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Vol. ^m 79 Page 28250

LEASE AND OPTION

THIS AGREEMENT made in duplicate this 4th day of September, 1979, by and between GREEAR, INC., an Oregon corporation as Lessor, hereinafter referred to as Lessor, and KLAMATH DISPOSAL, INC., an Oregon corporation, as Lessee, hereinafter referred to as Lessee, and WINIFRED S. ROBINSON, JACK L. WALTERS and WALTER J. WILCYNski, JR., Shareholders.

W I T N E S S E T H:

IT IS HEREBY AGREED between Lessor, Lessee and WINIFRED S. ROBINSON, JACK L. WALTERS and WALTER J. WILCYNski, JR.:

1. LEASE: Lessor, in consideration of the covenants, agreements and stipulations herein contained on the part of the Lessees to be paid, kept and faithfully performed by said Lessees, hereby devises and leases to Lessees the real property described in Exhibit "A", attached hereto and made a part hereof by this reference. The real property leased hereby is referred to as the "Property". The property includes all attachments located thereon and described in Exhibit "B", attached hereto and made a part hereof by this reference.

2. TERM: Lessees shall have and hold said premises for a period of five (5) years, commencing with the 1st day of September, 1979, to and including the 31st day of August, 1984.

3. RENT: The rent for the property shall be as follows:

From September 1, 1979 to August 31, 1980,
\$2,000.00 per month

From September 1, 1980 to August 31, 1981,
\$2,000.00 per month

From September 1, 1981 to August 31, 1982,
\$2,200.00 per month

After
recording
return
to
↓

HENDERSON
& MOLATORE
ATTORNEYS AT LAW
420 MAIN STREET
KLAMATH FALLS,
OREGON 97601
TELEPHONES
503) 884-7731
884-2030

28251

1 From September 1, 1982 to August 31, 1983,
2 \$2,250.00 per month

3 From September 1, 1983 to August 31, 1984,
4 \$2,475.00 per month

5 The rent shall be paid monthly and shall be paid on the
6 1st day of each and every month, in advance. Lessor acknowledges
7 receipt of \$4,475.00, being the rent for the months of September
8 1979, and August 1984. The next payment shall be due October 1,
9 1979.

10 4. RENT-BACK AGREEMENT: Lessor agrees to rent-back from
11 Lessee, for one year, from September 1, 1979 to and including
12 August 31, 1980, one-fourth (1/4) of the shop building located on
13 the property herein, the rent being \$500.00 per month, payable in
14 advance on the 1st day of each month. Lessee acknowledges receipt
15 of the sum of \$500.00, being rent for the month of September, 1979.
16 The next rental payment from Lessor shall be due October 1, 1979.
17 In the event Lessor has complied with all the terms and conditions
18 of this lease, Lessee, in consideration of the foregoing promises
19 and covenants, hereby grants unto Lessor, the option to renew this
20 lease for four additional periods of one year each, after the
21 expiration of this rent-back agreement. Said option may be exer-
22 cised only by the giving of notice to Lessee at the address con-
23 tained herein of Lessor's intent to exercise this option on or
24 before the 1st day of August of each year. The rent for each option
25 period shall be \$500.00 per month.

26 Lessor shall not use the rent-back space in any manner
27 which will unreasonably interfere with the use of the remainder of
28 the space by Lessee. Lessor agrees to hold Lessee harmless from
any demand, claim, cause of action or liability resulting from the

LEASE AND OPTION - Page 2

1 use or occupancy of Lessor's space by Lessor or any other person.
2 Lessor agrees to allow Lessee reasonable access to Lessor's space
3 for the purposes of inspection.

4 5. UTILITIES: Lessee shall pay all utilities, including
5 but not limited to, electricity, gas, oil and water.

6 6. MAINTENANCE: Lessee shall maintain the property in
7 clean and sanitary condition and in good repair during the term
8 of this lease and shall comply with all state statutes and local
9 ordinances, and shall make no changes, alterations or additions
10 without the prior written consent of Lessor, which consent shall
11 not be unreasonably withheld. Lessee shall keep all exterior
12 areas in neat condition and in compliance with all state statutes
13 and local ordinances. Lessee shall maintain and keep in good
14 repair all plumbing, electrical wiring, fixtures and other attach-
15 ments to personal property described in Exhibit "B" herein during
16 the term of this agreement.

17 7. INSURANCE: Lessee shall maintain public liability
18 insurance in an amount of not less than \$300,000.00 single limit
19 coverage. Said policy shall name Lessor as an additional insured,
20 and a copy of said policy shall be delivered to Lessor. Said
21 public liability insurance shall provide coverage for the space
22 of Lessee and the space of Lessor.

23 Lessee shall maintain fire insurance with extended cover-
24 age on the property during the term of this lease in an amount not
25 less than \$200,000.00, with loss payable to Lessor as his interest
26 may appear, and a copy of said policy shall be delivered to
27 Lessor.

28 8. ACCESS: Lessee shall allow Lessor free access to

1 the demised premises for the purposes of examining the premises
2 to ascertain that the premises are in good repair and in clean
3 and sanitary condition.

4 9. ASSIGNMENT: Lessee may not assign or sell or sub-let
5 any portion of this lease without obtaining the written consent
6 first of Lessor herein, such consent shall not be unreasonably
7 withheld.

8 10. OWNERSHIP OF IMPROVEMENTS: Lessee shall not remove
9 any improvements made by Lessee which would materially damage the
10 property or the attachments thereon by its removal, provided
11 however, that Lessee may remove all personal property and may
12 remove trade fixtures, the removal of which would not materially
13 damage the property or the attachments thereon.

14 11. RETURN: Lessee promises that at the expiration of
15 the term of this lease, or upon the expiration of any of the
16 options granted hereunder, Lessee shall yield the possession of the
17 property to Lessor in as good condition as when the same was
18 entered upon by the Lessee, reasonable wear excepted.

19 12. TERMINATION FOR BREACH OF CONTRACT: If Lessee shall
20 neglect to perform or observe any of the provisions hereof for a
21 period of ten (10) days after notice by Lessor of such breach, in
22 writing, as provided herein, and in the event Lessee fails to cure
23 or begin cure of such breach, Lessor in addition to any and all
24 other remedies provided herein or by law, may enter upon the pre-
25 mises and expel Lessee and remove its effects without being deemed
26 guilty of any manner of trespass. On such entry, the term of
27 this lease shall be ended and Lessor may repossess and relet the
28 premises. If Lessee fails to make any payments required herein,

1 Lessor, after ten (10) days written notice to Lessee, in the manner
2 provided herein, and the failure of Lessee to make said payments,
3 may make said payments itself, and the cost thereof, together with
4 interest at the rate of 10% per annum, shall become due and payable
5 immediately and shall be secured by this lease.

6 13. WAIVER: Any waiver of any breach of covenants
7 herein contained to be kept and faithfully performed by the Lessee
8 shall not be deemed or considered as a continuing waiver and shall
9 not operate to bar or prevent Lessor from declaring a forfeiture
10 of any succeeding breach either of the same condition or covenant
11 or otherwise.

12 14. TERMINATION: In the event that Lessee shall become
13 bankrupt or shall make voluntary assignment for the benefit of
14 creditors, or in the event that a receiver for Lessee is appointed,
15 at the option of Lessor, and after ten (10) days written notice
16 to Lessee in the manner provided herein, and the failure of Lessee
17 to cure said default, Lessor may terminate this lease.

18 15. NOTICE: All notices shall be either delivered per-
19 sonally or mailed at the addresses contained herein by registered
20 or certified mail, postage fully prepaid. Said notice shall be
21 deemed given upon actual delivery or upon mailing thereof. All
22 notices shall be in writing.

23 The addresses of the parties are:

24 GREEAR, INC.
25 P.O. Box 1316
Klamath Falls, OR 97601

26 KLAMATH DISPOSAL INC.
27 P.O. Box 880
Klamath Falls, OR 97601

WINIFRED S. ROBINSON, Rt. 3, Box 311 Round Lake Rd., Klamath Falls,
OR 97601; JACK L. WALTERS, 2835 Wantland St., Klamath Falls, OR
97601; WALTER J. WILCYNski, JR., P.O. Box "W", Klamath Falls, OR.

16. OPTION: In the event Lessee has complied with all
the terms and conditions of this lease, Lessor in consideration of
the foregoing premises and covenants, hereby grants to Lessee the
option to purchase the property and all improvements on the anni-
versary of the first year of this lease. Said option may be
exercised only by the giving of written notice in the manner pro-
vided herein by Lessee to Lessor at any time from August 1, 1980
to and including August 15, 1980. The purchase price shall be,
the sum of \$207,000.00.

In the event Lessee does not exercise said option,
WINIFRED S. ROBINSON, JACK L. WALTERS and WALTER J. WILCYNski, JR.,
or any two or any one of said three individuals, as agreed upon
between the three individuals, shall have the right of exercising
the previously described option, upon the same terms and at the
same price. Said option may be exercised only by the giving of
written notice in the manner provided herein by said three indivi-
duals to Lessor at any time from August 16, 1980, to and including
August 31, 1980.

The terms of purchase for said option for either Lessee
or the individuals shall be as follows:

Cash payment in full, or at the option of Lessor, by
installment payments of 29% down and the balance to be paid in
five equal annual payments, including interest at the rate of
10% per annum on the unpaid balance, with the first said pay-
ment due one year after the closing of the sale. The sale shall
be by a Contract of Sale with a Deed held in escrow. Said

1 Contract shall provide, among other things, that Lessee shall pay
2 all taxes and insurance as described herein during the term of
3 said installment sale.

4 In the event neither Lessee nor the three individuals
5 named herein exercises the option to purchase the property on the
6 first anniversary of this lease, then Lessee first, and then the
7 three individuals, in the manner described above, shall have the
8 option to purchase the property on each of the subsequent anni-
9 versary dates of this lease by notifying Lessor in the manner
10 provided above during the month of August of each succeeding year.
11 The terms of the option shall remain the same, provided that the
12 purchase price shall be as follows:

13	1981	\$254,000.00
14	1982	\$282,000.00
15	1983	\$313,000.00
16	1984	\$347,000.00

17 17. RETENTION OF FUEL PUMP USAGE: The parties agree
18 that there are fuel pumps with keylock access on the property.
19 Throughout the entire term of this lease, Lessor shall retain the
20 right of access to and from said fuel pumps for the maintenance
21 and usage of said fuel pumps.

22 18. RETURN: Lessee promises that at the expiration
23 of the term of this lease, or upon the expiration of any of the
24 options granted hereunder, Lessee shall yield the possession of the
25 property to Lessor in as good condition as when the same was
26 entered upon by the Lessee, reasonable wear excepted.

27 19. WAIVER: Any waiver of any breach of covenants
28 herein contained to be kept and faithfully performed by the Lessee

1 shall not be deemed or considered as a continuing waiver and not
2 operate to bar or prevent Lessor from declaring a forfeiture of
3 any succeeding breach either of the same condition or covenant or
4 otherwise.

5 20. PROMISES BINDING: The covenants and conditions
6 herein contained shall apply to, bind and inure to the benefit of
7 the heirs, successors, executors, administrators, personal repre-
8 sentatives and assigns of each of the parties hereto.

9 21. ATTORNEY'S FEES: In the event of any suit or
10 action including declaratory relief, for the purposes of enforcing
11 any of the covenants of this lease, the prevailing party shall be
12 entitled to recover from the losing party such sum as the trial
13 court may adjudge reasonable as attorney's fees, and in the event
14 any appeal is taken to an appellate court, the prevailing party
15 shall be entitled to recover from the losing party such further
16 sum as the appellate court shall adjudge reasonable as attorney's
17 fees on such appeal.

18 22. ENTIRE AGREEMENT: This lease is the entire agreement
19 between the parties and may not be modified except by a writing
20 signed by both parties hereto.

21 23. CONDEMNATION: If the whole or any part of the
22 demised premises shall be condemned or taken by any municipality,
23 county, state, federal or other authority for any purpose, then
24 the term of this lease shall cease as to the part so taken from
25 the day possession of that part shall be required by the condemnor,
26 and the rent shall be paid up to that day, and from that day,
27 Lessee shall have the right, provided that reasonable operation
28 of Lessee's business is no longer feasible, either to cancel this

1 lease and declare the same null and void, or to continue in
2 possession of the remainder of the premises under the terms herein
3 provided except that the rent shall be reduced in proportion to
4 the amount of Lessee's use of the premises taken for such public
5 use. All damages awarded for such taking for any public purpose
6 shall belong to Lessor, whether such damages shall be awarded as
7 compensation for diminution in value to the leasehold or to the
8 fee of the premises herein leased.

9 24. DESTRUCTION OF PREMISES: In the event of a partial
10 destruction of the attachments or improvements on the property,
11 the rent shall be paid up to said destruction, and from that day
12 on, Lessee shall have the right, provided that reasonable operation
13 of Lessee's business is no longer feasible, either to cancel this
14 lease and declare the same null and void, or to continue in
15 possession of the remainder of the property under the terms herein
16 provided, except that the rent shall be reduced in proportion to
17 the amount of Lessee's use of the premises so destroyed. In the
18 event of a complete destruction of the improvements on the property,
19 Lessee, at Lessee's option, may cancel this lease and declare the
20 same null and void as of the date of the destruction.

21 25. CONSIDERATION: WINIFRED S. ROBINSON, JACK L.
22 WALTERS and WALTER J. WILCYNski, JR. are all of the shareholders
23 of Lessee. All parties agree that there has been consideration
24 supplied by WINIFRED S. ROBINSON, JACK L. WALTERS and WALTER J.
25 WILCYNski, JR. for the option granted to them by Lessor, part of
26 said consideration being the execution of this agreement by
27 Lessee.

28 26. TITLE WARRANTY: Lessor covenants and warrants that

1 the title to the property is currently marketable and that upon
2 exercise of the option provided for herein by any of the parties
3 entitled to exercise said option, that Lessor can and will be
4 able to provide marketable title to both the real and personal
5 property which is the subject of this lease.

6 27. RENT-BACK IN EVENT OF OPTION: The parties agree
7 that in the event the option to purchase contained herein is exer-
8 cised either by Lessee or by the individuals named herein, that the
9 rent-back agreement contained in paragraph four hereof will sur-
10 vive said purchase. In the event of the exercising of the option
11 by Lessee or by the individuals, Lessor may exercise his options
12 as set forth in paragraph four by giving notice to the purchasing
13 party or parties. The other terms of the option shall remain as
14 set forth in paragraph four.

15 28. KEYLOCK IN EVENT OF PURCHASE: The parties agree
16 that the fuel pumps located on the property are not owned by
17 Lessor, but that Lessor derives income from the use of the key-
18 lock system on the fuel pumps. In the event the option to purchase
19 is exercised hereunder by Lessee or by the individuals, all income
20 from the keylock system shall belong to the purchasers. Until
21 such exercise, the income from the keylock system shall belong to
22 Lessor.

23 29. RIGHTS OF LESSOR IN EVENT OF PURCHASE: In the
24 event of the exercising of the option by Lessee or the individuals,
25 all rights of Lessor in the property, except the rights under the
26 rent-back agreement shall cease.

27 30. ATTORNEYS: Dean Greear and Greear, Inc., a cor-
28 poration, have been represented in the negotiations and preparation

1 of this document by attorney Blair M. Henderson. Klamath Disposal,
 2 Inc., a corporation, and Winifred S. Robinson, Jack L. Walters
 3 and Walter J. Wilczynski, Jr., have been represented by attorney
 4 Jerry Molatore in the negotiations and preparation of this agree-
 5 ment. Greear, Inc., Klamath Disposal, Inc., Dean Greear, Winifred
 6 S. Robinson, Jack L. Walters and Walter J. Wilczynski, Jr., acknow-
 7 ledge that there is a conflict of interest between Blair Henderson
 8 and Jerry Molatore, and all of said parties acknowledge that they
 9 have been advised of said conflict and that they have been given
 10 the right to obtain the services of an independent attorney or
 11 counsel of their choice. Each and all of said parties to this
 12 agreement and Dean Greear individually, agree to hold Blair M.
 13 Henderson, Jerry Molatore, and Henderson & Molatore, harmless from
 14 any claim, demand or liability regarding the negotiations or
 15 preparation of this agreement, arising from said conflict of inter-
 16 est. Each of the parties hereto and Dean Greear agree that they
 17 will not attempt to avoid the terms of this agreement, or raise
 18 the issue of conflict of interest as a defense in any actions or
 19 proceedings to enforce the terms of this agreement.

20 IN WITNESS WHEREOF, the parties have signed this lease
 21 this 4th day of September, 1979.

22 LESSOR:

23 GREEAR, INC.

24 *Dean Greear*
 25 *Dean Greear Pres.*
 26 DEAN GREEAR, President

27 LESSEE:

28 KLAMATH DISPOSAL, INC.

HENDERSON
& MOLATORE
ATTORNEYS AT LAW
428 MAIN STREET
KLAMATH FALLS,
OREGON 97601
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1979
J. J. Stoklund
M. J. Stoklund
10-28-79
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28261

By Walter J. Wilczynski, Jr.
WALTER J. WILCZYNSKI, JR.,
President

Winifred S. Robinson
WINIFRED S. ROBINSON

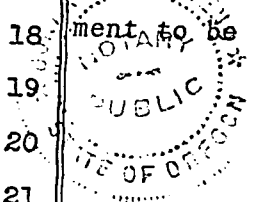
Jack L. Walters
JACK L. WALTERS

Walter J. Wilczynski, Jr.
WALTER J. WILCZYNSKI, JR.

10 STATE OF OREGON)
11) ss.
12 County of Klamath)

13 On this 4th day of September, 1979, personally appear-
14 ed DEAN GREEAR, who, being duly sworn did say that he is the
15 President of GREEAR, INC., a corporation, and that said instrument
16 was signed and sealed in behalf of said corporation by authority of
17 its Board of Directors; and each of them acknowledged said instru-
18 ment to be its voluntary act and deed.

19 Before me:



Donna D. Schlammer
NOTARY PUBLIC FOR OREGON
My commission expires: 10-28-79

21 STATE OF OREGON)
22) ss.
23 County of Klamath)

24 On this 4th day of Septemeber, 1979, personally
25 appeared WALTER J. WILCZYNSKI, JR., who, being duly sworn did say
26 that he is the President of KLAMATH DISPOSAL INC., a corporation,
27 and that said instrument was signed and sealed in behalf of said
28 corporation by authority of its Board of Directors; and each of
them acknowledged said instrument to be its voluntary act and

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1 deed.

2 Before me:

3
4 STATE OF OREGON)
5 County of Klamath) ss.
6

28262
Donna L. Hohlman
NOTARY PUBLIC FOR OREGON

My commission expires: 10-28-79

7 Personally appeared the above named WINIFRED S.
8 ROBINSON, JACK L. WALTERS and WALTER J. WILCYNski, JR. and acknow-
9 ledged the foregoing instrument to be their voluntary act and deed.

10 Before me:

11 *Donna L. Hohlman*
NOTARY PUBLIC FOR OREGON

My commission expires: 10-28-79

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HENDERSON
& MOLATORE
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EXHIBIT "A"

The following described real property in Klamath County, Oregon:

A tract of land situated in the SE 1/4 of Section 5, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a 1/2 inch iron pin situated South 00° 30' 00" West 628.45 feet and South 89° 30' 00" East 316.00 feet from the center quarter corner to said section 5; thence South 89° 30' 00" East 250.00 feet to a 1/2 inch iron pin; thence South 00° 30' 00" West 509.52 feet, more or less, to the Northerly right of way line of Greensprings Drive; thence South 63° 28' 36" West along said Northerly right of way line 280.64 feet; thence North 00° 30' 00" East 637.03 feet, more or less, to the point of beginning.

EXHIBIT "B"

28264

Overhead Crane
Air Compressors
Heater
Steam Cleaner Facilities and Wash Rack
1 - 10,000 gallon Fuel Tank
1 - 12,000 gallon Fuel Tank
1 - 500 gallon Fuel Oil Tank

STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record at request of Jerry Molatore, Attorney
this 6th day of December A. D. 1979 at 4:48 o'clock PM., and
fully recorded in Vol. M79, of Deeds on Page 28250

W. D. MILNE, County Clerk

Berntha A. Letcher

Fee \$53.50

HENDERSON
& MOLATORE
ATTORNEYS AT LAW
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EXHIBIT "B"