Specifications. Maintenance responsibilities for the common corridor shall be assumed by the City, commencing one (1) year after construction is completed.

## Section 15. LIABILITY TO THIRD PARTIES.

15.1 Lessee's Indemnification. Lessee agrees to defend, indemnify, and hold Lessor harmless from any claim, loss, liability, or cause of action or suit arising out of or in any way related to any activity of Lessee or Lessee's sublessees, employees, invitees, or agents on the leased premises or at the Airport, including the construction and maintenance of improvements on the premises in the exercise

or enjoyment of any rights or privileges granted by this lease. In the event Lessee or any sublessee, employee, invitee, or agent commits any act or omission that results in a penalty or fine imposed upon the Lessor, Lessee agrees to pay such fine or penalty and hold Lessor harmless from costs and expenses in connection therewith.

15.2 Liability Insurance Required. Lessee shall procure and maintain throughout the term of this Lease, and any renewal hereof, at Lessee's cost, public liability, and property damage insurance with the combined single limit of not less than \$2,000,000 for bodily injury, death, or property damage in connection with Lessee's use or occupancy of the leased premises, or the exercise or enjoyment of rights or privileges granted by this lease. Lessor shall have the right to require Lessee to increase the limits of such coverage from time to time, to an amount deemed by Lessor to be reasonable in view of conditions and circumstances existing at the time of such increase. Lessee shall cause Lessor to be named as an additional insured on its liability policy. Lessee shall provide Lessor with a certificate of insurance evidencing the required coverage and shall provide Lessor with such evidence as Lessor may require from time to time that the policy remains in force. The insurance carrier for the Lessee shall be required to notify the City of Corvallis directly should the insurance be canceled.

Section 16. SPONSOR'S ASSURANCE SUBORDINATION. This lease shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the Airport.

Section 17. USE OF ROADS. Lessee shall be entitled to reasonable use for its purposes of the roads now existing and serving the leased premises. Lessor may locate and relocate roads as desirable to improve its Airport and industrial park so long as reasonable and adjacent access is provided to Lessee.

Section 18. WATER AND SEWER SERVICE. Lessee may have the use and benefit of the water and sewage system now existing but shall not use water or sewer service in excess of 8 units (1 unit per 100 cubic feet) in any 2-month billing period.

18.1 Should Lessee exceed the consumption standard outlined within Section 18, Lessee shall be charged a penalty of \$50.00 per occurrence, to be paid in addition to the invoiced water and sewer charges. If the Lessee should exceed the consumption standard for three consecutive billing periods, the Lessee may treat such as a default under this lease.

18.2 It is understood and agreed that if and when the City of Corvallis shall provide new and different water and sewer systems to the leased premises, the old systems shall be abandoned, and the Lessee shall participate in the cost of new improvements without remonstrance.

Section 19. DEVELOPMENT STANDARDS. This agreement is made subject to the terms and conditions of that certain document "Standards for the Development and Use of Land in the Municipal Industrial Airport," a copy of which is attached as Exhibit B and shall comply with the 1978 Airport Master Plan, a copy of which is attached as Exhibit C, both of which are by the reference incorporated herein and made a part of this lease.

Section 20. CONDITIONS OF TRANSFER OF PROPERTY FROM USA. This agreement is made subject to the terms, conditions, and restrictions of transfer recorded in Book 121, page 40; Book 125, page 239; and Book 192, page 238, Deed Records of Benton County, Oregon; and the Lessor assumes no liability and shall in no way be liable for any loss incurred by the Lessee in the event that the said premises are taken over by the United States of America pursuant to the terms and conditions of said transfer.

Section 21. ATTORNEY FEES. If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover, in addition to costs, such sums as the court may adjudge reasonable as attorney fees, including attorney fees for any appeals herein.

Section 22. NONDISCRIMINATION. The Lessee in the operation and use of the premises and of the facilities of Corvallis Municipal Airport shall not, on the grounds of race, creed, color, national origin, or sex, discriminate or permit discrimination against any person or group of persons in any manner prohibited by applicable law and shall abide by the provisions of Part 21 of the Rules and Regulations of the Office of the United States Secretary of Transportation, effectuating Title VI of the Civil Rights Act of 1964.

Section 23. TERMINATION - REMOVAL OF IMPROVEMENTS. This lease shall terminate at the end of the primary term or the renewal term if exercised. Upon termination, Lessee shall have no right or interest in any of the leased premises. The Lessor, at its option, may direct the Lessee to cause the leased premises to be restored to clean and orderly condition, free of any improvements above ground level and any debris, within sixty (60) days from the date of termination. If, upon the direction of the Lessor, the Lessee fails to so restore the leased premises within sixty (60) days, Lessee shall pay the Lessor the reasonable expense of such removal and cleanup. If termination occurs as a result of a default by the Lessee in performance of the terms and conditions of this lease, title to any improvements shall vest in Lessor and Lessor shall have the option within six (6) months to remove the improvements and restore the premises to the above-

described physical condition, and Lessee agrees to pay the reasonable expenses thereof.

Section 24. ABANDONMENT. If Lessee abandons the premises, Lessor may treat such abandonment as a default under this lease and Lessor may exercise any rights it may have as in the case of a default for which Lessee is not entitled to notice. Any personal property remaining on the premises sixty (60) days after a termination of this lease for any reason shall be deemed abandoned by Lessee and Lessor may make any disposition of such personal property as it deems appropriate. Lessor may charge Lessee for the reasonable costs incurred in disposing of such personal property.

Section 25. NONWAIVER. Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision. No act or omission shall constitute a waiver of this nonwaiver clause.

Section 26. DEFAULT. Lessee shall be in default under this lease upon the occurrence of any one or more of the following events, time of payment and performance being of the essence:

26.1 Failure of Lessee to pay any rent or other charges within thirty (30) days after the same becomes due.

26.2 Except as otherwise provided in this paragraph, the failure of Lessee to comply with any term or condition, to fulfill any obligation, or to cure any violation of this lease within thirty (30) days after written notice by Lessor specifying the nature of the default with reasonable particularity. If such default is of such a nature that it cannot be completely remedied within thirty (30) days, this provision shall be deemed complied with if Lessee begins correction of the default within the thirty (30) day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable. Lessor may require, as a part of the cure of any violation by Lessee, reimbursement by Lessee to Lessor of any and all costs and expenses incurred by Lessor by reason of Lessee's violation of this lease.

26.3 If Lessee cures a deficiency in the manner described above, Lessee's subsequent failure to comply with the same term or condition shall constitute a default without requirement of notice.

26.4 Lessee shall also be in default in the event of its insolvency; the filing by Lessee of a voluntary petition in bankruptcy; adjudication that Lessee is bankrupt; the filing of an involuntary petition in bankruptcy and the failure of Lessee to seek a dismissal of the petition within

thirty (30) days after the filing; and the attachment of or the levy of execution on the leasehold interest and failure of the Lessee to secure a discharge of the attachment or release of the levy of execution within ten (10) days after such attachment or execution.

Section 27. REMEDIES ON DEFAULT. In the event of a default, the lease may be terminated at the option of the Lessor by notice in writing to Lessee. The notice of termination may be included in a notice of failure of compliance given under Section 26. If the property is abandoned by Lessee in connection with a default, termination shall be automatic and without notice. If the lease is not terminated by election of Lessor, Lessor shall be entitled to recover damages from Lessee for the default. If the lease is terminated for any reason, Lessee's liability to Lessor for damages shall survive such termination, and the rights and obligations of the parties shall be as follows:

27.1 Lessee shall vacate the property immediately, remove any property of Lessee including any fixtures which Lessee is required to remove at the end of the lease term, perform any cleanup, alterations, or other work required to leave the property in the condition required at the end of the term, and deliver all keys to Lessor.

27.2 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.

27.3 Following re-entry or abandonment, Lessor may relet the premises and in that connection may relet all or part of the premises, alone or in conjunction with other properties, for a term longer or shorter than the term of this lease, upon any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession, and may make any suitable alterations or refurbish the premises, or both, or change the character or use of the premises, but Lessor shall not be required to relet to any tenant which Lessor may reasonable consider objectionable.

27.4 The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Lessor under applicable law.

27.5 Notwithstanding the other default provisions contained within Sections 23, 24, 26, and 27, if the Lessee should voluntarily or involuntarily release its interest in the improvements, the Lessor may allow a new owner to continue this lease and be recognized as Lessee, subject to the review and approval of the City, which shall not be unreasonably withheld.

Section 28. NOTICES. Any notice required or permitted under this lease shall be given when actually delivered or when deposited with postage prepaid in the United States mail as registered or certified mail, addressed as follows:

TO LESSOR: Airport Manager  
City of Corvallis  
P.O. Box 1083  
Corvallis, OR 97339-1083

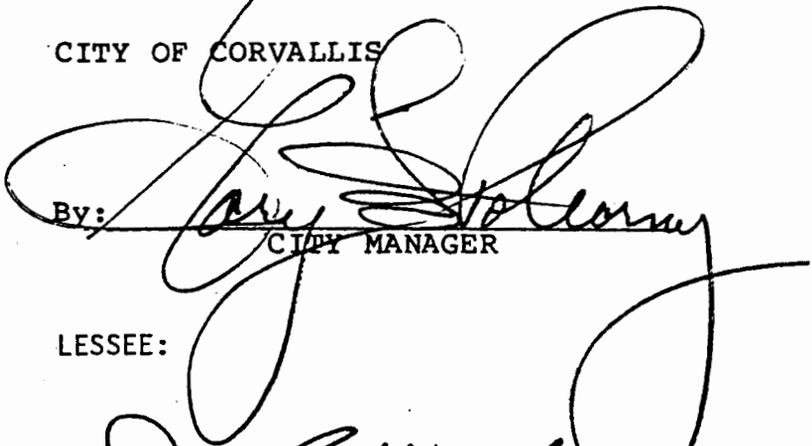
TO LESSEE: Advanced Control Technology, Inc.  
P. O. Box 1148  
Albany, Oregon 97321

or to such other address as may be specified from time to time by either of the parties in writing.

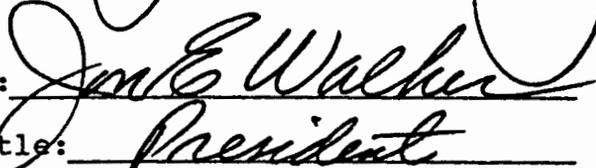
Section 29. SUCCESSION. Subject to the limitations set forth elsewhere in this lease on the transfer of Lessee's interest, this lease shall be binding upon and inure to the benefit of the parties, their respective heirs, legal representatives, successors, and assigns.

IN WITNESS THEREOF, the parties hereto have executed this agreement the day and year first above written.

CITY OF CORVALLIS

By:   
CITY MANAGER

LESSEE:

By:   
Title: President

Approved as to Form:

  
CITY ATTORNEY

TO BE DEVELOPED BY A.C.T.  
AS CONCRETE APRON

205'

"COMMON CORRIDOR"

SE. CORNER  
ALFRED RHINEHART  
DLC. #73

S 59°10'44" E

180.00'

25.00'

N 30°49'16" E  
90.00'

S 30°49'16" W  
90.00'

A.C.T. LEASEHOLD

25.00'

N 59°10'44" W

180.00'

SOUTH  
202.43'

SCALE 1" = 40'



EXISTING "T" HANGAR

EAST  
811.58'

TAXIWAY "G"

50.00'

A.C.T. CORPORATE HANGAR SITE

OCTOBER, 1983

EXHIBIT A

## ASSUMPTION OF LEASE AND CONSENT TO ASSIGN

Pacific Rim Aviation, LLC, Assignee of all the right, title and interest in the leasehold estate described in the attached Exhibits A-1, B-1, hereby assumes all rights and obligations of the Assignor, AVIA Aviation Services, Inc. under the March 10, 2003 land lease with the City of Corvallis; and further agrees to abide by all terms and conditions of the lease, including payment of rent, and to indemnify and hold harmless AVIA Aviation Services, Inc. from any liability under such lease.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2006

PACIFIC RIM AVIATION, LLC

By: \_\_\_\_\_  
Ron Gustafson, Manager  
Pacific Rim Aviation, LLC.

The City of Corvallis, as Lessor under the above-described lease, consents the assignment by AVIA Aviation Services, Inc, Assignor, to Pacific Rim Aviation, LLC, Assignee, of all of Assignor's right, title and interest in the March 10, 2003 lease of the property described in Exhibits A-1, B-1 and the City accepts Pacific Rim Aviation, LLC. as Lessee under that lease.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2006

CITY OF CORVALLIS

By: \_\_\_\_\_  
Jon S. Nelson, City Manager

Approved As to Form

\_\_\_\_\_  
City Attorney

SE Corner of the  
Alfred Rhinehart  
D.L.C. No 73

SOUTH  
765.69'

EAST  
560.72'

Taxiway B (North)  
N30°43'26"E  
172.06

S68°8'54"E  
168.74

Paved parking lot

47.37  
S20°40'53"W

S68°49'53"E Paved road  
208.79

N21°51'43"E  
150.00

Paved AC area

Paved AC area

405.00  
N68°8'17"W

275.21  
S21°51'43"W

Beacon

Taxiway A (East)

SCALE



DESIGNED  
DRAWN wbd  
CHECKED  
DATE October 2002  
SCALE: as shown

# AVIA Ground Lease Exhibit A-1



## EXHIBIT B-1

### AVIA Ground Lease Legal For 2.70 Acres

Beginning at the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence East, 560.72 feet; thence South, 765.69 feet to the TRUE POINT OF BEGINNING; thence S 68°08'54"E, 168.74 feet; thence S 20°40'53"W, 47.37 feet; thence S 68°49'53"E, 208.79 feet; thence S 21°51'43"W, 275.21 feet; thence N 68°08'17"W, 405.00 feet; thence N 21°51'43"E, 150.00 feet; thence N 30°43'26"E, 172.06 feet to the true point of beginning. Containing 2.70 acres, more or less.

**LEASE ADDENDUM**

This Lease Addendum, dated this \_\_\_\_\_ day of \_\_\_\_\_, 2006, is to amend the land lease agreement dated March 10, 2003, by and between the City of Corvallis, an Oregon municipal corporation, hereinafter referred to as the City, and AVIA Aviation Services, Inc., hereinafter referred to as the Lessee.

**1. PREMISES**

The City, in consideration of the terms, covenants and agreements contained herein, does hereby remove from the lease to the Lessee the property as shown on Exhibit A and described in Exhibit B, located at the Corvallis Municipal Airport, located about three and one-half miles south of Corvallis, all in Benton County, Oregon.

**2. RENT**

In accordance with Section 20 of the original land lease, the original lease rate of \$0.16/sqft/year is increased to the lease rate of \$0.19/sqft/year plus the two CPI percentage rate increases which have been applied to the original lease rate (1.4% in 2004, 2.6% in 2005). A monthly total of \$1937.35 will be due and payable on March 1, 2006 for the 2.7 acres described in Exhibits A-1 and B-1.

**3. AGREEMENT**

All other conditions and terms, written and agreed upon are as per the said lease dated March 10, 2003.

IN WITNESS WHEREOF, the parties hereto have executed this lease addendum on the date and year first written below:

DATED this \_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
Ron Gustafson, Owner  
AVIA AVIATION SERVICES, INC.

STATE OF OREGON     )  
                                  ) ss.  
COUNTY OF BENTON    )

Personally appeared the above-named RON GUSTAFSON, who acknowledged he is the OWNER and he accepted the foregoing instrument on behalf of AVIA AVIATION SERVICES, INC. Before me this \_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
NOTARY PUBLIC FOR OREGON  
My Commission expires \_\_\_\_\_

ACCEPTED BY:  
CITY OF CORVALLIS, OREGON

\_\_\_\_\_  
Jon S. Nelson, City Manager

STATE OF OREGON     )  
                                  ) ss.  
COUNTY OF BENTON    )

Personally appeared the above-named JON S. NELSON, who acknowledged he is the City Manager of

Corvallis and he accepted the foregoing instrument on behalf of the City of Corvallis by authority of its City Council. Before me this \_\_\_\_ day of \_\_\_\_\_, 2006.

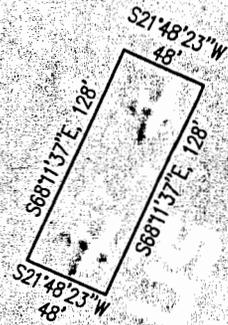
\_\_\_\_\_  
NOTARY PUBLIC FOR OREGON

My Commission expires \_\_\_\_\_

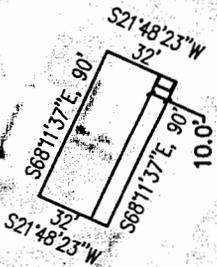
Approved as to form:

\_\_\_\_\_  
City Attorney

Ramp Area



Fuel Farm



FILE: X:\Divisions\Engineering\Capital Planning&Projects\Surveys\AIRPORT\LEASE\CAS fuel farm-ramp area.dwg

DESIGNED

DRAWN CRB

CHECKED

DATE January 2006

SCALE: 1" = 100'

CORVALLIS AERO SERVICE

GROUND LEASE  
EXHIBIT "A"

0.2 Acres

## Exhibit B

Corvallis Aero Service Land Lease for Ramp, Fuel Farm, and Card-lock Areas.

### **Ramp Area -**

Beginning at a point which is East 181.04 feet, South 1025.50 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21°48'23"W, 48.00 feet; thence S 68°11'37"E, 128.00 feet; thence N 21°48'23"E, 48.00 feet; N 68°11'37"W, 128.00 feet to the point of beginning. Containing 6144 square feet, more or less.

### **Together with Fuel Farm -**

Beginning at a point which is West 335.37 feet, South 643.43 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21°48'23"W, 32.00 feet; thence N 68°11'37"W, 90.00 feet; thence N 21°48'23"E, 32.00 feet; S 68°11'37"E, 90.00 feet to the point of beginning. Containing 2880 square feet, more or less.

### **Together with Card-lock Fuel Area -**

Beginning at a point which is West 335.37 feet, South 643.43 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21° 48' 23"W, 32.00 feet to the **point of beginning**; thence S 21° 48' 23" W, 10.00 feet; thence N 68° 11' 37" W 90.00 feet; thence N 21° 48' 23" E, 10.00 feet; thence S 68° 11' 37" E, 90.00 feet to the point of beginning. Containing 900 square feet, more or less.

SE Corner of the  
Alfred Rhinehart  
D.L.C. No 73

SOUTH  
765.69'

EAST  
560.72'

Taxiway B (North)  
N30°43'26"E  
172.06

S68°8'54"E  
168.74

Paved parking lot

47.37  
S20°40'53"W

S68°49'53"E  
208.79

Paved road

N21°51'43"E  
150.00

Paved AC area

Paved AC area

275.21  
S21°51'43"W

Beacon

405.00  
N68°8'17"W

Taxiway A (East)

SCALE



DESIGNED

DRAWN wbd

CHECKED

DATE October 2002

SCALE: as shown

# AVIA Ground Lease Exhibit A-1



## EXHIBIT B-1

### AVIA Ground Lease Legal For 2.70 Acres

Beginning at the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence East, 560.72 feet; thence South, 765.69 feet to the TRUE POINT OF BEGINNING; thence S 68°08'54"E, 168.74 feet; thence S 20°40'53"W, 47.37 feet; thence S 68°49'53"E, 208.79 feet; thence S 21°51'43"W, 275.21 feet; thence N 68°08'17"W, 405.00 feet; thence N 21°51'43"E, 150.00 feet; thence N 30°43'26"E, 172.06 feet to the true point of beginning. Containing 2.70 acres, more or less.

LEASE ADDENDUM

This Lease Addendum, dated this 9th day of MARCH, 2005, is to amend the lease agreement dated March, 10, 2003, by and between the City of Corvallis, an Oregon municipal corporation, hereinafter referred to as the City, and AVIA Aviation Services, Inc., hereinafter referred to as the Lessee.

1. PREMISES

The City, in consideration of the terms, covenants and agreements contained herein, does hereby lease to the Lessee the property as shown on Exhibit A-3 and described in Exhibit B-3, located at the Corvallis Municipal Airport, located about three and one-half miles south of Corvallis, all in Benton County, Oregon. The land is to be used for a card-lock fueling facility and appurtenances associated with Lessee's fuel facility.

2. AGREEMENT

All other condition and terms, written and agreed upon are as per the said lease dated March 10, 2003.

IN WITNESS WHEREOF, the parties hereto have executed this lease addendum on the date and year first written below:

DATED this 9th day of March, 2005.

[Signature of Ron Gustafson]
Ron Gustafson, Owner PRESIDENT
AVIA AVIATION SERVICES, INC.

STATE OF OREGON )
COUNTY OF BENTON ) ss.

Personally appeared the above-named RON GUSTAFSON, who acknowledged he is the OWNER and he accepted the foregoing instrument on behalf of AVIA AVIATION SERVICES, INC. Before me this 9th day of March, 2005.



[Signature of Shellie A Davidson]
NOTARY PUBLIC FOR OREGON
My Commission expires 9/24/07

ACCEPTED BY:
CITY OF CORVALLIS, OREGON

[Signature of Jon S. Nelson]
Jon S. Nelson, City Manager

STATE OF OREGON )
COUNTY OF BENTON ) ss.

Personally appeared the above-named JON S. NELSON, who acknowledged he is the City Manager of Corvallis and he accepted the foregoing instrument on behalf of the City of Corvallis by authority of its City Council. Before me this 11th day of March, 2005.



[Signature of Emely A Day]
NOTARY PUBLIC FOR OREGON
My Commission expires 08-31-05

Approved as to form:

[Signature of City Attorney]
City Attorney

Ramp Area

Fuel Farm

← card-lock system - 0.02 acre

FILE: X:\...\Surveys\AIRPORT\LEASE\avia fuel farm-ramp area.dwg

DESIGNED
DRAWN wbd
CHECKED
DATE January 2005
SCALE: 1" = 100'

AVIA Ground Lease  
 Exhibit A-3  
 0.02 Acres



## Exhibit B-3

AVIA Ground Lease for card-lock fuel system - 0.02 acres

Beginning at a point which is West 335.37 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21° 48' 23"W, 32.00 feet to the point of beginning; thence S 21° 48' 23" W, 10.00 feet; thence N 68° 11' 37" W 90.00 feet; thence N 21° 48' 23" E, 10.00 feet; thence S 68° 11' 37" E, 90.00 feet to the point of beginning. Containing 900 square feet, more or less.

# SASO LAND LEASE AGREEMENT CORVALLIS AIRPORT

THIS LEASE, made this 10<sup>th</sup> day of **March, 2003**, is by and between the City of Corvallis, an Oregon municipal corporation, hereinafter referred to as the City, and **AVIA Aviation Services, Inc.**, hereinafter referred to as the Lessee.

## 1. PREMISES

The Corvallis Municipal Airport is owned and managed by the City of Corvallis and is operated as an Enterprise Fund, in that all fees, land lease and rent revenues are retained by the City for the exclusive operation of the Airport. The City, in consideration of the terms, covenants, and agreements contained herein, does hereby lease to the Lessee the following property located at the Corvallis Municipal Airport:

See Attached Exhibit "A"1,2 -site plans, Exhibit "B" 1,2 -legals.

## 2. TERM

The Lessee shall have the right to possession, use, and enjoyment of the leased property for a period of Thirty (30) years, beginning on **January 1, 2003** and ending **December 31, 2032**.

## 3. RENT

A. Rental Rate. Lessee shall pay in advance, a monthly rent payment by the first day of each month beginning **April 2003**, and continuing on the first day of each month thereafter during the term of this lease. The monthly rate for the above-described land shall be determined as follows: **\$ 0.16** per square foot = **\$20,261.76** as an annual base rate. Annual base rate/12 = **\$1,688.48** as a monthly rent payment.

Rental payments are to be made payable to the City of Corvallis and are to be delivered in person or mailed to the City at the address given in Section 23 of this lease.

B. Late Charges. It is hereby agreed that if rent is unpaid after fifteen (15) days following the due date, the Lessee shall pay a late charge of **\$1.00** per day computed to include the first day due and continuing until both rent and late charges are fully paid. Payments will be applied first to late charges, then to outstanding rent.

FOR COUNTY RECORDING ONLY:

AFTER RECORDING RETURN TO CITY OF CORVALLIS  
ENGINEERING DIVISION, CITY HALL, EXT 5057

C. Annual Adjustment. The rental rate shall be adjusted annually utilizing the January through December U.S. City Average Consumer Price Index, with adjustments made July 1 of each year commencing July 2003. The City shall give written notice to Lessee at least thirty (30) days in advance of the annual adjustment date.

D. Land Rental Rate Adjustment. Notwithstanding 3C above, at each 10 year lease anniversary date, the land lease rate will be adjusted based on 10% of the appraised market value of the parcel.

#### **4. USE OF THE PROPERTY**

A. Scope of Operation and Required Services. Lessee shall comply with the conditions of the airport rules and regulations, as identified in the Corvallis Airport Handbook - Rules, Regulations, Pilot Information and Building Standards (Airport Handbook), and the Minimum Standards for Commercial Aeronautical Activities (Minimum Standards), and by these references incorporated into and made a part of this lease. The Airport Handbook and Minimum Standards may be revised from time to time by the City.

B. Conformance with Laws. Lessee shall conform to all applicable laws and regulations, municipal, state, and federal, affecting the premises and the use thereof.

C. Nuisance. Lessee shall not use or permit the use or occupancy of the property for any illegal or immoral purposes, or commit or permit anything which may constitute a menace or hazard to the safety of persons using the property, or which would tend to create a nuisance, or that interferes with the safe operation of aircraft using the Corvallis Airport.

D. Hazardous Materials. Lessee shall not store or handle on the premises or discharge onto the property any hazardous wastes or toxic substances, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9675, and as further defined by state law and the City's Sewer Regulations, Municipal Code Chapter 4.03 as amended, except upon prior written notification to the City and in strict compliance with rules and regulations of the United States and the State of Oregon and in conformance with the provisions of this lease. Any violation of this section may, at the City's option, cause this lease to be immediately terminated in accordance with the provisions of Section 18 of this lease.

E. Roads. Lessee shall be entitled to reasonable use for its purposes of the roads and public ramp areas and taxiways now existing and serving the leased property. The City may locate and relocate roads as desirable to improve the Corvallis Municipal Airport so long as reasonable and adjacent access is provided to Lessee.

#### **5. WATER, SEWER, AND DRAINAGE SYSTEMS**

A. Water, Drainage, and Domestic Waste. The City agrees to provide the use and benefits of the public water, sewer, and drainage systems as they now exist or may be later modified. Conditions for the use of these systems shall be the same as the conditions and regulations applying within the corporate limits of the City of Corvallis, including any assessments or charges for any expansion or intensification of Lessee's use of the property.

**B. Utility Bills.** Water, sewer, and drainage charges shall be paid by the Lessee in addition to the basic monthly land lease and at the same rates applicable within the corporate limits of the City of Corvallis. The Lessee shall promptly pay all water, sewer, and drainage charges, and all other utility charges, for the premise as they come due.

**C. Prohibited Discharges.** Discharge of industrial waste, as that term is defined in the Sewer Use Ordinance, Ord. 83-3 as amended, into the sanitary sewer system, drainage system, surface ponds or ditches, or elsewhere is specifically prohibited, except as permitted by a valid Industrial Wastewater Discharge Permit in strict accordance with the Sewer Use Ordinance and applicable state and federal laws. Violation of any provisions contained in sections 27 through 39E of Ord. 83-3, as amended, as presently constituted or as amended hereafter, may cause this lease to be immediately terminated in accordance with the provisions of Section 18 of this lease.

**D. Discharge Response Procedures.** In the event of any discharge or spill of noxious or hazardous material into the environment, sewer system, or drainage system, Lessee shall immediately notify the Oregon Department of Environmental Quality and the City. The City and any appropriate state or federal agency shall have the right to inspect the premises immediately to determine if the discharge or spill constitutes a violation of any local, state, or federal laws, rules, or regulations. If a violation exists, the City shall notify the Lessee of the specific violations and Lessee shall immediately cease all activities and use of the property until the violations are remedied, all at the Lessee's sole cost and expense and without expense whatsoever to the City.

**E. South Corvallis Drainage Master Plan.** Lessee hereby agrees to comply with the requirements of the "South Corvallis Drainage Master Plan", approved by the City Council in February 1997. Future improvements within the Industrial Park or Airport in compliance with the approved drainage plan may include parcel assessments or charges. Conditions and regulations for any assessment or charges shall be similar to those conditions or regulations applying within the corporate limits of the City of Corvallis.

## **6. DEVELOPMENT STANDARDS**

This agreement is made subject to the terms and conditions as referenced in Chapter XIV Development and Building Standards of the Corvallis Airport Handbook. In addition, compliance with all Corvallis development regulations is required relative to the City's Land Development Code (LDC). Where not otherwise specified by the Airport Corvallis Airport Handbook, the City's zoning provisions shall apply. Enforcement of development provisions is the responsibility of the City's Development services Department and, where specified by the Corvallis Airport Master Plan, the Airport Design Review Committee.

## **7. ALTERATIONS, IMPROVEMENTS AND GENERAL MAINTENANCE**

**A. Right to Construct.** The Lessee, at its own expense may construct structural improvements on the leased property, subject to Lessee's compliance with all applicable city, county, and state laws and regulations and issuance of necessary building permits.

**B. Ownership of Improvements.** Any buildings constructed on the leased property during the term of this lease shall belong to the Lessee and may be removed by the Lessee at will. Lessee shall have the right to enter the premises during the thirty day period following termination of this lease to remove any of its property, including buildings or other improvements, on the leased premises. If, after thirty days after termination of the lease, any of said property remains

on the premises, the City may retain the property, or, at its option, remove the property at the Lessee's expense.

C. Sale of Improvements. City shall have the first right of refusal to purchase Lessee's improvements, if Lessee decides to sell the improvements.

D. Above Ground Fuel Tanks. Lessee shall have the right to maintain its own above ground fuel tank facility in accordance with the latest City, State, Federal Aviation Administration (FAA) or DEQ requirements for above ground fuel facilities. Lessee's above ground fuel facility shall provide for containment of any fuel spill, and shall be completely fenced. The security fence, containment structure and fuel tanks shall be installed and maintained at the Lessee's expense.

E. General Maintenance. During the entire term of this lease, and for any additional time that Lessee shall hold the Leased Premises, Lessee shall keep the premises, including improvements, in neat, sanitary, well-maintained condition.

No machinery, equipment, or property of any kind shall be stored or kept outside of the building; and any wrecked, permanently disabled, or otherwise unsightly aircraft shall not be kept unless housed within the hangar space.

Lessee shall permit no aircraft at any time to be left standing unattended or parked, even temporarily, upon any roadway/taxiway or access road within said airport, and the City shall have the right and privilege, at the expense of the Lessee, to remove from any public road or access road which approaches the airport or within the airport any such aircraft that Lessee or any of its tenants may leave standing or parked upon any such road or roadway/taxiway.

Lessee or any guest shall not park any vehicle outside the boundary of the leased premises herein described other than designated public parking areas. Any vehicle parked in violation of this section shall be moved at Lessee's expense by City.

## 8. ENTRY ON PROPERTY

A. Right to Inspect. The City shall have the right to enter the property at any reasonable time or times to examine the condition of the premises or Lessee's compliance with the terms of this lease.

B. Access. The City retains the right to enter the leased premises at any reasonable time or times to repair or modify City utilities located upon the property or to conduct repairs or other work on the property.

## 9. ASSIGNMENT AND SUBLETTING

The Lessee shall not assign or sublease this lease without the prior written consent of the City; provided, however, that the City shall not unreasonably withhold such consent. Lessee shall have the right to sublet space within any building it may construct on the leased premises to others, subject to the following conditions:

- 1) No sublease shall relieve Lessee from primary liability for any of its obligations under this lease, and Lessee shall continue to remain primarily liable for payment of rent and for performance and observance of its other obligations and agreements under this lease.
- 2) Every sublease shall require the sublessee to comply with and observe all obligations of the Lessee under this lease, with the exception of the obligation to pay rent to the City.

## 10. LIENS

The Lessee shall promptly pay for any material and labor used to improve the leased property and shall keep the leased property free of any liens or encumbrances.

## 11. TAXES

The Lessee shall promptly pay all real and personal property taxes levied upon the leased premises during the tax year that they become due. Lessee shall not permit a lien for other than the current year's taxes to be placed on the leased property.

## 12. INSURANCE

A. Coverage Requirements. The Lessee shall purchase and maintain General Liability Insurance that provides at least premises and operations coverage. The limit of liability shall be no less than \$1,000,000 per occurrence with not less than a \$2,000,000 general aggregate. The policy shall name the City of Corvallis, its officers, agents, and employees as an additional insured.

B. Certificate of Insurance. At the time that this lease is signed, the Lessee shall provide to the City a certificate of insurance complying with the requirements of this section and indicating that insurer will provide the City with 30 days notice prior to cancellation. A current certificate shall be maintained at all times during the term of this lease.

## 13. HOLD HARMLESS

A. General. The Lessee shall at all times indemnify, protect, defend, and hold the City of Corvallis, its officers, agents, and employees harmless from any claims, demands, losses, actions, or expenses, including attorney's fees, to which the City may be subject by reason of any property damage or personal injury arising or alleged to arise from the acts or omissions of the Lessee, its agents, or its employees, or in connection with the use, occupancy, or condition of the property.

B. Environmental Protection. The Lessee shall be liable for, and shall hold the City harmless from, all costs, fines, assessments, and other liabilities arising from Lessee's use of the premises resulting in the need for environmental cleanup under state or federal environmental protection and liability laws, including, but not limited to, costs of investigation, remedial and removal actions, and post-cleanup monitoring arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9675, as presently constituted or hereafter amended.

#### 14. NONDISCRIMINATION

The Lessee agrees that no person shall be excluded from participation in the use of the premises on the basis of race, color, creed, religion, sex, sexual preference, age, physical or mental disability, source of income, or national origin or shall otherwise be subjected to discrimination in the use of the premises.

#### 15. CONDITIONS ON PROPERTY BY THE UNITED STATES OF AMERICA

This agreement is made subject to the terms and conditions and restrictions of transfer recorded in Book 121, Page 40 and Book 125, Page 239, deed records of Benton County, Oregon, as modified by the Instrument of Release recorded in Book 182, Page 238 of said deed records.

#### 16. WAIVER OF BREACH

A waiver by the City of a breach of any term, covenant, or condition of this lease by the Lessee shall not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition of the lease.

#### 17. DEFAULT

A. Declaration of Default. Except as otherwise provided in this lease, the City shall have the right to declare this lease terminated and to re-enter the property and take possession upon either of the following events:

- A. Rent and Other Payments. If the annual rent or any other payment obligation, including but not limited to property taxes and utility bills, remains unpaid for a period of 30 days after it is due; or
- B. Terminates SASO License. If Lessee fails to renew annual SASO license and/or does not comply with the requirements of the license within 30 days of written notice by the Lessor; or
- C. Other Obligations. If any other default is made in this lease and is not corrected after 30 days written notice to the Lessee. Where the default is of such nature that it cannot reasonably be remedied within the 30-day period, the Lessee shall not be deemed in default if the Lessee proceeds with reasonable diligence and good faith to effect correction of the default.

B. Court Action. It is understood that either party shall have the right to institute any proceeding at law or in equity against the other party for violating or threatening to violate any provision of this lease. Proceedings may be initiated against the violating party for a restraining injunction or for damages or for both. In no case shall a waiver by either party of the right to seek relief under this provision constitute a waiver of any other or further violation.

## 18. TERMINATION

A. Immediate Termination. Where a specific violation of this lease gives the City the option to terminate this lease immediately, this lease shall be terminated upon written notification to the Lessee.

B. Termination Upon 30 Days Default. In the event of any other default under Section 17 of this lease, the lease may be terminated at the option of the City upon written notification to the Lessee.

C. Surrender Upon Termination. Upon termination or the expiration of the term of the lease, the Lessee will quit and surrender the property to the City in as good order and condition as it was at the time the Lessee first entered and took possession of the property under this or a prior lease, usual wear and damage by the elements excepted.

D. Restoration of Property. Upon termination or expiration of this lease or Lessee's vacating the premises for any reason, the Lessee shall, at its own expense, remove and properly dispose of all tanks, structures, and other facilities containing waste products, toxic, hazardous, or otherwise, which exist on the leased property or beneath its surface. Lessee shall comply with all applicable state and federal requirements regarding the safe removal and proper disposal of said facilities containing waste products. If the Lessee fails to comply or does not fully comply with this requirement, the Lessee agrees that the City may cause the waste products and facilities to be removed and properly disposed of, and further Lessee agrees to pay the cost thereof with interest at the legal rate from the date of expenditure.

E. Holding Over. No holding over upon expiration of this lease shall be construed as a renewal thereof. Any holding over by the Lessee after the expiration of the term of this lease or any extension thereof shall be as a tenant from month to month only and not otherwise.

## 19. NONEXCLUSIVE

This lease agreement shall not be construed to give the Lessee an exclusive right to perform aeronautically associated service operation or activities at the Corvallis Municipal Airport, as contained in the airport minimum standards.

## 20. FUEL FLOWAGE FEE RECORDS

Lessee covenants and agrees to remit monthly to the City the sum of 5 cents per gallon for all fuel used, pumped, transferred, consumed, or shared by the Lessee as additional rental herein: that books shall be kept by Lessee covering its operations: and the City, its authorized agents, and representatives shall have the right to examine books and records of Lessee at any reasonable time. That the information obtained by the City from those books and records, either directly or indirectly, shall be kept confidential and shall not be made public information. The City

may from time to time establish increased fuel flowage fees for all fuel used by Lessee on the airport. Any increases in the fuel flowage fee will be applied uniformly to all airport fuel operators in order to maintain parity for all fueling operations. Fuel flowage fees are due and payable to the City within 15 days after the end of each month. Lessee agrees that under this agreement, no aviation fuel will be provided to the general public for retail sale. If Lessee ceases to use the fuel facility, the City may require Lessee to renegotiate the compensation terms of this lease.

## **21. RECORDING FEES**

The lease will be recorded with the Benton County Assessor's Office and the Lessee shall be responsible for paying all associated fees.

## **22. ATTORNEY FEES**

If any suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover, in addition to damages and costs, such sum as the trial court or appellate court, as the case may be, may adjudge reasonable as attorney fees.

## **23. NOTICE**

When any notice or anything in writing is required or permitted to be given under this lease, the notice shall be deemed given when actually delivered or 96 hours after deposited in United States mail, with proper postage affixed, directed to the following address:

City: City of Corvallis  
Public Works Department  
Attention: Airport Manager  
P.O. Box 1083  
Corvallis, Oregon 97339-1083

Lessee: AVIA Aviation Services, Inc.  
Corvallis Municipal Airport  
5671 SW Plumley Street  
Corvallis, Oregon 97333



SE Corner of the  
Alfred Rhinehart  
D.L.C. No 73

SOUTH  
765.69'

EAST  
560.72'

Taxiway B (North)  
N30°43'26"E  
172.06

S68°8'54"E  
168.74

Paved parking lot

47.37  
S20°40'53"W

S68°49'53"E  
208.79  
Paved road

N21°51'43"E  
150.00

Paved AC area

Paved AC area

405.00  
N68°8'17"W

275.21  
S21°51'43"W

Beacon

Taxiway A (East)

SCALE



DESIGNED  
DRAWN wbd  
CHECKED  
DATE October 2002  
SCALE: as shown

# AVIA Ground Lease Exhibit A-1



## EXHIBIT B-1

### AVIA Ground Lease Legal For 2.70 Acres

Beginning at the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence East, 560.72 feet; thence South, 765.69 feet to the TRUE POINT OF BEGINNING; thence S 68°08'54"E, 168.74 feet; thence S 20°40'53"W, 47.37 feet; thence S 68°49'53"E, 208.79 feet; thence S 21°51'43"W, 275.21 feet; thence N 68°08'17"W, 405.00 feet; thence N 21°51'43"E, 150.00 feet; thence N 30°43'26"E, 172.06 feet to the true point of beginning. Containing 2.70 acres, more or less.



DESIGNED \_\_\_\_\_  
 DRAWN wbd \_\_\_\_\_  
 CHECKED \_\_\_\_\_  
 DATE October 2002 \_\_\_\_\_  
 SCALE: NONE \_\_\_\_\_

AVIA Ground Lease  
 Exhibit A-2  
 0.2 Acres



## Exhibit B-2

### AVIA Ground Lease for Ramp and Fuel Farm

#### Ramp Area -

Beginning at a point which is East 181.04 feet, South 1025.50 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21°48'23"W, 48.00 feet; thence S 68°11'37"E, 128.00 feet; thence N 21°48'23"E, 48.00 feet; N 68°11'37"W, 128.00 feet to the point of beginning. Containing 6144 square feet, more or less.

#### Fuel Farm -

Beginning at a point which is West 335.37 feet, South 643.43 feet from the southeast corner of the A. Rhinehart Donation Land Claim No. 73 in Township 12 South, Range 5 West of the Willamette Meridian, Benton County, Oregon; thence S 21°48'23"W, 32.00 feet; thence N 68°11'37"W, 90.00 feet; thence N 21°48'23"E, 32.00 feet; S 68°11'37"E, 90.00 feet to the point of beginning. Containing 2880 square feet, more or less.