

LAND LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into this 19th day of April, 1994, by and between the City of Klamath Falls, 500 Klamath Avenue, Klamath Falls, Oregon 97601, a municipal corporation, hereinafter referred to as "CITY", and Uwe Britsch, 1138 Arrow Head Road, Klamath Falls, Oregon 97601, herein referred to as "LESSEE."

W I T N E S S E T H :

WHEREAS, the CITY is the owner of the International Airport located in Klamath County, Oregon; and

WHEREAS, the LESSEE is desirous of leasing a portion of the Airport premises to erect/construct a privately-owned aircraft hangar fully in accordance with adopted standards; and

WHEREAS, the CITY duly authorizes the LESSEE to use the premises hereinafter described for the above purpose upon the terms hereinafter mentioned;

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, it is agreed:

1) Terms. The term of this lease shall be for a period of forty (40) years commencing April 19, 1994, and terminating on April 18, 2034. In the event LESSEE, for any reason, shall hold over after the expiration of this lease, such holding over shall not be deemed to operate as a renewal or extension of this lease, but shall only create a tenancy from month to month which may be terminated at will at any time by the CITY upon giving thirty (30) days written notice.

2) Description of Premises. The premises are the subject matter of this lease and the location upon which the LESSEE shall have the right to erect/construct an aircraft hangar as shown in Exhibit "A" attached hereto and incorporated herein by this reference. The exact area upon which the hangar is located comprises 2500 square feet of leased space.

3) Rent.

a. The LESSEE agrees to pay the CITY, for the use of the

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P.O. Box 5210
Klamath Falls, Or. 97601

premises, rights and easements herein provided, an annual rent of \$500.00 (\$.20/square foot), said rental to be paid in advance on or before each anniversary date of this lease.

b. Effective April 1999, and every five (5) year period thereafter, the annual rent shall be subject to renegotiation by the parties, provided either of the parties has notified the other of its desire to renegotiate no later than July 1st of that year.

c. In the event the parties are unable to agree to a new annual rent by August 15th of that year, or should neither party request renegotiation, then in either event the annual rent for the following five (5) year period shall automatically be increased to reflect the percentage increase in the cost of living. Such increase shall be measured using the CPI-U National Index (1982-84 base) for the month of May of that year, as compared with the May 1990 index of 129.2.

d. The LESSEE shall provide to Airport specifications, the taxiway asphalt [thirty (30) foot wide taxiway]. The actual costs incurred by the LESSEE to provide this taxiway shall be credited by the CITY to the LESSEE's annual rent liability until repaid in full to the LESSEE.

4) Taxes and Assessments. Taxes and assessments levied on the demised premises shall be the obligation of the LESSEE, and these taxes shall include real property, personal property taxes, sewer-use charges and like assessments. LESSEE shall provide to the CITY written proof of payment of all taxes and assessments within thirty (30) days after their due date.

5) Use of Premises. LESSEE shall be entitled to the use of the premises covered by this agreement only to erect/construct an aircraft hangar for personal, non-commercial use. With the exception of the current design-approved hangar, the LESSEE shall not build any permanent structures upon said premises or demolish any structures upon said premises without the express written permission of the CITY. LESSEE shall be responsible for all site

preparation to CITY specifications, including asphaltting. LESSEE shall comply with the attached building specifications, as shown in Exhibit "B", attached hereto and incorporated herein by this reference. LESSEE shall obtain prior approval of the CITY's Airport Manager of the color of the hangar initially and on any repainting.

6) Rights of the LESSEE. The LESSEE shall have the right to:

a. The non-exclusive use, in common with others, of the Airport parking areas, appurtenances and improvements thereon.

b. The right of ingress to and egress from the demised premises, which right shall extend to the LESSEE's family, friends and other authorized personnel utilizing the facility whenever necessary or required.

7) Compliance with Ordinances and Regulations. The LESSEE agrees to comply with all Federal, State, County and City statutes, ordinances, rules and regulations.

8) Liability. The LESSEE agrees at all times during the term hereof, at his own expense, to maintain, keep in effect, furnish and deliver to the CITY liability insurance policies in form and with an insurer satisfactory to the CITY, insuring the LESSEE against all liability for damage to persons or property in or about said premises; the amount of said liability and property damage coverage shall be the maximum amount allowed in Oregon Revised Statute Sec. 30.270 as now enacted or subsequently amended. LESSEE agrees to and shall indemnify and hold the CITY harmless against any and all claims and demands arising from the negligence of the LESSEE, its officers, agents, invitees and/or employees, as well as those arising from the LESSEE's failure to comply with any covenant of this lease on its part to be performed, and shall, at its own expense, defend the CITY against any and all suits or actions arising out of such negligence, actual or alleged, and all appeals therefrom, and shall satisfy and discharge any judgment which may be awarded against the CITY in any suit or action. The above hold harmless and indemnification provision shall appear as an endorsement on the above required insurance policy or

certificate provided to the CITY.

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9) Government of the United States. This lease shall be subject to the rights, if any, that the United States of America or any of its agencies may have on said premises.

10) National Disaster. In the event of war or other national disaster resulting in the assumption of control and operation of said demised premises of the Klamath Falls International Airport by higher government authority of any kind, CITY may, without notice immediately cancel this lease with no liability on its part.

11) Repair and Maintenance. The LESSEE shall maintain in good order and repair during the term of this lease, or any extension thereof, any and all structures. Failure to properly maintain building and grounds will be cause for immediate termination of this lease.

12) Right of Entry. It shall be lawful for the CITY, its agents and representatives at any reasonable time, to enter into or upon said demised premises for the purpose of examining the condition thereof or any other lawful purpose.

13) Right of Assignment. The LESSEE shall not assign, transfer, pledge, hypothecate, surrender or dispose of this lease, or any interest herein, or permit any other person or persons whosoever to occupy the demised premises without the written consent of the CITY being first obtained; this lease is personal to said LESSEE; the LESSEE's interest in whole or in part cannot be sold, assigned, transferred, seized or taken by operation at law, or under or by virtue of any execution or legal process, attachment or proceedings or insolvency proceedings had in regard to the LESSEE, or in any manner, except as mentioned above. The CITY's consent to a transaction covered by this provision shall not be unreasonably withheld.

14) Waiver of Performance. Any waiver by the CITY of any breach of any covenant herein contained to be kept and performed by LESSEE shall not be deemed or considered as a continuing waiver, and shall not operate to bar or prevent the CITY from declaring a forfeiture for any succeeding breach, either of the same condition

or covenant or otherwise.

15) Liens upon Premises. The LESSEE agrees to keep the premises herein devised free and clear of all liens or claims for liens during the period of this lease.

16) Notices. Any notice required by the terms of this lease to be given by one party hereto to the other or desired so to be given, shall be sufficient if in writing, contained in a sealed envelope, deposited in the United States mails with postage fully prepaid and if intended for the CITY herein, then addressed to said CITY, attention Airport Manager, at the address shown at the beginning of this lease, and if intended for the LESSEE, then addressed to the LESSEE at the address shown at the beginning of this lease. Any such notice shall be deemed conclusively to have been delivered to the addressee thereof forty-eight (48) hours after the deposit thereof in said United States mails.

17) Cancellation of Lease by LESSEE. The LESSEE may cancel this lease without reason upon one hundred eighty (180) days prior written notice to the CITY. There shall be no return of any prepaid rental in the event of LESSEE cancellation.

18) Abandonment by LESSEE. In the event LESSEE shall vacate or abandon the demised premises, or shall permit the same to remain vacant or unoccupied without the prior consent of CITY, CITY shall have the right at CITY's election to immediately terminate this lease pursuant to Paragraph 19) below.

19) Time of the Essence and Remedies by CITY.

a. Time. Time is the essence of this lease agreement, and this lease is upon the express condition that, if LESSEE fails to pay the rental reserved and provided hereunder for a period of ten (10) days after the same becomes due, or fails to observe, perform, keep or comply with any covenant, agreement, condition or provision of the lease to be observed, performed, kept or complied with by LESSEE within thirty (30) days after CITY's notice to LESSEE of such failure, CITY or CITY's successors in interest may, at CITY's option, immediately, or at any time thereafter while such default

continues, forthwith and without further notice, terminate this lease, whereupon without any further act on the part of the CITY, all rights interest and estate of LESSEE hereunder shall utterly cease and terminate, and shall thereupon be revested in the full estate of said premises as if this lease had never been entered into, and, in such event, LESSEE hereby agrees to vacate said premises peaceably and forthwith, and if LESSEE fails to do so, CITY may, without further notice, enter upon said premises, or any part thereof, in the name of the whole and expel LESSEE, LESSEE's agents, employees and representatives therefrom and remove therefrom LESSEE's property and effects without legal process and without trespassing and without liability for damage or injury to person or property, CITY to retain all prepaid rentals as liquidated damages for such breach of this lease, without, in any manner, preventing or affecting the rights of CITY to recover any rentals in arrears hereunder and/or any additional damage actually sustained by CITY by reason of or resulting from such default or defaults of LESSEE and without any prejudice to any remedies which might otherwise be used for arrears of rent or proceedings for breach of covenant.

b. Liability. CITY may, as LESSEE's agent, and without being obligated to do so, rent the premises for the best rental and best terms then reasonably obtainable without releasing LESSEE hereunder from any liability for rent or otherwise, applying any monies collected first to the expenses of such repossession and such renting, and then to the payment of the rent and all charges due or to become due to CITY under the terms of this present lease, any surplus to be paid to LESSEE, who shall remain liable for any deficiency of rent under this lease, with the provision, however, that CITY may immediately bring action or suit for the deficiency of unpaid rent upon the renting of said premises as agents of LESSEE, and provided further, that no waiver of any breach of any covenant herein contained to be kept by LESSEE shall be deemed

or considered as a continuing waiver or a waiver of any subsequent breach of the same covenant or in any other covenant.

20) Attorney Fees. In case suit or action is instituted to enforce compliance with any of the terms, covenants or conditions of this lease, or to collect the rental which may become due hereunder, or any portion thereof, LESSEE agrees to pay such further sum as the trial or appellate court shall adjudge reasonable as attorney's fees on such appeal. LESSEE also agrees to pay and discharge all CITY's costs and expenses, including CITY's reasonable attorney's fees, that shall arise from enforcing any provisions or covenants of this lease even though no suit or action is instituted.

21) Relocation of Hangar. Upon sixty (60) days notice CITY shall have the right to relocate LESSEE's hangar to another Airport location with access to the runways. CITY shall be solely responsible for the cost incurred in dismantling and reassembling LESSEE's hangar and any taxiway asphalt necessary to provide access. CITY shall have no liability for any additional costs associated with such relocation.

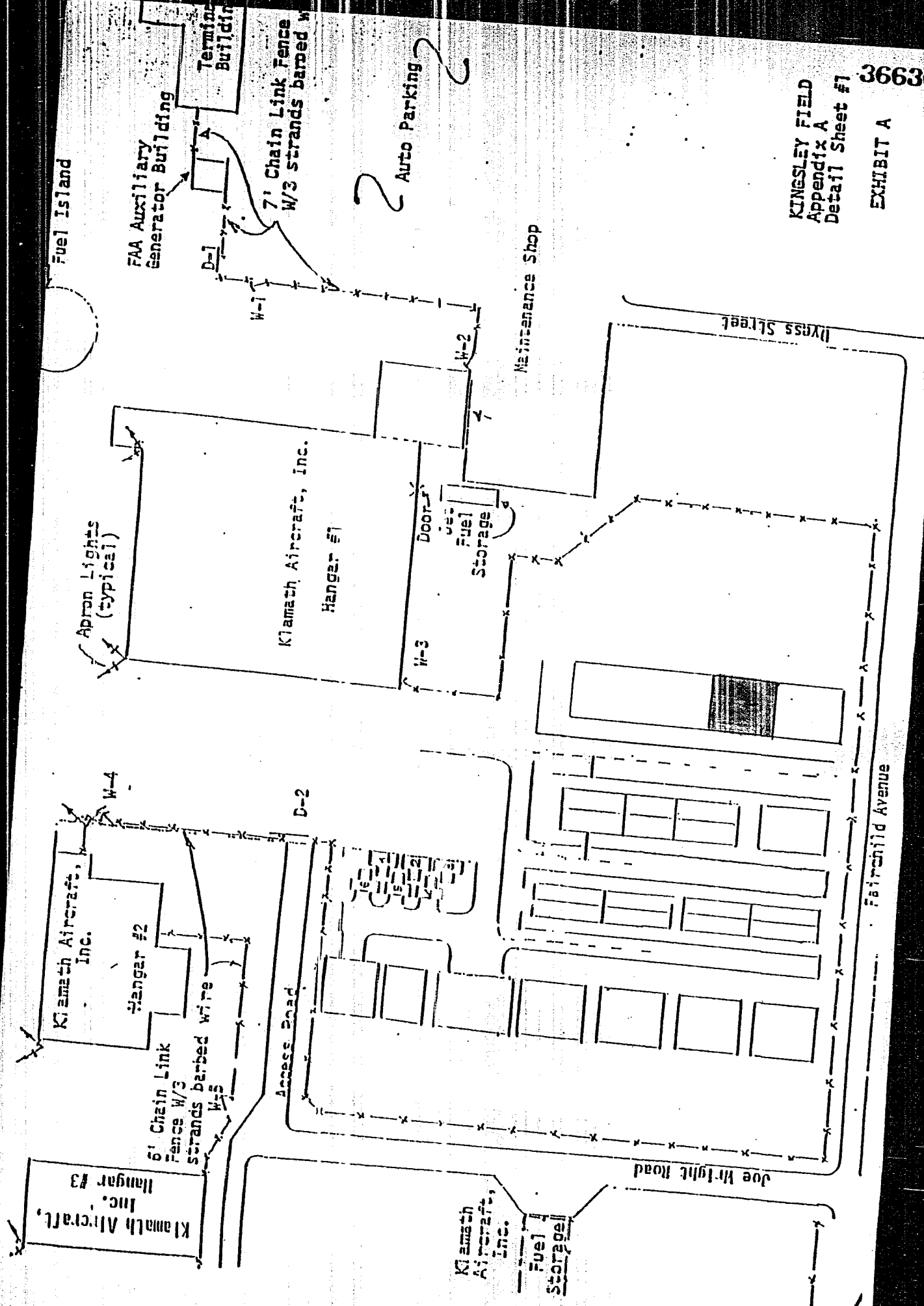
22) Affirmative Action Program and FAA Required Clauses. The Lessee assures that it will undertake an affirmative action program as required by Federal Aviation Regulation 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, color, national origin, sex, religion, age or disability be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E, to the same effect.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this 19th day of April, 1994.

CITY OF KLAMATH FALLS, OREGON

By: [Signature]

Attest: [Signature]



BUILDING STANDARDS
LEASE HANGAR AREA
KLAMATH FALLS INTERNATIONAL AIRPORT

- 1) A hangar will have a minimum "one hour rated" fire wall on each sidewall that could be less than twenty (20) feet from a present or future building.
- 2) A maximum of ten (10) feet will be maintained from existing buildings.
- 3) Absolutely no outside storage will be allowed.
- 4) The ground adjacent to the sidewalls out to a distance of five (5) feet shall be treated with a vegetation control chemical, covered with visquine and then covered with a minimum of two (2) inches of 3/4 minus rock. This area will be maintained vegetation free by LESSEE.
- 5) LESSEE shall have six (6) months from the date of the lease to complete construction.
- 6) The LESSEE will provide and maintain operation of security lighting to consist of not less than one (1) light on the hangar facing the taxiway. The light shall be positioned such that it provides maximum coverage without interfering with pilots' visibility and aircraft operations.
- 7) All doors providing access to the aircraft operations area shall have a sign of at least 18" x 12" in size, with red letters on white background displaying:

"Reserved Area
Authorized Persons Only
Beyond This Point"
- 8) FAA Security violations in the leased area shall be the responsibility of the LESSEE with resulting fines paid by the responsible LESSEES.
- 9) Asphalt pavement from the hangar to the taxiway shall be provided by LESSEE. Pavement will be full width plus five (5) feet on each side and shall consist of a minimum of three (3) inches of plant mix over an adequate base.
- 10) Building must comply with City Planning permits, fire codes and County Building official permit requirements.
- 11) Utility hookups including meters, trenching, etc., shall be at the expense of LESSEE.
- 12) LESSEE shall permit required fire protection signage placement on his/her hangar.
- 13) Where questions regarding the interpretation of the above standards arise, the decision of the Airport Director shall be final.

STATE OF OREGON: COUNTY OF KLAMATH ss.

Filed for record at request of S. Valley State Bank the 1st day
of Dec A.D. 19 94 at 11:29 o'clock A M. and duly recorded in Vol. M94
of _____ _____ on Page 36623

FEE \$50.00

Evelyn Biehn

County Clerk

By Dorothy M. Biehn