

# AIRPORT ADVISORY BOARD MEETING AGENDA

Tuesday, October 4, 2016  
Madison Avenue Meeting Room  
7:00 a.m.

- I. Call Meeting to Order, Introductions - Rod Berklund, Chair
- II. Review of September 13, 2016 Minutes
- III. Community Comments
- IV. Old Business
  - Airport/AIP Vision Discussion
- V. New Business
  - AIP Lease Proposal - 1749 Airport Road, LLC (recommendation, attachment)
  - AIP Lease Proposal – Grouphead Coffee, LLC (recommendation, attachment)
- VI. Information Sharing
  - Update on the Airport Industrial Park - Tom Nelson
  - Update on Airport – Lisa Scherf
  - Update on City Council – Zach Baker
  - Monthly Financial Report

## **Board Members**

Rod Berklund - Chair

Larry Mullins

Lanny Zoeller - Vice-Chair

Rajeev Pandey

Bill Dean

Brad Smith

Bill Gleaves

John Shute

Zach Baker – Council Liaison

**NEXT SCHEDULED MEETING: November 1, 2016**

**AIRPORT ADVISORY BOARD  
MINUTES  
September 13, 2016  
DRAFT**

**Present**

Rod Berklund, Chair  
Lanny Zoeller, Vice-Chair  
John Shute  
Bill Gleaves  
Brad Smith  
Zachariah Baker, Council Liaison

**Absent**

Bill Dean  
Larry Mullins  
Rajeev Pandey

**Staff**

Lisa Scherf, Public Works  
Tom Nelson, Economic Development  
Jim Brewer, City Attorney

**Visitors**

Tyler Parsons  
Louise Parsons  
Curt Arthur  
Robert Fay

**SUMMARY OF DISCUSSION**

Agenda Item	Information Only	Held for Further Review	Recommendations
I. Call Meeting to Order/Introductions	X		
II. Review of August 2, 2016 Minutes			Approved
III. Community Comments	X		
IV. Old Business • Airport/AIP Vision Discussion		X	
V. New Business • AIP Lease Proposal			Recommended preliminary approval subject to lease review
VI. Information Sharing • Update on the Airport Industrial Park • Update on the Airport • Update on the City Council • Monthly Financial Report	X X X X		

**CONTENT OF DISCUSSION**

**I. Call Meeting to Order/Introductions**

Chair Berklund called the meeting to order and those present introduced themselves.

## II. Review of Minutes

**Board Member Zoeller moved to approve the August minutes; Board Member Gleaves seconded the motion and the minutes were approved unanimously.**

## III. Community Comments

Visitor Ty Parsons stated that he noticed new rubber tracks from cars on Plumley Road from drag racing. Ms. Scherf stated that she will ask law enforcement to patrol the area more often. It was suggested that the security fence be moved to Airport Road.

## IV. Old Business

### Airport/AIP Vision Discussion

Chair Berklund presented a draft vision statement and asked the Board to review it and make comments for the next meeting.

## V. New Business

### AIP Lease Proposal

City Attorney Jim Brewer and Economic Development Manager Tom Nelson presented a lease proposal in the Airport Industrial Park. Perpetua Power is moving out of the building owned by Sarepta, which wants to sell the building. A company called PharmPod wants to buy the building and lease it to a cannabis cultivation operation. Mr. Nelson noted that this is a well-established company. Mr. Brewer noted that cannabis is still illegal under federal law; however, the Federal Government has taken the position that they won't enforce the law if the state has a robust regulatory structure for cannabis. The fact that Airport funds are held separately from the City's general funds makes this prospect more comfortable to Mr. Brewer and he opined that the risk is manageable with proper lease language. In response to a question about whether this type of operation would put our Federal Aviation Administration (FAA) grants at risk, Mr. Brewer stated that the FAA has not taken a position on cannabis operations. After discussion, **Board Member Zoeller moved for preliminary approval pending review of the lease; Board Member Smith seconded and the motion passed unanimously.** Staff will bring a lease for the Board to review to the next meeting.

## VI. Information Sharing

### Update on the Airport Industrial Park

None.

### Update on the Airport

Ms. Scherf reported the following:

- The cargo road project is completed. Staff is planning to put a barricade across the old gravel access.
- A ground-mounted solar array will be installed this fall at the old United Chrome site.
- The Airport engineering contract was awarded to Precision Approach Engineering. They are beginning with the Runway 9/27 overlay environmental work.
- The City was awarded a Connect Oregon VI grant, which will provide the local match for the FAA grant for the Runway 9/27 project.
- The Airport Lease Policy is up for review. Economic Development staff has suggested that leasable parcels should be defined more clearly and staff will propose some language to address that.

- Staff is discussing the Airport Manager recruitment and potential changes to the position.
- There is a Capital Improvement Project for this fiscal year to reroof the main hangar.
- Staff will be taking a Comprehensive Plan Amendment to the Planning Commission to adopt the Airport Master Plan as a supporting document to the Comprehensive Plan.

Update on the City Council

Councilor Baker reported the following:

- Council passed a resolution regarding the FAA grant for the runway project.
- Council is wrapping up the two-year Council Goals. The Vision Statement should be complete by the end of October. The Action Plan, however, will roll into next year. The Climate Action Plan will be completed by the end of the year. The last public outreach forum is being held tonight.

Monthly Financial Report

Ms. Scherf reported that staff will be meeting to look at cash flow for the Airport Fund.

**The meeting was adjourned at 8:00 a.m.**

**NEXT MEETING: October 4, 2016, 7:00 a.m., Madison Avenue Meeting Room**

# Airport Advisory Board Meeting Guidelines

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

- A. Placards with Advisory Board 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 Advisory Board 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. Community Comments at the beginning of the meeting:
  - 1. Community member comments will be taken from approximately 7:05 a.m. to 7:20 a.m. (15 minutes).
  - 2. Comments are limited to items which are **not** on the agenda.
  - 3. The members will decide what to do with the community members' 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.
  - 1. Comments will not be discussed at length during the meeting. Rather, a determination will be made as to how best to address the issue/comment.
- D. Visitors' discussion/participation on specific agenda items:
  - 1. The presenter (staff, consultant, Advisory Board member, etc.,) will report on the agenda item.
  - 2. The presenter will then take questions first from Advisory Board 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. Advisory Board members will then discuss the item with no further visitor participation.
  - 6. The members will then take action on the item.

TO: Airport Advisory Board for October 4, 2016 Meeting  
FROM: Tom Nelson, Economic Development Manager  
DATE: September 26, 2016  
SUBJECT: 1749 Airport Road, LLC Proposed Airport Industrial Park Lease



Action Requested:

Staff requests the Airport Advisory Board review and recommend approval of the lease of the property at 1749 SW Airport Avenue in the Corvallis Airport Industrial Park (AIP) to 1749 Airport Road, LLC.

Discussion:

PharmPods (www.pharmPods.com), a traded sector modular agricultural production company has formed a Limited Liability Corporation to develop a project at this site. They have been in business since 2011 and currently have cultivators in eleven states and two Canadian provinces. They hope to purchase the building owned by Sarepta (formerly AVI-BioPharma, with Perpetua Power Source mostly recently as a tenant) and lease it to a cannabis cultivation company, Doctors Orders Group.

PharmPod's systems are entirely 'turnkey' and based on a modular shipping container platform. The Pods come with UL508A certification and are preferred by building departments and code authorities. They don't require large infrastructure changes to the buildings and can be installed and removed (if necessary) in a matter of days.

Staff and the City Attorney have researched the matter and believe the language in the attached lease provides acceptable risk for the City. The business would like to move forward with the purchase of the building, and needs this lease approved to do so.

Budget Impact:

This lease will generate \$16,875.14 revenue annually for the Airport Fund. This is an increase over the annual lease revenue of \$9,034.08 for the current lessee, because that older lease did not contain language allowing for periodic market rate adjustments. The new lease rate is indexed to the Consumer Price Index and will also be adjusted every five years per Council Policy 7.13, Municipal Airport and Industrial Park Leases.

Attachment:

1749 Airport Road LLC Draft Lease

## LAND LEASE AGREEMENT CORVALLIS AIRPORT INDUSTRIAL PARK

THIS LEASE, made this \_\_\_\_ day of \_\_\_\_\_ 2016 is by and between the City of Corvallis, an Oregon Municipal Corporation, hereinafter referred to as the City, and 1749 Airport Road, LLC, hereinafter referred to as the Lessee.

### 1. PREMISES

The Corvallis Municipal Airport/Industrial Park is public land owned and managed by the City of Corvallis and is operated as an Enterprise Fund, in that all fees, land leases 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 herein contained on the part of the Lessee to be kept and performed, does hereby lease 2.98 acres, more or less, the following property located in the Corvallis Municipal Airport Industrial Park:

See attached Exhibit "A" legal description and Exhibit "B" site plan.

### 2. TERM

The Lessee shall have the right to possession, use, and enjoyment of the leased property for a period of 40 years, beginning on \_\_\_\_\_, **2016** and ending \_\_\_\_\_, **2056**. Thereafter, the term of this lease may be extended by mutual approval of both parties, for up to two (2) ten (10) year periods. Lessee shall notify the City, in writing, at least sixty (60) days prior to the termination date of this lease, of its intent to exercise this option. The City shall not withhold its approval for the extension unreasonably. Legitimate reasons for the City to withhold its approval would include but not be limited to; failure of Lessee to provide insurance; failure of Lessee to make timely payment of rent; or City's determination of a better use of the property. At the end of the second ten (10) year extension period, City and Lessee may negotiate a new lease agreement.

### 3. RENT

A. Rental Rate. Lessee shall pay in advance, a monthly rent payment by the first day of each month beginning November 1, 2016 and continue 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: \$ **5,662.80** per acre x 2.98 acre = **\$16,875.14** as an annual base rent. Annual base rate/12 = **\$1,406.26** as a monthly rent payment. Rental payments are 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 21 of this lease.

**B. Rental Rate Adjustment.** The rental rate shall be increased annually utilizing the Year Ending December figure for the Consumer Price Index for All Urban Consumers, (CPI-U), West – B/C, with adjustments made the following July 1, commencing July 2018. The City shall give written notice to Lessee at least thirty (30) days in advance of the annual adjustment date.

**C. Land Rental Rate Adjustment.** Notwithstanding 3B above, every fifth year beginning in 2017, the land lease rate will be adjusted per Council Policy 7.13, Municipal Airport and Airport Industrial Park Leases.

**D. Extended Term.** If this lease is extended as provided in Section 2 of this lease, the rate shall be adjusted annually on the basis described in Section 3B above.

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

**A. Permitted Use.** The property shall be used for any legal purpose permitted by applicable zoning laws, regulations and restrictions.

**B. Conformance with Laws.** Lessee shall conform to all applicable laws and regulations, municipal, state, and federal, affecting the premises and the use thereof, except as stated in sub sections B.1 through B.3, below. Lessee also agrees to comply with all applicable City Master Plans as adopted by City Council. The Lessee agrees it has conducted comprehensive due diligence and in signing this lease assumes all risks and full responsibility for resolving any conflict with or between applicable laws and regulations at the municipal, state, and federal level affecting the use of the premises and Lessee’s investment, expectations, business activities, purposes and intention. Specifically related to Lessee’s business activities, purposes and intentions for the use of the premises, Lessee agrees it will use the premises only for the following purposes and in the following manner:

1. The production/growing of cannabis (marijuana) pursuant to and as provided for under the regulations and requirements of Oregon State Law and under those conditions and in the manner regulated and enforced by the Oregon State Liquor Control Commission. No retail sale of any product may occur on the leased premises or any Airport property, except as an ancillary use as provided in the Airport Industrial Park Development Plan.
2. The processing of cannabis (marijuana) pursuant to and as provided for under the regulations and requirements of Oregon State Law and under those conditions and in the manner regulated and enforced by the Oregon State Liquor Control Commission. No retail sale of any product may occur on the leased premises or any Airport property except as an ancillary use as provided in the Airport Industrial Park Development Plan.
3. Notwithstanding the above, due to the nature of the uses and the purposes of this lease as identified in subsection B.1 and B.2. above, and the unique and distinguishable odors and smells resulting from the growing and/or processing or disposal of marijuana and marijuana byproducts the Lessee shall insure that no odors shall impact or affect the public, other tenants, or others utilizing the Airport Industrial Park and surrounding properties as employees, licensees, invitees, or guests. This shall include but not limited to filtration systems and ongoing testing to ensure that no smells or odors impact or affect others identified herein. Lessee acknowledges that the odor of producing or processing

cannabis/marijuana may not be offensive or noticeable to individuals but accepts these requirements based on the potential for the smell/odors to permeate other tenants and individuals and their leased space or products and the potential legal or business consequences to them due to such. The Lessor shall further have the discretion and authority to require additional testing and filtration modifications, even if more restrictive than Oregon State Liquor Control Commission requirements or other state or federal rules or regulations in this area.

C. Regulatory Control. If Lessee has not received all of the required and appropriate marijuana production and/or processing licenses from the Oregon State Liquor Control Commission or any other regulatory agency requiring such in the State of Oregon within thirty (30) days of the signing of the lease, either Lessee or Lessor may terminate this lease effective on the delivery of written notice of termination to Lessor in which event the expiration date of this lease shall be the date of the delivery of such notice and all provisions regarding termination shall apply as of such date.

D. Nuisance. Lessee shall not use or permit the use or occupancy of the property for any illegal purposes (as defined by City of Corvallis Municipal Code Chapter 5 and the laws and regulations of the State of Oregon), 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 Municipal Airport. Odors as identified in subsection B.3., above, are nuisances for purposes of this lease.

E. 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.

Prior to beginning operations, Lessee shall allow the City to inspect the premises and approve its processes for storing and handling Hazardous Materials. Lessee shall at all times operate in accordance with City approved procedures, and shall maintain strict compliance with all federal, state, and local laws, ordinances, rules, and regulations regarding Hazardous Materials. Any violation of this section shall be grounds for termination of this lease as provided in Section 18, unless within ten (10) days of notification Lessee cures the violation or, if the violation is of such a nature that it cannot be remedied within ten (10) days, Lessee provides to City within (10) days satisfactory assurances, including financial assurances, that Lessee can and will correct the violation, and thereafter Lessee proceeds with reasonable diligence to do so. If the violation is caused by a discharge of a hazardous or toxic material or substance, the City shall have the right, at its option, to immediately take any action reasonably necessary to halt or remedy the discharge, at Lessee's sole expense.

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

G. Infrastructure Improvements. Lessee hereby irrevocably agrees to financially participate in the future improvements for public water, wastewater, storm drainage and transportation consistent with the South Corvallis Area Refinement Plan, Airport Master Plan, and Airport Industrial Park Development Plan. It is understood by Lessee that:

1. The cost of the improvements shall be born by the benefited property in accordance with state law, the Charter of the City of Corvallis and its ordinances and policies.
2. The City in its sole discretion may initiate the construction of all or part of the local improvements required, or may join all or part of Lessee's property with other property when creating a local improvement district.
3. Lessee and Lessee's heirs, assigns and successors in interest in the property shall be bound by this document which will run with the property and will be recorded by the City in the deed records of Benton County.
4. Lessee declares that the public improvements herein sought will directly benefit the described property.
5. Lessee shall not challenge the formation of a local improvement district and assessment of Lessee's leased property by City and in any proceedings therein will acknowledge this declaration if requested to do so by City.
6. In construing this section of the agreement singular words include the plural.

## **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 rental 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 premises as they come due.

C. Prohibited Discharges. Discharge of industrial waste, as that term is defined in the City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (as presently constituted or as amended hereafter), 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 provision contained in City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (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. General Information Survey. As a condition of entering into this lease, the Lessee shall submit to the City a completed, signed General Information Survey, in accordance with the industrial waste provisions of the City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (as presently constituted or as amended hereafter). The survey shall be submitted to the City at the time that this lease is signed.

E. 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.

F. 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 during February 1997. Future improvements within the Industrial Park 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 the Airport Industrial Park Development Plan. 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 Industrial Park Development Plan, the County's zoning provisions shall apply. Review and enforcement of development provisions is the responsibility of the City's Development Services Division and Airport Industrial Park Project Review Department Advisory Committee.

## **7. ALTERATIONS AND IMPROVEMENTS**

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 building improvements constructed by the Lessee 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.

## **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 buildings and/or utilities located upon the property or to conduct repairs or other work on the property, provided such repairs or modifications shall be scheduled with Lessee to minimize any disruption to Lessee's business operations.

## **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 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. All specific terms regarding the use of the premises must be included in any approved sublease or assignment.

The sale of any building(s) constructed on the leased premises during the term of this agreement will require a new land lease agreement between the City and the purchaser upon the same terms, rent schedule and conditions in this agreement. This policy is intended to maintain and continue the City's interest in supporting the operations of the Airport and Airport Industrial Park, and assigning responsibility for risks, including environmental protection and cleanup within the Airport Industrial Park.

## **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 personal and real property taxes levied upon the leased premises during the tax year that they become due. Lessee shall not permit a lien to be placed on the leased property.

## **12. INSURANCE**

A. Coverage Requirements. The Lessee shall purchase and maintain commercial liability insurance coverage. The limit of liability shall be no less than \$500,000 for any claims arising

from a single accident or occurrence. In addition, if the insurance policy contains an annual aggregate limit, the aggregate shall not be less than \$1,000,000. 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, invitees and employees harmless from any claims, demands, losses, actions, or expenses, including attorney 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. Likewise, the City shall at all times indemnify, protect, defend and hold Lessee, its officers, agents, assignees, invitees and employees harmless from any claims, demands, actions or expenses, including attorney fees, to which Lessee may be subject by reason of any property damage or personal injury arising or alleged to arise from the actions or omissions of, or entry onto the leased premises by, the City, its officers, agents, invitees or employees, or in connection with the repair, maintenance modification or other work the City may undertake that in any way relates to or affects the leased premises, including without limitation, the work, repair and modification provided for under Section 8B of this lease.

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 during this and all prior leases for this site 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.

City shall defend and hold the Lessee harmless from all costs, expenses, fines, assessments, attorney or other fees and other liabilities arising from the use of the premises by any persons or entities prior to the execution of this lease, except for any contamination caused by the Lessee during the initial term of this lease or any prior leases as a result of the Lessee's activities resulting in the need for environmental clean-up under City, State, Federal environmental protection and liability laws, including, but not limited to, costs of investigation, remedial and removal actions, and post clean-up monitoring including but not limited to liability arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9674, as presently constituted or hereafter amended.

### **14. NONDISCRIMINATION**

The Lessee agrees that no person shall be excluded from the use of the premises based on age, citizenship status, color, familial status, gender identity or expression, marital status, mental disability, national origin, physical disability, race, religion, religious observance, sex, sexual orientation, and source or level of income. Such discrimination poses a threat to the health, safety

and general welfare of the citizens of Corvallis and menaces the institutions and foundation of our community.

## **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 monthly rent or any other payment obligation provided hereunder to the City, including but not limited to property taxes and utility bills, remains unpaid for a period of sixty (60) days after it is due, un-protested and payable, if not corrected after ten (10) days written notice by the City to Lessee; or
2. Other Obligations. If any other default is made in this lease and is not corrected after thirty (30) days written notice to the Lessee. Where the default is of such nature that it cannot reasonably be remedied within the thirty (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.

C. Violation of Federal Law. If Lessor is informed by the United States Government or its agencies, including, but not limited to, the Department of Justice, Drug Enforcement Agency (DEA) the Federal Aviation Administration (FAA), the Department of Defense, or the United States Army that the production and/or processing of marijuana through this lease violates federal law, policies, or rules or regulations and/or places federal grants, loans, or programs at risk, Lessor may terminate this lease. Termination shall be effective upon the delivery of written notice to Lessee in which event the expiration date of this lease shall be the date of delivery to such notice and all provisions regarding termination shall apply as of this date. Both parties acknowledge and appreciate that this termination provides extremely limited notice but is required to insure the compliance of the City of Corvallis with federal authority.

## **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 as provided herein.

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 and did not pre-exist the commencement of this lease. 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, and the exercise of rights provided under Section 7B shall not be deemed a holding over.

## **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 48 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  
1245 NE 3<sup>rd</sup> St.  
Corvallis, Oregon 97339-1083  
541-766-6916

Lessee

1749 Airport Road, LLC  
Attention: Sandra Sears  
13660 Via Varra #412  
Broomfield, Colorado 80020

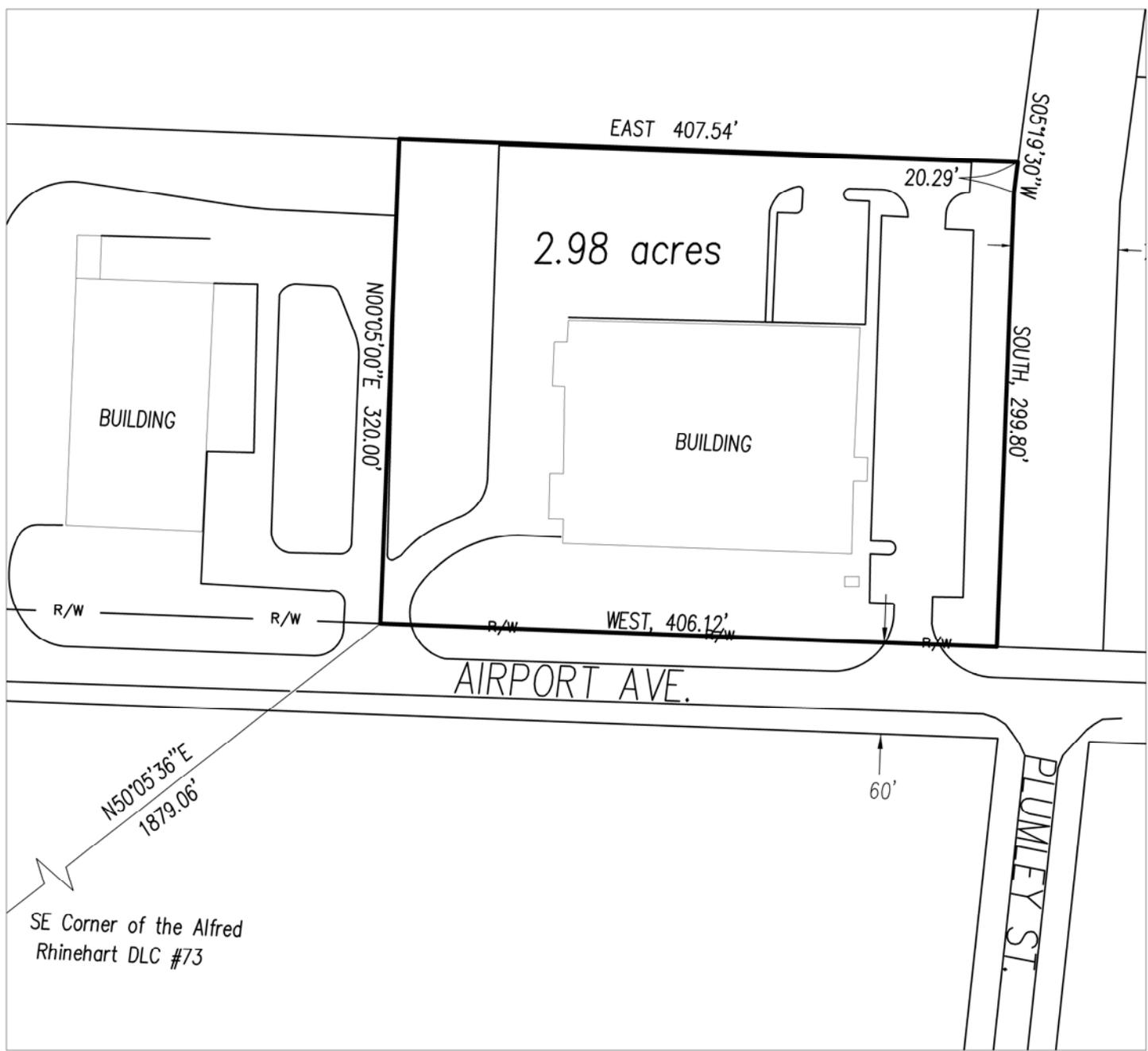
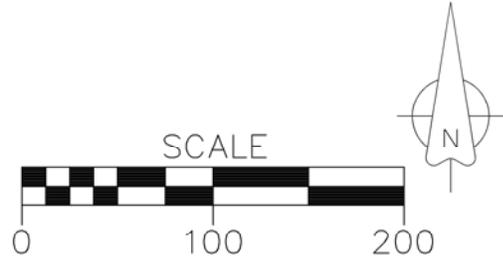


## **“1749 Airport Road LLC” EXHIBIT “A”**

A tract of land located in the Southeast 1/4 of Section 22, Township 12 South, Range 5 West, Willamette Meridian, Benton County, Oregon. More particularly described as follows.

Commencing from the southeast corner of the Alfred Rhinehart Donation Land Claim No. 73, in Township 12 South, Range 5 West, Willamette Meridian, Benton County; thence north  $50^{\circ}05'36''$  east a distance of 1879.06 feet to a point in the northerly right of way of south west Airport Avenue., (County road number 25280, a 100 foot right of way with a northerly half width of 30 feet) the **True Point of Beginning**, thence north  $0^{\circ}05'00''$  east a distance of 320.00 feet to a point, thence east a distance of 407.54 feet to a point, thence south  $5^{\circ}19'30''$  east a distance of 20.29 feet to a point, thence south a distance of 229.80 feet to the said northerly right of way of south west Airport Avenue, thence west, a distance of 406.12 feet to the **True Point of Beginning**.

Said tract contains 129904.2 s.f. or, 2.98 acres, more or less.



DESIGNED
DRAWN CRB
CHECKED
DATE SEPT. 2016
SCALE: as shown

CORVALLIS INDUSTRIAL PARK

1749 Airport Road LLC.

EXHIBIT "B" MAP

**CORVALLIS**  
ENHANCING COMMUNITY LIVABILITY  
Survey Office

TO: Airport Advisory Board for October 4, 2016 Meeting  
FROM: Tom Nelson, Economic Development Manager  
DATE: September 26, 2016  
SUBJECT: Grouphead Coffee, LLC Proposed Airport Industrial Park Lease



Action Requested:

Staff requests the Airport Advisory Board review and recommend approval of the lease of the city-owned building at 480 SW Airport Avenue in the Corvallis Airport Industrial Park (AIP) to Grouphead Coffee, LLC.

Discussion:

Grouphead Coffee, LLC is a traded sector coffee roasting operation. The building and its surrounding property (approximately .25 acres) was last leased by Western ATM, but has been vacant since 2011. In winter of 2014 water pipes burst and caused considerable damage to the interior of the building. The City has received bids to repair and upgrade the building to meet the prospective tenant's needs. The City will be able to recoup the cost of the improvements during the life of this recommended lease. Before this work can begin, the City needs to finalize the lease commitment with the business.

Budget Impact:

This lease will generate \$9,600 in revenue the first year, then \$12,000 annually for the next four years of the lease for the Airport Fund.

Attachment:

Grouphead, LLC Draft Lease

## **LAND LEASE AGREEMENT CORVALLIS AIRPORT INDUSTRIAL PARK**

THIS LEASE, made this \_\_\_\_\_ day of \_\_\_\_\_ 2016 is by and between the City of Corvallis, an Oregon Municipal Corporation, hereinafter referred to as the City, and **Grouphead Coffee LLC**, hereinafter referred to as the Lessee.

### **1. PREMISES**

The Corvallis Municipal Airport/Industrial Park is owned and managed by the City of Corvallis and is operated as an Enterprise Fund, in that all fees, land leases 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 herein contained on the part of the Lessee to be kept and performed, does hereby lease the City-owned building at 480 Airport Avenue and 0.25 acres, more or less, around the building at 480 SW Airport Avenue, Corvallis, OR located in the Corvallis Municipal Airport Industrial Park.

See attached Exhibit "A" legal description and Exhibit "B" site plan.

### **2. TERM**

The Lessee shall have the right to possession, use, and enjoyment of the leased property for a period of 5 years, beginning on the date a Certificate of Occupancy is issued. Thereafter, the term of this lease may be extended by mutual approval of both parties, for up to four (4) additional five (5) year periods. Lessee shall notify the City, in writing, at least sixty (60) days prior to the termination date of this lease, of its intent to exercise this option. The City shall not withhold its approval for the extension unreasonably. Legitimate reasons for the City to withhold its approval would include but not be limited to: failure of Lessee to provide insurance; failure of Lessee to make timely payment of rent; or City's determination of a better use of the property.

### **3. RENT**

**A. Rental Rate.** Lessee shall pay in advance, a monthly rent payment by the first day of each month beginning on the date of Certificate of Occupancy and continue on the first day of each month thereafter during the term of this lease. The monthly rate for the above-described land and building shall be \$800 per month for the first year, and \$1,000 per month for the subsequent 4 years. Rental payments are 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 21 of this lease.

**B. Rental Rate Adjustment.** After the first 5 years the rental rate shall be increased annually utilizing the Year Ending December figure for the Consumer Price Index for All Urban Consumers, (CPI-U), West – B/C, with adjustments made the following July 1, commencing July 2023. The City shall give written notice to Lessee at least thirty (30) days in advance of the annual adjustment date.

**C. Land Rental Rate Adjustment.** Notwithstanding Section 3B above, every 5 years, beginning in 2022, the rate shall be adjusted per Council Policy 7.13, Municipal Airport and Airport Industrial Park Leases.

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

**A. Permitted Use.** The property shall be used for any legal purpose permitted by applicable zoning laws, regulations and restrictions.

**B. Conformance with Laws.** Lessee shall conform to all applicable laws and regulations, municipal, state, and federal, affecting the premises and the use thereof. Lessee also agrees to comply with the Airport Industrial Park Development Plan and all applicable City Master Plans as adopted by City Council.

**C. Nuisance.** Lessee shall not use or permit the use or occupancy of the property for any illegal purposes (as defined by City of Corvallis Municipal Code Chapter 5), 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 Municipal 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 17 of this lease.

Prior to beginning operations, Lessee shall allow the City to inspect the premises and approve its processes for storing and handling Hazardous Materials. Lessee shall at all times operate in accordance with City approved procedures, and shall maintain strict compliance with all federal, state, and local laws, ordinances, rules, and regulations regarding Hazardous Materials. Any violation of this section shall be grounds for termination of this lease as provided in Section 17, unless within ten (10) days of notification Lessee cures the violation or, if the violation is of such a nature that it cannot be remedied within ten (10) days, Lessee provides to City within (10) days satisfactory assurances, including financial assurances, that Lessee can and will correct the violation, and thereafter Lessee proceeds with reasonable diligence to do so. If the violation is caused by a discharge of a hazardous or toxic material or substance, the City shall have the right, at its option, to immediately take any action reasonably necessary to halt or remedy the discharge, at Lessee's sole expense.

**E. Roads.** Lessee shall be entitled to reasonable use for its purposes of the roads now existing and serving the leased property. The City may locate and relocate roads as desirable to

improve the Corvallis Municipal Airport and Industrial Park so long as reasonable and adjacent access is provided to Lessee on a continual basis.

F. Infrastructure Improvements. Lessee hereby irrevocably agrees to financially participate in the future improvements for public water, wastewater, storm drainage and transportation consistent with the South Corvallis Area Refinement Plan, Airport Master Plan, and Airport Industrial Park Development Plan. It is understood by Lessee that:

1. The cost of the improvements shall be born by the benefited property in accordance with state law, the Charter of the City of Corvallis and its ordinances and policies.
2. The City in its sole discretion may initiate the construction of all or part of the local improvements required, or may join all or part of Lessee's property with other property when creating a local improvement district.
3. Lessee and Lessee's heirs, assigns and successors in interest in the property shall be bound by this document which will run with the property and will be recorded by the City in the deed records of Benton County.
4. Lessee declares that the public improvements herein sought will directly benefit the described property.
5. Lessee shall not challenge the formation of a local improvement district and assessment of Lessee's leased property by City and in any proceedings therein will acknowledge this declaration if requested to do so by City.
6. In construing this section of the agreement singular words include the plural.

## **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 rental 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 premises as they come due.

C. Prohibited Discharges. Discharge of industrial waste, as that term is defined in the City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (as presently constituted or as amended hereafter), 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 provision contained in City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (as presently constituted or as amended hereafter), may cause this lease to be immediately terminated in accordance with the provisions of Section 17 of this lease.

D. General Information Survey. As a condition of entering into this lease, the Lessee shall submit to the City a completed, signed General Information Survey, in accordance with the industrial waste provisions of the City of Corvallis Sewer Use Municipal Code, Chapter 4.03 (as presently constituted or as amended hereafter). The survey shall be submitted to the City at the time that this lease is signed.

E. 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.

F. 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 during February 1997. Future improvements within the Industrial Park 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 the Airport Industrial Park Development Plan. 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 County's zoning provisions shall apply. Enforcement of development provisions is the responsibility of the City's Development Services Division and Airport Industrial Park Project Review Department Advisory Committee.

## **7. ALTERATIONS AND IMPROVEMENTS**

A. Right to Construct. The Lessee, at its own expense, may construct tenant 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. Lessee shall notify City of any planned improvements and if City doesn't object within ten (10) business days, Lessee may proceed.

B. Ownership of Improvements. Any improvements constructed by the Lessee 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 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.

## **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 buildings and/or utilities located upon the property or to conduct repairs or other work on the property, provided such repairs or modifications shall be scheduled with Lessee to minimize any disruption to Lessee's business operations.

## **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 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 sub-lessee 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. INSURANCE**

A. Coverage Requirements. The Lessee shall purchase and maintain commercial liability insurance coverage. The limit of liability shall be no less than \$500,000 for any claims arising from a single accident or occurrence. In addition, if the insurance policy contains an annual aggregate limit, the aggregate shall not be less than \$1,000,000. 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.

## **12. HOLD HARMLESS**

A. General. The Lessee shall at all times indemnify, protect, defend, and hold the City of Corvallis, its officers, agents, invitees and employees harmless from any claims, demands, losses, actions, or expenses, including attorney 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. Likewise, the City shall at all times indemnify, protect, defend and hold Lessee, its officers, agents, assignees, invitees and employees harmless from any claims, demands, actions or expenses, including attorney fees, to which Lessee may be subject by reason of any property damage or personal injury arising or alleged to arise from the actions or omissions of, or entry onto the leased premises by, the City, its officers, agents, invitees or employees, or in connection with the repair, maintenance modification or other work the City may undertake that in any way relates to or affects the leased premises, including without limitation, the work, repair and modification provided for under Section 8B of this lease.

**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 during this and all prior leases for this site 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.

City shall defend and hold the Lessee harmless from all costs, expenses, fines, assessments, attorney or other fees and other liabilities arising from the use of the premises by any persons or entities prior to the execution of this lease, except for any contamination caused by the Lessee during the initial term of this lease or any prior leases as a result of the Lessee's activities resulting in the need for environmental clean-up under City, State, Federal environmental protection and liability laws, including, but not limited to, costs of investigation, remedial and removal actions, and post clean-up monitoring including but not limited to liability arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 to 9674, as presently constituted or hereafter amended.

### **13. NONDISCRIMINATION**

The Lessee agrees that no person shall be excluded from the use of the premises based on age, citizenship status, color, familial status, gender identity or expression, marital status, mental disability, national origin, physical disability, race, religion, religious observance, sex, sexual orientation, and source or level of income. Such discrimination poses a threat to the health, safety and general welfare of the citizens of Corvallis and menaces the institutions and foundation of our community.

### **14. 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.

### **15. 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.

## 16. 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 monthly rent or any other payment obligation provided hereunder to the City, including but not limited to property taxes and utility bills, remains unpaid for a period of sixty (60) days after it is due, un-protested and payable, if not corrected after ten (10) days written notice by the City to Lessee; or
2. Other Obligations. If any other default is made in this lease and is not corrected after thirty (30) days written notice to the Lessee. Where the default is of such nature that it cannot reasonably be remedied within the thirty (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.

## 17. 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 as provided herein.

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 and did not pre-exist the commencement of this lease. 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, and the exercise of rights provided under Section 7B shall not be deemed a holding over.

**18. 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.

**19. 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.

**20. 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 48 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  
1245 NE 3<sup>rd</sup> St.  
Corvallis, Oregon 97339-1083  
541-766-6916

Lessee  
Grouphead Coffee, LLC  
Attention: Daniel Richard Bruner  
1320 NW 27<sup>th</sup> Street  
Corvallis, OR 97330

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2016. \_\_\_\_\_

DANIEL RICHARD BRUNER, OWNER  
GROUPHEAD COFFEE, LLC

STATE OF OREGON            )  
  ) ss.  
COUNTY OF BENTON        )

Personally appeared the above-named Daniel Richard Bruner, who acknowledged he is the OWNER and he accepted the foregoing instrument on behalf of **Grouphead Coffee, LLC**. Before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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

My Commission Expires \_\_\_\_\_

ACCEPTED BY:  
CITY OF CORVALLIS, OREGON

STATE OF OREGON        )  
                                  ) ss.  
County of Benton        )

By: \_\_\_\_\_  
Mark W. Shepard, CITY MANAGER

Personally appeared the above-named Mark W. Shepard, 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 \_\_\_\_\_, 2016.

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

My Commission Expires \_\_\_\_\_

Approved as to form:

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

**Lease Parcel**  
**Exhibit "A"**

A Parcel of Land , Located in the South East 1/4 of Section 22, Township 12 South, Range 5  
West, Willamette Meridian, Benton County, Oregon.

Beginning at a 5/8" iron rod on the East line of the Southern Pacific Transportation Company's railroad right-of-way ( a 60 foot right-of-way) at the intersection of the north right-of-way of Airport road (C.R. 25280) (a 60 foot right of way) said iron rod being North 0° 05' East a distance of 1205.49 feet, and 2,609 feet East from the Southeast corner of the Alfred Rinehart D.L.C. No.73, Located in T12S, R5W, W.M., Benton County, Oregon; thence North 89°52'00" East a distance of 355.92 feet along the North right-of-way of said Airport Road to The **True Point of Beginning**; thence North 89°52'00" East along said North right-of-way a distance of 50.24 feet to a point; thence North 00°09'59" East a distance of 137.87 feet to a point; thence North 89°54'13" West a distance of 50.24 feet to a point; thence South 00°09'59" West a distance of 138.08 feet to the **Point of Beginning**;  
containing 6932 square feet more or less.



\\SURVEY\AIRPORT\LEASE\480 AIR AVE LEASE\480 AIR AVE.DWG

# EXHIBIT "B"

3-17-05 LEASE DESC.

